2004 ANNUAL REPORT

The bank for a changing world

BNP PARIBAS

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Creating a community of interests
Sharing knowledge
Partnering research initiatives
Forging exchanges and alliances
Cross-selling
Pooling resources
Setting up cross-fertilisation mechanisms
Devising a systems approach
Implementing knowledge management
Building cross-functional structures
Promoting teamwork

THE BANK FOR A CHANGING WORLD

OVER TO THE NETWORKS!

As in 2003, to best illustrate our "Bank for a Changing World" signature, we have chosen to present some twenty BNP Paribas clients as a guiding thread throughout our 2004 Annual Report.

The main factors driving change – global competition, the increasing pace of technological innovation and the growing consolidation of major players – pose new organisational challenges and encourage a network-based focus for operations to rival traditional ways of working. Through networks, we can act out a shared project.

As unrivalled catalysers for developing network-oriented businesses, Internet and new information technologies are emblematic of these far-reaching changes. E-democracy (p.65), online video gaming (p.68), and the best digital libraries within the reach of an ever-higher number of users (p.53), all testify to the inescapable fact that we are all now connected! The example of Senegalese fishermen using third generation mobile technology (p.56) is a clear sign that information exchanges in real time can genuinely trigger economic development.

After inventing the World Wide Web, Cern has come up with Grid, a system able to pool the calculating capacity of a network of computers and help unravel the mysterious origins of our Universe (p.80). Individuals, too, can agree to link-up their personal computers in the interests of a major scientific project – listening to the sounds of our world (p.130).

In pooling its resources, sharing knowledge and transferring technology, Biovalley – Europe's largest biotechnology centre (p.44) – is a shining example of what a network could be. This highly innovative organisation can take a number of other forms: mixed research laboratories (p.112), public and private sector educational alliances (p.100), and major cultural outreach initiatives (p.156) are some such examples.

Other unbeatable gateways to connections and exchanges include airport terminals (p.30), urban transport facilities (p.34) and maritime hubs (p.74).

Networks can be used for promoting solidarity, as in the case of Adie, a chain of partners who have joined forces to fight social exclusion (p.39). The surge in initiatives to help victims of the Tsunami (p.123) and local exchange mechanisms (p. 96) are also examples of relations being forged through networks.

Our Group is skilled at interpreting and adapting to this changing world in which we live.
BNP Paribas' Corporate and Investment banking business has created a revolutionary workspace known as the e-room (p.10), and the Group has shown its leadership in coordinating a pool of sixty partners financing the biggest energy deal in history (p.16).

KEY FIGURES

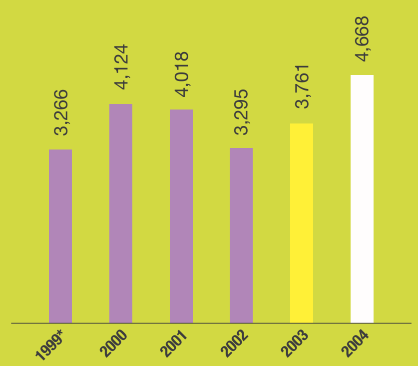
Number of Group employees

	2004	2003
World	94,900	89,100
Europe	70,400	67,400

Ratings (as of 6 July 2004)

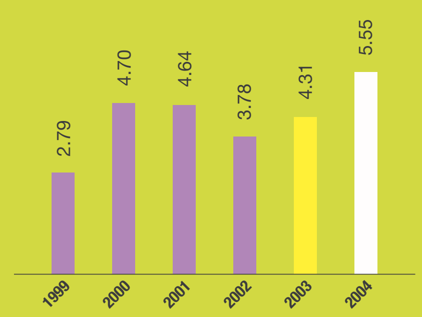
Moody's	**Aa2**	Stable outlook
Standard & Poor's	**AA**	Stable outlook
Fitch	**AA**	Stable outlook

Net income, Group share
(in millions of euros)



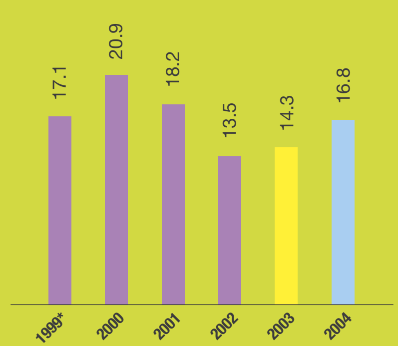
** Pro forma net income before restructuring provisions.*

Earnings per share (1)
(in euros)



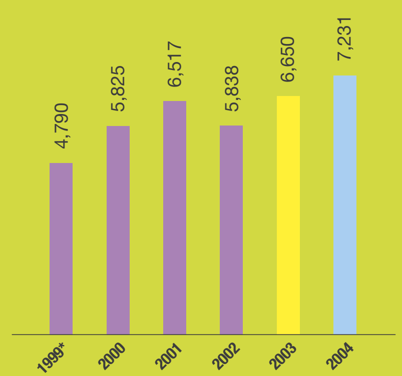
(1) Net income, based on the average number of shares outstanding, adjusted for the 20 February 2002 two-for-one share-split.

Return on equity
(in %)



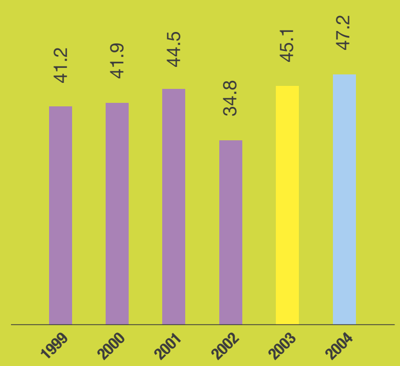
** Pro forma net income before restructuring provisions.*

Gross income
(in millions of euros)

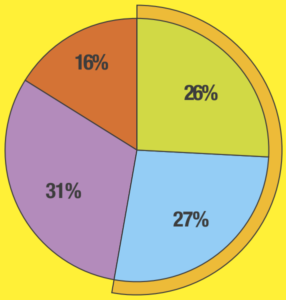


** Pro forma gross income.*

Market capitalisation at 31/12
(in billions of euros)

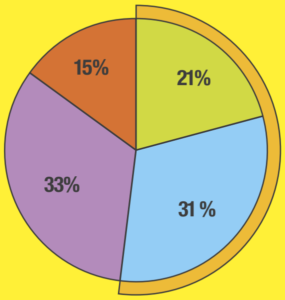


Net banking income
by core business
(in %)



Retail Banking
FRB
IRFS
CIB
AMS

Gross operating income
by core business
(in %)



BUSINESS

(in millions of euros)

	2004	2003
Total assets	**905,938**	**783,076**
Customer deposits	328,268	282,568
Customer loans (gross)	266,850	231,479
Shareholders' equity (1)	30,194	28,321
International capital adequacy ratio	10.3%	12.9%
o/w Tier One	*8.1%*	*9.4%*

(1) Before income appropriation.

RESULTS

(in millions of euros)

	2004	2003	Change 2004 - 2003
Net banking income	18,823	17,935	5.0%
Gross operating income	7,231	6,650	8.7%
Operating income	6,553	5,289	23.9%
Pre-tax income	6,905	5,586	23.6%
Net income	4,668	3,761	24.1%

CHAIRMAN'S
AND CHIEF EXECUTIVE OFFICER'S STATEMENT

MICHEL PÉBEREAU
Chairman

BAUDOUIN PROT
Chief Executive Officer

BNP Paribas turned in a stellar performance in 2004, boosted by ongoing vigorous development and improved competitive positions on the majority of its markets.

The Group's relentless drive to evolve and fortify its operations has fuelled major advances in each of our core businesses over the last few years. This success is rooted in the strong expansion of our International Retail Banking and Financial Services business, which has pursued a buoyant pace of external growth against a backdrop of sustained organic expansion; the deployment of an aggressive policy seeking to increase our foothold on the French Retail Banking market, which has given BNP Paribas one of the fastest growing client portfolios in France; the development of the Corporate and Investment Banking business, which has emerged as a European or global leader in each of its businesses; and the resilience and recovery of the Asset Management and Services business amid the crisis confronting the financial markets.

For many years now, BNP Paribas has demonstrated its versatility and ability to stay one step ahead of fast-moving changes in technology, client expectations and its business environment, and it has constantly strived to achieve the right balance between the interests of its shareholders, its clients and its employees. The Group's results in 2004 bear testimony to this momentum.

Several important Group-wide actions were implemented in the year, from the formation of BNP Paribas Partners for Innovation, the IAS-IFRS transition program and the ramp-up of the Bank's trademark portfolio, through to the creation of a global compliance function. In 2004, BNP Paribas also embarked on a number of initiatives demonstrating its commitment to being a socially responsible player, with more than 8,000 new hires worldwide, including 3,000 in France.

BNP Paribas boasts an increasingly diverse fabric of high-potential employees and renowned executives, carrying out an ever-wider range of tasks of expanding significance across the globe. Our Group harnesses growth by successfully combining strong performances with a proven commitment to social responsibility.

The future looks set to hold many opportunities and challenges. In the short term, we can expect patchy worldwide growth in an unsettled business environment that remains vulnerable to significant uncertainties. The financial sector in the medium term is likely to undergo far-reaching changes on the back of a faster pace of consolidation in all of the world's major markets.

These developments constantly throw up new possibilities that BNP Paribas is ready to seize in the context of its Vision 2007 project. Vision 2007 was created in conjunction with managers from across the Group's core businesses and functions. The foremost positions we enjoy in our various activities and our proven financial solidity pave the way for this new phase in the Group's development.

While extending our global footprint, we will continue to bolster the Group by stepping up the pace of organic growth and external expansion; pursuing our drive to boost operating efficiency; maintaining a stringent control of risks; and energising our capital management.

Our success hinges on the efforts of our teams, who apply in their daily tasks the values we call our own – dedication, ambition, creativity, pro-activeness – and the ethical principles that underpin all of our actions as a business. Building on the positions acquired over the past few years, BNP Paribas is well placed to take up any challenges and opportunities the future may hold.

BNP PARIBAS AT A GLANCE

Leading Eurozone bank in terms of profit

Sustained business expansion
Net banking income: EUR 18,823 million, up 5.0%

New profitable growth
Net income: EUR 4,668 million, up 24.1%
ROE after tax: 16.8%, up 2.5 points

Net earnings per share: EUR 5.55, up 28.8%
Dividend up 37.9% from EUR 1.45 to EUR 2

BNP Paribas operates in over 85 countries and has 94,900 employees including 70,400 in Europe

EXECUTIVE

Philippe **Bordenave**
Head of Group Development and Finance

Jean-Laurent **Bonnafé**
Head of French Retail Banking

Alain **Papiasse**
Head of Asset Management and Services

Bernard **Lemée**
Head of Group Human Resources

Georges **Chodron de Courcel**
Chief Operating Officer

Baudouin **Prot**
Chief Executive Officer

Jean **Clamon**
Chief Operating Officer

Philippe **Blavier**
Head of Corporate and Investment Banking

Pierre **Mariani**
Head of International Retail Banking and Financial Services

Hervé **Gouëzel**
Head of Group Information Systems

Vivien **Lévy-Garboua**
Head of Compliance

COMMITTEE

BNP Paribas' Executive Committee had the following members throughout 2004:

- Baudouin Prot, Chief Executive Officer;
- Georges Chodron de Courcel, Chief Operating Officer;
- Jean Clamon, Chief Operating Officer;
- Amaury-Daniel de Seze, Head of BNP Paribas Capital (no longer a member of the Executive Committee in 2005);
- Philippe Blavier, Head of Corporate and Investment Banking;
- Jean-Laurent Bonnafé, Head of French Retail Banking;
- Philippe Bordenave, Head of Group Development and Finance;
- Hervé Gouëzel, Head of Group Information Systems;
- Bernard Lemée, Head of Group Human Resources;
- Vivien Lévy-Garboua, Head of Asset Management and Services;
- Pierre Mariani, Head of International Retail Banking and Financial Services.

Alain Papiasse became a member of the Executive Committee on 3 January 2005 in his capacity as Head of Asset Management and Services. Vivien Lévy-Garboua continues to sit on the Executive Committee of BNP Paribas in his new position as Head of Compliance.

BNP Paribas continuously strives for the highest standards in ethics, risk management and internal control. In the face of changes in the banking environment and more stringent regulations specific to banking and finance activities, the Group has decided to establish a new global function of Compliance as from 2005. The Head of Compliance will report directly to the Chief Executive Officer and will have a broad remit over the entire Group.

The Head of Compliance will be responsible for:

- supervision of the consistency and efficiency of actions undertaken with regard to ethical rules, and more broadly, with regard to the legislative and regulatory provisions specific to banking and finance activities. The Head of Compliance will be directly in charge of the Ethics function and actions designed to combat money laundering and corruption; he will also have functional authority over Group Legal Affairs in matters pertaining to control and compliance missions;
- management and coordination of internal control throughout the Group and the chairing of a monthly committee composed of the General Inspector, responsible for periodic controls, and the Group managers in charge of Risk, Tax Affairs, Legal Affairs, Ethics, and Finance and Development. The Head of the Compliance function will produce the report on internal control and Compliance.

HISTORY

1966 **Creation of BNP**
The merger of BNCI and CNEP to form BNP represented the largest restructuring operation in the French banking sector since the end of the Second World War.

1968 **Creation of Compagnie Financière de Paris et des Pays-Bas**

1982 **Nationalisation of BNP and Compagnie Financière de Paris et des Pays-Bas along with the nationalisation of all leading French banks**
In the 1980s, deregulation of the banking sector and the growing tendency of borrowers to raise funds directly on the financial market transformed the banking business in France and worldwide.

1987 **Privatisation of Compagnie Financière de Paribas**
With 3.8 million individual shareholders, Compagnie Financière de Paribas had more shareholders than any other company in the world. Compagnie Financière de Paribas owned 48% of the capital of Compagnie Bancaire.

1993 **Privatisation of BNP**
BNP's return to the private sector represented a new beginning. During the 1990s, new banking products and services were launched, the Bank expanded its presence in France and internationally, and prepared to reap the full benefits of the introduction of the euro. Privatisation also significantly boosted the Bank's profitability – in 1998, it led the French banking industry in terms of return on equity.

1998 **Creation of Paribas**
On 12 May 1998, the merger between Compagnie Financière de Paribas, Banque Paribas and Compagnie Bancaire was approved.

1999 **A benchmark year for the Group**
Following an unprecedented double tender offer and a stock market battle waged over six months, BNP was in a position to carry out a merger of equals with Paribas. For both groups, this was the most important event since their privatisation. At a time of economic globalisation, the merger created a leading player in the European banking sector, poised to compete on a global scale.

2000 **Creation of BNP Paribas**
Merger of BNP and Paribas on 23 May 2000
Building on strong banking and financial services businesses, the new Group's objectives are to create value for shareholders, clients and employees by building the bank of the future and becoming a benchmark player in the global market.

BNP Paribas optimises its trademark portfolio

Ranked as the 6th-most successful bank in the world in *Fortune* magazine's list of the "World's most admired companies" in 2004, the Group is retooling the visual identity of its subsidiaries.

The main developments are as follows:

Subsidiaries adopting the visual logo used by the BNP Paribas Group

The visual symbol of BNP Paribas (the "taking flight" symbol) will become the logo of the majority of subsidiaries. Subsidiaries will retain their name and specific advertising signatures, but will adopt colours and typography identical to those of the parent company.

CARDIF Une société de BNP PARIBAS · MEUNIER Une société de BNP PARIBAS · BMCI Groupe BNP PARIBAS · BICIS Groupe BNP PARIBAS

ARVAL Une société de BNP PARIBAS · UCB Une société de BNP PARIBAS · UBCI Groupe BNP PARIBAS · BANCWEST A BNP PARIBAS company

BancWest, a holding company, is to adopt the "taking flight" logo and will use it in its corporate communications. BancWest's community banking networks (Bank of the West and First Hawaiian Bank) will retain their current logos. They will mention that they are part of the Group, when appropriate.

Subsidiaries retaining their visual identity

Some specialised or local trade names that are already well-known in their particular market will retain their own logos and colours. In their corporate communications and in some of their commercial communications, this logo will be accompanied by the statement "A BNP Paribas company" and a small "taking flight" logo in the colours of the subsidiary.

BANK OF THE WEST A BNP PARIBAS company · First Hawaiian Bank A BNP PARIBAS company · Cortal Consors Une société de BNP PARIBAS · cetelem Une société de BNP PARIBAS · BANQUE DE BRETAGNE Une société de BNP PARIBAS

The Group's trademark portfolio is comprised solely of the BNP Paribas worldwide trademark and of subsidiary, specialised or local trade names that have a strong appeal.







e-room

A Revolutionary Workspace


Mrs. Günden Peker Cinar
Head of Project Group
Privatization Administration - Client of BNP Paribas - Ankara

In our globalised economy, large-scale international financial operations involving parties from the four corners of the world have become commonplace. We rarely spare a thought for the complicated and long-winded logistical processes these operations entail, particularly in terms of storage and transmission of data and working documents.
Of course, e-mail and audio conference facilities allow us to gain time and save hours of plane travel, but the absolute zenith of efficiency is undoubtedly the "e-room", a virtual meeting room that is accessible to all participants via the Internet and which provides a forum to send, store, discuss and exchange information. This revolutionary tool was recently used in preparations for the privatization of Türk Telekom, for which BNP Paribas was commissioned by the Turkish Privatization Administration as financial advisor.
The operation – the biggest privatization project ever to take place in Turkey – required the cooperation of teams from Paris, London, Istanbul and Ankara. The e-room proved hugely successful – *"It allowed the working group to have a centralised workspace enabling us to exchange and access documents in a simple manner. It really facilitated the coordination and the communication."*
Another very important quality of the e-room is that *"it meets with the highest standards of security"*, allowing documents to circulate freely without endangering confidentiality.



THE BANK FOR A CONNECTED WORLD

The worldwide Web is both the symbol of "a changing world" and the medium that has brought the most extensive changes in our daily life in recent years. The speed at which Internet use has spread is simply unprecedented in the history of modern communications media. While the telephone took 74 years to reach 50 million users, radio took 38 years and television 13 years, the Internet had reached this milestone after four years [(1)]!

The term "Internet", contraction of Interconnected Network [(2)], was coined in 1974 by Vinton G. Cerf, of Stanford University, and the mathematician Robert E. Kahn. Ten years later, in 1984, no more than 1,000 computers were connected. In 1994, they already numbered 4 million. Today, with estimates in excess of 300 million [(3)], experts are already forecasting that the next wave of Internet use will come from mobile terminals (mainly cellular phones and portable digital assistants), which will soon outnumber personal computers as means of accessing the Web.

The digital revolution is underway...

The digital revolution is underway, and BNP Paribas is unquestionably part of it. The Group's infrastructure handles an average of 320 electronic transactions per second, meaning some 10 billion transactions per year! The data stored on our servers represents about 500 terabytes, or 1,000 billion characters, up from 5 terabytes 10 years ago.

Very early on, BNP Paribas was at the forefront of these changes. As early as 1978, a unique technology monitoring unit called l'Atelier (the workshop – see French-language site www.atelier.fr) was already probing the impact of electronic communications (first the Minitel videotext and later the Internet) and information technology on the banking profession. Today l'Atelier is involved in over 70 events a year, inviting the most innovative companies and helping them achieve greater exposure. The unit also produces a daily briefing on technology news as well as occasional surveys on topics of interest, all of which are available by e-mail, on the website and in a radio program [(4)].

(1) Source: World Telecommunication Indicators Database of the ITU (International Telecommunication Union).
(2) Source: Internet Software Consortium.
(3) Source: Internet Software Consortium.

(4) Program entitled "l'Atelier numérique", (the digital workshop) on weekends on the BFM radio station (96.4 FM).

In 1997, realising that the market was going to change from a branch-based distribution model to a more complex system in which clients would expect to choose among various communication channels, BNP Paribas decided to invest massively in setting up a fully fledged Multichannel Retail Bank. This model, providing seamless service between branches and banking by phone, Minitel or the Internet, was rolled out in several stages from July 2001 to December 2003.

BNP Paribas again strengthened its ability to harness groundbreaking technology and implement the best practices that will shape tomorrow's banking industry, by setting up in 2004 a Centre for Innovation and Technology, as a partnership with the leading international players in the field of information technology.

To fully respond to the changes that have been brought about by the "network of networks", BNP Paribas has gradually created very extensive Web resources.

From a global communications outlook on the www.bnpparibas.com site, the Group deploys local sites that bring together all of its offerings and services. All Group businesses, whether dealing with individual or business clients, are presented in a consistent fashion, with a common visual identity in all territories where the Group is present. In this way, all global and local capabilities, as well as the entire brand portfolio, are just a few clicks away, regardless of where the user is connecting.

More than a transfer to a new medium, this change has involved for most Group businesses a shift in the approach to delivering services.

In 2004, the BNPParibas.net portal received nearly 62 million hits, over 120% more than in 2003. In French Retail Banking, the Web now accounts for 70% of remote banking transactions, compared to 21% for interactive voice servers, 5% for call centres and 4% for the Minitel. BNP Paribas's individual clients now issue nearly 60% of their stock market trading orders via the Internet.

In the area of personal savings and online brokerage, a major highlight of 2004 was the launch of EuroWeb (www.cortalconsors.info), a European financial information portal created by CortalConsors, the European leader in its market. This website provides a wealth of free financial contents, including price quotes, news and analyses, as well as advanced decision-making tools like interactive graphs, ratings of nearly 3,000 securities and unlimited securities lists. With this new tool, CortalConsors intends to preserve its technological leadership and reap the full benefits of expanding Internet trading.

Consumer lending will probably be the next business to undergo radical Internet-driven change. As an example, Cetelem multiplied its Web-based lending (www.cetelem.com) fourfold in 2004. The company's objective is now to raise the share of lending it provides on the Internet to 15% of direct lending in Europe.

The changes implemented by Corporate and Investment Banking are no less spectacular. BNP Paribas was the first market player to set up Internet-based trading for bond issues, and was among the earliest shareholders of trading platforms such as FxAll for foreign exchange or Market Axess for credit products, which are now market leaders. Trading volumes are continuing to expand at an extremely rapid rate. As an example, nearly half of forex trades are now processed electronically, while the amount was still virtually nil in 2001.

Corporate and Investment Banking continues to strive to respond ever more attentively to its clients' needs. In June 2004 the division launched the Global Markets portal (https://globalmarkets.bnpparibas.com), giving clients access to all Fixed Income services from a single login. The client-centred focus of Group businesses is also apparent in their extensive use of the eRoom collaborative software (see p.10), currently being deployed in all BNP Paribas entities. This program creates a framework for exchanges with clients during the preparation and implementation of major projects, such as setting up a cash management solution, replying to a call for tenders in the area of custody services or supporting a consulting engagement in Corporate Finance. BNP Paribas, a pioneer in the development of new banking methods, is the only bank using this type of software to enhance its work with clients.

From a strictly technological standpoint, it is therefore practically certain that part of the future of banking will be written on the Internet. Because it consists of intangible services, banking is in fact one of the few businesses in which the entire value chain, including delivery, can be provided over the Internet. So even though personal contact with our clients remains a core value at BNP Paribas, the quality of that interaction will only be boosted by offering services with greater added value.

BNP Paribas is determined to seize the opportunities for development and innovation afforded by Internet technology, and also to make sure that remote banking brings it ever closer to its clients.

CORPORATE AND INVESTMENT BANKING

In order to leverage its origination capabilities in the Corporate and Investment Banking market and thereby strengthen its European positioning, BNP Paribas is supported by an integrated group known as Coverage and Territories Europe (CTE). CTE is responsible for covering relationships with European companies and leading commercial operations in the territories concerned.

Outside Europe, the Coverage and Territories International (CTI) group covers relationships with companies in the Americas, the Asia-Pacific region, Africa and the Middle East, and leads operations in the corresponding Corporate and Investment Banking territories. Forming part of CTI, the Financial Institutions Group (FIG) is the global group responsible for covering relationships with financial institutions (banks, insurers, supranational organisations, etc.) throughout the world.

These sales teams market all of the products offered by the Group. CTE and CTI banking advisers and client relationship managers have an excellent understanding of their clients' financial and business strategies and day-to-day management concerns, making them the preferred partners of the Group's corporate and institutional clients. This understanding also enables them to effectively coordinate the activities of product specialists.

With a client base comprising some 11,000 corporates and institutions, the CTE and CTI groups have enabled the specific features of these markets to be effectively factored in – particularly in terms of regional characteristics – with a focus on promoting revenue generation across all product lines.

Based in 20 countries worldwide, the 65-strong FIG team manages relationships with 600 institutional clients, including insurers, pension funds and asset managers, supranational organisations, banks and central banks. By building long-term relationships with clients and maintaining up-to-the-minute knowledge of their businesses, BNP Paribas has come to be viewed as a benchmark bank by its institutional clients.

Advisory and Capital Markets

Corporate Finance

Corporate Finance offers advisory services for mergers and acquisitions and primary equity market transactions. The M&A teams advise both buyers and sellers and also offer advice on other strategic financial issues, such as privatisations. Primary market services include flotations, equity issues, secondary offerings, and convertible/exchangeable bond issues.

Corporate Finance has adopted a matrix organisation designed to give clients access to the best combination of specialists in each product, industry and geographical area, while optimising resource management.

Corporate Finance employs approximately 330 professionals located throughout its worldwide network. Focused first and foremost on Europe, it is also present in North and South America and enjoys strong visibility in Asia via BNP Paribas Peregrine.

BNP Paribas is no. 1 in France *(source: Fusions et Acquisitions Magazine)* and among the top-ranking banks offering advice on mergers and acquisitions in Europe. In 2004, Thomson Financial ranked BNP Paribas no. 5 in Europe in terms of transaction volumes and Dealogic Equityware placed the Bank in the Top 10 in Europe for primary equity business.

Equities and Derivatives

The Equities and Derivatives business encompasses research, structuring, trading and sales of Asian equities and global equity derivatives, indexes and funds. Equities and Derivatives teams operate in secondary as well as primary markets, where they complement Corporate Finance's range of activities, taking over where Corporate Finance leaves off. The client portfolio includes financial institutions, companies and individuals.

In 2004, BNP Paribas confirmed its leading worldwide position in terms of volume of equities traded on all markets, and obtained high rankings in the large majority of equity derivatives markets and stock market indexes. BNP Paribas also won a number of prestigious awards in 2004, including:

- "Equity Derivatives House of the Year" *(Risk Magazine)*;
- "Best Equity Derivatives Provider in Europe" *(Global Finance)*;
- "Mid Cap Equity House of The Year" *(IFR Asia and Finance Asia)*;
- "Wealth Management Product House of the Year" *(Asia Risk)*;
- "Rising Star Equity House in Asia" *(The Asset)*.

Fixed Income

Fixed Income's product expertise and distribution capabilities have positioned BNP Paribas among the Top 3 Fixed Income players in Europe, together with strong franchises in Asia, Japan and the USA.

The group's comprehensive approach to developing solutions for its clients integrates global expertise in research, sales, trading, origination and distribution, comprising three product lines: Global Credit, Interest Rates Group and Foreign Exchange.

The Bank is a recognised global house in the interest rate, credit and FX markets. BNP Paribas' broad range of Fixed Income products is delivered through an accomplished sales and marketing platform. Moreover, the Bank has a comprehensive range of research products and services available for one-on-one client support and advice, as well as an extensive array of written reports through a variety of channels.
Thomson Financial league tables show BNP Paribas in second position for corporate bonds issuance in euros, and the Bank has been granted IFR top award of Euro Investment-Grade Corporate House of the Year for the third time running, as well as the Euro-MTN House of the Year for the first time.

The Fixed Income's organisation was reviewed in 2004 to improve our coverage and better serve our clients:
- European marketing structured in two groups focusing respectively on financial institutions and investors on the one hand, on corporates on the other hand;
- expansion into new markets such as Asset Backed Securities – Mortgage Backed Securities in the USA;
- expansion into new locations such as China, with the opening of a trading floor in Shanghai.

BNP Paribas Fixed Income employs close to 1,500 professionals around the world.

Financing Businesses

Energy Commodities Export and Project (Ecep)

By grouping together within one structure all of the Bank's expertise relating to energy, commodities, infrastructures and capital goods, BNP Paribas has created an innovative structure that meets the full array of client needs and effectively leverages synergies between the various businesses.

Energy Commodities Export and Project (Ecep) conducts its business on a worldwide basis. It is organised around the following lines:
- financing of commodities trading, in all forms, an activity in which BNP Paribas is a global leader;
- structured commodities financing in emerging markets which, in addition to export pre-financing, includes reserves financing and structured inventory financing;
- corporate loans for energy, metals and mining activities in industrialised countries;
- commodities derivatives brokerage on organised exchanges and over-the-counter transactions in New York, London and Singapore;
- export financing, with 15 export desks covering 28 public credit insurers, and some 30 correspondent banks in importer countries;
- project finance – especially in the energy and infrastructure sectors – with loans structured on the basis of cash flows;
- Global Trade Services, which offers a range of products and services, including e-banking and international guarantees for import-export trading.

In 2004, BNP Paribas' Energy Commodities Export and Project business was an unrivalled leader in its market.
It was ranked "Best Commodity Bank" by Euromoney, "Best Institution for Oil Finance" by the *Trade & Forfaiting Review*, no. 1 project financer worldwide *(source: Dealogic)*, and "Best Arranger for Project Financing" by EuroWeek.

Structured Finance

BNP Paribas' Structured Finance team designs and structures, on a worldwide basis, a broad range of complex and innovative financing arrangements, including syndicated loans, acquisition financing, LBO financing, optimisation and asset financing, media and telecommunications financing, marine and aircraft financing, and structured leasing.
In 2004, BNP Paribas held 6th-position as "Bookrunner" and "Mandated Lead Arranger" of syndicated loans worldwide and 3rd-position as bookrunner and mandated lead arranger of syndicated loans in the Europe – Middle East – Africa region *(source: International Financial Review)*. Also in 2004, BNP Paribas was ranked 5th as mandated arranger of leveraged loans in Europe *(source: International Financial Review)*.

In addition, the Structured Finance Division oversees the structuring and monitoring of standard commercial banking transactions.

French Retail Banking (FRB)

French Retail Banking's client base is composed of 5.7 million individual and private banking clients, 495,000 entrepreneurs and small business clients, and 18,000 corporate and institutional clients [1]. The division offers a comprehensive line-up of products and services, ranging from current account services to the most complex financial engineering services in the areas of corporate financing and asset management.

The network operated by the French Retail Banking Division has been reinforced with a view to enhancing local coverage and client service. At 31 December 2004, the network was made up of 2,200 branches and 3,400 automatic cash dispensers, in addition to a multi-channel banking structure. The division focuses on regions with high economic potential, and enjoys a 15% share of the greater Paris market *(source: BNP Paribas French Retail Banking market research, market share based on number of branches).* It also has a strong presence in the most attractive segments of the personal banking market – 22% of households with net annual revenues in excess of EUR 82,000 have their main bank account with BNP Paribas *(source: Ipsos)* – and a leading position in the corporate market.

The French Retail Banking Division employs 30,000 people working in the BNP Paribas domestic branch network, Banque de Bretagne, BNP Paribas Factor (a factoring company) and BNP Paribas Développement, a provider of growth capital.
In order to effectively respond to client expectations, French Retail Banking has reorganised its sales structure by segmenting its network. The division is now made up of branches serving individuals and small businesses, Private Banking Centres, and Business Centres, all supported by a Client Relations Centre (CRC) and back-offices dealing with after-sales operations.

During the year, the division continued to actively expand the personal banking business, drawing on the multi-channel structure (branch, telephone and online banking) that was rolled out from 2002. The underlying aim of this system is to offer clients the highest standard of service and to step up the role of in-branch client advisers. A third platform was set up in 2004, in Lille, following on from the previous two opened in Paris and Orléans. The platform handles all calls made to the branches and processes client e-mails. The new workstations operated by the client advisers are geared to managing client relations within a multi-channel framework. As such, they represent the very hub of the system, whose worth and effectiveness have been clearly proved after two years of full use.

French Retail Banking also has the largest network of Private Banking Centres, with 200 centres across France that ensure extensive local coverage.

The new business approach adopted for corporate clients led to the emergence at the end of 2004 of a structure that is unique in the French banking landscape. This new organisation is based on 24 business centres located throughout the whole of France, as well as two professional assistance services – Service Assistance Enterprise (SAE) and Cash Customer Services (CCS).

Finally, the division is re-engineering its back-offices into Production and Sales Support branches (PSSBs). Specialised by type of transaction, they span the whole of France and have fully integrated information systems. At the end of 2004, there were 57 PSSBs, combined into 12 Production and Sales Support Groups.

(1) Figures based on the implementation of new sales approaches.

International Retail Banking and Financial Services (IRFS)

The International Retail Banking and Financial Services Division counts some 32,600 employees in 54 countries. The division consists of 6 business lines: Retail Banking in the United States, Retail Banking in the Emerging and Overseas Markets, Consumer Financing, Corporate Capital Equipment Financing, Property Financing for Private Individuals, and Contract Hire and Fleet Management.

Cetelem

Cetelem is the no. 1 supplier of consumer credit in continental Europe [2]. At 31 December 2004, it had EUR 32 billion in managed outstandings and employed 10,450 staff worldwide.

For more than 50 years, Cetelem has contributed to making consumer credit a modern and pragmatic solution to help consumers manage their household budgets.

(2) Calculation of market share of the market participants concerned based on their outstanding loans (sources: annual reports of market participants), compared with the whole European consumer credit market (source: European Credit Research Institute).

Cetelem is the benchmark in the industry. Its Aurore card, held by 15 million consumers worldwide, demonstrates Cetelem's ability to innovate. Its high-quality service offerings – backed by outstanding technical expertise and tight risk control – meet most household financing needs, including personal loans, instalment sales and revolving credits.

Cetelem is the preferred partner of the retail industry and has a long tradition of helping large retailers such as Carrefour, Conforama, Ikea and Dell achieve their development goals across the globe.

Cetelem is also partner of choice for banks and insurance companies such as Axa, Banques Populaires, Caisses d'Épargne, Dresdner Bank and KBC which value its credit expertise, as well as for new providers of services to private individuals, such as EDF.

In 2004, Cetelem also took on the management of permanent credit card accounts granted by BNP Paribas' French Retail Banking network.

Cetelem currently operates in 20 countries, including 13 in Europe.

UCB

UCB specialises in financing residential real estate purchases by individuals, for both personal and investment purposes. UCB is active in France and, via its subsidiaries, in Spain, Italy, Portugal, Greece and the Netherlands. UCB has also developed and manages a portfolio of mortgage loans on behalf of BNP Paribas in Norway. At 31 December 2004, UCB's managed outstandings totalled more than EUR 20 billion.

UCB markets its products through a network of business referral partners in the real estate industry, such as estate agents and builders, or in some countries brokers, who refer buyers to UCB. Its strengths are specialisation, a commitment to innovation, effective risk management and a high market share among French civil service employees, all of which make UCB a recognised force in residential property financing. Synergies with BNP Paribas's retail network lend additional power to UCB's existing resources.

Through its servicing business, UCB also makes its tools and expertise available to other industry partners. For instance, it provides Société Générale with IT management services.
At 31 December 2004, UCB's market share was around 2.50% in France and Spain, and approximately 1% in Italy and Portugal *(sources: France – BNP Paribas internal reports based on data provided by Banque de France; Spain – Instituto Nacional de Estadistica; Italy – Banca d'Italia; Portugal - Direcção-Geral do Tesouro).*

BNP Paribas Lease Group

BNP Paribas Lease Group (BPLG) is specialised in providing investment financing for corporate clients and small businesses. With an operating presence in 11 European companies, BPLG offers a full array of equipment and property financing solutions, through operating or finance leases – either with or without related services.
A European leader, and no. 1 in France with a market share of some 21% *(source: Association Française des Sociétés Financières)*, BPLG works in partnership with corporate capital equipment manufacturers, importers and distributors, with a view to helping them optimise their sales performance by integrating financing into the sale contract. BPLG also provides and manages equipment and property financing marketed by the BNP Paribas banking network to its clients.

Contract Hire and Fleet Management

The Contract Hire and Fleet Management unit consists of three groups of companies that offer customised solutions to corporate clients seeking to outsource both the management and financing of their vehicle fleets and other logistical equipment, as well as the technical and market risks related to the use of this equipment.

- Cars and light trucks: Arval;
- Heavy goods vehicles: Artegy;
- IT related assets: Arius.

The flexible products and services offered are designed to meet the clients' needs to remove certain assets from their balance sheets and, more importantly, optimise the management of their vehicle fleets and logistical equipment. They rely on superior purchasing power, strong technical expertise of specialist teams, and a set of interactive tools essential for effective dialogue with corporate clients.

Arval is the business line's main company. It has direct operations in 17 countries and a leading European position in the long-term leasing and fleet management market, with 602,000 vehicles under its management at the end of 2004.

BancWest

In the United States, the International Retail Banking and Financial Services business is conducted through BancWest Corporation, a holding company formed out of the 1998 merger between Bank of the West and First Hawaiian Bank. This transaction was followed by the acquisitions of United California Bank in March 2002, as well as of Community First National Bank and Union Safe Deposit Bank in November 2004.

Bank of the West now offers retail banking services to individuals and business companies in 16 Western states. It is California's 5th-leading retail bank *(source: FDIC 30 June 2004)* and it also has strong national positions in certain niche lending markets, such as Marine, Recreational Vehicles, Church Lending, and Small Business Administration.

With a 40% market share based on deposits *(source: FDIC 30 June 2004)*, First Hawaiian Bank is Hawaii's leading bank, offering a broad array of products to a local clientele of private individuals and companies.

In total, BancWest has some 10,000 employees, 530 branches and 3.4 million client accounts. At 31 December 2004, BancWest had total assets of USD 50 billion, making it the 7th-largest bank in the Western United States.

Emerging and Overseas Markets (EOM)

Since 2004, Emerging and Overseas Markets Retail Banking operations have been organised around five geographical areas: Africa-Indian Ocean, French overseas departments and territories, North Africa-Mediterranean Basin, the Middle East, and Europe – the Near East. BNP Paribas is leveraging the expertise acquired in running the branch network in mainland France to drive the development of its subsidiaries in these regions, which represent approximately 500 branches and 1.5 million clients.

- BNP Paribas' operations in Africa are organised around the network of the Banque Internationale pour le Commerce et l'Industrie (BICI). With around 100 branches located in 6 countries (Burkina Faso, Ivory Coast, Gabon, Guinea Conakry, Mali and Senegal), BNP Paribas manages one of the largest banking networks in French-speaking Africa. The Group also has operations in Djibouti (BCIMR), as well as in the Indian Ocean – in Madagascar (BMOI) and the Comoro Islands (BIC).

- In the North Africa-Mediterranean Basin region, the Group has some 200 branches in Morocco (BMCI), Tunisia (UBCI) and Algeria (BNP Paribas El Djazaïr).

- In the French overseas departments and territories (Martinique, Guadeloupe, French Guyana, New Caledonia, Reunion Island, Wallis and Fortuna), the Group has 49 branches and enjoys strong market positioning.

- In the Middle East, the Gulf States are served by the regional headquarters in Bahrain, responsible for four territories (Bahrain, Abu Dhabi, Dubai and Qatar). Two entities are currently being opened in Saudi Arabia and Kuwait. The Group also has an expanding network in Egypt (BNP Paribas Cairo).

- In Europe – the Near East, the Group has operations in Cyprus, Israel, Lebanon (BNPI), and – since February 2005 – Turkey.

Lastly, importers and exporters who are clients of the Emerging and Overseas Markets retail banking business have access to the teams of international trade specialists working in the BNP Paribas' international network of Trade Centres.

This core business comprises all of the Group's investor services businesses and leads the BNP Paribas asset gathering effort.
One of the foremost players in Europe, AMS offers fund management and discretionary asset management services, backed by a range of high value-added investor services. It is organised around 3 business lines:

- Wealth and Asset Management, comprising Private Banking (BNP Paribas Banque Privée), Asset Management (BNP Paribas Asset Management) and Cortal Consors on-line brokerage and personal investment services. In 2004, the Group's real estate offering provided through BNP Paribas Immobilier was also incorporated into the Wealth and Asset Management Division;
- Insurance (BNP Paribas Assurance);
- Securities Services for global financial institutions (BNP Paribas Securities Services).

Through these 6 businesses, which count more than 15,000 employees in some 40 countries, AMS offers a comprehensive range of products and services to a broad investor clientele, including institutional clients, corporations and private individuals.

Each AMS business was a leader in its market in 2004.

Wealth and Asset Management

Private Banking

Serving a demanding clientele of high net worth individuals, BNP Paribas Banque Privée offers personalised portfolio engineering and diversification advice, tailored to the specific needs of each client, backed by a range of carefully selected high-performance, innovative products.

BNP Paribas Banque Privée is ranked no. 1 in the French private banking market, with EUR 45 billion in assets under management and a network of more than 120 outlets nationwide. It ranks 4th in Western Europe, where it is fast broadening its reach in its domestic markets, and 7th in Asia *(source: 2005 Euromoney rankings)*.
At end-2004, BNP Paribas Banque Privée's overall client assets under management stood at more than EUR 100 billion.

Asset Management

BNP Paribas Asset Management is specialised in third party asset management services. With a view to combining performance with service quality, the company has organised its teams into specialised units, covering separate asset classes. The business line's dedicated and reactive teams offer investment solutions that bring together advisory services, innovation and risk management, in the areas of fundamental active management and alternative and structured management.

Operating in over 20 countries across the 5 continents, BNP Paribas Asset Management partners its clients across the globe while continuing to set up and expand in developing markets, such as China and South Korea. Building on this local presence, it can offer clients customised service and follow-up.

With a franchise of over 400 institutional clients, BNP Paribas Asset Management had more than EUR 196 billion worth of assets under management [(1)] at year-end 2004. It is a major player in the European investment fund market, ranking as Europe's 9th-leading promoter at 31 December 2004, according to Feri. It is rated AM2+ by Fitch Ratings.

Cortal Consors

Europe's leading personal investment management company and online broker *(source: Reuters October 2003)*, Cortal Consors offers clients its expertise and investor advisory experience through several distribution channels. It boasts a broad range of products including short-term investment solutions, mutual funds and life insurance policies, backed by leading-edge online brokerage technologies.

Cortal Consors has an operating presence in 6 European countries – Germany, France, Spain, Belgium, Luxembourg and Italy.
At 31 December 2004, it had over one million clients and EUR 18.6 billion worth of managed assets, breaking down as 44% in equity assets, 48% in savings products or mutual funds and 8% in cash.

Real Estate Services

BNP Paribas Immobilier is the leading provider of real estate services to corporations in mainland Europe. It groups the Bank's real estate subsidiaries that operate in the three following key areas:

- real estate services, encompassing:
  - commercial real estate advisory services (including transactions, valuations and investments). BNP Paribas Immobilier holds a leading position in mainland Europe in this field, through Atisreal which has operations in 7 countries. It is also no. 1 in France and Germany *(source: Le Moniteur, November 2003)*;
  - Asset Management, through Antin Vendôme – the no. 2 property fund manager in France *(source: IEIF – Institut de l'Épargne Immobilière et Foncière)*;
  - Property Management: 10 million sq.m. of office space managed in Europe, of which 5.5 million sq.m. in France, via Comadim, and 16,500 French residential properties, managed through Gerer;
  - sale of residential properties: Espaces Immobiliers BNP Paribas (19 sites at end-2004).
- property development, through Meunier – the 3rd-leading French property developer *(source: Classement des promoteurs 2004 published by Innovapresse and La Lettre du Patrimoine Immobilier)*;
- real estate investments, via BNP Paribas PFI.

Insurance

BNP Paribas Assurance encompasses all of BNP Paribas' insurance companies, including Cardif, which sells the division's products in 29 countries through a large number of partners.

In 2004, BNP Paribas Assurance set up a new organisational structure, with the aim of speeding up its expansion. Further to this restructuring it is now split into two departments, one of which is dedicated to savings and the other to international personal risk.

(1) Including the subsidiaries of BNP PAM and assets advised on behalf of BNP Paribas.

• The division's savings business includes the sale of life insurance policies to private individuals. In France, it offers companies group products for pensions, end-of-career bonuses and early retirement benefits. It also proposes a broad array of mutual funds to private individuals, institutional investors and major corporations, via Cardif Asset Management.

• The personal risk business encompasses stand-alone policies as well as loan insurance. BNP Paribas Assurance also markets both standard and personalised group policies to large companies and SMEs.

The division's property and casualty offering in France is provided through Natio Assurance, a company that is owned equally with Axa. The products proposed cover a wide range of risks and include comprehensive home insurance, automobile insurance, educational insurance, travel insurance, and legal protection coverage.

BNP Paribas Assurance is the 4th-leading life insurer in France *(source: FFSA)* and ranks among the world's Top 3 loan insurers.

Securities Services

BNP Paribas Securities Services is a leading provider of securities services to the world's corporate and financial institutions.

BNP Paribas Securities Services provides a wide range of securities services and investment operations solutions, meeting client needs at every stage of the investment cycle:
• clearing and custody for all asset classes,
• fund administration (accounting, middle-office outsourcing, depobank, performance measurement and attribution analysis),
• issuer services,
• cash and securities financing.

As at 31 December 2004, assets under custody totalled EUR 2,473 billion and 23.1 million transactions were settled in 2004.

BNP Paribas Securities Services is ranked number one among European custodians and is the 5th-largest global custodian worldwide *(source: Institutional Investor Magazine, September 2004. Rankings are based on assets under custody as at March 2004)*. Industry recognition of BNP Paribas Securities Services was again forthcoming in 2004. For the fifth year in succession the firm won two key industry awards: "Best Regional Custodian – Europe" from *Global Investor Magazine* and "Best Overall Network" from *GSCS Benchmarks*.

Over half of BNP Paribas Securities Services' operations are outside of France. In addition to its head office in Paris, it has branches, subsidiaries and offices in all of the main European Financial Centres – including Belgium, Germany, Greece, Ireland, Italy, Jersey, Luxembourg, the Netherlands, Portugal, Spain, Switzerland, the United Kingdom – as well as in Australia, New Zealand and the USA. Services are also offered in Turkey through a co-operation agreement with Garanti Bank.

Klépierre

Klépierre is continental Europe's 2nd-leading listed property group specialised in shopping centres, with a market capitalisation of EUR 3 billion at 31 December 2004 and 850 employees.
One third of its business is conducted outside France.
Klépierre's property assets totalled EUR 5.9 billion at the year-end, breaking down as 84% in shopping centres located in 9 continental European countries, and 16% in Paris-based offices.
It has adopted a unique management approach, structured around its 75%-owned subsidiary, Ségécé (also 15%-owned by BNP Paribas SA), which manages 344 shopping centres – of which 223 belong to Klépierre – through a network of 7 subsidiaries operating in 10 European countries.

BNP Paribas Capital

BNP Paribas Capital encompasses all of the Group's Private Equity activities. The Private Equity business consists of investing in the capital of unlisted companies, with the objective of realising a capital gain in the medium-term.

BNP Paribas Capital's specialised teams are organised into independent management companies, each with a dual role:
• advise the BNP Paribas Group on its proprietary portfolio;
• manage or give advice on funds held partly by the Group and partly by outside investors.

BNP Paribas Capital is active in all segments of the Private Equity market. Large LBOs in Europe are handled by PAI partners. Dedicated funds managed or advised by Banexi Capital Partenaires, Banexi Venture Partners and BNP Private Equity handle medium-sized LBOs and venture capital transactions in France as well as investments in the media and telecommunications sectors.

BNP Paribas Capital aims to continue evolving towards a fund management model, with most invested capital deriving from external sources, while gradually scaling down its proprietary portfolio.

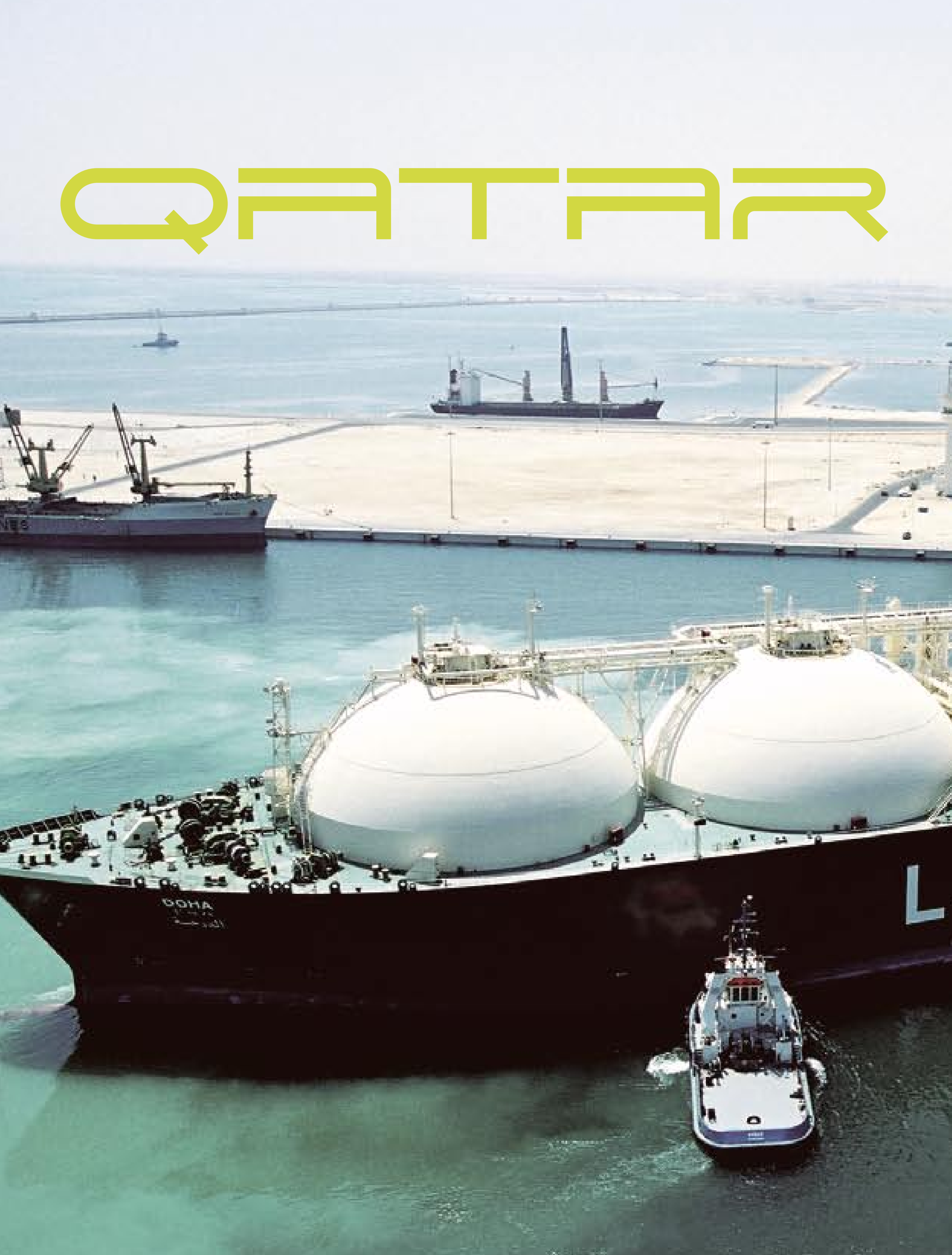
Listed Investment and Sovereign Loan Management

The Listed Investment and Sovereign Loan Management unit has two functions. Its overall mission is to actively manage assets with a view to deriving the greatest possible value over the medium-term. The medium-term perspective clearly differentiates this business from a trading activity.

The Listed Investment Management team manages BNP Paribas' portfolio of minority stakes in large listed groups.

Sovereign Loan Management's mission is to restructure sovereign loans through the London Club and to manage the portfolio of emerging market sovereign debt, such as Brady bonds, eurobonds and restructured credits.

QATAR



GAS

Sixty Partners Fund the Biggest Energy Deal in History

Abdulrahman Al-Shaibi
Project Financing Director
Qatar Petroleum - Client of BNP Paribas - Doha

This represents one of the largest financial operations of all time: USD 12 billion to supply the United Kingdom with liquefied natural gas (LNG) from Qatar. This gargantuan project, baptised Qatargas II, was elaborated by Qatar Petroleum (70%) and Exxon Mobil (30%). The project encompasses the extraction of LNG, its shipment to Europe, its storage, and finally its processing – regasification – in the UK. Qatargas II *"entailed a complicated and innovative financing strategy"* and it was down to BNP Paribas to coordinate the efforts among the various banking and financial institutions for successful closing of the financing. It goes without saying that no single company, even a multinational, would have had the wherewithal to shoulder such a project alone. In total, 57 institutions from a wide variety of horizons are helping to fund the project to the tune of USD 7.6 billion. Contributors include commercial banks, Islamic banks, private investors, export credit agencies etc. *"Working with such a large number of institutions within a highly complex legal, technical and financial framework represented an enormous challenge for us."* However, the project is now well and truly off the ground – work got underway at the end of 2004. The first deliveries to the heart of Europe, where demand for natural gas is expected to spiral over the coming years, are planned for 2007-2008.

CORPORATE AND INVESTMENT BANKING

Advisory and Capital Markets

Financing Businesses

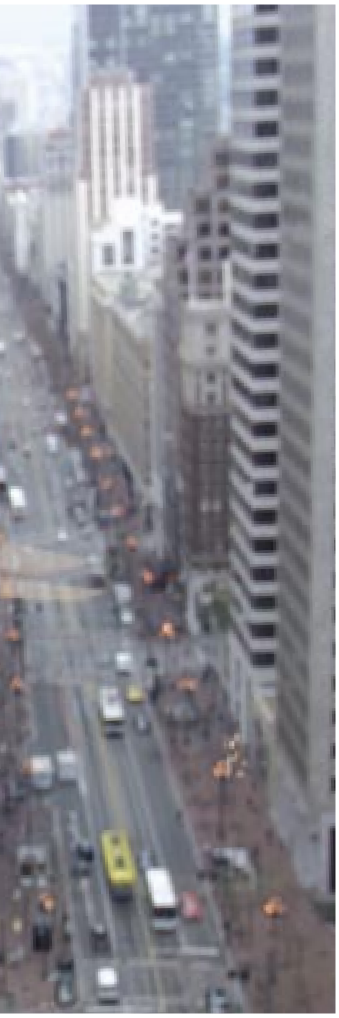
BNP PARIBAS SHANGHAI

BNP PARIBAS SAN FRANCISCO

THE ORGANISATION OF CORPORATE AND INVESTMENT BANKING

In order to leverage its origination capabilities in the Corporate and Investment Banking market and thereby strengthen its European positioning, BNP Paribas is supported by an integrated group known as Coverage & Territories Europe (CTE). CTE is responsible for covering relationships with European companies and leading commercial operations in the territories concerned.

Outside Europe, the Coverage & Territories International (CTI) group covers relationships with companies in the Americas, the Asia-Pacific region, Africa and the Middle East, and leads operations in the corresponding Corporate and Investment



Banking territories. Forming part of CTI, the Financial Institutions Group (FIG) is the global group responsible for covering relationships with financial institutions (banks, insurers, supranational organisations, etc.) throughout the world.

These sales teams market all of the products offered by the Group. CTE and CTI banking advisors and client relationship managers have an excellent understanding of their clients' financial and business strategies and day-to-day management concerns, making them the preferred partners of the Group's corporate and institutional clients. This understanding also enables them to effectively coordinate the activities of product specialists.

With a client base comprising some 11,000 corporates and institutions, the CTE and CTI groups enable the specific features of each market to be effectively factored in – particularly in terms of regional characteristics – with a focus on promoting revenue generation across all product lines.

Based in 20 countries worldwide, the 65-strong FIG team manages relationships with 600 institutional clients, including insurers, pension funds and asset managers, supranational organisations, banks and central banks.

By building long-term relations with clients and maintaining up-to-the-minute knowledge of their businesses, BNP Paribas has come to be viewed as a benchmark bank by its institutional clients.

CORPORATE FINANCE

Aside from a few major deals, including the acquisition of Aventis by Sanofi-Synthélabo, which was advised by BNP Paribas, the European Mergers & Acquisitions market did not recover as anticipated in 2004. Nevertheless, BNP Paribas had an excellent year and continued to win market share, bolstered by its strong positioning in France where Thomson Financial ranked it no. 1 adviser to companies considering and completing mergers or acquisitions. Another contributing factor to this business' robust performance was the development of cross-border transactions, including the acquisition of Germany-based Messer by Air Liquide, the sale of the US company, Culligan by Veolia Environnement, and the acquisition of the Dutch company, Malberg by Finland-based Sanoma Wsoy. Momentum in emerging countries was also extremely strong, both in central Europe (Bulgaria, Lithuania, Rumania, Serbia and Slovakia) and in the Middle East (Saudi Arabia, Egypt and Iran).

In 2004, the main characteristics of the European Primary Equity markets were as follows:

- a weighting towards "accelerated" secondary distributions, which raised more than EUR 66 billion. BNP Paribas managed several key transactions, including the sale by the French government of EUR 5.1 billion worth of France Télécom shares – the largest transaction of this type ever carried out in continental Europe – and the sale by Philips of EUR 723 million worth of Vivendi Universal Shares;
- an upturn in initial public offerings, with transactions worth close to EUR 26 billion. In 2004, BNP Paribas managed the Pages Jaunes and Maroc Telecom listings, amongst others;
- a decline in issues of equity-linked products, due to lower volatilities, with these issues representing EUR 13 billion in 2004. During the year, BNP Paribas managed transactions worth EUR 1.1 billion for France Télécom and EUR 670 million for Swiss Re, and remained the market leader for these products, ranking no. 1 in Western Europe *(source: Dealogic Equityware).*

BNP Paribas Peregrine raised its profile in China and South-East Asia by winning the "Rising Star Equity House" award given by *The Asset* magazine. Performance in Asia was boosted by BNP Paribas Peregrine's involvement in 14 secondary offerings and four IPOs, including acting as Global Coordinator in the China Shipping Container Lines IPO, a transaction that ran to USD 985 million.

The acquisition of Aventis by Sanofi-Synthélabo

BNP Paribas advised Sanofi-Synthélabo on the acquisition of Aventis and the creation of Sanofi-Aventis, the no. 1 pharmaceutical group in Europe and no. 3 in the world. At around EUR 60 billion, the unsolicited public offer filed by Sanofi-Synthélabo at the end of January and successfully finalised in August, represented one of the largest transactions of its kind ever to take place in Europe. BNP Paribas was able to offer its vast experience to partner Sanofi-Synthélabo in the various stages of this acquisition, from its preparation right through to completion.

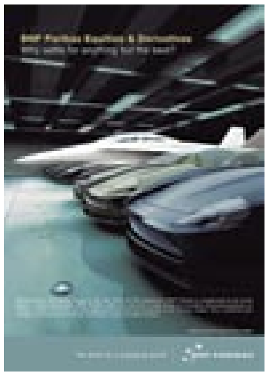
Innovative equity note issue by Swiss Re

In 2004, Swiss Re – the world's 2nd-leading reinsurer – issued EUR 670 million worth of equity notes. This issue – managed by BNP Paribas – was at the forefront of innovation for a number of reasons:

- it was the first hybrid capital issue carried out by a European financial institution to be given the highest equity rating by Moody's and S&P;
- a derivative transaction was launched simultaneously, with BNP Paribas guaranteeing this strengthening of equity, without any capital dilution;
- the parity on redemption is linked to the share price, enabling Swiss Re to benefit from any rise in value of its shares.

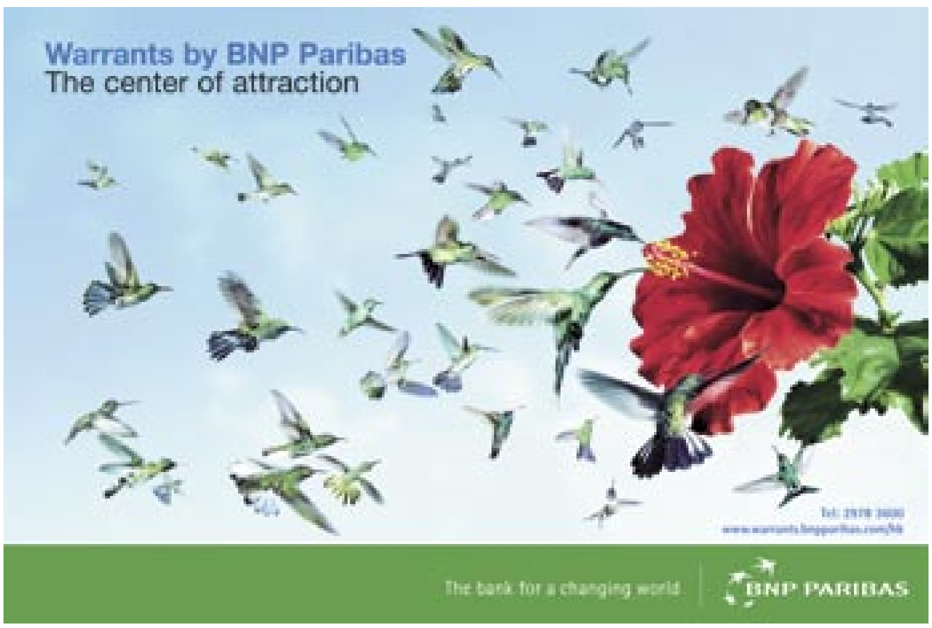
EQUITIES AND DERIVATIVES

Despite a difficult economic context characterised by moderate growth in the global stock markets and a sharp reduction in volatility, the Equities and Derivatives business turned in an excellent performance in 2004. Client trading was particularly buoyant, fuelled by the drive to diversify both client profiles and geographic presence.



The year was marked by:

- bumper results for structured products, led by the introduction of a product range tailored to a wider cross-section of institutional clients;
- the successful launch of flow products with the development of hedge fund clients;
- record performance in Asia where the Equities and Derivatives business extended operations to the Indian and Taiwanese markets. It also obtained a qualified foreign institutional investor (QFII) licence, as well as an investment quota for the Shanghai and Shenzhen markets;
- a very good showing from BNP Paribas Peregrine's brokerage business in secondary markets and in partnering primary market equity transactions;
- strong levels of business in Europe powered by ever-increasing investor appetite for structured products, which has enabled BNP Paribas to maintain its ranking as European leader;
- the acquisition of Zurich Capital Market's teams, bolstering BNP Paribas' world-leading position in the fund derivatives market.



FIXED INCOME

After a historical high in 2003 and despite a more adverse trading environment in 2004, the Group has kept on demonstrating the deepening of its client franchise, translating into resilient client revenues in all the four regions where the Bank operates.

BNP Paribas provides a complete range of Fixed Income products to debt management professionals, ranging from the simplest financial instruments to in-depth specialist advice on the most complex of debt management challenges. BNP Paribas operates the 2nd-largest balance sheet in Europe and trades with an Aa2/AA rating *(source: Moody's, Fitch)*. From this formidable platform, the Bank has built a comprehensive Fixed Income capacity with a client-driven approach that is backed up by strong legal and operations expertise.

In terms of market recognition, BNP Paribas was granted the following rankings in the Credit markets area:

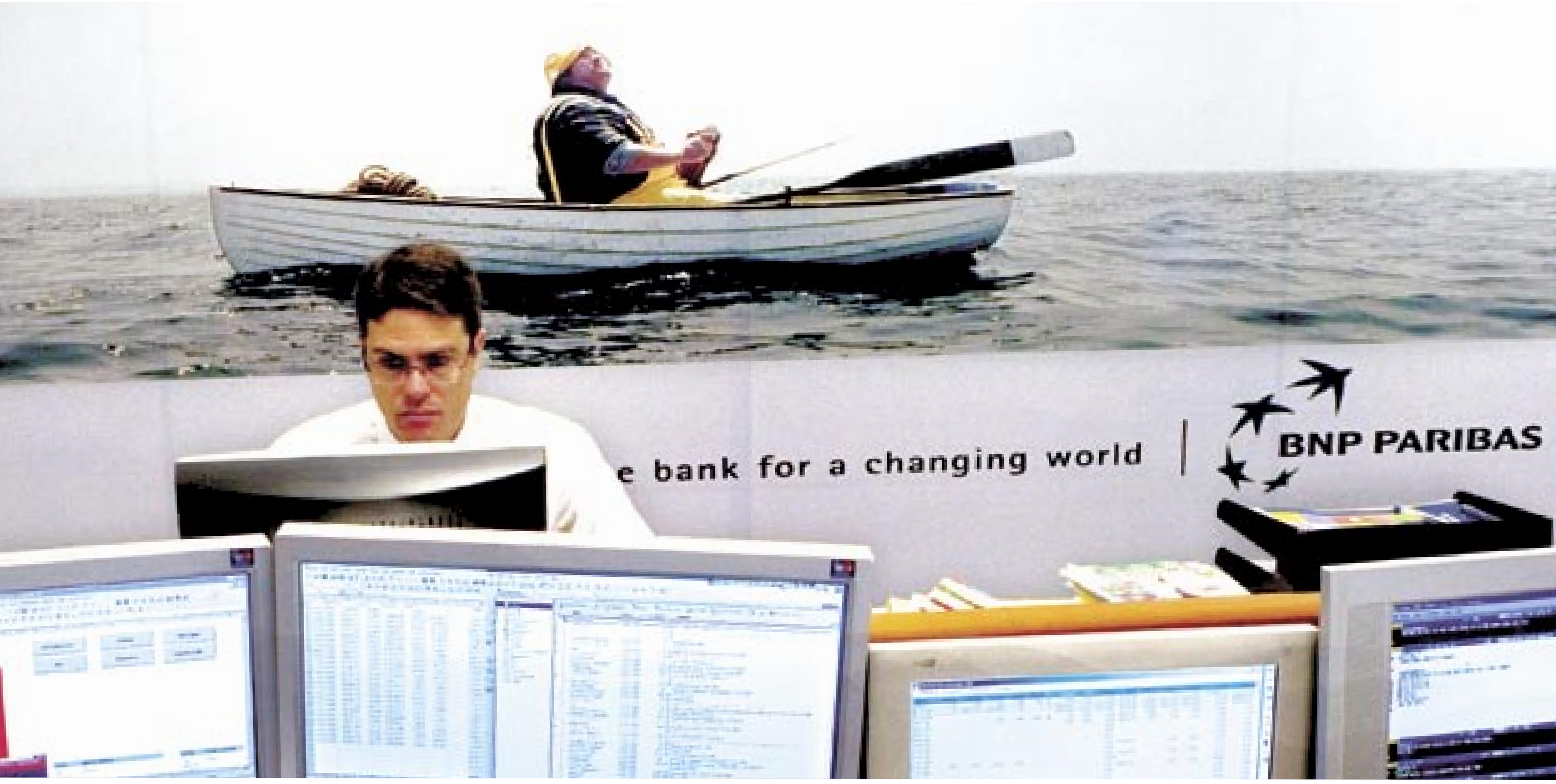
- Thomson Financial league tables show BNP Paribas in 2nd position for corporate bonds issuance in euros, and the Bank has been granted *IFR* top award of "Euro Investment-Grade Corporate House of the Year" for the third time running, as well as the "Euro-MTN House of the Year" for the first time.
- BNP Paribas ranked no. 1 for trades executed with clients on the Market Axess European electronic platform.
- *Credit Magazine* survey ranked BNP Paribas in 2nd place for overall secondary liquidity on European corporate bonds markets.
- The Bank ranked 3rd-leading arranger of synthetic Collateralised Debt Obligations for Q4 2003 in CreditFlux, and *Asia Risk* rated BNP Paribas no. 1 in Japan.

Best In-House System Award 2005

BNP Paribas has won *Risk Magazine*'s "Best In-House System Award" for 2005 for its CredIM platform. This on line application enables investors to access information about structured products in the form of bonds, as well as to trade on line. BNP Paribas guarantees the liquidity of the system and ensures that purchase and sale prices are always available.

CredIM is particularly useful for retail and private banks seeking to provide their clients with both a simple system for trading in sophisticated products, and a liquidity guarantee allowing them to enter or exit positions at any time.

The CredIM offer covers all products – whether structured or not – distributed in the form of bonds by BNP Paribas' Fixed Income business.



In the interest rates area, BNP Paribas has confirmed its position in particular regarding innovative products such as inflation swaps and inflation bonds issuance (1st non-government inflation-linked bond in yens), exotic derivatives (ranked equally 1st in euros exotics by Euromoney survey), new products (first ever longevity bond launched), short term swaps (2nd bank for Overnight Interest Swaps in both euros and dollars) or emerging currencies (2nd in Interest Rates Options in Taiwan dollars and Korean wons).
The Bank was also ranked best overall service provider of Fixed Income products to European investors in the annual AFT survey.

Alongside the products and transaction services BNP Paribas offers to its Fixed Income clients through classic channels, the Bank also offers its customers insightful research, for which it obtained numerous no. 1 positions in 2004, most importantly the best "Credit Research House of the Year", and Internet-based tools to access the research, facilitate price discovery and trading, offer post-trade functionalities, and sophisticated online analytics.

ENERGY COMMODITIES EXPORT AND PROJECT [ECEP]

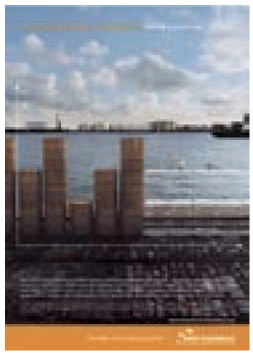
In 2004, BNP Paribas Energy Commodities Export and Project business was an unrivalled leader in its market.
During the year, it was ranked "Best Commodity Bank" by Euromoney, "Best Institution for Oil Finance" by the *Trade & Forfaiting Review* and no. 1 project financer worldwide *(source: Dealogic)*.

In an ever-changing environment, characterised by rising commodities prices, high liquidity levels and declining returns, the resolutely client-focused Ecep approach has enabled BNP Paribas to adapt quickly to changing demand. Being able to combine its various financing and hedging products gives BNP Paribas a real competitive edge.

Following significant growth in business levels and revenues, Ecep continued to expand in 2004, constantly leveraging the advantages of its organisational structure, which brings together all of the Bank's expertise in energy, commodities, infrastructures and capital goods to provide a one stop shopping point for its clients. Performances achieved by Ecep's different businesses were as follows in 2004:

- financing of commodities trading grew significantly during the year, in terms of both business levels and revenue, driven by the sustained development of traditional source markets (Africa, Russia and Central Asia) as well as strong demand for commodities in China;

- the structured commodities financing business, which specialises in emerging markets, also reported robust growth thanks to continued business expansion in Asia and Russia, and the arrangement of a large number of high value-added facilities for major international names in the sector, such as Pemex. This performance was achieved despite the unfavourable environment created by a sharp decline in demand for credit;



- corporate loans for energy, metals and mining activities in industrialised countries were hit by rising commodities prices as well as the market's wait-and-see attitude to capital spending, which has held back demand for financing by manufacturers. However, this business continued to significantly increase cross-selling volumes for all Ecep products, as well as those of the Bank in general. In the first half of 2004, BNP Paribas ranked as the no. 4 bank overall, and the no. 1 foreign bank, in the role of agent in the oil and gas sectors in the United States;

- for the commodities derivatives brokerage business, 2004 was a year of substantial volume growth, both on the futures and the over-the-counter markets, fueled by price volatility for metals and energy. This business was also bolstered by rising demand for hedging products from oil and gas sector companies, the opening of a Singapore office, the rapid increase in volumes of hedging products for metals, and the development of both brokerage activities and hedging and risk management products for gas and electricity in Europe;

- export financing saw a 60% rise in facilities arranged after significantly increasing its overseas market share. This growth bears witness to BNP Paribas' leading position as an arranger of multi-source financing, and demonstrates the success of the diversification strategy implemented to meet the financing needs of new export countries. Significant mandates were signed in Brazil, South Korea, Israel and China;

- the project finance business further consolidated its world leadership position thanks in particular to a large number of new financial advisory mandates in the electricity sector – including a mandate with the government of Bahrain for the implementation of its first private 1,000 MW electricity generation project – and to infrastructure and mining project financing, notably in Australia. BNP Paribas is the established market leader in Europe and the Middle East as evidenced by the pivotal role played in the financing of the Qatargas II project, the biggest financing package ever arranged in relation to liquefied natural gas. The Bank also enjoyed robust business levels in Asia and Australia, and the electricity business in the United States picked up slightly after two very difficult years;

- reaping the benefits of its integration within Ecep, the Global Trade Services business reinforced its global distribution capabilities, notably through Connexis Trade which is marketed to a wide range of international clients. At the same time, a new finance offering, Supply Chain Financing, has begun operating for the Bank's international client base. The mandate GTS obtained from Carrefour to process all of its international documentary credit transactions was hailed as a "Deal of the Year" by Euromoney.

BNP PARIBAS TOKYO

BNP PARIBAS HONG KONG

STRUCTURED FINANCE

Against the backdrop of a strong recovery in loan volumes, Structured Finance continued to develop each of its businesses in 2004 and build market share on an international level.

At the European level, BNP Paribas dominated the 2004 Euroweek Syndicated Loan Awards, receiving 8 awards including the titles of "Most Impressive Arranger" and "Most Impressive Loan." The other awards received by the Bank are: "Best Arranger of Western European Loans", "Best Bank to Work with", "Best Arranger of Acquisition Financing", "Best Arranger of Project Financing", "Best Arranger of French Loans" and "Best Western European Loan". Given based on survey made among syndicated loan professionals in Europe, these awards are a testimonial to the top-ranking position BNP Paribas holds today.

The syndicated loan market saw a substantial increase in volumes during the year, as a large number of borrowers capitalised on highly attractive market conditions not only to procure new resources, but above all to refinance existing loans. In this strong growth market, BNP Paribas increased its market share in the Europe – Middle East – Africa region, as well as in the United States and Asia. The Bank arranged major syndicated loans for corporations such as Cades (France), Anglo American (United Kingdom), Volkswagen (Germany), EDP (Portugal) and Hutchison Whampoa Limited (Hong Kong).

In Acquisition Financing, BNP Paribas gained further renown by acting as "Bookrunner" and "Mandated Lead Arranger" for the EUR 16 billion loan to finance the acquisition of Aventis by Sanofi-Synthélabo, the major deal of 2004. The Bank also strengthened its international positioning, by arranging financing for acquisitions launched by Omega Pharma (Belgium), Meggitt Plc (United Kingdom) and Alinta (Australia), as well as for Chinese company Lenova's bid to acquire IBM's PC division.

In the growing European LBO market, BNP Paribas confirmed its status as a major player by obtaining mandates for the Legrand (France), Autobar (United Kingdom), Galbani (Italy), Homann (Germany) and Mivisa (Spain) transactions.
The Group also enjoyed buoyant business levels in the United States, arranging an increasing number of LBOs, including two for more than USD 500 million: Culligan and Knowledge

BNP PARIBAS BOMBAY

Learning Corp. At the same time, the Group was extremely active in the health sector, having built up specific expertise in this area.

The Media and Telecommunications market picked up significantly in 2004, with the leading European operators returning to the loan market, a high level of refinancing operations and several acquisitions. BNP Paribas enhanced its positioning by arranging major financing operations, notably for Telecom Italia (Italy), Telefonica and Auna (Spain), Bouygues Telecom and Editis (France), Belgacom (Belgium) and One GmbH (Austria). *Telecom Finance* magazine named BNP Paribas "European Telecom Bank" for the year 2004.

2004 also saw Europe's large cable operators stepping back into the banking and finance arenas. BNP Paribas played a key role in this domain for clients such as UPC, Cablecom, Ono and Telewest.

The Asset Financing business likewise had a very active year. In aircraft financing, the Bank was named the world's no. 1 arranger of export credit facilities for the second year running. It was also voted "Aircraft Finance House of the Year" by *Jane's Transport Finance* magazine, and chalked up three "Deal of the Year" awards: one in the Africa – Middle East region, for arranging an export credit facility relating to two Airbus A330-200 jets for Egyptair; another in Europe for arranging a French tax lease for Air France for a Boeing B777-300ER; and the third in South America, for setting up a proprietary lease structure combined with a European export credit facility relating to four Airbus A320-200s for Taca.

The arrangement of the latter two facilities involved the services of Capstar, a Group subsidiary which has also won several structured leasing mandates in both France and the United Kingdom, including a number of high profile shipping mandates. Capstar was particularly successful in New Caledonia in 2004, thanks to the signing of the Goro Nickel project undertaken by Inco, representing the largest ever industrial transaction involving investment tax incentives, together with the signing of financing for the two phases of the Prony thermal power station.

In Marine Financing, the Bank significantly reinforced its reputation by arranging financing for four vessels specially designed to transport liquefied natural gas for the Ras Laffan Liquefied Natural Gas Company II (a joint venture set up by Qatar Petroleum and Exxon Mobil).


BAA

The New Heathrow Terminal – Gateway to Connections and Exchanges

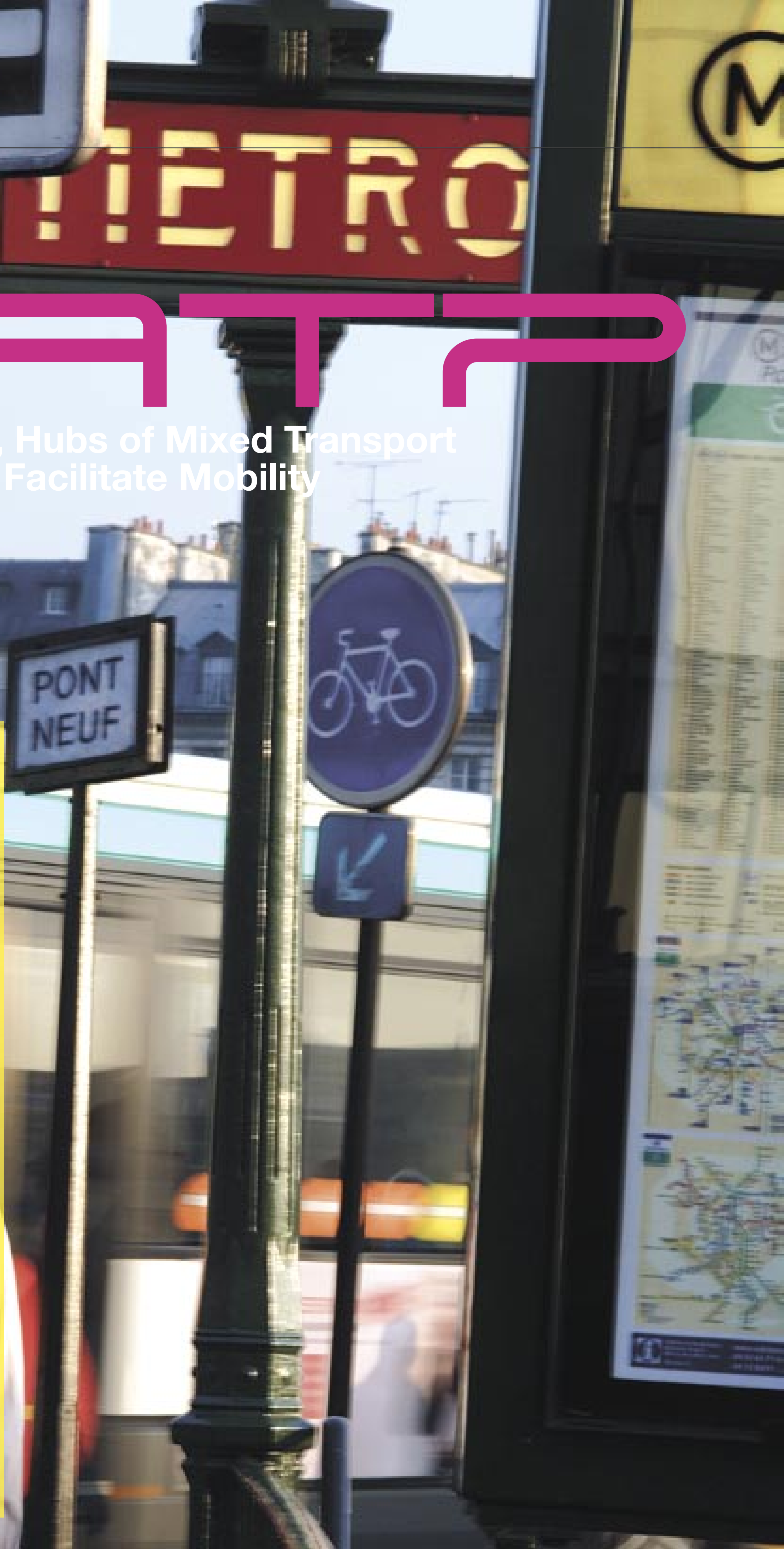
Mike Toms
Group Planning and Regulatory Affairs Director
BAA plc - Client of BNP Paribas - London

If there is one structure that represents the very gateway to all our connections and exchanges, it is an airport. The world's leading airports company, BAA knows a thing or two about airports. BAA is a private enterprise that owns and operates seven hubs in the UK, including Heathrow, Gatwick and Stansted, serving London - *"BAA's London airports help make London the world's best-connected capital city"*. 120 million passengers pass through BAA's three London airports each year - *"London's airports are integrated and complementary"*. Aware of the economic importance of air traffic, BAA has embarked on a massive ten-year investment programme that runs to more than GBP 8 billion and is aimed at enabling London to retain its no.1 position. The biggest single investment is the new Heathrow Terminal 5 building, which is to open its doors to passengers in 2008. Representing an investment of around GBP 4.2 billion, the new terminal is also the largest infrastructure project in Europe. In time, the new terminal will increase Heathrow's passenger capacity by 50% and ease the load being borne by the four other terminals. At the same time, BAA will be investing more than GBP 3 billion in its four existing terminals. At Gatwick, a new satellite building is being added to the North Terminal and is to be linked by a passenger bridge running high above aircraft stands and a taxiway. The new building, which represents an investment of GBP 80 million, is set to open in the spring. Finally, Stansted airport, which has become the centre of low cost air travel in Europe has already been expanded, and further plans are in place to enable the airport to accommodate over 25 million passengers.

RETAIL BANKING

French Retail
Banking

International
Retail Banking
and Financial Services



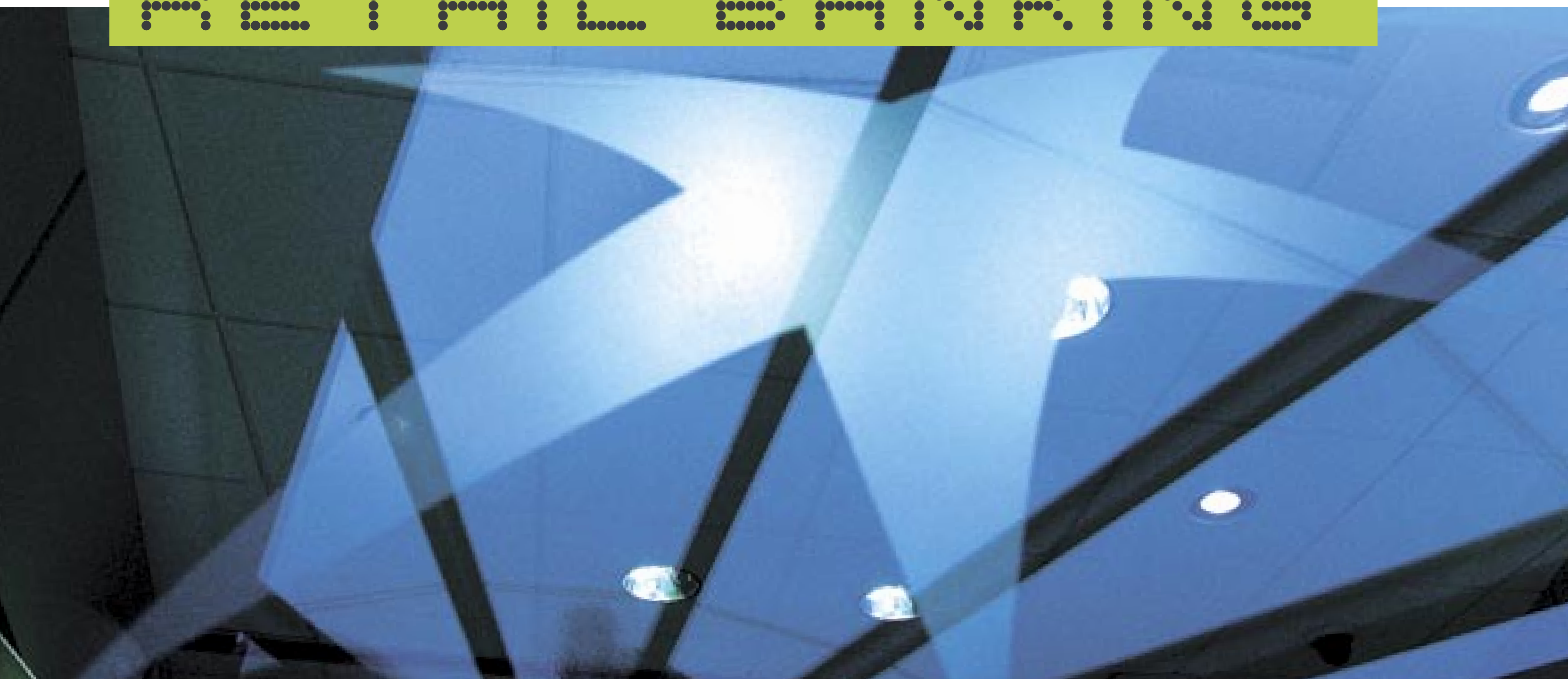
RATP

Changeover Points, Hubs of Mixed Transport with Information to Facilitate Mobility

Georges Amar
Head of Long-range Planning
RATP - Client of BNP Paribas - Paris

The purpose of a long-term planning unit, as RATP understands it, is to stimulate its business development strategy and its capacity for innovation. This dual aim includes widening the spectrum of knowledge, in order to change the face of urban mobility. By juggling with concepts, opening up to other cultures and extracting ideas from all sorts of knowledge sources, the planning unit's objective is to think out of the box, or in other words, to see things differently. Their second goal is to trigger change and launch innovative projects using internal resources. After the idea of "belonging", which boils down to the symbiosis of transport and the town – a vision that urban designers hold close to their hearts – thinkers on mobility focus on interconnection, or changeover points. The changeover point is a recent concept, which changes everything from the network perspective – the idea that connections are as important as the lines themselves. However, this vision does not always ring true, for example when witnessing certain long and arduous changeovers on the metro. It is therefore worth paying particular attention to the comfort, circulation and safety of passengers taking connections or changing to other forms of transport. These points can actually become a source of revenue with, for example, the establishment of shopping centres. Information, and in particular signposting, clearly has a fundamental role to play at these points. Information technology offers a new generation of "intelligent" transport, in which software is as important as the means of transport and its infrastructure. Lastly, it is important to encourage the "interbreeding" of various types of transport – bicycles, walking, train, car pooling, etc. – at these interconnection points.

FRENCH RETAIL BANKING



In 2004, French Retail Banking turned in a strong earnings performance, in tandem with enhancing client satisfaction. Year upon year, it continues to make strides in expanding its franchise, backed by Multichannel Banking, the Private Banking Centres and the Business Centres that have helped to better meet client needs by enabling synergies to be fostered with other BNP Paribas divisions.

A fully operational multichannel structure

2004 saw a strong increase in the Multichannel Retail Banking system – including branches, the telephone (via the Client Relations Centre), and the Internet, through the bnpparibas.net portal. This generated more frequent contact with clients, leading to enhanced service quality.

The number of contact opportunities proposed to account managers more than doubled to 10 million, the number of client files consulted on branch advisers' workstations reached 80 million, and the number of meetings set up using the shared electronic diary system amounted to 3.6 million.

Following the opening of a third platform in Lille, the Client Relations Centre now employs some 600 telephone advisers. As planned, besides receiving calls, these additional resources have enabled the Bank to contact clients to propose appointments and market basic products.

Finally, the number of visitors to the bnpparibas.net portal almost doubled in relation to 2003 (see inset).

Overall, this increased client contact fuelled a very strong commercial performance.

Vanguard retirement offerings and excellent inflows of new money in the life insurance business

2004 saw BNP Paribas adopt an original and inventive approach towards retirement planning, through **Projets Retraite,** the attributes of which were lauded by the financial press.

BNP PARIBAS BOURGES

In October 2004, bnpparibas.net and Lemoneymag.fr were singled out for their online services, winning two Top Com Consumer 2004

The Paris Chamber of Commerce and the magazine *Expression* awarded BNP Paribas two prizes out of a total of 20 Top Com Consumer 2004 categories:

- the gold Top Com award for Lemoneymag.fr in the consumer online information/content category;
- the bronze Top Com award for bnpparibas.net for the Sparkly/Sponky campaign, in the online advertising category.

In addition to these awards, according to a survey recently published by EFMA (the European Financial Management & Marketing Association), BNP Paribas is the only French bank to rank among the Top 10 in Europe in terms of online recognition.

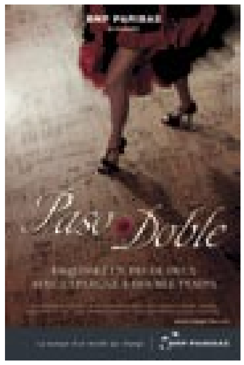
This innovative concept is rooted in providing pragmatic retirement solutions, following amendments to French pension legislation. These include:

- pension simulation calculators, available both online and from branch advisers (200,000 French Retail Banking clients benefited from free pension simulations during the year).

- the creation of **Vision Retraite** and **Bilan Retraite** – value-added services that incorporate pension entitlement simulations, ranging from general pension entitlement simulations to detailed personalised reports for clients nearing retirement.

- the successful launch of a **retirement savings plan for private individuals.** The Bank was awarded the title of 2004 "Personal Pension Plan (Perp) of the Year" by Agefi for its innovative and

BNP PARIBAS PARIS, CHAMPS-ÉLYSÉES



diverse solutions, which cover a wide array of management methods and benefit options. Some 100,000 clients have already been attracted to this offering.

- an original combined retirement plan concept, called **Retraite Plurielle,** which blends the advantages of a Perp personal pension plan with those of a traditional life insurance scheme.

The French Retail Banking network recorded a stellar performance in life insurance business, with investment levels reaching a record EUR 5.3 billion, up by a sharp 31% on 2003 and a 13% on market.

New inflows related to unit-linked products remained very strong in 2004 despite a relatively subdued stock market climate. This business was buoyed by the success of guaranteed funds such as Zanzibar, Fidji and Tatihou. For the second year running, BNP Paribas' French Retail Banking Division ranked no.1 among banking networks in terms of sales of unit-linked policies.

French Retail Banking also recorded significant commercial successes through its ramp-up of **planned savings** – ranging from traditional life insurance, through Perp personal pension plans to PEA personal equity plans. In 2004, some 300,000 clients opted for these types of accounts, which are flexible and simple to use, especially when regularly investing in the financial markets.

Personal loan business outpaces market growth

BNP Paribas once again reinforced its presence in the highly competitive mortgage loan market. The Bank's market share rose to 7.91% at end November 2004, up from 7.31% one year earlier, powered by a 34% surge in new loans, which amounted to EUR 12.6 billion.

Backed by strong advertising campaigns, new instalment consumer loans totalled EUR 2.54 billion, up 12% in relation to 2002.

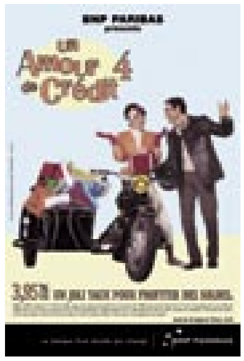
Finally, the partnership with Cetelem (see inset) relating to revolving loans – notably the distribution of the Aurore card throughout the French Retail Banking network – gave a boost to new business and helped to stabilise outstanding loans in a relatively lacklustre market.

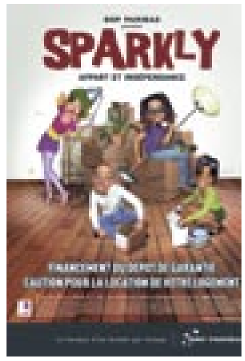
Overall, the Bank's share of the short-term personal loan market reached 7.27% at end-November 2004, compared with 7.06% one year earlier.

A sustained client acquisition programme

The Bank continued to win new accounts in 2004, with the number of personal accounts growing by a net 128,000 compared with 120,100 in 2003. This growth was achieved due both to the robust performance recorded by the mortgage-loan business and to a number of initiatives targeted at young clients. These included:

- the launch of Sponky and Sparkly – offerings designed to help both students and young professionals to acquire accommodation;
- a highly attractive offering for financing the purchase of laptop computers for students;
- original marketing campaigns aimed at encouraging more young people to open savings accounts (Weezbee and Livrets Jeunes).





Partnership with Cetelem

In April 2004, BNP Paribas' French Retail Banking Division went into partnership with Cetelem with a view to pooling know-how in revolving credit. The first step was for the two entities to render their information systems compatible and create a new scoring method.

Drawing on Cetelem's expertise, the French Retail Banking Division manages all front-office processes, i.e. the marketing side of the business, and also leads retail operations. Cetelem manages the revolving credits and outstanding loans, monitors card usage and offers after-sales services to the French Retail Banking Division's clients.

This partnership has also enabled the French Retail Banking Division to distribute the Aurore card to its clients, and thereby benefit from the strong brand recognition enjoyed by this product. Additionally, Aurore cardholders have had access to BNP Paribas' cash dispensers since 2002, which in turn has effectively raised the visibility of and interest in the product.

ADIE

A non-profit organisation providing micro loans for business projects

A Chain of Solidarity to Fight against Exclusion

Ben-Anna Padmore

Manager

African Beauty Salon - Client of BNP Paribas - Bourges (Central France)

Since 15 January 2005 the African women of Bourges and the surrounding areas no longer have to make the long trip up to Paris to find specialist skin treatments and stylists able to tackle the latest Afro hairstyles. They now have Ben-Anna Padmore's hair and cosmetics salon. Despite having *"solid market research"* to support her case, it took the young woman of Afro-American and Liberian descent over a year to get the go-ahead on the project – *"having been rejected by the banks, I found out about Adie when I was out shopping one day".* Things moved pretty fast after that. Being convinced of the merits of such a project, Adie proposed a loan of EUR 7,500 and the beauty salon opened its doors just one month later. *"But it didn't stop there – Adie continues to offer me advice and support on all sorts of levels – on administrative and accounting questions for example."* Since 1989 Adie has been applying, in France, the micro-loan principle – a scheme initially developed in the third world – by rallying the support of a chain of partners, including banks (with BNP Paribas from the start), the Government, local authorities, the European Union, as well as private donors. The average loan organised by Adie amounts to around EUR 2,000, and the results speak for themselves: in fifteen years close to 25,000 companies and 30,000 jobs have been created. And *"a small corner of African cheer"* has been brought to the heart of Bourges.

ENTREPRENEURS AND FREELANCE PROFESSIONALS

Swift roll-out of a new sales approach focused on providing a local, highly professional service to meet the business needs of entrepreneurs and freelance professionals

Launched in mid-2003, measures for setting up specific sales units within groups of branches dedicated to the entrepreneur and freelance segment have more or less been completed, with almost all new managerial and specialist positions now being filled.

Early results for this new local offering are encouraging, with the client portfolio registering good growth on the back of strong performance in investment loans and prospect appointments set up by the business development platforms rolled out Group-wide in 2004.

Marketing campaigns bolstered by new offerings

As part of a general drive to address client needs, BNP Paribas aims to be present at all stages of their professional clients' careers, from when they set up business until they retire. It seeks to do this by effectively responding to client needs and enhancing satisfaction.

Launched in early 2004, Esprit Libre Pro (see inset) provides a concrete illustration of the new sales approach. Consisting of a range of everyday current account management services, the offering satisfies two demands – those of professionals seeking simple procedures and clear pricing and those of accounts advisers in need of a tool that matches their negotiation requirements. Likewise, opening an account will be made easier thanks to a new tool that creates accounts for new clients, which is to be introduced to the branch network at the end of 2004.

At the same time, the development of the loan offering has boosted new loan business by around 40% in the space of just a few months. BNP Paribas' electronic payments offering, which is one of the most competitive on the market, is made up of an array of superior quality products and services.

Finally, the Bank offers advisory services, together with a full range of products, designed to help clients with financially planning for their retirement.

BNP Paribas increases its competitiveness in the entrepreneurs and freelance professionals market

Since January 2004, BNP Paribas' account managers have been offering Esprit Libre Pro to tradespeople, retailers, freelance professionals and small service businesses. The new offering brings together all the main banking services these business people need, including current account services, payment methods and remote banking – at an attractive, fixed price.
In 2004 more than half of all new clients subscribed to the Esprit Libre Pro service which simplifies billing and is more transparent as regards the cost of banking services.

BNP PARIBAS GRENOBLE

CORPORATE CLIENTS

Roll-out of the new business approach at end-2004

Increasingly specific client requirements have led BNP Paribas to apply differing sales approaches to each corporate client segment. The aim of this is to position the French Retail Banking network as the market leader by drawing on the wealth of offerings proposed by the Group.

The approach is built around the Group's 24 Business Centres located throughout France, which are exclusively devoted to corporate clients and institutions. Major corporate accounts are overseen by high-level Key Account Managers who are based at the Bank's main regional offices and who work in close collaboration with the Business Centres, the international network and the Group's specialised businesses to create customised solutions for each client.

Additionally, two professional assistance services – Service Assistance Entreprise (SAE) and Cash Customer Services (CCS) – have been set up to deal with after-sales issues. The new approach was the subject of a corporate communications drive highlighting how the French Retail Banking Division could provide essential expertise to its clients' projects.

The increase in the Bank's share of the loan market (+ 1.22 points) bears testimony to the success of this new approach, which effectively meets client needs.

Trade Centres and Regional Trading Rooms

BNP Paribas Global Trade Services (GTS), a foremost world-class player in Trade Finance, maintained its leadership position in the French market for both import and export documentary credits and for international guarantees.

The 2004 launch of the Connexis Trade Guarantees module was a success. This new module was developed as part of the sustained campaign to boost international guarantee business. As regards documentary credit, business is up by nearly 10%, which allowed BBDF to post a market share of 11.2% in import documentary credit and of 17.5% in export documentary credit (in number).

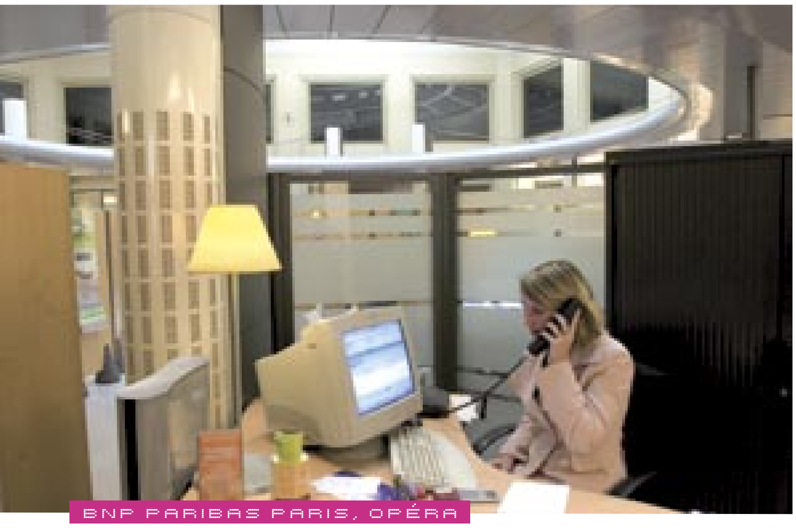
During the year, Business Centre and Trade Centre clients were invited to some 10 presentations organised by GTS on country risks.

The 7 regional Trading Rooms once again registered impressive growth in sales of derivatives products in 2004 despite a less favourable context than in previous years. Development of the investment business continued, with the sale of short- and medium-term capital guaranteed structured products.

The acquisition of Teisseire by Fruité provides a good demonstration of BNP Paribas' ability to put its expertise to the service of corporate clients

In November 2004, the main shareholders of Teisseire, a specialist producer of fruit cordials, transferred control of the company to a family-run business, Fruité Entreprises, one of the main French producers of fruit juices. This transaction enabled Fruité to double in size and consolidate its position as one of the leaders in the French non-alcoholic beverage market.

Both the sellers and the acquirers involved in the transaction benefited from a perfectly coordinated combination of BNP Paribas' expertise in order to successfully complete the transaction. The Corporate Finance arm (CIB), with its sector knowledge and extensive experience of mergers and acquisitions, was called upon to identify the right target and offer appropriate advice to the vendors. Meanwhile the Commercial Banking arm (FRB), through its Arc Alpin Business Centre and Key Account structure, supplied liaison experience as well as financing capacity. Finally, the Private Banking arm (AMS) provided the vendors with the financial engineering expertise necessary for them to fully leverage their assets.



BNP PARIBAS PARIS, OPÉRA

BNP Paribas Cash Management

The market leader in France, the Cash Management unit of the French Retail Banking Division, is part of BNP Paribas Cash Management, one of the leading operators in Europe. This business provides an array of domestic and international solutions for payment, collection and cash management, which are suited to companies of all sizes.

BNP Paribas focuses on quality and offers unique ISO-certified services, such as:

- implementation of customised solutions by a project management team dedicated to engineering and implementation;
- personalised and proactive cash-flow monitoring, through Cash Customer Service.

In the payment methods domain, 2004 was marked by the winning of several major invitations to tender. As a result of one such tender, the French Retail Banking Division now processes all cheques for Carrefour and Champion.

Having established partnerships with other banks in Europe and the United States, BNP Paribas offers its clients an exceptional network comprising 15,000 branches spanning 33 European countries.

As part of its permanent quest for innovation, BNP Paribas has continued to develop SwiftNet, a service that opens up the Swift banking communication network to international companies. Arcelor, which was the first SwiftNet user, has now been followed by France Télécom, Danone and Total.

Products and services offered by the Group as a whole

The French Retail Banking Division draws on the expertise of each of the Group's businesses for the commercial offerings it designs for corporate clients and institutions. In 2004, the division garnered a number of impressive successes in four specific areas – the sale of interest rate and currency hedging products, innovative investments, structured financing, and specialised financing (such as factoring, as well as the leasing and management of company vehicle fleets and IT equipment). In addition, Perco – a newly-launched group retirement savings plan – looks set to do very well. These successes have been achieved through the adoption of the new "corporate approach" which enables the sales teams from the Business Centres and the Group's specialised businesses to work together in a coordinated fashion to provide clients with the best possible service.

A professional corporate support system

Unique in the French banking industry, the corporate support system offers two services:

• Cash Customer Services (CCS), providing proactive support to some 300 major companies which generate large transaction volumes. Each client benefits from contact with a preferred intermediary for the day-to-day monitoring of all national and international transactions. This personalisation of client relations enables the CCS unit to provide tailor-made services and propose solutions to recurring transaction problems.

• Business Support Services (BSS), comprising a team of professionals who answer questions put to them by telephone or email by BNP Paribas' business clients in France. The questions relate to a range of topics which include daily account management, payment methods and accounting entries. Set up as a single point of entry, the underpinning objective of BSS is to focus on service quality by ensuring that clients receive prompt and effective responses.

After-sales organisation

As planned, network back-offices are gradually being merged into Production and Sales Support Branches (PSSBs). At 31 December 2004, there were 57 PSSBs in operation, housed within 12 Production and Sales Support Groups, with a total of 3,800 employees. The project will be complete when the 14 Parisian offices employing more than 700 people, are brought within the PSSB structure. This major upgrade in the data processing and sales support system is generating savings in line with forecasts, in terms of both amounts and timing.

Alongside this reorganisation of back-offices, the process of revising all operational procedures is being continued, with a view to optimising and standardising them.

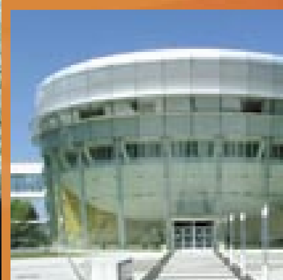
In 2004, *le Centre Relations Télématiques,* the support centre that assists businesses and entrepreneurs using BNP Paribas' remote services attained ISO 9001 certification (version 2000). From its two platforms in Orleans and Nancy, the centre offers advice to clients on the installation of remote service tools as well as day-to-day technical support. The service operates three national phone numbers, which differ according to user profiles (key accounts, club or classic clients). In 2004, the centre handled 125,000 calls, an increase of 12.5%.

BIOVAL

Europe’s Largest Biotechnology Centre, a Melting

LEY

Pot of Skills and Expertise



Sylvie Debra
Managing Director
Alsace Biovalley - Partner of BNP Paribas - Alsace, France

Dubbed as Europe's answer to Silicon Valley in California, Biovalley is the world's leading life sciences cluster, straddling three regions of France, Germany and Switzerland. Biovalley operates a network of *"over 3,000 people representing companies, research institutes, education and training organisations, technology transfer centres, regional development agencies, venture capital specialists, banks and service providers."* This unique tri-national territory covers Alsace, the northwest of Switzerland and the Southern part of Baden-Wurtemberg. Alsace Biovalley, created in July 1998, is the non-profit organisation responsible for the French section of Biovalley and coordinates European funding for the three Biovalley countries. Biovalley receives the bulk of its resources from local government authorities. *"As a life sciences centre, Alsace is ranked second in France for the number of scientific publications, linkages with industry, quality of research projects, density of biotech companies and annual fund-raising support."* In 2004, Alsace Biovalley raised EUR 75 million in capital for research projects in life sciences, chemistry and medical science. Research activities in Alsace involve 120 public sector laboratories, 1,400 research scientists, 20,000 students and more than 130 companies, 80% of which are small life sciences companies, together with a number of global pharmaceutical companies. The future looks bright: *"Nearly 20 biotech start-ups have been set up since 1998, creating more than 330 jobs"*.

INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES

BNP PARIBAS ISTANBUL

The International Retail Banking and Financial Services (IRFS) core business counts 32,600 employees in 54 countries. It groups 6 business lines: Retail Banking in the United States, Retail Banking in the Emerging Markets and Overseas Network, Consumer Finance, Asset Finance, Mortgage Financing, Business Equipment Management.

CETELEM

The Cetelem group's new lending advanced 14% in 2004, to EUR 22.7 billion.
Its contribution to BNP Paribas net income before tax was up 14.5%.
These results have made 2004 Cetelem's strongest year since BNP Paribas was established.

- **In France, where Cetelem is the leader in its market, new lending rose 11% in 2004, to EUR 10.8 billion.**

  Growth was driven by strong performances in the key distribution channels. Against a backdrop of weak growth in the consumer finance sector, new lending granted through retail partners and car dealerships increased 6% and 2% respectively.

  Investment in developing Web offerings also prompted a fourfold increase in new lending granted online in 2004. This channel now accounts for 10% of Cetelem's Direct business (excluding point-of-sale financing).

  Lastly, in 2004 Cetelem took over the management of permanent credit card accounts granted by BNP Paribas, and expanded its range of offerings throughout the BNP Paribas network, boosting distribution of the Aurore card. Revenue generation from both Aurore cards and Provisio revolving loans significantly exceeded expectations.

Cetelem implements a groundbreaking advertising strategy in France: *(Re-)Building trust in consumer credit*

So that consumer finance can play its rightful role as a driver of economic growth in France, Cetelem wants to rebuild trust in this business. Such was the purpose of the new advertising campaign launched in September 2004, targeting all consumers and specifically young working consumers, a key audience for the development of consumer credit. The campaign featured three key cornerstones:

- a strategic choice to talk about credit, not about buying;
- a new by-line: "Vous donner confiance dans le crédit" (Giving you reasons to place your trust in credit);
- creating a character that symbolises Cetelem's consumer credit business – its offer, its client relations, its brand values.

The outcome: 84% of French viewers found the campaign convincing.

Cetelem and the Saint-Gobain group create a joint financing subsidiary

Cetelem has been a partner of the Saint-Gobain group since 1989, through sales agreements with its Lapeyre and, in part, K par K banners. This partnership will reach a new level with the creation in 2005 of a financing joint venture that will offer consumer credit in the Saint-Gobain group's retail networks (Lapeyre, K par K and Point P) as well as directly to individual clients.

- **Outside France, new lending further rose by a sharp 16%, reaching EUR 11.9 billion.**

Cetelem has strengthened its leadership position in several countries of continental Europe. Performances varied by region, with growth of 17% in Southern Europe and 24% in Central Europe. In Northern Europe, Cetelem decided to discontinue operations in the United Kingdom, and signed a major partnership agreement with Dresdner Bank in Germany.

In Latin America, business was on a growth track in Brazil and received an end-of-year boost with the signing of a partnership agreement with BMG bank.

Cetelem's total outstanding loans amounted to EUR 32.2 billion at 31 December 2004, reflecting a year-on-year increase of 11%.

Cetelem and Dresdner Bank strengthen their partnership with a major agreement

Cetelem and Dresdner Bank have been partners since 2001. At the end of 2004, they signed an agreement to expand that partnership over the long term and develop their joint operations in Germany, Europe's largest market for consumer finance. This will include marketing personal loans to Dresdner's 3.6 million clients. The agreement provides for an increase in capital of the joint venture in which Cetelem and Dresdner Bank respectively hold 50.1% and 49.9%. The company aims to become one of Germany's premier consumer finance specialists.

CETELEM SAO PAULO

Cetelem expands its Latin American operations, opening a Mexican subsidiary

Following launches in Argentina in 1998 and in Brazil in 2002, Cetelem began operations in Mexico in October 2004. In Brazil, Cetelem signed a major agreement with BMG (Banco Minas Gerais), under which the Brazilian bank will sell Cetelem a loan portfolio over a five-year period. This will boost Cetelem's market presence in Brazil, where it achieved 32% revenue growth and recorded a profit in 2004.

PRIVATE MORTGAGE
UCB

UCB's European subsidiaries experienced strong lending growth of 25% in the Iberian Peninsula, 40% in France and Italy, and 100% in the Netherlands, thanks to buoyant conditions in the property market and favourable interest rate trends.

- **In January 2004,** UCB launched operations in Greece through its partnership with SCH. In Norway, the company acquired and developed a portfolio of mortgage loans carried by BNP Paribas.
- **In October 2004,** UCB created BNP Paribas Invest Immo, a French subsidiary specialised in financing investment in rental properties, which uses the same lending tools as its parent.
- **In November 2004,** UCB acquired Abbey National France.

BNP Paribas acquires Abbey National France's residential lending business

BNP Paribas acquired the French subsidiary of the British bank Abbey National, whose business primarily lies in providing finance for the acquisition of homes by first-time owners and for rental property investments. As non-resident British customers make up the bulk of its clientele, Abbey National France uses a sales platform in Lille staffed by bilingual British and French employees. Abbey National France is also one of the major players in the debt consolidation market.

Abbey National France generated EUR 744 million in new business in 2004 and had outstanding loans of EUR 2.3 billion at 31 December 2004. Its 26,000 clients make Abbey National France a significant specialised player.

This acquisition has allowed BNP Paribas to bolster its mortgage loan assets and round out the range of capabilities and activities covered by its International Retail Banking and Financial Services business.

BNP PARIBAS LEASE GROUP

Following two years of slight decline in the lease financing market in France, 2004 saw an upturn with 3% growth in the first nine months of the year *(source: Association française des sociétés financières – ASF)*. Finance leases were the main beneficiaries, as operating leases were hit by a lacklustre information technology market. In this more favourable context, BPLG's new medium-term loans totalled EUR 5.866 billion, up nearly 6.9% on 2003. In France, BPLG gained market share in an environment that remains fiercely competitive. Building on the previous year's momentum, BPLG expanded its new lending outside France by 13.2% in 2004, so that it now accounts for 36% of the total. BPLG met its new lending targets, while fulfilling its organic growth, external development, margin and risk objectives.

BPLG strengthens its presence in the Benelux countries

With the acquisition of Leaseco Nederland BV, a Dutch company wholly dedicated to financing manufacturing equipment for domestic and international companies, BPLG is further pursuing its strategy of carefully targeted external growth, launched several years ago to enhance its coverage of the European market.

Stronger and broader partnerships

- **Manitou**, the world leader in rough-terrain forklift trucks, and BPLG decided to strengthen their partnership by setting up a financing joint venture, Manitou Finance France (MFF).
- **JCB** is one of BPLG's longest-standing partners, particularly in Germany and Italy. BPLG Spain also created a financial partnership with JCB Maquinaria SA, and their teamwork now extends into the United States thanks to Trinity Capital, a Bank of the West subsidiary that has become a key partner for JCB Finance in North America.
- **Hilton:** BPLG is the lead bank in the financing of the Évian Hilton Resort & Spa, currently being built by the Malta-based Tumas group. Putting together this property finance lease transaction required the skills of both BPLG and BNP Paribas teams.
- **Nestlé France:** BPLG bolstered its leadership in vending machine financing through a partnership with Nestlé France, which runs an independent network of beverage and food vending machines.

CONTRACT HIRE AND FLEET MANAGEMENT

The European market for long-term rental of car and light truck fleets continued to expand, with nearly 5% growth year-on-year in the number of rented vehicles.

Arval far outpaced market performance with a 12% increase in the size of its rental fleet. The company gained market share in most of the countries where it is established, particularly in Italy, Spain and Germany. With its rental fleet of 433,000 vehicles, Arval had total assets of EUR 5.3 billion as at 31 December 2004.

In 2004, in line with a trend toward market integration, Arval carried out two transactions which bolstered its position in Europe:

- acquisition of the Arma group, whose fleet numbered 20,000 vehicles at 31 December 2003, most of them in Benelux countries;
- buyout of the 45% minority interests in Arval Italy.

Arval also continued to expand its geographical coverage, with the two goals of responding to growing demand for global solutions from large international groups and taking advantage of local development potential. A new subsidiary was set up in Slovakia.

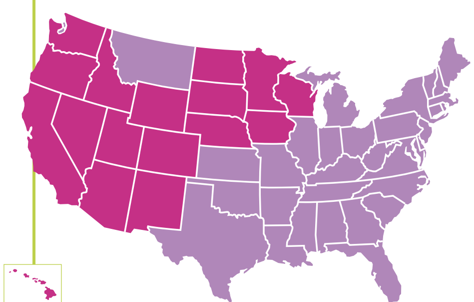
Difficult market conditions are causing companies to seek further efficiency gains in all areas of manufacturing and retailing. That is why Artegy's innovative solutions, which provide a broad range of services through a network of external specialists, are drawing new customers that want to optimise their transportation function at the operating, financial and accounting levels. In 2004, Artegy began its international deployment by creating a first subsidiary in the United Kingdom. As at 31 December 2004, Artegy managed a total of 14,800 heavy goods vehicles. As the information technology market picked up slightly in 2004, Arius continued to develop its desktop asset management business, recording 5.6% revenue growth. Arius is focusing on its core business and seeking to develop higher value-added services, while continuing to pursue synergies with the French Retail Banking network.

BANCWEST

The sharp upturn in the American economy, which began in the summer of 2003, continued apace in 2004. Its main driver remained vigorous consumer spending, as slower growth in disposable income caused households to reduce their savings rate rather than cut back on expenditure. For their part, companies strongly ratcheted up their levels of investment, on real estate, capital goods and information technology.

Against this background, BancWest remained on a course of brisk organic growth in the Western United States and in Hawaii, achieving more than 10% expansion in total deposits and customer loans, excluding the impact of acquisitions.

Presence and Coverage of the BancWest network



- Arizona
- California
- Colorado
- North Dakota
- South Dakota
- Hawaii
- Idaho
- Iowa
- Minnesota
- Nebraska
- Nevada
- New Mexico
- Oregon
- Utah
- Washington
- Wisconsin
- Wyoming

The key highlight of the year came on 1 November 2004, when BancWest finalised its acquisition of two banks, Community First Bankshares and Union Safe Deposit Bank, for a total of USD 1.5 billion. At the date of the acquisition, Community First, headquartered in Fargo, North Dakota, ran 155 branches in 12 states, mainly in the Western United States and had total assets of USD 5.5 billion. Union Safe, with 19 branches in California's Central Valley, had total assets of USD 1 billion.

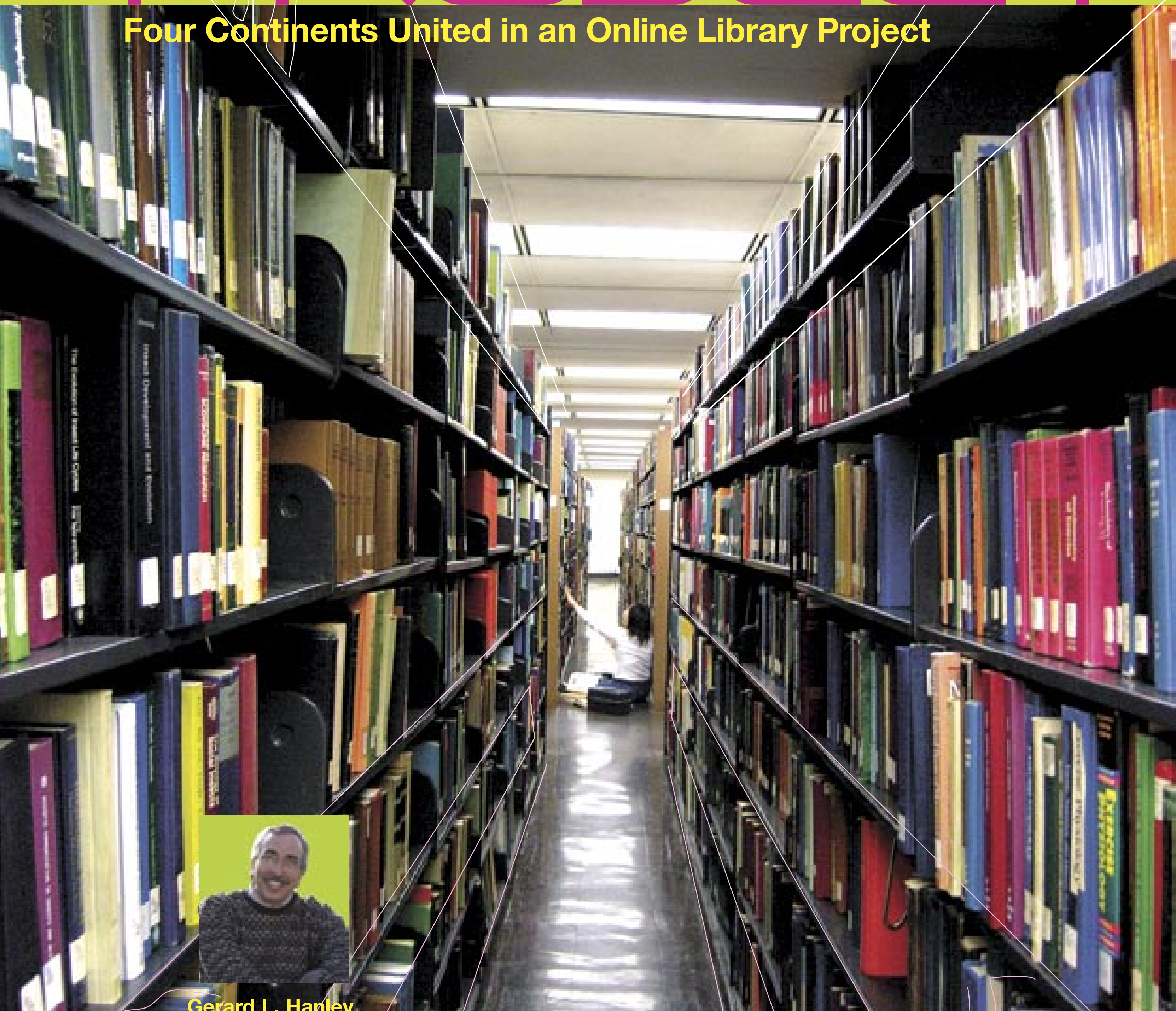
These two entities are being merged into Bank of the West at the operating level. The merger is expected to unlock significant cost and revenue synergies, estimated at USD 70 million when the two transactions were announced.

These two acquisitions are in line with BNP Paribas's strategy of developing its retail banking operations in the United States, since they allowed BancWest to expand into 10 new Western states – Arizona, Colorado, Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Utah, Wisconsin and Wyoming – in addition to reinforcing its position in California.

As at 31 December 2004, BancWest had total assets of USD 50 billion and ran a network of 530 branches in 17 states, which made it the 7th-largest bank in the Western United States, a region with high growth potential.

GLOBE PROJECT

Four Continents United in an Online Library Project



Gerard L. Hanley
Executive Director
MERLOT - Client of Bank of the West

What student hasn't dreamed of having a database which is complete, pertinent, accessible and at the same time easy to use? The GLOBE project (Global Learning Objects Brokered Exchange) is in the process of creating just that. Born out of an international alliance spanning Europe, Australia, Canada, the United States and Japan, GLOBE's objective is to design a consortium of online learning services and tools to serve students and teachers alike. *"We found that we were all trying to solve similar problems at the same time and in different parts of the world."* GLOBE's founding members set out from a single observation – that technology has allowed a multitude of individuals and organisations to put a large quantity of content online, but also that potential users are yet to be able to access relevant content with ease. Thus GLOBE is looking to set up an online *"distribution network"* to render its digital libraries as accessible as possible. In point of fact, to avoid letting masses of multimedia educational resources lie dormant or lost somewhere in the vast recesses of the Internet, ease-of-usage is one of the main challenges. Therefore, GLOBE is using technological standards resulting in flexible and meaningful research and circulation of information. Enabling the growing community of digital libraries to deliver their collections through the GLOBE network easily and reliably should begin by 2006.

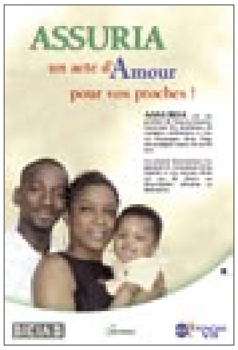
EMERGING AND OVERSEAS MARKETS

BNP Paribas's expansion into emerging markets continued in 2004, with many significant events, such as the launch of operations in Saudi Arabia, Kuwait and Turkey. In the latter country, BNP Paribas signed an agreement with the Colakoglu group under which it obtained a 50% stake in TEB Mali, main shareholder of Türk Ekonomi Bankasi (TEB).

The International Retail Banking and Financial Services business is actively preparing its deployment in three new countries:

In **Turkey**, BNP Paribas announced that it was acquiring a stake in TEB on 11 February 2005, the country's 10th-largest private bank in terms of assets and one of the leading banks in international trade finance and private banking. TEB, which has 2,500 employees, runs a network of 87 branches and owns 3 banks outside Turkey. TEB's subsidiaries provide their corporate and individual customers with a large range of financial offerings tailored to their needs. This acquisition boosts BNP Paribas's presence in one of the largest and fastest-growing markets in the Mediterranean.

BNP Paribas is now poised to be a major player in the Persian Gulf. After having been granted a license by the central bank of **Kuwait** in August 2004, the Group will be the country's first foreign bank when it launches operations in the first quarter of 2005. The operating license which the Group has also obtained in **Saudi Arabia** will allow it to enter the Arab world's largest banking market, operating a full-service bank beginning in the second half of 2005.

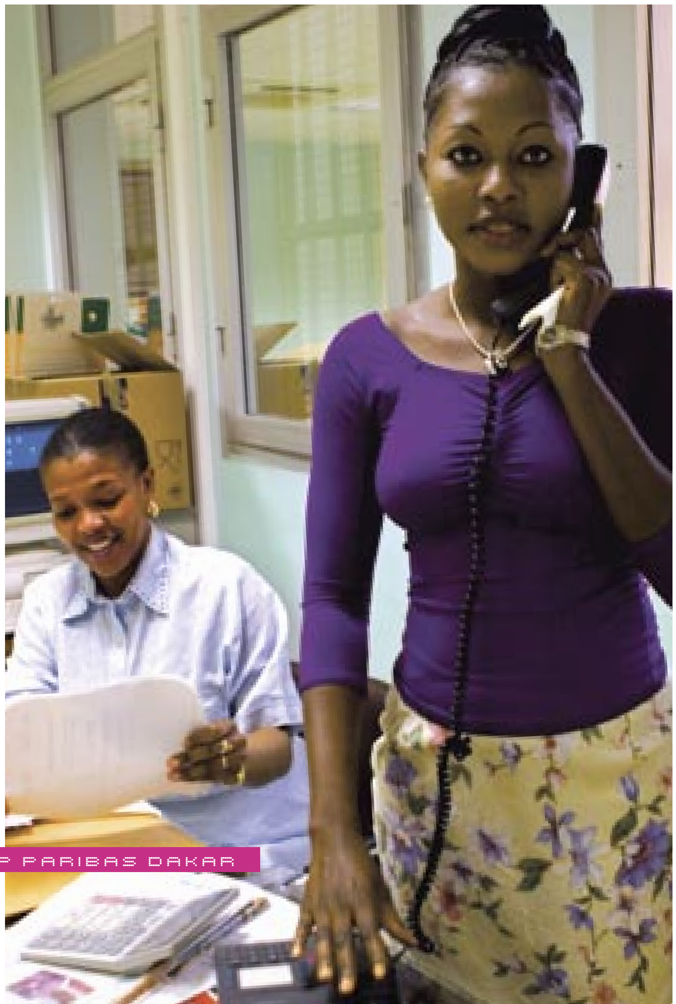


In November 2004, BNP Paribas New Caledonia was the last entity to migrate to Atlas 2 thus completing a vast project of information systems unification across the entire business. All 24 territories now use the same software for banking and accounting management. Atlas 2 is a multi-currency, multibank system that offers flexibility and proven reliability to meet the demands of an international client base. It represents a key asset for both external and organic growth. At the same time, steps are already well underway to bring together all operational data into a secure platform in France, to guarantee customers a high degree of data security and ensure business continuity.

Profitability surge and expanded operations in existing networks.
In Egypt, BNP Paribas Cairo is now one of the leading banks catering to multinational corporations. In line with its ambitious business plan, the bank opened 5 branches at the end of 2004. Fifteen more are scheduled to open in the next three years, driving strong growth in its individual client base by 2007.

Against a favourable economic backdrop in Algeria, Tunisia and Morocco, BMCI, UBCI and BNP Paribas El Djazaïr broadened their networks, opening 25 branches. This growth momentum is expected to continue in 2005.

An enhanced product offer for all entities.
Internet banking offerings are continuing to develop worldwide, and many sites now include a portal presenting the bank's products. There has also been sharp growth in structured products in French overseas territories, where Némée, Astérion and other investment products with guaranteed capital have proved highly successful, as they have in Morocco, Tunisia, Senegal and Burkina Faso.


BNP PARIBAS DAKAR

ALCATEL/ MANOBI

Exchanges of Information in Real-time Trigger Economic Development

Thierry Albrand
Vice President Digital Bridge
Alcatel - Client of BNP Paribas - Paris

Idrissa is a Senegalese fisherman. In a few minutes time on this cloudy Tuesday morning, he will be casting his fishing nets out from his small boat off the coast of Casamance. But before leaving the beach, he has one last important thing to do – thanks to a service developed by a Franco-Senegalese company, Manobi, Idrissa's mobile phone will enable him to find out today's shipping forecast, to learn that the flat sardinella is selling best at the market today and to obtain prices for every market in the country in a matter of seconds. *"The project is still at pilot stage for fishermen, but it has already been available to farmers for over a year."* The same principle applies: with the aid of a mobile phone, farmers are able to obtain real-time information about the price of their products and deal with wholesalers on equal footing. The result has been virtually a 50% rise in revenues for the farmers, thus proving that telecommunications devices can truly be used as development tools. This high value-added service, which is expected to be rolled out to other countries, has been put together by three organisations: Manobi (service designer), Sonatel (telephone operator) and Alcatel, the equipment maker which provides radio equipment and facilitates Manobi's access to telecoms operators. With already more than a thousand professional clients able to easily absorb the cost of the service, the project is working to the advantage of all concerned. *"It's this type of service that is needed to encourage operators to extend coverage beyond the larger towns."* In developing countries, up to 70% of the population currently lives in the country.

www.manobi.net / www.sonatel.com / www.alcatel.com

ASSET MANAGEMENT AND SERVICES

Wealth and
Asset Management

Insurance

Securities Services

ASSET MANAGEMENT AND SERVICES

Asset Management and Services (AMS) is the Group's Investor Services business and leads the BNP Paribas asset gathering effort.

One of the foremost players in Europe, AMS is a unique structure that offers fund management and discretionary asset management services, backed by a range of high value-added investor services.

AMS leverages expertise in 3 main areas:

- Wealth and Asset Management, comprising Private Banking services (BNP Paribas Banque Privée), Asset Management services (BNP Paribas Asset Management) and Cortal Consors online brokerage services; In 2004, Wealth and Asset Management was expanded to take in the Group's property services (BNP Paribas Immobilier);

- Insurance (BNP Paribas Assurance);

- Global Securities services for financial institutions (BNP Paribas Securities Services).

Through these 6 businesses, employing more than 15,000 people in close to 40 countries, AMS offers a comprehensive range of products and services to a broad spectrum of institutional, corporate and individual investors.

AMS businesses held top-ranking positions in all of their respective markets in 2004.

In 2004, AMS managed total assets of EUR 292 billion and held EUR 2,473 billion assets in custody.

PRIVATE BANKING

Although the market remained subdued, BNP Paribas Banque Privée continued to grow profitability in 2004 by putting the emphasis on expansion:

Expansion of the client base, by:
- setting up dedicated teams of specialists to effectively respond to the specific needs of each client segment;
- forging synergies between group businesses – both on the corporate side (French Retail Banking, Corporate and Investment Banking) and on the personal banking side (International Retail Banking);
- carrying out targeted recruitment of experienced managers.

Expansion of product and service offerings, by:
- providing advisory services related to asset structuring and allocation for all classes of assets and all types of investment (life insurance, trusts, etc.);
- extending the discretionary asset management offering (capital guaranteed or capital protected funds with a Hedge Fund component and/or incorporating a wide selection of the best mutual funds);
- offering a permanent range of structured and alternative products that enable clients to take advantage of the best market opportunities at any given time.

Expansion of integrated technology platforms, by:
- creating dedicated environments for more than 95% of BNP Paribas Banque Privée's clients, ensuring a high standard of operations and reporting;
- setting up optimised operating platforms, leading to significant productivity gains on acquisitions;
- swiftly and securely integrating the latest technological and regulatory developments.

Five acquisitions, bringing EUR 2.5 billion of client assets under management

During the year, BNP Paribas Banque Privée made three acquisitions (client bases of Sudameris in Miami, Bank von Ernst Monaco and Société Monégasque de Banque Privée) and signed two framework agreements (concerning Caixa Banque Privée in Geneva and the client base of Citigold International Wealth Management in Geneva and Zurich), adding close to EUR 2.5 billion in client assets under management. Thanks to these moves, BNP Paribas Banque Privée has bolstered its already solid positioning in Switzerland and Monaco, and has increased its growth potential in the emerging market of South America via a platform in Miami.

Organic growth in high-potential areas

During the year, BNP Paribas Banque Privée continued to actively implement its strategy of growing and investing in its domestic European markets and in Asia. This strategy paid off, with revenues climbing by over 15% and earnings more than doubling. 2004 also saw BNP Paribas Banque Privée setting up in India, followed by moves into Brazil and Hungary on 1 January 2005, attesting to the entity's desire to gain a foothold in more buoyant markets and to offer its advisory and management expertise to an increasingly demanding and diverse client base.

CORTAL CONSORS

In Germany

- Extension of the range of funds accessible online for savings plans (160,000 savers).
- Launch of Cortal Consors Select, a network of independent financial advisers (see insert).
- Establishment of an exclusive partnership with Payback, no. 1 in customer loyalty schemes in Germany with 24 million cardholders.
- Roll-out of the "4 for you" service, combining attractive yields with long-term savings investments, and a new cash deposit account with a 2.6% interest rate. These offerings attracted 45,000 new clients in Germany in 2004.

In France

- Launch of EuroWeb, no.1 free financial information portal in Europe – www.cortalconsors.info (see insert).
- Launch of the Livret Euro passbook savings account, offering savers a return on their cash savings while they wait for the right moment to invest in the financial markets.
- Alliance between Cortal Consors and Cardif in the independent financial advice market (see insert).
- Alliance between Cortal Consors and B*capital (see insert).

Launch of Cortal Consors Select in Germany

In 2004, Cortal Consors set up Cortal Consors Select in Germany, a network of 40 independent financial advisers covering the country's main regions and towns. These services are available to both new clients and existing clients of Cortal Consors looking to benefit from one-to-one advice concerning a wide range of products.

Launch of EuroWeb: www.cortalconsors.info

Developed through the combined know-how of Cortal Consors' European IT and marketing teams, this new site gives free access to a myriad of financial data (quotes, news, analysis, etc.) and decision-making tools, some of which have not been seen before in France, such as interactive graphs, ratings on some 3,000 securities, and unlimited lists of securities. The site was launched in France in September 2004 and is scheduled to be extended to Germany in 2005, followed by Spain.

Alliance between Cortal Consors and Cardif in France in the independent financial adviser market

BNP Paribas has brought together Cortal Consors' and Cardif's areas of expertise, with a view to stepping up the development of its network of independent asset management advisers. Cortal Consors brings share accounts and access to more than 7,000 mutual funds, while Cardif contributes life and personal risk insurance products, as well as advisory services. The independent advisers benefit from Cardif's regional network and Cortal Consors' multi-distribution know-how.

In Spain

- Cortal Consors named best online broker by *Gaceta de los Negocios*, Spain's 3rd-leading economic and financial publication.

In Belgium

- Launch of the new brokerage solution, offering some of the most competitive prices in Belgium and new online functions.

In Luxembourg

- Launch of the LuxOptimal savings account bearing 4% interest.

In Italy

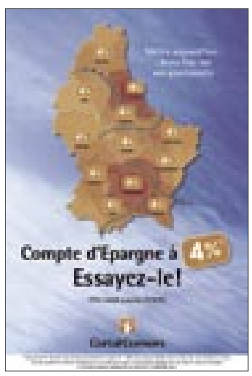
- Acquisition of a network of 55 *promotori* (independant financial advisers), representing EUR 160 million in assets under management;
- Integration of the Cardif network of independant financial advisers within the Cortal Consors network.

Alliance between Cortal Consors and B*capital

BNP Paribas has combined the activities of its brokerage firm B* Capital, which specialises in live share trading advice and management, with Cortal Consors, specialising in savings and online brokerage. Thanks to this pooling of resources, B*capital now benefits from a high-performing transaction handling platform, enabling it to focus on its expertise of providing specialist advice and discretionary asset management services.

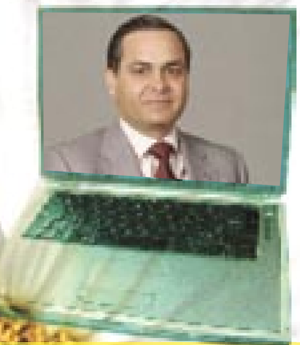
Partnership between Cortal Consors Germany and BNP Paribas Equities

Cortal Consors joined forces with BNP Paribas Equities to launch Athena Europa Bonus II, raising capital of close to EUR 14 million for the portion dedicated to Cortal Consors. This represents the biggest placement since BNP Paribas started up its structured products business – products that are developed by the Bank's German retail partners.



Paving the Way for e-Citizenship thanks to Internet and Mobile Phones

INDRA Sistemas



Juan Carlos Baena

Financial Director

Indra Sistemas - Client of BNP Paribas - Madrid

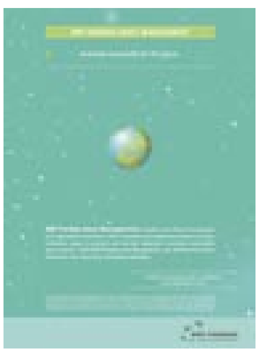
It's a beautiful Sunday and you have only one thing on your mind – to escape for the day. However, this beautiful day is also an election day and you have no intention of shirking your duty as a citizen... Thanks to Indra, the Spanish leader in Information Technologies and Defence systems, you can do both without having to get up at the crack of dawn or rushing back just in time to vote before the doors shut. You can simply send an SMS or choose your candidate online. When Internet e-voting solution was tested on an experimental basis for the Spanish referendum on the European Constitution, the tests *"proved that this type of voting system is able to provide total assurance as regards security"*. These examples form part of an impressive array of e-democracy innovations, which also include electronic electoral registers, ballot boxes equipped with scanners that can count votes as the voting slips are deposited, and even touchscreen electronic ballot systems that do away with the need for ballot slips altogether. What's more, these techniques are already proven – *"more than seven countries have so far put their trust in us"*. And why? Indra has been developing ballot box and electoral solutions for close to thirty years. However, this is just one area of the company's expertise. Indra also develops air traffic management systems, ticketing systems and flight simulators. The secret to Indra's success is that, with EUR 250 million having been earmarked to R&D over the last three years, Indra gives absolute priority to innovation, as well as to a decentralised network structure that optimises costs while facilitating rapid exchange of information.

ASSET MANAGEMENT

In 2004, BNP Paribas Asset Management further pursued its development in those businesses where its size, know-how, experience and diversified revenue base give it a clear competitive advantage.

BNP Paribas Asset Management stepped up its strategic push in specialised management. The company acquired 50% of Fauchier Partners, a multi-manager alternative fund specialist; it also announced the upcoming launch of tracker funds and the transfer to Cortal Consors Fund Management of BNP Paribas multimanagement teams. The company has kept up its refocusing on the core business, by outsourcing its Accounting Management function to BNP Paribas Asset Servicing.

BNP Paribas Asset Management scored a number of significant commercial successes worldwide, gaining several discretionary asset management mandates for institutional clients. The network of external distributors also generated considerable growth, particularly with the Luxembourg-based Parvest umbrella fund, to which EUR 2 billion in new money were added in 2004, raising its total assets under management to over EUR 15 billion.



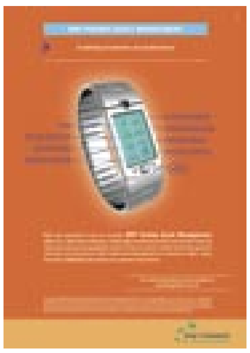
Cortal Consors Fund Management, a European leader in open-ended funds

With over EUR 13 billion in assets under management at 31 December 2004, Cortal Consors Fund Management (CFM) established its position from the outset as a European leader in open-ended funds. Its mission includes analysing and selecting funds from outside the BNP Paribas Group as well as overseeing discretionary fund management. CFM was born in June 2004 out of the link-up between BNP Paribas Asset Management and Cortal Consors multimanagement teams.

Fauchier Partners, a leading European manager of funds of Hedge Funds

BNP Paribas Asset Management and Fauchier Partners merged their joint venture, giving birth to a European leader in the management of funds of Hedge Funds, with over EUR 2.6 billion in assets under management at 31 December 2004. Based in London, Fauchier Partners is a specialist firm dedicated to the construction and management of customised portfolios of Hedge Funds.

BNP PARIBAS SHANGHAI



SYWG BNP Paribas Asset Management makes a successful entry into the Chinese market

Even though it is not quite one year old, the joint venture formed by BNP Paribas Asset Management and Shenyin & Wanguo, one of China's leading securities houses, is already among the Top 5 foreign asset management companies in China. This promising start testifies to a successful partnership between the two companies.

BNP Paribas Asset Management, founder member of the Enhanced Analytics Initiative

This initiative aims to provide investors with a longer-term and more comprehensive view of companies' performance, by encouraging brokers to take into account extra-financial criteria such as corporate governance, management of human capital or environmental issues in their research. By supporting this project, BNP Paribas Asset Management, the French leader in socially responsible investing, once again affirmed its belief that corporate analytics should factor in sustainable development considerations.

BNP Paribas Épargne & Retraite Entreprises, a new concept

BNP Paribas Épargne & Retraite Entreprises was set up on 15 December 2004, making BNP Paribas the first bank in France to offer a comprehensive approach to the market for employee savings plans, employee shareholding, retirement savings and health and death/disability insurance. Sales teams from these various business lines began to be brought together at the beginning of 2003, and their cross-functional perspective gives them a complete view of companies' employee benefits challenges. They have been able to devise appropriate solutions that boost employee motivation and loyalty, provide solid preparation for retirement and offer other benefits, with optimum tax planning for both the company and its staff. This new concept has been enthusiastically received by clients, allowing BNP Paribas Épargne & Retraite Entreprises to end 2004 well ahead of its performance targets.

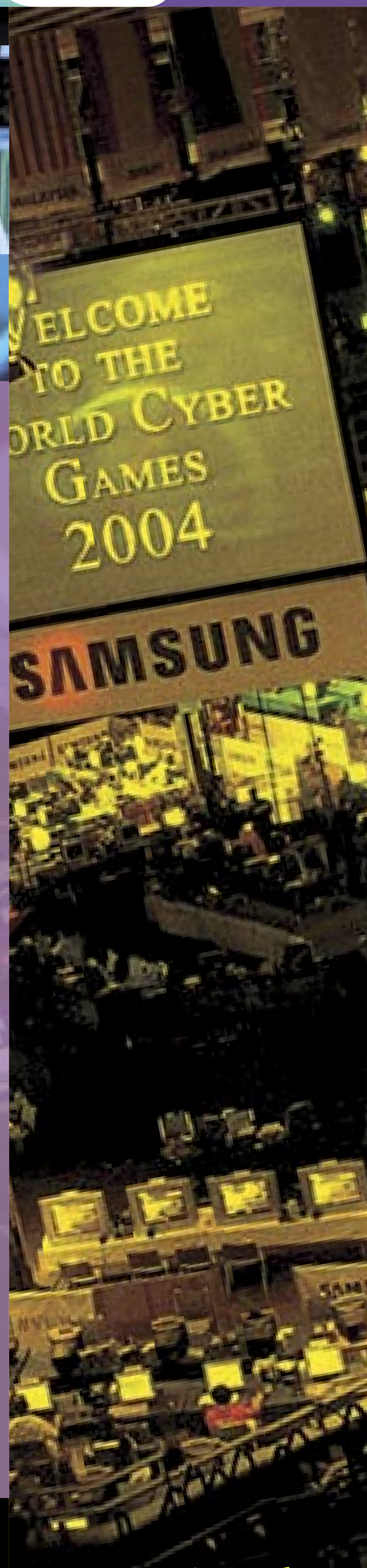
SAMSUNG

The World's Top Video Players Pit their Skills Online

Lim Sun Hong
Vice-president Samsung Electronics, Global Marketing Operations Team

Samsung Electronics - Client of BNP Paribas - Seoul

Test time: Where can one see top football athletes in action? If you answered *"On the field"*, you may only be partially correct. Nowadays, you are just as likely to find the world's leading footballers on the screen of a video game console as in a stadium. But do not be misled – console footballers do not play alone or against a computer. Games are played online, thus allowing multi-player teams from around the world to compete against each other. Indeed, whether they play on an Xbox or a GameCube, these virtual sportspeople are as just as international as real-life footballers. *"Gaming is fast becoming a universal language for young people around the world"*. In South Korea, online gaming is a national pastime and world leading consumer electronics giant, Samsung Electronics, based in Korea is the worldwide sponsor of the World Cyber Games (WCG). The tournament is dubbed as the *"world's largest e-sporting event"* with USD 420,000 in prize money for gamers. Over one million gamers took part in the qualifiers for the fourth edition of the WCG in 2004. Teams compete in a variety of multiplayer games, from sports simulations through to gladiatorial combat and war games. As a *"major cultural trend of the future"*, gaming is opening up opportunities for marketing. *"It is just a matter of time before companies start utilising gaming networks to reach a new generation of consumers."*



BNP PARIBAS IMMOBILIER

In 2004, BNP Paribas Immobilier acquired the entire capital of Atisreal – a company specialising in commercial real estate advisory services – with a view to bolstering its real estate offering and achieving a truly European scale.

This acquisition has propelled BNP Paribas Immobilier to the no.1 slot among property companies of French banks, and has resulted in a full service offering that covers every stage of a real estate project.

Counting 2,300 employees in 7 European countries, BNP Paribas Immobilier has a highly diversified client portfolio of both real estate investors and users, encompassing private individuals, corporations and local authorities.

BNP PARIBAS, MONTREUIL

Developer: Meunier Immobilier d'Entreprise • Architects: Bruno Hubert and Michel Roy.

Creating a Benchmark Real Estate Business in Europe

Commercial real estate advisory services

- Atisreal carried out 4,500 transactions and 20,000 valuations in 2004.
  - No. 1 in mainland Europe for commercial real estate advisory services.
  - No. 1 in France.
  - No. 1 in Germany.
  - Present in the United Kingdom, Spain and the Benelux countries.

Property management services

- At 31 December 2004, Atisreal and Comadim managed more than 10 million sq.m. of office space in Europe, including 5.5 million sq.m. in France, where the managed portfolio increased by 10% year-on-year.
- Gérer manages 16,500 residential units in France, reflecting a 30% rise in 2004 in the number of properties managed by co-owner organisations.

Asset management services

- Antin Vendôme and Atisreal manage nearly EUR 4 billion worth of assets on behalf of third parties in France and the United Kingdom, mainly in the form of property funds.
  - No.2 in France.
  - Launch in 2004 of the first French property fund benefiting from tax advantages available under the de Robien Act.

Property development services

- Meunier Immobilier d'Entreprise sold 172,000 sq.m. of office premises off-plan in 2004, mainly in the greater Paris region. The company also operates in Lyons, the south of France and Madrid.
- Meunier Habitat launched construction of over 2,400 residential units in 2004 in the greater Paris, Rhône-Alpes and Provence-Alpes-Côte d'Azur regions.

Sale of residential properties

- Espaces Immobiliers BNP Paribas sold over 3,700 residential units (both old and new properties) in 2004 (1,800 on behalf of Meunier and 1,900 on behalf of third parties).

Residential real estate investment

- BNP Paribas PFI contributed to the financing of 58 new projects in 2004, representing nearly 4,000 residential properties.

BNP PARIBAS INSURANCE

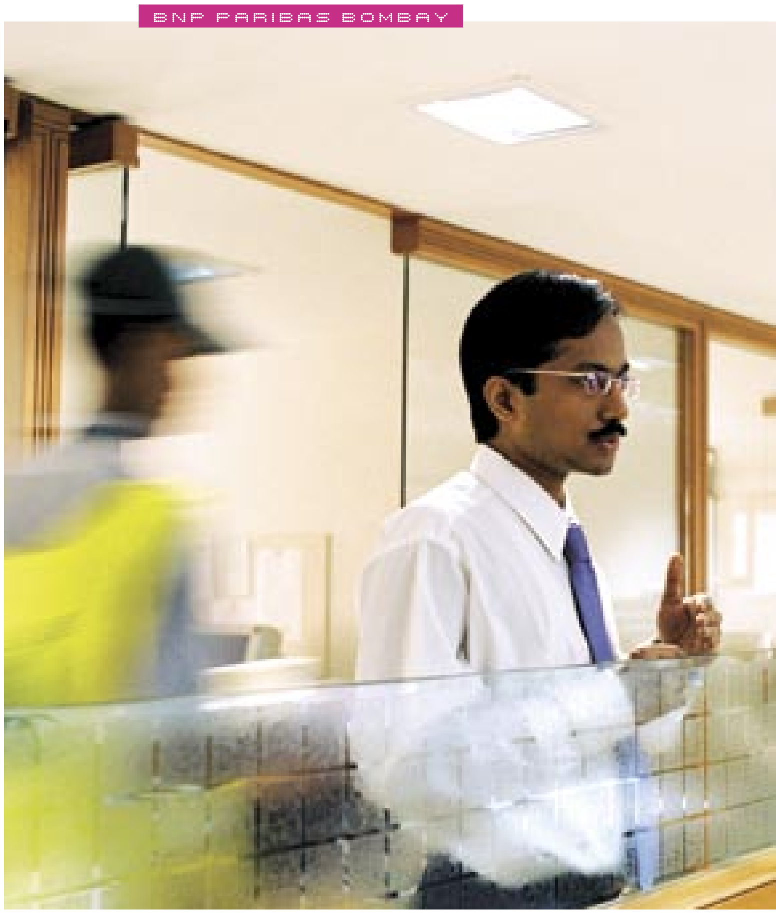
Thanks to the upturn in stock markets, the life insurance business benefited from a surge in investment income, which helped drive a 23% rise in BNP Paribas Assurance's total revenues, to EUR 11.4 billion.

Most countries were part of this growth trend, with 20% expansion in France and 33% outside France.

New money invested in **personal savings products** totalled EUR 9 billion.

- France accounted for EUR 7.7 billion of that total, recording a 24% increase on the prior-year figure that significantly outpaced the market's 13% growth. This performance among individual clients was attributable to the launch of new products such as Zanzibar and Tatihou within BNP Paribas branches, and to advertising campaigns centred on the issue of retirement savings.
  Sales of **group savings products** to companies rose 12%, to EUR 705 million (including transfers), helped by the consolidation of insurance and group savings sales teams within BNP Paribas Épargne & Retraite Entreprises.
- Outside France, new money invested in savings products amounted to EUR 1.3 billion, 52% higher than in 2003, with very substantial surges in the United Kingdom, Taiwan and South Korea.

BNP PARIBAS BOMBAY



Cardif and BNP Paribas Perp plans a hit in the market

In 2004, BNP Paribas Assurance called upon several of its teams to design its range of individual retirement savings plans, or Perp plans. These products have received multiple awards recognising their technical and legal merits. And with 100,000 subscribers, the BNP Paribas Perp is a runaway commercial success.

In **personal risk** insurance, BNP Paribas Assurance's rapid growth continued apace, generating premium income of EUR 2.3 billion in 2004, a 19% increase on 2003.

- In France, the key contributors to this performance were BNP Paribas branches and the Cardif network, whose Cardif Garantie Emprunteur personal loan insurance product proved highly successful.
- All other countries also contributed to this growth, especially Chile, Poland and Taiwan.

In property and casualty insurance, Natio Assurance's revamped motor insurance offer was developed in partnership with Axa. It should help drive substantial growth in premium income, which amounted to EUR 69 million in 2004.

Taiwan's outstanding performance in unit-linked products

Cardif's savings producs business had an exceptional year in Taiwan, where it raised its share of the briskly expanding market for unit-linked policies to over 4%, from 0.3%. This laudable performance was the result of sales drives for structured products in several banking networks. Cardif is planning new offers in 2005, to further expand its inflows of new money and raise its share of the Taiwanese market.

Cardif and Cortal Consors link-up

In order to make the most of a growing demand for independent asset management advisors, BNP Paribas Assurance brought together the Cardif and Cortal Consors teams working in this distribution channel.
This link-up has produced a platform that can sell both Cardif's life and personal risk insurance policies and Cortal Consors's securities accounts.

Switzerland is Cardif's 29th-market outside France

At the end of 2004, Cardif was granted licences to write life and non-life business in Switzerland. Operations were launched in early 2005, in partnership with a consumer credit institute created by the Zurich Cantonal Bank and other cantonal banks.

BNP PARIBAS
SECURITIES SERVICES

Signs of a market recovery later in the year were confirmed, with asset and transaction volumes rising and a noticeable growth in new business opportunities.

During 2004, BNP Paribas Securities Services took a pro-active step to meet the challenges of our rapidly evolving marketplace and restructured its business. Previously autonomous business lines were merged to create four global transversal responsibilities:

- a unified Sales and Relationship Management team;
- a central Product and Marketing team;
- two main Operations Departments: Banking & Global Corporate Trust Operations and Funds Services Operations.

With this new organisation, BNP Paribas Securities Services is well positioned for growth and value creation.

Success in Italian pension fund sector

Inarcassa, a pension fund for self-employed architects and engineers in Italy, appointed BNP Paribas Securities Services as global custodian of the fund's assets in 2004. In addition to custody, BNP Paribas Securities Services also provides a range of value-added services to Inarcassa such as fund accounting, performance measurement and investment compliance reporting. Following successes in the German pension fund sector in 2003, this mandate from a high-profile pension fund in Italy confirms the ability of BNP Paribas Securities Services to meet the asset servicing requirements of major pension funds across Europe.

Relationship with Henderson Global Investors further strengthened

During 2004, BNP Paribas Securities Services further developed its relationship with UK-based Henderson Global Investors, a leading international investment management company. In addition to being Henderson's strategic outsourcing partner of choice, BNP Paribas Securities Services was awarded two significant mandates, becoming Henderson's new transfer agency supplier and custody provider of its entire UK collective range of products. This development demonstrates BNP Paribas Securities Services' commitment to the administration and custody business in the UK.

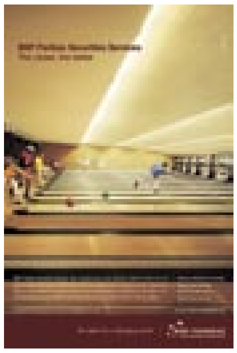
BNP Paribas Securities Services continued to expand in 2004, in terms of:
- market coverage:
  - extension of local custody services to Austria via the bank's Frankfurt branch;
  - direct access to the derivatives market in the Netherlands, Spain and Portugal.
- new products:
  - new middle and back-office outsourcing capability in Zurich for member firms of the Swiss Stock Exchange;
  - foreign exchange services for global custody clients were enhanced;
- outsourcing services for asset managers grew significantly, notably via landmark transactions with BNP Paribas Asset Management in France and Spain.

A powerful network combined with a unique local expertise

With its local presence, specific knowledge of each market and technical expertise, BNP Paribas Securities Services is able to provide its clients with the most efficient business solutions.

Industry recognition of BNP Paribas Securities Services was again forthcoming in 2004. For the fifth year in succession the firm won two key industry awards: "Best Regional Custodian – Europe" from *Global Investor* magazine and "Best Overall Network" from *GSCS Benchmarks*. Custody operations in eight countries were classed as "Top Rated" in the annual survey conducted by *Global Custodian* magazine.

Unified by its new slogan, "The closer, the better", with a new, streamlined organisation that places clients even more firmly at the heart of its strategy, a dedicated worldwide team of 3,400 specialists and an encouraging pipeline of new business opportunities, BNP Paribas Securities Services is well positioned for continuing its development.



Success in Germany with the Mellon Bank NA mandate

Following a Request for Proposal process where five competitors were asked to tender, Mellon Bank NA selected BNP Paribas Securities Services Frankfurt as its sub-custodian in Germany. Leveraging on the good relationship already established with Mellon Bank NA, in Belgium, France and Italy, BNP Paribas Securities Services won the business thanks to the quality and competitiveness of its service offering.


CHINA SHI
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Smooth Sailing for Chinese Giant on the Crest of Shipping Expansion

CHINA SHIPPING

Li Ke Lin
President
China Shipping - Client of BNP Paribas - Shanghai

When we think back to the maps of the world presented in our old geography books, we can picture the dotted lines depicting the ancient sea routes used by the Greeks, the Romans, the Phoenicians, the Portuguese and the Venetians – routes leading to all four corners of the globe, but starting at a single point: Europe. This era is long past – there are now routes fanning out in all directions, and their number is constantly rising. But it doesn't stop there – demand for sea cargo services continues to soar. The United Nations Conference on Trade and Development put growth in this industry at 3.7% in 2003. As in many other fields, China has emerged as a heavyweight challenger in the sector. Active in petroleum transport, cargo and container shipping, China Shipping Group already has *"5% of market share in Pacific Lines, 4% in Far East to Europe Lines"*. To develop and manage its network of shipping lines, China Shipping relies on state-of-the-art information systems. These are also expected to help the Group meet its very ambitious goal to *"become a world leading shipping group by the year 2010"* and to be the market leader in petroleum transport. With this goal in mind, China Shipping is looking *"to have 10-15 VLCCs by that time"*.*

VLCC = Very Large Crude Carrier.

KLÉPIERRE

KLÉPIERRE SHOPPING CENTER, HUNGARY

Against a backdrop of relatively flat consumer trends in Europe, Klépierre's shopping centre business performed well, reflecting the success of the expansion strategy rolled out since 2000. This achievement also testifies to the wisdom of gaining a strong foothold in a range of European countries and operating a variety of shopping centre formats. Trends in the office space market were somewhat paradoxical in 2004, with rents declining while investment continued to flourish. This resulted in volumes and prices remaining on a par with those of 2003.

The strength of Klépierre's business model and the quality of its portfolio fuelled a healthy 11.8% rise in revenues to EUR 431.3 million. At the same time, Klépierre continued to expand, as illustrated by its move into Hungary through the acquisition of 12 shopping arcades in July 2004, representing an investment of EUR 280 million. It also stepped up operations in France, Spain and Italy, bringing its total investment outlay in shopping centres during the year to EUR 673 million.

As part of its selective portfolio management policy launched five years ago, Klépierre sold EUR 66 million worth of office premises in 2004. At the year-end, the company's property asset portfolio amounted to EUR 6 billion, of which shopping centres accounted for EUR 5 billion. Growth potential is estimated at more than EUR 2.7 billion for the coming five years.

Ségécé[1] broadened its property management network during the year. After acquiring 50% of PCM in Hungary and setting up Ségécé Hellas in Greece, Ségécé is now present in 10 European countries.

The Klépierre share surged by more than 35% year-on-year, reflecting the current enthusiasm for the property sector and rewarding the real estate group's steady sales and earnings performances.

(1) 75%-owned subsidiary of Klépierre (also 15% owned by BNP Paribas).

BNP PARIBAS
CAPITAL

Transactions in the proprietary portfolio

During 2004, BNP Paribas Capital sold its entire interests in Diana, Keolis and Atos, and partly disposed of its interests in Cobepa, Eiffage and other companies. These transactions raised EUR 1.2 billion in cash for the Group.

BNP Paribas Capital contributed, proportionally to its equity stake, to Carbone Lorraine's share capital increase, in line with its policy of developing this investment.

Investment in private equity funds

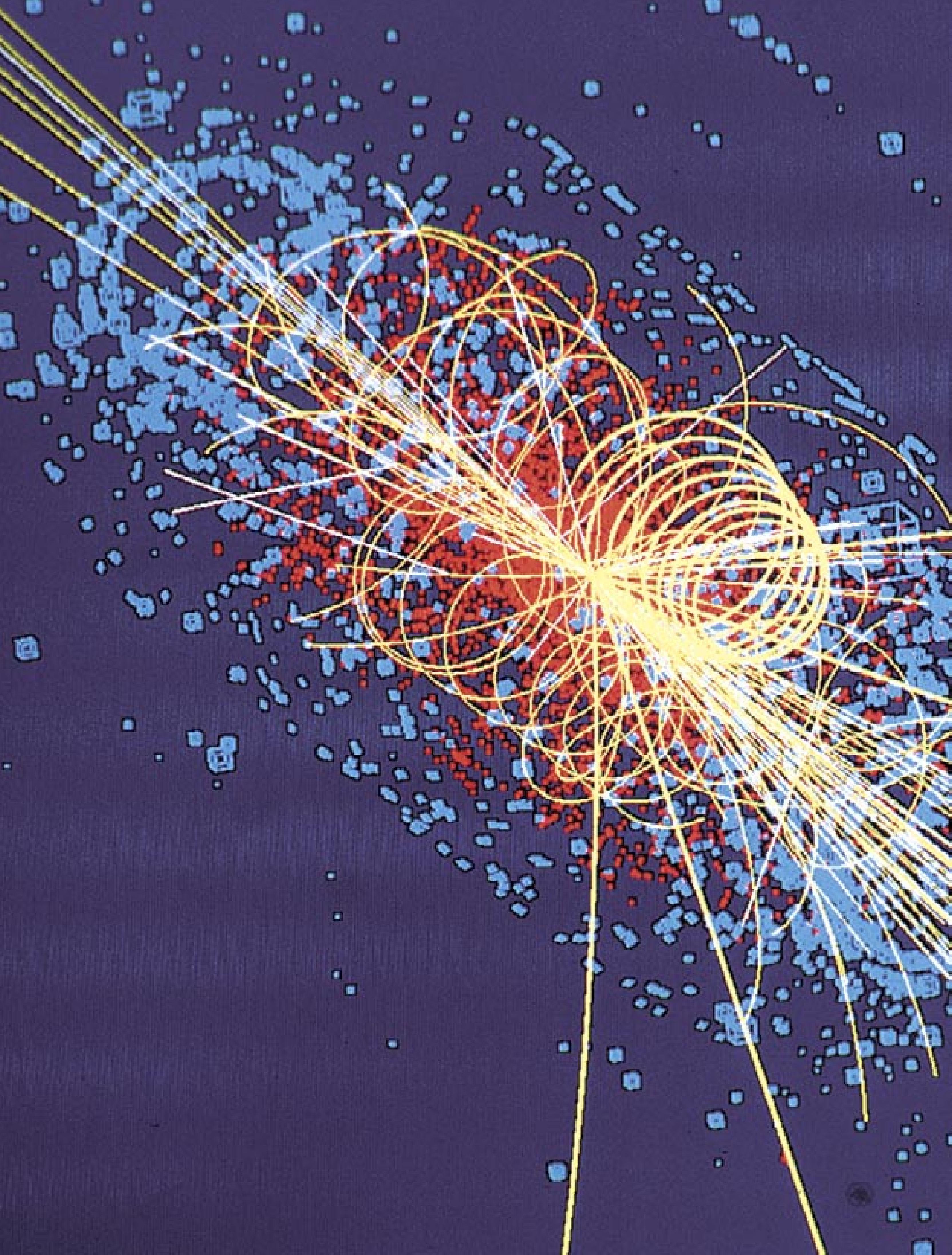
PAI Europe III, launched in 2001, to which BNP Paribas contributed EUR 250 million, has now invested or committed 80% of its capital. In 2004 the fund acquired Saeco, Italy's leading manufacturer of automatic espresso-makers and Vivarte, the no.1 French distributor of shoes and apparel. BNP Paribas made a direct investment of EUR 75 million in Vivarte, alongside PAI Europe III. PAI Europe III also announced the acquisition of Saur, the 3rd-largest French provider of water treatment, water distribution and waste management services.

In addition, PAI Europe III disposed of its entire investment in Antargaz and announced that it would be selling its interest in Mivisa, a Spanish manufacturing company that produces aluminium packaging for the food industry.

PAI LBO Fund also sold its interest in Homann, the German market leader in chilled prepared salads, and part of its interests in Ipsen and Carreman.

BNP Paribas, which is the sponsor and investor of these two funds, shared in the distribution of the profits earned on these transactions.

Middle Market Fund II, a EUR 125 million fund launched in 2000 and managed by Banexi Capital Partenaires, is now 86%-invested. Banexi Capital Partenaires is finalising the investment pool for MMF III, the successor fund of which BNP Paribas is the sponsor.



Unravelling the Mysterious Origins of our Universe by Pooling Computer Calculating

Patrick Geeraert
Head of the Finance Department
Cern - Client of BNP Paribas - Geneva

Another Big Bang awaits us...
A scaled-down imitation of the Big Bang that gave birth to our Universe is scheduled to take place in 2007 in the depths of Cern's headquarters, which straddle the French-Swiss border. The objective is simple - by crashing together particles at a speed close to that of the speed of light, scientists believe they will be able to catch a glimpse of the moment the Universe began. At the same time, they are hoping to *"find out more about the mysterious missing mass and the dark energy of the Universe – visible matter seems to comprise only 4% of what exists"*. In short, some of the most crucial scientific questions of our age can now be investigated through the construction of a huge tank: the large hadron collider (LHC). Once completed in 2007, the LHC will be *"the biggest and most complex scientific instrument in the world"*. We're talking particle magnets the size of seven-storey buildings... While it defies the imagination, this experiment also poses a very obvious logistical problem – how to process the data. *"When the LHC moves into action, the quantity of data it produces will be equal to 1% of all the data in the world."* No computer has the capacity to process such a quantity. However, by enlisting the help of its 6,500 scientists of 85 nationalities, Cern has found a solution. After inventing the World Wide Web (i.e. the use of Internet), the organisation created the DataGrid, able to pool the calculating capacity of a network of several thousand computers located at different locations around the world. So, bring on the Big Bang...

CERN

European Organisation for Nuclear Research

SUSTAINABLE DEVELOPMENT

BNP Paribas' efforts in favour of sustainable development are not a response to a fad. They stem from our long-standing commitment to making our company's economic, social and environmental responsibility an integral part of its business model.

A thorough process of collective deliberation led us to our undertakings in this field. In the course of a seminar involving 80 of the Group's senior executives, organised at the time of the merger, we were able to define our core values and set the management principles that guide us today. Likewise, the decision to join the United Nations Global Compact was arrived at after in-depth discussions within our Executive Committee and was approved by the Board of Directors.

We have done more than simply declare our support for general principles. We wanted to make sure that these commitments would actually guide the behaviour of all our employees, world-wide. More than 1,000 Group executives have taken part in seminars designed to help them base their management methods on our principles and values, which all employees are expected to uphold in their daily actions. The extent to which they do is among the criteria for their annual evaluations.

Sustainable development lies at the heart of our objectives. Clearly, the issue of economic, social and environmental responsibility should not be left to experts and specialists; for our company, it represents a more demanding standard against which we assess the way we conduct our operations. Each business, each department needs to consider its potential impact on our various partners, in line with our Group's principles of action. We ask all employees to help shoulder this responsibility.

Rating agencies specialised in socially responsible investing are increasingly taking note of BNP Paribas efforts in this field. However, our teams are well aware of how difficult it can be to fulfil society's multiple, complex and evolving expectations in this area and to find solutions that are acceptable to all stakeholders.

M. Pébereau

THE GROUP'S APPROACH

General business principles

Going beyond mere regulatory compliance, the Group's general business principles revolve around its values and its attitude towards management and human resources, as well as its membership in the United Nations Global Compact Programme. The Group added several initiatives to its existing voluntary commitments in 2004.

As an active member and director of Cian, the French council of investors in Africa, BNP Paribas has adopted Cian's sustainable development charter, which reflects its members' collective determination to contribute to Africa's sustainable development. This charter was presented at a ceremony bringing together African ambassadors in Paris and Cian directors, and led by the French Environment and Sustainable Development Minister and the Junior Minister in charge of International Cooperation, Development Assistance and Francophonie.

BNP Paribas Asset Management signed the "Statement by Banks on the Environment and Sustainable Development" issued under the auspices of the United Nations Environment Programme. The BNP Paribas Asset Management SRI analysis team played an active role in the working group that drafted the report Connecting Financial Markets to a Changing World which was presented to the Global Compact Leaders Summit of 24 June 2004 in New York.
This report provided detailed recommendations on how social and environmental aspects, as well as corporate governance issues, can be better included in standard financial analyses and in asset management.

Within the Forum of Friends of the Global Compact, the Group has contributed proposals in the prior consultations towards the adoption of the tenth principle on fighting corruption.

Integrating sustainable development within operations

The Group's general business principles are its guidelines for exercising its comprehensive responsibilities. They reflect an approach based on what the Group stands for and they match its values.

Sustainable development action plans for the divisions and key functions, validated by the Executive Committee, are prepared through an assessment of the challenges, risks and opportunities facing each of the businesses. These appraisals take into account the analyses performed by the principal SRI rating agencies.

These action plans are specific to each division and are monitored on a half-yearly basis by the Group sustainable development function. The General Inspection Unit and the Internal Audit Department have jointly developed an audit methodology relative to social responsibility, which plays a major role in ensuring that consistent approaches are deployed throughout the Group.

Promoting sustainable development

BNP Paribas helped promote sustainable development in 2004 by its involvement in several events:

- BNP Paribas Asset Management contributed to the activities of Sustainable Development Week in France, by taking part in a daily radio broadcast on socially responsible investing.
- The London subsidiary hosted an event, organised by Business in the Community and the French Chamber of Commerce of London, to mark the centennial of the Entente cordiale, in the presence of Prince Charles and the French ambassador to the United Kingdom.

Promoting SRI analysis

BNP Paribas Asset Management (BNP PAM), alongside three other major institutional investors, took the initiative of allocating 5% of its commission budgets to developing analysis based on the criteria of socially responsible investing. This financial incentive, representing a total of approximately EUR 5 million for 2004, is intended for brokers who demonstrate the most effective integration of the criteria and methodologies of non-financial analysis based on the social and environmental responsibility of companies. Its objective is to bring more comprehensive responses to the needs of long-term investors and to broaden the range of companies that can be considered for investment.
By factoring in criteria such as management quality, codes of conduct or the company's environmental and social footprint, SRI analysis assesses corporate performance qualitatively over the long term. In that sense, it rounds out the quantitative methods of standard financial analysis. This Enhanced Analytics Initiative was launched in London on 2 November 2004.

Several Group executives teach and provide input as guest lecturers in the leading master's programs in sustainable development created by French business and engineering schools, as well as by some universities.

In France, BNP Paribas is an active member of the main organisations that are recognised for their role in promoting sustainable development, particularly Orse, the corporate social responsibility observatory and EPE (companies for the environment). The Group was involved in setting up a sustainable development club within Anvie, the national association for the publicising of interdisciplinary research in humanities and social sciences in the business world.

In 2004, an example of a BNP Paribas best practice was added onto the Global Compact website. BNP Paribas is also significantly overhauling its sustainable development website to give it more visibility and make it more accessible to the thousands of visitors that consult its pages each month.

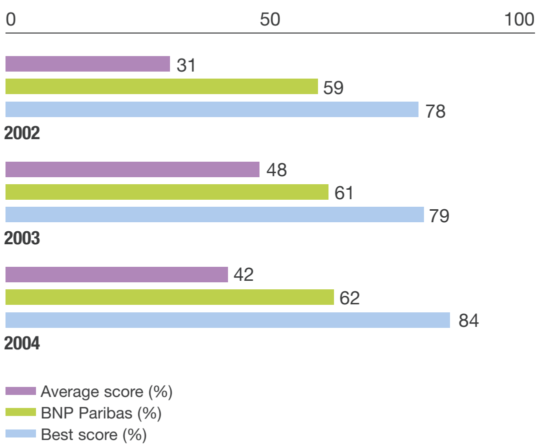
Assessments by socially responsible investment rating agencies

BNP Paribas's inclusion has been confirmed in the key benchmark indices for socially responsible investment – Dow Jones SI World, Dow Jones SI Stoxx, FTSE4Good and Aspi Eurozone.

• SAM

Sustainable Asset Management Research Inc. (SAM), the firm responsible for the annual evaluations leading to the selection of stocks for inclusion in the Dow Jones SI indices, raised its overall score for BNP Paribas, placing the Bank in a very favourable position compared to the industry average, in a year when there were wider gaps in ratings from one company to the next.

Changes in overall score



Klépierre was included for the first time in 2004 in the Dow Jones Sustainability World Index and the Dow Jones Stoxx Sustainability Index, with scores that placed the BNP Paribas subsidiary well above the average for its industry.

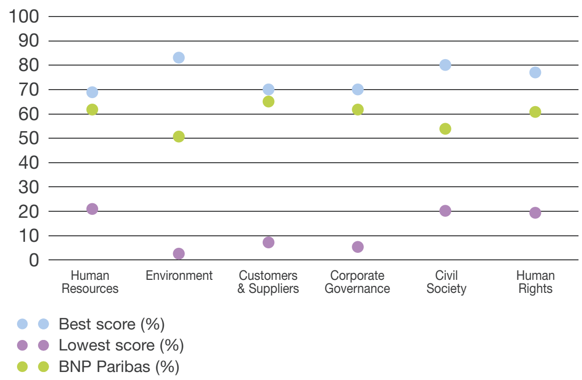
• Vigeo

The research firm Vigeo responded to progress over the past year by significantly raising its rating (see below, on a scale from - - *Unconcerned to + + Pioneer)*:

Criteria	2002	2003	2004
• Human Resources	+	+	+
• The Environment	-	=	=
• Customers & Suppliers	=	=	++
• Shareholders	++	+	+
• Civil Society	=	=	+
• Human Rights	not rated	not rated	+

This assessment places the Group in a favourable position compared to its industry benchmark:

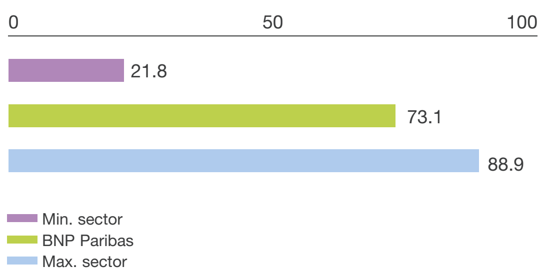
Benchmark of BNP Paribas and banking sector (2004):



• Siri

Sustainable Investment Research International (SiRi), a grouping of 12 socially responsible investment research organisations based in North America, Europe and Australia, is one of the leading providers of SRI research.

BNP Paribas received its first rating from SiRi Company, which places the Group in a very favourable position compared to the 52/100 average in its industry.



The Group has regular exchanges with the main SRI research teams, both those within independent firms and those in the asset management subsidiaries of banking groups.

GROUP ETHICS AND COMPLIANCE

Following on from the new legal and regulatory requirements introduced between 2000 and 2003 in Europe, the United States, and Asia, 2004 saw the emergence of a number of important implementation regulations and guidelines, particularly in France. These included the General Regulations of the French securities regulator *(l'Autorité des Marchés Financiers);* transposition of the European Market Abuse Directive, and the European Directive on Markets in Financial Instruments (MiFID); the laws of February and March 2004 extending the obligations of financial institutions concerning the monitoring and reporting of suspicious transactions with a view to combating money laundering; and finally the update to the draft amendment of Regulation 97-02 relating to Internal Control in the banking industry, which defines the concepts of "non-compliance risk" and "compliance control". The Group has already implemented changes in the light of this amended regulation by reorganising its ethics, compliance and internal control structures.

The Group has significantly increased the human resources assigned to ethics and compliance matters. More than 400 full-time equivalent employees are now specifically dedicated to this function, whose rules apply to each and every employee of the Group. The Group Ethics and Compliance function now includes a specialised team of seven people who possess specific know-how related to the monitoring and detection of attempted fraud and deception, surveillance of capital flows and unusual transactions, and traceability of operations. This team works on behalf of the entire Group and provides technical assistance to compliance officers.

French Retail Banking has stepped up the awareness-raising and training programmes it offers to both managers and other employees, putting greater emphasis on matching commercial offerings to the real needs of customers according to their specific situation and their understanding of the banking products and services proposed to them. At the same time, the Group is giving greater priority to the "Know Your Customer" (KYC) programme and to reinforcing the resources allocated to combating money laundering. The Group has also launched a new project to create a system whereby the interventions of compliance officers can be monitored and recorded.

Due to the very nature of its business, International Retail Banking and Financial Services, and especially the Emerging and Overseas Markets, remains constantly focused on combating money laundering and corruption. It is particularly watchful about monitoring the general functioning of the retail banking subsidiaries. Anti-money laundering processes and operating procedures have been strengthened and control thresholds harmonised. Additionally, customers particularly exposed to risks of corruption and money laundering are subject to more thorough and detailed evaluations. While less vulnerable in relation to these issues, the specialised financing businesses have also continued to improve and flesh out their methods and procedures in this area.

The Asset Management and Services Division has made considerable strides towards structuring and harmonising the compliance and anti-money laundering practices adopted by each of its businesses. It now has a fully developed range of procedures that take into account the new market abuse regulations. The division also took the opportunity to reinforce measures set up to prevent market timing and late trading practices, and the related internal inquiries into the Bank's operations did not reveal any notable failings in this area.

As a result of these regulatory changes, combined with the highly technical nature of Corporate and Investment Banking businesses, managers and compliance officers continued to put immense effort into adapting procedures, as well as into monitoring and assisting teams operating in other countries. A number of new projects have been set up to ensure a more thorough and detailed coverage of operations, as well as to obtain rapid and effective feedback. Many of these projects will be ongoing in 2005.

To support efforts to combat money laundering, corruption and terrorism financing, the Group has decided to adopt a standardised control system based on Searchspace software. This decision followed an in-depth evaluation of existing systems and an assessment of the specifications and capacities offered by the various software packages available on the market. Installation has begun in New York, and the system is set to be progressively rolled out to all other businesses and divisions from 2005. A small minority of units will be excluded from this general roll-out as they already have tools which offer the same capacity and are better suited to their own specific needs.

The unit that supervises the personal transactions of Group employees who have access to information considered privileged is able to draw on up-to-the-minute monitoring and detection tools. Controls were carried out on more than 5,240 recorded securities transactions, but no serious breaches were uncovered.

Finally, the Group implemented an extensive security control initiative in relation to stock market transactions carried out through non-BNP Paribas accounts declared by 1,300 employees with access to privileged information in France. Again, these checks did not reveal any significant cause for concern.

SHAREHOLDER INFORMATION

Share capital

As of 31 December 2003, BNP Paribas' share capital stood at EUR 1,806,343,230 divided into 903,171,615 shares (details of the historical share performances are provided in the "Changes in share capital" section of the review of operations).

In 2004, three series of transactions led to changes in the number of shares outstanding:

- a total of 1,050,967 new shares were issued upon exercise of stock options;
- 25 million shares acquired by the Bank as part of its buyback programme were cancelled.
- 5,477,862 shares were subscribed through the share issue reserved for employees.

As of 31 December 2004, BNP Paribas' share capital stood at EUR 1,769,400,888 divided into 884,700,444 shares with a par value of EUR 2[(1)].

The shares are all fully paid-up and are held in registered or bearer form at the choice of their holders, subject to compliance with the relevant legal provisions. **None of the Bank's shares entitle their holders to an increased dividend or double voting rights.**

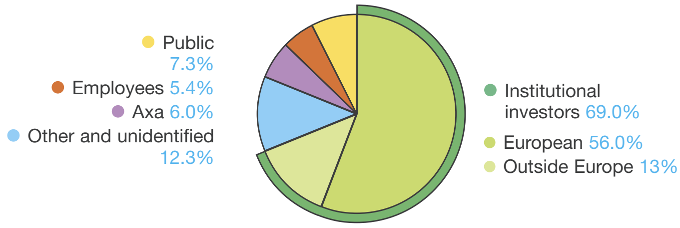
Changes in shareholder structure

Over the past three years, the Bank's ownership structure changed as follows:

	31/12/02			31/12/03			31/12/04		
SHAREHOLDERS	**Number of shares** (in millions)	**% interest**	**% voting rights**	**Number of shares** (in millions)	**% interest**	**% voting rights**	**Number of shares** (in millions)	**% interest**	**% voting rights**
Axa	**52.45**	**5.9%**	**6.0%**	**52.07**	**5.8%**	**6.1%**	**50.00**	**5.7%**	**6.0%**
Employees	**41.24**	**4.6%**	**4.8%**	**46.36**	**5.1%**	**5.4%**	**45.38**	**5.1%**	**5.4%**
• o/w corporate mutual funds	31.68	3.5%	3.7%	34.58	3.8%	4.0%	33.55	3.8%	4.0%
• o/w directly owned	9.57	1.1%	1.1%	11.78	1.3%	1.4%	11.83	1.3%	1.4%
Corporate officers	**0.28**	**n.m.**	**n.m.**	**0.27**	**n.m.**	**n.m.**	**0.23**	**n.m.**	**n.m.**
Treasury shares	**28.26**	**3.2%**		**46.43**	**5.1%**		**51.81**	**5.9%**	
Public	**66.25**	**7.4%**	**7.6%**	**63.70**	**7.1%**	**7.4%**	**61.00**	**6.9%**	**7.3%**
Institutional investors	**599.67**	**67.0%**	**69.2%**	**606.57**	**67.2%**	**70.8%**	**574.46**	**64.9%**	**69.0%**
• European	493.96	55.2%	57.0%	499.87	55.3%	58.3%	465.94	52.7%	56.0%
• Outside Europe	105.71	11.8%	12.2%	106.70	11.8%	12.5%	108.52	12.2%	13.0%
Other and unidentified	**107.03**	**12.0%**	**12.3%**	**87.77**	**9.7%**	**10.2%**	**101.82**	**11.5%**	**12.3%**
Total	**895.17**	**100.0%**	**100.0%**	**903.17**	**100.0%**	**100.0%**	**884.70**	**100.0%**	**100.0%**

(1) Since the end of the financial year, 518,758 new shares have been issued upon exercise of stock options. As of 25 January 2005, BNP Paribas' share capital stood at EUR 1,770,438,404 divided into 885,219,202 shares with a par value of EUR 2.

BNP Paribas ownership structure as of 31 December 2004
(based on voting rights)



To the best of BNP Paribas' knowledge, no shareholder other than Axa owns more than 5% of BNP Paribas' capital or voting rights.

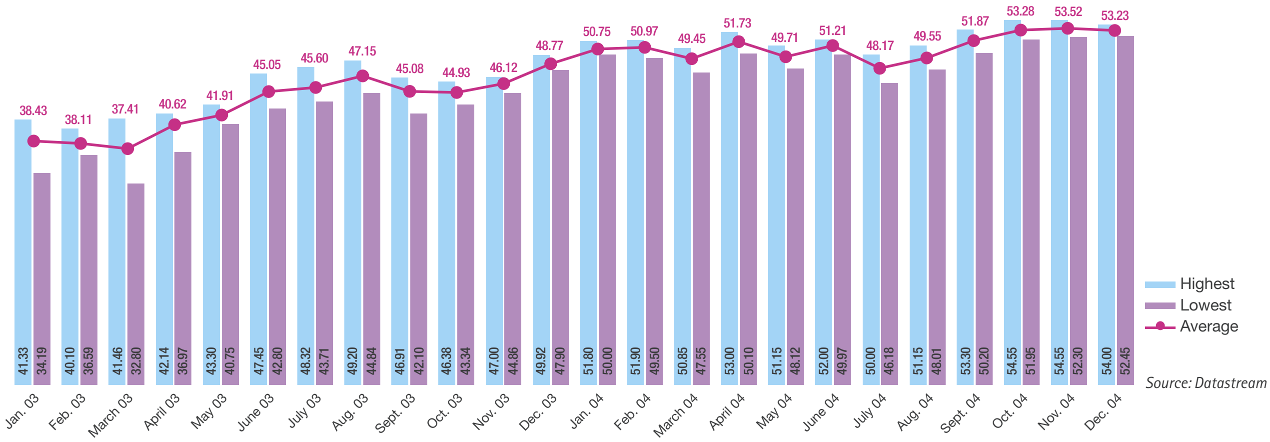
Share performance

When the shareholders of BNP and Paribas approved the merger between the two banks at the Extraordinary General Meetings of 23 May 2000, BNP shares became BNP Paribas shares. The Euroclear-France code for BNP Paribas is the same as the previous BNP code (13110). Since 30 June 2003, BNP Paribas shares have been registered under ISIN code FR0000131104. BNP shares were first listed on the Cash Settlement Market of the Paris Stock Exchange on 18 October 1993, following privatisation, before being transferred to the Monthly Settlement Market on 25 October of that year. When the monthly settlement system was eliminated on 25 September 2000, BNP Paribas shares became eligible for Euronext's Deferred Settlement Service (SRD). The shares are also traded on SEAQ International in London and on the Frankfurt Stock Exchange, as well as listed on the Tokyo Stock Exchange since 13 March 2000 (and the First Section since 7 February 2005). Since privatisation, a Level 1 144A ADR programme has been active in the USA, where JP Morgan Chase is the depositary bank (2 ADRs correspond to 1 BNP Paribas share). To help increase the number of shares held by individual investors, BNP Paribas carried out a two-for-one share-split on 20 February 2002, reducing the par value of the shares to EUR 2. BNP became a component of the Cac 40 index on 17 November 1993 and a component of the Euro Stoxx 50 index on 1 November 1999. Since 18 September 2000, BNP Paribas has been a component of the Dow Jones Stoxx 50. BNP Paribas shares are also included in the four main sustainable development indices: Aspi Eurozone, FTSE4Good, DJ SI World and DJ SI Stoxx. All of these listings have fostered liquidity and share price appreciation, as BNP Paribas shares feature in every portfolio and fund that tracks the performance of these indexes.

Share performance between 2 January 2002 and 31 December 2004
Comparison with the DJ Euro Stoxx 50, DJ Euro Stoxx Bank and Cac 40
(indexes rebased on share price)

Source: Datastream

Average monthly share prices and monthly highs and lows since January 2003



Source: Datastream

- As of 31 December 2004 the **BNP Paribas share was listed at EUR 53.30, up 6.77%** compared with 31 December 2003, when it was listed at EUR 49.92. By way of comparison, during 2004 the Cac 40 index increased by 7.40%, the Euro Stoxx 50 index by 6.90% and the DJ Euro Stoxx Bank index by 10.85%.

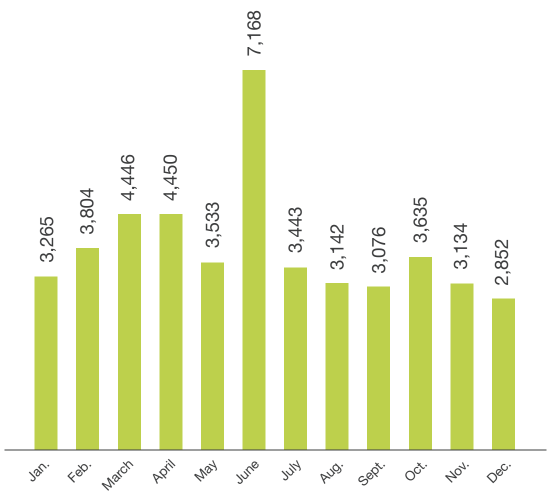
- From 31 December 2002 to 31 December 2004, **the BNP Paribas share price gained 37.27%, compared with rises of 24.72% and 23.67% for the Cac 40 and DJ Euro Stoxx 50 indexes respectively.** Over the same period, there was a 45.19% increase in the Eurozone banking index.

- **BNP Paribas' market capitalisation totalled EUR 47.15 billion** as of 31 December 2004, representing the 4th-largest capitalisation in the Cac 40 index, and the 3rd-largest in terms of free float, as against 3rd and 2nd respectively a year earlier. These one-place position changes followed the merger of Sanofi and Aventis. During the same period, BNP Paribas represented the 12th-largest capitalisation in the DJ Euro Stoxx 50.

- **Trading volumes** contracted slightly in 2004, primarily due to lower volatility (see the high/low prices in the "Yield and performance data" table below). An average of 3,827,106 shares changed hands each day, 14% less than the 2003 average of 4,447,548.

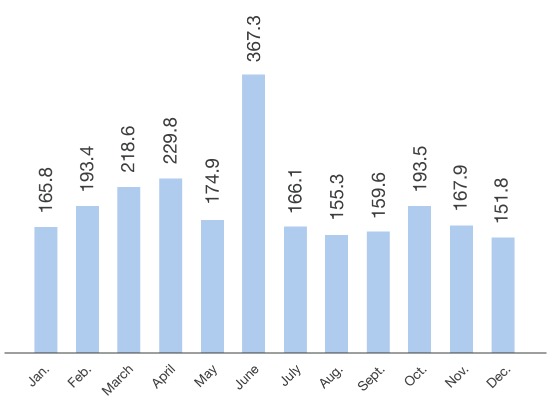
2004 trading volume

Daily average in thousands of shares



Source: Euronext Paris.

Daily average in millions of euros



Source: Euronext Paris.

Yield and performance data

In euros	2004	2003	2002	2001	2000
Earnings per share (1)	5.55	4.31	3.78	4.64	4.70
Net assets per share (2)	34.20 (3)	31.50	29.30	27.10	24.00
Net dividend per share	2.00 (3)	1.45	1.20	1.20	1.13
Payout rate (in %) (4)	37.90% (3)	34.80	32.60	26.50	24.50
Share price					
High	55.00	49.92	61.25	52.55	54.75
Low	46.07	32.65	29.00	37.95	37.78
Year-end	53.30	49.92	38.83	50.25	46.75
Cac 40 index on 31 December	3 821.16	3 557.90	3 063.91	4 625.58	5 926.42

Data in the above table have been adjusted to take into account the two-for-one share-split carried out on 20 February 2002.
(1) Based on the average number of shares outstanding during the year.
(2) After dividends. Non-revalued net book value based on the number of shares outstanding at the year-end.
(3) Subject to approval at the Annual General Meeting of 18 May 2005.
(4) Recommended dividend expressed as a percentage of net income for the year.

Creating value for shareholders

BNP Paribas uses two methods to measure the value created for shareholders, based on a long- medium-term investment period reflecting the length of time that the majority of individual investors hold their BNP Paribas shares.

A) Total Shareholder Return -TSR:

Calculation parameters:
- The dividend includes the *avoir fiscal* tax credit at a rate of 50% and is assumed to have been reinvested in BNP shares then BNP Paribas shares;
- Returns are gross returns, i.e. before any tax payments or brokerage fees.

• Since privatisation in October 1993
Initial investment = 1 share at the IPO price (FRF 240 or EUR 36.59) on 18 October 1993.

Investment Growth

Years	Gross dividend per share (in euros)	Gross dividend received by shareholder (in euros)	Price of shares acquired by reinvesting dividend (2) (in euros)	Fractional share acquired by reinvesting gross dividend	Total number of shares after gross dividend reinvestment	
1994	0.69 (1)	0.69	37.17	0.0186	1.0186	
1995	0.73 (1)	0.82 (3)	34.30	0.0239	1.1425 (3)	
1996	0.82 (1)	0.94	27.36	0.0344	1.1769	
1997	1.23 (1)	1.45	38.28	0.0379	1.2148	
1998	1.60 (1)	1.94	75.92	0.0256	1.2404	
1999	2.25	2.79	80.85	0.0345	1.2749	
2000	2.625	3.35	93.95	0.0357	1.3106	
2001	3.375	4.42	100.50	0.0440	1.3546	2.7092 (4)
2002	1.80	4.88	54.10	0.0902	2.7994	
2003	1.80	5.04	45.32	0.1112	2.9106	
2004	**2.175**	**6.33**	**50.50**	**0.1253**	**3.0359**	

(1) To be consistent with subsequent years, it has been assumed that the dividend was paid in cash and not in shares, although the Board of Directors approved the payment of scrip dividends for the year in question.
(2) Based on the assumption that the dividend was reinvested in shares at the opening price on the first trading day after the ex-dividend date.
(3) Taking into account the March 1995 allocation of one share for every 10 shares acquired at the time of the IPO and held for 18 months.
(4) After the two-for-one share-split on 20 February 2002.

Closing price on 31 December 2004 = EUR 53.30, valuing the initial investment at 53.30 x 3.0359 = EUR 161.81. This represents an average annual increase (average annual TSR for the period) of **14.18%** and **an amount 4.42 times higher** than the original investment made in 1993.

• over 5 years

Initial investment = 1 share at the opening price on 3 January 2000 = EUR 92.

Investment growth

Years	Gross dividend per share (in euros)	Gross dividend received by shareholder (in euros)	Price of shares acquired by reinvesting dividend (1) (in euros)	Fractional share acquired by reinvesting gross dividend	Total number of shares after gross dividend reinvestment	
2000	2.625	2.625	93.95	0.0279	1.0279	
2001	3.375	3.469	100.50	0.0345	1.0624	2.1248 (2)
2002	1.80	3.825	54.10	0.0707	2.1955	
2003	1.80	3.952	45.32	0.0872	2.2827	
2004	**2.175**	**4.965**	**50.50**	**0.0983**	**2.381**	

(1) Based on the assumption that the dividend was reinvested in shares at the opening price on the first trading day after the ex-dividend date.
(2) After the two-for-one share-split on 20 February 2002.

Closing price on 31 December 2004 = EUR 53.30, valuing the initial investment at 53.30 x 2.381 = EUR 126.91. This represents an average annual increase (average annual TSR for the period) of **6.65%** and **more than a 38% increase over 5 years** (by comparison the Cac 40 shed more than 35% over the same period).

B) Five-year comparison of an investment in BNP Paribas shares with the "Livret A" passbook savings account and medium-term Treasury Notes

In this calculation, we compare the creation of shareholder value over the same period through investment in BNP then BNP Paribas shares, with two risk-free investments: the "Livret A" passbook savings account offered by the French savings bank network and medium-term French government notes (OAT).

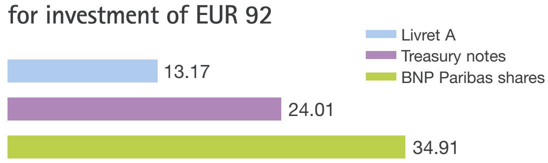
- **Investment of EUR 92 on 1 January 2000 in a "Livret A" passbook account:**
  At the investment date, the official interest rate on Livret A accounts was 2.25%.
  This rate was increased to 3% on 1 July 2000 then returned to 2.25% on 1 August 2003.
  As of 31 December 2004, the account balance is EUR 105.17, representing growth of EUR 13.17, i.e. less than 40% of the growth achieved by the BNP Paribas share.

  The value created through an investment in BNP Paribas shares, reflecting the additional risk, amounts to 126.91-105.17 = **EUR 21.74** per share over five years.

- **Investment of EUR 92 on 1 January 2000 in five-year French government notes**
  The five-year interest rate (BTAN) on that date was 4.8393%; at the end of each subsequent year, interest income is re-invested in a similar note on the following terms:
  - 4.5766% (BTAN) in January 2001 for 4 years;
  - 3.9945% (BTAN) in January 2002 for 3 years;
  - 2.7609% (BTAN) in January 2003 for 2 years;
  - 2.305% in January 2004 for 1 year (Euribor).

At the end of five years, the accrued value of the investment is EUR 116.01, representing growth of **EUR 24.01**, around two thirds of the increase achieved by the BNP Paribas share. The additional value created by choosing BNP Paribas shares as the investment vehicle is therefore 126.91-116.01 = **EUR 10,90** per share over five years.

Comparative total yields over 5 year for investment of EUR 92



Communication with shareholders

BNP Paribas endeavours to provide all shareholders with clear, consistent, high-quality information at regular intervals, in accordance with best market practice and the recommendations of the stock market authorities.

The Investor **Relations Department** informs institutional investors and financial analysts, in France and abroad, of the Group's strategy, major events concerning the Group's business and, of course, the Group's results which are published quarterly. In 2005, the financial timetable is as follows [(1)] :

- 3 February 2005: 2004 results announcement;
- 12 May 2005: 1st-quarter 2005 figures;
- 3 August 2005: 1st-half 2005 results announcement;
- 24 November 2005: 3rd-quarter 2005 figures.

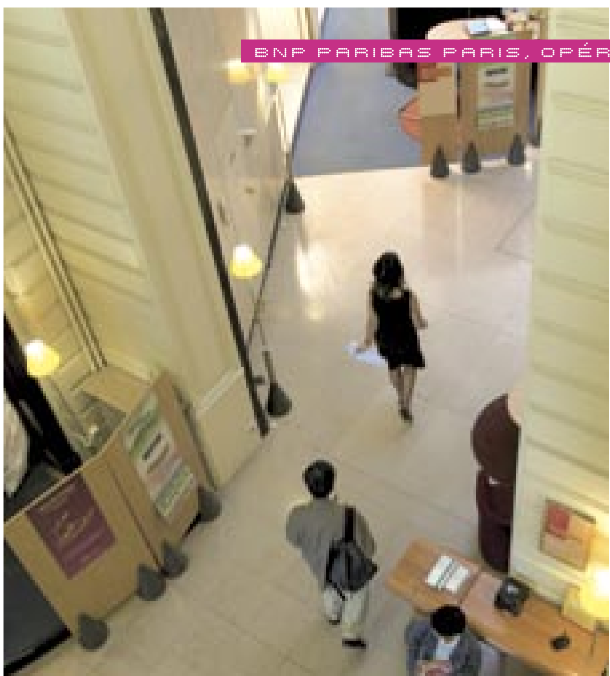
Informative briefings are organised several times a year, when the annual and half-year results are released, or on specific topics, providing senior management with an opportunity to present the BNP Paribas Group and its strategy. There is also a Relations Officer responsible for liaising with managers of ethical and socially responsible funds.

The **Individual Shareholder Relations** department informs and listens to the Group's 665,000 or so individual shareholders *(source: 31 December 2004 "TPI" survey)*. A half-yearly financial newsletter informs both members of the **"Cercle BNP Paribas"** and other shareholders of important events concerning the Group, and a summary of the matters discussed during the Annual General Meeting is sent out in July. During the year, senior management presents the Group's policy to individual shareholders at meetings organised in the main French cities and towns (for example, in 2004 meetings were held in Nantes on 28 September and in Versailles on 13 October). Also, BNP Paribas representatives met and spoke with over 1,000 people at the "Actionaria" trade show held in Paris on 19 and 20 November 2004.

(1) Subject to alteration at a later date.

BNP Paribas Shareholders' Guide

The BNP Paribas Shareholders' Guide was designed to provide individual shareholders with full details on the share's performance and the Bank's achievements. Its main purpose is to give these investors a better idea and a deeper understanding of the economic environment, and the markets in which BNP Paribas operates. The Guide can be obtained on request from the Individual Shareholder Relations Department.



BNP PARIBAS PARIS, OPÉRA

In 1995, the "Cercle BNP Paribas" was set up for individual shareholders holding at least 200 shares. The Cercle currently counts 50,000 shareholder members. Three times a year, in alternation with the financial newsletter presenting full year and interim results, they receive "La Vie du Cercle", a publication inviting them to take part in artistic and cultural events with which BNP Paribas is associated, as well as training sessions. These include stock market seminars on warrants, financial research, etc., as well as "Managing your finances on the Internet" seminars, "Private asset management" courses and "Economic update" sessions organised by BNP Paribas teams specialised in the respective fields. In addition, the Bank regularly organises scientific conferences and visits to industrial sites. The seminars are held in Paris and the provinces, on weekdays and the weekend, to enable as many people as possible to attend. In 2004, 203 events were organised for 13,737 participants. Shareholders can obtain information about theses services by dialling a special toll free number (in France): 0 800 666 777. A telephone news service can also be accessed on the same number, offering a wide range of information to BNP Paribas shareholders, such as the share price and shareholders' events.

The **BNP Paribas website (http://invest.bnpparibas.com)** can be consulted in both French and English. It provides information on the Group in French and English, including press releases, key figures and details of significant developments. Annual and interim reports can also be viewed and downloaded. The latest share performance data and comparisons with major indexes are also obviously available on this website, as are webcasts of the Annual General Meeting. The website was revamped in 2004, in line with changes in investor requirements:

- The reworked site offers a new browser, clearer layout and easier access to the various areas of interest. The pages have also been organised in a more practical way, with current issues featuring more prominently;
- In addition, the Investors/Shareholders corner now includes all reports and presentations concerning the Bank's business and strategy, irrespective of the original target audience (individual shareholders, institutional investors, asset managers or financial analysts).

The website also has a section entitled "To be a shareholder" which was specifically designed with individual shareholders in mind, offering information tailored to their needs and details of proposed events.

Recent information about the BNP Paribas Group is also available on the French **Minitel service 3614 BNPACTION,** at a cost of EUR 0.057 per minute. Through this service, shareholders can ask questions, leave messages or order documents.

New

All publications compiled by the Bank's Economic Research unit can now be viewed at http://invest.bnpparibas.com.

Liaison committee

After its formation on 23 May 2000, the new BNP Paribas Group decided to create a Shareholder Liaison Committee to help the Group communicate better with its individual shareholders. At the Shareholders' Meeting which approved the BNP Paribas merger, the CEO of BNP Paribas kicked off the nomination process, which culminated in the naming of the Committee members at the end of 2000.

Headed by Michel Pébereau, the Committee includes ten shareholders, who are both geographically and socio-economically representative of the individual shareholder population, and two employees or former employees. Each member serves a three-year term. When their terms expire, announcements are published in the press and in the Group's various financial publications, inviting new candidates to come forward. Any shareholder can become a candidate.

The members of the Liaison Committee are as follows:
- Michel Pébereau, Chairman;
- Marie-Nathalie Rodrigues, resident of the Allier *département*;
- Patrick Ballu, resident of Reims;
- Jacques Begon, resident of the Loire *département*;
- André Brouhard, resident of Nice;
- Jean-Pierre Edrei, resident of the Paris area;
- Joseph Fauconnier, resident of Amboise;
- Jean-Baptiste Fernandez, resident of the Bouches-du-Rhône *département*;
- Marcel Grégoire, resident of the Jura *département*;
- Rémy Lauprêtre, resident of Le Havre;
- Michel Rolland, resident of the Haute-Garonne *département*;
- Roseline Labat, BNP Paribas employee;
- Jean-Marie Gabas, former BNP employee now retired.

In accordance with the Committee's Charter – the internal rules that all members have subscribed to – the Committee met twice in 2004, on 27 February and 15 October. Reports on these meetings were included in the shareholder newsletters. The main topics broached included:
- the periodical publications which provide information on the Group's achievements and strategy;
- BNP Paribas' participation in the "Actionaria" trade show. At this event, several Liaison Committee members explained the Committee's role to people who visited the Bank's stand;
- the 2003 Annual Report and separate section dedicated to sustainable development;
- the layout and main headings of the Shareholders' Guide;
- initiatives concerning preparations for the Annual General Meeting;
- changes to the BNP Paribas website.

SEL

Creating Ties through a Local Exchange Trading System

Marie-Odile L'Henoret

Member of a LETS network in France

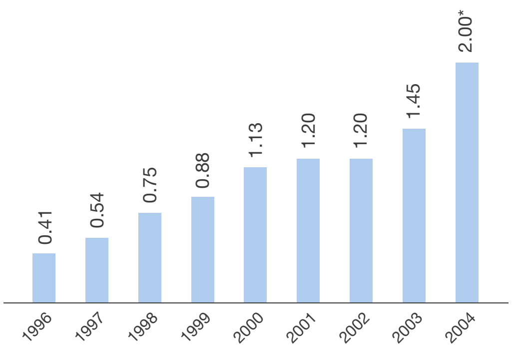
Client of BNP Paribas - Fontenay-aux-Roses, France

Can't decide what to make for dinner this evening? No need to worry if you are a member of one of the local exchange trading systems (LETS) that are springing up in local communities throughout France. Thanks to LETS, you can always find someone willing to share a recipe idea or make the recipe for you. In exchange, you can give Internet training to an older person or help bemused schoolchildren with their maths homework. *"In order to receive, you must first be ready to give. LETS is a system for matching needs with resources, but it can only work if there is a two-way exchange."* Each LETS is organised at the level of a community and trading is restricted to local residents. In Fontenay-aux-Roses and Bagneux, two towns in the Paris suburbs, sixty members exchange their services. The local currency is named the *"fontaine"*, and 60 fontaines equal an hour's work, regardless of the nature of the service provided. Thus if your recipe-maker spends two hours preparing dinner, your LETS account will be debited by 120 fontaines. *"To keep the system in check, no member is allowed to have a debit balance of more than 3,000 units."* But LETS are about much more than bookkeeping. *"Most people see the scheme as a way of becoming involved in the community and meeting new friends."* This philosophy is shared by all of the members of this grassroots network. LETS were pioneered in Canada in the 1980s and the movement spread to the Ariège region of South Western France, where the first LETS was set up in 1994. Nowadays, there are more than 350 LETS operating throughout France. In Fontenay, LETS members hold a monthly car boot sale and transactions are paid for in units of local currency. *"It is not always easy to know how many units to charge for a child's toy or a jumper that no longer fits. But we always strike a deal in the end."*

Dividend

At the 18 May 2005 Annual General Meeting, the Board of Directors will recommend a dividend of EUR 2 per share, an increase of 37.9% compared with the 2003 dividend. The dividend will be payable as from 30 May 2005, if approved at the Annual General Meeting.
The proposed distribution amounts to EUR 1,770.4 million, compared with EUR 1,310.2 million paid out in 2004.
The proposed payout rate is 37.9% [(1)].

Dividend growth (in euros per share)



The dividends for the years 1996 to 2000 have been adjusted for the two-for-one share-split carried out on 20 February 2002.
** Subject to approval at the 18 May 2005 Annual General Meeting.*

Timeframe for claiming dividends: after five years, any unclaimed dividends will be forfeited and paid to the French Treasury, in accordance with applicable legislation.

(1) Dividend recommended to the Annual General Meeting of 18 May 2005 expressed as a percentage of net income for the year.

BNP Paribas registered shares

Shares registered directly with BNP Paribas

The 21,350 shareholders whose shares were registered directly with BNP Paribas at 31 December 2004:
- automatically receive all documents regarding the Bank which are sent to shareholders;
- receive a copy of the Shareholders' Guide;
- are automatically entitled to use a toll free telephone number (0800 600 700) to place buy and sell orders;
- benefit from special, discounted brokerage fees;
- have access to "GIS Nomi" (http://gisnomi.bnpparibas.com), a fully secure dedicated web server in order to view their registered share accounts and account movements as well as place and track their trading orders;
- and as always, pay no custodial fees and are systematically invited to the General Meetings.

Registered shares held in an administered account

BNP Paribas is also extending its administered share account services to institutional shareholders. For institutional shareholders, this type of account combines the main benefits of holding shares in bearer form with those of holding registered shares:
- the shares can be sold at any time, through the shareholder's usual broker;
- the shareholder can have a single share account, backed by a cash account;
- the shareholder is systematically invited to attend and vote at General Meetings, without the invitation being sent through a third party;
- the block on the sale of the shares in the days leading up to the meeting does not apply and the shareholder can take part in the vote via the Internet.

Annual General Meeting

The last Annual General Meeting was held on 28 May 2004 on second call. All resolutions were approved by a comfortable majority. The text of the resolutions and the video of the meeting can be viewed on the BNP Paribas website, where the original live webcast took place.

The 2004 Annual General Meeting

was an additional opportunity for BNP Paribas to demonstrate its commitment to sustainable development. Ever since BNP Paribas was founded, at the General Meeting of 23 May 2000, the Group has sought to create solid, recurring value, acting as a mark of quality and testifying to its respect not only for "traditional" partners comprising shareholders, clients and employees, but also for the community at large.

It seemed appropriate that these principles be reflected in the Group's general meetings. That is why it was decided, in conjunction with the Shareholder Liaison Committee, to donate EUR 10 to Afev (*Association de la Fondation étudiante pour la ville*) for every attending investor. Afev is a voluntary student organisation which provides additional tutoring for children living in disadvantaged urban areas. A total of EUR 12,120 was collected. A report on how the funds were used will be given at the Annual General Meeting on 18 May 2005.

The procedures for BNP Paribas' General Meetings are defined in Article 18 of the Bank's Articles of Association.

The Board of Directors calls an Ordinary General Meeting at least once a year to vote on the agenda set by the Board.

The Board may call Extraordinary General Meetings for the purpose of amending the Articles of Association, and especially to increase the Bank's share capital. Resolutions are adopted by a two-thirds majority of shareholders present or represented.

Ordinary and Extraordinary General Meetings may be called in a single notice of meeting and held on the same date. BNP Paribas will hold its Annual and Extraordinary General Meetings on 18 May 2005, on second call.

Notice of Meetings

- Holders of registered shares are notified by post. The notice of meeting contains the agenda, the draft resolutions and a postal voting form;
- Holders of bearer shares are notified via announcements in the press;
  In addition to legal requirements, BNP Paribas sends:
  - notices of meetings and a postal voting form for shareholders who own over a certain number of shares (set at 300 shares in 2004);
  - information letters concerning attendance procedures. In 2004, these were sent to all holders of at least 200 bearer shares.

Disclosure thresholds

In addition to the legal thresholds, and in accordance with Article 5 of the Bank's Articles of Association, any shareholder, whether acting alone or in concert, who comes to hold directly or indirectly at least 0.5% of the capital or voting rights of BNP Paribas, or any multiple of that percentage up to 5%, is required to notify BNP Paribas by registered letter with return receipt.

Once the 5% threshold is reached, shareholders are required to disclose any increase in their interest representing a multiple of 1% of the capital or voting rights of BNP Paribas.

The disclosures provided for in the above two paragraphs are also required in cases where a shareholder's interest falls below any of the above thresholds.

In the case of failure to comply with these disclosure requirements, the undisclosed shares will be stripped of voting rights at the request of one or more shareholders who hold a combined interest of at least 2% of the capital or voting rights of BNP Paribas.

Attendance at Meetings

Any holder of shares may gain admittance to Annual and Extraordinary General Meetings, provided that the shares have been recorded in their accounts for at least one day. Holders of bearer shares must in addition present an entry card or certificate indicating that ownership of their shares has been temporarily frozen.

Voting

Shareholders who are unable to attend a General Meeting may complete and return to BNP Paribas the postal voting form/proxy enclosed with the notice of meeting. This document enables them to either:
- vote by mail;
- give proxy to their spouse or another shareholder;
- give proxy to the Chairman of the meeting or indicate no proxy.

Shareholders or their proxies present at the meeting are given the necessary equipment to cast their votes. Since the General Meeting of 13 May 1998, BNP Paribas has used an electronic voting system.

Since the meeting of 28 May 2004,

the Bank has also set up a specific Internet server which shareholders can now use to transmit the documents required prior to Annual General Meetings: http://gisproxy.bnpparibas.com.

Knowledge Learning Corporation

Supplementary Learning Programs for Young Americans

Thomas Heymann
Chairman and CEO
Knowledge Learning Corporation - Client of BNP Paribas - Portland, Oregon

The American company Knowledge Learning Corporation (KLC) has been providing a comprehensive approach to early learning and after-school care by creating educational programs for children of pre-school age. Indeed, education can start very young – from as early as six weeks old, a baby can participate in programs designed by KLC, the undisputed leader in this domain. *"Our goal is to continuously improve the quality of service and the educational programs we deliver to more than 200,000 children throughout the country."* Having recently merged with KinderCare Learning Centers, another private early childhood education company, KLC is able to count on a network of nearly 2,000 centers located in 39 states throughout the US (plus Washington DC) to secure the success of its mission. KLC also offers educational programs actually delivered inside public schools – these take place either before or after normal classes and directly complement the curriculum set by the local board of education. In addition to this, the organization encourages the constant exchange of ideas – *"We collaborate with parents, the education community, children's advocates, and government leaders to benefit our families and children, our employees and our shareholders."*

HUMAN RESOURCES DEVELOPMENT

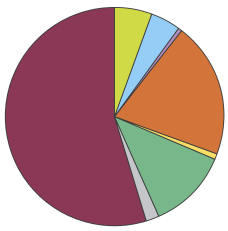
Workforce expansion in line with the group's development (1)

As of 31 December 2004, the Group managed a total of 99,433 full time equivalent employees (FTEs), representing an increase of 5,925 compared with 2003. Changes in the Group's structure accounted for the bulk of the rise in the number of employees.

The Group's workforce breaks down as follows:

• by geographical area

- Africa 5.6%
- Asia 4.6%
- Oceania 0.4%
- Europe 20.2%
- Middle East 0.7%
- North America 11.9%
- South America 1.9%
- France 54.7%

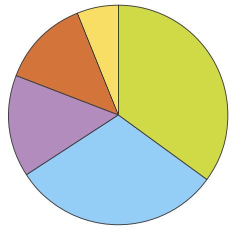


	2003	2004
France	53,111	54,363
Europe	18,148	20,083
North America	9,713	11,874
Africa	5,418	5,526
Asia	4,403	4,534
South America	1,715	1,923
Middle East	665	742
Oceania	335	388

The overall portion of the workforce managed outside France is growing at a steady pace:
2002 .... 40%
2003 .... 41%
2004 .... 45%

• by business

- IRFS 35%
- FRB 31%
- AMS 15%
- CIB 13%
- Functions and Other Activities 6%



	2003	2004
IRFS	31,943	34,668
FRB	30,494	31,128
AMS	12,543	14,748
CIB	12,666	12,575
Functions and Other Activities	5,862	6,314

The number of staff working in Corporate and Investment Banking remained stable. The overall increase in staff numbers was driven by growth in other businesses.

Asset Management and Services expanded significantly outside France, especially in the insurance and real estate sectors with the acquisition of Atis Real (+ 1,493 people).

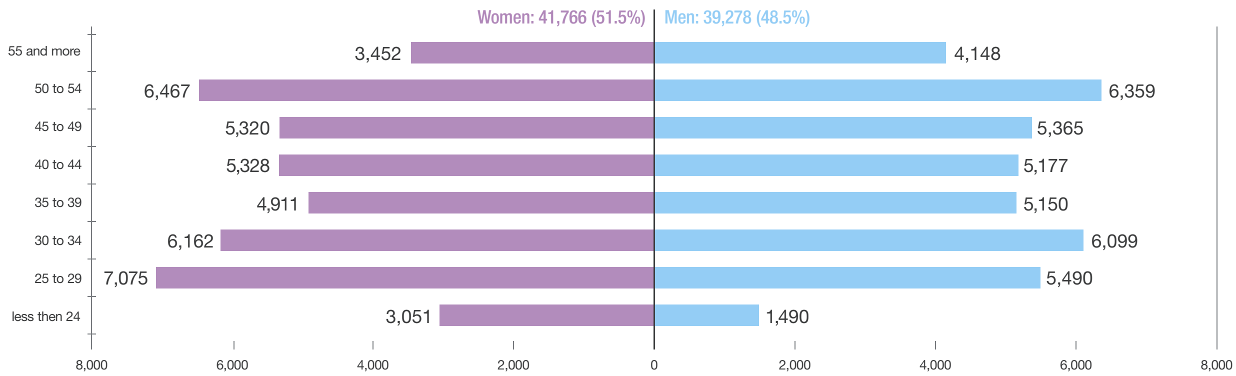
The increase in staff working in International Retail Banking and Financial Services primarily reflected sustained growth in Cetelem's international operations and BancWest in the United States, following the acquisition of Community First Bankshares and Union Safe Deposit Bank (+ 1,950 people).

The rise in employee numbers in French Retail Banking was due to the strengthening of the division's sales forces.

(1) For human resources growth data, this analysis takes into account all FTE staff managed by BNP Paribas as opposed to the consolidated workforce, which is limited to staff working for fully or proportionally consolidated entities calculated pro rata to the percentage consolidation of the subsidiaries concerned:

Full-time equivalents	***2002***	***2003***	***2004***
Consolidated workforce	*87,685*	*89,071*	*94,892*
Managed workforce	*92,488*	*93,508*	*99,433*

Age pyramid (December 2004) [1]



(1) The Group's age pyramid is based on data reported by the individual companies in the Group's global database, which currently represent 80% of the managed workforce.

Staff turnover

Overall staff turnover figures were stable in 2004 but the picture was significantly different from region to region. As in previous years, turnover was higher in North America and Asia, the regions with the strongest growth rates and the fastest moving employment markets.

The effects of staff turnover combined with external growth engenders regular renewal of the Group's teams: 35% of the workforce has been with BNP Paribas for less than five years.

Employee diversity

Respect for people and cultural sensitivity represent two of BNP Paribas' founding principles. The Group has continued to take steps aimed at creating international teams, promoting employee diversity and preventing all forms of discrimination.

An international workforce

By employing local people, BNP Paribas directly contributes to the development of the countries in which it operates and therefore is naturally integrated into the different cultures and communities concerned. The Group also takes steps to ensure that local employees gain access to senior positions within its subsidiaries and branches and intentionally restricts the number of expatriate posts.

Positions occupied by expatriate staff, of which 22% are held by non-French employees, primarily concern the global business lines of the Corporate and Investment Banking Division, and are predominantly located in major international financial centres such as New York, London, Tokyo, Hong Kong and Singapore.

(in %)	France	Europe	North America	South America	Asia	Oceania	Africa
Percentage of staff employed locally	99.85	97.25	98.53	98.14	94.80	97.85	98.54

At Group level, almost half of all key international posts are already held by non-French employees.

Human rights

With a presence in 85 countries BNP Paribas operates in a variety of political and regulatory environments. This means that the Group must take particular care to ensure respect for the principles of the Global Compact programme, of which BNP Paribas is a member. BNP Paribas has minimal exposure in relation to the 25 countries deemed as high-risk in recent publications compiled by the relevant authorities: the Group is present in only 9 such countries and staff there represent less than 1% of total global headcount. In the most risk-exposed countries, where human rights regulations are often very lax, local human resources departments apply Group rules to all employee management procedures.

Professional equality

Female employees now represent the majority of the Group's workforce. Growth in the total proportion of female employees is expected to continue in the coming years since there is a higher number of women in the lower age groups of the Bank's workforce:

Female employees as a percentage of total workforce

(in %)	2002	2003	2004
	48.4	50.7	51.5

In addition to the unprompted rise in the proportion of female employees, the Bank has actively taken measures to ensure that a greater portion of women has access to executive positions. As a result, the number of senior management posts currently occupied by women has risen to over 20%, representing an increase of five percentage points over the last three years.

This policy was taken one step further in April 2004 when BNP Paribas SA France signed a unanimous agreement with five national trade unions, setting out the applicable principles to ensure equal opportunities and treatment on all rungs of the career ladder. An analysis was carried out at the time of the agreement's signature relating to the levels of remuneration awarded to male and female employees, with comparisons based on equivalent posts, grades, and lengths of service. No significant differences between male and female remuneration for equivalent positions were identified. The agreement was subsequently endorsed by the Orse (France's corporate social responsibility watchdog), which placed it in the register of innovative practices in the field of professional equality compiled at the request of the French governmental department for professional equality.

Combating discrimination

BNP Paribas' human resources management rules, which are applicable to all Group entities, prohibit discrimination of any kind and focus on the assessment of individual performances, skills, behaviour and potential. In countries where legislation allows for positive discrimination, local branches and subsidiaries scrupulously adhere to the applicable law and regulations. In all other countries, Group rules apply.

In France, BNP Paribas is involved in a programme adopted by some companies in partnership with two organisations that aim to promote the employment of graduates from visible minorities and to combat discrimination during the recruitment process. In connection with this initiative, the Group regularly posts job vacancies on the website of these organisations.

Management rules that reflect the group's commitment

By effectively transposing into performance assessment criteria the core values and management principles defined by senior management shortly after the Group's formation, BNP Paribas has been able to provide a consistent basis for appraising employee performance and attitudes around the world.

The initiatives undertaken in the area of strategic human resources management are knit together by an integrated policy framework based on the Human Resources Department's Responsibilities Charter. By firmly putting the Group's commitment into words, these guidelines provide a framework for the socially responsible management of its employees.

The Group Human Resources directives manual describes the main roles and responsibilities of the Group's HR managers. The more detailed practice guide sets out pragmatic procedures for applying these directives on a day-to-day basis. In addition, the Group's procedures require formal documentation for certain HR-related actions, and the audit methodology distributed to audit managers by the Group's General Inspection Department also takes into account these HR guidelines.

All employees can access the Human Resources Department's Responsibilities Charter and directives manual via the Group Intranet. The across-the-board application of these Group guidelines simplifies decision-making channels and promotes local management involvement by stepping up the responsibilities of the various divisions, subsidiaries and countries. This new local-level responsibility structure began in earnest in 2004.

Quantitative and qualitative workforce adaptation

The businesses operated outside France by Asset Management and Services, International Retail Banking and Financial Services, and Corporate and Investment Banking typically draw on a younger workforce. The French Retail Banking business, however, is faced with the sizeable challenge of the predicted demographic changes to come. This issue has been factored into the Group's employment policy for a number of years.

The aims of the policy are three-fold:
- to regularly and pro-actively manage the decline in the number of posts due to IT developments and organisational changes;
- to offer opportunities and retraining to employees whose positions are eliminated;
- to provide the flexibility required to maintain high recruiting momentum and ensure effective succession management.

Succession management needs are assessed on the basis of forward-looking studies of future employee requirements, which have been conducted since the early-1990s. With these needs in mind, the Group has implemented a series of Employment Adaptation Plans aimed at accelerating natural attrition and leaving scope for the recruitment of a sufficient number of staff to efficiently refresh the age pyramid within the Group.

As in previous years, the Employment Adaptation Plan implemented in 2004 included several types of measures:
- **Internal redeployment:** the Bank systematically favours the internal redeployment of employees whose positions have been eliminated. Employees involved in redeployment programmes are provided with specific assistance in terms of mobility and retraining.

– the Group offers help in drawing up a personal development profile, provides information on available posts, and gives financial assistance in the case of relocations.

• **Support for voluntary departures:** measures aimed at encouraging voluntary departures may be applied to eligible employees, subject to approval by the relevant Human Resources managers.

Voluntary departures can be authorised for professional projects, business creation schemes or early retirement, subject to certain restrictions, including age thresholds and length of service.

The appropriateness of the Group's employment strategy has been borne out by simulations based on future numbers of retirees. By keeping recruitment at a high level and ensuring efficient long-term succession management, BNP Paribas should be able to forestall the effects of the demographic changes expected in the future.

Recruitment

Worldwide, the Group took on 7,488 new permanent employees in 2004. In France, the impact of the Employment Adaptation Plan and measures implemented to strengthen Retail Banking sales teams led to almost 3,200 new hires. This significant increase on the 2003 level meant that BNP Paribas was once again one of France's largest recruiters.

In order to maintain high-quality levels in recruitment and to meet the specific needs of the Group's businesses, hiring in France has remained predominantly centralised. This organisation allows the Group to maintain professional standards within its teams, to guarantee employee independence and to ensure that staff members comply with the codes of conduct required in each of the businesses.
At end-2004 the Group had created more than 700 new remote advisory services positions at the three platforms set up in France. These client advisors were recruited on permanent contracts with a view to developing their careers within the French Retail Banking Division. These positions can therefore be used as a springboard to a career with the Bank, particularly within the branch network.

The Group receives two thirds of all job applications via its Internet recruitment site. The success of this medium prompted the Group to organise a chat room with the Head of Group Human Resources responding in real time to questions posed by prospective candidates. In an Internet satisfaction survey carried out subsequently, 76% of users felt that the initiative was a success.

BNP Paribas creates 150 new jobs in Marcq-en-Barœul

On 30 November 2004, BNP Paribas' Chairman, Michel Pébereau, officially inaugurated the new Client Relations Centre in Marcq-en-Barœul. Following on the heels of Paris-Tolbiac and Orléans-Saran, this is the third centre set up by BNP Paribas in the last three years. This latest platform will lead to the creation of 150 new jobs in the Lille region.

A group-wide approach to career management

Performance appraisal

The management of employees' individual careers is organised in such a way as to ensure that succession plans are regularly updated.

As the system relies extensively on feedback from employee evaluations, managers have annual performance appraisals based on a Group-wide procedure. A performance appraisal guide is available on the Group's Intranet.

Career mobility

Internal recruitment has been boosted by the posting of vacancies on the Intranet site *Opportunités Carrières*, which is accessible by all employees working in France.

In Retail Banking, measures to assist employee mobility – including assistance with relocation for employees and their families – were reviewed and rounded out in 2004. The Bank's expatriation guide was also updated.

BNP Paribas awarded the 2004 Expatriation Trophy

At the 16th Avenir Export – Avenir Expat international trade and mobility fair held in Paris in May, BNP Paribas was awarded the Expatriation Trophy. This trophy is awarded to the company that is judged to have the most innovative policy for assisting expatriate employees. The 12-member jury consists of specialists in international business, international law, human resources and social welfare.

Remuneration

Remuneration levels are set in each country in accordance with a fair and objective system based on specific parameters including function, level of expertise and responsibility.
With the assistance of external consultants, almost 3,500 positions have been analysed and compared against external benchmarks.

Employee benefits and welfare

The Group has a long-standing employee benefit policy aimed at providing a high level of protection to its employees.

In 2004, BNP Paribas worked on harmonising its overall employee benefit procedures, particularly outside France, with the aim of ensuring greater consistency between the different local systems. Following this review, in a large number of countries defined benefit plans still in force were converted into defined contribution plans. In France, in line with new accounting standards, BNP Paribas implemented a number of specific measures in relation to the employee health insurance plan (*Mutuelle du Groupe* BNP Paribas) and pension plans which had already been closed. In addition, further to the success of the flexible personal risk plan in place within the parent company, BNP Paribas made the system available to all of the Group's subsidiaries.

For its Retail Banking operations in sub-Saharan Africa, BNP Paribas is taking all the steps within its power to improve the welfare protection of its local employees and their families. Employees in this area are provided with health insurance plans which cover the cost of medical consultations and hospitalisation for both themselves and their families.

Employee share ownership

Proceeds from the 2004 worldwide employee rights issue totalled EUR 223 million, with 49,918 employees and eligible retirees subscribing to the issue. The take-up rates of 52% in 2004 and 46% in 2003 were particularly high in view of the five-year minimum holding period applicable to the shares purchased.

A new fund has been added to the Group's Corporate Savings Plan, selected from BNP Paribas Asset Management's socially responsible investment offering.

In addition to amounts derived from profit-sharing, incentive plans and matching contributions from BNP Paribas SA and its subsidiaries, voluntary subscriptions are the main source of financing for employee share issues. This testifies to the success of the Bank's policy of encouraging employee share ownership. At 31 December 2004, some 70,000 BNP Paribas employees and former employees held total assets of EUR 2.2 billion through employee savings plans.

Promoting employee share ownership

The *Fédération de l'actionnariat salarié* (Employee Share Ownership Association) gave BNP Paribas the 4th-highest ranking out of the Cac 40 companies for employee share ownership schemes. The Group obtained top marks for the promotion of employee share ownership, shareholder communication and the functioning of its corporate savings plan.

Ongoing skills development

Skills building for employees of all ages

Training programmes are reviewed annually based on the needs expressed by the Bank's operating units. This enables managers to select training modules adapted to the skills development requirements of their teams.

The Group has a new online training management tool which enables training managers to assess needs, design an appropriate training plan and then monitor its implementation. Employees can also consult the catalogue of available training modules.

Due to their versatility and availability, online training modules make up an important part of the Group's overall training offering. English and French versions of an e-learning programme designed to help managers prepare for professional appraisals were launched in several different countries (Switzerland, Canada and Australia) and subsidiaries in 2004, with a general roll-out planned for 2005.

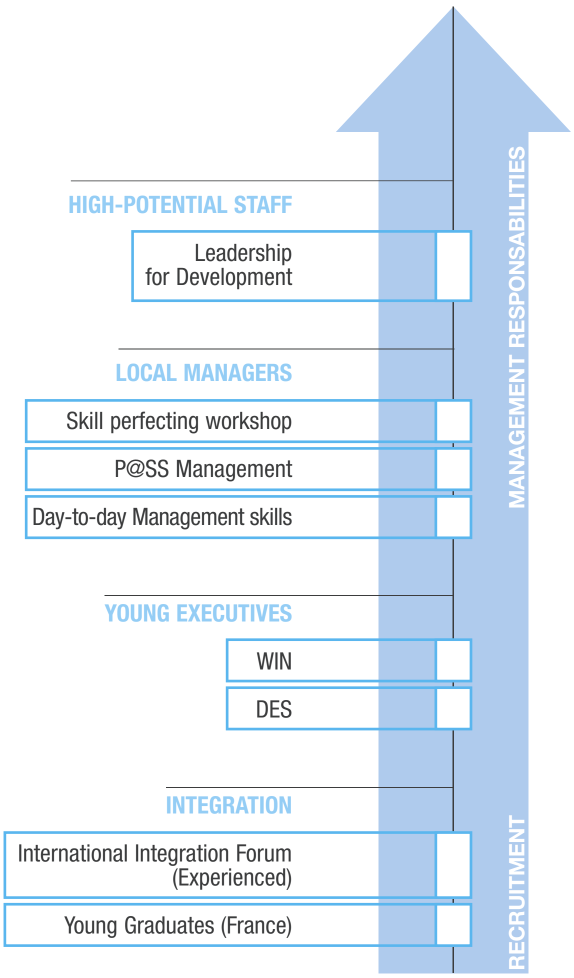
More than 21,000 employees attended training sessions at the Group training centre in Louveciennes. The number of training programmes rose by 8.58% compared with 2003 and the number of trainees by 2.53%.

Promoting corporate culture and change acceptance

The Group's training teams constantly develop and update BNP Paribas' suite of management training modules.

Management and Integration Programmes

More than 2,000 participants every year.



In 2004, the Group set up a new seminar designed for postgraduate students to run alongside the existing Worldwide Integration Network (WIN), which is aimed at young international managers. The Group also designed a new seminar in 2004, called Leadership for Development, targeted at high potential managers. The course shows participants how to implement an individual career development plan in conjunction with their HR manager and direct line manager.

The Group now offers a comprehensive range of management seminars which are held at the BNP Paribas campus in Louveciennes. Each year, the seminars are attended by more than 2,000 employees from all business lines and regions.

BNP Paribas also encourages its employees to share and impart knowledge by partnering with academic institutions. A number of managers and experts in a variety of fields contribute to courses run by universities and professional training institutions.

Constructive employer-employee relations

The Commission on Employment Law – BNP Paribas SA's labour information and negotiation body – met on 29 occasions in 2004 and negotiated the signing of 17 company agreements relating to a wide variety of subjects including salaries, social welfare, male-female equality in the workplace and training.

The Group also holds discussions with employee representative bodies that are more familiar with the situation at ground level. A network of 104 local works councils enables issues to be handled at the appropriate level.

Lastly, the Group also has a works council made up of 25 representatives from the French subsidiaries, and a European Works Council, which was expanded in 2004 to include representatives from the 25 countries in the new enlarged European Union.

Optimal and safe working conditions

A variety of working hours structures

BNP Paribas SA offers its employees a wide range of possibilities in terms of working hours. More than 12% of its employees has opted for one of these formulas. In addition, 21% of employees have Time Savings Accounts which they can use to "save" additional time worked for time off at a later date.

Health in the workplace: support and prevention

Promoting occupational health and work safety is a key concern for the Group.

Any employee can call on an employee support representative for advice and guidance, or to talk about any problems they may have. These representatives are professionally bound not to divulge information discussed in meetings with employees but the alarm may be raised in individual situations that give cause for concern.

BNP Paribas has also set up a number of its own initiatives which go beyond the statutory requirements. The Group offers cardiovascular risk screening, monitoring of vaccinations, help with giving up smoking, training in first-aid and, in partnership with the Paris accident and emergency services, prevention and monitoring of post-traumatic stress for staff who have suffered or witnessed an attack.

With a view to preventing risks through the improvement of working conditions the Group also pays attention to areas such as ergonomics, lighting and office sanitation. The advice of the medical department is systematically taken on board before equipment is brought into the workplace and the specifications accompanying invitations for tender for IT equipment always take into account medical recommendations.

At the same time, steps have been taken to promote health and safety at work for expatriate workers. These initiatives include the establishment of health reviews adapted according to age group and to the specific health risks of the countries concerned. For example, personalised information on SARS has been sent to employees originating from, or working in, Asia.

BNP Paribas is a member of the Sida Entreprise Association (a business-funded association focused on Aids). The aim of this association is for French investors in Africa to help resolve ongoing issues of prevention and lack of access to treatments, problems that remain prevalent despite the financial aid that has been injected into the countries suffering from the Aids pandemic. BNP Paribas actively supports the platforms set up in Gabon and Burkina Faso in 2004.

Encouraging communication and feedback

The role of Intranet in internal communications

The Group's internal communications publications – the quarterly magazine Ambitions and weekly electronic newsletter Flash Group – are sent to more than 90% of the Group's employees in both English and French, and continue to represent a resounding success. These two publications are rounded out by specific internal communication tools adapted to each business or function, which allow for a more targeted message.

The publications are used to promote awareness of social and environmental responsibilities across all business lines.

At the beginning of 2004 access to the B2E portal was expanded. This personalised work environment is now available in a number of versions, in French or English, and gives employees access to relevant and structured information which is tailored to their business line, geographic location and/or subsidiary. Aside from the various pages that are available for employees to view, peer support groups have been established to encourage staff to learn and exchange information specific to their business and therefore build group-wide relationships.

Regular employee surveys

As part of an overarching management monitoring plan, BNP Paribas SA has conducted employee surveys on a regular basis since the 1990s. These surveys enable the Group to gauge general morale within its main entities and the information is passed onto unit heads to help them to orientate their management strategies.

The survey carried out in early 2004 revealed that the level of employee satisfaction and motivation in France is significantly greater than the general national average, as measured over the same period by independent research institutes.

Encouraging employee suggestions

The structure used to integrate the suggestions of staff working for BNP Paribas SA is called *Étincelle*. Under this organisation, local committees approve proposals which are applicable at the local level, and a national team reviews and validates proposals that have a possible bearing on the organisation or IT applications of the Group as a whole.

2004 saw a rise in the number of suggestions put forward, thanks to contributions made by staff at the recently created Client Relationship Centres. Proposals receiving the highest bonuses in France – those that apply on a national level – are also on the rise, reflecting the quality of the proposals being made.

Partnering employees involved in charitable work

The BNP Paribas Foundation, the Group's vehicle for corporate patronage, develops partnerships in cultural, medical and humanitarian areas. While the Group does not seek to steer the commitments of its employees, it is eager to offer support to employees involved in charitable projects through a grants programme run by the Foundation, called *Coup de Pouce au Personnel*.

As in 2003, requests for grants in 2004 centred on the theme of underprivileged children. Assistance took the form of donations of IT equipment and vehicles adapted for young disabled people, as well as help with event organisation.

In France, thanks to the efforts of its employees, the Group was one of the largest contributors to the "Christmas Meal Voucher Appeal" launched by the *Restos du Cœur* association.

Stock market and finance industry telethon

BNP Paribas held on to its position as no. 1 contributor to the stock market and finance industry telethon in 2004, with 375 runners representing BNP Paribas out of a total of 1,282. Group employees completed 9,229 circuits of the Bourse in Paris out of a total of 31,671 circuits run in relay over a 24-hour period. This impressive achievement raised a total of EUR 450,000.

RELATIONS WITH CLIENTS

Listening to our clients

Anticipating client expectations

BNP Paribas created a consumer surveys unit in early 2004 to bring together in a network the various Group entities specialised in market studies on Retail Banking and Specialised Financial Services, in the fields of housing, consumer spending (with the annual Cetelem "Observer" publication) and the car industry (with the monitoring of the corporate fleet market by Arval Service Lease).

This new structure should offer synergies leading to a better understanding of the different consumer profiles and retail channels, and to more accurate measurement of levels of satisfaction. It will be possible to devise advanced indicators on changes in consumer behaviour and purchasing cycles across several markets, boosting the Group's ability to update its products and services offerings with targeted innovations.

Measuring satisfaction

Several new systems were set up in 2004 to assess the satisfaction of the six million clients of French Retail Banking.

Surveys were designed in order to measure the quality of service perceived by clients following the launch of recent systems, such as the Client Relationship Centres and the Corporate Business Centres.

In addition, the annual individual client satisfaction barometer was separated out by operating entity, so that each one can use the responses of some 50,000 clients as a tool for local-level improvement. Local managers can thus adjust their coaching of sales teams based on new indicators.

Knowing our clients

In 2004, the Group completed the roll-out of processes designed to focus all of its capabilities on developing personalised relationships with each of its customer segments, such as Multichannel Retail Banking and the network of Business Centres in France and the Coverage global business.
When the Group enters into a relationship with a new client, it has a special opportunity to get to know that client's circumstances, needs and expectations; it also has a definite responsibility, in terms of ethics and compliance, to identify the type of products and services that this client should be offered, based on the person's wishes and appetite for risk.

Towards this end, more stringent procedures were implemented for new clients in Corporate and Investment Banking, with the guidance of ethics and compliance specialists in the division and its businesses, to ensure full compliance with stricter legal requirements that came into force in 2004.

Similarly, Cetelem decided to launch an advertising campaign in which it proclaimed its determination to develop consumer credit while fighting overindebtedness.

Cetelem: building trust in credit

Cetelem uses advanced client rating techniques, and in its recent advertising campaign the company boldly decided to discuss its growth objectives as well as its ability to say "no". By rejecting 30% of the applications it receives, Cetelem protects those who would clearly not be able to pay back their loan.
This healthy selectiveness maintains the quality of the company's risks, reflected in the fact that 98% of its loans are repaid in full. *"No one is more directly concerned by the issue of overindebtedness than Cetelem and we want to be a responsible economic agent",* declared the company's Chairman as part of this campaign, which garnered considerable media attention.

PETROBRAS

A Shining Example of Public and Private Sectors Working Hand in Hand on Geochemistry

Luiz Antonio Freitas Trindade
Head of Geochemistry
Petrobras - Client of BNP Paribas - Rio de Janeiro

In some countries in the world, theory and practice are not sworn enemies – they go hand in hand. Why should it be necessary to forego one or the other when one can have the best of both? This is just what Petrobras, the Brazilian oil giant, had in mind when it joined forces with the Federal University of Rio de Janeiro in 1997 to create Cegeq *(Centro de Excelência em Geoquímica* – Centre of Excellence in Geochemistry). Cegeq is an ultra-efficient public-private network which aims to *"develop and apply new methods and techniques in Petroleum Geochemistry and to teach talented students and young professionals who wish to follow a career as scientists in this field"*. Given the vast spectrum of subjects covered by the geochemistry discipline – from physics to environmental science – Cegeq members have a mountain of pure or applied research areas or dissertation subjects to chose from. But whatever their passion, they have the reassurance of knowing that they are working with experts – both university professors and professionals working for Petrobras. And the benefits are clear to all concerned – Petrobras can see through to completion projects *"which could not be carried out due to lack of time"* while the university is able to send its best students to the oil company, or guarantee them the company's assistance on research projects. As a result, *"several fundamental and theoretical improvements have been achieved"*, for example in the statistical treatment of geochemical databases.

Quality programme

A loyalty-building lever

Studies show that there is a strong correlation between clients' perception of service quality and their loyalty – the latter being a major component of a profitable relationship in Retail Banking. Enhancing quality therefore naturally fits into the Group's strategy and provides a framework for its sales initiatives.

Integration with management

In 2004, employees' annual evaluations included two new criteria measuring each person's contribution to this satisfaction-raising process.

Similarly, two new indicators were introduced for measuring the sales performance of Retail Banking entities: individual client satisfaction, measured at the local level, and client loyalty. These steps reflect the Group's determination to make quality assurance a practical ingredient in the management of its sales performance.

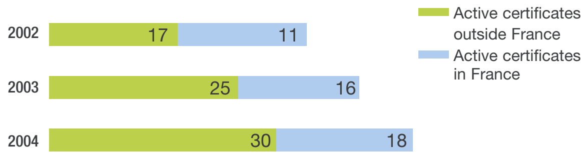
For the purpose of raising quality, some processes have been reorganised "from end to end", in order to streamline processing and improve both reliability and treatment time. This overhaul, which relies on workflow software that coordinates the work of multiple players, often involves centralising capabilities into dedicated centres of expertise that can handle client requests. The treatment of successions and the management of individual mortgage loans were reorganised along these lines within French Retail Banking in 2004.

An extensive search for certification

The constantly renewed search for customer satisfaction has led to upgrading approaches to sales and process management, and also to seeking out the most relevant external certification for the business concerned.

Thus the number of ISO-certified French operations expanded within Cetelem, Cortal Consors, BNP Paribas Partners for Innovations, as well as at Cardif locations outside France in 2004.

With 48 active certificates evenly spread across its core businesses at the end of 2004, BNP Paribas is one of the banks that have taken the ISO 2001 process the furthest.



French Private Banking's discretionary asset management operations were granted an unqualified ISO 2001 certification, a rare accomplishment seen in only 10% of certifications.

BNP Paribas Factor, the Group's factoring subsidiary, also received exceptional certification in 2004, because its scope encompassed all of the company's operations. This quality mark was achieved thanks to a determined collective effort by BNP Paribas Factor teams.

Further, the Group Information Systems (GIS) function obtained several certifications under the Capability Maturity Model (CMM).

GIS Software Engineering Department certified under Capability Maturity Model level 2

Following the development of Atlas in February 2004, all GIS Software Engineering and Development Departments were granted CMM level 2 certification in December 2004.

The CMM model is the international benchmark for process quality in IT development and maintenance. This was one of the first times in Europe that an entity of this size obtained this level of certification.

Dialogue with consumers

Additional resources for better dialogue

To further the work of the experts in the Quality and Consumer Relations Department, French Retail Banking also built a network of over 100 consumer relations managers. These local correspondents available in each grouping of branches were given a specific 3-day training session. They follow documented processes and use specialised assistance and reporting software, integrated into the Group Intranet that allows them to directly answer the majority of questions asked.

Constructive dialogue

The team of experts maintains a constructive dialogue with the main consumer rights groups, such as Adeic, an association dedicated to defending, educating and informing consumers. The team contributes actively to the work of various advisory bodies, such as the Advisory Committee on credit and securities or the National Council on consumer issues.

Thanks to these constant exchanges, it is often possible to avoid misunderstandings and to anticipate changes in regulations.

As an example, the issue of banking fees was publicly debated in 2004 – the French government stepped in, consumer rights groups played a much more prominent role than previously and the media dealt with the issue at length. BNP Paribas found itself in the position of being a forerunner for the advocated changes:

BNP Paribas, a forerunner in the area of fair banking fees

- **Clarity:** a standardised format for presenting banking fees
- **Transparency:** terms of account agreements and rates publicised
- **True competition:** no account closing fees
- **Elimination of excessive fees:** ceiling set on penalties for bounced checks

The Mediator's role

BNP Paribas charter of banking mediation goes beyond the legal requirements set by the Murcef Act of 11 December 2001 and the industry standards defined in the French Banking Federation Charter. BNP Paribas charter specifies that the Mediator's opinions are binding upon the Bank and that any deadlines are extended for the duration of the mediation process; it also details the ethical rules applicable to the Mediator's work and the different steps in the mediation process.

Against a backdrop of public debates on banking fees in 2004, most retail banking networks saw an increase in complaints. However, BNP Paribas SA's number of client complaints was virtually unchanged (down 0.34%) from the previous year.

Of the 2,609 complaints received, 1,411 qualified for mediation. Of the latter, 947 were resolved locally and 464, including 9 filed by consumer rights groups, were reviewed by the Mediator and gave rise to an opinion.

Thanks to the higher professional standard that has been brought to the quality assurance and consumer relations process, an appropriate response can be provided to dissatisfied clients asking to be heard and to have their issue competently resolved. Procedures for handling these complaints aim to seize these opportunities for direct contact and redefine and strengthen the relationship with dissatisfied clients.

Looking after the specific needs of each client category

Partnering entrepreneurs

With more than 75,000 recently created companies among its clients and 45,000 accounts opened each year by entrepreneurs and professionals, BNP Paribas is firmly committed to helping those who have the will and the skills to bring to completion their vision of starting a business. BNP Paribas currently has over 20,000 outstanding investment loans to small and recently established companies, representing a total of over EUR 2 billion.

BNP Paribas makes its know-how and appropriate technical capabilities available to help entrepreneurs finance and launch their project. A certain number of partnerships provide further assistance.

In 2004, BNP Paribas joined forces with the Chambers of Commerce and Industry (CCI) network to set up *Entreprendre en France* (CCIEF - Creating your own Business in France), a support mechanism that helps entrepreneurs clear administrative hurdles in setting up their business.

Similarly, BNP Paribas is the only bank that is partnering the French association of chartered accountants in organising the Cré'Acc competition and award that supports innovative new businesses. Following a successful beginning in the Paris area, this competition was extended to all of France in 2004.

BNP Paribas is one of the banking partners entrusted with granting the business creation loan launched by the Ministry of Finance. The Group also takes part in forums and events such as the entrepreneurs' fair, the *Espoirs de l'économie* competition, the *Planète PME* fair for SMEs or the micro-companies' fair, giving advice to entrepreneurs.

Making sales facilities and services accessible to all

Going beyond applicable regulatory requirements, BNP Paribas has taken measures to facilitate access to its branches and ATMs by disabled persons. A methodological guide on accessibility was produced with the help of a specialised consulting firm and was distributed to all persons involved in the interior design of sales facilities and the installation of ATMs.

Particular care was devoted to the design of ATMs to make them easier to use:
- keyboard keys are raised to make it easier for the visually impaired to locate them;
- a raised dot on the "5" key clarifies the position of all keys;
- function keys are in colour and have a raised icon;
- in more than 1,000 ATMs, the displays on the card input slot as well as the banknotes and receipt distribution slits are in both text and Braille.

To facilitate access to the Group's websites to persons with visual or motor impairments, the recommendations of the Word Accessibility Initiative (WAI) have been integrated into site design and development under the leadership of the Group ergonomics expert within GIS.

Since March 2004, BNP Paribas's recruitment sites (www.recrutement.bnpparibas.com and www.careers.bnpparibas.com) meet the level 1 compliance standard for accessibility defined by the World Wide Web Consortium (W3C).

Promoting socially responsible investment

Increasingly aware investors

Investors are more and more concerned about the social and environmental responsibility of companies and wish to be able to assess the potential impact of such issues on the performance of their investments. Because BNP Paribas Asset Management seeks to promote the long-term value of its investments, it has developed recognised expertise in this area and offers a complete range of products that systematically take into account considerations related to sustainable development and corporate governance.

Analysis based on non-financial criteria

BNP Paribas Asset Management carries out in-depth research to identify potential sources of value creation or destruction by encompassing issues of corporate governance and corporate social and environmental responsibility. This non-financial analysis rounds out standard financial analysis by shining a light on how companies handle the issues related to sustainable development, in terms of the commitments they undertake, the resources they deploy in the field and the results they obtain.

This research is designed with a view to value creation, and it relies on the use by analysts of appropriate analytical grids, that include assessment criteria based on the specific challenges of different industries. As an example, compliance with fundamental labour rights by the company and its suppliers is a major issue in the textile and electronics sectors, while emissions of greenhouse gases and risks related to climate change receive priority treatment in assessing the energy, electricity production, transport, insurance and building materials industries.

Like financial analysis, research on non-financial aspects is conducted by a team of specialists. It allows comparisons of companies within a given industry and yields industry rankings based on the different criteria studied. These analyses are regularly reviewed and systematically integrated into management processes.

Such extra-financial analysis, supported by direct contact with companies, is rounded out by the work of ratings agencies and by brokers' reports. In addition to this system, a permanent monitoring process seeks to detect the possible emergence of critical situations that could lead to valuations being revised following developments in current events.

Exercising voting rights

For BNP Paribas Asset Management, the exercise of voting rights is an integral part of the management process, as a component of the ongoing dialogue with companies in which investments are made on behalf of clients.

The voting policy reflects the principles of governance set out in the key international codes and standards. All mutual funds both in France and outside France exercise their voting rights at AGMs. The voting process is based on an analysis of draft resolutions and decisions are applied through electronic voting platforms that allow secure processing.

Research and management teams

BNP Paribas Asset Management deploys one of the largest teams in France, with nine experts – four non-financial analysts, four asset managers and one products specialist. Non-financial analysts work closely with financial analysts, regularly exchanging points of view on the companies and industries they study. The results of financial and non-financial analyses are presented to all asset managers and are systematically taken into account in building portfolios focusing on sustainable development and corporate social responsibility.

A top-rated range of products

In 2004, BNP Paribas Asset Management confirmed its place as the French leader in socially responsible investing, with over EUR 1 billion in assets under management.

The company offers a range of equity, fixed income and diversified funds with risk profiles and investment horizons tailored to the needs of private individuals, companies and institutional investors.

The Philéis employee savings plan offer distributed by BNP Paribas Épargne Entreprise includes two solidarity-focused funds. It was awarded a quality label by the Trade Unions Advisory Committee on employee savings.

Very highly rated funds

In the latest *Panorama study of socially responsible mutual funds* issued by Novethic and Amadeis, BNP Paribas four socially responsible funds included in the ranking all obtained the highest mark, aaa.

Vendor-customer relations

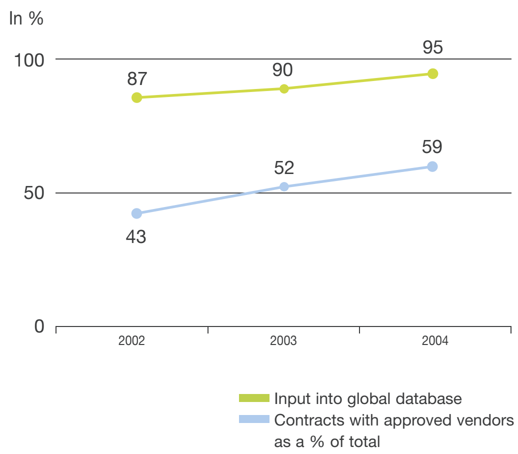
In implementing an industrial approach to its production processes, the Group has chosen to retain control over the core competencies in each of its businesses. Its operations have therefore remained very integrated, making limited use of outsourcing but relying on many outside vendors for products and services that are not central to the business.

Going against the grain of the widespread trend towards outsourcing of information technology functions, BNP Paribas opted in 2004 for a novel solution, by creating a joint venture with IBM France to meet the Group's IT processing needs. This strategic alliance answers the need to retain control over technology while reducing IT costs, and it preserves a leading-edge centre of excellence.

The Global Procurement Group (GPG) drives relations with key suppliers worldwide. When renegotiating expired contracts or issuing new tender offers, GPG systematically promotes social and environmental clauses. Its role was further broadened in 2004 thanks to the development of Internet-based training and information tools for use by the 2,500 global correspondents of the Procurement function.

The growing efficiency of this system is reflected in the following trends:
• the rising rate of input into the global database by the supplier accounting departments of Group entities;
• the rising share of expenditure with vendors approved by the Procurement function within the total expenditure in the database.

The coaching role that the Procurement function plays both in-house and externally makes it a powerful catalyst for greater awareness and for stronger integration of responsible behaviours by all economic agents.



Arval and its client the insurance company AGF decided in 2004 to form a partnership around the issue of sustainable development. Both partners, being signatories of the UN Global Compact, undertook to collaborate in seeking mutual advice in 4 areas:
• protecting the environment, by selecting vehicles based on their CO_2 emissions;
• controlling costs, through the use of appropriate management tools;
• promoting safety by choosing suitably equipped vehicles;
• educating staff and others by drafting technical sheets and best practices charters.

To broaden its appraisal of the social and environmental responsibility of suppliers, the Procurement function relies on the capabilities of BNP Paribas Asset Management's team of non-financial analysts. Its work outside France intensified considerably in 2004 with finalisation of the reporting protocol that will feed into the future environmental management system.

A small "ecological footprint"

The first CO_2 survey

One of the avenues for fighting global warming is that companies are expected to control their emissions of greenhouse gases. BNP Paribas devised, with the help of expert consultants, a methodology to estimate emissions of greenhouse gases – mainly carbon dioxide – resulting from its operations. The survey involved converting all forms of energy consumption within the Group into a common unit, kilograms of CO_2 equivalent, which allows a clearer identification of key issues and better control over these emissions.

A substantial scope

This survey took into account data on electricity consumption in buildings, business travel of employees by car, train and plane, as well as commuting between the home and office, and the distribution of documents and internal mail within the network. Because only partial data were available at a global level, the first CO_2 survey was restricted to France, with a sufficiently substantial scope to allow meaningful comparisons with other players in the same industry.

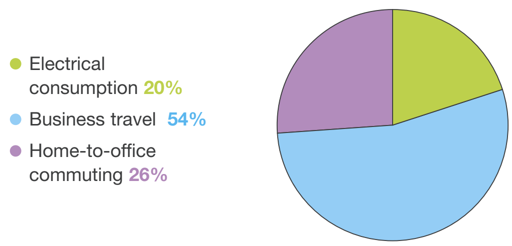
The calculation methods used aim to include the emissions generated by the production, transportation and consumption of energy sources. For liquid fossil fuels, the methodology calculates emissions related not only to their burning but also to the extraction, shipping and refinement of the fuels from the standard crude product. For electricity, the type of primary energy used by the producer was taken into account. Further information on measurement methods and their error margins is provided under point 7 of the Summary table relating to the NRE Act.

Small margins of reduction

The findings of this survey confirmed earlier estimates and showed that the Group has a light ecological footprint, as shown by its emissions level of less than 2.4 tonnes of CO_2 per full time equivalent employee in France.

This emissions level compares favourably with results published by several of BNP Paribas major competitors. Although these data are still subject to inevitable margins of error and should be used with caution, analysing them highlights those operations which have the strongest effects.

Consolidated data: estimates for France in kg of CO_2 equivalent per employee



Professional trips thus seem to be the principal source of emissions. These trips are for the most part justified by necessary contact with clients, business negotiations and project studies. They have for many years been the focus of a stringent cost-reduction policy that has caused the number of trips to be optimised and many in-person meetings to be replaced by teleconferencing and videoconferencing. Where feasible, train transportation is encouraged and plane travel is subject to documented approval procedures. Because this system has already reached a considerable level of effectiveness, and considering the Group's continuing development of its operations, there is little prospect of finding substantial potential for reduction in the short term in this component of CO_2 emissions sources.

The same applies to commuting by car, which also has a substantial impact. Despite measures aimed at encouraging the use of public transport, the amount of car trips is unlikely to decrease significantly in France in the coming years. One reason for this is that due to reorganisation in the back-offices of French Retail Banking, employees were offered incentives to accept short-distance transfers that did not require moving to another home.

As part of the Group's long-standing commitment to cost control, the energy consumption of buildings appears to be tightly controlled. The main avenues for raising the Group's environmental efficiency will therefore involve installing better-performing new technology at the time of building renovations or construction, and when equipment is up for replacement.

These early computations of CO_2 emissions will be expanded to a global scope, using more detailed tree-structure processes that will make it possible to reduce the margins of error that are still high for some data.

Using all available levers for improvement

With a view to implementing the principles of the United Nations Global Compact, the Group has adopted a set of operating guidelines on environmental responsibility.

Mitigation of environmental impacts

The Group's real estate management departments take a number of measures on a daily basis that aim to reduce the energy or raw materials consumption of buildings. As an example, open loop air conditioning systems are gradually being replaced by closed loop systems. In 2004 a closed loop system was installed, despite its higher cost, during the renovation of the headquarters building of BICI of Burkina Faso.

One avenue for mitigating environmental impacts can be through agreements with other stakeholders. For this reason, BNP Paribas has reached an agreement with CFC, the French organisation managing copyrights on books and press articles, under which it is allowed to copy articles in the form of a press review that is distributed in electronic form on the Group Intranet. Each employee can read these articles online and printed copies have become an exception.

Meunier is also involved in an effort to mitigate the impacts of its real estate activities, through the gradual implementation of the High Environmental Quality (HEQ) standard in most of its operations. Meunier's business real estate arm maintains close links with the HEQ association and with the Scientific and Technical Advisory Centre for the French building industry, and takes part in many industry forums on the issue of environmental quality.

Meunier Habitat was recognised in 2004 as the first developer in the Paris area to achieve certification under the "environmental housing" criteria of the HQE standard for apartment buildings aimed at first-time buyers, with its "Le Ténor" complex in the Western suburb of Courbevoie.

The Nature Conservancy

Since 1991, Bank of the West has been a partner of the California chapter of The Nature Conservancy, a nationwide non-profit organisation which dedicates its resources to protecting natural diversity by purchasing and managing environmentally exposed lands. Bank of the West has created a specific type of account to collect contributions from clients as well as its own donations. These accounts generate service fees, which the bank then transfers to The Nature Conservancy. This partnership has financed Nature Conservancy projects throughout California, with more than USD 3.5 million collected since its inception.

Compliance
The Corporate Facilities Management Department is responsible for ensuring that buildings are managed in accordance with the technical regulations applicable in France. Towards that end, it issues technical guidelines for use by facilities managers.

Outside France, real estate guidelines are drafted by the Global Procurement Group (GPG) based on the most stringent regulations of all countries where BNP Paribas operates. Construction and renovation projects are validated based on these guidelines and the buildings of newly acquired companies are audited by GPG.

In accordance with legal requirements, Arius, BNP Paribas subsidiary specialised in IT equipment leasing solutions, has developed a strict policy for managing the end of its products' life cycles. When equipment recovered at the end of a contract is examined and tested, there are three possibilities. If it is in workable condition, it is sold on the second-hand market. If it is not, the equipment is either disposed of by an approved vendor or taken apart to yield spare parts that will be used by maintenance companies. To prepare for the upcoming translation into French legislation of the EU directive on waste of electrical and electronic equipment (WEEE), Arius chose a partner that has been approved by regulatory authorities, is ISO 14001 certified and is a member of Recycling Network Europe (Rene).

Conservation of energy and raw materials
Despite the sharp upturn in the Group's business in 2004, the increase in electricity consumption remained under control at 8.7%, and part of this expansion was due to an enlarged scope of measurement.

Several electronic document management projects launched in 2004 will lead to very substantial savings of paper. The two largest of these, on external and internal documentation for Retail Banking in France, will make it possible to save some 150 million pages per year beginning in 2005.

Arval, the Group subsidiary specialised in leasing and managing vehicle fleets, has implemented, as part of its sustainable development strategy, measures to promote the use of recent vehicles that generate lower emissions and are fitted with fuel-saving systems such as cruise control. As a result, the vehicles in the fleets it leases are less than three years old. The company has also issued practical guides to raise the awareness of drivers concerning simple practices that can help protect the environment.

BNP Paribas also provides funding for wind turbine projects on all continents and sets up financing arrangements to build the necessary infrastructure for geothermal energy to be usable.

Contracts signed in 2004 for the funding of wind turbine farms in Europe and Asia represented a total amount of EUR 850 million.

Supplier selection
Supplier selection is a central feature of the Group's environmental policy. The procurement function systematically promotes clauses related to social and environmental responsibility in its contracts with suppliers. It also devotes particular attention to the environmental rating of key suppliers that are assessed by non-financial rating agencies.

Partnership with Boise Cascade

BNP Paribas has set up a partnership with Boise Cascade, the distributor of office supplies and computer consumables for its principal entities in North America, with the aim of measuring and increasing the proportion of recycled products it uses. Thus BNP Paribas selected a number of products containing a substantial share of recycled components and gave these preferred products place of pride within the catalogues used by the community of purchasing managers.
For its part, the supplier undertook to provide analyses of consumption patterns for these products and to report on the Group's positioning in relation to other US companies served by Boise Cascade, in order to highlight any deviation and possible avenues for improvement.

Waste management

Not all environmental impacts can be managed upstream of the processes giving rise to them. Paper waste and toner cartridges are two areas in which a number of initiatives have been deployed and are being gradually rolled out.

The very year of its launch, in 2004, collection of printer toner cartridges in conjunction with Conibi, an industry association, yielded very strong results with over 8,800 cartridges collected. Some sites, such as Private Banking or the Group's training centre, are already collecting 100% of their cartridges, as are the Morocco and Hong Kong subsidiaries.

Paper collection for recycling also expanded in 2004, reaching 4,700 tonnes. It will continue to be developed in France and other countries. As an example, Arval has set up daily segregated waste collection at its new corporate head office.

Bank of the West is an investor in and a founding member of the California Environmental Redevelopment Fund, LLC (Cerf), a grouping of Californian institutions lending to and investing in projects to clean up and remediate contaminated sites in order to make them usable again. Cerf was the first organisation of its kind and has now become a nationwide model.
By cleaning up contaminated and damaged areas, it helps participant institutions fulfil their function, whether that be economic development, environmental protection or public health.
Cerf focuses on financially viable projects in both urban and rural areas that create or preserve jobs for local residents, while providing affordable housing for underprivileged communities.
Over the past three years, Cerf has invested in twenty projects, for a total outlay of USD 33.4 million. The Chairman of the Board of Cerf is an executive of Bank of the West.

A consistent management system

Risk management

Environmental risks are integrated into the analysis process for credit and operating risks.
In its credit risk management process, updated in 2004, the Group recognises that it must identify and assess environmental risks. The Group lending policy has been translated into specific policies for some business lines. The Group rating policy for corporate financing provides a framework for factoring environmental risk data into rating models.

When the financing of large-scale projects is considered, the due diligence stage includes an audit of the social and environmental consequences of the project, which assesses the project's environmental impacts and their possible consequences on its operation and viability.

To meet the need for hedging expressed by companies exposed to environmental risks, the Group trades on specialised energy and raw materials markets, as a result of which it is able to create financial derivatives. Thanks to its active trading in these markets, BNP Paribas is able to provide its clients with hedging instruments offering competitive conditions.

Cost containment

Aiming to offer the best possible services at the most competitive prices, cost containment is a key success factor in the Group's strategy of profitable growth. Efforts to limit all forms of consumption are fully in line with management accounting objectives, and environmental indicators have rounded out the management criteria used on the Intranet of the GPG function by its 2,500 correspondents in all Group entities.

Efforts previously undertaken to reduce energy and water consumption at certain sites continued in 2004. The process of decommissioning generators located in the inner suburbs of Paris also continued apace. More stringent procedures have been set up with regard to the use of certain types of office supplies, such as printer toner cartridges, which has a direct effect on reducing paper consumption. The Group's survey on measuring and analysing its CO_2 consumption has helped identify the principal discrepancies among entities and has provided a platform for streamlining consumption.

Raising employee awareness

To ensure the success of environmental initiatives, a sense of personal responsibility for compliance in this area needs to be fostered among Group employees. Towards this end, the key internal communication channels – including the Intranet, the Ambitions in-house newsletter as well as conventions and other internal events – were geared towards promoting the Group's environmental responsibility.

Particular attention was devoted to raising environmental awareness within the Global Procurement Group (GPG), in which each employee's individual objectives were redesigned to include steps contributing to sustainable development.

In addition to its role in launching the Enhanced Analytics Initiative, BNP Paribas Asset Management takes an active part in the work of the Institutional Investor Group on Climate Change (IIGCC) on the building materials industry. This work aims to identify those industry players that have made the greatest strides in terms of energy efficiency and will therefore be in a better position to weather the introduction of CO_2 quotas, with the investment risks that they entail.

Efficiency of Internal Control

The General Inspection Unit and the Sustainable Development function completed in 2004 the design of the Group's audit methodology on environmental responsibility, which makes it possible to assess qualitatively the extent to which all audited entities take up Group environmental procedures and standards.

The General Inspection unit is the keystone of the entire system. Reporting directly to the Chief Executive Officer, it enjoys complete independence in the way it applies this audit methodology, without limitation across the entire Group.

Chetan Shah
Vice-President and
Regional Co-ordinator
Private Banking -
Bombay

Larry Sutikno
Head of Corporate
Finance
BNP Paribas Peregrine -
Jakarta

AID FOR TSUNAMI VICTIMS

Assist, Comfort and Rebuild Thanks to Mutual Aid Networking

The whole world united in an immense show of solidarity following the unprecedented natural and humanitarian disaster that hit Southeast Asia at the end of December 2004. BNP Paribas has regional offices and subsidiaries in Southeast Asia and, like a lot of their peers and fellow compatriots, the employees of these offices were able to respond immediately, either alone or by joining forces with a variety of associations. Chetan Shah is one such employee – on receiving an SMS text message from a client asking him to support a clothing and food collection initiative organised by the Colaba naval base association in Bombay, he set about contacting his various acquaintances, sending a total of around 60 text messages himself. The responses were not slow in coming – Chetan Shah gathered together hundreds of kilos of donations: *"Well, the support to volunteer for Tsunami is not very big or something extraordinary but to reach as many people as I could and collect some clothes and necessities for the victims."*

In Indonesia, Larry Sutikno has become involved through World Harvest. This Christian-based humanitarian organisation, one of the first to be able to offer help to the tsunami victims in Aceh – one of the regions most devastated by the disaster – immediately sent the first load of medicines three days after the tsunami hit and assigned twenty-four American volunteer doctors and twenty-six volunteer nurses to the region in January: *"The next plan is to help rebuild the hospitals and assist the education of the Aceh children, and most importantly, empower the people of Aceh to rebuild their life."* Initiatives led by BNP Paribas employees stemmed from far beyond the borders of Southeast Asia. In addition to the multiple instances of personal involvement with humanitarian aid associations, the aid raised through the Group, its employees and various staff associations amounts to more than EUR 2.8 million.

ART THERAPY, BNP PARIBAS SWITZERLAND FOUNDATION

A PARTNER IN SOCIETY

BNP Paribas seeks to develop partnerships not only with economic actors but also with representatives of the manifold components of society. The French Retail Banking network listed all its active partnerships in 2004, and the total number reached 900, which illustrates the depth of the Group's involvement as a partner in society.

A firm commitment to developing microcredit

BNP Paribas decided to deepen its commitment to providing micro loans to the unemployed setting up their own business, including those who have experienced long-term unemployment, by strengthening its partnership with Adie, a non-profit association specialised in this area.

BNP Paribas support for Adie covers the following four aspects:

- granting Adie a credit line of at least EUR 2 million, which will allow the financing of at least 1,000 projects;
- undertaking to cover 30% of the association's credit risks;
- helping finance the cost of assistance to the newly created companies, up to a total amount equal to 10% of the funds made available to the association;
- opening bank accounts for any entrepreneurs who do not yet have one, as soon as their application has been accepted by Adie, and enabling them to benefit from the associated banking services. Each of the 100 local Adie offices has a designated correspondent BNP Paribas branch responsible for helping it implement the system.

This partnership is a strengthening of the links with Adie that the Group began forging in 1993. Since its inception, this association has granted 25,000 loans to unemployed persons. Results have been positive as 94% of loans granted are paid back and 64% of the companies created with the help of an Adie loan are still in business after two years. This is a higher success rate than the average of new companies set up with conventional loans. In addition, the Group subsidiary Cetelem created its own partnership with Adie in 2004, the aim of which is to transfer experience and know-how and to develop a decision-making tool.

Group entities have also entered into partnerships with microcredit institutions outside France, particularly in West Africa, where the associated banks took up shares in BRS, the regional solidarity bank created under the auspices of the central bank of West African States, to provide a framework for micro loans in the region.

BICI in Guinea has for several years played a key role in this field by developing, with the help of the French Development Agency (FDA), a partnership with Crédit Rural, a local player in the field of micro loans. As part of this partnership, the BNP Paribas subsidiary offered a refinancing credit line to the micro-lending institution and provided access to direct financing for former microcredit borrowers once they qualified for standard credit.

In Morocco, micro loans are developing rapidly, spurred by government support. BMCI is directly involved in this movement, as it provides medium- and long-term credit lines to Al-Amana, one of the two largest local microcredit institutions.

Several projects for strengthening these partnerships outside France will be finalised in 2005, against the backdrop of the United Nations initiative of designating 2005 as the International Year of Microcredit.

Social insertion through sport

A majority of the initiatives the Group has launched over the years through its partnerships for solidarity have been geared towards young people, their education and their integration into society. Sports sponsorship has therefore been for several years one of the avenues through which BNP Paribas seeks to promote social insertion.

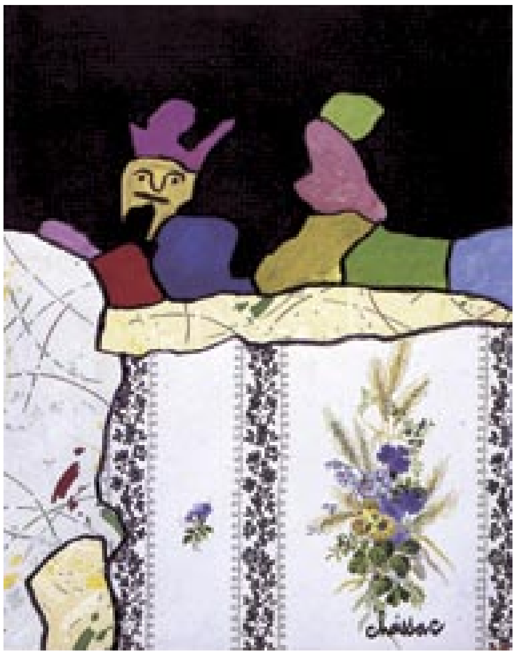
The Group has been a partner of tennis at all levels for the past 32 years and has naturally chosen this relationship, which is the longest in the history of sports sponsorship, as the springboard for broader initiatives.

It supports *Fête le mur*, an association created and led by former tennis star (and current pop star) Yannick Noah. This association aims to promote social cohesion and integration into society in difficult neighbourhoods through sport. It gives young people from poor housing estates an opportunity to play tennis in high-quality facilities, where they can benefit from top-notch coaching, allowing the most motivated among them to join national leagues. In 2004, BNP Paribas created a BNP Paribas scholarship for children selected during a national tournament that allows them to continue their studies in middle school while they pursue the development of their talent for tennis.

BNP Paribas also expanded this form of patronage in 2004 by becoming a founder member of *Fondation du sport*, which funds and partners initiatives to fight social exclusion through sport. The first projects selected included the creation of boxing schools in underprivileged neighbourhoods of the Paris area, a plan for the social integration of immigrant women through sport in Dreux (Central France), and a project that puts non-disabled schoolchildren in direct contact with the practical consequences of disabilities, for example by having them practice wheelchair basketball with disabled persons.

After having been for the past 10 years a partner of the French wheelchair tennis open, an international event, BNP Paribas had the honour in 2004 of becoming the official partner of French wheelchair tennis and of having the event renamed the "BNP Paribas French Open".

Following the successful first run of the tennis Telethon as a fundraiser for muscular dystrophy research, BNP Paribas repeated the operation in 2004 in conjunction with AFM, the French Muscular Dystrophy Association. Over 160 tennis clubs donated their time to support the event.



In 2004, the Gaston Chaissac collection, which was restored with the support of BNP Paribas Foundation, once again found its place on the walls of the Sainte-Croix Abbey in Sables-d'Olonne. The return of this outstanding collection, which now enjoys a more harmonious display, is a fitting tribute to Chaissac, a self-taught and unconventional artist who attracts a large following nowadays.

Sports sponsorship is also growing outside France, and projects are underway in Switzerland, Argentina and Morocco.

Patronage by the BNP Paribas Foundation – an expression of the Group's commitment to social responsibility

Operating under the aegis of the *Fondation de France*, the BNP Paribas Foundation is dedicated to fostering dialogue between the banking community and its social and cultural environment. As a crossroads of exchanges and discoveries, it expresses in another field the values and know-how that BNP Paribas stands for.

Through the programmes it supports, the BNP Paribas Foundation strives to preserve and promote cultural heritage and to support artistic expression. It also provides funding for state-of-the art medical research, as well as for innovative projects in the areas of education, social insertion and disability.

In addition to grants, the Foundation provides support for its partners and seeks to cater to their individual objectives in the same way as it does for its clients, namely by developing programmes as well as providing advice and on-the-spot assistance, together with access to the BNP Paribas worldwide network of contacts.

The BNP Paribas Foundation is a member of Admical, the first business sponsorship association in France, and of the French foundations centre.

Heritage and arts

As a recognised benefactor to museums and monuments, the BNP Paribas Foundation provides funding for the publication of art books that familiarise the public with museum collections and heritage sites and awards grants for the restoration of masterpieces. its initiatives have benefited a wide variety of institutions. The foundation has helped to publish some

50 art books on museums in France and abroad and enabled around 60 works of art to be restored and placed on display to the public.

The BNP Paribas Foundation also supports the performing arts by establishing close partnerships with modern dance companies, circus troupes, jazz musicians and other performers working in disciplines that are often overlooked by other sponsors. At the same time, it helps to make rare or unperformed works more widely known and to provide a boost to young performers' careers.

The Foundation also makes use of its extensive links with festivals and production companies to bring new talents to a wider audience.

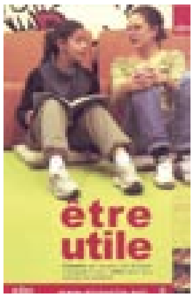
Medical research and community outreach

As part of its support for healthcare and research, the BNP Paribas Foundation assists researchers and physicians working in both medical research and applied clinical research. In this area, the Foundation works with pre-eminent scientific institutions to select beneficiaries. Funding generally takes the form of multi-year grants which are awarded to new research projects.
The Foundation also supports communities through its involvement in pilot projects promoting economic self-sufficiency for disadvantaged individuals.
Since 2002, the BNP Paribas Foundation has developed a volunteer grants programme which provides funding for non-profit community organisations in which employees are involved on a personal basis.

*The Caen Memorial, a museum for Peace, was inaugurated on 6 June 1988 and very quickly gained a wide popular audience. It exceeded the hopes of its founders, reaching an average of over 500,000 visitors per year – more than half of them under 20 years old. Built on the historical site of D-Day and the Battle of Normandy, this young museum has been able to grow by developing an innovative scientific and cultural programme that places the visitor at the centre of the experience, in the position of privileged witness to History. The Memorial Book (*Le Grand Livre du Mémorial*), published at the time of the 60th anniversary of D-Day, provides a vast panorama covering the rise of fascism between the two World Wars, the Nazi Occupation in France, Deportation and Resistance, the Cold War and prospects for peace.*

Established in 1888, the Institut Pasteur of Paris contributes to disease prevention and treatment through research, teaching and public health initiatives. As part of its support for research projects, the BNP Paribas Foundation decided to give its backing to the Genetics of Biofilms Laboratory run by Professor Jean-Marc Ghigo at Institut Pasteur.

After having worked as a dancer with several leading choreographers, Béatrice Massin spent 10 years studying the baroque music repertoire and founded her own company, Les Fêtes Galantes. Béatrice Massin's creations rediscover the rich and playful dimensions of this form of dance, ridding it of any affected mannerisms. On stage, her dancers joyfully blend traditional 17th-century steps with crossings into contemporary dance, in a pleasure-filled musical dialogue between the baroque and modern. In 2004, the BNP Paribas Foundation, one of France's few corporate sponsors of dance, decided to give its backing to this company.



For the past 10 years, Afev, a non-profit student group, has been organising volunteer work by students who want to help the youth of underprivileged neighbourhoods. In 2004, Afev received UN backing to help organise the Global Youth Service Day, an initiative deployed in 125 countries that aims to encourage, recognise and publicise the commitment displayed by millions of young people in the field of community outreach, as well as advocate a greater role for youth within society. As Afev's loyal partner, the BNP Paribas Foundation also joined the GYSD initiative.

International prestige

The Foundation is gradually expanding its work outside France. In addition to partnering the international tours of the artists it supports, it has launched programmes with an international scope and provides advice, support and leverage to entities that want to develop their local partnerships or set up a foundation. Following the BNP Paribas Switzerland Foundation created in 2002 and the BNP Paribas Brazil Foundation established in 2003, a Moroccan Foundation was born in 2004.

Group branches in New York and London have been involved for many years in forms of community patronage. BNP Paribas New York supports a broad range of organisations that fight domestic violence, provide educational assistance to youth in underprivileged neighbourhoods, help former Broadway dancers affected by HIV/AIDS or give psychological assistance to former convicts.

In London, BNP Paribas expanded its previous initiatives by launching a joint pilot project with Business in the Community, the charity founded by Prince Charles, to teach French in one of the poorest neighbourhoods of London. Several employees of the branch therefore devote lunch hours to teaching French to sixth form students.

BNP Paribas Spain

In addition to its initiatives for the integration of disabled persons in conjunction with two non-profit organisations, Afim and Gil Gayarre, BNP Paribas Spain launched 2 projects in 2004:

- The first, entitled *Apoyamos tu esfuerzo* (We support your efforts), aims to recognise and support the community work undertaken by employees outside working hours. The Bank will contribute up to EUR 1,800 per project to public-interest organisations in which its employees are involved.
- The second programme is a donation-matching scheme called *Dobla tu ayuda* (Double your help) to encourage charitable contributions among employees.

The BNP Paribas Brazil Foundation is strongly involved in providing assistance to Pocoré, a small town in Mato Grosso. Within the town orphanage that the Foundation supports, it created a modern library with Internet access, for use by the town's inhabitants.

BNP Paribas North East Asia's achievements in this field include both the community work in which its staff takes part, and its RMB 1 million contribution to the French-Chinese institute of life sciences and genome research at Shanghai's Runjin Hospital. The latter is currently developing research on medication against the severe acute respiratory syndrome (SARS) and a rapid detection test.

The BNP Paribas Foundation in Switzerland

To celebrate its 130 years of existence and give a more long-term focus to the initiatives it has taken over the past 10 years, BNP Paribas Switzerland created its own Foundation, thus giving form to its commitment to supporting cultural and social activities in the country. The Foundation not only funds specific projects such as the annual publication of the Swiss Museums book, the restoration of artwork in several Swiss museums and a partnership with Geneva's Grand Théâtre; it has also brought its solidarity work to a new level by supporting several projects of therapy through art for ill children.

This personal expression technique aims to draw children's imagination into drawing, painting, storytelling or music, to make young patients' stays in hospital less stressful and remove some of the strain that can cloud exchanges with their families. It helps transform a place that feels hostile, tied as it is to pain and separation, into a friendly environment.

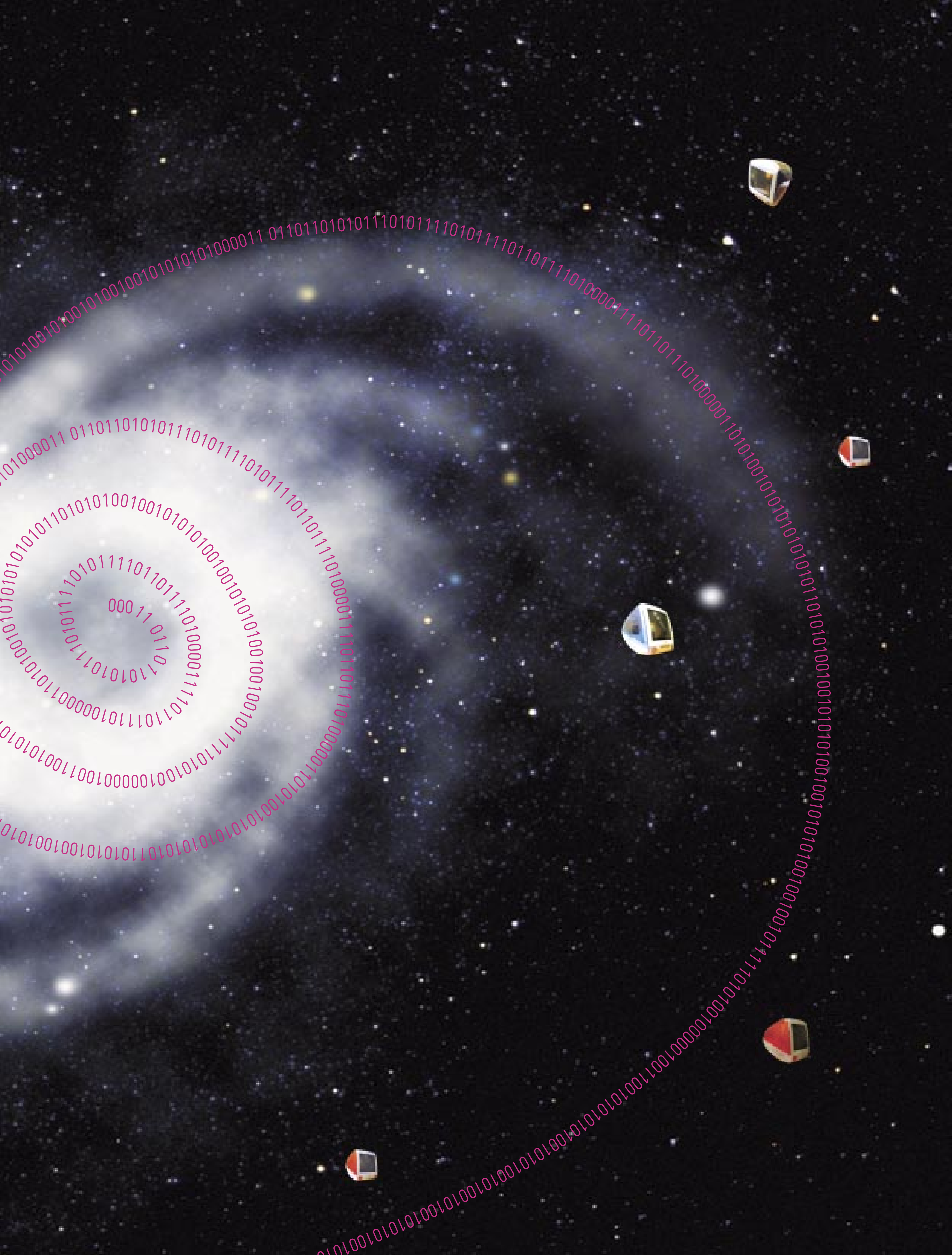
The Foundation is seeking to bring greater recognition to this still little-known method and to help the professional art therapists that work at children's bedsides. Since 1999, many such positions have been created by hospitals in Geneva, Lausanne, Lugano, Zurich, Basel and Winthertur, largely financed by the BNP Paribas Switzerland Foundation.

seti@home

Thousands of Home Computers Listening to the Sounds of the Universe

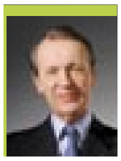
Alex Oulton
Participant in Seti@home, IT
BNP Paribas - Tokyo

For decades, people have been transmitting messages of friendship across the Cosmos in the hope of establishing contact with intelligent life beyond Earth. So far, barring the possibility of a cover-up by scientists, no answer has been received. Researchers from the Search for Extraterrestrial Intelligence Institute (Seti), a project based in the University of California Berkeley, have been working on the assumption that perhaps extraterrestrials may be trying to contact us. For several years, they have been using a giant radio-telescope *"to scan"* the Cosmos for radio signals from outer space. But given the magnitude of the Universe, even the most powerful supercomputer would find it impossible to process the mountains of data that Seti's computers at Berkeley receive in real time. *"Around the world, millions of computer workstations are left running at night when systems are idle."* Even when users are in front of their screens, much of the time their computers are not busy. *"By installing a small program that runs in the background, this processing capacity could be exploited for other purposes."* For example, to examine the sky for signals from extraterrestrials... *"Thanks to the distributed computing power of thousands of networked computers, radio-telescope data can be analysed much more quickly."* But the spare CPU cycles of computers can also be put to other uses here on Earth, such as in the search for multi-million digit prime numbers.



BOARD OF DIRECTORS

At 31 December 2004*



Michel Pébereau
Principal function: Chairman of the Board of Directors of BNP Paribas
- Born on 23 January 1942
- Elected on 14 May 2003. Term expires at the 2006 AGM
- First elected to the Board on 14 May 1993
- Number of BNP Paribas shares held: 110,006

Director of:
- Lafarge
- Saint-Gobain
- Total
- *BNP Paribas UK Holdings Ltd, United Kingdom*

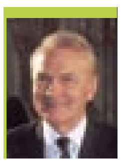
Member of the Supervisory Board of:
- Axa
- *Banque Marocaine pour le Commerce et l'Industrie, Morocco*

Non-voting director of:
- *Société Anonyme des Galeries Lafayette*

Chairman of:
- *Fédération Bancaire Européenne*
- *Commission Banque d'Investissement et de Marchés de la Fédération Bancaire Française*
- *Conseil de Direction de l'Institut d'Études Politiques de Paris*
- *Conseil d'Orientation de l'Institut Aspen France*

Member of:
- *International Advisory Panel of the Monetary Authority of Singapore*
- *International Capital Markets Advisory Committee of the Federal Reserve Bank of New York*
- *International Monetary Conference*
- *International Business Leaders'Advisory Council for the Mayor of Shanghai (IBLAC)*

Patrick Auguste
Director elected by BNP Paribas employees
Principal function: Head of real estate projects
- Born on 18 June 1951
- Elected for 6 years on 6 March 2000
- First elected to the Board on 14 December 1993
- Number of BNP Paribas shares held: 30



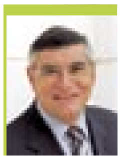
Claude Bébéar
Principal function: Chairman of the Supervisory Board of Axa
- Born on 29 July 1935
- Elected on 14 May 2003. Term expires at the 2006 AGM
- First elected to the Board on 23 May 2000
- Number of BNP Paribas shares held: 3,074

Chairman and Chief Executive Officer of Finaxa

Director of:
- Vivendi Universal
- *Axa Assurances Iard Mutuelle*
- *Axa Assurances Vie Mutuelle*
- *Axa Courtage Assurance Mutuelle*
- *Axa Financial Inc., United States*

Non-voting director of:
- *Schneider Electric*

Chairman of:
- *Institut du Mécénat de Solidarité*
- *Institut Montaigne*



Jean-Louis Beffa
Principal function: Chairman and Chief Executive Officer of Compagnie de Saint-Gobain
- Born on 11 August 1941
- Elected on 14 May 2003. Term expires at the 2006 AGM
- First elected to the Board on 22 October 1986
- Number of BNP Paribas shares held: 3,832

Vice-Chairman of the Board of Directors of BNP Paribas
Chairman of *Claude Bernard Participations*

Director of:
- Gaz de France
- *Groupe Bruxelles Lambert, Belgium*
- *Saint-Gobain Cristaleria SA, Spain*
- *Saint-Gobain Corporation, United States*

Permanent representative of Saint-Gobain on the Board of
- Saint-Gobain PAM

Member of the Supervisory Board of:
- Le Monde SA
- *Le Monde Partenaire AS (SAS)*
- *Société Éditrice du Monde (SAS)*

Gerhard Cromme
Principal function: Chairman of the Supervisory Board of *ThyssenKrupp AG*
- Born on 25 February 1943
- Elected on 14 May 2003. Term expires at the 2005 AGM
- First elected to the Board on 21 March 2003
- Number of BNP Paribas shares held: 400

Member of the Supervisory Board of:
- *Allianz AG, Germany*
- *Axel Springer AG, Germany*
- *Deutsche Lufthansa AG, Germany*
- *E.ON AG, Germany*
- *E.ON Ruhrgas AG, Germany*
- *Hochtief AG, Germany*
- *Siemens AG, Germany*
- Suez
- *Volkswagen AG, Germany*

Chairman of:
- *German Governmental Commission on Corporate Governance*
- *European Round Table of Industrialists*

Michel François-Poncet (passed away on 10 February 2005)
Principal function: Vice-Chairman of the Board of Directors of BNP Paribas
- Born on 1 January 1935
- Elected on 14 May 2003. Term expires at the 2006 AGM
- First elected to the Board on 23 May 2000
- Number of BNP Paribas shares held: 22,300

Chairman of *BNP Paribas Suisse SA, Switzerland*
Vice-Chairman of *Pargesa Holding SA, Switzerland*

Director of:
- Finaxa
- LVMH
- Schneider Electric
- *BNP Paribas UK Holdings Limited, United Kingdom*
- *Compagnie Monégasque de Banque*
- *Power Corporation, Canada*

** The directorships shown in italics are not governed by the French Commercial Code (Code de Commerce) concerning multiple directorships.*

Jacques Friedmann
Principal function: Company Director
• Born on 15 October 1932
• Elected on 4 May 1999. Term expires at the 2005 AGM
• First elected to the Board on 14 December 1993
• Number of BNP Paribas shares held: 4,942

Director of:
• LVMH
• Total

Chairman of the Conseil d'Orientation of *Musée du Quai Branly*

Jean-Marie Gianno
Director elected by BNP Paribas employees
Principal function: Administrative manager
• Born on 7 September 1952
• Elected for 3 years on 5 February 2004
• First elected to the Board on 15 March 2004
(Jean-Marie Gianno was an employee representative on the Board of Banque Nationale de Paris from 1993 to 1999)
• Number of BNP Paribas shares held: 10

François Grappotte
Principal function: Chairman of the Board of Directors of Legrand
• Born on 21 April 1936
• Elected on 4 May 1999. Term expires at the 2005 AGM
• First elected to the Board on 4 May 1999
• Number of BNP Paribas shares held: 2,300

Member of the Supervisory Board of:
• Galeries Lafayette
• Michelin

Chairman of:
• *Legrand SAS*
• *Lumina Management*

Director and Chief Executive Officer of *Legrand Holding SA*

Director of:
• Valeo
• *B. Ticino, Italy*
• *Bufer Elektrik, Turkey*
• *Eltas Elektrik, Turkey*
• *Legrand Española, Spain*
• *Lumina Parent, Luxembourg*
• *Pass & Seymour, United States*
• *The Wiremold Company, United States*

Member of:
• *Conseil consultatif de la Banque de France*
• *Conseil de Promotelec (Promotion de l'installation électrique dans les bâtiments neufs et anciens)*
• *Bureau de la FIEEC (Fédération des Industries Électriques, Électroniques et de Communication)*
• *Bureau du Gimélec (Groupement des Industries de l'équipement électrique, du contrôle-commande et des services associés)*

Alain Joly
Principal function: Chairman of the Supervisory Board of Air Liquide
• Born on 18 April 1938
• Elected on 14 May 2003. Term expires at the 2006 AGM
• First elected to the Board on 28 June 1995
• Number of BNP Paribas shares held: 4,152

Director of:
• Lafarge
• Société d'Oxygène et d'Acétylène d'Extrême-Orient
• *Air Liquide International Corporation, United States*
• *American Air Liquide, United States*

Denis Kessler
Principal function: Chairman and Chief Executive Officer of Scor
• Born on 25 March 1952
• Elected on 14 May 2003. Term expires at the 2006 AGM
• First elected to the Board on 23 May 2000
• Number of BNP Paribas shares held: 812

Chairman of:
• Scor Vie
• *Commercial Risk Re-Insurance Company, United States*
• *Commercial Risk Re-Insurance Company Ltd, United States*
• *Commercial Risk Partners Ltd, Bermuda*
• *General Security National Insurance Company, United States*
• *General Security Indemnity of Arizona, United States*
• *Investors Insurance Corporation, United States*
• *Investors Marketing Group Inc., United States*
• *Scor Italia Riassicurazioni SPA, Italy*
• *Scor Life Insurance Company, United States*
• *Scor Life US Re Insurance, United States*
• *Scor Reinsurance Company, United States*
• *Scor US Corporation, United States*

Director of:
• Bolloré Investissement SA
• Dassault Aviation
• *Amvescap Plc, United Kingdom*
• *Cogedim*
• *Dexia, Belgium*
• *Scor Canada Reinsurance Company, Canada*

Member of the Supervisory Board of:
• *Scor Deutschland, Germany*

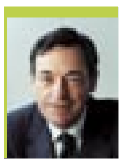
Permanent representative of:
• *Fergascor* on the Board of SA Communication & Participation

Non-voting director of:
• *FDC SA*
• *Gimar Finance SCA*

Member of:
• *Commission Économique de la Nation*
• *Conseil Économique et Social*

Jean-François Lepetit
• Born on 21 June 1942
• Elected on 5 May 2004. Term expires at the 2005 AGM
• Number of BNP Paribas shares held: 750

• **Other function:** Associate professor at Edhec

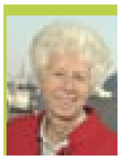


Lindsay Owen-Jones
Principal function: Chairman and Chief Executive Officer of L'Oréal
• Born on 17 March 1946
• Elected on 28 May 2004. Term expires at the 2007 AGM
• First elected to the Board on 13 June 1989
• Number of BNP Paribas shares held: 2,088

Chairman of:
• *Galderma Pharma SA, Switzerland (up to 24 May 2004)*

Vice-Chairman and member of the Supervisory Board of:
• Air Liquide

Director of:
• Gesparal (up to 29 April 2004)
• Sanofi-Aventis
• *Galderma Pharma SA, Switzerland (up to 24 May 2004)*
• *L'Oréal USA, Inc., United States*
• *L'Oréal UK Ltd, United Kingdom*



Hélène Ploix
Principal function: Chairman of *Pechel Industries SAS* and *Pechel Industries Partenaires SAS*
• Born on 25 September 1944
• Elected on 14 May 2003. Term expires at the 2005 AGM
• First elected to the Board on 21 March 2003
• Number of BNP Paribas shares held: 700

Director of:
• Lafarge
• *Boots Group Plc, United Kingdom*
• *Ferring SA, Switzerland*

Member of the Supervisory Board of:
• Publicis

Representative of Pechel Industries for:
• *Aquarelle.com Group*
• *CAE International*
• *CVBG-Dourthe Kressman*
• *Pechel Service SAS*
• *Quinette Gallay*
• *Xiring*

Legal Manager of *Hélène Ploix SARL*

Member of the Investment Committee for *the United Nations Personnel Pension Fund*

Baudouin Prot
Principal function: Chief Executive Officer of BNP Paribas
• Born on 24 May 1951
• Elected on 7 March 2000. Term expires at the 2005 AGM
• First elected to the Board on 7 March 2000
• Number of BNP Paribas shares held: 34,094

Director of:
• Veolia Environnement
• *Erbé, Belgium*
• *Pargesa, Belgium*

Member of the Supervisory Board of:
• Pinault-Printemps-Redoute

Premanent representative of BNP Paribas on the Supervisory Board of:
• Accor

Louis Schweitzer
Principal function: Chairman and Chief Executive Officer of Renault
• Born on 8 July 1942
• Elected on 28 May 2004. Term expires at the 2007 AGM
• First elected to the Board on 14 December 1993
• Number of BNP Paribas shares held: 5,830

President of the Management Board of:
• *Renault-Nissan BV, Netherlands*

Director of:
• Électricité de France
• RCI Banque
• Veolia Environnement
• *AB VOLVO, Sweden*
• *AstraZeneca, United Kingdom*

Member of the Board of:
• *Philips, Netherlands*

Member of the Board of:
• *Fondation Nationale des Sciences Politiques*
• *Institut Français des Relations Internationales*
• *Musée du Louvre*

Member of the Consultative Committee of:
• *Banque de France*
• *Allianz, Germany*

Member of the Executive Committee of *Medef*

Jean-François Trufelli
Director elected by BNP Paribas employees
Principal function: Statistician
• Born on 4 May 1952
• Elected for 3 years on 5 February 2004
• First elected to the Board on 15 March 2004
• Number of BNP Paribas shares held: 11

OTHER CORPORATE OFFICERS

Georges Chodron de Courcel
Principal function: Chief Operating Officer of *BNP Paribas*
• Born on 20 May 1950
• Number of BNP Paribas shares held: 15,000

Chairman of:
• *BNP Paribas Emergis SAS*
• *Compagnie d'Investissement de Paris SAS*
• *Financière BNP Paribas SAS*

Director of:
• Alstom
• Bouygues
• Nexans
• *BNP Paribas (Suisse) SA, Switzerland*
• *Erbé SA, Belgium*
• *Verner Investissements SAS*

Member of the Supervisory Board of
• Lagardère SCA
• Sagem SA

Non-voting director of:
• *Scor SA*
• *Scor Vie*

Jean Clamon
Principal function: Chief Operating Officer of *BNP Paribas*
• Born on 10 September 1952
• Number of BNP Paribas shares held: 16,000

Director of:
• Arval Service Lease
• BPLG
• *Cassa di Risparmio di Firenze, Italy*
• Cetelem
• *Compagnie Nationale à Portefeuille, Belgium*
• *Erbé, Belgium*
• *Euro Securities Partners*

Representative of BNP Paribas for:
• UCB

EXTRACTS FROM THE BOARD OF DIRECTORS' INTERNAL RULES

"Section 5 : Conduct of voting and non-voting directors

Directors shall interact effectively with others in the workplace and respect their opinions, and shall express themselves freely on subjects debated in Board meetings, even in the face of opposition. They shall have a strong sense of responsibility towards shareholders and other stakeholders, show a high level of personal integrity during the term of their office, and respect the basic rules related to their responsibilities.

Complying with laws and regulations

All directors are required to comply with legal obligations and the stock market recommendations and regulations related to information that concerns directors personally.

Ethics and Compliance

The legislation banning insider trading applies to directors both in a personal capacity and in their capacity as members of the Board of BNP Paribas, a listed company.
Directors are also advised to refrain from purchasing or selling BNP Paribas shares at any time outside the six-week period following the publication of the quarterly and annual accounts, or of any press release concerning business performance.
Directors must not disclose any information that is not publicly available to any third party including the manager of BNP Paribas shares.
If a director has any questions related to ethics and compliance, he or she can consult the head of Ethics and Compliance of the BNP Paribas Group.

Conflict of interest

Directors should inform the Board of any conflict of interest – even if this be merely potential – and should refrain from participating in the corresponding deliberating vote.
Directors who deem that they are no longer able to effectively carry out their responsibilities on the Board or Committees of which they are a member should step down.

Confidentiality

Any director or any other person who is called upon to attend meetings of the Board and the Committees of the Board is required to treat all matters discussed during the meeting as strictly confidential.
In particular, such directors or other persons shall treat as strictly confidential all insider information as well as information that may interest competitors or external parties in connection with "economic intelligence" and confidential information described as such by the Chairman.
In case of failure to comply with this obligation, the director or other person may be exposed to a claim for damages.

Directors, including the Chairman, Chief Executive Officer and Chief Operating Officers, are required to disclose transactions carried out on their own behalf and on behalf of close members of their family, as described below:

- In application of regulation 2000-09 issued by the French banking regulator *(the Commission Bancaire)*, they are required to declare on an annual basis any transactions carried out with the Bank by themselves directly or through an intermediary that exceed 3% of BNP Paribas SA's shareholders' equity. Corporate officers are required to have their BNP Paribas shares registered.
- In application of COB *(Commission des Opérations de Bourse)* recommendation 2002-01, they are required at half-yearly intervals to report the transactions carried out in relation to BNP Paribas shares either directly by themselves or through an intermediary, acting on their own behalf or mandated by a third party.
- As specified in articles 222-14 and 222-15 of the general regulations of the French securities regulator *(Autorité des Marchés Financiers)*, issuers are required to disclose to the AMF, and make available to the public through a press release, transactions carried out by their executive directors in relation to the issuer's financial instruments, reported via an individual statement bearing the name of the director concerned. This disclosure has to be made within 5 trading days from the date the issuer is informed of the transaction. These requirements replaced those set out in COB regulation 2002-01 as from 25 November 2004.

REPORT OF THE CHAIRMAN

OF THE BOARD OF DIRECTORS PREPARED IN ACCORDANCE WITH THE FRENCH FINANCIAL SECURITY LAW

on the conditions for the preparation and organisation of the work of the board and on internal control procedures applied by the bank (law no. 2003-706 of 1 August 2003)

I – Corporate Governance

CONDITIONS FOR THE PREPARATION AND ORGANISATION OF THE WORK OF THE BOARD (1)

The conditions for the preparation and organisation of the work of the Board and the Committees of the Board are set out in the internal rules of the Board of Directors of BNP Paribas SA. On the recommendation of the Compensation and Nominations Committee, the current version of these rules was adopted by the Board at its meeting of 4 February 2004.

Separation of the functions of Chairman and Chief Executive Officer

At the Annual General Meeting held on 14 May 2003, the Board of Directors announced its intention to separate the functions of Chairman and Chief Executive Officer within BNP Paribas. This decision brought the Group into line with corporate governance best practice, while at the same time ensuring a smooth and transparent handover of the Chief Executive role.

Under the internal rules, the Chairman organises and directs the work of the Board, and ensures that the corporate decision-making bodies of BNP Paribas operate effectively. Working closely with Executive Management, he is competent to represent the Group in high-level dealings with, for example, major clients and the authorities both nationally and internationally. He has no executive responsibilities. The Chief Executive Officer has the broadest powers to act in the Bank's name under all circumstances (see section III below). He has authority over the entire Group, including heads of core businesses, business lines, territories and Group functions. He is also responsible for internal control systems and procedures, and for all the statutory information in the report on internal control.

Assessment of the performance of the BNP Paribas Board of Directors

For the third year running, and in accordance with French corporate governance guidelines, an assessment of the performance of the BNP Paribas Board of Directors took place in 2004. The methods(2) and assessment criteria(3) used were broadly similar for 2002, 2003 and 2004, facilitating year-on-year comparisons between the assessment ratings given. This consistency of method also gives a clear picture of changes over time in the face of a major trend towards an increase in directors' responsibilities. The findings of the assessment – which were reported to the Board on 2 February 2005 by the Compensation and Nominations Committee – are set out below.

Competence, freedom of expression and independence

- The directors felt that they were fully informed and aware of the responsibility involved in the performance of their roles and of the increasing number of corporate governance requirements and regulations that have been introduced over the past few years. The majority of the directors have experience on Boards of Directors and have certain industry and/or technical knowledge that represents an asset for the Board and for the Group as a whole. All of the directors gave the top score in terms of the freedom of expression possible in Board meetings.

(1) The information provided in italics is unchanged compared with 2003 but disclosure in the annual report is required by law. "French corporate governance guidelines" refer to the principles for the corporate governance of listed corporations issued by the French employers' organisations, the Medef and Afep in October 2003.

(2) A written questionnaire was sent out which directors were able to return anonymously if they so wished. Where necessary, meetings were also held. The Board's Secretary was responsible for both the questionnaires and the meetings, reporting to the Compensation and Nominations Committee. The latter committee then presented the results of the assessment to the Board of Directors.

(3) 45 assessment criteria were used, based on six themes: the Board's roles and responsibilities, the composition of the Board, the Board's remit, information provided to the Board, Board meetings and Committee meetings (one questionnaire for each of the three committees). The questionnaires also contained around ten open questions allowing directors to freely express remarks and suggestions.

- The assessment showed that the directors approved the decisions made by BNP Paribas in relation to the composition of the Board in terms of the number of directors and meetings, the mix of skill-sets on the Board and the duration of terms of office. It is clear that the directors feel that the Board is truly independent. The opinions expressed by the directors in relation to the independence criteria have improved yearly. BNP Paribas constantly strives to respond to increasing corporate governance requirements, often acting pro-actively to anticipate new regulations. Examples of such actions include separation of the functions of Chairman and Chief Executive Officer, a gradual reduction in the number of directors, ongoing changes to the organisation and running of Board meetings and the quality of the debates...

Information, organisation and commitment

- The directors feel that they are properly consulted and sufficiently informed to come to an opinion and make any required decisions, especially in terms of their understanding of the Bank's businesses, markets, competition and strategy. They consider that they are provided with the necessary information to reach an opinion concerning the Bank's markets, its targets, results, accounts and financial results, internal control and risks. The directors feel that there are constant improvements to the information provided to Board members, particularly during meetings. Clearly, however, certain matters require more information than others.
- The directors gave a positive assessment of the practical aspects of the Board's organisation, such as the frequency, duration and dates of meetings, the minutes, the quality of the debates, the involvement and commitment of the directors and their competence to participate in the discussions.
- A positive rating was also given to the definition of the Board's roles and responsibilities, and the content, composition and frequency of the meetings of the Board's three committees – the Financial Statements Committee, the Internal Control and Risk Management Committee and the Compensation and Nominations Committee. Both the directors and the Bank's Executive Management are fully attuned to the increasing responsibilities of the Committees and are conscious of ensuring that they have the necessary resources. Details of the decisions taken at the end of 2004 in relation to the Committees are provided in the sections of this report concerning each individual Committee.

Composition of the BNP Paribas Board of Directors

Following the Annual General Meeting of 28 May 2004, the Board of Directors had 14 members elected by the shareholders and 3 members elected by BNP Paribas employees.

Michel François-Poncet passed away on 10 February 2005. Since that date the Board of Directors has been made up of 16 members.

For directors whose term of office is up for renewal, their new term of office is set at 3 years, in accordance with French corporate governance guidelines [1].

Re-election of directors – Election of a new director – Ratification of the Board's decision to appoint a new director.

The Compensation and Nominations Committee reviewed the situation of the following directors whose terms of office expire at the Annual General Meeting held to approve the 2004 financial statements: Gerhard Cromme, Jacques Friedmann, François Grappotte, Baudouin Prot and Hélène Ploix.

The Committee noted with regret that Jacques Friedmann has decided not to request the renewal of his term of office and accepted the candidature of Loyola de Palacio del Valle-Lersundi to replace him. Subject to the approval of the BNP Paribas shareholders, Loyola de Palacio del Valle-Lersundi's election as a director would bring to the Board of Directors an international outlook, thorough knowledge of the workings of the European Union and very extensive personal capabilities.

The Committee has decided to recommend the re-election of Gerhard Cromme, François Grappotte, Baudouin Prot and Hélène Ploix.

(1) The expiry dates of directors' terms of office are set out on pages 132-134 of the Annual Report.

These directors all contribute significantly to the work of the Board and its Committees thanks to the level of their skills and experience.
At its meeting held on 2 February 2005, the Board of Directors approved the related resolutions to be submitted to the shareholders concerning the re-election of these directors and the election of Loyola de Palacio del Valle-Lersundi. The Board also decided to invite the shareholders to ratify its decision to appoint Jean-François Lepetit as a member of the Board. Jean-François Lepetit is a recognised authority on global financial processes and markets.

Gerhard Cromme
Gerhard Cromme was born on 25 February 1943 and is a German national. He studied Economics and Law (earning his PhD in the latter) from 1962 to 1971 at Münster, Lausanne and Paris Universities, in addition to pursuing a Harvard Business School PMD.
From 1971 to 1986 he held various functions within the Saint-Gobain Group, lastly those of Executive Committee Chairman for Vereinigte Glaswerke GmbH and Deputy Managing Director of Compagnie de Saint-Gobain for the Federal Republic of Germany. Since 1986, Gerhard Cromme has been Chairman of the Management Board of Krupp Stahl AG, Chairman of the Management Board of Fried.Krupp AG Hoesch-Krupp, Chairman of the Management Board of ThyssenKrupp AG and Chairman of the Supervisory Board of ThyssenKrupp AG, a function he holds since 1 October 2001.
Gerhard Cromme is the Chairman of the German Governmental Commission on Corporate Governance and of the European Round Table of Industrialists. He was also appointed a member of the European Corporate Governance Forum by the European Commission on 15 October 2004.
Gerhard Cromme was appointed as a director of BNP Paribas in March 2003 to replace Bernd Fahrholz. His appointment was ratified by the Annual General Meeting held in May 2003.

François Grappotte
François Grappotte was born on 21 April 1936 and is a French national. He holds an undergraduate degree in Law and graduate degrees in Political Science, Economics and Finance from the Paris Faculty of Law and from Institut d'études politiques de Paris. He is also a graduate of École nationale d'administration.
After having served seven years at the Ministry of Industry and the Finance Ministry, from 1963 to 1970, François Grappotte worked at Banque Rothschild as an Assistant Director, Deputy Director then Director (1970-1972), before joining Compagnie Électro-Mécanique (CEM) as Corporate Secretary in 1973 and becoming its Chief Executive Officer, which he remained until 1983. At that date he joined Legrand SA., where he was successively Chief Executive Officer, Chairman and CEO and, since 1 January 2004, Chairman of the Board of Directors.
François Grappotte has been a director of BNP Paribas since May 1999 when he was elected to the Board for a term of six years.

Jean-François Lepetit
Jean-François Lepetit was born on 21 June 1942 and is a French national. He is a graduate of HEC Paris business school and has an undergraduate degree in Law. He began his career at Banque de Paris et des Pays-Bas from 1963 to 1969, when he joined Banque de Suez et de l'Union des Mines, which later became Indosuez. Within the Indosuez Group he was Senior Manager, then Assistant Director, Deputy Director, Director, Managing Director and Vice-President and Board Member of Banque Indosuez, up to 1996. At this date he became a member of the Conseil des Marchés Financiers (CMF), where he took over as Chairman in 1998.
Jean-François Lepetit was an adviser to the Chairman and CEO of BNP from 1997 to 2000. He joined the Collège de la Commission des Opérations de Bourse (COB) in 1998, and was also a member of the Comité des Établissements de Crédit et des Entreprises d'Investissement (CECEI) and the Comité de la Réglementation Bancaire et Financière (CRBF). He was appointed Chairman of the Commission des Opérations de Bourse (COB) in October 2002 and remained in this function until the creation of the Autorité des Marchés Financiers in November 2003, at which time he retired and became an Associate Professor at the Edhec business school.
Having chaired the COB for more than one year, Jean-François Lepetit sought and obtained a favourable opinion from the Commission de déontologie de la Fonction publique

de l'État (State Civil Service Ethics Committee) prior to accepting his BNP Paribas directorship in May 2004.

Loyola de Palacio del Valle Lersundi

Loyola de Palacio del Valle Lersundi was born on 16 September 1950 and is a Spanish national. She holds a law degree from Universidad Complutense in Madrid. She was a Senator and a Member of the Spanish Parliament, as well as the Minister for Agriculture, Fisheries and Food from 1996 to 1999. Loyola de Palacio del Valle Lersundi then became a European MP and the head of the Spanish delegation in the European Parliament. In 1999 she was appointed Vice-President of the European Commission, in charge of relations with the European Parliament, and Commissioner of Transport and Energy. During her five-year term, which ended in 2004, she was in charge of shaping European policy in the major areas of transportation and energy. Major issues in the energy field included liberalising gas and electricity markets, securing energy supplies, strengthening trans-European networks, supporting sustainable energy sources, promoting energy efficiency and determining the place of nuclear power in the new context of climate change. In the area of transportation, her work related to the "European open skies" initiative, launching the Galileo satellite navigation system, opening markets and revitalising European railways, as well as building the new trans-European networks and ensuring maritime, air, rail and road safety. Lastly, she conducted international negotiations such as the Open Skies Agreements with the United States, maritime agreements with India and China, the EU-Russia energy dialogue and the European Neighbourhood Policy toward the Balkans and other Mediterranean countries.
Loyola de Palacio del Valle Lersundi is **a Guest Professor at the European University Institute, San Domenico di Fiesole and is the President of the European Commission's High-Level Group on Trans-European Transport Networks.**

Hélène Ploix

Hélène Ploix was born on 25 September 1944 and is a French national. She is a graduate of Institut d'études politiques de Paris (1965) and Institut européen d'administration des affaires (Insead - 1968), in addition to having earned undergraduate degrees in Law and English (Paris, 1968) and a Master of Arts in Public Administration from the University of California, Berkeley (1966). Following her studies, she spent ten years (1968-1978) with McKinsey and Co., where she became Head of Research. She then joined Compagnie Européenne de Publications (CEP) as Director at the Head Office (1978-1982), and was Chairman and CEO of Banque Industrielle et Mobilière Privée from 1982 to 1984. She was a member of the Collège de la Commission des Opérations de Bourse from 1983 to 1984. Hélène Ploix was an adviser to the French Prime Minister for Economic and Financial Affairs (1984-1986), then a Director of the International Monetary Fund and the World Bank (1986-1989). She was the Deputy Managing Director of Caisse des dépôts et consignations from 1989 to 1995, then special adviser on single currency matters for KPMG Peat Marwick in 1996.
Hélène Ploix has been the Chairman of Pechel Industries, an investment company, since 1997. She has written numerous articles on the issues of corporate ethics and governance.

Baudouin Prot

Baudouin Prot was born on 24 May 1951 and is a French national. He is a graduate of HEC Paris business school (1972) and of the École nationale d'administration (1976). With the rank of Inspecteur des finances, Baudouin Prot served in the French Ministry of Finance and the Ministry of Industry until 1983, when he joined Banque Nationale de Paris.
He was Deputy Director of Banque Nationale de Paris Intercontinentale, then Deputy Director and Director of the Europe Department of the International Division. In 1987, Baudouin Prot was promoted to Director of Mainland France Networks, then to Head Director and Deputy Chief Operating Officer, which he remained until 1996. In September 1996, he became Chief Operating Officer of BNP and was elected to the Board of Directors of BNP Paribas in March 2000. Baudouin Prot replaced Michel Pébereau as Chief Executive Officer in June 2003, when the function of Chairman was separated from that of CEO.

Independence of directors in accordance with French corporate governance guidelines

The following directors do not qualify as independent [(1)] under French corporate governance guidelines: *Claude Bébéar, Jean-Louis Beffa, Michel François-Poncet* [(2)], *Michel Pébereau and Baudouin Prot.*

The three employee representatives on the Board (*Patrick Auguste, Jean-Marie Gianno and Jean-François Trufelli*) do not qualify as independent under the guidelines, despite their method of election and their status, which safeguards their independence from Executive Management.

The following qualify as independent under the guidelines: *Gerhard Cromme, Jacques Friedmann, François Grappotte, Alain Joly, Denis Kessler, Jean-François Lepetit, Lindsay Owen-Jones* [(3)], *Hélène Ploix and Louis Schweitzer.*

Consequently, over half of the Board members are independent, as recommended by French corporate governance guidelines for "companies with widely spread share ownership and no controlling shareholder".

Roles and responsibilities of the Board of Directors

The main roles and responsibilities of the Board, in accordance with the internal rules, are to appoint corporate officers, draw up the BNP Paribas business strategy and monitor its implementation, examine any and all issues related to the efficient running of the business, and make any and all business decisions, perform any or all controls and verifications that it considers appropriate, supervise the management of the business and the accuracy of its accounts, approve the financial statements and ensure that the financial information disclosed to the shareholders and the markets is of a high quality. Three Committees of the Board – the Financial Statements Committee, the Internal Control and Risk Management Committee, and the Compensation and Nominations Committee – assist the Board in its work on the financial statements, relations with the Statutory Auditors, internal control and risk, the organisation of Executive Management, compensation and nominations.

Activities of the Board in 2004

The Board of Directors held eight meetings in 2004, including one unscheduled meeting. The attendance rate was 86%. A special session devoted to Group strategy was also held on 17 January 2005, which was attended by the Group's key executive managers.

As well as discussions and decisions required for compliance with French laws and regulations, the Board addressed the following issues:

- the draft Directors' Report to shareholders and the Chairman's report drawn up in accordance with the French Financial Security Law, the proposed resolutions to be put to the shareholders at the Annual General Meeting, and draft replies to written questions submitted by shareholders in advance of the Annual General Meeting;
- proposed amendments to the Board's internal rules, the composition of the Board and its Committees, the appraisal of directors recommended for re-election at the Annual General Meeting of May 2005, the assessment of the Board's performance, a review of the situation of a director appointed by the Board, and selection of directorship candidates due to a vacancy on the Board;
- the Group's development policy and strategy, investment and acquisition projects requiring prior approval, and reports on significant completed or ongoing transactions;

(1) In accordance with the Medef-Afep guidelines of October 2003, the Board considers a director is independent when "he or she has no relationship of any kind whatsoever with the corporation, its group or the management of either that is such as to colour his or her judgement".

(2) François-Poncet passed away in February 2005.

(3) As stated in the 2002 Annual Report, the Board feels that there are no grounds for questioning the independence of Lindsay Owen-Jones despite the fact that he has been a director of BNP and then BNP Paribas for more than twelve years.

- the plan to set up a worldwide Compliance function and the organisation of the Asset Management and Services business;
- the proposed amounts of fixed and variable remuneration to be paid to corporate officers and Executive Committee members and the terms and conditions of such remuneration based on the achievement of objectives, the pension scheme for corporate officers, benchmarking of BNP Paribas directors' fees in relation to other Cac 40 companies;
- financial statements and budgets: the Board reviewed and approved the financial statements and results of the Group and of BNP Paribas SA for 2004, and the quarterly and half-yearly consolidated results of the Group and its core businesses for 2004. The Board also heard the reports of the Financial Statements Committee and the Statutory Auditors. It reviewed and adopted the 2005 budget and carried out an initial review of the main implications of the Group's transition to International Financial Reporting Standards (IFRS).
- proposals concerning share issues to employees who are members of an employee share ownership scheme, the 2004 BNP Paribas stock option plan, share cancellations, share buybacks in accordance with new European regulations, and amendments to the procedure for carrying out bond and other debt issues.
- correspondence with the regulatory authorities, developments in the "Oil for Food" case which is subject to various investigations by the United Nations and within the United States.
- the activities of the three Committees of the Board, as described below, including a discussion of the reports presented to the Board by the respective Committee chairmen.

Profiles of the BNP Paribas directors

DIRECTOR	BNP PARIBAS BOARD					PRIMARY BUSINESS SECTOR (2)		
"Independent" based on the Afep-Medef criteria	Age at 31/12/2004 (1)	Date of first Board meeting	Years of experience (1) at 31/12/04	Banking Finance Insurance	Manufacturing and other	Summary description	Years of experience in the sector	Current position
M. Pébereau	62	14/05/1993	10.6	X		Banking since 1982 (CCF BNP then BNPP)	22	Chairman of BNPP
B. Prot	53.5	07/03/2000	3.6	X		Banking since 1983 (BNP then BNPP)	21	CEO of BNPP
P. Auguste (3)	53.5	14/12/1993	11	X		Banking since 1969 (BNP then BNPP)	25	Banking executive of BNPP
C. Bébéar	69.6	23/05/2000	3.5	X		Insurance since 1958 (Axa)	46	CSB of Axa
J.-L. Beffa	63.6	22/10/1986	18.2		X	Manufacturing since 1974 (St-Gobain)	30	Chairman/CEO of St-Gobain
G. Cromme	*61.8*	*14/05/2003*	*1.5*		*X*	*Manufacturing since 1971 (St-Gobain -Thyssen)*	*33*	*CSB of Thyssen Krupp*
M. François-Poncet (†)	70	30/05/1990	14	X		Banking since 1961 (Paribas then BNPP)	43	Vice-Chairman of BNPP
J. Friedmann	*72.75*	*14/12/1993*	*11*	*X*		*Air France-CGM-UAP-Axa Caisse d'Épargne*	*36*	*Company director*
J.-M. Gianno (3)	52.25	1993/2004	6.8	X		Banking since 1973 (BNP then BNPP)	31	Banking employee of BNPP
F. Grappotte	*68.66*	*04/05/1999*	*4.6*		*X*	*Manufacturing since 1973 (CEM Legrand)*	*31*	*Chairman of BD Legrand*
A. Joly	*66.66*	*28/06/1995*	*9.4*		*X*	*Manufacturing since 1962 (L'Air liquide)*	*42*	*Chairman of SB Air Liquide*
D. Kessler	*52.25*	*23/05/2000*	*3.5*	*X*		*Insurance since 1990 (FFSA-Axa-Scor)*	*14*	*Chairman/CEO of Scor*
J.-F. Lepetit	*61.5*	*05/05/2004*	*0.65*	*X*	*Regulatory*	*1963-2000: Banking - regulatory - CMF COB*	*40*	*Retired - Professor*
L. Owen-Jones	*58.75*	*13/06/1989*	*14.5*		*X*	*Manufacturing since 1969 (L'Oréal)*	*35*	*Chairman/CEO of L'Oréal*
H. Ploix	*60.25*	*21/03/2003*	*1.75*	*X*	*X*	*Banking-Consulting (BIMP-CDC-Pechel)*	*29*	*Chairman/CEO of Pechel Industries*
L. Schweitzer	*62.5*	*14/12/1993*	*11*	*X*	*X*	*Manufacturing since 1986 (Renault- RCI)*	*18*	*Chairman/CEO of Renault*
J.-F. Trufelli (3)	52.6	15/03/2004	0.75	X		Banking since 1970 (BNP then BNPP)	34	BNPP banking employee
Average	61.3		7.4				31	

(1) Expressed in fractions of years.
(2) Based on current or most recent positions held.
(3) Directors elected by BNP Paribas employees are not considered to be independent under the Afep-Medef corporate governance guidelines.

BD: Board of Directors
SB: Supervisory Board

Financial Statements Committee

Members: as recommended by the Compensation and Nominations Committee, the Board of Directors amended the composition of the Financial Statements Committee during 2004 and at the end of the year. At the beginning of 2005, the Committee was made up of four members, three of whom – Louis Schweitzer (Chairman), Denis Kessler and Hélène Ploix – qualify as independent directors under French corporate governance guidelines. The fourth member, Patrick August, does not qualify as independent as he was elected by BNP Paribas employees. No Executive Management members have sat on the Committee since 1997.

Terms of reference: *the Committee's terms of reference are set out in the internal rules of the Board of Directors, and involve assisting the Board in various areas, including: analysing, in the presence of the Statutory Auditors, the quarterly, half-yearly and annual financial statements published by the Bank and obtaining further explanations of certain items prior to presentation of the financial statements to the Board of Directors; reviewing all matters related to the financial statements, including the choices of accounting principles and policies, provisions, management accounting data, accounting standards, capital adequacy requirements, profitability indicators, and all other accounting matters that raise methodological issues; managing relations with the Statutory Auditors. At least once a year and more often if it sees fit, the Committee devotes part of a meeting to discussions with the Auditors without any member of BNP Paribas Executive Management being present.*

The Committee may also discuss matters falling within its terms of reference with Group finance and accounting managers and the head of Asset-Liability Management, without any members of executive management being present.

Where questions of interpretation of accounting standards arise in connection with the presentation of the quarterly, half-yearly and annual results, involving choices with a material impact, the Group Finance-Development Department submits to the Committee a quarterly memorandum analysing the nature and significance of the choices made. The Statutory Auditors also report to the Committee on the options chosen.

The Committee Chairman may make enquires of any manager within the Group concerning matters falling within the Committee's terms of reference as defined in the internal rules of the Board of Directors, and may also seek advice from outside experts.

Activities of the Committee in 2004: the Committee held four scheduled meetings during the year in line with the timeframe for the quarterly and annual results. The attendance rate for these meetings was 100%. The Committee also held one unscheduled meeting (which one director was unable to attend) to discuss the transition to IFRS before the presentation of the 2005 IFRS budget to the Board.

As part of its routine work, the Committee analysed, in advance of its presentation to the Board of Directors, the results of the Group and of BNP Paribas SA for 2003 and the first half of 2004, the Group's quarterly results for the first three quarters of 2004 and the annual and half-yearly financial statements of the Group and of BNP Paribas SA for 2004, comprising the profit and loss account, balance sheet, statement of off balance sheet items and notes. In carrying out these periodic reviews, the Committee assessed the impact on results of changes in Group structure and exchange rates and reviewed results by core business and business line. It also reviewed the summary of accounting internal control issues raised by the subsidiaries and branches as part of the internal certification of consolidation packages and examined draft results announcements before they were presented to the Board.

As part of its routine quarterly work, the Committee also dealt with significant questions of accounting methodology, including the application of the new rules for accounting for doubtful loans, amortisation, depreciation and impairment in value of assets, the criteria used to assess control of special purpose entities, the consequences of the French Pension Reform Act (the Fillon Act), the valuation of the Group's portfolio of listed investments, the progress of the work carried out in relation to the interpretation of IAS 39 on structured derivatives and the change in the methods used to estimate the value of fund units held. The Committee received confirmation from the Statutory Auditors that no significant issues relating to accounting options had been omitted.

Concerning relations with the Group's Statutory Auditors, the Committee approved the Group audit schedule presented by the Auditors for 2004 and reviewed the report of fees paid to the Statutory Auditors for 2003 prior to the publication of this information. It also reviewed the list and types of services other than audit services carried out for the Group by the Auditors in 2003 and the portion of the audit firms' revenues which the Group represents. The Committee read the letters issued by the audit firms confirming their independence and analysed and approved the planned additional engagements in accordance with the procedure defined by the Group in relation to conflicts of interest. Discussions were held with the Auditors during the review of the 2003 financial statements, without any member of Executive Management being present.

In order to complete its meetings with the key Group functions – which began at the end of 2003 with the Group heads of Asset-Liability Management and Treasury as well as with the Finance-Development function – the Committee held discussions with the Group Accounting Director in 2004, without any member of Executive Management being present. This meeting focussed on the relationship between BNP Paribas and the Group's three Statutory Auditors, the organisation of audit engagements between the three firms, accounting closing procedures, provisions, the revaluation of financial instruments and taxation.

The Committee followed the progress of developments in relation to IFRS both during its regular meetings and during one meeting specifically dedicated to the subject. It reviewed the Group's initial estimates of the impact of the first-time adoption of the new standards.

Finally, the Committee reviewed the section relating to internal control of accounting and financial information in the draft of the Chairman's report drawn up in accordance with the French Financial Security Law.

Internal Control and Risk Management Committee

Members: at the start of 2005, the Committee comprised Jacques Friedmann (Chairman), François Grappotte, Jean-François Lepetit, and Jean-Marie Gianno. The first three of these members qualify as independent under French corporate governance guidelines, whereas Jean-Marie Gianno is not deemed to be independent as he was elected by BNP Paribas employees.

Terms of reference: *the Committee's terms of reference are set out in the internal rules of the Board of Directors, and involve assisting the Board in various areas, including: reviewing the reports on internal control and on risk measurement and monitoring systems, as well as reports prepared by the General Inspection unit and their main findings, and correspondence with the French banking regulator (the* Commission Bancaire*); reviewing the Group's overall risk policy, based on risk and profitability indicators made available to the Committee in accordance with the applicable regulations, as well as any specific related issues; holding discussions, if it sees fit without other members of Executive Management being present, with the heads of the General*

Inspection and Internal Audit functions, Ethics, and Group Risk Management; presenting to the Board of Directors the Committee's assessment of the Group's methods and procedures.

Activities of the Committee in 2004:
The Committee met four times in 2004 with an attendance rate of 91% (one absence).

The Committee reviewed the Group's market and credit risks and analysed the allocation of risks by industry, geographic area and business line, particularly focusing on certain industries and clients which require specific monitoring due to the economic conditions of their markets. It also analysed changes in the amounts of provisions for credit risks and country risks. The Committee read and approved the findings of the Risk Policy Committees and reviewed their summary reports.
It also held discussions with the head of Group Risk Management (GRM), examined the report of the department's action points carried out in 2003 and approved the objectives of its 2004 action plan.

The Committee also held discussions with the head of the Group's Ethics Department, reviewed regulatory changes in relation to compliance, and to combating money laundering, terrorism and corruption. It analysed the resources and strategic action points for the Group's Ethics Department for 2004 and approved its objectives.

The Committee also held discussions with the head of the Group's General Inspection unit and the Internal Audit Department. It examined the draft annual report on Group internal control relating to 2003, drawn up in accordance with regulation 97-02 issued by the French Banking and Financial Regulation Committee *(Comité de la Réglementation Bancaire et Financière – CRBF)* to be transmitted to the *Commission Bancaire*. The Committee then reported its conclusions on the draft report to the Board of Directors. It analysed the procedures, employee numbers, action points and recommendations of the General Inspection unit for 2003 and examined the activities of this unit as well as those of the Internal Audit department for the first half of 2004.

The Committee examined the procedures implemented by the Group in order to comply with the Basel II capital adequacy regulations and analysed the internal control requirements defined by the French Financial Security Law and the Sarbanes-Oxley Act in the United States.

The Committee noted the exchanges of correspondence between the Bank and the regulatory authorities and was brought up to date by Executive Management of the developments in the United Nation's "Oil for Food" investigations.

Further to research carried out into the respective roles and responsibilities of the Financial Statements Committee and the Internal Control and Risk Management Committee, it concluded that the separation of the functions normally carried out by a single audit committee into a two-committee structure which is unique to BNP Paribas has been successful in effectively meeting the Group's requirements.

Compensation and Nominations Committee

Members: Committee members were the same as the previous year, comprising Alain Joly (Chairman), Claude Bébéar, Jean-Louis Beffa and Jacques Friedmann. Half of the members (including the Chairman) qualify as independent directors under French corporate governance guidelines. No executive management members have sat on the Committee since 1997.

Terms of reference: *In accordance with the internal rules of the Board of Directors, the Committee puts forward recommendations for the post of Chairman of the Board for consideration by the Board of Directors. Acting jointly with the Chairman of the Board, the Committee puts forward recommendations for the post of Chief Executive Officer* *for consideration by the Board, and acting on the recommendation of the Chief Executive Officer, it puts forward candidates for Chief Operating Officer posts. It assists the Board of Directors in assessing the performance of the Board and of its Chairman (with the Chairman not present); acting jointly with the Chairman of the Board, it assists in assessing the performances of the Chief Executive Officer and Chief Operating Officers, with the parties in question not present. The Committee is also charged with addressing all issues related to the personal status of corporate officers, including remuneration, pension benefits, and stock options; reviewing the terms and amount of stock option plans, and the list of grantees; and preparing employee stock option plans. The Committee, in conjunction with the Chairman, is also competent to assist the Chief Executive Officer on any issue related to executive management compensation referred by him to the Committee. It is also responsible, on the same basis, for developing plans for the succession of corporate officers. Acting jointly with the Chairman of the Board, the Committee advises the Board on resolutions to be submitted to the shareholders concerning the election of directors and non-voting directors. It makes recommendations to the Board on the appointment of Committee chairmen when their terms of office are due for renewal.*

Activities of the Committee in 2004:
The Committee met four times in 2004, with an average attendance rate of 88%.

Issues dealt with included determining the terms and conditions and amounts of fixed and variable remuneration to be paid for 2003 and 2004 to corporate officers and Executive Committee members; adapting the pension scheme for corporate officers; membership of the Board of Directors and the Committees of the Board; the 2004 stock option plan; the amount and allocation of directors' fees for 2004; the selection of future directors; and assessment of the performance of the Board of Directors.

II – Internal Control

The information below concerning the Group's internal control system has been provided by Executive Management.

Internal Control environment

Controls within the French banking sector are governed by a wide range of laws and regulations, which have created a long-established internal control culture within the Bank's core businesses. The current internal control environment is largely based on the Banking Activities and Control Act of 24 January 1984 and the Financial Activities Modernisation Act of 2 July 1996. France's banking regulator, the Commission Bancaire*, is responsible for oversight of the rules applicable to internal control in banks and investment firms. Under its charter, the* Commission Bancaire *has the power to inspect and evaluate the internal control procedures used by banks. This highly-developed environment reflects the importance of banking activities to the economy and finance, and the potential for banking activities to affect the stability of the world financial system. National banking rules are framed at an international level within the context of the recommendations of the Basel Committee, an international regulatory body without parallel in any other business sector.*

The conditions for the implementation and monitoring of internal control within banks and investment firms are set out in CRBF Regulation 97-02 of 21 February 1997, as amended by Regulations 2001-01 and 2004-02. These rules lay down principles relating to control systems for transactions and internal procedures, accounting systems and information processing, risk and performance measurement systems, risk supervision and control systems, and internal control documentation and reporting systems. Under article 42 of this Regulation, banks are required to prepare an annual report on internal control, which is submitted first to the Board of Directors (along with the report of the Internal Control and Risk Management Committee),

and is then sent to the Commission Bancaire *and the auditors.*
The BNP Paribas Group operates an internal control system covering all its businesses and sites. This internal control system is defined in the Group's Internal Audit Charter, which is widely distributed within the Group.
The Charter lays down rules relating to the organisation, lines of responsibility and scope of internal audit, and establishes the principle of the independence of the Internal Audit function. It also stipulates rules of ethical and professional conduct for internal auditors.
The Charter enables the Group to comply with the professional standards set internationally by the Institute of Internal Auditors and in France by the Institute of Audit and Internal Control (Institut Français de l'Audit et du Contrôle Interne).
The Chief Executive Officer is responsible for internal control organisation and procedures, and for all the statutory information included in the report on internal control.
The Group internal rules, last amended on 10 August 2001, set out general ethical and compliance rules to be applied by staff, especially those with access to sensitive information about BNP Paribas activities and results.
The internal control system also draws on Group-wide procedures issued by executive management, core businesses or Group functions. These procedures, which are regularly updated, are combined in the "Group Guidelines" database and can be accessed by all staff.
All internal control and risk issues are covered by periodic presentations to the Internal Control and Risk Management Committee, and via this Committee to the BNP Paribas Board of Directors (see the "Corporate Governance" section of this report).

Organisation of Internal Control

BNP Paribas has set up a new Compliance function, against a backdrop of stronger regulatory requirements and at a time when the CRBF is preparing an amendment to regulation 97-02. This new function will have Group-level responsibility for bolstering organisational procedures concerning risk management and internal control processes. In particular, it will be tasked with:

- ensuring that action points relating to legal and regulatory requirements for the banking and financial industry are consistent and effective;
- orchestrating internal control procedures throughout the Group.

The structure and underlying principles of the Compliance function will be gradually defined and set up in 2005.

Overall, BNP Paribas' Internal Control function and general underlying principles remained unchanged in 2004, and correspond to those described in the Chairman's report for 2003.

BNP Paribas continued its drive to adjust its organisation structure in line with best practices relating to corporate governance and internal audit. This resulted in:

- the formation of an Audit Committee in each of the core businesses. These Committees, which are essential for monitoring audit work, are being progressively set up in the Bank's operating units;
- the implementation and communication of Internal Audit guidelines and thematic audit methodologies. The main focus in this respect concerned audit guides relating to ethics and compliance, as well as to initiatives relating to procedures for deepening knowledge of clients, and to combating money laundering, terrorism and corruption.
  In response to the latest regulatory requirements (CRBF 2004-02 and the proposed amendment to CRBF 97-02), additional audits will be performed in 2005 relating to outsourced business and Business Continuity Plans;
- the separation of the Internal Audit and Ethics functions in several Group entities.

The BNP Paribas Group is extremely aware of the need to ensure that there are effective ethics procedures in place, especially with regards to combating money laundering. These aims have formed the overriding focus of the Group's Ethics Managers over the past few years, and BNP Paribas remains committed to achieving them. These efforts are reflected in the following:

- the "Tools-Protection-Risks" team now reports to the Group Ethics function, thereby increasing the latter's expertise in monitoring and detecting attempts at fraud, as well as in surveillance of irregular transactions and in traceability;
- the gradual implementation from 2004 of software for preventing, detecting and reporting money-laundering operations. This issue will form one of the priorities of the 2005 action plan.

The year 2004 saw a focus on organisational procedures and a significant increase in resources. These efforts, which will be pursued in 2005, have already resulted in the establishment of audit coverage principles for a Group function.

Internal Control principles

On 22 September 1999, the BNP Paribas Group issued an organisation memorandum laying the foundations of the Bank's internal control system. This system is rooted in three key principles and a set of written guidelines.

The three key internal control principles are defined in the following terms:

- *responsibility for internal control is an integral part of management responsibility. Internal controls are embedded in each activity as a means of controlling that activity. Heads of core businesses, and heads of Group functions with responsibility for a "family" of risks, each define their own internal control system and ensure it operates effectively. Every manager, at whatever level, has a duty to exercise effective control over the activities for which he or she is responsible;*
- *delegation of responsibilities ensures that Group policies are implemented consistently at all levels;*
- *segregation of duties, mainly focused on separation between teams that originate transactions and teams that execute those transactions. The structure of the Group should at all times ensure clear separation between execution and control, and between proprietary and third-party management.*

The Internal Audit teams regularly carry out controls to ensure that these principles have been respected. By way of example, in 2004 the Audit department of the Corporate and Investment Banking business carried out a survey to verify the segregation of tasks. The overall findings showed satisfactory compliance with regulatory requirements for the banking industry.

Internal Control procedures

The written guidelines are distributed throughout the Group, and describe the organisational structures, procedures and controls to be applied; they provide the basic framework for the Group's internal control.

In 2004, the project relating to the Group's cross-functional guidelines (levels 1 and 2) reached maturity. These guidelines are regularly updated – a process in which all the core businesses and functions actively participate. This structural project was 93% completed at end-September 2004, compared with 89% one year earlier.

Several core businesses have appointed Procedure Managers, which further demonstrates the Bank's commitment to internal control and to ensuring that the related processes are correctly monitored.

The various levels of Internal Control

A four-level system of controls is used. First-level controls are performed by individual employees on the transactions they process, based on Group procedures. Second-level controls are performed by their managers. Third-level controls are performed by internal auditors working within Group entities. Fourth-level controls are performed by the General Inspection unit.

The first three levels of control are exercised within the core businesses and Group functions, which have primary responsibility for their own internal control systems. Fourth-level controls, exercised by the General Inspection unit, are designed to ensure that the internal control system is operating properly within all Group entities, both in the parent company and its subsidiaries.

Risk families

The BNP Paribas Group has classified risks into eight different "families":

- *Credit and counterparty risk, representing the risk of total or partial default of a counterparty with whom the Bank has contracted balance sheet or off balance sheet commitments.*
- *Market risk, associated with movements in the market price of all types of instruments (such as equity, interest rate and liquidity risk).*
- *Accounting risk, arising from all factors liable to prevent fulfilment of the objective that accounting information should present a true and fair view.*
- *Administrative risk, arising from all factors liable to impair the efficiency of the Group's operations in terms of transaction processing.*
- *Information systems risk, arising from all factors liable to impair the security of information systems and the performance of the IT function.*
- *Business and reputational risk, relating to the risk of business underperformance and damage to the brand image.*
- *Legal and tax risk, arising from all factors liable to impair the Group's objectives in terms of legal and tax compliance.*
- *Human resources risk, arising from all factors liable to cause individual or collective dissatisfaction among staff, or to result in quantitative or qualitative shortcomings in human resources.*

All these risks, with the exception of credit/counterparty and market risk, fall within the overall concept of operational risks: direct or indirect financial risk resulting from any kind of internal or external failings (such as the failings of individuals, procedures or systems).

As of 2004, each of the Bank's core businesses defines and identifies operational incidents and systematically provides a full report on the issues concerned. This process, which represents an important step in the procedure of monitoring operational risks, is backed by a network of Operational Risk correspondents and analysts which was rolled out on a wide scale during the year.

Also in 2004, a Risk Monitoring Committee was set up within the General Inspection unit. The aims of this Committee are to:

- identify all the entities that are subject to a core business audit;
- for each of these entities, recommend procedures for appraising risks, with a view to creating a Group Risk Assessment process;
- prepare the 2005 action plan in cooperation with the core business audit teams.

These processes round out the Risk Assessment approach already set up in the Group's operating units.

The Internal Audit Charter

The BNP Paribas Group has set out its internal audit principles in an "Internal Audit Charter", which was amended in 2003 and sent out within the Group in February 2004. This amendment reflects the separation of the functions of Chairman and Chief Executive Officer, under which the Chief Executive Officer assumed full responsibility for audit and internal control.

Human resources

As of 31 December 2004, the BNP Paribas Group had a total of 863 full time equivalent employees in the Internal Audit and General Inspection functions, 383 in the Ethics function (an increase of 29% compared with the previous year), and 793 in the Group Risk Management function as a whole, including 57 in the Operational Risk function.

III – Limitation of the powers of the Chief Executive Officer

The Chief Executive Officer has the broadest powers to act in all circumstances in the name of BNP Paribas and to represent the Bank in its dealings with third parties. He exercises these powers within the limits of the corporate purpose, and subject to those powers expressly reserved by law for shareholder meetings and for the Board of Directors.
Within the Group, the internal rules of the Board of Directors require the Chief Executive Officer to submit to the Board for prior approval any investment decision of more than EUR 250 million, and any proposed acquisition or divestment of equity interests of more than EUR 250 million.

IV – Internal Control procedures relating to the preparation and processing of accounting and financial information

Roles and responsibilities regarding the preparation and processing of accounting and financial information
The preparation and processing of accounting and financial information are the responsibility of the Group Finance-Development function, whose roles include:
- *production and quality control of financial statements;*
- *production and quality control of management schedules, and provision of forecast figures for strategic management purposes;*
- *control over the Group's financial information systems.*

These roles are performed at a number of levels: at Group level by the Group Finance-Development function, at core business level by the core business Finance function, and within each entity
The allocation of these roles is described in the charter drawn up by the Finance-Development function.
The heads of finance of the core businesses and of the main entities have operational lines of reporting to the Group Head of Finance.

Accounting policies and rules

The accounting policies and rules applied by Group entities in preparing accounting information are drafted and updated by the central Group General Accounting Department. These policies and rules comply with French generally accepted accounting principles.

As from January 2005, the Group's consolidated financial statements will be prepared in accordance with the International Financial Reporting Standards adopted by the European Union. The Group chose to prepare and publish its 2004 annual results in accordance with French GAAP in the ordinary timescale, rather than waiting until the completion of work relating to

the impact on the 2004 accounts of switching to the new accounting standards. Detailed quantitative data concerning this impact, as well as results for the year ended 31 December 2004 prepared in accordance with IFRS will be presented to the market on 24 March 2005.
The central Management Control Department draws up management control rules that apply to all the Group's business lines.
The Group's accounting policies and management control *rules can be accessed in real time via the Group Intranet.*

Procedures for preparing consolidated financial data

The information used to prepare the BNP Paribas Group consolidated financial statements is derived from the Bank's transaction processing systems and two separate reporting channels, one dedicated to accounting data and the other to management data. The reporting process is as follows:

- *Accounting data: accounting information is reported directly from each entity to the accounting department within the Group Finance-Development function. This department prepares the accounts of BNP Paribas SA and the Group's consolidated financial statements based on the accounting information reported to it by the other entities.*
- *Management data: management information is reported by each entity and business line to the Finance function of the relevant core business, which then reports consolidated data for the core business to the Management Control unit within the Group Finance-Development function.*

For each entity and core business, a reconciliation between accounting data and management data is performed for the main income statement lines. This is supplemented by an overall reconciliation performed by the Group Finance-Development function to ensure consistency between consolidated accounting profits and management reporting profits. These two reconciliations form part of the procedure for ensuring reliable accounting and management data.

Internal certification process

The Group has introduced a process of internal certification of quarterly data produced by entities falling within the scope of consolidation. The heads of Finance of the entities concerned certify:

- *that the accounting data reported to the Group Finance-Development function are reliable and comply with Group accounting policies;*
- *that the accounting internal control system designed to ensure the quality of accounting data is operating effectively.*

This procedure is based on the Group's accounting internal control system, which is adapted to each entity, as well as on an internal assessment carried out at least once a quarter in order to ensure that the system is being correctly implemented by the participants concerned. *Accounting risks identified by accounting internal controls during the internal certification process are specifically monitored and, where appropriate, adequately provided for.*

A report on this procedure is sent to the Financial Statements Committee at the close of the Group's consolidated accounts.

Periodic controls – formation of an accounting inspection team

Controls are performed by the General Inspection unit as well as by the Internal Audit departments of each core business, entity and function.
With a view to further strengthening these control procedures, an accounting inspection team was set up in 2004 tasked with performing specific audits on accounting procedures and cross-functional accounting issues within the Group.

This team reports both to Group Finance-Development and the General Inspection unit.

REMUNERATION

Remuneration of corporate officers

Remuneration of the Chairman of the Board of Directors, the Chief Executive Officer, and the Chief Operating Officers

The remuneration paid in 2004 to corporate officers was determined by the method recommended by the Compensation and Nominations Committee and approved by the Board of Directors.

The remuneration of corporate officers comprises both a fixed and a variable component, the base levels of which were determined following a benchmarking exercise. The fixed portion is calculated based on market rates of pay for positions carrying equivalent responsibilities. The variable portion, which is capped, is based in part on financial performance criteria and achieving budget objectives set for the Group and the Divisions (gross operating income, pre-tax income and net profit), and in part on each individual's personal contribution to implementing the Group's strategy and preparing its future. A portion of the variable amount is paid at the rate of one-third per year over three years.

Year-on-year changes in remuneration arise from the new organisation of Executive Management, effective 12 June 2003.

- The fixed salary paid to Michel Pébereau, Chairman of the Board of Directors, amounted to EUR 700,000 in 2004 (EUR 727,838 in 2003). The variable remuneration payable to Michel Pébereau in 2005 in respect of 2004 will amount to EUR 831,553 (EUR 839,119 in 2004 in respect of 2003). The additional variable remuneration payable in respect of 2004 at a rate of one-third per year in 2006, 2007 and 2008 will amount to EUR 204,750 (EUR 199,565 in respect of 2003).

The Chairman of the Board of Directors is not paid a salary by any other Group companies and does not receive any directors' fees from Group companies, other than as a director of BNP Paribas SA.

- The fixed salary paid to Baudouin Prot, Chief Executive Officer, amounted to EUR 730,000 in 2004 (EUR 642,153 in 2003). The variable remuneration payable to Baudouin Prot in 2005 in respect of 2004 will amount to EUR 1,171,274 (EUR 835,986 in 2004 in respect of 2003). The additional variable remuneration payable in respect of 2004 at a rate of one-third per year in 2006, 2007 and 2008 will amount to EUR 298,500 (EUR 198,042 in respect of 2003). The Chief Executive Officer is not paid a salary by any other Group companies and does not receive any directors' fees from Group companies, other than as a director of BNP Paribas SA.

- The fixed salary paid to Georges Chodron de Courcel, Chief Operating Officer, amounted to EUR 450,000 in 2004 (EUR 439,665 in 2003). The variable remuneration payable to Georges Chodron de Courcel in 2005 in respect of 2004 will amount to EUR 949,986 (EUR 811,010 in 2004 in respect of 2003) before deducting directors' fees received in 2004. The additional variable remuneration payable in respect of 2004 at a rate of one-third per year in 2006, 2007 and 2008 will amount to EUR 232,500 (EUR 190,425 in respect of 2003).

- The fixed salary paid to Jean Clamon, Chief Operating Officer, amounted to EUR 430,000 in 2004 (EUR 414,962 in 2003). The variable remuneration payable to Jean Clamon in 2005 in respect of 2004 will amount to EUR 453,983 (EUR 401,195 in 2004 in respect of 2003) before deducting directors' fees received in 2004. The additional variable remuneration payable in respect of 2004 at a rate of one-third per year in 2006, 2007 and 2008 will amount to EUR 84,000 (EUR 67,791 in respect of 2003).

The Chairman, the Chief Executive Officer and the Chief Operating Officers have company cars and a mobile telephone.

Pension benefits

The defined benefit plans which were previously accorded to executive managers of the Group formed by BNP, Paribas and Compagnie Bancaire, have all been changed to top-up type schemes. The amounts allocated to the beneficiaries, subject to their being in the Group at the time they retire, were fixed when the previous schemes were closed to new entrants.
This procedure has been applied to corporate officers, with the defined amounts calculated on the basis of fixed and variable remuneration received in 1999 and 2000, without the possibility of subsequently acquiring supplementary pension rights.
When benefits fall due, the top-up amounts calculated as described above will be remeasured over the period from 1 January 2002 to the retirement date based on the average increase in pension benefits paid by the Social Security, Arrco and Agirc.

Remuneration and benefits paid to corporate officers in 2004

In euros	Remuneration			Directors' fees paid by Group companies (4)	Benefits in kind (5)	Total remunerations
Corporate officer	Fixed (1)	Variable (2)	Deferred (3)			
Michel Pébereau Chairman of the Board of Directors	700,000	839,119	358,312	22,868	4,781	1,925,080
Baudouin Prot Chief Executive Officer	730,000	801,952 (6)	218,103	22,868	4,895	1,777,818
Georges Chodron de Courcel Chief Operating Officer	450,000	707,810 (7)	252,613	6,468	4,271	1,421,162
Jean Clamon Chief Operating Officer	430,000	286,169 (8)	100,572	47,013	4,845	868,599

(1) Salary paid in 2004.

(2) Corresponding to variable remuneration paid in 2004 in respect of 2003. In accordance with the terms of the BNP Paribas deferred bonus plan, a portion of each corporate officer's variable remuneration consisted of stock awards vesting at the rate of one-third per year in 2005, 2006 and 2007. Michel Pébereau's deferred remuneration amounted to EUR 199,565, that of Baudouin Prot to EUR 198,042, that of Georges Chodron de Courcel to EUR 190,425 and that of Jean Clamon to EUR 67,791.

(3) Corresponding to the transfer of the final third of the deferred bonus awarded in 2000 in the form of BNP Paribas shares, to two-thirds of the deferred bonus awarded in 2001 in the form of BNP Paribas shares and to one-third of the deferred bonus awarded in 2002 in the form of BNP Paribas shares.

(4) The Chairman of the Board of Directors and the Chief Executive Officer do not receive directors' fees from any Group companies other than BNP Paribas SA. Georges Chodron de Courcel receives fees in his capacity as Director of BNP Paribas Switzerland. Jean Clamon receives fees in his capacity as Director of Cetelem, BNP Paribas Lease Group, Cortal Consors, Cardif and Paribas International.

(5) The Chairman, the Chief Executive Officer and the Chief Operating Officers have company cars and a mobile telephone.

(6) Baudouin Prot's variable remuneration was reduced by EUR 34,034 corresponding to directors' fees received in 2003.

(7) Georges Chodron de Courcel's variable remuneration was reduced by EUR 103,200 corresponding to directors' fees received in 2003.

(8) Jean Clamon's variable remuneration was reduced by EUR 115,026 corresponding to directors' fees received in 2003.

Remuneration of other corporate officers

In addition to the directors' fees received as Vice-Chairman of the Board of Directors of BNP Paribas SA, in 2004, Michel François-Poncet(†) received fees in his capacity as Chairman of BNP Paribas Suisse SA and directors' fees in his capacity as Director of BNP Paribas UK Holdings Ltd, representing a total of EUR 143,741. He also had a company car.

In addition to the directors' fees received from BNP Paribas SA, in 2004 David Peake received directors' fees of EUR 48,634 in his capacity as Chairman of BNP Paribas Finance Plc and BNP Paribas UK Holdings Ltd. He also has a company car, provided by BNP Paribas Finance Plc.

Remuneration paid to other corporate officers (directors' fees, other fees, benefits in kind) in 2004 (in euros[1])

Michel François-Poncet (†) [2] Vice-Chairman of the Board of Directors	143,741
David Peake [2] [3] Director	48,634

(1) Amounts in foreign currencies have been converted at the following exchange rates: EUR 1 = GBP 0.7077765 and EUR 1 = CHF 1.546878052.

(2) David Peake's term of office as Director expired on 28 May 2004.

(3) Including directors' fees from BNP Paribas SA.

Remuneration of directors representing employees

The total remuneration paid in 2004 to the directors elected by employees during their term of office came to EUR 102,785, not including directors' fees. The total amount of directors' fees paid in 2004 to the directors elected by employees was EUR 73,752.
The directors' fees for 5 employee representatives were paid directly to their trade union bodies. Jean Morio personally received the outstanding amount of his director's fees in respect of 2003 (see table below).

Directors' fees

The total fees paid to the directors of BNP Paribas SA are determined by the General Meeting of Shareholders. The fees awarded to each director for 2004[1] were unchanged from prior years at EUR 22,868. In addition, the chairmen of the Commitees of the Board each receive EUR 7,622 and the other members of these Committees each receive EUR 4,574. One half of the fee paid to each director is based on the director's attendance rate at Board meetings and meetings of any Committees of which he or she is a member. Total directors' fees paid in 2004 amounted to EUR 424,438 (compared with EUR 476,662 in 2003).

BNP Paribas	2004
Michel Pébereau	22,868
Patrick Auguste [2]	27,442
Claude Bébéar	23,669
Jean-Louis Beffa	23,669
Gerhard Cromme	20,010
Jack Delage [2]	3,430
Michel François-Poncet (†)	21,439
Jacques Friedmann	33,845
Jean-Marie Gianno [2]	17,152
François Grappotte	26,556
Marie-Christine Hamonic [2]	2,858
Alain Joly	29,728
Denis Kessler	25,841
Jean-François Lepetit	10,005
Jean-Marie Messier	1,886
Jean Morio	5,718
Lindsay Owen-Jones	15,722
David Peake	15,608
Hélène Ploix	27,442
Baudouin Prot	22,868
Louis Schweitzer	30,530
Jean-François Trufelli [2]	17,152
TOTAL	**424,438**

(1) As directors' fees are awarded at the last meeting of the Board of Directors for the current financial year, the corresponding amounts are calculated from December of the previous financial year to November of the current financial year.

(2) Directors elected by employees whose fees are paid directly to their trade union bodies.

General principles governing the determination of fixed and variable components of employee remuneration

Pay reviews are conducted by all Group companies throughout the world according to a standard timetable, based on a Groupwide performance assessment system. Performance assessments are based on individual objectives and the skills required by the position concerned.

Fixed salaries are set on a country-by-country basis, taking into account the responsibilities involved and market rates. In the corporate and investment banking and private banking businesses, bonuses are determined based on individual performance and the business's profitability. In the other business lines and Group functions, management bonuses are determined annually based on profits and each individual's personal performance.

The variable bonuses of Retail Banking sales staff in France are determined according to criteria that are adjusted each year based on national and local development plans.

Stock option plans

BNP Paribas generally launches a new shareholder-approved stock option plan each year. No options are granted at a discount to the BNP Paribas share price on the date of grant.

Options plans may include certain performance-related vesting conditions applicable to all or some of the options granted to each individual. Details of the vesting conditions are provided in note 36 to the consolidated financial statements.

On 24 March 2004, the Board of Directors approved a stock option plan mainly concerning key managers within the Group. This plan counted 1,458 beneficiaries who were granted 1,779,850 options. The option exercise price was set at EUR 49.80, corresponding to the average of the opening prices quoted for BNP Paribas shares over the 20 trading days preceding 24 March 2004. Specific conditions apply to a portion of the options granted to certain individuals, whereby the right to exercise the options and the exercise price depend on the relative performance of BNP Paribas shares compared with a benchmark index during a specified period.

Information on stock options

Options granted to and exercised by corporate officers	Number of options granted/exercised	Exercise price (in euros)	Date of grant	Plan expiry date
Options granted in 2004	0	-	-	-
Options exercised in 2004				
Michel François-Poncet (†)	177,650	23.47	26/12/1997	26/12/2005
Georges Chodron de Courcel	50,000	37.28	13/05/1998	13/05/2008
Georges Chodron de Courcel	5,500	37.64	03/05/1999	03/05/2009
Jean Clamon	50,000	23.47	26/12/1997	26/12/2005
Jean Clamon	37,020	17.30	20/01/1997	20/01/2005

No stock options were granted to corporate officers in 2004.

Employees other than corporate officers receiving/exercising the highest number of options	Number of options granted/exercised	Weighted average exercise price (in euros)	Date of grant	
Options granted in 2004 (10 employees)	62,000	49.80	24/03/2004	
Options exercised in 2004 (10 employees)	625,228	20.56	20/01/1997 311,235	26/12/1997 127,455
			13/05/1998 40,000	17/11/1998 146,538

Fees paid to the auditors

In thousands of euros	Ernst & Young 2004	%	2003	%	PricewaterhouseCoopers 2004	%	2003	%	Mazars & Guérard 2004	%	2003	%	TOTAL 2004	%	2003	%
Audit																
Statutory audits and contractual audits, including:																
Basic audit work	6,572	71%	5,565	56%	8,176	50%	6,429	39%	4,345	72%	3,414	42%	19,093	61%	15,408	45%
Additional work	1,090	12%	1,620	16%	4,720	29%	5,101	30%	907	15%	1,586	20%	6,717	21%	8,307	24%
Special engagements	320	4%	154	2%	19	-	117	1%	110	2%	135	2%	449	2%	406	1%
Sub-total	**7,982**	**87%**	**7,339**	**74%**	**12,915**	**79%**	**11,647**	**70%**	**5,362**	**89%**	**5,135**	**64%**	**26,259**	**84%**	**24,121**	**70%**
Other services																
Legal and tax advice	876	10%	1,410	14%	2,931	18%	3,917	24%	598	10%	2,847	35%	4,405	14%	8,174	23%
IT consulting services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Management consulting services	188	2%	883	9%	164	1%	352	2%	32	-	13	-	384	1%	1,248	4%
Other	100	1%	291	3%	192	2%	687	4%	75	1%	97	1%	367	1%	1,075	3%
Sub-total	**1,164**	**13%**	**2,584**	**26%**	**3,287**	**21%**	**4,956**	**30%**	**705**	**11%**	**2,957**	**36%**	**5,156**	**16%**	**10,497**	**30%**
TOTAL	**9,146**		**9,923**		**16,202**		**16,603**		**6,067**		**8,092**		**31,415**		**34,618**	


A Mythical Library Becomes a Pivot For Multicultural Exchanges in Alexandria

SNØHETTA

Craig Dykers, Christoph Kapeller and Kjetil Traedal Thorsen

Architects of the Library of Alexandria

Snøhetta - Clients of BNP Paribas - Oslo

It requires daring to dream of recreating the ancient library of Alexandria, destroyed more than two thousand years ago. It takes even greater audacity to propose a building design in the form of a tilting granite disc which is partially submerged below ground. Fortunately, neither the sponsors of the project nor the Norwegian firm of architects Snøhetta, were lacking either of these attributes. In 2004, their architectural achievement, named Bibliotheca Alexandrina, was honoured with the Aga Khan Award for Architecture. Located on a site close to Alexandria's waterfront, the library *"symbolises the sun and moon, both of which were icons of ancient Egyptian culture"*. Thanks to the efforts of the Egyptian government, as well as the support of Unesco and countries such as Norway, Alexandria once again boasts a world-class centre of learning and erudition. Reflecting the modernity of its architecture and its stature as a centre for cultural exchange, the library is managed by an international board of trustees. *"Building with recyclable materials and integrating architecture with nature are essential given the constraints of demographic pressures and ever-increasing competition for scarce resources."* The library, which houses three museums, a planetarium, exhibition galleries and research centres, has been enthusiastically received by tourists and locals alike and has become the most visited monument in the city.

FINANCIAL AND LEGAL INFORMATION

2004 *Document de référence*

2004 REVIEW OF OPERATIONS

Consolidated results of the BNP Paribas group

In 2004, the Group had sharply higher operating performances:

- Net banking income: EUR 18,823 million (+5.0%),
- Gross operating income: EUR 7,231 million (+8.7%),
- Cost/income ratio improved 1.3 points at 61.6%,
- Operating income: EUR 6,553 million (+23.9%).

Fresh rise in profitability:

- Net income, Group share: EUR 4,668 million (+24.1%).
- After-tax return on equity: 16.8% (+2.5 pts).

Each of the Group's core businesses contributed to this performance:

- Thanks to the significant commercial drive of its two core businesses, Retail Banking posted sustained growth in the business and in its results (EUR 2,981 million in pre-tax income, +12.6%).
- Taking advantage of the inclusion of real estate services and owing to the performances of all the business lines involved in gathering and managing financial assets, the Asset Management and Services (AMS) core business posted substantial results (EUR 993 million in pre-tax income, +37.3%).
- The Corporate and Investment Banking (CIB) core business posted record results (EUR 2,448 million in pre-tax income, +30.3%) with exceptionally low provisions.

Allocation of capital

Revenue from the capital allocated to each division is included in the division's profit and loss account. The capital allocated to each division corresponds to the amount required to comply with international capital adequacy ratios and is based on 6% of risk-weighted assets. Additional capital is allocated to Private Banking, Asset Management and Cortal Consors, which is equal to 0.25% of assets under management. In Real Estate Services and Securities Services, additional capital is allocated in respect of operational risk. The capital allocated to the Private Equity business corresponds to a certain percentage of the net book value of investments. The percentage varies depending on the investment and is designed to reflect the actual risk. Capital allocated to the Insurance business corresponds to 100% of the solvency margin as determined according to insurance regulations.

Operating performances up sharply

In 2004, global economic growth was particularly sustained, even though its pace remained limited in Europe, and this environment helped push up corporate earnings and reduce the overall number of corporate failures. Capital markets, bullish in the beginning of the year, remained hesitant thereafter, with uneven trading volumes and historically low volatility. The dollar continued its fall against the euro, thus continuing to handicap European companies that do business in the United States.

In this context, on the whole positive for banking services, BNP Paribas posted results that were up sharply. The Group's net banking income rose 5.0% to EUR 18,823 million; operating expenses and depreciation were strictly contained at EUR 11,592 million, up 2.7%. Gross operating income thus grew 8.7% to EUR 7,231 million and the cost/income ratio improved 1.3 points, falling from 62.9% to 61.6%.

Provisions, totalling EUR 678 million, were down 50.2%, while operating income soared 23.9% to EUR 6,553 million.

Non-operating items contributed EUR 352 million, up 18.5% compared to 2003. This increase was due to sharp rise in income from associated companies, up 48.1% to EUR 194 million and the decline in one-time charges. These charges included, however, in the fourth quarter a single EUR 152 million payment, enabling once and for all the Group's employee-managed health scheme to cover all the health insurance commitments relating to retirees and, with regard to the IAS/IFRS accounting standards, to be considered a defined contribution plan.

The tax expense rose 23.6% to EUR 1,830 million and the share of minority interests 18.3% to EUR 407 million.

Net income group share, at EUR 4,668 million, was up 24.1% and the return on equity after tax was up 16.8%. Net earnings per share[1] came to EUR 5.55.

(1) Excluding shares held by the Group.

In millions of euros	Retail Banking	AMS	CIB	BNP Paribas Capital	Other activities	Group 2004	Group 2003	Change 2004/2003	At constant scope and exchange rates
Net banking income	**9,979**	**3,019**	**5,685**	**4**	**136**	**18,823**	**17,935**	**+5%**	**+4.8%**
Operating expenses and dep.	(6,183)	(1,953)	(3,243)	(30)	(183)	(11,592)	(11,285)	+2.7%	+1.9%
Gross operating income	**3,796**	**1,066**	**2,442**	**(26)**	**(47)**	**7,231**	**6,650**	**+8.7%**	**+9.9%**
Provisions	(662)	(5)	(58)	0	47	(678)	(1,361)	-50.2%	-52.7%
Operating income	**3,134**	**1,061**	**2,384**	**(26)**	**0**	**6,553**	**5,289**	**+23.9%**	**+26.4%**
Associated companies	124	3	(6)	3	70	194	131	+48.1%	
Capital gains	(1)	19	(7)	688	144	843	912	-7.6%	
Goodwill	(271)	(72)	(26)	(5)	(10)	(384)	(399)	-3.8%	
Other items	(5)	(18)	103	1	(382)	(301)	(347)	-13.3%	
Pre-tax income	**2,981**	**993**	**2,448**	**661**	**(178)**	**6,905**	**5,586**	**+23.6%**	**+26.5%**
Minority interests	(69)	(2)	(7)	0	(329)	(407)	(344)	+18.3%	
Tax expenses						(1,830)	(1,481)	+23.6%	
Net income, Group share						**4,668**	**3,761**	**+24.1%**	**+27.2%**
Cost/income ratio						61.6%	62.9%		
ROE after tax						16.8%	14.3%		

Results of each core business

1 - Retail Banking

In millions of euros	2004	2003	2004/2003
Net banking income	**9,979**	**9,636**	**+3.6%**
Operating expenses and dep.	(6,183)	(6,011)	+2.9%
Gross operating income	**3,796**	**3,625**	**+4.7%**
Provisions	(662)	(754)	-12.2%
Operating income	**3,134**	**2,871**	**+9.2%**
Amortisation of goodwill	(271)	(289)	-6.2%
Other non-operating items	118	66	+78.8%
Pre-tax income	**2,981**	**2,648**	**+12.6%**
Cost/income	62.0%	62.4%	-0.4 pt
Allocated equity (EUR bn)	9.8	9.4	+5.2%
Pre-tax ROE	30%	28%	+2 pts

In 2004, Retail Banking businesses continued their expansion and further enhanced their profitability. Gross operating income edged up 4.7% to EUR 3,796 million.
Pre-tax income, at EUR 2,981 million, rose 12.6%.
Pre-tax return on equity was 30%, up 2 points.

French Retail Banking

In millions of euros	2004	2003	2004/2003
Net banking income	**5,086**	**4,884**	**+4.1%**
inc. fees and commissions	*2,176*	*2,053*	*+6.0%*
inc. interest margin	*2,910*	*2,831*	*+2.8%*
Operating expenses and dep.	(3,457)	(3,355)	+3.1%
Gross operating income	**1,629**	**1,529**	**+6.5%**
Provisions	(223)	(225)	-0.9%
Operating income	**1,406**	**1,304**	**+7.8%**
Non-operating items	4	(2)	n.m.
Pre-tax income	**1,410**	**1,302**	**+8.3%**
Income attributable to AMS	(73)	(62)	+17.1%
Pre-tax income of FRB	**1,337**	**1,240**	**+7.8%**
Cost/income	68.0%	68.7%	-0.7 pt
Allocated equity (EUR bn)	4.7	4.5	+4.3%
Pre-tax ROE	28%	27%	+1 pt

Including 100% of French Private Banking from NBI from Pre-tax Income lines.

Net banking income of the French Retail Banking branch network[1] totalled EUR 5,086 million, up 4.1%. Net interest revenue rose 2.8%, under the combined effect of an increase in average outstanding loans (+7.8%) and deposits (+6%), on the one hand, and a contraction of the gross interest margin rate (from 3.74% to 3.57% between 2003 and 2004) on the other hand. The amount of fees rose 6.0%, driven by revenues from financial transactions (+9.9%).

The sales and marketing drive targeting **individual** customers continued at a fast pace. Outstanding loans (+16.9% compared to 2003) rose at a rate faster than the market, in particular due to a sharp increase in outstanding mortgages (+19.8%). Life insurance assets gathered jumped 31%.
BNP Paribas successfully rolled out its Retirement Plan marketing programme, which helped open 300,000 new retirement savings plans, including 100,000 Perp plans.
The number of cheque and deposit accounts grew by 128,000.

For corporate customers, the new commercial organisation is bearing fruits. Compared to the low point in the fourth quarter 2003, outstanding loans rose 11.8% for the year. Moreover, the French Retail Banking branch network significantly grew sales of financial products and services working together with Corporate and Investment Banking: structured financing, foreign exchange and interest rate hedging products.

The moderate increase in operating expenses and depreciation, up 3.1% year-on-year, led to a 6.5% rise in gross operating income to EUR 1,629 million. The cost/income ratio improved 0.7 point at 68.0%.

At EUR 223 million, provisions remained stable (-0.9%) and very moderate since they amount to 0.31% of the year's weighted outstandings.

After sharing French Private Banking's income with AMS, French Retail Banking posted EUR 1,337 million in annual pre-tax income, up 7.8%.

Pre-tax return on equity edged up one point to 28%.

International Retail Banking and Financial Services (IRFS)

In millions of euros	2004	2003	2004/2003
Net banking income	**5,057**	**4,903**	**+3.1%**
Operating expenses and dep.	(2,817)	(2,745)	+2.6%
Gross operating income	**2,240**	**2,158**	**+3.8%**
Provisions	(439)	(529)	-17.0%
Operating income	**1,801**	**1,629**	**+10.6%**
Amortisation of goodwill	(271)	(289)	-6.2%
Other non-operating items	114	68	+67.6%
Pre-tax income	**1,644**	**1,408**	**+16.8%**
Cost/income	55.7%	56.0%	-0.3 pt
Allocated equity (EUR bn)	5.1	4.8	+6.1%
Pre-tax ROE	32%	29%	+3 pts

(1) Including 100% of Private Banking in France.

The net banking income of the International Retail Financial Services core business was up 3.1% compared to 2003, at EUR 5,057 million. Operating expenses and depreciation, at EUR 2,817 million, edged up 2.6% and gross operating income (EUR 2,240 million) was up 3.8%. The cost/income ratio thus improved a further 0.3 point at 55.7%.

Provisions were down 17.0% at EUR 439 million and amortisation of goodwill fell 6.2% to EUR 271 million whilst other non-operating items soared 67.6% to EUR 114 million, due in particular to income from associated companies. Thus, the pre-tax income, at EUR 1,644 million, rose significantly over the past year (+16.8%) and pre-tax return on equity moved up three points to 32%.

BancWest

In millions of euros	2004	2003	2004/2003	At constant scope and exchange rates
Net banking income	**1,555**	**1,592**	**-2.3%**	**+2.6%**
Operating expenses and dep.	(740)	(764)	-3.1%	+1.9%
Gross operating income	**815**	**828**	**-1.6%**	**+3.2%**
Provisions	(40)	(75)	-46.7%	-44.1%
Operating income	**775**	**753**	**+2.9%**	**+7.9%**
Amortisation of goodwill	(139)	(147)	-5.4%	
Other non-operating items	(12)	(7)	+71.4%	
Pre-tax income	**624**	**599**	**+4.2%**	**+9.2%**
Cost/income	47.6%	48.0%	-0.4 pt	
Allocated equity (EUR bn)	1.6	1.6	+1.9%	
Pre-tax ROE	39%	38%	+1 pt	

Community First and Union Safe Deposit consolidated as of 1 November 2004.

BancWest enjoyed robust business levels with 11% growth for consumer lending and 7% for deposits, at constant scope. However, the gross interest margin rate fell by 43 basis points during the year to 3.75% due to persistent low medium-term interest rates in the United States. In the aggregate, net banking income (EUR 1,555 million) edged up 2.6% at constant scope and exchange rates and gross operating income (EUR 815 million) rose 3.2%. Provisions were down and the ratio of non-performing assets to total outstandings was 0.45% as at 31 December 2004 compared to 0.59% as at 31 December 2003. Thus, pre-tax income (EUR 624 million) jumped 9.2% at constant scope and exchange rates. Due to the dollar's fall, this rise is only 4.2% at current scope and exchange rates.

The acquisitions of Community First Bankshares and Union Safe Deposit Bank were completed on 1 November 2004 and the bulk of their effect on BancWest's income will be felt from 2005 onwards.

Cetelem

In millions of euros	2004	2003	2004/2003	At constant scope and exchange rates
Net banking income	**1,680**	**1,565**	**+7.3%**	**+4.1%**
Operating expenses and dep.	(882)	(811)	+8.8%	+3.3%
Gross operating income	**798**	**754**	**+5.8%**	**+4.9%**
Provisions	(380)	(361)	+5.3%	-4.1%
Operating income	**418**	**393**	**+6.4%**	**+13.2%**
Amortisation of goodwill	(45)	(52)	-13.5%	
Other non-operating items	116	86	+34.9%	
Pre-tax income	**489**	**427**	**+14.5%**	**+18.4 %**
Cost/income	52.5%	51.8%	+0.7 pt	
Allocated equity (EUR bn)	1.5	1.4	+8.1%	
Pre-tax ROE	32%	30%	+2 pts	

Cetelem continued its resilient growth in France, in particular through its partnership with FRB, and outside of France. Outstanding loans under management increased a total of 11.0% during the year, and 17.5% outside France. Net banking income rose 7.3% to EUR 1,680 million and gross operating income increased 5.8% to EUR 798 million. Given the limited rise in provisions (+5.3%) and the significant growth in income from *associated companies* (+67.6%), pre-tax income rose 14.5%.

UCB reported a very sharp rise in new loans: up 39% in France at constant scope and up 53% abroad. Outstanding loans to individuals totalled EUR 20.2 billion as at 31 December 2004 (+21% at constant scope). Furthermore, by consistently offering the services of the FRB network, UCB helped open 10,000 new accounts. The acquisition of Abbey National France was completed at the end of the year. **Arval** pursued its rapid expansion across Europe (growing the fleet of financed vehicles by +12% year-on-year) and **BNP Paribas Lease Group** continued to develop business throughout Europe based on partnership alliances (rise in outstandings outside France: +16%).

The Retail Banking business in **Emerging Markets and Overseas** posted a very satisfactory rise in gross operating income: up 16.5% compared to 2003. The business line continued its expansion, in particular in North Africa where it opened 25 new branches.

In millions of euros	Cetelem	BNP Paribas Lease Group	UCB	Long-term leasing with services	BancWest	OEM	IRFS Centre	IRFS
Gross operating income	**798**	**191**	**139**	**161**	**815**	**205**	**(69)**	**2,240**
2003	754	195	128	133	828	176	(56)	2,158
2004/2003	*+5.8%*	*-2.1%*	*+8.6%*	*+21.1%*	*-1.6%*	*+16.5%*	*n.m.*	*+3.8%*
Pre-tax income	**489**	**133**	**172**	**87**	**624**	**187**	**(48)**	**1,644**
2003	427	124	153	57	599	143	(95)	1,408
2004/2003	*+14.5%*	*+7.3%*	*+12.4%*	*+52.6%*	*+4.2%*	*+30.8%*	*n.m.*	*+16.8 %*

2 - Asset Management and Services

In millions of euros	2004	2003	2004/2003	At constant scope and exchange rates
Net banking income	**3,019**	**2,476**	**+21.9%**	**+8.3%**
Operating expenses and dep.	(1,953)	(1,673)	+16.7%	+3.5%
Gross operating income	**1,066**	**803**	**+32.8%**	**+18.2%**
Provisions	(5)	(16)	-68.8%	-76.7%
Operating income	**1,061**	**787**	**+34.8%**	**+20.6%**
Amortisation of goodwill	(72)	(74)	-2.7%	
Other non-operating items	4	10	-60.0%	
Pre-tax income	**993**	**723**	**+37.3%**	**+25.6%**
Cost/income	64.7%	67.6%	-2.9 pts	
Allocated equity (EUR bn)	3.3	3.0	+9.1%	
Pre-tax ROE	30%	24%	+6 pts	

Since 1 January 2004, the Group's real estate services businesses, previously reflected in "other businesses" have been integrated into AMS; 4Q04: Full consolidation of Atis Real retroactively for the last 9 months, previously booked as an associated company (Q2 and Q3).
Effect on 4Q04: NBI = EUR 165 million, GOI = EUR 20 million.
Effect on 2004: pre-tax income = EUR 9 million.

Starting in 2004, the Asset Management and Services core business includes the Group's real estate services, in the Wealth and Asset Management business (WAM). These businesses were bolstered by the acquisition of Atis Real International (ARI) as of 1 April 2004.
The business unit is now a European leader in real estate services, especially in the corporate real estate market (80% of revenues), with a 2,300-strong workforce in 7 countries. The meaningful variations, for AMS as well as for WAM, are therefore those based on a constant scope.

Separately from this expanded scope, the AMS core business achieved excellent and improved operating performances: at constant scope and exchange rates, net banking income (EUR 3,019 million), rose 8.3% with EUR 11.6 billion in net assets gathered, bringing assets under management to EUR 292.1 billion. Operating expenses and depreciation (EUR 1,953 million) remained under control: +3.5%.
Gross operating income, at EUR 1,066 million, thus jumped 18.2% and pre-tax income, which totalled EUR 993 million, was up 25.6%.

Wealth and Asset Management

WAM = Private Banking + Asset Management + Cortal Consors + Real Estate Services

In millions of euros	2004	2003	2004/2003	At constant scope and exchange rates
Net banking income	**1,555**	**1,143**	**+36.0%**	**+8.2%**
Operating expenses and dep.	(1,085)	(845)	+28.4%	+1.8%
Gross operating income	**470**	**298**	**+57.7%**	**+24.6%**
Provisions	(2)	(12)	-83.3%	
Operating income	**468**	**28 6**	**+63.6%**	
Amortisation of goodwill	(43)	(37)	+16.2%	
Other non-operating items	15	1	n.m.	
Pre-tax income	**440**	**250**	**+76.0%**	
Cost/income	69.8%	73.9%	-4.1 pts	
Allocated equity (EUR bn)	1.0	0.9	+12.2%	

Since 1 January 2004, the Group's real estate services businesses, previously reflected in "other businesses" have been integrated into AMS; 4Q04: Full consolidation of Atis Real retroactively for the last 9 months, previously booked as an associated company (Q2 and Q3).
Effect on 4Q04: NBI = EUR 165 million, GOI = EUR 20 million.
Effect on 2004: pre-tax income = EUR 9 million.

The Wealth and Asset Management business posted EUR 470 million in gross operating income, up 24.6% at constant scope and exchange rates.

In addition to its substantial organic growth, Private Banking undertook five acquisitions in Miami, Monaco and Switzerland, which, once completed (the two acquisitions in Switzerland are scheduled to be completed in the first half of 2005), will increase the assets under management by roughly EUR 2.5 billion. BNP Paribas Asset Management was awarded on several occasions throughout 2004 for its performance as a fund manager. Separately, the Group founded a European leader in alternative and structured management by bringing Faucher Partners into its already substantial business organisation. As at 31 December 2004, it had a total of EUR 17.4 billion in assets under management in the field of alternative or structured management. Cortal Consors continued to grow its customer base (+75,000 in 2004) and its assets under management, which had reached EUR 18.7 billion by 31 December 2004. It thus consolidated its position as no. 1 in Europe.

Insurance

In millions of euros	2004	2003	2004/2003
Net banking income	**855**	**733**	**+16.6%**
Operating expenses and dep.	(394)	(352)	+11.9%
Gross operating income	**461**	**381**	**+21.0%**
Provisions	(3)	(4)	-25.0%
Operating income	**458**	**377**	**+21.5%**
Non-operating items	(12)	14	n.m.
Pre-tax income	**446**	**391**	**+14.1%**
Cost/income	46.1%	48.0%	-1.9 pt
Allocated equity (EUR bn)	2.0	1.8	+9.9%

The Insurance business posted sharply higher results: its gross operating income was up 21.0% at EUR 461 million. This performance was due in particular to the substantial gross amount of funds gathered: EUR 11.3 billion (+23% compared to 2003). International business growth has been spectacular: EUR 7 billion in funds gathered in three years and a presence in 28 countries.

Securities Services

In millions of euros	2004	2003	2004/2003
Net banking income	**609**	**600**	**+1.5%**
Operating expenses and dep.	(474)	(476)	-0.4%
Gross operating income	**135**	**124**	**+8.9%**
Provisions	0	0	n.m.
Operating income	**135**	**124**	**+8.9%**
Amortisation of goodwill	(17)	(24)	-29.2%
Other non-operating items	(11)	(18)	-38.9%
Pre-tax income	**107**	**82**	**+30.5%**
Cost/income	77.8%	79.3%	-1.5 pt
Allocated equity (EUR bn)	0.3	0.3	-4.9%

The assets held in Securities Services' custody rose 18% year-on-year to EUR 2,473 billion. BNP Paribas was ranked no. 1 for service quality in 8 European countries.
In a market marked by low volumes of transactions, the rigorous management of operating expenses and depreciation (-0.4%) help pushed up gross operating income a satisfactory 8.9% to EUR 135 million.

3 - Corporate and Investment Banking

In millions of euros	2004	2003	2004/2003	At constant scope and exchange rates
Net banking income	**5,685**	**5,818**	**-2.3%**	**+0.1%**
*inc. trading revenues**	*3,053*	*3,456*	*-11.7%*	
Operating expenses and depreciations	(3,243)	(3,384)	-4.2%	-2.4%
Gross operating income	**2,442**	**2,434**	**+0.3%**	**+3.6%**
Provisions	(58)	(633)	-90.8%	-90.7%
Operating income	**2,384**	**1,801**	**+32.4%**	**+37.6%**
Amortisation of goodwill	(26)	(17)	+52.9%	
Other non operating items	90	95	-5.3%	
Pre-tax income	**2,448**	**1,879**	**+30.3%**	**+35.8%**
Cost/income	57.0%	58.2%	-1.2 pt	
Allocated equity (EUR bn)	7.5	6.9	+7.9%	
Pre-tax ROE	33%	27%	+6 pts	

** Including customer activity and related revenues.*

In 2004, Corporate and Investment Banking again enjoyed resilient business. Its net banking income, at EUR 5,685 million, was down slightly (-2.3%), due only to the fall in the dollar. At constant scope and exchange rates, it improved slightly (+0.1%).

The core business' operating expenses and depreciation declined 4.2% due to bonus adjustment and the fall in the dollar. Thus, the cost/income ratio, one of the best in Europe for this type of business, fell a further 1.2 points to 57%. Gross operating income rose 0.3% to EUR 2,442 million.

Corporate and Investment Banking provisions dropped 90.8% to EUR 58 million. EUR 189 million of this EUR 575 million decrease comes from a partial write-back of general provisions set aside in previous years for risks in the United States and in Europe [(1)]. It is first and foremost the result of the exceptionally positive overall situation for corporates the world over.

Operating income of Corporate and Investment Banking thus jumped 32.4% to EUR 2,384 million and pre-tax income 30.3% to EUR 2,448 million. The pre-tax return on equity was 33% (+6 points).

Advisory and Capital Markets

In millions of euros	2004	2003	2004/2003
Net banking income	**3,399**	**3,835**	**-11.4%**
Operating expenses and dep.	(2,230)	(2,407)	-7.4%
Gross operating income	**1,169**	**1,428**	**-18.1%**
Provisions	(9)	0	n.m.
Operating income	**1,160**	**1,428**	**-18.8%**
Non-operating items	(19)	102	n.m.
Pre-tax income	**1,141**	**1,530**	**-25.4%**
Cost/income	65.6%	62.8%	+2.8 pts
Allocated equity (EUR bn)	2.8	2.7	+3.6%

Revenues from Advisory and Capital Markets were down 11.4% due to the environment that was less favourable than in 2003 for Fixed Income. By contrast, equity derivatives businesses maintained their revenues and Corporate Finance reported a record year.

The business's rankings as a leader in financial transactions in Europe clearly reflect BNP Paribas's position amongst the market's foremost players for these services: the Bank remains no. 2 for euro-denominated corporate bond issues, and amongst the Top 10 for share and convertible bond issues in Europe (*IFR, Dealogic*). It has made a huge leap in mergers and acquisitions in Europe and now ranks no. 5.

BNP BNP Paribas was named "Euro MTN House of the Year" (*IFR*) and "Best Equity Derivatives Provider in Europe" *(Global Finance).*

(1) As at 31 December 2004, the Group still had EUR 122 million of the general provision set aside in 2003 to cover risks in Europe.

These results and positions were achieved without increasing our risk exposure: the Value at Risk (99% 1 day-interval VaR) remained below EUR 30 million on average in 2004.

Financing businesses

In millions of euros	2004	2003	2004/2003
Net banking income	**2,286**	**1,983**	**+15.3%**
Operating expenses and dep.	(1,013)	(977)	+3.7%
Gross operating income	**1,273**	**1,006**	**+26.5%**
Provisions	(49)	(633)	-92.3%
Operating income	**1,224**	**373**	**x 3.3**
Non operating items	83	(24)	n.m.
Pre-tax income	**1,307**	**349**	**x 3.7**
Cost/income	44.3%	49.3%	-5.0 pts
Allocated equity (EUR bn)	4.7	4.3	+10.6%

The Financing businesses have reported excellent performances across all business lines, leading to net banking income up 15.3%. They have also received numerous honours in recognition of their excellence: specifically, BNP Paribas ranked global no. 1 in Project Financing *(Dealogic),* in part for its role as mandated lead arranger of the "Project Finance Deal of the Year": Quatargas II for Exxon. The Group was also named "Aircraft Finance House of the Year" *(Jane's Transport Finance).*

BNP Paribas Capital

In millions of euros	2004	2003
Net capital gains	**688**	**584**
Other net income	3	(49)
Operating expenses and dep.	(30)	(39)
Pre-tax income	**661**	**496**

BNP Paribas Capital's pre-tax income, at EUR 661 million, was up 33.3%. The Group continued to pursue its strategy of divesting directly-held equity investments, in particular selling off its holdings in Atos Origin, Keolis, Diana and selling part of its line in Eiffage. EUR 688 million in capital gains were realised during the year from these sales and also through Private Equity funds.

Despite these divestitures, the portfolio's estimated value declined only from EUR 3.9 billion at the end of 2003 to EUR 3.7 billion at the end of 2004, as the estimated value of many investments has risen. As at 31 December 2004, unrealised capital gains totalled EUR 1.4 billion, compared to EUR 1.2 billion as at 31 December 2003.

BALANCE SHEET

ASSETS

General. At 31 December 2004, consolidated assets of the BNP Paribas Group amounted to EUR 905.9 billion, up 15.7% from the previous year. The main components of Group assets were interbank and money-market items, customer items, insurance company investments and securities (including bonds and other fixed income instruments, equities and other variable income instruments, investments in non-consolidated undertakings and other participating interests, equity securities held for long-term investment and investments in companies carried under the equity method). Together, these items represented 87.2% of total assets at 31 December 2004, compared with 86.2% at end-2003. Almost all asset categories contributed to the year-on-year rise, led by the securities portfolio, up 26.9%, customer items, up 16.3% and interbank and money-market items, up 14.8%. The main explanation for the growth in total assets was the increase in capital markets trading volumes.

Interbank and money-market items. Interbank and money-market items (net of provisions) totalled EUR 315.7 billion at 31 December 2004, up 14.8% over the year-earlier figure. The increase was mainly attributable to the 20.4% rise in treasury bills and money-market instruments to EUR 128.4 billion. Amounts due from credit institutions rose 10.7% to EUR 180.4 billion, reflecting higher repo activity.

Customer items. Total customer items (net of provisions) increased by 16.3% to EUR 258.1 billion. Growth was driven primarily by higher short-term loans and mortgage loans, which fuelled an 18.8% increase in other customer loans to EUR 182.8 billion. Securities and bills purchased under resale agreements were up 19.8% at EUR 23.1 billion.

Insurance company investments. At 31 December 2004, the BNP Paribas Group insurance companies held investments of EUR 69.5 billion, an increase of 11.6% over the year-earlier figure. The portfolio of bonds and other fixed income securities rose 8.0% in value and unit-linked portfolios grew 6.8%.

Securities portfolio. At 31 December 2004, the Group held bonds and other fixed income instruments, equities and other variable income instruments, investments in non-consolidated undertakings and other participating interests, equity securities held for long-term investment, and investments in companies carried under the equity method, for a total value of EUR 147.0 billion, representing an increase of 26.8% compared with the 31 December 2003 figure. This strong growth was attributable to favourable conditions in the financial markets, which helped to drive up the value of the trading portfolio to EUR 206.5 billion from EUR 158.6 billion. The value of equities and other variable income instruments rose 37.6% to EUR 72.3 billion, while bonds and other fixed income instruments climbed 21.6% to EUR 66.9 billion. The aggregate value of investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment contracted by 9.6% to EUR 6.1 billion.

Net unrealised gains on the total portfolio of investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment – calculated by reference to year-end stock market prices for listed securities – advanced significantly, to EUR 2.5 billion from EUR 2.3 billion, driven by the stock market recovery.

Accrued income and other assets. Accrued income and other assets increased 6.8% to EUR 99.8 billion. Decreases of 10.8% in accrued income and other adjustment accounts and of 7.1% in premiums on purchased options to EUR 25.7 billion and EUR 39.2 billion respectively were offset by a sharp rise in other assets to EUR 24.3 billion from EUR 11.6 billion, primarily reflecting higher cash deposits on securities lending and borrowing transactions.

LIABILITIES (other than shareholders' equity and provisions)

General. At 31 December 2004, consolidated liabilities of the BNP Paribas Group – excluding shareholders' equity and provisions – amounted to EUR 866.4 billion, an increase of 16.3% compared with the previous year's figure. The total includes interbank and money market items, customer items, debt securities, insurance company technical reserves and accrued expenses and other liabilities. Interbank and money-market items rose 28.1% year-on-year, customer items 12.9% and accrued expenses and other liabilities 7.2%.

Interbank and money-market items. Interbank and money-market items expanded 28.1% to EUR 245.0 billion at 31 December 2004. Time deposits and borrowings advanced 38.9% to EUR 85.8 billion, and securities and bills sold under repurchase agreements rose 21.5% to EUR 151.3 billion.

Customer items. Customer deposits totalled EUR 237.7 billion at 31 December 2004, an increase of 12.9% over the year-earlier figure. Demand accounts grew 21.3% to EUR 84.3 billion, time accounts and special savings accounts rose 5% and 8.4% respectively, while securities and bills sold under repurchase agreements climbed 16.1% to EUR 41.4 billion.

Debt securities. Debt securities amounted to EUR 104.0 billion at 31 December 2004, up 25.1% on the end-2003 figure. The increase was primarily attributable to growth in negotiable certificates of deposit to EUR 83.8 billion from EUR 67.0 billion.

Technical reserves of insurance companies. The technical reserves of Group insurance companies rose 12.2% year-on-year, reflecting new money invested in non-unit-linked contracts and positive mark-to-market adjustments to unit-linked liabilities following the stock market recovery.

Accrued expenses and other liabilities. Accrued expenses and other liabilities totalled EUR 198.1 billion at 31 December 2004 as against EUR 184.8 billion one year earlier. The rise stemmed mainly from increases of 16.0% in liabilities related to securities transactions (to EUR 102.6 billion) and 19.4% in other accruals (to EUR 10.3 billion), partly offset by declines of 21.7% in settlement accounts related to securities transactions (to EUR 5.4 billion), and 4.3% in liabilities related to written options (to EUR 41.7 billion).

Provisions and reserve for general banking risks

Provisions for contingencies and charges amounted to EUR 3.8 billion at 31 December 2004 compared with EUR 4.0 billion at 31 December 2003. In 2003, EUR 0.2 billion was set aside in provisions for credit risks and equivalents for general risks arising from a possible further economic slowdown in Europe. Of this amount, EUR 0.1 billion was reallocated to provisions for specific risks in 2004.

The reserve for general banking risks amounted to EUR 0.8 billion at 31 December 2004, slightly below the year-earlier figure (also rounded to EUR 0.8 billion).

Shareholders' equity

Consolidated shareholders' equity of the BNP Paribas Group at 31 December 2004, before dividend payments, totalled EUR 30.2 billion. The 6.6% increase compared with the year-earlier figure corresponds essentially to net income for the year, amounting to EUR 4.7 billion, less EUR 1.2 billion paid out in dividends. The EUR 0.3 billion increase in capital resulting from employee share issues and the exercise of stock options was neutralised by share buybacks. BNP Paribas shares bought back during the year to offset employee share issues, as well as under the share buyback programme, had the effect of reducing shareholders' equity by EUR 1.7 billion. Lastly, the translation adjustment for the year was a negative EUR 0.2 billion.

Minority interests contracted by 3.9% to EUR 4.8 billion. Minority interests in net income, in the amount of EUR 0.4 billion, were offset by interim and final dividends and negative translation adjustments for EUR 0.3 billion.

Off-balance sheet items

The BNP Paribas Group's off-balance sheet items totalled EUR 20,803.4 billion at 31 December 2004. Commitments incurred on forward and options contracts rose 12.0% to EUR 20,556.4 billion, including EUR 15,499.1 billion related to forward contracts (up 5.1% on end-2003) and EUR 5,057.3 billion related to options (up 40.2%). The total amounts disclosed correspond to the aggregate of the nominal values of options and forward contracts, both purchased and sold. They reflect high trading volumes, linked to the Bank's hedging activity as well as to swaps and other interest rate derivatives set up by the Capital Markets business line on behalf of clients. After weighting and netting agreements, counterparty risks on forward and options contracts represented the equivalent of EUR 16.3 billion at 31 December 2004 compared to EUR 14.7 billion at 31 December 2003.

For further information concerning off-balance sheet items, see notes 23 and 24 to the consolidated financial statements for the year ended 31 December 2004.

OUTLOOK[(1)]

BNP Paribas has defined its ambitions and the principles underpinning its action for the medium-term. For each of its four core businesses, the following priorities have been chosen:

- French Retail Banking: our objective is to grow faster than the market by fully capitalising on the new commercial organisations.
- International Retail Financial Services: our ambition is to bolster our leadership position in financial services in Europe, implement an aggressive sales and marketing strategy in France, and continue expansion in the United States and in emerging countries.
- Asset Management and Services: our objective is to increase revenues faster than the market by strengthening positions in Europe, including in France, and by pursuing selected business expansion in the rest of the world.
- Corporate and Investment Banking: our objective is to achieve ambitious growth through expanded coverage across Europe and buy pursuing selected business expansion in the United States and Asia.

In addition to the specific initiatives implemented by each core business, the Group will continue to cross-sell products and services so as to strengthen its internal growth drive to outperform the market. BNP Paribas will be rolling out its new corporate visual branding programme to better balance the powerful corporate brand and the appeal of certain local or specialty brands. BNP Paribas already ranks the sixth global banking brand (*Fortune*). Similarly, with respect to the cost/income ratio, in addition to maintaining the very competitive positioning of each of the core businesses in its market, the Group will endeavour to further improve its overall ratio by 2007. To this end, efforts will be undertaken to achieve new productivity gains, including revenue-growing and cost-saving initiatives, and efforts will continue to streamline and pool operational platforms and information systems.

In preparation for the future Basel 2 regulatory requirements, the Group wants to be in a position to adopt the advanced methods as soon as the rules come into effect, in particular in relation to operational risks, and to implement progressively the general use of economic capital as a management tool.

In an increasingly complex and demanding regulatory environment, a new global corporate compliance function has just been created. It covers ethical issues and the combat against money laundering and corruption, and is responsible for supervising and co-ordinating internal control for the entire Group. The head of Compliance is a member of the Executive Committee. The Group is thus committed to meeting the highest global standards and, to that end, is organising this function and assigning to it the appropriate resources.

The Group will continue to provide active capital management using four levers:

- organic growth, which is the Group's priority and is expected to flow from the business expansion ambitions stated above;
- growth through acquisitions, in connection with clearly defined business sector-focused priorities (Retail Banking) and geographic priorities (Europe and the United States). Thanks to the diversity and superior quality of its franchises, the Group enjoys a wide array of options whilst maintaining the strict acquisition criteria that the Group has no plans to do away with. Each acquisition opportunity must have limited execution risks, and each opportunity must create value from the financial standpoint. Within these bounds, the Group will continue to implement its expertise in successfully integrating newly acquired companies;
- an active dividend distribution policy, as illustrated by the 2004 dividend proposed to shareholders at the Annual General Meeting;
- lastly, share buybacks will be carried out during the period, at minimum to neutralise the dilution effects of the shares issued to employees.

BNP Paribas's ambition is thus to focus on growing revenues, whilst maintaining annual return on equity above 15%.

(1) These prospects and objectives were determined based on a core scenario that includes a number of assumptions regarding the business and the regulatory environment; they preclude the occurrence of an economic recession or financial crisis. Under the circumstances, such prospects and objectives may not be considered as performance forecasts.

Recent developments

11 February 2005 - BNP Paribas completes acquisition of 50% of TEB

BNP Paribas reinforces its position on the Turkish Banking market and acquires 50% of the holding company which controls the bank Türk Ekonomi Bankası AS ("TEB").

BNP Paribas and the Çolakoglu Group announced on 11 February 2005 that they have closed the transaction in which BNP Paribas acquired a 50% stake in TEB Mali Yatırımlar AS ("TEB Mali"), the Çolakoglu Group's holding company for financial services which has an 84.25% controlling stake in TEB. The Çolakoglu Group will remain a 50% shareholder in TEB Mali. This transaction has been approved by regulatory authorities.

Taking advantage of BNP Paribas' product expertise and cross-selling know-how, TEB will capitalise on its recognised presence and deep knowledge of the market to further develop activities which will include, amongst others, retail, corporate and investment banking, as well as asset management and private banking, leading to significant growth prospects and synergies.

Under the terms of the agreement, BNP Paribas will pay around USD 217 million for its stake in TEB Mali. This amount is subject within the coming weeks to completion adjustments reflecting the evolution of the net assets of TEB Mali between 30 June 2004 and completion. In addition, an earn-out mechanism linked to the performance of TEB, payable in early 2008, has been agreed between the parties. The transaction will be immediately accretive for BNP Paribas.

TEB enjoys one of the highest ratings by the international agencies amongst the Turkish banks. It is the 10th-largest private Turkish bank in terms of assets and a leading bank in trade finance and private banking. TEB's network comprises 90 branches and employs about 2,500 people. At 30 June 2004, TEB had revenues of USD 101 million, net income (including minorities) of USD 15.5 million, total assets of USD 3.3 billion, loans of USD 1.4 billion, deposits of USD 2.4 billion and shareholders' funds of USD 236 million. The RoE at 30 June 2004 was 13.16%.

APPENDICES

RESULTS OF BNP PARIBAS SA

3-year Profit and Loss Account Data

In millions of euros	2004	2003	2002	Change 2004/2003	Change 2003/2002
Net banking income	**9,517**	**9,222**	**9,012**	**+3.2%**	**+2.3%**
Operating expenses and depreciation	(5,894)	(5,824)	(5,712)	+1.2%	+2.0%
Gross operating income	**3,623**	**3,398**	**3,300**	**+6.6%**	**+3.0%**
Provisions	(166)	(715)	(820)	-76.8%	-12.8%
Operating income	**3,457**	**2,683**	**2,480**	**+28.8%**	**+8.2%**
Gains or losses on disposals of fixed assets	783	(70)	364	n.m.	n.m.
Net non-recurring expense	(321)	(416)	(67)	-22.8%	n.m.
Corporate income tax	(715)	(12)	66	n.m.	n.m.
Movements in the reserve for general banking risks and regulated	78	174	(13)	-55.2%	n.m.
Net income	**3,282**	**2,359**	**2,830**	**+39.1%**	**-16.6%**

APPROPRIATION OF 2004 INCOME

Total income to be appropriated at the Annual General Meeting of 18 May 2005 amounts to EUR 10,396,033,809.17, including net income for the year of EUR 3,281,771,448.69 and unappropriated retained earnings of EUR 7,114,262,360.48. The Board of Directors recommends that this amount should be appropriated as follows:

- EUR 46,102,393.00 to the special investment reserve;
- EUR 1,770,438,404.00 to dividends;
- EUR 8,579,493,012.17 to unappropriated retained earnings.

Debit		Credit	
Appropriations:		Unappropriated retained earnings	7,114,262,360.48
Other reserves	46,102,393.00		
Dividends	1,770,438,404.00	Net revenues for the year less general operating expenses, depreciation and amortisation, provisions and other charges	3,281,771,448.69
Unappropriated retained earnings	8,579,493,012.17		
Total	**10,396,033,809.17**	**Total**	**10,396,033,809.17**

Changes in share capital

	Number of shares	Capital
At 31 December 1999	**449,666,744**	**1,798,666,976**
Issuance of shares on exercise of stock options (1)	462,750	1,851,000
At 26 January 2000	**450,129,494**	**1,800,517,976**
Cancellation of shares	(7,053,612)	(28,214,448)
At 23 May 2000	**443,075,882**	**1,772,303,528**
Issuance of shares on exercise of stock options (2)	167,430	669,720
Employee share issue	4,821,403	19,285,612
At 13 July 2000	**448,064,715**	**1,792,258,860**
At 31 December 2000	**448,064,715**	**1,792,258,860**
Issuance of shares on exercise of stock options (3)	141,340	565,360
At 29 January 2001	**448,206,055**	**1,792,824,220**
Cancellation of shares	(9,000,000)	(36,000,000)
Issuance of shares on exercise of stock options (4)	417,720	1,670,880
Employee share issue (5)	3,361,921	13,447,684
At 30 June 2001	**442,985,696**	**1,771,942,784**
At 31 December 2001	**442,985,696**	**1,771,942,784**
Issuance of shares on exercise of stock options (6)	325,801	1,303,204
At 17 January 2002	**443,311,497**	**1,773,245,988**
Two-for-one share-split		
At 20 February 2002	**886,622,994**	**1,773,245,988**
Issuance of shares on exercise of stock options (7)	927,046	1,854,092
Employee share issue (8)	7,623,799	15,247,598
At 30 June 2002	**895,173,839**	**1,790,347,678**
At 31 December 2002	**895,173,839**	**1,790,347,678**
Issuance of shares on exercise of stock options (9)	705,985	1,411,970
At 23 January 2003	**895,879,824**	**1,791,759,648**
Issuance of shares on exercise of stock options (10)	618,431	1,236,862
Employee share issue (11)	6,673,360	13,346,720
At 2 July 2003	**903,171,615**	**1,806,343,230**
At 31 December 2003	**903,171,615**	**1,806,343,230**
Issuance of shares on exercise of stock options (12)	443,989	887,978
At 28 January 2004	**903,615,604**	**1,807,231,208**
Cancellation of shares	(25,000,000)	(50,000,000)
At 17 May 2004	**878,615,604**	**1,757,231,208**
Issuance of shares on exercise of stock options (13)	606,978	1,213,956
Employee share issue (14)	5,477,862	10,955,724
At 6 July 2004	**884,700,444**	**1,769,400,888**
At 31 December 2004	**884,700,444**	**1,769,400,888**
Issuance of shares on exercise of stock options (15)	518,758	**1,037,516**
At 25 January 2005	**885,219,202**	**1,770,438,404**

In connection with share buyback programmes, in 2004, the BNP Paribas Group bought back on the market 35,751,407 shares at an average price of EUR 50.19 per EUR 2 par value share. As of 31 December 2004, the Group held 51,683,500 shares (par value EUR 2) in treasury stock, acquired at a total cost of EUR 2,550 million. These shares, representing 5.84% of capital at 31 December 2004, have been recorded as a reduction in shareholders' equity (see Note 22 to the consolidated financial statements).

As of 31 December 2004, 24,359,164 stock subscription options and 4,963,881 stock purchase options were outstanding under the BNP Paribas option plans (see Note 36 to the consolidated financial statements).

(1) The 462,750 shares issued in January 2000 carried rights to the 1999 dividend.
(2) 65,790 shares carrying rights to the 1999 dividend and 101,640 shares carrying rights to the 2000 dividend.
(3) The 141,340 shares issued in January 2001 carried rights to the 2000 dividend.
(4) The 417,720 shares issued in June 2001 carried rights to the 2000 dividend.
(5) The 3,361,921 shares issued in June 2001 carried rights to the 2001 dividend.
(6) The 325,801 shares issued in January 2002 carried rights to the 2001 dividend.
(7) The 927,046 shares issued in June 2002 carried rights to the 2001 dividend.
(8) The 7,623,799 shares issued in June 2002 carried rights to the 2002 dividend.
(9) The 705,985 shares issued in January 2003 carried rights to the 2002 dividend.
(10) 517,716 shares carrying rights to the 2002 dividend and 100,715 shares carrying rights to the 2003 dividend.
(11) The 6,673,360 shares issued in July 2003 carried rights to the 2003 dividend.
(12) The 443,989 shares issued in January 2004 carried rights to the 2003 dividend.
(13) 552,435 shares carrying rights to the 2003 dividend and 54,543 shares carrying rights to the 2004 dividend.
(14) The 5,477,862 shares issued in July 2004 carry rights to the 2004 dividend.
(15) The 518,758 shares issued in January 2005 carry rights to the 2004 dividend.

Shareholder authorisations to issue shares:

Shareholders' meeting at which the authorisation was given		Utilisation during 2004
Annual and Extraordinary General Meeting of 23 May 2000 *(14th resolution)*	*Approval of the BNP-Paribas merger* "[...] BNP will assume Paribas' obligations towards holders of Paribas stock options in accordance with the provisions of the merger agreement. The Extraordinary Meeting [...] consequently authorises the Board of Directors to issue BNP shares on exercise of the Paribas stock options converted into BNP stock options."	> Issuance of 150,798 new EUR 2 par value shares, placed on record on 6 July 2004 > Issuance of 125,867 new EUR 2 par value shares, placed on record on 25 January 2005
Annual and Extraordinary General Meeting of 23 May 2000 *(21st resolution)*	*Authorisation to grant stock options to officers and key employees.*	> 1,779,850 stock options granted at the Board Meeting of 24 March 2004 (1) > Issuance of 30,600 new EUR 2 par value shares on 6 July 2004, upon exercise of stock options granted in 2001 and 2002
Annual and Extraordinary General Meeting of 14 May 2003 *(16th resolution)*	*Authorisation to issue shares for subscription by participants in the Corporate Savings Plan, without pre-emptive subscription rights for existing shareholders.*	> Issuance of 5,477,862 new EUR 2 par value shares on 6 July 2004 (aggregate par value: EUR 10,955,724)
Annual and Extraordinary General Meeting of 28 May 2004 *(15th resolution)*	*Amendment of the ceiling and expiry date set out in the authorisation given to the Board of Directors at the Extraordinary Meeting of 14 May 2003 to issue shares for subscription by participants in the Corporate Savings Plan, without pre-emptive subscription rights for existing shareholders.*	
Annual and Extraordinary General Meeting of 28 May 2004 *(11th resolution)*	*Authorisation to issue shares and share equivalents with pre-emptive rights for existing shareholders.*	Not used
Annual and Extraordinary General Meeting of 28 May 2004 *(12th resolution)*	*Authorisation to issue a limited amount of shares and share equivalents without pre-emptive subscription rights.*	Not used
Annual and Extraordinary General Meeting of 28 May 2004 *(13th resolution)*	*Issuance of shares to be paid up by capitalising income, retained earnings or additional paid-in capital.*	Not used

(1) In addition, the authorisations given at the Extraordinary General Meetings of 14 December 1993 (19th resolution) and 13 May 1998 (13th resolution) were used to issue 425,580 new shares in the first half of 2004 (capital increase placed on record on 6 July 2004) and 392,891 new shares in the second half (capital increase placed on record on 25 January 2005).

Regulatory ratios

International capital adequacy ratio

In billions of euros	31 December 2004	31 December 2003
Shareholders' equity before appropriation of income	30.2	28.3
Dividends	(1.67)	(1.2)
Minority interests after dividend payments	4.6	4.7
Including preferred shares	*3.3*	*3.5*
Reserve for general banking risks	0.75	0.8
Regulatory deductions and other items (1)	(7.7)	(6.9)
Tier 1 capital	**26.2**	**25.7**
Tier 2 capital	10.5	11.7
Other regulatory deductions (2)	(3.7)	(2.5)
Allocated Tier 3 capital	0.5	0.5
Total capital	**33.5**	**35.4**
Risk-weighted assets	**323.9**	**273.9**
Tier 1 ratio	**8.1%**	**9.4%**
International capital adequacy ratio	**10.3%**	**12.9%**

(1) Mainly goodwill and other intangible assets.
(2) Interests in finance companies that are not consolidated or accounted for by the equity method.

Capital adequacy ratio

At 31 December 2004, the BNP Paribas Group's available regulatory capital, determined in accordance with the rules and instructions issued in France for the application of the European capital adequacy directive ("Capital adequacy of investment firms and credit institutions") represented 132% of required regulatory capital excluding Tier 3 capital (2003: 163%) and 137% including Tier 3 capital (2003: 168%).

In the various countries in which the Group operates, BNP Paribas complies with specific regulatory ratios in line with the procedures controlled by the relevant supervisory authorities. These ratios mainly concern:

- concentration of risks;
- liquidity;
- mismatches.

In France, these ratios are defined as follows:

- **Risk concentration ratio**

Total risks arising from loans and other commitments to customers which, individually, represent more than 10% of the bank's net consolidated shareholders' equity, must not – in the aggregate – represent more than 8 times shareholders' equity.

Risk-weighted assets corresponding to loans and other commitments towards a group of customers considered as representing a single customer must not exceed 25% of the bank's net consolidated shareholders' equity. Where ties exist between two or more individuals and/or legal entities, giving rise to the probability that if one of them ran into financial difficulties, they would all experience problems in honouring their commitments, they are collectively considered as representing a single customer.

- **Liquidity ratio**

This ratio measures the potential one-month liquidity gap. Banking regulations impose a minimum ratio of 100%.

- **Ratio of shareholders' equity to long-term funding**

This ratio measures the coverage of long-term assets (more than 5 years) by funding with a remaining life in excess of 5 years. Banking regulations impose a minimum ratio of 60%.

Transition to IFRS and introduction of the new international capital adequacy ratio (Basel 2)

2005 adoption of new accounting standards

Effective from 1 January 2005, the Group's consolidated financial statements will be prepared in accordance with the International Accounting Standards and International Financial Reporting Standards (IASs/IFRSs) endorsed by the European Union. Comparative information will be prepared for 2004, in accordance with the IAS/IFRS transition rules.

IFRS Project

The IFRS project was launched in 2002 under the leadership of the Group Finance Department, assisted by project teams in the business lines and corporate units. Each division was given responsibility for the portion of the project concerning its operations and was required to submit regular status reports to the IFRS Steering Committee, in accordance with the project timeline. The accounting choices made following an analysis of the related impact have been approved by a Technical Committee whose decisions have been validated by the Auditors.

The project was organised around three key phases:

1. *Impact analyses:* this phase consisted of analysing the impact of each change of method and drawing up new Group accounting policies. The analyses were updated to take into account any changes made to the applicable IASs/IFRSs, up to the publication date of the European regulations adopting the standards.

2. *Drafting of detailed specifications:* this phase, which has now been completed, consisted of adapting information specifications to reflect the specific characteristics of each entity and determining the action to be taken to generate the required information.

3. *Implementation phase:* this phase, which was launched in mid-2003, concerned accounting platforms and satellite front- and back-office systems, as well as reporting and consolidation systems. It was accompanied by a large-scale training programme.

Information to estimate the detailed effect of applying IAS/IFRS – with the exception of IAS 32 and 39 and IFRS 4 – on opening equity at 1 January 2004 and on 2004 net income, was collected throughout the year through an integrated phase of the financial reporting process. These estimates are currently being finalised and will be announced on 24 March 2005.

Several simulations of the effects of applying IAS 32 and 39 and IFRS 4 were performed during 2004. The effects of their application on opening equity at 1 January 2005 will be announced at the time of the first quarter 2005 results release.

Main differences between IAS/IFRS and French GAAP Standards applicable as of 1 January 2004

- **Reserve for general banking risks:**

This reserve does not comply with the definition of provisions contained in IAS 37 – Provisions, Contingent Liabilities and Contingent Assets – and has therefore been added to equity in the opening IFRS balance sheet at 1 January 2004. Movements on the reserve have been eliminated from the profit and loss account.

- **Employee benefits (IAS 19):**

The general risk arising from demographic changes affecting the retired and active employees of the Bank's French operations – which could have been covered, if necessary, since 1993 by a portion of the reserve for general banking risks – is covered by a specific provision charged against equity in the opening IFRS balance sheet. Since 1993, pensions for banking industry employees in France are provided by the general government-sponsored pay-as-you-go pension system. Contributions to this scheme are in full discharge of the Bank's liability. Consequently, the obligations to be covered by the provision recorded in the opening IFRS balance sheet correspond solely to the residual obligations under the banking industry pension schemes that were closed to new entrants in September 1993. Future adjustments to the provision, including for gains and losses arising from periodic changes in actuarial assumptions, will be recognised in profit or loss.

Cumulative actuarial gains and losses on certain foreign defined benefit plans at 1 January 2004 have been recognised in the opening IFRS balance sheet, with a corresponding adjustment to equity, as allowed under IFRS 1. A single method of estimating projected benefit obligations is now applied to all plans, both in France and abroad. As allowed under IAS 19, recognition of actuarial gains and losses arising since 1 January 2004 is spread over the estimated remaining working lives of the employees concerned.

The French accounting authorities (*Conseil National de la Comptabilité*) have ruled that the effect of the Fillon Act on retirement bonuses should be accounted for as a plan amendment. Consequently, the provision recorded in prior years has been written off against equity at 1 January 2004 and the past service cost is being recognised in profit or loss over the estimated remaining working lives of the employees concerned.

A provision has been recorded in the opening IFRS balance sheet, with a corresponding adjustment to equity, to cover the Group's obligations towards retired employees who receive supplementary healthcare benefits under the BNP Paribas mutual insurance plan. In 2004, the Group's obligations were extinguished through a lump-sum payment of an amount that will cover all future healthcare costs of retired employees, considering forecast trends in healthcare costs and increases in contributions payable by plan participants.

• Share-based payments (IFRS 2):

The cost of stock options granted to certain employees is recognised in the profit and loss account over the option vesting period, with a corresponding increase in equity. This accounting treatment has no effect on equity. Share-based deferred compensation expenses are charged to the profit and loss account over their vesting periods and the shares purchased for allocation to the beneficiaries are deducted from equity.

• Property and equipment (IAS 16 and 36) and investment property (IAS 16 and 40):

The Group has elected to measure operating assets according to the cost model and the effects of the revaluations performed in 1991, 1992 and 1995 have therefore been cancelled, leading to a corresponding adjustment of equity. Investment properties held to earn rentals and for capital appreciation are also measured according to the cost model, except for those properties held by Group insurance companies in unit-linked portfolios which are measured using the fair value model in accordance with IAS 40.

In the IFRS financial statements, properties measured according to the cost model are depreciated by the components method, which consists of depreciating individual components of assets separately over their respective useful lives. The resulting adjustments to accumulated depreciation at 1 January 2004 have been recognised in equity. The change of method also affects annual depreciation expense.

Software (IAS 36 and 38)

Software has been analysed by category, with each category amortised over a different useful life. The resulting adjustments to accumulated amortisation at 1 January 2004 have been recognised in equity. The change of method also affects annual amortisation expense.

Goodwill (IAS 36 and IFRS 3)

For the purpose of applying IAS 36 and IFRS 3, the Group's businesses have been analysed by cash-generating unit. Goodwill allocated to each cash-generating unit is not amortised, but is tested for impairment using the methods prescribed in these standards.

• Leases (IAS 17):

According to IAS 17, contracts sold by the vehicle leasing subsidiaries represent operating leases and the corresponding assets have therefore been reclassified under property and equipment. The vehicles are depreciated on a straight-line basis rather than using the interest method. Depreciation schedules have been adjusted to take into account changes in residual values, and initial direct costs incurred in negotiating and arranging the operating leases are added to the carrying amount of the leased vehicles. The effects of these changes of method have been recognised in equity in the opening IFRS balance sheet at 1 January 2004. The changes of method also affect annual depreciation expense.

• Scope of consolidation (IAS 27, 28, 31 and SIC 12):

Under IAS 28, investments in associates must be accounted for by the equity method even if they are being held for sale. Consequently, investments held in the private equity portfolio that fulfil the relevant criteria have been included in the IFRS scope of consolidation, mainly by the equity method.

In addition, certain special purpose entities, set up mainly in connection with securitisation programmes, have been consolidated in accordance with interpretation SIC 12.

Lastly, the accounts of associates already accounted for by the equity method in the French GAAP accounts have been restated in accordance with IAS/IFRS. The effect of the resulting changes of method has been recognised in equity in the opening IFRS balance sheet at 1 January 2004.

Standards applicable as of 1 January 2005

The Group applies European Commission regulation (EC) no. 2086/2004 dated 19 November 2004 endorsing IAS 39 minus the provisions on the fair value option and certain provisions relating to portfolio hedging.

• Allowances for impairment losses on loans (IAS 39):

Adoption of IAS 39 does not lead to any change in the criteria applied by the Group to identify impaired loans. However, the related provisions must take into account expected future cash flows from the loans, discounted at the loans' original effective interest rate. The resulting increase in provisions at 1 January 2005 will be charged to equity. The annual reduction in the discounting adjustment to reflect the passage of time will be added to net banking revenue in future years.

The provisions for country risks and industry risks and other general loan loss provisions carried in the French GAAP accounts do not comply with IFRS. However, IAS 39 requires an allowance to be booked on portfolios of loans with similar characteristics that have not been written down individually, when there is objective evidence that the loans have been impaired. The Group will apply this provision of IAS 39.

• **Fees and commissions (IAS 18 and IAS 39):**
The fees and commissions received or paid in connection with financing transactions carried out by the Corporate and Investment Banking business, are recognised in the French GAAP accounts when the loans are set up. In the IFRS accounts, they are included in the interest on the loans that is recognised in the profit and loss account by the effective interest method, in accordance with IAS 18. The revenues and expenses recognised when the loans were set up will therefore be reversed in the IFRS accounts and included in interest by the effective interest method. This change mainly concerns commissions paid to referral agents by the Specialised Financial Services business and participation fees received by the Corporate and Investment Banking financing businesses.

• **Derivative instruments acquired as hedges (IAS 39):**
Macro-hedging transactions, as defined in French GAAP, covering interest rate risks on loan portfolios and deposits, qualify for fair value hedge accounting of a portfolio hedge of interest rate risks under IAS 39 as endorsed by the European Union.

Treasury and other activities that carry out transactions qualified as micro hedging in the French GAAP accounts also apply fair value hedge accounting under IFRS.

For both macro- and micro-hedging transactions, gains and losses arising from remeasurement at fair value of the effective portion of fair value hedges are recognised on a symmetrical basis with losses and gains on the hedged portion of the underlying item. At 1 January 2005, the adjustments arising from the application of fair value hedge accounting will be recognised in equity. Any ineffective portion of the gains or losses on fair value hedges will be recognised in the profit and loss account.
In accordance with the rules set out in IFRS 1 concerning the accounting treatment of hedging transactions at the IFRS transition date (1 January 2005 in the case of IAS 39), certain derivative instruments held for micro-hedging purposes will be reclassified as financial assets and liabilities at fair value through profit or loss. The reclassification will mainly concern hedges of debt securities held to maturity, because under IAS 39 hedge accounting cannot be applied to held-to-maturity assets.

Gains and losses arising from remeasurement at fair value of cash flow hedges will be recognised in a separate component of equity and reclassified into profit or loss when the hedged transactions are settled.

• **Measurement of financial instruments ("day one profit" – IAS 39):**
Under IAS 39, "day one" profit on financial instruments may be recognised only if remeasurement at fair value is based on observable market data. Accordingly, the profit on structured products whose fair value cannot be measured using observable market data will be recognised over the life of the instrument on the basis of its observability.
The effect of this change of method will be recognised in equity at 1 January 2005 and recognised into profit over the remaining lives of the instruments concerned.

• **Financial assets and liabilities at regulated rates of interest (IAS 39 et IAS 37):**
The Group offers customers savings products at regulated interest rates, which entitle the customers to a loan at a regulated rate after a certain period. A provision will be recorded at 1 January 2005 for the negative consequences, if any, of the related commitments compared to market conditions, leading to an adjustment to equity at that date. Movements on the provision will be recognised in net banking revenue.

• **Securities portfolio (IAS 39):**
Under IAS 39, hedge accounting cannot be applied to held-to-maturity assets. Consequently, certain assets classified in the French GAAP accounts as debt securities held to maturity will be reclassified as available-for-sale assets in the IFRS accounts.

Investments in non-consolidated undertakings and other participating interests, equity securities held for long-term investment, portfolio securities and emerging country government debt securities will also be classified as available-for-sale. At each period-end, they will be remeasured at fair value and the gain or loss will be recognised in a separate component of equity. Where the securities are included in the asset portfolios of participating insurance or investment contracts, the related liabilities will be adjusted, through equity, to partly offset the effects of remeasuring the assets at fair value. This accounting treatment is in accordance with the rules applicable to insurance companies during the transition phase, and is sometimes referred to as shadow accounting.

Realised gains and losses on available-for-sale assets will be recognised in net banking revenue, together with any impairment losses on securities held in the portfolio.

• **Insurance (IFRS 4):**

Under phase 1 of IFRS 4, contracts qualified as insurance contracts under French GAAP fall into two categories:

- Contracts that give rise to an insurance risk, as defined in IFRS 4, which will continue to be accounted for in accordance with French GAAP pending phase II of IFRS 4.
- Investment contracts, such as savings products, that do not give rise to an insurance risk. The vast majority of investment contracts sold by BNP Paribas Assurance include a discretionary participation feature, making them eligible for continued application of French GAAP.

Introduction of the new international capital adequacy ratio (Basel 2)

A structured internal project has been set up to determine regulatory capital requirements under the new Basel Capital Accord (Basel II). This represents a critical project for the Group and the Steering Committee is headed by the Chief Executive Officer.

BNP Paribas is following a best practice approach, with the aim of adopting as early as possible the advanced capital calculation methods that will enable it to benefit fully from the opportunities offered by the new Capital Accord. An internal corporate credit rating system was set up in 2000. Historical databases have been developed to provide a sound basis for estimating the various aspects of credit risk (probability of default, loss given default, exposure at default) and databases are in the process of being developed for operational risks. These initiatives are designed to reduce the Group's minimum capital requirement for credit risks and to keep to an economically-justified level the capital needed to cover operational risks.

Following this regulatory change, economic capital will be used as a yardstick for managing all of the Group's activities, taking into account the diversification provided by the line-up of businesses. The Corporate and Investment Banking Division and the French Retail Banking Division are already equipped with applications that enable them to make sales decisions based on risk-adjusted margin calculations. General analysis systems based on risk-adjusted capital calculations are gradually being rolled out across the entire Group.

Internal Control system

Ethical and compliance risks

The key concerns of regulators now include protecting investors and guaranteeing the completeness and accuracy of corporate information. These issues are also high on the agenda at BNP Paribas, along with the imperative of ensuring that members of staff act in an ethical manner in all circumstances. The Bank also recognises the compelling need to prevent the banking system from being used for money laundering, corrupt practices and the financing of terrorism. These issues are the responsibility of **Group Ethics and Compliance**, which is part of the Compliance department and is completely independent from operating units. The unit has far-reaching global powers in the area of ethics and compliance and can take up matters directly with the Executive Committee and the Board of Directors' Internal Control and Risks Committee.

The function includes a central structure in Paris, committees within the various divisions and business lines, and local representatives at the majority of Group sites worldwide and in the regional headquarters. In 2004, the number of Compliance and Ethics staff was increased by 29% and appropriate organisational changes were made in the financing and capital markets business lines. Management of compliance risks is based on an internal control system built around:

- **An internal procedure manual** describing general and specific procedures, which is regularly updated to take into account new regulatory requirements introduced at global and local levels. All of the procedures are designed to ensure that the interests of clients are put before those of the Bank and that the integrity of the financial markets is maintained. Detailed procedures have been drawn up covering:
  - the establishment of Chinese walls to prevent unauthorised or inadvertent disclosure of sensitive information;
  - the avoidance of conflicts of interest;
  - supervision of client transactions, based on specific control definitions and trigger points;
  - controls over stock market and other transactions carried out by employees for their own account.
- Internal and external control tools that have been rolled out to all Group entities.
- **Coordination** of action taken by the various Group entities, to guarantee the effectiveness and efficiency of monitoring systems and tools.

The international context and the introduction of stricter regulations in many countries have prompted the Group to

focus closely on preventing money laundering:

- **Know Your Customer (KYC) procedures** are regularly updated based on a definition of sensitivity criteria.
- Action is currently underway to **review information about existing** clients based on KYC rules and a KYC reporting system has been set up.
- The **Customer Acceptance Committees (CAC) and Transaction Acceptance Committees (TAC) – which are responsible for approving new customer relationships and financing transactions from an ethics and compliance standpoint** – have been strengthened and embedded more deeply in the organisation. Referral agents, brokers and non-Group asset managers are approved by the Intermediary Selection Committees.
- Computerised monitoring systems are regularly updated and new systems are acquired to help prevent the banking system from being used for money laundering, corrupt practices and the financing of terrorism, and to verify compliance with financial embargos. These systems include:
  - the Vigilance database containing the names of more than 1,800 individuals suspected of being members of terrorist organisations or subject to financial embargos,
  - the Factiva database containing more than 600,000 names, which was made available to the networks in 2004;
  - filtering systems for international fund transfers;
  - money-laundering detection applications for suspicious transactions or abnormal account activity;
  - Searchspace money-laundering prevention, detection and reporting software which was also deployed during the year.
- **Training and awareness-raising initiatives** are being implemented across the organisation. Anti-money laundering training modules developed under the aegis of the French Banking Federation (FBF) with the participation of Tracfin and a select group of leading banks are gradually being rolled out, in the form of teaching kits and e-learning software for self-training purposes.

Group Risk Management (GRM)

In many respects, banking is the business of **managing risks.** At BNP Paribas, operating methods and procedures throughout the organisation are geared towards effectively addressing this issue. The entire process is supervised by the **Group Risk Management Department**, which is responsible for measuring, approving and controlling risks at the Group level, as well as for drawing up, communicating and applying the corresponding rules and procedures. GRM is independent from the divisions, business lines and territories and reports directly to Group Executive Management.

While front-line responsibility for managing risks lies with the divisions and business lines that propose the underlying transactions, GRM is responsible for **providing assurance that the risks taken by the Bank are compatible with its risk policies and its profitability and credit rating objectives.** GRM performs continuous and ex-ante controls that are fundamentally different from the periodic, ex-post examinations of the Internal Auditors. The department reports regularly to the Internal Control and Risk Management Committee of the Board on its main findings concerning risks, as well as on the methods used by GRM to measure these risks and consolidate them on a Group-wide basis.

GRM has a broad scope of competence and is responsible for all risks arising in the course of the Group's business. It intervenes at all levels in the process of risk taking and risk monitoring. Its remit includes formulating recommendations concerning risk policies, analysing the loan portfolio on a forward-looking basis, approving loans and trading limits, guaranteeing the quality and effectiveness of monitoring procedures and producing comprehensive and reliable risk reporting data for Group management. GRM is also responsible for ensuring that all the consequences in terms of risks associated with proposed new businesses or products have been properly evaluated. These evaluations are performed jointly by the sponsoring business line and all the functions concerned (legal affairs, ethics and compliance, tax affairs, information systems, general and management accounting). GRM's role is to assess the quality of the validation exercise by analysing the list of identified risks and the proposed methods of minimising them, and determining the essential prerequisites for the sound development of the business.

GRM is a global function. To define appropriate methods, policies, procedures and decision-making processes and deploy effective monitoring and control systems, it needs to have an acute understanding of the banking business, market imperatives and complex transactions, and to act very quickly in certain circumstances. In order to achieve the required level of responsiveness, GRM teams are based in the various territories, wherever possible on the same sites as the operating units. Independence is maintained by placing these teams under the direct authority of GRM and by establishing strong central guidance. Where a direct reporting relationship is inefficient but acceptable in terms of risk, as is the case for example in the Retail Banking business, the operating units can set up their own risk management teams, with a clearly-defined dotted-line reporting relationship with GRM. The GRM function is organised with a differentiated approach by risk-types:

Credit and Counterparty Risks, comprising three units (France, International, Banks and Financial Institutions), Market and Liquidity Risks and Operational Risks.

Credit Risk

Credit Policy

The Bank's lending operations are subject to the Global Credit Policy approved by the **Risk Policy Committee**, chaired by the Chief Executive Officer. The purpose of the Committee is to determine the Group's risk management strategy. The principles governing the policy include compliance with the Group's ethical standards, a clear definition of responsibilities, as well as the existence and strict application of risk analysis procedures. It is rolled down in the form of specific policies tailored to each type of business.

Procedures

Decision-making Procedures. A system of discretionary lending limits has been established and all lending decisions must be approved by a formally designated member of the Risk Management function. Approvals are systematically evidenced in writing, either by means of a signed approval form or in the minutes of formal meetings of a Credit Committee. Lending limits correspond to aggregate commitments and vary according to internal credit ratings and the specific nature of the business concerned.
The system of discretionary lending limits ensures that risk management principles are applied consistently and that loan applications representing large amounts or which are unusually complex or sensitive are submitted for approval at the appropriate level. Certain types of lending commitments, such as loans to banks, sovereign loans and loans to customers operating in certain industries, are required to be passed up to a higher level for approval. In addition, the loan application may have to be backed up by the recommendation of an industry expert or of designated specialists, and some credit restrictions may apply. Loan applications must comply with the Bank's Global Credit Policy and with any specific policies applicable to the business line or the type of facility requested. Any exception must be signed off by the next level of lending authority. The same applies to loan applications that are not unanimously approved. To be considered, all loan applications must comply with the applicable laws and regulations. The Group Credit Committee, chaired by the Chief Executive Officer, the Adviser concerned, one of the Chief Operating Officers or the Risk Director, has ultimate decision-making authority for all credit and counterparty risks. In Retail Banking, simplified procedures are applied, based on statistical decision-making aids.

Monitoring Procedures. A comprehensive risk monitoring and reporting system has been established, covering all Group entities. The system is organised around Control and Reporting units which are responsible for ensuring that lending commitments comply with the loan approval decision, that credit risk reporting data are reliable and that risks accepted by the Bank are effectively monitored. Daily exception reports are produced and various forecasting tools are used to provide early warnings of potential escalations of credit risks. Monitoring is carried out at different levels, generally reflecting the organisation of discretionary lending limits. Depending on the level, the monitoring teams report to GRM or to the Group Debtor Committee, which in turn reports to the Chief Executive Officer. The Group Debtor Committee meets at monthly intervals to examine all sensitive or problem loans in excess of a certain amount. Its responsibilities include deciding on any adjustments to provisions for problem loans, based on the recommendations of the business line and GRM. A tailored system is applied in the Retail Banking business.

Provisioning Procedures. GRM reviews all customer loans in default at monthly intervals, to determine the amount of any impairment loss to be recognised, either by reducing the carrying value or by recording a loan loss provision, depending on the applicable accounting standards. The amount of the impairment loss takes into account potential recoveries, including the value of any collateral or other guarantees. According to the applicable regulations, interest accruals on loans in default are either suspended or continued; in the latter case, a provision is generally recorded immediately to offset the accrual. Where possible or desirable, due to the specific nature of the lending activities concerned – for example, consumer finance – case-by-case provisions are replaced by statistical provisions. In addition to these specific or statistical provisions, the Bank may also set aside general provisions to cover a probable increase in risks, for example on a specific industry, country or rating category.

Measuring Risk

The Bank has a comprehensive rating system that already complies with the future requirements of the regulatory authorities for the determination of risk-weighted assets used to compute capital adequacy ratios. For **corporate loans**, the system is based on a default probability rating and an overall recovery rate which depends on the structure of the transaction. There are 12 counterparty ratings. Eight cover excellent, good and average clients, 2 relate to clients in an uncertain situation with a very close monitoring by GRM and 2 concern clients in default. Ratings are determined at least once a year, in connection with the loan approval process, drawing on the combined expertise of business line staff and GRM credit risk managers, who have the final say. High quality tools have been developed to support the rating process, including analysis aids and credit scoring systems. The decision to use these tools and the choice of technique depends on the nature of the risk. Various quantitative and other methods are used to check rating consistency and the reliability of the rating system. **Loans to private customers and very small businesses** are rated based on statistical analyses of groups of risks with the same characteristics. These risk measurement parameters serve as the basis for setting discretionary lending limits, primarily for corporate loans, and they are also used to calculate risk-weighted assets and the corresponding risk-adjusted margins. GRM has overall responsibility for the quality of the entire system. This responsibility is fulfilled by either defining the system directly, validating it or verifying its performance.

Portfolio Policy

In addition to carefully selecting individual risks and accurately measuring the related exposure, the Bank follows a portfolio-based policy designed to diversify risks among borrowers and industries, backed by a cautious approach to country risks. The results of this policy are regularly reviewed by the Risk Policy Committee, which may modify or fine-tune it as required, based on GRM's analyses and guidelines. The business lines actively manage the policy. For example, they can intervene in the initial taking of risks, and they can decide on ways to hedge or attenuate risks, based on a strict, regulated framework, using dedicated instruments such as securitisations and credit derivatives.

Diversification of Counterparty Risks. A core feature of the Bank's lending policy is the diversification of counterparty risk. The breadth and depth of its businesses and the rigidly structured system of lending limits contributes to this diversification. Any concentrations of counterparty risks are reviewed at regular intervals and corrective action is taken where necessary.

Diversification of Industry Risks. The Bank also pays close attention to diversifying industry risks and performs projections to actively manage exposures. Diversification of industry risks is based on the opinions of independent industry experts working within GRM about probable developments in the industries they track, supported by analyses of underlying trends and factors that explain the vulnerability of the main industry players. The depth of industry research varies according to the weighting of the industry concerned in the Bank's total portfolio, the technical expertise necessary to assess industry risks, the cyclical nature of the industry and its level of globalisation, and the possible existence of specific risk issues. Where appropriate and for substantial loans, the opinion of an industry expert may be mandatory in order to fully and independently assess the quality of the customer's strategy and competitive positioning.

The Geographic Dimension. Country risk corresponds to the Bank's aggregate exposure to debtors operating in the country concerned, including where default is due to exchange controls that prevent foreign transfers or to the reduced availability of currency. It also extends to sovereign risk, which concerns exposure to national governments and agencies. Country risk reflects the Bank's exposure to an economic and political environment, which needs to be factored into the assessment of counterparty risk. The Bank has operations in the majority of economically active regions. As a global player, it follows a policy of avoiding excessive concentrations of risks on countries with weak political and economic infrastructures. Country risk exposure limits are set by the Group Credit Committee. Lending commitments by the business lines and coverage units within these overall limits are monitored by GRM. Lending decisions are backed by rigorous risk monitoring systems and research reports produced by the Economic Research unit. The structure of country risks is reviewed annually by the Risk Policy Committee, which also examines the overall consistency of the Bank's country risk policy.

Market and Liquidity Risks

BNP Paribas has set up a sophisticated system to measure market and liquidity risks, backed by rigorous controls and watertight procedures. Overall responsibility for managing market and liquidity risks lies with the Market Risk Committee headed by one of the Chief Operating Officers or Adviser concerned and backed by GRM. The Committee meets once a month to approve risk management methods and procedures, define exposure limits and check compliance with these limits.

Measuring Risk

Market Risk. Three types of indicators are used to measure market risks:

1. Gross Earnings at Risk (GEaR). This indicator, which is based on an internal model approved by the regulator, measures the potential change in the value of the trading portfolio over a one-day holding period, using historical data covering 260 trading days and a 99% confidence level. The model analyses variables such as interest

rates (market rates and signature spreads), exchange rates, securities prices, commodity prices, volatilities and correlations as well as the resulting effects of diversification. Data are taken directly from the Bank's trading systems and are used to perform numerous simulations, based on a variety of scenarios ranging from the simplest to the most complex.

2. Stress tests are performed at daily or monthly intervals, as appropriate. These tests simulate changes in the value of trading portfolios under extreme market conditions, based on worst-case scenarios. The variables used to perform these simulations are adjusted regularly to take account of changes in economic conditions. Stress test results are used to assess position limits and the overall results are analysed and discussed at the monthly Market Risk Committee meetings.
3. Position sensitivities to different market parameters.

Liquidity Risk. A general liquidity policy has been defined and approved by Group Executive Management, consisting of a set of management principles – covering both normal and crisis situations – backed by internal standards and warning indicators for the day-to-day monitoring of the liquidity position. The Bank's refinancing capacity is measured primarily by reference to the amount of liquid assets available (with the degree of liquidity assessed differently according to the country). The overall aim is to have adequate cash reserves to cope with an exceptional increase in liquidity needs in a period of restricted availability of interbank refinancing.

GRM-MLR is responsible for the entire system, from the development of liquidity risk measurement methodologies to liquidity risk reporting.

Controlling Risk

The market and liquidity risk control structure is based on:

1. **General Exposure Limits.** These consist of GEaR or "nominal" limits and cover trading positions by country and by issuer as well as sensitivities, in order to specifically limit certain risks that are not fully captured by GEaR calculations and stress tests.

2. **Rolled Down Exposure Limits.** The Chief Executive Officer has overall responsibility for setting market risk exposure limits, in the same way as for credit limits. The Market Risk Committee is responsible for rolling down these limits to the various levels in the organisation. For secondary market trading, these are expressed in terms of GEaR or OYE (One Year Equivalent); for underwriting activities, limits are set according to signature quality.

3. **Decision-Making Rules.** Risk-acceptance decisions are based on a two-dimensional process.

a) The first dimension corresponds to the approval of new businesses or risks.

b) The second concerns the approval of transactions proposed in the normal course of business. Transactions involving large amounts or which are unusually complex must be approved by the Executive Position Committee (EPC) – an offshoot of the Market Risk Committee – for market risk aspects.

Risk monitoring is based on:

1. Daily monitoring of Group positions.
2. Monitoring of accidental or authorised temporary trading limit overruns, which are logged in a central database and analysed by cause.
3. Review and approval by GRM-MLR of market risk measurement and management models.
4. Weekly GRM-MLR reporting of the aggregate amount of material positions, by business, to senior management of the business line concerned.
5. The Market Risk Committee, which meets at monthly intervals to approve the main market risks incurred by the Group.

Operational Risk

The BNP Paribas operational risk management system is based on a quantitative and qualitative assessment of risk that complies with the requirements of the Basel II Capital Accord's Advanced Measurement Approach (AMA). The system contributes to reducing annual losses from operational risks, while also optimising the capital allocated to covering these risks.

Group Executive Management recently approved a general operational risk management policy based on four broad principles that describe an approach focused on understanding internal processes. The approach consists of performing cause-event-effect analyses, taking into account risk profiles and risk tolerance ceilings and establishing and monitoring accountabilities.

It defines the principles underlying the management process organisation, which include decision-making by the Operational Risk Committees and the organisation of resources dedicated to leading the process.

The BNP Paribas operational risk analysis and measurement methodology is based on:

1. Historical loss data derived from the Group-wide incident reporting system;

2. External data supplied by the ORX consortium of which BNP Paribas is a founder member;

3. A prospective approach based on key process identification and scenario analyses;

4. Environmental and internal control factors.

Its implementation, supported by an integrated suite of analysis and management applications, will enable the Bank to determine its future needs in terms of both regulatory and economic capital to cover operational risk.

The analyses of operational risks and the definition of exposure measures is being conducted in close cooperation with the divisions, business lines and territories and the various corporate functions involved (Information Systems, Human Resources, Legal and Tax Affairs and the different components of the Bank's internal control structure).

Legal Risk and Special Regulations

BNP Paribas is bound by regulations applicable to financial institutions in all countries where it does business, including banking, insurance and financial services regulations.
The Bank is required to respect the integrity of the markets and safeguard clients' interests.
Group Legal Affairs has established and regularly updates an Internal Control system designed to anticipate, detect, measure and manage legal risks. In 2004, new structures were set up and various reorganisation measures were implemented to improve coordination and avoid potential conflicts of interest among the control structures.

The system, as upgraded in 2004, is organised around:

- **Specific Committees**, including:
  - the Group Legal Affairs Committee, which is responsible for overseeing the activities of the Legal Affairs function;
  - the Legislation Tracking Committee, which analyses and distributes to all departments concerned the texts of new laws and regulations and details of changes in French case law;
  - the Global Legal Committee, which coordinates the activities of the legal function throughout the Group and in all countries that have their own legal staff.

- A Group Legal Coordination Department set up in 2004 to ensure that the Group's legal policies are consistent and to deal with cross-functional issues.

- **Internal procedures and databases** providing a framework for the activities of the Group's legal staff. At the end of 2004, a procedures database comprising all internal procedures, in French and English, was set up on the Group Intranet with access rights for all employees.

- **Legal audits,** which are carried out in certain Group entities to check that procedures are properly applied and the various tools are correctly used. Regular visits are made, particularly to vulnerable countries, to check the effectiveness of systems developed by foreign units to manage legal risks.

- Internal reporting systems, model documents and analysis systems, which are upgraded on an ongoing basis by Group Legal Affairs to organising active tracking of new legal developments, both in France and abroad.

As was the case in 2003, one of Group Legal Affairs' priorities last year was to help **combat money laundering.**

During the year, Group Legal Affairs integrated the various changes in French and European law and drafted various memoranda and procedures on issues such as the prevention of money laundering, the French "Financial Security" Act, the reform of French securities laws, distance selling and certain aspects of the Retail Banking business such as consumer lending.

Tax Risk

In the various countries where it does business, BNP Paribas is subject to local tax laws and regulations applicable to banking, insurance and financial services companies.

Group Tax Affairs is a global function, responsible for overseeing the consistency of the Group's tax solutions. It also works with Group Finance and Development to monitor the global tax risk. In addition, it performs backup checks to ensure that tax risks remain at a manageable level and are consistent with the Group's reputation and profitability objectives.

As part of the drive to control and manage tax risks more effectively, during 2004 Group Tax Affairs added new procedures and extended the tax reporting process to all divisions. This latter initiative represented a tangible example of coordination between the International Tax team and the Internal Control team with Group Finance and Development.

Group Tax Affairs resources include:

- a **network of tax correspondents,** covering all of the countries where the Group does business;
- a **qualitative data reporting system,** which contributes to managing tax risks and monitoring compliance with local tax laws;
- a **tax coordination Committee,** made up of representatives of both Group Tax Affairs and Group Finance and Development, whose role has been extended to cover all divisions of the Group. The committee is responsible for analysing key tax issues and making appropriate decisions. Group Tax Affairs is the sole advisor to Group Finance and Development on tax issues that affect financial and accounting information;
- a **reporting system to Group Executive Management** on the use made of delegations of authority and compliance with internal standards.

A clear framework has been defined for the assignment of responsibility for managing tax risks associated with customer transactions. This includes a **tax risk charter** used to draw up job descriptions for local tax managers and to specify the responsibilities of divisional heads with regard to entities that do not have their own tax manager. The charter will be revised in 2005, based on the new charter applicable to Territory Chief Executives. **Group tax rules and standards** have also been drawn up and distributed throughout the organisation. Lastly, Group Tax Affairs is responsible for approving all new products with significant tax implications, all new businesses, "specific" transactions put together in France and abroad, the use of outside tax advisors, framework agreements and standard banking industry agreements, and all internal circulars or documents giving rise to material tax issues.

Information Systems Security

The Internal Control system set up by Group Information Systems is organised around:

- a **collection of procedures** distributed throughout the Group, reflecting the Group's overall information systems security policy. This policy describes **IT-related assets** (information, software, physical and service assets) and the **criteria applied to define security requirements** related to these assets (availability, integrity, confidentiality and auditability);
- a **network of security coordinators** based in the various divisions and Group Functions, backed by security correspondents responsible for operational aspects;
- Committees with extended powers, such as the **Group Information Systems Architecture Committee**, which is responsible for ensuring that IT projects comply with Group standards on systems architecture, security, risks and operations;
- **a project management approach which factors in systems security issues** from the outset. This approach is an integral part of Group quality assurance standards;
- **periodic monitoring** of systems security and systematic monitoring of mission critical systems;
- **technical intelligence gathering** to take into account inherent systems weaknesses as and when they come to light;
- a joint Group Information Systems/Internal Audit information systems audit unit, set up in the autumn of 2004. The team reports to the head of Internal Audit and receives all neccessary technical support from Group Information Systems.

Avoiding any interruption of operations is a key concern of management, at Group level and also at the level of the various business lines. Contingency and disaster recovery plans, covering resources, organisation and standby facilities, are regularly updated and strengthened.

To maintain appropriate standards of information systems security, the Bank regularly reviews the processes set up to protect systems against the worrying surge in external threats, such as viruses and the illegal capture of authentication data in the online banking business. Electronic banking applications and the new applications used by BP2S, Corporate and Investment Banking, AMS Real Estate, Group Risk Management and Group Finance and Development have been protected by installing firewalls and creating secure areas to host the most sensitive applications. In 2005, probes capable of swiftly detecting abnormal network activity will be deployed and additional firewalls will be installed to increase network protection.

Risks

GRM - Exposures

2004 saw a significant improvement in credit risk in all host regions, confirming a trend that first emerged in 2003 in North America. In Europe, companies continued to strengthen their financial position by negotiating replacement medium-term financing. No major bankruptcies hit the headlines in the United States and Europe's single large-scale corporate failure – in Italy – had no impact on the Group's accounts. The credit quality of BNP Paribas' loan portfolio improved throughout the year, leading to a sharp reduction in provision expense in the Corporate and Investment Banking Division.

Credit Risks

Outstanding commercial loans at 31 December 2004 totalled EUR 473 billion. The 23% growth compared with the year-earlier figure was attributable to the marketing momentum achieved in the leading economic regions, as well as to the integration of new retail banking networks (mainly on the West Coast of the United States) and to higher prices for oil and other commodities, leading to increased trade financing needs.

The US economy's return to growth and the sound economic conditions in Europe paved the way for a sharp drop in provision expense, as follows:

In millions of euros	FRB	IRFS	AMS	CIB	Group total
Net additions to provisions for credit risks and country risks 2003	225	529	16	633	1,361
Net additions to provisions for credit risks and country risks 2004	223	439	5	58	678

- **Diversification by counterparty**

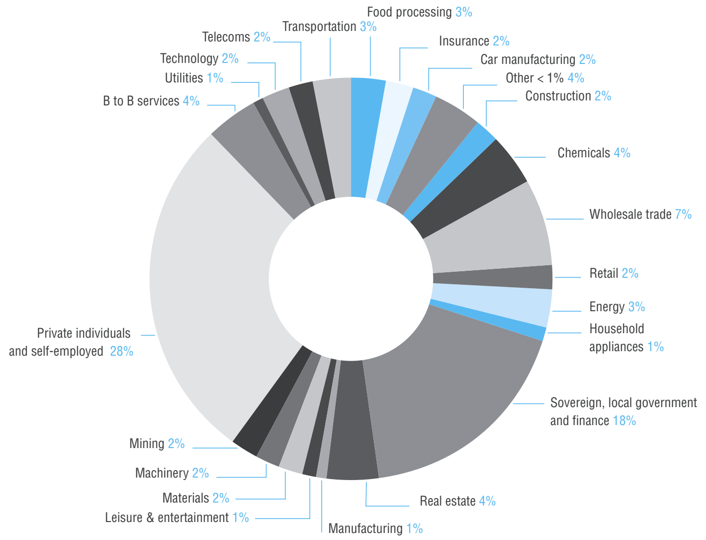
Diversification of commitments by counterparty is a matter of constant concern and is closely monitored. The Group's concentration of credit risks is well below the limits set in the European Directive on major banking risks. In retail banking, the integration of Community First and Union Safe Deposit in the BancWest network on the US West Coast has extended the retail client base to new regions.

The Top 10 client groups represented less than 4% of total commitments at 31 December 2004.

- **Industry diversification**

Thanks to its disciplined approach to industry risks, the Group is not exposed to any material concentration of credit risks in any single industry. No client sector accounts for more than 5% of total commitments, with the exception of the "sovereign, local government and finance" sector and the "wholesale trade" sector, which corresponds largely to commodity traders.

Breakdown of commercial loans and commitments by industry (1) at 31 December 2004:



Industry diversification remained good, with no new concentrations arising in 2004. Cyclical and high-risk industries continued to be regularly monitored. The credit quality of telecommunications companies improved significantly, and the Bank's largest clients in this industry were in considerably better financial shape. Moreover, the Bank's exposure was reduced by the overall decrease in these companies' debt.

Commitments in the aircraft industry, which was badly affected by external events (11-September, the SARS epidemic and spiralling oil prices), continued to consist mainly of asset financing. Moreover, many of the largest transactions carried out recently were covered by credit insurance.

The review of Asian clients following the tsunami disaster showed that the Bank's exposure to potentially the most vulnerable local companies was very limited.

The difficulties experienced by the energy industry in the last two years, particularly in the United States, showed signs of coming to an end and refinancing was arranged for many

(1) Unweighted on- and off-balance sheet commercial commitments. Data extracted from the risk management systems.

fundamentally sound companies that were faced with cash flow problems.

The automobile industry, which has traditionally been an important sector for the Bank, was closely monitored and measures were taken to reduce exposure to the most vulnerable companies.

The Bank's commitments in the extremely cyclical high-tech industries account for only a very small proportion of total commitments. Moreover, the high-tech client base consists essentially of major players that are rated investment grade.

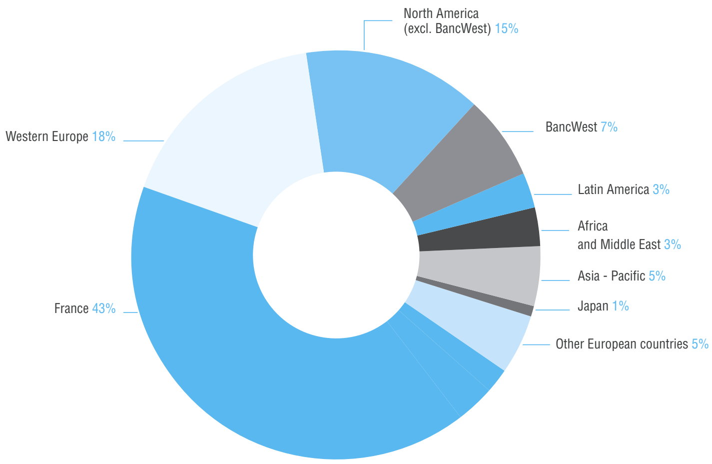
- **Geographic diversification**

The Bank's commitments are fairly evenly balanced geographically. Europe is the largest region, accounting for two-thirds of commitments, with France representing 43%. North America is the 2nd-largest region, accounting for 22% of risks. In recent months, lending operations have increased both in Retail Banking, with the expansion of BancWest on the US West Coast following the recent integration of Community First and Union Safe Deposit, and in Corporate and Investment Banking, with the implementation of an ambitious development plan.

Asia accounts for 5% of the total and commitments in this region are growing at a slower rate. China is a major focus of growth plans in the region, tempered by a highly selective approach to new business.

Country risks represent only 9% of the banking book and are closely monitored. Commitments in these countries continue to be based on export credit and short-term commercial commitments. Longer term financing is generally secured and, in most cases, highly structured.

Geographic breakdown of commercial loans and commitments (1) at 31 December 2004:



(1) Unweighted on- and off-balance sheet commercial commitments. Data extracted from the risk management systems.

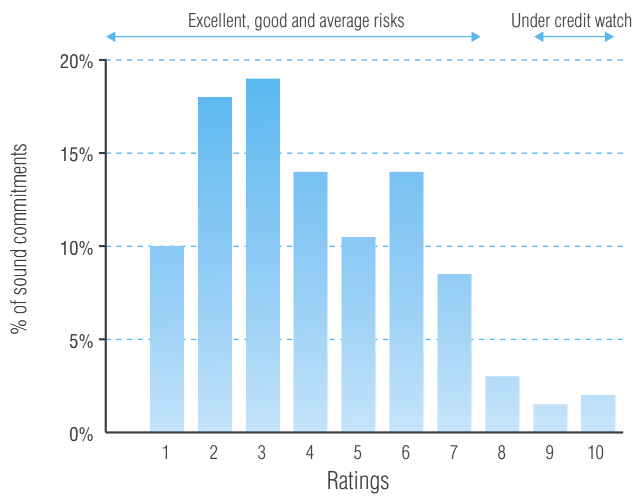
- **Portfolio quality**

Thanks to the internal rating system which has now been rolled out across all Corporate and Investment Banking and French Retail Banking businesses, these divisions' "corporates" portfolios (corporates, government agencies, banks and other institutions) – representing three-quarters of commitments – are of a high quality.

The majority of commitments are towards top-drawer borrowers, reflecting the Bank's strong presence among large multinationals and financial institutions. A significant proportion of commitments towards borrowers with lower credit ratings are secured by high quality guarantees. They include export financing covered by export credit insurance written by international agencies, project finance, structured finance and transaction financing.

In 2004, over two-thirds of the portfolio consisted of commitments to borrowers rated "investment grade" under the Bank's internal rating system. The improvement compared with 2003 was attributable to the higher ratings awarded to major international groups whose credit quality improved in the more favourable economic environment.

Breakdown of sound commitments of the Investment & Corporate Banking and French Retail Banking Divisions (excl. private individuals) by internal credit rating*



** Corporate and Investment Banking at 30 September 2004 and French Retail Banking at 31 December 2004, excluding doubtful commitments (rated 11 and 12) and securities portfolios.*

Doubtful commitments

BNP Paribas non-performing loans and other doubtful commitments presented below include on- and off-balance sheet commitments towards all categories of counterparties (customer transactions, interbank transactions, securities portfolio and long-term investments).

In billions of euros	31/12/2004	31/12/2003
Doubtful commitments	12.5	14.1
Specific provisions	8.6	9.4
Provision rate	69%	67%

Breakdown by geographic area and industry

Doubtful loans, excluding securities and long-term investments, amounted to EUR 11.8 billion at 31 December 2004. Provisions deducted from the carrying value of these assets at 31 December 2004 amounted to EUR 7.9 billion.

Breakdown by geographic area

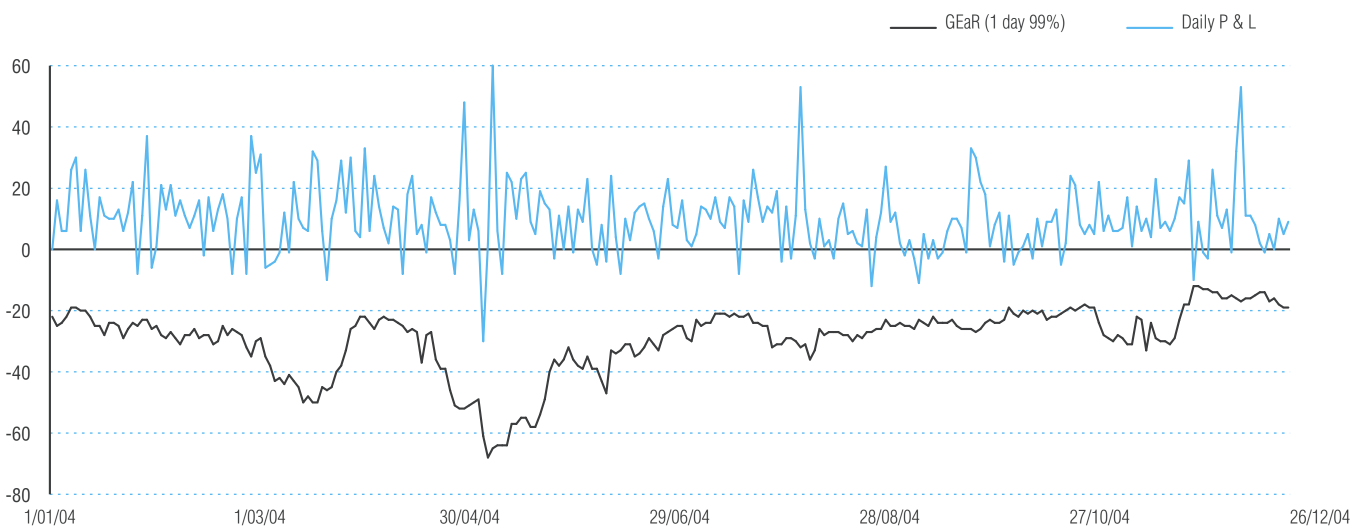
	Breakdown of doubful loans	Breakdown of provisions
France	60.7%	58.7%
European Economic Area	8.8%	9.8%
North America	7.0%	9.7%
Latin America	4.7%	3.4%
Africa and Middle East	7.6%	8.4%
Asia (excl. Japan) - Pacific	4.6%	3.0%
Japan	0.4%	0.0%
Other European countries	5.5%	6.1%
Not analysed	0.7%	0.9%
Total	**100.0%**	**100.0%**

Industry breakdown

	Breakdown of doubful loans	Breakdown of provisions
Food	3.7%	4.7%
Insurance	1.7%	1.5%
Automotives	1.6%	1.8%
Other	4.5%	4.8%
Construction	1.8%	2.4%
Chemicals	0.5%	0.5%
Wholesalers	7.0%	7.7%
Retailers	1.7%	1.8%
Energy	2.9%	2.0%
Household appliances	1.4%	1.4%
Sovereign. local govt. and Finance	5.8%	5.2%
Real estate	6.4%	5.9%
Manufacturing	2.1%	1.9%
Leisure	1.0%	0.5%
Materials	2.4%	2.3%
Capital goods	0.6%	0.7%
Mining	1.0%	0.6%
Private individuals and self-employed	38.9%	38.3%
B2B	4.6%	5.3%
Utilities	0.8%	0.6%
Technology	1.6%	1.2%
Telecoms	2.0%	1.6%
Transportation	4.9%	4.2%
Not analysed	1.1%	3.0%
Total	**100.0%**	**100.0%**

Market Risks

2004 change in GEaR and back testing



• GEaR

The Bank measures Value at Risk (VaR) for capital markets businesses based on Gross Earnings at Risk (GEaR).
GEaR calculation methods are regularly improved to better reflect the specific features of each business, particularly as regards exotic products. The model's quality is continuously tested by comparing actual daily losses, if any, with the 1-day GEaR.

The previous chart [1] shows changes in GEaR during 2004 compared with actual daily results from capital markets transactions. It attests to:

- the Bank's conservative management approach and the favourable effects of diversifying positions and instruments, leading to aggregate GEaR that is 1.5 to 2.5 times below the sum of its components by risk factor;
- the model's robustness. A 99% confidence level means in theory that the Bank will not incur daily losses in excess of GEaR more than two or three times during the year, whereas in fact, the GEaR was never exceeded.

• Stress tests

The regular simulations performed by GRM based on crisis scenarios confirm the Bank's strong resistance to market risks. None of the extreme risks simulated by GRM would have a serious adverse impact. The scenarios used, which are periodically reviewed, are as follows:

- Emerging Markets Crisis triggering a flight to quality;
- Stock Market Crash following a sharp rise in long-term interest rates;
- Short-term Interest Rate Hike leading to a flattening of the yield curve and a modest fall in equity prices;
- US Debacle, corresponding to a loss of confidence in the dollar and the US economy in general, leading to a sharp fall in the dollar, a steep rise in long-term interest rates and a general widening of signature spreads;
- Melt-up, corresponding to the impact of a stock market rebound combined with a fall in long-term interest rates;
- 11-September, corresponding to the impact of an abrupt market reversal similar to the one that followed the terrorist attack on the World Trade Center.

Use of Credit Derivatives

• Banking book transactions

BNP Paribas uses credit derivatives in connection with the management of the Corporate and Investment Banking banking book, to hedge individual risks, reduce the overall concentration of risks or cap potential losses on securitisation transactions. The Bank also purchases credit risks as part of its portfolio diversification and capital utilisation strategy, based on strict risk/yield ratio guidelines.

These transactions are managed centrally by the Corporate and Investment Banking Portfolio Management Department, which follows specific risk management procedures for credit risks generated by derivative instruments.

• Trading book transactions

Credit derivatives may be used, for hedging purposes only, by the trading desks that are exposed to credit risk.
In addition, BNP Paribas trades actively in credit derivatives on behalf of clients. The transactions include both trades in ordinary instruments such as credit-default swaps and structured transactions with tailor-made complex risk profiles. They are carried out by a specific research, structuring and trading platform that forms part of the Fixed Income unit.
In the same way as for other trading activities, the platform buys and sells protection. Strict limits apply to net positions arising from these transactions.

The platform is backed by a solid support infrastructure, comprising middle- and back-office teams and an IT development team.

Within GRM, market risks generated by these products are tracked by the Market Risk Department, in the same way as for other derivatives risks. The underlying counterparty risk is also covered by normal risk management processes.

Asset/Liability Management

The Asset/Liability Management and Treasury Department (ALM Treasury) reports to two Committees, each headed by a Chief Operating Officer:

- the ALM Treasury/Commercial Banking Committee, responsible for decisions concerning mismatch and match funding principles applicable to the balance sheet of the commercial banking business and for managing the related interest rate risks;

(1) In millions of euros, entities required to include market risks in their capital adequacy calculations.

• the ALM Treasury/Investment Banking Committee, responsible for monitoring market risks related to Treasury transactions, defining funding and liquidity management policies, managing Group equity and structural currency risks.

Liquidity Management

The Group's cash needs are managed centrally by the ALM Treasury Department. The Treasury unit is responsible for interbank refinancing and short-term debt issues (certificates of deposit, commercial paper, etc.). The Asset/Liability Management unit is in charge of senior and subordinated funding programmes (MTN, bonds, medium- and long-term deposits, etc.), preferred stock issues and asset-backed securities issued on behalf of the specialised subsidiaries of the Retail Banking Division.

The policy of diversifying financing sources and instruments was stepped up in 2004.

Senior debt issues by BNP Paribas SA and Group subsidiaries carried out in 2004 totalled EUR 23.4 billion, an increase of 59% over 2003.

Excluding issues redeemable in advance by the issuer, long-term senior debt issues came to EUR 12.3 billion, an increase of 90% over the previous year. Issues redeemable in advance by the issuer amounted to EUR 11.0 billion, up 34%.

During the year, EUR 156 million in inflation-indexed subordinated bonds were issued and placed with clients of the French Retail Banking Division.

No new preferred stock issues were carried out during the year, because the Group had ample regulatory capital. At 31 December 2004, preferred stock totalled EUR 3.5 billion, unchanged from the year-earlier figure.

Lastly, EUR 775 million (BNP Paribas share) were raised through two securitisation operations carried out by UCI, the Spanish subsidiary of UCB. As of 31 December 2004, loans totalling EUR 5.5 billion (BNP Paribas share) had been refinanced through securitisations, compared with EUR 6.5 billion at end-2003.

The Group's short- and medium-term liquidity position is regularly measured on a consolidated basis, by business line and by currency.

BNP Paribas complies with the overnight limits set for capital markets transactions (fixed income, equities and currency transactions) and the mismatch limits set for banking transactions with maturities of more than one year.

The consolidated liquidity mismatch for positions beyond one year is measured based on contractual maturities (for loans and deposits, including undrawn confirmed customer lines of credit weighted at 30%), and on observed customer behaviour (for demand loans and deposits, passbook savings accounts, etc.). The mismatch for liability positions beyond one year amounted to 21.3 % at 31 December 2004.

Management of Interest Rate Risk on the Banking Book

Interest rate risk on the commercial transactions of the French and International Retail Banking business and the specialised financing subsidiaries is managed on a centralised basis by the ALM Treasury Department. Positions are transferred by means of internal lending/borrowing transactions and swaps.

Banking book interest rate gaps are measured each month, with embedded behavioural options translated into delta equivalents.

Maturities of outstanding assets are determined based on the contractual characteristics of the transactions and historical customer behaviour. For Retail Banking products, behavioural models are based on historical data and econometric studies. The models deal with early repayments, regulated savings accounts and current accounts in credit and debit. Theoretical maturities of equity capital are determined according to internal assumptions.

Internal assumptions and models, which are regularly updated and back-tested, are presented to the ALM/Commercial Banking Committee for approval.

BNP Paribas' structural interest rate risk is also measured on a going-concern basis, incorporating dynamic changes in balance sheet items. Due to the existence of partial or even zero correlations between customer interest rates and market rates, and the volume sensitivity caused by behavioural options, rotation of balance sheet items generates a structural sensitivity of revenues to interest rate changes.

A specific option risk indicator is used to fine-tune hedging strategies.

These three indicators are reviewed during monthly meetings of the ALM/Commercial Banking Committee, and serve as the basis for hedging decisions taking into account the nature of the risks involved.

Management of interest rate risk on the banking book is based on two limits. Compliance with these limits is checked at monthly intervals and the limits are adjusted each year by the ALM/Commercial Banking Committee.

The main limit concerns the sensitivity of French commercial banking revenues – including hedging transactions carried out by the Asset/Liability Management unit – to a gradual change in nominal and actual interest rates and the inflation rate. The changes are defined by reference to historical volatility data and correlations among the various parameters. The limit is based on annual net banking income, in order to set limits on future fluctuations in net banking income caused by changes in interest rates. Throughout 2004, the sensitivity of revenues to interest rate changes was significantly below the limit set by the ALM Committee.

The second limit concerns the banking book interest rate gap and is expressed as a percentage of customer deposits. The percentage is a declining function of the management period. This limit is used to manage medium- and long-term interest rate risk.

The two types of limit are also applied to the retail banking subsidiaries' exposure to interest rate risk.

During the year, the Market Risks unit has continued to control risks arising from the use of behavioural and other models for Asset/Liability Management purposes. Conclusions on these controls are presented on a quarterly basis in an ad-hoc committee.

Management of Structural Currency Risk

The ALM unit is responsible for covering foreign currency gains and losses on transactions booked in Paris and the earnings of foreign subsidiaries and branches. Currency risks related to gains and losses on foreign currency transactions carried out by foreign subsidiaries and branches are managed by the local treasury managers.

Positions related to country risk provisions, specific provisions and positions arising from foreign currency investments by the Group are managed on a centralised basis by the ALM unit. The bulk of the Group's structural currency risk results mainly from capital allocations and equity interests denominated in foreign currencies that are financed by purchasing the currencies concerned. Group policy generally consists of borrowing the investment currency in order to protect shareholders' equity against currency risk. However, for most soft currencies, the investment is financed by purchasing the currency.

Asset Management Risk

In their host country, asset management companies are bound by specific legislation on third party portfolio management and their activities are overseen by a regulator.

The key activity represented by the creation and management of mutual funds is closely regulated. In most countries, funds have to be approved by the regulatory authorities before they are launched and their activities are subject to controls by a statutory auditor and, in some cases, a custodian.

Fund managers are required to respect the integrity of the markets and safeguard customers' interests.

Insurance

BNP Paribas risks are covered by major insurers, with the aim of effectively protecting the Bank's balance sheet and profit and loss account.

The Group's insurance programme covers fraud, theft, property and casualty, business interruption, liability and other risks.

In order to optimise costs and effectively manage risks, certain risks whose frequency and financial impact can be adequately estimated, are self insured. Risks insured on the market include:

- property and contents damage (fire, explosion etc.), taking into account replacement cost (approved by the Group's insurers following risk assessment visits to key sites);
- fraud and misappropriation of assets;
- corporate liability (for example property damage or consequential loss caused to a third party, etc.):
- business interruption (loss of revenues or earnings, additional costs, etc.):
- theft of valuables on the company premises and from safes;
- liability of corporate officers in the event of errors or omissions, for example;
- business liability (for example, personal injury, property damage or consequential loss caused to a third party).

Premium rates and policy terms are based on the Bank's known claims experience, market claims experience and global insurance market capacity.

Some business units may take out insurance locally to cover certain specific activities, or if adequate coverage cannot be obtained on the French market.

After two difficult years, conditions in the insurance market became somewhat easier in 2004, allowing the Group to maintain high quality coverage of risks at competitive rates.

In selecting insurers, the Group pays close attention to the credit rating and claims paying ability of the companies concerned.

Pledged Assets

Assets given as pledges do not represent material amounts at Group level, and mainly comprise assets of Klépierre, the Group's listed subsidiary. For more details, please refer to the financial data published by Klépierre.

Claims and Litigation

Claims and litigation ongoing at 31 December 2004 are covered by adequate provisions. The outcome of these claims and litigation is not likely to significantly impact the Group's financial position.

Patents, Licences, Contracts

BNP Paribas is not dependent upon any patents or licences or any industrial, commercial or financial services contracts for the conduct of its business.

In April 2004, BNP Paribas and its subsidiaries began outsourcing data processing operations to the "BNP Paribas Partners for Innovation" (BP2I) joint venture set up with IBM at the end of 2003.

BNP Paribas exercises significant influence over BP21, which is owned on a 50/50 basis with IBM. BP21 is staffed essentially with BNP Paribas employees and its offices and data centres are owned by the Group. Its corporate governance system provides BNP Paribas with a contractual right of oversight and the Group can take back responsibility for data processing operations if necessary.

Exceptional Events

At 31 December 2004, no exceptional events had occurred and no claims or litigation were pending or in progress that would be likely to have a material adverse effect on the assets and liabilities, financial position or results of the BNP Paribas Group.

Consolidated Financial Statements

Consolidated balance sheet

Assets

In millions of euros, at 31 December	2004	2003	2002
Interbank and money-market items (note 3):			
Cash and amounts due from central banks and post office banks	6,843	5,287	9,884
Treasury bills and money market instruments (note 5)	128,400	106,671	83,990
Due from credit institutions	180,443	162,950	146,512
Total interbank and money-market items	**315,686**	**274,908**	**240,386**
Customer items (note 4):			
Due from customers	237,508	201,611	204,719
Leasing receivables	20,572	20,362	20,622
Total customer items	**258,080**	**221,973**	**225,341**
Bonds and other fixed income instruments (note 5)	**66,899**	**55,005**	**41,964**
Equities and other variable income instruments (note 5)	**72,254**	**52,506**	**22,616**
Insurance company investments (note 6)	**69,501**	**62,275**	**57,154**
Investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment (note 7):			
Investments in non-consolidated undertakings and other participating interests	2,609	2,160	5,872
Equity securities held for long-term investment	3,514	4,612	5,407
Total investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment	**6,123**	**6,772**	**11,279**
Investments in companies carried under the equity method:			
Financial sector companies	737	1,436	1,557
Non-financial sector companies	1,024	195	238
Total investments in companies carried under the equity method (note 9)	**1 761**	**1 631**	**1 795**
Tangible and intangible assets (note 11)	**9,582**	**9,008**	**8,640**
Goodwill (note 12)	**6,244**	**5,578**	**6,547**
Accrued income and other assets (note 13)	**99,808**	**93,420**	**94,597**
Total assets	**905,938**	**783,076**	**710,319**
COMMITMENTS GIVEN			
Financing commitments given (note 23)	172,641	156,287	140,398
Guarantees and endorsements given (note 23)	66,148	56,865	60,226
Commitments related to securities to be delivered (note 23)	8,241	7,389	7,960
Insurance company commitments	466	1,297	914
Commitments incurred on forward and options contracts (note 24)	20,556,393	18,356,809	13,959,842

Liabilities and shareholders' equity

In millions of euros, at 31 December	2004	2003	2002
Interbank and money-market items (note 14):			
Due to central banks and post office banks	256	60	159
Due to credit institutions	244,707	191,194	177,746
Total interbank and money-market items	**244,963**	**191,254**	**177,905**
Customer items (note 15)	**237,712**	**210,621**	**195,569**
Debt securities:			
Retail certificates of deposit (note 15)	6,712	4,933	6,708
Interbank market securities (note 14)	1,175	1,025	1,025
Negotiable certificates of deposit (note 15)	83,844	67,014	64,913
Bonds, including short-term portion (note 16)	11,094	9,952	11,260
Other debt instruments	1,141	177	151
Total debt securities	**103,966**	**83,101**	**84,057**
Technical reserves of insurance companies (note 17)	**69,378**	**61,808**	**56,526**
Accrued expenses and other liabilities (note 18)	**198,128**	**184,820**	**145,836**
Badwill (note 12)	**15**	**18**	**22**
Provision for contingencies and charges (note 19)	**3,764**	**4,045**	**4,144**
Subordinated debt (note 20)	**12,242**	**13,226**	**14,283**
Reserve for general banking risks (note 21)	**752**	**843**	**997**
Minority interests in consolidated subsidiaries (note 22)	**4,824**	**5,019**	**4,535**
Shareholders' equity (note 22):			
Share capital	1,769	1,806	1,790
Additional paid-in capital in excess of par and premium on acquisition	10,340	11,017	10,804
Retained earnings	13,417	11,737	10,556
Net income	4,668	3,761	3,295
Total shareholders' equity	**30,194**	**28,321**	**26,445**
Total liabilities and shareholders' equity	**905,938**	**783,076**	**710,319,**
COMMITMENTS RECEIVED			
Financing commitments received (note 23)	35,251	43,976	21,536
Guarantees and endorsements received (note 23)	50,212	42,951	43,824
Commitments related to securities to be received (note 23)	9,570	7,852	15,037
Insurance company commitments	1,807	2,801	2,065

Consolidated profit and loss account

In millions of euros	2004	2003	2002
Interest income	*28,332*	*27,174*	*31,606*
Interest expense	*(22,213)*	*(20,663)*	*(26,222)*
Net interest income (note 29)	6,119	6,511	5,384
Income on equities and other variable income instruments (note 32)	294	283	323
Commission income	*7,098*	*6,319*	*6,160*
Commission expense	*(2,411)*	*(2,026)*	*(1,982)*
Net commission income (note 33)	4,687	4,293	4,178
Net gains on trading account securities	4,713	4,407	4,687
Net gains on securities available for sale	453	190	139
Other banking income	*1,005*	*970*	*1,134*
Other banking expenses	*(904)*	*(880)*	*(911)*
Net other banking income	101	90	223
Underwriting result and net investment income of insurance companies (note 34)	1,919	1,658	1,440
Net income from other activities	537	503	419
Net banking income (note 39)	**18,823**	**17,935**	**16,793**
Operating expense:			
Salaries and employee benefits, including profit-sharing (note 35)	(6,872)	(6,763)	(6,445)
Other administrative expenses	(3,965)	(3,764)	(3,892)
Total operating expense	(10,837)	(10,527)	(10,337)
Depreciation, amortisation and provisions on tangible and intangible assets	(755)	(758)	(618)
Gross operating income (note 39)	**7,231**	**6,650**	**5,838**
Net additions to provisions for credit risks and country risks (note 8)	(678)	(1,361)	(1,470)
Operating income (note 39)	**6,553**	**5,289**	**4,368**
Share of earnings of companies carried under the equity method (note 9)	194	131	80
Gains on long-term investments and changes in provisions (note 37)	843	912	903
Income before tax, non-recurring items, amortisation of goodwill and movements in the reserve for general banking risks	**7,590**	**6,332**	**5,351**
Net non-recurring expense (note 38)	(389)	(494)	(174)
Corporate income tax (note 40)	(1,830)	(1,481)	(1,175)
Amortisation of goodwill	(384)	(399)	(366)
Movements in the reserve for general banking risks	88	147	2
Minority interests	(407)	(344)	(343)
Net income	**4,668**	**3,761**	**3,295**
Basic earnings per share, in euros (1)	**5.55**	**4.31**	**3.78**
Diluted earnings per share, in euros (2)	**5.53**	**4.28**	**3.74**

(1) After the two-for-one share-split in 2002.

(2) In accordance with Accounting Standards Committee (CRC) standard 99-07, earnings per share are also presented on a diluted basis, calculated in line with the method recommended by the French Accounting Board (OEC) in opinion No. 27. The method used to calculate diluted earnings per share also complies with IAS 33 "Earnings per share". Diluted earnings per share correspond to net income for the year divided by the weighted-average number of shares outstanding, adjusted for the maximum number of potential ordinary shares, corresponding to dilutive instruments. Stock options are taken into account in the calculation of diluted earnings per share by the treasury stock method which is also allowed under IAS 33.

Consolidated statement of cash flows

In millions of euros	2004	2003	2002
Long-term sources of funds			
Funds provided from shareholders' equity			
From operations:			
Consolidated net income (Group share and minority interest)	5,075	4,105	3,638
Depreciation and amortisation	755	758	618
Net additions to provisions	310	1,200	1,764
Share of earnings of companies carried under the equity method	(194)	(131)	(80)
Total funds provided from operations	**5,946**	**5,932**	**5,940**
Dividends paid	(1,842)	(1,541)	(1,322)
Other changes in shareholders' equity:			
Group share	(2,252)	120	(2,482)
Minority interests	(273)	424	1,253
Decrease in reserve for general banking risks	(91)	(154)	(10)
(Decrease) increase in subordinated debt	(984)	(1,057)	1,245
Increase in shareholders' equity and other long-term capital	**504**	**3,724**	**4,624**
Funds provided from other sources:			
Increase (decrease) in interbank items (liabilities)	53,709	13,349	(42,391)
Increase (decrease) in customer deposits	27,091	15,052	(20,527)
Increase (decrease) in debt securities	20,865	(956)	(3,806)
Increase in technical reserves of insurance companies	7,570	5,282	1,321
Increase (decrease) in other financial items	6,977	40,030	(7,243)
Increase (decrease) in other sources of funds	**116,212**	**72,757**	**(72,646)**
Total increase (decrease) in sources of funds	**116,716**	**76,481**	**(68,022)**
Uses:			
Increase (decrease) in interbank items (assets)	19,043	11,790	(33,706)
Increase (decrease) in customer loans	36,829	(2,182)	(8,129)
Increase (decrease) in securities	45,543	63,104	(34,439)
Increase in insurance company investments	7,226	5,121	944
Increase (decrease) in long-term investments	6,746	(2,478)	5,564
Increase in tangible and intangible assets	1,329	1,126	1,744
Total increase (decrease) in uses of funds	**116,716**	**76,481**	**(68,022)**

APPENDICES

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.

YEAR-ON-YEAR COMPARISONS

In 2004, the BNP Paribas Group changed the method used to recognise in the profit and loss account revenues related to payouts made by venture capital funds in which the Group holds units. These amounts were previously deducted in full from the cost of the units in the funds held, whereas only the portion of payout revenues received corresponding to the repaid initial investment is now deducted from the cost of the units, with any realised gains paid out by the fund taken to the profit and loss account in accordance with standard industry practices. The units in the funds are still valued at the lower of historical cost thus amortised and the equity in the underlying revalued net assets which they represent. The impact of this change in the method used to record fund payouts resulted in the recognition of EUR 167 million in net gains on long-term investments in 2004, including EUR 100 million in revenues received in prior periods.

Application by the BNP Paribas Group of decree no. 2002-970 amending the French Insurance Code and *Comité de la Réglementation Comptable* standard CRC 2002-09 concerning the use and accounting treatment of forward financial instruments by insurance companies did not have a material impact on opening shareholders' equity at 1 January 2003 and does not affect period-on-period comparisons.

Standard CRC 2002-10 relating to the depreciation, amortisation and impairment of assets – amended by standard CRC 2003-07 of 12 December 2003 – contains measures concerning the date and consequences of the standard's first-time application, which is compulsory from 1 January 2005. The Group has not opted for early application and is not affected by the applicable transitional measures relating to provisions for major repairs. Moreover, as the Group has not identified any material expenses relating to major repairs based on multi-year programmes, this standard had no impact on the Group's opening shareholders' equity at 1 January 2003.

Standard CRC 2002-03 dealing with credit risks, the classification methods to be applied to doubtful and restructured loans, and loan restructurings at below market rates of interest, has been adopted as from 1 January 2003, based on the opinion issued by the CNC's *Comité d'Urgence* (no. 2003-G) on 18 December 2003, and the CNC's press release of 21 November 2003. For the BNP Paribas Group, the effect of applying this method was a reduction in opening shareholders' equity at 1 January 2003 of EUR 33 million after tax, corresponding to the difference between the new interest rate on restructured loans classified as sound and the lower rate between the original rate of interest and the market rate prevailing on the restructuring date. The discounted interest differential will be taken into account in determining the lending margin on the loans concerned. Application of the new standard led to the reclassification under irrecoverable loans of EUR 540 million worth of loans previously considered as giving rise to a country risk. The loans in question consist of restructured loans that are once again in default. The corresponding provisions, in the amount of EUR 273 million, which were previously included in provisions for country risks, were reclassified in 2003 under provisions for specific risks.

This standard also introduced two sub-categories of loans: sound loans restructured not at market terms, which are included under sound loans, and irrecoverable loans which are included under doubtful loans.

The *Comité d'Urgence*'s opinion dated 21 January 2004 provides guidelines on the accounting treatment of the consequences of certain provisions of the Pensions Reform Act (Act no. 2003-775 dated 21 August 2003). Under the new rules, employees can elect to retire before the age of 65, but cannot be required to do so by their employer. The statutory retirement bonus payable when they retire is subject to payroll taxes. Previously, retirement bonuses paid to employees who retired at their employer's request were exempt from payroll taxes. The actuarial assumptions used to calculate BNP Paribas' related benefit obligation were therefore revised to take account of these changes, and an additional provision of EUR 229 million was recorded in 2003 (see note 38) in order to provide for the obligation in full, in accordance with Group policies.

NOTE 1 – ACCOUNTING POLICIES (CONT'D)

PRINCIPLES AND BASIS OF CONSOLIDATION

Scope 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 contribute over EUR 8 million to consolidated net banking income, EUR 4 million to gross operating income or income before tax and amortisation of goodwill or EUR 40 million to total consolidated assets. Companies that hold shares in consolidated companies are also consolidated.

Entities over which a Group company exercises *de facto* control, by virtue of contractual provisions or the entity's articles of association, 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.

De facto control is considered as being exercised when more than one of the following three criteria are met:

- the Group has decision-making powers, with or without management powers, over the routine operations or the assets of the entity, as evidenced in particular by the power to wind up the business, amend its articles of association or formally oppose any such amendments;
- the Group is entitled to all or the majority of the entity's economic benefits, whether distributed or appropriated to reserves, and has the right to sell one or several assets and to benefit from any assets remaining after the entity has been liquidated;
- the Group is exposed to the majority of the risks relating to the entity. This is the case if a Group company gives a guarantee to external investors, in order to substantially reduce those investors' risk.

In cases where the Group does not hold an interest in the capital, an entity is consolidated when two of the above three criteria are met. In accordance with standard CRC 2004-04, the first of these three criteria is critical to assessing whether de facto control is exercised over entities set up in connection with the sale of proprietary loan portfolios, including *fonds communs de créances* (securitisation funds) governed by French law and foreign entities offering equivalent guarantees to those existing in France. Retaining the majority of risks and rewards related to sold loans is equivalent to presuming that a substantial portion of decision-making powers has been retained.

Entities whose shares have been acquired exclusively with a view to their subsequent disposal are not consolidated. This is the case of shares 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 recorded in the consolidated balance sheet under "Investments in non-consolidated undertakings and other participating interests".

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 and 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; or
- 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 shareholder holds a larger percentage, directly or indirectly; or
- the right to exercise dominant influence over the subsidiary by virtue of contractual provisions or the articles of

association, provided that the Group company exercising the dominant influence is a shareholder or partner of the subsidiary. Dominant influence is considered as being exercised in cases where the Group company is in a position to use or decide on the utilisation 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 articles of association, 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 shareholder or group of shareholders 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 concerned company is managed jointly by a limited number of shareholders or partners which together determine the company's financial and operating policies.

- **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 amortisation period is determined on a case-by-case basis depending on the specific conditions relating to each acquisition.

Where there is an indication that the recoverable value of goodwill could be lower than its net carrying value, an impairment test is carried out in order to assess whether an impairment loss should be recorded. The impairment test may be based on several different methods, depending on the business concerned, including discounted future cash flows estimated using the company's medium-term business plan.

- **Valuation Adjustments**

Valuation adjustments, corresponding to the difference between the amount of assets, liabilities and off-balance sheet items of the acquired company as restated according to Group accounting policies 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.

Valuation adjustments of assets and liabilities of companies accounted for under the equity method are included in "Investments in companies carried under the equity method".

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 amortised by the method described above. If the Group's percent interest is reduced without resulting in the subsidiary being deconsolidated, a corresponding percentage of

NOTE 1 – ACCOUNTING POLICIES (CONT'D)

the unamortised 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

Income and expenses on material intercompany transactions involving fully or proportionally consolidated companies or companies accounted for by the equity method are eliminated in consolidation. Intercompany receivables, payables, commitments, income and expenses between fully or proportionally consolidated companies are also eliminated.

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 analysed between amortisation 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 amortisation of the net investment in the lease. This difference is recorded under "Shareholders' equity" net of deferred taxes.

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 year-end exchange rate. Differences arising from the translation of profit and loss account items of foreign subsidiaries at the average rate for the period and the period-end rate are recorded in shareholders' equity, under "cumulative translation adjustment", net of minority interests. The same accounting treatment is applied to differences arising from the translation of capital made available to foreign branches. Differences arising from the translation of the results of foreign branches are treated as operating positions that can be repatriated and are therefore recognised in the consolidated profit and loss account.

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 trading and arbitrage transactions are recorded under "Trading account securities" at their market price.

- Shares held for allocation to employees are recorded at the lower of cost and market price under "Securities available for sale". Where appropriate, a provision 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 specifically for any of the above purposes or that are intended to be cancelled are deducted from consolidated shareholders' 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.

Consolidation of Insurance Companies

The specific accounting principles and valuation rules applicable to insurance companies are also used for BNP Paribas consolidation purposes. The balance sheet, profit and loss account 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, as well as property investments and various other investments, including shares in related companies, concerning life and other business. Property investments 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 realisable value of the underlying assets at the year-end.

Fixed or variable income marketable securities are stated at cost. Fixed income securities are valued and accounted for using the same method as debt securities held to maturity.

However, when the market value of listed variable income securities consistently remains more than 20% below their net book value (30% for securities traded on volatile markets) for a period of over six months, an analysis is carried out to ascertain whether or not it is necessary to record a provision for permanent impairment in value. If such a provision is considered necessary, it is calculated based on the realisable value of the securities concerned. Realisable value is determined using a multi-criteria approach including the discounted future cash flows and net asset value methods, as well as analysis of ratios commonly used to assess future yields and exit opportunities. The valuation is performed separately for each line of securities, taking into account the planned holding period. Securities held for sale are written down to their probable realisable value, based on stock market prices, where appropriate.

The realisable value of buildings is calculated when the valuation performed by professional qualified valuers is more than 20% below the net book value, and is based on the discounted future cash flows expected to be generated by each building over the planned holding period. A provision is recorded when necessary, on a building-by-building basis, to cover the difference between the net book value and the realisable value. In the case of buildings held for sale, provisions are calculated based on the valuation performed by the professional qualified valuers.

- **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 year-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, which include reserves for claims handling costs.

In the individual statutory accounts of Group insurance companies, a capitalisation reserve is set up at the time of sale of amortisable securities, in order to defer part of the net realised gain and thus maintain the yield-to-maturity of the portfolio of admissible assets. In the consolidated financial statements, the bulk of this reserve is reclassified under "Policyholders' surplus".

Policyholders' surplus also includes the funds set aside to top up the return offered to holders of life insurance policies in future years, as necessary.

- **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 profits on intercompany transactions with Group banking entities.

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 assets purchased under resale agreements, whatever the type of assets concerned, and receivables corresponding to securities sold under collateralised 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, assets purchased under resale agreements, whatever the type of assets concerned, and receivables corresponding to securities sold under collateralised repurchase agreements. They are broken down between commercial loans, customer accounts in debit and other loans.

Outstanding loans and confirmed credit facilities are classified into sound loans – including sound restructured loans – and doubtful loans. The same classification is performed for credit risks attached to forward financial instruments whose present value represents an asset for the Group.

Credit risks on outstanding loans and confirmed credit facilities are monitored using an internal rating system, based on two key parameters: the probability of default by the counterparty, expressed as a rating, and the overall recovery rate determined by reference to the type of transaction. There are twelve counterparty ratings, ten covering sound loans and two corresponding to doubtful loans and loans classified as irrecoverable.

Doubtful loans are defined as loans where the Bank considers that there is a risk of borrowers being unable to honour all or

NOTE 1 – ACCOUNTING POLICIES (CONT'D)

part of their commitments. This is considered to be the case of all loans on which one or more instalments are more than three months overdue (six months in the case of real estate loans and twelve months for loans to local governments), as well as loans for which legal collection procedures have been launched. When a loan is classified as doubtful, all other loans and commitments to the debtor are automatically assigned the same classification.

A provision is booked on these loans, for an amount corresponding to the portion of the outstanding principal that is not expected to be recovered plus unpaid interest. In all cases, the provision at least covers the total amount of accrued interest, unless the value of the guarantees held by the bank covers the principal and all or part of the interest due. Guarantees include mortgages and pledges on assets, as well as credit derivatives acquired by the Bank as a protection against credit losses.

In the case of doubtful loans where the debtor has resumed making regular payments in accordance with the original repayment schedule, the loan is reclassified as sound. Doubtful loans that have been restructured are also reclassified as sound, provided that the restructuring terms are met. If a restructured loan reclassified as sound is not at market terms, it is recorded in a separate account at nominal value less a discount corresponding to the difference between the new interest rate and the lower rate between the original rate of interest and the market rate prevailing at the time of the restructuring. If any instalments on a restructured loan are not paid, whatever the terms of the restructuring, the loan is permanently reclassified as irrecoverable.

Small loans to private individuals in France which have been the subject of a "Neiertz Act" restructuring (loans to consumers who have accumulated unmanageable levels of debt) are reclassified as sound only when the account manager is satisfied that the client will be able to fulfil his or her repayment commitments until the entire loan has been repaid. No discount is applied to loans that are reclassified as sound, mainly by the specialised credit companies. However, a statistical provision is recorded, based on the estimated risk of losses. This provision is at least equal to the sum of the discounts that would have been deducted from the loans' carrying value.

Irrecoverable loans include loans to borrowers whose credit standing is such that after a reasonable time recorded in doubtful loans, no reclassification as sound loans is foreseeable, loans where an event of default has occurred, restructured loans where the borrower has once again defaulted and loans classified as doubtful for more than one year that are in default and are not secured by guarantees covering substantially all of the amount due.
Irrecoverable loans are written off when all legal and other avenues open to the Bank to secure payment of the amounts due have been exhausted.

Interbank and customer items are stated at their nominal value plus accrued interest. Discounts on restructured loans calculated as described above are deducted from the carrying value of the loan and amortised over the remaining life of the loan by the yield-to-maturity method.

Provisions for credit risks on assets are deducted from the carrying value of the assets. Provisions recorded under liabilities include provisions related to off balance sheet commitments, provisions for losses on interests in real estate development programmes, provisions for claims and litigation, provisions for unidentified contingencies and provisions for unforeseeable industry risks.

Additions to and recoveries of provisions, bad debts written off, recoveries on loans covered by provisions and discounts calculated on restructured loans are recorded in the profit and loss account under "Net additions to provisions 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. Amortisation of discounts on restructured loans, calculated by the yield-to-maturity method, is included in net banking income along with the interest on the loans.

Accrued interest is recorded periodically on sound loans – including restructured loans – and on doubtful loans that are not classified as irrecoverable. Interest on doubtful loans classified as irrecoverable is recorded in the profit and loss account on a cash basis.

Securities

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

In application of standard CRC 2000-02, securities are classified as "Trading account securities", "Securities available for sale", "Equity securities available for sale in the medium-term", "Debt securities held to maturity", "Equity securities held for long-term investment", and "Investments in non-consolidated undertakings and other participating interests". Investments in companies carried under the equity method are recorded on a separate line of the consolidated balance sheet.

Where a credit risk has occurred, fixed income securities held in the "available for sale" or "held to maturity" portfolio are classified as doubtful, based on the same criteria as those applied to doubtful loans and commitments.

Variable income securities may also be classified as doubtful if an issuer default risk has occurred. This is the case, in particular, where the issuer has filed for bankruptcy.

When securities exposed to counterparty risk are classified as doubtful and the related provision can be separately identified, the corresponding charge is included in "Provisions for credit risks and country risks".

- **Trading Account Securities**

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

- **Securities Available 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) and probable market value, which is generally determined on the basis of stock market prices. Accrued interest is posted to the profit and loss account under "Interest income on bonds and other fixed income instruments".

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 profit and loss account. In the balance sheet, their carrying value is amortised to their redemption value over their remaining life.

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

The cost of sold securities available for sale is determined on a first in, first out (FIFO) basis. Disposal gains or losses and additions to and reversals of lower of cost and market provisions are reflected in the profit and loss account under "Net gains on sales of securities available for sale".

- **Equity Securities Available for Sale in the Medium-term**

This category corresponds to investments made for portfolio management purposes, with the aim of realising a profit in the medium term without investing on a long-term basis in the development of the issuer's business. "Equity securities available for sale in the medium-term" include venture capital investments.

"Equity securities available for sale in the medium-term" are recorded individually at the lower of cost and fair value. Fair value takes into account the issuer's general development outlook and the planned holding period. The fair value of listed stocks corresponds primarily to the average stock market price determined over an appropriately long period.

- **Debt Securities Held to Maturity**

Fixed income securities (mainly bonds, interbank market securities, Treasury bills and other negotiable debt securities) are recorded under "Debt securities held to maturity" to reflect the BNP Paribas Group's intention of holding them on a long-term basis, in principle to maturity. 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 profit and loss account. In the balance sheet, their carrying value is amortised to their redemption value over their remaining life.

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

NOTE 1 – ACCOUNTING POLICIES (CONT'D)

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

• **Equity Securities Held for Long-term 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 long-term rate of return 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 long-term investment" are recorded individually at the lower of cost and fair value. Fair value is determined based on available information using a multi-criteria valuation approach, including the discounted future cash flows, sum-of-the-digits and net asset value methods as well as an analysis of ratios commonly used to assess future yields and exit opportunities for each line of securities. For simplicity, listed securities acquired for less than EUR 10 million may be valued based on the average stock market price over the last three months.

Gains and losses on sales of equity securities held for investment and provision movements are reported in the profit and loss account under "Gains (losses) on disposals of long-term assets".

Dividends received are posted to income under "Income on equities and other variable income instruments" on a cash basis.

• **Investments in Non-consolidated Undertakings and Other Participating Interests**

This category includes affiliates in which the Group exercises significant influence over management and 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%.

Investments in non-consolidated undertakings and other participating interests are recorded individually at the lower of cost and fair value. Fair value is determined based on available information using a multi-criteria valuation approach, including the discounted future cash flows, sum-of-the-digits and net asset value methods as well as an analysis of ratios commonly used to assess future yields and exit opportunities for each line of securities.
For simplicity, listed securities acquired for less than EUR 10 million may be valued based on the average stock market price over the last three months.

Disposal gains and losses and provision movements are reported in the profit and loss account under "Gains (losses) on disposals of long-term assets".

Dividends are posted to "Income on equities and other variable income instruments" when they have been declared by the issuers' shareholders or on a cash basis when the shareholders' decision is not known.

• **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 the equity method" and to consolidated reserves under "Retained earnings".

Valuation adjustments to these companies' assets and liabilities, recorded at the time of acquisition, are included in "Investments in companies carried under the equity method".

Goodwill arising on the acquisition of companies carried under the equity method is recorded in "Goodwill".

Fixed Assets

In 1991 and 1992, as allowed by French regulations, Banque Nationale de Paris 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 specialised subsidiaries. These buildings are intended to be held on a long-term basis. The revaluation arising from this transaction has been posted to consolidated shareholders' equity net of the related deferred tax effect and a provision for deferred taxes has been recorded. Effective from 1994, the resulting unrealised capital gain is being written back to the consolidated profit and loss account 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 real estate in 1997. The impact of this adjustment, net of the related deferred tax effect, was posted to consolidated shareholders' 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. Revaluation differences on non-depreciable assets, recorded at the time of these legal revaluations, are included in share capital.

Assets leased by the Bank from specialised 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 depreciate tangible assets by the accelerated method in their individual company accounts. In the consolidated financial statements, depreciation is adjusted (in most cases using the straight-line method) to write off the cost of the depreciable assets over their estimated useful lives. Deferred taxes are calculated on the adjustment.

Depreciation of assets leased from Group leasing subsidiaries is reflected in the profit and loss account under "Depreciation, amortisation and provisions on tangible and intangible assets".

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

Trade marks identified by the Group which have been acquired in a business combination are tested for impairment when there is an indication that they may be impaired.

Interbank and Money-market Items and Customer Deposits

Amounts due to credit institutions are classified into demand accounts and time deposits and borrowings. Customer deposits are classified into 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.

Debt Securities

Debt securities are classified into 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 debt securities is recorded on a separate line of the balance sheet and is debited to the profit and loss account.

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

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 debtors in the event of a constant and durable deterioration of the overall situation and economies of these countries. Country risk provisions and writebacks are reflected in the profit and loss account under "Net additions to provisions for credit risks and country risks".

Provisions for Unforeseeable Industry Risks

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

Reserve for General Banking Risks

The BNP Paribas Group has set up a reserve for general banking risks in accordance with the principle of prudence.

Specific additions to, and deductions from, this reserve are reflected in the profit and loss account under "Movements in the reserve for general banking risks".

Note 1 – Accounting policies (cont'd)

Provisions not Set Up in Connection with Banking or Banking-related Transactions

The Group records provisions for clearly identified risks and charges, of uncertain timing or amount. In accordance with current regulations, these provisions which are not connected with banking or banking-related transactions may only be recorded if the Group has an obligation to a third party at the year-end and no equivalent economic benefits are expected from that third party.

Forward Financial Instruments

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

- **Market Value of Financial Instruments**

Financial instruments are measured based on their market value when they are listed, or based on internal models where no organised market exists. The value determined by applying these models is adjusted to take into account inherent model and liquidity risks.

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 year-end or prices obtained from brokers or counterparties, backed up by qualitative analyses.

- **Forward Interest Rate Instruments**

Interest rate futures and options contracts forming part of the trading portfolio and traded on organised exchanges are marked to market at the balance sheet date. Realised and unrealised gains and losses are taken to income under "Net gains (losses) on sales of trading account securities".

Gains and losses on certain OTC contracts representing isolated open positions are taken to income either when the contracts are unwound or on an accruals basis, depending on the nature of the instruments. Provisions for contingencies are booked to cover unrealised losses on a contract by contract basis, taking into account potential gains and losses on related specific hedges.

Income and expenses on interest rate contracts designated at the outset as hedging operations are recognised on a symmetrical basis with the income or expense on the underlying instrument.

- **Forward Currency Instruments**

Options contracts are marked to market and the resulting unrealised gains and losses 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 spot rate prevailing at the end of the year. Differences between the spot and forward rates (contango and backwardation) for hedged forward currency transactions are recognised on an accruals basis and posted to the profit and loss account over the life of the hedged 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 transactions, unrealised gains and losses on contracts that have not been unwound by the balance sheet date are posted directly to income. Gains and losses on equity and equity index contracts designated as hedges are recognised on a symmetrical basis with the gain or loss on the underlying hedged 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 profit and loss account.

- **Credit Risk Management Instruments**

Instruments intended to protect loan portfolios against counterparty risks are treated as guarantees received. Credit derivatives purchased and sold in connection with trading transactions and structured product sales are valued using internal models, based on market data where available. The revenue determined by applying these models is adjusted to take into account inherent model and liquidity risks.

Corporate Income Tax

BNP Paribas Group companies are subject to corporate income tax based on rules and rates prevailing in the countries in which they operate. In France, the standard corporate income tax rate is 33 1/3%. Long-term capital gains are currently taxed at a rate of 19%. Under the French Finance Act passed at the end of 2004, long-term capital gains will be taxed at 15% as from 2005 and gains on disposals of certain investments in non-consolidated undertakings will be taxed at 8% in 2006 and at 0% thereafter. Dividends received from companies in which the BNP Paribas Group has an ownership interest of more than 5% and which are covered by the parent-subsidiary tax regime are non-taxable.

The French government imposed a 3% surtax on corporate income for financial years 2002 to 2004 in addition to the 3.3% surtax levied on corporate income since 1 January 2000. Under the 2005 French Finance Act, this surtax has been reduced to 1.5% for 2005 and will be eliminated as of 2006. The BNP Paribas Group has taken these surtaxes into account to determine current taxes for each period concerned.

A charge for corporate income tax is taken in the period in which the related taxable income and expenses are booked, regardless of the period in which the tax is actually paid. BNP Paribas Group companies recognise deferred taxes based on all temporary differences between the book value of assets and liabilities and their tax basis according to the liability method, as well as future applicable tax rates once these have been approved. Recognition of deferred tax assets depends on the probability of recovery.

Profit-sharing

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

Pensions and Other Post-retirement Benefit Obligations

Provision is made for long-service awards, supplementary pension benefits and other awards payable to active and retired employees, except where employer contributions are in full discharge of any future liabilities, in which case the contributions are charged to the profit and loss account in the period of payment.

Pension Obligations towards Retired Employees

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

In France, retired employees of the BNP Paribas Group's banking subsidiaries and affiliates are entitled to the following pension benefits starting 1 January 1994, pursuant to an industry-wide agreement on pensions signed in September 1993 between the *Association Française des Banques* and employee representatives:

- retirees receive pension benefits from the social security system and two nation-wide organisations, which are financed by contributions received from employers and employees. The systems operate on a pay-as-you-go basis.
- retirees receive additional benefits relative to services rendered prior to 1 January 1994, from the pension fund of the BNP Paribas Group and the banking industry pension funds with which certain French subsidiaries are affiliated. 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 contributions paid by BNP Paribas to these schemes are recorded in expenses for the period.

The working capital contributions made to the two nation-wide pension organisations in 1994 are treated as prepaid expenses and amortised over the average number of years left to retirement of BNP SA participating employees, which is currently twenty years. For Paribas employees, the contribution has been deducted from the reserves of the Paribas pension fund.

Outside France, BNP Paribas Group companies and their employees contribute to mandatory pension plans which are generally managed by independent organisations.

For defined benefit plans, the Group records provisions for benefit obligations where the present value of the obligation exceeds the market value of the plan assets. Benefit obligations are determined on an actuarial basis at each year end. The year-on-year increase or decrease in the net funded obligation, corresponding to actuarial differences arising from changes in demographic and financial assumptions or in estimated yields on plan assets, is recognised over the expected average remaining service lives of employees covered by the plans, net of an amount equal to a certain percentage of the discounted benefit obligation, set by convention at 10%. In the interest of

NOTE 1 – ACCOUNTING POLICIES (CONT'D)

prudence, the deferred portion of the actuarial difference is limited in all cases to an amount equivalent to that of the net change in the benefit obligation over the year.

For defined contribution plans, the Group records the contributions as an expense in the period they are paid.

Other Employee Benefits

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

Each year, BNP Paribas estimates the net present value of these commitments and adjusts the related provision, applying the same method as for pension benefits.

Recognition of Revenue and Expense

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

Net Additions to Provisions for Credit Risks and Country Risks

Net additions to provisions for credit risks and country risks include expenses arising from the identification of counterparty risks, including country risks, litigation and fraud inherent to banking operations conducted with third parties. Net movements in provisions for contingencies and charges that do not fall under the category of such risks are classified in the profit and loss account according to their type.

Foreign Currency Transactions

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

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

Note 2 - Scope of consolidation

Changes in the scope of consolidation in 2003 and 2004 were as follows:

In 2003

Newly-consolidated companies

	Fully-consolidated companies	Proportionally-consolidated companies	Companies accounted for by the equity method
Acquisitions	Klépierre subsidiaries: Cinéma de l'Esplanade (Belgium), Coimbra (Belgium), Delcis SR (Czech Republic), Klenor et Kletel (Portugal), Klépierre Athinon AE (Greece), Klépierre NEA Efkarpia (Greece), Klépierre Peribola Patras AE (Greece), SAS Marseille le Merlan, SGM H1, SGS H3, SNC KC20, Vinaza (Spain), Vignate (Italy)	Klépierre subsidiaries: Gondomar SGS (Portugal), Gondomar SGM (Portugal)	
Newly-created entities and companies meeting the criteria for consolidation for the first time	BNP Paribas Arbitrage Issuance BV (Netherlands), BNP Paribas Assurance, BNP Paribas Émissions und Handelsgesellschaft (Germany), BNP Paribas Fixed Assets Ltd (United Kingdom), BNP Paribas Capital Trust LLC 6 (United States), BNP Paribas Peregrine Securities Korea Company Ltd, BNP Paribas US Medium Term Notes Program LLC (United States), BNP Paribas RCC Incorporation (United States), BNP Paribas US Structured Medium Term LLC (United States), BNP Paribas ZAO (Russia), Crisps Ltd (Cayman Islands), Dealremote Ltd (United Kingdom), Epimetheus Investments Ltd (Cayman Islands), Eurocredito (Spain), Forsete Investments SA (Luxembourg), FCC Domos 2003, Global Guaranteed Cliquet Investment Ltd (Cayman Islands), Global Hedged Equity Investment Ltd (Cayman Islands), Isis Factor Spa (Italy), Joconde SA (Luxembourg), Mexita Ltd no. 2 (Cayman Islands), Mexita Ltd no. 3 (Cayman Islands), Mexita Ltd no. 4 (Cayman Islands), Mistral Investment SA (Luxembourg), SAS Prêts et Services, Singapore Emma Finance 1 SAS, Sirocco Investment SA (Luxembourg), Tender Option Bond Municipal Program SPV (United States), Klépierre subsidiaries: Foncière de Louvain-la-Neuve (Belgium), SCI Tour Marcel Brot, SNC Sodevac, Sogecaec (Portugal)		Caisse d'Épargne Financement Cefi, Cetelem Brésil

Companies excluded from the scope of consolidation

	Fully-consolidated companies	Proportionally-consolidated companies	Companies accounted for by the equity method
Disposals	BNP Finans a/s Norge (Norway), Cobepa subsidiary: Coparin (Luxembourg), Klépierre subsidiary: SAS Center Villepinte		Commercial Bank of Namibia Ltd CBON
Mergers	BNP Paribas Asset Management Institutionnels (merged with BNP Paribas Asset Management Group), BNP Private Bank & Trust Cie Bahamas Ltd (merged with United European Bank Trust Nassau), BNP Paribas Fund Administration (Luxembourg) (merged with Parvest Investment Management SA), Codexi (merged avec Banexi Société capital-risque), Paribas Santé International BV (merged with Paribas International BV), Safadeco SA et Safadeco SP (merged with BNP Paribas SA), UFB Factoring Italia et UFB Italia Spa (merged with BNP Paribas Lease Group Holding Spa), Banexi Communication, Opatra, Ottofrance International, Parfici, Paribas Santé, Société Générale Commerciale et Financière (merged with Société Centrale d'Investissement) Klépierre subsidiaries: SAS Klébureaux, SAS Daumesnil Reuilly et SAS Klécentres (merged with SA Klépierre) Cobepa subsidiaries: Group TSA (Belgium) (merged with Sté Financière et de Réalisation), Libenel BV (merged with Paribas International BV)		Cogent Investment Opérations Luxembourg SA (merged with BNP Paribas Fund Services), Consors Discount Broker AG (merged with the German subsidiary of Cortal Consors France, formerly Banque Cortal), Consors France (merged with Cortal Consors France, formerly Banque Cortal)
Companies no longer meeting the criteria for consolidation and discontinued operations	August Holdings Ltd (United Kingdom), BNP Paribas Asia Ltd (Hong Kong), BNP Paribas Investment Asia Ltd (Hong Kong), BNP Paribas Merchant Banking Asia Ltd (Singapore), BNP Paribas Panama SA, BNP Paribas Uruguay SA, BNP Prime Peregrine Holdings Ltd (Malaysia), BNP Securities Hong Kong Ltd, Compagnie Bancaire UK Fonds A (United Kingdom), Fleurantine de Participations, Monopoly (United Kingdom), Société Cristolienne de Participations, Wigmore Loan Finance Ltd (United Kingdom), Cobepa subsidiary: Compagnie Financière et Mobilière (Belgium), Klépierre subsidiaries: Belga Sept SA (Belgium), SC Cecocord, SCI Boulogne d'Aguesseau, SCI Étoile Quinzième, SCI Les Ellipses, SCI Levallois Anatole France, SCI Rueil Hermes, SCI Villepinte Le Tropical, SNC 86 Anatole France, SNC Couperin Foncière, SNC Godefroy no. 8 Puteaux	Axeria Assurance	

Changes in consolidation method

	Fully consolidated companies previously accounted for by the equity method	Fully consolidated companies previously proportionally consolidated	Proportionally consolidated companies previously fully consolidated
Change in percent interest	BNP Andes (Peru), Cogent Investment Operations Ireland Ltd, Cogent Investment Operations Ltd (United Kingdom), Cogent Investment Operations Pty (Australia), Consors International Holding (Germany)	BNP Paribas China Limited (formerly International Bank of Paris & Shanghai)	Klépierre subsidiary: SAS Bègles d'Arcins
Compliance with Group standards	Sinvim		

In 2004

Newly-consolidated companies*

	Fully-consolidated companies	Proportionally-consolidated companies	Companies accounted for by the equity method
Acquisitions	54 Lombard Street Investments Ltd (United Kingdom), Arma Beheer BV (Netherlands), Arma Belgique, Arma Nederland, Atis Real Expertise, Atis Real International – Group, Bougainville BV (Netherlands), FG Ingénierie et Promotion Immobilière - FGIP Klépierre subsidiaries: CG Collegno (Italy), GC Seravalle (Italy), Centre Duna (Hungary), Centre Nyiregyhaza (Hungary), Centre Szeged (Hungary), Centre Szolnok (Hungary), Centre Zalaegerszeg (Hungary), Holding Csepel 2002 Kft (Hungary), Holding Debrecen 2002 Kft (Hungary), Holding Gyor 2002 Kft (Hungary), Holding Kanizsa 2002 Kft (Hungary), Holding Kaposvar 2002 Kft (Hungary), Holding Miskolc 2002 Kft (Hungary), Holding Uj Alba Kft (Hungary), SAS Klépierre Hungary, SCI Aurora, SCI Noble Cafétaria, SCI Noble Galerie, SCI Noble Restauration, SCI Orengal	Klépierre subsidiaries: Effe Kappa SRL (Italy) Plaza Centers Management (Hungary)	BNP Paribas Partners for Innovation, Verner Investissements - Group
Newly-created entities and other companies meeting the criteria for consolidation for the first time	Artegy Ltd (United Kingdom), BNP Paribas (New Zealand) Finance Ltd, BNP Paribas El Djazair (Algeria), BNP Paribas Invest Immo, BNP Paribas Peregrine Group, Darnell Ltd (Ireland), European Hedged Equity Ltd (Cayman Islands), GAM, Global Guaranteed Equity Ltd (Cayman Islands), Global Protected Alternative Investments Ltd (Cayman Islands), Global Protected Equity Ltd (Cayman Islands), Harewood Investments no. 1 Ltd (United Kingdom), Laffite Participation 2, Lock-In Global Equity Ltd (Cayman Islands), Norrsken Finance, Parifergie, SCI Rueil Caudron, Singapore Emma Finance 2 SAS, Société Auxiliaire de Construction Immobilière - SACI, UCB Hypotheken (Netherlands), Utexam Ltd (Ireland) Klépierre subsidiaries: Klépierre Vallecas (Italy), SNC Klétransactions, SAS Toulouse Mermoz, SCI Bègles Papin		Klépierre subsidiary: Galiera Comerciale Assago (Italy)

Companies excluded from the scope of consolidation

	Fully-consolidated companies	Proportionally-consolidated companies	Companies accounted for by the equity method
Disposals		Antarius	Axa Re-finance, BNP Paribas Private Banking Japan
Mergers	BNP Paribas Gestion Épargne Salariale (merged with BNP Paribas Asset Management SAS), Catesienne de Participation (merged with SFA), Compagnie d'Entreprises Industrielles et Commerciales, Sagal and NHG Guyomarc'h (merged with Société Centrale d'Investissement), Consors International Holding GmbH (Germany) (merged with Cortal Consors German branch), Credial (merged with Crédit Moderne Antilles), Evergo Finanzaria (Italy) (merged with BNP Paribas Lease Groupe Spa), Services et Prêts Immobiliers (France) (merged with UCB), Socappa (merged with BNP Paribas Lease Group) Klépierre subsidiaries: Cinneo and Vignate (Italy) (merged with Novate Sarl), SAS Louis David (merged with SAS Suffren Paris 15), Segecar (merged with Ségécé), SCI 8 rue du Sentier, SAS Oise Cergy and SCI Chaptal Alun (merged with Klépierre)		Cortal Consors España SV (merged with Cortal Consors Spanish branch)
Companies no longer meeting the criteria for consolidation and discontinued operations	BNP Paribas Equities Group Australia Ltd, BNP Paribas Equities Hong Kong, BNP Paribas Equities Italia SIM Spa, BNP Paribas Guernesey Ltd, BNP Paribas Peregrine Investment Ltd (Hong Kong), BNP Paribas Peregrine Ltd (Malaysia), BNP Paribas Securities Australia Ltd, Cardif Seguros de Vida (Chile), Compania de Seguros de Vida (Argentina), European Reinsurance (United Kingdom), Filip Partnership (United Kingdom), Great Central Railway Land (United Kingdom), SA Leval 3, UCB Group Ltd (United Kingdom) Klépierre subsidiaries: Belarcol (Belgium), Zobel Investment BV (Netherlands) Cobepa subsidiaries: Amparzo (Netherlands), Cobepa International (Netherlands), Compagnie de Participations Internationales SA (Luxembourg), Holnor (Netherlands), IIM (Netherlands), Ilmaco (Belgium), Libelux (Luxembourg)	Cobepa subsidiary: Bogerco (Belgium)	BNP Paribas Peregrine Futures Ltd (Hong Kong), Cetelem Capital Company Ltd (Korea), Cortal Belgique State Bank of India Life Insurance Company Ltd

Changes in consolidation method

	Fully consolidated companies previously accounted for by the equity method	Fully consolidated companies previously proportionally consolidated	Proportionally consolidated companies previously fully consolidated
Change in percent interest		Halifax Cetelem (United Kingdom) Klépierre subsidiary: Centro Shopping Gestion (Italy)	Compagnie Belge de Participations Paribas - Cobepa Cobepa subsidiaries: Cippar (Belgium), Cobepa Finance (Luxembourg), Compagnie de Participations Internationales NV (Netherlands), Copabel SA (Belgium), Groupe Financier Liegeois (Belgium), Ibel (Belgium), Mascagni (Belgium), Paribas Deelnemingen NV (Netherlands), Regio Invest Ontwik Maats (Belgium), SA Mosane (Belgium), Société Financière et de Réalisation (Belgium), Tradexco SA (Belgium), Ulran (Luxembourg)
Compliance with Group standards	Cetelem Brésil, Cetelem Polska Expansion (Poland), PT BNP Paribas Peregrine (Indonesia)		

** Abbey National France, Bank Von Ernst and Société Monégasque de Banque Privée could not be consolidated for the financial statements at 31 December 2004 as they were acquired at the end of the year and do not currently comply with the BNP Paribas Group consolidation standards. However, the consolidation of these companies would not have had a material impact on the Group's results, shareholders' equity or total assets.*

Fully-consolidated companies

Financial institutions	Group voting interest (%)	Group ownership interest (%)
In France		
Credit institutions		
Antin Bail (1)	100.00%	100.00%
Banque de Bretagne (1)	100.00%	100.00%
Banque Financière Cardif (1)	100.00%	100.00%
BNP Intercontinentale - BNPI (1)	100.00%	100.00%
BNP Paribas Emergis (1)	100.00%	100.00%
BNP Paribas Factor (1)	100.00%	100.00%
BNP Paribas Guadeloupe (1)	100.00%	100.00%
BNP Paribas Guyane (1)	100.00%	100.00%
BNP Paribas Invest Immo (1)	100.00%	99.96%
BNP Paribas Lease Group (1)	99.96%	99.96%
BNP Paribas Martinique (1)	100.00%	100.00%
BNP Paribas Nouvelle-Calédonie	100.00%	100.00%
BNP Paribas Private Bank (1)	100.00%	100.00%
BNP Paribas Private Bank Monaco	100.00%	99.99%
BNP Paribas Réunion (1)	100.00%	100.00%
BNP Paribas Securities Services - BP2S (1)	100.00%	100.00%
Cetelem (1)	100.00%	100.00%
Claas Financial Services	89.49%	89.46%
CNH Capital Europe	50.10%	50.08%
Cofica Bail (1)	100.00%	100.00%
Compagnie Médicale de financement de voitures et matériels - CMV Médiforce (1)	100.00%	100.00%
Cortal Consors France (1)	100.00%	100.00%
Crédit Moderne Antilles	100.00%	100.00%
Crédit Moderne Guyane	100.00%	100.00%
Crédit Moderne océan Indien	97.81%	97.81%
Facet	90.00%	90.00%
Fidem	51.00%	51.00%
Finance et Gestion SA	70.00%	69.97%
Financière Marché Saint-Honoré (1)	100.00%	100.00%
Loisirs Finance	51.00%	51.00%
Natiobail	95.46%	95.42%
Natiocrédibail	100.00%	99.96%
Natiocrédimurs (1)	100.00%	99.96%
Natioénergie	100.00%	99.96%
Norbail SNC (1)	100.00%	99.96%
Norrsken Finance	51.00%	51.00%
Paribas Dérivés Garantis SNC (1)	100.00%	100.00%
Paricomi	100.00%	100.00%
Parifergie (1)	100.00%	100.00%
Parilease (1)	100.00%	100.00%
Same Deutz-Fahr Finance	99.97%	99.93%
SAS Prêts et Services	100.00%	100.00%
UCB (1)	100.00%	100.00%
UCB Bail (1)	100.00%	100.00%
UCB Entreprises (1)	100.00%	100.00%
UCB Locabail immobilier	100.00%	100.00%
Other financial institutions		
Arius Finance (1)	100.00%	99.99%
Arius SA (1)	100.00%	99.99%
Arval ECL SAS (1)	100.00%	99.99%
Arval PHH Holding SAS (1)	100.00%	99.99%
Arval Service Lease (1)	100.00%	99.99%
B*Capital (1)	99.96%	99.96%
Banexi Société de Capital-Risque Bancaire	99.99%	99.99%
BNP Paribas Arbitrage (1)	100.00%	100.00%
BNP Paribas Asset Management (1)	100.00%	100.00%
BNP Paribas Asset Management Group (1)	100.00%	100.00%

(1) Members of the BNP Paribas SA tax group as of 1 January 2004.

Financial institutions		Group voting interest (%)	Group ownership interest (%)
Other financial institutions (cont'd)			
BNP Paribas Développement		100.00%	100.00%
BNP Paribas Épargne Entreprise Gestion (1)		100.00%	100.00%
BNP Paribas Equities France (1)		99.96%	99.96%
BNP Paribas Equity Strategies France (1)		100.00%	100.00%
BNP Paribas Securities Services International Holding SA (1)		100.00%	100.00%
Capstar Partners SAS		86.67%	86.67%
Cardif Asset Management (1)		100.00%	100.00%
Compagnie d'Investissements de Paris - CIP		100.00%	100.00%
Conseil Investissement (1)		100.00%	100.00%
Cortal Fund Management (1)		100.00%	100.00%
Effico Soreco (formerly Sté de Renseignements Contentieux Développement) (1)		99.92%	99.92%
Financière BNP Paribas (1)		100.00%	100.00%
Gestion et Location Holding (1)		99.99%	99.99%
Jovacienne de Participations (1)		100.00%	100.00%
SCAU (formerly Société de Courtage et d'Assurance Universel) (1)		100.00%	99.96%
Société Française Auxiliaire - SFA (1)		100.00%	100.00%
Truck Management Artegy (1)		100.00%	99.99%
Other financial sector companies			
Aprolis Finance		51.00%	50.98%
Cofiparc (1)		100.00%	99.99%
FCC Domos 2003		100.00%	100.00%
Laffite Participation 2		100.00%	100.00%
Singapore Emma Finance 1 SAS (1)		100.00%	100.00%
Singapore Emma Finance 2 SAS (1)		100.00%	100.00%
Outside France			
Credit institutions			
Europe			
Banca UCB SPA	Italy	100.00%	100.00%
Banco Cetelem Portugal	Portugal	100.00%	100.00%
Banco Cetelem SA	Spain	100.00%	100.00%
BNP Capital Finance Ltd	Ireland	100.00%	100.00%
BNP Factor	Portugal	100.00%	100.00%
BNP Paribas (Bulgaria) AD	Bulgaria	100.00%	100.00%
BNP Paribas Bank (Hungaria) RT	Hungary	100.00%	100.00%
BNP Paribas Bank (Polska) SA	Poland	100.00%	100.00%
BNP Paribas Bank NV	Netherlands	100.00%	100.00%
BNP Paribas Cyprus Ltd	Cyprus	100.00%	100.00%
BNP Paribas España SA	Spain	99.48%	99.48%
BNP Paribas Finance PLC	United Kingdom	100.00%	100.00%
BNP Paribas Luxembourg SA	Luxembourg	100.00%	100.00%
BNP Paribas Net Ltd	United Kingdom	100.00%	100.00%
BNP Paribas Private Bank Switzerland	Switzerland	100.00%	99.99%
BNP Paribas Suisse SA	Switzerland	99.99%	99.99%
BNP Paribas ZAO	Russia	100.00%	100.00%
Cetelem Bank GmbH	Germany	70.00%	70.00%
Cetelem Belgium	Belgium	100.00%	100.00%
Cetelem Benelux BV	Netherlands	100.00%	100.00%
Cetelem Polska Expansion SA	Poland	100.00%	100.00%
CNH Capital Europe Ltd	United Kingdom	100.00%	50.08%
Cortal Consors Luxembourg SA (formerly Cortal Bank Luxembourg)	Luxembourg	100.00%	100.00%
Isis Factor Spa	Italy	100.00%	100.00%
Magyar Cetelem	Hungary	100.00%	100.00%
UCB Hypotheken	Netherlands	100.00%	100.00%
Union de Creditos Immobiliarios - UCI (Group)	Spain	50.00%	50.00%
United European Bank Luxembourg	Luxembourg	100.00%	99.99%
United European Bank Switzerland	Switzerland	100.00%	99.99%

(1) Members of the BNP Paribas SA tax group as of 1 January 2004.

Financial institutions		Group voting interest (%)	Group ownership interest (%)
Outside France / Credit institutions (cont'd)			
Americas			
Banco Cetelem Argentine	Argentina	60.00%	60.00%
BancWest Corporation (Group)	United States	100.00%	100.00%
BNP Andes	Peru	100.00%	100.00%
BNP Paribas Brasil SA	Brazil	100.00%	100.00%
BNP Paribas Canada	Canada	100.00%	100.00%
BNP Paribas Finance Incorporated	United States	100.00%	100.00%
BNP Paribas Leasing Corporation	United States	100.00%	100.00%
Cetelem Brésil	Brazil	100.00%	100.00%
Paribas Principal Incorporated	United States	100.00%	100.00%
United European Bank Nassau	Bahamas	100.00%	99.99%
Asia - Pacific			
BNP Paribas (China) Limited	People's Republic of China	100.00%	100.00%
BNP Paribas Peregrine Services Ltd	Hong Kong	100.00%	100.00%
BNP Paribas Peregrine (Singapore) Ltd	Singapore	100.00%	100.00%
Cetelem Thaïlande	Thailand	100.00%	100.00%
PT Bank BNP Paribas Indonesia	Indonesia	100.00%	100.00%
PT BNP Paribas Peregrine	Indonesia	100.00%	100.00%
Africa			
Banque Internationale Commerce et Industrie Burkina Faso	Burkina Faso	51.00%	50.37%
Banque Internationale Commerce et Industrie Côte d'Ivoire	Ivory Coast	67.49%	67.28%
Banque Internationale Commerce et Industrie Gabon	Gabon	46.66%	46.66%
Banque Internationale Commerce et Industrie Sénégal	Senegal	54.11%	53.85%
Banque Malgache de l'Océan Indien	Madagascar	75.00%	75.00%
Banque Marocaine du Commerce et de l'Industrie	Morocco	65.05%	65.05%
Banque Marocaine du Commerce et de l'Industrie Leasing	Morocco	72.03%	46.86%
Banque Marocaine du Commerce et de l'Industrie Offshore	Morocco	100.00%	65.05%
Banque pour le Commerce et l'Industrie de la Mer Rouge	Djibouti	51.00%	51.00%
BNP Paribas El Djazair	Algeria	100.0%	100.00%
BNP Paribas Le Caire	Egypt	86.81%	86.81%
Union Bancaire pour le Commerce et l'Industrie	Tunisia	50.00%	50.00%
Union Tunisienne de Leasing	Tunisia	69.89%	34.95%
Other financial institutions			
Europe			
All In One Allemagne	Germany	100.00%	99.96%
Arma Beheer BV	Netherlands	100.00%	99.99%
Arma Nederland	Netherlands	100.00%	99.99%
Arma Belgique	Belgium	100.00%	99.99%
Artegy Ltd	United Kingdom	100.00%	99.99%
Arval Belgium	Belgium	100.00%	99.99%
Arval Ltd	United Kingdom	100.00%	99.99%
Arval Luxembourg	Luxembourg	100.00%	99.99%
Arval Nederland	Netherlands	100.00%	99.99%
Arval PHH Deutschland GmbH	Germany	100.00%	99.99%
Arval PHH Holdings Ltd (Group)	United Kingdom	100.00%	99.99%
Arval PHH Holdings UK Ltd	United Kingdom	100.00%	99.99%
Arval Polska	Poland	100.00%	99.99%
Arval Portugal	Portugal	100.00%	99.99%
Arval Service Lease Espagne	Spain	99.98%	99.97%
Arval Service Lease Italia	Italy	100.00%	99.99%
BNP Ireland Ltd	Ireland	100.00%	100.00%
BNP Paribas Asset Management Luxembourg	Luxembourg	99.66%	99.66%
BNP Paribas Asset Management SGR Milan Spa	Italy	100.00%	100.00%
BNP Paribas Asset Management UK Ltd	United Kingdom	100.00%	100.00%
BNP Paribas Capital Markets Group Ltd	United Kingdom	100.00%	100.00%
BNP Paribas Commodity Futures Ltd	United Kingdom	100.00%	100.00%
BNP Paribas E & B Ltd	United Kingdom	100.00%	100.00%
BNP Paribas Finanzaria Spa	Italy	100.00%	100.00%

Financial institutions		Group voting interest (%)	Group ownership interest (%)
Outside France / Other financial institutions / Europe (cont'd)			
BNP Paribas Fund Services	Luxembourg	100.00%	100.00%
BNP Paribas Fund Services Holdings	United Kingdom	100.00%	100.00%
BNP Paribas Fund Services Dublin Limited	Ireland	100.00%	100.00%
BNP Paribas Fund Services UK Ltd	United Kingdom	100.00%	100.00%
BNP Paribas Lease Group PLC (Group)	United Kingdom	100.00%	99.96%
BNP Paribas Lease Group SA Belgium	Belgium	100.00%	99.96%
BNP Paribas Lease Group Spa	Italy	100.00%	99.96%
BNP Paribas Leasing GmbH	Germany	100.00%	99.96%
BNP Paribas Lease Group Holding Spa	Italy	100.00%	99.96%
BNP Paribas UK Holding Ltd	United Kingdom	100.00%	100.00%
BNP Paribas UK Holdings Ltd	United Kingdom	100.00%	100.00%
BNP Paribas UK Ltd	United Kingdom	100.00%	100.00%
Cetelem CR	Czech Republic	100.00%	100.00%
Compagnie Bancaire UK Fonds C	United Kingdom	100.00%	100.00%
Eurocredito	Spain	100.00%	100.00%
Fimestic Expansion SA	Spain	100.00%	100.00%
Halifax Cetelem Credit Ltd	United Kingdom	100.00%	100.00%
Leasing Handels und Service AG	Switzerland	100.00%	99.99 %
Sifida	Luxembourg	90.42 %	93.67 %
Société Financière pour les pays d'Outre-Mer - Sfom	Switzerland	100.00%	100.00%
Americas			
BNP Paribas Asset Management Incorporated - PNA	United States	100.00%	100.00%
BNP Paribas Brokerage Services Incorporated	United States	100.00%	100.00%
BNP Paribas Capital Trust LLC 1	United States	100.00%	0.00 %
BNP Paribas Capital Trust LLC 2	United States	100.00%	0.00 %
BNP Paribas Capital Trust LLC 3	United States	100.00%	0.00 %
BNP Paribas Capital Trust LLC 4	United States	100.00%	0.00 %
BNP Paribas Capital Trust LLC 5	United States	100.00%	0.00 %
BNP Paribas Capital Trust LLC 6	United States	100.00%	0.00 %
BNP Paribas Capstar Partners Inc. - PNA	United States	100.00%	100.00%
BNP Paribas Commodities Futures Incorporated - PNA	United States	100.00%	100.00%
BNP Paribas Investment Services LLC	United States	100.00%	100.00%
BNP Paribas Securities Corporation - PNA	United States	100.00%	100.00%
BNP US Funding LLC	United States	100.00%	100.00%
Capstar Partners LLC	United States	84.45%	84.45%
Cooper Neff Advisors Incorporated	United States	100.00%	100.00%
Cooper Neff Group	United States	100.00%	100.00%
French American Banking Corporation - FABC - PNA	United States	100.00%	100.00%
Petits Champs Participaçoes e Serviços SA	United States	100.00%	100.00%
Asia-Pacific			
BNP Equities Asia Ltd	Malaysia	100.00%	100.00%
BNP Paribas Arbitrage (Hong Kong) Ltd	Hong Kong	100.00%	100.00%
BNP Paribas Asia Equities Ltd	Hong Kong	100.00%	100.00%
BNP Paribas Finance (Hong Kong) Ltd	Hong Kong	100.00%	100.00%
BNP Paribas Fund Services Australasia Pty Limited	Australia	100.00%	100.00%
BNP Paribas Futures (Hong Kong) Ltd	Hong Kong	100.00%	100.00%
BNP Paribas (New Zealand) Finance Ltd	New Zealand	100.00%	100.00%
BNP Paribas New Zealand Ltd	New Zealand	100.00%	100.00%
BNP Paribas Pacific (Australia) Ltd	Australia	100.00%	100.00%
BNP Paribas Peregrine Capital Ltd	Hong Kong	100.00%	100.00%
BNP Paribas Peregrine Securities (Thailand) Ltd	Thailand	100.00%	100.00%
BNP Paribas Peregrine Securities Korea Company Ltd	South Korea	100.00%	100.00%
BNP Paribas Peregrine Securities Ltd	Hong Kong	100.00%	100.00%
BNP Paribas Peregrine Securities Pte Ltd	Singapore	100.00%	100.00%
BNP Paribas Securities Ltd	Hong Kong	100.00%	100.00%
Henaross Pty Ltd	Australia	100.00%	100.00%
PT BNP Lippo Utama Leasing	Indonesia	100.00%	100.00%
Other financial sector companies			
54 Lombard Street Investments Limited	United Kingdom	100.00%	100.00%

Financial institutions		Group voting interest (%)	Group ownership interest (%)
Other financial sector companies (cont'd)			
Bergues Finance Holding	Bahamas	100.00%	99.99%
BNP Paribas Arbitrage Issuance BV	Netherlands	100.00%	100.00%
BNP Paribas Émissions und Handelsgesellschaft GmbH	Germany	100.00%	100.00%
BNP Paribas Fixed Assets Ltd	United Kingdom	100.00%	100.00%
BNP Paribas UK Treasury Ltd	United Kingdom	100.00%	100.00%
BNP Paribas US Medium Term Notes Program LLC	United States	100.00%	100.00%
BNP Paribas US Structured Medium Term LLC	United States	100.00%	100.00%
Bougainville BV	Netherlands	100.00%	100.00%
Claas Leasing GmbH	Germany	100.00%	89.46%
Crisps Ltd	Cayman Islands	100.00%	100.00%
Dealremote Ltd	United Kingdom	100.00%	100.00%
Epimetheus Investments Ltd	Cayman Islands	92.50%	92.50%
European Hedged Equity Ltd	Cayman Islands	95.00%	95.00%
Fidex plc	United Kingdom	100.00%	100.00%
Forsete Investments SA	Luxembourg	100.00%	0.00%
Global Guaranteed Cliquet Investment	Cayman Islands	95.00%	95.00%
Global Guaranteed Equity Ltd	Cayman Islands	95.00%	95.00%
Global Hedged Equity Investment Ltd	Cayman Islands	95.00%	95.00%
Global Protected Alternative Investments Ltd	Cayman Islands	95.00%	95.00%
Global Protected Equity Ltd	Cayman Islands	95.00%	95.00%
Harewood Investments No. 1 Ltd	Cayman Islands	100.00%	100.00%
Joconde SA	Luxembourg	100.00%	0.00%
Lock-In Global Equity Limited	Cayman Islands	95.00%	95.00%
Mexita Ltd No. 2	Cayman Islands	90.00%	90.00%
Mexita Ltd No. 3	Cayman Islands	90.00%	90.00%
Mexita Ltd No. 4	Cayman Islands	90.00%	90.00%
Mistral Investments SA	Luxembourg	100.00%	0.00%
Sirocco Investments SA	Luxembourg	100.00%	0.00%
Tender Option Bond Municipal Program SPV	United States	100.00%	100.00%
Utexam Ltd	Ireland	100.00%	100.00%

Fully consolidated companies

Other companies	Group voting interest (%)	Group ownership interest (%)
In France		
Real estate		
Atis Real Expertise	100.00%	100.00%
Atis Real International (Group)	100.00%	100.00%
BNP Paribas Immobilier (1)	100.00%	100.00%
BNP Paribas Participations Finance Immobilier (1)	100.00%	100.00%
GIE Klépierre Services (formerly Klépierre Services)	100.00%	46.77%
Holding Gondomar 1	100.00%	53.30%
Holding Gondomar 3	100.00%	53.30%
Immobilière des Bergues (1)	100.00%	100.00%
Meunier Promotion (Group) (1)	100.00%	100.00%
SA Klépierre	53.52%	53.30%
SAS 192 avenue Charles-de-Gaulle	100.00%	53.30%
SAS 21 Kléber	100.00%	53.30%
SAS 21 La Pérouse	100.00%	53.30%
SAS 23 avenue de Marignan	100.00%	53.30%
SAS 43 Grenelle	100.00%	53.30%
SAS 43 Kléber	100.00%	53.30%
SAS 46 Notre-Dame-des-Victoires	100.00%	53.30%
SAS 5 Turin	100.00%	53.30%
SAS Baudot Massy	100.00%	53.30%
SAS Brescia	100.00%	53.30%
SAS Candé	100.00%	53.29%
SAS Cecoville	100.00%	53.30%
SAS Centre Jaude Clermont	99.99%	53.29%
SAS Concorde Puteaux	100.00%	53.30%

(1) Members of the BNP Paribas SA tax group as of 1 January 2004.

Other companies	Group voting interest (%)	Group ownership interest (%)
In France / Real estate (cont'd)		
SAS Doumer Caen	99.96%	53.28%
SAS Espace Dumont d'Urville	100.00%	53.30%
SAS Espace Kléber	100.00%	53.30%
SAS Flandre	100.00%	53.30%
SAS Issy Desmoulins	100.00%	53.30%
SAS Kléber Levallois	100.00%	53.30%
SAS Klecar Europe Sud	83.00%	44.24%
SAS Klecar Participations Italie	83.00%	44.24%
SAS Klefinances (1)	100.00%	100.00%
SAS Klégestion	100.00%	53.30%
SAS Klémurs	100.00%	53.30%
SAS Klépierre Conseil	100.00%	53.30%
SAS Klépierre Finance	100.00%	53.30%
SAS Klépierre Hongrie	100.00%	53.30%
SAS Klépierre Transactions	100.00%	53.30%
SAS Le Havre Capelet	100.00%	53.30%
SAS Le Havre Tourneville	100.00%	53.30%
SAS Leblanc Paris 15	100.00%	53.30%
SAS LP7	100.00%	53.30%
SAS Marseille le Merlan	100.00%	53.30%
SAS Melun Saint-Pères	99.98%	53.29%
SAS Odysseum Place de France	70.00%	37.31%
SAS Opale	100.00%	53.30%
SAS Poitiers Aliénor	100.00%	53.30%
SAS Saint-André Pey Berland	100.00%	53.30%
SAS Secmarne	100.00%	53.30%
SAS Ségécé	75.00%	39.97%
SAS Ségécé Loisirs Transactions	100.00%	39.97%
SAS Socoseine	100.00%	49.97%
SAS Strasbourg La Vigie	99.85%	53.22%
SAS Suffren Paris 15	100.00%	53.30%
SAS Toulouse Mermoz	100.00%	53.30%
SAS Tours Nationale	100.00%	53.30%
SC Centre Bourse	100.00%	53.30%
SC Solorec	88.00%	42.64%
SCI Aurora	100.00%	53.30%
SCI Bègles Papin	100.00%	53.30%
SCI Noblecafétaria	100.00%	53.30%
SCI Noble-Galerie	100.00%	53.30%
SCI Noblerestauration	100.00%	53.30%
SCI Orengal	100.00%	53.30%
SCI Rueil Caudron	100.00%	99.98%
SCI Secovalde	40.00%	21.32%
SCI Tour Marcel Brot	100.00%	53.30%
Setic (1)	100.00%	100.00%
SNC Barjac Victor	100.00%	53.30%
SNC CB Pierre	100.00%	53.30%
SNC Foncière Saint-Germain	100.00%	53.30%
SNC Galae	100.00%	46.50%
SNC Général Leclerc 11-11 *bis* Levallois	100.00%	53.30%
SNC Jardins des Princes	100.00%	53.30%
SNC KC1	100.00%	44.24%
SNC KC2	100.00%	44.24%
SNC KC3	100.00%	44.24%
SNC KC4	100.00%	44.24%
SNC KC5	100.00%	44.24%
SNC KC6	100.00%	44.24%
SNC KC7	100.00%	44.24%
SNC KC8	100.00%	44.24%
SNC KC9	100.00%	44.24%
SNC KC10	100.00%	44.24%
SNC KC11	100.00%	44.24%
SNC KC12	100.00%	44.24%

(1) Members of the BNP Paribas SA tax group as of 1 January 2004.

Other companies		Group voting interest (%)	Group ownership interest (%)
Real estate (cont'd)			
SNC KC20		100.00%	44.24%
SNC Kléber La Pérouse		100.00%	53.30%
SNC Klecar France		83.00%	44.24%
SNC Klétransactions		100.00%	53.30%
SNC Maille Nord		100.00%	53.30%
SNC Soccendre		100.00%	40.11%
SNC Sodevac		100.00%	53.30%
Société Auxiliaire de Construction Immobilière - Saci (1)		100.00%	100.00%
Insurance			
BNP Paribas Assurance (1)		100.00%	100.00%
Cardif RD (1)		100.00%	100.00%
Cardif SA (1)		100.00%	100.00%
Cardif Assurance-vie (formerly Cardif Sté Vie) (1)		100.00%	100.00%
GIE BNP Paribas Assurance		59.50%	59.50%
Natiovie (1)		100.00%	100.00%
Other business units			
Antin Participation 4 (1)		100.00%	100.00%
Antin Participation 5 (1)		100.00%	100.00%
Antin Participation 7 (1)		95.77%	95.77%
Antin Participation 13		99.99%	95.75%
Antin Vendôme		96.77%	96.77%
Bincofi (1)		100.00%	100.00%
BNP Paribas BDDI Participations (1)		100.00%	100.00%
BNP Paribas Peregrine Group		100.00%	100.00%
BNP Paribas Stratégies Actions (1)		100.00%	100.00%
Capefi (1)		100.00%	100.00%
Compagnie Auxiliaire d'Entreprises et de Chemins de Fer (1)		99.99%	99.99%
Compagnie Immobilière de France (1)		100.00%	100.00%
FIG Ingénierie et Promotion Immobilière		100.00%	100.00%
Foncière de la Compagnie Bancaire (1)		100.00%	100.00%
Groupement Auxiliaire de Moyens - GAM		100.00%	100.00%
Immobilier Marché Saint-Honoré (1)		100.00%	100.00%
Kle 65 (1)		100.00%	100.00%
Kle 66 (1)		100.00%	100.00%
Norbail Location (1)		100.00%	99.96%
Omnium Gestion Développement Immobilier (1)		100.00%	100.00%
Paribas International (1)		100.00%	100.00%
Quatch (1)		99.96%	99.96%
SAS 5 Kléber (1)		100.00%	100.00%
Sinvim (1)		100.00%	100.00%
Société Centrale d'Investissement (1)		100.00%	100.00%
Outside France			
Insurance			
BNP de Réassurance au Luxembourg	Luxembourg	100.00%	100.00%
Cardif Assicurazioni Spa	Italy	100.00%	100.00%
Cardif do Brasil Seguros	Brazil	100.00%	100.00%
Cardif Leven	Belgium	100.00%	100.00%
Cardif Levensverzekeringen NV	Netherlands	100.00%	100.00%
Cardif Nederland Holding BV	Netherlands	100.00%	100.00%
Cardif Schadeverzekeringen NV	Netherlands	100.00%	100.00%
Compania de Seguros Generales	Chile	100.00%	100.00%
Cybele RE	Luxembourg	100.00%	100.00%
Darnell Limited	Ireland	100.00%	100.00%
Investlife SA	Luxembourg	100.00%	100.00%
Luxpar-Ré	Luxembourg	100.00%	100.00%

(1) Members of the BNP Paribas SA tax group as of 1 January 2004.

Other companies		Group voting interest (%)	Group ownership interest (%)
Insurance (cont'd)			
Pinnacle Insurance	United Kingdom	100.00%	97.53%
Pinnacle Insurance Holdings	United Kingdom	97.53%	97.53%
Pinnacle Insurance Management Services	United Kingdom	100.00%	97.53%
Real estate			
Arcol	Slovakia	100.00%	53.30%
Capucines BV	Netherlands	100.00%	53.30%
CG Collegno	Italy	100.00%	53.30%
Centre Duna	Hungary	100.00%	53.30%
Centre Nyiregyhaza	Hungary	100.00%	53.30%
Centre Szeged	Hungary	100.00%	53.30%
Centre Szolnok	Hungary	100.00%	53.30%
Centre Zalaegerszeg	Hungary	100.00%	53.30%
Centro Shopping Gestion	Italy	75.00%	39.97%
Cinéma de l'Esplanade	Belgium	100.00%	53.30%
Coimbra	Belgium	100.00%	53.30%
Delcis Cr	Czech Republic	99.00%	42.76%
Ejesur	Spain	100.00%	100.00%
Foncière de Louvain-la-Neuve	Belgium	100.00%	53.30%
FMC Central Europe SRO	Czech Republic	75.00%	29.98%
Galieria Commerciale Seravalle	Italy	100.00%	53.30%
Holding Csepel 2002 Kft	Hungary	100.00%	53.30%
Holding Debrecen 2002 Kft	Hungary	100.00%	53.30%
Holding Gyor 2002 Kft	Hungary	100.00%	53.30%
Holding Kanizsa 2002 Kft	Hungary	100.00%	53.30%
Holding Kaposvar 2002 Kft	Hungary	100.00%	53.30%
Holding Miskolc 2002 Kft	Hungary	100.00%	53.30%
Holding Uj Alba Kft	Hungary	100.00%	53.30%
ICD Spa	Italy	85.00%	45.30%
Immobiliare Magnolia	Italy	85.00%	45.30%
Klecar Foncier España	Spain	100.00%	44.24%
Klecar Foncier Iberica	Spain	100.00%	44.24%
Klecar Italia Spa	Italy	100.00%	44.24%
Klefin Italia Spa	Italy	100.00%	53.30%
Klelou SA	Portugal	100.00%	53.30%
Klénord Imobiliaria	Portugal	100.00%	53.30%
Klépierre Athinon AE	Greece	100.00%	44.24%
Klépierre NEA Efkarpia AE	Greece	100.00%	44.24%
Klépierre Peribola Patras AE	Greece	100.00%	44.24%
Klépierre Portugal SA SGPS	Portugal	100.00%	53.30%
Klépierre Vallecas	Spain	100.00%	53.30%
Klépierre Vinaza	Spain	100.00%	53.30%
Klétel Immobiliaria	Portugal	100.00%	53.30%
KFM Makedonia	Greece	100.00%	44.24%
Novate SRL	Italy	85.00%	45.30%
Sogecaec	Portugal	100.00%	39.97%
Other business units			
BNP Paribas Capital Investments Ltd	United Kingdom	100.00%	100.00%
BNP Paribas Fleet Holdings Ltd	United Kingdom	100.00%	99.99%
BNP Paribas International BV	Netherlands	100.00%	100.00%
BNP Paribas North America Incorporated - PNA	United States	100.00%	100.00%
BNP Paribas RCC Incorporation - PNA	United States	100.00%	100.00%
BNP Paribas Services	Switzerland	100.00%	99.99%
Cetelem America	Brazil	100.00%	100.00%
Claireville	Belgium	100.00%	100.00%
Cobema	Belgium	100.00%	100.00%
Cobepa Technology	Belgium	100.00%	100.00%
Compagnie Bancaire Uk Fonds B	United Kingdom	100.00%	100.00%
Compagnie Financière Ottomane	Luxembourg	96.58%	96.58%
Gepeco	Belgium	100.00%	100.00%

Other companies		Group voting interest (%)	Group ownership interest (%)
Other business units (cont'd)			
Paribas Management Services Ltd	United Kingdom	100.00%	100.00%
Paribas North America	United States	100.00%	100.00%
Paribas Participation Limitee	Canada	100.00%	100.00%
Paribas Trust Luxembourg	Luxembourg	100.00%	100.00%
Parritaye Pty Ltd	Australia	100.00%	100.00%
Placement Gestion. Finance Holding - Plagefin	Luxembourg	99.99%	99.99%
Sagip	Belgium	100.00%	100.00%

Proportionally-consolidated companies

Financial institutions		Group voting interest (%)	Group ownership interest (%)
Outside france			
Credit institutions			
Europe			
BNP AK Dresdner Bank AS	Turkey	30.00%	30.00%
Findomestic	Italy	50.00%	50.00%
Other financial institutions			
Europe			
BNP AK Dresdner Financial Kiralama	Turkey	29.99%	29.99%

Other companies		Group voting interest (%)	Group ownership interest (%)
In France			
Insurance			
Natio Assurance		50.00%	50.00 %
Real estate			
SAS Bègles Arcins		50.00%	26.65%
SAS Cecobil		50.00%	26.65%
SAS Soaval		50.00%	19.99%
SAS Espace Cordeliers		50.00%	26.65%
SAS Le Havre Lafayette		50.00%	26.65%
SAS Le Havre Vauban		50.00%	26.65%
SCI Antin Vendôme		50.00%	26.65%
SCI du Bassin Nord		50.00%	26.65%
Outside France			
Insurance			
Centro Vita Assicurazioni SPA	Italy	49.00%	49.00%
Real estate			
Effe Kappa SRL	Italy	50.00%	26.65%
Galiera Parque Nascente SA	Portugal	50.00%	26.65%
Gondobrico	Portugal	50.00%	26.65%
IGC	Italy	50.00%	26.65%
Plaza Centers Management	Hungary	50.00%	26.65%
PSG	Italy	50.00%	19.99%

Companies carried under the equity method

Financial institutions		Group voting interest (%)	Group ownership interest (%)
In France			
Credit institutions			
Axa Banque Financement (formerly Axa Crédit)		35.00%	35.00%

Caisse d'Épargne Financement - Cefi		33.00%	33.00%
Cofidis International Group		15.00%	15.00%
Cofinoga (Group)		44.00%	44.00%
Société Paiement Pass		40.01%	40.01%

Companies carried under the equity method

Financial institutions		Group voting interest (%)	Group ownership interest (%)
Other financial sector company			
Verner Investissements (Group)		38.90%	38.90%
Outside france			
Credit institutions			
Europe			
Fortis Crédit	Belgium	45.00%	45.00%
Servicios Financieros Carrefour EFC SA	Spain	40.00%	40.00%
Other financial sector companies			
Europe			
Centro Leasing Spa	Italy	37.30%	37.28%
Americas			
Carrefour Administration Cartos de Creditos - CCAC	Brazil	40.00%	40.00%

Other companies		Group voting interest (%)	Group ownership interest (%)
In France			
BNP Paribas Partners for Innovation		50.00%	50.00%
Finaxa		13.04%	20.90%
Laser		9.01%	9.01%
Outside France			
Real estate			
Devimo Consult	Belgium	35.00%	13.99%
Galiera Comercial e Assago	Italy	20.00%	20.00%
Other			
Compagnie Benelux de Participations - Cobepa	Belgium	25.00%	25.00%
Cobepa - Cippar	Belgium	25.00%	25.00%
Cobepa - Cobepa Finance	Luxembourg	25.00%	25.00%
Cobepa - Compagnie de Participations Internationales NV	Netherlands	25.00%	25.00%
Cobepa - Copabel SA	Belgium	25.00%	25.00%
Cobepa - Groupe Financier Liégeois	Belgium	24.90%	24.90%
Cobepa - Ibel	Belgium	25.00%	25.00%
Cobepa - Mascagni	Belgium	25.00%	25.00%
Cobepa - Paribas Deelnemingen NV	Netherlands	25.00%	25.00%
Cobepa - Regio Invest Ontwik Maats	Belgium	25.00%	25.00%
Cobepa - SA Mosane	Belgium	25.00%	25.00%
Cobepa - Sté Financière et de Réalisation	Belgium	25.00%	25.00%
Cobepa - Tradexco SA	Belgium	25.00%	25.00%
Cobepa - Ulran	Luxembourg	25.00%	25.00%
Fischer Francis Trees and Watts	United States	24.90%	81.44%

NOTE 3
INTERBANK AND MONEY-MARKET ITEMS

In millions of euros, at 31 December	2004			2003	2002
	Gross	Provisions	Net	Net	Net
Cash and amounts due from central banks and post office banks	**6,843**	**-**	**6,843**	**5,287**	**9,884**
Treasury bills and money-market instruments (note 5)	**128,452**	**(52)**	**128,400**	**106,671**	**83,990**
Due from credit institutions					
Demand accounts	7,116	(28)	7,088	7,062	9,426
Term loans and time deposits [(a)]	21,173	(256)	20,917	22,322	22,938
Repurchase agreements:					
Securities received under resale agreements	150,741	-	150,741	131,137	112,100
Bills purchased outright or under resale agreements	1,128	-	1,128	1,817	1,730
Total securities and bills purchased outright or under resale agreements	151,869	-	151,869	132,954	113,830
Subordinated loans	569	-	569	612	318
Total due from credit institutions	**180,727**	**(284)**	**180,443**	**162,950**	**146,512**
Total interbank and money-market items	316,022	(336)	315,686	274,908	240,386
Including accrued interest			*780*	*1,538*	*3,228*

(a) "Term loans and time deposits" include overnight and term loans which are not represented by a bill or security, particularly financial credits. Financial credits correspond to commercial loans with an initial term of more than one year granted to credit institutions, where the ultimate borrowers are business entities other than financial sector companies, generally from developing countries on which the transfer risk has been provided for (note 8).

NOTE 4
CUSTOMER ITEMS

In millions of euros, at 31 December	2004			2003	2002
	Gross	Provisions	Net	Net	Net
Due from customers					
Commercial and industrial loans	12,381	-	12,381	10,041	11,806
Overdrafts	14,555	-	14,555	12,822	12,908
Other credits:					
- short-term loans	55,046	-	55,046	44,145	50,503
- mortgage loans	57,851	-	57,851	46,739	42,701
- investment loans	26,212	-	26,212	22,031	22,452
- export loans	9,958	-	9,958	4,531	4,462
- other customer loans	34,525	(833)	33,692	36,384	38,024
Total other credits	**183,592**	**(833)**	**182,759**	**153,830**	**158,142**
Doubtful customer loans	11,045	(7,513)	3,532	4,250	4,385
Accrued interest	949	-	949	1,217	1,277
Securities and bills purchased outright or under resale agreements	23,146	-	23,146	19,319	16,103
Subordinated loans [(a)]	193	(7)	186	132	98
Total due from customers [(b)]	**245,861**	**(8,353)**	**237,508**	**201,611**	**204,719**
Leasing receivables	**20,989**	**(417)**	**20,572**	**20,362**	**20,622**
Total customer items	266,850	(8,770) [(c)]	258,080	221,973	225,341
Including accrued interest			*1,168*	*1,494*	*1,620*

(a) Participating loans granted to BNP Paribas customers included under "Subordinated loans" amounted to EUR 77 million at 31 December 2004 (EUR 59 million at 31 December 2003 and EUR 53 million at 31 December 2002).
(b) Loans qualifying for refinancing by Banque de France amounted to EUR 9,904 million at 31 December 2004 (EUR 7,879 million at 31 December 2003 and EUR 8,079 million at 31 December 2002).
(c) Including EUR 851 million in general provisions for country risks.

Total customer items, excluding repurchase agreements and provisions for country risks, break down as follows by counterparty:

In millions of euros, at 31 December	2004							2003
	Financial institutions	Corporate	Small businesses	Private individuals	Government agencies	Other	Total	Total
Sound loans	**9,787**	**115,990**	**16,018**	**82,094**	**6,618**	**1,405**	**231,912**	**198,908**
Including restructured loans	*5*	*36*		*455*	*92*		*588*	*398*
Doubtful loans								
Gross outstanding loans	114	7,048	733	3,687	200	10	11,792	13,252
Including irrecoverable loans	*82*	*4,313*	*630*	*2,858*	*130*	*10*	*8,023*	*8,730*
Specific provisions	(50)	(4,642)	(512)	(2,607)	(101)	(7)	(7,919)	(8,543)
Net outstanding loans	64	2,406	221	1,080	99	3	3,873	4,709
Total net	9,851	118,396	16,239	83,174	6,717	1,408	235,785	203,617

Net irrecoverable loans – which amounted to EUR 8,023 million at 31 December 2004 (EUR 8,730 million at 31 December 2003) – were covered by a EUR 5,746 million provision (EUR 5,523 million at 31 December 2003).

NOTE 5

TRANSACTIONS ON TRADING ACCOUNT SECURITIES, SECURITIES AVAILABLE FOR SALE AND DEBT SECURITIES HELD TO MATURITY

In millions of euros, at 31 December	2004				2003		2002	
	Gross value	Provisions	Net book value	Market value	Net book value	Market value	Net book value	Market value
Trading account securities:								
Treasury bills and money-market instruments	90,497	-	90,497	90,497	73,822	73,822	54,453	54,453
Bonds and other fixed income instruments	46,191	-	46,191	46,191	34,217	34,217	24,707	24,707
Equities and other variable income instruments	69,815	-	69,815	69,815	50,442	50,442	21,149	21,149
Own shares held within the Group	7	-	7	7	80	80	14	14
Total trading account securities	**206,510**	**-**	**206,510**	**206,510**	**158,561**	**158,561**	**100,323**	**100,323**
Including unlisted equities and bonds	*15,174*	-	*15,174*	*15,174*	*7,968*	*7,968*	*4,806*	*4,806*
Securities available for sale:								
Treasury bills and money-market instruments	5,347	(52)	5,295	5,376	8,045	8,403	7,254	7,830
Bonds and other fixed income instruments	12,145	(389)	11,756	11,757	14,672	14,957	9,642	10,213
Equities, other variable income instruments and equity securities available for sale in the medium-term	2,595	(163)	2,432	2,500	1,984	2,101	1,453	1,547
Total securities available for sale	**20,087**	**(604)**	**19,483**	**19,633**	**24,701**	**25,461**	**18,349**	**19,590**
Including unlisted equities and bonds	*2,818*	*(160)*	*2,658*	*2,685*	*2,669*	*2,724*	*1 541*	*1,556*
Debt securities held to maturity:								
Treasury bills and money-market instruments	32,608	-	32,608	33,267	24,804	24,889	22,283	22,735
Bonds and other fixed income instruments	8,967	(15)	8,952	9,066	6,116	6,643	7,615	8,009
Total debt securities held to maturity	**41,575**	**(15)**	**41,560**	**42,333**	**30,920**	**31,532**	**29,898**	**30,744**
Including unlisted bonds	*998*	*(2)*	*996*	*1,023*	*359*	*369*	*409*	*414*
Total trading account securities, securities available for sale and debt securities held to maturity [(a)]	**268,172**	**(619)**	**267,553**	**268,476**	**214,182**	**215,554**	**148,570**	**150,657**
Including								
Treasury bills and money-market instruments	128,452	(52)	128,400	129,140	106,671	107 114	83,990	85,018
Bonds and other fixed income instruments	67,303	(404)	66,899	67,014	55,005	55,817	41,964	42,929
Including unlisted bonds	*4,210*	*(56)*	*4,154*	*4,182*	*3,392*	*3,422*	*2,452*	*2,465*
Equities and other variable income instruments	72,417	(163)	72,254	72,322	52,506	52,623	22,616	22,710
Including unlisted equities	*14,780*	*(106)*	*14,674*	*14,700*	*7,604*	*7,639*	*4,304*	*4,311*

(a) Mutual fund shares held by the BNP Paribas Group amounted to EUR 16,489 million at 31 December 2004 (EUR 12,081 million at 31 December 2003 and EUR 4,437 million at 31 December 2002). This amount includes EUR 16,094 million in growth funds, of which EUR 832 million incorporated in France (EUR 11,777 million in 2003, of which EUR 565 million incorporated in France, and EUR 4,246 million in 2002, of which EUR 791 million incorporated in France).

NOTE 5 (CONT'D)
TRANSACTIONS ON TRADING ACCOUNT SECURITIES, SECURITIES AVAILABLE FOR SALE AND DEBT SECURITIES HELD TO MATURITY

Over the past three years, securities were reclassified among the various portfolios as follows:

Former classification	New classification	Amount transferred during the year (in millions of euros)		
		2004	2003	2002
Trading account securities	Securities available for sale	1,371	830	575
Securities available for sale	Debt securities held to maturity	2,792	5	270
Debt securities held to maturity	Securities available for sale	34	628	769

The above amounts do not include arms' length transactions between two Group companies pursuing different management objectives (including purchases of debt securities held to maturity from trading portfolio managers).

Net premiums on debt securities held to maturity, reflecting an acquisition price higher than the redemption price, amounted to EUR 311 million at 31 December 2004 (net premiums of EUR 71 million at 31 December 2003 and net discounts of EUR 364 million at 31 December 2002). These premiums and discounts are amortised over the remaining life of the securities.

Net premiums on securities available for sale, reflecting an acquisition price higher than the redemption price, amounted to EUR 43 million at 31 December 2004 (net premiums of EUR 49 million at 31 December 2003 and net discounts of EUR 181 million at 31 December 2002). These premiums and discounts are amortised over the remaining life of the securities.

Receivables corresponding to securities lent amounted to EUR 15,045 million at 31 December 2004 (EUR 11,065 million at 31 December 2003 and EUR 5,051 million at 31 December 2002).

Accrued interest on fixed income securities was EUR 474 million at 31 December 2004 (EUR 601 million at 31 December 2003 and EUR 506 million at 31 December 2002).

One of the Group subsidiaries engaged in trading and arbitraging on stock market indexes held 125,000 BNP Paribas SA shares at 31 December 2004, under trading account securities (note 22).

Note 6
Insurance company investments

In millions of euros, at 31 December	2004	2003	2002
Real estate	1,173	1,103	1,141
Equities, mutual funds and other variable income instruments	4,364	2,944	2,613
Bonds and other fixed income instruments	35,800	33,153	30,323
Admissible assets related to unit-linked business	24,058	22,530	20,734
Reinsurers' share of technical reserves	2,075	1,030	919
Other	1,062	648	629
Accrued interest	969	867	795
Insurance company investments	**69,501**	**62,275**	**57,154**

Note 7

Investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment

In millions of euros, at 31 December	2004			2003		2002	
	Gross book value	Net book value	Market value	Net book value	Market value	Net book value	Market value
Equity securities held for long-term investment							
Unlisted securities	2,234	1,923	2,076	2,405	2,908	2,620	3,245
Listed securities	1,760	1,591	2,992	2,207	3,339	2,787	3,875
Total equity securities held for long-term investment	**3,994**	**3,514**	**5,068**	**4,612**	**6,247**	**5,407**	**7,120**
Investments in non-consolidated undertakings and other participating interests (a)							
Investments in non-consolidated undertakings	1,920	1,517	1,776	842	947	887	1,032
Other participating interests							
Unlisted securities	814	677	800	730	808	1,116	1,482
Listed securities	537	415	1,025	588	1,097	3,869	3,743
Total other participating interests	1,351	1,092	1,825	1,318	1,905	4,985	5,225
Total investments in non-consolidated undertakings and other participating interests	**3,271**	**2,609**	**3,601**	**2,160**	**2,852**	**5,872**	**6,257**
Total investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment	**7,265**	**6,123**	**8,669**	**6,772**	**9,099**	**11,279**	**13,377**

(a) The market value of unlisted investments in non-consolidated undertakings and other unlisted participating interests is principally determined based on the value of the BNP Paribas Group's equity in the underlying net assets. Where necessary, the valuation is based on revalued net assets.

Investments in non-consolidated credit institutions amounted to EUR 391 million at 31 December 2004 (EUR 144 million at 31 December 2003 and EUR 144 million at 31 December 2002). Participating interests in credit institutions amounted to EUR 461 million at 31 December 2004 (EUR 467 million at 31 December 2003 and EUR 3,566 million at 31 December 2002).

Net unrealised capital gains on investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment, calculated by reference to year-end market prices for listed securities, amounted to EUR 2,546 million at 31 December 2004 (EUR 2,327 million at 31 December 2003 and EUR 2,098 million at 31 December 2002).

Note 7 (cont'd)

Investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment

The main companies carried under "Investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment" with a net book value of more than EUR 100 million in the BNP Paribas Group's accounts are listed below:

In millions of euros	% interest	Head office	Consolidated shareholders' equity in 2003 (a)	2003 consolidated net income (loss)	Net book value in the BNP Paribas Group accounts
Interests representing less than 5% of the investee's share capital					
Total	0.21	La Défense	30,406	7,025	164
Véolia Environnement	1.84	Paris	3,575	(2,055)	145
Shinhan Financial Group	4.39	Seoul (South Korea)	3,676	277	143
Peugeot	1.53	Paris	11,864	1,497	114
Sagem	4.05	Paris	1,178	120	112
Schneider Electric	1.92	Boulogne-Billancourt	7,659	433	105
Interests representing between 5% and 10% of the investee's share capital					
Bouygues Telecom	6.41	Issy-les-Moulineaux	1,553	198	171
Cassa di Risparmio di Firenze	6.99	Florence (Italy)	958	95	118
Interests representing more than 10% of the investee's share capital					
Pargesa Holding	14.58	Geneva (Switzerland)	3,895	136	357
Erbe SA	47.01	Gerpinnes (Belgium)	670	26	335
Tyler Trading Inc.	19.03	Wilmington (USA)	1,705	43	294
ABN Amro Advisory Inc.	19.35	Chicago (USA)	1,283	42	221
Crédit Logement	16.50	Paris	1,231	49	207
Eiffage	19.16	Issy-les-Moulineaux	1,012	140	107
Interests in investment funds					
PAI Europe III	13.77	Paris	N/A	N/A	134
PAI LBO Fund	62.43	Paris	N/A	N/A	123

(a) According to French accounting standards, including net income/(loss)

NOTE 8
PROVISIONS FOR CREDIT RISKS AND COUNTRY RISKS

In millions of euros	2004	2003	2002
At 1 January	**11,705**	**13,029**	**13,171**
Net additions during the period	693	1,379	1,532
Write-offs during the period covered by provisions	(1,497)	(1,724)	(1,470)
Translation adjustments and other changes	(322)	(979)	(204)
At 31 December	**10,579**	**11,705**	**13,029**
Breakdown of provisions:			
• Provisions deducted from assets:			
- On interbank items [(a)]	284	256	416
- On customer items (note 4)	8,770	9 ,506	10,347
- On securities [(a)]	443	746	1,009
Total provisions deducted from assets	9,497	10,508	11,772
Including provisions for country risks	*1,211*	*1,481*	*2,119*
• Provisions recorded under liabilities (note 19):			
- To cover off balance sheet commitments	428	505	570
- To cover credit risks	654	692	469
- To cover industry risks	-	-	218
Total provisions recorded under liabilities	1,082	1,197	1,257
Including provisions for country risks	*258*	*314*	*309*
Total provisions for credit risks and country risks	**10,579**	**11,705**	**13,029**

(a) Provisions on loans to credit institutions mainly concern financial credits (note 3) exposed to country risk. Provisions on securities shown in the above table primarily cover the country risk affecting securities held by the BNP Paribas Group.

Provisions for credit risks on assets are deducted from the carrying value of the assets. Provisions recorded under liabilities include provisions for losses on off-balance sheet commitments, provisions for claims and litigation, and provisions for risks that are probable in light of current or past events but the amount and timing of which cannot be reliably determined.

Provisions covering principal and interest on sovereign loans amounted to EUR 1,469 million at 31 December 2004 (EUR 1,795 million at 31 December 2003 and EUR 2,428 million at 31 December 2002).

NOTE 8 (CONT'D)
PROVISIONS FOR CREDIT RISKS AND COUNTRY RISKS

In millions of euros	2004	2003	2002
Additions to provisions for credit risks and country risks:			
• Customer and interbank items	1,855	2,278	2,533
• Off-balance sheet commitments	68	51	93
• Securities	78	214	87
• Other credit risks	331	367	112
Total additions to provisions for credit risks and country risks	**2,332**	**2,910**	**2,825**
Recoveries of provisions for credit risks and country risks:			
• Customer and interbank items	(1,154)	(1,137)	(1,024)
• Off-balance sheet commitments	(60)	(38)	(38)
• Securities	(73)	(226)	(132)
• Other credit risks	(352)	(130)	(99)
Total recoveries of provisions for credit risks and country risks	**(1,639)**	**(1,531)**	**(1,293)**
Net additions to provisions for credit risks and country risks	**693**	**1,379**	**1,532**
Write-offs not covered by provisions	136	187	146
Recoveries of amounts written off	(97)	(104)	(101)
Elimination of net addition to provisions for interest in arrears recorded under net banking income	(54)	(101)	(107)
Net charge for the period for credit risks and country risks	**678**	**1,361**	**1,470**
Including:			
• *Net charge to provisions for specific credit risks*	*902*	*1,727*	*1,555*
• *Net recovery of provisions for country risks*	*(224)*	*(366)*	*(85)*

NOTE 9
INVESTMENTS IN COMPANIES CARRIED UNDER THE EQUITY METHOD

In millions of euros, at 31 December 2004	Total investments in companies carried under the equity method			Net book value of the investments in the individual accounts of Group companies
	Equity in net assets (based on voting interest)	Equity in 2004 net income/loss (based on voting interest)	Total	
Financial institutions:				
Credit institutions	*449*	*99*	*548*	*302*
Cofinoga	241	50	291	130
Société de paiement Pass	85	19	104	35
Cofidis International Group	39	17	56	13
Servicios Financieros Carrefour EFC SA	52	9	61	87
Other	32	4	36	37
Other financial institutions	*174*	*15*	*189*	*217*
Centro Leasing Spa	52	5	57	42
CCAC Brazil	28	13	41	38
Other	94	(3)	91	137
Total financial institutions	**623**	**114**	**737**	**519**
Other companies:				
Laser	32	6	38	53
Finaxa	823	64	887	492
Fischer Francis Trees and Watts	(2)	5	3	71
Cobepa	82	3	85	100
Other	9	2	11	8
Total other companies	**944**	**80**	**1,024**	**724**
Total investments in companies carried under the equity method	**1,567**	**194**	**1,761**	**1,243**

Note 10
Long-term investments

In millions of euros	Cost at 1 January 2004	Acquisitions	Redemptions and disposals	Transfers and other movements
Debt securities held to maturity (note 5)	30,965	70,830	(62,384)	2,164
Investments in non-consolidated undertakings and other participating interests (note 7)	2,912	412	(511)	458
Equity securities held for long-term investment (note 7)	5,358	463	(1,194)	(633)
Investments in companies carried under the equity method (note 9)	1,631			130
Total long-term investments	**40,866**	**71,705**	**(64,089)**	**2,119**

Note 11
Tangible and intangible assets

In millions of euros, at 31 December	2004			2003	2002
	Gross	Depreciation amortisation and provisions	Net	Net	Net
Intangible assets:					
Computer software	2,143	(1,306)	837	698	538
Other intangible assets	965	(224)	741	789	749
Total intangible assets	3,108	(1,530)	1,578	1,487	1,287
Tangible assets:					
Land and buildings	3,578	(1,211)	2,367	2,123	2,076
Rental properties (land and buildings)	4,494	(679)	3,815	3,397	3,062
Equipment, furniture and fixtures	4,328	(2,874)	1,454	1,600	1,695
Other fixed assets	369	(1)	368	401	520
Total tangible assets	12,769	(4,765)	8,004	7,521	7,353
Total tangible and intangible assets	**15,877**	**(6,295)**	**9,582**	**9,008**	**8,640**

Cost at 31 Dec. 2004	Provisions at 1 Jan. 2004	Additions to provisions	Recoveries of provisions	Other provision movements	Provisions at 31 Dec. 2004	Net book value at 31 Dec. 2004	Net book value at 31 Dec. 2003
41,575	(45)	-	1	29	(15)	41,560	30,920
3,271	(752)	(71)	224	(63)	(662)	2,609	2,160
3,994	(746)	(119)	330	55	(480)	3,514	4,612
1,761						1,761	1,631
50,601	**(1,543)**	**(190)**	**555**	**21**	**(1,157)**	**49,444**	**39,323**

Note 11 (cont'd) Tangible and intangible assets

• Intangible assets

Other intangible assets include lease rights, goodwill and trade marks acquired by the Group, including the Consors trade mark acquired in 2002.

• Operating assets

In 1991 and 1992, as allowed by French regulations, Banque Nationale de Paris 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 shareholders' equity under "Capital gains on restructuring", net of the related tax effect (note 22). In order to reflect what appeared to be a lasting decline in the real estate market, in 1997 the book value of these real estate assets was written down by EUR 545 million. The adjustment, net of the related tax effect, was recorded in the balance sheet under "Capital gains on restructuring", consistently with the initial adjustment.

The operating assets held by Paribas and its subsidiaries at the time of the merger are stated at historical cost.

Depreciation and provisions on rental properties include a EUR 77 million provision booked in accordance with the principle of prudence to cover unrealised losses on the rental properties held by Compagnie Bancaire.

• Non-operating assets

At 31 December 2004, non-operating land and buildings, including assets leased under operating leases, amounted to EUR 3,844 million (EUR 3,454 million at 31 December 2003 and EUR 3,122 million at 31 December 2002). The total includes shopping centres acquired for rental.

• Depreciation, amortisation and provisions

The charge for depreciation, amortisation and provisions recorded in 2004 amounted to EUR 755 million (EUR 758 million in 2003 and EUR 618 million in 2002).

Note 12
Goodwill

In millions of euros	2004	2003	2002
Net amount at 1 January	**5,578**	**6,547**	**4,489**
Goodwill on acquisitions made during the year	1,354	50	2,988
Translation adjustment	(236)	(559)	(397)
Amortisation for the year	(408)	(417)	(388)
Exceptional amortisation of goodwill	(44)	(43)	(145)
Unamortised goodwill at 31 December	**6,244**	**5,578**	**6,547**

Net amortisation of goodwill totalled EUR 384 million for 2004 (EUR 399 million for 2003 and EUR 366 million for 2002), after deducting EUR 24 million in amortisation of badwill (EUR 18 million in 2003 and EUR 22 million in 2002). Exceptional amortisation of goodwill on investments sold includes EUR 20 million (EUR 43 million in 2003 and EUR 95 million in 2002) corresponding to goodwill recorded on acquisition of minority interests in the Cobepa sub-group. An additional EUR 24 million in exceptional amortisation was recorded following the sale of 75% of Cobepa to a non-consolidated entity. The exceptional amortisation was deducted from "gains on long-term investments and changes in provisions".

Badwill amounted to EUR 15 million at 31 December 2004 (EUR 18 million at 31 December 2003 and EUR 22 million at 31 December 2002), including EUR 13 million concerning Finaxa.

Goodwill recognised in 2004 primarily concerns the acquisition of shares in Community First Bankshares and Union Safe Deposit Bank in an amount of USD 1,149 million, as well as the purchase of shares in Atis Real International and Verner Investissements.

NOTE 13
ACCRUED INCOME AND OTHER ASSETS

In millions of euros, at 31 December	2004	2003	2002
Accrued income and other adjustment accounts			
Valuation adjustment accounts [(a)]	14,234	13,853	20,228
Accrued income	3,372	5,419	5,331
Collection accounts	3,530	2,845	3,488
Other adjustment accounts [(b)]	4,584	6,707	9,501
Total accrued income and other adjustment accounts	**25,720**	**28,824**	**38,548**
Other assets			
Premiums on purchased options	39,192	42,185	36,328
Settlement accounts related to securities transactions	4,625	5,067	3,655
Investments in Codevi “industrial development” securities	3,319	3,716	3,702
Deferred tax assets	930	853	975
Other insurance company assets	1,677	1,142	931
Other	24,345	11,633	10,458
Total other assets	**74,088**	**64,596**	**56 049**
Total accrued income and other assets	**99,808**	**93,420**	**94,597**

(a) Mark-to-market gains on foreign exchange instruments and forward instruments.
(b) Includes prepaid interest on customer and interbank accounts and prepaid expenses.

NOTE 14
INTERBANK ITEMS AND MONEY-MARKET SECURITIES

In millions of euros, at 31 December	2004	2003	2002
Interbank and money-market items			
Demand accounts	7,914	5,027	8,859
Time deposits and borrowings	85,780	61,740	52,808
Securities and bills sold outright or under repurchase agreements:			
- Securities given under repurchase agreements	149,479	122,258	113,552
- Bills sold outright or under repurchase agreements	1,790	2,229	2,686
Total securities and bills sold outright or under repurchase agreements	151,269	124,487	116,238
Total interbank and money-market items	**244,963**	**191,254**	**177,905**
Debt securities issued to credit institutions			
Interbank market securities	1,175	1,025	1,025
Total interbank items and money-market securities	**246,138**	**192,279**	**178,930**
Including accrued interest	*793*	*1,785*	*2,273*

Interbank demand deposits amounted to EUR 4,272 million at 31 December 2004 (EUR 4,906 million at 31 December 2003 and EUR 8,465 million at 31 December 2002).

Note 15

Customer deposits, retail certificates of deposit and negotiable certificates of deposit

In millions of euros, at 31 December	2004	2003	2002
Customer deposits:			
Demand accounts	84,292	69,464	70,950
Time accounts	72,341	68,899	72,150
Regulated savings accounts	39,712	36,622	31,113
Repurchase agreements:			
Securities given under repurchase agreements	41,345	35,475	20,819
Bills sold outright or under repurchase agreements	22	161	537
Total securities and bills sold outright or under repurchase agreements	41,367	35,636	21,356
Total customer deposits	**237,712**	**210,621**	**195,569**
Bonds and negotiable short-term debt instruments:			
Negotiable certificates of deposit	83,844	67,014	64,913
Retail certificates of deposit	6,712	4,933	6,708
Total bonds and negotiable short-term debt instruments	**90,556**	**71,947**	**71,621**
Total customer deposits, negotiable certificates of deposit and retail certificates of deposit	**328,268**	**282,568**	**267,190**
Including accrued interest	*578*	*648*	*968*

Regulated demand savings deposits, including savings collected for investment, totalled EUR 20,763 million at 31 December 2004 (EUR 18,272 million at 31 December 2003 and EUR 14,515 million at 31 December 2002). Other customer demand deposits amounted to EUR 92,921 million at 31 December 2004 (EUR 76,701 million at 31 December 2003 and EUR 74,542 million at 31 December 2002).

Note 16
Bond issues

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

Issuing currency in millions of euros	Average interest rate	Balance outstanding at 31/12/2004	Maturity 2005	2006	2007	2008	2009	2010 to 2014	Beyond 2014
Eurozone issues	Variable	2,867	617	912	409	200	-	31	698
	5.89%	8,834	549	1,741	1,366	1,535	305	2,943	395
US dollar issues	Variable	705	-	150	67	-	-	-	488
	3.88%	44	-	44					
Issues in other currencies	Variable	224	-	40	172	12			
	6.12%	157	1	7	10	-	139		
Total bonds issued		**12,831**	**1,167**	**2,894**	**2,024**	**1,747**	**444**	**2,974**	**1,581**
BNP Paribas Group bonds held by consolidated companies		**(1,847)**							
Total BNP Paribas Group bonds outstanding		10,984							
Accrued interest		110							
Total bond issues		**11,094**							

Unamortised premiums on the above issues, corresponding to the difference between the issue proceeds and the redemption price, amounted to EUR 330 million at 31 December 2004 (EUR 163 million at 31 December 2003 and EUR 158 million at 31 December 2002).

NOTE 17
TECHNICAL RESERVES OF INSURANCE COMPANIES

In millions of euros, at 31 December	2004	2003	2002
Life technical reserves	40,244	35,910	32,684
Technical reserves – unit-linked business	24,700	22,554	21,047
Non-life technical reserves	2,098	1 694	1,409
Policyholders' surplus	1,091	1,139	1,048
Accrued interest	1,245	511	338
Total technical reserves	**69,378**	**61,808**	**56,526**

Policyholders' surplus primarily includes the funds set aside to top up the return offered to holders of life insurance policies if necessary in future years (EUR 592 million at 31 December 2004, EUR 615 million at 31 December 2003 and EUR 547 million at 31 December 2002).

NOTE 18
ACCRUALS AND OTHER LIABILITIES

In millions of euros, at 31 December	2004	2003	2002
Accruals:			
Accrued liabilities	2,333	4,459	5,060
Valuation adjustment accounts (a)	14,986	14,528	20,617
Collection accounts	4,789	2,923	2,066
Other accruals	10,250	8,585	4,806
Total accruals	**32,358**	**30,495**	**32,549**
Other liabilities:			
Settlement accounts related to securities transactions	5,430	6,938	4,966
Liabilities related to written options	41,747	43,634	37,782
Liabilities related to securities transactions	102,569	88,430	57,471
Deferred tax liabilities	1,462	1,417	1,685
Other insurance liabilities	653	418	494
Other payables and liabilities	13,909	13,488	10,889
Total other liabilities	**165,770**	**154,325**	**113,287**
Total accruals and other liabilities	**198,128**	**184,820**	**145,836**

(a) Mark-to-market losses on foreign exchange instruments and forward instruments.

NOTE 19
PROVISIONS FOR CONTINGENCIES AND CHARGES

In millions of euros, at 31 December	2004	2003	2002
Provisions for pensions and other post-employment benefits (note 27)	1,349	1,467	1,245
Provisions for credit risks and equivalents (note 8)	654	692	469
Provisions for industry risks (note 8)	-	-	218 [a]
Provisions for off-balance sheet commitments (note 8):			
- credit risks	170	191	261
- country risks	258	314	309
Restructuring (note 41)	29	80	178
Other provisions	1,304	1,301	1,464
Total provisions for contingencies and charges	**3,764**	**4,045**	**4,144**

(a) At 31 December 2002, the provision for industry risks was notionally earmarked to cover losses on listed investments, whereas in previous years it was not allocated to any specific risks. In 2003, the provision was reversed to avoid duplication with the provisions booked for each line of securities concerned (see note 37).

In 2003 a general provision of EUR 250 million was recorded under "Provisions for credit risks and equivalents" in order to cover the risk of any continuation of the economic downturn in Europe. EUR 128 million of this amount was transferred to specific provisions in 2004.

Off-balance sheet credit risks covered by provisions amounted to EUR 822 million at 31 December 2004 (EUR 983 million at 31 December 2003 and EUR 1,222 million at 31 December 2002).

At 31 December 2004, other provisions for contingencies and charges break down as follows:

In millions of euros	1 January 2004	Additions	Reversals	Other movements	31 December 2004
Provisions set up in connection with banking and banking-related transactions	**539**	**208**	**(293)**	**(21)**	**433**
- Provisions for contingencies related to capital markets transactions	187	84	(175)	2	98
- Provisions for potential losses on long-term investments	194	56	(37)	(11)	202
- Other provisions related to banking transactions	158	68	(81)	(12)	133
Provisions not set up in connection with banking or banking-related transactions	**762**	**395**	**(257)**	**(29)**	**871**
Total other provisions for contingencies and charges	**1,301**	**603**	**(550)**	**(50)**	**1,304**

Note 20
Subordinated debt

In millions of euros, at 31 December	2004	2003	2002
Subordinated medium- and long-term debt	**10,298**	**11,112**	**11,776**
Undated subordinated debt:			
Undated participating subordinated notes	308	312	343
Other undated floating-rate subordinated notes:			
In foreign currencies	654	707	849
In euros	290	290	305
Total undated floating rate subordinated notes	944	997	1,154
Undated notes	398	412	629
Total undated subordinated debt	**1,650**	**1,721**	**2,126**
Total subordinated debt issued by BNP Paribas Group	11,948	12,833	13,902
Accrued interest	294	393	381
Total	12,242	13,226	14,283

Subordinated Medium- and Long-term Debt

Subordinated debt included under this heading consists of medium and long-term debentures originally issued in French francs, euros and foreign currencies that are 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 authorising BNP Paribas 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 SA or foreign subsidiaries of the BNP Paribas 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 BNP Paribas Group issuer to compensate debtholders for the consequences of such changes. The debt securities may be called on 15 to 60 days' notice subject to approval by the banking supervisory authorities.

At 31 December 2004, subordinated medium- and long-term debt broke down as follows by maturity and by currency:

Issuing currency	Total	Maturity						
		2005	2006	2007	2008	2009	2010 to 2014	Beyond 2014
Subordinated medium- and long-term debt:								
- In euros	6,359	331	290	486	932	65	3,756	499
- In US dollars	3,137	55	166	441	-	220	1,420	835
- In other currencies	802	118	-	77	52	-	45	510
Total subordinated medium- and long-term debt	10,298	504	456	1,004	984	286	5,221	1,843

NOTE 20 (CONT'D)
SUBORDINATED DEBT

Undated Subordinated Debt

In July 1984, pursuant to the French Law of 3 January 1983, BNP 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 connection with rights exercised in the period from 1985 to 1988, BNP SA issued a total of 412,761 new undated participating subordinated notes with a face value of FRF 1,000. The notes were issued at a total premium of EUR 4 million. The notes are redeemable only in the event of liquidation of the Bank, but may be retired in accordance with the terms of the law. Under this option 219,742 notes were retired in 2004 and subsequently cancelled.

In October 1985, BNP SA issued EUR 305 million of undated floating-rate subordinated notes *(titres subordonnés à durée indéterminée, or TSDI)*. The notes are redeemable only in the event of liquidation of the Bank. They are subordinated to all other debts of the Bank but senior to the undated participating subordinated notes issued by BNP SA. The Board of Directors is entitled to postpone interest payments if the shareholders' meeting approving the financial statements declares that there is no income available for distribution.
In September 1986, BNP 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. In July 1986 and December 1996, Paribas SA issued undated subordinated notes in the amounts of USD 165 million and USD 200 million respectively.

Between 1996 and 1998, BNP 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 21
RESERVE FOR GENERAL BANKING RISKS

The reserve for general banking risks amounted to EUR 752 million at 31 December 2004 (EUR 843 million at 31 December 2003 and EUR 997 million at 31 December 2002).

Note 22
Consolidated shareholders' equity

In millions of euros	Capital	Additional paid-in capital in excess of par	Capital gain on restructuring and revaluation surplus
Balance at 1 January 2002	**1,772**	**10,476**	**380**
Operations affecting capital in 2002:			
- share issues	18	328	
Cancellation of contingent value rights certificates held by BNP Paribas			
Issue of preferred shares			
BNP Paribas SA shares held pursuant to the 5th resolution of the Annual Shareholders' Meetings of 23 May 2000 and 15 May 2001			
Translation adjustment			
Other			(3)
2002 consolidated net income			
Balance at 31 December 2002 before appropriation of income	**1,790**	**10,804**	**377**
2002 cash dividend			
Balance at 1 January 2003	**1,790**	**10,804**	**377**
Operations affecting capital in 2003:			
- share issues	16	213	
Issue of preferred shares			
BNP Paribas SA shares held pursuant to the 6th resolution of the Annual Shareholders' Meetings of 31 May 2002 and 14 May 2003			
Translation adjustment			
Effect of applying standard CRC 2002-03 (note 1)			
Other			(3)
2003 consolidated net income			
Balance at 31 December 2003 before appropriation of income	**1,806**	**11,017**	**374**
2003 cash dividend			
Balance at 1 January 2004	**1,806**	**11,017**	**374**
Operations affecting capital in 2004:			
- share issues	13	239	
- capital reductions	(50)	(916)	
BNP Paribas SA shares held pursuant to the 6th resolution of the Annual Shareholders' Meetings of 14 May 2003 and 28 May 2004			
Translation adjustment			
Interim dividends paid to minority shareholders of Group subsidiaries			
Other			(5)
2004 consolidated net income			
Balance at 31 December 2004 before appropriation of income	**1,769**	**10,340**	**369**

Retained earnings						
Cumulative translation adjustment	Parent company retained earnings and Group's share in retained earnings of subsidiaries	Elimination of shares held by BNP Paribas	Retained earnings, capital gain from real estate restructuring and revaluation surplus	Shareholders' equity attributable to BNP Paribas Group	Minority interests	Total consolidated shareholders' equity
(93)	**11,971**	**(935)**	**11,323**	**23,571**	**2,939**	**26,510**
			346		346	
	(226)	161	(65)	(65)		(65)
					1,276	1,276
	(50)	(329)	(379)	(379)		(379)
(342)			(342)	(342)	(203)	(545)
	22		19	19	180	199
	3,295		3,295	3,295	343	3,638
(435)	**15,012**	**(1,103)**	**13,851**	**26,445**	**4,535**	**30,980**
	(1,040)		(1,040)	(1,040)	(284)	(1,324)
(435)	**13,972**	**(1,103)**	**12,811**	**25,405**	**4,251**	**29,656**
				229		229
					700	700
	(94)	(802)	(896)	(896)		(896)
(167)			(167)	(167)	(284)	(451)
	(33)		(33)	(33)		(33)
	25		22	22	12	34
	3,761		3,761	3,761	340	4,101
(602)	**17,631**	(1,905)	**15,498**	**28,321**	5,019	**33,340**
	(1,212)		(1,212)	(1,212)	(329)	(1,541)
(602)	**16,419**	**(1,905)**	**14,286**	**27,109**	**4,690**	**31,799**
				252		252
		966	966			
	(94)	(1,611)	(1,705)	(1,705)		(1,705)
(187)			(187)	(187)	(104)	(291)
					(157)	(157)
	62		57	57	(8)	49
	4,668		4,668	4,668	403	5,071
(789)	**21,055**	**(2,550)**	**18,085**	**30,194**	**4,824**	**35,018**

Note 22 (cont'd)
Consolidated shareholders' equity

Operations involving share capital in 2002, 2003 and 2004

Operations Affecting Capital in 2002

Share-split

In accordance with the authorisation received from the Shareholders' Meeting of 15 May 2001 (12th resolution), on 18 December 2001 the Board of Directors decided to carry out a two-for-one share-split. Following this share-split, carried out on 20 February 2002, BNP Paribas' capital was made up of 886,622,994 ordinary shares with a par value of EUR 2.

Capital Increases

In accordance with article L. 225-129-V of the new French Commercial Code (formerly article 180-V of the 24 July 1966 Act) and pursuant to authorisations received from the Shareholders' Meeting of 15 May 2001, the Board of Directors decided on 28 February 2002 to issue BNP Paribas shares reserved for participants in the company savings plan via the BNP Paribas Accueil mutual fund. On 27 June 2002, the mutual fund subscribed 7,623,799 ordinary shares with a par value of EUR 2 for this purpose. In addition, BNP Paribas employees subscribed 927,046 shares with rights from 1 January 2001 under the stock option plan.

At 31 December 2002, the capital of BNP Paribas SA consisted of 895,173,839 fully-paid ordinary shares with a par value of EUR 2.

During 2002, employees also subscribed 705,985 shares with a par value of EUR 2 and with rights from 1 January 2002 under the stock option plan. The corresponding capital increase was carried out on 23 January 2003.

Operations Affecting Capital in 2003

In accordance with article L. 225-129-V of the new French Commercial Code (formerly article 180-V of the 24 July 1966 Act) and pursuant to authorisations received from the Shareholders' Meeting of 31 May 2002, the Board of Directors decided on 4 February 2003 to issue BNP Paribas shares reserved for participants in the company savings plan via the BNP Paribas Accueil mutual fund. On 2 July 2003, the mutual fund subscribed 6,673,360 ordinary shares with a par value of EUR 2 for this purpose. Also on 2 July 2003, 517,716 shares were issued to employees on exercise of stock options with rights from 1 January 2002 and 100,715 shares with rights from 1 January 2003.

At 31 December 2003, the capital of BNP Paribas SA consisted of 903,171,615 fully-paid ordinary shares with a par value of EUR 2.

During 2003, employees also subscribed 443,989 shares with a par value of EUR 2 and with rights from 1 January 2003 under the stock option plan. The corresponding capital increase was carried out on 28 January 2004.

Operations Affecting Capital in 2004

Capital Reduction

Pursuant to authorisations received from the Shareholders' Meeting of 14 May 2003 (18th resolution), the Board of Directors decided on 24 March 2004 to cancel by way of a reduction of capital 25,000,000 BNP Paribas shares held in treasury stock.

Capital Increases

In accordance with article L. 225-129-V of the new French Commercial Code (formerly article 180-V of the 24 July 1966 Act) and pursuant to authorisations received from the Shareholders' Meeting of 14 May 2003, the Board of Directors decided on 4 February 2004 to issue BNP Paribas shares reserved for participants in the company savings plan via the BNP Paribas Accueil mutual fund. On 6 July 2004, the mutual fund subscribed 5,477,862 ordinary shares with a par value of EUR 2 for this purpose. Also on 6 July 2004, 552,435 shares were issued to employees on exercise of stock options with rights from 1 January 2003 and 54,543 shares with rights from 1 January 2004.

At 31 December 2004, the capital of BNP Paribas SA consisted of 884,700,444 fully-paid ordinary shares with a par value of EUR 2.

During 2004, employees subscribed 518,758 shares with a par value of EUR 2 and with rights from 1 January 2004 under the stock option plan. The corresponding capital increase was carried out on 25 January 2005.

Note 22 (suite)
Consolidated shareholders' equity

Analysis of additional paid-in capital in excess of par

In 2002, additional paid-in capital in excess of par was increased by EUR 328 million following the issue of BNP Paribas shares on exercise of employee stock options and in connection with an employee share issue.

In 2003, this item was increased by EUR 213 million following the issue of BNP Paribas shares on exercise of employee stock options and in connection with an employee share issue.

In 2004, this item was increased by EUR 239 million following the issue of BNP Paribas shares on exercise of employee stock options and in connection with an employee share issue.

In addition, this item was reduced by EUR 916 million in connection with the cancellation of 25,000,000 BNP Paribas shares.

Additional paid-in capital in excess of par also includes a capital gain on real estate restructuring of EUR 278 million related 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 profit and loss account in proportion to the additional depreciation charge taken by CIF. The residual gain includes a write-down of EUR 420 million taken during 1997 (see notes 1 and 11).

Preferred shares

In December 1997, BNP US Funding LLC, a wholly-owned subsidiary of the Group, made a USD 500 million issue of non-cumulative preferred shares, which do not dilute earnings per ordinary share. The shares 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 shareholders' equity under "Minority interests" and the corresponding remuneration is treated as a distribution to minority shareholders.

A second USD 500 million issue of non-cumulative preferred shares was carried out in October 2000 by another wholly-owned subsidiary, BNP Paribas Capital Trust. These shares pay a contractual dividend of 9.003% for a period of ten years.

In October 2001, two non-cumulative preferred share issues, totalling EUR 350 million and EUR 500 million, were carried out by two wholly-owned subsidiaries of the Group, BNP Paribas, Capital Trust II and III. Shares in the first issue pay a dividend of 7% over 5 years and shares in the second issue pay a dividend of 6.625% over 10 years. Shares in the first issue are redeemable at the issuer's discretion after five years and at each interest payment date thereafter. Shares that have not been redeemed will continue to pay a dividend of 7%.

In January and June 2002, an additional two non-cumulative preferred share issues, totalling EUR 660 million and USD 650 million, were carried out by two wholly-owned subsidiaries of the Group, BNP Paribas, Capital Trust IV and V. Shares in the first issue pay a dividend of 6.342% over 10 years. The annual dividend on shares in the second issue is 7.2%, paid quarterly. The shares are redeemable after five years and at each quarterly coupon date thereafter. Shares that have not been redeemed will continue to pay a dividend of 7.2%.

In January 2003, another EUR 700 million non-cumulative preferred share issue was carried out by a wholly-owned subsidiary of the Group, BNP Paribas Capital Trust VI. The shares pay a contractual dividend of 5.868%. They are redeemable after 10 years and on each annual coupon date thereafter. Shares not redeemed in 2013 will pay a quarterly dividend equal to the 3-month Euribor + 2.48%.

Note 22 (cont'd)
Consolidated shareholders' equity

BNP Paribas shares held by the Group

Pursuant to the sixth resolution of the Shareholders' Meeting of 28 May 2004, BNP Paribas was authorised to buy back shares representing a maximum of 10% of its capital 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, for financial or asset/liability management purposes.

At 31 December 2004, the BNP Paribas Group held 51,808,500 BNP Paribas shares representing an amount of EUR 2,557 million, including 51,683,500 shares representing EUR 2,550 million deducted from shareholders' equity.

In millions of euros	Other participating interests		Trading account securities (note 5)		Total	
	Number of securities	Book value	Number of securities	Book value	Number of securities	Book value
Shares held at 31 December 2002	**27,894,453**	**1,103**	**366,000**	**14**	**28,260,453**	**1,117**
Shares acquired pursuant to shareholder authorisations	22,547,920	1,061			22,547,920	1,061
Other movements	(5,623,930)	(259)	1,242,000	66	(4,381,930)	(193)
Shares held at 31 December 2003	**44,818,443**	**1,905**	**1,608,000**	**80**	**46,426,443**	**1,985**
Shares acquired pursuant to shareholder authorisations	35,751,407	1,794			35,751,407	1,794
Capital reduction pursuant to the 18th resolution of the Annual Shareholders' Meeting of 14 May 2004	(25,000,000)	(966)			(25,000,000)	(966)
Other movements	(3,886,350)	(183)	(1,483,000)	(73)	(5,369,350)	(256)
Shares held at 31 December 2004	**51,683,500**	**2,550**	**125,000**	**7**	**51,808,500**	**2,557**

NOTE 23
OFF-BALANCE SHEET COMMITMENTS

In millions of euros, at 31 December	2004	2003	2002
FINANCING COMMITMENTS GIVEN AND RECEIVED			
Financing commitments given:			
To credit institutions	17,812	25,451	16,310
On behalf of customers:			
• Confirmed letters of credit			
- Documentary credits	14,360	14,500	16,326
- Other confirmed letters of credit	102,630	86,686	49,019
• Other commitments given on behalf of customers	37,839	29,650	58,743
	154,829	**130,836**	**124,088**
Total financing commitments given	**172,641**	**156,287**	**140,398**
Roll-over (standby) commitments received:			
From credit institutions	30,885	41,217	19,040
On behalf of customers	4,366	2,759	2,496
Total financing commitments received	**35,251**	**43,976**	**21,536**
GUARANTEES AND ENDORSEMENTS GIVEN AND RECEIVED			
Guarantees and endorsements given:			
To credit institutions			
• Confirmed documentary credits	1,787	1,382	2,035
• Other	4,337	3,865	4,812
	6,124	**5,247**	**6,847**
On behalf of customers			
• Guarantees and endorsements:			
- Real estate guarantees	958	862	883
- Administrative and tax guarantees	7,224	7,038	7,361
- Other	5,630	6,111	6,179
• Other guarantees given on behalf of customers	46,212	37,607	38,956
	60,024	**51,618**	**53,379**
Total guarantees and endorsements given	**66,148**	**56,865**	**60,226**
Guarantees and endorsements received:			
From credit institutions	26,414	21,633	23,362
On behalf of customers			
- Guarantees received from government administrations	2,994	2,392	1,895
- Guarantees received from financial institutions	861	478	299
- Other guarantees received	19,943	18,448	18,268
Total guarantees and endorsements received from customers	**23,798**	**21,318**	**20,462**
Total guarantees and endorsements received	**50,212**	**42,951**	**43 824**
COMMITMENTS GIVEN AND RECEIVED ON SECURITIES			
Securities to be received	9,570	7,735	14,904
Securities sold under repurchase agreements to be received [(a)]	-	117	133
Total securities to be received	**9,570**	**7,852**	**15,037**
Total securities to be delivered	**8,241**	**7,389**	**7,960**

(a) Receipt of these securities is contingent upon exercise of the repurchase option.

Note 24
Forward and options contracts

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

In millions of euros, at 31 December	2004			2003		
	Hedging transactions	Position management	Total	Hedging transactions	Position management	Total
Forward contracts	**316,478**	**15,182,620**	**15,499,098**	**268,731**	**14,481,754**	**14,750,485**
On organised exchanges	650	7,266,721	7,267,371	18,050	7,217,623	7,235,673
- Interest rate contracts	650	7,220,913	7,221,563	7,253	7,178,284	7,185,537
- Foreign exchange contracts	-	164	164	10,411	9,864	20,275
- Financial assets contracts	-	45,644	45,644	386	29,475	29,861
Over-the-counter	315,828	7,915,899	8,231,727	250,681	7,264,131	7,514,812
- Forward rate agreements (FRAs)	1,062	584,089	585,151	13,413	529,224	542,637
- Interest rate swaps	172,760	5,805,247	5,978,007	112,179	5,145,442	5,257,621
- Currency swaps	54,707	542,526	597,233	61,497	508,927	570,424
- Forward currency swaps	86,086	866,112	952,198	62,323	906,114	968,437
- Other forward contracts	1,213	117,925	119,138	1,269	174,424	175,693
Options	**25,679**	**5,031,616**	**5,057,295**	**40,043**	**3,566,281**	**3,606,324**
On organised exchanges	903	2,559,847	2,560,750	1,046	1,933,578	1,934,624
Interest rate options	28	2,399,290	2,399,318	17	1,748,719	1,748,736
- purchased	-	1,183,700	1,183,700	17	886,151	886,168
- sold	28	1,215,590	1,215,618	-	862,568	862,568
Currency options	-	-	-	896	-	896
- purchased	-	-	-	787	-	787
- sold	-	-	-	109	-	109
Other options	875	160,557	161,432	133	184,859	184,992
- purchased	78	78,341	78,419	10	114,678	114,688
- sold	797	82,216	83,013	123	70,181	70,304
Over-the-counter	24,776	2,471,769	2,496,545	38,997	1,632,703	1,671,700
Caps and floors	1,754	573,001	574,755	15,396	393,432	408,828
- purchased	789	247,406	248,195	8,053	174,497	182,550
- sold	965	325,595	326,560	7,343	218,935	226,278
Swaptions and options (interest rate, currency and other)	23,022	1,898,768	1,921,790	23,601	1,239,271	1,262,872
- purchased	9,365	899,050	908,415	11,670	572,880	584,550
- sold	13,657	999,718	1,013,375	11,931	666,391	678,322
Total forward and options contracts	342,157	20,214,236	20,556,393	308,774	18,048,035	18,356,809

At 31 December 2004, credit derivatives recorded under OTC options contracts amounted to EUR 434,097 million (EUR 213,605 million purchased and EUR 220,492 million sold).

Most positions management transactions are marked to market and the resulting unrealised gains and losses are therefore posted to income. Hedging transactions are carried at historical cost, and the related gains or losses are accounted for on a symmetrical basis with the loss or gain on the underlying transaction.

The market value of the net position of forward contracts is estimated at EUR 3,850 million at 31 December 2004. The market value of the net seller position of options is estimated at EUR 5,900 million at 31 December 2004.

Assessment of counterparty risks

The BNP Paribas Group's exposure to counterparty risk arising on forward and options contracts is assessed according to European Union and international capital adequacy ratios applicable at 31 December 2004. Accordingly, it takes into account signed netting agreements, which are used to attenuate counterparty risk on derivatives.

NOTE 24 (CONT'D) FORWARD AND OPTIONS CONTRACTS

The Bank primarily uses the portfolio approach, which enables it to close all positions in the case of default by the counterparty and mark them to market. All payments receivable from the counterparty are netted off against payments due to the counterparty, to arrive at the net close-out amount payable or receivable. The net close-out amount may be collateralised by requiring the counterparty to pledge cash, securities or deposits.

The Bank also uses bilateral payment flow netting to attenuate counterparty risk on foreign currency payments. Bilateral payment flow netting consists of replacing streams of payment orders in a given currency by a cumulative balance due to or from each party, representing a 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 Risks on OTC Forward and Options Contracts

In millions of euros, at 31 December	2004					2003
By type of counterparty	Gross replacement cost	Net replacement cost	Collateral	Net value after collateral	Weighted risks equivalent	Weighted risks equivalent
Sovereign exposure	1,848	1,625	-	1,625	-	-
Risk exposure on banks in zone A [(a)]	118,282	22,387	8,213	14,174	8,738	8,016
Risk exposure on banks in zone B [(a)] and non-banking counterparties	16,277	9,169	1,124	8,045	7,578	6,677
Total	**136,407**	**33,181**	**9,337**	**23,844**	**16,316**	**14,693**

(a) Zone A consists of the member states of the European Union (EU) and the Organisation 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.

In millions of euros, at 31 December	2004				2003
By credit rating (Standard & Poor's)	Net replacement cost	Collateral	Net value after collateral	Weighted risks equivalent	Weighted risks equivalent
AAA – AA	12,356	3,098	9,258	4,715	3,874
A	2,696	1,024	1,672	1,934	1,831
BBB	13,339	4,119	9,220	5,760	5,273
BB or lower	2,517	828	1,689	1,975	1,749
Not rated	2,273	268	2,005	1,932	1,966
Total	**33,181**	**9,337**	**23,844**	**16,316**	**14,693**

At 31 December 2004, the weighted risk equivalent of OTC forward and options contracts represented 0.17% of the sum of the notional amounts, excluding written options, unchanged from the figure at 31 December 2003. At 31 December 2004, forwards and options contracts break down by remaining term as follows:

	Notional amount by remaining term (in %)			Total
	Within 1 year	After 1 year but within 5 years	After 5 years	
Interest rate instruments	41%	29%	15%	85%
Currency instruments and other contracts	9%	5%	1%	15%
Total	**50%**	**34%**	**16%**	**100%**

NOTE 25
BNP PARIBAS GROUP EXPOSURE TO MARKET RISKS ON FINANCIAL INSTRUMENT TRANSACTIONS AT 31 DECEMBER 2004

Since 31 March 2000, the BNP Paribas Group uses a single internal Value at Risk system to estimate the potential losses that could be incurred in the case of an unfavourable change in market conditions.

Potential losses are measured based on "Gross Earnings at Risk" (GEaR). GEaR takes into account a large number of variables which could affect the value of the portfolios, including interest rates, lending margins, exchange rates, the price of the various securities, their volatilities and the correlations between 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.

The French banking authorities (*Commission Bancaire*) have approved this internal model, including the following methodologies:

- capture of the correlation between categories of risk factors (interest rate, currency, commodity and equity risks) in order to integrate the effects of diversifying inherent risks;
- capture of the specific interest rate risk arising from potential variations in lending margins, in order to actively and accurately measure risks associated with trading in credit risks.

Values at Risk set out below have been determined using the internal model. The model parameters have been set by the method recommended by the Basel 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 not exceed the corresponding GEaR in 99% of cases);
- historical data covering 260 days' trading.

For the period from 1 January to 31 December 2004, the total average Value at Risk amounted to EUR 93 million, taking into account the EUR 57 million effect of netting different types of risk. These amounts break down as follows:

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

In millions of euros	1 January – 31 December 2004 Average	31 December 2004	31 December 2003	31 December 2002
Interest rate risk	89	57	92	77
Equity risk	47	47	43	86
Currency risk	6	9	9	8
Commodity risk	8	8	6	7
Netting effect	*(57)*	*(60)*	*(81)*	*(91)*
Total	**93**	**61**	**69**	**87**

NOTE 26
SECURITISATIONS

The BNP Paribas Group carries out securitisation transactions leading to the creation of specific entities on behalf of customers, in some cases with a guarantee or a liquidity line, and on its own behalf, in connection with the management of counterparty risks on certain portfolios and asset-liability management operations for certain subsidiaries.
In these cases, the Group retains part of the risk by paying a guarantee deposit or subscribing to a subordinated tranche. The securitisation entities are not consolidated, in accordance with generally accepted accounting principles.

Securitisation Transactions Carried Out on Behalf of Customers

- **Short-term Refinancing Operations**

At 31 December 2004, five non-consolidated multiseller conduits (Eliopée, Thésée, Starbird, J Bird and Matchpoint) were managed by the Group on behalf of customers.
These entities are refinanced on the short-term commercial paper market. The Group has issued letters of credit guaranteeing the default risk on the sold receivables up to an amount of EUR 491 million and has also granted liquidity lines totalling EUR 10,457 million to these entities.

At 31 December 2004, no provisions were required in connection with any of these short-term refinancing transactions.

- **Medium- and Long-term Refinancing Operations**

BNP Paribas acts on behalf of customers as arranger of securitisation funds and placing agent for covered bond issues, but does not manage the securitisation funds.
As of 31 December 2004, the Group had set up liquidity lines totalling EUR 172 million for four of the funds (BEI-Iris 4, Tiepolo Finance, Telecom Italia SV and RCI-Renault), representing EUR 1,500 million in securitised receivables. The Group has not issued any letters of credit and, consequently, is not exposed to any counterparty risk on these transactions.

Securitisation Transactions Carried Out on the Group's Own Behalf

- In connection with the Group's asset-liability management activities, Cetelem has sold consumer loans, UCB and UCI have sold real estate loans, Findomestic has sold credit card receivables, and Centroleasing has sold leasing receivables to non-consolidated securitisation vehicles. The subsidiaries have also given these vehicles a limited guarantee covering the credit risk on the sold loans. Securitisation transactions carried out in accordance with Act No. 88-1205 of 23 December 1988 (amended) dealing with securitisation funds, are not consolidated pursuant to the criteria laid down in standard CRC 2004-04 (see note 1).

The following table summarises the transactions carried out at 31 December 2004 (in millions of euros):

Subsidiaries that initiated securitisations	Securitisation vehicle	Date launched	Life of the vehicle scheduled to end in	Gross amount of securitised receivables at 31 December 2004	Gross amount of securitised receivables at 31 December 2004
Cetelem (France)	Master Noria	1998	2006	350	14.1
UCB (France)	Domos 4 and 5	1998-1999	2008-2011	463	22.5
	Master Domos	1999	2012	1,366	30.5
Findomestic (Italy)	Findomestic	2000	2005	325	-
	MasterDolfin	2003	2008	329	4.0
UCI (Spain)	UCI 3 to 11	1997-2004	2005-2017	3,051	37.3
Centro Leasing (Italy)	Ponte Vecchio Finance	2002	2007	574	-
	Ponte Vecchio Finance 2	2003	2010	428	-

At 31 December 2004, no provisions were required in connection with any of the guarantees given to these securitisation vehicles.

NOTE 26 (CONT'D)
SECURITISATIONS

• In order to reduce the credit risk on certain portfolios, the Group carries out synthetic securitisations by transferring to the market the bulk of the credit risk attached to the retained interest using credit derivatives (purchases of options or credit default swaps). These credit derivatives are entered into either through dedicated structures or directly with other credit institutions.

Synthetic securitisations concern EUR 7 billion worth of consolidated assets, corresponding to loans to major European and American companies. The risk retained by the Group concerns the equity or subordinated tranche of the notes issued by the securitisation vehicles and purchased by the Group.

Synthetic Securitisations (in millions of euros)

Securitisation vehicle	Date launched	Life of the vehicle scheduled to end in	Gross counterparty risk before securitisation at 31 Dec. 2004	Gross risk retained by the Group (1)	Provisions and losses in 2004	Accumulated provisions and losses at 31 Dec. 2004 (2)
Olan 2 (France)	2000	2005	3,546	76.0	-	60.6
Euroliberté (France)	2001	2008	1,984	139.8	2.2	20.1
Condor (USA)	2001	2006	1,686	96.1	-	-
Jules Vernes (USA)	2002	2006	215	33.1	-	-

(1) This risk is retained by the Group due to the equity instruments issued by the securitisation vehicles, against which the initial losses on assets guaranteed by the vehicles are set off.

(2) If a counterparty defaults on a loan backed by synthetic securitisation, the securitisation vehicle pays the amount corresponding to the default. The amount received in respect of the gross risk retained by the Group is set off against the loss of principal on the equity or subordinated tranche of the notes issued. This is why the portfolios are covered by a provision in the amount of the gross risk retained by the Group.

NOTE 27
PENSION AND POST-EMPLOYMENT BENEFIT OBLIGATIONS

• **Pension Benefits**

Since 1 January 1994, pursuant to the new industry-wide agreement on pensions presented in note 1, the BNP Paribas Group has been making contributions to several nation-wide supplementary pension organisations **in France.**

The BNP and Paribas pension funds pay additional benefits relative to services rendered prior to 31 December 1993. The actuarial value of these pension obligations is computed based on the 1993 mortality table as recommended by the French Insurance Code. The difference between the discount and inflation rates used since 31 December 1999 is roughly 3.0%, corresponding to the constant differential between long-term interest rates and inflation. At 31 December 2004, the pension fund for BNP employees had reserves of approximately EUR 59 million, and the pension fund for Paribas employees had reserves of some EUR 282 million.

Contributions paid by BNP Paribas under the above pension schemes in France are charged to the profit and loss account in the year of payment. In addition, a reserve for general banking risks was set up as a precautionary measure in 1993, mainly to take account of the general demographic risk addressed by the industry-wide agreement concluded in September 1993 (see notes 1 and 21).

BNP Paribas SA has set up a funded pension system via a company agreement. This system provides for the payment to BNP Paribas employees of additional benefits over and above those they receive from the nation-wide organisations.

Concerning plans **outside France**, pension obligations are provided for in the consolidated financial statements according to the method described in note 1.

NOTE 27 (CONT'D)
PENSION AND POST-EMPLOYMENT BENEFIT OBLIGATIONS

Retirement plans are based on pension rights acquired which are defined using either the employee's last salary and the number of years' service (United Kingdom, Ireland and Canada) or rights to capital acquired each year, expressed as a percentage of annual salary and on which interest is payable at a pre-defined rate (United States).

Some plans are supplementary retirement schemes related to statutory pensions (Norway).

Other plans are wholly funded through insurance companies (Spain and Portugal) or independent fund managers (United Kingdom).

The demographic and financial assumptions used to estimate the discounted present value of benefit obligations and the estimated yield on plan assets are based on the economic conditions specific to each country or Group company. Unamortised actuarial differences amounted to EUR 76 million at 31 December 2004, net of EUR 7 million in amortisation for the year. EUR 101 million are not amortisable, in accordance with the corridor method.

In recent years, defined benefit plans have been closed to new employees in several countries (United Kingdom, Ireland, Norway, Australia, Germany and Luxembourg). These employees are now offered defined contribution plans. Under defined contribution plans, the company's obligation consists primarily of paying a percentage of the beneficiary's salary into the pension plan.

• **Seniority, Post-employment and Other Post-retirement Benefits**

Employees of the various BNP Paribas Group companies are entitled to collective or contractual seniority and post-employment benefits such as retirement and seniority bonuses. In France, BNP Paribas is encouraging voluntary departures and early retirement among employees who meet certain eligibility criteria. Various companies in the BNP Paribas Group have also 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 (projected unit credit method) in order to determine the aggregate charge corresponding to benefits remaining to be paid to early retirees, retirees (if applicable), as well as the vested benefits of active employees.

Assumptions concerning mortality, employee turnover, and future salaries, as well as discount rates (long-term market rates) and inflation, take into account economic conditions specific to each country or Group company. In France, the 1988-1990 mortality table adapted to the banking industry is used.

At 31 December 2004, the discount rate used for France and the estimated inflation rate are consistent with those used to assess the risks related to additional bank pension benefits.

BNP Paribas sets up a provision to cover the charges related to the voluntary departure or early retirement of employees, once the voluntary departure or early retirement plan concerned has been approved or submitted for collective approval.

These provisions set up for pensions and other post-retirement benefit obligations in France and other countries amounted to EUR 1,349 million at 31 December 2004.

Note 28
Maturity schedule of loans, deposits and interest rate instruments

In millions of euros, at 31 December	Maturity: Demand and overnight	Maturing within 3 months	Maturing after 3 months but within 1 year	Maturing after 1 but within 5 years	Maturing after 5 years	Total
LOANS (GROSS)						
Interbank and money-market items (note 3)	**48,291**	**227,952**	**16,044**	**9,412**	**14,323**	**316,022**
- Cash and amounts due from central banks and post office banks	6,843					6,843
- Treasury bills and money-market instruments		103,644	6,324	6,945	11,539	128,452
- Due from credit institutions	41,448	124,308	9,720	2,467	2,784	180,727
Customer items (note 4)	**19,269**	**78,259**	**34,625**	**78,924**	**55,773**	**266,850**
- Due from customers	19,269	75,637	31,082	66,611	53,262	245,861
- Leasing receivables		2,622	3,543	12,313	2,511	20,989
Bonds and other fixed income instruments (note 5)	**-**	**55,424**	**2,033**	**6,722**	**3,124**	**67,303**
- Trading account securities		46,191				46,191
- Securities available for sale		6,418	673	3,594	1,460	12,145
- Debt securities held to maturity		2,815	1,360	3,128	1,664	8,967
DEPOSITS						
Interbank and money-market items and securities (note 14)	**58,547**	**160,081**	**21,429**	**3,012**	**3,069**	**246,138**
- Total interbank and money-market items	58,547	159,901	21,146	2,832	2,537	244,963
- Interbank market securities		180	283	180	532	1,175
Customer deposits, retail certificates of deposit, and negotiable certificates of deposit (note 15)	**113,684**	**153,488**	**19,416**	**25,488**	**16,192**	**328,268**
- Total customer deposits	113,684	101,330	6,921	9,353	6,424	237,712
- Total bonds and negotiable short-term debt instruments		52,158	12,495	16,135	9,768	90,556

The BNP Paribas Group manages its liquidity within gap limits, all currencies combined, that are determined by the General Management Committee:

- the maximum mismatch on weighted balance sheet and off-balance sheet commitments maturing in more than one year (attributing standard maturities to commitments with no contractual maturity) is set at 25% of loans maturing in more than one year;
- the maximum mismatch on commitments with a contractual maturity, that are scheduled to mature in more than one year, is set at 150% of stable funds with no contractual maturity (customer demand deposits and savings deposits net of overdrafts, shareholders' equity net of fixed assets).

BNP Paribas continually seeks to comply with regulatory guidelines with respect to its short-term (one-month) liquidity ratio and its ratio of shareholders' equity to long-term funding (funds maturing in more than five years).

Maturities of bonds and subordinated debt are presented in notes 16 and 20.

NOTE 29
NET INTEREST INCOME

Expenses			Income			In millions of euros	Net income (expenses)		
2004	2003	2002	2004	2003	2002		2004	2003	2002
(8,165)	(7,212)	(11,460)	6,682	5,846	8,876	Interbank items (note 30)	(1,483)	(1,366)	(2,584)
(3,822)	(3,524)	(3,695)	10,766	10,548	11,679	Interbank items (note 31)	6,944	7,024	7,984
(6,269)	(5,991)	(5,757)	7,529	7,309	7,119	Leasing transactions	1,260	1,318	1,362
(3,957)	(3,936)	(5,310)				Debt securities	(3,957)	(3,936)	(5,310)
			3,355	3,471	3,932	Bonds and other fixed income instruments (note 32)	3,355	3,471	3,932
(22,213)	**(20,663)**	**(26,222)**	**28,332**	**27,174**	**31,606**	**Net interest income (expenses)**	**6,119**	**6,511**	**5,384**

NOTE 30
NET INTEREST INCOME (EXPENSES) ON INTERBANK ITEMS

Expenses			Income			In millions of euros	Net income (expenses)		
2004	2003	2002	2004	2003	2002		2004	2003	2002
(4,940)	(4,751)	(7,901)	3,510	3,556	5,622	Interest on interbank demand deposits, loans and borrowings	(1,430)	(1,195)	(2,279)
(3,225)	(2,461)	(3,559)	3,172	2,288	3,251	Interest on securities held or given under resale/repurchase agreements	(53)	(173)	(308)
			-	2	3	Interest on subordinated term loans	-	2	3
(8,165)	**(7,212)**	**(11,460)**	**6,682**	**5,846**	**8,876**	**Net interest income (expenses) on interbank items**	**(1,483)**	**(1,366)**	**(2,584)**

Note 31
Net interest income (expenses) on customer items

Expenses			Income			In millions of euros	Net income (expenses)		
2004	2003	2002	2004	2003	2002		2004	2003	2002
(3,241)	(2,978)	(3,225)	10,332	10,133	11,215	Interest on customer loans and deposits	7,091	7,155	7,990
(581)	(546)	(470)	420	411	462	Interest on securities held or given under resale/repurchase agreements	(161)	(135)	(8)
			14	4	2	Interest on subordinated term loans	14	4	2
(3,822)	(3,524)	(3,695)	10,766	10,548	11,679	Net interest income (expenses) on customer items	6,944	7,024	7,984

Note 32
Net income from securities portfolio

In millions of euros	2004	2003	2002
Interest on bonds and other fixed income instruments			
Securities available for sale	751	653	810
Debt securities held to maturity	1,175	1,117	1,080
From Codevi "industrial development" securities	229	230	212
From hedging of interest rate instruments and other	1,200	1,471	1,830
Total interest on bonds and other fixed income instruments	**3,355**	**3,471**	**3,932**
Income on equities and other variable income instruments			
Securities available for sale	41	12	22
Equity securities held for long-term investment	147	148	157
Investments in non-consolidated undertakings and other participating interests	106	123	144
Total income on equities and other variable income instruments	**294**	**283**	**323**
Net income from securities portfolio	3,649	3,754	4,255

Note 33
Net commissions

In millions of euros	Net		
	2004	2003	2002
Commissions on interbank and money-market transactions	**174**	**181**	**181**
Commissions on customer transactions	**1,632**	**1,482**	**1,530**
Commissions on securities transactions	**111**	**145**	**(103)**
Commissions on foreign exchange and arbitrage transactions	**(4)**	**(9)**	**10**
Commissions on securities commitments	**277**	**193**	**113**
Commissions on forward financial instruments	**(158)**	**(143)**	**(124)**
Commissions on financial services rendered:			
• Commissions on securities managed or on deposit:			
- Custody fees	188	170	184
- Mutual fund management	818	732	739
- Management of customer securities portfolios	168	200	218
- Other commissions on securities managed or on deposit	30	32	30
Total commissions on securities managed or on deposit	1,204	1,134	1,171
• Commissions on securities transactions carried out on behalf of customers:			
- For purchases and sales of securities	256	257	302
- For purchases and sales of mutual fund shares	131	124	139
- Other commissions on securities transactions carried out on behalf of customers	271	273	248
Total commissions on securities transactions carried out on behalf of customers	658	654	689
• Other commissions:			
- Commissions on customer assistance and advisory services	637	428	508
- Commissions on payment instruments	579	558	552
- Commissions on other financial services	(1,115)	(970)	(908)
- Expense recoveries	111	118	116
- Commissions on miscellaneous revenues	388	365	350
- Commissions on other banking transactions	193	157	93
Total other commissions	793	656	711
Total commissions on financial services	**2,655**	**2,444**	**2,571**
Net commissions	4,687	4,293	4,178

Total commissions represented 24.9% of net banking income in 2004 (23.9% in 2003 and 24.9% in 2002).

Note 34
Underwriting result and net investment income of insurance companies

In millions of euros	2004	2003	2002
Net premium income	10,848	8,980	7,890
Net investment income	1,894	1,770	1,706
Claims expenses and changes in claims reserves	(10,848)	(9,100)	(8,170)
Other underwriting income and expenses, net	25	8	14
Underwriting result and net investment income of insurance companies [(a)]	**1,919**	**1,658**	**1,440**

Commissions paid to business referral partners and other contracting partners are not deducted from underwriting result and net investment income of insurance companies. Those commissions are recorded as "Net commissions" in the profit and loss account under "Commissions on other financial services" (see note 33).

The above amounts are stated after eliminating intercompany income and expenses and net of reinsurance.

Changes in the value of underlying assets for unit-linked business are included in net investment income. They are offset by a symmetrical change in mathematical reserves set aside for unit-linked business, included in "Claims expenses".

Gross premiums totaled EUR 11,196 million in 2004 (EUR 9,203 million in 2003 and EUR 8,192 million in 2002).

(a) In 2004, the contribution of Group insurance companies to underwriting result and net investment income breaks down as follows, after elimination of intercompany income and expenses:

In millions of euros	2004					
	Natiovie	Cardif	Other Companies	Total	2003	2002
Life underwriting result	119	89	44	252	210	145
Non-life underwriting result	32	70	-	102	76	59
Management fees addback	310	1,090	57	1,457	1,289	1,207
Financial reclassifications	118	42	3	163	147	113
Sub-total	579	1,291	104	1,974	1,722	1,524
Elimination of intercompany income and expenses	(40)	(13)	(2)	(55)	(64)	(84)
Net contribution to underwriting result and net investment income	539	1,278	102	1,919	1,658	1,440

Note 35

Salaries and employee benefits, including profit-sharing

In millions of euros	2004	2003	2002
Salaries	**4,838**	**4,742**	**4,619**
Termination benefits and social security taxes:			
Retirement bonuses and retirement expenses	292	400	385
Social security taxes	1,204	1,172	1,057
Total termination benefits and social security taxes	**1,496**	**1,572**	**1,442**
Incentive plans and profit-sharing:			
Incentive plans	85	82	57
Profit-sharing	147	97	64
Total incentive plans and profit-sharing	**232**	**179**	**121**
Payroll taxes	**306**	**270**	**263**
Total salaries and employee benefits, including profit-sharing	**6,872**	**6,763**	**6,445**

Gross remuneration and benefits paid to Executive Committee members in 2004 totaled EUR 20.5 million (EUR 10.4 million in 2003). Year-on-year changes are mainly attributable to the amount paid to the Head of BNP Paribas Capital in connection with his statutory share in the capital gains generated by the investment portfolio management team. A provision was booked to cover this amount in the financial years prior to 2003 during which the corresponding capital gains arose. The gross amount set out above also includes fixed compensation for 2004, variable compensation received in 2004 in respect of 2003, attendance fees paid by Group companies and shares awarded in 2000, 2001 and 2002 under the deferred bonus plan.

Attendance fees paid to members of the BNP Paribas Board of Directors totaled EUR 0.4 million.

Note 36
Stock option plans

1 - BNP Paribas unexpired stock option plans

Plan year	Date of EGM at which plan was authorised	Date of Board Meeting at which the plan terms were decided	Number of grantees	Number of options granted
2001 (1) (2)	23 May 2000	15 May 2001	932	6,069,000
2002 (2)	23 May 2000	31 May 2002	1,384	2,158,570
2003 (3)	23 May 2000	21 March 2003	1,302	6,693,000
2004 (3)	23 May 2000	24 March 2004	1,458	1,779,850

(1) The numbers of options and exercise prices have been adjusted for the two-for-one share-split which took place on 20 February 2002.
(2) The options are subject to vesting conditions related to the ratio between consolidated net income and average shareholders' equity for each of the years concerned. The minimum average ratio is 16% over the four years from the year of grant or over a rolling three-year period starting in the second year after the year of grant.
(3) The vesting rules applicable to a portion of the options granted to employees are based in part on BNP Paribas share performance in relation to the Dow Jones EuroStoxx Bank index.

2 - BNP unexpired stock option plans (1)

Plan year	Date of EGM at which plan was authorised	Date of Board Meeting at which the plan terms were decided	Number of grantees	Number of options granted
1997	14 May 1993	22 May 1997	64	476,000
1998	14 Dec. 1993	13 May 1998	259	2,074,000
1999	13 May 1998	3 May 1999	112	670,000
1999 (2)	13 May 1998	22 May 1999	642	5,064,000
2000 (2)	13 May 1998	7 April 2000	1,214	1,754,200

(1) The numbers of options and exercise prices have been adjusted for the two-for-one share split which took place on 20 February 2002.
(2) Plans concerning the employees of the two groups, BNP and Paribas, prior to their merger. The options vested only in the event that no payments were due in respect of the Contingent Value Rights Certificates attached to the shares issued at the time of the BNP-Paribas merger (see note 22).

3 - Paribas unexpired stock option plans

Plan year	Originating company	Date of EGM at which plan was authorised	Date of Board Meeting at which the plan terms were decided	Number of grantees	Adjusted number of options granted (1)
Paribas SA and merged subsidiaries					
1997	CFP	27 May 1992	20 Jan. 1997	526	5,178,206
	CFP	27 May 1992	7 July 1997	4	77,125
	CB	26 April 1997	30 Sept. 1997	149	615,608
	CFP	25 April 1997	26 Dec. 1997	319	6,370,545
1998	Paribas	11 May 1998	17 Nov. 1998	975	7,255,377
1999	Paribas	24 April 1997	4 May 1999	1	30,850
Fully consolidated subsidiary of Paribas					
1997	Cetelem	27 March 1997	22 Sept. 1997	117	332,893

CB: Compagnie Bancaire   CFP: Compagnie Financière Paribas

(1) Number of options and exercise price expressed in BNP Paribas shares and calculated after the two-for-one share-split which took place on 20 February 2002:
- For Compagnie Bancaire, Compagnie Financière Paribas and Banque Paribas, based on the following conversion rates: 9 Paribas shares for 5 Compagnie Bancaire shares, 1 Paribas share for 1 Compagnie Financière Paribas share, 1 Paribas share for 1 Banque Paribas share, 3.085 BNP Paribas shares for 1 Paribas share.
- For Cetelem, which is fully consolidated, the number of options and exercise price are expressed in BNP Paribas shares calculated after the exchange: 1.791 Paribas shares for 1 Cetelem share, and 3.085 BNP Paribas shares for 1 Paribas share.

Starting date of the exercise period	Option expiry date	Exercise price (in euros)	Number of options exercised or forfeited at 31 Dec. 2004	Options outstanding at 31 Dec. 2004
15 May 2005	14 May 2011	49	164,000	5,905,000
31 May 2006	30 May 2012	60	66,520	2,092,050
21 March 2007	20 March 2013	37.10	39,600	6,653,400
24 March 2008	21 March 2014	49.80	2,000	1,777,850

Starting date of the exercise period	Option expiry date	Exercise price (in euros)	Number of options exercised or forfeited at 31 Dec. 2004	Options outstanding at 31 Dec. 2004
23 May 2002	22 May 2007	18.45	268,360	207,640
14 May 2003	13 May 2008	37.28	867,577	1,206,423
4 May 2004	3 May 2009	37.64	201,179	468,821
23 Dec. 2004	22 Dec. 2009	45.16	508,720	4,555,280
8 April 2005	7 April 2010	42.50	261,500	1,492,700

Starting date of the exercise period (2)	Option expiry date	Adjusted exercise price (1) (in euros)	Adjusted number of options exercised or forfeited at 31 Dec. 2004 (1)	Options outstanding at 31 Dec. 2004 (1)
20 Jan. 2002	20 Jan. 2005	17.30	5,015,233	162,973
7 July 2002	7 July 2005	19.47	68,447	8,678
1 Oct. 2002	29 Sept. 2005	19.71	390,117	225,491
26 Dec. 2002	26 Dec. 2005	23.47	4,558,664	1,811,881
17 Nov. 2003	17 Nov. 2006	20.41	4,639,939	2,615,438
4 May 2004	4 May 2007	31.88	0	30,850
23 Sept. 2002	21 Sept. 2005	17.19	224,323	108,570

(2) Exercise dates set at the time of grant. The BNP-Paribas merger agreement stipulates that the options may not be exercised until the 5th anniversary of the date of grant, as required under French tax rules, whatever the original exercise dates.

Note 37

Gains (losses) on disposals of long-term investments and changes in provisions

In millions of euros	2004	2003	2002
Debt securities held to maturity			
Disposal gains	5	106	7
Disposal losses	(4)	(3)	-
Deductions from provisions	1	1	-
Net gains on disposals of debt securities held to maturity and changes in provisions	**2**	**104**	**7**
Equity securities held for long-term investment			
Disposal gains	834	790	1 147
Disposal losses	(285)	(248)	(73)
Additions to provisions	(131)	(261)	(396)
Deductions from provisions	331	243	219
Net gains on disposals of equity securities held for long-term investment and changes in provisions	**749**	**524**	**897**
Investments in non-consolidated undertakings and other participating interests			
Disposal gains	234	337	187
Disposal losses	(252)	(501)	(109)
Additions to provisions	(115)	(201)	(233)
Deductions from provisions	259	416	147
Net gains (losses) on disposals of investments in non-consolidated undertakings and other participating interests and changes in provisions	**126**	**51**	**(8)**
Deduction from provisions for industry risks	**-**	**218**	**-**
Operating assets			
- Disposal gains	24	53	11
- Disposal losses	(58)	(38)	(4)
Net (losses) gains on disposals of operating assets	**(34)**	**15**	**7**
Total net gains on disposals of long-term investments and changes in provisions	**843**	**912**	**903**

As mentioned in note 1 concerning Accounting Policies, the BNP Paribas Group has changed the method used to recognise in the profit and loss account revenues related to payouts made by funds. The impact of this change in the method used to record fund payouts resulted in the recognition of EUR 167 million in net gains on long-term investments, including EUR 100 million in revenues received on prior periods.

NOTE 38
NON-RECURRING ITEMS

In millions of euros	2004	2003	2002
Movements in provisions and incurred costs for employee benefits	(159)	(313)	21
Compliance costs (changes in laws and regulations)	(83)	(45)	(49)
Movements in provisions for restructuring and discontinued operations	(37)	(59)	(51)
Write-downs relating to long-term investments and leased vehicles	(28)	-	(42)
Provision for losses on real estate lease contract with a call option	-	(10)	(25)
Other non-recurring expenses, net	(82)	(67)	(28)
Net non-recurring items	**(389)**	**(494)**	**(174)**

Non-recurring items reflect the impact on the financial statements of events that do not relate to the ordinary activities of the BNP Paribas Group's various lines of business. If these items were included under other profit and loss account headings, the comparability of current-period operations with those of the reference periods would be impaired.

In 2004, BNP Paribas signed a company agreement aimed at setting up a compulsory health scheme for BNP Paribas employees in France. These employees are now all members of this scheme known as Mutuelle du Groupe BNP Paribas. Under the agreement, the Bank will pay to Mutuelle du Groupe BNP Paribas a contribution for each active employee who is a member of the scheme and will cease to pay contributions for retired members. The Bank has paid a final balance of EUR 152 million to Mutuelle du Groupe BNP Paribas to cover its total commitments with this establishment in relation to current and future retirees.

Under the French Pensions Reform Act (Act no. 2003-775) dated 21 August 2003, employees can elect to retire before the age of 65, but can no longer be required to do so by their employer. This legislative change has no impact on the rules governing the retirement bonuses paid by BNP Paribas Group companies in France. However, it does affect the actuarial assumptions applied to date by the Group to calculate the present value of the related benefit obligation, because of the probable impact of the new legislation on the age at which employees choose to retire. The Group has revised its estimate of the benefit obligation based on the new assumptions and has also recorded a provision for the payroll taxes that will now be due on retirement bonuses paid to employees who choose to retire before the age of 65. The additional cost, in the amount of EUR 229 million, was provided for in full in 2003, in accordance with the practice consistently followed by the Bank and its French subsidiaries, and with Group policies.

In 2003, the Bank also set up a EUR 70 million provision in connection with the new Employment Adaptation Plan implemented in order to manage the impact of the Pension Reform Act on the Group's employee age pyramid in France. In 2004, this provision was topped up in the amount of EUR 7 million.

The above provisions are included in "Movements in provisions and incurred costs for employee benefits".

In 2004, the BNP Paribas Group recorded charges of EUR 83 million (EUR 45 million in 2003) to reflect the costs of adapting information systems due to the application of International Financial Reporting Standards as from 1 January 2005, and the changes in capital adequacy rules introduced by the international regulatory authorities.
In 2002, BNP Paribas recorded a provision of EUR 49 million to cover the final costs of adapting its production and information systems to deal with the introduction of the single European currency, bringing the total estimated cost of the project – incurred over the period 1996 to 2002 – to EUR 500 million.

The Group's UK fleet-financing subsidiaries use an external valuation model to determine projected resale values of leased vehicles. Problems were encountered in 2002 with the model used by a recently-acquired subsidiary, leading to the adoption of a new model and the recording of an exceptional EUR 42 million write-down of the value of leased vehicles to correct the valuation errors generated by the previous model.

Under a real-estate lease agreement signed in 1993 by First Hawaiian Bank, BancWest, a Group subsidiary, entered into an agreement to lease its headquarters building located in Hawaii until December 2003. In early 2003, BancWest opted to purchase this building. The purchase value was written down by EUR 35 million (of which EUR 25 million were recorded in 2002) to take into account the lasting decline of the real estate market in Hawaii.

Note 39
Segment information

• Income by Business Segment, Based on Allocated Capital

Income by business segment based on allocated capital is determined by attributing to each business the capital allocated to it based on the risks incurred. Capital allocations are made by applying a series of criteria based mainly on the capital required to cover risk-weighted assets, as determined according to capital adequacy rules.

In millions of euros	Net banking income		Gross operating income		Operating income (loss)		Pre-tax income	
	2004	2003	2004	2003	2004	2003	2004	2003
French Retail Banking	4,922	4,733	1,556	1,467	1,333	1,242	1,337	1,240
Financial Services and International Retail Banking	5,057	4,903	2,240	2,158	1,801	1,629	1,644	1,408
Corporate and Investment Banking	5,685	5,818	2,442	2,434	2,384	1,801	2,448	1,879
Asset Management and Services	3,019	2,476	1,066,	803	1,061	787	993,	723
BNP Paribas Capital	4	(34)	(26)	(73)	(26)	(76)	661	496
Other business units	136	39	(47)	(139)	-	(94)	(178)	(160)
TOTAL	18,823	17,935	7,231	6,650	6,553	5,289	6,905	5,586
France	10,365	9,891	3,504	3,303	3,150	2,522	3,531	2,886
Other European Economic Area countries	4,269	3,748	1,807	1,332,	1,533	1,024	1,650	1,190
America and Asia	3,752	3,874	1,717	1,832	1,699	1,617	1,554	1,393
Other countries	437	422	203	183	171	126	170	117

• Group Activity by Geographic Area

In millions of euros, at 31 December	Interbank and money-market items		Customer items		Total	
	2004	2003	2004	2003	2004	2003
Assets						
France	97,672	68,501	136,778	118,338	234,450	186,839
Other European Economic Area countries	95,894	91,665	65,233	53,593	161,127	145,258
America and Asia	119,686	112,463	51,311	45,518	170,997	157,981
Other countries	2,434	2,279	4,758	4,524	7,192	6,803
Total assets (notes 3 and 4)	315,686	274,908	258,080	221,973	573,766	496,881
Liabilities						
France	83,426	53,875	112,339	90,582	195,765	144,457
Other European Economic Area countries	85,166	84,622	77,298	74,172	162,464	158,794
America and Asia	74,577	50,633	41,570	40,113	116,147	90,746
Other countries	1,794	2,124	6,505	5,754	8,299	7,878
Total liabilities (notes 14 and 15)	244,963	191,254	237,712	210,621	482,675	401,875

NOTE 40
CORPORATE INCOME TAX

In millions of euros	2004	2003	2002
Current taxes for the period	1,756	1,579	1,058
Deferred taxes for the period	74	(98)	117
Income tax expenses	**1,830**	**1,481**	**1,175**
- on recurring items	1,967	1,524	1,210
- on non-recurring items	(137)	(43)	(35)

A new tax regime was introduced in the 2003 Finance Act. This regime allows listed real estate investment companies (SIIC) to claim full exemption from corporate income tax on disposal gains and recurring profits generated by their eligible businesses, in exchange for the payment of an exit tax equal to 16.5% of unrealised gains on assets eligible at 1 January 2003. The Klépierre group elected for this regime, and in 2004 the BNP Paribas Group recorded a EUR 26 million provision for the related taxes (EUR 104 million in 2003).

An exceptional tax was introduced in the 2004 Finance Act on a portion of the special long-term capital gains reserve set up by companies. At 31 December 2004, the BNP Paribas Group recorded a EUR 28 million tax charge corresponding to the compulsory portion of this tax.

Tax savings realised by the Group in 2004 from the recognition of tax loss carryforwards or the deduction of expenses accounted for in prior years amounted to EUR 57 million (EUR 51 million in 2003 and EUR 40 million in 2002). Unrecognised deferred tax assets at 31 December 2004 amounted to EUR 373 million (EUR 370 million at 31 December 2003 and EUR 321 million at 31 December 2002).

Analysis of the effective rate of tax:

In %	2004	2003	2002
Standard tax rate in France	33.3	33.3	33.3
Impact of long-term capital gains taxed at a reduced rate in France	(4.0)	(1.4)	(0.6)
Share of earnings of companies carried under the equity method	(0.9)	(0.8)	(0.6)
Permanent differences added back to taxable income in France	1.6	(2.0)	(3.1)
Differences in foreign tax rates	(5.2)	(6.8)	(8.0)
Effect of losses deducted from net income	1.9	3.3	2.9
Other	(0.2)	0.9	0.5
Effective rate of tax	**26.5**	**26.5**	**24.4**

Deferred taxes break down as follows:

In millions of euros, at 31 December	2004			2003	2002
	Companies included in BNP Paribas SA tax group (note 2)	Other companies	Total	Total	Total
Deferred tax assets (1)	1,906	717	2,623	1,950	1,664
Deferred tax liabilities	**1,909**	**1,246**	**3,155**	**2,514**	**2,374**
Net deferred tax liabilities	3	529	532	564	710

(1) Deferred tax assets include tax loss carryforwards of EUR 65 million in 2004 (EUR 156 million in 2003 and EUR 134 million in 2002).

The deferred tax liability on the capital gain realised on BNP's transfer to its subsidiary Compagnie Immobilière de France of buildings and rights to real estate leasing contracts amounted to EUR 163 million at 31 December 2004.

Note 41
BNP-Paribas merger-related restructuring costs

In connection with the merger of BNP and Paribas, on 30 September 1999 – the date on which the Paribas Group was first consolidated – provisions and asset write-downs were recorded in connection with the restructuring of the two groups, for a total amount of EUR 989 million net of tax. The following table presents an analysis of merger-related restructuring costs incurred since 1 October 1999:

In millions of euros	Restructuring provision	Amortisation of goodwill	Tax effect	Total restructuring charge, net of tax
Fourth quarter 1999	(59)	(183)	33	(209)
2000	(330)	-	101	(229)
2001	(501)	-	163	(338)
2002	(143)	-	45	(98)
2003	(98)	-	34	(64)
2004	(51)	-	18	(33)

Note 42
Number of employees at year-end

The number of employees of the BNP Paribas Group (fully and proportionally consolidated companies) breaks down as follows:

	31/12/2004	31/12/2003	31/12/2002
BNP Paribas mainland France	37,473	37,200	37,335
including executives	*14,917*	*14,066*	*13,368*
Subsidiaries in mainland France	14,745	13,844	14,065
Total mainland France	52,218	51,044	51,400
Total outside mainland France	42,674	38,027	36,285
Total BNP Paribas Group	**94,892**	**89,071**	**87,685**
BNP Paribas SA	44,534	44,060	44,908
Subsidiaries	50,358	45,011	42,777

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2004

Barbier Frinault & Autres
Ernst & Young
41, rue Ybry
92576 Neuilly-sur-Seine Cedex

PricewaterhouseCoopers Audit
32, rue Guersant
75017 Paris

Mazars & Guérard
Mazars
Le Vinci - 4, allée de l'Arche
92075 Paris La Défense

BNP Paribas
16, boulevard des Italiens
75009 Paris

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in audit reports, wetheer qualified or not, and this is presented below the opinion on the consolidated financial statements. This information includes an explanatory paragraph discussing the auditors' assesments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report, together with the Statutory Auditors' report adressing financial and accounting information in the Chairman's report on internal control, should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

As the Statutory Auditors appointed by the General Shareholders' Meeting, we have audited the accompanying consolidated financial statements of BNP Paribas, presented in euros, for the year ended 31 December 2004.

These consolidated financial statements have been approved by the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made in the preparation of the consolidated financial statements, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of BNP Paribas and its subsidiaries at 31 December 2004 and the consolidated results of operations for the year then ended, in accordance with the accounting rules and principles applicable in France.

Justification of our assessments

In accordance with the requirements of article L. 225-235 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the following matters:

For all companies carrying out banking activities, significant accounting estimates are required for provisioning credit risk, and for determining the fair value of financial instruments, investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment:

• BNP Paribas records provisions to cover the credit risks inherent to its business (notes 1, 4, 8 and 19 to the consolidated financial statements). As part of our assessment of these estimates, we examined the control procedures applicable for monitoring credit risks, assessing irrecoverability risks and determining the related specific and general provisions;

• BNP Paribas uses internal models to value its positions on financial instruments which are not listed on organised exchanges (note 1 to the consolidated financial statements). As part of our assessment of these estimates, we examined the control procedures applicable to the verification of these models and the determination of the parameters used;

• investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment are recorded at the lower of cost and fair value. Fair value is determined based on available information using a multi-criteria approach (note 1 to the consolidated financial statements). As part of our assessment of these estimates, we examined the data used to determine fair value for the main items within these portfolios.

We assessed whether these estimates were reasonable.

Our assessments on these matters were made in the context of the performance of our audit of the consolidated financial statements taken as a whole and therefore contributed to expressing our opinion set out in the first part of this report.

Specific verification

In accordance with professional standards applicable in France, we have also verified the information given in the Group management report. We have no matters to report with regard to its fair presentation and conformity with the consolidated financial statements.

Neuilly-sur-Seine, Paris and La Défense, 25 February 2005

The Statutory Auditors

Barbier Frinault & Autres	**PricewaterhouseCoopers Audit**	**Mazars & Guérard**
		Mazars
Radwan Hoteit	Étienne Boris	Hervé Hélias

STATUTORY AUDITORS' REPORT ON THE INTERNAL CONTROL REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

Statutory Auditors' Report, prepared in accordance with the last paragraph of article L. 225-235 of the French Commercial Code, on the report of the Chairman of the Board of Directors of BNP Paribas concerning internal control procedures used for the preparation and processing of accounting and financial information.

Year ended 31 December 2004

Barbier Frinault & Autres	PricewaterhouseCoopers Audit	Mazars & Guérard
Ernst & Young		Mazars
41, rue Ybry	32, rue Guersant	Le Vinci - 4, allée de l'Arche
92576 Neuilly-sur-Seine Cedex	75017 Paris	92075 Paris La Défense

BNP Paribas
16, boulevard des Italiens
75009 Paris

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To the shareholders,

In our capacity as Statutory Auditors of BNP Paribas and in accordance with the last paragraph of article L. 225-235 of the French Commercial Code, we hereby present our report on the report prepared by the Chairman of the Board of Directors of BNP Paribas in accordance with article L. 225-37 of the French Commercial Code for the year ended 31 December 2004.

In his report, the Chairman of the Board of Directors is required to report on the preparation and organisation of the work carried out by the Board of Directors and the internal control procedures implemented within the company.

Our responsibility is to provide you with our comments on the information contained in the Chairman's report concerning the internal control procedures relating to the preparation and processing of accounting and financial information.

We performed our work in accordance with the professional guidelines applicable in France. These require us to perform procedures to assess the fairness of the information set out in the Chairman's report on the internal control procedures used for the preparation and processing of accounting and financial information. These procedures included:

- obtaining an understanding of the objectives and the general organisation of the company's internal controls and the internal control procedures relating to the preparation and processing of accounting and financial information, as described in the Chairman's report;
- obtaining an understanding of the work performed to support the information given in the report.

Based on our procedures referred to above, we have nothing to report on the description of the company's internal control procedures relating to the preparation and processing of accounting and financial information, as described in the report of the Chairman of the Board of Directors, prepared in accordance with the last paragraph of article L. 225-37 of the French Commercial Code.

Neuilly-sur-Seine, Paris and La Défense, 25 February 2005

The Statutory Auditors

Barbier Frinault & Autres	PricewaterhouseCoopers Audit	Mazars & Guérard
		Mazars
Radwan Hoteit	Étienne Boris	Hervé Hélias

BALANCE SHEET OF BNP PARIBAS SA

ASSETS

In millions of euros, at 31 December	2004	2003	2002
Interbank and money-market items:			
Cash and amounts due from central banks and post office banks	4,372	3,081	8,093
Treasury bills and money-market instruments	86,299	69,541	48,572
Due from credit institutions	218,223	204,851	188,120
Total interbank and money-market items	**308,894**	**277,473**	**244,785**
Customer items:			
Due from customers	225,901	181,350	164,573
Leasing receivables	80	111	151
Total customer items	**225,981**	**181,461**	**164,724**
Bonds and other fixed income instruments	**54,030**	**41,890**	**31,057**
Equities and other variable income instruments	**4,180**	**4,452**	**2,938**
Investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment:			
Investments in non-consolidated undertakings and other participating interests	30,682	27,486	31,082
Equity, securities held for long-term investment	1,997	1,998	2,132
Total investments in non-consolidated undertakings, other participating interests, and equity securities held for long-term investment	**32,679**	**29,484**	**33,214**
Tangible and intangible assets	**3,554**	**3,618**	**3,498**
Treasury shares	**2,426**	**1,781**	**979**
Accrued income and other assets	**81,887**	**77,863**	**85,400**
Total assets	**713,631**	**618,022**	**566,595**
COMMITMENTS GIVEN			
Financing commitments given	129,171	126,688	103,340
Guarantees and endorsements given	76,758	58,010	62,493
Commitments related to securities	5,188	5,233	4,693
Commitments incurred on forward and options contracts	20,934,612	18,450,640	13,533,521

Liabilities and shareholders' equity

In millions of euros, at 31 December	2004	2003	2002
Interbank and money-market items:			
Due to central banks and post office banks	201	17	98
Due to credit institutions	239,810	215,080	192,994
Total interbank and money-market items	**240,011**	**215,097**	**193,092**
Customer items	**190,434**	**163,368**	**143,448**
Debt securities:			
Retail certificates of deposit	83	98	174
Interbank market securities	1,184	1,018	1,020
Negotiable certificates of deposit	87,914	73,561	68,521
Bonds	7,735	7,427	8,709
Other debt instruments	7		108
Total debt securities	**96,923**	**82,104**	**78,532**
Accrued expenses and other liabilities	**140,557**	**111,888**	**106,074**
Provisions for contingencies and charges	**3,497**	**3,692**	**3,754**
Subordinated debt	**14,431**	**15,367**	**16,576**
Reserve for general banking risks	**733**	**759**	**908**
Shareholders' equity:			
Share capital	1,769	1,806	1,790
Additional paid-in capital in excess of par and premium on acquisition	6,434	7,110	6,881
Retained earnings	15,560	14,472	12,710
Total shareholders' equity	**23,763**	**23,388**	**21,381**
Net income	**3,282**	**2,359**	**2,830**
Total liabilities and shareholders' equity	**713,631**	**618,022**	**566,595**
COMMITMENTS RECEIVED			
Financing commitments received	16,774	33,726	15,609
Guarantees and endorsements received	48,031	39,234	38,233
Commitments related to securities	5,878	4,579	4,905

PROFIT AND LOSS ACCOUNT OF BNP PARIBAS SA

In millions of euros	2004	2003	2002
Interest income	*16,739*	*16,348*	*20,341*
Interest expense	*(14,040)*	*(13,690)*	*(18,086)*
Net interest income	2,699	2,658	2,255
Income on equities and other variable income	1,720	1,926	1,696
Commission income	*4,007*	*3,319*	*3,624*
Commission expense	*(1,257)*	*(1,086)*	*(872)*
Net commission income	2,750	2,233	2,752
Net gains on sales of trading account securities	2,279	2,408	2,377
Net gains on sales of securities available for sale	150	92	90
Other banking income	*226*	*269*	*329*
Other banking expenses	*(307)*	*(364)*	*(487)*
Net other banking income (expense)	(81)	(95)	(158)
Net banking income	**9,517**	**9,222**	**9,012**
Operating expense:			
Personnel costs	(3,764)	(3,757)	(3,627)
Other administrative expenses	(1,693)	(1,639)	(1,760)
Total operating expense	(5,457)	(5,396)	(5,387)
Depreciation, amortisation and provisions on tangible and intangible assets	(437)	(428)	(325)
Gross operating income	**3,623**	**3,398**	**3,300**
Net additions to provisions for credit risks and country	(166)	(715)	(820)
Operating income	**3,457**	**2,683**	**2,480**
Gains or losses on disposals of long-term investments	783	(70)	364
Income before tax, non-recurring items and movements in the reserve for general banking risks	**4,240**	**2,613**	**2,844**
Net non-recurring expense	(321)	(416)	(67)
Corporate income tax	(715)	(12)	66
Movements in the reserve for general banking risks and regulated provisions	78	174	(13)
Net income	**3,282**	**2,359**	**2,830**

NOTE 1
ACCOUNTING POLICIES OF BNP PARIBAS SA

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

Year-on-Year Comparisons

The effect on opening shareholders' equity at 1 January 2002 of applying *Comité de la Réglementation Comptable* standard CRC 2000-06 concerning liabilities is not material. Application of the new standard does not affect comparisons of the three financial years presented in these financial statements.

Up until 30 September 2002, investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment were stated at the lower of cost and fair value, corresponding mainly to the average market price for the last 24 months or the market value determined as close as possible to the year-end, in the case of investments that have suffered a permanent impairment in value.
Since that date, fair value is determined based on available information using a multi-criteria valuation approach, including the discounted future cash flows, sum-of-the digits and net asset value methods as well as analysis of ratios commonly used to assess future yields and exit opportunities for each line of securities (see note below on securities).

Standard CRC 2002-10 relating to the depreciation, amortisation and impairment of assets – amended by standard CRC 2003-07 dated 12 December 2003 – contains measures concerning the date and consequences of the standard's first-time application, which is compulsory from 1 January 2005. BNP Paribas SA has not opted for early application and is not affected by the applicable transitional measures relating to provisions for major repairs. Moreover, as BNP Paribas SA has not identified significant expenditure concerning multi-year programmes for maintenance or overhaul, these standards had no impact on opening shareholders' equity at 1 January 2003.

Standard CRC 2002-03 dealing with credit risks, the classification methods to be applied to doubtful and restructured loans, and loan restructurings at below market rates of interest, has been adopted as from 1 January 2003, based on Opinion 2003-G issued by the *Comité d'Urgence* du *Conseil National de la Comptabilité* (French National Accounting Board Urgent Issues Taskforce) on 18 December 2003 and the press release dated 21 November 2003 issued by the *Conseil National de la Comptabilité* (CNC).
For BNP Paribas SA, application of this standard to restructured loans classified as sound carried in the balance sheet at 31 December 2003 led to the recognition of a EUR 51 million discount, recorded under provisions, corresponding to the difference between the new interest rate on restructured loans classified as sound and the market rate prevailing on the restructuring date. The discounted interest differential will be taken into account in determining the lending margin on the loans concerned. Application of the new standard led to the reclassification under irrecoverable loans of EUR 540 million worth of loans previously considered as giving rise to a country risk.
The loans in question consist of restructured loans that are once again in default. The corresponding provisions, in the amount of EUR 273 million, which were previously included in provisions for country risks, were reclassified in 2003 under provisions for specific risks (note 6).

This standard also introduced two sub-categories of loans: sound loans restructured not at market terms, which are included under sound loans, and irrecoverable loans which are included under doubtful loans.

The *Comité d'Urgence*'s opinion dated 21 January 2004 provides guidelines on the accounting treatment of the consequences of certain provisions of the Pensions Reform Act (Act no. 2003-775 dated 21 August 2003). Under the new rules, employees can elect to retire before the age of 65, but cannot be required to do so by their employer. The statutory retirement bonus payable when they retire is subject to payroll taxes. Previously, retirement bonuses paid to employees who retired at their employer's request were exempt from payroll taxes. The actuarial assumptions used to calculate the related benefit obligation have been revised to take account of these changes, leading to an additional cost of EUR 199 million in 2003 (see note 29) in order to provide for the obligation in full, in accordance with Group policies.

Interbank and Money-market Items, Customer Items (Assets)

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 assets purchased under resale agreements, whatever the type of assets concerned, and receivables corresponding to securities sold under collateralised 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, assets purchased under resale agreements, whatever the type of assets concerned, and receivables corresponding to securities sold under collateralised repurchase agreements. They are broken down between commercial loans, customer accounts in debit and other loans.

Outstanding loans and confirmed credit facilities are classified into sound loans – including sound restructured loans – and doubtful loans. The same analysis is performed for credit risks attached to forward financial instruments whose present value represents an asset for the Group.

Credit risks on outstanding loans and confirmed credit facilities are monitored using an internal rating system, based on two key parameters: the probability of default by the counterparty, expressed as a rating, and the overall recovery rate determined by reference to the type of transaction. There are 12 counterparty ratings, ten covering sound loans and two corresponding to doubtful loans and loans classified as irrecoverable.

Doubtful loans are defined as loans where the bank considers that there is a risk of borrowers being unable to honour all or part of their commitments. This is considered to be the case of all loans on which one or more instalments are more than three months overdue (six months in the case of real estate loans and twelve months for loans to local governments), as well as loans for which legal collection procedures have been launched. When a loan is classified as doubtful, all other loans and commitments to the debtor are automatically assigned the same classification.

A provision is booked on these loans, for an amount corresponding to the portion of the outstanding principal that is not expected to be recovered plus unpaid interest. In all cases, the provision at least covers the total amount of accrued interest, unless the value of the guarantees held by the bank covers the principal and all or part of the interest due. Guarantees include mortgages and pledges on assets, as well as credit derivatives acquired by the Bank as a protection against credit losses.

In the case of doubtful loans where the debtor has resumed making regular payments in accordance with the original repayment schedule, the loan is reclassified as sound. Doubtful loans that have been restructured are also reclassified as sound, provided that the restructuring terms are met. If a restructured loan reclassified as sound is not at market terms, it is recorded in a separate account at nominal value less a discount corresponding to the difference between the new interest rate and the lower rate between the original rate of interest and the market rate prevailing at the time of the restructuring. If any instalments on a restructured loan are not paid, whatever the terms of the restructuring, the loan is permanently reclassified as irrecoverable.

Small loans to private individuals in France which have been the subject of a "Neiertz Act" restructuring (loans to consumers who have accumulated unmanageable levels of debt) are reclassified as sound only when the account manager is satisfied that the client will be able to fulfil his or her repayment commitments until the entire loan has been repaid. No discount is applied to loans that are reclassified as sound. However a statistical provision is recorded, based on the estimated risk of losses. This provision is at least equal to the sum of the discounts that would have been deducted from the loans' carrying value.

Irrecoverable loans include loans to borrowers whose credit standing is such that after a reasonable time recorded in doubtful loans, no reclassification as sound loans is foreseeable, loans where an event of default has occurred, restructured loans where the borrower has once again defaulted, and loans classified as doubtful for more than one year that are in default and are not secured by guarantees covering substantially all of the amount due. Irrecoverable loans are written off when all legal and other avenues open to the Bank to secure payment of the amounts due have been exhausted.

Interbank and customer items are stated at their nominal value plus accrued interest. Discounts on restructured loans calculated as described above are deducted from the carrying value of the loan and amortised over the remaining life of the loan by the yield-to-maturity method.

Provisions for credit risks on assets are deducted from the carrying value of the assets. Provisions recorded under liabilities include provisions related to off-balance sheet commitments, provisions for losses on interests in real estate development programmes, provisions for claims and litigation, provisions for unidentified contingencies and provisions for unforeseeable industry risks.

Additions to and recoveries of provisions, bad debts written off, recoveries on loans covered by provisions and discounts calculated on restructured loans are recorded in the profit and loss account under "Net additions to provisions 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. Amortisation of discounts on restructured loans, calculated by the yield-to-maturity method, is included in net banking income along with the interest on the loans.

Accrued interest is recorded periodically on sound loans – including restructured loans – and on doubtful loans that are not classified as irrecoverable. Interest on doubtful loans classified as irrecoverable is recorded in the profit and loss account on a cash basis.

Securities

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

In application of standard CRC 2000-02, securities are classified as "Trading account securities", "Securities available for sale", "Equity securities available for sale in the medium-term", "Debt securities held to maturity", "Equity securities held for long-term investment", "Other participating interests", and "Investments in non-consolidated undertakings".

Where a credit risk has occurred, fixed income securities held in the "available for sale" or "held to maturity" portfolio are classified as doubtful, based on the same criteria as those applied to doubtful loans and commitments.
Variable income securities may also be classified as doubtful if an issuer default risk has occurred. This is the case, in particular, where the issuer has filed for bankruptcy.

When securities exposed to counterparty risk are classified as doubtful and the related provision can be separately identified, the corresponding charge is included in "Provisions for credit risks and country risks".

- **Trading Account Securities**

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

- **Securities Available 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) and probable market value, which is generally determined on the basis of stock market prices. Accrued interest is posted to the profit and loss account under "Interest income on bonds and other fixed income instruments".

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 profit and loss account. In the balance sheet, their carrying value is amortised to their redemption value over their remaining life.

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

The cost of sold securities available for sale is determined on a first in, first out (FIFO) basis. Disposal gains or losses and additions to and reversals of lower of cost and market provisions are reflected in the profit and loss account under "Net gains on sales of securities available for sale".

- **Equity Securities Available for Sale in the Medium-term**

This category corresponds to investments made for portfolio management purposes, with the aim of realising a profit in the medium-term without investing on a long-term basis in the development of the issuer's business. "Equity securities available for sale in the medium-term" include venture capital investments.

"Equity securities available for sale in the medium-term" are recorded individually at the lower of cost and fair value. Fair value takes into account the issuer's general development outlook and the planned holding period. The fair value of listed stocks corresponds primarily to the average stock market price determined over an appropriately long period.

- **Debt Securities Held to Maturity**

Fixed income securities (mainly bonds, interbank market securities, Treasury bills and other negotiable debt securities) are recorded under "Debt securities held to maturity" to reflect BNP Paribas' intention of holding them on a long-term basis, in principle to maturity. 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 profit and loss account. In the balance sheet, their carrying value is amortised to their redemption value over their remaining life.

Interest on debt securities held to maturity 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 jeopardises redemption at maturity.

- **Equity Securities Held for Long-term Investment**

This category includes shares and related instruments that BNP Paribas SA intends to hold on a long-term basis in order to earn a satisfactory long-term rate of return 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 long-term investment" are recorded individually at the lower of cost and fair value. Fair value is determined based on available information using a multi-criteria valuation approach, including the discounted future cash flows, sum-of-the-digits and net asset value methods, as well as analysis of ratios commonly used to assess future yields and exit opportunities for each line of securities. For simplicity, listed securities acquired for less than EUR 10 million may be valued based on the average stock market price over the last three months.

Disposal gains and losses and provision movements are reported in the profit and loss account under "Gains (losses) on disposals of long-term assets".

Dividends received are posted to income under "Income on equities and other variable income instruments" on a cash basis.

- **Non-consolidated Undertakings and Other Participating Interests**

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

Investments in subsidiaries and affiliates are recorded individually at the lower of cost and fair value. Fair value is determined based on available information using a multi-criteria valuation approach, including the discounted future cash flows, sum-of-the-digits and net asset value methods, as well as analysis of ratios commonly used to assess future yields and exit opportunities for each line of securities. For simplicity, listed securities acquired for less than EUR 10 million may be valued based on the average stock market price over the last three months.

Disposal gains and losses and provision movements are reported in the profit and loss account under "Gains (losses) on disposals of long-term assets".

Dividends are posted to "Income on equities and other variable income instruments" when they have been declared by the issuers' shareholders or on a cash basis when the shareholders' decision is not known.

Treasury Shares Held by BNP Paribas SA

Treasury shares held by BNP Paribas SA are classified and valued as follows:

- Shares acquired in order to stabilise the share price or in connection with index trading and arbitrage transactions are recorded under "Trading account securities" at their market price.

- Shares held for allocation to employees are recorded at the lower of cost and market price under "Securities available for sale". Where appropriate, a provision is booked for the difference between the cost of the shares and the exercise price of the related employee stock purchase options.

- Shares that are intended to be cancelled or that are not being held for either of the above reasons are included in long-term investments. Shares intended to be cancelled are stated at cost. All other shares are stated at the lower of cost and fair value.

Fixed Assets

Buildings and equipment are stated at cost or valued in accordance with France's appropriation laws of 1977 and 1978. Revaluation differences on non-depreciable assets, recorded at the time of these legal revaluations, are included in share capital. Assets leased by the Bank are recorded 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. The difference between tax depreciation (accelerated method) and book depreciation (generally straight-line method) is recorded under "Regulated deductions – Accelerated depreciation" in liabilities. No deferred income tax is calculated on the difference between book and tax depreciation.

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

Interbank and Money-market Items and Customer Items (Liabilities)

Amounts due to credit institutions are classified into demand accounts and time deposits and borrowings. Customer deposits are classified into 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.

Debt Securities

Debt securities are analysed 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 debt securities is recorded on a separate line of the balance sheet and is debited to the profit and loss account.

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

Country Risk Provisions

Provisions for country risks 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 debtors in the event of a constant and durable deterioration of the overall situation and economies of these countries. Country risk provisions and write-backs are reflected in the profit and loss account under "Net additions to provisions for credit risks and country risks".

Provisions for Unforeseeable Industry Risks

BNP Paribas SA records provisions for unforeseeable industry and other risks in order to cover losses and expenses that are not certain of being incurred and the amount of which cannot be reliably estimated. These provisions are reversed and replaced by specific provisions in cases where the loss or expense becomes certain and can be reliably estimated.

Reserve for General Banking Risks

BNP Paribas SA has set up a reserve for general banking risks in accordance with the principle of prudence.

Specific additions to, and deductions from, this reserve are reflected in the profit and loss account under "Movements in the reserve for general banking risks".

Provisions not Set Up in Connection with Banking or Banking-related Transactions

BNP Paribas SA records provisions for clearly identified contingencies and charges, of uncertain timing or amount. In accordance with current regulations, these provisions which are not connected with banking or banking-related transactions may only be recorded if the Bank has an obligation to a third party at the year-end and no equivalent economic benefits are expected from that third party.

Provisions for Credit and Country Risks

Provisions for credit risks and country risks include expenses arising from counterparty risks, including country risks, litigation and fraud inherent to banking operations conducted with third parties. Net movements in provisions for contingencies and charges that do not fall under the above category of risks are classified in the profit and loss account according to their type.

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

• **Market Value of Financial Instruments**

Financial instruments are measured based on their market value when they are listed, or based on internal models where no organised market exists. The value determined by applying these models is adjusted to take into account inherent model and liquidity risks.

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 year-end or prices obtained from brokers or counterparties, backed up by qualitative analyses.

• **Forward Interest Rate Instruments**

Interest rate futures and options contracts forming part of the trading portfolio and traded on organised exchanges are marked to market at the balance sheet date. Realised and unrealised gains and losses are taken to income under "Net gains (losses) on sales of trading account securities".

Gains and losses on certain OTC contracts representing isolated open positions are taken to income either when the contracts are unwound or on an accruals basis, depending on the nature of the instruments. Provisions for contingencies are booked to cover unrealised losses on a contract by contract basis, taking into account potential gains and losses on related specific hedges.

Income and expenses on interest rate contracts designated at the outset as hedging operations are recognised on a symmetrical basis with the income or expense on the underlying instrument.

• **Forward Currency Instruments**

Options contracts are marked to market and the resulting unrealised gains and losses 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 spot rate prevailing at the end of the year. Differences between the spot and forward rates (contango and backwardation) for hedged forward currency transactions are recognised on an accruals basis and posted to the profit and loss account over the life of the hedged 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 transactions, unrealised gains and losses on contracts that have not been unwound by the balance sheet date are posted directly to income. Gains and losses on equity and equity index contracts designated as hedges are recognised on a symmetrical basis with the gain or loss on the underlying hedged 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 profit and loss account.

• **Credit Risk Management Instruments**

Instruments intended to protect loan portfolios against counterparty risks are treated as guarantees received. Credit derivatives purchased and sold in connection with trading transactions and structured product sales are valued using internal models, based on market data where available. The revenue determined by applying these models is adjusted to take into account inherent model and liquidity risks.

Corporate Income Tax

In France, the standard corporate income tax rate is 33 1/3%. Long-term capital gains are taxed at a rate of 19%. Under the new tax regime approved at the end of 2004, capital gains will be taxed at 15% as from 2005 and gains and losses on disposals of certain investments in non-consolidated undertakings will be taxed at 8% in 2006 and at 0% thereafter.

Dividends received from companies in which BNP Paribas SA has an ownership interest of more than 5% and which benefit from the parent-subsidiary tax regime are non-taxable.

The French government imposed a 3% surtax on corporate income for financial years 2002 to 2004, which reduced to 1.5% for 2005. A further surtax of 3.3% has been levied on corporate income since 1 January 2000. The Bank has taken these surtaxes into account to determine current taxes for each period concerned.

A charge for corporate income tax is taken in the period in which the related taxable income and expenses are booked, regardless of the period in which the tax is actually paid. BNP Paribas SA recognises deferred taxes for all temporary differences between the book value of assets and liabilities and their tax basis according to the liability method. Recognition of deferred tax assets depends on the probability of recovery.

Profit-sharing

As required by French law, BNP Paribas SA provides for profit sharing in the year in which the profit arises, and reports the provision under salaries in the profit and loss account.

Pensions and Other Post-retirement Benefit Obligations

Provision is made for long-service awards, supplementary pension benefits and other awards payable to active and retired employees, except where employer contributions are in full discharge of any future liabilities, in which case the contributions are charged to the profit and loss account in the period of payment.

Pension Obligations Towards Retired Employees

Upon retirement, BNP Paribas SA employees receive pensions according to the laws and customs prevailing in the countries where the Bank operates.

In France, retired employees of BNP Paribas SA are entitled to the following pension benefits starting 1 January 1994, pursuant to an industry-wide agreement on pensions signed in September 1993 between the *Association Française des Banques* and employee representatives:

- retired employees receive pension benefits from the social security system and two nation-wide organisations, which are financed by contributions received from employers and employees. The systems operate on a pay-as-you-go basis.

- retired employees receive additional benefits from the BNP Paribas pension fund and the banking industry pension funds to which the Bank contributes, relative to services rendered prior to 1 January 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 proportion.

The contributions paid by BNP Paribas SA to these schemes are recorded in expenses for the period.

The working capital contributions made to the two nation-wide pension organisations in 1994 are treated as prepaid expenses and amortised over the average number of years left to retirement of BNP SA participating employees, which is currently twenty years. For Paribas employees, the contribution has been deducted from the reserves of the Paribas pension fund.

Outside France, BNP Paribas SA and its employees contribute to mandatory pension plans which are generally managed by independent organisations.

For defined benefit plans, BNP Paribas SA records provisions for benefit obligations where the present value of the obligation exceeds the market value of the plan assets. Benefit obligations are determined on an actuarial basis at each year end. The year-on-year increase or decrease in the net funded obligation, corresponding to actuarial differences arising from changes in demographic and financial assumptions or in estimated yields on plan assets, is recognised over the expected average remaining service lives of employees covered by the plans, net of an amount equal to a certain percentage of the discounted benefit obligation, set by convention at 10%. In the interest of prudence, the deferred portion of the actuarial difference is limited in all cases to an amount equivalent to that of the net change in the benefit obligation over the year.

For defined contribution plans, BNP Paribas SA records contributions as an expense in the period they are paid.

Other Employee Benefits

Under various agreements, BNP Paribas SA is committed to pay early retirement, retirement and seniority bonuses, healthcare costs and other benefits to its employees.

Each year, BNP Paribas estimates the net present value of these commitments and adjusts the related provision, applying the same method as for pension benefits.

Recognition of Revenue and Expenses

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

Foreign Currency Transactions

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

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

Foreign Currency Translation

Monetary and non-monetary foreign currency-denominated assets and liabilities of foreign branches have been translated into euros at the year-end exchange rate. Translation adjustments regarding the capital made available to BNP Paribas SA branches outside of France are included in "Accrued income" and "Accrued expense".

BNP PARIBAS SA FIVE-YEAR FINANCIAL SUMMARY

	BNP Paribas SA				
	2000	2001	2002	2003	2004
Capital at year-end					
a) Share capital	1,792,258,860 (1)	1,771,942,784 (2)	1,790,347,678 (3)	1,806,343,230 (4)	1,769,400,888 (5)
b) Number of common shares issued and outstanding	448,064,715 (1)	442,985,696 (2)	895,173,839 (3)	903,171,615 (4)	884,700,444 (5)
c) Number of shares to be issued through the exercise of rights		17,704,434	18,372,079	23,734,549	24,359,164
Results of operations for the year					
a) Total revenues excluding VAT	37,588,553,951	37,064,085,322	28,973,762,964	24,361,520,679	25,095,074,515
b) Income before tax, non-recurring items profit sharing, depreciation and provisions	3,559,312,573	5,391,841,471	3,697,344,223	4,042,278,418	4,037,415,805
c) Income taxes	-499,029,941	373,086,382	66,294,745	-11,461,665	-714,643,630
d) Profit-sharing	90,116,125	72,950,531	46,156,022	73,664,330	102,947,868 (6)
e) Net income	3,386,203,219	3,925,144,188	2,830,067,503	2,358,756,302	3,281,771,449
f) Total dividends	1,008,463,624	1,063,947,593	1,075,055,789	1,310,242,626	1,770,438,404
Earnings per share					
a) Earnings after tax and profit-sharing but before non-recurring items depreciation and provisions	8,81	11,12	4,12	4,41	3,67
b) Earnings per share	7,56	8,85	3,16	2,61	3,71
c) Dividend per share	2,25 (7)	1,20 (8)	1,20 (9)	1,45 (10)	2,00 (11)
Employee data					
a) Number of employees at year-end (12)	45,452	45,870	44,908	44,060	44,534
b) Total payroll	2,614,012,376	2,613,281,535	2,484,565,532	2,487,721,635	2,728,535,537
c) Total benefits	1,055,133,353	861,936,161	895,525,367	982,590,077	991,640,524

(1) The share capital was increased to EUR 1,800,517,976 from EUR 1,798,666,976 on exercise of employee stock options for EUR 1,851,000. Following these share issues, the Board of Directors used the authorisation given by the 23 May 2000 Annual General Meeting to cancel the EUR 7,053,612 BNP shares held by Paribas for EUR 28,214,448 thereby reducing the capital from EUR 1,800,517,976 to EUR 1,772,303,528. The capital was then increased to EUR 1,792,258,860 from EUR 1,772,303,528 through the EUR 19,285,612 private placement reserved for BNP Paribas staff members, and on exercise of employee stock options for EUR 669,720.

(2) The share capital was increased to EUR 1,792,824,220 from EUR 1,792,258,860 on exercise of employee stock options for EUR 565,360. Following these share issues, the Board of Directors used the authorisation given by the 15 May 2001 Annual General Meeting to cancel the 9,000,000 shares for EUR 36,000,000 thereby reducing the capital from EUR 1,792,824,220 to EUR 1,756,824,220.The capital was then increased to EUR 1,771,942,784 from EUR 1,756,824,220 through the EUR 13,447,684 private placement reserved for BNP Paribas staff members, and on exercise of employee stock options for EUR 1,670,880.

(3) The share capital was increased to EUR 1,773,245,988 from EUR 1,771,942,784 on exercise of employee stock options for EUR 1,303,204. Following these share issues, the Board of Directors used the authorisation given by the 15 May 2001 Annual General Meeting (12th resolution) to carry out a two-for-one share split and reduce the par value of the shares to EUR 2. The split shares have been traded on the Market since 20 February 2002. The capital was then increased to EUR 1,790,347,678 from EUR 1,773,245,988 through the EUR 15,247,598 private placement reserved for BNP Paribas staff members, and on exercise of employee stock options for EUR 1,854,092.

(4) The share capital was increased to EUR 1,791,759,648 from EUR 1,790,347,678 on exercise of employee stock options for EUR 1,411,970. The capital was then increased to EUR 1,806,343,230 from EUR 1,791,759,648 through the EUR 13,346,720 private placement reserved for BNP Paribas staff members and on exercise of employee stock options for EUR 1,236,862.

(5) The share capital was increased to EUR 1,807,231,208 from EUR 1,806,343,230 on exercise of employee stock options for EUR 887,978. Following these share issues, the Board of Directors used the authorisation given by the 14 May 2003 Annual General Meeting (18th resolution) to cancel the 25,000,000 shares for EUR 50,000,000 thereby reducing the capital from EUR 1,807,231,208 to EUR 1,757,231,208. The capital was then increased to EUR 1,769,400,888 from EUR 1,757,231,208 through the EUR 10,955,724 private placement reserved for BNP Paribas staff members and on exercise of employee stock options for EUR 1,213,956.

(6) Provision made during the year.

(7) Paid to 448,206,055 shares, taking into account the 141,340 new shares, with rights from 1 January 2000, recorded on 29 January 2001, including 27,450 shares issued in connection with former BNP stock option plans, and 113,890 shares issued in connection with former Paribas plans (Banque Paribas, Cardif, Cie Financière Paribas and Cie Bancaire).

(8) Paid to 443,311,497 shares, taking into account the 325,801 new shares wth rights from 1 January 2001, recorded on 17 January 2002, including 193,182 shares issued in connection with former BNP stock option plans, and 132,619 shares issued in connection with former Paribas plans (Banque Paribas, Cardif, Cie Financière Paribas and Cie Bancaire), as well as the two-for-one split of 20 February 2002 which increased the number of shares to 886,622,994.

(9) Paid to 895,879,824 shares, taking into account the 705,985 new shares, with rights from 1 January 2002, recorded on 23 January 2003, including 280,150 shares issued in connection with former BNP stock option plans, and 425,835 shares issued in connection with former Paribas plans (Banque Paribas, Cardif, Cie Financière Paribas and Cie Bancaire).

(10) Paid to 903,615,604 shares, taking into account the 443,989 new shares, with rights from 1 January 2003, recorded on 28 January 2004, including 169,545 shares issued in connection with former BNP stock option plans, and 274,444 shares issued in connection with former Paribas plans (Cardif and Cie Bancaire).

(11) Paid to 885,219,202 shares, taking into account the 518,758 new shares, with rights from 1 January 2004, recorded on 25 January 2005, including 350,171 shares issued in connection with former BNP stock option plans, and 125,867 shares issued in connection with former Paribas plans (Cardif and Cie Bancaire).

(12) For France, part-time employment is prorated according to the length of time worked.

Subsidiaries and affiliates

Subsidiaries and affiliates	Currency	Exchange rate	Share capital [a]	Reserves and retained earnings before income appropriation [a]	Last published revenues [a]
I - Detailed information about subsidiaries and associated companies whose book value exceeds 1% of BNP Paribas share capital					
1. Subsidiaries (more than 50%-owned)					
Antin Bail	EUR	1.00000	18,000	7,855	255
Antin Participation 4	EUR	1.00000	129,523	37,992	838
Antin Participation 5	EUR	1.00000	150,040	529	53
BNP Ireland	EUR	1.00000	427,813	86,746	130,078
Banque de Bretagne	EUR	1.00000	52,921	13,727	117,344
BNP Andes	USD	1.35840	50,000	(2,836)	7,855
BNP Equities Asia Ltd	USD	1.35840	60,000	74	(18)
BNP Intercontinentale	EUR	1.00000	30,523	(3,643)	1,713
BNP Mexico Holding	USD	1.35840	30,000	(482)	12
BNP Paribas Bank Polska	PLN	4.07520	193,400	99,392	363,088
BNP Paribas BDDI Participations	EUR	1.00000	42,383	49,868	26,403
BNP Paribas Bulgaria	USD	1.35840	27,206	(2,424)	8,861
BNP Paribas Canada	CAD	1.62893	315,637	57,657	263,246
BNP Paribas China Limited	USD	1.35840	72,624	6,742	5,423
BNP Paribas Hungaria Bank Rt	HUF	245.32025	3,500,000	8,057,464	13,003,484
BNP Paribas Immobilier	EUR	1.00000	79,500	8,025	32,130
BNP Paribas Private Bank	EUR	1.00000	68,672	42,515	17,158
BNP Paribas Réunion	EUR	1.00000	19,935	7,639	58,642
BNP Paribas Securities Ltd (Japan)	JPY	139.01866	80,800,000	3,815,000	91,971
BNP Paribas UK Holdings Ltd	GBP	0.70778	1,242,000	(1,302)	18,594
BNP Paribas ZAO	USD	1.35840	63,066	16,116	18,101
BNP PUK Holding Limited	GBP	0.70778	194,353	(6,699)	208,201
CIP Cie d'Investissements de Paris	EUR	1.00000	394,504	489,451	37,562
Cipango	JPY	139.01866	9,400,000	(68,838)	0
Compagnie Bancaire UK Fonds B	GBP	0.70778	1	84,909	14,722
Fidex Holding Limited	EUR	1.00000	300,015	(2,322)	25,196
Financière BNP Paribas	EUR	1.00000	1,158,268	230,755	66,646
Financière du Marché St-Honoré	EUR	1.00000	22,500	9,749	1,362
KLE 66	EUR	1.00000	2,174,364	1,659,017	839
Paribas Dérivés Garantis PDG	EUR	1.00000	121,959	(5,818)	18,302
Paribas Do Brasil Empres Part	BRL	3.60316	40,758	12,679	0
Paribas international	EUR	1.00000	371,790	1,167,474	21,761
Paribas Participation Limitée	EUR	1.00000	125	1,746	2,647
Paribas Peregrine Group	EUR	1.00000	45,040	(29)	2,878
Parilease SNC	EUR	1.00000	5,965	0	618
Société Financière pour Pays d'Outre-Mer	CHF	1.54688	39,892	2,841	4,834
Société Française Auxiliaire - SFA	EUR	1.00000	5,926	1,428,535	370,399
UCB Entreprises	EUR	1.00000	97,450	39,854	66,816
Union Crédit pour le Bâtiment - UCB	EUR	1.00000	32,702	221,789	591,357
BNP Paribas Equities France	EUR	1.00000	5,545	38,649	35,864
BNP Paribas Asset Management Group	EUR	1.00000	15,361	299,203	131,360

(a) In thousands of currency units. (b) In thousands of euros.

Last published net income (loss) [a]	Per cent interest held by BNP Paribas SA	Book value of shares Gross [b]	Book value of shares Net [b]	Including revaluation difference [b]	Dividends received during the year [b]	Outstanding loans and advances granted by BNP Paribas SA [b]	Guarantees and endorsements given by BNP Paribas SA [b]
1,122	100,00%	27,380	25,932		1,608		
801	100,00%	79,143	79,143		12,952		
25	100,00%	150,060	150,060		7 802		
4,661	100,00%	451,161	451,161				
18,120	100,00%	71,021	71,021		14,655	707,374	3
(110)	100,00%	37,471	35,397				
(24,177)	100.00%	45,172	45,172				
7,735	100.00%	63,211	63,211	21,742	27,318		
262	100.00%	22,085	19,683				
32,575	100.00%	78,699	78,699		4,838	174,225	
19,656	100.00%	104,870	104,870		12,715		
1,089	100.00%	18,477	18,477		832		3,415
30,074	100.00%	216,385	216,385	190			3,012,023
694	100.00%	60,208	60,208			44,454	
1,313,317	100.00%	42,252	42,252		1,964	165,244	340
33,816	100.00%	261,602	87,525		22,154		
1,361	100.00%	124,707	120,177	279	9,614	11,507	1,000
11,404	100.00%	25,246	25,246		957	94,000	
5,072,000	100.00%	586,319	586,319				
36,207	100.00%	1,724,629	1,724,629	16,180			
7,693	100.00%	60,000	60,000			183,156	
71,132	100.00%	315,686	315,686				
58,531	100.00%	597,982	597,982				
0	100.00%	68,619	67,123				
(16,718)	100.00%	22,373	22,373				
19,336	100.00%	300,001	300,001				
188,606	100.00%	1,638,253	1,413,797		71,035		
(857)	100.00%	25,492	25,492				
23,611	100.00%	3,744,867	3,744,867				
5,818	100.00%	121,959	121,959				877,787
3,679	100.00%	20,643	20,643				
50,949	100.00%	1,327,951	1,327,951				
2,585	100.00%	81,640	81,639		2,004		
458	100.00%	45,040	45,040				
(10,467)	100.00%	75,724	75,724			98,932	
19,336	100.00%	47,173	35,484	4,240	2,877		
394,048	100.00%	442,098	442,098		549,986	615,016	
78,095	100.00%	196,737	196,737			251,614	
111,886	100.00%	728,609	728,609		108,930	10,262,864	101,988
1,679	99,86%	46,991	46,991		1,231		
151,991	99,83 %	247,268	247,268	13	141,393		

Subsidiaries and affiliates	Currency	Exchange rate	Share capital [a]	Reserves and retained earnings before income appropriation [a]	Last published revenues [a]

I - Detailed information about subsidiaries and associated companies whose book value exceeds 1% of BNP Paribas share capital

1. Subsidiaries (more than 50%-owned) (cont.)

Subsidiaries and affiliates	Currency	Exchange rate	Share capital [a]	Reserves and retained earnings before income appropriation [a]	Last published revenues [a]
Cortal Consors	EUR	1.00000	54,521	263,278	95,929
BNP Paribas Indonesia	USD	1.35840	36,883	(19,266)	6,034
BancWest Corporation	USD	1.35840	1,069	4,758,617	2,096,793
Cetelem	EUR	1.00000	340,126	1,072,447	1,479,801
Antin Participation 7	EUR	1.00000	181,431	(70)	16,461
Kle 65	EUR	1.00000	578,133	95,028	7,734
Gestion et Location Holding	EUR	1.00000	265,651	912,006	33
BNP Paribas Securities Services	EUR	1.00000	165,280	485,756	571,894
Capstar Partners SAS	EUR	1.00000	2,247	57,295	11,570
BNP Paribas Brasil	BRL	3.60316	190,311	305,983	800,583
BNP Paribas Lease Group	EUR	1.00000	285,079	103,444	271,099
Francis Trees and Watts	USD	1.35840	11	(1,403)	0
BNP Paribas Assurance	EUR	1.00000	510,059	226,996	305,316
TOTAL					

2. Associated companies (10% to 50% owned)

Subsidiaries and affiliates	Currency	Exchange rate	Share capital [a]	Reserves and retained earnings before income appropriation [a]	Last published revenues [a]
Banca UCB	EUR	1.00000	72,240	2,072	87,945
Erbé	EUR	1.00000	120,430	550,040	0
BNP Paribas Développement	EUR	1.00000	68,000	53,978	15,983
BNP Paribas Suisse SA	CHF	1.54688	320,271	1,192,755	1,401,229
Changjiang BNPP Peregrine Securitie *	CNY	11.24280	600,000	n.a.	3,122
RIVP (Régie Immob. Ville de Paris	EUR	1.00000	31,474	32,042	284
Carbone Lorraine	EUR	1.00000	22,400	125,400	9,700
Finaxa	EUR	1.00000	230,910	3,748,911	0
ABN Amro Advisory Inc. **	EUR	1.00000	1,550,001	88,699	60,505
Tyler Trading **	USD	1.35840	2,101,558	64,350	56,489
Compagnie Financière Ottomane	EUR	1.00000	8,500	135,214	5,876
Crédit Logement	EUR	1.00000	1,123,980	42,496	103,758
Société Centrale d'Investissement	EUR	1.00000	500,141	3,527,204	2,278,585
Pargesa Holding SA	CHF	1.54688	1,698,700	453,500	0
BNP Paribas Luxembourg	EUR	1.00000	100,000	669,043	674,431
TOTAL					

** Data at 31 December 2003.* *** Data at 30 September 2004.* *(a) In thousands of currency units.* *(b) In thousands of euros.*

Subsidiaries and affiliates	Book value of shares		
	Gross	Net	Including revaluation difference

II - General information about other subsidiaries and associated companies

Subsidiaries and affiliates	Gross	Net	Including revaluation difference
French subsidiaries	588,151	308,683	1,107
Foreign subsidiaries	1,404,539	1,298,374	121
French associated companies	2,548,796	2,512,888	0
Foreign associated companies	246,575	222,079	3,128

Last published net income (loss) [a]	Per cent interest held by BNP Paribas SA	Book value of shares Gross [b]	Book value of shares Net [b]	Including revaluation difference [b]	Dividends received during the year [b]	Outstanding loans and advances granted by BNP Paribas SA [b]	Guarantees and endorsements given by BNP Paribas SA [b]
6,239	99.34%	748,844	748 844				
2,945	99.00%	58,651	29,562			23,760	15,908
337,811	98.74%	3,956,050	3,956,050		50,529	14,723	
153,492	98.14%	2,385,928	2,385,928		120,538	10,504,059	
11,775	95.77%	173,752	173,752				
9,938	94.52%	640,810	640,810		47,077		
30,452	94.25%	875,639	875,639				
48,842	90.44%	1,287,631	1,287,631	2,171		6,166,159	1,260,100
4,431	86.67%	50,697	50,697		3,057		
107,030	83.73%	91,290	91,290		7,052	165,730	66
150,663	74.80%	698,163	698,163		97,406	5,416,575	176,507
6,638	71.54%	70,926	70,926				
303,792	65.56%	450,861	450,861				
		25,834,444	25,383,184	44,815	1,320,525	34,899,392	5,449,137
11,603	49.00%	42,981	42,981		4,322		
26,002	47.01%	296,725	296,725		12,455		
13,875	45.24%	29,586	29,586			11,600	
112,859	43.15%	489,527	489,527	6,572		2,034,602	22,684
(15,608)	33.00%	20,690	20,690				
	30.77%	25,590	25,590		4,842		
(14,400)	20.97%	66,552	66,552				
320,000	20.90%	491,888	491,888		22,162		
54,617	19.35%	220,848	220,848		10,176		
36,698	19.03%	294,464	294,464		14,875		
6,993	18.61%	29,034	29,034		501		
49,246	16.50%	207,161	207,161		7,706		57,811
760,874	15.04%	671,655	671,655	3,825			
160,000	14.58%	564,544	564,544		14,884		
83,689	13.21%	253,934	211,416			815,317	32,330
		3,705,180	3,662,662	10,397	91,923	2,861,519	112,825

Acquisitions of equity interests by BNP Paribas SA

Changes in percent interests

5% disclosure threshold crossed

Unlisted	Federis Gestion d'Actif
Unlisted	Francefi
Unlisted	IFCIC
Unlisted	Integrated Finance Limited
Unlisted	Sagard Rail Invest
Unlisted	SGFGAS

10% disclosure threshold crossed

Listed	Pargesa Holding SA
Unlisted	Crédit Logement
Unlisted	Stet (Systèmes technologiques d'échanges et de traitement)

33.33% disclosure threshold crossed

Unlisted	Erbé
Unlisted	Verner Investissement

50% disclosure threshold crossed

Unlisted	Cofiloisirs SA

66.66% disclosure threshold crossed

Unlisted	Abbey National France	Unlisted	Pétale Participation 2
Unlisted	Antin Participation 16	Unlisted	Pétale Participation 3
Unlisted	Antin Participation 17	Unlisted	Pétale Participation4
Unlisted	Antin Participation 18	Unlisted	Pétale Participation 5
Unlisted	Antin Participation 19	Unlisted	Pétale Participation 6
Unlisted	Antin Participation 20	Unlisted	Sfom Inter Africa 1
Unlisted	Antin Participation 21	Unlisted	Sifida
Unlisted	Antin Participation 22	Unlisted	Tuileries Financement 7
Unlisted	AV Habitat SCPI	Unlisted	Tuileries Financement 8
Unlisted	Bergère Participation 6	Unlisted	Tuileries Financement 9
Unlisted	Bergère Participation 7	Unlisted	Tuileries Financement 10
Unlisted	Bergère Participation 8	Unlisted	Tuileries Financement 11
Unlisted	Bergère Participation 9	Unlisted	Tuileries Financement 12
Unlisted	BNPP Invest Immo	Unlisted	Tuileries Financement 13
Unlisted	Fidex Holdings Ltd	Unlisted	Tuileries Financement 14
Unlisted	Laffitte Participation 17	Unlisted	Tuileries Financement 15
Unlisted	Laffitte Participation 18	Unlisted	Tuileries Financement 16
Unlisted	Laffitte Participation 19	Unlisted	Tuileries Financement 17
Unlisted	Laffitte Participation 20	Unlisted	Tuileries Financement 18
Unlisted	Laffitte Participation 21	Unlisted	Tuileries Financement 19
Unlisted	Laffitte Participation 22	Unlisted	Tuileries Financement 20
Unlisted	Paribas Participation Limitée	Unlisted	UCB Entreprises
Unlisted	Pétale Participation 1		

Principal acquisitions and disposals in France and abroad

Threshold: EUR 20 million for listed equities and EUR 1 million for unlisted equities

Acquisitions in France

New investments

	Abbey National France
	Stet (Systèmes technologiques d'échanges et de traitement)
Intra-group	UCB Entreprises
	Verner Investissements

Bolt-on investments

	Capstar Partners
	Sofinergie 5

Subscriptions to share issues and related transactions

Intra-group	Antin Participation 7
Intra-group	BPLG-BNP Paribas Lease Group
	BMS Exploitation
Intra-group	BNP Paribas Asset Servicing
Intra-group	BNP Paribas Peregrine Groupe SAS
	Caisse Refin. de l'Habitat
Intra-group	Cetelem
Intra-group	Cortal Consors
	Crédit Logement (action B)
Intra-group	Finaxa
Intra-group	Laffitte Participation 2
Intra-group	Parilease SNC
Intra-group	Singapore Emma Finance II

Acquisitions outside France

New investments

Intra-group	Fidex Holdings Ltd	United Kingdom
	Integrated Finance Limited	United States
Intra-group	Paribas Participations limitée	Canada

Bolt-on investments

Intra-group	BICI Côte d'Ivoire	Ivory Coast
Intra-group	BNP Paribas Bulgaria AD	Bulgaria
Intra-group	Erbé (incl. VVPR)	Belgium
Intra-group	Pargesa Holding (incl. Nominative)	Switzerland
Intra-group	Power Corp. of Canada Ltd	Canada
Intra-group	Sifida	Luxembourg
Intra-group	Sfom Inter Africa 1	Switzerland

Acquisitions outside France (cont.)

Subscriptions to share issues and related transactions

Intra-group	BancWest Corp	United States
Intra-group	BNP Holding UK Ltd	United Kingdom
Intra-group	BNP Paribas Canada	Canada
Intra-group	BNP Paribas Invest. Services LLC	United States
Intra-group	BNP Paribas Securities Korea	Korea
Intra-group	BNP Paribas ZAO	Russia

Disposals in France

Total (disposals, capital contributions and related transactions)

	Atos Origin
	Axa Re Finance
Intra-group	B*Capital
	Banque Franco-Roumaine
	Cie Laitière Européenne
	Financière de Reims
	Kéolis
Intra-group	NH Guyomarc'h

Partial

	Eiffage
	TotalFinaElf SA

Disposals outside France

Total (disposals, capital contributions or related transactions)

	BNP Corporate Finance Polska	Poland
	BNP Ifs Hong Kong	Hong Kong
Intra-group	BNP Paribas Uruguay	Uruguay
	Buena Vista Home Ent. (AMPS)	United States
	Dong Feng Citroën Automobiles	China
	Elso Magyar Konces Autopalaya	Hungary
	Hafnia Holding "A" & "B "	Denmark
	Iberian Beverage Group	Luxembourg
	Mohaiyani Securities SDN/BHD	Malaysia
	Rieter Holding AG	Switzerland

Partial

Intra-group	BICI Guinée	Guinea
	CIE Benelux Paribas-Cobepa SA	Belgium

Social and environmental indicators prescribed by the New Economic Regulations (NRE)

Summary table relating to the Social Chapter of the New Economic Regulations (NRE) Act

NRE indicator	2004 Comments	Scope concerned
1. Remuneration and benefits paid to each corporate officer during the financial year	See Sustainable Development section of Annual Report, under *Corporate Governance - Remuneration.*	Group
2. Remuneration and benefits paid during the financial year to each corporate officer by controlled companies as defined in article L. 233-13 of the French Commercial Code	See Sustainable Development section of Annual Report, under *Corporate Governance - Remuneration.*	Group
3. List of all directorships and positions held during the financial year in any company by each of the corporate officers	See detailed presentation of corporate officers in Module 1 of the Annual Report.	Group
4. Total number of employees including fixed-term contract employees	See Sustainable Development section of Annual Report, under *Human Resources Development – Workforce.* The number of employees managed by the Group at 31 December 2004 was 99,433 full-time equivalent employees (FTEs), representing an increase of 5,925 FTEs. In France, the number of employees managed by the Group rose to 54,208 FTEs, including 38,809.6 FTEs (of which 374.6 on fixed-term contracts) for BNP Paribas SA and 15,398.4 FTEs for its subsidiaries. The concept of cadre, loosely translated as "executive", is specific to the French environment and cannot be meaningfully transposed at a global level. For information purposes only, therefore, the proportion of cadre to non-cadre (executive to non-executive) staff employed by BNP Paribas SA has continued to increase steadily: • 35.7% in 2002; • 37.7% in 2003; • 39.7% in 2004.	Group France
5. Number of new permanent and fixed-term contract employees	In 2004, 7,488 new employees were recruited worldwide on permanent contracts, and women accounted for 53.1% of the total. BNP Paribas SA added 3,436.1 new FTEs in mainland France, 1,247.2 men and 2,188.9 women. Of the total, 1,032.1 were on fixed-term contracts (319.2 men and 712.9 women) and 308.0 were hired on permanent contracts following a fixed-term contract (76.0 men and 232.0 women). For extensive and detailed information on this topic, see the Sustainable Development section of the Annual Report, under *Human Resources Development – Recruitment.*	Group SA mainland France
6. Recruitment difficulties	The BNP Paribas Group remains a very attractive employer, as shown by the more than 150,000 "speculative" job applications received in 2004, 70% of them through the Internet. The hiring of university graduates with a five-year degree rose very significantly in 2005, to match the needs expressed by the various business lines. Graduates with a two- or three-year degree also remain a recruitment target for banking operations. BNP Paribas launched several campaigns to lure new talent from these categories, taking part in nearly 50 job placement forums, in addition to its ongoing partnerships with the major schools and universities	France

NRE indicator	2004 Comments	Scope concerned
7. Number of and reasons for dismissals	In 2004, the number of employees dismissed by BNP Paribas SA in mainland France amounted to 124 FTEs. In addition, 90.7 new hires were dismissed during their trial periods. As in previous years, the two leading causes of dismissal were professional shortcomings (81.7) and professional misconduct (23.6).	SA mainland France
8. Overtime hours	In 2004, the amount of overtime represented less than 0.1% of regular hours for the staff concerned. BNP Paribas SA paid 52,212 hours of overtime in mainland France, more than 15% below the 2003 figure.	SA mainland France
9. Temporary staff	**Temporary workers:** The average monthly number of temporary workers (135) was down 15% compared to 2003 and the average length of contracts declined to 21 days.	SA mainland France
	The Group's consolidated expenditure on temporary staff in France has stabilised following a peak in 2002 due to the changeover to the euro: 2002: EUR 38.3 million, 2003: EUR 29 million, 2004: EUR 29.2 million.	France
	In France, the United Kingdom and the United States, BNP Paribas has put in place approved vendor lists for temporary work agencies and service providers. Agreements signed with these companies include very strict clauses on compliance with employment legislation and preventing loss-making sales, which are prohibited under French law	France UK USA
	See point 27.	Group
10. Where relevant, information relating to headcount adjustments, redeployment and career support advice	See Sustainable Development section, under *Human Resources Development – Quantitative and qualitative responses to workforce adaptation,* where this topic is pursued in depth.	SA mainland France
11. Working hours	Since 2000, the legal working hours in France have been set at 35 hours per week for full-time employees, with extensive possibilities for requesting part-time work arrangements. Employees with over one year's seniority qualify for a time savings account (*Compte Épargne Temps*), in which they can save holiday time for later use – e.g. taking personal days, partly financing a continuing education project or switching to part-time work without loss of revenue. About 21% of employees have a CET time savings account. Subject to their supervisor's agreement, employees can also take 5 to 20 days of unpaid leave.	SA mainland France
12. Working week for full-time employees	In France, the working week for a full-time employee is generally considered to be 35 hours. By comparison the working week for full-time staff is 35 hours for Group business units in the United Kingdom, 35 or 40 hours, according to operations, in the United States and 40 hours in Switzerland.	SA mainland France UK USA Switzerland
13. Working week for part-time employees	A little over 12.7% of employees have chosen one of the part-time work arrangements, the main options being 50%, 60% or 80% of a full-time equivalent. The 80% option has been selected by over two thirds of part-time employees.	SA mainland France
14. Absenteeism and reasons for absenteeism	In 2004, the absentee rate for BNP Paribas SA in mainland France was 4.39%. Maternity leave accounted for 1.14% of the total. After maternity leave, non-work related illnesses were the most common reason for long-term absences. See the 2004 Social Report.	SA mainland France

NRE indicator	2004 Comments	Scope concerned
15. Remuneration	The average monthly remuneration of BNP Paribas SA employees in mainland France was EUR 2,816 in 2004. • 94.7% of employees received a variable remuneration bonus (94.4% of women and 94.9% of men). • 35.5% were awarded an increase in fixed remuneration. • 12.3% were promoted. See Sustainable Development section, under *Human Resources Development – A Group-Wide Approach to Career Management - Remuneration.*	SA mainland France
16. Change in remuneration	An agreement signed in January 2004 provided a permanent 0.90% increase in annual salary, with a minimum rise of EUR 250 and a 15% bonus calculated on the basic salary for January 2004.	SA mainland France
17. Payroll expenses	Payroll taxes for the Group's full scope of consolidation were as follows: **2002** **2003** **2004** (in millions of euros) 1,442 1,572 1,496	Group
18. Application of the laws of Titre IV Livre IV of the Employment Code (Incentive plans and profit sharing)	See Sustainable Development section of Annual Report, under *Human Resources Development – Consistent individual management – Employee share ownership.* At 31 December 2004, the Group's savings plans for current and former employees, which have around 70,000 beneficiaries, held assets of EUR 2.4 billion, including EUR 2.2 billion in BNP Paribas shares. In 2004, a company mutual fund *(Fonds Commun de Placement Entreprise)* investing in BNP Paribas shares was set up for employees outside France, in all countries where this type of mutual fund can be marketed. The geographical breakdown of staff outside France that took up the 2004 employee share issue was as follows: - Europe: 52%; - Asia: 28%; - North America: 7%; - Africa: 6%; - South America: 5%; - Middle East: 2%.	Group
19. Professional equality	See Sustainable Development section of Annual Report, under *Human Resources Development – Employee Diversity – Professional Equality*, presenting the key elements of the agreement on gender equality signed in 2004. BNP Paribas SA's staff in mainland France is composed of 18,082 men and 20,727 women. The proportion of males to females among recruits in 2004 was 1,247 men to 2,189 women. The proportion of female executives continues to rise: • 34.2% in 2001; • 35.7% in 2002; • 36.9% in 2003; • 37.7% in 2004. Proportion of female employees receiving promotion: • 54.7% in 2002; • 55.6% in 2003; • 55.8% in 2004.	SA mainland France SA mainland France

NRE indicator	2004 Comments	Scope concerned
20. Employee relations and collective bargaining	See Sustainable Development section of Annual Report, under *Human Resources Development – Constructive Employee-Employer Relations.* As in previous years, there was constructive dialogue with employee representatives within BNP Paribas SA in 2004. The Commission on Employment Law – BNP Paribas SA's labour negotiation body – met on 29 occasions in 2004 and 17 new agreements were signed with trade unions. Several of these agreements aimed to further improve or protect the employee benefits of BNP Paribas SA staff.	SA mainland France
21. Health and safety	In 2004, occupational physicians had 23,229 consultations with staff, for annual check-ups or returns from extended sick leave or maternity leave, as well as 899 spontaneous visits from staff. Occupational physicians referred 2,374 employees to a medical specialist. BNP Paribas continued to pursue its initiatives to promote health and safety and prevent risks, in the following areas: • Medical assistance to employees that have been victims of attacks, in partnership with Paris medical emergency services (Urgences Médicales de Paris). A document is given to any employee who has been attacked, explaining what steps he or she needs to take. A brochure on how to respond to such situations has also been produced for secretaries in the Human Resources departments, as the procedures involved are often new to them. To prevent any administrative delays in processing work injury filings, avoid any risk that coverage might be denied and provide better ongoing medical attention to victims, BNP Paribas SA has broadened its offer of specialised consultations for post-traumatic stress disorder in hospitals in Paris and the Paris region. • More extensive refresher courses on first aid. Two physicians have been assigned first aid training responsibilities. They provided initial training to 73 employees and took 298 others through refresher sessions. • Emergency response and CPR training for all medical staff. A five-year plan has been launched to train all medical personnel in emergency medicine and the use of a semi-automatic defibrillator, with a yearly refresher. Hands-on training sessions have begun for all nurses, one Monday per month, focusing on reviews of key protocols and role-play. • Ergonomics. Advice on improving the ergonomics of workstations has been distributed to all employees of BNP Paribas SA and is available on the HR, Career, Health and Benefits Intranet portal, alongside recommendations on how to prevent health risks through appropriate lifestyle choices. Various types of equipment have been reviewed in order to draw up a list of items and equipment that could be managed by the occupational medicine department. • Ongoing initiatives to prevent health risks. These programs, launched several years ago, involve health education and awareness-raising on the key public health challenges of cancer, HIV/AIDS, stress and cardiovascular diseases, and musculo-skeletal problems. Special medical attention continues to be devoted, since the success of a pilot program in 1991, to employees sent abroad in regions with significant health risks. Employees undergo a full medical examination that includes a vaccinations review, are given medical advice prior to departure, and are handed a brochure entitled "Health, Travelling and Work" as well as a medical kit on preventing HIV/AIDS and hepatitis C. Large-scale vaccination campaigns also continued, with 2,250 flu vaccines administered in 2004. One-time vaccinations are also carried out upon request from employees. The cardiovascular disease prevention program also continued within the occupational medicine department. It includes screening for the cardiovascular risk factors of high cholesterol, high blood pressure, smoking and stress. When appropriate, loss of coronary function is measured at a partner hospital, so that those employees who need it can get early treatment. Better medical monitoring has been provided for expatriate staff, with new health checkups tailored to the employee's age group and to the health risks of the countries concerned. 967 persons contributed to the blood collection drive.	SA mainland France

NRE indicator	2004 Comments	Scope concerned
22. Training	See Sustainable Development section of Annual Report, under *Human Resources Development – Ongoing Skills Development.* The numbers of employees at BNP Paribas units in mainland France enrolled in training for a professional qualification were as follows: - 516 for the Brevet Professionnel banking diploma (which involved one half-yearly module in 2004 against two in 2003); - 613 for the BTS banking qualification; - 221 for the Institut Technique de Banque. The Group's training centre in the Louveciennes campus recorded the following results:	SA mainland France

	2004	2003	Change
Number of courses	1,025	944	+8.58%
Number of trainees	21,065	20,963	+0.49%
Number of trainee days	42,655	41,601	+2.53%

NRE indicator	2004 Comments	Scope concerned
23. Employment and integration of disabled employees	In counting the number of disabled employees, it seemed more relevant to count each person individually rather than take into account the concept of disability units. Thus there were 798 disabled employees within BNP Paribas SA in mainland France at 31 December 2004 – 418 men and 380 women. The Group has kept up its efforts to help disabled persons remain employed, for example by adapting the work environment for hearing-impaired persons or redesigning a vehicle and taking on taxi expenses for persons with motor disabilities. An "Accessibility" working group, bringing together staff from the SIG, RHG, IMEX, GPG functions and from the French Retail Banking business, has set itself the task of ensuring that disabled employees and clients enjoy better access to information on banking websites. As a result, the recruitment website has been redesigned to be usable by sight impaired persons with appropriate equipment. Institut des Cent Arpents, a sheltered workshop established by BNP in 1981 and managed by Mutuelle BNP Paribas, employs 98 disabled people. In 2003 Handicoach, a non-governmental organisation dedicated to helping the disabled, performed a study assessing the quality of the company's integration of persons with disabilities. Its findings reflected favourably on BNP Paribas SA's systems for welcoming and integrating these colleagues, and also suggested further improvements. To support the charitable endeavours of staff members, the BNP Paribas Foundation once again carried out a program of grants, *Coup de pouce*. In 2004, as in 2003, fighting the consequences of disabilities was at the forefront of employees' concerns and charitable commitments, alongside international solidarity. With nine other major companies, BNP Paribas decided to support Fondation du Sport, which funds and partners initiatives to fight social exclusion through sport. One of the first projects selected by the foundation was presented by CAP-SAAA, an organisation whose aim is to alter the way disabilities are perceived. As part of the project, school pupils are introduced to the daily reality of disabilities, for example by being invited to practice basketball in a wheelchair with disabled persons.	SA mainland France
	In Spain, BNP Paribas is a partner of two organisations, Fundación AFIM, which helps the disabled find their place in society, and Fundación Gil Gayarre, dedicated to assisting Down Syndrome victims.	Spain
24. Company benefit schemes	National-level social and cultural activities are administered by the Central Works Council. Other staff benefit schemes are coordinated by local works councils. Benefits offered to employees include children's summer camps and organised holidays for staff, contributions to meal expenses, family welfare, lending libraries for books, records, videos and other media, and concessions for theatres and cinemas. A sports and cultural society allows staff to take part in and attend a variety of team sports and cultural events. A breakdown of BNP Paribas SA's contributions to employee benefit schemes is provided in the 2004 Social Report.	SA mainland France

NRE indicator	2004 Comments	Scope concerned
25. Relations with the community, including associations to combat social exclusion, educational institutions, amenity and consumer associations, and local residents.	**Educational institutions:** in 2004, entities of the BNP Paribas SA network had forged over 900 formal or informal partnerships with schools. These relations often take the form of offering internships, work experience schemes or apprenticeships. Many of these partnerships also serve to promote the sports, cultural and artistic initiatives of young people, as well as local projects to help integrate them into the labour force, fight social exclusion and protect the environment. **Consumer organisations:** the Quality & Consumer Relations Department within French Retail Banking has set up partnerships with around a dozen consumer rights groups. **Assistance with social insertion projects:** see Sustainable Development section of Annual Report, under Patronage, the remarks on the strengthening of the partnership with Adie, a non-profit association providing micro loans for business projects.	SA mainland France
	Group entities outside France are also responsible for many initiatives, either directly as in the United Kingdom or the United States, or through locally established foundations as in Brazil, Switzerland or Morocco.	International Network
26. Contribution to regional development and employment	The Group seeks to promote economic development in the territories where it is based by providing its clients with the financing to fuel their development. See Sustainable Development section of the Annual Report, under *Human Resources Development – Quantitative and qualitative responses to workforce adaptation.* An average of 2.7 new jobs (including the founder's) were created in the companies set up as part of the previous Employment Adaptation Plan, which drew to a close in early 2004. The employees of the call centres for the three client relations centres were recruited as in-house BNP Paribas staff, which led to the creation of 700 new jobs in France at the end of 2004.	SA mainland France
27. Outsourcing and the Bank's policy with subcontractors: steps to ensure that subcontractors comply with International Labour Organisation (ILO) standards.	The Global Procurement Group (GPG) manages all procurement contracts in excess of EUR 1 million. GPG does business only with suppliers who commit to complying with the standards set by the International Labour Organisation, notably regarding child labour, trade union rights, collective bargaining, forced labour, equal opportunities, working hours, and the minimum wage. BNP Paribas continued to promote this process in 2004, particularly in Asia where these international conventions are not always held in the same regard from one country to the next. An added tool for the training of the 2,500 GPG employees and procurement function correspondents worldwide was the setting up of a Sustainable Development area in the Intranet site for the function. The new pages contain reminders concerning the mandatory use of contracts that ensure compliance with labour legislation and warn that loss-making sales are illegal. Going against the grain of the widespread trend toward outsourcing of information technology functions, BNP Paribas opted for a novel solution by creating a joint venture with IBM France to meet the Group's IT processing needs. This strategic alliance answers the call for controlling and decreasing IT costs, while preserving a centre of excellence in France with leading-edge technology. Thanks to this original partnership, BNP Paribas is able to stay in command of its IT capabilities, while ensuring a painless transition for its employees, since all those concerned were able to keep the individual and collective benefits associated with their previous status. See point 9	Group

NRE indicator	2004 Comments	Scope concerned
28. Steps taken by the Bank to ensure that subsidiaries comply with ILO standards	See Sustainable Development section of Annual Report, under *Human Resources Development – Management Rules.* Group directives on human resources management explicitly require compliance with ILO standards. Directives apply to all Group entities regardless of their business line or country of origin, and are available for consultation by employees on the Group's Intranet. In addition to management controls required by the Group's internal control system, internal audit and inspection teams are also responsible for ensuring compliance with HR directives.	Group
29. Steps taken by foreign subsidiaries to address the impact of their business on regional development and the local community	All Group subsidiaries belong to a business line and are required to contribute to fulfilling its strategy, implementing its policies and exercising its social responsibility. The levels of remuneration which BNP Paribas provides to its employees, particularly in emerging countries, added to benefits such as health insurance and death/disability coverage, help raise the standard of living in the employees' families and communities. The Group makes only limited use of expatriate staff, giving local staff the opportunity to take up managerial functions and other positions of responsibility.	Group

Summary table relating to the Environment Chapter of the New Economic Regulations (NRE) Act

NRE indicator	2004 Comments	Scope concerned
1. Water consumption	Total drinking water consumption for office locations in Paris and the inner suburbs is estimated at 340,000 cubic metres. Estimated electricity consumption for cooled water was 17.3 GWh in 2004. Water consumption is also increasingly being measured and controlled at subsidiaries outside France. As an example, water consumption at the London BNP Paribas branch – one of the Group's largest buildings – was 8% lower in 2004 than the previous year.	For France: Central Paris area buildings
2. Raw material consumption	For a services industry Group like BNP Paribas, paper is the no. 1 raw material consumed. To measure more accurately quantities of paper used by the Group, whether acquired directly or purchased by its printers in France, the Global Procurement Group (GPG) now bases its estimates on the weight of paper deliveries. These calculations will serve to limit waste by optimising paper cuts. The total weight of paper consumed in France in 2004 came to 10,549 tonnes. Outside France, not including volumes purchased directly by printers, paper consumption was approximately 208 tonnes in the United Kingdom, 700 tonnes in the United States, 47 tonnes in Singapore and 88 tonnes in Hong Kong. With these data, it is possible to make comparisons between entities based on their rate of paper consumption per employee.	France, UK, USA, Singapore and Hong Kong

NRE indicator	2004 Comments	Scope concerned
3. Energy consumption	Group entities in France consumed 299.05 GWh of electricity in 2004. Measurements of electricity consumption in other countries are becoming increasingly reliable. They amounted to 49.9 GWh in the United States, 32.8 GWh in the United Kingdom, 3.6 GWh in Morocco and 2.1 GWh in Hong Kong.	France, USA, Switzerland, Luxembourg, Morocco, Hong Kong and UK
	Natural gas consumption at Paris area facilities was estimated at 7.04 GW.	Paris Central buildings and other Paris area buildings
	The Group's first CO_2 survey was performed in 2004, taking into account data on electricity consumption, work-related travel of employees in France and other countries, and commuting between the home and office in France. It made it possible to derive a first estimate of CO_2 equivalent emissions per full time equivalent employee (FTE) position. The Group's figure of less than 2.4 tonnes places it in a favourable position compared to the estimates provided by other leading players in its industry.	
4. Measures taken to improve energy efficiency	The Group has taken energy conservation measures in its central buildings of the Paris area, mainly by installing low-wattage light bulbs and fluorescent tubes, light switches with timers and motion detectors (requiring peripheral equipment to be installed only in new buildings). Regular comparisons in the consumption of buildings of equivalent size make it possible to identify any significant discrepancies and take appropriate action to remedy them. Open loop air conditioning systems are gradually being replaced by closed loop systems, allowing substantial savings. Outside France, GPG's Real Estate Department handles energy conservation issues, promoting solutions that save electricity and fuel oil in the construction and renovation of buildings. On such projects, GPG has stepped in to discontinue the use of open loop air conditioning systems and accept the additional cost of alternative solutions, in Burkina Faso as an example.	Scope concerned: Group real estate assets managed by the Corporate Facilities Management Department
5. Use of renewable energy sources	The French energy market was fully opened up to competition in 2004 and many new BNP Paribas sites became eligible for a renegotiation of the terms of their electricity and gas supply. A competitive tender process was carried out, but market conditions did not allow new forms of energy delivery to be extended beyond the Central Paris buildings where they were already in place, nor was it possible to increase significantly the proportion of renewable energy used. The target of raising renewable energy to 15% of total consumption has nevertheless been maintained.	France (BNP Paribas SA)
6. Land use	When the Klépierre subsidiary builds a new shopping centre, it takes all the necessary steps to remediate the land, such as excavating contaminated soil and building a watertight diaphragm wall. As an example, six months of remediation work will be required for the new Bègles shopping centre site, where 50,000 cubic metres of earth have to be filtered. This process is expected to yield some 10,000 cubic meters of waste products, which will be sorted for appropriate disposal either in an incinerator or in a household waste landfill. For its construction projects, Meunier systematically researches the history of prior uses of the land which may have caused pollution, then takes soil and groundwater samples to analyse them for contaminant loading. Remediation work is then carried out and waste products are disposed of in approved landfills, until the land meets all applicable regulatory standards.	Klépierre and Meunier

NRE indicator	2004 Comments	Scope concerned
7. Emissions to air, water and soil	As explained in the Sustainable Development section of the annual report, under the *Environment* heading, the Group has devised, with the help of expert consultants, a methodology to estimate emissions of greenhouse gases resulting from its operations (see also paragraph 3 above). The scope of this first approach took into account electricity consumption, work-related travel of employees by car, train and plane, and commuting between the home and office. It will be rounded out in 2005 with data on primary energy consumption (fuel oil, natural gas and steam heating from the Paris municipal network), which were estimated in 2004 to represent less than 0.2 tonne of CO_2 per FTE for the buildings managed by the Corporate Facilities Management Department (where over 21,000 employees work). The calculation methods used aim to include the emissions generated by the production, transportation and consumption of energy sources. For electricity, the type of primary energy used by the producer was taken into account. For plane travel, the factors considered were kerosene consumption; average load factors; the distinction between short-, medium- and long-haul flights; and the class the passenger travelled in. For car journeys, the methodology assesses emissions based on mileage as well as on the vehicle's taxable horsepower rating and fuel type. Estimates for commuting were made by dividing employees into three categories, based on which of three concentric circles their home residence belonged in: city or town centre, close suburbs or outskirts of town, and distant suburbs or rural setting. Emissions produced by these trips were then estimated based on the type of transportation used. In this first survey, some results were obtained by extrapolating overall data based on measurements performed at pilot sites that were representative of the various entities. As the ongoing process is refined in 2005, these estimates will be made more precise. Independently of errors related to the reliability of data or to the incomplete scope of the survey, the methodology used is subject to the following error margins: - Hydrocarbons: 5%; - Electricity: 10%; - Trip mileage per car, based on taxable horsepower: 10%; - Commuting: 20%; - Plane travel: 20%.	Group
8. Noise and odour pollution	No complaints related to noise or odour issues were addressed to the Group in 2004. Meunier always studies the environmental impact of its projects from the specific standpoint of noise and odours. When technical equipment can be a source of noise disturbance, the company selects models offering the best available acoustic performance. Noise testing is carried out following construction and, if required, additional measures are taken to comply with applicable regulations. The location of air intake and discharge vents is designed to minimise effects on neighbouring buildings, based on dominant wind patterns. The construction processes and tooling used, as well as the management of construction waste, are also designed to minimise the impact of construction work on the immediate environment.	Central buildings of the Paris area and Meunier Promotion
9. Waste processing	Collection of used toner cartridges has been widely implemented throughout France, in association with Conibi, the industry grouping of toner cartridge producers. A total of 8,813 cartridges were collected and some sites, such as Private Banking or the Group's training centre, have already reached the target of collecting 100% of their cartridges. The process will continue to be deployed to other sites. Outside France, cartridges are also collected in Morocco (5,285 cartridges), the United Kingdom (1,820) and Hong Kong (1,550). Hong Kong and Morocco have reached their target of collecting 100% of their used cartridges. Paper collection for recycling was also increased in 2004, with 4,741 tonnes gathered by the back-office division of French Retail Banking, Cetelem and BNP Paribas AM. It will be further extended in 2005 in France and other countries. The maintenance contract for Central buildings in Paris now provides for the safe disposal of used fluorescent tube lights, including recovery, packaging, transportation and final processing evidenced by a certificate.	France (back-office division of French Retail Banking, BNP PAM, Cetelem, Corporate Facilities Management, sites of Antin, Italiens and Bergère), United Kingdom, Morocco, Hong Kong

NRE indicator	2004 Comments	Scope concerned
10. Measures taken to avoid upsetting the biological balance	As part of the CO_2 survey, the Group has to identify the processes by which it could harm the environment, for example the use of refrigerants at its 19 Central buildings in Paris. Once such processes have been identified, the Group attempts to reduce their use.	Group
11. Measures taken to ensure compliance with legal requirements	BNP Paribas constantly strives to reach the highest standards of ethical behaviour, regulatory compliance, risk management and internal control. Within a changing banking environment characterised by increasing regulatory requirements, the Group has decided to create a new global Compliance function, the director of which reports directly to the Chief Executive Officer and has broad powers throughout the Group. The director of the Compliance function is responsible for seeing to the consistency and effectiveness of the Group's initiatives, both in terms of ethics and more generally with respect to legal and regulatory requirements applicable to banking and financial operations. The Corporate Facilities Management Department is in charge of establishing guidelines to ensure that energy management systems comply with regulations applicable in France. The Global Procurement Group (GPG) establishes property management guidelines based on the most stringent requirements in the countries where the Group operates. As part of its efforts to ensure that all international sites enforce these guidelines, GPG reviews all major construction projects within the Group and performs property audits for head office buildings in connection with acquisitions.	Group
12. Steps taken towards environmental evaluations and certifications	BNP Paribas was included for the third consecutive year as a component in all four of the benchmark indices for socially responsible investment: Dow Jones SI World, Dow Jones SI Stoxx, FTSE4Good and Aspi Eurozone. Although the Group's inclusion in these indices represents neither an evaluation nor a certification, it nevertheless provides a positive indication of BNP Paribas's compliance with the requirements of social and environmental responsibility. Considering the type of service activities that the Group carries out, its current environmental impacts do not justify launching a process of environmental certification. Nevertheless, because the Group is pursuing a policy of reducing costs and related consumption levels, and has conducted a CO_2, survey, it has been able to appraise the environmental consequences of its operations and improve its environmental effectiveness. Meunier's overall approach is aimed at producing offices that meet the standards of high environmental quality (HQE), as defined in the recommendations issued by CSTB, the French building industry scientific and technical advisory centre. Without waiting for the final guidelines that will make it possible to obtain certification under the HQE-AFNOR standard, Meunier is already complying with the principal CSTB recommendations.	Group
13. Company expenditures for prevention of environmental impacts	Given the nature of the Group's operations, they have limited direct consequences on the environment. Nonetheless, the Group has focused on ten directions for fulfilling its environmental responsibilities and implementing preventive action. Their cost is difficult to estimate separately. See the Sustainable Development section of the annual report, under *Impact on the natural environment – Using all available levers for improvement.*	Group
14. Internal department for environmental management	The cross-functional departments responsible for assessing the Group's environmental impacts and taking steps to reduce them are Corporate Facilities Management in France and the Global Procurement Group outside France. Both have the authority and the expertise to carry out this task. Corporate Facilities Management has over 700 employees, while the Global Procurement Group calls upon 2,500 procurement correspondents handling all material Group subsidiaries worldwide. To clarify and document overall coordination among the Corporate Facilities Management Department, the Global Procurement Group and Group Sustainable Development, roadmaps were defined, setting targets and determining steps to be taken in 2005.	Group

NRE indicator	2004 Comments	Scope concerned
15. Environmental training and information programmes for employees	In May 2004 the Global Procurement Group launched a new Procurement Intranet within the Company's BtoE portal, for use by the 2,500 Group employees making external purchases. The Group's social and environmental responsibility is a major focus of this website. Likewise, all the Group's internal communications channels – including its website, in-house newsletters as well as conventions and other company events – are used to promote its corporate and social responsibility. The annual meeting of procurement managers of BNP Paribas entities in France was devoted to sustainable development. It included a review and validation of initiatives taken in 2004 and dealt with collecting indicators data, setting up an environmental management system and defining an action plan for 2005. Outside France, both the standing responsibilities and the 2004 objectives of Global Procurement Group staff included individual steps for sustainable development. The objectives for 2004 were reached and they will be maintained and strengthened in 2005. The Corporate Facilities Management Department issued guidelines presenting a range of energy and natural resource conservation measures to be applied in managing buildings. In-house information sessions on technical issues such as asbestos and disaster recovery plans were also conducted in 2004.	Group
16. Efforts devoted to the reduction of environmental risks	The Group Risk Management Department (GRM), with global staff of 700, is responsible for controlling and managing risk exposure within the Group. Credit risk and rating policies have been updated to provide a specific methodology for measuring environmental risks in lending. Corporate policies are translated into guidelines for operating units which address their individual risk exposure and outline procedures to be applied by employees who are directly concerned. The Global Procurement Group and Corporate Facilities Management Department also take part in controlling direct environmental risks. Further, both of these units have sustainable development correspondents who are responsible for managing risks within their function, as part of the system implemented by Group Risk Management.	Group
17. Structure to deal with pollution incidents extending beyond Company	Any crisis situation is managed by an ad hoc committee composed of the Group's top executives. This committee takes the measures it deems most appropriate and informs the operating entities concerned. If the scope of the crisis warrants it, information may be passed on to the entire Group and there may be a call for international solidarity. In relation to natural disasters and serious accidents of recent years, French Retail Banking and Cetelem mobilised their resources to lend assistance to their clients that had been affected.	Group
18. Amount of provisions and guarantees covering environmental risks	The Group's USD 6.5 million provision is earmarked for possible private disputes and is not intended to cover any fines for regulatory non-compliance.	Group
19. Amount of compensation paid following legal decisions relating to the environment	The Group has not had any court rulings against it on environmental matters.	France

NRE indicator	2004 Comments	Scope concerned
20. Environmental objectives set for foreign subsidiaries (points 1 to 16)	BNP Paribas's guiding principles, namely the Global Compact and the ten principles contained in the Environmental Responsibility Charter, apply to all employees regardless of the business entity or country in which they are employed. Operating units are responsible for implementing the Group's guiding principles throughout their reporting organisations, including subsidiaries, in all territories. The General Inspection Unit and the Sustainable Development function completed the design of an audit methodology to measure the Group's practical compliance with social and environmental guidelines in 2004. The auditors implementing this methodology are fully independent and can perform all types of audits in any of the Group's consolidated subsidiaries. Audit findings and the results of inspection assignments are presented in an annual report sent to French banking regulators at the *Commission Bancaire* in accordance with regulation 97–02.	Group

General information

Legal information concerning BNP Paribas

Corporate name and registered office

BNP Paribas
16, boulevard des Italiens
75009 Paris
Legal documents concerning the Company are available for consultation at the Company's headquarters.

Incorporation details

Registered in Paris under No. 662 042 449
APE business identifier code: 651 C

Incorporation date and financial year

The Company was incorporated on 17 September 1993 for a period of 99 years. Each financial year begins on 1 January and ends on 31 December.

Legal structure, regulatory framework and corporate purpose

BNP Paribas is a French société anonyme (public limited company) licensed to conduct banking operations under the Monetary and Financial Code *(Code Monétaire et Financier, Livre V, Titre 1er)*. The Company was founded pursuant to a decree dated 26 May 1966.

BNP Paribas is governed by banking regulations, the provisions of the Commercial Code applicable to trading companies and by its Articles of Association. The Company's purpose (Article 3 of the Articles of Association) is to provide and conduct the following services with any legal entity or individual, in France and abroad, subject to compliance with the laws and regulations applicable to credit institutions licensed by the *Comité des Établissements de Crédit et des Entreprises d'Investissement*:

- any and all investment services
- any and all related investment operations
- any and all banking services
- any and all related banking operations
- any and all equity investments

as defined in the Monetary and Financial Code *(Livre III, Titre 1er* governing banking operations and *Titre II* governing investment services and related operations).

BNP Paribas may also conduct any and all other businesses and any and all transactions in addition to those listed above, including any and all arbitrage, brokerage and fee-based transactions, subject to compliance with the regulations applicable to banks.

BNP Paribas may conduct for its own account and/or for the account of third parties, any and all financial, commercial, industrial, or agricultural activities as well as all activities concerning securities and real estate, that may be directly or indirectly related to the activities referred to above or that may facilitate their execution.

Social report

A social report is published each year in April and is available on the website at www.bnpparibas.com and on request.

Statutory Auditors' special report on regulated agreements

Year ended 31 December 2004

Barbier Frinault & Autres	PricewaterhouseCoopers Audit	Mazars & Guérard
Ernst & Young		Mazars
41, rue Ybry	32, rue Guersant	Le Vinci - 4, allée de l'Arche
92576 Neuilly-sur-Seine Cedex	75017 Paris	92075 Paris La Défense

BNP Paribas
16, boulevard des Italiens
75009 Paris

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In our capacity as Statutory Auditors, we hereby report to shareholders on regulated agreements.

Agreements entered into during the year

In application of article L. 225-40 of the Commercial Code, we were informed of the agreements approved by your Board of Directors.

Our responsibility does not include identifying any undisclosed agreements. We are required to report to shareholders, based on the information provided, about the main terms and conditions of agreements that have been disclosed to us, without commenting on their relevance or substance. Under the provisions of article 92 of the decree of 23 March 1967, it is the responsibility of shareholders to determine whether the agreements are appropriate and should be approved.

We conducted our review in accordance with the professional standards applicable in France. Those standards require that we carry out the necessary procedures to verify the consistency of the information disclosed to us with the source documents.

- *Amendment to the Agreement with the Axa group (pre-approved by the Board of Directors' meeting of 30 July 2004 and signed on 26 October 2004)*
  (Axa, Finaxa and Mutuelles Axa)

Directors concerned:
- Claude Bébéar, Chairman of the Supervisory Board of Axa, Chairman and Chief Executive Officer of Finaxa, Director of Mutuelles Axa;
- Michel François-Poncet, Director of Finaxa;
- Michel Pébereau, member of the Supervisory Board of Axa.

On 12 September 2001, the BNP Paribas and Axa groups (Axa, Finaxa and Mutuelles Axa) signed a standstill agreement whereby the Axa group undertook not to reduce its interest in BNP Paribas to below 43,412,598 shares and BNP Paribas undertook not to reduce its interest in Finaxa to below 15,795,357 shares, after adjusting for the capital increase carried out by Finaxa on 20 July 2004. At the end of the period covered by the agreement, each partner will have a pre-emptive right to purchase the other partner's shares. In addition, the two partners have call options on the other's shareholdings, which are exercisable in the event of a change of control.

The Axa group has also given a commitment to maintain the liquidity of BNP Paribas' interest in Finaxa. The agreement initially covered a period of three years from the date of signature. Under an amendment to this agreement dated 26 October 2004, this period was renewed for a further period of two years effective 12 September 2004. At the end of this extended period, the agreement will be automatically renewable for successive one-year periods until terminated by either party with three months' notice. The agreement and amendment thereto were published by the *Conseil des Marchés Financiers* and the *Autorité des Marchés Financiers* on 28 September 2001 and 28 October 2004, respectively.

Agreements entered into in prior years which remained in force during the year

In application of the decree of 23 March 1967, we were informed of the following agreements entered into in prior years, which remained in force during the year:

- *Agreement with the Axa group (agreement signed in 2001)*

On 12 September 2001, the BNP Paribas and Axa groups signed a standstill agreement whereby each party undertook not to reduce its interest in the other party to below a specified level. At the end of the period covered by the agreement, each partner will have a pre-emptive right to purchase the other partner's shares. In addition the two partners have call options on the other's shareholdings, which are exercisable in the event of a change of control. This agreement was amended on 26 October 2004, as described above ("Agreements entered into during the year").

- *Guarantees given to directors*

BNP Paribas SA has taken out insurance policies to cover any financial liability and defence costs of the directors and senior executives of its subsidiaries and branches in the case of any proceedings initiated against them that concern the normal exercise of their functions. The principles and conditions of said agreements remained in force in 2004.

Neuilly-sur-Seine, Paris and La Défense, 25 February 2005

The Statutory Auditors

Barbier Frinault & Autres	**PricewaterhouseCoopers Audit**	**Mazars & Guérard**
		Mazars
Radwan Hoteit	Étienne Boris	Hervé Hélias

STATUTORY AUDITORS

Names and addresses of the Auditors

For the years 2002, 2003 and 2004

Barbier Frinault & Autres
Represented by Christian Chiarasini,
up to 15 November 2004, and Radwan Hoteit
41, rue Ybry 92576 Neuilly-sur-Seine Cedex

PricewaterhouseCoopers Audit
(formerly Befec - Price Waterhouse)
Represented by Étienne Boris
32, rue Guersant 75017 Paris

Mazars & Guérard
Represented by Hervé Hélias
125, rue de Montreuil 75011 Paris

- Barbier Frinault & Autres was re-appointed as Auditor at the Annual General Meeting of 23 May 2000 for a six-year period expiring at the close of the Annual General Meeting to be called in 2006 to approve the financial statements for the year ending 31 December 2005. The firm was first appointed at the Annual General Meeting of 26 May 1988. Barbier Frinault & Autres, represented by Christian Charasini (up to 15 November 2004) and Radwan Hoteit, has been a member of Ernst & Young since 5 September 2002.

- PricewaterhouseCoopers Audit (formerly Befec-Price Waterhouse) was re-appointed as Auditor at the Annual General Meeting of 23 May 2000 for a six-year period expiring at the close of the Annual General Meeting to be called in 2006 to approve the financial statements for the year ending 31 December 2005. The firm was first appointed at the Annual General Meeting of 26 May 1994. PricewaterhouseCoopers Audit (formerly Befec-Price Waterhouse), represented by Étienne Boris, is a member of PricewaterhouseCoopers.

- Mazars & Guérard was appointed as Auditor at the Annual General Meeting of 23 May 2000 for a six-year period expiring at the close of the Annual General Meeting to be called in 2006 to approve the financial statements for the year ending 31 December 2005.
  Mazars & Guérard was initially represented by the late Yves Bernheim and is now represented by Hervé Hélias.

ALTERNATE STATUTORY AUDITORS

Michel Barbet-Massin (125, rue de Montreuil, 75011 Paris), Richard Olivier (41, rue Ybry, 92576 Neuilly-sur-Seine Cedex) and Pierre Coll (32, rue de Guersant, 75017 Paris) were designated as alternate auditors by the Annual General Meeting of 23 May 2000 for a term of six years expiring at the close of the Ordinary General Meeting to be called in 2006 to approve the financial statements for the year ended 31 December 2005.

PERSON REPONSIBLE FOR INFORMATION

Group Development and Finance
Philippe Bordenave

Combined Annual and Extraordinary General Meeting of 18 May 2005 Proposed resolutions

Annual Meeting

• **First resolution** *(Approval of the consolidated balance sheet of the Group at 31 December 2004 and of the consolidated profit and loss account for the year ended at that date)*

The Annual Meeting, having reviewed the reports of the Board of Directors and the Auditors on the consolidated financial statements for the year ended 31 December 2004, approves the balance sheet of the Group at 31 December 2004 and the profit and loss account for the year then ended.

• **Second resolution** *(Approval of the balance sheet of the Bank at 31 December 2004 and the profit and loss account for the year ended at that date)*

The Annual Meeting, having reviewed the reports of the Board of Directors and the Auditors on the financial statements for the year ended 31 December 2004, approves the balance sheet of the Bank at 31 December 2004 and the profit and loss account for the year then ended. The Annual Meeting notes that net income for the year amounted to EUR 3,281,771,448.69.

• **Third resolution** *(Appropriation of 2004 net income and dividend)*

The Annual Meeting resolves to appropriate net income as follows:

In euros	
Net income for the year	3,281,771,448.69
Retained earnings brought forward from prior years	7,114,262,360.48
Total to be appropriated	**10,396,033,809.17**
To the special Investment Reserve	46,102,393.00
To dividends	1,770,438,404.00
To unappropriated retained earnings	8,579,493,012.17
Total	**10,396,033,809.17**

The total dividend of EUR 1,770,438,404 to be paid to BNP Paribas shareholders corresponds to a dividend of EUR 2.00 per share with a par value of EUR 2.00. Full powers are given to the Board of Directors to credit dividends payable on shares held in treasury stock to unappropriated retained earnings.

In accordance with section 243 *bis* of the French General Tax Code, the total proposed dividend amount qualifies for the 50% reduction applicable to individual shareholders resident in France for tax purposes, as provided for by section 158-3 of the French General Tax Code.

The 2004 dividend will be payable as from 30 May 2005, in cash. As required under section 47 of the Act of 12 July 1995 (Act 65-566), the Board of Directors informs the Annual Meeting that dividends paid for the last three years were as follows:

In euros Year	Par value of shares	Number of shares	Total dividend	Dividends	Tax credit (1)	Total payout
2001	2.00	886,622,994	1,063,947,592.80	1.20	0.60	1.80
2002	2.00	895,879,824	1,075,055,788.80	1.20	0.60	1.80
2003	2.00	903,615,604	1,310,242,625.80	1.45	0.725	2.175

(1) Corresponding to tax already paid to the Treasury.

The Annual Meeting authorises the Board of Directors to deduct from unappropriated retained earnings, the amounts necessary to pay the above dividend on shares issued on the exercise of stock options prior to the ex-dividend date.

Pursuant to article 39 of the Amended Finance Act for 2004, the Annual Meeting authorises the Board of Directors to:
- transfer the sum of EUR 200 million from the special long-term capital gains reserve to other reserves, before 31 December 2005;
- transfer the sum of EUR 4,987,500 representing the exceptional tax levied on the amount thus transferred, from other reserves to unappropriated retained earnings, from which this tax was deducted as of 31 December 2004.

• **Fourth resolution** *(Auditors' special report on the transactions and agreements governed by article L. 225-38 of the Commercial Code approved in advance, including those between the Bank and its directors and officers, and between Group companies with common corporate officers)*

The Annual Meeting notes the terms of the Auditors' special report on transactions and agreements governed by article L. 225-38 of the Commercial Code and approves the transactions and agreements entered into during the year, approved in advance by the Board of Directors, as mentioned in said report.

• **Fifth resolution** *(Share buybacks)*

The Annual Meeting, having reviewed the report of the Board of Directors and the information memorandum approved by the *Autorité des Marchés Financiers*, resolves, in accordance with article L. 225-209 and seq. of the Commercial Code, to authorise the Board of Directors to buy back BNP Paribas SA shares representing up to 10% of the Bank's issued capital, i.e. a maximum of 88,521,920 shares as of 25 January 2005.

These shares may be acquired for the following purposes:
- for subsequent cancellation, on a basis to be determined by the shareholders in Extraordinary Meeting;
- to fulfil the Bank's obligations relative to the issue of shares or share equivalents, stock option plans, the allotment of bonus shares to employees, directors or corporate officers, and the allocation or sale of shares to employees in connection with the employee profit-sharing scheme, employee share ownership plans or corporate savings plans;
- to be held in treasury stock for subsequent remittance in exchange or payment for external growth transactions;
- to stabilise the share price;
- to take advantage of market opportunities.

The shares may be purchased, sold or transferred at any time, subject to the applicable regulations, and by any appropriate method, including in the form of block sales or by means of derivative instruments traded on a regulated market or over-the-counter.

The price at which shares may be acquired under this authorisation may not exceed EUR 75 per share, representing a maximum purchase price of EUR 6,639,144,000 based on the Bank's issued capital as of 25 January 2005.

These prices may be adjusted following any transactions that have the effect of altering the Bank's issued capital.

The Annual Meeting gives full powers to the Board of Directors and, by delegation, to any person duly authorised by the Board, to sign any documents and carry out any and all formalities, including amending the Articles of Association, and to take any and all other action required to use this authorisation.

This authorisation is given for a period of eighteen months.

The Board of Directors will be required to report to shareholders at each Annual Meeting on the share buybacks, transfers, sales and cancellations carried out under this authorisation.

• **Sixth resolution** *(Ratification of the appointment of a director – Renewal of the term of office of a director)*

The Annual Meeting resolves to:
- ratify the appointment of Jean-François Lepetit as a director, made by the Board of Directors at its meeting of 5 May 2004, to replace Jean-Marie Messier for the remainder of Messier's term of office, i.e. until the Annual Meeting to be called in 2005 to approve the 2004 financial statements;
- renew the term of office as director of Jean-François Lepetit for a period of three years, expiring at the close of the Annual Meeting to be called in 2008 to approve the 2007 financial statements.

• **Seventh resolution** *(Renewal of the term of office of a director)*

The Annual Meeting resolves to renew the term of office as director of Gerhard Cromme for a period of three years, expiring at the close of the Annual Meeting to be called in 2008 to approve the 2007 financial statements.

• **Eighth resolution** *(Renewal of the term of office of a director)*

The Annual Meeting resolves to renew the term of office as director of François Grappotte for a period of three years, expiring at the close of the Annual Meeting to be called in 2008 to approve the 2007 financial statements

• **Ninth resolution** *(Renewal of the term of office of a director)*

The Annual Meeting resolves to renew the term of office as director of Hélène Ploix for a period of three years, expiring at the close of the Annual Meeting to be called in 2008 to approve the 2007 financial statements.

• **Tenth resolution** *(Renewal of the term of office of a director)*

The Annual Meeting resolves to renew the term of office as director of Baudouin Prot for a period of three years, expiring at the close of the Annual Meeting to be called in 2008 to approve the 2007 financial statements.

• **Eleventh resolution** *(Resignation and appointment of directors)*

The Annual Meeting resolves to appoint as a director Loyola de Palacio del Valle-Lersundi, to replace Jacques Friedmann who does not wish to renew his term of office as director, which expires at the close of this Annual Meeting. The three-year term of office of Loyola de Palacio del Valle-Lersundi will expire at the close of the Annual Meeting called in 2008 to approve the 2007 financial statements.

• **Twelfth resolution** *(Determination of directors' fees)*

The Annual Meeting sets at EUR 780,000 the maximum total annual amount of directors' fees payable to members of the Board of Directors, until further notice.

In accordance with section 243 *bis* of the French General Tax Code, directors' fees received by members of the Board do not qualify for the 50% reduction applicable to individual shareholders resident in France for tax purposes, as provided for by article 158-3 of the French General Tax Code.

• **Thirteenth resolution** *(Powers to carry out formalities)*

The Annual Meeting gives full powers to the bearer of an original, copy or extract of the minutes of this Meeting to carry out all legal or administrative formalities and to make all filings and publish all notices required by the applicable laws.

Extraordinary Meeting

The following resolutions have been drawn up with a view to helping the Bank to attract and retain key personnel and officers, by granting them share and share equivalents representing a maximum of 3% of BNP Paribas SA's issued capital over a period of thirty-eight months.

• **Fourteenth resolution** *(Authorisation to grant stock options to corporate officers and certain employees)*

The Extraordinary Meeting, having reviewed the report of the Board of Directors and the Auditors' special report, authorises the Board of Directors to grant, on one or several occasions, options exercisable for new BNP Paribas shares or existing shares acquired under share buybacks, to corporate officers and all or certain employees of BNP Paribas and related companies as defined in article L. 225-180 of the Commercial Code.

This authorisation may be used on one or several occasions over a period of thirty-eight months as from the date of this Meeting.

The number of shares that may be subscribed or purchased through the exercise of outstanding options issued under this authorisation may not exceed 1.5% of the Bank's issued capital as of the date of this Meeting.

The exercise period of options granted may not exceed ten years as from their grant date.

By virtue of this authorisation, existing shareholders expressly waive their pre-emptive right to subscribe for shares issued on the exercise of these stock options.

The option exercise price will be set by the Board of Directors on the grant date in accordance with the applicable law, except that no discounts may be applied. The said price shall correspond to the average of the prices quoted for BNP Paribas shares over the 20 trading days preceding the grant of the stock options.

This price may only be adjusted if the Bank carries out a financial transaction during the exercise period. In such a case, BNP Paribas shall adjust the exercise price or number of shares purchased in accordance with the applicable law.

Full powers are given to the Board of Directors, under the conditions provided for above, to grant the aforementioned stock options, set the terms and conditions thereof in accordance with the applicable law and the Bank's Articles of Association, designate the beneficiaries, record the share issue(s) carried out pursuant to this authorisation, charge the share issuance costs against the related premiums, carry out any and all necessary formalities and to amend the Articles of Association to reflect the new capital amounts.

This authorisation cancels and replaces the unused portion of any earlier authorisations to the same effect.

In accordance with article L. 225-129-6 of the Commercial Code, the Extraordinary Meeting confirms that the fifteenth resolution adopted by the Annual Meeting of 28 May 2004 authorising the Board of Directors to increase the Bank's capital in accordance with the conditions set out by article L. 443-5 of the French Labour Code, by issuing shares for subscription by participants in the Corporate Savings Plan, without pre-emptive subscription rights for existing shareholders, has been partially implemented and remains in effect under the terms and conditions set out in the afore-mentioned fifteenth resolution.

• **Fifteenth resolution** *(Authorisation to grant bonus shares to employees and corporate officers of BNP Paribas and related companies)*

The Extraordinary Meeting, having reviewed the report of the Board of Directors and the Auditors' special report, in accordance with articles 225 et seq. of the Commercial Code:

- authorises the Board of Directors to grant, on one or several occasions, bonus shares from share buybacks carried out by the Bank or from new share issues to:
  - BNP Paribas employees and corporate officers;
  - employees and corporate officers of companies and economic interest groups in which BNP Paribas directly or indirectly holds 10% or more of share capital or voting rights;

  The Board of Directors shall determine the beneficiaries of the bonus shares, the conditions of issuance of bonus shares and, where applicable, the basis for allocating the shares;
- resolves that the total number of bonus shares issued (either in the form of existing shares or newly-issued shares) may not exceed 1.5% of the Bank's issued capital as of the close of this Meeting, that the allocation of the shares to their beneficiaries shall only be definitive after a vesting period of at least two years, that the shares shall be subject to a compulsory two-year holding period as from the end of the vesting period, and that the Board of Directors shall be entitled to extend said vesting and holding periods;
- notes that, regarding bonus shares arising from new share issues, this resolution shall entail an increase in capital at the end of the vesting period paid up by capitalising retained earnings, income or additional paid-in capital, and the corresponding waiver by the shareholders of the portion of capitalised income, retained earnings or additional paid-in capital used for this purpose;
- resolves that the term of this authorisation will be thirty-eight months as from the date of this Meeting.

The Extraordinary Meeting grants full powers to the Board of Directors and, by delegation, to any person duly authorised by the Board subject to compliance with the law, to use the above authorisation and, in order to protect the rights of the beneficiaries, to adjust the number of bonus shares granted following any transactions that may have the effect of altering BNP Paribas issued capital; to determine the amount and nature of retained earnings, income or additional paid-in capital transferred to the capital account in the case of new share issues; to record any capital increases carried out in accordance with this authorisation; to amend the Articles of Association accordingly, and generally to do whatever is necessary to use this authorisation.

• **Sixteenth resolution** *(Authorisation to be given to the Board to reduce the Bank's capital by the cancellation of shares)*

The Extraordinary Meeting, having reviewed the report of the Board of Directors and the Auditors' special report, authorises the Board of Directors pursuant to article L. 225-209 of the Commercial Code to cancel, on one or several occasions, all or part of the BNP Paribas shares that the Bank currently holds or that it may acquire in accordance with the conditions laid down by the General Meeting, provided that the number of shares cancelled does not exceed 10% of the total number of shares per period of twenty-four months, and to reduce the capital accordingly by debiting any difference between the price paid for the cancelled shares and their par value against additional paid-in capital or revenue reserves, including the legal reserve up to a limit of 10% of the amount of capital cancelled.

The Extraordinary Meeting gives full powers to the Board of Directors and, by delegation, to any person duly authorised by the Board to use this authorisation, and to sign any documents and carry out any and all formalities, including amending the Articles of Association, and to take any and all other action required to use this authorisation.

This authorisation is given for a period of eighteen months.

This authorisation cancels and replaces the unused portion of any earlier authorisations to the same effect.

• **Seventeenth resolution** *(Amendments to the Articles of Association relating to the number of directors elected by employees)*

The Extraordinary Meeting, having heard the report of the Board of Directors, resolves to amend the number of directors elected by employees, to arrange for the election of the employee-director representing the Bank's non-managerial personnel for the first quarter of 2006 in order to bring that director's term of office into line with that of the director representing managerial staff, to simplify the electoral procedures, to update any sections of the Articles of Association that are no longer relevant, and consequently to amend paragraph 2 of article 7, Chapter III of the Articles of Association, as follows:
- new wording of paragraph 2 of article 7:

"Of members of the Board representing BNP Paribas SA employees."

"The status of employee representatives on the Board and the related election procedures shall be governed by articles L. 225-27 to L. 225-34 of the Commercial Code, as well as the provisions of these Articles of Association.

"There shall be two employee representatives on the Board of Directors, including one representing managerial staff and one representing the Bank's non managerial personnel.

"These directors shall be elected by BNP Paribas SA's employees.

"They shall be appointed for a three-year term.

"Elections shall be organised by Executive Management, which shall also set the timing thereof, after consultation with the national trade union representatives within the Bank, in such a way as to ensure that the second round is held at the latest fifteen days before the term of office of the outgoing directors expires.

"Each candidate shall be elected on a majority basis after two rounds held in each of the electoral colleges.

"Each application shall include both the candidate's name and the name of a replacement.

"The candidates shall belong to the electoral college where they are standing for vote.

"Applications that are not presented by a trade union representative from the Bank shall be submitted together with a document featuring the names and signatures of one hundred electors.

"The election shall be held at the workplace and during working hours on the dates set. However, any electors having given advance notification of their absence on the day votes are cast may vote by correspondence.

"Ballots shall be counted in each voting office immediately after the close of the vote. A report shall be drawn up after each voting office has counted its ballots.

"The minutes shall be immediately sent to BNP Paribas SA head office where a central voting office. Shall be set up to draft the final report and announce the results."

• **Eighteenth resolution** *(Powers to carry out formalities)*

The Annual Meeting gives full powers to the bearer of an original, copy or extract of the minutes of this Meeting to carry out all legal or administrative formalities and to make all filings and publish all notices required by the applicable laws.

Glossary

Accretion	Reverse of dilution. Accretion is where a corporate action (share buyback or issue of shares in a smaller proportion than the increase in income following a merger or public tender offer, for example) leads to an increase in earnings per share.
ADR (American Depositary Receipt)	Negotiable certificates representing one or several shares. Their face value is stated in dollars and interest is also payable in dollars. ADRs allow American investors to buy shares in foreign-based companies that are not quoted on an American Stock Exchange.
AMS	Asset Management and Services
Arbitrage	Activity that consists of attempting to profit by price differences on the same or similar financial assets. For example, in the case of a takeover bid, where the predator offers a price that exceeds the price at which the target's shares are trading.
Attribution right	Right to receive bonus shares issued in connection with a capital increase paid up by capitalising retained earnings. Attribution rights are quoted.
Avoir fiscal	Dividend tax credit available to individual shareholders resident in France on the dividends distributed by French companies. The purpose of the tax credit is to avoid double taxation of distributed earnings, in the hands of the company and the shareholder. The *avoir fiscal* granted to individual shareholders resident in France is equal to one half of the net dividend. It is deductible from personal income tax. If the *avoir fiscal* cannot be set off against taxable income it is refunded by the French Treasury.
B2B or BtoB	Business to Business: sales of products or services by one company to another.
B2C or BtoC	Business to Consumer: sales of products or services by a company to a consumer.
B2E portal	Intranet site for Group employees. The home page includes a browser, links to services and a wealth of information concerning the various functions within the Group, practical information for employees and career information.
Back-office	Department responsible for all administrative processing.
Bond/debenture	Debt security whereby the issuer undertakes to pay the lender a fixed capital sum at a specific future date, plus twice-yearly or annual interest payments. Interest payments - generally at fixed rates - may vary over the life of the bond. Debentures are unsecured bonds.
Capital	Amount of cash or assets contributed by shareholders, plus any profits, retained earnings or premiums transferred to the capital account. The capital may be increased or reduced during the life of the company.

Capital increase
A method of increasing a company's shareholders' equity. The capital may be increased by issuing new shares for cash or in exchange for assets, such as shares in another company. Alternatively, it may be increased by capitalising additional paid-in capital, retained earnings or profits and either raising the par value of existing shares or issuing new shares without consideration. Existing shareholders may have a pre-emptive right to subscribe for the new shares or this right may be cancelled. A capital increase may be carried out to give new investors an opportunity to become shareholders. All capital increases must be authorised in advance by the shareholders, in Extraordinary General Meeting.

Cash flow
Cash generated by operations that can be used to finance investment without raising equity or debt capital.

CECEI
Comité des Établissements de Crédit et des Entreprises d'Investissment: Committee headed by the Governor of the Banque de France responsible for monitoring the proper operation of the French financial and banking system.

CIB
Corporate and Investment Banking, one of the BNP Paribas Group's core businesses.

Comité Consultatif des Actionnaires
Shareholder Consultation Committee. A group of individual shareholders selected to advise the company on its communications targeted at individual shareholders. The BNP Paribas *Comité Consultatif des Actionnaires* was set up in the first half of 2000, at the time of the merger.

Consolidated net income
Net income of the Group after deducting the portion of the profits of subsidiaries attributable to minority shareholders.

Convertible bond
Bond convertible into the issuer's shares on terms set at the time of issue.

Corporate governance
Series of principles and recommendations to be followed by the management of listed companies.

Coupon
The coupon represents the right of the holder of a security to collect an amount corresponding to the revenue distributed on the security for a given year.

Custody fee
Fee received by a bank or broker to hold and service securities recorded in a securities account. Custody fees are payable annually in advance. They are not refunded if the securities are sold during the year, but no fees are payable on securities deposited during the year until the beginning of the next year.

CVR (Contingent Value Rights Certificate)
Financial instrument generally issued in connection with the acquisition of a listed company, guaranteeing the value of the underlying security at a pre-determined date. The CVR entitles the shareholder of the target to receive an amount equal to the positive difference between the offer price and a "reference" price.

Derivatives
Contract whose value is based on the performance of an underlying financial asset, index or other investment, used to hedge or profit from future changes in the value of the underlying.

Dilution
Impact on the rights attached to a share of the issue of securities (in connection with a capital increase, a merger, a stock-for-stock tender offer or the exercise of rights), assuming that there is no change in the total income of the issuer.

Dividend	Portion of net profit that the Annual General Meeting decides to distribute to shareholders. The amount of the dividend is recommended by the Board of Directors. It represents the revenue on the share and the amount can vary from one year to the next depending on the company's results and policy.
EONIA	Euro OverNight Index Average.
EUREX	Frankfurt-based derivatives market.
EURIBOR (European InterBank Offered Rate)	The most commonly used money-market rate in the euro zone.
Euroclear	Formerly Sicovam. Clearing house for securities transactions.
Euronext SA	Company that operates the Paris, Brussels and Amsterdam Stock Exchanges. Euronext SA establishes market rules, decides to accept or reject listing applications and manages all trading technologies.
FCP (*Fonds Commun de Placement*)	Fund invested in stocks, bonds and/or money-market securities. An FCP is similar to a SICAV, but is not a separate legal entity. FCPs are generally smaller than SICAVs and are easier to manage. They are subject to less restrictive regulations and can be more specialised.
Free Cash Flow	Cash available after financing operations and investments, available to pay down debt.
Free float	The amount of capital which is not under the control of stable shareholders. In other words, capital that can be freely bought and sold and is therefore available to investors, excluding for example shares held by the State, or shares that are subject to shareholders' pacts and so on. On 1 December 2003, the stocks that make up the Cac 40 index became weighted according to their free floats, as opposed to their market capitalisations. This change was born out of a desire to be consistent with the major world market indexes which already function in this manner, and to ensure greater comparability between industries and shares. BNP Paribas has a free float of 95% – one of the highest on the Paris stock market.
Gain/loss on securities	Positive/negative difference between the sale price of a security and the purchase price.
Goodwill	Difference between the cost of shares and the Group's equity in the fair value of the underlying net assets.
Hedge Funds	Funds that take both long and short positions, use leverage and derivatives and invest in many markets.
IAS	International accounting standards.
IFRS	International financing reporting standards.
IFU (*Imprimé Fiscal Unique*)	French tax return issued by a bank or broker, listing all the securities transactions carried out on behalf of the taxpayer and all the coupon payments made to the tax payer.
Institutional investor	Financial institution which, by definition or by virtue of its articles of association, is required to hold a certain proportion of its assets in stocks and shares. Examples include insurance companies and pension funds.

Investment club
A variable- or split-capital company, which enables its members to jointly manage a portfolio of marketable securities formed from an initial investment and/or regular capital contributions. Clubs benefit from a favourable regime in respect of capital gains tax. The FNACI (National Federation of Investment Clubs), which is located at 39, rue Cambon, 75001 Paris, provides on request all the information required for the launching and smooth running of these clubs.

IRB
International Retail Banking, one of the BNP Paribas Group's core businesses.

IRFS
International Retail Banking and Financial Services.

ISIN code
The new identification number for securities listed on the stock market. The ISIN code replaces the well-known Sicovam code which had since become the Euroclear code. On 30 June 2004, Euronext Paris put an end to its existing system for identifying securities and replaced it with a system that uses ISIN codes. Having already been adopted by a number of European stock markets including Amsterdam, Brussels, Lisbon and Frankfurt, the new system gives a unique identity to each share and therefore facilitates cross-border transactions between investors, primarily by improving harmonisation within Euronext. The ISIN code comprises 12 characters: 2 letters to indicate the issuing country (e.g. FR for France and US for the United States) and 10 figures. BNP Paribas's ISIN code is FR0000131104.

LBO
Leveraged Buy Out. Company acquisition financed primarily by debt. In practice, a holding company is set up to take on the debt used to finance the acquisition of the target. The interest payments due by the holding company are covered by ordinary or exceptional dividends received from the acquired target.

LIFFE
London International Financial Futures and Options Exchange.

Liquidity
Ratio between the volume of shares traded and the total number of shares in issue.

LME
London Metal Exchange.

M & A
Mergers & Acquisitions.

Market capitalisation
Value attributed to a company by the stock market. Market capitalisation corresponds to the share price multiplied by the number of shares outstanding.

Market-maker/ Market-making contract
Market-makers commit to maintaining firm bid and offer prices in a given security by standing ready to buy round lots at publicly-quoted prices. Market-making contracts generally concern mid-cap stocks and are intended to enhance the stocks' liquidity. In France, market-making contracts ("contrats d'animation") are entered into between Euronext, the issuer and a securities dealer.

MONEP (*Marché d'Options Négociables de Paris*)
Paris traded options market, including Cac 40 index options and equity options.

OAT (*Obligation Assimilable du Trésor*)
French government bonds.

OCEANE (*Obligation Convertible En Actions Nouvelles ou Existantes*)
Bond convertible for new shares or exchangeable for existing shares of the issuer.

OPA (*Offre Publique d'Achat*)	French acronym for a public tender offer for cash.
OPE (*Offre Publique d'Échange*)	French acronym for a public stock-for-stock tender offer.
OPF (*Offre à Prix Fixe*)	French acronym for a public offering of securities at a set price.
OPR (*Offre Publique de Retrait*)	French acronym for a compulsory buyout offer (final stage in a squeeze-out).
OPRA (*Offre Publique de Rachat d'Actions*)	French acronym for an offer to buy out the minority shareholders of a company that is already largely controlled (first stage in a squeeze-out).
Option	Contract giving the buyer the right (but not the obligation), to purchase or sell a security at a future date, at a price fixed when the option is written (exercise price), in exchange for a premium paid when the option is purchased. Options to purchase a security are known as calls and options to sell a security are known as puts.
OPV (*Offre Publique de Vente*)	French acronym for a public offering of securities at a set price.
ORA (*Obligation Remboursable en Actions*)	French acronym for equity notes, representing bonds redeemable for shares.
P/E	Price/Earnings ratio. Ratio between the share price and earnings per share. The P/E serves to determine the multiple of earnings per share represented by the share price.
Par value	The par value of a share is the portion of capital represented by the share.
PEA (*Plan d'Épargne en Actions*)	French name for personal equity plans. Savings products designed to promote private share ownership, invested in shares of companies that have their headquarters in a European Union country or in units in qualifying unit trusts, revenues and capital gains are exempt from personal income tax and capital gains tax provided that the savings are left in the plan for at least five years. Investments in PEAs are capped at EUR 120,000 per individual.
PEE (*Plan d'Épargne Entreprise*)	French name for employee share ownership plans. Payments into the plan and reinvested interest are exempt from personal income tax provided that they are left in the plan for at least five years (with early withdrawal allowed in certain specific cases). Surrender gains are also exempt from personal income tax.
Pre-emptive subscription rights	When a company issues shares for cash, each shareholder has a pre-emptive right to subscribe for a number of new shares pro rata to the number of shares already held. The right can be traded on the stock market. Companies can ask the General Meeting to cancel shareholders' pre-emptive subscription rights to facilitate certain operations or allow the company to open up its capital to new investors.
Preference shares	Preference shares are shares that pay dividends at a specified rate and have a preference over ordinary shares in the payment of dividends and the liquidation of assets. They do not carry voting rights.
Price guarantee	When a company acquires control of a listed target, it is required to offer the target's minority shareholders the opportunity to sell their shares at the same price as that received by the sellers of the controlling interest. The offer must remain open for at least fifteen trading days.
Primary market	Market where newly-issued securities are bought and sold.

Prime brokerage — Activity consisting of providing a wide range of services to Hedge Funds, including financing, securities settlement/delivery, custody, securities lending/borrowing, etc.

Public tender offer — Offer to buy shares of a company, usually at a premium above the shares' market price, for cash or securities or a combination of both. Where only a small proportion of the company's shares are traded on the market and the offer is followed by a compulsory buyout, the process is known as a "squeeze-out".

Quorum — General Meetings can take place only if there is a quorum. For Ordinary General Meetings, on first call there is a quorum if the shareholders present and represented hold at least 1/4 of the voting rights. There is no quorum requirement on second call.
For Extraordinary General Meetings, the quorum corresponds to 1/3 of the voting rights on first call and 1/4 on second call. For combined meetings, the quorum requirements depend on whether the resolutions are "ordinary" or "extraordinary".

Quotation — The quotation determines the price of a security on the market at a given point in time. Prices are generally quoted on a continuous basis throughout the day (from 9:00 a.m. to 5:30 p.m.), providing a real-time indication of the prices at which the security concerned is changing hands. Continuous quotation allows market players to closely track market trends. Quotations for securities with a low trading volume are made once a day.

Rating/rating agencies — A rating represents an assessment of the default risk on debt securities. The rating awarded to an issuer has a direct impact on the issuer's borrowing costs. Changes in ratings also have a significant impact on the issuer's share price. The main rating agencies are Standard & Poor's, Moody's and Fitch.

RBF — Retail Banking in France.

RELIT — Euronext Paris settlement-delivery system.

Report — On the Euronext Paris market, transaction allowing an investor to carry forward a buy or sell position from one deferred settlement date to the next.

ROE — Return on Equity. Ratio between consolidated net income and consolidated shareholders' equity.

Secondary market — Market where securities are bought and sold subsequent to their issue.

Share — A share is a transferable security representing a portion of the capital of a limited company or a partnership limited by shares. Ownership of shares is evidenced by an entry in the issuer's share register (registered shares) or in a securities account kept in the holder's name by a bank, stockbroker or other accredited intermediary (bearer shares). Shares quoted on the stock exchange are also referred to as "equities".

SICAV (*Société d'Investissement à Capital Variable*) — Variable capital investment company that manages a portfolio of securities on behalf of its shareholders. Shares may be purchased or redeemed at any time. The shares are not listed but their value (corresponding to the company's net asset value per share) varies each day based on changes in the value of the securities held in the portfolio.

SICOVAM (*Société Interprofessionnelle pour la Compensation des Valeurs Mobilières*) — Now renamed Euroclear France. Organisation responsible for clearing securities trades, centralising all stock maket transactions and facilitating the transfer of securities between member institutions.

SPVT (*Spécialiste en Pension des Valeurs du Trésor*)	Primary dealer in French government bond repos.
SRD (*Service de Règlement Différé*)	French market where the main French and foreign equities are traded. Equities or bonds purchased with deferred settlement are purchased on credit. The buyer is required to settle the purchase price and the seller is required to deliver the securities on the next settlement date, unless one or other of the parties asks for the transaction to be carried over the to next settlement date ("report").
Subscription right	Right to participate in a share issue for cash.
TBB (*Taux de Base Bancaire*)	Interest Base rate.
TMO (*Taux Mensuel de Rendement des Emprunts Obligataires*)	Interest rate corresponding to the monthly bond yield.
TPI (*Titre au Porteur Identifiable*)	Procedure allowing issuers to obtain information about the identity of holders of bearer shares from Euroclear.
Trade Centre	Specialised sales force set up by BNP Paribas to partner its corporate customers' international development. The Trade Centers offer importers and exporters a wide range of customised services based on the "one-stop-shopping" principle.
Treasury shares	Shares held by the issuer. Treasury shares are stripped of voting and dividend rights and are not taken into account in the calculation of earnings per share.
TSDI (*Titre Subordonné à Durée Indéterminée*)	French acronym for perpetual subordinated notes.
TSR	Total Shareholder Return: corresponding to return on the capital invested by shareholders, including dividends and unrealised gains on the shares.
UCITS	Undertaking for Collective Investment in Transferable Securities. Term covering unit trusts and variable capital investment companies.
Voting right	Right of a shareholder to vote in person or by proxy at General Meetings.
Warrant	Certificate issued on a stand-alone basis or strippable from another security (share, bond) giving the holder the right to acquire securities (share, bond). Warrants issued by financial institutions acting as market-maker give the holder the right to purchase (call warrant) or sell (put warrant) various underlyings (interest rate, index, currency, equities) at a fixed exercise price during a fixed exercise period. Although these warrants constitute options, they cannot be sold short.
Work flow	Process automation technology allowing the sequential transmission of digital documents and files to the various people responsible for processing the data.
Yield	Indicator of the return on an investment, expressed in percent. For shares, the yield corresponds to the ratio between the last dividend paid and the last share price.

Notes

RAPHO

Pascal Dolémieux – Laurent Monlaü – Gilles Leimdorfer – Grégoire Korganow – Hervé Brugnot

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DESIGN AND PRODUCTION
Terre de Sienne
+33 1 55 19 19 19

www.bnpparibas.com

HEAD OFFICE

16, boulevard des Italiens – 75009 Paris (France)

Tel.: + 33 1 40 14 45 46

Paris trade and companies register
RCS Paris 662 042 449
Société Anonyme (Public Limited Company)
with capital of: EUR 1 770 438 404

SHAREHOLDERS´ RELATIONS

Tel.: +33 1 42 98 21 61 / +33 1 40 14 63 58

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