CONSOLIDATED FINANCIAL STATEMENTS

First half of 2006

CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

NOTES TO THE FINANCIAL STATEMENTS PREPARED UNDER IFRS

CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

PROFIT AND LOSS ACCOUNT FOR THE FIRST HALF OF 2006

In millions of euros	Note	6 months to 30 June 2006	6 months to 30 June 2005
Interest income	2.a	21,704	13,948
Interest expense	2.a	(16,965)	(10,161)
Commission income		5,252	3,959
Commission expense		(2,361)	(1,685)
Net gain/loss on financial instruments at fair value through profit or loss	2.b	3,698	2,354
Net gain/loss on available-for-sale financial assets	2.c	914	1,019
Income from other activities	2.d	10,101	10,755
Expenses on other activities	2.d	(8,281)	(9,415)
NET BANKING INCOME		14,062	10,774
Operating expense		(7,732)	(5,997)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		(418)	(341)
GROSS OPERATING INCOME		5,912	4,436
Cost of risk	2.e	(237)	(212)
OPERATING INCOME		5,675	4,224
Share of earnings of associates		121	176
Net gain/loss on non-current assets		33	116
PRE-TAX NET INCOME		5,829	4,516
Corporate income tax	2.f	(1,643)	(1,152)
NET INCOME		4,186	3,364
Net income attributable to minority interests		272	188
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS		3,914	3,176
Basic earnings per share	4.a	4.43	3.84
Diluted earnings per share	4.a	4.39	3.82

BALANCE SHEET AT 30 JUNE 2006

In millions of euros	30 June 2006	31 Dec 2005
ASSETS		
Cash and amounts due from central banks and post office banks	12,452	7,115
Financial assets at fair value through profit or loss	742,897	700,525
Derivatives used for hedging purposes	2,666	3,087
Available-for-sale financial assets	97,458	92,706
Loans and receivables due from credit institutions	63,981	45,009
Loans and receivables due from customers	377,115	301,196
Remeasurement adjustment on interest-rate risk hedged portfolios	(271)	(61)
Held-to-maturity financial assets	15,271	15,445
Current and deferred tax assets	3,161	2,135
Accrued income and other assets	83,179	65,327
Investments in associates	2,196	1,823
Investment property	5,664	5,255
Property, plant and equipment	11,470	9,213
Intangible assets	1,382	1,225
Goodwill	9,845	8,079
TOTAL ASSETS	1,428,466	1,258,079
LIABILITIES		
Due to central banks and post office banks	2,417	742
Financial liabilities at fair value through profit or loss	655,998	610,681
Derivatives used for hedging purposes	1,306	1,015
Due to credit institutions	138,481	118,893
Due to customers	295,783	247,494
Debt securities	109,560	84,629
Remeasurement adjustment on interest-rate risk hedged portfolios	392	901
Current and deferred tax liabilities	2,146	2,206
Accrued expenses and other liabilities	68,919	48,446
Technical reserves of insurance companies	79,809	76,523
Provisions for contingencies and charges	4,980	3,850
Subordinated debt	17,592	16,706
TOTAL LIABILITIES	1,377,383	1,212,086
SHAREHOLDERS' EQUITY		
Share capital and additional paid-in capital	*15,268*	*9,701*
Retained earnings	*22,639*	*19,694*
Net income for the period attributable to shareholders	*3,914*	*5,852*
Total capital, retained earnings and net income for the period attributable to shareholders	41,821	35,247
Unrealised or deferred gains and losses attributable to shareholders	3,734	5,471
Shareholders' equity	45,555	40,718
Minority interests	5,528	5,275
Total consolidated equity	51,083	45,993
TOTAL LIABILITIES AND EQUITY	1,428,466	1,258,079

STATEMENT OF CHANGES IN SHAREHOLDERS'

In millions of euros	Shareholders' equity: Share capital and additional paid-in capital	Preferred shares and equivalent instruments	Elimination of own equity instruments	Retained earnings and net income for the period	Total capital and retained earnings
Consolidated equity at 31 December 2004 under 2004 IFRS [1]	12,109	-	(2,693)	21,132	30,548
Effect of adoption of IFRS applicable at 1 January 2005			32	(1,862)	(1,830)
Consolidated equity at 1 January 2005 under EU IFRS [1] before appropriation of net income	12,109	-	(2,661)	19,270	28,718
Appropriation of net income for 2004				(1,659)	(1,659)
Consolidated equity at 1 January 2005 under EU IFRS after appropriation of net income	12,109	-	(2,661)	17,611	27,059
Movements arising from relations with shareholders					
Increase in share capital	16				16
Reduction in share capital	(691)		691		-
Issue of preferred shares and equivalent instruments		1,114			1,114
Elimination of own equity instruments			(248)	(42)	(290)
Share-based payment plans			37	4	41
Preferred shares and equivalent instruments remuneration					-
Effect of acquisitions and disposals on minority interests				(90)	(90)
	(675)	1,114	480	(128)	791
Other movements				(22)	(22)
Unrealised or deferred gains and losses for the period :					
Changes in fair value of financial instruments through shareholders' equity					-
Changes in fair value of financial instruments through profit and loss					-
Effect of movements in exchange rates					-
Share of changes in net assets of associates and equity-accounted joint enterprises					-
	-	-	-	-	-
Net income for 6 months to 30 june 2005				3,176	3,176
Consolidated equity at 30 June 2005 [2]	11,434	1,114	(2,181)	20,637	31,004
Movements arising from relations with shareholders					
Increase in share capital	270				270
Reduction in share capital	(2,003)		2,003		-
Issue of preferred shares and equivalent instruments		1,310			1,310
Elimination of own equity instruments			13	(21)	(8)
Share-based payment plans			-	31	31
Preferred shares and equivalent instruments remuneration				(19)	(19)
Effect of acquisitions and disposals on minority interests				(2)	(2)
	(1,733)	1,310	2,016	(11)	1,582
Other movements				(15)	(15)
Unrealised or deferred gains and losses for the period :					
Changes in fair value of financial instruments through shareholders' equity					-
Changes in fair value of financial instruments through profit and loss					-
Effect of movements in exchange rates					-
Share of changes in net assets of associates and equity-accounted joint enterprises					-
	-	-	-	-	-
Net income for 6 months to 31 december 2005				2,676	2,676
Consolidated equity at 31 December 2005 under EU IFRS	9,701	2,424	(165)	23,287	35,247
Appropriation of net income for 2005				(2,163)	(2,163)
Consolidated equity at 31 December 2005 under EU IFRS after appropriation of net income	9,701	2,424	(165)	21,124	33,084
Movements arising from relations with shareholders					
Increase in share capital	5,567				5,567
Issue of preferred shares and equivalent instruments		1,398			1,398
Elimination of own equity instruments			(327)	(19)	(346)
Share-based payment plans			44	(6)	38
Preferred shares and equivalent instruments remuneration				(18)	(18)
Impact of the acquisition of a controlling interest in BNL					-
Impact of acquisitions carried out subsequently to the acquisition of a controlling interest in BNL				(1,880)	(1,880)
Effect of acquisitions and disposals on minority interests				79	79
	5,567	1,398	(283)	(1,844)	4,838
Other movements				(15)	(15)
Unrealised or deferred gains and losses for the period :					
Changes in fair value of financial instruments through shareholders' equity					-
Changes in fair value of financial instruments through profit and loss					-
Effect of movements in exchange rates					-
Share of changes in net assets of associates and equity-accounted joint enterprises					-
	-	-	-	-	-
Net income for 6 months to 30 june 2006				3,914	3,914
Consolidated equity at 30 June 2006	15,268	3,822	(448)	23,179	41,821

(1) "IFRS 2004" covers all International Financial Reporting Standards (IFRS) with the exception of IAS 32, IAS 39 and IFRS 4. "EU IFRS" covers all IFRS, including IAS 32, IAS 39 and IFRS 4.

(2) The impacts of adopting IFRS applicable at 1 January 2005 were revised after the publication of first-half 2005 financial statements. The changes related to (i) put options awarded by the Group to certain minority shareholders of subsidiaries over

EQUITY BETWEEN 31 DEC 2004 AND 30 JUNE 2006

Shareholders' equity (cont'd)					Minority interests			Total consolidated equity
Cumulative translation adjustment	Available-for-sale reserve	Hedging reserve	Total unrealised or deferred gains & losses	Total shareholders' equity	Retained earnings and net income for the period	Unrealised or deferred gains and losses	Total minority Interests	
(172)	-	-	(172)	30,376	5,020	(107)	4,913	35,289
	3,329	436	3,765	1,935	(95)	(4)	(99)	1,836
(172)	3,329	436	3,593	32,311	4,925	(111)	4,814	37,125
			-	(1,659)	(106)		(106)	(1,765)
(172)	3,329	436	3,593	30,652	4,819	(111)	4,708	35,360
			-	16			-	16
			-	-			-	-
			-	1,114			-	1,114
			-	(290)			-	(290)
			-	41			-	41
			-	-	(148)		(148)	(148)
			-	(90)	(72)		(72)	(162)
-	-	-	-	791	(220)	-	(220)	571
			-	(22)	(3)		(3)	(25)
	849	96	945	945		(6)	(6)	939
	(532)		(532)	(532)			-	(532)
410			410	410		158	158	568
(33)		(1)	(34)	(34)			-	(34)
377	317	95	789	789	-	152	152	941
				3,176	188		188	3,364
205	3,646	531	4,382	35,386	4,784	41	4,825	40,211
			-	270			-	270
			-	-			-	-
			-	1,310	163		163	1,473
			-	(8)			-	(8)
			-	31			-	31
			-	(19)	(111)		(111)	(130)
			-	(2)	94		94	92
-	-	-	-	1,582	146	-	146	1,728
			-	(15)	9		9	(6)
	1,169	(286)	883	883		7	7	890
	(170)		(170)	(170)			-	(170)
135			135	135		45	45	180
26	212	3	241	241			-	241
161	1,211	(283)	1,089	1,089	-	52	52	1,141
			-	2,676	243		243	2,919
366	4,857	248	5,471	40,718	5,182	93	5,275	45,993
			-	(2,163)	(113)		(113)	(2,276)
366	4,857	248	5,471	38,555	5,069	93	5,162	43,717
			-	5,567			-	5,567
			-	1,398			-	1,398
			-	(346)			-	(346)
			-	38			-	38
			-	(18)	(155)		(155)	(173)
			-	-	2,476		2,476	2,476
			-	(1,880)	(2,319)		(2,319)	(4,199)
			-	79	221		221	300
-	-	-	-	4,838	223	-	223	5,061
			-	(15)	(12)		(12)	(27)
	(510)	(398)	(908)	(908)		25	25	(883)
	(372)		(372)	(372)			-	(372)
(497)			(497)	(497)		(138)	(138)	(635)
1	35	4	40	40			-	40
(496)	(847)	(394)	(1,737)	(1,737)	-	(113)	(113)	(1,850)
				3,914	268		268	4,182
(130)	4,010	(146)	3,734	45,555	5,548	(20)	5,528	51,083

which the Group exercises exclusive control; (ii) the call option granted to the shareholders of a non-consolidated jointly-controlled subsidiary; and (iii) the Group's acquisition of shares issued by subsidiaries under exclusive control. The combined impact of these changes was a reduction of EUR 139 million in retained earnings attributable to the Group and of EUR 96 million in minority interests at 30 June 2005.

STATEMENT OF CASH FLOWS FOR THE FIRST HALF OF 2006

In millions of euros	Note	6 months to 30 June 2006	6 months to 30 June 2005
Pre-tax net income		5,828	4,516
Non-monetary items included in pre-tax net income and other adjustments		5,865	229
Net depreciation/amortisation expense on property, plant and equipment and intangible assets		1,187	366
Impairment of goodwill and other non-current assets		(10)	(25)
Net addition to provisions		1,489	3,167
Share of earnings of associates		(121)	(176)
Net income from investing activities		(32)	(110)
Net loss (income) from financing activities		74	(161)
Other movements		3,278	(2,832)
Net decrease in cash related to assets and liabilities generated by operating activities		(326)	(4,495)
Net (decrease) increase in cash related to transactions with credit institutions		(5,614)	5,623
Net increase (decrease) in cash related to transactions with customers		13,375	(6,700)
Net decrease in cash related to transactions involving other financial assets and liabilities		(6,262)	(2,699)
Net decrease in cash related to transactions involving non-financial assets and liabilities		(1,342)	(347)
Taxes paid		(483)	(372)
NET INCREASE IN CASH AND EQUIVALENTS GENERATED BY OPERATING ACTIVITIES		11,367	250
Net (decrease) increase in cash related to acquisitions and disposals of consolidated entities	4.c	(14,170)	227
Net decrease related to property, plant and equipment and intangible assets		(429)	(397)
NET DECREASE IN CASH AND EQUIVALENTS RELATED TO INVESTING ACTIVITIES		(14,599)	(170)
Increase (decrease) in cash and equivalents related to transactions with shareholders		2,946	(2,285)
Other increases in cash and equivalents generated by financing activities		149	4,386
NET INCREASE IN CASH AND EQUIVALENTS RELATED TO FINANCING ACTIVITIES		3,095	2,101
EFFECT OF MOVEMENTS IN EXCHANGE RATES ON CASH AND EQUIVALENTS		(416)	399
NET (DECREASE) INCREASE IN CASH AND EQUIVALENTS		(553)	2,580
Balance on cash and equivalent accounts at the start of the period		8,565	7,346
Net balance of cash accounts and accounts with central banks and post office banks		6,642	6,634
Net balance of demand loans and deposits - credit institutions		1,923	712
Balance on cash and equivalent accounts at the end of the period		8,012	9,926
Net balance of cash accounts and accounts with central banks and post office banks		10,036	9,682
Net balance of demand loans and deposits - credit institutions		(2,024)	244
NET (DECREASE) INCREASE IN CASH AND EQUIVALENTS		(553)	2,580

NOTES TO THE FINANCIAL STATEMENTS PREPARED UNDER IFRS

1. PRINCIPAL ACCOUNTING POLICIES APPLIED BY THE BNP PARIBAS GROUP

1.a APPLICABLE ACCOUNTING STANDARDS

International Financial Reporting Standards (IFRS) are applicable to consolidated financial statements from 1 January 2005 (the date of first-time adoption) in accordance with the requirements of IFRS 1 "First-time Adoption of International Financial Reporting Standards" and of other IFRS, based on the version and interpretations of standards adopted for use within the European Union.

These consolidated financial statements have been prepared in accordance with IAS 34 on interim financial reporting, which allows companies to present a condensed set of interim financial statements.

1.b CONSOLIDATION

SCOPE OF CONSOLIDATION

The consolidated financial statements of BNP Paribas include all entities under the exclusive or joint control of the Group or over which the Group exercises significant influence, the consolidation of which is material to the Group. An entity is regarded as material if it contributes at least EUR 8 million to consolidated net banking income, EUR 4 million to consolidated gross operating income or net income before tax, or EUR 40 million to total consolidated assets. Companies that hold shares in consolidated companies are also consolidated.

Subsidiaries are consolidated from the date on which the Group obtains effective control. Entities under temporary control are included in the consolidated financial statements until the date of disposal.

The Group also consolidates special purpose entities (SPEs) formed specifically to manage a transaction or a group of transactions with similar characteristics, even where the Group has no equity interest in the entity, provided that the substance of the relationship indicates that the Group exercises control as assessed by reference to the following criteria:

- the activities of the SPE are being conducted exclusively on behalf of the Group, such that the Group obtains benefits from those activities;
- the Group has the decision-making and management powers to obtain the majority of the benefits of the ordinary activities of the SPE (as evidenced, for example, by the power to dissolve the SPE, to amend its bylaws, or to exercise a formal veto over amendments to its bylaws);
- the Group has the ability to obtain the majority of the benefits of the SPE, and therefore may be exposed to risks incident to the activities of the SPE. These benefits may be in the form of rights to some or all of the SPE's earnings, to a share of its net assets, to benefit from one or more assets, or to receive the majority of the residual assets in the event of liquidation;
- the Group retains the majority of the risks taken by the SPE in order to obtain benefits from its activities. This would apply, for example, if the risk exposure of outside investors is significantly reduced as a result of a guarantee from a Group company.

CONSOLIDATION METHODS

Entities under the exclusive control of the Group are fully consolidated. The Group has exclusive control over an entity where it is in a position to govern the financial and operating policies of the entity so as to obtain benefits from its activities. Exclusive control is presumed to exist when the BNP Paribas Group owns, directly or indirectly, more than half of the voting rights of an entity. It also exists when the Group has power to govern the financial and operating policies of the entity under an agreement; to appoint or remove the majority of the members of the board of directors or equivalent governing body; or to cast the majority of votes at meetings of the board of directors or equivalent governing body.

Currently exercisable or convertible potential voting rights are taken into account when determining the percentage of control held.

Enterprises under joint control are accounted for using the proportionate consolidation method. The Group exercises joint control when under a contractual arrangement, strategic financial and operating decisions require the unanimous consent of the parties that share control.

Entities over which the Group exercises significant influence (associates) are accounted for by the equity method. Significant influence is the power to participate in the financial and operating policy decision-making of an entity without exercising control. Significant influence is presumed to exist when the Group holds, directly or indirectly, 20% or more of the voting power of an entity. Interests of less than 20% are excluded from consolidation unless they represent a strategic investment and the Group effectively exercises significant influence. This applies to companies developed in partnership with other groups, where the BNP Paribas Group participates in the strategic decision-making of the entity through representation on the board of directors or equivalent governing body, exercises influence over the entity's operational management by supplying management systems or decision-making tools, and provides technical assistance to support the entity's development.

If the Group's share of losses of an associate equals or exceeds the carrying amount of its investment in the associate, the Group discontinues including its share of further losses. The investment is reported at nil value. Additional losses of the associate are provided for only to the extent that the Group has a legal or constructive obligation to do so, or has made payments on behalf of the associate.

Minority interests are presented separately in the consolidated profit and loss account and balance sheet. The calculation of minority interests takes account of outstanding preferred shares classified as equity instruments and issued by subsidiaries, and held outside the Group.

Realised gains and losses on investments in consolidated undertakings are recognised in the profit and loss account under “Net gain/loss on non-current assets”.

CONSOLIDATION PROCEDURES

The consolidated financial statements are prepared using uniform accounting policies for reporting like transactions and other events in similar circumstances.

- Elimination of intragroup balances and transactions

Intragroup balances arising from transactions between consolidated entities, and the transactions themselves (including income, expenses and dividends), are eliminated. Profits and losses arising from intragroup sales of assets are eliminated, except where there is an indication that the asset sold is impaired. Unrealised gains and losses included in the value of available-for-sale assets are maintained in the consolidated financial statements.

- Foreign currency translation

The consolidated financial statements of BNP Paribas are prepared in euros.

The financial statements of entities whose functional currency is not the euro are translated using the closing rate method. Under this method, all assets and liabilities, both monetary and non-monetary, are translated using the spot exchange rate at the balance sheet date. Income and expense items are translated at the average rate for the period.

The same method is applied to the financial statements of entities located in hyperinflationary economies, after adjusting for the effects of inflation by applying a general price index.

Differences arising on the translation of balance sheet items and profit and loss items are recorded in shareholders' equity under "Cumulative translation adjustment" for the portion attributable to shareholders, and in "Minority interests" for the portion attributable to outside investors. Under the optional treatment permitted by IFRS 1, the Group has reset at zero, by transfer to retained earnings, all cumulative translation differences attributable to shareholders and to minority interests in the opening balance sheet at 1 January 2004.

On liquidation or disposal of some or all of the interest held in a foreign entity, the portion of the cumulative translation adjustment recorded in shareholders' equity in respect of the interest liquidated or disposed of is recognised in the profit and loss account.

BUSINESS COMBINATIONS AND MEASUREMENT OF GOODWILL

- Business combinations

Business combinations are accounted for by the purchase method. Under this method, the acquiree's identifiable assets, liabilities and contingent liabilities that meet the IFRS recognition criteria are measured at fair value at the acquisition date except for non-current assets classified as assets held for sale, which are accounted for at fair value less costs to sell.

The cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities assumed, and equity instruments issued to obtain control of the acquiree, plus any costs directly attributable to the combination.

Goodwill represents the difference between the cost of the combination and the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree at the acquisition date. Positive goodwill is recognised in the acquirer's balance sheet, and negative goodwill is recognised immediately in profit or loss, on the acquisition date.

Goodwill is recognised in the functional currency of the acquiree and translated at the closing exchange rate.

The BNP Paribas Group tests goodwill for impairment on a regular basis.

As permitted under IFRS 1, business combinations that took place before 1 January 2004 and were recorded in accordance with the previously applicable accounting standards (French GAAP), have not been restated in accordance with the principles set out above.

- Cash-generating units

The BNP Paribas Group has split all its activities into cash-generating units(1), representing major business lines. This split is consistent with the Group's organisational structure and management methods, and reflects the independence of each unit in terms of results and management methods; it is

[1] As defined by IAS 36.

subject to regular review in order to take account of events likely to affect the composition of cash-generating units, such as acquisitions, disposals and major reorganisations.

- Testing cash-generating units for impairment

Goodwill allocated to cash-generating units is tested for impairment annually and whenever there is an indication that a unit may be impaired, by comparing the carrying amount of the unit with its recoverable amount. If the recoverable amount is less than the carrying amount, an irreversible impairment loss is recognised, writing down the goodwill by the excess of the carrying amount of the unit over its recoverable amount.

- Recoverable amount of a cash-generating unit

The recoverable amount of a cash-generating unit is the higher of the fair value of the unit and its value in use.

Fair value is the price that would be obtained from selling the unit at the market conditions prevailing at the date of measurement, as determined mainly by reference to actual prices of recent transactions involving similar entities or on the basis of stock market multiples for comparable companies.

Value in use is based on an estimate of the future cash flows to be generated by the cash-generating unit, derived from the annual forecasts prepared by the unit's management and approved by Group Executive Management, and from analyses of long-term trends of the market positioning of the unit's activities. These cash flows are discounted at a rate that reflects the return that investors would require from an investment in the business sector and region involved.

1.c FINANCIAL ASSETS AND FINANCIAL LIABILITIES

LOANS

The "loans and receivables" category includes credit provided by the Group, the Group's share in syndicated loans, and purchased loans that are not quoted in an active market, unless they are held for trading purposes. Loans that are quoted in an active market are classified as "Available-for-sale financial assets" and measured using the methods applicable to this category.

Loans and receivables are initially measured at fair value, which is usually the net amount disbursed at inception including directly attributable origination costs and certain types of fees or commission (syndication commission, commitment fees and handling charges) that are regarded as an adjustment to the effective interest rate on the loan.

Loans and receivables are subsequently measured at amortised cost. The income from the loan, representing interest plus transaction costs and fees/commission included in the initial value of the loan, is calculated using the effective interest method and taken to profit or loss over the life of the loan.

Commission earned on financing commitments prior to the inception of a loan is deferred and included in the value of the loan when the loan is made.

Commission earned on financing commitments where the probability of drawdown is low, or there is uncertainty as to the timing and amount of drawdowns, is recognised on a straight line basis over the life of the commitment.

REGULATED SAVINGS AND LOAN CONTRACTS

Home savings accounts (*Comptes Épargne Logement* – "CEL") and home savings plans (*Plans d'Épargne Logement* – "PEL") are government-regulated retail products sold in France. They combine a savings phase and a loan phase which are inseparable, with the loan phase contingent upon the savings phase.

These products contain two types of obligation for BNP Paribas: (i) an obligation to pay interest on the savings for an indefinite period, at a rate set by the government on inception of the contract (in the case of PEL products) or at a rate reset every six months using an indexation formula set by law (in the case of CEL products); and (ii) an obligation to lend to the customer (at the customer's option) an amount contingent upon the rights acquired during the savings phase, at a rate set on inception of the contract (in the case of PEL products) or at a rate contingent upon the savings phase (in the case of CEL products).

The Group's future obligations in respect of each generation (in the case of PEL products, a generation comprises all products with the same interest rate at inception; in the case of CEL products, all such products constitute a single generation) are measured by discounting potential future earnings from at-risk outstandings for that generation.

At-risk outstandings are estimated on the basis of a historical analysis of customer behaviour, and equate to:

- for the loan phase: statistically probable loan outstandings and actual loan outstandings;
- for the savings phase: the difference between statistically probable outstandings and minimum expected outstandings, with minimum expected outstandings being deemed equivalent to unconditional term deposits.

Earnings for future periods from the savings phase are estimated as the difference between (i) the reinvestment rate and (ii) the fixed savings interest rate on at-risk savings outstandings for the period in question. Earnings for future periods from the loan phase are estimated as the difference between (i) the refinancing rate and (ii) the fixed loan interest rate on at-risk loan outstandings for the period in question.

The reinvestment rate for savings and the refinancing rate for loans are derived from the swap yield curve and from the spreads expected on financial instruments of similar type and maturity. Spreads are determined on the basis of actual spreads on (i) fixed-rate home loans in the case of the loan phase and (ii) euro-denominated life assurance products in the case of the savings phase. In order to reflect the uncertainty of future interest rate trends, and the impact of such trends on customer behaviour models and on at-risk outstandings, the obligations are estimated using the Monte Carlo method.

Where the sum of the Group's estimated future obligations in respect of the savings and loan phases of any generation of contracts indicates a potentially unfavourable situation for the Group, a provision is recognised (with no offset between generations) in the balance sheet in "Provisions for contingencies and charges". Movements in this provision are recognised as interest income in the profit and loss account.

SECURITIES

- Categories of securities

Securities held by the Group are classified in one of three categories.

- Financial assets at fair value through profit or loss

  Financial assets at fair value through profit or loss comprise:

  - financial assets held for trading purposes;

- financial assets that the Group has opted, on initial recognition, to recognise and measure at fair value through profit or loss using the fair value option available under IAS 39.

Securities in this category are initially carried at fair value, with transaction costs recognised directly in profit and loss. At the balance sheet date, they are remeasured to fair value, and any changes in fair value (excluding accrued interest on fixed-income securities) are presented in the profit and loss account under "Net gain/loss on financial instruments at fair value through profit or loss", along with dividends from variable-income securities and realised gains and losses on disposal.

Income earned on fixed-income securities classified in this category is shown under "Interest income" in the profit and loss account.

Fair value incorporates an assessment of the counterparty risk on these securities.

- Held-to-maturity financial assets

Held-to-maturity financial assets are investments with fixed or determinable payments and fixed maturity that the Group has the intention and ability to hold until maturity. Hedges contracted to cover assets in this category against interest rate risk do not qualify for hedge accounting as defined in IAS 39.

Assets in this category are accounted for at amortised cost using the effective interest method, which builds in amortisation of premium and discount (corresponding to the difference between the purchase price and redemption value of the asset), and incidental acquisition costs (where material). Income earned from this category of assets is included in "Interest income" in the profit and loss account.

- Available-for-sale financial assets

Available-for-sale financial assets are fixed-income and variable-income securities other than those classified as "fair value through profit or loss" or "held-to-maturity".

Securities in this category are initially recorded at fair value. Transaction costs are included where material. At the balance sheet date, they are measured at fair value, with changes in fair value (excluding accrued interest) shown on a separate line in shareholders' equity, "Unrealised or deferred gains or losses". On disposal, or on recognition of an impairment loss, these unrealised gains and losses are transferred from shareholders' equity to the profit and loss account, where they are shown on the line "Net gain/loss on available-for-sale financial assets".

Gains and losses realised on disposal of available-for-sale financial assets are taken to the profit and loss account under "Net gain/loss on available-for-sale financial assets". Income recognised using the effective interest method derived from fixed-income available-for-sale securities is recorded in "Interest income" in the profit and loss account. Dividend income from variable-income securities is recognised in "Net gain/loss on available-for-sale financial assets" when the Group's right to receive payment is established.

- Date of and criteria for recognition

Securities classified in the three categories described above are recognised in the balance sheet on the date on which the transaction is entered into, and remain in the balance sheet until the rights of the Group to receive cash flows from the assets have been extinguished or until the Group has transferred substantially all the risks and rewards of ownership of the asset.

- Investments in associates

Changes in the net assets of associates (companies accounted for under the equity method) are recognised in "Investments in associates" on the assets side of the balance sheet, and in the relevant component of shareholders' equity.

Goodwill on associates is also included in "Investments in associates".

- Repurchase agreements and securities lending/borrowing

Securities temporarily sold under repurchase agreements continue to be recorded in the Group's balance sheet in the category of securities to which they belong. The corresponding liability is recognised in the appropriate debt category in the balance sheet except in the case of repurchase agreements contracted for trading purposes, where the corresponding liability is classified in "Financial liabilities at fair value through profit or loss".

Securities temporarily acquired under reverse repurchase agreements are not recognised in the Group's balance sheet. The corresponding receivable is recognised in "Loans and receivables" except in the case of reverse repurchase agreements contracted for trading purposes, where the corresponding receivable is recognised in "Financial assets at fair value through profit or loss".

Irrespective of the accounting classification, all repurchase agreements are initially recognised on the settlement date of the transaction.

Securities lending transactions do not result in derecognition of the loaned securities, and securities borrowing transactions do not result in recognition of the borrowed securities in the balance sheet, except in cases where the borrowed securities are subsequently sold by the Group. In such cases, the obligation to deliver the borrowed securities on maturity is recognised in the balance sheet under "Financial liabilities at fair value through profit or loss".

FOREIGN CURRENCY TRANSACTIONS

The methods used to account for assets and liabilities relating to foreign currency transactions entered into by the Group, and to measure the foreign exchange risk arising on such transactions, depends upon whether the asset or liability in question is classified as a monetary or a non-monetary item.

- Monetary assets and liabilities[2] expressed in foreign currencies

  Monetary assets and liabilities expressed in foreign currencies are translated into the functional currency of the relevant Group entity at the closing rate. Translation differences are recognised in the profit and loss account, except for those arising on financial instruments designated as a cash flow hedge or a net foreign investment hedge, which are recognised in shareholders' equity.

- Non-monetary assets and liabilities expressed in foreign currencies

  Non-monetary assets may be measured either at historical cost or at fair value. Non-monetary assets expressed in foreign currencies are translated using the exchange rate at the date of the transaction if they are measured at historical cost, and at the closing rate if they are measured at fair value.

  Translation differences on non-monetary assets expressed in foreign currencies and measured at fair value (variable-income securities) are recognised in the profit and loss account if the asset is classified in "Financial assets at fair value through profit or loss", and in shareholders' equity if the asset is classified in "Available-for-sale financial assets", unless the financial asset in

[2] Monetary assets and liabilities are assets and liabilities to be received or paid in fixed or determinable amounts of money.

question is designated as an item hedged against foreign exchange risk in a fair value hedging relationship, in which case the translation difference is recognised in the profit and loss account.

IMPAIRMENT OF FINANCIAL ASSETS

- Impairment of loans and receivables and held-to-maturity financial assets, provisions for financing and guarantee commitments

An impairment loss is recognised against loans and held-to-maturity financial assets when there is objective evidence of a measurable decrease in value as a result of an event occurring after inception of the loan or acquisition of the asset. Loans are assessed for evidence of impairment initially on an individual basis, and subsequently on a portfolio basis. Similar principles are applied to financing and guarantee commitments entered into by the Group.

At individual level, the amount of the impairment is the difference between the carrying amount before impairment and the present value, discounted at the original effective interest rate of the asset, of those components (principal, interest, collateral, etc.) regarded as recoverable. Any subsequent decrease in an impairment loss that can be related objectively to an event occurring after the impairment loss was recognised is credited to the profit and loss account, under “Cost of risk”. Once an asset has been impaired, the notional interest earned on the carrying amount of the asset (calculated at the original effective interest rate used to discount the estimated recoverable cash flows) is recognised in “Interest income” in the profit and loss account.

Counterparties that are not individually impaired are risk-assessed on the basis of portfolios of loans with similar characteristics. This assessment draws upon an internal rating system based on historical data, adjusted as necessary to reflect circumstances prevailing at the balance sheet date. It enables the Group to identify groups of counterparties which, as a result of events occurring since inception of the loans, have collectively acquired a probability of default at maturity that provides objective evidence of impairment of the entire portfolio, but without it being possible at that stage to allocate the impairment to individual counterparties. This assessment also estimates the amount of the loss on the portfolios in question, taking account of trends in the economic cycle during the assessment period. Changes in the amount of portfolio impairments are taken to the profit and loss account under “Cost of risk”.

- Impairment of available-for-sale financial assets

Impairment of available-for-sale financial assets (which mainly comprise securities) is recognised on an individual basis if there is objective evidence of impairment as a result of one or more events occurring since acquisition. In the case of variable-income securities quoted in an active market, a prolonged or significant decline in the quoted price below acquisition cost is regarded as objective evidence of impairment.

Impairment losses taken against fixed-income securities are recognised in “Cost of risk”, and may be reversed through the profit and loss account in the event of an increase in fair value that relates objectively to an event occurring after the last impairment was recognised.

Impairment losses taken against variable-income securities are recognised as a component of net banking income on the line “Net gain/loss on financial instruments at fair value through profit or loss”, and may not be reversed through the profit and loss account until the securities in question are sold. Any subsequent decline in fair value constitutes an additional impairment loss, recognised in the profit and loss account.

ISSUES OF DEBT SECURITIES

Financial instruments issued by the Group qualify as debt instruments if the issuer has a contractual obligation to deliver cash or another financial asset to the holder of the instrument. The same applies if the Group may be obliged to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group, or to deliver a variable number of the Group's own equity instruments.

Issues of debt securities are initially recognised at the issue value including transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Bonds redeemable for or convertible into equity instruments of the Group are accounted for as hybrid instruments with a debt component and an equity component, determined on initial recognition.

OWN EQUITY INSTRUMENTS AND OWN EQUITY INSTRUMENT DERIVATIVES

The term "own equity instruments" refers to shares issued by the parent company (BNP Paribas SA) or by its fully-consolidated subsidiaries.

Own equity instruments held by the Group, also known as treasury shares, are deducted from consolidated shareholders' equity irrespective of the purpose for which they are held. Gains and losses arising on such instruments are eliminated from the consolidated profit and loss account.

Equity instruments issued by subsidiaries under the exclusive control of BNP Paribas are in substance equivalent to equity instruments of the parent company. Consequently, when the Group acquires equity instruments issued by such subsidiaries, the difference between the acquisition price and the share of net assets acquired is recorded in retained earnings attributable to BNP Paribas shareholders. Similarly, the liability corresponding to put options granted to minority shareholders in such subsidiaries, and changes in the value of that liability, are offset initially against minority interests, with any surplus offset against retained earnings attributable to BNP Paribas shareholders.

Own equity instrument derivatives are treated as follows, depending on the method of settlement:

- as equity instruments if they are settled by physical delivery of a fixed number of own equity instruments for a fixed amount of cash or other financial asset. Such instruments are not revalued;
- as debt instruments if the contract includes an obligation, whether contingent or not, for the issuer to repurchase its own shares;
- as derivatives if they are settled in cash, or if the issuer can choose whether they are settled by physical delivery of the shares or in cash. Changes in value of such instruments are taken to the profit and loss account.

DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

All derivative instruments are recognised in the balance sheet on the trade date at the transaction price, and are remeasured to fair value on the balance sheet date.

- Derivatives held for trading purposes

Derivatives held for trading purposes are recognised in the balance sheet in "Financial assets at fair value through profit or loss" when their fair value is positive, and in "Financial liabilities at fair value through profit or loss" when their fair value is negative. Realised and unrealised gains and losses are taken to the profit and loss account on the line "Net gain/loss on financial instruments at fair value through profit or loss".

- Derivatives and hedge accounting

Derivatives contracted as part of a hedging relationship are designated according to the purpose of the hedge.

Fair value hedges are used in particular to hedge interest rate risk on fixed-rate assets and liabilities, both for identified financial instruments (securities, debt issues, loans, borrowings) and for portfolios of financial instruments (in particular, demand deposits and fixed-rate loans).

Cash flow hedges are used in particular to hedge interest rate risk on floating-rate assets and liabilities, including rollovers, and foreign exchange risk on highly probable forecast foreign-currency revenues.

At the inception of the hedge, the Group prepares formal documentation of the hedging relationship identifying the instrument (or portion of the instrument or portion of risk) that is being hedged; the hedging strategy and the type of risk covered; the hedging instrument; and the methods used to assess the effectiveness of the hedging relationship.

On inception and at least quarterly, the Group assesses, consistently with the original documentation, the actual (retrospective) and expected (prospective) effectiveness of the hedging relationship. Retrospective effectiveness tests are designed to assess whether actual changes in the fair value or cash flows of the hedging instrument and the hedged item are within a range of 80% to 125%. Prospective effectiveness tests are designed to ensure that expected changes in the fair value or cash flows of the derivative over the residual life of the hedge adequately offset those of the hedged item. For highly probable forecast transactions, effectiveness is assessed largely on the basis of historical data for similar transactions.

Under the so-called "carve-out" from IAS 39 adopted by the European Union, interest rate risk hedging relationships based on portfolios of assets or liabilities qualify for fair value hedge accounting as follows:

- the risk designated as being hedged is the interest rate risk associated with the interbank rate component of interest rates on commercial banking transactions (loans to customers, savings accounts and demand deposits);
- the instruments designated as being hedged correspond, for each maturity band, to a portion of the interest rate swap associated with the hedged underlyings;
- the hedging instruments used consist exclusively of "plain vanilla" swaps;
- prospective hedge effectiveness is established by the fact that all derivatives must, on inception, have the effect of reducing interest rate risk in the portfolio of hedged underlyings. Retrospectively, a hedge will be disqualified from hedge accounting once a shortfall arises in the underlyings specifically associated with that hedge for each maturity band (due to prepayment of loans or withdrawals of deposits).

The accounting treatment of derivatives and hedged items depends on the hedging strategy.

In a fair value hedging relationship, the derivative instrument is remeasured at fair value in the balance sheet, with changes in fair value taken to profit or loss in "Net gain/loss on financial instruments at fair value through profit or loss", symmetrically with the remeasurement of the hedged item to reflect the hedged risk. In the balance sheet, the fair value remeasurement of the hedged component is recognised in accordance with the classification of the hedged item in the case of a hedge of identified assets and liabilities, or under "Remeasurement adjustment on interest rate risk hedged portfolios" in the case of a portfolio hedging relationship.

If a hedging relationship ceases or no longer fulfils the effectiveness criteria, the hedging instrument is transferred to the trading book and accounted for using the treatment applied to this asset category. In the case of identified fixed-income instruments, the remeasurement adjustment recognised in the balance sheet is amortised at the effective interest rate over the remaining life of the instrument. In the case of interest rate risk hedged fixed-income portfolios, the adjustment is amortised on a straight line basis over the remainder of the original term of the hedge. If the hedged item no longer appears in the balance sheet, in particular due to prepayments, the adjustment is taken to the profit and loss account immediately.

In a cash flow hedging relationship, the derivative is stated at fair value in the balance sheet, with changes in fair value taken to shareholders' equity on a separate line, "Unrealised or deferred gains and losses". The amounts taken to shareholders' equity over the life of the hedge are transferred to the profit and loss account under "Net interest income" as and when the cash flows from the hedged item impact profit or loss. The hedged items continue to be accounted for using the treatment specific to the asset category to which they belong.

Cash flow hedges contracted to protect the Group against foreign currency risk qualified for cash flow hedge accounting up to 31 December 2005, whenever the currency hedged was a currency other than the euro. In an amendment to IAS 39 effective 1 January 2006, transactions carried out in the functional currency of the entity initiating the transaction may no longer be designated as the hedged item in a foreign currency cash flow hedging. Accordingly, all such hedges carried in the accounts are to be disqualified from hedge accounting.

If the hedging relationship ceases or no longer fulfils the effectiveness criteria, the cumulative amounts recognised in shareholders' equity as a result of the remeasurement of the hedging instrument remain in equity until the hedged transaction itself impacts profit or loss, or until it becomes clear that the transaction will not occur, at which point they are transferred to the profit and loss account.

If the hedged item ceases to exist, the cumulative amounts recognised in shareholders' equity are immediately taken to the profit and loss account.

Whatever the hedging strategy used, any ineffective portion of the hedge is recognised in the profit and loss account under "Net gain/loss on financial instruments at fair value through profit or loss".

Hedges of net foreign currency investments in subsidiaries and branches are accounted for in the same way as cash flow hedges. The gains and losses initially recognised in shareholders' equity are taken to the profit and loss account when the net investment is sold or liquidated in full or in part. The hedging instruments may be currency derivatives or any non-derivative financial instrument.

- Embedded derivatives

Derivatives embedded in hybrid financial instruments are extracted from the value of the host contract and accounted for separately as a derivative if the hybrid instrument is not recorded as a financial asset or liability at fair value through profit or loss and if the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract.

DETERMINATION OF FAIR VALUE

Financial assets and liabilities classified as fair value through profit or loss, and financial assets classified as available-for-sale, are measured and accounted for at fair value, defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. On initial recognition, the value of a financial instrument is generally the transaction price (i.e. the value of the consideration paid or received).

Method of determining fair value

Fair value is determined:

- on the basis of quoted prices in an active market; or,
- using valuation techniques involving:

- mathematical calculation methods based on accepted financial theories; and
- parameters derived in some cases from the prices of instruments traded in active markets, and in others from statistical estimates or other quantitative methods.

The distinction between the two valuation methods is made according to whether or not the instrument is traded in an active market.

A market for an instrument is regarded as active, and hence liquid, if there is regular trading in that market, bids and offers are matched, or instruments are traded that are very similar to the instrument being valued.

- Instruments traded in active markets

If quoted prices in an active market are available, they are used to determine fair value. This method is used for quoted securities and for derivatives traded on organised markets such as futures and options.

The majority of over-the-counter derivatives, swaps, forward rate agreements, caps, floors and standard options are traded in active markets. Valuations are determined using generally accepted models (discounted cash flows, Black-Scholes model, interpolation techniques) based on quoted market prices for similar instruments or underlyings.

The valuation derived from these models is adjusted for liquidity and credit risk.

Starting from valuations derived from median market prices, price adjustments are used to value the net position in each financial instrument at bid price in the case of short positions, or at asking price in the case of long positions. Bid price is the price at which a counterparty would buy the instrument, and asking price is the price at which a seller would sell the same instrument.

A counterparty risk adjustment is applied to the valuation derived from the model in order to reflect the credit quality of the derivative instrument.

- Instruments traded in inactive markets

  - Products traded in inactive markets and valued using an internal valuation model based on directly observable parameters or on parameters derived from observable data:

    Some financial instruments, although not traded in an active market, are valued using methods based on observable market data.

    These models use market parameters calibrated on the basis of observable data such as yield curves, implicit volatility layers of options, default rates, and loss assumptions obtained from consensus data or from active over-the-counter markets. Valuations derived from these models are adjusted for liquidity risk and credit risk.

    The margin generated when these financial instruments are traded is taken to the profit and loss account immediately.

  - Products traded in inactive markets and valued using an internal valuation model based on parameters that are not observable or only partially observable:

    Some complex financial instruments, which are usually tailored, illiquid or have long maturities, are valued using internally-developed techniques or techniques that are based on data only partially observable on active markets.

    In the absence of observable data, these instruments are measured on initial recognition in a way that reflects the transaction price, regarded as the best indication of fair value. Valuations derived from these models are adjusted for liquidity risk and credit risk.

The margin generated when these complex financial instruments are traded (day one profit) is deferred and taken to the profit and loss account over the period during which the valuation parameters are expected to remain non-observable. When parameters that were originally non-observable become observable, or when the valuation can be substantiated by comparison with recent similar transactions in an active market, the unrecognised portion of the day one profit is released to the profit and loss account.

- Unlisted equity securities:

The fair value of unquoted equity securities is measured by comparison with recent transactions in the equity of the company in question carried out with an independent third party on an arm's length basis. If no such reference is available, the valuation is determined either on the basis of generally accepted practices (Ebit or Ebitda multiples) or of the Group's share of net assets as calculated using the most recently available information.

FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (FAIR VALUE OPTION)

The amendment to IAS 39 relating to the "fair value option" was adopted by the European Union on 15 November 2005, with effect from 1 January 2005.

This option allows entities to designate any financial asset or financial liability on initial recognition as measured at fair value, with changes in fair value recognised in profit or loss, in the following cases:
- hybrid financial instruments containing one or more embedded derivatives which otherwise would have been extracted and accounted for separately;
- where using the option enables the entity to eliminate or significantly reduce a mismatch in the measurement and accounting treatment of assets and liabilities that would arise if they were to be classified in separate categories;
- where a group of financial assets and/or financial liabilities is managed and measured on the basis of fair value, under a properly documented management and investment strategy.

BNP Paribas applies this option primarily to financial assets related to unit-linked insurance business (in order to achieve consistency of treatment with the related liabilities), and to structured issues containing significant embedded derivatives.

INCOME AND EXPENSES ARISING FROM FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Income and expenses arising from financial instruments measured at amortised cost and from fixed-income securities classified in "Available-for-sale financial assets" are recognised in the profit and loss account using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument, or when appropriate a shorter period, to the net carrying amount of the asset or liability in the balance sheet. The effective interest rate calculation takes account of (i) all fees received or paid that are an integral part of the effective interest rate of the contract, (ii) transaction costs, and (iii) premiums and discounts.

The method used by the Group to recognise service-related commission income and expenses depends upon the nature of the service. Commission treated as an additional component of interest is included in the effective interest rate, and is recognised in the profit and loss account in "Net interest income". Commission payable or receivable on execution of a significant transaction is recognised in the profit and loss account in full on execution of the transaction, under "Net commission income". Commission payable or receivable for recurring services is recognised over the term of the service, also under "Net commission income".

Commission received in respect of financial guarantee commitments is regarded as representing the fair value of the commitment. The resulting liability is subsequently amortised over the term of the commitment, under commission income in net banking income.

External costs that are directly attributable to an issue of new shares are deducted from equity net of all related taxes.

DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group derecognises all or part of a financial asset either (i) when the contractual rights to the cash flows from the asset expire or (ii) when the Group transfers the contractual rights to the cash flows from the asset and substantially all the risks and rewards of ownership of the asset. Unless these conditions are fulfilled, the Group retains the asset in its balance sheet and recognises a liability for the obligation created as a result of the transfer of the asset.

The Group derecognises all or part of a financial liability when the liability is extinguished in full or in part.

1.d INSURANCE

The specific accounting policies relating to assets and liabilities generated by insurance contracts and financial contracts written by fully-consolidated insurance companies are retained for the purposes of the consolidated financial statements.

All other insurance company assets and liabilities are accounted for using the policies applied to the Group's assets and liabilities generally, and are included in the relevant balance sheet and profit and loss account headings in the consolidated financial statements.

ASSETS

Financial assets and non-current assets are accounted for using the policies described above. The only exceptions are shares in civil property companies (SCIs) held in unit-linked insurance contract portfolios, which are measured at fair value on the balance sheet date with changes in fair value taken to profit or loss.

Financial assets representing technical provisions related to unit-linked business are shown in "Financial assets at fair value through profit or loss", and are stated at the realisable value of the underlying assets at the balance sheet date.

LIABILITIES

The Group's obligations to policyholders and beneficiaries are shown in "Technical reserves of insurance companies", and comprise liabilities relating to insurance contracts carrying a significant insurance risk (e.g. mortality or disability) and to financial contracts with a discretionary participation feature, which are covered by IFRS 4. A discretionary participation feature is one which gives life policyholders the right to receive, as a supplement to guaranteed benefits, a share of actual profits.

Liabilities relating to other financial contracts, which are covered by IAS 39, are shown in "Due to customers".

Unit-linked contract liabilities are measured by reference to the fair value of the underlying assets at the balance sheet date.

The technical reserves of life insurance subsidiaries consist primarily of mathematical reserves, which generally correspond to the surrender value of the contract.

The benefits offered relate mainly to the risk of death (term life insurance, annuities, loan repayment, guaranteed minimum on unit-linked contracts) and, for borrowers' insurance, to disability, incapacity and unemployment risks. These types of risks are controlled by the use of appropriate mortality tables (certified tables in the case of annuity-holders), medical screening appropriate to the level of benefit offered, statistical monitoring of insured populations, and reinsurance programmes.

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.

The adequacy of technical reserves is tested at the balance sheet date by comparing them with the average value of future cash flows as derived from stochastic analyses. Any adjustments to technical reserves are taken to the profit and loss account for the period. A capitalisation reserve is set up in the individual statutory accounts on the sale of amortisable securities in order to defer part of the net realised gain and hence maintain the yield to maturity on the portfolio of admissible assets. In the consolidated financial statements, the bulk of this reserve is reclassified to "Policyholders' surplus" on the liabilities side of the consolidated balance sheet; a deferred tax liability is recognised on the portion taken to shareholders' equity.

This item also includes the policyholders' surplus reserve resulting from the application of shadow accounting. This represents the interest of policyholders, mainly within French life insurance subsidiaries, in unrealised gains and losses on assets where the benefit paid under the policy is linked to the return on those assets. This interest is an average derived from stochastic analyses of unrealised gains and losses attributable to policyholders in various scenarios.

PROFIT AND LOSS ACCOUNT

Income and expenses arising on insurance contracts written by the Group are recognised in the profit and loss account under "Income from other activities" and "Expenses on other activities".

Other insurance company income and expenses are included in the relevant profit and loss account item. Consequently, movements in the policyholders' surplus reserve are shown on the same line as gains and losses on the assets that generated the movements.

1.e FIXED ASSETS

Property, plant and equipment and intangible assets shown in the consolidated balance sheet comprise assets used in operations and investment property.

Assets used in operations are those used in the provision of services or for administrative purposes, and include non-property assets leased by the Group as lessor under operating leases.

Investment property comprises property assets held to generate rental income and capital gains.

Property, plant and equipment and intangible assets are initially recognised at purchase price plus directly attributable costs, together with borrowing costs where a long period of construction or adaptation is required before the asset can be brought into service.

Software developed internally by the BNP Paribas Group that fulfils the criteria for capitalisation is capitalised at direct development cost, which includes external costs and the labour costs of employees directly attributable to the project.

Subsequent to initial recognition, property, plant and equipment and intangible assets are measured at cost less accumulated depreciation or amortisation and any impairment losses. The only exceptions are shares in civil property companies (SCIs) held in unit-linked insurance contract portfolios, which are measured at fair value on the balance sheet date, with changes in fair value taken to profit or loss.

The depreciable amount of property, plant and equipment and intangible assets is calculated after deducting the residual value of the asset. Only assets leased by the Group as lessor under operating leases are presumed to have a residual value, as the useful life of property, plant and equipment and intangible assets used in operations is generally the same as their economic life.

Property, plant and equipment and intangible assets are depreciated or amortised using the straight-line method over the useful life of the asset. Depreciation and amortisation expense is recognised in the profit and loss account under “Depreciation, amortisation and impairment of property, plant and equipment and intangible assets”.

Where an asset consists of a number of components that may require replacement at regular intervals, or that have different uses or different patterns of consumption of economic benefits, each component is recognised separately and depreciated using a method appropriate to that component. The BNP Paribas Group has adopted the component-based approach for property used in operations and for investment property.

The depreciation periods used for office property are as follows: 80 years or 60 years for the shell (for prime and other property respectively); 30 years for facades; 20 years for general and technical installations; and 10 years for fixtures and fittings.

Software is amortised, depending on its type, over periods of no more than 8 years in the case of infrastructure developments and 3 years or 5 years in the case of software developed primarily for the purpose of providing services to customers.

Software maintenance costs are expensed as incurred. However, expenses which help boost software capabilities or prolong its useful life are included in the initial cost of acquisition/production.

Depreciable property, plant and equipment and intangible assets are tested for impairment if there is an indication of potential impairment at the balance sheet date. Non-depreciable assets are tested for impairment at least annually, using the same method as for goodwill allocated to cash-generating units.

If there is an indication of impairment, the new recoverable amount of the asset is compared with the carrying amount. If the asset is found to be impaired, an impairment loss is recognised in the profit and loss account. This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment. Impairment losses are taken to the profit and loss account in “Depreciation, amortisation and impairment of property, plant and equipment and intangible assets”.

Gains and losses on disposals of property, plant and equipment and intangible assets used in operations are recognised in the profit and loss account in “Net gain/loss on non-current assets”.

Gains and losses on disposals of investment property are recognised in the profit and loss account in “Income from other activities” or “Expenses on other activities”.

1.f LEASES

LESSOR ACCOUNTING:

Leases contracted by the Group as lessor are categorised as either finance leases or operating leases.

- Finance leases:

In a finance lease, the lessor transfers substantially all the risks and rewards of ownership of an asset to the lessee. It is treated as a loan made to the lessee to finance the purchase of the asset.

The present value of the lease payments, plus any residual value, is recognised as a receivable. The net income earned from the lease by the lessor is equal to the amount of interest on the loan, and is taken to the profit and loss account under “Interest income”. The lease payments are spread over the lease term, and are allocated to reduction of the principal and to interest such that the net income reflects a constant rate of return on the net investment outstanding in the lease. The rate of interest used is the rate implicit in the lease.

Individual and portfolio impairments of lease receivables are determined using the same principles as applied to other loans and receivables.

- Operating leases:

An operating lease is a lease under which substantially all the risks and rewards of ownership of an asset are not transferred to the lessee.

The asset is recognised under property, plant and equipment in the lessor’s balance sheet and depreciated on a straight line basis over the lease term. The depreciable amount excludes the residual value of the asset. The lease payments are taken to the profit and loss account in full on a straight-line basis over the lease term. Lease payments and depreciation expense are taken to the profit and loss account under “Income from other activities” and “Expenses on other activities”.

LESSEE ACCOUNTING:

Leases contracted by the Group as lessee are categorised as either finance leases or operating leases.

- Finance leases:

A finance lease is treated as an acquisition of an asset by the lessee, financed by a loan. The leased asset is recognised in the balance sheet of the lessee at the lower of its fair value or the present value of the minimum lease payments calculated at the interest rate implicit in the lease. A matching liability, equal to the fair value of the leased asset or the present value of the minimum lease payment, is also recognised in the balance sheet of the lessee. The asset is depreciated using the same method as that applied to owned assets, after deducting the residual value from the amount initially recognised, over the useful life of the asset. The lease obligation is accounted for at amortised cost.

- Operating leases:

The asset is not recognised in the balance sheet of the lessee. Lease payments made under operating leases are taken to the profit and loss account of the lessee on a straight-line basis over the lease term.

1.g NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Where the Group decides to sell non-current assets and it is highly probable that the sale will occur within twelve months, these assets are shown separately in the balance sheet, on the line “Non-current assets held for sale”. Any liabilities associated with these assets are also shown separately in the balance sheet, on the line “Liabilities associated with non-current assets held for sale”.

Once classified in this category, non-current assets and groups of assets and liabilities are measured at the lower of carrying amount or fair value less costs to sell.

Such assets are no longer depreciated. If an asset or group of assets and liabilities becomes impaired, an impairment loss is recognised in the profit and loss account. Impairment losses may be reversed.

Where a group of assets and liabilities held for sale represents a major business line, it is categorised as a "discontinued operation". Discontinued operations include operations that are held for sale, operations that have been shut down, and subsidiaries acquired exclusively with a view to resale.
All gains and losses related to discontinued operations are shown separately in the profit and loss account, on the line "Post-tax gain/loss on discontinued operations and assets held for sale". This line includes the post-tax profits or losses of discontinued operations, the post-tax gain or loss arising from remeasurement at fair value less costs to sell, and the post-tax gain or loss on disposal of the operation.

1.h EMPLOYEE BENEFITS

Employee benefits are classified in one of four categories:

- short-term benefits such as salary, annual leave, incentive plans, profit-sharing and additional payments;
- long-term benefits, including compensated absences, long-service awards, and other types of cash-based deferred compensation;
- termination benefits;
- post-employment benefits, including top-up banking industry pensions in France and pension plans in other countries, some of which are operated through pension funds.

• Short-term benefits

The Group recognises an expense when it has used services rendered by employees in exchange for employee benefits.

• Long-term benefits

These are benefits (other than post-employment benefits and termination benefits) which do not fall wholly due within twelve months after the end of the period in which the employees render the associated service. This relates in particular to compensation deferred for more than twelve months, which is accrued in the financial statements for the period in which it is earned.

The actuarial techniques used are similar to those used for defined-benefit post-employment benefits, except that actuarial gains and losses are recognised immediately and no "corridor" is applied. The effect of any plan amendments regarded as relating to past service is also recognised immediately.

• Termination benefits

Termination benefits are employee benefits payable as a result of a decision by the Group to terminate a contract of employment before the legal retirement age or a decision by an employee to accept voluntary redundancy in exchange for a benefit. Termination benefits falling due more than twelve months after the balance sheet date are discounted.

- Post-employment benefits

In accordance with IFRS, the BNP Paribas Group draws a distinction between defined-contribution plans and defined-benefit plans.

Defined-contribution plans do not give rise to an obligation for the Group and consequently do not require a provision. The amount of employer's contributions payable during the period is recognised as an expense.

Only defined-benefit schemes give rise to an obligation for the Group. This obligation must be measured and recognised as a liability by means of a provision.

The classification of plans into these two categories is based on the economic substance of the plan, which is reviewed to determine whether the Group has a legal or constructive obligation to pay the agreed benefits to employees.

Post-employment benefit obligations under defined-benefit plans are measured using actuarial techniques that take account of demographic and financial assumptions.

The amount of the obligation recognised as a liability is measured on the basis of the actuarial assumptions applied by the Group, using the projected unit credit method. This method takes account of various parameters such as demographic assumptions, the probability that employees will leave before retirement age, salary inflation, a discount rate, and the general inflation rate. The value of any plan assets is deducted from the amount of the obligation.

Where the value of the plan assets exceeds the amount of the obligation, an asset is recognised if it represents a future economic benefit for the Group in the form of a reduction in future contributions or a future partial refund of amounts paid into the plan.

The amount of the obligation under a plan, and the value of the plan assets, may show significant fluctuations from one period to the next due to changes in actuarial assumptions, thereby giving rise to actuarial gains and losses. The Group applies the "corridor" method in accounting for actuarial gains and losses. Under this method, the Group is allowed to recognise, starting in the following period, only that portion of actuarial gains and losses that exceeds the greater of (i) 10% of the present value of the gross defined-benefit obligation, or (ii) 10% of the fair value of plan assets at the end of the previous period. This amount is taken to profit or loss over the average remaining working life of the employees.

At the date of first-time adoption, BNP Paribas elected for the exemption allowed under IFRS 1, under which all unamortised actuarial gains and losses at 1 January 2004 are recognised as a deduction from equity at that date.

The effects of plan amendments on past service cost are recognised in profit or loss over the full vesting period of the amended benefits.

The annual expense recognised in the profit and loss account under "Salaries and employee benefits" in respect of defined-benefit plans comprises the current service cost (the rights vested in each employee during the period in return for service rendered), interest cost (the effect of discounting the obligation), the expected return on plan assets, amortisation of actuarial gains and losses and past service cost arising from plan amendments, and the effect of any plan curtailments or settlements.

1.i SHARE-BASED PAYMENT

Share-based payment transactions are payments based on shares issued by the Group, whether the transaction is settled in the form of equity or of a cash payment of which the amount is based on trends in the value of BNP Paribas shares.

IFRS 2 requires share-based payments granted after 7 November 2002 to be recognised as an expense. The amount recognised is the value of the share-based payment made to the employee.

The Group grants stock subscription option plans and deferred share-based compensation plans to employees, and also offers them the possibility of subscribing for specially-issued BNP Paribas shares at a discount on condition that they retain the shares for a specified period.

- Stock option plans

The expense related to stock option plans is recognised at the date of grant if the grantee immediately acquires rights to the shares, or over the vesting period if the benefit is conditional upon the grantee's continued employment.
This expense, the credit entry for which is posted to shareholders' equity, is calculated on the basis of the overall plan value, determined at the grant date by the Board of Directors.
In the absence of any market for these instruments, mathematical valuation models are used. The total expense of a plan is determined by multiplying the unit value per option by the estimated number of options that will vest at the end of the vesting period, taking account of conditions regarding the grantee's continued employment.

The only assumptions revised during the vesting period, and hence resulting in a remeasurement of the expense, are those relating to the probability that employees will leave the Group and those relating to performance conditions that are not linked to the value of BNP Paribas shares.

A similar accounting treatment is applied to deferred share-based compensation plans.

- Share subscriptions offered to employees under the company savings plan

Share subscriptions offered to employees under the company savings plan (*Plan d'Épargne Entreprise*) do not include a vesting period. However, employees are prohibited by law from selling shares acquired under this plan for a period of five years. This restriction is taken into account in measuring the benefit to the employees, which is reduced accordingly. The benefit equals the difference between the fair value of the share (after allowing for the restriction on sale) and the acquisition price paid by the employee at the subscription date, multiplied by the number of shares acquired.

1.j PROVISIONS RECORDED UNDER LIABILITIES

Provisions recorded under liabilities (other than those relating to financial instruments, employee benefits and insurance contracts) mainly relate to restructuring, claims and litigation, fines and penalties, and tax risks.

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation arising from a past event, and a reliable estimate can be made of the amount of the obligation. The amount of such obligations is discounted, where the impact of discounting is material, in order to determine the amount of the provision.

1.k CURRENT AND DEFERRED TAXES

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

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

Deferred tax liabilities are recognised for all taxable temporary differences other than:

- taxable temporary differences on initial recognition of goodwill;
- taxable temporary differences on investments in entities under the exclusive or joint control of the Group, where the Group is able to control the timing of the reversal of the temporary

difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and unused carryforwards of tax losses only to the extent that it is probable that the entity in question will generate future taxable profits against which these temporary differences and tax losses can be offset.

Deferred tax assets and liabilities are measured using the liability method, using the tax rate which is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been or will have been enacted by the balance sheet date of that period. They are not discounted.

Deferred tax assets and liabilities are offset when they arise within a group tax election under the jurisdiction of a single tax authority, and there is a legal right of offset.

Current and deferred taxes are recognised as tax income or expense in the profit and loss account, except deferred taxes relating to unrealised gains or losses on available-for-sale assets or to changes in the fair value of instruments designated as cash flow hedges, which are taken to shareholders' equity.

When tax credits on revenues from receivables and equity securities are used to settle corporate income tax payable for the period, the tax credits are recognised on the same line as the income to which they relate. The corresponding tax expense continues to be carried in the profit and loss account under corporate income tax.

1.l STATEMENT OF CASH FLOWS

The cash and cash equivalents balance is composed of the net balance of cash accounts and accounts with central banks and post office banks, and the net balance of interbank demand loans and deposits.

Changes in cash and cash equivalents related to operating activities reflect cash flows generated by the Group's operations, including cash flows related to investment property, held-to-maturity financial assets and negotiable certificates of deposit.

Changes in cash and cash equivalents related to investing activities reflect cash flows resulting from acquisitions and disposals of subsidiaries, associates or joint ventures included in the consolidated group, as well as acquisitions and disposals of property, plant and equipment excluding investment property and property held under operating leases.

Changes in cash and cash equivalents related to financing activities reflect the cash inflows and outflows resulting from transactions with shareholders, cash flows related to bonds and subordinated debt, and debt securities (excluding negotiable certificates of deposit).

1.m USE OF ESTIMATES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

Preparation of financial statements requires managers of core businesses and corporate functions to make assumptions and estimates that are reflected in the measurement of income and expense in the profit and loss account and of assets and liabilities in the balance sheet, and in the disclosure of information in the notes to the financial statements. This requires the managers in question to exercise their judgement and to make use of information available at the date of preparation of the financial statements when making their estimates. The actual future results from operations in respect of which managers have made use of estimates may in reality differ from those estimates. This may have a material effect on the financial statements.

This applies in particular to:

- impairment losses recognised to cover credit risks inherent in banking intermediation activities;

- the use of internally-developed models to measure positions in financial instruments that are not quoted in organised markets;
- calculations of the fair value of unquoted financial instruments classified in “Available-for-sale financial assets”, “Financial assets at fair value through profit or loss” or “Financial liabilities at fair value through profit or loss”, and (more generally) calculations of the fair value of financial instruments subject to a fair value disclosure requirement;
- impairment tests performed on intangible assets;
- the appropriateness of the designation of certain derivative instruments as cash flow hedges, and the measurement of hedge effectiveness;
- estimates of the residual value of assets leased under finance leases or operating leases, and (more generally) of assets on which depreciation is charged net of their estimated residual value;
- the measurement of provisions for contingencies and charges.

2. NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE FIRST HALF OF 2006

2.a NET INTEREST INCOME

The BNP Paribas Group includes in “Interest income” and “Interest expense” all income calculated using the effective interest method (interest, fees/commission, transaction costs) on financial instruments at amortised cost, and income for financial instruments at fair value that do not meet the definition of derivative instruments. The change in fair value on financial instruments at fair value through profit and loss (excluding accrued interest) is recognised in “Net gain/loss on financial instruments at fair value through profit or loss”.

Interest income and expense on derivatives accounted for as fair value hedges are included with the revenues generated by the hedged item.

In millions of euros	6 months to 30 June 2006			6 months to 30 June 2005		
	Income	Expense	Net	Income	Expense	Net
Customer items	9,228	(3,454)	5,774	5,782	(1,843)	3,939
Deposits, loans and borrowings	8,695	(3,389)	5,306	5,314	(1,810)	3,504
Repurchase agreements	4	(41)	(37)	2	(33)	(31)
Finance leases	529	(24)	505	466	-	466
Interbank items	2,352	(3,473)	(1,121)	1,916	(2,362)	(446)
Deposits, loans and borrowings	2,270	(3,238)	(968)	1,844	(2,303)	(459)
Repurchase agreements	82	(235)	(153)	72	(59)	13
Debt securities issued	-	(2,421)	(2,421)	-	(1,670)	(1,670)
Cash flow hedge intruments	1,369	(689)	680	665	(541)	124
Interest rate portfiolio hedge instruments	562	(417)	145	210	(190)	20
Trading book	6,239	(6,511)	(272)	3,594	(3,555)	39
Fixed-income securities	1,253	-	1,253	973	-	973
Repurchase agreements	4,939	(5,533)	(594)	2,604	(2,868)	(264)
Loans / Borrowings	47	(77)	(30)	17	(46)	(29)
Debt securities	-	(901)	(901)	-	(641)	(641)
Available-for-sale financial assets	1,587	-	1,587	1,367	-	1,367
Held-to-maturity financial assets	367	-	367	414	-	414
Total interest income/(expense)	21,704	(16,965)	4,739	13,948	(10,161)	3,787

Interest income on individually impaired loans amounted to EUR 131 million in the first half of 2006, and EUR 100 million in the first half of 2005.

2.b NET GAIN/LOSS ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

"Net gain/loss on financial instruments at fair value through profit or loss" includes all profit and loss items relating to financial instruments managed in the trading book and, to financial instruments that the Group has designated as fair value through profit or loss under the fair value option, other than interest income and expense which are recognised in "Net interest income" (Note 2.a).

Net gains/losses on the trading book also include gains and losses due to ineffectiveness of fair value hedges, cash flow hedges or net foreign investment hedges.

In millions of euros	6 months to 30 June 2006			6 months to 30 June 2005
	Trading book	Assets designated at fair value through profit or loss	Total	Total
Fixed-income securities	(800)	900	100	(137)
Variable-income securities	2,469	148	2,617	2,215
of which dividends	*1,283*	*10*	*1,293*	*1,091*
Derivative instruments	837	-	837	226
Repurchase agreements	(11)	10	(1)	(26)
Loans	(69)	17	(52)	46
Borrowings	95	(18)	77	(65)
Remeasurement of interest-rate risk hedged portfolios	93	-	93	69
Remeasurement of currency positions	27	-	27	26
Total	2,641	1,057	3,698	2,354

2.c NET GAIN/LOSS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

"Net gain/loss on available-for-sale financial assets" includes net gains or losses on non-derivative financial assets not classified as either loans and receivables or held-to-maturity investments.

In millions of euros	6 months to 30 June 2006	6 months to 30 June 2005
Fixed-income securities (1)	22	90
Gains and losses on disposals	22	90
Equities and other variable-income securities	892	929
Dividend income	358	218
Additions to impairment provisions	(40)	(26)
Gains and losses on disposals	574	737
Total	914	1,019

(1) Interest income from available-for-sale fixed-income securities is included in "Net interest income" (Note 2.a), and impairment losses related to potential issuer default are included in "Cost of risk" (Note 2.e).

Unrealised gains and losses previously recorded under "Unrealised or deferred gains and losses" and taken to the profit and loss account amounted to EUR 509 million in the first half of 2006 and EUR 595 million in the first half of 2005.

2.d NET INCOME FROM OTHER ACTIVITIES

In millions of euros	6 months to 30 June 2006			6 months to 30 June 2005		
	Income	Expense	Net	Income	Expense	Net
Net income from insurance activities	7,740	(6,590)	1,150	8,520	(7,779)	741
Investment property	311	(88)	223	325	(107)	218
Assets leased under operating leases	1,707	(1,434)	273	1,610	(1,334)	276
Property development activities	57	(9)	48	73	(11)	62
Other	286	(160)	126	227	(184)	43
Total net income from other activities	10,101	(8,281)	1,820	10,755	(9,415)	1,340

Net income from insurance activities

In millions of euros	6 months to 30 June 2006	6 months to 30 June 2005
Gross premiums written	8,225	6,414
Movement in technical reserves	(3,195)	(3,934)
Claims and benefits expense	(3,509)	(2,706)
Reinsurance ceded, net	(2)	(4)
Change in value of admissible investments related to unit-linked business	(440)	951
Other income and expense	71	20
Total net income from insurance activities	1,150	741

"Claims and benefits expense" includes expenses arising from surrenders, maturities and claims relating to insurance contracts. "Movement in technical reserves" reflects changes in the value of financial contracts, in particular unit-linked contracts. Interest paid on such contracts is recognised in "Interest expense".

2.e COST OF RISK

"Cost of risk" represents the net amount of impairment losses recognised in respect of credit risks inherent in the Group's banking intermediation activities, plus any impairment losses relating to counterparty risks on over-the-counter derivative instruments.

Cost of risk for the period in millions of euros	6 months to 30 June 2006	6 months to 30 June 2005
Additions to impairment provisions	(1,253)	(864)
Reversals of impairment provisions	1,040	676
Recoveries on loans and receivables previously written off	106	56
Irrecoverable loans and receivables not covered by impairment provisions	(130)	(80)
Total cost of risk for the period	(237)	(212)

Cost of risk for the period by asset type in millions of euros	6 months to 30 June 2006	6 months to 30 June 2005
Loans and receivables due from credit institutions	(4)	(4)
Loans and receivables due from customers	(245)	(198)
Available-for-sale financial assets	26	7
Off balance sheet commitments and other items	(14)	(17)
Total cost of risk for the period	(237)	(212)

2.f CORPORATE INCOME TAX

Net corporate income tax expense

In millions of euros	6 months to 30 June 2006	6 months to 30 June 2005
Current tax expense for the period	(1,424)	(982)
Net deferred tax expense for the period	(219)	(170)
Net corporate income tax expense	(1,643)	(1,152)

3. SEGMENT INFORMATION

The Group is composed of four core businesses:

- French Retail Banking
- International Retail Banking and Financial Services (IRFS): financial services (consumer credit, leasing, equipment loans and home loans), plus retail banking activities in the United States (BancWest) and in emerging and overseas markets
- Asset Management and Services (AMS): Securities Services, Private Banking, Asset Management, Online Savings and Brokerage, Insurance and Real Estate Services
- Corporate and Investment Banking, comprising Advisory & Capital Markets (Equities, Fixed Income & Forex, Corporate Finance) and Financing (Structured Loans & Financing plus Commodity, Energy and Project Financing)

These four core businesses are reinforced by the banking activities carried out by Banca Nazionale del Lavoro, which was acquired by the Group in the second half of 2006 (see note 4.c). The result of BNL's operations since the acquisition date is set out below.

Other activities mainly comprise the Private Equity business of BNP Paribas Capital, the Klépierre property investment company, and the Group's corporate functions.

Inter-segment transactions are conducted at arm's length. The segment information presented includes agreed inter-segment transfer prices.

This capital allocation is made on the basis of risk exposure, taking account of various assumptions relating primarily to the capital requirement of the business as derived from the risk-weighted asset calculations required under capital adequacy rules. Normalised Equity Income by business segment is determined by attributing to each segment the income of its allocated equity.

The geographical split of income is based on the country in which the relevant activity is booked.

Information by business segment

- **Income by business segment**

In millions of euros	French retail banking		BNL		IRFS		AMS	
	6 months to 30 June 2006	6 months to 30 June 2005	6 months to 30 June 2006	6 months to 30 June 2005	6 months to 30 June 2006	6 months to 30 June 2005	6 months to 30 June 2006	6 months to 30 June 2005
NET BANKING INCOME	2,888	2,607	757	-	3,561	2,778	2,144	1,695
Operating expense	(1,817)	(1,750)	(470)	-	(2,001)	(1,549)	(1,312)	(1,092)
Cost of risk	(62)	(86)	(64)	-	(325)	(250)	7	(7)
OPERATING INCOME	1,009	771	223	-	1,235	979	839	596
Share of earnings of associates	-	-	9	-	43	63	(1)	-
Other non operating income	-	-	(18)	-	38	5	(1)	54
PRE-TAX NET INCOME	1,009	771	214	-	1,316	1,047	837	650

(1): As a result of the organisational changes implemented within the CIB and the IRFS divisions over the first half of 2006, a number of activities were transferred between Advisory & Capital Markets and Financing businesses on one hand and between IRFS and Other Activities on the other hand. To enhance comparability between 2005 and 2006 cost accounting figures, the data for 2005 were restated to reflect the new organisational structure. Following are the resulting adjustments:
- no effect on the total earnings reported by the CIB division. They amounted to EUR 63 million in respect of net banking income for the two CIB sub-groups, EUR 42 million in respect of general operating expenses, EUR 9 million for other non-operating items and EUR 30 million for pre-tax income
- decrease of the Net banking income, the Operating and the Pre-tax incomes of the IRFS division for EUR 13 million for the benefit of Other Activities for the same aggregates.

(2): including BNP Paribas Capital

Information by geographic area

- **Net banking income by geographic area**

In millions of euros	France		Other European countries		Americas	
	6 months to 30 June 2006	6 months to 30 June 2005	6 months to 30 June 2006	6 months to 30 June 2005	6 months to 30 June 2006	6 months to 30 June 2005
NET BANKING INCOME	7,723	6,243	3,361	2,227	1,940	1,588

Corporate and Investment Banking				Other activities [2]		Total	
Advisory & Capital Markets		Financing					
6 months to 30 June 2006	6 months to 30 June 2005 [1]	6 months to 30 June 2006	6 months to 30 June 2005 [1]	6 months to 30 June 2006	6 months to 30 June 2005	6 months to 30 June 2006	6 months to 30 June 2005
2,904	1,848	1,290	1,286	518	560	14,062	10,774
(1,855)	(1,319)	(542)	(498)	(153)	(130)	(8,150)	(6,338)
-		141	97	66	34	(237)	(212)
1,049	529	889	885	431	464	5,675	4,224
2	1	-	-	68	112	121	176
36	35	-	5	(22)	17	33	116
1,087	565	889	890	477	593	5,829	4,516

Asia - Oceania		Other countries		Total	
6 months to 30 June 2006	6 months to 30 June 2005	6 months to 30 June 2006	6 months to 30 June 2005	6 months to 30 June 2006	6 months to 30 June 2005
683	430	355	286	14,062	10,774

4. ADDITIONAL INFORMATION

4.a CHANGES IN SHARE CAPITAL AND EARNINGS PER SHARE

Operations affecting share capital

Operations affecting share capital	Number of shares	Par value in euros	Date of authorisation by Shareholders' Meeting	Date of decision by Board of Directors
Number of shares outstanding at 31 December 2004	884,700,444	2		
Increase in share capital by exercise of stock subscription options on 25 January 2005	518,758	2	23 May 00	05 Sept 00
Reduction in share capital by cancellation of treasury shares on 10 May 2005	(13,994,568)	2	28 May 04	23 March 05
Number of shares outstanding at 30 June 2005	871,224,634	2		
Increase in share capital by exercise of stock subscription options on 20 July 2005	1,397,501	2	23 May 00	05 Sept 00
Capital increase reserved for members of the Company Savings Plan	5,000,000	2	14 May 03	04 Febr 04
Reduction in share capital by cancellation of treasury shares on 29 November 2005	(39,374,263)	2	18 May 05	13 June 05
Number of shares outstanding at 31 December 2005	838,247,872	2		
Increase in share capital by exercise of stock subscription options on 23 January 2006	1,369,623	2	23 May 00	05 Sept 00
Increase in share capital by exercise of stock subscription options on 27 March 2006	971,037	2	23 May 00	05 Sept 00
Increase in share capital by issue of new shares on 31 March 2006	84,058,853	2	28 May 04	14 Febr 06
Increase in share capital by issue of new shares on 6 June 2006	945	2	23 May 06	27 March 06
Number of shares outstanding at 30 June 2006	924,648,330	2		

At 30 June 2006, the share capital of BNP Paribas SA consisted of 924,648,330 fully-paid ordinary shares with a par value of 2 euros (compared with 838,247,872 ordinary shares at 1 January 2006).

The 11th and 12th resolutions of the Shareholders' General Meeting of 28 May 2004 authorised the Board of Directors to increase the share capital by up to EUR 1.34 billion, representing 500,000,000 shares with pre-emptive rights and 170,000,000 securities without pre-emptive rights. The aggregate nominal value of debt securities giving immediate and/or future access to BNP Paribas shares under these authorisations is limited to EUR 10 billion in the case of securities with pre-emptive rights, and EUR 8 billion in the case of securities without pre-emptive rights. These authorisations were granted for a period of 26 months.

At 31 March 2006, 84,058,853 shares were issued under these authorisations.

Under the 17th resolution of the Shareholders' General Meeting of 23 May 2006, the aggregate nominal value of debt securities giving immediate and/or future access to BNP Paribas shares under this authorisation is limited to EUR 7 billion in the case of ordinary shares and securities without pre-emptive rights.

The 13th resolution of the Shareholders' General Meeting of 28 May 2004 also authorised the Board of Directors to increase the share capital by capitalising reserves up to a maximum aggregate par value of EUR 1 billion. This authorisation allows the successive or simultaneous capitalisation of some or all of BNP Paribas SA's retained earnings, profits or additional paid-in capital by the issuance and allotment of consideration-free shares, by raising the par value of the shares, or by a combination of these two methods. This authorisation was granted for a period of 26 months.

The 16th resolutions of the Shareholders' General Meetings of 28 May 2004 and 18 May 2005 authorised the Board of Directors to cancel, on one or several occasions and by means of reducing share capital, some or all of the own shares held or acquired under the authorisations granted by said Meetings, up to a maximum of 10% of the share capital in any 24-month period. These authorisations were granted for a period of 18 months. In 2005, 53,368,831 shares were cancelled pursuant to these authorisations.

The 23rd resolution of the Shareholders' General Meeting of 23 May 2006 authorised the Board of Directors to cancel, on one or several occasions and by means of reducing share capital, some or all of the own shares held or acquired under the authorisation granted by said Meeting, up to a maximum of 10% of the share capital in any 24-month period, and 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. These authorisations were granted for a period of 18 months. This authorisation cancelled and replaced the authorisation granted under the 16th resolution of 18 May 2005.

No shares were cancelled in the first six months of 2006.

The Shareholders' General Meeting of 23 May 2006 decided that the 16th, 17th and 19th resolutions cancelled and replaced the unused portion of any earlier authorisation to the same effect as that provided in the 11th, 12th and 13th resolutions of the Shareholders' General Meeting of 28 May 2004.

The 24th resolution of the Shareholders' General Meeting of 23 May 2006 approving the merger of Société Centrale d'Investissement into BNP Paribas, authorised the Board of Directors to increase share capital by EUR 1,890 euros, via the creation of 945 new shares with a par value of EUR 2 each, fully paid-in and carrying dividend rights as from 1 January 2006.

Preferred shares and equivalent instruments

In December 1997, BNP US Funding LLC, a subsidiary under the exclusive control of the Group, made a USD 500 million issue of undated non-cumulative preferred shares governed by the law of the United States, which do not dilute ordinary BNP Paribas shares. The shares pay a dividend of 7.738% for a period of ten years. Thereafter, the shares are redeemable at par at the issuer's discretion at the end of each calendar quarter, with unredeemed shares paying a Libor-indexed dividend. Dividends on preferred shares may not be paid if no dividends were paid on ordinary BNPP SA shares and no coupon paid on preferred share equivalents (Undated Super Subordinated Notes) in the previous year. Unpaid dividends are not carried forward. The proceeds of this issue are shown under “Minority interests” in the balance sheet, and the dividends are reported in “Minority interests” in the profit and loss account.

In 2000, a further USD 500 million undated non-cumulative preferred share issue was carried out by BNP Paribas Capital Trust, a subsidiary under the exclusive control of the Group. These shares pay a dividend of 9.003% for a period of ten years. Thereafter, the shares are redeemable at par at the issuer's discretion at the end of each calendar quarter, with unredeemed shares paying a Libor-indexed dividend.

In October 2001, a further two undated non-cumulative preferred share issues, of EUR 350 million and EUR 500 million respectively, were carried out by two subsidiaries under the exclusive control of the Group, BNP Paribas Capital Trust II and III. Shares in the first issue pay a dividend of 7% over five years minimum, and shares in the second issue pay a dividend of 6.625% over ten years.

Shares in the first issue are redeemable at the issuer's discretion after the end of a five-year period, and thereafter at each coupon date, with unredeemed shares continuing to pay a dividend of 7%. Shares in the second issue are redeemable at the issuer's discretion after the end of a ten-year period, and thereafter at each coupon date, with unredeemed shares paying a Euribor-indexed dividend.

In January and June 2002, a further two undated non-cumulative preferred share issues, of EUR 660 million and USD 650 million respectively, were carried out by two subsidiaries under the exclusive control of the Group, BNP Paribas Capital Trust IV and V. Shares in the first issue pay a dividend of 6.342% paid annually over 10 years, and shares in the second issue pay a dividend of 7.2% paid quarterly over 5 years.

Shares in the first issue are redeemable at the issuer's discretion after the end of a ten-year period, and thereafter at each coupon date, with unredeemed shares paying a Euribor-indexed dividend. Shares in the second issue are redeemable at the issuer's discretion after the end of a five-year period, and thereafter at each coupon date, with unredeemed shares continuing to pay a dividend of 7.20%.

In January 2003, a further non-cumulative preferred share issue of EUR 700 million was carried out by BNP Paribas Capital Trust VI, a subsidiary under the exclusive control of the Group. Shares in this issue pay an annual dividend of 5.868%. The shares are redeemable after the end of a ten-year period, and thereafter at each coupon date. Shares not redeemed in 2013 will pay a Euribor-indexed dividend quarterly.

Issuer	Date of issue	Currency	Amount	Fixed-rate term	Rate after 1st call date
BNP US Funding	December 1997	USD	500 millions	10 years	Weekly Libor + 2.8%
BNPP Capital Trust	October 2000	USD	500 millions	10 years	3-month Libor + 3.26%
BNPP Capital Trust II	October 2001	EUR	350 millions	5 years	7%
BNPP Capital Trust III	October 2001	EUR	500 millions	10 years	3-month Euribor + 2.6%
BNPP Capital Trust IV	January 2002	EUR	660 millions	10 years	3-month Euribor + 2.33%
BNPP Capital Trust V	June 2002	USD	650 millions	5 years	7,20%
BNPP Capital Trust VI	January 2003	EUR	700 millions	10 years	3-month Euribor + 2.48%

<u>Undated Super Subordinated Notes (preferred share equivalents) issued by BNP Paribas SA</u>

In June 2005, BNP Paribas SA carried out an issue of Undated Super Subordinated Notes of USD 1,350 million. The issue pays fixed annual remuneration of 5.186%. The notes are redeemable at the end of a 10-year period, and thereafter at each annual coupon date. If the notes are not redeemed in 2015, they will pay quarterly coupon at 3-month USD Libor plus 1.68%.

In October 2005, BNP Paribas SA carried out an issue of Undated Super Subordinated Notes of EUR 1,000 million. The issue pays fixed annual remuneration of 4.875%. The notes are redeemable at the end of a 6-year period, and thereafter at each annual coupon date. If the notes are not redeemed in October 2011, they will pay coupon at the fixed rate.

In October 2005, BNP Paribas SA carried out an issue of Undated Super Subordinated Notes of USD 400 million. The issue pays fixed annual remuneration of 6.250%. The notes are redeemable at the end of a 6-year period, and thereafter at each annual coupon date. If the notes are not redeemed in October 2011, they will pay coupon at the fixed rate.

In April 2006, BNP Paribas SA carried out two issues of Undated Super Subordinated Notes of EUR 750 million and GBP 450 million. These issues pay fixed annual remuneration of 4.730% and 5.945%, respectively. The notes are redeemable at the end of a 10-year period, and thereafter at each annual coupon date. If the notes are not redeemed in 2016, they will pay quarterly coupon at 3-month Euribor plus 1.69% in the case of the first issue, and a coupon at 3-month GBP Libor plus 1.13% in the case of the second issue.

Unpaid interest on Undated Super Subordinated Notes may not be paid if no dividends were paid on ordinary BNPP SA shares and no interest paid on similar instruments (Undated Super Subordinated Notes) in the previous year. Unpaid interest is not carried forward.

The capital raised by these issues is shown at its historical amount (in accordance with IAS 32) under "Retained earnings" in the balance sheet, with the corresponding remuneration treated as dividend.

Own equity instruments (shares issued by BNP Paribas shares and held by the Group)

The sixth resolution of the Shareholders' Meeting of 28 May 2004 authorised BNP Paribas to buy back shares representing a maximum of 10% of the share capital, for the following purposes: stabilising the share price; allotting or selling shares to employees under the statutory profit-sharing scheme, employee share ownership plans or company savings plans; subsequent cancellation of the shares; sale, exchange or transfer of the shares; or pursuing balance sheet or financial management strategies.

The fifth resolution of the Shareholders' Meeting of 18 May 2005 authorised BNP Paribas to buy back shares representing a maximum of 10% of the share capital, for the following purposes: cancellation of the repurchased shares on the terms approved by an extraordinary resolution of the shareholders; meeting obligations arising from (i) issuance of securities giving access to BNP Paribas shares, (ii) stock purchase option plans, (iii) allotment of consideration-free shares to employees and corporate officers or (iv) allotment or sale of shares to employees under the statutory profit-sharing scheme, employee share ownership plans or company savings plans; retention for future delivery in exchange or as payment for an acquisition; stabilising the share price by buying or selling shares in the light of market conditions.

The fifth resolution of the Shareholders' General Meeting of 23 May 2006 granted BNP Paribas authorisation to buy back a number of shares representing up to 10% of the Bank's issued capital at 28 February 2006. The shares could be acquired for the following purposes: cancellation of the repurchased shares on the terms approved by an extraordinary resolution of the shareholders; meeting obligations arising from (i) issuance of securities giving access to BNP Paribas shares, (ii) stock purchase option plans, (iii) allotment of consideration-free shares to employees and corporate officers or (iv) allotment or sale of shares to employees under the statutory profit-sharing scheme, employee share ownership plans or company savings plans; retention for future delivery in exchange or as payment for an acquisition; within the scope of a liquidity agreement; for property and financial management purposes. This authorisation cancelled and replaced the authorisation granted under the fifth resolution of the Shareholders' General Meeting of 18 May 2005 for a period of 18 months.

In addition, a BNP Paribas subsidiary involved in market index trading and arbitrage activities carries out, as part of these activities, short selling of shares issued by BNP Paribas SA.

At 30 June 2006, the Group held 8,606,415 BNP Paribas shares representing an amount of EUR 448 million, deducted from shareholders' equity in the balance sheet.

Own equity instruments (shares issued by BNP Paribas and held by the Group)	Proprietary transactions		Trading account transactions		Total	
	Number of shares	Carrying amount (in millions of euros)	Number of shares	Carrying amount (in millions of euros)	Number of shares	Carrying amount (in millions of euros)
Shares held at 1st January 2005	55,112,609	2,693	(599,870)	(32)	54,512,739	2,661
Acquisitions	7,217,977	393			7,217,977	393
Reduction in share capital	(13,994,568)	(691)			(13,994,568)	(691)
Other movements	(3,279,300)	(155)	(453,012)	(27)	(3,732,312)	(182)
Shares held at 30 June 2005	45,056,718	2,240	(1,052,882)	(59)	44,003,836	2,181
Acquisitions	4,459,091	283			4,459,091	283
Reduction in share capital	(39,374,263)	(2,003)			(39,374,263)	(2,003)
Other movements	(1,081,527)	(59)	(3,282,855)	(237)	(4,364,382)	(296)
Shares held at 31 December 2005	9,060,019	461	(4,335,737)	(296)	4,724,282	165
Acquisitions	6,635,173	472			6,635,173	472
Other movements	(1,576,032)	(73)	(1,177,008)	(116)	(2,753,040)	(189)
Shares held at 30 June 2006	14,119,160	860	(5,512,745)	(412)	8,606,415	448

Earnings per share

Diluted earnings per share corresponds to net income for the year divided by the weighted average number of shares outstanding as adjusted for the maximum effect of the conversion of dilutive equity instruments into ordinary shares. Stock subscription options are taken into account in the diluted earnings per share calculation. Conversion of these instruments would have no effect on the net income figure used in this calculation.

	6 months to 30 June 2006	6 months to 30 June 2005
Net income used to calculate basic and diluted earnings per share (in millions of euros) (1)	3,863	3,176
Weighted average number of ordinary shares outstanding during the year	871,702,704	828,039,889
Effect of potentially dilutive ordinary shares:		
number of potentially dilutive shares derived from exercisable stock subscription options	8,689,156	4,335,374
Weighted average number of ordinary shares used to calculate diluted earnings per share	880,391,860	832,375,263
Basic earnings per share (in euros)	4.43	3.84
Diluted earnings per share (in euros)	4.39	3.82

(1) Net income used to calculate basic and diluted earnings per share is net income per the profit and loss account, adjusted for the remuneration on the Undated Super Subordinated Notes issued by BNP Paribas SA (treated as preferred share equivalents), which for accounting purposes are treated as dividends.

A dividend of 2.60 euros per share was paid in 2006 out of 2005 net income, compared with a dividend of 2.00 euros per share paid in 2005 out of 2004 net income.

4.b SCOPE OF CONSOLIDATION

Name	(A)	(B)	(C)	Country	Method	Group voting interest (%)	Group ownership interrest (%)
BNP Paribas SA				France	Full	100.00%	100.00%
French Retail Banking							
Banque de Bretagne				France	Full	100.00%	100.00%
BNP Paribas Developpement				France	Full	100.00%	100.00%
BNP Paribas Factor				France	Full	100.00%	100.00%
IRFS							
Retail Banking - United States of America							
BancWest Corporation				U.S.A.	Full	100.00%	100.00%
Bank of the West				U.S.A.	Full	100.00%	100.00%
FHL Lease Holding Cy				U.S.A.	Full	100.00%	100.00%
First Hawaïan Bank				U.S.A.	Full	100.00%	100.00%
Union Safe Deposit Bank	6			U.S.A.			
Leasing - Finance Leases							
Albury Asset Rentals Limited				UK	Full	100.00%	99.96%
All In One Allemagne				Germany	Full	100.00%	99.96%
Antin Bail				France	Full	100.00%	100.00%
Aprolis Finance				France	Full	51.00%	50.98%
Avelingen Finance BV	1			Netherlands	Equity	50.00%	49.98%
Barloword Heftruck BV	1			Netherlands	Equity	50.00%	49.98%
BNP Paribas Lease Group				France	Full	99.96%	99.96%
BNP Paribas Lease Group BV	1			Netherlands	Full	100.00%	99.96%
BNP Paribas Lease Group Holding SPA				Italy	Full	100.00%	99.96%
BNP Paribas Lease Group KFT			2	Hungary	Full	100.00%	99.96%
BNP Paribas Lease Group Netherlands BV	1			Netherlands	Full	100.00%	99.96%
BNP Paribas Lease Group RT			2	Hungary	Full	100.00%	99.96%
BNP Paribas Lease Group UK PLC				UK	Full	100.00%	99.96%
BNP Paribas Lease Group SA Belgium				Belgium	Full	100.00%	99.96%
BNP Paribas Lease Group SPA				Italy	Full	100.00%	99.96%
BNP Paribas Lease Group (Rentals) Ltd				UK	Full	100.00%	99.96%
BNP Paribas Leasing Gmbh				Germany	Full	100.00%	99.96%
Centro Leasing SPA				Italy	Equity	43.54%	43.52%
Claas Financial Services				France	Full	60.11%	60.09%
Claas Leasing Gmbh				Germany	Full	100.00%	60.09%
CNH Capital Europe				France	Full	50.10%	50.08%
CNH Capital Europe Limited				UK	Full	50.10%	50.08%
Commercial Vehicle Finance Limited				UK	Full	100.00%	99.96%
Diamond Finance UK Limited				UK	Full	60.00%	59.98%
Equipment Lease BV	1			Netherlands	Full	100.00%	99.96%
Finance et Gestion SA				France	Full	70.00%	69.97%
Geveke Rental BV	1			Netherlands	Equity	50.00%	49.98%
H.F.G.L Limited				UK	Full	100.00%	99.96%
HIH Management Limited				UK	Full	100.00%	99.96%
Humberclyde Commercial Investments Limited				UK	Full	100.00%	99.96%
Humberclyde Commercial Investments N°1 Limited				UK	Full	100.00%	99.96%
Humberclyde Commercial Investments N° 4 Limited				UK	Full	100.00%	99.96%
Humberclyde Finance Limited				UK	Full	100.00%	99.96%
Humberclyde Industrial Finance Limited				UK	Full	100.00%	99.96%
Humberclyde Investments Limited				UK	Full	100.00%	100.00%
Humberclyde Management Services Limited				UK	Full	100.00%	99.96%
Humberclyde Spring Leasing Limited				UK	Full	100.00%	99.96%
Leaseco International BV	1			Netherlands	Full	100.00%	99.96%
Leasing J. Van Breda & Cie			1	Belgium	Full	100.00%	99.96%
Natiobail				France	Full	100.00%	99.96%
Natiocrédibail				France	Full	100.00%	99.96%

(A) Movements for 6 months to 30 June 2005	
(B) Movements for 6 months to 31 December 2005	
(C) Movements for 6 months to 30 June 2006	
(1) Acquisition	(7) Change of method - Proportionate method to full consolidation
(2) Entity newly incorporated or passing qualifying threshold	(8) Change of method - Full consolidation to equity method
(3) First-time consolidation to comply with IFRS	(9) Change of method - Equity method to full consolidation
(4) Disposal	(10) Change of method - Full consolidation to proportionate method
(5) Deconsolidation	(11) Change of method - Equity method to proportionate method
(6) Merger between consolidated entities	(12) Reconsolidation

Name	(A)	(B)	(C)	Country	Method	Group voting interest (%)	Group ownership interrest (%)
Leasing - Finance Leases (cont'd)							
Natiocrédimurs				France	Full	100.00%	99.96%
Natioénergie				France	Full	100.00%	99.96%
Norbail Snc	5			France			
Norbail Location	5			France			
Paricomi				France	Full	100.00%	100.00%
S C A U	5			France			
SAS MFF	2			France	Full	51.00%	50.98%
Same Deutz-Fahr Finance				France	Full	99.97%	99.93%
Same Deutz Fahr Finance Limited				UK	Full	100.00%	99.96%
UFB Asset Finance Limited				UK	Full	100.00%	99.96%
United Care Group Limited				UK	Full	100.00%	99.96%
United Care (Cheshire) Limited				UK	Full	100.00%	99.96%
United Corporate Finance Limited				UK	Full	100.00%	99.96%
United Inns Management Limited				UK	Full	100.00%	99.96%
Consumer Credit							
Attijari Cetelem	1			Marocco	Full	99.79%	92.87%
Axa Banque Financement	5			France			
Banco Cetelem Argentine	5			Argentina			
Banco cetelem Portugal				Portugal	Full	100.00%	100.00%
Banco Cetelem SA				Spain	Full	100.00%	100.00%
Caisse d'Epargne Financement - CEFI				France	Equity	33.00%	33.00%
Carrefour Administration Cartos de Creditos - CACC				Brazil	Equity	40.00%	40.00%
Cetelem				France	Full	100.00%	100.00%
Cetelem America				Brazil	Full	100.00%	100.00%
Cetelem Bank Gmbh				Germany	Full	50.10%	50.10%
Cetelem Bank SA	2			Poland	Full	100.00%	100.00%
Cetelem Belgium				Belgium	Full	100.00%	100.00%
Cetelem Benelux BV				Netherlands	Full	100.00%	100.00%
Cetelem Brésil				Brazil	Full	100.00%	100.00%
Cetelem CR				Czech Rep.	Full	100.00%	100.00%
Cetelem Polska Expansion SA				Poland	Full	100.00%	100.00%
Cetelem Slovensko			2	Slovakia	Full	100.00%	100.00%
Cetelem Thailande				Thailand	Full	100.00%	100.00%
Cetelem UK (ex Halifax Cetelem Credit Limited)				UK	Full	100.00%	100.00%
Cofica Bail				France	Full	100.00%	100.00%
Cofidis France				France	Equity	15.00%	15.00%
Cofinoga				France	Prop.	50.00%	50.00%
Cofiparc				France	Full	100.00%	99.99%
Compagnie Médicale de financement de Voitures et matériels - CMV Médiforce				France	Full	100.00%	100.00%
Credial Italie SPA			2	Italy	Prop.	50.00%	50.00%
Credisson Holding Limited			1	Cyprus	Full	100.00%	100.00%
Credisson International SRL			1	Romania	Full	100.00%	100.00%
Crédit Moderne Antilles				France	Full	100.00%	100.00%
Crédit Moderne Guyane				France	Full	100.00%	100.00%
Crédit Moderne Océan Indien				France	Full	97.81%	97.81%
Domofinance SA	2		10	France	Prop.	55.00%	55.00%
Effico Iberia	2			Spain	Full	100.00%	100.00%
Effico Soreco				France	Full	99.95%	99.95%
Eurocredito				Spain	Full	100.00%	100.00%
Facet				France	Full	99.69%	99.69%
Fidem				France	Full	51.00%	51.00%
Fimestic Expansion SA				Spain	Full	100.00%	100.00%
Findomestic				Italy	Prop.	50.00%	50.00%
Fortis Crédit		4		Belgium			
Laser (Groupe)			11	France	Prop.	50.00%	50.00%

(A) Movements for 6 months to 30 June 2005	
(B) Movements for 6 months to 31 December 2005	
(C) Movements for 6 months to 30 June 2006	
(1) Acquisition	(7) Change of method - Proportionate method to full consolidation
(2) Entity newly incorporated or passing qualifying threshold	(8) Change of method - Full consolidation to equity method
(3) First-time consolidation to comply with IFRS	(9) Change of method - Equity method to full consolidation
(4) Disposal	(10) Change of method - Full consolidation to proportionate method
(5) Deconsolidation	(11) Change of method - Equity method to proportionate method
(6) Merger between consolidated entities	(12) Reconsolidation

Name	(A)	(B)	(C)	Country	Method	Group voting interest (%)	Group ownership interrest (%)
Consumer Credit (cont'd)							
Loisirs Finance				France	Full	51,00%	51,00%
Magyar Cetelem				Hungary	Full	100,00%	100,00%
Norrsken Finance				France	Full	51,00%	51,00%
Servicios Financieros Carrefour EFC				Spain	Equity	40,00%	40,00%
Société de Paiement Pass				France	Equity	40,01%	40,01%
Special Purpose Entities							
FCC Findomestic			5	Italy			
FCC Master Dolphin				France	Prop.		
FCC Master Noria			5	France	Full		
FCC Retail ABS Finance		2		France	Full		
Property Loans							
Abbey National France	1	6		France			
Banca UCB SPA				Italy	Full	100,00%	100,00%
BNP Paribas Invest Immo				France	Full	99,99%	99,99%
SAS Prêts et Services				France	Full	100,00%	100,00%
UCB				France	Full	100,00%	100,00%
UCB Hypotheken				Netherlands	Full	100,00%	100,00%
Union de Creditos Immobiliarios - UCI (Groupe)	10			Spain	Prop.	50,00%	50,00%
Special Purpose Entities							
FCC Domos 2003				France	Full		
FCC Master Domos				France	Full		
FCC Master Domos 4				France	Full		
FCC Master Domos 5				France	Full		
FCC U.C.I 2-14 (ex FCC U.C.I 2-9)	10			Spain	Prop.		
Long term leasing with services							
Arius Finance		6		France			
Arius SA				France	Full	100,00%	99,99%
Arma Beheer BV				Netherlands	Full	100,00%	99,99%
Artegy Limited				UK	Full	100,00%	99,99%
Artegy SAS				France	Full	100,00%	99,99%
Arval Belgium				Belgium	Full	100,00%	99,99%
Arval BV (ex Arma Nederland)				Netherlands	Full	100,00%	99,99%
Arval Deutschland GmbH (ex Arval PHH Deutschland Gmbh)				Germany	Full	100,00%	99,99%
Arval ECL SAS				France	Full	100,00%	99,99%
Arval Limited				UK	Full	100,00%	99,99%
Arval Luxembourg				Luxembourg	Full	100,00%	99,99%
Arval Nederland		6		Netherlands			
Arval NV (ex Arma Belgique)				Belgium	Full	100,00%	99,99%
Arval PHH Buisiness Services Limited				UK	Full	100,00%	99,99%
Arval PHH Buisiness Solutions Limited				UK	Full	100,00%	99,99%
Arval PHH Holding SAS				France	Full	100,00%	99,99%
Arval PHH Holdings Limited				UK	Full	100,00%	99,99%
Arval PHH Holdings UK Limited				UK	Full	100,00%	99,99%
Arval PHH Limited				UK	Full	100,00%	99,99%
Arval Portugal				Portugal	Full	100,00%	99,99%
Arval Schweiz AG (ex Leasing Handels und Service AG)				Switzerland	Full	100,00%	99,99%
Arval Service Lease				France	Full	100,00%	99,99%
Arval Service Lease Espagne				Spain	Full	99,98%	99,97%
Arval Service Lease Italia				Italy	Full	100,00%	99,99%
Arval Service Lease Polska SP				Poland	Full	100,00%	99,99%
Arval Trading			2	France	Full	100,00%	99,99%
BNP Paribas Fleet Holdings Limited				UK	Full	100,00%	99,99%

(A) Movements for 6 months to 30 June 2005	
(B) Movements for 6 months to 31 December 2005	
(C) Movements for 6 months to 30 June 2006	
(1) Acquisition	(7) Change of method - Proportionate method to full consolidation
(2) Entity newly incorporated or passing qualifying threshold	(8) Change of method - Full consolidation to equity method
(3) First-time consolidation to comply with IFRS	(9) Change of method - Equity method to full consolidation
(4) Disposal	(10) Change of method - Full consolidation to proportionate method
(5) Deconsolidation	(11) Change of method - Equity method to proportionate method
(6) Merger between consolidated entities	(12) Reconsolidation

Name	(A)	(B)	(C)	Country	Method	Group voting interest (%)	Group ownership interrest (%)
Long term leasing with services (cont'd)							
Dialcard Fleet Services Limited				UK	Full	100.00%	99.99%
Dialcard Limited				UK	Full	100.00%	99.99%
Gestion et Location Holding				France	Full	99.99%	99.99%
Harpur Assets Limited	5			UK			
Harpur UK Limited				UK	Full	100.00%	99.99%
Overdrive Buisiness Solutions Limited				UK	Full	100.00%	99.99%
Overdrive Credit Card Limited				UK	Full	100.00%	99.99%
PHH Financial services Limited				UK	Full	100.00%	99.99%
PHH Holdings (1999) Limited				UK	Full	100.00%	99.99%
PHH Investment Services Limited				UK	Full	100.00%	99.99%
PHH Leasing (N°9) Limited				UK	Full	100.00%	99.99%
PHH Treasury Services Limited				UK	Full	100.00%	99.99%
PHH Truck Management Services Limited				UK	Full	100.00%	99.99%
Pointeuro Limited				UK	Full	100.00%	99.99%
The Harpur Group UK Limited				UK	Full	100.00%	99.99%
Emerging and overseas markets							
Banque International Commerce et Industrie Burkina Faso				Burkina Faso	Full	51.00%	51.00%
Banque International Commerce et Industrie Cote d'Ivoire				Ivory Coast	Full	67.49%	67.49%
Banque International Commerce et Industrie Gabon				Gabon	Full	46.67%	46.67%
Banque International Commerce et Industrie Senegal				Senegal	Full	54.11%	54.11%
Banque Malgache de l'Ocean Indien				Madagascar	Full	75.00%	75.00%
Banque Marocaine du Commerce et de l'Industrie				Marocco	Full	65.04%	65.04%
Banque Marocaine du Commerce et de l'Industrie Leasing				Marocco	Full	72.03%	46.85%
Banque Marocaine du Commerce et de l'Industrie Offshore				Marocco	Full	100.00%	65.04%
Banque pour le Commerce et l'Industrie de la Mer Rouge				Djibouti	Full	51.00%	51.00%
BNP Intercontinentale - BNPI				France	Full	100.00%	100.00%
BNP Paribas BDDI Participations				France	Full	100.00%	100.00%
BNP Paribas Cyprus Limited				Cyprus	Full	100.00%	100.00%
BNP Paribas El Djazair				Algeria	Full	100.00%	100.00%
BNP Paribas Guadeloupe				France	Full	100.00%	100.00%
BNP Paribas Guyane				France	Full	100.00%	100.00%
BNP Paribas Le Caire				Egypt	Full	95.19%	95.19%
BNP Paribas Martinique				France	Full	100.00%	100.00%
BNP Paribas Nouvelle Caledonie				France	Full	100.00%	100.00%
BNP Paribas Réunion				France	Full	100.00%	100.00%
BNP Paribas Vostok Holdings			2	France	Full	100.00%	100.00%
Nanjing City Commercial Bank Corp Ltd			1	China	Equity	19.20%	19.20%
Sifida				Luxembourg	Full	100.00%	100.00%
Société Financière pour pays d'Outre Mer - SFOM	5			Switzerland			
Turk Ekonomi Bankasi Yatirimlar Anonim Sirketi (Groupe)	1			Turkey	Prop.	50.00%	50.00%
Union Bancaire pour le Commerce et l'Industrie				Tunisia	Full	50.00%	50.00%
Union Tunisienne de Leasing				Tunisia	Full	75.40%	37.70%

(A) Movements for 6 months to 30 June 2005	
(B) Movements for 6 months to 31 December 2005	
(C) Movements for 6 months to 30 June 2006	
(1) Acquisition	(7) Change of method - Proportionate method to full consolidation
(2) Entity newly incorporated or passing qualifying threshold	(8) Change of method - Full consolidation to equity method
(3) First-time consolidation to comply with IFRS	(9) Change of method - Equity method to full consolidation
(4) Disposal	(10) Change of method - Full consolidation to proportionate method
(5) Deconsolidation	(11) Change of method - Equity method to proportionate method
(6) Merger between consolidated entities	(12) Reconsolidation

Name	(A)	(B)	(C)	Country	Method	Group voting interest (%)	Group ownership interrest (%)
AMS							
Insurance							
Banque Financiere Cardif			6	France			
BNP Paribas Assurance				France	Full	100.00%	100.00%
Cardif Asset Management				France	Full	100.00%	100.00%
Cardif Assicurazioni SPA				Italy	Full	100.00%	100.00%
Cardif Assurance Vie Polska	2			Poland	Full	100.00%	100.00%
Cardif do Brasil Seguros				Brazil	Full	100.00%	100.00%
Cardif Leven				Belgium	Full	100.00%	100.00%
Cardif Levensverzekeringen NV				Netherlands	Full	100.00%	100.00%
Cardif Nederland Holding BV				Netherlands	Full	100.00%	100.00%
Cardif Retraite Assurance Vie			12	France	Full	100.00%	100.00%
Cardif RD				France	Full	100.00%	100.00%
Cardif SA				France	Full	100.00%	100.00%
Cardif Schadeverzekeringen NV				Netherlands	Full	100.00%	100.00%
Cardif Société Vie				France	Full	100.00%	100.00%
Centro Vita Assicurazioni				Italy	Prop.	49.00%	49.00%
Compagnie Bancaire Uk Fonds C				UK	Full	100.00%	100.00%
Compania de Seguros Vida SA			12	Chile	Full	100.00%	100.00%
Compania de Seguros Generales				Chile	Full	100.00%	100.00%
Cybele RE				France	Full	100.00%	100.00%
Darnell Limited				Ireland	Full	100.00%	100.00%
GIE BNP Paribas Assurance				France	Full	59.50%	59.50%
Investlife sa				Luxembourg	Full	100.00%	100.00%
Natio Assurance				France	Prop.	50.00%	50.00%
Natiovie		6		France			
Patrimoine Management & Associés			1	France	Full	70.00%	70.00%
Pinnacle Insurance PLC				UK	Full	100.00%	97.55%
Pinnacle Insurance Holding PLC				UK	Full	97.55%	97.55%
Pinnacle Insurance Management Services PLC				UK	Full	100.00%	97.55%
SCI BNP Paribas Pierre 2 (ex Natio Vie Pierre 2)				France	Full	100.00%	100.00%
SCI P. Demours				France	Full	100.00%	100.00%
SCI Asnieres 1				France	Full	100.00%	100.00%
SCI Beausejour				France	Full	100.00%	100.00%
SCI Boulevard Malesherbes				France	Full	100.00%	100.00%
SCI Boulogne Centre				France	Full	100.00%	100.00%
SCI Boulogne Nungesser				France	Full	100.00%	100.00%
SCI Cimaco				France	Full	100.00%	100.00%
SCI Corosa				France	Full	100.00%	100.00%
SCI Courbevoie				France	Full	100.00%	100.00%
SCI Defense Etoile				France	Full	100.00%	100.00%
SCI Le Chesnay 1				France	Full	100.00%	100.00%
SCI Defense Vendome				France	Full	100.00%	100.00%
SCI Etoile				France	Full	100.00%	100.00%
SCI Levallois 2				France	Full	100.00%	100.00%
SCI Montrouge 2				France	Full	100.00%	100.00%
SCI Montrouge 3				France	Full	100.00%	100.00%
SCI Moussorgski (ex Maisons 2)				France	Full	100.00%	100.00%
SCI Paris Centre				France	Full	100.00%	100.00%
SCI Place du Commerce				France	Full	100.00%	100.00%
SCI Residence Le Chatelard				France	Full	100.00%	100.00%
SCI Rue Abbe Carton				France	Full	100.00%	100.00%
SCI Rue Abbe Groult				France	Full	100.00%	100.00%
SCI Rue Cambronne				France	Full	100.00%	100.00%
SCI Rue Duranton				France	Full	100.00%	100.00%
SCI Rue Gutenberg				France	Full	100.00%	100.00%
SCI Rue Lauriston				France	Full	100.00%	100.00%

(A) Movements for 6 months to 30 June 2005	
(B) Movements for 6 months to 31 December 2005	
(C) Movements for 6 months to 30 June 2006	
(1) Acquisition	(7) Change of method - Proportionate method to full consolidation
(2) Entity newly incorporated or passing qualifying threshold	(8) Change of method - Full consolidation to equity method
(3) First-time consolidation to comply with IFRS	(9) Change of method - Equity method to full consolidation
(4) Disposal	(10) Change of method - Full consolidation to proportionate method
(5) Deconsolidation	(11) Change of method - Equity method to proportionate method
(6) Merger between consolidated entities	(12) Reconsolidation

Name	(A)	(B)	(C)	Country	Method	Group voting interest (%)	Group ownership interrest (%)
Insurance (cont'd)							
SCI Maisons 1				France	Full	100.00%	100.00%
SCI Rue Mederic				France	Full	100.00%	100.00%
SCI Rue Vivienne				France	Full	100.00%	100.00%
SCI Rueil 1				France	Full	100.00%	100.00%
SCI Rueil Ariane				France	Full	100.00%	100.00%
SCI Saint Maurice 2				France	Full	100.00%	100.00%
SCI Square Foch				France	Full	100.00%	100.00%
SCI Surennes 2				France	Full	100.00%	100.00%
SCI Surennes 3				France	Full	100.00%	100.00%
Private Banking							
Bank von Ernst	1	6		France			
Bergues Finance Holding				Bahamas	Full	100.00%	99.99%
BNP Paribas Espana SA				Spain	Full	99.55%	99.55%
BNP Paribas Investment Services LLC				U.S.A.	Full	100.00%	100.00%
BNP Paribas Private Bank				France	Full	100.00%	100.00%
BNP Paribas Private Bank Monaco				France	Full	100.00%	99.99%
BNP Paribas Private Bank Switzerland			6	Switzerland			
Conseil Investissement				France	Full	100.00%	100.00%
Nachenius		1		Netherlands	Full	100.00%	100.00%
Société Monégasque de Banque Privée	1	6		France			
United European Bank Switzerland				Switzerland	Full	100.00%	99.99%
United European Bank Trust Nassau				Bahamas	Full	100.00%	99.99%
Online Brokerage							
B*Capital				France	Full	99.96%	99.96%
Cortal Consors France				France	Full	100.00%	100.00%
Cortal Consors Luxembourg	6			Luxembourg			
FundQuest (ex Cortal Consors Fund Management)				France	Full	100.00%	100.00%
Asset Management							
Cardif Gestion d'Actifs			12	France	Full	100.00%	100.00%
BNP PAM Group				France	Full	100.00%	100.00%
BNP Paribas Asset Management				France	Full	100.00%	100.00%
BNP Paribas Asset Management Brasil Limitada	2			Brazil	Full	100.00%	100.00%
BNP Paribas Asset Management Japan Limited	2		12	Japan	Full	100.00%	100.00%
BNP Paribas Asset Management Group Luxembourg				Luxembourg	Full	99.66%	99.66%
BNP Paribas Asset Management SGR Milan SPA	5			Italy			
BNP Paribas Asset Management UK Limited				UK	Full	100.00%	100.00%
BNP Paribas Fund Services France (ex BNP Paribas Asset Servicing SAS)	2			France	Full	100.00%	100.00%
BNP Paribas Epargne et Retraite Entreprise				France	Full	100.00%	100.00%
Fauchier Partners Management Limited (Groupe)	1			UK	Prop.	50.00%	50.00%
Fischer Francis Trees and Watts				U.S.A.	Equity	24.90%	81.59%
Fund Quest Incorporation				U.S.A.	Full	100.00%	100.00%
Securities services							
BNP Paribas Fund Services				Luxembourg	Full	100.00%	100.00%
BNP Paribas Fund Services Australasia Limited				Australia	Full	100.00%	100.00%
BNP Paribas Fund Services Dublin Limited				Ireland	Full	100.00%	100.00%
BNP Paribas Fund Services Holdings				UK	Full	100.00%	100.00%
BNP Paribas Fund Services UK Limited				UK	Full	100.00%	100.00%
BNP Paribas Securities Services - BP2S				France	Full	100.00%	100.00%
BNP Paribas Securities Services International Holding SA				France	Full	100.00%	100.00%
Property services							
Asset Partenaires		1		France	Full	99.95%	96.72%
Atis Real Expertise				France	Full	100.00%	100.00%

(A) Movements for 6 months to 30 June 2005	
(B) Movements for 6 months to 31 December 2005	
(C) Movements for 6 months to 30 June 2006	
(1) Acquisition	(7) Change of method - Proportionate method to full consolidation
(2) Entity newly incorporated or passing qualifying threshold	(8) Change of method - Full consolidation to equity method
(3) First-time consolidation to comply with IFRS	(9) Change of method - Equity method to full consolidation
(4) Disposal	(10) Change of method - Full consolidation to proportionate method
(5) Deconsolidation	(11) Change of method - Equity method to proportionate method
(6) Merger between consolidated entities	(12) Reconsolidation

Name	(A)	(B)	(C)	Country	Method	Group voting interest (%)	Group ownership interrest (%)
Property services (cont'd)							
Atisreal Auguste-Thouard				France	Full	95.84%	95.84%
Atisreal Auguste-Thouard Habitat Foncier				France	Full	99.98%	95.83%
Atisreal Belgium SA				Belgium	Full	100.00%	100.00%
Atisreal Benelux SA				Belgium	Full	100.00%	100.00%
Atisreal Consult				France	Full	100.00%	100.00%
Atisreal Consult GmbH				Germany	Full	100.00%	100.00%
Atisreal Espana SA				Spain	Full	100.00%	100.00%
Atisreal GmbH				Germany	Full	100.00%	100.00%
Atisreal Holding Belgium SA				Belgium	Full	100.00%	100.00%
Atisreal Holding France				France	Full	100.00%	100.00%
Atisreal Holding GmbH				Germany	Full	100.00%	100.00%
Atisreal International				France	Full	100.00%	100.00%
Atisreal Limited				UK	Full	98.77%	98.77%
Atisreal Luxembourg SA				Belgium	Full	100.00%	100.00%
Atisreal Management GmbH		6		Germany			
Atisreal Netherlands BV			5	Netherlands			
Atisreal Property Management GmbH				Germany	Full	100.00%	100.00%
Atisreal Property Management Services				Belgium	Full	100.00%	100.00%
Atisreal Proplan GmbH				Germany	Full	75.18%	75.18%
Atisreal Services				France	Full	100.00%	95.88%
Atisreal USA Inc.				U.S.A.	Full	100.00%	100.00%
Atisreal Weatheralls Investment Services Limited				UK	Full	100.00%	98.77%
Auguste-Thouard Fimorem		6		France			
Auguste-Thouard Residencial SL		6		Spain			
Banque Centrale de Données Immobilières		6		France			
BNP Paribas Immobilier				France	Full	100.00%	100.00%
BNP Paribas Participations Finance Immobilier				France	Full	100.00%	100.00%
BNP Paribas Immobilier Property Management				France	Full	100.00%	100.00%
BNP Paribas Real Estate Investment Management (ex Antin Vendôme)				France	Full	96.77%	96.77%
BSA Immobilier		1		France	Full	100.00%	100.00%
Chancery Lane Management Services Limited				UK	Full	100.00%	98.77%
Compagnie Tertaire			1	France	Full	100.00%	100.00%
F G Ingenierie et Promotion Immobilière				France	Full	100.00%	100.00%
Immobiliere des Bergues				France	Full	100.00%	100.00%
Meunier Promotion				France	Full	100.00%	100.00%
Partenaires Gerance Soprofinance		1		France	Full	99.94%	96.71%
SA Comadim				France	Full	100.00%	100.00%
SA Gerer				France	Full	100.00%	100.00%
SA Procodis				France	Full	100.00%	100.00%
SAS Astrim				France	Full	100.00%	100.00%
SAS Meunier Developpements				France	Full	100.00%	100.00%
SAS Meunier Habitat				France	Full	100.00%	100.00%
SAS Meunier Immobilières d'Entreprises				France	Full	100.00%	100.00%
SAS Meunier Mediterranee				France	Full	100.00%	100.00%
SAS Meunier Rhône Alpes				France	Full	100.00%	100.00%
Sinvim		6		France			
Sofiane		1		France	Full	100.00%	100.00%
SNC Cezanne	5			France			
SNC Comadim Residences Servives				France	Full	100.00%	100.00%
SNC Espaces Immobiliers				France	Full	100.00%	100.00%
SNC Lot 2 Porte d'Asnières				France	Full	100.00%	100.00%
SNC Matisse	4			France			
SNC Meunier Gestion				France	Full	100.00%	100.00%
Soprofinance		1		France	Full	100.00%	96.77%
Weatheralls Consultancy Services Limited				UK	Full	100.00%	98.77%

(A) Movements for 6 months to 30 June 2005	
(B) Movements for 6 months to 31 December 2005	
(C) Movements for 6 months to 30 June 2006	
(1) Acquisition	(7) Change of method - Proportionate method to full consolidation
(2) Entity newly incorporated or passing qualifying threshold	(8) Change of method - Full consolidation to equity method
(3) First-time consolidation to comply with IFRS	(9) Change of method - Equity method to full consolidation
(4) Disposal	(10) Change of method - Full consolidation to proportionate method
(5) Deconsolidation	(11) Change of method - Equity method to proportionate method
(6) Merger between consolidated entities	(12) Reconsolidation

Name	(A)	(B)	(C)	Country	Method	Group voting interest (%)	Group ownership interrest (%)
Corporate & Investment Banking							
FRANCE							
Austin Finance			2	France	Full	92,00%	3,00%
BNP Paribas Arbitrage				France	Full	100,00%	100,00%
BNP Paribas Equities France				France	Full	99,96%	99,96%
BNP Paribas Equity Strategies France				France	Full	100,00%	100,00%
BNP Paribas Peregrine Group				France	Full	100,00%	100,00%
BNP Paribas Stratégies Actions				France	Full	100,00%	100,00%
Capstar Partners Sas				France	Full	93,33%	93,33%
Paribas Dérivés Garantis Snc				France	Full	100,00%	100,00%
Parifergie				France	Full	100,00%	100,00%
Parilease				France	Full	100,00%	100,00%
Sas Esomet	2			France	Full	100,00%	100,00%
EUROPE							
BNP AK Dresdner Bank AS	4			Turkey			
BNP AK Dresdner Financial Kiralama	4			Turkey			
BNP Capital Finance ltd			5	Ireland			
BNP Factor				Portugal	Full	100,00%	100,00%
BNP Ireland Limited				Ireland	Full	100,00%	100,00%
BNP Paribas (Bulgaria) AD				Bulgaria	Full	100,00%	100,00%
BNP Paribas Bank (Hungaria) RT				Hungary	Full	100,00%	100,00%
BNP Paribas Bank (Polska) SA				Poland	Full	100,00%	100,00%
BNP Paribas Bank NV				Netherlands	Full	100,00%	100,00%
BNP Paribas Capital Investments Limited				UK	Full	100,00%	100,00%
BNP Paribas Capital Markets Group Limited				UK	Full	100,00%	100,00%
BNP Paribas Commodity Futures Limited				UK	Full	100,00%	100,00%
BNP Paribas E & B Limited				UK	Full	100,00%	100,00%
BNP Paribas Finance plc				UK	Full	100,00%	100,00%
BNP Paribas Fixed Assets Limited			5	UK			
BNP Paribas Luxembourg sa				Luxembourg	Full	100,00%	100,00%
BNP Paribas Net Limited				UK	Full	100,00%	100,00%
BNP Paribas Services			6	Switzerland			
BNP Paribas Sviluppo				Italy	Full	100,00%	100,00%
BNP Paribas Suisse SA				Switzerland	Full	99,99%	99,99%
BNP Paribas UK Holdings Limited				UK	Full	100,00%	100,00%
BNP Paribas UK Limited				UK	Full	100,00%	100,00%
BNP PUK Holding Limited				UK	Full	100,00%	100,00%
BNP Paribas ZAO				Russia	Full	100,00%	100,00%
Capstar Partners Limited				UK	Full	100,00%	93,00%
Dealremote Limited			5	UK			
Delta Reinsurance Limited				Ireland	Equity	100,00%	100,00%
ISIS Factor SPA				Italy	Full	100,00%	100,00%
Paribas Management Service Limited			5	UK			
Paribas Trust Luxembourg SA				Luxembourg	Full	100,00%	100,00%
Utexam Limited				Ireland	Full	100,00%	100,00%
AMERICAS							
BNP Andes				Perou	Full	100,00%	100,00%
BNP Paribas Asset Management Incorporated				U.S.A.	Full	100,00%	100,00%
BNP Paribas Brasil SA				Brazil	Full	100,00%	100,00%
BNP Paribas Brokerage Services Incorporated	6			U.S.A.			
BNP Paribas Canada				Canada	Full	100,00%	100,00%
BNP Paribas Capstar Partners Incorporated				U.S.A.	Full	100,00%	100,00%
BNP Paribas Commodities Futures Incorporated				U.S.A.	Full	100,00%	100,00%
BNP Paribas Leasing Corporation				U.S.A.	Full	100,00%	100,00%

(A) Movements for 6 months to 30 June 2005	
(B) Movements for 6 months to 31 December 2005	
(C) Movements for 6 months to 30 June 2006	
(1) Acquisition	(7) Change of method - Proportionate method to full consolidation
(2) Entity newly incorporated or passing qualifying threshold	(8) Change of method - Full consolidation to equity method
(3) First-time consolidation to comply with IFRS	(9) Change of method - Equity method to full consolidation
(4) Disposal	(10) Change of method - Full consolidation to proportionate method
(5) Deconsolidation	(11) Change of method - Equity method to proportionate method
(6) Merger between consolidated entities	(12) Reconsolidation

Name	(A)	(B)	(C)	Country	Method	Group voting interest (%)	Group ownership interrest (%)
AMERICAS (cont'd)							
BNP Paribas North America Incorporated				U.S.A.	Full	100.00%	100.00%
BNP Paribas RCC Incorporation				U.S.A.	Full	100.00%	100.00%
BNP Paribas Securities Corporation				U.S.A.	Full	100.00%	93.00%
Capstar Partners LLC				U.S.A.	Full	93.00%	100.00%
Cooper Neff Advisors Incorporated				U.S.A.	Full	100.00%	100.00%
Cooper Neff Group Incorporated				U.S.A.	Full	100.00%	100.00%
French American Banking Corporation - F.A.B.C				U.S.A.	Full	100.00%	100.00%
Paribas North America				U.S.A.	Full	100.00%	100.00%
Petits Champs Participaçoes e Serviços SA				Brazil	Full	100.00%	
ASIA - OCEANIA							100.00%
BNP Equities Asia Limited				Malaysia	Full	100.00%	100.00%
BNP Paribas (China) Limited				China	Full	100.00%	100.00%
BNP Paribas Arbitrage (Hong-Kong) Limited				Hong-Kong	Full	100.00%	100.00%
BNP Paribas Asia Equities Limited				Hong-Kong	Full	100.00%	100.00%
BNP Paribas Equities Hong Kong		12		Hong-Kong	Full	100.00%	100.00%
BNP Paribas Finance (Hong-Kong) Limited				Hong-Kong	Full	100.00%	100.00%
BNP Paribas Futures (Hong-Kong) Limited				Hong-Kong	Full	100.00%	100.00%
BNP Paribas India Solutions Private Ltd			2	India	Full	100.00%	100.00%
BNP Paribas Pacific (Australia) Limited				Australia	Full	100.00%	100.00%
BNP Paribas Peregrine (Singapour) Limited				Singapour	Full	100.00%	100.00%
BNP Paribas Peregrine Capital Limited				Hong-Kong	Full	100.00%	
BNP Paribas Peregrine Securities (Thailande) Limited			4	Thailand			100.00%
BNP Paribas Peregrine Securities Limited				Hong-Kong	Full	100.00%	100.00%
BNP Paribas Peregrine Securities Pte Limited				Singapour	Full	100.00%	100.00%
BNP Paribas Securities Korea Company Limited				South Korea	Full	100.00%	100.00%
BNP Paribas Securities (Taiwan) Co Limited	2			Taiwan	Full	100.00%	100.00%
BNP Paribas Peregrine Services Limited				Hong-Kong	Full	100.00%	100.00%
BNP Paribas Securities Limited				Hong-Kong	Full	100.00%	0.00%
Credit Agricole Indosuez Securities Limited		1	5	Japan		0.00%	99.99%
PT Bank BNP Paribas Indonésia				Indonesia	Full	100.00%	
PT BNP Lippo Utama Leasing	5			Indonesia			99.00%
PT BNP Paribas Peregrine				Indonesia	Full	99.00%	
Special Purpose Entities							
54 Lombard Street Investments Limited				UK	Full		
APAC Finance Limited		2		New Zeland	Full		
APAC Investments Limited		2		New Zeland	Full		
APAC NZ Holdings Limited (ex BNP Paribas (New Zealand) Finance Limited)				New Zeland	Full		
ARV International Limited	2			Cayman Islds	Full		
Altels Investment Limited	2			Cayman Islds	Full		
BNP Paribas Arbitrage Issuance BV				Netherlands	Full		
BNP Paribas Emissions und Handel. GmbH				Germany	Full		
BNP Paribas Finance Incorporated				U.S.A.	Full		
BNP Paribas New Zealand Limited			5	New Zeland			
BNP Paribas Principal Incorporated				U.S.A.	Full		
Bougainville BV				Netherlands	Full		
China Lucie Finance 1		2		France	Full		
China Lucie Finance 2		2		France	Full		
China Lucie Finance 3		2		France	Full		
China Samantha Finance 1	2			France	Full		
China Samantha Finance 2	2			France	Full		
China Samantha Finance 3	2			France	Full		
China Samantha Finance 4		2		France	Full		
China Samantha Finance 5		2		France	Full		
China Samantha Finance 6		2		France	Full		
China Samantha Finance 7		2		France	Full		

(A) Movements for 6 months to 30 June 2005	
(B) Movements for 6 months to 31 December 2005	
(C) Movements for 6 months to 30 June 2006	
(1) Acquisition	(7) Change of method - Proportionate method to full consolidation
(2) Entity newly incorporated or passing qualifying threshold	(8) Change of method - Full consolidation to equity method
(3) First-time consolidation to comply with IFRS	(9) Change of method - Equity method to full consolidation
(4) Disposal	(10) Change of method - Full consolidation to proportionate method
(5) Deconsolidation	(11) Change of method - Equity method to proportionate method
(6) Merger between consolidated entities	(12) Reconsolidation

Name	(A)	(B)	(C)	Country	Method	Group voting interest (%)	Group ownership interrest (%)
Special Purpose Entities (cont'd)							
China Samantha Finance 8		2		France	Full		
China Samantha Finance 9		2		France	Full		
China Samantha Finance 10			2	France	Full		
Crisps Limited				Cayman Islds	Full		
Eliopée Limited		5		Jersey			
Epimetheus Investments Limited				Cayman Islds	Full		
Epsom Funding Limited		2		Cayman Islds	Full		
Euroliberté PLC				Ireland	Full		
European Hedged Equity Limited				Cayman Islds	Full		
Fidex PLC				UK	Full		
Financière Paris Haussmann			2	France	Full		
Financière Taitbout			2	France	Full		
Forsete Investments SA				Luxembourg	Full		
Global Guaranteed Cliquet Investment			5	Cayman Islds			
Global Guaranteed Equity Limited				Cayman Islds	Full		
Global Hedged Equity Investment Limited				Cayman Islds	Full		
Global Protected Alternative Investments Limited				Cayman Islds	Full		
Global Protected Equity Limited				Cayman Islds	Full		
Harewood Investments N°1 Limited				UK	Full		
Harewood Investments N°2 Limited	2			UK	Full		
Harewood Investments N°3 Limited	2			UK	Full		
Harewood Investments N°4 Limited	2			UK	Full		
Harewood Investments N°5 Limited	2			Cayman Islds	Full		
Harewood Investments N°6 Limited			2	UK	Full		
Henaross PTY Limited				Australia	Full		
Iliad Investments PLC	2			Cayman Islds	Full		
Joconde SA				Luxembourg	Full		
Laffitte Participation 2				France	Full		
Laffitte Participation 10		2		France	Full		
Laffitte Participation 12		2		France	Full		
Liquidity Trust	2			Cayman Islds	Full		
Lock-In Global equity Limited				Cayman Islds	Full		
Marc Finance Limited	2			Cayman Islds	Full		
Mexita Limited N° 2		5		Cayman Islds			
Mexita Limited N° 3			5	Cayman Islds			
Mexita Limited N° 4			5	Cayman Islds			
Mistral Investments SA				Luxembourg	Full		
Olan 2 Enterprises PLC			5	Ireland			
Optichamps	2			France	Full		
Paregof				France	Full		
Parritaye Property Pty Limited				Australia	Full		
Participations Opéra			2	France	Full		
Robin Flight Limited	2			Ireland	Full		
Royal Neuve I SA			2	Luxembourg	Full		
Singapore Emma Finance 1 SAS				France	Full		
Singapore Emma Finance 2 SAS				France	Full		
Sirocco Investments SA				Luxembourg	Full		
Snc Atargatis	2			France	Full		
Snc Méditerranéa	2			France	Full		
St Maarten CDO Limited	2			Cayman Islds	Full		
Starbird Funding Corporation		5		U.S.A.			
Sunny Funding Limited	2			Cayman Islds	Full		
Swalow Flight Limited	2			Ireland	Full		
Thésée Limited		5		Jersey			
Thunderbird Investments PLC	2			Ireland	Full		

(A) Movements for 6 months to 30 June 2005	
(B) Movements for 6 months to 31 December 2005	
(C) Movements for 6 months to 30 June 2006	
(1) Acquisition	(7) Change of method - Proportionate method to full consolidation
(2) Entity newly incorporated or passing qualifying threshold	(8) Change of method - Full consolidation to equity method
(3) First-time consolidation to comply with IFRS	(9) Change of method - Equity method to full consolidation
(4) Disposal	(10) Change of method - Full consolidation to proportionate method
(5) Deconsolidation	(11) Change of method - Equity method to proportionate method
(6) Merger between consolidated entities	(12) Reconsolidation

Name	(A)	(B)	(C)	Country	Method	Group voting interest (%)	Group ownership interrest (%)
OTHER BUSINESS UNITS							
Private Equity (BNP Paribas Capital)							
Banexi Société de Capital-Risque				France	Full	99.99%	99.99%
Carbonne Lorraine	4			France			
Claireville				Belgium	Full	100.00%	100.00%
Cobema				Belgium	Full	100.00%	100.00%
Cobepa Technology				Belgium	Full	100.00%	100.00%
Compagnie Benelux Paribas - COBEPA (Groupe)	4			Belgium			
Compagnie Financière Ottomane				Luxembourg	Full	96.62%	96.62%
Erbe				Belgium	Equity	47.01%	47.01%
Evialis			8	France	Equity	44.16%	44.16%
Gepeco				Belgium	Full	100.00%	100.00%
Paribas Participation Limitée				Canada	Full	100.00%	100.00%
Klépierre							
Akciova Spolocnost Arcol				Slovakia	Full	100.00%	50.06%
AMC			2	Czech Rep.	Full	100.00%	37.54%
Besloten Vennotschap Capucine BV				Netherlands	Full	100.00%	50.06%
Bestes			1	Czech Rep.	Full	100.00%	49.56%
Entertainment Plaza			1	Czech Rep.	Full	100.00%	50.06%
GIE Klepierre Services				France	Full	100.00%	43.92%
I G C SPA				Italy	Prop.	50.00%	25.03%
ICD SPA				Italy	Full	100.00%	42.55%
Klecar Italia SPA				Italy	Full	100.00%	41.55%
Klefin Italia SPA				Italy	Full	100.00%	50.06%
Klepierre Krakow Sp. Z.o.o		1		Poland	Full	100.00%	50.06%
Klepierre Novo			2	Czech Rep.	Full	100.00%	50.06%
Klépierre Poznan Sp. Z.o.o		1		Poland	Full	100.00%	50.06%
Klépierre Sadyba Sp. Z.o.o		1		Poland	Full	100.00%	50.06%
Krakow Plaza Sp. Z.o.o		1		Poland	Full	100.00%	50.06%
Plaza Center Management Poland Sp. z.o.o		1		Poland	Full	100.00%	37.79%
Ruda Slaska Plaza Sp. Z.o.o		1		Poland	Full	100.00%	50.06%
SA Brescia				France	Full	100.00%	50.06%
SA Cinéma de l'Esplanade				Belgium	Full	100.00%	50.06%
SA Coimbra				Belgium	Full	100.00%	50.06%
SA Delcis Cr				Czech Rep.	Full	100.00%	50.06%
SA Devimo Consult				Belgium	Equity	35.00%	13.14%
SA Duna Plaza				Hungary	Full	100.00%	50.06%
SA Finascente		1		Portugal	Prop.	50.00%	25.03%
SA Foncière de Louvain la Neuve				Belgium	Full	100.00%	50.06%
SA Galiera Parque Nascente				Portugal	Prop.	50.00%	25.03%
SA Gondobrico				Portugal	Prop.	50.00%	25.03%
SA Klecar Foncier Espana				Spain	Full	100.00%	41.55%
SA Klecar Foncier Iberica				Spain	Full	100.00%	41.55%
SA Klelou Immobiliare				Portugal	Full	100.00%	50.06%
SA Kleminho			2	Portugal	Full	100.00%	50.06%
SA Klenord Immobiliaria				Portugal	Full	100.00%	50.06%
SA Klepierre				France	Full	50.16%	50.06%
SA Klepierre Athinon AE				Greece	Full	100.00%	41.55%
SA Klépierre Foncier Makedonia				Greece	Full	100.00%	41.55%
SA Klepierre NEA Efkarpia AE				Greece	Full	100.00%	41.55%
SA Klepierre Peribola Patras AE				Greece	Full	100.00%	41.55%
SA Klepierre Portugal SGPS				Portugal	Full	100.00%	50.06%
SA Klepierre Vallecas				Spain	Full	100.00%	50.06%

(A) Movements for 6 months to 30 June 2005	
(B) Movements for 6 months to 31 December 2005	
(C) Movements for 6 months to 30 June 2006	
(1) Acquisition	(7) Change of method - Proportionate method to full consolidation
(2) Entity newly incorporated or passing qualifying threshold	(8) Change of method - Full consolidation to equity method
(3) First-time consolidation to comply with IFRS	(9) Change of method - Equity method to full consolidation
(4) Disposal	(10) Change of method - Full consolidation to proportionate method
(5) Deconsolidation	(11) Change of method - Equity method to proportionate method
(6) Merger between consolidated entities	(12) Reconsolidation

Name	(A)	(B)	(C)	Country	Method	Group voting interest (%)	Group ownership interrest (%)
Klépierre (cont'd)							
SA Klepierre Vinaza				Spain	Full	100.00%	50.06%
SA Kletel Immobiliaria				Portugal	Full	100.00%	50.06%
SA Place de l'acceuil		1		Belgium	Full	100.00%	50.06%
SA Poznan Plaza		1		Poland	Full	100.00%	50.06%
SA Sadyba Center		1		Poland	Full	100.00%	50.06%
SA Sogecaec				Portugal	Full	100.00%	37.54%
SARL Assago				Italy	Equity	100.00%	50.06%
SARL Collegno				Italy	Full	100.00%	50.06%
SARL Csepel 2002				Hungary	Full	100.00%	50.06%
SARL Debrecen 2002				Hungary	Full	100.00%	50.06%
SARL Effe Kappa				Italy	Prop.	50.00%	25.03%
SARL Galiera Commerciale Cavallino		1		Italy	Full	100.00%	50.06%
SARL Galiera Commerciale Klepierre	2			Italy	Full	100.00%	50.06%
SARL Galiera Commerciale Solbiate		1		Italy	Full	100.00%	50.06%
SARL Gyor 2002				Hungary	Full	100.00%	50.06%
SARL Immobiliare Magnolia				Italy	Full	100.00%	42.55%
SARL Kanizsa 2002				Hungary	Full	100.00%	50.06%
SARL Kaposvar 2002				Hungary	Full	100.00%	50.06%
SARL Klepierre Pologne		1		Poland	Full	100.00%	50.06%
SARL Miskolc 2002				Hungary	Full	100.00%	50.06%
SARL Novate				Italy	Full	100.00%	42.55%
SARL Nyiregyhaza Plaza				Hungary	Full	100.00%	50.06%
SARL P S G			7	Italy	Full	100.00%	37.54%
SARL Plaza Center Management				Hungary	Full	100.00%	37.54%
SARL Szeged Plaza				Hungary	Full	100.00%	50.06%
SARL Szolnok Plaza				Hungary	Full	100.00%	50.06%
SARL Uj Alba				Hungary	Full	100.00%	50.06%
SARL Zalaegerszeg Plaza				Hungary	Full	100.00%	50.06%
SAS 192 avenue Charles De Gaulle			6	France			
SAS 21 Kleber			6	France			
SAS 21 la Perouse			6	France			
SAS 43 Grenelle			6	France			
SAS 43 Kleber				France	Full	100.00%	50.06%
SAS 46 Notre-Dame des victoires			6	France			
SAS 5 Turin				France	Full	100.00%	50.06%
SAS Baudot Massy	6			France			
SAS Cande			6	France			
SAS CB Pierre				France	Full	100.00%	50.06%
SAS Cecobil				France	Prop.	50.00%	25.03%
SAS Cecoville				France	Full	100.00%	50.06%
SAS Centre Jaude Clermont				France	Full	100.00%	50.06%
SAS Concorde Puteaux			6	France			
SAS Doumer Caen			6	France			
SAS du 23 avenue Marignan			6	France			
SAS Espace Cordeliers				France	Prop.	50.00%	25.03%
SAS Espace Dumont D'Urville			6	France			
SAS Espace Kleber			6	France			
SAS Flandre			6	France			
SAS Holding Gondomar 1				France	Full	100.00%	50.06%
SAS Holding Gondomar 3				France	Full	100.00%	50.06%
SAS Issy Desmoulins			6	France			
SAS KLE 1 (ex SAS Klepierre Transactions)				France	Full	100.00%	50.06%
SAS Kleber Levallois			6	France			
SAS Klecar Participations Italie				France	Full	100.00%	41.55%
SAS Klemurs				France	Full	100.00%	50.06%
SAS Klepierre Finance				France	Full	100.00%	50.06%

(A) Movements for 6 months to 30 June 2005	
(B) Movements for 6 months to 31 December 2005	
(C) Movements for 6 months to 30 June 2006	
(1) Acquisition	(7) Change of method - Proportionate method to full consolidation
(2) Entity newly incorporated or passing qualifying threshold	(8) Change of method - Full consolidation to equity method
(3) First-time consolidation to comply with IFRS	(9) Change of method - Equity method to full consolidation
(4) Disposal	(10) Change of method - Full consolidation to proportionate method
(5) Deconsolidation	(11) Change of method - Equity method to proportionate method
(6) Merger between consolidated entities	(12) Reconsolidation

Name	(A)	(B)	(C)	Country	Method	Group voting interest (%)	Group ownership interrest (%)
Klépierre (cont'd)							
SAS Klepierre Hongrie				France	Full	100.00%	50.06%
SAS Le Havre Capelet				France	Full	100.00%	50.06%
SAS Le Havre Tourneville				France	Full	100.00%	50.06%
SAS Leblanc Paris 15				France	Full	100.00%	50.06%
SAS LP7				France	Full	100.00%	50.06%
SAS Marseille Le Merlan			6	France			
SAS Melun Saint-Peres			6	France			
SAS Odysseum Place de France				France	Full	100.00%	35.04%
SAS Opale				France	Full	100.00%	50.06%
SAS Poitiers Alienor				France	Full	100.00%	50.06%
SAS Saint-Andre Pey berland			6	France			
SAS Soaval				France	Prop.	50.00%	18.77%
SAS Socoseine				France	Full	100.00%	46.93%
SAS Strasbourg La Vigie			6	France			
SAS Suffren Paris 15				France	Full	100.00%	50.06%
SAS Toulouse Mermoz	6			France			
SAS Tours Nationale			6	France			
SC Antin Vendome	5			France			
SC Centre Bourse				France	Full	100.00%	50.06%
SC Solorec				France	Full	80.00%	40.04%
SCI Aurora	6			France			
SCI Bassin Nord				France	Prop.	50.00%	25.03%
SCI Beausevran		1		France	Full	100.00%	41.55%
SCI Bègles Papin				France	Full	100.00%	50.06%
SCI Combault			2	France	Full	100.00%	50.06%
SCI La Plaine du Moulin à vent		2		France	Prop.	50.00%	25.03%
SCI Noble Cafetaria	6			France			
SCI Noble Galerie	6			France			
SCI Noble Restauration	6			France			
SCI Orengal	6			France			
SCI Secovalde				France	Full	100.00%	20.02%
SCI Tour Marcel Brot				France	Full	100.00%	50.06%
SCS Begles Arcins				France	Prop.	50.00%	25.03%
SCS Klecar Europe Sud				France	Full	100.00%	41.55%
SCS Ségécé				France	Full	90.00%	54.98%
Ségécé Hellas Réal Estate Management	2			Greece	Full	100.00%	37.55%
Seravalle SPA				Italy	Full	100.00%	50.06%
SL Centros Shopping Gestion				Italy	Full	100.00%	37.54%
SNC Angoumars		2		France	Full	100.00%	49.75%
SNC Fonciere Saint Germain				France	Full	100.00%	50.06%
SNC Galae				France	Full	100.00%	43.67%
SNC General Leclerc 11-11bis Levallois				France	Full	100.00%	50.06%
SNC Jardins des Princes				France	Full	100.00%	50.06%
SNC KC1				France	Full	100.00%	41.55%
SNC KC10				France	Full	100.00%	41.55%
SNC KC11				France	Full	100.00%	41.55%
SNC KC12				France	Full	100.00%	41.55%
SNC KC2				France	Full	100.00%	41.55%
SNC KC20				France	Full	100.00%	41.55%
SNC KC3				France	Full	100.00%	41.55%
SNC KC4				France	Full	100.00%	41.55%
SNC KC5				France	Full	100.00%	41.55%
SNC KC6				France	Full	100.00%	41.55%
SNC KC7				France	Full	100.00%	41.55%
SNC KC8				France	Full	100.00%	41.55%
SNC KC9				France	Full	100.00%	41.55%

(A) Movements for 6 months to 30 June 2005	
(B) Movements for 6 months to 31 December 2005	
(C) Movements for 6 months to 30 June 2006	
(1) Acquisition	(7) Change of method - Proportionate method to full consolidation
(2) Entity newly incorporated or passing qualifying threshold	(8) Change of method - Full consolidation to equity method
(3) First-time consolidation to comply with IFRS	(9) Change of method - Equity method to full consolidation
(4) Disposal	(10) Change of method - Full consolidation to proportionate method
(5) Deconsolidation	(11) Change of method - Equity method to proportionate method
(6) Merger between consolidated entities	(12) Reconsolidation

Name	(A)	(B)	(C)	Country	Method	Group voting interest (%)	Group ownership interrest (%)
Klépierre (cont'd)							
SNC Kleber la Perouse				France	Full	100.00%	50.06%
SNC Klecar France				France	Full	100.00%	41.55%
SNC Klegestion				France	Full	100.00%	50.06%
SNC Klepierre Conseil				France	Full	100.00%	50.06%
SNC Kletransactions				France	Full	100.00%	50.06%
SNC Le Barjac Victor				France	Full	100.00%	50.06%
SNC Le Havre Lafayette				France	Prop.	50.00%	25.03%
SNC Le Havre Vauban				France	Prop.	50.00%	25.03%
SNC Pasteur			12	France	Full	100.00%	50.06%
SNC SCOO (ex Sas Secmarne)				France	Full	100.00%	100.00%
SNC Ségécé Loisirs Transactions				France	Full	100.00%	37.55%
SNC Soccendre				France	Full	100.00%	37.67%
SNC Sodevac				France	Full	100.00%	50.06%
AMAC SRO			2	Slovakia	Full	100.00%	37.54%
SRO F M C Central europe				Czech Rep.	Full	100.00%	37.54%
SRO Klepierre CZ		1		Czech Rep.	Full	100.00%	50.06%
Property companies (property used in operations)							
Capefi				France	Full	100.00%	100.00%
Compagnie Immobiliere de France				France	Full	100.00%	100.00%
Ejesur				Spain	Full	100.00%	100.00%
SAS 5 Kleber				France	Full	100.00%	100.00%
SAS Foncière de la Compagnie Bancaire				France	Full	100.00%	100.00%
SCI Immobilière Marché Saint-Honoré				France	Full	100.00%	100.00%
SCI Rueil Caudron				France	Full	100.00%	99.98%
Société d'Etudes Immobilières de Constructions - Setic				France	Full	100.00%	100.00%
Investment companies and other subsidiaries							
Antin Participation 4				France	Full	100.00%	100.00%
Antin Participation 5				France	Full	100.00%	100.00%
Antin Participation 15			2	France	Full	100.00%	100.00%
BNP Paribas de Réassurance au Luxembourg				Luxembourg	Full	100.00%	100.00%
BNP Paribas Emergis				France	Full	100.00%	100.00%
BNP Paribas International BV				Netherlands	Full	100.00%	100.00%
BNP Paribas Partners for Innovation (Groupe)				France	Equity	50.00%	50.00%
BNP Paribas UK Treasury Limited				UK	Full	100.00%	100.00%
Compagnie Auxiliaire d'Entreprises et de Chemins de Fer			6	France		0.00%	0.00%
Compagnie Bancaire Uk Fonds B				UK	Full	100.00%	100.00%
Compagnie d'Investissements de Paris - C.I.P				France	Full	100.00%	100.00%
Financière BNP Paribas				France	Full	100.00%	100.00%
Financière Marché Saint Honoré				France	Full	100.00%	100.00%
Finaxa		4		France			
GIE Groupement Auxiliaire et de Moyens - GAM				France	Full	100.00%	100.00%
Kle 65				France	Full	100.00%	100.00%
Kle 66			6	France		0.00%	0.00%
Luxpar-Ré				Luxembourg	Full	100.00%	100.00%
Omnium Gestion Developpement Immobilier				France	Full	100.00%	100.00%
Paribas International			6	France		0.00%	0.00%
Placement, Gestion, Finance Holding - Plagefin				Luxembourg	Full	99.99%	99.99%
Quatch			6	France		0.00%	0.00%
Sagip				Belgium	Full	100.00%	100.00%
Sas Klefinances				France	Full	100.00%	100.00%
SNC Bincofi	5			France			
Société Auxiliaire de Construction Immobilière - SACI				France	Full	100.00%	100.00%
Société Centrale d'Investissement				France	Full	100.00%	100.00%
Societe Française Auxiliaire - S.F.A.				France	Full	100.00%	100.00%

(A) Movements for 6 months to 30 June 2005	
(B) Movements for 6 months to 31 December 2005	
(C) Movements for 6 months to 30 June 2006	
(1) Acquisition	(7) Change of method - Proportionate method to full consolidation
(2) Entity newly incorporated or passing qualifying threshold	(8) Change of method - Full consolidation to equity method
(3) First-time consolidation to comply with IFRS	(9) Change of method - Equity method to full consolidation
(4) Disposal	(10) Change of method - Full consolidation to proportionate method
(5) Deconsolidation	(11) Change of method - Equity method to proportionate method
(6) Merger between consolidated entities	(12) Reconsolidation

Name	(A)	(B)	(C)	Country	Method	Group voting interest (%)	Group ownership interrest (%)
Investment companies and other subsidiaries (cont'd)							
Société Jovacienne de Participations				France	Full	100.00%	100.00%
UCB Bail				France	Full	100.00%	100.00%
UCB Entreprises				France	Full	100.00%	100.00%
UCB Locabail immobilier				France	Full	100.00%	100.00%
Verner Investissements (Groupe)				France	Equity	46.70%	46.70%
Special Purpose Entities							
Antin Participation 7				France	Full		
Antin Participation 13				France	Full		
BNP Paribas Capital Trust LLC 1				U.S.A.	Full		
BNP Paribas Capital Trust LLC 2				U.S.A.	Full		
BNP Paribas Capital Trust LLC 3				U.S.A.	Full		
BNP Paribas Capital Trust LLC 4				U.S.A.	Full		
BNP Paribas Capital Trust LLC 5				U.S.A.	Full		
BNP Paribas Capital Trust LLC 6				U.S.A.	Full		
BNP Paribas US Medium Term Notes Program				U.S.A.	Full		
BNP Paribas US Structured Medium Term Notes LLC				U.S.A.	Full		
BNP US Funding LLC				U.S.A.	Full		

(A) Movements for 6 months to 30 June 2005	
(B) Movements for 6 months to 31 December 2005	
(C) Movements for 6 months to 30 June 2006	
(1) Acquisition	(7) Change of method - Proportionate method to full consolidation
(2) Entity newly incorporated or passing qualifying threshold	(8) Change of method - Full consolidation to equity method
(3) First-time consolidation to comply with IFRS	(9) Change of method - Equity method to full consolidation
(4) Disposal	(10) Change of method - Full consolidation to proportionate method
(5) Deconsolidation	(11) Change of method - Equity method to proportionate method
(6) Merger between consolidated entities	(12) Reconsolidation

Name	(A)	(B)	(C)	Country	Method	Group voting interest (%)	Group ownership interrest (%)
Banca Nazionale del Lavoro			1	Italy	Full	97.10%	97.10%
Artigiancassa Spa			1	Italy	Full	73.86%	71.71%
Artigiansoa - Org. Di Attestazione Spa			1	Italy	Full	80.00%	57.37%
BNL Broker Assicurazioni Spa			1	Italy	Full	95.50%	92.73%
BNL Direct Services Spa			1	Italy	Full	100.00%	97.10%
BNL Edizioni Srl			1	Italy	Full	100.00%	97.10%
BNL Finance Spa			1	Italy	Full	100.00%	97.10%
BNL Fondi Immobiliari			1	Italy	Full	95.00%	92.24%
BNL Gestioni Sgr			1	Italy	Full	100.00%	97.10%
BNL International Investment SA			1	Luxembourg	Full	100.00%	97.10%
BNL International Luxembourg			1	Luxembourg	Full	100.00%	97.10%
BNL Multiservizi Spa			1	Italy	Full	100.00%	97.10%
BNL Participazioni Spa			1	Italy	Full	100.00%	97.10%
BNL Positivity Srl			1	Italy	Full	51.00%	49.52%
BNL Vita Spa			1	Italy	Equity	50.00%	48.55%
Cooperleasing Spa			1	Italy	Equity	50.00%	48.55%
Creaimpresa Spa			1	Italy	Full	76.90%	55.15%
Elep Spa			1	Italy	Equity	49.03%	27.04%
International Factors Italia spa - Ifitalia			1	Italy	Full	99.16%	96.28%
Lavoro Bank Ag Zurigo			1	Switzerland	Full	100.00%	97.10%
Locafit Spa			1	Italy	Full	100.00%	97.10%
Locatrice Italiana Spa			1	Italy	Full	100.00%	97.10%
Serfactoring Spa			1	Italy	Equity	27.00%	26.07%
Servizio Italia Spa			1	Italy	Full	100.00%	97.10%
Special Purpose Entities							
Vela ABS			1	Italy	Full		
Vela Home Srl			1	Italy	Full		
Vela Lease Srl			1	Italy	Full		
Vela Public Sector Srl			1	Italy	Full		

(A) Movements for 6 months to 30 June 2005	
(B) Movements for 6 months to 31 December 2005	
(C) Movements for 6 months to 30 June 2006	
(1) Acquisition	(7) Change of method - Proportionate method to full consolidation
(2) Entity newly incorporated or passing qualifying threshold	(8) Change of method - Full consolidation to equity method
(3) First-time consolidation to comply with IFRS	(9) Change of method - Equity method to full consolidation
(4) Disposal	(10) Change of method - Full consolidation to proportionate method
(5) Deconsolidation	(11) Change of method - Equity method to proportionate method
(6) Merger between consolidated entities	(12) Reconsolidation

4.c BUSINESS COMBINATIONS

Business combinations in the first half of 2006

Acquisition of Banca Nazionale del Lavoro (BNL)

On 3 February 2006, BNP Paribas announced that it had entered into several conditional agreements with 13 BNL shareholders, including Unipol, to acquire a 48% stake in BNL. On 5 April 2006, BNP Paribas held a 50.4% interest in BNL, and effectively obtained control of the company. BNP Paribas subsequently launched a public tender offer for the remaining shares held by minority shareholders. On 16 May 2006, BNP Paribas held a 97% stake in BNL further to the tender offer, largely exceeding the 91.5% threshold set by the Italian stock market regulator for a residual offer on outstanding shares. The residual offer for the outstanding shares ran from 30 June 2006 to 20 July 2006, at which date BNP Paribas held 99.14% of BNL. BNL's ordinary shares were delisted on 26 July 2006.

BNL is Italy's sixth largest bank in terms of deposit and loan volumes. Its network spans across the whole of the country, with 17,000 employees and around 800 branches and outlets located in all major Italian cities. BNL has 3 million private individual customers, 39,000 corporate clients, and 16,000 public-sector clients.

BNL is particularly active in specialised financing solutions such as factoring and leasing, and offers consumer credit, asset management services (EUR 26 billion in assets under management), private banking and life insurance solutions.

The cost of the 97.1% interest held by BNP in BNL at period-end amounted to EUR 8,795 million, and was paid in cash.

The BNP Paribas Group restated BNL's balance sheet prior to acquisition in order to bring BNL's accounting methods into line with those applied by the BNP Paribas Group and comply with the purchase accounting rules prescribed by IFRS (see note 1.b, "business combinations and measurement of goodwill").

These adjustments totalled EUR 618 million net of deferred taxes and relate primarily to the methods used to calculate impairment on individual loans or loan portfolios (negative impact of EUR 378 million), including the reclassification of loans more than 90 days past due as doubtful. The adjustments also concerned the valuation rules for market transactions, deferred taxes and intangible assets, mainly software (negative impact of EUR 262 million), the funding of employee benefits (negative impact of EUR 35 million), and the fair value of loans, securities and other assets, as well as liabilities (positive impact of EUR 57 million).

These adjustments reduced the Group share of BNL's equity at 31 March 2006 by the same amount, and gave rise to estimated residual goodwill of EUR 2,045 million at 5 April 2006, the date BNP Paribas obtained effective control of BNL.

In accordance with the accounting policies described in note 1.c, "Own equity instruments and own equity instrument derivatives", the difference between the acquisition cost and the Group's equity in BNL's net assets held by minority shareholders and acquired after the date of acquisition (i.e. between 5 April 2006 and 30 June 2006) is recorded as a deduction from retained earnings attributable to BNP Paribas shareholders in a provisionally amount of EUR 1,880 million at 30 June 2006.

As the analyses and expert valuations at fair value required for the initial measurement of assets, liabilities, off-balance sheet instruments and contingent liabilities have not yet been fully completed, the adjustments made may be modified within a period of twelve months after the acquisition date, in accordance with IFRS 3 paragraph 62.

BNP Paribas financed the BNL acquisition by means of (i) a EUR 5,567 million issue of shares with pre-emptive subscription rights for existing shareholders; (ii) a EUR 1,398 million issue of undated super subordinated notes; and (iii) its own funds. Details of these issues are provided in note 4.a, "Changes in share capital and earnings per share".

At 31 December 2005, BNL published the following financial data:

In millions of euros, under EU IFRS	31 Dec 2005
ASSETS	
Financial assets at fair value through profit or loss	7,651
Available-for-sale financial assets	1,179
Loans and receivables due from credit institutions	8,131
Loans and receivables due from customers	64,288
Tangible and intangible assets	2,558
Non-current assets held for sale	1,279
Other assets	4,004
TOTAL ASSETS	89,090
LIABILITIES	
Financial liabilities at fair value through profit or loss	6,207
Due to credit institutions	13,808
Due to customers	35,939
Debt securities	21,083
Non-current liabilities held for sale	1,180
Other liabilities	5,846
TOTAL LIABILITIES	84,063
SHAREHOLDERS' EQUITY	
Shareholders' equity	4,987
Minority interests	40
Total consolidated equity	5,027
TOTAL LIABILITIES AND EQUITY	89,090

In millions of euros, under EU IFRS	Year to 31 Dec 2005
Net interest income	1,674
Net commissions	1,018
Other banking income	185
Net Interest and other banking income	2,877
Net value adjustments for impairment of loans and receivables and of other financial assets	(111)
Net result of financial activities	2,766
Operating costs	(1,942)
Other results from continuing operations	22
Profit before tax from continuing operations	846
Tax for the period from continuing operations	(353)
Profit after tax from continuing operations	493
Net profit after tax of non-current assets held for sale	40
Net income	533
Net income attributable to minority interests	1
Net income attributable to equity holders	532

The BNL sub-group was fully consolidated with effect from the acquisition date and in first-half 2006 contributed EUR 139 million to net income and EUR 96 million to net income attributable to equity holders. The BNL acquisition led to a net cash outflow of EUR 14,279 million for the BNP Paribas Group.

Additional disclosures regarding Ukrsibbank

On 18 April 2006, BNP Paribas acquired 51% of Ukrsibbank for USD 347 million (EUR 281 million). Existing shareholders of Ukrsibbank signed a long-term agreement with BNP Paribas and will retain a 49% interest in the Ukranian entity.
Ukrsibbank is engaged in retail banking, consumer credit and corporate & investment banking. It is Ukraine's fourth-largest bank in terms of assets and one of the leading retail and corporate & investment banks. Ukrsibbank has a network of 830 branches and outlets, employing close to 9,500 people. At 31 December 2005, it had total assets of EUR 1.8 billion, EUR 1.3 billion in loans and EUR 0.9 billion in deposits. The Group's business expanded significantly in 2006.

Ukrsibbank will be fully consolidated into the BNP Paribas Group's accounts as soon as the action plan is completed enabling it to produce financial data in compliance with Group reporting standards, and by 31 December 2006 at the latest.

Business combinations in the first half of 2005

Acquisition of TEB Mali (International Retail Banking and Financial Services)

In February 2005, BNP Paribas acquired a 50% interest in the holding company TEB Mali, which owns 84.25% of the Turkish bank Turk Ekonomi Bankasi (TEB). The Colakoglu group retained a 50% interest in TEB Mali.

TEB is a mid-sized universal bank which, via its subsidiaries, offers corporate and retail customers a full range of financial services and products including export financing, leasing, factoring, consumer credit, deposit-taking, treasury and asset management, insurance, investment banking and brokerage. On the acquisition date, TEB had a network of 85 branches and also owned two banks outside Turkey.

The assets and liabilities of TEB Mali, recognised at fair value as of the acquisition date, mainly comprised:

- Assets: customer loans of EUR 1,476 million (BNP Paribas share : EUR 738 million) ;
- Liabilities: customer deposits of EUR 1,781 million (BNP Paribas share : EUR 891 million).

The acquisition price was USD 252 million, or an equivalent value of EUR 198 million at the acquisition date. A price adjustment contingent on the future profitability of TEB, payable at the start of 2008, was agreed by the parties. Acquisition costs of EUR 6 million were incurred. Goodwill on this acquisition was provisionally measured at an equivalent value of EUR 121 million at 31 December 2005, and was recognised as an asset in the balance sheet. The value of this goodwill is supported by the highly favourable growth prospects of TEB. In addition, the acquisition by BNP Paribas of an interest in the TEB Group's holding company provides an opportunity to forge many operational alliances in a wide variety of fields such as export financing and commodities, consumer credit, mortgage lending, leasing and retail banking, thereby enhancing the TEB group's expertise and product range.

TEB Mali has been consolidated with effect from the acquisition date, and contributed EUR 28 million to consolidated net income for the year ended 31 December 2005. The acquisition generated a net cash inflow of EUR 42 million for the BNP Paribas Group.