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# IAS/IFRS transition

# Presentation Overview

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

# Presentation Overview

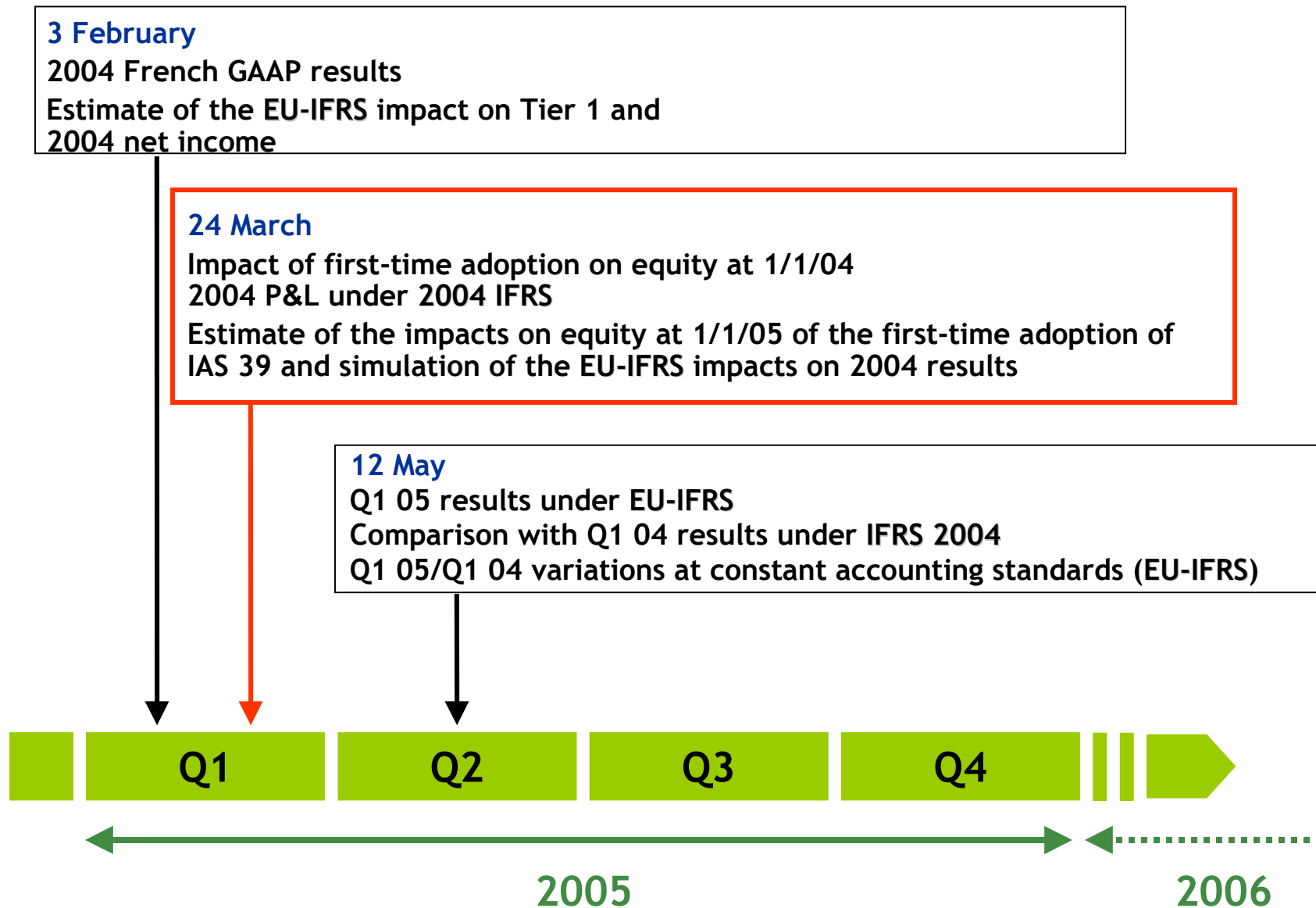
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- **Introduction**
- **Analysis of the main impacts by standard**
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- **Wrap-up**

This presentation will make reference to:

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

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



## Summary of Impacts on Group Shareholders' Equity and Tier one

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

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

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

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

\*\* Excluding undated subordinated notes

# Three Different Impacts on Results

## ● One-off restatements

One-off

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

## ● Timing differences

Timing

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

## ● Recurring impacts

Recurring

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



## Summary of Impacts on Group's net Income in 2004

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

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

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

**French  
GAAP**

- Amortised historical cost

**IFRS**

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

**Impacts**

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

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

**French  
GAAP**

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

**IFRS**

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

**Impacts**

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

French GAAP

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

IFRS

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

Impacts

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

## Reserve for General Banking Risks (IAS 37)

**French  
GAAP**

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

**IFRS**

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

**Impacts**

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

# Pension and Post-employment Benefit Obligations

## Health Insurance (IAS 19)

French  
GAAP

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

Currently employed and retirees

Balance sheet

no provision

Income statement

contributions paid

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

IFRS

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

Impacts

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

# Pension and Post-employment Benefit Obligations

## Retirement Benefits (IAS 19)

### Heterogeneous schemes:

Balance sheet

Income statement

#### ● In France: 3 schemes

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

French GAAP



# Pension and Post-employment Benefit Obligations

## Retirement Benefits (IAS 19)

IFRS

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

Impacts

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

## Consolidation (IAS 27, 28 and 31)

### French GAAP

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

### IFRS

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

### Impacts

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

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

## Consolidation (Goodwill) (IAS 36)

### French GAAP

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

### IFRS

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

### Impacts

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

## Intangible Assets - Software (IAS 38)

**French  
GAAP**

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

**IFRS**

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

**Impacts**

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

- Moderate distribution policy

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

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

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

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

French  
GAAP

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

IFRS

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

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

Impacts

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

**One-off - €74mn**

*Resorption of the  
difference  
(net of tax)*

2004: - 74

2005: - 43

2006: - 18

2007: 0

## Available-for-sale Securities (IAS 39)

### French GAAP

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

### IFRS

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

### Impacts

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

**French  
GAAP**

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

**IFRS**

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

**Impacts**

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

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





French  
GAAP

- General provisions (mainly for country risks)

IFRS

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

Impacts

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

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

French GAAP

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

IFRS

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

Impacts

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

## Insurance Contracts (IFRS 4 and IAS 39)

French  
GAAP

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

IFRS

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

Impacts

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

French GAAP

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

IFRS

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

IFRS

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

Impacts

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

French GAAP

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

IFRS

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

Impacts

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

# Hedging Strategies not Recognised under IAS (IAS 39)

French  
GAAP

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

IFRS

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



From now on separate management of these securities and hedging instruments

Impacts

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

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



## Standards with Little or no Impact (1/2)

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

## Standards with Little or no Impact (2/2)

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

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## Asset and Liability Management Objective

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

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

*The ALM objective is not modified by EU-IFRS*

- **French market particularities:**

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

- In liabilities: sight deposits and regulated savings products

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

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

- **Typical macro-hedging transaction**

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

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

- **Cash Flow Hedge**

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

- **Fair Value Hedge**

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

- **Carve-Out Fair Value Hedge**

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

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

FR = Fixed Rate  
 VR = Variable Rate

→ The stable deposits exceed the fixed-rate loans

→ Results decrease when rates fall

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

*How is this simple economic reality reflected in the accounts?*

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

5-year FR stable deposits

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



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

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

COFVH highlights the changes in fair value of the hedged instrument

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

## Choosing the Carve-out Fair Value Hedge

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

# Presentation plan

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

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

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

New calculation method for employee benefits **Timing**

Discounting of recoverable amounts **Recurring**

\* Including 100% of French Private Banking

# Impacts of the Transition by Core Business

## IRFS

**2004**

(in millions of euros)

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

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

IAS 17 - Leases **Timing**

Restructuring costs  
relating to BancWest  
acquisitions **Recurring**

Discounting of recoverable  
amounts **Recurring**

Elimination of goodwill  
amortisation  
**Recurring**

**2004**

(in millions of euros)

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

Elimination of goodwill  
amortisation **Recurring**

# Impacts of the Transition by Core Business CIB

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

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

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

**Recurring**  
Discounting of recoverable amounts

# Impacts of the Transition by Core Business BNP Paribas Capital

**2004**

(in millions of euros)

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

Reclassification of capital gains in Net Banking Income  
**Recurring**

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

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



# Summary of Impacts on the Group's Results in 2004

**2004**

(in millions of euros)

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

Of which :

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

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

- **BNP Paribas has retained options**

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

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

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

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

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

# Appendices

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

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



BNP PARIBAS

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

In millions of euros

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

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

\*\* Excluding undated subordinated notes

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

## Summary of Impacts on 2004 Group Net Income

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

## 2004 Net Income Under 2004 IFRS

**In millions of euros**

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



## 2004

*(in millions of euros)*

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

## 2004

*(in millions of euros)*

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

## 2004

(in millions of euros)

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

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

## 2004

*(in millions of euros)*

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

**2004**
*(in millions of euros)*

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

**2004**
*(in millions of euros)*

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

## 2004

*(in millions of euros)*

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

## 2004

*(in millions of euros)*

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



## 2004

*(in millions of euros)*

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

## 2004

*(in millions of euros)*

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

## 2004

*(in millions of euros)*

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

## 2004

*(in millions of euros)*

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