ANNUAL REPORT 1999

BNP PARIBAS

Annual Report 1999

BNP PARIBAS

Contents

BNP PARIBAS

A POWERFUL

Birth of a European leader…

The BNP Paribas merger represents a milestone in the history of European banking. Thanks to its critical mass and extensive portfolio of businesses, BNP Paribas is taking part in the consolidation of Europe's banking industry from a position of strength.

BNP Paribas is the leading banking Group quoted in France. It is ranked number 1 in France in terms of earnings and number 4 in Europe in terms of stockholders' equity. It represents the second largest market capitalization in Euroland.

… with global reach

BNP Paribas has one of the world's largest international networks, extending across 83 countries, with hubs in seven leading financial centers. Thanks to the excellent strategic fit represented by its commercial and financial businesses, BNP Paribas is a major player in retail banking, investment banking, international private banking and asset management. Eighty of the world's top 100 groups have chosen BNP Paribas as their banker.

A unique product and service offering in France

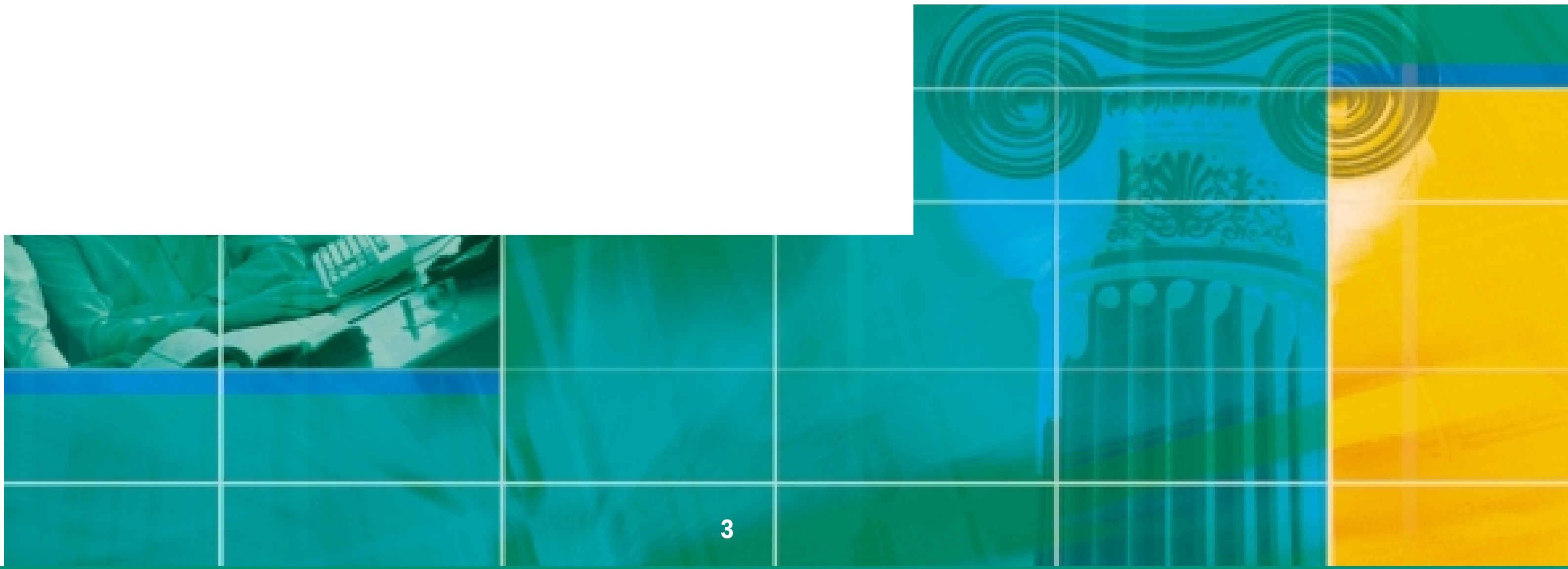
BNP Paribas' unrivalled Domestic Retail Banking offering for corporate and private clients extends from asset management services to consumer loans, and from lease financing to real estate. BNP Paribas' share of the French personal banking market stands at 10%.

INTERNATIONAL BANK

The Bank has proven innovation capabilities and genuine expertise in new technologies and new distribution channels. BNP Net, Cortal and Banque Directe are at the forefront of the French *e-banking* market, with over 250,000 on-line clients.

A powerful platform to drive growth and create value

With stockholders' equity of EUR 20 billion, the new Group has the resources to take up all opportunities arising from the launch of the euro and the emergence of a European financial services market. BNP Paribas intends to actively pursue its development, in order to become European leader in all of its business lines, while holding firm to its strategic commitment to building earnings and creating stockholder value.



KEY FIGURES

BNP long-term debt ratings

(as of 31 December 1999)

Moody's	Aa3
Standard & Poor's	A+
FITCH IBCA	AA-

These ratings were confirmed after the monitoring period decided at the time of the public tender offers.

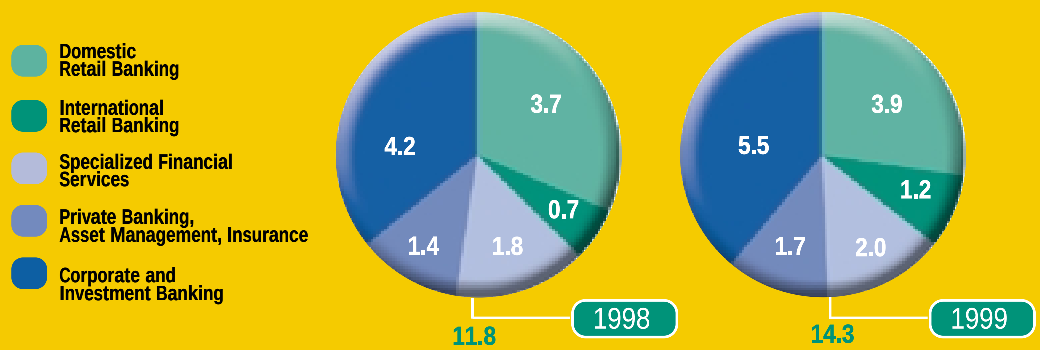
(in millions of euros)

BUSINESS	1999	1998 [3]
Total assets	698,625	611,997
Customer deposits	149,003	139,240
Customer loans (gross)	223,268	205,724
Common stockholders' equity [1]	**19,789**	**na**
Combined tier 1 and 2 capital ratio [2]	**10.1%**	**na**
Tier 1 capital ratio [2]	7.1%	na

(1) Before income appropriation.
(2) Before deduction from stockholders' equity of the maximum amount potentially payable on the CVRs in 2002. After deducting this potential amount, the combined ratio is 9.6% and the Tier 1 ratio is 6.6%.
(3) BNP Paribas pro forma figures.

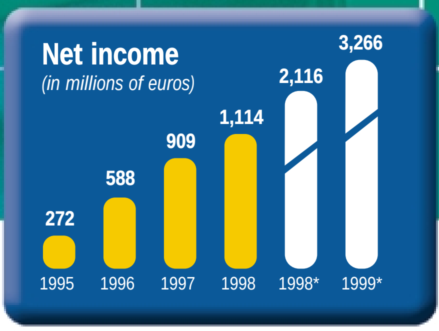
Net banking income

(in billions of euros)

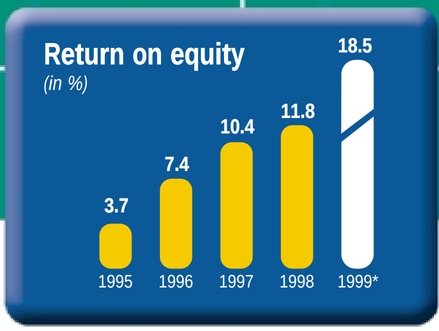


Number of employees 77,000

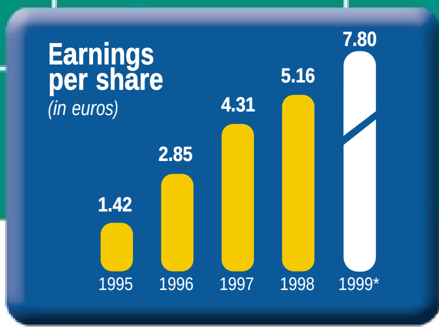
	1999
France	49,000
International	28,000



(*) BNP Paribas Group pro forma net income before restructuring provisions.



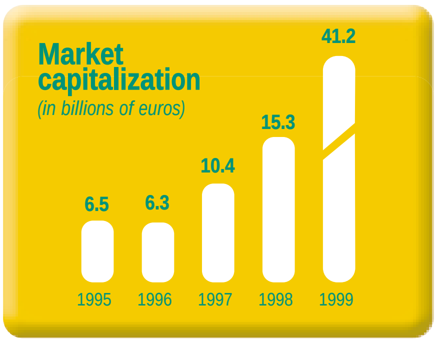
(*) Before restructuring provisions.

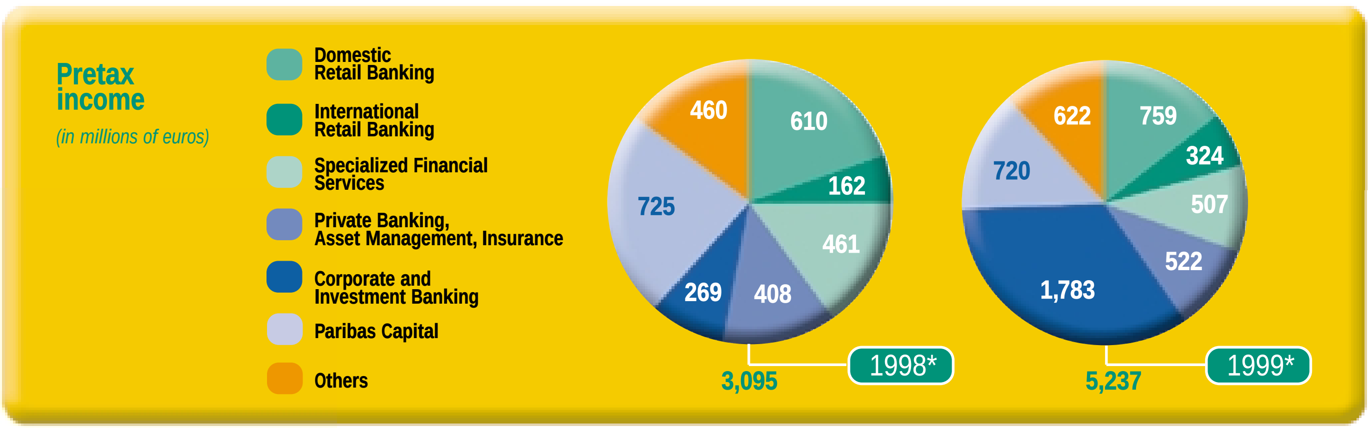


(*) Before restructuring provisions.

Earnings *(in millions of euros)*	**1999** (2)	**1998** (2)
Net banking income	14,339	11,814
Gross operating income	4,790	3,311
Net income before tax (1)	5,237	3,095
Consolidated net income (1)	3,578	2,313
Net income attributable to the Group (1)	**3,266**	**2,116**

(1) Before restructuring allowances of EUR 400 million in 1998 and EUR 651 million in 1999 (including the costs incurred by Paribas in connection with the SG-Paribas project and a EUR 6 million reversal corresponding to the adjustment made to the former SG-Paribas restructuring allowance to reflect the estimated costs associated with the BNP Paribas project).
(2) Groupe BNP Paribas pro forma.





(*) BNP Paribas Group pro forma results, before restructuring provisions.

INTERVIEW with Michel Pébereau

You are now six months into the marriage between BNP and Paribas. What are the benefits to date?

By joining forces, we have created one of the top ranking European banks, in terms of both net assets and earnings. The strategic fit between BNP and Paribas is even better than we expected. This is true not only of our respective businesses but also of our geographic presence.

What are your feelings when you look back on the tender offers launched on 9 March 1999?

The fact that we were able to make the offers and attract such a favorable response from investors testifies to the outstanding advances made by BNP since its privatization in 1993, thanks to the commitment of our teams to fulfilling our long-term goals. In the space of six years, we succeeded–alone–in raising our return on equity from 2.2% to 18.5%. We also spent this period extensively modernizing and reshaping our organization. These achievements meant that we could legitimately launch such a bold and pioneering initiative.

Admittedly, the authorities finally decided that we couldn't keep the Société Générale shares tendered to the offer and we were unable to carry through the planned three-way merger which would have offered the greatest scope for creating value. Even so, with BNP Paribas, we have embarked on the largest restructuring operation ever seen in the French banking industry. The expanded Group has substantial potential for growth that will benefit not only of our shareholders but also our clients and our staff.

In corporate and investment banking, the merger has created a European leader with global reach, present in over 80 countries and on all of the world's major capital markets. We have already started leveraging this position, which has allowed us to play a key role in a large number of mergers and acquisitions since the beginning of the year, including several that have hit the headlines, such as the Mannesmann-Vodaphone, Lafarge-Blue Circle, and Pacific Century Cyberworks-Hong Kong Telecom deals.

BNP Paribas is a global leader in international private banking and a European leader in asset management. The combined strengths of BNP and Paribas make it a key player in the French retail banking segment, with market shares of over 10% in consumer lending, corporate lending and savings management. It is also one of the top ranking providers of specialist financial services in Europe.

The BNP and Paribas brands also represent a good strategic fit in terms of visibility. BNP is very well known in continental Europe and Asia, while Paribas has a very high profile in the United Kingdom and the United States. BNP has a strong image among the public as a modern bank that can be relied on, while Paribas' hallmark is service quality, especially among clients that require a personalized service. Surveys conducted among our clients have confirmed that in a banking industry seen as being slow to adapt to change, adoption of the BNP Paribas brand is viewed as a welcome sign of new things to come. The BNP Paribas logo, linking the two names, will be particularly effective in maximizing the benefits of the two banks' images in different client segments.

What are your current goals?

We have set profitability targets in our business plan and we also have ambitious development goals, backed by the resources needed to fulfil them in each of our businesses. In retail banking, we aim to become a major player not only in Europe, where we already hold a leading position in consumer lending, but also in those regions of the world that offer significant opportunities or where we are already firmly established, such as the West Coast of the United States, Africa and the Middle East. In the other business segments, we intend to become a European bank with global reach. We intend to build the business by seizing opportunities and leveraging our leadership positions in corporate and investment banking, international private banking and asset management.

We have the recurring income, the capital base, the technical expertise and the international presence needed to meet these goals. And our teams throughout the world are committed to fulfilling our ambitions. We have considerable potential to increase our return on equity and create value in the medium-term.

Do you have the financial resources needed to fulfil these ambitions?

Our pro forma net income before restructuring costs topped EUR 3 billion in 1999 and we had over EUR 7 billion worth of unrealized gains in our equity portfolios at the end of the year. We have one of the largest market capitalizations in the euro zone, making us a preferred partner in the ongoing restructuring of the banking industry. In our business plan, we have earmarked EUR 3 billion for external growth projects between 2000 and 2002, in addition to the several billions of euros that will be invested in organic growth.

Looking behind your bottom line, what were the headline figures for 1999?

All in all, we had an excellent year. Our teams succeeded in reaping the full benefits of an extremely favorable environment. BNP Paribas' pro forma net banking income–determined by combining the results of the two banks–rose by 21.4% to EUR 14.3 billion and gross operating income surged by 44.7%, to EUR 4.8 billion. What pleases me the most is that all of our businesses contributed to the growth in gross operating income. In other words, both BNP and Paribas improved their fundamentals. With pro forma net income before restructuring costs of EUR 3.27 billion, we are the most profitable banking Group in France and one of the most profitable in Europe, ahead of our main Spanish, Italian and German competitors. Our return on capital employed, before restructuring costs, stands at 17.1%. After deducting restructuring costs, our net income amounts to a very healthy EUR 2.62 billion. And with nearly EUR 20 billion worth of shareholders' equity and a good level of allowances, we have strong foundations.

How is the integration process going?

We launched the integration process very quickly and it is going ahead on schedule, in line with the budgets and without any hiccups. We are ready to carry out the legal mergers in all areas, as soon as we receive the go-ahead from our shareholders at the Annual General Meeting in May. Management positions have been allocated, teams have been integrated, IT choices have been made and policies have been agreed in the areas of risk management and branding. The 450 workgroups that we set up to manage the integration process have carried out projects in each business segment, confirming the expected synergies in terms of both revenues (120 projects) and costs (830 projects). We now have a new goal–to exceed the targets set in the business plan drawn up in the fall of 1999.

INTERVIEW
with Michel Pébereau

There are nevertheless significant cultural differences between your two banks…

On the contrary, our basic values are the same. The culture at BNP like that at Paribas is based on strong traditions and innovation capabilities that are among the best in Europe. The men and women working at all levels in the BNP Paribas organization share the same love of business, the same dedication to excellence and the same steadfast commitment to enhancing our Group's profitability and creating value.

The differences that do exist tend to be between business lines rather than between the two legacy banks. There are more factors uniting traders from BNP with traders from Paribas than there are factors that separate them. And where there are real differences in approach, we view them as an opportunity to challenge traditional ways of working and adopt the best practice.

It would be foolish not to recognize that a merger needs to be handled carefully from a human standpoint, but I am pleased to say that the brain drain which has been a recurring feature of previous mergers between investment banks has been extremely limited in the case of BNP Paribas.

Looking ahead, we have established detailed natural attrition forecasts and have been able to confirm our commitment to carrying through the operational merger without having to lay off any employees in France. Around 2,500 employees are due to leave the Group in each of the next three years, representing roughly the same number as in 1999. Over the same period, we plan to eliminate 1,700 jobs per year. We will therefore be conducting an active recruitment policy, primarily targeting young persons.

The development of the Internet is having an impact in all sectors of the economy… What are the consequences for the banking industry?

For the banking industry, more than any other business sector, the advent of the Internet represents a revolutionary development. For many businesses, the web represents a means of contacting potential clients and leads directly to an order which then has to be delivered. In the financial services sector, the entire process can happen on line, from the initial contact with clients, to ordering and delivery of the product or service. In other words, the Internet is transforming the way we do business, radically modifying our relations with online clients and reshaping the competitive environment.

For these reasons, we viewed the Internet from the outset as a fantastic opportunity. To seize it now, we need stepped-up reactivity. This has meant radically changing our management methods to implement fast-track structures and decision-making processes. We have adopted a whole new culture. And we have also needed to bring in new talent, with obvious implications for our recruitment and compensation policies.

We have redefined the strategies of all our business lines, giving priority to uses of the Internet that allow us to serve clients more effectively, and we are also moving up a gear in our investment and partnership policies. The Internet has a direct impact on Corporate and Investment Banking, Private Banking and Asset Management and Retail Banking and therefore forms an integral part of our entire strategy.

BNP and Paribas both correctly foresaw the huge impact that the web would have on our society and our lifestyles. They acted as forerunners in setting up intranets and in launching new business-to-business and business-to-consumer projects. Drawing on an innovative use of technology and powerful information systems, the Group has become the leading French player in e-finance. We are committed to staying ahead of our competitors by constantly upgrading our offerings. Our research teams in Products and Markets, in the IT Workshop and at Paribas Capital are genuine Internet specialists who closely track developments in this area and analyze how they will affect our business.

In concrete terms, what are your policies and what do you have in the way of resources to implement them?

In Retail Banking and Specialized Financial Services, we already have several leading brands. BNP Net is the online bank for BNP clients. It is the ideal bank for families that decide to bank on line. As of 20 March, 200,000 clients had signed up for this service, representing a market share of 30% in France. With 60,000 clients, including 16,000 regular online users, Banque Directe is the only entirely virtual bank in France. It is targeted at those clients who are interested in conducting all of their banking transactions from the comfort of their home or office. We are also by far the leading player in the French online brokerage services market with e-Cortal, which had 56,000 online accounts as of March 2000, representing a market share of 40%. Lastly, Cetelem granted more than FRF 100 million worth of loans online last year and its web services are expanding at the rate of 1,500 new loans per month.

We also moved ahead of the online revolution in retail banking, by launching a EUR 230 million Multichannel Retail Banking project back in June 1998. To date, we have spent EUR 50 million on this project and plan to start rolling out multi-channel services as from the second half of 2001. By interconnecting all our distribution networks, we will allow clients to obtain up-to-date information in real time whatever the method they choose to access our services.

We are also very active in the field of e-commerce. BNP already provides transaction processing and security services for 300 e-commerce sites. Our services range from the Mercanet secure payment service to full management of all e-commerce transactions through our Télécommerce partnership with France Télécom. We are also participating actively in Cyber-comm, the secure online payment solution using smart cards. The IT Workshop set up to monitor technological developments, has set up an e-commerce portal. We are also playing a pioneering role in e-procurement or Internet-based purchasing services. Lastly, in Investment Banking, we have set up web-based services for primary equity and bond issues.

This being said, the fact that we are keeping pace with the Internet revolution does not mean that we are sacrificing everything to the web. Only 11% of the French population and 25% of people in management positions say that they are ready for an all-Internet bank, meaning that nine French people out of ten and three in four managers prefer to conduct all or some of their banking transactions using more traditional methods. Our strategy consists of offering a range of banking and financial services that best meets the needs of different client Groups and evolves as their needs change.

Alongside these technological advances, we will keep up the necessarily unending quest to improve the way we treat and serve our clients. Despite the Internet revolution, nine French people out of ten want to continue to be able to call in at their local bank. At BNP Paribas, we are aware that direct human contact is irreplaceable at certain times in life and we are committed to offering our clients they service that they need. ■

BNP PARIBAS WORLDWIDE

The new Group owes its critical mass to the excellent strategic fit of the BNP and Paribas units in the leading financial centers.

North America

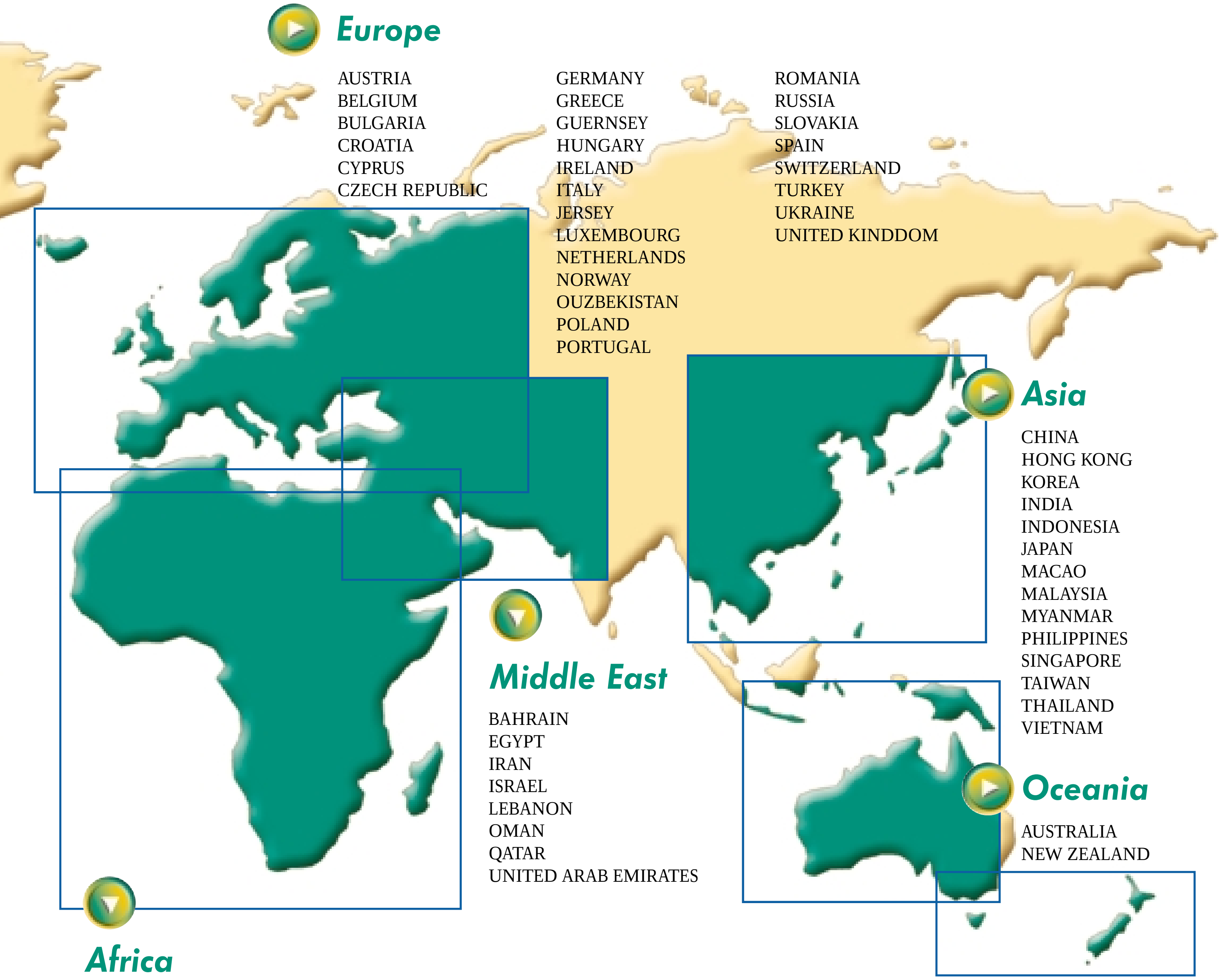
CANADA
UNITED STATES

South America

ARGENTINA
BAHAMAS
BRAZIL
CAYMAN ISLANDS
CHILE
COLOMBIA
COSTA RICA
MEXICO
PANAMA
PERU
URUGUAY
VENEZUELA

French Overseas Territories

GUADELOUPE
GUYANA
MARTINIQUE
NEW CALEDONIA
REUNION
WALLIS AND FUTUNA



Europe

AUSTRIA
BELGIUM
BULGARIA
CROATIA
CYPRUS
CZECH REPUBLIC
GERMANY
GREECE
GUERNSEY
HUNGARY
IRELAND
ITALY
JERSEY
LUXEMBOURG
NETHERLANDS
NORWAY
OUZBEKISTAN
POLAND
PORTUGAL
ROMANIA
RUSSIA
SLOVAKIA
SPAIN
SWITZERLAND
TURKEY
UKRAINE
UNITED KINDDOM

Asia

CHINA
HONG KONG
KOREA
INDIA
INDONESIA
JAPAN
MACAO
MALAYSIA
MYANMAR
PHILIPPINES
SINGAPORE
TAIWAN
THAILAND
VIETNAM

Middle East

BAHRAIN
EGYPT
IRAN
ISRAEL
LEBANON
OMAN
QATAR
UNITED ARAB EMIRATES

Oceania

AUSTRALIA
NEW ZEALAND

Africa

ALGERIA
ANGOLA
BURKINA FASO
COMOROS
DJIBOUTI
GABON
GUINEA
IVORY COAST
MADAGASCAR
MALI
MAURITIUS
MOROCCO
NAMIBIA
SENEGAL
SOUTH AFRICA
TOGO
TUNISIA
ZIMBABWE

Implemented in 83 countries

BNP PARIBAS EXECUTIVE COMMITTEE

Michel PÉBEREAU
Chairman of the Board and CEO

Baudouin PROT
Director and Chief Operating Officer

Dominique HOENN
Chief Operating Officer

Philippe BLAVIER
Corporate and Investment Banking

Georges CHODRON de COURCEL
Corporate and Investment Banking

Vivien LÉVY-GARBOUA
Private Banking, Asset Management, Securities Services, Insurance, and Real Estate

Jean CLAMON
Finance and Control

Alain MOYNOT
Domestic Retail Banking

Bernard LEMÉE
Human Resources

Bernard MÜLLER
Specialized Financial Services

Michel FRANÇOIS-PONCET
Chairman of the Supervisory Board, Paribas, attends meetings of the Committee

Amaury-Daniel de SEZE
Paribas Capital

Laurent TRÉCA
Rapporteur of the BNP Paribas Committee

BNP BOARD OF DIRECTORS

AS OF 7 MARCH 2000 (BANQUE NATIONALE DE PARIS)

Michel PÉBEREAU
Chairman and Chief Executive Officer
58, re-elected for 6 years on 22 May 1997
Holder of 55,003 shares

DIRECTORS

Patrick AUGUSTE
Executive, BNP
48, elected for 6 years on 6 March 2000

Jean-Louis BEFFA
Chairman and CEO,
Saint-Gobain
57, elected for 6 years on 22 May 1997
Holder of 9,393 shares

Jacques DELAGE
BNP employee
54, elected for 6 years on 28 February 2000

Jacques FRIEDMANN
Chairman of the Supervisory
Board, AXA
67, re-elected for 6 years on 4 May 1999
Holder of 2,471 shares

François GRAPPOTTE
Chairman and CEO,
Legrand
63, elected for 6 years on 4 May 1999
Holder of 337 shares

Philippe JAFFRÉ
Company director
55, elected for 6 years on 22 May 1997
Holder of 400 shares

Alain JOLY
Chairman and CEO,
L'Air Liquide
61, elected for 6 years on 22 May 1997
Holder of 2,076 shares

Yves-Marie JOUBERT
BNP employee
55, elected for 6 years on 28 February 2000

Jean-Marie MESSIER
Chairman and CEO,
Vivendi
43, elected for 6 years on 4 May 1999
Holder of 200 shares

Lindsay OWEN-JONES
Chairman and CEO,
L'Oréal
54, elected for 6 years on 13 May 1998
Holder of 1,000 shares

David PEAKE
Chairman BNP-UK Holdings
Limited
65, elected for 6 years on 13 May 1998
Holder of 375 shares

Louis SCHWEITZER
Chairman and CEO,
Renault
57, elected for 6 years on 13 May 1998
Holder of 1,400 shares

René THOMAS
Honorary Chairman
71, re-elected for 6 years
on 4 May 1999
Holder of 3,264 shares

Jacques Henri WAHL *
Advisor to the Chairman
68, re-elected for 6 years on 4 May 1999
Holder of 4,141 shares

Bernhard WALTER
Member of the Board of Managing
Directors Dresdner Bank
58, re-elected for 6 years on 4 May 1999
Holder of 10 shares

* **Baudouin PROT,**
Chief Operating Officer
was appointed as director on 7 March 1999
to replace Jacques Henri Wahl.

MEMBERS OF THE BANQUE NATIONALE DE PARIS GENERAL MANAGEMENT COMMITTEE

Michel PÉBEREAU
Chairman of the Board and CEO

Baudouin PROT
President and Chief Operating Officer

Georges CHODRON de COURCEL
Group Executive Vice-President

Vivien LÉVY-GARBOUA
Group Executive Vice-President

Christian AUBIN
Advisor to the Chairman

Jacques Henri WAHL
Advisor to the Chairman

Bernard LEMÉE
Senior Executive
Vice-President Domestic Network

Alain MOYNOT
Senior Executive
Vice-President Domestic Network

Philippe BORDENAVE
Chief Financial Officer

Jacques DESPONTS
Executive Vice-President,
International Trade Finance

Hervé GOUEZEL
Executive Vice President,
Organization and Information Systems

Michel KONCZATY
Executive Vice-President,
Structured Finance

Marc LAVERGNE
Executive Vice-President,
Management Audit and Inspection

Pierre MARIANI
Chairman of the Management Board
of Banexi

Yves MARTRENCHAR
Executive Vice-President,
Products and Markets

Chantal MAZZACURATI
Executive Vice-President, Equities

Michel PASSANT
Executive Vice-President,
Operational and Technical Support

Ervin ROSENBERG
Executive Vice-President,
Large Corporations and Institutions

Édouard SAUTTER
Executive Vice-President,
Risk Policy and Industry Research

Jean THOMAZEAU
Executive Vice-President, Risks
(International Banking and Finance)

Laurent TRÉCA
Executive Vice-President,
Business Development

Committee Secretary:
Head of Corporate Communications
Antoine SIRE

BNP PARIBAS

CORPORATE GOVERNANCE

BNP is one of France's precursors in the field of corporate governance:

Having made the necessary change in its organization and procedures even before the recommendations of the CNPF-AFEP and MEDEF-AFEP committees were made public in July 1995 and July 1999. Since that time, the Bank has unceasingly endeavored to adapt and to improve its organization in order to take into account the rapid changes in international standards as appropriate. These efforts earned BNP the Deminor award as the best CAC 40 company in terms of respecting stockholders' rights.

The **Board of Directors** is made up of sixteen members appointed for six-year terms. The Board met fourteen times in 1999. Membership reflects a wide range of complementary expertise in banking and non-banking business, in France and abroad*:

- two directors, Michel Pébereau and Jacques Henri Wahl, are members of BNP's General Management Committee;
- eleven are non-executive directors: *Jean-Louis Beffa, Jacques Friedmann, François Grappotte, Philippe Jaffré, Alain Joly, Jean-Marie Messier, Lindsay Owen-Jones, David Peake , Louis Schweitzer, René Thomas and Bernhard Walter.* René Thomas, Honorary Chairman, is specifically in charge of representing the interests of small shareholders;
- three directors represent BNP employees: *Patrick Auguste, Jean-Marie Gianno and Philippe Mussot.*

The French government has announced its intention to introduce corporate governance legislation. The Board of Directors of BNP Paribas will discuss the implications of this legislation and will submit any necessary amendments to the bylaws to stockholders for approval, once the final terms of the law are known.

(*) David Peake is also non-executive Chairman of BNP UK Holdings Ltd. René Thomas has not held any executive position in the BNP Group since 1993. The names of independent directors-within the meaning of the Medef-Afep report-are shown in italics. BNP considers that directors elected to represent employees are independent due to the method by which they are elected and their status.

In 1997, the Board adopted a **Directors' Charter** stipulating the directors' rights, responsibilities and obligations, the system used to apportion directors' fees, and the number of BNP shares each director should hold. The Board of Directors has reviewed the principles underlying its decision-making processes and the choice of candidates for election as directors. The Board has determined that its members have the skills and experience required to provide the necessary stewardship of a Group the size of BNP Paribas and has noted that the array of skills and experience has been further enhanced with the election of new members. The Board has further determined that its composition complies with Medef-Afep Committee recommendations concerning the proportion of independent directors. In addition, the Board's organization and decision-making processes, as well as the frequency of meetings, the quality and quantity of documents distributed to directors before and during meetings and the practice of inviting external experts and other qualified persons to attend meetings as and when required, ensure that the Board is in a position to efficiently and effectively service the interests of all of the Group's shareholders. This was the case, in particular, during the exceptional developments of 1999.

During the public exchange offers, the Board was systematically kept up to date on the progress of the offers. It met ten times during this period. Appropriate measures were taken to ensure that any directors who were unable to attend a meeting were given full information and could express an opinion based on a full knowledge of the facts. In accordance with the recommendations published by the Medef-Afep Committee in July 1999, the Board has decided to recommend to stockholders at the next General Meeting that all new directors should be elected for a three-year term.

In 1994, BNP created **Special Board Committees** chaired by non-executive directors. As of 1977, executive directors are no longer members of these committees, but they and the leading members of their teams attend meetings whenever necessary. This arrangement goes beyond the recommendations of CRB Regulation 97-02 on Internal Controls and the Medef-Afep Committee recommendations published in July 1999.
The Board discussed the organization and operations of the three specialist committees–the Financial Statements Committee, the Internal Control and Risk Management Committee and the Compensation and Nominations Committee–based on reports submitted by the committees' chairmen. It noted that since 1997, no executive directors were members of these committees and that Medef-Afep recommendations concerning the minimum proportion of independent directors had been complied with prior to their publication.

Special Board Committees

The six-member **Financial Statements Committee** is chaired by Philippe Jaffré. In 1999, its members were Patrick Auguste, Jean-Marie Messier, Lindsay Owen-Jones, David Peake and René Thomas, all of whom are independent directors. The key role of the Committee is to verify that appropriate accounting methods are used to prepare the financial statements of the Bank and the Group, that these methods are applied consistently from one period to the next, and that adequate internal financial reporting and control procedures exist to ensure that accounting methods are properly applied. The Committee also examined the financial statements and the financial and accounting information produced by the Group.
Now that quarterly results are published, the Committee meets more frequently. In 1999, five meetings were held. This Committee examined growth of banking income and gross operating income by division, the consequences of the BancWest Holding/First Hawaiian Bank merger, the accounting treatment of capital markets transactions, and risk management procedures and tools. It also reviewed accounting issues related to the merger between BNP and Paribas, including the restructuring provision and consolidation methods.
The Committee was not required to make any recommendations concerning the adoption of a new accounting framework due to the current uncertainty surrounding the advancement of French and international accounting rules. In March 2000, the Committee launched a process to select the new Group's auditors from among the firms that audited the financial statements of the BNP and Paribas Groups. The appointment of the selected firms will be proposed at the Annual Stockholders' Meeting.

The **Internal Control and Risk Management Committee,** which meets at least twice a year, has six members. In 1999, the members were Jacques Friedmann, Chairman, Jean-Marie Gianno, François Grappotte, Philippe Mussot, Louis Schweitzer and René Thomas. The Committee's purview extends to all BNP-specific or regulatory internal control procedures, as well as the main orientations of the Group's lending policy based on risk and profitability indicators.

The Committee met four times in 1999, to review the annual report on internal controls, which BNP prepared in accordance with regulations, profitability of loans originated in the domestic banking activities and status reports on the year 2000-compliance project.
The Committee also examined the Bank's lending policy, particularly to sensitive business sectors and regions, as well as the results of Commission Bancaire audits on the Bank's management of risks associated with loans to small and medium-sized businesses as well as country risks. It noted the importance for the quality of the Bank's internal controls of the recently-obtained ISO 9001 certification.

The **Compensation and Nominations Committee** prepares the decisions of the Board on matters concerning the personal status of the members of the office of the Chairman, such as remuneration and stock options. It examines succession planning issues concerning the members of the office of the Chairman, and prepares proposals for appointing new directors. It is chaired by Alain Joly, and its members are Jean-Louis Beffa, and Philippe Jaffré. It met twice in 1999 and reported its conclusions to the Board of Directors, which approved the committee's proposals.

BNP is managed by a number of committees:

- In 1999 and in the period to March 2000, the **BNP General Management Committee,** which had twenty-three members as of 31 December 1999, met once a week and periodically held seminars to prepare strategic decisions and to decide on the main management orientations. Its work was prepared in a select committee. In September 1999, a BNP Paribas Committee was set up to coordinate the operational merger and the activities of the two banks during the transition period.

- In March 2000, five new management bodies were set up, reporting directly to the BNP Paribas Executive Committee. They include the Corporate and Investment Banking Committee, the Retail Banking Committee, the Specialized Financial Services Committee, the Private Banking–Asset Management–Securities Services Committee and the Corporate Functions Committee. A separate committee is responsible for risk policies.

Determination of executive compensation

The compensation paid to members of the Group General Management Committee includes a fixed salary reflecting the nature and importance of their responsibilities and a variable performance-related bonus.
Their performance is assessed based on annual objectives related to their contribution to the fulfillment of the Group's business plan targets, using. detailed and measurable profitability or productivity indicators. Account is also taken of an overall assessment of the individual's performance in applying Group management principles.
Variable bonuses awarded to members of the office of the Chairman are calculated using a multi-criteria formula based on the level of fulfillment of the Group's profitability targets.

General principles governing the determination of the fixed and variable components of compensation

The fixed component of employees' compensation is determined by reference to market rates and each individual's responsibilities within the Group.
The variable component is determined by applying rules that vary depending on the type of job performed:

- The variable compensation of employees working in Corporate Functions or the Retail Banking division is determined based on their personal performance assessment, which in turn is based on criteria that differ depending on the type of job performed. Sales staff are paid variable compensation determined according to criteria defined each year, which are linked closely to the network development plan objectives.

- In the Corporate and Investment Banking division, bonuses are determined by reference to the ultimate profitability of the businesses and trading desks, as well as each individual's performance, in order to retain the best talents in France and worldwide..

The **Management Charter:** a new version of the reference document setting out BNP's management principles was distributed in 1997. It reiterates BNP's strategic aim of achieving profitable growth. It serves as a guideline to encourage executives to add personal value and exercise their collective responsibility in such a manner as to make an effective contribution to the Bank's performance.

Ethics and compliance: BNP reinforced its ethical organization in 1999 and assigned additional staff to compliance monitoring, not only in France but also in foreign units. Headed by Jacques Henri Wahl, Advisor to the Chairman and Chief Executive Officer and the Group's Compliance Officer, the "ethics-compliance" team continued to monitor compliance with the rules and guidelines issued by the regulatory authorities.
In France, their work focused on:
- controls over investment services, as defined in the general rules of the Conseil des Marchés Financiers, including all third party asset management activities;
- defining and monitoring compliance with the ethical obligations of members of staff with access to sensitive and hyper-sensitive information and staff with regular access to inside information;
- actively participating in measures to prevent the laundering of profits from criminal transactions.

Front-line responsibility for the prevention of money laundering lies with the head of Internal Control. Controls in this area will be extended to include the prevention of corruption, in accordance with the provisions of an international convention to which France is a party.
The formation of BNP Paribas will provide an opportunity to set up an integrated ethics-compliance function drawing on best practices in each of the two banks. The ethics-compliance function will continue to report to Jacques Henri Wahl. The central team will include a corporate compliance officer, the compliance officers in the various divisions and the head of the compliance administration unit.
This central structure will be rounded out by the appointment of compliance officers in each line of business and at each geographic site. The aim of BNP Paribas is to continue to achieve exemplary standards of performance in this area.

The BNP PARIBAS merger,
PRINCIPLES AND METHODOLOGY

BNP Paribas was faced with a considerable challenge, that of combining two separate organizations in order to create a global player with operations in 83 countries, 77,000 employees and a diversified range of products and services. To meet this challenge, it was important to act quickly, applying a precise and structured methodology.

The methodology was developed with the assistance of the Boston Consulting Group, an independent firm of consultants which is experienced in helping major companies to implement mergers. It is based on five clearly-defined principles, detailed organization of the merger process and a set timetable.

Five Key Principles

To promote the development of a new team spirit between BNP staff and those of Paribas, it was essential to treat the merger as an equal partnership.
This was achieved by establishing five basic principles: transparency, consultation, equity, balance and accountability.

Transparency was the guiding principle when it came to determining the methods to be used to appoint the various managers and informing each member of staff of the context in which he or she would be performing his or her work. The principle of **consultation** was applied primarily when determining the merger methodology, which was approved by the senior management of the two banks, and to secure the support of employee representatives for the creation of BNP Paribas from the outset.
The principle of **equity** meant that the choices made in the area of human resources and in other areas were based on factual and impartial analyses. Overall **balance** was sought between the various Group entities, taking into account best practices and the complementary nature of the skills existing within the two organizations.
Lastly, the senior executives chosen to head each division or staff function are **accountable** for the merger of activities in their specific area.

Six days, six weeks, six months...

Detailed Organization of the Merger Process

The merger process is being conducted under the direct supervision of the BNP Paribas Executive Committee, which has established the principles guiding its implementation.

Reporting to Baudoin Prot and Dominique Hoenn, who are acting on behalf of the Executive Committee, the merger project team is dedicated to managing the process, coordinating the various tasks and monitoring the achievement of financial and other objectives. It is responsible for ensuring that each phase in the project is completed on schedule. The lean central project team is backed by coordinators seconded to the divisions and staff departments, where they are responsible for helping staff and line management to successfully carry through the merger of their activities. This approach offers the advantage of securing the active involvement of management without taking up too much of their time, leaving them free to perform their normal management tasks and contribute to the success of the new Group.

Staff and line management are responsible for setting up task forces to define and steer the activities of several workgroups. A total of 35 task forces have been formed to supervise the activities of nearly 450 workgroups. These workgroups, most of which include both BNP and Paribas employees, are specialized in a specific business line or customer segment. They are organized by geographic location or function. To maximize synergistic benefits, certain joint workgroups have been set up for two divisions or two staff departments.

The workgroups make recommendations concerning organizational issues or working methods designed to unleash synergies. A detailed methodology has been developed, whereby existing practices within each organization are systematically compared prior to any recommendations being made. These recommendations are translated into a concrete implementation plan which is validated by the management of the division or staff department, then by the BNP Paribas Executive Committee.

A Set Timetable

A set timetable has been drawn up for the merger based on the principle announced on 23 August 1999 of "six days, six weeks, six months". Six days to set up the management team, six weeks to launch the merger process at all levels of the organization and six months to launch the implementation phase. During this final phase, each workgroup was set hard and fast deadlines, which have been met:

- end January 2000: finalization of recommendations concerning organizational issues and synergies;
- end February 2000: determination of the impact of the merger on 2000 budgets;
- end March 2000: delivery of concrete implementation programs. The time required to implement the plans depends on the area and ranges from a few months for the simplest issues to 18 months to two years for the most technical issues, such as the merging of information systems.

HUMAN RESOURCES MANAGEMENT

Two major events in 1999 will have a profound impact on human resources management in the years to come:

- The introduction of the euro marked a decisive step in the assimilation of the European dimension in all of the Group's banking businesses. It has given powerful impetus to the new structure organized around worldwide business lines and functions. This type of structure was implemented from the beginning of the BNP Paribas merger and it should accelerate the pace of change in recruitment, training and career management.

- In France, a new collective bargaining agreement was signed that provides the banking industry with a modern framework that protects employees and is in line with business requirements, particularly where compensation is concerned.

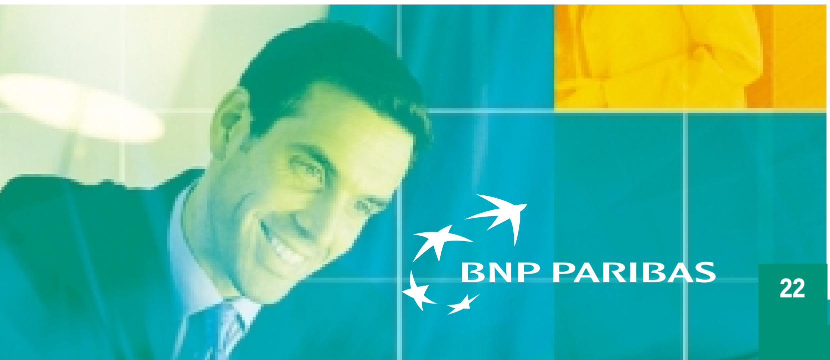
Human resources management at BNP and at Paribas had been anticipating these changes for several years now and the specific events of 1999 did not result in any change in direction.

Thus, the BNP continued to reduce its support and back-office staff by the equivalent of 530 full-time employees. The reduction was purposely made slightly smaller than cuts made in prior years both to anticipate the impact of the shorter working week and to take of account of business growth and the need to step up the renewal of the workforce age structure. More than 1,200 young people, most of whom hold university degrees, were recruited. In the same year, Paribas also recruited 410 young graduates.

In a similar fashion, BNP and Paribas continued their policy aimed at enhancing performance in 1999 by developing variable compensation packages and schemes to connect employees' pay to corporate performance.

Such changes will gather pace in 2000 and help BNP Paribas achieve its objectives in four key areas:

- *Staffing levels will be adjusted on an ongoing basis worldwide* to adapt to technological developments and to the synergies arising from the merger.



A worldwide staff management

A selective human resources policy

More than 1,600 young people recruited in 1999

In France, the adjustment will be made in keeping with the commitment ruling out forced redundancies and in keeping with the provisions of the industry-wide agreement on the shorter working week concluded on 4 January 1999. In order to achieve this objective, all of the Group's entities in France will base their action on the methods that the BNP has used for the redeployment of more than 750 employees each year through forward workforce budgeting, training and job mobility measures.

In anticipation of a higher number of retirements starting in 2003 and 2004, BNP Paribas will continue to hire large numbers of highly qualified new recruits.

All of the measures taken outside of France will comply with local regulations so that the reduction in staff keeps pace with the organizational reforms that the merger will bring.

Career and compensation management will be coherent.

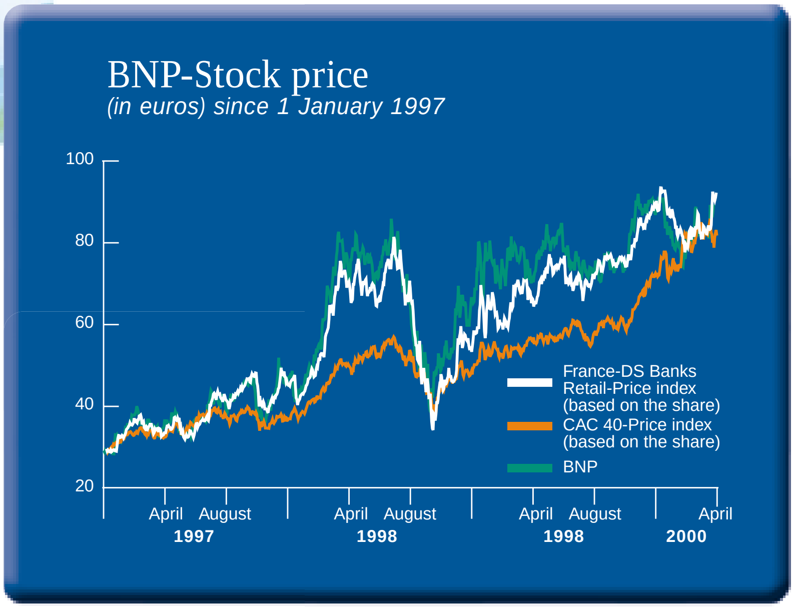
The international diversity of business lines and markets must be taken into account within the framework of a selective human resources policy in order to achieve this goal and enhance employee motivation. But the redeployment of resources must be organized within the Group and it will require the definition of management rules that are known, accepted and shared by all BNP Paribas entities.

New industrial relations rules will be adapted to the legal structures of BNP Paribas in France.

The joint commission for consultation, information and oversight set up by an agreement between the companies at the start of the merger will be replaced in 2000 by new representative bodies that will become forums for timely and structured discussions. These bodies will deal with the issues relating to the gradual harmonization of the industrial relations rules currently in force.

The emergence of commonly shared values that can be turned into management principles will be promoted.

This task will be facilitated by current discussions and planning work by the main operational managers in the Group. In addition to the 1,000 senior management employees designated as of February 1, 2000, all management personnel at BNP Paribas will be involved in this process in 2000 in order to mobilize employees around an ambitious business plan.


BNP-Stock price
(in euros) since 1 January 1997
100
80
60
40
20
France-DS Banks Retail-Price index (based on the share)
CAC 40-Price index (based on the share)
BNP
April August
1997
April August
1998
April August
1998
April
2000

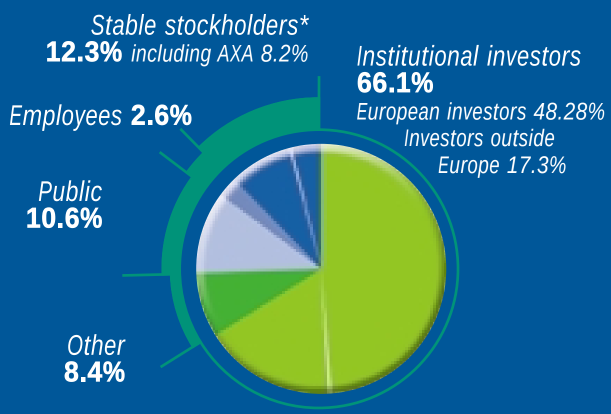
BNP AND ITS STOCKHOLDERS

Following the 1999 public tender offers for Paribas, the Group now has over one million stockholders in France and worldwide. Its market capitalization tripled in 1999.

Share Price

BNP shares were listed on the monthly settlement market of the Paris Stock Exchange on 18 October 1993. The shares are also traded on SEAQ International in London and on the Frankfurt Stock Exchange.
A 144A ADR program has been active in the US since privatization. The Bank of New York is the depositary bank. During 2000, the ADR program will be upgraded to a Level 1 program, to provide wider access to US investors. In addition, BNP share has been listed on the Tokyo Stock Exchange since 13 March 2000.
BNP has been a component of the CAC 40 index since 17 November 1993 and of the Euro Stoxx 50 index since 1 November 1999.
The BNP share price was highly volatile in 1999.
On 30 December 1999, the stock was trading at EUR 91.60, representing a 30.6% gain compared with the price at the beginning of the year.
1999 also witnessed an unprecedented stock market battle for Société Générale and Paribas. Once the merger with Paribas had been launched, the BNP share price outperformed the French banking stocks index (source: Datastream).
BNP's market capitalization stood at EUR 41.2 billion on 30 December 1999, up 269.3% on the year-earlier figure. Trading volumes increased sharply, with an average of 1,264,000 shares changing hands each day in 1999.

BNP STOCKHOLDER INFORMATION
at 31 December 1999



(*) Stable stockholders include AXA and the Group of Stable Stockholders made up of Sogelfa et Société d'Étude et de Gestion (Groupe Elf), Compagnie de Saint-Gobain, Grande Armée Participation (Groupe PSA), Financière Renault, Dresdner Bank, Kuwait Investment Authority, General Electric, Eagle Star Securities Ltd.

Public Exchange Offers for Paribas shares:

- The first offer, which included Contingent Value Rights Certificates, closed on 6 August 1999. Paribas stockholders who tendered their shares to the offer received BNP shares valued at EUR 74.4 (FRF 488.03), putting the value of their Paribas shares at EUR 107.88 (FRF 707.65),

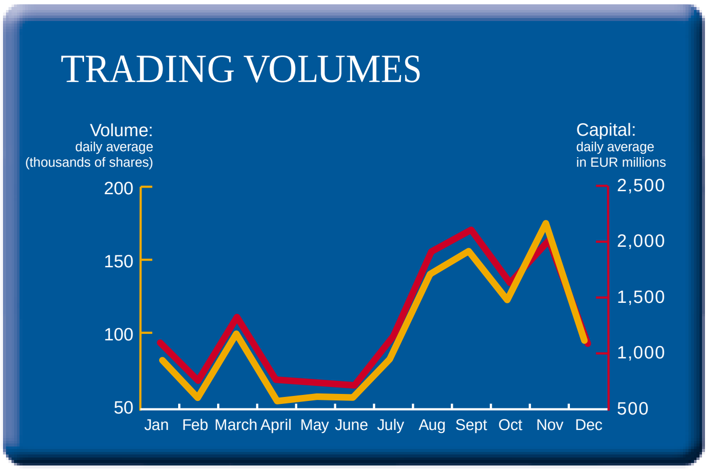
- Paribas stockholders who tendered their shares to the Simplified Public Exchange Offer which closed on 21 October 1999 received BNP shares valued at EUR 85 (FRF 557.56), putting the value of their Paribas shares at EUR 123.25 (FRF 808.47).

Principles Governing the Granting of Stock Options

The stock options granted in 1999, at market price, represent the latest in a long line of plans open to a growing number of grantees. The ultimate aim is to offer stock options to all employees who, through their personal efforts, make an outstanding contribution to the creation of value, whatever the level of their compensation.

In December 1999, stock options were granted to the 642 key executives responsible for steering the merger process and the fulfillment of the business plan objectives. In order to take into account the Group's objectives regarding the share price, the options will vest only in the event that the Group is not required to make any payments in respect of the Contingent Value Rights Certificates on 30 June 2002. If any such payments are required to be made, the stock options will not be exercisable.

These principles naturally apply to the members of the senior management team.



EARNINGS AND DIVIDENDS PER SHARE

In euros	1999	1998	1997	1996	1995
Number of shares at 31 December	449,666,744	218,410,671	213,244,188	207,434,993	192,183,938
Earnings per share [1]	7.80 [3] 5.57 [3]	5.16	4.31	2.85	1.42
Net assets per share	43.07	45.45	42.21	40.83	38.59
Total dividend per share [2]	2.63 [4] [5]	2.25 [7]	1.6 [8]	1.23	0.82 [9]
Payout rate (in %)	30.1 [4] [6]	29.4	25.0	29.0	38.9
Share price					
• High	93.45	87.35	53.36	34.36	40.35
• Low	66.25	40.11	29.85	26.15	27.82
• At the year-end	91.60	70.16	48.77	30.61	33.68
CAC 40 index	5,958.32	3,942.66	2,998.91	2,315.73	1,871.97

(1) Based on the average number of shares outstanding during the year.
(2) Including the avoir fiscal *tax credit.*
(3) EUR 7.80 based on net income before restructuring costs (EUR 2,079 million) and EUR 5.57 based on net income after restructuring costs (EUR 1,484 million).
(4) Subject to approval at the Annual Stockholders' Meeting of 23 May 2000.
(5) Based on 450, 129, 494 shares including the 462,750 new shares issued on 26 January 2000 on exercise of stock options, which carry dividend rights as from 1 January 1999.
(6) Based on pro forma net income after restructuring costs (EUR 2,615 million).
(7) Based on 218,488,800 shares, including the 78,129 new shares issued on 5 January 1999 on exercise of stock options, which carried dividend rights as from 1 January 1998.
(8) Based on 213,245,588 shares, including the 1,400 new shares issued on 29 January 1998 on exercise of stock options, which carried dividend rights as from 1 January 1997.
(9) Based on 192,904,218 shares, including the 720,280 new shares issued on 27 February 1996 following the tender offer for BNP España shares, which carried dividend rights as from 1 January 1995.

Communicating with Stockhlolders

BNP endeavors to provide all its stockholders with clear and consistent information at regular intervals, in accordance with the recommendations of the stock market authorities.

The **Investor Relations** department informs BNP's institutional investors and financial analysts, in France and abroad, of the Group's strategy, results, and major events concerning the Bank's business. Informative briefings are organized several times a year, when the annual and half-year results are released, or on specific topics, providing senior management with an opportunity to present the BNP Group and its strategy.

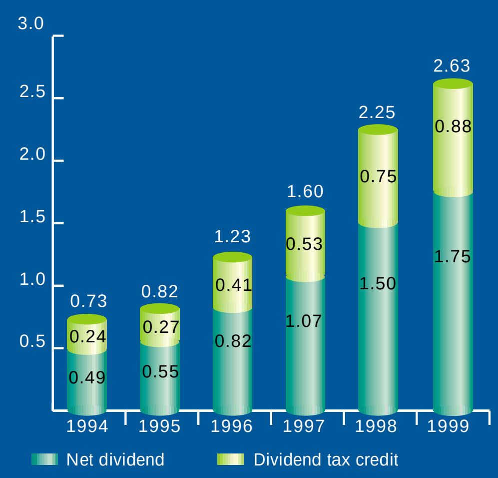
The **BNP Shareholder Relations** department informs and listens to individual stockholders. A quarterly newsletter, mailed to members of the "Cercle BNP", informs them of important events concerning the Group. Meetings are organized in the main French towns and cities during the course of the year, at which a member of the Executive Committee presents the Bank's policy to individual stockholders.

Since 1998, the **BNP website** (http://www.bnpGroup.com, see "Investor Relations and Financial Information page") provides information on the Group, including press releases and key figures. It is also possible to consult and download annual and interim reports, as well as presentations to financial analysts. Information on BNP is also available via Minitel 3614 BNPACTION. Stockholders may use this service to leave messages and to order any of the various documents available for distribution.

Dividends

The Board of Directors will recommend that the Stockholders' Meeting on 23 May 2000 declare a net dividend of EUR 1.75. The gross dividend will be EUR 2.625 including the dividend tax credit. The dividend will be declared and paid on 26 May 2000. The proposed distribution amounts to EUR 787.7 million, up 140.4 % from EUR 327.7 million in 1998.

6-YEAR
DIVIDEND RECORD
(in euros per share)



Registered Shares

Since the beginning of 2000, holders of Banque Nationale de Paris registered shares are offered:

- a toll free number for the placing of buy and sell orders: 0 800 600 700 (available only for calls originating in France).
- reduced trading fees.

Annual Meeting: 23 May 2000

Annual Stockholders' Meeting

The Board of Directors convenes an Ordinary Stockholders' Meeting at least once a year to vote on the agenda it sets. Ordinary Meetings may be attended only by stockholders owning ten or more shares.
The Board convenes Special Meetings of Stockholders for the purposes of amending the Articles of Incorporation or increasing the capital stock. Resolutions are adopted by a two-thirds majority of stockholders present or represented.
All stockholders may attend Special Meetings.
Ordinary and Special Stockholders' Meetings may be convened in a single notice of meeting and held on the same date. BNP will hold its Annual and Special Stockholders' Meetings on 23 May 2000, corresponding to the second notice of meeting.

A. Notice of Meetings

- Holders of registered shares for at least one month prior to the meeting date are notified by letter. The notice of meeting contains the agenda, the draft resolutions, and a ballot for voting by mail.

- Holders of bearer shares are notified in the press ; notices of meetings and information are given in the financial press.

B. Attendance at Meetings

Holders of ten or more bearer shares at least five days before the date of an Annual Stockholders' Meeting, or one share in the case of a Special Stockholders' Meeting or combined Annual and Special Stockholders' Meetings, may gain admittance to the meeting by presenting an entry card or certificate indicating that ownership of their shares has been temporarily frozen.

C. Voting

Stockholders who do not attend a Stockholders' Meeting may complete and return to BNP the ballot/proxy enclosed with the notice of meeting. This document enables them to do one of the following:

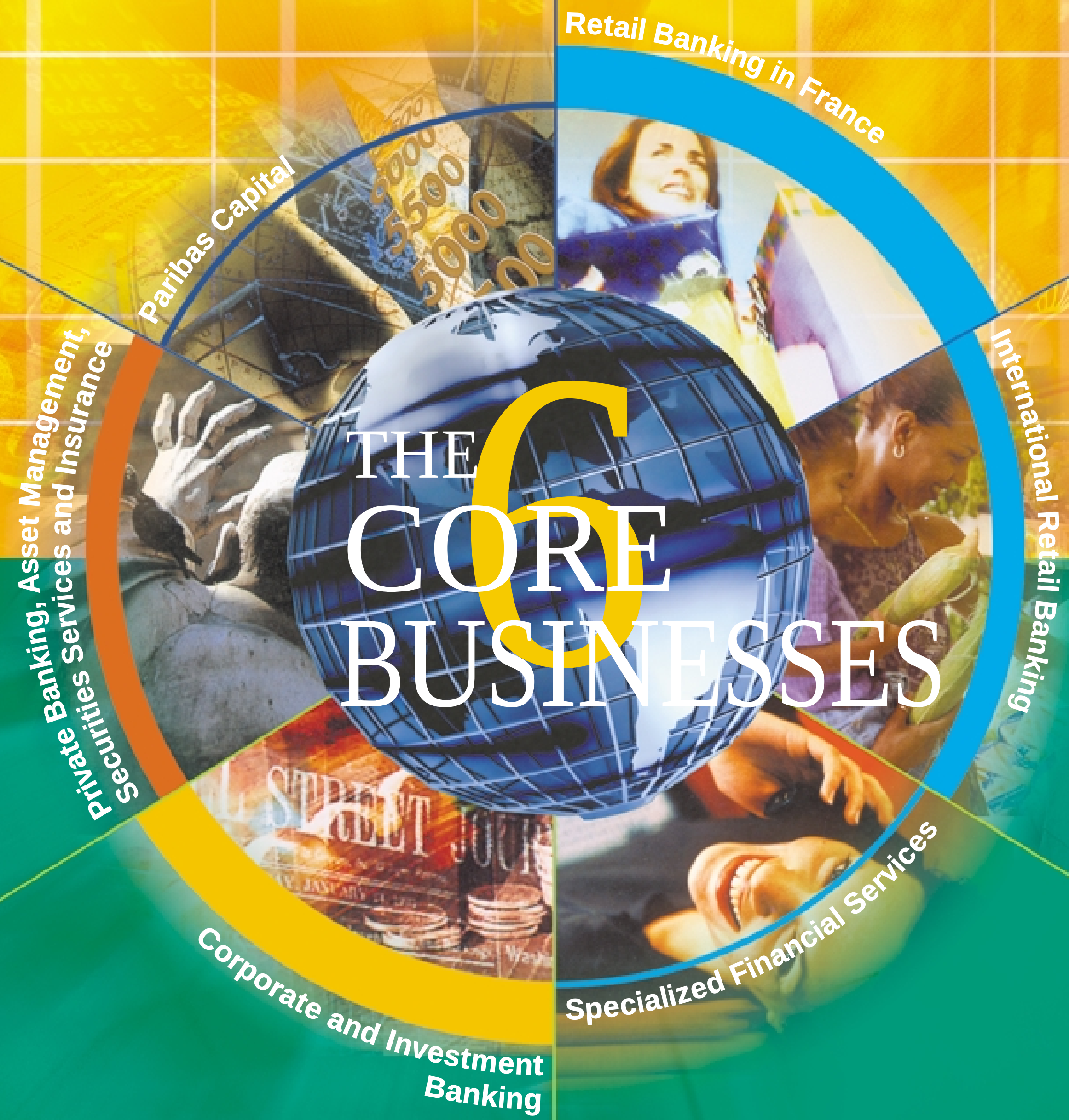
- vote by mail;
- empower their spouse or another stockholder to represent them;
- give proxy to the chairman of the meeting or indicate no representative.

Stockholders or their proxies present at the meeting are given the necessary equipment to cast their votes.

Statutory Declaration of Change in Ownership Interest

In addition to the legal thresholds, any stockholder, whether acting alone or in concert, who comes to hold directly or indirectly at least 0.5% of the capital stock or voting rights of the Company, or any multiple of that percentage up to 5%, is required to notify the Company by registered letter with return receipt.
Beyond 5% ownership interest, as indicated in the preceding paragraph, the stockholder must notify the Company of any change in his ownership interest in multiples of 1% of the capital stock or voting rights of the Company.
The declarations mentioned in the preceding two paragraphs are also required in cases where ownership interests are lowered below the thresholds mentioned above.
Failure to comply with the requirement to declare such changes in ownership interest above or below legal or statutory thresholds causes the stockholder to lose his voting rights at the request of one or more stockholders who hold a combined interest of at least 2% of the capital stock or voting rights of the Company.

THE 6 CORE BUSINESSES



BNP PARIBAS

BNP PARIBAS

BNP Paribas is organized around core businesses
which spearhead the business lines
that the Bank has chosen to develop.

RETAIL BANKING IN FRANCE

	In EURm	Change
Net banking income	3,910	+5.0%
Operating expense	2,905	+2.4%
EBITDA	1,005	+13.6%
Allowances	203	+3.0%
Pre-tax income	759	+24.4%
ROE	19%	+3pts

BNP Paribas distributes its banking products and services to 6 million clients through its network of 2,100 branches located all over France and through new distribution channels.
The branch network, along with that of Banque de Bretagne, one of the Group's subsidiaries, have undergone radical transformation and modernization in recent years. Since 1993, the sales force has grown by 19%, while administrative staff has been reduced by 42%. Branch locations have also been changed so that the network is closer to clients' needs and present in high-growth areas.

A Powerful Network to Serve Clients Effectively

As a Bank for everyone, BNP Paribas pays particular attention to prospecting specific client groups. A special communications campaign and product range are aimed at attracting young people and turning them into loyal clients to ensure future revenues for the Bank. At the same time, BNP Paribas is a leader in banking for high-net-worth individuals, with a penetration rate of more than 24% in households with monthly earnings of more than FRF 40,000. More than 450 top-flight investment advisors provide these clients with personalized advice and asset management services. Their expertise is regularly enhanced through on-going training in new products and techniques.

BNP Paribas has a history of partnerships with businesses and its strategy has been to accompany firms through every stage of development. Its client base covers one third of France's small and medium-sized businesses, including–more than 40% of those dealing in export markets–along with 70% of the large corporations established in France. This strong presence is built on an extensive branch network and the drive of regional sales teams. BNP Paribas has established a particularly effective sales structure aimed at business clients, with 180 "business banking centers" employing a nationwide sales force of 600 specialists, who work directly with all of the other banking experts. Local facilities include eight trading rooms and about one hundred international trade units. BNP Paribas's strong international presence enables it to back its clients' worldwide business development. BNP Paribas is also very attentive to the special needs of specific client groups, such as farmers and self-employed professionals. The annual BNP Regional Enterprise Awards recognize the achievements of local entrepreneurs.

A Very Good Year

France's economic recovery was confirmed in 1999 with 2.7% growth and rising business investment. Households increased their spending as their purchasing power continued to grow. Inflation was held firmly in check at less than 1%. Interest rate trends were uneven. After falling in 1998, short-term rates finished 1999 at the same level as they started, while long-term rates started to climb sharply in the second half of the year.

The members of the sales force were able to make the most of the economic upturn. Their drive and energy made 1999 a very good year for the domestic retail banking business. Net banking income from this business increased by 5%, with every line of business making a contribution to the improvement. Savings products were up sharply, particularly mutual funds, which grew 20.8% on the back of favorable stock market conditions. Life insurance products expanded by 14.5%, while sight deposits increased by 13.4% and the number of bank cards in use rose by 12.5%.

Low interest rates helped to drive 4.5% growth in average outstanding loans over the previous year. The strongest growth was seen in consumer loans and home loans, which were stimulated by the rebound in real estate transactions.

The Euro Priority

BNP Paribas is determined to remain the benchmark bank for the euro. The bank will continue its active communication and educational policy aimed at its private and business clients as well as at members of its own staff. The goal is to start acting now to convince clients of the need to prepare for the changeover to the euro, before the end of 2001, and to support them as the transition takes place.

The prospect of an end to the situation where both charging for checks and paying interest on current accounts are banned will be a key planning focus so that our range of products and services can be adapted as future regulatory changes come into effect.

The rapid growth of the Internet and e-commerce holds great potential for BNP Paribas, which has long been ready to seize the new opportunities involved. More than 300 people have been working in our Products and Markets Research Department since 1996 to tap the business potential of the new environment.

Growth in BNP network resources

1999, monthly average	*In EURbn*	*Change*
Life insurance	24.8	+14%
Mutual funds	38.2	+20.8%
Demand deposits	19.8	+13.4%
Special savings accounts	29.5	=

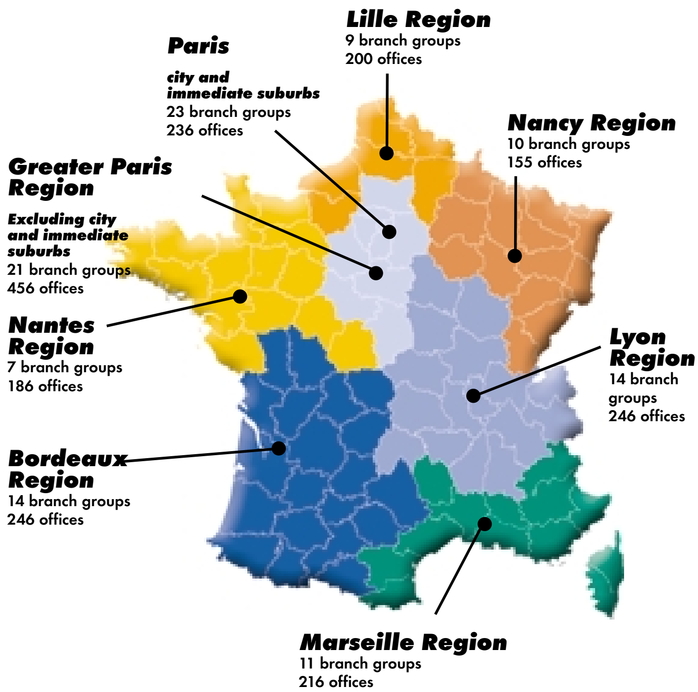
Leader in France

- No.1 in e-banking
- No.1 in bank cards
- No.1 for contribution of commission income to EBITDA

Growth in BNP network lending

1999, monthly average	In EURbn	Change
Total	**63.1**	**+4.5%**
Wholesale loans	30.7	+2.2%
Retails loans	25.3	+8.6%
o/w consumer loans	5.1	+10.1%
o/w home loans	20.2	+8.2%

Domestic presence



Benefits of the Merger

Domestic retail banking business will be boosted by the growth momentum created by the BNP Paribas merger.

The use of the BNP Paribas brand starting in the second half of 2000 will capitalize on BNP's reputation for soundness and community banking services and Paribas's reputation for drive and innovation. Paribas's retail clients will have access to the BNP's extensive branch network and state-of-the-art banking technology, while Paribas's reputation in corporate finance will facilitate the branch network's dealings with business clients.

Clients of both banks will enjoy an enhanced product selection. The arrival of UCB, Cortal and Arval, for example, will enable the branch network to offer clients a broader range of products and modernisation of the network will be stepped up as the merger is completed. The pooling of some support functions in the Specialised Financial Services Unit will help to reduce costs.

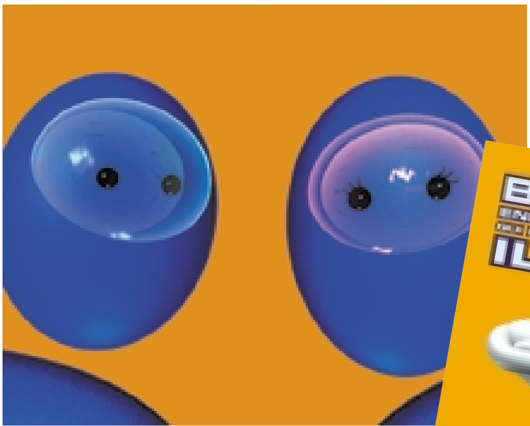
BNP Net and Home Banking

Clients' relationships with their banks, which have traditionally focused on contacts with their personal bankers and their local branch, have been enhanced by access to remote banking services through voice servers, minitel and the Internet. Routine transactions, such as viewing accounts, credit transfers, stock market orders and ordering checkbooks, are increasingly being conducted through electronic channels. On the other hand, transactions requiring more advice remain the prerogative of branch networks. The quality and range of remote banking access are becoming key criteria when clients choose a bank.

BNP Paribas was quick to recognize this. Home banking has become a decisive factor for winning market share and developing client loyalty in retail banking. Our Products and Markets Department has high-powered

A benchmark player

- 10% of the retail market
- Leading banker to SMEs
- Clients include France's top 100 companies



***BNP Net:** highlights of the advertising campaign launched in the first half of 2000.*

teams researching new technologies and developing commercial applications. Today, BNP Paribas clients can conduct transactions and view all of their accounts in real time 24 hours a day, using BNP on-line telephone platforms, voice servers, minitel and the BNP Net web site. In 1999, BNP clients used the various remote banking channels to transmit 2.5 million transfer orders and by the end of the year up to 40% of stock market were transmitted electronically. Annual traffic is growing constantly and connections now number in the millions - 17 million by minitel and 3 million via BNP Net in 1999 – while the Bank's voice servers handle 16 million calls. Access from mobile telephones through the expansion of WAP services, which started operating in 1999, as well as through palm-size computers and interactive TV will soon be offered in addition to the existing channels.

BNP Net

BNP Net was the first nationwide on-line banking service to be offered over the Internet when it was launched in April 1997 and it has been winning new clients ever since. With more than 155,000 subscriptions at mid-March 2000, representing 199,000 on-line clients and 500,000 accounts, BNP is the leader in the sector with a market share of approximately 30%.

Our dominant position can be explained by the widely acknowledged quality of the service and the security offered by an Internet bank backed by a sound banking institution. Our determination to promote BNP Net actively gave rise to a massive advertising campaign launched in February 2000.

BNP Net gives clients access to all of their accounts through their PC to view balances and transmit orders. The service is economical, user-friendly and secure.

Personalizing client relationships is also a priority. BNP Net therefore offers different site content depending on client types, with special information and services being offered to young people, doctors, farmers, etc.

BNP's staff members are working to develop new functions. In the next few months, stock market orders will be extended to international markets and an "advice" function will be added. Clients will be able to personalize the parameters of their access to BNP Net to suit their needs and a special system will alert clients of any events of concern to them via messages to their mobile telephones or e-mail addresses.

Work within the Cyber-comm consortium will make it possible to enhance transaction security even further by providing positive identification of on-line clients using a smart card reader connected to the client's PC.

These developments will open the way for totally secure bankcard payments over the Internet.

INTERNATIONAL RETAIL BANKING

- Over 1.75 million clients
- A targeted presence in key markets
- Recognized brands and significant market shares
- High recurring profits

	In EURm	Change
Net banking income	1,183	+66.6%
Operating expense	705	+56.7%
EBITDA	478	+83.8%
Allowances	107	+18.9%
Pre-tax income	324	x2
ROE	30%	+2pts

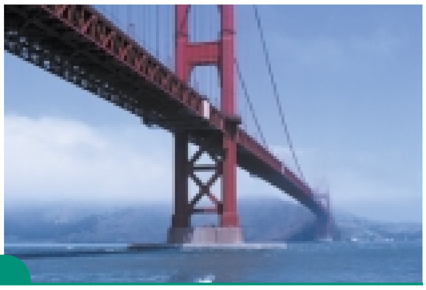
The International Retail Banking division spearheads retail banking business in other countries and France's overseas territories through BancWest and the BNPI-SFOM combination.

BancWest stems from the merger of two high street banks, Bank of the West and First Hawaiian Bank. They have joined forces to become one of the largest regional banks in the West of the United States, with 290 branches and 800,000 clients.

BNPI-SFOM is present in Africa, the Middle East and the Indian Ocean with a network of 330 branches and nearly one million clients. BNPI also manages BNP Paribas subsidiaries located in France's Overseas Departments and Territories.

BNP PARIBAS

BancWest



Profile

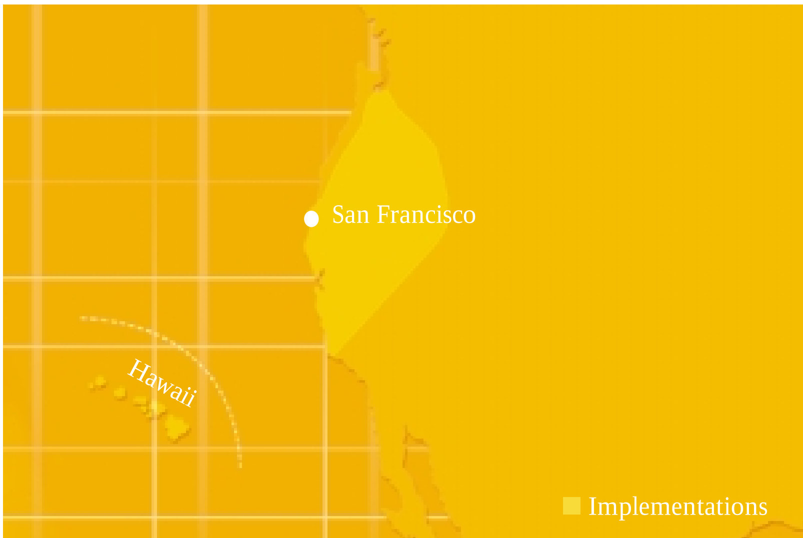
BNP is the leading shareholder of BancWest Corp, with a 45% stake. BancWest, which is quoted on the New York Stock Exchange, is the result of the merger of two regional banks–Bank of the West and First Hawaiian Bank–that represent a good strategic fit in terms of geographical coverage and product ranges.
The new Group is one of the largest regional banks in the West of the United States.
These two high street banks have maintained their separate brands. They are medium-sized institutions capable of offering decentralized and highly personalized services to a client base made up of small and medium-sized businesses and individuals. Their merger into BancWest gives them the critical mass and financial clout they need to offer clients high-quality products and services and to make the best use of the possibilities opened up by the development of new technologies.
Their main businesses are consumer credit, mortgage lending, commercial banking, private banking and asset management.
BancWest's geographical coverage stretches from Hawaii to California, as well as to Oregon, Idaho, Nevada, Washington State and the islands of Guam and Saipan. With 800,000 clients at 31 December 1999, BancWest was the fourth-ranking bank in California, and the second-ranking bank in Hawaii with a market share of more than 30%.

Expansion Through Acquisitions

In 1999, BancWest continued to expand through acquisitions. On 1 July it merged its Bank of the West subsidiary with Sierra West Bank, a regional bank with a strong branch network in California and Nevada. This merger gave BancWest a stronger regional presence and enabled it to sell its banking products and services to a larger client base. Selective acquisitions continued with the purchase of 68 bank branches in Utah and Idaho from Zions Bancorporation and First Security Corporation, but the completion of this transaction is subject to finalization of the merger between the two selling banks.

A New Generation Website

First Hawaiian Bank was the first in the islands to offer on-line banking and it is determined to maintain its technological lead and make the most of all the possibilities offered by the Internet. On 8 July 1999, it announced its partnership with Intelidata Technologies, the American leader in Internet server design in order to work on developing a website incorporating the latest technology. Users will access the banking site via a page that is customized according to their centers of interest. They will be able to view all their accounts and conduct the full range of financial transactions, from the most basic to the most sophisticated, easily and quickly. The user-friendly website will offer First Hawaiian Bank clients a new means of access to their bank.
Bank of the West will soon provide a similar service.



BNPI-Afrique

Profile

BNPI-SFOM is present in Africa, the Middle East and the Indian Ocean with a network of 330 branches and nearly one million clients. BNPI also manages BNP Paribas subsidiaries located in France's Overseas Departments and Territories.
BNPI is a community bank with global reach that has built on the vast expertise acquired in France over many years. Depending on the countries where it is located, it offers an increasingly broad range of banking products and services to a client base made up of small and medium-sized businesses, large corporations, import-export firms, institutions and individuals.

Sustained Business Activity

BNP reinforced its control of BNPI in 1998 by increasing its ownership to 97%. In March 2000, BNP made a public offer to buy up the remaining outstanding shares. It also acquired an additional 26% stake in SFOM, bringing its ownership up to 74%. SFOM is a shareholder of banks established in 12 countries of sub-Saharan Africa. Intermediation margins shrank further against the backdrop of unfavorable changes in central bank interest rates and keener competition in all markets. Nevertheless, the bank managed to turn in a good performance and increase its profitability. It broadened its range of products and services and increased its commission income.
Its operating efficiency ratio is also improving.

BNP Paribas provides African locations with the full benefits of the financial services and consumer credit expertise acquired in France. New SICAVs have been launched in Morocco and Tunisia, and new funds have been designed for the Lebanese market. The expansion of the product and service offering for individual clients relies mainly on more modern distribution channels, such as the Internet in Lebanon, Mauritius and Morocco.

The corporate finance business is also continuing to expand. For example BNPI Mauritius has started a trust business. In 1999, the corporate finance business also performed well in Morocco and Tunisia, winning advisor and arranger contracts for privatizations and IPOs.

All in all, the Group enjoys substantial market shares and good prospects for expanding its business while increasing profits. The 1999 results are satisfactory and justify ambitions for further growth.

In France's Overseas Departments and Territories, business growth slowed due to slower local economic growth. However, French Guyana started operating in the black again after instituting a recovery plan.

SPECIALIZED FINANCIAL SERVICES

- No.1 in France in consumer loans, lease financing, on-line brokerage services and fleet management (excluding carmaker captives)
- One of Europe's top 3 providers of consumer loans, lease financing anf fleet management services (excluding carmaker captives)
- Over 12 million retail clients in Euroland

This division includes subsidiaries specialized in consumer credit (Cetelem), financial services for businesses (BNP Lease and UFB Locabail), car leasing (Arval), truck leasing (Artegy) and computer hardware leasing (Arius), real estate financing (UCB), telephone sales of retail savings products (Cortal) and direct retail banking services (Banque Directe).
These companies specialize in rapidly growing business areas and are building on their strong presence in Europe. Most of them have developed the culture and the required know-how for working in partnerships. This can be seen in their organization and their practices, which feature respect for their partners, their partners' interests and, above all, their partners' clients. These companies always make sure Chinese walls are established to segregate the different groups of clients.

Goals

- *To speed up the pace of growth*
- *To move up a gear in the development of Cortal and Banque Directe*
- *To further expand the Bank's international reach by exporting know-how acquired in the domestic market*
- *To build partnerships*
- *To merge BNP Lease and UFB Locabail and develop the leasing business outside France*

	In EURm	Change
Outstanding loans	47,107	+9%
New loans	22,253	+22%
Pre-tax income	507	+10%
ROE	23%	=

Consumer Loans

Cetelem

Profile

Cetelem is the market leader in France and in Europe for consumer loans, car loans, home improvement loans, etc. The product range covers all financing needs, from specific purpose cash loans to open-end credit accounts. Cetelem is present in 16 countries.
Cetelem markets its products through several complementary distribution channels so that consumers have easy and rapid access to its services. These channels include point-of-sale advisers, partnerships, direct marketing, telephone sales and minitel.
Partnerships are a key element in the marketing strategy of Cetelem and its subsidiaries. Cetelem has signed many partnership agreements with major distributors, banks and insurance companies in France and other countries. Partners distribute its loans and the related services directly through their own outlets. Cetelem offers its partners easy-to-use financing solutions that can be tailored to their clients' needs, as well as automated and prompt management of credit transactions using computers, minitel and the Internet.
The Aurore credit card can be used as a means of payment, a cash reserve and an access medium for a variety of services. It is issued under Cetelem's own logo or the logos of its partners and is accepted at more than 200,000 retail outlets. Cardholders number more than 11 million, of which nearly 4 million are outside of France.

Cetelem	In EURm	Change
New loans	12,280	+16%
France	*8,946*	*+11%*
International	*3,334*	*+32%*
Outstanding loans	17,704	+13%
France	*13,987*	*+8%*
International	*3,717*	*+36%*
Contribution to pre-tax income	329	+8%

Development of Partnerships in 1999

Cetelem benefited from the increase in borrowing that came with the upturn in consumer spending in France in 1999. The year also saw the expansion of finance companies set up in partnership with retailers (*Ikea*, *Darty*, *Conforama* and *But*), major new marketing agreements with the French railways and the *Lapeyre-GME-K par K (Saint-Gobain Group)*, as well as the implementation of the agreements signed with *Boulanger* and *Damart*. In addition, business generated by partnerships with financial institutions, such as *Caisse d'Épargne* and *Banque Populaire*, expanded by 35% in one year.

Outside France, Cetelem launched its corporate plan, "Cetelem Commitments", which sets out its code of ethics in response to consumers' aspirations in terms of clarity, flexibility, control and security.
Cetelem continued to implement its international strategy of strengthening positions in Europe and supporting the worldwide development of partners, such as Carrefour.

Promising Synergies

Backing up Cetelem with the financial power of the BNP Paribas network should unleash promising synergies, subject to the necessary establishment of Chinese walls. Benefits will include wider use of Aurore credit cards, access to cash dispensers for cardholders and pooling of credit scoring systems and delinquent loan management.

Leading Provider of On-line Consumer Lending Services

Cetelem leads the market for on-line consumer loans, with FRF 100 million in new loans originated over the Internet in 1999. Cetelem has websites in France and seven other European countries. A fourth version of the cetelem.fr site was launched in 1999 to incorporate tools for direct interaction with consumers. Meanwhile, partner retailers can now use a new version of the exclusive Extranet secure network.
More than 150 commercial websites now accept payments using the Aurore credit card.

Business, Professional and Personal Financing

BNP Lease - UFB Locabail

Profile

These two subsidiaries are both in the same business – capital finance – but each has its own approach. BNP Lease is the French market leader for equipment leasing for businesses and members of the professions, as well as a leading player in real-estate leasing. This BNP subsidiary also offers personal loans, especially for cars and leisure activities. UFB Locabail deals with business clients and mainly provides equipment financing and factoring services. This Paribas subsidiary is also one of the rare distributors of "floor plans", which involve the financial management of capital goods manufacturers' or importers' sales to their distribution networks. BNP Lease and UFB Locabail both make two-thirds of their sales through their retail partners. The remaining sales are made through the BNP branch network, in the case of BNP Lease, while UFB Locabail deals with its clients directly.

BNP Lease - UFB Locabail

	In EURm	Change
New loans	6,485	+23%
Outstanding loans	14,974	+9%
France	*13,146*	*+6%*
International	*1,827*	*+35%*
Contribution to pre-tax income	133	(5%)

Expanding Business Volumes

In 1999, BNP Lease and UFB Locabail both increased their loan production by more than 20% in a growing economy. Their combined share of the French market stands at 25%, making them the market leaders.
Since January 1, 1999, BNP Lease has spearheaded the BNP Group's worldwide leasing business. Its task is to provide support for BNP's twenty leasing subsidiaries and branches in Europe, North and South America, Africa and Australia.
Its outstanding international financing exceeds EUR 1 billion.
UFB Locabail has a network of eight subsidiaries in the European Union and Morocco. Loan production by the companies outside France accounts for one third of worldwide production, with outstanding financing of nearly EUR 2 billion.

A Future European Leader

The merger between BNP Lease and UFB Locabail will create a great deal of value by combining their extensive networks in France, their strong partnerships with retailers, their highly complementary international coverage and their respective best practices.
The new entity's ambition is to become the European market leader and a key global player through an energetic strategy of organic and external growth.

A Business to Business Website

The goal is to open an innovative channel for client relationships to supplement the conventional channels in France and other countries. The two websites created by BNP Lease and UFB Locabail enable clients and retailers to obtain real-time information about financing opportunities, arrange financing on-line and monitor their contracts interactively using secure connections.

UFB Locabail launched its Business Village subsidiary in 1998 to facilitate access to the various professional services available on the Internet for small and medium-sized businesses by organizing them into areas of interest. The Business Village site won the 1999 Golden Click award for best business to business site.

Fleet Leasing and Management

Arval

Artegy

Arius

Profile

These fleet leasing and management subsidiaries make it possible for companies to outsource management and financing of their vehicles and equipment: Arval for cars, Artegy for industrial vehicles and Arius for IT equipment. Arval is the market leader in France and Italy (not counting carmakers' subsidiaries) and ranks third in Europe. Arius ranks third in the French market.

Strong Business Growth

These businesses have been boosted by a growing economy, since they meet the needs of companies looking to optimize management of their logistical equipment.

Arval's production was up by 50% on the year, with 137,000 vehicles under management at 31 December. Arval is present in 10 European countries and plans to expand its network further to become a European market leader. Artegy, with its innovative service offer, had 2,400 industrial vehicles under management at the end of 1999, its first year in business.

Production by Arius grew by more than 20% and the installed base under management expanded to over 100,000 units (PCs, terminals, and mini-computers).

Arval

	In EURm	Change
New loans	539	+50%
France	*271*	*+23%*
International	*269*	*+91%*
Outstanding loans	870	+54%
France	*460*	*+27%*
International	*410*	*+103%*
Contribution to pre-tax income	17	+6%

Arius aims to become one of the two leaders in its domestic market and to develop a substantial European presence.

Subsequent events

The BNP Paribas Group and Avis Group Holdings Inc. have entered into an alliance that will lead to the formation of the leading provider of fleet management services in North America and Europe. The alliance will unite BNP Paribas subsidiary Arval and Avis subsidiary PHH Management Services. BNP Paribas will acquire 80% of the capital of PHH Europe for USD 800 million, while Avis will grant Arval a license to use PHH InterActive™, its state-of-the-art fleet management software. The agreement is due to be signed in the second quarter. The ultimate aim is to merge PHH Europe and Arval. The merged Company, Arval/PHH, will be the leading fleet management Company in Europe and will also have a strategic alliance with PHH US, the number 2 player on the other side of the Atlantic.

An Expanded Client Base

The merger of the BNP and Paribas fleet financing and management entities should give their already rapid growth a further boost through intensive client contacts and the creation of new working relationships with the "large accounts" sales force and the commercial banking business.

On-line Fleet Management Services

The Internet strategy in this business line is to provide clients with the information they need in real time, twenty-four hours a day. Arval will offer a range of on-line products called Cameleon Net Services starting in the first half of 2000.

Arius clients will be able to manage their IT equipment on-line starting in the second half of 2000, using tools to simulate leases and changes in their installed base. Arius will also launch a service that designs and hosts e-commerce sites in 2000.

Real Estate Financing

UCB

Profile

UCB specializes primarily in home loans. It conducts its business through nationwide networks of real-estate agents, developers, house builders, notaries and financial advisors. These partners refer their clients to one of the 170 sales outlets in the UCB network, which consists mainly of wholly-owned agencies, independent agencies and insurance agencies.
As part of its partnership strategy, UCB has signed contracts with other financial institutions and provides them with loan acceptance and after-sales management services.
Outside France, UCB is present in Italy and Spain (in partnership with Banco de Santander) and has been operating in Portugal since 1999.

UCB

	In EURm	Change
New loans	3,065	+46%
France	*2,049*	*+48%*
International	*1,016*	*+43%*
Outstanding loans	13,935	+1%
France	*10,603*	*(3%)*
International	*3,333*	*+20%*
Contribution to pre-tax income	99	+40%

A Buoyant Real Estate Market

The real estate market started to recover in 1999, following a ten-year slump. Prices are rising again and interest rates are at historic lows, which has encouraged buyers to borrow. This new lending has enabled UCB to offset renegotiation and early repayments of outstanding loans. Adjustable-rate financing accounts for the bulk of new loan production by UCB, since this type of lending makes it possible to offer clients attractive terms while maintaining the lender’s spread.
Real estate lending by UCB was up by 48% in France, with healthy credit risks and spreads, thanks to rigorous selection of borrowers. Loan production outside France was up by 21%, with very satisfactory business performances in Spain and Italy.

Common Information Systems

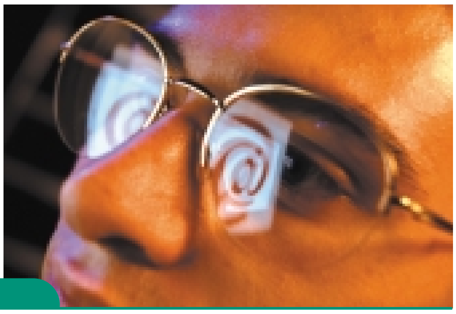
The first consequence of the BNP–Paribas merger was that BNP adopted UCB’s IT system and organization structures to manage all real-estate loans marketed through its branch network.
Other forms of collaboration are being considered, especially for commercial loans.

Interactive Websites

The UCB website allows potential clients to run feasibility studies and choose the right financing solutions. It also enables all clients, and businesses in particular, to request action on an outstanding loan, with the assurance that requests will be dealt with in a maximum of 48 hours. UCB has also set up Extranet sites that facilitate data exchanges with the various partners that bring in new business.

Personal Savings

Cortal



Profile

Cortal specializes in selling personal savings products using direct marketing. It is France's leading on-line broker and ranks 6th in Europe (source: J.P. Morgan, June 1999). Cortal offers its clients a unique product range covering all investment funds and the main stock markets. From the outset, Cortal's growth has relied on the use of a wide range of distribution channels, either alone or in partnership, including minitel, Internet, telephone, mail and face-to-face contacts.

Cortal

	In EURbn	Change
New savings	1.2	+16%
Brokerage transactions	5.5	+68%
Assets under management	7.4	+49%
Contribution to pre-tax income	23	+23%

The No.1 Provider of On-line Brokerage Services

Cortal had 473,000 clients at the end of 1999. The business expanded rapidly over the year, driving a 27% increase in net banking income. Sales of savings products account for 60% of revenue, while stockbroking services account for the remaining 40%. Most orders are transmitted electronically, primarily over the Internet. Building on its successful innovation strategy, Cortal started selling "themed certificates" in 1999. These are made up of a limited number of stocks chosen according to a specific theme. They make it possible for individuals to invest in promising growth sectors, such as the Internet, mobile telephony or interactive games, based on a selection of European stocks picked by professionals. Cortal launched the first pan-European on-line investment service in the autumn of 1999. Individual investors in 8 countries can access the service via the Internet and a call center operating in 5 languages. It provides access to 9 international stock markets using off-shore accounts managed from France. Cortal plans to build on the growth of on-line investing and the strength of its services, which are unique in Europe, to maintain its ranking as France's leading on-line broker and to reach the ranks of the top 5 in Europe by 2002.

Leveraging Common Platforms

The BNP-Paribas merger will enable Cortal to work with BNP Equities to develop common facilities for transmitting and processing stock market orders in France and to facilitate transmission of orders to the United States. Some Cortal products, such as the SICAV Central, could also be offered to BNP Paribas clients.

e-cortal

The Internet is a critical tool for Cortal for two reasons. As a new means of client contact, the Internet satisfies savers' needs by providing rapid access to vast information resources. Starting from zero in 1998, the proportion of stock market orders transmitted over the Internet rose to 65% at the end of 1999. Individual investors using the www.e-cortal.com site also have

access to a set of value added services (quotes, warrants, etc.) that were formerly available only to institutional investors.
As a new channel for attracting clients in Europe, the e-cortal site is supplementing conventional direct marketing campaigns.

Direct Retail Banking Services

Banque Directe

Profile

The Paribas Group launched Banque Directe in 1994 as a telephone bank. In 1999, it became the first French bank to operate completely by telephone and on-line, even in its prospecting of new clients. It is an "all-Internet" general-purpose bank dealing exclusively with personal banking clients. It offers payment media, savings products and credit. Its 63,000 clients at the end of 1999 were mostly in middle or senior management occupations and residents of the Paris region or other large cities.

Banque Directe

	En EURm	Change
Number of accounts	47,100	+31%
Outstanding loans	44	+49%
Outstanding deposits	192	+ 49%
Contribution to pre-tax income	(28)	ns

France's First Bank Operating Solely by Telephone and On-line

Banque Directe bases its strategy on developing and expanding the range of products and services.
In 1999, Banque Directe launched the "4 X 4 go-anywhere" savings product, which mixes money market, bond market and French and foreign equity funds to combine return with security. In addition to existing Banque Directe clients, this product attracted 2,500 new clients. In 2000, Banque Directe will offer the best on-line brokerage service currently available, provided by e-cortal.

An Enhanced Offering

As part of the BNP Paribas Group, Banque Directe will have greater access to the personal banking products marketed by other entities in the Group. It will enjoy the benefits of work done by BNP Paribas to monitor and adapt new technology so that clients can view their accounts from their mobile telephones, pay with electronic purses and use secure payment systems. An ambitious medium-term development strategy is being drawn up for Banque Directe within this new context, in preparation for the expected very fast growth in demand for Internet services.

One Client in Two Conducts Banking Transactions On-line

While maintaining high-quality telephone and minitel service, the bank now acquires 25% of its clients over the Internet and 52% of its contacts with clients were on-line in December 1999, as opposed to only 20% at the beginning of the year.
This enables Banque Directe to reduce its costs substantially and pass the savings on to its clients.
Thus, in June 1999, Banque Directe was the first bank to offer an all-Internet package for an unbeatable monthly fee of FRF 25 (including an international Visa card).
This package enables web users to carry out all their banking operations by themselves at any time.
In 1999, Banque Directe also joined forces with Yahoo!, one of the leading Internet search engines. Clients can now view their daily bank balance on their personalized Yahoo! pages. Banque Directe is the first virtual bank in France.

CORPORATE AND INVESTMENT BANKING

This division spearheads the BNP and Paribas corporate finance and capital markets businesses. It employs around 16,000 staff, over two-thirds of whom are based outside France.

The pooling of the two group's strengths has raised BNP Paribas to a position among the leading European players in these markets. The Group is a major operator on the Paris and London markets and is also very active in Asia and the United States.

Each line of business now has the critical mass required to organize activities on a global scale and each has clearly-defined targets in terms of capital employed and return on capital employed. The division is strongly client-oriented. Two client relationship units–the large corporate client Group and the financial institutions Group–are responsible for developing cross-over offerings.

A Determined Internet Strategy

The BNP Paribas Corporate and Investment Banking division's strategy is designed to effectively leverage the opportunities created by the development of the Internet. The division intends to make full use of this new medium both internally and in its dealings with external partners, rolling out its Internet strategy to all geographic locations within the next two years. The aims of this strategy are two-fold–to reduce operating costs and penetrate new market segments.

BNP began offering clients on-line information about commercial paper issues in 1997 and its site now includes analysts' research reports. Other on-line services include Net Trade Geolink, which allows clients to set up documentary credits directly on the Internet.

In 1999, Paribas developed a bespoke application to facilitate the IEB's paper offer, representing the largest financial transaction ever carried out on the web. Paribas also launched Issue Master, a bond placement system which allows investors to place on-line orders for bonds during the book-building process.

	In EURm	Change
Net banking income	5,540	+30.4%
Operating expense	3,325	+11.2%
EBITDA	2,215	+75.9%
Allowances	434	(56.8%)
Pre-tax income	1,783	x 6.6
ROE	20%	+16pts

Corporate Finance

Profile

BNP Paribas offers its client base of large and medium-sized companies, governments and international institutions a wide range of advisory, origination and financial engineering services to meet their long-term financing needs.
In the area of mergers and acquisitions, BNP Paribas is the leading advisory Bank in France in terms of the number of deals completed and announced in 1999, and is ranked 11th in the European M&A market (Source : Thomson Financial Securities Data).
The Group offers a comprehensive array of capital markets services for initial public offerings, equity issues, capital restructuring operations, privatizations, bought deals, etc.
In the period 1994-1999, BNP Paribas was the number 1 lead manager of equity issues in France, number 4 in Europe and number 6 worldwide (Source: Bondware).

A Benchmark Bank

In France, BNP Paribas played a key role in several very large-scale capital markets transactions, including the Total Fina/Elf merger in the oil industry, Carrefour's paper bid for Promodès, Rhône-Poulenc's issue of bonds exchangeable for Rhodia shares and the placement of 35% of Rhodia's capital. The Group acted as lead manager for two securities issues by Bouygues, the Axa convertible bond issue and Vivendi's securities issues.
Companies in the media-telecoms and technology sectors were extremely active on the markets during 1999 and many of them chose BNP Paribas as their advisor.
In France, BNP Paribas participated in the Soitec, GL Trade and Business Objects IPOs and acted as lead manager for the Atos convertible bond issue.
In Germany, BNP Paribas built a strong position in the Neuer Market, in Spain the Group participated in the Indra Sistemas privatization and in Italy, it partnered Tiscali's IPO.
In Asia, Peregrine celebrated its second year as a member of the BNP Group by topping the league tables in the area of institutional equities issues in Hong Kong and China. Peregrine has made a good start to the current year, participating in the acquisition of Hong Kong Telecommunications by Pacific Century Cyberworks and the merger of the two groups, one of the largest transactions carried out since the Asian crisis.

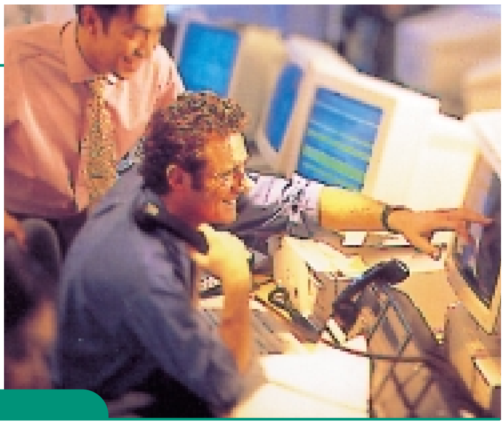
International Reach

With an expanded team of 300 professionals, BNP Paribas intends to become one of the top ten investment banks in Europe in the area of Corporate Finance. It will achieve this goal by leveraging the financial and industry expertise of its teams and its geographic reach, spanning Europe, Asia and Latin America, in order to devise original, integrated solutions and partner international groups in their capital markets transactions.

Positioned in Buoyant Market Segments

The business line's goals for 2000 include strengthening current positions and further expanding the European client-base, through the development efforts of its investment bankers and the recruitment of additional staff in Italy, Germany and elsewhere. The business line will focus on industries offering the strongest growth potential, including the media/telecoms sector, services to industry and the technology sector. It will continue to partner owners of medium-sized businesses, in the technology sector and other fast-growing industries, by helping them to take their companies public. Emerging markets will also be targeted, with particular emphasis on specific sectors, such as public services and the infrastructure sector, and the key markets of Central Europe, including Poland. In Asia, a team will be set up in Japan during 2000 and BNP Paribas Peregrine will use its strong presence to support the development of corporate finance services. Lastly, in Latin America, the business line will leverage the visibility acquired through its participation in the recent privatizations to play an active role in future mergers and acquisitions.

Equities



Profile

Following on from Corporate Finance services, the Equities business specializes in equities and equity derivatives trading, placement and syndication.
The team of 120 analysts covering 800 European stocks places BNP Paribas among the leading European banks in terms of its research capabilities and supports a global sales network. In 1999, BNP was ranked number 1 in equity options and number 2 in all equity derivatives by **Risk Magazine*****, while Paribas has strong expertise in index options.***

Substantial Trading Volumes in 1999

The equities business reaped the full benefits of favorable conditions on the world stock markets. Trading volumes were extremely high in index derivatives and BNP Paribas also benefited from strong demand for hedging strategies and products offering guaranteed performance. Against a backdrop of escalating volumes and high price volatility, BNP Paribas increased its earnings and expanded its market shares, helped by the diversification of its product offerings and the professionalism of its teams. In 1999, BNP Equities France rose from third to first place on the Paris Bourse, handling nearly 8% of the trades executed on the market *(Source: Fédération Internationale des Bourses de Valeurs)*.

Teams with Complementary Skills

BNP Paribas will leverage the synergies created by the merger to strengthen its position in Europe and Asia. The Bank also intends to hold onto its global leadership in equity derivatives.
The complementary skills of the BNP and Paribas teams, representing a total of 1,800 people, give the Group the resources needed to achieve its goals and strengthen its fundamental and quantitative research capabilities.
The excellent strategic fit between Paribas' prestigious clientele of major institutional investors, and BNP's highly profitable client base, consisting mainly of medium-sized businesses and private investors, should generate trading volumes in excess of those achieved by the two groups on a stand-alone basis. BNP Paribas intends to continue to invest in the Equities business, building on these very strong foundations.

An Offer Tailored to Client Needs

In an environment shaped by the entry of new players, in which new technologies are creating new sources of competition and driving down transaction costs, BNP Paribas is focusing on differentiating its offer and anticipating client needs. To this end, the Group intends to strengthen its sales and trading capabilities in Europe, Japan and Australia. It will also enhance its product offering by combining the two banks' industry research capabilities in Europe.
In Asia, BNP Paribas Peregrine will continue to leverage the integrated corporate finance, institutional intermediation and retail brokerage competencies that have underpinned the business's development up to now. The Company intends to focus on those sectors in which trading volumes are the highest, whle further enhancing its service and order execution capabilities.

No.1 in the French secondary equities market

Fixed Income and Currency Instruments

Profile

This business, which represents a key component of BNP Paribas' service offering in the rapidly developing capital market, offers investors and issuers the research information and the liquidity required to optimize their financial condition and effectively manage their risks.

A Major Player

Bonds

The creation of the euro heralded a new era for the European capital markets which now have a currency with an international stature rivalling that of the dollar. The euro was launched at a time when investors were looking to significantly improve returns on their portfolios by purchasing bonds offering higher yields than Government securities, encouraging many international borrowers to launch new debt issues. Paribas contributed actively to bringing new issuers to the euro market, such as Enron Corp., an oil company based in Houston, which carried out a EUR 400 million bond issue rated BBB. The growth in the number of issues was accompanied by an increase in the average amount per issue, leading to greater market liquidity. For the first time, the value of euro-denominated issues topped that of issues denominated in dollars.
Paribas once again led the field in the placement of euro-denominated bonds and earned the reputation as one of the best bond specialists of the decade.

The Bank also held onto its leadership position as advisor to sovereign and supra-national issuers.
In May, Paribas lead managed a $ 1 billion issue by the Kingdom of Spain, the second of its kind. The issue proved extremely popular among investors and was ranked one of the top two sovereign debt issues of the year by *Euroweek*.
BNP was very active in the rapidly expanding European market for institutional bond issues, managing major issues in the automobile sector (*Renault*, *Volvo*), retailing (*Carrefour*, *Casino*), the energy and services sectors (*Elf*, *Suez-Lyonnaise des Eaux*, *Endesa*) and the materials sector (*Saint-Gobain*). These issues, many of which represented substantial amounts, were placed throughout Europe thanks to the Bank's many contacts with multinational investors. British American Tobacco's successful EUR 1.7 billion bond issue represented a prime example of the BNP Paribas' European sales capability.

Derivatives and securitizations

The Group was also very active in the area of derivatives, targeting both issuers and investors. Paribas is building a position as a major player in the expanding credit derivatives market and was ranked number 1 in non-US securitizations in 1999, winning two of the three 1999 *Deals of the Year* prizes awarded by *Institutional Investor* to securitization deals conducted outside the United States. The European securitization market expanded by 70% in 1999.
In fixed income derivatives, BNP achieved record profits thanks to its efficient, global service and comprehensive product range. The business's profitability is based on rapid development of sales, backed by strict control over market and counterparty risks.

No.3 worldwide for issues in euros

Extended Geographic Reach

The BNP-Paribas merger has laid the foundations for an ambitious European development strategy, while also providing scope for increasing the Bank's presence in all major international financial centers as well as in emerging markets. The potential for growth is enormous, especially in Asia.

The combination of Paribas' technical expertise and skill in innovation and BNP's outstanding distribution capabilities have lifted the Group to the leadership position in the rapidly expanding European private bond market. In France, the two groups' combined strengths will provide scope to structure and distribute a wider array of financial products to a broader range of investors, by bringing together the client base of major companies and the network's sales capability.

Structured Financing

Profile

At the crossroads between the lending and capital markets businesses, the structured financing business offers clients throughout the world innovative and high value-added complex financing solutions backed by strong distribution capabilities. The service offer includes syndicated loans, acquisition financing, project financing, optimization financing and asset financing.
BNP Paribas occupies dominant positions in this area. It is one of the top five arrangers of syndicated and leveraged loans in Europe and one of the top fifteen arrangers of project financing worldwide.

No. 2 in Europe for syndicated loans

Growing Business Volumes

In 1999, the overall trend in favor of disintermediation and value-added financing continued. BNP Paribas benefited from this trend and also from the growing pace of deregulation and the wave of mergers and acquisitions among European and other groups operating on a global scale. The Group participated in a number of prestigious transactions, acting as arranger for Vodafone (EUR 30 billion), Elf Aquitaine (EUR 18 billion) and Air Liquide (GBP 4.2 billion).
The main operations include *Sidi Krir*, for a power station in Egypt, designated “Project Finance deal of the year”, *Orion Power New York*'s USD 730 million acquisition of a power station and the EUR 300 million acquisition of *Mumm* and *Perrier-Jouët* by *Hicks Muse*, one of the leading American LBO funds.

Double the Staff

The BNP Paribas merger has doubled the size of the two banks' structured financing teams. Over 450 experts are now available to serve clients throughout the world, making BNP Paribas one of the leading players in this market, with far-reaching expertise and a strong reputation for technical know-how and innovation.

Global Positions

In an economic context which looks set to remain buoyant, the Group intends to strengthen its presence in the three main regions of the world–Europe, the Americas and Asia–and to leverage its global positions to raise the volume of cross-border transactions.

International Trade Financing

Profile

The International Trade Financing business encompasses all the services (advisory, technical support, issuance of international guarantees, etc.) and financing products required by importers and exporters, the aerospace industry and the shipping industry.

No.1 in France

In 1999, the volume of medium-term export financing supplied by the Bank increased despite a modest downturn in the market and heightened competitive pressures. BNP Paribas is the leading player in France, with 29% of the market in 1999. Growth in multiple-source loans moved up a gear, especially loans originating in Japan, and this trend looks set to continue. BNP is ranked number 1 in the short-term international trade financing and services market in France. In 1999, its documentary credit issuance processes throughout the domestic network were awarded ISO 9002 certification, testifying to the quality of its service.
The quality drive is being kept up throughout the international network, especially in Asia.

In 1999, BNP and Paribas participated in 27 new aircraft financing operations, including 15 as arranger. This was the result of a selective policy in a stabilized market. In response to the weakening of the Asian market, the two banks focused their efforts on Europe where they were selected to participate in a large number of deals.
BNP also strengthened is position as a major international player in the ship financing market.
The Bank's portfolio of business was not affected by the extremely depressed conditions in the freight market in 1998 and 1999.

International Coverage

In the area of export financing, the merger of BNP–number one in France–and Paribas–which is very strong internationally–has led to the creation of a major player. Working with credit insurers in the main OECD countries and leading multilateral financial institutions, the new Group will offer major companies international coverage, allowing them to monitor transactions on the world's leading markets through 14 local offices. BNP Paribas' goal is to become one of the world's top three banks in the area international trade financing within the next three years.
The merger will also create opportunities to enter the ship financing market, an area in which Banque Paribas already had a significant untapped client base.

Commodities and Energy Financing

Profile

Thanks to the experience and quality of both the BNP and the Paribas teams, the Group plays a dominant role in the global commodities financing market, including natural resources (energy, steel/non-ferrous metals) and agricultural and tropical commodities. The Group offers a wide range of products, including transaction financing, structured financing, hedging instruments, loans secured by oil reserves and syndicated loans, to the various players in the chain, from the producer to the distributor and the end-user.

Recognized Expertise

In 1999, BNP Paribas was selected to participate in a number of major projects, including the United Nations' USD 7 billion "food for oil" program and a large-scale restructuring of export pre-financing systems, especially in producer countries such as Iran, Angola and Congo, where BNP Paribas is considered as one of the leading financial players. BNP Paribas also arranged several import programs for selected counterparties in emerging markets, including Brazil.

A global Leader

The combined BNP Paribas team of 400 commodities and energy financing specialists has raised the expanded Group to the leadership position worldwide. New avenues of growth are opening up for cross sales of derivative products to existing clients. The business line's enhanced geographic coverage and its access to an expanded network will provide scope to apply a more selective approach to financing opportunities and to strengthen control and risk management procedures.

A High-Growth Business

The future of this business is full of promise, due to the opportunities created for the various players by price volatility and a range of more structural factors. Denied easy access to capital markets, emerging economies will continue to use structured financing techniques for the foreseeable future, while the current consolidation of the banking sector is reducing the number of institutions offering these products. At the same time, privatizations and industrial mergers will strengthen the role of certain clients. BNP Paribas intends to capitalize on the growing raw materials needs of industry and the expected rebound in transaction financing. In emerging markets, certain structured financing operations will be facilitated by creating joint-ventures with the international trade financing and project financing teams. Lastly, the business line will actively tap cross-selling opportunities and expand its product range to include commodities futures and other derivatives, in order to create new opportunities for the entire Corporate and Investment Banking division.

Media and Telecommunications Financing

Profile

In view of the rapid expansion of the Media/Telecoms sector and the major changes taking place in this industry, BNP Paribas has decided to set up a specific business line to serve this sector, in order to monitor these clients more closely, as well as offering them high level industry expertise and proven skills in the structuring of high value-added financing products, including cash flow and specialized asset financing.

BNP Paribas conducts this business on a global scale. The regional teams set up in Europe, the United States and Asia are on hand to partner the Bank's clients in their international development.

Participating in Large-Scale Transactions

In 1999, the Group acted as arranger for a large number of transactions, including the *Olivetti/Telecom Italia, Vodafone/Airtouch, AT&T/Mediaone, Telewest, UPC, CLT UFA, Telekabel, Future Network, Mobinil* and *StarHub* deals.

A Good Strategic Fit in Terms of Franchises

BNP's client base consists primarily of major media and telecoms groups, while Paribas is present mainly in the midcap segment. The excellent strategic fit represented by their respective franchises, coupled with the two teams' high level technical expertise, position BNP Paribas at the forefront of the Media/Telecoms financing market not only in Europe but also worldwide.

A Rapidly Expanding Segment

This business line offers good development potential. The outstanding growth in the mobile telephony, alternative fixed-wire network, pay-TV, Internet and media/telecoms convergence sectors, coupled with the Group's excellent relations with the leading players and the two banks' strong reputations offer a wealth of expansion opportunities.

The Group aims to actively seek opportunities to act as arranger of senior bank debt, taking charge of the syndication process where necessary, and also to offer clients a range of sophisticated solutions including high yield debt issues.

Commercial Banking

Profile

The Commercial Banking business encompasses the management of fund flows and payment media, the issuance of guarantees and corporate lending and deposit-taking.
The Group's clients include both large multinationals and medium-sized companies that are quoted on the stock market, or are extremely active in exports markets or operate in specific sectors, such as the agri-foodstuffs sector in the United States.
BNP Paribas is one of Europe's top three players in commercial banking.

Business Growth

During 1999, the business developed satisfactorily. Controlled growth ensured that risks were kept under control, but also led to a certain erosion of margins.

An Expanded Client Base

Paribas' commercial banking strategy focused on serving a limited number of corporate clients with high level needs. With over 1,000 staff in 37 countries, the merger has allowed the Group to expand its client base and strengthen its positions in a certain number of major European financial centers. The new Group will use this expanded franchise as leverage to develop cross-selling of products, drawing on the wide range of competencies available within the Corporate and Investment Banking division.

An Ambitious Marketing Policy

The commercial banking business has clearly-defined goals, including that of reducing the capital employed in lending activities by eliminating low margin loans which do not generate additional revenue from the sale of other products and services. The business also intends to develop its high value-added funds flow and payment media management services and to build cross sales of products offered by the other business lines in the Corporate and Investment Banking division.
These developments will be backed by an ambitious marketing policy. Potential clients will be selected according to the characteristics of local markets.
Client segments will be created, applying profitability and risk criteria, through the use of “RAROC” tools, and cash management and other products will be upgraded by incorporating new technologies.

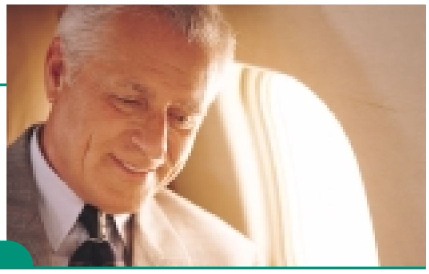
Private Banking, Asset Management, Securities Services and Insurance

This division encompasses the following BNP and Paribas business lines: Private Banking, Asset Management, Insurance, Securities Services.
BNP Paribas already enjoys strong positions in these areas. Its private banking and asset management business is present in more than 20 countries. It ranks third in France for life insurance, and first in Europe and sixth worldwide for securities custody.
BNP Paribas has an energetic growth policy in these business lines that provide high levels of recurring income. The Group intends to expand its presence not only in Europe, but also in Asia and America where several business lines will be launched.
This division also includes the Group's real-estate business.

	In EURm*	Change
Operating expense	1,691	+21.5%
EBITDA	1,082	+19.8%
Allowances	609	+24.5%
Pre-tax income	522	+27.9%
ROE	25%	=

** Excluding real estate*

Private Banking



Profile

BNP Paribas offers a full range of high value added international private banking products and services that are designed to meet the needs of high-net-worth individuals: advice on investment in financial and other types of assets (real estate, art, etc.), asset management, structured financing, inheritance planning, etc. The private banking business employs 1,580 people in 23 countries. It is a highly profitable business featuring high levels of recurring income and low equity commitment. It is also a global business conducted in a very promising market. The wealth of private banking clients is estimated at USD 23 trillion worldwide and is expected to increase at an average rate of 10% per year over the next three years.

A Year of Growth

BNP Paribas Private Banking expanded rapidly and improved its services considerably in last year's favorable market conditions:

- sales teams were reinforced in Europe, Latin America, the Middle East, etc.;
- on-shore private banking business was developed in Japan with the creation of BNP Private Banking Japan Ltd;

- the product range was expanded;
- a worldwide IT standard is being rolled out as a necessary step to ensure the quality of the services offered.

Global Ambitions

Building on its size, its leading position in France and its strong positions in the major financial centers of Europe and Asia, BNP Paribas aims to become one of the top players in private banking worldwide. With globalization the order of the day, the merger gives the new entity the critical mass it needs to develop in high-growth markets in the Middle East, the Americas, Japan, etc., particularly through acquisitions.
With a broader product range, a higher profile and a greater capacity to attract and keep the best talent, BNP Paribas Private Banking has the means to achieve its objectives. The foreseeable revenue and cost synergies should make it a powerful tool for creating value.

A Website Offering Information and Transaction Services

In 2000, BNP Paribas will pursue its energetic policy to expand its sales force and extend its geographical coverage. Innovation will continue to be the watchword in terms of both services and service delivery. A private banking web site is being developed to offer information and transaction functions that meet the requirements of upmarket clients.

Asset Management

Profile

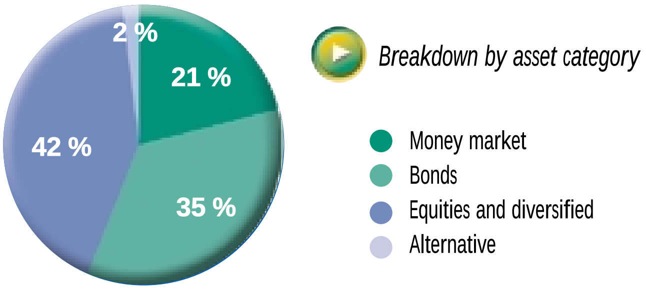
BNP Paribas has a global asset management business employing more than 1,000 staff. The Group offers:
- customized asset management for large institutional clients, such as insurance companies, pension funds, central banks, international organizations and large corporations;
- mutual funds invested in all types of assets, including money market products, bonds, equities, diversified funds and structured products. BNP Paribas distributes these funds directly or through external partners, such as banks, financial institutions, investment advisers and international brokers.

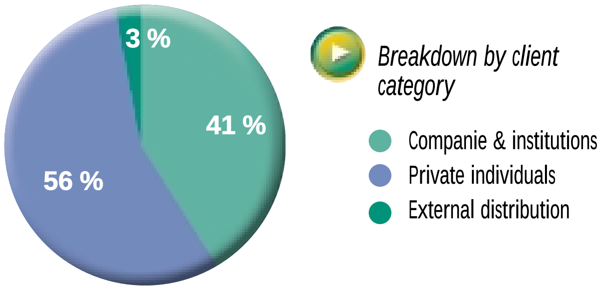
The merger of the specialized BNP subsidiary, BNP Gestions, and Paribas subsidiary, Paribas Asset Management, has created a new entity that is in the top 15 in Europe in terms of assets under management.
It ranks second on the French market for retail mutual funds with 10.5% of the market (source: Euro Performance Statistics).

An Excellent Year

Despite the rise in long-term interest rates, which dragged down the bond market, strong performances on equity markets meant that 1999 was an excellent year in France and worldwide. Both subsidiaries' assets under management expanded substantially. BNP Gestions launched several new products to meet the growing demand for "profile" funds. Meanwhile, Paribas developed its external distribution in Europe and increased the number of sub-funds in Parvest, one of the leading umbrella funds in Luxembourg, to 55. The year was marked by several major successes. BNP entered into strategic alliances, acquiring stakes in American fund manager, Fisher Francis Trees and Watts (USD 30 billion under management) and the Dongwon Group, Korea's

A Major Player in the Asset Management Market





sixth-ranking broker. Paribas is managing assets for Italy's first pension fund, Cometa (metal working and mechanical engineering industry), and it designed the "Carrefour Millennium" investment product in conjunction with Carrefour. BNP Gestions was once again awarded a silver laurel by *Investir* magazine for its five-year performance in equities/bonds management and a second place prize for its overall five-year performance in asset management by the magazine *Mieux Vivre Votre Argent.*

Key Strengths

Making the most of the benefits deriving from the BNP Paribas merger is part and parcel of the strategies and goals for 2000 in a business where reputation, long-term performance, size and economies of scale count for so much. Major synergies will be derived from merging the asset management teams:
- in terms of clients: BNP is a leading player on the French mutual fund market and Paribas has contributed its upmarket private banking clients, its extensive relationships with international advisers and a tradition of prestigious management contracts for major domestic and international institutional investors;
- in terms of product ranges: BNP offers the most comprehensive range of mutual funds in France and Paribas, with Parvest, offers the widest range in Luxembourg. The Luxembourg products will be merged in 2000. Some new specialities will be added, such as structured and guaranteed performance funds from BNP Gestions, as well as index funds, asset allocation funds and securities lending from Paribas.

Dedicated Websites

The website pages devoted to mutual funds, which can be accessed directly from the BNP site, have been revamped. An English version is planned for the second half of 2000. In addition, a second generation of the parvest.com site launched two years ago will also be put on-line in the summer of 2000. A single site will be set up for the asset management company by the end of the year, once the merger has been completed.

Securities Services

Profile

In addition to clearing and custody, BNP Paribas offers a full range of securities services, such as paying dividends, collecting tax credits, processing various corporate actions and managing cash movements. The Bank also offers clients high value added services:
- services for European institutional investors one-stop service for international clearing and custody covering more than 60 countries, fund accounting and administration services, depositary bank services and transfer agent services in Germany, Spain, France, Italy and Luxembourg;
- services for large international banks and brokerages local settlement and custody services in Germany, Belgium, Spain, France, Greece, Italy, Portugal and Turkey (co-operation agreement with Ottoman Bank) and sub-contracted services for brokerages;

- services for issuers shareholder management services (meetings, stock options, etc.) and paying agent services;
- services available to all clients securities and cash lending services and collateral management services.
BNP Paribas's securities business, with more than EUR 1,000 billion in assets in custody and more than 10 million transactions processed during the year, was in the front ranks in Europe and in the top ten worldwide in 1999.

Securities services and trading: rankings by the specialist press magazine

	Global Custodian	ICB	Global Investor
France	Excellent service	1st	1st
Belgium	Excellent service	1st	1st
Germany	Registered service	1st	3rd
Spain	Excellent service	1st	2nd
Italy	Excellent service	1st	1st
Greece	Excellent service	2nd	1st
Portugal	Excellent service	2nd	

Strong Business Growth

Two technological challenges came up during the year, with the successful introduction of the euro and the changeover to the year 2000.
The securities business successfully coped with explosive growth of assets in custody, which were up by 50%, as well as a 60% increase in the number of transactions handled due to high volatility, massive trading volumes, the arrival of many new clients and the expansion of services to new regions.

Innovation and Technology

In 1999, the securities business continued to apply its strategy successfully with:
- innovative products;
- on-going investment in ever more powerful technology;
- new value added client services, particularly for European institutional investors, in a growing number of countries.

An Array of Benefits from the Merger

- increased volume of assets in custody and expansion of the range of services offered to major fund managers;
- potential for geographical expansion;
- enhanced capacity for handling derivatives;
- strengthening of the Group's leading position in France in services for issuers and faster growth for this business in Europe.

PB Link

Paribas enhanced its Internet client reporting system, PBlink, to provide more user-friendly service and more secure data transfers. The Internet is also used as a communications medium for share exchange bids when the Group centralizes the operation. Special websites are set up to provide secure distribution of information to the various participants in the deal.

Example of Major Deals:
Olivetti*'s takeover of* Telecom Italia.
This operation, involving EUR 60 billion in market capitalization, was the largest hostile takeover bid ever launched in Europe. The securities business unit at Paribas Milan acted as custodian and collection agent for Telecom Italia *shares, centralizing the shares that its own clients and clients of other local banks tendered to* Olivetti.

Insurance

Profile

The insurance business line stems from the merger of BNP and Paribas insurance companies.
- Natio-Vie, a fully owned subsidiary of BNP, designs and manages life insurance and retirement products distributed by BNP in France;
- Natio Assurances, which is jointly owned with AXA, offers consumers a range of property and casualty policies that have been marketed exclusively through BNP branches up until now;
- Cardif designs and manages a full range of savings and retirement products for individuals and businesses (life insurance, pension liability financing, credit insurance for borrowers, etc.) It distributes its products directly or through banks and financial institutions, brokers and financial advisors. Cardif specialises in multiple partnerships in France and worldwide (22 countries). Some 80% of its business comes from outside the Group and 42% of its business is located outside France.
The BNP Paribas Group ranks 3rd amongst French life insurers and 2nd in terms of international development. It is in the top 30 firms worldwide for personal insurance.

Favorable Market Conditions

Life insurance accounts for nearly 60% of French households' financial investments in terms of flows. Changes in tax rules disrupted the market for a few years, but it is now growing again on the strength of excellent stock market performances.

In 1999, premium income for Natio-Vie and Cardif outstripped market growth in France, particularly on unit-linked contracts. Natio-Vie launched several new products, including Natio-Vie Multihorizons, which targets younger clients planning for retirement, and the BNP Santé complementary health coverage policy. Cardif offers "multiple fund" products that enable policyholders to invest in a wide range of domestic and international products. Cardif's international business expanded by 65% in 1999.

In the 4th quarter of 1999, the portfolio of AXA property and casualty policies formerly marketed by BNP was transferred to Natio-Assurances, which now markets a special range of economical and personalised products.

Separate Brands

Cost synergies are expected from the pooling of certain technical facilities, but BNP Paribas intends to maintain the separate recognized brands and will establish Chinese walls between the teams working with different partners.
Each company will carry on with its own strategy. In the case of Natio-Vie, the aim is to continue strengthening its position on the life insurance and savings products market and to take a stake in the expansion of the very profitable retirement savings market. Cardif plans to continue developing its own distinctive business based on multiple partnerships in several countries.
Meanwhile, Natio Assurances will call on the Specialized Financial Services business line to expand its distribution channels.

Insurance: an excellent strategic fit *in EUR bn*

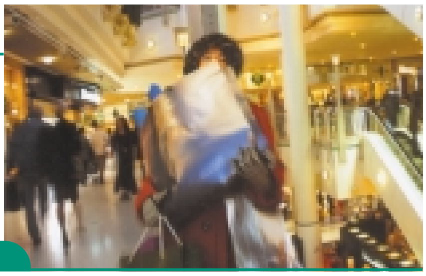
	Natio-Vie	Cardif
Premium income	3.735	3.967
Change	+26.5%	+38%*
Technical reserves	26.1	21.6
Change	+13.4%	+26%

** included +65 % international growth*

Internet Projects

New technologies have proven to be powerful tools for bringing in new business and developing client loyalty. In 2000, Natio-Vie and Natio Assurances will open their own websites and Natio-Vie and Cardif will be actively involved in the Group's Internet projects.
Cardif is also developing ten or so Extranet sites for its partners. The "Finagora" site for independent wealth management professionals attracted 1,100 subscribers in its first 18 months of operation. Cardif is also co-operating with its partners to set up insurance websites, some of which, for example the Cetelem site, will offer on-line sales.

Real Estate



Profile

Conditions in the office and residential real estate market were extremely buoyant in 1999, while the shopping mall segment reaped the full benefits of increased consumer spending. The BNP Paribas real estate subsidiaries developed satisfactorily in this favorable environment.

With over 900 real estate experts, BNP Paribas is one of the foremost players in France. Its comprehensive and integrated offering is built around three departments:

Development and Marketing

BNP Paribas subsidiary Meunier is one of the leading players in the real estate development market in the Paris region. Meunier holds 28% of the commercial real estate development market in this region and has a strong position in the office property management segment.
The Group is also present in the residential real estate development and marketing segment.

Real Estate Financing and Services

BNP Paribas is a major provider of financing for real estate professionals. One of the key priorities of the teams working in this department is to effectively manage risks. The business includes a substantial service component, including advisory services, residential property administration services, valuations and real estate management. With a market share of 16% in 1999, the Group is the leading manager of non-trading real estate management companies ("SCPIs"), a business spearheaded by Antin Gérance and Vendôme Gestions.

Klépierre

Klépierre is the fourth largest real estate company quoted on the Paris Bourse. It is ranked second in the commercial real estate segment and is one of Europe's leading managers of shopping malls. Klépierre is following a determined growth strategy. Its investment policy focuses on acquiring office properties in Paris and the inner suburbs, as well as shopping malls in France and Europe. In the latter segment, Klépierre benefits from the expertise of its subsidiary, Ségécé, one of Europe's leading shopping mall developers and managers. Examples include the 90,000 sq.m. Val d'Europe mall, close to Disneyland Paris, which is scheduled to open at the end of 2000.
At the end of 1999, BNP Paribas held 61% of Klépierre's capital, following the sale of a 4.5% interest to A.B.P., a Dutch pension fund.
The merged BNP Paribas Group has a comprehensive, integrated real estate product and service offering.
The business has been reorganized to more effectively leverage the good strategic fit represented by the two Groups' offers and areas of expertise, giving BNP Paribas a strong position in the market.

PARIBAS CAPITAL

Paribas Capital spearheads the PAI (Paribas Affaires Industrielles) and BNP Private Equity (BNP PE) private equity businesses. It has a dual mission:
- to advise the BNP Paribas Group on its existing portfolio and the Group's direct investments;
- and to manage or advise funds set up jointly by the Group and outside investors, representing the main focus of Paribas Capital's development. Paribas Capital is the leading player in the European private equity market. In 1998*, it was ranked number 1 private equity investor in France and number 1 arranger of LBOs in Continental Europe. The level of investment activity in 1999 was also very high. Paribas Capital has local teams not only in Europe, but also in North America and Asia.

Private Equity Specialist

Paribas Capital's strategy consists of actively developing funds open to outside investors. It partners companies in their development and helps them to create value for all of their shareholders. Following the merger between BNP and Paribas, Paribas Capital now covers all segments of the private equity market in Europe:

- medium-sized and large LBOs through PAI LBO Fund, a EUR 650 million venture capital fund (4 May 1999 closing);
- medium-sized LBOs through Parconexi I, a fund set up jointly by BNP/Banexi and Parcom (ING);
- investments in the telecoms-media sector and Internet stocks through Banexi Ventures, PAI and BNP Europe Telecom and Media II, for which capital commitments totalling $ 100 million have been received (March 2000 closing);
- venture capital, in France through the EUR 60 million Banexi Venture II fund and in the United States through Nazem C^yI;
- mezzanine financing through the Euromezzanine funds. Capital commitments received by the first closing of Euromezzanine 3 totalled EUR 184 million. The final closing is scheduled to take place no later than June 2000.

Paribas Capital also manages a EUR 7.7 billion portfolio of proprietary equity interests, representing one of the largest industrial portfolios in Europe.

An Active Year

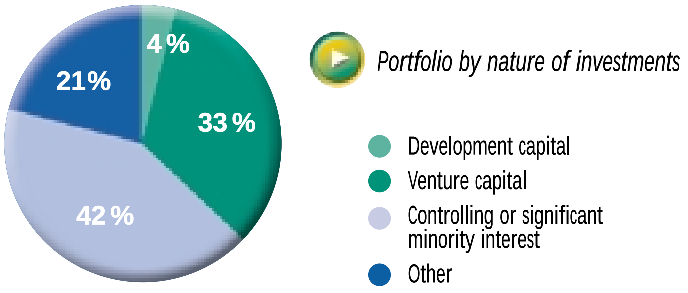
The portfolio is actively managed in order to optimize its value. In 1999, interests totalling EUR 1.5 billion were sold and EUR 700 million worth of new investments were acquired.

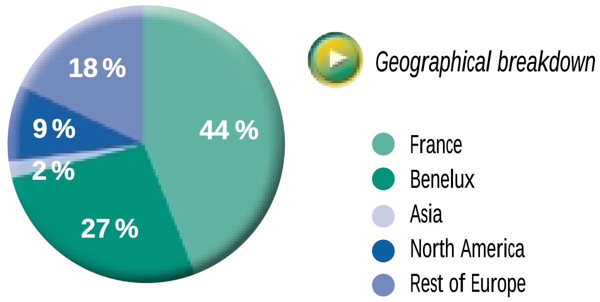
Main disposals

- sale of the remaining 16.9% interest in *Poliet* to the *Saint-Gobain* Group, representing the final stage in the phased sale of Poliet shares agreed with *Saint-Gobain* in 1996;
- block sale *Sema* Group shares on the market, representing 4% of the capital; the transaction generated a substantial gain, thanks to *Sema* Group's excellent performance;
- sale of a controlling interest in *Fichet-Bauche* to Sweden's *Gunnebo*;
- sale of *Equant* shares at a substantial profit in connection with this company's IPO;
- agreements for the phased sale of Paribas Capital's interests in *Via-GTI*, *Saupiquet* and *Audiofina* between 2000 and 2002;

* *Last available ranking.*

Portfolio breakdown





- sale by Cobepa (the Group's private equity subsidiary covering Benelux and Canada) of a further block of *Aegon* shares acquired in connection with the *Gevaert* demerger in 1997;
- block sale by Cobepa of *Mobistar* shares.

Main investments

The funds managed or advised by Paribas Capital stepped up their investment in the telecoms-media, Internet and venture capital sectors. Interests were acquired in *Mobilix* (Danish telephony company), *Dolphin* (pan-European professional radiocommunications company), *Multimania* (leading Internet community site), *Freelotto* (free Internet lottery site), *Keeboo* (storage of web pages) and *Kelkoo* (comparison shopping site). In the area of venture capital, the main investments were in *Meristem* (biotechnology, protein-based products) and *Teem Photonics* (optical components).

Paribas Capital generates strong recurring profits and 1999 was no exception. The medium-term goal is to achieve a return on equity of 25% with an accompanying reduction in capital employed.

Examples of new investments

Ceva Santé Animale:
Through the PAI LBO Fund, PAI took part in a management buyout of the entire capital of Sanofi Santé Nutrition Animale *(SSNA), which spearheaded* Sanofi-Synthélabo's *animal health and animal nutrition businesses. The company –which has been renamed* Ceva Santé Animale– *has consolidated sales of some EUR 150 million, including EUR 120 million in the animal health sector. Its specialty businesses are growing at the rate of 10% to 18% and nearly three quarters of sales are realized outside France.*

In 1996, Ceva Santé Animale *launched a new strategy designed to increase its level of specialization and expand its geographic reach. Between 1995 and 1998, sales of the company's two animal health specialties grew by over 10% and 18%.*
PAI LBO Fund's investment in Ceva Santé Animale's *capital will allow the company to remain independent while continuing to implement a growth strategy that is designed to create value.*

Belron
Cobepa and its partner, D'Ieteren, *have acquired the entire capital of the* Belron *Group.* Belron *is the world's leading provider of windshield repair and replacement services. It operates in Europe under the* Carglass *and* Autoglass *banners, and is also present in Canada, Australia and New Zealand, as well as in the United States through its interest in* Safelite. Belron *has annual sales of EUR 800 million and Safelite's sales are of the same magnitude. The Group's size and technical leadership allow it to offer extremely competitive prices and a first class service to insurance companies, fleet managers and private customers.*

The deal was carried out through a joint venture that is 30%-owned by Cobepa *and 70% by* D'Ieteren.
D'Ieteren operates as an automobile distributor and is also present in the car rental sector through Avis Europe.
Copeba has held a 7% stake in D'Ietern's capital for the last five years, during which this company has gone from strength to strength. Belron *will represent a new growth driver for the* D'Ieteren *Group, helping to expand its geographic reach and to promote the adoption of best practices among the various local entities.*

Copeba invested EUR 100 million in Belron. *The deal illustrates the Group's ability to carry out highly complex transactions at global level and its commitment to supporting the development of the companies of which it is a partner.*

Oberthur Smart Cards
This subsidiary of Oberthur *(electronic banking), manufactures smart cards. In connection with the financing of the FRF 2 billion acquisition of* De La Rue, *BNP Private Equity advised Banexi to invest EUR 15.8 million in OSC's capital.*

Banexi has been a shareholder of Oberthur *since 1992.*

Financial Statements 1999

BNP PARIBAS

BNP PARIBAS

Financial Statements

REPORT OF THE BOARD OF DIRECTORS BNP PARIBAS Group 1999

Nineteen ninety-nine was a watershed year for the Group. Following a public tender offer without precedent in the French banking industry and a six-month stock market battle, BNP was able to conduct a merger of equals with Paribas. For each of the two groups, this is far and away the most important event since their privatization. By combining their strengths, they have moved up a league and opened up new avenues of growth. The expanded BNP Paribas Group is a leading player in the European banking industry with the necessary strengths to compete effectively in the global marketplace.

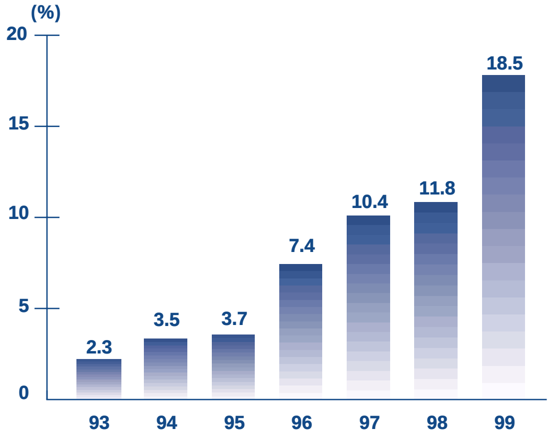
BNP PARIBAS: key dates

February 1, 1999 :	Société Générale announces offer for Paribas.
March 9, 1999 :	BNP files notice of offers for Société Générale and Paribas with the stock exchange authorities (CMF and COB).
March 16, 1999 :	the CMF gives BNP offers the green light.
March 29, 1999 :	the banking authorities (CECEI) gives the go-ahead for the BNP offers and the COB approves the prospectuses.
June 15, 1999 :	Société Générale raises the price of its offer for Paribas.
July 1, 1999 :	BNP raises the price of its offers for Paribas and Société Générale.
August 23, 1999 :	the CMF announces the final results of the offer– BNP gets 65% of Paribas.
August 27, 1999 :	BNP is told to give back the Société Générale shares tendered to the offer.
September 1, 1999 :	BNP PARIBAS Committee is set up and senior management team of the expanded Group is appointed.
September 20, 1999 :	BNP PARIBAS business plan is presented to the financial markets. The Group announces a further tender offer for the remaining Paribas shares.
November 4, 1999 :	the CMF announces the results of the new offer, which closed on October 21 – BNP's interest in Paribas is raised to 96%.
February 1, 2000 :	following the simplified buyout offer and compulsory buyout, BNP holds the entire capital of Paribas.

The success of the offer testifies to the progress made by BNP since privatization in 1993. Over the last six years, the Bank has been reorganized and reshaped. The action taken in this area, coupled with the commitment of staff to meeting the Bank's ambitious goals, has driven a sharp improvement in profitability. Net income for 1999 was 12 times[(1)] above the 1993 figure, earnings per share were 7 times higher and return on equity stood at 18.5% versus 2.2% at year-end 1993.

While the battle was being waged on the stock market, the teams working in the BNP and Paribas operating units continued to focus on the task in hand, succeeding in reaping the full benefits of the favourable business environment. As a result, 1999 was also a landmark year in terms of earnings growth.

BNP (on a stand-alone basis)
Return on equity*
Eightfold increase since 1993



** ROE : Net income attributable to Group/Average stockholders' equity (excluding minority interests, after dividend).*

(1) Based on 1999 consolidated net income, excluding Paribas, before restructuring costs (EUR 1,906 million).

PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE NEW BNP PARIBAS GROUP

The 1999 pro forma consolidated financial statements of BNP Paribas have been prepared by combining the BNP Group consolidated financial statements (including the contribution of the Paribas Group for the fourth quarter, determined in accordance with BNP Group policies) and the Paribas consolidated financial statements for the first nine months of the year (prepared in accordance with Paribas Group policies). Pro forma consolidated net income, after minority interests but before restructuring costs, totalled EUR 3,266 million. This was 54.3% higher than the combined consolidated net income of the BNP and Paribas groups for 1998, reflecting the excellent performances of both groups.

In millions of euros	Pro forma résults		
	1999	1998	Change
Net banking income	14,339	11,814	+21.4%
(Operating expenses)	(9,549)	(8,503)	(+12.3%)
Gross operating income	**4,790**	**3,311**	**+44.7%**
(Net additions to allowances for credit risks and country risks)	(1,075)	(1,769)	(-39.2%)
Net operating income	**3,715**	**1,542**	**+140.9%**
Share of earnings of companies carried under equity method, disposal gains and other	1,522	1,553	-2.0%
(Income taxes)	(1,659)	(782)	(+112.1%)
(Minority interests)	(312)	(197)	(+58.4%)
Net income attributable to Group before restructuring costs	**3,266**	**2,116**	**+54.3%**
(Restructuring costs)[1]	(651)	(400)	(+62.8%)
Net income attributable to Group after restructuring costs	**2,615**	**1,716**	**+52.4%**

Net banking income grew 21.4% to EUR 14.3 billion. Excluding the effect of changes in Group structure[2] and on a comparable basis[3] the rate of increase was 17.7%. Operating expenses rose by 12.3% or 7.7% excluding the effect of changes in Group structure. Gross operating income totalled EUR 4.8 billion, up 44.7% on 1998 or 44.0% excluding the effect of changes in Group structure and on a comparable basis. The operating efficiency ratio stood at 66.6% versus 72.0% in 1998.

Net additions to allowances for credit risks and country risks, in an amount of EUR 1.1 billion, were 39.2% lower than in 1998 when several emerging countries were hit by financial crises. Other components of net income (share of earnings of companies carried under the equity method, gains on disposals of long-term investments, non-recurring and other items) contracted by 2% to EUR 1.5 billion. Income before taxes surged by 69.2% to EUR 5.2 billion. The new Group's pro forma return on equity reached 17.1% before restructuring costs and 14.2% after restructuring costs.

BNP GROUP STATUTORY RESULTS

The two groups operated on a stand-alone basis in the first nine months of the year. Consequently, the statutory consolidated financial statements of the BNP Group include Paribas only for the last quarter. The condensed statutory income statement is as follows[4] :

(1) EUR 595 million for BNP and EUR 56 million corresponding to the re-instatement, in connection with the BNP Paribas project, of the provision set aside by Paribas in 1998 (EUR 400 million), of which EUR 62 million were used for the SG-Paribas project.

(2) The main changes in Group structure concern the Bank of the West/First Hawaiian merger, the acquisition of Sierra West and the full consolidation of UEB.

(3) After neutralizing the effect of the 1998 sovereign debt securitizations in Côte d'Ivoire and Kenya.

(4) The 1999 financial statements have been prepared in accordance with the new consolidated accounting standards applicable to financial institutions regulated by the Comité de la Réglementation Bancaire et Financière. As required under these standards, the insurance and real estate subsidiaries previously accounted for by the equity method–Natio-vie, Meunier Promotion and BNP Ré–have been fully consolidated. The financial statements for prior years have been restated on the same basis. This change of consolidation method had the effect of increasing the BNP Group's 1999 net banking income by EUR 209 million. Under the new standards, deferred taxes are recognized for temporary differences between the book value of assets and liabilities and their tax basis. The acquisition of Paribas has been accounted for by the pooling of interests method, in accordance with the French National Accounting Board ("CNC") Urgent Issues Task Force's interpretation of the rules governing the application of this alternative method contained in section 215 of Accounting Regulatory Committee ("CRC") Rule 99-07. This method consists of recording the net assets of Paribas at their net book value in the Paribas accounts, as restated in accordance with BNP Group accounting policies. The difference between the cost of the Paribas shares and the book value of the net assets acquired has been written off against the premium on the BNP shares issued in exchange for Paribas shares.

	(1) BNP 1998	(2) BNP 1999 excl. Paribas	(3) Paribas 4th quarter 1999	(2)+(3)=(4) BNP 1999 (statutory)	Change (2)/(1)	Change (4)/(1)
Net banking income	7,575	9,015	1,191	10,206	+19.0%	+34.7%
(Operating expenses)	(5,081)	(5,775)	(967)	(6,742)	(+13.7%)	(+32.7%)
Gross operating income	**2,494**	**3,240**	**224**	**3,464**	**+29.9%**	**+38.9%**
(Net additions to allowances for credit risks and country risks)	(1,206)	(598)	(104)	(702)	(-50.4%)	(-41.8%)
Net operating income	**1,288**	**2,642**	**120**	**2,762**	**+105.1%**	**+114.4%**
Share of earnings of companies carried under equity method, disposal gains and other	361	449	232	681	+24.4%	+88.6%
(Income taxes)	(482)	(1,033)	(168)	(1,201)	(+114.3%)	(+149.2%)
(Minority interests)	(53)	(152)	(11)	(163)	(+186.8%)	(+207.5%)
Net income attributable to Group before restructuring costs	**1,114**	**1,906**	**173**	**2,079**	**+71.1%**	**+86.6%**
(Restructuring costs)	-	(595)	-	(595)	-	-
Net income attributable to Group after restructuring costs	**1,114**	**1,311**	**173**	**1,484**	**+17.7%**	**+33.2%**

BNP Group net income including the contribution of Paribas for the fourth quarter of the year, totalled EUR 2.1 billion before restructuring costs, an increase of 86.6% compared with the previous year. Excluding Paribas, net income before restructuring costs expanded by 71.1% to EUR 1.9 billion, representing a sharply improved return on equity of 18.5%. Net banking income rose by 34.7% to EUR 10.2 billion. Excluding Paribas, the total was EUR 9.0 billion, up 19% on the previous year. Commission income climbed by 16% and value added to capital expanded by 13%. The underwriting results and net investment income of insurance companies also rose sharply. Operating expenses grew at a slower rate than net banking income, driving a 38.9% increase in gross operating income to EUR 3.5 billion, including Paribas (EUR 3.2 billion, up 29.9% excluding Paribas). The operating efficiency ratio improved to 64% (excluding Paribas) from 67% in 1998. Net additions to allowances for credit risks and country risks contracted sharply, reflecting an improvement in country risks and good economic conditions in France. Net operating income doubled to reach EUR 2.8 billion (EUR 2.6 billion excluding Paribas). The reduction in additions to allowances was not the result of a more relaxed approach–on the contrary, coverage of specific non-performing loans increased compared with 1998. Other components of net income rose 88.6% (24.4% excluding Paribas). The Group's share of earnings of companies carried under the equity method contracted from EUR 29 million to EUR 19 million, due to additional provisions booked by African affiliates, while net gains on disposals of long-term investments surged by 90.6% (44.8% excluding Paribas). The 22.8% increase in net non-recurring expenses stemmed primarily from contributions to the depositors' guarantee fund paid for the first time in 1999, allowances set aside to cover the cost of extending the plan to adapt employee numbers and additions to allowances related to the changeover to the euro.

After deducting income taxes of EUR 1.2 billion, minority interests of EUR 163 million and restructuring costs of EUR 595 million, net income for the year amounted to EUR 1.5 billion, up 33.2% on 1998.

PRO FORMA RESULTS BY DIVISION

The income statements of the six BNP Paribas divisions have been prepared in accordance with BNP Group accounting policies, except for the income statements of Paribas businesses for the first nine months of the year which are based on Paribas accounting policies.

DESCRIPTION OF THE SIX CORE BUSINESS SEGMENTS

Domestic Retail Banking

This division mainly comprises the BNP domestic banking network, Banque de Bretagne and BNP Développement.

International Retail Banking

This segment includes BancWest, the BNPI Group, the SFOM Group (« BICIs ») and BNP subsidiaries in the French overseas departments and territories.

Specialized Financial Services

The main subsidiaries in this division are:

Cetelem, UFB Locabail, BNP Lease, UCB, Cortal, Arval, Europcarlease and Banque Directe.

Private Banking, Asset Management, Insurance and Securities Services

This segment includes the asset management subsidiaries (BNP Gestions, PAM), the private banking subsidiaries, the life insurance companies (Natio-vie, Cardif), the non-life insurance business (Natio Assurance) and Paribas' custodial services business.

Corporate and Investment Banking

This division comprises capital markets operations (Equity, Bond, Currency and Money Markets), the corporate finance business, the commercial banking business and the specialist financing businesses (structured financing, project financing, international trade financing and special financing for commodity and energy producers, the telecommunications and media sectors).

Paribas Capital

This segment includes Paribas Affaires Industrielles and Banexi's private equity business.

Income from asset/liability management, the real estate business, the management of real estate used in the business and the proprietary securities portfolio is not allocated to any of the six divisions.

ALLOCATION OF CAPITAL

Income from the capital allocated to each division is included in the division's income statement. The capital allocated to each division corresponds to the amount required to comply with international capital adequacy ratios and is based on 6% of risk-weighted assets. The capital allocated to the Private Banking and Asset Management divisions is increased by an amount equal to 0.25% of assets under management. The capital allocated to equity portfolio management businesses is increased by an amount corresponding to a certain percentage of the net book value of the shares. The percentage varies depending on the investment and is designed to reflect the actual risk. The capital allocated to the insurance business corresponds to the amount required to comply with the capital adequacy ratios applicable to insurance companies.

Domestic Retail Banking: very strong growth in gross operating income, commission income and income from new products

The BNP Domestic Retail Banking division's revenues, based on allocated capital, rose by 5.0% to EUR 3,835 million. Commission and fee revenue, representing 43.3% of the total, expanded by 6.6% despite the falloff in forex transactions following the launch of the euro. Operating expenses increased by a modest 1.1%, excluding incentive plans and profit-sharing. In 1999, significant investments were made to develop new products and new distribution channels.

Gross operating income, based on allocated capital, topped EUR 1 billion, reflecting 13.6% growth compared with 1998. At EUR 203 million, net additions to allowances for credit risks were only 3.0% up on 1998, contributing to a 24.4% rise in income before tax to EUR 759 million. Return on equity before tax climbed to 19% from 16% in 1998.

In a year of strong demand for new loans, matched by a substantial inflow of customer funds into deposit accounts and savings products, BNP Paribas focused on keeping interest margins at a satisfactory level. Outstanding loans expanded by 4.5%, including 10.1% growth in outstanding consumer loans.

	In millions of euros	Change
Net banking income	3,910	+5.0%
Operating expense	(2,905)	(+2.4%)
Gross oper. income	1,005	+13.6%
Allowances	(203)	(+3.0%)
Pre-tax income	759	+24.4%
ROE	19%	+3pts

Demand deposits rose by 13.4%, life insurance technical reserves increased by 14,5% and customer savings invested in mutual funds were 20.8% up. The number of accounts expanded by 63,700 and the number of bank cards in issue grew by 12.5%.

To enhance the service offered to customers seeking guidance on managing their savings the number of investment advisors was increased to 450 at December 31, 1999. The number of customers advised by these teams rose by 28% to 48,500 at the end of the year.

The Domestic Retail Banking division is keeping up the drive to modernize its operations, expand its range of multimedia and multi-channel product and service offerings based on new technologies and enhance the overall quality of service. And it is also holding firm to its commitment to achieving a steady improvement in profitability.

	In millions of euros	Var.
Outstanding loans	47,107	+9%
New lending	22,253	+22%
Pre-tax income	507	+10%
ROE	23%	=

Specialized Financial Services: sustained business development and investment

In 1999, the Group continued to invest in business growth. Eleven new foreign entities were opened, including seven in Europe. One quarter of new lending now originates outside France. During the year, the Group doubled its interest in the capital of Cassa di Risparmio di Firenze, set up a joint-venture with Halifax in the United Kingdom and established a global partnership with Carrefour, supported by the Cetelem processing platforms.

The Group is ranked number 1 in France and among the top three banks in Europe in the consumer lending, leasing and automobile fleet management markets.

New lending by Cetelem rose by 16%, driving 13% growth in outstanding loans. New lease financing granted by UFB-Locabail and BNP Lease was 23% up on 1998. Arval expanded its offer to include commercial vehicles and posted 54% growth in outstanding loans. UCB increased its new lending by 46% and signed an agreement for the supply of processing services to Société Générale. Banque Directe's outstanding loans expanded by 49% and deposits grew at the same rate.

Cortal moved up a gear in its development, registering a 68% increase in brokerage transactions and a 49% rise in the value of assets under management. As of 31 December 1999, Cortal had a total of 473,000 customers.

The Specialized Financial Services division ended the year with gross operating income of EUR 731 million, up 4.3% on 1998. Income before tax climbed 10% to EUR 507 million and return on equity held firm at 23%. In the years to come, the division will be the focus of an active development and investment strategy, in Europe and worldwide.

Operating assets	1998	1999	1999/1998
Cetelem	**15,719**	**17,704**	**+13%**
of which France	*12,979*	*13,987*	*+8%*
of which International	*2,740*	*3,717*	*+36%*
Leasing	**13,736**	**14,974**	**+9%**
of which France	*12,381*	*13,146*	*+6%*
of which International	*1,355*	*1,827*	*+35%*
Arval	**565**	**870**	**+54%**
of which France	*363*	*460*	*+27%*
of which International	*202*	*410*	*+103%*
UCB	**13,760**	**13,935**	**+1%**
of which France	*10,975*	*10,603*	*-3%*
of which International	*2,785*	*3,333*	*+20%*
Banque Directe	**40**	**52**	**+31%**
of which France	*40*	*52*	*+31%*
Total SFS	**43,416**	**47,107**	**+9%**
of which France	*36,335*	*37,820*	*+4%*
of which International	*7,081*	*9,287*	*+31%*

Contribution of subsidiaries to pre-tax income

	Cetelem	UFB / BNP Lease	UCB	Arval	Cortal	Banque Directe	CFS	Others	Total
Pre-tax	**329**	**133**	**99**	**17**	**23**	**- 28**	**- 4**	**- 61**	**507**
Change	**+8%**	**-5%**	**+40%**	**+6%**	**+23%**	**ns**	**ns**	**ns**	**+10%**

International Retail Banking: a milestone year in terms of external growth and profitability

The International Retail Banking division further expanded its geographic reach, with the acquisition of Sierra West, an American bank licensed to operate in Nevada and California. The synergistic benefits from the merger between Bank of the West and First Hawaiian were achieved ahead of schedule, helped by the economic recovery in Hawaii. During the year, the Group also raised to 74% its stake in Société Financière pour l'Outre-Mer, which holds interests in 11 African banks including the BICI Group.

These external growth operations contributed to the 66.6% rise in the division's net banking income to EUR 1,183 million. Gross operating income doubled to reach EUR 478 million and pre-tax income based on allocated capital rose in the same proportions to EUR 324 million(1). Return on equity before tax expanded by 2 points to 30%.

	In millions of euros	Change	Like-for-like change
Net banking income	1,183	+66,6%	+8,5%
Operating expense	(705)	+56,7%	+1,3%
Gross op. income	478	+83,8%	+20,9%
Allowances	(107)	+18,9%	-
Pre-tax income	324	x 2	+37,3%
ROE	30%	+2pts	-

(1) Based on a comparable structure, net banking income rose by 8.5%, gross operating income by 20.9% and pre-tax income by 37.3%.

Private Banking and Asset Management: fast-growing businesses generating high levels of recurring income

The new BNP Paribas Group is one of the leading players in the European asset management and private banking markets, and one of Europe's top two providers of custodial services.

In 1999, these businesses reaped the benefits of strong market growth. Assets under management soared to EUR 209 billion at December 31, 1999 from EUR 147 billion one year earlier. Part of the growth stemmed from the increase in the Group's interest in Union Européenne de Banque from 50% to 100%, making BNP Paribas the top ranking foreign player in the Swiss private banking market. In addition, strategic alliances were established with FFTW in the United States and Dongwon in Asia. In insurance, the technical reserves of Cardif expanded by 26% to EUR 21.6 billion and those of Natio-Vie rose 13% to EUR 26.1 billion.

Total net banking income from asset management and private banking amounted to EUR 1,691 million, an increase of 21.5% on 1998. Gross operating income expanded by 25% to EUR 609 million. Return on equity before tax stood at 25%.

The division intends to strengthen its position as a global player by continuing to expand its geographic reach and raising the pace of organic growth, leveraging the Group's size, strong international presence and expertise.

	In millions of euros	Change
Net banking income	1,691	+ 21,5%
Operating expense	(1,082)	+ 19,8%
Gross op. income	609	+ 24,5%
Pre-tax income	522	+ 27,9%
ROE	25%	=

Corporate and Investment Banking: an excellent performance in a favourable environment

The Corporate and Investment Banking division had a record year, reaping the full benefits of economic growth and favourable conditions on the financial markets. Pro forma net banking income, based on allocated capital, rose by 30.4% to EUR 5,540 million and gross operating income surged by 75.9% to EUR 2,215 million. The economic recovery in emerging markets provided scope for a substantial 56.8% reduction in net additions to allowances for credit risks and country risks, to EUR 434 million in 1999. Return on equity before tax came to 20%.

The merger between BNP and Paribas has raised the new Group to the leadership position in several segments of the corporate and investment banking market. The Group is an active player on all the main international financial markets. It has operations in over 80 countries, with strong local presences in Europe and Asia.

In 1999, BNP Paribas had an exceptionally good year on the equity and equity derivatives markets. The Group was ranked no. 3 worldwide in euro-denominated bond issues, no. 9 worldwide and no. 2 in Europe in syndicated loans and among the leading banks in the project financing market. It was involved in the major acquisitions that hit the headlines in 1999 and was the leading provider of commodity financing.

The adoption of a more selective lending policy combined with increased use of portfolio management and securitization techniques helped to reduce the average capital allocated to this business to EUR 9 billion from EUR 9.2 billion in 1998.

BNP Paribas' leadership positions in several segments of the corporate and investment banking market lend credibility to its ambitious development goals in Europe and worldwide.

	In millions of euros	Change
Net banking income	5,540	+30.4%
Operating expense	(3,325)	(+11.2%)
Gross op. income	2,215	+75.9%
Allowances	(434)	(-56.8%)
Pre-tax income	1,783	x6.6
ROE	20%	+16.0pts

Paribas Capital: an excellent performance accompanied by a shift in focus towards private equity funds

	1999	1998
Gains	638	675
Pre-tax income	720	725
ROE	36%	35%

In 1999, Paribas Capital moved up a gear in the development of its private equity funds business. The Paribas LBO Fund and other funds continued to build up their portfolios on behalf of investors. In total, Paribas Capital sold EUR 1.5 billion worth of investments, including stakes in Poliet, Sema and Equant, and acquired new investments totalling EUR 700 million.

Although gains of EUR 638 million were realized during the year, unrealized gains rose by a net amount of EUR 850 million to EUR 4.8 billion at the year-end. Pre-tax income held firm compared with 1998 at EUR 720 million. Return on equity before tax stood at 36%.

Paribas Capital intends to continue to reduce the volume of capital employed in the business, while giving external investors the benefit of its market-leading skills through private equity funds.

Main investments held by Paribas Capital

	Business	% interest (1)	Countries	Market value (In millions of euros)
Controlling and significant minority interests				
Atos (ex-Axime)	Banking and financial software	12.7	France	418
Royal Canin	Dry dog food, No.1 in France and Europe	56.4	France	398
GIB (Cobepa)	Retailing, No.1 in Belgium	21.9	Benelux	317
GTI (2)	Passenger transport, No.1 in France	71.1	France	276
Carbone Lorraine	One of the world's leading manufacturers of carbon-based components	21.8	France	102
GNA	Cattle feed, No.1 in France	64.0	France	91
Hurel-Dubois	Design and manufacturer of structural components for aircraft	50.9	France	63
Fives Lille	Global specialist in customized industrial equipment	29.3	France	53
Saupiquet (2)	Fish canning, No.1 in France and Germany	37.1	France	41
La Rochette	Packaging	24.0	France	40
Collins & Aikmann	One of America's leading flooring manufacturers	39.2	USA	Unquoted
Coparex	France's leading independent oil company	95.3	France	Unquoted
Diana	Natural ingredients for the food and pharmaceuticals industries	100.0	France	Unquoted
Financière SAE-Fougerolle	Construction and public	49.8	France	Unquoted
Mayroy (Beaufour)	One of the four independent pharmaceuticals companies in France	4.6 (Direct)	France	Unquoted
Mestrezat et Domaines	Wine production and	86.5	France	Unquoted
Polaris	Automatic pool cleaning systems, No.1 worldwide	60.6	USA	Unquoted
Via North America	Orange juice (Florida)	100.0	USA	Unquoted
Investments held PAI LBO Fund				
Panzalim	Pasta, sauces, condiments and ready-meals, No.1 in France	50.0	France	Unquoted
IPC Magazines	Magazine and Internet publishing, No.1 in the UK	16.0	UK	Unquoted
Stoeffler	Cooked pork products from Alsace, No.1 in France	75.0	France	Unquoted
Gerflor	PVC flooring, No.2 in Europe	49.0	France	Unquoted
Beaufour	One of the four independent pharmaceuticals companies in France	9.2 (3)	France	Unquoted
JB Baillière Santé	Medical publications in France	97.0	France	Unquoted
Feinkost	Mixed salads, No.1 in Germany	20.0	Germany	Unquoted
Ceva Santé Animale	Animal health	78.0	France	Unquoted
Mobilix	Telecom operator, No.3 in Denmark	4.5 (4)	Denmark	Unquoted
Carreman	Medium and top-of-range clothing fabrics	100.0	France	Unquoted

(1) Including minority interests.
(2) Sale agreed.
(3) 11.2% after dilution. 16.8% including Paribas direct interest and after dilution.
(4) 8.9% with interests held by Paribas.

Business		% interest[1]	Countries	Market value (in millions of euros)
Significant interests				
Sema Group Plc	Europe's second largest IT services group	10.0	UK	831
Mobistar (Cobepa)	Mobile telephony in Belgium	8.7	Benelux	308
Versatel (Cobepa)	Mobile telephony in Belgium	12.4	Benelux	255
Phone.com	Internet services software for mobile telephone network operators	1.8	USA	136
Equant	Data transmission services	0.5	Benelux	114
Pochet	World's leading manufacturer of luxury perfume bottles	34.2	France	92
TIW	Téléphonie	3.1	Canada	81
SR Téléperformance (ex Rochefortaise Communication)	Télémarketing, marketing services and healthcare information	11.5	France	76
UBC - United Broadcasting Corp.	Thailand's leading Pay-TV company	3.8	Thailand	20
Bormioli Rocco	Italy's leading of glass containers and tableware (No.3 in Europe)	11.9	Italy	Unquoted
Bouygues Telecom	Mobile telephony	6.5	France	Unquoted
Concorde	One of the world's leading manufacturers of tiles for the construction industry	15.0	Italy	Unquoted
Doux	Europe's leading producer of chickens (No. 3	20.2	France	Unquoted
Elior (ex Bercy Management)	France's leading food services group	5.2	France	Unquoted
Intercos	Cosmetics	20.0	Italy	Unquoted
UGC SA	France's leading cinema group	15.1	France	Unquoted
Sonepar	Distribution de matériel électrique	3.0	France	Unquoted
Oberthur Smart Card	Cartes à puce	4.9	UK	Unquoted
Other interests				
Aegon (Cobepa)	One of the world's leading insurance companies	2.2	Benelux	1,235
Audiofina[2]	One of the leading European media groups	8.9	Benelux	418
Pargesa (Cobepa)	GBL and Parfinance holding	14.5	Benelux	391
President Chain Stores	Taiwan's leading food retailer	1.9	Taiwan	42
Bayantel	2nd largest telecoms operator in the Philippines	0.8	Philippines	Unquoted

(1) Including minority interests.
(2) Sale agreed.

OUTLOOK

In 1999, the Group began to move towards the goals set for 2002 in the BNP Paribas business plan presented in the autumn. These goals include redeploying capital in favour of the retail banking, private banking and asset management businesses and improving profit margins in all businesses. The targets in terms of synergistic benefits at the level of both revenues and costs have been confirmed following the analyses performed by the workgroups set up to organize the operational merger of the two groups.

Internet has revolutionized the way banks and financial services companies do business. Both BNP and Paribas started investing in this area several years ago, in anticipation of the changes that the “Net economy” would bring. They both acted as forerunners in this area, with the result that, today, BNP Paribas is France's leading player in e-finance.

BNP Paribas is far and away the leading provider of net-banking services for retail customers. Over 200,000 customers had signed up for BNP's electronic banking service as of March 20, representing a market share of 30%. Banque Directe is currently the only 100%-virtual bank in France and e-Cortal, with 56,000 on-line customers, holds 40% of the French e-brokerage market. BNP Paribas also offers business-to-business services on the web, including via the Business Village portal used by 16,000 corporate customers.

BNP Paribas is also France's leading provider of secure payment services with Cyber-comm, set up in partnership with Visa, France Télécom, Gemplus, Cap Gemini and Alcatel; Mercanet, a secure payment system on the Internet based on SSL standards and ItiAchat, a payment system set up with France Télécom for mobile telephone users.

In mid-1998, a project was launched to establish a multi-channel bank allowing each of the 6 million customers of the network to choose between visiting their local BNP branch or automatic teller machine or conducting their banking transactions from home, via the Internet, the Minitel view-data system, their mobile phone or television set, without any difference in service quality. The rollout of these new banking services as from the second half of 2001 will make BNP Paribas one of the first European banks offering integrated banking models.

Internet is at the heart of the Group's development plans. A total of EUR 700 million will be invested in e-finance over the next three years. All of the divisions have their own Internet strategy and a multidisciplinary unit reporting directly to Group management has been set up to coordinate and develop partnerships, encourage cross-divisional projects and promote a web-based culture across the entire organization.

BNP Paribas has the critical mass required to compete effectively in the international market. With stockholders' equity of EUR 19.0 billion, after dividends, a EUR 1 billion reserve for general banking risks, EUR 218 million in reserves for sectoral risks and EUR 2.9 billion in general reserves for country risks, the Group has a very solid base that will stand it in good stead as it faces the challenges of the future.

Following the analyses performed by the BNP Paribas workgroups, the business plan targets have been confirmed. The Group has now set an even more ambitious challenge, that of exceeding the plan target of 16% return on equity by 2002 and 16% average annual growth in earnings per share between 1998 and 2002.

The Board of Directors would like to pay tribute to the BNP and Paribas teams for their textbook performance in 1999 and the quality of the results obtained. Working together as a joint team, they will play a key role in ensuring that the new BNP Paribas Group goes from strength to strength.

PRO FORMA	1998		1999		Targets 2002	
	Allocated capital	ROE before tax	Allocated capital	ROE before tax	Allocated capital	ROE before tax
Total Retail Banking	6.6	20%	7.3	22%	9.7	27%
Domestic Retail Banking	3.7	16%	4.0	19%	4.5	23%
International Retail Banking	0.9	28%	1.1	30%	2.1	35%
Specialized Financial Services	2.0	23%	2.2	23%	3.1	27%
Private Banking & Asset Management Insurance and Securities Services(1)	1.6	25%	2.1	25%	2.4	30%
Corporate and Investment Banking	9.2	4%	9.0	20%	8.1	21%
Paribas Capital	2.2	35%	2.0	36%	1.4	25%
Total allocated capital	19.6	14%	20.4	23%	21.6	25%

Return on equity after amortization of goodwill, including minority interests except for Paribas Capital. Including external growth operations.
(1) Excluding real estate.

Results of BNP SA

In millions of euros	1997	1998	1999	Change 99/98	Change 98/97
Net banking income	5,206	5,483	5,784	5.5%	5.3%
(Operating expenses)	(3,688)	(3,782)	(3,918)	(3.6%)	(2.5%)
Gross operating income	**1,518**	**1,701**	**1,866**	**9.7%**	**12.1%**
(Net additions to allowances)	(840)	(973)	(507)	(-47.9%)	(15.8%)
Net operating income	**678**	**728**	**1,359**	**86.7%**	**7.4%**
Capital gains and other	(408)	367	530	44.4%	n.s.
(Income taxes)	50	(17)	(323)	n.s.	n.s.
Net income before restructuring costs	320	1,078	1,566	45.3%	236.9%
(Restructuring costs)	-	-	(594)	-	-
Net income after restructuring costs	320	1,078	972	-9.8%	236.9%

APPROPRIATION OF 1999 INCOME

Total income to be appropriated at the Annual Stockholders' Meeting of May 23, 2000 amounts to EUR 1,399,860,426.97, including net income for the year of EUR 971,519,140.76 and unappropriated retained earnings of EUR 428,341,286.21 brought forward from the previous year. The Board of Directors intends to recommend that this amount should be appropriated as follows:

- to the legal reserve: EUR 96,625,467.22;
- to other reserves and unappropriated retained earnings: EUR 515,508,345.25;
- to dividends: EUR 787,726,614.50.

Debit		Credit	
Legal reserve	96,625,467.22	Unappropriated retained earnings brought forward from prior year	428,341,286.21
		Net revenue for the year less operating expenses, depreciation and amortization and net additions to allowances, and other expenses	971,519,140.76
Income available for distribution:			
• Other reserves	15,853,548.20		
• Dividends	787,726,614.50		
• Unappropriated retained earnings	499,654,797.05		
Total	**1,399,860,426.97**	**Total**	**1,399,860,426.97**

Changes in capital stock

	Number of shares	Capital stock
At 5 January 1999	**218,488,800**	**873,955,200**
Issuance of shares on exercise of stock options	180,395	721,580
Private placement reserved for staff members	1,507,499	6,029,996
1st tender offer for Paribas shares	154,628,116	618,512,464
Simplified tender offer for Paribas shares	74,861,934	299,447,736
At 31 December 1999	**449,666,744**	**1,798,666,976**
Issuance of shares on exercise of stock options	462,750	1,851,000
At 26 January 2000	**450,129,494**	**1,800,517,976**

At 31 December 1999, the BNP Paribas Group held 8,545,667 shares in treasury stock.
The 462,750 shares issued in January 2000 carry dividend rights as from January 1, 1999.

Capital adequacy ratios

Cooke ratio At 31 December	1999	1999	1998
In billions of euros and %	BNP Paribas Before CVRs	BNP Paribas After CVRs(1)	BNP -
Risk-weighted assets	298.9	298.9	180.2
Tier 1 and Tier 2 capital: - Tier 1 capital - Tier 2 capital	30.1 21.2 8.9	28.7 19.8 8.9	18.8 11.6 7.2
Tier 1 and Tier 2 ratio Tier 1 ratio	10.1% 7.1%	9.6% 6.6%	10.4% 6.4%

(1) Determined by deducting from stockholders' equity the maximum amount potentially payable on the CVRs in 2002.

CAPITAL ADEQUACY RATIO

At December 31, 1999, the BNP Paribas Group's available regulatory capital, determined in accordance with the rules and instructions issued in France for the application of the European capital adequacy directive ("Capital adequacy of investment firms and credit institutions") represented 118% of required regulatory capital, excluding Tier 3 capital (1998: 129% excluding Paribas) and 127 % including Tier 3 capital (1998: 136% excluding Paribas).

OTHER RATIOS

BNP also complies with the applicable standards concerning controls over major risks, the liquidity ratio (103% in 1999) and the own funds and permanent capital ratio (106%). Group entities that are licensed to conduct banking transactions comply with regulatory liquidity requirements.

RISK MANAGEMENT

One of the priorities following the operational merger between BNP and Paribas is to combine and standardize risk monitoring and management structures and procedures.
This exercise is facilitated by the fact that the two groups have generally adopted similar approaches to organizing risk management activities, especially since 1998 and early 1999, with the result that they have established similar processes and models.
The principles underlying the unified risk management system are in the process of being finalized, based on the best practices identified in each of the two groups.

RISK MONITORING PRINCIPLES APPLIED BY THE NEW GROUP

CLEAR SEGREGATION BETWEEN RISK MANAGEMENT AND OPERATIONS

Group management is responsible for strategic decisions concerning risk policies. Clear guidelines are established for the acceptance of risks by the operating units, through a system of lending authorizations and exposure limits set up in conjunction with the Global Risk Management ("GRM") unit.

The fundamental principle whereby prime responsibility for monitoring and managing risks lies with the division or business concerned remains unchanged. Each division or business is required to promote a "risk awareness" culture among staff and to constantly adapt its organization and procedures to changing conditions. These procedures clearly assign ongoing responsibility to each member of staff for performing controls over their own work.

GRM provides "the second pair of eyes" and is required to sign off on all risks before they are accepted by the various divisions and businesses. GRM staff work alongside line personnel in the divisions and businesses, continuously performing ex-ante controls on all risks that the divisions and businesses plan to take on. GRM teams are based in the same buildings as the divisions and businesses whose risks they control, ensuring that appropriate and timely controls are performed on-site. The independence of the GRM teams is guaranteed by the fact that the head of the unit reports directly to Group management.

A clear distinction is made between the second tier ex-ante controls performed on a continuous basis to guarantee the quality of the portfolio, which are the responsibility of GRM, and the ex-post controls performed by the internal auditors to verify the effectiveness of the entire risk management system and its proper implementation by all the persons concerned.

GRM IS RESPONSIBLE FOR MONITORING ALL TYPES OF RISKS AT ALL DECISION-MAKING LEVELS

GRM has overall responsibility for ensuring that the risks accepted by the Group are consistent with its rating and profitability objectives.

Accordingly, GRM's risk monitoring activities cover six main areas – credit risks, counterparty risks associated with capital markets transactions, market and liquidity risks, quantitative analysis methods, risk measurement methods and allocated capital calculations.

GRM intervenes in all the successive stages of the Group's risk acceptance process. It performs six core functions:

- *"Policies" function:* formulation of recommendations to Group management concerning risk acceptance policies and validation of new products and new businesses that expose the Group to new types of risks;
- *"Measurement and analysis" function:* guaranteeing the quality and consistency of the methods used and the availability of risk and allocated capital measurement and analysis tools;
- *"Projection" function:* design of projection tools and systems with the Economic Studies Department, to anticipate the impact of changes in the environment on the Group's portfolio of businesses;
- *"Loan approval and trading limits" function:* performance of second tier controls to ensure that the risks taken on by the divisions and businesses do not exceed the level that is acceptable to the Group and that they are consistent with the Group's rating and profitability targets, as well as its goal of optimizing allocated capital;
- *"Monitoring and control" function:* guaranteeing the quality and effectiveness of risk monitoring procedures and their consistent application; guaranteeing that outstanding loans and market positions – as well as the related collateral and other guarantees – are properly valued, ensuring that the valuation parameters applied (counterparty ratings, overall recovery rates, market parameters) are reliable and that allowances for credit and counterparty risks, as well as market and liquidity risks are properly determined;

ι *"Reporting" function:* comprehensive and reliable reporting of risks to Group management, the management of the divisions and businesses, the auditors, the regulatory authorities and the rating agencies.

GRM covers all of the BNP Paribas businesses. Its organization structure and the assignment of GRM teams to the various divisions, businesses and sites, takes into account the organization of each controlled unit, as well as the differences in their risk profiles, the relative complexity of their businesses and the duration of their commitments.

A GRM ORGANIZATION BASED ON AN INTEGRATED BUT DECENTRALIZED APPROACH TO RISKS

ι The GRM organization structure is based on the following principles:

- GRM is responsible for monitoring risks throughout the world;
- the teams must be based in the same offices as the divisions and businesses they are responsible for controlling, or in the trading rooms, and have detailed knowledge of the activities concerned, as well as the related environment, in order to ensure that decision-making processes are efficient and that no bottlenecks occur, in order to provide scope to broaden discretionary lending and position limits;
- GRM must be completely independent from the divisions and businesses and a clear segregation of responsibilities must be maintained. The GRM teams are required to sign off on risks before the decision is made to enter into the commitment within approved lending or position limits. GRM is also responsible for validating new products and businesses, whatever the type of risk involved. GRM includes a credit administration unit to monitor credit and counterparty risks on behalf of the lending businesses;
- the GRM teams specialize in specific types of risk (credit, counterparty, market risks) but work together as a single team at the level of each site. The integration of the specialist teams is designed to avoid duplications and optimize controls over increasingly sophisticated products involving a variety of embedded risks;
- the field teams specialized in monitoring credit and counterparty risks, market and liquidity risks and operational risks are integrated with the teams responsible for defining methods and analyzing business and portfolio risks, in order to promote the use of standard methods and monitoring tools and guarantee their consistency.

ι GRM is organized around five operational entities and two support entities:

Operational entities

Credit risks:

- the "Domestic Credit Risk (CRF)" entity operates as a corporate function with dotted-line authority over the Domestic Retail Banking risk management entities;
- the "International Credit Risk (CRI)" and "Financial Institutions Counterparty Risk (CRFI)" teams are based in the offices of the divisions and businesses concerned (apart from the Domestic Retail Banking division). The CRI is responsible for monitoring credit risks generated by the International Network's corporate customers, multinational corporations (including those operating in the financial services sector) managed by the large accounts department, and specialist and structured financing. The CRFI monitors counterparty risks (risk of default by counterparties in capital markets transactions). The CRI team also monitors country risks and makes presentations with respect to "high risk" countries to the risk monitoring committees.

Market risks are monitored by the "Market and Liquidity Risks (MLR)" entity. Teams are based in the offices of the controlled divisions and businesses and are responsible for independently monitoring all risks, performing detailed analyses of positions and their valuation, validating Group valuation models, determining the amount of reserves to be booked for complex products, consolidating information, and verifying the quality of reporting systems and risk monitoring tools used by the operating units.

Operational risks are monitored by the central "Operational Risks (RO)" team which is responsible for determining total exposures, measuring risks and promoting action by the divisions, businesses and sites to minimize risks by applying a cross-functional approach.

Support entities

An **"Industry and Portfolio Analysis (IPA)"** unit including the industry research and portfolio analysis teams, has been set up to:

- obtain a consolidated overview of aggregate credit and counterparty risks, determined using consistent methods. In particular, the IPA unit reviews allocated capital and produces recapitulations of Groupwide credit and counterparty risks, together with comments, for Group management and the management of the various divisions;
- analyze the structure of the loan portfolio, changes in the portfolio's structure and the concentration of credit risk. IPA produces joint recommendations with the divisions and businesses concerning the action to be taken to avoid potentially excessive concentrations of risks and help optimize the use of allocated capital;
- identify and monitor companies with similar characteristics and assess the business and financial outlook of companies or projects at the request of the banking business or other businesses or the Risk Manager. The IPA's recommendation must be obtained for all decisions to approve material loans involving companies in "Global Industries" (for which risk monitoring needs to be coordinated at a global level);
- anticipate changes in the quality of risks, based on economic research and input obtained from industry experts, and to issue appropriate warnings.

The **"Risks and Economic Capital Analytics (RECA)"** entity is responsible for consulting with each of the operational Risk Management entities in order to propose a consistent approach to measuring the various types of risk and contribute to the definition and fine-tuning of the Group's risk measurement tools.

- At geographic level, the decentralized GRM teams (CRI, CRFI and MLR teams) are spread across 12 international "management" sites all with the same organization structure. Each site is staffed with credit risk and loan administration specialists, or specialists in counterparty risks or market risks. Four hubs are responsible for performing local controls and monitoring risks at the operating entities.
- At Group level, four General Management Committees will oversee the entire risk management system:

The **Risk Policy Committee** (RPC), headed by the Chief Executive Officer of the Group, is responsible for determining overall risk policies, taking into account all related issues such as the Group's development policy, the revenue generated by the risk-bearing activities, and the amount of regulatory and allocated capital absorbed by the activity. The RPC is also responsible for approving risk measurement tools and the risk tolerance thresholds incorporated in these tools, based on the recommendations of GRM.

The **General Management Lending Committee** is responsible for approving lending commitments in excess of the discretionary lending limits set for the divisional chief executives. It is chaired by the Chief Operating Officer or, if he is not available, by the Executive Vice President, Risk Policy and Industry Research, and meets at least twice a week. The Executive Vice-President, Risk Policy and Industry Research, has the right to veto any of the Committee's decisions.

The **General Management Debtors Committee** is responsible for making decisions concerning allowances for doubtful debts representing amounts in excess of the discretionary limits set for the divisional chief executives. The Committee is chaired by the Chief Executive Officer of the Group and meets once a month.

The **Capital Markets and Market Risks Committee** is responsible for the high level monitoring of the Group's market risks, defining Group capital markets policies, approving the methods recommended by GRM to identify and assess market risks, approving market risk control procedures and setting exposure limits by line of business.

The Committee performs monthly reviews of actual market risks compared with the related limits, and the resulting profits and losses, by site and by global Line of Business, as well as all gains and losses in excess of a certain threshold reported by the sites or the global Lines of Business.

The Committee produces twice-yearly reports comparing actual market risks with related limits. These reports are submitted to the Internal Control and Risk Management Committee, for presentation to the Board of Directors.

DEVELOPMENTS DURING 1999

The activities of the BNP and Paribas risk management functions were gradually refocused in 1999 to reflect the principles defined for the expanded Group.

DEVELOPMENTS IN THE AREA OF CREDIT AND COUNTERPARTY RISK

- BNP

In 1999, BNP finished developing the Raroc™ risk management application, Record, designed specifically to manage risks related to SMEs. This integrated application, which will be rolled out as from early 2000 to all Commercial Banking units (sales teams, risk managers, etc.), will help to guarantee an optimal balance between risks and profits.

The Group also continued to deploy the Valrisk method of measuring exposure to ordinary counterparty risks, on a "consolidated" basis by counterparty, taking into account probable future changes in market conditions and close-out netting agreements. Valrisk determines the risk profile of each counterparty.

The global credit and counterparty risk reporting system was extensively upgraded in 1999. The new architecture is based on two sources of data:

- data managed by the Capri system, for international credit risks;
- data managed by the Global Limits system, for counterparty risks.

These data are fed automatically into the global Risk Reporting database (BRR) under a monthly reporting system. The BRR data will be analyzed according to a variety of criteria, including by country, by customer category, by geographic region, by economic sector or by internal credit rating.

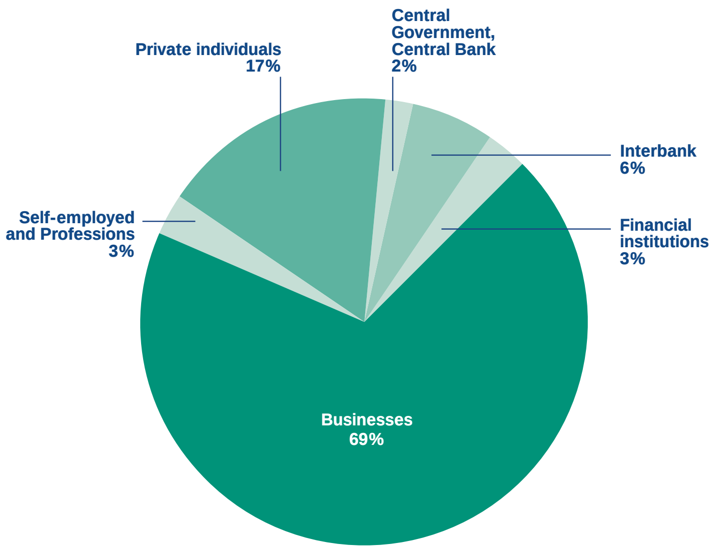
- Paribas

In 1999, Paribas modified its loan application approval process by issuing new discretionary lending limits based on the lending policies applicable to each specialist business and the new rating policies and scales. Work to develop these new rating policies and scales was also actively pursued in 1999, based on a distinction between each counterparty's underlying rating and the "consolidated" loss given default rate by facility. In addition, the initial steps were taken towards actively managing the loan book. In connection with the introduction of new discretionary lending limits, action was taken to emphasize the credit officers' responsibility for ratings, including the quality of the underlying rating attributed to each counterparty, the loss given default rates set for the various loan books by the Lending Committees, the recoverable value of the loans and the adequacy of the related allowances. A new system of joint reviews of credit ratings by credit officers and the teams responsible for analyzing the loan book was set up. Lastly, the method used to calculate the capital allocated to each business to cover credit and counterparty risks was enhanced.

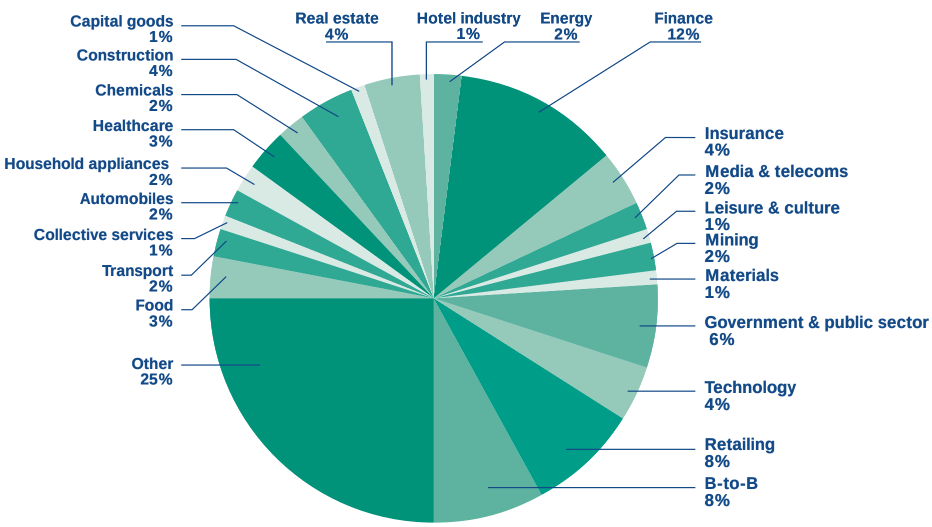
- Breakdown of Specific Credit Risks

The following breakdowns are based on gross outstanding on and off-balance sheet commitments (before taking into account the value of collateral and other guarantees). They do not include counterparty risks on capital market transactions. Off-balance sheet commitments include guarantees, documentary credits and the undrawn portion of confirmed lines of credit.

Breakdown by type of counterparty (total commitments: EUR 345.2 billion)

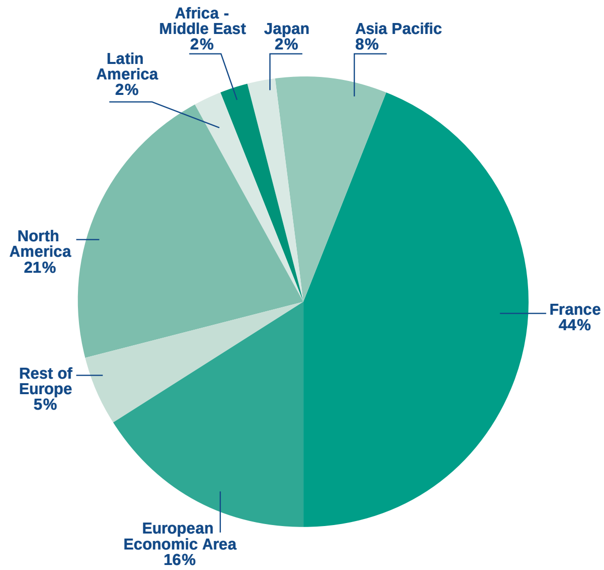


Breakdown by sectors (total commitments(1): EUR 93.6 billion)



(1) Domestic Network and Paribas France banking business (excluding private individuals).

Geographic breakdown
(total commitments: EUR 345.2 billion)



Non-performing loans by category of counterparty

In billions of euros and %	Corporate and other	Self-employed and Professions	Private individuals	Public sector, banks and financial institutions	Total
Non-performing loans	10.1	1.1	2.8	0.1	14.1
Specific allowances	6.5	0.9	1.9	0.1	9.4
Coverage rate	65%	82%	69%	86%	66%

ı Country Risks

General allowances for country risks totalled EUR 2,871 million at December 31, 1999 versus EUR 2,853 million at the previous year-end (including EUR 538 million for Paribas). The total includes EUR 542 million (1998: EUR 661 million) related to the five Asian countries considered as representing the highest risk, including EUR 266 million (EUR 300 million) recorded in the accounts of Paribas.

BNP Paribas Group country risks in these countries, corresponding to total commitments less short-term trade-related financing, net of formal guarantees received from companies or organizations established outside the countries concerned, totalled USD 4,622 million at December 31, 1999 versus USD 5,177 million one year earlier.

DEVELOPMENTS IN THE AREA OF MARKET RISK

ı **At BNP,** measures to enhance the standards used to measure market risks focused on:

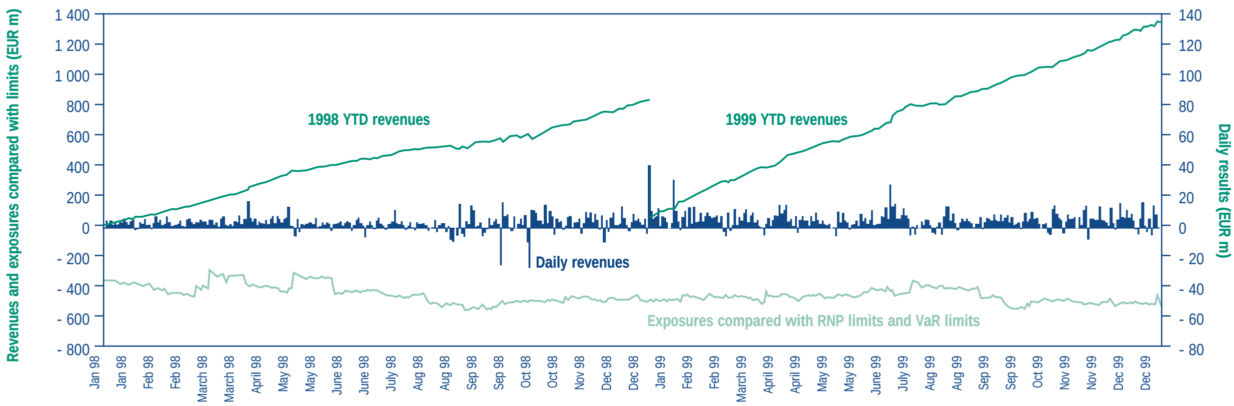
- the development of a Value at Risk (VaR) calculation method based on Monte-Carlo simulations for equity options;
- the areas where risk is monitored based on the notional risk of loss (“RNP”) with the extension of the range of currencies – for the related currency and interest rate risks – and the range of stocks and indexes measured using the RNP method;
- stepping up controls over risks arising from the use of pricing models to value portfolios of complex derivative instruments (known as “model” risks).

In 1999, average exposures represented 49.4% of total approved commitments.
As shown in the above graph, recurring revenues have grown rapidly without any corresponding increase in risk.

l Paribas:

The method used to measure market risk (VaR) was fine-tuned in 1999. Methods were developed to determine correlations between categories of risk factors (interest rate, currency and equity risk) in order to take into account the effects of diversifying underlying risks. In addition, Paribas established methods to measure the specific interest rate risk arising from potential changes in credit spreads, with the aim of accurately and pro-actively measuring the risk associated with credit risk trading.
During the year, Paribas also deployed enhanced systems and procedures for the review and monitoring of transactions on the primary bond and equity markets, contributing to more effective control over issuer risks in the capital markets business.
The Paribas VaR model takes into account offsetting correlations between businesses but, in 1999, the model did not factor in correlations between the four main categories of underlying risks – interest rate, exchange rate, equity and emerging market risks. As a result, the model is still relatively conservative. This is one of the reasons why the VaR was not exceeded at any time in 1999 despite the fairly volatile market conditions.

BNP: Growth of revenues and exposures compared with limits

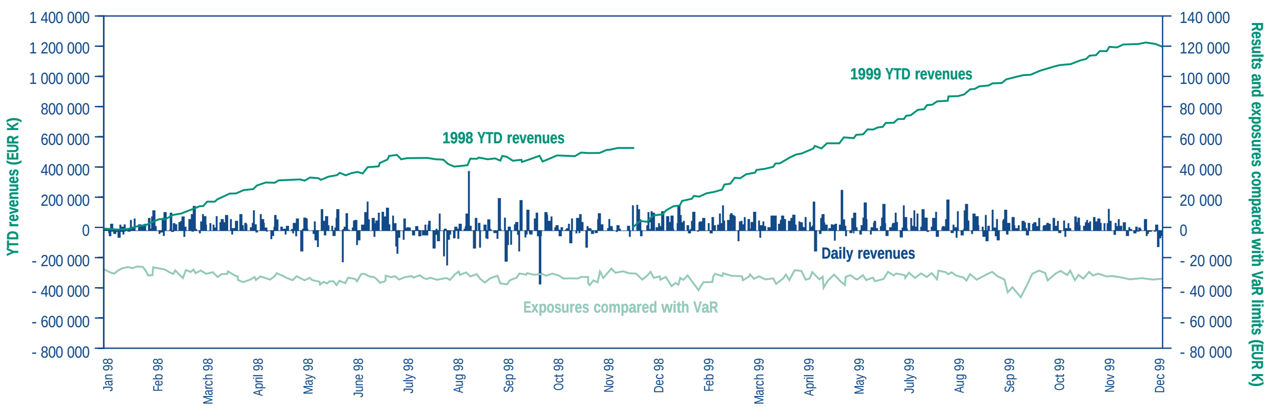


DEVELOPMENTS IN THE AREA OF OPERATIONAL RISK

l Paribas:

During 1999, Paribas kept up the drive to raise awareness of operational risks launched in 1998. The Operational

Paribas: Growth of revenues and exposures compared with limits



Risks Committee, made up of representatives of all of the bank's businesses and functions, met at regular intervals to discuss cross-functional risk issues. Topics examined included integrated management of operational risks within each line of business, back-office operational risk management systems, the development of qualitative risk assessment indicators (covering human resources, procedures, etc.), data bases and the development of statistical risk analysis tools.

Periodic risk quantification procedures were rolled out to the most detailed level of analysis of the various businesses, based on the self-assessment approach set up in 1998. In 1999, the process was rounded out with the introduction of comparative assessments during meetings of the Operational Risk Assessment Committee attended by representatives of the businesses and functions concerned.

INTERNAL CONTROL

Five years ago, in 1994, BNP decided to set up an integrated internal control system in advance of the adoption of Comité de la Réglementation Bancaire et Financière Rule 97-02 dealing with internal control.

Following the 1997 publication of internal control guidelines and the action taken in 1998, BNP devoted 1999 to consolidating the system throughout the organization based on the accountability principles underpinning the system.

The Bank kept up its drive to improve the overall organization of risk management activities, focusing primarily on establishing proper segregation of tasks. One of the key initiatives taken in this area was the formation of a Central Risk Department responsible for credit risks, counterparty risks and market risks.

Considerable time and effort was devoted to establishing or updating guidelines and instructions based on the weaknesses noted and to take account of changes in internal structures and the Bank's businesses. All of the Bank's units in France and abroad contribute actively to these ongoing efforts, which promote a clearer understanding of the Bank's overall policies, its organization structure and the procedures to be followed.

Throughout the year, work continued to define and implement control tools such as the Key Supervision Points. These tools are designed to help staff and line management to manage the main families of risks and to verify compliance with delegations of authority.

Training is instrumental in promoting an internal control culture within the organization and enhancing risk management. Accordingly, in 1999, the Bank kept up its commitment in this area, providing training in dealing with several families of risks. In addition, communication materials were developed and widely distributed across the organization to promote the sharing of knowledge and best practices.

An efficient and effective internal control system is a system based on clearly-defined procedures and transaction processing circuits. It depends on the active involvement of management and employee buy-in on. The process is therefore very similar to that followed to secure ISO 9000 quality certification. Having established an effective system of internal control, the BNP Group recognized the need to keep up its momentum in this area, in order to guarantee the system's durability and relevance and to continually promote awareness of internal control issues throughout the organization. To this end, the Group decided to seek ISO 9001 certification of its internal control design, coordination and monitoring activities. The certification was delivered by AFAQ in the fall of 1999.

The certification approach now forms part of the management tools available to promote an internal control culture.

OUTLOOK FOR 2000

The action planned for 2000 is based on the organization structure set up by the new BNP Paribas Group. Best practices have been identified within the two legacy organizations and have served as the basis for determining the overall direction to be taken in the area of internal control, based on four fundamental principles:

- front-line **responsibility for internal control** lies with the function to which the controls apply;

- formal **delegations of authority,** associating responsibility with accountability at all levels in the organization;
- appropriate **segregation of tasks,** especially between the teams responsible for initiating transactions and those in charge of executing them;
- production and distribution throughout the organization of **internal control procedures and guidelines.**

The system of internal control is strengthened by the third and fourth tier controls performed by the Management Audit and Inspection department.

The Management Audit unit is responsible for the global coordination of internal audits. It also leads and drives the definition and implementation of internal control systems by the lines of business and central functions, with the aim of enhancing the consistency and effectiveness of the system as a whole. The unit works closely with the internal audit teams responsible for auditing the business units. Its three core missions are to:

- guarantee the consistency and efficiency of the internal audit functions by participating in managing their human resources, ensuring that they have adequate resources, signing off on the principles governing their organization, approving delegations of authority, establishing reporting systems and checking the consistency and appropriateness of audit plans;
- lead the work of the internal auditors responsible for auditing the lines of business and central functions in recommending changes to internal control systems to take account of the new needs created by changes in the Group's business, technological advances and regulatory changes, as well as promoting the adoption of best practices;
- regularly update internal control guidelines and procedure manuals and produce the BNP Paribas Group report on internal control.

The Inspection unit performs fourth tier controls, consisting of assessing the effectiveness and efficiency of the system and detecting any weaknesses. Its four core missions are to:

- perform the fourth tier controls provided for in the internal control system;
- as representative of Group General Management, guarantee the consistency of local policies with the Group's business plans, ensure that resources are used as efficiently as possible and that the business is managed in a manner that is consistent with the Group's values;
- contribute to training Bank executives;
- identify and eliminate weaknesses to ensure that Group entities achieve optimal levels of performance, by pinpointing opportunities for improvement, validating and promoting the adoption of best practices.

ASSET/LIABILITY MANAGEMENT

The ALM-Treasury department is responsible for managing market risks arising in connection with the management of the BNP Paribas Group's structural financial risks. Its role includes identifying market risks associated with banking operations, establishing an Internal Transfer Rate system and match funding major balance sheet items accordingly. It is responsible for the Bank's funding and liquidity, as well as for managing cash flows and residual market risks. Although its primary objective is not to maximize profits, it is organized in a way that allows its results to be measured.

Following the BNP Paribas operational merger, two ALM-Treasury committees have been set up:

- a Retail Banking ALM-Treasury Committee, responsible for determining match-funding and mismatch principles applicable within the retail banking business and managing the related interest rate risks. The Committee monitors the results obtained by applying these principles, as well as the profits and losses generated by residual market risks (mismatches, implicit options) managed directly by the ALM-Treasury department;
- a Committee responsible for coordinating the activities of the ALM-Treasury department with those of the Investment Banking business. The Committee is responsible for all decisions concerning debt issues and capital management rules. It monitors and controls market risks associated with asset-liability management activities;

- in 1999, demand for loans from non-financial sector customers grew at roughly the same rate as customer deposits, resulting in a good match between these assets and liabilities.

Liquidity Management

The Group's financing needs increased slightly in 1999. The growth in these needs in France was partly offset by a reduction in those of the international networks.

A total of EUR 1.95 billion worth of medium and long-term financing was raised, including just over EUR 0.5 billion in the form of subordinated debt. Over 80% of the issues were denominated in euro.

BNP SA's average regulatory one-month liquidity ratio stood at 110%. The own-funds and permanent capital ratio was 106.5% at 31 December 1999 compared with the regulatory minimum of 60%.

The Group's long-term liquidity gaps are regularly monitored by the ALM Committees. At 31 December 1999, 75% of the liquidity gap on fixed term assets/liabilities (including undrawn confirmed lines of credit based on a 30% weighting) was covered by stockholders' equity less fixed assets plus customer deposits with no fixed maturity less customer advances with no fixed maturity (demand deposits net of customer overdrafts, pass-book savings account deposits, etc.). These net deposits comprised over 10 million accounts opened by private individuals and corporate customers and accordingly fluctuations in overall balances are extremely limited.

BNP Paribas also has liquid assets and assets that can be realized at very short notice, including demand loans, Treasury notes, securities purchased under resale agreements, money market advances, Government securities and fixed or variable income securities denominated in a range of currencies. The Group's healthy balance sheet ensures that it has no difficulty in raising funds on the money markets and bond markets at attractive rates of interest.

Management of Structural Interest Rate Risk

All balance sheet transactions and off-balance sheet transactions, including those involving futures and options, are taken into account for the purpose of analyzing and monitoring interest rate risks. The ALM-Treasury department defines methodological rules applicable throughout the Group for the matching of assets and the related refinancing and also manages the "interest rate book" for BNP's banking and proprietary transactions in France.

Interest rate risk on French franc transactions carried out by the domestic network is a structural feature of universal banking, which consists of transforming a certain proportion of customer deposits into medium and long-term loans to private and corporate customers.

In 1999, fixed rate customer deposits grew at roughly the same rate as fixed rate loans. Demand deposits rose by a strong 9%, while customer funds deposited in PEL home savings accounts and passbook savings accounts, which pay interest at regulated rates, remained flat.

On the assets side, outstanding fixed rate medium and long-term loans grew by just over 5%, despite the continued high rate of early repayments (involving 8.8% of outstanding fixed rate loans in 1999). Home loans were the main growth driver.

Taking into account assumptions concerning withdrawals of deposits with no fixed maturity, these developments ensured a good match between fixed rate assets and liabilities. Interest rate hedging transactions carried out by the ALM department on the market were therefore limited in 1999.

Management of Currency Risk

Foreign exchange positions related to the profits of foreign subsidiaries and branches that can be repatriated are managed centrally by the ALM-Treasury department which hedges exposures on a monthly basis.

CONSOLIDATED FINANCIAL STATEMENTS

PRELIMINARY COMMENT

The consolidated accounting and financial information of Banque Nationale de Paris Group, presented on pages 92 to 168, has been prepared in accordance with the consolidation principles and generally accepted accounting principles applicable to the French banking industry. The Paribas Group, which was 96.48% –owned by BNP at 31 December 1999 following the two public exchange offer –has been consolidated for regulatory purposes effective from 1 October 1999.

The statement of income for the year ended 31 December 1999 therefore includes the results of the BNP Group, excluding Paribas, for the full year and the fourth quarter results of the Paribas Group.

The balance sheet at 31 December 1999 corresponds to the consolidation of both groups at that date. The 1998 and 1997 data included in the regulatory presentation are in all cases (balance sheet, income statement based on CRB 91-01 presentation, notes) those published at the time by BNP based on the Group structure in the periods concerned, as adjusted to take account of the application of the new consolidation rules applicable to entities regulated by the Banking and Financial Regulations Committee *(Comité de la Réglementation Bancaire et Financière)* as from 1999.

In order to provide an indication of the earnings capacity of the new BNP Paribas Group and permit meaningful comparisons with prior year data, pro forma financial statements have been prepared by combining the consolidated financial statements of the Paribas and BNP groups as if the Paribas Group had been acquired on 1 January 1998. Key pro forma combined figures are discussed in the report of the Board of Directors on pages 66 to 75.

Consolidated financial statements

CONSOLIDATED BALANCE SHEET

ASSETS

In millions of euros, at 31 December	1999	1998	1997
Interbank and money market items (note 4):			
Cash and due from central banks and post office banks	6,031	3,666	1,809
Treasury bills and money market instruments (note 7)	61,803	40,394	37,883
Due from credit institutions	159,772	71,298	75,039
Total interbank and money market items	**227,606**	**115,358**	**114,731**
Customer items (note 5):			
Due from customers	197,114	138,283	126,846
Leasing receivables	16,281	9,258	8,484
Total customer items	**213,395**	**147,541**	**135,330**
Insurance company investments (note 6)	**47,929**	**23,127**	**19,721**
Bonds and other fixed-income instruments (note 7)	**57,278**	**16,614**	**17,295**
Equities and other non-fixed income instruments (note 7)	**26,682**	**6,570**	**4,976**
Equity securities held for investment and other stock investments (note 8):			
Equity securities held for investment	3,477	1,691	1,585
Other stock investments	4,341	1,785	1,731
Total equity securities held for investment and other stock investments	**7,818**	**3,476**	**3,316**
Investments in companies carried under the equity method:			
Financial companies	2,158	144	140
Non-financial companies	105	87	68
Total investments in companies carried under the equity method	**2,263**	**231**	**208**
Tangible and intangible assets (note 10)	**5,170**	**2,411**	**2,127**
Accrued income and other assets (note 11)	**109,095**	**31,339**	**32,441**
Goodwill (note 12)	**1,389**	**215**	**79**
Total assets	**698,625**	**346,882**	**330,224**
COMMITMENTS GIVEN			
Financing commitments given (note 22)	121,791	67,690	60,540
Guarantees and endorsements given (note 22)	56,963	31,603	28,944
Commitments given on securities (note 22)	10,236	5,956	9,695
Commitments incurred on forward and options contracts (note 23)	7,377,840	2,575,033	2,209,564

LIABILITIES AND STOCKHOLDERS' EQUITY

In millions of euros, at 31 December	1999	1998	1997
Interbank and money market items (note 13):			
Due to central banks and post office banks	459	3,399	3,648
Due to credit institutions	230,614	103,704	97,700
Total interbank and money market items	**231,073**	**107,103**	**101,348**
Customer deposits (note 14)	**149,003**	**117,483**	**108,964**
Bonds and negotiable debt instruments:			
Retail certificates of deposit (note 14)	5,793	4,863	2,690
Interbank market securities (note 13)	623	172	267
Negotiable certificates of deposit (note 14)	55,005	24,081	25,278
Bonds, including short term portion (note 15)	15,617	6,413	7,149
Other debt instruments	61	108	116
Total bonds and negotiable debt instruments	**77,099**	**35,637**	**35,500**
Technical reserves of insurance companies (note 16)	**47,724**	**24,020**	**20,937**
Accrued expenses and other liabilities (note 17)	**151,738**	**39,109**	**42,122**
Provisions for risks and charges (note 18)	**6,166**	**2,866**	**2,127**
Subordinated debt (note 19)	**11,977**	**8,258**	**8,212**
Reserves for general banking risks (note 20)	**1,040**	**1,038**	**1,024**
Stockholders' equity (note 21):			
Capital stock	1,799	832	813
Additional paid-in capital in excess of par and premium on acquisition	11,709	3,421	3,183
Consolidated retained earnings, revaluation surplus, translation adjustment, equity method adjustments:			
- Group share	4,797	4,887	4,324
- Minority interests in consolidated subsidiaries	2,853	1,061	722
Total stockholders' equity	**21,158**	**10,201**	**9,042**
Net income:			
Net income attributable to the Group	1,484	1,114	909
Minority interests	163	53	39
Consolidated net income	**1,647**	**1,167**	**948**
Total liabilities and stockholders' equity	**698,625**	**346,882**	**330,224**
COMMITMENTS RECEIVED (note 22)			
Financing commitments received	11,233	3,791	1,511
Guarantees and endorsements received	40,034	23,348	24,210
Commitments received on securities	12,725	8,604	7,954

CONSOLIDATED INCOME STATEMENT

In millions of euros	1999	1998	1997
Interest and assimilated income (note 27)	24,413	20,686	18,710
Interest and assimilated expense (note 27)	(20,628)	(17,156)	(15,290)
Net interest and assimilated income	3,785	3,530	3,420
Income on equities and other non-fixed income instruments (note 30)	175	128	136
Net commissions (note 31)	3,198	2,557	2,226
Net gains on sales of trading account assets	2,465	1,365	994
Net gains on sales of investment securities held for sale and assimilated income	67	20	95
Other net (expense)/income from banking operations	(157)	(143)	(169)
Underwriting result and net investment income of insurance companies (note 32)	562	73	185
Net income from other businesses	111	45	31
Net banking income (note 37)	**10,206**	**7,575**	**6,918**
Operating expense:			
Salaries and employee benefits, including profit sharing (note 33)	(4,040)	(3,113)	(2,918)
Other expense	(2,277)	(1,633)	(1,482)
Total operating expense	**(6,317)**	**(4,746)**	**(4,400)**
Depreciation, amortization and provisions on tangible and intangible assets	(425)	(335)	(324)
Gross operating income (note 37)	**3,464**	**2,494**	**2,194**
Net additions to allowances for credit risks and country risks (note 9)	(702)	(1,206)	(1,034)
Net operating income	**2,762**	**1,288**	**1,160**
Share of earnings of companies carried under equity method	19	29	36
Gains (losses) on disposals of long-term investments, net of provisions (note 35)	911	478	357
Income before tax, non-recurring items, amortization of goodwill and movements in the reserve for general banking risks	**3,692**	**1,795**	**1,553**
Net non-recurring expense (note 36)	(156)	(127)	(209)
Income taxes (note 38)	(1,201)	(482)	(359)
Amortization of goodwill	(111)	(16)	(16)
Movements in the reserve for general banking risks	18	(3)	(21)
Minority interests	(163)	(53)	(39)
Net income before BNP-Paribas merger-related restructuring costs	**2,079**	**1,114**	**909**
BNP-Paribas merger-related restructuring costs (note 39)	(595)	-	-
Net income	**1,484**	**1,114**	**909**
Earnings per share before BNP-Paribas merger-related restructuring costs, in euros	**7.80**		
Earnings per share, in euros	**5.57**	**5.16**	**4.31**

CONSOLIDATED STATEMENT OF CASH-FLOWS

In millions of euros	1999	1998
Long-term sources of funds		
Stockholders' equity:		
Funds provided by operations:		
Consolidated net income	1,647	1,167
Net charges to depreciation and amortization	425	335
Net charges to allowances	460	1,162
Share of earnings of companies carried under equity method	(19)	(29)
Total funds provided by operations	**2,513**	**2,635**
Dividends paid		
Other changes in stockholders' equity:	(941)	(378)
Group share	7,205	3
Minority interests	1,789	316
Increase in stockholders' equity	**10,566**	**2,576**
Increase in reserves for general banking risks	**2**	**14**
Increase in subordinated debt	**3,719**	**46**
Increase in stockholders' equity and other long-term capital	**14,287**	**2,636**
Other sources of funds:		
Increase in interbank items (liabilities)	123,970	5,755
Increase in customer deposits	31,520	8,519
Increase in bonds and negotiable debt instruments	41,462	137
Increase in technical reserves of insurance companies	23,704	3,083
Increase (Decrease) in other financial items	38,826	(1,126)
Increase in other sources of funds	**259,482**	**16,368**
Total increase in sources of funds:	**273,769**	**19,004**
Uses:		
Increase (Decrease) in interbank items (assets)	90,842	(1,850)
Increase in customer items	66,758	12,969
Increase in securities	70,347	2,321
Increase in insurance company investments	24,802	3,406
Increase in equity securities held for investment and other stock investments	17,836	1,539
Increase in tangible and intangible assets	3,184	619
Total increase in uses of funds:	**273,769**	**19,004**

NOTE 1 - ACCOUNTING POLICIES

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

YEAR-ON-YEAR COMPARISONS

In 1999, Banque Nationale de Paris (BNP) acquired a controlling interest in Paribas SA. Paribas SA and its subsidiaries have been consolidated by the BNP Group for the first time at 31 December 1999. The impact of consolidating the Paribas Group and the choice of accounting method on the BNP Group's consolidated balance sheet at 31 December 1999 and its consolidated income statement for the year then ended is presented in notes 3 and 21.

The BNP Group has adopted the new consolidation rules applicable to institutions regulated by the *Comité de la Réglementation Bancaire et Financière* with effect from 1999. The 1998 and 1997 financial statements have been restated based on the same presentation, to take into account the full consolidation of Group subsidiaries operating in the insurance and real estate development sectors. Comparisons between the published and restated consolidated balance sheets at 31 December 1998 and 1997 and consolidated income statements for the years then ended are presented in note 41.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION PRINCIPLES

Application of the new consolidation rules

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

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

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

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

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

First-time consolidation of Paribas and its subsidiaries

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

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

PRESENTATION OF THE CONSOLIDATED INCOME STATEMENT

The consolidated income statement of the BNP Group is presented in accordance with banking industry recommendations published in December 1999. The consolidated income statements for 1998 and 1997 are presented on the same basis.

PRINCIPLES AND BASIS OF CONSOLIDATION

BASIS OF CONSOLIDATION

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

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

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

CONSOLIDATION METHODS

Fully-consolidated Companies

Subsidiaries over which the Group exercises exclusive control are fully consolidated, including subsidiaries whose financial statements are presented in a different format which are engaged in a business that represents an extension of the Group's banking and financial services businesses or a related business, including insurance, real estate investment, real estate development and data processing services. Exclusive control is considered as being exercised in cases where the Group is in a position to manage the subsidiary's financial and operating policies with a view to benefiting from its business, as a result of:

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

Proportionally-consolidated Companies

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

Companies Accounted for by the Equity Method

Companies in which the Group exercises significant influence over financial and operating policies without having control are accounted for by the equity method. Significant influence may be exercised through representation on the Board of Directors, Supervisory Board or equivalent, or participation in strategic decisions, or as a result of significant business dealings with the company, or exchanges of management personnel or technical dependence. Significant influence over financial and operating policies is considered as being exercised in cases where the Group holds at least 20% of the voting rights, directly or indirectly. Companies that are less than 20%-owned are not consolidated except in cases where they constitute a strategic investment and the Group effectively exercises significant influence. This is the case of companies developed in partnership with other groups, where the BNP Group participates in strategic decisions affecting the company as a member of the Board of Directors, Supervisory Board or equivalent, exercises influence over the company's operational management by supplying management systems or decision-making aids and provides technical assistance to support the company's development.

CONSOLIDATION PRINCIPLES

Cost of Shares in Consolidated Companies, Goodwill, Valuation Adjustments

• *Cost of Shares in Consolidated Companies*

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

• *Goodwill*

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

• *Valuation Adjustments*

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

Change in Percent Interests in Consolidated Companies

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

Intercompany Balances and Transactions

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

• *Lease Financing*

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

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

Foreign Currency Translation

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

BNP Shares Held Within the Group

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

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

Full Consolidation of Insurance Subsidiaries

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

• *Insurance Company Investments*

The investments of insurance companies include admissible assets related to unit-linked business, land and buildings and various other investments, including shares in related companies. Admissible assets related to unit-linked business are stated at the realizable value of the underlying assets at the year-end. Land and buildings are stated at cost, excluding transaction costs. Buildings are depreciated over their estimated useful lives. Marketable securities and other fixed income instruments are stated at cost excluding accrued interest at the date of acquisition. Premiums and discounts are amortized over the residual life of the securities by the yield-to-maturity method. Equities and other variable income securities are stated at cost. An allowance is booked for any permanent impairment in value of real estate and variable income securities.

• *Technical Reserves of Insurance Companies*

Technical reserves correspond to the insurance company's commitments towards policyholders and the insured. Technical reserves for unit-linked business are determined based on the value of the underlying assets at the year-end. Life premium reserves consist primarily of mathematical reserves corresponding to the difference between the present value of the insurer's commitments and those of the policyholder, taking into account the probability of their settlement. Non-life technical reserves include unearned premium reserves (corresponding to the fraction of written premiums relating to the following year or years) and outstanding claims reserves, including claims handling costs. A capitalization reserve is set up to cover any impairment in value of the insurance company's portfolio of investments or any decline in income from these investments, by crediting to the reserve any gains realized on the sale or conversion of qualifying amortizable securities before maturity, with the exception of floating rate bonds. Amounts credited to or released from the reserve in the financial statements of the insurance companies are maintained in the consolidated financial statements. The capitalization reserve is included in technical reserves in the consolidated balance sheet.

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

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

OTHER SIGNIFICANT ACCOUNTING POLICIES

INTERBANK AND MONEY-MARKET ITEMS, CUSTOMER ITEMS

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

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

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

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

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

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

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

SECURITIES

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

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

Trading Account Assets

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

Investment Securities Held for Sale

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

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

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

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

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

Debt Securities Held for Investment

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

The difference between cost and the redemption price of these securities is prorated over the life of the securities and posted to "Interest income on bonds and other fixed-income instruments" in the income statement. As a result, their carrying value is amortized to their redemption value over their remaining life.

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

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

Equity Securities Held for Investment

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

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

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

Other Stock Investments

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

"Other stock investments" are recorded individually at the lower of cost or fair market value.

Fair market value of listed securities is primarily determined according to the average market price over the previous twenty-four months or according to a more recent market price when a decrease in value of the underlying security is likely to endure. Fair market value of unlisted securities is determined according to net asset value per share (consolidated, if applicable).

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

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

Investments in Companies Carried Under the Equity Method

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

FIXED ASSETS

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

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

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

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

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

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

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

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

INTERBANK AND MONEY-MARKET ITEMS AND CUSTOMER DEPOSITS

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

BONDS AND NEGOTIABLE DEBT INSTRUMENTS

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

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

COUNTRY RISK PROVISIONS

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

ALLOWANCES FOR UNFORESEEABLE SECTORAL RISKS

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

RESERVE FOR GENERAL BANKING RISKS

For conversatism reasons, the BNP Group has set up a reserve for general banking risks. Specific additions to, and deductions from, this reserve are reflected in the consolidated income statement under "Movements in the reserve for general banking risks and miscellaneous risks". .

FORWARD FINANCIAL INSTRUMENTS

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

Forward Interest Rate Instruments

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

Gains and losses on certain OTC contracts that are isolated open positions are taken to income either when the contracts are unwound or on a *prorata temporis* basis, depending on the nature of the instruments. Provisions for risks are made to cover unrealized losses on a contract by contract basis, taking into account potential gains and losses on related specific hedges.

Gains and losses on interest rate contracts designated at the outset as hedging operations are recognized similarly to the underlying instrument.

Forward Currency Instruments

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

Equity and Equity Index Derivatives

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

Composite Instruments

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

MARKET VALUE OF FINANCIAL INSTRUMENTS

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

INCOME TAXES

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

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

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

PROFIT-SHARING PLAN

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

RETIREMENT AND PENSIONS FOR FORMER EMPLOYEES

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

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

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

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

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

EMPLOYEE BENEFITS

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

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

RECOGNITION OF REVENUE AND EXPENSES

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

FOREIGN CURRENCY TRANSACTIONS

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

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

NOTE 2 - SUBSIDIARIES AND AFFILIATES OF THE BNP GROUP AT 31 DECEMBER 1999

THE FOLLOWING CHANGES WERE MADE TO THE SCOPE OF CONSOLIDATION

In 1998

- four newly created subsidiaries, BNP Emergis, BNP Equities Asia, BNP Prime Peregrine Holding (South East Asia) and BNP Prime Peregrine Ltd (Greater China), were fully consolidated for the first time, as was the newly acquired BNP Pasfin SIM (Italy);
- the following companies now qualify for full consolidation: BNP Financière du Régent (Belgium) and Banque du Caire et de Paris (Egypt), both previously carried under the equity method; UEB Holding, UEB Genève, UEB Monaco, UEB Luxembourg and UOB Trust Bahamas, all previously proportionally consolidated; BNP Cooper Neff Advisors, BNP Futures HKG and BNP Securities HKG, which met the critieria for full consolidation for the first time, and Société de Courtage d'Assurance Universel, which was previously consolidated at the level of the Crédit Universel sub-group;
- BNP Bail and Crédit Universel have merged into an entity now known as BNP Lease, and Locafinance has been

merged into Natiolocation. These entities continue to be fully consolidated;

- following the exchange of the equity interest in Bancwest Corp, a holding company owning the shares in Bank of the West, for a 45% equity interest in the vehicle owning the shares in First Hawaiian Bank and in Bank of the West, the Bank of the West and First Hawaiian Bank sub-groups are now fully consolidated under the name Bancwest Corp;
- BNP Dresdner Bank Bulgaria, previously carried under the equity method, is now proportionally consolidated;
- BAII SA and BAII Asset Management have discontinued their activities and are no longer consolidated, as is KB Norge which no longer meets the consolidation criteria.

In 1999

- following two stock-for-stock tender offers for Paribas and the acquisition of Paribas shares from Paribas employees holding stock options, at 31 December 1999, BNP held 96.48% of the capital of Paribas SA (note 21). Paribas SA and all the entities in this sub-group fulfilled the consolidation criteria applied by the BNP sub-group and were therefore included in the BNP Group consolidated financial statements as from 1 October 1999;
- four newly created companies, BNP Prime Peregrine Capital Ltd HKG, BNP Prime Peregrine Securities Singapore, BNP Capital Markets LLC and Jovacienne de Participations, one newly acquired company, BNP Prime Peregrine Securities Thailand, two companies that full-filled the criteria for consolidation for the first time in 1999, BNP Securities Australia and Immobilière des Bergues, and SFOM, which was previously consolidated by the proportional method, were fully consolidated for the first time in 1999;
- the restructuring of Swiss operations led to the deconsolidation of UEB Holding and the full consolidation of a new holding company, BNP Suisse Holding SA;
- in application of the new consolidation rules (note 1), the three insurance companies previously accounted for by the equity method, Natio-Vie, BNP RE Luxembourg and Meunier Promotion, were fully consolidated in 1999;
- Creation Financial Services, acquired jointly by BNP and Cofinoga, and two newly created companies, BNP Dresdner Bank Croatia and BNP Dresdner European Bank AG were proportionally consolidated, together with Natio Assurances which met the critera for consolidation for the first time in 1999;
- four newly created companies, BNP Prime Peregrine Futures Ltd HKG, BNP Prime Peregrine Services Ltd HKG, BNP Prime Peregrine Inc. (Philippines) and BNP Andes, a newly-acquired company, Fisher Francis Tree and Watts (USA) and Sifida, which met the criteria for consolidation for the first time in 1999, were accounted for by the equity method;
- natiolocation was merged into BNP Lease, Sapeg into Financière BNP and Bridoise de Participation into CIP, with the result that they were no longer consolidated;
- BNP Leasing Ltd and Negocequip, previous fully consolidated, and Euromezzanine SCA, DGC Participations, Béarnaise de Participations, SFDI, Cimoxi, Chinonaise de Participations, UFAC and BTCI Togo, which were previously accounted for by the equity method no longer met the criteria for consolidation and were therefore not consolidated in 1999.

BNP Group entities excluding PARIBAS

FULLY-CONSOLIDATED COMPANIES

Financial Institutions	Group voting interest (%)	Group ownership interest (%)
IN FRANCE		
Credit Institutions		
Banexi [1]	100.00	100.00
Banque de Bretagne [1]	100.00	100.00
Banque de la Cité [1]	99.96	99.96
Banque de Wallis-et-Futuna	51.00	51.00
Natiobail	78.22	78.22
Natiocrédibail	100.00	100.00
Natiocrédimurs	100.00	100,00
Natioénergie	100.00	100.00
BNPI [1]	97.85	97.85
BNP Factor [1]	100.00	100.00
BNP Finance [1]	100.00	100.00
BNP Guadeloupe [1]	100.00	100.00
BNP Guyane [1]	100.00	100.00
BNP Lease [1]	100.00	100.00
BNP Martinique [1]	100.00	100.00
BNP Nouvelle-Calédonie	100.00	100.00
Other Financial Institutions		
Arius Finance	100.00	100.00
Arius SA	100.00	100.00
Banexi Communication SA [1]	100.00	100.00
Banexi Société de Capital-Risque	100.00	100.00
BNP Arbitrage [1]	100.00	100.00
BNP Développement SA	100.00	100.00
BNP Gestions [1]	100.00	100.00
BNP Immobilier [1]	100.00	100.00
BNP Emergis [1]	100.00	100.00
BNP Equities France [1]	99.81	99.81
Codexi	99.91	99.91
Compagnie d'Investissement de Paris "CIP"	100.00	100.00
Financière BNP [1]	100.00	100.00
Immo Investissements BNP [1]	100.00	100.00
Jovacienne de Participations [1]	100.00	97.85
Natiocrédit [1]	100.00	100.00
Natioinformatique	100.00	100.00
Promopart BNP [1]	100.00	100.00
Société Cristolienne de Participations [1]	100.00	100.00
Société de Courtage d'Assurance Universel	100.00	100.00
Société Française Auxiliaire "SFA" [1]	100.00	100.00
OUTSIDE FRANCE		
Credit Institutions		
Europe		
BNP Bank NV (Netherlands)	100.00	100.00
BNP Capital Finance Ltd (Ireland)	100.00	100.00
BNP España (Spain)	99.15	99.15
BNP Factor (Portugal)	100.00	100.00
BNP Finans A/S Norge (Norway)	100.00	100.00
BNP Ireland Ltd (Group)	100.00	100.00
BNP Leasing Spa (Italy)	100.00	100.00
BNP Luxembourg	100.00	99.02
BNP Plc Londres (United Kingdom)	100.00	100.00
BNP Suisse	100.00	99.99
Groupe United European Bank UEB (Switzerland)	100.00	99.99

(1) Entities forming part of the BNP SA taxation group at 1 January 1999.

Financial Institutions	Group voting interest (%)	Group ownership interest (%)
The Americas		
Banco BNP Brasil SA (Brasil)	100.00	100.00
Groupe BancWest Corp. (USA).	43.77	43.77
BNP (Canada)	100.00	99.76
BNP (Mexico) SA	100.00	100.00
BNP (Panama) SA	91.80	90.96
BNP (Uruguay) SA	100.00	100.00
BNP Leasing Corporation Dallas (USA)	100.00	100.00
BNP Private Bank & Trust Cie Bahamas Ltd (Bahamas)	100.00	100.00
Asia - Pacific		
BNP Arbitrage Hong Kong Ltd	100.00	100.00
BNP Prime East Securities (Hong Kong)	100.00	90.00
BNP Securities Australia	100.00	100.00
Pt BNP Lippo Utama Leasing (Indonesia)	80.00	56.00
Africa		
Banque Malgache de l'Océan Indien BMOI (Madagascar)	75.00	64.51
Banque pour le Commerce et l'Industrie (Comores)	51.00	49.90
BCI Mer Rouge (République de Djibouti)	51.00	49.90
BMCI (Morocco)	50.00	48.93
Banque du Caire et de Paris (Egypt)	76.00	76.00
BMCI Leasing Maroc	71.83	35.15
UBCI (Tunisia)	50.00	48.93
Union Tunisienne de Leasing (Tunisia)	34.72	19.40
Other Financial Institutions		
Europe		
BNP Financière du Régent (Belgium)	100.00	100.00
BNP Pasfin SIM SPA (Italy)	100.00	100.00
BNP SIM SA Milan (Italy)	100.00	100.00
BNP Suisse Holding	99.99	99.99
BNP UK Holdings Ltd (United Kingdom)	100.00	100.00
Cipango Ltd (United Kingdom)	100.00	100.00
Interconti - Finance (Ireland)	100.00	100.00
Société Financière pour les Pays d'Outre-Mer - SFOM (Switzerland)	74.18	74.18
The Americas		
BNP Capital Market LLC (USA)	100.00	100.00
BNP Cooper Neff (USA)	100.00	100.00
BNP Cooper Neff Advisors (USA)	100.00	100.00
BNP Mexico Holding (Mexico)	100.00	100.00
BNP Securities INC (USA)	100.00	100.00
BNP US Funding LLC (USA)	100.00	100.00
French American Banking Corporation - FABC (USA)	100.00	100.00
Asia - Pacific		
BNP Equities Group Australia (Australia)	82.63	82.63
BNP Equities Asia (Malaysia)	100.00	100.00
BNP Finance Hong Kong Ltd	100.00	100.00
BNP Futures HKG (Hong Kong)	100.00	100.00
BNP IFS Hong Kong Ltd	100.00	100.00
BNP Pacific Ltd (Australia)	100.00	100.00
BNP Prime Peregrine Singapore Ltd	100.00	100.00
BNP Prime Peregrine South East Asia (Malaysia)	100.00	100.00
BNP Prime Peregrine Securities Thailand	100.00	100.00
BNP Prime Peregrine Capital Ltd HKG (Hong Kong)	100.00	90.00
BNP Prime Peregrine Securities Singapore	70.00	70.00
BNP Prime Peregrine Ltd Greater China (Malaysia)	90.00	90.00
BNP Securities HKG (Hong Kong)	100.00	100.00
BNP Vila Ltd (Vanuatu)	100.00	100.00
Pt BNP Lippo Indonesia (Indonesia)	70.00	70.00
Africa		
BMCI Offshore (Morocco)	100.00	48.93

OTHER COMPANIES

Financial Institutions	Group voting interest (%)	Group ownership interest (%)
IN FRANCE		
Real Estate		
Compagnie Immobilière de France "CIF" [1]	100.00	100.00
Fleurantine de Participations [1]	100.00	100.00
Immobilière des Bergues	100.00	100.00
Meunier Promotion (Group) [1]	100.00	100.00
SNC Immobilier Haussmann 1	100.00	100.00
Insurance		
Natio-Vie (Group) [1]	100.00	100.00
OUTSIDE FRANCE		
Insurance		
BNP RE Luxembourg	100.00	99.91
Real Estate		
90 William Street Pty Ltd (Australia)	100.00	100.00

(1) Entities forming part of the BNP SA taxation group at 1 January 1999.

PROPORTIONALLY CONSOLIDATED COMPANIES

Financial Institutions	Group voting interest (%)	Group ownership interest (%)
IN FRANCE		
Other Financial Institutions		
CFJPE	50.00	50.00
Europcar Lease	50.00	50.00
OUTSIDE FRANCE		
Credit Institutions		
Europe		
BNP AK Dresdner Bank AS (Turkey)	30.00	29.70
BNP Dresdner Bank AD (Bulgaria)	40.00	40.00
BNP Dresdner Bank CR/AS (Czech Republic)	50.00	50.00
BNP Dresdner Bank ZAO (Russia)	50.00	50.00
BNP Dresdner Bank (Polska) SA	50.00	50.00
BNP KH Dresdner Bank Rt (Hungary)	50.00	50.00
BNP Dresdner Bank Croatia (Croatia)	50.00	50.00
BNP Dresdner European Bank AG (Austria)	50.00	50.00
Creation Financial Services (United Kingdom)	76.13	76.13
The Americas		
Dresdner Banque Nationale de Paris Chile (Chile)	44.15	44.15
Inversiones Dresdner BNP Chile (Chile)	50.00	50.00
Asia – Pacific		
International Bank of Paris and Shanghai (People's Republic of China)	50.00	50.00
Other Financial Institutions		
Europe		
BNP AK Dresdner Finansal Kiralama (Turkey)	30.00	29.69
The Americas		
Dresdner BNP Chile Corredores de Bolsa (Chile)	50.00	50.00

Other Companies	Group voting interest (%)	Group ownership interest (%)
IN FRANCE		
Insurance		
Natio-Assurances	50.00	50.00

COMPANIES CARRIED UNDER THE EQUITY METHOD

Financial Institutions	Group voting interest (%)	Group ownership interest (%)
IN FRANCE		
Credit Institutions		
Société Française du Chèque de Voyage	21.00	21.00
Other Financial Institutions		
Euromezzanine SCA 2	31.65	31.65
OUTSIDE FRANCE		
Credit Institutions		
Africa		
BICIA Burkina Faso	51.00	40.04
BICI Côte d'Ivoire	55.35	46.29
BICI Gabon	46.66	40.76
BICI Sénégal	54.11	44.83
International Bank of Southern Africa - SFOM Ltd (South Africa)	81.60	60.53
The Commercial Bank of Namibia Ltd CBON (Namibia)	43.84	32.52
The Americas		
BNP Andes (Peru)	100.00	100.00
Asia		
BNP Prime East Indonesia	100.00	93.40
Other Financial Institutions		
The Americas		
BNP Canada - Valeurs mobilières	100.00	99.76
Fisher Francis Trees and Watts (USA)	24.90	60.00
Europe		
Sifida (Luxembourg)	70.33	48.03
Asia - Pacific		
BNP Prime Peregrine Futures Ltd HKG (Hong Kong)	100.00	90.00
BNP Prime Peregrine Services Ltd HKG (Hong Kong)	100.00	90.00
BNP Prime Peregrine Inc. Philippines	100.00	100.00

PARIBAS Entities

FULLY-CONSOLIDATED COMPANIES

Financial Institutions	Group voting interest (%)	Group ownership interest (%)
IN FRANCE		
Credit Institutions		
Paribas SA	100.00	96.48
Accea Finances	100.00	96.45
Antee	100.00	96.47
Arval Service Lease	100.00	96.46
Banque Cortal	100.00	96.48
Banque Directe	100.00	96.48
Banque Financière Cardif	100.00	96.48
Banque Paribas	100.00	96.48
Carnégie et Cie	100.00	96.41
Cetelem	100.00	96.48
Cetelem Immobilier	100.00	96.40
Cie Gle Location Industrielle	100.00	96.46
Cie Médicale Fin. Voitures	99.96	96.41
Claas Financial Services SAS	90.00	86.82
Cofica	99.97	96.45
Cofica Bail	100.00	96.45
Cofiparc SNC	100.00	96.45
Corelim SNC	100.00	96.41
CrediaL	100.00	96.47
Crédit Moderne Antilles	100.00	96.47
Crédit Moderne Guyane	100.00	96.47
Crédit Moderne Océan Indien	97.14	93.72
Effico Sarl	100.00	96.47
Fac Location SNC	100.00	96.46
Fidem	51.00	49.20
Foncière de Cetelem	100.00	96.47
Inchcape Finance	51.00	49.19
Klebail SA	100.00	96.47
Massilia Bail	100.00	96.46
Neuilly Contentieux	94.80	91.53
Norbail Location SNC	100.00	96.46
Norbail SNC	100.00	96.46
Norrsken Finance	51.00	49.20
Paribas Banque Privée Monaco	100.00	96.46
Paribas Dérivés Garantis	100.00	96.48
Paricomi	100.00	96.41
Parifergie	99.42	95.92
Parilease	100.00	96.48
Prêts et Services	100.00	96.41
SA Finance et Gestion	70.00	67.52
SA Leval 3	100.00	96.47
Same Deutz-Fahr Finance	99.97	96.43
Services et Finance	51.00	49.19
Socappa	99.93	96.40
Sofracem	100.00	96.47
UCB	99.93	96.41
UCB Bail	100.00	96.41
UCB Entreprise	100.00	96.41
UCB Locabail Immobilier	100.00	96.40
UFB Locabail	100.00	96.46
Via Banque	59.94	57.83
Via Crédit Banque - Banque des Îles	97.60	56.63

Financial Institutions	Group voting interest (%)	Group ownership interest (%)

Other Financial Institutions

Cardif Asset Management	100.00	96.48
Conseil Investissement	99.99	96.47
Cybele RE	100.00	96.48
Firem	100.00	96.47
Gerfonds	99.96	96.44
Institut de Télémarketing	99.92	96.40
Paribas Asset Management	100.00	96.48
SNC Cortal Fund Management	100.00	96.47

Other Financial Sector Companies

NHG Guyomarc'h	100.00	94.53

OUTSIDE FRANCE

Credit Institutions

Arval Belgium	95.00	91.63
Arval España	99.94	96.40
Arval Italie	55.00	59.23
Arval Luxembourg	100.00	91.64
Arval Portugal	100.00	96.46
Banca UCB (IT)	100.00	96.44
Banco Cetelem Argentina	60.00	57.89
Banque Paribas Luxembourg	100.00	96.48
Banque Paribas Switzerland	99.98	96.46
BBD Indonesia	88.00	84.90
Cetelem Belgium	60.00	57.87
Cetelem Benelux BV (Netherlands)	100.00	96.45
Cetelem CR (RT)	65.00	62.71
Cetelem SFAC (Poland)	100.00	96.47
Cie Bancaire UK Fonds A (United Kingdom)	100.00	96.47
Cie Bancaire UK Fonds B (United Kingdom)	100.00	96.48
Cie Bancaire UK Fonds D (United Kingdom)	100.00	96.46
CLAAS Leasing GMBH (Germany)	100.00	86.82
Cortal Bank Luxembourg	100.00	96.48
Eurocredito (Spain)	80.00	77.18
Fimestic (Spain)	100.00	96.47
Fimestic Expansion (Spain)	100.00	96.48
Finer (Italy)	60.00	57.87
Magyar Cetelem (Netherlands)	76.52	73.82
Paribas Bank of Canada	100.00	96.48
Paribas Côte d'Ivoire	84.38	81.41
Paribas Deutschland BV (Netherlands)	100.00	96.48
Paribas Finance INC (USA)	100.00	96.48
Paribas Finanzaria SPA (Italy)	100.00	96.48
Paribas Japan LTD	100.00	96.48
Paribas Limited - PB Net (United Kingdom)	100.00	96.48
Paribas Merchant BK. Asia LTD (Singapore)	100.00	96.48
Paribas North America (USA)	100.00	96.48
Paribas Principal INC (USA)	100.00	96.48
Paribas Suisse Guernesey (Guernsey)	100.00	96.46
PNA - Paribas Properties Incorporated (USA)	100.00	96.48
Ryland Multifleet Services (United Kingdom)	75.00	72.34
UCB Group LTD (United Kingdom)	100.00	96.48
UCB Socabail Immobiliare (Italy)	100.00	96.44
UCI Grupo (Spain)	50.00	48.21
UFB Factoring Italia	100.00	96.45
UFB Finfactor (Spain)	100.00	96.46
UFB Group (United Kingdom)	100.00	96.47
UFB Kredit Bank (Germany)	100.00	96.46
UFB Leasing Italia	100.00	96.45
UFB Locabail Deutschland	100.00	96.46
UFB Systema Leasing (Germany)	100.00	96.46
Unifactors Belgium	100.00	96.45
United European Credit BV (Netherlands)	100.00	96.45

PARIBAS ENTITIES

Financial Institutions	Group voting interest (%)	Group ownership interest (%)
Other Financial Institutions		
Centro Di Telemerketing (Italy)	50.00	48.24
Cie Bancaire UK Fonds C (United Kingdom)	100.00	96.48
European RE (Guernsey)	100.00	85.53
Fund Services (Poland)	100.00	96.48
PAM Asia Ltd Singapore	100.00	96.48
PAM Japan Ltd	100.00	96.48
PAM Ltd Bahamas	100.00	96.48
PAM Luxembourg	100.00	96.48
PAM UK Limited	100.00	96.48
Paribas Asia Equity Jasereh (Indonesia)	85.00	82.01
Paribas Asia Equity Ltd (Hong Kong)	100.00	96.48
Paribas Asia Equity Phils Inc (Philippines)	100.00	96.48
Paribas Asia Ltd (Hong Kong)	100.00	96.48
Paribas Bahamas Ltd Suisse (Bahamas)	100.00	96.46
Paribas Capital Markets Ltd (Hong Kong)	100.00	96.48
Paribas Do Brasil Consultaria Projeto	100.00	96.48
Paribas E & B Limited (United Kingdom)	100.00	96.48
Paribas Fonds Marketing (Germany)	100.00	96.48
Paribas Futures Ltd (United Kingdom)	100.00	96.47
Paribas Group Australia	100.00	96.48
Paribas Investissement Asia (Hong Kong)	100.00	96.48
Paribas Investment Managt GMBH (Germany)	100.00	96.48
Paribas Ltd - PBAS Capital Markets GRP Ltd	100.00	96.48
Paribas Ltd - Wigmore Loan Finance Ltd	100.00	96.48
Paribas UK Holding Ltd (United Kingdom)	100.00	96.48
Paribas UK Ltd (United Kingdom)	100.00	96.48
PNA - Paribas Asset Management Incorporated (USA)	100.00	96.48
PNA - Paribas Corporation (USA)	100.00	96.48
PNA - Paribas Futures Incorporated (USA)	83.00	96.48

Other Companies	Group voting interest (%)	Group ownership interest (%)
IN FRANCE		
Insurance		
Cardif RD	100.00	96.48
Cardif SA	100.00	96.48
Cardif Sté Vie	100.00	96.48
Gestion Croissance	72.40	80.94
Real Estate		
Antin Bail	100.00	96.48
Antin Gérance	95.10	91.75
CB Pierre	99.00	58.31
Cerenicim	100.00	96.48
Foncière Mulhouse Nord	100.00	58.90
Immob. Marché St-Honoré SCI	100.00	96.48
KLE 31	99.88	58.89
Klépierre	61.11	58.90
Loisirs Finance SA	51.00	49.19
SA 25 Kléber	100.00	96.36
SA 37 La Pérouse	100.00	96.48
SA Cecobil	50.00	29.45
SA Centrale Immobilière	100.00	58.90
SA De Flers	100.00	96.48
SA Klecentres	87.50	51.53

Other Companies	Group voting interest (%)	Group ownership interest (%)
SA Soaval	49.92	24.99
SA Socoseine	74.88	41.91
SA Tours Nationale	100.00	51.53
Saint-André PEY Berland	100.00	51.53
SAS 192 Charles-de-Gaulle	100.00	58.90
SAS 21 Kléber	100.00	59.27
SAS 21 La Pérouse	100.00	58.90
SAS 43 Grenelle	100.00	58.90
SAS 43 Kléber	100.00	58.90
SAS 46 Notre-Dame-Victoires	100.00	58.90
SAS 5 Kléber	100.00	96.48
SAS 5 Turin	100.00	58.92
SAS 52 Iena	100.00	60.77
SAS Baudin Levallois	100.00	58.90
SAS Baudot Massy	100.00	58.90
SAS Bègles Arcins	75.00	38.65
SAS Cande	100.00	58.89
SAS Centre Villepinte	100.00	51.55
SAS Centre Jaude Clermont	100.00	51.54
SAS Colombier Carrière	100.00	96.28
SAS Combs-la-Ville	100.00	96.48
SAS Concorde Puteaux	100.00	58.90
SAS Daumesnil Reuilly	100.00	58.90
SAS Doumer Caen	100.00	51.55
SAS Espace Dumont-d’Urville	100.00	58.90
SAS Espace Kléber	100.00	58.90
SAS Étoile Résidence	100.00	96.29
SAS Flandre	100.00	58.89
SAS Fontenay La Redoute	100.00	58.94
SAS Kléber Levallois	100.00	58.90
SAS Kléber Montigny	100.00	96.48
SAS Klébureaux	100.00	58.90
SAS Kléfinances	100.00	96.29
SAS Klégestion	100.00	58.90
SAS Klémurs	100.00	58.90
SAS Langevin Herblay	100.00	58.90
SAS Le Havre Capelet	100.00	58.90
SAS Le Havre Tourneville	100.00	58.90
SAS Leblanc Paris 15	100.00	58.90
SAS Louis-Philippe	100.00	96.48
SAS Melun St Pères	100.00	51.54
SAS Oise Cergy	100.00	77.65
SAS Paul-Doumer Rueil	100.00	58.93
SAS Poitiers Alienor	100.00	58.90
SAS Sinkle	100.00	96.29
SAS Sommer Antony	100.00	58.90
SAS Strasbourg La Vigie	100.00	51.60
SAS Suffren Paris 15	100.00	58.90
SAS Taitbout Paris 9	100.00	96.29
SAS Vanne Montrouge	100.00	60.77
SAS Varennes Ormes	100.00	58.90
SC Bourse	85.00	44.91
SC Cecocord	100.00	58.89
SC Rouen Cande	100.00	58.89
SCI Boulogne d’Aguesseau	99.90	58.25
SCI Étoile Quinzième	99.90	58.25
SCI Les Ellipses	99.90	58.25
SCI Levallois Anatole-France	99.90	58.25
SCI Levallois Michelet	99.90	58.25
SCI Paris Suffren	99.90	58.25
SCI Rue du Sentier	100.00	58.90
SCI Rueil Hermès	99.90	58.25
SCI Square Chaptal 2	100.00	58.90
SCI Villepinte Le Tropical	99.90	58.25
Secmarne	61.67	28.98

PARIBAS ENTITIES

Other Companies	Group voting interest (%)	Group ownership interest (%)
Real Estate		
Ségécé	89.99	50.06
Segefico	100.00	96.28
Setic	100.00	96.28
SI Immobilière 36 Av. Opéra	100.00	96.48
SNC 86 Anatole-France	100.00	58.90
SNC Cecoville	99.90	58.84
SNC Cortal Pierre Gestion	100.00	96.48
SNC Couperin Foncière	100.00	58.90
SNC Foncière Saint-Germain	100.00	58.90
SNC Général-Leclerc 11/11bis Levallois	100.00	58.90
SNC Godefroy Puteaux	100.00	58.90
SNC Kléber La Pérouse	100.00	58.90
SNC Liège 25 Paris 8e	100.00	58.90
SNC Soccendre	100.00	50.07
SNC Université Paris 7e	100.00	58.90
Solorec	100.00	53.79
STE du 23, avenue Marignan	100.00	58.90
Other		
Beti SNC	100.00	96.48
Bincofi	100.00	96.28
Capefi	100.00	96.48
Cie d'Entreprises Industrielles et Commerciales (CEIC)	98.80	95.31
Compagnie d'Entreprises et de Chemins de Fer	100.00	96.48
Courcoux Bouvet	100.00	96.48
Financière Kléber	100.00	96.48
Foncière de la CB	100.00	96.48
Gam CB	92.68	87.40
GEP CB	96.35	90.41
KLE 22	99.92	96.40
KLE 65	99.80	96.29
KLE 66	100.00	96.48
Omnium Gestion Dévelop. Immob.	100.00	96.28
Opatra	100.00	96.45
Ottofrance International	100.00	96.45
Pai Management	100.00	96.48
Parfici	100.00	96.48
Paribas International	100.00	96.48
Paribas Investissement Dévelpt	100.00	96.48
Paribas Santé SA	100.00	96.47
Quatch	99.96	96.41
Safadeco SP	100.00	96.48
Safadeco SA	100.00	96.48
Sagal	100.00	94.90
SGCF	99.97	96.45
Société Centrale d'Investissement	100.00	96.48
Société d'Informatique et de Systèmes (SIS)	100.00	96.48
Sogimo SA	99.99	96.47

Other Companies	Group voting interest (%)	Group ownership interest (%)
OUTSIDE FRANCE		
Insurance		
Cia Seguros De Vida (Chili)	100.00	96.48
Cardif Assicurazioni (Italy)	100.00	96.48
Cardif CIA SEG. VIDA (Argentina)	100.00	96.48
Cardif Leven (Belgium)	100.00	96.48
Cardif Provita (Czech Republic)	100.00	96.48
Compania De Seguros Generales (Chili)	100.00	96.48
Investlife Luxembourg SA	100.00	96.48
Pinnacle Holding (United Kingdom)	88.65	85.53
Pinnacle Insurance (United Kingdom)	100.00	85.53
Pinnacle Insurance Mangt Serv. (United Kingdom)	100.00	85.53
Pinnafrica Holding Ltd (South Africa)	100.00	85.53
Pinnafrica Insurance CY (South Africa)	100.00	85.53
Pinnafrica Insurance Life (South Africa)	100.00	85.53
Real Estate		
Ejenorte (Spain)	100.00	96.30
Ejesur (Spain)	100.00	96.29
Great Central Railway Land (France)	99.80	96.29
Immobiliare Magnolia SRL (Italy)	85.00	50.06
Monopoly (United Kingdom)	100.00	96.48
Other		
Amparzo (Netherlands)	100.00	45.68
Cobema (Belgium)	100.00	57.44
Cobepa (Belgium)	61.52	57.44
Cobepa - Belvuco (Belgium)	77.89	44.16
Cobepa - CFA SA (Belgium)	82.10	47.16
Cobepa - Cie de Particip Intern SA (Luxembourg)	97.50	56.01
Cobepa - Cie de Particip Intern BV (Netherlands)	100.00	45.66
Cobepa - Cie Financière et Mobilière (Belgium)	100.00	57.44
Cobepa - Cie Forestière “Cosylva” (Belgium)	100.00	45.67
Cobepa - Cie Gestion & Dévelop Informatiq (Belgium)	100.00	57.44
Cobepa - Cippar (Belgium)	100.00	45.67
Cobepa - Clairville (Belgium)	100.00	57.44
Cobepa - Cobepa Finance (Luxembourg)	100.00	57.44
Cobepa - Cobepa Technology (Belgium)	100.00	57.44
Cobepa - Copabel SA (Belgium)	100.00	56.01
Cobepa - Coparin (Luxembourg)	100.00	56.01
Cobepa - Financ Dévelop & Particip (STE)	50.00	28.72
Cobepa - Financière Cristal SA (Luxembourg)	100.00	45.67
Cobepa - Groupe Financier Liégeois (Belgium)	100.00	45.68
Cobepa - Group T SA (Belgium)	100.00	45.68
Cobepa - Holnor (Netherlands)	100.00	56.02
Cobepa - Internat Financing Partners SA (Luxembourg)	100.00	45.67
Cobepa International (Netherlands)	100.00	57.44
Cobepa - Libelux (Luxembourg)	99.98	57.43
Cobepa - Libenel (Netherlands)	100.00	57.44
Cobepa - Lim (Netherlands)	100.00	57.44
Cobepa - Limaco (Belgium)	100.00	44.16
Cobepa - Lucht et Licht NV (Netherlands)	100.00	44.16
Cobepa - Mascagni (Belgium)	100.00	44.14
Cobepa - Paribas Participation Limitée (Canada)	97.50	56.01
Cobepa - Ramlux (Luxembourg)	100.00	44.16
Cobepa - Regio Invest Ontwik Maats (Belgium)	100.00	44.16
Cobepa - SA Mosane (Belgium)	79.52	45.67
Cobepa - Sté Financière & de Réalisation (Belgium)	100.00	57.44
Cobepa - Texaf (Belgium)	82.10	47.16
Cobepa - Tradexco SA (Belgium)	100.00	57.44
Cobepa - Vobis Finance (Belgium)	50.00	28.72

PARIBAS ENTITIES

Other Companies	Group voting interest (%)	Group ownership interest (%)
Other		
Cobepa - Paribas Deelnemingen NV (Netherlands)	100.00	54.12
Luxpar Réassurance (Luxembourg)	100.00	96.48
Ottomane Cie Financière (Luxembourg)	96.15	92.74
Paribas Cap Inv (United Kingdom)	100.00	96.48
Paribas International BV (Netherlands)	100.00	96.48
Paribas Ltd - Paribas Managt Service LTD (United Kingdom)	100.00	96.48
Paribas Sante Intern. BV (Netherlands)	100.00	96.47
Paribas Trust Luxembourg	100.00	96.48
Plagefin (Luxembourg)	99.99	96.47
Sagip (Belgium)	100.00	96.48

PROPORTIONALLY CONSOLIDATED COMPANIES

Financial Institutions	Group voting interest (%)	Group ownership interest (%)
IN FRANCE		
Crédit Institutions		
Case Credit Europe	50.00	48.23
Other Financial Institutions		
Antarius	50.00	48.24
Axeria Assurances	35.00	33.77
Dartem	50.00	48.24
Finaref RD	40.00	38.59
Finaref VIE	40.00	38.59
OUTSIDE FRANCE		
Credit Institutions		
Arval Suisse LHS	50.00	48.23
Attijari Cetelem (Morocco)	50.00	48.24
Attijari Locabail (Morocco)	50.00	48.23
Case Crédit Europe (Germany)	50.00	48.23
Case Leasing (Germany)	50.00	48.23
Case Crédit UK Ltd	50.00	48.23
Other Financial Institutions		
Centro Vita ASS (Italy)	49.00	47.27
Cortal Direct (South Africa)	50.00	48.24
Poczsta Polska (Poland)	48.00	46.31

Other Institutions	Group voting interest (%)	Group ownership interest (%)
IN FRANCE		
Real Estate		
SCI Antin Vendôme	50.00	29.45
SAS Brescia	50.00	25.77
SAS Espace Cordeliers	50.00	29.45
SAS Le Havre Lafayette	40.00	23.56
SAS Le Havre Vauban	40.00	23.56
OUTSIDE FRANCE		
Real Estate		
ICD SPA (Italy)	50.00	21.90

COMPANIES CARRIED UNDER THE EQUITY METHOD

Financial Institutions	Group voting interest (%)	Group ownership interest (%)
IN FRANCE		
Credit Institutions		
3 CVD	15.00	14.47
BQE Petrofigaz	44.81	43.23
CLF Locabail SAS	40.00	38.59
Cofinoga	44.00	42.45
Covefi	34.00	32.80
Facet	38.85	37.48
Finalion	49.00	47.27
Finama	49.00	47.27
STE Paiement Pass	40.01	38.60
VIA Crédit Banque - Sagefi	38.78	22.43
Other Financial Institutions		
Assurances Banque Populaire	15.00	14.47
Laser	9.80	9.46
Novacredit	34.00	32.80
OUTSIDE FRANCE		
Credit Institutions		
ATF Turquie	30.00	39.94
Banco Servicios Financieros (Argentina)	40.00	38.59
Carrefour Financial Consulting (Taïwan)	40.00	38.59
Cetelem America	100.00	96.48
Cetelem Polska Expansion (Poland)	100.00	96.47
Cetelem Services Korea	100.00	96.48
Cetelem Services Taiwan	100.00	96.48
Cofidis Belgium	15.00	14.47
Cofidis Hispania	15.00	14.47
Cofidis UK (United Kingdom)	15.00	14.47
Fimaser (Belgium)	40.00	38.58
Findomestic (Italy)	42.74	41.23
Fipryca (Spain)	34.00	38.59
Fortis Credit (Belgium)	45.00	26.04
Halifax Cetelem Finance LTD (United Kingdom)	50.00	48.24
Vecofin (Italy)	15.00	14.47
Other Financial Institutions		
Cortal Belgique	40.00	38.59
Nationale A Portefeuille (CNP) (Belgium)	2.40	19.06
Pargesa Holding (Switzerland)	14.55	12.71

PARIBAS ENTITIES

Other Companies	Group voting interest (%)	Group ownership interest (%)
IN FRANCE		
Real Estate		
Axa Refinance	21.00	20.26
Finaxa	22.67	21.87
SCI Secovalde	40.00	23.56
Segece Loisirs et Transactions	100.00	47.60
Other		
RIVP-Regie Immob.Ville Paris	30.79	29.71
Sinvim	100.00	96.48
OUTSIDE FRANCE		
Other		
Cobepa - ALL TAG (Belgium)	26.47	12.09
Cobepa – Ancorabel (Belgium)	19.01	8.39
Cobepa - Ariane Beheer (Belgium)	27.45	14.87
Cobepa – Codefi (Belgium)	100.00	47.16
Cobepa - Compagnie Centrale 1909 (Belgium)	34.00	19.53
Cobepa – Berginvest (Belgium)	48.27	22.05
Cobepa - Dehnert & Jansen (Belgium)	35.19	19.04
Cobepa – Eurovos (Belgium)	20.00	10.82
Cobepa – Floridienne (Belgium)	20.15	9.20
Cobepa – GIB (Belgium)	22.35	12.67
Cobepa - Groupe Josi (Belgium)	23.61	13.53
Cobepa – Interxion (Belgium)	24.05	13.01
Cobepa - Languahe Hill (Belgium)	31.63	13.97
Cobepa - Mainland Sequoia (Belgium)	30.00	16.24
Cobepa – Mediabel (Belgium)	22.52	10.29
Cobepa – Neurones (Belgium)	38.36	17.52
Cobepa - SAIT Radioholland (Belgium)	67.31	38.67
Cobepa - SENS Label (Belgium)	24.94	13.50
Cobepa – Sopex (Luxembourg)	49.90	22.04
Cobepa – Spaas (Belgium)	49.00	21.64
Cobepa - T-Palm (Belgium)	63.24	28.89
Cobepa - UCO Engineering (Belgium)	100.00	44.16
Cobepa - UCO Textile (Belgium)	60.86	25.47
Cobepa – Vegobeheer (Belgium)	25.00	13.53
Cobepa – Zetes (Belgium)	26.75	15.37
Erbe SA (Belgium)	45.48	40.71

NOTE 3 - CONTRIBUTIONS OF THE BNP AND PARIBAS SUB-GROUPS TO BNP GROUP NET ASSETS AND NET INCOME

A) Consolidated balance sheet at 31 December 1999: contribution of Paribas and its subsidiaries to the BNP Group

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

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

B) Consolidated income statement for the year ended 31 December 1999: contribution of Paribas and its subsidiaries to the BNP Group

In millions of euros	BNP and subsidiaries (excluding Paribas)	Paribas and subsidiaries (4th quarter 1999)	BNP Group
Net banking income	**9,015**	**1,191**	**10,206**
Gross operating income	**3,240**	**224**	**3,464**
Operating income	**2,642**	**120**	**2,762**
Income before tax, non-recurring items, amortization of goodwill and movements in the reserve for general banking risks	**3,324**	**368**	**3,692**
Net income before BNP-Paribas merger-related restructuring costs	**1,906**	**173**	**2,079**
Net income	**1,311**	**173**	**1,484**

NOTE 4 - INTERBANK AND MONEY MARKET ITEMS

In millions of euros, at 31 December	1999			1998	1997
	Gross	(Allowances)	Net	Net	Net
Cash and due from central banks and post office banks	**6,032**	**(1)**	**6,031**	**3,666**	**1,809**
Treasury bills and money-market instruments (note 7)	**61,829**	**(26)**	**61,803**	**40,394**	**37,883**
Due from credit institutions					
Demand deposits	11,321	(37)	11,284	4,036	4,047
Term loans and time deposits [1]	35,229	(532) [2]	34,697	28,380	33,525
Securities and bills purchased firm or under resale agreements					
Securities received under resale agreements	106,873		106,873	36,711	35,725
Bills purchased firm or under resale agreements	6,591		6,591	2,061	1,670
Total securities and bills purchased firm or under resale agreements	113,464		113,464	38,772	37,395
Subordinated loans	327		327	110	72
Total due from credit institutions	**160,341**	**(569)**	**159,772**	**71,298**	**75,039**
Total interbank and money market items	**228,202**	**(596)**	**227,606**	**115,358**	**114,731**
Including accrued interest			*3,129*	*1,737*	*1,755*

(1) "Term loans and time deposits" include overnight and term loans which are not materialized in a bill or security, particularly financial credits. Commercial loans with an initial term of more than one year granted to credit institutions, where the ultimate borrowers are business entities other than financial sector companies, generally entities from developing countries on which cross-border exposure has been provisioned (Note 9), are considered financial credits.
(2) General allowances for country risks.

NOTE 5 - CUSTOMER ITEMS

In millions of euros, at 31 December	1999			1998	1997
	Gross	(Allowances)	Net	Net	Net
Due from customers					
Commercial and industrial loans	8,577	(1)	8,576	6,573	5,522
Overdrafts	13,669	-	13,669	11,085	10,749
Other credits					
- Short-term loans	42,655	-	42,655	22,945	22,899
- Mortgage loans	33,211	-	33,211	21,344	20,468
- Investment loans	27,768	-	27,768	15,878	15,768
- Export loans	8,572	(1,031)	7,541	3,527	3,066
- Other customer loans	50,746	(10)	50,736	42,910	37,085
Total other credits	**162,952**	**(1,041)** [1]	**161,911**	**106,604**	**99,286**
Doubtful customer loans	12,337	(8,407)	3,930	2,886	1,282
Accrued interest	1,282	-	1,282	738	674
Securities and bills purchased firm or under resale agreements	7,279	-	7,279	10,267	7,983
Subordinated loans [2]	509	(42)	467	130	123
Total due from customers [3]	**206,605**	**(9,491)**	**197,114**	**138,283**	**126,846**
Opérations de crédit-bail et assimilées	**16,663**	**(382)**	**16,281**	**9,258**	**8,484**
Total customer items	**223,268**	**(9,873)**	**213,395**	**147,541**	**135 330**
Including accrued interest			*1,491*	*948*	*854*

(1) General allowances for country risks.
(2) Participating loans granted to BNP customers included under "Subordinated loans" amounted to EUR 339 million at 31 December 1999 against EUR 100 million at 31 December 1998 and EUR 78 million at 31 December 1997.
(3) Loans qualifying for refinancing by the French Central Bank amounted to EUR 12,233 million at 31 December 1999 against EUR 10,296 million at 31 December 1998 and EUR 9,987 million at 31 December 1997.

NOTE 6 - INSURANCE COMPANY INVESTMENTS

In millions of euros, at 31 December	1999	1998	1997
Real estate	1,015	609	589
Equities, mutual funds and other non-fixed income instruments	2,288	1,060	738
Bonds and other fixed income instruments	24,925	15,524	13,676
Admissible assets related to unit-linked business	18,496	5,408	4,230
Reinsurance recoverable	496	26	23
Accrued interest	709	500	465
Insurance company investments	**47,929**	**23,127**	**19,721**

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

In millions of euros, at 31 December	1999				1998		1997	
	Gross value	Allowance	Net book value	Market value	Net book value	Market value	Net book value	Market value
Trading account assets								
Treasury bills and money market instruments	32,136		32,136	32,136	20,220	20,220	18,169	18,169
Bonds and other fixed-income instruments	31,899		31,899	31,899	6,237	6,237	7,041	7,041
Equities and other non-fixed-income instruments	25,252	(2)	25,250	25,250	6,208	6,208	4,785	4,785
Own stock held within the Group	63		63	63	7	7	2	2
Total trading account assets	**89,350**	**(2)**	**89,348**	**89,348**	**32,672**	**32,672**	**29,997**	**29,997**
Including : unlisted equities and bonds	*836*		*836*	*836*	*300*	*300*	*594*	*594*
Investment securities held for sale								
Treasury bills and money market instruments	8,019	(26)	7,993	8,133	1,191	1,186	1,349	1,361
Bonds and other fixed-income instruments	11,949	(720)	11,229	11,572	3,834	3,934	4,414	4,625
Equities and other non-fixed-income instruments	1,420	(54)	1,366	1,508	355	407	189	234
Own stock held within the Group	3		3	4	-	-	-	-
Total investment securities held for sale	**21,391**	**(800)**	**20,591**	**21,217**	**5,380**	**5,527**	**5,952**	**6,220**
Including : unlisted equities and bonds	*2,527*	*(607)*	*1,920*	*2,126*	*1,123*	*1,195*	*612*	*630*
Debt securities held for investment								
Treasury bills and money market instruments	21,674		21,674		18,983	19,479	18,365	18,595
Bonds and other fixed-income instruments	14,191	(41)	14,150		6,543	6,504	5,840	5,935
Total debt securities held for investment	**35,865**	**(41)**	**35,824**		**25,526**	**25,983**	**24,205**	**24,530**
Including: unlisted bonds	*1,335*	*(4)*	*1,331*		*706*	*706*	*303*	*303*
Trading account assets, investment securities held for sale and debt securities held for investment[1]	**146,606**	**(843)**	**145,763**		**63,578**	**64,182**	**60,154**	**60,747**
Including:								
- Treasury bills and money market instruments	*61,829*	*(26)*	*61,803*		*40,394*	*40,885*	*37,883*	*38,125*
- Bonds and other fixed-income instruments	*58,039*	*(761)*	*57,278*		*16,614*	*16,675*	*17,295*	*17,601*
Including: unlisted bonds					*1,752*	*1,820*	*1,347*	*1,364*
- Equities and other non-fixed income instruments	*26,738*	*(56)*	*26,682*		*6,570*	*6,622*	*4,976*	*5,021*
Including : unlisted equities					*377*	*380*	*162*	*163*

(1) Mutual fund shares held by the BNP-Paribas Group amounted to EUR 2,106 million at 31 December 1999 (EUR 405 million at 31 December 1998 and EUR 113 million at 31 December 1997). This amount includes EUR 917 million in growth funds, of which EUR 798 million incorporated in France compared with EUR 99 million at 31 December 1998 of which EUR 23 million incorporated in France and EUR 53 million at 31 December 1997 of which EUR 42 million incorporated in France.

Over the past three years, securities were reclassified among the various portfolios as follows:

Former classification	New classification	Amount transferred during period (in millions of euros)		
		1999	1998	1997
Trading account assets	Investment securities held for sale	535	232	341
Investment securities held for sale	Debt securities held for investment	8	567	5
Debt securities held for investment	Investment securities held for sale	74	2	79
Trading account assets	Debt securities held for investment	15	12	291

Net premiums on debt securities held for investment reflecting an acquisition price higher than the redemption price amounted to EUR 494 million at 31 December 1999, compared with EUR 153 million at 31 December 1998 and EUR 274 million at 31 December 1997. These premiums are amortized over the remaining life of the securities.

Receivables corresponding to securities lent amounted to EUR 3,264 million at 31 December 1999, compared with EUR 409 million at 31 December 1998 and EUR 363 million at 31 December 1997.

Accrued interest on fixed-income securities was EUR 994 million at 31 December 1999 against EUR 658 million at 31 December 1998 and EUR 649 million at 31 December 1997. During 1999, the BNP Group used the stockholder authorization to trade in BNP shares in order stabilize the market price to sell 11,063,187 shares at an average price of EUR 79.50 and to purchase 11,198,724 shares at an average price of EUR 79.83. At 31 December 1999, the BNP Group held 45,000 BNP SA shares (note 21). In addition, one of the Group subsidiaries engaged in arbitraging on stock market indexes held 156,471 BNP shares at 31 December 1999, under trading account assets.

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

In millions of euros, at 31 December	1999			1998		1997	
	Gross book value	Net book value	Fair market value	Net book value	Fair market value	Net book value	Fair market value
Equity securities held for investment							
Unlisted securities	1,556	1,243	1,582	326	372	296	336
Listed securities	2,322	2,234	5,562	1,365	2,164	1,289	2,042
Total equity securities held for investment	**3,878**	**3,477**	**7,144**	**1,691**	**2,536**	**1,585**	**2,378**
Other stock investments(1)							
Securities issued by affiliates neither consolidated nor carried under equity method	475	296	340	290	300	212	227
Other stock investments, other							
Unlisted securities	2,817	2,389	3,140	682	811	441	470
Listed securities	1,675	1,656	5,135	813	1,658	1,078	1,419
Total other stock investments, other	**4,492**	**4,045**	**8,275**	**1,495**	**2,469**	**1,519**	**1,889**
Total other stock investments	**4,967**	**4,341**	**8,615**	**1,785**	**2,769**	**1,731**	**2,116**
Total equity securities held for investment and other stock investments	**8,845**	**7,818**	**15,759**	**3,476**	**5,305**	**3,316**	**4,494**

(1) The fair market value of securities issued by unlisted affiliates and other unlisted stock investments is determined based on the value of the BNP-Paribas Group's equity in the underlying net assets.

Interest in subsidiaries and affiliated credit institutions classified as "Other stock investments" amounted to EUR 540 million and EUR 17 million respectively, at 31 December 1999 against EUR 276 million and EUR 59 million at 31 December 1998, and EUR 203 million and EUR 39 million at 31 December 1997.

The main companies carried under "Equity securities held for investment and other stock investments" with a net book value of more than EUR 100 million in the BNP Group's accounts are listed below:

In millions of euros	Head Office	Consolidated stockholder's equity in 1998 (1)	Consolidated net income (loss) in 1998	Net book value in BNP Group accounts
Shareholding interests of less than 5% of the investee's capital stock				
Axa	Paris	13,536	1,531	636
TotalFina	La Défense	10,346	886	466
Aegon	Netherlands	7,934	1,247	254
Saint-Gobain	La Défense	8,770	1,097	205
Vivendi	Paris	7,840	1,121	201
Schneider Electric	Boulogne-Billancourt	3,695	421	108
Air France	Roissy	2,704 (2)	249	104
Shareholding interests of between 5% and 10% of the investee's capital stock				
Cassa Risparmio di Firenze	Italy	744	62	112
Shareholding interests of more than 10% of the investee's capital stock				
Gib Group	Belgium	508	(66)	179
Eiffage	Paris	582	41	161
Coparex	Issy-les-Moulineaux	101	(29)	104

(1) Based on French accounting principles.
(2) Figures for the year ended 31 March 1999

Net unrealized capital gains on equity securities held for investment and other stock investments, calculated by reference to period-end market prices for listed securities, amounted to EUR 7,941 million at 31 December 1999, compared with EUR 1,829 million at 31 December 1998 and EUR 1,178 million at 31 December 1997.

NOTE 9 - ALLOWANCE FOR CREDIT RISKS AND COUNTRY RISKS

In millions of euros	1999	1998	1997
At 1 January	**8,685**	**8,570**	**8,454**
Net additions during the period	648	1,028	894
Write-offs during the period covered by allowances	(863)	(820)	(939)
Effect of changes in Group structure – consolidation of Paribas and its subsidiaries	3,637		
Translation adjustments and other changes	326	(93)	161
At 31 December	**12,433**	**8,685**	**8,570**
BREAKDOWN OF ALLOWANCES:			
Allowances reflected under assets			
On interbank items[1]	568	755	1,024
On customer items (note 5)	9,873	5,844	6,318
On securities[1]	691	609	451
Total allowances reflected under assets[2]	**11,132**	**7,208**	**7,793**
including allowances for country risks	*2,193*	*1,525*	*2,041*
Allowances reflected under liabilities			
Designated to cover off-balance sheet commitments	383	553	389
Designated to cover other credit risks	918	924	388
Total allowances reflected under liabilities	**1,301**	**1,477**	**777**
including allowances for country risks	*678*	*790*	*175*
Total allowance for credit risks and country risks	**12,433**	**8,685**	**8,570**

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

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

Credit-risk allowances are recorded under assets in the allowance for credit losses account. Allowances for off-balance sheet commitments are reflected under liabilities, as are allowances for legal proceedings pending, allowances for risks not specifically identified, and allowances for unforeseen sectoral risks.

Outstanding allowances on principal and interest, premiums and discounts in relation to sovereign loans totaled EUR 2,871 million at 31 December 1999 against EUR 2,315 million at 31 December 1998 and EUR 2,216 million at 31 December 1997.

In millions of euros	1999	1998	1997
Additions to allowances for credit risks and country risks			
Customer and interbank items	1,281	1,463	1,831
Off-balance sheet commitments	56	214	65
Securities	70	338	43
Other credit risks	21	30	36
Total additions to allowances for credit risks and country risks	**1,428**	**2,045**	**1,975**
Recoveries and utilizations of allowances for credit risks and country risks:			
Customer and interbank items	(523)	(907)	(972)
Off-balance sheet commitments	(138)	(40)	(69)
Securities	(110)	(2)	(31)
Other credit risks	(9)	(68)	(9)
Total recoveries and utilizations of allowances for credit risks and country risks	**(780)**	**(1,017)**	**(1,081)**
Net additions to allowances for credit risks and country risks	**648**	**1,028**	**894**
Write-offs not covered by allowances	138	123	131
Recoveries of amounts written off	(44)	(75)	(68)
Cancellation of net (addition to) deduction from allowances for interest arrears reflected under net banking income	(40)	130	77
Net charge for the period for credit risks and country risks	**702**	**1,206**	**1,034**
Including :			
- Provision charge for specific risks	*812*	*799*	*604*
- Provision charge for country risks	*(110)*	*407*	*430*

CREDIT EXPOSURE TO SENSITIVE COUNTRIES

In 1997 and 1998, the economies of a number of emerging countries were affected to varying degrees by severe recession and very high interest rates, the depreciation of local currencies and slumps in regional stock markets.

Some or all of these phenomena were initially concentrated during 1997 in five Asian countries (South Korea, Indonesia, Thailand, Malaysia and the Philippines), where the crisis partially eased in the second half of 1998. In mid-1998, similar trends affected first Russia and then Brazil. Russia became technically insolvent.

Since the first half of 1999, country risks worldwide have tended to decline with the return to economic growth, the increase in the price of oil and other commodities and the gradual return of private capital to emerging countries. Country risks have eased considerably in Asia, with the exception of Indonesia. The economic situation in Latin America is still uncertain, however, due to the lingering effects of the recession, high interest rates and the January 1999 devaluation of the real which has increased foreign debt servicing costs. Similarly, Russia's financial position remains somewhat precarious.

BNP's on and off balance sheet exposure in these countries is in both local and foreign currencies, and comprises lending of all maturities including short-term and trade-related financing, and securities portfolios including trading securities (except where the nominal value on maturity is backed by American or French zero-coupon Treasury bonds). Included in BNP's exposure are all transactions of this type with governments, banks and corporate clients (except subsidiaries of multinationals based in non sensitive countries). Excluded is the portion of risks guaranteed by public institutions (such as Coface) or international institutions in non sensitive countries, or by formally pledged cash collateral. Short term trade related financing with an initial term of less than eighteen months is included. Transactions where the only risk is of non delivery of the goods financed and on which payment is sourced from non sensitive countries are not included.

Asian countries

Direct exposure In millions of euros	31 December 1999						31 December 1998
	Corporate	Banks	Government and public sector	Total (excl. short-term trade-related)	Short-term trade-related	Total	Total
South Korea	610	513	663	**1,786**	674	**2,460**	**1,332**
Indonesia	940	66	82	**1,088**	261	**1,349**	**694**
Thailand	529	53	91	**673**	105	**778**	**579**
Malaysia	490	87	115	**692**	49	**741**	**386**
Philippines	197	69	96	**362**	204	**566**	**394**
Total	**2,766**	**788**	**1,047**	**4,601**	**1,293**	**5,894**	**3,385**

Loans to private clients from these five countries amounted to EUR 266 million at 31 December 1999.

The BNP Group's consolidated balance sheet at 31 December 1999 includes specific and general allowances of EUR 1,261 million (EUR 743 million at 31 December 1998) to cover exposures in the five most sensitive Asian countries. Out of the 31 December 1999 total, EUR 497 million correspond to allowances recorded by Paribas. These allowances break down as follows:

- specific allowances of EUR 719 million for individually identified impaired assets, of which EUR 231 million recorded by Paribas;

- an additional general precautionary allowance for country risks calculated using the multi-criteria approach applied by the BNP Group which is designed, in particular, to assess the impact of a further deterioration in the economic and financial situation in the five countries.

Other countries

Direct exposure In millions of euros	31 December 1999						31 December 1998
	Corporate	Banks	Government and public sector	Total (excl. short-term trade-related)	Short-term trade-related	Total	Total
Russia	116	75	341	**532**	15	**547**	**633**

Outstandings on transactions with Russia where the only risk was of non-delivery of the goods financed amounted to EUR 745 million at 31 December 1999.

Direct exposure In millions of euros	31 December 1999						31 December 1998
	Corporate	Banks	Government and public sector	Total (excl. short-term trade-related)	Short-term trade-related	Total	Total
Brazil	146	164	298	**608**	543	**1,151**	**736**

Brady bond debt with Brazil guaranteed by U.S zero-coupon Treasury bonds amounted to EUR 193 million at 31 December 1999.

NOTE 10 - TANGIBLE AND INTANGIBLE ASSETS

In millions of euros	1999			1998	1997
	Gross	Depreciation, amortization and provisions	Net	Net	Net
Intangible assets					
Computer software	568	(446)	122	115	107
Other intangible assets	337	(167)	170	117	114
Total intangible assets	**905**	**(613)**	**292**	**232**	**221**
Tangible assets					
Land and buildings	3,336	(1,050)	2,286	1,282	1,137
Rental properties	1,561	(573)	988		
Equipment, furniture and fixtures	3,769	(2,421)	1,348	797	689
Other fixed assets	256		256	100	80
Total tangible assets	**8,922**	**(4,044)**	**4,878**	**2,179**	**1,906**
Total tangible and intangible assets	**9,827**	**(4,657)**	**5,170**	**2,411**	**2,127**

OPERATING ASSETS

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

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

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

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

NON OPERATING ASSETS

Nonoperating land and buildings amounted to EUR 1,183 million at 31 December 1999, compared with EUR 29 million at 31 December 1998 and EUR 34 million at 31 December 1997.

DEPRECIATION, AMORTIZATION AND PROVISIONS

The charge for depreciation, amortization and provisions recorded by BNP for 1999 and by Paribas for the fourth quarter of the year totaled EUR 425 million, compared with EUR 335 million in 1998 and EUR 324 million in 1997.

NOTE 11 - ACCRUED INCOME AND OTHER ASSETS

In millions of euros, at 31 December	1999	1998	1997
Accrued income and other adjustment accounts			
Valuation adjustment account (1)	9,922	3,209	6,806
Accrued income	7,808	2,534	3,115
Collection account	4,072	1,924	1,727
Other adjustment accounts (2)	6,017	3,268	5,809
Total accrued income and other adjustment accounts	**27,819**	**10,935**	**17,457**
Other assets			
Premiums on purchased options	56,513	11,873	6,838
Investments in *Codevi* "industrial development" securities	2,495	2,476	2,412
Deferred income tax assets	1,588	432	537
Other insurance company assets	440	636	734
Other	20,240	4,987	4,463
Total other assets	**81,276**	**20,404**	**14,984**
Total accrued income and other assets	**109,095**	**31,339**	**32,441**

(1) Gains arising from marking transactions (foreign exchange instruments and forward instruments) to market.

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

NOTE 12 - GOODWILL

In millions of euros, at 31 December	1999	1998	1997
Net amount at 1 January	**215**	**79**	**27**
Goodwill carried in the Paribas Group balance at 1 October 1999	1,145		
Goodwill on acquisitions made during the year by BNP and in the fourth quarter by Paribas	133	163	65
Translation difference	12	(3)	4
Amortization of goodwill	(116)	(24)	(17)
Unamortized goodwill at 31 December	**1,389**	**215**	**79**

The net amortization of the portion of goodwill not allocated to specific assets or liabilities totalled EUR 111 million in 1999 after deduction of EUR 5 million in amortization of negative goodwill (EUR 16 million in 1998 after deduction of EUR 8 million and EUR 16 million in 1997 after deduction of EUR 1 million).

NOTE 13 - INTERBANK AND MONEY MARKET ITEMS AND SECURITIES

In millions of euros, at 31 December	1999	1998	1997
Interbank and money market items			
- Demand accounts	10,663	6,323	6,874
- Time deposits and borrowings	102,250	54,224	56,427
- Securities and bills sold firm or under repurchase agreements			
Securities given under repurchase agreements	*106,147*	*39,459*	*32,499*
Bills sold firm or under repurchase agreements	*12,013*	*7,097*	*5,548*
Total securities and bills sold firm or under repurchase agreements	***118,160***	***46,556***	***38,047***
Total interbank and money market-items	**231,073**	**107,103**	**101,348**
Bonds and negotiable short-term debt instruments			
Interbank market securities	623	172	267
Total interbank items and money market securities	**231,696**	**107,275**	**101,615**
Including accrued interest	*3,621*	*2,081*	*1,842*

Interbank demand deposits amounted to EUR 10,160 million at 31 December 1999, compared with EUR 2,904 million at 31 December 1998 and EUR 3,198 million at 31 December 1997.

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

In millions of euros, at 31 December	1999	1998	1997
Customer deposits			
- Demand accounts	48,407	36,109	30,334
- Time accounts	62,653	42,486	39,429
- Regulated savings accounts	31,639	31,291	31,885
- Repurchase agreements			
Securities sold under delivered repurchase agreements	*6,205*	*7,569*	*7,312*
Securities and bills sold outright or under repurchase agreements	*99*	*28*	*4*
Total repurchase agreements	***6,304***	***7,597***	***7,316***
Total customer deposits	**149,003**	**117,483**	**108,964**
Bonds and negotiable short-term debt instruments			
Negotiable certificates of deposit	55,005	24,081	25,278
Retail certificates of deposit	5,793	4,863	2,690
Total bonds and negotiable short-term debt instruments	**60,798**	**28,944**	**27,968**
Total customer deposits, retail certificates of deposit and negotiable certificates of deposit	**209,801**	**146,427**	**136,932**
Including accrued interest	*1,081*	*851*	*820*

Regulated demand savings deposits, including savings collected for investment, totaled EUR 13,190 million at 31 December 1999 (EUR 9,643 million at 31 December 1998 and EUR 10,570 million at 31 December 1997). Other customer demand deposits amounted to EUR 48,797 million at 31 December 1999 (EUR 36,397 million at 31 December 1998 and EUR 30,648 million at 31 December 1997).

NOTE 15 - BOND ISSUES

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

Issuing currency In millions of euros	Average interest rate	Balance outstanding at 31 December 1999	2000	2001	2002	2003	2004	2005 2009	Beyond 2009
Bonds converted into euros	Variable	**2,597**		1,690	796			84	27
	4.66%	**671**	384	116		20	1	150	
Bonds in euro zone currencies not converted into euros									
• FF	Variable	**942**	153			304		485	
	7.58%	**10,666**	3,372	1,259	442	266	610	4,488	229
• DM	Variable	**15**	15						
	7.03%	**485**	281	102	102				
• Other	Variable	**20**	20						
	9.08%	**369**	37		10	78	37	207	
Sub-total									
	Variable	**3,574**	188	1,690	796	304		569	27
	7.45%	**12,191**	4,074	1,477	554	364	648	4,845	229
Other									
• US dollar	Variable	**100**			100				
	6.15%	**1,429**	6		1,244	179			
• Yen	Variable	**195**	49	146					
	1.35%	**337**	327	10					
• Other	7.73%	**962**	443	30	233	226	13	17	
Total bonds issued by BNP SA		**18,788**	**5,087**	**3,353**	**2,927**	**1,073**	**661**	**5,431**	**256**
BNP Group bonds held by consolidated companies		**(3,515)**							
Total BNP Group bonds outstanding		**15,273**							
Accrued interest		**344**							
Total bond issues		**15,617**							

Unamortized premiums on the various BNP Group bond issues outstanding, representing the difference between the proceeds of the issues and their redemption price, totalled EUR 35 million at 31 December 1999 compared with EUR 44 million at 31 December 1998.

NOTE 16 - TECHNICAL RESERVES OF INSURANCE COMPANIES

In millions of euros, at 31 December	1999	1998	1997
Life technical reserves	27,533	18,146	16,295
Non-life technical reserves	874	189	187
Technical reserves – unit-linked business	18,889	5,454	4,298
Capitalisation reserve	428	231	157
Total technical reserves	**47,724**	**24,020**	**20,937**

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

NOTE 17 - ACCRUALS AND OTHER LIABILITIES

In millions of euros, at 31 December	1999	1998	1997
Accruals			
Accrued liabilities	7,704	2,297	2,829
Valuation adjustment account [1]	7,384	4,853	7,091
Funds pending collection	774	153	374
Negative goodwill	3	3	-
Other accruals	6,089	1,486	2,747
Total accruals	**21,954**	**8,792**	**13,041**
Other liabilities			
Liabilities related to securities transactions	21,567	10,262	13,625
Deferred income tax liabilities	2,080	962	775
Other insurance liabilities	85	1,416	941
Other payables and liabilities [2]	106,052	17,677	13,740
Total other liabilities	**129,784**	**30,317**	**29,081**
Total accruals and other liabilities	**151,738**	**39,109**	**42,122**

(1) Losses arising from marking transactions (foreign exchange instruments and forward instruments) to market.

(2) Includes premiums received on written options. Out of the total at 31 December 1999, EUR 70,167 million concerns the Paribas Group.

NOTE 18 - ALLOWANCES FOR LIABILITIES AND CHARGES

In millions of euros, at 31 December	1999	1998	1997
Allowances for pension commitments and other employee benefits (note 25)	1,154	643	689
Allowances for on-balance sheet credit risks (note 9)	700	706	170
Allowances for off-balance sheet commitments (note 9)	383	553	389
Allowances for unforeseeable sectoral risks (note 9)	218	218	218
Other allowances			
- Allowances for restructuring costs	1,110	-	-
- Other allowances arising from the first-time consolidation of Paribas and its subsidiaries	1,927	-	-
- Other allowances recorded by BNP and its subsidiaries	674	746	661
Total allowance for liabilities and charges	**6,166**	**2,866**	**2,127**

Off-balance sheet commitments covered by allowances amounted to EUR 1,384 million at 31 December 1999 against EUR 913 million at 31 December 1998 and EUR 1,055 million at 31 December 1997.

Other allowances for liabilities and charges at 31 December 1999 include allowances for merger-related restructuring costs recorded in connection with the merger of the BNP and Paribas Groups for EUR 626 million (note 39) and EUR 484 million respectively.

Other allowances arising from the first-time consolidation of Paribas and its subsidiaries include a series of allowances totalling EUR 692 million at 31 December 1999, before the related tax effect, resulting from adjustments recorded in the accounts of Paribas and its subsidiaries at 30 September 1999 to align the accounting policies applied with those of BNP.

NOTE 19 - SUBORDINATED DEBT

In millions of euros, at 31 December	1999	1998	1997
Subordinated medium- and long-term debt	**9,372**	**6,261**	**6,266**
Undated subordinated debt			
Undated participating subordinated notes	347	350	352
Undated floating-rate subordinated notes			
In foreign currencies	904	428	456
In euros	305	305	305
Total undated floating-rate subordinated notes	**1,209**	**733**	**761**
Undated notes	707	653	597
Total undated subordinated debt	**2,263**	**1,736**	**1,710**
Total subordinated debt issued by BNP Group	**11,635**	**7,997**	**7,976**
Accrued interest	342	261	236
Total	**11,977**	**8,258**	**8,212**

SUBORDINATED MEDIUM- AND LONG-TERM DEBT

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

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

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

At 31 December 1999, subordinated medium- and long-term debt broke down as follows by maturity and by currency:

Issuing currency	Total	2000	2001	2002	2003	2004	2005 to 2009	Beyond 2009
Subordinated medium- and long-term debt								
• Issued in euros or euro euro zone currencies								
- Issued or converted into euros	4,668	140		572	903	636	1,989	428
• Not converted into euros								
- FRF	1,622	1,156	305	153			3	5
- LUF	376	96		81		37	162	
- Other currencies	71					6	50	15
Total subordinated medium- and long-term debt not converted into euro	**2,069**	**1,252**	**305**	**234**		**43**	**215**	**20**
• Issued in other currencies								
- US dollars	2,448	105		224			1,621	498
- Other currencies	187	114					73	
Total subordinated medium- and long-term debt	**9,372**	**1,611**	**305**	**1,030**	**903**	**679**	**3,898**	**946**

UNDATED SUBORDINATED DEBT

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

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

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

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

NOTE 20 - RESERVE FOR GENERAL BANKING RISKS

The reserve for general banking risks amounted to EUR 1,040 million at 31 December 1999 compared with EUR 1,038 million at 31 December 1998 and EUR 1,024 million at 31 December 1997.

NOTE 21 - CONSOLIDATED STOCKHOLDERS' EQUITY

In millions of euros	Capital	Ordinary capital surplus	Capital gain on restructuring and revaluation surplus	Statutory and additional amortization of investments	Accumulated translation difference	Parent's company retained earnings and Group's share in retained earnings of subsidiaries	Retained earnings, capital gain resulting from real estate restructuring and revaluation surplus	Elmination of treasury stock	Stockholders' equity attributable to BNP Group	Minority interests	Total
Balance at 31 December 1996 before appropriation of income	**791**	**3,026**	**859**	**73**	**(289)**	**3,592**	**4,235**		**8,052**	**257**	**8,309**
1996 consolidated net income						588	588		588	42	630
Cash dividend						(171)	(171)		(171)	(12)	(183)
Balance at 1 January 1997	**791**	**3,026**	**859**	**73**	**(289)**	**4,009**	**4,652**		**8,469**	**287**	**8,756**
• Operations affecting capital stock in 1997											
- Stock-for-stock public tender offers	5	30							35	(35)	
- Other	17	127							144		144
• Effect of exchange rate fluctuations in 1997											
- During 1997					85		85		85	17	102
- On securities being sold					85	(64)	21		21		21
• Adjustment of capital gain on real estate contribution			(420)				(420)		(420)		(420)
• Issue of preferred shares										445	445
• Other			(9)			(5)	(14)		(14)	8	(6)
Balance at 31 December 1997 before appropriation of income	**813**	**3,183**	**430**	**73**	**(119)**	**3,940**	**4,324**		**8,320**	**722**	**9,042**
1997 consolidated net income						909	909		909	39	948
Cash dividend						(228)	(228)		(228)	(17)	(245)
Balance at 1 January 1998	**813**	**3,183**	**430**	**73**	**(119)**	**4,621**	**5,005**		**9,001**	**744**	**9,745**
• Operations affecting capital stock in 1998											
- Stock-for-stock public tender offers	7	46							53	(53)	
- Other	12	192							204		204
• Effect of exchange rate fluctuations											
- During 1998					(119)		(119)		(119)	(65)	(184)
- Irreversible monetary depreciation					39		39		39		39
• Restructuring of the interest in the BancWest Corp. Group										438	438
• Other			(26)			(12)	(38)		(38)	(3)(	41)
Balance at 31 December 1998 before appropriation of income	**832**	**3,421**	**404**	**73**	**(199)**	**4,609**	**4,887**		**9,140**	**1,061**	**10,201**
1998 consolidated net income						1,114	1,114		1,114	53	1,167
Cash dividend						(328)	(328)		(328)	(50)	(378)
Balance at 1 January 1999	**832**	**3,421**	**404**	**73**	**(199)**	**5,395**	**5,673**		**9,926**	**1,064**	**10,990**
• Operations affecting capital stock in 1999											
- Conversion of the capital into euros	41	(41)									
- Stock-for-stock public tender offer for Paribas SA	918	16,949							17,867	1,577	19,444
- Other	8	92							100		100
• Difference arising from application of Article 215 of CRC standard 99-07 (1)		(8,712)							(8,712)		(8,712)
• Effect of exchange rate fluctuations in 1999					131		131		131	154	285
• Effect of changes in accounting methods – application of CRC standard 99-07			(85)			(183)	(268)		(268)		(268)
• Other			(13)			5	(8)	(731)	(739)	58	(681)
Balance at 31 December 1999 before appropriation of income	**1,799**	**11,709**	**306**	**73**	**(68)**	**5,217**	**5,528**	**(731)**	**18,305**	**2,853**	**21,158**

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

OPERATIONS INVOLVING CAPITAL STOCK IN 1997, 1998 AND 1999

BNP's capital stock at 1 January 1997 consisted of 207,434,993 common shares with a FRF 25 par value.

Capital Increases in 1997

Pursuant to a resolution of the Stockholders' Meeting of 23 May 1995, the Board of Directors of BNP decided on 5 May 1997 to launch a stock-for-stock public tender offer for BNP Intercontinentale. Consequently, BNP issued 1,315,122 new common shares (FRF 25 par value) with rights from 1 January 1997 in remuneration for the shares of BNP Intercontinentale it received.

In accordance with Section 180 V of the 1966 French Companies Act and pursuant to delegations received from the Stockholders' Meeting of 21 May 1996, the Board of Directors decided, on 6 March 1997, to issue shares reserved for subscribers to the Company savings plan via the mutual fund BNP Actionnariat. This mutual fund subscribed 920,000 common shares (FRF 25 par value) for this purpose.

BNP's capital was also increased by the creation of 3,574,073 shares for stockholders who opted to receive their dividends in the form of shares.

At 31 December 1997, BNP's capital stock consisted of 213,244,188 fully paid common shares (FRF 25 par value).

During the course of 1997, BNP employees subscribed 1,400 shares with rights from 1 January 1997 under the stock option plan. The corresponding capital increase took effect on 29 January 1998.

Capital Increases in 1998

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

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

BNP's capital was also increased by the creation of 2,176,932 new shares for stockholders who opted to receive their dividends in the form of shares. In addition, in the first half of 1998, 5,741 shares with rights from 1 January 1998 were subscribed by BNP employees under the stock option plan.

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

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

Capital Increases in 1999

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

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

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

At 31 December 1999, BNP SA's capital stock consisted of 449,666,744 fully paid common shares (EUR 4 par value). During the course of 1999, BNP employees subscribed 462,750 shares with a par value of EUR 4 and with rights from 1 January 1999 under the stock option plan. The corresponding capital increase was carried out on 26 January 2000.

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

In 1997, this item was increased by the additional paid-in capital in excess of par resulting from the stock-for-stock public tender offer for BNP Intercontinentale, as well as the issue premiums resulting from the exercise by some stockholders of the option to receive dividends in the form of shares and from the placement of shares reserved for subscribers to the Company savings plan. These issue premiums amounted to EUR 30 million after charging goodwill against additional paid-in capital in excess of par on the exchange offer, and to EUR 126 million on issues relating to the payment of the dividend and the shares placed with staff members.

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

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

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

The capital gain on real estate restructuring of EUR 380 million relates to a restructuring operation whereby BNP transferred its real estate holdings to its subsidiary Compagnie Immobilière de France, "CIF", in 1991 and 1992. The resulting capital gain is recognized in the consolidated income statement in proportion to the additional depreciation charge taken by CIF. The value of the residual gain as at 31 December 1997 included a write-down of EUR 420 million taken during 1997 (see Note 1 and 10) to reflect a decline in the real estate market that was considered to be lasting.

PREFERRED SHARES

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

STOCK-FOR-STOCK PUBLIC TENDER OFFERS FOR PARIBAS

Results of the stock-for-stock public tender offers for Paribas

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

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

During the fourth quarter of 1999, BNP acquired 425,100 Paribas shares pursuant to the undertaking given at the time of the public tender offer to offer the same exchange parity to Paribas employees holding Paribas stock options. The acquisition of these additional shares raised BNP's interest in the capital of Paribas to 96.48% at 31 December 1999.

As of 31 December 1999, BNP had bought back 1,004,894 CVRs on the open market at an average price of EUR 4.37.

Treatment of the Paribas shares acquired by Banque Nationale de Paris

The Paribas shares received by Banque Nationale de Paris are consolidated in accordance with the provisions of Article 215 of CRC standard 99-07.

The cost of the Paribas shares has been replaced by the net book value of the assets and liabilities constituting the net assets of Paribas, as shown in the Paribas financial statements at 30 September 1999 after restatement to comply with BNP Group accounting principles.

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

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

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

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

BNP SHARES HELD BY THE GROUP

The 8,532,062 BNP shares held by Paribas and its subsidiaries following the contribution of Paribas shares previously held by the Paribas Group have been deducted from BNP Group stockholders' equity at their exchange value. If the shares had not been eliminated in consolidation, it would not have been necessary to record an allowance for impairment in value based on the BNP share price on 31 December 1999.

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

At 31 December 1999, BNP held 45,000 shares acquired to stabilize the share price (note 7), which were recorded under trading account assets and valued accordingly, and 13,605 shares acquired at an average price of EUR 90.97 per share, which were deducted from stockholders' equity at cost.

NOTE 22 - OFF BALANCE SHEET COMMITMENTS

In millions of euros, at 31 December	1999	1998	1997
FINANCING COMMITMENTS GIVEN AND RECEIVED			
Financing commitments given			
• To credit institutions	8,394	5,162	3,411
• On behalf of customers			
- Confirmed letters of credit			
Documentary credits	10,050	4,038	3,944
Other confirmed letters of credit	60,399	45,084	38,399
- Other commitments given on behalf of customers	42,948	13,406	14,786
	113,397	**62,528**	**57,129**
Total financing commitments given	**121,791**	**67,690**	**60,540**
Financing commitments received			
• Roll-over agreements (stand-by commitments) received from credit institutions	11,121	3,601	1,117
• Roll-over agreements (stand-by commitments) received on behalf of customers	112	190	394
Total financing commitments received	**11,233**	**3,791**	**1,511**
GUARANTEES AND ENDORSEMENTS GIVEN AND RECEIVED			
Guarantees and endorsements given			
• To credit institutions			
- Confirmed documentary credits	1,622	796	759
- Other	3,621	1,908	1,424
	5,243	**2,704**	**2,183**
• On behalf of customers			
- Guarantees and endorsements			
Real estate guarantees	945	795	645
Administrative and tax guarantees	3,961	3,840	3,640
Other	8,039	7,921	6,408
- Other guarantees on behalf of customers	38,775	16,343	16,068
	51,720	**28,899**	**26,761**
Total guarantees and endorsements given	**56,963**	**31,603**	**28,944**
Guarantees and endorsements received			
• From credit institutions	20,492	6,263	6,265
• On behalf of customers			
- Guarantees received from government administrations and related	7,018	6,294	5,683
- Guarantees received from financial institutions	272	794	687
- Other guarantees received	12,252	9,997	11,575
	19,542	**17,085**	**17,945**
Total guarantees and endorsements received	**40,034**	**23,348**	**24,210**
COMMITMENTS GIVEN AND RECEIVED ON SECURITIES			
Securities to be received	10,156	5,933	9,695
Securities sold under repurchase agreements to be received (1)	80	23	-
Total securities to be received	**10,236**	**5,956**	**9,695**
Total securities to be delivered	**12,725**	**8,604**	**7,954**

(1) Receipt of these securities is contingent upon exercise of the repurchase option.

NOTE 23 - FORWARD AND OPTIONS CONTRACTS

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

In millions of euros, at 31 December	1999			1998		
	Hedging transactions	Position management	Total	Hedging transactions	Position management	Total
Forward contracts	**480,204**	**5,205,568**	**5,685,772**	**708,286**	**1,539,687**	**2,247,973**
• On organized exchanges	103,595	1,424,448	1,528,043	39,699	814,441	854,140
- Interest rate contracts	81,657	1,220,253	1,301,910	39,022	780,106	819,128
- Foreign exchange contracts	20,530	189,671	210,201	0	25,376	25,376
- Financial assets contracts	1,408	14,524	15,932	677	8,959	9,636
• Over-the-counter	376,609	3,781,120	4,157,729	668,587	725,246	1,393,833
- Forward-rate agreements (FRAs)	15,507	241,661	257,168	16,919	62,484	79,403
- Interest rate swaps	101,587	3,022,479	3,124,066	52,548	635,254	687,802
- Currency swaps	72,056	470,226	542,282	382,305	9,353	391,658
- Foreign exchange forward swaps	185,825	37,773	223,598	215,961	14,949	230,910
- Other forward contracts	1,634	8,981	10,615	854	3,206	4,060
Options	**34,048**	**1,658,020**	**1,692,068**	**19,394**	**307,666**	**327,060**
• On organized markets	6,362	686,027	692,389	1,213	192,222	193,435
• Interest rate options	24	98,504	98,528		41,795	41,795
- Bought	12	35,097	35,109		14,263	14,263
- Sold	12	63,407	63,419		27,532	27,532
• Currency options		24,510	24,510		42,600	42,600
- Bought		11,889	11,889		21,186	21,186
- Sold		12,621	12,621		21,414	21,414
• Other options	6,338	563,013	569,351	1,213	107,827	109,040
- Bought	2,067	264,194	266,261	28	54,489	54,517
- Sold	4,271	298,819	303,090	1,185	53,338	54,523
• Over-the-counter	27,686	971,993	999,679	18,181	115,444	133,625
• Caps and floors	11,295	419,945	431,240	4,378	63,814	68,192
- Bought	6,266	202,166	208,432	1,677	27,708	29,385
- Sold	5,029	217,779	222,808	2,701	36,106	38,807
• Swaptions and options (Interest rate, currency and other)	16,391	552,048	568,439	13,803	51,630	65,433
- Bought	8,871	257,205	266,076	7,561	27,189	34,750
- Sold	7,520	294,843	302,363	6,242	24,441	30,683
Total forward and options contracts	**514,252**	**6,863,588**	**7,377,840**	**727,680**	**1,847,353**	**2,575,033**

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

EVALUATION OF COUNTERPARTY RISK EXPOSURE

The BNP Group's exposure to counterparty risk arising on forward and option contracts is assessed according to European Union and international prudential ratios applicable at 31 December 1998. Accordingly, it takes into account signed netting agreements, which are used to attenuate counterparty risk on derivatives.

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

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

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

Credit risk on forward and options contracts In millions of euros	1999		1998	
	Positive remplacement cost	Weighted risk equivalent	Positive remplacement cost	Weighted risk equivalent
Sovereign exposure	1,704	-	225	
Risk exposure on banks in zone A [(1)]	27,395	9,921	21,612	6,133
Risk exposure on banks in zone B [(1)] and non-banking counterparties	10,936	7,744	3,649	2,627
Total before netting agreements	**40,035**	**17,665**	**25,486**	**8,760**
Impact of netting agreements	**(21,604)**	**(6,107)**	**(13,946)**	**(3,627)**
Total after netting agreements	**18,431**	**11,558**	**11,540**	**5,133**

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

At 31 December 1999, the weighted risk equivalent calculated on OTC forward and options contracts, excluding options sold, was 0.25% of the sum of notional amounts against 0.35% at 31 December 1998.

The following table provides a breakdown of counterparties by signature quality (based on Standard & Poor's credit ratings) and a breakdown of counterparties to OTC forward and options contracts included in the calculation of weighted risk equivalents at 31 December 1999

By signature quality	Weighted risk equivalent (in %)
AAA – AA	47.2
A	18.2
BBB-BB or lower	34.6
Total	**100.0**

By counterparty	Weighted risk equivalent (in %)
OECD countries	-
OECD banks	43.0
Other	57.0
Total	**100.0**

NOTE 24 - BNP'S MARKET RISK EXPOSURE ASSOCIATED WITH FINANCIAL INSTRUMENTS TRANSACTIONS

The Paribas Group was acquired in the third quarter of 1999, with the result that the Group's market risk monitoring systems were not unified at 31 December 1999. The analysis of risk exposures associated with financial instruments transactions is therefore presented separately for each of the sub-groups.

A. BNP SA and its subsidiaries (excluding the Paribas sub-group)

The BNP Group manages its market risk exposure on operational positions using a system to assess and monitor risks that primarily focus on interest rate, foreign exchange, and equity markets.

These risks are assessed either:

- in terms of sensitivity to notional risks calculated using a limited set of risk coefficients that make it possible to assess the maximum loss incurred in 95% of movements observed in the past, over a holding period of five days;
- or, for the vast majority of interest rate and currency positions other than options, by using a VaR (Value at Risk) valuation model for each portfolio involved (maximum VaR). The maximum VaR is calculated on the basis of a 99.75% quantile and a holding period of one day. This new approach was implemented at the beginning of 1999.

Sensitivity to notional risks of fluctuations in interest rates on all interest-rate related financial instruments is determined by simulating a ±1% change in interest rates on open positions maturing in less than a year and a ±0.35% change in interest rates on open positions maturing in more than a year. The hypothetical fluctuation chosen for positions resulting from arbitrage (or related) operations is limited to ±0.15% or ±0.20% according to the type of operations. For option positions, the sensitivity to notional risks of fluctuations in interest rates is considered to be equal to the highest possible absolute value that would result from the combination of interest rate fluctuations of 0.25% to 1% and volatility fluctuations determined on the basis of historical analyses.

Sensitivity to notional risks of fluctuations in exchange rates on all exchange-rate related financial instruments, excluding options, is determined by simulating a change in the Bank's overall net foreign exchange position in a set of closely-related currencies with similar fluctuation bands on the basis of historical analysis. Four zones have thus been identified in which the fluctuations vary between 1.50% and 20%. For option positions, the sensitivity to notional risks of fluctuations in exchange rates is considered to be equal to the highest possible absolute value that would result from the combination of exchange rate fluctuations retained for non-optional exchange rate positions and the volatility fluctuations determined on the basis of historical analysis, particularly as a function of option expiration dates.

Higher coefficients determined on the basis of historical analyses are used for countries with a government-regulated currency for both interest rate and currency instruments.

Sensitivity to notional risks of fluctuations in prices of listed equity securities is determined by simulating a change in prices of between ±4% and ±40%, adjusted as a function of the stock market. This simulation applies to open positions in trading and investment securities held for sale portfolios, as well as to outstanding commitments to subscribe to share issues. The hypothetical fluctuation chosen for positions resulting from arbitrage operations varies between 0.25% and 1.25%, depending on the nature of the positions. Options' sensitivity to notional risks is determined taking into account the highest possible absolute value that would result from the combination of fluctuations between 4% and 33% in the price of the underlying security or index and volatility fluctuations determined on the basis of historical analyses.

Sensitivity to notional risks is determined per currency, per portfolio, and per entity. The absolute value of all individual risks added together (see table, below) gives an estimate of theoretical maximum losses far exceeding the risks actually incurred, as offsetting positions taken in the same currency or market by different entities are not taken into account, nor does notional risk take into account correlations between price movements on some markets.

The BNP Group companies, excluding Paribas and its subsidiaries, have the following notional risk exposure:

In millions of euros, at 31 December	1999		1998	
	BNP Group	Including BNP France	BNP Group	Including BNP France
Interest-rate risk exposure	**223 o/w 100 at max. VaR**	**89**	**264**	**100**
On money market instruments and bonds		16		18
On derivatives		73		82
Currency risk exposure	**10 o/w 1 at max. VaR**	**9**	**18**	**13**
On foreign exchange forward instruments		1		4
On foreign-exchange options		8		9
Equity exposure	**271**	**2**	**208**	**15**

The notional risk exposure of BNP Group companies, excluding Paribas and its subsidiaries, may be broken down according to world-wide business lines:

In millions of euros, at 31 December	1999			1998		
	BNP Group	Including BNP France	Including Options	BNP Group	Including BNP France	Including options
Money market and forex	96 o/w 10 at max. VaR	23	8	122	49	9
Bonds	67 o/w 37 at max VaR	5		96	-	
Swaps and derivatives	70 o/w 54 at max. VaR	70	15	53	53	8
Equities	269		216	193	-	159
Other	2	2		26	26	

B. Paribas and its subsidiaries

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

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

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

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

In 1999, the total average Value at Risk for the Capital Markets business amounted to EUR 99 million (with a minimum of EUR 82 million and a maximum of EUR 140 million). These amounts break down as follows :

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

In millions of euros	Year 1999			31 December 1999	31 December 1998
	Average	Minimum	Maximum		
Interest rate risk	40	25	57	38	40
Equities	34	14	69	37	33
Emerging markets	20	11	38	24	13
Currency risk	5	1	17	2	3
Total	**99**			**101**	**89**

At this stage, the GEaR model does not take into account correlations between the various types of risks. In a presentation by business line, the netting of potential gains and losses related to a given type of risk is taken into account only for transactions carried out by the business line concerned. Values at Risk by business line may be broken down as follows:

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

In millions of euros	Year 1999			31 December 1999	31 December 1998
	Average	Minimum	Maximum		
Bonds	41	26	64	42	28
Derivatives	65	42	101	65	67
Foreign exchange instruments	6	2	16	3	5
Equities	40	22	74	42	40
Swaps	24	15	40	25	26

The total average Value at Risk for the Capital Markets business in 1998 was EUR 96 million (with a minimum of EUR 76 million and a maximum of EUR 114 million). *Value at Risk for Asset/Liability Management*, determined for positions that are marked to market for accounting purposes was EUR 57 million at 31 December 1999 (1999 average: EUR 48 million, minimum: EUR 35 million, maximum: EUR 60 million) and EUR 43 million at 31 December 1998 (average: 37 million, minimum: EUR 26 million, maximum: EUR 54 million).

NOTE 25 - PENSION AND POSTEMPLOYMENT BENEFITS

Pension Benefits

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

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

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

Funding is provided by transfers from the pension funds' existing reserves and reserves that will steadily become eligible for allocation (about EUR 95 million at 31 December 1999), and by the annual employers' contributions paid contractually by BNP in France, which are limited to 4% of payroll costs. In addition, a reserve for general banking risks was set up as a precautionary measure in 1993, to take account of the general demographic risk addressed by the industry-wide agreement concluded in September 1993 (see notes 1 and 19). The Paribas pension fund had reserves of approximately EUR 142 million at 31 December 1999, representing an amount in excess of the funds' pension obligations.

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

Seniority, Postemployment and Other Postretirement Benefits

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

As a general rule, actuarial valuations of these obligations are made using a method that takes into account projected end-of-career salaries in order to determine the aggregate charge corresponding to benefits remaining to be paid to early retirees, retirees (if applicable), as well as vested benefits for employees. Assumptions concerning mortality, employee turnover, and future salaries, as well as discounting rates (long-term market rates) and inflation, take into account economic conditions specific to each country or Group company. In France, the 1988-90 mortality table adapted to the banking industry is used.

As of 31 December 1999, the discounting rate used for France and the estimated inflation rate are consistent with those used to assess the risks related to additional bank pension benefits.

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

Allowances set up to cover these obligations are analysed below:

At 31 December 1999	Working staff	Early retirement and retirement-equivalent staff	Total
Retirement bonuses	438	-	438
Early retirement and postemployment	123	94	217
Seniority bonuses	98	-	98
Employment Adjustment Plan	37	-	37
Other obligations to employees	250	114	364
Total (note 18)	**946**	**208**	**1,154**

NOTE 26 - MATURITY SCHEDULE OF LOANS, DEPOSITS AND INTEREST RATE INSTRUMENTS

In millions of euros, at 31 December	Maturing					Inter-company eliminations	Total
	Demand and overnight	during three months	after three months but within one year	after one but within five year	after five years		
LOANS (gross)							
Interbank and money market items (note 4)							
Cash and due from central banks and post office banks	6,032	-	-	-	-	-	6,032
Treasury bills and money market instruments	-	38,057	6,655	14,106	3,011	-	61,829
Due from credit institutions	24,367	378,275	56,584	37,081	11,937	(347,903)	160,341
Customer items (note 5)							
Due from customers	22,532	105,512	18,531	45,059	31,856	(16,905)	206,605
Leasing receivables	-	2,441	2,913	8,555	2,773	(19)	16,663
Bonds and other fixed-income instruments (note 7) (1)							
Trading account assets	-	31,899	-	-	-	-	31,899
Investment securities held for sale	-	6,457	2,340	2,570	2,158	(1,620)	11,905
Debt securities held for investment	-	2,748	2,949	6,209	3,931	(2,102)	13,735
DEPOSITS							
Interbank and money market items and securities (note 13)							
Total interbank and money market items	62,159	419,142	58,083	36,514	12,560	(357,385)	231,073
Interbank market securities	74	264	217	68	-	-	623
Customer deposits, retail certificates of deposit, and negotiable certificates of deposit (note 14)							
- Total customer deposits	62,568	69,209	13,006	7,124	2,152	(5,056)	149,003
- Total bonds and negotiable short-term debt instruments	466	33,992	14,430	12,095	4,361	(4,546)	60,798

(1) excluding accrued interest of EUR 500 million.

The BNP Group manages its liquidity within gap limits, all currencies combined, that are determined by the General Management Committee:

- the maximum mismatch on weighted balance sheet and off-balance sheet commitments maturing in more than one year (attributing maturities to commitments with no contractual maturity) is set at 25% of funds maturing in more than one year;
- the maximum mismatch on commitments with no contractual maturity, to which a maturity of more than one year has been attributed, is set at 150% of stable funds with no contractual maturity (customer demand deposits and savings deposits net of overdrafts, stockholders' equity net of long-term investments).

Throughout 1999, BNP continually complied with regulatory guidelines with respect to its short-term (one-month) liquidity ratio and its ratio of stockholders' equity to long-term funding (funds maturing in more than five years).

Maturities of bonds and subordinated debt are presented in notes 15 and 19.

NOTE 27 - NET INTEREST AND ASSIMILATED ITEMS

Expense 1999	Expense 1998	Expense 1997	Income 1999	Income 1998	Income 1997	In millions of euros	Net income (expense) 1999	Net income (expense) 1998	Net income (expense) 1997
(10,834)	(8,592)	(7,186)	9,424	7,885	6,987	Interbank items (note 28)	(1,410)	(707)	(199)
(4,065)	(4,158)	(3,847)	9,454	8,354	7,727	Customer items (note 29)	5,389	4,196	3,880
(2,459)	(1,719)	(1,587)	3,235	2,380	2,227	Lease transactions	776	661	640
(3,270)	(2,687)	(2,670)				Bonds and negotiable debt instruments	(3,270)	(2,687)	(2,670)
			2,300	2,067	1,769	Bonds and other fixed-income instruments (note 30)	2,300	2,067	1,769
(20,628)	**(17,156)**	**(15,290)**	**24,413**	**20,686**	**18,710**		**3,785**	**3,530**	**3,420**

NOTE 28 - NET INTEREST AND ASSIMILATED INCOME ON INTERBANK ITEMS

Expense 1999	Expense 1998	Expense 1997	Income 1999	Income 1998	Income 1997	In millions of euros	Net income (expense) 1999	Net income (expense) 1998	Net income (expense) 1997
(8,240)	(7,393)	(6,340)	6,922	6,791	6,089	Interest on interbank interbank demand deposits, loans and borrowings	(1,318)	(602)	(251)
(2,594)	(1,199)	(846)	2,495	1,080	893	Interest on securities held or given under repurchase agreements	(99)	(119)	47
			7	14	5	Interest on subordinated term loans	7	14	5
(10,834)	**(8,592)**	**(7,186)**	**9,424**	**7,885**	**6,987**	**Net interest and assimilated expense on interbank items**	**(1,410)**	**(707)**	**(199)**

NOTE 29 - NET INTEREST AND ASSIMILATED INCOME ON CUSTOMER ITEMS

Expense 1999	Expense 1998	Expense 1997	Income 1999	Income 1998	Income 1997	In millions of euros	Net income (expense) 1999	Net income (expense) 1998	Net income (expense) 1997
(3,800)	(3,742)	(3,628)	9,128	7,873	7,562	Interest on customer loans and deposits	5,328	4,131	3,934
(265)	(416)	(219)	319	477	158	Interest on securities held or given under repurchase agreements	54	61	(61)
			7	4	7	Interest on subordinated term loans	7	4	7
(4,065)	**(4,158)**	**(3,847)**	**9,454**	**8,354**	**7,727**	**Net interest and assimilated expense on interbank items**	**5,389**	**4,196**	**3,880**

NOTE 30 - NET INCOME FROM SECURITIES PORTFOLIO

In millions of euros	1999	1998	1997
Interest on bonds and other fixed-income instruments			
From investment securities held for sale	592	420	497
From debt securities held for investment	1,348	1,311	958
From Codevi " industrial development " securities	204	204	204
From hedging of interest rate instruments and other	156	132	110
Total interest on bonds and other fixed income instruments	**2,300**	**2,067**	**1,769**
Income on equities and other non-fixed income instruments			
From investment securities held for sale	32	5	4
From equity securities held for investment	74	72	37
From other stock investments	69	51	95
Total income on equities and non-fixed-income instruments	**175**	**128**	**136**
Net income from securities portfolio	**2,475**	**2,195**	**1,905**

NOTE 31 - COMMISSIONS

In millions of euros	Net 1999	Net 1998	Net 1997
Commissions on interbank and money market transactions	125	128	103
Commissions on customer transactions	933	689	630
Commissions on securities transactions	(57)	(45)	(95)
Commissions on foreign exchange and arbitrage transactions	214	249	209
Commissions on securities commitments	86	96	68
Commissions on forward financial instruments	(71)	(51)	(63)
Commissions on securities-related services rendered			
On securities managed or on deposit:			
- Custody fees	*123*	*96*	*85*
- Mutual fund management	*307*	*228*	*200*
- Management of customer securities portfolios	*62*	*35*	*43*
- Other commissions on securities managed or on deposit	*13*	*9*	*9*
Total commissions on securities managed or on deposit	***505***	***368***	***337***
Commissions on securities on behalf of customers:			
- For purchases and sales of securities	*397*	*211*	*175*
- For purchases and sales of mutual fund shares	*116*	*64*	*58*
- Other commissions on securities transactions on behalf of customers	*127*	*42*	*47*
Total commissions on securities transactions on behalf of customers	***640***	***317***	***280***
Other commissions:			
- Commissions on customer assistance and advisory services	*215*	*86*	*81*
- Commissions on payment systems	*382*	*355*	*319*
- Commissions on other financial services	*(145)*	*25*	*17*
- Expense recoveries	*83*	*78*	*84*
- Commissions on miscellaneous revenues	*92*	*96*	*107*
- Commissions on other banking transactions	*196*	*166*	*149*
Total other commissions	***823***	***806***	***757***
Total commissions on securities related services rendered	***1,968***	***1,491***	***1,374***
Net commissions	**3,198**	**2,557**	**2,226**

Total commissions represented 31.3% of Net Banking Income in 1999 compared with 33.8% in 1998 and 32.2% in 1997.

NOTE 32 - UNDERWRITING RESULT AND NET INVESTMENT INCOME OF INSURANCE COMPANIES

In millions of euros	1999	1998	1997
Premium income	4,842	2,997	4,500
Net investment income	2,300	1,473	1,189
Claims expenses and changes in claims reserves	(6,601)	(4,379)	(5,521)
Other underwriting income (expense), net	21	(18)	17
Underwriting result and net investment income in insurance companies (1)	**562**	**73**	**185**

The above amounts are stated after eliminating intercompany income and expenses and net of reinsurance.

Gross premiums totalled EUR 4,988 million in 1999 (EUR 3,007 million in 1998 and EUR 4,516 million in 1997).

(1) The underwriting result and net investment income of insurance companies after elimination of intercompany income expenses, may be analysed as follows:

In millions of euros	1999	1998	1997
Natio-Vie			
Underwriting result – Life business	60	58	55
Underwriting result – Non-life business	(2)	(2)	-
Claims handling expenses added back	217	157	160
Reclassification of investment income	98	60	92
Sub-total	373	273	307
Elimination of intercompany transactions	(74)	(229)	(167)
Natio-Vie – net contribution	299	44	140
Net contribution of other Group insurance companies	263	29	45
Underwriting result and net investment income of Group insurance companies	**562**	**73**	**185**

NOTE 33 - SALARIES AND EMPLOYEE BENEFITS, INCLUDING PROFIT SHARING

In millions of euros	1999	1998	1997
Salaries	2,670	2,044	1,910
Termination benefits and social security taxes			
Retirement bonuses and retirement expenses	362	197	166
Social security taxes	655	586	570
Total termination benefits and social security taxes	**1,017**	**783**	**736**
Incentive plans and profit sharing			
Incentive plans	48	31	40
Profit sharing	126	94	66
Total incentive plans and profit sharing	**174**	**125**	**106**
Payroll taxes	**179**	**161**	**166**
Total salaries and employee benefits, including profit sharing	**4,040**	**3,113**	**2,918**

The total compensation awarded to directors and officers in respect of their functions in the consolidating entity and the consolidated companies for 1999 amounted to EUR 8.5 million (1998: EUR 7.1 million; 1997: EUR 5.8 million). Attendance fees awarded to the directors of BNP totalled EUR 0.4 million.

The gross compensation awarded to the Chairman and Chief Executive Officer for 1999 included a fixed amount of EUR 686,020. His variable compensation for 1999, determined based on a range of criteria tied to the fulfilment of the Group's profitability objectives, amounted to EUR 990,919 after application of a capping mechanism. He has a company car.

The Chairman and Chief Executive Officer does not receive any fees for attending meetings of the Boards of Group companies of which he is a director, except as director of BNP SA.

NOTE 34 - STOCK OPTION PLANS

1) BNP stock option plans

Between 1990 and 1999, the Stockholders Meeting of BNP SA authorized the Board of Directors to grant options to purchase and subscribe shares issued by BNP SA under various plans, the characteristics of which are listed below:

Plan year	Date of EGM at which plan was authorized	Date of Board Meeting at which the plan terms were decided	Number of grantees	Number of shares to be purchased on exercise of the options (1)	Starting date of exercise period	Expiry date	Exercise price (in euros)	Number of options exercised or forfeited at 31 December 1999
1994	14 Dec. 1993	23 Mar. 1994	135	803,000	24 Mar. 1996	23 Mar. 2001	32.32	631,545
1995	14 Dec. 1993	22 Mar. 1995	128	215,500	23 Mar. 1997	22 Mar. 2002	33.23	30,370
1996	14 Dec. 1993	21 May 1996	140	1,031,000	22 May 1998	21 May 2003	29.73	66,500
1997	14 Dec. 1993	22 May 1997	64	238,000	23 May 2002	22 May 2007	36.89	-
1998	14 Dec. 1993	13 May 1998	259	1,037,000	14 May 2003	13 May 2008	74.55	-
1999	13 May 1998	3 May 1999	112	335,000	4 May 2004	3 May 2009	75.28	-
	13 May 1998	22 Dec. 1999	642	2,532,000	23 Dec. 2004	22 Dec. 2009	90.32	-

(1) The Board of Directors of Banque Nationale de Paris awarded to the executives who were members of the General Management Committee at 31 December 1999 options to subscribe for 334,000 Banque Nationale de Paris shares in 1994, 532,000 shares in 1996, 105,000 shares in 1997, 341,500 shares in 1998 and 55,000 shares in May 1999. In December 1999, the members of the Banque Nationale de Paris General Management Committee and the Paribas Executive Committee were awarded options to subscribe for a total of 593,000 shares.

2) Paribas stock option plans

The following table only shows stock options granted to employees of Paribas Group companies that had not been exercised as of 31 December 1999.

Plan year	Original company	Date of EGM at which plan was authorized	Date of Board Meeting at which the plan terms were decided	Number of grantees	Number of shares to be purchased on exercise of the options (1)	Starting date of exercise period (2)	Expiry date	Exercise price (in euros) (1)	Number of options exercised or forfeited at 31 December 1999
Paribas									
1993	CB	17 Mar. 1993	30 Nov. 1993	109	454,406	1 Dec. 1998	29 Nov. 2001	36.68	454,405
1994	CFP (3)	27 May 1992	11 July 1994	97	1,273,500	11 July 1998	11 July 2002	51.99	1,273,496
	Banque Paribas	19 May 1994	18 July 1994	73	599,841	1 Apr. 1997	18 July 2002	61.89	599,840
	Banque Paribas	19 May 1994	2 Dec. 1994	186	286,626	1 Apr. 1997	2 Dec. 2002	61.89	226,794
	CB	17 Mar. 1993	11 Oct. 1994	105	413,558	12 Oct. 1999	10 Oct. 2002	35.18	305,572
	CB	26 Apr. 1993	17 Nov. 1994	20	71,280	18 Nov. 1999	16 Nov. 2002	44.71	28,488
1995	CFP (3)	27 May 1992	29 Mar. 1995	29	117,000	29 Mar. 1998	29 Mar. 2003	41.31	29,250
	CFP (3)	27 May 1992	28 Dec. 1995	341	1,050,700	28 Dec. 1999	28 Dec. 2003	41.77	446,450
	CFP	27 May 1992	30 Oct. 1995	12	161,000	30 Oct. 1999	30 Oct. 2003	41.47	42,000
	CFP	27 May 1992	16 Nov. 1995	5	42,000	16 Nov. 1999	16 Nov. 2003	41.47	14,000
	CB	17 Mar. 1993	31 Oct. 1995	104	161,377	1 Nov. 2000	30 Oct. 2003	38.04	9,235
	CB	17 Mar. 1993	5 Nov. 1996	100	201,375	6 Nov. 2001	4 Nov. 2004	42.83	9,964
	CB	26 Apr. 1993	16 Nov. 1995	36	84,942	17 Nov. 2000	15 Nov. 2003	29.69	5,940
	CB	26 Apr. 1993	21 Nov. 1996	35	64,449	22 Nov. 2001	20 Nov. 2004	53.97	4,158
1997	CFP (3)	27 May 1992	20 Jan. 1997	526	1,678,500	20 Jan. 2002	20 Jan. 2005	53.36	677,552
	CFP	27 May 1992	7July 1997	4	25,000	7 July 2002	7 July 2005	60.06	17,000
	CB	26 Apr. 1997	30 Sept. 1997	149	199,530	1 Oct. 2002	29 Sept. 2005	60.81	3,870
	CFP (3)	25 Apr. 1997	26 Dec. 1997	319	2,065,000	26 Dec. 2002	26 Dec. 2005	72.41	714,500
1998	Paribas (3)	11 May 1998	17 Nov. 1998	975	2,351,800	17 Nov. 2003	17 Nov. 2006	62.96	933,471
	Paribas	11 May 1998	4 May 1999	1	10,000	4 May 2004	4 May 2007	98.35	-
Fully consolidated subsidiaries of Paribas									
1994	Cetelem	24 Mar. 1994	23 Nov. 1994	34	36,750	24 Nov. 1999	22 Nov. 2002	48.53	22,647
	UFB	18 Mar. 1993	19 Oct. 1994	44	48,100	20 Oct. 1999	18 Oct. 2002	53.81	39,650
	Safadeco	5 Sept. 1994	9 Sept. 1994	19	55,998	1 Apr. 1997	9 Sept. 2002	30.49	53,748
1995	Cetelem	24 Mar. 1994	7 Nov. 1995	79	79,380	8 Nov. 2000	6 Nov. 2003	57.55	7,300
	UFB	18 Mar. 1993	18 Oct. 1995	32	28,100	19 Oct. 2000	17 Oct. 2003	56.71	1,500
1996	Cetelem	24 Mar. 1994	4 Nov. 1996	95	87,400	5 Nov. 2001	3 Nov. 2004	85.68	700
	Safadeco	5 Sept. 1994	4 Jan. 1996	21	108,000	1 Apr. 1999	4 Jan. 2004	30.64	10,000
	UFB	18 Mar. 1993	16 Oct. 1996	37	40,200	17 Oct. 2001	15 Oct. 2004	68.60	-
1997	Cetelem	27 Mar. 1997	22 Sept. 1997	117	60,250	23 Sept. 2002	21 Sept. 2005	94.98	500

CB: Compagnie Bancaire **CFP:** Compagnie Financière de Paribas

(1) Number of options and exercise price expressed in Paribas shares: for Cie Bancaire, Cie Financière Paribas and Banque Paribas based on the following conversion rates: 9 PB for 5 CB, 1 PB for 1 CFP and 1 PB for 1 BP.

(2) Early exercise allowed during the stock-for-stock tender offer on 26 July 1999 in the case of Paribas, Compagnie Bancaire, Cie Financière Paribas and Banque Paribas options.

(3) Number of options granted to members of the Executive Committee: 25,000, 25,000, 35,000, 50,000, 150,000 and 150,000 respectively.

NOTE 35 - GAINS (LOSSES) ON DISPOSALS OF LONG-TERM INVESTMENTS, NET OF PROVISIONS

In millions of euros	1999	1998	1997
Debt securities held for investment			
Capital gains on disposal	2	-	2
Capital losses on disposal		(1)	(8)
(Additions to) deductions from allowances	(4)	4	8
(Losses) gains on debt securities held for investment, net of provisions	**(2)**	**3**	**2**
Equity securities held for investment			
Capital gains on disposal	920	338	211
Capital losses on disposal	(195)	(65)	(11)
Additions to allowances	(103)	(24)	(48)
Deductions from allowances	216	87	77
Gains on equity securities held for investment, net of provisions	**838**	**336**	**229**
Other stock investments			
Capital gains on disposal	97	179	176
Capital losses on disposal	(119)	(48)	(488)
Additions to allowances	(60)	(23)	(49)
Deductions from allowances	157	31	487
Gains on other stock investments, net of provisions	75	139	126
Total gains on disposals of long-term investments, net of provisions	**911**	**478**	**357**

Losses on disposals of other stock investments include the EUR 373 million loss on UAP shares exchanged for AXA-UAP shares in January 1997. This loss was offset by a deduction from the allowance for impairment in value of UAP shares recorded in the balance sheet at 31 December 1996.

NOTE 36 - NON-RECURRING ITEMS

In millions of euros	1999	1998	1997
Additions to allowances and contributions to the depositors' guarantee fund	(56)	-	-
Additions to allowances for employee benefits	(53)	(3)	(93)
Additions to allowances for non-recurring costs associated with the single European currency and the year 2000	(32)	(62)	(43)
Additions to allowances for restructured or discontinued activities	-	(25)	(13)
Gain on restructuring of the equity interest in the BancWest Corp Group	-	43	-
Addition to allowance for monetary depreciation of equity interests	-	(40)	(22)
Other non-recurring expenses, net	(15)	(40)	(38)
Net non-recurring items	**(156)**	**(127)**	**(209)**

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

The Depositors' Protection Act (L 99-532) dated 25 June 1999 led to a change in the system established to guarantee securities and deposits applicable to investment services companies. As a result of this change, in 1999, the BNP Group recorded a charge of EUR 56 million to cover the exceptional contributions due to the guarantee fund in respect of the period from 1999 to 2002.

BNP made a EUR 73 million provision in 1997 to cover the nonrecurring charge corresponding to staff reductions resulting from computer investments made to adapt its computer systems to the single European currency and from the reorganization of its operational support centres and customer service activities within the domestic branch network in fiscal years 1998 and 1999. BNP also made a EUR 20 million provision to adjust the employee pension and post retirement liabilities of the international entities to the level required by the Group's accounting policies. A EUR 53 million provision was booked in 1999, primarily to cover the additional costs to be incurred following the extension of the plan to reorganise technical support centres and customer service activities in the network during the first half of 2000.

BNP's latest estimate of the cost of adapting to the introduction of the single European currency and to the Year 2000, prepared at end 1999, is about EUR 367 million over the period 1996-2002. France's accounting authorities have reiterated a series of guidelines governing the provisioning of charges made probable by events that have occurred or are ongoing, in cases where the nature of such charges is clearly identifiable. In application of these guidelines, BNP set up a EUR 92 million allowance at 31 December 1996, which was increased in subsequent years. This allowance covers the non-capitalizable cost of outside assistance needed for BNP to deal with the changeover to the single European currency, a nonrecurring event. The allowance comprises EUR 158 million for the adaptation of information systems and contributions to the cost of adapting interbank systems, and EUR 71 million for the cost of Euro-related corporate communication and customer relations programs. These costs, determined according to BNP's commonly used project assessment methods, are in addition to recurring expenses. More than 60% of these costs had been incurred at 31 December 1999.

The discontinuation of the operations of the *Banque Arabe et Internationale d'Investissement* group and its subsidiaries having begun, BNP made an additional provision of EUR 25 million in 1998 to meet ongoing liquidation costs in future years.

In 1998, BNP restructured its equity interest in its BancWest Corp subsidiary. BNP exchanged its shares in the subsidiary for 45% of the shares issued by the new Bancwest Corp entity, which combines the operations of Bank of the West and First Hawaiian Bank. In accordance with French Bank accounting rules, since BNP exercises dominant influence over the new entity and its 45% equity interest is greater than the direct or indirect interest held by any other stockholder, Bancwest Corp is fully consolidated. The share exchange deal generated a capital gain of EUR 43 million in 1998, net of charges arising on the restructuring of the two sub-groups and on the harmonization of their accounting policies with those of BNP.

The irreversible depreciation in the currencies in which some of BNP's equity interests are held led to the recognition of a provision of EUR 22 million in 1997 and EUR 40 million in 1998 to cover the associated foreign exchange risk.

NOTE 37 - SEGMENT INFORMATION

The table below shows net banking income and gross operating income by segment of business. These segments represent the strategic business lines of the BNP Group, with the exception of the fourth quarter 1999 results of Paribas which are shown on a separate line.

Domestic Banking covers the retail activities of the branch network in France and the French subsidiaries. Retail Banking outside Euro countries mainly comprises the activities of the Bancwest Corp and BNPI Groups. The Global Customers and Markets segment takes in financial activities, asset management and specialised financing, as well as banking services for large clients provided by BNP itself and by its subsidiaries and branches.

The equity allocated to each of these segments is that effectively made available to the subsidiaries and foreign branches involved by BNP. No equity has been allocated to BNP SA French activities. This presentation has been maintained in 1999 in the interests of consistency and comparability with the figures published in 1998. The contribution of Paribas to BNP Group results for the fourth quarter of 1999 is shown separately, because the Paribas businesses were conducted during the period in accordance with that group's strategy and not the strategy defined for the expanded BNP Group following the Paribas acquisition.

In millions of euros	Net banking income		Gross operating income	
	1999	1998	1999	1998
Domestic banking	4,277	4,018	1,135	980
Retail Banking outside euro countries	1,217	732	511	279
Global Customers and Markets	3,468	2,554	1,508	898
Other	127	371	86	337
Paribas (4th quarter 1999)	1,191	-	224	-
Intercompany eliminations	(74)	(100)	-	-
Total	**10,206**	**7,575**	**3,464**	**2,494**
France	6,362	5,373	1,909	1,642
Other euro zone countries	1,459	709	612	218
The Americas and Asia	2,131	1,277	821	524
Other countries	254	216	122	110

Analysis by geographic area

In millions of euros, at 31 December 1999	Interbank transactions and equivalents	Customer transactions	Total
Assets			
France	109,668	123,152	232,820
Other European Economic Space countries	47,900	35,086	82,986
The Americas and Asia	67,260	51,165	118,425
Other countries	2,778	3,992	6,770
TOTAL (notes 4 and 5)	**227,606**	**213,395**	**441,001**
Liabilities			
France	100,609	77,671	178,280
Other European Economic Space countries	67,869	32,383	100,252
The Americas and Asia	59,488	34,633	94,121
Other countries	3,107	4,316	7,423
TOTAL (note 13 and 14)	**231,073**	**149,003**	**380,076**

NOTE 38 - INCOME TAXES

In millions of euros	1999	1998	1997
Income taxes for the period, currently payable	1,147	298	361
Deferred income taxes (benefits) recognised during the period	54	184	(2)
Income tax expense	**1,201**	**482**	**359**
From recurring items	1,227	530	435
From nonrecurring items	(26)	(48)	(76)

In accordance with generally accepted international accounting standards, BNP recognizes deferred tax assets on the basis of the probability that they will be recovered. The tax savings generated in 1999 from the utilization of tax losses and the deduction for tax purposes of charges accounted for in previous periods amounted to EUR 43 million for the BNP Group. Unrecognized deferred tax assets totalled EUR 20 million at 31 December 1999.

The effective tax rate can be analyzed as follows:

In percent	1999	1998	1997
Standard French corporate income tax rate	33.3	33.3	33.3
Long-term capital gains taxed at a reduced rate in France	(1.9)	(1.1)	(5.1)
Share of earnings of companies carried under equity method	-	(2.6)	(3.3)
Permanent differences added back to taxable income in France	(0.7)	(8.1)	(2.3)
Differences in foreign corporate income tax rates	(1.4)	(3.3)	(4.8)
Separate effect of negative items	2.0	5.6	3.5
Other	3.6	3.1	3.0
Effective tax rate	**34.9**[(1)]	**26.9**	**24.3**

(1) Before restructuring provisions associated with the BNP Paribas merger.

Deferred taxes have been reflected in the balance sheet as shown below:

In millions of euros, at 31 December	1999			1998	1997
	Companies included in the taxation group (note 2)	Other companies	Total	Total	Total
Deferred income tax assets [(1)]	610	978	1,588	432	537
Deferred income tax liabilities	939	1,141	2,080	962	775
Net deferred income tax liability	**329**	**163**	**492**	**530**	**238**

(1) Deferred income tax assets include tax loss carryforwards of EUR 40 million in 1999 (EUR 53 million in 1998 and EUR 45 million in 1997).

The deferred income tax liability on the capital gain realized on BNP's transfer to its subsidiary Compagnie Immobilière de France of its buildings and rights to real estate leasing contracts amounted to EUR 196 million at 31 December 1999, after taking into account EUR 105 million written back to the income statement in 1997 in connection with the write-down of the corresponding assets and EUR 87 million added to deferred taxes in respect of land. This addition was charged to opening stockholders' equity in application of the new consolidation rules concerning deferred taxes (note 1).

Following adoption of CRC standard 99-07, a deferred income tax liability was also recorded on the total difference between accumulated book depreciation of leased assets and accumulated amortization of the net investment in the lease, in an amount of EUR 181 million.

The adjustments resulting from the adoption of the new consolidation rules were charged to stockholders' equity (note 21) in accordance with the rules governing the accounting treatment of changes of method.

NOTE 39 - BNP-PARIBAS MERGER-RELATED RESTRUCTURING COSTS

A restructuring charge of EUR 595 million was recorded in the financial statements in connection with the 1999 merger between BNP and Paribas, in addition to the charges booked by Paribas in 1998. This charge breaks down as follows:

In millions of euros	
Information systems and logistics	350
Human resources	249
Other	212
Total restructuring charge before tax	**811**
Deferred taxes	(216)
Total restructuring charge after tax	**595**

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

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

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

Restructuring costs deducted from the related provision in 1999 amounted to EUR 25 million. Write-offs of intangible assets recorded during the year and covered by provisions included in "Other" totalled EUR 160 million. At 31 December 1999, the balance of the provision, included in provisions for risks and charges, amounted to EUR 626 million (note 18).

NOTE 40 - AVERAGE NUMBER OF EMPLOYEES

The average number of employees of BNP and fully consolidated subsidiaries may be analyzed as follows:

	1999		1998		1997	
	Management and non-management	Management only	Management and non-management	Management only	Management and non-management	Management only
BNP sub-group						
BNP France	34,071	8,334	34,592	7,795	35,575	7,563
Branches outside France	5,203	1,512	5,005	1,437	4,644	1,331
French subsidiaries	3,749	1,464	3,341	1,279	3,163	1,159
Foreign subsidiaries	13,019	1,401	13,118	1,447	9,320	1,311
Total BNP sub-group	**56,042**	**12,711**	-	-	-	-
Paribas sub-group						
Paribas France	4,668	1,394				
Branches outside France	3,845	1,145				
French subsidiaries	7,386	2,201				
Foreign subsidiaries	5,531	1,648				
Total Paribas sub-group	**21,430**	**6,388**				
Total BNP Paribas Group	**77,472**	**19,099**	**56,056**	**11,958**	**52,702**	**11,364**
France	49,874	13,393	37,933	9,074	38,738	8,722
Outside France	27,598	5,706	18,123	2,884	13,964	2,642
Total BNP Paribas Group	**77,472**	**19,099**	**56,056**	**11,958**	**52,702**	**11,364**

NOTE 41 - COMPARISON BETWEEN THE PUBLISHED AND RESTATED CONSOLIDATED FINANCIAL STATEMENTS

In application of the new consolidation rules applicable to institutions regulated by the *Comité de la Réglementation Bancaire*, subsidiaries whose businesses are dissimilar to the Group's main businesses, which were previously accounted for by the equity method, were fully consolidated at 31 December 1999. The published 1998 and 1997 financial statements have been restated in accordance with the same rules, by fully consolidating Natio-Vie, BNP Ré and Meunier Promotion.

Consolidated balance sheets of the BNP Group at 31 December 1998 and 1997

In millions of euros	1998			1997		
	Published	Reclassi-fications	Restated	Published	Reclassi-fications	Restated
Assets						
Interbank and money market items	115,343	15	115,358	114,682	49	114,731
Customer items	148,673	(1,132)	147,541	135,387	(57)	135,330
Insurance company investments	-	23,127	23,127	-	19,721	19,721
Bonds and other fixed-income instruments	16,614	-	16,614	17,295	-	17,295
Equities and other non-fixed-income instruments	6,570	-	6,570	4,976	-	4,976
Equity securities held for investment and other stock investments	3,470	6	3,476	3,308	8	3,316
Investments in companies carried under the equity method	990	(759)	231	816	(608)	208
Tangible and intangible assets	2,397	14	2,411	2,117	10	2,127
Accrued income and other assets	30,560	779	31,339	31,554	887	32,441
Goodwill	215	-	215	79	-	79
Total assets	**324,832**	**22,050**	**346,882**	**310,214**	**20,010**	**330,224**
Liabilities						
Interbank and money market items	108,094	(991)	107,103	101,873	(525)	101,348
Customer deposits	117,965	(482)	117,483	109,419	(455)	108,964
Bonds and negotiable debt instruments	36,753	(1,116)	35,637	36,626	(1,126)	35,500
Technical reserves of insurance companies	-	24,020	24,020	-	20,937	20,937
Accrued expenses and other liabilities	38,503	606	39,109	40,953	1,169	42,122
Provisions for risks and charges	2,853	13	2,866	2,117	10	2,127
Subordinated debt	8,258	-	8,258	8,212	-	8,212
Reserve for general banking risks	1,038	-	1,038	1,024	-	1,024
Stockholders' equity	10,201	-	10,201	9,042	-	9,042
Net income	1,167	-	1,167	948	-	948
- Net income attributable to the Group	*1,114*	-	*1,114*	*909*	-	*909*
- Minority interests	*53*	-	*53*	*39*	-	*39*
Total liabilities and stockholders' equity	**324,832**	**22,050**	**346,882**	**310,214**	**20,010**	**330,224**
Commitments received						
Financing commitments given	67,682	18	67,690	60,529	11	60,540
Financing commitments received	3,791	-	3,791	1,511	-	1,511
Guarantees and endorsements received	31,562	41	31,603	28,861	83	28,944
Guarantees and endorsements given	23,340	8	23,348	24,203	-	24,210
Securities to be received	5,956	-	5,956	9,695	-	9,695
Securities to be delivered	8,604	-	8,604	7,954	-	7,954
Commitments incurred on forward and options contracts	2,572,897	2,136	2,575,033	2,209,008	556	2,209,564

Consolidated income statements of the BNP Group for the years ended 31 December 1998 and 1997

In millions of euros	1998			1997		
	Published	Reclassi-fications	Restated	Published	Reclassi-fications	Restated
Net banking income	7,366	209	7,575	6,718	200	6,918
Gross operating income	2,347	147	2,494	2,048	146	2,194
Operating income	1,144	144	1,288	1,014	146	1,160
Income before tax, non-recurring items, amortisation of goodwill and movements in the reserve for general banking risks	1,746	49	1,795	1,501	52	1,553
Net income	1,114	-	1,114	909	-	909

NOTE 42 - CONSOLIDATED PROFIT AND LOSS ACCOUNT (REGULATORY FORMAT)

In thousands of euros	1999	1998	1997
INCOME AND CHARGES ARISING FROM BANKING OPERATIONS			
Interest receivable and similar income	**24,842,132**	**21,026,328**	**19,009,998**
- Interest receivable and similar income on transactions with credit institutions	9,539,515	8,019,191	7,089,978
- Interest receivable and similar income on transactions with customers	9,767,900	8,560,177	7,924,308
- Interest receivable and similar income on debt securities and other fixed-income securities	2,288,751	2,066,579	1,769,038
- Income receivable arising from leasing and similar operations	3,235,246	2,379,794	2,226,557
- Other interest receivable and similar income	10,720	587	117
Interest payable and similar charges	**(20,665,073)**	**(17,191,595)**	**(15,304,623)**
- Interest payable and similar charges arising from transactions with credit institutions	(10,840,682)	(8,615,204)	(7,196,293)
- Interest payable and similar charges arising from transactions with customers	(4,095,661)	(4,170,366)	(3,851,158)
- Interest payable and similar charges arising from debt securities and other fixed-income securities	(3,270,299)	(2,687,496)	(2,670,359)
- Charges payable arising from leasing and similar operations	(2,458,431)	(1,718,529)	(1,586,813)
Income from variable yield securities	**175,279**	**128,239**	**136,421**
Commissions receivable	**3,012,886**	**2,243,571**	**2,034,238**
Commissions payable	**(785,943)**	**(568,303)**	**(628,984)**
Net profit on financial operations	**2,875,560**	**2,834,860**	**1,329,093**
- Net profit on transactions in trading securities	36,320	2,539,178	1,233,984
- Net profit on transactions in securities held for sale	67,375	19,981	95,109
- Net profit on exchange transactions	2,771,865	275,701	-
-	-	-	-
Net loss on financial operations	**(135,889)**	**(1,205,972)**	**(34,689)**
- Net profit on exchange transactions	(135,889)	-	(32,994)
- Net loss on transactions in financial instruments	-	(1,205,972)	(1,695)
OTHER ORDINARY INCOME AND CHARGES			
Other operating income	**8,577,434**	**5,503,746**	**6,681,042**
- Other income from banking operations	619,016	484,783	448,655
- Other income from non-banking operations	7,958,418	5,018,963	6,232,387
General operating charges	**(6,317,730)**	**(4,745,428)**	**(4,399,862)**
- Staff costs	(4,039,929)	(3,112,618)	(2,917,684)
- Other administrative expenses	(2,277,801)	(1,632,810)	(1,482,178)
Depreciation, amortization and provisions on intangible and tangible assets	**(424,130)**	**(334,656)**	**(323,770)**
Other operating charges	**(7,792,983)**	**(5,213,650)**	**(6,322,259)**
- Other charges arising from banking operations	(569,817)	(395,243)	(347,372)
- Other charges arising from non-banking operations	(7,223,166)	(4,818,407)	(5,974,887)

In thousands of euros	1999	1998	1997
OTHER ORDINARY INCOME AND CHARGES			
Net loss on value adjustments in respect of loans and advances and off-balance sheet items	(701,375)	(1,206,120)	(1,034,426)
Net loss on value adjustments in respect of financial fixed assets	-	-	-
Net profit on value adjustments in respect of financial fixed assets	910,834	477,751	357,089
Surplus of allocation over write-back of funds for general banking risks	-	(2,288)	(19,231)
Surplus of write-back over allocation of funds for general banking risks	9,002	-	-
Ordinary pre-tax profit	**3,580,004**	**1,746,483**	**1,480,037**
EXTRAORDINARY INCOME AND CHARGES			
Extraordinary pre-tax income	(750,239)	(126,500)	(208,776)
- Extraordinary income	508,119	176,218	49,382
- Extraordinary charges	(1,258,358)	(302,718)	(258,158)
Tax on income	(1,201,343)	(481,746)	(358,682)
Share on profit or losses of companies carried under equity method	19,059	29,052	35,452
- Non financial	13,957	16,801	14,428
- Financial	5,102	12,251	21,024
Profit for the financial year	**1,647,481**	**1,167,289**	**948,031**
- Group share	1,484,008	1,114,303	908,860
- Minority interests	163,473	52,986	39,171

The consolidated profit and loss account (regulatory format) has been restated based on the new consolidation rules. The main change concerns the full consolidation of Natio-Vie, BNP Ré and Meunier Promotion. The underwriting results and net investment income of the Group insurance companies and the income and expenses of the other businesses are included under "Other income from non-banking operations" and "Other charges arising from non-banking operations".
The consolidated profit and loss account (regulatory format) differs in the following respects from the consolidated income statement presented following the balance sheet:

- commissions that do not comply with the regulatory definition are included in "Interest receivable and similar income" and "Interest payable and similar charges" for EUR 392 million in 1999, EUR 304 million in 1998 and EUR 286 million in 1997, in "Net profit on financial operations" and "Net loss on financial operations" for EUR 208 million in 1999, EUR 245 million in 1998 and EUR 205 million in 1997, and in "Other income from banking operations" for EUR 370 million in 1999, EUR 332 million in 1998 and EUR 327 million in 1997;
- additions to and deductions from the allowance for miscellaneous risks are reflected under "Other operating charges" in the regulatory presentation for EUR 9 million in 1999, EUR 1 million in 1998 and EUR 1 million in 1997, whereas they are reflected under "Movements in the reserve for general banking risks" in the consolidated income statement;
- the amortization charge for goodwill is reflected under "Other operating charges" in the regulatory presentation, whereas it is reflected under "Amortization of goodwill" in the consolidated income statement (EUR 111 million in 1999, EUR 16 million in 1998 and EUR 16 million in 1997).

JOINT STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 1999

To the shareholders of Banque Nationale de Paris

As statutory auditors appointed by the Stockholders' Meeting, we have audited the accompanying consolidated financial statements of Banque Nationale de Paris, presented in euros, for the year ended 31 December 1999.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with French generally accepted auditing standards. Those standards require that we plan and perform our audits to obtain reasonable assurance that the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made in the preparation of the financial statements, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, the consolidated financial position of Banque Nationale de Paris and subsidiaries at 31 December 1999, and the consolidated results of operations for the year then ended, in accordance with French generally accepted accounting principles.

Note 1 and 21 provide details of the changes in accounting methods resulting from the application of the new consolidation rules set forth in CRC standard 99-07 dated 24 November 1999. This observation does not affect the opinion expressed above.

We have also carried out the specific verifications required by law on the information given in the Board of Directors' management report. We have no observation to make on the fairness of this information or its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris, 10 April 2000

The Statutory Auditors

BARBIER FRINAULT & AUTRES	BEFEC-PRICE WATERHOUSE	RSM SALUSTRO REYDEL
ARTHUR ANDERSEN	Member of PricewaterhouseCoopers	
Christian Chiarasini	Étienne Boris	Édouard Salustro
Radwan Hoteit		Michel Savioz

PARENT COMPANY FINANCIAL STATEMENTS

BALANCE SHEET OF BNP SA

ASSETS

In millions of euros at December 31	1999	1998	1997
Interbank and money market items:			
• Cash and due from central banks and post office banks	1,743	2,354	1,024
• Treasury bills and money market instruments	32,466	21,713	18,940
• Due from credit institutions	96,701	77,220	77,841
Total interbank and money market items	**130,910**	**101,287**	**97,805**
Customer items:			
• Due from customers	111,604	105,197	104,125
• Leasing receivables	305	230	244
Total customer items	**111,909**	**105,427**	**104,369**
Bonds and other fixed-income instruments	**18,030**	**12,611**	**11,874**
Equities and other non-fixed-income instruments	**951**	**849**	**851**
• Equity securities held for investment and other stock investments:			
- Equity securities held for investment	932	704	719
- Other stock investments	25,062	6,196	5,271
Total equity securities held for investment and other stock investments	**25,994**	**6,900**	**5,990**
Tangible and intangible assets	**2,247**	**2,176**	**2,180**
Accrued income and other assets	**40,843**	**25,518**	**27,739**
Total assets	**330,884**	**254,768**	**250,808**
COMMITMENTS GIVEN:			
Financing commitments given	73,640	55,914	54,120
Guarantees and endorsement given	52,490	36,153	33,679
Commitments given on securities	106	576	1,032
Commitments incurred on forward and options contracts	4,106,466	2,629,970	2,221,693

LIABILITIES

In millions of euros at December 31	1999	1998	1997
Interbank and money market items:			
• Due to central banks and post office banks	242	3,366	3,618
• Due to credit institutions	110,972	87,350	86,481
Total interbank and money market items	**111,214**	**90,716**	**90,099**
CUSTOMER DEPOSITS	**93,248**	**87,991**	**85,438**
Bond and negotiable debt instruments:			
• Retail certificates of deposit	507	646	853
• Interbank market securities	72	105	117
• Negotiable certificates of deposit	30,060	22,629	22,612
• Bonds, including short-term portion	7,029	6,921	7,511
• Other debt instruments	-	-	3
Total bonds and negotiable debt instruments	**37,668**	**30,301**	**31,096**
Accrued expenses and other liabilities	**49,253**	**26,195**	**26,187**
Provisions for risks and charges	**3,591**	**3,031**	**2,442**
Subordinated debt	**8,667**	**7,855**	**8,072**
Reserve for general banking risks	**914**	**913**	**916**
Stockholders' equity:			
• Capital stock	1,799	832	813
• Capital surplus	20,435	3,512	3,197
• Retained earnings	3,123	2,344	2,228
Total stockholders' equity	**25,357**	**6,688**	**6,238**
Net income	**972**	**1,078**	**320**
Total liabilities and stockholders' equity	**330,884**	**254,768**	**250,808**
COMMITMENTS RECEIVED:			
Financing commitments received	3,219	1,529	1,508
Guarantees and endorsements received	35,428	23,026	23,450
Commitments received on securities	481	462	979

INCOME STATEMENT OF BNP SA

In millions of euros, at 31 December	1999	1998	1997
Income (expense) from banking operations			
Interest and assimilated income	15,644	16,227	14,605
Interest and assimilated expense	(13,192)	(13,668)	(12,168)
Net interest and assimilated income	2,452	2,559	2,437
Income on equities and other non-fixed income instruments	628	572	535
Net commissions	2,250	2,117	1,912
Net gains on sales of trading accounts	610	408	472
Net gains on ales of investment securities held for sale and assimilated income	(5)	-	5
Other net (expense)/income from banking operations	(151)	(173)	(155)
Net banking income	**5,784**	**5,483**	**5,206**
Operating expense:			
- Salaries and employee benefits, including profit-sharing	(2,468)	(2,347)	(2,306)
- Other expense	(1,212)	(1,189)	(1,131)
Total operating expense	**(3,680)**	**(3,536)**	**(3,437)**
Depreciation, amortization and provisions on tangible and intangible assets	(238)	(246)	(251)
Gross operating income	**1,866**	**1,701**	**1,518**
Net additions to allowances for credit risks and country risks	(507)	(973)	(840)
Net operating income	**1,359**	**728**	**678**
Net gains on fixed assets	624	516	257
Operating income before tax	**1,983**	**1,244**	**935**
Net non-recurring expense	(107)	(149)	(670)
Income taxes (benefit)	(323)	(17)	50
Movement in the reserve for general banking risks	13	-	5
Net income prior to BNP-Paribas merger related restructuring costs	**1,566**	**1,078**	**320**
Restructuring costs relating to the BNP-Paribas merger	(594)	-	-
Net income after BNP-Paribas merger related restructuring costs	**972**	**1,078**	**320**

ACCOUNTING POLICIES

BNP financial statements have been prepared in accordance with generally accepted principles applied in the French banking industry.

PRESENTATION OF THE INCOME STATEMENT

The income statement of BNP is presented in accordance with banking industry recommendations published in December 1999. The consolidated income statements for 1998 and 1997 are presented on the same basis.

INTERBANK AND MONEY-MARKET ITEMS, CUSTOMER ITEMS

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

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

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

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

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

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

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

LEASE FINANCING

Finance leases where BNP is lessor are treated as customer loans and are presented in the balance sheet under “Leasing receivables”, net of depreciation of the financed item.

SECURITIES

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

Securities are classified as “Trading account assets”, “Investment securities held for sale”, “Debt securities held for investment”, “Equity securities held for investment”, and “Other stock investments”.

• *Trading Account Assets*

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

• *Investment Securities Held For Sale*

This category includes securities held for at least six months, but which are not intended to be held on a long-term basis. Bonds and other fixed-income instruments are valued at the lower of cost (excluding accrued interest) or their probable market value, which is generally determined on the basis of market prices. Accrued interest is posted to income under “Interest income on bonds and other fixed-income instruments”.

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

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

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

• *Debt Securities Held for Investment*

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

The difference between cost and the redemption price of these securities is prorated over the life of the securities and posted to “Interest income on bonds and other fixed-income instruments” in the income statement. As a result, their carrying value is amortized to their redemption value over their remaining life.

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

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

• Equity Securities Held for Investment

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

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

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

• Other Stock Investments

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

"Other stock investments" are recorded individually at the lower of cost or fair market value.

Fair market value of listed securities is primarily determined according to the average market price over the previous twenty-four months or according to a more recent market price when a decrease in value of the underlying security is likely to endure. Fair market value of unlisted securities is determined according to net asset value per share (consolidated, if applicable).

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

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

TREASURY STOCK HELD BY BNP S.A.

Treasury stock held by BNP S.A. classified and valued as follows:

- shares that were acquired to stabilize the market price are recorded under "Investment securities held for sale". They are stated at the lower of cost and market value. Shares acquired in connection with index arbitrage transactions are included in "Trading account assets" and are marked to market;
- shares held for allocation to employees on exercise of stock options are included in "Investment securities held for sale". They are stated at the lower of cost and market value. Where appropriate an allowance is booked for the difference between the cost of the shares and the option exercise price;
- shares that are intended to be cancelled or which are not being held for any of the above purposes are recorded under "Equity securities held for investment". Shares intended to be cancelled are stated at cost. All other shares are stated at the lower of cost and fair value.

FIXED ASSETS

Buildings and equipment are stated at cost or valued in accordance with France's appropriation laws of 1977 and 1978. Revaluation differences on non-depreciable assets, recorded at the time of these legal revaluations, have been included in capital stock. Assets leased by BNP from its specialized subsidiaries are recorded as buildings, equipment, and other under "Tangible and intangible assets".

The restructured real estate portfolio is depreciated over a fifty-year period starting from the date of transfer using the straight-line method. Depreciation of other fixed assets is computed using the straight-line method over their estimated useful lives. The difference between tax depreciation (accelerated method) and book depreciation (generally straight-line method) is recorded under "Regulated deductions–Accelerated depreciation" in liabilities. No deferred income tax is calculated on the difference between book and tax depreciation.

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

INTERBANK AND MONEY-MARKET ITEMS
AND CUSTOMER DEPOSITS

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

BONDS AND NEGOTIABLE DEBT INSTRUMENTS

Bonds and negotiable debt instruments are analyzed between retail certificates of deposit, interbank market securities, negotiable certificates of deposit, bonds and other debt instruments. This caption does not include subordinated notes which are recorded under “Subordinated debt”.
Accrued interest on bonds and negotiable debt instruments is recorded on a separate line.
Bond issue and redemption premiums are amortized by the yield-to-maturity method over the life of the bonds. Bond issuance costs are amortized by the straight-line method over the life of the bonds.

COUNTRY RISK PROVISIONS

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

ALLOWANCES FOR UNFORESEEABLE SECTORAL RISKS

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

RESERVE FOR GENERAL BANKING RISKS

For reasons of conservatism, BNP S.A. has set up a reserve for general banking risks. Specific additions to, and deductions from, this reserve are reflected in the income statement under “Net (addition to) deduction from reserve for general banking risks and other risks”.

FORWARD FINANCIAL INSTRUMENTS

Forward financial instruments are purchased on various markets for use as specific or global hedges of assets and liabilities and for position management purposes.
• *Forward Interest Rate Instruments*
Interest rate futures and options contracts traded on organized exchanges are valued at market at the balance sheet date. Realized and unrealized gains and losses are taken to income under “Net gains (losses) on sales of trading account assets”.
Gains and losses on certain OTC contracts that are isolated open positions are taken to income either when the contracts are unwound or on a *pro rata temporis* basis, depending on the nature of the instruments. Provisions for risks are made to cover unrealized losses on a contract by contract basis, taking into account potential gains and losses on related specific hedges.
Gains and losses on interest rate contracts designated at the outset as hedging operations are recognized similarly to the underlying instrument.

• *Forward Currency Instruments*

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

• *Equity and Equity Index Derivatives*

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

• *Composite Instruments*

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

• *Market Value of Financial Instruments*

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

INCOME TAXES

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

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

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

PROFIT-SHARING PLAN

As required by French law, BNP provides for profit sharing in the year in which the profit arises, and report the provision under salaries in "Operating expense" in the income statement.

RETIREMENT AND PENSIONS FOR FORMER EMPLOYEES

Upon retirement, BNP employees receive pensions according to the laws and customs prevailing in the countries where BNP operates.

Outside France, BNP and its employees contribute to mandatory pension plans managed by independent organizations.

Retired employees of BNP in France are entitled to the following pension system starting 1 January 1994, pursuant to a new industry-wide agreement on pensions:

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

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

EMPLOYEE BENEFITS

Under various agreements, BNP SA is committed to pay early retirement, retirement and seniority bonuses. Each year, the Group estimates the net current value of these commitments and adjusts the related allowance.

RECOGNITION OF REVENUE AND EXPENSES

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

FOREIGN CURRENCY TRANSACTIONS

Foreign exchange positions are generally valued at the official year-end exchange rate. Exchange gains and losses on transactions in foreign currency carried out in the normal course of business are recorded in the income statement.
Exchange differences arising from the conversion at the year-end exchange rate of assets denominated in foreign currencies that are held on a long-term basis, including equity securities held for investment, the capital made available to branches and other stock investments, are not recognized in the income statement.

FOREIGN CURRENCY TRANSLATION

Monetary and non-montary foreign currency-denominated assets and liabilities of foreign branches have been translated into euros at the year-end exchange rate. Translation adjustments regarding the equity base of BNP branches outside of France are included in “Accrued income” and “Accrued expense”.

INCOME STATEMENT OF BNP SA (CRB 91-01 PRESENTATION)

In thousands of euros, year ended 31 December	1999	1998	1997
INCOME AND CHARGES ARISING FROM BANKING OPERATIONS			
Interest receivables and similar income:	**15,896,993**	**16,445,133**	**14,803,826**
Interest receivables and similar income on transactions with credit institutions	7,823,264	8,113,309	6,876,985
Interest receivable and similar income on transactions with customer	6,479,205	6,814,435	6,629,804
Interest receivable and similar income on debt securities and other fixed-income securities	1,591,933	1,517,148	1,297,037
Other interest receivable and similar income	2,591	241	-
Interest payable and similar charges:	**(13,221,806)**	**(13,697,732)**	**(12,175,529)**
Interest payable and similar charges arising from transactions with credit institutions	(7,934,208)	(7,966,853)	(6,553,981)
Interest payable and similar charges arising from transactions with customers	(2,840,350)	(3,233,083)	(3,088,767)
Interest payable and similar charges arising from debt securities and other fixed-income securities	(2,447,248)	(2,493,051)	(2,532,781)
Income from leasing operations	**24,101**	**21,105**	**18,274**
Charges arising from leasing operations	**(1)**	**(12)**	**(2,331)**
Income from rental operations	**5,011**	**3,069**	**3,175**
Charges arising from rental operations	**(5,011)**	**(3,044)**	**(2,748)**
Income from variable-yield securities	**627,709**	**572,161**	**534,413**
Commissions receivables	**1,851,890**	**1,714,870**	**1,627,330**
Commissions payable	**(298,142)**	**(322,380)**	**(365,701)**
Net profit on financial operations:	**884,270**	**614,898**	**716,620**
Net profit on transactions in trading securities	358,702	315,282	260,682
Net profit on transactions in securities held for sale		101	5,377
Net profit on exchange transactions		238,404	-
Net profit on transactions in financial instruments	525,568	61,111	450,561
Net loss on financial operations:	**(150,832)**		**(90,508)**
Net loss on transactions in trading securities	-	-	-
Net loss on transactions in securities held for sale	(4,697)	-	-
Net loss on exchange transactions	(146,135)		(90,508)
Net loss on transactions in financial instruments	-	-	-
OTHER ORDINARY INCOME AND CHARGES			
Other operating income:	**564,655**	**521,044**	**483,520**
Other charges arising from banking operations	436,859	396,895	372,312
Other charges arising from non-banking operations	127,796	124,149	111,208
General operating charges:	**(3,680,856)**	**(3,536,656)**	**(3,437,057)**
Staff costs	(2,468,358)	(2,347,610)	(2,306,362)
Other administrative expenses	(1,212,498)	(1,189,046)	(1,130,695)

INCOME STATEMENT OF BNP SA (CRB 91-01 PRESENTATION)

In thousands of euros, year ended 31 December	1999	1998	1997
OTHER ORDINARY INCOME AND CHARGES (cont'd)			
Depreciation expenses and provisions for depreciation of intangible and tangible assets	**(237,966)**	**(245,907)**	**(251,309)**
Other operating charges:	**(385,642)**	**(391,878)**	**(345,420)**
Other charges arising from banking operations	(308,966)	(319,085)	(304,371)
Other charges arising from nonbanking operations	(76,676)	(72,793)	(41,049)
Net loss on value adjustments in respect of loans and advances and off-balance sheet items	**(506,494)**	**(972,980)**	**(839,355)**
Net loss on value adjustments in respect of financial fixed assets	**-**	**-**	**-**
Net gain on value adjustments in respect of financial fixed assets	**624,490**	**515,930**	**257,232**
Surplus of allocation for over write-back of funds for general banking risks	**-**	**-**	**-**
Surplus of write-back of over allocation for funds for general banking risks	**3,776**	**996**	**5,763**
Ordinary pretax profit	**1,996,145**	**1,243,362**	**940,195**
PRODUITS ET CHARGES EXCEPTIONNELS			
Extraordinary pretax loss:	**(700,899)**	**(148,726)**	**(670,475)**
Extraordinary income	452,896	192,497	35,119
Extraordinary charges	(1,153,795)	(341,223)	(705,594)
Tax on income	**(323,727)**	**(16,714)**	**50,403**
Profit for the financial year	**971,519**	**1,077,922**	**320,123**

The above income statement (CRB 91-01 presentation) differs in the following respects from the income statement presented following the balance sheet: additions to, and deductions from, the allowance for miscellaneous risks are reflected under "Other operating charges" in the CRB 91-01 presentation (EUR (9) million in 1999, EUR 1 million in 1998 and EUR 1 million in 1997), whereas they are reflected under "Net (additions to) deductions from reserve for general banking risks and other risks" in the income statement that is presented following the balance sheet.

FIVE-YEAR FINANCIAL SUMMARY OF BNP SA

	1995 (francs)	1996 (francs)	1997 (francs)	1998 (francs)	1998 (euros)	1999 (euros)
Capital at year-end						
a) Capital stock	4,804,598,450 (1)	5,185,874,825 (2)	5,331,104,700 (3)	5,460,266,775 (4)	832,412,304	1,798,666,976 (5)
b) Number of shares issued	192,183,938 (1)	207,434,993 (2)	213,244,188 (3)	218,410,671 (4)	218,410,671	449,666,744 (5)
c) Registered beneficiary shares at Dec. 31						
- former BNCI	22,100	-	-	-	-	-
- former CNEP	16,840	-	-	-	-	-
Results of operations for the year						
a) Total revenues, excluding VAT	102,628,056,297	102,036,211,395	118,564,568,666	130,356,249,306	19,872,682,097	19,665,467,407
b) Income before tax, nonrecurring non operating items, profit sharing, depreciation and provisions	8,672,714,814	9,237,139,910	13,243,961,291	16,269,190,329	2,480,222,077	2,664,362,859
c) Income taxes (benefits)	162,465,361	(321,442,607)	(330,618,810)	109,636,483	16,713,974	323,726,730
d) Profit sharing for the year	-	164,380,906	397,090,649	484,840,467	73,913,453	109,000,000 (6)
e) Income after tax, nonrecurring non operating items, profit sharing, depreciation and provisions	1,777,301,169	2,375,026,870	2,099,873,373	7,070,703,732	1,077,921,835	971,519,141
f) Earnings distributed	694,513,727	1,120,148,962	1,492,719,116	2,149,788,867	327,733,200	787,726,615
Earnings per share						
a) Earnings after tax (excluding nonrecurring non operating items) profit sharing, depreciation and provisions	43.86	46.08	62.89	72.17	11.00	5.04
b) Earnings after tax, nonrecurring non operating items, profit sharing, depreciation and provisions	9.25	11.45	9.85	32.37	4.93	2.16
c) Dividend per share	3.60 (7)	5.40	7.00 (8)	9.84 (9)	1.50	1.75 (10)
Employment						
a) Employment at year-end (11)	41,364	40,705	40,002	39,554	39,554	39,115
b) Total salaries (in euros)	8,715,581,128	8,955,840,550	9,577,822,860	9,667,865,889	1,473,856,654	1,538,010,765
c) Staff benefits (including health care) (in euros)	4,947,409,654	4,350,229,752	3,954,666,310	4,099,021,977	624,891,872	647,434,031

(1) Common stock was increased to FRF 4,804,598,450 from FRF 4,751,153,975 following the payment of dividend in shares. (2) Common stock was increased to FRF 5,185,874,825 from FRF 4,804,598,450 by the FRF 18,007,000 stock-for-stock public tender offer for BNP España , the FRF 305,058,400 stock-for-stock public tender for Compagnie d'Investissement de Paris "CIP ", the FRF 16,311,100 private placement reserved for BNP staff members, and the payment of a stock dividend amounting to FRF 41,899,875. (3) Common stock was increased to FRF 5,331,104,700 from FRF 5,185,874,825 by the FRF 32, 878,050 stock-for-stock split tender offer of BNPI, the FRF 23,000,000 private placement reserved for BNP staff members, and the payment of a stock dividend amounting to FRF 89,351,825. (4) Common stock was increased to FRF 5,460,266,775 from FRF 5,331,104,700 by the FRF 42,560,250 stock-for-stock public tender offer of BNPI, the FRF 32,000,000 private placement reserved for BNP staff members, and the payment of a stock dividend amounting to FRF 54,423,300 and on exercise of employee stock options for FRF 178,525 . (5) Common stock was converted into euros on 6 January 2000 and the par value of the shares was rounded up to EUR 4 by increasing the capital to EUR 873,642,684. The capital was increased to EUR 1,798,666,976 from EUR 873,642,684 by the EUR 917,960,200 stock-for-stock public tender offer for Paribas, the EUR 6,029,996 private placement reserved for BNP staff members, and on exercise of employee stock options for EUR 1,034,096. (6) Provision made during the year. (7) Paid to 192,904,218 shares taking into account the 720,280 new shares rights from 1 January 1995 created on 27 February 1996 following the stock-for-stock public tender offer for BNP España. (8) Paid to 213,245,588 shares, taking into account the 1,400 new shares with rights from 1 January 1997 created pursuant to the 1995-2002 stock option plan and recorded on 29 January 1998. (9) Paid to 218,488,800 shares, taking into account the 75,900 new shares with rights from 1 January 1998 created pursuant to the 1994-2001 stock option plan and 2,229 new shares with rights from 1 January 1998 created pursuant to the 1995-2002 stock option plan, and recorded on 6 January 1999 (10) Paid to 450,129,494 shares, taking into account the 389,250 new shares with rights from 1 January 1999 created pursuant to the 1994-2001 stock option plan and 18,000 new shares with rights from 1 January 1999, created pursuant to the 1995-2002 stock option plan and 55,500 new shares with rights from 1 January 1999, created pursuant to the 1996-2003 stock option plan, and recorded on 26 January 2000. (11) For France, part-time employment is prorated according to the length of time worked.

INFORMATION ON SUBSIDIARIES AND ASSOCIATED COMPANIES OF BNP SA

(in accordance with Articles No. 247 and No. 299 of the regulation on commercial organizations)

Companies	Currency	Exchange rate	Capital Stock[1]	Reserves and retained earnings before appropriation of income[1]	Total revenues for last complete fiscal year[1]
Information on subsidiaries and associated companies whose book value exceeds 1% of BNP's capital stock.					
A) Subsidiaries (> 50% ownership interest)					
Financière BNP	EUR	1.00000	1,158,268	161,783	123,877
BNPI	EUR	1.00000	30,523	364,723	18
Banexi (Paris)	EUR	1.00000	95,775	175,468	50,975
BNP Finance	EUR	1.00000	112,500	(69,709)	1,996,013
Natiocrédit	EUR	1.00000	156,589	82,656	2,496
Banque de Bretagne	EUR	1.00000	52,921	14,145	95,150
BNP Equities France	EUR	1.00000	3,852	20,305	141,047
SFA	EUR	1.00000	5,849	637,249	202,315
Natioinformatique	EUR	1.00000	29,391	13,493	1,610
CIP (Paris)	EUR	1.00000	394,504	397,755	49,826
BNP Immobilier	EUR	1.00000	79,500	(5,700)	19,209
BNP Gestions	EUR	1.00000	10,413	128,580	117,584
Paribas [3]	EUR	1.00000	2,509,841	5,105,441	13,231,953
BNP Suisse	CHF	1.60500	85,000	136,959	557,992
BNP Canada	CAD	1.46000	180,637	12,035	151,243
BNP UK Holding	GBP	0.62000	130,000	(13,035)	6,962
BNP Luxembourg	EUR	1.00000	32,226	120,902	292,866
BNP Irlande	EUR	1.00000	38,454	5,571	241,217
BNP Equities Asia	USD	1.00400	48,559	157	22
BNP España	EUR	1.00000	125,950	(57,328)	108,905
BNP Private Bank and Trust (Bahamas)	USD	1.00400	4,900	0	7,405
Banco BNP Brasil	BRL	1.81300	62,450	5,932	224,896
BNP Securities	USD	1.00400	5	22,330	122,100
BNP PP South East Asia	USD	1.00400	25,200	(951)	262
Cipango	JPY	102.73000	9,400,000	961,624	1,748,161
BNP Andes (Pérou)	USD	1.00400	50,000	0	2,358
BNP Capital Market LLC	USD	1.00400	50,000	742	195,526
BNP Finans (Norvège)	NOK	8.07600	200,000	63,333	20,337
Charter Atlantic Corp (FFTW)	USD	1.00400	19,035	(2,155)	
SFOM (Suisse)	CHF	1.60500	39,892	19,672	11,404
TOTAL					
B) Associated companies (10-50% ownership interest)					
Crédit Logement [3]	EUR	1.00000	2,166,000	379,861	452,163
Natio-Vie [2]	EUR	1.00000	125,698	390,426	6 039,146
BNP Development	EUR	1.00000	68,000	11,926	4,059
Dongwon ITMC [4]	KRW	1,143.23000			
Creation Financial Services	GBP	0.62000	10,000	10,771	37,819
Inversiones Dresdner BNP Chile (Chili)	CLP	532.51000	48,841	47	3,592
BNP Dresdner Bank (Polska) SA	PLN	4.15800	193,400	61,578	167,272
BancWest Corp (EU)	USD	1.00400	127,048	1,000,453	1,090,487
International Bank of Paris and Shanghai (République populaire de Chine)	USD	1.00400	63,641	1,699	9,444
TOTAL					

(1) Thousand of local currency units. Other informations are in thousands of euros.
(2) Figures for Natio-Vie stand alone.
(3) 1997 Figures.
(4) 1999 Investments.

Net income (loss) for last complete fiscal year[1]	BNP's ownership interest (%)	Book value of shares held by BNP		Including revaluation surplus	Dividends received by BNP during year	Outstanding loans and avances granted by BNP	Guarantees and endorsment given by BNP
		Gross	Net				
253,050	99.99%	1,638,242	1,423,626		116,715		556
58,305	97.85%	255,061	255,061	22,021	2,986	19,147	
40,818	100.00%	267,844	267,844	5,996	65,845	311,470	
(43,567)	99.99%	119,980	24,495			17,339,677	15,245
2,210	66.55%	172,641	172,641		17,477		
10,015	99.99%	71,021	71,021		11,791	136,596	
32,797	99.80%	24,714	24,714		19,221		
202,621	100.00%	360,000	360,000		146,344		
6,493	65.00%	34,569	28,333				
75,592	100.00%	597,981	597,981		92,844		
14,843	100.00%	261,602	87,333				
31,060	100.00%	118,445	118,445	13			
1,784,611	96.48%	17,914,782	17,914,782				
51,318	85.76%	473,254	473,254	6,572	6,642	411,944	
11,112	88.89%	136,992	106,706	190			1,800,783
4,403	100.00%	172,525	172,525	16,180			
27,211	54.50%	38,062	38,062	341	11,996	3,670,178	10,229,806
15,739	84.72%	51,161	51,161		6,289		
(953)	100.00%	48,337	48,337				
(3,845)	99.14%	149,541	85,788				
2,475	100.00%	21,800	20,307		2,495		
30,041	98.99%	50,499	50,499				
3,507	100.00%	22,651	22,651				
498	100.00%	28,802	28,802				
(35,034)	100.00%	92,859	92,859				
(896)	99.99%	50,667	50,667				
(3,328)	99.00%	49,273	46,725				
15,179	100.00%	31,450	31,450		423		
(1,930)	60.00%	91,472	91,472				
14,788	74.17%	42,500	39,487	4,240	1,394		
....		**23,388,727**	**22,797,028**	**55,553**	**502,462**	**21,889,012**	**12,046,390**
81,170	16.50%	73,020	73,020				
84,562	20.00%	71,599	71,599		13,035		
11,182	45.23%	29,586	29,586		841		
	30.00%	21,623	21,623				
(110)	50.00%	31,424	31,424				
3,720	50.00%	19,300	19,300				
25,828	50.00%	28,857	28,857			20,731	
185,622	42.90%	853,239	853,239		28,647		
686	50.00%	31,674	31,674			39,247	
....		**1,160,322**	**1,160,322**	**0**	**42,523**	**59,978**	

INFORMATION ON OTHER SUBSIDIARIES AND ASSOCIADED COMPANIES OF BNP SA

	Book value of shares held BNP		
	Gross	Net	Including revaluation surplus
1) Subsidiaries not included under (A)			
French companies	258,135	94,979	1,107
Foreign companies	180,834	122,726	121
2) Subsidiaries not included under (B)			
French companies	201,326	154,365	65
Foreign companies	143,953	124,876	3,142

ACQUISITIONS OF SIGNIFICANT EQUITY INTERESTS

CHANGE IN OWNERSHIP INTERESTS (French companies only)

Acquisitions during 1999 of equity interests in companies with headquarters in France that have brought BNP's equity interest in those companies above the thresholds indicated are as follows:

Over 10%
- Crédit Logement

Over 20%
- S.E.M.E. (Société Européenne de Monnaie Électronique)

Over 33.33%
- Natio Assurances SA

Over 50%
- Between
- Protection 24

Over 66.66%
- Paribas
- Octonaise de Participations
- Olmétoise de Participations
- Orbaisienne de Participations
- Orbanaise de Participations
- Orionaise de Participations
- Oristoise de Participations
- Oudalienne de Participations
- Ozonaise de Participations
- Cite Gestion

PRINCIPAL ACQUISITIONS AND DISPOSALS OF EQUITY INTERESTS IN FRANCE AND ABROAD

Acquisitions in France

New investments

- Natio Assurances SA
- Paribas
- Crédit Logement (merger of Crédit Logement DVPT)
- TotalFina (stock-for-stock public tender offer for Elf Aquitaine)
- Between
- SEME

Follow-on investments (acquisitions)

- Crédit Logement DVPT (1)

Follow-on investments (subscriptions)

- Bouygues Telecom
- Cyber Comm
- Crédit Logement DVPT (1)

Acquisitions outside of France

New investments

- Creation Financial Services (United Kingdom)
- Charter Atlantic Corp (United States)
- Buena Vista Home (United States)
- Dongwon ITMC (South Korea)
- BNP PP Holding PTE LTD (Singapore)
- BNP Asset MGT Amasa (Argentina)
- BNP Equities Mauritius (Mauritius)

Follow-on investments (acquisitions)

- BancWest Corp (United States)
- C.I.B.C. Inc.(United States)
- BICI Côte d'Ivoire
- BNP Prime East Labuan (Malaysia)
- SFOM (Switzerland)

Follow-on investments (subscriptions)

- BNP Finans (BNP Norge merger)
- BNP Suisse (UEB holding merger)
- Cipango (Japan)
- BNP Leasing SPA (Italy)
- CLS Services LTD (United Kingdom)

Disposals in France

Total

- Crédit Logement DVPT (merger into Crédit Logement)
- Air France
- Elf Aquitaine (stock-for-stock public tender offer by TotalFina)
- Pechiney (sale to a BNP subsidiary)
- Frantour
- GOBTP
- Lucia

Partial

- Aventis (ex Rhône-Poulenc)
- Caisse Refinancement Hypothécaire

Disposals outside of France

Total

- UEB Holding (merger into BNP Suisse)
- BNP Norge (merger into BNP Finans)
- Promonegocios y Servicios SA (Spain)
- Saudi International Bank (United Kingdom)
- SFE Luxembourg
- Echo Netting contributed to CLS (United Kingdom)
- Elf Oil Deutschland (Germany)

Partial

- BNP Private Bank and Trust (Bahamas)

(1) Operations carried out prior to the merger of Crédit Logement Développement into Crédit Logement.

JOINT STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

In our capacity as Auditors, we hereby report to stockholders on regulated agreements.

In accordance with Article 103 of the law of 24 July 1966, we have been informed of the agreements authorised by the Board of Directors.
Our responsibility does not include identifying any undisclosed agreements. We are required to report to stockholders, based on the information provided to us about the main features and terms of agreements that have been disclosed to us, without commenting on their relevance or substance. Under the provisions of Article 92 of the decree of 23 March 1967, it is the responsibility of the stockholders to determine whether these agreements are appropriate and should be approved.

Creation of Economic Interest Groupings (EIG)

Two EIG's were set up during the year:
- with SFA (Société Française Auxiliaire) and Natio-informatique, of which BNP is a director: the **EIG "BNP Expertise".**

This economic interest grouping was set up in order to pool the accounting and administrative skills and resources of its members within a common structure;
- with CIF (Compagnie Immobilière de France) of which BNP is a director: the **EIG "du domaine de Voisins".**

This economic interest grouping was set up in order to centralize the resources and personnel of the joint services required to operate the training centre at Louveciennes, and to protect, operate and maintain the Domaine de Voisins (owned by CIF).

In application of the decree of 23 March 1967, we were also advised of the following agreements, approved in prior years, which remained in force during the year.

Bank deposit guarantees

In accordance with the industry-wide agreement established by the Association Française des Banques in 1980, Banque Nationale de Paris has been guaranteeing the customer deposits of the following companies of the consolidated Group: Banque Nationale de Paris Intercontinentale "BNPI", Banque pour l'Expansion Industrielle "Banexi", BNP Guyane, BNP Finance, BNP Lease, Banque de Bretagne, Banque de la Cité, BNP Martinique, BNP Guadeloupe.
At the end of 1999, a legal guarantee fund system was implemented to replace the above AFB system.

Participating and subordinated loans

Participating and subordinated loans granted in previous years to the following subsidiaries remained outstanding in 1999: BNP Suisse, UEB Genève, BancWest Corporation, BNP Dresdner Bank Rt (Hungary), BNP España, BNP Dresdner Bank (Poland).

Guarantees given to subsidiaries

Guarantees previously given to the following companies were maintained in 1999: Natiobail, Natiocrédimurs, Natioénergie, Natiolocation (merged with BNP Lease during the year), Natiocréditbail, BNP Lease, BNP Plc London, BNP PP Singapore Ltd, BNP IFS Hong Kong Ltd (Comfort letter), BNP Finance HK Ltd (Comfort letter).

Guarantees given to BNP Canada and BNP Pacific Ltd (Australia) concerning the following operations continued to have effect in 1999:

BNP (Canada):
- issue of, or trading in, promissory notes up to a limit of 1.5 billion Canadian dollars;
- issue of commercial paper notes up to a limit of 750 million US dollars;
- issue of a 40 million Canadian dollar debenture loan.

BNP Pacific Ltd (Australia)
- issue of a 100 million Australian dollar debenture loan;
- issue of commercial paper notes up to a limit of 1.5 billion Australian dollars.

Guarantees given to directors

• Banque Nationale de Paris subscribed insurance contracts with Chubb to protect the directors and senior executives of its subsidiaries and branches from their financial liability in the normal exercise of their duties, and their defence costs in the event of any proceedings issued in relation to such liability. This guarantee amounts to 200 million French francs.
• Your Board of Directors agreed to indemnify a director for potential financial liability which may arise as a result of his former function as a member of the Board of Directors of the Eurotunnel group.

We conducted our review in accordance with the standards of our profession. Those standards require that we carry out the necessary procedures to verify the consistency of the information disclosed to us with the source documents.

Neuilly-sur-Seine and Paris, 10 April 2000

The statutory auditors

BARBIER FRINAULT & AUTRES ARTHUR ANDERSEN Christian Chiarasini Radwan Hoteit	BEFEC-PRICE WATERHOUSE Member de PricewaterhouseCoopers Étienne Boris	RSM SALUSTRO REYDEL Édouard Salustro Michel Savioz

GENERAL INFORMATION

LEGAL INFORMATION CONCERNING BANQUE NATIONALE DE PARIS

CORPORATE NAME AND REGISTERED OFFICE

Banque Nationale de Paris
16, boulevard des Italiens
75009 PARIS

Legal documents concerning the Company are available for consultation at the Company's headquarters.

INCORPORATION DETAILS

Registered in Paris under no. B 662 042 449
APE business identifier code: 651 C.

INCORPORATION DATE AND FISCAL YEAR

The Company was incorporated on 17 September 1993 for a period of ninety-nine years. Each fiscal year begins on 1 January and ends on 31 December.

LEGAL STRUCTURE, REGULATORY FRAMEWORK AND CORPORATE PURPOSE

Banque Nationale de Paris (BNP) is a French *société anonyme* registered as a credit institution and commercial bank *(établissement de crédit, agréé en qualité de banque)* under the 1984 Banking Act *(loi n° 84-646 du 24 janvier 1984)*. The company was founded pursuant to a decree dated 26 May 1966. BNP is governed by the French Companies Act of 24 July 1966 *(loi modifié 66-537 du 24 juillet 1966 sur les sociétés commerciales)* and by its bylaws and specific regulations applicable to credit institutions. The Company's purpose is to provide and conduct the following services with any legal entity or person, in France and abroad:

- any and all investment services as defined in the 2 July 1966 Investment Services Act *(loi n° 96-597 du 2 juillet 1996)*;
- any and all related investment operations;
- any and all banking services;
- any and all related banking operations;
- all equity investments.

BNP may also conduct any and all other businesses and conduct any and all transactions in addition to those listed above, including any and all arbitrage, brokerage and fee-based transactions, subject to compliance with the regulations applicable to banks.

BNP may conduct for its own account and/or for the account of third parties, any and all financial, commercial, industrial, or agricultural activities as well as all activities concerning securities and real estate, that may be directly or indirectly related to the activities referred to above or that may facilitate their execution.

PATENTS, LICENSES, CONTRACTS

Banque Nationale de Paris is not dependent upon any patents or licenses or any industrial, commercial or financial services contracts for the conduct of its business.

EXCEPTIONAL EVENTS, CLAIMS AND LITIGATION

At 31 December 1999, no exceptional events had occurred and no claims or litigation were pending or in progress that would be likely to have material impact on the assets and liabilities, financial condition or results of Banque National de Paris and or the BNP Group.

COMBINED ANNUAL AND EXTRAORDINARY STOCKHOLDERS' MEETING of 23 May 2000 - Proposed résolutions

ANNUAL MEETING

First resolution *(Approval of the balance sheet at 31 December 1999 and the statement of income for the year ended at that date)*

The Annual Meeting, having reviewed the reports of the Board of Directors and the Auditors on the financial statements for the year ended 31 December 1999, approves the balance sheet at 31 December 1999 and the statement of income for the year then ended. The Annual Meeting notes that net income for the year amounted to EUR 971,519,140.76.

Second resolution *(Appropriation of 1999 net income and dividend)*

The Annual Meeting resolves, in accordance with the provisions of Section 20 of the bylaws, to transfer from net income for the year, in the amount of EUR 971,519,140.76:

1 • 1. An amount of EUR 96,625,467.22 to the legal reserve to raise this reserve to 10% of the Company's capital. This transfer will also have the characteristics of a transfer to the special long-term capital gains reserve.

Following this transfer, the balance to be appropriated by the Annual Meeting amounts to EUR 874,893,673.54. Including unappropriated retained earnings of EUR 428,341,286.21 brought forward from the prior year, the total to be appropriated amounts to EUR 1, 303, 234, 959.75. The Annual Meeting resolves to appropriate this amount as follows:

2 • To the special long-term capital gains reserve: EUR 15,853,548.20, thereby raising the amount of this reserve to EUR 895,402,458.05.

3 • To the payment of a total dividend of EUR 787,726,614.50 to BNP SA stockholders, corresponding to a dividend of EUR 1.75 per share with a par value of EUR 4. The total amount paid to individual stockholders and corporate stockholders qualifying for the affiliation privilege will be EUR 2.625, including the EUR 0.875 *avoir fiscal* tax credit corresponding to tax already paid to the Treasury. Full powers are given to the Board of Directors to credit dividends payable on shares held in treasury stock to unappropriated retained earnings.

The 1999 dividend will be payable as from 26 May 2000, in cash.

As required under Section 47 of the Act of 1 July 1965 (Act 65-566), the Board of Directors has informed the Annual Meeting that a dividend of FRF 5.40 per share with a par value of FRF 25 was paid out of 1996 earnings, representing a total payout of FRF 8.10 including the *avoir fiscal* tax credit of FRF 2.70, that a dividend of FRF 7.00 per share with a par value of FRF 25 was paid out of 1997 earnings, representing a total payout of FRF 10.50 including the *avoir fiscal* tax credit of FRF 3.50, and that a dividend of EUR 1.50 (FRF 9.84) per share with a par value of EUR 4 was paid out of 1998 earnings, representing a total payout of EUR 2.25 (FRF 14.76) including the *avoir fiscal* tax credit of EUR 0.75 (FRF 4.92).

4 • To unappropriated retained earnings: EUR 499,654,797.05.
The Annual Meeting authorizes the Board of Directors to deduct from unappropriated retained earnings, the amounts necessary to pay the above dividend on shares issued on exercise of stock options prior to the ex-dividend date.

Third resolution *(Approval of transactions and agreements governed by Sections 101 to 106 of the Companies Act of 24 July 1966)*
The Annual Meeting notes the terms of the Auditors' special report on transactions and agreements governed by Sections 101 to 106 of the Companies Act of 24 July 1966 and approves the transactions and agreements referred to therein.

Fourth resolution *(Issuance of bonds and equivalents and other debt securities)*
The Annual Meeting authorizes the Board of Directors to issue, in France and abroad, any and all types of debt securities, including subordinated notes, equity notes and perpetual bonds, excluding money market securities within the meaning of the Law of 26 July 1991, denominated in euros, in foreign currency or in any monetary unit determined by reference to a basket of currencies. The securities may be issued on one or several occasions, at the Board's discretion, provided that the aggregate face value of the issues may not exceed EUR 20 billion or the equivalent in foreign currency or monetary units. The securities may be secured by a mortgage or other collateral or be unsecured. The Board shall have full powers to determine the type of securities to be issued, the amounts and timing of the issues, the interest rate and other terms and conditions of issue and repayment.
The Annual Meeting gives full powers to the Board of Directors and, by delegation, to the Chairman or one of the Directors, to carry out the above issues, to determine the terms and conditions thereof and the characteristics of the securities. Any bonds or equivalents issued under this authorization may pay interest at a fixed or variable rate and may be redeemable at par or at a fixed or variable premium, in which case the premium will be in addition to the ceiling specified above. Issues in foreign currencies will be converted into euros on the basis of the exchange rate prevailing on the date of issue for the purpose of determining whether they fall within the above ceiling.
In accordance with the law, this authorization is given for a period of five years from the date of this Annual Meeting.

Fifth resolution *(Share buybacks)*
The Annual Meeting, having reviewed the report of the Board of Directors and the information memorandum approved by the *Commission des Opérations de Bourse*, resolves, in accordance with Section 217-2 of the Companies Act of 24 July1966, to authorize the Board of Directors to buy back up to 44,307,588 BNP S.A. shares, representing 10% of the issued capital of the Company as at the end of this Meeting.
The shares may be acquired in order to stabilize the share price, or for allocation on exercise of stock options, or for

allocation or sale to employees in connection with the employee profit-sharing scheme, employee share ownership plans or corporate savings plans, or in connection with stock option plans set up in favour of officers and key employees of the Company, or in order to be held in treasury stock, or for the purpose of being sold or exchanged or otherwise transferred on a regulated market or over-the-counter, or for the purpose of being cancelled at a later date, on a basis to be determined by the stockholders in Extraordinary Meeting, or in connection with the management of the Company's assets and liabilities and its financial position.

The shares may be purchased, sold or transferred at any time and by any appropriate method, including in the form of block sales or by means of derivative instruments traded on a regulated market or over-the-counter.

The price at which shares may be acquired under this authorization may not exceed EUR 120 per share, representing a maximum purchase price of EUR 5,316,910,560 if the authorization is used in full. The shares may not be sold at a price of less than EUR 50 per share.

These maximum and minimum prices may be adjusted following any transactions that have the effect of altering the Company's issued capital.

The Annual Meeting gives full powers to the Board of Directors and, by delegation, to any person duly authorized by the Board, to place any and all buy and sell orders, enter into any and all agreements, carry out any and all formalities and take any and all other action required to use this authorization.

This authorization is given for a period of eighteen months.

The Board of Directors will be required to report to stockholders at each Annual Meeting on the share buybacks, transfers, sales and cancellations carried out under this authorization.

This authorization cancels and replaces the unused portion of any earlier authorization to carry out share buybacks.

Sixth resolution *(Ratification of the appointment of a director)*

The Annual Meeting ratifies the appointment as director of Mr. Baudouin Prot at the Board Meeting of 7 March 2000, to replace Mr. Jacques Henri Wahl, for the remainder of Mr. Wahl's term, expiring at the close of the Annual Meeting to be called in 2005 to approve the 2004 financial statements.

Seventh resolution *(Election of a director)*

The Annual Meeting elects as director Mr. Claude Bebéar, for the period provided for in the bylaws. Subject to adoption of the twenty-third resolution, this period will be three years, expiring at the close of the Annual Meeting to be called in 2003 to approve the 2002 financial statements.

Eighth resolution *(Election of a director)*

The Annual Meeting elects as director Mr. Michel François-Poncet, for the period provided for in the bylaws. Subject to adoption of the twenty-third resolution, this period will be three years, expiring at the close of the

Annual Meeting to be called in 2003 to approve the 2002 financial statements.

Ninth resolution *(Election of a director)*

The Annual Meeting elects as director Mr. Paul-Louis Halley, for the period provided for in the bylaws. Subject to adoption of the twenty-third resolution, this period will be three years, expiring at the close of the Annual Meeting to be called in 2003 to approve the 2002 financial statements.

Tenth resolution *(Election of a director)*

The Annual Meeting elects as director Mr. Denis Kessler, for the period provided for in the bylaws. Subject to adoption of the twenty-third resolution, this period will be three years, expiring at the close of the Annual Meeting to be called in 2003 to approve the 2002 financial statements.

Eleventh resolution *(Directors' fees)*

The Annual Meeting resolves to set at EUR 600,000 the maximum annual fees payable to the Board of Directors. This amount shall apply until a further resolution is adopted on this matter by a subsequent Annual Meeting.

Twelfth resolution *(Appointment of Statutory Auditors and substitute Auditors)*

The Annual Meeting, having reviewed the report of the Board of Directors, resolves to appoint as Statutory Auditors:

- Mazars & Guerard, 125, rue de Montreuil, Paris (11e), RCS B 784 824 153,
- substitute: Mr. Michel Barbet-Massin, 125, rue de Montreuil, Paris (11e),
- substitute: Mr. Richard Olivier, 41, rue Ybry, Neuilly-sur- Seine (92),
- substitute: Mr. Pierre Coll, 32, rue Guersant, Paris (17e),

for a period of six years, expiring at the close of the Annual Meeting to be called in 2006 to approve the financial statements for the year ending 31 December 2005.

Thirteenth resolution *(Re-appointment of Statutory Auditors)*

The Annual Meeting, having reviewed the report of the Board of Directors, re-appoints as Statutory Auditors Barbier Frinault et Autres and Befec–Pricewaterhouse, for a period of six years, expiring at the close of the Annual Meeting to be called in 2006 to approve the financial statements for the year ending 31 December 2005

EXTRAORDINARY MEETING

Fourteenth resolution *(Approval of the BNP-Paribas merger)*

The Extraordinary Meeting, having reviewed:

- the private agreement signed in Paris on 7 April 2000 providing for the transfer by Paribas to BNP in the form of a merger, with retroactive effect on 1 January 2000, of Paribas' total assets at 31 December 1999 in exchange for a commitment by BNP to assume the total liabilities of Paribas at that date, after taking into account the material events that have taken place since 31 December 1999, as mentioned in the said agreement;

- the report of the Expert Appraisers of Capital Contributions appointed in accordance with the law,

• approves the merger that is the subject of the above agreement on the terms and conditions prescribed in said agreement;

• notes that as BNP holds the entire capital of Paribas, no BNP shares will be issued in payment for the assets transferred by Paribas;

• approves the amount of the assets transferred by Paribas and their valuation in the merger agreement, as well as the merger difference and its accounting treatment, as provided for in the merger agreement;

• authorizes the Board of Directors to deduct from "Additional paid-in capital in excess of par" the amounts required to reinstate in the balance sheet of BNP the special long-term capital gains reserve recorded in the Paribas balance sheet;

• resolves that BNP will assume all of Paribas' obligations towards holders of Paribas stock options in accordance with the provisions of the merger agreement;

• consequently authorizes the Board of Directors to issue BNP shares on exercise of the Paribas stock options converted into BNP stock options;

• having reviewed the Auditors' special report, resolves to cancel stockholders' pre-emptive right to subscribe for the shares to be issued on exercise of said stock options;

• gives full powers to the Board of Directors to place on record the number of shares issued on exercise of the stock options, carry out any and all formalities required in connection with the share issues, amend the bylaws to reflect the new capital, enter into any and all appropriate agreements, take any and all appropriate measures and carry out any and all appropriate formalities;

• notes that, as a result of the foregoing and by virtue of its merger into BNP, Paribas has been automatically wound up as of the date of this Meeting, without prior liquidation, with BNP being substituted for Paribas in the exercise of Paribas' rights and the fulfilment of its obligations.

Fifteenth resolution *(Cancellation of the BNP shares held by Paribas in connection with the merger)*

The Extraordinary Meeting, having reviewed the report of the Board of Directors and the Auditors' report and voted the fourteenth resolution:

- notes that the Company has received, in connection with the merger, 7,053,612 BNP shares held by Paribas;

- resolves to cancel these 7,053,612 shares and, consequently, to reduce the Company's capital by EUR 28,214,448, corresponding to their aggregate par value, from 1,800,517,976 to EUR 1,772,303,528;

- resolves that the 1999 dividend payable on these shares will be credited to “Unappropriated retained earnings”;

- authorizes the Board of Directors to charged to “Additional paid-in capital in excess of par” the difference between the value attributed to the cancelled BNP shares in the merger agreement and their par value.

As a result of the foregoing, the Extraordinary Meeting resolves to amend Section 4 of the bylaws dealing with the Company's capital to read as follows:

“The Company's capital stock amounts to EUR 1,772,303,528 divided into 443,075,882 common shares with a par value of EUR 4, all fully paid-up”.

Sixteenth resolution *(Approval of the BNP-BNP Finance merger)*

The Extraordinary Meeting, having reviewed:

- the private agreement signed in Paris on 7 April 2000 providing for the transfer by BNP Finance to BNP in the form of a merger, with retroactive effect on 1 January 2000, of BNP Finance's total assets at 31 December 1999 in exchange for a commitment by BNP to assume the total liabilities of BNP Finance at that date;

- the report of the Expert Appraisers of Capital Contributions appointed in accordance with the law,

• approves the merger that is the subject of the above agreement on the terms and conditions prescribed in said agreement;

• notes that as BNP holds the entire capital of BNP Finance, no BNP shares will be issued in payment for the assets transferred by BNP Finance;

• approves the amount of the assets transferred by BNP Finance and their valuation in the merger agreement, as well as the merger difference and its accounting treatment, as provided for in the merger agreement;

• notes that, as a result of the foregoing and by virtue of its merger into BNP, BNP Finance has been automatically wound up as of the date of this Meeting, without prior liquidation, with BNP being substituted for BNP Finance in the exercise of BNP Finance's rights and the fulfilment of its obligations.

Seventeenth resolution *(Issuance of shares and share equivalents with pre-emptive subscription rights)*

The Extraordinary Meeting, having reviewed the report of the Board of Directors and the Auditors' special report, resolves, in accordance with the provisions of paragraph 3 of Section 180-III of the Companies Act of 24 July 1966 (Act no. 66-537):

- to give the necessary powers to the Board of Directors to issue shares and share equivalents in France and abroad on one or several occasions, including share equivalents issued in application of Section 339-3 of the Companies Act of 24 July 1966. The amounts and timing of such issues shall be decided by the Board at its discretion, subject to the limits specified herein;

- that the maximum aggregate par value of the shares issued under this authorization, either directly or on conversion, redemption, exchange or exercise of share equivalents, may not exceed EUR 1 billion. This ceiling shall not include the par value of any shares to be issued pursuant to the law to protect the rights of existing holders of share equivalents;

- that the maximum aggregate face value of debt securities issued under this authorization may not exceed EUR 10 billion of the equivalent of this amount in the case of securities denominated in foreign currency or in a monetary unit determined by reference to a basket of currencies;

- that stockholders shall have a pre-emptive right to subscribe for the shares or share equivalents, as provided for by law, *pro rata* to their existing holdings. The Board of Directors may also give stockholders a pre-emptive right to subscribe for any shares or share equivalents not taken up by other stockholders. There shall be no limit on the number of shares or share equivalents that may be subscribed by stockholders exercising their secondary pre-emptive right, unless the issue is oversubscribed in which case the shares or share equivalents will be allotted pro rata to each stockholder's subscription rights.

If the total issue is not taken up by stockholders exercising their pre-emptive rights, as provided for above, the Board may:

• limit the amount of the issue to the subscriptions received, provided that at least three-quarters of the issue has been subscribed;

• freely allocate all or some of the unsubscribed shares or share equivalents among stockholders;

• offer all or some of the unsubscribed shares or share equivalents for subscription by the public;

- that, in accordance with Section 339-5 of the Companies Act of 24 July 1966, stock warrants may be offered for subscription as provided for above or allocated to existing stockholders without consideration;

- having noted that the above authorization implicitly requires the waiver, by stockholders, of their pre-emptive right to subscribe for shares to be issued on conversion, redemption, exchange or exercise of any share equivalents issued under this authorization;

- to waive stockholders' pre-emptive right to subscribe for shares to be issued on conversion, redemption, exchange or exercise of said share equivalents;

- that the amount received by the Company in respect of each of the shares issued under this authorization, either directly or on conversion, redemption, exchange or exercise of share equivalents may not represent less than their par value. In the case of shares issued on exercise of stock warrants issued on a stand-alone basis, the amount received by the Company shall be considered to include the issue price of the warrants;

- to give full powers to the Board of Directors and, by delegation, to the Chairman, to use the above authorization, subject to compliance with the law, and to determine the timing and conditions of the issues, the form and characteristics of the securities to be issued, the issue price and other conditions, the amount of each issue, the date from which the securities will carry dividend or interest rights, which may be set retroactively, the method by which the shares or share equivalents are to be paid up and, if appropriate, the conditions under which they may be bought back on the stock market. The Board of Directors may also decide to suspend the right to exercise the rights attached to the share equivalents, for a period not to exceed three months. The Board shall also have full powers to determine the method to be used to ensure that the rights of existing holders of shares and share equivalents are protected, in accordance with the applicable laws and regulations. The Board of Directors or the Chairman may charge the securities issuance costs and any other amounts against the related premium and take all necessary or useful measures, enter into any and all underwriting agreements, place on record any capital increases resulting from primary or secondary issues of shares carried out under this authorization and amend the bylaws accordingly;

- in the case of issuance of debt securities, the Board of Directors and, by delegation, the Chairman, will have full powers to determine the securities' ranking for repayment purposes, to fix the interest rate, the life of the securities, the redemption price–which may be fixed or variable and may or may not include a premium–the terms and conditions of repayment, depending on conditions in the financial markets, and the conditions of conversion, redemption, exchange or exercise of the securities for shares;

- that this authorization cancels and replaces all earlier authorizations to issue shares and share equivalents with pre-emptive subscription rights.

This authorization is given for the period provided for in the third paragraph of Section 180-III of the Companies Act of 24 July 1966 (Act no. 66-537).

Eighteenth resolution *(Issuance of shares and share equivalents without pre-emptive subscription rights)*

The Extraordinary Meeting, having reviewed the report of the Board of Directors and the Auditors' special report, resolves, in accordance with the provisions of paragraph 3 of Section 180-III and Section 193-1 of the Companies Act of 24 July 1966 (Act no. 66-537):

- to give the necessary powers to the Board of Directors to issue shares and share equivalents, including share equivalents issued in application of Section 339-3 of the Companies Act, in France and abroad, on one or several occasions;

- that the maximum aggregate par value of the shares issued under this authorization, either directly or on conversion, redemption, exchange or exercise of share equivalents, may not exceed EUR 1 billion. This ceiling shall not include the par value of any shares to be issued pursuant to the law to protect the rights of existing holders of share equivalents;

- that the maximum aggregate face value of debt securities issued under this authorization may not exceed EUR 10 billion of the equivalent of this amount in the case of securities denominated in foreign currency or in a monetary unit determined by reference to a basket of currencies;

- to waive stockholders' pre-emptive right to subscribe for the shares or share equivalents to be issued under this authorization. The Board of Directors may, however, offer stockholders a priority right to subscribe for all or part of the issue, within a period and on terms to be decided by the Board. Said priority right shall be non-transferable but stockholders may, at the Board's discretion, be offered a secondary priority right to subscribe for any shares or share equivalents not taken up by other stockholders;

- that if the entire issue is not taken up by stockholders and the public, the Board of Directors may limit the amount of the issue to the subscriptions received, provided that at least three-quarters of the issue has been subscribed;
- having noted that the above authorization implicitly requires the waiver, by stockholders, of their pre-emptive right to subscribe for shares to be issued on conversion, redemption, exchange or exercise of any share equivalents issued under this authorization;
- to waive stockholders' pre-emptive right to subscribe for shares to be issued on conversion, redemption, exchange or exercise of said share equivalents;
- that the amount received by the Company in respect of each of the shares issued under this authorization, either directly or on conversion, redemption, exchange or exercise of share equivalents, may not represent less than the minimum amount provided for by law. In the case of shares issued on exercise of stock warrants issued on a stand-alone basis, the amount received by the Company shall be considered to include the issue price of the warrants;
- to give full powers to the Board of Directors and, by delegation, to the Chairman, to use the above authorization, subject to compliance with the law, and to determine the timing and conditions of the issues, the form and characteristics of the securities to be issued, the issue price and other conditions, the amount of each issue, the date from which the securities will carry dividend or interest rights, which may be set retroactively, the method by which the shares or share equivalents are to be paid up and, if appropriate, the conditions under which they may be bought back on the stock market. The Board of Directors may also decide to suspend the right to exercise the rights attached to the share equivalents, for a period not to exceed three months. The Board shall also have full powers to determine the method to be used to ensure that the rights of existing holders of shares and share equivalents are protected, in accordance with the applicable laws and regulations. The Board of Directors or the Chairman may charge the securities issuance costs and any other amounts against the related premium and take all necessary or useful measures, enter into any and all underwriting agreements, place on record any capital increases resulting from primary or secondary issues of shares carried out under this authorization and amend the bylaws accordingly;
- in the case of issuance of shares or share equivalents in payment for securities tendered under a public exchange offer made by the Company, the Board of Directors shall have full powers to determine the exchange parity and any balance to be paid in cash; to place on record the number of securities tendered for exchange and the number of shares or share equivalents to be issued in payment therefore; to determine the dates and conditions of issue, including the price and the date from which new shares or share equivalents will carry dividend or interest rights; to credit the difference between the issue price of the new shares and their par value to additional paid-in capital, to which all

stockholders shall have equivalent rights and, if appropriate, to charge all costs and expenses incurred in connection with the authorized issue against additional paid-in capital.

In the case of issuance of debt securities, the Board of Directors and, by delegation, the Chairman, will have full powers to determine the securities' ranking for repayment purposes, to fix the interest rate, the life of the securities, the redemption price–which may be fixed or variable and may or may not include a premium–the terms and conditions of repayment, depending on conditions in the financial markets, and the conditions of conversion, redemption, exchange or exercise of the securities for shares;

- that this authorization cancels and replaces all earlier authorizations to issue shares and share equivalents without pre-emptive subscription rights.

This authorization is given for the period provided for in the third paragraph of Section 180-III of the Companies Act of 24 July 1966 (Act no. 66-537).

Nineteenth resolution *(Issuance of shares to be paid up by capitalizing earnings, retained earnings or additional paid-in capital)*

The Extraordinary Meeting, having reviewed the report of the Board of Directors, gives the Board of Directors full powers to increase the Company's capital on one or several occasions by an aggregate amount of EUR 1 billion by issuing bonus shares and/or raising the par value of existing shares, to be paid up by capitalizing earnings, retained earnings or additional paid-in capital. Any rights to fractions of shares shall be non-transferable and the corresponding shares will be sold and the proceeds allocated among the holders of rights to fractions of shares within thirty days of the date on which the whole number of shares to which they are entitled are recorded in their share account.

The Extraordinary Meeting gives full powers to the Board of Directors and, by delegation, to the Chairman, subject to compliance with the law, to determine the dates and conditions of issuance of bonus shares, as well as the amounts of such issues, and to take all necessary measures to complete the issues, to carry out any and all formalities to effect the related capital increase or increases and to amend the bylaws accordingly.

This authorization cancels and replaces the unused portion of any earlier authorizations to issue bonus shares or increase the par value of existing shares.

This authorization is given for the period provided for in the third paragraph of Section 180-III of the Companies Act of 24 July 1966 (Act no. 66-537).

Twentieth resolution *(Issuance of shares while the Company is the target of a takeover bid, provided that the issue is approved in principle by the Board prior to the bid being filed)*

The Extraordinary Meeting resolves, in accordance with the provisions of Section 180-IV of the Companies Act of 24 July 1966 (Act no. 66-537), that the authorizations to issue shares and share equivalents given to the Board of Directors in the seventeenth, eighteenth and nineteenth resolutions of this Meeting may be used while a public tender or exchange offer for the Company's shares is in progress, provided that the issue is approved in principle by the Board of Directors prior to the offer being filed.

This authorization is given for a period expiring at the Annual Meeting to be called to approve the 2000 financial statements.

Twenty-first resolution *(Authorization to grant stock options to officers and key employees)*

The Extraordinary Meeting, having reviewed the report of the Board of Directors and the Auditors' special report, authorizes the Board of Directors to grant, on one or several occasions, to all or selected officers and key employees of the Company and related companies, within the meaning of Section 208-4 of the Companies Act of 24 July 1966, options to subscribe for new shares of the Company or to purchase existing shares of the Company acquired by the Company on the open market for this purpose.

The Board of Directors may use this authorization to set up one or several stock option plans within a period of five years as from the date of this Meeting. The total number of options granted and outstanding may not be exercisable for a number of shares representing more than 5% of the Company's capital stock as determined at the close of this Meeting.

The options may not be exercisable more than 10 years after the date of grant by the Board of Directors.

This authorization implicitly implies the waiver, by stockholders, of their pre-emptive right to subscribe for the shares to be issued on exercise of the stock options.

The exercise price of the options will be set by the Board of Directors on the date on which the options are granted, provided that said price does not represent less than the minimum price prescribed by the laws in force on the date of grant. No options may be granted less than twenty trading days after the date on which the shares are quoted ex-dividend or ex-rights.

The exercise price will not be adjustable, except in the case of corporate actions carried out by the Company that have the effect of modifying the value of its shares. In such a case, the number of shares that may be subscribed or purchased per option and the exercise price will be adjusted on the basis prescribed by law.

The Extraordinary Meeting gives full powers to the Board of Directors to grant stock options in accordance with the stipulations of this resolution, to fix the terms and conditions of grant and exercise of the options, subject to compliance with the applicable provisions of the law and the bylaws, to select the grantees, to carry out any and all necessary formalities and to amend Section 4 of the bylaws, to reflect any resulting changes in the Company's capital.

This authorization cancels and replaces the unused portion of any early authorizations to grant stock options.

Full powers are given to the Board of Directors to grant stock options, in accordance with the provisions of the law, and generally to decide and implement any and all necessary transactions and formalities.

Twenty-second resolution *(Authorization to be given to the Board to cancel shares and reduce the capital)*

The Extraordinary Meeting, having reviewed the report of the Board of Directors and the Auditors' special report, authorizes the Board of Directors to cancel shares acquired under the authorization given in the fifth resolution of this Meeting–provided that the number of shares cancelled during any period of 24 months does not exceed 10% of the Company's issued capital–and to reduce the capital accordingly and to debit any difference between the price paid for the cancelled shares and their par value against additional paid-in capital or revenue reserves.

The Extraordinary Meeting gives full powers to the Board of Directors and, by delegation, to the Chairman, to amend the bylaws to reflect the new capital, to carry out any and all formalities and to take all other action required in connection with the use of this authorization. This authorization is given for a period of 26 months.

Twenty-third resolution *(Amendment of the bylaws to reduce the term of directors)*

The Extraordinary Meeting, having reviewed the report of the Board of Directors, resolves to amend paragraph 1, third and fourth sub-paragraphs, and paragraph 2, fourth sub-paragraph, of Section 9 of the bylaws dealing with the term of directors, to read as follows:

- amended paragraph 1, third sub-paragraph, of Section 9 of the bylaws:
  "They shall be elected for a period of three years";
- amended paragraph 1, fourth sub-paragraph, of Section 9 of the bylaws:
  deleted
- amended paragraph 2, fourth sub-paragraph, of Section 9 of the bylaws:
  "They shall be elected for a period of three years".

Resolves that, as a transitional measure, this change in the term of directors will apply only to directors elected as from the present Meeting.

Twenty-fourth resolution *(Amendment of the bylaws to increase the maximum number of directors)*

The Extraordinary Meeting, having reviewed the report of the Board of Directors, resolves to amend paragraph 1, second sub-paragraph, of Section 9 of the bylaws dealing with the number of directors, to read as follows:

- amended paragraph 1, second sub-paragraph, of Section 9 of the bylaws:

"There shall be at least nine and no more than twenty-four directors".

Twenty-fifth resolution *(Amendment of the bylaws to change the Company's name)*

The Extraordinary Meeting, having reviewed the report of the Board of Directors, resolves to amend the first paragraph of Section 1 of the bylaws dealing with the Company's name, to read as follows:

amended first paragraph of Section 1 of the bylaws:
"The Company's name is BNP PARIBAS. It is a *société anonyme* licensed to conduct banking operations in accordance with the provisions of the Act of 24 January 1984 concerning the business and control of credit institutions (Act no. 84-46)."
The Extraordinary Meeting resolves to amend all the other sections of the bylaws by replacing the Company's former name with its new name.

Twenty-sixth resolution *(Amendment of the bylaws to delete Sections 7 and 8 and the fourth sub-paragraph of Section 20 and to amend Section 22 dealing with BNCI and CNEP profit-sharing certificates)*
The Extraordinary Meeting, having reviewed the report of the Board of Directors:
- resolves to delete Sections 7 and 8 and the fourth sub-paragraph of Section 20 of the bylaws, dealing the BNCI and CNEP profit-sharing certificates which are no longer applicable following the redemption of said certificates;
- resolves to renumber the remaining Sections of the bylaws and the references thereto accordingly;
- resolves to amend Section 22 of the bylaws to read as follows:

"Any and all disputes arising during the life of BNP PARIBAS or its liquidation, among stockholders or between the stockholders and the Company, concerning these bylaws, will be settled in accordance with the law and heard by the competent courts, which shall have sole jurisdiction."

Twenty-seventh resolution *(Amendment of the bylaws to creation the function of Vice Chairman)*
The Extraordinary Meeting, having reviewed the report of the Board of Directors, resolves to add the following text to Section 10 of the bylaws:
- addition of a second paragraph to Section 10 of the bylaws:

"On a motion tabled by the Chairman, the Board of Directors may appoint one or several Vice Chairmen".

Twenty-eighth resolution *(Power to carry out formalities)*
The Stockholders' Meeting gives full powers to the bearer of an original, copy or extract of the minutes of this Meeting to carry out all legal or administrative formalities and to make all filings and publish all notices required by the applicable laws.