2000 Annual report

The bank for a changing world

BNP PARIBAS

BNP PARIBAS

[Luxembourg] - 08/02/2001
BNP Paribas Securities Services.

To illustrate the 2000 Annual Report, we commissioned a series of photographs portraying the men and women of BNP Paribas. The pictures were taken in January and February 2001 by professional photographers from **Gamma**, one of the leading international photographic agencies. Gamma selected a team of seven photographers, each assigned to several locations:

New York, Houston, Rémi Benali
Tokyo, Hong Kong, Singapore, Alain Buu
Madrid, Milan, Frankfurt, London, Karim Daher
San Francisco, São Paulo, Rio de Janeiro, Jean-Luc Moreau
Genève, Luxembourg, Rabat, Madagascar, Francis Demange
France (outside of Paris), Arval PHH, Gilles Bassignac
Paris, Barcelona, Raphaël Gaillarde

Cover photo: **[Londres] -** 15 February 2001 - Facade of the BNP Paribas headquarters. Photographer: Karim Daher

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Profile

- A powerful and efficient financial services group created through a successful merger, with solid roots in Europe, leading positions in Asia and an active presence in the United States.
- The 2nd most profitable bank in the euro zone, with net income of EUR 4.12 billion for the year 2000, up 57.7% on 1999 or 26.3% before restructuring costs.
- Sustained profitability growth, with a return on equity of 20.9% and a cost/income ratio of 64.2%, making BNP Paribas one of the most efficient banks in Europe.
- A staff of 80,000, including 61,000 in Europe.
- Operations in 87 countries.

- 3 core businesses:
  - **Corporate and Investment Banking**
    - capital markets and corporate advisory services (Equities, Fixed Income-Forex, Treasury, Corporate Finance);
    - specialised financing (structured finance, project finance, international trade finance, commodity and energy sector finance);
    - commercial banking.
  - **Private Banking, Asset Management, Securities Services and Insurance**
    - Private Banking in France and international markets, and Asset Management (BNP Paribas Asset Management);
    - Securities services (BNP Paribas Securities Services);
    - Personal insurance, including life insurance (Cardif, Natio Vie) and property insurance (Natio Assurances).
  - **Retail Banking**
    - Retail Banking in France: a network of 2,200 BNP Paribas branches in France, Banque de Bretagne, BNP Développement;
    - International Retail Banking: retail banking services outside mainland France, mainly on the West Coast of the United States and in Hawaii (BancWest), the Mediterranean-Africa region and the French overseas departments and territories, through BNPI and SFOM;
    - Specialised Financial Services: consumer loans (Cetelem), lease financing (BNP Paribas Lease Group), property loans (UCB), online brokerage and telephone sales of savings products (Cortal), fleet leasing and management services (Arval PHH, Arius, Artegy), e-banking (Banque Directe).

BNP Paribas Capital spearheads the Private Equity business.
BNP Paribas also offers a comprehensive range of property-related products and services in France and has teams specialised in managing portfolios of quoted stocks and sovereign risks.

Bruno Garcin-Gasser

[Michel Pébereau]

Chairman and Chief Executive Officer of BNP Paribas

Chairman's STATEMENT

Our Group ended 2000 with net income of EUR 4.12 billion, up 57.7% on 1999 or 26.3% before restructuring costs. This strong growth, which reflected the sharp rise in gross operating income, boosted our return on equity after tax to 20.9%. These results testify to our Group's success in leveraging the favourable conditions in the banking and financial markets worldwide.

In its first full year in its new configuration, BNP Paribas achieved one of the best performances in corporate France and rose to a position at the forefront of the European banking industry. All business lines contributed to last year's outstanding growth. Following a rapid and seamless integration process, BNP Paribas presents an excellent bill of health. Our balance sheet is extremely sound and we have succeeded in establishing excellent employee relations which enhance our ability to attract the best talent. Nevertheless, we are living in a world where nothing can be taken for granted. Our continued success, like that of our rivals, depends as much on our resiliance during periods of economic uncertainty and market instability as on our ability to deliver good results in periods of strong growth.

All of our businesses are faced with growing competitive pressures. Our Group has the ability to succeed in a difficult environment and to move ahead more quickly than planned with our targeted development project. This project sets ambitious goals for all of our business lines, in keeping with our constant aim of creating shareholder value.

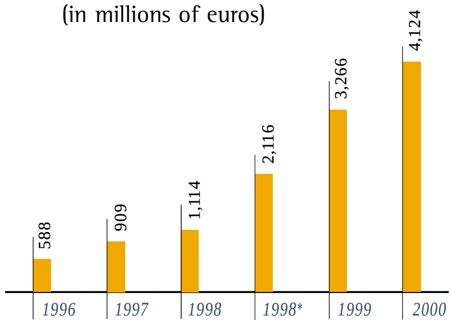
In line with our slogan, "The bank for a changing world", we are keeping pace with global developments and acting as a forerunner in a number of areas. Thanks to the support of our shareholders, the confidence of our customers and the commitment of our teams, our Group is well equipped to take up the challenges of the future. I am confident that their trust will be rewarded and we will live up to their expectations.

M. Pébereau

Key figures

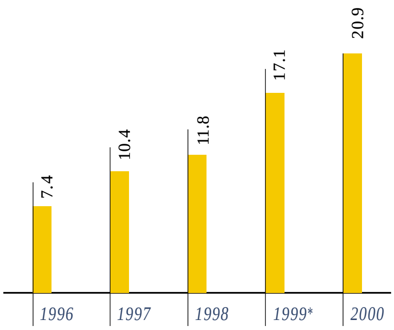
NUMBER OF GROUP EMPLOYEES:
80,000 WORLDWIDE
INCLUDING 61,000 IN EUROPE

NET INCOME
(in millions of euros)



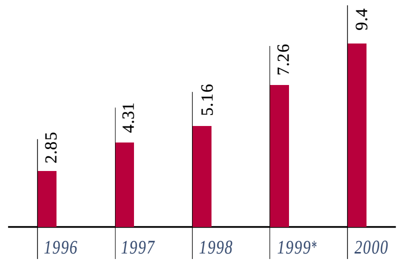
* *Pro forma net income, before restructuring costs.*

RETURN ON EQUITY (in %)



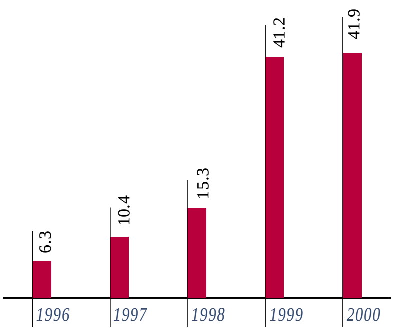
* *Based on pro forma net income, before restructuring costs*

EARNINGS PER SHARE
(in euros)



* *1999 pro forma net income, before restructuring costs divided by the number of shares outstanding at 31 December 1999.*

MARKET CAPITALISATION (AT 31 DECEMBER 2000)
(in billions of euros)



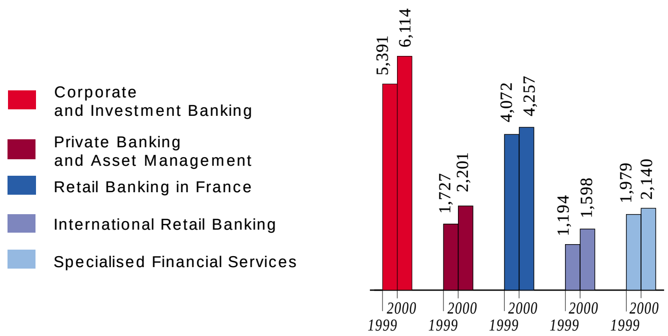
BUSINESS VOLUMES

(in millions of euros)	**2000**	**1999**
Total assets	694,037	698,625
Customer deposits	172,877	149,003
Customer loans (before provisions)	240,916	223,268
Shareholders' equity(1)	**21,613**	**19,789**
Combined Tier 1 and Tier 2 capital ratio(2)	**10.5%**	**10.1%**
Tier 1 capital ratio(2)	7.5%	7.1%

(1) Before income appropriation.
(2) Before deduction from shareholders' equity of the maximum amount potentially payable on the CVRs in 2002. After deducting this amount, the combined Tier 1 and Tier 2 ratio is 10.1% (9.6% in 1999) and the Tier 1 ratio is 7.1% (6.6% in 1999).

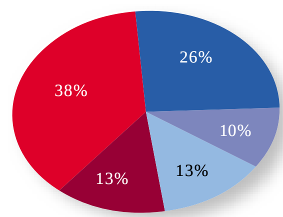
Pro forma net banking income by business line

(in millions of euros)



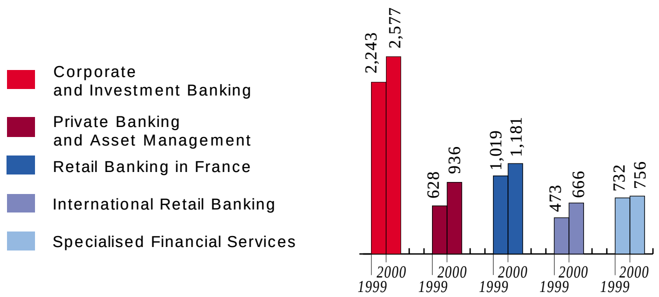
(in %)

2000



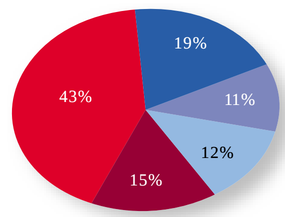
Pro forma gross operating income by business line

(in millions of euros)



(in %)

2000



Long-term debt ratings

as of 1 March 2001

Standard & Poor's	AA-
Moody's	Aa3
Fitch	AA-

Earnings

(in millions of euros)	2000	1999(2)	Change 2000/1999
Net banking income	16,263	14,339	13.4%
Gross operating income	5,825	4,790	21.6%
Operating income	4,683	3,715	26.1%
Income before tax(1)	6,184	5,237	18.1%
Net income(1)	**4,124**	**3,266**	**26.3%**

(1) Before restructuring costs of 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 provision to reflect the estimated costs associated with the BNP Paribas project.

(2) BNP Paribas Group, pro forma.

Strategy

[Singapore]

BNP Paribas headquarters in Singapore.

A new Group

BNP Paribas' 2000 results rank it as one of France's foremost companies and one of the leading banks in Europe. The merger was completed in the time allotted and the operational phases implemented quicker than expected.

In the first half of the year, conditions in the banking and financial markets were very satisfactory, thanks to a series of favourable developments worldwide. BNP Paribas took full advantage of the situation, keeping its sights firmly set on the market during the post-merger integration process.

BNP Paribas' business continued to grow in the second half, despite the significantly more difficult capital markets environment. In the fourth quarter in particular, in contrast to many of its European competitors, BNP Paribas posted higher gross operating income in each of its major divisions–Retail Banking, Corporate and Investment Banking, Private Banking and Asset Management.

This remarkable performance is indicative of the Group's potential and is a tribute to the dedication and talents of its staff. The achievements of the past year mean that the Group will be able to begin implementing its ambitious expansion plan in 2001, earlier than originally planned.

Corporate and Investment Banking

BNP Paribas' Corporate and Investment Banking division is now one of the largest investment banks of European origin. This powerful and highly efficient business was the largest contributor to 2000 profits. Helped by vigorous market growth in the first half, the division achieved outstanding results, beating its record-breaking 1999 performance. In 2001, the division intends to consolidate its leadership positions in Europe and Asia and expand into niche markets in the United States by leveraging its efficiency and competitiveness. It will also keep up the drive to use the capital allocated to the business as efficiently as possible, by actively promoting cross-selling between the various business units and with the other divisions of the Group. This will be achieved by systematically segmenting the customer base and scaling down the volume of low-margin loans to customers who do not buy any other products or services. Diversification of the business portfolio and customer base will help to further limit annual fluctuations in profits. Lastly, pre-tax return on equity should reach a cycle average of between 21% and 23% and the cost/income ratio should remain one of Europe's best, at around 60%. Corporate and Investment Banking has the critical mass it needs to expand, by strengthening human resources organically and through finely-targeted acquisitions. It intends to seize opportunities as they arise to round out its skills in specific business units, and it has the resources to do so.

CORPORATE AND INVESTMENT BANKING
A COMPREHENSIVE, HIGH QUALITY PRODUCT OFFERING

Worldwide

Equity derivatives
- Among the top 5 worldwide

Fixed income
- No. 4 worldwide in swaps (notional amount)[1]
- No. 8 in international bonds
- No. 10 in euro issues

Structured finance
- Among the top 8 arrangers of syndicated loans (outside the EU)
- No. 9 worldwide in project finance

Europe

Fixed Income
- No. 3 worldwide in euro swaptions[2]
- No. 4 worldwide for euro caps/floors/collars[2]

Structured finance
- No. 2 arranger of syndicated loans
- "European Project Finance Loan of the Year" in 2000 (Al Taweelah)
- Best loan (Orange/France Télécom)

Asia

Corporate Finance
- 3rd leading bookrunner-second offerings (excluding Japan)
- 5th leading bookrunner-Asia-Pacific IPOs (excluding Japan)

Best equities broker in Hong Kong[3]

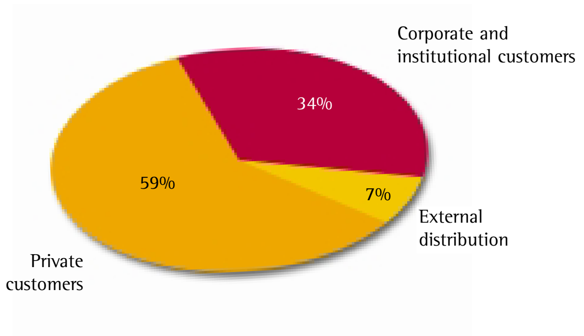
Structured finance
- "Bank of the year" for project finance

Source: Thomson Financial except (1) *Swap Monitor* (08/2000); (2) *Euromoney*, Sept. 2000; (3) IFR Asia Awards.

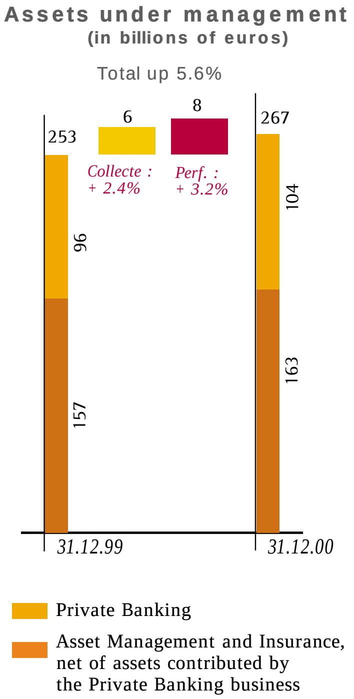
Private Banking, Asset Management, Insurance and Securities Services

The Private Banking and Asset Management core business achieved impressive business and earnings growth. This core business is active across the entire asset management value chain, from relationship management (Private Banking) to the technical side (Securities Services). This vast set of skills, rare in the industry, is one of BNP Paribas' unique strengths.
In 2000, new funds inflow increased in all of the division's businesses. Each of them has reached critical mass and is a leader in the French market. In some businesses, BNP Paribas is among the top ten in the world. The Group has undertaken an investment programme that aims to transform the division into a major growth driver, in terms of both savings inflows and value creation, through a combination of organic growth, acquisitions, geographical expansion and business diversification. For 2001, the division's objective is to double net funds inflows to its various asset management businesses.
Private Banking is evolving into a more efficient organisation and has launched several ambitious projects, all of which aim to lift this business line from among the top ten to the top five in the world.
In Asset Management and Securities Services, the range of services is being expanded. To speed up the pace of development, Securities Services are being set-up as a specific subsidiary and outside partners will probably be invited in. In Insurance, BNP Paribas has launched a dual offensive–in France it is devoting additional resources to bancassurance, while outside France, it is developing Cardif's product line and partnership agreements.

PRIVATE BANKING AND ASSET MANAGEMENT
BREAKDOWN BY CUSTOMER CATEGORY



PRIVATE BANKING AND ASSET MANAGEMENT
INCREASED FUNDS INFLOW DURING THE MERGER YEAR

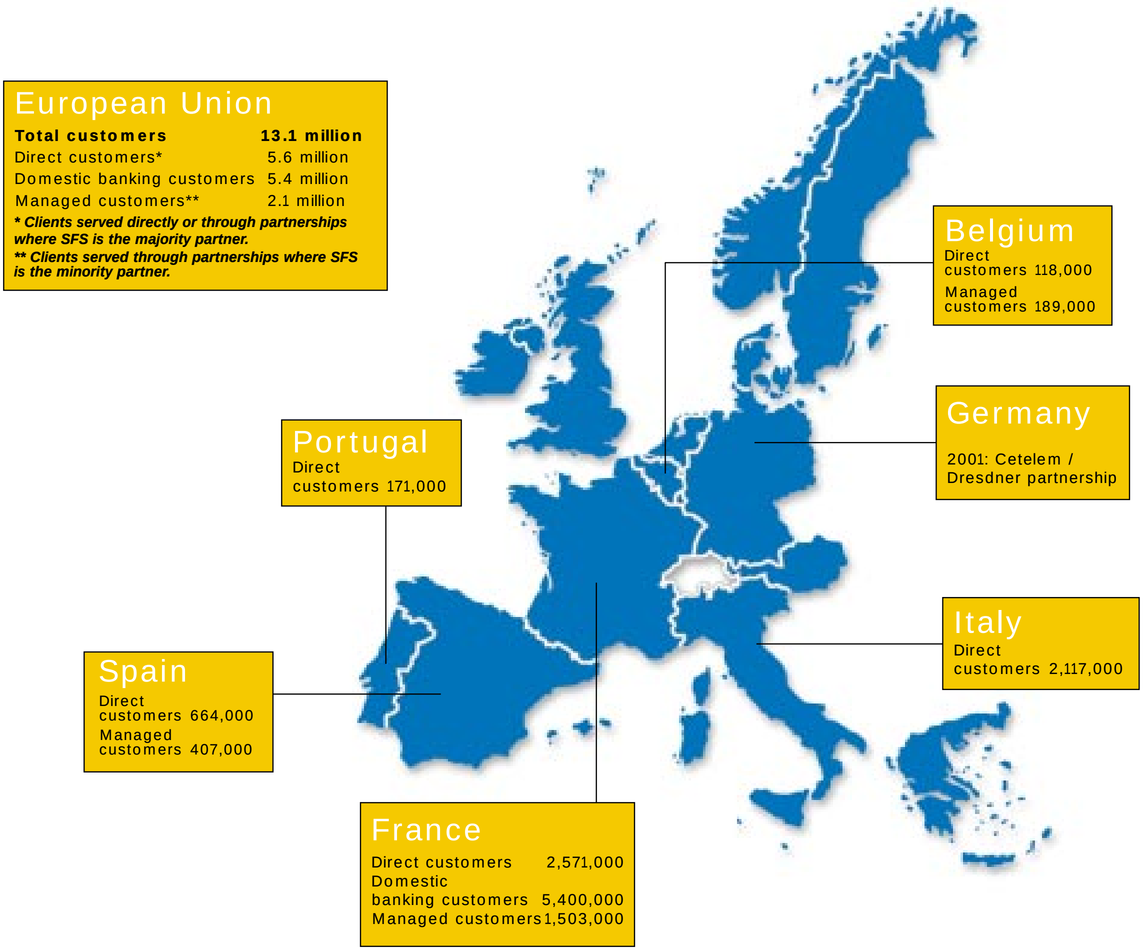


Retail Banking

BNP Paribas was one of the first banking groups to establish a pan-European presence in Retail Banking. The Group is a leader in Specialised Financial Services and its unique business model has demonstrated its effectiveness over the past ten years.
The branch networks, Specialised Financial Service subsidiaries, insurance operations and all the Group's partner companies mesh together to form a highly efficient organisation. Overall, BNP Paribas has 13.1 million retail customers in Europe and has the resources to develop and intensify cross-selling through well-honed techniques. Direct customers and customers served through partnerships where SFS is the majority partner number 5.6 million, the domestic branch network has 5.4 million customers and 2.1 million customers are managed through other partnership agreements.

RETAIL BANKING

A SUBSTANTIAL BUSINESS BASE IN EUROPE



The **Specialised Financial Services** business line constitutes a springboard for growth in the single European market. In consumer credit, lease financing, fleet leasing and online brokerage, the legislative and regulatory disparities between countries are relatively minor, as are the differences in payment systems. Specialised Financial Services will continue to expand in Europe, maintaining or acquiring leadership positions through the use of its proven model of value creation. Outside Europe, it will expand into markets that are particularly promising or where attractive partnership opportunities exist, by leveraging synergies with the International Retail Banking division.

The increased pace of implementation of the Group's vast international investment programme is necessarily pushing up operating expenses but will consolidate BNP Paribas' number one position in Europe and enable the Group to expand into fast-growing markets outside Europe. Applied on a country-by-country basis using a proven business model, this programme will drive robust growth in the scope of BNP Paribas' business operations in the medium term. Anticipating the increased operating expense that this will entail, the Group is aiming for a pre-tax return on equity of 27% in 2003 instead of the previously anounced 2002.

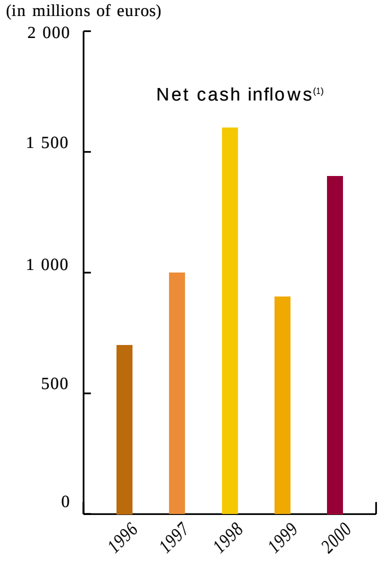
Retail Banking in France is undergoing an unprecedented modernisation programme.
When the Multichannel Bank goes live in mid-2001, BNP Paribas will become one of Europe's most forward-looking banks. All branch personnel in customer-facing positions will be connected in real time through their redesigned workstations to two multimedia platforms. With a staff of 500, these platforms will enable the Group to offer a more responsive and consistently high quality service at lower cost and over extended hours. They will also enable the Group to offer additional services to customers-thereby increasing the sales. The project will cost a total of EUR 220 million, including the EUR 35 million spent to date and the EUR 83 million worth of expenditure planned for 2001.
At the same time, the entire network of domestic branches will be renovated as part of the plan to raise the profile of the BNP Paribas brand. The Group intends to invest EUR 60 million on refurbishing its 2,200 branches and providing new workstations for the network's entire workforce. By the end of 2002, the new-look BNP Paribas network will be ready to receive its customers in a completely new setting.
This ambitious investment programme is going hand-in-hand with measures to contain costs and raise productivity. These measures are expected to pay off in the shape of a further increase in profitability in 2001.

For **International Retail Banking**, which spearheads BNP Paribas' operations in the very high potential regions of the world, 2000 was a year of strong business and earnings growth. BancWest acquired a network of 30 branches in New Mexico and Nevada, First Hawaiian Bank became number one in Hawaii in terms of deposits, and the IT systems of Bank of the West and First Hawaiian Bank were successfully integrated. In the Mediterranean-Africa region, the Group increased its stake in BNPI and SFOM, its operating entities, to 100%.
International Retail Banking aims to keep up the pace of profitable organic growth, while remaining on the lookout for value-creating acquisition opportunities. In 2001, BancWest will seek to maintain its momentum through additional acquisitions. In the Mediterranean-Africa region, organic growth will be bolstered by measures to rationalise resources and deploy the Group's range of products and services.

Last but not least, **BNP Paribas Capital** performed extremely well and made a significant contribution to Group results. Once again, it demonstrated that the quality of its results was attributable to the efforts of its talented staff and not to the uncertainties of the marketplace. BNP Paribas Capital specialises in leveraged buy-outs of high potential enterprises and also acquires minority interests in carefully selected companies. It also has teams of experts specialised in venture capital deals and the telecoms sector.
In 2001, it will pursue the same objectives and performance goals as in 2000.

BNP Paribas Capital
Investment performance

PAI : recurring contribution to Group results



(1) Net cash inflows: disposal proceeds–investments + dividends

[Barcelona]

The Group Executive Committee members, photographed on the staircase of the Casa Gaudí in Barcelona, during the senior management seminar held from 31 January to 2 February 2001.

The executive Committee

Michel Pébereau (1)
Chairman of the Board of Directors and Chief Executive Officer

Baudouin Prot (2)
Director and Chief Operating Officer

Dominique Hoenn (3)
Chief Operating Officer

Philippe Blavier (4)
Corporate and Investment Banking

Georges Chodron de Courcel (5)
Corporate and Investment Banking

Jean Clamon (6)
Specialised Financial Services

Hervé Gouëzel (7)
Group Information Systems

Bernard Lemée (8)
Group Human Resources

Vivien Lévy-Garboua (9)
Private Banking, Asset Management, Securities Services, Insurance and Real Estate

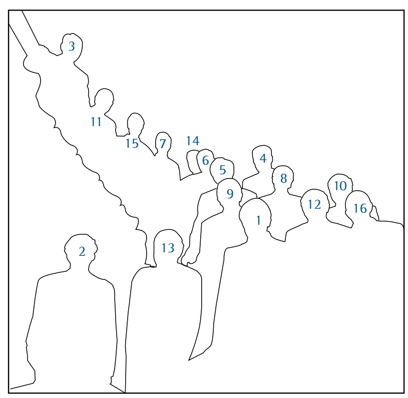
Alain Moynot (10)
Retail Banking in France

Amaury-Daniel de Seze (11)
BNP Paribas Capital

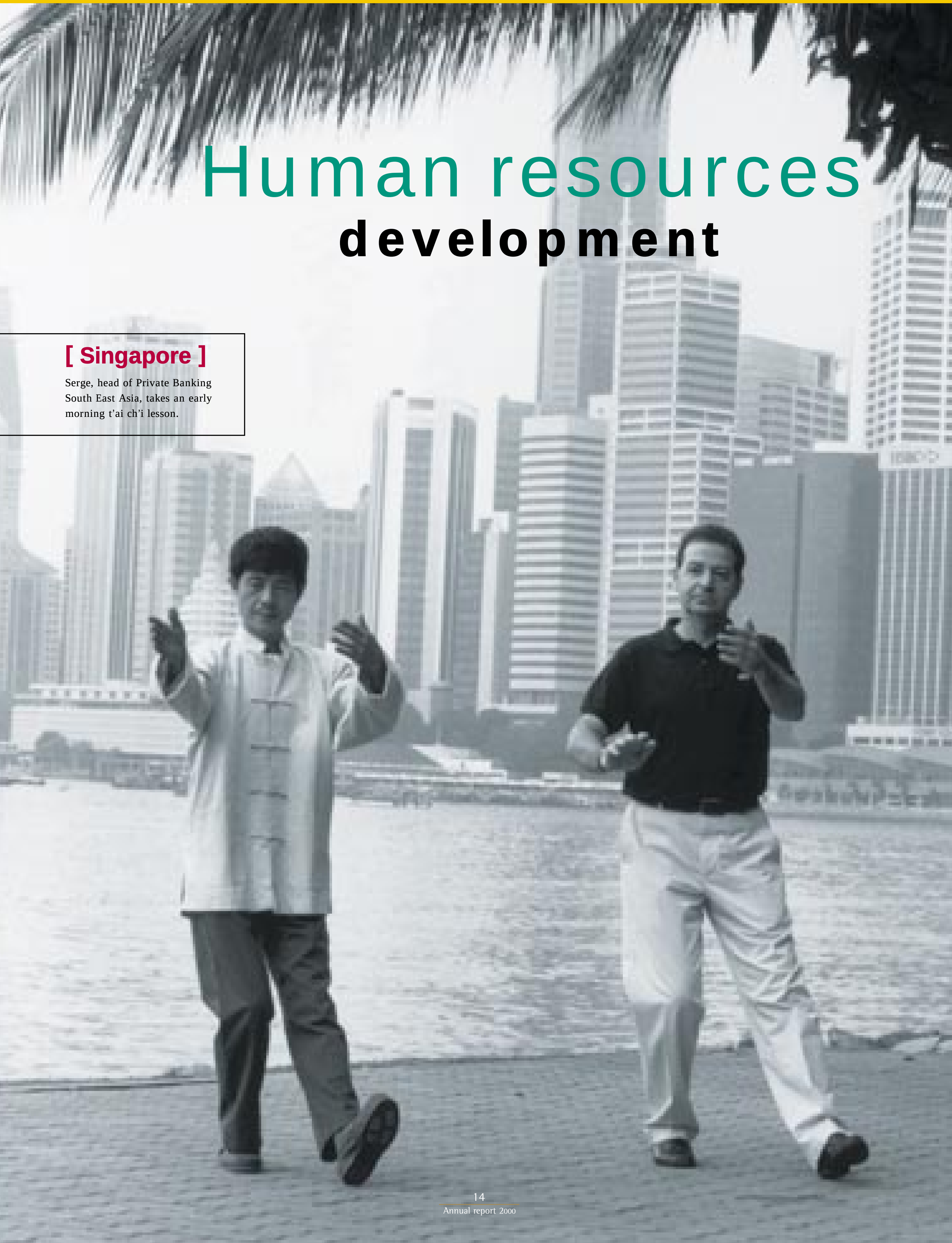
Laurent Tréca (12)
Development
Executive Committee Spokesman

Michel François-Poncet (13),
Vice Chairman of the BNP Paribas Board of Directors
and Jacques de Larosière (14),
Advisor to the Chairman
attend meetings of the Committee.

Philippe Bordenave (15),
Finance and Control
and Michel Clair (16),
Merger Project Manager
also attend meetings of the Committee.



Human resources development



[Singapore]

Serge, head of Private Banking South East Asia, takes an early morning t'ai ch'i lesson.

Thanks to robust growth in all of its lines of business both in France and worldwide, BNP Paribas was able to meet the human resources targets set for 2000.

Harnessing synergies and preparing for the future

Improving productivity group-wide

The planned overall reduction in staff numbers deriving from synergies in centralised and support functions was achieved on schedule. The policy of encouraging voluntary departures allowed the Group to reduce the number of positions while holding firm to its commitment not to carry out any forced redundancies at BNP Paribas S.A. in France.

Attracting new talent

BNP Paribas is hiring new employees in all areas, from Corporate and Investment Banking to International Private Banking and the domestic branch network. Given the Group's wide range of businesses and its age pyramid, BNP Paribas offers particularly rewarding career opportunities. Outside France, a new recruitment and training programme aimed at university graduates has been implemented in many countries.

The statistics of the Paris recruitment office testify to BNP Paribas' attractiveness as an employer:

- CVs received from 96,500 candidates;
- including 24,000 by Internet;
- more than 3,000 candidates hired under open-term contracts;
- more hiring than at any time since the 1970s.

High-quality training tools

BNP Paribas has an Intranet training site offering every Group employee the opportunity to design a personalised training programme built around online or CD-ROM based modules. The programme is initially defined through self-evaluation, then reviewed and approved by a training manager.

This innovative system includes:

- a portal structured around information, services and teaching resources;
- a distance-learning and training management platform.

The BNP Paribas training centre, located in a magnificent setting in Louveciennes on the outskirts of Paris, aims to develop skills and promote knowledge and experience-sharing. Its training programmes attract employees from all lines of business, all countries and a vast array of cultures. For the first time in 2000, the number of trainees attending courses at the centre topped the 25,000 mark.

Facilitating mobility

Thanks to the hard work of every team manager and the efficiency of the "Mobility" team, BNP Paribas eliminated all "overlap" in the months following the merger. In 2000, more than 600 transfers were initiated between the group's various business units. Group Human Resources, which manages the careers of BNP Paribas senior executives, has implemented a domestic and international executive mobility programme.

RECOGNISING INDIVIDUAL AND COLLECTIVE PERFORMANCE

Employee profit-sharing policy

BNP Paribas' statutory profit-sharing programme is unique in that it is based on a Group-wide agreement, applicable to every member company in France. In this way, every Group employee in France, regardless of his or her company, participates on an equal footing in Group profits.

Rewarding individual performance

For several years now, BNP Paribas has implemented a motivating remuneration policy.

[Louveciennes]

An actor leads a class in improvisation at the Training Centre.

[Madrid]

Corporate Banking staff compare notes. From left to right: Xavier, Jean-Philippe, Ramon, Genoveva, Adrien and Lucia.

In France, the funds previously devoted to certain across-the-board pay rises granted under the former collective bargaining agreement are now being used to grant personal salary increases based on merit. Variable pay systems continued to gain importance in 2000, in recognition of individual performance and market demand for certain professional skills.

Employee savings and share ownership schemes

BNP Paribas encourages employees to save through a match-funded employee savings scheme open to all employees in France. In 2000, a worldwide employee share ownership plan was added. More than 70% of Group employees participate in the plan.

A new incentive stock option programme was implemented in 2000. The options will vest only if no payments are made on the Contingent Value Rights Certificates in July 2002. In order to motivate the greatest possible number of individuals, options have been granted to managers at all levels of the organisation and not just to senior executives.

Effective two-way communication

A host of employee-management agreements

BNP Paribas maintains a constant dialogue with employee representatives, through the various employee-management negotiating bodies. These include each location's works council, the central works council and the Group and European councils.

Flexible death and disability insurance

This innovative scheme not only includes the basic coverage available to all employees in France, but also allows employees to customise their protection based on their personal or family situation. For example, employees can opt for increased death benefits, payable either in a lump sum or in the form of an annuity for the financial support of their dependants. The scheme is available to employees of a large number of Group companies in France and is managed by Cardif, a BNP Paribas group insurance company.

A common set of values

Commitment-Ambition-Creativity-Responsiveness

Shared values

During a senior management seminar held last year in Rome, BNP Paribas executives identified the following four values as symbolic of BNP Paribas' goals and its multicultural nature: commitment, ambition, creativity and responsiveness.

Action-oriented values

These values reflect the Group's forward-looking vision and constitute a framework for behaviour. They express the Group's desire to see its employees show initiative and commitment. BNP Paribas wants its employees not only to contribute to the smooth functioning of the Group but also to raising its profile and reinforcing its image throughout the world.

Unifying values

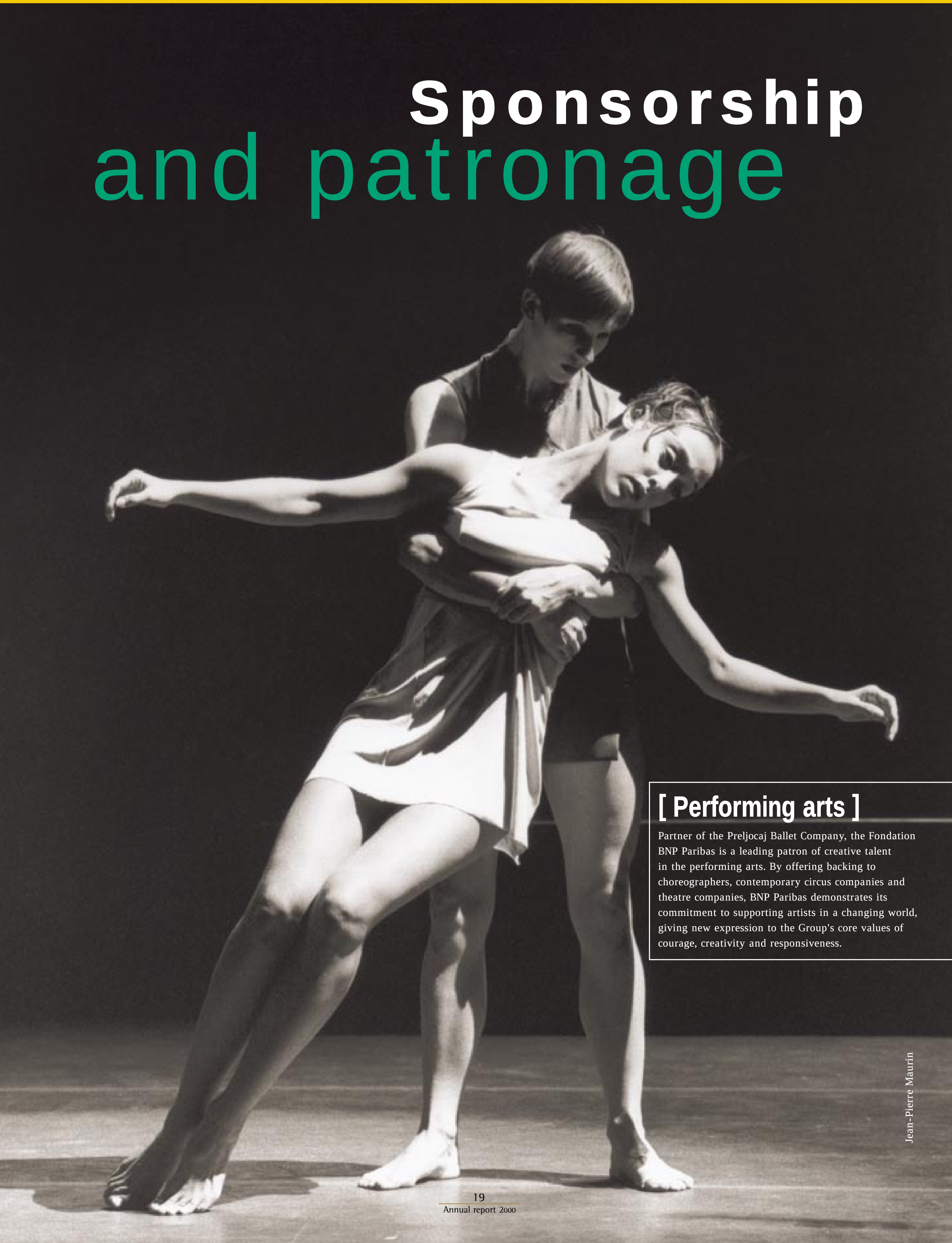
Finally, these values serve as a reference point for Group management, underpin working relationships and are the goals for employee behaviour in general.
They constitute one of the key elements of the post-merger plan to bring together the Group's operating units and its diverse cultures into a newly-forged BNP Paribas identity.

Following approval of the French banking industry's new collective bargaining agreement, conditions of employment of the Group employees in France were reviewed and harmonised. The Group took this opportunity to offer employees in France an innovative insurance plan for death and disability cover.
Also in France, following introduction of the 35-hour week legislation, the average working week was reduced under a majority-approved agreement which takes into account the specific nature of the Group's various lines of business in France.
In all, 17 employee-management agreements were signed, covering all aspects of employees' conditions of employment.
At the same time, all the merger-driven organisational and structural changes were accomplished in the original timeframe, in close co-operation with all employee representative bodies.

[Milan]

Giorgio and David, account managers at BNP Paribas Securities Services, show off their smiles.

Sponsorship and patronage



Jean-Pierre Maurin

[Performing arts]

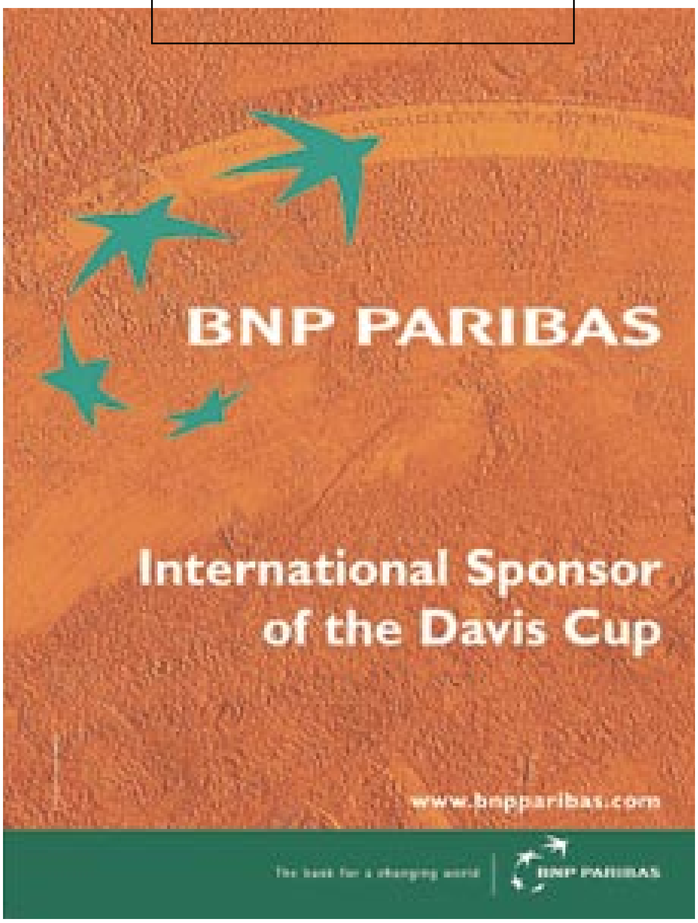
Partner of the Preljocaj Ballet Company, the Fondation BNP Paribas is a leading patron of creative talent in the performing arts. By offering backing to choreographers, contemporary circus companies and theatre companies, BNP Paribas demonstrates its commitment to supporting artists in a changing world, giving new expression to the Group's core values of courage, creativity and responsiveness.

Long-standing, successful ties with the world of tennis

BNP Paribas is the official sponsor of the French Open Tennis Tournament and has contributed to its success for the past 27 years. The courtside BNP Paribas logo appears on television screens in 170 countries.

[Davis Cup]

In 2002, BNP Paribas will become the leading international sponsor of the Davis Cup, which will be renamed “Davis Cup by BNP Paribas". Last year, 500 million spectators followed the tournament, in which 142 countries participated. BNP Paribas will also continue to act as official sponsor of the French Open.



The Group considers its sponsorship of tennis, one of very few truly universal sports, to be an integral part of its communication strategy. But BNP Paribas’ involvement with the game does not end with the match point of the Rolland Garros final. In 2000, after consulting with the French Tennis Federation, BNP Paribas decided to complement its professional tennis sponsorship programme by promoting the most up-to-date forms of tennis instruction in local clubs. All members of recognised French tennis clubs can benefit from this initiative, from the beginner to the experienced amateur player. These new methods, which involve the use of special equipment, help players to rapidly improve their skills while at the same time increasing their enjoyment of the game.

Davis Cup gives BNP Paribas worldwide exposure

In addition to sponsoring the French Open, the Paris Tennis Masters Series, the International Women’s Open in Nice and many other official tournaments, BNP Paribas will be the principal sponsor of the Davis Cup beginning in 2002. From then on, its logo will appear among those of the international sponsors of this prestigious sporting event, which attracts players from 142 countries. This sponsorship will bring a new dimension to BNP Paribas’ visibility, in keeping with the Group’s worldwide ambitions in the business world and symbolising its values of fair play, performance, and team spirit.

The “Fondation BNP Paribas”

The Fondation BNP Paribas, under the aegis of the Fondation de France, has conducted numerous activities over the years that bear witness to the Group’s commitment to social welfare and cultural enrichment.

[Château de Versailles]

The Apotheosis of Hercules, by François Lemoyne, at the Museum of the Château de Versailles.
After financing the restoration of Paolo Veronese's "Supper at the house of Simon" in the Salon d'Hercule of the Château de Versailles, BNP Paribas continued its partnership with the government office in charge of France's national museums by contributing to the restoration of the Salon's ceiling. The artwork consists of mounted oil-on-canvas paintings by François Lemoyne measuring 18.5 metres by 17 metres. The restored ceiling will be unveiled in May 2001.

The foundation's patronage takes several forms:
- fostering knowledge of cultural heritage;
- encouraging artistic expression;
- endeavouring to reduce human suffering and social exclusion.

By offering financial support, the foundation pays homage to the artistic and human qualities of the people it helps—qualities of determination, imagination, commitment to excellence and the desire to contribute to improving the lives of the world's people which are also dear to the BNP Paribas Group.
The Fondation BNP Paribas is a member of the French Business Sponsorship Forum (ADMICAL) and the European Committee for Business, Arts and Culture (CEREC).

The Fondation BNP Paribas received an award for its support of culture

In 2000, the Fondation BNP Paribas received the CEREC/*Financial Times* award for Outstanding Sponsorship of Heritage in Europe for its support of "Les chemins du Baroque en Amérique latine" a programme for the rediscovery of Baroque music in Latin America. This initiative shed light on a hitherto unexplored realm of musical history and currently extends to Mexico, Argentina, Peru, Brazil, Cuba, Bolivia and Uruguay.

Manaï - Château de Versailles

- Corporate and Investment Banking
- Private Banking, Asset Management, Securities Services, Insurance and Real Estate
- Retail Banking

The Group's 3 core

[London]

From top to bottom: Gabrielle, Natalie and Samantha.

Corporate and Investment Banking

An expanding world

[New York]
David making an early start in the Structured Financing department.

[London]

Traders keeping track of share prices while working out in the gym.

A leading international bank

BNP Paribas is one the largest corporate and investment banks of European origin and has a strong presence in Paris and London. The Group is ranked number one in several market segments in Europe and Asia and also has a very strong franchise in the United States. The depth and breadth of its international network allows the Group to satisfy the needs multinationals, financial institutions, governments and investors throughout the world.

Highly skilled teams

In an increasingly complex environment, Corporate and Investment Banking surpassed its ambitious targets and posted strong growth across all lines of business in 2000, even in the more difficult fourth quarter. These results testify to the skill of the Corporate and Investment Banking teams, the quality of the division's comprehensive product range and the efficiency of the international network. They also reflect the positive momentum generated by the merger, which has brought together 13,500 men and women into an efficient and cohesive team.

An ambitious strategy

Corporate and Investment Banking should continue to make a strong contribution to Group results in the coming years, against the background of a fast-growing market in which the various players are joining forces to achieve critical mass.

The division is pursuing a sharply-focused, ambitious strategy designed to:
- expand its already-solid base in several European countries;
- consolidate its strong presence in Asia;
- progressively strengthen its expertise in the North American market.

At the same time, it will:
- re-segment the customer base, in order to reorganise market coverage and systematically seek out opportunities for cross-selling;
- consolidate the worldwide product offering and selectively strengthen the European component. The Group intends to step up the development of each business line by recruiting teams of specialists and continuing to roll out e-business offers.

CORPORATE FINANCE

Long-term financing, a BNP Paribas core competency

BNP Paribas' expertise in merger and acquisition advisory services and in structuring primary market transactions such as IPOs and rights issues derives from its strong domestic base and now extends to the rest of Europe, Asia and Latin America.
In 2000, BNP Paribas confirmed its position as one of Europe's major merger and acquisition advisors, among the top three in France and 12th in the European league tables (Source: Thomson Financial).
In the origination and structuring of primary equity market transactions, BNP Paribas holds top spot in France and eighth place in Europe (Source: Capital Data–Bondware).
In Asia, BNP Paribas Peregrine is ranked among the top seven lead managers of primary equity market transactions (Source: Thomson Financial Data).

Industry-focused expertise

In 2000, the buoyant economic conditions provided an ideal setting for restructuring operations, as well as for national and cross-border mergers and acquisitions. The Corporate Finance business reaped the full benefits of the active market:

- in Europe, BNP Paribas acted as advisor to Italy's Italgas for its acquisition of privatised Greek gas distribution companies;
- in the US, BNP Paribas advised France's Legrand on its acquisition of Wiremold;
- in South America, the government of Chile selected BNP Paribas as advisor for the sale of Essbio to UK-based Thames Water;
- in Asia, BNP Paribas advised Samsung on the creation of a joint venture between Renault and its car division.

[Paris]

Drawing on the combined expertise of the Corporate Finance teams respectively specialised in the Automobile industry and in Advisory for listed companies, Sommer Allibert launched a competitive bidding process which ended with the sale of its automotive equipment business to Faurecia, creating one of the world's leading players in this industry.

BNP Paribas also participated actively in the consolidation of other industries, such as property, automotive equipment and luxury goods. Specifically, it acted as advisor to Crédit Foncier for its sale of Société des Immeubles de France to Simco-Axa,

Creation of a technology group

To better respond to the needs of its customers, in 2000 Corporate Finance created a group of technology specialists. The technology group's London and Paris based teams will cover the whole of Europe, concentrating on the following industries:

- network components and applications, including semi-conductors, Internet infrastructure components, etc.;
- IT and related services, including web agencies, call centres and hardware;
- software and biotechnology.

The merger of Atos and Origin offers a clear illustration of BNP Paribas' ability to propose innovative solutions fostering the emergence of European leaders. Advised by BNP Paribas, listed IT services company Atos used a share-based earn-out technique to acquire Origin, the IT services subsidiary of Philips, leading to the creation of one of Europe's three largest listed IT services groups. In return for contributing the shares of Origin to Atos, Philips received shares in the new entity plus warrants giving it the right to an additional stake if Atos Origin's share price targets are reached within a specified time period.

Sommer Allibert in connection with its restructuring and the divestment of its automotive operations to Faurecia/Peugeot, and Audemars Piguet for the sale of its stake in Jaeger-Lecoultre to Richemont.

A partner in IPOs and other capital market transactions

BNP Paribas participated in numerous primary equity market transactions in the first half of 2000.
In Europe they were concentrated in the telecoms and other new economy sectors and included the Wanadoo and Telefonica Moviles IPOs. In Asia, BNP Paribas Peregrine handled transactions for Pacific Century CyberWorks and floated several Internet-related companies.
Outside these sectors, BNP Paribas also participated in major French IPOs, including Coface, EADS and Vivendi Environnement.
The Group beefed up its already-strong expertise in convertible bond issues and other share equivalents, acting as lead manager on transactions for Lafarge, Vivendi, Axa, Bull, Altran and others.

[London]

Des and Laurie having fun in the Equities department.

EQUITIES

BNP Paribas is out in front and intends to stay there

BNP Paribas trades on more than 40 equity and equity derivatives markets around the world, on behalf of its institutional, corporate and individual customers. The depth and breadth of its spectrum of products and services make it one of the world's best investment banks.

BNP Paribas:

- helps customers to make informed investment decisions by offering them the recommendations of 350 financial analysts located throughout the world, and executes their orders;
- provides liquidity to customers wishing to buy or sell large blocks of shares;
- uses the extensive resources of the Corporate Finance business unit to place primary market issues;
- creates made-to-measure solutions and sophisticated structures that respond to specific customer needs in terms of hedging, guaranteed rates of return and asset/liability management.

Reaping the rewards of an ambitious Asian development strategy

The market lauded the performance of BNP Paribas Peregrine, the Group's investment bank in Asia (excluding Japan):

- best equities broker in Hong Kong (2000 IFR Asia Awards)
- best block-trading broker (2000 Asian Asset Awards)
- best analyst and strategist (2000 Asiamoney Awards) and eighth-largest broker in Asia.

BNP Paribas' Japanese operations won the distinction of best quantitative research team, awarded by Greenwich Associates, over Japanese and American competitors.

The Group's strong base in Asia will be further strengthened with the launch of operations in Korea and Taiwan. These are the only two major countries in the region where BNP Paribas does not yet have a presence. BNP Paribas Peregrine is also ready to set foot in the Chinese market as soon as it is open to non-Chinese firms.

No rest for the weary in 2000

During 2000, the equity markets underwent extraordinary changes. Volumes grew almost exponentially. Primary market transactions took place in rapid succession. And volatility reached unprecedented levels, as a cold wind blew across new economy stocks. Stock market mergers and the growing volumes of online trading also brought considerable change to the overall environment.

An opportunity for BNP Paribas to shine

Against this background, Corporate and Investment Banking's 1,900 employees honed their skills and leveraged the power of the Group's presence throughout the world to reach new levels of achievement. Profits, market share and service quality all increased. Thanks to the co-ordinated efforts of its staff, the Equities business unit now holds world class positions in its areas of expertise:

- leading broker in the secondary market in France in 2000, as in 1999;
- number three in Germany and among the top ten in Hong Kong and on the New York Stock Exchange;
- number one in the futures and traded options markets in France, Germany and Japan.

[New York]

For Peter, Managing Director Emerging Markets, parking problems are a thing of the past.

The Group continued to invest in Europe. Equities teams were regularly bolstered, in particular in London. BNP Paribas Equities Spain was opened. And the Emerging Markets group extended its coverage to Eastern Europe. As a result, BNP Paribas has become a major force in euro-zone equities markets. The additional investment planned for 2001 will extend these successes to the whole of Europe, the Group's strongest franchise.

BNP Paribas has been one of the world leaders in equity derivatives for several years and in 2000 the Group reaped the full benefits of the flourishing market in these instruments. The Group advised a large number of customers on convertible bond issues, using equity derivatives to manage their shares, acquiring stakes in other companies, arranging complex financing transactions, and buying back shares for allocation under employee savings plans and stock option plans. BNP Paribas has also become a major player in warrants and certificates, ranking third in France and Germany and first in Australia in warrants and first in France in certificates.

Meeting customer needs through innovation

Internet

BNP Paribas is also the bank for a changing world in the field of Equities brokerage. Clients now have direct Internet access to the Group's company research (www.equityresearch.com) and to its warrants universe (warrants.bnpparibas.com).
Highly appreciated by customers, the online European research database was ranked number two in the Extel league table. The range of online services will be extended considerably in 2001, to respond even better to customer expectations.
Both in Europe and in Asia, the coordinated efforts of the Equities and Corporate Finance teams enabled BNP Paribas to play a significant role in the technology boom. BNP Paribas Peregrine was number one in the Growth Enterprise Market, a business it launched in 1999.
In derivatives, in addition to offering innovative and made-to-measure structures to large corporate and institutional customers, BNP Paribas created and launched new products for its individual customer base. These include "new" and "old" economy certificates in France, pre-IPO warrants in Germany for Infineon and Deutsche Post and theme-based certificates for water and fibre optics in Germany.
In 2001, BNP Paribas will continue to invest in its research teams, who represent a constant source of added value for its customers.

[London]

Mazin and John, Fixed Income.

World number three in euro-denominated, fixed-rate issues

Thanks to the efforts of its origination, credit analysis and placing teams, BNP Paribas was a full participant in this market's ongoing product and industry diversification. The Group ranks third worldwide in euro-denominated fixed-rate issues and is very active in corporate bonds.

The bank raised its profile by taking part in transactions involving market leaders and/or leading-edge technology companies. In particular, BNP Paribas was lead manager for France Télécom's jumbo, multi-tranche euro and sterling issue, Unilever's euro and sterling issue as well as issues for Stora Enso, Telstra and Lafarge...

BNP Paribas is a leader in issues for supranational organisations, and also strengthened its positions in subordinated debt issues, primarily by banks and insurance companies.

FIXED-INCOME AND CURRENCY INSTRUMENTS

Enabling customers to benefit from the flexibility offered by the capital markets.

Organised on a worldwide basis with three main departments, Fixed-Income and Currency Instruments offers investors and issuers the information and liquidity they need to optimise their financial position and manage their risks properly.

The results achieved in last year's increasingly competitive environment reshaped by a wave of mergers and acquisitions, testify to the business's solid potential. These results were even more remarkable in that they came against the background of the merger of BNP and Paribas. From a legal standpoint, BNP and Paribas merged in May 2000, but work on integrating systems and harmonising methods extended well beyond that date.

Successes included good performance in fixed-income derivatives, made possible by one of the best quantitative research teams in the business and the Group's state-of-the-art trading and risk management systems. Ranked fifth worldwide by *Swaps Monitor* in terms of portfolio size, BNP Paribas is a world leader in options and exotic products.

[London]

Five past nine at night: the New York Stock Exchange has just closed, time to go home and relax.

Advances in e-commerce

At the beginning of 2000, the Fixed-Income and Currency Instruments business unit created a cross-functional e-commerce team to coordinate the requirements of sales and IT staff so as to respond more readily to market demands. Significant progress was made in 2000 and will continue into 2001.
Major investments were also made with key players in the online capital markets services sector, including BondClick, Fxall, Currency Dealing, Swapswire.
And BNP Paribas' presence on high-profile trading platforms such as MTS and Euro MTS further illustrate the Group's strong e-commerce positioning.

Strong potential in all three business lines

Currency operations reaped the full benefit of the merger, posting excellent results. BNP Paribas is a leader in the markets of the euro zone, Switzerland and Asia. This business leverages the power of the new Group to meet the hedging needs of its multinational clientele, drawing on BNP Paribas' strong expertise in derivatives and global currency risk hedging solutions.

The bond business maintained its positions in terms of euro-denominated corporate and international bond issues. Strengthened by a combination of excellent execution and the Group's broad customer base, this business has considerable potential.

STRUCTURED FINANCING

Structuring and distributing value-added financing

At the crossroads of the lending and capital markets, the Structured Financing business unit offers innovative and multifaceted structured financing solutions, backed by a seasoned distribution network. Products include syndicated loans, acquisition financing, project financing, asset financing, optimisation financing and media-telecoms financing.

BNP Paribas has a pre-eminent position in these areas of expertise and ranks among the world's top "arranging banks". BNP Paribas is the 2nd largest arranger in the euro zone, the 7th largest in Europe and the Middle East and the 12th largest worldwide. In project financing, BNP Paribas ranks ninth worldwide.

Buoyed by a favourable economic context in 2000, this business achieved strong across-the-board growth and earned several industry awards in the process.

BNP Paribas structured and delivered large, complex project financing packages on several continents.

France Télécom's acquisition of Orange

France Télécom's acquisition of Orange, financed by a EUR 30 billion loan, and PCCW's acquisition of Hong Kong Telecom constituted the two largest acquisition financing deals arranged by BNP Paribas. The Group also handled a wide range of smaller transactions, reflecting its commitment to helping companies succeed in carrying out strategically important external growth operations.

[Singapore]

Christopher,
Director Project Finance.

The Group continued to follow a determined, selective approach to the media and telecoms sectors in 2000. It handled the needs of all types of customers, from large multinationals to mid-caps, providing solutions ranging from acquisition financing to project financing. One of its most notable project financing deals, for Italian telecoms operator Wind, was named "European Telecom Deal of the Year".

[Hong Kong]

Diana, Senior Relationship Manager, arrives at work.

Second-largest arranging bank in the euro zone

To supplement its existing product line and offer a truly comprehensive set of financing solutions, the Group has set up a fully-integrated high-yield bond operation, with a presence on both sides of the Atlantic.

Finally, BNP Paribas leveraged its expertise in innovation to structure optimisation and asset financing. For example, BNP Paribas helped the French Post Office outsource the management of its fleet of vehicles and handled a subordinated debt issue for Usinor. It also structured cross-border refinancing of major acquisitions.

All of these transactions were syndicated and placed with bank and institutional investors.

Industry acclaim for BNP Paribas' performance

→ *International Financing Review* awarded three of its six prizes to BNP Paribas for its role as financing arranger:
- European Project Finance Loan of the Year for the Al Taweelah A1 project;
- European Loan of the Year for France Telecom's acquisition of Orange;
- Asia Pacific Loan of the Year for PCCW's acquisition of Hong Kong Telecom.

Only two other banks in the world have achieved this level of recognition.

→ from *Project Finance International Magazine*:
- Bank of the Year for Europe/Middle East/ Africa:
  - Power Deal of the Year for Al Taweelah A1
  - Oil & Gas Deal of the Year for Oman Gas Co.
- Americas Oil & Gas Deal of the Year for Barracuda.
- Asia-Pacific Deal of the Year for CBK Power.

→ Project Finance Bank of the Year for Asia, awarded by *Global Finance Magazine*.

→ Europe Telecom Deal of the Year for Wind, awarded by *Project Finance Magazine*.

INTERNATIONAL TRADE FINANCE

[Hong Kong]

Arnold, in charge of the Shipping business in Asia.

BNP Paribas is a global player in international trade finance and now ranks among the top five international banks in this business. With its beefed up resources, it can now respond even better to the needs of customers the world over.

International Trade Financing encompasses all of the Group's worldwide financing and service activities connected with the international exchange of goods and services. Financing includes medium- and long-term export credits, aircraft and ship financing, while services range from consulting to documentary support and international guarantees.

The Export Financing business had a good year in 2000. It has 14 export desks covering 23 OECD exporting countries as well as a team dedicated to multilateral financing. This is due to the fact that, Export Financing is well diversified geographically, it was able to maintain a strong position in Asia, where several economies were still convalescing. Similarly, it was able to take advantage of economic recovery in many countries, notably in Latin America. In France, BNP Paribas consolidated its number one position in this business.

Multisource export financing

In today's global economy, capital goods purchases often involve exports from several countries, with credit insurance coming from several providers. When Philips Broadcasting / Digital Networks, a unit of Philips, wanted to deliver equipment to Turkey, for example, BNP Paribas arranged financing of EUR 100 million for Digital Platform, a Turkish pay TV operator, with credit insurance coverage in Belgium, the Netherlands, Germany and Hungary. This transaction received *Trade Finance Magazine*'s "Deal of the Year" award in February 2001.

Innovation in banking: a worlwide network of 80 Trade Centres

Competition, globalisation and e-commerce are forcing enterprises to become increasingly pro-active. BNP Paribas has created Trade Centres, a specialised sales force organised in a worldwide network, to serve its customers wherever their business takes them.

The Trade Centres offer importers and exporters a "one-stop shopping" service, combining a comprehensive range of personalised services with access to a worldwide network of 400 specialists interconnected through an intranet.

The first Trade Centre was opened in Lyon in June 2000 and by the end of the year, 12 centres were up and running:

- 5 outside France, including Singapore, the West coast of the US (San Francisco), Montreal, Dubai and Frankfurt;
- as well as 7 in France, in Lyons, Angers (Western France), St-Denis (North-East Paris region, Marseilles (Mediterranean), Lille (Northern France), Western Paris region and Central Paris.

By the end of 2002, 80 Trade Centres will be operational, including 60 outside France.

In Ship Financing, BNP Paribas plays a major role for a far-flung clientele of ship owners, in particular in Europe and Asia. In 2000, the Group reaped the benefits of favourable conditions in this market, both in terms of ship prices and freight rates, and loan production reached record levels. The Group has teams of ship financing specialists in Hong Kong, Athens and Oslo.

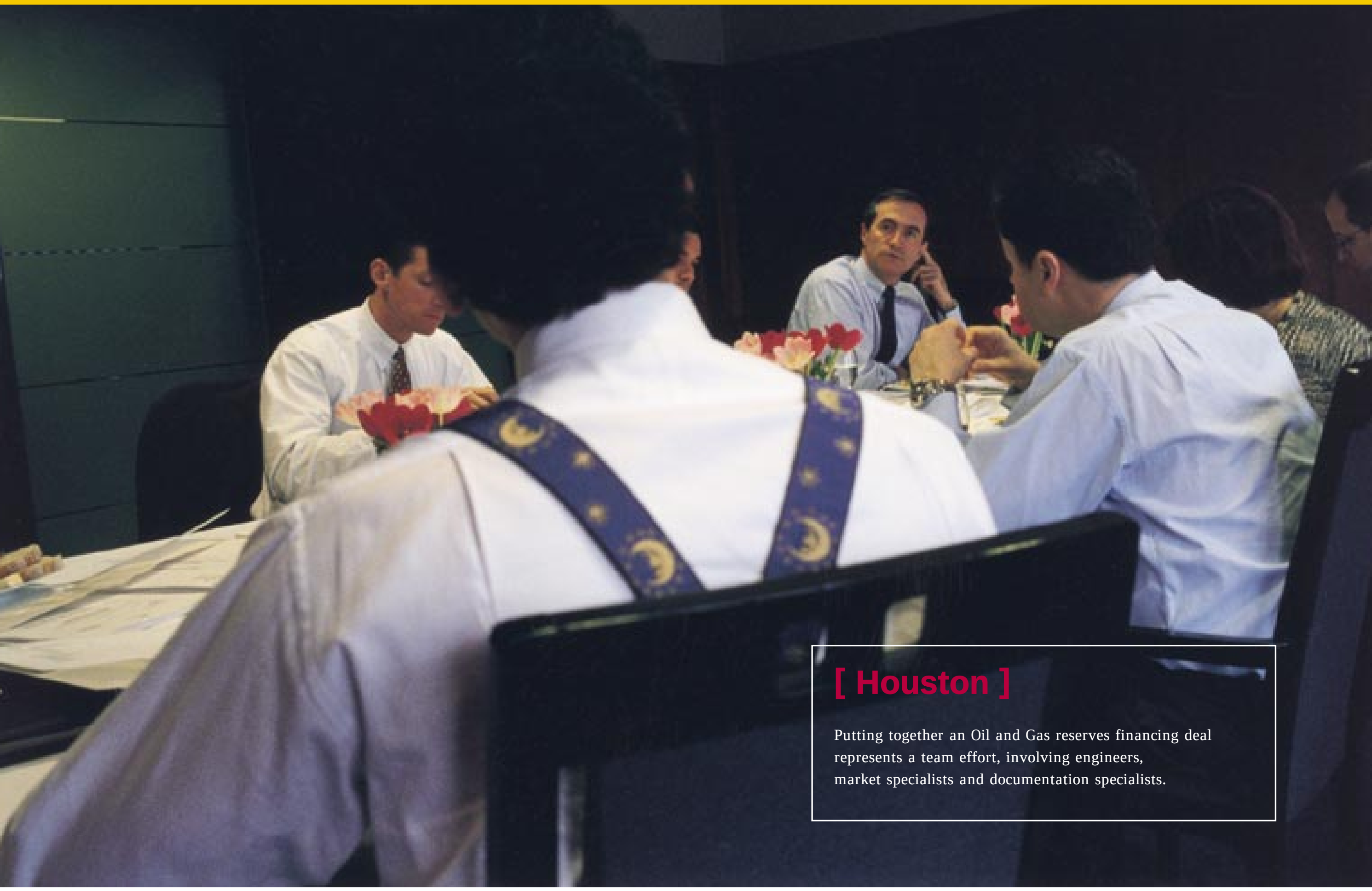
In 2000, **Aircraft Financing** offices were opened in New York, to cover North and South America, and in Singapore for Asia. The aircraft financing teams serve all of the world's major aircraft manufacturers.
In 2000, 30 new deals were carried out, including 18 where BNP Paribas acted as agent bank.
The Group also expanded its advisory business with several major airlines.

In Trade Finance, the highlight of the year was the launch of the Trade Centre concept *(see box)*, with 12 centres opened in six countries. At the same time as this new sales concept was deployed, back offices were grouped into regional platforms and Trade Finance continued to pursue its quality-based strategy, securing ISO 9002 certification of its processes. These initiatives enabled the Group to offer very competitive services in a rapidly changing market.

Not only will 2001 see further growth in each of these activities, but the Group will make significant Internet initiatives available to its customers, both for informational and transactional purposes.

[São Paulo]

An International Trade Finance specialist visiting a customer at Alstom.



[Houston]

Putting together an Oil and Gas reserves financing deal represents a team effort, involving engineers, market specialists and documentation specialists.

COMMODITIES AND ENERGY FINANCING

A record year

With its 630 specialists and a 30-year uninterrupted presence on all five continents, BNP Paribas is a key player in commodities and energy financing. After merging its three brands—BNP, Paribas and UEB—in 2000 the Group achieved unprecedented revenue and earnings growth.

BNP Paribas' comprehensive product range covers the diverse needs of its 1,400 customers, from production to end use. BNP Paribas finances transactions, arranges syndicated credits and structured transactions, finances reserves, brokers futures contracts and arranges off-market deals in derivative products.

Oil in the spotlight

Sustained demand for petroleum products for industrial applications, OPEC production restrictions and low worldwide inventories of refined products led to a 60% rise in prices for crude and refined oil products. Non-ferrous metals prices rose as a result of robust demand and low stocks among London Metal Exchange members. Grain prices held relatively firm, but other agricultural products, with the exception of natural fibres such as cotton and wool, went through a difficult patch in the first half of the year.

Against this uneven background, Commodities and Energy Financing:

- held onto its leadership position in its traditional businesses; and
- created new opportunities, benefiting from strong growth in traditional trading and derivative products.

Changes are in progress and will be fully implemented in 2001 in Switzerland. The aim is to enhance knowledge sharing, promote the adoption of best practices, organise the business along geographical lines, and increase the volume of cross-selling within Commodities and Energy Financing between financing activities on the one hand and futures and derivatives products on the other.

A diversified strategy

The Commodities and Energy Financing business' strategy is designed to:

- maintain market share in energy;
- deploy the Group's expertise in the new European markets of natural gas and electricity;
- strengthen the Group's positioning in metals and soft commodities;
- invest selectively in new technologies;
- anticipate market needs through the Group's integrated industry-focused approach.

COMMERCIAL BANKING

Also serving the Group's other business units

Commercial Banking embraces funds flow management, payment systems, guarantees and the traditional deposit-taking and lending activities. Commercial Banking's mission is also to use cross-selling to promote sales of the products of the Group's other business lines to corporate customers, with the exception of those customers managed specifically by the Large Accounts department and the Senior Bankers. Senior bankers develop and strengthen the Group's relationship with a selected number of strategic customers. They have global responsibility for all aspects of the customer's relationship with the Corporate and Investment Banking division.

[Madrid]

Angeles, Ignacio and Hervé discuss an international project financing deal for a power station.

Better risk and asset/liability management

Commercial Banking has implemented a new system for measuring the risk in its portfolio of loans, combining traditional tools with more recently developed management methods.
In an effort to boost the profitability of Commercial Banking, the less profitable loans were removed from the portfolio, reducing it by a quarter.

New strategic orientation

- Geographically, transaction processing resources will be concentrated in the world's principal economic centres so as to foster constant improvement in productivity.
- Client segmentation will be accompanied by cross-selling of the products and services of the other Corporate and Investment Banking business lines.
- Versions of the basic products and services will be offered over the Internet.

In parallel with these changes, Commercial Banking will continue to slim down its portfolio and tighten up risk criteria. These developments should enable Commercial Banking to improve its pre-tax profit significantly over the next two years as well as its contribution to other Corporate and Investment Banking businesses.

[New York]

Corporate Banking. From left to right: Jean-Pierre, Nanette, Himanshu, Christopher.

Large Corporations

A special relationship with multinationals

Large Corporations is a coordination unit that oversees BNP Paribas' relationship with some 400 large, multinational enterprises.
Its mission is to expand each relationship, encourage cross-selling between the Group's various divisions, centralise commitments to each multinational, track customer profitability and optimise the allocation of capital to this customer category.

BNP Paribas maintains a relationship with all major French corporations, 85 of the top 100 European companies and 70 of the 100 largest US companies.

In 2000, mergers and acquisitions continued apace and became ever-larger in scope, notwithstanding the restrictions set by the competition authorities. In this rapidly changing environment, where companies are consolidating their banking relationships and demanding global solutions, BNP Paribas scored numerous successes in all lines of business.
The Group's careful attention to relationships and its wide range of products and expertise have played a decisive role in this regard. In 2000, the Group placed more emphasis on high value-added transactions, while making a concerted effort to reduce low yielding assets and speed up implementation of portfolio management tools.

The Large Corporations business will become even more internationalised in 2001. Teams will be set up in world's principal financial centres and the number of senior bankers will be increased. In addition, an aggressive benchmarking programme is being instituted to accelerate value creation.

Financial Institutions Group

Institutional customers' natural port of call

The Financial Institutions Group (FIG) is an information concentrator and aggregator, putting all of the Group's resources at the disposal of its institutional customers. These include insurers and reinsurers; investment funds and asset management companies; local public entities; supranational organisations; banks and central banks; not-for-profit associations; and public and quasi-public bodies. This customer base represents 15% of the world's market capitalisation and 25% of European market capitalisation, not including the mutual insurers and banks and unlisted customers.

An efficient worldwide organisation

FIG's mission is also to promote cross-selling.
It seeks to increase revenues by identifying and originating capital transactions and developing recurring revenue streams.
FIG has 140 professionals located close to their customers in 20 countries.

The Financial Institutions Group was created at the beginning of 2000. It is now operational and stands ready to serve the Group's principal customers.
It is in a position to increase revenues appreciably and provide a service that responds to the needs of the Group's other business lines.

Listed Investment and Sovereign Loan Management (1)

Consistently strong results

The Listed Investment and Sovereign Loan Management business unit has two functions. Its overall mission is to manage its assets actively so as to obtain as much value from them as it can over the medium term. This medium-term perspective clearly differentiates it from the trading activity.

The Listed Investment Management team manages BNP Paribas' portfolio of minority stakes in large listed groups. As in previous years, this business made a significant contribution to the Group's bottom line and at the end of the year, unrealised capital gains on the portfolio topped EUR 2.2 billion.

The Sovereign Loan Management team's mission is to restructure the portfolio of sovereign loans through the London Club and to manage the portfolio of emerging market sovereign debt, such as Brady bonds, eurobonds and restructured credits. Despite a tough exterior environment, this business achieved good results in 2000, while maintaining a sizeable stock of unrealised capital gains.

(1) Activity headed by Georges Chodron de Courcel.

Asset-Liability Management (1)

Capitalising on synergies

In 2000, BNP Paribas combined its Asset-Liability and Treasury teams with two goals in mind:

→ to manage liquidity and refinancing in a coordinated fashion, from the very short term (intraday) to the long term;

→ to centralise the management of market risk (interest and exchange rates) impacting the balance sheet.

Asset-Liability Management's responsibilities are to:

- cover all maturity mismatches of more than two years on the balance sheets of the various business units;
- manage, on a consolidated basis, risks related to customer behaviour (for example, early repayment risk) and risks from traditional maturity mismatches;
- manage interest-rate risk related to the placing of Group equity capital and to the financing of Group investments;
- oversee, on a consolidated basis, the Group's medium- and long-term liquidity position;
- manage the impact of currency positions on profits and investments.

Treasury's responsibilities are to:

- track short-term interest-rate risks deriving from balance sheet positions of under two years in each location;
- manage the Group's short-term financing;
- manage BNP Paribas' daily clearing position at each location.

→ The two primary objectives for the year were met. The Group's financing costs across the entire yield curve were more strictly controlled, and market risks on the new post-merger balance sheet were closely managed.

Private

Banking, Asset Management

[Frankfurt]

Rosita greets the world with a smile.

[Madrid]

The BNP Paribas Securities Services team take a break at the foot of the Ave Fenix statue. From left to right: Laura, Sally, Eduardo.

Sharp rise in profits

This division focuses principally on savings and asset management in France and abroad. It includes BNP Paribas' activities in Private Banking, Asset Management, Insurance, Securities custody and clearing and settlement of securities trades.
In 2000, the division reaped the full benefits of sustained growth across all of its markets, in the shape of a very substantial increase in profits:

- total assets under management rose by 5.6% to EUR 267 billion. Net banking income from asset management and private banking operations, excluding securities services, represented 0.67% of this amount;
- in Private Banking, the inflow of new customer funds remained high, boosting assets under management by 8%;
- in Asset Management, the total amount under management advanced significantly and Parvest, a Luxembourg umbrella fund, is now one of the most rapidly-expanding funds in Europe;
- Securities held in custody increased by more than 37.5%;
- in Insurance, Natio Vie launched several new products, including an annuity plan and Euro Stoxx 50 unit-linked products, while Cardif achieved strong growth in sales of personal savings products in France and pension products internationally.

Each a business in its own right

BNP Paribas has positioned this division, staffed with both young and experienced professionals, in an innovative way. Each activity is treated as a separate business with its own development strategy. All of them are highly profitable and generate recurring revenues without requiring significant amounts of capital. And they are all positioned in markets offering substantial growth potential, as concerns about the future of government-run pension systems lead individual savers to take their financial future into their own hands.

The future is promising

The outlook for 2001 in this division is good:

- Private Banking has plans to expand its presence to other parts of Europe, beginning with an office in Brussels that is to open in the first half of 2001.
- BNP Paribas Securities Services will open new offices in Ireland and Switzerland, and launch new product lines to manage relationships with institutional investors and back offices for e-brokers.
- Asset Management will restructure its French product line and launch a set of multiple funds.
- In Insurance, Cardif will establish a presence in India, Korea and Slovakia and will promote pension products both in France and abroad.

In Real Estate, Klépierre will double in size when it completes the acquisition of 167 shopping centres from Carrefour in July 2001. The division's other property companies will extend their service offerings in order to meet the full range of customer needs.

[Geneva]

BNP Paribas Private Bank, the leading foreign bank in Switzerland, manages EUR 25 billion worth of customer assets.

PRIVATE BANKING

BNP Paribas Private Banking enjoys a strong reputation and a long history in its area of expertise, where it is one of the world's leading players. It offers a wide range of products and services to its clientele of high net worth individuals, addressing all their investment and financial planning needs. With a staff of 3,000 spread over 30 countries, BNP Paribas Private Banking manages EUR 104 billion worth of assets and has 120,000 customers.

In France, BNP Paribas Private Banking is the undisputed leader, with EUR 47 billion in customer assets under management and more than 1,000 employees. Outside France, this business unit holds significant positions in all of the major asset management centres in Europe and Asia. It is rapidly expanding its presence in the fastest-growing markets in Europe, namely Italy, Spain, Portugal, Greece and Belgium, as well as in other regions with high potential, such as the Middle East, Latin America and Japan.

Sharp profit growth in 2000

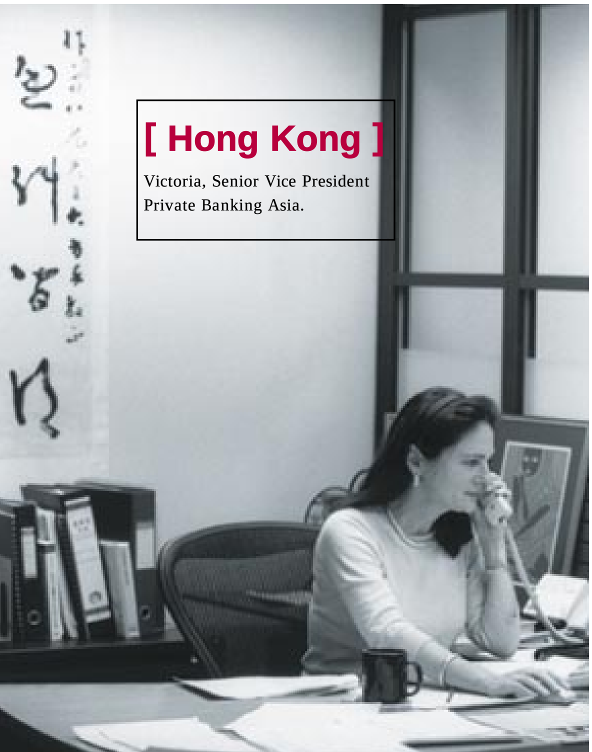
Against a background of high volatility on the major financial markets and increased competition, BNP Paribas Private Banking surpassed its growth and profitability targets. It benefited from a fast-growing world private asset management market, driven by the growing number of management-incentive programmes based on company performance and increased creation of entrepreneurial wealth.

Private Banking strengthened its product line and fine-tuned its methods for managing individual wealth so as always to be able to offer customers the most personalised advice, notably in preparing the conversion of business assets into financial assets with a view to passing them on to the next generation.

Private Banking has established an integrated worldwide structure, organised by major product family, in order to ensure that the bank's services meet the same high standards throughout the world.

Worldwide ambitions

BNP Paribas Private Banking aims to consolidate its benchmark position in each of its target markets.
In France, Private Banking works in partnership with the Group's Retail Banking division, to leverage the depth and breadth of Retail Banking's strong positioning in the "mass affluent" savings market. Its extensive resources and expert staff should enable BNP Paribas Private Banking to consolidate its position as French market leader in all segments of the wealth management market.
In Europe, it will develop a top-tier presence in selected domestic markets.
In Asia (excluding Japan), BNP Paribas Private Banking is already one of the ten largest players, managing more than EUR 10 billion in assets.
It enjoys a strong reputation among business men and women and benefits from marketing synergies with the Corporate and Investment Banking division.
In 2001, Private Banking will continue to expand its business in this region, in particular in Japan.
Finally, BNP Paribas Private Banking will continue to expand its range of products and services, with particular emphasis on advice, performance and innovation, and continue to tailor its services to the expectations and specificities of each customer.
In particular, it will strengthen its alternative management, private equity and structured products services as well as its advisory services aimed at preserving entrepreneurial wealth.



[Hong Kong]

Victoria, Senior Vice President
Private Banking Asia.

BNP Paribas has strengthened its structured products offering

Over the past three years there has been a proliferation of sophisticated, structured products in the portfolios of private banking customers, both as investments designed to increase portfolio yield and as hedging instruments to limit exposure to market risk.
Private banking customers at the high end of the market are increasingly well informed and demand not only that their banker present the most innovative structures the market has to offer but also that he or she be imaginative. Today's private banker must be in a position to respond to customers' short- and long-term investment needs while addressing their concerns about safeguarding their portfolio.
Private Banking placed nearly EUR 2 billion in structured products in its customers' portfolios in 2000, a significant rise from 1999.
In most cases, these products included an investment in high-yield certificates with underlying positions in currencies, equities and indexes. Asia was by far the most active region in this market.
To add more depth to its skillset, Private Banking has hired a team of experts with many years of financial market experience. The structured products and derivatives team of BNP Paribas Private Banking are experts in designing, analysing and recommending products that cover all the needs of its private banking customer base.

BNP PARIBAS ASSET MANAGEMENT

Leader in the French mutual fund market

The Asset Management business is one of the Group's major strategic priorities. BNP Paribas Asset Management is one of Europe's leading market players, with EUR 165 billion in assets under management as of 31 December 2000. In France, BNP Paribas Asset Management holds 9% of the retail mutual fund market. With a staff of 1,300, Asset Management is active in some 20 countries including all of the world's major financial markets.

BNP Paribas Asset Management has two main lines of business:

- discretionary investment management: the Group manages the investments of a prestigious international clientele of insurance companies, pension funds, central banks, international organisations, multinational corporations, etc.;
- mutual funds: Asset Management distributes a wide range of mutual funds throughout the world, through the BNP Paribas branch network as well as through an external network of banks and other financial institutions. These funds cover the full spectrum of investments, from money-market instruments and bonds to equities, diversified funds, and structured products.

[Milan]

Keeping abreast of the news is important when it comes to making investment decisions.

Carla Bruni represents Parvest

In the context of the merger of BNP and Paribas, the Luxembourg-based mutual funds of the two banks were merged in September, giving Parvest considerable additional scope. With 76 sub-funds covering all major asset classes on all principal markets, assets under management of around EUR 15 billion* and a distribution presence in 19 countries, Parvest is now one of the leaders in its sector.
The Italian model Carla Bruni has been selected to represent Parvest in its new advertising campaign, symbolising the international and premium positioning of this family of funds.

* *At 31 December 2000.*

A year of consolidation

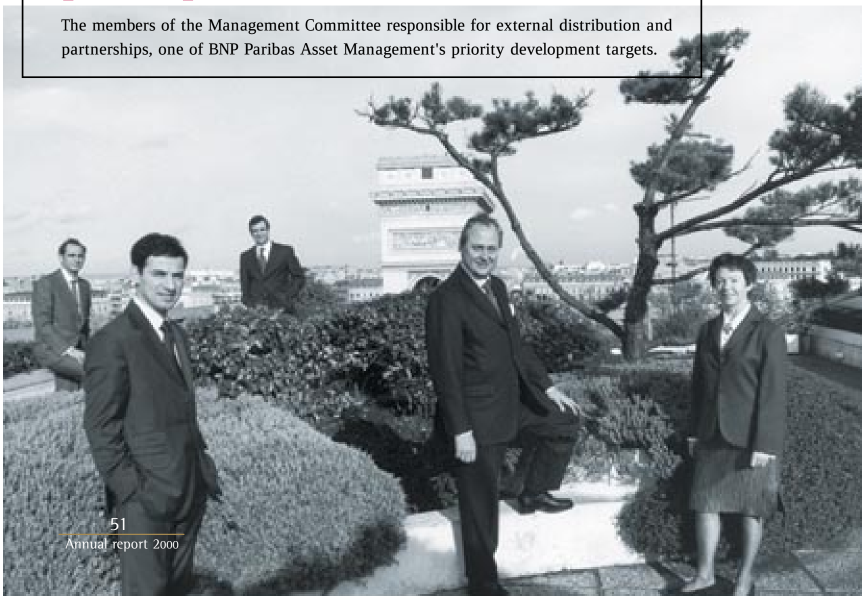
For BNP Paribas Asset Management—and also for the financial markets—2000 was a year of consolidation. Investment management processes and organisation were redefined, the Luxembourg product ranges were merged, making Parvest one of the European leaders in its category and restructuring of the French product range was undertaken. Against this background, Asset Management achieved good results in attracting new business, especially in France, and deepened its partnership with the US bond specialist FFTW.
In 2001, in an effort to extend its European footprint, BNP Paribas Asset Management will focus on developing external distribution and institutional management, expanding its range of ASQI products (Alternative, Structured, Quantitative and Index) and building an integrated family of multiple-fund products, with a product range tailored to each distribution network. Asset Management will also develop a range of services dedicated to distributors, including access to BNP Paribas funds through the Internet and centralised marketplaces.

BNP Paribas' award-winning asset management

The French consumer money-management magazine *Mieux Vivre Votre Argent* ranked BNP Paribas Asset Management as the top investment manager over the past ten years, in both of its categories: one-year performance and five-year performance.

[Paris]

The members of the Management Committee responsible for external distribution and partnerships, one of BNP Paribas Asset Management's priority development targets.



SECURITIES SERVICES

BNP Paribas Securities Services, the largest pan-European provider of securities services for financial institutions, strengthened its positions in 2000.
A large majority of European institutions—brokers, investment banks, online brokers, trading rooms, asset managers, pension funds and insurance companies—find global solutions to their needs in the range of services offered by BNP Paribas Securities Services.
In addition to delivery/settlement and custody services, Securities Services offers outsourcing of back-office and middle-office operations, cash management, financing of cash and securities positions, securities lending and borrowing , collateral management, tripartite management, transfer agent services, fund administration and accounting, corporate trust, performance measurement, deposit banking, issuer services and Internet-based financial services.

Acclaim for BNP Paribas

In *Global Custodian's* annual "Agent Bank Survey for Major Markets", BNP Paribas Securities Services received the highest rating in Belgium, France, Spain, Italy, Greece and Turkey.
GSCS Benchmarks also gave highest honours to BNP Paribas Securities Services in its "Review of Subcustodian Services". Never before has a single bank achieved this level of recognition in Europe.
Finally, in *Global Investor (Euromoney)*,) "European Broker Dealer Clearing Survey", BNP Paribas Securities Services was described as the leading expert in securities-related services in Germany, Belgium, France, Italy and Spain, and named best regional sub-custodian by *Euromoney*.

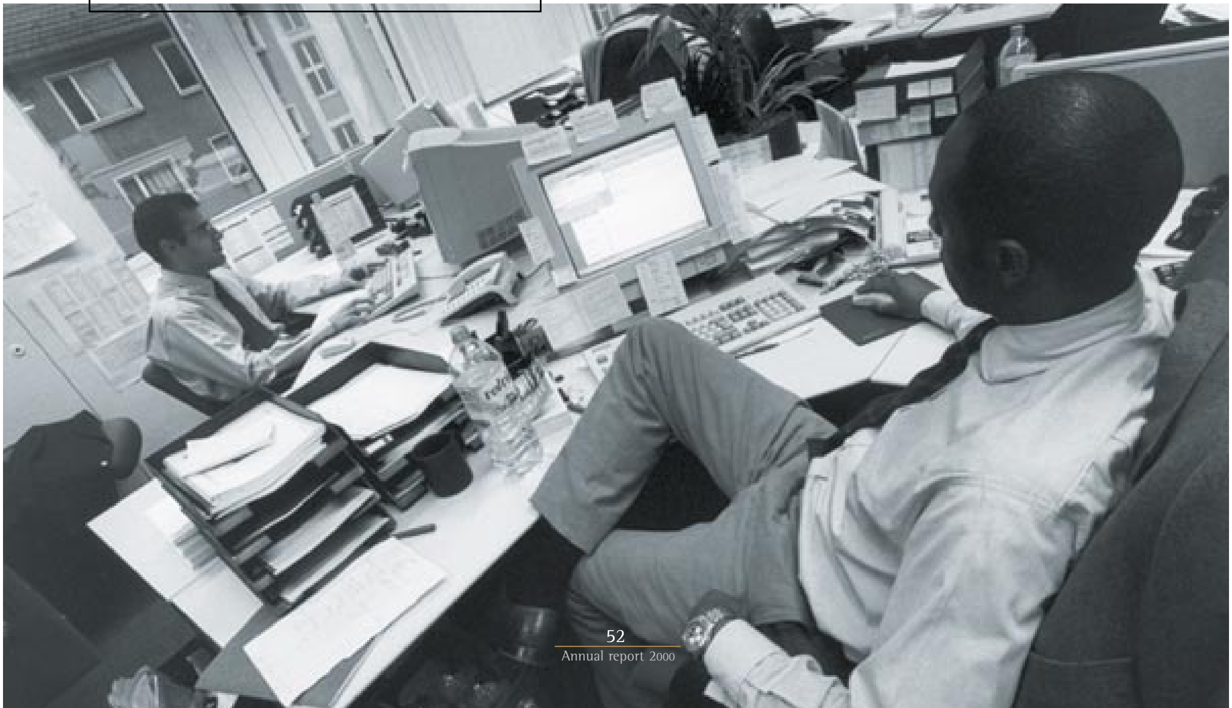
BNP Paribas Securities Services is present in Germany, Belgium, Spain, the US, France, Greece, Italy, Luxembourg, the Netherlands, Portugal and the UK as well as in Turkey through a co-operation agreement with the Ottoman Bank.

Record year in volumes and revenues

Assets under custody climbed by 37% to more than EUR 1.40 trillion. Having handled more than 14.9 million transactions in 2000, 45% more than in 1999 with a 40% increase in revenues, BNP Paribas Securities Services anticipates even faster growth in 2001.

[Frankfurt]

Sebastian and Alexander monitoring cash positions in the BNP Paribas Securities Services offices.



[Luxembourg]

At BNP Paribas Securities Services, fun represents a core management value.

Acquisitions on the horizon

Rapid growth at BNP Paribas Securities Services and the radical changes that are taking place in today's securities markets constitute both a challenge and an opportunity. BNP Paribas Securities Services will continue to invest in its future and bring its projects to fruition. The spin-off of this business was launched in 2000 and BNP Paribas Securities Services companies have already been set up in Germany, Belgium, Spain and Greece. The new structure will give this banking subgroup more flexibility to take up any external growth opportunities that may arise.

Geographic expansion

Other highlights of 2000 included:

- start-up of operations in the Netherlands to offer Euronext-member customers a service covering the three constituent markets of this pioneering, transnational stock market;
- expansion of the range of services offered to financial investors in other parts of Europe, particularly in Germany, Spain and Italy;
- launch of a fifth product line, e-Banking Support Services (eBS2) eBS2 is aimed at the ever-evolving needs of the new, online banking and financial services platforms used by individual investors across Europe. eBS2 allows these online platforms to outsource their back offices and the management of the cash and securities accounts of their individual customers.

Robust growth in Global Liquidity Management

Set up at the end of 1998, Global Liquidity Management offers a complete range of products and services to manage the securities/cash liquidity relationship on the principal financial markets of Europe and North America. Revenues from securities lending and borrowing surged by 80% in 2000.

"Best Major Market Network Award"

For the second year running, BNP Paribas Securities Services won *Benchmarks* award for the best major-market securities custody network. This award honoured in particular, the multi-direct clearing and custody teams in Germany, Belgium, Spain, France, Italy, Greece and Portugal.

[Tokyo]

A zen meeting for Vincent, head of Cardif in Asia.

INSURANCE

Two companies offering a good strategic fit

The Insurance business is spearheaded by Natio Vie and Cardif, both wholly-owned by BNP Paribas, as well as Natio Assurances, a non-life company held 50/50 in partnership with Axa.
Cardif and Natio Vie together rank 4th among French life insurance companies, with a domestic market share of around 8%. Twenty percent of their premium income is earned outside France, in 24 countries.

Natio Vie distributes its products in France through the Retail Banking division's branch network and through BNP Paribas Private Banking, while Cardif sells through partnership agreements with banks and credit institutions as well as through brokers and independent financial advisors.
To maintain the highest quality of service, Natio Vie and Cardif remain as two separate brands, each with their own sales and after-sales teams. The non customer-facing functions of the two companies—IT services, accounting, planning, internal auditing, human resources and communications—have been combined.

Expanding markets both in France and abroad

In France, Cardif and Natio Vie reaped the benefits of favourable trends in the personal insurance markets, fuelled by strong demand for unit-linked products. Premium income climbed 23%, outstripping market growth by 3 points. Internationally, an important partnership agreement with the Banca di Sicilia was terminated after it was acquired by Banca di Roma, limiting growth in premium income to only 3%. In return, Cardif obtained a 5% stake in Banca di Roma's insurance subsidiary, Roma Vita. Premium income expanded rapidly in all other countries where Cardif or Natio are present. Excluding changes in structure, international growth stood at 20%. Operations were extended into three additional countries in 2000, Japan, Brazil and Slovakia.
Finally, Natio Assurance's non-life business–principally motor and comprehensive home insurance–also enjoyed robust growth. The Retail Banking division's branch network sold 84,000 new policies, 58% more than in 1999.

A promising partnership in India

At the end of 2000, following an international call for tenders, the State Bank of India (SBI) selected Cardif as its exclusive partner to create a joint–venture in personal insurance.

- SBI brings to the table its position as the largest bank in the country, with 13,000 branches and 80 million customers, while Cardif contributes its expertise in bancassurance in France and in numerous other countries.
- The joint-venture will be 74%-owned by SBI and 26% by Cardif, the maximum allowed by Indian law for a foreign partner.
- In view of the size of the Indian market and the standing of the State Bank of India, the potential of this joint–venture is immense.

[Paris]

Located next door to Disneyland Paris, Val d'Europe represents a new generation shopping centre. It was built at a cost of EUR 198 million, of which 40% was financed by Klépierre.

REAL ESTATE

With its team of 900 specialists, BNP Paribas is a top-ranking player in the French property market. It is active in the development, sale and financing of residential and commercial properties, and also acts as administrator or manager on behalf of other property owners. Also, BNP Paribas handles property valuations and manages shopping centres.

The recovery that began in France in 1999 continued into 2000

- Office property transactions set a new record in 2000. As expected, rents followed this trend, rising by 40% in some Paris districts. Investment reached the record level of EUR 8.4 billion, an increase of 30% over 1999, and the vacancy rate shrank to 2.4%.
- In shopping centres, where most business now derives from renovation and remodelling projects, rents rose by 11-25% in Paris and by as much as 50% in some other cities and towns.
- The residential market entered a consolidation phase against a background of buoyant economic conditions, characterised by significant growth, high consumer confidence and low interest rates.

Rapid growth in 2000

With 140,000 m² in commercial properties, Meunier has held onto its leadership position with a market share of 20%. In the residential market, in addition to creating an integrated sales centre and launching an efficient website, Meunier consolidated its 8% market share. The service companies also strengthened their position as leading manager of real estate investment trusts in France, both for BNP Paribas and for the account of other property owners, with a market share of 16%.

Encouraging prospects

The French property market looks set to remain very active in 2001 and the outlook for Meunier is therefore good:

- in commercial properties, Meunier is poised to benefit from favourable economic conditions, and its order book is already well stocked;
- in residential properties, Meunier is diversifying into the multi-unit property segment in Paris and its west suburbs. Two-thirds of the properties under construction have already been sold;
- Klépierre also has big plans for the future.

Klépierre is doubling in size

In commercial properties, Klépierre has signed an agreement to acquire 167 shopping centres from Carrefour, each of which has a hypermarket as an anchor. The deal will make Klépierre the second-largest owner of shopping centres in continental Europe. A long-term property management alliance has also been signed with Carrefour, covering the development of new European sites as well. This transaction will double the portfolio of properties managed by Klépierre's subsidiary Ségécé, which has consolidated its position as the leading shopping centre developer in France and at the expected European level.

For 2001, Klépierre has decided to boost the yield on its shopping centre investments by firming up its rental income so as to turn it into a source of recurring topline growth. The shopping centre acquisition also constitutes a unique opportunity to deepen the relationship with Carrefour over time in the event of extensions or through the acquisition of future shopping centres developed by Carrefour.

Retail Banking

- Retail Banking in France
- International Retail Banking
- Specialised Financial Services

A world in metamorphosis

[Paris]

Two young managers in Retail Banking share a joke.

[Neuilly, a Western suburb of Paris]

One of the most modern banking networks in Europe. 1,200 branches will undergo a facelift in 2001. The programme will be completed in 2002.

Retail Banking in France

[Cannes, South of France]

Retail Banking in France seminar. From left to right: Alain, Xavier and Vivien.
Retail Banking in France is aiming to go far, by leveraging the first-class technical skills of the Private Banking teams and the marketing clout of the Retail Banking network in France. The initial results of the partnership are extremely encouraging.

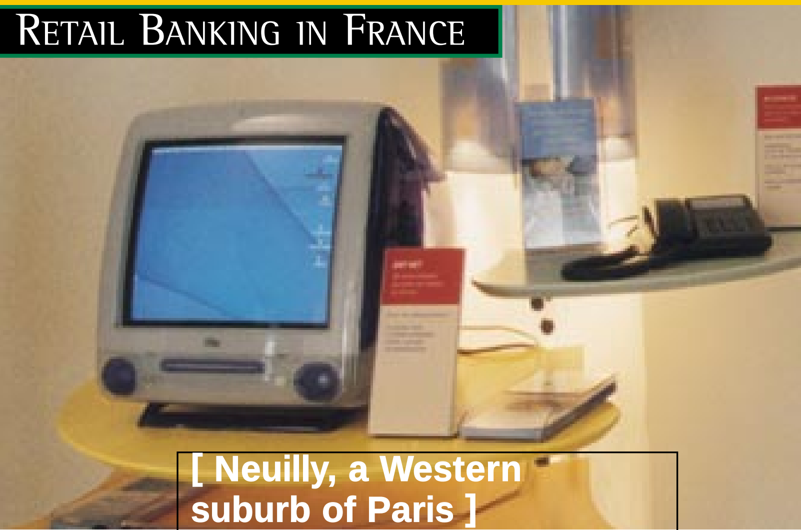
BNP Paribas has a large Retail Banking operation in France, with 6 million customers and a leadership position in Internet banking services, thanks to the Group's dedication to innovation. Through its 2,200 retail branches spread throughout the country, BNP Paribas maintains a personal relationship with its individual, independent professional and corporate customer. In 2000, the business line's tight grip on costs did not prevent it from achieving revenue growth of around 5%.

A powerful network dedicated to customer service

- In 2000, growth in the average number of products sold per customer was accompanied by an increase in the client base. BNP Paribas leads the French market by a wide margin in the high-end segment of the retail banking market and aims to capture business from the younger generations by offering them products specifically tailored to their needs.
- In a buoyant economic environment, where loan demand and deposit and savings volumes were all healthy, BNP Paribas grew selectively. The number of accounts held by individuals rose by 73,000. Outstanding loans expanded by 2.6%, with growth driven by the 9.4% increase in consumer loans. Sight deposits were up by 9.1%. Life-insurance investments climbed by 15% and mutual fund balances advanced by 11.2%.
- Corporate business focuses on services. Fee income from cash management services grew by 10% in 2000, and 20% of corporate customers signed up for the "BNP Net Entreprises" service over an 18-month period. The international trade business also expanded rapidly. Seven dedicated centres were opened in 2000, and fee income from international transactions grew by 13%.

BNP Paribas is France's number-one bank for SMEs.

7,000 new relationships were initiated in 2000, representing a 17% increase over 1999.



[Neuilly, a Western suburb of Paris]

New interior fittings to enhance customer service.

Leading the Internet channel

BNP Paribas was the first French bank to implement a nation-wide Internet platform, and the Group is constantly innovating so as to maintain the leadership position held by BNP Net. In December 2000, Forrester Research ranked BNP Net the fourth-best online banking site in Europe. By the end of the year, the site had reached its target of 400,000 customers.

Reorganised and ready for the challenges ahead

The Retail Banking in France business was recently reorganised so as to maximise its efficiency and better respond to the needs of its customers. It now consists of three core competency groups.

- Distribution, Products and Markets: linking sales and marketing

The first core group encompasses the sales and marketing aspects of the customer relationship. Its marketing arm studies the behaviour and expectations of customers, monitors the market and the competition and creates new products. The sales arm defines how the Group's products and services are sold, sets objectives and tracks execution. Among this group's top priorities are adapting the Group's range of products and services to the Multichannel Bank,

Internet :

BNP Net is meeting its targets

Key figures for 2000:

- **417,000** customers at end-2000
- **53%** of all stock market orders submitted online*
- **12.2 million** Internet connections (3.6 times the 1999 level)
- **131,000** "unique visitors"** in December 2000

** Including Minitel (an early domestic version of Internet).*
*** Internet users who visited the site at least once during the course of the month. A user who visited the site several times during the month is counted only once. In the case of BNP Net, only the visitors to the secure portion of the site are counted.*

expanding the Private Banking offer in France and leveraging cross-selling opportunities with the Corporate and Investment Banking division. Financement et d'Investissement.

- **Operations and After-Sales Service: more efficient back-office platforms**

This core group has two primary responsibilities: organise and redesign, where necessary, the network's back-office platforms and manage its day-to-day operation. Its objective is to handle all transactions in a uniform manner and to achieve consistently high standards of quality. Specialised platforms will be created throughout the country, each handling a specific product rather than focusing on a particular geographic area. The change-over has already begun and will continue throughout 2001.

- **Strategy, Development, Networks and Channels: a consistent vision**

BNP Paribas wants its customers to identify with the Group rather than with a branch, and it wants its lines of business to find expression through a multitude of channels rather than through a rigid, geography-based structure. The third core group has been created to implement these projects in a manner that is consistent with the Group's strategic vision. Upstream, the group will determine the overall architecture of product distribution. Downstream, it will work with the branch networks and other distribution channels to organise implementation, and will develop new tools for measuring performance as the Multichannel Bank is deployed.

Esprit Libre

[Paris]

Stéphane, Isabelle and Yvon from the Esprit Libre team enjoy a walk along the banks of the Seine.
Esprit Libre makes selecting and using the main banking services a lot easier. With Esprit Libre, customers obtain all the services that are essential for their daily life, including a credit card, cash drawing facilities, insurance against the theft or loss of their cheque book or credit card, and multimedia services accessible by telephone or via the Internet. They also benefit from special rates for banking services and can choose from an array of optional products and services.

A new image for a new bank

In addition to beefing up its technological prowess, BNP Paribas has undertaken an unprecedented investment programme to modernise its branch network. The Group is strengthening and rejuvenating its sales network through a concerted effort to hire younger staff. Between 2000 and 2002 the Group plans to hire 3,500 new salespeople in the biggest such programme the Group has seen in more than 20 years. The network re-engineering programme that has been in progress for several years already will continue. The percentage of branches with no on-site back-office was 68% in 1996 and is projected to rise to 95% by 2001 or 2002.

Following the merger of BNP and Paribas, the Group is rolling out its new visual identity both outside and inside Retail Banking's 2,200 branches in France.

At the same time, the exterior of each branch is getting a face-lift and the interior of most of them will also be renovated. The new display-window concept and re-cast interior will show the Group's energy and its eagerness to keep improving the quality of service offered to customers. The programme was launched at the Neuilly branch just outside Paris in December 2000 and will continue until the end of 2002. By the end of 2001, 1,200 branches will have been upgraded.

The Multichannel Bank

Clients of the Multichannel Bank, one of the first of its kind in Europe, will be able to access the same information and execute the same transactions, whether they use the Internet, Minitel, the telephone or walk into a branch. In all cases, they will be connected in real time to the same IT systems.

Ambitious plans for expansion

2001 looks set to be a crucial year for the Retail Banking division in France. New links are being forged with the French Private Banking business line, whose products are already available in the branch network, and this process will be completed in 2001.

An innovative joint-venture will be formed between Retail Banking in France and the Private Banking arm of the Asset Management and Private Banking division. According to a 1999 survey by IPSOS,

[L'Isle-sur-Sorgue, South-Eastern France]

In the Café de France, Élisabeth and Philippe from the BNP Paribas branch in Carpentras enjoy a friendly chat with a customer.

BNP Paribas is already the market leader in France, with a penetration rate of 24% in the high end segment of the private banking market, and the new arrangements are expected to boost the number of customers by 50% over the next three years.

The Multichannel Bank, a project the Retail Banking division in France has been working on for three years, will be deployed beginning in March 2001. Its exceptionally innovative range of services will give it a significant edge over most of its European rivals. The investment required to bring the project to fruition was huge: the capacity of the branch network's telecommunications infrastructure was increased fourfold and two entirely new platforms were created and connected in real time to the workstations of the network's 20,000 customer account managers.

Another important project is the new "BNP Paribas commitment" on quality of service. The new BNP Paribas brand name is to be the starting point for a "new contract" with the customer, wherein the Group's undertaking to satisfy customer needs will go well beyond that of the previous model and represent something entirely new in the banking environment. Innovative services, quality-enhancement procedures and more demanding standards when receiving customers in the branches will be implemented. Beginning in the Spring of 2001, 11 specific commitments regarding service and hospitality will go into effect. Finally, BNP Paribas is continuing to prepare for the change-over to the euro. Among the major French banks, only at BNP Paribas are more than half of the products and services sold to individual customers already denominated in the new currency. BNP Paribas is doing its utmost to ensure that the switch in customer accounts takes place smoothly, as it will for the exchange of paper currency and the subsequent abolition of the franc.

Cash Management

[Magny-Cours, Central France]

Isabelle, Anne, Denys, Frédéric and Emmanuel from the Cash Management team, standing beside a Formula 1 racing car, symbolising their commitment to speed and high technology.

The Cash Management business line offers enterprises and institutions an array of payment and collection management solutions, as well as solutions to optimise their cash management.

BNP Paribas offers a wide range of products and services which combine the domestic offerings of its worldwide network with innovative electronic banking and cash pooling solutions.

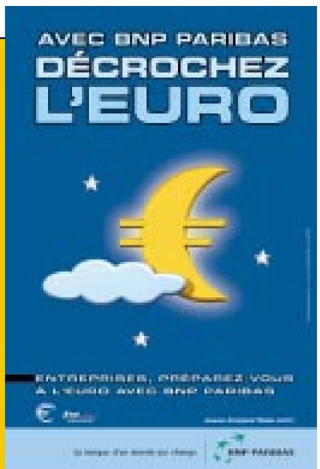
Cash Management, a profitable business that does not require a lot of capital, lies at the heart of the bank's relationship with its customers.

BNP Paribas is the leader in France, with a customer base ranging from SMEs to multinationals and international institutions. It is also the benchmark in Europe among medium-sized and large enterprises.

The Group is also rolling out this service in the world's leading financial centres.

With over 500 specialists worldwide, the Cash Management business line is pursuing an ambitious growth strategy, focusing on innovation and the use of new technologies.

Deep-rooted commitment to the euro

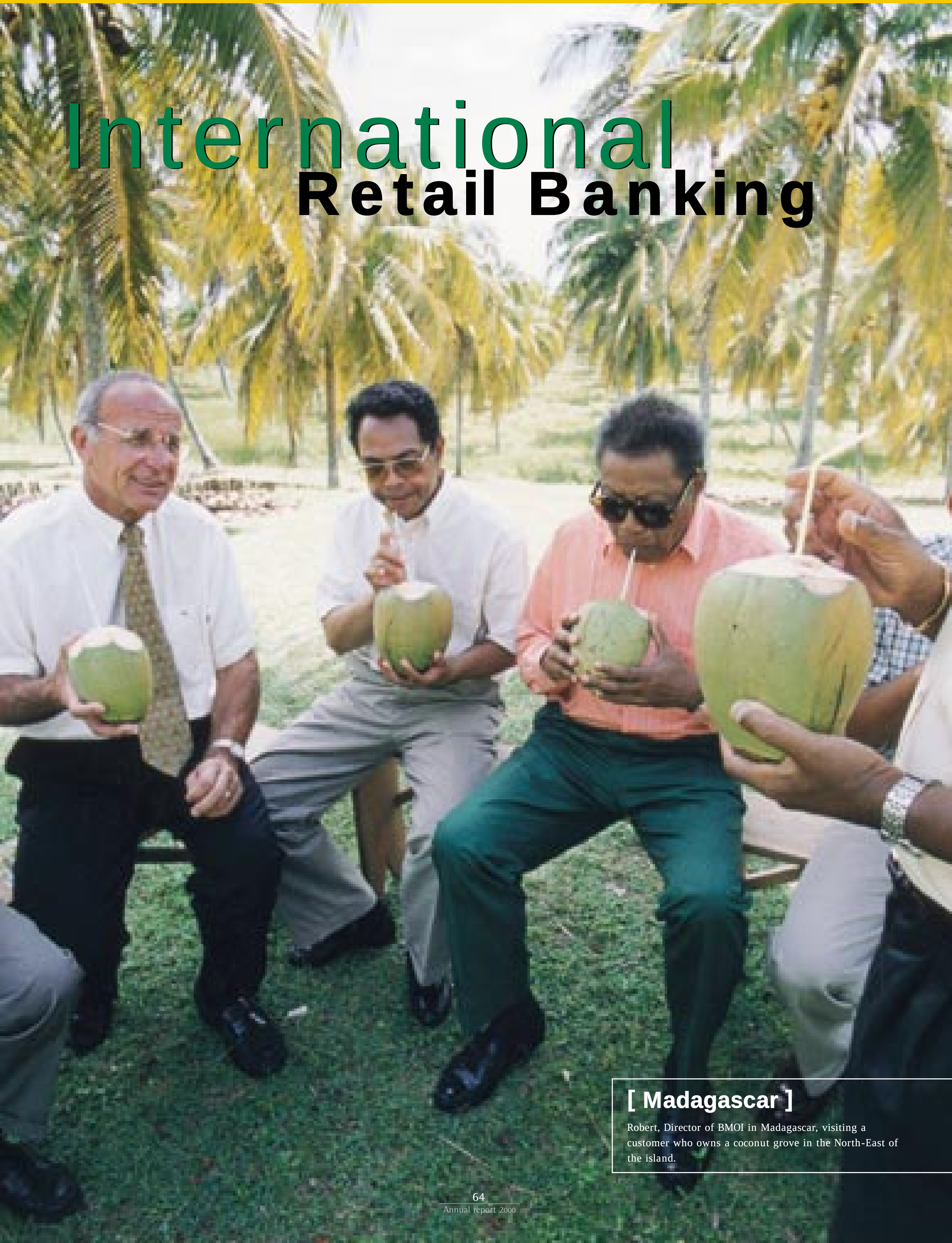


Since the beginning of 1999, BNP has expressed all of its pricing information in euros.

Since 1 January 2001, the branch network has sold the majority of its products in euros:

- **90%** of all PELs (home savings plans)
- **85%** of all personal loans
- **80%** of all other savings plans
- **60%** of all home loans

International Retail Banking



[Madagascar]

Robert, Director of BMOI in Madagascar, visiting a customer who owns a coconut grove in the North-East of the island.

The Group conducts retail-banking activities outside of continental France primarily through its interest in BancWest Corp. and the combination of BNPI and SFOM.

BancWest, formed from the 1998 merger of the Bank of the West and First Hawaiian Bank and 45%-owned by BNP Paribas, is one of the largest regional banks in the Western United States. It serves 1,1 million households and businesses in the Western United States and has 252 branches concentrated in Hawaii and six Western states: California, Nevada, Oregon, Washington, Idaho and New Mexico.

BNPI operates in North Africa, the Middle East and the Indian Ocean region and also manages BNP Paribas subsidiaries located in France's overseas departments and territories. SFOM operates through a number of banks established in sub-Saharian Africa. Together, BNPI and SFOM maintain a network of approximately 300 branches serving nearly one million customers.

[San Francisco]

A Bank of the West branch in Chinatown.

In 2000, International Retail Banking posted a sharp rise in profits. The rapid growth in business volumes was accompanied by tight control over risk.

Having integrated Sierra West, acquired in 1999, BancWest continued to expand through acquisition. It purchased a network of 30 branches in New Mexico and Nevada, representing $1.2 billion in deposits and $300 million in loans. This transaction will take effect in 2001.

In 2000, First Hawaiian Bank, a subsidiary of BancWest, became the largest bank in Hawaii in terms of deposits.

Overall, US retail banking activities serve 1.2 million customers through a network of over 250 branches.

[Casablanca]

In Morocco, BMCI is developing an innovative range of products, including WAP credit and deposit simulations.

In addition, BancWest continued to benefit from the positive effects of the 1998 merger of First Hawaiian Bank and Bank of the West. In 2000, IT platforms for the two banks were fully integrated.

BancWest is less vulnerable than its regional competitors to an economic slowdown, thanks to:

- its strong presence in Hawaii. Hawaii is currently in an upswing and out of phase with the rest of the US;
- its limited commitments to large companies;
- its selective niche strategy in the area of personal loans.

In Morocco, BMCI's strategy of innovation led to further market share gains. BMCI was the first Moroccan bank to offer online services to corporate customers as well as WAP-compatible services and was also the first to obtain ISO 9002 certification for its foreign trade operations.

In the Middle East, the highly-complementary networks of BNP and Paribas have been merged and are being reorganised, paving the way for the Group to create a regional development platform encompassing all lines of business.

BNP Paribas strengthened its presence in Africa during 2000, in particular by acquiring the entire capital of SFOM.
In the Indian Ocean rim, Madagascar-based BMOI (Banque Malgache de l'Océan Indien) continued to post very favourable results, achieving a market share of 25% ten years after opening its doors.
In French overseas departments and territories, International Retail Banking broadened its range of products and services for individuals, enabling it to strengthen its positions and report more healthy results against a background of stiff competition.
Finally, BNPI-SFOM's portfolio is sufficiently diversified to ensure that risk is under control despite a still-fragile economic environment.

International Retail Banking will pursue its policy of rapid growth in 2001, through the acquisition of controlling or minority stakes, depending on opportunities.

[Qatar]

The Qatar building in BNP Paribas livery.

[Madagascar]

The division will place particular emphasis on continued improvement in operational efficiency. With exclusive % control of BNPI and of SFOM since December 2000, International Retail Banking will now be better able to pool its resources, services and products.
By fostering growth, continuing to improve operational efficiency and controlling risk, International Retail Banking is poised to maintain its high level of profitability in 2001 over a broader business scope.

Specialised Financial Services

[Madrid]

Ana, in the Cetelem/Fimestic collection department, chases up a customer with a smile.

High international profile

This business line distributes a range of financial products and services that complement or replace traditional banking services. They include consumer credit (Cetelem), property financing (UCB), distance sale of personal savings products (Cortal), direct banking services for individuals (Banque Directe), corporate capital equipment financing (BNP Paribas Lease Group) and vehicle fleet and IT equipment management (Arval PHH, Artegy, Arius). Companies in the Specialised Financial Services business line each offer innovative products and services and have their own operating platform.

Holding onto the top spot in Europe

The Specialised Financial Services business aims to strengthen its position as leader in Europe in each of its lines of business and to establish a clear presence outside Europe in certain fast-growing markets. To this end, international expansion moved up a gear in 2000.
Development may be achieved through acquisitions, illustrated by the 2000 purchase of PHH in Europe, but it will come mainly from alliances and organic growth, as the operating companies are already market leaders and have superior potential. Such a development strategy will initially require higher expenditure, temporarily limiting profit growth, but in the long run this investment in the division’s future will pave the way for more robust expansion.

Harnessing synergies with the BNP Paribas network

Specialised Financial Services will redouble its efforts to extract synergies from its relationship with the Group’s branch networks, which have vast marketing potential. BNP Paribas has 13.1 million individual customers in the euro-zone countries, including 5.4 million in France.

[Madrid]

Allesandro, Cetelem/Fimestic sales agent, discusses a new loan formula with the manager of an Elite Center store.

CETELEM,

LEADER IN CONSUMER CREDIT IN FRANCE AND THE REST OF EUROPE

Cetelem is the leading supplier of consumer credit in France and the rest of Europe. Products on offer, extending from personal loans to hire purchase and revolving credit accounts, address the full range of consumer financing needs.

Cetelem has built its business plan around three strategic areas:

- the *Aurore* card: Cetelem's flagship product, *Aurore* is a credit card that can be used as a means of payment, a line of credit or to access to a multiservice platform. It is accepted at 249,000 points of sale and held by 12.6 million Europeans;
- partnerships: from the outset, Cetelem has been the retailing industry's financial partner. Leveraging its expertise in scoring, it broadened its partnership strategy in the 1990s to include banking and insurance;
- international expansion: since the mid-1980s, Cetelem has been providing the same services to its large retail partners abroad and it is now present in 22 countries. Its international loan book grew by 35% in 2000.

Cetelem continues to develop its partnerships in France and abroad

Cetelem has signed an agreement with the Belgian group KBC to develop credit-based services in Belgium and similar accords with Spanish banks Caixa Galicia, Banco Zaragozano and Bankinter. Cetelem has also acquired 35% of Axa Crédit, a financial services subsidiary of the Axa group. Business deriving from Cetelem's banking and retailing partnerships advanced by 25% in 2000.

Cetelem.net

Cetelem.net is launched and builds momentum

Cetelem.net federates Cetelem's business development efforts on the Internet. With EUR 46 million in loans distributed in 2000 and partnerships with 700 e-commerce sites that accept the *Aurore* card, Cetelem strengthened its position as France's leader in online consumer credit. Cetelem.net aims to triple its business volume in 2001.

Highlights of 2000 included:
- the merger of Cetelem and Cofica (car loans), strengthening Cetelem's ability to meet market challenges and changes in its competitive environment;
- signature of an agreement with the BNP Paribas branch network allowing Aurore card holders to access BNP Paribas ATMs anywhere in France;
- accelerated expansion abroad, with the opening of Cetelem Slovakia, Cetelem Thailand and Cetelem Korea.

Although consumption held firm in 2000, interest rates rose sharply and competition was fierce. As a result, the personal finance market—in particular personal loans and car loans—saw more moderate growth in France. Against this background, Cetelem remained true to its strong scoring culture and emphasised margins rather than volume.

BNP PARIBAS LEASE GROUP

The French leader in lease financing

Created from the merger of BNP Lease and UFB Locabail, BNP Paribas Lease Group is France's leading capital equipment financing company, serving a wide variety of corporate customers and commanding a 23% market share. BNP Paribas Lease Group is also an important player in property lease financing.

In 2000, BNP Paribas Lease Group:

- financed the real estate portion of the McCain group's largest frozen chips production facility (EUR 76 million);
- signed an agreement with CFM Toyota for the annual financing of 1,500 forklift trucks leased to users;
- strengthened its partnership with Hymer in the fast-growing leisure market;
- was selected by the French Post Office, alongside BNP Paribas' Structured Financing and Syndicated Loans business units, for the financing and financial management of the entire fleet of vehicles plus 2001 purchases.

[Bordeaux, South Western France]

The BNP Paribas Lease Group team visit a Saint Emilion vineyard, to see the equipment they financed at work.

BNP Paribas Lease Group's new range of personal and property
insurance products

was well received, particularly Indicial Ivoire, which offers three levels of protection for the enterprise and the assets of its senior management:
- Indicial Active–corporate protection;
- Indicial Active Pro–professional and personal protection;
- Indicial Triple Protection–legal and financial protection for senior management.

Financial solutions tailored to each investment project:

- medium- and long-term financing of real estate and capital equipment through straight loans and capital leases;
- short-term, floor-plan financing and full-service factoring through BNP Paribas Factor;
- a range of complementary services available at the customer's option, including insurance, employee benefit plans, assistance and maintenance.

Better geographic coverage in France and continued international expansion

Intermediation margins in the French capital equipment market came under intense pressure in 2000 and the personal car financing market stagnated. BNP Paribas Lease Group nevertheless succeeded in matching its 1999 performance in France, granting EUR 5.4 billion in new medium- and long-term financing and EUR 4 billion in new short-term financing, while significantly increasing loan production abroad to EUR 1.26 billion (medium- and long-term) and EUR 1.25 billion (short-term).

BNP Paribas Lease Group has reorganised its branch network to achieve better geographic coverage in France. It is now present in more than 70 French cities and towns. Internationally, it has eight subsidiaries and works with more than 15 BNP Paribas leasing units.

BNP Paribas Lease Group has staff of 2,800, including 500 outside France.

Aiming to consolidate positions

In 2001, BNP Paribas Lease Group aims to consolidate its leadership position in France in the capital equipment financing market, while expanding in property leasing and in the financing of environmental protection and energy saving projects. In the rest of Europe, it plans to meet the ambitious development targets set for 2002 through a combination of new partnership deals, acquisitions and organic growth.

[Bordeaux]

In the wine cellar of Château Tourans.

[London]

An Arval PHH representative discusses terms and conditions with his customer from Carrier, in Leatherhead, on the outskirts of London.

LONG-TERM LEASING AND FLEET MANAGEMENT

- **Cars, through Arval PHH**
- **Trucks, through Artegy**
- **Desk-top assets and other IT equipment, through Arius**

These three companies propose a range of effective, state-of-the-art solutions for companies looking to outsource the management and financing of their logistical and other equipment.
They help their customers remove these assets from their balance sheets while at the same time rationalising their management, lowering costs, adding flexibility and providing access to real-time information.

An eventful year

In 2000, these businesses once again benefited from favourable market conditions which translated into robust organic growth. Adding to this performance, three acquisitions significantly boosted BNP Paribas' position in these markets.

→ In vehicle fleet financing and management, BNP Paribas and Avis Group Inc. formed an alliance leading to the creation of Arval PHH. In addition, Arval acquired the remaining 50% of the capital of Europcar Lease that the Group did not already own. Integrating Europcar Lease, now operating under the Arval brand name, will enable the new combined unit to strengthen its position as leader in the French market, with a total of 137,000 vehicles under management, expand its customer base to include SMEs and take advantage of synergies with the BNP Paribas branch network.

Creation of Arval PHH

BNP Paribas has acquired an 80% stake in the joint-venture that owns PHH Europe, the UK leader in light vehicle fleet management and leasing and in fuel card management.
With a fleet of 641,000 vehicles, the new entity formed from the merger of Arval and PHH Europe, named Arval PHH, is now active in 13 countries and is the top multi-brand fleet leasing and management company in Europe.
The agreement also provides for the strengthening of the marketing alliance with PHH US, Avis' North American subsidiary. PHH US, which now uses the PHH Arval name, manages around 500,000 vehicles.
The alliance will offer scope for common technical and marketing initiatives that will enable the Group to offer seamless solutions to the fleet management needs of multinational companies.

- In its first full year of operation, Artegy was very well received by its large corporate clientele of industrial vehicle users. Thanks to its innovative, flexible, modular product and service offering, Artegy already manages some 5,000 vehicles.

- Following the acquisition of BD Lease, Arius has become France's second-largest manager of desk-top assets and other IT equipment, with annual turnover of EUR 260 million. Arius offers a wide range of services, from adjustable lease contracts and equipment management to multiplatform hardware supply and the buyback of used equipment. Set up in 2001, the Gotham Web agency addresses the needs of enterprises interested in creating interactive web sites.

[London]

UCB, THE HOME LOAN SPECIALIST

UCB is one of France's leading mortgage lenders, with a market share of 3% (excluding government-subsidised loans).

"The first stop before committing to a purchase"

Every year, over 100,000 people on the point of buying a house or an apartment either to live in or as an investment, pay a visit to one of UCB's 180 domestic offices in search of financing. These prospective customers come to UCB via one of the 20,000 property professionals—estate agents, builders, etc.—with whom UCB works closely.

The market is very competitive and volume is growing only slowly. Nevertheless, UCB's aims to expand its business while contributing to BNP Paribas' overall profitability. To do so, UCB will leverage its unique strengths, including its specialisation, its commitment to innovation, effective risk management and a significant market share among civil-service workers.
Since the autumn of 2000, UCB has also benefited from cross-selling opportunities with the retail banking network of BNP Paribas through reciprocal customer-base sharing. Finally, UCB aims to become the French leader in property loan servicing, by making its IT and back-office expertise available to third parties under outsourcing agreements.

[Paris]

Ludovic, sales manager at the UCB branch on avenue du Maine, advising a customer.

UCB granted EUR 2,554 million in new loans in 2000. At the end of the year, UCB managed outstanding loans of EUR 13.8 billion.
UCB has successfully exported its business model to Spain and Italy, where the two subsidiaries set up in 1988, UCI and Banca UCB, continue to grow.
In 2000 they contributed 40% of new loan production, accounted for 30% of outstanding loans and generated 20% of the profits of the UCB group.

UCB has a state-of-the-art, multi-bank IT system

Back-office operations are centralised and use leading-edge technology.
Since 1996, UCB has signed numerous distribution and management agreements, thanks to its ability to offer flexible, comprehensive partnership arrangements.
UCB's strengths prompted Société Générale to outsource the servicing of its residential property loans to UCB in 1999.
With the merger of BNP and Paribas, UCB is now putting its servicing expertise to work for the entire Group.

CORTAL, TOP ONLINE BROKER IN FRANCE AND 6TH IN EUROPE

Cortal helps its 607,000 European customers build and manage their savings by giving them access to several major stock markets and to the full range of investment funds available in the market.
Cortal distributes its products and services via five channels: the Internet, telephone, face-to-face contact at the “Villages de l’épargne” outlets, personal financial advisors and B2B partners.

Still more information for Cortal customers

Cortal customers can access BNP Paribas Equities research online at e-cortal.com. As such, they now benefit from a service previously available only to the Group’s institutional customers. This invaluable information features the medium-term analyses of the principal French and international listed companies, written by experts in each field.
A complementary service is also available by telephone. To guide individual investors in choosing the right stocks for them, Cortal supplemented its online service offer beginning at the end of 2000 by offering a free advisory service available by telephone. A team of market specialists advises Cortal customers over the phone on the purchase and sale of individual stocks, based on the recommendations of BNP Paribas Equities and Trading Central.

In 2000, despite jittery equity markets ...

Equity markets were very volatile in 2000 and technology stocks suffered a severe downturn beginning in the spring.
The year can be divided into two contrasting periods:

- strong growth early in the year, especially in brokerage fees;
- investor hesitation in the second half, exacerbated in France by the elimination of the monthly settlement market.

Short-term investments benefited from more attractive interest rates and drained a large volume of savings during this period of uncertainty.

... Cortal signed up more than 140,000 new direct and managed customers

Cortal implemented a business plan aimed at rapid growth, supported by aggressive spending on customer acquisition. The programme delivered a sharp rise in the number of customers, from 473,000 at the end of 1999 to 607,000 a year later. In the course of the year, the number of online accounts tripled to 156,000, well ahead of the target Cortal had set at the start of the year.
In light of the potential for growth in both the mutual and individual investment markets in Europe, Cortal’s challenge is to step up its expansion while at the same time strengthening its position as the leader in the French market. The number of

non-French customers, 33,000 at end-2000, is set to double by the end of 2001.
Belgium, Spain, France, Italy and the UK are Cortal's primary target markets in Europe, supported by a local presence. In these five markets, and from an "off-shore" base in Luxembourg, Cortal is positioning itself as a full-service broker, with the ability to respond to the full range of individual investor needs through its comprehensive service offering.

Expansion in Europe to move up a gear

Cortal has drawn up an ambitious development plan to take advantage of the potential of the collective and individual investment markets in Europe, against the background of today's competitive situation. The plan will be backed by significantly higher spending on measures to build up the customer base, including advertising, mailshots and external growth initiatives. On average, 30% of Cortal's 2000 to 2002 revenues will be devoted to customer acquisition, vs. 13% in 1999.
Belgium, Spain, France, Italy and the UK constitute Cortal's primary target markets. By 2003, these five countries are set to account for more than 50% of online brokerage fees in Europe.

[Marseilles, Southern France]

Holders of small portfolios of shares in a Cortal "Villages de l'épargne". The aim of these outlets is to allow people who do not have a home computer with Internet access to obtain information about Cortal's online products and services and to learn how to place a stock market order and track the performance of their portfolio. Financial advisors and asset management specialists are on hand to produce savings plans and portfolio simulations, as well as to provide tax planning advice.

[Paris]

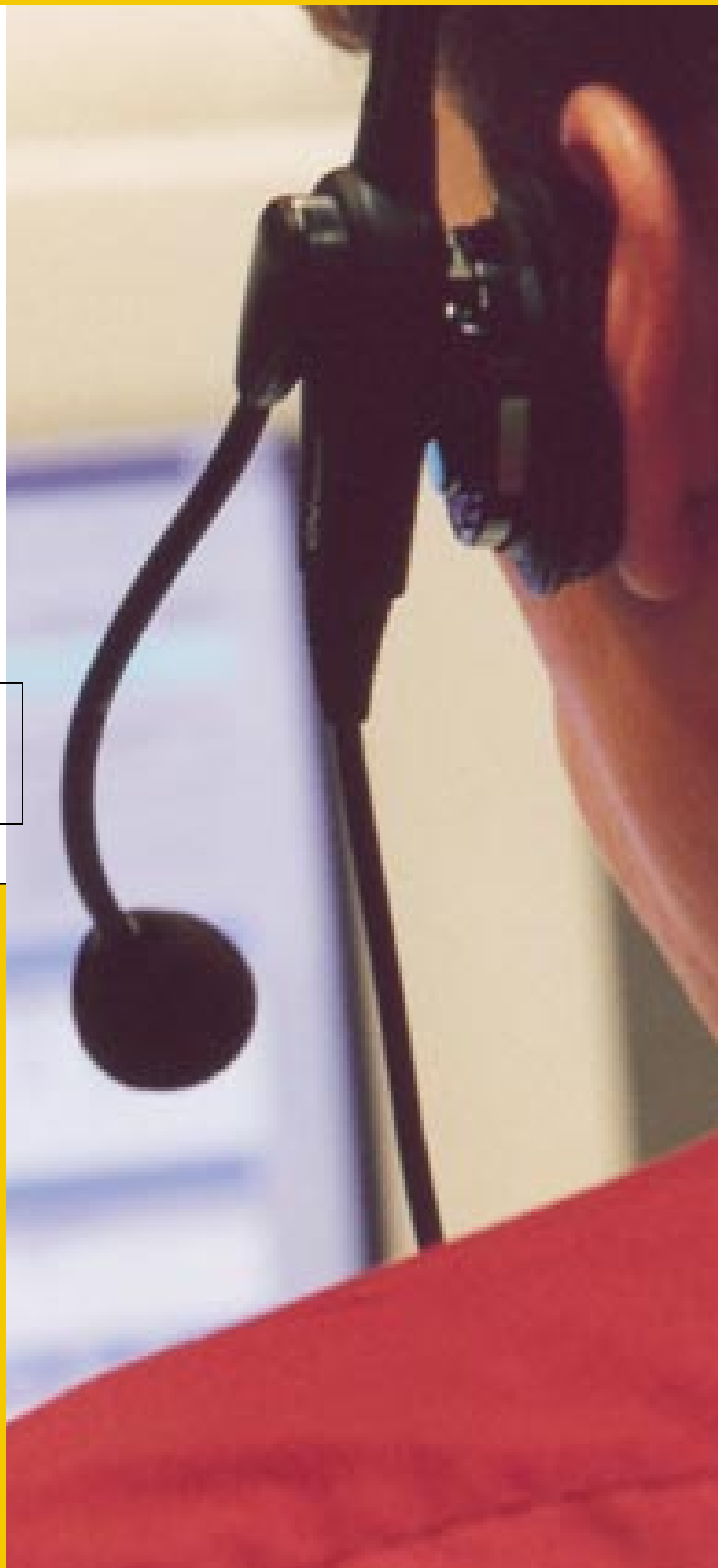
11 p.m., the Banque Directe team taking night-time calls from account holders.

BANQUE DIRECTE,
NO. 1 ONLINE BANK IN THE EURO ZONE

With more than 120,000 accounts and 82,000 customers at the end of 2000, Banque Directe is the leader of the French distance banking market. It was launched in 1994 as a telephone bank, then evolved from 1997 into the leading Internet bank in the country. Banque Directe has a comprehensive online service offering including current accounts and related services, savings and credit products and online brokerage. New products–including online market access from June 2000, savings accounts paying interest at 5% from September 2000, Directe Card from October 2000 and fee-based account services–have helped to speed up the pace of business growth. In 2000, Banque Directe attracted 50% more new customers than it did in 1999.

Ranked among the 50 favourite websites of French Internet users in a November 2000 Motivaction survey, banquedirecte.fr attracts 230,000 visitors per month.

A Forrester study of 40 online banking sites in Europe, conducted at the same time and based on the criteria of functionality and user-friendliness, ranked banquedirecte.fr first among euro-zone banks and “100%-online” banks and third overall. But with competition hotting up in this market with the entry of new players, Banque Directe is not resting on its laurels. It has decided to step up customer acquisition efforts in 2001 by diversifying the products used capture new customers and by creating strategic partnerships.



[Paris]

Even in the middle of the night, Banque Directe teams are wide awake and ready to answer customers' questions.

“Directe Card”, a worry-free way to shop the Internet

On 6 November 2000, Banque Directe provided a further demonstration of its ability to innovate by launching Directe Card. The online banking leader, with more than 74% of customer contacts coming from the Internet, Banque Directe is also the first bank to offer a genuine response to security concerns about purchases over the Internet. Directe Card is an international Visa card guaranteeing reimbursement within 48 hours in the event of fraudulent Internet use and covering the risks of incorrect or undelivered merchandise purchased on the Internet.

BNP Paribas Capital

[Laroque d’Olmes, South-Eastern France]

A BNP Paribas Capital team visits the Michel Thierry factory. PAI Management negotiated and structured PAI LBO Fund's investment in this company.

STRATEGIC FOCUS

During 2000, the Group's private equity business, carried out primarily through a set of investment funds, was brought together under the BNP Paribas Capital banner.

Investment fund highlights:

- placing of the BNP Europe Telecom and Media Fund 2 was completed, raising $196 million;
- placing of the Banexi Venture 3 venture capital fund was completed, raising EUR 150 million;
- at the end of the year, marketing began on PAI LBO Fund's successor fund. The new fund will be oriented in largely similar fashion, concentrating on medium to large leveraged buyouts in Europe.

The new BNP Paribas Capital structure is designed to ensure that its strategy is implemented as efficiently as possible:

- Belgian subsidiary Cobepa has become the Group's primary vehicle for future private equity investments. BNP Paribas offered Cobepa's other shareholders the opportunity either to benefit fully from this new strategic direction or to sell their shares to the Group under a public tender offer at EUR 74 per share. The offer was widely taken up, raising BNP Paribas' interest in Cobepa from 58.8% to 98.4%.

Highwave Technologies

Founded in March 1998, Highwave Technologies specialises in the manufacture of optical components for the telecommunications industry. The Banexi Venture 2 venture capital fund has been an investor in the company since the outset and has benefited from its extraordinary growth.
Highwave's June 2000 flotation was an outstanding success.
At the end of December, the company's market capitalisation of EUR 2.38 billion was the largest on the Nouveau Marché.

[Laroque d'Olmes]

Philippe, André-Joël and Claire talking to the Chief Executive of Michel Terry.

All of the Group's future private equity investments will take place through Cobepa, which will either participate in the funds managed or advised by BNP Paribas staff or invest alongside them. In addition, Cobepa staff will study and track the Benelux investments of the funds managed by PAI Management.

- Specialised teams have been set up within BNP Paribas Capital. They will operate independently, manage specific funds and advise the Group on the management of the portion of its portfolio in the team's sphere of competence.

Finally, in line with the Group's business plan, BNP Paribas Capital's activity continued to evolve towards a fund management model and the Group scaled down its proprietary portfolio.
The cash proceeds from these disposals totalled EUR 2.1 billion.

Frans Bonhomme

PAI Management structured and managed the LBO of Frans Bonhomme, the French and European leader in the distribution of plastic pipes and connectors to the construction industry.

Frans Bonhomme manages 148 warehouses and stores covering the whole of France. It controls 29% of the French market.

Prior to the LBO, Frans Bonhomme had already launched a programme to open new points of sale. The store opening programme has now been expanded. PAI Management and the management of Frans Bonhomme are now studying other potential development projects, in particular outside France.

INVESTMENTS AND DIVESTMENTS

Principal divestments:

- block sale of 3.3% of Sema Group in May;
- sale of a controlling interest in Hurel-Dubois to Snecma at a significant premium to market price. Hurel-Dubois is an aerospace equipment manufacturer listed on the Second Marché;
- sale of a controlling interest in Mestrezat et Domaines, a grower and merchant of Bordeaux and Burgundy wines;
- block sale early in the year of Equant shares and sale of most of the remaining stake in Phone.com/Openwave, generating a significant capital gain;
- sale of GTI shares in connection with the capital reduction that took place following the 1999 agreements with SNCF Participations;
- sale of a new block of RTL Group shares in the context of the 1999 agreement with GBL;
- sale of Saupiquet shares to the Italian company Trinity Alimentary, subsidiary of the Bolton group;
- sale by Cobepa of 10 million Aegon shares, representing 39% of the stake held at 31 December 1999, sale of half of the stake in Bayer and of the entire Dexia position, in line with the strategy announced at the time of the takeover bid;
- participation of Paribas Deelnemingen in the placing of Versatel shares, following the telecom operator's flotation.

Principal investments

The funds managed or advised by BNP Paribas Capital's management companies continued to pursue their active investment strategy. During the year, these funds invested a total of EUR 670 million, in particular through transactions realised by PAI Management (Michel Thierry, Carreman, Frans Bonhomme, United Biscuits, LD Com).

Finally, via the Group's directly-held portfolio, BNP Paribas Capital participated in share issues by Bouygues Telecom and SR Teleperformance. BNP Paribas Capital is an active financial partner of these two companies.

Portfolio value and profits

BNP Paribas Capital manages an overall portfolio with an estimated value of EUR 8.1 billion, making it one of Europe's foremost industrial portfolios.

BNP Paribas Capital's 2000 bottom line confirmed once again that this business represents a source of recurring profits for the Group. For the 2001-2002 period, BNP Paribas Capital is targeting a pre-tax return on equity of 30%, and its medium-term target is 25%.

United Biscuits

In buying United Biscuits, PAI Management, the company that manages PAI LBO Fund, initiated, structured and completed the largest leverage buyout ever realised in Europe.

United Biscuits has annual sales of some £1.3 billion. It is the world's fourth-largest manufacturer of biscuits, the second-largest in Europe and the largest in the UK.

The £1,375 billion transaction required complex financial engineering. It involved a public tender offer, a delisting, the sale of certain assets to Danone and Nabisco, primarily in Asia, Eastern Europe and Scandinavia, and the purchase of Nabisco's European biscuit operations.

United Biscuits offers attractive potential for expansion and profit growth, through concentration on five principal brands: McVities, Jaffa, Penguin, Go Ahead and BN.

Financial and Legal

Board of Directors

Corporate Governance

Shareholder Information

Financial Report

Information

[London]

London headquarters internal view.

Board of Directors

as of 28 February 2001 (1)

Michel Pébereau

Chairman and Chief Executive Officer of BNP Paribas

Born on 23 January 1942

Elected on 22 May 1997. Term expires at the 2003 AGM

Number of BNP Paribas shares held: 55,003

- Director of:
  Lafarge
  Total Fina Elf SA
  Saint-Gobain
- Member of the Supervisory Board of:
  Axa
  Galeries Lafayette
  Dresdner Bank AG, Germany
- Permanent representative of BNP Paribas on the Board of:
  Renault

Patrick Auguste

BNP Paribas executive

Born on 18 June 1951

Elected on 6 March 2000 for 6 years

Number of BNP Paribas shares held: 115

Claude Bébéar

Chairman of the Supervisory Board of Axa

Born on 29 July 1935

Elected on 23 May 2000. Term expires at the 2003 AGM

Number of BNP Paribas shares held: 2,096

- Director of Schneider Electric

Jean-Louis Beffa

Vice Chairman of the Board of Directors of BNP Paribas
Chairman and Chief Executive Officer of Compagnie de Saint-Gobain

Born on 11 August 1941

Elected on 22 May 1997. Term expires at the 2003 AGM

Number of BNP Paribas shares held: 9,393

- Director of:
  Vivendi Universal
  Groupe Bruxelles-Lambert, Belgique
- Permanent representative of Saint-Gobain on the Board of:
  Claude Bernard Participations
  Le Monde Entreprises (Sorefo)

(1) The information concerning the number of shares held and other directorships and equivalents was correct at 31 December 2000.

Jack Delage

BNP Paribas employee

Born on 26 January 1946

Elected on 31 January 2001 for 3 years

Number of BNP Paribas shares held: 30

Bernd Fahrholz

President of the Management Board of Dresdner Bank, Frankfurt

Born on 4 August 1947

Appointed on 8 June 2000

Appointment to be submitted for ratification at the AGM of 15 May 2001

Number of BNP Paribas shares held: 10

- Director of:
  BMW AG, Allemagne
  Fresenius Medical Care AG, Hof a.d. Saale, Allemagne

Michel François-Poncet

Vice Chairman of the Board of Directors of BNP Paribas

Born on 1 January 1935

Elected on 23 May 2000. Term expires at the 2003 AGM

Number of BNP Paribas shares held: 21,850

- Vice Chairman of Pargesa Holding SA, Suisse
- Member of the Supervisory Board of Axa
- Director of:
  Eridania Beghin-Say
  LVMH
  Schneider Electric SA
  Total Fina Elf SA
  Finaxa
  Erbé, Belgium
  Power Corporation, Canada

Jacques Friedmann

Born on 15 October 1932

Elected on 4 May 1999. Term expires at the 2005 AGM

Number of BNP Paribas shares held: 2,005

- Director of:
  Alcatel
  Vivendi Universal
  Total Fina Elf SA

François Grappotte
Chairman and Chief Executive Officer of Legrand

Born on 21 April 1936

Elected on 4 May 1999. Term expires at the 2005 AGM

Number of BNP Paribas shares held: 250

- Director of France Télécom
- Member of the Supervisory Board of Michelin

Paul-Louis Halley
Director of Carrefour

Born on 11 September 1934

Elected on 23 May 2000. Term expires at the 2003 AGM

Number of BNP Paribas shares held: 1,849

- Chairman of the Supervisory Board of Paroma
- Director of SND Halley Frères

Philippe Jaffré
Chairman and Chief Executive Officer of Europ@web

Born on 2 March 1945

Elected on 22 May 1997. Term expires at the 2003 AGM

Number of BNP Paribas shares held: 390

- Chairman of the Supervisory Board of Zebank
- Member of the Supervisory Board of Suez Lyonnaise des Eaux

Alain Joly
Chairman and Chief Executive Officer of L'Air Liquide

Born on 18 April 1938

Elected on 22 May 1997. Term expires at the 2003 AGM

Number of BNP Paribas shares held: 2,076

- Director of Lafarge

Denis Kessler
President of the Fédération française des Sociétés d'assurances-FFSA

Born on 25 March 1952

Elected on 22 May 2000. Term expires at the 2003 AGM

Number of BNP Paribas shares held: 406

- Vice President of Mouvement des entreprises de France-Medef
- Director of:
  Associés en Finance
  Cetelem
  Dexia et Dexia France
  Bolloré Investissement
  Groupe Vendôme-Rome

Jean-Marie Messier
Chairman and Chief Executive Officer of Vivendi Universal

Born on 13 December 1956

Elected on 4 May 1999. Term expires at the 2005 AGM

Number of BNP Paribas shares held: 200

- Chairman of the Supervisory Board of Canal+
- Director of:
  Alcatel
  Compagnie de Saint-Gobain
  LVMH
  New York Stock Exchange, USA

Jean Morio
BNP Paribas employee

Born on 2 April 1948

Elected on 31 January 2001 for 3 years

Lindsay Owen-Jones
Chairman and Chief Executive Officer of L'Oréal

Born on 17 March 1946

Elected on 13 May 1998. Term expires at the 2004 AGM

Number of BNP Paribas shares held: 1,000

- Chairman of:
  L'Oreal USA, Inc., USA
  L'Oreal (UK) Ltd, United Kingdom
- Director of:
  L'Air Liquide
  Gesparal
  Lafarge
  Sanofi-Synthélabo

David Peake
Chairman of BNP Paribas UK Holdings Ltd, London

Born on 27 September 1934

Elected on 13 May 1998. Term expires at the 2004 AGM

Number of BNP Paribas shares held: 375

Baudouin Prot
Director and Chief Operating Officer of BNP Paribas

Born on 24 May 1951

Elected on 7 March 2000. Term expires at the 2005 AGM

Number of BNP Paribas shares held: 12,405

- Director of Péchiney
- Member of the Supervisory Board of:
  Pinault-Printemps-Redoute
  Fonds de Garantie des Dépôts
- Permanent representative of BNP Paribas on the Board of:
  Accor
  Cofinoga
  Banque Pétrofigaz
  Answork

Louis Schweitzer
Chairman and Chief Executive Officer of Renault

Born on 8 July 1942

Elected on 13 May 1998. Term expires at the 2004 AGM

Number of BNP Paribas shares held: 1,400

- Director of:
  Électricité de France
  Péchiney
- Member of the Supervisory Board of Philips, Netherlands

René Thomas
Honorary Chairman of BNP Paribas

Born on 13 January 1929

Elected on 4 May 1999. Term expires at the 2005 AGM

Number of BNP Paribas shares held: 3,264

- Director of:
  Essilor
  Vivendi Universal
  Chargeurs
  Usinor

[Hong Kong]

BNP Paribas Hong Kong.

Corporate governance

BNP Paribas has consistently set an example for other French corporations in the area of corporate governance. Worldwide standards of corporate governance are evolving rapidly and the Group works constantly to improve and adapt its organisation to take account of the best practices in this area. In 2000, the Group was named “Best CAC 40 company” by Deminor for its treatment of shareholders, for the second year running.

Board of Directors

Composition of the Board of Directors

The Board of Directors now has 20 members, following the election to the Board of Claude Bébéar, Michel François-Poncet, Paul-Louis Halley and Denis Kessler at the General Meeting held on 23 May 2000, when shareholders approved the merger of BNP and Paribas to create BNP Paribas. In accordance with a resolution voted at that meeting, the new directors have been elected for a three-year term in accordance with the standards of best practice in the area of corporate governance. The meeting also ratified the appointment to the Board of Baudouin Prot, Chief Operating Officer, to replace Jacques Henri Wahl for the remainder of the latter’s term. Following the ballot held on 25 January 2001, Jack Delage was re-elected and Jean Morio was elected to represent non-executive BNP Paribas employees, for a three-year term. At the Annual General Meeting to be held on 15 May 2001, on second call, shareholders will be asked to ratify the appointment to the Board of Bernd Fahrholz, to replace Bernhard Walter for the remainder of the latter’s term.

Independent directors

According to the definition contained in the Medef-Afep Committee report on corporate governance dated July 1999: “*An independent director is a director who does not have any ties with the company or the group that could affect the free exercise of his or her judgement*.”

BNP Paribas considers that directors elected to represent employees are independent, due to the method by which they are elected and their status. The number of independent directors on the Board of BNP Paribas significantly exceeds the minimum of one-third recommended in the Medef-Afep Committee report:

- two directors, Michel Pébereau and Baudouin Prot, are members of the BNP Paribas Executive Committee and Michel François-Poncet, Vice Chairman of the Board, also attends Executive Committee meetings;
- BNP Paribas has fourteen non-executive directors– Claude Bébéar, Jean-Louis Beffa, Bernd Fahrholz, Jacques Friedmann, François Grappotte, Paul-Louis Halley, Philippe Jaffré, Alain Joly, Denis Kessler, Jean-Marie Messier, Lindsay Owen-Jones, David Peake [(1)], Louis Schweitzer and René Thomas . René Thomas [(2)], Honorary Chairman, has specific responsibility for representing the interests of small shareholders;
- employees are represented by three directors, Patrick Auguste, Jack Delage and Jean Morio (replacing Yves-Marie Joubert).

Directors’ charter

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 Paribas shares that each director should hold.

At the General Meeting of 23 May 2000, the shareholders approved the recommendation made by the Board and voted to limit to three years the term of office of new directors.

(1) David Peake is non-executive Chairman of BNP Paribas UK Holdings Ltd.
(2) René Thomas has not held an executive position in the Group since 1993.

Activities of the Board of Directors

The Board of Directors met eight times in 2000. Key issues discussed during these meetings included:

- the procedures to be implemented to complete the merger between BNP and Paribas;
- the public offer to buy out the minority shareholders of Paribas and the BNP-Paribas merger agreement;
- Group strategy, including strategies for the Securities and Private Banking businesses, BNP Paribas Capital and Cobepa;
- the 2001 budget, the 1999 annual financial statements and the 2000 quarterly and half-yearly financial statements;
- the new rules of the Group stock option plans, the 2000 stock option plan and the employee rights issue;
- the recommendations of the Medef-Afep Committee report on corporate governance, the changes to be made to the membership of the Committees of the Board following the election of new directors and the launch of the procedure to renew the appointment of the Auditors.

Activities of the Committees of the Board

In 1994, the Group created Special Committees of the Board, chaired by non-executive directors. Since 1997, members of the Executive Committee no longer sit on these Committees but they attend meetings as and when required, together with leading members of their teams. This arrangement goes beyond the recommendations of CRBF Regulation 97-02 on Internal Control and the Medef-Afep Committee recommendations of July 1999.

• Financial Statements Committee

The Financial Statements Committee has seven members, all of whom are independent directors. The current members are Philippe Jaffré, Chairman of the Committee, Patrick Auguste, Jean-Marie Messier, David Peake, René Thomas and, since the Board Meeting of 15 November 2000, Paul-Louis Halley and Denis Kessler. The Committee meets at least four times a year. The Auditors attend meetings held to discuss the financial statements.

The Committee is responsible for reviewing:

- the financial statements, prior to their presentation to the Board;
- financial documents prior to their publication;
- financial and accounting issues, including the choice of accounting principles, the appropriateness and consistent application of accounting policies, provisions, the management accounts, capital adequacy requirements and profitability indicators;
- service proposals presented by the Auditors;
- the Auditors' work programme;
- the Auditors' recommendations and the action taken to implement these recommendations.

Activities during 2000

The Committee met five times in 2000. The main issues discussed were as follows:

- consolidation of the Paribas Group;
- the new French accounting standards applicable to consolidated financial statements;
- procedure for the selection of the Auditors;
- the 1999 results of the Bank and the Group;
- special work performed by the Auditors;
- first quarter 2000 results;
- BNP-Paribas merger-related restructuring costs;
- first half 2000 results;
- third quarter 2000 results;
- share buyback policy.

• Internal Control and Risk Management Committee

The six members of this Committee, all of whom are independent directors, are Jacques Friedmann, Chairman, Jack Delage, François Grappotte, Yves-Marie Joubert, Louis Schweitzer and René Thomas. Meetings are held at least twice a year.
The Committee is responsible for reviewing:

- the report on the Group's system of internal control;
- the activity report of the Group Internal Auditors;
- correspondence with the French banking authorities (Commission Bancaire);
- the main lines of the Group's lending policy, based on risk and profitability indicators;
- any specific issues related to these matters and methods.

Activities during 2000

The Committee met three times in 2000. The main issues discussed were as follows:

- the 1999 report on the Group's system of internal control;
- the Group's reply to a question from the French banking authorities (Commission Bancaire) on the subject of country risks;
- the "Group Risk Management" function;
- the "Ethics and Compliance" function;
- the "Group Credit Risks" function;
- the "Group Internal Audit and Inspection" function.

• Compensation and Nominations Committee

The four members of this committee, all of whom are independent directors, are Alain Joly, Jean-Louis Beffa, Philippe Jaffré and Claude Bébéar (appointed at the Board Meeting of 15 November 2000).
The responsibilities of the Compensation and Nominations Committee are to:

- deal with all questions relating to the personal status of Group officers, including their remuneration, pension benefits and stock options;
- assess the compensation packages of senior management and commission benchmarking surveys to obtain assurance that these packages are both reasonable and competitive;
- advise the Chairman on the compensation to be awarded to members of senior management and on the granting of stock options;
- examine senior management succession issues;
- participate in the choice of candidates to be recommended for election to the Board;
- prepare employee stock option plans.

Activities during 2000

The Committee met three times in 2000. The main issues discussed were as follows:

- new stock option plan rules;
- new stock option plan;
- candidates for election as directors;
- proposal to reduce the term of office of new directors to 3 years;
- review of the results of a senior management compensation benchmarking study commissioned by the Committee;
- proposals concerning fixed and variable directors' fees;
- proposed allocation of directors' fees for 2000.

Directors' fees

The total fees paid to the directors are determined by the General Meeting of shareholders.
At the General Meeting of 23 May 2000, the shareholders approved the motion tabled by the Board of Directors—based on the recommendation of the Compensation and Nominations Committee—to set the fee payable to each director for 2000 at EUR 22.8 thousand (11th resolution of the 23 May 2000 Meeting). In addition, the chairmen of the Committees of the Board each receive EUR 7.6 thousand and the other members of these Committees receive EUR 4.6 thousand.
The total fees awarded to members of the BNP Paribas Board of Directors amount to EUR 0,485 million.

COMPENSATION

Senior management compensation

During 2000, the Compensation and Nominations Committee reviewed the compensation awarded to senior management, with the assistance of specialist consultants. The Committee's conclusions were approved by the Board of Directors. Senior management receive a fixed salary reflecting the nature and importance of their responsibilities. In addition, they receive a variable performance-related bonus, the amount of which is capped. The amount of the bonus depends in part of the achievement of the Group's 1998-2002 business plan objectives and its annual budget objectives, and in part on each individual's personal contribution to preparing the Group's future.

- The fixed salary paid to Michel Pébereau, Chairman and Chief Executive Officer, for 2000 amounted to EUR 762,245 and he also received a variable performance-related bonus of EUR 1,372,041.
- The fixed salary paid to Baudouin Prot, Director and Chief Operating Officer, for 2000 amounted to EUR 533,572 and he also received a variable performance-related bonus of EUR 907,072.

The Chairman and Chief Executive Officer and the Director and Chief Operating Officer are not paid a salary by any other Group companies and do not receive any directors' fees from Group companies other than as directors of BNP Paribas SA.

- The fixed salary paid to Dominique Hoenn, Chief Operating Officer, for 2000 amounted to EUR 533,572 and he also received a variable performance-related bonus of EUR 907,072. The fees received by Dominique Hoenn in his capacity as director of certain Group companies were set off against his variable bonus.

The variable bonuses awarded to the Chairman and Chief Executive Officer and to the two Chief Operating Officers are paid on the basis provided for in the BNP Paribas Deferred Bonus Plan.

The Chairman and Chief Executive Officer and the Chief Operating Officers have company cars.

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

Pay reviews are conducted by all Group companies throughout the world according to a standard timetable.

The fixed component of employees' compensation is determined by reference to market rates in the country concerned, taking into account each individual's responsibilities.

In the Corporate and Investment Banking and Private Banking businesses, bonuses are determined by reference to the business's profitability. The objective is to set bonuses at a competitive level, to ensure that the Group retains the best talent, while at the same time maintaining an appropriate ratio between payroll expenses and profits.

In the other business lines and the corporate functions, management bonuses are determined annually according to each individual's personal performance. Performance assessments are based on individual objectives and the skills required by the position concerned.

The variable bonuses of Retail Banking sales staff in France are determined according to criteria that are adjusted each year based on national and local development plans.

Total compensation of the executive Committee

The total compensation paid to the 12 members of the Executive Committee in 2000, excluding directors' fees, in their capacity as executives of BNP Paribas SA and other Group companies, totalled EUR 11.17 million.

Principles governing the determination of senior management compensation

The compensation paid to members of the BNP Paribas Executive Committee includes a fixed salary and a variable performance-related bonus.

Their variable bonuses are based on two sets of criteria. The first set relates to the overall performance of the Group, measured in terms of return on capital employed and by reference to other indicators. The second set concerns their contribution to the Group's development and results, by virtue of their function and through their personal efforts. Personal performance is measured by reference to clearly-defined annual objectives and the qualities of commitment, ambition, creativity and responsiveness demonstrated by the executive concerned.

ETHICS

At the time of the merger between BNP and Paribas, the system designed to guarantee adherence to the Group's code of ethics was restructured and strengthened based on best practices within the two legacy banks.

BNP Paribas attaches considerable importance to preventing money laundering and fighting corruption. In addition to complying with the applicable laws and regulations in the various countries in which the Group operates, BNP Paribas has established strict ethical rules that apply throughout the Group. These rules are based on the recommendations of the Financial Task Force on Money Laundering and they also comply with the anti-money laundering requirements of the International Convention of 17 December 1997 and subsequent legislation.

In addition to addressing these particularly sensitive issues, the "ethics-compliance" team monitors compliance with the laws, regulations and regulatory guidelines in France and in all other countries where the Group does business, concerning:

- rules of conduct designed to ensure that the customer's interests always come first and to protect the integrity of the financial markets;
- controls over investment services (in France, as defined in the general rules of the Conseil des Marchés Financiers) and third party asset management services;
- definition of the ethical obligations of members of staff with access to sensitive and hyper-sensitive information and staff with regular access to inside information (prevention of insider-trading) and monitoring of compliance with these obligations.

The Group "ethics-compliance" team is headed by the Group Compliance Officer, Christian Aubin, advisor to the Chairman. The team comprises six members—one for each line of business—and the head of the compliance administration unit. In addition, compliance officers have been appointed in each line of business and in each geographic area. In total, over 120 people within the Group deal with ethical and compliance issues on a full or part-time basis.

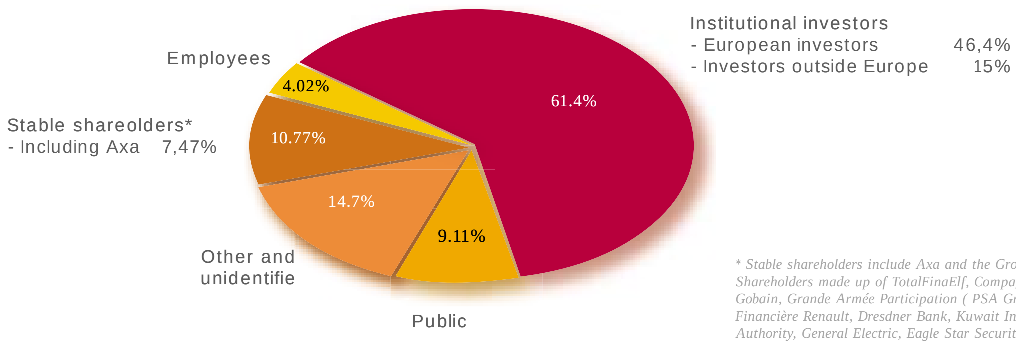
The aim of BNP Paribas is to continue to achieve exemplary standards of performance in this area.

Shareholder Information

[Paris]

The BNP Paribas headquarters at 16, boulevard des Italiens in the 9th arrondissement of Paris.

BNP Paribas ownership structure
at 31 December 2000



*Stable shareholders include Axa and the Group of Stable Shareholders made up of TotalFinaElf, Compagnie de Saint-Gobain, Grande Armée Participation (PSA Group), Financière Renault, Dresdner Bank, Kuwait Investment Authority, General Electric, Eagle Star Securities Ltd (BAT Group).

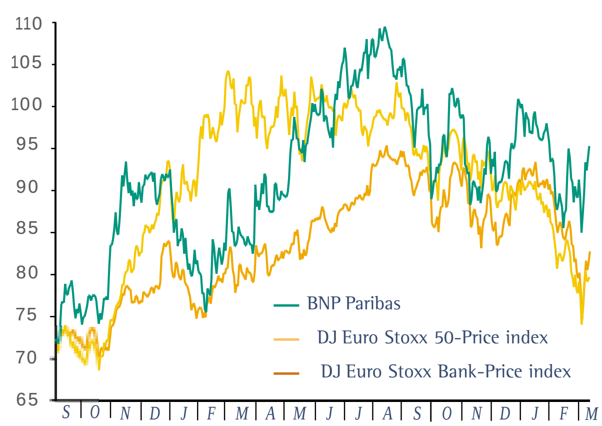
Share performance

When the shareholders of BNP and Paribas approved the merger between the two banks at the Extraordinary General Meetings of 23 May 2000, BNP shares became BNP Paribas shares. The Euroclear-France (ex-Sicovam) code for BNP Paribas is the same as the previous BNP code (13110).
BNP shares were first listed on the Cash Settlement Market of the Paris Stock Exchange on 18 October 1993, following privatisation, before transferring to the Monthly Settlement Market on 25 October 1993.
When the monthly settlement system was eliminated on 25 September 2000, BNP Paribas shares became eligible for Euronext's Deferred Settlement Service (SRD). The shares are also traded on SEAQ International in London and on the Frankfurt Stock Exchange. A 144A ADR program has been active in the US since privatisation, where the Bank of New York is the depository bank. Initially, each ADR corresponded to 1 BNP share. The ADR programme was upgraded to Level 1 on 17 March 2000, providing wider access to US investors. At that time, the parity was reduced so as to boost liquidity, with four ADRs now representing one BNP Paribas share. Finally, BNP Paribas has been listed on the Tokyo Stock Exchange, where Paribas was previously listed, since 13 March 2000.

BNP was included in the CAC 40 index on 17 November 1993 and the Euro Stoxx 50 index on 1 November 1999. Since 18 September 2000, BNP Paribas has been included in the Dow Jones Stoxx 50. All of these listings have fostered liquidity and share price appreciation, because the BNP Paribas share now figures in every portfolio and fund that tracks the performance of these indexes.

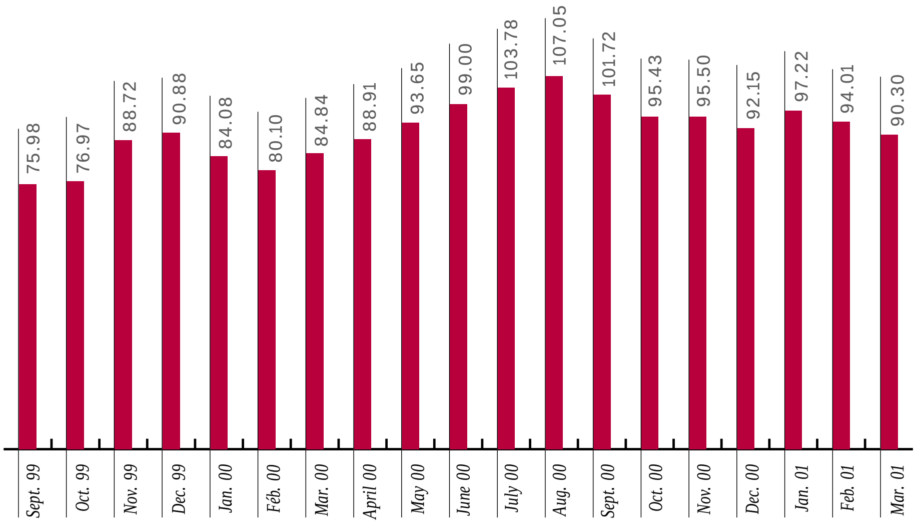
- On 29 December 2000, the share price was EUR 93.5, up 2.07% from the 30 December 1999 price of EUR 91.6.

Share performance since 1 September 1999
Comparison with the DJ Euro Stoxx and DJ Euro Stoxx Bank indexes
(indexes rebased on share price)



Source Datastream.

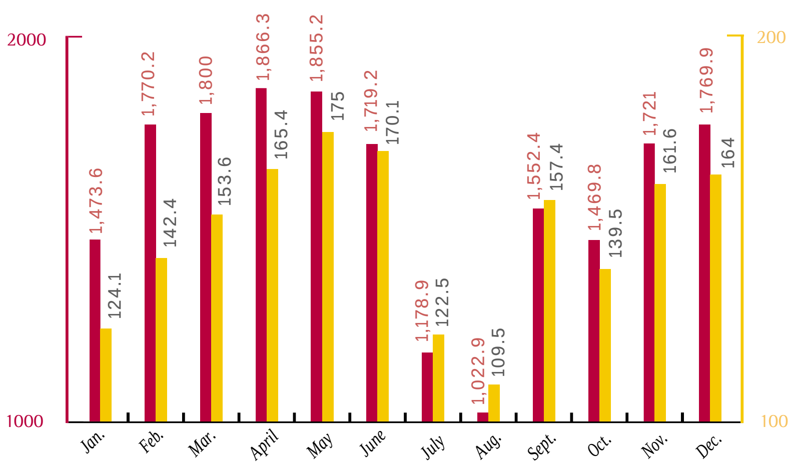
AVERAGE MONTHLY SHARE PRICES



→ The market capitalisation of BNP Paribas totalled EUR 41.89 billion (FRF 274.8 billion) on 29 December 2000, making it the tenth-largest CAC 40 company (and the 29th largest Euro Stoxx 50 company).

→ Trading volume rose significantly during 2000, with the daily average amounting to 1,595,101 shares, 23.6% above the 1999 average of 1,290,660 shares.

TRADING VOLUME



Volumes : daily average in thousand shares.

Amount (in EUR million), daily average.

BUYOUT AND DELISTING OF PARIBAS SHARES

The buyout offer ran from 18 to 31 January 2000, at EUR 111 per Paribas share. Untendered Paribas shares were redeemed by BNP at the price of EUR 111 per share on 1 February 2000.

Yield and Performance Data

In euros	2000	1999	1998	1997	1996
Number of shares at 31 December	448,064,715	449,666,744	218,410,671	213,244,188	207,434,993
Earnings per share (1)	9.40	7.80(3) 5.57(3)	5.16	4.31	2.85
Net assets per share (6)	46.07(4)	42.30	45.45	42.21	40.83
Total dividend per share (2)	3.38(4)	2.63	2.25	1.60	1.23
Payout rate (in %)	24.5(4)	30.1(5)	29.4	25.0	29.0
Share price					
→ High	109.50	93.45	87.35	53.36	34.36
→ Low	75.55	66.25	40.11	29.85	26.15
→ Year-end	93.50	91.60	70.16	48.77	30.61
CAC 40 index	5,926.42	5,958.32	3,942.66	2,998.91	2,315.73

(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 General Meeting of 15 May 2001.
(5) Based on pro forma net income after restructuring costs (EUR 2.615 million).
(6) After distribution.

Principles Governing the Granting of Stock Options

BNP Paribas offers stock options to all employees who, through their personal efforts, make a significant contribution to the creation of value.

In April 2000 the Board of Directors granted 877,100 options to 1,214 managers and executives who successfully steered the new group through the merger process. No stock options were granted to the Group's senior management during 2000.

Like the options granted to senior managers at the end of 1999, these options are exercisable at a price equal to the market value of the BNP Paribas share at the time of grant and will vest only if no payments are made on 30 June 2002 with respect to the Contingent Value Rights certificates. Should any payment be due on the Contingent Value Rights certificates, the options will not be exercisable.

Creating Value for Shareholders

Beginning this year, BNP Paribas reports on how much value has been created for shareholders, using a medium-term investment horizon similar to that used by the majority of individual investors.

Total Shareholder Return (TSR)

Calculation parameters:

- dividends include the avoir fiscal tax credit at a rate of 50% and are assumed to have been reinvested in BNP shares then BNP Paribas shares;
- returns are gross returns, *i.e.* before any tax payments.

● Since privatisation in October 1993

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

GROWTH IN THE INVESTMENT

	Gross dividend per share (in euros)	Gross dividend received by shareholder (in euros)	Price of shares acquired by reinvesting dividends (2) (in euros)	Fractional share acquired by reinvesting gross dividends	Total number of shares after gross dividend reinvestment
1994	0.69 (1)	0.69	37.17	0.0186	1.0186
1995	0.73 (1)	0.82 (3)	34.30	0.0239	1.1425(3)
1996	0.82 (1)	0.94	27.36	0.0344	1.1769
1997	1.23 (1)	1.45	38.28	0.0379	1.2148
1998	1.60 (1)	1.94	75.92	0.0256	1.2404
1999	2.25	2.79	80.85	0.0345	1.2749
2000	2.625	3.35	93.95	0.0357	1.3106

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

Closing price on 29 December 2000 = EUR 93.5, valuing the initial investment at 93.5 x 1.3016 = EUR 122.54. This represents an average annual increase (average annual TSR for the period) of 18.27%.

● Over 5 years

Initial investment = 1 share at the opening price on 2 January 1996 (EUR 33.57).

GROWTH IN THE INVESTMENT

	Gross dividend per share (in euros)	Gross dividend received by shareholder (in euros)	Price of shares acquired by reinvesting dividends (2) (in euros)	Fractional share acquired by reinvesting gross dividends	Total number of shares after gross dividend reinvestment
1996	0.82(1)	0.82	27.36	0.03	1.03
1997	1.23(1)	1.27	38.28	0.0332	1.0632
1998	1.60(1)	1.70	75.92	0.0224	1.0856
1999	2.25	2.44	80.85	0.0302	1.1158
2000	2.625	2.93	93.95	0.0312	1.147

(1) To be consistent with subsequent years, it has been assumed that the dividend was paid in cash and not in shares, although the Board of Directors approved the payment of scrip dividends for the years in question.
(2) Based on the assumption that the dividend was reinvested in shares at the opening price on the first trading day after the ex-dividend date.

Closing price on 29 December 2000 = EUR 93.5, valuing the initial investment at 93.5 x 1.147 = EUR 107.24. This represents an average annual increase (average annual TSR for the period) of 26.15%.

Five-year comparison of an investment in BNP Paribas shares with the “Livret A” passbook savings account and medium-term Treasury notes

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

● Investment of EUR 33.57 on 1 January 1996 in a “Livret A” passbook savings account:

At the investment date, the official interest rate on Livret A accounts was 4.5%. On 1 March 1996, the rate was reduced to 3.5%. On 16 June 1998, it was reduced to 3%, then to 2.25% on 1 August 1999, and returned to 3% on 1 July 2000. At 31 December 2000, the account balance is EUR 39.19.

The value created through an investment in BNP Paribas shares, reflecting the additional risk, totalled 107.24 – 39.19 = EUR 68.05 over five years.

● Investment of EUR 33.57 on 1 January 1996 in five-year French government notes:

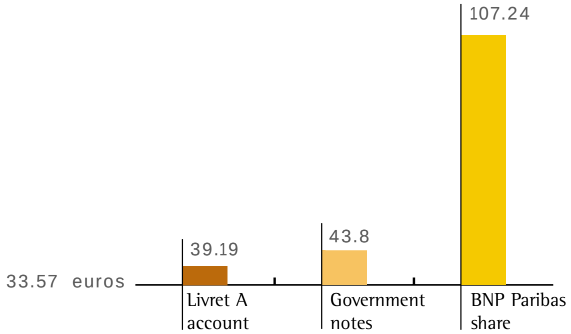
The five-year interest rate (BTAN) on that date was 5.6312%; at the end of each subsequent year, interest income is re-invested in a similar note at the following terms:

- 4,2382% (BTAN) en january 1997 for 4 years,
- 4,2969% (BTAN) en january 1998 for 3 years,
- 2,9802% (BTAN) en january 1999 for 2 years,
- 4,0033% en january 2000 for 1 year (Euribor).

At the end of five years, the accrued value of the investment is EUR 43.80.

The additional value created by choosing BNP Paribas shares as the investment vehicle is therefore 107.24 – 43.80 = EUR 63.44 over five years.

Comparative total yields over 5 years for an investment of EUR 33.57



Communicating with shareholders

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

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

The BNP Paribas Shareholder Relations department informs and listens to the Group’s 800,000 individual shareholders. A semi-annual financial newsletter informs both members and non-members of the “Cercle BNP Paribas” of important events concerning the Group. Members of senior management present the Group’s policy to individual shareholders at meetings organised in the main French cities and towns during the course of the year, which in 2000 included Lille on 15 June 2000 and Marseilles on 13 September 2000.
Finally, representatives of BNP Paribas, met and spoke with over 1,000 people at the “Actionaria” trade show held in Paris on 18 and 19 November 2000.

SHAREHOLDER INFORMATION

The 47,000 individual shareholders who hold at least 150 shares each are members of the Cercle BNP Paribas. Two or three times a year, in alternation with the financial newsletter, they receive la Vie du Cercle, a publication inviting them to take part in artistic and cultural events with which BNP Paribas is associated. In 2001, the range of events will be expanded to include seminars on the stock market and financial services on the Internet, to be held both in Paris and in other parts of the country. Shareholders can access these services by dialling a special toll-free telephone number: 0800 666 777 (calls originating in France only).

In the first half of 2000, the BNP Paribas Shareholder Relations team sent all identifiable former Paribas shareholders a simplified investment income form for tax purposes (no. 2074), including the supplementary schedules and instructions. This information was prepared in cooperation with the French tax authorities so as to facilitate requests for the deferral of tax liability arising from the BNP - Paribas share exchange offers. It was modified in early 2001 to take account of new legislation that suspended tax liability as of 1 January 2000.
A BNP Paribas Shareholder's Guide was distributed at the Annual General Meeting and at other shareholder events. It is available upon request.

Since 1998, the BNP Paribas web site (http://invest.bnpparibas.com) provides information on the Group, including press releases, key figures and details of key developments. Annual and interim reports can be viewed and downloaded, as can presentations to financial analysts. Webcasts of the Annual General Meeting can also be viewed through the site. In addition, an Individual Shareholder area (in French and English) has been created to address the specific needs of individual investors in terms of information and proposed events.

Recent information about the BNP Paribas group is also available on the French Minitel service (code 3614 BNPACTION), which also allows shareholders to ask questions, leave messages or order documents. des questions, laisser un message ou commander

Shareholder Liaison Committee

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

Headed by Mr Pébereau, the Committee includes a member of the Board of Directors, ten representative shareholders, both geographically and socio-economically, and two employees or former employees. The Committee meets at least twice a year, at the end of March and the end of September.

Each member serves a three-year term. When their terms expire, as announced in the press and the Group's various financial publications, any shareholder can become a candidate, provided he or she holds the requisite number of shares for attending Ordinary General Meetings, currently ten shares.

The initial members of the Liaison Committee are as follows:

- **M. Michel Pébereau**, chairman and CEO of BNP Paribas;
- **M. René Thomas**, Board member;
- **Mme Frédérique Dambrine**, BNP Paribas employee;
- **M. Jean-Marie Gabas**, BNP pensioner;
- **Mme Dominique Vigneron**, 47, resident of the Seine–Maritime département;
- **M. Patrick Ballu**, 57, resident of Reims;
- **M. Jacques Begon**, 57, resident of the Loire département;
- **M. André Brouhard**, 69, resident of Nice;
- **M. Jean-Pierre Edrei**, , 56, Paris region resident;
- **M. Joseph Fauconnier**, 76, resident of Amboise;
- **M. Jean-Baptiste Fernandez**, 47, Paris region resident;
- **M. Marcel Grégoire**, 63, resident of the Jura département;
- **M. Rémy Lauprêtre**, 52, resident of Le Havre;
- **M. Michel Rolland**, 68, resident of the Haute-Garonne département.

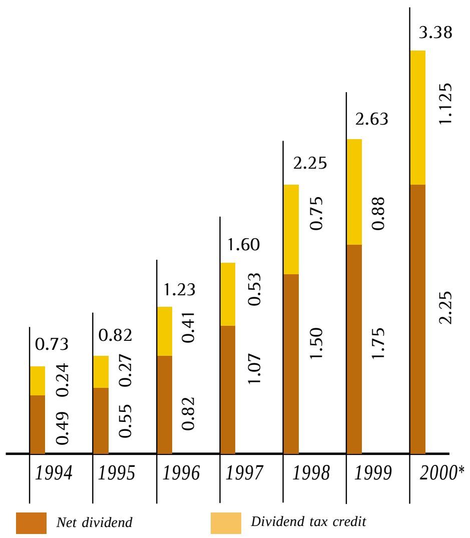
[Paris]

The BNP Paribas Shareholder Liaison Committee at the inaugural meeting held at the Bank's headquarters.

DIVIDENDS

At the 15 May 2001 Annual General Meeting, the Board of Directors will recommend a net dividend of EUR 2.25 per share. Including the dividend tax credit (at 50%), the gross dividend will be EUR 3.375 per share.
The dividend will be payable as from 11 June 2001. The proposed distribution amounts to EUR 1,008.5 million, up 28% from EUR 787.7 million in 2000. The proposed pay-out rate is 24.5%.

DIVIDEND GROWTH
(IN EUR PER SHARE)



* Subject to approval at the Annual General Meeting of 15 May 2001.

In connection with the share buyback programme approved by the Annual General Meeting of 23 May 2000, during the year BNP Paribas purchased 15,623,408 of its own shares on the open market.
A total of 5,130,173 shares were issued during the year, upon exercise of stock options and in connection with the Employee Savings Plan, and 7,053,612 shares were cancelled.

REGISTERED SHARES

The 2,800 holders of BNP Paribas registered shares:
- automatically receive all of the information documents the Group sends to shareholders;
- can dial a special toll free telephone number 0 800 600 700 (calls originating in France only) to place buy and sell orders;
- benefit from reduced brokerage fees; and
- as always, pay no custodial fees and are systematically invited to General Meetings.

Further services will be added in 2001, including a dedicated Internet server.

ANNUAL GENERAL MEETING

The Board of Directors calls an Ordinary General Meeting at least once a year to vote on the agenda set by the Board. Ordinary Meetings may be attended by all shareholders that hold ten or more shares.

The Board may call Extraordinary General Meetings for the purpose of amending the Articles of Association, for example to increase the Bank's capital. Resolutions are adopted by a two-thirds majority of shareholders present or represented.
All shareholders may attend Extraordinary Meetings regardless of the number of shares held.

Ordinary and Extraordinary General Meetings may be called in a single notice of meeting and held on the same day. BNP Paribas will hold its Annual and Extraordinary General Meetings on 15 May 2001, on second call.

BNP Paribas, wins prize for the "Best Annual General Meeting" in 2000

The General Meeting to approve the merger was held on 23 May 2000 on second call. All resolutions were approved by a comfortable majority. The text of the resolutions and the video of the meeting can be viewed on the BNP Paribas web site, where the original live webcast took place.

Based on a total of 138 criteria, **BNP Paribas won the prize for "Best Annual General Meeting in 2000" awarded** jointly by the magazine *Le Revenu*, the investor relations consulting firm Ecocom and the shareholders association Anaf.

Notice of Meetings

- Holders of registered shares who have owned their shares for at least one month prior to the meeting date are notified by post. The notice of meeting contains the agenda, the draft resolutions and a postal voting form.
- Holders of bearer shares are notified via notices of meetings or announcements published in the financial press.
- Attendance at Meetings
  Holders of ten or more shares in the case of an Annual General Meeting or one or more shares in the case of an Extraordinary General Meeting or combined Annual and Extraordinary General Meetings may gain admittance to the meeting provided the shares have been recorded in their accounts for at least five days. Holders of bearer shares must in addition present an entry card or certificate indicating that ownership of their shares has been temporarily frozen.

Voting

Shareholders who are unable to attend a General Meeting may complete and return to BNP the postal voting form/proxy enclosed with the notice of meeting. This document enables them to either:

- vote by mail;
- give proxy to their spouse or another shareholder; or
- give proxy to the chairman of the meeting or indicate no proxy.

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

Disclosure thresholds

In addition to the legal thresholds, any shareholder, whether acting alone or in concert, who comes to hold directly or indirectly at least 0.5% of the capital or voting rights of BNP Paribas, or any multiple thereof up to 5%, is required to notify BNP Paribas by registered letter with return receipt.

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

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

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

History of the Group and Description of the core businesses

Report of the Board of Directors

Consolidated Financial Statements

Parent Company Financial Statements

General Information

Resolutions proposed at the Combined Annual and Extraordinary General Meeting of 15 May 2001

Financial


Report
[Milan]
Luca et Luca, Fixed Income.

HISTORY OF THE GROUP
DESCRIPTION OF THE CORE BUSINESSES

HISTORY

2000: Creation of BNP Paribas
Merger of BNP and Paribas
on 23 May 2000

On the eve of the third millennium, a new group was born –BNP Paribas. Leveraging strong banking and financial services businesses, the new Group's objectives are to create value for shareholders, customers and employees by building the bank of the future and becoming a benchmark player in the global market

1999
Nineteen ninety-nine was a watershed year for the Group. Following an unprecedented double tender offer and a stock market battle waged over six months, BNP was in a position to carry out a merger of equals with Paribas. For both groups, this was the most important event since their privatisation. By combining their strengths, BNP and Paribas moved up a league and created new development opportunities. In the current period of economic globalisation, the merger has created a leading player in the European banking sector, poised to compete on a global scale.

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

1993: Privatisation of BNP
BNP's return to the private sector represented a new beginning. During the 1990s, new banking products and services were launched and the Bank expanded its presence in France and internationally, while preparing to reap the full benefits of the introduction of the euro.

1987: Privatisation of Compagnie Financière de Paribas
With 3,8 million individual shareholders, Compagnie Financière de Paribas had more shareholders than any other company in the world. Compagnie Financière de Paribas owned 48% of the capital of Compagnie Bancaire.

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

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

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

BNP's origins date back to 1848 and the creation of Comptoir National d'Escompte de Paris and Comptoir National d'Escompte de Mulhouse. Paribas' origins date back to 1872 when Banque de Paris et des Pays-Bas was created through the merger of Banque de Paris, established in 1869, and Banque de Crédit et de Dépôt des Pays-Bas, established in 1863 in Amsterdam.

DESCRIPTION OF THE CORE BUSINESSES

Corporate Finance and Investment Banking

This core business includes:

- capital markets activities (Equities, Fixed Income-Forex and Treasury) and corporate finance activities;
- specialist financing (structured finance, project finance, international trade financing and specialist financing for the commodity and energy sectors);
- commercial banking services

Private Banking, Asset Management, Securities Services, Insurance

This core business encompasses:

- the asset management subsidiaries (BNP Paribas Asset Management) and the private banking business;
- the personal insurance companies - mainly life insurance (Natio-Vie, Cardif) - and the non-life insurance business (Natio Assurances);
- custodial and other securities services.

Retail Banking

Retail Banking in France

This principal activity comprises the BNP Paribas branch network in France, la Banque de Bretagne and BNP Développement.

International Retail Banking

The International Retail Banking includes retail banking operations on the West Coast of the United States and in Hawaii, with BancWest, and in the Mediterranean rim-Africa region and the French overseas departments and territories, with the subsidiaries of BNPI and SFOM.

Specialised Financial Services

Specialised Financial Services include the following businesses (with the names of the main subsidiaries shown in brackets):

Consumer loans (Cetelem), Equipment leasing (BNP Paribas Lease), Property leasing (UCB), Brokerage services and Savings investment advice (Cortal), Long-term rental and fleet management (Arval-PHH), Online banking (Banque Directe).

And BNP Paribas Capital

BNP Paribas Capital spearheads the Group's private equity activities.

The business lines do not include the Group's real estate operations, the properties used in the business and the Group's portfolio of equities.

REPORT OF THE BOARD **OF DIRECTORS**

In 2000, BNP Paribas achieved further earnings and margin growth.

All of the Group's businesses contributed to the increase in income and to the success of the merger in an extremely favourable environment.

Net income for the year totalled EUR 4.12 billion (FRF 27 billion), an increase of 57.7% compared with 1999 or 26.3% before merger-related restructuring costs.

Growth in net income reflected the sharp rise in gross operating income, which brought the cost/income ratio down to 64.2% from 66.6% in 1999. This strong earnings performance boosted the Group's post-tax return on equity to 20.9% in 2000 from 17.1% the previous year.

These very satisfactory results were obtained in a year devoted to implementing the merger that led to the creation of the new Group. The merger has been a success and the synergies announced at the outset have been and will be achieved more rapidly than expected.

The Group is implementing an ambitious, targeted development policy in its core businesses, all of which contributed to earnings growth in 2000.

Earnings per share reached EUR 9.4 in 2000, an increase of 29% compared with the 1999 pro forma figure.

23 May 2000: BNP Paribas is formed

2000 was the first full year of operation of the BNP Paribas Group in its new configuration, following approval of the merger at the Extraordinary General Meeting of 23 May of that year. The integration process went smoothly and was completed ahead of schedule. The new organisation was fully operational by the middle of the year and the Group wasted no time in taking advantage of the favourable conditions in the capital markets and the generally good business environment.

The merger yielded cost synergies of EUR 268 million before tax in 2000, well in excess of the target of EUR 140 million. The share buyback programme announced last year has been completed. At 31 December 2000, the Group's capital adequacy ratio stood at 10.5%, including a Tier 1 ratio of 7.5% (1).

(1) After deducting the maximum potential cost of the Contingent Value Rights certificates, the capital adequacy ratio comes to 10.1% including a Tier 1 ratio of 7.1%

(2) Comparisons are based on the BNP Paribas Group pro forma consolidated results for 1999, which were determined by adding to the BNP Group's book results (including the contribution of Paribas in the fourth quarter, based on BNP Group accounting policies), the results of Paribas (based on Paribas accounting standards) for the first nine months of the year. Like-for-like means at constant exchange rates and based on a comparable Group structure.

GROUP CONSOLIDATED RESULTS (2)

In 2000, net banking income rose 13.4% to EUR 16.3 billion. With constant scope and exchange rates growth was 8.1%. The controlled 9.3% increase in operating expenses and depreciation (4.2% with constant scope and exchange rates) contributed to a 21.6% rise in gross operating income (15.7% with constant scope and exchange rates) to EUR 5.8 billion, yielding a cost/income ratio of 64.2% versus 66.6% in 1999.

The Group reaped the full benefits of the combination of highly favourable developments in the worldwide banking and financial services markets in the first half of the year. In the more uneven and more difficult second half environment, the Group significantly improved its results compared with the same period of 1999.

Net additions to provisions for credit risks and country risks increased by 6.1% to EUR 1.1 billion. However, with constant scope and exchange rates change was a decrease of 4.7%. Operating income expanded by 26.1% (21.6% with constant scope and exchange rates) to EUR 4.7 billion.

Including gains on long-term investments and the Group's share of the earnings of companies accounted for under the equity method, which together rose by EUR 193 million or 10.5%, income before tax and non-recurring items came to EUR 6.7 billion, an increase of 20.9% or 18.1% with constant scope and exchange rates.

After taking into account other components of net income, including goodwill amortisation and non-recurring items, as well as corporate income tax and minority interests, consolidated net income totalled EUR 4.1 billion, up 26.3% on 1999 before merger-related restructuring costs

(15.7% with constant scope and exchange rates) and 57.7% after restructuring costs.Return on equity stood at 20.9%, a 3.8 point increase compared with 1999 (17.1% before restructuring costs).

In millions of euros and %	2000	1999 Pro forma	Change 2000/1999	1998 Pro forma
Net banking income	16,263	14,339	13.40%	11,814
Operating expenses and depreciation	(10,438)	(9,549)	9.30%	(8,503)
Gross operating income	5,825	4,790	21.60%	3,311
Net additions to provisions for credit risks and country risks	(1,142)	(1,075)	6.10%	(1,769)
Net operating income	4,683	3,715	26.10%	1,542
Share of earnings of companies carried under the equity method	317	235	34.90%	583
Capital gains and losses	1,709	1,597	7.01%	1,205
Private Equity business	995	765	30.10%	na
From sales of equities	714	832	(14.30%)	na
Amortisation of goodwill	(144)	(172)	(15.70%)	(105)
Non-recurring items	(381)	(138)	176.10%	(130)
Net non-operating income	1,501	1,522	(1.50%)	1,553
Income before tax	6,184	5,237	18.10%	3,095
Corporate income tax	(1 632)	(1 659)	(1.70%)	(782)
Minority interests	(428)	(312)	37.20%	(197)
Net income	4,124	3,266	26.30%	2,116
Merger-related restructuring costs	-	(651)	-	(400)
Net income after restructuring costs	4,124	2,615	57.70 %	1,716

Allocated capital by business line and return on allocated capital

	Allocated capital		Return on allocated capital		Allocated capital (in %)	
In billions of euros and in %	1999	2000	1999	2000	1999	2000
1) Retail Banking in France	4.4	4.6	19%	22%	21%	22%
2) International Retail Banking	1.1	1.4	25%	35%	5%	7%
3) Specialised Financial Services	2.2	2.4	23%	21%	11%	11%
4) Corporate and Investment Banking	8.6	7.9	21%	27%	42%	38%
5) Private Banking and Asset Management	2.1	2.4	27%	38%	10%	11.5%
6) BNP Paribas Capital	2.2	2.2	37%	47%	11%	10.5%
TOTAL BUSINESS LINES	20.6	20.9	23%	29%	100%	100%

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 core business is increased by an amount equal to 0.25% of assets under management. Similarly, the capital allocated to the private equity business is increased by an amount corresponding to a certain percentage of the net book value of the portfolio. 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 insurance industry solvency ratios.

RESULTS BY CORE BUSINESS

All of the Group's business lines contributed to earnings growth.

CORPORATE AND INVESTMENT BANKING (BFI)

Against a background of economic growth and rising prices on financial markets, particularly in the first half, the Corporate and Investment Banking core business improved on the performance achieved in 1999, which was already considered as a record year. The core business confirmed its leadership in Europe and Asia and built significant positions in the Americas.

Corporate and Investment Banking (in millions of euros and %)	2000	1999	2000/1999
Net banking income	6,114	5,391	13.4%
Operating expenses and depreciation	(3,537)	(3,148)	12.4%
Gross operating income	2,577	2,243	14.9%
Provisions	(514)	(420)	22.4%
Other income and expenses	88	(26)	nm
Pre-tax income	2,151	1,797	19.7%
Allocated capital (in billions of euros)	7.9	8.6	
ROE before tax	27%	21%	

Net banking income based on allocated capital rose by 13.4% (7.6% with constant scope and exchange rates) to EUR 6,114 million and gross operating income expanded 14.9% (10.6% with constant scope and exchange rates) to EUR 2,577 million. This represented a very satisfactory performance in light of the deterioration in market conditions observed at the end of the year.

Net additions to provisions for credit risks and country risks increased by 22.4% (12.6% with constant scope and exchange rates) to EUR 514 million. Pre-tax income came to EUR 2,151 million, up 19.7% (16.9% with constant scope and exchange rates). Return on allocated capital before tax stood at 27% in 2000 versus 21% in 1999.

Corporate finance and capital markets businesses

Corporate finance and capital markets businesses generated net banking income of EUR 3,698 million, up 16.5%. Trading revenues, corresponding mainly to transactions carried out on behalf of customers, accounted for 45% of this amount and 17% of the BNP Paribas Group's total net banking income. The value of overnight exposures to market risks (VaR, 1 day holding period, 99% confidence level) has consistently remained below EUR 60 million since early April 2000, when the BNP Paribas positions were integrated and risks started to be monitored on an aggregated basis. Net income from these businesses totalled EUR 1,234 million, up 18.4%, yielding a return on allocated capital before tax of 47% versus 32% in 1999.

Specialised financing generated net banking income of EUR 1,354 million, up 26.9%. BNP Paribas was ranked as second leading arranger of syndicated loans in Europe [(3)] and was named Bank of the Year for project financing in Asia.[(3)] The Group also won the "European Project Finance Loan of the Year award" [(3)] for the Al Taweelah project in Qatar and the "Best Loan of the Year award" [(3)] for the financing of France Telecom's acquisition of Orange. With net income of EUR 548 million, up 18.6%, the specialised financing business generated a return on allocated capital before tax of 26% compared with 24% in 1999.

Although the average capital allocated to the commercial banking business was reduced by 11.8% compared with 1999, net banking income generated by this business contracted by only 3.3% to EUR 965 million and income before tax increased by 5.4% to EUR 274 million. Return on allocated capital before tax edged up to 9% from 8% in 1999.

In total, capital allocated to the Corporate and Investment Banking core business to EUR 7.9 billion from EUR 8.6 billion.

(1) Source: Thomson Financial.

Private Banking, Asset Management, Insurance and Securities Services (BPGA)

This core business spans the entire asset management chain, from the development of customer relationships (mainly through private banking services) to the technological phase (corresponding to securities services). In 2000, the core business took advantage of the favourable environment to move up a gear in its organic growth.

Private Banking, Asset Management, Insurance and Securities Services (in millions of euros and %)	2000	1999	2000/1999
Net banking income	2,201	1,727	27.4%
Operating expenses and depreciation	(1,265)	(1,099)	15.1%
Gross operating income	936	628	49.0%
Provisions	(37)	(27)	37.0%
Other income and expenses	(4)	(46)	(91.3%)
Pre-tax income	895	555	61.3%
Allocated capital (in billions of euros)	2.4	2.1	
ROE before tax	38%	27%	

Revenues for the year expanded by 27.4% to EUR 2,201 million while operating expenses and depreciation climbed by a more modest 15.1% to EUR 1,265 million. Gross operating income surged by 49% to EUR 936 million.

Pre-tax income in 2000 soared by 61.3% to EUR 895 million, yielding a return on allocated capital before tax of 38% versus 27% in 1999.

BNP Paribas is one of the top ten players in the global private banking market. Outside France, the bank has built domestic customer bases in Italy, Spain, Portugal, Greece and Hong Kong.

BNP Paribas' unique multi-brand and multi-channel insurance business continued to expand rapidly both in France and abroad, in Japan, Brazil, Slovakia and India.

BNP Paribas Capital

The BNP Paribas Group's private equity business went from strength to strength in 2000.

At 31 December 2000, the PAI LBO Fund had invested or committed EUR 600 million in capital out of a total of EUR 650 million. During the year, the Fund carried out Europe's largest LBO that of United Biscuits. The Fund has now completed its investment phase. In 2000, it sold its interest in Amora Maille.

BNP Paribas Capital is actively raising private equity funds. Two new funds were set up in 2000, BNP Europe Telecom and Media Fund II and Banexi Ventures 3.

In order to be able to influence the policies of Cobepa and use this subsidiary as a vehicle for its private equity strategy, the Group made a public tender offer for the Cobepa shares in the hands of the public. At the close of the offer period, the Group held 98.5% of this company, which will be used to spearhead BNP Paribas Capital's activities.

Direct interests of EUR 2.1 billion were divested during the year, while new investments were limited to EUR 0.4 billion (excluding the EUR 1.3 billion Cobepa transaction). In addition, EUR 0.5 billion were invested in the funds.

Over the full year, including 100% of Cobepa, BNP Paribas Capital realised net gains of EUR 995 million versus EUR 765 million in 1999. The estimated value of the portfolio at 31 December 2000, net of the Cobepa goodwill, amounted to EUR 8.1 billion, including EUR 3.5 billion worth of unrealised gains.

BNP Paribas Capital (in millions of euros and %)	2000	1999	2000/1999
Gains and losses and other revenues, net	1,095	851	28.7%
Operating expenses and depreciation	(69)	(53)	30.2%
Pre-tax income	1,026	798	28.6%
Allocated capital (in billions of euros)	2.2	2.2	
ROE before tax	47%	37%	

Main investments held by BNP Paribas Capital

	Business	% interest (1)	Country	Market value (in millions of euros)
Controlling of reference shareholder				
Royal Canin	Dry dog food. No.1 in France and Europe	56.4	France	648
GIB (Cobepa)	Retailing. No.1 in Belgium	27.8	Benelux	374
Atos Origin	Banking and financial software	6.2	France	205
Carbone Lorraine	One of the world's leading manufacturers of carbon-based components	21.2	France	124
GNA	Cattle feed. No.1 in France	64.0	France	74
Fives Lille	Global specialist in customised industrial equipment	29.3	France	68
La Rochette	Packaging	23.4	France	37
GTI	Passenger transport. No.1 in France	48.7	France	(2)
Coparex	France's leading independent oil company	95.3	France	Unlisted
Diana	Natural ingredients for the food and pharmaceuticals industries	100.0	France	Unlisted
Financière SAE-Fougerolle	Construction and public works. No.1 in France	49.8	France	Unlisted
Beaufour	One of the top four independent pharmaceuticals companies in France	4.6 (direct interest)	France	Unlisted
Via North America	Orange juice (Florida)	100.0	USA	Unlisted
PAI LBO Fund investments and bridge financing				
United Biscuits	Biscuits. No. 2 in Europe	40.0	UK	Unlisted
Frans Bonhomme	Plastic pipes and joints. No. 1 in France	33.4	France	Unlisted
Michel Thierry	Automobile seating fabric. No. 2 in Europe	84.0	France	Unlisted
Carreman	Medium and high-end clothing fabrics	76.0	France	Unlisted
Mobilix	Denmark's 3rd largest telecoms operator	4.5 (3)	Denmark	Unlisted
Ceva Santé Animale	Animal health products	78.0	France	Unlisted
Feinkost	Mixed salads. No. 1 in Germany	20.0	Germany	Unlisted
JB Baillière Santé	Medical publications, France	96.5	France	Unlisted
Beaufour	One of the top four independent pharmaceuticals companies in France	9.2 (4)	France	Unlisted
Gerflor	PVC flooring. No. 2 in Europe	49.9	France	Unlisted
Stoeffler	Cooked pork products from Alsace. No. 1 in France	75.0	France	Unlisted
IPC Magazines	Magazine and Internet publishing. No. 1 in the U.K.	16.0	UK	Unlisted
Panzani	Pasta and sauces. No. 1 in France	50.0	France	Unlisted
William Saurin	Canned ready-meals. No. 1 in France	33.0	France	Unlisted

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

Main investments held by BNP Paribas Capital (cont'd)

	Business	% interest [1]	Country	Market value (in millions of euros)
Significant minority investments				
Sema Group Plc	IT services. No. 2 in Europe	5.2	UK	145
Versatel (Cobepa)	Mobile telephony in Belgium	6.8	Benelux	56
Mobistar (Cobepa)	Mobile telephony in Belgium	8.8	Benelux	174
SR Téléperformance	Telemarketing, marketing services and healthcare information	10.5	France	143
Pochet	Luxury perfume bottles. No. 1 worldwide	34.0	France	106
Elior	Food services. No. 1 in France	3.8	France	52
Oberthur Smart Card	Smart cards	3.6	UK	44
Phone.com	Internet services software for mobile telephone network operators	1.0	USA	34
LDC	Poultry. No. 3 in France and No. 1 in free-range poultry	5.1	France	21
Bormioli Rocco	Glass containers and tableware. No. 1 in Italy and No. 3 in Europe	11.9	Italy	Unlisted
Bouygues Télécom	Mobile telephony	6.5	France	Unlisted
Concorde	One of the world's leading tile manufacturers	15.0	Italy	Unlisted
Doux	Chicken producer. No. 1 in Europe and No. 3 worldwide	20.2	France	Unlisted
Intercos	Cosmetics	20.0	Italy	Unlisted
Sonepar	Electrical appliance distribution	2.8	France	Unlisted
UGC SA	France's leading cinema group	15.1	France	Unlisted
Other investments				
Aegon (Cobepa)	One of the world's leading insurance companies	1.2	Benelux	718
Pargesa (Cobepa)	GBL and Parfinance holding company	14.6	Benelux	502
President Chain Stores	Taiwan's leading food retailer	2.2	Taïwan	32
RTL Group	One of Europe's leading media groups	2.9	Benelux	[2]

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

RETAIL BANKING

The Retail Banking business as a whole generated revenues of EUR 8 billion, up 10.4% on the previous year. Operating expenses and depreciation rose 7.4% to EUR 5.4 billion. Gross operating income came to EUR 2.6 billion, an increase of 17% on the previous year.

Retail Banking (in millions of euros and %)	2000	1999	2000/1999
Net banking income	7,995	7,245	10.4%
Operating expenses and depreciation	(5,392)	(5,021)	7.4%
Gross operating income	2,603	2,224	17.0%
Provisions	(564)	(590)	(4.4%)
Other income and expenses	(30)	(7)	328.6%
Pre-tax income	2,009	1,627	23.5%
Allocated capital (in billions of euros)	8.4	7.7	9.1%
ROE before tax	24%	21%	

Net additions to provisions for credit risks and country risks contracted by 4.4% to EUR 564 million. Pre-tax income topped EUR 2 billion, up 23.5% on 1999.
Capital allocated to the retail banking business was increased to EUR 8.4 billion from EUR 7.7 billion. Return on allocated capital before tax came to 24% versus 21% in 1999.

1. Retail Banking in France (BDDF)

Revenues generated by the BNP Paribas domestic network (4) based on allocated capital rose by 5.2% to EUR 4,421 million. Out of the total, 45.6% corresponded to commission and fee income, which increased by 11.7%.
The growth in expenses was very limited, thanks to the synergies resulting from the BNP Paribas merger which offset the substantial cost of development initiatives, including in the area of multi-channel banking. Network (4) management expenses rose by only 0.8%.
Gross operating income totalled EUR 1,276 million, up 17.6% on 1999.
After deducting EUR 156 million worth of net additions to provisions for credit risks, down 23.1% on 1999, and taking into account other components of income, pre-tax income came to EUR 1,109 million, an increase of 22.4%. After allocating one-third of the income generated by the private banking business in France to the Private Banking and Asset Management core business, the Retail Banking in France business line ended the year with pre-tax income up 20.6% at over EUR 1 billion. Return on allocated capital before tax came to 22%, significantly above the previous year's 19%.
Private Banking in France continued to expand its business base through active cooperation between the branch network and the Private Banking specialists. BNP Paribas is by far the leading player in this market in France.

(4) Including 100% of the Private Banking France business, the results of which are subsequently shared between the Retail Banking France Division (two-thirds) and the Asset Management and Private Banking Division (one-third).

Retail Banking in France (in millions of euros)	2000	1999	2000/1999
Results including 100% of Private Banking in France			
Net banking income	4,421	4,204	5.2%
Operating expenses and depreciation	(3,145)	(3,119)	0.8%
Gross operating income	1,276	1,085	17.6%
Provisions	(156)	(203)	(23.1%)
Other income and expenses	(11)	24	nm
Pre-tax income	1,109	906	22.4%
Income attributable to Private Banking	(97)	(67)	44.8%
Pre-tax income of Retail Banking in France	1,012	839	20.6%
Allocated capital (in billions of euros)	4.6	4.4	
ROE before tax	22%	19%	

2. International Retail Banking (BDDI)

In 2000, the international retail banking business, which also covers the French overseas territories, continued to build positions in high potential regions of the world.

International Retail Banking (in millions of euros and %)	2000	1999	2000/1999
Net banking income	1,598	1,194	33.8%
Operating expenses nd depreciation	(932)	(721)	29.3%
Gross operating income	666	473	40.8%
Provisions	(174)	(141)	23.4%
Other income and expenses	(17)	(51)	(66.7%)
Pre-tax income	475	281	69.0%
Allocated capital (in billions of euros)	1.4	1.1	
ROE before tax	35%	25%	

These include the United States, where BancWest acquired around 30 branches in New Mexico and Nevada. In the Mediterranean rim-Africa region, the Group bought out the minority shareholders of BNPI and SFOM.

The International Retail Banking business line's net banking income rose by 33.8% to EUR 1,598 million. Operating expenses and depreciation rose by a more modest 29.3% to EUR 932 million. Gross operating income soared by 40.8% to EUR 666 million.

After deducting net additions to provisions for credit risks in an amount of EUR 174 million, up 23.4%, and taking into account other components of income, pre-tax income came to EUR 475 million, an increase of 69.0% compared with 1999.

The business's solid performance reflected robust organic growth. With constant scope and exchange rates net banking income rose by 9.7%, operating expenses and depreciation by 6.7%, gross operating income by 14.2% and pre-tax income by 45.2%. Return on allocated capital before tax came to 35%.

These results are the outcome of an international retail banking strategy designed to achieve substantial market share gains in selected geographic markets, with clearly identified and controlled risk environments.

3. Specialised Financial Services (SFS)

BNP Paribas views the sale of products and financial services that complement traditional banking offerings as an ideal means of penetrating the European retail banking market.

Combining these specialised financial services with retail banking services in France, BNP Paribas is one of the few retail banking groups with a truly European dimension.

This international presence is being actively developed through a committed strategy of organic growth backed by highly selective external growth operations, at a time when the Group's leadership positions in the mature French market offer limited opportunities for further growth and where lending margins are under significant competitive pressure. Net banking income increased by 8.1% in 2000 to EUR 2,140 million, while operating expenses and depreciation increased by 11% to EUR 1,384 million, reflecting the impact of the business's accelerated development. Gross operating income climbed 3.3% to EUR 756 million.

Net additions to provisions for credit risks and country risks declined by 5.3% to EUR 233 million and pre-tax income rose 3.0% to EUR 522 million. Return on allocated capital before tax came to 21%. International development is having a negative impact on profitability in the short-term but is creating new growth drivers for the future.

Highlights of 2000 included the acquisition of PHH Europe, leading to the creation of Arval-PHH.

Cortal enjoyed strong growth in France and moved up a gear in its development in Spain, with the opening of a branch in Madrid and the signature of partnership agreements, as well as in Italy where it acquired a local brokerage.

Cetelem opened offices in Thailand, Taiwan and Slovakia.

Specialised Financial Services (in millions of euros and %)	2000	1999	2000/1999
Net banking income	2,140	1,979	8.1%
Operating expenses and depreciation	(1,384)	(1,247)	11.0%
Gross operating income	756	732	3.3%
Provisions	(233)	(246)	(5.3%)
Other income and expenses	(1)	21	nm
Pre-tax income	522	507	3.0%
Allocated capital (in billions of euros)	2.4	2.2	
ROE before tax	21%	23%	

OUTLOOK

In 2001, emphasis will be placed on promoting cross-selling between business lines and a major milestone will be crossed in the information systems convergence project. The Group is now aiming to achieve 80% of the total synergies provided for in its business plan by the end of the year, instead of the 50% originally forecast. The Group is thus in a position to focus on growing each of its businesses organically in 2000.

CORPORATE AND INVESTMENT BANKING

The aim of the Corporate and Investment Banking core business is to further reduce the capital tied up in the business by actively managing risk-weighted assets. The commercial banking business will be the main focus of this drive.
BNP Paribas Corporate and Investment Banking is currently engaged in a development and re-engineering process:

- customer segments are being redefined, the sales organisation is being remodelled to achieve better coverage and cross-selling opportunities are now systematically analysed;
- the global product offering is being consolidated and the European offering is being selectively strengthened by recruiting teams of specialists and developing online offers;
- the international network is also being remodelled, back office operations are being rationalised and steps are being taken to secure greater cost flexibility in relation to revenues.

These transformations are designed to ensure that the division's cost/income ratio remains among the best in Europe, at around 60%.
In light of the rapid completion of the post-merger integration process and the competitive strengths demonstrated by Corporate and Investment Banking in 2000, the division's target cycle average pre-tax return on equity has been raised from 21% to 23%.

PRIVATE BANKING AND ASSET MANAGEMENT

The Private Banking and Asset Management core business operates in extremely buoyant markets and has set as its goals to maintain the current rapid pace of growth in resources, business base and profitability in the years to come.

Private Banking

BNP Private Banking is aiming to rise to the position of leader in the most buoyant European markets and to a place among the top five private banking specialists worldwide, as well as one of Europe's best managers, within the next five years.

Securities Services

This business is building a position as the leading player in the European market and intends to continue expanding through partnership agreements, in order to achieve further economies of scale. To this end, the business is being set-up as a wholly owned subsidiary.

BNP PARIBAS CAPITAL

BNP Paribas Capital will scale down the volume of capital invested directly by the Group, while at the same time offering the services of its team of private equity specialists to outside investors. BNP Paribas Capital's objective is to achieve a pre-tax return on allocated capital of 30% in 2001 and 2002 and 25% in the medium-term.

Retail Banking

Retail Banking in France

Building on the successful development of new distribution channels, in the second half of 2001 BNP Paribas will start rolling out France's first multi-channel banking service, based on proprietary software developed over the last two years. Two multimedia platforms equipped with 500 workstations will ultimately be connected in real time to the 20,000 workstations in the branches, to allow direct customer relationship management.

In the next 18 months, the installation of this new system will be accompanied by an unprecedented programme of external and internal refurbishment of the 2000 branches in the network, which will all adopt the new BNP Paribas corporate identity. Rollout of the new brand will be accompanied by a customer consultation process and a series of quality commitments.

For 2001, the Retail Banking in France business line has set as its objective to achieve increased marketing momentum thanks to the modernisation programme, as well as a two point reduction in the cost/income ratio, in order to meet the 23% return on allocated capital target set for 2002 one year early.

International Retail Banking

The International Retail Banking business line intends to maintain its current high level of profitability while pursuing its strategy of organic and external growth.

Specialised Financial Services

The Specialised Financial Services business line will cross a new milestone in its European development, with the implementation of the recently-signed partnership agreement with Dresdner Bank in Germany. This partnership offers promising prospects in a country where the consumer loan and revolving credit markets are relatively untapped.

BNP Paribas aims to consolidate its leadership position in the European Specialised Financial Services market, and to improve the productivity of this business through innovation and cost containment measures, as well as by creating new synergies with the Retail Banking business in France. The rapid international development of the business will be pursued, through organic growth and partnerships, and also through acquisitions if attractive opportunities arise. To implement this strategy, the Group has increased its development expenditure and has consequently put off until 2003 the business plan objective of a return on allocated capital before tax of 27%.

APPENDICES

1. RESULTS OF BNP PARIBAS SA

3-YEAR INCOME STATEMENT DATA

In millions of euros	1998	1999	2000	Change 00/99	Change 99/98
Net banking income	5,483	5,784	8,479	46,6%	5,5%
(Operating expenses and depreciation)	(3,782)	(3,918)	(6,210)	58,5%	3,6%
Gross operating income	1,701	1,866	2,270	21.7%	9.7%
Provisions	(973)	(507)	(660)	30.2%	(47.9%)
Operating income	728	1,359	1,609	18.4%	86.7%
Capital gains and other	367	530	973	83.6%	44.4%
(Corporate income tax)	(17)	(323)	585	nm	nm
Net income before restructuring costs	1,078	1,566	3,167	nm	45.3%
(Restructuring costs)	0	(594)	219	nm	nm
Net income after restructuring costs	1,078	972	3,386	nm	(9.8%)

APPROPRIATION OF 2000 INCOME

Total income to be appropriated at the Annual General Meeting of 15 May 2000 amounts to EUR 4,318,356,951.26, including net income for the year of EUR 3,386,203,218.71 and unappropriated retained earnings of EUR 932,153,732.55 brought forward from the previous year.

The Board of Directors intends to recommend that this amount should be appropriated as follows:

- to the long-term capital gains reserve: EUR 786,356,818.00;
- to other reserves: EUR 7,452,116.85;
- to dividends: EUR 1,008,463,623.75;
- to unappropriated retained earning EUR 2,516,084,392.66.

Debit		Credit	
Appropriations:		Unappropriated retained earnings brought forward from prior year	932,153,732.55
• Other reserves	793,808,934.85	Net revenue for the year less operating expenses, depreciation and amortisation and net additions to provisions and other expenses	3,386,203,218.71
• Dividends	1,008,463,623.75		
• Unappropriated retained earnings	2,516,084,392.66		
Total	4,318,356,951.26	Total	4,318,356,951.26

2. CHANGES IN SHARE CAPITAL

	Number of shares	Capital (in euros)
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
Cancellation of shares	(7,053,612)	(28,214,448)
At 23 May 2000	443,075,882	1,772,303,528
Issuance of shares on exercise of stock options**	167,430	669,720
Employee share issue	4,821,403	19,285,612
At 13 July 2000	448,064,715	1,792,258,860
At 31 December 2000	448,064,715	1,792,258,860
Issuance of shares on exercise of stock options***	141,340	565,360
At 29 January 2001	448,206,055	1,792,824,220

At 31 December 2000, the Group held 17,159,476 BNP Paribas shares in treasury stock and for allocation on exercise of stock options.
** The 462,750 shares issued in January 2000 carry rights to the 1999 dividend.*
*** 65,790 shares carrying rights to the 1999 dividend and 101,640 shares carrying rights to dividends from 2000.*
****The 141,340 shares issued in January 2001 carry rights to the 2000 dividend.*

3. CAPITAL ADEQUACY RATIOS

International solvency ratio

In billions of euros	2000		1999	
	BNP Paribas before CVRs	BNP Paribas after CVRs (1)	BNP Paribas before CVRs	BNP Paribas after CVRs (1)
Risk-weighted assets	286.1	286.1	298.9	298.9
Tier 1 and Tier 2 capital	29.9	28.8	30.1	28.7
Tier 1 capital	21.4	20.3	21.2	19.8
Tier 2 capital	8.5	8.5	8.9	8.9
Ratio	10.5%	10.1%	10.1%	9.6%
Tier 1 ratio	7.5%	7.1%	7.1%	6.6%

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

Capital adequacy ratio

At 31 December 2000, 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 122% of required regulatory capital, excluding Tier 3 capital (1999: 118%) and 128% including Tier 3 capital (1999: 127%).

In the various countries in which the group operates, BNP Paribas complies with specific regulatory ratios in line with procedures controlled by the relevant supervisory authorities. These ratios mainly concern the concentration of risks, liquidity and mismatches.

4. INTERNAL CONTROL

During 2000, the system of internal control was tailored to the needs of the new Group, based on the principles established by Group management to guarantee the success of the merger. The main principles underpinning the system were defined, an internal control organisation was set up and various cross-functional projects were launched. The practices of the two legacy banks were reviewed in order to select the best practice in each case and develop a seamless system that efficiently addresses the needs of the Group, its operating units and staff functions.

OVERALL ARCHITECTURE OF THE SYSTEM

The BNP Paribas system of internal control is based on a comprehensive set of guidelines and the four key principles that underpin the Group's organisation structure.

- **Responsibility for managing a business or function includes responsibility for internal control.** Internal controls are embedded in each activity, as a means of controlling that activity. Corporate managers in charge of a family of risks are responsible for defining their own system of internal controls and regularly monitoring their effectiveness. The same applies to line managers who are also required to implement the instructions of their superiors. Thus, at all levels of the organisation, management responsibility includes responsibility for internal control.
- **Delegation.** The system of internal control is based on formal delegations of authority designed to ensure that Group policies are implemented consistently at all levels of the organisation.
- **Segregation of tasks.** The main focus is on maintaining proper segregation of tasks between the teams responsible for initiating transactions and those responsible for their execution. The Group's organisation structure is designed to establish a clear distinction between execution and control, as well as between transactions conducted on the Group's account and those conducted on behalf of third parties, etc.
- **A comprehensive set of guidelines.** Organisation structures, procedures and controls are set out in written guidelines distributed throughout the Group. These guidelines provide users with all the information they require to implement the Group's system of internal control. The eight main risk families are credit and counterparty risk, market risk, accounting risk, administrative risk, IT risk, business and reputation risk, legal and tax risk and human resources risk. The last six constitute what are known as "operational risks". The categories are expected to evolve over time, to take account of changes in the Group's businesses and in the nature of the risks incurred. A four-tier system of controls has been established to provide a series of checks and balances. First and second tier controls focus on transaction execution quality. Third tier controls consist of management controls. Fourth tier controls are performed by the Internal Auditors and are designed to ensure that the system of internal control is properly implemented at the Group's head office and in all the subsidiaries and branches.

A GLOBAL SYSTEM OF INTERNAL CONTROL FOR A GLOBAL GROUP

The BNP Paribas Group operates on a global scale. It is organised by division, with each division comprising several business lines. Group management and the corporate functions are responsible for leading and coordinating the activities of the various units on a unified basis. The system of internal control represents an overall framework that helps to knit the Group together.

An internal memorandum issued in January 2000 describes the role of the various departments concerned.

- **Group Risk Management** (GRM) has management authority over the teams responsible for managing credit/&counterparty risks and market risks. It controls these risks directly and delegates authority for functional controls to the internal audit teams in the various divisions. GRM is responsible for verifying the valuation of capital markets instruments and is also involved in managing operational risks.

- The **Compliance** department is responsible for ensuring that the Group complies with the directives and guidelines issued by regulatory and other authorities, overseeing investment services activities, defining and verifying compliance with the code of ethics to be followed by all employees and preventing money laundering.
- The other **Corporate Functions** are responsible for defining internal controls for their respective risk families and assessing their effectiveness. They delegate part of the responsibility for managing these risks to the operating units and perform controls to ensure that these delegated responsibilities are fulfilled.

Within this general framework, each **subsidiary/territory** is supervised by an entity which is responsible for coordinating its policies and system of internal control with those of the Group, with the backing of its Board of Directors or equivalent.

- The **Internal Audit** department represents the cornerstone of the system of internal control. It performs the fourth tier controls designed to assess the effectiveness and efficiency of the system and detect any weaknesses. Reporting directly to the Chairman, it is completely independent from the audited units and functions. The Internal Audit department comprises two units, the Inspection unit and the Global Internal Audit Coordination (CMAI) unit.
- The **Inspection** unit performs controls over risk management systems in all Group units. Where necessary, it audits risks and the organisation, resources and management systems of the Group divisions, business lines and functions.
- **CMAI** coordinates the work of the internal auditors. It has direct authority over the internal audit teams in the various business units and staff functions, overseeing the management of their human resources and the choice of organisation structure. It is also responsible for updating the BNP Paribas Group Internal Control manual. CMAI acts as a service provider to the internal audit departments, promoting the adoption of best practices and the sharing of methodologies, as well as managing the development of common internal audit tools.

A CONSTANT COMMITMENT TO STRENGTHENING THE SYSTEM OF INTERNAL CONTROL

In 2000, work was launched or pursued on the development of tools to enhance the efficiency of the Group internal audit teams. In accordance with the principles laid down at the time of the merger, the BNP Paribas Internal Audit department reviewed the practices of the two legacy groups in order to select those practices that are best suited to the needs of the new Group.

The activities of the Internal Audit department are constantly adapted to take account of changes in the Group's businesses and its environment. The "Methodology and Project Management" and "Audit Aids" units are responsible for ensuring that the tools and materials made available to the internal auditors evolve in tandem with changing needs.

CMAI will continue to fulfil its key coordination role by strengthening the systems of communication established within the internal audit department during 2000. Internal audit forums have been set up to promote exchanges of experience among members of the department, knowledge-sharing and the widespread adoption of best practices. It also participates in promoting a culture of internal control within the Group.

An important part of CMAI's role is to act as service provider for all internal audit units. The drive to obtain ISO 9001 certification launched in 1999 is being pursued, demonstrating CMAI's commitment to offering its "customers" the best possible service. The ISO 9001 programme has already led to the establishment of a quality-based management system.

Overall, during 2000 the new Group put in place the necessary resources to achieve the highest level of organisational efficiency.

5. RISK MANAGEMENT

In 2000, priority was given to testing the reliability and effectiveness of the new risk management system. In a year of market volatility and heightened credit risks, the quality of the Group's commitments remained satisfactory.

DEPLOYMENT OF THE NEW RISK MANAGEMENT SYSTEM

The new system is built around the best practices of BNP and Paribas, in terms of both organisation and procedures. It is designed to ensure that the system of ex-ante and on-going risk controls is both effective and reliable.
One of the core aims was to increase the ability of the Risk Management function to assess the competitive environment in order to develop the business on a sound basis and also to provide services tailored to the needs of the divisions/business lines and territories. To this end, a decentralised system has been set up, so that the units responsible for managing risks are as close as possible to the divisions, business lines or territories that generate the risks to be managed.

The risk management principles of the new Group

Four core principles underpin the organisation and the missions of the Group Risk Management function which has worldwide responsibility for managing risk:

- **Clear allocation of responsibilities**
  While Group management has sole responsibility for determining the overall level of risk that is acceptable, front-line responsibility for managing risks lies with the divisions and business lines which perform first tier controls to track changes in risk levels on a daily basis. GRM performs the second tier controls designed to provide Group management with the assurance that the risks taken by the Group are compatible with its profitability and credit rating objectives.
- **Worldwide reach and complete independence from the divisions, business lines and territories**
  GRM reports directly to Group management. The practical aim of this direct reporting relationship with the highest level of management is to ensure that:
  - second tier controls are performed objectively without taking into account any business considerations;
  - group management is warned as early as possible of any deterioration in risks;
  - all units throughout the Group are aware of the procedures to be followed to achieve consistent standards of quality and comply fully with those procedures;
  - the risk monitoring methods and procedures adopted by the risk-taking units are of a consistently high quality and are regularly updated by these units based on best practice within the international banking profession.
- **Comprehensive coverage of risks**
  There are five main categories of risk, the most important of which are credit/ counterparty risk and market/liquidity risk. The three other categories are as follows:
  - *operational risk*
    The regulatory authorities are expected to issue directives and guidelines on operational risks in the near future. BNP Paribas has moved ahead of the regulator by identifying several types of operational risk. These include the risk of direct and indirect losses resulting from a dysfunction in the conduct of operations, failure to manage the impact of a constantly changing external environment, or a poor match between human, IT or equipment resources and the needs of the business.
  - *Business risk*
    Business risk corresponds to the risk of being unable to reduce fixed costs quickly enough in a period of falling volumes and/or margins.
  - *Insurance risk*
    Insurance risk corresponds to the specific risk arising from unexpected changes in claims experience.

It is necessary to distinguish between these different categories of risk because each category requires specific monitoring and measuring systems. Nevertheless, the growing complexity of the Group's businesses and products means that they are increasingly interwoven. Coordination among the various specialists has therefore been stepped up, so that correlations are identified and action is taken on a timely basis to constantly reduce or optimise the ultimate risk for the Group.

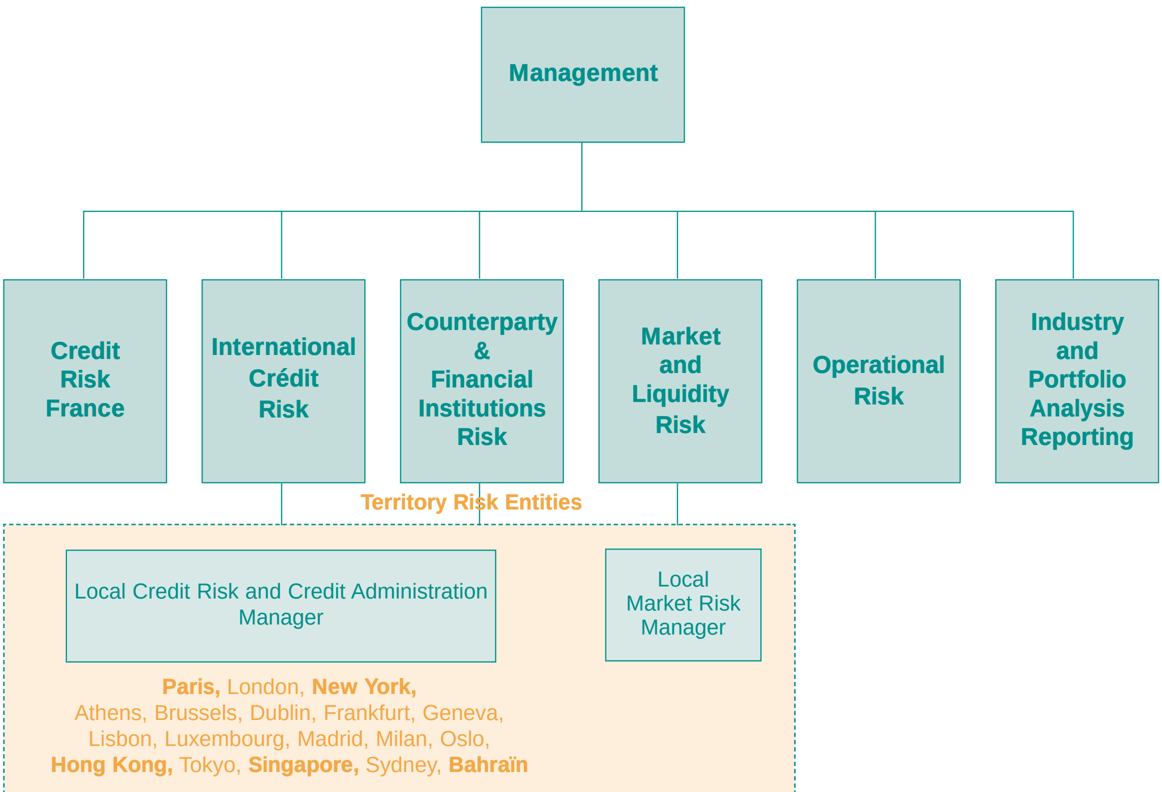
- **GRM intervention at all levels of the risk-taking chain:**
  In compliance with Comité de la Réglementation Bancaire et Financière rule 97-02, GRM performs the following core functions:

- *"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 optimising 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 provisions for credit and counterparty risks, as well as market and liquidity risks are properly determined;
- *"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.

New GRM organisation and processes established during the year

• **Organisation**

- The new organisation structure of GRM is as follows:



- GRM teams specialise in specific types of risk. In the area of credit/counterparty risk, the “Industry and Portfolio Analysis, Reporting” (IPAR) unit issues lending policy guidelines (including by customer industry) and defines methods and strategies to actively manage the portfolio.
- Deployment at Group headquarters and in the 18 units worldwide reporting directly to GRM went smoothly and was completed on time. Dotted-line reporting relationships with local risk managers (credit and market risks) in the other territories were established at the end of the year.

• **Decision-making process**

The new decision-making process is organised around four General Management Committees:

- The *Risk Policy Committee*, inherited directly from BNP, has taken on a significantly broader role. The Committee meets at monthly intervals to determine general policies that define the Group’s overall attitude to risk. It may also examine any issues related to the risks assumed by the Group, on its own initiative or at the request of Group Management.
- The *Market Risk Committee*. also meets at monthly intervals to set limits on market risks and monitor the Group’s exposure to these risks. It also approves market risk monitoring methods and procedures.
- The *General Management Lending Committee (CCDG)* which was established in its present form in April 2000. Chaired by one of the Chief Operating Officers or by the Risk Director, it has ultimate decision-making authority for all credit and counterparty risks. The Committee normally meets twice a month but special meetings can be called as and when required.
- The *General Management Debtors Committee* . meets monthly to review and determine the provisions to be recorded for non-performing loans in excess of the discretionary limits set for line management.

• **Procedures and methodologies**

The framework procedures for defining decision-making and risk monitoring procedures have been redrafted to take account of the new organisation and the responsibilities assigned to each unit.

The new issues addressed and the action taken during 2000 were as follows:

All risks

- Definition and implementation, alongside the risk approval procedure, of a “new product and new business approval” procedure. The new procedure requires potential risks to be identified in even more detail and establishes a series of conditions to be met to ensure that risks are kept to a minimum.
- Definition of new customer/product benchmark criteria applicable throughout the Group.
- Choice of target risk recording and management systems and definition of operational risk surveillance procedures to be implemented in connection with the migration of risk data to these systems.
- Approval of the use of the “economic capital” method to assess the cost of risk; this method was introduced in June 2000 on a trial basis in the Corporate and Investment Banking core business.

Credit/counterparty risk

- A new counterparty rating system was introduced in May 2000. Based on 12 ratings and some 30 sub-categories, the rating system takes into account two core parameters - the probability of the counterparty defaulting on its obligations and the overall recovery rate, which in turn depends on the structure of the transaction. Ratings are awarded in connection with the loan approval process, drawing on the combined expertise of sales staff and credit/counterparty risk managers–who have the final say–and the use of appropriate tools. An internal database has been set up to regularly back-test the system, to ensure that the ratings are both consistent and reliable. The new process has been launched ahead of the introduction by the regulators of new capital adequacy rules.

- The system of discretionary lending limits was completely overhauled at the start of April 2000 in connection with the creation of the new General Management Lending Committee. Under the new system, before exercising their discretionary lending authority, managers are required to either have the documentation signed by an independent representative of the Risk Management function, or to submit the loan application to a Lending Committee.

  Discretionary lending limits are determined based on the counterparty's internal credit rating and take into account the specific risks associated with each business (Corporate and Investment Banking, Retail Banking, Securities Services, Private Banking, Real Estate, etc.)

  The system of discretionary lending limits ensures that risk management principles are applied consistently and that loan applications representing large amounts or which are either unusually complex or sensitive, are submitted for approval at the appropriate level.
- Procedures for accepting country risks and monitoring loans carrying above average risks were also overhauled.
- The terms of reference of the local Credit Control entities were clarified and implemented at Group headquarters, as well as throughout the international network. The aim is to provide GRM with the assurance that risks comply with Group policies at all times, that loan data are reliable and that risks are properly monitored over the entire life of each individual loan.
- During the year, the "economic capital" calculation methodology was rolled out to the entire portfolio.

Market and liquidity risks

- Substantial resources were deployed to integrate the Group's entire portfolio of market risks into the Value at Risk system, which is based on the internal MRS model. By 31 March 2000, substantially all positions had been integrated into the system.
- The internal model was approved by the French banking authorities (Commission Bancaire) for regulatory reporting purposes effective from 30 June 2000. The approval applied to all business lines covered by the system as well as the methodologies used, including:
  • capture of the correlation between categories of risk factors (interest rate, currency, commodity and equity risks) in order to integrate the effects of diversifying inherent risks;
  • capture of the specific interest rate risk arising from potential variations in lending margins, in order to actively and accurately measure risks associated with lending and trading activities.

  The internal model is used to estimate the potential losses that would be incurred following an unfavourable change in market conditions. Potential losses are measured based on "Gross Earnings at Risk" (GEaR). GEaR takes into account a large number of variables which could affect the value of the portfolios, including interest rates, lending margins, exchange rates, the price of the various securities, their volatilities and the correlations between variables.
- The system uses the latest simulation techniques and includes the treatment of non-linear positions as well as the volatility risk associated with options. Thirty thousand daily movements in these variables are simulated to estimate potential losses on capital markets activities, under normal market conditions and based on normal liquidity.
- Values at Risk are calculated using the internal model and the method recommended by the Basle Committee to estimate amounts exposed to risk ("Amendment to the Capital Accord to include Market Risks"). The main model parameters are as follows:
  • change in the value of the portfolio over a holding period of 10 trading days;
  • confidence level of 99% (*i.e.* over a 10-day holding period, potential losses should not exceed the corresponding GEaR in 99% of cases);
  • historical data covering 260 trading days (one year).

- The market risk-taking process has been strengthened by applying three series of measures throughout the Group:
  - *definition of a series of limits*, consisting of VaR limits or “nominal” limits (trading limits by country, issuer risk limits, sensitivity limits);
  - *fixing of discretionary risk acceptance authority*. For secondary market trading, the related limits are expressed in terms of GEaR (VaR measurement produced by MRS) or OYE (One Year Equivalent); for underwriting activities, limits are set based on signature quality;
  - *creation of new Committees* involving the capital markets business lines and the risk management units concerned (Market & Liquidity Risk and/or Counterparty Risk & Financial Institutions): Fixed Income Commitment Committee (“FICC”) Equity Underwriting Committee (“EUC”) Equity Linked Underwriting Committee (“ELUC”) and Credit Trading Review Committee (“CTRC”).
- Priority was given to setting limits for model risk and liquidity risk.
  Activities involving the use of derivatives cannot be developed unless the related model and liquidity risks have been identified and a clear and transparent policy has been established concerning the recording of reserves to ensure that derivatives portfolios are valued at fair value on a conservative basis.

Operational risks

The Group has included the management of operational risks in its risk management system ahead of the introduction of requirements to this effect by the regulators. Operational risk has to be assessed on a global basis by type of business line. The system has been launched initially in the Corporate and Investment Banking division.

To guarantee the efficiency of the new system, which has been deployed as explained above, Group-wide training programmes have been launched. These programmes will be kept up to establish solid foundations for the establishment of a new risk culture throughout the Group.

CONCENTRATION OF CREDIT RISK IS REASONABLE

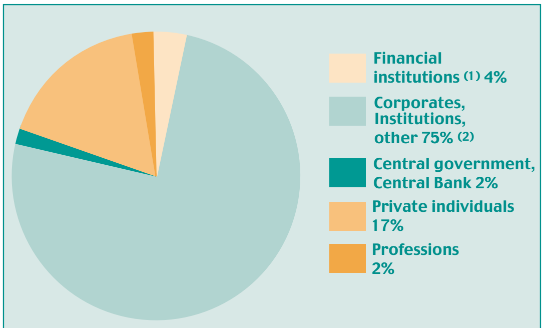
- **An uneven economic environment**

The European economy expanded rapidly in 2000, with France leading the field. In the rest of the world, however, clouds appeared on the horizon in the fourth quarter, due to fading hopes of a recovery in Japan and the economic slowdown in the United States. The climate of uncertainty translated into a high level of volatility in the commodity, currency, fixed income and equity markets, which made the task of managing risks more difficult than usual. BNP Paribas’ effective system of risk management, coupled with its focus on diversifying risks and anticipating market swings, helped to avoid any erosion of the quality of its commitments in euros and in dollars.

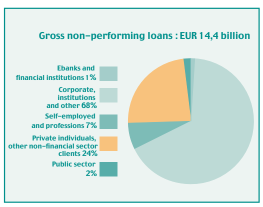
- **Portfolio diversification and quality**

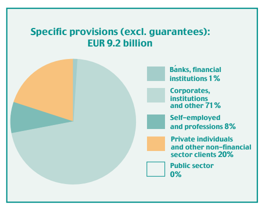
The Group’s overall portfolio of commercial loans and commitments totalled **EUR 388.6 billion*** at 31 December 2000. The breakdown by main customer category was unchanged compared with the previous year-end.

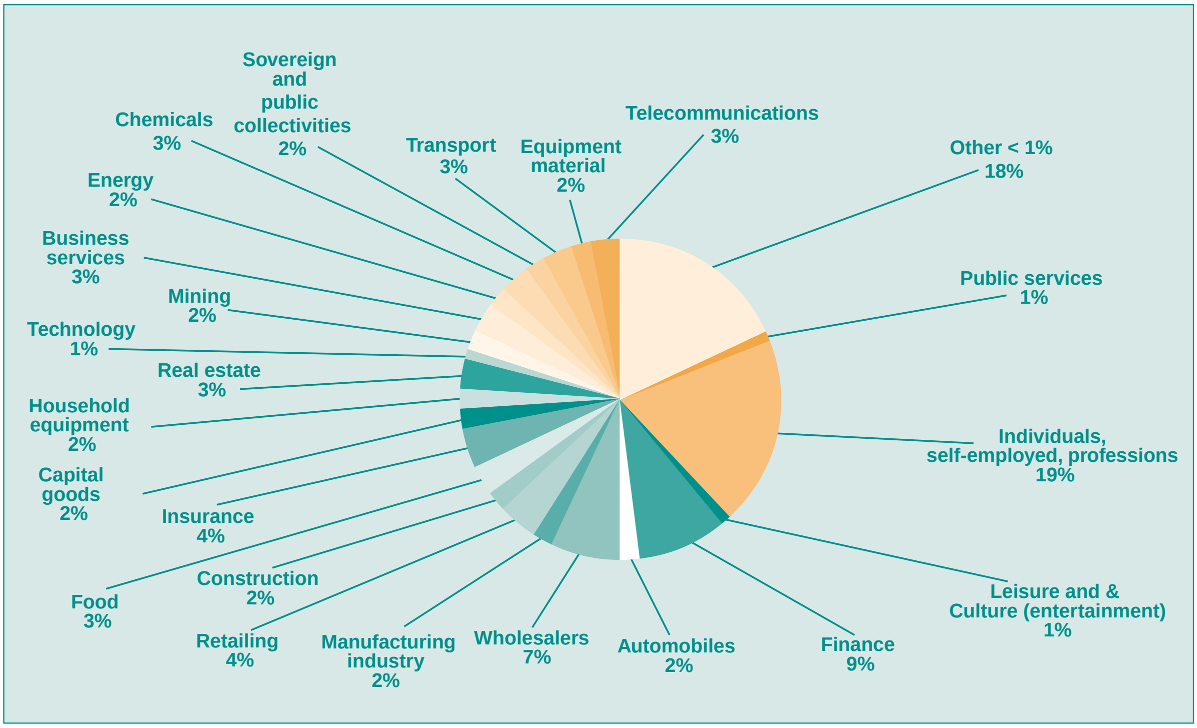
* Balance sheet and off-balance sheet commercial commitments, unweighted



(1) Excluding interbank.
(2) The top 10 customers represent less than 2% of commercial commitments.

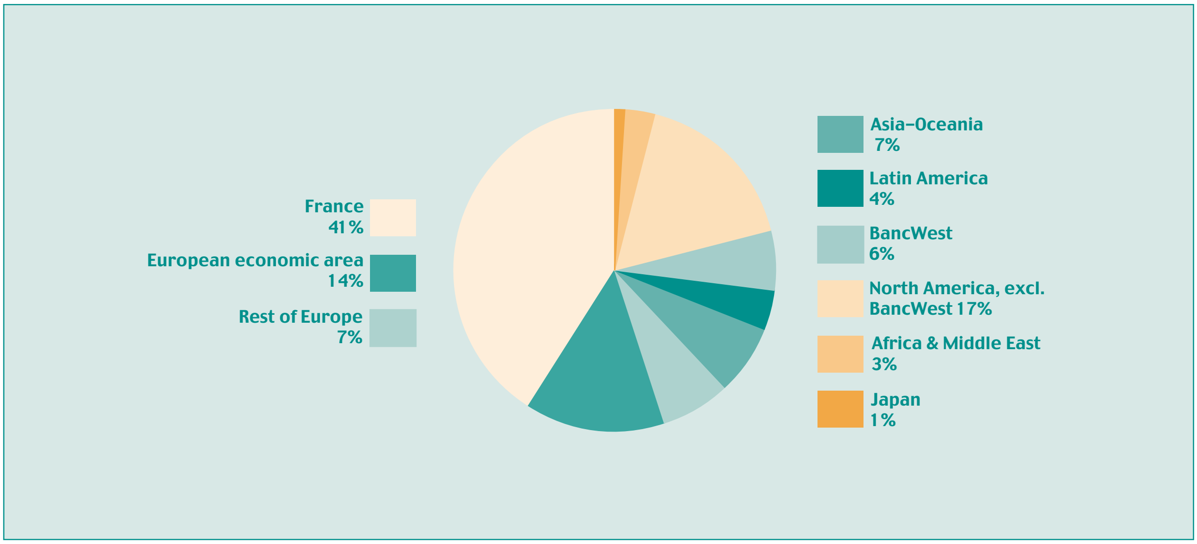






No customer sector accounts for more than 5% of total commitments, with the exception of the financial services and wholesaling sectors

Commitments in emerging countries represent approximately 13% of total customer commitments.



• **Non-performing loans**

(In billions of euros)	Banks, financial institutions	Corporates, institutions and other	Self-employed professionals	Private individuals and other non-financial sector customers	Public-sector	Total
Non-performing loans	0.2	9.4	1.0	3.5	0.3	14.4
Specific provisions (excl. guarantees)	0.1	6.6	0.7	1.8	0	9.2
Guarantees	-		-	-		< 0,6 >
Coverage rate	55%*	70%*	66%*	52%*	-	67%

** Excluding guarantees.*

• **Ongoing improvement of the portfolio in France**

In France, favourable economic conditions contributed to a further decline in the proportion of non-performing loans in virtually all customer segments.

The Group's exposure towards real estate professionals was examined in detail to avoid any lowering of its guard in response to the rapid market recovery. Commitments towards this category of customers are of good quality and are relatively low for an institution the size of BNP Paribas, especially in view of the fact that the risk of a market downturn is currently remote.

• **Tight control**

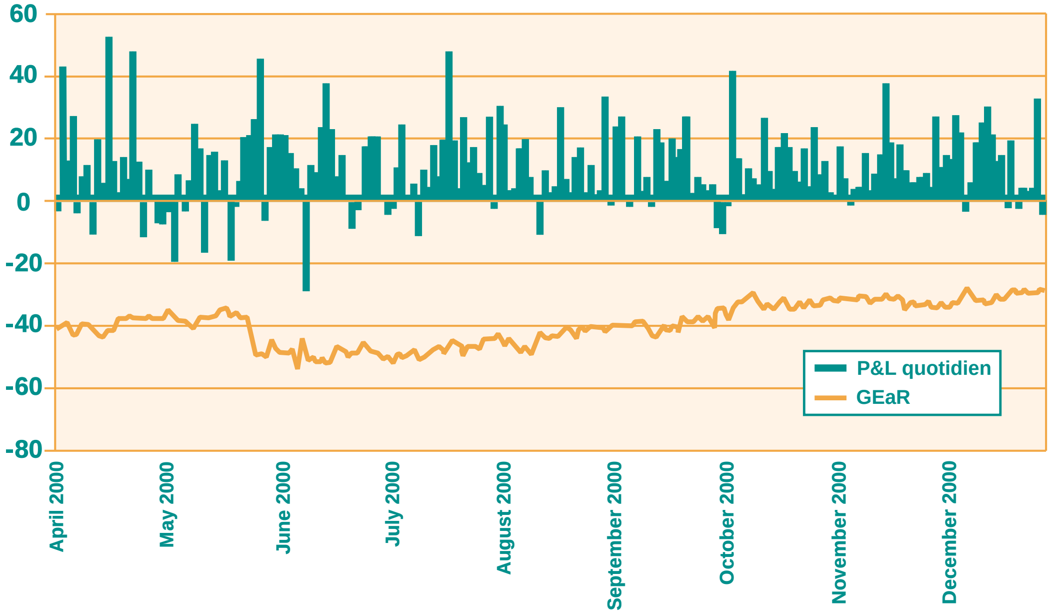
• In 2000, close attention was paid to risks in the telecoms sector in the United States.

Loans to telecoms companies represent around 3% of total customer loans, equivalent to this industry's contribution to French Gross National Product and significantly less than the industry's share of total market capitalisation. Despite the sharp rise in the financing needs of the global telecoms industry, the quality of the Group's commitments is very good, with three-quarters concerning investment grade borrowers or projects sponsored by major groups. The system set up several years ago to monitor the Group's commitments was further strengthened in the spring of 2000.

• BNP Paribas' exposure in the United States (towards US borrowers), excluding BancWest, represents 9% of total customer loans. Three-quarters of the total concerns investment grade borrowers. The deterioration of credit risks had been anticipated since the end of 1999. In 2000, outstanding loans were kept at the previous year's level and general provisions were increased.

BancWest's loan book, representing 6% of total Group loans, primarily concerns borrowers in California and Hawaii. Risks were kept tightly under control and the proportion of non-performing loans declined compared with 1999.

Back-testing graph: Daily profits and losses compared with GEaR (1 day)



MARKET RISKS ARE UNDER CONTROL

In order to guarantee the quality of the market risk measurement model, daily profits and losses are compared with the previous day's values at risk (1 day holding period, 99% confidence level). The aim of this process, known as back-testing, is to analyse any losses in excess of the values at risk or any exceptions. As shown in the graph below, no exceptions occurred between 31 March 2000, when the system was set up for the new configuration of the BNP Paribas Group, and the end of the year.

6. ASSET AND LIABILITY MANAGEMENT

The Asset/Liability Management and Treasury Department (ALM Treasury) reports to two committees, each headed by a Chief Operating Officer:

- The *ALM Treasury / Commercial Banking Committee*, responsible for decisions concerning mismatch and match-funding principles applicable to the balance sheet of the commercial banking business and management of the related interest rate risks.
- The *ALM Treasury / Investment Banking Committee,* responsible for monitoring market risks related to Treasury transactions, defining funding and liquidity management policies, managing Group equity and structural currency risks.

LIQUIDITY MANAGEMENT

The Group's cash needs are managed centrally by the ALM Treasury Department. The Treasury unit is responsible for interbank refinancing and short-term debt issues (certificates of deposit, commercial paper, etc.). The Asset/Liability Management unit is in charge of BMTN and EMTN programmes, senior and subordinated debt issues, asset-backed securities issues on behalf of the specialised subsidiaries of the Retail Banking Division and preferred stock issues.

In 2000, debt issues with maturities in excess of one year totalled EUR 3.4 billion, including EUR 800 million in subordinated debt. All senior debt issues were in the form of private placement notes and most consisted of structured debt. Around half of the subordinated debt issues were placed by the domestic network.

Asset-backed securities issues carried out in 2000 raised around EUR 2 billion, including EUR 1.2 billion for UCB and its Spanish subsidiary UCI, and EUR 0.8 billion for Cetelem and its Italian subsidiary Findomestic.

The Bank carried out a USD 500 million preferred stock issue in the United States, which is included in Tier 1 capital.

The Group's short and medium-term liquidity position is regularly measured on a consolidated basis. The ALM Treasury / Investment Banking Committee sets overnight limits for capital markets businesses (fixed income, equities and exchange rate), as well as gap limits for positions beyond one year of the banking business. The consolidated liquidity mismatch for positions beyond one year is measured based on contractual maturities of loans and deposits (including undrawn confirmed lines of credit) and internal maturity assumptions (demand loans and deposits, passbook savings accounts, etc.). At the end of 2000, the consolidated liquidity mismatch represented less than 15% of assets beyond one year, compared with an internally-set limit of 25%.

MANAGEMENT OF INTEREST RATE RISK ON THE BANKING BOOK

Interest rate risk on the commercial transactions of the domestic network and the specialised subsidiaries is managed on a centralised basis by the ALM Treasury Department via the banking book, which also includes hedging transactions carried out by the ALM Department. Banking book interest rate gaps are measured each month, with embedded behavioural options translated into delta equivalent.

Maturities of outstanding loans are determined based on the contractual characteristics of the transactions and historical customer behaviour. For retail banking products, behavioural models are based on historical data and econometric studies. The models deal with early repayments, regulated savings accounts and current accounts in credit and debit. Maturities of equity capital are determined according to internal assumptions.

Internal assumptions and models, which are regularly updated and back-tested, are presented to and approved by the ALM Treasury / Commercial Banking Committee.

BNP Paribas' structural interest rate risk is measured based on the assumption that the business will continue to operate in the long-term, incorporating dynamic changes in balance sheet items. Due to the existence of partial or even zero correlations between customer interest rates and market rates, and the volume sensitivity caused by behavioural options, rotation of balance sheet items generates a structural sensitivity of revenues to interest rate changes. This sensitivity is clearest for demand deposits and equity capital, which rotate in response to changes in interest rates.

During 2000, Senior Management set limits on the management of interest rate risk on the banking book.

The first limit concerns the sensitivity of domestic commercial banking revenues–including hedging transactions carried out by the Asset/Liability Management unit–to an immediate and parallel change in the yield curve of ± 100 b.p.

The second limit concerns the banking book interest rate gap and is expressed as a percentage of customer deposits. The percentage is a declining function of the management period. This limit is used to manage medium- and long-term interest rate risk. The type of limit is also applied to the retail banking subsidiaries' exposure to interest rate risk.

MANAGEMENT OF STRUCTURAL CURRENCY RISK

Foreign exchange positions related to the results of foreign subsidiaries and branches that are intended to be repatriated are managed on a centralised basis by the Asset/Liability Management unit and hedged monthly.

The bulk of the Group's structural currency risk concerns the earnings of foreign units which are reinvested, generally to comply with regulatory requirements, as well as capital allocations and equity interests denominated in foreign currencies that are financed by purchases of the currencies concerned. Group policy generally consists of borrowing the investment currency in order to avoid any currency risk. However, for most exotic currencies, the investment is financed by purchasing the currency.

Consolidated financial statements

PRELIMINARY COMMENT
CONSOLIDATED FINANCIAL STATEMENTS

The consolidated accounting and financial information of the BNP Paribas Group presented on pages 131 to 212 has been prepared in accordance with the consolidation principles and generally accepted accounting principles applicable to the French banking industry.

Paribas and its subsidiaries were consolidated by the new BNP Paribas Group for the first time at 31 December 1999. The consolidated profit and loss account therefore includes:

- the 2000 results of the BNP Paribas Group;
- the 1999 results of the BNP Group excluding Paribas and the results of the Paribas Group for the fourth quarter;
- the 1998 results of the BNP Group.

The balance sheet at 31 December 2000 is that of the new BNP Paribas Group created through the merger approved at the General Meeting of 23 May 2000.

The balance sheet at 31 December 1999 corresponds to the consolidation of the BNP and Paribas Groups at that date.

The 1998 data included in the regulatory presentation are in all cases (balance sheet, profit and loss account, notes) those published at the time by BNP based on the Group structure in that period, as adjusted to take account of the application in 1999 and 2000 of the new consolidation rules applicable to entities regulated by the Banking and Financial Regulations Committee (Comité de la Réglementation Bancaire et Financière) and the recognition of deferred taxes for all temporary differences. In order to provide an indication of the earnings capacity of the new BNP Paribas Group and permit meaningful year-on-year comparisons, 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 1999. Key pro forma combined figures are discussed in the report of the Board of Directors on pages 108 to 130.

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CONSOLIDATED BALANCE SHEET

ASSETS

In millions of euros, at 31 December	2000	1999	1998(*)
Interbank and money market items (note 4)			
Cash and amounts due from central banks and post office banks	8,140	6,031	3,666
Treasury bills and money-market instruments (note 7)	59,548	61,803	40,394
Due from credit institutions	130,613	159,772	71,298
Total interbank and money market items	198,301	227,606	115,358
Customer items (note 5)			
Due from customers	212,301	197,114	138,283
Leasing receivables	18,609	16,281	9,258
Total customer items	230,910	213,395	147,541
Bonds and other fixed-income instruments (note 7)	31,955	57,278	16,614
Equities and other variable income instruments (note 7)	39,020	26,682	6,570
Insurance company investments (note 6)	54,645	47,929	23,127
Investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment (note 8):			
Investments in non-consolidated undertakings and other participating interests	2,421	4,341	1,785
Equity securities held for long-term investment	5,620	3,477	1,691
Total investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment	8,041	7,818	3,476
Investments in companies carried under the equity method:			
Financial companies	2,023	2,158	144
Non-financial companies	162	105	87
Total investments in companies carried under the equity method	2,185	2,263	231
Tangible and intangible assets (note 11)	5,831	5,170	2,411
Goodwill (NOTE 13)	2,540	1,389	215
Accrued income and other assets (note 12)	120,609	109,095	31,339
Total assets	**694,037**	**698,625**	**346,882**

COMMITMENTS GIVEN

	2000	1999	1998(*)
Financing commitments given (note 23)	134,172	121,791	67,690
Guarantees and endorsements given (note 23)	60,071	56,963	31,603
Commitments given on securities (note 23)	8,705	10,236	5,956
Insurance company commitments	515	598	-
Commitments incurred on forward and options contracts (note 24)	8,291,838	7,377,840	2,575,033

(*) See note 1 "Year on year comparisons".

LIABILITIES AND SHAREHOLDERS' EQUITY

In millions of euros, at 31 December	2000	1999	1998 (*)
Interbank and money market items (note 14):			
Due to central banks and post office banks	461	459	3 399
Due to credit institutions	195,794	230,614	103,704
Total interbank and money market items	196,255	231,073	107,103
Customer items (note 15)	172,877	149,003	117,483
Debt securities:			
Retail certificates of deposit (note 15)	6,683	5,793	4,863
Interbank market securities (note 14)	540	623	172
Negotiable certificates of deposit (note 15)	53,215	55,005	24,081
Bonds, including short term portion (note 16)	15,196	15,617	6,413
Other debt instruments	91	61	108
Total debt securities	75,725	77,099	35,637
Technical reserves of insurance companies (note 17)	54,093	47,724	24,020
Accrued expenses and other liabilities (note 18)	152,253	151,735	39,106
Badwill	31	3	3
Provisions for contingencies and charges (note 19)	5,594	6,166	2,866
Subordinated debt (note 20)	11,745	11,977	8,258
Reserves for general banking risks (note 21)	1,039	1,040	1,038
Minority interests in consolidated subsidiaries (note 22)	2,812	3,016	1,114
Shareholders' equity (note 22):			
Capital stock	1,792	1,799	832
Additional paid-in capital in excess of par and premium on acquisition	10,962	11,709	3,421
Retained earnings	4,735	4,797	4,887
Net income	4,124	1,484	1,114
Total shareholders' equity	21,613	19,789	10,254
Total liabilities and shareholders' equity	**694,037**	**698,625**	**346,882**

COMMITMENTS RECEIVED (note 23)

Financing commitments received	6,625	11,233	3,791
Guarantees and endorsements received	39,901	40,034	23,348
Commitments received on securities	9,327	12,725	8,604
Insurance company commitments	2,659	2,710	-

(*) See note 1 "Year on year comparisons".

CONSOLIDATED PROFIT AND LOSS ACCOUNT

In millions of euros	2000	1999	1998
Interest income (note 28)	39,780	24,413	20,686
Interest expense (note 28)	(35,824)	(20,628)	(17,156)
Net interest income	3,956	3,785	3,530
Income on equities and other variable income instruments (note 31)	391	175	128
Net commissions (note 32)	4,446	3,198	2,557
Net gains on sales of trading account securities	5,297	2,465	1,365
Net gains on sales of securities available for sale	243	67	20
Other net income/(expense) from banking operations	460	(157)	(143)
Underwriting result and net investment income of insurance companies (note 33)	1,245	562	73
Net income from other activities	225	111	45
Net banking income (note 38)	16,263	10,206	7,575
Operating expense:			
Salaries and employee benefits, including profit sharing (note 34)	(6,250)	(4,040)	(3,113)
Other expense	(3,660)	(2,277)	(1,633)
Total operating expense	(9,910)	(6,317)	(4,746)
Depreciation, amortisation and provisions on tangible and intangible assets	(528)	(425)	(335)
Gross operating income (note 38)	5,825	3,464	2,494
Net additions to provisions for credit risks and country risks (note 9)	(1,142)	(702)	(1,206)
Operating income (note 38)	4,683	2,762	1,288
Share of earnings of companies carried under equity method	317	19	29
Gains (losses) on disposals of long-term investments and changes in provisions (note 36)	1,709	911	478
Income before tax, non-recurring items, amortisation of goodwill and movements in the reserve for general banking risks (note 38)	6,709	3,692	1,795
Net non-recurring expense (note 37)	(385)	(156)	(127)
Corporate income tax (note 39)	(1,632)	(1,201)	(482)
Amortisation of goodwill	(144)	(111)	(16)
Movements in the reserve for general banking risks	4	18	(3)
Minority interests	(428)	(163)	(53)
BNP-Paribas merger-related restructuring costs (note 40)	4,124	2,079	1,114
BNP-Paribas merger-related restructuring costs (note 40)	-	(595)	-
Net income	4,124	1,484	1,114
Earnings per share before BNP-Paribas merger-related restructuring costs, in euros	-	7.80	-
Basic earnings per share, in euros	9.40	5.57	5.16
Diluted earnings per share, in euros (1)	9.27	5.51	5.13

(1) In accordance with Accounting Standards Committee (CRC) standard 99-07, basic and diluted earnings per share are presented for the years ended 31 December 2000, 1999 and 1998.
Basic and diluted earnings per share are calculated by the method recommend by the French Accounting Board (OEC) in opinion no. 27. The method used to calculate diluted earnings per share also complies with IAS 33 “Earnings per share”. Diluted earnings per share correspond to net income for the year divided by the weighted average number of shares outstanding, adjusted for the maximum number of potential shares corresponding to dilutive instruments. Stock options are taken into account in the calculation of diluted earnings per share by the treasury stock method which is also allowed under IAS 33.

CONSOLIDATED STATEMENT OF CASH FLOWS

In millions of euros	2000	1999
Long-term sources of funds		
Funds provided from shareholders' equity		
From operations:		
Consolidated net income	4,552	1,647
Depreciation and amortization	528	425
Net additions to allowances	1,081	460
Share of earnings of companies carried under equity method	(317)	(19)
Total funds provided from operations	5,844	2,513
Dividends paid	(1,120)	(941)
Other changes in shareholders' equity:		
Group share	(2,514)	7,205
Minority interests	(618)	1,789
Increase in shareholders' equity	1,592	10,566
(Decrease) increase in reserve for general banking risks	(1)	2
(Decrease) increase in subordinated debt	(232)	3,719
Increase in shareholders' equity and other long-term capital	1,359	14,287
Funds provided from other sources:		
(Decrease) increase in interbank items (liabilities)	(34,818)	123,970
Increase in customer deposits	23,874	31,520
(Decrease) increase in debt securities	(1,374)	41,462
Increase in technical reserves of insurance companies	6,369	23,704
(Decrease) increase in other financial items	(11,368)	38,826
(Decrease) Increase in other sources of funds:	(17,317)	259,482
Total (decrease) increase in sources of funds	(15,958)	273,769
Uses:		
(Decrease) increase in interbank items (assets)	(27,082)	90,842
Increase in customer loans	18,689	66,758
(Decrease) increase in securities	(17,957)	70,347
Increase in insurance company investments	6,716	24,802
Increase in long-term investments	2,487	17,836
Increase in tangible and intangible assets	1,189	3,184
Total (decrease) increase in use of funds	(15,958)	273,769

NOTES

NOTE 1 - Accounting Policies

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

Year-on-Year Comparisons

In 1999, Banque Nationale de Paris (BNP) acquired a controlling interest in Paribas SA. Paribas SA and its subsidiaries were consolidated by the new BNP Paribas Group for the first time at 31 December 1999. The impact of consolidating Paribas on the BNP Paribas Group's consolidated balance sheet at 31 December 1999 and its consolidated profit and loss account for the year then ended is presented in note 3. The accounting method used for the consolidation is set out in note 22.

The General Meeting of BNP shareholders held on 23 May 2000 approved the BNP-Paribas merger with retrospective effect to 1 January 2000. Following reorganisation of the businesses and certain legal structures in the new BNP Paribas Group, it is no longer possible to identify the contribution of Paribas and its former subsidiaries to the balance sheet at 31 December 2000 or the profit and loss account for the year then ended.

The BNP Paribas Group has adopted the new consolidation rules applicable to institutions regulated by the Comité de la Réglementation Bancaire et Financière with effect from 1999. The financial statements for the year ended 31 December 1998 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.

The Group elected for early adoption of CRC 00-04, effective 31 December 2000. The main effect on the presentation of the BNP Paribas financial statements of applying this standard concern shareholders' equity, as follows:

– net income for the year is shown under shareholders' equity, excluding minority interests;

– minority interests in the net income and retained earnings of consolidated subsidiaries are shown on a separate line of the consolidated balance sheet.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation Principles

Application of the New Consolidation Rules

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

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

- all subsidiaries that are exclusively controlled by BNP Paribas and operate in businesses that represent an extension of the Group's banking and financial services business or in related business segments, including insurance and real estate development, are fully consolidated;

- deferred taxes are now recognised for all temporary differences between the reported amount of assets and liabilities and their tax basis. This new approach results in not only the recognition of probable but also of possible deferred taxes. In addition, leasing companies within the BNP Paribas Group record deferred taxes on the total difference between accumulated book depreciation of the leased assets and accumulated amortisation of the net investment in the lease.

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

In accordance with CRC standard 99-07, the financial statements for prior periods have been restated to take account of the changes of method resulting from the application of this standard. The effect of these changes of method on opening balances at 1 January 1999 has been recorded under "Retained Earnings" net of the related tax effect (note 22).

➔ First-Time Consolidation of the Paribas Group at 31 December 1999

Following the two public exchange offers made in 1999, BNP held over 90% of the capital of Paribas at 31 December 1999. Based on the National Accounting Board (CNC) Emerging Issues Task Force's interpretation of the rules governing the application of section 215 of the Appendix to CRC standard 99-07, the transaction meets the criteria for application of the pooling of interests method. This method consists of replacing the purchase cost of the Paribas shares with the net book value of the assets and liabilities acquired, as restated in accordance with BNP Paribas Group accounting policies. The difference between the cost of the shares and the book value of the net assets acquired has been charged against the premium on the shares issued in exchange for Paribas shares (note 22).

The accounting methods applied by Paribas have been aligned with those applied by BNP. The effect of these changes of method has been charged to Paribas' shareholders' equity at the date of first consolidation by the BNP Paribas Group. The Group used the option allowed under French accounting standards to carry out the alignment process over a period ending at the close of the first year following the merger. The final effects of the resulting changes of method at 31 December 1999 were recorded at 31 December 2000.

PRINCIPLES AND BASIS OF CONSOLIDATION

Scope of Consolidation

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

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

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

Consolidation Methods

Fully-Consolidated Companies

Subsidiaries over which the Group exercises exclusive control are fully consolidated, including subsidiaries whose financial statements are presented in a different format 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, Supervisor y Board or equivalent. This is considered to be the case if a Group company holds over 40% of the voting rights during the two-year period and no other shareholder holds a larger percentage, directly or indirectly;
- 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 utilisation of the subsidiary's assets, liabilities or off-balance sheet items as if they were its own. In the absence of contractual provisions or provisions of the 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 shareholder or groupolder 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 shareholders which together determine the company's financial and operating policies.

Companies Accounted for by the Equity Method

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

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

Consolidation Principles

→ Cost of Shares in Consolidated Companies, Goodwill, Valuation Adjustments

- Cost of Shares in Consolidated Companies

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

- Goodwill

  Goodwill, corresponding to the difference between the cost of shares in consolidated companies and the Group's equity in the assets, liabilities and off-balance sheet items of the company at the date of acquisition, after valuation adjustments, is amortised by the straight-line method over the estimated period of benefit, not to exceed 20 years. The amortisation period is determined on a case by case basis depending on the specific conditions relating to each acquisition. 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 amortised by the method described above. If the Group's percent interest is reduced without resulting in the subsidiary being deconsolidated, a corresponding percentage of the unamortised goodwill is written off. This is the case, in particular, following a capital transaction that has the effect of diluting the interest of the company holding the shares.

→ Intercompany Balances and Transactions

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 analysed between amortisation of the net investment and interest income.

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

→ Foreign Currency Translation

All monetary and non-monetary assets and liabilities of foreign subsidiaries and branches that are denominated in foreign currencies are translated at the year-end exchange rate. Differences arising from the translation of profit and loss account items of foreign subsidiaries at the average rate for the year and the year-end rate are recorded in shareholders' equity net of minority interests, together with differences arising on translation of the capital made available to foreign branches. Differences arising from the translation of the results of foreign subsidiaries are treated as operating positions that can be repatriated and are therefore recognised in the consolidated statement of income.

→ BNP Paribas Shares Held Within the Group

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

- Shares acquired in order to stabilise the share price or in connection with index arbitrage transactions are recorded under "Trading account securities"at their market price.

- Shares held for allocation to employees are recorded at the lower of cost and market price under "Securities available for sale". Where appropriate, a provision is booked for the difference between the cost of the shares and the exercise price of the related employee stock purchase options.
- Shares not acquired for any of the above purposes that are intended to be cancelled are deducted from consolidated shareholders' equity at cost. If the shares are subsequently sold instead of being cancelled, the gain or loss on disposal and the corresponding tax are posted to retained earnings.

Full Consolidation of Insurance Subsidiaries

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

- **Insurance Company Investments**

  The investments of insurance companies include admissible assets related to unit-linked business, property investments and various other investments, including shares in related companies. Property investments are stated at cost, excluding transaction costs. Buildings are depreciated over their estimated useful lives. Admissible assets related to unit-linked business are stated at the realisable value of the under lying assets at the year-end. Fixed or variable income marketable securities are stated at cost and for amortisable securities, the difference between cost an d the redemption price is prorated over the life of the securities. A capitalisation reserve is set up to cover any long-term impairment in value of the insurance companies' portfolio of investments, If the aggregate book value of marketable securities, equities, mutual and other variable income instruments is higher than the aggregate market value, the aggregate book value is written down by means of a technical reserve.

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

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

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

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 collateralised repurchase agreements. They are broken down between demand loans and deposits and term loans and time deposits.

Amounts due from customers include loans to customers other than credit institutions, with the exception of loans represented by debt securities issued by customers, securities purchased under resale agreements, whatever the type of securities concerned, and receivables corresponding to securities sold under collateralised 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.

Provisions 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 profit and loss account. 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 estimate 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.Provisions 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 programmes, provisions for claims and litigation, provisions for unidentified contingencies and provisions for unforeseeable industry risks.Additions to and recoveries of provisions, write-offs of bad debts and recoveries on loans covered by allowances are recorded in the profit and loss account 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 witthe 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 variable income instruments.

In application of CRC standard 00-02, securities are classified as "Trading account securities", "Securities available for sale", "Equity securities available for sale in the medium-term", "Debt securities held to maturity", "Equity securities held for long-term investment", "Other participating interests", and "Investments in non-consolidated undertakings". Investments in companies carried under the equity method are recorded on a separate line of the consolidated balance sheet.

→ Trading Account Securities

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

Securities Available for Sale

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

Bonds and other fixed-income instruments are valued at the lower of cost (excluding accrued interest) 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 profit and loss account. As a result, their carrying value is amortised to their redemption value over their remaining life.

Equities 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 equities, or the BNP Paribas Group's share in net assets calculated on the basis of the most recent financial statements available, for unlisted equities. Dividends received are posted to income under "Income on equities and other variable income instruments" on a cash basis.

The cost of sold securities available for sale is determined on a first in, first out (FIFO) basis. Disposal gains or losses are reflected in the profit and loss account under "Net gains on sales of securities available for sale", as are additions to and reversals of lower of cost ad market provisions.

Equity Securities Available for Sale in the Medium-Term

This category corresponds to investments made for portfolio management purposes, with the aim of realising a profit in the medium-term without investing on a long-term basis in the development of the issuer's business. Equity securities available for sale in the medium-term include venture capital investments.

Equity securities available for sale in the medium-term are valued at the lower of cost and fair value, taking into account the issuer's general development outlook and the planned holding period. The fair value of listed stocks corresponds primarily to the average market price determined over an appropriately long period.

Debt Securities Held to Maturity

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

The difference between cost and the redemption price of these securities is prorated over the life of the securities in the profit and loss account. As a result, their carrying value is amortised to their redemption value over their remaining life.

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

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

Equity Securities Held for Long-Term Investment

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

Equity securities held for long-term investment are recorded individually at the lower of cost and fair value. Fair 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 in the case of a permanent impairment in value. Fair 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 variable income instruments"on a cash basis.

→ Investments in Non-Consolidated Undertakings and Other Participating Interests

This category includes affiliates in which the Group exercises significant influence over management 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%.

Investments in non-consolidated undertakings and other participating interests are stated at the lower of cost and 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 in the case of a permanent impairment in value. Fair market value of unlisted securities is determined according to net asset value per share (consolidated, if applicable).

Disposal gains or losses are recorded as "Gains (losses) on disposals of long-term assets" in the profit and loss account. Dividends are posted to "Income on equities and other variable income instruments" when they are decided by the issuers' shareholders or on a cash basis when the shareholders' decision is not known.

→ Investments in Companies Carried Under the Equity Method

Changes in net assets of companies carried under the equity method are posted to assets under "Investments in companies carried under equity method" and to consolidated reserves under "Retained earnings". The difference between the book value of the investment and the Group's equity in net assets at the date of acquisition is also posted to "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, Banque Nationale de Paris transferred its main operating real estate holdings to its subsidiary Compagnie Immobilière de France. This transaction covered wholly-owned buildings and buildings leased to BNP SA (the parent company) by one of its specialised subsidiaries. These buildings are intended to be held on a long-term basis. The revaluation arising from this transaction has been posted to consolidated shareholders' equity net of the related deferred tax effect and a provision for deferred taxes has been recorded. The resulting capital gain has, since 1994, been posted to the consolidated profit and loss account in proportion to the additional depreciation charge taken by Compagnie Immobilière de France.

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

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

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

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

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

Depreciation of assets leased by BNP from its leasing subsidiaries is reflected in the profit and loss account under "Depreciation, amortisation and provisions on tangible and intangible assets".
The capitalised cost of software purchased or developed for internal use is recorded under "Intangible assets" and amortised by the straight-line method over the probable period of use of the software, not to exceed 5 years.

Interbank and Money-Market Items and Customer Deposits

Amounts due to credit institutions are analysed between demand accounts and time deposits and borrowings. Customer deposits are analysed 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 profit and loss account.

Debt Securities

Debt securities are analysed between retail certificates of deposit, interbank market securities, negotiable certificates of deposit, bonds and other debt instruments. This caption does not include subordinated notes which are recorded under "Subordinated debt".
Accrued interest on debt securities is recorded on a separate line in the profit and loss account.
Bond issue and redemption premiums are amortised by the yield-to-maturity method over the life of the bonds. Bond issuance costs are amortised by the straight-line method over the life of the bonds.

Country Risk Provisions

Provisions for country risk are based on the evaluation of non-transfer risk related to the future solvency of each of the countries at risk and on the systemic credit risk incurred by 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 profit and loss account under "Net additions to provisions for credit risks and country risks".

Provisions for Unforeseeable Industry Risks

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

Reserve for General Banking Risks

The BNP Paribas Group has set up a reserve for general banking risks in accordance with the principle of prudence. Specific additions to, and deductions from, this reserve are reflected in the consolidated profit and loss account 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 general hedges of assets and liabilities and for position management purposes.

→ Forward Interest Rate Instruments

Interest rate futures and options contracts forming part of the trading portfolio and traded on organised exchanges are marked to market at the balance sheet date. Realised and unrealised gains and losses are taken to income under "Net gains (losses) on sales of trading account securities". Gains and losses on certain OTC contracts representing isolated open positions are taken to income either when the contracts are unwound or on an accruals basis, depending on the nature of the instruments. Provisions for contingencies are made to cover unrealised losses on a contract by contract basis, taking into account potential gains and losses on related specific hedges. Income and expenses on interest rate contracts designated at the outset as hedging operations are recognised on a symmetrical basis with the income or expense on the underlying instrument.

→ Forward Currency Instruments

Options contracts are marked to market and 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 spot price prevailing at the end of the period. Premiums and discounts on contracts designated as hedges are recognised on an accrual basis and posted to the profit and loss account over the life of the underlying hedged transaction.

→ Equity and Equity Index Derivatives

The BNP Paribas Group buys and sells equity and equity index options for trading and hedging purposes. In the case of trading operations, unrealised gains and losses on contracts that have not been unwound by the balance sheet date are posted directly to income. Gains and losses on settled equity and equity index contracts designated as hedging operations are recognised on a symmetrical basis with the gain or loss on the underlying hedged instrument.

→ Composite Instruments

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

→ 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.

Corporate Income Tax

BNP Paribas Group companies are subject to corporate income tax based on rules and rates prevailing in the countries in which they operate. In France, the standard corporate income tax rate is 33 1/3%. Long-term capital gains are taxed at a rate of 19%. Gains and losses on securities in the portfolios are taxed at the standard corporate income tax rate of 33 1/3%, with the exception of gains and losses on disposals of investments in non-consolidated undertakings and other participating interests which are taxed at the reduced rate applicable to long-term capital gains. Dividends received from companies in which the BNP Paribas Group has an ownership interest of more than 5% are non taxable. Up to 31 December 1999, the exemption applied to dividends on shareholdings in excess of 10% or more than FRF 150 million.

In 1995, the French government imposed a 10% surtax on corporate income. The rate of this surtax has been reduced to 6% for 2001 and 3% for 2002. As of 1997, the government imposed an additional 15% surtax on corporate income, which was lowered to 10% for 1999, the last year of application. A new 3.3% surtax has been levied on corporate income as from 1 January 2000. The BNP Paribas Group has taken these surtaxes into account to determine current taxes for each period concerned, and has used the liability method to adjust the amount of deferred taxes in cases where the surtaxes are expected to apply when the timing differences reverse.

A charge for corporate income tax is taken in the year in which the related taxable income and expenses are booked, regardless of the period in which the tax is actually paid. As a result, BNP Paribas Group companies book deferred taxes for all timing differences between profit and loss items for accounting and tax purposes under the liability method.

Profit Sharing Plan

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

Pensions and Other Postretirement Benefits

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

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

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

- Retirees receive pension benefits from the social security system and two nation-wide organisations, which are financed by contributions received from employers and employees.
- Retirees receive additional benefits from the BNP Paribas Group pension fund and the banking industry pension funds to which certain of the Group's French subsidiaries contribute, relative to services rendered prior to 1 January 1994. Funding for these additional benefits is provided by transfers from the pension funds' existing reserves and, if necessary, by employer contributions, which are limited to a percentage of payroll costs. The amount of such additional benefits is adjusted to reflect the funding level of the pension funds and may consequently be reduced in due proportion.

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

Employee Benefits

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

Each year, the Group estimates the net present value of these commitments and adjusts the related provision.

Recognition of Revenue and Expenses

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

Foreign Currency Transactions

Foreign exchange positions are generally valued at the official year-end exchange rate. Exchange gains and losses on transactions in foreign currency carried out in the normal course of business are recorded in the profit and loss account. Exchange differences arising from the conversion at the year-end exchange rate of assets denominated in foreign currencies that are held on a long-term basis, including equity securities available for sale in the medium-term, the capital made available to branches and other participating interests, are not recognised in the profit and loss account.

NOTES

Note 2 - Scope of Consolidation

Changes in the scope of consolidation in 1999 and 2000 were as follows:

In 1999:

Newly-consolidated companies

Merger with Paribas

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 22). Paribas SA and all the entities in this sub-group that fulfilled the consolidation criteria applied by the BNP Group were included in the BNP Group consolidated financial statements as from 1 October 1999.

The following companies were also consolidated for the first time in 1999

	Fully-consolidated companies	*Proportionally-consolidated companies*	*Companies accounted for by the equity method*
Newly-created companies	BNP Prime Peregrine Capital Ltd HKG, BNP Prime Peregrine Securities Singapour, BNP Capital Market LLC, Jovacienne de Participations, BNP Suisse Holding SA	BNP Dresdner Bank Croatia, BNP Dresdner European AG	BNP Prime Peregrine Futures Ltd HKG, BNP Prime Peregrine Services Ltd HKG, BNP Prime Peregrine Inc (Philippines), BNP Andes
Acquisitions	BNP Prime Peregrine Securities Thailande	Création Financial Services	Fisher Francis Tree & Watts (FFTW)
Companies meeting the criteria for consolidation for the first time and companies consolidated in application of the new consolidation standards	BNP Securities Australia, Immobilière des Bergues	Natio Assurances	Sifida

Companies excluded from the scope of consolidation

	Fully-consolidated companies	*Companies accounted for by the equity method*
Mergers	Natiolocation (merged into BNP Lease), Sapeg (merged into Financière BNP), Bridoise de Participations (merged into CIP)	
Companies no longer meeting the criteria for consolidation and companies excluded in application of the new consolidation standards	UEB Holding, BNP Leasing Ltd, Négocéquip	Euromezzanine SCA, DGC Participations, Béarnaise de Participations, SFDI, Cimoxi, Chinonaise de Participations, Ufac, BTCI Togo Chinonaise de Participations, Ufac, BTCI Togo

Changes in consolidation method

	Fully consolidated company previously consolidated by the proportional method	Fully consolidated companies previously accounted for by the equity method
Increase in percent interest	Société Financière pour l'Outre-Mer (SFOM)	
Application of the new consolidation standards		Natio Vie et BNP RE Luxembourg (insurance), Meunier Promotion (Real Estate development)

In 2000:

Newly-consolidated companies

	Fully-consolidated companies	Proportionally-consolidated company	Companies accounted for by the equity method
Newly-created companies	BNP Paribas Capital Trust, PAM Milan SGR Spa, August Holdings Ltd, Klépierre Finances, Klécar France, Klecar Europe Sud, Klécar Foncier Ibérica, Klécar Foncier España	SCI Bassin Nord	Axa Crédit, Devimo Consult, Findomestic Sviluppo
Acquisitions	BD Lease, Arval PHH Holdings UK Ltd, Arval PHH Holdings Unlimited, Arval PHH Deutschland, Zobel Investments BV, Belga Sept		CACC, Cinneo, Dongwong ITMC
Companies meeting the criteria for consolidation for the first time and companies consolidated in application of the new consolidation standards (a)	Arval Polska, Arval Pays-Bas, Artegy Truck Management, Arval Gestion et Location Holding, Arval PHH Holdings SAS, BNP Paribas Fleet Leasing, BNP Paribas Fund Administration, Class Leasing GmbH, Paribas Capital Funding		BNP Private Banking Japan, Cofidis Argentine, Centro Leasing Spa
Business restructuring	UEB Switzerland, BNP Paribas Services SA, Bergues Finances Holding (restructuring of the Swiss sub-group)		

(a) Paribas Capital Funding is the only company meeting the control criteria applicable to entities governed by section 10052 of CRC standard 99-07.

Companies excluded from the scope of consolidation

	Fully-consolidated companies	Proportionally-consolidated company	Companies accounted for by the equity method
Divestments	Via Banque, Via Banque-Banque des Iles, Via Banque-Sagéfi, Paribas Asia Equity Jareseh, Sté d'Informatique et de Systèmes (SIS), Cobepa-Cie Forestière Cosylva	Cortal Direct	Assurances Banque Populaire
Mergers	Paribas SA et BNP Finance (merged with BNP SA), Paribas Investissement Développement (merged into Société Centrale d'Investissements), Paribas Bank of Canada (merged into BNP-Canada), Courcoux-Bouvet (merged into BNP Equities SA), Cofica, Klébail SA, Foncière de Cetelem (merged with Cetelem), BNP Lease et Natiocrédit (merged with BNP Paribas Lease Group -ex UFB Locabail), BNP Luxembourg (merged into Paribas Luxembourg)		
Companies no longer meeting the criteria for consolidation and companies excluded in application of the new consolidation standards	BNP Cooper Neff Advisors, BNP Cooper Neff Inc, SNC Immobilier Haussmann 1, SPV Paribas New York, SAS Taitbout Paris 9, Sté de Gestion, SAS Colombier Carrières, PAM Ltd Bahamas, Paribas Bahamas Ltd Suisse, GAM CB, GEP CB, SAS Louis-Philippe, SAS Combs-la-Ville, SA de Flers, SA 25 Kléber, SAS Sinkle		Cobepa group entities: All Tag, Ancorabel, Arine Beheer, Codefi, Berginvest, Dehnert & Jansen, Eurovos, Interxion, Languahe Hill, Mainland Séquoia, Médiabel, Neurones, Nationale A Portefeuille, Floridienne, GIB, Sait Radioholland, Sens Label, T-Palm, Erbe SA, Uco textile, Pargesa Holding, Groupe Josi, Sopex, Uco Engineering, Cie Centrale 1909, Spaas, Zetes, Vegobeheer

Changes in consolidation method

	Fully-consolidated companies previously consolidated by the proportional method	Fully-consolidated companies previously accounted for by the equity method	Proportionally-consolidated companies previously accounted for by the equity method
Increase in percent interest	Arval SAS (ex-Europcar Lease), ICD Spa, SAS Brescia	BICI Sénégal, BICI Côte d'Ivoire, BICI Gabon, BICI Burkina Faso, Sifida	International Bank of South Africa (Ibsa)

Group entities that changed their name in 2000 are not included in the above tables. They are included in the list of consolidated companies at 31 December 2000, presented below, with their former name shown in brackets.

FULLY-CONSOLIDATED COMPANIES

Financial institutions	Group voting interest (%)	Group ownership interest (%)
IN FRANCE		
Credit institutions		
Accea Finances [1]	100.00	100.00
Antee [1]	100.00	100.00
Arval Service Lease [1]	100.00	99.99
Banque Cortal	100.00	100.00
Banque de Bretagne [1]	100.00	100.00
Banque de la Cité [1]	100.00	100.00
Banque de Wallis-et-Futuna	51.00	51.00
Banque Financière Cardif	100.00	100.00
BNP Factor [1]	100.00	99.96
BNP Guadeloupe [1]	100.00	100.00
BNP Guyane [1]	100.00	100.00
BNP Intercontinentale (BNPI)	100.00	100.00
BNP Martinique [1]	100.00	100.00
BNP Nouvelle-Calédonie	100.00	100.00
BNP Paribas Lease Groupe (ex-UFB Locabail) [1]	99.96	99.96
BNP Paribas Securities Services (ex-Banexi) [1]	100.00	100.00
Banque Directe [1]	100.00	100.00
Carnégie et Cie	100.00	99.93
Cetelem	100.00	100.00
Cie Gle Location Industrielle [1]	100.00	99.99
Cie Médicale Fin. Voitures	99.98	99.98
Claas Financial Services Sas	90.00	89.36
Cofica Bail [1]	100.00	100.00
Cofiparc SNC [1]	100.00	99.99
Corelim SNC	100.00	99.93
Credial [1]	100.00	100.00
Crédit Moderne Antilles	100.00	100.00
Crédit Moderne Guyane	100.00	99.99
Crédit Moderne Océan Indien	97.14	97.14
Effico Sarl [1]	99.00	99.00
Fac Location SNC	100.00	99.96
Fidem	51.00	51.00
Inchcape Finance	51.00	51.00
Massilia Bail [1]	100.00	99.96
Natiobail	79.16	79.16
Natiocrédibail	100.00	99.96
Natiocrédimurs	100.00	99.96
Natioénergie	100.00	99.96
Neuilly Contentieux	94.80	94.73

(1) Members of the BNP Paribas SA tax group as of 1 January 2000.

Financial institutions (cont'd)	Group voting interest (%)	Group ownership interest (%)
Norbail Location SNC	100.00	99.96
Norbail SNC	100.00	99.96
Norrsken Finance	51.00	51.00
Paribas Banque Privée Monaco	100.00	99.98
Paribas Dérivés Garantis	100.00	100.00
Paricomi	100.00	99.93
Parifergie	100.00	100.00
Parilease (1)	100.00	100.00
Prêts et Services	100.00	99.93
SA Finance et Gestion	70.00	69.97
SA Leval 3 (1)	100.00	100.00
Same Deutz-Fahr Finance	99.97	99.93
Services et Finance	51.00	50.98
Services et Prêts Immobilier (ex-Cetelem Immobilier)	100.00	99.92
Socappa (1)	99.93	99.89
Sofracem (1)	100.00	100.00
UCB	99.93	99.93
UCB Bail (1)	100.00	99.93
UCB Entreprise (1)	100.00	99.93
UCB Locabail Immobilier	100.00	99.92

IN FRANCE (CONT'D)

Other financial institutions

Arius Finance	100.00	99.99
Arius SA	100.00	99.99
Arval Gestion & Location Holding	100.00	99.99
Arval PHH Holding SAS	100.00	99.99
Arval SAS (ex-Europcar Lease)	100.00	99.99
Banexi Communication SA (1)	100.00	100.00
Banexi Société de Capital-Risque	100.00	100.00
BNP Arbitrage (1)	100.00	100.00
BNP Développement SA	100.00	100.00
BNP Emergis (1)	100.00	100.00
BNP Equities France (1)	99.81	99.81
BNP Paribas Asset Management Group (ex-BNP Gestion) (1)	100.00	100.00
BNP Paribas Asset Management (ex-PAM SA)	100.00	100.00
Cardif Asset Management (1)	100.00	100.00
Codexi	99.91	99.91
Compagnie d'Investissement de Paris "CIP"	100.00	100.00

(1) Members of the BNP Paribas SA tax group as of 1 January 2000.

FULLY-CONSOLIDATED COMPANIES (CONT'D)

Financial institutions (cont'd)	Group voting interest (%)	Group ownership interest (%)
Conseil Investissement	100.00	100.00
Financière BNP (1)	100.00	100.00
Firem (1)	100.00	100.00
Gerfonds	99.96	99.96
Immo Investissements BNP (1)	100.00	100.00
Institut de Télémarketing (1)	99.92	99.92
Jovacienne de Participations (1)	100.00	100.00
Natioinformatique	100.00	100.00
SNC Cortal Fund Management	100.00	100.00
SNC Cortal Pierre Gestion	100.00	100.00
Société Cristolienne de Participation	100.00	100.00
Société de Courtage d'Assurance Universel	100.00	99.96
Société Française Auxiliaire "SFA" (1)	100.00	100.00
Other financial sector companies		
BD Lease	100.00	100.00
NHG Guyomarc'h	100.00	99.92
OUTSIDE FRANCE		
Credit institutions		
Europe		
Arval Belgium	100.00	99.99
Arval España	99.98	99.97
Arval Italy	55.00	61.41
Arval Ltd (United Kingdom) (ex-Ryland-Multifleet Services)	75.00	74.99
Arval Luxembourg	100.00	99.99
Arval Portugal	100.00	99.99
Arval Polska	100.00	99.99
Arval Netherlands	100.00	99.99
Banca UCB (Italy)	100.00	99.96
Banque Paribas Switzerland	99.98	99.98
BNP Bank NV (Netherlands)	100.00	100.00
BNP Capital Finance Ltd (Ireland)	100.00	100.00
BNP España	99.23	99.23
BNP Factor (Portugal)	100.00	100.00

(1) Members of the BNP Paribas SA tax group as of 1 January 2000.

Financial institutions (cont'd)	Group voting interest (%)	Group ownership interest (%)
BNP Finans A/S Norge	100.00	100.00
BNP Ireland Ltd (and subsidiaries)	100.00	100.00
BNP Leasing Spa (Italy)	100.00	100.00
BNP Paribas Lease Group SA EFC (ex-UFB Finfactor) (Spain)	100.00	99.96
BNP Paribas Lease Group Plc (ex-UFB Group) (United Kingdom)	100.00	99.97
BNP Paribas Kredit Bank AG (ex-UFB Kredit Bank) (Germany)	100.00	99.96
BNP Paribas Lease Group SPA (ex-UFB Leasing Italia) (Italy)	100.00	99.95
BNP Paribas Lease Group GmbH (ex-UFB Locabail Deutschland)	100.00	99.96
BNP Paribas Leasing GmbH (ex-UFB Systema Leasing) (Germany)	100.00	99.96
BNP Paribas Lease Group SA Belgium (ex-Unifactors Belgium)	100.00	99.95
BNP Paribas Net Ltd (ex-Paribas Limited-PB Net) (United Kingdom)	100.00	100.00
BNP Paribas Private Bank Plc (ex-BNP Plc London)	100.00	100.00
BNP Switzerland	100.00	99.99
Banque Paribas Luxembourg	100.00	100.00
Cetelem Belgium	60.00	60.00
Cetelem Benelux BV (Netherlands)	100.00	100.00
Cetelem CR (Czech Republic)	65.00	65.00
Cetelem Nederland BV (ex-United European Credit BV) (Netherlands)	100.00	100.00
Cetelem Sfac (Portugal)	100.00	100.00
Cie Bancaire UK Fonds A (United Kingdom)	100.00	99.97
Cie Bancaire UK Fonds B (United Kingdom)	100.00	100.00
Cie Bancaire UK Fonds D (United Kingdom)	100.00	99.99
Claas Miet & Leasing GmbH (ex-Claas Leasing GmbH) (Germany)	100.00	89.96
Cortal Bank Luxembourg	100.00	100.00
Eurocredito (Spain)	80.00	80.00
Evergo Finanzaria (ex-Finer) (Italy)	60.00	59.97
Fimestic (Spain)	100.00	100.00
Fimestic Expansion (Spain)	100.00	100.00
Magyar Cetelem (Hungary)	100.00	100.00
Paribas Deutschland BV (Netherlands)	100.00	100.00
Paribas Finanzaria SPA (Italy)	100.00	100.00
Paribas Suisse Guernesey (Guernsey)	100.00	99.98
Sifida (Luxembourg)	66.28	56.47
UCB Group Ltd (United Kingdom)	100.00	100.00
UCB Socabail Immobiliare (Italy)	100.00	99.96
UCI Grupo (Spain)	50.00	49.97
UEB (United European Bank) (Switzerland)	100.00	99.99
UEB Switzerland (Switzerland)	100.00	99.99
UFB Factoring Italia	100.00	99.95

FULLY-CONSOLIDATED COMPANIES (CONT'D)

Financial institutions (cont'd)	Group voting interest (%)	Group ownership interest (%)
Americas		
Banco BNP Brasil SA (Brazil)	100.00	100.00
Banco Cetelem Argentina	60.00	60.00
BNP (Canada)	100.00	100.00
BNP (Mexico) SA	100.00	100.00
BNP (Panama) SA	91.80	91.80
BNP (Uruguay) SA	100.00	100.00
BNP Leasing Corporation Dallas (USA)	100.00	100.00
BNP Private Bank & Trust Cie Bahamas Ltd (Bahamas)	100.00	100.00
BancWest Corp. Group (USA)	45.07	45.07
Paribas Finance Inc (USA)	100.00	100.00
Paribas North America (USA)	100.00	100.00
Paribas Principal Inc (USA)	100.00	100.00
PNA-Paribas Properties Incorporated (USA)	100.00	100.00
Asia–Pacific		
BBD Indonesia	88.00	88.00
BNP Arbitrage Hong Kong Ltd	100.00	100.00
BNP Primeeast Securities (Hong Kong)	100.00	90.00
BNP Securities Australia	100.00	100.00
Paribas Japan Ltd	100.00	100.00
Paribas Merchant BK. Asia Ltd (Singapore)	100.00	100.00
Pt BNP Lippo Utama Leasing (Indonesia)	88.00	87.98
Africa		
Banque du Caire et de Paris (Egypt)	76.00	76.00
Banque Malgache de l'océan Indien BMOI (Madagascar)	75.00	75.00
Banque pour le Commerce et l'Industrie (Comores)	51.00	51.00
BCI Mer Rouge (Djibouti)	51.00	51.00
BICI Côte d'Ivoire	57.61	56.07
BICI Gabon	46.66	46.66
BICI Sénégal	54.11	52.32
BICIA Burkina Faso	51.00	46.65
BMCI (Maroc)	50.00	50.00
BMCI Leasing Maroc	71.90	35.95
Paribas Côte d'Ivoire	84.38	84.38
UBCI (Tunisia)	50.00	50.00
Union Tunisienne de Leasing (Tunisia)	34.72	19.72

Financial institutions (cont'd)	Group voting interest (%)	Group ownership interest (%)
OUTSIDE FRANCE		
Other financial institutions		
Europe		
Arval PHH Holding UK Ltd (United Kingdom)	100.00	100.00
August-Holdings Ltd (United Kingdom)	100.00	100.00
BNP Financière du Régent (Belgium)	100.00	100.00
BNP Paribas Suisse Holding (ex-BNP Suisse Holding) (Switzerland)	99.99	99.99
BNP Paribas UK Holdings Ltd (ex-BNP UK Holdings Ltd) (UK)	100.00	100.00
BNP Paribas Asset Management UK Ltd (ex-PAM UK Ltd) (UK)	100.00	100.00
BNP Paribas E & B Ltd (ex-Paribas E & B Limited) (UK)	100.00	100.00
BNP Paribas Commodity Futures Ltd (ex-Paribas Futures Ltd) (UK)	99.99	99.99
BNP Paribas CMG Ltd (ex-PBAS Capital Markets GRP Ltd) (UK)	100.00	100.00
BNP Paribas Wigmore Loan Finance Ltd (ex-Paribas Ltd - Wigmore Loan Finance Ltd) (United Kingdom)	100.00	100.00
BNP Paribas UK Limited (ex-Paribas UK Ltd) (UK)	100.00	100.00
BNP Pasfin SIM SPA (Italy)	100.00	100.00
BNP PUK Holding Limited (ex-Paribas UK Holding Ltd) (UK)	100.00	100.00
BNP SIM SA Milan (Italy)	100.00	100.00
Centro di Telemerketing (Italy)	50.00	50.00
Cie Bancaire UK Fonds C (United Kingdom)	100.00	100.00
Cipango Ltd (United Kingdom)	100.00	100.00
Fund Services (Poland)	100.00	100.00
Interconti-Finance (Ireland)	100.00	100.00
PAM Luxembourg	100.00	100.00
PAM-Milan SGR SPA (Italy)	100.00	100.00
Paribas Fonds Marketing (Germany)	100.00	100.00
Paribas Investment Managt GmbH (Germany)	100.00	100.00
Société Financière pour les Pays d'Outre-Mer–SFOM (Switzerland)	100.00	100.00
Americas		
BNP Mexico Holding	100.00	100.00
BNP Paribas Investment Services LLC (ex-BNP Capital Market LLC) (USA)	100.00	100.00
BNP Paribas Brokerage Services Inc (ex-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
Paribas do Brasil Consultaria Projeto (Brazil)	100.00	100.00
Paribas Capital Funding (USA)	100.00	100.00
Paribas Capital Trust (USA)	100.00	100.00
PNA-Paribas Asset Management Incorporated (USA)	100.00	100.00
PNA-Paribas Corporation (USA)	100.00	100.00
PNA-Paribas Futures Incorporated (USA)	83.00	100.00

FULLY-CONSOLIDATED COMPANIES (CONT'D)

Financial institutions (cont'd)	Group voting interest (%)	Group ownership interest (%)
Asia–Pacific		
BNP Equities Asia (Malaysia)	100.00	100.00
BNP Equities Group Australia (Australia)	85.63	85.63
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 Paribas Indonesia (ex-Pt BNP Lippo Indonesia) (Indonesia)	100.00	99.98
BNP Prime Peregrine Capital Ltd HKG (Hong Kong)	100.00	90.00
BNP Prime Peregrine Ltd Greater China (Malaysia)	90.00	90.00
BNP Prime Peregrine Securities Singapore	70.00	70.00
BNP Prime Peregrine Securities Thailand	100.00	100.00
BNP Prime Peregrine Singapore Ltd	100.00	100.00
BNP Prime Peregrine South East Asia (Malaysia)	100.00	100.00
BNP Securities HKG (Hong Kong)	100.00	100.00
BNP Vila Ltd (Vanuatu)	100.00	100.00
PAM Asia Ltd Singapore	100.00	100.00
PAM Japan Ltd	100.00	100.00
Paribas Asia Equity Ltd (Hong Kong)	100.00	100.00
Paribas Asia Equity Phils Inc (Philippines)	100.00	100.00
Paribas Asia Ltd (Hong Kong)	100.00	100.00
Paribas Capital Markets Ltd (Hong Kong)	100.00	100.00
Paribas Group Australia	100.00	100.00
Paribas Investissement Asia (Hong Kong)	100.00	100.00

OUTSIDE FRANCE

Other financial institutions (cont'd)

Africa		
BMCI Offshore (Morocco)	100.00	50.00

Other financial sector companies

Bergues Finance Holding (Bahamas)	100.00	99.99
Claas Leasing GmbH-New One (Germany)	100.00	89.96
BNP Paribas Fund Administration (Luxembourg)	100.00	100.00

Other companies	Group voting interest (%)	Group ownership interest (%)
IN FRANCE		
Real Estate		
Antin Bail [1]	100.00	100.00
BNP Immobilier [1]	100.00	100.00
CB Pierre	99.00	60.44
Fleurantine de Participations [1]	100.00	100.00
Foncière Mulhouse Nord	100.00	61.04
Immobilière des Bergues	100.00	100.00
KLE 31	99.92	61.07
Klecar France	83.13	50.74
Klecar Europe Sud	83.00	50.67
Klépierre	61.15	61.04
Klépierre Finances	100.00	61.04
Loisirs Finance SA	51.00	51.00
Meunier Promotion (Group) [1]	100.00	100.00
Opale (ex-SAS 52 Iéna)	100.00	61.04
Promopart BNP [1]	100.00	100.00
SA Cecobil	50.00	30.52
SA Centrale Immobilière	100.00	61.04
SA Klecentres	82.50	50.36
SA Soaval	49.92	25.29
SA Socoseine	99.84	58.36
SA Tours Nationale	100.00	50.36
Saint-André PEY Berland	100.00	50.36
SAS 192 Charles-de-Gaulle	100.00	61.05
SAS 21 Kléber	100.00	61.44
SAS 21 La Pérouse	100.00	61.05
SAS 43 Grenelle	100.00	61.05
SAS 43 Kléber	100.00	61.05
SAS 46 Notre-Dame Victoires	100.00	61.05
SAS 5 Turin	100.00	61.07
SAS Baudin Levallois	100.00	61.05
SAS Baudot Massy	100.00	61.05
SAS Bègles Arcins	100.00	50.36
SAS Brescia	100.00	50.36
SAS Cande	100.00	61.04
SAS Center Villepinte	100.00	50.38

(1) Members of the BNP Paribas SA tax group as of 1 January 2000.

FULLY-CONSOLIDATED COMPANIES (CONT'D)

Other companies (cont'd)	Group voting interest (%)	Group ownership interest (%)
IN FRANCE (CONT'D)		
Real Estate (cont'd)		
SAS Centre Jaude Clermont	100.00	50.36
SAS Concorde Puteaux	100.00	61.05
SAS Daumesnil Reuilly	100.00	61.05
SAS Doumer Caen	99.96	50.34
SAS Espace Dumont d'Urville	100.00	61.05
SAS Espace Kléber	100.00	61.05
SAS Étoile Résidence (1)	100.00	100.00
SAS Issy Desmoulins (ex-SAS Paul-Doumer Rueil)	100.00	61.08
SAS Flandre	100.00	61.04
SAS Fontenay La Redoute	100.00	61.09
SAS Kléber Levallois	100.00	61.05
SAS Klebureaux	100.00	61.05
SAS Klefinances (1)	100.00	100.00
SAS Klegestion	100.00	61.04
SAS Klemurs	100.00	61.04
SAS Langevin Herblay	100.00	61.05
SAS Le Havre Capelet	100.00	61.04
SAS Le Havre Tourneville	100.00	61.04
SAS Leblanc Paris 15	100.00	61.05
SAS Melun Saint-Peres	99.98	50.35
SAS Oise Cergy	100.00	80.49
SAS Poitiers Alienor	100.00	61.04
SAS Sommer Antony	100.00	61.05
SAS Strasbourg La Vigie	99.85	50.29
SAS Suffren Paris 15	100.00	61.05
SAS Vanne Montrouge	100.00	62.99
SAS Varennes Ormes	100.00	61.05
SC Bourse	85.00	44.41
SC Cecocord	100.00	61.03
SC Rouen Cande	100.00	61.03
SCI Boulogne d'Aguesseau	99.90	60.38
SCI Étoile Quinzième	99.90	60.38
SCI Les Ellipses	99.90	60.38
SCI Levallois Anatole France	99.90	60.38
SCI Levallois Michelet	99.90	60.38
SCI Paris Suffren	99.90	60.38
SCI Rue du Sentier	100.00	61.04
SCI Rueil Hermes	99.90	60.38
SCI Square Chaptal 2	100.00	61.05
SCI Villepinte Le Tropical	99.90	60.38

(1) Members of the BNP Paribas SA tax group as of 1 January 2000.

Financial institutions (cont'd)	Group voting interest (%)	Group ownership interest (%)
Secmarne	61.67	33.99
Ségécé	89.99	50.66
Ségécé Loisirs et Transactions	95.12	48.20
Segefico (1)	100.00	100.00
Setic	100.00	100.00
SNC 86, Anatole France	100.00	61.05
SNC Cecoville	100.00	61.04
SNC Couperin Foncière	100.00	61.05
SNC Foncière Saint-Germain	100.00	61.05
SNC Général-Leclerc 11-11 bis Levallois	100.00	61.05
SNC Godefroy Puteaux	100.00	61.05
SNC Kléber La Pérouse	100.00	61.04
SNC Liège 25 Paris 8e	100.00	61.05
SNC Soccendre	100.00	50.66
SNC Université Paris 7e	100.00	61.05
Solorec	100.00	53.65
Sté du 23. avenue Marignan	100.00	61.05
Insurance		
Cardif RD (1)	100.00	100.00
Cardif SA (1)	100.00	100.00
Cardif Sté Vie (1)	100.00	100.00
Cybele RE	100.00	100.00
Gestion Croissance	72.40	84.40
Natio Vie (Group) (1)	100.00	100.00
Other		
Artegy Truck Management	100.00	99.99
Beti SNC	100.00	100.00
Bincofi	100.00	100.00
Capefi (1)	100.00	100.00
Cerenicim	100.00	100.00
Cie d'entreprises industrielles et commerciales (CEIC) (1)	99.30	99.30
Compagnie d'entreprises et de Chemins de Fer (1)	100.00	100.00
Compagnie Immobilière de France "CIF" (1)	100.00	100.00
Financière Kléber (1)	100.00	100.00
Foncière de la CB	100.00	100.00

(1) Members of the BNP Paribas SA tax group as of 1 January 2000.

FULLY-CONSOLIDATED COMPANIES (CONT'D)

Other companies (cont'd)	Group voting interest (%)	Group ownership interest (%)
IN FRANCE (CONT'D)		
Other (cont'd)		
KLE 22 (1)	99.96	99.96
KLE 65 (1)	100.00	100.00
KLE 66 (1)	100.00	100.00
Immob. Marché St. Honoré SCI	100.00	100.00
Omnium Gestion Dévelop. Immob (1)	100.00	100.00
Opatra (1)	100.00	99.99
Ottofrance International (1)	100.00	99.99
PAI Management (1)	100.00	100.00
Parfici (1)	100.00	100.00
Paribas International (1)	100.00	100.00
Paribas Santé SA (1)	100.00	100.00
Quatch (1)	99.96	99.96
Safadeco SP	100.00	100.00
Safadeco SA (1)	100.00	100.00
Sagal (1)	100.00	99.92
SA 37 La Pérouse (1)	100.00	100.00
SA Antin Vendôme (ex-Antin Gérance)	96.67	96.67
SAS 5 Kléber (1)	100.00	100.00
SAS Kléber Montigny (1)	100.00	100.00
SGCF (1)	100.00	100.00
SI Immobilière 36 Avenue Opéra	100.00	100.00
Société Centrale d'investissement	100.00	100.00
Sogimo SA (1)	100.00	100.00
OUTSIDE FRANCE		
Insurance		
BNP Re Luxembourg	100.00	100.00
Cardif Assicurazioni (Italy)	100.00	100.00
Cardif Cia Seg. Vida (Argentina)	100.00	100.00
Cardif Leven (Belgium)	100.00	100.00
Cardif Provita (Czech Republic)	100.00	100.00
Cia Seguros de Vida (Chile)	100.00	100.00
Compania de Seguros Generales (Chile)	100.00	100.00
European RE (Guernsey)	100.00	88.65
Investlife Luxembourg SA	100.00	100.00

(1) Members of the BNP Paribas SA tax group as of 1 January 2000.

Other companies (cont'd)	Group voting interest (%)	Group ownership interest (%)
Luxpar Réassurance (Luxembourg)	100.00	100.00
Pinnacle Holding (United Kingdom)	88.65	88.65
Pinnacle Insurance (United Kingdom)	100.00	88.65
Pinnacle Insurance Mangt Serv. (United Kingdom)	100.00	88.65
Pinnafrica Holding Ltd (South Africa)	100.00	88.65
Pinnafrica Insurance Cy (South Africa)	100.00	88.65
Pinnafrica Insurance Life (South Africa)	100.00	88.65
Real Estate		
90 William Street Pty Ltd (Australia)	100.00	100.00
Belga Sept (Belgium)	49.99	30.52
Ejenorte (Spain)	100.00	100.00
Ejesur (Spain)	100.00	100.00
Great Central Railway Land (France) (1)	99.80	99.80
ICD SPA (Italy)	85.00	42.81
Immobiliare Magnolia SRL (Italy)	85.00	51.89
Klecar Foncière Iberica (Spain)	100.00	50.67
Klecar Foncière España (Spain)	100.00	50.67
Monopoly (United Kingdom)	100.00	100.00
Zobel Investment BV (Netherlands)	100.00	61.04
Other		
Amparzo (Netherlands)	100.00	78.25
Arval PHH Deutschland GmbH (Germany)	100.00	81.35
Arval PHH Holding Unlimited GmbH (United Kingdom)	80.00	81.35
BNP Paribas Capital Investments Ltd (ex-Paribas Cap Inv) (UK)	100.00	100.00
BNP Paribas Fleet Leasing (United Kingdom)	100.00	99.99
BNP Paribas Managt Services Ltd (ex-Paribas Managt Service Ltd) (UK)	100.00	100.00
BNP Paribas Services SA (Switzerland)	100.00	99.99
Cobema (Belgium)	100.00	98.40
Cobepa-Belvuco (Belgium)	77.89	75.64
Cobepa-CFA SA (Belgium)	82.10	80.79
Cobepa-Cie de Particip Intern BV (Netherlands)	100.00	78.25
Cobepa-Cie de Particip Intern SA (Luxembourg)	97.50	95.94
Cobepa-Cie Financière et Mobilière (Belgium)	100.00	98.40
Cobepa-Cie Gestion & Develop Informatiq (Belgium)	100.00	98.40

(1) Members of the BNP Paribas SA tax group as of 1 January 2000.

FULLY-CONSOLIDATED COMPANIES (CONT'D)

Other companies (cont'd)	Group voting interest (%)	Group ownership interest (%)
OUTSIDE FRANCE (CONT'D)		
Other (cont'd)		
Cobepa-Cippar (Belgium)	100.00	78.25
Cobepa-Clairville (Belgium)	100.00	98.40
Cobepa-Cobepa Finance (Luxembourg)	100.00	98.40
Cobepa-Cobepa Technology (Belgium)	100.00	98.40
Cobepa-Copabel SA (Belgium)	100.00	95.94
Cobepa-Coparin (Luxembourg)	100.00	95.94
Cobepa-Financ Dévelop & Particip (Sté)	50.00	49.20
Cobepa-Financière Cristal SA (Luxembourg)	100.00	78.25
Cobepa-Group T SA (Belgium)	100.00	78.25
Cobepa-groupe Financier Liégeois (Belgium)	100.00	78.21
Cobepa-Holnor (Netherlands)	100.00	95.94
Cobepa-Internat Financing Partners SA (Luxembourg)	100.00	78.25
Cobepa-Libelux (Luxembourg)	99.98	98.38
Cobepa-Libenel (Netherlands)	100.00	98.40
Cobepa-Lim (Netherlands)	100.00	98.40
Cobepa-Limaco (Belgium)	100.00	75.62
Cobepa-Lucht ET Licht NV (Netherlands)	100.00	75.62
Cobepa-Mascagni (Belgium)	100.00	75.64
Cobepa-Paribas Deelnemingen NV (Netherlands)	100.00	92.71
Cobepa-Paribas Participation Limitée (Canada)	97.50	95.94
Cobepa-Ramlux (Luxembourg)	100.00	75.64
Cobepa-Regio Invest Ontwik Maats (Belgium)	100.00	75.64
Cobepa-SA Mosane (Belgium)	79.52	78.25
Cobepa-Sté Financière et de Réalisation (Belgium)	100.00	98.40
Cobepa-Texaf (Belgium)....	82.10	80.79
Cobepa-Tradexco SA (Belgium)	100.00	98.40
Cobepa-Vobis Finance (Belgium)	50.00	49.20
Cobepa (Belgium)	98.40	98.40
Cobepa International (Netherlands)	100.00	98.40
Ottomane Cie Financière (Luxembourg)	96.41	96.40
Paribas International BV (Netherlands)	100.00	100.00
Paribas Sante Intern. BV (Netherlands)	100.00	100.00
Paribas Trust Luxembourg	100.00	100.00
Plagefin (Luxembourg)	99.99	99.99
Sagip (Belgium)	100.00	100.00

PROPORTIONALLY-CONSOLIDATED **COMPANIES**

Financial institutions	Group voting interest (%)	Group ownership interest (%)
IN FRANCE		
Credit institutions		
Case Credit Europe	50.00	49.98
Other financial institutions		
Antarius	50.00	50.00
CFJPE	50.00	50.00
Dartem	50.00	50.00
OUTSIDE FRANCE		
Credit institutions		
Europe		
Arval Suisse LHS	50.00	50.00
BNP AK Dresdner Bank AS (Turkey)	30.00	30.00
BNP Dresdner Bank (Poland) SA	50.00	50.00
BNP Dresdner Bank AD (Bulgaria)	40.00	40.00
BNP Dresdner Bank CR/AS (Czeck Republic)	50.00	50.00
BNP Dresdner Bank Croatia	50.00	50.00
BNP Dresdner Bank Z A O (Russia)	50.00	50.00
BNP Dresdner European Bank AG (Austria)	50.00	50.00
BNP KH Dresdner Bank Rt (Hungary)	50.00	50.00
Case Credit UK Ltd	50.00	49.98
Case Leasing (Germany)	50.00	49.98
CNH Capital Europe (ex-Case Credit Europe) (Germany)	50.00	49.98
Creation Financial Services (United Kingdom)	76.13	76.13
Africa		
Attijari Cetelem (Morocco)	50.00	50.00
Attijari Locabail (Morocco)	50.00	49.98
International Bank of Southern Africa-SFOM Ltd (South Africa)	60.53	60.53

PROPORTIONALLY-CONSOLIDATED COMPANIES (CONT'D)

Financial institutions	Group voting interest (%)	Group ownership interest (%)
America		
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 Shangaï (People's Republic of China)	50.00	50.00
Other financial institutions		
Europe		
BNP AK Dresdner Finansal Kiralama (Turkey)	30.00	29.99
Poczsta Polska (Poland)	48.00	48.00
America		
Dresdner BNP Chile Corredores de Bolsa (Chile)	50.00	50.00

Other companies	% contrôle	% intérêt
IN FRANCE		
Insurance		
Axeria Assurances	35.00	35.00
Finaref RD	40.00	40.00
Finaref Vie	40.00	40.00
Natio Assurances	50.00	50.00
Real Estate		
SCI Antin Vendôme	50.00	30.52
SCI Bassin Nord	50.00	30.52
SAS Espace Cordeliers	50.00	30.52
SAS Le Havre Lafayette	40.00	24.42
SAS Le Havre Vauban	40.00	24.42
OUTSIDE FRANCE		
Insurance		
Centro Vita Ass (Italy)	49.00	49.00

COMPANIES ACCOUNTED FOR, BY THE EQUITY METHOD

Financial institutions	Group voting interest (%)	Group ownership interest (%)
IN FRANCE		
Credit institutions		
Axa Crédit	35.00	35.00
Bqe Petrofigaz	44.81	44.81
CIG (ex-3 CVD)	15.00	15.00
CLF Locabail SAS	40.00	39.98
Cofinoga	49.00	54.00
Covefi	34.00	34.00
Facet	38.85	38.85
Finalion	49.00	49.00
Finama	49.00	49.00
Société Française du Chèque de Voyage	21.00	21.00
Sté Paiement Pass	40.01	40.01
Other financial institutions		
Euromezzanine SCA 2	31.61	31.61
Fougerolle Financière SAE	49.82	49.82
Laser	9.80	9.80
Novacredit	34.00	34.00
OUTSIDE FRANCE		
Credit institutions		
Europe		
ATF Turquie	38.55	38.55
Cetelem Polska Expansion (Poland)	100.00	100.00
Cofidis Belgium	15.00	15.00
Cofidis Hispania	15.00	15.00
Cofidis UK (United Kingdom)	15.00	15.00
Fimaser (Belgium)	40.00	40.00
Findomestic (Italy)	42.74	42.74

COMPANIES ACCOUNTED FOR, BY THE EQUITY METHOD (CONT'D)

Financial institutions	Group voting interest (%)	Group ownership interest (%)
Fipryca (Espagña)	40.00	40.00
Fortis Crédit (Belgium)	45.00	27.00
Halifax Cetelem Finance Ltd (United Kingdom)	50.00	50.00
Vecofin (Italia)	15.00	15.00
Asia		
BNP Private Banking Japan (Japon)	100.00	99.99
Carrefour Financial Consulting (Taïwan)	40.00	40.00
Cetelem Services Korea ...	100.00	100.00
Africa		
The Commercial Bank of Namibia Ltd CBON (Namibie)	43.84	43.84
America		
Banco Servicios Financieros (Argentina)	40.00	40.00
BNP Andes (Peru)	100.00	100.00
CACC (Brazil)	40.00	40.00
Cetelem America (Brazil) ...	100.00	100.00
Cofidis Argentina	34.00	34.00
Other financial institutions		
America		
BNP Canada-Valeurs mobilières	100.00	100.00
Fisher Francis Trees and Watts (USA)	24.90	61.80
Europe		
Cortal Belgium	40.00	40.00
Asia–Pacific		
BNP Prime Peregrine Futures Ltd HKG (Hong Kong)	100.00	90.00
BNP Prime Peregrine Inc. Philippines	100.00	100.00
BNP Prime Peregrine Services Ltd HKG (Hong Kong)	100.00	90.00
PT BNP Paribas Peregrine (ex-BNP Primeast Indonesia)	100.00	98.20

Financial institutions (cont'd)	Group voting interest (%)	Group ownership interest (%)
OUTSIDE FRANCE (CONT'D)		
Other financial sector companies		
Europe		
Centro Leasing Spa (Italy)	27.62	27.61
Asia–Pacific		
Dongwong ITMC (South Korea)	30.00	30.00

Other companies	Group voting interest (%)	Group ownership interest (%)
IN FRANCE		
Real Estate		
SCI Secovalde	40.00	24.42
Insurance		
Axa Refinance	21.00	21.00
Other		
Finaxa	22.31	22.31
RIVP-Régie Immob. Ville Paris	30.79	30.79
Sinvim (1)	100.00	100.00
OUTSIDE FRANCE		
Real Estate		
Cinneo (Italy)	34.00	10.38
Devimo Consult	35.00	17.73
Other		
Findomestic Sviluppo (Italy)	42.74	42.74

(1) Members of the BNP Paribas SA tax group as of 1 January 2000.

NOTES

NOTE 3 - Contributions of the Paribas Sub-Group to BNP Paribas Group Net Assets and Net Income in 1999

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

In millions of euros	BNP and subsidiaries (excluding Paribas)	Paribas and subsidiaries	BNP Paribas Group
ASSETS			
Interbank and money market items	134,045	93,561	227,606
Customer items	154,180	59,215	213,395
Insurance company investments	27,927	20,002	47,929
Bonds and other fixed-income instruments	23,629	33,649	57,278
Equities and other variable income instruments	12,529	14,153	26,682
Equity securities available for sale in the medium-term, investments in non-consolidated undertakings and other participating interests	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 SHAREHOLDERS' EQUITY			
Interbank and money market items	118,616	112,457	231,073
Customer deposits	122,847	26,156	149,003
Debt securities	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 contingencies 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
Shareholders' 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 shareholders' 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
Insurance company commitments given	-	598	598
Insurance company commitments received	-	2,710	2,710
Securities to be received	4,574	5,662	10,236
Securities to be delivered	6,280	6,445	12,725
Commitments incurred on forward and options contracts	3,888,271	3,489,569	7,377,840

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

B) Consolidated profit and loss account for the year ended 31 December 1999: contribution of Paribas and its subsidiaries

In millions of euros	BNP and subsidiaries (excluding Paribas)	Paribas and subsidiaries (4th quarter 1999)	BNP Paribas 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, amortisation 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 after BNP-Paribas merger-related restructuring costs	1,311	173	1,484

NOTE 4 - Interbank and Money Market Items

In millions of euros, at 31 December	2000			1999	1998
	Gross	Provisions	Net	Net	Net
Cash and amounts due from central banks and post office banks	8,245	(105)	8,140	6,031	3,666
Treasury bills and money-market instruments (note 7)	59,617	(69)	59,548	61,803	40,394
Due from credit institutions					
Demand accounts	14,599	(35)	14,564	11,284	4,036
Term loans and time deposits [(a)]	21,239	(245)[(b)]	20,994	34,697	28,380
Repurchase agreements:					
Securities received under resale agreements	92,819		92,819	106,873	36,711
Bills purchased outright or under resale agreements	1,932		1,932	6,591	2,061
Total securities and bills purchased outright or under resale agreements	94,751	-	94,751	113,464	38,772
Subordinated loans	305	(1)	304	327	110
Total due from credit institutions	130,894	(281)	130,613	159,772	71,298
Total interbank and money market items	198,756	(455)	198,301	227,606	115,358
Including accrued interest			*4,045*	*3,129*	*1,737*

(a) "Term loans and time deposits" include overnight and term loans which are not represented by a bill or security, particularly financial credits. Financial credits correspond to commercial loans with an initial term of more than one year granted to credit institutions, where the ultimate borrowers are business entities other than financial sector companies, generally from developing countries on which the transfer risk has been provided for (Note 9).
(b) General provisions for country risks.

NOTES

NOTE 5 - Customer Items

In millions of euros, at 31 December	2000 Gross	2000 Provisions	2000 Net	1999 Net	1998 Net
Due from customers					
Commercial and industrial loans	10,115	(40)	10,075	8,576	6,573
Overdrafts	15,931		15,931	13,669	11,085
Other credits					
- Short-term loans	40,224		40,224	42,655	22,945
- Mortgage loans	34,986		34,986	33,211	21,344
- Investment loans	19,346		19,346	27,768	15,878
- Export loans	10,029	(929)	9,100	7,541	3,527
- Other customer loans	58,326	(57)	58,269	50,736	42,910
Total other credits	162,911	(986)[a]	161,925	161,911	106,604
Doubtful customer loans	12,486	(8,543)	3,943	3,930	2,886
Accrued interest	1,650		1,650	1,282	738
Securities and bills purchased outright or under resale agreements	18,597		18,597	7,279	10,267
Subordinated loans[b]	212	(32)	180	467	130
Total due from customers [c]	221,902	(9,601)	212,301	197,114	138,283
Leasing receivables	19,014	(405)	18,609	16,281	9,258
Total customer items	240,916	(10,006)	230,910	213,395	147,541
Including accrued interest			*1,919*	*1,491*	*948*

(a) General provisions for country risks.
(b) Participating loans granted to BNP Paribas customers included under "Subordinated loans" amounted to EUR 102 million at 31 December 2000 (EUR 339 million at 31 December 1999 and EUR 100 million at 31 December 1998).
(c) Loans qualifying for refinancing by the French Central Bank amounted to EUR 18,244 million at 31 December 2000 (EUR 12,233 million at 31 December 1999 and EUR 10,296 million at 31 December 1998).

NOTE 6 - Insurance Company Investments

Insurance company investments	2000	1999	1998
Real Estate	1,081	1,015	609
Equities, mutual funds and other variable income instruments	2,697	2,288	1,060
Bonds and other fixed-income instruments	25,665	24,925	15,524
Admissible assets related to unit-linked business	23,087	18,496	5,408
Reinsurers' share of technical reserves	690	496	26
Other	447	-	-
Accrued interest	978	709	500
Insurance company investments	54,645	47,929	23,127

NOTE 7 - Trading Account Securities, Securities Available for Sale, Debt Securities Held to Maturity and Equity Securities Available for Sale in the Medium-Term

In millions of euros, at 31 December	2000				1999		1998	
	Gross value	Provisions	Net book value	Market value	Net book value	Market value	Net book value	Market value
Trading account securities:								
Treasury bills and money market instruments	31,237		31,237	31,237	32,136	32,136	20,220	20,220
Bonds and other fixed-income instruments	15,856		15,856	15,857	31,899	31,899	6,237	6,237
Equities and other variable income instruments	36,157	(2)	36,155	36,155	25,250	25,250	6,208	6,208
Own shares held within the Group	262		262	262	63	63	7	7
Total trading account securities	83,512	(2)	83,510	83,511	89,348	89,348	32,672	32,672
Including unlisted equities and bonds	*1,969*		*1,969*	*1,969*	*836*	*836*	*300*	*300*
Securities available for sale:								
Treasury bills and money market instruments	6,623	(69)	6,554	6,771	7,993	8,133	1,191	1,186
Bonds and other fixed-income instruments	6,485	(872)	5,613	6,003	11,229	11,572	3,834	3,934
Equities, other variable income securities and equity securities available for sale in the medium-term	2,817	(214)	2,603	3,289	1,366	1,508	355	407
Own shares held within the Group					3	4	-	-
Total securities available for sale and equity securities available for sale in the medium-term	15,925	(1,155)	14,770	16,063	20,591	21,217	5,380	5,527
Including unlisted equities and bonds	*3,169*	*(1,022)*	*2,147*	*2,713*	*1,920*	*2,126*	*1,123*	*1,195*
Debt securities held to maturity:								
Treasury bills and money market instruments	21,757	-	21,757	21,909	21,674		18,983	19,479
Bonds and other fixed-income instruments	10,507	(21)	10,486	10,523	14,150		6,543	6,504
Total debt securities held to maturity	32,264	(21)	32,243	32,432	35,824		25,526	25,983
Including unlisted bonds	*1,419*	*(2)*	*1,417*	*1,374*	*1,331*		*706*	*706*
Total trading account securities, securities available for sale, debt and equity securities available for sale in the medium-term (a)	131,701	(1,178)	130,523	132,006	145,763		63,578	64,182
Including:								
Treasury bills and money market instruments	59,617	(69)	59,548	59,917	61,803		40,394	40,885
Bonds and other fixed-income instruments	32,848	(893)	31,955	32,383	57,278		16,614	16,675
Including unlisted bonds	*4,075*	*(845)*	*3,230*	*3,611*	*3,114*		*1,752*	*1,820*
Equities, other variable income securities and equity securities available for sale in the medium-term	39,236	(216)	39,020	39,706	26,682		6,570	6,622
Including unlisted equities	*2,482*	*(179)*	*2,303*	*2,445*	*973*		*377*	*380*

(a) Mutual fund shares held by the BNP Paribas Group amounted to EUR 2,242 million at 31 December 2000 (EUR 2,106 million at 31 December 1999 and EUR 405 million at 31 December 1998). This amount includes EUR 2,042 million in growth funds, of which EUR 1,695 million incorporated in France (EUR 917 million at 31 December 1999 of which EUR 798 million incorporated in France and EUR 99 million at 31 December 1998 of which EUR 23 million incorporated in France).

NOTES

NOTE 7 - Trading Account Securities, Securities Available for Sale and Debt and Equity Securities Available for Sale in the Medium-Term (cont'd)

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) 2000	1999	1998
Trading account securities	Securities available for sale	63	535	232
Securities available for sale	Debt securities held to maturity	168	8	567
Debt securities held to maturity	Securities available for sale	481	74	2
Trading account securities	Debt securities held to maturity	-	15	12

Net premiums on debt securities held to maturity, reflecting an acquisition price higher than the redemption price, amounted to EUR 147 million at 31 December 2000 (EUR 494 million at 31 December 1999 and EUR 153 million at 31 December 1998). These premiums are amortised over the remaining life of the securities.

Net discounts on securities available for sale, reflecting a redemption price higher than the acquisition price, amounted to EUR 37 million at 31 December 2000.

Receivables corresponding to securities lent amounted to EUR 5,079 million at 31 December 2000 (EUR 3,264 million at 31 December 1999 and EUR 409 million at 31 December 1998).

Accrued interest on fixed-income securities was EUR 873 million at 31 December 2000 (EUR 994 million at 31 December 1999 and EUR 658 million at 31 December 1998).

One of the Group subsidiaries engaged in arbitraging on stock market indexes held 3,051,270 BNP Paribas SA shares at 31 December 2000, under trading account securities (note 22).

NOTE 8 - Investments in Non-Consolidated Undertakings, Other Participating Interests and Equity Securities Held for Long-Term Investment

In millions of euros, at 31 December	2000			1999		1998	
	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 long-term investment							
Unlisted securities	2,541	2,200	2,836	1,243	1,582	326	372
Listed securities	3,501	3,420	7,874	2,234	5,562	1,365	2,164
Total equity securities held for long-term investment	6,042	5,620	10,710	3,477	7,144	1,691	2,536
Investments in non-consolidated undertakings and other participating interests[a]							
Investments in non-consolidated undertakings	548	341	366	296	340	290	300
Other participating interests							
• Unlisted securities	1,791	1,286	1,357	2,389	3,140	682	811
• Listed securities	782	794	1,850	1,656	5,135	813	1,658
Total other participating interests	2,573	2,080	3,207	4,045	8,275	1,495	2,469
Total investments in non-consolidated undertakings and other participating interests	3,121	2,421	3,573	4,341	8,615	1,785	2,769
Total investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment	9,163	8,041	14,283	7,818	15,759	3,476	5,305

(a) The fair market value of unlisted investments in non-consolidated undertakings and other unlisted participating interests is determined based on the value of the BNP Paribas Group's equity in the net assets of the company concerned.

Investments in non-consolidated credit institutions amounted to EUR 441 million at 31 December 2000 (EUR 540 million at 31 December 1999 and EUR 276 million at 31 December 1998). Participating interests in credit institutions amounted to EUR 209 million at 31 December 2000 (EUR 17 million at 31 December 1999 and EUR 59 million at 31 December 1998).

NOTES

NOTE 8 - Investments in Non-Consolidated Undertakings, Other Participating Interests and Equity Securities Held for Long-Term Investment (cont'd)

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

In millions of euros	Head Office	Consolidated shareholders' equity in 1999 (a)	Consolidated net income (loss) in 1999	Net book value in the BNP Paribas Group accounts
Interests representing less than 5% of the investee's capital stock				
Axa	Paris	14,831	1,160	576
Total-Fina	La Défense	27,669	1,520	290
Saint-Gobain	La Défense	9,538	1,226	202
Vivendi Universal	Paris	1,302	31	191
Aegon	Netherlands	14,872	1,570	162
Schneider Electric	Boulogne-Billancourt	4,260	481	104
Air France (b)	Roissy	3,485	354	75
Interests representing between 5% and 10% of the investee's capital stock				
Coficem	Paris	107	6	145
Cassa di Risparmo di Firenze	Italy	682	69	118
Buena Vista Home Entertainment	United States	-	-	108
CIB C Inc	United States	-	-	108
Bouygues Telecom	Issy-les-Moulineaux	(119)	(540)	85
Interests representing more than 10% of the investee's capital stock				
Pargesa Holding	Switzerland	3,148	677	345
Erbe SA	Belgium	993	316	288
GB Inno BM	Belgium	349	42	206
Eiffage	Issy-les-Moulineaux	617	64	161
Coparex Int	Issy-les-Moulineaux	125	8	102
Pochet	Paris	236	16	98
Royal Canin	France	89	26	92
Crédit Logement	Paris	495	15	86
Dicobel	Belgium	380	(2)	85

(a) According to french accouting standards.
(b) For the year ended 31 March 2000.

Net unrealised capital gains on investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment, calculated by reference to period-end market prices for listed securities, amounted to EUR 6,242 million at 31 December 2000 (EUR 7,941 million at 31 December 1999 and EUR 1,829 million at 31 December 1998).

NOTE 9 - Provisions for Credit Risks and Country Risks

In millions of euros, at 31 December	2000	1999	1998
At 1 January	12,433	8,685	8,570
Net additions during the period	1,105	648	1,028
Write-offs during the period cover by provisions	(1,423)	(863)	(820)
Effect of changes in Group structure–consolidation of Paribas and its subsidiaries		3,637	
Translation adjustments and other changes	427	326	(93)
At 31 December	12,542	12,433	8,685
Breakdown of provisions:			
• Provisions deducted from assets:			
- On interbank items [a]	456	168	755
- On customer items (note 5)	10,006	10,273	5,844
- On securities [a]	783	691	609
Total provisions deducted from assets [b]	11,245	11,132	7,208
including provisions for country risks	*2,241*	*2,193*	*1,525*
• Provisions recorded under liabilities:			
- To cover off-balance sheet commitments	459	383	553
- To cover other credit risks	838	918	924
Total provisions recorded under liabilities	1,297	1,301	1,477
including provisions for country risks	*714*	*678*	*790*
Total provisions for credit risks and country risks	12,542	12,433	8,685

(a) Provisions on loans to credit institutions mainly concern financial credits (note 4) exposed to country risk. Provisions on securities shown in the above table cover the country risk affecting securities held by the BNP Paribas Group.
(b) Receivables purchased or swapped are stated at face value. Premiums and differences between purchase price and face value are therefore recorded as provisions

Provisions for credit risks on assets are deducted from the carrying value of the assets. Provisions recorded under liabilities include provisions for losses on off balance sheet commitments, provisions for claims and litigation, provisions for general risks and provisions for unforeseen industry risks.

Provisions covering principal and interest, premiums and discounts on sovereign loans amounted to EUR 2,955 million at 31 December 2000 (EUR 2,871 million at 31 December 1999 and EUR 2,315 million at 31 December 1998).

In millions of euros	2000	1999	1998
Additions to provisions for credit risks and country risks:			
• Customer and interbank items	2,003	1,281	1,463
• Off-balance sheet commitments	72	56	214
• Securities	64	70	338
• Other credit risks	93	21	30
Total additions to provisions for credit risks and country risks	2,232	1,428	2,045
Recoveries and utilisations of provisions for credit risks and country risks:			
• Customer and interbank items	(934)	(523)	(907)
• Off-balance sheet commitments	(111)	(138)	(40)
• Securities	(25)	(110)	(2)
• Other credit risks	(57)	(9)	(68)
Total recoveries and utilisations of provisions for credit risks and country risks	(1,127)	(780)	(1,017)
Net additions to provisions for credit risks and country risks	1,105	648	1,028
Write-offs not covered by provisions	248	138	123
Recoveries of amounts written off	(285)	(44)	(75)
Cancellation of net (addition to) deduction from provisions for interest arrears recorded under net banking income	74	(40)	130
Net charge for the period for credit risks and country risks	1,142	702	1,206
including:			
• *Net charge to provisions for credit risks*	*1,182*	*812*	*799*
• *Net charge to provisions for country risks*	*(40)*	*(110)*	*407*

NOTES

Note 10 - Long-Term Investments

In millions of euros	Cost at 1 January 2000	Acqui-sitions	Redemptions and disposals	Transfers and other movements	Cost at 31 December 2000	Provisions at 1 January 2000	Additions to provisions	Deductions from provisions	Other provision movements	Provisions at 31 December 2000	Net book value at 31 December 2000	Net book value at 31 December 1999
Debt securities held to maturity (note 7)	35,865	31,275	(30,760)	(4,116)	32,264	(41)			20	(21)	32,243	35,824
Investments in non-consolidated undertakings and other participating interests . (note 8)	4,967	821	(1,095)	(1,572)	3,121	(626)	(135)	156	(95)	(700)	2,421	4,341
Equity securities available for sale in the medium-term (note 8)	3,878	1,231	(853)	(4,256)		(401)	(54)	111	344			3,477
Equity securities held for long-term investment (note 8)				6,042	6,042				(422)	(422)	5,620	
Investments in companies carried under the equity method	2,263			(78)	2,185						2,185	2,263
Total long-term investments	46,973	33,327	(32,708)	(3,980)	43,612	(1,068)	(189)	267	(153)	(1,143)	42,469	45,905

In application of the new French accounting standards related to variable income securities, equity securities that the Group intends to hold on a long-term basis have been reclassified under “Equity securities held for long-term investment” at 31 December 2000. The reclassification concerned a net amount of EUR 5,620 million, including EUR 3,365 million previously classified under “Equity securities held for investment” and EUR 2,278 million previously classified under “Investments in non-consolidated undertakings and other participating interests”. At the same time, EUR 23 million have been reclassifed under Equity securities available for sale in the medium-term” (note 7). These reclassifications, as well as other transfers and movements, are reported in the column “Transfers and other movements”.They mainly concern a significant proportion of the BNP Paribas Capital portfolio.

NOTE 11 - Tangible and Intangible Assets

In millions of euros, at 31 December	2000 Gross	2000 Depreciation, Amortisation and Provisions	2000 Net	1999 Net	1998 Net
Intangible assets:					
- Computer software	694	(547)	147	122	115
- Other intangible assets	326	(133)	193	170	117
Total intangible assets	1,020	(680)	340	292	232
Tangible assets:					
- Land and buildings	3,300	(1,068)	2,232	2,286	1,282
- Rental properties	1,923	(526)	1,397	988	
- Equipment, furniture and fixtures	3,882	(2,438)	1,444	1,348	797
- Other fixed assets	418		418	256	100
Total tangible assets	9,523	(4,032)	5,491	4,878	2,179
Total tangible and intangible assets	10,543	(4,712)	5,831	5,170	2,411

Operating Assets

In 1991 and 1992, as allowed by French regulations, Banque Nationale de Paris transferred its main operating real estate holdings to its subsidiary Compagnie Immobilière de France. The book value of the assets was increased by EUR 1,156 million, and the corresponding capital gain was posted to consolidated shareholders' equity under "capital gains on restructuring", net of the related tax effect (note 22). In order to reflect what appeared to be a lasting decline in the real estate market, in 1997 the book value of these real estate assets was written down by EUR 545 million. The adjustment, net of the related tax effect, was recorded in the balance sheet under "capital gains on restructuring", consistently with the initial adjustment.

The operating assets held by Paribas and its subsidiaries at the time of the merger are stated at historical cost.

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

Non-operating Assets

Non-operating land and buildings amounted to EUR 1,442 million at 31 December 2000 (EUR 1,183 million at 31 December 1999 and EUR 29 million at 31 December 1998).

Depreciation, Amortisation and Provisions

The charge for depreciation, amortisation and provisions recorded in 2000 amounted to EUR 528 million (EUR 425 million in 1999 and EUR 335 million in 1998).

NOTES

NOTE 12 - Accrued Income and Other Assets

In millions of euros, at 31 December	2000	1999	1998
Accrued income and other adjustment accounts			
Valuation adjustment account [(a)]	14,401	9,922	3,209
Accrued income	6,984	7,808	2,534
Collection account	5,086	4,072	1,924
Other adjustment accounts [(b)]	14,710	6,017	3,268
Total accrued income and other adjustment accounts	41,181	27,819	10,935
Other assets			
Premiums on purchased options	54,033	56,513	11,873
Investments in Codevi "industrial development" securities	3,284	2,495	2,476
Deferred tax assets	1,450	1,588	432
Other insurance company assets	627	440	636
Other	20,034	20,240	4,987
Total other assets	79,428	81,276	20,404
Total accrued income and other assets	120,609	109,095	31,339

(a) Mark-to-market gains and losses on foreign exchange instruments and forward instruments.
(b) Includes prepaid interest on customer and interbank accounts and prepaid expenses.

NOTE 13 - Goodwill

In millions of euros, at 31 December	2000	1999	1998
Net amount at 1 January	1,389	215	79
Goodwill carried in the paribas group balance sheet at 1 october 1999		1,145	
Goodwill on acquisitions made during the year	1,418	133	163
Translation adjustment	(12)	12	(3)
Amortisation of goodwill	(173)	(116)	(24)
Exceptional amortisation of goodwill on investments held for sale	(82)		
Unamortised goodwill at 31 December	2,540	1,389	215

Net amortisation of goodwill totalled EUR 144 million in 2000 (EUR 111 million in 1999 and EUR 16 million in 1998), after deducting EUR 29 million in amortisation of negative goodwill (EUR 5 million in 1999 and EUR 8 million in 1998).

Goodwill on acquisitions made during 2000 includes goodwill on the acquisition of Cobepa shares for EUR 504 million and on Arval shares for EUR 680 million.

NOTE 14 - Interbank and Money Market Items and Securities

In millions of euros, at 31 December	2000	1999	1998
Interbank and money market items			
Demand accounts	12,921	10,663	6,323
Time deposits and borrowings	77,683	102,250	54,224
Securities and bills sold outright or under repurchase agreements:			
• Securities given under repurchase agreements	101,365	106,147	39,459
• Bills sold outright or under repurchase agreements	4,286	12,013	7,097
Total securities and bills sold outright or under repurchase agreements	105,651	118,160	46,556
Total interbank and money market-items	196,255	231,073	107,103
Debt securities issued to credit institutions			
Interbank market securities	540	623	172
Total interbank items and money market securities	196,795	231,696	107,275
Including accrued interest	*4,399*	*3,621*	*2,081*

Interbank demand deposits amounted to EUR 12,383 million at 31 December 2000 (EUR 10,160 million at 31December 1999 and EUR 2,904 million at 31 December 1998)

NOTE 15 - Customer Deposits, Retail Certificates of Deposit and Negotiable Certificates of Deposit

In millions of euros, at 31 December	2000	1999	1998
Customer deposits			
Demand accounts	55,122	48,407	36,109
Time accounts	71,427	62,653	42,486
Regulated savings accounts	28,965	31,639	31,291
Repurchase agreements:			
• Securities given under repurchase agreements	17,170	6,205	7,569
• Bills sold outright or under repurchase agreements	193	99	28
Total securities and bills sold outright or under repurchase agreements	17,363	6,304	7,597
Total customer deposits	172,877	149,003	117,483
Bonds and negotiable short-term debt instruments			
Negotiable certificates of deposit	53,215	55,005	24,081
Retail certificates of deposit	6,683	5,793	4,863
Total bonds and negotiable short-term debt instruments	59,898	60,798	28,944
Total customer deposits, retail certificates of deposit and negotiable certificates of deposit	232,775	209,801	146,427
Including accrued interest	*1,487*	*1,081*	*851*

Regulated demand savings deposits, including savings collected for investment, totalled EUR 12,697 million at 31 December 2000 (EUR 13,190 million at 31 December 1999 and EUR 9,643 million at 31 December 1998).

Other customer demand deposits amounted to EUR 55,527 million at 31 December 2000 (EUR 48,797 million at 31 December 1999 and EUR 36,397 million at 31 December 1998).

NOTES

NOTE 16 - Bond Issues

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

Issuing currency In millions of euros	Average interest rate	Balance outstanding at 31 December 2000	2001	2002	2003	2004	2005	2006 2010	Beyond
Bonds converted into	Variable	1,980	385	1,392	125			78	
euros	6.18%	2,728	116	407	20	1	-	155	2,029
Bonds in euro zone currencies not converted into euros									
• FRF	Variable	782			183		264	335	
	6.95%	6,965	1,268	152	344	610	770	3,592	229
• DM	8.21%	102	102						
• Other	10.0%	322	-		78	37		207	
Sub-total–euro zone	Variable	2,762	385	1,392	308	-	264	413	-
issues	6.85%	10,117	1,486	559	442	648	770	3,954	2,258
Other									
• US dollar	Variable	106		106					
	5.84%	1,363		1,331	32				
• Yen	Variable	139	139						
	0.74%	9	9						
• Other	8.32%	560	39	235	236	11	-	39	
Total bonds issued		15,056	2,058	3,623	1,018	659	1,034	4,406	2,258
BNP Paribas Group bonds held by consolidated companies		(186)							
Total BNP Paribas Group bonds outstanding		14.870							
Accrued interest		326							
Total bond issues		15.196							

Unamortised premiums on the various BNP Paribas Group bond issues outstanding, representing the difference between the proceeds of the issues and their redemption price, totalled EUR 29 million at 31 December 2000 (EUR 35 million at 31 December 1999).

NOTE 17 - Technical Reserves of Insurance Companies

In millions of euros, at 31 December	2000	1999	1998
Life technical reserves	29,107	27,533	18,146
Non-life technical reserves	1,147	874	189
Technical reserves – unit-linked business	23,125	18,889	5,454
Capitalisation reserve	490	428	231
Accrued interest	224		
Total technical reserves	54,093	47,724	24,020

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

NOTE 18 - Accruals and Other Liabilities

In millions of euros, at 31 December	2000	1999	1998
Accruals:			
Accrued liabilities	5,989	7,704	2,297
Valuation adjustment account [a]	11,194	7,384	4,853
Collection account	901	774	153
Other accruals	21,262	6,089	1,486
Total accruals	39,346	21,951	8,789
Other liabilities:			
Liabilities related to written options	46,635	58,670	12,381
Liabilities related to securities transactions	24,524	21,567	10,262
Deferred tax liabilities	2,377	2,080	962
Other insurance liabilities	276	85	1,416
Other payables and liabilities	39,095	47,382	5,296
Total other liabilities	112,907	129,784	30,317
Total accruals and other liabilities	152,253	151,735	39,106

(a) Mark-to-market losses on foreign exchange instruments and forward instruments.

NOTE 19 - Provisions for Contingencies and Charges

In millions of euros, at 31 December	2000	1999	1998
Provisions for pensions and other postemployment benefits (note 26)	1,235	1,154	643
Provisions for credit risks and equivalents (note 9)	620	700	706
Provisions for off-balance sheet commitments (note 9)	459	383	553
Provisions for industry risks (note 9)	218	218	218
Other provisions			
- Restructuring (note 40)	780	1 110	-
- Other	2,282	2,601	746
Total provisions for contingencies and charges	5,594	6,166	2,866

Off-balance sheet commitments covered by provisions amounted to EUR 1,442 million at 31 December 2000 (EUR 1,384 million at 31 December 1999 and EUR 913 million at 31 December 1998).

NOTES

NOTE 20 - Subordinated Debt

In millions of euros, at 31 December	2000	1999	1998
Subordinated medium- and long-term debt	9,001	9,372	6,261
Undated subordinated debt			
Undated participating subordinated notes	344	347	350
Other undated floating-rate subordinated notes:			
• In foreign currencies	972	904	428
• In euros	305	305	305
• Other	48		
Total undated floating-rate subordinated notes	1,325	1,209	733
Undated,notes	739	707	653
Total undated subordinated debt	2,408	2,263	1,736
Total subordinated debt issued by BNP Paribas Group	11,409	11,635	7,997
Accrued interest	336	342	261
Total	11,745	11,977	8,258

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 that are equivalent to debt ranking last before participating debt and securities for repayment purposes in the case of liquidation of the bank. Subordinated medium- and long-term debt issued by the Group generally contains a call provision authorising BNP Paribas to buy back its securities directly in the market or through tender offers or, in the case of private placements, over the counter. Borrowings in international markets by BNP SA or foreign subsidiaries of the BNP Paribas Group may be subject to early repayment of principal and the early payment of interest due at maturity in the event that changes in applicable tax laws oblige the BNP Paribas Group issuer to compensate debtholders for the consequences of such changes. The debt securities may be called on 30 to 60 days' notice subject to approval by the banking supervisory authorities. At 31 December 2000, subordinated medium- and long-term debt broke down as follows by maturity and by currency:

Issuing currency	Total	2001	2002	2003	2004	2005	2006 to 2010	Beyond 2010
Subordinated medium- and long-term debt:								
• Issued in euros or euro zone currencies								
- Issued or converted into euros	5,502	305	1,506		644	260	1,992	795
- Not converted into euros:								
• FRF	154		152				2	
• LUF	280		81		37	112	50	
• Other currencies	11						11	
Total subordinated medium- and long-term debt not converted into euros	445	-	233		37	112	63	-
• Issued in other currencies								
• US dollars	2,992		242	161		82	1,809	698
• Other currencies	62						62	
Total subordinated medium- and long-term debt	9,001	305	1,981	161	681	454	3,926	1,493

Undated Subordinated Debt

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

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

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

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

Note 21 – Reserve for General Banking Risks

The reserve for general banking risks amounted to EUR 1,039 million at 31 December 2000 (EUR 1,040 million at 31 December 1999 and EUR 1,038 million at 31 December 1998).

NOTES

NOTE 22 - Consolidated Shareholders' Equity

In millions of euros	Capital	Ordinary capital surplus	Capital gain on restructuring and revaluation surplus	Accumulated translation difference	Parent's company' retained earnings and Group's share in retained earnings of subsidiaries	Elimination of treasury stock	Retained earnings, capital gain resulting from real estate restructuring and revaluation surplus	Shareholders' equity attributable to BNP Paribas Group	Minority interests	Total
Balance at 1 January 1998	813	3,183	503	(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	477	(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	477	(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 section 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	(731)	(739)	(739)	58	(681)
Balance at 31 December 1999 before appropriation of income	1,799	11,709	379	(68)	5,217	(731)	4,797	18,305	2,853	21,158

In millions of euros	Capital	Ordinary capital surplus	Capital gain on restructuring and revaluation surplus	Accumulated translation difference	Parent's company' retained earnings and Group's share in retained earnings of subsidiaries	Elimination of treasury stock	Retained earnings, capital gain resulting from real estate restructuring and revaluation surplus	Shareholders' equity attributable to BNP Paribas Group	Minority interests	Total
1999 consolidated net income					1,484		1,484	1,484	163	1,647
Cash dividend					(767)		(767)	(767)	(157)	(924)
Balance at 1 January 2000	1,799	11,709	379	(68)	5,934	(731)	5,514	19,022	2,859	21,881
Difference arising from application of section 215 of CRC standard 99-07 to Paribas shares acquired prior to the merger		(305)						(305)	(344)	(649)
Cancellation of BNP shares held by Paribas at the time of the BNP SA-Paribas SA merger	(29)	(571)				600	600	-	-	-
BNP Paribas SA shares held pursuant to the 5th resolution of the Annual Shareholders' Meeting of 23 May 2000 and contingent value rights certificates held by BNP Paribas						(1,471)	(1,471)	(1,471)		(1,471)
Share, issues	22	311						333		333
Issue of preferred shares............									537	537
Translation adjustment				23			23	23	103	126
Buyout of minority interests in Cobepa									(625)	(625)
Effect of changes in accounting methods applied by the Paribas sub-group to comply with BNP Paribas Group accounting policies......................................		(179)						(179)		(179)
Other		(3)	(4)		73		69	66	(3)	63
2000 consolidated net income ...					4,124		4,124	4,124	285	4,409
Balance at 31 December 2000 before appropriation of income	1,792	10,962	375	(45)	10,131	(1,602)	8,859	21,613	2,812	24,425

(1) In application of section 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.

NOTES

NOTE 22 - Consolidated Shareholders' Equity (cont'd)

Operations Involving Capital Stock in 1998, 1999 and 2000

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

Capital Increases in 1998

Pursuant to a resolution of the Shareholders' 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 forBNP Intercontinentale. At the close of the offer, BNP issued 1,702,410 new ordinary shares with a par value of FRF 25 and rights from 1 January 1998 in payment for the shares of BNP Intercontinentale tendered to the offer.

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

The capital was also increased by the creation of 2,176,932 new shares for shareholders who opted to re ceive their dividends in the form of shares. In addition, 7,141 shares were subscribed by employees under the stock option plan.

At 31 December 1998, the capital of BNP SA consisted of 218,410,671 fully paid ordinary 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 Shareholders' 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 authorisations received from the Shareholders' Meeting of 13 May 1998, the Board of Directors decided on 26 February 1999, to issue Banque Nationale de Paris shares reserved for participants in the company savings plan via the "BNP Accueil" mutual fund. The mutual fund subscribed 1,507,499 ordinary 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 ordinary 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.

➔ Capital Increases and Reductions in 2000

Capital Reduction

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

Capital Increase

In accordance with Section 180-V of the 24 July 1966 French Companies Act and pursuant to authorisations received from the Shareholders' Meeting of 13 May 1998, the Board of Directors decided on 7 March 2000, to issue BNP Paribas shares reserved for participants in the company savings plan via the "BNP Accueil"mutual fund. The mutual fund subscribed 4,821,403 ordinary shares with a par value of EUR 4 for this purpose. In addition, during 2000 a total of 167,430 shares were issued to employees on exercise of stock options, including 65,790 shares with rights from 1 January 1999 and 101,640 shares with rights from 1 January 2000.

At 31 December 2000, the capital of BNP Paribas consisted of 448,064,715 fully-paid ordinary shares with a par value of EUR 4.

During the second half of 2000, a total of 141,340 shares with a par value of EUR 4 and with rights from 1 January 2000 were subscribed under the stock option plan. The corresponding capital increase was carried out on 29 January 2001.

Analysis of Additional Paid-in Capital in Excess of Par, Premiums on Acquisition and Capital Gain on Real Estate Restructuring

In 1998, this item was increased by the premium on the shares issued in connection with the stock-for-stock public tender offer for BNP Intercontinentale, as well as the issue premiums resulting from the exercise by some shareholders of the option to receive dividends in the form of shares and from the placement of shares reserved for participants in the company savings plan. The premium on the shares issued to BNP Internationale shareholders amounted to EUR 46 million after charging goodwill against the premium on the exchange offer. Premiums on shares issued in payment of dividends and shares issued to employees totalled EUR 192 million.

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 participants in the company savings plan.

It was also increased by the EUR 16,949 million premium on shares issued in connection with the stock-for-stock public tender offers for Paribas made in 1999 (*see below*).

In 2000, additional paid-in capital in excess of par was increased by EUR 311 million following the issue of BNP Paribas shares on exercise of employee stock options and in connection with employee share issues. The cancellation of BNP shares held by Paribas at the time of the Banque

NOTES

NOTE 22 - Consolidated Shareholders' Equity (cont'd)

Nationale de Paris – Paribas merger had the effect of reducing additional paid-in capital in excess of par by EUR 571 million.

The capital gain on real estate restructuring of EUR 291 million relates to a restructuring operation whereby BNP transferred its real estate holdings to its subsidiary Compagnie Immobilière de France, "CIF", in 1991 and 1992. The resulting capital gain is recognised in the consolidated profit and loss account in proportion to the additional depreciation charge taken by CIF. The residual gain at 31 December 1997 includes a write-down of EUR 420 million taken during 1997 (*see notes 1 and 11*) 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 Group, made a new USD 500 million issue of non-cumulative preferred shares, which do not dilute earnings per ordinary share. The shares pay a contractual dividend of 7.738% for a period of ten years. At the end of that period, the issuer may redeem the shares at par at the end of any calendar quarter. Until they are redeemed, the shares will pay a dividend indexed to Libor. The proceeds of this issue are included in shareholders' equity under "Minority interests" and the corresponding remuneration is treated as a distribution to minority shareholders. A second USD 500 million issue of non-cumulative preferred shares was carried out in October 2000 by another wholly-owned subsidiary, BNP Paribas Capital Trust. These shares pay a contractual dividend of 9.003%.

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 a price of EUR 74.40 and 74,861,934 shares at a 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 euros equal to the positive difference between EUR 100 and the benchmark BNP Paribas share price, subject to a ceiling of EUR 20 per CVR. The benchmark BNP Paribas share price will be equal to the weighted average of the closing prices of BNP Paribas shares on the Paris Bourse during the 20 trading days preceding 1 July 2002 during which the BNP Paribas 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. Between 1 January and 23 May 2000, the date of the merger of BNP SA and Paribas SA, BNP acquired a further 231,097 Paribas shares.

On 10 November 1999, BNP launched a squeeze-out operation in relation to the Paribas shares. The offer was open from 18 to 31 January 2000 and resulted in a successful squeeze-out on 1 February 2000. At that date, BNP held 164,536,561 shares, representing the entire capital of Paribas.

Accounting Treatment of the Public Tender Offer for Paribas Shares

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

The restatements made to comply with BNP Paribas Group accounting polices had the effect of reducing Paribas' shareholders' equity at 30 September 1999 by EUR 873 million net of tax, including EUR 694 million recognised in the accounts at 31 December 1999 and EUR 179 million recognised in 2000. The restatements 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 securities (determination of counterparty risks and administrative costs related to interest rate swaps, measurement of liquidity and modelling risks related to positions on interest rate, equity, index, currency and credit derivatives, and positions on convertible bonds).

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

Lastly, the rules applied by the BNP Paribas 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 sub-group.

The goodwill arising on consolidation of the Paribas sub-group, as adjusted to take account of the restatements to comply with BNP Paribas Group accounting policies, was charged against the premium on the shares issued in exchange for the Paribas shares tendered to the offer, in an amount of EUR 9,196 million (EUR 8,712 million at 31 December 1999).

BNP Paribas Shares Held by the Group

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

The 7,053,612 BNP SA shares held by Paribas SA at the time of the merger between the two banks were cancelled, resulting in a reduction of capital.

At 31 December 2000, the BNP Paribas Group held 20,210,746 BNP Paribas shares representing an amount of EUR 1,782 million, including 17,159,476 shares representing EUR 1,519 million, deducted from shareholders' equity.

NOTES

NOTE 22 (suite) - Consolidated Shareholders' Equity (cont'd)

At 31 December 2000, BNP Paribas had bought back 17,108,588 CVRs on the open market for a total of EUR 82.9 million representing an average price per CVR of EUR 4.84 (1,004,894 CVRs as of 31 December 1999 for a total of EUR 4.4 million representing an average price per CVR of EUR 4.37). The carrying value of these CVRs is recorded as a reduction in shareholders' equity. The maximum potential commitment related to CVRs outstanding at 31 December 2000, based on a unit price of EUR 20, is EUR 1,055 million (EUR 1,362 million at 31 December 1999). The market value of these CVRs at 31 December 2000 was EUR 383 million or EUR 7.27 per CVR (EUR 312 million at 31 December 1999 or EUR 4.58 per CVR).

(in millions of euros)	Investments in non-consolidated undertakings and other participating interests		Trading account securities (note 7)		Securities available for sale		TOTAL	
	number of securities	book value	number of securities	book value	number of securities	book value	number of securities	book value
Shares held by:								
- BNP SA	13,605	1			45,000	4	58,605	5
- Paribas SA	7,053,612	599					7,053,612	599
- Paribas SA subsidiaries	1,478,450	126					1,478,450	126
- BNP SA subsidiaries			156,471	63			156,471	63
Shares held at 31 December 1999	8,545,667	726	156,471	63	45,000	4	8,747,138	793
Cancellation of shares held by Paribas SA	(7,053,612)	(599)					(7,053,612)	(599)
Shares acquired pursuant to shareholder authorisations	15,668,408	1,392					15,668,408	1,392
Other movements	(987)	-	2,894,799	200	(45,000)	(4)	2,848,812	196
Shares held at 31 December 2000	17,159,476	1,519	3,051,270	263	-	-	20,210,746	1,782
CVRs held at 31 December 2000	17,108,588	83					17,108,588	83

Note 23 - Off Balance Sheet Commitments

In millions of euros, at 31 December	2000	1999	1998
FINANCING COMMITMENTS GIVEN AND RECEIVED			
Financing commitments given			
To credit institutions	13,085	8,394	5,162
On behalf of customers:			
- Confirmed letters of credit			
• documentary credits	14,978	10,050	4,038
• other confirmed letters of credit	63,868	60,399	45,084
- Other commitments given on behalf of customers	42,241	42,948	13,406
	121,087	113,397	62,528
Total financing commitments given	134,172	121,791	67,690
Roll-over (standby) commitments received			
From credit institutions	4,880	11,121	3,601
On behalf of customers	1,745	112	190
Total financing commitments received	6,625	11,233	3,791
GUARANTEES AND ENDORSEMENTS GIVEN AND RECEIVED			
Guarantees and endorsements given			
To credit institutions			
- Confirmed documentary credits	1,361	1,622	796
- Other	6,593	3,621	1,908
	7,954	5,243	2,704
On behalf of customers:			
- Guarantees and endorsements:			
• real estate guarantees	1,251	945	795
• administrative and tax guarantees	6,142	3,961	3,840
• other	9,332	8,039	7,921
- Other guarantees given on behalf of customers	35,392	38,775	16,343
	52,117	51,720	28,899
Total guarantees and endorsements given	60,071	56,963	31,603
Guarantees and endorsements received			
From credit institutions	12,506	20,492	6,263
On behalf of customers			
- Guarantees received from government administrations	6,922	7,018	6,294
- Guarantees received from financial institutions	154	272	794
- Other guarantees received	20,319	12,252	9,997
Total guarantees and endorsements received from customers	27,395	19,542	17,085
Total guarantees and endorsements received	39,901	40,034	23,348
Commitments given and received on securities			
Securities to be received	8,549	10,156	5,933
Securities sold under repurchase agreements to be received [a]	156	80	23
Total securities to be received	8,705	10,236	5,956
Total securities to be delivered	9,327	12,725	8,604

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

NOTES

NOTE 24 - Forward and Options Contracts

The following transactions were entered into on various markets as specific or general hedges of assets and liabilities or for position management purposes.

In millions of euros, at 31 December	2000 Hedging transactions	2000 Position management	2000 Total	1999 Hedging transactions	1999 Position management	1999 Total
Forward contracts	682,412	5,779,264	6,461,676	480,204	5,205,568	5,685,772
On organised exchanges	104,686	1,711,359	1,816,045	103,595	1,424,448	1,528,043
- Interest rate contracts	92,921	1,320,785	1,413,706	81,657	1,220,253	1,301,910
- Foreign exchange contracts	9,458	374,308	383,766	20,530	189,671	210,201
- Financial assets contracts	2,307	16,266	18,573	1,408	14,524	15,932
Over-the-counter	577,726	4,067,905	4,645,631	376,609	3,781,120	4,157,729
- Forward rate agreements (FRAs) .	6,902	137,490	144,392	15,507	241,661	257,168
- Interest rate swaps	122,225	3,656,707	3,778,932	101,587	3,022,479	3,124,066
- Currency swaps	259,771	237,763	497,534	72,056	470,226	542,282
- Forward currency swaps	182,607	21,172	203,779	185,825	37,773	223,598
- Other forward contracts	6,221	14,773	20,994	1,634	8,981	10,615
Options	48,178	1,781,984	1,830,162	34,048	1,658,020	1,692,068
On organised exchanges	18,097	358,588	376,685	6,362	686,027	692,389
Interest rate options	*4,611*	*105,814*	*110,425*	*24*	*98,504*	*98,528*
- purchased	4,335	4,873	9,208	12	35,097	35,109
- sold	276	100,941	101,217	12	63,407	63,419
Currency options (1)		*618*	*618*		*24,510*	*24,510*
- purchased		309	309		11,889	11,889
- sold		309	309		12,621	12,621
Autres options	*13,486*	*252,156*	*265,642*	*6,338*	*563,013*	*569,351*
- purchased	9,436	145,887	155,323	2,067	264,194	266,261
- sold	4,050	106,269	110,319	4,271	298,819	303,090
Over-the-counter	30,081	1,423,396	1,453,477	27,686	971,993	999,679
Caps and floors	*8,473*	*524,953*	*533,426*	*11,295*	*419,945*	*431,240*
- purchased	7,355	280,289	287,644	6,266	202,166	208,432
- sold	1,118	244,664	245,782	5,029	217,779	222,808
Swaptions and options (interest rate, currency and others)	*21,608*	*898,443*	*920,051*	*16,391*	*552,048*	*568,439*
- purchased	11,285	472,117	483,402	8,871	257,205	266,076
- sold	10,323	426,326	436,649	7,520	294,843	302,363
Total forward and options contracts	730,590	7,561,248	8,291,838	514,252	6,863,588	7,377,840

(1)) In 2000, currency options were reclassified under "Over-the-counter transactions"

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

Assessment of Counterparty Risks

The BNP Paribas Group's exposure to counterparty risk arising on forward and options contracts is assessed according to European Union and international capital adequacy ratios applicable at 31 December 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 in the case of default by the counterparty and mark them to market. All payments receivable from the counterparty are netted off against payments due to the counterparty, to arrive at the net close-out amount payable or receivable. The net close-out amount may be collateralised by requiring the counterparty to pledge cash, securities or deposits.

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

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

Credit risk on forward and options contracts (in millions of euros)	2000		1999	
	Positive replacement cost	Weighted risk equivalent	Positive replacement cost	Weighted risk equivalent
Sovereign exposure	2,432	-	1,704	-
Risk exposure on banks in zone A [a]	72,722	21,872	27,395	9,921
Risk exposure on banks in zone B [a] and non-banking counterparties	16,412	11,684	10,936	7,744
Total before netting agreements	91,566	33,556	40,035	17,665
Impact of netting agreements	(62,050)	(18,626)	(21,604)	(6,107)
Total after netting agreements	29,516	14,930	18,431	11,558

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

NOTES

NOTE 24 - Forward and Options Contracts (cont'd)

At 31 December 2000, the weighted risk equivalent of OTC forward and options contracts represented 0.28% of the sum of the notional amounts, excluding written options (0.25% at 31 December 1999).

At 31 December 2000, OTC forward and options contracts giving rise to the calculation of a weighted risk equivalent broke down as follows by credit rating (Standard & Poor's) and by counterparty:

Credit rating	Notional amount by remaining term (in %)			
	Within 1 year	After 1 year but within 5 years	After five years	Total
AAA - AA	27.8	21.4	14.7	63.9
A	8.1	5.2	1.9	15.2
BBB	1.0	0.8	0.2	2.0
BB or lower	6.3	7.8	4.8	18.9
Total	43.2	35.2	21.6	100.0

Credit rating	Weighted risk equivalents by remaining term (in %)			
	Within 1 year	After 1 year but within 5 years	After five years	Total
AAA - AA	8.8	17.4	14.3	40.5
A	4.2	5.7	5. 0	14.9
BBB	2.6	2.2	1.3	6.1
BB or lower	10.9	18.1	9.5	38.5
Total	26.5	43.4	30.1	100.0

Forward and options contracts break down as follows by counterparty at 31 December 2000:

Counterparty	Notional amount by remaining term (in %)			
	Within 1 year	After 1 year but within 5 years	After five years	Total
OECD countries	0.4	0.3	0.2	0.9
OECD banks	39.5	32.0	19.7	91.2
Other	3.2	2.8	1.9	7.9
Total	43.1	35.1	21.8	100.0

Counterparty	Weighted risk equivalent by remaining term (in %)			
	Within 1 year	After 1 year but within 5 years	After five years	Total
OECD banks	11.2	20.4	16.3	47.9
Other	15.2	23.1	13.8	52.1
Total	26.4	43.5	30.1	100.0

NOTE 25 - BNP Paribas Group Exposure to Market Risks on Financial Instruments Transactions at 31 December 2000

Following completion of a project launched in September 1999, since 31 March 2000 most of the Group's market risk exposures associated with financial instrument transactions are managed by a single risk assessment system. This internal Value at Risk system is used to estimate the potential losses that could be incurred in the case of an unfavourable change in market conditions. The calculation is based on "Gross Earnings at Risk" (GEaR) and takes into account a wide range of variables that could affect the value of securities portfolios, including interest rates, foreign exchange rates, securities prices and their volatilities, as well as correlations between these variables.

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

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

The main measurement parameters are as follows:

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

For the period from 31 March to 31 December 2000, the total average Value at Risk amounted to EUR 128 million (with a minimum of EUR 92 million and a maximum of EUR 177 million), taking into account the EUR 58 million effect of netting different types of risk and the EUR 88 million effect of netting risks between different business lines. These amounts break down as follows:

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

In millions of euros	31 March - 31 December 2000			31 December 2000
	average	minimum	maximum	
Interest rate risk	118	80	166	83
Equity risk	57	36	87	40
Currency risk	5	2	10	5
Commodity risk	6	2	14	14
Netting effect	(58)			(49)
Total	128			93

NOTES

NOTE 26 - Pension and Postemployment Benefits

• Pension Benefits

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

Since 1 January 1994, pursuant to the new industry-wide agreement on pensions presented in note 1, the BNP Group has been making contributions to several nation-wide supplementary pension organisations in France. The BNP and Paribas pension funds pay additional benefits relative to services rendered prior to 31 December 1993. The actuarial value of these pension obligations is computed based on the 1993 mortality table 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. Funding for the ex-BNP employees' pension fund is provided by transfers from its existing reserves and reserves that will steadily become eligible for allocation (approximately EUR 95 million at 31 December 1999), and by the annual employers' contributions paid contractually by BNP in France, which are limited to 4% of payroll costs. In addition, a reserve for general banking risks was set up as a precautionary measure in 1993, to take account of the general demographic risk addressed by the industry-wide agreement concluded in September 1993 *(see notes 1 and 21)*.

The pension fund for Paribas employees had reserves of approximately EUR 142 million at 31 December 1999, representing an amount in excess of the fund's pension obligations. Paribas SA and BNP SA signed agreements in 1994 and 1997 respectively establishing funded pension systems. These systems provide for the payment to BNP-Paribas employees of additional benefits over and above those they receive from the nationwide organisations.

• Seniority, Postemployment and Other Postretirement Benefits

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

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

Assumptions concerning mortality, employee turnover, and future salaries, as well as discount rates (long-term market rates) and inflation, take into account economic conditions specific to each country or Group company. In France, the 1988-1990 mortality table adapted to the banking industry is used.

At 31 December 2000, the discount rate used for France and the estimated inflation rate are consistent with those used to assess the risks related to additional bank pension benefits.

BNP Paribas sets up a provision to cover the charges related to the voluntary departure or early retirement of employees, once the voluntary departure or early retirement plan concerned has been approved or submitted for collective approval.

These provisions can be analysed as follows:

In millions of euros at 31 December 2000	Active employees	Employees on early-retirement or equivalent	Total
Retirement bonuses	664	68	732
Voluntary departure or early retirement plans	29	201	230
Long-service awards	92	-	92
Other	150	31	181
Total (note 19)	935	300	1,235

NOTE 27 - Maturity Schedule of Loans, Deposits and Interest Rate Instruments

In millions of euros, at 31 December 2000	Demand and overnight	Maturing during three months	Maturing after three within one year	Maturing after one but within five years	Maturing after five years	Total
LOANS (GROSS)						
Interbank and money market items (note 4)	20,109	129,503	22,935	20,479	5,730	198,756
- Cash and amounts due from central banks and post office banks	8,244					8,244
- Treasury bills and money market instruments..................................		38,919	2,717	14,099	3,882	59,617
- Due from credit institutions.......................	11,865	90,584	20,218	6,380	1,848	130,895
Customer items (note 5)	28,039	128,718	18,218	44,147	21,794	240,916
- Due from customers	28,039	126,673	15,078	32,717	19,395	221,902
- Leasing receivables		2,045	3,140	11,430	2,399	19,014
Bonds and other fixed-income instruments (note 7) (1)	-	24,194	2,183	3,854	2,617	32,848
- Trading account assets.................		15,856				15,856
- Securities available for sale		2,500	1,262	543	2,180	6,485
- Debt securities held to maturity		5,838	921	3,311	437	10,507
DEPOSITS						
Interbank and money market items and securities (note 14)	34,772	123,121	28,116	9,015	1,771	196,795
- Total interbank and money market items................................	34,772	122,632	28,066	9,014	1,771	196,255
- Interbank market securities............		489	50	1		540
Customer deposits, retail certificates of deposit, and negotiable certificates of deposit (note 15)	71,260	118,810	18,484	15,055	9,166	232,775
- Total customer deposits................	70,802	80,320	10,359	5,470	5,926	172,877
- Total bonds and negotiable short-term debt instruments.............	458	38,490	8,125	9,585	3,240	59,898

(1) excluding accrued interest of EUR 500 million

The BNP Paribas Group manages its liquidity within gap limits, all currencies combined, that are determined by the General Management Committee:

- the maximum mismatch on weighted balance sheet and off-balance sheet commitments maturing in more than one year (attributing maturities to commitments with no contractual maturity) is set at 25% of funds maturing in more than one yeark;
- the maximum mismatch on commitments with no contractual maturity, to which a maturity of more than one year has bee 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).

BNP Paribas continually seeks to comply 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 16 and 20.

NOTES

NOTE 28 - Net Interest Income

Expenses			Income			In millions of euros	Net income (expense)		
2000	1999	1998	2000	1999	1998		2000	1999	1998
(19,997)	(10,834)	(8,592)	16,937	9,424	7,885	Interbank items (note 29)	(3,060)	(1,410)	(707)
(5,784)	(4,065)	(4,158)	14,026	9,454	8,354	Customer items (note 30)	8,242	5,389	4,196
(4,536)	(2,459)	(1,719)	5,820	3,235	2,380	Lease transactions	1,284	776	661
(5,507)	(3,270)	(2,687)				Debt securities	(5,507)	(3,270)	(2,687)
			2,997	2,300	2,067	Bonds and other fixed-income instruments (note 31)	2,997	2,300	2,067
(35,824)	(20,628)	(17,156)	39,780	24,413	20,686	Net interest income (expense)	3,956	3,785	3,530

NOTE 29 - Net Interest Income (Expense) on Interbank Items

Expenses			Income			In millions of euros	Net income (expense)		
2000	1999	1998	2000	1999	1998		2000	1999	1998
(14,007)	(8,240)	(7,393)	10,861	6,922	6,791	Interest on interbank demand deposits, loans and borrowings	(3,146)	(1,318)	(602)
(5,990)	(2,594)	(1,199)	6,049	2,495	1,080	Interest on securities held or given under repurchase agreements	59	(99)	(119)
			27	7	14	Interest on subordinated term loans	27	7	14
(19,997)	(10,834)	(8,592)	16,937	9,424	7,885	Net interest income (expense) on interbank items	(3,060)	(1,410)	(707)

NOTE 30 - Net Interest Income (Expense) on Customer Items

Expenses			Income			In millions of euros	Net income (expense)		
2000	1999	1998	2000	1999	1998		2000	1999	1998
(5,029)	(3,800)	(3,742)	13,402	9,128	7,873	Interest on customer loans and deposits	8,373	5,328	4,131
(755)	(265)	(416)	617	319	477	Interest on securities held or given under repurchase agreements	(138)	54	61
			7	7	4	Interest on subordinated term loans	7	7	4
(5,784)	(4,065)	(4,158)	14,026	9,454	8,354	Net interest income (expense) on customer items	8,242	5,389	4,196

NOTE 31 - Net Income from Securities Portfolio

In millions of euros	2000	1999	1998
Interest on bonds and other fixed-income instruments			
Securities available for sale	964	592	420
Debt securities held to maturity	1,449	1,348	1,311
From Codevi "industrial development" securities	199	204	204
From hedging of interest rate instruments and other	385	156	132
Total interest on bonds and other fixed income instruments	2,997	2,300	2,067
Income on equities and other variable income instruments			
Securities available for sale	45	32	5
Equity securities available for sale in the medium-term	119	74	72
From investments in non-consolidated undertakings and other participating interests	227	69	51
Total income on equities and other variable income instruments	391	175	128
Net income from securities portfolio	3,388	2,475	2,195

NOTE 32 - Net Commissions

In millions of euros		Net	
	2000	1999	1998
Commissions on interbank and money market transactions	189	125	128
Commissions on customer transactions	1,363	933	689
Commissions on securities transactions	(32)	(57)	(45)
Commissions on foreign exchange and arbitrage transactions	74	214	249
Commissions on securities commitments	328	86	96
Commissions on forward financial instruments	(267)	(71)	(51)
Commissions on securities managed or on deposit:			
Custody fees	265	123	96
Mutual fund management	809	307	228
Management of customer securities portfolios	132	62	35
Other commissions on securities managed or on deposit	45	13	9
Total commissions on securities managed or on deposit	*1,251*	*505*	*368*
Commissions on securities transactions carried out on behalf of customers:			
For purchases and sales of securities	704	397	211
For purchases and sales of mutual fund shares	366	116	64
Other commissions on securities transactions carried out on behalf of customers	184	127	42
Total commissions on securities transactions carried out on behalf of customers	*1,254*	*640*	*317*
Other commissions:			
Commissions on customer assistance and advisory services	373	215	86
Commissions on payment instruments	453	382	355
Commissions on other financial services	(929)	(145)	25
Expense recoveries	88	83	78
Commissions on miscellaneous revenues	141	92	96
Commissions on other banking transactions	160	196	166
Total other commissions	*286*	*823*	*806*
Total commissions on financial services	2,791	1,968	1,491
Net commissions	4,446	3,198	2,557

Total commissions represent 27.3% of net banking income in 2000 (31.3% in 1999 and 33.8% in 1998).

NOTES

NOTE 33 - Underwriting Result and Net Investment Income of Insurance Companies

In millions of euros	2000	1999	1998
Premium income	9,174	4,842	2,997
Net investment income	2,315	2,300	1,473
Claims expenses and changes in claims reserves	(10,252)	(6,601)	(4,379)
Other underwriting income and expenses, net	8	21	(18)
Underwriting result and net investment income of insurance companies (a).	1,245	562	73

The above amounts are stated after eliminating intercompany income and expenses and net of reinsurance.

Gross premiums totalled EUR 9,369 million in 2000 (EUR 4,988 million in 1999 and EUR 3,007 million in 1998).

(a) In 2000, the contribution of Group insurance companies to underwriting result and net investment income breaks down as follows, after elimination of intercompany income and expenses:

In millions of euros	NatioVie	Cardif	Other companies	Total
Life underwriting result	59	25	(1)	83
Non-life underwriting result	(2)	42	25	65
Management fees addback	283	638	39	960
Financial reclassifications	94	74	1	169
Sub-total	434	779	64	1,277
Elimination of intercompany income and expenses	(97)	66	(1)	(32)
Net contribution to underwriting result and net investment income	337	845	63	1,245

NOTE 34 - Salaries and Employee Benefits, Including Profit Sharing

In millions of euros	2000	1999	1998
Salaries	4,398	2,670	2,044
Termination benefits and social security taxes:			
Retirement bonuses and retirement expenses	323	362	197
Social security taxes	1,026	655	586
Total termination benefits and social security taxes	1,349	1,017	783
Incentive plans and profit sharing:			
Incentive plans	99	48	31
Profit sharing	103	126	94
Total incentive plans and profit sharing	202	174	125
Payroll taxes	301	179	161
Total salaries and employee benefits, including profit sharing	6,250	4,040	3,113

NOTE 35 - Stock Option Plans

1) BNP Stock Option Plans

Between 1990 and 1999, the Shareholders' Meeting of BNP SA authorised 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 authorised	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	Starting date of the exercise period	Option expiry date	Exercise price (in euros)	Number of options exercised or forfeited at 31/12/99	Options outstanding at 31/12/00
1994	14 Dec. 1993	23 Mar. 1994	135	803,000	24 Mar. 1996	23 Mar. 2001	32.32	752,785	50,215
1995	14 Dec. 1993	22 Mar. 1995	128	215,500	23 Mar. 1997	22 Mar. 2002	33.23	138,010	77,490
1996	14 Dec. 1993	21 May 1996	140	1,031,000	22 May 1998	21 May 2003	29.73	177,500	854,000
1997	14 Dec. 1993	22 May 1997	64	238,000	23 May 2002	22 May 2007	36.89		238,000
1998	14 Dec. 1993	13 May 1998	259	1,037,000	14 May 2003	13 May 2008	74.55		1,037,000
1999	13 May 1998	3 May 1999	112	335,000	4 May 2004	3 May 2009	75.28		335,000
	13 May 1998	22 Dec.1999	642	2,532,000	23 Dec. 2004	22 Dec. 2009	90.32	83,000	2,449,000
2000	13 May 1998	7 Apr. s 2000	1,214	877,100	8 Apr. 2005	7 Apr. 2010	85.00	34,150	842,950

The BNP plans set up in December 1999 and April 2000 are open to employees of both Paribas and BNP.

No stock options were granted to members of the Executive Committee in 2000. At 31 December 2000, they held 1,969,558 options.

NOTES

NOTE 35 - Stock Option Plans (cont'd)

2) Paribas Stock Option Plans

Plan year	Original company	Date of EGM at which plan was authorised	Date of Board Meeting at which the plan terms were decided	Number of grantees	Adjusted number of options granted (1)	Starting date of exercise period (2)	Option expiry date	Adjusted exercise price (in euros) (1)	Adjusted number of options exercised or forfeited at 31/12/00 (1)	Adjusted number of options outstanding at 31/12/00 (1)
1994	B Paribas	19/05/1994	02/12/1994	186	415,608	01/04/1997	02/12/2002	42.68	361,571	54,037
	CB	17/03/1993	11/10/1994	105	599,659	12/10/1999	10/10/2002	24.26	488,638	111,021
	Cardif	26/04/1993	17/11/1994	20	103,356	18/11/1999	16/11/2002	30.83	62,423	40,933
1995	CFP	27/05/1992	29/03/1995	29	169,650	29/03/1998	29/03/2003	28.49	74,058	95,592
	CFP	27/05/1992	28/12/1995	341	1,523,515	28/12/1999	28/12/2003	28.81	681,152	842,363
	CFP	27/05/1992	30/10/1995	12	233,450	30/10/1999	30/10/2003	28.60	66,700	166,750
	CFP	27/05/1992	16/11/1995	5	60,900	16/11/1999	16/11/2003	28.60	21,025	39,875
	CB	17/03/1993	31/10/1995	104	233,997	01/11/2000	30/10/2003	26.23	36,485	197,512
	CB	26/04/1993	16/11/1995	36	123,166	17/11/2000	15/11/2003	20.48	14,954	108,212
1996	CB	17/03/1993	05/11/1996	100	293,601	06/11/2001	04/11/2004	29.54	16,065	277,536
	CB	26/04/1993	21/11/1996	35	93,451	22/11/2001	20/11/2004	37.22	6,025	87,426
1997	CFP	27/05/1992	20/01/1997	526	2,433,825	20/01/2002	20/01/2005	36.80	984,625	1,449,200
	CFP	27/05/1992	07/07/1997	4	36,250	07/07/2002	07/07/2005	41.42	24,650	11,600
	CB	26/04/1997	30/09/1997	149	289,319	01/10/2002	29/09/2005	41.94	5,605	283,714
	CFP	25/04/1997	26/12/1997	319	2,994,250	26/12/2002	26/12/2005	49.94	1,047,986	1,946,264
1998	Paribas	11/05/1998	17/11/1998	975	3,410,110	17/11/2003	17/11/2006	43.42	1,360,263	2,049,847
1999	Paribas	24/04/1997	04/05/1999	1	14,500	04/05/2004	04/05/2007	67.83	0	14,500
Fully-consolidated subsidiaries of paribas										
1994	Cetelem	24/03/1994	23/11/1994	34	92,323	24/11/1999	22/11/2002	18.69	73,326	18,997
	UFB	18/03/1993	19/10/1994	44	113,025	20/10/1999	18/10/2002	22.90	104,566	8,459
	Safadeco	05/09/1994	09/09/1994	19	55,998	01/04/1997	09/09/2002	30.49	53,748	2,250
1995	Cetelem	24/03/1994	07/11/1995	79	206,150	08/11/2000	06/11/2003	22.16	42,149	164,001
	UFB	18/03/1993	18/10/1995	32	66,029	19/10/2000	17/10/2003	24.13	19,311	46,719
1996	Cetelem	24/03/1994	04/11/1996	95	226,978	05/11/2001	03/11/2004	32.99	3,636	223,342
	UFB	18/03/1993	16/10/1996	37	94,462	17/10/2001	15/10/2004	29.19	0	94,462
	Safadeco	05/09/1994	04/01/1996	21	108,000	01/04/1999	04/01/2004	30.64	10,000	98,000
1997	Cetelem	27/03/1997	22/09/1997	117	156,469	23/09/2002	21/09/2005	36.57	5,389	151,080

C.B.: Compagnie Bancaire - C.F.P.: Compagnie Financière Paribas

(1) Number of options and exercise price expressed in BNP Paribas shares:

-For Compagnie Bancaire, Compagnie Financière Paribas and Banque Paribas, based on the following conversion rates:

9 Paribas for 5 Compagnie Bancaire, 1Paribas for 1 Compagnie Financière Paribas, 1Paribas for 1 Banque Paribas, 29 BNP Paribas + 13 CVR for 20 Paribas,

-For fully-consolidated subsidiaries of Paribas (Cetelem et UFB), the number of options and the exercise price are expressed in BNP Paribas shares calculated after the exchange:

-1,791 Paribas for 1 Cetelem, 1,45+1,1642 CVR for 1 Paribas

-1,62054 Paribas for 1 UFB, 1,45+1,0534 CVR for 1 Paribas.

The exercise price and the number of options used to produce the above table have been calculated based on the pre- 1 July 2002 parity.

(2) Exercise dates set at the time of grant. The BNP Paribas merger agreement stipulates that the options may not be exercised until the fifth anniversary of the date of grant, as required under French tax rules, whatever the original exercise dates.

NOTE 36 - Gains (Losses) on Disposals of Long-Term Investments and Changes in Provisions

In millions of euros	2000	1999	1998
Debt securities held to maturity:			
Disposal gains	19	2	-
Disposal losses	(3)		(1)
(Additions to) deductions from provisions		(4)	4
Net gains on disposals of debt securities held to maturity and changes in provisions	16	(2)	3
Equity securities held for long-term investment:			
Disposal gains	810	920	338
Disposal losses	(82)	(195)	(65)
Additions to provisions	(54)	(103)	(24)
Deductions from provisions	111	216	87
Net gains on disposals of equity securities held for long-term investment and changes in provisions	785	838	336
Investments in non-consolidated undertakings and other participating interests			
Disposal gains	1,169	97	179
Disposal losses	(282)	(119)	(48)
Additions to provisions	(135)	(60)	(23)
Deductions from provisions	156	157	31
Net gains on disposals of investments in non-consolidated undertakings and other participating interests and changes in provisions	908	75	139
Total net gains on disposals of long-term investments and changes in provisions	1,709	911	478

NOTES

NOTE 37 - Non-Recurring Items

In millions of euros	2000	1999	1998
Additions to provisions for restructured or discontinued operations	(117)		(25)
Additions to provisions for non-recurring costs associated with the single European currency and the year 2000	(104)	(32)	(62)
Contribution ordered by the Competition Authorities	(38)		
Additions to provisions for employee benefits	(30)	(53)	(3)
Compensation paid to victims of the holocaust	(29)		
Adjustment related to method used to recognise deferred commission income	(27)		
Additions to provisions and contributions to the depositors' guarantee fund	(3)	(56)	-
Other non-recurring expenses, net	(37)	(15)	(37)
Net non-recurring items	(385)	(156)	(127)

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

Following the sale of part of the BNP Paribas España branch network, the Group's operations in Spain are being reorganised and an employment reorganisation plan is being launched. A provision has been set aside to cover the related cost. In addition, following the acquisition of Dresdner Bank's interest in certain joint subsidiaries, a provision has been booked for the cost of reorganising these subsidiaries' support functions. Lastly, provisions have been recorded to cover costs related to changes in the Group's strategy in Australia and the spin-off into subsidiaries of the securities business as well as certain Private Banking and Asset Management businesses and certain International Corporate Banking businesses. The total amount of these provisions is EUR 117 million.

The BNP Paribas Group's latest estimate of the cost of adapting to the introduction of the single European currency and to the Year 2000, prepared at the end of 2000, is approximately EUR 467 million. These costs are being incurred over the period 1996-2002. In application of the guidelines issued by the French accounting authorities, BNP Paribas set up a provision at 31 December 1996, which was increased in subsequent years. This provision covers the non-capitalisable cost of outside assistance needed for BNP Paribas to deal with the changeover to the single European currency, representing a nonrecurring event. The provision covers the cost of adapting information systems and contributions to the cost of adapting interbank systems, euro-related corporate communication and customer relations programme costs and costs related to the introduction of euro-denominated coins and bank notes in 2002. These costs have been determined using the project costing methods generally applied by the BNP Paribas Group. As of 31 December 2000, over 60% of the estimated total cost had been incurred.

In 1999, a EUR 53 million provision was set aside to cover the cost of staff reductions resulting from investments to adapt IT systems to the single European currency and from the reorganisation of technical support centres and customer service activities in the network. In 2000, provisions for pensions and postretirement benefit obligations were increased by EUR 30 million based on the results of an actuarial valuation of pension funds covering pension and postretirement benefit obligations towards employees outside France.

In application of a bilateral agreement between the French and American governments to increase the compensation paid to Holocaust victims, financial institutions that collect deposits have agreed to contribute to various compensation programmes and to help fund a Holocaust Victims' Memorial Foundation. The BNP Paribas Group has set aside a provision of EUR 29 million, representing the Group's estimated contribution to these programmes.

Following adoption of the Depositors' Protection Act dated 25 June 1999, a system was set up to guarantee securities and cash deposited with investment services companies. In 2000, the BNP Paribas Group recorded a charge of EUR 3 million (1999: EUR 56 million) to cover the contribution due to the guarantee fund in respect of the period 1999 to 2002.

Note 38 - Segment Information

Income by Business Segment, Based on Allocated Capital

Income by business segment based on allocated capital is determined by attributing to the various businesses the capital allocated to them based on the risks incurred. Capital allocations are made by applying a series of criteria based mainly on the capital required to cover risk-weighted assets, as determined according to capital adequacy rules.

In millions of euros	Net Banking Income	Gross Operating Income	Operating income	Income before tax and non-recurring items
Domestic Retail Banking	4,257	1,181	1,024	1,037
International Retail Banking	1,598	666	492	496
Specialised Financial Services	2,140	756	523	609
Corporate and Investment Banking	6,114	2,577	2,063	2,214
Private Banking and Asset Management–Insurance and Securities	2,201	936	899	964
BNP Paribas Capital	122	53	49	1 037
Other	(169)	(344)	(367)	352
TOTAL	16,263	5,825	4,683	6,709
France	9,350	3,101	2,649	4,229
Other European Economic Space countries	2,802	1,026	894	1,323
The Americas and Asia	3,356	1,339	911	924
Other countries	755	359	229	233

NOTES

NOTE 38 - Segment Information (cont'd)

Group Activity by Geographic Area

In millions of euros, at 31 December 2000	Interbank items	Customer items	Total
Assets			
France	45,131	119,657	164,788
Other European Economic Space countries	55,148	49,945	105,093
The Americas and Asia	94,245	52,120	146,365
Other countries	3,777	9,188	12,965
Total assets (notes 4 and 5)	198,301	230,910	429,211
Liabilities			
France	50,750	79,696	130,446
Other European Economic Space countries	65,404	44,356	109,760
The Americas and Asia	75,009	37,792	112,801
Other countries	5,092	11,033	16,125
Total liabilities (notes 14 and 15)	196,255	172,877	369,132

NOTE 39 - Corporate Income Tax

In millions of euros	2000	1999	1998
Current taxes	1,344	1,147	298
Deferred taxes	288	54	184
Income tax expense	1,632	1,201	482
-on recurring items	1,729	1,227	530
-on non-recurring items	(97)	(26)	(48)

In accordance with international accounting standards, the Group recognises deferred tax assets based on the probability of recovery, regardless of whether or not they are offset by deferred tax liabilities. The tax saving realised by the Group in 2000 from the recognition of tax loss carryforwards or the deduction of expenses accounted for in prior years totalled EUR 19 million. Unrecognized deferred tax assets at 31 December 2000 amounted to EUR 187 million.

Analysis of the Effective Rate of Tax

In percent	2000	1999	1998
Standard tax rate in France	33.3	33.3	33.3
Impact of long-term capital gains taxed at a reduced rate in France	(3.0)	(1.9)	(1.1)
Income of companies carried under the equity method	(1.8)	-	(2.6)
Permanent differences added back to taxable income in France	(1.9)	(0.7)	(8.1)
Differences in foreign tax rates	(5.2)	(1.4)	(3.3)
Effect of losses deducted from net income	5.4	2.0	5.6
Other	1.5	3.6	3.1
Effective rate of tax	28.3	34.9 [1]	26.9

(1) Before BNP-Paribas merger-related restructuring costs.

Deferred Taxes Recognised in the Balance Sheet Break Down as Follows

In millions of euros, at 31 December	2000			1999	1998
	Companies included in the tax group (note 2)	Other companies	Total	Total	Total
Deferred tax assets[1]	1,257	193	1,450	1,588	432
Deferred tax liabilities	1,237	1,140	2,377	2,080	962
Net deferred tax liability	(20)	947	927	492	530

(1) Deferred tax assets include tax loss carryforwards of EUR 54 million (1999: EUR 40 million and 1998: EUR 53 million)

The deferred tax liability on the capital gain realised on BNP's transfer to its subsidiary Compagnie Immobilière de France of buildings and rights to real estate leasing contracts amounted to EUR 196 million at 31 December 2000, after taking into account EUR 105 million written back in 1997 in connection with the write-down of the corresponding assets and EUR 87 million added to deferred taxes in respect of land in 1999. This addition was charged in accordance with the new consolidation rules (note 1).

In accordance with CRC standard 99-07, a deferred tax liability of EUR 181 million has been recorded in respect of deferred taxes on the difference between straight-line book depreciation of leased assets and amortisation of the net investment in the leases.

The contra-entry for the adjustments made in 1999 following adoption of the new consolidated accounting standards was deducted from retained earnings (note 22) in accordance with the guidelines covering changes of method.

NOTES

NOTE 40 - BNP-Paribas Merger-Related Restructuring Costs

In connection with the 1999 merger between BNP and Paribas, a restructuring charge of EUR 1,169 million was recorded. This charge can be analysed as follows:

In millions of euros	Restructuring provision	Amortisation of goodwill	Tax effect	Total restructuring charge
Provisions and amortisation recorded on first-time consolidation of Paribas	1,169	183	(363)	989
Utilisation–fourth quarter 1999	(59)	(183)	33	(209)
Total at 31 December 1999	1,110		(330)	780
Utilisation–2000	(330)		101	(229)
Total at 31 December 2000	780	-	(229)	551

NOTE 41 - Number of Employees at Year-End

The number of employees of the BNP Paribas Group (fully and proportionally consolidated companies) breaks down as follows:

In millions of euros	2000	1999 (1)
France	49,169	49,802
Outside France	31,295	28,040
Total BNP Paribas Group	80,464	77,842

(1) The 1999 figures have been restated to permit direct comparisons with the 2000 figures.

NOTE 42 - Consolidated Profit and Loss Account (Regulatory Format)

In thousands of euros	2000	1999	1998
Interest income	39,780,064	24,412,725	20,685,475
Interest expense	(35,824,391)	(20,627,546)	(17,155,635)
Income on equities and other variable income securities	391,604	175,279	128,329
Commission income	6,797,249	8,366,359	4,859,022
Commission expense	(2,351,626)	(5,168,615)	(2,302,191)
Net gains on sales of trading account securities	5,296,529	2,463,930	1,364,341
Net gains on sales of securities available for sale	243,126	67,375	19,981
Other banking income	1,353,361	576,643	392,507
Other banking expenses	(892,110)	(733,543)	(535,592)
Underwriting result and net investment income of insurance companies	1,244,720	561,801	73,249
Net income from other activities	224,642	111,200	45,006
Net banking income	16,263,168	10,205,608	7,574,402
Operating expense	(9,910,117)	(6,317,730)	(4,745,428)
Depreciation, amortisation and provisions on tangible and intangble assets	(527,925)	(424,130)	(334,656)
Gross operating income	5,825,126	3,463,748	2,494,318
Net additions to provisions for credit risks and country risks	(1,142,297)	(701,375)	(1,206,120)
Operating income	4,682,829	2,762,373	1,288,198
Share of earnings of companies carried under the equity méthode	317,024	19,059	29,052
Gains (losses) on disposals of long-term investments and charnges in provisions	1,709,198	910,834	477,751
Income before tax, non-recurring items, amortisation of goodwill and movements in the reserve for general banking risks	6,709,051	3,692,266	1,795,001
Net non-recurring expense	(385,063)	(750,239)	(126,500)
Corporate income tax	(1,632,497)	(1,201,343)	(481,746)
Amortisation of goodwill	(143,426)	(111,301)	(16,024)
Movements in the reserve for general banking risks	4,455	18,098	(3,442)
Minority interests	(428,286)	(163,473)	(52,986)
Net income	4,124,234	1,484,008	1,114,303

JOINT STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2000

Barbier Frinault & Autres
Arthur Andersen
41, rue Ybry
92576 Neuilly-sur-Seine Cedex

Befec-Price Waterhouse
Member of PricewaterhouseCoopers
32, rue Guersant
75017 Paris

Mazars & Guérard
Le Vinci
4, allée de l'Arche
92075 Paris La Défense

To the shareholders of
BNP Paribas
16, boulevard des Italiens
75009 Paris

Mesdames, Messieurs,

As statutory auditors appointed by the General Shareholders' Meeting, we have audited the accompanying consolidated financial statements of BNP Paribas, presented in euro, for the year ended 31 December 2000.

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 audit 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 BNP Paribas and subsidiaries at 31 December 2000 and the consolidated results of operations for the year then ended, in accordance with French generally accepted accounting principles.

Note 1 to the consolidated financial statements describes the changes of method resulting from the application of the new rules on consolidated financial statement presentation set out in standard CRC 2000-04 dated 4 July 2000. 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, Paris et La Défense, le 9 avril 2001

The Statutory Auditors

Barbier Frinault & Autres
Arthur Andersen
Christian Chiarasini
Radwan Hoteit

Befec-Price Waterhouse
Membre de PricewaterhouseCoopers
Étienne Boris

Mazars & Guérard
Yves Bernheim

Parent company financial statements

- → Balance sheet and profit and loss account (with note 1 to the financial statements: Accounting Policies)
- → Profit and loss account (regulatory format)
- → Five-year financial summary
- → Subsidiaries and associated companies of BNP SA
- → Joint Statutory Auditors' special report on regulated agreements

PRELIMINARY COMMENT

The parent company financial statements of BNP Paribas SA have been prepared in accordance with the generally accepted accounting principles applicable to the French banking industry and the provisions of standard CRC 00-03 concerning the presentation of the financial statements.

The General Meeting of BNP SA shareholders held on 23 May 2000 approved the merger of BNP SA and Paribas SA with retroactive effect to 1 January 2000. The balance sheet at 31 December 2000 and the profit and loss account for the year then ended therefore include the operations of Paribas, whereas the balance sheets and profit and loss accounts for 1999 and 1998 are for BNP SA only (*see note 1*).

BALANCE SHEET OF BNP PARIBAS S.A.

In millions of euros, at 31 December	2000	1999	1998
ASSETS			
Interbank and money market items			
Cash and amounts due from central banks and post office banks	6,240	1,743	2,354
Treasury bills and money market instruments	31,865	32,466	21,713
Due from credit institutions	159,816	96,701	77,220
Total interbank and money market items	197,921	130,910	101,287
Customer items			
Due from customers	174,856	111,604	105,197
Leasing receivables	331	305	230
Total customer items	175,187	111,909	105,427
Bonds and other fixed-income instruments	32,217	18,030	12,611
Equities and other variable income instruments	19,257	951	849
Investments in subsidiaries and affiliates and equity securities held for long-term investment			
Investments in subsidiaries and affiliates	20,438	25,062	6,196
Equity securities held for long-term investment	2,162	932	704
Total investments in subsidiaries and affiliates and equity securities held for long-term investment	22,600	25,994	6,900
Tangible and intangible assets	2,874	2,247	2,176
Treasury shares	1,394	-	-
Accrued income and other assets	115,791	40,843	25,518
Total assets	567,241	330,884	254,768
COMMITMENTS GIVEN			
Financing commitments given	108,854	73,640	55,914
Guarantees and endorsements given:	116,162	52,490	36,153
Commitments given on securities	5,603	106	576
Commitments incurred on forward and options contracts	8,398,462	4,106,466	2,629,970

LIABILITIES AND SHAREHOLDERS' EQUITY

In millions of euros, at 31 December	2000	1999	1998
ASSETS			
Interbank and money market items			
Due to central banks and post office banks	387	242	3 366
Due to credit institutions	206,778	110,972	87,350
Total interbank and money market items	207,165	111,214	90,716
Customer items	128,183	93,248	87,991
Debt securities			
Retail certificates of deposit	370	507	646
Interbank market securities	537	72	105
Negotiable certificates of deposit	51,484	30,060	22,629
Bonds, including short-term portion	13,794	7,029	6,921
Other debt instruments	29	-	-
Total debt securities	66,214	37,668	30,301
Accrued expenses and other liabilities	128,530	49,253	26,195
Provisions for contingencies and charges	5,220	3,591	3,031
Subordinated debt	11,431	8,667	7,855
Reserve for general banking risks	920	914	913
Shareholders' equity			
Capital stock	1,792	1,799	832
Additional paid-in capital	7,039	20,435	3,512
Retained earnings	7,361	3,123	2,344
Total shareholders' equity before net income	16,192	25,357	6,688
Net income	3,386	972	1,078
Total liabilities and shareholders' equity	567,241	330,884	254,768
COMMITMENTS RECEIVED			
Financing commitments received	6,573	3,219	1,529
Guarantees and endorsements received	43,752	35,428	23,026
Commitments received on securities	4,270	481	462

PROFIT AND **LOSS ACCOUNT OF BNP PARIBAS S.A.**

In millions of euros, years ended 31 December	2000	1999	1998
Income and expense from banking operations			
Interest income	28,728	15,644	16,227
Interest expense	(27,764)	(13,192)	(13,668)
Net interest income	964	2,452	2,559
Income on equities and other variable income instruments	1,660	628	572
Net commissions	2,917	2,250	2,117
Net gains on sales of trading account securities	2,788	610	408
Net gains on sales of securities available for sale	59	(5)	-
Other net income/(expense) from banking operations	91	(151)	(173)
Net banking income	8,479	5,784	5,483
Operating expense:			
- Salaries and employee benefits, including profit-sharing	(4,029)	(2,468)	(2,347)
- Other expense	(1,867)	(1,212)	(1,189)
Total operating expense	(5,896)	(3,680)	(3,536)
Depreciation, amortisation and provisions on tangible and intangible assets	(313)	(238)	(246)
Gross operating income	2,270	1,866	1,701
Net additions to provisions for credit risks an country risks	(661)	(507)	(973)
Operating income	1,609	1,359	728
Gains (losses) on disposals of long-term investments	1,307	624	516
Income before tax, non-recurring items and movements in the reserve for general banking risks	2,916	1,983	1,244
Net non-recurring expense	(334)	(107)	(149)
Corporate income tax	585	(323)	(17)
Movements in the reserve for general banking risks	-	13	-
Net income before BNP-Paribas merger-related restructuring costs	3,167	1,566	1,078
Reversals of (charges to) provisions for BNP-Paribas merger-related restructuring costs (*)	219	(594)	-
Net income after BNP-Paribas merger-related restructuring costs	3,386	972	1,078

(*) The EUR 594 million charge recorded in 1999 for BNP-Paribas merger-related restructuring costs corresponded to the estimated cost for the entire Group. In 2000, the costs were allocated to the various companies concerned and EUR 219 million was reversed from the provision recorded by BNP S.A., corresponding to the costs allocated to subsidiaries.

NOTE 1 - ACCOUNTING POLICIES

The financial statements of BNP Paribas SA have been prepared in accordance with the generally accepted accounting principles applicable to the French banking industry and the provisions of standard CRC 00-03 concerning the presentation of the financial statements.

Significant events affecting year-on-year comparisons

The General Meeting of BNP SA shareholders held on 23 May 2000 approved the merger of BNP SA and Paribas SA with retroactive effect to 1 January 2000. The balance sheet at 31 December 2000 and the profit and loss account for the year then ended therefore include the operations of Paribas, whereas the balance sheets and profit and loss accounts for 1999 and 1998 are for BNP SA only.

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 collateralised repurchase agreements. They are broken down between demand loans and deposits and term loans and time deposits.

Amounts due from customers include loans to customers other than credit institutions, with the exception of loans represented by debt securities issued by customers, securities purchased under resale agreements, whatever the type of securities concerned, and receivables corresponding to securities sold under collateralised 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.

Provisions 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 profit and loss account. 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, 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.

Provisions for credit 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 programmes, provisions for claims and litigation, provisions for unidentified contingencies and provisions for unforeseeable industry risks.

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

Lease Financing

Finance leases where BNP Paribas SA 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 variable income instruments. Securities are classified as "Trading account securities", "Securities available for sale", "Equity securities available for sale in the medium term", "Debt securities held to maturity", "Equity securities held for long-term investment" and "Investments in subsidiaries and affiliates", in application of CRC standard 00-02.

- **Trading Account Securities**

  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.

- **Securities Available for Sale**

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

  Bonds and other fixed-income instruments are valued at the lower of cost (excluding accrued interest) 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 profit and loss account. As a result, their carrying value is amortised to their redemption value over their remaining life.

  Equities are valued at the lower of cost or probable market value, which is generally determined on the basis of stock market prices, for listed equities, or BNP Paribas SA's share in net assets calculated on the basis of the most recent financial statements available, for unlisted equities. Dividends received are posted to income under "Income on equities and other variable-income instruments" on a cash basis.

  The cost of sold securities available for sale is determined on a first in, first out (FIFO) basis. Capital gains or losses on disposal are reflected in the profit and loss account under "Net gains on sales of securities available for sale", as are additions to and reversals of lower of cost and market provisions.

- **Equity Securities Available for Sale in the Medium-Term**

  This category corresponds to investments made for portfolio management purposes, with the aim of realising a profit in the medium-term without investing on a long-term basis in the development of the issuer's business. Equity securities available for sale in the medium term include venture capital investments.

  "Equity securities available for sale in the medium-term" are recorded individually at the lower of cost and fair value. Fair value takes into account the issuer's general development outlook and the planned holding period. The fair value of listed equities corresponds primarily to the average market price determined over an appropriately long period.

- **Debt Securities Held to Maturity**

  Fixed-income securities (mainly bonds, interbank market securities, Treasury securities, and other negotiable debt securities) are recorded under "Debt securities held to maturity" to reflect BNP Paribas SA'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 profit and loss account. As a result, their carrying value is amortised to their redemption value over their remaining life.

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

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

- **Equity Securities Held for Long-Term Investment**

  This category includes shares and related instruments that BNP Paribas SA intends to hold on a long-term basis in order to earn a satisfactory 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 Long-Term Investment" are recorded individually at the lower of cost or fair value. Fair 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 in the case of a permanent impairment in value. Fair 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 variable-income instruments" on a cash basis.

- **Investments in Subsidiaries and Affiliates**

  This category includes affiliates in which the Group exercises significant influence over management or investments considered strategic to the Bank's business development.

  "Investments in subsidiaries and affiliates" are recorded individually at the lower of cost and fair value. Fair 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 in the case of a permanent impairment in value. Fair 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 investments" in the income statement.

  Dividends are posted to "Income on equities and other variable-income instruments" when they are decided by the issuer's shareholders or on a cash basis when the shareholders' decision is not known.

Treasury Shares Held by BNP Paribas SA

Treasury shares held by BNP Paribas SA are classified and valued as follows:

- shares that were acquired to stabilise the market price or in connection with arbitrage transactions are recorded under "Trading account securities" and marked to market;
- shares held for allocation to employees are recorded at cost under "Securities available for sale". Where appropriate, a provision is booked for the difference between the cost of the shares and the exercise price of the related employee stock purchase options;

- shares that are intended to be cancelled or that are not being held for either of the above purposes are included in long-term investments. Shares that are intended to be cancelled are carried at cost. Shares acquired for other purposes 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 Paribas SA from its specialised subsidiaries are recorded under "Tangible and intangible assets".
The restructured real estate portfolio is depreciated over a fifty-year period starting from the date of transfer using the straight-line method. Depreciation of other fixed assets is computed using the straight-line method over their estimated useful lives. The difference between tax depreciation (accelerated method) and book depreciation (generally straight-line) is recorded under "Regulated deductions - Accelerated depreciation". No deferred income tax is calculated on the difference between book and tax depreciation.
The capitalised cost of software purchased or developed for internal use is recorded under "Intangible assets" and amortised by the straight-line method over the probable period of use of the software, not to exceed 5 years.

Interbank and Money-Market Items and Custemer Depositifs

Amounts due to credit institutions are analysed between demand accounts and time deposits and borrowings. Customer deposits are analysed 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 profit and loss account.

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Debt Securities

Bonds and negotiable debt instruments are analysed between retail certificates of deposit, interbank market securities, negotiable certificates of deposit, bonds and other debt instruments. This caption does not include subordinated notes which are recorded under "Subordinated debt". Accrued interest on bonds and negotiable debt instruments is recorded on a separate line.
Bond issue and redemption premiums are amortised by the yield-to-maturity method over the life of the bonds. Bond issuance costs are amortised by the straight-line method over the life of the bonds.

Country Risk Provisions

Provisions for country risk are based on the evaluation of non-transfer risk related to the future solvency of each of the countries at risk and on the systemic credit risk incurred by 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 profit and loss account under "Net additions to provisions for credit risks and country risks".

Provisions for Unforeseeable Industry Risks

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

Reserve for General Banking Risks

BNP Paribas SA has set up a reserve for general banking risks in accordance with the principle of prudence.
Specific additions to, and deductions from, this reserve

are reflected in the profit and loss account under "Movements in the reserve for general banking risks".

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 organised exchanges are marked to market at the balance sheet date. Realised and unrealised gains and losses are taken to income under "Net gains (losses) on sales of trading account 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 an accruals basis, depending on the nature of the instruments. Provisions for contingencies are made to cover unrealised losses on a contract by contract basis, taking into account potential gains and losses on related specific hedges.

  Income and expenses on interest rate contracts designated at the outset as hedging operations are recognised on a symmetrical basis with the income or expense on the underlying instrument.

- **Forward Currency Instruments**

  Options contracts are marked to market and 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 spot price prevailing at the end of the period. Premiums and discounts on contracts designated as hedges are recognised on an accruals basis and posted to the profit and loss account over the life of the underlying transaction.

- **Equity and Equity Index Derivatives**

  BNP Paribas SA buys and sells equity and equity index options for trading and hedging purposes. In the case of trading operations, unrealised gains and losses on contracts that have not been unwound by the balance sheet date are posted directly to income. Gains and losses on settled equity and equity index contracts designated as hedging operations are recognised on a symmetrical basis with the gain or loss on 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 profit and loss account.

- **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.

Corporate Income Tax

In France, the standard income tax rate is 33 1/3%. Long-term capital gains are taxed at a rate of 19%. Capital gains and losses on securities in the portfolios are taxed at the standard income tax rate of 331/3%, with the exception of investments in subsidiaries and affiliates, which are subject to long-term capital gains taxation. Effective from

31 December 2000, dividends received from companies in which BNP Paribas SA has an ownership interest of more than 5% (10% or more than FRF 150 million up to 31 December 1999) are not taxable.

In 1995, the French government imposed a 10% surtax on corporate income. The rate of this surtax has been reduced to 6% for 2001 and 3% for 2002. In 1997, the government imposed an additional 15% surtax on corporate income, which was reduced to 10% for 1999, the last year of application. A new 3.3% surtax has been levied on corporate income as from 1 January 2000. BNP Paribas 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 the surtaxes are expected to apply when the timing differences reverse.

A charge for income taxes is taken in the year in which the respective taxable income and expense are booked, regardless of the period in which the tax is actually paid. As a result, BNP Paribas SA books deferred taxes for all temporary differences between the book value of assets and liabilities and their tax basis, using the liability method.

Profit-Sharing Plan

As required by French law, BNP Paribas SA provides for profit-sharing in the year in which the profit arises. The provision is reported under “Salaries” in the profit and loss account.

Retirement and pensions for former employees

Upon retirement, BNP Paribas SA employees receive pensions according to the laws and customs prevailing in the countries where the Bank operates.

Outside France, BNP Paribas SA and its employees contribute to mandatory pension plans managed by independent organisations.

Retired employees of BNP Paribas SA in France who are covered by the banking industry pension scheme are entitled to the following pension benefits starting 1 January 1994, pursuant to a new industry-wide agreement on pensions:

- retired employees receive pension benefits from the social security system and two national organisations, which are financed by contributions received from employers and employees. The systems operate on a pay-as-you-go basis;
- retired employees receive additional benefits from the BNP Paribas pension fund and the banking industry pension funds to which the Bank contributes, relative to services rendered prior to 1 January 1994. Funding for these additional benefits is provided by transfers from the pension funds’ existing reserves and, if necessary, by employer contributions, which are limited to a percentage of payroll costs. The amount of such additional benefits is adjusted to reflect the funding level of the pension schemes and may consequently be reduced in due proportion.

The working capital contributions made to the two national pension organisations in 1994 are treated as prepaid expenses and amortised over the average number of years left to retirement of BNP participating employees, which is currently 20 years. For Paribas employees, the contribution has been deducted from the reserves of the Paribas pension fund.

Employee Benefits

Under various agreements, BNP Paribas SA is committed to paying early retirement, retirement and seniority bonuses.

Each year, the Bank estimates the net current value of these commitments and adjusts the related provision.

Recognition of Revenue and Expenses

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

Foreign Currency Transactions

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

Exchange differences arising from the conversion at the year-end exchange rate of assets denominated in foreign currencies that are held on a long-term basis, including equity securities available for sale in the medium term, the capital made available to branches and other participating interests, are not recognised in the profit and loss account.

Foreign Currency Translation

All monetary and non-monetary assets and liabilities of foreign branches that are denominated in foreign currencies are translated at the year-end exchange rate. Differences arising on translation are included in "Accrued income" and "Accrued expense".

PROFIT AND LOSS ACCOUNT OF BNP PARIBAS S.A. (REGULATORY FORMAT)

In millions of euros, year ended 31 December	2000	1999	1998
Interest income	29,229,717	15,926,105	16,469,30
Interest expense	(27,868,389)	(13,226,818)	(13,696,043)
Income on equities and other variable income instruments	1,659,694	627,709	572,161
Commission income	2,993,588	1,851,890	1,714,870
Commission expense	(862,966)	(298,142)	(322,380)
Net gains on sales of trading account securities	2,835,600	358,702	315,282
Net gains on sales of securities available for sale	59,311	374,736	299,616
Other banking income	887,284	564,655	521,044
Other banking expense	(454,799)	(385,642)	(391,878)
Net banking income	**8,479,040**	**5,793,195**	**5,481,979**
Operating expense	(5,895,552)	(3,680,856)	(3,536,656)
Depreciation, amortisation and provisions on tangible and intangible assets	(313,731)	(237,966)	(245,907)
Gross operating income	**2,269,757**	**1,874,373**	**1,699,416**
Net additions to provisions for credit risks an country risks	(660,489)	(506,494)	(972,980)
Operating income	**1,609,268**	**1,367,879**	**726,436**
Gains (losses) on disposals of long-term investments	1,306,687	624,490	515,930
Income before tax, non-recurring items and movements in the reserve for general banking risks	**2,915,955**	**1,992,369**	**1,242,366**
Net non-recurring expense	(28,782)	(700,899)	(148,726)
Corporate income tax	499,030	(323,727)	(16,714)
Movements in the reserve for general banking risks and regulated provisions	0	3,776	996
Net income	**3,386,203**	**971,519**	**1,077,922**

FIVE-YEAR FINANCIAL SUMMARY

1 EUR = 6.55957 FRF

	Banque Nationale de Paris SA					BNP Paribas SA
	1996 (francs)	1997 (francs)	1998 (francs)	1998 (euros)	1999 (euros)	2000 (euros)
Capital at year-end						
a) Capital stock	5,185,874,825 (1)	5,331,104,700 (2)	5,460,266,775 (3)	832,412,304	1,798,666,976 (4)	1,792,258,860 (5)
b) Number of shares issued	207,434,993 (1)	213,244,188 (2)	218,410,671 (3)	218,410,671	449,666,744 (4)	448,064,715 (5)
Results of operations for the year						
a) Total revenues, excluding VAT	102,036,211,395	118,564,568,666	130,356,249,306	19,872,682,097	19,665,467,407	37,588,553,951
b) Income before tax, non-recurring items profit-sharing, depreciation and provisions	9,237,139,910	13,243,961,291	16,269,190,329	2,480,222,077	2,664,362,859	3,559,312,573
c) Income taxes	(321,442,607)	(330,618,810)	109,636,483	16,713,974	323,726,730	(499,029,941)
d) Profit-sharing	164,380,906	397,090,649	484,840,467	73,913,453	100,825,427	83,403,000 (6)
e) Net income	2,375,026,870	2,099,873,373	7,070,703,732	1,077,921,835	971,519,141	3,386,203,219
f) Total dividends	1,120,148,962	1,492,719,116	2,149,788,867	327,733,200	787,726,615	1,008,463,624

FIVE-YEAR FINANCIAL SUMMARY (CONT'D)

	Banque Nationale de Paris SA					BNP Paribas SA
	1996 (francs)	1997 (francs)	1998 (francs)	1998 (euros)	1999 (euros)	2000 (euros)
Earnings per share						
a) Earnings after tax and profit-sharing but before non-recurring items, depreciation and provisions	46,08	62,89	72,17	11,00	5,04	8,81
b) Earnings per share	11,45	9,85	32,37	4,93	2,16	7,56
c) Dividend per share	5,40	7,00 (7)	9,84 (8)	1,50	1,75 (9)	2,25 (10)
Employee data						
a) Number of employees at year-end (11)	40,705	40,002	39,554	39,554	39,115	45,452
b) Total payroll	8,955,840,550	9,577,822,860	9,667,865,889	1,473,856,654	1,538,010,765	2,614,012,376
c) Total benefits..................	4,350,229,752	3,954,666,310	4,099,021,977	624,891,872	647,434,031	1,055,133,353

(1) 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.

(2) 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 BNP"I", 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.

(3) 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 BNP"I", 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.

(4) 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.

(5) Common stock was increased from EUR 1,798,666,976 to EUR 1,800,517,976 on exercise of employee stock options for EUR 1,851,000. Following these share issues, the Board of Directors used the authorization given by the 23 May 2000 Annual General Meeting to cancel the 7,053,612 BNP shares held by Paribas for EUR 28,214,448, thereby reducing the capital from EUR 1,800,517,976 to EUR 1,772,303,528.

(6) Provision made during the year.

(7) 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.

(8) 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.

(9) 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.

(10) Paid to 448,206,055 shares, taking into account the 141,340 new shares with rights from 1 January 2000 recorded on 29 January 2001, including 27,450 shares issued in connection with former BNP stock option plans and 113,890 shares issued in connection with former Paribas plans (Banque Paribas, Cardif, Cie Financière Paribas and Cie Bancaire).

(11) For France, part-time employment is prorated according to the length of time worked.

BNP PARIBAS SA
SUBSIDIARIES AND ASSOCIATED COMPANIES

I - Detailed information about subsidiaries and associated companies whose book value exceeds 1% of BNP Paribas capital stock

Subsidiaries and affiliates	Currency	Exchange rate	Capital stock (a)	Reserves and retained earnings before income appropration (a)	Last published revenues (a)
1. Subsidiaries (more than 50%-owned):					
Financière BNP	EUR	1.00000	1,158,268	316,213	73,100
Paribas International	EUR	1.00000	354,244	903,087	19,143
KLE 66	EUR	1.00000	644,868	669,212	116,686
CIP - (Paris)	EUR	1.00000	394,504	427,979	44,127
Banexi investissement	EUR	1.00000	180,565	104,004	37,995
BNP Paribas Securities Japan Ltd (ex-Paribas Capital Market)	JPY	106.92000	39,800	(2,056)	15,841
SFA	EUR	1.00000	5,849	637,344	272,434
Cardif - groupe	EUR	1.00000	167,342	267,980	(493,354)
BNP "I"	EUR	1.00000	30,523	433,879	31,504
BNP Immobilier	EUR	1.00000	79,500	670	20,933
BNP Paribas Luxembourg	EUR	1.00000	60,000	162,086	97,382
BNP Paribas Asset Management	EUR	1.00000	15,361	257,479	128,957
Banque Directe	EUR	1.00000	101,951	9,243	9,992
BNP Paribas Securities Services	EUR	1.00000	134,108	104,325	6,907
BNP UK Holding	GBP	0.62410	130,000	(8,634)	3,354
Paribas Dérivés Garantis	EUR	1.00000	121,959		5,551
Paribas UK Holding	GBP	0.62410	34,353	(4,092)	(2,341)
Cipango	JPY	106.92000	9,400,000	926,593	573,869
Paribas Asia Equity Ltd	HKD	7.25780	614,000	(460,427)	27,923
Banque de Bretagne	EUR	1.00000	52,921	14,779	72,259
BNP Andes (Pérou)	USD	0.93050	50,000	(896)	5,119
BNP Equities Asia	USD	0.93050	48,559	(892)	(382)
Paribas Merchant Banking Asia Ltd	SGD	1.61260	39,501	(7,809)	19,679
BNP Mexico Holding	USD	0.93050	30,000	(220)	12
BNP Finans (Norvège)	NOK	8.23350	200,000	63,333	6,569
BNP PP South East Asia	USD	0.93050	25,200	(338)	(631)
Antin Bail	EUR	1.00000	18,300	8,542	(5,299)
Financière Kléber	EUR	1.00000	22,867	4,722	1,262
Compagnie bancaire UK Fonds B	GBP	0.62410	1	42,109	-
BNP Securities	USD	0.93050	5	25,837	92,449
BNP Private Bank and Trust (Bahamas)	USD	0.93050	4,900	2,475	5,525
UCB	EUR	1.00000	33,236	302,257	(9,089)
BNP Paribas E3 (ex-Leval Services)	EUR	1.00000	20,040	(5)	-
BNP Equities France	EUR	1.00000	5,545	49,367	163,296
BNP España	EUR	1.00000	106,972	(42,193)	43,579
Banco BNP Brasil	BRL	1.81060	62,450	35,131	56,935
Cetelem	EUR	1.00000	327,133	1,002,671	965,408
Banque Cortal	EUR	1.00000	19,814	19,144	108,582
KLE 65	EUR	1.00000	542,374	134,057	(3,575)
BNP Paribas Canada	CAD	1.39650	220,637	29,241	111,889
BNP Suisse	CHF	1.52320	169,724	250,947	26,158
BNP Irlande	EUR	1.00000	38,454	3,825	2,236
BNP Paribas Lease Group	EUR	1.00000	284,060	668,455	(43,067)
Benelux Paribas PS (Cobepa) - groupe	EUR	1.00000	267,228	1,805,697	109,860
Natioinformatique	EUR	1.00000	29,391	14,415	(10,174)
Charter Atlantic Corp (FFTW)	USD	0.93050	19,035	(2,591)	43,047
Gestion et Location Holding	EUR	1.00000	253,114	949,482	-
Paribas Santé	FRF	6.55957	58,307	19,922	1,146
TOTAL					

(a) In thousands of currency units.

(b) In thousands of euros.

Last published income (loss) (a)	Percent interest held by BNP SA in %	Book value of the shares Gross (b)	Book value of the shares Net (b)	including revaluation difference (b)	Dividends received during the year (b)	Outstanding loans and advances granted by BNP SA (b)	Guarantees and endorsement given by BNP SA (b)
264,389	100 %	1,638,242	1,474,474		98,659		
28,741	100 %	1,327,952	1,327,952				
164,948	100 %	1,313,884	1,313,884				
78,957	100 %	597,982	597,982		45,368		
46,945	100 %	408,749	408,749	3,825			
(146)	100 %	364,642	364,642				
532,817	100 %	360,003	360,003		202,519		
104,987	100 %	359,267	359,267		86,509		
14,213	100 %	275,527	275,527	22,021	3,052		
56,595	100 %	261,602	85,277		8,354		
101,084	100 %	253,934	253,934			785,092	5,370
121,230	100 %	247,264	247,264	12		55,000	
(29,310)	100 %	226,632	226,632			4,573	
12,447	100 %	213,301	213,301	2,171			556
1,602	100 %	171,924	171,924	16,180			
5,367	100 %	121,959	121,959		5,429	125,999	
(2,628)	100 %	105,404	46,639				
177,151	100 %	89,219	89,219				
13,424	100 %	85,160	23,847			1,651	
11,477	100 %	71,021	71,021		9,363	16,769	
1,605	100 %	54,702	54,702				
(389)	100 %	52,185	52,185				
2,449	100 %	38,658	34,661				
262	100 %	32,241	30,790				
14,922	100 %	31,348	31,348		1,829		
(30,983)	100 %	31,096	31,096				
3,292	100 %	27,380	27,380			160,761	1,030
1,001	100 %	25,492	25,492				
-	100 %	25,148	25,148	-	-	-	-
38,470	100 %	24,455	24,455				
1,865	100 %	23,536	21,941				
(104,891)	99.93 %	728,053	365,794			8,748,680	182,904
(2)	99.88 %	20,016	20,016				
51,526	99.81 %	91,509	91,509		32,531		
(13,384)	99.23 %	149,657	81,114				
9,648	99.00 %	50,499	50,499				
353,524	98.38 %	2,432,539	2,432,539		621,913	9,169,373	3,969
6,832	98.18 %	32,689	32,689		7,781	5,574	381
(3,604)	94.52 %	640,810	640,810				
10,400	90.94 %	167,931	154,801	189			1,874,132
24,559	85.76 %	486,769	486,769	6,572	8,696		
25,576	84.72 %	51,160	51,160				
(226,319)	74.57 %	854,900	854,900		37,072	5,697,671	11,954
619,970	73.72 %	1,632,650	1,632,650		27,446		
1,308	65.00 %	34,569	28,373		3,621		
(2,627)	61.80 %	99,521	99,521				
(1)	61.73 %	706,886	706,886	-	-	-	-
10,845	60.92,%	61,496	51,260		5,108		
		17,101,563	16,173,985	50,970	1,205,250	24,771,143	2,080,296

BNP PARIBAS SA
SUBSIDIARIES AND ASSOCIATED COMPANIES (cont'd)

At 31 December 2000

Subsidiaries and affiliates	Currency	Exchange rate	Capital stock	Reserves and retained earnings before income appropration	Last published revenues
			(a)	(a)	(a)
2. Associated companies (10 to 50%-owned):					
Intl Bank of Paris and Shanghai (people's republic of china)	USD	0.93050	63,641	1,352	4,078
Creation Fnantial Services	GBP	0.62410	10,000	10,350	37,648
BNP Dresdner Bank (Polska) SA	PLN	3.84980	193,400	86,847	130,662
Inversiones Dresdner BNP Chile (Chile)	CLP	533.78000	48,841	(3,899)	2,902
Banca UCB	EUR	1.00000	72,304	(5,591)	49,969
BNP Développement	EUR	1.00000	68,000	19,913	4,187
Banque Pétrofigaz	EUR	1.00000	50,940	(12,674)	11,347
BancWest Corp (EU)	USD	0.93050	127,116	1,634,914	1,073,544
SPS RE	FRF	6.55957	497,269	166,150	144,698
RIVP-Régie Immobilière Ville de Paris	FRF	6.55957	196,715	143,889	-
Dongwon ITMC	KRW	1,177.08000	30,000,000	5,627,962	15,234,356
Finaxa	EUR	1.00000	296,677	2,618,341	815,778
Natio-Vie	EUR	1.00000	122,698	400,669	215,451
Crédit logement	EUR	1.00000	440,954	38,753	74,315
Axa Re Finance	EUR	1.00000	152,417	53,544	21,792
TOTAL					

(a) In thousands of currency units.

(b) In thousands of euros.

II - General information about other subsidiaries and affiliates

En milliers d'euros	Book value of the shares		
	Gross	Net	Including revaluation difference
French subsidiaries	445,579	244,557	1,108
Foreign subsidiaries	333,066	154,565	538
French associated companies	830,465	796,326	65
Foreign associated companies	429,449	366,054	3,143

Last published income (loss) (a)	Percent interest held by BNP SA in %	Book value of the shares Gross (b)	Book value of the shares Net (b)	including revaluation difference (b)	Dividends received during the year (b)	Outstanding loans and advances granted by BNP SA (b)	Guarantees and endorsement given by BNP SA (b)
939	50.00 %	34,196	34,196				
484	50.00 %	31,303	31,303				
20,660	50.00 %	28,857	28,857				
3,080	50.00 %	19,300	19,300		1,392		
6,595	49.00 %	42,981	42,981				
15,555	45.24 %	29,586	29,586		1,448		
7,565	44.81 %	25,856	18,930			4,116	
235,968	44.20 %	998,017	998,017		2,894		
58,367	30.00 %	29,806	29,806		1,105		
38,150	30.00 %	25,611	25,611		1,293	3,628	
7,004,897	30.00 %	21,623	21,623				
989,616	22.27 %	405,832	405,832		27,880		
92,128	20.00 %	71,599	71,599		14,864		
15,266	16.50 %	85,597	85,597				
21,140	15.67 %	43,455	43,455		1,964		
....		1,893,619	1,886,693		52,840	7,744	

BNP PARIBAS SA
SUBSIDIARIES AND ASSOCIATED COMPANIES

Acquisitions of significant equity interests changes in percent interests (french companies only)

10% disclosure threshold crossed

BMS Exploitation
Idealx Absa
Sofinergie 4

20% disclosure threshold crossed

Answork
Marais Participations

33.33% disclosure threshold crossed

Agys

50% disclosure threshold crossed

Istroise de Participations

66.66% disclosure threshold crossed

Antin Participation 1
Antin Participation 10
Antin Participation 11
Antin Participation 12
Antin Participation 13
Antin Participation 14
Antin Participation 15
Antin Participation 2
Antin Participation 3
Antin Participation 4
Antin Participation 5
Antin Participation 6
Antin Participation 7
Antin Participation 8
Antin Participation 9
Banexi Investissement
Bergère Participations 1
Bergère Participations 2
Bergère Participations 3
Bergère Participations 4
Bergère Participations 5
BNP Paribas E3 (ex-Leval Services)
Casanova Participations 1
Casanova Participations 2
Casanova Participations 3
Casanova Participations 4
Casanova Participations 5
Gestion et Location Holding (ex-Moulins d'Antin)
Holding Mediforce Europe
Laffitte Participation 1
Laffitte Participation 10
Laffitte Participation 11
Laffitte Participation 12
Laffitte Participation 13
Laffitte Participation 14
Laffitte Participation 15
Laffitte Participation 2
Laffitte Participation 3
Laffitte Participation 4
Laffitte Participation 5
Laffitte Participation 6
Laffitte Participation 7
Laffitte Participation 8
Laffitte Participation 9
Nouvelles Sucreries d'Antin

Principal acquisitions and disposals in France and abroad

Threshold: EUR 20 million for quoted equities and EUR 1 million for unquoted equities

Acquisitions in France

New investments

Agys
Answork
Banexi Investissement
Coficem
Gestion et Location Holding

Follow-on investments (acquisitions)

BNPI
Groupe MEDI Europe
LDCOM
Marais Participations
Mestrezat et Domaines
Saupiquet
Sofinergie 4

Follow-on investments (subscriptions)

Avenir Participations
Axa RE Finance
Banque Directe
BNP Equities France*
BNP Paribas Asset Management*
BNP Paribas E3
BNP Paribas Lease Group*
BNP Paribas Securities Services (ex-Banexi)*
Bouygues Telecom
Caisse de Refinancement pour l'Habitat
Cardif
Cetelem
Crédit Logement
Finaxa
Hurel Dubois
Idealx Absa
KLE 65*
SIS

Disposals in France

Total

- Avenir Participations*
- BNP Finance*
- BNP Gestions*
- Cofathec
- Courcoux Bouvet*
- Elior Obsa 98-2007
- Eurodis
- Financière de l'Erdre
- Finovelec
- Guyomarc'h Alimentaire Sagal
- Hurel Dubois
- Mayroy C
- Mestrezat et Domaines
- Natiocrédit*
- PAM SAS*
- Sagem Cadres (fusion avec Coficem SA)
- Saupiquet
- SBF (fusion avec Euronext)
- Sinvim
- SIS
- Somebar
- Via Banque

Partial

- Aventis
- Lagardere SCA
- Total Fina Elf

Acquisitions outside France

New investments

- Euronext (Netherlands)
- Fiber Corp (Netherlands)
- FX Alliance LLC (USA)
- Identrus LLC (USA)
- NTL (USA)
- Proxchange Ltd (London)
- Swapswire (United Kingdom)

Follow-on investments (acquisitions)

- Benelux Paribas Cobepa (Belgium)
- BICI Côte d'Ivoire
- BNP Dresdner Bank Bulgaria
- BNP Paribas Securities Japan Ltd (ex-Paribas Capital Market)
- Cassa di Risparmio Fire (Italy)
- SWIFT (Belgium)

Follow-on investments (subscriptions)

- Bancwest Corp (USA)
- BNP Mexico Holding (Mexico)
- BNP Nedbank Mozambique
- BNP Paribas Luxembourg*
- BNP Paribas Securities Japan Ltd (ex-Paribas Capital Market)
- CLS Services Ltd (United Kingdom)
- Dong Feng Citroën (China)
- GSTP Global Straight (Switzerland)
- PT BNP Lippo Indonesia (Indonesia)

Disposals outside France

Total

- Aerfi Group (USA)
- BNP Dresdner Bank Romania
- BNP Dresdner Bank Ukraine
- BNP Luxembourg*
- Fiber Corp (Belgium)
- Grupo Navidul (Spain)
- Paribas Asia Equity Jasereh (Hong Kong)

Partial

- Cassa di Risparmio Fire (Italy)
- Kassine Holding (Ireland)

** BNP Paribas Group internal restructuring*

BNP PARIBAS JOINT STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

Year ended 31 December 2000

Barbier Frinault & Autres
Arthur Andersen
41, rue Ybry
92576 Neuilly-sur-Seine Cedex

Befec-Price Waterhouse
Membre de PricewaterhouseCoopers
32, rue Guersant
75017 Paris

Mazars & Guérard
Mazars
Le Vinci
4, allée de l'Arche
92075 La Défense Cedex

To the shareholders,

In our capacity as Auditors, we hereby report to shareholders on regulated agreements.
In accordance with Article L.225-40 of the Commercial Code, 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 shareholders, based on the information provided to us, about the main terms and conditions of agreements that have been disclosed to us, without commenting on their relevance or substance. Under the provisions of Article 92 of the Decree of 23 March 1967, it is the responsibility of shareholders to determine whether these agreements are appropriate and should be approved.
We conducted our review in accordance with French professional standards. Those standards require that we carry out the necessary procedures to verify the consistency of the information disclosed to us with the source documents.

Agreements authorised during the year:

→ MEMBERSHIP OF THE BNP EXPERTISE 2 EIG (ECONOMIC INTEREST GROUPING)

This economic interest grouping has been set up to pool the accounting and administrative skills and resources of its members within a single structure. The members are Compagnie Immobilière Auxiliaire and Société Lattoise de Participations. BNP Paribas SA is a director of these companies.
BNP Paribas SA's membership of the EIG was approved by the Board of Directors on 7 March 2000.

→ SPIN-OFF OF THE SECURITIES SERVICES BUSINESS INTO A SUBSIDIARY

Transfers of businesses, sales of shares for cash and for shares in transactions that were not governed by demerger rules, the aim of which was to transfer the Securities Services businesses of BNP Paribas in Greece, Ireland and Spain to BNP Paribas Securities Services.
The transfers of the Securities Services businesses of the branch in Greece to BNP Paribas Securities Services was approved at the Board Meeting of 5 September 2000 and the transfer of the Securities Services businesses of the branches in Ireland and Spain was approved at the Board Meeting of 15 November 2000.

Branches	Directors / Executives concerned	Value of transferred assets
Greece	D Hoenn	GRD 1,154,564,000
Ireland	D Hoenn	Transaction carried out in 2001
Spain	D Hoenn	EUR 16,000,000

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:

→ PARTICIPATING OR SUBORDINATED LOANS

Participating and subordinated loans granted in previous years to the following subsidiaries remained outstanding in 2000:

Company concerned	Directors concerned	Balance outstanding at year-end
BancWest Corporation	JH Wahl	USD 50,000 K
BNP Dresdner Bank Rt (Hungary)	JH Wahl	HUF 6,211,517 K
BNP Dresdner Bank (Poland)	JH Wahl	PLN 58,130 K
BNP Paribas España	R Thomas	EUR 18,631 K

Jacques Henri Wahl was a director of BNP Paribas SA up until 7 March 2000.

→ Guarantees given to subsidiaries

Guarantees given to the following subsidiaries in previous years were maintained in 2000:

- BNP Paribas Private Bank Plc London
  Director concerned: D. Peake

- BNP Paribas Canada
  Director concerned: J.H. Wahl, director of BNP Paribas SA up until 7 March 2000.

→ Economic interest groupings

- BNP Expertise, an economic interest grouping set up in 1999 with Natioinformatique and SFA (Société Française Auxiliaire), of which BNP Paribas SA is a director, pools the accounting and administrative skills and resources of its members.
- Domaine de Voisins, an economic interest grouping set up in 1999 with CIF (Compagnie Immobilière de France), of which Baudoin Prot is Chairman of the Board of Directors, pools the resources and personnel of the joint services required to operate the Louveciennes training centre and to protect, operate and maintain the Domaine de Voisins, which is owned by CIF.

→ Guarantees given to directors

BNP Paribas SA has taken out insurance policies with Chubb to cover any financial liability and defence costs of the directors and senior executives of its subsidiaries and branches in the case of any proceedings initiated against them that concern the normal exercise of their functions. The insured amount is FRF 200 million.

Neuilly-sur-Seine, Paris, and La Défense, 9 April 2001

The statutory auditors

Barbier Frinault & Autres	Befec-Price Waterhouse	Mazars & Guérard
Christian Chiarasini	*Member of PricewaterhouseCoopers*	
Radwan Hoteit	Étienne Boris	Yves Bernheim

GENERAL INFORMATION

Legal information concerning BNP Paribas

Corporate name and registered office
BNP Paribas
16, boulevard des Italiens - 75009 PARIS

Legal documents concerning the Company are available for consultation at the Company's headquarters

Incorporation details
Registered in Paris under no. 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 financial year begins on 1 January and ends on 31 December.

Legal stucture, regulatory framework and corporate purpose

BNP Paribas 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 May1966.
BNP Paribas 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 articles of association 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 (article 3 of the Articles of Association):

- any and all investment services as defined in the Investment Services Act of 2 July 1996 (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 Paribas 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 Paribas may conduct for its own account and/or for the account of third parties, any and all financial, commercial, industrial, or agricultural activities as well as all activities concerning securities and real estate, that may be directly or indirectly related to the activities referred to above or that may facilitate their execution.

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 2000, no exceptional events had occurred and no claims or litigation were pending or in progress that would be likely to have a material impact on the assets and liabilities, financial condition or results of BNP Paribas or the BNP Paribas Group.

COMBINED ANNUAL AND EXTRAORDINARY GENERAL MEETING OF 15 MAY 2001

PROPOSED RESOLUTIONS

Annual meeting

First resolution (*Approval of the balance sheet at 31 December 2000 and the profit and loss account for the year ended at that date*)

The Annual Meeting, having reviewed the reports of the Board of Directors and the Auditors on the financial statements for the year ended 31 December 2000, approves the balance sheet at 31 December 2000 and the profit and loss account for the year then ended. The Annual Meeting notes that net income for the year amounted to EUR 3,386,203,218.71.

Second resolution (*Appropriation of 2000 net income and dividend*)

The Annual Meeting resolves, in accordance with Article 18 of the Articles of Association, to appropriate income available for distribution, in an amount of EUR 4,318,356,951.26, representing net income for the year of EUR 3,386,203,218.71 plus EUR 932,153,732.55 corresponding to the sum of post-merger unappropriated net income and 1999 dividends on treasury stock, as follows:

- To the special long-term capital gains reserve: EUR 786,356,818.00, thereby raising the amount of this reserve to EUR 5,230,147,004.83.
- To other reserves: EUR 7,452,116.85, to be credited to the Investment Reserves account and corresponding to the amount released from the untaxed investment provision recorded in 1994.
- To the payment of a total dividend of EUR 1,008,463,623.75 to BNP Paribas SA shareholders, corresponding to a dividend of EUR 2.25 per share with a par value of EUR 4. The total amount paid to individual shareholders and corporate shareholders qualifying for the affiliation privilege will be EUR 3.375, including the EUR 1.125 *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 2000 dividend will be payable as from 11 June 2001, in cash.
  As required under Section 47 of the Act of 12 July 1965 (Act 65-566), the Board of Directors has informed the Annual Meeting 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, 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) and that a dividend of EUR 1.75 per share with a par value of EUR 4 was paid out of 1999 earnings, representing a total payout of EUR 2.625 including the *avoir fiscal* tax credit of EUR 0.875.
- To unappropriated retained earnings: EUR 2,516,084,392.66.

The Annual Meeting authorises the Board of Directors to deduct from unappropriated retained earnings, the amounts necessary to pay the above dividend on shares issued on exercise of stock options prior to the ex-dividend date.

Third resolution (*Approval of transactions and agreements between the Bank and its directors and officers or between the Bank and other companies with common directors, governed by Sections L 225-38 to 225-43 of the New Commercial Code, corresponding to the former 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 L 225-38 to 225-43 of the New Commercial Code (former 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*)

In order to meet the Bank's general financing needs and allow it to take advantage of market opportunities to raise such financing, the Annual Meeting authorises 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 but excluding money market securities as defined in the Act of 26 July 1991, denominated in euro, 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 authorisation 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 euro 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 authorisation is given for a period of five years from the date of this Annual Meeting.

This authorisation cancels and replaces the unused portion of any earlier authorisations to issue debt securities.

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 L 225-209 of the New Commercial Code (former Section 217-2 of the Companies Act of 24 July 1966), to authorise the Board of Directors to buy back up to 44,820,605 BNP Paribas S.A. shares, representing 10% of the issued capital of the Bank as of this date of this Meeting.

The shares may be acquired in order to stabilise the share price, or to take advantage of market opportunities, 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 Bank, 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 shareh olders in Extraordinary Meeting, or in connection with the management of the Bank'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 authorisation may not exceed EUR 150 per share, representing a maximum purchase price of EUR 6,723,090,750 if the authorisation is used in full. The shares may not be sold at a price of less than EUR 70 per share.

These maximum and minimum prices may be adjusted following any transactions that have the effect of altering the Bank's issued capital.

The Annual Meeting gives full powers to the Board of Directors and, by delegation, to any person duly authorised by the Board, to 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 authorisation.

This authorisation is given for a period of eighteen months.

The Board of Directors will be required to report to shareholders at each Annual Meeting on the share buybacks, transfers, sales and cancellations carried out under this authorisation.

This authorisation cancels and replaces the unused portion of any earlier authorisations to carry out share buybacks.

Sixth resolution (*Ratification of the appointment of a director*)

The Annual Meeting ratifies the appointment as director of Mr. Bernd Fahrholz at the Board Meeting of 8 June 2000, to replace Mr. Bernhard Walter, for the remainder of Mr. Walter's term, expiring at the close of the Annual Meeting to be called in 2005 to approve the 2004 financial statements.

Extraordinary meeting

Seventh resolution (*Authorisation to be given to the Board of Directors is issue shares for subscription by participants in the Corporate Savings Plan, without pre-emptive subscription rights for existing shareholders*)

In order to associate all employees more closely with the Group's success and offer them a key incentive in the form of a stake in the Bank's capital, the Extraordinary Meeting, having reviewed the report of the Board of Directors and the Auditors' special report, resolves, in accordance with Section L 225-138 of the New Commercial Code (former Section 186-3 of the Companies Act of 24 July 1966) and Sections L 443-1 et seq. of the Labour Code, to authorise the Board of Directors to issue shares for subscription by participants in the Corporate Savings Plan of the Bank and of related companies, as this term is defined by law. One or several share issues may be carried out under this authorisation, at the Board's discretion, provided that the aggregate par value of the shares issued does not exceed EUR 60,000,000.

The subscription price of the shares issued under this authorisation will be determined on the basis prescribed in Section L 443-5 of the Labour Code.

This authorisation automatically entails the waiver, by existing shareholders, of their pre-emptive right to subscribe for the shares to be issued to participants in the Corporate Savings Plan of the Bank or of related companies, as this term is defined by law.

This authorisation is given for a period of five years from the date of this meeting.

The Extraordinary Meeting gives full powers to the Board of Directors and, by delegation, to the Chairman subject to compliance with Section L 225-129-V of the New Commercial Code (former Article 180-V of the Companies Act of 24 July 1966) to act on this authorisation, within the limits and subject to compliance with the conditions set forth hereabove. Specifically, the Board of Directors has full powers to:

- determine the companies or other entities whose active and retired employees are eligible to subscribe for the shares to be issued under this authorisation;
- fix the conditions of eligibility of employees, in terms of period of service, and the period granted to subscribers to pay for the shares, subject to compliance with the law;
- decide whether the shares will be subscribed through a corporate mutual fund or directly;
- fix the amount of each issue, the subscription price, the duration of the subscription period, the date from which the new shares will carry dividend and voting rights, and generally all other terms and conditions of issue;
- place on record each capital increase based on the aggregate par value of the subscribed shares;
- carry out all related formalities and amend the Articles of Association to reflect the new capital;
- at the Board's sole discretion, after each share issue, charge the share issuance costs against the related premium and deduct from the premium the sum required to raise the legal reserve to one-tenth of the new capital;
- generally, take any and all measures to effect the capital increases, in full compliance with the applicable laws and regulations.

This authorisation cancels and replaces the unused portion of any earlier authorisations to carry out employee share issues.

Eighth resolution (*Approval of the transfer of the Securities Services France business by BNP Paribas to BNP Paribas Securities Services*)

The Extraordinary Meeting, having reviewed the report of the Board of Directors and the Demerger Auditors' report, approves the transfer agreement with BNP Paribas Securities Services and all the terms and conditions thereof, providing for the transfer to BNP Paribas Securities Services, in the form of an apport partiel d'actif qualifying for tax treatment according to the rules applicable to demergers, with retroactive effect on 1 January 2001, of all the assets, rights and obligations of the BNP Paribas securities services business in France, representing assets of EUR 7,818,526,675 and liabilities of EUR 7,808,038,571.

Under the terms of the transfer agreement, BNP Paris is not jointly and severally liable for the settlement of the debts transferred to BNP Paribas Securities Services.

The Extraordinary Meeting notes that BNP Paribas Securities Services will issue 9,579,824 new shares with a par value of EUR 1, credited as fully paid, to BNP Paribas in payment for the transferred assets and liabilities, and that the related premium amounts to EUR 908,280.

The Extraordinary Meeting notes that the transfer will not be finally effective until the close of the Extraordinary General Meeting of BNP Paribas Securities Services shareholders called to approve the transaction and until all the conditions precedent have been fulfilled.

The Extraordinary Meeting gives full powers to the Board of Directors and, by delegation, to the Chairman, to place on record the fulfilment of the conditions precedent contained in the transfer agreement.

Ninth resolution (*Approval of the transfer of the Securities Services Italy business by BNP Paribas to BNP Paribas Securities Services*)

The Extraordinary Meeting, having reviewed the report of the Board of Directors and the Demerger Auditors' report, approves the transfer agreement with BNP Paribas Securities Services and all the terms and conditions thereof, providing for the transfer to BNP Paribas Securities Services, in the form of an apport partiel d'actif qualifying for tax treatment according to the rules applicable to demergers, with retroactive effect on 1 July 2001, of all the assets, rights and obligations of the BNP Paribas Securities Services business in Italy, representing assets of EUR 3,065,568,580 and liabilities of EUR 2,784,546,189.

Under the terms of the transfer agreement, BNP Paris is not jointly and severally liable for the settlement of the debts transferred to BNP Paribas Securities Services.

The Extraordinary Meeting notes that BNP Paribas Securities Services will issue 3,393,699 new shares with a par value of EUR 1, credited as fully paid, to BNP Paribas in payment for the transferred assets and liabilities, and that the related premium amounts to EUR 277,628,692.30.

The Extraordinary Meeting notes that the transfer will not be finally effective until the close of the Extraordinary

General Meeting of BNP Paribas Securities Services shareholders called to approve the transaction and until all the conditions precedent have been fulfilled.

The Extraordinary Meeting gives full powers to the Board of Directors and, by delegation, to the Chairman, to place on record the fulfilment of the conditions precedent contained in the transfer agreement..

Tenth resolution (*Issuance of shares while the Bank is the target of a take-over 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 L 255-129-IV of the New Commercial Code (former Section180-IV of the Companies Act no. 66-537 of 24 July 1966), that the authorisations to issue shares and share equivalents given to the Board of Directors at the Extraordinary Meeting of 23 May 2000 may not be used while a public tender or exchange offer for the Bank's shares is in progress, unless the issue was approved in principle by the Board of Directors prior to the offer being filed.

This authorisation is given for a period of one year expiring at the Annual Meeting to be called to approve the 2001 financial statements.

Eleventh resolution (*Authorisation 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, authorises the Board of Directors to cancel shares acquired under the authorisation 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 Bank'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 Articles of Association 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 authorisation.

This authorisation is given for a period of eighteen months.

This authorisation cancels and replaces the unused portion of any earlier authorisations to reduce the capital.

Twelfth resolution (*Stock-split designed to improve the liquidity of BNP Paribas shares and make them more affordable*)

The Extraordinary Meeting, having reviewed the report of the Board of Directors, resolves to:

- authorise a 50% reduction in the par value of the shares and a corresponding increase in the number of shares to 896,412,110 (eight hundred and ninety six million four hundred and twelve thousand one hundred and ten) shares;
- set the par value of each share at EUR 2 (two euros);
- authorise the adjustment of the price and number of any and all share equivalents outstanding at the time of the stock-split;
- authorise the adjustment of the BNP Paribas contingent value rights certificates issued in August 1999;
- give full powers to the Board of Directors to effect the stock-split on a date to be decided at the Board's discretion, to place on record the new number of shares outstanding, to amend Article 4 of the Articles

of Association to reflect the new composition of the capital and to carry out any and all legal formalities.

This authorisation is given for a maximum period of 18 (eighteen months). If the authorisation is not used by the Board of Directors within this period, this resolution will automatically become null and void.

Thirteenth resolution (*Amendment of the Articles of Association to allow directors to participate in Board Meetings by videoconference, or any other method of telecommunication or remote transmission, including via the Internet*)

The Extraordinary Meeting, having reviewed the report of the Board of Directors, resolves to amend Article 10 of the Articles of Association to allow directors to participate in Board Meetings by videoconference or by any other method of telecommunication or remote transmission, including via the Internet, subject to compliance with the regulations in force when this authorisation is used.

The Extraordinary Meeting therefore resolves to add a second paragraph to Article 10 of the Articles of Association, as follows:

"Any director may attend and participate in Board Meetings by videoconference or by any other method of telecommunication or remote transmission, including via the Internet, subject to compliance with the regulations in force when the meetings concerned are held."

Fourteenth resolution (*Amendment of the Articles of Association to reduce the period during which shares must be held in a blocked account to entitle their holders to participate in General Meetings*)

The Extraordinary Meeting, having reviewed the report of the Board of Directors, resolves to amend paragraph 6 of Article 15 of the Articles of Association concerning the placing of shares in a blocked account up to the date of General Meetings, as follows:

"The period prior to the date of General Meetings during which shares must be placed in a blocked account shall be set by the Board of Directors and announced in the notice of meeting published in the *Bulletin d'Annonces Légales Obligatoires (BALO)".*

Fifteenth resolution (*Amendment of the Articles of Association to extend the period for receipt by the Bank of postal voting forms, in order to increase the number of shareholders participating in General Meetings*)

The Extraordinary Meeting, having reviewed the report of the Board of Directors, resolves to amend Article 15 of the Articles of Association concerning the period for receipt by the Bank of postal voting forms.

The Extraordinary Meeting therefore resolves to add a seventh paragraph to Article 15 of the Articles of Association, as follows:

"The deadline for receipt by the Bank of postal voting forms shall be set by the Board of Directors and announced in the notice of meeting published in the *Bulletin d'Annonces Légales Obligatoires (BALO)*"

Sixteenth resolution (*Amendment of the Articles of Association to permit the retransmission of the proceedings of General Meetings by any appropriate method, including via the Internet, in order to enhance shareholder access to information*)

The Extraordinary Meeting, having reviewed the report of the Board of Directors, resolves to authorise the public retransmission of the entire proceedings of General Meetings, by adding a new provision to the Articles of Association.

The Extraordinary Meeting therefore resolves to add a tenth paragraph to Article 15 of the Articles of Association, as follows:

"The retransmission of the entire proceedings of General Meetings by videoconference or by any other method of telecommunication or remote transmission, including via the Internet, shall be authorised, provided that the decision is made by the Board of Directors when the notice of meeting is issued. Any such decision shall be announced in the notice of meeting published in the *Bulletin d'annonces légales obligatoires (Balo)*".

Seventeenth resolution (*Amendment of the Articles of Association to allow shareholders to participate in General Meetings by videoconference, or any other method of telecommunication or remote transmission, including via the Internet*)

The Extraordinary Meeting, having reviewed the report of the Board of Directors, resolves to amend Article 15 of the Articles of Association to allow shareholders to participate in General Meetings by videoconference or by any other method of telecommunication or remote transmission, including via the Internet, subject to compliance with the regulations in force when this authorisation is used.

The Extraordinary Meeting therefore resolves to add an eleventh paragraph to Article 15 of the Articles of Association, as follows:

Any shareholder may participate in General Meetings by videoconference or by any other method of telecommunication or remote transmission, including via the Internet, subject to compliance with the regulations in force when the meetings concerned are held. Any such decision shall be announced in the notice of meeting published in the *Bulletin d'annonces légales obligatoires (Balo)*".

Eighteenth resolution (*Adaptation of the Articles of Association to be consistent with the New Commercial Code*)

The Extraordinary General Meeting, having reviewed the report of the Board of Directors, resolves to amend the Articles of Association to be consistent with the provisions of the New Commercial Code. All references made in the Articles of Association to texts that have been incorporated in the New Commercial Code are therefore hereby amended.

Nineteenth resolution (*Adaptation of the Articles of Association to be consistent with the Monetary and Financial Code*)

The Extraordinary Meeting, having reviewed the report of the Board of Directors, resolves to amend the Articles of Association to be consistent with the new Monetary and Financial Code. All references made in the Articles of Association to texts that have been incorporated in the Monetary and Financial Code are therefore hereby amended.

Twentieth resolution (*Power to carry out formalities*)

The General 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.

Texts
Corporate Communication Department
Finance Department

Design and production
TERRE DE SIENNE - + 33 1 55 19 19 19

BNP PARIBAS

Head office:
16, boulevard des Italiens - 75009 Paris
Tél.: + 33 1 40 14 45 46
Internet : www.bnpparibas.com

Paris trade and companies register RCS Paris B 662 042 449
French société anonyme (public limited company).
Capital: EUR 1,792,824,220.

Shareholder relations
Tel.: + 33 1 42 98 21 61 - + 33 1 40 14 63 58