

BNP PARIBAS

Sustainable Development Report • 2002

The
bank

for a changing world



In this year's Report we have turned the lens on men and women who have moved to another region or country, and have had to come to grips with a new culture and work athos.

We have interviewed a cross-section of the BNP Paribas community to find out how they have adapted to their new environment, learned to accept and appreciate different mindsets and different ways of doing things.

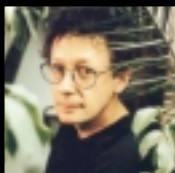
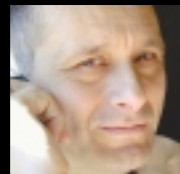
For the staff of **BNP Paribas** – formed out of a successful merger – this fusion of cultures is a source of personal and professional fulfilment.

The photo shoots took place in **January and February 2003** by four people from **Rapho**, one of the oldest press photography agencies in Paris, widely acclaimed for the diversity and reputation of its photographers.

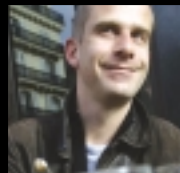
Jean-Marc Armani
Bahrain
Cairo
Madrid



Jean-Erick Pasquier
Montreal
New York
Tokyo



Gérard Uféras
London
Paris
Metz
Strasbourg
Nice



Gilles Leimdorfer
Athens
Moscow

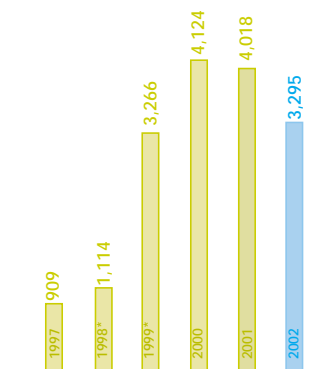
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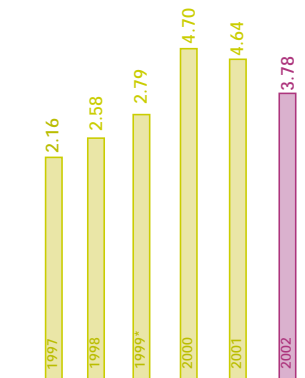
Key Figures 2002

Net income
(in millions of euros)



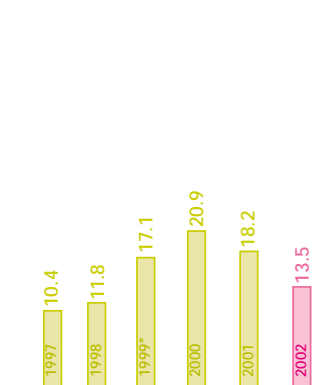
* Pro forma net income before restructuring provisions.

Earnings per share ⁽¹⁾
(in euros)



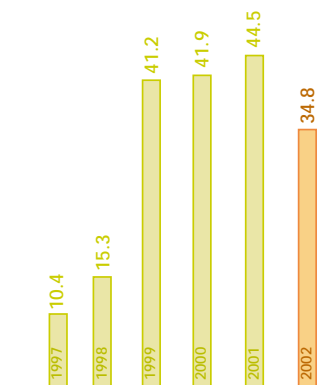
⁽¹⁾ Adjusted for the 20 February 2002 two-for-one share split.
* 1999 pro forma net income before restructuring provisions divided by the number of shares outstanding at 31 December 1999.

Return on equity
(in %)



* Pro forma net income before restructuring provisions.

Market capitalisation
(at 31 December, in billions of euros)



Ratings (as of 1 March 2003)

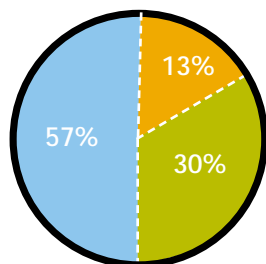
Moody's	Aa2	Stable outlook
Standard & Poor's	AA-	Stable outlook
Fitch	AA	Stable outlook

Number of Group Employees

	2002	2001
World	87,700	85,000
Europe	66,200	65,000

Net banking income by core business

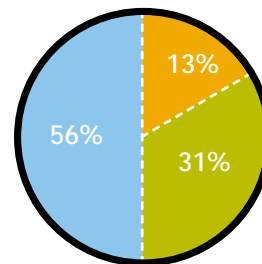
(in %)



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

Gross operating income by core business

(in %)



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

Results

(in millions of euros)

	2002	2001	Change 2002/2001
Net banking income	16,793	17,450	-3.8%
Gross operating income	5,838	6,517	-10.4%
Operating income	4,368	5,205	-16.1%
Pre-tax income	4,813	6,232	-22.8%
Net income	3,295	4,018	-18.0%

Business

(in millions of euros)

	2002	2001
Total assets	710,319	825,296
Customer deposits	267,190	286,442
Customer loans (gross)	235,688	245,391
Shareholders' equity ⁽¹⁾	26,445	24,610
International capital adequacy ratio	10.9%	10.6%
o/w Tier One	8.1%	7.3%

(1) Before income appropriation.

Chairman's Statement



MICHEL PÉBEREAU - CEO

The Johannesburg World Summit on Sustainable Development served as a reminder of the complexity of the issues facing humanity in the wake of an uninterrupted period of growth in Industry. It also underlined how all economic players, be they international institutions, national governments or corporations, have a crucial responsibility to help make the drive for sustainable development a success.

As in all companies, BNP Paribas' primary objective is to build on its profitability. Our group strives to fulfil this goal whilst taking into account the interests of our clients, shareholders, employees and the world around us. It endeavours, on a daily basis and with the character that it has, to favour those solutions that may be beneficial.

It is this mind-set that is important to us, more so than the formal evaluation of recommendations that are to be found in other cultures, or in other sectors of business, in order to respond to problems that are not are own.

BNP Paribas' contribution to sustainable development is not a recent whim. It is ongoing, driven by the goal of achieving the Bank's own highest standards, and fulfilled by a strong history of dialogue and consultation.

J. Pébereau

BNP Paribas at a glance

No. 1 bank in the euro zone
in terms of profits
and market capitalisation

In a very difficult environment,
net banking income came to
EUR 16.8 billion,
down by only 3.8% on 2001

A healthy **13.5% return on equity**
and a competitive
65.2% cost/income ratio

Present in over **85 countries**,
with **87,700 employees**,
including 66,000 in Europe

BNP Paribas'

core businesses

Corporate and Investment Banking

Advisory and Capital Markets

Corporate Finance

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

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

Corporate Finance employs some 350 professionals located throughout its worldwide network. Focused first and foremost on Europe, it is also present in North and South America and enjoys strong visibility in Asia via BNP Paribas Peregrine.

In 2002, BNP Paribas confirmed its leading position for Merger & Acquisition transactions in France, being ranked No. 1 by *Capital Finance*, and No. 2 by *Thomson Financial* in the French M&A market.

Equities

The Equities business encompasses research, trading and sales of European and Asian Equities, as well as Global Equity Derivatives. Equities teams have a worldwide presence, in secondary as well as primary markets, where they complement Corporate Finance's range of activities, taking over where Corporate Finance leaves off. The client portfolio includes financial institutions, companies and individuals.

Equities operates under a product-based organisation. Each of its departments offers a full range of Brokerage and Equity Derivatives' Brokerage services, including a line of Prime Brokerage services for hedge funds launched in 2002.

To ensure full coverage of its markets, Equities has developed a broad-based, worldwide infrastructure:

- 1,213 front-office professionals;
- hubs in major financial centres, a physical presence in 26 cities and clients in 35 countries;
- membership of 48 equity and derivatives stock exchanges;
- direct tie-in to the infrastructure and services offered by BNP Paribas Securities Services.

In 2002, BNP Paribas ranked the 3rd largest player in Euronext (France, Belgium and the Netherlands) and 3rd in Germany for share brokerage (sources : *Euronext and Deutsche Börse*). It was also ranked 1st on the Monep forward market (source : *Euronext*) and 2nd in France for warrants trading volumes (source : *Euronext*).

Fixed Income

Fixed Income's formidable product expertise and distribution capabilities have positioned BNP Paribas in the top three Fixed Income players in Europe (ranked 2nd in managing euro-denominated bond sales in 2002, with 6.3% of the market, according to *Bloomberg data*), and have allowed it to build a strong client franchise in Asia, Japan and the USA.

The firm's comprehensive approach to developing solutions for its clients integrates global expertise in research, sales, trading, origination and distribution, comprising three product lines: Credit products (high grade bonds, securitisation, credit derivatives), Interest Rates Group (interest rate derivatives, government bonds), and Foreign Exchange (including currency options).

The Bank is recognised as a leading house in the interest rate and credit derivatives markets, and is an important player in the global FX market.

BNP Paribas provides a complete range of Fixed Income products to financial management professionals, ranging from the simplest financial instruments to in-depth specialist advice allowing these professionals to handle the most complex of Debt Management challenges. BNP Paribas is recognised as a high quality counterparty with an Aa2/AA-/AA rating respectively, from Moody's, Standard & Poors, FitchRatings. From this formidable platform, the Bank has built a comprehensive Fixed Income capacity. Its client-driven approach is backed by strong Legal and Operations expertise.

Specialised Financing

BNP Paribas' Structured Finance team designs and structures, on a worldwide basis, a broad range of complex and innovative financing arrangements, including syndicated loans, acquisition financing, LBO financing, Project Finance, optimisation and asset financing, media and telecommunications financing, marine financing and aircraft financing. This business unit is at the crossroads of lending and capital market activities.

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

Energy, Commodities, Export and Project Finance

The Energy, Commodities, Export and Project Finance business line conducts its business on a worldwide basis. It is organised around the following lines:

- financing of commodities trading, in all forms, an activity in which BNP Paribas is a global leader;
- structured commodities financing in emerging markets, including reserves financing and structured inventory financing;
- corporate loans for energy, metals and mining activities in industrialised countries;
- commodities derivatives brokerage on organised exchanges and over-the-counter transactions in New York and London;
- export financing, with 15 export desks covering 28 public credit insurers, and some thirty correspondent banks in importer countries;
- project finance – especially in the energy and infrastructure sectors – with loans structured on the basis of cash flows.

Corporate & Financial Institutions (CFI)

The Corporate & Financial Institutions division was created to ensure full coverage of BNP Paribas' corporate and institutional clients. To this end, CFI covers 38 geographical areas, grouping the BNP Paribas teams specialised in Large Corporates, Financial Institutions and Corporate Banking departments, as well as the Paris-based Global Trade Services teams.

The client base is varied, comprising some 14,000 corporate institutions. Client populations have been classified into main segments, in order to establish targeted marketing strategies, provide a consistent offering and subsequently optimise sales of BNP Paribas products and services. Segmentation is based on the amount of revenues that a client generates, or can potentially generate.

CFI's goal is threefold: extend the offering of high value-added products and services, step up cross-selling and maintain tight control over risks.

Retail banking

French Retail Banking

French Retail Banking offers its 6 million individual and small business clients, and 60,000 corporate and institutional clients, a comprehensive line-up of products and services, ranging from current account services to the most complex financial engineering services in the areas of corporate financing and asset management.

The network comprises 2,200 branches and 2,915 ATMs, located primarily in the regions with the greatest economic potential. The main region is the greater Paris area, where BNP Paribas has a 15% share of the retail banking market (source: BNP Paribas French Retail Banking market research, market share based on number of branches). French Retail Banking also has a strong presence in the most attractive segments of the personal banking market – 18% of households with net annual revenues in excess of EUR 80,000 have their main bank account with BNP Paribas (source: IPSOS) – and a leading position in the corporate market.

French Retail Banking includes the BNP Paribas domestic branch network, Banque de Bretagne, BNP Paribas Factor, a factoring company, and BNP Paribas Développement, a provider of growth capital. It employs 30,000 staff located in the branches, dedicated to private individuals and small businesses, in the Private Banking centres devoted to premium clients, in business centres, in the Client Relationship Centre (CRC) and in back-offices responsible for handling after-sales operations.

Since 1997, BNP Paribas has been conducting a major overhaul of its network, playing a pioneering role in multichannel banking in Europe. The reorganisation is designed to offer clients the highest standard of service and to enhance the role of client advisers in the branches. The Client Relationship Centre's two platforms in Paris and Orléans have been fully operational since July 2001, dealing with calls to the branches and client e-mails. Client relationship management in the Multichannel Bank environment is based on a new work station representing the hub of the system. This work station is now being used by all client advisers in the branches, as well as by the telephone advisers at the Client Relationship Centre.

Finally, the division is re-engineering its back-offices into Production and Sales Support branches. Specialised by type of transaction, they span the whole of France and are fully integrated into the Multichannel Bank process for end-to-end processing.

Retail Financial Services

Retail Financial Services consists of several subsidiaries, each of them dedicated to a specific field and offering products and financial services which complement traditional banking products.

Cetelem

Cetelem is the leading European supplier of consumer credit, with EUR 27.5 billion in outstanding loans as of 31 December 2002 and more than 7,000 staff throughout the world.

For the past 50 years, Cetelem has contributed to making consumer credit a modern and responsibly-handled solution to help consumers manage their household budgets.

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

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

Cetelem is also the partner of choice for banks and insurance companies which value its credit expertise. Examples include Axa, Banques Populaires, Caisses d'Épargne, Halifax Bank of Scotland, Dresdner and Thai Farmers Bank, to name but a few. Cetelem is present today in 20 countries.

UCB

UCB specialises in financing residential real estate purchases by individuals, either for their own use or as an investment. UCB is active in France and, via its subsidiaries, in Spain, Italy and Portugal.

UCB markets its products through a network of business referral partners in the property industry, such as estate agents and builders, who put prospective buyers in touch with UCB. Its strengths are specialisation, a commitment to innovation, effective risk management and a high market share among French civil service employees, all of which make UCB a recognised force in residential property financing. Cross-fertilisation with BNP Paribas' retail network lends even more power to UCB's existing resources.

Through its servicing business, UCB also makes its tools and expertise available to other industry partners. For instance, it provides Société Générale with IT management services, as part of its servicing business.

Cortal Consors

After the acquisition of Consors Discount-Broker AG, Cortal and Consors have been organising their integration in order to build a single entity dedicated to personal investment.

Cortal Consors serves more than 1.1 million customers in 6 European countries (France, Germany, Belgium, Spain, Luxembourg, Italy) and is the leading European on-line provider of services for personal investments (source: "Pan European Banks Daily", ABN Amro, 30 April 2002).

It offers a broad range of saving management products and services to individual investors, including short-term investment, mutual funds and life insurance, using state-of-the-art technology. Products and services are marketed via five distribution channels: the Internet, telephone, investment shops, independent financial advisors and institutional partners.

BNP Paribas Lease Group (BPLG)

BPLG is specialised in equipment and property financing for corporate clients through operating or finance leases. Created from the merger between BNP Lease and UFB Locabail, BPLG's core business is the financing of sales: it provides leveraged lease financing for equipment sales by its partners and business referral agents to their clientele of large and small businesses.

BPLG is the number one equipment lease financing player in France, with a market share of over 20%. Present in 10 European countries, BPLG is a leader in Europe.

(* Source: Association Française des Sociétés Financières (ASF) Entreprises et Professionnels magazine, September 2002 Issue).

Contract Hire and Fleet Management

The Contract Hire and Fleet Management unit consists of three groups of companies that offer modular solutions to corporate clients seeking to outsource the management and financing of their vehicle fleets and other logistical equipment:

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

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

Arval PHH was formed from the alliance in 2000 between Arval Service Lease (set up in 1989), Arval SAS (formerly Europcar Lease France) and PHH Europe. Arval PHH has a sales and technological agreement with PHH North America, a subsidiary of Avis Group specialised in fleet management and which trades under the name of PHH Arval.

Arval PHH, a European leader in its field, has direct operations in 14 countries. As of 31 December 2002, it had 650,000 vehicles under its management.

International Retail Banking

International Retail Banking's mission is to develop a network of local retail banks in specific regions, drawing on the expertise of the BNP Paribas Group. International Retail Banking's subsidiaries and branches are multi-brand, present in more than 30 countries and owned by BNP Paribas to varying extents. Geographically, the division is organised around its US network on the one hand and "Emerging Markets and Overseas" on the other.

In the **United States**, International Retail banking has been operating since 1985 through its subsidiary BancWest Corporation (formerly Bank of the West), present in 6 Western US states (California, Oregon, Washington, Idaho, New Mexico and Nevada) and Hawaii. Its branch network operates under 2 banners, Bank of the West on the mainland and First Hawaiian Bank in Hawaii. BancWest Corporation is 100% owned by BNP Paribas since December 2001.

In March 2002, the Group acquired United California Bank (UCB). This acquisition allowed the Group to strengthen its presence in Southern California. Following its merger with UCB, Bank of the West is now California's 5th largest retail bank (source: *The Banker*, 30 June 2002 Issue), while First Hawaiian Bank is Hawaii's largest deposit-taking bank with a 40% market share (source: *SNL Financial*, 30 June 2002 Issue). In total, BancWest now has 1.5 million clients, 358 branches and 8,000 employees. At 31 December 2002, it had total assets of USD 34.7 billion.

The **Emerging Markets and Overseas** unit is organised around four geographical areas: **Africa – Indian Ocean**, **French overseas departments and territories (Dom Tom)**, **North Africa** and **Middle East**. BNP Paribas is leveraging the expertise acquired in running the branch network in mainland France to drive the development of its subsidiaries in these regions, which represent some 350 branches and 1.3 million clients.

BNP Paribas' operations in **Africa** are organised around the network of Banque Internationale pour le Commerce et l'Industrie (BICI). With 92 branches distributed over six countries (Burkina, Ivory Coast, Gabon, Guinea Conakry, Mali and Senegal), BNP Paribas manages French-speaking Africa's largest banking network. In the **Indian Ocean** region, the Group has operations in Madagascar (BMOI) and the Comoro Islands (BIC).

In the **French overseas departments and territories**, BNP Paribas' network of 45 branches serves over 300,000 clients. During 2002, the BNPI branch in La Réunion was converted into a subsidiary, BNP Paribas Réunion, marking the final stage in the project to establish subsidiaries for all the Group's operations in the region.

In the **North Africa** region, BNP Paribas is represented in Morocco by Banque Marocaine pour le Commerce et l'Industrie (BMCI) and in Tunisia by Union Bancaire pour le Commerce et l'Industrie (UBCI). In February 2002, the Group moved into the Algerian market, setting up BNP Paribas El Djazair.

Lastly, in the **Middle East**, BNP Paribas has operations in Lebanon (BNPI Beirut), Egypt (BNP Paribas Cairo), Cyprus and Djibouti. The Gulf states are served by the regional headquarters in Bahrain, responsible for four territories (Bahrain, Abu Dhabi, Dubai and Qatar).

Private Banking, Asset Management, Securities Services and Insurance

Private Banking and Asset Management

Private Banking

BNP Paribas Private Banking offers a broad range of products and services tailored to the financial and wealth management needs of a demanding private clientele. Its approach is heavily weighted towards advisory services and personalised management.

A top-tier player in its field, BNP Paribas Private Banking manages EUR 95 billion in financial assets for its worldwide client base. In France, it commands a leading position in the market, with EUR 40 billion in client assets and a network spanning the entire country. The Private Banking division is rapidly building its presence in other domestic markets in Europe (especially Spain and Italy) and already occupies significant positions in the major international private banking centres in Europe and Asia (including Switzerland, Luxembourg, Singapore and Hong Kong).

BNP Paribas Asset Management

Asset Management is one of the Group's major strategic priorities.

BNP Paribas Asset Management is structured around four business lines:

- BNP Paribas AM Global Funds, which markets and distributes mutual funds across the globe, through an external network of banks and financial institutions as well as through the BNP Paribas branch network and Private Banking units.
- BNP Paribas AM Institutional, grouping fundamental asset management platforms and institutional sales teams, offers discretionary asset management services to international institutional investors, especially via its FFTW subsidiary in the US.
- BNP Paribas AM Alternative & Structured Investments, offering alternative, tracker and structured funds. This business line has two subsidiaries: BNP Paribas Fauchier Partners and Overlay Asset Management.
- BNP Paribas AM New Markets, dedicated to setting up and orchestrating teams in emerging markets with strong growth potential, including China, South Korea and Latin America.

BNP Paribas Asset Management is a leading European asset manager. In 2002 the company also captured the number one slot in the French mutual fund market, with 9.3% market share. (Source: Europerformance).

BNP Paribas Securities Services (BPSS)

BNP Paribas Securities Services specialises in securities services for companies and financial institutions, including banks, brokerage houses, pension funds, asset managers and insurance companies. In addition to clearing and custody services, BNP Paribas Securities Services offers a wide range of related services, such as securities and cash position financing, collateral management, outsourcing of middle- and back-office functions, fund administration and accounting, performance measurement and attribution analysis, issuer services, retail account management, as well as transfer agent and corporate trust services. As of 31 December 2002, assets held in custody stood at EUR 1,811 billion and the estimated number of transactions handled over the year was 25.8 million.

BNP Paribas Securities Services is ranked number one among European custodians and seventh worldwide.

(Source: FT Mandate Research ranking of February 2002, taking into account the subsequent sale by Deutsche Bank of its global custody business to US-based State Street)

On 3 September 2002, BNP Paribas announced that it had completed its acquisition of Cogent, the fund management subsidiary of AMP, an Australian financial services group. Following the acquisition, Cogent was integrated into BNP Paribas Securities Services.

In addition to its head office in Paris, BNP Paribas Securities Services has branches, subsidiaries and offices in Germany, Belgium, Spain, the United States, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, the United Kingdom, Switzerland and Turkey, where it operates through an agreement with Garanti Bank. Cogent is present in Australia, Ireland, Jersey, Luxembourg, New Zealand and the United Kingdom.

Insurance

The Insurance business encompasses Natio Vie, Natio Assurance and the Cardif group companies. Its strategy is multi-brand, multi-partner and multi-country.

Natio Vie and Natio Assurance, a non-life company owned jointly with Axa, distribute their products in France via the Retail Banking division's branch network and BNP Paribas Private Banking. Policies cover the whole range of personal insurance, including life, health, death & disability and savings & retirement lines, as well as motor risks, comprehensive home insurance and educational insurance.

In France, Cardif sells personal insurance, savings and pension products to both individual and corporate clients. Its distribution network includes group companies in the Retail Financial Services division, partner banks, brokers, independent financial advisers and direct marketing channels.

The companies' non-brand-specific functions are performed by an intercompany partnership, giving them access to economies of scale. Also, out of the 1,660 employees working in France, 1,180 carry out cross-business functions.

Cardif is also present in 26 other countries, where it has co-operation agreements with banks and other credit institutions. In certain European countries, products are distributed through networks of independent financial advisers.

Real Estate

BNP Paribas offers a comprehensive range of products and services through its array of property subsidiaries – Meunier, Comadim, Astrim, Gérer, BNP Paribas Immobilier, Coextim, Antin Vendôme, Sinvim and Espaces Immobiliers. The focus is on adding value by proposing solutions that meet all the needs of a demanding clientele.

BNP Paribas' real estate arm, which also includes the listed property company Klépierre and its subsidiary Ségécé, is present in all three segments of the property market: office, residential and commercial. The Bank's property subsidiaries are among the leading players in the market and offer specialised services in asset management, coverage, cash flow financing and management, transaction support, advisory services, design and development, property appraisal, and property management.

BNP Paribas is active in the Paris area, a leading European economic hub, and has stepped up operations in the Rhône-Alpes region as well as along the French Riviera.

Klépierre is the leader in its field in Europe, managing more than 300 shopping centres through Ségécé and its subsidiaries in France, Spain, Italy, Belgium, Slovakia, the Czech Republic and Greece.

BNP Paribas Capital

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

BNP Paribas Capital's specialised teams are organised into independent management companies, each with a dual role:

- advise the BNP Paribas Group on its proprietary portfolio;
- manage or advise on funds that bring the Group together with outside investors.

BNP Paribas Capital is active in all segments of the Private Equity market.

Large LBOs in Europe are handled by PAI Management. Dedicated funds managed or advised by BNP Private Equity and its subsidiaries handle medium-sized LBOs and venture capital transactions in France as well as investments in the media and telecoms sectors.

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

- 1966** Creation of BNP
The merger of BNCL and CNEP to form BNP represented the largest restructuring operation in the French banking sector since the end of the Second World War.
- 1968** Creation of Compagnie Financière de Paris et des Pays-Bas
- 1982** Nationalisation of BNP and Compagnie Financière de Paris et des Pays-Bas 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.
- 1987** Privatisation of Compagnie Financière de Paribas
With 3.8 million individual shareholders, Compagnie Financière de Paribas had more shareholders than any other company in the world. Compagnie Financière de Paribas owned 48% of the capital of Compagnie Bancaire.
- 1993** Privatisation of BNP
BNP's return to the private sector represented a new beginning. During the 1990s, new banking products and services were launched, the Bank expanded its presence in France and internationally, and prepared to reap the full benefits of the introduction of the euro. Privatisation also significantly boosted the Bank's profitability – in 1998, it led the French banking industry in terms of return on equity.
- 1998** Creation of Paribas
On 12 May 1998, the shareholders of Paribas approved the merger between Compagnie Financière de Paribas, Banque Paribas and Compagnie Bancaire.
- 1999** A benchmark year for the Group
Following an unprecedented double tender offer and a stock market battle waged over six months, BNP was in a position to carry out a merger of equals with Paribas. For both groups, this was the most important event since their privatisation. At a time of economic globalisation, the merger created a leading player in the European banking sector, poised to compete on a global scale.
- 2000** Creation of BNP Paribas
Merger of BNP and Paribas on 23 May 2000
Building on strong banking and financial services businesses, the new Group's objectives are to create value for shareholders, clients and employees by building the bank of the future and becoming a benchmark player in the global market.

2002

A strong performance in a very difficult environment

BNP Paribas is France's leading financial group and the most profitable bank in the euro zone. Against a backdrop of slower economic growth and falling stock markets, BNP Paribas achieved a strong performance thanks to its balanced portfolio of businesses. During the year, the Group bolstered its competitive positions and created new springboards for growth, especially in retail banking. The Group ended the year with an even stronger balance sheet.



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.

Patrick a Belgian in Tokyo



BNP PARIBAS SECURITIES LIMITED
OPERATIONS & INFORMATION TECHNOLOGY

A napkin for you, Sir?

Now that I've lived in Japan for three years I know how to use chopsticks, but beforehand I wasn't so sure how they managed to keep their shirts so clean whilst eating. One day, I joined my colleagues for lunch. I sat at a large table, was given a menu and my meal arrived shortly after. On the tray there were several folded white paper parcels, resembling tablecloths. My colleagues took them straight away and put them around their necks. It turned out that what I thought was a tablecloth was in fact just a large napkin used to avoid staining your shirt, tie and jacket whilst eating. That's how I cleared up the mystery of eating noodle soup with chopsticks. An art it maybe, but they've thought of a safety net should it go wrong!

A respect for hygiene

The people of Tokyo are particularly respectful to their fellow citizens. Taxi drivers wear white gloves and the backseats of their vehicles are covered in immaculate white material. When you have a cold, you don't stay at home and stop working. You still go to the office, but you wear a white cotton mask over your nose and mouth, like a dentist or a surgeon, to avoid spreading germs. When you speak to someone who has a cold it's often hard to understand what they're saying, and you're not even sure if the person is actually speaking to you as you can't see their mouth.

Bath time

To relax after a long day's work, the Japanese often go to an "onsen" (public bath) or spend a few days at a thermal spa. It's easy to do as there are public baths almost everywhere, one might go often with a colleague or one's family. The notion of cleanliness is extremely important and strict rules apply in the baths. One must wash thoroughly before plunging into the water. In Southern Japan sand baths are also commonplace. One stays buried up to one's necks in hot black sand for minutes on end. The sand is good for the body as it helps to rapidly eliminate toxins in the blood.







BNP PARIBAS POITIERS

Sustainable

Sustainable Development

Good corporate citizenship has long been one of BNP Paribas' guiding principles. The Group has now gone one step further, placing its sustainable development drive at the same level as its core values, management principles, code of ethics and corporate governance procedures.

BNP PARIBAS' Sustainable Development Policy

An entire section of the Group's review of operations has been devoted to the subject of sustainable development, setting out how BNP Paribas' policy in this area is put to work on a daily basis through the Group's core values and managerial approach. In addition, in 2003, a special Sustainable Development site will be added to the Group's website, providing more detailed, regularly updated information on written guidelines, charters and action plans, as well as on internal and external events.

The *Sustainable Development* section is focused on the Group's relations with its stakeholders, comprising shareholders, customers, suppliers and employees, as well as with the community and the environment. Issues such as corporate governance, ethics and credit policy are also discussed in detail.

Social and environmental information required in accordance with governmental order 2002-221 dated 20 February 2002 in application of Article 116 of the NRE Act, is provided in the appendices to the review of operations.

A structured approach to Sustainable Development

The Group's sustainable development policy is overseen by the Secretary of the Board of Directors – the CEO's advisor responsible for ensuring that matters relating to both Sustainable Development and Corporate Governance at BNP Paribas are properly addressed.

The operational aspects are coordinated by the Group's Sustainable Development Officer.

Sustainable Development procedures are carried out through:

- BNP Paribas' operating units and corporate offices which are responsible for ensuring that their operations comply both with Group sustainable development criteria, and with other criteria specific to their particular business area;
- cross-business functions focused on guidelines, co-ordination and reporting measures that draw on the logistics of Group Human Resources;
- ethics-compliance procedures, which insure that any impact that Group operations may have on the environment and/or society are effectively taken into consideration in the Group's global reporting system.

The Sustainable Development Supervisor and Officer submit strategic proposals to a General Management Committee for approval. This Committee comprises the Chairman and Chief Executive Officer of BNP Paribas, the Chief Operating Officers, heads of divisions, head of Group Human Resources, head of Group Communications and Advertising, head of Group Finance, and head of Investor Relations.

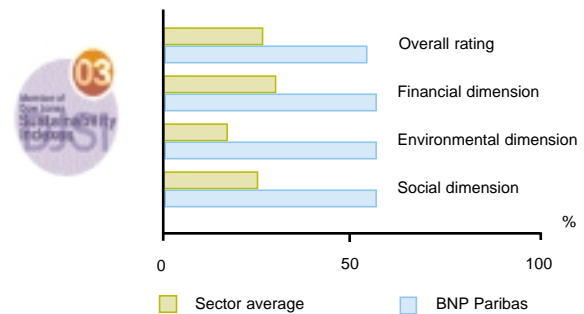
If necessary, the Sustainable Development Officer calls a Steering Committee meeting, composed of specialists appointed by the Group's operating units and corporate offices.

Market viewpoint: BNP Paribas' sustainability ratings

In 2002, BNP Paribas was selected to be included in the four benchmark sustainability indexes: Dow Jones SI World, Dow Jones SI Stoxx, FTSE4GOOD and ASPI Eurozone.

• Ratings performance

SAM Research Inc, a ratings agency that assesses whether companies should be included in the Dow Jones Sustainability Index (DJSI) concluded that *"BNP Paribas has a very good overall sustainability performance compared to the industry average."*



- Aspi Eurozone, the leading European sustainability index launched in June 2001 by rating agency Arese, has issued its latest rating on BNP Paribas, details of which are shown in the table below on a scale of -- to ++.

Arese said that:

"BNP Paribas strives to fulfil all stakeholder criteria by:

- *restricting over-exposure of the Group's brand image yet without scaling down visibility of its social and environmental practices;*
- *taking the initiative in social and environmental matters, while steadily focusing on the bottom line."*

Stakeholder	Rating
Shareholders	++
Employees	+
Environment	-
Clients / Suppliers	=
Community	=

- A large number of agencies specialised in sustainability issues, interacted closely with BNP Paribas' Sustainable Development Officer in 2002, in connection with updating their research analyses. These agencies have squarely placed the Group in their universe of companies that are committed to socially responsible investing.

Corporate Governance

Board of Directors

Members as of 31 December 2002*



Michel Pèbereau

Chairman and Chief Executive Officer of BNP Paribas
Born on 23 January 1942
Elected on 22 May 1997. Term expires at the 2003 AGM
First elected to the Board on 14 December 1993
Number of BNP Paribas shares held: 110,006

Director of:

Lafarge
Saint-Gobain
TotalFinaElf
BNP PARIBAS UK Holdings Ltd, United Kingdom

Member of the Supervisory Board of:

Axa
Dresdner Bank AG, Germany

Non-voting director of:

Société Anonyme des Galeries Lafayette

Chairman of:

Fédération Bancaire Française
Commission de Prospective de la Fédération Bancaire Française
Conseil de Direction de l'Institut d'Études Politiques de Paris

Member of:

International Advisory Panel of the Monetary Authority of Singapore
International Capital Markets Advisory Committee of the Federal Reserve Bank of New York
International Monetary Conference



Patrick Auguste

Director elected by BNP Paribas employees
Small-business market risk analyst
Born on 18 June 1951
Elected for 6 years on 6 March 2000
First elected to the Board on: 14 December 1993
Number of BNP Paribas shares held: 130



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
First elected to the Board on 23 May 2000
Number of BNP Paribas shares held: 3,074

Chairman and CEO of Finaxa

Director of:

Schneider Electric
Vivendi Universal
Axa Assurances Iard Mutuelle
Axa Assurances Vie Mutuelle
Axa Courtage Assurance Mutuelle
Axa Financial Inc., USA
Lor Patrimoine

Chairman of:

Institut du Mécénat de Solidarité
Institut Montaigne

* The directorships shown in italics are not governed by the provisions of Act no.2001-420 of 15 May 2001 concerning multiple directorships.



Jean-Louis Beffa

Chairman and CEO of Compagnie de Saint-Gobain
Born on 11 August 1941
Elected on 22 May 1997. Term expires at the 2003 AGM
First elected to the Board on 22 October 1986
Number of BNP Paribas shares held: 17,160

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

Director of:

Groupe Bruxelles Lambert, Belgium
Saint-Gobain Cristaleria SA, Spain
Saint-Gobain Corporation, USA

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

Member of the Supervisory Board of:

Le Monde SA
Le Monde Partenaire AS (SAS)
Société Éditrice du Monde (SAS)



Jack Delage

Director elected by BNP Paribas employees
Client Account Manager
Born on 26 January 1946
Elected for 3 years on 31 January 2001
First elected to the Board: 28 February 2000
Number of BNP Paribas shares held: 60



Bernd Fahrholz

President of the Management Board of Dresdner Bank, Germany
Born on 4 August 1947
Appointed on 8 June 2000-Appointment ratified at the AGM of 15 May 2001, Term expires at the 2005 AGM – Has resigned from the Board
Number of BNP Paribas shares held: 20

Director of:

Advance Holding AG, Germany
Allianz Dresdner Asset Management GmbH, Germany
BMW AG, Germany
Dresdner Bank Luxembourg SA., Luxembourg
Dresdner Kleinwort Benson North America, Inc., USA
Fresenius Medical Care AG, Germany
HeidelbergerCement AG, Germany



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
First elected to the Board on 23 May 2000
Number of BNP Paribas shares held: 20,000

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

Director of:

Finaxa
LVMH
Schneider Electric
BNP Paribas UK Holdings Limited, United Kingdom
Erbé, Belgium
Power Corporation, Canada
Vittoria Assicurazioni, Italy

Member of the Supervisory Board of Axa

Member of the International Advisory Council of China Development Bank



Jacques Friedmann

Company director
 Born on 15 October 1932
 Elected on 4 May 1999. Term expires at the 2005 AGM
 First elected to the Board on 14 December 1993
 Number of BNP Paribas shares held: 4,942
 Director of: TotalFinaElf
 Chairman of the Conseil d'Orientation of the Musée du Quai Branly



François Grappotte

Chairman and CEO of Legrand
 Born on 21 April 1936
 Elected on 4 May 1999. Term expires at the 2005 AGM
 First elected to the Board on 4 May 1999
 Number of BNP Paribas shares held: 2,300
 Director of:
 Fimep
 Bufer Elektrik, Turkey
 Eltas Elektrik, Turkey
 Lumina Parent, Luxembourg
 The Wiremold Company, USA
 Pass & Seymour, USA

Chairman of:
 Fimaf
 Lumina Management
 B. Ticino, Italy
 Member of the Supervisory Board of Michelin
 Member of:
 Banque de France Consultative Committee
 Administrative Board of F.I.E.E.C (Fédération des Industries Electriques, Electroniques et de Communication)



Paul-Louis Halley

Chairman of Eurocommerce, Belgium
 Born on 11 September 1934
 Elected on 23 May 2000. Term expires at 2003 AGM
 First elected to the Board on 23 May 2000
 Number of BNP Paribas shares held: 3,698

Director of:
 Carrefour
 C.D.I.S. sprl, Belgium
 COMET B.V., Netherlands
 Dexia, Belgium
 Halley Frères SA
 Halley Invest SA, Belgium
 Member of: Banque de France Consultative Committee



Philippe Jaffré

Chief Financial Officer of Alstom
 Born on 2 March 1945
 Elected on 22 May 1997. Term expires at 2003 AGM
 First elected to the Board on 14 December 1993
 Number of BNP Paribas shares held: 11,140



Alain Joly

Chairman of the Supervisory Board of Air Liquide
 Born on 18 April 1938
 Elected on 22 May 1997. Term expires at the 2003 AGM
 First elected to the Board on 28 June 1995
 Number of BNP Paribas shares held: 4,152
 Director of:
 Lafarge
 Société d'Oxygène et d'Acétylène d'Extrême-Orient
 Air Liquide International Corporation, USA
 American Air Liquide, USA

Member of:
 International Council of JPMorgan
 European Round Table
 Trilateral Commission



Denis Kessler

Chairman and CEO of SCOR
 Born on 25 March 1952
 Elected on 23 May 2000. Term expires at the 2003 AGM
 First elected to the Board on 23 May 2000
 Number of BNP Paribas shares held: 812

Chairman of:
 Scor Life US Reinsurance, USA
 Scor Reinsurance Company Corporate, USA

Director of:
 Bolloré Investissement SA
 Dexia, Belgium
 Cogedim
 AMVESCAP Plc, United Kingdom
 Scor Canada Reinsurance Company, Canada

Member of the Supervisory Board of:
 Cetelem

Non-voting director of:
 FDC SA
 Gimar Finance SCA
 Chairman of the Scientific Council of the Association de Genève
 Vice-Chairman of Société d'Économie Politique

Member of:
 Commission Économique de la Nation
 Conseil Économique et Social
 Conseil National des Assurances
 Conseil d'administration du Siècle



Jean-Marie Messier

Chairman of Messier Partners LLC and Ahead LLC, USA
 Born on 13 December 1956
 Elected on 4 May 1999. Term expires at the 2005 AGM
 First elected to the Board on 4 May 1999
 Number of BNP Paribas shares held: 400

Director of:
 Alcatel
 LVMH
 Vivendi Environnement
 Echostar, USA
 Fomento de Construcciones y Contratas SA, Spain
 Whitney Museum, USA



Jean Morio

Director elected by BNP Paribas employees
Statistician (Economic Research)
Born on 2 April 1948
Elected to the Board for 3 years on 31 January 2001
Number of BNP Paribas shares held: 1



Lindsay Owen-Jones

Chairman and CEO of L'Oréal
Born on 17 March 1946
Elected on 13 May 1998. Term expires at the 2004 AGM
First elected to the Board on 13 June 1989
Number of BNP Paribas shares held: 2,088

Chairman of:
L'Oréal USA, Inc., USA
L'Oréal UK Ltd, United Kingdom
Galderma Pharma SA, Switzerland

Director of:
Gesparal SA
Sanofi-Synthelabo

Member of the Supervisory Board of:
Air Liquide SA



David Peake

Chairman of BNP Paribas UK Holdings Ltd, United Kingdom
Born on 27 September 1934
Elected on 13 May 1998. Term expires at the 2004 AGM
First elected to the Board on 13 May 1998
Number of BNP Paribas shares held: 750

Chairman of:
BNP Paribas Finance Plc, United Kingdom
Chipping Norton Theatre Ltd, United Kingdom
Chipping Norton Theatre Trust Ltd, United Kingdom
21st Century Learning Initiative (UK) Ltd, United Kingdom

Director of:
The Worship Company of Goldsmiths, United Kingdom
Life Education Mobiles Ltd, United Kingdom
Life Education Centres (UK) Ltd, United Kingdom
Sezincote Trustees Ltd, United Kingdom



Baudouin Prot

President 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: 27,150

Chairman of the Board of Directors of:
BNP Paribas E³

Director of:
Péchiney
Banque Nationale de Paris Intercontinentale

Member of the Supervisory Board of:
Pinault-Printemps-Redoute
Cetelem

Permanent representative of BNP Paribas on the Board of:
Accor



Louis Schweitzer

Chairman and CEO of Renault
Born on 8 July 1942
Elected on 13 May 1998. Term expires at the 2004 AGM
First elected to the Board on 14 December 1993
Number of BNP Paribas shares held: 3,830

President of the Management Board of Renault-Nissan BV,
Netherlands

Director of:
Électricité de France
Compagnie Financière Renault
Renault Crédit International Banque
AB Volvo, Sweden

Member of the Supervisory Board of Philips, Netherlands

Member of the Board of:
Fondation Nationale des Sciences Politiques
Institut Français des Relations Internationales
Musée du Louvre

Member of the Consultative Committee of:
Banque de France
Allianz



René Thomas

Honorary Chairman of BNP Paribas
Born on 13 January 1929
Elected on 4 May 1999. Term expires at the 2005 AGM
First elected to the Board on 26 July 1982
Number of BNP Paribas shares held: 6,528

Director of:
Chargeurs
Essilor
Banque Nationale de Paris Intercontinentale
Banque Marocaine pour le Commerce et l'Industrie, Morocco
Union Bancaire pour le Commerce et l'Industrie, Tunisia



Chief Operating Officer

Dominique Hoenn

Chief Operating Officer of BNP Paribas
Born on 12 April 1940
Number of BNP Paribas shares held: 60,952

Chairman of the Board of Directors of Paribas International

Chairman of the Supervisory Board of:
BNP Paribas Securities Services
BNP Private Equity

Director of:
Euronext Paris SA
Vivendi Universal
BNP Paribas Luxembourg SA, Luxembourg
BNP Paribas Suisse, Switzerland
Clearstream International, Luxembourg
Cobepa, Belgium

Board of Directors' Internal Rules

The Board of Directors of BNP Paribas applies the internal rules adopted by the Board of the former BNP in 1997, which have been updated from time to time to take into account new legal and regulatory requirements. The rules have also been updated to reflect the various recommendations concerning corporate governance as well as decisions of the Board aimed at following best practice in this area. The 30 July 2002 version of the internal rules included the provisions of the Corporate Governance Act of 15 May 2002 adopted by the Annual General Meeting of 31 May 2002. A new version incorporating the recommendations of the September 2002 Medef-Afep report on corporate governance was drawn up and adopted by the Board on 21 March 2003.

The internal rules define the role and responsibilities of the Board as follows: *"The primary responsibilities of the Board of Directors are to select candidates for election to the Board, draw up the BNP Paribas business strategy and monitor its implementation, examine any and all issues related to the efficient running of the business and make any and all business decisions, perform any and all controls and verifications that the Board considers appropriate, supervise the management of the business and the accuracy of its accounts, approve the financial statements and ensure that the financial information disclosed to shareholders and the markets is of a high quality.*

The Chairman or the Chief Executive Officer – if the two functions are separated – shall submit to the Board at least once a year the proposed budgets, the proposed text of the directors' report to shareholders and the draft reports on internal control and risk management. The Chairman or the Chief Executive Officer shall also submit to the Board for prior approval any and all investment or divestment decisions representing an amount in excess of EUR 250 million and any plan to purchase or sell any equity interests valued at more than EUR 250 million. The Chairman or the Chief Executive Officer shall also report to the Board from time to time on

material transactions below this threshold.

If the Board of Directors authorises the Chairman or the Chief Executive Officer to issue bonds, shares or share equivalents, he or she shall provide the Board with full information about any such issues".

The internal rules also address the organisation and conduct of meetings, as well as the terms of reference and procedures of the Committees of the Board (see below).

The stipulations of the internal rules concerning "restrictions or bans on trading in the shares of companies about which the directors have insider information" are as follows:

"Any director or any other person who is called upon to attend meetings of the Board is required to treat all matters discussed during the meeting as strictly confidential. In particular, such directors or other persons shall treat as strictly confidential all insider information and confidential information described as such by the Chairman. In the case of failure to comply with this obligation, the director or other person may be exposed to a claim for damages.

All directors are required to comply with the legal obligations and the stock market recommendations and regulations related to information that concerns directors personally. The legislation banning insider trading applies to directors both in a personal capacity and in their capacity as members of the Board of BNP Paribas, a listed company. Each director must comply with the recommendations of the Commission des Opérations de Bourse, which stipulate that their BNP Paribas shares must be held in registered form and that all transactions in BNP Paribas shares must be disclosed to the Bank. Directors are also advised to comply with the BNP Paribas code of ethics and to refrain from purchasing or selling BNP Paribas shares at any time outside the six-week period following the publication of the quarterly, half-yearly or annual accounts, or of any press release concerning business performance. Directors must not disclose any information that is not publicly available to any third party including the managers of BNP Paribas shares."

The internal rules also recommend that directors who are not employees of the Bank and who are elected by the shareholders should *"hold a significant number of BNP Paribas shares in their personal portfolio, representing an amount at least equal to one year's worth of directors' fees"*. In application of *Commission des Opérations de Bourse regulation 2002-01*, executive directors are required to have their BNP Paribas shares registered in their name and to report their transactions in these shares at half-yearly intervals.

Assessment of the Performance of the BNP Paribas Board of Directors

At the meetings held on 6 November and 16 December 2002, the Board of Directors gave the Compensation and Nominations Committee the task of assessing the Board's performance, as recommended in the Medef-Afep corporate governance report of September 2002.

A formal assessment was carried out in December 2002 and January 2003. To this end, a questionnaire was sent to all non-executive directors, with the exception of one director who had resigned from the Board. The questionnaire contained 44 questions dealing with key aspects of the Board's activities, including the definition of the Board's terms of reference in the internal rules, the composition of the Board, the issues to be put before the Board, the conduct of Board meetings and the activities of the three Committees of the Board. The Compensation and Nominations Committee analysed the replies to the questionnaire and made additional enquiries of the respondents where necessary. A score was then attributed to the Board for each topic covered by the questionnaire and the Committee also commented on the scores.

The overall conclusion was that directors consider that the BNP Paribas Board of Directors is both efficient and effective, that directors receive adequate information about key issues put to the Board, ahead of the meeting, and that these issues are properly discussed.

The findings were discussed by the Compensation and Nominations Committee and were presented to and adopted by the Board of Directors on 4 February 2003. Certain recommendations have been incorporated in the Board's internal rules.

Assessment of Directors' Independence

At its meetings on 26 November 2002 and 3 February 2003, the Compensation and Nominations Committee reviewed the qualifications and independence of the BNP Paribas directors, based on the definition of "independent director" and the related criteria set down in the Medef-Afep corporate governance report of September 2002. The Committee's findings were presented to and adopted by the Board of Directors at its meetings of 4 February and 21 March 2003.

The Committee started by drawing up a list of the key personal qualities that each director should possess. These include a good knowledge of the Bank, a high level of personal commitment to participating actively in the activities of the Board and its Committees, a good understanding of the economy and financial markets, the ability to interact effectively with the other directors and respect their opinions, the courage to take a stand in the face of opposition from fellow Board members, a strong sense of responsibility towards shareholders and other stakeholders and a high level of integrity. The Committee believed that defining independence based simply on a list of do's and don'ts leads to a one-sided view of a director's mission.

The Committee then examined the degree of independence of each director, based on the above required qualities and the definition of an independent director given in the Medef-Afep corporate governance report. The Committee concluded that the following directors were not independent within the meaning of the Medef-Afep report:

Michel Pébereau and Baudouin Prot, executive directors, Michel François-Poncet, former executive director (up until 2000) and Claude Bébéar, Jean-Louis Beffa, Bernd Fahrholz and David Peake due to cross-directorships. René Thomas, director since 1982 is also considered as not being independent for the same reason.

The Committee considered that the directors representing employees are "independent from management" by virtue of the fact that they are elected by the Bank's employees, but that they were in a category of their own due to the fact that they are themselves Bank employees.

The Committee considered that the following directors are independent: *Jacques Friedmann, François Grappotte, Paul-Louis Halley, Philippe Jaffré, Alain Joly, Denis Kessler, Jean-Marie Messier, Lindsay Owen-Jones * and Louis Schweitzer.*

The Committee took note of the resignation of Bernd Fahrholz and René Thomas, and recommended appointing *Gerhard Cromme* and *Hélène Ploix* as independent directors. In addition, in accordance with the articles of association, the Committee recommended appointing René Thomas as non-voting director.

Activities of the Board in 2002

The Board of Directors held eight meetings in 2002, including two unscheduled meetings. The participation rate was 79.4% (76% excluding directors participating by videoconference). As well as addressing the issues to be dealt with by the Board in accordance with French laws and regulations, the directors discussed the following matters:

- Group strategy: the BNP Paribas 2005 strategic plan was presented to and adopted by the Board at its meeting of 6 May 2002, prior to its disclosure to the market. The Board approved the proposed sale of Banque Directe in France and the Group's proposed acquisitions, mainly in the USA, Germany, France, the United Kingdom and Spain, as well

- as transactions concerning the securities services, international private banking and automobile lease financing businesses. Two unscheduled meetings were held to examine the proposed acquisition of Facet and to define the Group's strategy including the terms of any offer when the French government put its interest in Crédit Lyonnais up for sale;
- accounts and budgets: the Board of Directors reviewed and approved the annual financial statements of BNP Paribas SA and the Group, as well as the quarterly consolidated results of the Group and its core businesses. The directors also met with the Financial Statements Committee and the external Auditors to discuss their reports. Lastly, the Board approved the 2003 budget and a change affecting one of the Auditors;
- organisation of Group management and amendment of the articles of association and the Board of Directors' internal rules to comply with Act 2001-420 of 15 May 2001 and take into account the resolutions voted at the Annual General Meeting of 31 May 2002. The Board decided on the resolutions to be tabled at the Annual General Meeting and met to adopt the answers proposed in reply to questions raised by shareholders prior to this meeting;
- the Board discussed the reports of the Committees of the Board, as presented to it by the Committee chairmen;
- the Board decided to implement 2002 stock option plans, using the authorisations given by shareholders, and also to carry out a share issue restricted to employees who are members of an employee share ownership scheme, as well as approving a preference share issuance programme;
- lastly, the Board reviewed the assessment of the performance of the Board and its Committees prepared in accordance with the recommendations of the Medef-Afep corporate governance report of 23 September 2002.

** The Committee considers that there are no grounds for questioning the independence of Lindsay Owen-Jones, who has been a director of BNP then BNP Paribas for more than twelve years.*

Committees of the Board

Financial Statements Committee Members

In 2002, the members of the Financial Statements Committee were *Philippe Jaffré*, Chairman, *Patrick Auguste*, *Paul-Louis Halley*, *Denis Kessler*, *Jean-Marie Messier*, *David Peake* and *René Thomas*. Four of the Committee members are independent directors according to the criteria laid down in the Medef-Afep corporate governance report of September 2002. No executive directors have sat on the committee since 1997.

Terms of Reference

The Financial Statements Committee's terms of reference are set out in the Board of Directors' internal rules, as follows:

"The Financial Statements Committee is responsible for:

- analysing the quarterly and annual financial statements published by the Bank and, where necessary, obtaining explanations of any items prior to the presentation of these financial statements to the Board of Directors;*
- reviewing all matters related to the financial statements, including the choice of accounting principles and policies, provision levels, management accounting data, capital adequacy requirements, profitability indicators and all other accounting matters that raise methodological issues;*
- reviewing service proposals presented by the Auditors;*
- reviewing the Auditors' work programme, their recommendations and the action taken to implement these recommendations;*
- monitoring compliance with Auditor independence rules, as set down in the Medef-Afep corporate governance report of September 2002;*
- authorising any special audit engagements for which the fee budget (excluding tax) exceeds EUR 1 million;*
- reviewing the annual report prepared by Group Finance on all non-audit engagements carried out by the Group's Auditors or their network;*
- discussing each year, with each audit firm, the measures taken to guarantee auditor independence and reviewing the written statement of auditor independence.*

At least once a year and more often if necessary, the Committee shall meet with the Auditors without any member of BNP Paribas management being present.

The Committee shall meet with the Auditors to discuss the quarterly and annual financial statements.

The Committee may also discuss matters falling within its terms of reference with Group finance and accounting managers and the head of ALM, without any members of Group senior management being present.

Where questions of interpretation of accounting standards arise in connection with the preparation of the quarterly and annual accounts, involving choices that are likely to materially impact the accounts, the external Auditors and Group Finance prepare a memorandum analysing the nature and importance of the issue, presenting the pros and cons of various possible solutions and explaining the reasons for recommending a given approach.

The Committee Chairman can make enquiries of any manager within the Group concerning all matters falling within the Committee's terms of reference, as defined in these internal rules, and may also seek advice from external experts".

Activities of the Committee in 2002

The Committee held seven meetings in 2002, including two unscheduled meetings. The average attendance rate was 81%. As in prior years, the Committee performed its routine work and also dealt with specific issues:

- the routine work of the Committee included analysing the results of BNP Paribas SA and the Group for 2001 and the first half of 2002, the quarterly consolidated results, and the annual and interim financial statements of BNP Paribas SA and the Group, including the profit and loss account, balance sheet, statement of off-balance sheet items and notes. As part of its review, the Committee examined the effect on earnings of changes in Group structure.

The quarterly, half-yearly and annual results of the core businesses and the various business lines were also covered by the review. Lastly, the Committee reviewed changes in the structure of the balance sheet and off-balance sheet items, hedging policies and positions and the management of structural currency positions;

- specific issues addressed by the Committee included questions related to accounting methodology, such as the valuation of investments at fair value, the impact of the new consolidation rules applicable to insurance companies, the accounting treatment of off-balance sheet items, particularly those of the intermediation business. Concerning audit issues, the Committee dealt with the transfer of the audit mandate of Barbier, Frinault & Autres, member of the Arthur Andersen network, and tackled the matter of obtaining full information about fees paid to the Auditors;

- two unscheduled meetings of the Committee were held during the year. At the first meeting, on 17 July, the Committee discussed the announcement to be made to the market concerning the estimated first-half 2002 results. The second meeting, on 16 December, was devoted to assessing the Committee's performance as recommended in the Medef-Afep corporate governance report, and evaluating the new requirements in terms of accounting and financial information introduced in the United States by the Sarbanes-Oxley Act (although BNP Paribas is not directly concerned by this legislation).

Fees paid to the auditors

(in thousands of euros)	Ex-Arthur Andersen / Ernst & Young ⁽¹⁾		Pricewaterhouse Coopers		Mazars & Guérard		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
Audit								
Statutory and contractual audits of the individual and consolidated financial statements, including:								
- Basic audit work	4,851	36%	5,574	26%	3,062	48%	13,487	32%
- Additional work	3,321	24%	9,276	42%	1,104	17%	13,701	33%
Special engagements	834	6%	355	2%	482	8%	1,671	4%
Sub-total	9,006	66%	15,205	70%	4,648	73%	28,859	69%
Other services								
Legal and tax advice	2,781	20%	4,334	20%	1,682	26%	8,797	21%
IT consulting services	665	5%	-	-	-	-	665	1%
Management consulting services	874	6%	2,009	9%	-	-	2,883	7%
Other	368	3%	230	1%	84	1%	682	2%
Sub-total	4,688	34%	6,573	30%	1,766	27%	13,027	31%
TOTAL	13,694	100%	21,778	100%	6,414	100%	41,886	100%

(1) Fees paid to the Arthur Andersen network and then to the Ernst & Young network. Barbier Frinault & Autres, one of the Group's statutory auditors, was previously a member of the Arthur Andersen network and joined the Ernst & Young network during the course of 2002.

Internal Control and Risk Management Committee

Membership of the Committee was unchanged compared with the previous year. The Committee is chaired by *Jacques Friedmann* and the other members are *Jack Delage*, *François Grappotte*, *Louis Schweitzer* and *René Thomas*. Three of the five Committee members are *independent directors* according to the criteria laid down in the Medef-Afep corporate governance report. No executive directors have sat on the committee since 1997.

The Committee's terms of reference are specified in the internal rules of the Board of Directors, as follows:

- The Committee is responsible for:*
- *reviewing reports on the Group's internal control system and risk measurement and monitoring systems, as well as the reports prepared by the internal auditors and their main conclusions. The Committee also looks at correspondence between the Bank and the French banking authorities (Commission Bancaire);*
 - *making enquiries of the heads of Internal Audit, Ethics and Compliance and Group Risk Management, if appropriate without other members of senior management being present;*
 - *presenting to the Board of Directors the Committee's assessment of Group methods and procedures. The Committee shall express an opinion on the organisation of these functions within the Group and shall be kept informed of their work programmes, including a half-yearly summary of the internal audit engagements carried out during the period and the internal auditors' main findings;*
 - *reviewing the Group's overall risk policy, based on risk and profitability indicators made available to the Committee in accordance with the applicable regulations, as well as any specific issues related to these matters and methods.*

Activities of the Committee in 2002

The Committee met five times in 2002, including one unscheduled meeting. The attendance rate was 92%. The main issues discussed by the Committee were as described below. Concerning credit risks, the Committee reviewed the Group's overall risk policy and changes in the level of provision charges and existing provisions, as well as looking more closely at exposures on individual clients, industries, countries or regions qualified as sensitive. With regard to market risks, the Committee examined changes in risks at the level of the Group and the business lines concerned, paying particular attention to risks associated with various financial instruments managed by BNP Paribas. The Committee's analyses are based on the latest crisis simulations and Value at Risk measurements for the Group as a whole and for each business. The Committee attends regular presentations made by the Risk Policy Committee. It examines the organisation, activity reports and action plans of Group Risk Management, and makes enquiries of the head of this department during Committee meetings. In 2002, the Committee also addressed a certain number of specific issues. It reviewed the draft annual internal control report prior to its submission to the Board of Directors and the regulatory authorities. It also reviewed the twice-yearly Internal Audit reports setting out the findings made during internal audits of Group entities. It made enquiries of the head of Group Ethics and Compliance on the application of compliance measures and the mechanisms put in place to prevent money laundering and the financing of terrorism, as well as the "Chinese walls" put in place within the Group to prevent leaks of confidential information. The Committee reviewed the organisation structure and procedures put in place to comply with international regulatory requirements concerning operational risks. In all of these areas, the Committee made

enquiries of the head of Internal Audit at BNP Paribas, the audit partner responsible for coordinating the worldwide audit of the accounts, the head of Group Ethics and Compliance and the head of Group Risk Management. An unscheduled meeting of the Committee was held to assess the Committee's performance, in the same way as for the other Committees of the Board.

Compensation and Nominations Committee

Membership of the Committee was unchanged compared with the previous year. The Committee is chaired by Alain Joly and the other members are Claude Bébéar, Jean-Louis Beffa and Philippe Jaffré. One half of the members, including the Chairman, are independent directors according to the criteria laid down in the Medef-Afep corporate governance report. No executive directors have sat on the committee since 1997.

The Committee's terms of reference, as set down in the internal rules of the Board of Directors, are as follows.

"The Committee is responsible for:

- *making recommendations to the Board of Directors concerning all matters related to the personal status of executive directors, including their remuneration, pension benefits and stock options;*
- *reviewing the terms and amount of stock option plans and the list of grantees;*
- *preparing employee stock option plans;*
- *advising the Chairman on all matters concerning senior management compensation, at the Chairman's request;*

- *developing succession plans;*
- *preparing, with the Chairman, resolutions to be submitted to shareholders concerning the election of directors;*
- *making recommendations to the Board concerning the candidates to be appointed as Chairmen of the Committees of the Board when the present incumbents' terms expire.*

Activities of the Committee in 2002

The Committee met three times in 2002, with an average attendance rate of 92%. The matters discussed during its meetings included:

- the variable remuneration to be paid for 2001 to the Chairman and CEO and the two Chief Operating Officers, as well as that of the members of the BNP Paribas Executive Committee;
- the 2002 stock option plan;
- the amount of directors' fees for 2002 and the basis to be used to allocate these fees among the individual directors;
- assessment of the Board's performance and the level of independence of each director, in accordance with the recommendations contained in the Medef-Afep corporate governance report of September 2002.

(Information about management compensation and directors' fees is provided in the "Remunerations" section of this report.)

Combined Annual and Extraordinary General Meeting of 14 May 2003

Information concerning directorship candidates

Michel Pébereau

Principal function: Chairman and Chief Executive Officer of BNP Paribas

Born on 23 January 1942

- **Education**
 - 1961-1963 École Polytechnique
 - 1965-1967 École Nationale d'Administration
- **Professional Experience**
 - 1967 Inspecteur des Finances
 - 1987 Inspecteur Général des Finances
 - 1970-1974 Policy Officer and subsequently Technical Advisor to the Finance and Economy Minister (Valéry Giscard d'Estaing)
 - 1971-1982 Policy Officer, and subsequently Assistant Director, Deputy Director and Head of the financial and monetary affairs section of the Treasury Department at the Ministry of Finance and the Economy
 - 1978-1981 Director of the office of the Economy Minister (René Monory) and subsequently Policy Officer for the Minister
 - 1982-1987 Chief Executive Officer of Crédit Commercial de France
 - 1987-1993 Chairman and Chief Executive Officer of Crédit Commercial de France
 - May 1993 Chairman and Chief Executive Officer of Banque Nationale de Paris
 - 1999 Chairman of the Management Board of Paribas
 - May 2000 Chairman and Chief Executive Officer of BNP Paribas
 - June 2002 Chairman of the French Banking Federation

Claude Bébear

Principal function: Chairman of the Supervisory Board of Axa

Born on 29 July 1935

- **Education**
 - École Polytechnique (1957)
- **Professional Experience**
 - 1958 - 1975 Anciennes Mutuelles d'Assurance, Rouen
 - 1975 Chief Executive Officer of Anciennes Mutuelles
 - 1978 Chief Executive Officer of Mutuelles Unies
 - 1982 Chairman of the Drouot Group
 - Chairman of Mutuelles Unies
 - 1985-2000 Chairman and Chief Executive Officer and subsequently Chairman of the Management Board of the Axa Group
 - Since 2000 Chairman of the Supervisory Board of the Axa Group

Jean-Louis Beffa

Principal function: Chairman and Chief Executive Officer of Compagnie de Saint-Gobain

Born on 11 August 1941

- **Education**
 - École Polytechnique, Engineering Graduate from the Corps des Mines
 - Graduate of the École Nationale Supérieure du Pétrole and the Institut d'Études Politiques de Paris
- **Professional Experience**
 - 1967 Ministry of Industry
 - 1967-1974 Petrol Division of the Ministry of Industry: Engineer and subsequently Head of the Refining Department and Deputy Director
 - 1974 Compagnie de Saint-Gobain
 - 1975-1977 Head of Corporate Planning at Pont-à-Mousson SA
 - 1978 Chief Executive Officer of Pont-à-Mousson SA

- 1979-1982 Chairman and Chief Executive Office of Pont-à-Mousson SA
- President of the Pipe and Mechanical Engineering Division of Saint-Gobain
- 1982-1985 Chief Operating Officer of Saint-Gobain
- January 1986 Chairman and Chief Executive Officer of Saint-Gobain

Michel François-Poncet

Principal function: Vice Chairman of the Board of Directors of BNP Paribas

Born on 1 January 1935

- **Education**
 - Institut d'Études Politiques (1954)
 - Harvard Business School (MBA - 1958)
- **Professional Experience**
 - 1961 Paribas Group
 - 1986-1990 Chairman and Chief Executive Officer of Paribas
 - 1990-2000 Chairman of the Supervisory Board of Paribas
 - Since 2000 Vice Chairman of the Board of Directors of BNP Paribas

Alain Joly

Principal function: Chairman of the Supervisory Board of Air Liquide

Born on 18 April 1938

- **Education**
 - École Polytechnique (1958)
- **Professional Experience**
 - 1962-1965 Engineering Department of Air Liquide
 - 1965-1967 Process Engineer
 - 1967-1973 Various positions at Canadian Liquid Air Ltd/Air Liquide Canada and assistance to South American subsidiaries.
 - 1973-1976 Director of Corporate Planning and Group Management
 - 1976-1978 Director of the Eastern Region of Air Liquide's French Gas Department in Nancy
 - 1978 Corporate Secretary and subsequently Secretary to the Board of Directors
 - 1981 Director of the Company responsible for supervising Research and Development, Marketing, Engineering and Construction for the Air Liquide Group.
 - 1982 Director
 - June 1985 Director, Chief Executive Officer
 - March 1995 Vice Chairman and Chief Executive Officer
 - May 1995 Chairman and Chief Executive Officer
 - November 2001 Chairman of the Supervisory Board

Denis Kessler

Principal function: Chairman and Chief Executive Officer of Scor

Born on 25 March 1952

- **Education**
 - 1976 Postgraduate degrees in Political Science, Applied Economics and Philosophy
 - Graduate of the École des Hautes Études Commerciales (HEC)
 - 1977 *Agrégation* in Social Sciences
 - 1978 Postgraduate degree in Philosophy
 - Postgraduate degree in Economics
 - 1987 Ph.D. in Economics
 - 1988 *Agrégation* in Economics

- **Professional experience**
 - 1978-1985 Assistant lecturer in Economics at Paris X Nanterre University
 - 1982-1991 Head of a CNRS research team (CREP then CEREP)
 - 1985-1990 Chairman of the Comité des Usagers du Conseil National du Crédit
 - 1986-1988 Head of research at the Centre National de la Recherche Scientifique (CNRS)
 - 1988-1989 Lecturer in Economics at Nancy II University
 - until 1997 Head of research studies at the École des Hautes Études en Sciences Sociales (EHESS)
 - 1991-1995 Member of the Conseil National du Patronat Français (CNPF), renamed Mouvement des Entreprises de France (Medef) in 1998
 - 1995-1999 Executive Vice President of Medef
 - 1999-2002 Senior Executive Vice President of Medef
 - 1990-1997 Chairman of the Fédération Française des Sociétés d'Assurances
 - Vice Chairman of the European Insurance Committee
 - Member of the Conseil National des Assurances
 - March 1997- May 1998 Senior Executive Vice President and Executive Board member of the Axa Group
 - June 1998- Nov 2002 Chairman of the Fédération Française des Sociétés d'Assurances

Gerhard Cromme: 21 March 2003 appointment by the Board of Directors subject to ratification by the Annual General Meeting



Gerhard Cromme

Principal function: Chairman of the Supervisory Board of ThyssenKrupp

Born on 25 February 1943 in Germany

- **Education**
 - 1962-1969 Münster, Lausanne and Paris universities and Harvard business school (PMD)
 - Studies in law (Ph.d) and Economics
- **Professional experience**
 - 1971-1986 Various functions in Compagnie de Saint-Gobain Group (last position held: Deputy Managing Director of Compagnie de Saint-Gobain for the Federal Republic of Germany)
 - Chairman of the Management Board of Vegla/Vereinigte Glaswerke GmbH, Germany
 - 1986-1989 Chairman of the Management Board of Krupp Stahl AG, Germany
 - 1989-1999 Chairman of the Management Board of Fried. Krupp AG Hoesch-Krupp, Germany
 - 1999-2001 Chairman of the Management Board of ThyssenKrupp AG, Germany
 - since 01/10/2001 Chairman of the Supervisory Board of ThyssenKrupp AG, Germany
- **Positions held**

Member of the Supervisory Board of:

 - Allianz AG, Germany
 - Axel Springer Verlag AG, Germany
 - Deutsche Lufthansa AG, Germany
 - E.ON AG, Germany
 - Ruhrgas AG, Germany
 - Siemens AG, Germany
 - Suez
 - Volkswagen AG, Germany

Chairman of the German Governmental Commission on Corporate Governance
Chairman of the European Round Table of Industrialists



Hélène Ploix: 21 March 2003 appointment by the Board of Directors subject to ratification by the Annual General Meeting

Hélène Ploix

Principal function: Chairman of Pechel Industries

Born on 25 September 1944

- **Education**
 - 1965 Degree from Institut d'Études Politiques de Paris (major in public administration)
 - 1966 Master of Arts in Public Administration, University of California at Berkeley
 - 1968 Degree from the Institut Européen d'Administration des Affaires (Insead)
 - Degree in Law and English, Paris
- **Professional experience**
 - 1968-1978 Head of Research at Mc Kinsey and Co
 - 1977-1978 Technical adviser to the Secretary of State for Consumer Affairs (Mrs. Scrivener)
 - 1978-1982 Director of Compagnie Européenne de Publication (CEP)
 - July 1983- Dec. 1984 Member of the Collège de la Commission des Opérations de Bourse
 - 1982-1984 Chairman and Chief Executive Officer of Banque Industrielle et Immobilière Privée (BIMP)
 - August 1984- February 1986 Adviser to Prime Minister Laurent Fabius for Economic and Financial Affairs
 - February 1986- Nov. 1989 Director, representing France, of the International Monetary Fund (IMF) and the World Bank – Washington DC
 - Nov. 1989- July 1995 Deputy Managing Director of Caisse des Dépôts et Consignations
 - Chairman of CDC Participations, Chairman of the Supervisory Board of CDC Gestion, Chairman of Caisse Autonome de Refinancement
 - 1995-1996 Special adviser on single currency matters at KPMG Peat Marwick
 - Since 1997 Chairman of Pechel Industries
- **Positions held**

Director of:

 - Lafarge
 - Boots Group Plc, United Kingdom
 - Ferring SA, Switzerland

Member of the Supervisory Board of Publicis

Representative of Pechel Industries for:

 - Quinette Gally
 - Financière d'Or / Histoire d'Or
 - Aquarelle.com Group
 - Xiring
 - CVBG-Dourthe Kressman
 - IDM
 - Panoranet
 - Homerider Systems
 - CoSpirit
 - Holding Nelson / Creations Nelson
 - Pechel Service

Chairman of Pechel Service

Legal Manager of Hélène Ploix SARL

Ad hoc Member of the Investment Committee for the United Nations Personnel Pension Fund

Outgoing chairman of the Association Française des Investisseurs en Capital (Afic)



CORPORATE BANKING - SECRETARY

Primary school banking!

For a South African coming to London, I was amazed by the involvement of some of my work colleagues in social work, and the way in which employees are allowed to fit this kind of activity into their timetable. BNP Paribas London for example, offers the opportunity for employees like myself, to spend time looking after children, or other unprivileged people within the local community.

For my part, I have become involved in a teaching scheme with one of the local primary schools here in Marylebone. Each week, around thirty of us from the office volunteer half an hour of our lunch break, to providing individual maths and reading tuition to some of the children. Feedback from the teachers has been very positive, and the children have made remarkable progress.

I find this particularly rewarding, especially as I am able to combine it with a full time job. BNP Paribas London are involved in several other projects of this sort within the local community.



Cara in London a South African



Remunerations

Remuneration of the Chairman and CEO and the Chief Operating Officers

The remuneration paid in 2002 to executive directors was determined by the method recommended by the Compensation and Nominations Committee and approved by the Board of Directors.

Following a benchmarking exercise conducted in 2000 with the assistance of outside consultants, the remuneration of executive directors comprises both a fixed and a variable portion. The Chairman and Chief Executive Officer and the Chief Operating Officers receive a fixed salary reflecting market rates of pay for positions carrying equivalent responsibilities. In addition, they receive a variable performance-related bonus, the amount of which is capped. The amount of this bonus depends in part of the achievement of the Group's 1998-2002 industrial project objectives and 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, in 2002 amounted to EUR 762,245. The variable performance-related bonus paid to Michel Pébereau in 2002 in respect of 2001 amounted to EUR 1,070,479. In addition, he was awarded BNP Paribas shares with a value of EUR 301,562 under the BNP Paribas deferred bonus plan. The shares vest at the rate of one third per year in 2003, 2004 and 2005. He also received in 2002 one third of the BNP Paribas shares awarded in 2000 under the deferred bonus plan, representing an amount of EUR 120,336.

The variable remuneration payable to Michel Pébereau in 2003 in respect of 2002 will amount to EUR 811,940. His entitlement to BNP Paribas shares vesting at the rate of one third per year in 2004, 2005 and 2006 will amount to EUR 217,060.

The Chairman and CEO is not paid a salary by any other Group companies and does not receive any directors' fees from Group companies, other than as a director of BNP Paribas SA.

- The fixed salary paid to Baudouin Prot, President and Chief Operating Officer, in 2002 amounted to EUR 533,572. The variable performance-related bonus paid to Baudouin Prot in 2002 in respect of 2001 amounted to EUR 721,737. In addition, he was awarded BNP Paribas shares with a value of EUR 185,335 under the BNP Paribas deferred bonus plan. The shares vest at the rate of one third per year in 2003, 2004 and 2005. He also received in 2002 one third of the BNP Paribas shares awarded in 2000 under the deferred bonus plan, representing an amount of EUR 73,968. The variable remuneration payable to Baudouin Prot in 2003 in respect of 2002 will amount to EUR 551,630. His entitlement to BNP Paribas shares vesting at the rate of one third per year in 2004, 2005 and 2006 will amount to EUR 128,370. The President and Chief Operating Officer is not paid a salary by any other Group companies and does not receive any directors' fees from Group companies, other than as a director of BNP Paribas SA and as Vice-Chairman of the Supervisory Board of Cetelem. Director's fees received from Cetelem in 2002 will be deducted from Baudouin Prot's variable remuneration in 2003.
- The fixed salary paid to Dominique Hoenn, Chief Operating Officer, in 2002 amounted to EUR 533,572. His variable remuneration paid in 2002 in respect of 2001 amounted to EUR 539,939, after deducting a EUR 28,668 payment on account made in 2001 under the previous arrangements, and EUR 153,129 corresponding to fees received by Dominique Hoenn in 2001 in his capacity as director of certain Group and non-Group companies. In addition, he was awarded BNP Paribas shares with a value of EUR 185,335 under the BNP Paribas deferred bonus plan. The shares vest at the rate of one third per year in 2003, 2004 and 2005.

He also received in 2002 one third of the BNP Paribas shares awarded in 2000 under the deferred bonus plan, representing an amount of EUR 73,968.

The variable remuneration payable to Dominique Hoenn in 2003 in respect of 2002 will amount to EUR 551,630 before deducting

directors' fees received in 2002. His entitlement to BNP Paribas shares vesting at the rate of one-third per year in 2004, 2005 and 2006 will amount to EUR 128,370.

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

Remuneration and benefits paid to the Chairman and CEO and the Chief Operating Officers in 2002

in euros	2002 remuneration			Directors' fees ⁽⁴⁾	Benefits in kind ⁽⁵⁾	Total
	Fixed ⁽¹⁾	Variable ⁽²⁾	Deferred ⁽³⁾			
Michel Pébereau Chairman and Chief Executive Officer	762,245	1,070,479	120,336	22,867	3,979	1,979,906
Baudouin Prot President and Chief Operating Officer	533,572	721,737	73,968	40,117	4,354	1,373,748
Dominique Hoenn ⁽⁶⁾ Chief Operating Officer	533,572	539,939	73,968	136,791	3,979	1,288,249

(1) Salary paid in 2002.

(2) Corresponding to the amounts paid in 2002 in respect of 2001. In accordance with the terms of the BNP Paribas deferred bonus plan, a fraction of each executive director's variable remuneration consisted of stock awards vesting at the rate of one third per year in 2003, 2004 and 2005. Michel Pébereau's deferred remuneration amounted to EUR 301,562 and that of Baudouin Prot and Dominique Hoenn came to EUR 185,335.

(3) Corresponding to the transfer of one third of the deferred bonus awarded in 2000 in the form of BNP Paribas shares.

(4) Including directors' fees from BNP Paribas SA. The Chairman and CEO does not receive any directors' fees from any Group companies other than BNP Paribas SA. In addition to directors' fees from BNP Paribas SA, Baudouin Prot receives fees in his capacity as Vice Chairman of the Supervisory Board of Cetelem.

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

(6) Dominique Hoenn's variable remuneration was determined after deducting a EUR 28,669 payment on account made in 2001 under the previous arrangements, and EUR 153,129 corresponding to fees received by Dominique Hoenn in 2001 in his capacity as director of certain Group and non-Group companies (EUR 151,910 and EUR 1,219 respectively).

Remuneration of other Executive Directors

In addition to the director's fee received as Vice Chairman of the Board of Directors of BNP Paribas SA, in 2002 Michel François-Poncet received fees in his capacity of Chairman of BNP Paribas Suisse SA and director's fees in his capacity of Director of BNP Paribas UK Holdings Ltd, representing a total of EUR 169,014. He also has a company car.

In addition to the director's fee received from BNP Paribas SA, in 2002 David Peake received directors' fees of EUR 69,923 in his capacity of

Chairman of BNP Paribas Finance Plc and BNP Paribas UK Holdings Ltd. He also has a company car, provided by BNP Paribas Finance Plc.

In addition to the director's fee received from BNP Paribas SA, in 2002 René Thomas received director's fees of EUR 31,380 in his capacity of Honorary Chairman of Banque Nationale de Paris Intercontinentale, director of Banque Marocaine pour le Commerce et l'Industrie and director of Union Bancaire pour le Commerce et l'Industrie.

**Remuneration paid to other executive directors
(directors' fees ⁽¹⁾, other fees, benefits in kind)
in 2002 (in euros ⁽²⁾)**

Michel François-Poncet Vice Chairman of the Board of Directors	191,882
David Peake Director	109,596
René Thomas Director	64,733

(1) Including directors' fees from BNP Paribas SA.

(2) Amounts in foreign currencies have been converted at the following exchange rates: EUR 1 = GBP 0.6292623 and EUR 1 = CHF 1.465057 (average of the month-end exchange rates for 2002).

**Remuneration of directors representing
employees**

The total remuneration paid in 2002 to the directors elected by employees came to EUR 96,327, not including directors' fees.

Directors' Fees

The total fees paid to the directors are determined by the General Meeting of Shareholders. The fees awarded to each director for 2002 were unchanged compared with the previous year at EUR 22,867. In addition, the chairmen of the Committees of the Board each receive EUR 7,622 and the other members of these Committees each receive EUR 4,574. One half of the fee paid to each director is based on the director's attendance rate at Board meetings and meetings of any Committees of which he or she is a member. Total directors' fees paid in 2002 amounted to EUR 476,511.

**BNP Paribas SA directors' fees
in 2002 (in euros)**

Michel Pébereau	22,867
Patrick Auguste	28,012
Claude Bébéar	20,581
Jean-Louis Beffa	25,440
Jack Delage	27,441
Bernd Fahrholz	11,434
Michel François-Poncet	22,867
Jacques Friedmann	30,489
François Grappotte	24,011
Paul-Louis Halley	24,011
Philippe Jaffré	25,253
Alain Joly	29,540
Denis Kessler	25,154
Jean-Marie Messier	15,722
Jean Morio	22,867
Lindsay Owen-Jones	17,151
David Peake	26,012
Baudouin Prot	22,867
Louis Schweitzer	21,439
René Thomas	33,352
Total 2002	476,511

**General principles governing the
determination of fixed and variable
components of employee remuneration**

Pay reviews are conducted by all Group companies throughout the world according to a standard timetable, based on a Groupwide performance assessment system. Performance assessments are based on individual objectives and the skills required by the position concerned. 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 based on each individual's personal performance. The variable bonuses of Retail Banking sales staff in France are determined according to criteria that are adjusted each year based on national and local development plans.

Stock Option Plans

BNP Paribas generally launches a new shareholder-approved stock option plan each year. No options are granted at a discount to the BNP Paribas share price on the date of grant. Options are not granted to the same categories of personnel each year. They are granted on a two-year rotating basis either to executive directors, senior managements and key employees, or to high potential staff. Options plans may include certain performance-related vesting conditions applicable to all or some of the options granted to each individual. Details of the vesting conditions are provided in note 36 to the consolidated financial statements. On 31 May 2002, the Board of Directors approved a plan mainly for high potential young executives in France and abroad whom the Group wishes to retain.

Under this plan, a total of 2,158,570 options were granted to 1,384 grantees.

The option exercise price is EUR 60, corresponding to the average of the opening prices quoted for BNP Paribas shares over the 20 trading days preceding 31 May 2002.

A certain proportion of the options are subject to vesting conditions concerning the achievement by BNP Paribas of the average return on equity targets set for 2002, 2003, 2004 and 2005 in the BNP Paribas 2002-2005 industrial project.

Options granted to and exercised by executive directors	Number of options granted / exercised	Exercise price (in euros)	Date of grant	Plan expiry date
Options granted in 2002 Michel Pébereau Baudouin Prot Dominique Hoenn	0 0 0			
Options exercised in 2002 Michel Pébereau Baudouin Prot Dominique Hoenn	175,000 84,000 0	14.87 14.87	21/05/1996 21/05/1996	21/05/2003 21/05/2003

Stock options granted to the employees other than executive directors who received the greatest number of options – Options exercised by the employees other than executive directors who exercised the greatest number of options	Number of options granted/exercised	Weighted average exercise price (in euros)	Date of grant	Date of grant	Date of grant
Options granted in 2002 (10 employees)	64,500	60	31/05/2002		
Options exercised in 2002 (10 employees)	433,863	14.98	02/12/1994 29/03/1995 21/05/1996	11/10/1994 30/10/1995 20/01/1997	17/11/1994 28/12/1995 22/05/1997
			3,192 77,125 98,700	34,485 21,595 56,126	73,300 12,340 57,000

Group Ethics and Compliance

In the wake of the dramatic events of 11 September 2001, a spate of new legislation and regulations emerged in 2001 designed to better combat the financial circuits of international terrorism. Then came the wave of corporate scandals that rocked the United States towards the end of the year and early 2002, involving such global powerhouses as Enron, Arthur Andersen and WorldCom. This in turn led to new regulations – notably in the US – aimed at better protecting the investing community and ensuring the accuracy and completeness of financial information disclosed by listed companies.

In view of the all-importance of ethical corporate behaviour, of the fight against money laundering and the battle to overcome terrorism, the Group decided to further bolster its ethics-compliance procedures in 2002. One key step it took in this regard was to set up a specific global Ethics and Compliance function with direct access to the Executive Committee.

Major efforts were also undertaken over the year to fully meet the new legislative requirements and subsequently adapt Group procedures and reference documents where necessary. The Bank especially focused on “Know your Customer”, “Chinese Wall” and conflict of interest procedures, as well as the code of ethics and guiding principles for equity research analysts.

Client Acceptance Committees (Cac) have been set up for all activities relating to investment banking, international commercial banking, private banking, asset management, insurance and securities custody and are currently being rolled out Group-wide. These committees decide – most often in the presence of an ethics officer – whether or not the Bank should enter into relations with a new client. They also ensure

that all regulatory and Group ethics and compliance requirements have been met. At the same time, BNP Paribas has launched a Group-wide review of the Bank's existing client base. This is a carefully structured, large-scale programme that will necessarily be spread out over time, and will be closely monitored.



Safeguarding client interests and market integrity are priorities that BNP Paribas takes extremely seriously. That is why the Group has enhanced and strengthened operational aspects of procedures relating to these complex issues. In particular, it has set up a Group-level Conflict of Interest Committee, chaired by one of BNP Paribas' two Chief Operating Officers, comprising the Group's Ethics Officer, Risk Director and ethics officers of BNP Paribas' various divisions and business lines. When a potential conflict of interest arises, the Committee is called on by the team leaders or ethics officers of the divisions and business lines concerned. The Committee's subsequent decision is taken totally independently.

"Chinese wall" procedures, designed to prevent the improper transfer of sensitive information, have been fine-tuned and tailored to the new regulatory standards put into effect across the Group. BNP Paribas' ethics and compliance officers keep a close eye on ensuring that these procedures are respected and it is they alone who, under specific circumstances, can authorise the transfer of confidential information from one department to another.

Lastly, the system for monitoring personal transactions carried out by Group employees has also been enhanced. In particular, a database has been set up enabling transactions to be tracked by automated processes.

In May 2002, BNP Paribas unveiled to the financial community its new guidelines concerning recommendations made by the equity research teams. Research reports will now include comparisons with average performances between industries and between different stocks within the same industries, providing for high levels of transparency in analysts' recommendations.

At the same time, the equity research code of ethics was updated based on the latest, most stringent regulations and recommendations issued by the regulatory authorities of the world's main financial centres. The new code came into effect in October 2002.

Anti-money laundering efforts have been further tightened, additional steps have been taken to combat financial crime and terrorism funding, and corresponding procedures have been updated across all of the Group's business lines worldwide, in phase with regulatory changes.

In accordance with the new CRBF 2002-2001 standard issued by the French banking authorities relating to cheque monitoring procedures, the Bank has revamped its monitoring system, adapted related IT software and set up a special team dedicated to handling suspect cheques. In addition, anti-money laundering and anti-



terrorism screening processes have been rolled out in International Retail Banking and Investment Banking for payment systems such as Swift. All these new measures have led to specially adapted staff training programmes and action plans.

During 2002, a new survey was carried out to assess the level of staff awareness and training in the area of anti-money laundering measures. The results of this survey were used to draw up new action plans and training programmes.

In France, BNP Paribas has doubled the number of employees working in the department responsible for reporting suspect money-laundering cases to French financial crime units such as Tracfin. The Bank has also set up its own worldwide supervisory and co-ordination depository, to help further boost the efficiency of its fight against financial crime.



INTERNATIONAL TRADE FINANCE OPERATIONS

More french than the French!

Proud of their culture, history and identity, the Quebecers passed a law several years back to protect their language. The term "French-speaking" takes on its full meaning here in Quebec, perhaps more than anywhere else in the World. When I first arrived, I was struck by the fact that many English words (for example – those relating to technical innovations), that normally keep their Anglo-Saxon form in French, are systematically Frenchified here in Canada.

When you arrive at work in the morning and switch on your computer you don't check your "mail" but your "courriel". One doesn't reply to a "challenge", but a "défi". A "brainstorming" becomes a "brassage d'idées", and in day-to-day life one doesn't go "shopping" for clothes or books, but "on fait du magasinage". The Canadians seem reluctant to borrow words from the English, whilst the French have no qualms about doing so.



Lina from Lebanon to Quebec



Credit Policy

The purpose of the BNP Paribas General Credit Policy is to set **guidelines** for businesses giving rise to a credit risk. These **guidelines** are underpinned by a set of **general principles** that apply to all credit risk situations, as well as **specific principles** applicable to some countries, industrial sectors, and types of counterparty or transaction.

These **guidelines and principles apply in all circumstances**, representing an essential backdrop to the development of the Bank's businesses. Where necessary:

- individual guidelines are issued for each business line, to clarify certain issues and factor in differences in business environments;
- "Special Credit Policies" are issued, applicable to certain categories of borrowers or to particular businesses.

The general principles underlying this policy, as they relate to sustainable development, can be summarised as follows:

- **ethics**: BNP Paribas' image can be affected by transactions in which the Bank takes part. BNP Paribas sets the very highest standards of integrity and complies with all ethical, regulatory, legal and tax rules in force in each of the countries where it does business. BNP Paribas respects the rights of all external parties;
- **any conflicts of interest** arising from BNP Paribas' various obligations towards each of its customers, and any cases where the interests of the Bank differ from those of its customers or its own representatives, are examined and resolved by the representatives of the business lines, in cooperation with the Risk Management, Ethics and Compliance and Legal Departments. Employees of the Bank all have a duty to report to their superior any conflicts of interests that come to their attention, especially where they are directly or indirectly involved;

- **prior approval**: new products may not be launched in the market and new business lines may not be developed until they have been approved and the conditions governing their launch or development have been established. Launch conditions are reviewed in accordance with market developments, subsequent to which the Bank may decide to stop marketing certain products or to withdraw from some certain business areas;
- **efficient use of resources**: in compliance with the Group's code of ethics, all business lines and functions should relay to one another any information that can help the Bank maximise business levels while identifying and minimising risks;
- **risk-taking responsibility**: the business lines have full responsibility for their credit risks. Any specialised business must be conducted by or with the technical support of designated specialists;
- **resistance to pressure**: under no circumstances may the Bank's decision-making criteria or procedures be by-passed due to commercial pressures or timing constraints;
- **due diligence** work must be performed using all appropriate internal and external resources, and must cover all the risks and hazards associated with the planned transactions. The due diligence must cover, in particular, technical, operating, legal and ethical issues, as well as compliance with the principles set forth in the Bank's General Credit Policy;
- **monitoring**: each risk must be constantly monitored and included in periodic formal reviews;

- **risk and profitability:** BNP Paribas seeks to strike an appropriate balance between risk and return. This implies, among other factors:
 - seeking to achieve added value for the Bank's service offering;
 - establishing an accurate and consistent internal rating system for borrower risks and overall recovery rates in order to assess the merits of a transaction;
 - ensuring that compensation is proportionate to the risk involved;
 - adopting a proactive but selective risk management approach, without sacrificing loan or portfolio quality in an attempt to gain new business;
- **diversification** of the Bank's loan book is a key component of effective risk management;
- **customer selection:** BNP Paribas
 - does business only with counterparties that are sufficiently well known to the Bank or have an unchallenged reputation in their market or are introduced by third parties fulfilling these criteria;
 - requires its customers to match its own very high standards of integrity and systematically verifies that funds deposited with the Bank come from legitimate sources;
 - refuses to provide any services to operators in any sector suspected of having links to organised crime;
 - only undertakes commitments with entities managed by highly professional and motivated teams and which, preferably, are strongly supported by their shareholders. A particular focus in this regard is past performance of management teams and their ability to set up tailored organisation structures;
- takes into account the risks associated with its responsibility to protect the environment;
- takes steps to ensure that it is not exposed to any unreasonable concentration of risks on a single customer.
- **financial information:** corporate customers are required to provide three years' worth of audited financial statements (unless these are not available for specific, clearly explained reasons), including consolidated and non-consolidated accounts of entities that are members of a group. Particular attention is paid to off-balance sheet items, changes in fiscal year-end and changes in group structure;
- **transparency:** in accordance with the BNP Paribas code of ethics, the Bank refuses to execute any transactions that are designed to mislead third parties about the financial condition of its customers;
- **asset sales and syndications:** BNP Paribas refuses to sell to other investors any financial instruments that it would not be prepared to carry in its own books due to:
 - weaknesses in the structure of the instruments or the related documentation;
 - misgivings about the integrity of the debtors.

(For more detailed information about risk management, please refer to the "Report of the Board of Directors")



“Business” on the menu

Business lunches are a tradition in France – the country of gourmet food – and they often go hand in hand with business. The first time I had lunch at a restaurant in Paris, I was surprised to see people having a glass of wine with their meal. In Sweden, you very seldom see people drinking alcohol at a business lunch. When my Swedish friends come over to see their clients for a business engagement in Paris, they are always happy to know that they’re going to have a good lunch.



BNP PARIBAS ASSET MANAGEMENT –
INTERNATIONAL CLIENT MANAGEMENT

Karolina from Sweden to Paris

“Tu” or “Vous”?

When I arrived in France, one of the most difficult things to get to know was how to address people. It’s very simple in English – you just use ‘you’, whereas in France it’s either the informal ‘tu’ or the formal ‘vous’.

In Sweden, things are simple. You only ever use the ‘tu’ form, even when you talk to the Prime Minister. The ‘vous’ form is almost never used, except in special cases, such as if you’re introduced to the King or Queen.

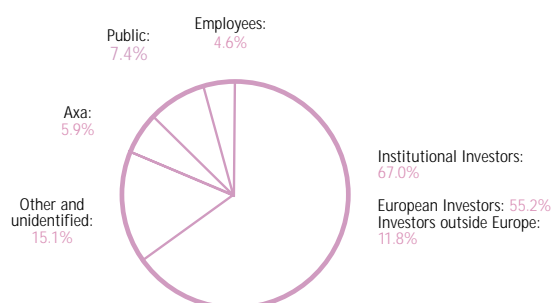
With time, I realised that the ‘tu’ form is generally used with people of the same age and with colleagues of the same standing or below, with whom I work on a regular basis. But there is no established rule. Intuition is the best judge. When I speak to clients though, it’s always ‘vous’.

Always on time

Being punctual is important in Sweden. People always arrive sharp on time for a meeting, as a sign of respect. The notion of time is more flexible in France, and a few minutes’ delay is not held against a latecomer. When I started working in France, I was always early for my meetings. On several occasions, I found myself alone in a room waiting for others, believing the meeting had been cancelled without me being informed. I have now become accustomed to the French attitude towards time and am no longer always the first person at a meeting.

Shareholder Information

BNP Paribas ownership structure at 31 December 2002



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

Changes in ownership structure

Changes in the Bank's ownership structure over the past three years were as follows:

Shareholder	31/12/2000			31/12/2001			31/12/2002		
	number of shares (in millions)	% interest	% voting rights	number of shares (in millions)	% interest	% voting rights	number of shares (in millions)	% interest	% voting rights
Axa	33.46	7.5	7.8	26.47	6.0	6.1	52.45	5.9	6.0
Stable Shareholder Group ^(a)	14.80	3.3	3.4	- ^(b)	-	-	-	-	-
Employees	18.02	4.0	4.2	20.29	4.6	4.7	41.24	4.6	4.8
Treasury shares	17.16	3.8	-	8.81	2.0	-	27.89	3.1	-
Public	40.82	9.1	9.5	36.77	8.3	8.5	66.25	7.4	7.6
Institutional Investors	275.11	61.4	63.8	287.94	65.0	66.3	599.67	67.0	69.2
- European	207.90	46.4	48.2	225.92	51.0	52.0	493.96	55.2	57.1
- Outside Europe	67.21	15.0	15.6	62.02	14.0	14.3	105.71	11.8	12.2
Others and unidentified	48.70	10.9	11.3	62.70	14.2	14.4	107.68	12.0	12.4
TOTAL	448.06	100.0	100.0	442.99	100.0	100.0	895.17	100.0	100.0

(a) TotalFinaElf Group, Compagnie de Saint-Gobain, Grande Armée Participation (PSA Group), Financière Renault, Dresdner Bank, Kuwait Investment Authority, General Electric, Eagle Star Securities Ltd (BAT Group)

(b) The Stable Shareholder Group was dissolved with effect on 15 October 2001.

Share capital

As of 20 February 2002⁽¹⁾, the effective date of the two-for-one share-split, BNP Paribas' share capital stood at EUR 1,773,245,988 divided into 886,622,994 shares.

Since then, two series of transactions have led to changes in the number of shares outstanding:

- a total of 1,633,031 new shares were issued upon exercise of stock options ;
- 7,623,799 shares were subscribed through the share issue reserved for employees.

As of 23 January 2003, BNP Paribas' share capital stood at EUR 1,791,759,648 divided into 895,879,824 shares. The shares are all fully paid-up and are held in registered or bearer form at the choice of their holders, subject to compliance with the relevant legal provisions. None of the Bank's shares carry double voting rights.

(1) Details of the historical share performance are provided in the "Changes in share capital" section of the review of operations.

Share performance

When the shareholders of BNP and Paribas approved the merger between the two banks at the Extraordinary General Meetings of 23 May 2000, BNP shares became BNP Paribas shares. The Euroclear-France code for BNP Paribas is the same as the previous BNP code (13110). 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. 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. Since privatisation, a 144A ADR program has been active in the USA, where the Bank of New York was the depository bank until 4 November 2002, replaced by JP Morgan Chase. 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 since 13 March 2000. BNP became a component of the Cac 40 index on 17 November 1993 and a component of the Euro Stoxx 50 index on 1 November 1999. Since 18 September 2000, BNP Paribas has been a component of the Dow Jones Stoxx 50. BNP Paribas shares are also included in the four main sustainable development indices: Aspi Eurozone, FTSE4Good, DJ SI World and DJ SI Stoxx. All of these listings have fostered liquidity and share price appreciation, as BNP Paribas shares feature in every portfolio and fund that tracks the performance of these indexes.

To help increase the number of shares held by individual investors and further increase the stock's liquidity, in line with the practice observed on the world's leading stock markets, the Board of Directors of BNP Paribas decided to use the authorization given at the General Meeting of 15 May 2001, by carrying out a two-for-one share-split and reducing the par value of the shares to EUR 2. The split shares have been traded on the market since 20 February 2002. As a result of the share-split, the parity of BNP Paribas ADRs has also been adjusted, with each BNP Paribas share now being represented by 2 ADRs.

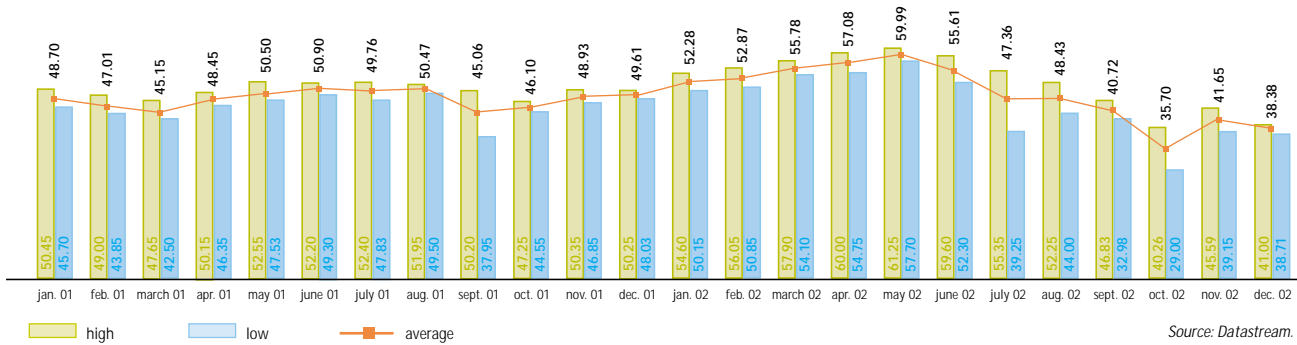
Share performance since 1 September 1999

Comparison with the DJ EURO STOXX 50 and DJ EURO STOXX BANK INDEXES (indexes rebased on share price)



The data on the graph above have been adjusted to take account of the two-for-one split carried out on 20 February 2002.

Average monthly share prices and monthly highs and lows since January 2001



The BNP Paribas share price rose steadily in the first part of the year, as seen above, reflecting the good overall performance of European banking stocks. The price peaked at EUR 61.25 on 14 May. Starting in June and over the rest of the year, banking stocks steadily lost ground. This overall trend affected the BNP Paribas share price, which ended the year at EUR 38.83, down 22.7% on the 28 December 2001 price. BNP Paribas nevertheless outperformed the DJ Euro Stoxx Bank, which lost 26.85% and the Cac 40, which fell no less than 33.75%.

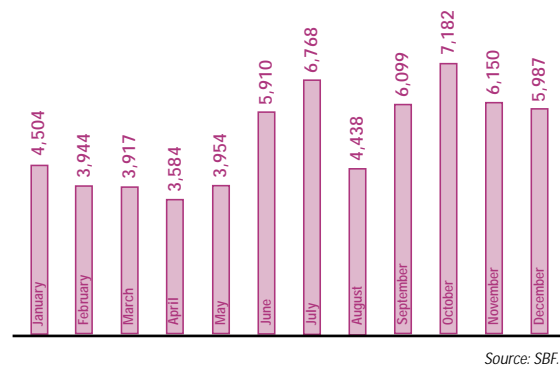
BNP Paribas' market capitalisation totalled EUR 34.76 billion as of 31 December 2002, representing the 5th-largest capitalisation in the Cac 40 index and the 13th-largest in the Euro Stoxx 50, versus 8th and 21st, respectively, a year earlier. At that date and during substantially all of 2002, BNP Paribas was the leading euro zone bank in terms of market capitalisation.

In the period from 1 September 1999, immediately after the close of BNP's first stock-for-stock tender offer for Paribas, to 31 December 2002, the share price gained 7.4%, whereas the Cac 40, DJ Euro Stoxx 50 and DJ Euro Stoxx Bank indexes respectively lost 33.9%, 37.1% and 28.3% over the same period.

Trading volume rose significantly in 2002, with an average of 5,224,362 shares changing hands each date, 32.16% more than the 2001 average of 3,953,188 adjusted for the two-for-one share split.

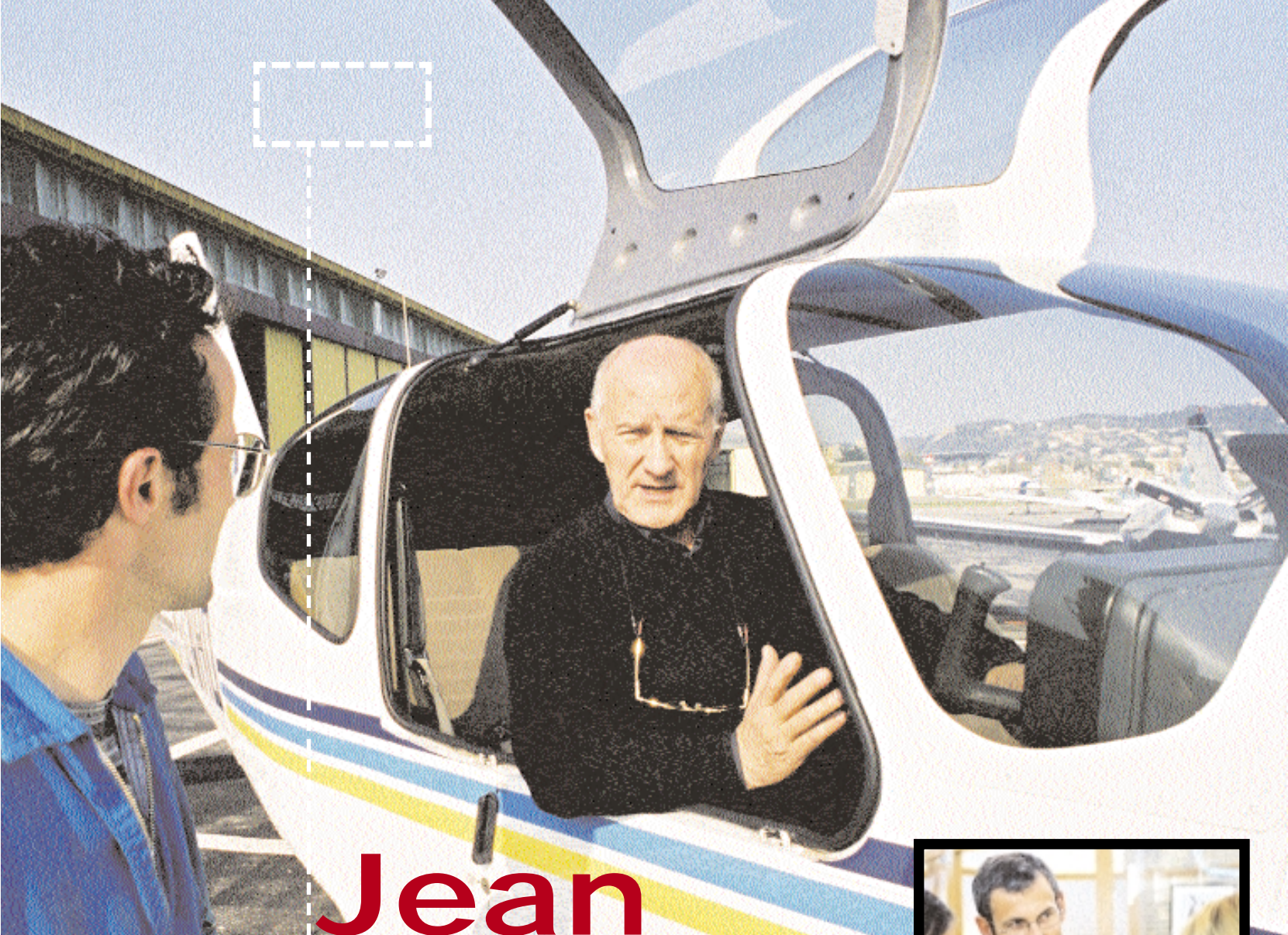
2002 trading volume

Daily average in thousands of shares



Daily average in thousands of euros





Jean from Strasbourg to Nice



BDDF - INDIVIDUAL AND CORPORATE CLIENTS, NICE



Discretion, the better part of valour?

On arriving in Nice from my native region of Alsace, I had a pre-conceived image of what the Mediterranean people might be like. However, I very quickly realised that the 'Nicois' are extremely diverse, setting them apart in their own little way. They come from a host of different cultures, and this renders them very discreet.

Far from being showy and over the top, they're very reserved, especially when it concerns money. I had to adapt to this characteristic in my dealings with customers. Adjusting was all the more difficult, as people from Alsace tend to be extremely reserved at first, and then open up much more easily than the Nicois once you get to know them. Alsacians are very Anglo-Saxon in this respect, and get straight to the point when doing business.

Conventional attitudes

In Nice, and the French Riviera in general, the average age is higher than in many other regions in France. This directly affects the banking business. Many people retire to the area, attracted by its southern location and mild climate, and are fairly conventional when it comes to savings, preferring passbook savings accounts and deposit accounts to other less traditional vehicles. They often have a nest of funds that they have built up over their lifetime, and which they manage as they have been used to doing in the past.

Yield and performance data

In euros	2002	2001	2000	1999	1998
Earnings per share ⁽¹⁾	3.78	4.64	4.70	2.79	2.58
Net assets per share ⁽²⁾	29.3 ⁽³⁾	27.1	24.0	21.5	22.7
Total dividend per share ⁽⁴⁾	1.80 ⁽³⁾	1.80	1.69	1.32	1.13
Payout rate (in %) ⁽⁵⁾	32.6 ⁽³⁾	26.5	24.5	30.1 ⁽⁶⁾	29.4
Share price					
High	61.25	52.55	54.75	46.73	43.68
Low	29.00	37.95	37.78	33.13	20.06
Year-end	38.83	50.25	46.75	45.80	35.08
Cac 40 index on 31 December	3,063.91	4,625.58	5,926.42	5,958.32	3,942.66

Data in the above table have been adjusted to take account of the two-for-one split carried out on 20 February 2002.

(1) Based on the average number of shares outstanding during the year.

(2) After dividends.

(3) Subject to approval at the Annual General Meeting of 14 May 2003.

(4) Including *avoir fiscal* tax credit at 50%.

(5) Recommended dividend expressed as a percentage of net income for the year.

(6) Based on *pro forma* net income after restructuring costs (EUR 2,615 million).

Creating value for shareholders

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

A) – Total shareholder return - TSR

Calculation parameters:

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

- Since privatisation in October 1993

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

Investment growth

	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 dividend	Total number of shares after gross dividend reinvestment
1994	0.69 ⁽¹⁾	0.69	37.17	0.0186	1.0186
1995	0.73 ⁽¹⁾	0.82 ⁽³⁾	34.30	0.0239	1.1425 ⁽³⁾
1996	0.82 ⁽¹⁾	0.94	27.36	0.0344	1.1769
1997	1.23 ⁽¹⁾	1.45	38.28	0.0379	1.2148
1998	1.60 ⁽¹⁾	1.94	75.92	0.0256	1.2404
1999	2.25	2.79	80.85	0.0345	1.2749
2000	2.625	3.35	93.95	0.0357	1.3106
2001	3.375	4.42	100.50	0.0440	1.3546
2002	1.80	4.88	54.10	0.0902	2.7994 ⁽⁴⁾

(1) To be consistent with subsequent years, it has been assumed that the dividend was paid in cash and not in shares, although the Board of Directors approved the payment of scrip dividends for the year in question.

(2) Based on the assumption that the dividend was reinvested in shares at the opening price on the first trading day after the ex-dividend date.

(3) Taking into account the March 1995 allocation of one share for every 10 shares acquired at the time of the IPO and held for 18 months.

(4) After the two-for-one share-split on 20 February 2002.

Closing price on 31 December 2002 = EUR 38.83, valuing the initial investment at 38.83 x 2.7994 = EUR 108.7. This represents an average annual increase (average annual TSR for the period) of 12.55% and an amount 3 times higher than the original investment made in 1993.

- Over 5 years

Initial investment = 1 share at the opening price on 2 January 1998 = EUR 48.86.

Investment growth

	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
1998	1.60 ⁽¹⁾	1.60	75.92	0.021	1.021
1999	2.25	2.30	80.85	0.0284	1.0494
2000	2.625	2.75	93.95	0.0293	1.0787
2001	3.375	3.64	100.50	0.0362	1.1149 2.2298 ⁽³⁾
2002	1.80	4.01	54.10	0.0741	2.3039

(1) To be consistent with subsequent years, it has been assumed that the dividend was paid in cash and not in shares, although the Board of Directors approved the payment of scrip dividends for the year in question.

(2) Based on the assumption that the dividend was reinvested in shares at the opening price on the first trading day after the ex-dividend date.

(3) After the two-for-one share-split on 20 February 2002.

Closing price on 31 December 2002 = EUR 38.83, valuing the initial investment at $38.83 \times 2.3039 = \text{EUR } 89.46$. This represents an average annual increase (average annual TSR for the period) of 12.86% and an 83% increase over 5 years.

Total shareholder return

- Since privatisation in October 1993

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

Reinvestment of dividends and the March 1995 allocation of one share for every 10 shares acquired at the time of the IPO and held for 18 months.

Two-for-one share-split on 20 February 2002.

Closing price on 31 December 2002, valuing the initial investment at $2.7994 \times 38.83 = \text{EUR } 108.7$ or FRF 713.03

An amount 3 times higher than the initial investment

Total shareholder return: 12.55% per year

- Over 5 years

Reinvestment of dividends

Two-for-one share-split on 20 February 2002

Closing price on 31 December 2002, valuing the initial investment at $2.3039 \times 38.83 = \text{EUR } 89.46$ or FRF 586.82

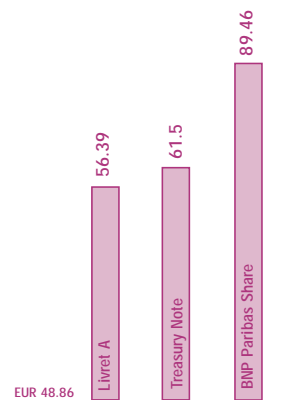
An amount 83% higher than the original investment

Total shareholder return: 12.86% per year

Comparative total yields over 5 years for investment of EUR 48.86

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

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



- Investment of EUR 48.86 on 1 January 1998 in a "Livret A" passbook account:

At the investment date, the official interest rate on Livret A accounts was 3.5%. The rate was reduced to 3% on 16 June 1998, then to 2.25% on 1 August 1999, and returned to 3% on 1 July 2000. As of 31 December 2002, the account balance is EUR 56.39.

The value created through an investment in BNP Paribas shares, reflecting the additional risk, amounts to $89.46 - 56.39 = \text{EUR } 33.07$ per share over five years.

- Investment of EUR 48.86 on 1 January 1998 in five-year French government notes:

The five-year interest rate (BTAN) on that date was 4.78%; at the end of each subsequent year, interest income is re-invested in a similar note on the following terms:

- 3.334% (BTAN) in January 1999 for 4 years;
- 4.5408% (BTAN) in January 2000 for 3 years;
- 4.5173% (BTAN) in January 2001 for 2 years;
- 3.341% in January 2002 for 1 year (Euribor).

At the end of five years, the accrued value of the investment is EUR 61.50.

The additional value created by choosing BNP Paribas shares as the investment vehicle is therefore $89.46 - 61.50 = \text{EUR } 27.96$ per share over five years.

Communicating with shareholders

BNP Paribas endeavours to provide all shareholders with clear, consistent, high-quality information at regular intervals, in accordance with best market practice and the recommendations of the stock market authorities. The Investor Relations department informs institutional investors and financial analysts, in France and abroad, of the Group's strategy, major events concerning the Group's business and, of course, the Group's results which are published quarterly. In 2003, the financial timetable is as follows²:

- 5 February 2003: 2002 results announcement;
- 7 May 2003: first-quarter 2003 figures;
- 31 July 2003: first-half 2003 results announcement;
- 5 November 2003: third-quarter 2003 figures.

Informative briefings are organised several times a year, when the annual and half-year results are released, or on specific topics, providing senior management with an opportunity to present the BNP Paribas Group and its strategy.

The Individual Shareholder Relations department informs and listens to the Group's 680,000 or so individual shareholders (source: 23 December 2002 "TPI" survey). A half-yearly financial newsletter informs both members of the "Cercle BNP Paribas" and other shareholders of important events concerning the Group and a summary of the matters discussed during the Annual General Meeting is sent out in July. The layout of these publications was revamped at the beginning of 2002, to make them easier

to read and also to enhance the content. During the year, members of senior management present the Group's policy to individual shareholders at meetings organised in the main French cities and towns (for example in 2002, meetings were held in Rouen, on 24 September, and in Angers, on 9 October). Also, BNP Paribas representatives met and spoke with over 1,000 people at the "Actionaria" trade show held in Paris on 22 and 23 November 2002.

In 1995, the "Cercle BNP Paribas" was set up for individual shareholders holding at least 150 shares. In early 2002, BNP Paribas decided to extend the opportunities for shareholders to benefit from the services offered by the "Cercle". The minimum shareholding to be eligible to join the Cercle has been reduced from 150 to 100³. As a result, the number of shareholder members of the "Cercle BNP Paribas" rose from 39,000 in 2001 to some 60,000 in 2002. 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. As of 2001, Cercle members are also invited to attend "Stockmarket" initiation seminars on warrants, financial research etc., as well as "Managing your finances on the Internet" seminars and "Private asset management" courses organised by BNP Paribas teams specialised in the respective fields. The seminars are held in Paris and the provinces, on weekdays and the weekend, to enable as many people as possible to attend. In 2002, 150 events were organised for 20,081 participants. Shareholders can obtain information about these services by dialling a special toll-free telephone number (in France): 0800 666 777. In the course of 2003 a telephone news service will also be available on the same number.

(3) Adjusted to 200 following the two-for-one share split.

The BNP Paribas website (<http://invest.bnpparibas.com>) provides information on the Group, including press releases, key figures and details of significant developments. Annual and interim reports can be viewed and downloaded, as can presentations to financial analysts and institutional investors. The latest share performance data and comparisons with major indexes are also obviously available on this website, as are webcasts of the Annual General Meeting. 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 3614 BNPACTION, at a cost of EUR 0.057 per minute. Through this shareholders can also ask questions, leave messages or order documents.

Liaison committee

From the outset, 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 2000. Headed by Michel Pébereau, the Committee includes a member of the Board, 10 representative shareholders, both geographically and socio-economically, and 2 employees or former employees. Each member serves a 3-year term. When their terms expire, announcements will be published in the press and in the Group's various financial publications, inviting new candidates to come forward.

Any shareholder can become a candidate.

At 31 December 2002, the members of the Liaison Committee were as follows:

- Michel Pébereau, Chairman;
- René Thomas, Board member;
- Michel François-Poncet, Board member;
- Dominique Vigneron, resident of the Seine-Maritime département;
- Patrick Ballu, resident of Reims;
- Jacques Begon, resident of the Loire département;
- André Brouhard, resident of Nice;
- Jean-Pierre Edrei, resident of the Paris area;
- Joseph Fauconnier, resident of Amboise;
- Jean-Baptiste Fernandez, resident of the Paris area;
- Marcel Grégoire, resident of the Jura département;
- Rémy Lauprêtre, resident of Le Havre;
- Michel Rolland, resident of the Haute-Garonne département;
- Frédérique Barnier-Bouchet, BNP Paribas employee;
- Jean-Marie Gabas, former BNP employee now retired.

In accordance with the Committee's Charter – the internal rules that all members have signed up to – the Committee met twice in 2002, on 15 March and 20 September. Reports on these meetings were included in the shareholder newsletters. The main topics broached included:

- BNP Paribas' participation in the "Actionaria" trade show. At this event, several Liaison Committee members explained the Committee's role to people who visited the Bank's stand;
- 2001 Annual Report: In line with the Committee's wishes, an explanation was provided of the main abbreviations used, and a glossary of technical terms was given at the back of the report;
- initiatives concerning preparations for the Annual General Meeting and donations to a charity organisation, undertaken as part of the Group's sustainable development drive;
- a new layout of the shareholder newsletters, published as of April 2002;
- fine-tuning a survey sent to several thousand individual investors in order to better understand their needs and expectations concerning financial communications and thus adapt the Group's reporting methods accordingly;
- changes to the BNP Paribas individual investors website.

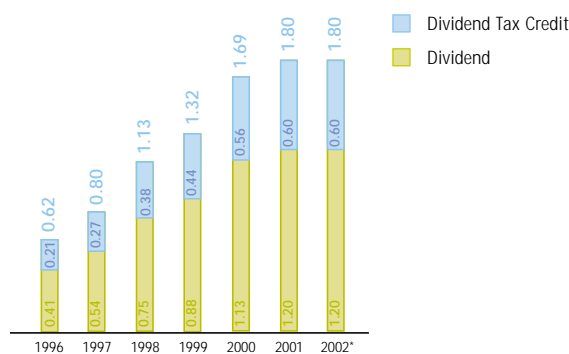


Dividend

At the 14 May 2003 Annual General Meeting, the Board of Directors will recommend a net dividend of EUR 1.20 per new share, unchanged from the previous year. Including the dividend tax credit of 50% received by individual shareholders resident in France, the gross dividend will be EUR 1.80. The dividend will be payable as from 12 June 2003.

The proposed distribution amounts to EUR 1,075.1 million, compared with EUR 1,063.9 million in 2002. The proposed payout rate is 32.6% ⁽¹⁾.

Dividend growth (in euros per share)



The dividends for the years 1996 to 2000 have been adjusted for the two-for-one-share split carried out on 20 February 2002.

* Subject to approval at the 14 May 2003 Annual General Meeting.

In connection with the share buyback programme, during the year BNP Paribas purchased 12,084,826 (net) of its own shares on the open market (adjusted for the share-split). A total of 2,042,849 shares were sold in 2002 upon exercise of stock options. In addition, 9,256,830 shares were issued during the year upon exercise of stock options and in connection with the Employee Savings Plan.

⁽¹⁾ Recommended dividend expressed as a percentage of net income for the year.

Registered shares

Shares registered directly with BNP Paribas

The 21,626 shareholders whose shares were registered directly with BNP Paribas at 31 December 2002:

- automatically receive all documents regarding the company which are sent to shareholders;
 - automatically are entitled to use a toll free telephone number (0800 600 700) to place buy and sell orders;
 - benefit from special, reduced brokerage fees;
 - and as always, pay no custodial fees and are systematically invited to the General Meetings.
- Further services were added in 2002, including a dedicated "GIS Nomi" Internet server (<http://gisnomi.bnpparibas.com>).

Registered shares held in an administered account

BNP Paribas is also extending its administered share account services to institutional shareholders. For institutional shareholders, this type of account combines the main benefits of holding shares in bearer form as well as those of holding registered shares:

- the shares can be sold at any time, through the shareholder's usual broker;
- the shareholder can have a single share account, backed by a cash account;
- the shareholder is systematically invited to attend and vote at General Meetings, without the invitation being sent through a third party;
- the block on the sale of the shares in the days leading up to the meeting does not apply and the shareholder can take part in the vote via the Internet.

Annual General Meeting

The last Annual General Meeting was held on 31 May 2002 on second call. All resolutions were approved by a comfortable majority. The text of the resolutions and the video of the meeting can be viewed on the BNP Paribas website, where the original live webcast took place.

The 2002 Annual General Meeting was an additional opportunity for BNP Paribas to demonstrate its commitment to sustainable development. Ever since BNP Paribas was founded, at the General Meeting of 23 May 2000, the Group has sought to create solid, recurring value, testifying to its product and service quality, as well as to its respect not only for "traditional" partners comprising shareholders, clients and employees, but also for the community at large. It seemed appropriate that these principles be reflected in the Group's General Meetings. That is why it was decided, in conjunction with the Shareholder Liaison Committee, to donate EUR 10 to Adie for every attending investor. Adie is an association that grants micro loans to people with a business project, to help people get back into the world of work. A total of EUR 12,900 was collected this way during the year, and a report on how the funds were used will be given at the Annual General Meeting on 14 May 2003.

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

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

Ordinary and Extraordinary General Meetings may be called in a single notice of meeting and held on the same date. BNP Paribas will hold its Annual and Extraordinary General Meetings on 14 May 2003, on second call.

Notice of Meetings

- Holders of registered shares are notified by post. The notice of meeting contains the agenda, the draft resolutions and a postal voting form.
- Holders of bearer shares are notified via announcements in the press. In addition to legal requirements, BNP Paribas sends:
 - notices of meetings and a postal voting form for shareholders that own over a certain number of shares (set at 400 shares in 2002, representing some 20,000 letters sent out);
 - information letters concerning attendance procedures. In 2002, these were sent to all holders of at least 200 bearer shares, representing an additional 40,000 letters.

Attendance at Meetings

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

Voting

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

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

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

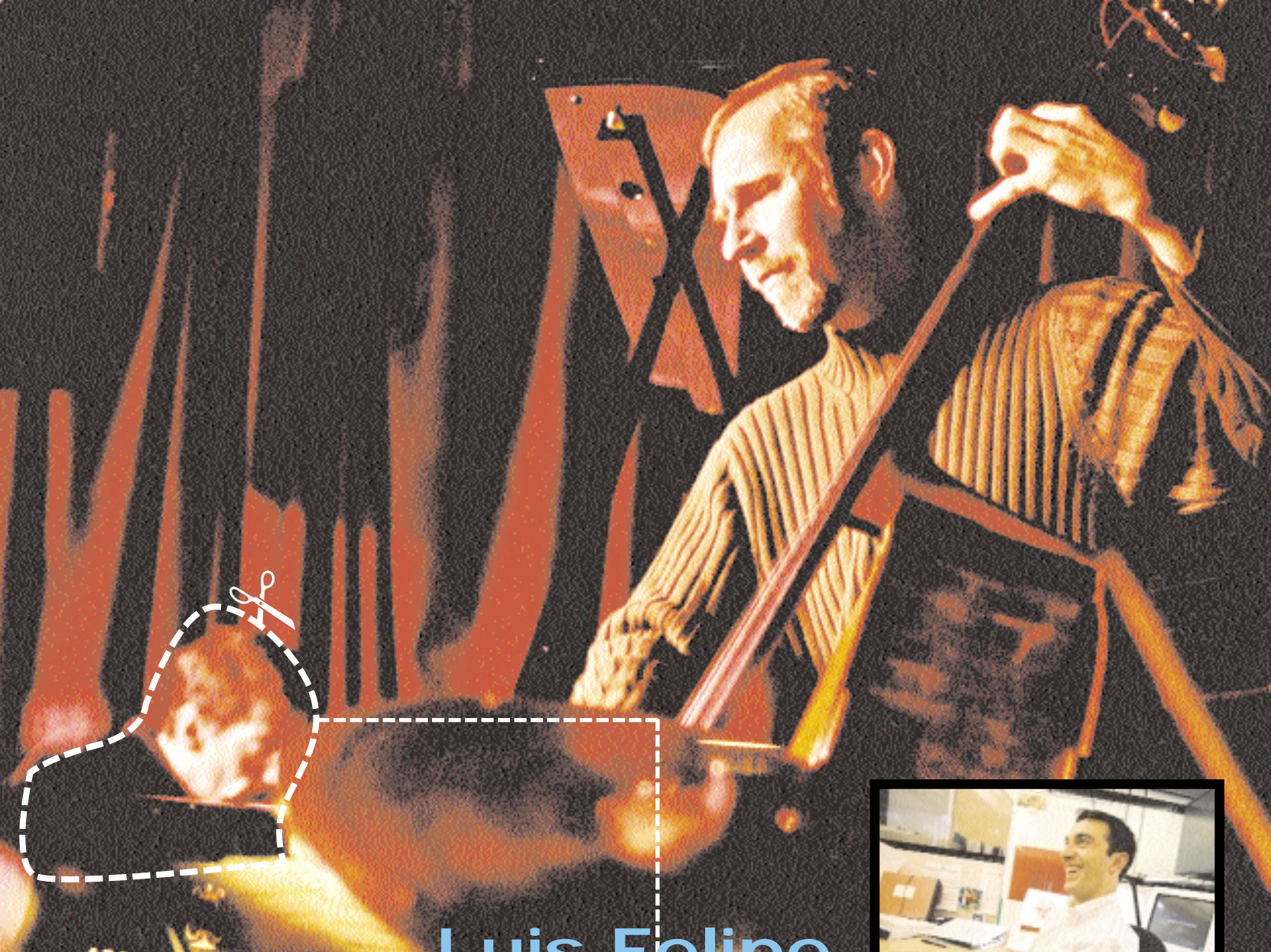
Disclosure thresholds

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

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

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

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



PROJECT FINANCE, LATIN AMERICA - VICE-PRESIDENT

Luis Felipe a Spaniard in New York

"Prêt à manger"

When I was based in Madrid, lunch breaks were often lengthy, running from about 2.00 p.m. to 4.00 p.m. Nobody would imagine organising a meeting during this time. Since I arrived in New York though, I have had to get used to a different pace of life. When working in an investment bank in Manhattan clients expect you to be available at all times. To this extent, New Yorkers generally eat a sandwich at their desk. At first I said I'd never fall into that habit, but five years later due to a conference call in ten minutes, I write these few words at my desk, a *B.L.T* in my hand!



The Big Apple Way

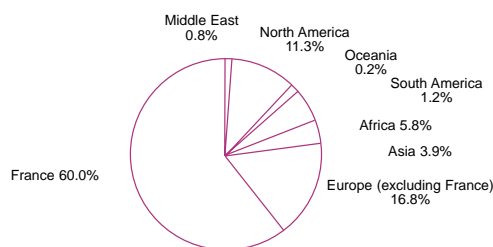
One of the most noticeable differences in the USA for a Spaniard was a heavy emphasis on *corporate entertainment*, something not often experienced back in Spain. It is very common for colleagues of mine to take their clients, or business associates, out for the evening. In the past, clients would be taken out for a meal, but as tastes have changed in this increasingly fashionable world, corporate entertainment is taking place in far more diverse places; be it a "*New York Rangers Ice-Hockey Game*" in Madison Square Garden, or a night out on Broadway to see the musical "*The Producers*". For me personally, what New York really stands for revolves around its Jazz scene. To take a client to such a spectacle can only strengthen one's professional relationship. Establishments such as the Blue Note or the Lennox Lounge now feature as much for corporate entertainment, as they do for their old school Jazz. For me the *Village Vanguard Club, Manhattan* tops them all.

Human Resources Development

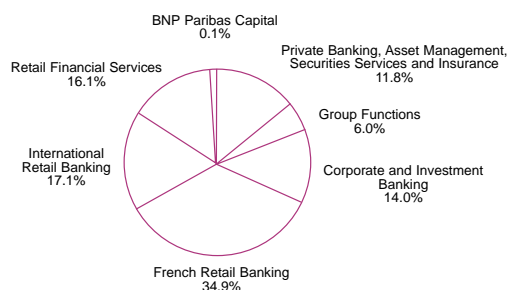
Group employees

At 31 December 2002, the Group employed a total of 87,685 staff (FTE*).

- Analysis by geographical area:



- Analysis by business:



The 2,491 increase in FTEs compared with 2001 was entirely attributable to the increased size of the Group, primarily relating to the integration of teams from United California Bank (UCB) in International Retail Banking and several Cogent teams in Asset Management and Services. Excluding the effect of these changes in Group structure, the overall number of employees was on a par with 2001. Staffing levels increased in French Retail Banking, Retail Financial Services, and Insurance and Securities Services outside France, whereas the employee base decreased in Corporate and Investment Banking and in Private Banking.

* Full time equivalent employees.

Human Resources management methods

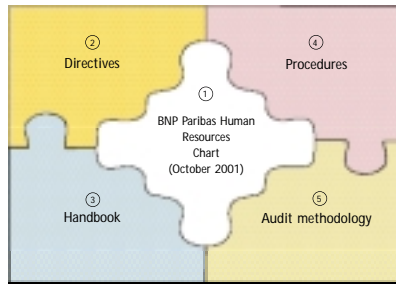
Ever since the BNP Paribas Group was founded, the managerial process has been shaped by four core values – *commitment, ambition, creativity and responsiveness*. These values provide a structure to all human resources programmes at BNP Paribas and are targeted at developing both professional skills and individual talents. They are based on management principles designed to guide all BNP Paribas team leaders, whatever their division, function or geographical area. The Group's core values and management principles have been transposed into performance assessment criteria in order to provide a consistent basis for assessing performance throughout the Group.

Further, the Group's Human Resources action plans have been organised into twenty-one different areas, including recruitment, training, career mobility, compensation and employee-employer relations. The Group has set up a common system of human resources methods and tools. The contract defining the roles and responsibilities of the BNP Paribas human resources function forms the cornerstone of the whole system.

ACE

Ambitions for Corporate Excellence
Management programme for senior executives of the BNP Paribas Group

- 700 participants by end 2002
- Brainstorm management practices and behaviour
- Enable participants to identify their profile and strengths in relation to Group management values and principles
- Exchange ideas with the Executive Committee of BNP Paribas
- Establish or strengthen interpersonal and business relations among senior executives in order to foster cross-business links in the Group.



For each of the twenty-one areas, the main objectives of Group Human Resources managers and their corresponding action points are laid out in a set of directives. There is also an HR handbook, providing practical guidelines for HR managers with a detailed and operational description of tasks and goals. A number of written procedures likewise exist for certain HR issues. Lastly, General Inspection has drawn up an HR audit methodology, relayed to the Group's audit managers, which is consistent with the above reference documents. All employees have Intranet access to the Group's human resources contract and directives.

Career development and skills building

Career management and mobility

BNP Paribas provides career counselling, particularly for senior executives. In addition, succession plans have been updated, in order to pinpoint more efficiently high potential young executives both in France and other countries where the Group operates.

At the same time, major steps have been taken in the Human Resources departments of the Group's divisions and subsidiaries to improve the career management process. These primarily concern the adoption of best practices for performance assessment, and ensuring that each and every business unit has highly motivating compensation schemes in place.

Career mobility is part and parcel of Group operations and is geared to helping employees widen their professional horizons. In 2002, over 2,600 staff moves took place in BNP Paribas SA France alone. The Group's Intranet job vacancy site – *Opportunités Carrière* – proved increasingly successful, with nearly 40% of the jobs posted on-line filled over the year.

Skills development

Training plans were reworked in 2002, in a bid to improve efficiency. New seminars were set up by the Louveciennes Training Centre – which hosts some 25,000 trainees each year – as part of an ongoing skills enhancement programme.

Meanwhile, *Worldwide Integration Network (Win)*, a global recruitment, training and career-tracking programme aimed at young graduates from the world's top schools and universities, continued to be rolled out. The Win programme includes a two-week multi-cultural seminar conducted in English, with participants from all around the globe. The programme is focused on honing skills such as project management, communication, chairing meetings and leadership. The teams comprise participants from a broad spectrum of business areas who are assigned a project by a Group executive, to whom they subsequently report. In 2002, 107 young executives took part in the programme. New hires from France's top schools are tracked by a special-purpose Human Resources team, to ensure succession planning and to further the careers of young talent.

Seminars are organised for these young executives, to present the Group's divisions and functions. June 2002 saw the launch of *European Integration Forum*. Targeted at experienced senior executives recently recruited in Europe, the seminar is aimed at fostering knowledge about the Group and weaving cross-business links. There were 95 participants in total, from 15 different countries. Other training programmes were also set up in 2002 to fine-tune skills in new business areas, such as telephone advisers working for the multimedia platforms of the Client Relations Centre of French Retail Banking. The Group continued to encourage professional training, with over 1,220 employees taking up a two-year university-level bank training programme – the Brevet Professionnel or BTS banking qualification – and more than 280 enrolling at the *Institut Technique de Banque*. The e-learning module was also stepped up, especially for English language learning. Over the year, 6,000 employees used this new training medium. The various e-learning programmes currently on offer represent 1,100 hours' worth of training.

Job attraction

In 2002, BNP Paribas France received 125,000 applications for permanent positions, of which 66,000 were on-line. Over 27,000 candidates were interviewed.



BNP PARIBAS LONDON

Recruitment policy

The Group's recruitment policy is proactive and forward-looking, with three goals in mind: meeting staffing needs for business expansion, leveraging productivity gains, and ensuring that the skill-base is renewed.

In 2002, some 4,000 people were recruited on long-term contracts in France, including approximately 3,000 new hires at BNP Paribas SA. Over 2,200 of these recruits joined French Retail Banking. Conversely, the Group's financing businesses put the brakes on hiring from the second quarter of the year, in view of the weak markets. At the same time, however, over 2,000 work experience contracts were signed for one- and two-year periods.

Teams are regenerated at BNP Paribas SA France via natural attrition and voluntary departures, undertaken in connection with the Redeployment Plan. This plan is targeted at employees who have a business project or want to start up or take over a company. Since the current plan was launched in August 2000, 2.5 jobs per project have been created on average, including the employee with the original business idea.

Employee share ownership and employee savings

Between 21 May and 6 June 2002, BNP Paribas launched its third worldwide employee rights issue, which proved just as successful as the previous ones. The 2002 issue, amounting to EUR 322 million, was launched in France and 65 other countries around the globe. A total of 61,000 eligible employees and retirees subscribed, representing a take-up rate of 60%. French staff accounted for 75% of subscribers.

Employee rights issue

	2000	2001	2002
Subscribers	56,794	52,428	60,914
Amounts subscribed in millions of euros	314	266	322

BNP Paribas actively encourages employee share ownership, promoting a high take-up rate among lower paid employees and offering motivating match funding. In 2003, a socially responsible fund will be added to the investment options available under the BNP Paribas Employee Savings Plan. These will be selected from the range of mutual funds managed by BNP Paribas Asset Management and which are approved by the *Commission des Opérations de Bourse* (French stock market authorities).

This reflects the Group's commitment to sustainable development.

In total, more than 65,000 employees had EUR 1.7 billion invested in the Group's employee share ownership plans as of 31 December 2002, of which EUR 1.4 billion was invested in BNP Paribas shares.

BNP Paribas also implements a selective stock option policy and is gradually broadening the number of grantees, in phase with the strategic guidelines set by the Board of Directors. Including the latest plan set up in May 2002, over 3,000 employees have been granted stock options since the Group was founded.

Employee-employer relations

Communicating regularly with employees continued to be a priority in 2002. Discussions take place both at a national and local level, to ensure that the operating context is fully taken into consideration. Efforts have also been made to adapt operating structures, with several agreements being signed in connection with night shifts, staff representative procedures, and incentive plans and profit sharing. These steps round off numerous measures that have been phased in since the Group was founded, bringing the number of company agreements signed between 2000 and 2002 to a total of 36.

Internal communications

Over 90% of BNP Paribas employees read *Ambitions* – the Group's quarterly in-house magazine published on paper and posted on the Intranet – as well as *Flash*, a weekly update also posted on the Intranet. The Group's Human Resources websites, which can be accessed by all BNP Paribas employees, have a high hit rate, with BNP Paribas Group and BNP Paribas SA scoring a monthly average of over 10,000 and 7,000 hits respectively. In 2003, the Group's HR Intranet sites will be combined into one portal called Business to Employee. The underlying aim is to have a single entry point in order to broaden staff's visibility of – and access to – the full array of HR services. The plan is to later develop interfaces with workflow tools to simplify processes and procedures, with the twin goals of trimming HR administrative expenses and enhancing employee satisfaction.

Giving a boost to staff ventures

In a bid to promote community as well as corporate responsibility among the Group's employees, *BNP Paribas Fondation* has experimentally launched a programme designed to support staff in their extra curricular voluntary commitments. Under this programme, where a BNP Paribas employee is actively and personally involved in an association, provided the association has existed for at least two years, it can apply for financial support for a community healthcare or assistance project for children or adolescents, undertaken to help combat suffering, social exclusion and disability. The foundation studies applications for funding and submits selected projects to the Corporate Sponsorship Committee for approval.

Regional heritage

When I first came to Madrid what struck me most was the regional spirit still very much alive in Spain. Over and above their national pride, people are very attached to their local traditions particularly in the Basque country, Catalonia, Galicia, and Andalusia. In Barcelona, for example, things are for the most part written in Catalan and people are surprised that you don't speak the same language as them. The city has a highly respected newspaper *La Vanguardia*, which is printed primarily in Catalan, but found throughout the rest of the country in castilian. When people from Catalonia or Galicia are interviewed on television, they are sometimes subtitled in castilian. This is so different from Australia, which despite its size is a young mixed multicultural society, that has not been subjected to the historical events and influences which have shaped the borders and traditions of Spain.

The Spanish Clock

The Spanish pace of life is hard to get used to on arrival in the country. In Madrid, nobody eats before 10 o'clock at night, and the evening often goes on into the early hours. In many parts of Spain people still break up their day with a siesta and with good reason. In Summer the midday heat is so unbearable that you can't go outside in the street; in the south of the country, temperatures can get as high as 45 °C. As a result, most businesses wind down for the afternoon and things only really get going again in the early evening.



INFORMATION TECHNOLOGY
AND OPERATIONS



Danny an Australian in Madrid



Savings in energy and fluids consumption

Several measures have been undertaken:

- use of motion-sensitive lights;
- gradual replacement of evaporative air-conditioning systems by dry air systems. These consume less drinking water and reduce the risk of Legionnaire's disease connected with evaporative systems;
- installation of centralised energy management systems during renovation of BNP Paribas premises, thus helping to optimise energy flows and reduce energy consumption;
- elimination of internally-produced electricity from thermal generators, as part of the *Effacement Jour de Pointe (EJP)* programme – a nationwide scheme in France to reduce electricity consumption. As stipulated under the French Clean Air Act, self-generating electricity is prohibited in Central Paris. BNP Paribas has extended the ban to its inner suburb premises.

The same environmental approach is adopted towards processing waste. For instance, paper and cardboard are systematically recycled at the document storage centre in Saran.

In France, when new computers are installed at central sites and processing centres, the old terminals are sold to specialised firms that restore and sell them, sell the spare parts, or destroy the computers and reclaim the precious metals.

It is particularly difficult for service companies to measure other types of pollution, such as greenhouse gases – a subject that is much debated by environmental specialists.

BNP Paribas has agreed to take part in a carbon emissions test undertaken by the *Agence de L'Environnement et de la Maîtrise de l'Énergie (Ademe)*, the French environmental protection agency, with a view to encouraging a consistent approach to monitoring the impact of these emissions on a broad geographic scale. This will help to assess the environmental impact of the sites where the Group conducts operations.

When selecting office supplies, the Global Procurement Group carefully takes into consideration the product's life cycle.

Environment

BNP Paribas has always kept a close eye on protecting the surroundings in which it operates. In line with this, the Group actively monitors any direct environmental impacts or indirect risks that may be incurred through certain types of financing.

Monitoring direct environmental impacts

The running of buildings used for Group operations has been traditionally based on cost containment. This is now being gradually enriched by systematically measuring energy and fluids consumption. Group handbooks have also been drawn up setting out guidelines on these measurements.

Incorporating environmental protection into credit risk control

Environmental protection is factored into the Group's general credit policy, and specific guidelines are provided for business lines that are particularly affected, such as project finance. In this sphere, clear criteria are set, which the counterparties must meet. Environmental lawyers draw up corresponding contractual clauses in financing contracts, requiring undertakings by the borrower to comply with applicable legislation.

Specific products and services

For many years, the Group has been working on financing packages for co-generation power plants in association with Natio Energie and Parifergie, BNP Paribas' two companies that finance purchases of energy-saving and environmental protection equipment. Several large-scale projects were carried out in this area in 2002. Lastly, BNP Paribas is active in developing the energy trading hubs that are currently being set up in Europe, including electricity exchanges, emission licenses and emission reduction certificates. The Group is also one of the founding shareholders of Powernext – France's electricity Bourse – and is also a founding member of OMEL, the Spanish electricity exchange.

Wastewater treatment in The Hague

BNP Paribas has become a world leader in financing major infrastructure projects dedicated to environmental protection. In 2002, Vivendi Environnement and its Dutch partners won the contract for wastewater treatment in The Hague (the Netherlands). The project's total outlay is EUR 350 million, with treatment capacity for 1.6 million inhabitants.

BNP Paribas acted as financial adviser to the consortium and was responsible for the financial engineering aspects, which proved key to the project's success.

The contract is the largest wastewater treatment BOT (Build, Operate, Transfer) programme in Europe. It entails upgrading an existing facility and building a new plant, as well as operating and maintaining the whole outfit for 30 years.

Office supplies: two textbook examples

- In France, the Group's photocopier suppliers are selected based on the condition that 90% of toner cartridges can be recycled.
- In North America, the main local supplier is also a paper manufacturer, and has undertaken to use fully recyclable paper and is setting up a reforestation plan.



Client and Supplier Relations

A strict code of ethics

BNP Paribas has Group-wide rules of conduct relating to employee relations with clients and suppliers. These rules reflect the Group's strict ethics code and apply to bids, consultations, gifts, invitations and possible conflict of interests.

Sharper client focus

At BNP Paribas, client relationship management is grounded in service excellence, expert advice, product quality and the ability to respond in real time to the daily needs of people who use retail, Internet and self-service banking facilities.

The French Retail Banking division has set up a Quality and Client Relationship Department aimed at enhancing awareness of and response to client needs. This entailed developing complaints management tools, revamping the

system for processing complaints, and hiring CRM specialists to track service quality and hone client needs analyses.

This new set-up is a clear demonstration of BNP Paribas' commitment to ensuring that clients and their representatives are put in contact with a person who is competent to deal with their complaints and who does so in a highly professional manner.

Another key aspect of client relationship management is the Retail Banking network's use of quality indicators. Including client satisfaction surveys, quality surveys and "mystery visits"* , these indicators are designed to help adapt the operating structure to new expectations regarding products and service quality. They also pinpoint potential deficiencies and enable corrective action to be undertaken if necessary.

The above efforts have enhanced client relationship management. They will help not only to boost client retention but also to increase the Bank's client base.

** Under cover visits to sales points to check service quality.*

Role of the Mediator

BNP Paribas has appointed a Mediator – an independent position held by an external person approved by consumer rights groups, offering clients another channel for putting forward any claims they may have against the Bank. The Mediator ensures that claims are dealt with objectively and commits the Bank to finding a concrete solution in a set timeframe, laid down in the BNP Paribas Mediation Charter. Since 14 December 2002, all French banks are legally obliged to appoint a Mediator, in accordance with the Murcef Act. BNP Paribas has decided to do more than just comply with the letter of the law, however, by agreeing to be bound by the mediator's recommendations.



Quality programmes: methods and results

In a bid to measure internal and external satisfaction rates more systematically, the Group launched the *Processus d'Amélioration des Relations Internes* programme in 2002 and crafted target business process models by using integrated systems architecture methodology.

Training courses were fleshed out on a number of quality issues, such as raising staff awareness about client needs, quality project management, quality tools and methods, ISO certification and quality audits. In addition, each business division and group function has now been given a quality management reporting package.

Meanwhile, BNP Paribas continued to launch ISO certification programmes. As of 31 December 2002, 43 processes were ISO-certified, of which 30 are in France and 13 outside France. There are currently several other certification programmes under way.

Promoting socially responsible investing

2002 was a year of focus on socially responsible investing, as reflected in the move to set up a unit dedicated to applying a variety of corporate governance and environmental screens, headed by a specialist in the field. Partnership agreements were signed with Derminor on corporate governance issues and Innovest on environmental matters, rounding off the agreements concluded with Arese-Vigeo.

The set of corporate governance and environmental criteria used by BNP Paribas Asset Management to screen companies and industries sheds light on sustainable development risks and opportunities in a wide spectrum of areas, ranging from managing human capital to climate change, and serves as a valuable complement to traditional financial analyses. The primary aim of this screening process is to identify new sources that might create – or, conversely, destroy – shareholder value in companies that make up this selected investment universe.

BNP Éthéis

May 2002 saw the launch of BNP Éthéis – a socially responsible European equity fund which is eligible for inclusion in PEA personal equity portfolios. According to Europerformance, this fund is already ranked 3rd in its category in terms of assets.

(source: Europerformance).

At BNP Paribas Asset Management, shareholder activism – such as exercising voting rights at Annual General Meetings, for example – also plays an integral role in portfolio management, for it is through this that companies can be urged to adopt best practices in corporate governance. Resolutions put to shareholders at AGMs are also carefully assessed in terms of their impact on society and the environment.

During the year, a broad range of socially responsible employee savings plans was launched, comprising six mutual funds of which two are micro-finance funds. This offer is tailored to employees' investment horizons and risk profiles, and will be proposed to companies as of 2003.

Spearheading worldwide supplier relations

The Global Procurement Group (GPG) is dedicated not only to containing external purchasing costs and ensuring that BNP Paribas obtains the best terms and conditions of purchase, but also to monitoring supplier compliance with the Group's sustainable development principles.

When selecting suppliers, GPG pays particular attention to their social and environmental practices. A special clause to this effect has been included in standard supplier contracts, which stipulates that suppliers must respect measures laid down by the International Labour Organisation and that they implement a strict environmental policy from the product design stage right through to the packaging phase. In addition, they are required to undertake action plans at each of their sites in order to reduce the risk of accidents, cut down on water and energy consumption, manage waste and emissions, restrict noise and odours, and ensure that the site blends with the surrounding environment.

Thanks to a worldwide database set up by GPG, all external spending over EUR 1 million can be tracked, representing 85% of the Group's purchasing costs. This base is being interfaced with local accounting systems and already covers 45% of the Group's targeted expenditure.



Vassili a Russian in Greece



DIRECTOR - CETELEM, ATHENS



“Help-Help” rather than “Win-Win”

The concept of joint success (Win-Win), which works well in business in the United States and Western Europe, isn't part of Greek mentality. If I try to persuade a customer by showing him figures to back up my reasoning, I stand little chance of success. However, negotiations based on the notion of mutual support will be much more likely to bear fruit.

The Baptism of the Office

On arrival in Athens, I was somewhat surprised to see the Greeks making the sign of the cross on the underground when the tube passed beneath a religious building. Respect for the church doesn't end with this simple sign of devotion. Anything new that is considered “important” must be baptised by a priest, such as a new apartment, a new building, or the start of a new project for a company. Eager to respect this tradition, I decided to have the Cetelem offices baptised, when we opened for business in Athens.

Patronage

Deep roots in the local economy

BNP Paribas' local retail banking networks make a significant contribution to Group revenues and it is therefore natural for the Group to set down deep roots in local economies and communities in the countries where it has operations.

The subsidiaries and branches in these countries establish close relations with local communities, by joining discussion forums and establishing a wide variety of agreements and partnerships. For example, the French Retail Banking network has set up over 600 partnerships, mainly with educational establishments.

BNP Paribas' community involvement has long revolved around a policy of sponsoring, based on the concept of partnerships.

Micro-loans: the partnership with Adie

Micro loans are usually targeted at people with no revenues and who are seeking to get back into the world of employment. These loans do not, therefore, meet the risk management and profitability criteria of retail banking branches.

That is why BNP Paribas signed a benchmark partnership with the *Association pour le Droit à l'Initiative Économique (Adie)*, set up in 1988 by Maria Nowak. This association finances and partners the unemployed and underprivileged who wish to set up or expand a business, but who are not entitled to a traditional bank loan.

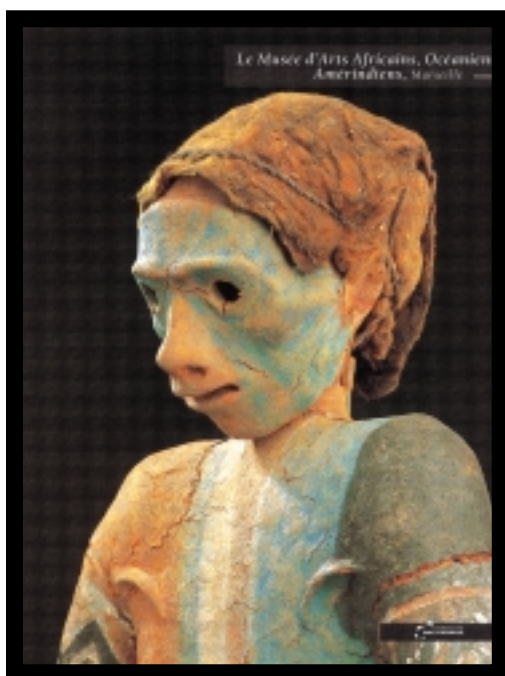
In 2002, the prevailing type of support provided by BNP Paribas, in the form of subordinated loans and grants, took a different, innovative turn.

Under a pioneering agreement signed with Adie, *BNP Paribas Épargne Entreprise* undertook to grant micro loans funded by employee savings. Adie will form part of the Multipar microfinance fund, which will enable the association to strengthen its capital base and meet an ever-increasing demand for micro loans.

Fondation BNP Paribas, a committed and imaginative patron

As a leading player in the economy, BNP Paribas has long been involved in patronage activities that underscore the Group's commitment to making a positive and proactive contribution to cultural and social life. Fondation BNP Paribas gives new expression to the Group's core values of commitment, ambition, creativity and responsiveness.

The Foundation's hallmark is the way in which it helps those who receive funding on a daily basis. Catering for the personality and ambitions of each individual, the Foundation provides not only time, advice and on-the-spot assistance, but also logistical resources and access to the BNP Paribas



This museum of bygone art contains masterpieces from three continents and is housed in the Vieille Charité, built under the supervision of 17th-Century French architect Pierre Puget as a shelter for the homeless and orphans. Most of the artworks are a testament to long-lost cultures and are mainly from collections owned by Pierre Guerre, Professor Gastaut, film-maker François Reichenbach and Marseilles Chamber of Commerce and Industry, as well as from purchases and substantial donations by leading art dealers and collectors.

The album of the Museum of African, Oceanian and Amerindian arts in Marseilles was published in commemoration of the museum's tenth anniversary.

worldwide network of contacts. What sets the Foundation apart is its deep understanding of the needs of its partners.

The Fondation BNP Paribas offers long-term commitment. Its partnerships last on average five years, shorter in the case of promoting talent or a project, longer in the case of continuing support for an institution.

Through the projects and partnerships supported in 2002, the Fondation BNP Paribas worked to:

- preserve and promote awareness of artistic and musical heritages;
- encourage artistic expression, support creativity and promote the French language;
- assist leading-edge medical research and combat various forms of social exclusion.

Committed support for museums

In 2002, the Foundation supported eight regional museums via two programmes specially set up for this purpose.

First through the BNP Paribas pour l'Art scheme, carried out in close co-operation with the Museums of France governmental department and the *Centre de Recherche et de Restauration*, whereby the Fondation contributed to restoring an outstanding collection of artworks housed in six museums, in Épinal, Avignon, Angers, Poitiers, Nimes and Cateau-Cambrésis.

Secondly, the Foundation sponsored two works published in French and English, through the collection of books entitled *Musées et Monuments de France*, whose publication was launched at Fondation BNP Paribas' initiative in 1986. One of the works is devoted to the Museum of Fine Arts in Reims, and the other to the Museum of African, Oceanian and Amerindian art in Marseilles.

La Maison – a standard-setter in end-of-life care

In 2002, the Fondation BNP Paribas decided to lend its support to *La Maison*, a palliative care centre set up in 1994 by Dr. Jean-Marc La Piana

in Gardanne, France. The high quality nursing skills provided at *La Maison*, located near Marseilles and Aix-en-Provence, are the product not only of expertise but also of a desire to make the final journey of the terminally ill as dignified and comfortable as possible and to offer support to their loved ones. Often quoted as a standard-setter for its approach to end-of-life care, *La Maison* is an open window on the world and life in general.

Déclic – giving talented musicians a career boost

Founded under the initiative of Afaa (*Association française d'action artistique*) and Radio France, the Déclic scheme – partnered by Fondation BNP Paribas – is aimed at enabling young French soloists and chamber musicians to take part in major international competitions. Winning participants (about 20 every year) subsequently receive funding from the scheme to help them develop their musical careers.

A concert is given on Radio France and is recorded on CD. The recording is sold to radio programmes, agents, music publishers and the media and, in combination with campaigns organised by Afaa's networks, help promote international tours organised in conjunction with the foreign services of the French Department of Cultural Affairs.

The Déclic scheme rounds off the partnerships already struck up between the Foundation and young musicians, such as the Marguerite Long and Jacques Thibaud international competition.



The Déclic scheme was set up in 1996 by Gaëlle Chiche and Francisco Bernier, two outstanding guitarists who have won around twenty international competitions, including first prize both in the Alessandria competition and in the Savona international competition held in Italy. The duo performed on numerous stages in 2002.

BNP Paribas Switzerland

- Creation of BNP Paribas Switzerland Foundation
- The Foundation was actively involved in both cultural schemes and a special "art therapy" programme for children suffering from illness. The programme is designed to alleviate children's fears during their time in hospital.

BNP Paribas London

- Numerous imaginative fund-raising initiatives carried out by BNP Paribas staff
- 27 employees took part in a programme to teach reading and arithmetic to local disadvantaged children.

Local initiatives

In addition to the initiatives undertaken directly by Fondation BNP Paribas, the Group sponsors a wide range of local events.

BNP Paribas Brazil

- Creation of BNP Paribas Brazil Foundation
- Community sponsorship scheme set up in Pocoré – a town in Mato Grosso – devoted to education and helping children.

BNP Paribas India

The Group has "adopted" the village of Bhadji, following the earthquake that struck the state of Gujerat. The local school has now been rebuilt thanks to donations from BNP Paribas staff and the Group itself.



5



Raising a toast

Raising a toast to seal a contract is a strong tradition in Russia, and in order to continue one's professional relationship with a client, it is often important to go through with such a ritual. Russians have an unrivalled range of vodkas. This grain-based alcohol is usually drunk neat, in small glasses, during the meal. Throwing a glass over the right shoulder so that it shatters on the ground is often associated with such a ritual, but unfortunately in reality, this is only practised at Weddings. At such events, it is not only the tradition of breaking the glass that brings good luck, but equally to drink vodka from the shoe of the Bride.

Dimitri

from Switzerland
to Russia



The cold

The biting cold and wintry weather are part and parcel of daily life for Muscovites and indeed, most Russians. Temperatures can drop to minus 35 °C, and living in such a cold climate means having to adapt. It's practically impossible to venture outdoors in January and February without wrapping up in several layers first. At BNP Paribas Moscow, as in many public institutions, there is a specially equipped cloakroom, where employees spend several minutes taking off their fur coats, boots, gloves and hats before starting their working day.



ECEP MOSCOW - SENIOR ASSISTANT VICE-PRESIDENT

NRE APPENDICES

NRE Act – Social chapter –

Article 1 of decree n°2002-221

of 20 February 2002 in

application of article

L.225-102-1 of the Commercial Code

BNP Paribas SA in France

Total number of employees including fixed-term contract employees	At 31 December 2002 the total number of full time equivalent employees (FTE) working for BNP Paribas SA in France was 38,497, including 311 on fixed-term contracts.
Number of new permanent and fixed-term contract employees	In 2002, 4,176 FTE were recruited, including 2,471 under permanent contracts and 1,192 under fixed-term contracts, 513 of which were converted into permanent contracts.
Recruitment difficulties	A major recruitment drive was undertaken as part of the creation of the multi-channel bank to attract graduates to work in the customer service call centres. The banking profession was affected by the shortage of such profiles.
Number of dismissals	In 2002, 191 employees were dismissed.
Reasons for dismissals	In 2002, the reasons for dismissals were as follows: - dismissal during the trial period - professional shortcomings
Number of hours overtime	<i>See April 2003 Social Report</i>
Temporary staff	Payments made to temporary staff agencies amounted to EUR 10.99 million in 2002
Information relating to headcount adjustments and employee retention, redeployment, and advice for finding new positions	<i>See Annual Report – Human Resources – Managing employment levels. Two specialist firms advise employees who leave the Bank. During 2002, 316 employees left BNP Paribas SA following headcount adjustments. Every year a report is circulated to employee representatives providing statistics on implementation of the Three-Year Headcount Adjustment Plan.</i>
Working hours	For a full time employee the working week is 35 hours. Employees can choose to work 90, 80, 60, 50 or 40% of the legal working week.
Working week for full time employees	The French working week for a full time employee is generally considered to be 35 hours.
Working week for part time employees	Over 13% of employees work part time. The average working week for part time employees is 72% of the average working week.
Absenteeism	<i>See April 2003 Social Report</i>
Reasons for absenteeism	Reasons for absenteeism in the company break down into two categories: - Short-term sick leave (1 to 15 days) generally due to infectious illnesses, particularly in winter such as coughs and sore throats; physical trauma (falls); and psychological illnesses which are often recurrent due to depression, fatigue and stress. - Long-term sick leave is due to the most common diseases in France: cardio-vascular disease among the over-50s; cancer among the over-45s; road accidents on the way to and from work; advanced psychopathological illness such as severe depression or other psychiatric illnesses.
Remuneration	<i>See the April 2003 Social Report</i>
Payroll expenses	The following information is provisional: - payroll expenses (employer contributions social security and unemployment): EUR 553,6 million; - pensions (employer contributions) EUR 192,6 million. representing a total of EUR 746,2 million.
Application of the laws of Titre IV Livre IV of the Labour Code (Incentive plans and profit sharing)	For BNP Paribas SA, employee savings plans represent EUR 1.2 billion at 31 December 2002, including EUR 950 million related to employee share ownership plans, and concern over 44,000 beneficiaries (current and retired employees). At Group level, these plans represent over EUR 1.7 billion at December 31, 2002, including EUR 1.4 billion related to employee share ownership plans, and concern over 65,000 beneficiaries.

NRE APPENDICES (cont'd)

NRE Act – Social chapter –

Article 1 of decree n°2002-221

of 20 February 2002 in

BNP Paribas SA in France

application of article

L.225-102-1 of the Commercial Code

The breakdown between women and men is as follows:

- Men: 18,339

- Women: 20,158

Recruitments, including fixed-term contracts converted to permanent contracts are as follows:

- Men: 1,569

- Women: 2,607

See Annual Report – Human Resources – Employee-management communication.

See April 2003 Social Report

Health and safety programmes at BNP Paribas concern the following:

- Psychological and post-traumatic assistance for staff who hear or witness attacks;

- Legionnaire's disease information and monitoring programmes, including procedures to be followed in the event of contamination of air-conditioning systems and informing maintenance personnel of the risks incurred;

- Preparing a single document in consultation with the heads of the health and safety committees and the head of security which includes an assessment of risks and preventive measures;

- Information programmes and procedures to be followed in the case of bio terrorism i.e. the problem of powder in mail.

These measures also concern the following:

- Monitoring hygiene in the company restaurant, including staff training, and periodic bacteriological testing of foodstuffs;

- A study of the physical and mental effects of work stations, conducted with the assistance of the appropriate entities;

- A study of the emerging risks affecting call centre staff, conducted jointly with Institut National de Recherche et de Sécurité and Caisse d'Assurance Maladie;

- Management of expatriate healthcare by setting up individual medical check-ups in the light of the health risks in certain countries.

Information on public health issues and detection programmes (smoking, chronic back pain, sleep disorders, and stress management

See Annual Report – Human Resources – Skills development. See April 2003 Social Report

BNP Paribas works with a centre set up to help the handicapped, offering work in the areas of garden maintenance and desk-top publishing.

See the April 2003 Social Report

See the April 2003 Social Report

The Bank facilitates local economic development through its branch network by financing and assisting its clients.

If the Bank is obliged to close a site, the employees concerned are offered alternative employment within the organisation, tailored as far as possible to their wishes.

See Annual Report – Human Resources – Managing employment levels

NRE APPENDICES (cont'd)

NRE Act

Article 2 of decree n° 2002-221
of 20 February 2002
in application of article
L 225-102-1 of the Commercial Code

BNP Paribas SA in France

Relations with the community including: associations to combat social exclusion educational establishments, amenity and consumer associations, and local residents.

The Bank's relations with the education sector are primarily developed through opportunities for apprenticeships and work experience. Each year, we recruit students who wish to undertake vocational training (BTS) and study at the same time. The Bank works in partnership with Greta adult education centres throughout France, with programmes coordinated by Greta TOP, Paris Bessières, or by CFBP (the banking skills training centre) for vocational training. In 2002, BNP Paribas recruited 434 students under apprenticeship contracts. Since 1990, l'Association pour le Droit à l'Initiative Économique (Adie) has been providing micro-finance to the unemployed and people on income support to set up their own business. BNP Paribas and Adie entered into an agreement in 2001 leading to 800 micro-loans totalling EUR 2 million being granted between 2001 and 2002. In September 2002, BNP Paribas Épargne Entreprise set up the Multipar Solidaire micro-fund, which will invest in Adie and other similar organisations. This partnership also extends to staff: current and retired BNP Paribas employees give up their free time to support Adie's activities. BNP Paribas has signed a partnership agreement with Ernst & Young to organise meetings on topics of interest for not-for-profit organisations. The network of local banks in France has forged partnerships with over 600 associations and educational establishments, based on formal and informal agreements.

Outsourcing and the Bank's policy with subcontractors; steps to ensure that subsidiaries comply with International Labour Organisation standards.
Steps taken by foreign subsidiaries to address the impact of their business on regional development and the local community.

The Global Procurement Group (GPG) manages all procurement contracts in excess of EUR 1 million. GPG does business only with suppliers who commit to complying with the standards set by the International Labour Organisation (ILO), notably regarding child labour, trade union rights, collective bargaining, forced labour, equal opportunities, working hours, and the minimum wage. Suppliers are expected to do their utmost to ensure that ILO standards are also applied by their own suppliers and subcontractors. These standards are detailed in the contracts. Beyond the minimum requirement of adhering to the standards set by the ILO, the Group has drawn up human resources policy guidelines, setting out the Bank's corporate values and human resources management principles. Available for consultation on the Bank's intranet, these guidelines are designed to guarantee application of the highest standards throughout the world. The Group Human Resources Charter distributed to HR teams at all of the Group units in France and internationally, sets out the main principles underlying the Group's human resources policy. These include active career management, supported by regular training; competitive performance-related pay schemes, variable pay and employee share ownership systems; management internationalisation; the creation of forums for regular exchanges between management and employees; and high quality working conditions. These principles apply to the Group as a whole as well as to each individual subsidiary. The internal audit teams are responsible for ensuring that Group human resources policies and procedures are complied with.

NRE APPENDICES (cont'd)

NRE Act

Article 2 of decree n° 2002-221
of 20 February 2002
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L 225-102-1 of the Commercial Code

BNP Paribas SA in France

1	Water consumption	Drinking water: 334,503 m ³ Cooled water (air conditioning) 15.1 GWh, Only concerns buildings in Paris and the immediate suburbs, i.e. 600,000 sq.m. out of 1.95 million sq.m. occupied by BNP Paribas SA en France.
2	Raw material consumption	800,000 reams of paper
3	Energy consumption	Electricity 210 Gwh for BNP Paribas SA in France; Steam 22,671 tonnes Gas 6,9 Gwh Steam and gas consumption: for the same buildings as in 1 above.
4	Measures taken to improve energy efficiency	Ending self-production of electricity in Paris and the immediate suburbs. Installing centralised technical management systems which optimise energy flows in Metropolitan France.
5	Use of renewable energy sources	None.
6	Soil pollution	Not material, due to the nature of the business.
7	Atmospheric emissions of air, water and soil	No measurements available. Project to test carbon emissions to be launched with Ademe in 2003.
8	Noise and odour pollution	Not material, due to the nature of the business.
9	Waste processing	1,433 metric tons of paper and cardboard recycled by the Saran Centre. Supplier selection based in part on their commitment to reprocessing and recovering materials at the end of the cycle, and respecting the environment (printer cartridges, IT products, ATM, printing materials, electric and optical fibre cables, batteries, fluorescent tubes, environmentally-friendly office supplies).
10	Measures taken to avoid upsetting the biological balance	Sealing waste during asbestos elimination. Installing "dry" air conditioning systems. Ending self-production of electricity in Paris and the immediate suburbs Environmentally-friendly office supplies, photocopier supplier chosen based on commitment to recycling printer cartridges. Installing centralised technical management systems which optimise energy flows. The park at the Louveciennes training centre managed under an agreement with the French Bird Protection League (LPO).

NRE APPENDICES (cont'd)

NRE Act

Article 2 of decree n° 2002-221

of 20 February 2002

in application of article

L 225-102-1 of the Commercial Code

BNP Paribas SA in France

11 Measures taken to ensure compliance with legal requirements	The Facilities Management Department is responsible for preparing guidelines to ensure that energy management systems comply with regulations applicable in France and abroad.
13 Internal department for environmental management	Environmental management is integrated in business processes. No specific department.
14 Environmental training and information programs for employees	No specific training, due to the nature of the business.
15 Methods used to reduce the risks for the environment	Group Risk Management is responsible for managing all risks. No specific data is kept on environmental protection measures due to the nature of the business.
16 Structures to deal with pollution caused by the company to the surrounding environment	No specific structures, due to the nature of the business.
17 Amount of provisions and guarantees covering environmental risks	None.
18 Amount of compensation paid following legal decisions relating to the environment	None.
19 Environmental objectives set for foreign subsidiaries (points 1 to16)	Business lines ensure that Group guidelines are complied with throughout the organisation, in France and internationally.

GLOSSARY

Accretion	Reverse of dilution. Accretion is where a corporate action (share buyback or issue of shares in a smaller proportion than the increase in income following a merger or public tender offer, for example) leads to an increase in earnings per share.
ADR: American Depositary Receipt	Negotiable certificates representing one or several shares. Their face value is stated in dollars and interest is also payable in dollars. ADRs allow American investors to buy shares in foreign-based companies that are not quoted on an American Stock Exchange.
Arbitrage	Activity that consists of attempting to profit by price differences on the same or similar financial assets. For example, in the case of a takeover bid, where the predator offers a price that exceeds the price at which the target's shares are trading.
Attribution right	Right to receive bonus shares issued in connection with a capital increase paid up by capitalising retained earnings. Attribution rights are quoted.
Avoir fiscal	Dividend tax credit available to individual shareholders resident in France on the dividends distributed by French companies. The purpose of the tax credit is to avoid double taxation of distributed earnings, in the hands of the company and the shareholder. The avoir fiscal granted to individual shareholders resident in France is equal to one half of the net dividend. It is deductible from personal income tax. If the avoir fiscal cannot be set off against taxable income it is refunded by the French Treasury.
B2B or BtoB	Business to Business : sales of products or services by one company to another.
B2C or BtoC	Business to Consumer: sales of products or services by a company to a consumer.
B2E portal	Intranet site for Group employees. The home page includes a browser, links to services and a wealth of information concerning the various functions within the Group, practical information for employees and career information.
Back office	Department responsible for all administrative processing.
Bond/debenture	Debt security whereby the issuer undertakes to pay the lender a fixed capital sum at a specific future date, plus twice-yearly or annual interest payments. Interest payments - generally at fixed rates - may vary over the life of the bond. Debentures are unsecured bonds.
Capital	Amount of cash or assets contributed by shareholders, plus any profits, retained earnings or premiums transferred to the capital account. The capital may be increased or reduced during the life of the company.
Capital increase	A method of increasing a company's shareholders' equity. The capital may be increased by issuing new shares for cash or in exchange for assets, such as shares in another company. Alternatively, it may be increased by capitalising additional paid-in capital, retained earnings or profits and either raising the par value of existing shares or issuing new shares without consideration. Existing shareholders may have a pre-emptive right to subscribe for the new shares or this right may be cancelled. A capital increase may be carried out to give new investors an opportunity to become shareholders. All capital increases must be authorised in advance by the shareholders, in Extraordinary General Meeting.
Cash flow	Cash generated by operations that can be used to finance investment without raising equity or debt capital.
CECEI	Comité des Établissements de Crédit et des Entreprises d'Investissement: committee headed by the Governor of the Banque de France responsible for monitoring the proper operation of the French financial and banking system.

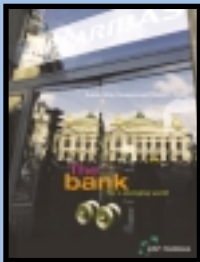
CIB	Corporate and Investment Banking, one of the BNP Paribas Group's core businesses.
CMF (Conseil des Marchés Financiers)	French organisation responsible for regulating the stock market and other financial markets. The CMF establishes the rules governing the operation of the market and the code of ethics to be adhered to by market operators. It also initiates disciplinary measures against market operators that breach its regulations or the other securities laws and regulations.
COB (Commission des Opérations de Bourse)	French securities exchange commission established in 1967. The COB is responsible for ensuring that funds invested in listed securities are adequately protected, for overseeing all financial markets in France and proposing measures to improve market efficiency.
Comité Consultatif des Actionnaires	Shareholder Consultation Committee. A group of individual shareholders selected to advise the company on its communications targeted at individual shareholders. The BNP Paribas Comité Consultatif des Actionnaires was set up in the first half of 2000, at the time of the merger.
Consolidated net income	Net income of the Group after deducting the portion of the profits of subsidiaries attributable to minority shareholders.
Convertible bond	Bond convertible into the issuer's shares on terms set at the time of issue.
Corporate governance	Series of principles and recommendations to be followed by the management of listed companies.
Coupon	The coupon represents the right of the holder of a security to collect an amount corresponding to the revenue distributed on the security for a given year.
Custody fee	Fee received by a bank or broker to hold and service securities recorded in a securities account. Custody fees are payable annually in advance. They are not refunded if the securities are sold during the year, but no fees are payable on securities deposited during the year until the beginning of the next year.
CVR (Contingent Value Rights Certificate)	Financial instrument generally issued in connection with the acquisition of a listed company, guaranteeing the value of the underlying security at a pre-determined date. The CVR entitles the shareholder of the target to receive an amount equal to the positive difference between the offer price and a "reference" price.
Derivatives	Contract whose value is based on the performance of an underlying financial asset, index or other investment, used to hedge or profit from future changes in the value of the underlying.
Dilution	Impact on the rights attached to a share of the issue of securities (in connection with a capital increase, a merger, a stock-for-stock tender offer or the exercise of rights), assuming that there is no change in the total income of the issuer.
Dividend	Portion of net profit that the Annual General Meeting decides to distribute to shareholders. The amount of the dividend is recommended by the Board of Directors. It represents the revenue on the share and the amount can vary from one year to the next depending on the company's results and policy.
EONIA	Euro OverNight Index Average.
EUREX	Frankfurt-based derivatives market.
EURIBOR (EUROpean InterBank Offered Rate)	The most commonly used money market rate in the euro zone.
Euroclear	Formerly Sicovam. Clearing house for securities transactions.

Euronext SA	Company that operates the Paris, Brussels and Amsterdam stock exchanges. Euronext SA establishes market rules, decides to accept or reject listing applications and manages all trading technologies.
FCP (Fonds Commun de Placement)	Fund invested in stocks, bonds and/or money market securities. An FCP is similar to a SICAV, but is not a separate legal entity. FCPs are generally smaller than SICAVs and are easier to manage. They are subject to less restrictive regulations and can be more specialised.
Free Cash Flow	Cash available after financing operations and investments, available to pay down debt.
Gain/loss on securities	Positive/negative difference between the sale price of a security and the purchase price.
Goodwill	Difference between the cost of shares and the Group's equity in the fair value of the underlying net assets.
Hedge funds	Funds that take both long and short positions, use leverage and derivatives and invest in many markets.
IFU (Imprimé Fiscal Unique)	French tax return issued by a bank or broker, listing all the securities transactions carried out on behalf of the taxpayer and all the coupon payments made to the tax payer.
Institutional investor	Financial institution which, by definition or by virtue of its articles of association, is required to hold a certain proportion of its assets in stocks and shares. Examples include insurance companies and pension funds.
IRB	International Retail Banking, one of the BNP Paribas Group's core businesses.
LBO	Leveraged Buy Out. Company acquisition financed primarily by debt. In practice, a holding company is set up to take on the debt used to finance the acquisition of the target. The interest payments due by the holding company are covered by ordinary or exceptional dividends received from the acquired target.
LIFFE	London International Financial Futures and Options Exchange.
Liquidity	Ratio between the volume of shares traded and the total number of shares in issue.
LME	London Metal Exchange.
M & A	Mergers & Acquisitions
Market capitalisation	Value attributed to a company by the stock market. Market capitalisation corresponds to the share price multiplied by the number of shares outstanding.
Market-maker/Market-Making Contract	Market-makers commit to maintaining firm bid and offer prices in a given security by standing ready to buy round lots at publicly-quoted prices. Market-making contracts generally concern mid-cap stocks and are intended to enhance the stocks' liquidity. In France, market-making contracts ("contrats d'animation") are entered into between Euronext, the issuer and a securities dealer.
MONEP (Marché d'Options Négociables de Paris)	Paris traded options market, including Cac 40 index options and equity options.
OAT (Obligation Assimilable du Trésor)	French government bonds.

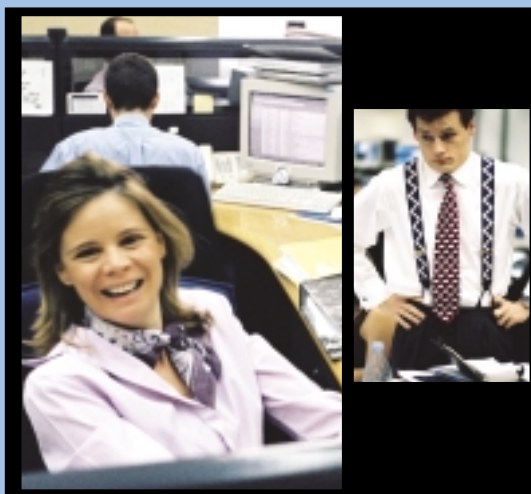
OCEANE (Obligation Convertible En Actions Nouvelles ou Existantes)	Bond convertible for new shares or exchangeable for existing shares of the issuer.
OPA (Offre Publique d'Achat)	French acronym for a public tender offer for cash.
OPE (Offre Publique d'Échange)	French acronym for a public stock-for-stock tender offer.
OPF (Offre à Prix Fixe)	French acronym for a public offering of securities at a set price.
OPR (Offre Publique de Retrait)	French acronym for a compulsory buyout offer (final stage in a squeeze-out).
OPRA (Offre Publique de Rachat d'Actions)	French acronym for an offer to buy out the minority shareholders of a company that is already largely controlled (first stage in a squeeze-out).
Option	Contract giving the buyer the right (but not the obligation), to purchase or sell a security at a future date, at a price fixed when the option is written (exercise price), in exchange for a premium paid when the option is purchased. Options to purchase a security are known as calls and options to sell a security are known as puts.
OPV (Offre Publique de Vente)	French acronym for a public offering of securities at a set price.
ORA (Obligation Remboursable en Actions)	French acronym for equity notes, representing bonds redeemable for shares.
P/E	Price/Earnings ratio. Ratio between the share price and earnings per share. The P/E serves to determine the multiple of earnings per share represented by the share price.
Par value	The par value of a share is the portion of capital represented by the share.
PEA (Plan d'Épargne en Actions)	French name for personal equity plans. Savings products designed to promote private share ownership, invested in shares of companies that have their headquarters in a European Union country or in units in qualifying unit trusts, revenues and capital gains are exempt from personal income tax and capital gains tax provided that the savings are left in the plan for at least five years. Investments in PEAs are capped at EUR 120,000 per individual.
PEE (Plan d'Épargne Entreprise)	French name for employee share ownership plans. Payments into the plan and reinvested interest are exempt from personal income tax provided that they are left in the plan for at least five years (with early withdrawal allowed in certain specific cases). Surrender gains are also exempt from personal income tax.
Pre-emptive subscription rights	When a company issues shares for cash, each shareholder has a pre-emptive right to subscribe for a number of new shares pro rata to the number of shares already held. The right can be traded on the stock market. Companies can ask the General Meeting to cancel shareholders' pre-emptive subscription rights to facilitate certain operations or allow the company to open up its capital to new investors. .
Preference shares	Preference shares are shares that pay dividends at a specified rate and have a preference over ordinary shares in the payment of dividends and the liquidation of assets. They do not carry voting rights.
Price guarantee	When a company acquires control of a listed target, it is required to offer the target's minority shareholders the opportunity to sell their shares at the same price as that received by the sellers of the controlling interest. The offer must remain open for at least fifteen trading days.
Primary market	Market where newly-issued securities are bought and sold

Prime brokerage	Activity consisting of providing a wide range of services to hedge funds, including financing, securities settlement/delivery, custody, securities lending/borrowing, etc.
Public tender offer	Offer to buy shares of a company, usually at a premium above the shares' market price, for cash or securities or a combination of both. Where only a small proportion of the company's shares are traded on the market and the offer is followed by a compulsory buyout, the process is known as a "squeeze-out".
Quorum	General Meetings can take place only if there is a quorum. For Ordinary General Meetings, on first call there is a quorum if the shareholders present and represented hold at least 1/4 of the voting rights. There is no quorum requirement on second call. For Extraordinary General Meetings, the quorum corresponds to 1/3 of the voting rights on first call and 1/4 on second call. For combined meetings, the quorum requirements depend on whether the resolutions are "ordinary" or "extraordinary".
Quotation	The quotation determines the price of a security on the market at a given point in time. Prices are generally quoted on a continuous basis throughout the day (from 9:00 a.m. to 5:30 p.m.), providing a real-time indication of the prices at which the security concerned is changing hands. Continuous quotation allows market players to closely track market trends. Quotations for securities with a low trading volume are made once a day.
Rating/rating agencies	A rating represents an assessment of the default risk on debt securities. The rating awarded to an issuer has a direct impact on the issuer's borrowing costs. Changes in ratings also have a significant impact on the issuer's share price. The main rating agencies are Standard & Poor's, Moody's and Fitch.
RELIT	Euronext Paris settlement-delivery system.
Report	On the Euronext Paris market, transaction allowing an investor to carry forward a buy or sell position from one deferred settlement date to the next.
RFS	Retail Financial Services, one of the BNP Paribas Group's core businesses.
ROE	Return on Equity. Ratio between consolidated net income and consolidated shareholders' equity.
Secondary market	Market where securities are bought and sold subsequent to their issue.
Share	A share is a transferable security representing a portion of the capital of a limited company or a partnership limited by shares. Ownership of shares is evidenced by an entry in the issuer's share register (registered shares) or in a securities account kept in the holder's name by a bank, stockbroker or other accredited intermediary (bearer shares). Shares quoted on the stock exchange are also referred to as "equities".
SICAV (Société d'Investissement à Capital Variable)	Variable capital investment company that manages a portfolio of securities on behalf of its share holders. Shares may be purchased or redeemed at any time. The shares are not listed but their value (corresponding to the company's net asset value per share) varies each day based on changes in the value of the securities held in the portfolio.
SICOVAM	Société Interprofessionnelle pour la Compensation des Valeurs Mobilières, now renamed Euroclear France. Organisation responsible for clearing securities trades, centralising all stock market transactions and facilitating the transfer of securities between member institutions.
SPVT (Spécialiste en Pension des Valeurs du Trésor)	Primary dealer in French government bond repos.

SRD (Service de Règlement Différé)	French market where the main French and foreign equities are traded. Equities or bonds purchased with deferred settlement are purchased on credit. The buyer is required to settle the purchase price and the seller is required to deliver the securities on the next settlement date, unless one or other of the parties asks for the transaction to be carried over the to next settlement date ("report").
Subscription right	Right to participate in a share issue for cash.
TBB (Taux de Base Bancaire)	Interest Base rate.
TMO (Taux Mensuel de rendement des emprunts Obligataires)TPI	Interest rate corresponding to the monthly bond yield. Titre au Porteur Identifiable. Procedure allowing issuers to obtain information about the identity of holders of bearer shares from Euroclear.
Trade Center	Specialised sales force set up by BNP Paribas to partner its corporate customers' international development. The Trade Centers offer importers and exporters a wide range of customised services based on the "one-stop-shopping" principle.
Treasury shares	Shares held by the issuer. Treasury shares are stripped of voting and dividend rights and are not taken into account in the calculation of earnings per share.
TSDI (Titre Subordonné à Durée Indéterminée)	French acronym for perpetual subordinated notes.
TSR	Total Shareholder Return: corresponding to return on the capital invested by shareholders, including dividends and unrealised gains on the shares.
UCITS	Undertaking for Collective Investment in Transferable Securities. Term covering unit trusts and variable capital investment companies.
Voting right	Right of a shareholder to vote in person or by proxy at General Meetings.
Warrant	Certificate issued on a stand-alone basis or strippable from another security (share, bond) giving the holder the right to acquire securities (share, bond). Warrants issued by financial institutions acting as market-maker give the holder the right to purchase (call warrant) or sell (put warrant) various underlyings (interest rate, index, currency, equities) at a fixed exercise price during a fixed exercise period. Although these warrants constitute options, they cannot be sold short.
Work Flow	Process automation technology allowing the sequential transmission of digital documents and files to the various people responsible for processing the data.
Yield	Indicator of the return on an investment, expressed in percent. For shares, the yield corresponds to the ratio between the last dividend paid and the last share price.



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