

**BNP PARIBAS GROUP  
FIRST QUARTER 2000 INCOME :**

**GROSS OPERATING INCOME UP 35% AND 22.4% RISE IN THE  
NET INCOME ATTRIBUTABLE TO THE GROUP**

At its 9 May 2000 meeting, BNP's Board of Directors examined the BNP Paribas Group's performance in the first three months of the year.

**1,348 MILLION EUROS IN NET INCOME ATTRIBUTABLE TO THE GROUP**

The net income attributable to the Group totalled 1,348 million Euros, up 22.4% compared to BNP + Paribas' pro forma net income for the same period in 1999.

The first quarter 2000 benefited from a combination of particularly positive factors, in particular the strength of the economy in Europe and the remarkable activity in global financial markets. In this context, the Group's net banking income (4,235 million Euros) soared 19.7% compared to the BNP + Paribas' pro forma baseline reference for the first quarter 1999.

Operating expenses and depreciation rose 11.5% in part due to the rise in the dollar and in the bonuses linked to the results, and to the Group's development expenses. The Group's cost/income ratio for the first quarter was 60.4% (66.6% for pro forma whole year 1999).

Because of the significant gap between the growth rates in the net banking income and the operating expenses and depreciation, gross operating income was up 35% at 1,679 million Euros.

Due to the currently prevailing highly favourable global economy, expenses related to provisions for the quarter decreased 20.7% compared to 1999, totalling 184 million Euros. Operating income rose 47.7% to 1,495 million Euros.

Income from sales and provisions on capital assets were substantially lower than in the first quarter 1999: 489 million Euros compared to 685 million Euros the preceding year. Income tax expenses remained fairly stable at 518 million Euros, as well as minority interests, at 197 million Euros.

**ALL THE BUSINESS CENTERS HAVE SUBSTANTIALLY CONTRIBUTED TO  
IMPROVING THE PRE-TAX NET INCOME, WITH THE EXCEPTION OF**

## PARIBAS CAPITAL WHICH ACHIEVED SUBSTANTIALLY LESS CAPITAL GAINS THAN IN THE FIRST QUARTER 1999.

The results given below have been calculated based on normalized equity.

### Retail Banking.

#### Domestic Retail Banking.

Domestic Retail Banking's net banking income was up 10.2% to 1,081 million Euros. The banking network in France raised its commissions 22.6% and the capital added value 2.0%.

	<i>In € mn</i>	<i>Change</i>
<b>NBI</b>	<b>1,081</b>	<b>+10.2%</b>
<b>Oper. Expenses</b>	<b>(733)</b>	<b>(+3.4%)</b>
<b>GOI</b>	<b>348</b>	<b>+27.9 %</b>
<b>Provisions</b>	<b>(12)</b>	<b>(-73.9%)</b>
<b>Pre-tax Income</b>	<b>333</b>	<b>+42.3 %</b>

The growth in outstanding savings remained at a sustained level, especially for the products given priority in the commercial policy: net mutual fund assets more than doubled, and outstanding assets grew by 19% compared to the first quarter 1999. New life insurance assets rose 91%

and the corresponding outstanding assets, 15%. The number of stock market orders doubled compared to the first quarter 1999. As average total volume of deposits rose 2.7%, checking and current account balances in French Francs and in Euros grew by 10.9% compared to the first quarter 1999.

In terms of credits and loans, BNP Paribas continued to pursue its strategy to maintain margins which led to an increase in selective and on the whole moderate volumes: average outstanding credits and loans rose 2.4%, driven primarily by private consumer lending (+8.7%).

Operating expenses and depreciation were up 3.4%. However, the variation was only 1.3% compared to average quarterly operating expenses and depreciation in 1999. This was because new product research and development had accelerated in the second quarter 1999 which led to a relatively low expense index for the first quarter 1999.

Expenses related to provisions were particularly low due to an extremely favourable economic cycle in France. Pre-tax net income increased by 42% to 333 million Euros.

### Specialised Financial Services.

	<i>In m€</i>	<i>Change</i>
<b>NBI</b>	<b>504</b>	<b>+12.0%</b>
<b>Operating expenses</b>	<b>(329)</b>	<b>(+17.5%)</b>
<b>GOI</b>	<b>175</b>	<b>+2.9%</b>
<b>Cost of risk</b>	<b>(52)</b>	<b>(-11.9%)</b>
<b>Pre-tax result</b>	<b>126</b>	<b>+10.5%</b>

The Group accelerated its international expansion strategy in the first quarter, which explains the substantial increase in operating expenses and depreciation. It generated increased assets abroad, up 28% (+8% for all outstanding assets). New lending grew by

16% (Cetelem: +16%, UFB-Locabail-BNP Lease: 16% and UCB: +10%). 29% of new lending came from outside France. In France, in a context of rising interest rates, the group new lending police was driven by the will to maintain its intermediation margins. By acquiring 40% of CACC in Brazil, Cetelem has consolidated its expansion in Latin America and its partnership with Carrefour. The increase of the Group's stake in Europcar Lease from 50% to 100% and the acquisition, currently under negotiation, of 80% of PHH Europe should make Arval PHH Europe's leading car fleet leaser/financier. In total, net banking income rose by 12%.

Expenses were up by 17.5% due principally to the growth of international business (in relation to which expenses rose 30%) and investments – IT and marketing – made by Cortal.

Gross operating income rose by 2.9%. Net provisions declined by 11.9% compared to the first quarter of 1999 due to the improvement in UCB's credit portfolio.

Pre-tax net income was 126 million Euros, up 10.5%.

### International Retail Banking.

	<i>In € mn</i>	<i>Change</i>
<b>NBI</b>	<b>335</b>	<b>+25.0 %</b>
<b>Oper. Expenses</b>	<b>(198)</b>	<b>(+19.3%)</b>
<b>GOI</b>	<b>137</b>	<b>(+34.3%)</b>
<b>Cost of risk</b>	<b>(25)</b>	<b>(-16.7%)</b>
<b>Pre-tax result</b>	<b>111</b>	<b>+56.3%</b>

In the United States the synergies from the merger between BankWest and First Hawaiian Bank has generated that have

reduced the cost/income ratio by 3 points, bringing it to 57%. The new entity increased savings collection by 89% compared to the first quarter of 1999. After the merger of Zions and First Security being stopped, the BankWest's acquisition agreement relating to bank branches in Utah cannot be executed.

Since the completion of the public buy-out followed by a squeeze out in the middle of the quarter, BNP Paribas Group now owns 100% of BNPI.

### **Corporate and Investment Banking.**

	<b>In € mn</b>	<b>Change</b>
<b>NBI</b>	<b>1,854</b>	<b>+26.0 %</b>
<b>Oper. Expenses</b>	<b>(912)</b>	<b>(+12.2%)</b>
<b>GOI</b>	<b>942</b>	<b>+ 43.2 %</b>
<b>Cost of risk</b>	<b>(79)</b>	<b>(-13.2%)</b>
<b>Pre-Tax result</b>	<b>865</b>	<b>+53.9%</b>

Corporate and Investment Banking benefited considerably from the buoyant stock market activity and the large number of financial transactions carried out worldwide in the first quarter of this year. The volume of primary issues made by BNP Paribas rose 46.6% to 4.4

billion Euros. The Group was ranked the 7<sup>th</sup> leading "International Equities Bookrunner" by the magazine IFR and the 2<sup>nd</sup> leading "Bookrunner Asia-Pacific Deals". In its brokerage business, BNP Paribas has over 8% market in France share making it the country's leader in intermediation. The volume of equity derivatives also rose substantially.

The fixed income business was also up although to a lesser extent.

Administrative expenses increased 12.2% but, if we except the foreign exchange effect (which was significant due to the rise in the dollar and the pound sterling) and the effect of acquisitions, growth was limited to 2%, despite the substantial rise in employee bonuses for good performance.

The strength of the global economy and a particularly selective credit policy with respect to credits and loans resulted in a 13% reduction in provisions to 79 million Euros.

In total, pre-tax income was up 53.9% to 865 million Euros.

### **Paribas Capital.**

	1Q00	1Q99
Capital gains	135	380
Pre-tax result	191	447

In the first quarter, Paribas Capital sold off 0,6 billion Euros in assets and made 0,1 billion Euros in new direct investments. The income from the sell-offs and provisions totalled 135 million Euros, less than half the 380 million Euros in net capital gains made

in the first quarter 1999, with the understanding that a large part of the capital gains realized in 1999 were done so in the first quarter of the year. The stock of hidden assets as at 31 March 2000 (excluding COBEPa minority shareholders stake) remained unchanged from the 31 December 1999 level at 4 billion Euros.

For its part, the private equity PAI LBO Fund actively pursued its investment policy in the first quarter.

### **Private Banking and Asset Management.**

	In € mn	Change
NBI	512	+29.0%
Oper. Exp	(280)	(+9.4%)
GOI	232	+64.5%
Pre-Tax result	227	+68.1%

The assets managed by BNP Paribas Group increased in the first quarter from 208 to 216 billion Euros. Private Banking kept steadily growing.

With Cardiff opening a new subsidiary in Brazil and authorization granted in Japan (Life and Casualty) the insurance business was particularly buoyant. Cardiff increased its assets by 59% to 1,320 million Euros, 536 million of which came from outside France (+83%).

BNP Paribas Securities was chosen as the collecting agent for the Mannesmann-Vodafone merger in Germany.

**Internet.**

The Group is now has 350,000 on-line customers (BNP Net: 260,000; e-Cortal: 70,000; Banque Directe: 20,000). In the first quarter 2000, the BNP Net service began offering access to global stock markets and launched BNP Mobile, a mobile telephone service using Wap technology.

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The shareholders will be asked at the forthcoming Meeting of Shareholders on 23 May to approve a simplified merger of BNP and Paribas, with a retroactive effective date of 1 January 2000. The various aspects of such merger (employee reorganization, legal, tax, operational, logistics, etc.) have been carefully prepared in France as well as abroad.

Joint BNP Paribas taskforces have turned in their conclusions and most of the decisions regarding the organization and systems have been made. The merger has entered its final phase, a phase in which the completion and implementation of projects will generate synergies. These synergies should at least meet the targets announced, both in terms of the amount and timetable.

Several of BNP and Paribas' teams of employees have been merged already from an operational perspective. Most of the others will be integrated in with weeks following the merger. The results of the first quarter show that, thanks to the efforts of the entire workforce, this process has had no adverse impact on the smooth conduct of our business.

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These results have been verified by Statutory Auditors to ensure that they are true and reliable, consistent and relevant.

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**Increase in gross operating income by 35%**

In € million

	1st Q 2000	1st Q 1999 <sup>(1)</sup>	Change in %
Net Banking Income	4,235	3,537	+ 19.7%
o/w Fee income	1,227	873	+ 40,5%
Operating Expenses and Depre.	(2,556)	(2,293)	(+ 11.5%)
<b>Gross Operating Income</b>	<b>1,679</b>	<b>1,244</b>	<b>+ 35.0%</b>

<sup>(1)</sup> Pro forma

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**Consolidated Results**

In € million

	1st Q 2000	1st Q 1999 <sup>(1)</sup>	Change in %
<b>GROSS OPERATING RESULT</b>	<b>1,679</b>	<b>1,244</b>	<b>+35.0%</b>
Provision	(184)	(232)	(- 20.7%)
Capital gains	489	685	- 28.6%
Equity affiliates	72	76	- 5.3%
Goodwill and exceptional items	(83)	(40)	(+107.5%)
Taxes	(518)	(524)	(- 1.1%)
Minority Interests	(107)	(108)	(-0.9%)
<b>NET RESULT group share</b>	<b>1,348</b>	<b>1,101</b>	<b>+22.4%</b>

<sup>(1)</sup> Pro forma, before restructuring charges

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## Contribution of the core businesses

In € million

	Retail banking in France	Specialized Financial Services	International retail banking	PB & AM insurance securities	Corporate & investment banking	Paribas Capital	Others	Total
Net banking inc. Change	1,081 +10.2%	504 +12.0%	335 +25.0%	512 +29.0%	1,854 +26.0%	(3) nm	(48) nm	4,235 +19.7%
Operating exp. Change	(733) (+3.4%)	(329) (+17.5%)	(198) (+19.3%)	(280) (+9.4%)	(912) (+12.2%)	(9) nm	(95) nm	(2,556) (+11.5%)
Gross op. inc. Change	348 +27.9%	175 +2.9%	137 +34.3%	232 +64.5%	942 +43.2%	(12) nm	(143) nm	1,679 +35.0%
Cost of risk Change	(12) (-73.9%)	(52) (-11.9%)	(25) (-16.7%)	(4) (+33.3%)	(79) (-13.2%)	- nm	(12) nm	(184) (-20.7%)
Others Change	(3) nm	3 nm	(1) nm	(1) nm	2 nm	203 -56.4%	275 +8.7%	478 -33.7%
Pre-tax result Change	333 +42.3%	126 +10.5%	111 +56.3%	227 +68.1%	865 +53.9%	191 -57.3%	120 -29.4%	1,973 +13.8%

**Résultats du 1<sup>er</sup> trimestre 2000**

En millions d'euros, à fonds propres notionnels

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