
GROUP **BNP PARIBAS**

1999 *R*esults



1 Results

2 Update on the Integration

3 Corporate and Investment Banking

4 Private Banking and Asset Management

5 Retail Banking

6 The Internet revolution

Progression of 44.7 % in Gross Operating Income

in million of €

PRO FORMA (1)

	1999	1998	Variation in %
NET BANKING INCOME	14,339	11,814	+ 21.4 (2)
including fees	3,938	3,249	+ 21.6
Operating Expenses and Depreciation	- 9,549	- 8,503	+ 12.3 (3)
GROSS OPERATING INCOME	4,790	3,311	+ 44.7 (4)

(1) The statutory result is detailed in the annexes

At constant structure

- (2) + 17.7 %*
- (3) + 7.7 %*
- (4) + 44.0 %*

An Excellent Year 1999

in million of €

PRO FORMA (1)

	1999	1998	Variation en %
GROSS OPERATING INCOME	4,790	3,311	+ 44.7 (1)
Provision	- 1,075	- 1,769	- 39.2
Capital gains, Eq. affiliates (2) and Others	1,522	1,553	-2.0
Taxes	- 1,659	- 782	+ 112.1
Minority Interests	- 312	- 197	+ 58.4
NET RESULT group share before restructuring charge	3,266	2,116	+ 54.3
Restructuring charge	- 651	- 400	
NET RESULT group share after restructuring charge	2,665	1,716	
ROE before restructuring charge	17.1 %	na	
ROE after restructuring charge	14.2 %	na	

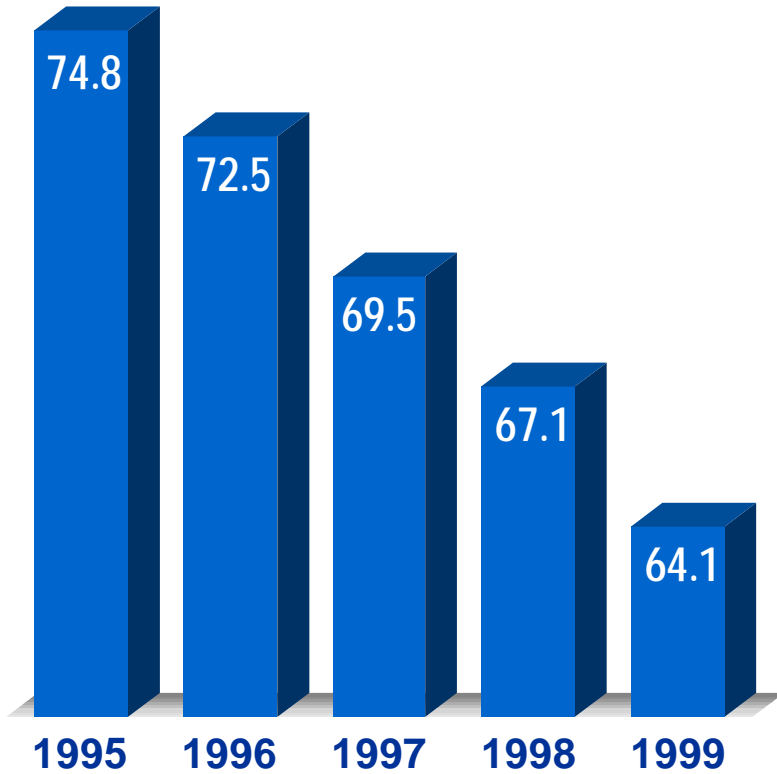
(1) The statutory result is detailed in the annexes
At constant structure: + 44.0 %

(2) Equity affiliates

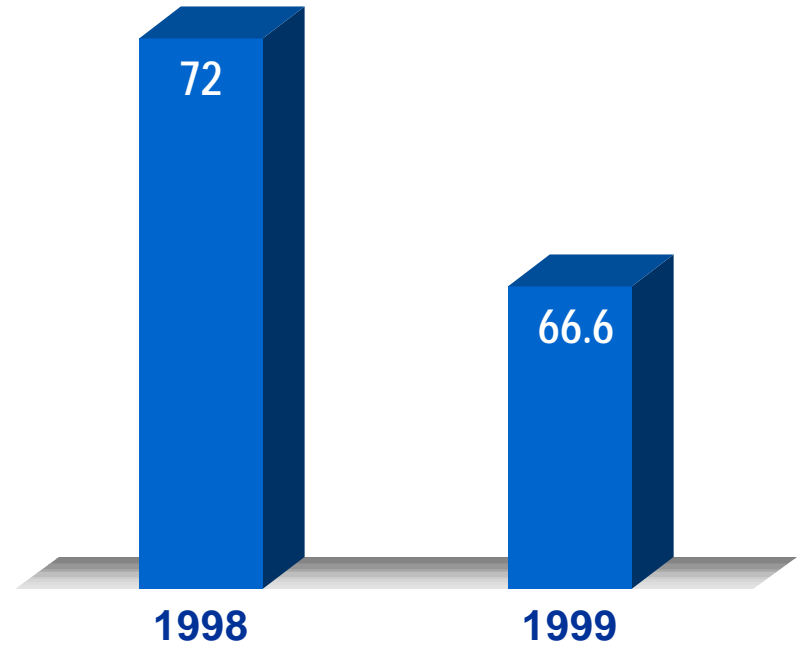
Cost / Income Ratio: Deploying Best Practices

In %

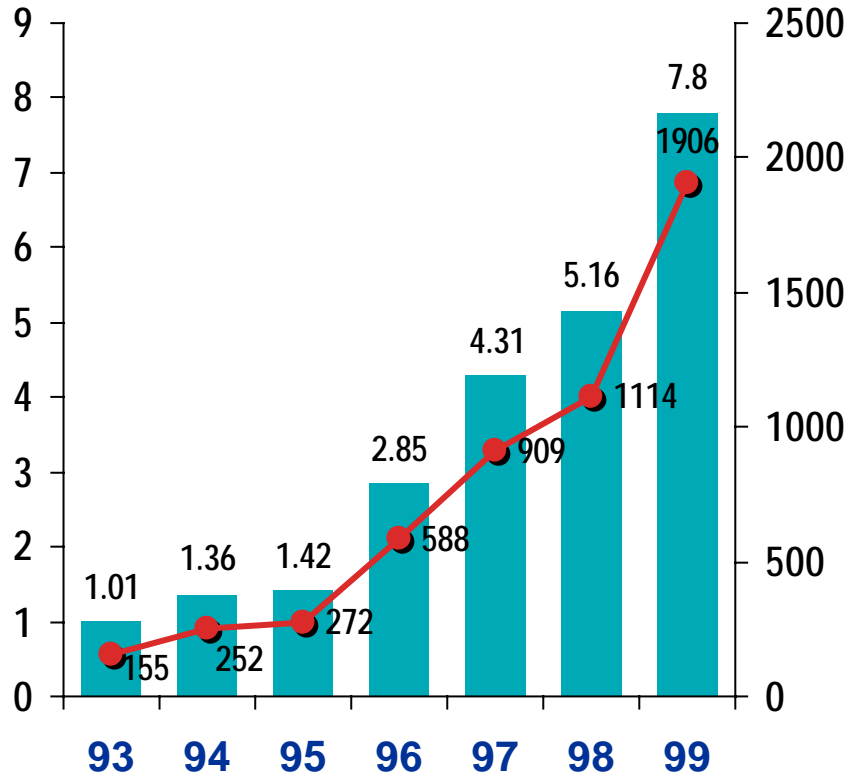
BNP's Track Record



BNP Paribas Pro Forma

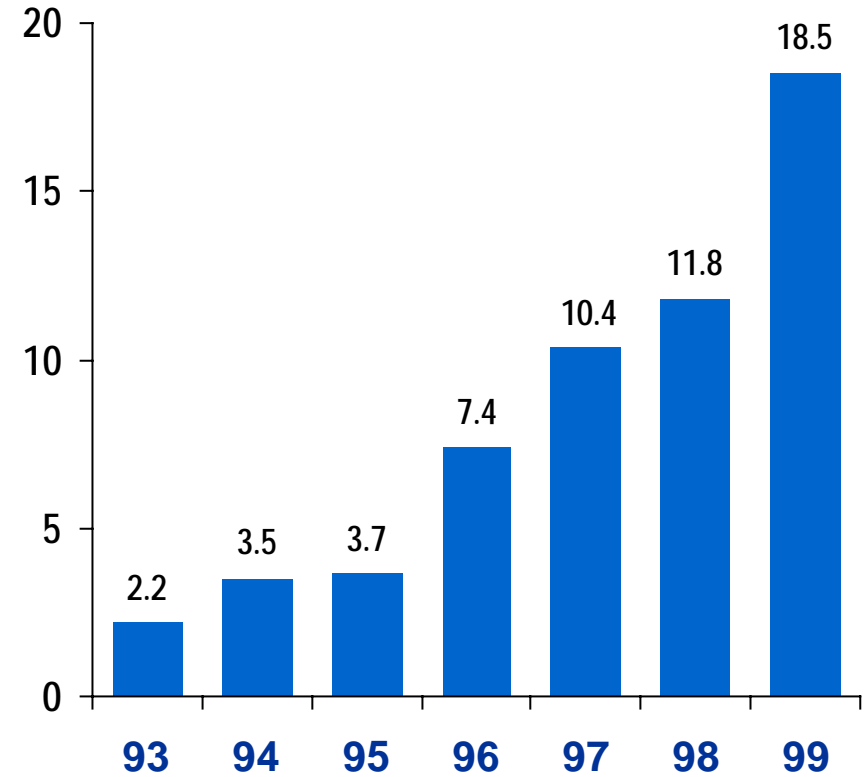


**EPS in €
x 7**

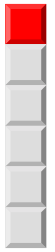


**Net result
in € mn
x 12**

**ROE
x 8**



The First Phase in a Dynamic Capital Redeployment



Retail Banking

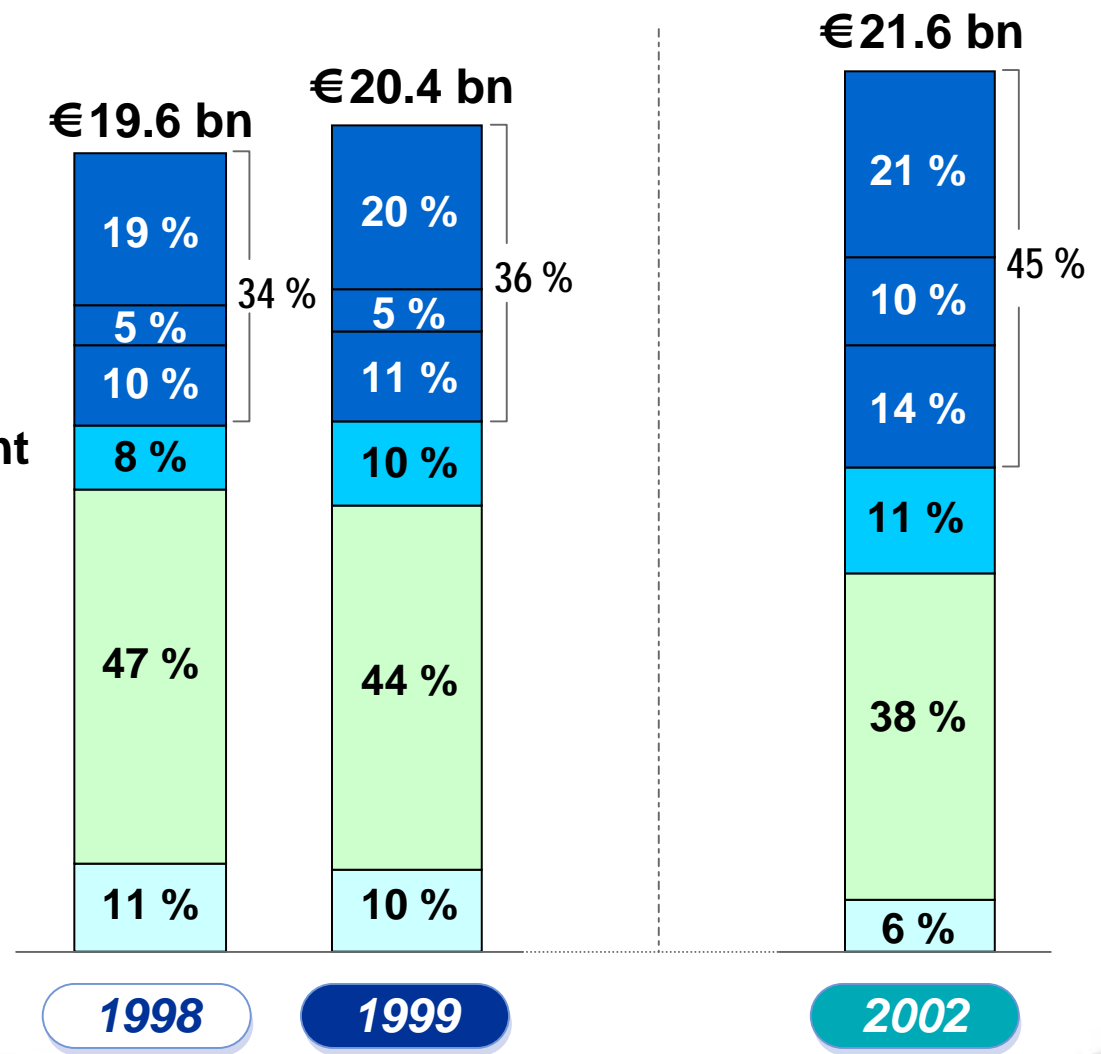
- Domestic Retail Banking
- International Retail Banking
- Specialised Financial Services

**Private Banking and Asset Management
Securities Services and Insurance***

Corporate and Investment Banking

Paribas Capital

**excluding real estate.*



PRO FORMA

	1998		1999		2002	
	Allocated Equity	Pre-Tax ROE	Allocated Equity	Pre-Tax ROE	Allocated Equity	Pre-Tax ROE
Total Retail Banking	6.6	20 %	7.3	22 %	9.7	27 %
Domestic Retail Banking	3.7	16 %	4.0	19 %	4.5	23 %
International Retail Banking	0.9	28 %	1.1	30 %	2.1	35 %
Specialised Financial Services	2.0	23 %	2.2	23 %	3.1	27 %
Private Banking and Asset Mgmt. Securities Services and Insurance*	1.6	25 %	2.1	25 %	2.4	30 %
Corporate and Investment Banking	9.2	4 %	9.0	20 %	8.1	21 %
Paribas Capital	2.2	35 %	2.0	36 %	1.4	25 %
Total Allocated Capital	19.6	14 %	20.4	23 %	21.6	25 %

Return on equity after amortising goodwill.
Acquisitions included.

Including minority interests except for Paribas Capital.
* excluding real estate

A Sound Balance Sheet

31/12/1999 in million of €

■ Tier 1 Cooke Ratio ⁽¹⁾	7.1 %
■ Average Equity (Group share) :	19 789 ⁽²⁾
■ Reserve for General Banking Risks	1,040
■ Reserve for Unforeseeable Sectoral Risks	218
■ Reserves for Potential Sectoral Risks including Asia	2,871 542
■ Reserves for Country Risks	
■ Specific Provisions / Doubtful Customer O/S	66 %
■ Unrealized Capital Gains ⁽³⁾ including Paribas Capital	7,100 4,000
→ S & P	A+, positive outlook
→ Moodys	AA3

(1) 6.5% after deducting CVG from the reserve, (3) excluding equity affiliates and minority interests
assuming maximum amount paid. in COBEPA

(2) before dividend

Accounting Results

in million of euros

	BNP	4T Paribas	1999
NET BANKING INCOME ⁽¹⁾	9,015	1,191	10,206
including fees	2,970	228	3,198
Operating Expenses and Depreciation	- 5,775	- 967	- 6,742
GROSS OPERATING INCOME	3,240	224	3,464
Provisions	- 598	- 104	- 702
Capital Gains, Equity Affiliates, and Other	449	232	681
Tax	- 1,033	- 168	- 1,201
Minority Interests	- 152	- 11	- 163
NET INCOME Attributable to the Group ⁽²⁾	1,906	173	2,079

(2) New definition

(4) Before the restructuring costs of 595 million Euros in 1999

Detailed P&L for BNP Paribas Pro forma and BNP Stand alone

In millions of euros

	Pro forma			BNP stand alone		
	1999	1998	% Change	1999	1998	% Change
Net Banking Income	14 339	11 814	21,4%	9 015	7 575	19,0%
<i>Of which :</i>						
Commissions	3 938	3 249	21,2%	2 970	2 557	16,2%
Net interest revenues (1)	4 925	4 751	3,7%	3 619	3 658	-1,1%
Gains on Financial Operations (1)	4 170	2 911	43,2%	2 057	1 385	48,5%
Insurance activities	1 006	587	71,4%	350	73	379,5%
Other op. profits and costs	300	316	ns	19	-98	ns
Op. expenses and Depreciation	-9 549	-8 503	12,3%	-5 775	-5 081	13,7%
Gross operating profit	4 790	3 311	44,7%	3 240	2 494	29,9%
Cost of risk	-1 075	-1 769	-39,2%	-598	-1 206	-50,4%
Capital gains	1 597	1 205	32,5%	692	478	44,8%
Equity affiliates	235	583	-59,7%	-10	29	ns
Exceptionnal items	-156	-127	22,8%	-160	-127	26,0%
Goodwill	-172	-105	63,8%	-91	-16	ns
Others	18	-3	na	18	-3	ns
Total Cap. Gains, eq. Affiliates & Others	1 522	1 553	-2%	449	361	24,4%
Tax	-1 659	-782	112,1%	-1 033	-482	114,3%
Minority Interest	-312	-197	58,4%	-152	-53	186,8%
Net Income Group share	3 266	2 116	54,3%	1 906	1 114	71,1%

(1)Accounting definition : Gains on financial operations do not include carrying costs of trading portfolios and on the other side, include hedging operations, for which corresponding revenues or costs are included in the interest margin.

in million of €

	1999	1998	Variation in %
NET BANKING INCOME	9,015	7,575	+ 19.0
including fees	2,970	2,557	+ 16.2
Operating Expenses and Depreciation	- 5,775	- 5,081	+ 13.7
GROSS OPERATING INCOME	3,240	2,494	+ 29.9
Provisions	- 598	- 1,206	- 50.4
Capital gains & Equity affiliates	449	361	+ 24.4
Taxes	- 1,033	- 482	+ 115.4
Minority interests	- 152	- 53	+ 186.8
NET INCOME Group share (1)	1,906	1,114	+ 71.1
ROE	18.5 %	11.8 %	+ 6.7 pts

(1) Excluding the € 595 mn restructuring charge in 1999.

in million of €

Accounts prepared using BNP's accounting methods (1)

	1999	1998	Variation in %
NET BANKING INCOME	5,324	4,239	+ 25.6
Operating Ex. and Depreciation	- 3,774	- 3,422	+ 10.3
GROSS OPERATING INCOME	1,550	817	+ 89.7
Provisions	- 477	- 563	- 15.3
Capital gains & Eq. Affiliates, Others	1,073	1,192	- 10.0
Taxes	- 626	- 300	+ 108.7
Minority interests	- 160	- 144	+ 11.1
NET INCOME Group share (2)	1,360	1,002	+ 35.7

(1) Paribas' accounts, taken separately show net profits attributable to the Group over € 120 mn above this amount because of different accounting methods used by the Paribas Group.

(2) Before restructuring charges of € 56m en 1999 and € 400 m in 1998

The Contribution of Our Core Businesses

in million of euros

	<i>Retail Banking in France</i>	<i>Specialized Financial Services</i>	<i>Int'l Retail Banking</i>	<i>BP & GA AIMS</i>	<i>Invest. & Operating Banking</i>	<i>Paribas Capital</i>	<i>Others</i>	Total
NBI	3,910	1,978	1,183	1,691	5,540	-10	47	14,339
Var. %	+5.0	+10.4	+66.6	+21.5	+30.4	ns	ns	+21.4
Op. Ex. Dep.	-2,905	-1,247	-705	-1,082	-3,325	-35	-250	-9,549
Var.	+2.4	+14.4	+56.7	+19.8	+11.2	-7.9	+29.5	+12.3
GOE	1,005	731	478	609	2,215	-45	-203	4,790
Var.	+13.6	+4.3	+83.8	+24.5	+75.9	ns	ns	+44.7
Cost of Risk	-203	-246	-107	-22	-434	6	-69	-1,075
Var.	+3.0	-1.6	+18.9	-59.3	-56.8	ns	-58.7	-39.2
Pre-Tax Income	759	507	324	522	1,783	720	622	5,237
Var.	+24.4	+10.0	x2	+27.9	x6.6	-0.7	+35.2	+69.2
Average Equity Allocated	4.0	2.2	1.1	2.1	9.0	2.0		
Pre-Tax GOI	19 %	23 %	30 %	25 %	20 %	36 %		

Outline of the Presentation



1 Results

2 Update on the Integration

3 Corporate and Investment Banking

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6 The Internet revolution

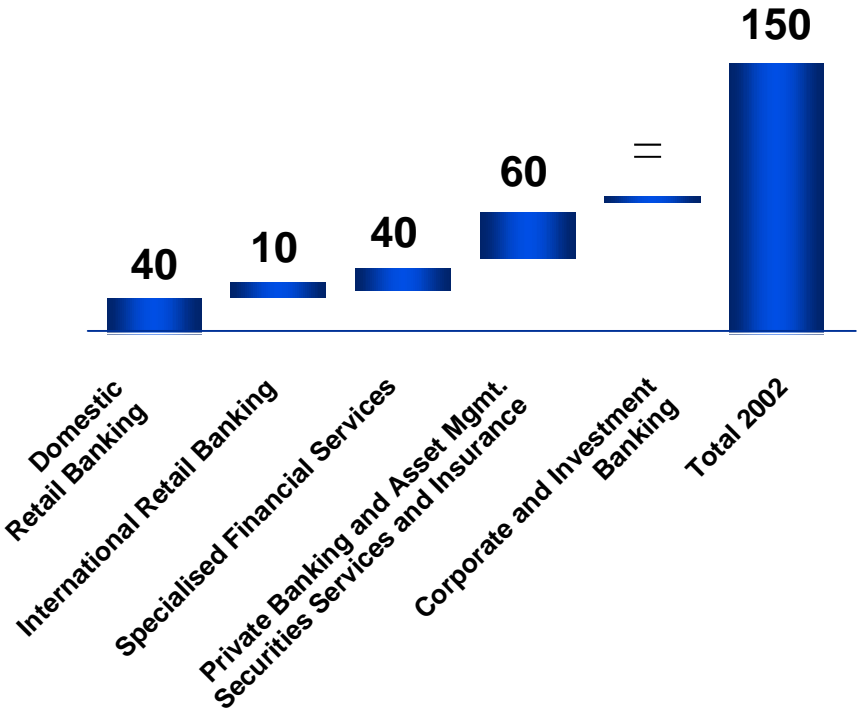
Income Synergies: Confirmed Growth Potential

In € mn

- **Dom. Retail, SFS, Int'l Retail,**
 - Expanded offering (SFS, Mutual Funds, etc.)
 - Organisation of synergies eg : Aurore Cards
 - ➔ BNP network services
 - New leading positions (particularly in private banking)
 - ➔ winning new customers

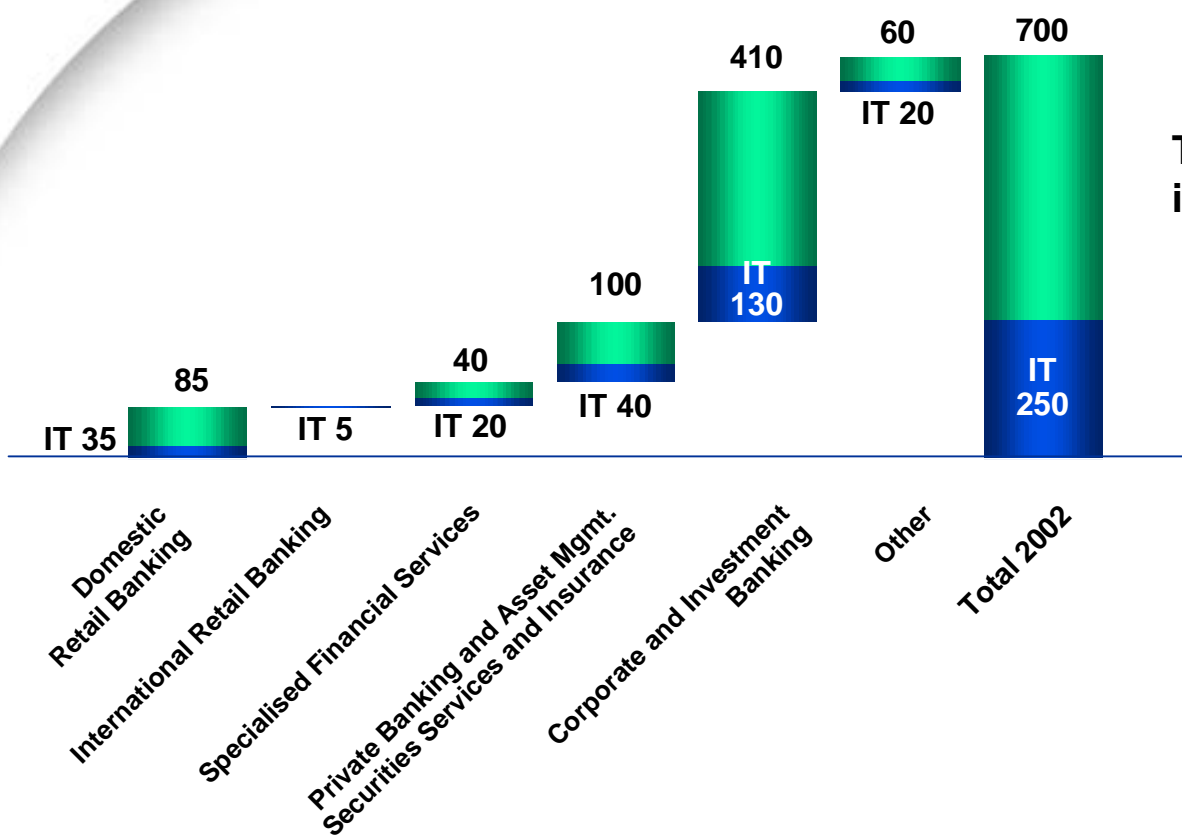
- **Corp. & Inv. Bking**
 - Substantially complementary product offerings and businesses

Significant Growth Potential



120 detailed initiatives out of which 50 for Corp & Inv. Banking to achieve revenue synergies

Confirmed Cost Synergies



Total in €mn

2000	2001	2002
+ 140	+ 350	min + 700
min 20 %	min 50 %	100 %

830 initiatives

- Corp. & Inv. Bking : 440
- Support Functions : 180
- Dom. Retail : 90
- Priv Bank & Ass Mgt : 80
- SFS : 30
- Int 'l. Retail : 10

Corp. & Inv. Banking: The cost synergies will be achieved more quickly than originally anticipated

■ **Realistic Commitments With Respect to the Workforce:**

The work carried out by a task force established that employee turnover could easily provide the necessary reduction in the workforce (over 2,500 people annually in 2000, 2001, 2002 – a level comparable to 1999).

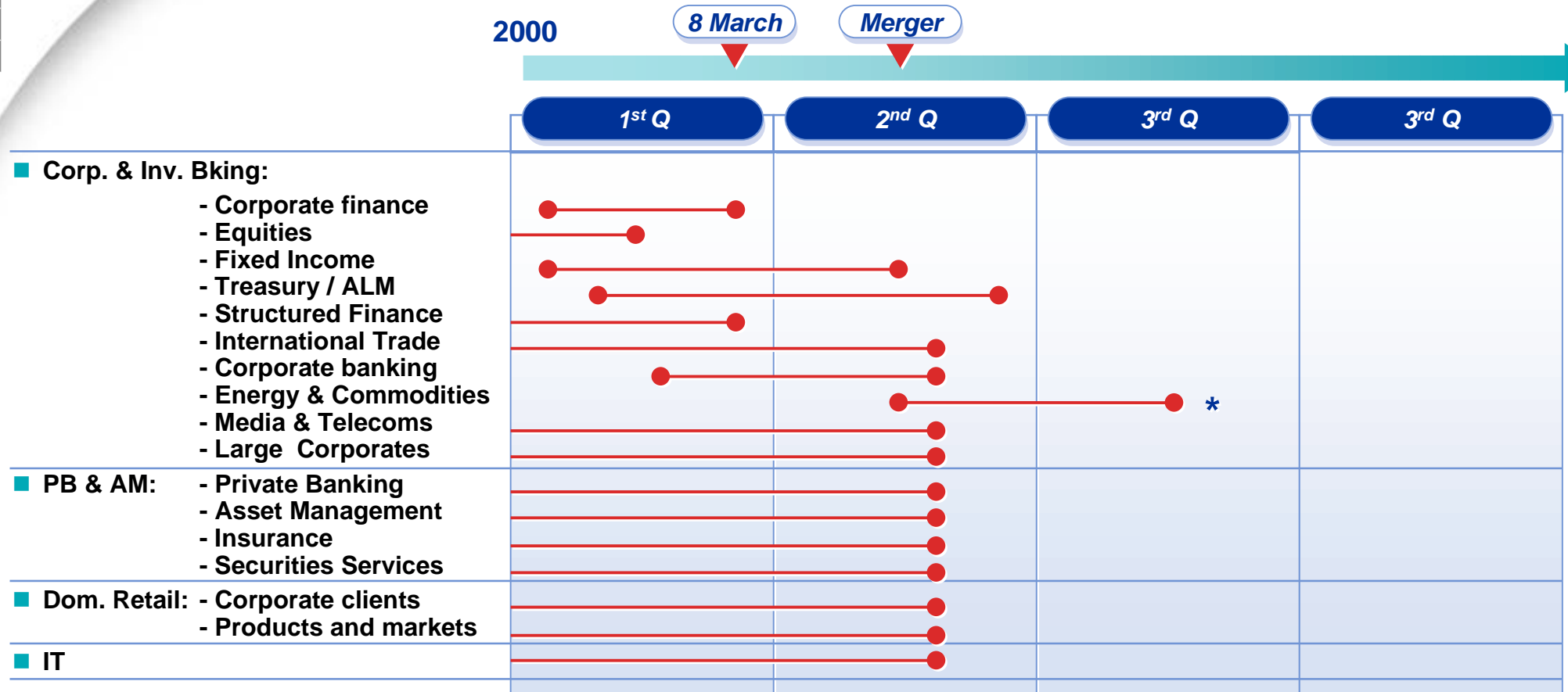
■ **A turnover well under control:**

- Paribas 15/08/99 - 15/02/00: 14 more employees left compared to the same period in 1998

<i>Departures as % of the Workforce 15/8/99 – 15/2/00</i>	
Paribas Investment Bank	5 %
Including Equities	13 %
Including Fixed Income	6 %

- BNP Paribas: Out of 1,050 managers appointed ➡ 11 have left

Operational Integration of the Group's Combined Workforce before the Summer



* Excluding Switzerland → 2001

*An Integration Which is on Schedule, in Line with the Budget
and without Incidents*

*A New Group Rapidly Operational Both in Terms of Employees
and Management as well as for IT Systems,
Risk Policy and Brands*

One Objective: to Beat the Industrial Project

Corporate & Investment Banking

- **Fixed Income:**
 - Merger of the bond origination teams in London and Paris
- **Equities:**
 - **Asia:** merger of the Tokyo teams by late February, closure of PB Asia Equities and transfer to BNP Paribas Peregrine platform
 - **Europe:** integration of teams in the leading European locations by the end of February 2000
 - **United States:** merger of the New York Equity teams in January 2000
- **Large Corporates & Corporate Finance**
 - Coordinate investment and corporate bankers
- **Cash Management Line of Business:** integrated offering
- **Structured Financing:** joint operations including and across all business lines

*Investment Banking is a Priority
(40% of cost synergies - excluding IT)*

Mergers with Foremost Priority

*... Information Systems are a Priority
(one-third of cost synergies)*

Information Systems

- Implementation of a Global Organisation
- Creation of a Validation Committee
- Detailed Implementation Plans

*... in a unified risk management
structure*

Group Risk Management

During the transition period:

- Determination of a common risk approach (counterparty/credit market, country)
- Formation of a group Risk Policy Committee
- Build-up of a Global Risk Organisation
- Adoption of common measuring tools (VaR, Raroc, etc.)

An Aggressive Brand Strategy

BNP and Paribas:

complementary brand recognition and attributes

A Potential Global Brand

- **New BNP Paribas logo: unveiled on 20 May** for all the businesses operating hitherto under the BNP or Paribas brands.
 - **immediate deployment for:** Corporate Investment Banking
Private Banking and Asset Management
 - **gradual deployment for:** Domestic Retail Banking
(main branches before June 2001)

- **Maintain brands with a strong local or specialised image:** Cetelem, Cortal, Banque de Bretagne, UEB ...

1 September

Mid-October

January 2000

April 2000

«6 days»

«6 weeks»

«6 months»

Appointments

- BNP-Paribas Executive Committee
- 400 Managers of lines of business and departments
- Mid december : 670 positions filled
- Mid-February : over 1000 positions filled

Task forces

- Task forces get under way with detailed goals for the lines of business and departments
- End of January : 1st phase of the task forces, validation of 2000-2002 synergies
- Conclusions on :
 - the target organization
 - the synergies 2000-2002
 - the implementation plan

Legal status

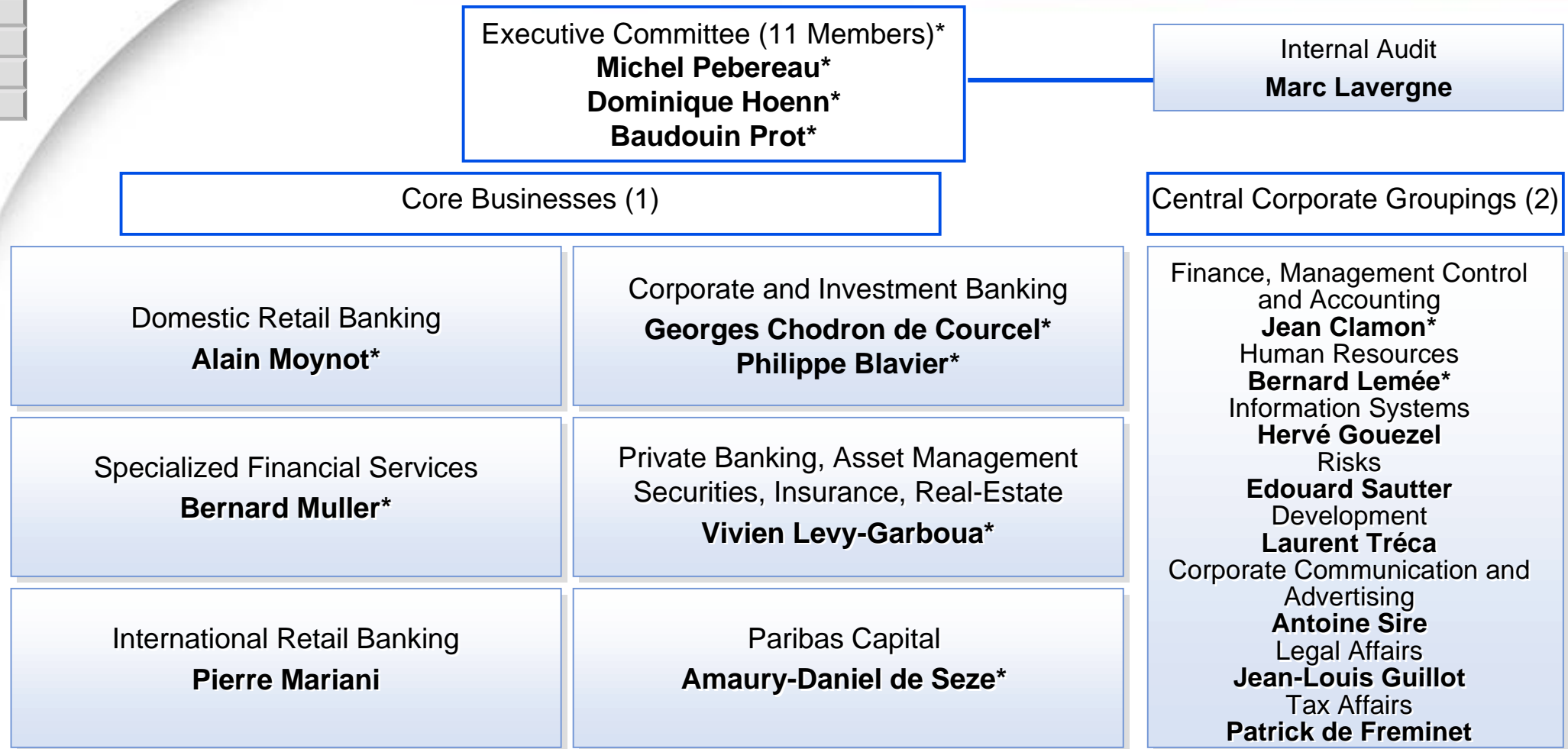
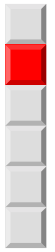
- BNP has 65 % stake in Paribas's share capital
- Simplified Offer → 96 %
- Buy out followed by a compulsory withdrawal → 100 %
- Merger legal completion

Organisation

- Definition of the core lines of business and operational support entities

6 months after announcing the merger, the operational organization and legal status have been validated

Management in Place



* Executive Committee Members

- (1) In each core business, a General Management Committee defines the strategy to be implemented and monitors the completion thereof. Each of the committees meets weekly, chaired by the head of the core business, and monthly chaired by Michel Pebreau.
- (2) For the central corporate groupings, a General Management Committee provides any required coordination and a risk committee follows on the Group's policy in this regard. These Committees meet when necessary on a monthly basis and is chaired by Michel Pebreau.

An Exciting Human Resource Policy

Opportunities for Talented Executives

- **A Powerful Global Group with a Range of Core Businesses**
- **Extensive Career Opportunities: the career management team is in place, and their role has been defined**
- **A motivating stock-option plan**
- **Over 600 key executives, appointed in the first few months of the merger, qualified to receive stock options starting in December 1999.**
New stock options to be distributed in 2000
 - **Stock options exercised based on the fulfillment of the industrial business plan's goals**
- **A variable pay policy which takes into account the profitability of the core businesses and individual performance**

The Brightest Talent for Each Core Business

- **An active recruitment strategy**
- **A transparent policy which encourages internal transfers: job opportunities within the Group are communicated**
- **A strategy driven by HR specialists**