Annual Report • 2002

The bank
for a changing world

BNP PARIBAS

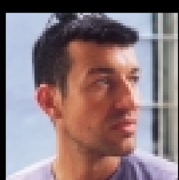
In this year's Annual Report we have turned the lens on men and women who have moved to another region or country, and have had to come to grips with a new culture and work ethos.

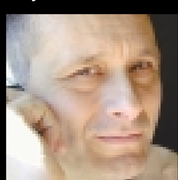
We have interviewed a cross-section of the BNP Paribas community – including an Italian in New York, a Russian in Athens, a Belgian in Tokyo, a Swedish woman in Paris and a woman from Alsace now based in Nice – to find out how they have adapted to their new environment, learned to accept and appreciate 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.

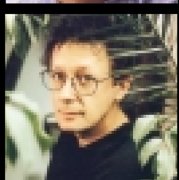
The photo shoots took place in **January and February 2003** by four people from **Rapho**, one of the oldest press photography agencies in Paris, widely acclaimed for the diversity and reputation of its photographers.

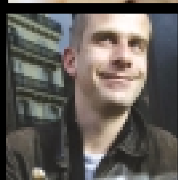
Jean-Marc Armani
Bahrain
Cairo
Madrid

Jean-Erick Pasquier
Montreal
New York
Tokyo









Gérard Uféras
London
Paris
Metz
Strasbourg
Nice

Gilles Leimdorfer
Athens
Moscow

Cover photo : Gérard Uféras - Rapho

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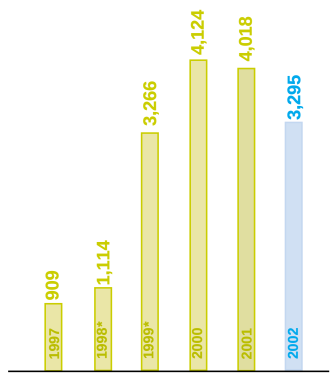
BNP PARIBAS MONTREAL

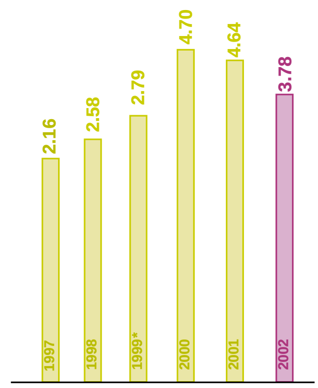
Key Figures 2002

Net income
(in millions of euros)



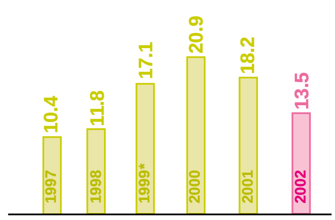
*Pro forma net income before restructuring provisions.

Earnings per share [1]
(in euros)



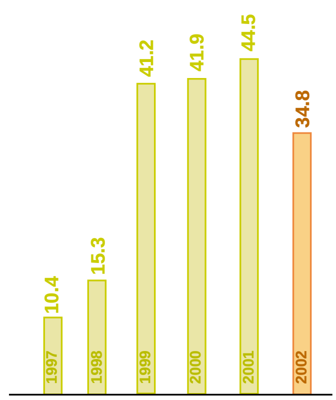
[1] Adjusted for the 20 February 2002 two-for-one share split.
** 1999 pro forma net income before restructuring provisions divided by the number of shares outstanding at 31 December 1999.*

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)

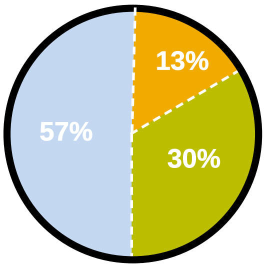
Moody's	Aa2	Stable outlook
Standard & Poor's	AA-	Stable outlook
Fitch	AA	Stable outlook

Number of Group Employees

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

Net banking income by core business

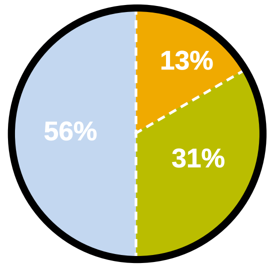
(in %)



- 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

Conditions in the global banking and financial services' market worsened significantly in 2002, especially during the second half.
Although slower economic growth and the crisis in the financial markets inevitably had an effect on operating results, BNP Paribas turned in a very good performance. With net income of EUR 3.3 billion, BNP Paribas was the most profitable of the euro zone banks. Return on equity was correspondingly high, at 13.5%.

We improved or maintained our competitive positions in most of our markets. We also stepped up our drive to contain costs, and strengthened our risk management procedures and disciplines. At the same time, our diversified portfolio of businesses proved its worth in these difficult times, by providing a wellspring of profits from the most buoyant businesses which largely offset the effect of lower profits from other activities, mainly as a result of the crisis in the financial markets.

All of our core businesses contributed to our robust earnings performance.

Our three Retail Banking businesses – French Retail Banking, International Retail Banking and Retail Financial Services – achieved good results while at the same time laying the foundations for future growth. French Retail Banking stepped up a gear to offer clients the latest banking products and services, with the full-scale launch of its multi-channel bank. International Retail Banking considerably extended its presence on the West Coast of the United States with the acquisition of United California Bank. Retail Financial Services continued to grow its business and establish new partnerships. Two strategic external growth operations were completed during the year – in the French consumer loans market with the acquisition of Facet and in the German on-line brokerage market with the formation of the Cortal Consors group. Corporate and Investment Banking turned in a resilient performance in a year of crisis in the financial markets, while also successfully carrying through the rationalisation of client relationship management structures. Asset Management and Services generated significant profits despite being severely tested by the falling stock markets. Development programmes for the various Asset Management and Services businesses have been redrawn in response to the changed market conditions.

Since the beginning of 2003, economic conditions and the situation in the financial markets have remained difficult. The outlook is uncertain, especially now that war has been engaged in Iraq. Against this unsettled backdrop, our Group is focusing on maintaining a steady course. We are giving priority to expanding the business base, actively seeking out opportunities to cut costs, tightly controlling risks and maintaining a strong balance sheet. Our teams are committed to offering clients an increasingly high quality service, seizing opportunities and successfully taking up the many challenges that are a feature of our changing world.

M. 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

The Executive Committee

a **Michel Pébereau**
Chairman of the Board of Directors and Chief Executive Officer

b **Baudouin Prot**
President, and Chief Operating Officer

c **Dominique Hoenn**
Chief Operating Officer

d **Philippe Blavier**
Corporate and Investment Banking

e **Philippe Bordenave**
Finance and Control

f **Georges Chodron de Courcel**
Corporate and Investment Banking

g **Jean Clamon**
Retail Financial Services

h **Hervé Gouëzel**
Group Information Systems

i **Bernard Lemée**
Group Human Resources

j **Vivien Lévy-Garboua**
Private Banking, Asset Management, Securities Services, Insurance and Real Estate

k **Amaury-Daniel de Seze**
BNP Paribas Capital

l **Michel François-Poncet,**
Vice-Chairman of the BNP Paribas Board of Directors,
m **Jacques de Larosière,**
Advisor to the Chairman,
n **Jean-Laurent Bonnafé,**
French Retail Banking,
o **Michel Clair**,
Group Real Estate Manager,
p **Pierre Mariani,**
International Retail Banking,
are not members, but attend Executive Committee meetings

q **Laurent Tréca**
Group Development,
Executive Committee Spokesman

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 & Aquisition 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.

Corporate and Investment Banking

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.

BNP Paribas' core businesses
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 advisors 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 subsidaries, 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 clienteles 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. BankWest 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.

Private Banking, Asset Management, Securities Services and Insurance

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 BNCI 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 unprecedent 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.

history

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.

Corporate and Investment Banking

BNP PARIBAS NEW YORK

- Corporate & Financial Institutions
- Advisory and Capital Markets
- Specialised Financing

BNP PARIBAS LONDON

Corporate & Financial Institutions

A client-focused organisation

Corporate & Financial Institutions (CFI) has been created to strengthen our sales coverage of corporate and institutional clients and offer them a seamless service. It includes the Large Corporates, Financial Institutions (FIG) and Corporate Banking teams in 38 countries and the Paris-based Global Trade Services team.

The 14,000 or so companies and institutions making up CFI's client-base do not suit a "one size fits all" approach. In order to market the bank's products and services more effectively the client base has been organised into broad categories so as to gain a consistent approach and targeted marketing strategies.

CFI is organised according to this client segmentation – the team assigned to serve each client, is determined based on the revenues generated or expected to be generated by the client relationship.

The goals set for CFI are to build up sales of high value-added products and promote cross-selling, while maintaining tight control over risks.

Large Corporates Group, a local service and a keen understanding of clients' needs

In 2002, BNP Paribas kept up the drive to offer large corporations a local service wherever they operate by establishing Large Corporates Group (LCG) teams in all the major countries of Europe, as well as in North America and in the main financial centres of Asia.

These local teams are made up of industry experts – especially in the media-telecoms and utilities industries – ensuring that clients are served by advisers who speak the same language, in more ways than one.
The local CFI teams work closely with the various business lines not only to meet but to anticipate client needs, thereby boosting the flow of high value-added transactions.
LCG coordinates and manages client relationships with some 500 major corporations. It is a close partner of all of the leading French multinationals and is rapidly strengthening its positions within leading European and North American groups.

Despite the challenging economic backdrop, LCG succeeded in matching its previous year's business volume. This was achieved despite a fall-off in demand for high value-added services such as asset financing, securitisations and Mergers & Acquisitions, as well as moves by clients to reduce the number of banking relationships.

BNP PARIBAS NEW YORK

FIG, the partner of choice for institutional clients

The Financial Institutions Group (FIG), made up of 90 local experts in 20 countries, manages some 600 institutional client relationships. Clients include insurance and reinsurance companies, investment funds and asset managers, supra-national organisations, central banks and other banking institutions, public and semi-public bodies.

In 2002, FIG tightened its cooperation with Fixed Income, BNP Paribas Securities Services, Corporate Finance, Asset Management and other business lines. Their teamwork yielded some noteworthy successes on the marketing front and helped maintain local relationships with clients that should last well beyond the current crisis.

Corporate Group, working at grass-roots level

In 2002, the Corporate Group helped to drive strong growth in revenues by leveraging the Group-wide rollout of the GOAL methodology, which is used to detect and implement cross-selling opportunities. Such excellent results were achieved without any increase in average risk levels.

The Corporate Group also participated in moves to rationalise the Group's structure by optimising its operating platform.

BNP Paribas beefed up its position in short-term cross-border transactions, building on its reputation as a major global player in this market. In 2002, the Group put the finishing touches to its unique network of over 60 Trade Centres – staffed by Trade Finance specialists – spanning 5 continents and also launched an on-line documentary credit management portal.
Lastly, ISO programmes were successfully implemented in additional countries, providing independent confirmation of their service quality.

BNP PARIBAS LONDON

Corporate Finance

Despite a market weakened by the uncertain economic outlook, volatile financial markets and an unprecedented crisis of confidence post-Enron, Corporate Finance moved up the rankings in both France and Europe, and expanded its market share and maintained revenues close to those achieved in 2001.

The environment remained hostile to mergers and acquisitions, leading to a decrease in the number of transactions of 40% worldwide and 25% in Europe. BNP Paribas sits high in the league tables in France and expanded its market share in Europe, ranking among the top ten in Germany (No. 8) and Spain (No. 9) *(source: Thomson Financial)*. This robust performance led to M&A revenues being close to the record-high reached in 2001.

Corporate Finance was involved in most of the major deals in France, advising Legrand on the sale of the company to a group of investors, Vivendi Environnement on the sale of 40.8% of its capital, Edison on the sale of Beghin Say and Vivendi Universal on the acquisition of British Telecom's stake in Cegetel.
The property sector remained equally as active. Corporate Finance advised Simco shareholders on the merger with Gécina, leading to the creation of France's largest quoted property company. It also assisted clients such as France Télécom, Alstom, PPR, Suez and Carrefour in the sale of property assets.
In Europe, Corporate Finance maintained a high profile, advising on major cross-border transactions including the acquisition of German tobacco company Reemtsma by the UK's Imperial Tobacco, the buyout of minority interests in Castorama by Kingfisher, and the acquisition of UK-based Seeboard by EDF.

The uncertain international economic and political situation continued to weigh heavily on the primary equity markets. The Euro Stoxx 50 index lost 37% over the year and the volume of new issues in Europe contracted by around 20%.

A stronger position in the LBO market

The Leverage Buy Out (LBO) market was extremely buoyant in 2002, with a marked increase in the number of deals in excess of EUR 750 million. Private equity funds have come to play a pivotal role in the market, accounting for over 15% of European M&A activity. During 2002, deepened its coverage of this clientele, securing a significant share of the LBO market by closely coordinating its advisory and acquisition debts offerings. BNP Paribas participated in over 15 LBOs involving private equity funds, spanning 5 European countries. Corporate Finance advised BC Partners on the acquisition of Galbani from Danone, France Télécom on the sale of TDF to CDC Ixis and Charterhouse, Bridgepoint Capital on the sale of Longoni Sport and the acquisition of Caffaro Flexible Packaging, and 3i and Veronis Suhler on the acquisition of Telemedia, KPN's "yellow pages" business.

BNP Paribas moved up the French and European underwriting rankings, managing several major operations, including share issues by Alstom and Scor, and the accelerated placement of Renault shares for the French Treasury, Valéo shares for CGIP and Vivendi Environnement shares for Vivendi Universal.

In the primary convertible and exchangeable bond market, which saw a 54% drop in issuing volume in Europe, BNP Paribas came in 6th in the European rankings *(published by IFR)*.
The Group was involved in a total of 18 transactions, managing issues by Saint-Gobain, Publicis, Technip-Coflexip, Vinci, CGIP and Pechiney.

Equities

A year of turmoil

The equity woes of 2001 escalated in 2002, generating a climate of instability and uncertainty which plunged the markets into crisis in the middle of the year. In a year of profit warnings, bleak global economic forecasts, record corporate losses and headline-making financial scandals in the United States, investors suffered a crisis of confidence which weighed heavily on the revenues of brokers and financial institutions. Stock market indexes plummeted around the world (including in Europe where the Euro Stoxx 50 lost 37%), market capitalisations were slashed and market volatility reached an unprecedented high.

Against this exceedingly difficult backdrop, the Equities business focused on staying true to the Group's values by demonstrating a high level of responsiveness and imagination.

Responsiveness: adapting to changed market conditions

Equities Brokerage and Equities Derivatives' revenues contracted sharply in 2002, due to lower trading volumes on behalf of customers, falling stock market indexes, curtailed liquidity, the drop in the number of primary market transactions and the very difficult trading environment. While keeping up its drive to win new customers, BNP Paribas reacted to the changed conditions by right-sizing its resources. Following an analysis of strategic and profitability issues, the decision was made to call a halt to developing the Equities Derivatives' business and to narrow

Acclaim for BNP Paribas' on-line research services:

www.bnpparibas.equities.com was elected one of the top three sites at the *Euromoney* 2002 Internet Awards

Reuters Institutional Investors 2002 ranks BNP Paribas as top broker in France for pan-European sales and research

Pan-European sales

Rank 2002	Rank 2003	
2	1	UBS Warburg
1	2	Deutsche Bank
5	2	Morgan Stanley
4	4	CSFB
6	5	Citigroup/SSSB
3	6	Merrill Lynch
8	7	Lehman Brothers
7	8	Goldman Sachs
9	9	JP Morgan
13	10	ABN Amro
10	11	Dresdner Kleinwort Wasserstein
N/A	12	BNP Paribas
15	13	SG Securities
N/A	14	CAI Chevreux
11	15	HSBC Investment Bank

the geographic focus of the Equity Brokerage business. The Australian platform was dismantled, staff cutbacks were made in Japan, and further action was taken to focus Asian Equities Brokerage activities on Hong Kong and Singapore. In Europe, the Bank shed its Frankfurt, Milan and Madrid research units and focused all research resources on Paris and London. At the same time, efforts were stepped up to contain operating costs and unleash inter-business synergies.

Imagination: focusing on strategic priorities

As one of the world's leaders in Equity Derivatives, BNP Paribas worked to build closer customer relationships during this difficult period. Allied with a conservative risk policy, close customer relationships allowed the Bank to hold firm to its goal of creating value while also staying ahead of the competition with prize-winning performances (see below).
In Equity Brokerage, market coverage was strengthened on a selective basis and where considered absolutely essential in 2 strategic regions, Europe and North Asia (with the opening of a unit in South Korea, and plans for another in China).
The acclaimed www.bnpparibas.equities.com website testifies to the quality of the work performed by the teams to promote on-line access (see previous page). Lastly, after 18 months in the pipeline, the new Prime Bokerage business, targeting the growing hedge funds franchise, was launched at the end of 2002.

BNP PARIBAS LONDON

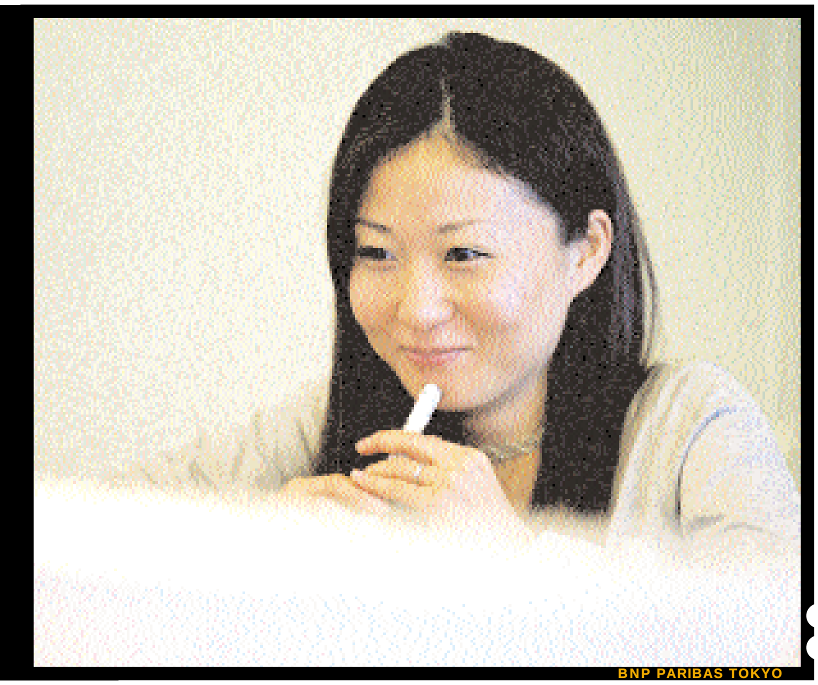
BNP Paribas ranked among the world leaders in equity derivatives in 2002, according to *Risk Magazine*

- BNP Paribas No.1 for S&P 500 options
- BNP Paribas No.1 for warrants in France
- BNP Paribas No.1 for equity basket options
- BNP Paribas No.1 for index basket options
- BNP Paribas No.1 for binary/digital options
- BNP Paribas No.2 for Nasdaq options
- BNP Paribas No.2 for worst of ratchet and barrier options
- BNP Paribas No.3 for DJ Euro Stoxx 50 options
- BNP Paribas No.3 for Dax 30 options
- BNP Paribas No.3 for warrants in Germany

Fixed Income

BNP Paribas was named “Most Improved Debt House in the World” in the Euromoney Awards for Excellence in 2002. In addition, *International Financing Review* named BNP Paribas “Euro Investment-Grade Corporate Bond House” in 2002.

The bank is a recognised global house in the interest rate and credit derivatives markets, and is a leading player in global FX.



BNP Paribas provides a complete range of Fixed Income products to Debt Management professionals, ranging from the simplest financial instruments to in-depth specialist advice on the most complex of Debt Management challenges. BNP Paribas operates the 2nd-largest balance sheet in Europe and trades with an Aa2/AA-/AA rating[1]. From this formidable platform, the bank has built a comprehensive Fixed Income capacity with a client-driven approach that is backed up by strong Legal and Operations expertise.

BNP Paribas’ broad range of Fixed Income products is delivered through an accomplished Sales and Marketing platform. The bank’s expertise and commitment to product lines, from corporate bonds to interest rate derivatives, FX forwards and credit derivatives, is second to none.

BNP Paribas has a comprehensive range of research products and services available to both Debt Management and Investment professionals. Global Market Economics, Interest Rate Strategy, Foreign Exchange Strategy, High Grade and High Yield Research teams are on-hand to provide one-on-one client support and advice, as well as publishing an extensive array of written reports.

Alongside the products and transaction services on offer to its Fixed Income clients, BNP Paribas also offers a full range of Internet solutions. As an example, BNP Paribas’ MTN Master site was named “Best Internet Site for MTNs” in the 2002 Euromoney.com Awards.

This co-ordinated effort provides clients with a complete range of tailor-made services on a global scale across a wide range of markets and currencies. BNP Paribas Fixed Income employs more than 1,300 professionals around the world.

(1) Moody’s, Standard and Poor’s et Fitch ratings.

Structured Finance

In an uncertain global environment, Structured Finance consolidated its positions worldwide.
BNP Paribas rose to 6th in the global league table of syndicated loan arrangers in 2002 *(source : IFR).*

In syndicated loans, the Bank increased its deal flow in a shrinking global market.
In the Europe – Middle East – Africa region, BNP Paribas is the 5th-largest syndicated loan arranger, with a volume of some EUR 33 billion in 2002 (versus EUR 20 billion in 2001), and the 3rd-largest bookrunner. This market position has been achieved by extending our franchise in the main European countries, with France now only accounting for one quarter of arranged transactions.

The acquisition financing business had a good year, despite the fall-off in mergers and acquisitions activity. In the United Kingdom, BNP Paribas arranged acquisition financing for Imperial Tobacco, Kingfisher and Cadbury Schweppes, helping to raise the Bank to 5th place in this market in Europe. BNP Paribas also confirmed its leading position in mid cap transactions in Europe, arranging financing for acquisitions by Atos and Gécina *(source: Syndication Database).*

In 2002, BNP Paribas remained among Europe’s top players in leveraged finance, managing the TDF (France), Lottomatica (Italy) and IMO (UK) LBOs. These operations, which illustrate the trend towards large-scale LBOs, testify to the Bank's strong presence in European markets.

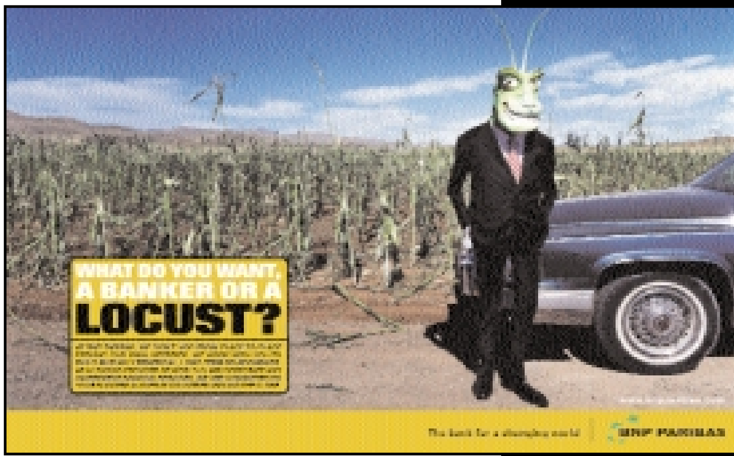
BNP Paribas continued to actively partner the expansion of leading players in the Media and Telecoms industry, in a year which saw a reduction in the number of market participants and a decline in their financing needs.

In Asia, satellite financing arranged by BNP Paribas for the Shinawatra Group was named “Asia Pacific Telecom deal of the year” by *Project Finance International Thomson Financial*.

In optimisation financing and asset financing, 2002 was a year of growth. Capstar Partners, the US-based asset financing adviser and arranger acquired in 2001, was successfully integrated. In France, BNP Paribas strengthened its leadership of the tax-lease market.

In marine financing, the picture was mixed across client segments. BNP Paribas marine financing volumes remained high, on a par with 2001. During the year, the marine financing teams, who work primarily out of Paris and Asia, broadened their global reach. Among the highlights of the year, Capstar France arranged and financed a tax lease for the ship to be used to carry components of the future Airbus 380 jumbo jet to the assembly plant in Toulouse.

In a very difficult year for the air transport industry, the aircraft financing business reached break-even. New products were developed and BNP Paribas was selected to arrange a number of major leasing and export credit facilities, for companies such as Qantas, Singapore Aircraft Leasing and Air France.



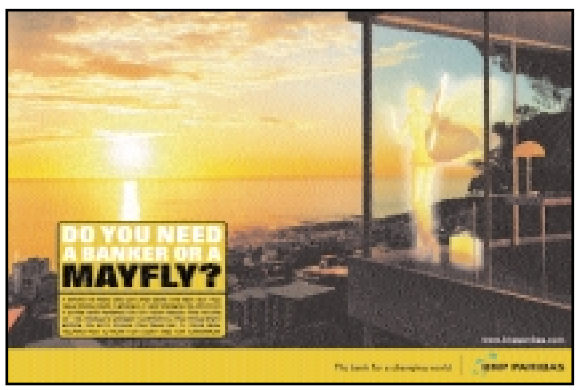
Energy, Commodities, Export, Project (Ecep)

BNP Paribas is one of the world's leading banks in the area of energy, commodities, export and project financing.
Following its reorganisation at the end of 2002, the Energy, Commodities, Export and Project Financing business line has 750 staff, backed by 300 people working at the operating centres.
The formation of this new business unit, which operates primarily in emerging markets, is designed to achieve three goals:
- increase revenues, by promoting synergies both within the unit (for example, in energy financing) and with the Bank's other business lines;
- reduce costs, by establishing a shared services structure;
- optimise risk allocation, through a consistent, global approach.

Energy and Commodities Financing achieved sound results despite the weak dollar, which directly impacted revenues. The trade financing business was hit particularly hard, although volumes increased compared with 2002.

Baymina, a textbook example of multisource project financing

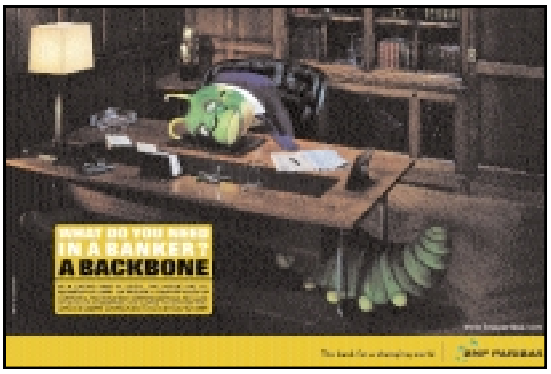
BNP Paribas advised Tractebel, one of the world's leading independent electricity producers, and then structured and arranged the financing for a power station in Ankara, Turkey.
This USD 480 million deal was the first project financing transaction in Turkey for two years.
It combined project financing, export financing involving American, German, Austrian and Belgian public credit insurers, and multilateral financing guaranteed by the World Bank Multilateral Investment Guarantee Agency (MIGA).



A new subsidiary in Moscow

According to *Trade and Forfaiting Review*, BNP Paribas is the world's leading arranger of large-scale structured financing in Russia with a 12.7% market share. The Bank further extended its leadership with the August 2002 opening of a subsidiary in Moscow staffed by a team of some thirty people. The subsidiary offers foreign currency revenue domiciliation services, helping to shelter transactions from the effects of Russian exchange controls. At the same time, the domiciliation fees will increase the subsidiary's revenues.

BNP PARIBAS MOSCOW



Structured financing operations, which help to reduce risk exposure, progressed in terms of both volumes and profits. The commodities derivatives' business continued to flourish, principally through energy derivatives, supported by the new base metals derivatives business getting off to a very good start. Even greater emphasis was placed on controlling risks and accepting only high quality business following the crisis of confidence in the gas/electricity convergence market, and the Bank emerged relatively unscathed from the crisis compared with other market players. During the year, BNP Paribas signed an exclusive partnership agreement, allowing it to gain a foothold in the new oilfield acquisition financing market.

The Export Financing business held onto its leading position in France and expanded its market share outside, particularly in the Nordic countries, the United Kingdom, the United States and Korea, despite a period of uncertainty concerning infrastructure investment in emerging countries. In response to the escalating risk in these countries, we revised our credit policy and looked for new means of protecting our assets, in addition to the cover offered by public credit insurers.

In project financing, BNP Paribas maintained its selective development policy, focusing primarily on Europe. At the *Project Finance Magazine International 2002 Awards*, the Bank won the Project Finance Bank of the Year Award (Europe – Middle East – Africa region), for the quality of its services as arranger of the Nigeria LNG Plus operation (Emea Oil & Gas Deal of the Year) and the Walsgrave PFI Hospital operation (Emea PPP Deal of the Year). Its more selective approach helped to contain the effects of the increased risks arising from deregulation of the electricity sectors in the United States and the United Kingdom.

BNP PARIBAS PARIS

Listed Investment and Sovereign Loan Management

Positive results in a difficult economic environment

The Listed Investment and Sovereign Loan Management unit has two functions. Its overall mission is to manage assets with a view to deriving the greatest possible value over the medium-term. This medium-term perspective clearly differentiates this business from a trading activity.

The Listed Investment Management team manages BNP Paribas' portfolio of minority stakes in large listed groups. In response to the stock market crisis, additional provisions were booked in 2002 to write down the portfolio to estimated market value, determined by using a multi-criteria analytical approach. At the end of 2002, the net book value of the portfolio continued to represent less than its market value.

The Sovereign Loan Management team's mission is to restructure sovereign loans through the London Club and to manage the portfolio of emerging market sovereign debt, such as Brady bonds, eurobonds and restructured credits. Despite a tough environment, especially in Latin America, SLM continued to generate good results in 2002.

Asset-Liability Management and Treasury

BNP Paribas has combined the Asset-Liability Management and Treasury teams within a single entity responsible for managing liquidity strategy and market risks on balance sheet positions.

➔ ALM Treasury is responsible for:

• defining liquidity policy and coordinating liquidity and refinancing management across the entire yield curve;
• centralising the management of market risk (interest rates and currency) on balance sheet positions and protecting the Group's interest margins.

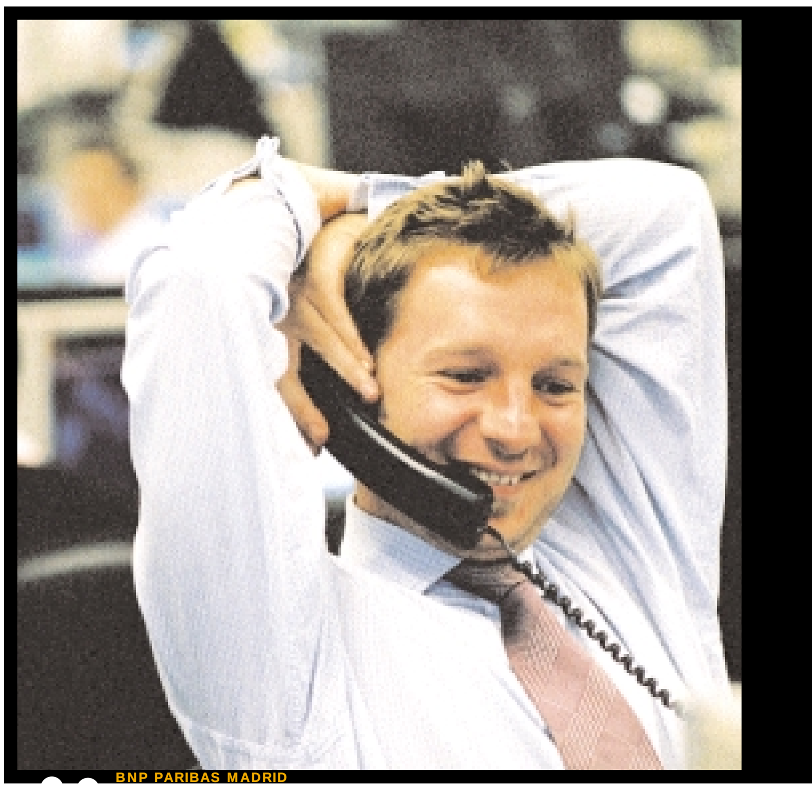
➔ Concerning liquidity, ALM Treasury:

• coordinates liquidity policy across the entire yield curve and in all currencies, working very closely with short- and long- term funding desks;
• initiates all Group financing operations on the money and capital markets;
• finances all of the Group's divisions and business lines;
• monitors compliance with internal liquidity standards;
• supervises the basis and the cost of short-term refinancing worldwide;
• manages the Group's debt issuance policy;
• implements strategies aimed at shielding the Bank against technical, systemic and other liquidity crises.

➔ Concerning market risks, responsibilities are shared as follows:

• Asset-Liability Management:
- hedges all balance sheet mismatches of more than two years on behalf of the business lines;
- manages, on a consolidated basis, risks related to customer behaviour, such as early repayment risk;
- manages interest-rate risk related to the financing of Group investments;
- manages the impact of currency positions on profits and investments.

• Treasury:
- manages interest-rate risks deriving from balance sheet positions of under two years, on a location-by-location basis;
- manages, on a consolidated basis, currency mismatches deriving from balance sheet positions in the major international currencies (EUR, USD, YEN, GBP) and oversees short-term financing strategies for these currencies.



BNP PARIBAS MADRID

Retail

BNP PARIBAS NICE

Banking

BNP PARIBAS CAIRO

- French Retail Banking
- Retail Financial Services
- International Retail Banking

BNP PARIBAS PARIS

Retail Banking

French Retail
Banking

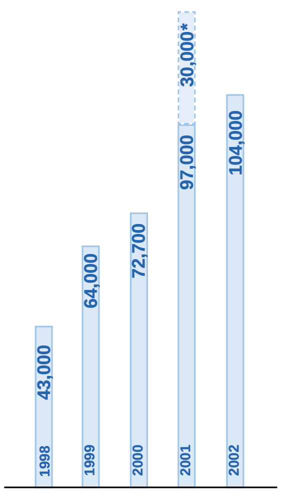
In 2002, French Retail Banking turned in a very good marketing performance, responding quickly to changing client needs.
The client base continued to expand rapidly and product innovation combined with pro-active marketing led to noteworthy successes in the savings market.
Roll-out of the Multichannel Bank was completed, placing BNP Paribas at the forefront of the European banking industry in this area.
A new sales organisation was established to serve corporate clients more effectively. These clients have a growing need for specialised services, creating new cross-selling opportunities with all of the Group's other business lines.

Individuals

Growth in total loans

Outstanding loans to individuals rose by a healthy 6.2%, boosted by a 7.8% increase in new mortgage loans. At the same time, loans to companies decreased sharply, as a result of the Group's tight risk selection policy and repayment of several bridging loans set up in 2001.
In 2002, French Retail Banking enjoyed a strong marketing momentum. The number of personal accounts rose by a net 104,000 on the back of a 127,000 increase in 2001 when 30,000 clients previously served by the French Treasury network selected BNP Paribas as their new banker.
The number of new accounts opened by the under-25s grew by 13% compared with the 2001 figure, guaranteeing the renewal of the client base. Longer-term growth in personal accounts has been assured by the December 2002 launch of the Weezbee youth account offering.
In the space of one month, 26,000 Weezbee accounts were opened, an impressive increase on the number of youth accounts opened in December 2001.

Growth in the number of personal bank accounts



** Accounts transferred from the French Treasury*

Weezbee, a new offer targeted at the youth market

BNP Paribas has launched Weezbee, a new offering specially designed for the young, allowing children and teenagers to manage their pocket money, which is a good way of preparing them for the responsibilities of adulthood.

From a young age to 18, Weezbee helps young people to build up savings and learn how to manage their money. There are no fees and the account is totally without risk, the attractive interest rate should also act as a strong incentive to save.

Under-12s are offered a Weezbee account, while teenagers are offered a *Livret Jeune* passbook savings account with a Weezbee cash card.

- For the under-12s:
  - a Weezbee account paying 4%* interest (subject to a savings cap of EUR 1,600);
  - plus a Weezbee cash card, subject to parental consent.
- For teenagers in the 12 to 17 age group:
  - a *Livret Jeune* account paying 4%** net interest (subject to a savings cap of EUR 1,600);
  - a Weezbee cash card;
  - plus a Weezbee account paying 4%* interest (subject to a savings cap of EUR 500 over and above the EUR 1,600 cap on the *Livret Jeune* account).

** 2.75% on balances in excess of EUR 1,600. Gross annual rate applicable as of 2 December 2002.*
*** Annual rate applicable as of 2 December 2002.*

Exciting new savings solutions

• Short-term savings

In a market dominated by traditional savings products – mainly passbook savings accounts and money market mutual funds – BNP Paribas created a buzz in May 2002 when it launched a "half cash/half stock mutant" dubbed K2.

Several thousand savers were won over by the originality of the K2 offer, which has introduced a new level of sophistication into the short-term savings market.
In the weeks following its launch, K2 attracted some EUR 900 million in new money, making it the most successful product ever for the BNP Paribas Group.

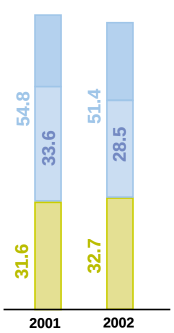
• Long-term savings

Growth in deposits and managed funds
- strong performance in personal demand deposits;
- increase in savings accounts.

Despite the gloomy conditions in the financial markets, new money invested in life insurance, PEA personal equity plans and securities accounts remained high.

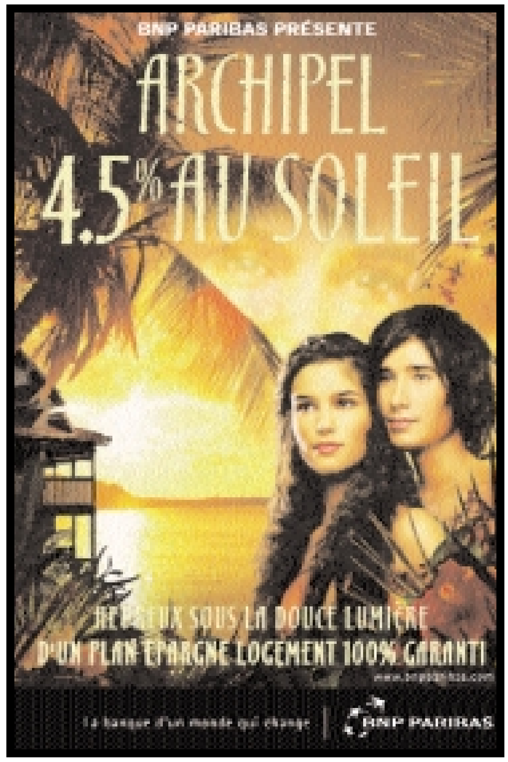
Average deposits in billions of euros
Change 2002/2001

Demand deposits: +3.7%
Savings accounts: +4.9%
Unregulated deposits: -3.3%



Mutual funds (1): -6.2%
o/w Medium- and long-term funds: -15.2%
(Cac 40: -.75% / .2.0)
Life insurance: +3.5%

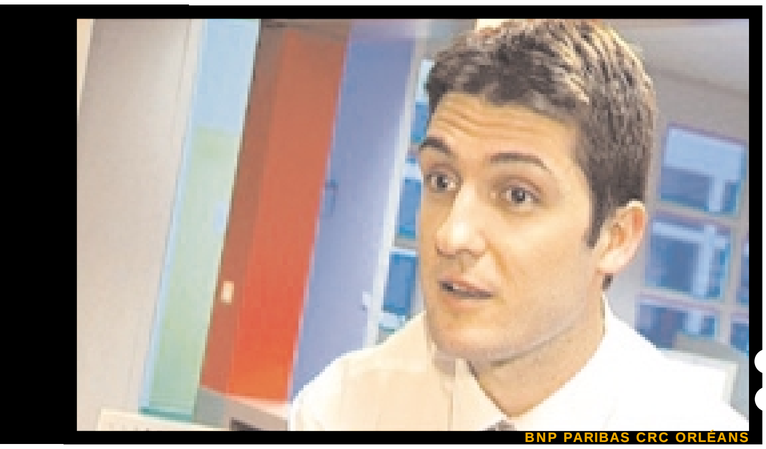
(1) Europerformance (French funds offered to the public); does not include funds outside France, particularly Parvest.



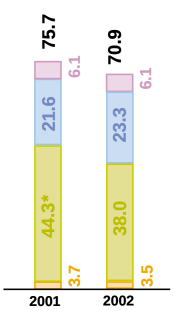
BNP Paribas captured additional market share from its main competitors in the mutual fund market, recovering its No. 1 position in the French market with 9.4% – *(source: Europerformance November 2002).*

The network performed extremely well on the marketing front, helped by the development of several groundbreaking mutual fund concepts. In 2002, these successes lifted the Group's share of the guaranteed fund market – the most buoyant segment.

Outstanding results were obtained with pioneering products such as Eole VI, Priméo 50, Yéti and the Booster offer, which was unanimously acclaimed by the financial press.


BNP PARIBAS CRC ORLÉANS

Average loans in billions of euros
Change 2002/2001



Total loans (gross): -6.3%
Consumer loans: +0.5%
Home loans: +7.8%
Corporate loans: -14.3%

** Exceptional transactions in the first half of 2001.*

Loans to individual clients grew by a strong 6.2%, including 7.8% growth in home loans. The Group's selective approach to corporate clients and the repayment of certain bridging loans set up in 2001 led to a significant 14.3% decline in loans to companies.

Roll-out of the Multichannel Bank

During 2002, the Multichannel Bank became almost fully operational:

- the Client Relations Centre (CRC) has been up and running since July 2001. The 275 telephone advisers working at the 2 multimedia platforms, in Paris (Tolbiac) and Orléans, now handle 50% of calls to the branch network. All calls will be routed to the CRC once the full complement of telephone advisers has been recruited.
  The CRC also handles all client e-mails.
  In the 2002 Quali-Phone survey published by *Central d'Appels* magazine, the BNP Paribas Client Relations Centre was ranked No.1 among major French services groups for the quality of its call centre service;
- the second milestone in the project has been the installation of new workstations at the CRC and in the branches, allowing staff to manage client relations in a multi-channel environment. The modules available at the click of a mouse include client account histories, contact management, on-line help and scripts. The scripts are mainly service-oriented but they also cover outstanding features of products and their sale.
  The new workstations have been used by the CRC for more than a year now and 15,000 of them were installed in the network in 2002. Roll-out was supported by training for the 1,700 managers responsible for familiarising the sales-staff with the new workstations.

The first half of 2003 will see the launch of the BNPParibas.Net Internet portal, linking the various content sites (showcase site, local sites, Moneymag) to French Retail Banking's transaction sites (BNP Net and BNP Net Trade). Inclusion of on-line banking in the Multichannel offer is possible thanks to unique client identification which gives BNP Paribas a competitive advantage in this area.

Companies

Creation of BDDF Entreprises

To keep pace with changing client needs and bolster margins on corporate business, we need to offer more specialised services and strengthen the management of this business. This is precisely the aim of BDDF Entreprises, which has been set up to leverage BNP Paribas' positions in the various segments of the Corporate market and create renewed momentum by drawing on the wealth of different offerings marketed by the BNP Paribas Group.

BDDF Entreprises is organised around specialist Trade Centres and professional marketing teams, dedicated exclusively to serving the needs of corporate clients. A lean and efficient management structure has been set up to enhance BDDF Entreprises' responsiveness. The entire organisation will be focused on achieving clearly-defined development and profitability targets.
At division level, corporate business is managed by a national director, responsible for defining and implementing marketing strategies, as well as closely monitoring the business's revenues and expenses from both retail banking services and specialised services.

BNP Paribas Cash Management offers Corporate and Institutional clients an array of domestic and international payment, collection and cash management solutions.
Its strategy focuses on meeting all of its clients' cash management needs, with an offering built around a comprehensive range of reporting instruments, distant payment facilities, e-banking/e-business and cash pooling services.

Successful cash management depends on high quality service and this is what BNP Paribas Cash Management offers. An ISO 9001-certified team of engineering and implementation specialists is on hand to set up cash management solutions and partner clients throughout all the phases of the project. The Afaq-certified Cash Client Service acts as the centralised point of entry and clients' sole contact for the personalised daily monitoring of national and cross-border transactions.

These first-class dedicated teams set BNP Paribas Cash Management apart from its competitors. The quality of service that they offer clients strengthens BNP Paribas Cash Management's market leadership in France and supports its international development. BNP Paribas Cash Management is already ranked among the top players in the European Cash Management market and is committed to taking the No.1 spot, by leveraging its own international network and the 8,000 branches of its European partners. At the same time, BNP Paribas Cash Management is continuing to extend its service offer on the world's leading financial markets.

With 500 specialists worldwide, Cash Management is a strategic business for BNP Paribas. The Group invests heavily in research, innovation and the integration of new technologies, with the aim of offering increasingly efficient solutions to its Corporate and Institutional clients.

BNP PARIBAS NICE

Cross-selling

In a rapidly changing environment calling for global offerings, BNP Paribas draws on all of the Group's service capabilities to meet the needs of its Corporate and Institutional clients. This can mean that over 30 business lines can be brought into play in the client relationship, including – for example – Private Banking, Banking and Financial Services, Corporate and Investment Banking, Asset Management and Employee Savings Plan Management.
In 2002, French Retail Banking's corporate and institutional clients benefited from BNP Paribas' resolutely pro-active approach in areas ranging from employee savings' plans to specialised financing (fleet financing, desk-top asset management, lease financing) and from currency, fixed income and derivatives to cash management services.

Retail Financial Services

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

BNP PARIBAS ATHÈNES

Cetelem

Cetelem held firm against the grim economic backdrop in 2002. New lending climbed 8% to EUR 18.4 billion, boosting managed loans to EUR 27.5 billion, an 11% increase on the year-earlier figure. The rise was mainly led by a 19% leap in international financing granted directly by Cetelem.

• In France, Cetelem consolidated its No.1 position through the acquisition of Facet (see inset). Outstanding loans advanced 8% to EUR 18.4 billion, and own-account financing was on a par with 2001, at EUR 5.3 billion.

Stricter loan conditions slightly weighed on consumer lending but was offset by gains reaped from a successful new automobile loan offering rolled out in 2001. This, combined with Cetelem's purchase of Crédit Universel's business as of 1 October 2002, fuelled an 11% rise in point-of-sale automobile financing. Loans to business partners eased back slightly, primarily attributable to the slowdown in mass-market retailing, which has suffered from weak demand for household items such as furniture, electronic appliances and white goods.

• New international financing expanded 20%, driving up managed loans by 18% to EUR 9.1 billion, representing 33% of total loans managed by Cetelem. At the same time, profit surged 37%.
On the European front, lending grew by a strong 42% in the United Kingdom, led by a new agreement with Dixons, and significant market share gains of 35% and 67% were made in the Czech Republic and Hungary respectively. Meanwhile, Poland surpassed breakeven, on the back of tight risk selection and a 42% leap in lending volumes.

Innovation: Dell chooses Cetelem as its multi-country partner in Southern Europe

Cetelem has signed a partnership agreement with Dell, the world's leading computer maker, to supply financing to Dell's clients in France, Spain and Italy. Under the agreement, Cetelem will provide a cutting-edge on-line lending solution, underpinned by a multi-country sales structure dedicated to credit payments that will be integrated into Dell's multimedia centre for Southern Europe.
The outcome is win-win. On the one hand, Dell gets to capitalise on Cetelem's expertise in on-line consumer financing, and in return, Cetelem can benefit from Dell's growth potential in the field as well as from its experience in on-line distribution.
This agreement reflects Cetelem's commitment to working with its partners to craft new products that are constantly custom fitted to consumers' needs and expectations.

Acquisition of Facet: a major strategic step for Cetelem, BNP Paribas' consumer credit vehicle

Following the PPR Group's decision to hive off Finaref, dedicated to lending solutions and financial services, BNP Paribas purchased 90% of Facet, (a subsidiary of Finaref). For the past 15 years, Facet has successfully managed the consumer lending business of Conforama, a member of the PPR Group. Facet handles over 2 millions store cards for Conforama, whose customers number some 9 million. Total outstanding loans managed by Facet stand at EUR 1.2 billion. The acquisition has enabled Cetelem to consolidate its leading position in the French consumer credit market and boost its share of the revolving credit market by 30%.
The move also paves the way for Cetelem to partner Conforama's expansion in Europe.

Strategy: bolster Cetelem's leadership position in Europe

Cetelem's European strategy is grounded in building up its leading position to make Europe the company's domestic market. First and foremost, this means consolidating Cetelem's No.1 slot in France – the market's yardstick. Success turns on firming up market share – while continuing to pull in strong profits – as well as on outplaying rivals, developing major strategic partnerships and continuing to branch out into new fields.
In Southern and Central Europe, Cetelem will be accelerating expansion by consolidating its No.1 ranking in Italy and seeking to capture the top slot in Spain.
In Northern Europe, Cetelem aims to adapt its business model and set itself apart in terms of sales and marketing through best-of-breed partnerships.
The strategy outside Europe revolves around expanding in several key markets. These include emerging economies such as Brazil and Thailand – working with partners to limit risks – as well as mature economies, using promising external growth opportunities as a springboard.

Southern Europe once again proved a star player, with overall growth of 19%. New lending climbed 8% at Findomestic – Italy's leading provider of consumer credit – and 23% at Banco Cetelem in Spain.
Cetelem also bolstered its market position in Asia, through a new partnership in Thailand with Thai Farmers Bank and a major deal signed in Taiwan with UWCCB, which has merged with Cathay Financial Group – Taiwan's leading financial institution. The picture in Asia remains very mixed, however. While Cetelem's operations in Thailand have now surpassed breakeven on a monthly basis, performance in South Korea has been hurt by a sharp deterioration in household solvency.

Automobile financing: under the new brand name of Cofica-CU, Cetelem climbs to No.1 position in France for retail automobile financing (excluding captive finance companies)

The automobile loan market is fiercely competitive, although it offers strong growth potential. To achieve critical mass, BNP Paribas has brought together within Cetelem its two automobile financing businesses – Cofica (Cetelem) and Crédit Universel (BNP Paribas Lease Group) – under the brand name Cofica-CU.
In so doing, it has captured the top slot in independent automobile financing and has given Cetelem a total market share on a par with that of the two largest captive finance companies of French car makers and twice that of France's No.2 leading independent player.
The creation of Cetelem's new automobile financing unit was driven by a dual goal:

- Leverage expertise in a bid to constantly enhance the service offered to car dealers, one of the key sources of competitive advantage;
- develop a full multi-channel finance offering at the point of sale (dealer showrooms) as well as other lending solutions through Cetelem branches and on-line services

BNP PARIBAS PARIS

UCB

Economic conditions remained favourable for property financing in 2002. Prices rose only moderately, while interest rates hit record lows, and the gloomy business climate did not significantly impact the market. Nevertheless, competition remained heated in the market for mortgages, a product that retail banks consider crucial in both winning and retaining clients. Against this backdrop, UCB pursued its policy of upholding margins and maintaining the quality of new loans.

In France, UCB disperse EUR 1.8 billion in new credits, 17% more than in 2001, representing an estimated market share of 2.5%. During the year, UCB bolstered reciprocal client-base sharing with the BNP Paribas retail banking branches, including Banque de Bretagne. On the marketing front, moves continued to be made to focus on adjustable-rate loans with a borrower-determined period at a fixed rate, with the aim of countering declining margins on fixed-rate loans. This marketing drive, begun in 2001, was stepped up during the first half of 2002, resulting in the majority of new loans being at adjustable rates by June. During 2002, several workflow tools were put in place and platforms were set up for processing documents electronically. Also, at the end of the first half of the year, UCB completed its preparations to take over IT management of Société Générale loans.

In Spain, Portugal and Italy, the property markets were extremely buoyant. Overall, new loans surged 26% to EUR 1.65 billion, powered by retooled sales operations and the opening of new branches. The UCI branch operating out of Portugal reached breakeven in the course of the year.

UCB continued to securitise mortgages during 2002. A major mortgage-backed securities issue was carried out in Spain through the UCI 8 fund, and the Master Domos fund in France was topped up.

Cortal Consors

In May of 2002, 66.4% of Consors Discount-Broker AG was acquired from Schmidt Bank Beteiligungs Holding GmbH for EUR 287 million. Following a public offer and a squeeze-out process, the total price paid by the Group for 100% of the share capital of Consors was EUR 483 million.

Between May and November, the integration process of Cortal and Consors has been carried out by 24 workgroups focusing on countries, IT issues, special subsidiaries, or corporate functions.

Overall, more than EUR 57 million synergy have been identified during the integration process surpassing the initial target of EUR 53 million, among which EUR 17 million revenue synergy, and EUR 40 million costs synergy.

The group IT has been organised on a pan-European level in order to maximise its customer-value, increase its flexibility and lower its fixed costs. The loss-making businesses of Consors, as the investment-banking office, notably the Swiss and the Italian subsidiaries, have been closed or sold.

During this period, the market environment has been especially difficult for the brokerage business with a decrease of 45% for the Dax30, and 34% for the Cac 40 in 2002. This led to a sharp drop in term of number of trades per account from 1.0 to 0.72 in Germany, and from 0.75 to 0.63 per brokerage client in France. Through the integration, it is now targeted to move towards a more balanced revenue model, with the development of asset gathering on the former Consors customers, while extending the leverage of the brokerage business in case of a market up-turn.

In February, by taking over of American Express Bank's Personal Financial Services clients in France, Cortal gained nearly 32,000 new clients and EUR 390 million of assets under management.

Since Axa Banque has bought Banque Directe from BNP Paribas in September, Cortal has been chosen to manage the saving accounts of their clients.

The commercial development through IFA's in Italy allowed to double the amount of long term saving collected, which reached about EUR 190 million.

In December, Cortal became the sole shareholder of Cortal Belgium by acquiring 60% of the capital held before by Dexia. With more than 30,000 customers and a total lending volume of EUR 681 million Cortal Belgium recorded 100% growth in customer numbers and 162% in increase of assets under management during the last 6 years.

BNP Paribas Lease Group

BPLG is the leading European lease arranger, providing EUR 6.7 billion worth of medium-term financing in 2002, on a par with 2001.

BPLG maintains its leadership position in France, in a difficult economic environment

The French equipment lease financing market contracted sharply in 2002. Leasing of industrial equipment was hardest hit, followed by public works equipment and truck leasing, which experienced a 10% falloff after two outstanding years of growth. This automatically impacted BPLG's financing volumes. However, despite fierce competition, BPLG held onto its No. 1 ranking in France, with market share of over 20%. At the same time, it bolstered its position in the property lease financing market, increasing new financing volumes by 15.7%.

Sharp rise in international business

BPLG has extended major existing partnerships to new countries, such as Nextira One in Germany. Non-domestic financing arranged during the year surged 31.8% over 2001 and now accounts for 32.8% of total financing volumes.

BPLG refocuses on its core business

As part of a strategy to concentrate on what it does best, BPLG has sold its private car and personal leisure equipment leasing businesses to Cetelem. Equipment lease financing is now centred around a referral system, whereby BPLG's clients are dealers and its partners are the leading equipment manufacturers and consequently, the BNP Paribas branch network and large corporates business line. BPLG has also strengthened real estate leasing synergies with the BNP Paribas Retail Banking division.


BNP PARIBAS MADRID

French sales network constantly tailored to new needs

The BPLG sales network has been restructured so that it can fully leverage sales potential by catering for ever-changing client needs. To this same end, certain sales outlets have become computer hardware specialists. An Extranet has been placed at the disposal of BPLG's business referral partners with a view to shortening response times and achieving productivity gains.

Significant European alliances

2002 was a vintage year for new partnership agreements signed with European companies, notably with CNH Capital Europe and Partek.

Services offered by Arval PHH

- Purchase and financing of cars and light trucks under long-term leasing arrangements
- Car policy advisory services
- Vehicle maintenance management, under either fixed-price or cost-plus invoicing models
- Roadside assistance and replacement vehicle management
- Insurance and claims management
- Fuel card management
- Fleet management reporting
- Vehicle resale assistance
- Fleet buyback

BNP PARIBAS LONDON

Contract Hire and Fleet Management

➔ Growth in the European fleet management market slowed down considerably compared with prior years, in contrast with a sharp rise in competition. Despite this challenging operating context, Arval PHH achieved market share gains in most of the countries in which it operates, especially in France, Italy and Germany.

As of 31 December 2002, Arval PHH managed over 649,000 vehicles, down by a modest 2.5% against the year-earlier figure. The decline was due to the decision of two major UK vehicle leasing companies to manage their own contracts, previously outsourced to Arval PHH. Lease financing business continued down the growth trajectory, however, rising 14.4% year-on-year to EUR 4.5 billion.

At a time of market concentration, Arval PHH continued to extend its geographic reach. The aim of this was twofold: respond to increasing demand from international groups for global solutions and seize local growth opportunities. A subsidiary was opened in Morocco, in partnership with BMCI, and as of 31 December 2002 two new units are being set up in Hungary and the Czech Republic.

Services offered by Arius

- Needs assessment and design of information systems, and systems audit
- Delivery and integration of multi-environment solutions, design and delivery of X-net solutions
- Technical services, implementation of solutions and related services
- Leasing solutions
- Desk-top asset management
- Equipment resale

Services offered by Artegy

- Full service long-term leasing
  - joint vehicle design, followed by manufacture and delivery
  - inspection follow-up
  - maintenance and tyre management
- Fleet management
- Fleet buyback
- Resale of used vehicles

➔ In a sharply contracting IT market, Arius and its subsidiaries reported revenues of EUR 280 million, down by a restrained 2% against 2001. This resilient performance came about mainly on the strength of sales and marketing synergies fostered with the French Retail Banking network.
In addition, the slight revenue dip was more than offset by increased margins, driven by strong expansion of value-added services, which have won over an ever-increasing number of clients and prospects.

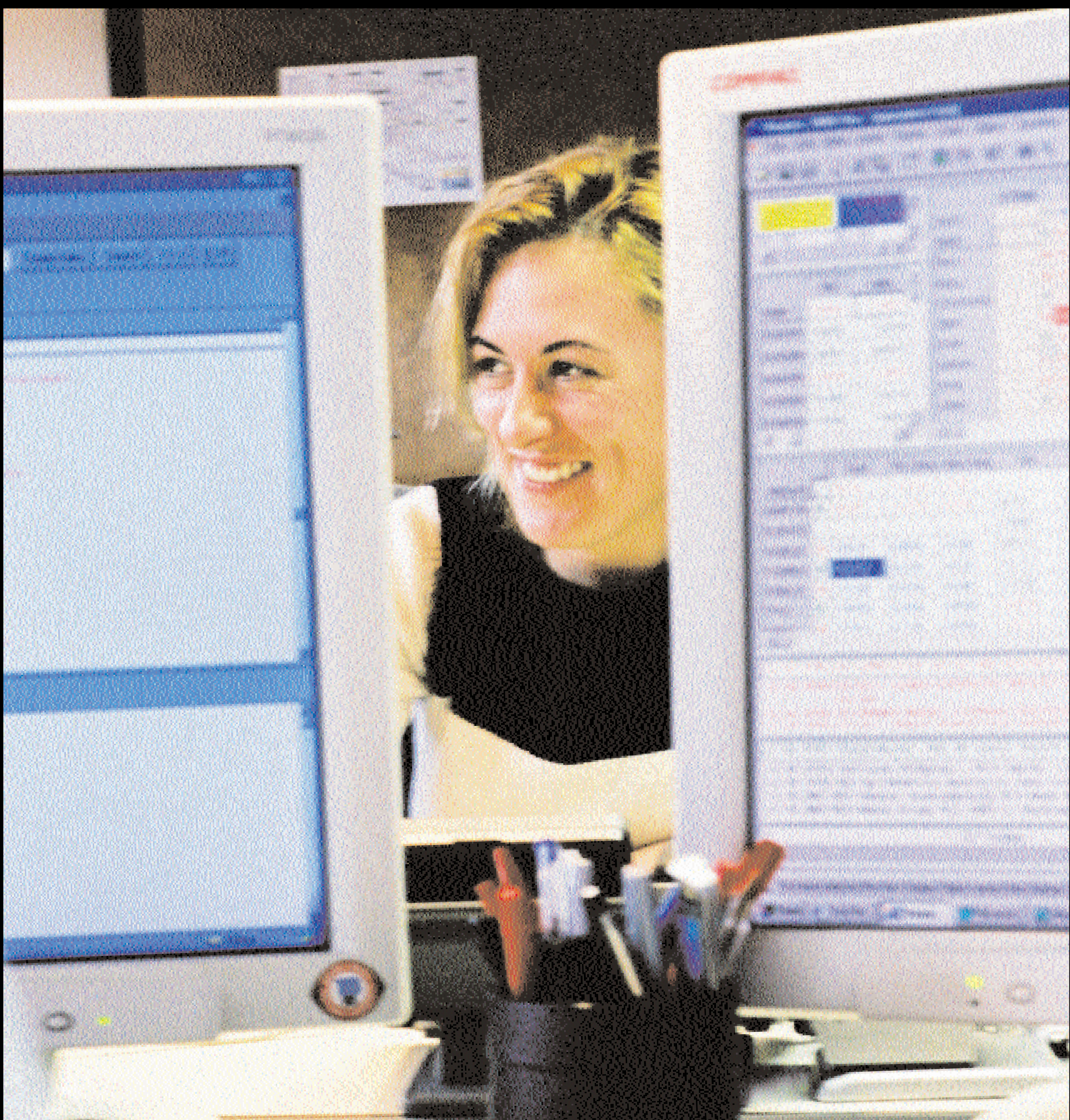
➔ Artegy, specialised in the leasing and management of heavy goods vehicles, continued to expand its offering among large corporate clients in the manufacturing, sales and service areas who are increasingly seeking modular, low-cost outsourcing solutions.
Despite slightly lower capital spending and renewal capacity among client industries during the second half, Artegy ended the year with some 6,500 vehicles under management, a 17% increase on 2001.

BNP PARIBAS MADRID

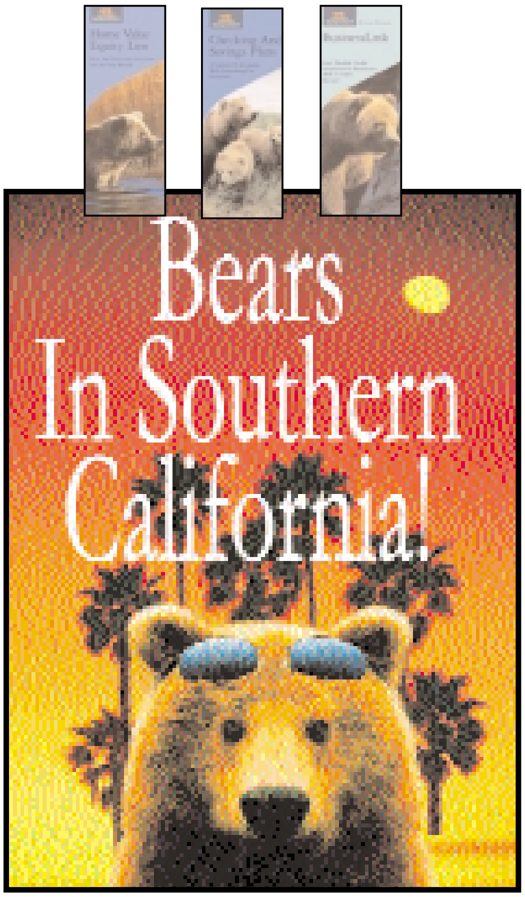
Retail Banking

International Retail Banking

In 2002, International Retail Banking's development strategy took shape. In worse-than-expected market conditions and thanks, in particular, to the impact of the integration of UCB into BancWest, the business achieved strong growth, with an increase of 26% in net banking income compared with the previous year.



BANK OF THE WEST SAN FRANCISCO



In Morocco, following the November 2001 merger between Banque Marocaine pour le Commerce et l'Industrie (BMCI) and ABN Amro Bank Maroc, around 20 ABN branches were integrated into the BMCI network during 2002. The branches' migration to the BMCI information system was successfully completed in February. With a network of 135 branches, BMCI holds some 10% of the deposit-taking market and around 14% of the lending market.

International Retail Banking's 2002 performance was boosted by successful integration of the activities acquired in 2001

The United States represents a prime example. The USD 2.4 billion acquisition of United California Bank (UCB) by BNP Paribas and its local subsidiary, BancWest, was completed on 15 March 2002 and UCB was merged with Bank of the West, a BancWest subsidiary, on 1 April. The two banks' brands and their information systems were merged on schedule in September. The acquisition has delivered the expected synergies, not only in 2002 but also since the beginning of 2003.

Including UCB, as of 31 December 2002 BancWest had total assets of USD 34.7 billion, 1.5 million customers, and a network of 358 branches, making it California's 5th-largest bank. In December 2002, Bank of the West strengthened its position in the leasing market, by acquiring Trinity Capital Corp., which has some USD 160 million worth of lease financing on its books.

Finally, after several years' absence, BNP Paribas has once again set up operations in Algeria, a country with 30 million inhabitants which offers promising development potential. The Group's new subsidiary, BNP Paribas El Djazaïr, opened for business in February and is steadily developing a branch network. The second branch was established in December, and a third is scheduled to open in early 2003.

International Retail Banking focused on achieving further organic growth – especially in the United States – overcoming unfavourable conditions in most of its geographic markets.

The Emerging Markets and Overseas network (EOM) kept up its strategy of selective development and rationalised its structures. One of the key aims of the EOM network is to build customer loyalty and boost net banking income by extending the range of products and services on offer. New business analysis tools have been made available to help it achieve this goal. The first products – adapted from the products offered in mainland France – were successfully launched in 2002.
At the same time, IT teams have continued to roll out the Atlas II platform which is now shared by most sites.

The data processing operations of Banque Internationale pour le Commerce et l'Industrie de Côte d'Ivoire (Bicici) have been handled by Paris since April of last year. Installation of the first permanent IT link between Africa and France, one of the Group's three global data centres, has paved the way for the transfer of data processing operations from other African countries, with Burkina topping the list in 2003. In the Gulf states, the installation of Atlas II and its related applications was completed in June 2002, allowing all back office operations in the region to be processed on a common platform.
During 2002, International Retail Banking also made further progress in rationalising its network in emerging markets, by selling non strategic units (Bank of Sharjah, BNPNedbank in Mozambique and BNPI Port-Louis).

BICI ABIDJAN

BNP PARIBAS LE CAIRE

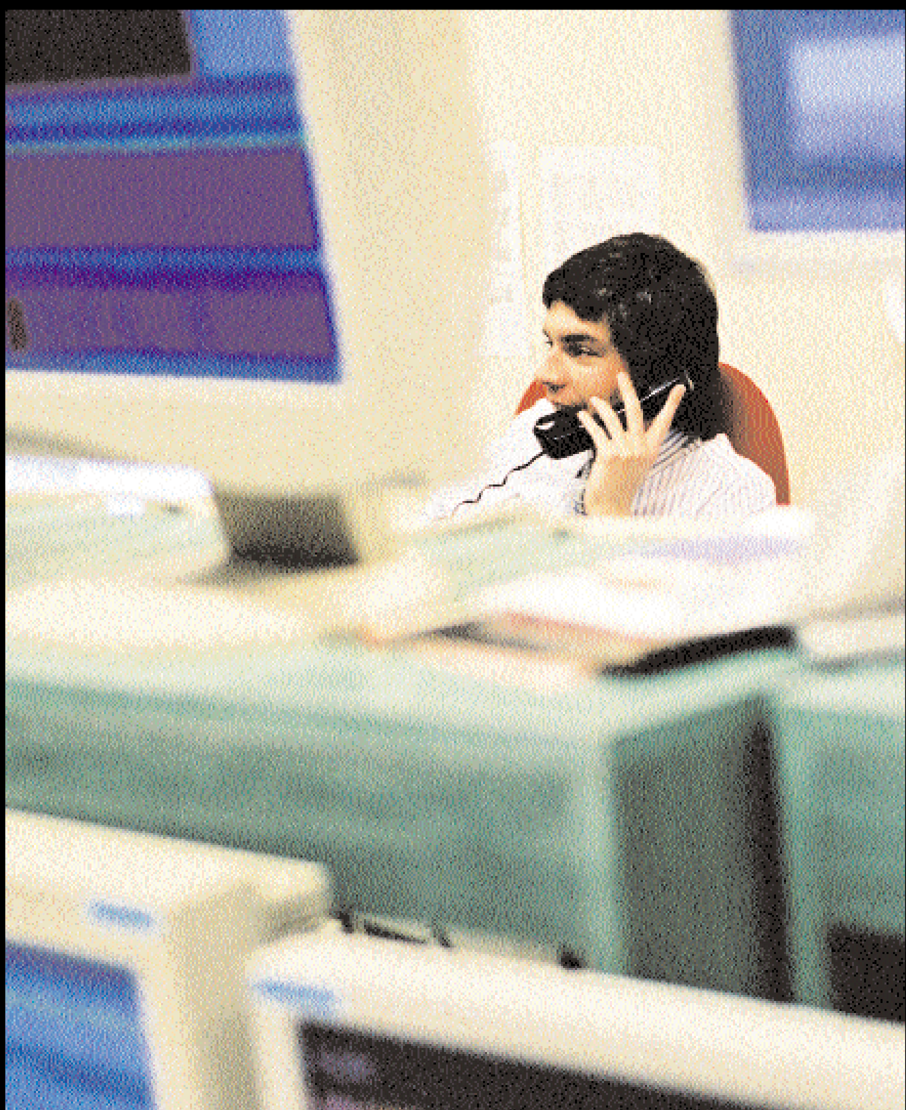
In line with its strategic mandate within the Group, International Retail Banking contributed to developing synergies with the other BNP Paribas entities.
One example was the Asian launch of the Visa corporate card, in November of last year. Corporate and Investment Banking (Commercial Banking), French Retail Banking (B2B Cash Management business line) and International Retail Banking (First Hawaiian Bank, a subsidiary of BancWest) joined forces to make the launch a success. All transactions paid for with the card are processed by First Hawaiian Bank's electronic banking platform.
Another example was the September 2002 formation, in Morocco, of Arval PHH Maroc, a subsidiary of Arval PHH (Retail Financial Services) and of BMCI, which holds 33.34% of the capital. Arval PHH Maroc allows BMCI to draw on the expertise of Arval PHH to build a position in the long-term vehicle leasing market.

International Retail Banking also continued to support the development of the network of Trade Centres. Six centres have been opened at International Retail Banking facilities in Bahrain, San Francisco, Senegal, Guinea, Lebanon and Burkina. The expertise of International Retail Banking's specialist teams, combined with a competitive product offer, represent valuable strengths in the drive to attract new customers and win market share. In addition, for the customers of International Retail Banking units, especially those which do business under a different banner, the Trade Centres represent a strong rallying point and a symbol of the units' membership of a leading international banking network.

Private Banking

BNP PARIBAS ATHÈNES

Asset Management



BNP PARIBAS MADRID

- Private Banking, Asset Management
- Securities Services
- Insurance

BNP PARIBAS TOKYO

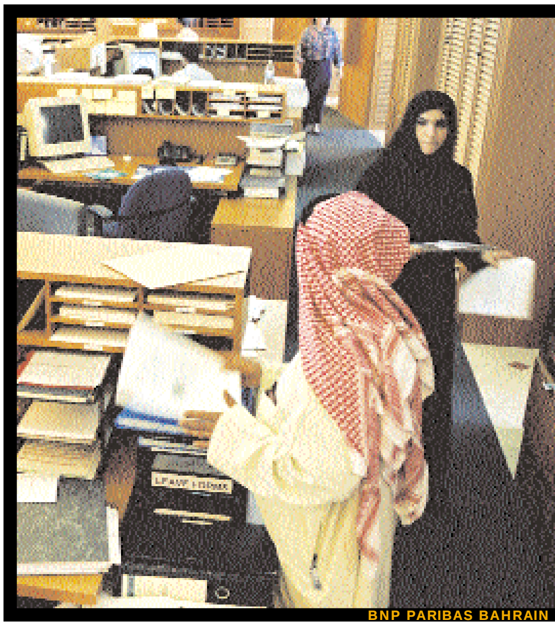
Acquisition of Chase JP Morgan's private banking business in Spain

In line with its strategy of building domestic market positions in Europe, in November 2002 BNP Paribas Private Banking acquired part of Chase JP Morgan's private banking business in Spain. The transaction represents a good example of Private Banking's ability to take the lead in the process of industry consolidation. It will provide a significant business base in Spain to support Private Banking's development in this very promising domestic market.

BNP PARIBAS LONDON

Private Banking

BNP Paribas Private Banking continued to earn the trust of its clients by offering them sound advice and value-added services. In a year of falling stock prices and economic and political uncertainty, the Private Banking teams focused their energies on crafting innovative solutions designed to meet the needs of each client.
The new *Convention Patrimoniale* private asset management contract in France, the new range of discretionary asset management contracts, investment advice tailored to specific legal contexts, the comprehensive hedge fund offering and the broad selection of structured products are just some examples of how Private Banking has responded to the changed investment climate. Private Banking's pro-active approach to meeting the needs of each individual client has helped it to forge closer ties with its existing clientele and win the trust of new clients.
In 2002, this approach fuelled a 75% increase in net new money, to EUR 6.2 billion.


BNP PARIBAS BAHRAIN

Partnership with Corporate and Investment Banking in Hong Kong

Building on the success of its partnership with the Retail Banking in France division, in April 2002 Private Banking joined forces with the Corporate and Investment Banking division to offer an array of sophisticated products and services to high net worth individuals in Hong Kong. This promising partnership, targeting a financially-astute and demanding clientele, illustrates Private Banking's commitment to achieving the highest standards of excellence for all of its clients, by leveraging synergies with the Group's other business lines.

The sluggish economy and depressed financial markets severely tested the resilience of the entire industry. BNP Paribas Private Banking responded to the extremely challenging conditions by taking action to lower its cost base. However, investment in information and operating systems was kept up, to offer clients a world-class service. Private Banking leveraged its resources to create centres of excellence, in order to attract the best talents to serve clients and position itself to play a key role in rationalising today's highly fragmented industry.

In 2003, BNP Paribas Private Banking intends to focus on creating value for clients, in the shape of products and services closely tailored to their needs, and also for shareholders, by pursuing an aggressive marketing strategy, bringing down recurring costs and making selective investments.


BNP PARIBAS MADRID

BNP Paribas Asset management

In 2002, BNP Paribas Asset Management chose to focus on those businesses where its size, expertise and experience give it a clear competitive advantage. The Company anticipated the major changes sweeping through the European asset management industry, structuring its organisation around 4 business lines and cross-functional support services:

BNP Paribas AM Global Funds: an open structure meeting the needs of all clients

Marketing and distributing its own funds and those of other asset managers through the BNP Paribas branch network and Private Banking units, as well as through an external network of banks and financial institutions.

BNP Paribas AM Institutional: a full asset management and services organisation for institutional investors (analysis and research, management and client services)

Leveraging its fundamental asset management platforms to drive growth in institutional market share.

BNP Paribas AM Alternative & Structured Investments: new management strategies

Offering alternative, tracker and structured funds.

BNP Paribas AM New Markets: long-term growth drivers

Building a fund offering designed to tap the growth potential of emerging markets.

BNP Paribas Épargne Entreprise

During 2002, BNP Paribas Épargne Entreprise, 3rd-largest employee savings plan manager, built on its existing strengths. The product offer was successfully rolled out to the small business market and a network of regional experts was established to strengthen distribution capabilities. Advanced technologies were used to enhance service quality, with the launch of a new website and a unique transactional voice server. These strengths are being leveraged to achieve the company's goal of outpacing market growth while maintaining the highest standard of service quality.

No.1 in France

BNP Paribas AM is France's leading distributor of mutual funds, with 9.3% (1) of the market as of 31 December 2002. In the guaranteed funds market, successful advertising campaigns have helped to propel the BNP Garantie K2 and BNP Garantie Booster funds to the forefront of the market.

(1) Source: Europerformance.

These 4 business lines are backed by cross-functional support structures including Operations and Systems, Finance, Audit and Compliance.

BNP Paribas AM has over 1,300 staff working in more than 20 countries. Asset managers trade on all of the world's leading stock markets – Paris, London, New York, Tokyo, Singapore and Hong Kong – specialising in specific classes of assets, management techniques and geographic areas. Drawing on its international network of management and distribution centres, BNP Paribas AM serves clients across the globe.

BNP Paribas AM has set three key goals for 2003 – build market share in fund distribution in continental Europe, become a benchmark player in global funds for institutional investors and rapidly develop enhanced alternative and structured fund management capabilities in Europe and the United States.

BNP Paribas Asset Management rated « aa »

BNP Paribas AM's fund management operations in Paris, London and Hong Kong[1] have been rated aa by Fitch-AMR, providing independent confirmation of these units' excellent capacity to master the risks inherent in asset management.

(1) The three units included in the rating process.

BNP Paribas Securities Services


BNP PARIBAS LONDON

In a year of falling stock prices, the value of assets in custody contracted by 9% to EUR 1,811 billion at the end of 2002. Volumes remained high, however – the 25.8 million transactions processed during the year represented 14% more than in 2001.

The transfer of the securities services business into a separate subsidiary bank was completed in 2002, with the integration of the London and Luxembourg offices. In May, BNP Paribas announced the acquisition of Cogent, a fund administration company previously owned by the Australian financial services group AMP. The transaction was closed on 2 September 2002, representing a key milestone in BNP Paribas Securities Services' international development. Cogent is a major provider of securities services to investors in the United Kingdom, Australia and New Zealand, as well as from offshore offices in Dublin, Jersey and Luxembourg, managing EUR 199 billion worth of assets for 90 institutions worldwide. With a leading position in the UK market, Cogent represents a good strategic fit with BNP Paribas Securities Services' other businesses, in terms of both geographic coverage and product offerings. Its fund administration capabilities allied with BNP Paribas Securities Services' expertise in custody services pave the way for cross-selling opportunities and revenue synergies through the development of an integrated global offering for institutional investors.

Record derivatives volumes

BNP Paribas Securities Services, which offers securities services in a variety of asset classes, reaped the benefits of its diversification strategy in the form of record listed derivatives clearing volumes. During the year, BNP Securities Services became a member of Spain's MEFF RV futures and options market, raising to 8 the number of markets where derivatives clearing services are offered. As a clearing member of Europe's main futures and options markets (EuroNext, Liffe, Eurex, Athens, Milan and Madrid), BNP Paribas Securities Services cleared over 160 million trades in 2002, placing it high up the European league table.

Other highlights of 2002 included the significant growth in transactions on Euronext, the launch of domestic custody services in the United Kingdom – raising to 10 the number of European markets where these services are offered –, expansion of the Global Liquidity Management business line, with the launch of Cash Management services in Japan and Forex services in Luxembourg, and the development of issuer services for asset-backed securities.

As in previous years, BNP Paribas Securities Services won acclaim for its product innovation and service quality. The company was named Best Regional Custodian – Europe by *Global Investor (Euromoney)* for the third year running and its domestic custody services in France, Germany, Greece, Italy and Spain were given "Top-Rated" status by *Global Custodian*. The quality of the sub-custodian bank network was recognised by *GSCS Benchmarks*, which awarded BNP Paribas Securities Services with prizes of "Best Global Network" and "Best Emerging Markets Network".

Together, BNP Paribas Securities Services and Cogent boast 3,500 specialist staff working in 16 countries, offering a range of high quality services in global markets spanning the entire investment cycle. Integration of the two organisations is expected to lead to considerable synergies.

Tailor-made issuer solutions – The Air Liquide example

In 2002, Air Liquide selected Global Issuer Services to provide administrative support for the stock option plan launched to mark the 100th anniversary of the industrial group's formation and which covers 30,000 beneficiaries in 56 countries. Working in partnership with Wachovia Bank to administer the options granted in the United States, BNP Paribas Securities Services was able to offer Air Liquide a truly global service closely tailored to its needs.

BNP PARIBAS PARIS


BNP PARIBAS TOKYO

Insurance

Against a depressed economic backdrop, the Insurance business gave a satisfactory performance in 2002.

New money invested in individual savings products held firm compared with 2001, buoyed by business generated through BNP Paribas branches in France and the Cardif group's banking partners both in France and abroad. Premium income was also sustained by a series of guaranteed funds launched in 2002. In the space of just three months, over EUR 500 million worth of new money was invested in one of these funds – Booster – by 31,000 clients of the BNP Paribas network.
Unit-linked business was hit hard by the weak equity markets. New money invested in these products contracted sharply, accounting for only 38% of premium income (France and International) versus 51% in 2001.

Sales of group pension products expanded by 9% to EUR 527 million. Premiums from in-force business amounted to EUR 326 million. Policies transferred from other companies totalled EUR 201 million. These transfers are not reflected in premium income but have been added to the value of assets under management.

Sales of individual personal risk products and loan insurance rose by a healthy 10% in France and a very strong 50% in international markets, where these products now account for nearly 60% of total insurance revenues.

Property-damage insurance policies sold by the French Retail Banking network climbed to 87,619 an increase of 4% on 2001.

At EUR 8.2 billion, total insurance revenues advanced 4% compared with the previous year. Mathematical reserves, primarily corresponding to policyholder savings, grew by 0.8% to EUR 52.3 million, despite a significant fall-off in the value of unit-linked funds invested in equities.
In addition to selling existing products and services, the Group focused on laying the ground for the future. The year was marked by a large number of commercial successes, as well as by improved policy handling procedures and the launch of a broad-based plan aimed at scaling down operating expenses as of 2003 in all sectors and countries where the Group is present.
BNP Paribas now writes insurance business in 26 countries. In 2002, an outfit was set up in Hungary, and sales and marketing operations got off the ground in South Korea – led by SH&C Life Insurance, a joint venture with Shinhan Financial Group – while telemarketing of personal risk insurance products continued to expand in many countries.

CARREFOUR MILAN

CARREFOUR MILAN

Real estate

The slowdown that began in 2001 continued through 2002, as corporations fought against economic headwinds, and prices in the office segment shifted to more realistic levels.
BNP Paribas' property portfolio is still carefully balanced. The European investment market is not showing any signs of cooling off, with occupancy rates remaining high. Shopping centres continue to be in high demand, reflecting healthy consumer spending.

Klépierre continued to broaden its reach in the shopping centre management market, focusing on growth markets in Southern Europe. Drawing on the strengths of its Ségécé subsidiary and on solid footholds gained in local markets, Klépierre has climbed up the European league table to number one position. As of 31 December 2002, the company's property assets represented a total value of EUR 4.7 billion, with the office component scaled back to 25%. In November, Klépierre added EUR 150 million to its shareholders' equity, by exchanging a convertible bond for shares, diluting the interest held by BNP Paribas – Klépierre's majority shareholder – to 52.9%. Included in the SBF 120 index since December 2002, the company's shares climbed 20.4% during the year.

Klépierre steps up operations in Italy

Klépierre has bolstered its Italian business, making Italy its 3rd-largest domestic market, after France and Spain. The expansion was fuelled by:
- the purchase of 11 Carrefour shopping arcades at end-June 2002, for EUR 226 million;
- the acquisition of Eurocenter, propelling this company to the top slot of the Italian shopping centre management market;
- a strategic agreement with Finiper, giving rise to a EUR 31 million investment in IGC, which owns 9 shopping centres in Italy. The investment corresponds to an initial 40% interest which will later be raised to 50%. Under the agreement, Klépierre also has first right to purchase any new centre developed by Finiper.

With three key partners, Klépierre is now well positioned to expand in Italy.

Rollout of the second phase of the Carrefour agreement

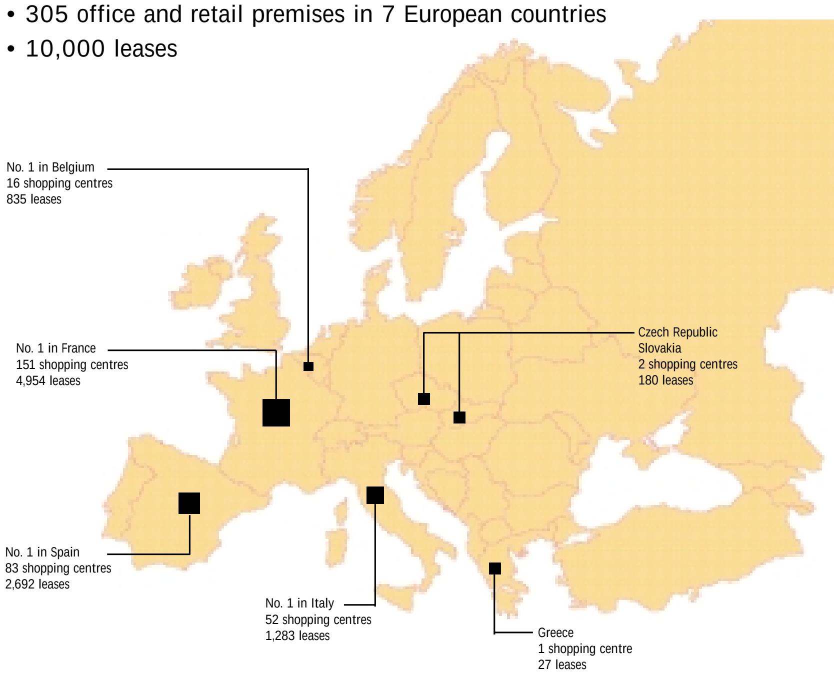
The first phase of the Carrefour agreement, concerning the purchase of 160 existing shopping arcades for EUR 1.6 billion, is 90% completed. The second phase – related to the right to purchase new centres developed by Carrefour – has been set in motion, with the acquisition of 5 new Spanish centres. Three of these centres – in Alicante, Oviedo and Tenerife – cover more than 20,000 sq.m.

Over the years, the Meunier Group has continued to strengthen its position as a leading French developer and marketer. In 2002, it pre-sold 1,700 housing units through its integrated sales office and sold 15,000 sq.m. of office space, including over 80% to foreign investors.

Property service companies, housed in one corporate division, actively helped the Group to consolidate its leadership positions. At the end of 2002, BNP Paribas held 16% of the real-estate investment trust market and had EUR 2 billion in assets under management. It was also a top-tier player in appraisals, transactions and property management, both in the residential sector through Gérer, with 15,000 housing units, and in the corporate market, through Comadim. In 2002, Comadim held on to the top spot in the Paris corporate property management market, with over 10% market share and new contracts representing 500,000 sq.m.
BNP Paribas' real-estate subsidiaries have proved their ability to adapt to the unsettled climate. They have slowly but surely broadened their geographic reach and captured market share. This has been achieved in tandem with meeting the major goals of turning in robust profits while containing risks and building on service offerings while remaining highly customer centric.

BNP Paribas' property assets as of 31 December 2002

- 305 office and retail premises in 7 European countries
- 10,000 leases



BNP Paribas has crafted real-estate boutiques to cater for client needs

With a view to providing an overarching offer of housing-sector products, financing solutions and services, BNP Paribas has designed boutiques that people can walk into from off the street. Under one and the same roof, Gérer, Sinvim and BNP Paribas specialists offer expertise in buying and selling old and new properties, rentals, valuations, insurance, mortgages, managing and protecting properties.
Two such boutiques have already opened in Paris – in Lowendal and Ternes. Nine other openings are planned for 2003.

In just 12 months, Meunier delivers a new complex designed to house PSA Peugeot Citroen's administrative headquarters

Surface area:	51,000 sq.m. of offices and 1,630 parking spaces
Capacity:	3,000 people
Architects:	Cabinet Pierre and Cédric Vigneron

This large-scale venture testifies to Meunier's ability to successfully carry out challenging projects. Meunier:
- built the complex in the space of twelve months, thanks to an innovative design concept and work methods;
- delivered it on schedule, attributable to smooth teamwork by Meunier's cherry-picked partners;
- blended the complex with the surrounding environment, mainly by adding a false front on the office buildings and slotting in an underground car park;
- struck a harmonious, aesthetic balance, by inserting four interior patios harbouring trees, plants and shrubs from each of the five continents.

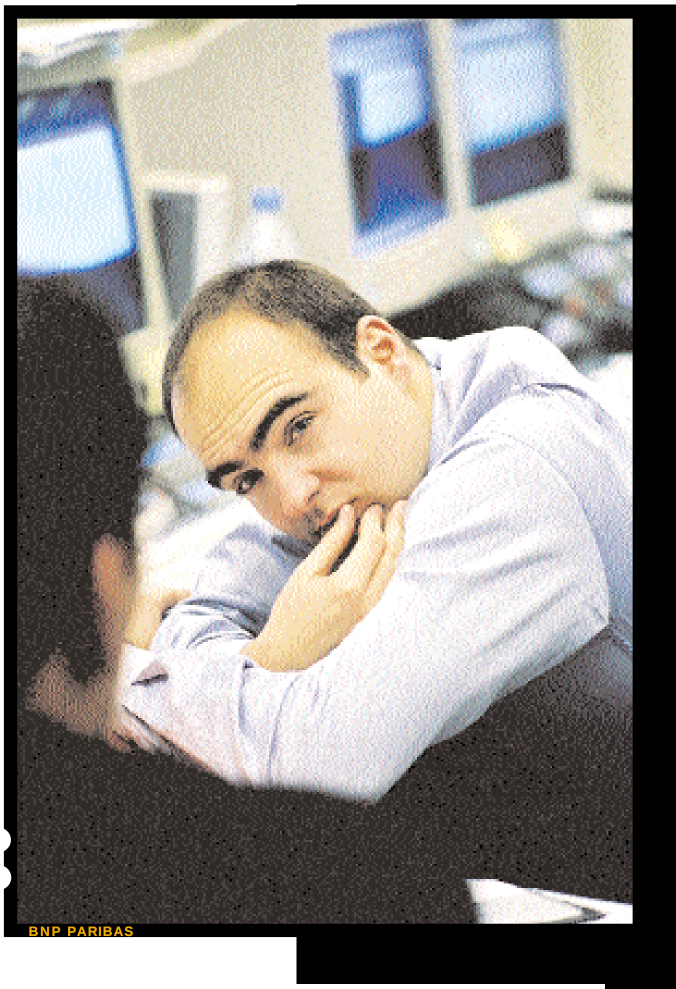
PSA Peugeot Citroen has recently entrusted Meunier with building a further 15,000 sq.m. as part of the same venture.

BNP Paribas Capital

MIGRATION TO THE FUND MANAGEMENT MODEL

Two major events occurred in 2002 related to fund management:

– the PAI Europe III fund was closed to new capital. Managed by PAI Management, and primarily given over to large-scale LBO transactions in Europe. The fund attracted EUR 1.8 billion worth of commitments, including EUR 1.3 billion from new investors, testifying to the confidence of international institutional investors in PAI's strategy and performance;
– management buyout of PAI Management. The fund manager is now 51% owned by the management team, and this interest will eventually be raised to 100% at a pre-agreed price.



Transactions in the proprietary portfolio

BNP Paribas Capital's strategic shift towards the fund management model has led to gradual divestment of the proprietary portfolio, generating EUR 1.8 billion in cash for the Group:

- sale of a first block of Royal Canin shares (28% of the company's capital).
- sale of the Group's stake in Coparex to Swedish oil group Lundin Petroleum.
- sale of the third and final block of RTL Group shares, pursuant to the agreement signed in 1999.
- sale to PAI Europe III of BNP Paribas' stake in Antargaz.
- sale of the Group's 21% interest in La Rochette in connection with the joint public tender offer for this company launched by Saica International BV, Mondi International SA and LR Investments BV.
- sale of the Group's interests in Concorde, Camaieu and Cosmos.
- public sale of Cobepa's 4 million shares in Aegon.
- sale by Cobepa of its 30% interest in the GIB holding company, in connection with a joint tender offer made by the Ackermann and CNP groups.

On the investment side, BNP Paribas Capital participated in a share issue by Bouygues Télécom and invested EUR 250 million in the PAI Europe III fund.

Portfolio value and earnings

As of 31 December 2002, BNP Paribas Capital managed a portfolio with a book value of EUR 3.5 billion, including unrealised capital gains of EUR 1.4 billion.

Despite high volatility and a sharp drop in market valuations in 2002, BNP Paribas Capital posted results that once again underline its ability to generate recurring profits.

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.

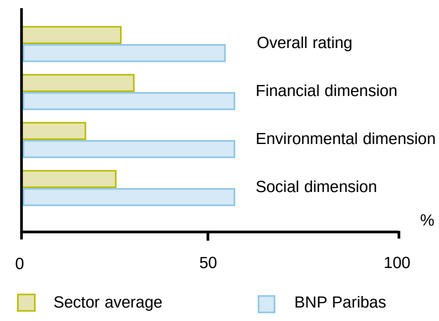
The Sustainable Development Supervisor and Officer submit strategic proposals to a General Management Committee for approval. This Committee comprises the Chairman and Chief Executive Officer of BNP Paribas, the Chief Operating Officers, heads of divisions, head of Group Human Resources, head of Group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

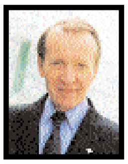
Stakeholder	Rating
Shareholders	++
Employees	+
Environment	-
Clients / Suppliers	=
Community	=

- 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 Pébereau

Chairman and Chief Executive Officer of BNP Paribas
Born on 23 January 1942
Elected on 22 May 1997. Term expires at the 2003 AGM
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 May1997. 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

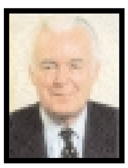
Director elected by BNP Paribas employees

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 Électriques, Électroniques 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 videoconfence). 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

	Ex-Arthur Andersen / Ernst & Young [1]		Pricewaterhouse Coopers		Mazars & Guérard		Total	
(in thousands of euros)	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 Bébéar

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 CEREPI)
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 Mobilière 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 Gallay*
- *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)

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 Péberau 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 Baudoin 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 3,192 29/03/1995 77,125 21/05/1996 98,700	11/10/1994 34,485 30/10/1995 21,595 20/01/1997 56,126	17/11/1994 73,300 28/12/1995 12,340 22/05/1997 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.

BNP PARIBAS BAHRAIN

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.

BNP PARIBAS MONTREAL

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 depositive, to help further boost the efficiency of its fight against financial crime.

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.

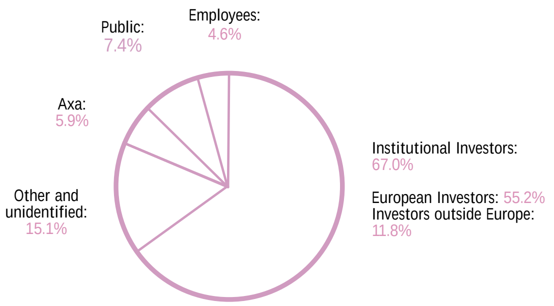
The general principles underlying this policy, as they relate to sustainable development, can be summarised as follows:
- ethics: BNP Paribas' image can be affected by transactions in which the Bank takes part. BNP Paribas sets the very highest standards of integrity and complies with all ethical, regulatory, 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".)

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:

	31/12/2000			31/12/2001			31/12/2002		
Shareholder	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.

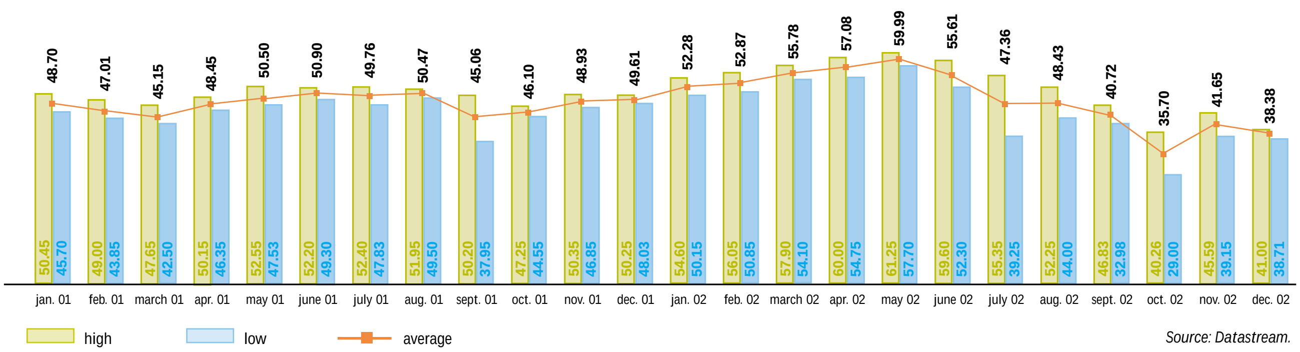
To help increase the number of shares held by individual investors and further increase the stock's liquidity, in line with the practice observed on the world's leading stock markets, the Board of Directors of BNP Paribas decided to use the authorization given at the General Meeting of 15 May 2001, by 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



Source: Datastream.

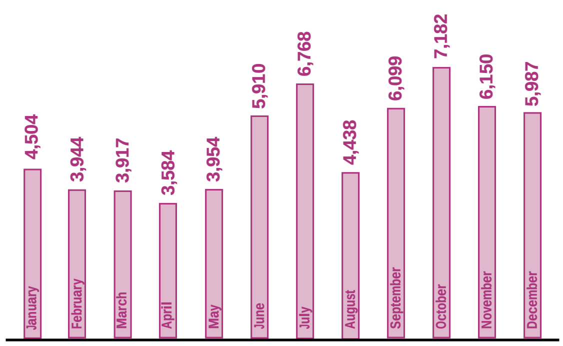
The BNP Paribas share price rose steadily in the first part of the year, as seen above, reflecting the good overall performance of European banking stocks. The price peaked at EUR 61.25 on 14 May. Starting in June and over the rest of the year, banking stocks steadily lost ground.
This overall trend 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.

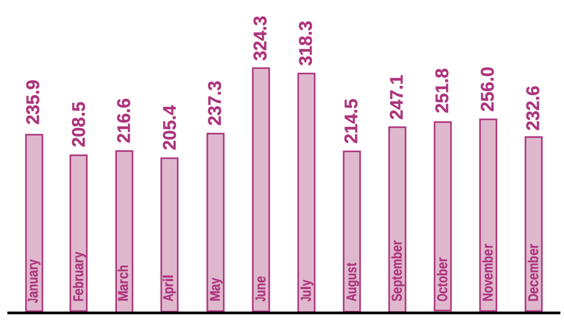
2002 trading volume

Daily average in thousands of shares



Source: SBF.

Daily average in thousands of euros



Source: SBF.

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 2.7092 [4]
2002	1.80	4.88	54.10	0.0902	2.7994

(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 x 2.3039 = 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 x 38.83 = 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 x 38.83 = EUR 89.46 or FRF 586.82

  An amount 83% higher than the original investment

  Total shareholder return: 12.86% per year

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).

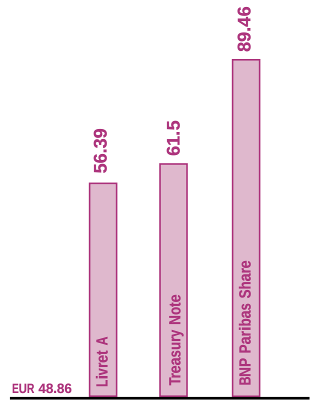
- Investment of EUR 48.86 on 1 January 1998 in a "Livret A" passbook account:

  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 = 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 = EUR 27.96 per share over five years.

Comparative total yields over 5 years for investment of EUR 48.86



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 follows[2]:
- 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

(2) Subject to alteration at a later date.

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 100[3]. 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.

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.

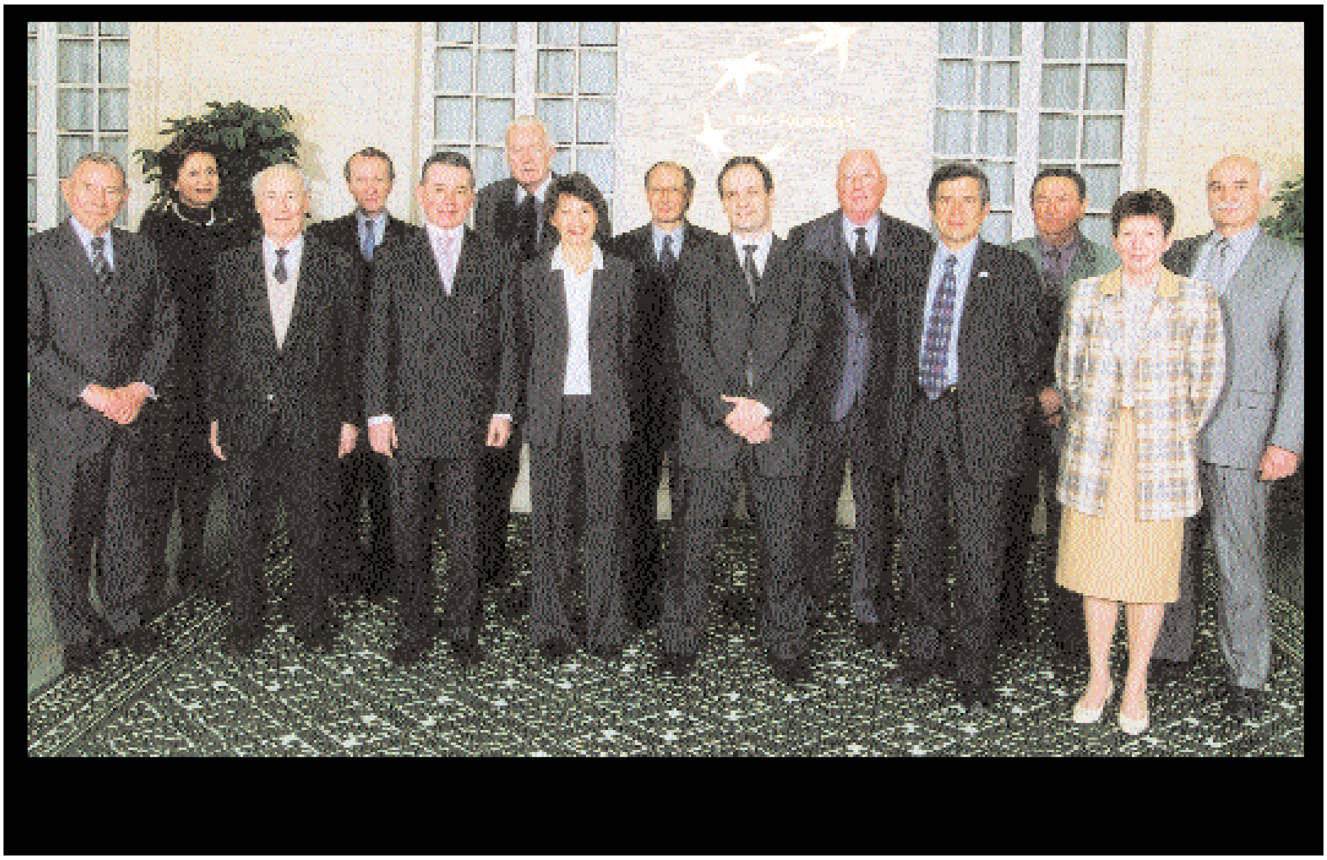
(3) Adjusted to 200 following the two-for-one share split.

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:

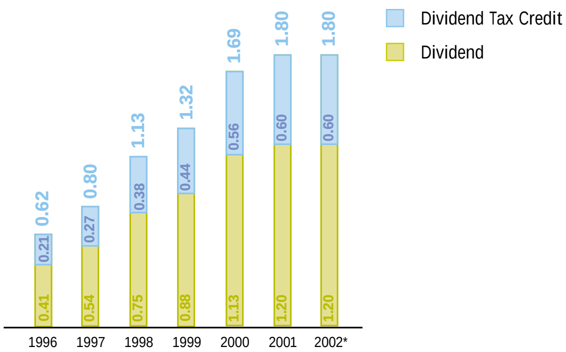
- BNP Paribas' participation in the "Actionaria" trade show. At this event, several Liaison Committee members explained the Committee's role to people who visited the Bank's stand;
- 2001 Annual Report: In line with the Committee's wishes, an explanation was provided of the main abbreviations used, and 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.

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.

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

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.

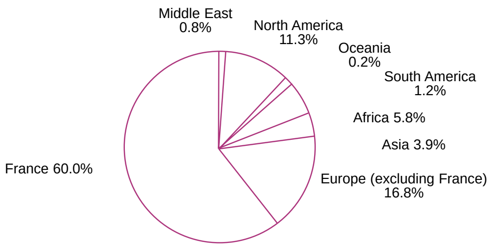
In the case of failure to comply with these disclosure requirements, the undisclosed shares will be stripped of voting rights at the request of one or more shareholders who hold a combined interest of at least 2% of the capital or voting rights of BNP Paribas.

Human Resources Development

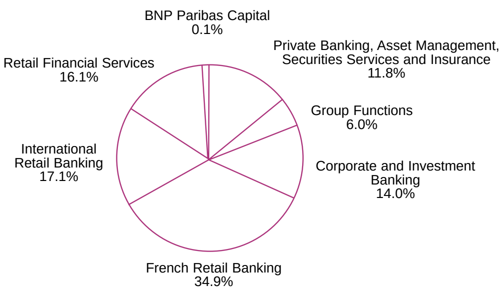
Group employees

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

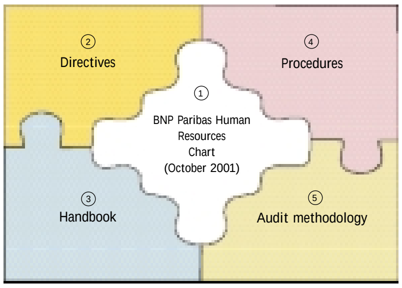
Ever since the BNP Paribas Group was founded, the managerial process has been shaped by four core values – *commitment, ambition, creativity and responsiveness*. These values provide a structure to all human resources programmes at BNP Paribas and are targeted at developing both professional skills and 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.

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.

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.

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.

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.

BNP PARIBAS TOKYO

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.

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 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.

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.

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, Nîmes 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

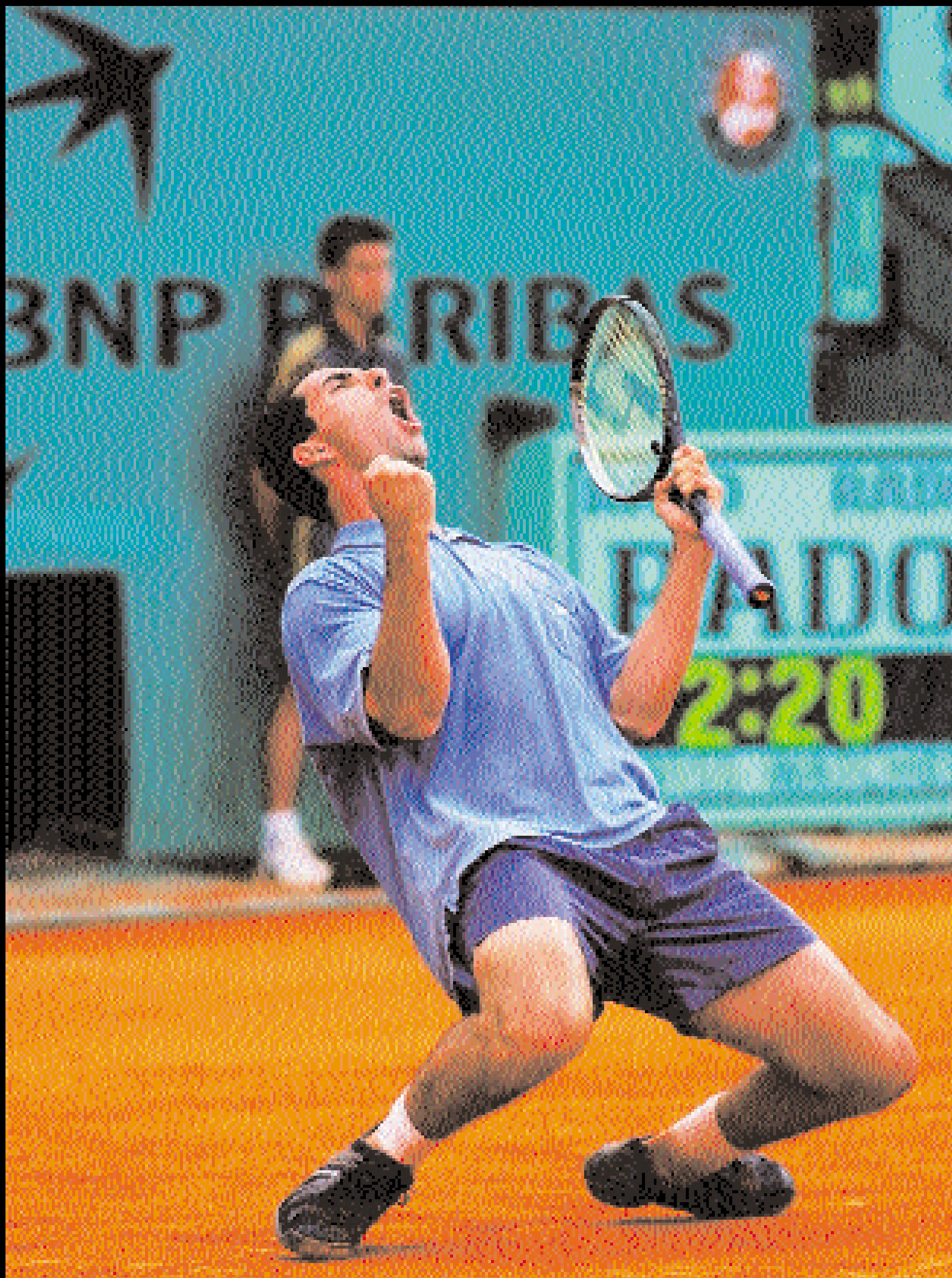
In addition to the initiatives undertaken directly by Fondation BNP Paribas, the Group sponsors a wide range of local events.

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.



A. COSTA AT ROLAND-GARROS

BNP Paribas Tennis

BNP Paribas has been a partner of the French Tennis Federation since 1973 – most likely one of the longest-lasting sport's sponsorships in the world.

Tennis: a commitment that has lasted 30 years

As Official Sponsor of the world-famous French Open at Roland Garros, BNP Paribas has increasingly stepped up its contribution to the development of tennis, both at home and abroad. Devoting nearly a quarter of its communications budget to tennis, the Group has rolled out a highly focused strategy that has resulted in our brand name being intimately connected with the game.

Tennis is BNP Paribas' sole sport's sponsorship. The Group backs the game itself, rather than individual players or teams, demonstrating its commitment to, and involvement in tennis as a sport.

This loyal support is logical, as studies demonstrate that it takes a long while to build up a clearly defined sports sponsorship programme and subsequently closely associate that sport with the sponsor's brand name. It also reflects the Group's enthusiasm for an activity that attracts several billion TV viewers worldwide, and particularly appeals to our customers, thus combining work with play.

The reason why the Group's extremely fruitful tennis partnership has been so long-standing is because as well as enjoying several strong common points, tennis and banking share core pairs of values. These are keenness and a sense of discipline, performance allied with fair play, and a striving to be popular combined with a sense of tradition and elegance. Tennis is also the only major sport that is truly universal, with the same rules in each and every country. At the same time, it is France's leading individual sport boasting 1.1 million registered players.

Since 2000, the Group has championed tennis throughout the world and at all levels of the game. For instance, BNP Paribas:

- encourages family-level tennis by supporting over 350 club tournaments throughout France and many international amateur tournaments, particularly for young talent – such as the Junior Davis Cup, the *Derby Cadets de La Baule*, the *Pont des Générations*, and the Open for young players from the City of Paris, organised in partnership with Unesco – as well as the *Trophée BNP Paribas de la Famille*;

BNP PARIBAS MASTERS

S. GROSJEAN – DAVIS CUP

- provides substantial funding for educational tennis programmes targeted at amateurs of all ages, set up by the growing number of federations located in countries where the Group is present;

- sponsors regional tennis through major ATP and WTA professional events, such as the BNP Paribas Open in Strasbourg, Marseille, Poitiers and Metz;

- partners community programmes through "Fête le Mur", an association founded by Yannick Noah that brings tennis to young people in disadvantaged neighbourhoods of 20 French towns and cities and is involved in a project to create an educational sports centre for young people. The Group also sponsors the Oberer Tennis Camp in Switzerland and other similar programmes in Argentina and Morocco. At the same time, it promotes wheelchair tennis through the Handisport French Open and tennis at university level through the *Fédération Française du Sport Universitaire*, which organises the French Student Championships and the European University Cup.

- supports tennis at a worldwide level through its close association with three top tennis events – the French Open Grand Slam tournament; the BNP Paribas Masters (the largest indoor tennis tournament in the world) in the Tennis Masters Series, and the "Davis Cup by BNP Paribas" – the world team championship between 142 countries, which takes place throughout the year.

In 2002, BNP Paribas offered over 30,000 customers and prospects the chance to experience the thrill of competition, with all its joys, disappointments and respect for the other side.

TV viewing figures beat all records in 2002. The event that attracted the largest audience was the Final of the Davis Cup in Paris at the beginning of December, watched by more than 40% of the viewing population. During the year, over 3 billion TV viewers across the globe saw the BNP Paribas logo draped along the side-lines of tennis courts.

The Group's steadfast commitment to tennis and its wide-ranging, yet coherent and balanced programme of sponsorship, reflects the spirit in which BNP Paribas builds relationships with each and every customer.

Financial

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FINANCIAL AND LEGAL INFORMATION

2002 REVIEW OF OPERATIONS

- In an environment dominated by the economic slowdown and the stock market crisis, BNP Paribas delivered good performance.
- Net banking income totalled EUR 16,793 million (only 3.8% down from 2001).
- The cost/income ratio remained very competitive at 65.2% (62.7% in 2001).
- Gross operating income decreased to EUR 5,838 million, down 10.4%.
- Net income, Group share, at EUR 3,295 million (down 18% from 2001), generated a 13.5% return on equity, after tax.
- Corporate & Investment Banking, Private Banking, Asset Management, Securities Services and Insurance, whose operations were hard hit by the stock market crisis, nevertheless generated substantial pre-tax income: EUR 1,186 million and EUR 830 million respectively.
- Retail Banking's business and results continued to grow and largely contributed to the Group's good performance. Its gross operating income, up 12.9% to EUR 3,431 million, accounted for close to 60% of total gross operating income. Its pre-tax income totalled EUR 2,448 million (up 5.6% from 2001).

BNP Paribas results are presented for each of the Group's core businesses i.e. Retail Banking, Corporate and Investment Banking, Asset Management, Securities Services and Insurance, and BNP Paribas Capital. Each core business is split into 3 business lines.

ALLOCATION OF CAPITAL

Revenue from the capital allocated to each division is included in the division's profit and loss account. The capital allocated to each division corresponds to the amount required to comply with international capital adequacy ratios and is based on 6% of risk-weighted assets. The capital allocated to the Private Banking and Asset Management divisions is equal to 0.25% of assets under management. The capital allocated to the Private Equity business corresponds to a certain percentage of the net book value of investments. The percentage varies depending on the investment and is designed to reflect the actual risk. Capital allocated to the Insurance business corresponds to 100% of the solvency margin as determined according to insurance regulations (75% in 2001).

GOOD RESULTS IN A VERY DIFFICULT ENVIRONMENT

The year 2002 was marked, especially starting in June, by geopolitical uncertainties, a continued economic slowdown, and a major crisis in the equity markets. In the same spirit as the 9/11 terrorist attacks, a spate of other attacks targeted western democracies and a climate of war preparations overshadowed the entire year 2002. The economic recovery, expected in the US, came late and was stop-and-go, while Europe in turn faced a sharp slowdown. Financial markets simultaneously faced misgivings over corporate debt, against a backdrop of questions over US corporate accounting practices, considerable equity market volatility and an unprecedented crisis in the equity markets starting in June.

In this very difficult environment, BNP Paribas Group's net banking income fell 3.8% to EUR 16,793 million (-4.1% at constant scope and exchange rates). This decline was due mainly to the crisis in the financial markets, which had negative repercussions, in particular on trading revenues which contracted by 21.2% to EUR 2,550 million.

Operating expenses and depreciation were virtually stable (+0.2%) at EUR 10,955 million. At constant scope and exchange rates, they were down 0.5% mainly reflecting lower variable fees in the business lines operating on financial markets, and good control of retail banking expenses.

Gross operating income thus declined by only 10.4% to EUR 5,838 million (-10.1% at constant scope and exchange rates). The cost/income ratio came to 65.2% (up 2.5 points), a very competitive level given the context in 2002. Provisions rose 12% to EUR 1,470 million, mainly due to increased provisions for corporate and investment banking in the US. Operating income totalled EUR 4,368 million, down 16.1%.

Capital gains from the Group's equity portfolio totalled EUR 903 million, a decrease of only 19.7% despite the sharp downturn in the stock market, due to the fact that the Group's private equity portfolio held up well.

Acquisitions completed at the end of 2001 and during 2002 fuelled a very sharp rise in goodwill from EUR 188 million to EUR 366 million. Non-operating items of EUR 445 million were down 56.7% compared to 2001.

The acquisition, at the end of 2001, of the remaining shares of BancWest not held by the Group cut minority interests by 13.6% to EUR 343 million, despite the increased weight of dividends on preferred shares issued to consolidate the Group's equity. Lower tax rates in certain countries where the Group is present and a tax carry-back in the United States had the effect of reducing income tax expense by 35.3% to EUR 1,175 million.

Net income, Group share amounted to EUR 3,295 million, an 18% decrease on 2001. Return on equity came to 13.5% after amortisation of goodwill compared with 18.2% in 2001. Based on net income before amortisation of goodwill, the rate was 14.8% (versus 18.9%).

During the course of 2002, the Group acquired the United California Bank (EUR 2.4 billion), Consors (EUR 0.5 billion), Cogent (EUR 0.4 billion) and Facet (EUR 0.9 billion), consolidating its competitive positions and growth potential, in particular in retail banking. In 2002, BNP Paribas acquired a 16.2% interest in Crédit Lyonnais at an average cost of EUR 54.7 per share. Decisions concerning this interest will be made at an appropriate time, in accordance with the Group's principles of financial discipline. The solidity of the balance sheet was further strengthened. The Cooke ratio (tier 1) reached 8.1% as of 31 December 2002 (compared to 7.3% one year earlier) and the total ratio stood at 10.9% (versus 10.6%).

In millions of euros	Retail Banking	Asset Management and Services	BNPP Capital	Corporate and Investment Banking	Other activities	Group	Group 2001	Change 2002/2001
Net banking income	9,549	2,209	(21)	5,146	(90)	16,793	17,450	-3.8%
Operating expenses and depreciation	(6,118)	(1,418)	(44)	(3,271)	(104)	(10,955)	(10,933)	+0.2%
Gross operating income	3,431	791	(65)	1,875	(194)	5,838	6,517	-10.4%
Provisions	(721)	(7)	(5)	(715)	(22)	(1,470)	(1,312)	+12.0%
Operating income	2,710	784	(70)	1,160	(216)	4,368	5,205	-16.1%
Associated companies	61	17	(1)	1	2	80	228	-64.9%
Gains or provisions on investments	47	70	705	20	61	903	1,125	-19.7%
Amortisation of goodwill	(282)	(31)	(19)	(20)	(14)	(366)	(188)	+94.7%
Non-recurring items	(88)	(10)	(4)	25	(95)	(172)	(138)	+24.6%
Total non-operating items	(262)	46	681	26	(46)	445	1,027	-56.7%
Pre-tax income	2,448	830	611	1,186	(262)	4,813	6,232	-22.8%
Tax expense						(1,175)	(1,817)	-35.3%
Minority interests						(343)	(397)	-13.6%
Net income, Group share						3,295	4,018	-18.0%
Cost/Income ratio						65.2%	62.7%	
ROE after tax						13.5%	18.2%	

RESULTS OF THE CORE BUSINESSES

1 – RETAIL BANKING

In millions of euros	2002	2001	2002/ 2001
Net banking income	9,549	8,714	+9.6%
Operating expenses and depreciation	(6,118)	(5,676)	+7.8%
Gross operating income	3,431	3,038	+12.9%
Provisions	(721)	(680)	+6.0%
Operating income	2,710	2,358	+14.9%
Amortisation of goodwill	(282)	(113)	x 2.5
Other non-operating items	20	74	NM
Pre-tax income	2,448	2,319	+5.6%
Cost/income ratio	64.1%	65.1%	-1.0 pt
Allocated equity (in billions of euros)	9.6	9.3	
Pre-tax ROE	25%	25%	

Retail Banking's business remained robust in 2002. Net banking income was up 9.6%, at EUR 9,549 million, and gross operating income rose 12.9% to EUR 3,431 million.

Provisions rose by only 6%, to EUR 721 million, contributing to a 14.9% increase in operating income to EUR 2,710 million.

This dynamic growth was due in large part to acquisitions, in particular the acquisition of United California Bank at the beginning of the year. These acquisitions pushed up goodwill amortisation by 150% to EUR 282 million. Pre-tax income nevertheless rose 5.6% to EUR 2,448 million, on allocated equity up by only 4.2%. Pre-tax return on allocated equity held firm at 25% after amortisation of goodwill. Based on net income before amortisation of goodwill, the rate was 28%.

Each of the three business lines contributed to this performance:

FRENCH RETAIL BANKING

In millions of euros	2002	2001	2002/ 2001
Net banking income	4,740	4,599	+3.1%
- Incl. Fees and commissions	2,000	1,985	+0.8%
- Incl. Interest margin	2,740	2,614	+4.8%
Operating expenses and depreciation	(3,272)	(3,193)	+2.5%
Gross operating income	1,468	1,406	+4.4%
Provisions	(198)	(189)	+4.8%
Operating income	1,270	1,217	+4.4%
Non-operating items	0	(7)	NM
Pre-tax income	1,270	1,210	+5.0%
Income attributable to PBAM	(63)	(79)	NM
Pre-tax income of Retail Banking in France	1,207	1,131	+6.7%
Cost/income ratio	69.0%	69.4%	-0.4 pt
Allocated equity (in billions of euros)	4.7	5.1	
Pre-tax ROE	25%	22%	

Net banking income of the French Retail Banking branch network [1] and its subsidiaries totalled EUR 4,740 million, up 3.1%.

Net interest revenue grew by a further 4.8%, driven by a 40 basis point rise in gross interest margin to 3.62% from 3.22% in 2001. The volume of loans to individual borrowers rose by a strong 6.2%, helped by a 7.8% growth in mortgages, while the strict risk selection policy combined with repayment of certain bridging loans made in 2001 resulted in a substantial 14.3% reduction in the volume of lending to businesses.

Fees edged up 0.8%. Good growth in fees on payment instruments and banking services was in large part offset by lower fees from savings products and stock market services due to the crisis in the markets.

Development momentum was kept up in 2002. The number of cheque and current accounts grew by 104,000 and net new money collected on private banking accounts totalled EUR 4.9 billion. Innovative guaranteed savings products were extremely successful and the Group's share of the medium- and long-term mutual fund market rose 0.1 point for the second year in a row[2].

Operating expenses and depreciation were kept in check, rising by only 2.5% to EUR 3,272 million, and the cost/income ratio improved by 0.4 points to 69.0%. Gross operating income climbed 4.4% to EUR 1,468 million.

After provisions, up 4.8% to EUR 198 million, and sharing the income from French Private Banking with AMS, French Retail Banking ended the year with pre-tax income of EUR 1,207 million, up 6.7% on 2001. This rise in income, combined with a substantial reduction in allocated equity subsequent to the decrease in the volume of lending to businesses, led to a 3 point rise in pre-tax return on allocated equity to 25% in 2002.

(1) Including 100% of Private Banking in France.
(2) *Source: Europerformance.*

RETAIL FINANCIAL SERVICES

In millions of euros	2002	2001	2002/ 2001
Net banking income	2,582	2,387	+8.2%
Operating expenses and depreciation	(1,615)	(1,514)	+6.7%
Gross operating income	967	873	+10.8%
Provisions	(372)	(320)	+16.3%
Operating income	595	553	+7.6%
Amortisation of goodwill	(114)	(91)	+25.3%
Other non-operating items	59	93	-36.6%
Pre-tax income	540	555	-2.7%
Cost/income ratio	62.5%	63.4%	-0.9 pt
Allocated equity (in billions of euros)	2.8	2.6	
Pre-tax ROE	19%	22%	

Retail Financial Services' dynamic international growth generated EUR 2,582 million in net banking income for 2002, an increase of 8.2% from the previous year. Operating expenses and depreciation rose by a more modest 6.7% to EUR 1,615 million, fuelling a 0.9 point improvement in the cost/income ratio to 62.5%. Gross operating income expanded by a strong 10.8% to EUR 967 million.

Provisions rose 16.3% to EUR 372 million, primarily reflecting significantly higher provisions at Cetelem's foreign subsidiaries and at BNP Paribas Lease Group. Non-operating items included a EUR 46 million charge related to the acquisition of Consors and a EUR 42 million one-off charge due to a change in the model used to calculate residual values of vehicles at Arval PHH in the UK.

The sharp increase in provisions led to a 2.7% decline in pre-tax income to EUR 540 million, translating into a 19% return on allocated equity compared with 22% in 2001. Based on income before amortisation of goodwill, return on allocated equity was 23% versus 25% in 2001.

Cetelem continued to expand outside France, where outstanding loans increased by 18.1%. Consequently, there was a rise in provisions outside France, but Cetelem's return on allocated equity before tax remained above 30%.

Cortal Consors reacted extremely effectively to a downturn in the equity markets. Cortal's gross operating income remained positive and synergies are yielding better-than-expected savings. The buyout of Consors minority shareholders was completed in Germany and the Group now owns the entire capital of Consors AG.

UCB reported a very sharp 22.1% rise in international outstanding loans. In France, outstanding loans remained flat – with lending to individuals up by a mere 0.8% – in a very competitive market. In total, outstanding loans rose 6.2% in 2002. Cross-selling with French Retail Banking led to the opening of 7,900 new customer accounts in 2002.

The market leader in Europe with 650,000 vehicles under management, Arval PHH continued to enjoy sustained growth on the continent with a 9.2% rise in the number of vehicles under management in France and 23.3% outside France. However, the number of managed vehicles contracted by 14.1% in the UK, reflecting the more difficult market conditions prevailing in the wake of a change in tax rules.

Lastly, BNP Paribas Lease Group applied a strict risk selection policy that led to a 4.9% reduction in outstanding leases in France in a contracting market. Outside France, outstanding leases rose 13%. In the fourth quarter of 2002, BNP Paribas Lease Group transferred Crédit Universel's in-dealership car financing business to Cetelem to consolidate the Group's organisation in this business. BNP Paribas Lease Group has EUR 16.9 billion in outstanding leases.

INTERNATIONAL RETAIL BANKING

In millions of euros	2002	2001	2002/ 2001
Net banking income	2,379	1,894	+25.6%
Operating expenses and depreciation	(1,320)	(1,057)	+24.9%
Gross operating income	1,059	837	+26.5%
Provisions	(151)	(171)	-11.7%
Operating income	908	666	+36.3%
Amortisation of goodwill	(168)	(22)	x 7.6
Other non-operating items	(39)	(11)	x 3.3
Pre-tax income	701	633	+10.7%
Cost/income ratio	55.5%	55.8%	-0.3 pt
Allocated equity (in billions of euros)	2.1	1,5	
Pre-tax ROE	34%	41%	

International Retail Banking's net banking income jumped 25.6% in 2002 to EUR 2,379 million. Operating expenses and depreciation rose by a lower 24.9% to EUR 1,320 million, fuelling 26.5% growth in gross operating income to EUR 1,059 million. These sharp rises were mainly attributable to the acquisition of United California Bank in the first quarter. Even at constant scope and exchange rates, these rises were 3.5%, 3.3% and 3.8% respectively. International Retail Banking thus managed to continue to grow, while further improving its already low cost/income ratio to 55.5% from 55.8% in 2001.

Provisions were down 11.7% at EUR 151 million, reflecting tight risk management at BancWest and reduced risks in emerging and overseas markets. Goodwill amortisation rose from EUR 22 million to EUR 168 million following the buyout of minority interests in BancWest at the end of 2001 and the acquisition of United California Bank in 2002. Pre-tax net income grew 10.7% to EUR 701 million. Pre-tax return on allocated equity was 34%. Before amortisation of goodwill, pre-tax return on equity was roughly stable compared to 2001 at 42%.

The operational merger of United California Bank into Bank of the West is now completed, including IT systems integration, and the savings targets for 2003 have been confirmed.

In emerging and overseas markets, the Group continues to pursue a policy based on selective growth and an ongoing rationalisation of its organisation structure, by selling non-strategic investments and branches.

2 – PRIVATE BANKING, ASSET MANAGEMENT, SECURITIES SERVICES AND INSURANCE

(In millions of euros)		Private Banking and Asset Management	Insurance	Securities Services	Total
Net banking income		990	674	545	2,209
	2001	1,092	661	551	2,304
	Change/2001	-9,3%	+2,0%	-1,1%	-4,1%
Operating expenses and depreciation		(713)	(342)	(363)	(1,418)
	2001	(692)	(315)	(329)	(1,336)
	Change/2001	+3,0%	+8,6%	+10,3%	+6,1%
Gross operating income		277	332	182	791
	2001	400	346	222	968
	Change/2001	-30,8%	-4,0%	-18,0%	-18,3%
Provisions		(12)	5	0	(7)
	2001	(77)	(2)	(4)	(83)
	Change/2001	-84,4%	n.m.	n.m.	-91,6%
Operating income		265	337	182	784
	2001	323	344	218	885
	Change/2001	-18,0%	-2,0%	-16,5%	-11,4%
Total non-operating items		(14)	15	45	46
	2001	(17)	30	(19)	(6)
	Change/2001	-17,6%	-50,0%	n.m.	n.m.
Pre-tax income		251	352	227	830
	2001	306	374	199	879
	Change/2001	-18,0%	-5,9%	+14,1%	-5,6%
Cost/income ratio		72,0%	50,7%	66,6%	64,2%
	2001	63,4%	47,7%	59,7%	58,0%
Allocated equity (in billions of euros)		0,8	1,7*	0,4	2,9
	2001	0,8	1,1	0,5	2,4
	Change/2001	-5,0%	+46,1%*	-13,2%	17,5%
Pre-tax ROE		32%	21%*	58%	29%
	2001	37%	33%	44%	36%

* Effective from 2002, the capital allocated to the insurance business is equal to 100% of the solvency margin requirement (versus 75% in 2001) .

In a year of sharply falling equity values, the Asset Management and Services division's net banking income contracted by a fairly modest 4.1%. This good performance was attributable to a 2.0% rise in insurance revenues and a limited 1.1% decline in securities services revenues. However, asset management and private banking revenues fell 9.3%. Despite the EUR 9.4 billion in net new money collected during the year – compared with EUR 8.2 billion in 2001 – falling equity prices reduced the value of the Group's assets under management by 6% to EUR 255 billion as of 31 December 2002. The margin on assets under management held up well, at 63 basis points compared with 64 in 2001.
Development initiatives launched in 2001 fuelled a 6.1% average rise in operating expenses and depreciation, despite the action taken in 2002 to contain and then to reduce costs. The cost/income ratio climbed 6.2 points to 64.2% and gross operating income was down 18.3%, at EUR 791 million.

Provision expense, which reached an exceptionally high level of EUR 83 million in 2001, was cut back to EUR 7 million. The disposal of the Group's interest in Clearstream generated a EUR 77 million one-off capital gain, which helped to limit the decline in pre-tax income which, at EUR 830 million, was 5.6% down on 2001.
The Group continued to pursue its growth strategy in domestic European markets, buying JP Morgan Chase's private banking and asset management units in Spain.
The Insurance business line continued its international expansion, in particular entering into new alliances in Hungary, Thailand and Korea. The personal risk business grew at a sustained pace.
The number of transactions processed by the securities services business line experienced a fresh rise in 2002 at 25.8 million, compared to 22.4 million in 2001.

BNP PARIBAS CAPITAL

(In millions of euros)	2002	2001
Capital gains and losses	705	576
Other revenues	(50)	209
Operating expenses and depreciation	(44)	(68)
Pre-tax income	611	717

Despite the crisis in stock market values, BNP Paribas Capital generated EUR 705 million in capital gains in 2002, an increase of 22.4% on the previous year. Transactions for the year included disposal of half the Group's interest in Royal Canin(1). However, the business' other revenues were down in 2001 which represented a high basis of comparison due to the exceptional dividends received during that year. After operating expenses and depreciation, pre-tax net income totalled EUR 611 million, down 14.8% from 2001.

In accordance with the policy followed for a number of years now, the Group made EUR 1.5 billion in net divestments. These disposals and declining stock market values had the effect of reducing the portfolio's estimated value to EUR 4.5 billion at 31 December 2002 from EUR 6.6 billion one year earlier. Unrealised gains, net of Cobepa goodwill, contracted to EUR 1.4 billion from EUR 2.6 billion. These figures testify to the resilience of the Group's private equity portfolio in a rapidly falling market.

During the year, PAI Management was sold to its management. BNP Paribas is the sponsor of the PAI Europe III fund, mainly dedicated to investing in major European LBOs. The fund had obtained commitments of EUR 1.8 billion by its final closing in June 2002, including EUR 1.35 billion from new investors and EUR 0.25 billion from the Group.

MAIN INVESTMENTS HELD BY BNP PARIBAS CAPITAL AT 31 DECEMBER 2002

	Activity	% held (2)	Country	Market value (in millions of euros)
Controlling interest / Lead Investing positions				
Eiffage	French leader in construction	29.5	France	305
Evialis (ex GNA)	French leader in animal food	63.5	France	64
Carbone Lorraine	One of the worldwide leader in manufacturing carbon-based components	21.1	France	52
Diana	Natural ingredients for food and pharmaceutical industries	100.0	France	Not Listed
Keolis (ex GTI)	French leader in public transportation	48.7	France	Not Listed (3)
Royal Canin	French and European leader for dry dog food	28.4	France	Not Listed (3)
Main minority stakes				
Mobistar (Cobepa)	Mobile phone network in Belgium	8.1	Benelux	114
SR Téléperformance	Telemarketing, marketing services and health communication	10.2	France	62
Atos Origin	Banking and financial software	4.9	France	50
LDC	3rd-largest French producer of poultry and leader in free range poultry	4.6	France	16
Bormioli Rocco	Italian leader (3rd in Europe) for glass packaging and tableware	6.9	Italy	Not Listed
Bouygues Telecom	Mobile phone network in France	6.5	France	Not Listed
Intercos	Design and manufacturing of make-up	20.0	Italy	Not Listed
Sonepar	Electrical appliances retailing	3.0	France	Not Listed
Autres participations				
Pargesa (Cobepa)	Holding of GBL and Parfinance	14.7	Benelux	411
Aegon (Cobepa)	One of the leading global insurance companies	0.4	Benelux	64

(1) The disposal of the other half occurred in January 2003 at the same price.
(2) Including minority interests (before dilution).
(3) Pre-agreed sale terms.

3 – CORPORATE AND INVESTMENT BANKING

(In millions of euros)		Advisory and Capital Markets	Specialised Financing	Commercial Banking	Total
Net banking income		2,965	1,382	799	5,146
	2001	3,871	1,408	899	6,178
	Change/2001	-23.4%	-1.8%	-11.1%	-16.7%
Operating expenses and depreciation		(2,245)	(620)	(406)	(3,271)
	2001	(2,598)	(601)	(464)	(3,663)
	Change/2001	-13.6%	+3.2%	-12.5%	-10.7%
Gross operating income		720	762	393	1,875
	2001	1,273	807	435	2,515
	Change/2001	-43.4%	-5.6%	-9.7%	-25.4%
Provisions		10	(559)	(166)	-715
	2001	2	(349)	(235)	(582)
	Change/2001	NS	+60.2%	-29.4%	+22.9%
Operating income		730	203	227	1,160
	2001	1,275	458	200	1,933
	Change/2001	-42.7%	-55.7%	13.5%	-40.0%
Total non-operating items		4	19	3	26
	2001	(80)	8	1	(71)
	Change/2001	NM	NM	NM	n.m.
Pre-tax income		734	222	230	1,186
	2001	1,195	466	201	1,862
	Change/2001	-38.6%	-52.4%	+14.4%	-36.3%
Cost/income ratio		75.7%	44.9%	50.8%	63.6%
	2001	67.1%	42.7%	51.6%	59.3%
Allocated equity (in billions of euros)		3.3	2.3	2.3	7.9
	2001	2.8	2.3	2.6	7.7
	Change/2001	+19.6%	-1.8%	-13.2%	+2.1%
Pre-tax ROE		22%	10%	10%	15%
	2001	43%	20%	8%	24%

Corporate and Investment Banking's net banking income was hit by the crisis in the financial markets, and was down 16.7% at EUR 5,146 million.

This decline was due in particular to trading revenues, which, at EUR 2,550 million, were 21.2% lower than in 2001. In total, Advisory and Capital Market revenues fell 23.4% to EUR 2,965 million. The Fixed Income businesses performed well, especially derivative instruments. However, the crisis in the equities market severely affected equities brokerage throughout the year and the equity derivatives business from June onwards.

Specialised Financing revenues were virtually stable (down 1.8%), while International Trade and energy and commodities financing activities grew at a satisfactory rate. Media and telecommunications financing was down, whilst asset financing and optimisation financing grew sharply.

Lastly, commercial banking revenues declined 11.1%. The decrease reflects the Group's decision to reduce the equity allocated to this business, leading to a 13.2% decline in risk-weighted assets in 2002. The flexibility afforded by variable pay systems, coupled with various structural adjustment measures, fuelled a 10.7% reduction in operating expenses and depreciation to EUR 3,271 million. Gross operating income contracted by 25.4% to EUR 1,875 million. The cost/income ratio rose by 4.3 points but at 63.6% remained one of the lowest in Europe for this type of business.

Provisions amounted to EUR 715 million. The 22.9% increase compared with 2001 stemmed mainly from an exceptionally high level of provisions for losses on specialised financing in the United States, due to the economic situation and the repercussions of accounting irregularities uncovered at certain US companies. Pre-tax income came to EUR 1,186 million, down 36.3%. Return on allocated equity fell 9 points to 15%.

FINANCIAL CONDITION

ASSETS

General. At 31 December 2002, consolidated assets of the BNP Paribas Group amounted to EUR 710.3 billion, down 13.9% from the prior year. The main components of Group assets at 31 December 2002 were interbank and money market items, customer items, insurance company investments and securities (including bonds and other fixed income instruments, equities and other variable income instruments, equity securities held for long-term investment and investments in companies carried under the equity method), which together accounted for 84.5% of assets versus 81.4% at 31 December 2001. The change was due primarily to a decline in value of the majority of assets. The value of the securities portfolio fell by 28.9% and interbank and money market items contracted by 11.5%.

The decrease in total assets is due mainly to three effects: lower equity prices, the fall in the dollar against the euro and a sharp reduction in trading volumes on capital markets.

Interbank and money market item. Interbank and money market items (net of provisions) amounted to EUR 240.4 billion at 31 December 2002, a decrease of 11.5% compared with 31 December 2001. Amounts due from credit institutions contracted by 21.5% to EUR 146.5 billion, mainly reflecting the impact of repurchase agreements. Part of the decrease was offset by a 183.3% increase in cash and amounts due from central banks and post office banks which stood at EUR 9.9 billion at 31 December 2002. This item can fluctuate significantly as it includes compulsory non-interest bearing central bank deposits corresponding to statutory reserves.

Customer items. Total customer items (net of provisions) decreased 4.1% to EUR 225.3 billion at 31 December 2002. The decline was mainly due to the fall in the dollar against the euro, partly offset by the consolidation of United California Bank from 15 March 2002. The main items concerned were other credits (short-term loans, mortgage loans, investment loans, export loans and other customer loans), which decreased 4.5% to EUR 158.1 billion at 31 December 2002, and customer overdrafts, down 25.9% to EUR 12.9 billion.

Insurance company investments. At 31 December 2002, insurance company investments amounted to EUR 57.2 billion, up 1.7% compared with the prior year figure. This stability largely reflects the net impact of two offsetting changes: a 10.1% increase in bonds and other fixed income instruments, reflecting the investment in bonds of the bulk of new money and premiums on traditional contracts, which are also generally invested in bonds, and a 9.9% decrease in admissible assets related to unit-linked business, for which payments to the insured are not fixed but are based on the value of the underlying equity portfolio, the decline in market value of these assets having been only partly offset by new money.

Securities portfolio. At 31 December 2002, the Group held bonds and other fixed income instruments, equities and other variable-income instruments, investments in non-consolidated undertakings and other participating interests, equity securities held for long-term investment, and investments in companies carried under the equity method for a total value of EUR 77.7 billion, a decrease of 28.9% compared with 31 December 2001. The crisis in financial markets drove down the value of the trading portfolio to EUR 100.3 billion at 31 December 2002 from EUR 137.6 billion the previous year. All told, the value of equities and other variable income instruments fell 46.8% to EUR 22.6 billion at 31 December 2002, while bonds and other fixed income instruments contracted 25.1% to EUR 42.0 billion. Aggregate investments in non-consolidated undertakings and other participating interests and equity securities held for long-term investment increased by 28.6% to EUR 11.3 billion at 31 December 2002, reflecting primarily the acquisition of a EUR 3.1 billion stake in Crédit Lyonnais. Net unrealised gains on investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment, calculated by reference to the period-end market prices for listed securities, amounted to EUR 2.1 billion at 31 December 2002 compared with EUR 4.4 billion one year earlier. The decline reflects both the sale of certain investments and the impact of the crisis in financial markets which drove down market values across the board.

The provision for potential industry risks – in the amount of EUR 0.2 billion at 31 December 2002 – is now earmarked for these portfolios.

Accrued income and other assets. Accrued income and other assets amounted to EUR 94.6 billion at 31 December 2002, down 33.1% from the prior year. Assets related to purchased options fell by 46.8% to EUR 36.3 billion at 31 December 2002. The decrease stemmed primarily from lower equity derivatives activity in 2002 and a 66.3% decline in settlement accounts related to securities transactions, to EUR 3.7 billion at 31 December 2002, due to the stock market slowdown.

LIABILITIES (excluding shareholders' equity and provisions)

General. At 31 December 2002, consolidated liabilities of the BNP Paribas Group – excluding shareholders' equity and provisions – totalled EUR 674.2 billion, a decrease of 14.8% compared with the prior year figure. This amount includes interbank and money market items, customer items, debt securities, insurance company technical reserves, and accrued expenses and other liabilities, virtually all of which were down at the end of 2001. Accrued expenses and other liabilities contracted by 26.8%, interbank and money market items by 19.2% and customer items by 9.5%.

Interbank and money market items. Interbank and money market items decreased 19.2% to EUR 177.9 billion at the year-end. Time deposits and borrowings contracted by 28.1% to EUR 52.8 billion, demand accounts fell 55.8% to EUR 8.8 billion and securities sold under repurchase agreements were 8.4% down at EUR 116.2 billion.

Customer items. Customer deposits totalled EUR 195.6 billion at 31 December 2002, a decrease of 9.5% compared with the prior year. Funds deposited in time accounts contracted by 22.8% to EUR 72.2 billion, due mainly to low interest rates which prompted customers to invest in products offering higher returns, such as guaranteed yield funds, money market funds, life assurance and regulated savings accounts. Repurchase agreements decreased 24.1% to EUR 21.4 billion at 31 December 2002. However, demand accounts grew 9.6% to EUR 71 billion, largely as a result of the consolidation of United California Bank.

Debt securities. Debt securities totalled EUR 84.1 billion at 31 December 2002, a decrease of 4.3% compared with the prior year. Outstanding bonds contracted by 28.6% to EUR 11.3 billion at 31 December 2002, reflecting significant redemptions of euro and dollar-denominated bond debt. Borrowings in the form of negotiable certificates of deposit rose 2.1% to EUR 64.9 billion at 31 December 2002.

Technical reserves of insurance companies. Technical reserves of insurance companies edged up 2.4%, with new money offsetting a decline in the market value of unit-linked products. At 31 December 2002, technical reserves of insurance companies totalled EUR 56.5 billion.

Accrued expenses and other liabilities. Accrued expenses and other liabilities amounted to EUR 145.8 billion at 31 December 2002 compared with EUR 199.2 billion at the previous year-end. The decrease was largely due to the 45% reduction in liabilities related to written options (EUR 37.8 billion at 31 December 2002) and the sharp drop in equity derivatives activity in 2002. Other payables and liabilities contracted 44.1% to EUR 10.9 billion and settlement accounts related to securities transactions fell 59.6% to EUR 5.0 billion due to the stock market slowdown.

PROVISIONS AND RESERVE FOR GENERAL BANKING RISKS

Provisions for contingencies and charges amounted to EUR 4.1 billion at 31 December 2002 compared with EUR 4.8 billion at 31 December 2001. The reduction was largely due to the utilisation of provisions for restructuring costs, provisions for pensions and other post-employment benefits and provisions for non-recurring costs associated with the single European currency. The reserve for general banking risks remained unchanged at EUR 1.0 billion.

SHAREHOLDERS' EQUITY

Consolidated shareholders' equity of the BNP Paribas Group at 31 December 2002, before dividend payments, amounted to EUR 26.5 billion. The 7.5% increase compared with the prior year reflects recognition of 2002 net income of EUR 3.3 billion, partially offset by payment of the dividend in the amount of EUR 1 billion. The EUR 0.3 billion increase in capital resulting from employee share issues and the exercise of employee stock options, was neutralised by the EUR 0.4 billion share buyback programme. The translation adjustment for the year was - EUR 0.3 billion.
Minority interests rose by 47.3% to EUR 4.5 billion, primarily following new preferred share issues in 2002.

OFF BALANCE SHEET ITEMS

in billions of euros	31 December 2002	31 December 2001	Change 2002/2001
Commitments given			
Financing commitments given	140.4	132.9	5.6%
Guarantees and endorsements given	60.2	79.9	-24.7%
Commitments given on securities	15.0	11.1	35.6%
Insurance company commitments	0.9	0.7	36.8%
Commitments incurred on forward and options contracts	13,959.8	10,922.0	27.8%
Commitments received			
Financing commitments received	21.5	22.4	-3.7%
Guarantees and endorsements received	43.8	42.3	3.7%
Commitments received on securities	8.0	9.2	-13.6%
Insurance company commitments	2.1	2.3	-11.9%

The BNP Paribas Group's off-balance sheet commitments as of 31 December 2002 totalled EUR 14,251.8 billion. Total forward and options contracts increased by 27.8% to EUR 13,959.8 billion, including EUR 11,666.0 billion in forward contracts at 31 December 2002, up 29.2% from the prior year, and EUR 2,293.8 billion in option contracts, up 21.2%. The total amounts disclosed are the aggregate of the nominal values of options and forward contracts, both purchased and sold. They reflect high trading volumes, linked to the Bank's hedging activity as well as to swaps and other interest rate derivatives entered into by the Fixed Income business line on behalf of clients. After weighting and netting agreements, counterparty risks on forward and options contracts totalled EUR 13.9 billion at 31 December 2002 versus EUR 16.3 billion at 31 December 2001.

For further information concerning the BNP Paribas Group's off-balance sheet assets and liabilities, see Notes 23 and 24 to the BNP Paribas Group's consolidated financial statements for the year ended 31 December 2002.

In 2002, the Group kept up its conservative policy of buying back on the market the Contingent Value Rights Certificates (CVRs) issued in 1999 in connection with the merger between BNP and Paribas. As of 30 June 2002, 6,921,952 CVRs were outstanding, compared with 20,967,178 as of 31 December 2001.
The average BNP Paribas share price for the benchmark period in June 2002 stood at EUR 54.92. Consequently, no payments were made on the remaining CVRs as of 1 July.

OUTLOOK

BNP Paribas has set four core priorities for the next three years:
- organic growth throughout the Group, with renewed emphasis on cross-selling and distribution partnerships;
- strict adherence to cost control and risk management policies;
- efficient capital management; and
- continuation of an acquisition strategy that is opportunistic and disciplined – in both strategic and financial terms –, and a share buyback programme.

ORGANIC GROWTH AND COST CONTROL

Revenue growth and market share gains represent key priorities of the various divisions.

BNP Paribas intends to continue to keep a tight rein on costs and further improve the cost/income ratio by applying stringent budgeting procedures and closely monitoring actual costs against the budget.

French Retail Banking's target is to continue outperforming the market in terms of customer acquisition and to leverage its solid platform to accelerate penetration of the French customer pool at an optimized cost.

In 2003, French Retail Banking will capitalise on its good positioning in the market. The branch network will continue its strategy to win new personal banking clients and tap the potential offered by the existing customer base. The new sales and marketing organisation for corporate clients will be rolled out, enhancing the Group's effectiveness. At the same time, French Retail Banking will continue to adopt a selective approach to corporate customers. Costs will be tightly controlled, with the aim of limiting their increase to around 2%.

In Retail Financial Services, the Group intends to capitalise on its leading positions in Europe in consumer finance, leasing, vehicle fleet management and services, as well as in personal savings and on-line brokerage. The Group's scale, high quality products and systems, cross-selling expertise and low-cost production platforms should help to drive growth.

In 2003, each Retail Financial Services company will endeavour to improve its cost/income ratio through combined action on its revenues and costs. In particular, Cortal Consors is expected to break even at operating level.

In International Retail Banking, the Group intends to pursue the strategy that has been successful for BancWest – an ambitious and well-executed combination of organic and external growth. Further action will be taken to rationalise the network in emerging markets.

In 2003, priority will be given to seeking new opportunities for external growth on the West Coast of the United States.

In Private Banking, Asset Management, Insurance and Securities Services, the Group intends to place additional effort into its growth outside France. Specifically in Europe, the aim is to accelerate inflows through a wider and deeper distribution set-up.

In 2003, the business goal is to reduce its operating expenses and depreciation, at a constant scope, whilst maintaining sales momentum and capitalising on recent acquisitions.

Integration of Cogent, a UK-based fund administration company acquired during the year, went according to schedule. The downturn in the equity markets nevertheless affected the prospects for revenues in connection with this acquisition.

In Corporate and Investment Banking the Group aims to increase market share, maintain the reactivity of the business model to changes in the economic cycle and, most importantly, continue to achieve a high level of recurring profitability.

In 2003, a new commercial organisation should lead to improved coverage of key clients by the various businesses, increased cross-selling of the group's products and services, and therefore enhanced business profitability.

The plan to develop the equity brokerage business has been scrapped in light of the market crisis and uncertainty over the impact that changes currently underway in the global regulatory environment will have on this business. The Group's current equity brokerage business will be adjusted and adapted to the market environment. Other development plans – particularly in equity derivatives, fixed income derivatives and financing – will be implemented on a selective basis, focusing on the most promising segments.

Corporate and Investment Banking intends to maintain the competitive edge provided by its low cost/income ratio, through action on cross-selling and revenues as well as through a reduction of general operating expenses (excluding bonuses).

BNP Paribas Capital will continue to refocus on sponsoring third party funds, in order to reduce the equity allocated to this business. The Group will also continue its smooth approach to disposing of its private equity portfolio, based on market opportunities.

In geographic terms, the Group plans to remain anchored in Europe and the United States. The relative weight of France is set to decrease somewhat as the Group becomes more international. In emerging markets, the Group will take a very selective approach, committing new capital only after careful consideration of the potential risks and rewards. Priority will be given to the most promising Asian countries and Brazil.

RISK MANAGEMENT

Strict control over risks will remain a fundamental principle for BNP Paribas. Risk management is based on the Global Risk Management structure, which is independent from the operating units. This structure ensures that risks taken by the Group in connection with the development of its businesses remain within limits that are viewed as acceptable by Group management and are compatible with the Group's objectives in terms of profitability and credit rating. The Group's risk management system is described in the following section.

CAPITAL MANAGEMENT

The Group's capital management plan will focus primarily on ensuring disciplined and balanced allocation of capital. BNP Paribas believes that the proportion of equity allocated to each of the three core businesses is broadly satisfactory. The equity allocated to the Private Equity business will be cut from 7% of the total in 2002 to around 4% in 2005. The freed-up capital is planned to be redeployed towards other operational activities.

The aim is for at least 60% of capital to be allocated to the Retail Banking, Private Banking, Asset Management, Securities Services and Insurance core businesses by 2005.

In each division, more capital will be allocated to those businesses offering the greatest business and earnings growth potential.

In French Retail Banking, the Group will focus on accelerating growth of the personal banking business, on reengineering the corporate business and on tightening control of average risk-weighted assets.

In International Retail Banking, the Group intends to reallocate capital towards consumer finance and specialty lending.

In Retail Financial Services, the aim is to rapidly boost the capital allocated to the three businesses offering the greatest scope for profitable growth. These are the Cetelem consumer finance business, the Arval PHH fleet management and services business and the Cortal Consors savings management and on-line brokerage business.

In Corporate and Investment Banking, priority will be given to growing the business lines offering the highest return on equity – capital markets and specialised financing – and reducing to 27% corporate banking's share of total equity allocated to Corporate and Investment Banking. At the same time, value will be added to corporate banking relationships through intensified cross-selling.

ACQUISITIONS AND SHARE BUYBACKS

Over the next few years, the Group expects to generate sizeable amounts of free cash flow. Free cash flow represents the funds available after dividends and financing of organic growth, assuming an average Tier I ratio of 7% over the period. Free cash flow will be used to finance acquisitions and share buybacks.

The Group intends to maintain its disciplined and opportunistic approach to external growth. This approach has been evidenced by recent acquisitions and is characterised by favorable timing, a reasonable price, low capital commitment whenever possible and strict integration discipline

New opportunities for acquisitions will be sought which are in line with the Group's strategy:

- priority will be given to Retail Banking and in particular to strengthening the Group's network on the West Coast of the United States. Opportunities will also be sought to strengthen the Retail Financial Services hubs, especially in Europe. Acquisitions may also be made in other divisions, to selectively expand the skill-set and customer base.
- priority in Europe and in the United States.

If no attractive opportunities arise, free cash flow will be used for additional share buybacks. At the very least, BNP Paribas intends to neutralise the dilutive effect of stock-based incentive programs.

In the difficult context of a financial crisis, the Group has again shown that it possesses a superior platform, up to the challenges and opportunities of the coming years. BNP Paribas's business model, which relies on the one hand on the Group's wide spectrum of finance businesses amongst which it has managed to develop substantial synergies, and on strict discipline with respect to cost control and on the other hand risk management, has again proven to be one of the most effective in Europe.

The businesses directly exposed to the difficulties in the financial markets have succeeded in delivering significant contributions, whilst Retail Banking is continuing to enjoy buoyant growth in its business and its results.

The geopolitical, economic and financial troubles in 2002 seem set to carry over into 2003. In this difficult environment, the Group will focus its efforts on staying on course. Its priority is to continue its commercial development, to be proactive in controlling costs and stringent in managing risks, and to maintain a solid financial structure.

APPENDICES

RESULTS OF BNP PARIBAS SA

3-YEAR PROFIT AND LOSS ACCOUNT DATA

In millions of euros	2002	2001	2000	Change 2002/2001	Change 2001/2000
Net banking income	9,012	8,738	8,525	+3.1%	+2.5%
Operating expenses and depreciation	(5,712)	(6,048)	(6,209)	-5.6%	-2.6%
Gross operating income	3,300	2,690	2,316	+22.7%	+16.1%
Provisions	(820)	(622)	(661)	+31.8%	-5.9%
Operating income	2,480	2,068	1,655	+19.9%	+25.0%
Net capital gains and other items	284	2,230	927	-87.3%	+140.6%
Corporate income tax	66	(373)	585	n.m.	n.m.
Net income before BNP-Paribas merger-related restructuring costs	2,830	3,925	3,167	-27.9%	+23.9%
Reversals of (charges to) provisions for BNP-Paribas merger-related restructuring costs	0	0	219		
Net income after BNP-Paribas merger-related restructuring costs	2,830	3,925	3,386	-27.9%	+15.9%

APPROPRIATION OF 2002 INCOME

Total income to be appropriated at the Annual General Meeting of 14 May 2003 amounts to EUR 7,525,147,413.55 including net income for the year of EUR 2,830,067,502.98 and unappropriated retained earnings of EUR 4,695,079,910.57 brought forward from the previous year. The Board of Directors intends to recommend that this amount should be appropriated as follows:

- EUR 346,277,902.00 to the special long-term capital gains reserve;
- EUR 17,089,913.00 to the special Investment Reserve;
- EUR 1,075,055,788.80 to dividends;
- EUR 6,086,723,809.75 to unappropriated retained earnings.

Debit		Credit	
Appropriations:		Unappropriated retained earnings	4,695,079,910.57
- other reserves	363,367,815.00	Net revenues for the year less general operating	
- dividends	1,075,055,788.80	expenses, depreciation and amortisation, provisions	
- unappropriated retained earnings	6,086,723,809.75	and other charges	2,830,067,502.98
Total	7,525,147,413.55	Total	7,525,147,413.55

CHANGES IN SHARE CAPITAL

	Number of shares	Capital
At 31 December 1999	449,666,744	1,798,666,976
Issuance of shares on exercise of stock options (1)	462,750	1,851,000
At 26 January 2000	450,129,494	1,800,517,976
Cancellation of shares	(7,053,612)	(28,214,448)
At 23 May 2000	443,075,882	1,772,303,528
Issuance of shares on exercise of stock options (2)	167,430	669,720
Employee share issue	4,821,403	19,285,612
At 13 July 2000	448,064,715	1,792,258,860
At 31 December 2000	448,064,715	1,792,258,860
Issuance of shares on exercise of stock options (3)	141,340	565,360
At 29 January 2001	448,206,055	1,792,824,220
Cancellation of shares	(9,000,000)	(36,000,000)
Issuance of shares on exercise of stock options (4)	417,720	1,670,880
Employee share issue (5)	3,361,921	13,447,684
At 30 June 2001	442,985,696	1,771,942,784
At 31 December 2001	442,985,696	1,771,942,784
Issuance of shares on exercise of stock options (6)	325,801	1,303,204
At 17 January 2002	443,311,497	1,773,245,988
Two-for-one share split		
At 20 February 2002	886,622,994	1,773,245,988
Issuance of shares on exercise of stock options (7)	927,046	1,854,092
Employee share issue (8)	7,623,799	15,247,598
At 30 June 2002	895,173,839	1,790,347,678
At 31 December 2002	895,173,839	1,790,347,678
Issuance of shares on exercise of stock options (9)	705,985	1,411,970
At 23 January 2003	895,879,824	1,791,759,648

In connection with share buyback programmes, in 2002, the BNP Paribas Group bought back on the market 12,663,315 shares at an average price of EUR 34.40 per EUR 2 par value share and sold the shares on the market at an average price of EUR 45.59 per EUR 2 par value share. Trading fees amounted to EUR 0.409 million.

As of 31 December 2002, the BNP Paribas Group held 27,894,453 shares (par value EUR 2) in treasury stock, acquired at a total cost of EUR 1,103 million. These shares, representing 3.1% of capital at 31 December 2002, have been recorded as a reduction in shareholders' equity (see Note 22 to the consolidated financial statements).

As of 31 December 2002, 18,808,424 stock subscription options (out of which 18,372,079 shares to be issued) and 12,072,234 stock purchase options were outstanding under the BNP Paribas options plans (see Note 36 to the consolidated financial statements).

(1) The 462,750 shares issued in January 2000 carried rights to the 1999 dividend.
(2) 65,750 shares carrying rights to the 1999 dividend and 101,640 shares carrying rights to the 2000 dividend.
(3) The 141,340 shares issued in January 2001 carried rights to the 2000 dividend.
(4) The 417,720 shares issued in June 2001 carried rights to the 2000 dividend.
(5) The 3,361,921 shares issued in June 2001 carried rights to the 2001 dividend.
(6) The 325 801 shares issued in January 2002 carried rights to the 2001 dividend.
(7) The 927 046 shares issued in June 2002 carried rights to the 2001 dividend.
(8) The 7,623,799 shares issued in June 2002 carry rights to the 2002 dividend.
(9) The 705,985 shares issued in January 2003 carry rights to the 2002 dividend.

REGULATORY RATIOS

INTERNATIONAL CAPITAL ADEQUACY RATIO

In billions of euros	2002	2001
Shareholders' equity at 31 December before appropriation of income	26.4	24.6
Dividends	(1.0)	(1.0)
Minority interests after dividend payments	4.3	2.9
Including preferred shares	*3.1*	*2.0*
Reserve for general banking risks	1.0	1.0
Regulatory deductions and other items (1)	(7.6)	(5.5)
Tier 1 capital	23.0	21.9
Tier 2 capital	13.0	12.0
Other regulatory deductions (2)	(5.7)	(2.7)
Allocated Tier 3 capital	0.6	0.7
Total capital	30.9	31.9
Risk-weighted assets	284.3	301.1
Tier 1 ratio	8.1%	7.3%
International capital adequacy ratio	10.9%	10.6%

(1) Mainly goodwill and other intangible assets.
(2) Deductions corresponding to investments in credit institutions.

CAPITAL ADEQUACY RATIO

At 31 December 2002, the BNP Paribas Group's available regulatory capital, determined in accordance with the rules and instructions issued in France for the application of the European capital adequacy directive ("Capital adequacy of investment firms and credit institutions") represented 136% of required regulatory capital excluding Tier 3 capital (2001: 130%) and 142% including Tier 3 capital (2001: 137%).
In the various countries in which the Group operates, BNP Paribas complies with specific regulatory ratios in line with procedures controlled by the relevant supervisory authorities. These ratios mainly concern:
- concentration of risks;
- liquidity;
- mismatches.

In France, these ratios are defined as follows:

Risk concentration ratio

Total risks arising from loans and other commitments to customers which, individually, represent more than 10% of the bank's net consolidated shareholders' equity, must not – in the aggregate – represent more than 8 times shareholders' equity.
Risk-weighted assets corresponding to loans and other commitments towards a group of customers considered as representing a single customer must not exceed 25% of the bank's net consolidated shareholders' equity.
Where ties exist between two or more individuals and/or legal entities, giving rise to the probability that if one of them ran into financial difficulties, they would all experience problems in honouring their commitments, they are collectively considered as representing a single customer.

Liquidity ratio

This ratio measures the potential one-month liquidity gap. Banking regulations impose a minimum ratio of 100%.

Ratio of shareholders' equity to long-term funding

This ratio measures the coverage of long-term assets (more than 5 years) by funding with a remaining life in excess of five years. Banking regulations impose a minimum ratio of 60%.

INTERNAL CONTROL

OVERALL ARCHITECTURE OF THE SYSTEM

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

• Responsibility for managing a business or function includes responsibility for Internal Control. Internal controls are embedded in each activity, as a means of controlling that activity. Group Functions in charge of a family of risks are responsible for defining their own system of internal controls and regularly monitoring their effectiveness. The same applies to business managers who are also required to implement the instructions of their superiors. Each manager is responsible for effectively controlling the activities that he or she is in charge of.

• Delegation. The internal control system is based on a system of delegation of responsibilities designed to ensure that Group policies are implemented consistently at all levels of the organisation.

• Segregation of duties. The main focus is on maintaining a proper segregation of duties between the teams responsible for initiating transactions and the teams responsible for their execution. The Group's organisation structure is designed to establish a clear distinction between execution and control, as well as between transactions conducted on the Group's account and those conducted on behalf of third parties.

• A comprehensive set of guidelines. Organisation structures, procedures and controls are set out in written guidelines distributed throughout the Group. These guidelines provide users with all the information required to implement the Group's internal control system. The main risks are organised into clearly-defined families, in order to facilitate their analysis. A four-level system of controls has been established to provide a secure internal control system:

- first level controls are performed by each employee on the transactions that he or she has processed and are based on Group procedures;
- second level controls are performed by management;
- third level controls are performed by the Auditors of the various Group entities;
- fourth level controls are performed by the General Inspection.

First, second and third level controls are performed at the level of the core businesses and Group Functions, which have direct responsibility for internal control within their unit. Fourth level controls performed by General Inspection are designed to ensure that the internal control system is properly implemented at the Group's head office and in all the subsidiaries and branches.

A GLOBAL INTERNAL CONTROL SYSTEM FOR A GLOBAL GROUP

The BNP Paribas Group operates on a global scale. It is organised by core businesses, and each core business comprises several business lines. Group management and the Group Functions are responsible for leading and coordinating the activities of the various units on a unified basis. The internal control system represents an overall framework that helps to knit the Group together. These organisational principles which were established when the Group was founded have been set out in responsibility charters for each of the Group's entities to define the scope of responsibility at all levels in the Bank.

Group Risk Management (GRM) is responsible for providing assurance to Group management that the risks taken by the Bank are compatible with its profitability and credit rating objectives. GRM performs second level controls, generally on a continuous basis. These controls are completely different from the periodic, ex-post controls performed by the internal and external auditors. Front-line responsibility for managing risks lies within the core businesses and business lines, which propose the underlying transactions. GRM reports directly to the Executive Committee and is independent from the heads of the core businesses, business lines and territories. It has its own worldwide organisation and management structure.

Group Ethics and Compliance is responsible for contributing to the protection of the Group against reputation risk, ensuring that all Group activities comply with regulatory requirements and implementing measures to prevent money-laundering and the use of the banking system in connection with corrupt practices and terrorist activities.

The Other Group Functions are responsible for defining internal control systems for the risk families under their responsibility and assessing their effectiveness. They delegate part of the responsibility for managing these risks to the operating units and perform controls to ensure that these delegated responsibilities are fulfilled.

Within this general framework, each subsidiary is supervised by one of the core businesses which is responsible for coordinating the subsidiary's policies and internal control system with those of the Group, with the backing of its decision-making body.

General Inspection performs the fourth level controls designed to assess the effectiveness and efficiency of the overall internal control system and detect any weaknesses and malfunctions. It examines internal control systems in all Group units, covering all aspects of their activities. It is fully independent from the operating units and the other Group Functions.

The Head of General Inspection is personally responsible for assessing the effectiveness and efficiency of the overall internal control system, on behalf of the BNP Paribas Group. He reports directly to Group management and the Internal Control and Risks Committee.

General Inspection comprises two units, the Inspection unit and the Group Audit Coordination (GAC) unit.

• The Inspection unit performs controls over risk management systems in all Group units. Where necessary, it audits the risks, the organisation of the Group core businesses, business lines and Functions, their resources and their management systems.

• GAC has functional authority over the audit teams in the various business units and Group Functions, overseeing the management of their human resources, the choice of organisation structure and the reporting systems put in place to communicate the internal auditors' findings. It coordinates the work of the auditors, promoting the adoption of best practices and the sharing of methodologies, as well as managing the development of common internal audit tools.

The BNP Paribas Group Internal Audit system, organised around General Inspection and the Auditors in the various Group entities, complies with the recommendations of the Basel Committee and banking industry standards. It is "an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

Moreover, the internal control system is reinforced by the setting up of specific committees to monitor large-scale projects and provide regular and adequate progress reports to Group management.

A CONSTANT COMMITMENT TO STRENGTHENING THE INTERNAL CONTROL SYSTEM

In 2002, various major initiatives were implemented.

• The system has been adapted to comply with the new regulations:
- a Sustainable Development Officer has been appointed to formally set out the Group's approach in this area. Work in 2002 was focused on clearly demonstrating the Group's commitment to sustainable development and the action taken in this area, leading to the inclusion of BNP Paribas in the four leading sustainable development indices;
- in compliance with the "Murcef" Act, the BNP Paribas Group has appointed a mediator responsible for recommending solutions to disputes between the Bank and its customers. A Mediation Charter has been drawn up, guaranteeing the mediator's independence and BNP Paribas compliance with the mediator's decisions.

• The Responsibility charters drawn up in 2001 for the management of Group Functions were rolled out to divisional level, in the form of letters from the heads of the Group Functions to either the core business management or to the Function managers within each core business. The charters will be reviewed and, if necessary, updated in 2003.

• The Group's procedures system has been redefined. Group procedures issued by Group Management, the various core businesses and Group Functions have been updated and combined in a single, purpose-built "Group Guidelines" database which can be accessed via the Group Intranet.

Operating procedures are combined in databases specific to the issuing entities (core businesses, subsidiaries and territories).

In 2003, the updating by each entity of its procedures database will be monitored regularly.

• A number of initiatives have been taken by General Inspection to improve the efficiency of the Group's internal audit:
- audit guidelines - In 2002, priority was given to formalising - the Internal Audit structure within the Group. This led to publication of the BNP Paribas Group Internal Audit Charter, signed by the Chairman and Chief Executive Officer in October 2002 and approved by the Internal Control and Risks Committee. The charter, which was distributed widely throughout the Group, confirms the responsibilities, independence and role of the BNP Paribas Group Internal Audit. This charter will be supplemented by a formal common policy dealing with the main audit principles within the Group;
- standard audit methodologies are also being developed with the core businesses and Group Functions to clearly define the principles underlying the basic controls to be performed by all the internal auditors, according to the business line, entitiy, and any area covered by the audit;
- training of internal auditors - Tailored training has been put in place to improve skills and technical expertise;
- internal audit regulatory oversight and communication. An Internal Audit Line database has been set up to improve the circulation of information and methodologies so they can be used in situ by the Group's internal auditors;
- audit tools - 2002 was devoted to the design, distribution, promotion and improvement of audit tools, as well as to improving GAC coordination of internal work covering the areas dealt with by these tools. Several projects have been launched, to track implementation of internal audit recommendations, improve risk assessment and the analysis and development tools to monitor the Group's audit activities.

RISK MANAGEMENT

In many respects, banking is the business of managing risks – not only credit, market and liquidity risks, but also operational risks. At BNP Paribas, operating methods and procedures throughout the organisation are geared towards effectively managing these risks. The entire process is supervised by the Group Risk Management department (GRM), which is responsible for measuring, approving and controlling risks at the Group level.

THE ROLE AND ORGANISATION OF GRM

Five principles define the role, positioning and structure of GRM

ACTIVE CONTROL

- Executive Management determines the Bank's appetite for risk.
- Front-line responsibility for managing risks lies within the core businesses and business lines, which propose the underlying transactions. The core businesses and business lines are required to set up an organisation structure that clearly establishes the on-going responsibility of each individual to effectively manage risks and comply with the Bank's internal control system. They must develop a strong risk management culture among staff and closely monitor developments affecting their clients and the Bank's related commitments.
- GRM is responsible for providing assurance to Group management that the risks taken by the Bank are compatible with its profitability and credit rating objectives. GRM performs continuous and ex ante controls, fundamentally different from the periodic, ex-post examinations of the internal and external auditors.
- GRM regularly reports to the Internal Control and Risk Management Committee of the Board on its main findings concerning risks, as well as on the methods used by GRM to measure these risks and consolidate them on a Group-wide basis. In 2002, several meetings of the Control and Risk Management Committee were devoted to examining numerous topical and more wide-ranging issues such as the telecoms, high technology, aeronautics and electricity utilities sectors, country risks, risks in trading with Japan and the US and the market risk situation.

STRONG INDEPENDENCE

GRM reports directly to Executive Management and is outside any business line or territory authority.
GRM is a global function. It has cross-functional teams in the main territories, who have no reporting relationship with the territory heads. In some businesses where the nature of the risks involved lends itself to a different approach – such as Retail Banking – GRM simply supervises the activities of the business line's own Risk Management Function.
The practical aim of this direct reporting relationship with the highest level of management is to ensure that:
- controls are performed objectively, without taking into account any commercial considerations;
- Executive Management and businesses are warned as early as possible of any escalation of risks and have access to full information about consolidated risks;
- all units throughout the Group are aware of and comply consistently with the highest standards of risk management;
- the development and upgrading of risk monitoring methods and procedures is entrusted to risk management specialists, to ensure that these methods and procedures comply with best international practice.

WIDE RANGE OF COMPETENCE

GRM has responsibility for all risks arising in the course of the Group's business. There are four main categories of risk:

Credit Risk

This is the risk of a change in credit standing or of default by a borrower or a counterparty in a market transaction, resulting from specific developments or from events affecting the country in which the borrower or counterparty does business.

Market and Liquidity Risks

These are risks arising from market-wide or specific changes in interest rates, exchange rates, commodities prices, market prices of securities held in trading portfolios, or a decline in the liquidity of these assets or refinancing problems.

Operational Risk

Operational risk corresponds to the risk of losses due to inadequate or failed internal processes or external events. This is close to the definition applied by the regulatory authorities. Internal processes related to functions such as Information Systems, Finance, Human Resources, Ethics, Legal and Tax Affairs, are managed by the divisions based on delegations of authority from the Group Functions. The Operational Risk function operates within this framework.

Insurance Risk

Insurance risk corresponds to the specific risk arising from unexpected changes in claims experience.

New Risks

The new product and new business approval process plays a key role in helping the Bank to identify and manage the new risks generated by the regular changes in the banking business. Each new product or business is examined by the business line concerned, as well as by the GRM team and all the functions concerned (legal affairs, ethics and compliance, tax affairs, information systems, general and management accounting). GRM is responsible for guaranteeing the quality of the approval process, by analysing identified risks and the measures taken to limit them. GRM also defines the minimum requirements for the healthy development of the new business or product. The new product and new business approval process is periodically reviewed by the Risk Policy Committee.
It is important to distinguish between these different categories of risk because each category requires specific measuring and monitoring systems. Nevertheless, the growing complexity of the Group's businesses and products means that they are increasingly inter–locked. Coordination among the various specialists has therefore been stepped up, so that correlations are identified and action is taken on a timely basis to constantly reduce or optimise the ultimate risk for the Group. The task of these specialists will be made easier by the introduction of tools to measure different types of risk on a consistent basis, which are currently under development.

INTERVENTION AT ALL LEVELS OF THE RISK-TAKING AND MONITORING CHAIN

As part of risk decision making, GRM performs the following core functions:
- policy: GRM makes recommendations to Executive Management

concerning risk acceptance policies and is responsible for signing off on new business and products that expose the Group to new types of risks, after checking that the necessary monitoring and approval procedures are in place;
- measurement and analysis: GRM analyses the loan portfolio with the aim of identifying future risks and anticipating potential increases in current risk levels. It is responsible for guaranteeing the quality and consistency of risk-measurement methodologies and tools. GRM defines, in liaison with the Economic Research department, various risk scenarios and produces periodic estimates of the Bank's economic capital requirement, together with recommendations for active portfolio management;
- loan approval and trading limits: GRM ensures that the risks taken on by the business lines do not exceed the level that is acceptable to the Bank and that they are consistent with the Group's rating and profitability targets;
- monitoring and control: GRM guarantees the quality and effectiveness of risk monitoring procedures and their consistent application. It is also responsible for ensuring that outstanding loans and market positions – as well as the related collateral and other guarantees – are correctly valued, that the valuation parameters applied (counterparty ratings, overall recovery rates, market parameters) are reliable and that provisions for credit and counterparty risks, as well as market and liquidity risks are properly determined;
- reporting: GRM is responsible for comprehensive and reliable reporting of risks to Executive Management, business lines, auditors, regulatory authorities and rating agencies. It acts as information system sponsor or works closely with other system sponsors to ensure that risk-monitoring requirements are properly factored into the information system of the Bank.

GLOBAL ORGANISATION

GRM is required to have an acute understanding of the banking business, market imperatives, complex transactions and to act very quickly in certain circumstances. All of these considerations are factored into the risk management methods, policies and procedures defined by GRM, as well as into decision-making processes and the implementation of risk monitoring and control systems. In order to achieve the expected level of responsiveness, GRM teams are based in the various territories, wherever possible on the same sites as the operating units. Independence is maintained by placing these teams under the direct authority of GRM or by establishing a clear functional reporting relationship with GRM. Where such a functional reporting relationship does not represent an efficient solution and the risks involved are of a different nature – as is the case, for example, in Retail Banking, – the business line concerned may have its own risk management function. In this case, clear rules are drawn up between the division and GRM concerning the functional reporting relationship.
GRM's organisation structure is tailored to reflect the different types of risk. Credit and counterparty risks are managed by three departments, Market and Liquidity Risk, Operational Risk and Consolidated Risk:
- Credit Risk France monitors the credit risks of the Retail Banking business and the real estate financing business which are under the supervision of the Asset Management and Services business;
- International Credit Risk monitors risks on corporate customers throughout the Corporate and Investment Banking and International Retail Banking divisions, as well as risks on large corporates in the retail financial services business;
- Counterparty Risk and Financial Institutions monitors risks on banks and financial institutions, as well as on private banking clients outside France. It also monitors the methods used to assess and report counterparty risks generated by the Fixed Income, Currency Instruments, Securities Services and Asset-Liability Management units;
- Market and Liquidity Risk is responsible for monitoring market and liquidity risks throughout the Group. The tasks assigned to the unit include ensuring that risks are properly valued in the accounts, checking the effectiveness of risk monitoring systems and helping to enhance the quality of risk management. The unit makes recommendations concerning the definition and updating of risk acceptance policies. It also defines the methods and tools used to measure and monitor market and liquidity risks;
- Operational Risk defines the framework for monitoring operational risks and assists in rolling out the framework to all Group entities as part of the constant drive to reduce this type of risk;
- Industry and Portfolio Analysis and Reporting is the cross-functional unit in GRM responsible for providing industry expertise and analysing Group-level credit risks. Tasks assigned to this unit include drafting credit and rating policies, developing risk measurement methodologies and consolidating risk data for reporting purposes.

CREDIT RISK

GENERAL CREDIT POLICY

The Bank's lending operations are subject to the General Lending Policy approved by the Risk Policy Committee, chaired by the Chairman and Chief Executive Officer. The purpose of the Committee is to determine the Group's risk management strategy.
The Group-level strategy is then rolled down to the various divisions and business lines, serving as a framework for action within the broad range of potential situations. The principles include compliance with the Group's ethical standards, a clear definition of responsibilities, control and risk analysis procedures.
Ethics and compliance: BNP Paribas sets the very highest standards of integrity and endeavours to comply with all ethical, regulatory, legal and tax rules in force in each of the countries where it does business. The Bank expects its clients to behave with the same standards and, if doubt subsists in this respect, would not pursue lasting relations with the client concerned. Strict procedures to prevent conflicts of interest have been drawn up and are implemented where necessary.
Responsibilities and procedures: The business lines and client-centric units are fully responsible and accountable for risks, notwithstanding the fact that GRM supervises all risk-taking. Clear delegations of authority and detailed management procedures must be drawn up. The main procedures are described below.
Risk analysis: all risks are required to be analysed in detail, using the latest techniques and factoring in all possible sources of risk, whatever the pressure of events. One potential source of risk to be factored into the analysis is the financial impact of adverse change in the overall environment.

PROCEDURES

Decision-making Procedures

The Chairman and Chief Executive Officer has ultimate authority for lending decisions. This authority is rolled down to various levels in the organisation through a system of discretionary lending limits. All lending decisions must be approved by a formally designated mem-

ber of the Risk Management Function. Approvals are systematically evidenced in writing, either by means of a signed approval form or in the minutes of formal meetings of the local or business line Credit Committee. No commitments may be entered into until the appropriate approval procedure has been completed.
Lending limits are set by counterparty or group of related counterparties when aggregating risks is economically justified. The limit varies depending on internal credit ratings and the specific nature of the business concerned. The system of discretionary lending limits ensures that risk management principles are applied consistently and that loan applications representing large amounts or which are unusually complex or sensitive, are submitted for approval at the appropriate level. All discretionary lending limits are required to be approved by GRM.
Certain types of lending commitments, such as loans to banks, sovereign loans and loans to customers operating in certain industries, are required to be passed up to a higher level for approval. In addition, the loan application may have to be backed up by the recommendation of an industry expert or of designated specialists, and some credit restrictions may apply.
Loan applications must comply with the Bank's General Credit Policy and with any specific policies applicable to the business line or the type of facility requested. Any exception needs to be signed off by the next level of lending authority. The same applies to loan applications that are not unanimously approved. To be considered, all loan applications must comply with the applicable laws and regulations.
The Group Credit Committee chaired by one of the Chief Operating Officers or the Risk Director, has ultimate decision-making authority for all credit and counterparty risks.

Monitoring Procedures

A comprehensive credit risk monitoring and reporting system has been established. It is organised around Control & Reporting units which are responsible for guaranteeing that lending commitments comply with the loan approval decision, that credit risk reporting data are reliable and that risks accepted by the Bank are effectively monitored.
The credit risk information systems in use have been developed either directly under the supervision of GRM or with its assistance. Consolidated exposures are calculated at all levels. At counterparty level, this means that exposures to several customers are consolidated in cases where it is probable that if one of these customers runs into financial difficulties, the other customers in the "group" will also have difficulty in fulfilling their commitments. At Group level, it means that management have a global view of the Bank's aggregate exposure to credit risks.
Daily exception reports are produced and various "warning" techniques are used – based on projection tools and forecasts – to identify potential escalations of credit risks as early as possible.

Provisioning Procedures

The Group Debtor Committee chaired by the Chairman and Chief Executive Officer meets at monthly intervals to examine all sensitive and problem loans in excess of a certain amount. In the case of problem loans, the Committee decides on any adjustments to the related provisions, based on the recommendations of the business line and GRM.
As a general principle, all loans qualified as doubtful are reviewed at least once every three months with the aim of determining the impairment loss to be recognised – either by reducing the carrying value or by recording a loan loss reserve – in accordance with generally accepted accounting principles. The amount of the impairment loss takes into account potential recoveries, including the value of any collateral or other guarantees.
According to the applicable regulations, interest accruals on doubtful loans are either suspended or continued; in the latter case, a provision is recorded immediately in order to offset the accrual.
Where possible or desirable, due to the specific nature of the lending activities concerned – for example, consumer finance – case-by-case provisions are replaced by statistical provisions.
In addition to these specific or statistical provisions, the Bank may also set aside general provisions to cover a probable increase in risks on a specific industry or country.

RATING POLICY

The Bank has a comprehensive rating system, which already complies with the requirements planned by the regulatory authorities for the determination of risk-weighted assets used to compute capital adequacy ratios.
For loans to companies, the rating system is based on a default probability rating and an overall recovery rate which depends on the structure of the transaction.
There are 12 counterparty ratings. 8 cover excellent, good and average clients, 2 are related to clients in an uncertain situation which are put on the GRM credit watch list, and 2 concern customers qualified as in default based on the regulatory definition.
Ratings are determined at least once a year, in connection with the loan approval process, drawing on the combined expertise of business line staff and GRM credit risk managers, who have the final say.
High quality tools have been developed to support the rating process, including analysis aids and credit scoring systems. The techniques used depend on the nature of the risk.
Various methods are used to check rating consistency and the reliability of the rating system. These include analysing data stored in the Internal Default Database. Advanced quantitative analysis methods are also used to enhance the quality of internal ratings and react more quickly to changing circumstances.
In Retail Banking, rating policies are based on statistical analyses of groups of risks with the same characteristics.

PORTFOLIO POLICY

In addition to carefully selecting individual risks and accurately measuring the related exposure, the Group follows a portfolio-based policy, with the aim of achieving a sound diversification of risks among borrowers and industries, backed by a cautious approach to country risks. The results of this policy are regularly reviewed by the Risk Policy Committee, which may modify or fine-tune the policy as required. GRM contributes to defining the portfolio policy by proposing appropriate analysis and reporting systems, as well as by making suggestions as to the issues that need to be factored into the policy.

Diversification of Counterparty Risks

A core feature of the Group's lending policy is the diversification of counterparty risk. In this regard, several customers are treated as a single counterparty in cases where it is probable that if one of these customers runs into financial difficulties, the other customers in the "group" will also have difficulty in fulfilling their commitments. The breadth and depth of the Group's businesses and the rigidly structured system of lending limits contribute to this diversification. Concentrations of counterparty risks are reviewed at regular intervals and corrective action is taken where necessary.

Diversification of Industry Risks

The Group also pays close attention to diversifying industry risks and performs projections to actively manage the Bank's exposures. Diversification of industry risks is based on the opinions of independent industry experts about probable developments in the industries they track, backed by precise studies of underlying trends and factors that explain the vulnerability of the main industry players. The depth of industry research varies according to the weighting of the industry concerned in the Group's total portfolio, the technical expertise necessary to assess industry risks, the cyclical nature of the industry and its level of globalisation, and the possible existence of specific risk issues. Where appropriate and for substantial loans, the opinion of an industry expert may be mandatory in order to fully and independently assess the quality of the customer's strategy and competitive positioning. The list of industries for which the opinion of an industry expert is required is approved by the Risk Policy Committee.

The Geographic Dimension

Country risk corresponds to the Bank's aggregate exposure to debtors operating in the country concerned. Country risk is different to sovereign risk, which concerns exposure to national governments and agencies. It reflects the Bank's exposure to an economic and political environment which needs to be factored into the assessment of the counterparty risk.

The Group has operations in the majority of economically active regions. As a global player, it follows a policy of avoiding excessive concentrations of risks on countries with weak political and economic infrastructures. Country risk exposure limits are set by the Group Credit Committee, based on recommendations made by the business lines and customer-centric units. Lending commitments by the business lines within these overall limits are monitored by GRM. Lending decisions are backed by rigorous risk monitoring systems and research reports produced by the Economic Research unit, which attributes a rating to each country. The breakdown and structure of country risks are reviewed annually by the Risk Policy Committee which also examines the overall consistency of the Group's country risk policy.

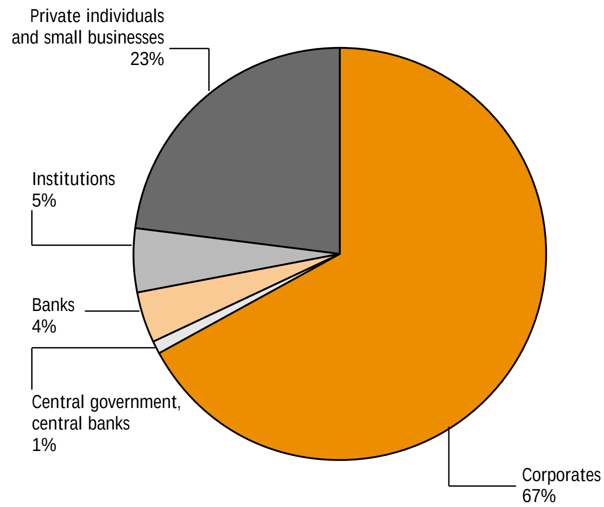
Characteristics of the Portfolio

The Group's overall portfolio of commercial loans and commitments totalled EUR 387 billion(1) at 31 December 2002, down 3.5% on the year-earlier figure.

Diversification by Counterparty

The breakdown by main customer category was largely unchanged, with corporate and institutional customers accounting for three-quarters of the total. The 10 largest customer groups represented less than 4% of the total.

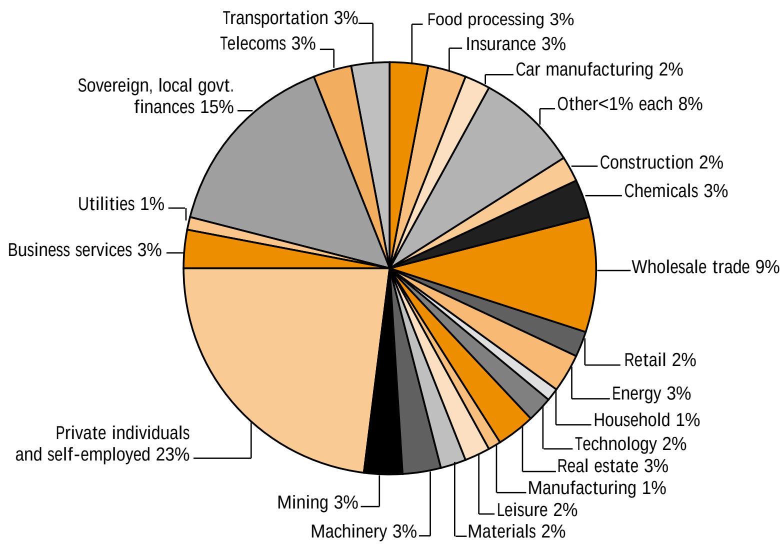
Commercial loans and commitments (1)



Industry Diversification

Thanks to its disciplined approach to industry risks, the Group is not exposed to any material concentration of credit risks in any specific industry. No customer sector accounts for more than 5% of total commitments, with the exception of the finance and wholesale sector, corresponding largely to commodity traders.

Industry breakdown of commercial loans and commitments (1)



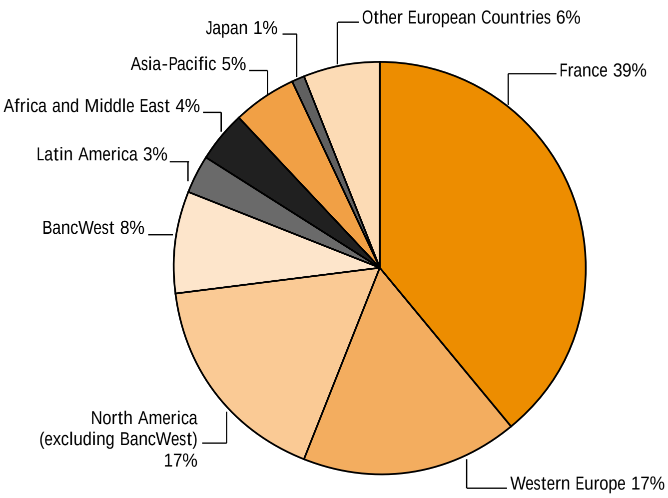
(1) Unweighted on and off balance sheet commercial commitments; Data extracted from the risk management system.

Industries that experienced difficulties above and beyond the effects of the overall economic downturn in 2001 continued to be closely monitored, and the Bank radically scaled down its lending to telecoms operators and equipment manufacturers, as well as to the airline industry.
Other industries ran into difficulties in 2002, including the energy industry (in particular electricity in the United States and the United Kingdom). The energy industry as a whole represents 3% of the Bank's commercial commitments. The Bank's prudent approach to project financing business helped to contain its exposure to merchant plants located in the regions of the United States presenting a substantial risk of overcapacity in the medium term.
The real estate industry held up well both in France and in the rest of the world. In France, commitments to real estate professionals are concentrated on the Paris region. They concern property developers and property companies, as well as real estate held as investments. Commitments are weighted towards the residential sector which is less volatile than the office sector.

Geographic Diversification

The Bank's exposure is heavily weighted towards Europe and North America.
The majority of loans and commitments (56% of the portfolio) are to borrowers in Western Europe, with France accounting for 39% of the total.
BancWest's acquisition of UCB led to a 2 point increase in BNP Paribas' commitments in North America.
Japan, which remains mired in recession, accounts for only 1% of the total. The credit quality of the loan portfolio in this country is excellent.
The Bank's exposure in other geographic areas is based on a stringent policy, with preference given either to local currency loans to selected borrowers or to commitments related to international trade transactions, guaranteed by export credit insurance in developed countries or by commodities exports

Geographical breakdown of commercial loans and commitments [1]



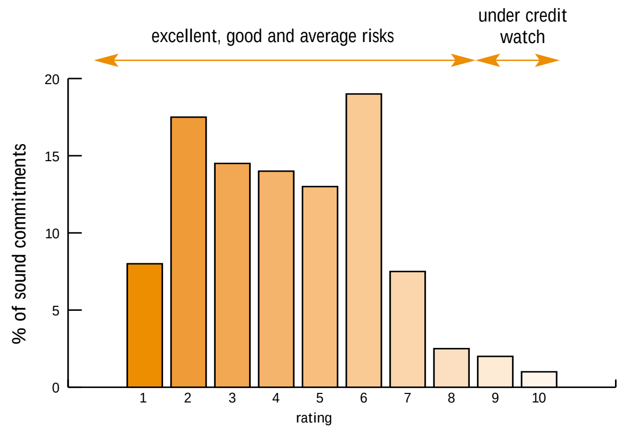
(1) Unweighted on and off balance sheet commercial commitments; Data extracted from the risk management system.

Portfolio Quality

Breakdown by internal rating

The Corporate & Investment Banking and French Retail Banking "Corporates" portfolios [2] (companies, government agencies, banks and institutions) is of a high quality. The majority of commitments are towards top-drawer borrowers, reflecting the banking relationships established with a large number of major multinational groups and financial institutions.
A significant proportion of commitments towards borrowers with lower credit ratings are secured by high quality collateral. They include export financing covered by export credit insurance provided by international agencies, project, structured and transaction financing.

Breakdown of Corporates and financial institutions counterparty risk* by internal credit rating



* Corporate & Investment Banking at 30 September 2002 and French Retail Banking at 31 December 2002, excluding non-performing loans (rated 11 and 12), excluding securities portfolio.

DOUBTFUL COMMITMENTS

BNP Paribas non-performing loans and other doubtful commitments presented below include on and off-balance sheet commitments towards all categories of counterparties (customer transactions, interbank transactions, securities portfolio and long-term investments). Provisions used to calculate the coverage rate correspond to specific provisions. They do not include provisions for country risks or the reserve for general banking risks, amounting to EUR 2.4 billion and EUR 1.0 billion respectively at 31 December 2002.

In billions of euros	31/12/2002	31/12/2001
Doubtful commitments	15.2	15.1
Specific provisions	10.1	10.0
Provision rate	66%	66%

GEOGRAPHIC BREAKDOWN BY CUSTOMER CATEGORY AND BY INDUSTRY

These breakdowns concern doubtful loans – excluding securities and long-term investments – representing EUR 14.3 billion at 31 December 2002.

(2) Representing over three-quarters of commitments, excluding individuals and the self-employed.

Provisions deducted from the carrying value of these assets at 31 December 2002 amounted to EUR 9.4 billion.
The 10 largest doubtful loans represent less than 1% of the portfolio and the 100 largest doubtful loans represent less than 2% of the portfolio.

Breakdown by type of customer

	Breakdown of doubtful loans	Breakdown of provisions
Banks	2.2%	2.0%
Corporates	63.4%	65.8%
Governments and central banks	1.5%	0.8%
Institutions	0.6%	0.5%
Individuals and self-employed	31.4%	30.1%
Not analysed	0.8%	0.8%
Total	100.0%	100.0%

Breakdown by geographic area

	Breakdown of doubtful loans	Breakdown of provisions
North America	11.4%	11.4%
Other European countries	7.3%	7.2%
European Economic Area	7.5%	8.9%
France	53.5%	55.6%
Japan	0.0%	0.0%
Africa & Middle East	7.0%	8.1%
Latin America	5.9%	3.6%
Asia-Oceania	6.8%	4.4%
Not analysed	0.6%	0.8%
Total	100.0%	100.0%

Industry breakdown

	Breakdown of doubtful loans	Breakdown of provisions
Food	3.5%	2.9%
Insurance	1.6%	1.3%
Automotive	1.8%	2.0%
Other	6.7%	7.4%
Construction	2.2%	2.3%
Chemical	0.8%	0.4%
Wholesalers	9.9%	10.4%
Retailers	3.5%	3.0%
Energy	2.2%	1.0%
Household equipment	1.1%	1.2%
Finance	2.2%	2.5%
Real estate	6.2%	6.7%
Manufacturing	3.2%	3.0%
Leisure & entertainment	1.0%	0.7%
Materials	2.5%	2.5%
Capital goods	1.1%	1.2%
Mining	0.7%	0.3%
Individuals	24.6%	24.7%
B2B	2.6%	2.5%
Utilities	0.5%	0.5%
Sovereign, local govt., finances	1.6%	1.1%
Technology	0.8%	0.8%
Telecoms	7.2%	4.9%
Transport	4.6%	5.0%
Not analysed	8.0%	11.6%
Total	100.0%	100.0%

MARKET AND LIQUIDITY RISKS

BNP Paribas has set up a sophisticated system to measure market and liquidity risks, backed by rigorous controls and watertight procedures. Overall responsibility for managing market and liquidity risks lies with the **Market Risk Committee** headed by one of the Chief Operating Officers and backed by GRM. The Committee meets once a month to approve risk management methods and procedures, define exposure limits and check compliance with these limits. The overall aim is to ensure that the Bank's market and liquidity risk profile remains consistent with the objectives set by Executive Management.

MEASURING RISK

Market Risks

The key to effective control over market risks lies in reliably estimating potential losses. BNP Paribas has developed an internal Value at Risk model which calculates the amount of Gross Earnings at Risk (GEaR). The model, which has been approved by the French banking authorities, analyses a wide range of variables, including interest rates (market rates and signature spreads), exchange rates, securities prices, commodity prices, volatilities and correlations as well as the resulting effects of diversification Data are taken directly from the Bank's trading systems and are used to perform numerous simulations, based on a variety of scenarios ranging from the simplest to the most complex. The internal model complies with Basel Committee recommendations, by measuring the potential change in the value of the trading portfolio over a 10-day holding period, using historical data covering 260 trading days and a 99% confidence level. Stress tests are performed at daily or monthly intervals, as appropriate. These tests simulate GEaR under extreme market conditions, based on worst-case scenarios. The variables used to perform these simulations are adjusted regularly to take account of changes in economic conditions. Stress test results are used to assess position limits and the overall results are analysed and discussed at the monthly Market Risk Committee meetings.

Liquidity Risk

Two warning signals have been defined, based on internal liquidity risk measurement standards:

- the Overnight Guideline, which is used to monitor and supervise any use of liquidities in the major currencies by the central treasury department;
- Projected Cash Flow, which shows future cash positions of individual treasury departments.

GRM is responsible for developing liquidity risk measurement methodologies and also for liquidity risk reporting.

PROCEDURES

GRM manages a four-dimensional control structure governing position-taking processes, which pertain to market risks:

General Exposure Limits

These consist of GEaR or "nominal" limits and cover trading positions by country and by issuer as well as sensitivities.

Rolled Down Exposure Limits

The Chairman and Chief Executive Officer has overall responsibility for setting market risk exposure limits, in the same way as for credit limits. The Market Risk Committee is responsible for rolling down these limits to the various levels in the organisation.

For secondary market trading, these are expressed in terms of GEaR or OYE (One Year Equivalent); for underwriting activities, limits are set based on signature quality.

Decision-making and Monitoring Committees

Underwriting risk is managed by three committees made up of representatives of the business line, the Market & Liquidity Risk department, the Counterparty Risk and Financial Institutions department, the Ethics and Compliance unit and the Legal department:

- FICC (Fixed Income Commitment Committee);
- EUC (Equity Underwriting Committee);
- ELUC (Equity Linked Underwriting Committee) responsible for underwriting risk on convertible bonds and other equity derivatives.

These committees meet whenever the need arises, to approve the acceptance of underwriting risks within the limits set by the Market Risk Committee. If the committee members fail to reach an agreement, the transaction is referred up to the Group Credit Committee or the Executive Position Committee (EPC) which is a smaller ad hoc version of the Market Risk Committee.

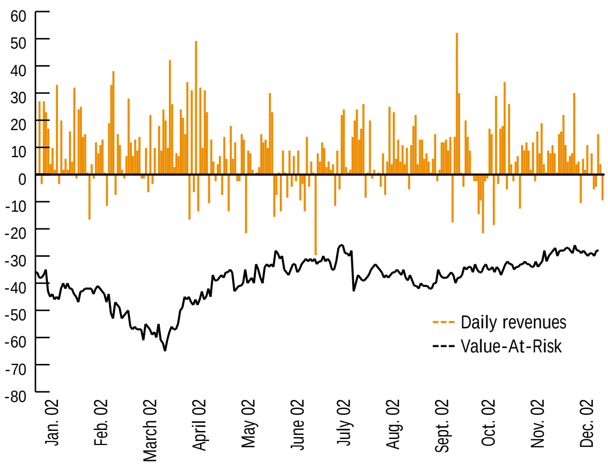
A Credit Trading Review Committee (CTRC) has been set up to monitor the quality of the credit instrument trading book. Made up of representatives of the business line, the Market & Liquidity Risk department and the Counterparty Risk and Financial Institutions department, the committee closely monitors sensitive positions in the portfolio, to identify any changes in issuer credit risk as early as possible.

Tracking of Limit Overruns

All accidental or authorised temporary limit overruns are logged in a central database for monitoring and reporting purposes.

RISK EXPOSURE

Trading results are reviewed on a daily basis against the related GEaR, based on a one-day holding period. The results of these reviews testify to the quality of the internal risk model and the traders' discipline.



The sharp increased volatilities of equities and signature spreads have had no impact on either revenues or value at risk. The different trading activities give rise to different, offsetting risks. As a result, in the event of an extreme movement, certain activities would act as hedges for other activities, generating revenues to offset the fall in revenues from those other activities.

OPERATIONAL RISK

The BNP Paribas operational risk management system is based on a quantitative and qualitative assessment of risks that reflects best market practice and also complies with the recommendations of the regulatory authorities. The work currently underway to define and measure operational risks is being conducted within the framework of a joint project involving the business lines, the territories, the Information Systems, Human Resources and Legal and Tax Affairs functions, as well as the Bank's Internal Control teams.

In 2002, a network of correspondents was set up and a consistent operational risk management approach was developed, based on the expected recommendations of the Basel Committee.

Operational Risk Correspondents

Operational risk correspondents have been appointed in each business line and each corporate department, to ensure that Group operational risk management guidelines are widely distributed within their unit. They are backed up by numerous risk officers within their units, to firmly establish a culture of operational risk prevention throughout the Group.

A Coordinated Approach to Managing Operational Risk

Various initiatives have been launched in order to be in a position to produce detailed measurements of operational risk, to comply with future regulatory requirements.

- An Incident Management Policy and an Incident Management System ("IMS") have been established in order to collect detailed historical loss data, covering the entire Group, according to a consistent process. The Incident Management System requires incidents to be reported as soon as they are detected. The data are then validated by the operating units, based on a clear segregation of roles. Cross-functional incident reporting is coordinated by the network of operational risk correspondents, and data collection procedures are subject to regular, independent audits.
- BNP Paribas is one of the founder members of the ORX (Operational Risk Exchange) data collection consortium. Effective from 2003, this consortium will collect data about internal losses at member institutions, providing these institutions with an additional source of qualitative data.
- Other methods of obtaining qualitative data are currently being developed jointly with the business lines and corporate departments. These methods will help to improve management and decision-making processes and reduce the level of annual losses due to operational risks. They will also provide the data needed to calculate regulatory capital and allocated equity to cover this risk.

While GRM is responsible for developing operational risk management systems, promoting increased awareness of these risks and assessing them, the actual risks and any related insurance cover continue to be managed by the corporate functions concerned. This applies in particular to legal risks, human resources risk and systems security risks, which represent some of the main operational risks.

LEGAL RISK
SPECIAL LEGISLATION

BNP Paribas is bound by legislation applicable to financial institutions in all countries in which it trades, in particular banking, insurance and financial services legislation. The Bank is required to respect the integrity of the markets and safeguard customers' interests. It also contributes to the prevention of money laundering and the fight against terrorism and corruption.

SPECIFIC TAX LEGISLATION

BNP Paribas is not subject to any tax rules other than those applicable to banking, insurance and financial services companies in force in the various countries in which the Group companies trade.

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ASSET MANAGEMENT RISK

In their country of origin, asset management companies are bound by specific legislation on third party portfolio management. Such companies are placed under the jurisdiction of a regulator for this purpose.

The key activity represented by the creation and management of mutual funds is closely regulated. In most countries, funds have to be approved by the regulatory authorities before they are launched and their activities are subject to controls by a statutory auditor and, in some cases, a custodian.

Fund managers are required to respect the integrity of the markets and safeguard customers' interests.

CLAIMS AND LITIGATION

Claims and litigations ongoing at 31 December 2002 are covered by adequate provisions. The outcome of these claims and litigations is not likely to significantly impact the group's financial position.

HUMAN RESOURCES RISK

Human resources risk management practice has been laid down in internal procedures for several years and is analysed as an integral part of the internal control report presented to the Internal Control and Risk Committee of the Board. This report is sent to the Banking Commission on an annual basis, as required by law.

This system was reinforced in 2002 with the issuance of the Human Resources guidelines. These guidelines include the code of fundamental responsibilities of Human Resources professionals and the Human Resources directives manual (issued to all employees worldwide), the Human Resources practice guide (issued to Human Resources administrators) and the Human Resources administration audit methodology used by the business line and General Inspection audit teams.

INFORMATION PROTECTION

The Group's information systems security policy has been approved and is monitored by Group Management and has been communicated to all employees.

Systems security considerations are factored into all IT projects from the outset. This protection is an integral part of the Group quality assurance standards.

Periodic monitoring (or systematic monitoring for sensitive systems) is used to ensure the level of systems security is maintained.

This is backed up by a technical intelligence service to ensure that the latest advances in systems security are implemented. The system is now well established. It is used equally for customer file servers and internal servers and enables new risks from evolving technology to be managed rapidly.

Over the period 2000-2002 the Group's European IT system developed from a disparate system spread over several regional servers to a single centre processing all customer transactions for retail banking, corporate and investment banking and a certain number of private banking and asset management activities in France and continental Europe.

Within this unified architecture a dedicated site backs up central system data for French Retail Banking and other business lines, using real-time high speed links.

Globally, the same type of rationalisation and protection is employed around the Singapore hub for Asia, the New York hub for North America and the Geneva hub for international private banking.

The continuation of operations is one of the major concerns of both management and the various business lines. Contingency and disaster recovery plans, covering resources, organisation and available standby facilities, are updated regularly.

INSURANCE

In order to optimise costs and ensure a satisfactory risk level, certain risks, the frequency and financial impact of which can be adequately estimated, are self insured. As a complement to this, risks insured on the market include:

- property and contents damage (fire, explosion, etc.);
- fraud or misappropriation of assets;
- corporate liability, for example errors, omissions or professional misconduct, etc;
- operating liability, for example physical injury or third party losses, etc.;
- business interruption (loss of revenues or earnings, additional costs, etc.);
- theft of valuables on the company premises and from safes;
- liability of corporate officers in the event of errors or omissions, for example.

All these policies have been taken out on the basis of the Bank's known claims experience, market claims experience and global insurance market capacity.

PATENTS, LICENCES, CONTRACTS

BNP Paribas is not dependent upon any patents or licenses or any industrial, commercial or financial services contracts for the conduct of its business.

EXCEPTIONAL EVENTS

At 31 December 2002, no exceptional events had occurred and no claims or litigation were pending or in progress that would be likely to have a material impact on the assets and liabilities, financial condition or results of the BNP Paribas Group.

ASSET/LIABILITY MANAGEMENT

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

The ALM Treasury/Commercial Banking Committee, responsible for decisions concerning mismatch and match-funding principles applicable to the balance sheet of the commercial banking business and for managing the related interest rate risks.

The ALM Treasury/Investment Banking Committee, responsible for monitoring market risks related to Treasury transactions, defining funding and liquidity management policies, managing Group equity and structural currency risks.

Liquidity management

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

Senior and junior debt issues with maturities in excess of one year totalled EUR 8.9 billion in 2002 versus EUR 5.4 billion the previous year. All senior debt issues – for a total of EUR 5.4 billion – were in the form of private placement notes. Subordinated debt issues totalled EUR 3.5 billion, of which EUR 3.2 billion were placed through public offerings and the balance with the French Retail Banking network.

Asset-backed securities issues carried out in 2002 raised around EUR 1.3 billion, including EUR 440 million for UCB and its Spanish subsidiary, UCI, EUR 655 million for Cetelem and EUR 300 million for Centroleasing. As of 31 December 2002, loans totalling EUR 8.2 billion had been refinanced through securitizations.

During the year, the Group carried out two preferred stock issues, including a USD 650 million issue placed with Private Banking customers in Asia and a EUR 600 million issue placed with European institutional investors. As of 31 December 2002, outstanding preferred stock totalled EUR 3.1 billion.

The Group's short- and medium-term liquidity position is regularly measured on a consolidated basis, by business line and by currency. BNP Paribas complies with the overnight limits set for capital markets transactions (fixed income, equities and currency transactions) and the mismatch limits set for banking transactions with maturities of more than one year.

The consolidated liquidity mismatch for positions beyond one year is measured based on contractual maturities (for loans and deposits, including undrawn confirmed lines of credit weighted at 30%), and internal maturity assumptions (for demand loans and deposits, passbook savings accounts, etc.) The mismatch for liability positions beyond one year amounted to 16.4% at 31 December 2002.

Management of interest rate risk on the banking book

Interest rate risk on the commercial transactions of the French and International Retail Banking business and the specialised financing subsidiaries is managed on a centralised basis by the ALM Treasury department. Positions are transferred by means of internal lending/borrowing transactions and swaps.

Banking book interest rate gaps are measured each month, with embedded behavioural options translated into delta equivalents.

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

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

BNP Paribas' structural interest rate risk is also measured on a going-concern basis, incorporating dynamic changes in balance sheet items. Due to the existence of partial or even zero correlations between customer interest rates and market rates, and the volume sensitivity caused by behavioural options, rotation of balance sheet items generates a structural sensitivity of revenues to interest rate changes.

A specific option risk indicator is used to fine-tune hedging strategies.

These three indicators are reviewed during monthly meetings of the ALM/Commercial Banking Committee, and serve as the basis for hedging decisions taking into account the nature of the risks involved.

Management of the interest rate risk on the banking book is based on two limits. Compliance with these limits is checked at monthly intervals and the limits are adjusted each year by the ALM/Commercial Banking Committee.

The main limit concerns the sensitivity of French commercial banking revenues – including hedging transactions carried out by the Asset/Liability Management unit – to an immediate and parallel change in the yield curve of ± 100 b.p. The limit is based on annual net banking income, in order to set limits on future fluctuations in net banking income caused by changes in interest rates. Throughout 2002, the sensitivity of revenues to interest rate changes was significantly below the limit set by the ALM Committee.

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

The two types of limit are also applied to the retail banking subsidiaries' exposure to interest rate risk.

During the year, the Market Risks unit has continued to control risks arising from the use of behavioural and other models for Asset-

Liability Management purposes. Conclusions on these controls are presented on a quarterly basis in an ad hoc committee

In 2002, customer lending and deposit-taking activity was high, with a surge in deposit-taking at the start of the year and a significant rise in new lending to individual customers as from the second quarter. Hedging transactions therefore consisted mainly of interest rate swaps, with BNP Paribas as fixed rate lender at the start of the year and as fixed rate borrower later on in the year. Low interest rates in 2002 created attractive hedging opportunities. In 2002, average fixed rate loans of the French retail banking network and the specialised subsidiaries exceeded average fixed rate deposits, mainly for medium term maturities.

In view of the highly volatile market conditions, options were used to hedge the future revenues of the commercial banking business against unfavourable changes in medium and long-term interest rates.

Management of structural currency risk

Three types of currency positions are managed on a centralised basis by the ALM Treasury department. These include (i) positions related to foreign currency earnings generated in France or internationally, (ii) positions related to country risk provisions and specific provisions and (iii) positions resulting from foreign currency investments by the Group.

The bulk of the Group's structural currency risk results mainly from capital allocations and equity interests denominated in foreign currencies that are financed by purchases of the currencies concerned. Group policy generally consists of borrowing the investment currency in order to avoid any currency risk. However, for most soft currencies, the investment is financed by purchasing the currency.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

ASSETS

In millions of euros, at 31 December	2002	2001	2000
Interbank and money market items (note 3):			
Cash and amounts due from central banks and post office banks	9,884	3,489	8,140
Treasury bills and money market instruments (note 5)	83,990	81,462	59,548
Due from credit institutions	146,512	186,623	130,613
Total interbank and money market items	240,386	271,574	198,301
Customer items (note 4):			
Due from customers	204,719	214,819	212,301
Leasing receivables	20,622	20,088	18,609
Total customer items	225,341	234,907	230,910
Bonds and other fixed income instruments (note 5)	41,964	56,062	31,955
Equities and other variable income instruments (note 5)	22,616	42,497	39,020
Insurance company investments (note 6)	57,154	56,210	54,645
Investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment (note 7):			
Investments in non-consolidated undertakings and other participating interests	5,872	3,027	2,421
Equity securities held for long-term investment	5,407	5,746	5,620
Total investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment	11,279	8,773	8,041
Investments in companies carried under the equity method:			
Financial sector companies	1,557	1,507	2,023
Non-financial sector companies	238	376	162
Total investments in companies carried under the equity method (note 9)	1,795	1,883	2,185
Tangible and intangible assets (note 11)	8,640	7,514	5,831
Goodwill (note 12)	6,547	4,489	2,540
Accrued income and other assets (note 13)	94,597	141,387	119,887
Total assets	710,319	825,296	693,315
COMMITMENTS GIVEN			
Financing commitments given (note 23)	140,398	132,929	134,172
Guarantees and endorsements given (note 23)	60,226	79,943	60,071
Commitments given on securities (note 23)	15,037	11,090	8,705
Insurance company commitments	914	668	515
Commitments incurred on forward and options contracts (note 24)	13,959,842	10,921,962	8,362,734

LIABILITIES AND SHAREHOLDERS' EQUITY

In millions of euros, at 31 December	2002	2001	2000
Interbank and money market items (note 14):			
Due to central banks and post office banks	159	202	461
Due to credit institutions	177,746	220,094	195,794
Total interbank and money market items	177,905	220,296	196,255
Customer items (note 15)	195,569	216,096	172,877
Debt securities:			
Retail certificates of deposit (note 15)	6,708	6,771	6,683
Interbank market securities (note 14)	1,025	1,670	540
Negotiable certificates of deposit (note 15)	64,913	63,575	53,215
Bonds, including short-term portion (note 16)	11,260	15,780	15,196
Other debt instruments	151	67	91
Total debt securities	84,057	87,863	75,725
Technical reserves of insurance companies (note 17)	56,526	55,205	54,093
Accrued expenses and other liabilities (note 18)	145,836	199,224	151,531
Badwill (note 12)	22	25	31
Provisions for contingencies and charges (note 19)	4,144	4,853	5,594
Subordinated debt (note 20)	14,283	13,038	11,745
Reserve for general banking risks (note 21)	997	1,007	1,039
Minority interests in consolidated subsidiaries (note 22)	4,535	3,079	2,812
Shareholders' equity (note 22):			
Share capital	1,790	1,772	1,792
Additional paid-in capital in excess of par and premium on acquisition	10,804	10,476	10,962
Retained earnings	10,556	8,344	4,735
Net income	3,295	4,018	4,124
Total shareholders' equity	26,445	24,610	21,613
Total liabilities and shareholders' equity	710,319	825,296	693,315

COMMITMENTS RECEIVED			
Financing commitments received (note 23)	21,536	22,355	6,625
Guarantees and endorsements received (note 23)	43,824	42,276	39,901
Commitments received on securities (note 23)	7,960	9,216	9,327
Insurance company commitments	2,065	2,345	2,659

CONSOLIDATED PROFIT AND LOSS ACCOUNT

In millions of euros	2002	2001	2000
Interest income	*31,606*	*39,303*	*39,780*
Interest expense	*(26,222)*	*(35,327)*	*(35,824)*
Net interest income (note 29)	5,384	3,976	3,956
Income on equities and other variable income instruments (note 32)	323	564	391
Commission income	*6,160*	*6,413*	*6,797*
Commission expense	*(1,982)*	*(2,029)*	*(2,351)*
Net commission income (note 33)	4,178	4,384	4,446
Net gains on trading account securities	4,687	6,296	5,297
Net gains on securities available for sale	139	223	243
Other banking income	*1,134*	*1,097*	*1,353*
Other banking expenses	*(911)*	*(766)*	*(893)*
Net other banking income	223	331	460
Underwriting result and net investment income of insurance companies (note 34)	1,440	1,308	1,245
Net income from other activities	419	368	225
Net banking income (note 39)	16,793	17,450	16,263
Operating expense:			
Salaries and employee benefits, including profit sharing (note 35)	(6,445)	(6,467)	(6,250)
Other administrative expenses	(3,892)	(3,889)	(3,660)
Total operating expense	(10,337)	(10,356)	(9,910)
Depreciation, amortisation and provisions on tangible and intangible assets	(618)	(577)	(528)
Gross operating income (note 39)	5,838	6,517	5,825
Net additions to provisions for credit risks and country risks (note 8)	(1,470)	(1,312)	(1,142)
Operating income (note 39)	4,368	5,205	4,683
Share of earnings of companies carried under the equity method (note 9)	80	228	317
Gains on long-term investments and changes in provisions (note 37)	903	1,125	1,709
Income before tax, non-recurring items, amortisation of goodwill and movements in the reserve for general banking risks	5,351	6,558	6,709
Net non-recurring expense (note 38)	(174)	(165)	(385)
Corporate income tax (note 40)	(1,175)	(1,817)	(1,632)
Amortisation of goodwill	(366)	(188)	(144)
Movements in the reserve for general banking risks	2	27	4
Minority interests	(343)	(397)	(428)
Net income	3,295	4,018	4,124
Basic earnings per share, in euros [1]	3.78	4.64	4.70
Diluted earnings per share, in euros [2]	3.74	4.58	4.64

(1) After the two-for-one share split.
(2) In accordance with Accounting Standards Committee (CRC) standard 99-07, earnings per share are also presented on a diluted basis, calculated in line with the method recommended by the French Accounting Board (OEC) in opinion No. 27. The method used to calculate diluted earnings per share also complies with IAS 33 "Earnings per share". Diluted earnings per share correspond to net income for the year divided by the weighted-average number of shares outstanding, adjusted for the maximum number of potential ordinary shares, corresponding to dilutive instruments. Stock options are taken into account in the calculation of diluted earnings per share by the treasury stock method which is also allowed under IAS 33.

CONSOLIDATED STATEMENT OF CASH FLOWS

In millions of euros	2002	2001	2000
Long-term sources of funds			
Funds provided from shareholders' equity			
From operations:			
Consolidated net income	3,638	4,415	4,552
Depreciation and amortisation	618	577	528
Net additions to provisions	1,764	1,557	1,081
Share of earnings of companies carried under the equity method	(80)	(228)	(317)
Total funds provided from operations	5,940	6,321	5,844
Dividends paid	(1,322)	(1,209)	(1,120)
Other changes in shareholders' equity:			
Group share	(2,482)	(2,008)	(2,514)
Minority interests	1,253	(25)	(618)
(Decrease) in reserve for general banking risks	(10)	(5)	(1)
Increase (decrease) in subordinated debt	1,245	1,293	(232)
Increase in shareholders' equity and other long-term capital	4,624	4,367	1,359
Funds provided from other sources:			
(Decrease) increase in interbank items (liabilities)	(42,391)	24,041	(34,818)
(Decrease) increase in customer deposits	(20,527)	43,219	23,874
(Decrease) increase in debt securities	(3,806)	12,138	(1,374)
Increase in technical reserves of insurance companies	1,321	1,112	6,369
(Decrease) increase in other financial items	(7,243)	25,775	(11,368)
(Decrease) increase in other sources of funds:	(72,646)	106,285	(17,317)
Total (decrease) increase in sources of funds	(68,022)	110,652	(15,958)
Uses:			
(Decrease) increase in interbank items (assets)	(33,706)	51,319	(27,082)
(Decrease) increase in customer loans	(8,129)	5,551	18,689
(Decrease) increase in securities	(34,439)	57,007	(17,957)
Increase in insurance company investments	944	1,565	6,716
Increase (decrease) in long-term investments	5,564	(7,050)	2,487
Increase in tangible and intangible assets	1,744	2,260	1,189
Total (decrease) increase in use of funds	(68,022)	110,652	(15,958)

NOTE 1 – ACCOUNTING POLICIES

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

YEAR-ON-YEAR COMPARISONS

In accordance with the standards applicable to the consolidated financial statements of banks and other financial institutions, since 2001 deferred tax assets and liabilities have been netted off at the level of each taxable entity. The presentation of the financial statements for 2000 has been adjusted accordingly.
The effect on opening shareholders' equity at 1 January 2002 of applying standard CRC 2000-06 concerning liabilities is not material. Application of the new standard does not affect year-on-year comparisons.
Up until 30 September 2002, investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment were stated at the lower of cost and fair value, corresponding mainly to the average market price for the last 24 months or the market value determined as close as possible to the year-end, in the case of investments that have suffered a permanent impairment in value. Since that date, fair value is determined based on available information using a multicriteria valuation approach, including the discounted future cash flows, sum-of-the-digits and net asset value methods as well as analysis of ratios commonly used to assess future yields and exit opportunities for each line of securities (see note below on securities). The effect of this change of method on 2001 net income was not material.

PRINCIPLES AND BASIS OF CONSOLIDATION

SCOPE OF CONSOLIDATION

The consolidated financial statements include the financial statements of BNP Paribas and of all subsidiaries whose financial statements are material in relation to the consolidated financial statements of the Group as a whole. Subsidiaries are considered as being material if they contribute over EUR 8 million to consolidated net banking income, EUR 4 million to gross operating income or income before tax and amortisation of goodwill or EUR 40 million to total consolidated assets. Companies that hold shares in consolidated companies are also consolidated.
Entities over which a Group company exercises de facto control, by virtue of contractual provisions or provisions of the entity's bylaws, are consolidated even in cases where the Group does not hold an interest in their capital. However, entities in which powers are not exercised in the sole interests of a Group company but in a fiduciary capacity on behalf of third parties and in the interests of all of the parties involved, none of which exercises exclusive control over the entity, are not consolidated.
Entities whose shares have been acquired exclusively with a view to their subsequent disposal are not consolidated. This is the case of shares which are intended to be sold in connection with the active management of the portfolio held by BNP Paribas Capital. Additionally, if the Group's ability to control the operating policies and assets of a subsidiary or affiliate is severely and permanently restricted, the subsidiary or affiliate is not consolidated. Shares in these companies are recorded in the consolidated balance sheet under "Investments in non-consolidated undertakings and other participating interests".

CONSOLIDATION METHODS

Fully-consolidated Companies

Subsidiaries over which the Group exercises exclusive control are fully consolidated, including subsidiaries whose financial statements are presented in a different format and which are engaged in a business that represents an extension of the Group's banking and financial services businesses or a related business, including insurance, real estate investment, real estate development and data processing services.
Exclusive control is considered as being exercised in cases where the Group is in a position to manage the subsidiary's financial and operating policies with a view to benefiting from its business, as a result of:
- direct or indirect ownership of the majority of voting rights of the subsidiary;
- the designation in two successive years of the majority of the members of the Board of Directors, Supervisory Board or equivalent. This is considered to be the case if a Group company holds over 40% of the voting rights during the two-year period and no other shareholder holds a larger percentage, directly or indirectly;
- the right to exercise dominant influence over the subsidiary by virtue of contractual provisions or provisions of the bylaws, provided that the Group company exercising the dominant influence is a shareholder of the subsidiary. Dominant influence is considered as being exercised in cases where the Group company is in a position to use or decide the utilisation of the subsidiary's assets, liabilities or off-balance sheet items as if they were its own. In the absence of contractual provisions or provisions of the bylaws, a Group company is considered as exercising dominant influence over a credit institution in cases where it holds at least 20% of the voting rights and no other shareholder or group of shareholders holds a larger percentage.

Proportionally-consolidated Companies

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

Companies Accounted for by the Equity Method

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

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

CONSOLIDATION PRINCIPLES

Cost of Shares in Consolidated Companies, Goodwill, Valuation Adjustments

Cost of Shares in Consolidated Companies

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

Goodwill

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

Valuation Adjustments

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

Change in Percent Interests in Consolidated Companies

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

Intercompany Balances and Transactions

Income and expenses on material intercompany transactions between fully or proportionally consolidated companies or companies accounted for by the equity method are eliminated in consolidation. Intercompany receivables, payables, commitments, income and expenses between fully or proportionally consolidated companies are also eliminated.

Lease Financing

Finance leases where the Group is lessor are recorded in the consolidated balance sheet under "Leasing receivables" in an amount corresponding to the net investment in the lease and not the net book value in the individual company accounts determined in accordance with legal and tax rules. Lease payments are analysed between amortisation of the net investment and interest income.
Deferred taxes are recorded on the total difference between accumulated book depreciation of the leased assets and accumulated amortisation of the net investment in the lease. This difference is recorded under "Shareholders' equity" net of deferred taxes.

Foreign Currency Translation

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

BNP Paribas Shares Held Within the Group

BNP Paribas shares held within the Group are valued and accounted for as follows:
- shares acquired in order to stabilise the share price or in connection with index trading and arbitrage transactions are recorded under "Trading account securities" at their market price.
- shares held for allocation to employees are recorded at the lower of cost and market price under "Securities available for sale". Where appropriate, a provision is booked for the difference between the cost of the shares and the exercise price of the related employee stock purchase options.
- shares not acquired specifically for any of the above purposes or that are intended to be cancelled are deducted from consolidated shareholders' equity at cost. If the shares are subsequently sold instead of being cancelled, the gain or loss on disposal and the corresponding tax are posted to retained earnings.

Consolidation of Insurance Companies

The Group has adopted standard CRC 2000-05 requiring the application of the new French consolidation principles by insurance companies, with effect from 1 January 2001.
The financial statements of insurance companies, prepared according to these standards, are also used for BNP Paribas consolidation purposes. The balance sheet, profit and loss account and off-balance sheet items of fully consolidated insurance subsidiaries are included under similar captions in the consolidated financial statements, with the exception of the following items:

Insurance Company Investments

The investments of insurance companies include admissible assets related to unit-linked business, as well as property investments and various other investments, including shares in related companies, related to life and other business. Property investments are stated at cost, excluding transaction costs. Buildings are depreciated over their estimated useful lives. Admissible assets related to unit-linked business are stated at the realisable value of the underlying assets at the year-end. Fixed or variable income marketable securities are stated at cost. Fixed income securities are valued and accounted for using the same method as debt securities held to maturity. However, a provision for permanent impairment in value is recorded when the market value of listed variable income securities permanently remains more than 20% below their net book value (30% for securities traded on volatile markets) for a period of over six months. This provision is calculated based on the realisable value of the securities concerned, determined using a forward-looking multi-criteria approach.

In addition, if the aggregate book value of property and variable income instruments is higher than their aggregate market value, a technical reserve is set up for the difference.

Technical Reserves of Insurance Companies

Technical reserves correspond to the insurance company's commitments towards policyholders and the insured. Technical reserves for unit-linked business are determined based on the value of the underlying assets at the year-end. Life premium reserves consist primarily of mathematical reserves corresponding to the difference between the present value of the insurer's commitments and those of the policyholder, taking into account the probability of their settlement. Non-life technical reserves include unearned premium reserves (corresponding to the fraction of written premiums relating to the following year or years) and outstanding claims reserves, which include reserves for claims handling costs.

The capitalisation reserve recorded in the statutory accounts of Group affiliates is considered as representing a technical reserve and is recorded under "Policyholders' surplus".

Underwriting Result and Net Investment Income of Insurance Companies

This caption mainly includes earned premiums, paid claims and changes in outstanding claims reserves, and net investment income, excluding profits on intercompany transactions with Group banking entities.

OTHER SIGNIFICANT ACCOUNTING POLICIES

INTERBANK AND MONEY MARKET ITEMS, CUSTOMER ITEMS

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

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

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

Provisions are booked via the profit and loss account to write down the outstanding principal in cases where the bank considers that there is a risk of borrowers being unable to honour all or part of their commitments. This is considered to be the case of all loans on which one or more instalments is more than three months past-due (or six months in the case of real estate loans).

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

Provisions for credit risks on assets are deducted from the carrying value of the assets. Provisions recorded under liabilities include provisions related to off-balance sheet commitments, provisions for losses on interests in real estate development programmes, provisions for claims and litigation, provisions for unidentified contingencies and provisions for unforeseeable industry risks.

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

SECURITIES

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

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

Movements on provisions for identifiable potential losses arising from counterparty risks on trading account securities, securities available for sale, debt securities held to maturity and equity securities available for sale in the medium-term are recorded in the profit and loss account under "Provisions for credit risks and country risks".

Trading Account Securities

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

Securities Available for Sale

This category includes securities held for at least six months, but which are not intended to be held on a long-term basis.
Bonds and other fixed income instruments are valued at the lower of cost (excluding accrued interest) or their probable market value, which is generally determined on the basis of market prices. Accrued interest is posted to the profit and loss account under "Interest income on bonds and other fixed income instruments".
The difference between cost and the redemption price of fixed income securities purchased on the secondary market is prorated over the life of the securities and posted to the profit and loss account. In the balance sheet, their carrying value is amortised to their redemption value over their remaining life.
Equities are valued at the lower of cost or their probable market value, which is generally determined on the basis of stock market prices, for listed equities, or the BNP Paribas Group's share in net assets calculated on the basis of the most recent financial statements available, for unlisted equities. Dividends received are posted to income under "Income on equities and other variable income instruments" on a cash basis.
The cost of sold securities available for sale is determined on a first in, first out (FIFO) basis. Disposal gains or losses and additions to and reversals of lower of cost and market provisions are reflected in the profit and loss account under "Net gains on securities available for sale".

Equity Securities Available for Sale in the Medium-Term

This category corresponds to investments made for portfolio management purposes, with the aim of realising a profit in the medium-term without investing on a long-term basis in the development of the issuer's business. Equity securities available for sale in the medium-term include venture capital investments.
"Equity securities available for sale in the medium-term" are recorded individually at the lower of cost or fair value. Fair value takes into account the issuer's general development outlook and the planned holding period. The fair value of listed stocks corresponds primarily to the average market price determined over an appropriately long period.

Debt Securities Held to Maturity

Fixed Income securities (mainly bonds, interbank market securities, Treasury bills and other negotiable debt securities) are recorded under "Debt securities held to maturity" to reflect the BNP Paribas Group's intention of holding them on a long-term basis, in principle to maturity. Bonds classified under this heading are financed by matching funds or hedged against interest rate exposure to maturity.
The difference between cost and the redemption price of these securities is prorated over the life of the securities in the profit and loss account. In the balance sheet, their carrying value is amortised to their redemption value over their remaining life.
Interest on debt securities held to maturity is posted to income under "Interest income on bonds and other fixed income instruments".
A provision is made when a decline in the credit standing of an issuer jeopardises redemption at maturity.

Equity Securities Held for Long-Term Investment

This category includes shares and related instruments that the BNP Paribas Group intends to hold on a long-term basis in order to earn a satisfactory long-term rate of return without taking an active part in the management of the issuing company but with the intention of promoting the development of lasting business relationships by creating special ties with the issuer.
Equity securities held for long-term investment are recorded individually at the lower of cost and fair value. Fair value is determined based on available information using a multicriteria valuation approach, including the discounted future cash flows, sum-of-the-digits and net asset value methods as well as analysis of ratios commonly used to assess future yields and exit opportunities for each line of securities. For simplicity, listed securities acquired for less than EUR 10 million may be valued based on the average market price over the last three months.
Gains and losses on sales of equity securities held for investment and provision movements are reported in the profit and loss account under "Gains (losses) on disposals of long-term investments".
Dividends received are posted to income under "Income on equities and other variable income instruments" on a cash basis.

Investments in Non-consolidated Undertakings and Other Participating Interests

This category includes affiliates in which the Group exercises significant influence over management and investments considered strategic to the Group's business development. This influence is deemed to exist when the Group holds an ownership interest of at least 10%.
Investments in non-consolidated undertakings and other participating interests are recorded individually at the lower of cost and fair value. Fair value is determined based on available information using a multicriteria valuation approach, including the discounted future cash flows, sum-of-the-digits and net asset value methods as well as analysis of ratios commonly used to assess future yields and exit opportunities for each line of securities. For simplicity, listed securities acquired for less than EUR 10 million may be valued based on the average market price over the last three months.
Disposal gains or losses are recorded as "Gains (losses) on disposals of long-term assets" in the profit and loss account.
Dividends are posted to "Income on equities and other variable income instruments" when they have been declared by the issuers' shareholders or on a cash basis when the shareholders' decision is not known.

Investments in Companies Carried under the Equity Method

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

FIXED ASSETS

In 1991 and 1992, as allowed by French regulations, Banque Nationale de Paris transferred its main operating real estate holdings to its subsidiary Compagnie Immobilière de France. This transaction covered wholly-owned buildings and buildings leased to BNP SA (the parent company) by one of its specialised subsidiaries. These buildings are intended to be held on a long-term basis. The revaluation arising from this transaction has been posted to consolidated shareholders' equity net of the related deferred tax effect and a provision for deferred taxes has been recorded. Effective from 1994, the resulting unrealised capital gain is being written back to the consolidated profit and loss account in proportion to the additional depreciation charge taken by Compagnie Immobilière de France.

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

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

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

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

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

Depreciation of assets leased from Group leasing subsidiaries is reflected in the profit and loss account under "Depreciation, amortisation and provisions on tangible and intangible assets".

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

INTERBANK AND MONEY-MARKET ITEMS AND CUSTOMER DEPOSITS

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

DEBT SECURITIES

Debt securities are analysed between retail certificates of deposit, interbank market securities, negotiable certificates of deposit, bonds and other debt instruments. This caption does not include subordinated notes which are recorded under "Subordinated debt".

Accrued interest on debt securities is recorded on a separate line of the balance sheet and is debited to the profit and loss account.

Bond issue and redemption premiums are amortised by the yield-to-maturity method over the life of the bonds.

COUNTRY RISK PROVISIONS

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

PROVISIONS FOR UNFORESEEABLE INDUSTRY RISKS

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

RESERVE FOR GENERAL BANKING RISKS

The BNP Paribas Group has set up a reserve for general banking risks in accordance with the principle of prudence.

Specific additions to, and deductions from, this reserve are reflected in the profit and loss account under "Movements in the reserve for general banking risks".

PROVISIONS NOT SET UP IN CONNECTION WITH BANKING OR BANKING-RELATED TRANSACTIONS

The Group records provisions for clearly identified risks and charges, of uncertain timing or amount. In accordance with current regulations, these provisions which are not connected with banking or banking-related transactions may only be recorded if the Group has an obligation to a third party at the year-end and no equivalent economic benefits are expected from that third party.

FORWARD FINANCIAL INSTRUMENTS

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

Forward Interest Rate Instruments

Interest rate futures and options contracts forming part of the trading portfolio and traded on organised exchanges are marked to market at the balance sheet date. Realised and unrealised gains and losses are taken to income under "Net gains (losses) on sales of trading account securities".

Gains and losses on certain OTC contracts representing isolated open positions are taken to income either when the contracts are unwound or on an accruals basis, depending on the nature of the

instruments. Provisions for contingencies are booked to cover unrealised losses on a contract by contract basis, taking into account potential gains and losses on related specific hedges.
Income and expenses on interest rate contracts designated at the outset as hedging operations are recognised on a symmetrical basis with the income or expense on the underlying instrument.

Forward Currency Instruments

Options contracts are marked to market and the resulting unrealised gains and losses are posted to income. A similar treatment is used for forward exchange contracts bought and sold for trading purposes. Hedging contracts are valued at the spot rate prevailing at the end of the period. Differences between the spot and forward rates (contango and backwardation) for hedged forward currency transactions are recognised on an accruals basis and posted to the profit and loss account over the life of the hedged transaction.

Equity and Equity Index Derivatives

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

Composite Instruments

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

Credit Risk Management Instruments

Instruments intended to protect loan portfolios against counter–party risks are treated as guarantees received. Credit derivatives purchased and sold in connection with trading transactions and structured product sales are valued using internal models, based on market data where available. The revenue determined by applying these models is adjusted to take into account inherent model and liquidity risks.

Market Value of Financial Instruments

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

CORPORATE INCOME TAX

BNP Paribas Group companies are subject to corporate income tax based on rules and rates prevailing in the countries in which they operate. In France, the standard corporate income tax rate is 33 1/3%. Long-term capital gains are taxed at a rate of 19%. Gains and losses on securities in the portfolios are taxed at the standard corporate income tax rate of 33 1/3%, with the exception of gains and losses on disposals of investments in non-consolidated undertakings which are taxed at the reduced rate applicable to long-term capital gains. Effective from 31 December 2000, dividends received from companies in which the BNP Paribas Group has an ownership interest of more than 5% are non-taxable.
In 1995, the French government imposed a 10% surtax on corporate income. The rate of this surtax was reduced to 6% for 2001 and 3% from 2002. A further 3.3% surtax has been levied on corporate income as of 1 January 2000. The BNP Paribas Group has taken these surtaxes into account to determine current taxes for each period concerned, and has used the liability method to adjust the amount of deferred taxes in cases where the surtaxes are expected to apply when the timing differences reverse.
A charge for corporate income tax is taken in the year in which the related taxable income and expenses are booked, regardless of the period in which the tax is actually paid. BNP Paribas Group companies recognise deferred taxes for all temporary differences between the book value of assets and liabilities and their tax basis according to the liability method. Recognition of deferred tax assets depends on the probability of recovery.

PROFIT SHARING

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

PENSIONS AND OTHER POSTRETIREMENT BENEFIT OBLIGATIONS

Provision is made for long-service awards, supplementary pension benefits and other awards payable to active and retired employees, except where employer contributions are in full discharge of any future liabilities, in which case the contributions are charged to the profit and loss account in the year of payment.

PENSION OBLIGATIONS TOWARDS RETIRED EMPLOYEES

Upon retirement, BNP Paribas Group employees receive pensions according to the laws and practices prevailing in the countries where BNP Paribas Group companies operate.
Retired employees of the BNP Paribas Group's banking subsidiaries and affiliates in France are entitled to the following pension benefits starting 1 January 1994, pursuant to a new industry-wide agreement on pensions:

- retirees receive pension benefits from the social security system and two nation-wide organisations, which are financed by contributions received from employers and employees. The systems operate on a pay-as-you-go basis;
- retirees receive additional benefits relative to services rendered prior to 31 December 1994, from the pension fund of the BNP Paribas Group and the banking industry pension funds with which certain French subsidiaries are affiliated. Funding for these additional benefits is provided by transfers from the pension funds' existing reserves and, if necessary, by employer contributions, which are limited to a percentage of payroll costs. The amount of such additional benefits is adjusted to reflect the funding level of the pension funds and may consequently be reduced in due proportion.

The working capital contributions made to the two nation-wide pension organisations in 1994 are treated as prepaid expenses and

amortised over the average number of years left to retirement of BNP SA participating employees, which is currently twenty years. For Paribas employees, the contribution has been deducted from the reserves of the Paribas pension fund.
Outside France, BNP Paribas Group companies and their employees contribute to mandatory pension plans which are generally managed by independent organisations.
The Group records provisions for benefit obligations under these various pension plans, where the present value of the obligation exceeds the market value of the plan assets. Benefit obligations are determined on an actuarial basis at each year-end. The increase or decrease in the net obligation compared with the previous year-end, corresponding to actuarial differences arising from changes in demographic and financial assumptions or in estimated yields on plan assets, is recognised over the expected average remaining services lives of employees covered by the plans, net of an amount equal to a certain percentage of the discounted benefit obligation, set by convention at 10%. In the interest of prudence, the deferred portion of the actuarial difference is limited in all cases to an amount equivalent to that of the net change in the benefit obligation over the year.

OTHER EMPLOYEE BENEFITS

Under various agreements, the BNP Paribas Group is committed to pay early retirement, retirement and seniority bonuses, healthcare costs and other benefits to its employees in France and in most of the countries in which the Group does business.
Each year, the Group estimates the net present value of these commitments and adjusts the related provision, applying the same method as for pension benefits.

RECOGNITION OF REVENUE AND EXPENSES

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

FOREIGN CURRENCY TRANSACTIONS

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

NOTE 2 – SCOPE OF CONSOLIDATION

Changes in the scope of consolidation in 2001 and 2002 were as follows:

In 2001

Newly-consolidated companies

	Fully-consolidated companies	Proportionally-consolidated companies	Companies accounted for by the equity method
Acquisitions	Cobepa-Bogerco, Cobepa-Gepeco, ABN Amro Bank (Morocco) (merged with BMCI), Klépierre subsidiaries: Macédonia, Jardins des Princes, Maille Nord 4	Klépierre subsidiary: Centro Shopping Gestion	State Bank of India Life Insurance Company Ltd
Companies meeting the criteria for consolidation for the first time	BNP Paribas Participations Finance Immobilier, BNP Paribas Capital Trust LLC 2, BNP Paribas Capital Trust LLC 3, Fidex, BNP Paribas Peregrine Investment Ltd, BNP Paribas Equity Strategies, B*Capital, Cardif do Brasil Seguros, Cardif Limitada, Cardif Retiro, Cardif Slovakia, Guaranteed Underwriting Agency Ltd, Pinnacle Europe, Pinnacle Pet Healthcare, Klépierre subsidiaries: Le Barjac, SAS Odysseum Place de France, Novate SRL, Arcol, Belarcol, SAS LP7, Ségécar, SNC KC1, KC2, KC3, KC4, KC6, KC7, KC8, KC9, KC10, KC11, KC12 (partnerships owned by Klépierre)		

Companies excluded from the scope of consolidation

	Fully-consolidated companies	Proportionally-consolidated companies	Companies accounted for by the equity method
Disposals	Cobepa-Vobis, Cobepa-Ramlux, Cobepa - Financière Cristal SA, Cobepa- Intl Financing Partners SA	BNP Dresdner Zao Russie, BNP Dresdner Bank CR Prague, BNP Dresdner Croatia, Dresdner European Bank, CFJPE, Finaref Vie, Finaref Iard, Dresdner BNP Chile, Dresdner BNP Chile Corredores Bolsa, Dresdner BNP Chile Inversiones	CLF Locabail SAS
Merger	Paribas Suisse and UEB (merged with BNP Paribas Suisse), BD Lease (merged into Arius SA), Paribas Côte d'Ivoire (merged into BICI Côte d'Ivoire), Cie Gle Location Industrielle (merged into Arval Service Lease), Cobepa-Finance Dévelop & Particip (merged into Cobepa-Cobema), Cobepa-Cie Gestion & Develop Informatiq (merged into Cobepa-Sté Financière et de Réalisation)	Dartem (merged into Cetelem)	
Companies no longer meeting the criteria for consolidation and discontinue operations	Parifergie, Cipango Ltd, BNP Mexico Holding, BNP Mexico SA, BNP Vila Ltd, 90 William Street Australia, Interconti Finance, Paribas Group Australia, Paribas Deutshland BV, BNP IFS Hong Kong Ltd, Paribas Japan Ltd, PAM Japan, PAM Asia Ltd Singapour, Paribas Investment Management Gmbh, Paribas Fonds Marketing, SC Rouen Candé, Gerfonds, Neuilly Contentieux, CB UK Fonds D, BBD Indonesia, Antee, Carnegie, Corelim, Paribas Asia Equity Phils Inc, BNP Sim SA Milan, Banque de Wallis et Futuna, Beti SNC, BIC Comores, Cerenicim, Ejesur, Kle 22, SA 37 La Pérouse, SAS Étoile Residence, SAS Kléber Montigny, Segefico, SI Immobilière 36, av. Opéra, Sogimo SA, Accea Finances, Centro di Telemarketing, Cetelem Nederland BV, Class Miet & Leasing Gmbh, Effico SARL, Eurocredito, Fac Location SNC, Institut de Telemarketing, Massilia Bail, Norrsken Finance, Prêts et Services, SNC Cortal Pierre Gestion, Sofracem	Attijari Cetelem, Attijari Locabail, Case Leasing Deutschland, International Bank of South Africa Ltd (Ibsa)	BNP Andes, Cofidis UK, Fougerolle Financière SAE, Société Française du Chèque de Voyage, Euromezzanine SCA 2, BNP Canada Valeurs Mobilières, ATF Turquie, Banco Servicios Financieros, Carrefour Financial Consulting, Cofidis Argentina, Cofidis Belgium, Cofidis España, Covefi, Fimaser, Finalion, Finama, Novacredit, Vecofin

Changes in consolidation method

	Fully consolidated companies previously proportionally consolidated or accounted for by the equity method	Proportionally consolidated companies previously fully consolidated or accounted for by the equity method	Company accounted for by the equity method previously proportionally consolidated
Change in percent interest	Leasing Handels und Services AG (ex- Arval LHS Suisse), BNP KH Dresdner Bank Hungary, BNP Dresdner Bank Poland, BNP Dresdner Bank AD Bulgaria		Creation Financial Services
Other	Klépierre subsidiaries: SCI Secovalde, Cinnéo	Findomestic, Halifax Cetelem Credit Ltd, Klépierre subsidiaries: SA Soaval, SA Cecobil	

In 2002

Newly-consolidated companies

	Fully-consolidated companies	Proportionally-consolidated companies	Companies accounted for by the equity method
Acquisitions	Capstar Partners LLC (United States), Facet, United California Bank (merged with Bank of the West, consolidated at the level of BancWest Corp.), Trinity Capital Corp. (consolidated at the level of BancWest Corp.), Cobepa subsidiary: Ulran, Klépierre subsidiaries: Alicentro 5 (Italy) (merged with Klecar Italia Spa), FMC (Czech Republic)	Klépierre subsidiaries: Eurocenter (Italy) (merged with PSG), IGC (Italy), PSG (Italy)	Cogent Investment Operations Ireland Ltd, Cogent Investment Operations Ltd (United Kingdom), Cogent Investment Operations Pty (Australia), Cogent Investment Operations Luxembourg SA, Consors Discount Broker AG Group (Germany)
Companies meeting the criteria for consolidation for the first time	All In One (Germany), Antin Participation 4, Antin Participation 5, Antin Participation 7, Antin Participation 13, BNP Paribas Asset Management Institutionnels, BNP Paribas BDDI Participations, BNP Paribas Capital Trust LLC 4 (United States), BNP Paribas Capital Trust LLC 5 (United States), BNP Paribas Capstar Partners Inc. (United States), BNP Paribas Cyprus Ltd (Cyprus), BNP Paribas Épargne Entreprise, BNP Paribas Equities Hong Kong Ltd, BNP Paribas Fund Services (Luxembourg), BNP Paribas Gestion Épargne Salariale, BNP Paribas New Zealand Ltd, BNP Paribas Réunion, BNP Paribas Securities Services Holdings Cy Ltd (United Kingdom), BNP Paribas Securities Services International Holding SA, BNP Paribas Stratégies Action, Capstar Partners SAS, Cardif Levensverzekeringen NV (Netherlands), Cardif Nederland Holding BV, Cardif Schadeverzekeringen NV (Netherlands), Catesienne de Participations, Cetelem Bank GmbH (Germany), Cetelem Thailand, Cooper Neff Advisors Inc (United States), Cooper Neff Group (United States), Ejesur (Spain), Filip Partnership (United Kingdom), Hennaros Pty Ltd (Australia), Parritaye Pty Ltd (Australia), Soreco, Meunier Promotion subsidiaries (consolidated at the level of Meunier Promotion): Gérer, Meunier Développement SAS, SNC Cézanne, Klépierre subsidiaries: Capucine BV (Netherlands), Klecar Italia SPA, Klecar Participations Italie, Klefin Italia, Klelou SA (Portugal), Klépierre Services, Klépierre Portugal SA SGPS, SNC Galae, SNC KC5		

Companies excluded from the scope of consolidation

	Fully-consolidated companies	Proportionally-consolidated companies	Companies accounted for by the equity method
Disposals	Banque Directe, PAI Management, Cobepa subsidiaries: Texaf, Cie Financière Africaine (ex-CFA)		Dongwong ITMC (South Korea), Facet
Mergers	BNP Paribas Kredit Bank AG and BNP Paribas Lease Group GmbH (Germany) (merged with BNP Paribas Lease Groupe SA), Natioinformatique (merged with Société Française Auxiliaire - S.F.A.), Ejenorte (Spain) (merged with Ejesur), Cobepa subsidiary: Lucht et Licht NV (merged with Sté Financière & de Réalisation)		Findomestic Sviluppo (Italy) (merged with Findomestic)
Companies no longer meeting the criteria for consolidation and discontinued operations	BNP Paribas Financière du Régent (Belgium), Cardif Limitada (Brazil), Cardif Polska Life, Cardif Provita (Czech Republic), Cardif Retiro (Argentina), Cardif Slovakia, Coficape (formerly Inchcape Finance), Firem, Fund Services (Poland), Guaranteed Underwriting Agency Ltd (United Kingdom), Immo Investissements BNP, Paribas Capital Funding (United States), Pinnacle Europe (United Kingdom), Pinnacle Pet Healthcare (United Kingdom), Pinnafrica Holding Ltd (South Africa), Pinnafrica Insurance Company (South Africa), Pinnafrica Insurance Life (South Africa), Promopart BNP, Klépierre subsidiaries: SAS Baudin Levallois, SAS Curial Archereau, SAS Fontenay La Redoute, SAS Langevin Herblay, SAS Sommer Antony, SAS Varennes Ormes, SCI Levallois Michelet, SCI Paris Suffren, SNC Liège 25 Paris 8e, SNC Université Paris 7e	Poczsta Polska	BNP Paribas Peregrine Inc. (Philippines), Forum Finances, RIVP

Changes in consolidation method

	Fully consolidated companies previously accounted for by the equity method	Fully consolidated companies previously proportionally consolidated	Proportionally consolidated company previously fully consolidated
Change in percent interest and other	BNP Paribas Peregrine Services Ltd (Hong Kong), Cetelem America (Brazil)	CNH Capital Europe, CNH Capital Europe Ltd (ex Case Credit UK Ltd) (United Kingdom).	Cobepa subsidiary: Bogerco

FULLY CONSOLIDATED COMPANIES

Financial institutions	Group voting interest (%)	Group ownership interest (%)
IN FRANCE		
Credit institutions		
Antin Bail (1)	100.00	100.00
Banque Cortal (1)	100.00	100.00
Banque de Bretagne (1)	100.00	100.00
Banque Financière Cardif (1)	100.00	100.00
BNP Intercontinentale -BNPI (1)	100.00	100.00
BNP Paribas Emergis (1)	100.00	100.00
BNP Paribas Factor	100.00	100.00
BNP Paribas Guadeloupe (1)	100.00	100.00
BNP Paribas Guyane (1)	100.00	100.00
BNP Paribas Lease Group (1)	99.96	99.96
BNP Paribas Martinique (1)	100.00	100.00
BNP Paribas Nouvelle-Calédonie	100.00	100.00
BNP Paribas Private Bank (1)	100.00	100.00
BNP Paribas Private Bank Monaco	100.00	99.99
BNP Paribas Réunion	100.00	100.00
BNP Paribas Securities Services - BPSS	100.00	100.00
Cetelem (1)	100.00	100.00
Claas Financial Services	90.00	89.96
CNH Capital Europe	50.10	50.08
Cofica Bail (1)	100.00	100.00
Compagnie médicale de financement de voitures et matériels - CMV Médiforce (1)	100.00	100.00
Crédial (1)	100.00	100.00
Crédit Moderne Antilles	100.00	100.00
Crédit Moderne Guyane	99.99	99.99
Crédit Moderne Océan Indien	97.81	97.81
Facet	89.81	89.81
Fidem	51.00	51.00
Finance et Gestion SA	70.00	69.97
Financière Marché Saint-Honoré (1)	100.00	100.00
Loisirs Finance	51.00	51.00
Natiobail	89.08	89.08
Natiocrédibail	100.00	99.96
Natiocrédimurs (1)	100.00	99.96
Natioénergie	100.00	99.96
Norbail SNC (1)	100.00	99.96
Paribas Dérivés Garantis SNC (1)	100.00	100.00
Paricomi	100.00	99.93
Parilease (1)	100.00	100.00
Same Deutz-Fahr Finance	99.97	99.93
Services et Prêts immobiliers (1)	100.00	99.93
UCB (1)	99.93	99.93
UCB Bail (1)	100.00	99.93
UCB Entreprises (1)	100.00	99.93
UCB Locabail immobilier	100.00	99.93
Other financial institutions		
Arius Finance (1)	100.00	99.99
Arius SA (1)	100.00	99.99
Arval ECL SAS (1)	100.00	99.99
Arval PHH Holding SAS (1)	100.00	99.99
Arval Service Lease (1)	100.00	99.99
B*Capital (1)	100.00	100.00
Banexi Communication (1)	100.00	100.00
Banexi Société de Capital-Risque Bancaire	100.00	100.00
BNP Paribas Arbitrage (1)	100.00	100.00
BNP Paribas Asset Management (1)	100.00	100.00
BNP Paribas Asset Management Group (1)	100.00	100.00
BNP Paribas Asset Management Institutionnels (1)	100.00	100.00
BNP Paribas Développement	100.00	100.00
BNP Paribas Épargne Entreprise (1)	100.00	100.00
BNP Paribas Equities France (1)	99.96	99.96
BNP Paribas Equity Strategies France (1)	100.00	100.00

(1) Members of the BNP Paribas SA tax group as of 1 January 2002.

FULLY CONSOLIDATED COMPANIES

Financial institutions		Group voting interest (%)	Group ownership interest (%)
IN FRANCE			
Other financial institutions (cont'd)			
BNP Paribas Gestion Épargne Salariale [1]		100.00	100.00
BNP Paribas Securities Services International Holding SA		100.00	100.00
Capstar Partners SAS		80.00	80.00
Cardif Asset Management [1]		100.00	100.00
Codexi		99.92	99.92
Compagnie d'Investissements de Paris - C.I.P		100.00	100.00
Conseil Investissement [1]		100.00	100.00
Cortal Fund Management [1]		100.00	100.00
Financière BNP Paribas [1]		100.00	100.00
Gestion et Location [1]		99.99	99.99
Jovacienne de Participations [1]		100.00	100.00
Societe Cristolienne de Participations [1]		100.00	100.00
Societe de Courtage et d'Assurance Universel [1]		100.00	99.96
Société de Renseignements Contentieux Développement - Soreco [1]		99.92	99.92
Societe Française Auxiliaire - SFA [1]		100.00	100.00
Truck Management Artegy [1]		100.00	99.99
Other financial sector companies			
Aprolis Finance (formerly Services and Finance)		51.00	50.98
Cofiparc [1]		100.00	99.99
Nhg Guyomarc'h [1]		100.00	99.92
SA Leval 3 [1]		100.00	100.00
Socappa [1]		99.93	99.89
OUTSIDE FRANCE			
Credit institutions			
Europe			
All In One Germany	Germany	100.00	99.96
Banca UCB SPA	Italy	100.00	99.96
Banco Fimestic SA	Spain	100.00	100.00
BNP Capital Finance Ltd	Ireland	100.00	100.00
BNP Factor	Portugal	100.00	100.00
BNP Finans a/s Norge	Norway	100.00	100.00
BNP Ireland Limited	Ireland	100.00	100.00
BNP Paribas (Bulgaria) AD	Bulgaria	80.00	80.00
BNP Paribas Bank (Hungaria) RT	Hungary	100.00	100.00
BNP Paribas Bank (Polska) SA	Poland	100.00	100.00
BNP Paribas Bank NV	Netherlands	100.00	100.00
BNP Paribas Cyprus Limited	Cyprus	100.00	100.00
BNP Paribas España SA	Spain	99.47	99.47
BNP Paribas Finanzaria SPA	Italy	100.00	100.00
BNP Paribas Finance PLC	United Kingdom	100.00	100.00
BNP Paribas Guernsey Limited	Guernsey	100.00	99.99
BNP Paribas Lease Group PLC (Group)	United Kingdom	100.00	99.96
BNP Paribas Lease Group SA Belgium	Belgium	100.00	99.94
BNP Paribas Lease Group SA EFC	Spain	100.00	99.96
BNP Paribas Lease Group SPA	Italy	100.00	99.95
BNP Paribas Leasing GmbH	Germany	100.00	99.96
BNP Paribas Leasing SPA	Italy	100.00	99.96
BNP Paribas Luxembourg SA	Luxembourg	100.00	100.00
BNP Paribas Net Limited	United Kingdom	100.00	100.00
BNP Paribas Private Bank Switzerland	Switzerland	100.00	99.99
BNP Paribas Suisse SA	Switzerland	99.99	99.99
Cetelem Bank GmbH	Germany	70.00	70.00
Cetelem Belgium	Belgium	100.00	100.00
Cetelem Benelux BV	Netherlands	100.00	100.00
Cetelem CR	Czech Republic	65.00	65.00
Cetelem SFAC	Portugal	100.00	100.00
CNH Capital Europe Limited (formerly Case Crédit UK Ltd)	United Kingdom	100.00	50.08
Compagnie Bancaire UK Fonds A	United Kingdom	100.00	99.97
Compagnie Bancaire UK Fonds B	United Kingdom	100.00	100.00
Cortal Bank Luxembourg	Luxembourg	100.00	100.00

(1) Members of the BNP Paribas SA tax group as of 1 January 2002.

FULLY CONSOLIDATED COMPANIES

Financial institutions		Group voting interest (%)	Group ownership interest (%)
OUTSIDE FRANCE			
Credit institutions (cont'd)			
Europe (cont'd)			
Evergo Finanzaria	Italy	60.00	59.97
Magyar Cetelem	Hungary	100.00	100.00
Sifida	Luxembourg	70.40	56.81
UCB Group Limited	United Kingdom	100.00	100.00
UFB Factoring Italia	Italy	100.00	99.94
UFB Italia SPA (formerly BNP Paribas Lease Group SPA)	Italy	100.00	99.94
Union de Creditos Immobiliarios - UCI	Spain	50.00	49.97
United European Bank Switzerland (Group)	Switzerland	100.00	99.99
Americas			
Banco Cetelem Argentine	Argentina	60.00	60.00
Bancwest Corporation (Group)	United States	100.00	100.00
BNP Leasing Dallas Corporation	United States	100.00	100.00
BNP Paribas (Uruguay) SA	Uruguay	100.00	100.00
BNP Paribas Brasil SA	Brazil	100.00	100.00
BNP Paribas Canada	Canada	100.00	100.00
BNP Paribas North America Incorporated - PNA	United States	100.00	100.00
BNP Paribas (Panama) SA	Panama	99.67	99.67
BNP Private Bank & Trust Cie Bahamas Limited	Bahamas	100.00	100.00
Paribas Finance Incorporated	United States	100.00	100.00
Paribas North America	United States	100.00	100.00
Paribas Principal Incorporated	United States	100.00	100.00
Asia-Pacific			
BNP Paribas Merchant Banking Asia Limited	Singapore	100.00	100.00
BNP Paribas Peregrine Services Limited	Hong Kong	100.00	100.00
BNP Paribas Peregrine (Singapore) Limited	Singapore	100.00	100.00
Cetelem Thailand	Thailand	100.00	100.00
PT Bank BNP Paribas Indonesia	Indonesia	100.00	99.99
Africa			
Banque Internationale Commerce et Industrie Burkina Faso	Burkina Faso	51.00	46.68
Banque Internationale Commerce et Industrie Cote d'Ivoire	Ivory Coast	60.29	58.91
Banque Internationale Commerce et Industrie Gabon	Gabon	46.66	46.66
Banque Internationale Commerce et Industrie Senegal	Senegal	54.11	52.33
Banque Malgache de l'Océan Indien	Madagascar	75.00	75.00
Banque Marocaine du Commerce et de l'Industrie	Morocco	53.16	53.16
Banque Marocaine du Commerce et de l'Industrie Leasing	Morocco	72.03	38.29
Banque pour le Commerce et l'Industrie de la Mer Rouge	Djibouti	51.00	51.00
BNP Paribas Le Caire	Egypt	76.00	76.00
Union Bancaire pour le Commerce et l'Industrie	Tunisia	50.00	50.00
Union Tunisienne de Leasing	Tunisia	53.86	26.93
Other financial institutions			
Europe			
Arval Belgium	Belgium	100.00	99.99
Arval Limited	United Kingdom	75.00	74.99
Arval Luxembourg	Luxembourg	100.00	99.99
Arval Nederland	Netherlands	100.00	99.99
Arval PHH Deutschland GmbH	Germany	100.00	99.99
Arval PHH Holdings Limited (Group) (formerly Arval PHH Holdings Unlimited)	United Kingdom	100.00	99.99
Arval PHH Holdings UK Limited	United Kingdom	100.00	99.99
Arval Polska	Poland	100.00	99.99
Arval Portugal	Portugal	100.00	99.99
Arval Service Lease Spain	Spain	99.98	99.97
Arval Service Lease Italia	Italy	70.00	62.49
August Holdings Limited	United Kingdom	100.00	100.00
BNP Paribas Asset Management SGR Milan SPA	Italy	100.00	100.00
BNP Paribas Asset Management UK Limited	United Kingdom	100.00	100.00
BNP Paribas Capital Markets Group Limited	United Kingdom	100.00	100.00
BNP Paribas Commodity Futures Limited	United Kingdom	100.00	100.00

FULLY CONSOLIDATED COMPANIES

Financial institutions		Group voting interest (%)	Group ownership interest (%)
OUTSIDE FRANCE			
Other financial institutions (cont'd)			
Europe (cont'd)			
BNP Paribas E & B Limited	United Kingdom	100.00	100.00
BNP Paribas Fund Services	Luxembourg	100.00	100.00
BNP Paribas Securities Services Holdings Company Limited	United Kingdom	100.00	100.00
BNP Paribas UK Holding Limited	United Kingdom	100.00	100.00
BNP Paribas UK Holdings Limited	United Kingdom	100.00	100.00
BNP Paribas UK Limited	United Kingdom	100.00	100.00
Compagnie Bancaire Uk Fonds C	United Kingdom	100.00	100.00
FILIP Partnership	United Kingdom	100.00	100.00
Fimestic Expansion SA	Spain	100.00	100.00
Leasing Handels und Service AG (formerly Arval Suisse LHS)	Switzerland	100.00	99.99
Parvest Investment Management SA (formerly PAM Luxembourg)	Luxembourg	99.98	99.98
Pasfin Sim Milan	Italy	100.00	100.00
Société Financière pour pays d'Outre-Mer - SFOM	Switzerland	100.00	100.00
Wigmore Loan Finance Limited (formerly BNP Paribas Wigmore Loan Finance Limited)	United Kingdom	100.00	100.00
Americas			
BNP Paribas Asset Management Incorporated - PNA	United States	100.00	100.00
BNP Paribas Brokerage Services Incorporated	United States	100.00	100.00
BNP Paribas Capital Trust LLC 1	United States	100.00	0.00
BNP Paribas Capital Trust LLC 2	United States	100.00	0.00
BNP Paribas Capital Trust LLC 3	United States	100.00	0.00
BNP Paribas Capital Trust LLC 4	United States	100.00	0.00
BNP Paribas Capital Trust LLC 5	United States	100.00	0.00
BNP Paribas Capstar Partners Inc. - PNA	United States	75.00	75.00
BNP Paribas Commodities Futures Incorporated - PNA (formerly BNP Paribas Futures Incorporated)	United States	100.00	100.00
BNP Paribas Investment Services LLC	United States	100.00	100.00
BNP Paribas Securities Corporation - PNA (formerly BNP Paribas Corporation)	United States	100.00	100.00
BNP US Funding LLC	United States	100.00	100.00
Capstar Partners LLC	United States	75.00	75.00
Cooper Neff Advisors Incorporated	United States	100.00	100.00
Cooper Neff Group	United States	100.00	100.00
French American Banking Corporation - FABC - PNA	United States	100.00	100.00
Petits Champs Participaçoes e Serviços SA (formerly Paribas do Brasil Consultoria et Projetos Limitada)	Brazil	100.00	100.00
Asia-Pacific			
BNP Equities Asia Ltd	Malaysia	100.00	100.00
BNP Paribas Arbitrage (Hong Kong) Limited	Hong Kong	100.00	100.00
BNP Paribas Asia Equities Limited	Hong Kong	100.00	100.00
BNP Paribas Asia Limited	Hong Kong	100.00	100.00
BNP Paribas Equities (Hong Kong) Limited	Hong Kong	100.00	100.00
BNP Paribas Equities Group (Australia) Limited	Australia	100.00	100.00
BNP Paribas Finance (Hong Kong) Limited	Hong Kong	100.00	100.00
BNP Paribas Futures (Hong Kong) Limited	Hong Kong	100.00	100.00
BNP Paribas Investment Asia Limited	Hong Kong	100.00	100.00
BNP Paribas New Zealand Limited	New Zealand	100.00	100.00
BNP Paribas Pacific (Australia) Limited	Australia	100.00	100.00
BNP Paribas Peregrine Capital Limited	Hong Kong	100.00	100.00
BNP Paribas Peregrine Investments Limited	Hong Kong	100.00	100.00
BNP Paribas Peregrine Limited	Malaysia	100.00	100.00
BNP Paribas Peregrine Securities (Thailand) Limited	Thailand	100.00	100.00
BNP Paribas Peregrine Securities Limited	Hong Kong	100.00	100.00
BNP Paribas Peregrine Securities Pte Limited	Singapore	100.00	100.00
BNP Paribas Securities (Australia) Limited	Australia	100.00	100.00
BNP Paribas Securities Limited	Hong Kong	100.00	100.00
BNP Prime Peregrine Holdings Limited	Malaysia	100.00	100.00
BNP Securities (Hong Kong) Limited	Hong Kong	100.00	100.00
PT BNP Lippo Utama Leasing (formerly BNP Paribas Indonesia)	Indonesia	88.00	87.99
Africa			
BMCI Offshore	Morocco	100.00	53.16
Other financial sector companies			
Bergues Finance Holding	Bahamas	100.00	99.99
BNP Paribas Fund Administration	Luxembourg	100.00	100.00
BNP Paribas UK Treasury Limited (*)	United Kingdom	100.00	100.00
Capucine BV	Netherlands	100.00	52.85
Claas Leasing GmbH	Germany	100.00	89.96
Fidex Holding Limited	United Kingdom	100.00	0.00

(1) Members of the BNP Paribas SA tax group as of 1 January 2002.

FULLY CONSOLIDATED COMPANIES

Other companies	Group voting interest (%)	Group ownership interest (%)
IN FRANCE		
Real estate		
BNP Paribas Immobilier (1)	100.00	100.00
BNP Paribas Participations Finance Immobilier (1)	100.00	100.00
Fleurantine de Participations (1)	100.00	100.00
Cb Pierre (formerly SAS CB Pierre)	100.00	52.85
Great Central Railway Land SA (1)	99.97	99.97
Immobilière des Bergues (1)	100.00	100.00
Klecar Europe Sud	83.00	43.86
Klecar France SNC	83.00	43.86
Klépierre SA	53.07	52.85
Klépierre Services	100.00	52.85
Meunier Promotion (Group) (1)	100.00	100.00
SA Centrale Immobilière	99.99	52.85
SA Klecentres	82.50	43.60
SA Secmarne	61.57	29.43
SA Socoseine	100.00	54.08
SA Tours Nationale	100.00	43.60
SAS 192, avenue Charles-de-Gaulle	100.00	52.85
SAS 21 Kléber	100.00	56.59
SAS 21 La Pérouse	100.00	52.85
SAS 43 Grenelle	100.00	52.85
SAS 43 Kléber	100.00	52.85
SAS 46 Notre-Dame-des-Victoires	100.00	52.85
SAS 5 Turin	100.00	52.85
SAS Baudot Massy	100.00	52.85
SAS Bègles Arcins	100.00	43.60
SAS Brescia	100.00	43.60
SAS Cande	100.00	52.84
SAS Center Villepinte	100.00	43.58
SAS Centre Jaude Clermont	100.00	43.59
SAS Concorde Puteaux	100.00	52.85
SAS Daumesnil Reuilly	100.00	52.85
SAS Doumer Caen	100.00	43.58
SAS Espace Dumont D'Urville	100.00	52.85
SAS Espace Kléber	100.00	52.85
SAS Flandre	100.00	52.84
SAS Issy Desmoulins	100.00	52.85
SAS Kléber Levallois	100.00	52.85
SAS Klebureaux	100.00	52.85
SAS Klefinances (1)	100.00	100.00
SAS Klegestion	100.00	52.85
SAS Klemurs	100.00	52.85
SAS Klépierre Conseil (formerly SAS Vanne Montrouge)	100.00	52.85
SAS Klépierre Finances	100.00	52.85
SAS Klepierre Transaction	100.00	52.85
SAS Le Havre Capelet	100.00	52.85
SAS Le Havre Tourneville	100.00	52.85
SAS Leblanc Paris 15	100.00	52.85
SAS LP7	100.00	52.85
SAS Melun Saint-Pères	99.98	43.59
SAS Odysseum Place de France	70.00	36.99
SAS Oise Cergy	50.00	33.92
SAS Opale	100.00	52.85
SAS Poitiers Aliénor	100.00	52.85
SAS Saint-André Pey berland	100.00	43.60
SAS Strasbourg La Vigie	100.00	43.54
SAS Suffren Paris 15	100.00	52.85
SC Cecocord	100.00	52.83
SC Centre Bourse	100.00	44.98
SCI 8, rue du Sentier	100.00	52.85
SCI Boulogne d'Aguesseau	100.00	52.85
SCI Étoile Quinzième	100.00	52.85
SCI Les Ellipses	100.00	52.85
SCI Levallois Anatole France	100.00	52.85
SCI Rueil Hermes	100.00	52.85
SCI Secovalde	40.00	21.14

(1) Members of the BNP Paribas SA tax group as of 1 January 2002.

FULLY CONSOLIDATED COMPANIES

Other companies	Group voting interest (%)	Group ownership interest (%)
IN FRANCE		
Real estate (cont'd)		
SCI Square Chaptal 2	100.00	52.85
SCI Villepinte Le Tropical	100.00	52.85
Segecar	50.00	26.16
Ségécé	90.00	52.32
Ségécé Loisirs Transactions	95.20	50.53
Sétic (1)	100.00	100.00
SNC 86, Anatole France	100.00	52.85
SNC Cecoville	100.00	52.85
SNC Couperin Foncière	100.00	52.85
SNC Foncière Saint-Germain	100.00	52.85
SNC Galae	100.00	44.93
SNC Général-Leclerc 11-11*bis*, Levallois	100.00	52.85
SNC Godefroy n° 8 Puteaux	100.00	52.85
SNC Jardins des Princes (formerly Jardins des Princes)	100.00	52.85
SNC KC1	100.00	43.86
SNC KC10	100.00	43.86
SNC KC11	100.00	43.86
SNC KC12	100.00	43.86
SNC KC2	100.00	43.86
SNC KC3	100.00	43.86
SNC KC4	100.00	43.86
SNC KC5	100.00	43.86
SNC KC6	100.00	43.86
SNC KC7	100.00	43.86
SNC KC8	100.00	43.86
SNC KC9	100.00	43.86
SNC Kléber La Pérouse	100.00	52.85
SNC Le Barjac (formerly Le Barjac)	100.00	52.85
SNC Maille Nord 4 (formerly Maille Nord 4)	100.00	52.85
SNC Soccendre	100.00	52.53
Solorec	100.00	46.44
Sté du 23, avenue Marignan	100.00	52.85
Insurance		
Cardif RD (1)	100.00	100.00
Cardif SA (1)	100.00	100.00
Cardif Sté Vie (1)	100.00	100.00
Cybele RE	100.00	100.00
GIE Helios	75.90	67.90
Natiovie (1)	100.00	100.00
Other business units		
Antin Participation 4 (1)	100.00	100.00
Antin Participation 5 (1)	100.00	100.00
Antin Participation 7 (1)	95.50	95.50
Antin Participation 13	99.99	95.49
Antin Vendôme	96.77	96.77
Bincofi (1)	100.00	100.00
BNP Paribas BDDI Participations (1)	100.00	100.00
BNP Paribas Stratégies Actions (1)	100.00	100.00
Capefi (1)	100.00	100.00
Catesienne de Participation	100.00	100.00
Compagnie Auxiliaire d'Entreprises et de Chemins de Fer (1)	100.00	100.00
Compagnie d'Entreprise Industrielle et Commerciale (1)	99.20	99.20
Compagnie Immobilière de France (1)	100.00	100.00
Foncière de la Compagnie Bancaire (1)	100.00	100.00
Immobilier Marché Saint-Honoré (1)	100.00	100.00
Kle 65 (1)	100.00	100.00
Kle 66 (1)	100.00	100.00
Norbail Location (1)	100.00	99.96
Omnium Gestion Développement Immobilier (1)	100.00	100.00
Opatra (1)	100.00	100.00
Ottofrance International (1)	100.00	100.00
Parfici (1)	100.00	100.00
Paribas International (1)	100.00	100.00
Paribas Santé (1)	100.00	100.00

(1) Members of the BNP Paribas SA tax group as of 1 January 2002.

FULLY CONSOLIDATED COMPANIES

Other companies		Group voting interest (%)	Group ownership interest (%)
IN FRANCE			
Real estate (cont'd)			
Quatch [(1)]		99.96	99.96
Safadeco SA [(1)]		100.00	100.00
Safadeco SP [(1)]		100.00	100.00
Sagal [(1)]		100.00	99.92
SAS 5 Kléber [(1)]		100.00	100.00
Société Centrale d'Investissement [(1)]		100.00	100.00
Société Générale Commerciale et Financière [(1)]		100.00	100.00
OUTSIDE FRANCE			
Insurance			
BNP de Réassurance au Luxembourg	Luxembourg	100.00	100.00
Cardif Assicurazioni SPA	Italy	100.00	100.00
Cardif Compania de Seguros de Vida	Argentina	100.00	100.00
Cardif do Brasil Seguros	Brazil	100.00	100.00
Cardif Leven	Belgium	100.00	100.00
Cardif Levensverzekeringen NV	Netherlands	100.00	100.00
Cardif Nederland Holding BV	Netherlands	100.00	100.00
Cardif Schadeverzekeringen NV	Netherlands	100.00	100.00
Compania de Seguros Generales	Chile	100.00	100.00
Compania Seguros de Vida	Chile	100.00	100.00
European Reinsurance Limited	Guernsey	100.00	94.18
Investlife SA	Luxembourg	100.00	100.00
Luxpar-Ré	Luxembourg	100.00	100.00
Pinnacle Insurance	United Kingdom	100.00	94.18
Pinnacle Insurance Holdings	United Kingdom	94.18	94.18
Pinnacle Insurance Management Services	United Kingdom	100.00	94.18
Real estate			
Arcol	Slovakia	100.00	52.85
Belarcol	Belgium	100.00	52.85
Belga Sept	Belgium	100.00	52.85
Cinneo	Italy	85.00	44.92
Ejesur	Spain	100.00	100.00
F M C	Czech Republic	75.00	27.99
Icd SPA	Italy	85.00	37.06
Immobiliare Magnolia	Italy	85.00	44.92
Klecar Foncier España	Spain	100.00	43.86
Klecar Foncier Iberica	Spain	100.00	43.86
Klecar Italia SPA	Italy	83.00	43.86
Klecar Participations Italie	Italy	100.00	43.86
Klefin Italia SPA	Italy	100.00	52.85
Klelou SA	Portugal	100.00	52.85
Klepierre Portugal SA SGPS	Portugal	100.00	52.85
Monopoly	United Kingdom	100.00	100.00
Novate SRL	Italy	100.00	52.85
SNC Macedonia (formerly Macedonia)	Greece	100.00	43.87
Zobel Investment BV	Netherlands	100.00	52.85
Other business units			
BNP Paribas Capital Investments Limited	United Kingdom	100.00	100.00
BNP Paribas Fleet Leasing	United Kingdom	100.00	99.99
BNP Paribas International BV	Netherlands	100.00	100.00
BNP Paribas Services	Switzerland	100.00	99.99
Cetelem America	Brazil	100.00	100.00
Cobepa - Amparzo	Netherlands	100.00	98.40
Cobepa - Belvuco	Belgium	98.83	97.25
Cobepa - Cippar	Belgium	100.00	98.40
Cobepa - Claireville	Belgium	100.00	98.40
Cobepa - Cobema	Belgium	100.00	98.40
Cobepa - Cobepa Finance	Luxembourg	100.00	98.40
Cobepa - Cobepa International	Netherlands	100.00	98.40
Cobepa - Cobepa Technology	Belgium	100.00	98.40

(1) Members of the BNP Paribas SA tax group as of 1 January 2002.

FULLY CONSOLIDATED COMPANIES

Other companies		Group voting interest (%)	Group ownership interest (%)
OUTSIDE FRANCE			
Other business units (cont'd)			
Cobepa - Compagnie de Participations Internationales NV	Netherlands	100.00	98.40
Cobepa - Compagnie de Participations Internationales SA	Luxembourg	97.50	95.94
Cobepa - Compagnie Financière et Mobilière	Belgium	100.00	98.40
Cobepa - Copabel SA	Belgium	100.00	95.94
Cobepa - Coparin	Luxembourg	100.00	95.94
Cobepa - Gepeco	Belgium	100.00	98.40
Cobepa - Group T SA	Belgium	100.00	98.40
Cobepa - Groupe Financier Liégeois	Belgium	79.48	78.21
Cobepa - Holnor	Netherlands	97.50	95.94
Cobepa - IIM	Netherlands	100.00	98.40
Cobepa - Ilmaco	Belgium	100.00	97.25
Cobepa - Libelux	Luxembourg	99.98	98.38
Cobepa - Libenel BV	Netherlands	100.00	98.40
Cobepa - Mascagni	Belgium	100.00	97.25
Cobepa - Paribas Deelnemingen NV	Netherlands	99.70	98.11
Cobepa - Paribas Participation Limitée	Canada	97.50	95.94
Cobepa - Regio Invest Ontwik Maats	Belgium	100.00	97.25
Cobepa - SA Mosane	Belgium	100.00	98.40
Cobepa - Sté Financière et de Réalisation	Belgium	100.00	98.40
Cobepa - Tradexco SA	Belgium	100.00	98.40
Cobepa - Ulran	Luxembourg	100.00	98.40
Compagnie Belge de Participations Paribas - Cobepa	Belgium	98.40	98.40
Compagnie Financière Ottomane	Luxembourg	96.46	96.46
Paribas Management Services Limited (formerly BNP Paribas Management Services Limited)	United Kingdom	100.00	100.00
Paribas Santé International BV	Netherlands	100.00	100.00
Paribas Trust Luxembourg	Luxembourg	100.00	100.00
Parritaye Pty Limited	Australia	100.00	100.00
Placement, Gestion, Finance Holding - Plagefin	Luxembourg	99.99	99.99
Sagip	Belgium	100.00	100.00

PROPORTIONALLY-CONSOLIDATED COMPANIES

Financial institutions		Group voting interest (%)	Group ownership interest (%)
IN FRANCE			
Other financial institutions			
Antarius		50.00	50.00
OUTSIDE FRANCE			
Credit institutions			
Europe			
BNP AK Dresdner Bank AS	Turkey	30.00	30.00
Findomestic	Italy	50.00	50.00
Asia-Pacific			
International Bank of Paris and Shanghai	People's Republic of China	50.00	50.00
Other financial institutions			
Europe			
BNP AK Dresdner Financial Kiralama	Turkey	29.98	29.98
Halifax Cetelem Credit Limited	United Kingdom	50.00	50.00

PROPORTIONALLY-CONSOLIDATED COMPANIES

Other companies		Group voting interest (%)	Group ownership interest (%)
IN FRANCE			
Insurance			
Axeria Assurances		35.00	35.00
Natio Assurance		50.00	50.00
Real estate			
SA Cecobil		50.00	26.42
SA Soaval		50.00	26.14
SAS Espace Cordeliers		50.00	26.42
SAS Le Havre Lafayette		50.00	26.42
SAS Le Havre Vauban		50.00	26.42
SCI Antin Vendôme		50.00	26.42
SCI Bassin Nord		50.00	26.42
OUTSIDE FRANCE			
Insurance			
Centro Vita Assicurazioni SPA	Italy	49.00	49.00
Real estate			
Centro Shopping Gestion	Italy	50.00	26.16
I G C	Italy	40.00	21.14
P S G	Italy	50.00	33.66
Other business units			
Cobepa - Bogerco	Belgium	50.00	49.20

COMPANIES CARRIED UNDER THE EQUITY METHOD

Financial institutions		Group voting interest (%)	Group ownership interest (%)
IN FRANCE			
Credit institutions			
Axa Crédit		35.00	35.00
Banque Petrofigaz		21.98	21.98
Cofinoga (Group)		49.05	49.05
Consors France [(1)]		100.00	71.08
Crédit Immobilier Général - C.I.G		15.00	15.00
Société Paiement PASS		40.01	40.01
Other financial institutions			
Laser		9.01	9.01
OUTSIDE FRANCE			
Credit institutions			
Europe			
Cetelem Polska Expansion SA	Poland	100.00	100.00
Consors Discount Broker AG [(1)]	Germany	100.00	100.00
Consors España [(1)]	Spain	100.00	100.00
Consors International Holding [(1)]	Germany	100.00	100.00
Cortal Belgique	Belgium	100.00	100.00
Création Financial Services	United Kingdom	49.05	49.05
Fipryca	Spain	40.00	40.00
Fortis Crédit	Belgium	45.00	45.00

(1) Companies acquired in 2002 and accounted for by the equity method at 31 December 2002. They will be fully consolidated once their accounting systems have been adapted to produce consolidation packages in accordance with BNP Paribas standards in time for inclusion in the BNP Paribas consolidated financial statements.

COMPANIES CARRIED UNDER THE EQUITY METHOD

Financial institutions		Group voting interest (%)	Group ownership interest (%)
OUTSIDE FRANCE			
Credit institutions			
Asia-Pacific			
BNP Paribas Peregrine Futures Limited	Hong Kong	100.00	100.00
BNP Paribas Private Bank (Japan) Limited	Japan	100.00	100.00
Cetelem Services Korea	South Korea	100.00	100.00
PT BNP Paribas Peregrine	Indonesia	100.00	98.80
Africa			
The Commercial Bank of Namibia ltd CBON	Namibia	43.84	43.84
Americas			
BNP Andes	Peru	100.00	100.00
Fischer Francis Trees and Watts	United States	25.00	72.10
Other financial sector companies			
Europe			
Centro Leasing SPA	Italy	27.62	27.60
Cogent Investment Operations Ireland Limited (1)	Ireland	100.00	100.00
Cogent Investment Operations Limited (1)	United Kingdom	100.00	100.00
Cogent Investment Operations Luxembourg SA (1)	Luxembourg	99.90	99.90
Americas			
CCAC	Brazil	40.00	40.00
Asia-Pacific			
Cogent Investment Operations Pty Australia (1)	Australia	100.00	100.00

COMPANIES CARRIED UNDER THE EQUITY METHOD

Other companies		Group voting interest (%)	Group ownership interest (%)
IN FRANCE			
Insurance			
Axa Ré Finance		21.00	21.00
Other			
Finaxa		13.58	21.83
Sinvim (2)		100.00	100.00
OUTSIDE FRANCE			
Real estate			
Devimo Consult	Belgium	35.00	18.31
Insurance			
State Bank of India Life Insurance Company Limited	India	26.00	26.00

(1) Companies acquired in 2002 and accounted for by the equity method at 31 December 2002. They will be fully consolidated once their accounting systems have been adapted to produce consolidation packages in accordance with BNP Paribas standards in time for inclusion in the BNP Paribas consolidated financial statements.
(2) Members of the BNP Paribas SA tax group as of 1 January 2002.

NOTE 3 – INTERBANK AND MONEY MARKET ITEMS

In millions of euros, at 31 December	2002			2001	2000
	Gross	Provisions	Net	Net	Net
Cash and amounts due from central banks and post office banks	9,988	(104) [b]	9,884	3,489	8,140
Treasury bills and money market instruments (note 5)	84,341	(351) [b]	83,990	81,462	59,548
Due from credit institutions					
Demand accounts	9,462	(36)	9,426	25,654	14,564
Term loans and time deposits [a]	23,214	(276) [b]	22,938	24,332	20,994
Repurchase agreements:					
Securities received under resale agreements	112,100	-	112,100	134,219	92,819
Bills purchased outright or under resale agreements	1,730		1,730	2,119	1,932
Total securities and bills purchased outright or under resale agreements	113,830		113,830	136,338	94,751
Subordinated loans	318		318	299	304
Total due from credit institutions	146,824	(312)	146,512	186,623	130,613
Total interbank and money market items	241,153	(767)	240,386	271,574	198,301
Including accrued interest			*3,228*	*4,547*	*4,045*

(a) "Term loans and time deposits" include overnight and term loans which are not represented by a bill or security, particularly financial credits. Financial credits correspond to commercial loans with an initial term of more than one year granted to credit institutions, where the ultimate borrowers are business entities other than financial sector companies, generally from developing countries on which the transfer risk has been provided for (Note 8).

(b) General provisions for country risks.

NOTE 4 – CUSTOMER ITEMS

In millions of euros, at 31 December	2002			2001	2000
	Gross	Provisions	Net	Net	Net
Due from customers					
Commercial and industrial loans	11,840	(34)	11,806	9,387	10,075
Overdrafts	12,908		12,908	17,424	15,931
Other credits					
- short-term loans	50,503		50,503	43,603	40,224
- mortgage loans	42,701		42,701	36,672	34,986
- investment loans	22,452		22,452	20,156	19,346
- export loans	5,303	(841)	4,462	7,565	9,100
- other customer loans	38,081	(57)	38,024	57,513	58,269
Total other credits	159,040	(898) [a]	158,142	165,509	161,925
Doubtful customer loans	13,354	(8,969)	4,385	3,939	3,943
Accrued interest	1,277		1,277	1,558	1,650
Securities and bills purchased outright or under resale agreements	16,103		16,103	16,734	18,597
Subordinated loans [b]	107	(9)	98	268	180
Total due from customers [c]	214,629	(9,910)	204,719	214,819	212,301
Leasing receivables	21,059	(437)	20,622	20,088	18,609
Total customer items	235,688	(10,347)	225,341	234,907	230,910
Including accrued interest			*1,620*	*1,860*	*1,919*

(a) General provisions for country risks.
(b) Participating loans granted to BNP Paribas customers included under "Subordinated loans" amounted to EUR 53 million at 31 December 2002 (EUR 207 million at 31 December 2001 and EUR 102 million at 31 December 2000).
(c) Loans qualifying for refinancing by Banque de France amounted to EUR 8,079 million at 31 December 2002 (EUR 13,491 million at 31 December 2001 and EUR 18,244 million at 31 December 2000).

NOTE 5 – TRANSACTIONS ON TRADING ACCOUNT SECURITIES, SECURITIES AVAILABLE FOR SALE AND DEBT SECURITIES HELD TO MATURITY

In millions of euros, at 31 December	2002				2001		2000	
	Gross value	Provisions	Net book value	Market value	Net book value	Market value	Net book value	Market value
Trading account securities:								
Treasury bills and money market instruments	54,453		54,453	54,453	54,539	54,539	31,237	31,237
Bonds and other fixed income instruments	24,707		24,707	24,707	42,473	42,473	15,856	15,857
Equities and other variable income instruments	21,155	(6)	21,149	21,149	40,553	40,553	36,155	36,155
Own shares held within the Group	14		14	14	8	8	262	262
Total trading account securities	100,329	(6)	100,323	100,323	137,573	137,573	83,510	83,511
Including unlisted equities and bonds	*4,806*		*4,806*	*4,806*	*4,438*	*4,438*	*1,969*	*1,969*
Securities available for sale:								
Treasury bills and money market instruments	7,564	(310)	7,254	7,830	7,600	8,497	6,554	6,771
Bonds and other fixed income instruments	10,208	(566)	9,642	10,213	8,151	8,723	5,613	6,003
Equities, other variable income instruments and equity securities available for sale in the medium-term	1,751	(298)	1,453	1,547	1,936	2,121	2,603	3,289
Own shares held within the Group								
Total securities available for sale	19,523	(1,174)	18,349	19,590	17,687	19,341	14,770	16,063
Including unlisted equities and bonds	*1,583*	*(42)*	*1,541*	*1,556*	*2,054*	*2,352*	*2,147*	*2,713*
Debt securities held to maturity:								
Treasury bills and money market instruments	22,324	(41)	22,283	22,735	19,323	19,637	21,757	21,909
Bonds and other fixed income instruments	7,636	(21)	7,615	8,009	5,438	5,424	10,486	10,523
Total debt securities held to maturity	29,960	(62)	29,898	30,744	24,761	25,061	32,243	32,432
Including unlisted bonds	*409*		*409*	*414*	*541*	*541*	*1,417*	*1,374*
Total trading account securities, securities available for sale and debt securities held to maturity [(a)]:	149,812	(1,242)	148,570	150,657	180,021	181,975	130,523	132,006
Including:								
Treasury bills and money market instruments	84,341	(351)	83,990	85,018	81,462	82,673	59,548	59,917
Bonds and other fixed income instruments	42,551	(587)	41,964	42,929	56,062	56,620	31,955	32,383
Including unlisted bonds	*2,467*	*(15)*	*2,452*	*2,465*	*3,212*	*3,225*	*3,230*	*3,611*
Equities and other variable income instruments	22,920	(304)	22,616	22,710	42,497	42,682	39,020	39,706
Including unlisted equities	*4,331*	*(27)*	*4,304*	*4,311*	*3,821*	*4,106*	*2,303*	*2,445*

(a) Mutual fund shares held by the BNP Paribas Group amounted to EUR 4,437 million at 31 December 2002 (EUR 4,531 million at 31 December 2001 and EUR 2,242 million at 31 December 2000). This amount includes EUR 4,246 million in growth funds, of which EUR 791 million incorporated in France (EUR 4,185 million in 2001 of which EUR 491 million incorporated in France and EUR 2,042 million for 2000 of which EUR 943 million incorporated in France).

NOTE 5 (CONT'D) – TRANSACTIONS ON TRADING ACCOUNT SECURITIES, SECURITIES AVAILABLE FOR SALE AND DEBT SECURITIES HELD TO MATURITY

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

Former classification	New classification	Amount transferred during the period (in millions of euros) 2002	2001	2000
Trading account securities	Securities available for sale	575	335	63
Securities available for sale	Debt securities held to maturity	270	9	168
Debt securities held to maturity	Securities available for sale	769	2,608	481

The above amounts do not include arms' length transactions between two Group companies pursuing different management objectives (including purchases of debt securities held to maturity from trading portfolio managers).

Net discounts on debt securities held to maturity, reflecting a redemption price higher than the acquisition price, amounted to EUR 364 million at 31 December 2002 (versus net premiums of EUR 170 million at 31 December 2001 and EUR 147 million at 31 December 2000). These discounts are amortised over the remaining life of the securities.

Net discounts on securities available for sale, reflecting a redemption price higher than the acquisition price, amounted to EUR 181 million at 31 December 2002 (EUR 155 million at 31 December 2001 and EUR 37 million at 31 December 2000).

Receivables corresponding to securities lent amounted to EUR 5,051 million at 31 December 2002 (EUR 5,374 million at 31 December 2001 and EUR 5,079 million at 31 December 2000).

Accrued interest on fixed income securities was EUR 506 million at 31 December 2002 (EUR 657 million at 31 December 2001 and EUR 873 million at 31 December 2000).

One of the Group subsidiaries engaged in trading and arbitraging on stock market indexes held 366,000 BNP Paribas SA shares at 31 December 2002, under trading account securities (note 22).

NOTE 6 – INSURANCE COMPANY INVESTMENTS

In millions of euros, at 31 December	2002	2001	2000
Real estate	1,141	1,224	1,081
Equities, mutual funds and other variable income instruments	2,613	2,640	2,697
Bonds and other fixed income instruments	30,323	27,545	25,665
Admissible assets related to unit-linked business	20,734	23,010	23,087
Reinsures' share of technical reserves	919	473	690
Other	629	573	447
Accrued interest	795	745	978
Insurance company investments	57,154	56,210	54,645

NOTE 7 – INVESTMENTS IN NON-CONSOLIDATED UNDERTAKINGS, OTHER PARTICIPATING INTERESTS AND EQUITY SECURITIES HELD FOR LONG-TERM INVESTMENT

In millions of euros, at 31 December	2002			2001		2000	
	Gross book value	Net book value	Market value	Net book value	Market value	Net book value	Market value
Equity securities held for long-term investment							
Unlisted securities	3,024	2,620	3,245	2,474	2,897	2,200	2,836
Listed securities	3,151	2,787	3,875	3,272	6,416	3,420	7,874
Total equity securities held for long-term investment	6,175	5,407	7,120	5,746	9,313	5,620	10,710
Investments in non-consolidated undertakings and other participating interests[(a)]:							
Investments in non-consolidated undertakings	1,577	887	1,032	832	887	341	366
Other participating interests							
Unlisted securities	1,328	1,116	1,482	1,390	1,949	1,334	1,449
Listed securities	3,985	3,869	3,743	805	1,025	746	1,758
Total other participating interests	5,313	4,985	5,225	2,195	2,974	2,080	3,207
Total investments in non-consolidated undertakings and other participating interests	6,890	5,872	6,257	3,027	3,861	2,421	3,573
Total investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment	13,065	11,279	13,377	8,773	13,174	8,041	14,283

(a) The market value of unlisted investments in non-consolidated undertakings and other unlisted participating interests is principally determined based on the value of the BNP Paribas Group's equity in the underlying net assets. Where necessary, the valuation is based on revalued net assets.

Investments in non-consolidated credit institutions amounted to EUR 144 million at 31 December 2002 (EUR 157 million at 31 December 2001 and EUR 209 million at 31 December 2000). Participating interests in credit institutions amounted to EUR 3,566 million at 31 December 2002 (EUR 508 million at 31 December 2001 and EUR 441 million at 31 December 2000).

Net unrealised capital gains on investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment, calculated by reference to period-end market prices for listed securities, amounted to EUR 2,098 million at 31 December 2002 (EUR 4,401 million at 31 December 2001 and EUR 6,242 million at 31 December 2000).

NOTE 7 (CONT'D) – INVESTMENTS IN NON-CONSOLIDATED UNDERTAKINGS, OTHER PARTICIPATING INTERESTS AND EQUITY SECURITIES HELD FOR LONG-TERM INVESTMENT

The main companies carried under "Investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment" with a net book value of more than EUR 100 million in the BNP Paribas Group's accounts are listed below:

In millions of euros	% interest	Head Office	Consolidated shareholders' equity in 2001[(a)]	2001 consolidated net income (loss)	Net book value in the BNP Paribas Group accounts
Interests representing less than 5% of the investee's share capital					
Axa	2.19	Paris	24,780	520	611
Vivendi Environnement	2.01	Paris	5,740	(2,251)	319
TotalFinaElf	0.22	La Défense	33,932	7,658	194
Vivendi Universal	0.74	Paris	36,748	(13,597)	161
Peugeot	1.53	Paris	10,282	1,691	137
Shinhan Financial Group	4.00	South Korea	2,624	188	131
Schneider Electric	2.03	Boulogne-Billancourt	8,381	(986)	130
Allianz	0.15	Germany	31,664	1,623	61
Alcatel	0.61	Paris	9,630	(4,963)	32
Interests representing between 5% and 10% of the investee's share capital					
Bouygues Telecom	6.41	Issy-les-Moulineaux	585	(61)	170
Cassa di Risparmio Di Firenze	6.99	Italy	802	93	119
Interests representing more than 10% of the investee's share capital					
Crédit Lyonnais	16.32	Paris	7,949	812	3,097
Tyler Trading Inc.	19.03	Wilmington, USA	337	9	381
Pargesa Holding	14.66	Switzerland	4,544	274	367
Erbe SA	47.01	Belgium	673	141	335
ABN Amro Advisory Inc.	19.35	Chicago (USA)	1,677	9	286
Eiffage	29.51	Issy-les-Moulineaux	811	152	160
Crédit Logement	27.55	Paris	718	45	135
Interest in an investment fund					
PAI Europe III	13.80	France/UK	N/A	N/A	116

(a) According to French accounting standards.

NOTE 8 – PROVISIONS FOR CREDIT RISKS AND COUNTRY RISKS

In millions of euros	2002	2001	2000
At 1 January	13,171	12,542	12,433
Net additions during the period	1,532	1,366	1,105
Write-offs during the period covered by provisions	(1,470)	(1,230)	(1,423)
Translation adjustments and other changes	(204)	493	427
At 31 December	13,029	13,171	12,542
Breakdown of provisions:			
- Provisions deducted from assets:			
On interbank items [(a)]	416	379	456
On customer items (note 4)	10,347	10,484	10,006
On securities [(a)]	1,009	1,117	783
Total provisions deducted from assets	11,772	11,980	11,245
Including provisions for country risks	*2,119*	*2,271*	*2,241*
- Provisions recorded under liabilities (note 19):			
To cover off-balance sheet commitments	570	621	459
To cover credit risks	469	352	620
To cover industry risks	218	218	218
Total provisions recorded under liabilities	1,257	1,191	1,297
Including provisions for country risks	*309*	*434*	*714*
Total provisions for credit risks and country risks	13,029	13,171	12,542

(a) Provisions on loans to credit institutions mainly concern financial credits (note 3) exposed to country risk. Provisions on securities shown in the above table cover the country risk affecting securities held by the BNP Paribas Group.

Provisions for credit risks on assets are deducted from the carrying value of the assets. Provisions recorded under liabilities include provisions for losses on off-balance sheet commitments, provisions for claims and litigation, provisions for general risks and provisions for unforeseeable industry risks.

Provisions covering principal and interest on sovereign loans amounted to EUR 2,428 million at 31 December 2002 (EUR 2,705 million at 31 December 2001 and EUR 2,955 million at 31 December 2000).

NOTE 8 (CONT'D) – PROVISIONS FOR CREDIT RISKS AND COUNTRY RISKS

In millions of euros	2002	2001	2000
Additions to provisions for credit risks and country risks:			
Customer and interbank items	2,533	2,423	2,003
Off-balance sheet commitments	93	43	72
Securities	87	173	64
Other credit risks	112	72	93
Total additions to provisions for credit risks and country risks	2,825	2,711	2,232
Recoveries of provisions for credit risks and country risks:			
Customer and interbank items	(1,024)	(856)	(934)
Off-balance sheet commitments	(38)	(44)	(111)
Securities	(132)	(181)	(25)
Other credit risks	(99)	(264)	(57)
Total recoveries of provisions for credit risks and country risks	(1,293)	(1,345)	(1,127)
Net additions to provisions for credit risks and country risks	1,532	1,366	1,105
Write-offs not covered by provisions	146	130	248
Recoveries of amounts written off	(101)	(95)	(285)
Cancellation of net (addition to) deduction from provisions for interest in arrears recorded under net banking income	(107)	(89)	74
Net charge for the period for credit risks and country risks	1,470	1,312	1,142
Including:			
Net charge to provisions for specific credit risks	*1,555*	*1,351*	*1,182*
Net recovery of provisions for country risks	*(85)*	*(39)*	*(40)*

NOTE 9 – INVESTMENTS IN COMPANIES CARRIED UNDER THE EQUITY METHOD

In millions of euros, at 31 December 2002	Total investments in companies carried under the equity method			Net book value of the investments in the individual accounts of Group companies
	Equity in net assets (based on voting interest)	Equity in 2002 net income (loss) (based on voting interest)	Total	
Financial institutions:				
Credit institutions	*601*	*29*	*630*	*1,207*
Cofinoga	184	39	223	130
Société de paiement Pass	71	17	88	36
CIG	57	13	70	13
Fipryca	52	6	58	87
BNP Andes	48	1	49	48
BNP Private Banking Japan	23	(5)	18	19
Cetelem Service Korea	14	(26)	(12)	0
Cogent Group	30	(3)	27	351
Consors Group	111	(33)	78	484
Other	11	20	31	39
Other financial institutions	*915*	*12*	*927*	*504*
Finaxa	860	(1)	859	347
Centro Leasing SPA	34	3	37	27
CCAC Brazil	17	10	27	37
Other	4		4	3
Total financial institutions	1,516	41	1,557	1,711
Other companies:				
Insurance companies:	*49*	*8*	*57*	*64*
Axa Ré Finance	33	5	38	44
Other	16	3	19	20
Other companies:	*150*	*31*	*181*	*227*
Sinvim	35		35	40
Laser	24	5	29	54
Fischer Francis Tree and Watts	6	2	8	91
Other	85	24	109	42
Total other companies	199	39	238	291
Total investments in companies carried under the equity method	1,715	80	1,795	2,002

NOTE 10 – LONG-TERM INVESTMENTS

In millions of euros	Cost at 1 January 2002	Acquisitions	Redemptions and disposals	Transfers and other movements	Cost at 31 December 2002	Provisions at 1 January 2002	Additions to provisions	Recoveries of provisions	Other provision movements	Provisions at 31 December 2002	Net book value at 31 December 2002	Net book value at 31 December 2001
Debt securities held to maturity (note 5)	24,854	43,825	(35,914)	(2,805)	29,960	(93)			31	(62)	29,898	24,761
Investments in non-consolidated undertakings and other participating interests (note 7)	4,017	3,504	(364)	(267)	6,890	(990)	(210)	149	33	(1,018)	5,872	3,027
Equity securities held for long-term investment (note 7)	6,274	1,928	(1,754)	(273)	6,175	(528)	(383)	77	66	(768)	5,407	5,746
Investments in companies carried under the equity method (note 9)	1,883			(88)	1,795						1,795	1,883
Total long-term investments	37,028	49,257	(38,032)	(3,433) [a]	44,820	(1,611)	(593)	226	130	(1,848)	42,972	35,417

(a) Including translation adjustment of EUR (2,074) million.

NOTE 11 – TANGIBLE AND INTANGIBLE ASSETS

In millions of euros	2002			2001	2000
	Gross	Depreciation, amortisation and provisions	Net	Net	Net
Intangible assets					
- Computer software	1,268	(730)	538	267	147
- Other intangible assets	943	(194)	749	464	193
Total intangible assets	2,211	(924)	1,287	731	340
Tangible assets:					
- Land and buildings	3,286	(1,210)	2,076	2,099	2,232
- Rental properties (land and buildings)	3,662	(600)	3,062	2,637	1,397
- Equipment, furniture and fixtures	4,272	(2,577)	1,695	1,702	1,444
- Other fixed assets	520		520	345	418
Total tangible assets	11,740	(4,387)	7,353	6,783	5,491
Total tangible and intangible assets	13,951	(5,311)	8,640	7,514	5,831

INTANGIBLE ASSETS

Other intangible assets include lease rights, goodwill and trade marks acquired by the Group, including the Consors trade mark acquired in 2002.

OPERATING ASSETS

In 1991 and 1992, as allowed by French regulations, Banque Nationale de Paris transferred its main operating real estate holdings to its subsidiary Compagnie Immobilière de France. The book value of the assets was increased by EUR 1,156 million, and the corresponding capital gain was posted to consolidated shareholders' equity under "capital gains on restructuring", net of the related tax effect (note 22). In order to reflect what appeared to be a lasting decline in the real estate market, in 1997 the book value of these real estate assets was written down by EUR 545 million. The adjustment, net of the related tax effect, was recorded in the balance sheet

under "capital gains on restructuring", consistently with the initial adjustment.
The operating assets held by Paribas and its subsidiaries at the time of the merger are stated at historical cost.
Depreciation and provisions on rental properties include a EUR 152 million provision booked in accordance with the principle of prudence to cover unrealised losses on the rental properties held by Compagnie Bancaire.

LEASE CONTRACT ON OPERATING ASSETS

In 1993, BancWest, a Group subsidiary, entered into a non-cancellable agreement to lease its headquarters building located in Hawaii until December 2003. At this date, the company may decide whether to extend the lease term, purchase the building at the construction price or arrange for the sale of the building to a third party. If the company selects this option, it will be required to pay to the lessor any eventual shortfall between the sales proceeds and a USD 162 million residual value, should the sale price be lower than this value. During 2002, a EUR 25.6 million provision (note 38) was booked in order to reflect a lasting decline in the real estate market in Hawaii.

NON-OPERATING ASSETS

At 31 December 2002, non-operating land and buildings, including assets leased under operating leases, amounted to EUR 3,122 million (EUR 2,729 million at 31 December 2001 and EUR 1,442 million at 31 December 2000). The total includes shopping centres acquired for rental.

DEPRECIATION, AMORTISATION AND PROVISIONS

The charge for depreciation, amortisation and provisions recorded in 2002 amounted to EUR 618 million (EUR 577 million in 2001 and EUR 528 million in 2000).

NOTE 12 – GOODWILL

In millions of euros	2002	2001	2000
Net amount at 1 January	4,489	2,540	1,389
Goodwill on acquisitions made during the year	2,988	2,273	1,418
Translation adjustment	(397)	4	(12)
Amortisation for the year	(388)	(206)	(173)
Exceptional amortisation of goodwill	(145)	(122)	(82)
Unamortised goodwill at 31 December	6,547	4,489	2,540

Net amortisation of goodwill totalled EUR 366 million for 2002 (EUR 188 million for 2001 and EUR 144 million for 2000), after deducting EUR 22 million in amortisation of negative goodwill (EUR 18 million in 2001 and EUR 29 million in 2000). Exceptional amortisation of goodwill on investments sold includes EUR 95 million (EUR 101 million in 2001 and EUR 82 million in 2000) corresponding to goodwill recorded on acquisition of minority interests in the Cobepa sub-group. An additional EUR 50 million in amortisation was recorded in 2002 to take account of the decrease in unrealised gains. The exceptional amortisation was deducted from "Gains (losses) on disposals of long-term investments and changes in provisions" (note 37).
Net negative goodwill amounted to EUR 22 million at 31 December 2002 (EUR 25 million at 31 December 2001 and EUR 31 million at 31 December 2000), including EUR 16 million concerning Finaxa.
Goodwill on acquisitions made during the year mainly concerns the acquisition of shares of United California Bank for USD 1,398 million, Facet for EUR 816 million, Consors Discount Broker AG for EUR 378 million and Cogent for GBP 215 million.

NOTE 13 – ACCRUED INCOME AND OTHER ASSETS

In millions of euros, at 31 December	2002	2001	2000
Accrued income and other adjustment accounts			
Valuation adjustment accounts [(a)]	20,228	17,519	14,401
Accrued income	5,331	10,271	6,984
Collection accounts	3,488	7,816	5,086
Other adjustment accounts [(b)]	9,501	11,195	14,710
Total accrued income and other adjustment accounts	38,548	46,801	41,181
Other assets			
Premiums on purchased options	36,328	68,290	54,033
Settlement accounts related to securities transactions	3,655	10,831	10,509
Investments in Codevi "industrial development" securities	3,702	3,275	3,284
Deferred tax assets [(c)]	975	1,032	961
Other insurance company assets	931	807	627
Other	10,458	10,351	9,292
Total other assets	56,049	94,586	78,706
Total accrued income and other assets	94,597	141,387	119,887

(a) Mark-to-market gains and losses on foreign exchange instruments and forward instruments.
(b) Includes prepaid interest on customer and interbank accounts and prepaid expenses.
(c) Deferred tax assets and liabilities are now netted off at the level of each taxable entity (see note 1: Year-on-year comparisons).

NOTE 14 – INTERBANK ITEMS AND MONEY MARKET SECURITIES

In millions of euros, at 31 December	2002	2001	2000
Interbank and money market items			
Demand accounts	8,859	20,027	12,921
Time deposits and borrowings	52,808	73,404	77,683
Securities and bill sold outright or under repurchase agreements:			
Securities given under repurchase agreements	113,552	126,128	101,365
Bills sold outright or under repurchase agreements	2,686	737	4,286
Total securities and bills sold outright or under repurchase agreements	116,238	126,865	105,651
Total interbank and money market items	177,905	220,296	196,255
Debt securities issued to credit institutions			
Interbank market securities	1,025	1,670	540
Total interbank items and money market securities	178,930	221,966	196,795
Including accrued interest	*2,273*	*3,152*	*4,399*

Interbank demand deposits amounted to EUR 8,465 million at 31 December 2002 (EUR 19,572 million at 31 December 2001 and EUR 12,383 million at 31 December 2000).

NOTE 15 – CUSTOMER DEPOSITS, RETAIL CERTIFICATES OF DEPOSIT AND NEGOTIABLE CERTIFICATES OF DEPOSIT

In millions of euros, at 31 December	2002	2001	2000
Customer deposits:			
Demand accounts	70,950	64,742	55,122
Time accounts	72,150	93,455	71,427
Regulated savings accounts	31,113	29,662	28,965
Repurchase agreements:			
Securities given under repurchase agreements	20,819	27,996	17,170
Bills sold outright or under repurchase agreements	537	241	193
Total securities and bills sold outright or under repurchase agreements	21,356	28,237	17,363
Total customer deposits	195,569	216,096	172,877
Bonds and negotiable short-term debt instruments			
Negotiable certificates of deposit	64,913	63,575	53,215
Retail certificates of deposit	6,708	6,771	6,683
Total bonds and negotiable short-term debt instruments	71,621	70,346	59,898
Total customer deposits, negotiable certificates of deposit and retail certificates of deposit	267,190	286,442	232,775
Including accrued interest	*968*	*1,426*	*1,487*

Regulated demand savings deposits, including savings collected for investment, totalled EUR 14,515 million at 31 December 2002 (EUR 13,599 million at 31 December 2001 and EUR 12,697 million at 31 December 2000). Other customer demand deposits amounted to EUR 74,542 million at 31 December 2002 (EUR 74,628 million at 31 December 2001 and EUR 55,527 million at 31 December 2000).

NOTE 16 – BOND ISSUES

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

Issuing currency In millions of euros	Average interest rate	Balance outstanding at 31 December 2002	Maturity 2003	2004	2005	2006	2007	2008 to 2012	Beyond 2012
Euro zone issues	Variable	1,693	348	300	475	478	61	31	
	6.28%	8,680	402	647	533	2,342	1,246	3,100	410
US dollar issues	Variable	143	143						
	4.54%	517	29						488
Issues in other currencies	Variable	52				38		14	
	7.63%	235	203	3		10	19		
Total bonds issued		11,320	1,125	950	1,008	2,868	1,326	3,145	898
BNP Paribas Group bonds held by consolidated companies		(281)							
Total BNP Paribas Group bonds outstanding		11,039							
Accrued interest		221							
Total bond issues		11,260							

Unamortised premiums on the above issues, corresponding to the difference between the issue proceeds and the redemption price, amounted to EUR 158 million at 31 December 2002 (EUR 97 million at 31 December 2001 and EUR 43 million at 31 December 2000).

NOTE 17 – TECHNICAL RESERVES OF INSURANCE COMPANIES

In millions of euros, at 31 December	2002	2001	2000
Life technical reserves	32,684	29,219	29,107
Technical reserves – unit-linked business	21,047	23,364	23,125
Non-life technical reserves	1,409	1,209	1,147
Capitalisation reserve	-	-	490
Policyholders' surplus	1,048	1,129	-
Accrued interest	338	284	224
Total technical reserves	56,526	55,205	54,093

Additions were made to the capitalisation reserve at the time of sale of amortisable securities in order to defer part of the net realised gain and maintain the yield-to-maturity of the securities. Following adoption of the new insurance accounting standards, the bulk of the reserve has been transferred to "Policyholders' surplus", which also includes the amounts recorded under policyholders' surplus according to the former accounting standards (EUR 547 million at 31 December 2002 and EUR 656 million at 31 December 2001).

NOTE 18 – ACCRUALS AND OTHER LIABILITIES

In millions of euros, at 31 December	2002	2001	2000
Accruals:			
Accrued liabilities	5,060	8,977	5,989
Valuation adjustment accounts [a]	20,617	17,682	11,194
Collection accounts	2,066	1,675	901
Other accruals	4,806	8,186	21,262
Total accruals	32,549	36,520	39,346
Other liabilities:			
Settlement accounts related to securities transactions	4,966	12,284	9,618
Liabilities related to written options	37,782	68,969	46,635
Liabilities related to securities transactions	57,471	59,912	33,595
Deferred tax liabilities [b]	1,685	1,734	1,655
Other insurance liabilities	494	337	276
Other payables and liabilities	10,889	19,468	20,406
Total other liabilities	113,287	162,704	112,185
Total accruals and other liabilities	145,836	199,224	151,531

(a) Mark-to-market losses on foreign exchange instruments and forward instruments.
(b) Deferred tax assets and liabilities are now netted off at the level of each taxable entity (see note 1: Year-on-year comparisons).

NOTE 19 – PROVISIONS FOR CONTINGENCIES AND CHARGES

In millions of euros, at 31 December	2002	2001	2000
Provisions for pensions and other post-employment benefits (note 27)	1,245	1,329	1,235
Provisions for credit risks and equivalents (note 8)	469	352	620
Provisions for industry risks (note 8)	218[(a)]	218	218
Provisions for off-balance sheet commitments (note 8)			
- credit risks	261	187	179
- country risks	309	434	280
Restructuring (note 41)	178	321	780
Other provisions	1,464	2,012	2,282
Total provisions for contingencies and charges	4,144	4,853	5,594

(a) Effective from 31 December 2002, the provision for industry risks is notionally earmarked to cover losses on listed investments. In previous years, this provision was not allocated to any specific risks

Off-balance sheet credit risks covered by provisions amounted to EUR 1,222 million at 31 December 2002 (EUR 976 million at 31 December 2001 and EUR 1,121 million at 31 December 2000).
At 31 December 2002 and 2001, other provisions for contingencies and charges breakdown as follows:

In millions of euros	1 January 2002	Additions	Reversals	Other movements	31 December 2002
Provisions set up in connection with banking and banking-related transactions	1,001	341	(480)	(251)	611
Provisions for contingencies related to capital markets transactions	197	141	(109)	(13)	216
Provisions for potential losses on long-term investments	150	37	(154)	148	181
Other provisions related to banking transactions	654	163	(217)	(386)	214
Provisions not set up in connection with banking or banking-related transactions	1,011	241	(284)	(115)	853
Total other provisions for contingencies and charges	2,012	582	(764)	(366)	1,464

NOTE 20 – SUBORDINATED DEBT

In millions of euros, at 31 December	2002	2001	2000
Subordinated medium- and long-term debt	11,776	10,257	9,001
Undated subordinated debt			
Undated participating subordinated notes	343	344	344
Other undated floating-rate subordinated notes:			
In foreign currencies	849	1,041	1,020
In euros	305	305	305
Total undated floating rate subordinated notes	1,154	1,346	1,325
Undated notes	629	762	739
Total undated subordinated debt	2,126	2,452	2,408
Total subordinated debt issued by BNP Paribas Group	13,902	12,709	11,409
Accrued interest	381	329	336
Total	14,283	13,038	11,745

SUBORDINATED MEDIUM- AND LONG-TERM DEBT

Subordinated debt included under this heading consists of medium- and long-term debentures originally issued in French francs, euros and foreign currencies that are equivalent to debt ranking last before participating debt and securities for repayment purposes in the case of liquidation of the Bank.
Subordinated medium- and long-term debt issued by the Group generally contains a call provision authorising BNP Paribas to buy back its securities directly in the market or through tender offers or, in the case of private placements, over the counter.

Borrowings in international markets by BNP Paribas SA or foreign subsidiaries of the BNP Paribas Group may be subject to early repayment of principal and the early payment of interest due at maturity in the event that changes in applicable tax laws oblige the BNP Paribas Group issuer to compensate debtholders for the consequences of such changes. The debt securities may be called on 15 to 60 days' notice subject to approval by the banking supervisory authorities. At 31 December 2002, subordinated medium- and long-term debt broke down as follows by maturity and by currency:

Issuing currency	Total	Maturity						
		2003	2004	2005	2006	2007	2008 to 2012	Beyond 2012
Subordinated medium- and long-term debt:								
In euros	7,693	987	636	260	292	488	3,363	1,667
In US dollars	3,182	6		29	214	571	1,743	619
In other currencies	901		48	111		78	112	552
Total subordinated medium- and long-term debt:	11,776	993	684	400	506	1,137	5,218	2,838

NOTE 20 (CONT'D) - SUBORDINATED DEBT

UNDATED SUBORDINATED DEBT

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

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

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

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

NOTE 21 – RESERVE FOR GENERAL BANKING RISKS

The reserve for general banking risks amounted to EUR 997 million at 31 December 2002 (EUR 1,007 million at 31 December 2001 and EUR 1,039 million at 31 December 2000).

NOTE 22 – CONSOLIDATED SHAREHOLDERS' EQUITY

In millions of euros	Capital	Additional paid-in capital in excess of par	Capital gain on restructuring and revaluation surplus
Balance at 1 January 2000	**1,799**	**11,709**	**379**
Operations affecting capital in 2000:			
- share issues	22	311	
- cancellation of BNP shares held by Paribas at the time of the BNP SA-Paribas SA merger	(29)	(571)	
Difference arising from application of section 215 of CRC standard 99.07 to Paribas shares acquired prior to the merger		(305)	
Effect of changes in accounting methods applied by the Paribas sub-group to comply with BNP Paribas Group accounting policies		(179)	
BNP-Paribas SA shares held pursuant to the 5th resolution of the Annual Shareholders' Meeting of 23 May 2000 and contingent value rights certificates bought back by BNP Paribas			
Issue of preferred shares			
Buyout of minority interests in Cobepa			
Translation adjustment			
Other		(3)	(4)
2000 consolidated net income			
Balance at 31 December 2000 before appropriation of income	**1,792**	**10,962**	**375**
Cash dividend			
Balance at 1 January 2001	**1,792**	**10,962**	**375**
Operations affecting capital in 2001:			
- cancellation of shares held by BNP Paribas	(36)	(752)	
- share issues	16	266	
Cancellation of contingent value rights certificates held by BNP Paribas			
Issue of preferred shares			
Buyout of minority interests in subsidiaries			
Minority interests in newly-acquired companies			
BNP-Paribas SA shares held pursuant to the 5th resolution of the Annual Shareholders' Meetings of 23 May 2000 and 15 May 2001 and contingent value rights certificates bought back during the period			
Translation adjustment			
Effect of changes of accounting methods in connection with the application of standard CRC 00-05 concerning the financial statements of insurance companies			
Other			5
2001 consolidated net income			
Balance at 31 December 2001 before appropriation of income	**1,772**	**10,476**	**380**
Cash dividend			
Balance at 1 January 2002	**1,772**	**10,476**	**380**
Operations affecting capital in 2002:			
- share issues	18	328	
- cancellation of contingent value rights certificates held by BNP Paribas			
Issue of preferred shares			
BNP-Paribas SA shares held pursuant to the 5th resolution of the Annual Shareholders' Meetings of 23 May 2000 and 15 May 2001			
Translation adjustment			
Other			(3)
2002 consolidated net income			
Balance at 31 December 2002 before appropriation of income	**1,790**	**10,804**	**377**

Cumulative translation adjustment	Retained earnings Parent company retained earnings and Group's share in retained earnings of subsidiaries	Elimination of shares help by BNP Paribas	Retained earnings, capital gain resulting from real estate restructuring and revaluation surplus	Shareholders' equity attributable to BNP Paribas Group	Minority interests	Total
(68)	5,929	(726)	5,514	19,022	2,859	21,881
				333		333
		600	600	-	-	-
				(305)	(344)	(649)
				(179)		(179)
	(9)	(1,476)	(1,485)	(1,485)		(1,485)
					537	537
					(625)	(625)
23			23	23	103	126
	87		83	80	(3)	77
	4,124		4,124	4,124	285	4,409
(45)	10,131	(1,602)	8,859	21,613	2,812	24,425
	(968)		(968)	(968)	(159)	(1,127)
(45)	9,163	(1,602)	7,891	20,645	2,653	23,298
		788	788			
				282		282
	(147)	83	(64)	(64)		(64)
					850	850
					(852)	(852)
					150	150
	(41)	(204)	(245)	(245)		(245)
(48)			(48)	(48)	32	(16)
	(2)		(2)	(2)		(2)
	19		24	24	20	44
	4,018		4,018	4,018	226	4,244
(93)	13,010	(935)	12,362	24,610	3,079	27,689
	(1,039)		(1,039)	(1,039)	(140)	(1,179)
(93)	11,971	(935)	11,323	23,571	2,939	26,510
				346		346
	(226)	161	(65)	(65)		(65)
					1,276	1,276
	(50)	(329)	(379)	(379)		(379)
(342)			(342)	(342)	(203)	(545)
	22		19	19	180	199
	3,295		3,295	3,295	343	3,638
(435)	15,012	(1,103)	13,851	26,445	4,535	30,980

NOTE 22 (CONT'D) – CONSOLIDATED SHAREHOLDERS' EQUITY

OPERATIONS INVOLVING SHARE CAPITAL IN 2000, 2001 AND 2002

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

Capital Increases and Reductions in 2000

Capital Reduction

In accordance with the resolution of the Shareholders' Meeting of 23 May 2000 approving the merger between Banque Nationale de Paris and Paribas with retroactive effect from 1 January 2000, 7,053,612 BNP shares held by Paribas were cancelled by way of a reduction of capital.

Capital Increases

In accordance with Section 180-V of the 24 July 1966 French Companies Act and pursuant to authorisations received from the Shareholders' Meeting of 13 May 1998, the Board of Directors decided on 7 March 2000, to issue BNP Paribas shares reserved for participants in the company savings plan via the BNP Paribas Accueil mutual fund. The mutual fund subscribed 4,821,403 ordinary shares with a par value of EUR 4 for this purpose. In addition, during 2000 a total of 167,430 shares were issued to employees on exercise of stock options, including 65,790 shares with rights from 1 January 1999 and 101,640 shares with rights from 1 January 2000.
At 31 December 2000, the capital of BNP Paribas SA consisted of 448,064,715 fully-paid ordinary shares with a par value of EUR 4.
During the second half of 2000, a total of 141,340 shares with a par value of EUR 4 and with rights from 1 January 2000 were subscribed under the stock option plan. The corresponding capital increase was carried out on 29 January 2001.

Capital Increases and Reductions in 2001

Capital Reduction

Pursuant to authorisations granted by the fifth and twenty-second resolutions of the Shareholders' Meeting of 23 May 2000, the Board of Directors decided on 6 March 2001 to cancel by way of a reduction of capital 9,000,000 BNP Paribas shares held in treasury stock.

Capital Increases

In accordance with Section L225-129-V of the new French Companies Act (formerly Section 180-V of the 24 July 1966 Act) and pursuant to authorisation received from the Shareholders' Meeting of 15 May 2001, the Board of Directors decided on 6 March 2001 and 15 May 2001, to issue BNP Paribas shares reserved for participants in the company savings plan via the BNP Paribas Accueil mutual fund. On 26 June 2001, the mutual fund subscribed 3,361,921 ordinary shares with a par value of EUR 4 for this purpose. In addition, during 2001, BNP Paribas employees subscribed 417,720 shares with rights from 1 January 2000 under the stock option plan.
At 31 December 2001, the capital of BNP Paribas SA consisted of 442,985,696 fully-paid ordinary shares with a par value of EUR 4.
During 2001, employees also subscribed 325,801 shares with a par value of EUR 4 and with rights from 1 January 2001 under the stock option plan. The corresponding capital increase was carried out on 17 January 2002.

Operations Affecting Capital in 2002

Share Split

In accordance with the authorisation received from the Shareholders' Meeting of 15 May 2001 (twelfth resolution), on 18 December 2001 the Board of Directors decided to carry out a two-for-one share split. Following this share split, carried out on 20 February 2002, BNP Paribas' capital was made up of 886,622,994 ordinary shares with a par value of EUR 2.

Capital Increases

In accordance with Section L225-129-V of the new French Companies Act (formerly Section 180-V of the 24 July 1966 Act) and pursuant to authorisations received from the Shareholders' Meeting of 15 May 2001, the Board of Directors decided on 28 February 2002, to issue BNP Paribas shares reserved for participants in the company savings plan via the BNP Paribas Accueil mutual fund. On 27 June 2002, the mutual fund subscribed 7,623,799 ordinary shares with a par value of EUR 2 for this purpose. In addition, BNP Paribas employees subscribed 927,046 shares with rights from 1 January 2001 under the stock option plan.
At 31 December 2002, the capital of BNP Paribas SA consisted of 895,173,839 fully-paid ordinary shares with a par value of EUR 2.
During 2002, employees also subscribed 705,985 shares with a par value of EUR 2 and with rights from 1 January 2002 under the stock option plan. The corresponding capital increase was carried out on 23 January 2003.

ANALYSIS OF ADDITIONAL PAID-IN CAPITAL IN EXCESS OF PAR

In 2000, this item was increased by EUR 311 million following the issue of BNP Paribas shares on exercise of employee stock options and in connection with employee share issues. The cancellation of BNP shares held by Paribas at the time of the Banque Nationale de Paris – Paribas merger had the effect of reducing additional paid-in capital in excess of par by EUR 571 million.
In 2001, additional paid-in capital in excess of par was reduced by EUR 752 million as a result of the cancellation of 9,000,000 shares, and increased by EUR 266 million following the issue of BNP Paribas shares on exercise of employee stock options and in connection with an employee share issue.
In 2002, this item was increased by EUR 328 million following the issue of BNP Paribas shares on exercise of employee stock options and in connection with an employee share issue.
Additional paid-in capital in excess of par also includes a capital gain on real estate restructuring of EUR 286 million related to a restructuring operation whereby BNP transferred its real estate holdings to its subsidiary "Compagnie Immobilière de France, CIF", in 1991 and 1992. The resulting capital gain is recognised in the consolidated profit and loss account in proportion to the additional depreciation charge taken by CIF. The residual gain at 31 December 1997 included a write-down of EUR 420 million taken during 1997 (see notes 1 and 11).

PREFERRED SHARES

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

A second USD 500 million issue of non-cumulative preferred shares was carried out in October 2000 by another wholly- owned subsidiary, BNP Paribas Capital Trust. These shares pay a contractual dividend of 9.003% for a period of ten years.

In October 2001, two non-cumulative preferred share issues, totalling EUR 350 million and EUR 500 million, were carried out by two wholly-owned subsidiaries of the Group, BNP Paribas Capital Trust II and III. Shares in the first issue pay a dividend of 7% over 5 years and shares in the second issue pay a dividend of 6.625% over 10 years. Shares in the first issue are redeemable at the issuer's discretion after five years and at each interest payment date thereafter. Shares that have not been redeemed will continue to pay a dividend of 7%.

In January and June 2002, an additional two more non-cumulative preferred share issues, totalling EUR 660 million and USD 650 million, were carried out by two wholly-owned subsidiaries of the Group, BNP Paribas Capital Trust IV and V. Shares in the first issue pay a dividend of 6.342 % over 10 years. The annual dividend on shares in the second issue is 7.2%, paid quarterly. The shares are redeemable after five years and at each quarterly coupon date thereafter. Shares that have not been redeemed will continue to pay a dividend of 7.2%.

STOCK-FOR-STOCK PUBLIC TENDER OFFERS FOR PARIBAS

Results of the Stock-for-Stock Public Tender Offers

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

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

During the fourth quarter of 1999, BNP acquired 425,100 Paribas shares pursuant to the undertaking given at the time of the public tender offer to offer the same exchange parity to Paribas employees holding Paribas stock options. The acquisition of these additional shares raised BNP's interest in the capital of Paribas to 96.48% at 31 December 1999. Between 1 January and 23 May 2000, the date of the merger of BNP SA and Paribas SA, BNP acquired a further 231,097 Paribas shares.

On 10 November 1999, BNP launched a squeeze-out operation in relation to the Paribas shares. The offer was open from 18 to 31 January 2000 and resulted in a successful squeeze-out on 1 February 2000. At that date, BNP held 164,536,561 shares, representing the entire capital of Paribas.

Accounting Treatment of the Public Tender Offer for Paribas Shares

The assets, liabilities and off balance sheet items of the Paribas sub-group were consolidated in accordance with the provisions of section 215 of CRC standard 99-07 at their historical cost as shown in the Paribas financial statements at 30 September 1999 after restatement to comply with BNP Paribas Group accounting policies.

The restatements made to comply with BNP Paribas Group accounting polices had the effect of reducing Paribas' shareholders' equity at 30 September 1999 by EUR 873 million, net of tax, including EUR 694 million recognised in the accounts at 31 December 1999 and EUR 179 million recognised in 2000. The restatements mainly concerned the method used to value interest rate swaps representing isolated open positions managed on a medium- and long-term basis and portfolios of trading account securities (determination of counterparty risks and administrative costs related to interest rate swaps, measurement of liquidity and modelling risks related to positions on interest rate, equity, index, currency and credit derivatives, and positions on convertible bonds).

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

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

The goodwill arising on consolidation of the Paribas sub-group, as adjusted to take account of the restatements to comply with BNP Paribas Group accounting policies, was charged against the premium on the shares issued in exchange for the Paribas shares tendered to the offer, in an amount of EUR 9,196 million (EUR 8,712 million at 31 December 1999).

BNP PARIBAS SHARES AND CVRs HELD BY THE GROUP

Pursuant to the sixth resolution of the Shareholders' Meeting of 31 May 2002 and the fifth resolutions of the Shareholders' Meetings of 23 May 2000 and 15 May 2001, BNP Paribas was authorised to buy back shares representing a maximum of 10% of its capital stock in order to stabilise the share price, or to award or sell the shares to employees under the statutory profit-sharing scheme or company savings plans, or to cancel the shares acquired, or to sell, exchange or otherwise dispose of them, for financial or asset/ liability management purposes.

The 7,053,612 BNP SA shares held by Paribas SA at the time of the merger between the two banks were cancelled, resulting in a reduction of capital.

At 31 December 2002, the BNP Paribas Group held 28,260,453 BNP Paribas shares representing an amount of EUR 1,117 million, including 27,894,453 shares representing EUR 1,103 million deducted from shareholders' equity.

As of 30 June 2002, BNP Paribas had bought back on the market 63,710,683 contingent value rights certificates at an average cost of EUR 5.86. The value of these certificates was deducted from shareholders' equity. As double the benchmark BNP Paribas share price – i.e. the weighted average of the closing prices of BNP Paribas shares on the Paris Bourse over the 20 trading days preceding 1 July 2002 - was above EUR 100, no payments were made to holders of CVRs on 1 July 2002.

NOTE 22 (CONT'D) – CONSOLIDATED SHAREHOLDERS' EQUITY

In millions of euros	Other participating interests		Trading account securities (note 5)		Securities available for sale		Total	
	Number of securities	Book value	Number of securities	Book value	Number of securities	Book value	Number of securities	Book value
Shares held by:								
- BNP SA	13,605	1			45,000	4	58,605	5
- Paribas SA	7,053,612	599					7,053,612	599
- Paribas SA subsidiaries	1,478,450	126					1,478,450	126
- BNP SA subsidiaries	-		156,471	63			156,471	63
Shares held at 31 December 1999	8,545,667	726	156,471	63	45,000	4	8,747,138	793
Cancellation of shares held by Paribas SA	(7,053,612)	(600)					(7,053,612)	(600)
Shares acquired pursuant to shareholder authorisations	15,668,408	1,393					15,668,408	1,393
Other movements	(987)	-	2,894,799	200	(45,000)	(4)	2,848,812	196
Shares held at 31 December 2000	17,159,476	1,519	3,051,270	263	-	-	20,210,746	1,782
Cancellation of shares held by Paribas SA	(9,000,000)	(788)					(9,000,000)	(788)
Other movements	648,699	43	(2,975,820)	(256)			(2,327,121)	(213)
Shares held at 31 December 2001	8,808,175	774	75,450	7			8,883,625	781
Two-for-one share split	8,808,175		75,450				8,883,625	-
Shares acquired pursuant to shareholder authorisations	12,663,315	436					12,663,315	436
Other movements	(2,385,212)	(107)	215,100	7			(2,170,112)	(100)
Shares held at 31 December 2002	27,894,453	1,103	366,000	14			28,260,453	1,117

NOTE 23 – OFF BALANCE SHEET COMMITMENTS

In millions of euros, at 31 December	2002	2001	2000
FINANCING COMMITMENTS GIVEN AND RECEIVED			
Financing commitments given:			
To credit institutions	16,310	9,177	13,085
On behalf of customers:			
- Confirmed letters of credit			
Documentary credits	16,326	6,911	14,978
Other confirmed letters of credit	49,019	53,878	63,868
- Other commitments given on behalf of customers	58,743	62,963	42,241
	124,088	123,752	121,087
Total financing commitments given	140,398	132,929	134,172
Roll-over (standby) commitments received:			
From credit institutions	19,040	13,530	4,880
On behalf of customers	2,496	8,825	1,745
Total financing commitments received	21,536	22,355	6,625
GUARANTEES AND ENDORSEMENTS GIVEN AND RECEIVED			
Guarantees and endorsements given:			
To credit institutions			
- Confirmed documentary credits	2,035	997	1,361
- Other	4,812	6,585	6,593
	6,847	7,582	7,954
On behalf of customers:			
- Guarantees and endorsements:			
Real estate guarantees	883	1,314	1,251
Administrative and tax guarantees	7,361	6,841	6,142
Other	6,179	5,016	9,332
- Other guarantees given on behalf of customers	38,956	59,190	35,392
	53,379	72,361	52,117
Total guarantees and endorsements given	60,226	79,943	60,071
Guarantees and endorsements received:			
From credit institutions	23,362	16,767	12,506
On behalf of customers:			
- Guarantees received from government administrations	1,895	5,687	6,922
- Guarantees received from financial institutions	299	1,020	154
- Other guarantees received	18,268	18,802	20,319
Total guarantees and endorsements received from customers	20,462	25,509	27,395
Total guarantees and endorsements received	43,824	42,276	39,901
COMMITMENTS GIVEN AND RECEIVED ON SECURITIES			
Securities to be received	14,904	10,909	8,549
Securities sold under repurchase agreements to be received [(a)]	133	181	156
Total securities to be received	15,037	11,090	8,705
Total securities to be delivered	7,960	9,216	9,327

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

NOTE 24 – FORWARD AND OPTIONS CONTRACTS

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

In millions of euros, at 31 December	2002			2001		
	Hedging transactions	Position management	Total	Hedging transactions	Position management	Total
Forward contracts	836,631	10,829,381	11,666,012	746,474	8,283,283	9,029,757
On organised exchanges	448,558	3,961,047	4,409,605	286,992	2,537,242	2,824,234
- Interest rate contracts	443,010	3,924,745	4,367,755	255,969	2,352,211	2,608,180
- Foreign exchange contracts	5,547	20,402	25,949	29,200	17,938	47,138
- Financial assets contracts	1	15,900	15,901	1,823	167,093	168,916
Over-the-counter	388,073	6,868,334	7,256,407	459,482	5,746,041	6,205,523
- Forward rate agreements (FRAs)	4,687	393,594	398,281	4,959	151,303	156,262
- Interest rate swaps	229,642	5,122,145	5,351,787	129,624	4,625,525	4,755,149
- Currency swaps	68,313	445,905	514,218	167,857	344,322	512,179
- Forward currency swaps	82,309	785,725	868,034	151,968	592,365	744,333
- Other forward contracts	3,122	120,965	124,087	5,074	32,526	37,600
Options	44,089	2,249,741	2,293,830	53,777	1,838,428	1,892,205
On organised exchanges	622	831,863	832,485	10,854	543,712	554,566
Interest rate options	10	266,178	266,188	519	48,011	48,530
- purchased	10	115,450	115,460	432	34,442	34,874
- sold		150,728	150,728	87	13,569	13,656
Currency options		2,167	2,167		1,039	1,039
- purchased		1,104	1,104		687	687
- sold		1,063	1,063		352	352
Other options	612	563,518	564,130	10,335	494,662	504,997
- purchased	286	258,400	258,686	8,600	180,120	188,720
- sold	326	305,118	305,444	1,735	314,542	316,277
Over-the-counter	43,467	1,417,878	1,461,345	42,923	1,294,716	1,337,639
Caps and floors	10,561	490,127	500,688	14,948	596,594	611,542
- purchased	7,150	234,721	241,871	10,019	331,740	341,759
- sold	3,411	255,406	258,817	4,929	264,854	269,783
Swaptions and options (interest rate, currency and others)	32,906	927,751	960,657	27,975	698,122	726,097
- purchased	20,163	405,862	426,025	11,103	339,866	350,969
- sold	12,743	521,889	534,632	16,872	358,256	375,128
Total forward and options contracts	880,720	13,079,122	13,959,842	800,251	10,121,711	10,921,962

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

NOTE 24 (CONT'D) – FORWARD AND OPTIONS CONTRACTS

ASSESSMENT OF COUNTERPARTY RISKS

The BNP Paribas Group's exposure to counterparty risk arising on forward and options contracts is assessed according to European Union and international capital adequacy ratios applicable at 31 December 2002. Accordingly, it takes into account signed netting agreements, which are used to attenuate counterparty risk on derivatives.
The Bank primarily uses the portfolio approach, which enables it to close all positions in the case of default by the counterparty and mark them to market. All payments receivable from the counterparty are netted off against payments due to the counterparty, to arrive at the net close-out amount payable or receivable. The net close-out amount may be collateralised by requiring the counterparty to pledge cash, securities or deposits.
The Bank also uses bilateral payment flow netting to attenuate counterparty risk on foreign currency payments. Bilateral payment flow netting consists of replacing streams of payment orders in a given currency by a cumulative balance due to or from each party, representing a single sum in each currency remaining to the settled on a given day between the Bank and the counterparty.
The transactions concerned are executed according to the terms of bilateral or multilateral master agreements that comply with the general provisions of national or international master agreements. The main bilateral agreement models used are those of the "Association Française des Banques" (AFB), or those of the International Swaps and Derivatives Association (ISDA) for international agreements. The BNP Paribas Group also participates in EchoNetting, enabling it to use multilateral netting for transactions involving the other participants within the organisation.

CREDIT RISKS ON OTC FORWARD AND OPTIONS CONTRACTS

	31 December 2002 (in millions of euros)				
By type of counterparty:	Gross replacement cost	Net replacement cost	Collateral	Net value after collateral	Weighted risk equivalent
Sovereign exposure	711	455		455	
Risk exposure on banks in zone A [(a)]	126,487	13,812	4,722	9,090	7,323
Risk exposure on banks in zone B and non-banking counterparties [(a)]	15,271	7,592	481	7,111	6,532
Total	**142,469**	**21,859**	**5,203**	**16,656**	**13,855**

By credit rating (Standard & Poor's)	Net replacement cost	Collateral	Net value after collateral	Weighted risk equivalent
AAA – AA	8,544	2,132	6,412	4,796
A	2,374	1,107	1,267	1,395
BBB	6,694	1,218	5,476	4,639
BB or lower	1,944	634	1,310	1,224
Not rated	2,303	112	2,191	1,801
Total	**21,859**	**5,203**	**16,656**	**13,855**

The breakdown by geographic area is as follows:

By geographic area	Net replacement cost	Collateral	Net value after collateral	Weighted risk equivalent
France	3,566	337	3,229	2,410
Other European countries	10,471	2,650	7,821	5,171
United States	5,376	1,730	3,646	4,406
Japan	432	94	338	456
Other Asian countries	775	225	550	427
Rest of the world	1,239	167	1,072	985
Total	**21,859**	**5,203**	**16,656**	**13,855**

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

At 31 December 2002, the weighted risk equivalent of OTC forward and options contracts represented 0.17% of the sum of the notional amounts, excluding written options (0.25% at 31 December 2001).

NOTE 24 (CONT'D) – FORWARD AND OPTIONS CONTRACTS

Forward and options contracts breakdown as follows by remaining term at 31 December 2002:

	Notional amount by remaining term (in %)			Total
	Within 1 year	After 1 year but within 5 years	After 5 years	
Interest rate instruments	38%	28%	19%	85%
Currency instruments and other contracts	8%	5%	2%	15%
Total	46%	33%	21%	100%

NOTE 25 – BNP PARIBAS GROUP EXPOSURE TO MARKET RISKS ON FINANCIAL INSTRUMENTS TRANSACTIONS AT 31 DECEMBER 2002

Since 31 March 2000, the BNP Paribas Group uses a single internal Value at Risk system to estimate the potential losses that could be incurred in the case of an unfavourable change in market conditions. Potential losses are measured based on "Gross Earnings at Risk" (GEaR). GEaR takes into account a large number of variables which could affect the value of the portfolios, including interest rates, lending margins, exchange rates, the price of the various securities, their volatilities and the correlations between variables.

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

The French banking authorities (Commission Bancaire) have approved this internal model, including the following methodologies:

- capture of the correlation between categories of risk factors (interest rate, currency, commodity and equity risks) in order to integrate the effects of diversifying inherent risks,
- capture of the specific interest rate risk arising from potential variations in lending margins, in order to actively and accurately measure risks associated with trading in credit risks.

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

- change in the value of the portfolio over a holding period of 10 trading days;
- confidence level of 99% (i.e. over a 10-day holding period, potential losses should not exceed the corresponding GEaR in 99% of cases);
- historical data covering 260 days' trading.

For the period from 1 January to 31 December 2002, the total average Value at Risk amounted to EUR 122 million (with a minimum of EUR 82 million and a maximum of EUR 205 million), taking into account the EUR 85 million effect of netting different types of risk. These amounts break down as follows:

Value at Risk (10 days- 99%): Analysis by type of risk

In millions of euros	1 January – 31 December 2002			31 December	31 December
	Average	Minimum	Maximum	2002	2001
Interest rate risk	115	64	203	77	112
Equity risk	73	23	119	86	30
Currency risk	15	5	37	8	25
Commodity risk	4	1	11	7	3
Netting effect	*(85)*			*(91)*	*(54)*
Total	122			87	116

NOTE 26 – SECURITIZATIONS

The BNP Paribas Group carries out securitization transactions leading to the creation of special purpose vehicles:
- on behalf of customers, in some cases with a guarantee or a liquidity line, and
- on its own behalf. Securitization transactions carried out on the Group's own behalf concern the management of counterparty risks on certain portfolios and asset-liability management operations for certain subsidiaries. In these cases, the Group retains part of the risk by paying a guarantee deposit or subscribing to a subordinated tranche.

The securitization entities are not consolidated, in accordance with generally accepted accounting principles.

SECURITIZATION TRANSACTIONS CARRIED OUT ON BEHALF OF CUSTOMERS

Short-Term Refinancing Operations

At 31 December 2002, three non-consolidated multiseller conduits (Eliopée, Thésée and Starbird) were managed by the Group on behalf of customers. These entities are refinanced on the short-term commercial paper market. The Group has issued letters of credit guaranteeing the default risk on the sold receivables up to an amount of EUR 284 million and has also granted liquidity lines totalling EUR 5,459 million to these entities.

At 31 December 2002, no provisions were required in connection with any of these transactions.

Medium– and Long–Term Refinancing Operations

BNP Paribas acts on behalf of customers as arranger of securitization funds and placing agent for covered bond issues, but does not manage the securitization funds. As of 31 December 2002, the Group had set up liquidity lines totalling EUR 198 million for four of the funds (Iris 3, BIE-Iris 4, Tiepolo Finance and Telecom Italia SV), representing EUR 1,206 million in securitized receivables. The Group has not issued any letters of credit and, consequently, is not exposed to any counterparty risk on these transactions.

SECURITIZATION TRANSACTIONS CARRIED OUT ON THE GROUP'S OWN BEHALF

• In connection with the Group's asset-liability management activities, Cetelem has sold consumer loans and UCB and UCI have sold real estate loans to non-consolidated securitization vehicles. The subsidiaries have also given these vehicles a limited guarantee covering the credit risk on the sold loans. Securitization transactions carried out in accordance with Act No. 88-1205 of 23 December 1988 (amended) dealing with securitization funds, are not consolidated pursuant to the criteria laid down in standard CRC 99-07, because the Group does not have decision-making power at the level of the funds' Board of Directors or equivalent.

The following table summarises the transactions carried out at 31 December 2002 (in millions of euros):

Subsidiaries that initiated the securitizations	Securitization vehicles	Date launched	Life of the vehicle scheduled to end in	Gross amount of securitized receivables at 31 Dec. 2002	Gross amount of guarantees at 31 Dec. 2002
Cetelem (France)	Noria 3	1997	2004	1,120	35.2
	Master Noria	1998-2002	2003-2006		
UCB (France)	Domos 1 to 5	1994-1999	2008-2015	966	31.6
	Master Domos	1999-2001	2011-2012	2,078	38.5
Findomestic (Italy)	Dolfin 1	1998	2004	243	1.7
	Findomestic	2000	2005	326	-
UCI (Spain)	UCI 1 to 8	1994-2002	2003-2016	1,513	19.7
Centro Leasing (Italy)	Ponte Vecchio	2002	2017	596	-

At 31 December 2002, no provisions were required in connection with any of the guarantees given to these securitization vehicles.

NOTE 26 (CONT'D) – SECURITIZATIONS

• In order to reduce the credit risk on certain portfolios, the Group carries out traditional securitization operations, with a limited retained interest, as well as synthetic securitizations by transferring to the market the bulk of the credit risk attached to the retained interest using credit derivatives (purchases of options or credit default swaps). These credit derivatives are entered into either through dedicated structures or directly with other credit institutions.

Traditional Securitizations (in millions of euros)

Securitization vehicle	Date launched	Life of the vehicle scheduled to end in	Type of risk retained by the Bank	Gross counterparty risk before securitization at 31 December 2002	Gross risk retained by the Bank (equity tranche) (1)	Provision covering the equity tranche at 31 December 2002
Liberté American Loan Master Trust	1999	2004	Equity tranche	1,449	38	-
			Security deposit		19	19
Leverage Finance Europe Capital IBV (France) (1)	2001	2014	Subordinated tranche	167	9.1	-

(1) The risk retained by the bank concerns the equity or subordinated tranche of the securities issued by the securitization vehicle.

- Synthetic Securitizations (in millions of euros)

Synthetic securitizations concern EUR 17 billion worth of consolidated assets, corresponding to loans to major European and American companies, for which the credit risk has been limited to 3.1% of the securitized amount. The risk retained by the Group concerns the equity or subordinated tranche of the notes issued by the securitization vehicles and purchased by the Group.

Securitization vehicle	Date launched	Life of the vehicle scheduled to end in	Gross counterparty risk before securitization at 31 December 2002	Gross risk retained by the Group at 31 December 2002	Provision at 31 December 2002
Olan 1,2 (France)	1999/2000	2004/2005	5,381	104	20.3
Euroliberté (France)	2001	2008	3,159	139.8	-
Condor (USA)	2001	2006	2,692	124.3	-
Falcon (USA)	2000	2006	4,984	128	46.2
Jules Vernes (USA)	2002	2006	832	42.8	-

NOTE 27 – PENSION AND POSTEMPLOYMENT BENEFIT OBLIGATIONS

PENSION BENEFITS

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

Since 1 January 1994, pursuant to the new industry-wide agreement on pensions presented in note 1, the BNP Paribas Group has been making contributions to several nation-wide supplementary pension organisations in France.

The BNP and Paribas pension funds pay additional benefits relative to services rendered prior to 31 December 1993. The actuarial value of these pension obligations is computed based on the 1993 mortality table recommended by the French Insurance Code. The difference between the discount and inflation rates used since 31 December 1999 is roughly 3.0%, corresponding to the constant differential between long-term interest rates and inflation. Funding for the ex-BNP employees' pension fund is provided by transfers from its existing reserves and reserves that will steadily become eligible for allocation (approximately EUR 93 million at 31 December 2002), and by the annual employers' contributions paid contractually by BNP in France, which are limited to 4% of payroll costs. At 31 December 2002, the pension fund for Paribas employees had reserves of EUR 285 million. Contributions paid by BNP Paribas under the above pension schemes in France are charged to the profit and loss account in the year of payment. In addition, a reserve for general banking risks was set up as a precautionary measure in 1993, mainly to take account of the general demographic risk addressed by the industry-wide agreement concluded in September 1993 (see notes 1 and 22).

Paribas SA and BNP SA signed agreements in 1994 and 1997 respectively establishing funded pension systems. These systems provide for the payment to BNP Paribas employees of additional benefits over and above those they receive from the nation-wide organisations.

Concerning plans outside France, pension obligations are provided for in the consolidated financial statements according to the method described in note 1. The demographic and financial assumptions used to estimate the discounted present value of benefit obligations and the estimated yield on plan assets are based on the specific economic conditions in each of the countries concerned. Unamortised actuarial differences amounted to EUR 110 million at 31 December 2002. This amount includes EUR 58 million that are not amortisable, corresponding to the maximum limit of 10% of the discounted present value of obligations under the relevant plans. At 31 December 2001, actuarial differences were not deferred as the amounts involved were not material.

SENIORITY, POSTEMPLOYMENT AND OTHER POSTRETIREMENT BENEFITS

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

As a general rule, actuarial valuations of these obligations are made using a method that takes into account projected end-of-career salaries (projected unit credit method) in order to determine the aggregate charge corresponding to benefits remaining to be paid to early retirees, retirees (if applicable), as well as the vested benefits of active employees.

Assumptions concerning mortality, employee turnover, and future salaries, as well as discount rates (long-term market rates) and inflation, take into account economic conditions specific to each country or Group company. In France, the 1988-1990 mortality table adapted to the banking industry is used.

At 31 December 2002, the discount rate used for France and the estimated inflation rate are consistent with those used to assess the risks related to additional bank pension benefits.

BNP Paribas sets up a provision to cover the charges related to the voluntary departure or early retirement of employees, once the voluntary departure or early retirement plan concerned has been approved or submitted for collective approval.

These provisions amounted to EUR 1,245 million at 31 December 2002.

NOTE 28 – MATURITY SCHEDULE OF LOANS, DEPOSITS AND INTEREST RATE INSTRUMENTS

In millions of euros, at 31 December	Demand and overnight	Maturing within three months	Maturing after three months but within one year	Maturing after one but within five years	Maturing after 5 years	Total
LOANS (GROSS)						
Interbank and money market items (note 3)	47,996	156,517	20,037	10,994	5,609	241,153
- Cash and amounts due from central banks and post office banks	9,986	2				9,988
- Treasury bills and money market instruments		62,812	9,000	7,304	5,225	84,341
- Due from credit institutions	38,010	93,703	11,037	3,690	384	146,824
Customer items (note 4)	26,552	64,975	39,213	66,485	38,463	235,688
- Due from customers	26,552	62,151	35,697	54,761	35,468	214,629
- Leasing receivables		2,824	3,516	11,724	2,995	21,059
Bonds and other fixed income instruments (note 5) (1)		32,326	2,134	5,585	2,145	42,190
- Trading account securities		24,707				24,707
- Securities available for sale		7,078	972	1,315	698	10,063
- Debt securities held to maturity		541	1,162	4,270	1,447	7,420
DEPOSITS						
Interbank and money market items and securities (note 14)	55,585	100,202	17,653	3,451	2,039	178,930
- Total interbank and money market items	55,585	100,155	17,653	3,405	1,107	177,905
- Interbank market securities		47		46	932	1,025
Customer deposits, retail certificates of deposit, and negotiable certificates of deposit (note 15)	89,057	122,371	23,192	20,704	11,866	267,190
- Total customer deposits	89,057	83,807	7,285	9,298	6,122	195,569
- Total bonds and negotiable short-term debt instruments		38,564	15,907	11,406	5,744	71,621

(1) Excluding accrued interest of EUR 361 million.

The BNP Paribas Group manages its liquidity within gap limits, all currencies combined, that are determined by the General Management Committee:

- the maximum mismatch on weighted balance sheet and off balance sheet commitments maturing in more than one year (attributing standard maturities to commitments with no contractual maturity) is set at 25% of funds maturing in more than one year;
- the maximum mismatch on commitments with no contractual maturity, to which a maturity of more than one year has been attributed, is set at 150% of stable funds with no contractual maturity (customer demand deposits and savings deposits net of overdrafts, shareholders' equity net of fixed assets).

BNP Paribas continually seeks to comply with regulatory guidelines with respect to its short-term (one-month) liquidity ratio and its ratio of shareholders' equity to long-term funding (funds maturing in more than five years).

Maturities of bonds and subordinated debt are presented in notes 16 and 20.

NOTE 29 – NET INTEREST INCOME

Expenses			Income			In millions of euros	Net income (expense)		
2002	2001	2000	2002	2001	2000		2002	2001	2000
(11,460)	(19,783)	(19,997)	8,876	16,375	16,937	Interbank items (note 30)	(2,584)	(3,408)	(3,060)
(3,695)	(5,424)	(5,784)	11,679	13,883	14,026	Customer items (note 31)	7,984	8,459	8,242
(5,757)	(5,062)	(4,536)	7,119	6,496	5,820	Leasing transactions	1,362	1,434	1,284
(5,310)	(5,058)	(5,507)				Debt securities	(5,310)	(5,058)	(5,507)
			3,932	2,549	2,997	Bonds and other fixed income instruments (note 32)	3,932	2,549	2,997
(26,222)	(35,327)	(35,824)	31,606	39,303	39,780	Net interest income (expense)	5,384	3,976	3,956

NOTE 30 – NET INTEREST INCOME (EXPENSE) ON INTERBANK ITEMS

Expenses			Income			In millions of euros	Net income (expense)		
2002	2001	2000	2002	2001	2000		2002	2001	2000
(7,901)	(14,262)	(14,007)	5,622	10,756	10,861	Interest on interbank demand deposits, loans and borrowings	(2,279)	(3,506)	(3,146)
(3,559)	(5,521)	(5,990)	3,251	5,611	6,049	Interest on securities held or given under resale/repurchase agreements	(308)	90	59
			3	8	27	Interest on subordinated term loans	3	8	27
(11,460)	(19,783)	(19,997)	8,876	16,375	16,937	Net interest income (expense) on interbank items	(2,584)	(3,408)	(3,060)

NOTE 31 – NET INTEREST INCOME (EXPENSE) ON CUSTOMER ITEMS

Expenses			Income			In millions of euros	Net income (expense)		
2002	2001	2000	2002	2001	2000		2002	2001	2000
(3,225)	(4,401)	(5,029)	11,215	13,062	13,402	Interest on customer loans and deposits	7,990	8,661	8,373
(470)	(1,023)	(755)	462	816	617	Interest on securities held or given under resale/repurchase agreements	(8)	(207)	(138)
			2	5	7	Interest on subordinated term loans	2	5	7
(3,695)	(5,424)	(5,784)	11,679	13,883	14,026	Net interest income (expense) on customer items	7,984	8,459	8,242

NOTE 32 – NET INCOME FROM SECURITIES PORTFOLIO

In millions of euros	2002	2001	2000
Interest on bonds and other fixed income instruments			
Securities available for sale	810	922	964
Debt securities held to maturity	1,080	1,097	1,449
From Codevi "industrial development" securities	212	209	199
From hedging of interest rate instruments and other	1,830	321	385
Total interest on bonds and other fixed income instruments:	3,932	2,549	2,997
Income on equities and other variable income instruments:			
Securities available for sale	22	129	45
Equity securities held for long-term investment	157	189	119 (1)
Investments in non-consolidated undertakings and other participating interests	144	246	227
Total income on equities and other variable income instruments	323	564	391
Net income from securities portfolio	4,255	3,113	3,388

(1) "TIAP" long-term portfolio securities up to 31 December 2000.

NOTE 33 – NET COMMISSIONS

In millions of euros	2002	Net 2001	2000
Commissions on interbank and money market transactions	181	230	189
Commissions on customer transactions	1,530	1,272	1,363
Commissions on securities transactions	(103)	(163)	(32)
Commissions on foreign exchange and arbitrage transactions	10	211	74
Commissions on securities commitments	113	118	328
Commissions on forward financial instruments	(124)	(66)	(267)
Commissions on securities managed or on deposit:			
Custody fees	184	213	265
Mutual fund management	739	990	809
Management of customer securities portfolios	218	221	132
Other commissions on securities managed or on deposit	30	36	45
Total commissions on securities managed or on deposit	1,171	1,460	1,251
Commissions on securities transactions carried out on behalf of customers:			
For purchases and sales of securities	302	422	704
For purchases and sales of mutual fund shares	139	175	366
Other commissions on securities transactions carried out on behalf of customers	248	228	184
Total commissions on securities transactions carried out on behalf of customers	689	825	1,254
Other commissions:			
Commissions on customer assistance and advisory services	508	413	373
Commissions on payment instruments	552	474	453
Commissions on other financial services	(908)	(980)	(929)
Expense recoveries	116	102	88
Commissions on miscellaneous revenues	350	351	141
Commissions on other banking transactions	93	137	160
Total other commissions	711	497	286
Total commissions on financial services	2,571	2,782	2,791
Net commissions	4,178	4,384	4,446

Total commissions represent 24.9% of net banking income in 2002 (25.1% in 2001 and 27.3 % in 2000).

NOTE 34 – UNDERWRITING RESULT AND NET INVESTMENT INCOME OF INSURANCE COMPANIES

In millions of euros	2002	2001	2000
Net premium income	7,890	7,775	9,174
Net investment income	1,706	1,811	1,957
Claims expenses and changes in claims reserves	(8,170)	(8,276)	(9,894)
Other underwriting income and expenses, net	14	(2)	8
Underwriting result and net investment income of insurance companies[a]	1,440	1,308	1,245

Commissions paid to business referral partners and other contracting partners are not deducted from underwriting result and net investment income of insurance companies. Those commissions are recorded as "Net commissions" in the profit and loss account under "Commissions on other financial services" (note 33).
The above amounts are stated after eliminating intercompany income and expenses and net of reinsurance.

Changes in the value of underlying assets for unit-linked business are included in net investment income. They are offset by a symmetrical change in mathematical reserves set aside for unit-linked business, included in "Claims expenses".
Gross premiums totalled 8,192 million in 2002 (EUR 7,970 million in 2001 and EUR 9,369 million in 2000).

(a) In 2002, the contribution of Group insurance companies to underwriting result and net investment income breaks down as follows, after elimination of intercompany income and expenses:

In millions of euros	2002				2001
	NATIOVIE	CARDIF	OTHER COMPANIES	TOTAL	TOTAL
Life underwriting result	131	1	13	145	178
Non-life underwriting result	17	42		59	31
Management fees addback	279	889	39	1,207	1,066
Financial reclassifications	64	46	3	113	144
Sub-total	491	978	55	1,524	1,419
Elimination of intercompany income and expenses	(70)	(5)	(9)	(84)	(111)
Net contribution to underwriting result and net investment income	421	973	46	1,440	1,308

NOTE 35 – SALARIES AND EMPLOYEE BENEFITS, INCLUDING PROFIT SHARING

In millions of euros	2002	2001	2000
Salaries	4,619	4,627	4,398
Termination benefits and social security taxes:			
Retirement bonuses and retirement expenses	385	336	323
Social security taxes	1,057	1,009	1,026
Total termination benefits and social security taxes	1,442	1,345	1,349
Incentive plans and profit sharing:			
Incentive plans	57	104	99
Profit sharing	64	113	103
Total incentive plans and profit sharing	121	217	202
Payroll taxes	263	278	301
Total salaries and employee benefits, including profit sharing	6,445	6,467	6,250

The total compensation paid in 2002 to the 12 members of the Executive Committee came to EUR 12.7 million. This amount includes fixed compensation for 2002, variable compensation received in 2002 in respect of 2001, and attendance fees paid by Group companies. It does not include deferred variable compensation of EUR 1.97 million paid under the BNP Paribas deferred bonus plan.

Attendance fees paid to members of the BNP Paribas Board of Directors totalled EUR 0.5 million.

NOTE 36 – STOCK OPTION PLANS

1) BNP Paribas Unexpired Stock Option Plans

Plan year	Date of EGM at which plan was authorised	Date of Board Meeting at which the plan terms were decided	Number of grantees	Number of options granted	Starting date of the exercise period	Option expiry date	Exercise price (in euros)	Number of options exercised or forfeited at 31 Dec. 2002 (1)	Options outstanding at 31 Dec. 2002 (1)
2001 (2)	13 May 1998	15 May 2001	932	6,069,000	15 May 2005	14 May 2011	49	79,000	5,990,000
2002 (2)	13 May 1998	31 May 2002	1,384	2,158,570	31 May 2006	30 May 2012	60	18,010	2,140,560

(1) The number of options and the exercise prices have been adjusted to take into account the effects of the 20 February 2002 two-for-one stock-split.
(2) The options are subject to vesting conditions related to the ratio between consolidated net income and average shareholders' equity for each of the years concerned. The minimum average ratio is 16% over the four years from the year of grant or over a rolling three-year period starting in the second year after the year-of grant.

2) BNP Unexpired Stock Option Plans

Plan year	Date of EGM at which plan was authorised	Date of Board Meeting at which the plan terms were decided	Number of grantees	Number of options granted	Starting date of the exercise period	Option expiry date	Exercise price (in euros)	Number of options exercised or forfeited at 31 Dec. 2002 (1)	Options outstanding at 31 Dec. 2002 (1)
1996	14 Dec. 1993	21 May 1996	140	2,062,000	22 May 1998	21 May 2003	14.87	1,792,500	269,500
1997	14 Dec. 1993	22 May 1997	64	476,000	23 May 2002	22 May 2007	18.45	196,890	279,110
1998	14 Dec. 1993	13 May 1998	259	2,074,000	14 May 2003	13 May 2008	37.28	101,000	1,973,000
1999	13 May 1998	3 May 1999	112	670,000	4 May 2004	3 May 2009	37.64	4,000	666,000
1999 (2)	13 May 1998	22 Dec. 1999	642	5,064,000	23 Dec. 2004	22 Dec. 2009	45.16	328,000	4,736,000
2000 (2)	13 May 1998	7 Apr. 2000	1,214	1,754,200	8 Apr. 2005	7 Apr. 2010	42.50	190,400	1,563,800

(1) The numbers of options and exercise prices have been adjusted for the two-for-one share split which took place on 20 February 2002.
(2) Plans concerning the employees of the two groups, BNP and Paribas, prior to their merger. The options vested only in the event that no payments were due in respect of the Contingent Value Rights Certificates attached to the shares issued at the time of the BNP-Paribas merger (note 22).

NOTE 36 (CONT'D)- STOCK OPTION PLANS

3) Paribas Unexpired Stock Option Plans

Plan year	Original company	Date of EGM at which plan was authorised	Date of Board Meeting at which the plan terms were decided	Type of options	Number of grantees	Adjusted number of options granted (1)	Starting date of the exercise period (2)	Option expiry date	Adjusted exercise price (in euros) (1)	Adjusted number of options exercised or forfeited at 31 Dec. 2002 (1)	Adjusted number of options outstanding at 31 Dec. 2002 (1)
PARIBAS SA AND MERGED SUBSIDIARIES											
1995	CFP	27 May 1992	29 Mar. 1995	S	29	360,948	29 Mar. 1998	29 Mar. 2003	13.39	273,320	87,628
	CFP	27 May 1992	28 Dec 1995	P	341	3,241,427	28 Dec 1999	28 Dec 2003	13.54	2,598,357	643,070
	CFP	27 May 1992	30 Oct. 1995	P	12	496,688	30 Oct. 1999	30 Oct. 2003	13.44	354,485	142,203
	CFP	27 May 1992	16 Nov. 1995	P	5	129,570	16 Nov. 1999	16 Nov. 2003	13.44	86,380	43,190
	CB	17 Mar. 1993	31 Oct. 1995	S	104	497,877	1 Nov. 2000	30 Oct. 2003	12.33	343,793	154,084
	Cardif	26 Apr. 1993	16 Nov. 1995	S	36	262,046	17 Nov. 2000	15 Nov. 2003	9.63	134,267	127,779
1996	CB	17 Mar. 1993	5 Nov. 1996	S	100	624,696	6 Nov. 2001	4 Nov. 2004	13.89	325,688	299,008
	Cardif	26 Apr. 1993	21 Nov. 1996	S	35	198,832	22 Nov. 2001	20 Nov. 2004	17.50	113,222	85,610
1997	CFP	27 May 1992	20 Jan. 1997	P	526	5,178,206	20 Jan. 2002	20 Jan. 2005	17.30	3,245,074	1,933,132
	CFP	27 May 1992	7 July 1997	P	4	77,125	7 July 2002	7 July 2005	19.47	52,445	24,680
	CB	26 Apr. 1997	30 Sep. 1997	P	149	615,608	1 Oct. 2002	29 Sep. 2005	19.71	50,612	564,996
	CFP	25 Apr. 1997	26 Dec. 1997	P	319	6,370,545	26 Dec. 2002	26 Dec. 2005	23.47	2,236,046	4,134,499
1998	Paribas	11 May 1998	17 Nov. 1998	P	975	7,255,377	17 Nov. 2003	17 Nov. 2006	20.41	2,996,201	4,259,176
1999	Paribas	24 Apr. 1997	4 May 1999	P	1	30,850	4 May 2004	4 May 2007	31.88	-	30,850
FULLY-CONSOLIDATED SUBSIDIARIES OF PARIBAS											
1995	Cetelem	24 Mar. 1994	7 Nov. 1995	S	79	438,591	8 Nov. 2000	6 Nov. 2003	10.42	321,700	116,891
	UFB	18 Mar. 1993	18 Oct. 1995	S	32	140,483	19 Oct. 2000	17 Oct. 2003	11.34	119,646	20,837
1996	Cetelem	24 Mar. 1994	4 Nov. 1996	S	95	482,903	5 Nov. 2001	3 Nov. 2004	15.51	313,495	169,408
	UFB	18 Mar. 1993	16 Oct. 1996	S	37	200,976	17 Oct. 2001	15 Oct. 2004	13.72	71,767	129,209
1997	Cetelem	27 Mar. 1997	22 Sep. 1997	P	117	332,893	23 Sep. 2002	21 Sep. 2005	17.19	36,455	296,438

CB: Compagnie Bancaire
S: Options exercisable for newly-issued shares
CFP: Compagnie Financière Paribas
P: Options exercisable for existing shares held by the Bank

(1) Number of options and exercise price expressed in BNP Paribas shares:
- For Compagnie Bancaire, Compagnie Financière Paribas and Banque Paribas, based on the following conversion rates: 9 Paribas shares for 5 Compagnie Bancaire shares, 1 Paribas share for 1 Compagnie Financière Paribas share, 1 Paribas share for 1 Banque Paribas share, 3.085 BNP Paribas shares for 1 Paribas share.
- For fully-consolidated subsidiaries of Paribas (Cetelem and UFB), the number of options and the exercise price are expressed in BNP Paribas shares calculated after the exchange: 1.791 Paribas shares for 1 Cetelem share, 3.085 BNP shares for 1 Paribas share, 1.62054 Paribas shares for 1 UFB share, 3.085 BNP Paribas shares for 1 Paribas share.

(2) Exercise dates set at the time of grant. The BNP Paribas merger agreement stipulates that the options may not be exercised until the fifth anniversary of the date of grant, as required under French tax rules, whatever the original exercise dates.

NOTE 37 – GAINS (LOSSES) ON DISPOSALS OF LONG-TERM INVESTMENTS AND CHANGES IN PROVISIONS

In millions of euros	2002	2001	2000
Debt securities held to maturity			
Disposal gains	7	33	19
Disposal losses			(3)
Additions to provisions	-	(6)	
Deductions from provisions	-	1	
Net gains on disposals of debt securities held to maturity and changes in provisions	7	28	16
Equity securities held for long-term investment [(1)]			
Disposal gains	1,147	1,142	810
Disposal losses	(73)	(75)	(82)
Additions to provisions	(396)	(230)	(54)
Deductions from provisions	219	90	111
Net gains on equity securities held for long-term investment and changes in provisions [(2)]	897	927	785
Investments in non-consolidated undertakings and other participating interests			
Disposal gains	187	364	1 169
Disposal losses	(109)	(125)	(282)
Additions to provisions	(233)	(168)	(135)
Deductions from provisions	147	94	156
Net (losses) gains on disposals of investments in non-consolidated undertakings and other participating interests and changes in provisions	(8)	165	908
Operating assets			
Disposal gains	11	21	
Disposal losses	(4)	(16)	
Net gains on disposals of operating assets	7	5	
Total net gains on disposals of long-term investments and changes in provisions	903	1,125	1,709

(1) "TIAP" long-term portfolio securities up to 31 December 2000.
(2) See note 12.

Following the public tender offer for Paribas shares (see note 22), the BNP Paribas Group consolidated the assets of the Paribas group in accordance with the provisions of section 215 of CRC standard 99-07. This standard limits the contribution to Group income of gains from the disposal of Paribas non-operating assets, when such disposals are carried out within two years of the date at which the Group acquired control of the newly consolidated companies. As from 1 January 2001, the standard stipulates that the contribution to Group income of gains from disposals of "Equity securities held for long-term investment" may not exceed the average annual net gains realised by the Paribas group on this portfolio over the two years prior to the merger, i.e. EUR 766 million.

Net gains from disposals of "Equity securities held for long-term investment" included in the portfolio of Paribas Affaires Industrielles at 30 September 1999 amounted to EUR 154 million in the fourth quarter of 2000 and EUR 519 million in the first nine months of 2001. The rise in the market value of these securities since the date of the merger accounted for EUR 100 million of these gains.

NOTE 38 – NON-RECURRING ITEMS

In millions of euros	2002	2001	2000
Additions to provisions for restructuring and discontinued operations	(51)	(18)	(117)
Additions to provisions for non-recurring costs associated with the single European currency and the year 2000	(49)	(33)	(104)
Write-down of the residual value of leased vehicles	(42)		
Provision for losses on real estate lease contract with a call option (note 11)	(25)		
Additions to provisions for employee benefits	21	(93)	(30)
Contribution ordered by the Competition Authorities			(38)
Compensation for victims of the Holocaust			(29)
Adjustment related to method used to recognise deferred commission income			(27)
Other non-recurring expenses, net	(28)	(21)	(40)
Net non-recurring items	(174)	(165)	(385)

Non-recurring items reflect the impact on the financial statements of events that do not relate to the ordinary activities of the BNP Paribas Group's various lines of business. If these items were included under other profit and loss account headings, the comparability of current-period operations with those of the reference periods would be impaired.

Following the sale of part of the BNP Paribas España branch network, the Group's operations in Spain are being reorganised and an employment reorganisation plan has been launched. A provision has been set aside to cover the related cost. In addition, following the acquisition of Dresdner Bank's interest in certain joint subsidiaries, a provision has been booked for the cost of reorganising these subsidiaries' support functions. Lastly, provisions have been recorded to cover costs related to changes in the Group's strategy in Australia and India, the spin-off of the Securities business into subsidiaries as well as certain Private Banking & Asset Management businesses and Corporate & Investment Banking businesses. The provisions set aside in 2000 amounted to EUR 117 million. In 2001 and 2002 respectively, additional provisions of EUR 18 million and EUR 51 million were recorded.

BNP Paribas' final estimate of the cost of adapting its production and information systems to deal with the introduction of the single European currency and the Year 2000, produced at the end of 2001, was approximately EUR 500 million. These costs were incurred over the period 1996-2002. In application of the guidelines issued by the French accounting authorities, the BNP Paribas Group recorded a provision for these costs in 1996, which was increased in subsequent years. The provision covered the non-capitalisable cost of outside assistance needed for BNP Paribas to deal with the changeover to the single European currency, representing a non-recurring event. The provision covered the cost of adapting information systems and contributions to the cost of adapting interbank systems, euro-related corporate communication and customer relations programme costs and costs related to the introduction of euro-denominated coins and bank notes in 2002. These costs were determined using the project costing methods generally applied by the BNP Paribas Group. As of 31 December 2002, substantially all of the costs had been incurred.

The Group's UK fleet-financing subsidiaries use an external valuation model to determine projected resale values of leased vehicles. Problems were encountered in 2002 with the model used by a recently-acquired subsidiary, leading to the adoption of a new model. In addition, the value of the leased vehicles was written down to correct the valuation errors generated by the previous model.

Provisions for pensions and post-retirement benefit obligations were increased by EUR 30 million in 2000 and EUR 93 million in 2001, based on the results of an actuarial valuation of pension funds covering pension and post-retirement benefit obligations towards employees outside France. Following the conversion of one Group entity's defined-benefit plan into a defined-contribution plan, provisions set up in prior years were reversed in the amount of EUR 26 million.

In application of a bilateral agreement between the French and American governments to increase the compensation paid to Holocaust victims, financial institutions that collect deposits have agreed to contribute to various compensation programmes and to help fund a Holocaust Victims' Memorial Foundation. In 2000, the BNP Paribas Group set aside a provision of EUR 29 million, representing the Group's estimated contribution to these programmes.

NOTE 39 – SEGMENT INFORMATION

Income by Business Segment, Based on Allocated Capital

Income by business segment based on allocated capital is determined by attributing to the various businesses the capital allocated to them based on the risks incurred. Capital allocations are made by applying a series of criteria based mainly on the capital required to cover risk-weighted assets, as determined according to capital adequacy rules.

In millions of euros	Net banking income		Gross operating income		Operating income		Income before tax and minority interests	
	2002	2001	2002	2001	2002	2001	2002	2001
Retail Banking in France	4,588	4,433	1,405	1,328	1,207	1,139	1,207	1,131
International Retail Banking	2,379	1,894	1,059	837	908	666	701	633
Retail Financial Services	2,582	2,387	967	873	595	553	540	555
Corporate and Investment Banking	5,146	6,178	1,875	2,515	1,160	1,933	1,186	1,862
Private Banking and Asset Management, Securities Services and Insurance	2,209	2,304	791	968	784	885	830	879
BNP Paribas Capital	(21)	248	(65)	180	(70)	185	611	717
Other business units	(90)	6	(194)	(184)	(216)	(156)	(262)	455
Total	16,793	17,450	5,838	6,517	4,368	5,205	4,813	6,232
France	9,018	9,507	2,828	3,208	2,333	2,726	2,895	3,939
Other European Economic Area countries	3,423	3,527	1,207	1,417	851	1,183	1,025	1,180
America and Asia	3,889	3,850	1,595	1,629	1,029	1,082	733	912
Other countries	463	566	208	263	155	214	160	201

Group Activity by Geographic Area

In millions of euros, at 31 December	Interbank and money market items		Customer items		Total	
	2002	2001	2002	2001	2002	2001
Assets						
France	49,465	60,678	118,611	124,270	168,076	184,948
Other European Economic Area countries	81,647	84,102	51,803	53,747	133,450	137,849
America and Asia	106,742	122,960	50,259	49,626	157,001	172,586
Other countries	2,532	3,834	4,668	7,264	7,200	11,098
Total assets (notes 3 and 4)	240,386	271,574	225,341	234,907	465,727	506,481
Liabilities						
France	42,443	66,960	87,104	88,801	129,547	155,761
Other European Economic Area countries	78,012	65,120	60,876	74,443	138,888	139,563
America and Asia	55,602	84,850	41,648	45,456	97,250	130,306
Other countries	1,848	3,366	5,941	7,396	7,789	10,762
Total liabilities (notes 14 and 15)	177,905	220,296	195,569	216,096	373,474	436,392

NOTE 40 – CORPORATE INCOME TAX

In millions of euros	2002	2001	2000
Current taxes for the period	1,058	1,621	1,344
Deferred taxes for the period	117	196	288
Income tax expense	1,175	1,817	1,632
- on recurring items	1,210	1,847	1,729
- on non-recurring items	(35)	(30)	(97)

Tax savings realised by the Group in 2002 from the recognition of tax loss carryforwards or the deduction of expenses accounted for in prior years totalled EUR 40 million (EUR 209 million in 2001).

Unrecognised deferred tax assets at 31 December 2002 amounted to EUR 321 million (EUR 334 million at 31 December 2001).

Analysis of the effective rate of tax:

In %	2002	2001	2000
Standard tax rate in France	33.3	33.3	33.3
Impact of long-term capital gains taxed at a reduced rate in France	(0.6)	(2.2)	(3.0)
Income of companies carried under the equity method	(0.6)	(1.2)	(1.8)
Permanent differences added back to taxable income in France	(3.1)	(1.8)	(1.9)
Differences in foreign tax rates	(8.0)	(4.1)	(5.2)
Effect of losses deducted from net income	2.9	2.5	5.4
Other	0.5	2.7	1.5
Effective rate of tax	24.4	29.2	28.3

Deferred taxes break down as follows:

In millions of euros, at 31 December	2002			2001	2000
	Companies included in the tax group (note 2)	Other companies	Total	Total	Total
Deferred tax assets (1)	908	756	1,664	1,758	1,683
Deferred tax liabilities	1,210	1,164	2,374	2,460	2,377
Net deferred tax liabilities	302	408	710	702	694

(1) Deferred tax assets include tax loss carryforwards of EUR 134 million in 2002 (EUR 100 million in 2001 and EUR 54 million in 2000).

The deferred tax liability on the capital gain realised on BNP’s transfer to its subsidiary Compagnie Immobilière de France of buildings and rights to real estate leasing contracts amounted to EUR 196 million at 31 December 2002.

NOTE 41 – BNP PARIBAS MERGER-RELATED RESTRUCTURING COSTS

In connection with the merger of BNP and Paribas, on 30 September 1999 – the date on which the Paribas Group was first consolidated – provisions and asset write-downs were recorded in connection with the restructuring of the two groups, for a total amount of EUR 989 million net of tax. The following table presents an analysis of merger-related restructuring costs incurred since 1 October 1999.

In millions of euros	Restructuring provision	Amortisation of goodwill	Tax effect	Total restructuring charge, net of tax
Fourth quarter 1999	(59)	(183)	33	(209)
2000	(330)	-	101	(229)
2001	(501)	-	163	(338)
2002	(143)	-	45	(98)

NOTE 42 – NUMBER OF EMPLOYEES AT YEAR-END

The number of employees of the BNP Paribas Group (fully and proportionately consolidated companies) breaks down as follows:

	31/12/2002	31/12/2001	31/12/2000
BNP Paribas mainland France	37,335	37,545	37,602
including executives	*13,368*	*12,648*	*11,542*
Subsidiaries in mainland France	14,065	13,051	11,567
Total mainland France	51,400	50,596	49,169
Total outside mainland France	36,285	34,598	31,295
Total BNP Paribas Group	87,685	85,194	80,464
BNP Paribas SA	44,908	45,870	45,886
Subsidiaries	42,777	39,324	34,578

STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

Barbier Frinault & Autres
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To the shareholders
BNP Paribas
16, boulevard des Italiens
75009 Paris

Free translation of the original report in French

As statutory auditors appointed by the General Shareholders' Meeting, we have audited the accompanying consolidated financial statements of BNP Paribas, presented in euro, for the year ended 31 December 2002.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with French generally accepted auditing standards. Those standards require that we plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made in the preparation of the financial statements, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of BNP Paribas and subsidiaries at 31 December 2002 and the consolidated results of operations for the year then ended, in accordance with French generally accepted accounting principles.

Note 1 to the consolidated financial statements describes the changes in the method used to determine the fair value of investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment. This observation does not affect the opinion expressed above.

We have also carried out the specific verifications required by law on the information given in the Board of Directors' management report. We have no observation to make on the fairness of this information or its consistency with the consolidated financial statements.

Neuilly-sur-Seine, Paris and La Défense, 18 March 2003

The Statutory Auditors

Barbier Frinault & Autres
Réseau Ernst & Young
Christian Chiarasini
Radwan Hoteit

PricewaterhouseCoopers Audit
Étienne Boris

Mazars & Guérard
Mazars
Hervé Hélias

PARENT COMPANY FINANCIAL STATEMENTS

BALANCE SHEET OF BNP PARIBAS SA

ASSETS

In millions of euros, at 31 December	2002	2001	2000
Interbank and money market items			
Cash and amounts due from central banks and post office banks	8,093	2,057	6,240
Treasury bills and money market instruments	48,572	43,636	31,865
Due from credit institutions	188,120	212,493	159,816
Total interbank and money market items	244,785	258,186	197,921
Customer items			
Due from customers	164,573	187,485	174,856
Leasing receivables	151	242	331
Total customer items	164,724	187,727	175,187
Bonds and other fixed income instruments	31,057	48,023	32,217
Equities and other variable income instruments	2,938	8,857	19,257
Investments in subsidiaries and affiliates and equity securities held for long-term investment:			
Investments in subsidiaries and affiliates	31,082	25,946	20,438
Equity securities held for long-term investment	2,132	2,281	2,162
Total investments in subsidiaries and affiliates, and equity securities held for long-term investment	33,214	28,227	22,600
Tangible and intangible assets	3,498	3,189	2,874
Treasury shares	979	649	1,394
Accrued income and other assets	85,400	147,930	115,311
Total assets	566,595	682,788	566,761
COMMITMENTS GIVEN			
Financing commitments given	103,340	104,693	108,854
Guarantees and endorsements given	62,493	84,636	116,162
Commitments given on securities	4,905	8,825	5,603
Commitments incurred on forward and options contracts	13,533,521	10,998,805	8,398,462

LIABILITIES AND SHAREHOLDERS' EQUITY

In millions of euros, at 31 December	2002	2001	2000
Interbank and money market items:			
Due to central banks and post office banks	98	92	387
Due to credit institutions	192,994	205,699	206,778
Total interbank and money market items	193,092	205,791	207,165
Customer items	143,448	174,067	128,183
Debt securities:			
Retail certificates of deposit	174	303	370
Interbank market securities	1,020	1,668	537
Negotiable certificates of deposit	68,521	75,554	51,484
Bonds, including short-term portion	8,709	13,633	13,794
Other debt instruments	108	26	29
Total debt securities	78,532	91,184	66,214
Accrued expenses and other liabilities	106,074	170,493	128,050
Provisions for contingencies and charges	3,754	4,504	5,220
Subordinated debt	16,576	13,770	11,431
Reserve for general banking risks	908	914	920
Shareholders' equity:			
Share capital	1,790	1,772	1,792
Additional paid-in capital in excess of par and premium on acquisition	6,881	6,553	7,039
Retained earnings	12,710	9,815	7,361
Total shareholders' equity before net income	21,381	18,140	16,192
Net income	2,830	3,925	3,386
Total liabilities and shareholders' equity	566,595	682,788	566,761

COMMITMENTS RECEIVED			
Financing commitments received	15,609	18,220	6,573
Guarantees and endorsements received	38,233	37,537	43,752
Commitments received on securities	4,693	9,672	4,270

PROFIT AND LOSS ACCOUNT OF BNP PARIBAS SA

In millions of euros, years ended 31 December	2002	2001	2000
Interest income	*20,341*	*28,805*	*28,728*
Interest expense	*(18,086)*	*(27,037)*	*(27,764)*
Net interest income	2,255	1,768	964
Income on equities and other variable income instruments	1,696	1,082	1,660
Commission income	*3,624*	*3,509*	*3,885*
Commission expense	*(872)*	*(957)*	*(968)*
Net commission income	2,752	2,552	2,917
Net gains on sales of trading account securities	2,377	3,194	2,788
Net gains on sales of securities available for sale	90	96	59
Other banking income	*329*	*403*	*498*
Other banking expenses	*(487)*	*(357)*	*(378)*
Net other banking income (expense)	(158)	46	120
Net income from other activities	0	0	17
Net banking income	9,012	8,738	8,525
Operating expense			
Personnel costs	(3,627)	(3,803)	(4,029)
Other administrative expenses	(1,760)	(1,909)	(1,867)
Total operating expense	(5,387)	(5,712)	(5,896)
Depreciation, amortisation and provisions on tangible and intangible assets	(325)	(336)	(313)
Gross operating income	3,300	2,690	2,316
Net additions to provisions for credit risks and country risks	(820)	(622)	(661)
Operating income	2,480	2,068	1,655
Gains on disposals of long-term investments	364	2,366	1,307
Income before tax, non-recurring items and movements in the reserve for general banking risks	2,844	4,434	2,962
Net non-recurring expense	(67)	(98)	(334)
Corporate income tax	66	(373)	585
Movements in the reserve for general banking risks and regulated provisions(*)	(13)	(38)	(46)
Net income before BNP-Paribas merger-related restructuring costs	2,830	3,925	3,167
Reversals of provisions for BNP-Paribas merger related restructuring costs	0	0	219
Net income after BNP-Paribas merger-related restructuring costs	2,830	3,925	3,386

(*) In accordance with the presentation standards applicable to the profit and loss accounts of banks and financial institutions, net movements on regulated provisions are now included on the same line as movements in the reserve for general banking risks. The net movement on these provisions for 2002 was a charge of EUR 13 million. The 2001 and 2000 movements that were previously included in other banking income (recoveries of EUR 19 million and EUR 29 million respectively) and other banking expenses (additions of EUR 58 and EUR 75 million respectively), representing net charges of EUR 39 million in 2001 and EUR 46 million in 2000, have been reclassified.

NOTE 1 – ACCOUNTING POLICIES OF BNP PARIBAS SA

The financial statements of BNP Paribas SA have been prepared in accordance with the generally accepted accounting principles applicable to the French banking industry and the provisions of standard CRC 00-03 concerning the presentation of the financial statements.

YEAR-ON-YEAR COMPARISONS

The effect on opening shareholders' equity at 1 January 2002 of applying standard CRC 2000-06 concerning liabilities is not material. Application of the new standard does not affect year-on-year comparisons.
Up until 30 September 2002, investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment were stated at the lower of cost and fair value, corresponding mainly to the average market price for the last 24 months or the market value determined as close as possible to the year-end, in the case of investments that have suffered a permanent impairment in value. Since that date, fair value is determined based on available information using a multicriteria valuation approach, including the discounted future cash flows, sum-of-the-digits and net asset value methods as well as analysis of ratios commonly used to assess future yields and exit opportunities for each line of securities (see note below on securities). The effect of this change of method on 2001 net income was not material.

INTERBANK AND MONEY MARKET ITEMS, CUSTOMER ITEMS (ASSETS)

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

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

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

Provisions are booked via the profit and loss account to write down the outstanding principal in cases where the bank considers that there is a risk of borrowers being unable to honour all or part of their commitments. This is considered to be the case of all loans on which one or more instalments are more than three months past-due (or six months in the case of real estate loans).
These principles also apply to loans granted to real estate professionals. For these loans, the potential loss is determined based on the estimated value of the underlying property and the guarantees obtained, as well as the estimated final loss on the project, calculated by comparing forecast revenues with the cost to complete. The estimated value of the underlying property is determined by reference to rental values and prices observed for recent transactions involving similar properties and any capital losses. The cost to complete includes interest expense up to the final date of sale of the property, future construction costs and fees, as well as operating costs.
Provisions for credit risks on assets are deducted from the carrying value of the assets. Provisions recorded under liabilities include provisions related to off-balance sheet commitments, provisions for losses on interests in real estate development programmes, provisions for claims and litigation, provisions for unidentified contingencies and provisions for unforeseeable industry risks.
Additions to and recoveries of provisions, write-offs of bad debts and recoveries on loans covered by provisions are recorded in the profit and loss account under "Net additions to provisions for credit risks and country risks", with the exception of additions to provisions for accrued interest on non-performing loans which are included in net banking income together with the interest accrual.

LEASE FINANCING

Finance leases where BNP Paribas SA is lessor are treated as customer loans and are presented in the balance sheet under "Leasing receivables" net of depreciation of the financed item.

SECURITIES

The term "securities" covers interbank market securities (mainly promissory notes and mortgage notes); Treasury bills and negotiable certificates of deposit; bonds and other fixed income instruments (whether fixed- or floating-rate); and equities and other variable income instruments.
In application of standard CRC 00-02, securities are classified as "Trading account securities", "Securities available for sale", "Equity securities available for sale in the medium- term", "Debt securities held to maturity", "Equity securities held for long-term investment", "Other participating interests", and "Investments in subsidiaries and affiliates".
Movements on provisions for identifiable potential losses arising from counterparty risks on trading account securities, securities available for sale, debt securities held to maturity and equity securities available for sale in the medium-term are recorded in the profit and loss account under "Provisions for credit risks and country risks".

Trading Account Securities

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

Securities Available for Sale

This category includes securities held for at least six months, but which are not intended to be held on a long-term basis.
Bonds and other fixed income instruments are valued at the lower

of cost (excluding accrued interest) or their probable market value, which is generally determined on the basis of market prices. Accrued interest is posted to the profit and loss account under "Interest income on bonds and other fixed income instruments"

The difference between cost and the redemption price of fixed income securities purchased on the secondary market is prorated over the life of the securities and posted to the profit and loss account. In the balance sheet, their carrying value is amortised to their redemption value over their remaining life.

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

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

Equity Securities Available for Sale in the Medium-Term

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

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

Debt Securities Held to Maturity

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

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

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

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

Equity Securities Held for Long-Term Investment

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

Equity securities held for long-term investment are recorded individually at the lower of cost and fair value. Fair value is determined based on available information using a multicriteria valuation approach, including the discounted future cash flows, sum-of-the-digits, net asset value and market price methods and analyses of ratios commonly used to assess future yields and market liquidity for each line of securities. For simplicity, listed securities acquired for less than EUR 10 million are valued based on the average market price over the last three months.

Disposal gains or losses are recorded as "Gains (losses) on disposals of long-term assets" in the profit and loss account.

Dividends received are posted to income under "Income on equities and other variable income instruments" on a cash basis.

Investments in Subsidiaries and Affiliates

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

Investments in subsidiaries and affiliates are recorded individually at the lower of cost and fair value. Fair value is determined based on available information using a multicriteria valuation approach, including the discounted future cash flows, sum-of-the-digits, net asset value and market price methods and analyses of ratios commonly used to assess future yields and market liquidity for each line of securities. For simplicity, listed securities acquired for less than EUR 10 million are valued based on the average market price over the last three months.

Disposal gains or losses are recorded as "Gains (losses) on disposals of long-term assets" in the profit and loss account.

Dividends are posted to "Income on equities and other variable income instruments" when they are decided by the issuers' shareholders or on a cash basis when the shareholders' decision is not known.

TREASURY SHARES HELD BY BNP PARIBAS SA

Treasury shares held by BNP Paribas SA are classified and valued as follows:

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

Shares held for allocation to employees are recorded at the lower of cost and market price under "Securities available for sale". Where appropriate, a provision is booked for the difference between the cost of the shares and the exercise price of the related employee stock purchase options.

- Shares that are intended to be cancelled or that are not being held for either of the above reasons are included in long-term investments. Shares intended to be cancelled are stated at cost. All other shares are stated at the lower of cost and fair value.

FIXED ASSETS

Buildings and equipment are stated at cost or valued in accordance with France's appropriation laws of 1977 and 1978. Revaluation differences on non-depreciable assets, recorded at the time of these legal revaluations, have been included in share capital. Assets leased by the Bank from specialised subsidiaries are recorded under "Tangible and intangible assets".

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

straight-line method over their estimated useful lives. The difference between tax depreciation (accelerated method) and book depreciation (generally straight-line method) is recorded under "Regulated deductions – Accelerated depreciation" in liabilities. No deferred income tax is calculated on the difference between book and tax depreciation.
The capitalised cost of software purchased or developed for internal use is recorded under "Intangible assets" and amortised by the straight-line method over the probable period of use of the software, not to exceed 5 years.

INTERBANK AND MONEY-MARKET ITEMS AND CUSTOMER ITEMS (LIABILITIES)

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

DEBT SECURITIES

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

COUNTRY RISK PROVISIONS

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

PROVISIONS FOR UNFORESEEABLE INDUSTRY RISKS

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

RESERVE FOR GENERAL BANKING RISKS

BNP Paribas SA has set up a reserve for general banking risks in accordance with the principle of prudence.
Specific additions to, and deductions from, this reserve are reflected in the profit and loss account under "Movements in the reserve for general banking risks".

PROVISIONS NOT SET UP IN CONNECTION WITH BANKING OR BANKING-RELATED TRANSACTIONS

BNP Paribas SA records provisions for clearly identified contingencies and charges, of uncertain timing or amount. In accordance with standard CRC 00-06, these provisions which are not connected to banking or banking-related transactions may only be recorded if the Group has an obligation to a third party at the year-end and no equivalent economic benefits are expected from that third party.

FORWARD FINANCIAL INSTRUMENTS

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

FORWARD INTEREST RATE INSTRUMENTS

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

FORWARD CURRENCY INSTRUMENTS

Options contracts are marked to market and the resulting unrealised gains and losses are posted to income. A similar treatment is used for forward exchange contracts bought and sold for trading purposes. Hedging contracts are valued at the spot rate prevailing at the end of the period. Differences between the spot and forward rates (contango and backwardation) for hedged forward currency transactions are recognised on an accruals basis and posted to the profit and loss account over the life of the hedged transaction.

EQUITY AND EQUITY INDEX DERIVATIVES

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

Composite Instruments

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

Credit Risk Management Instruments

Instruments intended to protect loan portfolios against counterparty risks are treated as guarantees received. Credit derivatives purchased and sold in connection with trading transactions and structured product sales are valued using internal models, based on market data where available. The revenue determined by applying these models is adjusted to take into account inherent model and liquidity risks.

Market Value of Financial Instruments

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

CORPORATE INCOME TAX

In France, the standard corporate income tax rate is 33 1/3%. Long-term capital gains are taxed at a rate of 19%. Gains and losses on securities in the portfolios are taxed at the standard corporate income tax rate of 33 1/3%, with the exception of gains and losses on disposals of investments in non-consolidated undertakings which are taxed at the reduced rate applicable to long-term capital gains. Effective from 31 December 2000, dividends received from companies in which the BNP Paribas SA has an ownership interest of more than 5% are non-taxable.

In 1995, the French government imposed a 10% surtax on corporate income. The rate of this surtax was reduced to 6% for 2001 and 3% for 2002. A further 3.3% surtax was levied on corporate income as from 1 January 2000. BNP SA has taken these surtaxes into account to determine current taxes for each period concerned, and has used the liability method to adjust the amount of deferred taxes in cases where the surtaxes are expected to apply when the timing differences reverse.

A charge for corporate income tax is taken in the year in which the related taxable income and expenses are booked, regardless of the period in which the tax is actually paid. BNP Paribas SA recognises deferred taxes for all temporary differences between the book value of assets and liabilities and their tax basis according to the liability method.

Recognition of deferred tax assets depends on the probability of recovery.

PENSIONS AND OTHER POSTRETIREMENT BENEFIT OBLIGATIONS

Provision is made for long-service awards, supplementary pension benefits and other awards payable to active and retired employees, except where employer contributions are in full discharge of any future liabilities, in which case the contributions are charged to the profit and loss account in the year of payment.

PROFIT SHARING PLAN

As required by French law, BNP Paribas SA provides for profit sharing in the year in which the profit arises, and reports the provision under “Salaries” in the profit and loss account.

PENSIONS AND OTHER POSTRETIREMENT BENEFIT OBLIGATIONS

Upon retirement, BNP Paribas SA employees receive pensions according to the laws and customs prevailing in the countries where the Bank operates.

Retired employees of BNP Paribas SA in France who are covered by the banking industry pension scheme are entitled to the following pension benefits starting 1 January 1994, pursuant to a new industry-wide agreement on pensions:

- retirees receive pension benefits from the social security system and two nation-wide organisations, which are financed by contributions received from employers and employees. The systems operate on a pay-as-you-go basis;
- retired employees receive additional benefits from the BNP Paribas pension fund and the banking industry pension funds to which the Bank contributes, relative to services rendered prior to 1 January 1994. Funding for these additional benefits is provided by transfers from the pension funds’ existing reserves and, if necessary, by employer contributions, which are limited to a percentage of payroll costs. The amount of such additional benefits is adjusted to reflect the funding level of the pension funds and may consequently be reduced in due proportion.

The working capital contributions made to the two national pension organisations in 1994 are treated as pre-paid expenses and amortised over the average number of years left to retirement of BNP SA participating employees, which is currently 20 years. For Paribas employees, the contribution has been deducted from the reserves of the Paribas pension fund.

Outside France, BNP Paribas SA and its employees contribute to mandatory pension plans managed by independent organisations.
BNP Paribas SA records provisions for benefit obligations under these various pension plans, where the present value of the obligation exceeds the market value of the plan assets. Benefit obligations are determined on an actuarial basis at each year-end. The increase or decrease in the net obligation compared with the previous year-end, corresponding to actuarial differences arising from changes in demographic and financial assumptions or in estimated yields on plan assets, is recognised over the expected average remaining service lives of employees covered by the plans, net of an amount equal to a certain percentage of the discounted benefit obligation, set by convention at 10%. In the interest of prudence, the deferred portion of the actuarial difference is limited in all cases to an amount equivalent to that of the net change in the benefit obligation over the year.

OTHER EMPLOYEE BENEFITS

Under various agreements, BNP Paribas SA is committed to pay early retirement, retirement and seniority bonuses.
Each year, BNP Paribas estimates the net present value of these commitments and adjusts the related provision, applying the same method as for pension benefits.

RECOGNITION OF REVENUE AND EXPENSES

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

FOREIGN CURRENCY TRANSACTIONS

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

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

FOREIGN CURRENCY TRANSLATION

Monetary and non-monetary foreign currency-denominated assets and liabilities of foreign branches have been translated into euros at the year-end exchange rate. Translation adjustments regarding the capital made available to BNP Paribas SA branches outside of France are included in “Accrued income” and “Accrued expense”.

FIVE YEAR FINANCIAL SUMMARY BNP PARIBAS SA

EUR 1 = 6.55957 FRF

	Banque Nationale de Paris SA			BNP Paribas SA		
	1998 (francs)	1998 (euros)	1999 (euros)	2000 (euros)	2001 (euros)	2002 (euros)
Capital at year-end						
a) Share capital	5,460,266,775(1)	832,412,304	1,798,666,976(2)	1,792,258,860(3)	1,771,942,784(4)	1,790,347,678(5)
b) Number of common shares issued and outstanding	218,410,671(1)	218,410,671	449,666,744(2)	448,064,715(3)	442,985,696(4)	895,173,839(5)
c) Number of shares to be issued through the exercise of rights					17,704,434(6)	18,372,079
Results of operations for the year						
a) Total revenues, excluding VAT	130,356,249,306	19,872,682,097	19,665,467,407	37,588,553,951	37,064,085,322	28,973,762,964
b) Income before tax, non-recurring items, profit sharing, depreciation and provisions	16,269,190,329	2,480,222,077	2,664,362,859	3,559,312,573	5,391,841,471	3,697,344,223
c) Income taxes	109,636,483	16,713,974	323,726,730	-499,029,941	373,086,382	66,294,745
d) Profit sharing	484,840,467	73,913,453	100,825,427	90,116,125	72,950,531	46,156,022(7)
e) Net income	7,070,703,732	1,077,921,835	971,519,141	3,386,203,219	3,925,144,188	2,830,067,503
f) Total dividends	2,149,788,867	327,733,200	787,726,615	1,008,463,624	1,063,947,593	1,075,055,789
Earnings per share						
a) Earnings after tax and profit-sharing but before non-recurring items, depreciation and provisions	72,17	11,00	5,04	8,81	11,12	4,12
b) Earnings per share	32,37	4,93	2,16	7,56	8,85	3,16
c) Dividend per share	9,84(8)	1,50	1,75(9)	2,25(10)	1,20(11)	1,20(12)
Employee data						
a) Number of employees at year-end(13)	39,554	39,554	39,115	45,452	45,870	44,908
b) Total payroll	9,667,865,889	1,473,856,654	1,538,010,765	2,614,012,376	2,613,281,535	2,484,565,532
c) Total benefits	4,099,021,977	624,891,872	647,434,031	1,055,133,353	861,936,161	895,525,367

(1) The share capital was increased to FRF 5,460,266,775 from FRF 5,331,104,700 by the FRF 42,560,250 stock-for-stock public tender offer for BNP"I", the FRF 32,000,000 private placement reserved for BNP staff members, the payment of a stock dividend amounting to FRF 54,423,300 and on exercise of employee stock options for FRF 178,525.

(2) The share capital was converted into euros on 6 January 1999 and the par value of the shares was rounded up to EUR 4 by increasing the capital to EUR 873,642,684. The capital was increased to EUR 1,798,666,976 from EUR 873,642,684 by the EUR 917,960,200 stock-for-stock public tender offer for Paribas, the EUR 6,029,996 private placement reserved for BNP staff members, and on exercise of employee stock options for EUR 1,034,096.

(3) The share capital was increased to EUR 1,800,517,976 from EUR 1,798,666,976 on exercise of employee stock options for EUR 1,851,000. Following these share issues, the Board of Directors used the authorisation given by the 23 May 2000 Annual General Meeting to cancel the 7,053,612 BNP shares held by Paribas for EUR 28,214,448, thereby reducing the capital from EUR 1,800,517,976 to EUR 1,772,303,528. ,The capital was then increased to EUR 1,792,258,860 from EUR 1,722,303,528 through the EUR 19,285,612 private placement reserved for BNP staff members, and on exercise of employee stock options for EUR 669,720.

(4) The share capital was increased to EUR 1,792,824,220 from EUR 1,792,258,860 on exercise of employee stock options for EUR 565,360. Following these share issues, the Board of Directors used the authorisation given by the 15 May 2001 Annual General Meeting to cancel 9,000,000 shares for EUR 36,000,000, thereby reducing the capital from EUR 1,792,824,220 to EUR 1,756,824,220. The capital was then increased to EUR 1,771,942,784 from EUR 1,756,824,220 through the EUR 13,447,684 private placement reserved for BNP Paribas SA staff members, and on exercise of employee stock options for EUR 1,670,880.

(5) The share capital was increased to EUR 1,773,245,988 from EUR 1,771,942,784 on exercise of employee stock options for EUR 1,303,204. Following these share issues, the Board of Directors used the authorisation given by the 15 May 2001 Annual General Meeting (12th resolution) to carry out a two-for-one share-split and reduce the par value of the shares to EUR 2. The split shares have been traded on the market since 20 February 2002. The capital was then increased to EUR 1,790,347,678 from EUR 1,773,245,988 through the EUR 15,247,598 private placement reserved for BNP Paribas SA staff members, and on exercise of employee stock options for EUR 1,854,092.

(6) Based on a par value of EUR 2 per share further to the 20 February 2002 two-for-one share-split.

(7) Provision made during the year.

(8) Paid to 218,488,800 shares, taking into account the 75,900 new shares with rights from 1 January 1998 created pursuant to the 1994-2001 stock option plan and the 2,229 new shares with rights from 1 January 1998 created pursuant to the 1995-2002 stock option plan, and recorded on 6 January 1999.

(9) Paid to 450,129,494 shares, taking into account the 389,250 new shares with rights from 1 January 1999 created pursuant to the 1994-2001 stock option plan, the 18,000 new shares with rights from 1 January 1999, created pursuant to the 1995-2002 stock option plan and the 55,500 new shares with rights from 1 January 1999, created pursuant to the 1996-2003 stock option plan, and recorded on 26 January 2000.

(10) Paid to 448,206,055 shares, taking into account the 141,340 new shares with rights from 1 January 2000, recorded on 29 January 2001, including 27,450 shares issued in connection with former BNP stock option plans and 113,890 shares issued in connection with former Paribas plans (Banque Paribas, Cardif, Cie Financière Paribas and Cie Bancaire).

(11) Paid to 443,311,497 shares, taking into account the 325,801 new shares with rights from 1 January 2001, recorded on 17 January 2002, including 193,182 shares issued in connection with former BNP stock option plans and 132,619 shares issued in connection with former Paribas plans (Banque Paribas, Cardif, Cie Financière Paribas and Cie Bancaire), as well as the two-for-one share split of 20 February 2002 which increased the number of shares to 886,622,994.

(12) Paid to 895,879,824 shares, taking into account the 705,985 new shares with rights from 1 January 2002, recorded on 23 January 2003, including 280,150 shares issued in connection with former BNP stock option plans and 425,835 shares issued in connection with former Paribas plans (Banque Paribas, Cardif, Cie Financière Paribas and Cie Bancaire).

(13) For France, part-time employment is prorated according to the length of time worked.

BNP PARIBAS SA SUBSIDIARIES AND ASSOCIATED COMPANIES

AT 31 DECEMBER 2002

Subsidiaries and affiliates	Currency	Exchange rate	Share capital (a)	Reserves and retained earnings before income appropriation (a)	Last published revenues (a)
I – DETAILED INFORMATION ABOUT SUBSIDIARIES AND ASSOCIATED COMPANIES WHOSE BOOK VALUE EXCEEDS 1% OF BNP PARIBAS SHARE CAPITAL					
1. Subsidiaries (more than 50%-owned)					
BNP Paribas BDDI Participations	EUR	1.00000	34,286	41,886	(40)
Antin Participation 4	EUR	1.00000	129,523	37,948	1
Antin Participation 5	EUR	1.00000	150,040	18	1
Banexi Communication	EUR	1.00000	180,565	113,169	18,036
BNP Andes	USD	1.05010	50,000		5,119
BNP Dresdner BK Hungaria	HUF	235.79996	3,500,000	5,796,058	4,956,337
BNP Equities Asia	USD	1.05010	60,000	57	10
BNP Finans	NOK	7.27278	40,000	123,344	329
BNP Holding UK Ltd	GBP	0.65207	412,000	(3,662)	1,901
BNP Ireland	EUR	1.00000	177,813	34,303	2,054
BNP Mexico Holding *	USD	1.05010	30,000	(482)	12
BNP Paribas BK Polska	PLN	4.02451	193,400	78,562	103,683
BNP Paribas Brokerage	USD	1.05010	5	25,540	27,551
BNP Paribas Canada	CAD	1.65517	220,637	52,643	82,005
BNP Paribas Réunion	EUR	1.00000	19,935	5,171	45,738
BNP Paribas Securities Ltd (Japan)	JPY	124.70989	39,800	(4,078)	21,098
BNP Paribas ZAO***	EUR	1.00000	20,000		ND
BNP PUK Holding Ltd	GBP	0.65207	194,353	(6,859)	295
CB UK Remb. B	GBP	0.65207	1	42,109	
CIP CIE Investissements Paris	EUR	1.00000	394,504	476,543	29,673
Cipango*	JPY	124.70989	9,400,000	826,593	573,869
Financière BNP Paribas	EUR	1.00000	1,158,268	437,152	45,659
KLE 66	EUR	1.00000	2,174,364	1,731,940	85,170
Paribas International	EUR	1.00000	371,790	925,023	30,158
Paribas Merchant Bank Asia Ltd	SGD	1.82413	38,014	(6,459)	83
Safadeco	EUR	1.00000	24,408	41,191	149
SFA Sté Francaise Auxiliaire	EUR	1.00000	5,926	1,735,899	255,901
BNP Paribas Immobilier	EUR	1.00000	79,500	5,444	33,300
BNP Paribas Private Bank	EUR	1.00000	68,672	60,825	10,464
BNP Intercontinentale	EUR	1.00000	30,523	31,680	29,757
Cardif SA Ex Kle 29	EUR	1.00000	175,631	318,857	(692,638)
Paribas Derives Garantis PDG	EUR	1.00000	121,959		7,232
Antin Bail	EUR	1.00000	18,000	9,606	(5,333)
Banque de Bretagne	EUR	1.00000	52,921	15,494	77,049
Financière du Marché Saint-Honoré	EUR	1.00000	22,500	7,731	1,585
Parilease SNC	EUR	1.00000	20,738	21,497	1,436
BPSS International Holding	EUR	1.00000	28,040	(6)	(1,896)
UCB Nom	EUR	1.00000	32,702	188,448	138,175
B* Capital	EUR	1.00000	4,152	7,327	31,947
BNP Paribas Equities France	EUR	1.00000	5,545	39,075	41,704
BNP Pam Group	EUR	1.00000	15,361	257,269	181,713
BNP España	EUR	1.00000	93,662	(30,560)	15,400
Paribas do Brasil Empres Part	BRL	3.70108	39,000	1,758	7,972
PT Bank Lippo Indonesia	IDR	9387.89700	344,120,000	(190,975,259)	55,428,318
Banco BNP Brasil	BRL	3.70108	190,311	74,656	57,035
Bancwest Corp.	USD	1.05010	858	3,637,530	1,443,711
Cetelem	EUR	1.00000	339,763	1,059,530	978,087
Cortal	EUR	1.00000	19,814	17,757	54,993
Parfici Nom	EUR	1.00000	17,097	58,582	4,666
Antin Participation 7	EUR	1.00000	170,631	(3)	26
Kle 65	EUR	1.00000	578,133	95,452	22,089

* Data at 31 December 2001; ** Data at 31 December 2000; *** Company created during the year; **** Data at 30 June 2002.
(a) In thousands of currency units; (b) In thousands of euros

Last published income (loss)	Per cent interest held by BNP Paribas SA	Book value of shares		Including revaluation difference	Dividends received during the year	Outstanding loans and advances granted by BNP Paribas SA	Guarantees and endorsements given by BNP Paribas SA
		Gross	Net				
(a)	en %	(b)	(b)	(b)	(b)	(b)	(b)
(48)	100.00	80,235	80,235				
(6)	100.00	79,143	79,140				
(7)	100.00	150,060	150,060				
943	100.00	408,749	408,749	3,825	65,003		
1,169	100.00	48,472	48,472		1,170		
1,639,407	100.00	42,252	42,252		1,446	14,666	573
(1)	100.00	58,434	55,603			32,553	
8,852	100.00	21,699	21,699		1,944		
2,417	100.00	597,709	597,709	16,180			
24,813	100.00	201,161	201,161				
262	100.00	28,569	27,348				
25,006	100.00	78,699	78,699		19,581		
5,877	100.00	21,670	21,670		4,790		
(14,482)	100.00	155,558	139,027	190		214,265	2,043,403
5,906	100.00	25,246	25,246			14,881	
(2,870)	100.00	315,807	266,114			328,763	
N/A	100.00	20,000	20,000				
1,753	100.00	342,652	281,195				
	100.00	24,284	24,284				
(60,090)	100.00	597,982	597,982		6,164		
177,151	100.00	76,493	76,493				
(82,588)	100.00	1,638,253	1,638,253		161,802		
(55,435)	100.00	3,744,867	3,744,867				
342,870	100.00	1,327,951	1,327,951		103,637		
(3,088)	100.00	35,577	29,267				
1,286	100.00	49,383	49,383				
193,777	100.00	442,098	442,098			104,385	
22,498	100.00	261,602	84,853		17,384		
3,637	100.00	143,706	143,706		4,206	70,382	19
33,151	100.00	87,846	87,846	21,742	277,644	38,523	
42,999	100.00	359,266	359,266		46,762		
4,336	100.00	121,959	121,959			248,884	
1,002	100.00	27,380	27,132		2,952		1,030
12,309	100.00	71,021	71,021		11,805	278,410	13
1,076	100.00	25,492	25,492				
1,680	100.00	25,771	25,771			96,461	
(6,542)	99.99	28,040	28,040				
84,025	99.93	728,074	411,072		34,858	8,968,350	
314	99.87	50,804	50,804		7,961		
(2,337)	99.86	46,988	46,988		17,011		
173,606	99.83	247,264	247,264	13	41,693		
(6,698)	99.47	172,816	56,807				86
5,501	99.00	20,448	20,448			2,087	
(21,828,674)	99.00	58,651	28,459			22,315	19,046
82,588	99.00	91,290	91,290			300,622	78
357,649	98.74	3,362,785	3,362,785			57,137	
345,316	98.39	2,335,951	2,335,951		143,847	11,912,178	
(7,096)	98.18	32,689	32,689		2,983	166,860	
4,646	95.51	109,956	109,956				
(394)	95.50	162,952	162,952				
22,059	94.52	640,810	640,810		12,610		

BNP PARIBAS SA SUBSIDIARIES AND ASSOCIATED COMPANIES (cont'd)

Subsidiaries and affiliates	Currency.	Exchange rate	Share capital (a)	Reserves and retained earnings before income appropriation (a)	Last published revenues (a)
I – DETAILED INFORMATION ABOUT SUBSIDIARIES AND ASSOCIATED COMPANIES WHOSE BOOK VALUE EXCEEDS 1% OF BNP PARIBAS SHARE CAPITAL					
1. Subsidiaries (more than 50%-owned) (cont'd)					
Gestion et Location Holding	EUR	1.00000	265,651	912,625	1,237
N H Guyomarc'h ex-Siem	EUR	1.00000	302,048	63,358	325,913
BNP Paribas Securities Services	EUR	1.00000	165,280	402,437	266,380
Capstar Partners	EUR	1.00000	2,247	57,068	7,779
BNP Paribas Lease Group	EUR	1.00000	284,599	90,540	(66,796)
Charter Atlantic Actions B-FFTW	USD	1.05010	13,455	(4,887)	43,047
SPS RE **	EUR	1.00000	75,808	16,431	19,842
TOTAL					
2. Associated companies (10% to 50% owned):					
BK Int Paris Shangai	USD	1.05010	63,641	3,941	2,745
Natio Assurances SA	EUR	1.00000	17,136	(2,768)	(3,924)
Banca UCB	EUR	1.00000	72,240	4,975	44,180
BNP Paribas Développement	EUR	1.00000	68,000	39,272	8,565
BNP Paribas Suisse	CHF	1.45113	320,271	1,141,294	190,631
RIVP — Régie Immob. Ville Paris *	EUR	1.00000	31,474	18,769	12,916
Euromezzanine 3 *	EUR	1.00000	90,052		5,734
Finaxa	EUR	1.00000	204,110	3,741,047	815,778
Axa RE Finance	EUR	1.00000	155,359	8	21,792
Natio Vie	EUR	1.00000	125,698	429,875	(207,241)
Ottomane Cie Financière	EUR	1.00000	8,500	134,298	4,448
Crédit Logement *	EUR	1.00000	517,330	36,414	110,025
Crédit Lyonnais ****	EUR	1.00000	1,807,875	6,170,000	6,726,000
Bank of the West	USD	1.05010	858	3,637,530	1,443,711
BNP Paribas Luxembourg	EUR	1.00000	100,000	383,644	157,180
TOTAL					

Subsidiaries and affiliates	Book value of shares Gross (b)	Book value of shares Net (b)	Including revaluation difference (b)
II — GENERAL INFORMATION ABOUT OTHER SUBSIDIARIES AND AFFILIATES			
French subsidiaries	499,592	216,646	1,386
Foreign subsidiaries	1,855,792	1,695,883	4,361
French associated companies	1,276,609	1,183,411	65
Foreign associated companies	340,439	291,457	3,142

* Data at 31 December 2001; ** Data at 31 December 2000; *** Company created during the year; **** Data at 30 June 2002.
(a) In thousands of currency units; (b) In thousands of euros.

Last published income (loss)	Per cent interest held by BNP Paribas SA	Book value of shares		Including revaluation difference	Dividends received during the year	Outstanding loans and advances granted by BNP Paribas SA	Guarantees and endorsements given by BNP Paribas SA
		Gross	Net				
(a)	en %	(b)	(b)	(b)	(b)	(b)	(b)
3,166	94.22	988,653	988,653				
305,816	94.00	315,711	315,711				
73,783	90.44	1,287,632	1,287,632	2,171	98,234	875,105	
2,948	80.00	47,437	47,437				
135,968	74.64	714,898	714,898		92,079	7,306,631	144,673
3,200	72.11	91,259	91,259				
8,898	51.01	50,806	50,806				
		23,322,961	22,544,715	44,121	1,177,568	31,053,458	2,208,921
1,346	50.00	30,302	30,302			15,952	
3,057	50.00	19,965	19,965				
8,607	49.00	42,981	42,981		3,773		
7,132	45.24	29,586	29,586		846		
77,049	43.15	521,361	521,361	6,572	45,831	3,345,038	142,486
12,916	30.80	25,590	25,590		1,696		
42	30.66	32,124	32,124		763		
(7,700)	21.82	437,212	437,212		32,660		
25,416	21.32	44,491	44,491		21,999		
147,545	20.00	71,599	71,599		25,045		
6,263	18.61	29,034	29,024				
32,567	16.48	139,504	139,504		7,010		
812,000	16.23	3,096,769	3,096,769		1,962		
357,649	14.81	761,832	761,832				
300,264	13.21	253,934	253,934		15,587	4,339,762	7,880
		5,536,284	5,536,274	6,572	157,171	7,700,752	150 366

ACQUISITIONS OF EQUITY INTERESTS BY BNP PARIBAS SA

Changes in percent interests (French companies only)

	5% disclosure threshold crossed
Unlisted	SAS Vigeo
	10% disclosure threshold crossed
Unlisted	ABN Amro Advisory Inc.
Unlisted	Bank of the West
Listed	Crédit Lyonnais
Unlisted	Tyler Trading Inc.
	20% disclosure threshold crossed
Unlisted	Cie Médicale de Financement de Voitures et Matériel (CMV)
	33.33% disclosure threshold crossed
Unlisted	A2B
Unlisted	Natio Assurances SA
	50% disclosure threshold crossed
Unlisted	Euro Securities Partners
	66.66% disclosure threshold crossed
Unlisted	BNP Paribas Securities Korea
Unlisted	BPSS International Holding
Unlisted	Sofinergie 4

PRINCIPAL ACQUISITIONS AND DISPOSALS IN FRANCE AND ABROAD

Threshold: EUR 20 million for listed equities and EUR 1 million for unlisted equities

ACQUISITIONS IN FRANCE

New investments	
Intra-group	BPSS International Holding
Intra-group	Cie Médicale de Financement de Voitures et Matériel (CMV)
Intra-group	BNP Paribas Réunion
Intra-group	Euro Securities Partners
	Euromezzanine 4
	FCPR CDC Entreprises II "A"

Bolt-on investments	
Intra-group	Crédit Lyonnais
	Natio Assurances SA
	Sofinergie 4

Subscriptions to share issues	
Intra-group	Antin Participation 4
Intra-group	Antin Participation 5
Intra-group	Antin Participation 7
Intra-group	BNP Paribas BDDI participations
Intra-group	CIF Cie Immobilière de France
Intra-group	Protection 24
	Axa Private Equity Fund II
	BMS Exploitation
	Bouygues Telecom
	Crédit Logement
	SPS RE

ACQUISITIONS OUTSIDE FRANCE

New investments	
	ABN Amro Advisory Inc. (United States)
	Baloise (Switzerland)
Intra-group	Bank of the West (United States)
Intra-group	BNP Paribas Securities Korea (South Korea)
Intra-group	BNP Paribas Zao (Russia)
Intra-group	Laritza (South Africa)
	Lonza GRP (Switzerland)
	LGV 2001 (United Kingdom)
	Rieter N*** (Switzerland)
	Stanley Logistics Inc. (United States)
	Tyler Trading Inc. (United States)

Bolt-on investments	
Intra-group	BNP Paribas Canada (Canada)
Intra-group	BNP Paribas Peregrine Securities pte (Singapore)
Intra-group	Charter Atlantic (United States)

Subscriptions to share issues	
Intra-group	BancWest Corp. (United States)
Intra-group	BNP Equities Asia (Malaysia)
Intra-group	BNP Paribas España (Spain)
Intra-group	BNP Holding UK Ltd (United Kingdom)
Intra-group	BNP PUK Holding Ltd (United Kingdom)
	CVC III (United Kingdom)
	Electra European Fund Ltd (United Kingdom)
	European Private Equity Fund B (United Kingdom)
	QCM Private Equity Fund II (United Kingdom)
	Alfieri Associated Investors (Italy)

DISPOSALS IN FRANCE

Total	
Intra-group	Banque Petrofigaz
Intra-group	PAI Management
	Banque Directe
	Coparex INTL
	Format SA
	FRSE Chèque Voyage
	Publicis
	Seme
	Soparind SA
	UGC

Partial	
Intra-group	Paribas Santé
	AGZ Holding
	Peugeot SA
	Saint-Gobain
	TotalFinaElf SA
	Caisse Refin de l'Habitat
	Financière PAI

DISPOSALS OUTSIDE FRANCE

Total	
Intra-group	BNP Prime Peregrine Holdings (Malaysia)
	BNP Nedbank Mozambique (Mozambique)
	Dongwon ITMC (South Korea)
	Mac Dougal Littel Inc. (United States)
	Moulin International Hold (Hong Kong)
	NTL (United States)
	Pocztowo Bankowe Powszechne T. (Poland)
	Proxchange LTD (United Kingdom)
	SMDC – Sté Marocaine de Dépôt et de Crédit (Morocco)

Partial	
	Equitypar Cia de Participacoes (Brazil)s

GENERAL INFORMATION

LEGAL INFORMATION CONCERNING BNP PARIBAS

CORPORATE NAME AND REGISTERED OFFICE

BNP Paribas
16, boulevard des Italiens
75009 Paris
Legal documents concerning the Company are available for consultation at the Company's headquarters.

INCORPORATION DETAILS

Registered in Paris under No. 662 042 449
APE business identifier code: 651 C

INCORPORATION DATE AND FISCAL YEAR

The Company was incorporated on 17 September 1993 for a period of ninety-nine years. Each financial year begins on 1 January and ends on 31 December.

LEGAL STUCTURE, REGULATORY FRAMEWORK AND CORPORATE PURPOSE

BNP Paribas is a French *société anonyme* (public limited company) licensed to conduct banking operations under the Monetary and Financial Code *(Code Monétaire et Financier, Livre V, Titre 1er)*. The company was founded pursuant to a decree dated 26 May 1966.
BNP Paribas is governed by banking regulations, the provisions of the Commercial Code applicable to trading companies and by its Articles of Association. The Company's purpose (Article 3 of the Articles of Association) is to provide and conduct the following services with any legal entity or individual, in France and abroad, subject to compliance with the laws and regulations applicable to credit institutions licensed by the Comité des Établissements de Crédit et des Entreprises d'Investissement: any and all investment services, any and all related investment operations, any and all banking services, any and all related banking operations, all equity investments, as defined in the Monetary and Financial Code (*Livre III, Titre 1er* governing banking services and *Livre III Titre II* governing investment services).
BNP Paribas may also conduct any and all other businesses and any and all transactions in addition to those listed above, including any and all arbitrage, brokerage and fee-based transactions, subject to compliance with the regulations applicable to banks.
BNP Paribas may conduct for its own account and/or for the account of third parties, any and all financial, commercial, industrial, or agricultural activities as well as all activities concerning securities and real estate, that may be directly or indirectly related to the activities referred to above or that may facilitate their execution.

SOCIAL REPORT

A social report is published each year in April and is available on the web site at www.bnpparibas.com and on request.

BNP PARIBAS EXECUTIVE COMMITTEE

The Executive Committee is responsible for all decisions related to the Group's business. The Group's main core businesses and Group functions are represented on the Committee.

Michel Pébereau, Chairman and Chief Executive Officer
Baudouin Prot, President and Chief Operating Officer
Dominique Hoenn, Chief Operating Officer
Philippe Blavier, Corporate and Investment Banking
Philippe Bordenave, Group Finance
Georges Chodron de Courcel, Corporate and Investment Banking
Jean Clamon, Retail Financial Services
Hervé Gouëzel, Group Information Systems
Bernard Lemée, Group Human Resources
Vivien Lévy-Garboua, Asset Management and Services
Amaury-Daniel de Seze, BNP Paribas Capital

Also attend meetings of the Committee:
Michel François-Poncet, Vice Chairman of the BNP Paribas Board of Directors
Jacques de Larosière, Advisor to the Chairman
Jean-Laurent Bonnafé, French Retail Banking
Michel Clair, Facilities Manager
Pierre Mariani, International Retail Banking

Rapporteur of the Executive Committee
Laurent Tréca, Group Development

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	*See April 2003 Social Report*
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	*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.*
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	*See April 2003 Social Report*
Reasons for absenteeism	Reasons for absenteeism in the company break down into two categories: - Short-term sick leave (1 to15 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	*See the April 2003 Social Report*
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 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
Gender breakdown	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
Employee relations and collective bargaining	*See Annual Report – Human Resources – Employee-management communication.* *See April 2003 Social Report*
Health and safety	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
Training	*See Annual Report – Human Resources – Skills development. See April 2003 Social Report*
Employment and integration of handicapped employees	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*
Company benefit schemes	*See the April 2003 Social Report*
Contribution to regional development and employment	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 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
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. Since1990, 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 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
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.

BNP PARIBAS JOINT STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS – YEAR ENDED 31 DECEMBER 2002

Barbier Frinault & Autres
Network Ernst & Young
41, rue Ybry
92576 Neuilly-sur-Seine Cedex

PricewaterhouseCoopers Audit
32, rue Guersant
75017 Paris

Mazars & Guérard
Mazars
Le Vinci - 4, allée de l'Arche
92075 Paris La Défense

To the shareholders
BNP Paribas
16, boulevard des Italiens – 75009 Paris

Free translation of the original report in French

To the shareholders

In our capacity as Auditors, we hereby report to shareholders on regulated agreements.

Our responsibility does not include identifying any undisclosed agreements. We are required to report to shareholders, based on the information provided, about the main terms and conditions of agreements that have been disclosed to us, without commenting on their relevance or substance. Under the provisions of Article 92 of the decree of 23 March 1967, it is the responsibility of shareholders to determine whether the agreements are appropriate and should be approved.

We were not informed of any agreements entered into during the year that would be governed by Article L.225-38 of the Commercial Code.

In application of the decree of 23 March 1967, we were advised of the following agreements entered into in prior years, which remained in force during the year:

Agreement with Axa

Directors concerned:
Claude Bébéar, Chairman of the Supervisory Board of Axa and Chairman of the Board of Directors of Finaxa.
Michel François-Poncet, member of the Supervisory Board of Axa and director of Finaxa.
Michel Pébéreau, member of the Supervisory Board of Axa.

On 12 September 2001, the BNP Paribas and Axa groups signed a standstill agreement whereby Axa will not reduce its interest in BNP Paribas to below 4.9% and BNP Paribas will not reduce its interest in Finaxa to below 22.25%. At the end of the period covered by the agreement, each partner will have a pre-emptive right to purchase the other partner's shares. In addition, the two partners have call options on the other's shareholdings, which are exercisable in the event of a change of control.

The Axa Group has also given a commitment to maintain the liquidity of BNP Paribas' interest in Finaxa.

The agreement covers a period of three years from the date of signature. At the end of this initial period, it will be automatically renewable for successive three-year periods until terminated by either party with three months' notice.

Guarantees given to subsidiaries

BNP Paribas Finance Plc London
Director concerned: David Peake, Chairman
At 31 December 2002, these guarantees totalled GBP 1,300 thousand.

Guarantees given to directors

BNP Paribas SA has taken out insurance policies with Chubb to cover any financial liability and defence costs of the directors and senior executives of its subsidiaries and branches in the case of any proceedings initiated against them that concern the normal exercise of their functions. The insured amount is EUR 120 million.

We conducted our review in accordance with the standards of our profession. Those standards require that we carry out the necessary procedures to verify the consistency of the information disclosed to us with the source documents.

Neuilly-sur-Seine, Paris, and La Défense, 18 March 2003

Statutory Auditors

Barbier Frinault & Autres
Ernst & Young network

Christian Chiarasini
Radwan Hoteit

PricewaterhouseCoopers Audit

Étienne Boris

Mazars & Guérard
Mazars

Hervé Hélias

STATUTORY AUDITORS

NAMES AND ADDRESSES OF THE AUDITORS

For the years 2000, 2001 and 2002

Barbier Frinault & Autres	PricewaterhouseCoopers Audit	Mazars & Guérard
Represented by Christian Chiarasini	(formerly Befec-Price Waterhouse)	Represented by Hervé Hélias
and Radwan Hoteit	Represented by Étienne Boris	125, rue de Montreuil
41, rue Ybry	32, rue Guersant	75011 Paris
92576 Neuilly-sur-Seine Cedex	75017 Paris	

- Barbier Frinault et Autres was re-appointed as Auditor at the Annual General Meeting of 23 May 2000 for a six-year period expiring at the close of the Annual General Meeting to be called in 2006 to approve the financial statements for the year ending 31 December 2005. The firm was first appointed at the Annual General Meeting of 26 May 1988.
  Barbier Frinault & Autres, represented by Christian Charasini and Radwan Hoteit, has been a member of Ernst & Young since 5 September 2002.

- PricewaterhouseCoopers Audit (formerly Befec-Price Waterhouse) was re-appointed as Auditor at the Annual General Meeting of 23 May 2000 for a six-year period expiring at the close of the Annual General Meeting to be called in 2006 to approve the financial statements for the year ending 31 December 2005. The firm was first appointed at the Annual General Meeting of 26 May 1994.
  PricewaterhouseCoopers Audit (formerly Befec-Price Waterhouse), represented by Etienne Boris, is a member of PricewaterhouseCoopers.

- Mazars & Guérard was appointed as Auditor at the Annual General Meeting of 23 May 2000 for a six-year period expiring at the close of the Annual General Meeting to be called in 2006 to approve the financial statements for the year ending 31 December 2005.
  Mazars & Guérard was initially represented by the late Yves Bernheim and is now represented by Hervé Hélias.

RESOLUTIONS PROPOSED AT THE COMBINED ANNUAL AND EXTRAORDINARY GENERAL MEETING OF 14 MAY 2003

ANNUAL MEETING

First resolution *(Approval of the balance sheet of the Group at 31 December 2002 and the profit and loss account for the year ended at that date)*

The Annual Meeting, having reviewed the reports of the Board of Directors and the Auditors on the consolidated financial statements for the year ended 31 December 2002, approves the balance sheet of the Group at 31 December 2002 and the profit and loss account for the year then ended.

Second resolution *(Approval of the balance sheet of the Bank at 31 December 2002 and the profit and loss account for the year ended at that date)*

The Annual Meeting, having reviewed the reports of the Board of Directors and the Auditors on the financial statements for the year ended 31 December 2002, approves the balance sheet of the Bank at 31 December 2002 and the profit and loss account for the year then ended. The Annual Meeting notes that net income for the year amounted to EUR 2,830,067,502.98.

Third resolution *(Appropriation of 2002 net income and dividend)*

The Annual meeting resolves, in accordance with Article 18 of the Articles of Association, to appropriate net income as follows:

	in euros
Net income for the year	2,830,067,502.98
Retained earnings brought forward from prior years	4,695,079,910.57
Total to be appropriated	**7,525,147,413.55**
To the special long-term capital gains reserve	346,277,902.00
To the special Investment Reserve	17,089,913.00
To dividends	1,075,055,788.80
To unappropriated retained earnings	6,086,723,809.75
Total	**7,525,147,413.55**

The total dividend of EUR 1,075,055,788.80 to be paid to BNP Paribas SA shareholders, corresponds to a dividend of EUR 1.20 per share with a par value of EUR 2.00. The total amount paid to individual shareholders and corporate shareholders qualifying for the affiliation privilege will be EUR 1.80, including the EUR 0.60 *avoir fiscal* tax credit corresponding to tax already paid to the Treasury. Full powers are given to the Board of Directors to credit dividends payable on shares held in treasury stock to unappropriated retained earnings.

The 2002 dividend will be payable as from 12 June 2003, in cash.

As required under Section 47 of the Act of 12 July 1995 (Act 65-566), the Board of Directors informs the Annual Meeting that dividends paid for the last three years were as follows:

in euros

	Par value of shares	Number of shares	Total dividend	Dividends	"Avoir-fiscal" Tax credit(1)	Total payout
1999	4.00	450,129,494	787,726,614.50	1.75	0.875	2.625
2000	4.00	448,206,055	1,008,463,623.75	2.25	1.125	3.375
2001	2.00	886,622,994	1,063,947,592.80	1.20	0.60	1.80

(1) Corresponding to tax already paid to the Treasury.

The Annual Meeting authorises the Board of Directors to deduct from unappropriated retained earnings, the amounts necessary to pay the above dividend on shares issued on exercise of stock options prior to the ex-dividend date.

Fourth resolution *((Approval of transactions and agreements between the Bank and its directors and officers or between the Bank and other companies with common directors, governed by Sections L 225-38 to 225-43 of the Commercial Code)*

The Annual Meeting notes the terms of the Auditors' special report on transactions and agreements governed by Sections L 225-38 to 225-43 of the Commercial Code and approves the transactions and agreements referred to therein.

Fifth resolution *(Issuance of bonds and equivalents and other debt securities)*

The Annual Meeting authorises the Board of Directors to issue, in France and abroad, any and all types of debt securities, including subordinated notes, equity notes and perpetual bonds but excluding money market securities as defined in Sections L. 213-1 *et seq.* of the Monetary and Financial Code, denominated in euro, in foreign currency or in any monetary unit determined by reference to a basket of currencies. The securities may be issued on one or several occasions, at the Board's discretion, provided that the aggregate face value of the issues does not exceed EUR 20 billion or the equiv-

alent in foreign currency or monetary units. The securities may be secured by mortgage or other collateral or be unsecured.
The Board shall have full powers to determine the type of securities to be issued, the amounts and timing of the issues, the interest rate and other terms and conditions of issue and repayment. The Annual Meeting gives full powers to the Board of Directors and, by delegation, to the Chairman or one of the Directors, to carry out the above issues, to determine the terms and conditions thereof and the characteristics of the securities. Any bonds or equivalents issued under this authorisation may pay interest at a fixed or variable rate and may be redeemable at par or at a fixed or variable premium, in which case the premium will be in addition to the ceiling specified above. Issues in foreign currencies will be converted into euro on the basis of the exchange rate prevailing on the date of issue for the purpose of determining whether they fall within the above ceiling.
This authorisation is given for a period of twenty-six months from the date of this Annual Meeting.
This authorisation cancels and replaces the unused portion of any earlier authorisations to issue debt securities.

Sixth resolution *(Share buybacks)*

The Annual Meeting, having reviewed the report of the Board of Directors and the information memorandum approved by *the Commission des Opérations de Bourse*, resolves, in accordance with Section L 225-209 of the Commercial Code, to authorise the Board of Directors to buy back up to 89,587,982 BNP Paribas SA shares, representing 10% of the issued capital of the Bank as of the date of this Meeting.
The shares may be acquired in order to stabilise the share price, or to take advantage of market opportunities, or for allocation on exercise of stock options, or for allocation or sale to employees in connection with the employee profit-sharing scheme, employee share ownership plans or corporate savings plans, or in connection with stock option plans set up in favour of officers and key employees of the Bank, or in order to be held in treasury stock, or for the purpose of being sold or exchanged or otherwise transferred on a regulated market or over-the-counter, or for the purpose of being cancelled at a later date, on a basis to be determined by the shareholders in Extraordinary Meeting, or in connection with the management of the Bank's assets and liabilities and its financial position.
The shares may be purchased, sold or transferred at any time and by any appropriate method, including in the form of block sales or by means of derivative instruments traded on a regulated market or over-the-counter.
The price at which shares may be acquired under this authorisation may not exceed EUR 70 per share, representing a maximum purchase price of EUR 6,271,158,740 if the authorisation is used in full. The shares may not be sold at a price of less than EUR 30 per share. These maximum and minimum prices may be adjusted following any transactions that have the effect of altering the Bank's issued capital. The Annual Meeting gives full powers to the Board of Directors and, by delegation, to any person duly authorised by the Board, to place any and all buy and sell orders, enter into any and all agreements, carry out any and all formalities and take any and all other action required to use this authorisation.
This authorisation is given for a period of eighteen months.
The Board of Directors will be required to report to shareholders at each Annual Meeting on the share buybacks, transfers, sales and cancellations carried out under this authorisation.
This authorisation cancels and replaces the unused portion of any earlier authorisations to carry out share buybacks.

Seventh resolution *(Renewal of the term of office of a director)*

The Annual Meeting resolves to renew the term of office as director of Michel Pébereau for a period of three years, expiring at the close of the Annual Meeting to be called in 2006 to approve the 2005 financial statements.

Eighth resolution *(Renewal of the term of office of a director)*

The Annual Meeting resolves to renew the term of office as director of Claude Bébéar for a period of three years, expiring at the close of the Annual Meeting to be called in 2006 to approve the 2005 financial statements.

Ninth resolution *(Renewal of the term of office of a director)*

The Annual Meeting resolves to renew the term of office as director of Jean-Louis Beffa for a period of three years, expiring at the close of the Annual Meeting to be called in 2006 to approve the 2005 financial statements.

Tenth resolution *(Renewal of the term of office of a director)*

The Annual Meeting resolves to renew the term of office as director of Michel François-Poncet for a period of three years, expiring at the close of the Annual Meeting to be called in 2006 to approve the 2005 financial statements.

Eleventh resolution *(Renewal of the term of office of a director)*

The Annual Meeting resolves to renew the term of office as director of Alain Joly for a period of three years, expiring at the close of the Annual Meeting to be called in 2006 to approve the 2005 financial statements.

Twelfth resolution *(Renewal of the term of office of a director)*

The Annual Meeting resolves to renew the term of office as director of Denis Kessler for a period of three years, expiring at the close of the Annual Meeting to be called in 2006 to approve the 2005 financial statements.

Thirteenth resolution *(Ratification of the appointment of a director)*

The Annual Meeting ratifies the appointment as director of Gerhard Cromme at the Board Meeting of 21 March 2003, to replace Bernd Farholz for the remainder of Mr Farholz's term, expiring at the close of the Annual Meeting to be called in 2005 to approve the 2004 financial statements.

Fourteenth resolution *(Ratification of the appointment of a director)*

The Annual Meeting ratifies the appointment as director of Hélène Ploix at the Board Meeting of 21 March 2003, to replace René Thomas for the remainder of Mr Thomas's term, expiring at the close of the Annual Meeting to be called in 2005 to approve the 2004 financial statements.

Fifteenth resolution *(Resignation of directors)*

The Annual Meeting notes that Paul-Louis Halley and Philippe Jaffré do not wish to renew their terms of office as directors, which expire at the close of this Annual Meeting, and resolves not to replace them.

EXTRAORDINARY MEETING

Sixteenth resolution *(Authorisation to be given to the Board of Directors is issue shares for subscription by participants in the Corporate Savings Plan, without pre-emptive subscription rights for existing shareholders)*

The Extraordinary Meeting, having reviewed the report of the Board of Directors and the Auditors' special report, resolves, in accordance with para. 4 of Sections L 225-129 III and L. 225-138 of the Commercial Code and Section L 443-5 of the Labour Code, to authorise the Board of Directors to issue shares for subscription by participants in the BNP Paribas Group Corporate Savings Plan. One or several share issues may be carried out under this authorisation, at the Board's discretion, provided that the aggregate par value of the shares issued does not exceed EUR 60,000,000.

The shares issued under this authorisation will be offered at a discount of 20% to the average of the opening prices quoted for BNP Paribas shares over the 20 trading days preceding the date of the decision made by the Board of Directors to open the subscription period. At the time of the issue(s) carried out under this authorisation, the Board of Directors may reduce this discount on a case by case basis where required due to tax, labour or accounting rules and regulations applicable in certain countries where participating BNP Paribas Group companies or entities carry out their operations.

The Extraordinary Meeting resolves to waive pre-emptive subscription rights for existing shareholders to subscribe for the shares to be issued to participants in the BNP Paribas Group Corporate Savings Plan.

This authorisation is given for a period of five years from the date of this meeting.

The Extraordinary Meeting gives full powers to the Board of Directors and, by delegation, to the Chairman subject to compliance with Section L 225-129-V of the Commercial Code, to act on this authorisation, within the limits and subject to compliance with the conditions set forth hereabove. Specifically, the Board of Directors has full powers to:

- determine the companies or other entities whose active and retired employees are eligible to subscribe for the shares to be issued under this authorisation;
- fix the conditions of eligibility of employees, in terms of period of service, and the period granted to subscribers to pay for the shares, subject to compliance with the law;
- decide whether the shares will be subscribed through a corporate mutual fund or directly;
- set the subscription price of the new shares;
- fix the amount of each issue, the duration of the subscription period, the date from which the new shares will carry dividend and voting rights, and generally all other terms and conditions of issue;
- place on record each capital increase based on the aggregate par value of the subscribed shares;
- carry out all related formalities and amend the Articles of Association to reflect the new capital;
- at the Board's sole discretion, after each share issue, charge the share issuance costs against the related premium and deduct from the premium the sum required to raise the legal reserve to one-tenth of the new capital;
- generally, take any and all measures to effect the capital increases, in full compliance with the applicable laws and regulations.

This authorisation cancels and replaces the unused portion of any earlier authorisations to carry out employee share issues.

Seventeenth resolution *(Suspension of authorisations given to the Board of Directors to issue shares and share equivalents while the Bank is the target of a take-over bid, except for operations where the decision was approved in principle by the Board of Directors, and announced to the market prior to the bid being filed)*

The Extraordinary Meeting resolves, in accordance with the provisions of Section L 255-129-IV of the Commercial Code, that authorisations to issue shares and share equivalents given to the Board of Directors may not be used while a public tender or exchange offer for the Bank's shares is in progress, unless these issues concern operations where the decision was approved in principle by the Board of Directors, and announced to the market prior to the offer being filed.

This authorisation is given for a period of one year expiring at the Annual Meeting to be called to approve the 2003 financial statements.

Eighteenth resolution *(Authorisation to be given to the Board to cancel shares and reduce the capital)*

The Extraordinary Meeting, having reviewed the report of the Board of Directors and the Auditors' special report, authorises the Board of Directors to cancel shares acquired under the authorisation given in the sixth resolution of this Meeting – provided that the number of shares cancelled does not exceed 10% of the Bank's issued capital – and to reduce the capital accordingly and to debit any difference between the price paid for the cancelled shares and their par value against additional paid-in capital or revenue reserves.

The Extraordinary Meeting gives full powers to the Board of Directors and, by delegation, to the Chairman, to amend the Articles of Association to reflect the new capital, to carry out any and all formalities and to take all other action required in connection with the use of this authorisation.

This authorisation is given for a period of eighteen months.

This authorisation cancels and replaces the unused portion of any earlier authorisations to the same effect.

Nineteenth resolution *(Amendment of the Articles of Association relating to the age limits of the Chairman and Chief Executive Officer or the Chief Executive Officer)*

The Extraordinary Meeting, having heard the report of the Board of Directors, resolves to amend article 14 of Chapter IV of the Articles of Association and to insert a new paragraph in the article concerning the age limits of the Chairman and Chief Executive Officer or the Chief Executive Officer:
The following paragraph will be added to the final paragraph of article 14 of Chapter IV of the Articles of Association concerning the Chairman and Chief Executive Officer:

"The Chairman and Chief Executive Officer will be required to retire from office at the latest at the close of the Annual General Meeting held to approve the accounts of the year in which he or she reaches his or her sixty-fifth birthday."

The following new paragraph will be added to article 14 of Chapter IV of the Articles of Association concerning the Chief Executive Officer:

"If the Board of Directors decides to segregate the functions of Chairman of the Board and Chief Executive Officer, the Chairman of the Board will be required to retire from office at the latest at the close of the Annual General Meeting held to approve the accounts of the year in which he or she reaches his or her sixty-eighth birthday. However, the Board of Directors may decide to extend the term of office of the Chairman of the Board to the close of the Annual General Meeting held to approve the accounts of the year in which he or she reaches his or her sixty-ninth birthday. The Chief Executive Officer will be required to retire from office at the latest at the close of the Annual General Meeting held to approve the accounts of the year in which he or she reaches his or her sixty-third birthday. However, the Board of Directors may decide to extend the term of office of the Chief Executive Officer to the close of the Annual General Meeting held to approve the accounts of the year in which he or she reaches his or her sixty-fourth birthday.

Consequently, the Extraordinary Meeting also resolves to amend articles 8 and 15 of the Articles of Association as follows:

– Article 8:
  Para. 1 of article 8 will henceforth read as follows:
  "The Chairman of the Board of Directors is appointed from among the members of the Board of Directors."
– Article 15:
  The final paragraph of article 15 will be deleted.

Twentieth resolution *(Amendment of the Articles of Association concerning the transitional provisions relating to combining or segregating the functions of Chairman of the Board and Chief Executive Officer)*

The Extraordinary Meeting, having heard the report of the Board of Directors, resolves to delete paragraph 3 of article 14 of Chapter IV of the Articles of Association, containing the transitional provisions relating to the organisation of the Bank's management.

Twenty-first resolution *(Powers to carry out formalities)*

The General Meeting gives full powers to the bearer of an original, copy or extract of the minutes of this Meeting to carry out all legal or administrative formalities and to make all filings and publish all notices required by the applicable laws.

GLOSSARY

Accretion	Reverse of dilution. Accetion 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.

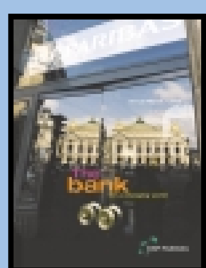
CMF (Conseil des Marchés Financiers)	French organisation responsible for regulating the stock market and other financial markets. The CMF establishes the rules governing the operation of the market and the code of ethics to be adhered to by market operators. It also initiates disciplinary measures against 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 maket 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)	Interest rate corresponding to the monthly bond yield.
TPI	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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