

BNP PARIBAS IN 1999:

**PRO-FORMA NET INCOME OF 3.26 BILLION EUROS
(21.4 BILLION FRANCS) BEFORE RESTRUCTURING
CHARGES**

- BNP Paribas is now a leading European banking group, in terms of its equity, income and its global presence.
- In 1999, the Group had 3.26 billion Euros in pro-forma net income before the restructuring charges, up 54%. This result was driven by a sharp rise in the gross operating income (+44.7%). The Group's ROE reached 17.1%
- The integration is well under way. It is on schedule and synergies have been confirmed. The Group's goal is now to outperform its industrial business plan.
- BNP Paribas has the resources required to implement its ambitious growth strategy, in corporate and investment banking as well as in retail banking, asset management and private banking.
- Already France's leading e-Finance banking group by the number of customers and the level of its investments, BNP Paribas has incorporated the Internet revolution in the strategies of all its core businesses. It has already moved to invest 700 million Euros in the Internet over the 2000-2002 period and to step up its partnerships strategy.

Millions of Euros	Pro Forma Accounts			Published Accounts
	1999	1998	Variations	1999
Net Banking Income	14,339	11,814	+ 21.4%	10,206
(Operating Expenses and Depreciation)	-9,549	-8,503	+12.3%	-6,742
Gross Operating Income	4,790	3,311	+44.7%	3,464
(Provisions)	-1,075	-1,769	-39.2%	-702
Operating Income	3,715	1,542	+140.9%	2,762
Equity Affiliates, Capital Gains and Other	1,522	1,553	-2.0%	681
(Income Tax)	-1,659	-782	+112.1%	-1,201
(Minority Interests)	-312	-197	+58.4%	-163
Net income attributable to the Group before restructuring charges	3,266	2,116	+54.3%	2,079
(Restructuring charges)	-651	-400	+62.8%	-595
Net Income attributable to the Group after restructuring charges ²	2,615	1,716	+52.4%	1,484

I - Results Driven By a Sharp Rise in Gross Operating Income

In a global environment largely favourable for banking and finance, BNP Paribas had an excellent performance in 1999.

- 1) BNP Paribas' pro-forma consolidated accounts for 1999, established by aggregating the results of both groups¹, show net income (attributable to the Group), of 3,266 million Euros, before restructuring charges, up 54.3% compared to the sum of BNP and Paribas' 1998 incomes calculated using the same methods².

Net banking income rose 21.4% to 14.3 billion Euros (17.7% consistently applied and on a comparable basis³). With a 12.3% increase in operating expenses and depreciation (7.7% consistently applied), gross operating income reached 4.8 billion Euros, up 44.7% (+44.0% consistently applied and on a comparable basis). The cost/income ratio for the year was 66.6%.

¹ In preparing the pro-forma consolidated accounts, Paribas' fourth quarter was taken into account in proportion to its contribution to BNP Paribas' consolidated accounts using BNP's accounting methods. Paribas' accounts, taken separately, show net profits attributable to the Group over 120 million Euros above this amount because of different accounting methods used by the Paribas Group.

² Net profits (attributable to the Group) after restructuring charges and expenses incurred by Paribas in connection with the SG-Paribas project, totalled 2.615 million Euros, up 52.4%.

³ That is to say, cancelling the effect of the securitisation of Côte d'Ivoire and Kenya's sovereign debts in 1998.

Net increase in provisions (1.1 billion Euros) was down 39.2% over 1998, a year marked by recessions in a number of the emerging economies. The other factors contributing to the performance (equity affiliates, results of equity investment sell-offs, exceptional income and others) decreased 2% to 1.5 billion Euros. Thus, pre-tax income soared 69.2% to 5.2 billion Euros.

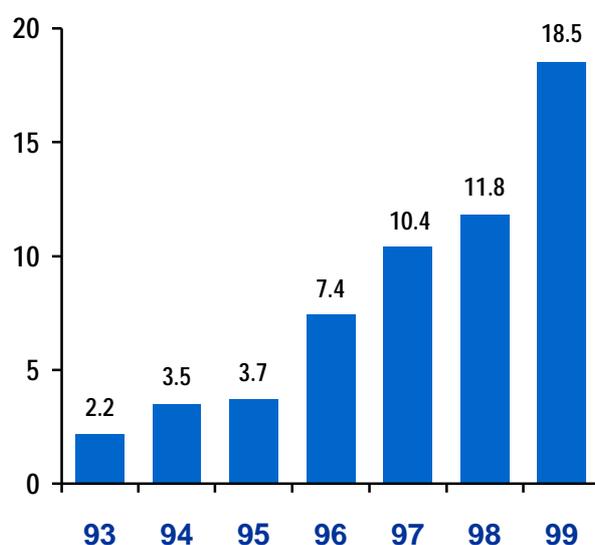
The new Group's pro-forma return on equity was 17.1% before restructuring charges and 14.2% after restructuring charges.

- 2) **The net income of the BNP Group, taken on a stand alone basis**, before restructuring charges, came to 1.9 billion Euros, up 71.1%, for an 18.5% return on equity, a very sharp rise.

RETURN ON EQUITY(1)

BNP STAND ALONE

(%) x 8



(1) ROE: Net Income Attributable to the Group / Average Equity Attributable to the Group
(after distribution)

This result was obtained in particular due to a sustained level of gross operating income, at 29.9%, or 3.2 billion Euros. The cost/income ratio fell to 64%. After setting aside provisions, down 50%, operating income had doubled, totalling 2.6 billion Euros.

For its part, the Paribas Group also had an excellent year, despite the difficult circumstances caused by the take-over bids it was the subject of in 1999. The Group's net banking income, included in the pro-forma results mentioned above, rose 25.6% to 5.3 billion Euros. The rise in operating expenses and depreciation was limited to 10.3% such that gross operating income reached 1.55 billion Euros, up 89.7%.

The other factors contributing to the performance (equity affiliates, capital gains and others) fell 10% compared to 1998. The net income attributable to the Group rose 35.7%.

3) **Corporate and Investment Banking**: A Very Good Year in a prosperous environment.

	<i>In € mn</i>	<i>Var.</i>
NBI	5,540	+ 30.4 %
Oper. Expenses	- 3,325	+ 11.2 %
GOI	2,215	+ 75.9 %
Provisions	- 434	- 56.8 %
Pre-Tax Income	1,783	x 6,6
ROE	20 %	+16 pts

In a prosperous economic and financial context, it was a record year for BNP Paribas' Corporate and Investment Banking. Net banking income, based on allocated equity, was up

30.4% to 5.54 million Euros, and gross operating income soared by 75.9% to 2.215 million Euros. The return to a normal economic situation in the emerging economies substantially reduced the level of net increase in provisions to 434 million Euros, down 56.8% compared to 1998. Pre-tax return on equity, for Corporate and Investment Banking, was 20%.

The merger of BNP and Paribas gives rise to a leader in a number of corporate and investment banking's core businesses, with a leading position in all the major global financial centres and a strong local presence in Europe and Asia.

In 1999, BNP Paribas enjoyed a particularly remarkable year in equities and equity derivatives. It confirmed its leading position in bond issues in Euros (ranked No. 3 worldwide), syndicated credit arrangements (ranked No. 9 worldwide, No. 2 in

Europe) and project financing. It won mandates in the year's major acquisitions like Vodaphone/Airtouch and Air Liquide/BOC. It is a global leader in commodity trade financing.

A particularly selective credit policy combined with increased use of portfolio management and securitisation techniques helped reduce the average equity allocated to this core business from 9.2 to 9 billion Euros despite a sustained level of business.

In many of Corporate and Investment Banking's core businesses, BNP Paribas holds leading positions which legitimise its clear European and global ambitions for expansion.

4) Retail Banking.

Domestic Retail banking: Buoyant Growth in Gross Operating Income, Commissions and New Products.

	<i>In € mn</i>	<i>Var.</i>
NBI	3,910	5.0 %
Oper. Expenses	2,905	2.4 %
GOI	1,005	13.6 %
Provisions	203	3.0 %
Pre-tax Income	759	24.4 %
ROE	19 %	+ 3 pts

Revenues from the banking network in France, based on allocated equity, were up 5% to 3.835 million Euros. Looking at their breakdown, 43.3% came from commissions, the volume of which was up again in 1999 (+6.6%)

despite a decline in foreign exchange commissions following the introduction of the Euro. With a sustained level of new product development and new distribution channels, operating expenses and depreciation edged up 1.1%, excluding profit-sharing payouts.

Gross operating income, based on allocated equity, for Domestic Retail Banking was 1.005 million Euros, up 13.6% compared to 1998.

Net increase in provisions remained moderate at 203 million Euros (+ 3 %).

Pre-tax return on equity rose substantially to 19% (16% in 1998).

In an expanding economic cycle, both in terms of the demand for credit and the volume of deposits, BNP Paribas sought to maintain its intermediation margins. Outstanding loans rose 4.5% with an emphasis on consumer lending (+10.1%).

Checking and current account balances grew by 13.4%, life insurance assets by 14.5% and mutual fund assets by 20.8%. The number of accounts increased by 63,736. The number of bank cards held by the bank's customers rose 12.5%.

High net worth customer services has been expanded and on 31 December 1999 counted 456 asset management advisors. The number of customers using such services rose by 28% to 48,500.

The pre-tax net result increased by 24.4 to 759 million Euros.

Specialised Financial Services: Continue a Sustained Development and Investment Policy.

	<i>In € mn</i>	<i>Var.</i>
Outstanding	47,107	+ 9 %
Origination	22,253	+ 22 %
Pre-tax Income	507	+ 10 %
ROE	23 %	=

The Group pursued its investment expansion policy. Abroad, there were which were in Europe and three in Asia. One-quarter of all

lending is now made outside France. Alliances were reinforced with Cassa di Risparmio di Firenze (the Group doubled its investment stake), Halifax (the jointly owned subsidiary in the UK began operations), Carrefour (worldwide partnership and integration of this partner's transactions into Cetelem's systems).

The Group is number 1 in France and in the top three in Europe in terms of consumer lending, equipment leasing, car fleet management.

Cetelem increased its lending by 16% and its commitments by 13%. Together, UFB-Lobabail and BNP Lease boosted their lending capacity by 23%. Arval expanded its services to include utility vehicles and increased its commitments by 54%. UCB made its technical platform available to Société Générale. It augmented its commitments by 46%. Banque Directe's credit and deposit commitments rose 49%.

With stock market orders up 68% and managed assets increased by 49%, Cortal continued to expand. At the end of 1999, the company had 473,000 customers.

In total, this group of businesses posted 731 million Euros in gross operating income (+4.3%), 507 million Euros in pre-tax net income (+10%) and pre-tax return on equity that was stable at 23%. It will continue to pursue over the coming years an aggressive development and investment strategy in Europe and worldwide.

International Retail Banking: A New Phase of Growth Through Acquisitions and Improved Profitability.

	In € mn	Var.	Var. at com struc.
NBI	1,183	66.6 %	8.5 %
Oper. Expenses	- 705	56.7 %	
GOI	478	83.8 %	20.9 %
Provisions	- 107	18.9 %	
Pre-tax Income	324	x 2	37.3%
ROE	30 %	+ 2 pts	

International Retail Banking continued its acquisition policy in the United States with the acquisition of Sierra West in the western states of the US (Nevada,

California). The merger between Bank of the West and First Hawaiian has generated synergies ahead of schedule in a context of economic recovery in Hawaii. The Group raised its investment stake (now 74%) in *Société Financière pour L’Outre-Mer* which has stakes in 11 African banks, including the “BICI” banks.

With the acquisitions, International Retail Banking recorded in 1999 net banking income up 66.6%, totalling 1.183 million Euros, doubling gross operating income to 478 million Euros⁴. Its pre-tax net income, based on allocated equity, rose two points to 30%.

5) Private Banking and Asset Management: Rapidly Growing Businesses With Highly Recurring Income.

	In € mn	Var.
NBI	1 691	+ 21.5 %
Oper. Exp	- 1 082	+ 19.8 %
GOI	609	+ 24.5 %
Pre-Tax	522	+ 27,9 %
ROE	25 %	=

The newly formed BNP Paribas Group moved right into Europe’s top five in asset management as well as private banking. It is one of Europe’s top two

⁴ Consistently applied, net banking income rose 8.5%, gross operating income 20.9% and pre-tax net income jumped 37.3%.

banking groups in terms of securities custody and services.

In 1999, soaring markets drove its business activities. The assets under management rose from 147 to 209 billion Euros. They benefited from the full effect of the 100% take-over of UEB, making BNP Paribas the No. 1 private bank in Switzerland. It also forged strategic alliances with specialised asset management companies: FFTW in the US, Dongwon in Asia. Cardif increased its assets by 26 % to 21.6 billion Euros; Natio-Vie boosted its assets 13% to 26.1 billion Euros.

In total, the business generated 1.691 million Euros in net banking income, up 21.5%, and 609 million Euros in gross operating income, a 25% rise. Its return on equity was 25%.

The Group's size and areas of expertise have enabled the business to continue its globalisation and to maintain the high level of growth necessary to reinforce its position as a global player.

6) Paribas Capital: Excellent Performance and Refocussing on Private Equity Fund Management.

	1999	1998
Capital gains	638	675
Pre tax Net Inc	720	725
ROE	36 %	35 %

Private equity fund management has continued to grow. Paribas Capital has developed fund

management for third parties (*i.e.*, Paribas LBO Fund). It sold off investment stakes (in Poliet, Sema, Equant, etc.) for a total of 1.5 billion Euros and made 700 million Euros in new investments.

Unrealised capital gains increased 850 million Euros totalling 4.8 billion Euros. Pre-tax net income, comparable to its 1998 level, came to 720 million Euros. Pretax return on equity was 36%.

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Thus 1999 marked a first step in achieving the 2002 targets set forth in the industrial business plan, in terms of reallocating equity into retail banking, private banking and asset management as well as increasing the profitability of the core businesses.

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

Return on equity after amortising goodwill. Acquisitions included. *Including minority interests except for Paribas Capital.*

II - Integration on Schedule, in Line With the Budget and Without Incidents

At the end of February 2000, the integration process between BNP and Paribas was coming along according to plan.

- The integration is on schedule as announced. Over 1,000 key executives have been appointed in the new Group;
- Cost and revenue synergies have been detailed and confirmed. Based on the conclusions of the task forces, 120 revenue synergy initiatives and 830 cost synergy initiatives have been approved. They make it possible to confirm that the timetable and synergies set forth in the industrial business plan will, at the very least, be met;
- The work carried by the task forces has established that employee turnover could easily provide the necessary reduction in the workforce (over 2,500 people annually between 2000 and 2002 like in 1999) consistent with commitments made. Assessed on 15 February 2000, Paribas' employee departure rate for the past six months is not substantially higher than that of last year;

- Since the completion of the public buy-out followed by a compulsory withdrawal of 1 February 2000, BNP is 100% parent shareholder in Paribas. The legal merger of the two banks could, after employee representatives are consulted and legal formalities carried out, be approved by shareholders at the General Meeting to be held on 23 May of this year;
- Many operational groupings of teams could be completed on that date. In Corporate and Investment Banking, a major contributor to the synergies, transitional arrangements are already in place permitting some teams from both banks to co-ordinate their work and combine their forces.

III - The Internet Revolution. BNP Paribas: France's Leading e-Finance Banking Group.

With the new Internet economy, BNP as well as Paribas have both anticipated the changes that are occurring in the respective businesses by investing for a number of years now. Each of the banks was already a front-runner and they have turned out to be highly complementary.

Today, the new Group is in this way a leader in e-Finance in France. And BNP Paribas is already a technologically innovative bank that has powerful information systems, with 80,000 workstations forming an integrated worldwide network, a global Intranet, where each employee has his/her own e-mail address, 2.3 million Internet messages and 9 million Intranet messages are exchanged each month.

France's leading purveyor of electronic banking, direct banking and on-line brokerage services for private individuals, in February 2000 BNP Paribas had 250,000 on-line customers using its three Internet banking services: BNP Net, e-Cortal and Banque Directe. Its approach, broad and open, also covers B to B Internet services, in particular with its Business Village portal which has 16,000 participating businesses.

BNP Net: From the Web to Mobile Telephony to Interactive Television.

BNP Net, France's premier electronic bank⁵, with 30% of the market, offers a complete range home banking services to customers, and strives to expand its services on an ongoing basis. It has 180,000 Internet customers (plus another 300,000 which subscribed via the Minitel).

A partnership with France Télécom will make the services available via mobile telephone starting at the end of March 2000. With the pay television group Canal+ the service will be available on interactive TV by the end of the year.

e-cortal: Rapid Growth and Major Investments

e-cortal is France's No. 1 on-line brokerage service with 40% market share, and 6th in Europe: 56,000 on-line accounts, real time access to 9 international stock markets, 5 languages available on screen, and 2.9 million orders placed in 1999.

The number of on-line accounts soared by 72% in 1999. It is expected to more than double in 2000. Orders continue to come in at an increase rate: +68% in 1999, +220% in January/February of this year compared to January/February 1999.

Banque Directe: The First All Internet Bank in France

Banque Directe recorded a 34% increase in the number of its customer in 1999, bringing the total to 65,000, 16,000 of which are regular Internet users. It has continued to expand its product offering in conjunction with Cetelem for on-line credit and loans, and e-cortal for on-line access to the stock market (mid-2000).

It has an open and appealing Internet architecture and develops access-focused partnerships with Yahoo!

Banque Directe is the third most recognised brand among Internet professionals (Benchmark Group survey 1999) after BNP and Crédit Agricole.

Increased investments and new partnerships in an open architecture.

BNP-Paribas has invested in partnerships in a number of innovative businesses:

- Télécommerce with France Télécom,
- Smart Valley with e-laser (Group Galeries Lafayette), Intel, France Télécom
- Marcopoly, Degriftour (through Cetelem).

The Group is also developing a range of services for corporate and institutional customers: BNP Net business, Finagora (Cardif), Issue Master and Bond click (Corporate and Investment Banking), Parvest (Private Banking and Asset Management), etc.

BNP Paribas is France's leading banking group for secure payments with:

- Cyber-comm with participation by Visa, France Télécom, Gemplus, Cap Gemini, and Alcatel;
- Mercanet, Internet payment system which uses the SSL standard;
- ItiAchat, mobile telephone payment system developed with France Télécom

An entity specially set up as a start-up incubator with 250 million Euros in initial funding is headed by Jacques Campagne-Ibarcq (43 years old, twenty years' experience at Cetelem, five of which he spent as member of the Management Board). The entity reports directly to Baudouin Prot.

Multi-Channel Retail Banking: A Plan to Transform Retail Banking in France into Multi-Channel Banking.

Launched in 1998, this programme is designed to allow the bank's 6 million customers to choose how they want to access to banking services: local banking (branches, ATMs) or distance banking (Internet, Minitel, telephone, etc.). The first step of completion will be in mid 2001.

Customers will receive the same up-to-date service whatever medium they choose to use. New workstations equipped using Web language will complete for bank

⁵ Benchmark Group 1999 survey of Internet Professionals.

branches as well as for the distance contact centres this new customer relations management organisation.

BNP Paribas will thus be one of the leading European banks with an integrated multi-channel model using multimedia customer relations management.

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So the Internet is central to what is driving the Group, in all its core businesses. A monthly Internet Committee, chaired by Michel Pébureau, defines the strategy and monitors the results obtained.

IV - A Leading European Group in Terms of its Financial Structure

BNP Paribas is a group of international scale. After appropriation of net income, total equity as at 31 December 1999 was 21.9 billion Euros.

With the reserve for general banking risks (1 billion Euros), the reserve for potential sectoral risks (218 million Euros) and reserves for country risks (2.9 billion Euros), BNP Paribas has a solid balance sheet.

The solvency ratio is 10% and the tier 1 Cooke ratio 7.1% (respectively 9.5% and 6.6% if one nets out the maximum possible impact of payment of CVGs⁶ in 2002).

The Board of Directors will propose to the shareholders to approve a 1.75 Euro dividend per share, or 2.63 Euros including the tax credit. (1.5 Euros in 1998, or a 2.25 Euro tax credit included).

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⁶ or CVRs: Contingent Value Rights.

Commenting on these results, Michel Pébereau, BNP Paribas' Chairman and CEO said, *“Six months after the beginning of the merger process, the new Group is operational, in terms of the teams and management as well as information systems, risk control and brands. Our challenge now is to do better than our industrial plan. At a work seminar held last month with eighty of BNP Paribas' senior executives from around the world, I became convinced that we will be able to outperform its goals.*

The Internet Revolution is helping us. Already a leader in e-finance, the Group is going to step up its investments and partnerships.

BNP Paribas has the resources to turn its European and global ambitions into reality.”

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