

Balance sheet of BNP SA	134
Income statement of BNP SA	136
Accounting policies	137
Profit and loss account of BNP SA	141
Five-year financial summary of BNP SA	143
Information on subsidiaries and associated companies of BNP SA	144
Acquisitions of significant equity interests	146
Joint statutory auditors' special report on regulated agreements	148

Contents

Parent company financial statements

Balance sheet of BNP SA

Assets

In millions of euros, at 31 December	1998	1997	1996
Interbank and money market items:			
Cash and due from central banks and post office banks	2,354	1,024	1,558
Treasury and money market instruments	21,713	18,940	10,301
Due from credit institutions	77,220	77,841	84,275
Total interbank and money market items	101,287	97,805	96,134
Customer items:			
Due from customers	105,197	104,125	93,759
Leasing receivables	230	244	147
Total customer items	105,427	104,369	93,906
Bonds and other fixed-income instruments	12,611	11,874	12,786
Equities and other non-fixed-income instruments	849	851	1,498
Equity securities held for investment and other stock investments:			
Equity securities held for investment	704	719	276
Other stock investments	6,196	5,271	5,331
Total equity securities held for investment and other stock investments	6,900	5,990	5,607
Tangible and intangible assets	2,176	2,180	2,214
Accrued income	25,518	27,739	18,199
Total assets	254,768	250,808	230,344
Commitments given:			
Financing commitments given	55,914	54,120	44,955
Guarantees and endorsements given	36,153	33,679	31,533
Commitments given on securities	576	1,032	794
Commitments incurred on forward and options contracts	2,629,970	2,221,693	1,748,233

Liabilities and stockholders' equity

In millions of euros, at 31 December	1998	1998 ⁽¹⁾	1997	1996
	Before appropriation of income		After appropriation of income	
Interbank and money market items:				
Due to central banks and post office banks	3,366	3,366	3,618	1,906
Due to credit institutions	87,350	87,350	86,481	83,220
Total interbank and money market items	90,716	90,716	90,099	85,126
Customer deposits	87,991	87,991	85,438	77,862
Bonds and negotiable debt instruments:				
Retail certificates of deposit	646	646	853	1,080
Interbank market securities	105	105	117	100
Negotiable certificates of deposit	22,629	22,629	22,612	24,025
Bonds, including short-term portion	6,921	6,921	7,511	8,702
Other debt instruments	-	-	3	20
Total bonds and negotiable debt instruments	30,301	30,301	31,096	33,927
Accrued expenses	26,195	26,523	26,840	18,594
Provisions for risks and charges	3,031	3,031	2,442	1,647
Subordinated debt	7,855	7,855	7,646	6,224
Reserve for general banking risks	913	913	917	919
Stockholders' equity:				
Capital stock	832	832	813	791
Capital surplus	3,512	3,512	3,197	3,031
Retained earnings	2,344	3,094	2,320	2,223
Total stockholders' equity	6,688	7,438	6,330	6,045
Net income	1,078	-	-	-
Total liabilities and stockholders' equity	254,768	254,768	250,808	230,344
Commitments received:				
Financing commitments received	-	1,529	1,508	1,514
Guarantees and endorsements received	-	23,026	23,450	18,265
Commitments received on securities	-	462	979	888

(1) Appropriation of income was determined on the basis of the proposals submitted to the general meetings of BNP and its consolidated subsidiaries.

Income statement of BNP SA

In millions of euros	Balance		
	1998	1997	1996
INCOME (EXPENSE) FROM BANKING OPERATIONS			
Net interest and assimilated income:			
Net interest and assimilated income on interbank items	146	323	352
Net interest and assimilated income on customer items	3,603	3,557	3,688
Interest expense on bonds and negotiable debt instruments	(2,493)	(2,533)	(2,618)
Interest income on bonds and other fixed-income instruments	1,517	1,297	1,280
Income on equities and other non-fixed-income instruments	572	535	309
Net interest and assimilated income	3,345	3,179	3,011
Net commissions	1,380	1,248	1,157
Net gains (losses) on financial operations	615	626	298
Other net income from banking operations	143	153	160
Net banking income	5,483	5,206	4,626
Operating expense:			
Salaries and employee benefits, including profit-sharing	(2,347)	(2,306)	(2,215)
Other expense	(1,189)	(1,131)	(1,054)
Total operating expense	(3,536)	(3,437)	(3,269)
Depreciation, amortization, and provisions on tangible and intangible assets	(246)	(251)	(242)
Gross operating income	1,701	1,518	1,115
Net addition to allowance for credit risks and country risks	(973)	(840)	(306)
Net operating income	728	678	809
Gains (losses) on disposals of long-term investments, net of provisions	516	257	(234)
Net (addition to) deduction from reserve for general banking risks and miscellaneous risks	–	5	260
Nonrecurring items	(149)	(670)	(522)
Income taxes (benefits)	(17)	50	49
Net income	1,078	320	362

Accounting policies

Accounting policies applied in preparing the balance sheet and income statement comply with the accounting principles established for the French banking industry. The financial statements of foreign branches, prepared in accordance with accounting policies applied in their respective countries, have been restated to conform to BNP's accounting policies.

Accounting policies were applied on a consistent basis with those of the preceding three years.

Income and Expense Recognition

Interest income and related commissions are recognized on an accrual basis. Fees for services (not interest-related) are recorded when the services are rendered.

Foreign Currency Transactions

Foreign exchange positions are generally valued at official year-end exchange rates. Currency gains and losses on ordinary transactions denominated in a foreign currency are recorded in income and expense.

Exchange differences calculated on the basis of year-end exchange rates for assets denominated in foreign currencies and held on a long-term basis, including equity securities held for investment, the equity base of branches, and other stock investments in foreign units are posted to equity.

Foreign Currency Translations

Foreign currency denominated assets, liabilities, and off-balance sheet commitments of foreign branches have been translated into French francs at official year-end exchange rates, except non-monetary assets and liabilities of the branch in Argentina, which were translated at historical rates to correct for high inflation in that country. Income statements have been translated at average exchange rates for the year for foreign branches, except in Argentina (a country with high inflation), for which the year-end exchange rate was used.

Translation adjustments regarding the equity base of BNP branches outside France are included in "Accrued income" and "Accrued expense".

Bond Issues

Bond issue or redemption premiums are amortized using the actuarial method over the life of the bond. Issue costs are prorated over the term of the bond.

Securities

The term "securities" covers interbank market securities

(mainly promissory notes and mortgage notes); Treasury and other negotiable debt instruments; bonds and other fixed-income instruments (whether fixed- or floating-rate); and equities and other non-fixed-income instruments.

Securities are classified as "Trading account assets", "Investment securities held for sale", "Debt securities held for investment", "Equity securities held for investment", and "Other stock investments".

Trading Account Assets

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

Investment Securities Held for Sale

This category includes securities held for at least six months, but which BNP SA does not intend to hold 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 income under "Interest income on bonds and other fixed-income instruments".

Stocks are valued at the lower of cost (excluding accrued interest) or their probable market value, which is generally determined on the basis of stock market prices, for listed stocks, or BNP SA's share in net assets calculated on the basis of the most recent financial statements available, for unlisted stocks. Dividends received are posted to income under "Income on equities and other non-fixed-income instruments" at the time of their payment.

The cost of sale of investment securities held for sale is determined on a first in, first out (FIFO) basis. Capital gains on disposal are reflected in the income statement under "Net gains (losses) on financial operations", as are provisions for market value write-downs or recoveries.

Debt Securities Held for Investment

Fixed-income securities (mainly bonds, interbank market securities, Treasury securities, and other negotiable debt securities) are recorded under “Debt securities held for investment” to reflect BNP’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 and posted to “Interest on bonds and other fixed-income instruments” in the income statement. In the balance sheet, their carrying value is amortized on a straightline basis to their redemption value.

Interest on debt securities held for investment is posted to income under “Interest on bonds and other fixed-income instruments”.

A provision is made when a decline in the credit standing of an issuer jeopardizes redemption at maturity.

Equity Securities Held for Investment

This category includes shares and related instruments that BNP intends to hold on a long-term basis, without taking an active part in the management of the issuing companies. “Equity securities held for investment” are recorded individually at the lower of cost or fair market value. Fair market value is determined as follows: according to the average market price over the previous two fiscal years for listed securities or according to a more recent market price when a decrease in value of the underlying security is likely to endure, and according to net asset value per share (consolidated, if applicable) for unlisted securities.

Dividends received are posted to income under “Income on equities and other non-fixed-income instruments” at the time of their payment.

Other Stock Investments

This category includes affiliates in which the BNP Group exercises significant influence over management, as well as those affiliates that are considered strategic to the Group’s business development. Significant influence is deemed to exist when the Group holds an ownership interest of at least 10%.

Other stock investments are recorded individually at the lower of cost or fair market value. Fair market value is determined as follows: according to the average market price over the previous

two fiscal years for listed securities or according to a more recent market price when a decrease in value of the underlying security is likely to endure, and according to net asset value per share (consolidated, if applicable) for unlisted securities.

Capital gains or losses on disposals are recorded as “Gains (losses) on disposals of long-term investments, net of provisions” in the income statement.

Dividends on other stock investments are posted to income when the stockholders of those companies have voted to distribute the dividends during the year or upon receipt when the stockholders’ decision is not known. They are posted to “Income on equities and other non-fixed-income instruments”.

Forward Financial Instruments

BNP SA operates in the interest rate and currency futures and options markets, both on organized exchanges and in over-the-counter transactions. It engages in interest rate and currency swaps to manage its interest rate and exchange rate risk exposure, as well as for the purposes of arbitrage and trading.

Forward Interest Rate Instruments

Interest rate futures and options contracts traded on organized exchanges are valued at market at the balance sheet date. Realized and unrealized gains and losses are taken to income under “Net gains (losses) on financial operations”.

Gains and losses on certain contracts, which are traded over the counter and are considered as isolated open positions, are taken to income either when the contracts are unwound or on a pro rata temporis basis, depending on the nature of the instruments. Provisions for risks are made to cover unrealized losses.

Gains and losses on settled interest rate contracts designated as hedging operations are recognized similar to the underlying instrument.

Currency Futures

Options contracts are marked to market and valuation differences are posted to income. Identical treatment is used for forward exchange contracts bought and sold for trading purposes. As a general rule, when these transactions are hedged, the hedging contracts are valued at the cash price prevailing at the end of the period. Premiums and discounts on contracts designated as a hedge are recognized on an accrual basis and posted to the income statement over the life of the underlying transaction.

Equity and Equity Index Derivatives

BNP buys and sells equity and equity index options for trading and hedging purposes. In the case of trading operations, unrealized gains and losses on contracts that have not been unwound by the balance sheet date are carried directly to income. Gains and losses on settled equity and equity index contracts designated as hedging operations are recognized similar to the underlying instrument.

Composite Instruments

Composite instruments (also known as structured products) 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 income statement.

Market Value of Financial Instruments

Financial instruments for which market valuation parameters are not freely available are valued on the basis of recent transaction prices or prices obtained from brokers or counterparties supported by qualitative analyses.

Customer Loans

“Customer loans” cover credits to entities other than credit institutions and are broken down into commercial and industrial loans, customer overdrafts, and other credits. Customer loans are carried in the balance sheet at principal amount plus accrued interest.

Whenever management determines that borrowers may not be able to repay their loans, a provision for credit risk is charged to income.

In the case of real estate professionals, potential losses are computed on the basis of the fair market value of the assets financed, guarantees, and losses on unfinished developments (reflecting income and expenses pending). The fair market value of assets financed takes into account rental values, prices of recent transactions involving comparable operations, and any possible capital losses. Expenses pending take into account all interest expense that will be due until complete disposal of the building program, construction costs, fees for professional services pending, and operating expenses.

Allowances for credit risks on items carried under assets in the balance sheet are deducted from the corresponding

asset items. Allowances reported under liabilities consist of allowances for guarantees and endorsements, allowances for losses on real estate developments in which equity investments have been made, allowances for legal proceedings pending, allowances for risks not specifically identified, and allowances for unforeseeable sectoral risks.

Additions to and deductions from allowances, loan losses, and recoveries of loans written off are all carried under “Net addition to allowance for credit risks and country risks” in the income statement.

Additions to allowances for unforeseeable sectoral risks made by means of transfers from the reserve for general banking risks are recorded as nonrecurring expenses. These allowances are utilized to cover substantial risks identified by the income statement heading under which the corresponding allowance was recorded.

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 the debtors in the event of a constant and durable deterioration of the overall situation and the economies of these countries. Country risk provisions and write-backs are reflected in the consolidated income statement under “Net addition to allowance for credit risks and country risks”.

Reserve for General Banking Risks

For reasons of conservatism, BNP SA has set up a reserve for general banking risks. Specific additions to, and deductions from, this reserve are reflected in the consolidated income statement under “Net (addition to) deduction from reserve for general banking risks and other risks”. This reserve was originally set up through transfers from other reserves.

Provisions for Other Risks

BNP SA makes provisions for other risks to cover specific risks that are uncertain and not quantifiable. These provisions may be written back in the case of individual risks which become certain and quantifiable and which are covered by specific provisions.

Lease Financing

Assets leased to others are carried in the balance sheet under “Customer items—Leasing receivables” net of accumulated depreciation.

Fixed Assets

In 1991 and 1992, as allowed by French regulations, BNP transferred its main operating real estate holdings to its subsidiary Compagnie Immobilière de France "CIF". This transaction covered wholly owned buildings and buildings leased to BNP SA (the parent company) by specialized subsidiaries. BNP intends to hold these buildings on a long-term basis.

In order to reflect the decline in the real estate market, which is now considered to be durable, the BNP Group in 1997 readjusted the value of the assets concerned by the above real estate restructuring. It wrote down the value of the Group's tangible assets for the amount net of the related income tax effect, in the consolidated balance sheet under "Capital gains on restructuring", in the same way as it recorded the initial adjustment. Consequently, this readjustment had no impact on consolidated net income.

The revaluation arising from this transaction has been posted to stockholders' equity net of the related deferred tax effect. A deferred tax allowance has been provided for.

Other premises and equipment are stated at cost or valued in accordance with France's appropriation laws of 1977 and 1978 or, for certain foreign branches, in accordance with local rules (see below).

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 on the straight line method over their estimated useful lives in accordance with rules applicable in France and the countries where BNP's foreign branches operate. The difference between tax depreciation (accelerated methods) and book depreciation (generally straight line methods) is recorded under "Regulated deductions—Accelerated depreciation" in liabilities. No deferred income tax is calculated on the difference between book and tax depreciation.

Intangible assets essentially comprise software, which is amortized over a three-year period.

Statutory Revaluation

In 1978, in accordance with applicable tax laws, BNP revalued land and buildings owned at 31 December 1976 and still carried in its balance sheet at the date of revaluation. The revalued amounts, computed at 31 December 1976, were established by independent appraisers.

At the same time, investments in consolidated subsidiaries and equity-method companies were also revalued either at 31 December 1976 market values for companies listed on the Paris Stock Exchange, or on the basis of their net asset value as taken from the 31 December 1976 balance sheet after appropriation of income.

BNP has included within stockholders' equity the portion of the revaluation surplus relating to non-depreciable assets arising from this transaction.

Income Taxes

In France, the standard income tax rate is 33.33%. Long-term capital gains are taxed at a rate of 19%. Capital gains and losses on securities in the various portfolios losses are taxed at the standard income tax rate of 33.33%, with the exception of "Other stock investments", which are subject to long-term capital gains taxation. Dividends received from companies in which the BNP Group has an ownership interest of more than 10% or more than FRF 150 million are non-taxable.

In 1995 the French Government imposed a 10% surtax on corporate income for an unspecified period of time, and in 1997 it imposed a 15% surtax on corporate income, which will be lowered to 10% for fiscal year 1999 and expire at year-end 1999. BNP has taken these surtaxes into account to determine income taxes for each subsequent period that are currently payable, and it has used the liability method to adjust the amount of deferred taxes for cases where they would be subject to the surtax when the timing differences reverse themselves at any time in the future. This position is in accordance with the 15 September 1997 option of the French Accounting Council.

A charge for income taxes is taken in the year in which the respective taxable income and expense are booked, regardless of the time when the tax is actually paid. As a result, BNP SA books deferred taxes calculated on the basis of timing differences between profit and loss items for accounting and tax purposes, under the liability method.

In accordance with internationally accepted accounting principles, the BNP Group has been recording since 1997 deferred tax benefits taking into account the probability that they will be utilized, for amounts that may exceed deferred tax liabilities.

Profit-Sharing Plan

As required by French law, BNP provides for profit sharing in the year in which the profit arises, and reports the provision under salaries in "Operating expense" in the income statement.

Retirement and Pensions for Former Employees

Upon retirement, BNP employees receive pensions according to the laws and customs prevailing in the countries where BNP operates.

Outside France, BNP and its employees contribute to mandatory pension plans managed by independent organizations.

Retired employees of BNP in France are entitled to the following pension system starting 1 January 1994, pursuant to a new industry-wide agreement on pensions:

- Retirees receive pension benefits from the social security system and two nationwide organizations, which are financed by contributions received from employers and employees.
- Retirees receive additional benefits from the pension fund of BNP SA and its French subsidiaries relative

to services rendered prior to 31 December 1993. Funding for these additional benefits is provided by transfers from the pension funds' existing reserves and 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 nationwide pension organizations in 1994 are treated as prepaid expenses and amortized over the average number of years left to retirement of BNP's affiliated employees, which is currently twenty years.

Employee Benefits

Under various agreements, BNP SA is committed to pay early retirement and seniority bonuses. Each year, BNP estimates the net current value of these commitments and adjusts the related allowance.

Profit and loss account of BNP SA (CRB 91-01 presentation)

In thousands of euros, year ended 31 December	1998	1997	1996
INCOME AND CHARGES ARISING FROM BANKING OPERATIONS			
Interest receivable and similar income:	16,449,877	14,803,826	12,958,669
Interest receivable and similar income on transactions with credit institutions	8,118,053	6,876,985	5,596,152
Interest receivable and similar income on transactions with customers	6,814,435	6,629,804	6,082,545
Interest receivable and similar income on debt securities and other fixed-income securities	1,517,149	1,297,037	1,279,972
Other interest receivable and similar income	240	-	-
Interest payable and similar charges:	(13,697,731)	(12,175,529)	(10,266,802)
Interest payable and similar charges arising from transactions with credit institutions	(7,971,598)	(6,553,981)	(5,244,058)
Interest payable and similar charges arising from transactions with customers	(3,233,082)	(3,088,767)	(2,405,200)
Interest payable and similar charges arising from debt securities and other fixed-income securities	(2,493,051)	(2,532,781)	(2,617,544)
Income from leasing operations	21,105	18,274	13,719
Charges arising from leasing operations	(12)	(2,330)	(3,372)
Income from rental operations	3,069	3,175	1,961
Charges arising from rental operations	(3,044)	(2,747)	(1,378)
Income from variable-yield securities	572,160	534,413	308,713
Commissions receivable	1,701,472	1,613,934	1,469,163
Commissions payable	(322,379)	(365,705)	(312,443)

in thousands of euros, year ended 31 December	1998	1997	1996
Net profit on financial operations:	614,898	716,620	447,575
Net profit on transactions in trading securities	315,282	260,682	397,047
Net profit on transactions in securities held for sale	101	5,377	19,053
Net profit on exchange transactions	238,403	–	31,475
Net profit on transactions in financial instruments	61,112	450,561	–
Net loss on financial operations:	–	(90,507)	(149,324)
Net loss on transactions in trading securities	–	–	–
Net loss on transactions in securities held for sale	–	–	–
Net loss on foreign exchange transactions	–	(90,507)	–
Net loss on transactions in financial instruments	–	–	(149,324)
OTHER ORDINARY INCOME AND CHARGES			
Other operating income:	534,274	496,766	520,524
Other income from banking operations	410,291	385,706	413,039
Other income from nonbanking operations	123,983	111,060	107,485
General operating charges:	(3,536,489)	(3,436,905)	(3,269,061)
Staff costs	(2,347,610)	(2,306,364)	(2,215,229)
Other administrative expenses	(1,188,879)	(1,130,541)	(1,053,832)
Depreciation expenses and provisions for depreciation of intangible and tangible assets	(245,906)	(251,309)	(242,247)
Other operating charges:	(391,877)	(345,420)	(369,238)
Other charges arising from banking operations	(319,084)	(304,371)	(322,266)
Other charges arising from nonbanking operations	(72,793)	(41,049)	(46,972)
Net loss on value adjustments in respect of loans and advances and off-balance sheet items	(972,979)	(839,354)	(306,204)
Net loss on value adjustments in respect of financial fixed assets	–	–	(233,654)
Net gain on value adjustments in respect of financial fixed assets	515,929	257,232	–
Surplus of allocation for over write-back of funds for general banking risks	–	–	–
Surplus of write-back of over allocation for funds for general banking risks	994	5,761	268,850
ORDINARY PRETAX PROFIT	1,243,361	940,195	835,449
EXTRAORDINARY INCOME AND CHARGES			
Extraordinary pretax loss:	(148,726)	(670,474)	(522,382)
Extraordinary income	192,497	35,119	4,087
Extraordinary charges	(341,223)	(705,593)	(526,469)
Tax on income	(16,714)	50,402	49,003
PROFIT FOR THE FINANCIAL YEAR	1,077,921	320,123	362,070

The profit and loss account (CRB 91-01 presentation) differs in the following respects from the income statement presented following the balance sheet: Additions to, and deductions from, the allowance for miscellaneous risks are reflected under “Other operating charges” in the CRB 91-01

presentation (EUR 1.22 million in 1998, EUR 1.06 million in 1997, EUR 8.54 million in 1996), whereas they are reflected under “Net (addition to) deduction from reserve for general banking risks and other risks” in the income statement that is presented following the balance sheet.

Five-year financial summary of BNP SA

	1998	1997	1996	1995	1994
Capital at year-end					
Capital stock (in FRF)	5,460,266,775 ⁽⁶⁾	5,331,104,700 ⁽⁵⁾	5,185,874,825 ⁽⁴⁾	4,804,598,450 ⁽³⁾	4,751,153,975 ⁽¹⁾
Common and nonvoting shares issued	218,410,671 ⁽⁶⁾	213,244,188 ⁽⁵⁾	207,434,993 ⁽⁴⁾	192,183,938 ⁽³⁾	190,046,159 ⁽¹⁾⁽²⁾
Registered beneficiary shares (parts bénéficiaires) outstanding:					
- Former BNCI	-	-	-	22,100	44,202
- Former CNEP	-	-	-	16,840	33,682
Results of operations for the year (in euros)					
Total revenues, excluding VAT	19,872,682,097	18,075,051,960	15,555,320,140	15,645,546,300	14,466,086,100
Income before tax, nonrecurring non operating items, profit sharing, depreciation, and provisions	2,480,222,077	2,019,028,883	1,408,192,901	1,322,146,850	1,499,793,054
Income taxes (benefits)	16,713,974	(50,402,512)	(49,003,609)	24,767,685	48,620,150
Profit sharing for year	79,273,489 ⁽⁷⁾	60,536,079	25,059,707	-	12,397,818
Income after tax, nonrecurring non operating items, profit sharing, depreciation, and provisions	1,077,921,835	320,123,632	362,070,512	270,947,817	201,238,254
Earnings distributed	327,733,200	227,563,562	170,765,608	105,877,935	92,729,371
Earnings per share (in euros)					
Earnings (excluding nonrecurring non operating items) after tax and profit sharing, but before depreciation and provisions	11.00	9.58	7.02	6.68	7.53
Earnings after tax, nonrecurring non operating items, profit sharing, depreciation, and provisions	4.93	1.50	1.74	1.41	1.06
Dividend per share	1.50 ⁽¹⁰⁾	1.06 ⁽⁹⁾	0.82	0.55 ⁽⁸⁾	0.49
Employment					
Employment at year-end ⁽¹¹⁾	39,554	40,002	40,705	41,364	42,400
Total salaries (in euros)	1,473,856,654	1,460,129,682	1,365,309,090	1,328,681,778	1,305,355,110
Staff benefits (including health care) (in euros)	624,891,872	602,884,992	663,188,250	754,227,740	750,383,815

(1) Common stock was increased to FRF 4,751,153,975 from FRF 4,600,213,900 following the contribution of FRF 108,800,000 from Financière Gamma and the payment of a stock dividend amounting to FRF 42,140,075.

(2) Non-voting shares were converted into common shares.

(3) Common stock was increased to FRF 4,804,598,450 from FRF 4,751,153,975 by the payment of the dividend in shares.

(4) Common stock was increased to FRF 5,185,874,825 from FRF 4,804,598,450 by the FRF 18,007,000 stock-for-stock public tender offer for BNP España, the FRF 305,058,400 stock-for-stock public tender offer for Compagnie d'Investissement de Paris "CIP", the FRF 16,311,100 private placement reserved for BNP staff members, and the payment of a stock dividend amounting to FRF 41,899,875.

(5) Common stock was increased to FRF 5,331,104,700 from FRF 5,185,874,825 by the FRF 32,878,050 stock-for-stock public tender offer for BNPI, the FRF 23,000,000 private placement reserved for BNP staff members, and the payment of a stock dividend amounting to FRF 89,351,825.

(6) Common stock 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 BNPI, the FRF 32,000,000 private placement reserved for BNP staff members, and on exercise of employee stock options for FRF 178,525.

(7) Provision made during the year.

(8) Paid to 192,904,218 shares, taking into account the 720,280 new shares with rights from 1 January 1995 created on 27 February 1996 following the stock-for-stock public tender offer for BNP España.

(9) Paid to 213,245,588 shares, taking into account the 1,400 new shares with rights from 1 January 1997 created pursuant to the 1995-2002 stock option plan and recorded on 29 January 1998.

(10) 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.

(11) For France, part-time employment is prorated according to the length of time worked.

Information on subsidiaries and associated companies

Companies	Currency	French francs exchange rate	Capital stock ⁽¹⁾	Reserves and retained earnings before appropriation of income ⁽¹⁾	Total revenues for last complete fiscal year ⁽¹⁾	Net income (loss) for last completed fiscal year ⁽¹⁾
Information on subsidiaries and associated companies whose book value exceeds 1% of BNP's capital stock						
A) Subsidiaries (> 50% ownership interest)						
FINANCIERE BNP	€ (FRF)		1,158,127	156,850	57,189	116,675
BNP GUYANE	€ (FRF)		5,336	-39,362	17,014	46,536
BNPI	€ (FRF)		29,083	330,296	248,738	159,026
BANEXI	€ (FRF)		91,256	211,662	72,888	33,926
BNP FINANCE	€ (FRF)		114,337	54,556	2,539,072	-86,258
NATIOCREDIT	€ (FRF)		149,199	89,931	26,906	26,373
BANQUE DE BRETAGNE	€ (FRF)		49,648	16,769	101,401	12,439
DU BOUZET SA	€ (FRF)		1,807	22,430	97,937	19,200
SOCIETE FRANCAISE AUXILIAIRE "SFA"	€ (FRF)		5,573	637,478	136,800	146,396
NATIOINFORMATIQUE	€ (FRF)		29,285	9,093	20,036	4,507
COMPAGNIE D'INVESTISSEMENT DE PARIS "CIP"	€ (FRF)		375,885	374,951	53,732	126,955
BNP IMMOBILIER	€ (FRF)		81	-1,287	2,174	-5,313
CRISTOLIENNE DE PARTICIPATIONS	€ (FRF)		18,751	-759	0	-1,536
BNP GESTIONS	€ (FRF)		9,921	2,625	221,032	18,293
BNP SUISSE	CHF	4.07990	84,000	187,960	605,149	38,614
UNITED EUROPEAN BANK UEB (SWITZERLAND)	CHF	4.07990	91,500	-40,130	30,000	9,766
BNP (CANADA)	CAD	3.631800	180,637	6,946	180,352	6,089
KASSINE HOLDING (IRELAND) ⁽³⁾	GBP	9.298400	2,100			
KASSINE HOLDING (IRELAND) ⁽³⁾	€ (ITL)		7,747			
BNP UK HOLDING LTD (UNITED KINGDOM)	GBP	9.298400	130,000	-15,640	4,429	2,593
BNP IFS SINGAPORE LTD	SGD	3.387300	27,500	11,756	7,406	-6,316
BNP LUXEMBOURG	€ (LUF)		32,226	120,894	284,947	22,074
BNP IRLANDE	€ (IEP)		38,465	3,627	237,937	16,942
BNP MEXICO HOLDING (MEXICO)	USD	5.622100	22,500	57	0	-255
BNP EQUITIES ASIA	USD	5.622100	48,559	0	171	157
BNP ESPAÑA (SPAIN)	€ (ESP)		125,950	-48,475	123,810	-8,311
BNP IFS HONG KONG LTD	HKD	0.725800	100,022	0	75,744	33,676
BANQUE DU CAIRE ET DE PARIS (EGYPT)	EGP	1.628200	50,493	30,547	143,326	1,376
BNP PRIVATE BANK & TRUST Cie BAHAMAS Ltd	USD	5.622100	14,000	0	7,002	2,317
BANCO BNP BRASIL SA	BRL	4.652100	62,450	921	112,662	2,779
BNP SECURITIES INC	USD	5.622100	5	21,477	107,262	854
BNP PRIME PEREGRINE (SOUTH EAST ASIA)	USD	5.622100	25,200	734	4,245	-1,685
BNP LEASING SPA (ITALY)	€ (ITL)		2,582	5,328	36,556	1,498
CIPANGO LTD (UNITED KINGDOM)	JPY	0.049394	1,500,000	-96,513	1,831,860	1,058,138
BNP ANDES (PERU) ⁽⁴⁾	USD	5.622100		ND		
BNP CAPITAL MARKET LLC (UNITED STATES) ⁽⁴⁾	USD	5.622100		ND		
BNP KB NORGE (NORWAY)	NOK	0.739400	52,772	182,605	13,232	12,427
B) Associated companies (10% - 50% ownership interest)						
SAGEM CADRES	€ (FRF)		9,122	28,409		79
CREDIT LOGEMENT DEVELOPPEMENT	€ (FRF)		312,520	1,211	27,112	3,744
CAISSE REFINANCEMENT HYPOTHECAIRE ⁽³⁾	€ (FRF)		76,225	2,225	1,223,712	1,073
NATIO-VIE ⁽²⁾	€ (FRF)		119,766	620,136	2,942,765	72,415
BNP DEVELOPPEMENT	€ (FRF)		64,791	8,936	3,859	8,058
INVERSIONES DRESDNER BNP CHILE (CHILE)	CLP	0.01190	52,091	8,953	547	1,741
BNP DRESDNER BANK RT (HUNGARY)	HUF	0.02567	3,500,000	2,386,356	12,539,415	80,094
BNP DRESDNER BANK CR/AS (CZECH REPUBLIC)	CZK	0.18622	1,000,000	294,598	3,445,473	147,004
BNP AK DRESDNER BANK AS (TURKEY)	TRL	0.000018	5,250,000	3,778,514	4,316,305	4,673,235
BNP DRESDNER BANK (POLSKA) SA	PLN	1.60450	193,400	29,455	154,659	28,901
SOCIETE FINANCIERE POUR LES PAYS D'OUTRE-MER - SFOM (SWITZERLAND)	CHF	4.07990	39,892	10,801	18,801	6,003
BANCWEST CORP (UNITED STATES)	USD	5.622100	59,005	891,050	203,394	12,700
INTERNATIONAL BANK OF PARIS AND SHANGHAI (CHINA, PEOPLE'S REPUBLIC OF)	USD	5.622100	63,641	1,701	10,671	22

(1) Thousands of euros or local currency units.

(2) Figures for Natio-Vie only (figures for Assu-Vie are not available).

(3) 1997 FIGURES.

(4) 1998 INVESTMENTS.

Parent company

of BNP SA

	BNP's ownership interest (%)	Book value of shares held BNP		Including revaluation surplus	Dividends received by BNP during year	Outstanding loans and advances granted by BNP ⁽¹⁾	Guarantees and endorsements given by BNP ⁽¹⁾
		Gross	Net				
	99.99%	1,638,242	1,314,970		21,959		
	94.00%	16,928	15,911	1,108		14,847	
	97.85%	255,062	255,062	22,021	5,066	39,986	
	100.00%	267,844	267,844	5,996	62,966	186,091	494
	100.00%	119,980	64,100			7,273,250	15,245
	66.56%	172,641	172,641		12,512		
	100.00%	71,021	71,021		11,481	42,506	14,884
	99.53%	24,467	24,467		12,362	12,196	13,272
	100.00%	360,000	360,000		159,942	20,242	
	65.00%	34,569	27,389				
	100.00%	597,982	597,982		90,212		
	100.00%	261,602	81,549			47	
	100.00%	49,509	16,965				
	99.75%	118,445	118,445	13	17,418		
	62.34%	74,871	74,871	6,572	6,341	1,480,803	
	100.00%	196,035	177,229	13,741		1,009,383	
	88.90%	127,568	82,114	190			9,809,547
	100.00%	1,985	1,985		312		
	100.00%	7,747	7,747		612		
	100.00%	153,965	153,965	16,180			
	100.00%	13,008	13,008				
	54.50%	38,062	38,062	341	10,587	369,502	5,595
	100.00%	51,161	51,161		6,070		
	100.00%	19,284	12,162				
	100.00%	41,619	41,619				
	99.11%	149,500	93,691			734	
	100.00%	13,547	12,581		25,321		
	76.00%	22,337	19,316		677		
	100.00%	26,570	25,284		2,633		
	99.00%	50,499	50,499				
	100.00%	19,503	19,503				
	90.00%	19,439	19,439				
	100.00%	11,879	10,109				
	100.00%	12,345	12,345				
	100.00%	22,198	22,198				
	99.00%	42,426	42,426				
	100.00%	26,028	26,028		610		
	30.00%	14,821	14,821				
	10.00%	31,252	31,252		356		
	16.15%	13,787	13,787		160		
	20.00%	71,599	71,599		11,125	71,065	
	45.24%	29,585	29,585		709		1,067
	50.00%	19,301	19,301				
	50.00%	11,426	11,426			70,717	
	50.00%	14,085	14,085		999	850,562	
	16.00%	9,439	9,439		776		
	50.00%	28,857	28,857			62,588	
	48.36%	22,603	18,672	4,241			
	44.00%	730,952	730,952		23,702		
	50.00%	26,666	26,666		138		

Information on other subsidiaries and associated companies

In euros	Book value of shares held by BNP		
	Gross	Net	Including revaluation surplus
I) Subsidiaries not included under (A)			
French companies	187,724	55,703	0
Foreign companies	126,417	49,717	4,361
II) Subsidiaries not included under (B)			
French companies	133,885	96,537	66
Foreign companies	84,019	62,972	2,050

Acquisitions of significant equity interests

Pursuant to Section 356 of the 1966 French Companies Act, stockholders are hereby informed of acquisitions during 1997 of equity interests in companies headquartered in

France that have brought BNP's equity interest in those companies above the following thresholds:

Over 5%

Société Financière du Porte-Monnaie Electronique

Over 50%

NA

Over 10%

NA

Over 66.66%

NA

Over 33.33%

Protection 24

Principal acquisitions and disposals of equity interests in France and abroad

In France

Acquisitions

New investments

Société des Bourses Françaises
Société Financière du Porte-Monnaie Electronique
Protection 24

Follow-on investments (acquisitions)

BNP Intercontinentale
Caisse de Refinancement Hypothécaire
Du Bouzet

Disposals

Total

Euris SA
Musée Grévin
Thomson
Suez-Lyonnaise des Eaux
Sopardev
Faure Construction SA

Partial

Soparind
Rhône-Poulenc

Parent company

Follow-on investments (subscriptions)

BNP Finance
Natio-Vie
BNP Immobilier
SNC Lille Centre d’Affaires
Crédit Logement Développement

OUTSIDE FRANCE**Acquisitions****New investments**

BANCWEST CORP (United States)⁽¹⁾
BNP Equities Asia (Malaysia)
Cipango Ltd (United Kingdom)
BNP Andes (Peru)
BNP Asset Management Japan
BNP Capital Markets LLC (United States)
BICI Mali
BNP Dresdner Bank Romania
BNP Dresdner Bank Ukraina
Pasfin Securities SIM Spa (Italy)
Ekachart Securities (Thailand)
BNP Dresdner European Bank (Austria)
SFOM Inter Africa 1 (Switzerland)
CIBC Inc (United States)
European Private Equity Fund (United Kingdom)
Fonds CVC European Equity II (Jersey)
LGV 1988 (United Kingdom)

Follow-on investments (acquisitions)

BNP Suisse (Switzerland)
CLS Service Ltd (United Kingdom)
UEB Holding (Switzerland)

Follow-on investments (subscriptions)

BNP Dresdner Bank ZAO (Russia)
BNP AK Dresdner Bank (Turkey)
BNP Ireland
SIFIDA (Switzerland)
Doughty Hanson (United Kingdom)

Disposals**Total**

ACEC Union Minière (Mexico)
Guangzhou Peugeot Automobiles (China)
Brasilinvest Administração de Bens (Brazil)

Partial

Kassine Holding (Ireland)

(1) Transfer of BANCWEST CORP. shares to the new BANCWEST CORP. holding company created through the merger between BANCWEST CORP. & FIRST HAWAIIAN BANK.

Joint statutory auditors' special report on regulated agreements for the year ended 31 December 1998

In our capacity as Auditors, we hereby report to stockholders on regulated agreements.

Our responsibility does not include identifying any undisclosed agreements. We are required to report to stockholders, based on the information provided to us, about the main features and terms of agreements that have been disclosed to us by the Chairman of the Board of Directors, 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 stockholders to determine whether these agreements are appropriate and should be approved.

We have not been informed of any new regulated agreements as defined by Article 101 of the law of 24 July 1966 entered into during the year.

In application of the decree of 23 March 1967, we were advised of the following agreement approved in prior years, which remained in force during the year:

Bank deposit guarantees

In accordance with the industry-wide agreement established by the Association Française des Banques in 1980, Banque Nationale de Paris has been guarantying the customer deposits of the following companies of the consolidated Group:

- Banque Nationale de Paris Intercontinentale "BNPI",
- Banque pour l'Expansion Industrielle "Banexi",
- BNP Guyane,
- BNP Finance,
- BNP Lease (formerly Crédit Universel),
- Banque de Bretagne,
- Banque de la Cité,
- BNP Martinique,
- BNP Guadeloupe.

Participating and subordinated loans

Participating and subordinated loans granted in previous years to the following subsidiaries remained outstanding in 1998:

- BNP Suisse,
- UEB Genève,
- BNP IFS Hong Kong,
- BNP UK Holding Ltd. London,
- BANCWEST CORPORATION (formerly Bank of the West),
- BNP Dresdner Bank Rt (Hungary),
- BNP España,
- BNP Dresdner Bank (Poland).

Guarantees given to subsidiaries

Guarantees previously given to the following companies were maintained in 1998:

- Natiobail,
- Natiocrédimurs,
- Natioénergie,
- Natiolocation,
- Natiocrédibail,
- Locafinance (merged during the year into Natiolocation),
- BNP Lease (formerly BNP Bail),
- BNP Plc London,
- BNP IFS Singapore Ltd.
- BNP IFS Hong Kong (Comfort letter)
- BNP Finance HK (Comfort letter).

Guarantees given to BNP Canada and BNP Pacific (Australia) Ltd. concerning the following operations continued to have effect in 1998:

BNP Canada

Issue of, or trading in, promissory notes up to a limit of 1.5 billion Canadian dollars.

Issue of commercial paper notes up to a limit of 750 million US dollars.

Issue of a 40 million Canadian dollar debenture loan.

BNP Pacific (Australia) Ltd.

Issue of a 100 million Australian dollar debenture loan.

Issue of commercial paper notes up to a limit of 1.5 billion Australian dollars.

Guarantees given to directors

Banque Nationale de Paris subscribed insurance contracts with AIG Europe and Chubb to protect the

Directors of its subsidiaries from their liability in the normal exercise of their duties. This guaranty amounts to 200 million French francs.

Your Board of Directors agreed to indemnify a director for potential liability that might arise as a result of his former function as a member of the Board of Directors of the Eurotunnel group.

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 and Paris, 23 March 1999

The statutory auditors

BARBIER
FRINAULT & AUTRES
ARTHUR ANDERSEN
Christian Chiarasini
Radwan Hoteit

BEFEC-PRICE WATERHOUSE
Member of PricewaterhouseCoopers

Etienne Boris

SALUSTRO REYDEL

Edouard Salustro
Michel Savioz