

BNP PARIBAS

Annual Report • 2002

The
bank

for a changing world



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.

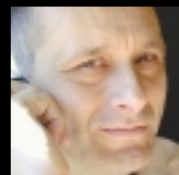
Jean-Marc Armani

Bahrain
Cairo
Madrid



Jean-Erick Pasquier

Montreal
New York
Tokyo



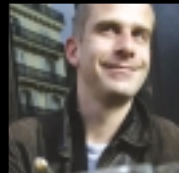
G rard Uf ras

London
Paris
Metz
Strasbourg
Nice

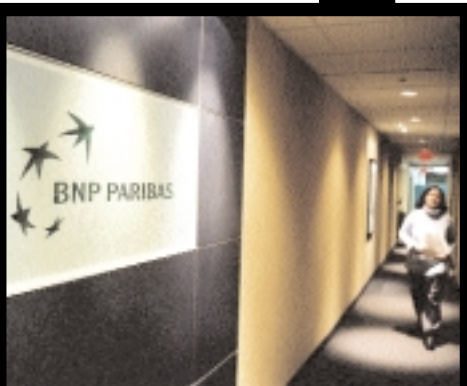


Gilles Leimdorfer

Athens
Moscow



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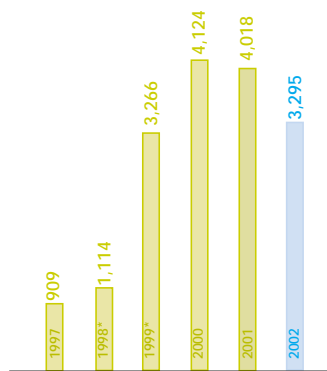


BNP PARIBAS MONTREAL

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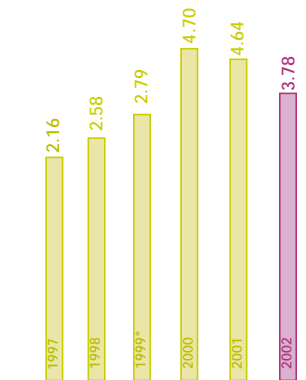
Key Figures 2002

Net income
(in millions of euros)



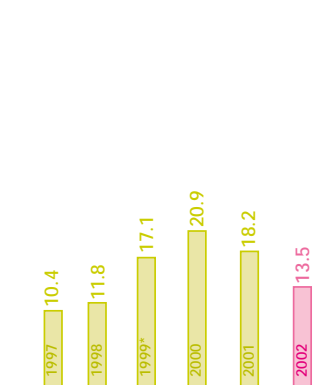
* Pro forma net income before restructuring provisions.

Earnings per share ⁽¹⁾
(in euros)



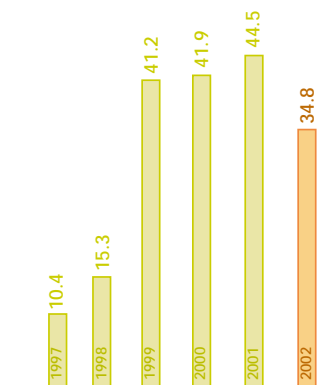
⁽¹⁾ Adjusted for the 20 February 2002 two-for-one share split.
* 1999 pro forma net income before restructuring provisions divided by the number of shares outstanding at 31 December 1999.

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)

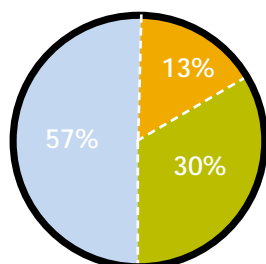
Moody's	Aa2	Stable outlook
Standard & Poor's	AA-	Stable outlook
Fitch	AA	Stable outlook

Number of Group Employees

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

Net banking income by core business

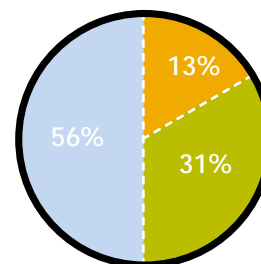
(in %)



- 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.

J. 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 & Acquisition 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 Moneyp 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 advisers 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 subsidiaries, 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 clientele 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)

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. BancWest 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).

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.

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.

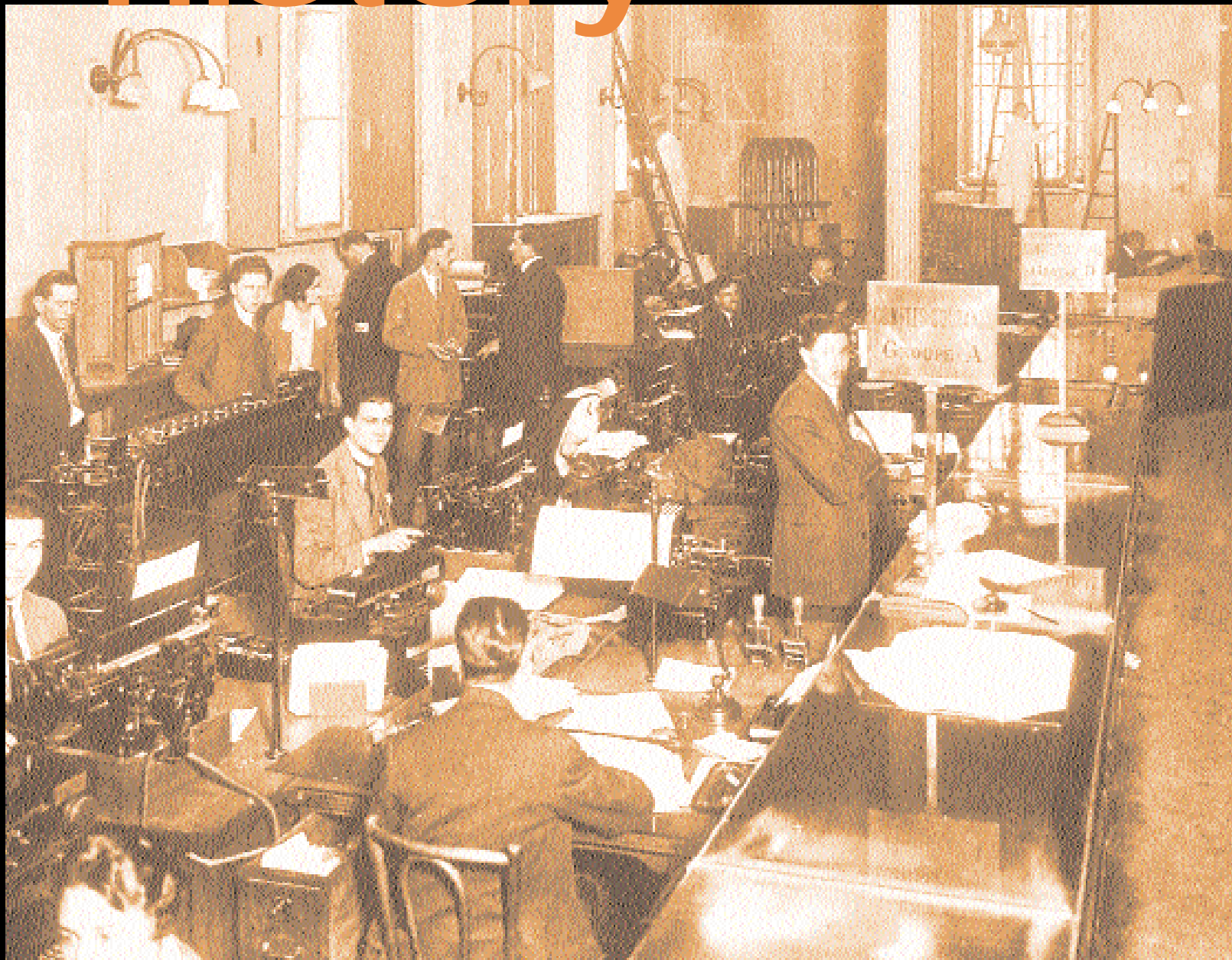
- 1966** Creation of BNP
The merger of BNCL and CNEP to form BNP represented the largest restructuring operation in the French banking sector since the end of the Second World War.
- 1968** Creation of Compagnie Financière de Paris et des Pays-Bas
- 1982** Nationalisation of BNP and Compagnie Financière 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 unprecedented 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.