

Annual
Report
20
03



The bank for a changing world



Contents

Key Figures	2-3
Chairman's and Chief Executive Officer's Statement	4-5
The Group's Core Businesses	6-7
History	8-9
The Executive Committee	10-11
Corporate and Investment Banking	14-27
• Advisory & Financial Institutions	18
• Specialised Financing	22
Retail Banking	28-55
• French Retail Banking	31
• Financial Services and International Retail Banking	42
Private Banking, Asset Management, Securities Services and Insurance	56-71
• Private Banking	58
• Cortal Consors	59
• BNP Paribas Asset Management	62
• BNP Paribas Securities Services	65
• Insurance	68
• Real Estate	70
BNP Paribas Capital	72-75
Sustainable Development	76-137
• General Business Principles	
- The Approach	78
- Group Ethics and Compliance	80
• BNP Paribas and its Stakeholders	
- Shareholder Information	82
- Human Resource Development	92
- Client and Supplier Relations	98
- Environment	104
- Patronage	108
• Corporate Governance	
- Board of directors	114
- Chairman's report	120
- Remunerations	133
Tennis	138-139
Financial and Legal Information	140-293
• Review of operations	141
• Consolidated Financial Statements	178
• Parent Company Financial Statements	256
• General Information	285
• Combined Annual and Extraordinary General Meeting of 28 May 2004	287
Glossary	294-300

Key Figures

Number of Group Employees

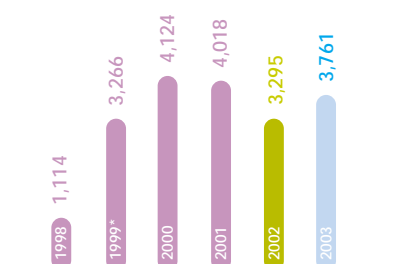
	2003	2002
World	89,100	87,700
Europe	67,400	66,200

Ratings (as of 16 December 2003)

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

Net income

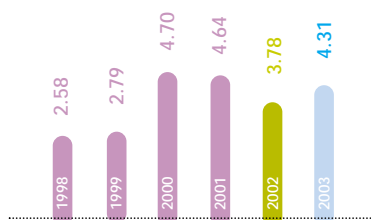
(in millions of euros)



* Pro forma net income before restructuring provisions.

Earnings per share ⁽¹⁾

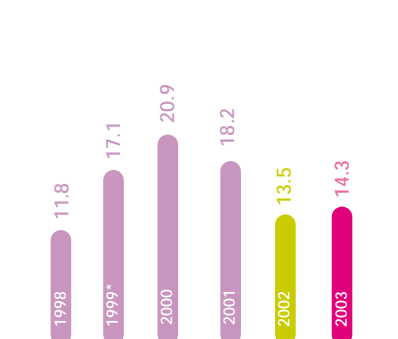
(in euros)



(1) Adjusted for the 20th February 2002 two-for-one share-split.

Return on equity

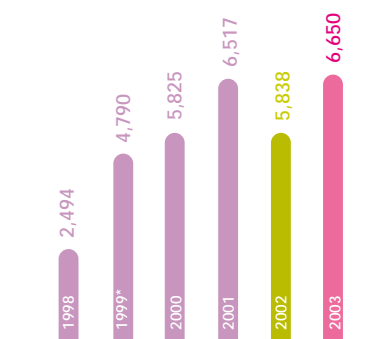
(in %)



* Pro forma net income before restructuring provisions.

Gross income

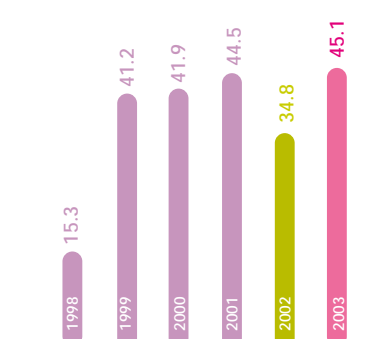
(in millions of euros)



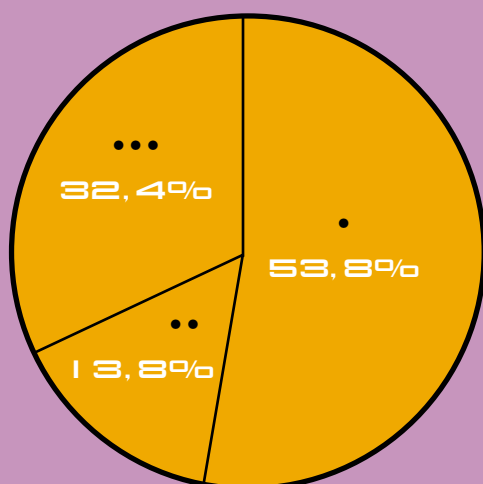
* Pro forma gross income.

Market capitalisation

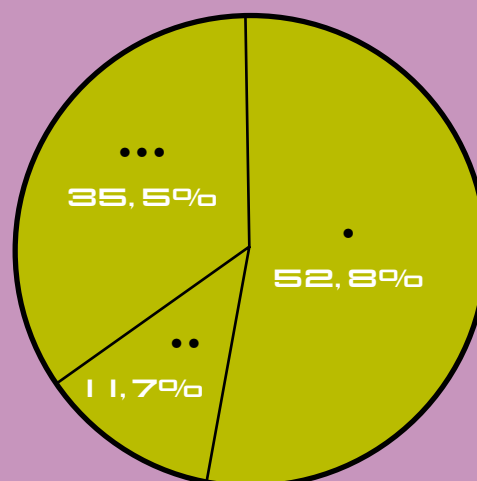
at 31/12 (in billions of euros)



Net banking income
by core business
(in %)



Gross operating income
by core business
(in %)



- Retail Banking
- Private Banking, Asset Management, Insurance and Securities Services
- Corporate and Investment Banking

Business

(In millions of euros)

	2003	2002
Total assets	783,076	710,319
Customer deposits	282,568	267,190
Customer loans (gross)	231,479	235,688
Shareholders' equity ⁽¹⁾	28,321	26,445
International capital adequacy ratio	12.9%	10.9%
o/w Tier One	9.4%	8.1%

(1) Before income appropriation.

Results

(in millions of euros)

	2003	2002	Change 2003 - 2002
Net banking income	17,935	16,793	6.8%
Gross operating income	6,650	5,838	13.9%
Operating income	5,289	4,368	21.1%
Pre-tax income	5,586	4,813	16.1%
Net income	3,761	3,295	14.1%

Chairman's and Chief Executive Officer's Statement



Michel Pébereau
Chairman



Baudouin Prot
Chief Executive Officer

The last two years were not easy ones for the banking and financial services industry. Nevertheless, BNP Paribas reported robust earnings, and has emerged from this period with improved competitive positions, an even stronger balance sheet and sustained high profitability. This performance, which positions us among Europe's leading international financial services corporations, has been fuelled by the intense commitment of our teams, and the balanced nature of our business portfolio. It also reflects our solid ability to innovate and our constant drive to stay one step ahead of emerging client needs. Financial Services is an industry that is undergoing the greatest changes worldwide. Since our Group's formation, we have consistently made it our goal to remain on the forward edge of market developments in all three of our core businesses: Retail Banking, Corporate and Investment Banking, and Asset Management Services.

The global economic outlook for 2004 is one of improvement, although forecasts for the European Union point to only modest growth. At the same time, the world economy is still vulnerable to major financial imbalances and uncertainties of all kinds. While remaining vigilant and poised to respond swiftly to any break in the recovery, we will be turning our attention once again to using our innovation skills to better serve our clients, in order to continue driving profitable growth.

- Serving clients through innovation means leveraging our skills to tailor our offer to new spending habits, new technological applications, and the new needs of businesses and investors. It also means organising our teams and investing in information technology so that BNP Paribas and its subsidiaries can respond even more effectively to future client needs.
- Driving profitable growth means combining assertive organic expansion with a carefully managed acquisitions strategy, while continuing to demonstrate the risk and cost discipline that

BNP Paribas at a glance

Leading Eurozone bank in terms of profit and market capitalisation

Gross operating income up 13.9%
Operating income up 21.1%
Net income up 14.1% to EUR 3.761 million

Dividend up 21% from EUR 1.20 to EUR 1.45

BNP Paribas operates in over 85 countries and
has 89,100 employees including 67,400 in Europe

has always been a hallmark of our Group. Thanks to our robust financial position and solid earnings, we are able to seek out acquisition opportunities that meet our exacting standards, for the benefit of our Group and our shareholders. As well as completing our announced share buyback programme, we will use our capital discerningly, avoiding transactions that are over-priced or unnecessarily risky, and generally manage our resources in the best medium-term interests of our shareholders.

In 2004, the performance of our French Retail Banking business should be boosted by the ramp-up of our multichannel retail banking services and our extended private banking services. We will finish reorganising our services to corporate clients around 25 business centres, allowing us to better serve existing clients and attract new ones.

The International Retail Banking and Financial Services Division is deploying an ambitious growth strategy.

This can be seen, for example, in the European development of Cetelem, which now generates over 50% of revenues outside France, and in the momentum achieved by BancWest, which is gradually broadening its network to cover the entire Western United States. In 2004, the Division will continue to invest in organic growth – including in France where expanding the business is a key priority – while also looking for acquisition opportunities that fulfil our geographic and financial criteria.

In 2003, Corporate and Investment Banking significantly improved its revenue and earnings performance compared with 2002, when the Division resisted better than most of its competitors in a difficult environment. It also moved rapidly up the league tables in the international capital markets, advisory and corporate banking businesses. The prime objectives of 2004 are to expand the client base, raise the client penetration rate and increase cross-selling, backed by a sales organisation which has recently been further enhanced.

Lastly, Asset Management Services is poised to take up the opportunities created by the economic revival and stock market recovery for most of its investor services businesses, especially in Europe.

BNP Paribas is a powerful and efficient organisation, but it is also an organisation fully aware of its corporate, social and ethical responsibility. In this year's persistently unsettled environment, as the "bank for a changing world", we will maintain our drive for profitable growth while also continuing to earn the confidence of our shareholders, clients and employees. Our Group has the human and financial resources to fulfil this goal.



J. Pébereau

Corporate & Investment Banking

To strengthen its European positions, expand origination capabilities and leverage its potential for growth in the corporate and investment banking market, BNP Paribas has set up a new integrated group, known as Coverage and Territories Europe (CTE). CTE is responsible for covering strategic client relationships and relationships with large corporates, as well as for leading operations in the European territories.

Outside Europe, the Coverage and Territories International (CTI) group covers strategic and large corporate relationships in the Americas, the Asia-Pacific region, Africa and the Middle East, as well as leading operations in the corresponding Corporate and Investment Banking territories. Lastly, the Financial Institutions Group (FIG) is the integrated group responsible for covering relationships with financial institutions (banks, insurers, supranational organisations, etc.) throughout the world.

These sales teams market all of the products offered by the Group and its subsidiaries. CTE and CTI client relationship managers have an excellent understanding of their clients' industrial strategies and day-to-day management concerns, making them the preferred partners of the Group's large corporate clients and enabling them to effectively coordinate the activities of product specialists.

With a client base comprising some 11,000 corporates and institutions, the new CTE and CTI groups will enhance integration of the specific features of these markets, and particularly their regional characteristics, with a focus on promoting revenue generation across product lines and developing cross-selling.

Based in 20 countries worldwide, the 65-strong FIG (Financial Institutions Group) team manages relationships with 450 institutional clients, including insurers, pension funds and asset managers, supranational organisations, banks and central banks. FIG's experts have built long-term client relationships, rooted in their excellent understanding of each client's business. Thanks to the quality of services provided, BNP Paribas is viewed as the benchmark bank by institutional clients, with a very strong reputation compared with its main competitors. FIG owes its success in no small measure to its close cooperation with the other business lines, mainly Fixed Income, Equities, Asset Management and BNP Paribas Securities Services.

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 sellers and also offer advice on other strategic financial issues, such as privatisations. Primary market services include flotations, equity issues, secondary offerings, 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 approximately 330 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 Peregine.

In 2003, BNP Paribas confirmed its position as one of the top 15 players in Merger & Acquisition transactions in Europe, being ranked No. 13 among European players by *Thomson Financial* in terms of transaction volumes and No. 11 as adviser to companies considering a merger or acquisition. It is also a leader in France and Europe as a whole for primary equity business, holding the 8th spot in Europe and the top slot in France in the Dealogic Bondware rankings.

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 services, covering equity brokerage, equity derivatives and Prime Brokerage (targeted at hedge funds).

In 2003, BNP Paribas was:

- No. 2 in Euronext equities (source: *Euronext*) and No. 3 in Germany for equity brokerage (source: *Deutsche Börse*);
- No. 1 in Futures and No. 2 in Options in the Monep futures market (source: *Euronext*) and No. 2 in France for traded warrant volumes (source: *Euronext*);
- No. 1 in the Futures and Options market on the Osaka Stock Exchange in Japan;
- BNP Paribas won the "2004 Equity Derivatives House of the Year" prize awarded by *Risk Magazine*.

Corporate & Investment Banking

Fixed Income

Fixed Income's strong product expertise and distribution capabilities have positioned BNP Paribas in the top three Fixed Income players in Europe and have allowed it to build a strong client franchise in Asia, Japan and the USA.

The Group'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, Interest Rates Group and Foreign Exchange.

The Bank is recognised as a leader in the interest rate and credit derivatives markets, and is a leading player in the global FX market. BNP Paribas provides a complete range of Fixed Income products via a very strong Sales and Marketing platform. In addition, the Bank provides a full array of research products and services. These take the form of written reports offered to each client with a view to providing assistance and advice, and which can be sent to various media players.

The combination of these offerings enables the Bank's clients to benefit from a comprehensive range of personalised services on a worldwide scale, covering numerous markets and currencies. The Fixed Income division employs 1,400 people across the globe.

BNP Paribas is ranked 3rd bookrunner for all investment-grade bonds in euros, No. 2 in corporate bonds in euros, No. 5 for all bonds in euros and No. 8 for all Euromarket Issues (source: IFR).

Financing Businesses

Energy, Commodities, Export and Project Finance (Ecep)

By grouping together within one structure the financing of energy, commodities, export and project finance, BNP Paribas has created an innovative structure that meets client needs and fully leverages synergies between the various businesses.

The Energy, Commodities, Export and Project Finance business line (Ecep) 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.

During the year 2003, BNP Paribas was named "2003 Highly Commended Best Commodity Bank" (*Trade Finance Magazine*).

Structured Finance and Lending

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.

In 2003, BNP Paribas held 6th position as mandated lead arranger of syndicated loans worldwide and 4th position as mandated lead arranger of syndicated loans in the Europe – Middle East – Africa region (source: *International Financial Review of January 2004*). Also in 2003, BNP Paribas was ranked 4th as mandated arranger of leveraged loans in Europe (source: *International Financial Review of January 2004*).

In addition, the Structured Finance division oversees the structuring and monitoring of standard commercial banking transactions.

Listed Investment and Sovereign Loan Management

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

The Listed Investment Management team manages BNP Paribas' portfolio of minority stakes in large listed groups.

Sovereign Loan Management's mission is to restructure sovereign loans through the London Club and to manage the portfolio of emerging market sovereign debt, such as Brady bonds, eurobonds and restructured credits.

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 3,200 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 – 22% of households with net annual revenues in excess of EUR 82,000 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 in the branches, serving individuals and small businesses, in the Private Banking centres, in business centres, in the Client Relationship Centre (CRC) and in back-offices dealing with after-sales operations.

Since 1997, BNP Paribas has been conducting a major overhaul of its retail banking network, playing a pioneering role in multi-channel 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 deal 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.

French Retail Banking is also stepping up its sales drive, geared to the clients of Private Banking in France, backed by 212 Private Banking centres located throughout the country.

In addition, 17 new business centres were set up towards the end of 2003, providing services to companies.

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 have fully integrated information systems.

International Retail Banking and Financial Services

Since 11 June 2003, operations formerly making up Financial Services and International Retail Banking have been grouped in the International Retail Banking and Financial Services division. Following this regrouping, Cortal Consors is now attached to Private Banking and Asset Management.

sales, automobile financing 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 partner of choice for banks and insurance companies such as Axa, Banques Populaires, Caisses d'Épargne, Dresdner and KBank which value its credit expertise, as well as for new providers of services to private individuals, such as EDF.

Cetelem currently operates in 20 countries, including 15 in Europe.

Retail Financial Services

Cetelem

Cetelem is the leading supplier of consumer credit in the Eurozone (source: annual reports of the participants concerned and European Credit Research Institute), with EUR 29.0 billion in outstanding loans as of 31 December 2003 and more than 10,000 staff throughout the world. For the past 50 years, Cetelem has contributed to making consumer credit a modern and pragmatic solution to help consumers manage their household budgets.

Cetelem is the benchmark in the industry. Its Aurore card, held by 15 million consumers worldwide, demonstrates Cetelem's ability to innovate. Its high-quality service offerings – backed by outstanding technical expertise and tight risk control – meet most household financing needs, including personal loans, instalment

UCB

UCB specialises in financing residential real estate purchases by individuals, for both personal and investment purposes. UCB is active in France and, via its subsidiaries, in Spain, Italy, Portugal and the Netherlands.

At 31 December 2003, UCB's managed outstandings totalled EUR 16.3 billion.

UCB markets its products through a network of business referral partners in the real estate industry, such as estate agents and builders, or in some countries brokers, who refer buyers to 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. Synergies with BNP Paribas' retail

network lends additional 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.

At 31 December 2003, UCB's market share was 2.35% for France, 3.25% for Spain and about 1% for Italy and Portugal.

BNP Paribas Lease Group (BPLG)

BPLG is specialised in providing investment financing for corporate clients and small businesses. With an operating presence in 10 European countries, BPLG offers a full array of equipment and property financing solutions, through operating or finance leases – either with or without related services.

A European leader, and No.1 in France with a market share of some 20% (source: Association Française des Sociétés Financières – ASF –, *Entreprises et Professionnels*), BPLG works in partnership with equipment manufacturers, importers and distributors, with a view to helping them optimise their sales performance by integrating financing into the sale contract. BPLG provides and manages equipment and property financing, marketed by the BNP Paribas banking network to its clients in France and the rest of Europe.

Contract Hire and Fleet Management

The Contract Hire and Fleet Management unit consists of three groups of companies that offer customised solutions to corporate clients seeking to outsource both the management and financing of their vehicle fleets and other logistical equipment, as well as the technical and market risks related to the use of this 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 is the core business's main company. It has direct operations in 16 countries and a leading European position in the long-term leasing and fleet management market, with 600,000 vehicles under its management at the end of 2003.

Arval PHH has a sales and technological agreement with PHH North America, a subsidiary of Avis Group specialised in fleet management which trades under the name of PHH Arval.

International Retail Banking

BancWest

In the United States, the International Retail Banking and Financial Services business is conducted through BancWest

Corporation, a holding company formed out of the 1998 merger between Bank of the West and First Hawaiian Bank.

In December 2001, BNP Paribas acquired the 55% of BancWest shares it did not already own. This transaction was followed, in March 2002, by the acquisition of United California Bank (UCB) whose operations were merged with those of Bank of the West at the end of the third quarter of 2002.

Bank of the West offers retail banking services to individuals and companies in 6 Western states: California, Washington, Idaho, Nevada, New Mexico and Oregon. Following its merger with UCB, it is now California's 5th leading retail bank (source: FDIC 30 June 2003). It also has strong national positions in certain niche lending markets, such as Marine, Recreational Vehicles, Church Lending, and Small Business Administration.

With a 40% market share based on deposits (source: FDIC 30 June 2003), First Hawaiian Bank is now Hawaii's leading bank, offering a broad array of products to a local clientele of private individuals and companies.

In total, BancWest has 7,461 employees, 350 branches and some 2 million clients. At 31 December 2003, it had total assets of EUR 38.4 billion.

Emerging and Overseas Markets

Emerging and Overseas Markets retail banking operations are organised around four geographical areas: Africa-Indian Ocean, French overseas departments and territories, North Africa-Mediterranean Basin, and the 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 approximately 350 branches and 1.3 million clients.

BNP Paribas' operations in Africa are organised around the network of the Banque Internationale pour le Commerce et l'Industrie (BICI). With around one hundred branches located in 6 countries (Burkina Faso, Côte d'Ivoire, Gabon, Guinea Conakry, Mali and Senegal), BNP Paribas manages one of the largest banking networks in French-speaking Africa. In the Indian Ocean region, the Group has operations in Madagascar (BMOI) and the Comoro Islands (BIC).

In the North Africa-Mediterranean Basin region, the Group is represented in Morocco by Banque Marocaine pour le Commerce et l'Industrie (BMCI), in Tunisia by Union Bancaire pour le Commerce et l'Industrie (UBCI) and in Algeria by BNP Paribas El Djazair. The Group also has solid local positions in the French overseas departments and territories, where it operates through 49 branches.

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).

Lastly, importers and exporters who are clients of the Emerging Markets and Overseas retail banking business have access to the teams of international trade specialists working in the BNP Paribas' international network of Trade Centres.

Private Banking, Asset Management, Securities Services and Insurance

Cardif also operates in 27 countries outside France 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.

BNP Paribas Assurance ranks 4th in France among life insurers (*FFSA data*), with a 7.3% market share in terms of total inflows of new money.

Securities Services

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 2003, assets held in custody stood at EUR 2,090 billion and the estimated number of transactions handled over the year was 23.4 million.

BNP Paribas Securities Services is ranked number one among European custodians and 5th worldwide (*source: Institutional Investor Magazine, ranking published in September 2003 based on assets in custody at end-March 2003*).

Over half of BNP Paribas Securities Services' operations are outside France. In addition to its head office in Paris, it has branches, subsidiaries and offices in all of the main European financial centres – including Germany, Belgium, Spain, Greece, Ireland, Italy, Jersey, Luxembourg, the Netherlands, Portugal, the United Kingdom and Switzerland – as well as in Australia, New Zealand and the United States. The division also offers services in Turkey, where it operates through an agreement with Garanti Bank.

Real Estate

BNP Paribas offers a comprehensive range of products and services through its array of property subsidiaries – Meunier, Comadim, Gérer, BNP Paribas Immobilier, Coextim, Antin Vendôme 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 management subsidiaries centred around 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, Advisory Services, Property Development, Property Appraisal, and Property Management.

In addition to operating in the greater Paris area, BNP Paribas' real estate services subsidiaries are expanding in the Rhône Alpes and Provence Alpes regions, as well as along the French Riviera. Meanwhile, Klépierre is strengthening its leading European position in the shopping centre management market.

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 give advice on funds held partly by the Group and partly by outside investors.

BNP Paribas Capital is active in all segments of the Private Equity market.

Large LBOs in Europe are handled by PAI partners.

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 telecommunications 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.

Private Banking, Asset Management, Securities Services and Insurance

This division comprises all of the Group's Investor Services businesses and leads the BNP Paribas asset gathering effort.

One of the foremost players in Europe, the division offers fund management and discretionary asset management services, backed by a range of high value-added investor services. It is organised around three business lines:

- Institutional and Private Asset Management, comprising private banking services (BNP Paribas Banque Privée), asset management services (BNP Paribas Asset Management) and Cortal Consors on-line brokerage services;
- Insurance (BNP Paribas Assurance) ;
- Global Securities Services for financial institutions (BNP Paribas Securities Services).

Wealth and Asset Management

Private Banking

Serving a demanding clientele of high net worth individuals, BNP Paribas Banque Privée offers personalised portfolio engineering and diversification advice, tailored to the specific needs of each client, backed by a range of carefully selected high-performance, innovative products.

With more than EUR 96 billion in client assets under management, BNP Paribas Banque Privée is the world's 10th largest private banking specialist (As of 30 June 2003, source: *Wealth Partnership Review – October 2003*). It is ranked No. 1 in the French private banking market, with EUR 42 billion worth of assets under management and a network of more than 120 outlets nationwide. Its presence is growing rapidly in European domestic markets and already has a strong foothold in the international private asset management capitals of Europe and Asia.

Asset Management

BNP Paribas Asset Management offers third party asset management services in 24 countries. Its teams of fundamental and quantitative asset management specialists cover all the main asset classes, while the alternative and structured asset management organisation combines dedicated expertise with highly specialised partnerships.

Sales teams are organised by client category in all the countries where BNP Paribas Asset Management operates, to provide client-specific offers and a personalised local service.

BNP Asset Management is now building positions in emerging markets, such as Brazil, South Korea and China, where an asset banking licence was obtained at the end of 2003. These markets represent powerful future growth drivers, as well as investment opportunities for all of the business line's clients.

With a franchise of over 400 institutional clients, BNP Paribas Asset Management had EUR 168 billion worth of assets under management at 31 December 2003. It is a major player in the European investment fund market – as of 30 September 2003 it was Europe's 9th leading sponsor (source FERI).

In 2003, Fitch Ratings upgraded BNP Paribas Asset Management's asset manager rating to aa+.

Cortal Consors

Europe's leading personal investment management company and online broker (source: *Reuters October 2003*), Cortal Consors offers clients its expertise, stock market trading technology and investor advisory experience, together with a broad range of products including short-term investment products, mutual funds and life insurance policies, backed by leading-edge online brokerage technologies.

Insurance

BNP Paribas Assurance is a holding company that owns the entire capital of Natio Vie and Cardif SA. It also owns half of the capital of Natio Assurance – a non-life insurer – with the remaining half owned by the Axa Group. BNP Paribas Assurance has adopted a multi-brand, multi-partner and multi-country strategy.

Natio Vie and Natio Assurance distribute their products in France via the networks of Retail Banking and Private Banking. Policies cover the whole range of personal insurance, including life, health, death & disability and savings & retirement lines, as well as automobile 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 International Retail Banking and Financial Services division, partner banks, brokers, independent financial advisers and direct marketing channels.

The companies' non-brand-specific functions are performed by an inter-company partnership, providing economies of scale.

History



© Archives BNCI

1966

Creation of BNP

The merger of BNCI and CNEP to form BNP represented the largest restructuring operation in the French banking sector since the end of the Second World War.

1968

Creation of Compagnie Financière de Paris et des Pays-Bas

1982

Nationalisation of BNP and Compagnie Financière de Paris et des Pays-Bas along 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.

2003

A sharp increase in operating performance in a difficult environment

BNP Paribas is the most profitable bank in the Eurozone. Throughout 2003, the Bank posted strong growth in its operating performance, against an improved overall economic backdrop – albeit still tough in Europe – and despite the negative impacts of the fall of the dollar.



Executive Committee

At its meeting on 11 June 2003, the Board of Directors of BNP Paribas determined the conditions for splitting up the functions of Chairman and Chief Executive Officer. This change had been approved in principle on Michel Pébereau's recommendation at the Board meeting on 14 May, prior to the Annual Shareholder's Meeting.

Michel Pébereau chairs the Board of Directors in accordance with the law, the Company's Articles of Association, and best corporate governance practices.

The Board sets the orientations for BNP Paribas businesses and ensures that they are implemented.

In close cooperation with Executive Management, Michel Pébereau represents the Group in its high-level relations, particularly those involving major clients and ensures that good shareholder relations are established and maintained.

Baudouin Prot has been named Chief Executive Officer. Accordingly, he manages the Group and has been given full powers. He supervises the Group's core businesses and functions.

On Baudouin Prot's recommendation, the Board of Directors has appointed Georges Chodron de Courcel and Jean Clamon as Chief Operating Officers and corporate representatives. Their mission is to assist the Chief Executive Officer with carrying out his functions.

Consequently:

- Responsibility for Corporate and Investment Banking (CIB) has been entrusted to Philippe Blavier.
- Responsibility for Retail Financial Services (RFS) and International Retail Banking (IRB), regrouped under the name International Retail Banking and Financial Services (IRFS), has been entrusted to Pierre Mariani.
- At the same time, Cortal Consors - Europe's leading on-line broker - has been placed under the responsibility of the Asset Management and Services core business.
- Responsibility for the other core businesses - French Retail Banking (FRB) and Asset Management and Services (AMS) - remains entrusted to Jean-Laurent Bonnafé and Vivien Lévy-Garboua, respectively.

Responsibilities within Executive Management have been attributed as follows:

- Georges Chodron de Courcel is specifically in charge of coordinating Corporate and Investment Banking (CIB) as well as Asset Management and Services (AMS).
- Jean Clamon is specifically in charge of coordinating French Retail Banking (FRB) and International Retail Banking and Financial Services (IRFS).

The following individuals report directly to the Chief Executive Officer:

- Dominique Hoenn, BNP Paribas Senior Adviser in charge of market risks and asset/liability management, who also represents the Group in its dealings with market and industry bodies.
- Amaury-Daniel de Seze, Head of BNP Paribas Capital. BNP Paribas has given up control over the fund management company PAI, which manages its funds in a completely autonomous manner.



A Baudouin Prot,
Chief Executive Officer

B Georges Chodron de Courcel,
Chief Operating Officer

C Jean Clamon,
Chief Operating Officer

D Amaury-Daniel de Seze,
Head of BNP Paribas Capital

E Philippe Blavier,
Head of Corporate and Investment Banking

F Jean-Laurent Bonnafé,
Head of French Retail Banking

G Philippe Bordenave,
Head of Group Development and Finance

H Hervé Gouëzel,
Head of Group Information Systems

I Bernard Lemée,
Head of Group Human Resources

J Vivien Lévy-Garboua,
Head of Asset Management and Services

K Pierre Mariani,
Head of International Retail Banking and
Financial Services