quinn emanuel trial lawyers | london
90 High Holborn, London WC1V 6LJ, United Kingdom | TEL +44 20 7653 2000 FAX +44 20 7653 2100

WRITER'S DIRECT DIAL NO.
**+44 20 7653 2222**

WRITER'S EMAIL ADDRESS
**richardeast@quinnemanuel.com**

11 September 2023

**European Banking Authority**
Floor 24-27, Tour Europlaza
20 Avenue Andre Prothin
92400 Courbevoie, France

Attention: Mr José Manuel Campa

Email: JoseManuel.Campa@eba.europa.eu

**By Email**

Dear Mr Campa

**In re: US$ 500,000,000 Undated Subordinated Floating Rate Notes issued by BNP Paribas SA (ISIN: FR0008131403) (the "Notes")**

1. We write to you on behalf of an *ad hoc* committee of noteholders who are holders of, or representatives of funds and accounts that are holders of, the Notes. Our clients are material holders of the outstanding Notes in issue.

2. The Notes were originally issued on 22 September 1986 with a face value of US$ 500 million. Approximately US$ 274 million of the Notes remain in issuance. The terms and conditions of the Notes are governed by French law. A copy of the prospectus containing the terms and conditions of the Notes is enclosed.

3. The issuer of the Notes, BNP Paribas SA ("**BNP**"), continues to treat the Notes as eligible Tier 2 capital. BNP has indicated an intention to treat the instrument as Tier 2 capital in perpetuity.

4. We enclose a summary table published by BNP on its website on 3 August 2023. The table contains a summary of the features of its various Tier 1 and Tier 2 capital instruments, including how BNP recognised the instruments under the transitional Capital Requirements Regulation ("**CRR**") rules (Regulation (EU) 2019/876 of the European Parliament and Council) and post the transitional CRR rules. A summary of the terms and conditions of the Notes is contained in column 19 on page 5.

5. Our clients have serious concerns arising from BNP's stated intention to treat the Notes as Tier 2 capital. The terms and conditions of the Notes contain a number of features that render the instrument ineligible as Tier 2 capital, as explained below.

**(i) <u>Tax Calls</u>**

6. Condition 7(B) of the Notes provides in part that:

"*All payments of principal and interest will be made without deduction or withholding for any taxes or duties within the Republic of France unless the Bank is required by law to deduct or withhold such taxes or duties. In that event the Bank will, to the extent then permitted by law, pay such additional amounts of principal or interest as will result in the payment to the holders of the Notes or Coupons, as the case may be, of the amounts which would otherwise have been payable in respect thereof but for such deduction or withholding…*"

7. Conditions 7(C) and 7(D) of the Notes read as follows:

"*(C) In the event that the Bank shall be required pursuant to paragraph (B) of this Condition to pay such additional amounts as are therein referred to, the Bank may, subject to having obtained all required authorizations if any, on giving not more than 60 nor less than 45 days' notice thereof in accordance with Condition 10, redeem, at par, all but not some only, of the Notes together with accrued interest to the date of redemption.*

*(D) In the event that the Bank shall not be permitted by law to pay the additional amounts provided in paragraph (B) of this Condition 7, the Bank shall be obliged within 30 days of the legal requirement to deduct or withhold coming into force or, if later, within 30 days of the legal prohibition to pay such additional amounts coming into force, to redeem, at par, all but not some only, of the Notes together with accrued interest to the date of redemption.*"

8. Condition 7 of the Notes therefore contemplates that payments of principal and interest are made without deduction for any taxes. However, if the applicable tax regime changes, and BNP is required to make such deductions, BNP will pay investors the difference such that they still receive an equivalent amount.

9. However, in these circumstances, BNP has the right to call the Notes by giving not less than 45 days' notice (Condition 7 (C)). To the extent that BNP is not permitted by law to pay the additional amounts envisaged in Condition 7(B), then it is obliged to redeem the Notes (Condition 7(D)).

10. Neither Condition 7(C) or Condition 7(D) is compatible with the CRR. Article 63(j) of the CRR provides in part that capital instruments shall only qualify as a Tier 2 instrument if the instrument may not be called within five years of the date of issuance, unless it qualifies for one of the exceptions in Article 78(4) of the CRR.

11. The terms and conditions of the Notes do not contain any limit on BNP calling the Notes within five years of issuance. Conditions 7(C) and 7(D), which contemplate that BNP may be entitled or obliged to redeem the Notes in certain circumstances, do not curtail this right as required by Article 63(j) read with Article 78(4) of the CRR. The Notes therefore do not qualify as Tier 2 capital.

12. Furthermore, one of the exceptions identified at Article 78(4)(b) of the CRR provides that competent authorities may permit institutions to redeem Tier 2 instruments within five years of issuance where "*there is a change in the applicable tax treatment of those instruments which the institution demonstrates to the satisfaction of the competent authority is material and was not reasonably foreseeable at the time of their issuance*".

13. However, this exception would not apply to any redemption of the Notes as provided for in Conditions 7(C) or 7(D). This is because the change to the applicable tax regime referred to at Condition 7(B) was clearly contemplated by BNP and therefore cannot be said to have not been reasonably foreseeable at the time of issuance.

14. Finally, the Notes contain a tax gross-up on principal, which the EBA has identified as an incentive to redeem the Notes. Article 63(h) of the CRR prohibits any provisions in Tier 2 instruments that include an incentive for the principal amount to be redeemed prior to maturity. In an EBA Q&A published on 31 March 2017, the EBA has indicated that it does consider such a clause to be an incentive to redeem.[1]

15. In summary, Condition 7 of the Notes containing provisions for the Notes to be redeemed on the basis of changes in the applicable tax treatment disqualify the Notes from Tier 2 treatment for the following reasons:

[1] 2016_2849 Gross-up calls on Tier 2 | European Banking Authority (europa.eu)

15.1. Conditions 7(C) and 7(D) do not contain any limit on BNP calling the Notes within five years of issuance. The right to call the Notes within five years of issuance should be limited to those circumstances identified in Article 78(4) of the CRR;

15.2. Any change in tax treatment entitling BNP to call the Notes was clearly foreseen at the time and therefore would not qualify for the exception in Article 78(4)(b); and

15.3. The tax gross-up on principal qualifies as an incentive to redeem the Notes, which contravenes Article 63(h) of the CRR.

(ii) **Multi-layered Tier 2 and infection risk**

16. In its recent report dated 21 July 2023 (EBA/Rep/2023/23), the EBA has emphasised that it is not appropriate for institutions to have a multi-layered structure for Tier 2 instruments.

17. Implementing a multi-layered Tier 2 structure adds complexity and creates an infection risk in the case of bail-in due to the established principle that no creditor may be made worse off in a bail-in than they would be in liquidation (the "**NCWO principle**").

18. Articles 48(1) and 60(1) of EU Directive 2014/59 ((the "**Bank Recovery and Resolution Directive**" or "**BRRD**") establish a clear order of priority in resolution. Instruments that qualify for CET 1 treatment must be written down and converted first. Only if this amount is not sufficient, should the resolution authorities write down or convert AT1 instruments. If the total reduction of both the CET1 and AT1 is not sufficient, the authorities should then reduce Tier 2 capital to the extent required. This clear order of priority implies a *pari passu* principle of loss absorption between instruments in the same category.[2]

19. However, the Notes contradict this important principle as they rank junior to many of BNP's other Tier 2 instruments in liquidation. This is evidenced by row 35, column 19 of BNP's summary table at page 5. The instruments that rank immediately senior to the Notes are "Dated subordinated notes". BNP has at least 35 of these instruments (summarised at columns 21-55 of the summary table) each of which is currently classified as Tier 2 capital.[3]

[2] See para 240 of EBA Report 2023/23 dated 21 July 2023.

[3] Though some instruments will lose eligibility from June 2025, BNP says.

20. The risk that this poses in resolution is obvious. In order to comply with the NCWO principle, the authorities would first need to ensure the Notes are written-off in full before a significant majority of BNP's remaining Tier 2 capital instruments could absorb any losses. As the EBA has warned, this structure adds complexity to any resolution process and therefore is not appropriate. It should not be permitted.

21. Our clients highlight that this infection risk would persist even if the Notes were no longer recognised as Tier 2 capital and were reclassified as a non-regulatory instrument. Article L. 613-30-3 of the French Monetary and Financial Code (as amended by Ordinance no. 2020-1636 of 21 December 2020, so as to implement Article 48(7) of the EU's BRRD) contains the ranking of creditors on liquidation for a credit institution under Book VI of the French Commercial Code. Article L. 613-30-3 of the French Monetary and Financial Code provides that subordinated claims which do not qualify as Tier 1 or Tier 2 capital instruments rank senior to those instruments which do qualify as Tier 1 or Tier 2 capital or qualified for Tier 1 or Tier 2 treatment before 28 December 2020. The Notes were eligible to be 'grandfathered' as Tier 2 capital until the end of 2021 and therefore did qualify as Tier 2 capital on and before 28 December 2020.

22. Therefore, even if the Notes are declassified as Tier 2 capital, they would still rank junior to other non-regulatory instruments under Article L. 613-30-3 of the French Monetary and Financial Code. Again, this disrupts the clearly established order of priority as envisaged in the BRRD which provides that Tier 2 capital should be written off in full before any pure funding instrument absorbs a loss.

**Conclusion**

23. For all the reasons set out above, it is difficult to discern the basis on which BNP considers that the Notes are eligible to be treated as Tier 2 capital. The fact that they introduce a multi-layered Tier 2 structure risks disruption and uncertainty in resolution. The terms and conditions of the Notes give BNP the right to redeem within five years of issuance without limiting this right to the specific conditions set out in Article 63(j) and 78(4)(b) of the CRR. The Notes also contain a tax gross-up on principal, which has been recognised by the EBA as an incentive to redeem, contrary to Article 63(h) of the CRR.

24. We trust that the EBA will look into the concerns raised in this letter as soon as possible. We and our clients are available to discuss any aspect arising from this letter with you. We look forward to hearing from you.

Yours faithfully,

[signed]

**QUINN EMANUEL URQUHART & SULLIVAN UK LLP**

(cc: Mr Andrea Enria, Chair of the Supervisory Board, European Central Bank)

PROSPECTUS
September 5, 1986

# Banque Nationale de Paris

## US $ 500,000,000

## Undated Subordinated Floating Rate Notes

*The issue price of the above Notes (the "Notes") is 100% of their principal amount.*

*Interest will be payable semi-annually commencing in March 1987.*

*Interest on and principal of the Notes will be paid without deduction or withholding for any French taxes or duties.*

*The Notes may (and in certain circumstances shall) be redeemed in whole in the event of a change in the tax status of the Notes only.*

*Application has been made to list the Notes on the Luxembourg Stock Exchange.*

**BANQUE NATIONALE DE PARIS**
**CREDIT SUISSE FIRST BOSTON LIMITED**

**DEUTSCHE BANK CAPITAL MARKETS LIMITED**
**MORGAN GUARANTY LTD**
**SALOMON BROTHERS INTERNATIONAL LIMITED**

**BANKERS TRUST INTERNATIONAL LIMITED**
**BANK OF CHINA**
**BANQUE BRUXELLES LAMBERT S.A.**
**CAISSE DES DEPOTS ET CONSIGNATIONS**
**CHASE MANHATTAN LIMITED**
**CITICORP INVESTMENT BANK LIMITED**
**CREDIT AGRICOLE**
**DAIWA EUROPE LIMITED**
**DRESDNER BANK AKTIENGESELLSCHAFT**
**GOLDMAN SACHS INTERNATIONAL CORP.**
**IBJ INTERNATIONAL LIMITED**
**KLEINWORT BENSON LIMITED**
**MERRILL LYNCH CAPITAL MARKETS**
**MORGAN GRENFELL & CO. LIMITED**
**MORGAN STANLEY INTERNATIONAL**
**NOMURA INTERNATIONAL LIMITED**
**SHEARSON LEHMAN BROTHERS INTERNATIONAL**
**SWISS BANK CORPORATION INTERNATIONAL LIMITED**
**UNION BANK OF SWITZERLAND (SECURITIES) LIMITED**
**S.G. WARBURG SECURITIES**

**ALGEMENE BANK NEDERLAND N.V.**
**BANKAMERICA CAPITAL MARKETS GROUP.**
**BANK OF MONTREAL**
**BARCLAYS DE ZOETE WEDD LIMITED**
**CIBC LIMITED**
**COMMERZBANK AKTIENGESELLSCHAFT**
**COUNTY NATWEST CAPITAL MARKETS LIMITED**
**GENERALE BANK**
**GIROZENTRALE UND BANK DES OESTERREICHISCHEN SPARKASSEN AKTIENGESELLSCHAFT**
**ISTITUTO BANCARIO SAN PAOLO DI TORINO**
**KANSALLIS-OSAKE-PANKKI**
**KIDDER, PEABODY INTERNATIONAL LIMITED.**
**LLOYDS MERCHANT BANK LIMITED**
**MITSUBISHI FINANCE INTERNATIONAL LIMITED**
**SAMUEL MONTAGU & CO. LIMITED**
**THE NIKKO SECURITIES CO., (EUROPE) LTD.**
**ORION ROYAL BANK LIMITED.**
**PRUDENTIAL - BACHE SECURITIES INTERNATIONAL.**
**STANDARD CHARTERED MERCHANT BANK**
**SUMITOMO FINANCE INTERNATIONAL**
**SVENSKA HANDELSBANKEN PLC, LONDON**
**WESTPAC BANKING CORPORATION.**
**YAMAICHI INTERNATIONAL (EUROPE) LIMITED**

## GENERAL INFORMATION

*This Prospectus, which has been prepared for the present issue, may only be used in any country in conformity with the laws and regulations in force therein. No person is authorized to give any information or to make any representation other than as contained in this Prospectus and if given or made, such information or representation must not be relied upon as binding the Bank or the Managers listed under Underwriting and Sales.*

*Possession of the Notes will be obtainable by or on behalf of the beneficial owners only upon certification of non-United States beneficial ownership. Pending delivery of the Notes a temporary certificate in respect of the Notes will be issued and deposited with a common depositary for Cedel S.A. and Euroclear. This temporary certificate in respect of the Notes will be exchangeable for definitive Notes on or about March 22, 1987. The Notes have been accepted for clearance through Cedel (Reference No. 146.668) and Euroclear (Reference No. 18.099).*

*In connection with the application for the listing of the Notes on the Luxembourg Stock Exchange a copy of the "Statuts" of the Bank and a notice relating to the issue (Notice Légale) will be lodged with the Chief Registrar of the District Court of Luxembourg (Greffier en chef du Tribunal d'Arrondissement de et à Luxembourg) prior to the listing of the Notes, where they may be inspected and copies can be obtained. So long as any of the Notes remain outstanding copies of the annual report may be obtained at the offices of the Paying Agent in Luxembourg.*

*Notes will carry a legend substantially to the following effect: "Any United States person who holds this security will be subject to limitations under United States income tax laws, including the denial of loss deductions and capital gains treatment under Sections 165(j) and 1287(a) of the United States Internal Revenue Code of 1954, as amended, unless an exception thereto applies". Coupons will carry a legend to the same effect.*

*Each purchaser of the Notes to which this Prospectus relates shall be required, as regards the offer or sale of such Note, to comply with all applicable laws and regulations of any jurisdiction in which the offer or sale is made.*

*Banque Nationale de Paris which accepts full and sole responsibility for the information contained herein, has warranted to the financial institutions named on the cover hereof that the information contained in this Prospectus is true and accurate in all material respects and that no material fact has been omitted which would render such information misleading.*

### TABLE OF CONTENTS

# I — TERMS AND CONDITIONS OF THE NOTES

The US $ 500,000,000 undated Floating Rate Notes (the "Notes") are issued outside France by Banque Nationale de Paris (the "Bank") pursuant to a decision of the Board of Directors of the Bank made on July 16, 1986 and a resolution of the shareholders of the Bank passed on May 28, 1986.

## 1. Notes and Coupons

The issue will be represented by Notes issued in bearer form and in the denomination of US $ 10,000 and US $ 100,000 with (at the date of issue) coupons and one talon for further coupons ("Coupons" and a "Talon" respectively) attached. After all the Coupons attached or issued in respect of the Notes have matured, further Coupons and one further Talon will, subject to the terms of the Notes, be issued by the principal Paying Agent upon presentation of the relevant Talon. Title thereto shall pass by delivery. The Bank, the principal Paying Agent and any of the Paying Agents (as defined in condition 5) may deem and treat the holder of any of the Notes and the holder of any Coupon or Talon as the absolute owner of such Note or such Coupon, or Talon.

## 2. Status - Subordination

The Notes and Coupons constitute unsecured subordinated obligations of the Bank and will rank *pari passu* without any preference among themselves and *pari passu* with any other undated subordinated debt of the Bank.

Subject to applicable law, in the event of bankruptcy proceedings (*"liquidation judiciaire"*) or any similar proceedings affecting the Bank or, in the event of a voluntary or involuntary liquidation of the Bank, the rights of the holders of Notes and Coupons to payment under the Notes and Coupons respectively shall be subordinated to the complete payment of the claims of all other creditors, including depositors, of the Bank (whose claims either are not subordinated or are subordinated by reason of a subordinated debt with a fixed maturity) and, subject to such complete payment, all amounts due on the Notes and the Coupons shall be paid before the *"prêts participatifs"* granted to the Bank, the *"titres participatifs"* issued by the Bank and any share capital of whatever nature of the Bank. In the event of incomplete payment of the claims to which such other creditors are entitled, the obligations of the Bank in connection with the Notes and the Coupons shall be terminated.

The Bank undertakes that so long as any of the Notes remains outstanding, it will not create, any lien, pledge or other charge upon any of its present or future property, rights or assets as security for any undated subordinated notes or bonds ("titres subordonnés de durée indéterminée") unless the Notes are secured rateably by such lien, pledge or charge.

## 3. Interest

### (a) Interest Payment Date

The Notes bear interest from the Issue Date (which expression means September 22, 1986) and such interest is payable in March and September of each year (an "Interest Payment Date"). The period from and including the Issue Date to but excluding the first Interest Payment Date and each successive period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date is called an "Interest Period". If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined below), it shall be postponed to the next day which is a business day unless it would thereby fall in the next calendar month, in which event the Interest Payment Date shall be brought forward to the immediately preceding business day.

### (b) Payment of Interest and Arrears of Interest

Interest Payments will be made against surrender of the appropriate Coupons in accordance with Condition "Payments" below. Interest shall cease to accrue on the Notes from the due date for redemption thereof unless, upon due presentation, payment of principal is improperly withheld or refused. After the due date for redemption, any unmatured Coupons appertaining thereto shall become void.

The Bank will not be obliged to make payment of interest accrued during any Interest Period on the relevant Interest Payment Date if, within the twelve calendar months preceding the relevant Interest Payment Date, no dividend or distribution has been declared or paid, on any share capital of the Bank and any interest not so paid shall, so long as the same remains unpaid, constitute "Arrears Interest". Subject to Condition "Status - Subordination" above, the Bank may at its option, at any time, pay all Arrears Interest or any part thereof on all the Notes but so that, in the case of such partial payment, the interest accrued during any Interest Period shall not be paid prior to that interest accrued during any earlier Interest Period.

All Arrears Interest shall, subject to Condition "Status - Subordination" above, become due in full on whichever is the earliest of (i) the date upon which a dividend or any distribution is next declared or paid on any share capital of the Bank, (ii) the date set for any repayment permitted under Condition "Redemption" below, or (iii) the commencement of the winding-up of the Bank. If notice is given by the Bank of its intention to pay the whole or part of the Arrears Interest, the Bank shall be obliged to do so upon the expiration of any period of notice. Arrears Interest and interest otherwise overdue shall not bear interest.

(c) **Rate of Interest - Reference Agent - Reference Banks**

For the purpose of calculating the rate of interest payable on the Notes, the Bank has entered into a reference agent agreement dated as of September 18, 1986 with Citibank N.A. (the "Reference Agent Agreement"). The rate of interest payable from time to time in respect of the Notes (the "Rate of Interest") will be established by Citibank N.A. acting as reference agent or any duly appointed substitute reference agent (the "Reference Agent") in accordance with the Reference Agent Agreement and the following provisions.

On each "Interest Determination Date", namely the second business day prior to the Issue Date (in the case of interest for the first Interest Period) and thereafter the second business day prior to the commencement of the Interest Period for which such rate will apply, the Reference Agent will request the following banks in London, Barclays Bank plc, Chase Manhattan Limited and International Westminster Bank plc or any duly appointed substitute reference bank (the "Reference Banks") to inform the Reference Agent or their offered quotations for Eurodollar deposits to and from leading banks in the London inter-bank market for the Interest Period concerned as of 11.00 a.m. (London time) on the Interest Determination Date in question.

The Rate of Interest will be established by the Reference Agent on each Interest Determination Date as follows:

(a) If on any Interest Determination Date at least two Reference Banks provide such offered quotations, the Rate of Interest for the next Interest Period shall, subject to the following provisions, be 0.075% per annum above the arithmetic mean (rounded if necessary to the nearest whole multiple of 0.0005%, 0.00025% being rounded upwards) of such offered quotations.

(b) If on any Interest Determination Date only one Reference Bank provides such offered quotations, the Rate of Interest for the next Interest Period shall, subject to the following provisions, be the higher of (i) the Rate of Interest in effect on that Interest Determination Date or (ii) the Reserve Interest Rate. The "Reserve Interest Rate" shall be the rate per annum which the Reference Agent determines to be the arithmetic mean (rounded if necessary to the nearest whole multiple of 0.0005%, 0.00025% being rounded upwards) of the best dollar lending rates which New York City banks selected by the Reference Agent are quoting, on the relevant Interest Determination Date, for the next Interest Period, to leading European banks.

(c) If on any Interest Determination Date the Reference Agent is required but is unable to determine the Reserve Interest Rate in the manner provided in (b) above, the Rate of Interest for the next Interest Period shall be the Rate of Interest in effect on such Interest Determination Date.

The establishment by the Reference Agent of the Rate of Interest shall (in the absence of manifest error) be final and binding. As used herein, "business day" means a day on which banks are open for business in London, Paris and New York City.

Interest on each Notes shall be calculated by applying the Rate of Interest applicable for the Interest Period concerned to the principal amount of one Note, multiplying such amount by the actual number of days elapsed divided by 360 days and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

The Bank shall ensure that until all the Notes have been redeemed and payment thereof provided, there shall at all times be three Reference Banks and a Reference Agent. In the event of any bank being unable or unwilling to continue to act as a Reference Bank or as the Reference Agent, the Bank shall appoint a successor. Neither any Reference Bank nor the Reference Agent may resign its duties as such without a successor having been appointed as aforesaid.

(d) **Publication of Rate of Interest**

The Reference Agent shall forthwith notify the Principal Paying Agent of the applicable Rate of Interest. The Principal Paying Agent shall cause to be published in accordance with Condition 10 the Rate of Interest for each Interest Period, the amount of interest payable in respect of each Note for such Interest Period and the relevant Interest Payment Date as soon as possible after their determination. (It is expected that publication will be made no later than the fifth business day following the relevant Interest Determination Date. The Interest Payment Date so published and the amount of interest payable may subsequently be amended - or appropriate alternative arrangements made by way of adjustments with the Principal Paying Agent's prior approval written - without notice in the event of an extension or shortening of the Interest Period).

## 4. Redemption

(A) *Optional Redemption*

The Notes are redeemable on any Interest Payment Date in whole or in part at the option of the Bank at 100% of their principal amount from the Interest Payment Date falling in September, 1991. In the event of partial redemption, Notes to be redeemed will be selected by drawings in such manner as the Principal Paying Agent shall deem to be appropriate and fair and the list of Notes called for redemption will be published as provided in paragraph (C) hereunder.

(B) *Redemption for tax reasons*

In the event of a change in the tax status of the Notes, early redemption is permitted and in certain circumstances shall be required as provided in Condition 7.

(C) *Notice of Redemption*

The applicable redemption date will be published in accordance with Condition 10 not less than 45 days nor more than 60 days prior to the date fixed for redemption.

(D) *Cancellation*

All Notes redeemed or purchased by the Bank shall be cancelled forthwith together with all unmatured Coupons appertaining thereto and surrendered therewith.

(E) *Authorizations*

The Bank shall take all necessary steps to obtain any necessary French authorization or consent for all purchases, and redemptions provided for in paragraphs (A) and (B) of this Condition 4, and shall not by any act or failure to act prejudice the special taxation status referred to in Condition 7(A).

## 5. Payments

Principal of and interest on the Notes will be payable without charge to the holder by transfer to a US dollar account with or by US dollar check drawn on a bank in New York City subject, in each case, to the provisions of the laws and regulations then in force, at the office of:

— Banque Nationale de Paris (Luxembourg) S.A. in Luxembourg (the "Principal Paying Agent"),

— Banque Nationale de Paris in Paris,

— Banque Nationale de Paris plc in London.

The foregoing list of paying agents (the "Paying Agents") may be altered at any time by the Bank, provided that it shall maintain, as long as the Notes are listed on the Luxembourg Stock Exchange, one Paying Agent in Luxembourg.

All Notes redeemed early pursuant to Condition 4(A), 7(C) or 7(D) must be submitted together with all unmatured Coupons and Talons.

Should any Note be submitted for redemption with all or some of its unmatured Coupons or Talon missing, the repayment of such Note may be made conditional on such indemnification as the Bank may require.

## 6. Prescription

Claims against the Bank for the payment of principal of the Notes shall be prescribed ten years after the due date thereof. Claims against the Bank for the payment of interest on the Notes shall be prescribed five years after the due date thereof.

**7. Taxation**

(A) By a decision of the French Tax Administration of September 3, 1986 payments of interest on, and other income with respect to, the Notes benefit from the exemption from French withholding taxes or deduction thereof as such exemption is provided in Article 131 *quater* of the General Tax Code. Accordingly such payments do not give rise to any credit for French taxes.

(B) All payments of principal and interest will be made without deduction or withholding for any taxes or duties within the Republic of France unless the Bank is required by law to deduct or whithhold such taxes or duties. In that event the Bank will, to the extent then permitted by law, pay such additional amounts of principal or interest as will result in the payment to the holders of the Notes or Coupons, as the case may be, of the amounts which would otherwise have been payable in respect thereof but for such deduction or withholding except that the Bank shall not be liable to make any such additional payment in respect of any Note or Coupon presented for payment:

(i) by or on behalf of a person who is subject to such taxes or duties in respect of such Note or Coupon by any reason other than the mere holding of such Note or Coupon: or

(ii) more than 30 days after the date on which the payment in respect of the Notes or Coupons becomes due except to the extent that the holder thereof would have been entitled to such additional payment on presenting the same for payment within such period of 30 days.

(C) In the event that the Bank shall be required pursuant to paragraph (B) of this Condition to pay such additional amounts as are therein referred to, the Bank may, subject to having obtained all required authorizations if any, on giving not more than 60 nor less than 45 days' notice thereof in accordance with Condition 10, redeem, at par, all but not some only, of the Notes together with accrued interest to the date of redemption.

(D) In the event that the Bank shall not be permitted by law to pay the additionnal amounts provided in paragraph (B) of this Condition 7, the Bank shall be obliged within 30 days of the legal requirement to deduct or withhold coming into force or, if later, within 30 days of the legal prohibition to pay such additional amounts coming into force, to redeem, at par, all but not some only, of the Notes together with accrued interest to the date of redemption.

References in these Terms and Conditions to principal and/or interest shall be deemed also to refer to any additional amounts which may be payable under this Condition.

**8. Replacement of Notes and Coupons**

In the event of the loss, theft, destruction or mutilation of a Note, a Coupon, or a Talon upon application to the Principal Paying Agent and at the expenses of the person making the request, the Bank shall cause the Principal Paying Agent to deliver a new Note, Coupon, or Talon upon (i) presentation of all such evidence as the Bank may require of the loss, theft or destruction or (ii) surrender of the mutilated Note, Coupon, or Talon. The procedure for *opposition,* cancellation and replacement of Notes, Coupons and Talons shall be governed by French law, subject to compliance with such procedures as may be required by the laws of the country in which the loss, theft, destruction or mutilation took place.

**9. Enforcement Costs**

The Bank agrees to indemnify the holder of the Notes against any costs (including stamp duty) which the holder may reasonably incur in connection with any proceedings to enforce any of the provisions of this Note.

**10. Notices**

Any notice to Noteholders shall be validly given if published in:

*Luxemburger Wort* (Luxembourg)

*Agence Économique et Financière* (Paris)

*Financial Times* (London)

If any of the said newspapers ceases to be published or if there is a change in the frequency of its publication, the Bank shall substitute another leading newspaper.

## 11. Governing law

The Notes shall be governed by and construed in accordance with the laws of France. By the simple subscription or acquisition of a Note, each Noteholder will be deemed to have knowledge of all the Terms and Conditions of the Notes and to be bound thereby.

## 12. Representation of Noteholders

The holders of the Notes ("Noteholders") will be grouped automatically for the defense of their respective common interests in a *masse* (hereinafter referred to as the *"Masse"*).

The present issue, being made outside of France by a French company, will be governed by Article 339 of Law No. 66-537 of July 24, 1966, as amended by law No 67-559 of July 12, 1967. Consequently, the representation of Noteholders will be governed solely by the following provisions:

### (A) *Legal Personality*

The *Masse* will be a separate legal entity, by virtue of Article 293 of Law No 66-537 of July 24, 1966, acting in part through two representatives (hereinafter called "Representatives") and in part through a general assembly of Noteholders.

The *Masse* alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue respectively with respect to the Notes.

### (B) *Representatives of the Masse*

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:

(i) the Bank and its employees and their ascendants, descendants and spouses;

(ii) companies possessing at least 10 per cent of the share capital of the Bank or of which the Bank possesses at least 10 per cent of the share capital;

(iii) companies guaranteeing all or part of the obligations of the Bank;

(iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

On the proposal of the Managers, the initial Representatives of the *Masse* shall be:

— André Rolland, 15, rue Saint Amand - 75015 Paris

— Hubert Rodarie, 13, rue d'Armenonville - 92200 Neuilly-sur-Seine

In the event of death, retirement or revocation of one or both of the Representatives of the *Masse*, a replacement will be elected by an ordinary meeting of the general assembly of Noteholders.

The Bank shall pay to each representative of the *Masse* an amount of FF 2,000 per year, payable before the end of each year during the issue.

All interested parties will at all times have the right to obtain the names and the addresses of the Representatives of the *Masse* at the head office of the Bank and at the offices of any of the Paying Agents.

### (C) *Powers of the Representatives of the Masse*

The Representatives of the *Masse* shall, in the absence of any decision to the contrary of the general assembly of Noteholders, have the power to take all acts of management to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them, in order to be justiciable, must be brought against the Representatives of the *Masse* or by them, and any legal proceeding which shall not be brought in accordance with this provision shall not be justiciable.

The Representatives may not interfere in the management of the affairs of the Bank. They may attend general assemblies of shareholders of the Bank but without deliberative vote. They shall have the right to obtain communication of documents placed at the disposal of shareholders and on the same terms as the latter.

(D) *General Assemblies of Noteholders*

General assemblies of Noteholders, may be held at any time, on convocation either by the Bank or by the Representatives. One or more Noteholders, holding together at least one-thirtieth of outstanding Notes may address to the Bank and the Representatives of the *Masse* a demand for convocation of the general assembly; if such general assembly has not been convened within two months from such demand, such Noteholders may commission one of themselves to petition a Court sitting in Paris to appoint an agent who will call the meeting.

Notice of the date, hour, place, agenda and quorum requirements of any meeting of a general assembly, and its qualification as ordinary or extraordinary, will be published as provided under "Notices" above.

The period between the date of the last notice of convocation and the date of the Assembly must be at least fifteen days before the first convocation and six days before the next.

Each Noteholder has the right to participate in meetings of the *Masse* in person or by proxy. Each Note carries the right to one vote.

(E) *Powers of the General Assemblies*

(i) Ordinary Meetings

A general assembly is empowered to deliberate on the fixing of the remuneration of the Representatives of the *Masse* and on their dismissal and replacement, and also may act with respect to any other matter (except a matter specified below which may be acted on only at an extraordinary meeting) that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorizing the Representatives of the *Masse* to act at law as plaintiff or defendant.

The ordinary meeting may validly deliberate on first convocation only if Noteholders present or represented hold at least one quarter of the Notes then outstanding. On second convocation, no quorum shall be required. Decision shall be taken by a simple majority of votes cast by Noteholders attending such meeting or represented thereat.

(ii) Extraordinary Meetings

Only an extraordinary general assembly may deliberate on any proposal relating to the modification of the Terms and Conditions of the Notes, including:

(a) any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions;

(b) any proposal for merger or division of the Bank;

(c) any proposal relating to the issue of securities carrying a right of preference compared to the rights of Noteholders;

it being specified, however, that a general assembly may not increase amounts payable by Noteholders, nor authorize or accept a postponement in the maturity for the payment of interest or a modification of the terms of repayment or of the rate of interest, nor establish any unequal treatment between the Noteholders, nor decide to convert the Notes into shares.

Extraordinary meetings of a general assembly may deliberate validly on first convocation only if Noteholders present or represented hold at least half of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at extraordinary meetings shall be taken by a two-thirds majority of votes cast by the Noteholders attending such meetings or represented thereat.

(iii) Notice of Decisions

Decisions of the meetings must be published in accordance with the provisions set forth in Condition 10.

(F) *Information to Noteholders*

Each Noteholder or representative thereof will have the right, during the fifteen-day period preceding the holding of each meeting of a general assembly, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the meeting, which will be available for inspection at the principal office of the Bank, at the offices of the Paying Agents and at any other place specified in the notice of meeting.

(G) *Expenses*

The Bank will pay all expenses incurred in the operation of the *Masse,* including expenses relating to the calling and holding of meetings and the expenses which arise by virtue of the remuneration of the Representatives, and more generally all administrative expenses resolved upon by a general assembly of Noteholders, it being expressly stipulated that no expenses may be imputed against interest payable on the Notes.

## LEGAL OPINION

A legal opinion as to the validity of the issue, under French law and the ''Statuts'' of the Bank, will be given by MM. Giroux, Buhagiar, et Associés ''Avocats à la Cour''.

## USE OF PROCEEDS

The net proceeds from the issue of the Notes of US $ 498,420,000 approximately will be principally used to meet the long-term foreign currency requirements of BNP's clients and enhance the Capital base of the Bank.

# II — DESCRIPTION OF BNP AND THE BNP GROUP

## CURRENCY CONVERSIONS

The conversions of French Franc (FF) amounts to U.S. Dollar equivalents in this Prospectus are arithmetic computations included solely for convenience. Except as otherwise specifically noted, conversions are made at $1 = FF 9.592 or $1 = FF 7.561, the respective medians of the December 31, 1984 and December 31, 1985 buy and sell rates for the U.S. Dollar on the Paris Stock Exchange.

The high buy and low sell rates for the U.S. Dollar on the Paris Stock Exchange from January 1, 1981 through December 31, 1985, were as follows:

| | One U.S. Dollar | |
|---|---|---|
| | high | low |
| | FF | FF |
| 1981 | 6.18 | 4.48 |
| 1982 | 7.31 | 5.66 |
| 1983 | 8.48 | 6.61 |
| 1984 | 9.72 | 7.83 |
| 1985 | 10.61 | 7.56 |

As of September 4, 1986 the noon median of the buy and sell rates for U.S. Dollar on the Paris Stock Exchange was $1 = FF 6.6395.

All references to "$" and "U.S.$" are to the U.S. Dollar; all references to "FF" are to the French Franc.

## BNP AND THE BNP GROUP

Banque Nationale de Paris ("BNP") is a French corporation which engages in France and through out the world in a full range of general commercial banking activities, including accepting deposits and making loans, as well as in other financially orientated activities. BNP also has numerous subsidiaries and affiliates inside and outside France which engage in these and similar activities. BNP and its subsidiaries and affiliates have approximately 2,397 offices in 76 countries and French overseas departments and territories and as of December 31, 1985 had consolidated assets of FF 930.6 billion ($123.1 billion), consolidated customers' deposits of FF 355.1 billion ($47.0 billion) and consolidated customers' loans of FF 389.1 billion ($51.5 billion) (including credits to financial institutions not regarded as interbank deposits, leasing transactions and participating loans to customers). As used in this Prospectus, unless the context requires otherwise, the term "BNP" refers only to the direct domestic and foreign branches, agencies and other offices, activities and assets of Banque Nationale de Paris. The term "BNP Group" refers to the combined activities and assets of BNP and its domestic and foreign subsidiaries and affiliates.

The Republic of France (or its designees) owns 100% of BNP's capital stock, and has owned more than 80% of the shares of BNP and its predecessor bank since 1946. (*See "Business of BNP and the BNP Group - General", "Government Supervision and Regulation", and "Ownership, Management and Employees"*).

As the following table indicates, as of December 31, 1985 (the latest available ranking) the BNP Group was (in terms of deposits) the sixth largest banking organization in the world:

**Major International Banks Ranked by Total Deposits**

| World Rank 12/31/85 | (Exclusive of Savings Banks) | Country | December 31, 1985 Deposits in billions of U.S. Dollars |
|---|---|---|---|
| 1 | Dai-Ichi Kangyo Bank, Tokyo | Japan | 124.2 |
| 2 | Fuji Bank, Tokyo | Japan | 109.3 |
| 3 | Sumitomo Bank, Osaka | Japan | 108.1 |
| 4 | Citicorp, New York | United States | 105.0 |
| 5 | Mitsubishi Bank, Tokyo | Japan | 102.4 |
| 6 | Banque Nationale de Paris, Paris | France | 102.0 |
| 7 | Sanwa Bank, Osaka | Japan | 98.7 |
| 8 | Crédit Lyonnais, Paris | France | 95.2 |
| 9 | Norinchukin Bank, Tokyo | Japan | 94.2 |
| 10 | BankAmerica, San Francisco | United States | 94.2 |

Source: *The Banker*, July, 1986. The amount of deposits shown for the BNP Group differs from the deposits figures given elsewhere in this Prospectus because the *Banker* utilized a broader concept of deposits than that followed by BNP pursuant to applicable French regulatory requirements and based its computations on exchange rates applicable during 1985.

## SUMMARY INFORMATION

(in millions of French Francs)

| | BNP | | | BNP Group | | |
|---|---|---|---|---|---|---|
| | 1984 | 1985 | % | 1984 | 1985 | % |
| **Balance sheet total** | **834,623** | **815,164** | — 2.3 | **949,573** | **930,619** | — 2.0 |
| Customers' deposits | 284,115 | 302,949 | + 6.6 | 338,755 | 355,102 | + 4.8 |
| Loans to customers (1) | 341,146 | 327,325 | — 4.1 | 405,241 | 389,084 | — 4.0 |
| **Shareholders equity and non voting participating shares (2)** | | | | | | |
| **Including minority interests** | **8,482** | **10,844** | **+ 27.8** | **16,146** | **18,450** | **+ 14.3** |
| **Excluding minority interests** | | | | **15,156** | **17,467** | **+ 15.2** |
| Interest differential | 17,700 | 18,205 | + 2.9 | 21,276 | 22,058 | + 3.7 |
| Net banking income | 21,471 | 22,344 | + 4.1 | 26,318 | 27,597 | + 4.9 |
| Income after depreciation before provisions, taxation and other items | 5,641 | 5,794 | + 2.7 | 8,140 | 8,778 | + 7.8 |
| Net provision for loan losses and general risks | 4,428 | 3,922 | — 11.4 | 5,145 | 4,876 | — 5.2 |
| **Net income (3)** | | | | | | |
| **Including minority interests** | **619** | **720** | **+ 16.3** | **1,768** | **2,114** | **+ 19.6** |
| **Excluding minority interests** | | | | **1,634** | **1,988** | **+ 21.7** |
| Personnel : | 51,493 | 50,651 | | 60,014 | 59,294 | |
| in France | 47,169 | 46,571 | | 48,358 | 47,858 | |
| abroad | 4,324 | 4,080 | | 11,656 | 11,436 | |
| Number of offices: | 2,058 | 2,056 | | 2,391 | 2,397 | |
| in France | 1,955 | 1,961 | | 2.025 | 2,030 | |
| abroad (76 countries) | 103 | 95 | | 366 | 367 | |

(1) Including participating loans to customers, credits to financial institutions not regarded as interbank deposits and leasing transactions.
(2) After appropriation of net income.
3) After renumeration of Common stock equivalents

## CAPITALIZATION

The capitalization of BNP and the BNP Group at December 31, 1985 and June 30, 1986 (in the latter case adjusted to reflect changes which have arisen since such date, but at exchange rates prevailing then) was as follows:

(in millions of French Francs)

| | BNP | | | BNP Group | | |
|---|---|---|---|---|---|---|
| | December 31, 1985 | June 30, 1986 | | December 31, 1985 | June 30, 1986 | |
| | | | Adjusted (10) | | | Adjusted (10) |
| **Medium-and Long-Term Debt** | | | | | | |
| Medium-and Long-Term Foreign Currency Debt (1) | 31,347 | 26,826 | 26,780 | 33,849 | 28,933 | 28,887 |
| Long-Term French Franc Debt | 20,307 | 19,810 | 19,810 | 24,137 | 23,514 | 23,514 |
| **Total Medium-and Long-Term Debt** (2), (3) | **51,654** | **46,636** | **46,590** | **57,986** | **52,447** | **52,401** |
| **Equity** | | | | | | |
| *Shareholders' Equity* | | | | | | |
| Issued Capital (4a), (4b) | 2,122 | 2,672 | 2,672 | 2,122 | 2,672 | 2,672 |
| Revaluation Surplus (5) | 283 | 283 | 283 | 283 | 283 | 283 |
| Retained Earnings (6), (4b) | 4,632 | 9,417 | 9,417 | 4,606 | 9,390 | 9,390 |
| Consolidation Surplus (6) | — | — | — | 5,788 | 5,446 | 5,446 |
| Equity adjustment from foreign currency adjustment | — | — | — | 927 | 820 | 820 |
| Non voting participating shares (7) | 1,807 | 1,807 | 1,807 | 1,807 | 1,807 | 1,807 |
| Primary Capital undated FRNs (8) | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| U.S.$ 500 million Undated Subordinated Floating Rate Notes being issued in September 1986 | — | — | 3,485 | — | — | 3,485 |
| **Total Shareholders' Equity** | 10,844 | 16,179 | 19,664 | 17,533 | 22,418 | 25,903 |
| **Minority Interest** (6) | — | — | — | 983 | 985 | 985 |
| **Total Capitalization** (9) | 62,498 | 62,815 | 66,254 | 76,502 | 75,850 | 79,287 |

*Notes:—*

(1) Foreign currency liabilities stated at December 31, 1985 and June 30, 1986 have been converted at the spot rates of exchange on those dates. The spot rates against FF used are the followings:
— December 31, 1985:
US $1 = 7.561; KWD 1 = 26.100; St. £1 = 10.859; DM 1 = 3.068; Sw Fr 1 = 3.641; Can. $1 = 5.402; ECU 1 = 6.693.
— June 30, 1986:
US $1 = 6.970; KWD 1 = 23.850; St. £1 = 10.740; DM 1 = 3.193; Sw Fr 1 = 3.918; Can. $1 = 5.055; ECU 1 = 6.8565; BEF 1 = 0,154.

(2) All medium-and long-term debt of the BNP Group, both in FF and foreign currencies rank equally with deposits, with the exception of the current US $ 500 million issue, of US$ 400 million subordinated floating rate notes issued in November 1984 and prepaid on June 5, 1986, and of FF 2,000 million Subordinated Undated FRNs issued in September 1985.

(3) For medium and long-term debt of BNP and the BNP Group at December 31, 1985, and June 30, 1986, see table below:

**Medium-and Long-Term Debt of BNP**

In French Francs

| Rate of Interest | Year of Issue | Maturity | outstanding (in millions of French Francs) December 31, 1985 | June 30, 1986 |
|---|---|---|---|---|
| 8.75% | 1971 | 1986 | 25 | 25 |
| 17.70% | 1981 | 1989 | 778 | 774 |
| 17.60% | 1981 | 1989 | 686 | 653 |
| Floating Rate | 1981 | 1989 | 495 | 495 |
| Floating Rate | 1981 | 1989 | 482 | 482 |
| 11.30% | 1975 | 1990 | 150 | 120 |
| 12.70% | 1980 | 1990 | 350 | 280 |
| 14.10% | 1980 | 1990 | 500 | 498 |
| 17.20% | 1982 | 1990 | 886 | 880 |
| 16.40% | 1982 | 1990 | 1,999 | 1,936 |
| 14.10% | 1984 | 1990 | 36 | 36 |
| Floating Rate | 1980 | 1990 | 73 | 73 |
| Floating Rate and 16.80% | 1982 | 1990 | 1,473 | 1,418 |
| 14.80% | 1981 | 1991 | 593 | 490 |
| 15.30% | 1981 | 1991 | 298 | 245 |
| 15.10% | 1983 | 1991 | 1,607 | 1,528 |
| Floating Rate | 1983 | 1991 | 389 | 388 |
| Floating Rate | 1984 | 1991 | 1,500 | 1,500 |
| Floating Rate | 1984 | 1991 | 1,250 | 1,250 |
| Floating Rate | 1984 | 1991 | 150 | 150 |
| Floating Rate | 1985 | 1991 | 1,500 | 1,500 |
| Floating Rate | 1982 | 1992 | 587 | 587 |
| Floating Rate | 1984 | 1992 | 500 | 500 |
| Floating Rate | 1985 | 1995 | 2,000 | 2,000 |
| Floating Rate | 1985 | 1995 | 2,000 | 2,000 |
| Other | | | | 3 |
| | | | 20,307 | 19,811 |

**Medium-and Long-Term Debt of BNP**

In U.S. Dollars

| Rate of Interest | Year of Issue | Maturity | outstanding (in millions of French Francs) December 31, 1985 | June 30, 1986 |
|---|---|---|---|---|
| Floating Rate | 1980 | 1988 | 1,663 | —* |
| Floating Rate | 1982 | 1988 | 379 | 348 |
| Floating Rate | 1982 | 1989 | 1,134 | —* |
| 13.50% | 1982 | 1989 | 1,134 | 1,046 |
| 14.25% warrants | 1982 | 1990 | 1,890 | 1,742 |
| 9.625% | 1985 | 1990 | 756 | 697 |
| Floating rate | 1983 | 1991 | 3,024 | 2,788 |
| Floating rate | 1984 | 1991 | 756 | 697 |
| Floating Rate | 1986 | 1991 | — | 697 |
| Floating Rate | 1985 | 1992 | 378 | 348 |
| Floating rate | 1985 | 1992 | 454 | 418 |
| 8.75% | 1986 | 1993 | — | 871 |
| 8.5% | 1986 | 1993 | — | 697 |
| Floating Rate | 1982 | 1994 | 567 | 523 |
| Floating rate | 1985 | 1995 | 378 | 349 |
| Floating rate | 1985 | 1995 | 756 | 697 |
| Floating Rate | 1984 | 1995 | 3,024 | 2,788 |
| Floating Rate | 1981 | 1996 | 1,287 | 1,170 |
| Floating Rate | 1984 | 1996 | 1,890 | 1,742 |
| Floating Rate | 1984 | 1996 | 945 | —* |
| Floating rate | 1985 | 1997 | 1,890 | 1,743 |
| Floating Rate** | 1984 | 1999 | 3,024 | —* |
| Floating rate | 1985 | 2005 | 2,268 | 2,091 |
| | | | 27,597 | 21,452 |

* Prepaid in 1986

** Subordinated

| | | Other currencies | | Outstanding (in millions of French Francs) | |
|---|---|---|---|---|---|
| Rate of Interest | Year of Issue | Maturity | Currency | December 31, 1985 | June 30, 1986 |
| 13.50% | 1982 | 1990 | GBP | 163 | —* |
| 9.50% | 1986 | 1991 | GBP | — | 537 |
| 9.00% | 1986 | 1993 | GBP | — | 537 |
| 10.00% | 1982 | 1989 | KWD | 146 | 100 |
| 7.75% | 1979 | 1989 | KWD | 170 | 119 |
| 6.75% | 1982 | 1992 | CHF | 364 | 392 |
| 7.75% | 1983 | 1990 | DEM | 307 | 319 |
| Floating rate | 1985 | 1992 | DEM | 767 | 798 |
| 12.00% | 1983 | 1991 | CAD | 324 | 303 |
| 7.125% | 1986 | 1993 | XEU | — | 679 |
| 8.875% | 1985 | 1995 | XEU | 502 | 515 |
| Floating rate | 1985 | 1995 | XEU | 1,006 | 1,028 |
| 9.00% | 1986 | 1991 | BEF | — | 46 |
| | | | | 3,749 | 5,373 |
| **Total Debt of BNP** | | | | 51,653 | 46,636 |

* Prepaid in 1986

**Medium-and Long-Term Debt of BNP's subsidiaries**

in French Francs

| | | | Outstanding (in millions of French Francs) | |
|---|---|---|---|---|
| Rate of Interest | Year of Issue | Maturity | December 31, 1985 | June 30, 1986 |
| 10.80% | 1976 | 1986 | 14 | — |
| 10.80% | 1976 | 1986 | 26 | 26 |
| 11.40% | 1977 | 1987 | 16 | 8 |
| 11.20% | 1977 | 1987 | 32 | 32 |
| 11.30% | 1977 | 1987 | 70 | 35 |
| 10.40% | 1978 | 1988 | 86 | 86 |
| 8.90% | 1973 | 1988 | 14 | 9 |
| Floating rate | 1980 | 1988 | 139 | 139 |
| Floating rate | 1979 | 1989 | 67 | 67 |
| Floating rate | 1980 | 1990 | 141 | 141 |
| 14.90% | 1980 | 1990 | 75 | 75 |
| Floating rate | 1983 | 1991 | 106 | 106 |
| Floating rate | 1983 | 1991 | 40 | 40 |
| Floating rate | 1983 | 1991 | 105 | 105 |
| 12.10% | 1979 | 1991 | 75 | 75 |
| 9.90% | 1979 | 1991 | 60 | 54 |
| 12.00% | 1979 | 1991 | 100 | 100 |
| Floating rate | 1983 | 1991 | 386 | 385 |
| 15.00% | 1983 | 1991 | 214 | 214 |
| 15.30% | 1983 | 1991 | 50 | 50 |
| 15.00% | 1983 | 1991 | 600 | 600 |
| Floating rate | 1982 | 1992 | 491 | 491 |
| Floating rate | 1985 | 1993 | 250 | 250 |
| Floating rate | 1985 | 1993 | 250 | 250 |
| Floating rate | 1985 | 1995 | 250 | 250 |
| Floating rate | 1985 | 1995 | 250 | 250 |
| | | | 3,907 | 3,838 |

| | | Other currencies | | | |
|---|---|---|---|---|---|
| Rate of Interest | Year of Issue | Maturity | Currency | December 31, 1985 | June 30, 1986 |
| Floating rate | 1983 | 1990 | U.S. $ | 1,966 | 1,812 |
| Subordinated debt in various foreign currencies | | | | 536 | 520 |
| | | | | 2,502 | 2,332 |
| **Total Debt of BNP's consolidated subsidiaries** | | | | **6,409** | **6,170** |
| Consolidation entries | | | | (76) | (359) |
| **Total Debt of the BNP Group** | | | | **57,986** | **52,447** |

(4a) On December 19, 1985, the issued and fully paid up capital of BNP was increased from FF 1,632,580,000 to FF 2,122,354,000 by incorporation of reserves and revaluation surplus.

(4b) In May 1986, BNP issued 11 million *"Certificats d'investissements"* (non-voting shares) for an amount of FF 5,335 million, split between Issued Capital (FF 550 million) and Retained Earnings (FF 4,785 million).

(5) Only applicable to French companies which carried out the revaluation of their assets in accordance with the legal revaluation of 1976 (Finance Acts 1977, 1978).

(6) After appropriation, when applicable.

(7) In July 1984, BNP issued *"titres participatifs"* (non-voting participating shares) for an amount of FF 1,800 million with warrants entitling the holders to purchase additional non-voting participation shares for a total amount of FF 1,800 million which will be exercisable in July each year from 1985 through 1988. Non-voting participating shares are non-redeemable.

(8) In September 1985, BNP issued Primary Capital undated floating rate notes for FF 2,000 million. These notes are subordinated to all other debts and are non-redeemable. In case BNP does not pay any dividend, it may elect not to pay interest on these notes.

(9) BNP and other French banks regularly sell to their French customers term saving certificates (*"bons de caisse"*) the bulk of which mature in five years and BNP from time to time issues certificates of deposits in varying maturities in foreign currencies. These debts instruments have maturities similar to medium-and long-term debt and rank equally with such debt and general deposits. "Capitalisation" above, however, excludes BNP's *"bons de caisse"* and deposits.

(10) The adjusted figures at June 30, 1986 reflect the issue of Can. $200 million 9 1/2 % Notes due 1991 in August 1986, of ECU 100 million FRN due 1996, in addition to the current U.S. $ 500 million Undated Subordinated Floating Rate Notes being issued in September 1986.

Those figures also reflect the redemption decided by BNP on U.S. $ 250 million Floating Rate Notes issued in 1984, maturing initially in 1996, prepaid in July 1986.

## RECENT DEVELOPMENTS

### Statement of condition as at July 1, 1986

(unaudited, before appropriation)

(in millions of French Francs)

| BANQUE NATIONALE DE PARIS Assets | BANQUE NATIONALE DE PARIS Liabilities | | BANQUE NATIONALE DE PARIS GROUP Assets | BANQUE NATIONALE DE PARIS GROUP Liabilities |
|---|---|---|---|---|
| 23,897 | 28,511 | **Cash, central banks, treasury and postal giro accounts** | 25,415 | 29,960 |
| 253,634 | 225,465 | ***Banks and financial institutions*** | 272,338 | 254,191 |
| 82,721 | — | **Treasury bills, bills purchased firm or under resale agreements** | 95,457 | — |
| — | 66,640 | **Bills sold firm or under repurchase agreements** | — | 68,477 |
| 308,785 | — | **Advances and loans to customers** | 358,172 | — |
| — | 297,357 | **Customers deposits** | — | 350,803 |
| 75,464 | 92,224 | **Other accounts** | 82,613 | 106,075 |
| 16,416 | — | **Marketable securities** | 25,970 | — |
| 11,964 | — | **Investments** | 12,540 | — |
| 189 | — | **Lease financing** | 12,785 | — |
| — | 46,694 | **Medium and long term debt including subordinated long term foreign currency debt** | — | 52,447 |
| — | 16,179 | **Stockholders' equity and common stock equivalent** | — | 23,403 |
| — | — | Goodwill (Net) | 66 | (23,337) |
| 773,070 | 773,070 | | 885,356 | 885,356 |

Neither Banque Nationale de Paris, nor the BNP Group have any litigation or claims of material importance pending or threatened against them.

# BUSINESS OF BNP AND THE BNP GROUP

## GENERAL

BNP was formed in 1966 through the merger of *Banque Nationale pour le Commerce et l'Industrie* (BNCI) and *Comptoir National d'Escompte de Paris* (CNEP). At the time of the merger, BNCI and CNEP ranked third and fourth, respectively, among French banking entities supervised by the Bank Control Commission ("registered commecial banks"). BNCI and CNEP had been nationalized under a 1945 statute as part of a general reorganization of the French economic structure. The merger creating BNP made it the largest registered bank in France, a status it has held since that time.

Pursuant to the French Nationalization Law of February 11, 1982 (the "Nationalization Law"), the shares of BNP not already owned by the Republic of France or other French government or state-controlled entities were transferred to the French government in exchange for debentures issued by the *Caisse Nationale des Banques*. The Nationalization Law entitles the French government to designate twelve of BNP's eighteen directors (specifying that six be representatives of the State, six representatives of BNP's employees and six public figures with banking sector competence or interests). In addition, pursuant to the Nationalization Law the French government shares with BNP's directors the power to appoint BNP's chief executive officer, (See "Ownership, Management and Employees")**(1)**. BNP is, however, operated as an autonomous profit-oriented enterprise, and decisions as to its policies and operations are generally made accordingly. Given that the French banking system participates in numerous government-related activities (e.g., the sale of government securities) and the further fact that BNP is the largest registered bank in France, there are numerous situations where the French government is a direct or indirect beneficiary of BNP's activities . BNP does not, however, have any kind of unique relationship with, or responsibility on behalf of , the French government. BNP is also subject to generally applicable governmental regulations which cover such matters as liquidity and asset coverage, reserve requirements, control over maturities and types of loans, and restrictions on equity investments in non-financial companies, and which require compliance with numerous reporting and accounting requirements. (See "Governmental Supervision and Regulation").

BNP is authorized to engage in the full range of general commercial banking activities, including accepting deposits and making loans, as well as in the investment banking business. These activities, carried out in France and abroad, are conducted both through BNP's own branches, agencies and representative offices, and through subsidiaries and affiliates. During recent years BNP has continued to expand its foreign activities. BNP has also decentralized its French banking activities through the creation of ten regional centers with responsibility for numerous aspects of client relationships. Primary contact with the most important French and foreign multinational corporations, along with BNP's senior management, remains, however, in BNP's Paris Headquarters.

## DOMESTIC RETAIL BANKING SERVICES

BNP devotes considerable effort and attention to its retail banking activities, which represent a major part of BNP's overall business. Domestic individual banking clients are provided with a full range of banking services and facilities including free checking accounts (non-interest-bearing), regular statements of transactions, interest-bearing saving accounts, term deposits and term savings certificates, numerous types of credit facilities, travellers checks, *Carte Bleue* (a bank credit card sponsored by BNP and other major French banks), cash machines and automatic payments of certain bills and taxes. Customers are also connected with the international VISA-Card network and the latest developments of Videotex banking services. In addition, BNP provides investment advisory, cash management and other services in connection with securities transactions by its individual customers. (*See "Investment Banking and Advisory Services"*). 833 million banking transactions involved BNP's French offices in 1985.

## DOMESTIC COMMERCIAL BANKING SERVICES

BNP provides corporate and other business customers, both small and large, with a full range of deposit and credit facilities. Its short-term credit facilities include direct loans, overdraft privileges and discounting of commercial bills and notes, as well as letters of credit and various types of guarantees. It also offers numerous types of medium- and long-term loans, including equipment and property development financing and leasing facilities. In addition, it grants short-, medium- and long-term export financing to French companies ("supplier credits"). These credits have a French government guarantee covering 70-95% of political and insolvency risks. (See " International Banking Activities").

## TRANSACTIONS WITH DOMESTIC BANKS AND FINANCIAL INSTITUTIONS

BNP engages in a wide variety of transactions with other banks and financial institutions located in France, including state- and publicly-owned commercial and specialized banks, French branches and subsidiaries of foreign banks, public and semi-public credit institutions, specialized lending companies, brokers, mutual funds, insurance companies and pension institutions.

BNP's transactions with other French banks include collections on behalf of such banks and their customers, confirmations of letters of credit, "currency swaps" and other foreign exchange transactions and a large number of other day-to-day and specialized dealings, but by far its most important transactions with French banks are receipts and placements of funds, both in French Francs and in foreign currencies. BNP also engages in receipts and placements of funds with financial institutions. (All of the receipts from, and placements of funds with, financial institutions and certain small banks take place in transactions virtually indistinguishable from customer deposits and loans).

**(1) Pursuant to a law of July 2, 1986 (N° 86-783) which allows the French Government to transfer from the public to the private sector, before March 1991, the State majority holding in a number of corporations, among which BNP, the above-described situation may be altered. Hovewer, no specific measures concerning BNP have been announced as yet.**

The vast bulk of bank arrangements are through the interbank money market. Longer-term deposits from, and loans to, bank closely resemble these types of transactions with customers BNP also receives in France substantial currencies with, foreign public and other banks and financial institutions. (See "Inter national Banking Activities").

## INTERNATIONAL BANKING ACTIVITIES

BNP's international activities with customers are carried out through direct international operations, foreign branches, subsidiaries and affiliates, and associated banks.

BNP's direct foreign operations (concured for the most part from its Paris Headquarters) include loans to foreign sovereign, quasi-public and private borrowers (made alone or in syndicates with other banks) and standard short-term credits, as well as various types of special credits. These include increasing amounts of "buyer credits" to foreign companies in French export transactions which are insured or guaranteed by government-controlled entities for 95% of political and insolvency risks. Although foreing loans are made in currencies other than French Francs, buyer credits (but no other loans to foreign borrowers) are generally granted in French Francs. (See "*BNP Group Statical Information and Analysis*"). BNP and its subsidiaries and affiliates also make local currency loans through foreign offices. Typically, these loans are funded locally or otherwise offset by liabilities denominated in such local currency.

BNP regularly holds, both in its foreign offices and at its Paris Headquarters, sizable deposits in both French Francs and convertible foreign currencies from foreign entities ans individuals. These include substantial short-and medium-term deposits from, among other sources, a shifting mix of foreign central banks. BNP's policy is to use such deposits principally to make short-term market placements. Additional protection against adverse consequences from possible withdrawals of such deposits, and against the possibility (believed remote) of inability to "roll over" matching deposits which funds a substantial portion of BNP's foreign currency loans, is afforded by stand-by lines of credit from U.S. commercial banks and primarily by BNP's own medium-term U.S. Dollar borrowings.

BNP participates in commercial international financial credits and ranks first in providing suppliers' and buyers' credits supporting French Exports. At December 31, 1985, the amount of outstanding medium and long-term export credits totaled FRF 34 billion (69 percent buyers's credits).

BNP International Cash Management Department also offers multinational corporations services ranging from balance reporting, to efficient worldwide payments netting system, and computerized developments handling foreign exchange exposure.

As of December 31, 1985, the BNP Group conducted activities in 475 cities in 75 countries outside of France, as well as in five French *Outre-Mer* (overseas) areas (Guadeloupe, Martinique, New Caledonia, French Guiana and Reunion). These activities were conducted through branches, agencies, subsidiaries, affiliates and representative offices. In addition, as of July 31, 1986, BNP maintained 877 correspondent accounts with foreign banking institutions and held 2,228 correspondent accounts from foreign banks. Such correspondent accounts involve 2,055 banking institutions in 179 countries. Further, through intermediary entities, BNP has significant interests in two consortiums, *Banque Internationale pour l'Afrique Occidentale* (B.I.A.O.) and *Société Financière pour les pays d'Outre-Mer* (SFOM), which have interests in a number of banks operating in African countries.

BNP also has direct and/or indirect minority interests in various other foreign and consortium banks. These include *Société Financière Européenne* (S.F.E.), a Luxembourg holding company which controls banks in Paris and the Bahamas engaged in medium-term lending and investment banking, mainly in the field of mergers and acquisitions on an international basis, and *Compagnie Arabe et Internationale d'Investissement* (C.A.I.I.) and its subsidiary, *Banque Arabe et Internationale d'Investissement* (B.A.I.I.), a Paris-based commercial and merchant bank with operations mainly in the Middle East.

In *Europe*, BNP is established in 11 of the EEC countries, and in 9 other countries including Norway, Sweden, Switzerland and Eastern Europe countries.

With European partners, BNP developed coordination through ABECOR (Association de Banques en Europe), in the fields of banking networks and procedures.

## INVESTMENT BANKING AND ADVISORY SERVICES

BNP is engaged in the investment banking business in France and in various major financial centers (French banks not being restricted by French law from underwriting and other securities activities).

### Domestic market

BNP provides investment advisory and portfolio management services for both individuals and institutional investors. It also acts as an intermediary in the purchase and sale of securities: in 1985, orders forwarded by BNP (FRF 78.8 billion) represented 4.9 percent in value of all transactions on the Paris Stock Exchange. The aggregate value of securities held as a custodian for customers totaled FRF 167 billion by the end of 1984 and FRF 205 billion by the end of 1985.

As the largest French commercial bank, BNP acts as a managing underwriter for virtually all of the offerings in France of debt securities issued by French governmental agencies and of those guaranteed by the French government. In 1985 BNP managed or co-managed 75 such issues in the French capital market totaling FF 168.7 billion. During 1984, BNP managed or co-managed 69 such issues totalling FF 130.2 billion.

BNP is also one of the largest underwriters of French corporate securities issues, having managed or co-managed 27 new corporate issues in the French capital market during 1985, totalling FF 15.5 billion. During 1984, BNP had managed or co-managed issues totalling FF 11.5 billion. It also acted as an underwriter in connection with numerous rights offerings.

BNP is an important participant in the retail distribution of new French domestic securities issues, both public and private. BNP is among the leaders in the sale of such new issues with a market share of approximately 9.0% in 1985, sold mostly through BNP's branch network.

Along with a hundred closed-end funds in FF, BNP manages domestic mutual funds with net assets totalling FF 51.68 billion at December 31, 1985 (1981: FF 9.8 billion) representing some 12% of the aggregate net assets of all French mutual funds.

BNP has traditionnally taken part in corporate capital life of firms listed on the Paris Stock Exchange, and sponsors newcomers'access to the French equity market, particularly foreign companies seeking listing in Paris. On the "second marché" (created in 1983 for less capitalized companies), 56 companies were introduced in 1985, and BNP sponsored 12 of them.

Besides, its subsidiary Banque pour l'Expansion Industrielle (BANEXI), offers corporate services to companies seeking to expand either by internal growth or through mergers or acquisitions.

New short term instruments have been introduced in the French Market in 1985: negotiable Treasury Bonds, Certificates of Deposits, and Commercial Paper. By the end of 1985, the global outstanding value of CD's on the market represented FF 25 billion; BNP had a market share of 12%.

In the Commercial Paper market, initiated in December 1985, BNP secured a market share of approximately 25% of the total volume outstanding (FF 24.7 billion approximately at the end of June 1986).

**International market**

International Investment banking activities are carried out from Paris headquarters (Direction des Services Financiers Internationaux) and abroad through BNP International Finance Services, financial companies established in New York, Hong-Kong, Singapore and Geneva, as well as from representative offices in Tokyo and Montreal. Three main sectors are involved:

*International Finance (Eurobonds, euroloans, euronotes and swaps).*

BNP has for long played a significant role in two principal fields:

- In the Eurobond Market, BNP in 1985 had a managing position in 513 issues totaling USD 66,622 million (half the total volume issued), and ranked twelth among the leading banks. More specifically, BNP plays a major role as a bookrunner for Euro FRF and ECU denominated bond issues. Concerning this currency, BNP became involved in the management of new issues as early as 1981, and is an active promotor of the ECU through membership of the Groupement pour la Coopération Monétaire Européenne.
  In the secondary market, BNP is one of the major market-makers in Paris for Eurocurrency Securities, in USD, ECU, and FRF denominated issues.
- In the Euroloan market, BNP was sixth among lead-managers of syndicated Euroloans, Note Issuance Facilities and Euro-credits and was the most active underwriter worldwide of Euronote facilities during 1985.

*Investment advisory services (private banking)*

Depending on their needs, clients of the bank receive advice on investment or asset management or may choose for a mixed portfolio of investment funds, as the 10 BNP Interfunds cover a range of investments from currencies short term, international bonds and equities to real estate.

Besides, a complementary comprehensive trust service offers advice on task, estate and financial planning in various geographical areas.

*International Corporate Development*

The International Corporate Development Department handled around 30 business mergers or takeovers and financial packages for expansion and diversification projects for companies of widely differing national origin and size.

Merger, take-over and financial engineering activities are carried out from Europe, North America and the Pacific basin.

# BNP GROUP: CONSOLIDATED STATISTICAL INFORMATION AND ANALYSIS

## BALANCE SHEET

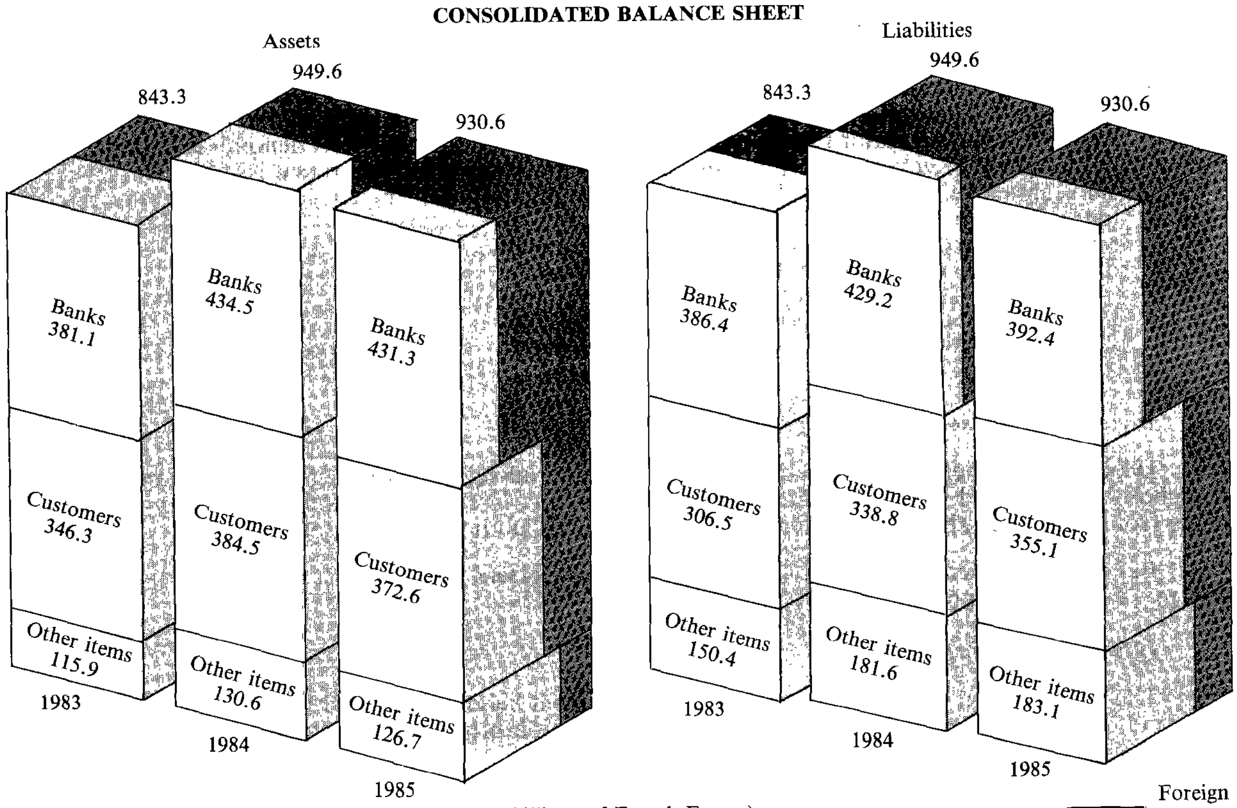
**Movement of principal balance sheet items** (in millions of French Francs)

| | 1984 | | | 1985 | | |
|---|---|---|---|---|---|---|
| | French Francs | Foreign Currencies | Total | French Francs | Foreign Currencies | Total |
| **ASSETS** | | | | | | |
| Banks, Treasury bills and other treasury items | 108,087 | 326,422 | 434,509 | 125,914 | 305.427 | 431,341 |
| Customers | 230,309 | 154,191 | 384,500 | 240,975 | 131,571 | 372,546 |
| Collection and accruals | 79,122 | 19,925 | 99,047 | 74,426 | 18,020 | 92,446 |
| Marketable securities | 11,716 | 9,610 | 21,326 | 12,079 | 11,930 | 24,009 |
| Investment securities | 5,135 | 4,968 | 10,103 | 6,544 | 3,667 | 10,211 |
| Medium- and long-term debt | — | — | — | — | — | — |
| Goodwill | 88 | — | 88 | 66 | — | 66 |
| **Balance sheet total** | **434,457** | **515,116** | **949,573** | **460,004** | **470,615** | **930,619** |
| **LIABILITIES** | | | | | | |
| Banks, Treasury bills and other treasury items | 95,150 | 333,988 | 429,138 | 115,491 | 276,883 | 392,374 |
| Customers | 227,597 | 111,158 | 338,755 | 235,833 | 119,269 | 355,102 |
| Collection and accruals | 90,316 | 20,354 | 110,670 | 88,414 | 18,227 | 106,641 |
| Marketable securities | — | — | — | — | — | — |
| Investment securities | — | — | — | — | — | — |
| Medium- and long-term debt | 18,282 | 36,494 | 54,776 | 24,137 | 33,849 | 57,986 |
| Shareholders' equity (including Minority Interest) | 16,234 | — | 16,234 | 18,516 | — | 18,516 |
| **Balance sheet total** | **447,579** | **501,994** | **949,573** | **482,391** | **448,228** | **930,619** |

The 1985 consolidated balance sheet total is FF 930.6 billion, a decrease of FF 19 billion (−2.0%) compared with 1984.

For a number of years, the effect of rates of exchange -and particularly the appreciation in the value of the dollar- was a major factor in the increase in the balance sheet total. In 1985, this leverage effect was reversed. The depreciation in the value of the US dollar, FF 7.561 at December 31, 1985 compared with FF 9.592 at December 31, 1984 (a fall of 21.2%) has had an effect on a substantial porportion of foreign currency transactions..

**CONSOLIDATED BALANCE SHEET**




French Francs (in billions of French Francs) Foreign currencies

## LOANS TO CUSTOMERS

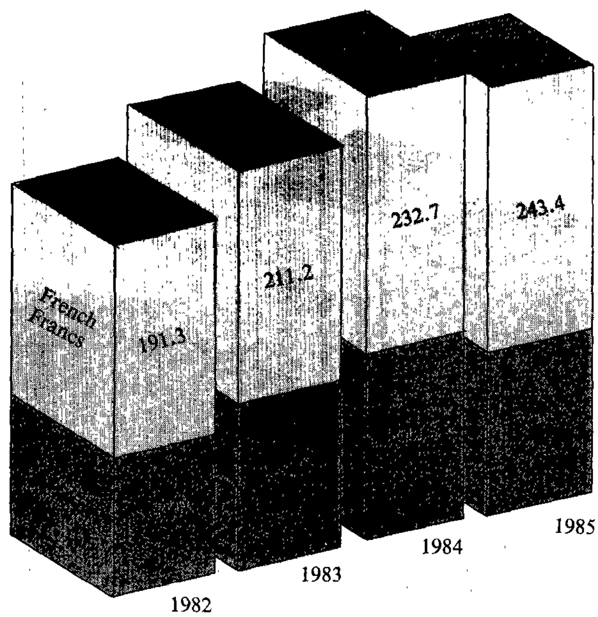
Loans to customers by the BNP Group amount to FF 389.1 billion in 1985 compared with FF 405.2 billion at the end of 1984, showing a decrease of 4.0%.

Included under this heading are loans appearing under the caption "Customers" in the consolidated balance sheet, participating loans to customers, leasing transactions and certain other credits granted to financial institutions not regarded as interbank deposits.

At the end of 1985, 62.5% of these loans were denominated in French Francs and 37.5% in foreign currencies (compared with 57% in French Francs and 43% in foreign currencies at the end of 1984).

**BNP GROUP — LOANS TO CUSTOMERS**

(year end, in billions of French Francs)




### French Franc loans

French Franc loans to customers total FF 243.4 billion, an increase of 4.6% over the preceding year. Most of these loans are granted by domestic branches of the BNP Group.

*BNP in France*

French Franc loans amount to FF 223.9 billion at December 31, 1985 compared with FF 216.3 billion at December 31, 1984. The continuing corrective actions by commercial and industrial companies, and the reduction in inflation (+4.7% compared with +6.7% in 1984) explain the low increase (+3.5%) in these loans.

The increase in French Franc loans, expressed in terms of annual averages, comes out at 7.1%. This represents +1.2% in constant francs.

Fixed rate commercial loans show an increase of 4.2% and variable rate loans 5.5%.

Loans linked to bank base rates have not increased because of extremely keen competition in a sluggish market, and also because of the appearance at the end of 1984 of very short-term loans linked to money market rates. The low margins on this type of loan are reflected in the statement of income.

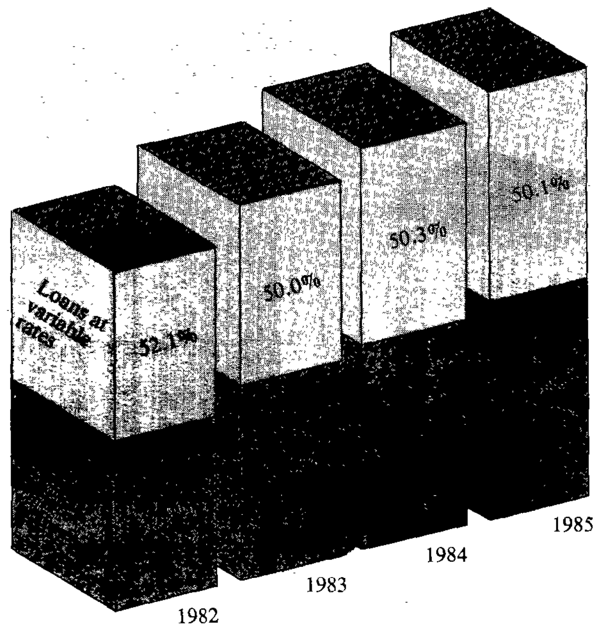
On the other hand, the creation of a commercial paper market ("Billets de Trésorerie") - and more generally the measures to reduce the role of the banks as intermediaries and to provide wider access to the money markets - happened too late in the year (the last quarter of 1985) to have had a significant influence on average annual loan volumes.

The improved financial position of commercial and industrial companies has nevertheless limited the demand for short-term loans, particularly in the case of larger corporations. Similarly, export credits, which had enjoyed spectacular growth in previous years, have levelled off.

However, loans to smaller businesses, particularly in the form of long and medium-term business loans, have increased. The wider availability of subsidized loans has also contributed to the development of our services to smaller and individual businesses.

**BNP FRANCE — LOANS TO CUSTOMERS IN FRENCH FRANCS ANALYZED AS TO FIXED AND VARIABLE RATES**

(in billions of French Francs: MMF)




(average annual loan volume)

Real estate loans (mortgage: +13.5% and house purchase savings plans: +25.1%) make up most of the increase in loans to private customers (+14.0%), in spite of stagnation in the real estate market.

These changes have altered the structure of French Franc loans to customers. The proportion of loans to individual customers is 24.1% (compared with 22.6% in 1984) while the proportion of loans to corporate customers has fallen back to an annual average of 75.9% (compared with 77.4%). This trend, which reflects a deliberate policy of attracting private loan business, is likely to continue in 1986.

*Subsidiaries*

Loans granted by French subsidiaries total FF 15.6 billion at the end of 1985 compared with FF 12.9 billion in 1984 (+21.2%). Traditional customer loans (FF 5.6 billions), primarily consumer credits granted by the Compagnie du Crédit Universel, are at the same level as at the end of 1984.

In 1985, leasing operations realised by specialised subsidiaries (essentially Group BNP Bail and Crédit Universel) show an increase of 36.8% with transactions amounting to FF 10 billion.

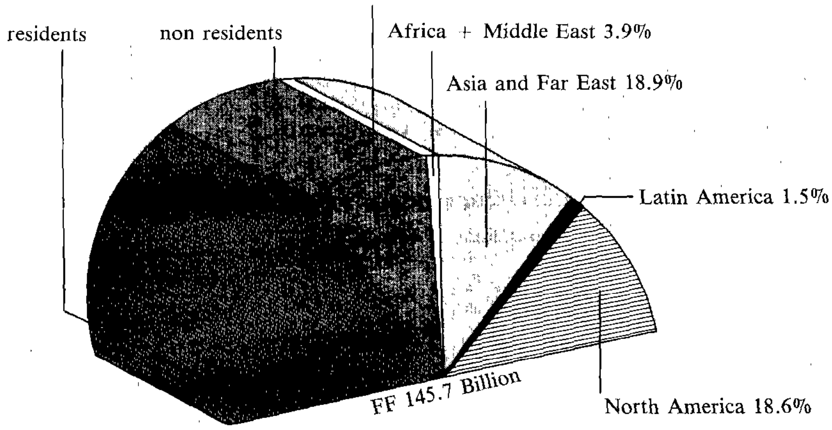
### Foreign currency loans

Total foreign currency loans fell to FF 145.7 billion compared with FF 172.5 billion at the end of 1984.

The translation into French Francs of these foreign currency loans, mostly in US dollars, produces an apparent decrease in loan volume of 15.5%. However, before translation into French Francs, the volume of loans to customers in foreign currencies shows an increase of some 6 to 7%.

The geographical distribution of loans differs slightly from that of the preceding year: 36.6% of balances have been loaned by French branches of the Group - mostly by BNP - including 29.3% to non residents. The share of other European branches has increased (20.5% compared with 16.6% in 1984), that of North America has been maintained, in spite of the fall in the value of the dollar, while the share of Asia and the Far East has decreased (18.9% compared with 21.1%) as a consequence of difficulties encountered in a number of Asian countries.

**BNP GROUP — LOANS TO CUSTOMERS IN FOREIGN CURRENCIES AT THE END OF 1985***



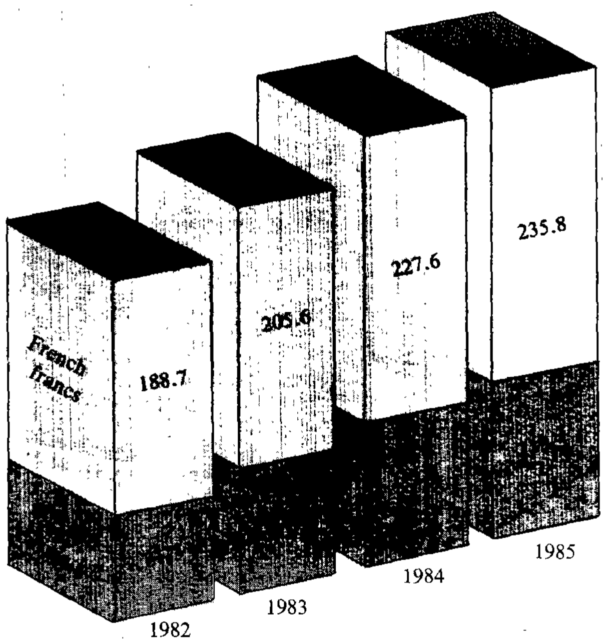

(*) Analyzed by geographical location of the group entities in which the transactions are recorded.

## CUSTOMER DEPOSITS

Deposits collected from customers by the BNP Group total FF 355.1 billion at December 31, 1985, an increase of 4.9% over the FF 338.8 billion as at December 31, 1984.

One third of these deposits is denominated in foreign currencies, and is collected mostly outside France.

**BNP GROUP — CUSTOMER DEPOSITS**
(year end, in billions of French Francs)



## French Franc deposits

French Franc deposits stand at FF 235.8 billion at the end of 1985, an increase of 3.6% over 1984. They are collected for the most part (97%) by BNP in France.

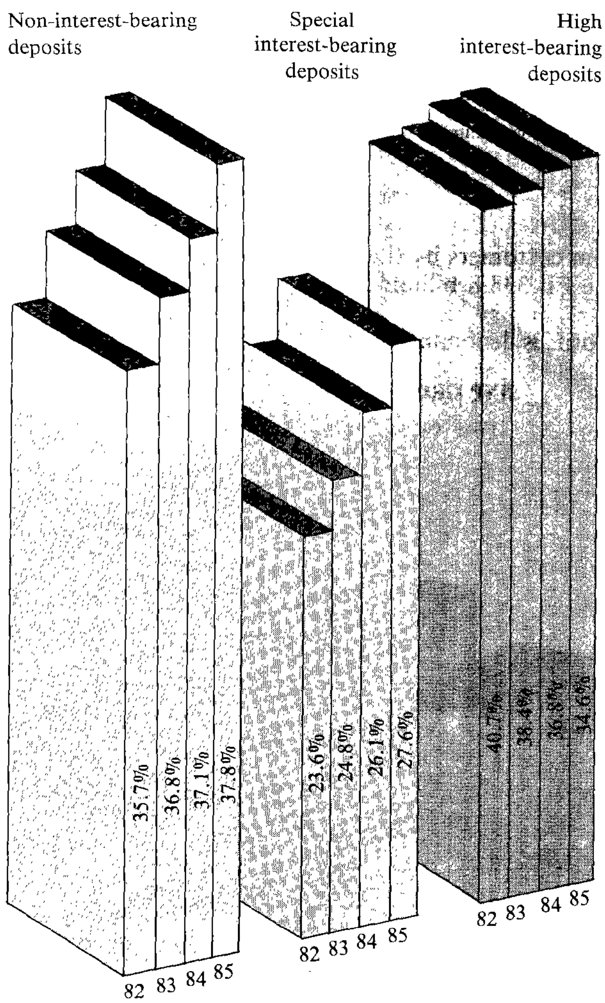
Expressed as an annual average, French Franc deposits in France amount to FF 217.1 billion, up 6.5% over 1984. Non interest-bearing sight deposits (+ 8.5%) and special interest-bearing savings deposits (+ 12.4%) show satisfactory growth at a rate exceeding inflation (annual average of + 5.8%), in spite of the decrease in the rate of private savings.

The growth in special interest-bearing deposits (all pass-book account and house-purchase saving plans) has come almost exclusively from the continuing growth in CODEVI (industrial development accounts) created in October 1983 (+ 19.5%), from a 19.0% increase in funds collected under house purchase plans and from the increase in house-purchase savings accounts (+ 15.8%).

In comparison, the more expensive funds (certificates of deposits and time deposits) have remained at the same levels as in 1984. This stabilization is the result of a management policy favoring the collection of sight deposits and aiming -in a context of falling market rates- at reducing the immediate and future cost of high interest-bearing deposits.

As a result, the structure of BNP deposits in France has improved. The interest rate on French Franc deposits has dropped by approximately three quarters of a point as an annual average, because of the half point reduction in the rate payable on pass-book savings accounts as from July 1, 1985, and the significant fall in money market rates during the second half of the year.

**BNP FRANCE — STRUCTURE OF FRENCH FRANC DEPOSITS**
(in billions of French Francs: MMF)




(average annual deposit volume)

The structure of deposits by customer category for 1985 is characterized by a decrease in deposits from companies (—2.4%). Deposits from households show an increase of 10.8% due to sight deposit (+9.2%) and savings accounts (+12.4%). Deposits from other customer categories have also shown satisfactory advances, substantially outstripping inflation. Funds deposited by individuals, companies and private businesses represent 87% of total French Franc customer deposits.

### BNP France

**Structure of French Franc deposits by customer category**
(annual averages, excluding certificates of deposits)

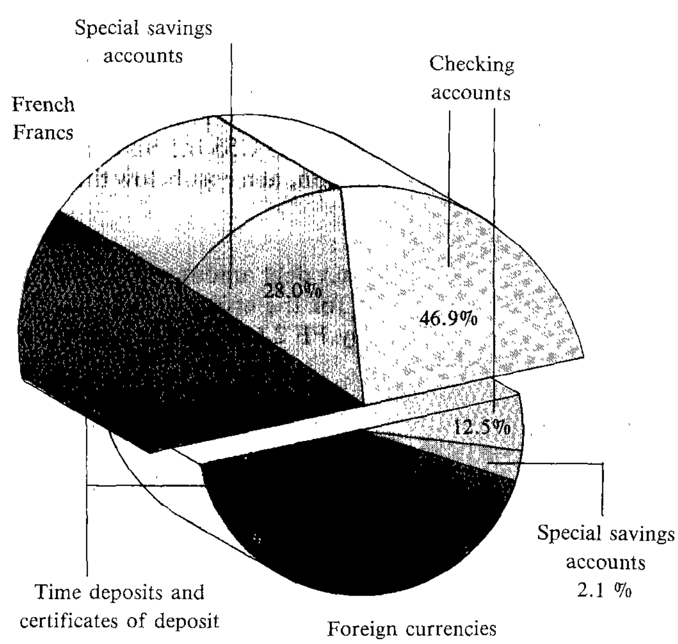
| | 1982 | 1983 | 1984 | 1985 |
|---|---|---|---|---|
| Corporations | 25.4% | 24.8% | 26.6% | 24.3% |
| Smaller Businesses | 5.6% | 5.3% | 5.1% | 5.0% |
| Individuals | 54.2% | 54.5% | 55.3% | 57.3% |
| Institutional funds, non-residents and sundry | 14.8% | 15.4% | 13.0% | 13.4% |
| | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

### Foreign currency deposits

Foreign currency customer deposits stand at FF 119.3 billion compared with FF 111.2 billion at the end of 1984, an increase of 7.3%.

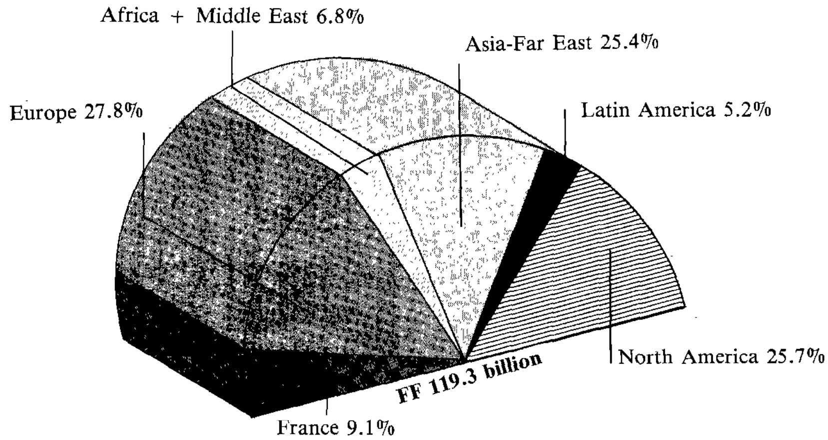
The specificities of the different deposit collection networks result in a structure of foreign currency deposits very different from that of French Francs deposits. In BNP offices abroad, high interest-bearing deposits (certificates of deposit and time deposits), the interest on which is tied to interbank market rates, represent 85 % of total deposits.

**BNP GROUP — CUSTOMER DEPOSITS**
**STRUCTURE BY DEPOSIT CATEGORY IN 1985**



The French network collects 9.1% of foreign currency deposits; subsidiaries and branches in Europe, Asia, the Far East and North America gather 79% of the foreign currency deposits of the BNP Group.

**BNP GROUP — FOREIGN CURRENCY DEPOSITS END 1985**




## MEDIUM AND LONG-TERM DEBT

Medium and long-term debt expressed in French Francs has increased by FF 3.2 billion to reach FF 58 billion at the end of 1985 (+ 5.9%), not taking into account a FF 2 billion issue of primary capital undated floating rate notes.

The Bank's various medium and long-term borrowings which reinforce its permanent capital, correspond to different objectives according to whether they are French Franc notes issued on the French domestic bond market, or foreign currency issues in the international and foreign markets.

In order to comply with French credit regulations, BNP has launched two French Franc issues in the amount of FF 4 bilion indexed on an average of bond market rates. The Bank has also issued bonds in the amount of FF 1.5 billion in the context of CODEVI fund management. Subsidiaries have also been responsible for further bond issues amounting to FF 1 billion. After depreciation, total outstanding French Franc indebtedness of the BNP Group amounts to FF 24.1 billion compared with FF 18.3 billion at the end of 1984.

Foreign currency bonds and notes were issued to meet customers' long-term credit requirements. In a context of high liquidity and low margins, the bank has restructured its outstanding medium and long-term currency loans. Early repayment options under a substantial number of older transactions have been exercised, bringing the total repayments to the equivalent of US$ 0.5 billion. At the same time, the arrangement of new long-term financing totalling US$ 1.2 billion, at a cost below the LIBOR, has led to a reduction in the cost of foreign currency funding.

At the end of 1985, BNP Group foreign currency debt amounted to some US$ 4.4 billion (+ 17.7%). After translation into French Francs, and allowing for the effect of the fall in the dollar value, the total of foreign currency bonds outstanding has fallen by FF 2.6 billion compared with 1984.

## ASSET AND LIABILITY MANAGEMENT

The asset and liability management function involves the review of the structure of customer deposits and loans and the level of permanent capital and investments, to ensure continued liquidity within the Bank and to control interest rate sensitivity.

### Liquidity

Liquidity management policy differs for French Franc and foreign currency activities.

*French Franc liquidity*

With some 2,000 branches in France, the Bank collects a high volume of French Franc sight and short-term deposits, widely spread amongst some 6 million individual and corporate customer accounts, giving a very high level of stability.

These deposits, together with medium-term saving certificates, certificates of deposits and bond issues, enable BNP to grant long-term credits to its customers, whilst maintaining a very satisfactory level of liquidity.

Part of the funds made available from the excess of customer deposits over customer loans is placed on a day to day or very short-term basis on the Paris interbank market. In addition, BNP holds a significant liquid portfolio of financial paper and treasury bonds.

*Foreign currency liquidity*

General Management in Paris controls and assures the liquidity position for the entire euro-currency activity of BNP throughout the world. Positions held in local currencies by the branches and subsidiaries of the Bank abroad are kept within relatively narrow limits.

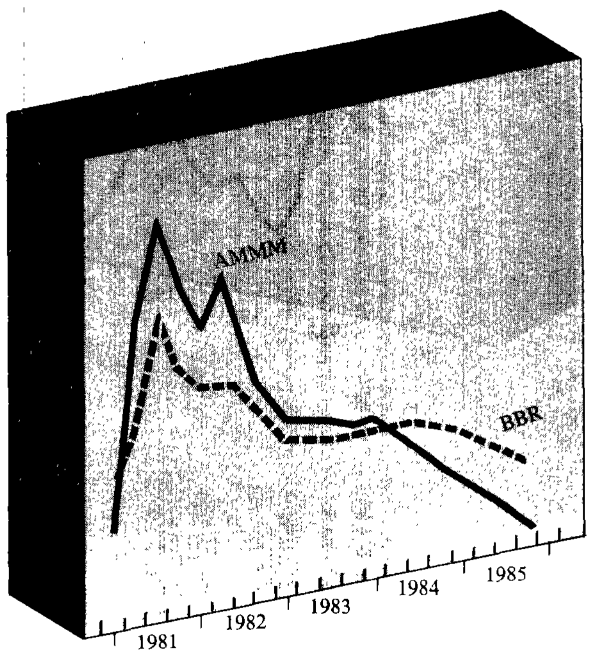
Because of the uncertainties of the international capital markets, BNP has always maintained an extremely prudent approach in the determination of the level of short-term funds required to finance the excess of its medium and long-term credits over medium and long-term deposits. In 1985 the Bank pursued it policy of consolidation and diversification of resources through the issue of bonds (see note 2 to the financial statements) and medium-term certificates of deposit in the different international financial markets. The liquidity thus achieved is strengthened by dollar stand-by facilities with large American banks.

The justification of this policy becomes particularly evident on consideration of the growing number of countries now facing severe financial difficulties in meeting their debt servicing commitments from available revenues.

**Sensitivity to changing interest rates**

In 1985, the continuing fall in interest rates has led the Bank to keep a close watch on changing interest rates of both deposits and loans, with particular emphasis on maturities and on the fixed and variable aspect of rates.

**FRENCH FRANC — AVERAGE MONTHLY MONEY MARKET RATE (AMMM) AND BNP BASE RATE (BBR)**
(Quarterly average)



In its French Franc operations, the Bank has a different approach to deposits and loans at fixed or zero rates, loans tied to bank base rates and deposits and loans whose rates follow movements on the money market.

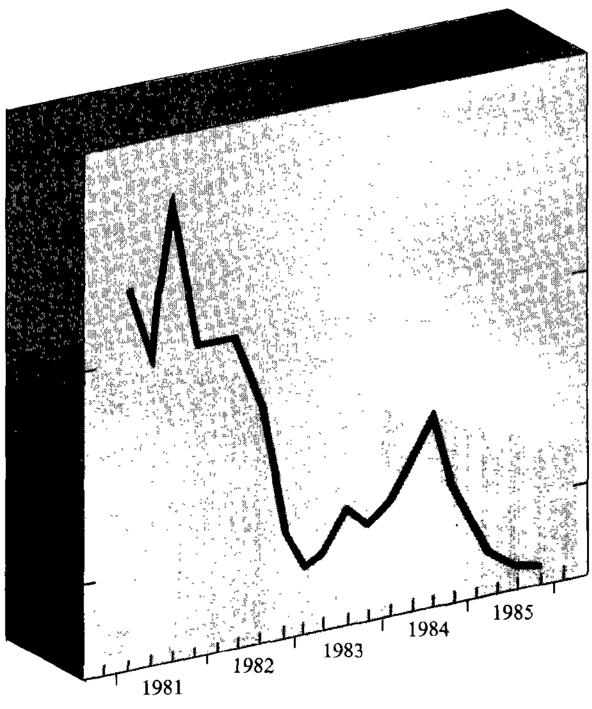
In 1985, with declining interventions of banks as financial intermediaries, and the appearance of commercial paper as well as the development of loans linked to money market rates, the volume of loans tied to base rates has remained virtually unchanged. The high level of these loans explains the close attention paid to the timing differences arising between the movements of bank base rates and of money market rates.

The relative proportion of fixed rate or non-interest bearing deposits has risen in 1985, reducing the Bank's sensitivity to variation in money market rates. In addition, the policy of covering term deposits of six months or more by reinvestments of equivalent duration (particularly treasury bonds) has proved particularly successful in a context of rapidly falling interest rates.

In previous years, the Bank attempted to match all fixed rate long and medium-term bond issues in French francs with fixed rate reinvestments of equivalent duration, which are now providing satisfactory cover.

In foreign currency operations, the majority of long-term transactions (both deposits and loans) are indexed to the 3-to-6 month Eurodollar rate, thereby reducing interest rate risks to short-term risk which BNP keeps within well-defined limits. To ensure greater flexibility in cash management, while covering interest rate risks, BNP has actively developed operations in futures on the London and Chicago markets, as well as interest rate swaps.

**US DOLLAR - SIX MONTH LIBOR RATE**
(Quarterly average)



## GEOGRAPHICAL DISTRIBUTION OF BNP GROUP RISKS

Total risks assumed by the BNP Group, including guarantees given and local risks, amount to FF 1,005 billion compared with FF 1,029 billion in 1984. The valuation in French Francs of foreign currency risks is heavily influenced by the fall in the dollar, the dominant currency for measuring transfer risks.

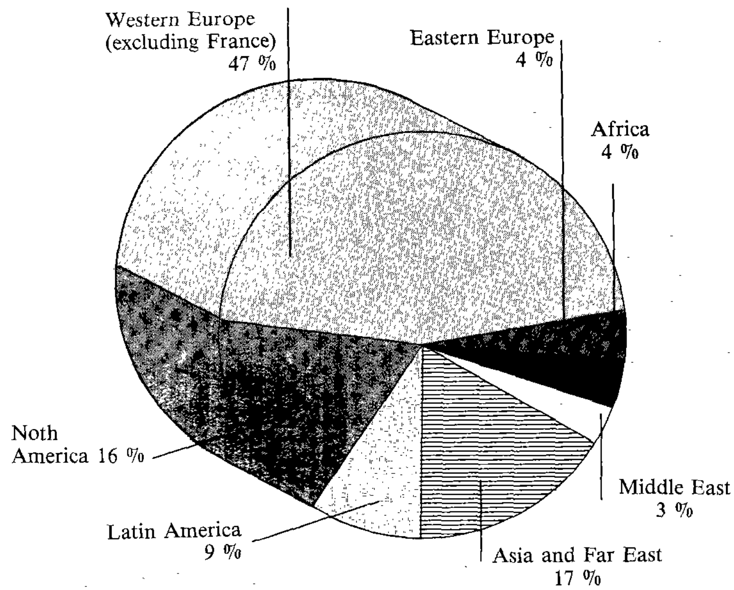
Total risk is divided between French debtors (49%) and foreign debtors (51%) whose geographical location is very largely concentrated in industrialized countries (see schedule; countries mentioned are those where total risk exceeds 0.5% of total BNP Group risk in 1985).

When considering loans to customers only (FF 389.1 billion in total), French debtors represent a significantly higher percentage of risks (67%).

| | Total risks | | Loans to customers | |
|---|---|---|---|---|
| | % 1984 | % 1985 | % 1984 | % 1985 |
| **Total** | **100.0** | **100.0** | **100.0** | **100.0** |
| **— France** | **45.7** | **48.6** | **61.1** | **67.0** |
| **— Abroad** | **54.3** | **51.4** | **38.9** | **33.0** |
| Western Europe (excluding France) | 21.3 | 22.6 | 7.0 | 7.6 |
| Including: | | | | |
| United Kingdom | (6.9) | (6.9) | (0.7) | (0.7) |
| Benelux | (3.4) | (3.9) | (0.7) | (1.4) |
| Italy | (3.6) | (3.1) | (0.5) | (0.6) |
| West Germany | (2.0) | (1.8) | (1.1) | (0.7) |
| Switzerland | (1.1) | (1.7) | (0.5) | (0.6) |
| Netherlands | (1.1) | (1.5) | (0.5) | (0.5) |
| Spain | (1.0) | (1.1) | (1.5) | (1.8) |
| Greece | (0.3) | (0.6) | (0.2) | (0.3) |
| Ireland | (0.4) | (0.5) | (0.5) | (0.6) |
| Eastern Europe | 1.5 | 1.4 | 2.7 | 2.2 |
| Including: | | | | |
| USSR | (0.5) | (0.6) | (0.6) | (0.5) |
| North America | 9.5 | 8.9 | 7.3 | 6.2 |
| Including: | | | | |
| United States | (6.9) | (7.0) | (5.1) | (4.6) |
| Canada | (2.6) | (1.9) | (2.2) | (1.6) |
| Central and South America | 4.2 | 3.6 | 7.3 | 6.1 |
| Including: | | | | |
| Brazil | (1.0) | (1.0) | (2.5) | (2.3) |
| Mexico | (1.1) | (0.9) | (2.4) | (1.9) |
| Africa | 2.0 | 1.8 | 3.2 | 2.8 |
| Middle East | 1.5 | 1.2 | 0.5 | 0.4 |
| Asia and the Far East | 14.3 | 11.9 | 10.9 | 7.7 |
| Including: | | | | |
| Japan | (6.5) | (4.8) | (2.4) | (1.5) |
| Hong Kong | (2.5) | (2.8) | (1.9) | (1.6) |
| Australia | (2.2) | (1.5) | (2.4) | (1.8) |
| Singapore | (1.1) | (0.9) | (1.1) | (0.9) |

The total overall risk of the BNP Group in foreign countries, FF 516.3 billion, includes transfer risks in the amount of FF 356.4 billion (see chart below) and local risks in the amount of FF 159.9 billion.

**GEOGRAPHIC DISTRIBUTION OF NON-TRANSFER RISKS**
FF 356.4 billion

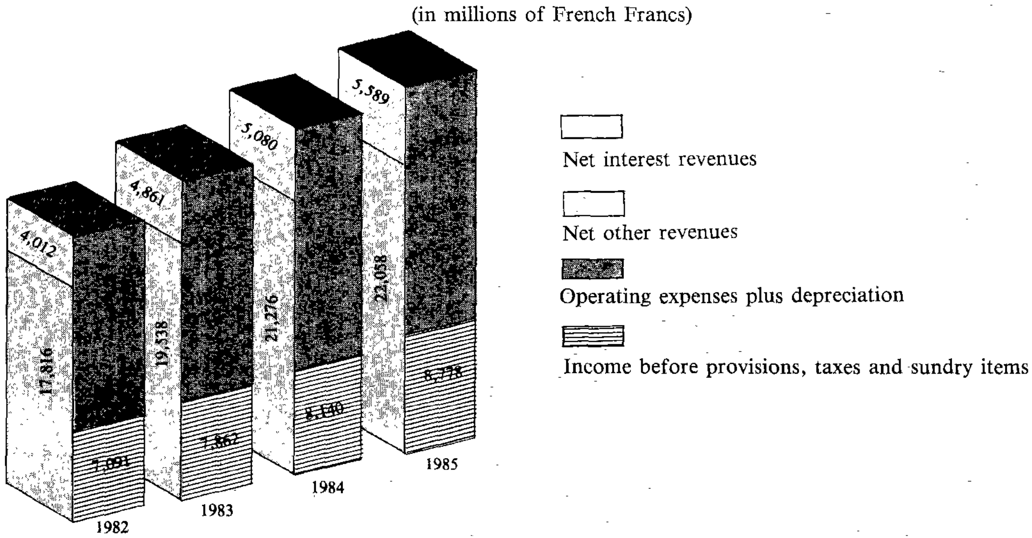



## INCOME STATEMENT

### INCOME BEFORE PROVISIONS, TAXES AND SUNDRY ITEMS

Consolidated results, after depreciation, but before provisions, taxes and sundry items, amounted to FF 8,778 million, compared with FF 8,140 million in 1984, an increase of 7.8 %.

**REVENUES AND OPERATING RESULTS**
(in millions of French Francs)

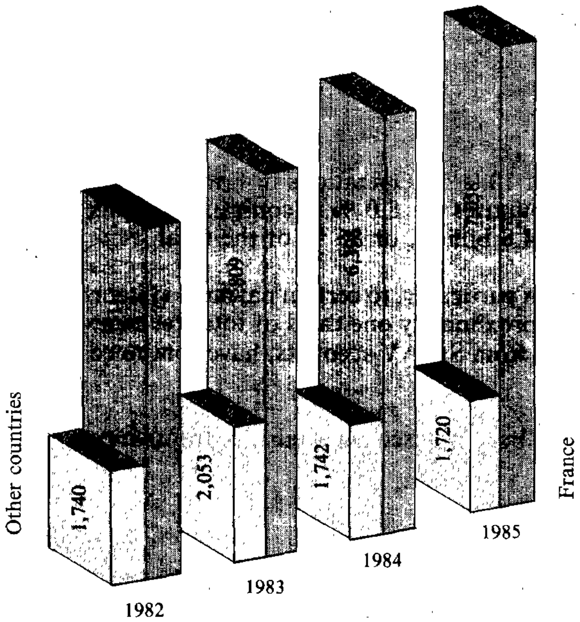



The results of operation in France have increased by 10.3% and contribute 80% of the 1985 total. Results in other countries, expressed in French Francs, have fallen slightly (–1.3%) but show an increase of +13.8% at constant exchange rates.

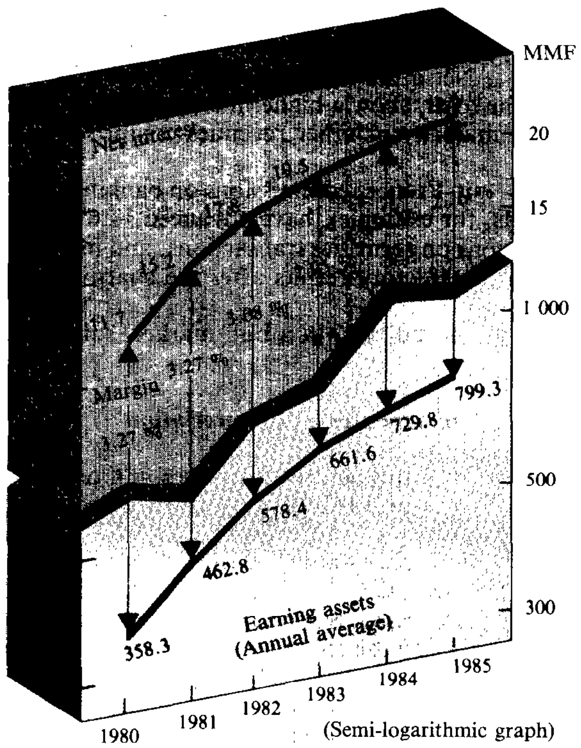
Net banking revenues and other revenues for 1985 amount to FF27.6 billion, an increase of 4.9%. Interest received net of interest paid represents 80% of the total (81% in France and 73% in other countries) against 81% the preceding year.

Operating expenses and depreciation (FF18.9 billion) are equivalent to 68% of the net banking revenues and other revenues for 1985. These percentages are 69% (as against 70% last year) and 65% (as against 67%) in France and other countries respectively.

**INCOME BEFORE PROVISIONS, TAXES AND SUNDRY ITEMS**
(in millions of French Francs)




**INTEREST MARGIN OF THE BNP GROUP**
(in billions of French Francs: MMF)




**Interest margin**

For the BNP Group as a whole, whereas earning assets (*) have increased by 9.5 %, net interest has grown by 3.7 % to FF22.1 billion. The interest margin is 2.76 %. The tightening of margins experienced during previous years has continued during 1985.

The interest margin dropped both in France (3.61 % against 3.76 %) and in other countries (1.24 % against 1.45 %).

The difference in margin levels between France and other countries is explained by differences in the nature of operations. The interest margin is higher in France because of the volume of non-interest-bearing or low interest-bearing accounts. However, this higher margin supports high operational costs relating to payment and money transfer systems.

*France*

The fall in French Franc interest rates has continued throughout the year. The annual average decrease was — 1.8 % for the money market (9.94 % compared with 11.74 % in 1984) and — 0.99 % for the bank base rate (11.16 % compared with 12.15 %).

For BNP, this has had a negative influence on margins in 1985, particularly from the second quarter onwards. This phenomenon has been accentuated by the development of low margin loans linked to money market rates. The lower interest rates were gradually reflected in the terms of lending and in the remuneration of term deposits.

Specialized subsidiaries - and in particular leasing companies, fund management companies and investment banks - show a sharp increase. Their contribution to the consolidated results has steadily increased over a number of years and now represents a significant proportion.

(*) Loans and advances of all types both to customers and to financial institutions, including trading account securities, expressed in annual average volumes. A strong U.S. dollar during the first three quarters of 1985 has influenced computation of earning assets and explains the increase in average value compared with other operations computed at year end rates.

*Other countries*

Branches and susidiaries outside France have operated in a market where competition has contributed to reduced margins and commissions. In addition, particular difficulties were encountered in certain locations, especially Hong Kong and Singapore.

**Other revenues**

Net other revenues total FF 5.6 billion, an increase of 10.0 %. Operations in France, almost 76 % of the total, show a higher increase (16.3 %) than in other countries (+ 8.0 % at constant exchange rates). The majority of other revenues comprise commission : FF 4.8 billion, or 85 % of the total.

In France, commissions on banking services, relating in particular, to certain payment systems (credit cards, for example), have advanced 14.6% and represent approximately one third of total revenues. Commissions on securities transactions, and in particular revenues from SICAV accounts, have continued to produce satisfactory results after the sharp increase in 1984.

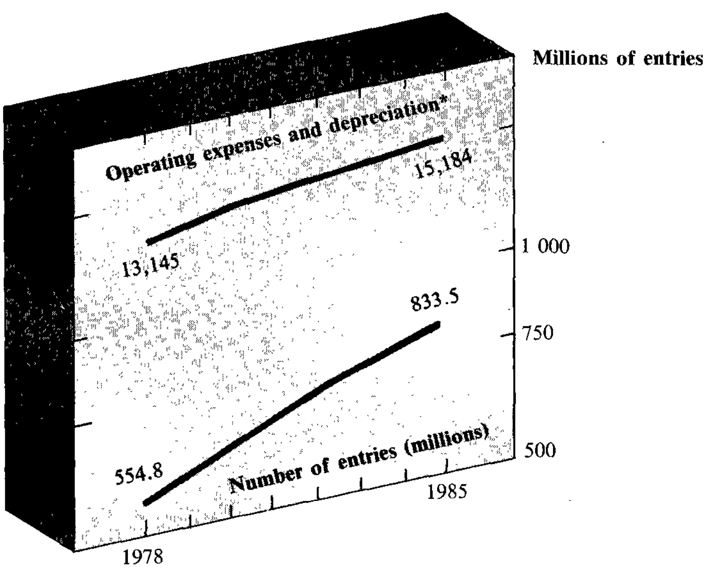
In addition, in a bull market, substantial gains have been realised on securities transactions.

**Operating expenses and depreciation**

Overall operating expenses and depreciation for the BNP Group total FF18.9 billion for the year, an increase of 3.6%. This small increase reflects tight control of operational costs.

In France operating expenses and depreciation show an increase of 6.9%, compared with an average annual increase in the consumer price index of 5.8% and an increase of 5.7% in the number of accounting entries processed. Salaries and related costs increased more slowly than inflation and other operating expenses, reflecting the consequences of the accelerated investment required to implement new technologies (automatic teller machines, cross-border date communications). These investments will enable BNP to broaden the range of services offered to customers and at the same time improve productivity, particularly in payment and money transfer services.

**BNP IN FRANCE – NUMBER OF ACCOUNTING ENTRIES AND OPERATING EXPENSES + DEPRECIATION**



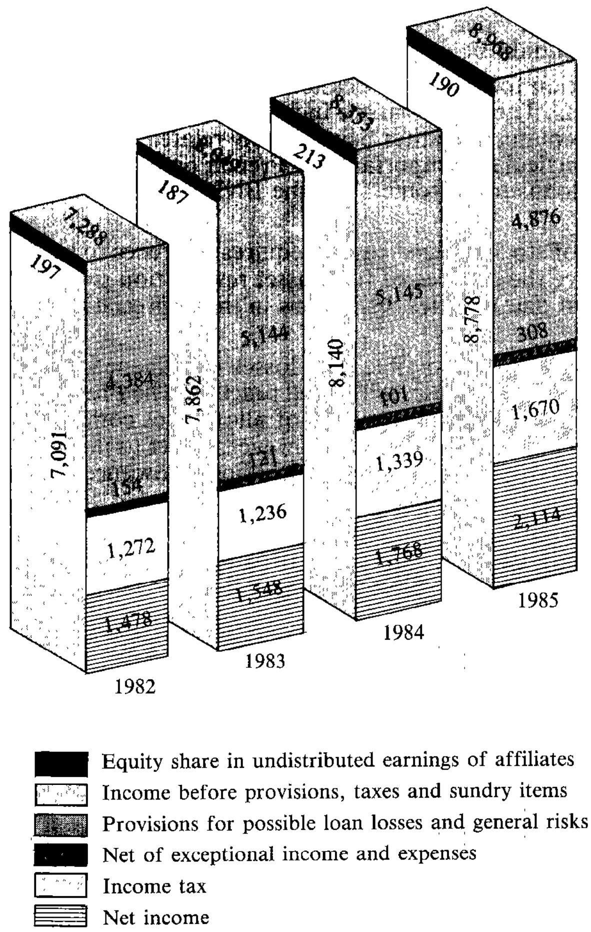

* Operating expenses and depreciation on fixed assets using constant 1985 Francs in millions.
(semi-logarithmic graph)

In countries outside France, efforts made to contain the increase in operating expenses have limited their growth to 5.5% in local currency, the equivalent of a 10% decrease after conversion into French Francs.

## NET INCOME

Net income of FF 2,114 million is presented after substantial provisions for possible loan losses and general risks amounting to FF 4,876 million, slightly down (- 5.2%) on 1984.

**NET INCOME**
(in millions of French Francs)




In France, the overall economic environnement requires the maintenance of provisions at a high level. Nevertheless, in view of the considerable provision already made in the past to cover French risks, and of the improved financial position of larger corporations,it has been possible this year to limit the related provisions to a lower amount. Specific provisions constituted in countries outside France have, however, been maintained at levels close to those of 1984. In addition, almost FF 2.5 billion have been allocated to cover sovereign risks, bringing the total volume of this type of provision to FF 15 billion.

Prudence requires a continued effort to take into account the difficulties encountered by an increasing number of countries in meeting their liabilities. The restructuring of their payment schedules often accompanied by the granting of new loans cannot be considered a solution to these problems.

After taking into account the equity share in undistributed earning of affiliates (FF 190 million), provision for income taxes (FF 1,670 million) and the net of exceptional income and expenses (- FF 308 million), net consolidated income has increased by 19.6 % to FF 2,114 million (as against FF 1,768 million in 1984).

After deducting minority interests (FF 126 million), the Group's share in net consolidated income amounts to FF 1,988 million, an increase of 21.7 %.

## STOCKHOLDERS' EQUITY AND RISK COVERAGE

After appropriation of income, stokholders' equity including minority interests, amounts to FF 14.6 billion compared with FF 14.3 billion in 1984. The increase was reduced by the effect of varying exchange rates on consolidated reserves (- FF1.4 billion).

Consolidated stockholders' equity, already reinforced by the issue of non voting participating shares in 1984 (FF 1.8 billion) was further strengthened by an FF 2 billion issue of primary capital undated floating rate notes in October 1985.

Total stockholders' equity (*) and equivalent therefore amounts to FF 18.5 billion compared with FF 16.5 billion in 1984. This 14.3 % increase has contributed to an improvement in the coverage of risks assumed by the BNP Group.

Risk coverage is also provided by allowances for possible loan losses and general risks. However, the following three points should be considered when evaluating coverage :

— There is justification for relating stockholders' equity and provisions to loans to customers rather than to total assets. The Bank's assets include a large percentage of short-term interbank deposits and collection accounts (the latter being closely related to the Bank's service function to its customers, which is particularly important for French banks). Stockholders' equity and equivalent as a percentage of loans to customers for the BNP Group is 4.7 % in 1985 compared with 4% at the end of 1984.

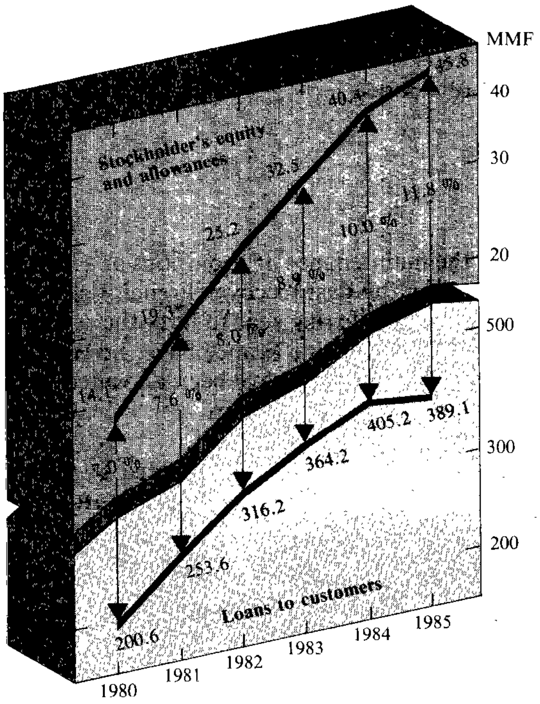
— An appreciation of stockholders' equity requires reference to accounting principles specific to each country. In France the absence of fixed asset revaluation since 1976 (while prices have more than doubled since that date) creates distortions in the appreciation of stockholders' equity in relation to risks.

— The level of allowance for possible loan losses is influenced by the rate of write-off of seriously compromised loans which varies with local practice. The French practice of writing off loans fairly late may lead, in itself, to a higher level of allowances compared with the situation prevailing in other countries. This remark does not, however, affect to the allowance for sovereign risks, which represents more than half of the FF 27.3 billion allowance for possible loan losses and general risks at December 31, 1985.

A satisfactory level of profitability in recent years has resulted in a tangible improvement in both the volume of allowances and stockholders' equity. Together, at the end of 1985, they represent 11.8 % of loans to customers, compared with 10 % in 1984.

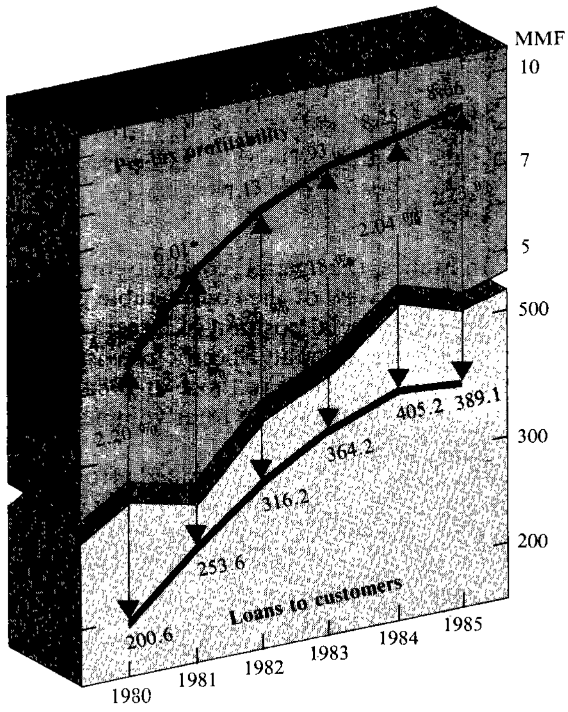
(*) In addition, it should be noted that, subsequent to closure of the 1985 accounts, BNP issued investement certificates in the amount of FF 5.3 billion in April 1986. Total stockholders' equity and equivalent currently totals FF 24 billion approximately.

**STOCKHOLDERS' EQUITY AND ALLOWANCES**
for possible loan losses and general risks
(in billions of French Francs: MMF)




* Series calculated retroactively (semi-logarithmic graph)

**PRE-TAX PROFITABILITY (1)**
(in billions of French Francs: MMF)




(1) Net income plus income taxes and provisions for possible loan losses and general risks

* Series calculated retroactively (semi-logarithmic graph)

# PRINCIPAL BNP SUBSIDIARIES AND AFFILIATES

**Banque pour l'Expansion Industrielle (BANEXI)**

This virtually wholly owned subsidiary of BNP is a "*banque d'affaires*" (merchant bank) which has traditionally offered a wide range of advisory services to companies seeking to expand their activities. In addition, beginning in the early 1970s BNP's management determined to devote a portion of BNP's funds to equity investments made through BANEXI with the objective of realizing long-term capital gains (taxable at a substantially lower rate than ordinary income). Accordingly, BNP's current return on these investments is significantly lower than that realized from other income-earning assets. As of December 31, 1985, BANEXI's consolidated assets and consolidated portfolio of loans and investments were approximately FF 2.16 billion (1984: FF 1.87 billion) and FF 927 million (1984: FF 604 million), respectively. In 1985, BANEXI had a consolidated net income of FF 68 million compared with FF 93 million in 1984. BANEXI's consolidated net shareholders' equity was FF 941 million at the end of 1985 (1984: FF 793 million).

**Crédit Universel group**

For the purpose of increasing its range of activities in the area of consumer credit, on May 6, 1982 BNP obtained the authorization from the *Conseil National de Crédit* to acquire 66% (now 69%) of the capital stock of *Compagnie du Crédit Universel. Compagnie du Crédit Universel* is the parent company of the *Crédit Universel* group, which engages (through five specialized subsidiaries) in the financing of consumer goods and light equipment primarily to individuals, and to a lesser degree to business, by means of classic bank financing, lease financing of both real and personal property, leasing and factoring. These activities are carried out through 80 locations in France and, as of December 31, 1985, the *Crédit Universel* group employed approximately 923 persons. The subsidiaries of the group are each at least 99.5% owned by *Compagnie du Crédit Universel*, and the principal subsidiary is *Crédit Universel*. As of December 31, 1985, the consolidated total assets of the group were approximately FF 8.1 billion (1984: FF 7.3 billion), and its 1985 net income was FF 95.5 million (1984: FF 75.3 million). As of year-end 1985, the aggregate amount of credits to customers and banks of the *Crédit Universel* group amounted to FF 7.6 billion. Such figure as of year-end 1984 was FF 6.7 billlion.

**BNP Bail group**

Under this trade name BNP owns and operates several subsidiaries (unaudited as a whole group) involved in all kinds of leasing transactions. Natio Equipement ranks among the top three leading entities dealing in leasing equipments. Natiolocation is more specialized in renting and sales aid programmes. Natiobail, Natiocrédibail and Natiocrédimurs take opportunity of various fiscal incentives to finance real estate for BNP's customers. Natio Energie also takes advantage of fiscal legislation to provide specific financing for energy conservation investments. These investments often include movables and real estate at the same time. Leasing is then a particularly well fit solution. Total financial results for fiscal year 1985 was FF 261 million for BNP Bail, and FF 64 million for Natiobail.

**Banque Natiotrésorerie**

Banque Natiotrésorerie, a wholly owned subsidiary of BNP, was created in 1980 in order to engage in a variety of financial operations, including transactions in the Paris money market, the taking of deposits and the making of loans in French Francs and foreign currencies to financial institutions, currency swaps and transactions in the French bond market and the Euro-markets in both French Franc and foreign currency instruments. Although BNP is directly involved in all of these activities, it established Banque Natiotrésorerie as a separate entity in order to have an organization small and flexible enough to take advantage of opportunities for arbitrage and other rapid action in the market. The net income of Banque Natiotrésorerie was FF 59.1 million in 1985 and FF 46.0 million in 1984. As of December 31, 1985, its total assets were FF 16.3 billion (1984: FF 14.3 billion).

**Banque Nationale de Paris "Intercontinentale" "BNP I"**

BNP I, which is 65% owned by various entities of the BNP Group, is engaged in commercial banking activities (directly or indirectly through several subsidiaries or affiliates) in Paris, Lebanon, Reunion, Djibouti, Tunisia, Morocco, Panama, Canada, Switzerland and Luxembourg (and has a representative office in the Arab Republic of Yemen). The stock of BNP I is listed on the Paris Stock Exchange. In 1980, Banque Nationale pour le Commerce et l'Industrie "Ocean Indien" "BNCI OI", its former principal subsidiary, was merged into BNP I. As of year-end 1985, its total assets were FF 7.5 billion and its consolidated net income for 1985 was FF 86.1 million. For 1984 these figures were respectively FF 8.6 billion and FF 82.9 million.

**Banque Nationale de Paris "Suisse", S.A.**

Banque Nationale de Paris (Suisse), S.A. (BNP Suisse) is principally engaged in internationally oriented banking activities, with headquarters in Basle and branches in Geneva and Zürich. As of December 31, 1985, BNP owned 94.35% of BNP Suisse. As of that date its total consolidated assets were FF 7.7 billion and its 1985 net income was FF 52.1 million. For 1984, these figures were respectevely FF 7.5 billion and FF 50.0 million.

**Banque Nationale de Paris p.l.c.**

This virtually wholly owned banking subsidiary operates in the United Kingdom, and until 1982 was known as BNP Limited. As of year-end 1985, its total assets were FF 30.7 billion, and its net income for the year was FF 115.1 million. As of year-end 1984, its total assets had been FF 26.5 billion, and its net income amounted ot FF 68.6 million. Principally through BNP p.l.c., the BNP group holds 30.70% of United Bank for Africa Limited, a Nigerian bank whose total assets (which are not consolidated in the BNP Group) as of March 31, 1985 were FF 59.5 billion and whose net income for the year ending then was FF 374 million, compared with total assets of FF 45.1 billion as of March 31, 1984 and net income of FF 352 million.

**BNP Espana S.A.**

On july 31, 1981, BNP purchased 76.7% of the capital stock of Banca Lopez Quesada S.A., a Spanish bank headquartered in Madrid. In August 1982, its corporate name was changed to BNP Espana S.A. In addition, during 1984, a major portion of the activities of BNP's branch in Spain was transferred to BNP Espana S.A. with the result of BNP holding approximately 83% of its capital stock. As of December 31, 1985, BNP Espana S.A.'s shareholders' equity was FF 264 million, and it had over forty branches throughout Spain. As of year-end 1985, its total assets werre FF 10.9 billion, and its net income for the year was of FF 42.7 million. 1984 total assets were FF 7.9 billion and its net income for the year was of FF 10.5 million.

**Banque Nationale de Paris (Luxembourg) S.A.**

As of December 31, 1985 BNP holding in Banque Nationale de Paris (Luxembourg) S.A. had been increased from 84.19% to 100%. Over a number of years BNP Luxembourg has progressively focused its activities on Portfolio Management and Financial Services.

A favourable environment has allowed a 36.1% increase of its balance sheet total in 1985 (FF 17.3 billion against FF 12.9 billion as at December 31, 1984) while loans to customers reached FF 16.0 billion (December 31, 1984: FF 12.0 billion) and results increased by nearly one half over 1984 (FF 47.3 million as against FF 31.8 million).

**Banque Nationale de Paris (Canada)**

This wholly-owned subsidiary engages in banking activities through branches in Montreal, Quebec and other cities situated in the Province of Quebec, as well as in Toronto, Edmonton, Calgary and Vancouver. Originally established in Canada in 1961 as a financial institution, Banque Nationale de Paris (Canada) (formerly known as BNP Canada inc.) received a Canadian Bank Charter in November 1981 pursuant to revisions in the Bank Act. After translation from Can. $, its total assets, as of October 31, 1985, were FF 6.7 billion and it had a net income of FF 6.0 million for fiscal year ended October 1985, compared with total assets of FF 8.2 billion at October 31, 1984 and a net loss of FF 0.9 million for 1984. Destipe continuing difficulties in certain sectors, particularly energy, 1985 saw BNP (Canada) begin to benefit from its efforts to rationalize its customer base, control overheads and boost its activity. The year saw a return to profit and this trend should continue, and even increase, in 1986.

**French American Banking Corporation**

French American Banking Corporation (FABC), a wholly-owned subsidiary organized in 1919 and headquartered in New York City, is a non-bank financial institution primarily engaged in commercial lending operations, principally of an international nature. As of December 31, 1985, FABC had total loans to customers and banks of FF 15.4 billion and total assets of FF 16.7 billion. As of December 31, 1984, loans to customer and banks totalled FF 17.2 billion and total assets were FF 19.6 billion. Net income for 1985 was FF 55.2 million comparable to FF 59.5 million in 1984.

**Bank of the West**

Bank of the West (wholly owned), a San Francisco-headquartered bank organized in 1874 was acquired in March 1980 by merger with BNP's former subsidiary, French Bank of California. As of December 31, 1985, Bank of the West had total assets of FF 9.6 billion (1984: FF 12.0) and total loans to customers and banks of FF 7.5 billion (1984: FF 9.7).

In a more difficult economic environment Bank of the West has systematically rationalized its customer portfolio over the last two years and made substantial provisions causing a loss of FF 30 million in 1985. Hovewer 1986 should see a return to profits.

# OTHER INFORMATION

## THE FRENCH BANKING SYSTEM

Pursuant to the Law of February 11, 1982 (the "Nationalization Law"), all remaining, privately-held shares of banks already nationalized and all shares of other banks and certain financial institutions having demand deposits or other liquid or short-term deposits in the name of residents of at least FF 1 billion at January 2, 1981 (with the exception of certain specialized banks and banks majority-owned by persons or entities outside of France) were automatically transferred to the French State in exchange for bonds issued by the *Caisse Nationale des Banques* *.

BNP is, in terms of total deposits, the largest registered bank in France and is subject to the same banking regulation as all deposit banks, whether or not they are state-controlled.

A number of other public and state-controlled institutions provide credit for various purposes, including loans for housing construction, agriculture, foreign trade and French businesses. Among the more important of such institutions are: *Crédit Foncier de France*, which extends mortgage financing for housing construction; *Banque Française du Commerce Extérieur* (BFCE), which finances or provides refinancing for export credits; *Crédit National*, which extends credit to industry at subsidized rates; and *Crédit d'Equipement des Petites et Moyennes Entreprises*, which specializes in credits to small and medium-sized businesses.

Several of the institutions described above, in addition to their specialized functions, also engage in the commercial and investment banking activities conducted by deposit banks such as BNP. Moreover, a number of non-banking corporations are also engaged in specialized types of financing (automobiles, housing, equipment and mortgages).

## COMPETITION

Intense competition from banks, financial institutions, businesses providing financial and other services and, in some instances, government agencies exists in virtually all activities in which BNP and its subsidiaries are engaged.

Domestically, BNP competes with other major French banks and other financial institutions in the banking system. Competition in France has remained intense in recent years following an expansion of the powers of non-commercial bank financial institutions and the extension of interest rate incentives to certain non-bank depositary institutions.

In their international business, BNP and its subsidiaries compete with other French banks having foreign operations, with major foreign banks and financial institutions and, in foreign countries, with local banks and financial institutions.

* See Note (1) p. 14

# GOVERNMENTAL SUPERVISION AND REGULATION

## French Supervisory Bodies

A law of January 24, 1984 relating to the business and control of lending institutions has been promulgated and came into force on July 25, 1984. The law defines a lending institution and sets out the condition on which it may operate.

The principal supervisory and regulatory bodies in France now are the Bank Commission (*Commission Bancaire*) and the French Lending Institutions Association (*Association Française des Etablissements de Crédit*). In exercising such supervision, such bodies monitor compliance with regulations promulgated by law or by other regulatory bodies — essentially the Banking Regulatory Committee (*Comité de la Règlementation Bancaire*), the Lending Institutions Committee (*Comité des Etablissements de Crédit*)and the Bank of France (*Banque de France*).

The powers of the Bank Commission may be divided into two categories:

— *Supervisory Powers:* The Bank Commission enforces the due application of Bank rules and regulations, including substantive regulations with respect to a bank's financial condition and operations. The Bank Commission receives a bank's required monthly and other reports, requests any additional information that it may deem necessary and sends inspectors of the Bank of France to make on-site inspections. The reports, which are carefully examined, permit close monitoring of the condition of each bank and also facilicate computation of the total deposits of all banks and their use.

— *Quasi-judicial Powers:* If a bank is found to have seriously violated a regulation, the Bank Commission sits as a court, with its own procedural rules. It may impose a penalty upon such bank; the most serious sentence is striking the bank out from the list of registered banks, thereby effectively closing the bank. The Bank Commission also acts as court of appeals from the decisions of the National Credit Council and has the power to appoint a temporary trustee to administer provisionally a bank which the Bank Commission finds to be mismanaged. Decisions of the Bank Commission may be appealed to the *Conseil d'Etat.*

All lending institutions will be obliged to belong to a professional organization or to a central body affiliated to the French Lending Institutions Association.

The French Banking Association (*Association Française des Banques)* will retain its role of advisor to the banks and will be affiliated to the French Lending Institutions Association.

The National Credit Council was created by a statute dated December 2, 1945. Its primary function will now be that of consultation on questions of monetary and credit policy and the study of the working of the banking and financial system.

The Bank of France, organized in 1800 and nationalized in 1945, is France's central bank and bank of issue. The principal banking functions of the Bank of France are (i) issuance of bank notes; (ii) trading in gold and foreign currencies and administering France's foreign exchange reserves; (iii) acting as the depositary of the Treasury; (iv) discounting of bills; (v) conducting open-market operations in short-term government and other securities; (vi) making advances to the Treasury under the terms of special agreements between the Bank of France and the Treasury; and (vii) participating in the formulation of France's monetary and credit policy. As previously noted, the Bank of France is also responsible for supervising the operations of banks.

## Supervision of BNP as a French nationalized bank *

The Nationalization Law entitles the French government to designate twelve of BNP's eighteen directors and further permits the French government to share with BNP's directors the power to appoint BNP's chief executive officer, (See "Business of BNP and the BNP Group — General").

Further, since BNP is a nationalized bank, once its financial statements (as certified by its independent auditors) have been approved by its Board of Directors, they must be submitted for review, together with the report of the independent auditors, to the Court of National Account (*Cour des Comptes de la Nation*), a governmental administrative body which oversees public expenditures and acts as a controller of government-owned entities such as BNP. This Court issues an opinion on BNP's financial statements, and this opinion, together with the statements and the report of the independent auditors, is submitted to the French Parliament (*Assemblée Nationale*).

* See Note (1) p. 14.

### Examination

The principal means used by the Bank Commission to ensure compliance by large deposit banks with applicable regulations is the examination of detailed monthly financial statements required of such banks. Should any such examination show a material adverse change in the financial situation of a bank, an inquiry would be made, which could well be followed by an unannounced inspection. Such an inspection would undoubtedly take place in case a bank's statement showed non-compliance with one or more of the mandatory ratios described under "Credit and investment restrictions" and, with respect to the maintenance of the required "liquidity ratio", an inspection would probably occur if a bank's statement showed that it was even coming close to the minimum permitted ratio. In recent years a main purpose of these inspections has been to check compliance with the applicable credit ceilings; there is, however, no limitation on the scope of such inspections. Moreover, the Customs Administration may and does make inspections of banks to review their compliance with exchange control regulations.

In addition, the process of regulation and inspection of French banks is supplemented by the requirement that the financial statements of banks be audited by independent auditors. (*See "Ownership, Management and Employees — Commissaires aux Comptes and BNP Internal Inspection Department"*).

### Credit and investment restrictions

The major regulations applicable to deposit banks such as BNP are liquidity, asset and loan coverage ratios, regulations relating to monetary policy, restrictions on equity investments, reporting requirements and exchange control regulations.

Two types of asset coverage ratios have been imposed by the National Credit Council in its previous regulatory function which can, under certain circumstances, limit credit extension by a French bank on an overall and/or individual customers basis:*

(1) Since 1979 BNP has been subject to certain requirements with respect to the ratio ("ratio of risk coverage increase") of the aggregate net increase in BNP's net shareholders' equity (*fonds propres nets*) to the aggregate net increase in loans and a portion of certain other risk-bearing assets (*risques*), including leasing transactions, loans to financial intermediaries, investment securities, acceptances and certain guarantees.

The BNP Group had fulfilled, as at June 30, 1982, the minimum ratio of risk coverage increase required by the National Credit Council which was 3.6% during the period from January 2, 1979 through June 30, 1982. From June 30, 1982 to June 30, 1985, the increase was to be at least 3.88%. This minimum has been more than respected: the BNP Group ratio of risk coverage was 4.83% as at June 30, 1985.

Debt securities with more than seven year original maturity issued after June 30, 1982 may be added to net shareholders' equity to cover up to one-half of the required risk coverage increase.

(2) French banks must also satisfy the following individual loan coverage ratios:

(a) The aggregate of a French bank's loans and a portion of certain other credits ("*risques*") to a single customer (other than a financial intermediary) may not exceed 75% of the bank's net shareholders' equity. This ratio only applies, however, if the aggregate of the bank's *risques* with a single customer exceeds (i) 5% of the bank's total risks with respect to all customers or (ii) 50% of the total amount of bank loans received by such customer.

(b) The total amount of *risques* with customers (other than financial intermediaires) as to which a bank has *risques* in amounts exceeding 25% of the bank's net shareholders' equity may not exceed eight times the bank's shareholders' equity.

BNP's management believes that these individual loan coverage ratios are satisfied by BNP and that they will not materially affect is future growth or prospects.

---

* In the application of these ratios, a bank has the option of making the required calculations either on a consolidated basis or on the basis of the bank alone. BNP has elected to calculate these ratios for the BNP Group as a whole. For this purpose, the figures of the BNP Group include the parent and all subsidiaries and affiliates at least 20% owned and accounted for on the equity method; and shareholders' equity includes capital stock, retained earnings and reserves (net of any applicable income tax) reduced by various assets -such as goodwill and investment in other financial intermediaries.

As a deposit bank, BNP is also subject to the following governmental restrictions on equity investments: (i) BNP may not purchase more than 20% of the capital stock of any company other than a bank, financial institution or other bank-related service company; this limitation does not, however, apply to investments made by one of BNP's subsidiaries; (ii) the total of the investments referred to in clause (i), together with all similar investments by subsidiaries, may not exceed BNP's consolidated shareholder's equity; and (iii) fixed investments (i.e., in subsidiaries, affiliates and bank premises) may not exceed "stable resources" (i.e., shareholders' equity and medium- and long-term debt).

French banks are not currently subject to any restrictions on deposits in any currency by individuals or companies not resident in France, regardless of the amount or term of such deposits. The banks may grant loans to non-residents of France in currencies other than French Francs without limitation either as to amount or duration. However, they may not grant French Franc loans to non-residents, except in connection with buyer credits related to French exports.

French banks are also subject to limitations imposed by the Bank Commission on increases in consumer loans.

BNP's management believes that applicable restrictions on its credit and investment policies of the nature described above have not constrained its growth.

**Deposit insurance**

In 1980, the French Banking Association established a deposit insurance fund for customers of commercial banks. Deposits of customers (other than banks and insiders) of up to FF 400,000 are insured. The fund is financed through an annual contribution by all French banks which totals FF 200 million. (No major French bank has become insolvent or been forced into receivership since the postwar economic reorganization in 1945).

**Reporting requirements**

The principal means of verifying French banks' compliance with various substantive restrictions, and of reviewing operations generally, is a detailed monthly report sent by each bank to the Bank Commission.

Banks must also report monthly to the Bank of France the names (and related amounts) of all customers having loan utilizations exceeding FF 500,000. The Bank of France then returns to each bank a list stating, as to that bank's customers, total loan utilizations from all reporting banks. In BNP's case the information to and from the Bank of France is supplied at the branch level.

In addition, banks must make quarterly reports regarding (i) the amount of outstanding loans extended for the purchase of consumer goods (and such loans may not exceed a given percentage, determined by the Banking Regulatory Committee, of total loans granted during such quarter); (ii) guarantees given for real estate transactions and all necessary information for the assessment of compulsory reserves; and (iii) medium-term loans and debt securities held at quarter's end. They must also report quarterly as to their deposits and loans, classified by original maturity and remaining term to maturity.

As authorized agents under French exchange control regulations, French banks are required to ensure compliance of all transactions executed for themselves or their customers with such regulations. As such, they are required to report to French exchange control authorities on a monthly basis data regarding transformation of French Francs into foreign currencies, and vice versa.

**Foreign regulation**

BNP is a holding company registered under the United States Bank Holding Company Act of 1956, as amended, and, as such, its United States activities are regulated by the Board of Governors of the Federal Reserve System. BNP and its subsidiaries are also subject to extensive regulation in each of the 76 other countries in which the BNP Group has operations.

## OWNERSHIP, MANAGEMENT AND EMPLOYEES

**Ownership of BNP Capital Stock** *

Pursuant to the Nationalization Law, the shares of BNP not already owned by the Republic of France or other French government or government-controlled entities were transferred to the French government in exchange for debentures issued by the *Caisse Nationale des Banques* (a French government agency).

There is no legislative restriction on public ownership of shares of BNP's subsidiaries, and certain subsidiaries have substantial numbers of publicly-held and listed shares outstanding.

**Dividend Policy**

BNP paid FF 33.4 million dividends for the year 1983 and FF 161.8 million for 1984.

The dividends to be paid by BNP on the basis of 1985 income will be FF 188.3 million.

Pursuant to the Nationalization Law, there will also be payable to the *Caisse Nationale des Banques* a levy of FF 162.0 million for the year 1985 (1984: FF 148.4 million). The Nationalization Law provides that the amount of the levy is to be determined annually by legislation, taking into consideration BNP's operating results *.

**Board of Directors** *

BNP has a Board of Directors of 18 members, currently selected as described under "*Business of BNP and the BNP Group — General*". The Board exercises general supervision over actions by BNP's management and, where required, approves major actions affecting BNP.

The following is a list of BNP's 18 incumbent directors:

Directors named pursuant to a decree of June 5, 1984:

| — as representatives of the State, | *Other interests and executive role within BNP, where applicable* |
|---|---|
| Daniel LEBEGUE ...... | *Directeur du Trésor* |
| Jean-Marie CHEVALIER | *Professor at the University of Paris, XIII* |
| Jean-Luc de BOISSIEU . | *Assistant Director, Insurance Sector, Ministry of Finance* |
| Michel PRADA ........ | *Directeur du Budget* |
| Gilles BELLEC......... | *Director, Oil Department, Ministry of Industry* |
| Philippe REMOND ..... | *Head of Department, Financial and bilateral relations, Ministry of Finance* |
| — as experts, | |
| René THOMAS ........ | *Chairman of the Board and Chief Executive Officer of BNP* |
| Roger FAUROUX ** ... | *Directeur de l'École Nationale d'Administration* |
| Monique CHALON ** .. | *Vice President, BNP's department for Industrial Research* |
| Léon CLIGMAN ** .... | *Chairman of the Board, INDRECO (Textiles)* |
| Bernard ATTALI ** .... | *Chairman of the Board, Groupe des Assurances Nationales* |
| Jean GRAVE **........ | *Chairman of the Board, Regional Co-operative (Saintes, Charente-Maritime)* |

Directors elected by BNP's employees pursuant to a law of July 26, 1983:

Robert BEZIAS
Alain LIMOUZIN
Jean LOUIS
Pierre MARCOLINI
Jacques MOULON
Jean-Pierre MOUSSY

---

* See Note (1) p. 14.

** Pursuant to a decree of July 24, 1986 which named BNP's Chairman of the Board, the mandate of those directors has come to an end.

**Management**

The following is a list of BNP's current executive officers:

| Name | Age | Principal occupations or employment |
|---|---|---|
| René Thomas........... | 57 | *Chairman of the Board and Chief Executive Officer* |
| Jacques Masson ........ | 61 | *President and Chief Operating Officer* |
| Jacques Henri Wahl..... | 54 | *President and Chief Operating Officer* |
| Pierre-Yves Cossé....... | 52 | *Senior Executive Vice President, Corporate Business and Development* |
| Jean Gagné ............ | 58 | *Senior Executive Vice President, National Network* |
| Emmanuel Philippon .... | 57 | *Senior Executive Vice President, International Affairs* |
| Claude Reinhart ........ | 60 | *Senior Executive Vice President, Investment Banking, General Accounting and Budgeting* |
| Bernard Benoist-Lucy ... | 62 | *Executive Vice President for General Supervision* |
| Raymond Lambert ...... | 57 | *Executive Vice President, Human Resources and General Administration* |

Other than Messrs. Wahl and Cossé, each of BNP's current executive officers has been an officer for more than five years.

**Commissaires aux Comptes and BNP Internal Inspection Department**

BNP is required by French law to have two independent auditors *(Commissaires aux Comptes)* examine its accounts and prepare annual reports to its Board of Directors and shareholders. The auditors review the principles and methods of accounting employed, supervise BNP's internal controls and determine whether BNP's financial statements have been prepared correctly and give an accurate view of BNP's financial situation in a form consistent with prior practice. Their reports also cover certain other matters relating to BNP's contracts, shareholders and management. Independent auditors in France serve six-year terms. Although such auditors are generally elected by the shareholders, in the case of BNP they are appointed pursuant to a decree of the French Minister of the Economy, Finance and the Budget.

BNP's current independent auditors are Louis Viala and R. Leveille-Nizerolle of *Société Civile professionnelle Berder-Viala-Buchalet et Autres* and Paul-Carlos Mulquin and Jean Raffegeau of *Bureau d'Etudes Financières et de Contrôle Comptable Mulquin et Associés (B.E.F.E.C.).*

In addition to extensive external controls and supervision, BNP has a thorough system of internal inspection. In 1979, BNP redefined the role of the *Inspection Générale* (Internal Inspection Department) in terms of general responsibility for the proper execution of corporate policy. For this purpose, the Inspector General's office, which is independent of BNP's operating divisions, undertakes all of the supervision and auditing tasks normally associated with verification of, and assistance to, the activities of BNP's various departments. Thus, the Inspector General, himself a BNP Executive Vice President, participates in the daily meetings of department heads and reports to the Chairman of the Board on a weekly basis.

Each year the Internal Inspection Department outlines a program of action regarding all of BNP's activities. In particular, the work of the Internal Inspection Department focuses on the following areas:

- the examination of 80% of all liabilities and commitments of the local offices inspected by the Department;
- the management and method of auditing of all BNP offices (including a detailed review of each branch every four years);
- internal administration, both planning and execution;
- inspection of BNP's Treasury Department (responsible for cash management), and particularly the risks associated with fluctuating exchange rates;
- analysis of annual operating results; and
- examination of BNP's general organization.

The Internal Inspection Department also prepares an annual report of the Department's activities which is circulated at BNP and transmitted to the *Commissaires aux Comptes*.

**Employees**

As of December 31, 1985, the Group employed 59,294 regular and part-time employees. BNP alone employed 50,651 (4,080 of whom were employed outside France). The comparable figures for 1984 were respectively 60,014 (BNP alone 51,493 and 4,324). BNP's employees are covered by mandatory national health insurance and mandatory and supplementary pension plans managed by an institution independent of BNP. Both the mandatory and supplementary benefits are funded by current monthly contributions of the employees of BNP.

BNP places particular emphasis on employee education and training. During 1985, BNP spent FF 297.4 million for various types of employee training activities, an amount equal to 4.7% of aggregate employee salaries. In 1984, BNP spent FF 269.1 million for employee training activities. Employee relations are considered to be good.

## FINANCIAL

## BNP

## CONSOLIDATED

(in thousands

### ASSETS

| 12.31.1984 | 12.31.1985 | |
|---|---|---|
| **19,831,259** | **25,271,060** | **Cash, central banks, Treasury and postal giro accounts** |
| **314,898,080** | **297,446,960** | **Banks and financial institutions** |
| 11,454,196 | 13,404,522 | a - Current accounts |
| 303,443,884 | 284,042,438 | b - Loans and time deposits |
| **99,779,683** | **108,623,110** | **Treasury bills, bills purchased firm or under resale agreements** |
| | | **bills sold firm or under repurchase agreements** |
| **373,894,283** | **358,785,471** | **Customers** |
| 59,313,110 | 49,335,710 | a - Commercial loans |
| 98,843,300 | 93,918,251 | b - Other short-term loans |
| 100,745,296 | 95,494,381 | c - Medium-term loans |
| 79,647,663 | 83,739,936 | d - Long-term loans |
| 35,344,914 | 36,297,193 | e - Overdrafts |
| | | a - Corporations and private businesses |
| | | • Current accounts |
| | | • Time deposits |
| | | b - Personal accounts |
| | | • Current accounts |
| | | • Time deposits |
| | | c - Sundry |
| | | • Current accounts |
| | | • Time deposits |
| | | d - Special savings accounts |
| | | e - Certificates of deposit |
| **99,047,560** | **92,446,315** | **Other accounts** |
| 62,957,363 | 53,400,038 | Cheques and bills for collection |
| | | Accounts due after collection |
| 30,467,415 | 30,186,384 | Prepayments, accruals, provisions and sundries |
| 5,622,782 | 8,859,893 | Balances on securities transactions |
| **21,325,967** | **24,008,774** | **Marketable Securities** |
| 10,334,031 | 9,926,259 | a - Government bonds and debentures |
| 10,991,936 | 14,082,515 | b - Other marketable securities |
| **12,262,557** | **12,402,190** | **Investments** |
| 1,290,135 | 1,398,500 | Investments in non-consolidated subsidiaries and affiliates |
| 2,160,340 | 2,190,900 | Participating loans to customers |
| 162,332 | 161,526 | Participating loans to financial institutions |
| 2,018,896 | 1,865,223 | Investments in affiliated Companies carried on the equity basis |
| 6,630,854 | 6,786,041 | Premises and equipement |
| **8,445,937** | **11,569,355** | **Balances and leasing transactions** |
| | | **Medium and long-term debt** |
| | | • Foreign currency, medium and long-term |
| | | • French Francs, long-term |
| | | **Subordinated long-term foreign currency debt** |
| 87,980 | 65,911 | **Stockholders' equity and common stock equivalent** |
| | | Net |
| | | — Primary capital undated floating rate notes |
| | | — Non-voting participating shares |
| | | — Consolidated retained earnings, revaluation surplus, equity adjustment from foreign currency transla- tion, equity adjustment from BNP Group share in affiliates |
| 87,980 | 65,911 | — Goodwill |
| | | — Common stock |
| | | — Unappropriated retained earnings |
| | | — Minority interests |
| | | Net |
| | | **Consolidated net income** |
| | | BNP Group |
| | | Minority interest |
| **949,573,306** | **930,619,146** | **Total** |

Commitments and Contingent Liabilities

| 1984 | 1985 | |
|---|---|---|
| 13,958,248 | 10,375,766 | Guarantees given to banks and financial institutions |
| 26,374,876 | 20,008,984 | Guarantees received from banks and financial institutions |
| 62,161,118 | 62,777,220 | Loan commitments |
| 90,422,850 | 82,184,936 | Guarantees given on behalf of customers |
| 13,232,721 | 13,042,316 | Other commitments to customers |
| 711,915 | 624,093 | Real estate lease payments due |

## STATEMENTS

## GROUP

### BALANCE SHEET

of French Francs)

### LIABILITIES

| | Before Appropriation of Income 12.31.1984 | 12.31.1985 | After Appropriation of Income 12.31.1984 | 12.31.85 (1) |
|---|---|---|---|---|
| | **40,844,479** | **34,588,983** | **40,844,479** | **34,588,983** |
| | **313,924,857** | **274,716,810** | **313,924,857** | **274,716,810** |
| | 25,793,262 | 22,553,560 | 25,793,262 | 22,553,560 |
| | 288,131,595 | 252,163,250 | 288,131,595 | 252,163,250 |
| | **74,368,794** | **83,068,367** | **74,368,794** | **83,068,367** |
| | **338,754,536** | **355,101,564** | **338,754,536** | **355,101,564** |
| | 56,297,874 | 53,168,943 | 56,297,874 | 53,168,943 |
| | 62,682,028 | 56,491,484 | 62,682,028 | 56,491,484 |
| | 48,633,983 | 51,875,612 | 48,633,983 | 51,875,612 |
| | 37,786,169 | 37,150,350 | 37,786,169 | 37,150,350 |
| | 18,429,715 | 20,436,673 | 18,429,715 | 20,436,673 |
| | 8,209,534 | 9,605,434 | 8,209,534 | 9,605,434 |
| | 60,426,032 | 68,684,003 | 60,426,032 | 68,684,003 |
| | 46,289,201 | 57,689,065 | 46,289,201 | 57,689,065 |
| | **110,300,688** | **106,238,431** | **110,670,156** | **106,640,939** |
| | 54,475,157 | 45,857,954 | 54,475,157 | 45,857,954 |
| | 51,356,402 | 54,527,460 | 51,725,870 | 54,929,968 |
| | 4,469,129 | 5,853,017 | 4,469,129 | 5,853,017 |
| | **50,475,312** | **54,425,995** | **50,475,312** | **54,425,995** |
| | 32,192,634 | 30,288,773 | 32,192,634 | 30,288,773 |
| | 18,282,678 | 24,137,222 | 18,282,678 | 24,137,222 |
| | **4,301,090** | **3,560,436** | **4,301,090** | **3,560,436** |
| | **14,835,327** | **16,804,134** | **16,234,082** | **18,516,052** |
| | | | **(16,146,102)** | **(18,450,141)** |
| | | 2,000,000 | | 2,000,000 |
| | 1,800,000 | 1,807,344 | 1,800,000 | 1,807,344 |
| | 1,800,000 | 3,807,344 | 1,800,000 | 3,807,344 |
| | 10,492,382 | 9,967,584 | 11,799,983 | 11,591,876 |
| | 1,632,580 | 2,122,354 | 1,632,580 | 2,122,354 |
| | 11,591 | 11,503 | 11,503 | 11,228 |
| | 12,136,553 | 12,101,441 | 13,444,066 | 13,725,458 |
| | 898,774 | 895,349 | 990,016 | 983,250 |
| | 13,035,327 | 12,996,790 | 14,434,082 | 14,708,708 |
| | | | (14,346,102) | (14,642,797) |
| | **1,768,223** | **2,114,426** | | |
| | 1,633,954 | 1,987,676 | | |
| | 134,269 | 126,750 | | |
| | **949,573,306** | **930,619,146** | **949,573,306** | **930,619,146** |

(1) For subsidiaries which had not yet held their Annual General Meeting at the time of preparation of the consolidated financial statements, proposed appropriations have been included.

# BNP

## CONSOLIDATED STATE

(in thousands o

| DEBIT | | CREDIT | | |
|---|---|---|---|---|
| 1984 | 1985 | 1984 | 1985 | |
| **72,076,641** | **67,645,674** | **98,394,821** | **95,242,990** | |
| 38,636,979 | 33,991,245 | 41,342,411 | 37,108,863 | ........ |
| 31,871,053 | 27,852,145 | 30,454,206 | 26,845,224 | ........ |
| 6,590,183 | 5,971,950 | 10,710,617 | 10,119,917 | ........ |
| 175,743 | 167,150 | 177,588 | 143,722 | ........ |
| 22,189,117 | 19,665,952 | 42,782,479 | 40,486,659 | ........ |
| — | — | 34,991,459 | 33,515,350 | ........ |
| — | — | 6,712,321 | 5,903,214 | ........ |
| — | — | 1,078,699 | 1,068,095 | |
| 1,996,573 | 2,467,868 | 3,161,136 | 3,920,789 | ........ |
| 5,729,001 | 6,751,805 | — | — | ........ |
| 3,524,971 | 4,768,804 | — | — | ........ |
| — | — | 6,962,416 | 8,985,048 | ........ |
| — | — | 4,146,379 | 4,741,631 | ........ |
| — | — | **37,715** | **49,498** | ........ |
| **11,779,882** | **12,137,727** | — | — | ........ |
| **807,715** | **797,213** | — | — | ........ |
| **4,718,177** | **4,986,232** | — | — | ........ |
| 2,756,923 | 2,948,543 | — | — | ........ |
| 8,453 | 24,550 | — | — | ........ |
| 97,039 | 161,674 | — | — | ........ |
| 2,651,431 | 2,798,319 | — | — | ........ |
| 1,961,254 | 2,001,689 | — | — | ........ |
| **910,339** | **947,954** | — | — | ........ |
| **5,140,699** | **4,916,247** | — | — | ........ |
| **496,008** | **733,356** | **594,626** | **562,423** | ........ |
| **263,664** | **154,220** | **176,292** | **161,790** | ........ |
| **116,802** | **103,745** | — | — | ........ |
| **1,338,537** | **1,669,644** | — | — | ........ |
| — | — | **213,233** | **189,737** | ........ |
| **1,768,223** | **2,114,426** | — | — | ........ |
| 1,633,954 | 1,987,676 | — | — | ........ |
| 134,269 | 126,750 | — | — | ........ |
| **99,416,687** | **96,206,438** | **99,416,687** | **96,206,438** | ........ |

## GROUP

## MENT OF INCOME

French Francs)

| | BALANCE | |
|---|---|---|
| | 1984 | 1985 |
| **Bank operating revenues and expenses** | **26,318,180** | **27,597,316** |
| Revenues and expenses from treasury and interbank transactions | 2,705,432 | 3,117,618 |
| • Central banks, treasury and postal giro accounts, banks and financial institutions | – 1,416,847 | – 1,006,921 |
| • Borrowings and loans against private or public securities | 4,120,434 | 4,147,967 |
| • Commissions | 1,845 | – 23,428 |
| Revenues and expenses on customer transactions | 20,593,362 | 20,820,707 |
| • Loans to customers | | |
| • Customer overdrafts | | |
| • Commissions | | |
| Revenues and expenses on leasing transactions | 1,164,563 | 1,452,921 |
| Interest on medium and long-term debt and non-voting participating shares | – 5,729,001 | – 6,751,805 |
| Other bank operating expenses | – 3,524,971 | – 4,768,804 |
| Revenues from other transactions | 6,962,416 | 8,985,048 |
| Revenues from securities | 4,146,379 | 4,741,631 |
| **Other revenues** | **37,715** | **49,498** |
| **Salaries and related costs** | – 11,779,882 | – 12,137,727 |
| **Taxes other than on corporate income** | – **807,715** | – **797,213** |
| **General operating expenses** | – **4,718,177** | – **4,986,232** |
| Lease, rental and other service charges | – 2,756,923 | – 2,984,543 |
| • Equipment lease rental charges | – 8,453 | – 24,550 |
| • Real estate lease rental charges | – 97,039 | – 161,674 |
| • Other external service | – 2,651,431 | – 2,798,319 |
| Other general operating expenses | – 1,961,254 | – 2,001,689 |
| **Depreciation and amortization (1)** | – **910,339** | – **947,954** |
| **Income before provision for possible loan losses and general risks, income tax and other items** | **8,139,782** | **8,777,688** |
| Provision for possible loan losses, general risks and other items | – 5,140,699 | – 4,916,247 |
| Exceptional income and expense | 98,618 | – 170,933 |
| Non-operating provisions | – 87,372 | 7,570 |
| Employee profit sharing | – 116,802 | – 103,745 |
| Income taxes | – 1,338,537 | – 1,669,644 |
| Equity share in undistributed earnings of affiliates | 213,233 | 189,737 |
| **Net income** | **1,768,223** | **2,114,426** |
| • BNP Group | 1,633,954 | 1,987,676 |
| • Minority Interest | 134,269 | 126,750 |
| **Total** | | |

(1) Excess fiscal depreciation expenses for 1984 amounting to FF 115,308 thousand have been restated under "Non-operating provisions".

In 1985, the consolidated financial statements account only for economic depreciation.

## STATEMENT OF CHANGES
## TO CONSOLIDATED NET FINANCIAL POSITION

(in millions of French Francs)

| | Common stock | Common stock equivalent | Stock premium | Revaluation surplus (deficit) | Consolidated subsidiaries retained earnings | Total |
|---|---|---|---|---|---|---|
| **December 31, 1983** | **1,633** | **—** | **31** | **805** | **9,328** | **11,797** |
| Consolidated profit - 1984 | | | | | 1,634 | 1,634 |
| Dividend | | | | | (161) | (161) |
| Caisse Nationale des Banques levy | | | | | (148) | (148) |
| Issue of non-voting participating shares | | 1,800 | | | | 1,800 |
| Effect of exchange rate variations in 1984 | | | | | 436 | 436 |
| Revaluation | | | | (48) | | (48) |
| Other | | | | | (66) | (66) |
| **December 31, 1984** | **1,633** | **1,800** | **31** | **757** | **11,023** | **15,244** |
| Effect of change in fixed asset depreciation method | | | | | 114 | 114 |
| Capitalization of reserves | 489 | | (31) | (458) | | |
| Consolidated profit - 1985 | | | | | 1,988 | 1,988 |
| Dividend | | | | | (188) | (188) |
| Caisse Nationale des Banques levy | | | | | (162) | (162) |
| Issue of non-voting participating shares | | 7 | | | | 7 |
| Issue of primary capital undated floating rate notes | | 2,000 | | | | 2,000 |
| Effect of exchange rate variations in 1985 | | | | | (1,416) | (1,416) |
| Revaluation | | | | (16) | | (16) |
| Other | | | | | (39) | (39) |
| **December 31, 1985** | **2,122** | **3,807** | **—** | **283** | **11,320** | **17,532** |

# NOTES TO FINANCIAL STATEMENTS

## ACCOUNTING PRINCIPLES AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the accounts of the Bank and those of its main French and foreign subsidiaries and affiliates. The accounting policies applied in preparing the consolidated balance sheet and statement of income conform with the accounting principles and practices of the banking profession in France. The financial statements of foreign subsidiaries and affiliates which have been prepared in accordance with accounting principles approved in their respective countries of origin, have been restated to conform with presentation customary in France.

So that the consolidated financial statements might more accurately reflect the real economic situation, in 1985 BNP decided to alter its fixed asset depreciation method. The straight-line method is considered to represent the economic depreciation of fixed assets. This change of method is described in the appropriate section of the note concerning accounting principles and presentation. Note 1 describes the effect of this restatement.

Apart from the change of depreciation method, the accounting principles and practices used are identical to those applied in previous years and in no way prevent year on year comparisons of balance sheet and statement of income items.

**Principles and bases of consolidation**

The consolidated financial statements include those of Banque Nationale de Paris and all subsidiaries and affiliates with total assets in excess of FF 10 million of which it owns, directly or indirectly, at least 20%.

A - **Companies fully consolidated**

In order to reflects as clearly as possible the banking activities of the Group, only banks, financial institutions operating in the banking sector and holding companies are fully consolidated when BNP owns, directly or indirectly, at least 50% of capital and when total assets exceed FF 100 million.

B - **Companies carried on the equity method of accounting**

Companies owned 20% to 50% are dealt with under the equity method of accounting. Similarly, financial institutions of which the Group owns 50% or more and whose total assets are between FF 10 million and FF 100 million, and subsidiaries with non-banking activities (insurance companies, real estate companies) are dealt with in this way.

Inter-company balances and significant inter-company transactions have been eliminated in the consolidated financial statements where the subsidiaries have been fully consolidated.

**Goodwill**

Until 1981, in accordance with accounting principles generally accepted in France, assets and liabilities of subsidiaries were consolidated at their book values, and any excess or shortfall of the purchase consideration as compared with book values at the time of the purchase, was deducted or added to consolidated retained earnings. Since 1981, goodwill arising on acquisitions, consisting of the excess of cost over the fair value of the Group's share in the net tangible assets acquired, is presented as an asset in the balance sheet under the heading "Goodwill" and is amortized on a straight line basis over a period of 7 years.

**Accrual basis of accounting**

Accounts are generally maintained on an accrual basis with the exception of certain items of income and expense, in particular, commissions, which are accounted for upon receipt or payment. However, commissions resulting from participation in eurocurrency loans are spread over the lives of such loans.

**Foreign currency translation**

Assets and liabilities in foreign currencies, including the financial statements of foreign branches, have been translated into French Francs at current exchange rates, with the exception of those of the branch in Argentina, whose fixed and other non-monetary assets have been translated at their historical rate as a result of the high inflation rate in that country.

Any foreign exchange positions are generally valued monthly at prevailing market rates, and gains and losses from normal trading activities are included in foreign exchange revenue.

Losses arising on translation of the capital reserves of foreign branches are charged to income in the year in which they arise.

Gains arising on such translation are included in consolidated net assets under "Equity adjustment from foreign currency translation".

Differences arising on translation of foreign subsidiaries' and affiliates' statements are posted directly to consolidated net assets under "Equity adjustment from foreign currency translation".

**Investments in non-consolidated subsidiaries**

Investments in non-consolidated companies and affiliates are accounted for at cost less provisions where necessary. Profits or losses on disposal are recorded in the statement of income under ''Exceptional income and expense''.

**Marketable securities**

Notes and bonds are recorded in the balance sheet at the lower of cost (accounted for net of interest earned not due at the date of acquisition) and market value. In French companies, interest on bonds accrues on the basis of the period during which the bonds are held: where a cash basis is adopted for taxation purposes, the related deferred tax is taken into account.

Quoted investments are valued at the lower of cost and market value, unquoted investments at the lower of cost and the BNP Group's share of net assets calculated on the basis of the most recent financial statements available. Dividends are accounted for upon receipt and are included under ''Revenues from securities''.

The cost of securities sold is identified on a first-in first-out basis. Capital gains are reported in ''Revenues from securities''. Provisions charged to reduce carryng amounts below cost and provisions reversed as no longer required are reporterd in ''Surplus of provisions for possible loans losses and general risks''.

Trading account securities held on a short-term basis are individually valued at market? and reported in the balance sheet under ''Balance on securities transactions''. Valuation gains and losses are included in the current year income.

**Loans**

Loans to customers include commercial loans, short, medium and long-term advances and customer overdrafts. Loans are classified in accordance with French practice, according to their initial term: short-term loans having an initial term less than or equal to 2 years: medium-term loans, an initial term of 2 to 7 years, and long-term loans, an initial term of more than 7 years.

For the Group's companies incorporated in France, provision is made against loans where management considers that there is a risk that the debts will not be honored in full. In the balance sheet, such provisions are shown as a deduction from loans where the loans are denominated in French Francs and included under ''Prepayments, accruals, provisions and sundries'' on the liabilities side of the balance sheet where they concern loans denominated in foreign currencies or relate to guarantees.

Doubtful debts are provided against under ''Surplus of provisions for possible loan losses and general risks'' in the statement of income when it becomes possible to estimate with reasonable certainty the amount of foreseen losses. This will often occur after the customer's bankruptcy.

For the Group's companies incorporated abroad, the policy regarding provisions for doubtful debts is as set out above except that the related loans may be written off at an earlier stage than in France, in accordance with local practices.

**Lease financing**

Income from financing leases is generally recognized under the rental method in accordance with the legal nature of the transaction: leased assets are stated at cost less accumulated depreciation. Such accumulated depreciation is restated on consolidation to reflect the financial depreciation of capital invested. The restated depreciation is reported under ''Revenues and expenses on leasing transactions''.

Deferred taxation is calculated on the restatement.

**Fixed assets**

Premises and equipment are stated at cost or valuation in accordance with the French Finance Acts of 1977 and 1978 (see below) or, for certain foreign subsidiaries, in accordance with local rules.

Fixed assets leased by the bank from its consolidated leasing subsidiaries appear under the caption "premises and equipment". Depreciation expenses corresponding to these assets are similarly reported in the statement of income under "Depreciation and amortization".

In 1985, BNP and its French subsidiaries adopted the principle of excess fiscal depreciation when reporting depreciation in their financial statements. Excess fiscal depreciation expenses have been restated so that only economic depreciation (calculated in the main according to the straight line method) of depreciable goods appears in the consolidated financial statements. Deferred taxation is calculated on the restatement. Note 1 describes the effect of this change on the financial statements prepared at December 31, 1984.

**Statutory revaluation**

During 1978, in accordance with statutory requirements, BNP and certain of its French subsidiaries revalued land and building owned at December 31, 1976, and still owned at the date of revaluation. The revalued amounts, computed as at December 31, 1976, were established by independent appraisals.

At the same time, investments in subsidiaries and affiliated companies were also revalued either at December 31, 1976 market value for companies quoted on the Paris Stock Exchange, or on the basis of the net asset value taken from the December 31, 1976 balance sheet after appropriation of income.

The revalued amounts were recognized in the balance sheet by increasing the carrying values of the related assets and by creation of a revaluation surplus.

Depreciation, where applicable, is computed on the revalued amounts and the additional depreciation charge offset by an equivalent reduction of the revaluation surplus.

That part of the revaluation surplus relating to non-depreciable assets is available for capitalization into stockholders' equity.

**Income taxes**

BNP Group companies are subject to income taxes according to the rules and rates in force in their respective countries of incorporation. In France the standard rate of tax is 50%. However gains on disposal of assets held on a long-term basis are taxed at 15% and certain income is exempt from tax: in particular dividends received from companies in which there is a holding of at least 10% are exempt from income tax up to a 92.5% limit for the French companies and a similar limit for foreign companies.

Income taxes are generally accounted for in the period in which the liability arises. However, timing differences arising from significant revenues which are included in reported profit in one period but treated for tax purposes in a different period have given rise to provisions for deferred tax: such adjustments relate in particular to the accounting treatment of bond interest in the French Group companies and, in the consolidated accounts, to the treatment of financing leases in the French and United Kingdom subsidiaries.

Tax credits which reduce the amount of income tax payable are reported under the same heading as the related income, and the taxation charge corresponding to the utilization of those tax credits is included under "Income taxes" in the consolidated statement of income.

No provision is made in the consolidated accounts for withholding taxes payable upon the distribution of reserves of affiliates or subsidiaries, these being regarded as permanently invested.

**Profit sharing**

As required by French Law, BNP and its French subsidiaries provide for profit sharing in the year in which the related profit arises.

The possibility of creating a tax free investment provision related to the profit sharing provision was cancelled in 1984.

**Pension plans**

A number of mandatory pension schemes exist which are subscribed to by both employers and employees. The funds are managed by independent organisations.

In addition, in accordance with changes in accounting practice, the bank now assesses its commitments under certain particular circumstances. In 1985, a provision of 100 million francs was made for this purpose.

## Note 1: Effect of changing the fixed asset depreciation method

As already indicated, in 1985 fixed asset depreciation has been restated so that the consolidated accounts show only the economic depreciation computed over the estimated life of the assets on a straight line basis (after allowing for deferred taxation). The effect of this restatement on the consolidated financial statements at December 31, 1984 is analyzed as follows:

(in millions of French Francs)

| | Consolidated stockholders' equity at Dec. 31.1984 | Consolidated income 1984 |
|---|---|---|
| Previously published consolidation | 16,234 | 1,768 |
| including: — BNP Group | 15,244 | 1,634 |
| — minority interests | 990 | 134 |
| Restated depreciation | 114 | 58 |
| **total after restatement** | **16,348** | **1,826** |
| including | | |
| BNP Group | 15,357 | 1,692 |
| minority interests | 991 | 134 |

## Note 2: Medium and long-term debt

The medium and long-term debt is analyzed as follows:

(in millions of French Francs,)

| (Maturities) | December 31, 1984 French Francs | December 31, 1984 Foreign Currencies | December 31, 1984 Total | December 31, 1985 French Francs | December 31, 1985 Foreign Currencies | December 31, 1985 Total |
|---|---|---|---|---|---|---|
| I - BNP | | | | | | |
| Within 1 year | 390 | 75 | 465 | 382 | 76 | 458 |
| From 1 to 2 years | 390 | 811 | 1,201 | 365 | 76 | 441 |
| From 2 to 3 years | 365 | 1,050 | 1,415 | 365 | 2,117 | 2,482 |
| From 3 to 4 years | 365 | 2,969 | 3,334 | 2,806 | 2,357 | 5,163 |
| From 4 to 5 years | 2,840 | 5,383 | 8,223 | 4,756 | 3,116 | 7,872 |
| From 6 to 10 years | 10,880 | 10,395 | 21,275 | 11,559 | 12,300 | 23,859 |
| Over 10 years | | 9,015 | 9,015 | | 8,281 | 8,281 |
| **Total BNP** | **15,230** | **29,698** | **44,928** | **20,233** | **28,323** | **48,556** |
| II - SUBSIDIARIES | 3,053 | 2,494 | 5,547 | 3,904 | 1,966 | 5,870 |
| **Total BNP Group** | **18,283** | **32,192** | **50,475** | **24,137** | **30,289** | **54,426** |
| of which: | | | | | | |
| • Fixed rate | 10,619 | 5,575 | 16,194 | 9,940 | 5,756 | 15,696 |
| • Floating rate | 7,664 | 26,617 | 34,281 | 14,197 | 24,533 | 38,730 |

The interest rates on floating rate bonds are determined periodically during the year by formulas based on certain money market rates (mainly the French money market for borrowings in French Francs and the London interbank market for borrowings in United States dollars).

In 1985 the weighted average interest rate for the year on floating rate notes issued by BNP was 11.86% (13.61% in 1984) on French Franc borrowings and 9.77% (11.95% in 1984) on foreign currency borrowings.

### Note 3: Subordinated long-term foreign currency debt

Subordinated debt included under this heading consists of long-term bonds issued in foreign currencies by the BNP and its subsidiaries, ranking last before capital stock.

They are analyzed as follows:

(in millions of French Francs)

| | December 31, 1984 | December 31, 1985 |
|---|---|---|
| BNP | | |
| November 1984 subordinated debt of US $ 400 million, maturing in 1999 * | 3,837 | 3,024 |
| SUBSIDIARIES | | |
| Debt issued in various foreign currencies | 464 | 537 |
| | **4,301** | **3,561** |

*** (prepaid during the first half of 1986)**

### Note 4: Non-voting participating shares and primary capital undated floating rate notes

According to the provisions of the January 3, 1983 law, BNP issued in July 1984 a first block of participating shares amounting to FF 1,800 million represented by 1,800,000 shares at a par value of FF 1,000 each. A right of subscription to a new participating share is attached to each of these shares. This right can be exercised by the bearers from July 1 to July 30 in the years 1985 to 1988 inclusive.

These participating shares are refundable only in the event of the company's liquidation. However, they may be repurchased by the bank in accordance with the terms of the law. Using a financial or economic approach, these shares would be included in the stockholders' equity.

In October 1985, BNP raised FF 2 billion by issuing primary capital undated floating rate notes. These undated subordinated notes are refundable only in the event of the company's liquidation. They rank after all other liabilities of the company but ahead of the participating shares issued by BNP. The Board of Directors can decide to defer interest payments on them when the Annual General Meeting of Stockholders' decides that there is no distributable profit. Like the participating shares, using a financial or economic approach, these subordinated bonds would be included in the stockholders' equity.

### Note 5: Consolidated retained earnings

Consolidated retained earnings are analyzed as follows (after appropriation):

(in millions of French Francs)

| | December 31, 1984 | December 31, 1985 |
|---|---|---|
| Revaluation surplus: | | |
| — Statutory provision | 108 | 100 |
| — Statutory reserve (1): | | |
| • On non-depreciable assets | 492 | 41 |
| • On depreciable assets | 157 | 142 |
| Statutory depreciation | 8 | 8 |
| Additional excess depreciation | 472 | 472 |
| Investment reserve | 93 | 73 |
| Retained earnings | 3,669 | 4,041 |
| Consolidated subsidiaries' retained earnings | 4,458 | 5,788 |
| Equity adjustment from foreign currency translation | 2,343 | 927 |
| | **11,800** | **11,592** |

(1) Part of the statutory reserve on the revaluation of non-depreciable fixed assets has been capitalized in an amount of FF 1,155,379,000, comprising FF 697 million in 1980 and FF 458,379,000 in 1985. At December 31, 1985, the total of 1,155,379,000 includes FF 124,142,163.62 on disposals.

### Note 6: Loans to customers

Loans to customers are analyzed as follows:

(in millions of French Francs)

| | December 31, 1984 | December 31, 1985 |
|---|---|---|
| Discounted bills and short-term loans | 158,156 | 143,254 |
| Medium and long-term loans | 180,393 | 179,234 |
| Overdrafts | 35,345 | 36,297 |
| | **373,894** | **358,785** |

In addition to the above mentioned credits, loans to customers include participating loans (1985: FF 2,191 million and 1984: FF 2,160 million), leasing transactions (1985: FF 11,569 million and 1984: FF 8,446 million) and other loan to financial institutions which are not regarded as interbank transactions (1985: FF 16,538 million; 1984: FF 20,741 million).

### Note 7: Changes in the allowance for possible loan losses and general risks

As indicated in the statement on accounting principles, the allowance for possible loan losses and general risks is shown in the balance sheet either as a deduction from loans or in the liabilities side of the balance sheet under "Prepayments, accruals, provisions and sundries".

Changes in these two types of allowance for possible loan losses and general risks are as follows:

(in millions of French Francs)

| | December 31, 1984 | December 31, 1985 |
|---|---|---|
| Balance at January 1 | 19,671 | 24,207 |
| Exchange differences and other | 213 | (533) |
| Provision for the year | 5,095 | 4,853 |
| Amounts written off | (772) | (1,156) |
| **Balance at year-end** | **24,207** | **27,371** |
| • Deducted from loans | 9,124 | 9,258 |
| • Shown under liabilities | 15,083 | 18,113 |

### Note 8: Premises and equipment

A summary of the year-end balances is a follows:

(in millions of French Francs)

| | December 31, 1984 | December 31, 1985 |
|---|---|---|
| Land | 603 | 581 |
| Buildings | 2,470 | 2,345 |
| Equipment and building improvements | 5,250 | 5,761 |
| Intangible assets | 766 | 743 |
| Assets under construction | 397 | 382 |
| Gross total | 9,486 | 9,812 |
| Less accumulated depreciation | (2,855) | (3,026) |
| **Net total** | **6,631** | **6,786** |

Depreciation expense for 1985 amounts to FF 947 million (1984: FF910 million) and includes the revaluation surplus depreciation amounting to FF 20 million (1984: FF 23 million).

## Note 9: Other bank operating expenses

Other bank operating expenses can be analyzed as follows:

(in millions of French Francs)

| | December 31, 1984 | December 31, 1985 |
|---|---|---|
| Discounts/premiums (1) | 1,469 | 2,555 |
| Commissions on checks and bills | 123 | 135 |
| Commissions on foreign exchange | 410 | 566 |
| Commissions on securities transactions (2) | 686 | 958 |
| Commissions on guarantees | 20 | 95 |
| Sundry | 62 | 112 |
| Realized losses on securities sold (3) | 755 | 348 |
| | **3,525** | **4,769** |

(1) Complete analysis on the items given above requires consideration of the balances on discount and premium accounts included in "other bank operating expenses" and in "revenues from other transactions" (note 10).

(2) The commissions on securities transactions consist mainly of the return of Stock Market commissions on subscriptions and brokerage paid by BNP. In 1985, they represented sums of FF 467 million and 150 million respectively (1984: FF 437 million and 124 million).

(3) In 1985, realized gains or losses on sales transactions with repurchase options were recorded in a suspense account, subject to reversal on repurchase, whereas in 1984 this account included realized losses on sales transactions with repurchase options, totalling FF 458.2 million. The corresponding gains were included in "Revenues from securities, capital gains on sale of marketable securities".

## Note 10: Revenues from other transactions

Revenues from other transactions can be analyzed as follows:

(in millions of French Francs)

| | December 31, 1984 | December 31, 1985 |
|---|---|---|
| Commissions on guarantees | 952 | 975 |
| Commissions on securities transactions | 1,795 | 2,101 |
| Commissions on foreign exchange | 1,059 | 1,200 |
| Premiums/discounts (1) | 1,904 | 2,912 |
| Revenue from futures operations | | 365 |
| Commissions on checks and bills | 133 | 148 |
| Sundry (2) | 1,119 | 1,284 |
| | **6,962** | **8,985** |

(1) See note 9, paragraph (1), on other bank operating expenses.

(2) In 1985 the amount included in this caption which related to French operations was FF 871 million (1984: FF 746 million). This amount consists mainly of commissions earned on Visa credit card operations and on rental of safe deposit boxes (FF 352 million in 1985; FF 281 million in 1984) and of commissions received on various international operations (FF 266 million in 1985; FF 280 million in 1984).

## Note 11: Revenues from securities

Revenues from securities consist of:

(in millions of French Francs)

| | December 31, 1984 | December 31, 1985 |
|---|---|---|
| Income from marketable securities and investments | 3,193 | 3,740 |
| Realized gains on sale of marketable securities (1) | 953 | 1,002 |
| | **4,146** | **4,742** |

(1) In 1985, unlike 1984, realized gains on sales transactions with repurchase options are not inclued in this account, but recorded in a suspense account, subject to reversal on repurchase (in 1984 realized gains amounting to FF 509.3 million were included in this account. Corresponding realized losses were included in other bank operating expenses: see note 9).

## Note 12: Surplus of provisions for possible loan losses, general risks and other

Surplus provisions for possible losses and general risks can be analyzed as follows:

(in millions of French Francs)

| | December 31, 1984 | December 31, 1985 |
|---|---|---|
| Provisions for possible loan losses and general risks | 5,095 | 4,853 |
| Write-offs | 109 | 108 |
| Collections of debts written-off | (59) | (85) |
| Other operating provisions (net) | (4) | 40 |
| | **5,141** | **4,916** |

## Note 13: Exceptional income and expense

Exceptional income and expense comprise the following:

(in millions of French Francs)

| | December 31, 1984 | December 31, 1985 |
|---|---|---|
| Add-back of the revaluation surplus on fixed asset disposals | 1 | 20 |
| Net income and expenditure pertaining to prior periods (1) | 117 | 2 |
| Net capital gains and losses on disposal of investment securities and other fixed assets | 22 | (17) |
| Net other items (2) | (42) | (176) |
| | **98** | **(171)** |

(1) For greater consistency in reporting lease financing income, gains and losses realized on disposals by comparing the selling price of equipment with net book value have been included in the financial depreciation figure, since this is what they are. (This restated depreciation appeared in the 1984 accounts where net gains or losses on disposals amounted to 37 million francs).

(2) This account includes a provision of 100 million francs for pension commitments and similar obligations.

## REPORT OF THE STATUTORY AUDITORS

We are pleased to submit our report on the consolidated financial statements of the Banque Nationale de Paris Group, as at and for the year ended December 31, 1985.

The accounting principles and methods applied in the preparation of the consolidated financial statements of the Banque Nationale de Paris Group are described in the notes to the balance sheet and are, in all important respects, in accordance with the recommendations of the French Banking Commission concerning consolidated financial statements. Except for the change in the depreciation method described in the notes to the financial statements, the principle and methods used are comparable to those applied in previous years.

Our examination of the accounts has been carried out in accordance with methods generally accepted for banks and financial institutions in France.

Certain of the foreign branches of the Group have been directly examined by ourselves. In other cases, we have relied on the work of local auditors.

For subsidiaries in France and abroad where we have not examined the accounts ourselves, we have relied on the reports drawn up by their respective auditors.

On the basis of our work, we certify that the consolidated financial statements as attached to this report present fairly the consolidated financial situation and results of the Banque Nationale de Paris Group as at and for the year ended December 31, 1985.

Paris, May 13, 1986
the statutory Auditors

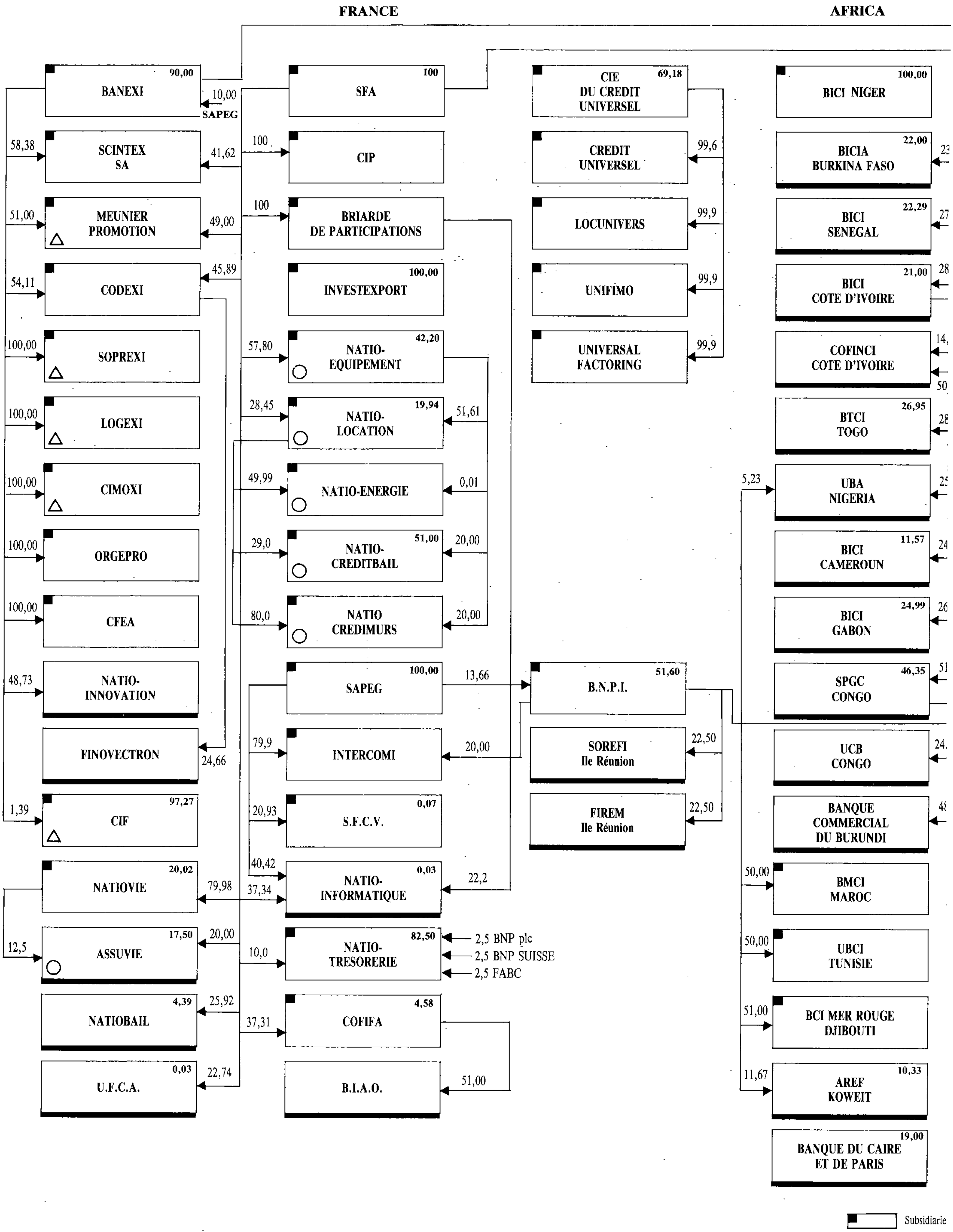
"BEFEC - Mulquin et Associés"

P.C. Mulquin J. Raffegeau

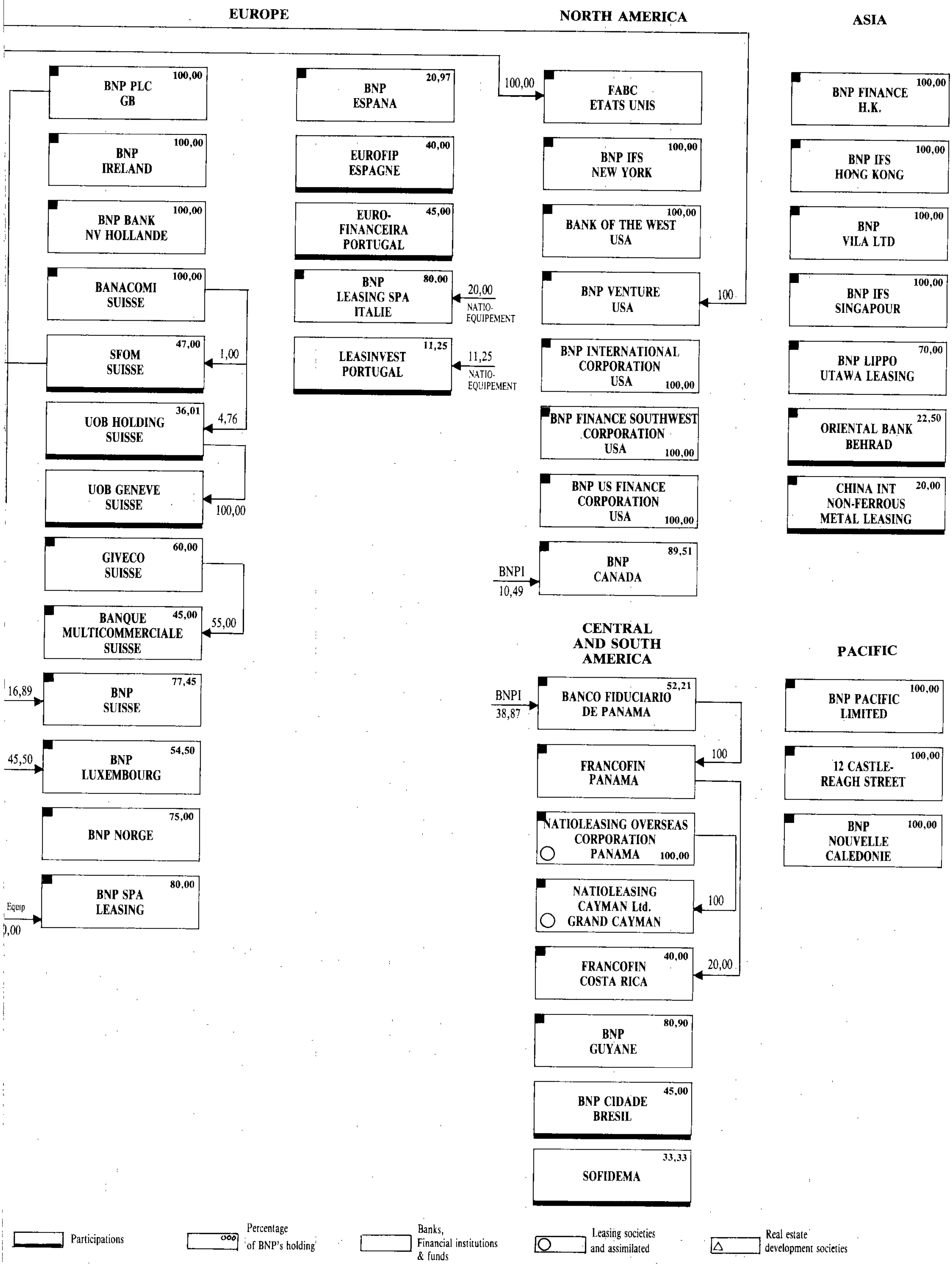
"SCP de Commissaires aux Comptes
Berder, Viala, Buchalet et autres"

L. Viala R. Leveille-Nizerolle
Authorized signatory Chief Auditor

# ORGANIZATION CHART OF TH



## NP GROUP AT DECEMBER 31, 1985



# SUBSIDIARIES AND AFFILIATES

Banque Nationale de Paris owns directly or indirectly at least 20 % of the capital stock of the following banks, financial institutions and companies as at December 31, 1985:

## CONSOLIDATED SUBSIDIARIES

### Banks and financial Institutions

| Banks and financial Institutions | % of capital stock |
|---|---|
| **French Companies** | |
| • Banexi | 100.00 |
| • Natioéquipement | 100.00 |
| • Natiocrédibail | 100.00 |
| • Banque Natiotrésorerie | 100.00 |
| • Société Financière Auxiliaire «SFA» | 100.00 |
| • Compagnie d'Investissements de Paris «CIP» | 100.00 |
| • Compagnie du Crédit Universel (Group) | 69.18 |
| • Intercomi | 100.00 |
| • Natioénergie | 100.00 |
| • Scintex SA | 100.00 |
| • Codexi | 100.00 |
| • Banque Nationale de Paris Intercontinentale «BNPI» | 65.27 |
| • BNP Guyane | 80.90 |
| • BNP Nouvelle Calédonie | 100.00 |
| **Foreign Companies** | |
| Europe | |
| • BNP (Luxembourg) SA | 100.00 |
| • BNP plc | 100.00 |
| • BNP (Ireland) Ltd | 100.00 |
| • BNP Bank NV | 100.00 |
| • BNP Norge A/S | 75.00 |
| • BNP (Suisse) SA | 94.35 |
| • BNP Espana (Group) | 82.88 |
| • Banque Multicommerciale | 100.00 |
| • Banacomi | 100.00 |
| • Giveco | 60.00 |
| Africa | |
| • BICI du Niger | 100.00 |
| America | |
| • FABC | 100.00 |
| • Bank of the West | 100.00 |
| • BNP (Canada) | 100.00 |
| • BNP US Finance Corporation | 100.00 |
| • Banco Fiduciaro de Panama | 91.08 |
| • Natioleasing Overseas Corporation | 100.00 |
| Asia - Far East | |
| • BNP IFS Hong-Kong | 100.00 |
| • BNP IFS Singapore | 100.00 |
| • BNP Finance Hong-Kong Ltd | 100.00 |
| • BNP Vila Ltd | 100.00 |
| • BNP Pacific (Sydney) | 100.00 |

### BNPI Subsidiaries

| | |
|---|---|
| • BCI Mer Rouge | 51.00 |
| • BMCI | 50.00 |
| • UBCI | 50.00 |

### Other subsidiaries

| | |
|---|---|
| **French Companies** | |
| • Logexi | 100.00 |
| • Soprexi | 100.00 |
| • Natiolocation | 100.00 |
| • Société Briarde de Participations | 100.00 |
| • Société Auxiliaire de Participation et de Gestion «SAPEG» | 100.00 |
| **Foreign Companies** | |
| Europe | |
| • BNP Leasing SPA Italie | 100.00 |
| America | |
| • BNP Finance Southwest Corporation | 100.00 |
| Asia - Far East | |
| • 12 Castlereagh Street Pty Ltd | 100.00 |

## AFFILIATES CARRIED ON THE EQUITY BASIS

### Banks and Financial Institutions

| Banks and Financial Institutions | % of capital stock |
|---|---|
| **French Companies** | |
| • Natiobail | 30.31 |
| • Natiocrédimurs | 100.00 |
| • UFCA | 22.77 |
| • Nation Innovation | 48.73 |
| • Finovectron | 24.66 |
| • Investexport | 100.00 |
| • Compagnie Française d'Equipement Automobile «CFEA» | 100.00 |
| • Cie Financière France-Afrique «COFIFA» (and, by sub-consolidation, BIAO) | 41.89 |
| **Foreign Companies** | |
| Europe | |
| • UOB Holding (and, by sub-consolidation, UOB Geneva) | 40.77 |
| • Eurofip | 40.00 |
| Africa | |
| • BICI Côte d'Ivoire (and, by sub-consolidation, Confinci) | 34.44 |
| • BICI Sénégal | 35.59 |
| • BICI Cameroun | 23.56 |
| • BICI A. du Burkina | 33.04 |
| • UBA Lagos | 30.70 |
| • SPGC (and, by sub-consolidation, UCB) | 71.33 |
| • BICI du Gabon | 37.47 |
| • BTCI | 40.41 |
| • SFOM (and, by sub-consolidation, Banque Commerciale du Burundi) | 48.00 |
| • Sorefi | 22.50 |
| • Firem | 22.50 |
| Middle East | |
| • Banque du Caire et de Paris | 49.00 |
| • Arab European Finance (Aref) | 22.00 |
| America | |
| • Banco Cidade de Sao-Paulo | 45.00 |
| • Francofin Costa Rica | 60.00 |
| • Natioleasing Cayman Ltd | 100.00 |
| • Francofin Panama | 100.00 |
| Asia - Far East | |
| • Oriental Bank Berhad | 22.50 |
| • Sofidema Macao | 33.33 |

### Other subsidiaries

| | |
|---|---|
| **French Companies** | |
| • Natioinformatique | 100.00 |
| • Société Française du Chèque de Voyage | 21.00 |
| • Natio-Vie | 100.00 |
| • Assu-Vie | 50.00 |
| • Cimoxi | 100.00 |
| • Meunier Promotion (Group) | 100.00 |
| • Orgepro | 100.00 |
| • Compagnie Immobilière de France «CIF» | 100.00 |
| **Foreign Companies** | |
| Europe | |
| • Eurofinanceira | 45.00 |
| • Leasinvest Portugal | 22.50 |
| America | |
| • BNP International Corporation | 100.00 |
| • BNP IFS New-York | 100.00 |
| • BNP Venture Holding | 100.00 |
| Asia - Far East | |
| • Pt BNP Lippo Utama Leasing | 70.00 |
| • China International Non Ferrous Metal Leasing Cy | 20.00 |

## BANQUE NATIONALE DE PARIS

### BALANCE SHEET AND STATEMENT OF INCOME OF BNP

### BALANCE SHEET

The balance sheet of BNP at December 31, 1985 totals FF 815.2 billion compared with FF 834.6 billion for the preceding year, a decrease of 2.3 %.

### SIGNIFICANT BALANCE SHEET HEADINGS

#### ASSETS

**Loans to customers :** Loans to customers both in France and abroad total FF 308.6 billion as against FF 318.3 billion in 1984, a decrease of 3.0 %.

**Banks and financial institutions :** Balances with banks and other financial institutions show a decrease of 8.2 % to FF 276.0 billion.

**Treasury bills, bills purchased firm or under resale agreements :** Items included under this heading total FF 96.0 billion compared with FF 84.3 billion at December 31, 1984 an increase of 15.1 %.

**Marketable securities :** After allowances, marketable securities show a significant increase to FF 13.7 billion from FF 9.6 billion in 1984.

**Investments and fixed assets :** The total of investments in securities and affiliates amounts to FF 4.4 billion as against FF 4.1 billion in 1984.

Participating loans total FF 2.8 billion which is the same as at the end of the preceding year.

Fixed assets - this caption shows an increase from FF 4.1 billion at end of 1984 to FF 4.5 billion at end of 1985.

#### LIABILITIES

**Customer deposits :** Total customer deposits, including certificates of deposit, total FF 302.9 billion compared with FF 284.1 billion for the previous period, an increase of 6.6 %.

**Bank deposits :** (Including central banks, Treasury and postal giro accounts): Total bank deposits amount to FF 276.1 billion, a decrease of FF 50.8 billion (— 15.5 %) over 1984.

**Bills sold firm or under repurchase agreements :** These items total FF 78.4 billion as against FF 64.7 billion at the end of the preceding year.

**Permanent capital**

| Permanent capital is analyzed in FF millions as follows: | 1985 | 1984 |
|---|---|---|
| • Primary capital undated floating rate notes (TSDI) | 2,000 | — |
| • Non-voting participating shares, "titres participatifs" | 1,807 | 1,800 |
| • Stockholder's equity (common stock, reserves, revaluation surplus, statutory and special additional depreciation, retained earnings) | 6.534 | 6.242 |
| • Investment reserve | 68 | 85 |
| • Statutory depreciation reserve | 65 | 46 |
| • Net income | 720 | 619 |
| Sub-total | 11,194 | 8,792 |
| • Medium and long-term French Franc and foreign currency debt | 51,653 | 48,841 |
| **TOTAL** | **62,847** | **57,633** |

#### NET INCOME

Net income for the period amounts to FF 720 million compared with FF 619 million for the previous year, an increase of 16.3 %.

**France :** Net banking income totals FF 20,574 million (5.4 %).

After general expenses and depreciation (FF 15,269 million, up by 6.3 %), and sundry other items, results before provisions, taxation and miscellaneous items are FF 5,311 million.

**Other countries :** Net banking income totals FF 1,770 million (— 9.2 %).

General expenses and depreciation amounts to FF 1,294 million (— 12.2 %) and results before provisions, taxation and miscellaneous items are FF 482 million.

**BNP worldwide :** Net banking income for the Bank totals FF 22,344 million, showing an increase of FF 873 million (+ 4.1 %).

| | | |
|---|---|---|
| • Net banking income of | | 22,344 MF |
| is increased by other income of | + | 13 MF |
| To give a result of | | 22,357 MF |
| • After deduction of: | | |
| • general expenses<br>• depreciation, | — | 16,563 MF |
| • The result before provisions, taxation and miscellaneous items amounts to | | 5,794 MF |
| Against which are charged: | | |
| • net exceptional items | — | 178 MF |
| • net provisions (including net provisions for possible loan losses of FF 3,922 million) | — | 4,033 MF |
| • employee profit sharing | — | 94 MF |
| • corporate taxation for 1985 | — | 769 MF |
| To give a net income of | | 720 MF |

BN

**BALAN(**

(in thousar

## ASSETS

| 12.31.1984 | 12.31.1985 | |
|---|---|---|
| **18,511,140** | **23,216,652** | **Cash, central banks, Treasury and postal giro accounts** |
| **300,862,636** | **276,048,586** | **Banks and financial institutions** |
| 10,776,092 | 12,586,935 | a - Current accounts |
| 290,086,544 | 263,461,651 | b - Loans and time deposits |
| **83,393,125** | **96,010,664** | **Treasury bills, bills purchased firm or under resale agreements** |
| | | **bills sold firm or under repurchase agreements** |
| **318,340,043** | **308,639,847** | **Customers** |
| 51,381,845 | 42,490,669 | a - Commercial loans |
| 78,101,661 | 73,942,374 | b - Other short-term loans |
| 87,451,344 | 83,624,348 | c - Medium-term loans |
| 72,305,511 | 77,636,654 | d - Long-term loans |
| 29,099,682 | 30,945,802 | e - Overdrafts |
| | | a - Corporations and private businesses |
| | | • Current accounts |
| | | • Time deposits |
| | | b - Personal accounts |
| | | • Current accounts |
| | | • Time deposits |
| | | c - Sundry |
| | | • Current accounts |
| | | • Time deposits |
| | | d - Special saving accounts |
| | | e - Certificates of deposit |
| **92,821,431** | **85,828,185** | **Other accounts** |
| 60,870,769 | 51,520,850 | Cheques and bills for collection |
| | | Accounts due after collection |
| 26,425,981 | 26,242,797 | Prepayments, accruals, provisions and sundries |
| 5,524,681 | 8,064,538 | *Balances on securities transactions* |
| **9,642,033** | **13,713,442** | **Marketable Securities** |
| 4,533,673 | 6,834,304 | a - Government bonds and debentures |
| 5,108,360 | 6,879,138 | b - Other marketable securities |
| **11,002,248** | **11,640,113** | **Investments** |
| 4,105,110 | 4,413,487 | Investments in affiliated companies and subsidiaries |
| 2,160,340 | 2,190,900 | Participating loans to customers |
| 651,178 | 569,833 | Participating loans to financial institutions |
| 4,085,620 | 4,465,893 | Premises and equipment |
| **50,475** | **66,583** | **Leased assets** |
| | | **Medium and long-term debt** |
| | | • Foreign currency, medium-and long term |
| | | • French francs, long-term debt |
| | | **Subordinated long-term foreign currency debt** |
| | | **Stockholders' equity and common stock equivalent** |
| | | — Primary capital undated floating rate notes |
| | | — Non-voting participating shares |
| | | — Revaluation surplus |
| | | • Statutory provision |
| | | • *Statutory reserve on non-depreciable assets* |
| | | • Statutory reserve on depreciable assets |
| | | — Statutory depreciation |
| | | — Additional depreciation on investments |
| | | — Investment reserve |
| | | — *Statutory provision for excess fiscal depreciation* |
| | | — Retained earnings |
| | | — Common stock |
| | | — Unappropriated retained earnings |
| | | **Net income** |
| **834,623,131** | **815,164,072** | **Total** |

**Commitments and Contingent Liabilities**

| 1984 | 1985 | |
|---|---|---|
| 18,688,601 | 16,706,754 | Guarantees given to banks and financial institutions |
| 25,856,775 | 19,051,962 | Guarantees received from banks and financial institutions |
| 50,679,300 | 51,274,579 | Loan commitments |
| 80,592,142 | 76,894,770 | Guarantees given on behalf of customers |
| 8,797,944 | 8,952,394 | Other commitments to customers |
| 711,915 | 624,093 | Real estate lease payments due |

## SHEET

of French Francs)

## LIABILITIES

| | Before Appropriation of Income | | After Appropriation of Income | |
|---|---|---|---|---|
| | 12.31.1984 | 12.31.1985 | 12.31.1984 | 12.31.85 |
| | **39,669,726** | **32,825,436** | **39,669,726** | **32,825,436** |
| | **287,228,644** | **243,270,579** | **287,228,644** | **243,270,579** |
| | 26,420,964 | 23,543,210 | 26,420,964 | 23,543,210 |
| | 260,807,680 | 219,727,369 | 260,807,680 | 219,727,369 |
| | **64,749,227** | **78,439,912** | **64,749,227** | **78,439,912** |
| | **284,115,056** | **302,949,070** | **284,115,056** | **302,949,070** |
| | 50,430,155 | 47,339,599 | 50,430,155 | 47,339,599 |
| | 50,030,854 | 43,374,591 | 50,030,854 | 43,374,591 |
| | 43,997,298 | 48,029,904 | 43,997,298 | 48,029,904 |
| | 21,384,965 | 22,266,986 | 21,384,965 | 22,266,986 |
| | 16,934,279 | 17,441,590 | 16,934,279 | 17,441,590 |
| | 6,144,826 | 7,418,975 | 6,144,826 | 7,418,975 |
| | 57,916,040 | 66,288,963 | 57,916,040 | 66,288,963 |
| | 37,276,639 | 50,788,462 | 37,276,639 | 50,788,462 |
| | **101,227,722** | **94,830,672** | **101,537,909** | **95,180,960** |
| | 52,831,277 | 44,490,795 | 52,831,277 | 44,490,795 |
| | 44,166,017 | 45,365,277 | 44,476,204 | 45,715,565 |
| | 4,230,428 | 4,974,600 | 4,230,428 | 4,974,600 |
| | **45,004,041** | **48,629,442** | **45,004,041** | **48,629,442** |
| | 29,749,424 | 28,322,914 | 29,749,424 | 28,322,914 |
| | 15,254,617 | 20,306,528 | 15,254,617 | 20,306,528 |
| | **3,836,800** | **3,024,400** | **3,836,800** | **3,024,400** |
| | **8,172,850** | **10,474,135** | **8,481,728** | **10,844,273** |
| | 0 | 2,000,000 | 0 | 2,000,000 |
| | 1,800,000 | 1,807,344 | 1,800,000 | 1,807,344 |
| | 1,800,000 | 3,807,344 | 1,800,000 | 3,807,344 |
| | 108,158 | 99,559 | 108,158 | 99,559 |
| | 491,932 | 41,097 | 491,932 | 41,097 |
| | 156,729 | 141,551 | 156,729 | 141,551 |
| | 8,018 | 8,013 | 8,018 | 8,013 |
| | 471,698 | 471,698 | 471,698 | 471,698 |
| | 85,418 | 68,007 | 85,418 | 68,007 |
| | 46,069 | 64,781 | 46,069 | 64,781 |
| | 3,360,657 | 3,638,228, | 3,669,623 | 4,008,641 |
| | 1,632,580 | 2,122,354 | 1,632,580 | 2,122,354 |
| | 11,591 | 11,503 | 11,503 | 11,228 |
| | 6,372,850 | 6,666,791 | 6,681,728 | 7,036,929 |
| | 619,065 | 720,426 | | |
| | **834,623,131** | **815,164,072** | **834,623,131** | **815,164,072** |

1984 figures have been made comparable with those of 1985 by separately identifying the "Statutory provision for excess fiscal depreciation".

**STATEMENT**

(in thousands of

| DEBIT | | CREDIT | | |
|---|---|---|---|---|
| 1984 | 1985 | 1984 | 1985 | |
| **58,963,338** | **55,364,270** | **80,434,682** | **77,708,563** | ........ |
| 33,130,226 | 29,064,193 | 36,755,670 | 33,017,100 | ........ |
| 28,078,645 | 24,003,728 | 28,254,524 | 24,643,765 | ........ |
| 4,928,442 | 4,938,109 | 8,347,729 | 8,264,366 | ........ |
| 123,139 | 122,356 | 153,417 | 108,969 | ........ |
| 17,839,582 | 16,039,864 | 35,972,044 | 34,369,303 | ........ |
| — | — | 29,420,599 | 28,350,869 | ........ |
| — | — | 5,660,492 | 5,069,264 | ........ |
| — | — | 890,953 | 949,170 | ........ |
| — | 1,014 | — | 2,786 | ........ |
| 5,312,110 | 6,095,801 | — | — | ........ |
| 2,681,420 | 4,163,398 | — | — | ........ |
| — | — | 5,776,708 | 7,596,499 | ........ |
| — | — | 1,930,260 | 2,722,875 | ........ |
| — | — | **8,132** | **13,130** | ........ |
| **10,328,591** | **10,763,190** | — | — | ........ |
| **705,295** | **705,447** | — | — | ........ |
| **4,207,323** | **4,527,875** | — | — | ........ |
| 2,622,374 | 2,865,658 | — | — | ........ |
| 4,302 | 4,029 | — | — | ........ |
| 121,477 | 119,331 | — | — | ........ |
| 2,496,595 | 2,742,298 | — | — | ........ |
| 1,584,949 | 1,662,217 | — | — | ........ |
| **597,239** | **567,234** | — | — | ........ |
| **4,407,320** | **4,032,277** | — | — | ........ |
| **318,928** | **598,274** | **368,453** | **438,951** | ........ |
| **117,931** | **157,635** | **143,314** | **138,655** | ........ |
| **104,524** | **93,717** | — | — | ........ |
| **585,027** | **768,954** | — | — | ........ |
| **619,065** | **720,426** | — | — | ........ |
| **80,954,581** | **78,299,299** | **80,954,581** | **78,299,299** | ........ |

## OF INCOME

French Francs)

| | BALANCE | |
|---|---|---|
| | 1984 | 1985 |
| **Bank operating revenues and expenses** | **21,471,344** | **22,344,293** |
| Revenues and expenses from treasury and interbank transactions | 3,625,444 | 3,952,907 |
| • Central banks, Treasury and postal giro accounts, banks and financial institutions | 175,879 | 640,037 |
| • Borrowings and loans against private or public securities | 3,419,287 | 3,326,257 |
| • Commissions | 30,278 | — 13,387 |
| Revenues and expenses on customer transactions | 18,132,462 | 18,329,439 |
| • Loans to customers | | |
| • Customer overdrafts | | |
| • Commissions | | |
| Revenues and expenses on leasing transactions | — | 1,772 |
| Interest on medium and long-term debt and participating shares | — 5,312,110 | — 6,095,801 |
| Other bank operating expenses | — 2,681,420 | — 4,163,398 |
| Revenues from other transactions | 5,776,708 | 7,596,499 |
| Revenues from securities | 1,930,260 | 2,722,875 |
| **Other revenues** | **8,132** | **13,130** |
| **Salaries and related costs** | —10,328,591 | —10,763,190 |
| **Taxes other than on corporate income** | **— 705,295** | **— 705,447** |
| **General operating expenses** | **— 4,207,323** | **— 4,527,875** |
| Lease, rental and other service charges | — 2,622,374 | — 2,865,658 |
| • Equipment lease rental charges | — 4,302 | — 4,029 |
| • Real estate lease rental charges | — 121,477 | — 119,331 |
| • Other external service | — 2,496,595 | — 2,742,298 |
| Other general operating expenses | — 1,584,949 | — 1,662,217 |
| **Depreciation and amortization (1)** | **— 597,239** | **— 567,234** |
| **Income before provision for possible loan losses and general risks, income tax and other items** | **5,641,028** | **5,793,677** |
| Net provision for possible loan losses and other operating provisions | — 4,407,320 | — 4,032,277 |
| Exceptional income and expense | 49,525 | — 159,323 |
| Non-operating provisions | 25,383 | — 18,980 |
| Employee profit sharing | — 104,524 | — 93,717 |
| Income taxes | — 585,027 | — 768,954 |
| **Net income** | **619,065** | **720,426** |
| **Total** | | |

(1) Excess fiscal depreciation for 1984 amounting to FF 13,472 thousands has been restated under "Non-operating provisions".

# FINANCIAL RESULTS OVER THE LAST FIVE YEARS

| | 1981 | 1982 | 1983 | 1984 | 1985 |
|---|---|---|---|---|---|
| **Financial situation at year end:** | | | | | |
| a) Common stock | 1,632,580,000(1) | 1,632,580,000 | 1,632,580,000 | 1,632,580,000 | 2,122,354,000(2) |
| b) Number of shares issued | 8,162,900 | 8,162,900 | 8,162,900 | 8,162,900 | 10,611,770 |
| c) Number of shares at 31/12: | | | | | |
| ex-BNCI | 331,528 | 309,426 | 287,324 | 265,222 | 243,120 |
| ex-CNEP | 252,628 | 235,786 | 218,944 | 202,102 | 185,260 |
| d) Number of bonds convertible into shares | — | — | — | — | — |
| **Overall results of operation:** | | | | | |
| a) Gross operating income | 60,498,982,123 | 71,220,177,026 | 70,173,276,071 | 80,353,416,411 | 77,458,217,124 |
| b) Profit before taxation, profit sharing depreciation and provisions | 5,325,269,866 | 5,830,012,054 | 6,424,490,360<br>6,306,360,360(3) | 6,238,266,919 | 6,360,911,045 |
| c) Corporate taxes | 636,334,275 | 440,706,994 | 448,376,187 | 585,027,231 | 768,953,907 |
| d) Employee profit sharing | 93,100,000 | 67,000,000 | 81,400,000 | 93,850,000 | 118,000,000 |
| e) Profit after taxation, employee profit sharing, depreciation and provisions | 591,427,588 | 550,578,544 | 615,307,618 | 619,064,833 | 720,426,150 |
| f) Distributed profits | 213,113,625 | 136,323,816(4) | 33,412,728(4) | 161,756,596(4) | 188,260,123(4) |
| **Earnings per share:** | | | | | |
| a) Profit after taxation, employee profit sharing but before depreciation and provisions | 563.02 | 652.01 | 717.23<br>702.76(3) | 681.06 | 515.84 |
| b) Profit after taxation, employee profit sharing, depreciation and provisions | 72.45 | 67.45 | 75.38 | 75.84 | 67.89 |
| c) Dividend paid per share | 26.00 | 16.60 | 4.00 | 19.73 | 17.68 |
| **Personnel:** | | | | | |
| a) Number of employees at December 31 (5) | 50,701 | 51,299 | 51,744 | 51,493 | 50,651 |
| b) Total wages and salaries | 4,785,887,835 | 5,438,485,232 | 5,991,681,431 | 6,465,275,131 | 6,687,707,809 |
| c) Social security and related costs | 2,247,741,590 | 2,648,038,950 | 2,929,683,241 | 3,249,304,378 | 3,430,309,184 |

1) Common stock was increased by FF 125,580,000 on February 13, 1981 by the issue of shares for cash, with additional paid in capital amounting to FF 31,395,000.

2) Common stock was increased from FF 1,632,580,000 to FF 2,122,354,000 by incorporation of reserves.

3) The taxes levied specifically on French financial institutions and which since 1984 have been of a recurring nature have been included under the caption "Taxes other than on corporate income". In 1983, a charge of FF 118,130,000 was included in "Exceptional income and expenses". For comparative purposes prior year figures have been restated.

4) In addition to these dividends, a levy of FF 230.3 million, FF 280.8 million, FF 148.4 milion and FF 162.0 million has been paid to the "Caisse Nationale des Banques" in 1982, 1983, 1984 and 1985 respectively.

5) In France, part-time employees are included on a pro rata temporis basis.

# REPORTS OF THE STATUTORY AUDITORS

## General Report

To the Shareholders,

In conformity with the mandate entrusted to us by decision of the Ministry of Economy and Finance of May 25, 1982, we have the honor to present our Report on:

— the audit of the annual accounts

— the review of specific information prescribed by the law for the year ended December 31, 1985.

### 1. Opinion

In compliance with the provisions of the Banking Law of January 24, 1984, we have carried out our examination of the balance sheet and the income statement using the auditing procedures we considered necessary in accordance with professional standards adapted to the special requirements of the Bank.

Pending the publication of European directive 4 bis concerning the accounting obligations of banks and financial institutions, the French Banking Regulatory Committee has issued no regulations to adapt the contents of the Appendix of the Accountancy Act to banks and financial institutions.

For a number of years, BNP has adopted the practice of publishing its consolidated accounts accompanied by a system of explanatory notes to complete and comment on the information contained in the balance sheet and statement of income.

On the basis of our examination, we certify that the financial statements at December 31, 1985, as attached to this report, present fairly the financial situation and results of Banque Nationale de Paris as at and for the year ended December 31, 1985.

### 2. Specific information and review

We have no comment on the fairness and agreement with the annual accounts of the information given in the Report of the Board of Directors.

The reviews prescribed by law give rise to no particular comment.

In accordance with legislation, we hereby advise you of purchases of stock in companies registered in the French Republic which bring BNP total holding, including stock already held, to more than 10 %, 33.33 % or 50 %:

— New investements:

| | |
|---|---|
| • GIE Littobail | 50.00 % |
| • GIE Mogabail | 50.00 % |
| • Assuvie | 17.49 % |
| • Arefic | 14.96 % |
| • La Salle de l'Espace | 10.00 % |

— Companies in which BNP investment has increased:

| | |
|---|---|
| • Investexport | 99.99 % |
| • Société du Chèque de Voyage en Ecu | 14,44 % |

Paris, May 13, 1986

the Statutory Auditors

" BEFEC - Mulquin et Associés "

P.C. Mulquin
J. Raffegeau

" SCP de Commissaires aux Comptes Berder, Viala, Buchalet et autres"

L. Viala
Authorized signatory

R. Leveille-Nizerolle
Chief Auditor

## Special Report

In accordance with the provisions of Article 103 of the Companies Act of July 24, 1966. We hereby advise you of contracts falling within the scope of Article 101 of the Act duly submitted for prior approval by your Board of Directors.

### 1 - Agreements entered into in the period under review

The Chairman of your Board of Directors has advised us of the following contract falling within the scope of article 101 of the Law, entered into during the year ended December 31, 1985:

On February 22, 1985, a subordinated loan of US $ 2.5 million was made to your subsidiary, BNP IFS New York.

### 2 - Current contracts entered into in prior periods

#### 2.1 - Bank deposit Guarantees

Within the framework of the mechanism set up in 1980 for the banking profession by the Association Française des Banques, BNP guarantees, within the BNP Group, the customer deposits in French Francs of the following banks:

- Banque Nationale de Paris-Intercontinentale "BNPI";
- Banque pour l'Expansion Industrielle "BANEXI";
- Banque Nationale pour l'Expansion du Crédit-Bail "Natiobail";
- Natiocredibail;
- Banque Nationale de Paris Guyane;
- Banque Natiotrésorerie.

#### 2.2 - Subordinated loans granted in prior periods

Subordinated loans previously granted to the companies listed below were maintained during the period under review:

- Banque Nationale de Paris plc, London;
- Banque Nationale de Paris Suisse, Switzerland;
- Saudi International Bank, London;
- Banque Nationale de Paris Pountney Ltd., Jersey;
- United Overseas Bank Holding (Switzerland);
- Banque Nationale de Paris Pacific, Sydney;
- Arab European Financial Management "AREF";
- Giveco.

#### 2.3 - Guarantees given in favour of subsidiaries

Guarantees given in prior periods were maintained in respect of the following companies:

- Banque Nationale de Paris Espana, Spain;
- Natiobail;
- Natio Equipement;
- Natio Location;
- Banque Nationale de Paris plc, London;
- Banque Nationale de Paris Ltd, Ireland;
- Banco Fiduciario de Panama;
- Banque Nationale de Paris IFS, Singapore;
- Euro Latinamerican Bank Ltd, London;
- Letter of Comfort for subsidiaries in Hong-Kong.

The guarantees granted to Banque Nationale de Paris Canada Corporation and to Banque Nationale de Paris US Finance Corporation on the following transactions were maintained during the period under review:

— BNP Canada Corporation

- Issues or sales of promissory notes: limit extended to Canadian dollars: 1 billion
- Issues of commercial paper notes up to a limit of United States dollars: 200 million

— BNP US Finance Corporation

- Issues of commercial paper notes: limit extended to United States dollars: 1.5 billion
- Issues of bonds: United States dollars: 260 million.

2.4 - **Intra-Group Services**

Various intra-group services continued to be provided by different companies in the Group during the period under review. These services included in particular.

- Technical, financial, personnel and administrative assistance;
- Rental of office space.

An operating grant was made to Conseil France.

In addition, five subsidiaries or sub-subsidiaries of your company: Banexi, Natio Equipement, Natio Location, Natio Energie, Société Briarde de Participation requiring financing adapted to their particular activities have benefitted from advances involving special conditions.

Finally, transactions involving current banking activities, carried out with different companies within the BNP Group, having management in common with your Company, have not, subject to exception, been specifically mentioned as they are considered to fall within the scope of Article 102 of the Act of July 24, 1966.

Paris, April 30, 1986

**the Statutory Auditors**

"BEFEC - Mulquin et Associés"

P.C. Mulquin J. Raffegeau

"SCP de Commissaires aux Comptes
Berder, Viala, Buchalet et Autres"

L. Viala, R. Leveille-Nizerolle
Members of the Compagnie Régionale de Paris

## LETTER FROM THE COMMISSAIRES AUX COMPTES

to the Board of Directors
BANQUE NATIONALE DE PARIS

and

September 5, 1986

the Managers
whose names appear in
the Prospectus referred
to below

Dears Sirs,

We have acted as Commissaires aux Comptes to Banque Nationale de Paris ("BNP") since January 1, 1970 and write to report to you on the Prospectus dated September 5, 1986 prepared in connection with the issue by BNP of US$ 500,000,000 Undated Subordinated Floating Rate Notes.

We have reviewed the consolidated and non-consolidated financial statements set forth in the Prospectus and covering the financial years 1984 and 1985, and confirm that (i) such statements have been prepared in accordance with French accounting rules and practice applicable to banks in France; (ii) the non-consolidated financial statements of BNP reflect accurately the earnings and the financial position of BNP for the years indicated therein; (iii) the consolidated financial statements of BNP and certain subsidiaries and associated companies ("BNP Group") reflect accurately the earnings and the consolidated financial position of the BNP Group for the years indicated therein.

We have reviewed the paragraph "Accounting Principles and Presentation of the Consolidated Financial Statements" and the "Notes to Financial Statements" set out in the Prospectus and concur with the contents thereof.

We have also reviewed the other financial information and statistics appearing in the Prospectus and confirm the accuracy thereof. In respect of any period after December 31, 1985, we have not carried out any examination in accordance with generally accepted auditing standards of any financial or other information relating to BNP or the BNP Group. We have, however, for the purpose of this letter, reviewed such of the books and records of BNP and its subsidiaries as might reasonably be expected to contain the information required by us for the purpose of this letter and read the minutes of the meetings of the Board of Directors of BNP and made enquiries of the officers thereof charged with responsability for financial and other matters.

As a result of aforesaid procedures, we confirm that since December 31, 1985:

(a) We are not aware of any material adverse change in the condition, financial or otherwise, of BNP or the BNP Group;

(b) There has been no change in the long-term debt of BNP and/or the BNP Group except for the issues of Notes reported under the heading "Capitalization" which includes the above mentioned Notes;

Yours faithfully,

Bureau d'Etudes Financières
et de Contrôle Comptable
Mulquin et Associés
(B.E.F.E.C.)
Paul-Carlos Mulquin
Jean Raffegeau

Société Civile Professionnelle
Berder-Viala-Buchalet
et Autres

Georges Berder
Jean Buchalet

# III — UNDERWRITING AND SALES

By an agreement dated September 5, 1986 (the "Contrat de Prise Ferme") between the Bank and Credit Suisse First Boston Limited; Deutsche Bank Capital Markets Limited; Morgan Guaranty Ltd.; Salomon Brothers International Limited; Banque Bruxelles Lambert S.A.; Bankers Trust International Limited; Bank of China; Caisse des Dépôts et Consignations; Caisse Nationale de Crédit Agricole; Chase Manhattan Limited; Daiwa Europe Limited; Dresdner Bank Aktiengesellschaft; Goldman Sachs International Corp.; IBJ International Limited; Kleinwort Benson Limited; Shearson Lehman Brothers International, Inc.; Merrill Lynch International & Co.; Morgan Grenfell & Co. Limited; Morgan Stanley International; Nomura International Limited; Swiss Bank Corporation International Limited; Union Bank of Switzerland (Securities) Limited; S.G. Warburg, Akroyd, Rowe & Pitman, Mullens Securities Ltd.; Algemene Bank Nederland N.V.; Bache Securities (UK) Inc.; Barclays De Zoete Wedd Limited; Bank of Montreal; Bank of America International Limited; CIBC Limited; Commerzbank Aktiengesellschaft; County Natwest Capital Markets Limited; Generale Bank; Girozentrale und Bank der 0esterreichischen Sparkassen Aktiengesellschaft; Istituto Bancario San Paolo Di Torino; Kansallis-Osake-Pankki; Kidder, Peabody International Limited; Lloyds Merchant Bank Limited; Mitsubishi Finance International Limited; Samuel Montagu & Co. Limited; The Nikko Securities Co., (Europe) Ltd.; Orion Royal Bank Limited; Standard Chartered Merchant Bank Limited; Sumitomo Finance International; Svenska Handelsbanken plc, London; Westpac Banking Corporation.; Yamaichi International (Europe) Limited; and Banque Nationale de Paris plc (the "Managers"), the Managers have agreed jointly and severally to subscribe for the Notes at their issue price, namely their nominal amount, less commissions totalling 0.30% of their nominal amount. The Bank and the Managers reserve the right to cancel the Contrat de Prise Ferme in certain exceptional circumstances before payment of the proceeds of the issue to the Bank.

The Managers will offer the Notes to the public for subscription at the issue price.

In connection with the issue of the Notes, the Managers may effect purchases or sales on the market, whether or not through a stock exchange, with a view to stabilising or maintaining the market price of the Notes. Such stabilisation, if commenced, may be discontinued at any time.

**Subscription and selling**

The Notes have not been and will not be registered under the Securities Act of 1933 of the United States. Accordingly, the Notes may not in connection with the distribution thereof be offered or sold directly or indirectly in the United States or to any U.S. persons (except, as set forth below, to a Manager or a member or the Selling group or to any person purchasing Notes for re-offer or resale in the United States or to or for the benefit of any US person until 90 days after the Issue Date). Any offers, re-offers, sales or re-sales of any of the Notes in the United States or to U.S. persons may constitute a violation of United States laws, and, if made, must be made in compliance with the registration requirements of the Securities Act of 1933 or pursuant to an exemption therefrom. The Managers do not make any representation in respect of, and do not assume any responsibility for, the availability of any such exemption and do not make any representation as to when, if at any time, the Notes may lawfully be sold in the United States or to U.S. persons.

Each Manager and member of the Selling group (each a "Subscriber") has represented and agreed that (a) it has not offered or sold and will not offer or sell, as principal or agent, directly or indirectly in the United States or to any U.S. person (i) at any time, any Notes acquired by it in connection with the distribution of the Notes or (ii) prior to the Exchange date, any other Notes, however acquired by it, and (b) it will send to each purchaser of Notes from it prior to the Exchange Date a written confirmation stating that such purchaser has agreed to comply with the foregoing clause (a) and further has agreed that, if such purchaser is not itself a retail purchaser, it will send to any person or entity (other than a retail purchaser) to whom it sells any of such Notes substantially the same confirmation.

As used herein, the term "United States" means the United States of America, its territories, possessions, and all areas subject to its jurisdiction; the term "U.S. person" means any person who is a national or resident of the United States (including the estate of any such person, any other estate or trust which is not a foreign estate or trust under the United States laws and any corporation, partnership or other entity organised in the United States or any political subdivision thereof); and "Exchange Date" means the date not earlier than 90 days and not later than 150 days after the Issue Date when the temporary certificate in respect of the Notes will be exchanged against definitive Notes.

The Notes are being offered outside France and may not be offered on the domestic French market. The Prospectus has not been submitted for approval to the Commission des Opérations de Bourse and may not be used in connection with any offer for subscription in France.

Each Subscriber agrees (i) (except in circumstances which do not constitute an offer to the public within the meaning of the Great Britain Companies Act 1985) not to offer or sell any Notes in Great Britain, by means of the Prospectus or any other document, other than to persons whose ordinary business it is to buy or sell shares or debentures (whether as principal or agent) or (ii) (unless it is a person permitted to do so under the securitie laws of Great Britain) not to distribute the Prospectus or any other offering materiel relating to the Notes in or from Great Britain otherwise than to persons whose business involves the acquisition and disposal, or the holding, of securities (whether as principal or agent).

Payment for the Notes will be made against delivery of a temporary certificate to Cedel S.A. pursuant to the restrictions described herein. Until the Exchange Date, transactions in the open market or otherwise must be cleared through the Cedel S.A. or Euroclear systems. Delivery of any Notes and payment of interest in respect thereof shall only be made if Cedel S.A. or Euroclear shall have received a certificate from a purchaser that the beneficial owner of such Notes is not a U.S. person.

**Head Office of the Bank**

16, Boulevard des Italiens
75009 Paris
France

**Principal Paying Agent**

Banque Nationale de Paris (Luxembourg) S.A.
24 Boulevard Royal
Luxembourg

**Paying Agents**

Banque Nationale de Paris
(Head Office)
16, Boulevard des Italiens
75009 Paris
France

Banque Nationale de Paris plc
8-13 King William Street
London EC4P 4HS
England

**Legal Advisers to the Managers**

Giroux, Buhagiar & Associés
32, Avenue Georges Mandel
75116 Paris
France

IMPRIMERIE SPÉCIALE DE BANQUE - MONTREUIL

| | | 1 | 2 | 3 | 4 |
|---|---|---|---|---|---|
| 1 | Issuer | BNP Paribas SA | BNP Paribas SA | BNP Paribas SA | BNP Paribas SA |
| 2 | ISIN | FR0000131104 | 144a : US05565AAN37<br>RegS : USF1R15XK367 | 144a : US05565ADW09<br>RegS : USF1R15XK771 | 144a : US05565AGF49<br>RegS : USF1R15XK854 |
| 3 | Governing law(s) of the instrument | French | New York State<br>French (status of the Notes) | New York State<br>French (status of the Notes) | New York State<br>French (status of the Notes) |
| 3bis | Contractual bail-in clause by resolution authorities | | Yes | Yes | Yes |
| | **Regulatory capital treatment** | | | | |
| 4 | Transitional CRR rules | CET1 | AT1 | AT1 | AT1 |
| 5 | Post-transitional CRR rules | CET1 | AT1 | AT1 | AT1 |
| 6 | Eligible at solo/(sub-) consolidated/solo & (sub-) consolidated | Consolidated | Consolidated | Consolidated | Consolidated |
| 7 | Instrument type (types to be specified for each jurisdiction) | Ordinary share | - Undated super subordinated notes<br>- CRR Art. 51, 52 | - Undated super subordinated notes<br>- CRR Art. 51, 52 | - Undated super subordinated notes<br>- CRR Art. 51, 52 |
| 8 | Amount recognised in regulatory capital (currency in million, as of most recent reporting date) | 23 440 M EUR | 1 348 M EUR | 634 M EUR | 659 M EUR |
| 9 | Nominal value of instrument (in issuance currency) | 2 469 M EUR | 1 500 M USD | 750 M USD | 750 M USD |
| | Nominal value of instrument (in euros) | 2 469 M EUR | 1 348 M EUR | 636 M EUR | 660 M EUR |
| 9a | Issue price | NA | 100% | 100% | 100% |
| 9b | Redemption price | NA | 100% | 100% | 100% |
| 10 | Accounting classification | Shareholders' equity | Shareholders' equity | Shareholders' equity | Shareholders' equity |
| 11 | Original date of issuance | NA | 19/08/2015 | 15/11/2017 | 16/08/2018 |
| 12 | Undated or dated | Perpetual | Perpetual | Perpetual | Perpetual |
| 13 | Original maturity date | No maturity | No maturity | No maturity | No maturity |
| 14 | Issuer call subject to prior supervisory approval | NA | Yes | Yes | Yes |
| 15 | Optional call date, contingent call dates and redemption amount | NA | Call option on 19/08/2025 + Tax call + Capital event call at par | Call option on 15/11/2027 + Tax call + Capital event call at par | Call option on 16/08/2028 + Tax call + Capital event call at par |
| 16 | Subsequent call dates, if applicable | NA | For each interest rate payment date | Every 5 years after the first call | Every 5 years after the first call |
| | **Dividends/coupons** | | | | |
| 17 | Fixed or floating dividend/coupon | Floating | Fixed (resettable) | Fixed (resettable) | Fixed (resettable) |
| 18 | Coupon rate and any related index | NA | 7.375% and then after each reset date : MS+5.15% | 5.125% and then after each reset date:<br>MS + 2.838% | 7.00% and then after each reset date:<br>USD 5-years mid-swap +3.98% |
| 19 | Existence of a dividend stopper | NA | No | No, Alignment event clause | No, Alignment event clause |
| 20a | Fully discretionary, partially discretionary or mandatory (in terms of timing) | Fully discretionary | Fully discretionary | Fully discretionary | Fully discretionary |
| 20b | Fully discretionary, partially discretionary or mandatory (in terms of amount) | Fully discretionary | Fully discretionary | Fully discretionary | Fully discretionary |
| 21 | Existence of step-up or other incentive to redeem | NA | No | No | No |
| 22 | Cumulative or non-cumulative | NA | Non-cumulative | Non-cumulative | Non-cumulative |
| 23 | Convertible or non-convertible | NA | Non-convertible | Non-convertible | Non-convertible |
| 24 | If convertible, conversion trigger(s) | NA | NA | NA | NA |
| 25 | If convertible, fully or partially | NA | NA | NA | NA |
| 26 | If convertible, conversion rate | NA | NA | NA | NA |
| 27 | If convertible, mandatory or optional conversion | NA | NA | NA | NA |
| 28 | If convertible, instrument type convertible into | NA | NA | NA | NA |
| 29 | If convertible, issuer of instrument it converts to | NA | NA | NA | NA |
| 30 | Write-down features | NA | Yes | Yes | Yes |
| 31 | If write-down, write-down trigger(s) | NA | Group Common Equity Tier 1 ratio below 5.125% | Group Common Equity Tier 1 ratio below 5.125% | Group Common Equity Tier 1 ratio below 5.125% |
| 32 | If write-down, full or partial | NA | Fully or Partially | Fully or Partially | Fully or Partially |
| 33 | If write-down, permanent or temporary | NA | Temporary | Temporary | Temporary |
| 34 | If temporary write-down, description of write-up mechanism | NA | Possible reinstatement for some or all of the principal of the Notes in the event of positive Consolidated Net Income and within the limit of the Maximum Distributable Amount. | Possible reinstatement for some or all of the principal of the Notes in the event of positive Consolidated Net Income and within the limit of the Maximum Distributable Amount. | Possible reinstatement for some or all of the principal of the Notes in the event of positive Consolidated Net Income and within the limit of the Maximum Distributable Amount. |
| 35 | Position in subordination hierarchy in liquidation (instrument type immediately senior to instrument) | Undated Super subordinated notes | Participating notes | Participating notes | Participating notes |
| 36 | No-compliant transitioned features | No | No | No | No |
| 37 | If yes, non-compliant features | NA | NA | NA | NA |

| | | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|
| 1 | Issuer | BNP Paribas SA | BNP Paribas SA | BNP Paribas SA | BNP Paribas SA |
| 2 | ISIN | 144a : US05565AHN63<br>RegS : USF1R15XK938 | FR0013433257 | 144a : US05565ALQ49<br>RegS : USF1R15XL274 | 144a : US05565ASK06<br>RegS : USF1R15XL357 |
| 3 | Governing law(s) of the instrument | New York State<br>French (status of the Notes) | French | New York State<br>French (status of the Notes) | New York State<br>French (status of the Notes) |
| 3bis | Contractual bail-in clause by resolution authorities | Yes | N/A - EU regulation - FR | Yes | Yes |
| | **Regulatory capital treatment** | | | | |
| 4 | Transitional CRR rules | AT1 | AT1 | AT1 | AT1 |
| 5 | Post-transitional CRR rules | AT1 | AT1 | AT1 | AT1 |
| 6 | Eligible at solo/(sub-) consolidated/solo & (sub-) consolidated | Consolidated | Consolidated | Consolidated | Consolidated |
| 7 | Instrument type (types to be specified for each jurisdiction) | - Undated super subordinated notes<br>- CRR Art. 51, 52 | - Undated super subordinated notes<br>- CRR Art. 51, 52 | - Undated super subordinated notes<br>- CRR Art. 51, 52 | - Undated super subordinated notes<br>- CRR Art. 51, 52 |
| 8 | Amount recognised in regulatory capital (currency in million, as of most recent reporting date) | 1 308 M EUR | 186 M EUR | 1 609 M EUR | 1 026 M EUR |
| 9 | Nominal value of instrument (in issuance currency) | 1 500 M USD | 300 M AUD | 1 750 M USD | 1 250 M USD |
| | Nominal value of instrument (in euros) | 1 326 M EUR | 186 M EUR | 1 609 M EUR | 1 026 M EUR |
| 9a | Issue price | 100% | 100% | 100% | 100% |
| 9b | Redemption price | 100% | 100% | 100% | 100,00% |
| 10 | Accounting classification | Shareholders' equity | Shareholders' equity | Shareholders' equity | Shareholders' equity |
| 11 | Original date of issuance | 25/03/2019 | 10/07/2019 | 25/02/2020 | 25/02/2021 |
| 12 | Undated or dated | Perpetual | Perpetual | Perpetual | Perpetual |
| 13 | Original maturity date | No maturity | No maturity | No maturity | No maturity |
| 14 | Issuer call subject to prior supervisory approval | Yes | Yes | Yes | Yes |
| 15 | Optional call date, contingent call dates and redemption amount | Call option on 25/03/2024 + Tax call + Capital event call at par | Call option on 10/01/2025 + Tax call + Capital event call at par | Call option on 25/02/2030 + Tax call + Capital event call at par | Call option on 25/02/2031 + Tax call + Capital event call at par |
| 16 | Subsequent call dates, if applicable | Every 5 years after the first call | Every 5 years after the first call | Every 5 years after the first call | Every 5 years after the first call |
| | **Dividends/coupons** | | | | |
| 17 | Fixed or floating dividend/coupon | Fixed (resettable) | Fixed (resettable) | Fixed (resettable) | Fixed (resettable) |
| 18 | Coupon rate and any related index | 6.625% and then after each reset date:<br>USD 5-years mid-swap +4.149% | 4.5% and then after each reset date:<br>AUD 5-years mid-swap +3.372% | 4.5% and then after each reset date :<br>CMT rate +2.944% | 4.625%and then after each reset date :<br>CMT rate +3.34% |
| 19 | Existence of a dividend stopper | No, Alignment event clause | No, Alignment event clause | No, Alignment event clause | No, Alignment event clause |
| 20a | Fully discretionary, partially discretionary or mandatory (in terms of timing) | Fully discretionary | Fully discretionary | Fully discretionary | Fully discretionary |
| 20b | Fully discretionary, partially discretionary or mandatory (in terms of amount) | Fully discretionary | Fully discretionary | Fully discretionary | Fully discretionary |
| 21 | Existence of step-up or other incentive to redeem | No | No | No | No |
| 22 | Cumulative or non-cumulative | Non-cumulative | Non-cumulative | Non-cumulative | Non-cumulative |
| 23 | Convertible or non-convertible | Non-convertible | Non-convertible | Non-convertible | Non-convertible |
| 24 | If convertible, conversion trigger(s) | NA | NA | NA | NA |
| 25 | If convertible, fully or partially | NA | NA | NA | NA |
| 26 | If convertible, conversion rate | NA | NA | NA | NA |
| 27 | If convertible, mandatory or optional conversion | NA | NA | NA | NA |
| 28 | If convertible, instrument type convertible into | NA | NA | NA | NA |
| 29 | If convertible, issuer of instrument it converts to | NA | NA | NA | NA |
| 30 | Write-down features | Yes | Yes | Yes | Yes |
| 31 | If write-down, write-down trigger(s) | Group Common Equity Tier 1 ratio below 5.125% | Group Common Equity Tier 1 ratio below 5.125% | Group Common Equity Tier 1 ratio below 5.125% | Group Common Equity Tier 1 ratio below 5.125% |
| 32 | If write-down, full or partial | Fully or Partially | Fully or Partially | Fully or Partially | Fully or Partially |
| 33 | If write-down, permanent or temporary | Temporary | Temporary | Temporary | Temporary |
| 34 | If temporary write-down, description of write-up mechanism | Possible reinstatement for some or all of the principal of the Notes in the event of positive Consolidated Net Income and within the limit of the Maximum Distributable Amount. | Possible reinstatement for some or all of the principal of the Notes in the event of positive Consolidated Net Income and within the limit of the Maximum Distributable Amount. | Possible reinstatement for some or all of the principal of the Notes in the event of positive Consolidated Net Income and within the limit of the Maximum Distributable Amount. | Possible reinstatement for some or all of the principal of the Notes in the event of positive Consolidated Net Income and within the limit of the Maximum Distributable Amount. |
| 35 | Position in subordination hierarchy in liquidation (instrument type immediately senior to instrument) | Participating notes | Participating notes | Participating notes | Participating notes |
| 36 | No-compliant transitioned features | No | No | No | No |
| 37 | If yes, non-compliant features | NA | NA | NA | NA |

| | | 9 | 10 | 11 | 12 |
|---|---|---|---|---|---|
| 1 | Issuer | BNP Paribas SA | BNP Paribas SA | BNP Paribas SA | BNP Paribas SA |
| 2 | ISIN | 144a : US05565AB286<br>RegS : USF1067PAB25 | 144a : US05565AM341<br>RegS : USF1067PAC08 | FR001400BBL2 | 144a : US05565AS207<br>RegS : USF1067PAD80 |
| 3 | Governing law(s) of the instrument | New York State<br>French (status of the Notes) | New York State<br>French (status of the Notes) | French | New York State<br>French (status of the Notes) |
| 3bis | Contractual bail-in clause by resolution authorities | Yes | Yes | Yes | Yes |
| | **Regulatory capital treatment** | | | | |
| 4 | Transitional CRR rules | AT1 | AT1 | AT1 | AT1 |
| 5 | Post-transitional CRR rules | AT1 | AT1 | AT1 | AT1 |
| 6 | Eligible at solo/(sub-) consolidated/solo & (sub-) consolidated | Consolidated | Consolidated | Consolidated | Consolidated |
| 7 | Instrument type (types to be specified for each jurisdiction) | - Undated super subordinated notes<br>- CRR Art. 51, 52 | - Undated super subordinated notes<br>- CRR Art. 51, 52 | - Undated super subordinated notes<br>- CRR Art. 51, 52 | - Undated super subordinated notes<br>- CRR Art. 51, 52 |
| 8 | Amount recognised in regulatory capital (currency in million, as of most recent reporting date) | 1 092 M EUR | 1 961 M EUR | 1 000 M EUR | 965 M EUR |
| 9 | Nominal value of instrument (in issuance currency) | 1 250 M USD | 2 000 M USD | 1 000 M EUR | 1 000 M USD |
| | Nominal value of instrument (in euros) | 1 092 M EUR | 1 967 M EUR | 1 000 M EUR | 965 M EUR |
| 9a | Issue price | 100,00% | 100,00% | 100,00% | 100,00% |
| 9b | Redemption price | 100,00% | 100,00% | 100,00% | 100,00% |
| 10 | Accounting classification | Shareholders' equity | Shareholders' equity | Shareholders' equity | Shareholders' equity |
| 11 | Original date of issuance | 12/01/2022 | 16/08/2022 | 06/09/2022 | 17/11/2022 |
| 12 | Undated or dated | Perpetual | Perpetual | Perpetual | Perpetual |
| 13 | Original maturity date | No maturity | No maturity | No maturity | No maturity |
| 14 | Issuer call subject to prior supervisory approval | Yes | Yes | Yes | Yes |
| 15 | Optional call date, contingent call dates and redemption amount | Call option at par on 12/01/2027 + Tax call + Capital event call at par | Call option at par on 16/08/2029 + Tax call + Capital event call at par | Call option at par on 06/12/2029 + Tax call + Capital event call at par | Call option at par on 17/11/2027 + Tax call + Capital event call at par |
| 16 | Subsequent call dates, if applicable | Every 5 years after the first call | Every 5 years after the first call | Every 5 years after the first call | Every 5 years after the first call |
| | **Dividends/coupons** | | | | |
| 17 | Fixed or floating dividend/coupon | Fixed (resettable) | Fixed (resettable) | Fixed (resettable) | Fixed (resettable) |
| 18 | Coupon rate and any related index | 4.625% and then after each reset date: CMT Rate+3.196% | 7.75% and then after each reset date: CMT Rate+4.899% p.a. | 6.875% and then at the reset date: EUR 5-Year Mid-Swap Rate + 4.645% p.a. | 9.25% and then after each reset date: CMT Rate+4.969% p.a. |
| 19 | Existence of a dividend stopper | No, Alignment event clause | No, Alignment event clause | No, Alignment event clause | No, Alignment event clause |
| 20a | Fully discretionary, partially discretionary or mandatory (in terms of timing) | Fully discretionary | Fully discretionary | Fully discretionary | Fully discretionary |
| 20b | Fully discretionary, partially discretionary or mandatory (in terms of amount) | Fully discretionary | Fully discretionary | Fully discretionary | Fully discretionary |
| 21 | Existence of step-up or other incentive to redeem | No | No | No | No |
| 22 | Cumulative or non-cumulative | Non-cumulative | Non-cumulative | Non-cumulative | Non-cumulative |
| 23 | Convertible or non-convertible | Non-convertible | Non-convertible | Non-convertible | Non-convertible |
| 24 | If convertible, conversion trigger(s) | NA | NA | NA | NA |
| 25 | If convertible, fully or partially | NA | NA | NA | NA |
| 26 | If convertible, conversion rate | NA | NA | NA | NA |
| 27 | If convertible, mandatory or optional conversion | NA | NA | NA | NA |
| 28 | If convertible, instrument type convertible into | NA | NA | NA | NA |
| 29 | If convertible, issuer of instrument it converts to | NA | NA | NA | NA |
| 30 | Write-down features | Yes | Yes | Yes | Yes |
| 31 | If write-down, write-down trigger(s) | Group Common Equity Tier 1 ratio below 5.125% | Group Common Equity Tier 1 ratio below 5.125% | Group Common Equity Tier 1 ratio below 5.125% | Group Common Equity Tier 1 ratio below 5.125% |
| 32 | If write-down, full or partial | Fully or Partially | Fully or Partially | Fully or Partially | Fully or Partially |
| 33 | If write-down, permanent or temporary | Temporary | Temporary | Temporary | Temporary |
| 34 | If temporary write-down, description of write-up mechanism | Possible reinstatement for some or all of the principal of the Notes in the event of positive Consolidated Net Income and within the limit of the Maximum Distributable Amount. | Possible reinstatement for some or all of the principal of the Notes in the event of positive Consolidated Net Income and within the limit of the Maximum Distributable Amount. | Possible reinstatement for some or all of the principal of the Notes in the event of positive Consolidated Net Income and within the limit of the Maximum Distributable Amount. | Possible reinstatement for some or all of the principal of the Notes in the event of positive Consolidated Net Income and within the limit of the Maximum Distributable Amount. |
| 35 | Position in subordination hierarchy in liquidation (instrument type immediately senior to instrument) | Participating notes | Participating notes | Participating notes | Participating notes |
| 36 | No-compliant transitioned features | No | No | No | No |
| 37 | If yes, non-compliant features | NA | NA | NA | NA |

| | | 13 | 14 | 15 | 16 |
|---|---|---|---|---|---|
| 1 | Issuer | BNP Paribas SA | BNP Paribas SA | BNP Paribas SA | BNP Paribas SA |
| 2 | ISIN | FR001400F2H9 | FR001400G6X6 | FR0000047664 | FR0000140063 |
| 3 | Governing law(s) of the instrument | French | French | French | French |
| 3bis | Contractual bail-in clause by resolution authorities | Yes | Yes | N/A - EU regulation - FR | N/A - EU regulation - FR |
| | **Regulatory capital treatment** | | | | |
| 4 | Transitional CRR rules | AT1 | AT1 | T2 | T2 |
| 5 | Post-transitional CRR rules | AT1 | AT1 | T2 | T2 |
| 6 | Eligible at solo/(sub-) consolidated/solo & (sub-) consolidated | Consolidated | Consolidated | Consolidated | Consolidated |
| 7 | Instrument type (types to be specified for each jurisdiction) | - Undated super subordinated notes<br>- CRR Art. 51, 52 | - Undated super subordinated notes<br>- CRR Art. 51, 52 | - Participating notes<br>- CRR Art. 62, 63 | - Participating notes<br>- CRR Art. 62, 63 |
| 8 | Amount recognised in regulatory capital (currency in million, as of most recent reporting date) | 1 247 M EUR | 420 M EUR | 27 M EUR | 188 M EUR |
| 9 | Nominal value of instrument (in issuance currency) | 1 250 M EUR | 600 M SGD | 27 M EUR | 192 M EUR |
| | Nominal value of instrument (in euros) | 1 250 M EUR | 420 M EUR | 27 M EUR | 192 M EUR |
| 9a | Issue price | 100,00% | 100,00% | 100,00% | 100,00% |
| 9b | Redemption price | 100,00% | 100,00% | According to the conditions detailed in the law of January 3rd, 1983 | According to the conditions detailed in the law of January 3rd, 1983 |
| 10 | Accounting classification | Shareholders' equity | Shareholders' equity | Amortised cost | Amortised cost |
| 11 | Original date of issuance | 11/01/2023 | 28/02/2023 | 30/07/1984 | 30/07/1984 |
| 12 | Undated or dated | Perpetual | Perpetual | Perpetual | Perpetual |
| 13 | Original maturity date | No maturity | No maturity | No maturity | No maturity |
| 14 | Issuer call subject to prior supervisory approval | Yes | Yes | No | No |
| 15 | Optional call date, contingent call dates and redemption amount | Call option at par on 11/06/2030 + Tax call + Capital event call at par | Call option at par on 28/02/2028 + Tax call + Capital event call at par | NA | NA |
| 16 | Subsequent call dates, if applicable | Every 5 years after the first call | Every 5 years after the first call | NA | NA |
| | **Dividends/coupons** | | | | |
| 17 | Fixed or floating dividend/coupon | Fixed (resettable) | Fixed (resettable) | Floating | Floating |
| 18 | Coupon rate and any related index | 7.375% and then at the reset date: EUR 5-Year Mid-Swap Rate + 4.631% p.a. | 5.90% and then at the reset date: SGD 5-Year Mid-Swap Rate (SORA-OIS) + 2.6740% p.a. | Depending on net income subject to a minimum of 85% of the TMO rate and a maximum of 130% of the TMO rate. | Depending on net income subject to a minimum of 85% of the TMO rate and a maximum of 130% of the TMO rate. |
| 19 | Existence of a dividend stopper | No | No | No | No |
| 20a | Fully discretionary, partially discretionary or mandatory (in terms of timing) | Fully discretionary | Fully discretionary | Mandatory | Mandatory |
| 20b | Fully discretionary, partially discretionary or mandatory (in terms of amount) | Fully discretionary | Fully discretionary | Mandatory | Mandatory |
| 21 | Existence of step-up or other incentive to redeem | No | No | NA | NA |
| 22 | Cumulative or non-cumulative | Non-cumulative | Non-cumulative | NA | NA |
| 23 | Convertible or non-convertible | Non-convertible | Non-convertible | Non-convertible | Non-convertible |
| 24 | If convertible, conversion trigger(s) | NA | NA | NA | NA |
| 25 | If convertible, fully or partially | NA | NA | NA | NA |
| 26 | If convertible, conversion rate | NA | NA | NA | NA |
| 27 | If convertible, mandatory or optional conversion | NA | NA | NA | NA |
| 28 | If convertible, instrument type convertible into | NA | NA | NA | NA |
| 29 | If convertible, issuer of instrument it converts to | NA | NA | NA | NA |
| 30 | Write-down features | Yes | Yes | No | No |
| 31 | If write-down, write-down trigger(s) | Group Common Equity Tier 1 ratio below 5.125% | Group Common Equity Tier 1 ratio below 5.125% | NA | NA |
| 32 | If write-down, full or partial | Fully or Partially | Fully or Partially | NA | NA |
| 33 | If write-down, permanent or temporary | Temporary | Temporary | NA | NA |
| 34 | If temporary write-down, description of write-up mechanism | Possible reinstatement for some or all of the principal of the Notes in the event of positive Consolidated Net Income and within the limit of the Maximum Distributable Amount. | Possible reinstatement for some or all of the principal of the Notes in the event of positive Consolidated Net Income and within the limit of the Maximum Distributable Amount. | NA | NA |
| 35 | Position in subordination hierarchy in liquidation (instrument type immediately senior to instrument) | Participating notes | Participating notes | subordinated notes | subordinated notes |
| 36 | No-compliant transitioned features | No | No | No | No |
| 37 | If yes, non-compliant features | NA | NA | NA | NA |

| | | 17 | 18 | 19 | 20 |
|---|---|---|---|---|---|
| 1 | Issuer | BNP Paribas SA | BNP Paribas SA | BNP Paribas SA | BNP Paribas SA |
| 2 | ISIN | Other Participating notes < 5 M EUR nominal value | FR0000572646 | FR0008131403 | XS0123523440 |
| 3 | Governing law(s) of the instrument | | French | French | English<br>French (status of the Notes) |
| 3bis | Contractual bail-in clause by resolution authorities | | N/A - EU regulation - FR | N/A - EU regulation - FR | No |
| | **Regulatory capital treatment** | | | | |
| 4 | Transitional CRR rules | T2 | T2 | T2 | T2 |
| 5 | Post-transitional CRR rules | T2 | T2 | T2 | Ineligible from 29 june 2025 |
| 6 | Eligible at solo/(sub-) consolidated/solo & (sub-) consolidated | Consolidated | Consolidated | Consolidated | Consolidated |
| 7 | Instrument type (types to be specified for each jurisdiction) | - Participating notes<br>- CRR Art. 62, 63 | - Undated subordinated notes<br>- CRR Art. 62, 63 | - Undated subordinated notes<br>- CRR Art. 62, 63 | - Dated subordinated notes<br>- CRR Art. 62, 63 |
| 8 | Amount recognised in regulatory capital (currency in million, as of most recent reporting date) | 6 M EUR | 254 M EUR | 251 M EUR | 30 M EUR |
| 9 | Nominal value of instrument (in issuance currency) | 6 M EUR | 254 M EUR | 274 M USD | 30 M EUR |
| | Nominal value of instrument (in euros) | 6 M EUR | 254 M EUR | 251 M EUR | 30 M EUR |
| 9a | Issue price | | 100,00% | 100,00% | 100% |
| 9b | Redemption price | 100,00% | 100,00% | 100,00% | 100% |
| 10 | Accounting classification | Amortised cost | Amortised cost | Amortised cost | Amortised cost |
| 11 | Original date of issuance | | 07/10/1985 | 22/09/1986 | 16/01/2001 |
| 12 | Undated or dated | Perpetual | Perpetual | Perpetual | Dated |
| 13 | Original maturity date | No maturity | No maturity | No maturity | 23/01/2031 |
| 14 | Issuer call subject to prior supervisory approval | No | No | Yes | No |
| 15 | Optional call date, contingent call dates and redemption amount | NA | NA | For each interest rate payment date, at par | NA |
| 16 | Subsequent call dates, if applicable | NA | NA | For each interest rate payment dates | NA |
| | **Dividends/coupons** | | | | |
| 17 | Fixed or floating dividend/coupon | | Floating | Floating | Fixed |
| 18 | Coupon rate and any related index | | TMO-0.25% | USD 6-month Libor + 0.075% | 6.41% |
| 19 | Existence of a dividend stopper | | No | No | No |
| 20a | Fully discretionary, partially discretionary or mandatory (in terms of timing) | | Partially discretionary(3) | Partially discretionary(3) | Mandatory |
| 20b | Fully discretionary, partially discretionary or mandatory (in terms of amount) | | Partially discretionary(3) | Partially discretionary(3) | Mandatory |
| 21 | Existence of step-up or other incentive to redeem | | NA | No | NA |
| 22 | Cumulative or non-cumulative | NA | Cumulative | Cumulative | NA |
| 23 | Convertible or non-convertible | | Non-convertible | Non-convertible | Non-convertible |
| 24 | If convertible, conversion trigger(s) | | NA | NA | NA |
| 25 | If convertible, fully or partially | | NA | NA | NA |
| 26 | If convertible, conversion rate | | NA | NA | NA |
| 27 | If convertible, mandatory or optional conversion | | NA | NA | NA |
| 28 | If convertible, instrument type convertible into | | NA | NA | NA |
| 29 | If convertible, issuer of instrument it converts to | | NA | NA | NA |
| 30 | Write-down features | No | No | No | No |
| 31 | If write-down, write-down trigger(s) | NA | NA | NA | NA |
| 32 | If write-down, full or partial | NA | NA | NA | NA |
| 33 | If write-down, permanent or temporary | NA | NA | NA | NA |
| 34 | If temporary write-down, description of write-up mechanism | NA | NA | NA | NA |
| 35 | Position in subordination hierarchy in liquidation (instrument type immediately senior to instrument) | subordinated notes | Non preferred senior debt | Dated subordinated notes | Non preferred senior debt |
| 36 | No-compliant transitioned features | No | No | No | No until 28 June 2025. Yes after this date. |
| 37 | If yes, non-compliant features | NA | NA | NA | CRR article 63.n (issuance under non-member country law without bail-in clause) |

| | | 21 | 22 | 23 | 24 |
|---|---|---|---|---|---|
| 1 | Issuer | BNP Paribas SA | BNP Paribas SA | BNP Paribas SA | BNP Paribas SA |
| 2 | ISIN | US05579T5G71 | XS1190632999 | CH0282344339 | 144a : US05581KAA97<br>RegS : US05581LAA70 |
| 3 | Governing law(s) of the instrument | New York state | English<br>French (status of the Notes) | English<br>French (status of the Notes) | New York State<br>French (status of the Notes) |
| 3bis | Contractual bail-in clause by resolution authorities | Yes | No | No | Yes |
| | **Regulatory capital treatment** | | | | |
| 4 | Transitional CRR rules | T2 | T2 | T2 | T2 |
| 5 | Post-transitional CRR rules | T2 | Maturity before loss of eligibility from 29 June 2025 | Maturity before loss of eligibility from 29 June 2025 | T2 |
| 6 | Eligible at solo/(sub-) consolidated/solo & (sub-) consolidated | Consolidated | Consolidated | Consolidated | Consolidated |
| 7 | Instrument type (types to be specified for each jurisdiction) | - Dated subordinated notes<br>- CRR Art. 62, 63 | - Dated subordinated notes<br>- CRR Art. 62, 63 | - Dated subordinated notes<br>- CRR Art. 62, 63 | - Dated subordinated notes<br>- CRR Art. 62, 63 |
| 8 | Amount recognised in regulatory capital (currency in million, as of most recent reporting date) | 237 M EUR | 491 M EUR | 40 M EUR | 412 M EUR |
| 9 | Nominal value of instrument (in issuance currency) | 1 000 M USD | 1 500 M EUR | 100 M CHF | 1 000 M USD |
| | Nominal value of instrument (in euros) | 917 M EUR | 1 500 M EUR | 102 M EUR | 917 M EUR |
| 9a | Issue price | 99% | 100% | 101% | 99% |
| 9b | Redemption price | 100% | 100% | 100% | 100% |
| 10 | Accounting classification | Amortised cost | Amortised cost | Amortised cost | Amortised cost |
| 11 | Original date of issuance | 14/10/2014 | 17/02/2015 | 05/06/2015 | 28/09/2015 |
| 12 | Undated or dated | Dated | Dated | Dated | Dated |
| 13 | Original maturity date | 15/10/2024 | 17/02/2025 | 05/06/2025 | 28/09/2025 |
| 14 | Issuer call subject to prior supervisory approval | No | No | No | No |
| 15 | Optional call date, contingent call dates and redemption amount | NA | NA | NA | NA |
| 16 | Subsequent call dates, if applicable | NA | NA | NA | NA |
| | **Dividends/coupons** | | | | |
| 17 | Fixed or floating dividend/coupon | Fixed | Fixed | Fixed | Fixed |
| 18 | Coupon rate and any related index | 4.25% | 2.375% | 1.75% | 4.375% |
| 19 | Existence of a dividend stopper | No | No | No | No |
| 20a | Fully discretionary, partially discretionary or mandatory (in terms of timing) | Mandatory | Mandatory | Mandatory | Mandatory |
| 20b | Fully discretionary, partially discretionary or mandatory (in terms of amount) | Mandatory | Mandatory | Mandatory | Mandatory |
| 21 | Existence of step-up or other incentive to redeem | NA | NA | NA | NA |
| 22 | Cumulative or non-cumulative | NA | NA | NA | NA |
| 23 | Convertible or non-convertible | Non-convertible | Non-convertible | Non-convertible | Non-convertible |
| 24 | If convertible, conversion trigger(s) | NA | NA | NA | NA |
| 25 | If convertible, fully or partially | NA | NA | NA | NA |
| 26 | If convertible, conversion rate | NA | NA | NA | NA |
| 27 | If convertible, mandatory or optional conversion | NA | NA | NA | NA |
| 28 | If convertible, instrument type convertible into | NA | NA | NA | NA |
| 29 | If convertible, issuer of instrument it converts to | NA | NA | NA | NA |
| 30 | Write-down features | No | No | No | No |
| 31 | If write-down, write-down trigger(s) | NA | NA | NA | NA |
| 32 | If write-down, full or partial | NA | NA | NA | NA |
| 33 | If write-down, permanent or temporary | NA | NA | NA | NA |
| 34 | If temporary write-down, description of write-up mechanism | NA | NA | NA | NA |
| 35 | Position in subordination hierarchy in liquidation (instrument type immediately senior to instrument) | Non preferred senior debt | Non preferred senior debt | Non preferred senior debt | Non preferred senior debt |
| 36 | No-compliant transitioned features | No | No until 28 June 2025. Yes after this date. | No until 28 June 2025. Yes after this date. | No |
| 37 | If yes, non-compliant features | NA | CRR article 63.n (issuance under non-member country law without bail-in clause) | CRR article 63.n (issuance under non-member country law without bail-in clause) | NA |

| | | 25 | 26 | 27 | 28 |
|---|---|---|---|---|---|
| 1 | Issuer | BNP Paribas SA | BNP Paribas SA | BNP Paribas SA | BNP Paribas SA |
| 2 | ISIN | XS1325645825 | XS1378880253 | 144a: US05565AAR41<br>RegS : USF1R15XK516 | XS1437600221 |
| 3 | Governing law(s) of the instrument | English<br>French (status of the Notes) | English<br>French (status of the Notes) | New York State<br>French (status of the Notes) | English<br>French (status of the Notes) |
| 3bis | Contractual bail-in clause by resolution authorities | No | No | Yes | No |
| | **Regulatory capital treatment** | | | | |
| 4 | Transitional CRR rules | T2 | T2 | T2 | T2 |
| 5 | Post-transitional CRR rules | Ineligible from 29 june 2025 | Ineligible from 29 june 2025 | T2 | Ineligible from 29 june 2025 |
| 6 | Eligible at solo/(sub-) consolidated/solo & (sub-) consolidated | Consolidated | Consolidated | Consolidated | Consolidated |
| 7 | Instrument type (types to be specified for each jurisdiction) | - Dated subordinated notes<br>- CRR Art. 62, 63 | - Dated subordinated notes<br>- CRR Art. 62, 63 | - Dated subordinated notes<br>- CRR Art. 62, 63 | - Dated subordinated notes<br>- CRR Art. 62, 63 |
| 8 | Amount recognised in regulatory capital (currency in million, as of most recent reporting date) | 387 M EUR | 488 M EUR | 657 M EUR | 183 M EUR |
| 9 | Nominal value of instrument (in issuance currency) | 750 M EUR | 750 M EUR | 1 250 M USD | 200 M USD |
| | Nominal value of instrument (in euros) | 750 M EUR | 750 M EUR | 1 146 M EUR | 183 M EUR |
| 9a | Issue price | 99% | 100% | 100% | 100% |
| 9b | Redemption price | 100% | 100% | 100% | 100% |
| 10 | Accounting classification | Amortised cost | Amortised cost | Amortised cost | Amortised cost |
| 11 | Original date of issuance | 27/11/2015 | 11/03/2016 | 12/05/2016 | 30/06/2016 |
| 12 | Undated or dated | Dated | Dated | Dated | Dated |
| 13 | Original maturity date | 27/01/2026 | 01/10/2026 | 12/05/2026 | 30/06/2028 |
| 14 | Issuer call subject to prior supervisory approval | No | No | No | No |
| 15 | Optional call date, contingent call dates and redemption amount | NA | NA | NA | NA |
| 16 | Subsequent call dates, if applicable | NA | NA | NA | NA |
| | **Dividends/coupons** | | | | |
| 17 | Fixed or floating dividend/coupon | Fixed | Fixed | Fixed | Fixed |
| 18 | Coupon rate and any related index | 2.75% | 2.875% | 4.375% | 4.2% |
| 19 | Existence of a dividend stopper | No | No | No | No |
| 20a | Fully discretionary, partially discretionary or mandatory (in terms of timing) | Mandatory | Mandatory | Mandatory | Mandatory |
| 20b | Fully discretionary, partially discretionary or mandatory (in terms of amount) | Mandatory | Mandatory | Mandatory | Mandatory |
| 21 | Existence of step-up or other incentive to redeem | NA | NA | NA | NA |
| 22 | Cumulative or non-cumulative | NA | NA | NA | NA |
| 23 | Convertible or non-convertible | Non-convertible | Non-convertible | Non-convertible | Non-convertible |
| 24 | If convertible, conversion trigger(s) | NA | NA | NA | NA |
| 25 | If convertible, fully or partially | NA | NA | NA | NA |
| 26 | If convertible, conversion rate | NA | NA | NA | NA |
| 27 | If convertible, mandatory or optional conversion | NA | NA | NA | NA |
| 28 | If convertible, instrument type convertible into | NA | NA | NA | NA |
| 29 | If convertible, issuer of instrument it converts to | NA | NA | NA | NA |
| 30 | Write-down features | No | No | No | No |
| 31 | If write-down, write-down trigger(s) | NA | NA | NA | NA |
| 32 | If write-down, full or partial | NA | NA | NA | NA |
| 33 | If write-down, permanent or temporary | NA | NA | NA | NA |
| 34 | If temporary write-down, description of write-up mechanism | NA | NA | NA | NA |
| 35 | Position in subordination hierarchy in liquidation (instrument type immediately senior to instrument) | Non preferred senior debt | Non preferred senior debt | Non preferred senior debt | Non preferred senior debt |
| 36 | No-compliant transitioned features | No until 28 June 2025. Yes after this date. | No until 28 June 2025. Yes after this date. | No | No until 28 June 2025. Yes after this date. |
| 37 | If yes, non-compliant features | CRR article 63.n (issuance under non-member country law without bail-in clause) | CRR article 63.n (issuance under non-member country law without bail-in clause) | NA | CRR article 63.n (issuance under non-member country law without bail-in clause) |

| | | 29 | 30 | 31 | 32 |
|---|---|---|---|---|---|
| 1 | Issuer | BNP Paribas SA | BNP Paribas SA | BNP Paribas SA | BNP Paribas SA |
| 2 | ISIN | XS1470601656 | XS1485725854 | 144a: US05581KAC53<br>RegS : US05581LAC37 | XS1598060223 |
| 3 | Governing law(s) of the instrument | English<br>French (status of the Notes) | English<br>French (status of the Notes) | New York State<br>French (status of the Notes) | English<br>French (status of the Notes) |
| 3bis | Contractual bail-in clause by resolution authorities | No | No | Yes | Yes |
| | **Regulatory capital treatment** | | | | |
| 4 | Transitional CRR rules | T2 | T2 | T2 | T2 |
| 5 | Post-transitional CRR rules | Ineligible from 29 june 2025 | Ineligible from 29 june 2025 | T2 | T2 |
| 6 | Eligible at solo/(sub-) consolidated/solo & (sub-) consolidated | Consolidated | Consolidated | Consolidated | Consolidated |
| 7 | Instrument type (types to be specified for each jurisdiction) | - Dated subordinated notes<br>- CRR Art. 62, 63 | - Dated subordinated notes<br>- CRR Art. 62, 63 | - Dated subordinated notes<br>- CRR Art. 62, 63 | - Dated subordinated notes<br>- CRR Art. 62, 63 |
| 8 | Amount recognised in regulatory capital (currency in million, as of most recent reporting date) | 721 M EUR | 126 M EUR | 1 082 M EUR | 24 M EUR |
| 9 | Nominal value of instrument (in issuance currency) | 1 020 M EUR | 280 M AUD | 1 600 M USD | 5 000 M JPY |
| | Nominal value of instrument (in euros) | 1 020 M EUR | 171 M EUR | 1 466 M EUR | 32 M EUR |
| 9a | Issue price | 99% | 99% | 100% | 100% |
| 9b | Redemption price | 100% | 100% | 100% | 100% |
| 10 | Accounting classification | Amortised cost | Amortised cost | Amortised cost | Amortised cost |
| 11 | Original date of issuance | 11/08/2016 | 09/09/2016 | 13/03/2017 | 13/04/2017 |
| 12 | Undated or dated | Dated | Dated | Dated | Dated |
| 13 | Original maturity date | 11/01/2027 | 09/03/2027 | 13/03/2027 | 13/04/2027 |
| 14 | Issuer call subject to prior supervisory approval | No | No | No | No |
| 15 | Optional call date, contingent call dates and redemption amount | NA | NA | NA | NA |
| 16 | Subsequent call dates, if applicable | NA | NA | NA | NA |
| | **Dividends/coupons** | | | | |
| 17 | Fixed or floating dividend/coupon | Fixed | Fixed | Fixed | Fixed |
| 18 | Coupon rate and any related index | 2.25% | 4.625% | 4.625% | 1.252% |
| 19 | Existence of a dividend stopper | No | No | Non | No |
| 20a | Fully discretionary, partially discretionary or mandatory (in terms of timing) | Mandatory | Mandatory | Mandatory | Mandatory |
| 20b | Fully discretionary, partially discretionary or mandatory (in terms of amount) | Mandatory | Mandatory | Mandatory | Mandatory |
| 21 | Existence of step-up or other incentive to redeem | NA | NA | NA | NA |
| 22 | Cumulative or non-cumulative | NA | NA | NA | NA |
| 23 | Convertible or non-convertible | Non-convertible | Non-convertible | Non-convertible | Non-convertible |
| 24 | If convertible, conversion trigger(s) | NA | NA | NA | NA |
| 25 | If convertible, fully or partially | NA | NA | NA | NA |
| 26 | If convertible, conversion rate | NA | NA | NA | NA |
| 27 | If convertible, mandatory or optional conversion | NA | NA | NA | NA |
| 28 | If convertible, instrument type convertible into | NA | NA | NA | NA |
| 29 | If convertible, issuer of instrument it converts to | NA | NA | NA | NA |
| 30 | Write-down features | No | No | Non | No |
| 31 | If write-down, write-down trigger(s) | NA | NA | NA | NA |
| 32 | If write-down, full or partial | NA | NA | NA | NA |
| 33 | If write-down, permanent or temporary | NA | NA | NA | NA |
| 34 | If temporary write-down, description of write-up mechanism | NA | NA | NA | NA |
| 35 | Position in subordination hierarchy in liquidation (instrument type immediately senior to instrument) | Non preferred senior debt | Non preferred senior debt | Non preferred senior debt | Non preferred senior debt |
| 36 | No-compliant transitioned features | No until 28 June 2025. Yes after this date. | No until 28 June 2025. Yes after this date. | No | No |
| 37 | If yes, non-compliant features | CRR article 63.n (issuance under non-member country law without bail-in clause) | CRR article 63.n (issuance under non-member country law without bail-in clause) | NA | NA |

| | | 33 | 34 | 35 | 36 |
|---|---|---|---|---|---|
| 1 | Issuer | BNP Paribas SA | BNP Paribas SA | BNP Paribas SA | BNP Paribas SA |
| 2 | ISIN | XS1628782390 | 144a: US09659T2A84<br>RegS : US09660V2A05 | XS1892382158 | XS1894622635 |
| 3 | Governing law(s) of the instrument | English<br>French (status of the Notes) | New York State<br>French (status of the Notes) | English<br>French (status of the Notes) | English<br>French (status of the Notes) |
| 3bis | Contractual bail-in clause by resolution authorities | Yes | Yes | Yes | Yes |
| | **Regulatory capital treatment** | | | | |
| 4 | Transitional CRR rules | T2 | T2 | T2 | T2 |
| 5 | Post-transitional CRR rules | T2 | T2 | T2 | T2 |
| 6 | Eligible at solo/(sub-) consolidated/solo & (sub-) consolidated | Consolidated | Consolidated | Consolidated | Consolidated |
| 7 | Instrument type (types to be specified for each jurisdiction) | - Dated subordinated notes<br>- CRR Art. 62, 63 | - Dated subordinated notes<br>- CRR Art. 62, 63 | - Dated subordinated notes<br>- CRR Art. 62, 63 | - Dated subordinated notes<br>- CRR Art. 62, 63 |
| 8 | Amount recognised in regulatory capital (currency in million, as of most recent reporting date) | 20 M EUR | 1 146 M EUR | 168 M EUR | 57 M EUR |
| 9 | Nominal value of instrument (in issuance currency) | 3 200 M JPY | 1 250 M AUD | 275 M AUD | 9 000 M JPY |
| | Nominal value of instrument (in euros) | 20 M EUR | 1 146 M EUR | 168 M EUR | 57 M EUR |
| 9a | Issue price | 100% | 100% | 99% | 100% |
| 9b | Redemption price | 100% | 100% | 100% | 100% |
| 10 | Accounting classification | Amortised cost | Amortised cost | Amortised cost | Amortised cost |
| 11 | Original date of issuance | 12/06/2017 | 01/03/2018 | 12/10/2018 | 18/10/2018 |
| 12 | Undated or dated | Dated | Dated | Dated | Dated |
| 13 | Original maturity date | 12/06/2029 | 01/03/2033 | 12/10/2033 | 18/10/2028 |
| 14 | Issuer call subject to prior supervisory approval | Yes | Yes | Yes | Yes |
| 15 | Optional call date, contingent call dates and redemption amount | 12/06/2024 | 01/03/2028 | 12/10/2028 | 18/10/2023 |
| 16 | Subsequent call dates, if applicable | Every 6 months | NA | NA | Every 6 months |
| | **Dividends/coupons** | | | | |
| 17 | Fixed or floating dividend/coupon | Fixed to floating | Fixed (resettable) | Fixed (resettable) | Fixed to floating |
| 18 | Coupon rate and any related index | 0.813% and then TONAR + 0.687447% | 4.375%;<br>revisable at 1st call: USD 5-year mid-swap +1.483% | 4.875% and then: AUD 5-year mid-swap +2.21% | 1.104% and then TONAR + 0.971336% |
| 19 | Existence of a dividend stopper | No | No | No | No |
| 20a | Fully discretionary, partially discretionary or mandatory (in terms of timing) | Mandatory | Mandatory | Mandatory | Mandatory |
| 20b | Fully discretionary, partially discretionary or mandatory (in terms of amount) | Mandatory | Mandatory | Mandatory | Mandatory |
| 21 | Existence of step-up or other incentive to redeem | No | No | No | No |
| 22 | Cumulative or non-cumulative | NA | NA | NA | NA |
| 23 | Convertible or non-convertible | Non-convertible | Non-convertible | Non-convertible | Non-convertible |
| 24 | If convertible, conversion trigger(s) | NA | NA | NA | NA |
| 25 | If convertible, fully or partially | NA | NA | NA | NA |
| 26 | If convertible, conversion rate | NA | NA | NA | NA |
| 27 | If convertible, mandatory or optional conversion | NA | NA | NA | NA |
| 28 | If convertible, instrument type convertible into | NA | NA | NA | NA |
| 29 | If convertible, issuer of instrument it converts to | NA | NA | NA | NA |
| 30 | Write-down features | No | No | No | No |
| 31 | If write-down, write-down trigger(s) | NA | NA | NA | NA |
| 32 | If write-down, full or partial | NA | NA | NA | NA |
| 33 | If write-down, permanent or temporary | NA | NA | NA | NA |
| 34 | If temporary write-down, description of write-up mechanism | NA | NA | NA | NA |
| 35 | Position in subordination hierarchy in liquidation (instrument type immediately senior to instrument) | Non preferred senior debt | Non preferred senior debt | Non preferred senior debt | Non preferred senior debt |
| 36 | No-compliant transitioned features | No | No | No | No |
| 37 | If yes, non-compliant features | NA | NA | NA | NA |

| | | 37 | 38 | 39 | 40 |
|---|---|---|---|---|---|
| 1 | Issuer | BNP Paribas SA | BNP Paribas SA | BNP Paribas SA | BNP Paribas SA |
| 2 | ISIN | FR0013381704 | XS1937699939 | FR0013431277 | FR0013448180 |
| 3 | Governing law(s) of the instrument | French (including the status of the Notes) | English<br>French (status of the Notes) | French | French |
| 3bis | Contractual bail-in clause by resolution authorities | N/A - EU regulation - FR | Yes | N/A - EU regulation - FR | N/A - EU regulation - FR |
| | **Regulatory capital treatment** | | | | |
| 4 | Transitional CRR rules | T2 | T2 | T2 | T2 |
| 5 | Post-transitional CRR rules | T2 | T2 | T2 | T2 |
| 6 | Eligible at solo/(sub-) consolidated/solo & (sub-) consolidated | Consolidated | Consolidated | Consolidated | Consolidated |
| 7 | Instrument type (types to be specified for each jurisdiction) | - Dated subordinated notes<br>- CRR Art. 62, 63 | - Dated subordinated notes<br>- CRR Art. 62, 63 | - Dated subordinated notes<br>- CRR Art. 62, 63 | - Dated subordinated notes<br>- CRR Art. 62, 63 |
| 8 | Amount recognised in regulatory capital (currency in million, as of most recent reporting date) | 500 M EUR | 169 M EUR | 1 108 M EUR | 54 M EUR |
| 9 | Nominal value of instrument (in issuance currency) | 500 M EUR | 250 M SGD | 1 108 M EUR | 8 500 M JPY |
| | Nominal value of instrument (in euros) | 500 M EUR | 169 M EUR | 1 108 M EUR | 54 M EUR |
| 9a | Issue price | 99% | 100% | 100% | 100% |
| 9b | Redemption price | 100% | 100% | 100% | 100% |
| 10 | Accounting classification | Amortised cost | Amortised cost | Amortised cost | Amortised cost |
| 11 | Original date of issuance | 20/11/2018 | 22/01/2019 | 02/07/2019 | 25/09/2019 |
| 12 | Undated or dated | Dated | Dated | Dated | Dated |
| 13 | Original maturity date | 20/11/2030 | 22/01/2029 | 02/07/2031 | 25/09/2034 |
| 14 | Issuer call subject to prior supervisory approval | Yes | Yes | No | Yes |
| 15 | Optional call date, contingent call dates and redemption amount | 20/11/2025 | 22/01/2024 | NA | 25/09/2029 |
| 16 | Subsequent call dates, if applicable | NA | NA | NA | For each interest rate payment date |
| | **Dividends/coupons** | | | | |
| 17 | Fixed or floating dividend/coupon | Fixed (resettable) | Fixed (resettable) | Fixed | Fixed to floating |
| 18 | Coupon rate and any related index | 2.375% and then: EUR 5-year mid-swap +1.85% | 4.35%;<br>revisable at 1st call: SGD 5-year mid-swap +2.385% | 1.625% | 1.058% and then TONAR + 1.072725% |
| 19 | Existence of a dividend stopper | No | No | No | No |
| 20a | Fully discretionary, partially discretionary or mandatory (in terms of timing) | Mandatory | Mandatory | Mandatory | Mandatory |
| 20b | Fully discretionary, partially discretionary or mandatory (in terms of amount) | Mandatory | Mandatory | Mandatory | Mandatory |
| 21 | Existence of step-up or other incentive to redeem | No | No | No | No |
| 22 | Cumulative or non-cumulative | NA | NA | NA | NA |
| 23 | Convertible or non-convertible | Non-convertible | Non-convertible | Non-convertible | Non-convertible |
| 24 | If convertible, conversion trigger(s) | NA | NA | NA | NA |
| 25 | If convertible, fully or partially | NA | NA | NA | NA |
| 26 | If convertible, conversion rate | NA | NA | NA | NA |
| 27 | If convertible, mandatory or optional conversion | NA | NA | NA | NA |
| 28 | If convertible, instrument type convertible into | NA | NA | NA | NA |
| 29 | If convertible, issuer of instrument it converts to | NA | NA | NA | NA |
| 30 | Write-down features | No | No | No | No |
| 31 | If write-down, write-down trigger(s) | NA | NA | NA | NA |
| 32 | If write-down, full or partial | NA | NA | NA | NA |
| 33 | If write-down, permanent or temporary | NA | NA | NA | NA |
| 34 | If temporary write-down, description of write-up mechanism | NA | NA | NA | NA |
| 35 | Position in subordination hierarchy in liquidation (instrument type immediately senior to instrument) | Non preferred senior debt | Non preferred senior debt | Non preferred senior debt | Non preferred senior debt |
| 36 | No-compliant transitioned features | No | No | No | No |
| 37 | If yes, non-compliant features | NA | NA | NA | NA |

| | | 41 | 42 | 43 | 44 |
|---|---|---|---|---|---|
| 1 | Issuer | BNP Paribas SA | BNP Paribas SA | BNP Paribas SA | BNP Paribas SA |
| 2 | ISIN | FR0013476611 | 144a: US09659T2B67<br>RegS : US09660V2B87 | 144a: US09659T2C41<br>RegS : US09660V2C60 | FR0014003N10 |
| 3 | Governing law(s) of the instrument | French | New York State<br>French (status of the Notes) | New York State<br>French (status of the Notes) | French |
| 3bis | Contractual bail-in clause by resolution authorities | N/A - EU regulation - FR | Yes | Yes | N/A - EU regulation - FR |
| | **Regulatory capital treatment** | | | | |
| 4 | Transitional CRR rules | T2 | T2 | T2 | T2 |
| 5 | Post-transitional CRR rules | T2 | T2 | T2 | T2 |
| 6 | Eligible at solo/(sub-) consolidated/solo & (sub-) consolidated | Consolidated | Consolidated | Consolidated | Consolidated |
| 7 | Instrument type (types to be specified for each jurisdiction) | - Dated subordinated notes<br>- CRR Art. 62, 63 | - Dated subordinated notes<br>- CRR Art. 62, 63 | - Dated subordinated notes<br>- CRR Art. 62, 63 | - Dated subordinated notes<br>- CRR Art. 62, 63 |
| 8 | Amount recognised in regulatory capital (currency in million, as of most recent reporting date) | 1 000 M EUR | 1 375 M EUR | 1 146 M EUR | 1 163 M EUR |
| 9 | Nominal value of instrument (in issuance currency) | 1 000 M EUR | 1 500 M USD | 1 250 M USD | 1 000 M GBP |
| | Nominal value of instrument (in euros) | 1 000 M EUR | 1 375 M EUR | 1 146 M EUR | 1 163 M EUR |
| 9a | Issue price | 100% | 100% | 100% | 100% |
| 9b | Redemption price | 100% | 100% | 100,00% | 100% |
| 10 | Accounting classification | Amortised cost | Amortised cost | Amortised cost | Amortised cost |
| 11 | Original date of issuance | 15/01/2020 | 12/08/2020 | 26/01/2021 | 24/05/2021 |
| 12 | Undated or dated | Dated | Dated | Dated | Dated |
| 13 | Original maturity date | 15/01/2032 | 12/08/2035 | 26/01/2041 | 24/05/2031 |
| 14 | Issuer call subject to prior supervisory approval | Yes | Yes | No | Yes |
| 15 | Optional call date, contingent call dates and redemption amount | 15/01/2027 | 12/08/2030 | NA | 24/05/2026 |
| 16 | Subsequent call dates, if applicable | NA | NA | Every 5 years after the first call | NA |
| | **Dividends/coupons** | | | | |
| 17 | Fixed or floating dividend/coupon | Fixed (resettable) | Fixed (resettable) | Fixed | Fixed (resettable) |
| 18 | Coupon rate and any related index | 1.125% and then: EUR 5-year mid-swap +1.20% | 2.588%; revisable at 1st call: CMT rate + 2.050% | 2.824% | 2% then UKT+1.65% |
| 19 | Existence of a dividend stopper | No | No | No | No |
| 20a | Fully discretionary, partially discretionary or mandatory (in terms of timing) | Mandatory | Mandatory | Mandatory | Mandatory |
| 20b | Fully discretionary, partially discretionary or mandatory (in terms of amount) | Mandatory | Mandatory | Mandatory | Mandatory |
| 21 | Existence of step-up or other incentive to redeem | No | No | No | No |
| 22 | Cumulative or non-cumulative | NA | Cumulative | NA | NA |
| 23 | Convertible or non-convertible | Non-convertible | Non-convertible | Non-convertible | Non-convertible |
| 24 | If convertible, conversion trigger(s) | NA | NA | NA | NA |
| 25 | If convertible, fully or partially | NA | NA | NA | NA |
| 26 | If convertible, conversion rate | NA | NA | NA | NA |
| 27 | If convertible, mandatory or optional conversion | NA | NA | NA | NA |
| 28 | If convertible, instrument type convertible into | NA | NA | NA | NA |
| 29 | If convertible, issuer of instrument it converts to | NA | NA | NA | NA |
| 30 | Write-down features | No | No | No | No |
| 31 | If write-down, write-down trigger(s) | NA | NA | NA | NA |
| 32 | If write-down, full or partial | NA | NA | NA | NA |
| 33 | If write-down, permanent or temporary | NA | NA | NA | NA |
| 34 | If temporary write-down, description of write-up mechanism | NA | NA | NA | NA |
| 35 | Position in subordination hierarchy in liquidation (instrument type immediately senior to instrument) | Non preferred senior debt | Non preferred senior debt | Non preferred senior debt | Non preferred senior debt |
| 36 | No-compliant transitioned features | No | No | No | No |
| 37 | If yes, non-compliant features | NA | NA | NA | NA |

| | | 45 | 46 | 47 | 48 |
|---|---|---|---|---|---|
| 1 | Issuer | BNP Paribas SA | BNP Paribas SA | BNP Paribas SA | BNP Paribas SA |
| 2 | ISIN | FR0014003XD4 | FR0014004792 | FR00140057U9 | FR00140070V0 |
| 3 | Governing law(s) of the instrument | French | French | French | French |
| 3bis | Contractual bail-in clause by resolution authorities | N/A - EU regulation - FR | N/A - EU regulation - FR | N/A - EU regulation - FR | N/A - EU regulation - FR |
| | **Regulatory capital treatment** | | | | |
| 4 | Transitional CRR rules | T2 | T2 | T2 | T2 |
| 5 | Post-transitional CRR rules | T2 | T2 | T2 | T2 |
| 6 | Eligible at solo/(sub-) consolidated/solo & (sub-) consolidated | Consolidated | Consolidated | Consolidated | Consolidated |
| 7 | Instrument type (types to be specified for each jurisdiction) | - Dated subordinated notes<br>- CRR Art. 62, 63 | - Dated subordinated notes<br>- CRR Art. 62, 63 | - Dated subordinated notes<br>- CRR Art. 62, 63 | - Dated subordinated notes<br>- CRR Art. 62, 63 |
| 8 | Amount recognised in regulatory capital (currency in million, as of most recent reporting date) | 153 M EUR | 73 M EUR | 998 M EUR | 286 M EUR |
| 9 | Nominal value of instrument (in issuance currency) | 250 M AUD | 11 500 M JPY | 1 000 M EUR | 2 264 M CNH |
| | Nominal value of instrument (in euros) | 153 M EUR | 73 M EUR | 1 000 M EUR | 286 M EUR |
| 9a | Issue price | 100% | 100% | 100% | 100% |
| 9b | Redemption price | 100% | 100% | 100% | 100% |
| 10 | Accounting classification | Amortised cost | Amortised cost | Amortised cost | Amortised cost |
| 11 | Original date of issuance | 11/06/2021 | 24/06/2021 | 31/08/2021 | 14/12/2021 |
| 12 | Undated or dated | Dated | Dated | Dated | Dated |
| 13 | Original maturity date | 11/12/2031 | 24/06/2031 | 31/08/2033 | 14/12/2031 |
| 14 | Issuer call subject to prior supervisory approval | Yes | Yes | Yes | Yes |
| 15 | Optional call date, contingent call dates and redemption amount | 11/12/2026 | 24/06/2026 | 31/08/2028 | 14/12/2026 |
| 16 | Subsequent call dates, if applicable | NA | NA | N/A | N/A |
| | **Dividends/coupons** | | | | |
| 17 | Fixed or floating dividend/coupon | Fixed (resettable) | Fixed (resettable) | Fixed (resettable) | Fixed (resettable) |
| 18 | Coupon rate and any related index | 3m BBSW+1.55% | 0.9% and then JGB+1.00% | 0.875%, and then at reset date EUR 5-Year Mid-Swap Rate + 1.17% p.a. | 3.90%, and then at reset date, CGB+1.20% |
| 19 | Existence of a dividend stopper | No | No | No | No |
| 20a | Fully discretionary, partially discretionary or mandatory (in terms of timing) | Mandatory | Mandatory | Mandatory | Mandatory |
| 20b | Fully discretionary, partially discretionary or mandatory (in terms of amount) | Mandatory | Mandatory | Mandatory | Mandatory |
| 21 | Existence of step-up or other incentive to redeem | No | No | No | No |
| 22 | Cumulative or non-cumulative | NA | NA | NA | NA |
| 23 | Convertible or non-convertible | Non-convertible | Non-convertible | Non-convertible | Non-convertible |
| 24 | If convertible, conversion trigger(s) | NA | NA | NA | NA |
| 25 | If convertible, fully or partially | NA | NA | NA | NA |
| 26 | If convertible, conversion rate | NA | NA | NA | NA |
| 27 | If convertible, mandatory or optional conversion | NA | NA | NA | NA |
| 28 | If convertible, instrument type convertible into | NA | NA | NA | NA |
| 29 | If convertible, issuer of instrument it converts to | NA | NA | NA | NA |
| 30 | Write-down features | No | No | Non | Non |
| 31 | If write-down, write-down trigger(s) | NA | NA | NA | NA |
| 32 | If write-down, full or partial | NA | NA | NA | NA |
| 33 | If write-down, permanent or temporary | NA | NA | NA | NA |
| 34 | If temporary write-down, description of write-up mechanism | NA | NA | NA | NA |
| 35 | Position in subordination hierarchy in liquidation (instrument type immediately senior to instrument) | Non preferred senior debt | Non preferred senior debt | Non preferred senior debt | Non preferred senior debt |
| 36 | No-compliant transitioned features | No | No | No | No |
| 37 | If yes, non-compliant features | NA | NA | NA | NA |

| | | 49 | 50 | 51 | 52 |
|---|---|---|---|---|---|
| 1 | Issuer | BNP Paribas SA | BNP Paribas SA | BNP Paribas SA | BNP Paribas SA |
| 2 | ISIN | FR0014008JF7 | FR0014009HA0 | FR001400BLE6 | Other T2 < 5 M EUR nominal value |
| 3 | Governing law(s) of the instrument | French | French | French | |
| 3bis | Contractual bail-in clause by resolution authorities | N/A - EU regulation - FR | N/A - EU regulation - FR | N/A - EU regulation - FR | |
| | **Regulatory capital treatment** | | | | |
| 4 | Transitional CRR rules | T2 | T2 | T2 | T2 |
| 5 | Post-transitional CRR rules | T2 | T2 | T2 | T2 |
| 6 | Eligible at solo/(sub-) consolidated/solo & (sub-) consolidated | Consolidated | Consolidated | Consolidated | Consolidated |
| 7 | Instrument type (types to be specified for each jurisdiction) | - Dated subordinated notes - CRR Art. 62, 63 | - Dated subordinated notes - CRR Art. 62, 63 | - Dated subordinated notes - CRR Art. 62, 63 | - Dated subordinated notes - CRR Art. 62, 63 |
| 8 | Amount recognised in regulatory capital (currency in million, as of most recent reporting date) | 236 M EUR | 1 498 M EUR | 203 M EUR | 11 M EUR |
| 9 | Nominal value of instrument (in issuance currency) | 350 M SGD | 1 500 M EUR | 300 M SGD | 18 M EUR |
| | Nominal value of instrument (in euros) | 236 M EUR | 1 500 M EUR | 203 M EUR | 18 M EUR |
| 9a | Issue price | 100,00% | 99,93% | 100,00% | |
| 9b | Redemption price | 100,00% | 100,00% | 100,00% | 100% |
| 10 | Accounting classification | Amortised cost | Amortised cost | Amortised cost | Amortised cost |
| 11 | Original date of issuance | 22/02/2022 | 31/03/2022 | 12/07/2022 | |
| 12 | Undated or dated | Dated | Dated | Dated | |
| 13 | Original maturity date | 22/02/2032 | 31/03/2032 | 12/07/2032 | |
| 14 | Issuer call subject to prior supervisory approval | Yes | Yes | Yes | |
| 15 | Optional call date, contingent call dates and redemption amount | 22/02/2027 | 31/03/2027 | 12/07/2027 | |
| 16 | Subsequent call dates, if applicable | N/A | N/A | N/A | |
| | **Dividends/coupons** | | | | |
| 17 | Fixed or floating dividend/coupon | Fixed (resettable) | Fixed (resettable) | Fixed (resettable) | |
| 18 | Coupon rate and any related index | 3.125% and then at the reset date: 5Y SORA-OIS+1.398% | 2.50% and then at the reset date : EUR 5-Year Mid-Swap Rate + 1,60% p.a. | 5.25% and then at the reset date: 5Y SORA-OIS+2.683% | |
| 19 | Existence of a dividend stopper | No | No | No | |
| 20a | Fully discretionary, partially discretionary or mandatory (in terms of timing) | Mandatory | Mandatory | Mandatory | |
| 20b | Fully discretionary, partially discretionary or mandatory (in terms of amount) | Mandatory | Mandatory | Mandatory | |
| 21 | Existence of step-up or other incentive to redeem | No | No | No | |
| 22 | Cumulative or non-cumulative | NA | NA | NA | NA |
| 23 | Convertible or non-convertible | Non-convertible | Non-convertible | Non-convertible | |
| 24 | If convertible, conversion trigger(s) | NA | NA | NA | |
| 25 | If convertible, fully or partially | NA | NA | NA | |
| 26 | If convertible, conversion rate | NA | NA | NA | |
| 27 | If convertible, mandatory or optional conversion | NA | NA | NA | |
| 28 | If convertible, instrument type convertible into | NA | NA | NA | |
| 29 | If convertible, issuer of instrument it converts to | NA | NA | NA | |
| 30 | Write-down features | No | No | No | No |
| 31 | If write-down, write-down trigger(s) | NA | NA | NA | NA |
| 32 | If write-down, full or partial | NA | NA | NA | NA |
| 33 | If write-down, permanent or temporary | NA | NA | NA | NA |
| 34 | If temporary write-down, description of write-up mechanism | NA | NA | NA | NA |
| 35 | Position in subordination hierarchy in liquidation (instrument type immediately senior to instrument) | Non preferred senior debt | Non preferred senior debt | Non preferred senior debt | Non preferred senior debt |
| 36 | No-compliant transitioned features | No | No | No | No |
| 37 | If yes, non-compliant features | NA | NA | NA | NA |

| | | 53 | 54 | 55 |
|---|---|---|---|---|
| 1 | Issuer | BGL BNP Paribas | BMCI | BNP Paribas SA |
| 2 | ISIN | XS0221500068 | MA0000093783 | Private placements |
| 3 | Governing law(s) of the instrument | Luxembourg | Morrocan (status of the Notes) | N/A |
| 3bis | Contractual bail-in clause by resolution authorities | N/A - EU regulation - Lux | No | N/A |
| | **Regulatory capital treatment** | | | |
| 4 | Transitional CRR rules | T2 | T2 | T2 |
| 5 | Post-transitional CRR rules | T2 | Ineligible from 29 June 2025 | T2 |
| 6 | Eligible at solo/(sub-) consolidated/solo & (sub-) consolidated | Solo/ Consolidated | Solo/ Consolidated | Consolidated |
| 7 | Instrument type (types to be specified for each jurisdiction) | - Dated subordinated notes<br>- CRR Art. 62, 63 | - Dated subordinated notes<br>- CRR Art. 62, 63 | - Dated subordinated notes<br>- CRR Art. 62, 63 |
| 8 | Amount recognised in regulatory capital (currency in million, as of most recent reporting date) | 20 M EUR | 93 M EUR | 1 947 M EUR |
| 9 | Nominal value of instrument (in issuance currency) | 20 M EUR | 1 000 M MAD | 2 182 M EUR |
| | Nominal value of instrument (in euros) | 20 M EUR | 93 M EUR | 2 182 M EUR |
| 9a | Issue price | 100% | 100% | N/A |
| 9b | Redemption price | 100% | 100% | N/A |
| 10 | Accounting classification | Fair value option | Amortised cost | N/A |
| 11 | Original date of issuance | 21/06/2005 | 24/09/2018 | N/A |
| 12 | Undated or dated | Dated | Dated | N/A |
| 13 | Original maturity date | 21/06/2035 | 24/09/2028 | N/A |
| 14 | Issuer call subject to prior supervisory approval | No | Yes | N/A |
| 15 | Optional call date, contingent call dates and redemption amount | NA | 24/09/2023 | N/A |
| 16 | Subsequent call dates, if applicable | NA | For each interest rate payment date | N/A |
| | **Dividends/coupons** | | | |
| 17 | Fixed or floating dividend/coupon | Floating | Annually resettable rate | N/A |
| 18 | Coupon rate and any related index | CMS linked | 52-weeks full rate determined in reference to the reference rates curve in the BDT secondary market+0.65% | N/A |
| 19 | Existence of a dividend stopper | No | No | N/A |
| 20a | Fully discretionary, partially discretionary or mandatory (in terms of timing) | Mandatory | Mandatory | N/A |
| 20b | Fully discretionary, partially discretionary or mandatory (in terms of amount) | Mandatory | Mandatory | N/A |
| 21 | Existence of step-up or other incentive to redeem | NA | No | N/A |
| 22 | Cumulative or non-cumulative | NA | NA | N/A |
| 23 | Convertible or non-convertible | Non-convertible | Non-convertible | N/A |
| 24 | If convertible, conversion trigger(s) | NA | NA | N/A |
| 25 | If convertible, fully or partially | NA | NA | N/A |
| 26 | If convertible, conversion rate | NA | NA | N/A |
| 27 | If convertible, mandatory or optional conversion | NA | NA | N/A |
| 28 | If convertible, instrument type convertible into | NA | NA | N/A |
| 29 | If convertible, issuer of instrument it converts to | NA | NA | N/A |
| 30 | Write-down features | No | No | N/A |
| 31 | If write-down, write-down trigger(s) | NA | NA | N/A |
| 32 | If write-down, full or partial | NA | NA | N/A |
| 33 | If write-down, permanent or temporary | NA | NA | N/A |
| 34 | If temporary write-down, description of write-up mechanism | NA | NA | N/A |
| 35 | Position in subordination hierarchy in liquidation (instrument type immediately senior to instrument) | Non preferred senior debt | Non preferred senior debt | Non preferred senior debt |
| 36 | No-compliant transitioned features | No | No until 28 June 2025. Yes after this date. | N/A |
| 37 | If yes, non-compliant features | NA | CRR article 63.n (issuance under non-member country law without bail-in clause) | N/A |