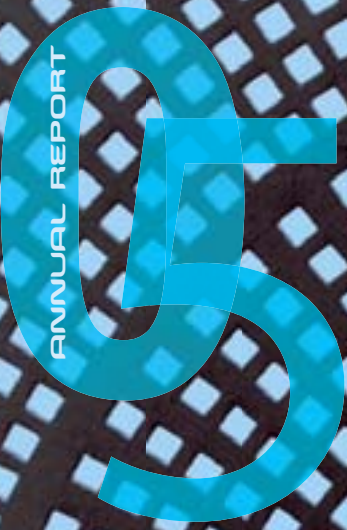


ANNUAL REPORT



The bank for a changing world



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Front cover photo: dome of the BNP Paribas Opéra branch in central Paris



BNP Paribas: In search of new experiences and exchanges

As an international Group offering a startling array of diversity, BNP Paribas shuns the trend towards artificial uniformity. Operating on five continents, it brings together complementary, but widely different businesses, and stands as the uniting force for its subsidiaries, which align their own identity with the groupwide corporate culture.

Our vigorous commitment to strong ethical and social values ensures that progress goes hand-in-hand with a respect for diversity. This corporate ethos has helped to make BNP Paribas the global success story we know today.

The Group's leadership has been bolstered by increased experience and knowledge-sharing across the employee spectrum. This impulse naturally forms the guiding thread to this year's annual report, in which we have showcased 20 examples taken from the everyday fabric of the Bank's operations.

Sharing experience to refresh our ways of thinking and identify best practices is the driving force behind the **Sharing Days** organised by the **Insurance business** (p.113). In a similar vein, the **WIN programme** seeks to bring together new graduate employees working in different businesses from across the four corners of the globe (p.53).

The blending of different cultures is also the hallmark of **Atelier BNP Paribas** (p.74), a subsidiary tasked with studying new developments in innovative technology. The unprecedented **in-branch recruitment drive** (p.86) also represents an essential experience-sharing initiative between the Bank's branches and its human capital.

There are some markets in which you cannot do business – let alone vie for leadership – unless you bring together a broad range of expertise, across several continents. This was certainly the case for the **wind power financing project in Gangwon, South Korea** (p.24) or the highly prestigious **Eutelsat deal** (p.12).

But the cross-fertilisation of skills and experiences sometimes exists within a single team: a **pilot of wide-bodied aircraft** (p.20), for example, is at home within the **Aviation Finance Group** in Singapore; an **advanced researcher in mathematics** forms part of the Bank's **Fixed Income teams** in London (p.18); while in Caen, a **graduate from an agricultural engineering school** puts his first-hand farming knowledge at the service of his banking career, with excellent results (p.31).

A company's development and success abroad depend on adapting to the cultural idiosyncrasies of each country. That lesson has not been lost on **Cardif Japan** (p.60), on **BancWest with Pacific Rim** (p.45), on **ECEP and its Islamic financing projects in the Middle East** (p.148), on **TEB**, which launched a **Turkish desk in Algeria** (p.106), or on **BICI-GUI**, which gave its backing to a **micro-lending project in Guinea** (p.48).

Being sensitive to difference and diversity means developing facilities that are accessible to disabled persons, such as **ATMs for the visually impaired** (p.36), as well as addressing issues of youth employment and social inclusion, as espoused by the **AFEV** (p.120) and the association **Fête le mur** (p.66).

KEY FIGURES

Number of Group employees

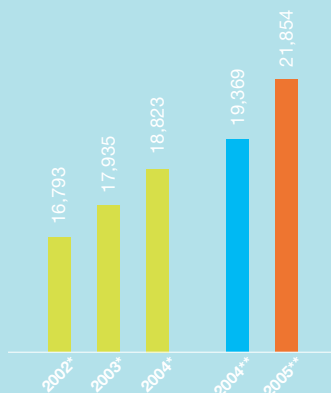
	2005	2004
World	109,780	99,433
Europe <small>(including overseas departments and territories)</small>	80,703	74,449

Long-term ratings, reaffirmed on February 2006

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

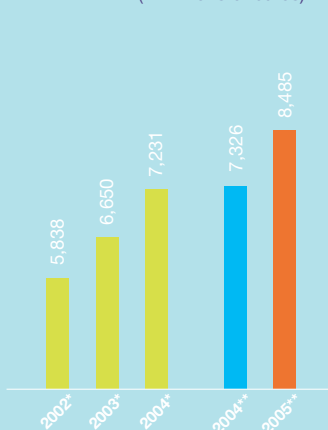
Net banking income

(in millions of euros)



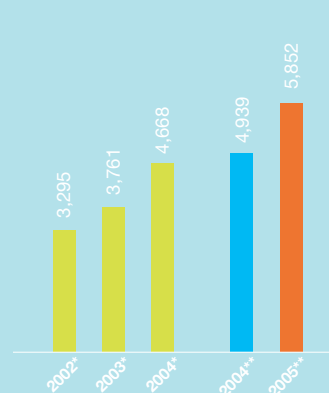
Gross income

(in millions of euros)



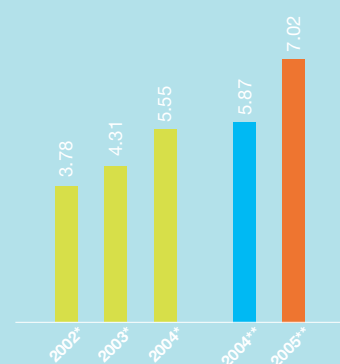
Net income, group share

(in millions of euros)



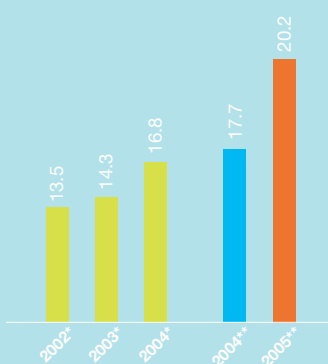
Earnings per share

(in euros)



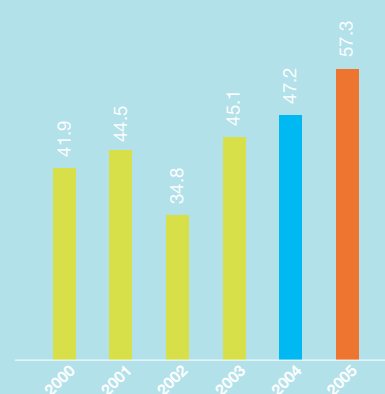
Return on equity

(in %)



Market capitalisation at 31 December

(in billions of euros)



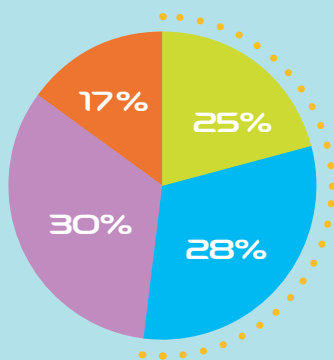
* Under French GAAP.

** Under IFRS.

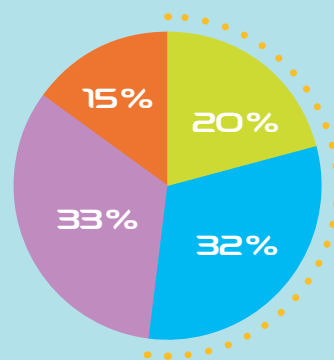
Source: Bloomberg.



Net banking income by core business
(in %)



Gross operating income by core businesses
(in %)



- Retail Banking
- French Retail Banking
- International Retail Banking and Financial Services
- Corporate Investment Banking
- Asset Management and Services

Results

(IFRS norms)
(in millions of euros)

	31 December 2005	1 January 2005
Total assets	1,258,079	1,002,503
Customer deposits	301,196	244,228
Customer loans (gross)	247,494	211,487
Shareholder's equity ⁽¹⁾	40,718	32,311
International capital adequacy ratio	11.0%	10.1%
<i>o/w Tier One</i>	7.6%	7.5%

(1) Before income appropriation

CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S STATEMENT

BNP Paribas enjoyed a bumper year of sustained expansion in 2005. Powered by strong growth dynamics, with net banking income surging 12.8% year-on-year, the Bank delivered its best performance since its creation in 2000.

Each of its core businesses contributed to these excellent results. French Retail Banking forged ahead with its drive to capture new individual customers and advance its market share, its pace of growth now outperforming most of its competitors in the French market. International Retail Banking and Financial Services was buoyed by a combination of organic growth and acquisitions, while Asset Management and Services reported record levels of net new money inflows. Corporate and Investment Banking posted a sharp rise in customer revenues and further strengthened its leading positions in the European and global markets in several of its businesses.

Over and above these robust growth figures, 2005 marks a new step in BNP Paribas' push to be a truly global player. The Group carried out 15 acquisitions in the year for a total of EUR 2 billion, including Commercial Federal Corporation and FundQuest in the United States, Nachenius, Tjeenk & Co in the Netherlands, TEB in Turkey, and UkrSibbank in Ukraine. It also took a 19.2% stake in Chinese-based NCCB.



Michel Pébereau
Chairman

Baudouin Prot
Chief Executive Officer

BNP PARIBAS AT A GLANCE

Robust growth in business

Net banking income:
EUR 21.9 billion, up 12.8%
Gross operating income:
EUR 8.5 billion, up 15.8%
Cost/income ratio:
61.2%, down 1.0 pt

Net income:
EUR 5,852 million, up 18.5%
ROE after tax:
20.2%, up 2.5 pts

Earnings per share:
EUR 7.02, up 19.6%
Dividend per share:
EUR 2.60, up 30%

These major acquisitions have enabled BNP Paribas to bolster its position in Europe and the United States, and gain an important foothold in rapid-growth markets. It has thereby established a solid platform for expansion in the coming years. After consolidation of our recent acquisitions, the majority of the Bank's workforce is now based outside France.

During the year we again demonstrated our ability to reconcile an entrepreneurial spirit with the highest standards of management, backed by a continuing tight rein on costs and stringent control of risks. Our investments in technology and human capital continued apace, with more than 7,500 new hires worldwide, including 3,500 in France. BNP Paribas is also committed to the highest ethical, compliance and corporate governance standards.

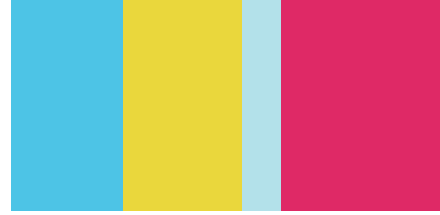
Expansion goes hand in hand with corporate responsibility. BNP Paribas and its employees took an active part in initiatives to help victims of the tsunami in Asia and hurricanes in the United States, while further stepping up their actions for the 2005 Téléthon. BNP Paribas was at the forefront of outreach projects designed to secure a better future for those from underprivileged neighbourhoods. We are also the first French bank to adapt our ATM network to the needs of the visually impaired.

BNP Paribas is a predominantly young Group: close to 40% of our employees have joined us in the last five years. In a complex and challenging world awash with opportunities, BNP Paribas has succeeded in remaining a highly attractive employer.

The large-scale acquisition of BNL in early-2006 makes perfect strategic sense. It gives BNP Paribas another dimension in providing it access to a second domestic market in Europe. BNL, in turn, is set to become a key component of the Group, enjoying a solid European base. Thanks to this ambitious move, and to the opportunities it unlocks, BNP Paribas looks sure to cement its position as a leading European player going forward, and is well placed to meet any challenges the future may hold.

T. Pellegrin *BNP*

EXECUTIVE COMMITTEE



Philippe
Bordenave

Head of Group
Development
and Finance

Jean-Laurent
Bonnafé

Head of French
Retail Banking

Alain
Papiasse

Head of Asset
Management
and Services

Bernard
Lemée

Head of Group
Human
Resources

Jacques
d'Estais

Head of Corporate
and Investment Banking



Georges
**Chodron
de Courcel**
Chief Operating
Officer

Baudouin
Prot
Chief Executive
Officer

Jean
Clamon
Chief Operating
Officer

Pierre
Mariani
Head of
International
Retail Banking
and Financial
Services

Hervé
Gouëzel
Head of Group
Information
Systems

Vivien
**Lévy-
Garboua**
Head of
Compliance and
Internal Control
Coordinator



Following the retirement of Philippe Blavier on 5 December 2005, Jacques d'Estais took over as Head of Corporate and Investment Banking on the Executive Committee.

THE BNL-BNP PARIBAS

a world-class player with an exceptionally strong European base

In the first half of 2006, BNP Paribas acquired the majority of the share capital of Banca Nazionale del Lavoro (BNL), Italy's sixth-largest bank. The link-up between BNL and BNP Paribas will result in a major global player, boosted by two domestic retail banking markets, in France and Italy. The businesses represent an excellent strategic fit and the transaction will unlock a great number of synergies between BNL's Italian operations and BNP Paribas' already-strong presence in Italy.

BNP PARIBAS, ONE OF THE LARGEST FOREIGN BANKING GROUPS IN ITALY, WITH 3,700 EMPLOYEES

A SOLIDLY ESTABLISHED LEADING POSITION IN SPECIALISED FINANCIAL SERVICES



Italy's leading provider of consumer credit



Leading provider of asset finance solutions



No.2 in the Italian market with more than 90,000 vehicles under management

A STRONG PRESENCE IN NEW INFLOWS AND ASSET MANAGEMENT



No.1 provider of borrowers' insurance

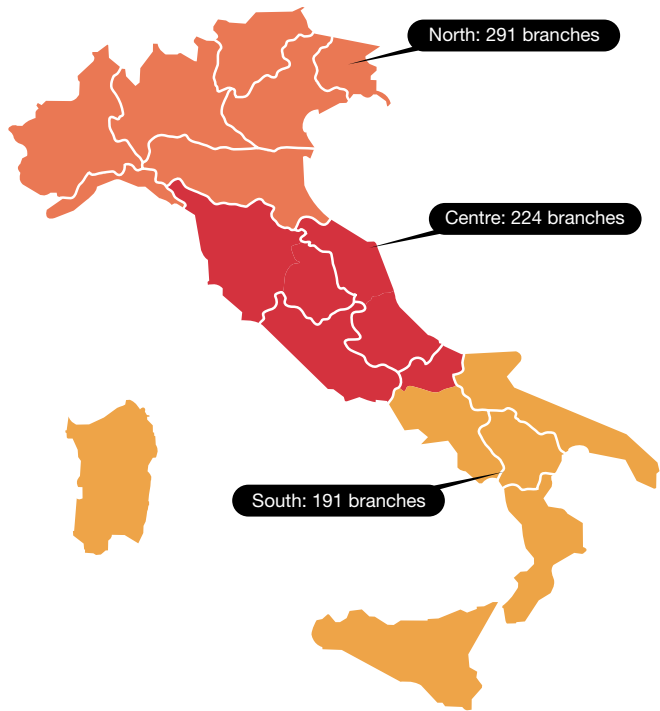


EUR 1.7 billion in assets under management



A TOP RANKING PLAYER IN CORPORATE AND INVESTMENT BANKING

- Present across the business spectrum, with 100 professionals based in Milan
- Activities geared towards large corporates and financial institutions
- Top-ranking positions in Financing and Fixed Income business. No.1 in Italy for securitisations
- A comprehensive range of structured products (BNP Paribas is world leader in export finance and equity derivatives)
- A strong presence in Corporate Finance
- Launch of a Mid-Caps business



BNL AT A GLANCE

BANCA NAZIONALE DEL LAVORO (BNL), ITALY'S 6TH-LARGEST BANK

- A strong domestic retail banking player: nearly 3 million clients (nearly 5% market share for loans and for deposits)
- A major player in private banking, asset management and insurance
- Specialised financial services: 2nd-largest Italian player in factoring, 5% market share in leasing, 3% in consumer loans
- A strong platform in corporate and government financing: nearly 39,000 business clients and 16,000 clients drawn from local government authorities
- No.1 in 2004 for the number of transactions in the "All Loans" category (*source: Dealogic*)



LUIGI ABETE, CHAIRMAN OF BNL, AND BAUDOQUIN PROT

CORPORATE AND INVESTMENT BANKING

In order to leverage its origination capabilities in the Corporate and Investment Banking market and thereby strengthen its European positioning, BNP Paribas is supported by an integrated group known as Coverage & Territories Europe (CTE). CTE is responsible for covering relationships with European companies and leading commercial operations in the territories concerned.

Outside Europe, the Coverage & Territories International (CTI) group covers relationships with companies in the Americas, the Asia-Pacific region, Africa and the Middle East, and leads operations in the corresponding Corporate and Investment Banking territories.

These sales teams market all of the products offered by the Group. CTE and CTI senior bankers and client relationship managers have an excellent understanding of their clients' financial and business strategies and day-to-day management concerns, making them the preferred partners of the Group's corporate and institutional clients. This understanding also enables them to effectively coordinate the activities of product specialists.

With a client base comprising some 8,000 corporates, the CTE and CTI groups enable the specific features of each market to be effectively factored in – particularly in terms of regional characteristics – with a focus on promoting revenue generation across all product lines.

Building on a global presence, the 70-strong Financial Institutions Group (FIG) team is responsible for managing BNP Paribas' relationships with major financial institutions, including banks, insurers, reinsurers, brokers and financial intermediaries, pension funds and asset managers, supranational organisations and central banks.

BNP Paribas has forged strong, personalised relationships with its 550 or so institutional clients, maintaining up-to-the-minute knowledge of their businesses and of the changes and needs of the banking sector. BNP Paribas has come to be viewed as a benchmark bank by its institutional clients.

ADVISORY AND CAPITAL MARKETS

■ CORPORATE FINANCE

Corporate Finance offers advisory services for mergers and acquisitions and primary equity market transactions. The M&A teams advise both buyers and targets and also offer advice on other strategic financial issues, such as privatisations. Primary market services include flotations, equity issues, secondary issue placements, and convertible/exchangeable bond issues.

Corporate Finance has adopted a matrix organisation designed to give clients access to the best combination of specialists in each product, industry and geographical area, while optimising resource management.

Corporate Finance employs some 330 professionals located throughout its worldwide network. Focused first and foremost on Europe and emerging countries, it is also present in North and South America and enjoys strong visibility in Asia via BNP Paribas Peregrine.

Ranked no.1 in France (*source: Thomson Financial*), BNP Paribas is among the ten foremost banks in Europe advising on mergers and acquisitions (*Thomson Financial* ranking based on transaction volumes announced in 2005). And in its 2005 Equity & Equity Linked ranking, *Dealogic Equityware* placed the Bank in the 9th spot for primary equity business in Europe.

■ EQUITIES AND DERIVATIVES

The Equities and Derivatives business encompasses research, structuring, trading and sales of Asian equities⁽¹⁾ and global equity derivatives, indexes and funds. Equities and Derivatives teams operate in secondary as well as primary markets, where they complement Corporate Finance's range of activities. The client portfolio includes financial institutions, companies and individuals.

In 2005, BNP Paribas remained on its ambitious growth track and strengthened its worldwide leadership in equities markets.

BNP Paribas garnered many significant awards:

- "House of the Year, Hybrids" from *Structured Products*;
- "Equity Derivatives House of the Year – Asia Pacific", from *The Banker* and *Global Finance*;
- "Derivatives House of the Year – Japan", from *Asia Risk*.

BNP Paribas was also recognised as having the best Equity Derivatives research unit in the Thomson Extel survey.

■ FIXED INCOME

Fixed Income's product expertise and distribution capabilities have positioned BNP Paribas among the Top 3 Fixed Income players in Europe, together with strong franchises in Asia, Japan and the USA.

The Group's comprehensive approach to developing solutions for its clients integrates global expertise in research, sales, trading, origination and distribution, comprising three product lines: Global Credit, Interest Rates Group and Foreign Exchange.

(1) In 2004, the Group sold its European equities brokerage business to Exane BNP Paribas.

The Bank is a recognised global house in the interest rate and credit derivatives markets, and is a leading player in global Forex. BNP Paribas' broad range of Fixed Income products is delivered through an accomplished sales and marketing platform. Further, the Bank has a comprehensive range of research products and services available for one-on-one client support and advice, as well as an extensive array of written reports through a variety of channels. In particular, the Bank's research methods are underpinned by pioneering quantitative techniques delivered by a group of world-class experts.

Following along the lines of recent years, the Bank continued to optimise its business structure in 2005 by fully integrating its sales and origination structure in Europe, as is the case in the USA, Japan and Asia.

Thanks to these coordinated efforts, clients are provided with a full array of tailor-made services on a global scale across a broad range of markets and currencies. With headquarters in London and five other main trading floors in Hong Kong, New York, Paris, Singapore and Tokyo, BNP Paribas Fixed Income employs more than 1,600 professionals around the world.

In 2005, the Bank consolidated and significantly improved its competitive rankings:

- for the second year in a row, investors surveyed in *Euromoney's* annual credit research poll ranked BNP Paribas no.1 for overall investment-grade credit research;
- in AFT's annual survey, investors voted BNP Paribas their leading fixed income securities dealer for the second year running.

The Fixed Income business line was named *Risk's* "Interest Rate Derivatives House of the Year 2006".

The *Thomson Financial* league table shows that the Group has the 10th-largest share of the market for underwriting bond issues, including the 3rd spot for all bonds in euros and the 5th spot for Asian local currency bonds.

FINANCING BUSINESSES

■ ENERGY COMMODITIES EXPORT PROJECT (ECEP)

By grouping together within one structure all of the Bank's expertise relating to energy, commodities, infrastructures, capital goods and asset financing, BNP Paribas has created an innovative structure that meets the full array of client needs and effectively leverages synergies between the various businesses.

Energy Commodities Export and Project (ECEP) conducts its business on a worldwide basis. It is organised around the following lines:

- financing of commodities trading, in all forms, an activity in which BNP Paribas is the global leader;

- structured commodities financing in emerging markets, which includes, in addition to export pre-financing, reserves financing and structured inventory financing;
- corporate loans for energy, metals and mining activities in industrialised countries;
- commodities derivatives brokerage on organised exchanges and over-the-counter transactions in New York, London and Singapore;
- export financing, with 15 export desks covering 28 public credit insurers, and some thirty correspondent banks in importer countries;
- project finance – especially in the energy and infrastructure sectors – with loans structured on the basis of cash flows;
- Global Trade Services, which offers a range of products and services, including e-banking and international guarantees, for import-export trading.
- asset financing, including structured leasing and marine and aircraft financing.

In 2005, BNP Paribas continued to stand out as one of the key worldwide players in these businesses and as the global market leader in commodities and energy financing. It was voted "Best Trade Finance Bank" by *Global Finance*, "no.1 Mandated Lead Arranger for Trade Finance Loans" by *Dealogic*, and "Best Trade Bank in Oil" by the *Trade and Forfeiting Review*. BNP Paribas is also a leader in project finance, and was recognised as the "Best Project Finance House of the Year" by *Euromoney*, and "World's Best Project Finance Oil & Gas Bank" by *Global Finance*. Its leadership in financing for distant export markets was also hailed by *Dealogic*, which placed BNP Paribas as "no.1 Mandated Lead Arranger" for all transactions guaranteed by export credit agencies, including in the aviation sector. BNP Paribas was also recognised as the leading non-US bank for Oil & Gas financing in the United States by *Loan Pricing Corporation* and as the "Aircraft Finance Innovator of the Year" by *Jane's Transport Finance* magazine.

■ STRUCTURED FINANCE

BNP Paribas' Structured Finance team designs and structures a broad range of complex and innovative financing arrangements, on a worldwide basis, including acquisition and LBO financing, syndicated loans, media and telecommunications financing, and real estate financing.

In 2005, BNP Paribas held 5th place as Bookrunner of syndicated loans worldwide and 3rd place as Bookrunner of syndicated loans in the Europe – Middle East – Africa region (*source: International Financial Review*). Also in 2005, BNP Paribas was ranked 5th Bookrunner of leveraged loans in Europe (*source: International Financial Review*).

In addition, the Structured Finance Division oversees the management of a complete range of classical banking transactions for the Bank's Corporate and Investment Banking arm.

ASSET MANAGEMENT AND

The Asset Management and Services core business comprises all of the Group's investor services businesses and leads the BNP Paribas asset gathering effort. One of the foremost players in Europe, AMS offers fund management and discretionary asset management services, backed by a range of high value-added investor services.

AMS leverages expertise in three main areas:

- Wealth and Asset Management, comprising Private Banking (BNP Paribas Banque Privée), Asset Management (BNP Paribas Asset Management), Cortal Consors on-line brokerage and personal investment services and real estate services (BNP Paribas Immobilier);
- Insurance (BNP Paribas Assurance);
- Securities Services for global companies and financial institutions (BNP Paribas Securities Services).

Through these six businesses, which count more than 16,000 employees in some 40 countries, AMS offers a comprehensive range of products and services to a broad investor clientele, including institutional clients, corporations and private individuals.

Each AMS business was a leader in its market in 2005.

WEALTH AND ASSET MANAGEMENT

■ PRIVATE BANKING

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

BNP Paribas Banque Privée is ranked no.1 in the French private banking market, with EUR 50 billion in assets under management and a network of more than 120 outlets nationwide. It ranks 3rd in western Europe, where it is fast broadening its reach in its domestic markets, and 7th in Asia (source: 2006 *Euromoney rankings*). At end-2005, BNP Paribas Banque Privée's overall client assets under management stood at more than EUR 117 billion.

■ ASSET MANAGEMENT

BNP Paribas Asset Management is a foremost asset manager in Europe, with EUR 274 billion of assets under management at the end of 2005⁽¹⁾. BNP Paribas Asset Management has 1,400 employees serving clients in 60 countries.

Its carefully targeted management skills, based on a multi-specialist approach, share a concern for excellence, sound and coherent investment processes and rigorous risk control.

BNP Paribas Asset Management is strongly committed to socially responsible investment (SRI).

Its specialised management teams work in the world's main financial centres: Paris – London – New York – Tokyo – Hong Kong.

BNP Paribas Asset Management is rated AM2+ by Fitch Ratings.

(1) Including assets advised of EUR 81 billion.

■ CORTAL CONSORS

Europe's leading personal investment management company and online broker, Cortal Consors offers clients its expertise and investor advisory experience through several distribution channels. It boasts a broad range of products including short-term investment solutions, mutual funds and life insurance policies, backed by leading-edge online brokerage technologies.

Cortal Consors has an operating presence in six European countries – Germany, France, Spain, Belgium, Luxembourg and Italy. At 31 December 2005, it had 1.08 million clients and EUR 27.7 billion worth of managed assets, breaking down as 33% in equities, 53% in savings products or mutual funds and 14% in cash.

■ REAL ESTATE SERVICES

With its 2,550 employees in eight European countries as well as in New York, BNP Paribas Immobilier has become continental Europe's leading provider of real estate services to companies (as stated by the English magazine *Estates Gazette*, 9 July 2005).

It offers a range of services that is unrivalled in Europe, thanks to the combination of subsidiaries operating in four key businesses:

- **Advisory services, valuations and transactions**
 - Commercial real estate, through Atisreal the market leader in France and Germany, among the Top 10 in the United Kingdom (source: *Estates Gazette*, 9 July 2005).
 - Individual housing, through Espaces Immobiliers BNP Paribas 26 sales outlets in France as at 31 December 2005.
- **Real Estate Investment Management**
 - BNP Paribas REIM
 - EUR 4.5 billion in assets under management
 - No. 3 property fund manager in France (source: *IEIF, Institut de l'Épargne Immobilière et Foncière*).
 - **Property management**
 - Commercial real estate: Comadim and Atisreal
 - 11 million sq.m. of office space managed in Europe.
 - Individual housing: Gérer and Les Studélites
 - 27,000 residential properties managed in France.
 - Les Studélites is one of the leading managers of student housing complexes.
 - **Property development**
 - Meunier
 - 3rd-largest property developer (source: "classement des Promoteurs", published by *Innovapresse* in June 2005).

INSURANCE

BNP Paribas Assurance designs and markets its products and services in 31 countries under two banners: BNP Paribas for products distributed by the BNP Paribas branch network in France and Cardiff for the other networks and retail partners in France and abroad.

With a view to stepping up its development, in October 2005 BNP Paribas merged its two life insurance companies, Cardiff Assurance Vie and Natio Vie. Cardiff Assurance Vie is now BNP Paribas' sole life insurance company in France.

SERVICES

- The savings business includes the sale of life insurance policies to private individuals in 11 countries. In France, it offers companies group products for pensions, end-of-career bonuses and early retirement benefits. It also proposes a broad array of mutual funds to private individuals, institutional investors and major corporations, via Cardif Asset Management.
- The protection business encompasses stand-alone policies as well as loan insurance in 28 countries. BNP Paribas Assurance also markets both standard and personalised group policies to large companies and SMEs.
- The property and casualty insurance business in France is provided through Natio Assurance, a company that is owned equally with AXA. The products offered cover a wide range of risks and include comprehensive home insurance, automobile insurance, educational insurance, travel insurance, and legal protection coverage.

BNP Paribas Assurance is the 4th-leading life insurer in France (source: FFSA) and ranks among the world's Top 3 loan insurers.

SECURITIES SERVICES

BNP Paribas Securities Services⁽¹⁾ is the leading European provider of securities services to companies, asset management companies and financial institutions. BNP Paribas Securities Services offers a comprehensive range of services that can be tailored to the specific needs of clients at every stage of the investment cycle:

- brokers are offered reliable solutions for settlement/delivery and global custody for all asset classes;
- institutional investors have access to the full array of fund administration services, including fund accounting, middle-office outsourcing, depobank and trustee services, fund distribution support, transfer agency services, performance measurement and attribution analysis;
- extensive issuer services are provided to companies for transaction structuring and shareholder relations management;
- additional solutions for securities and currency financing are offered and coordinated by specialist teams.

As at 31 December 2005, assets under custody totalled EUR 3,058 billion and 26.8 million transactions were settled in 2005.

BNP Paribas Securities Services is ranked no.1 among European custodians and 4th worldwide for cross-border assets (source: *Institutional Investor magazine*, September 2005). BNP Paribas Securities Services was voted "Global Securities House of the Year – Europe Region" by *The Banker* magazine. The range of awards won expanded in 2005 to take in fund administration, with the title of "Fund Administrator of the Year" given by *Funds Europe* magazine.

Over half of BNP Paribas Securities Services' operations are outside France. The business is present in all the main European financial centres – including Germany, Belgium, Spain, Greece, Ireland, Italy, Jersey, Luxembourg, the Netherlands, Portugal, Switzerland, the United Kingdom – as well as in Australia, New Zealand, Japan and the United States. The division also offers services in Turkey, where it operates through an agreement with Garanti Bank.

(1) BNP Paribas Securities Services includes all securities operations developed by the BNP Paribas Group through BNP Paribas Securities Services, BNP Paribas Fund Services, BNP Paribas Asset Servicing and BNP Paribas SA.

Klépierre

Klépierre is continental Europe's 2nd-leading listed property group specialised in shopping centres, with a market capitalisation of EUR 3.7 billion at 31 December 2005. Klépierre's property assets totalled EUR 7.4 billion at the year-end, of which over 87% relates to shopping centres located in 10 continental European countries and 13% to offices based in Paris. Over 40% of its business is conducted outside France.

Klépierre has adopted a unique management approach, structured around Ségécé⁽¹⁾, which manages 335 shopping centres – 231 of which belong to Klépierre – through a network of eight subsidiaries.

The Group has around 1,000 employees.

(1) 75%-owned subsidiary of Klépierre (also 15%-directly owned by BNP Paribas SA).

BNP Paribas Capital

BNP Paribas Capital manages the Group's proprietary portfolio of unlisted investments and manages or advises private equity funds on behalf of third parties.

Proprietary portfolios of unlisted investments

The portfolio's value is estimated at EUR 4.4 billion at 31 December 2005 and is split into four segments:

- directly-held investments (primarily minority interests) in manufacturing and sales companies, in France and abroad;
- non-banking strategic investments;
- investments in sponsored and unsponsored funds;
- joint-investments made simultaneously with funds or institutional investors.

In 2005, the main disposals concerned the investments in Eiffage and Carbone Lorraine. In terms of acquisitions, the Group took a 37% interest in Motier, the principal holding company of Galeries Lafayette and forged ahead with its investment program in private equity funds and joint investments with these funds.

Listed Investment and Sovereign Loan Management

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

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

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

FRENCH RETAIL BANKING (FRB)

French Retail Banking's client base is composed of 5.850 million individual and private banking clients, 500,000 entrepreneurs and small business clients, and 20,000 corporate and institutional clients⁽¹⁾. The division offers a comprehensive line-up of products and services, ranging from current account services to the most complex financial engineering services in the areas of corporate financing and asset management.

The network operated by the French Retail Banking Division has been reinforced with a view to enhancing local coverage and client service. At 31 December 2005, the network was made up of 2,200 branches and 3,860 automatic cash dispensers, in addition to a multi-channel banking structure. The division focuses on regions with high economic potential, and enjoys a 15% share of the greater Paris market (source: *BNP Paribas French Retail Banking market research, market share based on number of branches*). It also has a strong presence in the most attractive segments of the personal banking market – 22% of households with net annual revenues in excess of EUR 82,000 have their main bank account with BNP Paribas (source: *IPSOS*) – and a leading position in the corporate market.

The French Retail Banking Division employs 31,000 people working in the BNP Paribas domestic branch network, Banque de Bretagne, BNP Paribas Factor and BNP Paribas Développement, a provider of growth capital. In order to effectively respond to client expectations, French Retail Banking has reorganised its sales structure by segmenting its network. The division is now made up of branches serving individuals and small businesses, Private Banking Centres, and Business Centres, all supported by a Client Relations Centre (CRC) and back offices dealing with after-sales operations.

During the year, the division continued to actively expand the personal banking business, drawing on the multi-channel structure (branch, telephone and online banking) that was rolled out from 2002. The underlying aim of this system is to offer clients the highest standard of service and to step up the role of in-branch client advisers. The Client Relations Centre's three platforms in Paris, Orleans and Lille deal with calls made to the branches and process client e-mails. The new work stations operated by the client advisers are geared to managing client relations within a multi-channel framework. As such, they represent the very hub of the system, whose worth and effectiveness have been clearly proved after two years of full use.

French Retail Banking also has the largest network of Private Banking Centres, with 200 centres across France that ensure extensive local coverage.

The new business approach adopted for corporate clients led to the emergence at the end of 2005 of a structure that is unique in the French banking landscape. This new organisation is based on 24 Business Centres located throughout the whole of France, as well as two professional assistance services – Service Assistance Entreprise (SAE) and Cash Customer Services (CCS).

Finally, the division is re-engineering its back offices into Production and Sales Support Branches (PSSBs). Specialised by type of transaction, they span the whole of France and have fully integrated information systems. At the end of 2005, there were 82 PSSBs, combined into 14 Production and Sales Support Groups.

(1) Figures based on our new commercial approaches put in place.

INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES (IRFS)

The International Retail Banking and Financial Services (IRFS) core business counts 42,600 employees in 55 territories. It groups six business lines: Retail Banking in the United States, Retail Banking in the Emerging Markets and Overseas Territories, Consumer Finance, Asset Finance, Private Mortgage, Business Equipment Management.

■ CETELEM

Cetelem is the no. 1 supplier of consumer credit in France and continental Europe⁽¹⁾ with EUR 47.4 billion in outstanding loans as of 31 December 2005, 57% of which is managed in France and 43% outside France, and more than 18,000 staff throughout the world (including the alliance with LaSer-Cofinoga).

For more than 50 years, Cetelem has contributed to making consumer credit a modern and pragmatic solution to help consumers manage their household budgets.

Cetelem is the benchmark in the industry, known for its ability to innovate. Its high-quality service offerings – backed by outstanding technical expertise and tight risk control – meet most household financing needs, including personal loans, instalment sales and revolving credits.

Cetelem is the preferred partner of the retail industry and has a long tradition of helping large retailers such as Carrefour, Conforama, Ikea, and Dell achieve their development goals across the globe. Since 1 October 2005, it has held joint control of LaSer-Cofinoga with Galeries Lafayette. Previously, the BNP Paribas Group held a 49% interest in Cofinoga, 44% of which was held directly and 5% through LaSer, the parent company of Cofinoga.

Cetelem is also the partner of choice for banks and insurance companies which value its credit expertise – including AXA, Dresdner Bank, Banques Populaires, Caisses d'Épargne and KBC – as well as for providers of services to private individuals, such as EDF.

Cetelem also ensures the management of permanent credit card accounts granted by BNP Paribas' French Retail Banking network. Cetelem currently operates in 25 countries, including 17 in Europe.

■ UCB

UCB and its subsidiaries specialise in financing residential real estate purchases by individuals, for both personal and investment purposes. UCB is active in France, Spain, Italy, Portugal, the Netherlands, Belgium and Greece. It has also developed and manages a portfolio of mortgage loans on behalf of BNP Paribas in Norway. At 31 December 2005, UCB's managed outstandings totalled EUR 28 billion.

UCB markets its products through a network of business referral partners in the property industry, such as estate agents and builders or brokers, who put prospective buyers in touch with UCB. Its strengths are specialisation, product and service innovation, and effective risk management. Synergies with BNP Paribas' retail network lend additional power to UCB's existing resources.

The Group's market share in terms of new loans in 2005 was around 3.5% for France, 2.5% for Spain, 1.6% for Portugal and approximately 1% for Italy and the Netherlands. (Sources: France – *BNP Paribas internal reports based on data provided by Banque de France*; Spain – *Instituto Nacional de Estadística*; Italy – *Banca d'Italia*; Portugal – *Direcção-Geral do Tesouro*; Netherlands – *Kadaster*).

(1) Calculation of market share of the market participants concerned based on their outstanding loans (sources: annual reports of market participants), compared with the whole European consumer credit market (source: European Credit Research Institute).

■ BNP PARIBAS LEASE GROUP

BNP Paribas Lease Group (BPLG) is specialised in providing investment financing for corporate clients and small businesses. With an operating presence in 11 European countries, BPLG offers a full array of equipment and property financing solutions, through operating or finance leases – either with or without related services.

The forerunner in equipment leasing in France (*source: Association française des Sociétés Financières*) with a market share of some 20%, and one of the leading companies in this field in Europe, BPLG works in partnership with corporate capital equipment manufacturers, importers and distributors, with a view to helping them optimise their sales performance by integrating financing into the sale contract.

BPLG also provides and manages equipment and property financing marketed by the BNP Paribas banking network to its clients.

■ BUSINESS EQUIPMENT MANAGEMENT

The Business Equipment Management unit consists of three groups of companies that offer customised solutions to corporate clients seeking to outsource the management and financing of their vehicle fleets and other logistical equipment, as well as the technical and market risks related to the use of this equipment.

- Cars and light trucks: Arval;
- Heavy goods vehicles: Artegy;
- IT-related assets: Arius.

The flexible products and services offered are designed to meet the clients' needs to remove certain assets from their balance sheets and, more importantly, optimise the management of their vehicle fleets and logistical equipment. They rely on superior purchasing power, strong technical expertise of specialist teams, and a set of interactive tools essential for effective dialogue with corporate clients.

Arval has direct operations in 18 countries and a leading European position in the long-term leasing and fleet management market. At the end of 2005, 468,845 vehicles out of a total managed fleet of 606,843 vehicles were under lease.

Arval is a member of the PHH Arval alliance, which enables it to offer vehicle leasing and management solutions in North America via PHH Corp.

■ BANCWEST

In the United States, the International Retail Banking and Financial Services business is conducted through BancWest Corporation, a holding company formed out of the 1998 merger between Bank of the West and First Hawaiian Bank, wholly-owned by BNP Paribas since the end of 2001. BancWest acquired United California Bank in March 2002, followed by Community First National Bank and Union Safe Deposit Bank in November 2004. In December 2005, BancWest acquired Commercial Federal Corporation. At 30 September 2005, Commercial Federal Corporation had 203 branches located in 7 western states and total assets of USD 10.2 billion.

Bank of the West now offers retail banking services to individuals and corporate clients in 19 western states. It is California's 6th-leading retail bank (based on total customer deposits at 30 June 2005, *source: FDIC*), and has strong national positions in certain niche lending markets, such as Marine, Recreational Vehicles, Church Lending, and Small Business Administration.

With a 40% market share based on deposits (30 June 2005, *source: FDIC*), First Hawaiian Bank is Hawaii's leading bank, offering a broad array of products to a local clientele of private individuals and companies.

In total, BancWest has over 12,000 employees, 739 branches, 4.2 million client accounts, and total assets of USD 66.3 billion at 31 December 2005, making it the 6th-largest bank in the western United States. (30 June 2005, *source: FDIC*).

■ EMERGING AND OVERSEAS MARKETS (EOM)

The Emerging and Overseas Markets Retail Banking networks underwent significant growth in 2005, with 74 branch openings and two new outlets in the Gulf States. This business line is also expanding rapidly in new regions, boosted by two major investments in Turkey and China.

BNP Paribas is leveraging the expertise acquired in running the branch network in mainland France to drive the development of its subsidiaries in these regions, which, excluding China, represent approximately 600 branches and 1.5 million clients.

BNP Paribas' operations in Africa are organised around the network of Banque Internationale pour le Commerce et l'Industrie (BICI). With around 100 branches located in six countries (Burkina Faso, Côte d'Ivoire, Gabon, Guinea Conakry, Mali and Senegal), BNP Paribas manages one of the largest banking networks in French-speaking Africa. The Group also has operations in Djibouti (BCIMR), as well as in the Indian Ocean – in Madagascar (BMOI) and the Comoro Islands (BIC).

The Group has 250 branches in North Africa, which is currently experiencing strong organic growth, including notably BMCI in Morocco, UBCI in Tunisia and BNP Paribas El Djazaïr in Algeria.

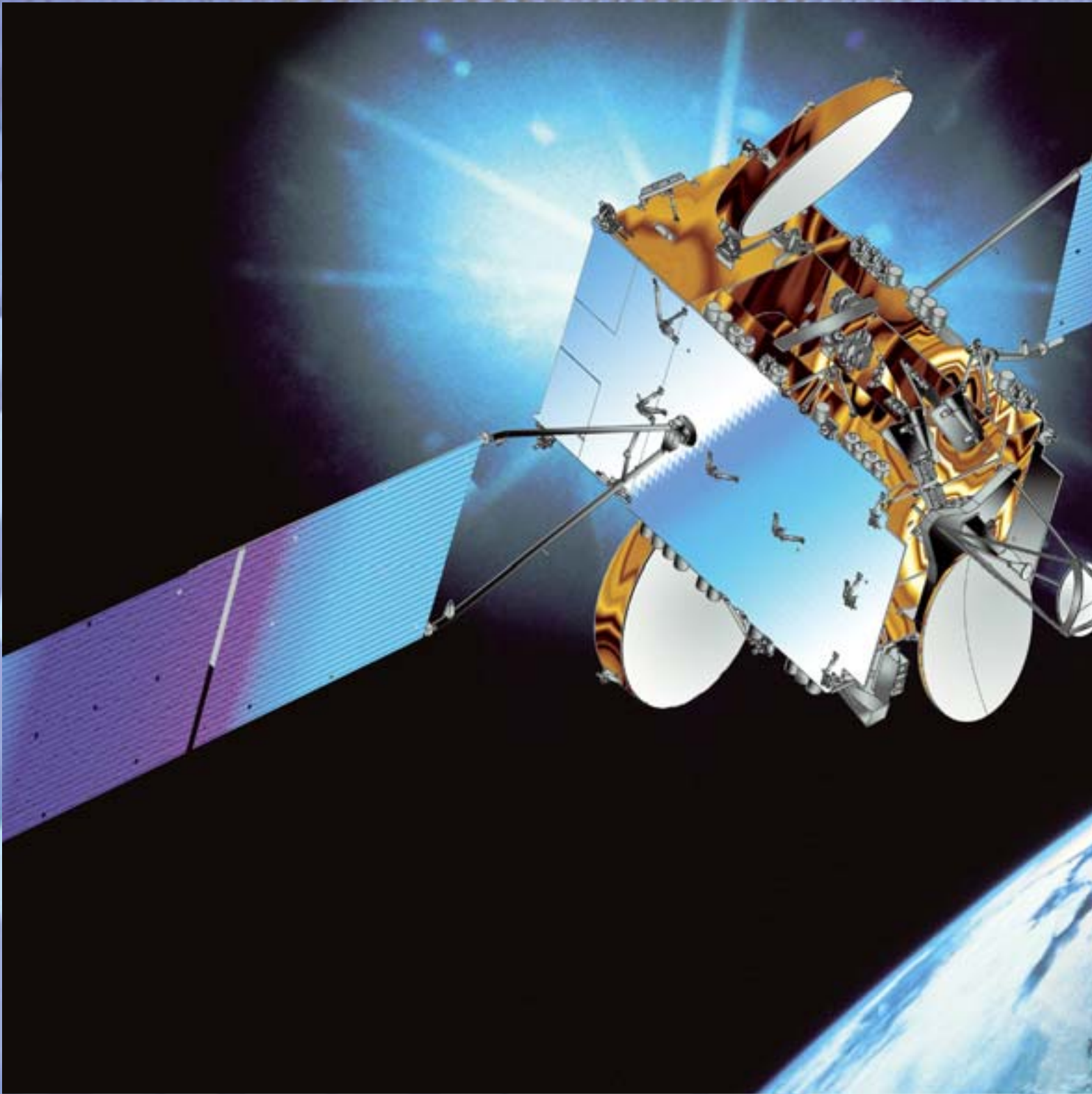
In the French overseas departments and territories (Martinique, Guadeloupe, French Guyana, New Caledonia, Reunion Island, Wallis and Futuna), the Group has 50 branches and enjoys prominent market positioning.

In the Near and Middle East region, BNP Paribas is currently implementing a large-scale expansion plan in Egypt. The Gulf States are served by the regional headquarters in Bahrain, responsible for six territories (Bahrain, Abu Dhabi, Dubai, Qatar, Saudi Arabia and Kuwait). The Group also has sites in Cyprus and the Lebanon (BNPI), and a partnership has just been set up with the International Private Banking business line offering comprehensive wealth management solutions for the entire region.

In February 2005, the Group finalised its acquisition of 50% of TEB Mali in Turkey, which holds 84.25% of Türk Ekonomi Bankasi (TEB) bank. TEB is the 10th-largest private bank in Turkey in terms of assets under management, and its rapidly expanding network boasts some 113 branches.


A strategic partnership was also finalised with Nanjing City Commercial Bank in December 2005, through which BNP Paribas acquired a 19.2% stake in China's 8th-largest city commercial bank in terms of assets.

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



PHILIPPE-OLIVIER ROUSSEAU – Managing Director Media Telecom Finance, Paris

“ You could pile on many superlatives concerning the Eutelsat deal. The financing amounted to EUR 2.65 billion, which caused it to be recognised as the “European Leveraged Loan of the Year for 2005”. It is also a project that was innovative on many levels.



At BNP Paribas, bringing together complementary skills is part of our daily bread and butter. Among the latest – and most striking – examples of the benefits of this approach is the Eutelsat deal, for which the European and US teams of **Structured Finance** worked hand-in-hand. The project leader, Philippe-Olivier Rousseau, had himself acquired a range of complementary skills in his previous career, which stood him in good stead. Having worked as a television producer, he was already hired by Eutelsat when the satellite operator became a platform for television broadcasting. His experience in the television business led him to be appointed to the French broadcasting advisory committee (*Conseil Supérieur de l'Audiovisuel*) by the then Finance Minister René Monory. His experience and contacts in broadcasting led him to become Media and Telecoms Advisor at BNP Paribas, and to become a banker to his former employers!

But the most important feature, to me, is that throughout the 18-month-long marketing phase as well as the execution phase, all the BNP Paribas teams involved, in both Europe and the United States, worked together. I believe it was the first time that happened for a project of this scale. And that was key to our success. »