

CORPORATE AND INVESTMENT  
**BARINGS**



BNP PARIBAS - PLACE DU MARCHÉ SAINT-HONORÉ, PARIS



**In order to leverage its origination capabilities** in the Corporate and Investment Banking market and thereby strengthen its positioning, BNP Paribas is supported by specialised client-facing groups known as Coverage & Territories Europe (CTE), catering to major European companies, and Coverage & Territories International (CTI), catering to major companies in the Americas, the Asia-Pacific region, Africa and the Middle East. These groups are responsible for covering relationships with European companies and leading commercial operations in the territories concerned.

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.

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.

BNP Paribas has forged strong, personalised relationships with its 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 major corporate and institutional clients.



## INTENSELY ACTIVE YEAR PUNCTUATED WITH EXCELLENT TRANSACTIONS

The year saw a sustained upturn in **mergers and acquisitions**, with an increasing number of cross-border transactions in Europe to which BNP Paribas lent its M&A expertise, including Saint-Gobain's acquisition of BPB, EDF's acquisition of Edison, Pernod Ricard's acquisition of Allied Domecq, and LogicaCMG's acquisition of Unilog. Corporate Finance business turned in a strong performance in the telecoms sectors, where BNP Paribas advised France Télécom on its acquisition of Amena and was involved in the privatisation of Turk Telecom. The Bank was also involved in transactions in the real estate sector (sale of Gecina to Metrovacesa) and advised the French government in connection with its plan to privatise motorways in France. Emerging countries account for an increasingly large proportion of transaction volume, particularly Brazil, Colombia, Chile, Serbia, Ukraine and Montenegro.

European **Primary Equity** markets in 2005 continued along the lines of the previous year, witnessing:

- a sharp upturn in initial public offerings, with close to EUR 35 billion in capital raised. BNP Paribas managed flotations for Italy's Venice airport and EDF in France, the largest in Europe since 2001;
- strong growth in "accelerated" secondary distributions, up to EUR 70 billion. BNP Paribas managed two transactions for France Télécom, worth EUR 3.4 billion and EUR 898 million;
- persistently low levels of equity-linked issues due to low volatilities, representing EUR 13 billion in 2005.

The Bank's Corporate Finance business expanded its footprint in China and south-east Asia, where BNP Paribas Peregrine advised on the acquisition of Indonesian-based Lippo by Kazanah (Malaysia), and on the flotation of Xiamen, the Chinese port operator, on the Hong Kong stock market. It also assisted the Chinese store chain Parkson with its Hong Kong listing, for which it was awarded "Best Mid-Cap Offering" by *The Asset*. BNP Paribas Peregrine was named "Best Mid-cap Equity House" by *The Asset* and *Finance Asia*.

### FRANCE TÉLÉCOM'S ACQUISITION OF AMENA

BNP Paribas advised France Télécom on its acquisition of Amena. One of the most talked-about transactions of 2005, it was named "The European deal of the year 2005" by *Financial News*. This acquisition gives France Télécom an ideal platform for expanding its business in Spain and represents a major step in the "NExT" program to create an integrated operator in Europe. France Télécom secured the deal amid fierce competition with investment funds also interested in Amena.

### THE FLOTATION OF EDF WAS THE MOST PROMINENT CAPITAL-RAISING TRANSACTION IN EUROPE IN 2005

The transaction resulted in:

- a record EUR 6.4 billion capital raised in a short timeframe;
- unprecedented public interest, with 4.9 million investors;
- a price at the top end of the range driven by the success of the offer, making EDF the leading European energy supplier by market capitalisation.

The EDF flotation was managed by BNP Paribas, which scored the best placement performance of the institutional syndicate.





## SUBSTANTIAL GROWTH DESPITE VERY LOW VOLATILITY LEVELS

2005 was highlighted by excellent results in proprietary trading combined with a sharp rise in client trading:

- flow product operations were on a steep upward trend on all continents;
- structured products delivered a solid performance thanks to a broadened product range and to wider geographical coverage, particularly in Asia;
- corporate operations recorded a banner year;
- the Asia-Pacific region produced its best results yet, boosted by:
  - strengthened leadership across its entire product range, as recognised by many awards, namely: "Equity Derivatives House of the year – Asia Pacific", from *The Banker* and *Global Finance* and "Derivatives House of the year – Japan" granted by *Asia Risk*;
  - successful acquisition of Calyon's Execution business.
- growth in client trading in the United States, especially in flow products, in the face of stiff competition;
- record-breaking volumes in Europe, fuelled by ever-greater diversification;
- BNP Paribas Peregrine continued to expand marketing to global institutional investors of its Asian equities brokerage operations, leveraging the successful opening of its Taiwan office and earning the title of "Most Improved Broker in 2005" in the eyes of *AsiaMoney* magazine.



$= h(x) \beta + \beta_0$   
 $\sum_{i=1}^n (y_i - h(x_i))$



Granted, there are stranger bedfellows than mathematics and finance. But the mathematical concepts that Parham, a researcher in the Market Analytics Group of Fixed Income, handles on a daily basis would leave most laypeople scratching their heads... Put simply, he is able, through advanced computation and scientific observation of changes in bond prices, to learn and forecast market movements – with considerable accuracy, if he may say so himself. Before coming to his current interests, Parham, a Londoner of Iranian origin who has a degree in audio signal compression, focused on creating synthetic voice and music, in research that he did in Japan for NTT.

PARHAM ZOLFAGHARI – Financial Econometrics Special, Fixed Income, London

« I still consider myself to be a mathematician because mathematics is the bedrock of my work. Though having little background in finance, there are similarities between speech and financial "signals" in the sense that both can be analysed in the time and in frequency domains. What I like about finance is that those financial "signals" respond to many more factors than voice does, making them harder to analyse. Also, working with traders on tangible projects allows me to focus on practical applications, which is very different to pure research. »

$\sum_{i=1}^n \alpha_i y_i < h(x), h(x_i)$

## POSITIONS SIGNIFICANTLY IMPROVED AND CONSOLIDATED

In 2005, despite an adverse trading environment, especially with the concomitant crisis in the credit market, the Group continued to consolidate its client franchise, resulting in resilient client revenues in all of the four regions where the Bank operates.

BNP Paribas provides a complete range of Fixed Income products to debt management professionals, ranging from the simplest financial instruments to in-depth specialist advice on the most complex of debt management challenges. BNP Paribas operates the 2nd-largest balance sheet in Europe and trades with an Aa2/AA rating. From this formidable platform, the Bank has built a comprehensive Fixed Income capacity with a client-driven approach that is backed up by strong legal and operations expertise.

In terms of market recognition, the Bank consolidated and significantly improved its competitive rankings across the board in various magazine polls:

- *Euromoney* capital raising poll voted BNP Paribas the 7th-best bank at helping to raise new capital, jumping from 12th last year;
- institutional investors named BNP Paribas the 5th-best provider of fixed-income derivatives, and corporates voted BNP Paribas the 7th-best provider (up from 10th in 2004) in *Risk's* end-user surveys;
- for the second year in a row, investors ranked BNP Paribas no.1 for overall investment-grade credit research in *Euromoney's* annual credit research poll;
- investors voted BNP Paribas their leading fixed-income securities dealer in AFT's annual survey for the second year running.

The Fixed Income business line won a number of prestigious awards:

- two awards from *AsiaRisk*: "Credit Derivatives House of the Year", and "Derivatives House of the Year", Japan (jointly with EQD);
- "Best Primary Dealer of the Year Award", awarded by the South Korean Ministry of Finance;
- *Risk's* "Interest Rate Derivatives House of the Year 2006".

### League table positions

The Group has the 10th-largest share of the market for underwriting bond issues, including 3rd for all bonds in euros and 5th for Asian local currency bonds (*source: Thomson Financial*).

### Notable deals

The Bank continued to drive innovation in the Fixed Income markets. For example, BNP Paribas advised and then assisted *Agence France Trésor* in launching the first 50-year bond, opening up a new area on the yield curve. It also won *IFR's* best euro sovereign/supra/agency bond award.





Where can you find a banker who is able to identify a plane without even looking, just by hearing its engines roar? In the **Aviation Finance** teams, where members have both expertise of the highest order and a passion for aviation – very much to the benefit of **BNP Paribas**. Arnaud Fisel is one of these enthusiasts. He has been fascinated by planes since early childhood and long hesitated between a pilot's career and banking – until a smooth landing at ECEP, first in Paris then in Singapore, allowed him to combine both interests. And BNP Paribas' performance in this area is certainly reaching great heights: in 2005, BNP Paribas was the market leader in the Asia-Pacific region and boasted a 50% share in China.



ARNAUD FISEL – Head of the Asia-Pacific Aviation Finance Group, Singapore

« I flew a great deal until 2004, as long as I was in France. Since I moved to Singapore, it has been harder to get flying time, but my passion for aviation is as keen as ever. To be perfectly honest, having an inside knowledge of the aviation industry, including in its technical dimensions, is not a requirement to be able to do my job – although in some cases, having an enthusiastic conversation with a client can certainly help along the banking relationship. But this passion is a great source of motivation to me. Aviation financing is a very demanding and exhausting business, and to do well in it I think you need a little extra that makes you want to give it your very best. Nothing is more motivating than working with things you love. »

# ENERGY COMMODITIES EXPORT PROJECT (ECEP)



## CONSOLIDATED POSITION AS GLOBAL LEADER

In 2005, against a backdrop of increased competition and high commodity prices, BNP Paribas Energy Commodities Export and Project strengthened its position as global leader in its markets:

- Project financing further bolstered its position, with several successful financial advisory and debt arrangement engagements in the electricity sector. The Bank remains the market leader in Europe and the Middle East, and also saw sustained business in the United States, Asia and Australia.
- Export financing also had an outstanding year, arranging nearly EUR 5 billion worth of transactions, bolstering its position as the leader in this market. Latin America and the Middle East were the most active importing regions.
- Global Trade Services continued to expand across all regions, including through successful marketing of its Supply Chain Financing offers. Having recently opened offices in Turkey and Russia, GTS is now supported by a distribution network composed of 76 Trade Centres in 49 countries.
- Financing of commodities trading again grew significantly, buoyed by high prices and by the stepped-up sales initiatives of its teams, who reported large gains in volume. The Bank continued to strengthen its strategic positioning in fast-growing source markets. Its leadership in this business grew despite greater competition driven by a market upturn, which has once again made the sector attractive.

- The structured commodities financing business, which specialises in emerging markets, had a record-breaking year in 2005 and enjoyed a satisfactory diversification of its operations, across both countries and industries. Despite growing competition, BNP Paribas plays a preponderant role in all of its markets. Shrinking margins due to reduced credit risk were more than offset by the greater number of financing operations arranged by the business, for purchases and sales of major assets such as oil fields and mines.
- In spite of excess liquidity brought on by high commodity prices and refining margins, 2005 was an excellent year for the financing of major corporations in the energy, mining and metals sectors in industrialised countries, partly thanks to a turnaround in capital expenditure and acquisitions. This business has also continued to register significant increases in cross-selling volumes for all ECEP products, as well as for banking services in general.
- In a favourable market context characterised by very high price volatility, commodities derivatives operations surged in 2005, across all sectors, including oil and natural gas, CO<sub>2</sub> emissions, electricity and basic metals. In an environment characterised by increasingly diverse allocations of financial assets, sales to institutional investors and to private banking clients of structured products indexed on commodities have grown rapidly.
- Aircraft financing had an excellent year, with multiple highlights, especially in the United States, where the Bank put together an innovative financing package for the acquisition by Westjet and Aviation Capital Group of two B737-700s; but also in Europe, with Iberbond securitisations for Iberia's refinancing of 20 Airbus, as well as in Asia, where a series of optimised leases for Chinese airline companies earned the business the "Aircraft Leasing Innovator" award.
- In shipping financing, 2005 was a year of growth, with a number of new mandates and innovative transactions, including the first container financing operation in a joint financing programme with China Eximbank and a pool of international banks, as part of CMA CGM's acquisition programme. The Bank confirmed its key role in the financing of methane ships, by arranging financing of over USD 200 million for Oman-based Qalhat LNG.

- Capstar, a Group subsidiary, won several structured lease finance mandates in the aviation sector in Asia, the Americas and Europe. Capstar also confirmed its place as a major player in financing transactions under the Girardin Act in New Caledonia.

## AWARDS

BNP Paribas ECEP collected a considerable number of awards in 2005, proof of its solid positioning among the global leaders in its businesses. It was voted "Best Trade Finance Bank" by *Global Finance*, "Best Commodity Bank" by *Trade Finance Magazine*, "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 transactions guaranteed by export credit agencies, as well as for export credit aviation financing. also recognised BNP Paribas was also recognised by *Loan Pricing Corporation* as the leading non-US bank for Oil & Gas financing in the United States and as the "Aircraft Finance Innovator of the Year" by *Jane's Transport Finance* magazine.

## RESERVE-BASED LENDING (RBL) OR FINANCING OF SMALL- AND MEDIUM-SIZED OIL COMPANIES

This business involves financing an oil company by determining its debt capability based on its oil reserves and future production. RBL has grown very rapidly in recent years, preserving very strong profitability in an extremely active market. This booming activity, driven by high oil prices, now offers considerable potential for acquisitions of oil assets in projects that have become profitable. The distinctive feature of BNP Paribas in this field, where it has grown into the leader of a global business, is the make-up of its teams (based in Houston, Toronto, Paris and Singapore), which bring together financial experts and reserves engineers who have worked for big oil companies and are perfectly aware of their clients' needs. Besides the United States, the North Sea and Australia, the business is focused on "emerging" countries of Western Africa, Eastern Europe and Southeast Asia.



## STELLAR PERFORMANCE WITHIN AN INTERNATIONAL CONTEXT OF GROWING LOAN VOLUMES

Structured Finance showed strong development in each of its businesses, with market shares bolstered across the globe.

Benefits of this surge in volumes filtered through to the **syndicated loans** segment in 2005. Highly attractive market conditions fuelled both acquisition financing and loan refinancing activity and the Bank successfully tapped into these market opportunities. In particular, it contributed to the diversification of sources of liquidity by increasing the tranches of structured loans placed with European and US institutional investors for the largest financing operations. On a European level, the Bank was named "Best Arranger of Western European Loans" and "Best Arranger of French Loans" for the second year in a row by *Euroweek* magazine.

In **acquisition financing**, BNP Paribas captured the limelight by acting as "Bookrunner" and "Mandated Lead Arranger" for two major deals in Europe: Pernod Ricard's acquisition of the British group Allied Domecq and Saint-Gobain's acquisition of British Plaster Board. The Bank was also the sole bookrunner and underwriter for the acquisition of IBM's PC Division by the Chinese group Lenovo, which was lauded for its highly innovative character and voted "Asia's Syndicated Loan of the Year 2005" by *International Financing Review* (IFR).

In **LBOs**, BNP Paribas confirmed its status as a major player in a booming European market and increased its market share. In particular, the Bank won bookrunner mandates for major transactions such as the refinancing of Seat Pagine Gialle in Italy (amounting to EUR 2.6 billion) and the financing of the Saur and Vivarte acquisitions in France.

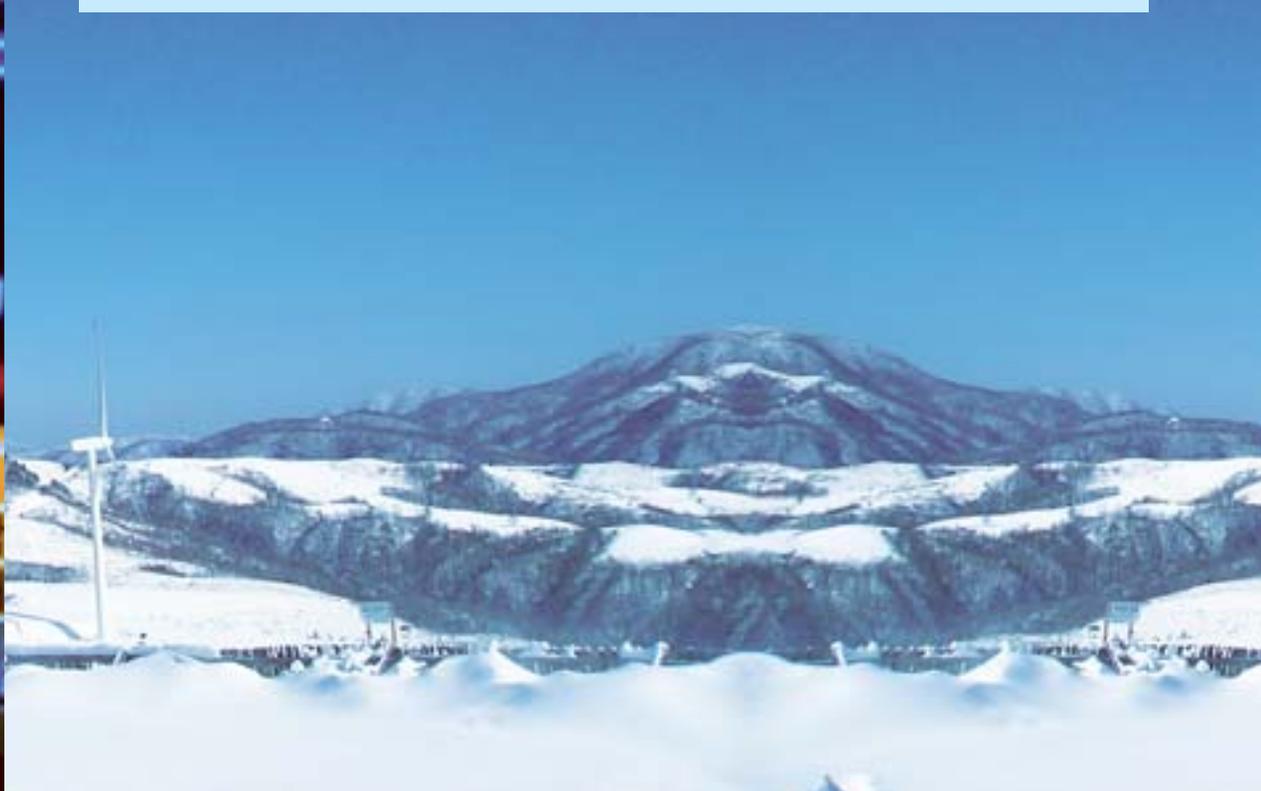
The Bank also enjoyed robust business levels in the United States, especially in the healthcare sector where it has developed recognised expertise and won mandates from such organisations as Triumph Healthcare and CRC Health Group. BNP Paribas scored again with the financing of the acquisition of the Hertz group by a consortium of international sponsors, for which it was named global coordinator of the European assets securitisation tranche, amounting to almost USD 3 billion.

**Media and telecommunications financing** also had an excellent year of sustained activity, bolstered by major transactions such as the recapitalisation of TDF (France) for over EUR 2 billion in financing, and the recapitalisation of Eutelsat (Europe), hailed as "European Leveraged Loan of the Year" by *International Financing Review* (IFR) for its innovative nature, the complexity of its structure and its successful syndication in the US and Europe. In these two transactions, BNP Paribas played a major role as bookrunner and global coordinator.

In the growing **real estate financing** sector, the Bank reinforced its strong positioning with major investors in France. It also gained significant business with large, listed real estate companies in Europe, making it a major player in this sector.



There are some markets and sectors in which you cannot do business – let alone vie for leadership – unless you bring together a broad range of expertise, across several varied and complementary areas. **ECEP** has certainly experienced this in its financing of wind turbines – a market in which it has made **BNP Paribas** the global leader. In 2005, the project for a wind power park in Gangwon, South Korea, once again demonstrated BNP Paribas' overwhelming leadership in this field: the Group was selected as the sole arranger for the EUR 123 million debt package, out of a total budget of EUR 160 million.



**BRUCE WELLER, ECEP – Director Project Finance Asia, Singapore**

« To succeed in this type of financing, a bank has to have global expertise in the sector, combined with thorough knowledge of the local market and advanced marketing skills. These projects often require strong ties with international developers and turbine manufacturers, as well as an extensive knowledge of the various technologies related to wind power. But you also



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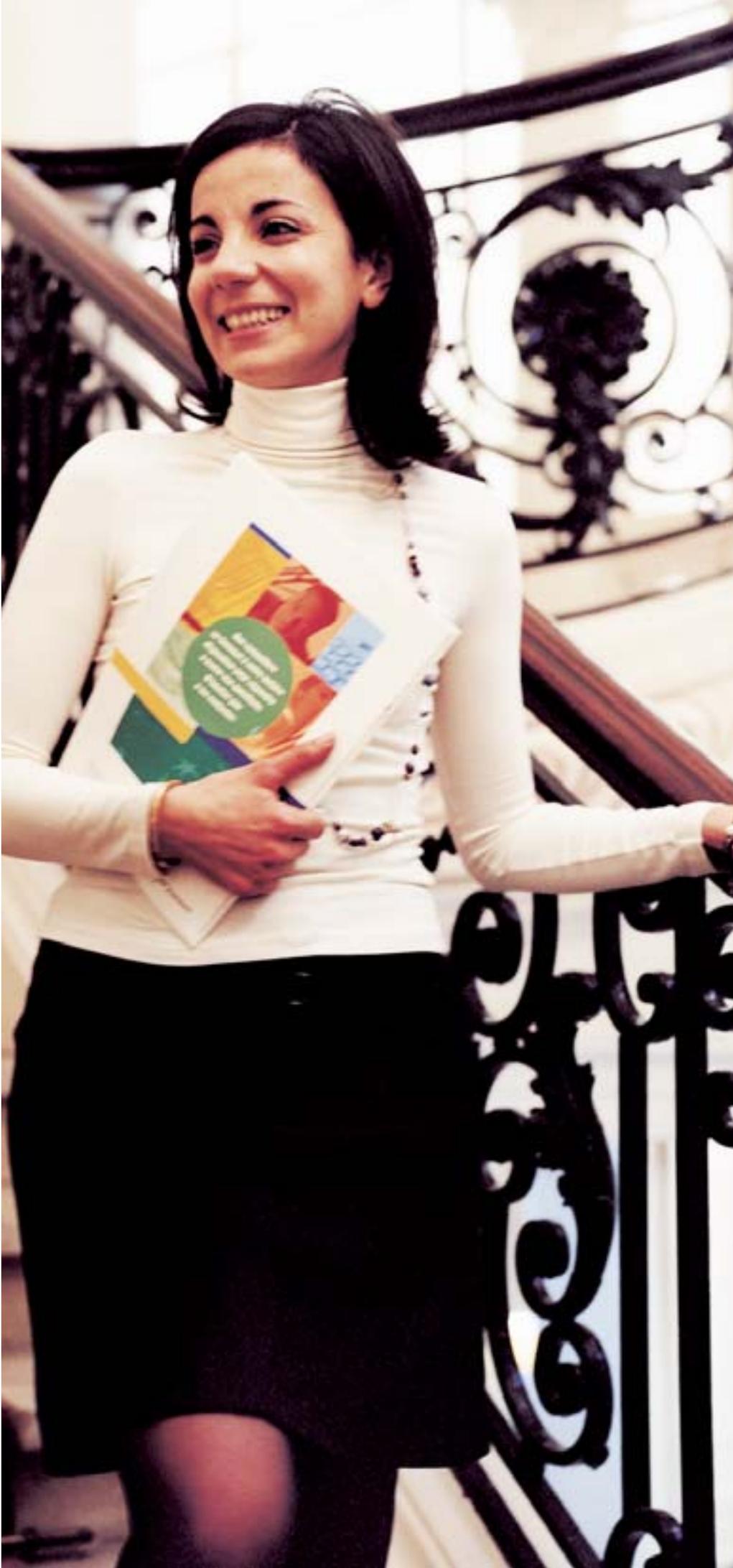
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need a strong local presence, since wind turbine projects are closely tied in to the wishes of the population, national regulations and the country's energy policy. BNP Paribas brings all that to the table, with its experience of deals in Europe, the United States, Asia and Australia. For the Gangwon project, we called upon the expertise of our teams in Seoul, Singapore, Hong Kong, London and Sydney. They all stepped in and played a key role in our success. >>

살  
준천집

# RETAIL BRANDS





# FRENCH RETAIL BANKING

**French Retail Banking (FRB)** offers a comprehensive line-up of products and services throughout France, ranging from current account services to the most complex financial engineering services in the areas of corporate financing and asset management. A pioneer of Multi-channel Retail Banking in Europe, BNP Paribas offers its 6 million individual customers immediate and continuous access to the full array of its services. A specific sales team is dedicated to developing relations with corporate clients and self-employed professionals, while sales efforts geared to French Private Banking customers are backed by more than 200 Private Banking Centres. The newly created Business Centres, which deal exclusively with corporate clients, are proof of BNP Paribas' determination to carve out a leading role in the corporate market, by drawing on the wealth of products and services offered by the Group as a whole. Focusing on customer satisfaction, the back offices are specialised by type of transaction and process all of the operations carried out by the customers of the Retail Banking Division.



## Marked increase in client contact

There has been a further increase in client contact through the Multi-channel Retail Banking system, which includes branches, the telephone (via the Client Relations Centre), and the internet, through [bnpparibas.net](http://bnpparibas.net).

A special effort was made to get in touch with clients who normally have little or no contact with the Bank, or whose main banking contact is other than BNP Paribas.

The number of contact opportunities offered to the various channels more than doubled, resulting in over seven million actual contacts, 40% more than in 2004. The number of client files consulted on branch advisers' workstations reached 120 million (+50%) and 4.5 million meetings were set up using the shared electronic diary system (+22%).

The telephone advisers at the Client Relations Centre made 1,400,000 outgoing calls, more than twice the number of calls made last year. The main purpose of these calls was to propose appointments and market basic products, as well to welcome new clients.

Finally, the number of clients using the home banking services available through [bnpparibas.net](http://bnpparibas.net) increased by 30% (see inset no.1).

This increase in client contact, which is essential to customer satisfaction, was one of the main drivers behind the year's excellent marketing performance.

## Strong products and services sales

The increased client contact fuelled very strong sales of products and services.

As an example, the number of credit cards increased by 4.7%, or more than 163,000 cards, over 12 months.

An overhaul of the insurance offering saw a more than twofold increase in sales of property and casualty car insurance.

## INTERACTIVE MEDIA STRATEGY AWARD FOR BNPPARIBAS.NET

The French magazine *Stratégies* recently held its 5th media strategies awards. More than 300 major corporations were represented, from across the range of business sectors. BNP Paribas received the award for best interactive media strategy in respect of its multi-channel "Un café, un PC" campaign on [www.bnpparibas.net](http://www.bnpparibas.net). In the wake of the French education authorities' drive to help students acquire laptop computers, BNP Paribas launched a competition to attract customers in the 18-29 age bracket. Various communication channels were used, including internet, text messages and even plastic cups in university vending machines.

## Record level in life assurance business and successful new mutual fund launches

Life assurance, which accounted for 60% of household investments in 2005 (*source: BIPE*) was a particularly propitious market for the French Retail Banking network in 2005. **New inflows grew by 15% and topped the EUR 6 billion mark for the first time.**

Upward stock market trends in the second half of the year brought a **significant boost in unit-linked investments**, which represented 27% of new life assurance inflows, a considerable increase over 2004's figure.

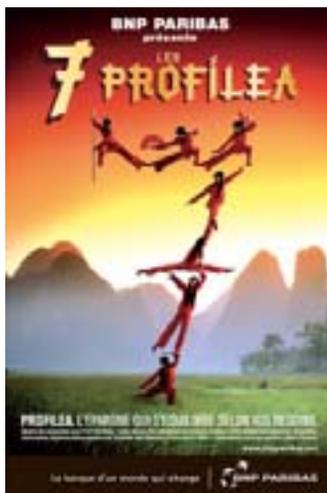
The **ramp-up of planned savings** in the form of life insurance and PEA personal equity plans implemented in 2004 continued apace. These accounts, which allow clients to invest regularly in the financial markets, remained popular in 2005, with almost 280,000 additional contracts signed.



Although the launch of guaranteed funds such as Hawaï, Paso Doble and Samoa continued to enhance inflows, the major event of the year was the launch of an extensive new range of mutual funds designed to cover the full gamut of clients' needs.

Profilea is a perfect example of this, with BNP Paribas becoming the first major banking network to give its mass consumer market access to multimangement fund services through its stellar range of profiled funds.

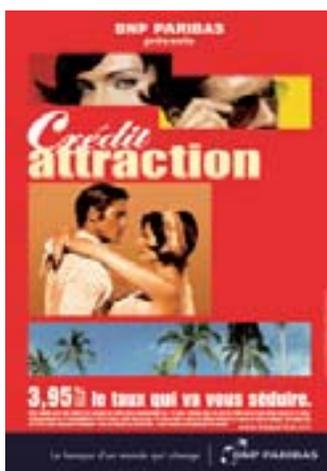
Through its leading position in financial savings and with a view to continually improving customer satisfaction, the French Retail Banking network is also a trail-blazer in financial advisory services. Its financial advisers use a **Projets Placement** system by which they can offer tailor-made solutions in line with clients' individual risk profiles and investment horizons.



### BNP PARIBAS KICKED OFF ITS SPONSORSHIP OF THE FILM ARTHUR AND THE MINIMOYS WITH CHRISTMAS WINDOW DISPLAYS AND FREE FIGURINES FOR CUSTOMERS

In Spring 2005, BNP Paribas became the official partner of Luc Besson's animated film *Arthur and the Minimoys*. Due to hit the screens next Christmas, the film is set to be the most ambitious production of its kind ever in Europe, with more than 300 graphic artists currently employed on the project in France. Arthur, a ten-year old boy who finds himself inhabiting the fantasy world of the tiny Minimoy people, is taken from a series of successful children's books by well-know French film director Luc Besson. In this magical tale Arthur sets off with Princess Selenia and her brother Betameche to find his grandfather's lost treasure, winning fame along the way through his readiness to help others and respect for the environment.

Between 2005 and 2007 BNP Paribas' involvement with the project will take the form of free gifts and the organisation of various events for customers and the general public. In December 2005 the Bank recreated the world of the Minimoys in Christmas window displays in its 2,200 agencies. Arthur figurines were given out with every new Weezbee account for three to twelve year-olds, and the free Weezbee cash card now is now adorned with a picture of Princess Selenia.



### Better-than-market performances in mortgage loans and consumer credit

The BNP Paribas network was once again very active on the mortgage loan market. Its total outstanding loans increased by 21% over the year and its market share stood at 8.22% at 31 December 2005, compared with 8% a year earlier.

New installment consumer loans climbed 6.9%.

With regard to revolving credit (the Aurore card and the Provisio loan), the partnership with Cetelem, which combines the French Retail Banking network's commercial resources and the sales and management expertise of Cetelem, has led to a considerable increase in the number of new contracts and sustained growth in outstanding loans, up 2.25% at 31 December 2005. Consumer credit market share amounted to 7.58% at 31 December 2005, as against 7.19% a year earlier.

### Continued increase in the number of new clients

The number of personal bank accounts increased again, with 155,000 new accounts opened in 2005 compared with 128,000 in 2004. This growth occurred on the back of the Bank's presence on the mortgage loan market, a more targeted approach to young clients with 70 network staff assigned to this market, and original new partnering arrangements (see inset p.29).

#### ROLL OUT OF THE IN-BRANCH SERVICE PROGRAMME

This programme, launched in 2004, involves the refurbishment of all BNP Paribas branches with a view to making them more user-friendly, with upgraded reception areas, a more extensive network of automatic cash dispensers and heightened security. The programme continued to be rolled out in 2005, with almost 420 branches refurbished and a 15% increase in the number of cash dispensers, to 3,860 at 31 December 2005. The number of cash deposit machines doubled, to 675.

The Bank has also continued to improve the accessibility of its cash dispensers.

The background of the page is a collage of images. On the left, there is a close-up of a cow's face with black and white fur. In the center, a man in a dark suit and tie is smiling, standing next to a yellow tractor with a large, muddy tire. On the right, there are several smaller images of cows in a barn setting.

## BNP Paribas is reaping a bumper crop in the highly competitive market of farm business accounts, thanks to its teams of **Farm Business Accounts Managers (CAPA)**.

Their key strength is that they have dual expertise in banking and farming. Some 100 of these CAPA, who have no problem juggling between balance sheets, European Union legislation and growth cycles of beetroots, are now spread across France. They are a powerful force in winning business from competitors. Richard Klein, a 31-year-old son of farmers, is one of them.

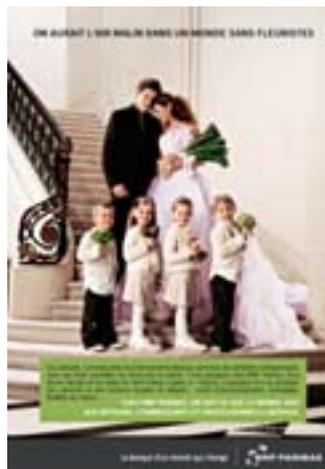
RICHARD KLEIN – Farm Business Accounts Manager, BNP Paribas, Caen

« I have a degree from ESITA, an agricultural engineering school. After two years as an international cooperation volunteer in Guinea, I joined a rural accounting and advisory services centre in Brittany, where I gained first-hand knowledge of the workings of a farm business. Then I joined BNP Paribas, directly as a CAPA. Farmers like to negotiate with someone who knows farming. But that's not enough, you also have to be on the ball with your numbers. BNP Paribas has chosen to have highly trained staff handle farm accounts. And clients like that a lot. It's our dual culture that makes us truly effective. The farming market has its own rhythm and requirements, and you have to know them. If you don't know that EU Common Agricultural Policy subsidies are paid out in December, you'll miss investment opportunities. And if you go see a farmer during harvest time, he won't have a second to devote to you. »

# ENTREPRENEURS AND FREELANCE PROFESSIONALS

The ramp-up of the new sales and marketing mechanism created in 2003-2004 for the entrepreneur and freelance segment continued to gather momentum in 2005, turning in excellent sales figures for the year.

Thanks to the system of setting up prospect appointments by phone and the development of limitation agreements, the number of new accounts continued to escalate in 2005. The number of current accounts held by entrepreneurs and freelance professionals rose by almost 13,700 as against an 8,300 increase in 2004.



In order to keep abreast of technological advances and changing customer expectations, BNP Paribas extended cash flow financing and internet banking offerings in 2005. It now offers one of the most comprehensive and competitive ranges on the market, as evidenced by the resounding success of the Esprit Libre Pro, and the substantial rise in the number of customers using internet banking or electronic payment offerings.

The network continued to shore up its loan distribution offering for professionals during the year, with the systems overhaul instigated in 2004 entering operational phase and enabling improved responsiveness to customers' needs. New loan business grew by close to 20%, and market share also notched up growth, coming in at 7.09% at 31 December 2005 as against 6.68% a year earlier in respect of investment loans to individual entrepreneurs.

Finally, developing "private banking" relationships with customers in this segment was a priority for the Bank in 2005. The sales force was equipped with the new "Projects Placement" simulation system, which aims to offer comprehensive savings solutions adapted to the profile and needs of each individual customer. As a result of this, professionals opened 24% more current accounts in 2005, and new life assurance business was up 17%, including an additional 57% for unit-linked business. The number of entrepreneurs and freelance professional customers referred to the Group's Private Banking business in 2005 was up 26% on the previous year.



BNP PARIBAS ALPE-D'HUEZ



### 2005: success of the new business approach

Increasingly specialised client requirements have led BNP Paribas to apply differing sales approaches to each corporate client segment. The aim is to position the French Retail Banking network as the market leader by drawing on the wealth of offerings proposed by the Group.

The approach is built around the Group's 24 Business Centres located throughout France, which are exclusively devoted to corporate clients and institutions.

Major corporate accounts are overseen by high-level Key Account Managers based at the Bank's main regional offices and working in close collaboration with the Business Centres, the international network and the Group's specialised businesses to create customised solutions for each client.

Additionally, two professional assistance services – Service Assistance Entreprise (SAE) and Cash Customer Services (CCS) – have been set up to deal with after-sales issues.

The increase in the Bank's share of the loan market (an average annual increase of +0.73 point – source: *Banque de France*) and cash flow management market (+1.50 points for cheques and +1.20 points for bank cards – source: *GSIT*), as well as the growth in cross-selling bear testimony to the success of this new approach, which effectively meets client needs.

### THE ACQUISITION OF OXBOW BY LAFUMA: A GOOD EXAMPLE OF BNP PARIBAS' ABILITY TO EXPAND ITS CLIENT PORTFOLIO

In June 2005 the Lafuma group, a French listed company, took over Oxbow. This acquisition will make Lafuma a major player in European sportswear, with sales of EUR 250 million and substantial market share in each of its four business lines, namely sportswear (Lafuma), surf and snow (Oxbow), mountain apparel (Millet) and hunting and fishing apparel (Le Chameau).

The Bank's key account manager for Lafuma (a commercial banking prospect) became aware of the Group's acquisition plans and proposed the services of the Corporate Finance team. With its in-depth knowledge of the sector, the team was quick to suggest Oxbow as an ideal merger partner and went on to assist Lafuma with the transaction under the auspices of Exane BNP Paribas, the Bank's brokerage firm.

The Arc Alpin Business Centre worked alongside the Structured Finance teams to present Lafuma with a firm financing offering that ultimately led to its obtaining a substantial share in the acquisition debt.

At the time of the merger Lafuma became a client of the Business Centre, which is now responsible for part of its day-to-day operations. The Sud Atlantique Business Centre, which was already very familiar with Oxbow, was also able to strengthen relations with its client.

## Regional Trading Rooms

The seven Regional Trading Rooms continued to register growth in 2005, providing large- and medium-sized enterprises with rate hedging assistance and offering new investment products. These new products include active money management services, through the sale of mortgage-backed securities by FFTW, a subsidiary of BNP Paribas Asset Management, and alternative management. The number of sales staff also increased in all Trading Rooms with an eye to improving client follow-up.

## Products and services offered by the Group as a whole

The French Retail Banking Division draws on the expertise of each of the Group's businesses for the commercial offerings it designs for corporate clients and institutions. 2005 marked a new stage in the success of cross-selling in areas such as interest rate derivatives, structured financing, specialised financing (equipment financing, factoring, and the leasing and management of company vehicle fleets), mergers and acquisitions, primary equity transactions, employee savings plans and private banking.

These success stories have been achieved through the adoption of the new "corporate approach" which enables the sales teams from the Business Centres and the Group's specialised businesses to work together in a coordinated fashion to provide clients with the best possible service.



## BNP Paribas Cash Management

In recent years BNP Paribas has been carving out a place for itself as one of the leading European players on the cash management market with both French and international groups.

Business was particularly strong in 2005, with a more than twofold increase in the number of invitations to tender, the majority from international groups, and an improved success rate. Heineken (the Netherlands), SEB (France), and Carglass Belron and Omega Pharma (Belgium) were among the foremost Groups to entrust BNP Paribas with their international cash management needs, including cash management for their foreign entities and/or the centralisation of their cash management activities in Europe. BNP Paribas also continued to increase its visibility on the US market.

With operations in 19 countries and the capacity to expand, BNP Paribas and its partner banks offer their clients a network comprising 15,000 branches in 33 European countries. The creation of a single euro payments area (SEPA) in 2008 represents a major challenge for companies, which BNP Paribas is ready to take up on their behalf.

BNP Paribas also saw its share of the French cash management market increase by more than 15% in 2005, following successful projects such as the management of a portion of Decathlon's electronic payments business.

The corporate card, an area in which the Bank holds almost 60% of the Visa market, celebrated its 10 years in existence in 2005. BNP Paribas won several new clients for corporate cards during the year, including Auchan and Airbus SAS. At the end of 2004 the Bank joined forces with AirPlus, the European leader in business travel management solutions, to provide customers with a business expense card, Carte Logée, offering flight reservations and related services through a special number. This card has already proved extremely popular.

As part of its permanent quest for innovation, BNP Paribas has continued to develop SwiftNet, a service that opens up the Swift banking communication network to international companies. The number of SwiftNet clients doubled during the year, with 12 French or international companies now using the service. In conjunction with Swift, BNP Paribas organised the first Corporate Forum at the SIBOS exhibition in Copenhagen in October 2005.

## A PROFESSIONAL CORPORATE SUPPORT SYSTEM

Unique in the French banking industry, the corporate support system offers two services:

- Cash Customer Services (CCS), providing proactive support in the management of payment methods to some 300 major companies which generate large transaction volumes. Each client has its own designated intermediary for the day-to-day monitoring of all national and international transactions. This personalisation of client relations enables the CCS unit to provide tailor-made services and propose solutions to recurring transaction problems.
- Business Support Services (BSS), comprising a team of professionals who answer questions put to them by telephone or email by BNP Paribas' business clients in France. The questions relate to a range of topics which include daily account management, payment methods and accounting entries. As a single interface, BSE aims to simplify relations between BNP Paribas and its clients and continually improve its quality of services.



## AFTER-SALES ORGANISATION

### The reorganisation of the network's back offices continued in 2005

At 31 December 2005, there were 82 PSSBs in operation, working within 14 Production and Sales Support Groups, with a total of 5,100 employees. The project will be completed during the first half of 2006.

This major upgrade in the data processing and sales support system is generating savings in line with forecasts, in terms of both amounts and timing.

Alongside this reorganisation of back offices, the process of revising all operational procedures with a view to optimising and standardising them has been finalised.

The ISO 9001 (version 2000) certification of the three types of platform (formatting, international business and the remote services support centre) was renewed.

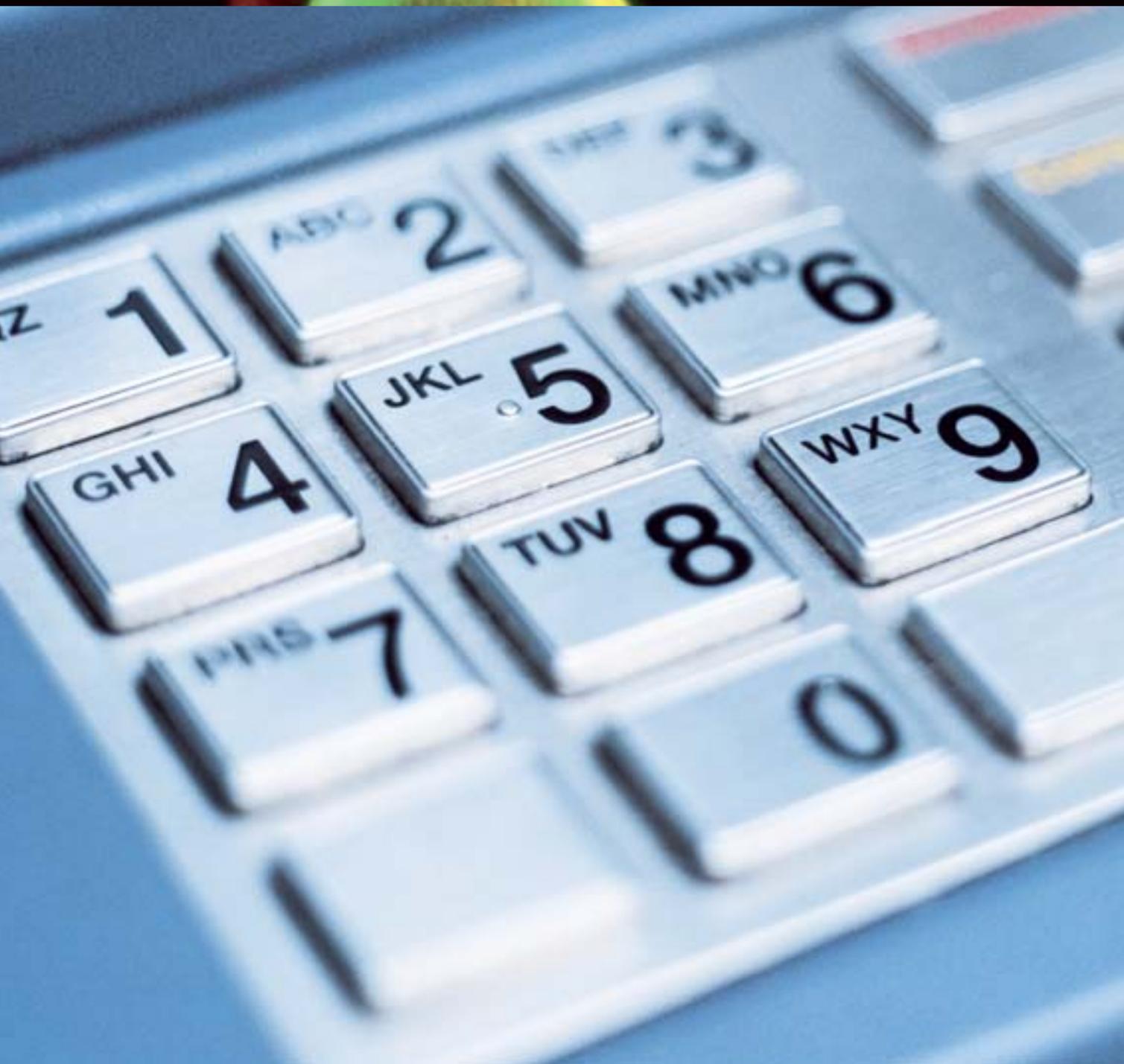
The Production Department also took part in the roll out of an LLS-type system aimed at improving the operational effectiveness of these platforms. The method has been successfully tested on the Global Transfers business and will be rolled out over 15 business lines starting in 2006.

Being accessible to all is not only a constant aim of BNP Paribas; it is also part of its duty as a bank. It requires adapting to the specific needs of each customer. And a bank's accessibility begins with its **ATMs**. Visually impaired or blind persons certainly know something about this. Until a few months ago, something as simple as withdrawing cash from a cash machine was impossible for them without outside help. Now that BNP Paribas has set up a voice system on several dozen of its ATMs – there will be 250 by mid-2006 – thousands of customers will find their daily life considerably eased.



GILBERT MONTAGNÉ – Singer-songwriter, BNP Paribas customer

« It's a 25-year-old dream that is coming true. When the law on disabilities, voted in 2005, was being prepared, the visually impaired asked me to help them make their case. I made several calls for access to ATMs. Then a manufacturer of ATM equipment contacted me to say that he had designed a system for the visually impaired, that was already in place in



some countries. That's when I talked about it to my bank, BNP Paribas. The person I spoke to listened very carefully and took swift action: BNP Paribas is now the first bank in France to have ATMs that are tailored to the visually impaired. And I know that other banks are going to follow suit. I am so glad to witness this happening. Because it's one thing to dream and hope, but it's another to have your dreams come true. »



# INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES

## **The International Retail Banking and Financial Services (IRFS)**

core business has 42,600 employees in 55 countries. It encompasses six business lines: Retail Banking in the United States, Retail Banking in Emerging and Overseas Markets, Consumer Finance, Asset Finance, Mortgage Financing, and Business Equipment Management.





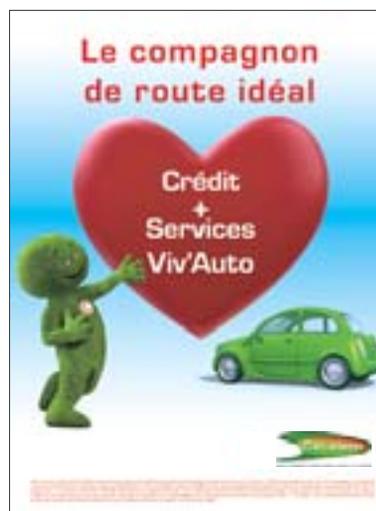
**CETELEM'S BEST YEAR SINCE THE CREATION OF BNP PARIBAS**

The Cetelem group's new lending advanced 16% in 2005, to EUR 35 billion. Its contribution to BNP Paribas net income before tax was up 19.1%. These results have made 2005 Cetelem's strongest year since the creation of BNP Paribas.

- **In France, where Cetelem is the market leader in household and consumer credit, new lending rose 13% in 2005, to EUR 17.4 billion.**

Activity managed by Cetelem increased 14% to EUR 12.3 billion, with each of its distribution channels turning in positive performances. Our direct client relationship channel posted the biggest gains, thanks to the updating of our product offerings, continued growth through the internet channel, the appeal of our new sales lead-in and particularly competitive pricing.

LaSer-Cofinoga for its part generated EUR 5.1 billion in new loan business in France for 2005 as whole.



**DEVELOPMENT**

**Cetelem and LaSer-Cofinoga, a new industrial alliance**

With the BNP Paribas-backed restructuring of the Galeries Lafayette group's capital at the end of March 2005, the historical partnership between Cetelem and Galeries Lafayette entered a new phase. Cetelem now holds 50% of the capital of LaSer-Cofinoga, a major player in consumer credit. This will allow it to exercise joint control of LaSer-Cofinoga with the Galeries Lafayette group. In so doing, Cetelem has transformed a financial stake into an industrial alliance with LaSer-Cofinoga. This agreement is built on the continued commercial autonomy of LaSer-Cofinoga and synergies in management, risk, sales activity and international development. The link-up significantly reinforces Cetelem's leadership position in France and continental Europe and improves its offerings and processes.



- Outside France, new lending rose by a sharp 19%, reaching EUR 17.6 billion.

Having already established a presence in 20 countries by the end of 2004 and a leading position in many countries in continental Europe, the Cetelem group set up operations in five new countries in 2005: Algeria, Romania, Serbia (through Findomestic), Denmark (through LaSer-Cofinoga) and China.

In Germany, the partnership with Dresdner Bank, combined with traditional activities, led to a takeoff in activity for our subsidiary Dresdner-Cetelem Kreditbank, whose lending topped EUR 600 million (i.e., 3.5 times that of 2004). Cetelem's own activity in Brazil also tripled in volume over the year, making Germany and Brazil Cetelem's biggest countries after France, Italy and Spain.

- In total, Cetelem's EUR 47 billion in managed outstandings increased 12%.

LaSer-Cofinoga's share amounted to 25% of this total with the other companies of the Cetelem group scoring gains of 10% to reach EUR 35 billion.

NB: the figures for 2004 and 2005 represent the combined performance of Cetelem, LaSer-Cofinoga and the companies whose loans they manage.

## GERMANY

### Cetelem and LaSer-Cofinoga, a new industrial alliance

Cetelem and Dresdner Bank have been partners since 2001. At the end of 2004, they signed an agreement to expand that partnership over the long term and develop their joint operations in Germany, one of Europe's two biggest markets for consumer finance.

The agreement has resulted in the creation of a joint venture, Dresdner-Cetelem Kreditbank GmbH (50.1% Cetelem/49.9% Dresdner Bank), which aims to become one of Germany's leading consumer credit specialists.

With this investment, Dresdner Bank has demonstrated its commitment to developing all aspects of its consumer credit business in Germany, drawing on Cetelem's operational, technological and financial know-how.

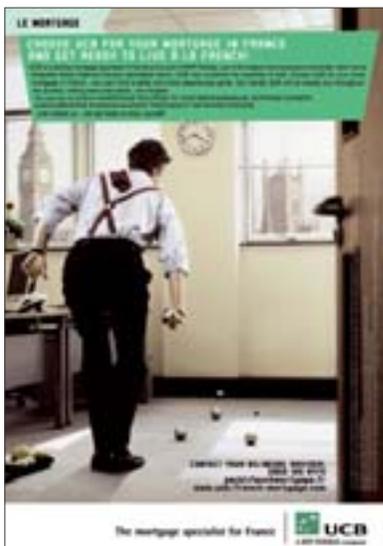
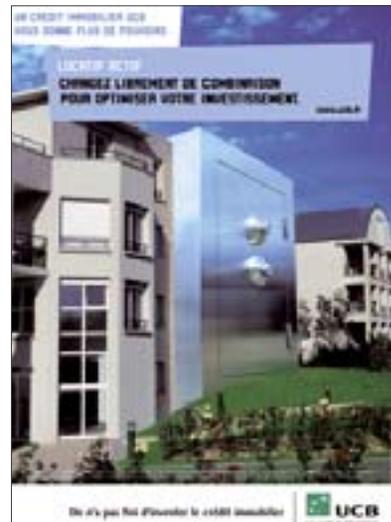
## BRAZIL

### Cetelem in Brazil: 2005, an historical year

A three-fold expansion in new loans, strong development of the Aura card (more than one million cardholders, 2,000 shops issuing the card, 30,000 receivers/participating merchants) and coverage extended to the high-potential North-East region all contributed to the sizable earnings generated by Cetelem's Brazilian operations overall, including its stake in CACC with Carrefour.

### STRONG GROWTH AMONG EUROPEAN SUBSIDIARIES

- UCB's subsidiaries experienced strong lending growth of 14% in France, 55% in Spain, 29% in Italy, and 177% in the Netherlands, thanks to buoyant conditions in the property market and favourable interest rate trends. The international subsidiaries' share of total lending exceeded 53%.
- On 1 September 2005, UCB absorbed Abbey National France (ANF), which it had acquired in November 2004. The absorption was rapidly followed by the transfer of ANF's debt consolidation and rental property investment activities to BNP Paribas Invest Immo, the subsidiary specialised in financing investment in rental properties. The two banks' information systems and middle and back offices also merged at this time.
- These transactions have led to the management, by UCB, of over one million contracts: 80,000 for its subsidiaries and over 700,000 for Société Générale.
- The link-up of BNP Paribas Invest Immo and Abbey National France has allowed UCB to expand its offering, in particular in the areas of rental property investments, the provision of mortgages to non-French customers investing in France, and debt consolidation.



## CONTINUED INTERNATIONAL DEVELOPMENT

A European leader, and no.1 in France with a market share of some 20% (source: ASF), BPLG continued to expand on an international level: new lending outside France grew by 13.6% and now represents 38.1% of the total.

BPLG met its lending, margin and risk control targets, whilst fulfilling its external development and organic growth objectives.

Business levels in Europe remained strong. With almost 220,000 loans in 2005, BPLG is one of the leading European players in the small ticket leasing and vendor program fields.

BPLG provided EUR 2 billion in short-term loans and EUR 6.14 billion in medium- and long-term loans in 2005, up 7.3% on 2004's figure.



## BPLG STRENGTHENED ITS PRESENCE AND EXTENDED ITS GEOGRAPHIC REACH

- BPLG has enjoyed a presence in Belgium since 1991. In October 2004 it strengthened its foothold in the region with the acquisition of leasing company J Van Breda, located in Antwerp and specialised in the financing of IT, office systems and medical equipment.
- Following the acquisition by BNP Paribas of an interest in the TEB Mali's holding company, BPLG entered into a business cooperation agreement with TEB leasing, a subsidiary of TEB Bank in Turkey. This will enable BPLG to extend its geographic reach in Turkey, where the market has been witnessing growth of approximately 25% per annum since 2001.

## STRONGER AND BROADER PARTNERSHIPS

- Bomag joined forces with BPLG to create Bomag Finance, through which it plans to offer a global "equipment, service and financing" solution. Bomag is a subsidiary of the Fayat group, and this offering will target all entities of Fayat's Road-Building Equipment Division.
- BPLG has been a partner to Claas, one of the world's largest agricultural equipment manufacturers, since 1999. In 2005 the two companies bolstered their relationship with the creation of Claas Financial Services (CFS). As a result of this new commitment:
  - Claas now holds 40% of CFS' capital;
  - a new CFS subsidiary was set up in Spain;
  - a cooperation agreement was signed with BPLG in Italy for activities to be carried out under the name of CFS.
- Danka France, provider of print and document solutions and the top independent office technology distribution group in France, signed an exclusive branding agreement with BPLG. This agreement creates a joint financing venture named Danka Financements - Département BPLG.

## SUSTAINED GROWTH

### • Cars and light trucks: Arval

The European market for long-term rental of car and light truck fleets continued to expand, with nearly 5% growth year-on-year in the number of rented vehicles.

Arval once again far outpaced market performance with an 8% increase in the size of its rental fleet. The company gained market share in most of the countries where it is established, particularly in the Netherlands, Germany, Spain, and Portugal. This rental fleet represented total assets of EUR 5.9 billion at 31 December 2005.

Arval also continued to expand its geographical coverage, with the dual goal of responding to growing demand for global solutions from large international groups and taking advantage of local development potential. A new subsidiary was set up in Brazil and plans were drawn up for a new plant in Russia.

### • Heavy goods vehicles: Artegy

Difficult market conditions are causing companies to seek further efficiency gains in all areas of manufacturing and retailing. That is why Artegy's innovative solutions, which provide a broad range of services through a network of external specialists, are drawing new customers that want to optimise their transportation function at the operating, financial and accounting levels.

As at 31 December 2005, Artegy managed a total of 14,281 heavy goods vehicles.

### • IT related assets: Arius

Against a backdrop of considerable price decreases in the information technology market, Arius recorded 2.3% revenue growth while actively continuing to develop its desktop asset management business. The company is now focused on its core business and is seeking to develop higher value-added services, while continuing to pursue synergies with the French Retail Banking network.



## SERVICES OFFERED BY ARVAL

- Purchase and financing of cars and light trucks under long-term leasing arrangements.
- Car policy advisory services.
- Strategic advice on asset management through Arval Consulting.
- Vehicle maintenance management, under either fixed-price or cost-plus invoicing models.
- Roadside assistance and replacement vehicle management.
- Insurance and claims management.
- Fuel card management.
- Fleet management reporting.
- Vehicle resale assistance.
- Fleet buyback.

## SERVICES OFFERED BY ARIUS

- **Leasing solutions:**
  - hardware and software;
  - France and other countries.
- **Dynamic desk-top asset management:**
  - consideration of administrative, financial, technical and physical aspects;
  - on-line and real time data management.
- **Equipment renewal:**
  - recycling;
  - compliance with waste processing standards relating to end-of-life equipment.

## SERVICES OFFERED BY ARTEGY

- **Full service long-term leasing for industrial vehicles:**
  - joint vehicle design, followed by manufacture and delivery;
  - inspection follow-up;
  - maintenance and tyre management.
- **Fleet management.**
- **Fleet buyback.**
- **Resale of used vehicles.**



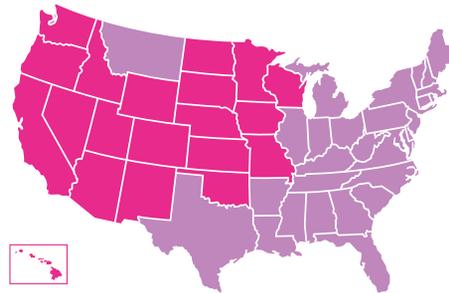
## VIGOROUS ORGANIC GROWTH AND NEW ACQUISITIONS

2005 saw another year of vigorous growth for the American economy, despite the upsurge in oil prices, the continued flattening of the yield curve, and the devastating hurricanes that hit the country.

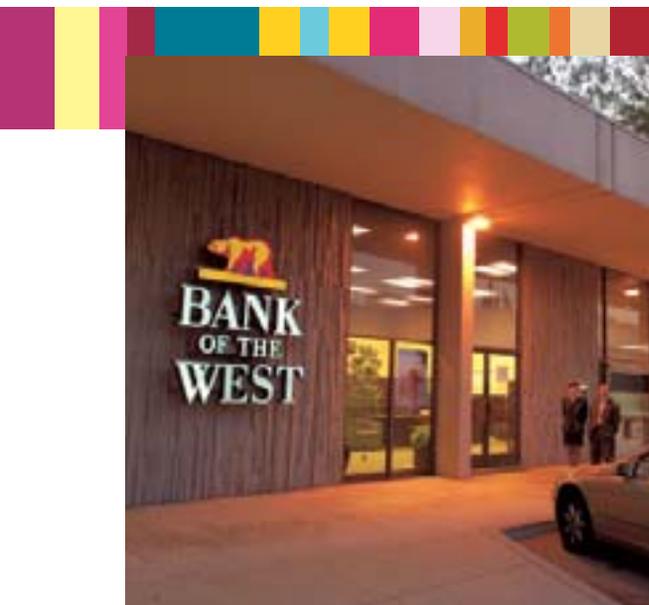
GDP growth has been verging on 4% in the US over the last ten quarters. This has been mainly due to strong consumer spending, but also sustained investment by corporations, whose earnings and cash reserves have increased considerably.

Against this favourable background, BancWest remained on a course of brisk organic growth in the western United States and Hawaii, while completing the integration of the two banks acquired at the end of 2004, namely Community First Bancshares, with 155 branches in 12 states in the western US, and Union Safe Deposit Bank, with 19 branches in California. The synergies expected from these acquisitions have been achieved.

## PRESENCE AND COVERAGE OF THE BANCWEST NETWORK



- Arizona
- California
- Colorado
- North Dakota
- South Dakota
- Hawaii
- Idaho
- Kansas
- Iowa
- Missouri
- Minnesota
- Nebraska
- Nevada
- New Mexico
- Oklahoma
- Oregon
- Utah
- Washington
- Wisconsin
- Wyoming



BancWest acquired Commercial Federal Corporation for USD 1,360 million on 2 December 2005, as planned, marking a new phase in its growth strategy. Commercial Federal, which is based in Omaha (Nebraska) had a network of 198 branches in seven states in the western US and more than USD 10 billion in total consolidated assets. This entity was merged into Bank of the West at operating level as of the acquisition date. The merger is expected to generate significant cost and revenue synergies.

This acquisition allows BancWest to considerably strengthen its presence in a region that has more than 100 million inhabitants and offers one of the greatest prospects for demographic growth in the United States.

BancWest saw total assets rise 30% year-on-year to USD 66.3 billion and its network grow to 739 branches in 20 states. In terms of deposits, it is now the 6th-largest bank in the western United States (source: FDIC, 30 June 2005).

With its millions of Asian and Latin American immigrants, California is the epitome of a cultural melting pot. That is why BancWest set up Pacific Rim, a network of 18 bilingual branches specifically designed to serve the needs of immigrant communities in California, especially the Asian population. It has met with remarkable success: Pacific Rim now has 30,000 individual customers and 5,600 business customers. One of the latter is King Lee, 32, a pastry chef from Taiwan who has lived in the United States since 1999 and runs the Vanille de Patisserie and Vanilla Cake pastry stores. His company specialises in French pastry and is extremely successful: he is planning to open five to ten more stores in the coming years.



**KING LEE – Owner of the Vanille de Patisserie and Vanilla Cake pastry stores, San Marino**

« I have been working with the South Pasadena branch of Pacific Rim for many years. Their expertise in financing has helped us achieve our success. Over the years, we have developed close business relations, which we hope to maintain to support our growth. There is real demand for French pastry – and that is our speciality. We want to stand out from the crowd. There are too many traditional Chinese bakeries in our community. We want to do something different. French pastry is going to become a big market in Los Angeles, because customers are looking for diversity. »



## EMERGING MARKETS AND OVERSEAS (EMO)

### FACT-PACED EXPANSION AND SURGE IN PROFITABILITY

In 2005, Retail Banking in Emerging Markets and Overseas (EMO) was one of the Group's main growth drivers. The business is pursuing a pragmatic but ambitious strategy in all of its 31 territories, focusing on:

- organic growth and an expanded service offering in the countries in which it operates;
- setting up greenfield operations in new geographic locations, with the aim of rapidly building a large-scale network and capitalising on external growth opportunities as and when appropriate;
- acquisitions where opportunities exist.

**The existing network** (500 branches in 2004) underwent **fast-paced expansion in 2005, with the creation of 74 new outlets** (36 in North Africa, 26 in Turkey, 5 in Egypt, 2 in Senegal and 1 in Kuwait, Saudi Arabia, Mali, Guinea and Guadeloupe). In line with these developments, the networks fleshed out their offering, with the introduction of the corporate card in Morocco, the Mobibank in Tunisia, the Festival package in Burkina Faso, the ATM Plus in Gabon and Islamic financing in Doha. The expansion of Western Union also continued apace (185 branches in eight countries).

Importers and exporters who are clients of Emerging and Overseas Markets have access to the teams of international trade specialists working in BNP Paribas' international network of Trade Centres. In step with developments in the business, six new centres were opened in 2005 in Kuwait City, Riyadh, Istanbul, Izmir, Adana and Alexandria.

**Synergies have been accentuated with the Group's other businesses.** The networks supported the expansion of the Group's other activities, for example through the partnership with International Private Banking in the Middle East, the cooperation agreement with BNP Paribas Lease Group and TEB in Turkey, the agreement between Cetelem and French Overseas departments on the sale and marketing of the Aurore card, and the agreement signed in January between Cetelem and NCCB regarding the distribution of consumer credit in China.



**The Bank also made rapid inroads into new countries,** where it aims to become one of the top-ranking players, following its success in **Algeria**. BNP Paribas El Djazair was opened in Algeria in 2002 and now has over 200 employees and 13 branches, set to increase three-fold by the end of 2006. Driven by a strong commitment to develop synergies with all of its businesses, the Group has obtained a licence that will enable Cetelem to begin offering consumer credit in the near future.

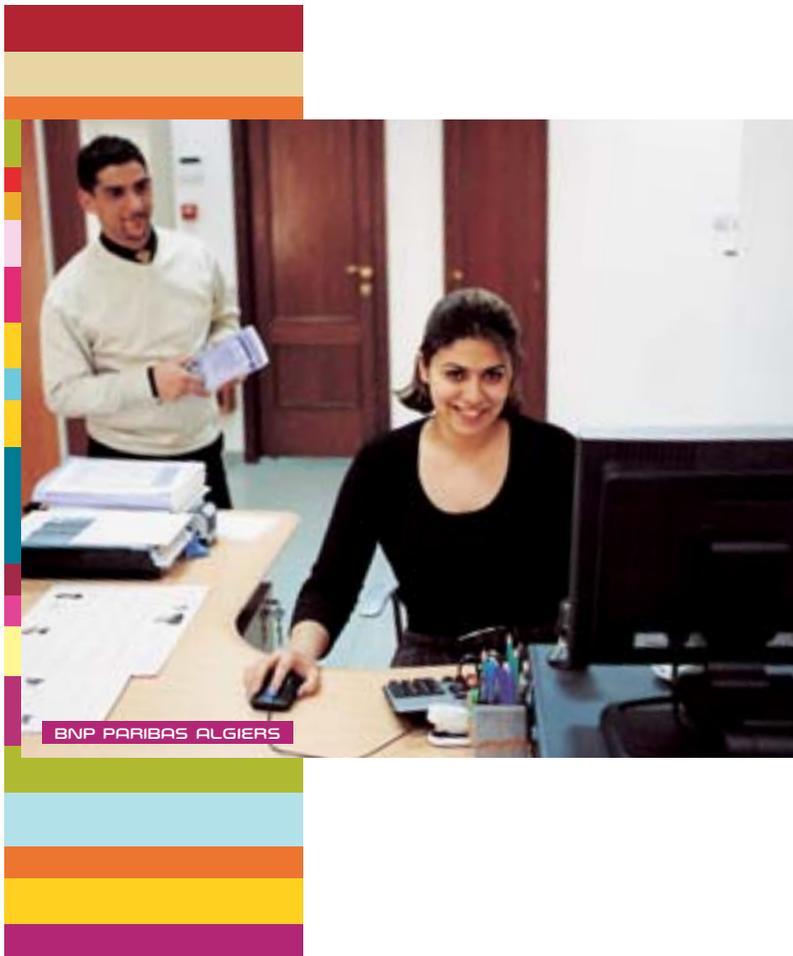
In the same vein, the subsidiary Atisreal has just been chosen by the Algerian government to oversee the organising of the real estate appraisal profession in Algeria.

Two branches were also opened in 2005 in **Saudi Arabia** and **Kuwait**, where the Group obtained the first full-year licences awarded to non-regional foreign banks. These entities were quickly operational thanks to the existing regional structure in Bahrain, and began to offer services to private individuals and companies.

The business was given further impetus by a **number of external growth transactions.**

In February 2005, the Group acquired 50% of Türk Ekonomi Bankasi's (TEB) holding company in **Turkey**. TEB reported strong growth in business and revenues in 2005, buoyed by the synergies unlocked with the Group's other businesses.

In December, BNP Paribas signed a strategic agreement in **China** with the Chinese bank Nanjing City Commercial Bank (NCCB) in which it acquired an interest of 19.2%. NCCB is the 8th-largest city commercial bank in China in terms of assets, and has some 60 branches employing close to 1,500 people. As part of their partnership agreement, the two banks are to begin cooperating closely in the field of retail banking, fixed income, consumer credit, wealth management, risk management, information systems and organisation. It is hoped the agreement will develop and enhance NCCB's competitiveness, allowing it to leverage new opportunities stemming from the fast-paced changes in the Chinese financial services market.



## NANJING, GATEWAY TO CHINA

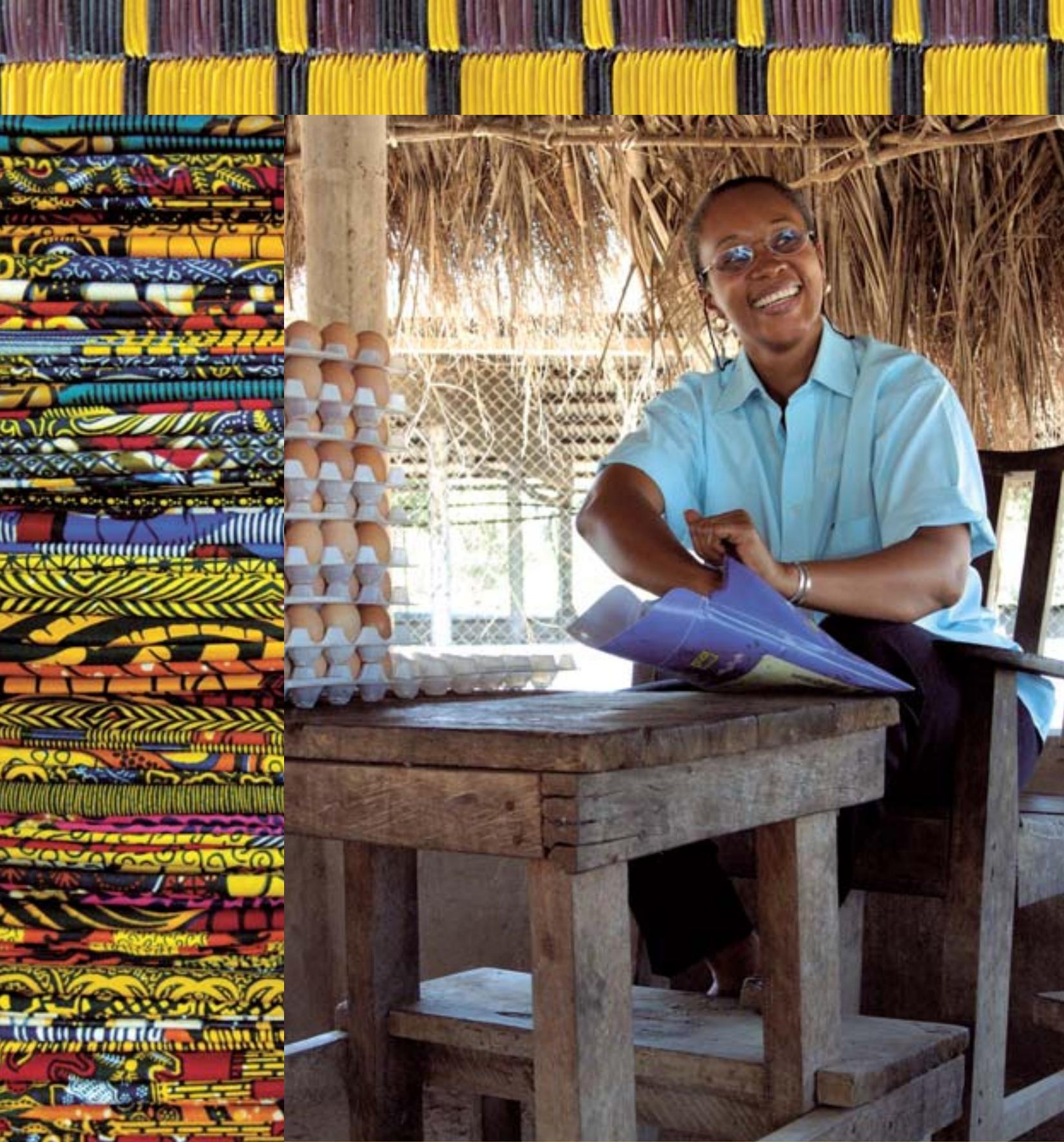


This year, the National Bureau of Statistics of China ranked Nanjing as the nation's 6th-largest city behind Shanghai, Beijing, Shenzhen, Guangzhou and Tianjin, and while its internationalisation remains relative, the capital of Jiangsu Province is one of China's leading destinations for foreign investment. Its numerous strong points include the striking 15.3% rise in GDP achieved in 2004, high education levels and an efficient transport network.

More than 8,000 foreign companies have set up in this city of nearly 6 million citizens, including multinationals such as BASF, Motorola, Ericsson, Philips and Fiat. Many French companies have also established a presence in the region, including Carrefour, Valeo, Saint-Gobain, Alliance Métal, Timcal, and glass and crystal producer Arc International, etc.

The Group has also launched Retail Banking operations in **Russia** supported by its Russian-based subsidiary BNP Paribas Zao, which since 2002 has provided services in capital market transactions, international trading and corporate financing. The initial aim of this project is to open 150 branches over the next six years in the Moscow region and in other major Russian cities. Cetelem is also set to offer consumer credit from the end of 2006.

Lastly, an agreement was signed in December in **Ukraine** with the majority shareholders of UkrSibbank for the acquisition of 51% of its capital. The aim of the agreement is to continue pursuing development opportunities in a rapidly-expanding and increasingly consolidated market. UkrSibbank is Ukraine's 5th-largest bank, with 10,000 employees and 763 branches in more than 100 cities across the country.



BERNARD DELEUZE – BICI-GUI, CEO and Head of Territory, Conakry

« Through micro-credit, these institutions act as lenders and allow people who have never stepped inside a bank in their lives to become familiar with the workings of credit. Our bet is that after a successful experience with micro-credit – which is common, because repayment rates are fairly good in micro-credit – these borrowers will be able to



In a country such as Guinea, which has a very low usage rate of banking facilities, creative solutions have to be found to attract customers, leaving no stone unturned and adapting to local conditions. **BICI-GUI** has chosen to support micro-credit. Although its branches do not offer micro-credit – that is not its role – BICI-GUI finances several players who are active in that area, including *Crédit Rural de Guinée*, Guinea's leading supplier of micro-credit with a network of 140 branches. It also co-finances projects with USAID-funded PRIDE Finance, and has clinched a number of alliances with the association of informal-sector Guinean shopkeepers (*Association des commerçants guinéens du secteur informel*), which boasts more than 15,000 members. For BICI-GUI, this is a bet on the future.

start looking at other, more sophisticated banking services. And we will be there to welcome them. In this country, where the informal economy represents 60% to 80% of GDP, anything that can help move the Guinean economy a little further into the formal sector is good for us. It is in our long-term interest: with a 40% market share, we are the largest local bank in Guinea. And if we want to develop, we have to promote the use of banking facilities by the population, by offering services that are tailored to its needs. »

ASSET

MANAGEMENT AND

SERVICES





**The Asset Management and Services (AMS)** 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), on-line brokerage (Cortal Consors) and personal investment 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 16,600 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.

## INCREASED EARNINGS AND CONTINUING DEVELOPMENT

Buoyed by robust markets across the globe with the exception of the US, BNP Paribas Banque Privée reported a sharp rise in earnings in 2005 and forged ahead with its expansion efforts.

### Expansion of the client base, through:

- tumultuous growth in business with high net worth individuals both in France and abroad;
- dedicated teams of specialists to effectively respond to the specific needs of each client segment;
- leveraging synergies between Group businesses – both on the corporate side (French Retail Banking, Corporate and Investment Banking) and on the personal banking side (International Retail Banking).

### Expansion of product and service offerings, through:

- strong growth in the discretionary asset management business, boosted by the roll-out of a new offering at all international Private Banking outlets (Performance Absolue and Capital Protégé) and the launch of new innovative mandates such as First and Equity Alpha;



- upturn in structured products thanks to year-long advertising campaigns and the launch of new commodity-indexed products;
- expanded range of internal and external funds and hedge fund offerings;
- development of the Private Equity business with bespoke marketing initiatives.

### Expansion of integrated technology platforms, through:

- early implementation of functionalities associated with new European regulations;
- integration of acquisition-based portfolio platforms, leading to synergies;
- roll-out of an online tool offering clients the possibility of consulting their accounts in a dedicated and secure environment;
- sophisticated client reporting and management tools to enhance the offering.

### Organic growth and external expansion

BNP Paribas Banque Privée continues to actively seek both internal and external growth opportunities.

- The business reported a surge in organic growth in 2005, buoyed by the launch of Private Banking operations in Hungary and Brazil as of 1 January 2005, the opening of BNP Paribas Private Bank Asia's onshore business in Taiwan (which rounds out its already-existing presence in Hong Kong and Singapore), and the consolidation of the Private Banking business in the Middle East, in conjunction with the Bank's International Retail Banking arm.
- Building on the acquisition of the prestigious Dutch outfit Nacheinius, Tjeenk & Co., the takeover of CaixaBank Banque Privée (Switzerland) and the transfer of Citigold International Wealth Management's clients in Switzerland, in 2005 BNP Banque Privée pressed ahead with its targeted expansion strategy. The year saw the successful mergers of the end-2004 acquisitions, Société Monégasque de Banque Privée and Bank von Ernst (Monaco), with the Bank's existing operations in Monaco. This allowed BNP Paribas Banque Privée to consolidate its position at the forefront of the Monegasque Private Banking market.



By its global presence, BNP Paribas is a crucible of diverse experiences and practices, from which a variety of lessons can be drawn. Employees need to be made aware of this richness, and the earlier the better. That is the idea behind the **WIN** programme for young graduates. This Worldwide Integration Network programme brings together 50 young managers coming out of some of the best universities worldwide. They take part in multi-cultural English-language seminars, where they are split into cross-functional project groups. Over a two-week period, they tackle project management, communication, leadership and meeting facilitation. Pooja Tayde, 26, flew to Paris from Mumbai to take part in the programme.



**POOJA TAYDE – Assistant Manager, Training and Communications, Mumbai**

« The presentation on BNP Paribas' worldwide presence afforded me a better understanding of the Group's strength and its leading position on financial markets. But the greatest feature of WIN, in my mind, is to mix 50 participants and their different cultures, functions, academic backgrounds and ambitions. Each project group is a blend of business lines and territories, and that's what makes the seminar such a special learning experience. WIN helped me be more aware of other cultures. I realised that to create smooth working relations, professionalism and tolerance have to go hand-in-hand. And I also managed to learn a few words of French: "merci beaucoup !" »



## A EUROPEAN CHAMPION CONTINUES TO GROW

In 2005, the US magazine *Institutional Investor* ranked Cortal Consors in 3rd place among the best non-US online financial companies.

### Germany

- Cortal Consors Select, the network of independent financial advisors, was voted best advisory service (source: *EuroFinanzen*).
- Cortal Consors Germany came in 2nd place in a ranking of banking multi-distribution.
- Launch of "Superzins", a savings account paying 3% interest.
- Cortal Consors Germany gave its clients the possibility of placing "limit" and "stop" orders to be able to trade on OTC markets.
- The ActiveTrader software won first prize among trading tools reviewed by *Börse Online* magazine.
- The German version of Euroweb was rolled out, following closely on the heels of the French version.
- Cortal Consors' back office system successfully completed its migration to a new platform.

### France

- Twelve "Villages du Patrimoine" advisory centres have now been set up in France to provide one-on-one advice.
- In partnership with FundQuest, Cortal Consors launched a new range of funds of funds, called "Open", which include four different risk profiles.
- As part of the link-up between B\*capital and Cortal Consors, a first series of development synergies have been implemented.

### CORTAL CONSORS SELECT VOTED BEST SERVICE IN GERMANY

Cortal Consors' exclusive network of non-salaried financial advisors has been awarded the first prize for best advisory service by *EuroFinanzen*. This magazine's criteria for recognising Cortal Consors Select were the quality of advice, the reasonable level of trading fees, as well as the commitment and professionalism of advisors.

### CORTAL CONSORS RANKED 2ND IN GERMANY IN MULTI-DISTRIBUTION OF BANKING SERVICES

*New Investor*, a quarterly magazine distributed by several financial newspapers, commissioned the independent SWI Finance institute to conduct a survey testing the distribution channels (web, telephone, branches, etc.) and quality of products offered by 16 online banks and distributors, including Citibank, Comdirect, Commerzbank, Cortal Consors, Deutsche Bank, Dresdner Bank, HypoVereinsbank, ING Diba, Postbank and more. Overall, Cortal Consors came in 2nd in the ranking.

### LAUNCH OF "SUPERZINS" SAVINGS ACCOUNTS IN GERMANY

In the summer of 2005, Cortal Consors launched a new savings account offering 3% interest for one year for investments of between EUR 2,500 and EUR 10,000. The launch was supported by web, television and press advertising campaigns. Dubbed "Superzins", this account offers one of the highest returns available in the German market.



## Spain

- Cortal Consors Spain opened its first advisory centre in Madrid, where clients will be able to receive one-on-one advice and attend seminars.

## Belgium

- Cortal Consors Belgium broadened its network with the establishment of a new site in Wavre.

## Luxembourg

- Cortal Consors Bank became a department of BNP Paribas Luxembourg in order to boost its development in international markets.

## Italy

- Cortal Consors launched Conto Swing, a free account that guarantees 4% interest for two months up to EUR 20,000.



## ADVISORY CENTRES IN FRANCE

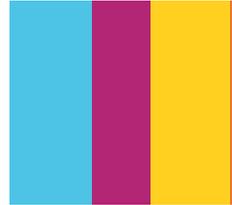
Cortal Consors and Cardif teams dedicated to one-on-one advisory services have been brought together under the Cortal Consors banner. Twelve new advisory centres throughout France, called wealth management "villages", advise clients on savings, life insurance, stock market investments and retirement planning. Cortal Consors has thus doubled its sales outlets in France and strengthened its sales force.

## LAUNCH OF "OPEN", A RANGE OF FUNDS OF FUNDS, IN FRANCE

This new range comprises four funds of funds with different risk profiles, spanning conservative to aggressive. Their component funds have either outperformed their benchmark index or received a Standard & Poor's rating of 4 stars or higher. Clients can perform arbitrage operations between funds without being charged an entry fee, which adds up to complete freedom to draw upon the best investment opportunities.

## LAUNCH OF CORTAL CONSORS EUROPEAN WEBSITE

In September 2004, Cortal Consors France launched its new website, a portal offering free access to the latest financial information and new trading services. In 2005, the German site was rolled out. In 2006, Spain, Luxembourg and Belgium will also have similar technological and financial platforms. Between 2004 and 2005, the number of pages viewed surged from 392 million to 578 million, representing an increase of nearly 50%.



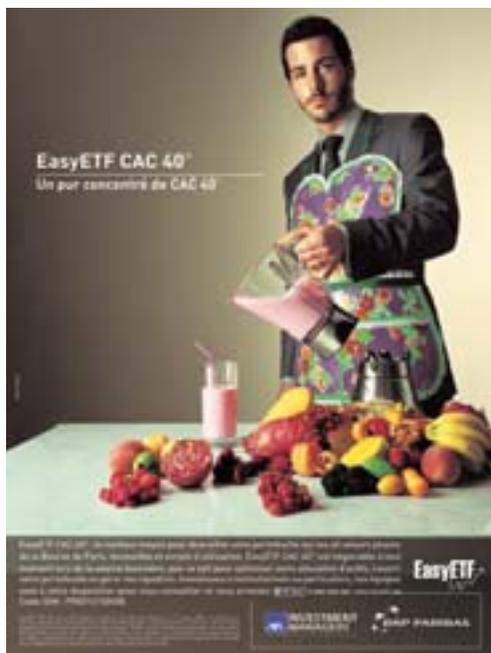
**SUSTAINED GROWTH  
IN 2005**

BNP Paribas Asset Management reported sustained growth in 2005, with a rise of 40% in assets managed and advised (from EUR 196 billion to EUR 274 billion). This growth is due to various factors:

- A strong sales and marketing momentum and the launch of new products (ABS, Performance Absolue, High Alpha Fixed Income, Emerging Markets, etc.) drove substantial organic growth, with BNP Paribas Asset Management scoring a number of important contracts with major institutional investors. Our Luxembourg-based Parvest umbrella fund, now registered in the United Kingdom, continued to expand, and with EUR 2.85 billion in new money in 2005, ended the year with more than EUR 20.5 billion of assets under management.

In France, for the second year running, BNP Paribas Asset Management's range of mutual funds won *Investir* magazine's Laurier d'Or, awarded to the best product range developed by major banking networks over five years.

- Strategic development through the acquisition of equity interests or specialised companies continued apace:
  - In association with AXA Investment Managers, BNP Paribas Asset Management now offers a wide array of trackers marketed under the EasyETF brand name.
  - With the acquisition of FundQuest in the United States, BNP Paribas Asset Management has become a worldwide leader in open-architecture, for which it is one of the pioneers in Europe. At end-December 2005, it had EUR 32.7 billion of assets under management.
  - Lastly, BNP Paribas Asset Management pressed ahead with its development strategy in emerging markets and created a joint venture in India with Sundaram Finance.





### **EASYETF: A COMPLETE RANGE OF SUCCESSFUL TRACKERS**

The EasyETF trackers range, developed jointly with AXA Investment Managers since early-2005, now has 19 trackers listed on Euronext Paris, Xetra and the Swiss Stock Exchange and represents total assets of more than EUR 2 billion. A tracker is a continuously traded marketable security which reproduces the price of a share index that could be global or specific to an industry or geographic area. Trackers make it possible to easily take an overall position in a market. The EasyETF product offering includes, in addition to global trackers for the main European and international securities indexes, the first industry-specific range in the eurozone, the first quoted real estate tracker (EasyETF EPRA Eurozone) and the first commodities tracker (EasyETF GSCI). The EasyETF range leverages the expertise of a team of experienced fund managers and is supported by a solid financial and quantitative research unit.

### **BNP PARIBAS ASSET MANAGEMENT DEVELOPS ITS HIGH ALPHA BOND MANAGEMENT**

BNP Paribas Asset Management has chosen to implement an ambitious plan to develop specific management techniques applicable to credit markets (investment grade, non-investment grade, securitisation, structured, etc.) in the form of equities & bonds or derivatives, in order to offer a range of mutual funds as well as structured investment solutions (management of CDO and CPPI collateral). The dedicated team of specialists has extensive experience in credit markets and draws on a perfectly integrated mix of fundamentals- and quantitative-based approaches.

### **BNP PARIBAS ASSET MANAGEMENT BECOMES WORLD LEADER IN OPEN-ARCHITECTURE**

The acquisition of FundQuest in the United States is the final piece in BNP Paribas Asset Management's strategy to create one of the world's largest open-architecture platforms based on the selection of the best management organisations and a high level of technical acumen. FundQuest has a strong foothold on the US managed accounts market and a leading position in European multi-management thanks to the pooling of its resources with those of Cortal Consors Fund Management, which now operates under the FundQuest brand name.

### **BNP PARIBAS ASSET MANAGEMENT AND SUNDARAM FINANCE LTD CREATE A JOINT VENTURE IN INDIA**

Sundaram BNP Paribas Asset Management Company Limited (with more than EUR 500 million of assets under management) is the result of a strategic asset management partnership agreement. Combining the management of locally regulated products and the reputation of Sundaram Finance with the product expertise and global distribution capacities of BNP Paribas Asset Management, the new outfit has been able to further expand its footprint into new markets. BNP Paribas Asset Management is now present in six emerging countries (Argentina, Brazil, China, Korea, India and Morocco) and through its locally-based teams, manages assets worth more than EUR 14 billion (not including India), making it one of the leading worldwide players in this field.



## A BANNER YEAR IN EACH OF ITS BUSINESSES

Following the acquisition of Atis Real International in 2004, BNP Paribas Immobilier is continental Europe's leading provider of real estate services to companies, with more than 2,500 employees in seven European countries as well as in New York.

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

- **Business volume:**
  - Atisreal sold more than 4.8 million sq.m. of office space in Europe, and performed over 22,000 valuations;
  - Les Espaces Immobiliers BNP Paribas and Gérer sold over 3,700 new or previously occupied housing units in France.

- **External growth: Atisreal strengthened its European network:**

- by taking over some of Chesterton's operations in the United Kingdom;
- by acquiring the Milan-based company Opera Re.

### Real Estate Investment Management

- **The business has been fully reorganised under a single Europe-wide brand, BNP Paribas REIM.**
- **Three new products were launched:**
  - the EP 1 investment fund, (with an investment capacity of more than EUR 500 million);
  - a second French property fund qualifying for tax benefits available under the de Robien Act, which collected over EUR 60 million in deposits;
  - the Opéra Rendement property fund, which can be transformed into France's new OPCI real estate mutual fund in 2006 and has EUR 150 million in investment capacity.

HEAD OFFICE OF CASINO BUILT BY MEUNIER IMMOBILIER D'ENTREPRISE, ST-ETIENNE



## Property Management

- **Commercial real estate:** Comadim was awarded new mandates representing over 500,000 sq.m. of office space, and will expand its portfolio with the acquisition of Newport, which manages 1.6 million sq.m.
- **Individual housing**
  - Gérer and Les Studélites expanded their portfolio of housing units under management by more than 8,000 units or 48%, through a combination of organic growth and two acquisitions:
    1. BSA Immobilier in the Rhône-Alpes (taken over by Les Studélites);
    2. Sanchez, a Toulouse-based agency.

## Property Development

- **Commercial real estate:** Meunier Immobilier d'Entreprise started building 115,000 sq.m. of office space in 2005.
- **Individual housing:** in 2005, Meunier Habitat started building over 1,500 housing units in the Paris region, Rhône-Alpes and southern France.



## MEUNIER IMMOBILIER D'ENTREPRISE: BUILDING THE CASINO GROUP'S HEAD OFFICE IN SAINT-ETIENNE AND BROADENING THE COMPANY'S REGIONAL BASE IN FRANCE

The Casino supermarket group has selected Meunier Immobilier d'Entreprise to build its corporate headquarters in Saint-Etienne, in the Rhône-Alpes region. Made up of 90,000 sq.m. of basic office space and including 940 parking spaces, the new building will bring under one roof 2,300 employees who are currently spread across 13 sites in the city of Saint-Etienne and its suburbs. Launched in October 2005, the work is scheduled to be completed in May 2007.

Meunier Immobilier d'Entreprise is determined to develop its operations beyond its traditional base of the Paris area. This project, its second large-scale office building in the Rhône-Alpes area, represents a major step in that direction.

## A LEADING ROLE FOR BNP PARIBAS REIM

### BNP Paribas Immobilier's Europe-wide brand for property asset management makes its mark

BNP Paribas Immobilier has just brought all of its operations in the field of third-party management of property assets under a single brand, BNP Paribas Real Estate Investment Management (REIM).

This brand brings together the operations previously conducted under the banners of Antin Vendôme, ECM Real Estate and Asset Partenaires in France, as well as in the asset management departments of Atisreal in the United Kingdom and the Benelux countries. At end-2005, BNP Paribas REIM had EUR 4.5 billion in assets under management, comprising:

- property investment funds;
- SCPI property funds;
- direct real estate investments;
- other investments.

Developing BNP Paribas REIM's operations is a major strategic focus for the coming years, because property asset management generates synergies among the different departments of BNP Paribas Immobilier and with the other businesses of BNP Paribas.



A company's development and success abroad depend not only on following the economic rules of the local market, but also on adapting to the cultural idiosyncrasies of the country. That lesson has not been lost on **Cardif Japan**. The company has launched innovative insurance products that exactly meet the needs of contemporary Japanese society. One of the most striking examples is a product that covers risks related to serious illnesses – e.g. cancer, heart attack or stroke – and is linked to a mortgage loan.



JUN AOKI – Manager of Cardif Japan, Tokyo

« Imagine someone who has taken out a 30-year mortgage loan to buy a house. Now imagine that this person is suddenly diagnosed with cancer or any other serious disease. If this person has taken out our policy, all mortgage payments will be taken over by the insurer, leaving the patient free to focus entirely on following the treatment and getting better, without worrying about the loan. Such moments are difficult enough as it is, so knowing that you have a home for you and your family – and that it is yours – is a huge relief. We designed this product through close observation of Japanese society. In Japan, house prices are extremely high, loan terms are very long – 25 to 35 years – and cancer and other serious diseases are among the highest causes of mortality. Until 2004, Cardif was the only company offering this type of product. It has proved such a resounding success that it is now marketed in Japan by 46 banks and 10 non-banking institutions. »





## RISE IN BUSINESS IN ALL COUNTRIES

BNP Paribas Assurance increased total revenues by 14% in 2005 to reach EUR 13 billion, capitalising on the upturn in the equity markets which spurred the growth in life insurance.

All of the countries in which BNP Paribas Assurance operates contributed to the rise in business, with Asia and America leading the way, reporting growth of more than 76% and 30% respectively. At nearly 10%, growth remains vigorous in Europe despite the maturity of the markets.

New money invested in **savings products** totalled EUR 10.3 billion.

In France, new inflows reached EUR 8.7 billion. At constant scope, excluding the impact of the sale of Antarius – a life insurance company jointly owned with Crédit du Nord – revenues surged 18.2%, significantly outperforming the market's 14% (source: FFSA). The launch of new products in Private Banking (Privilège, Performance), BNP Paribas branches (Hawaii-Profilea) and the Cardif network (Partéis, etc.) boosted business with individual clients. In 2005, the Cardif network's revenues surged 46% to an all-time high of EUR 1.4 billion.



Link-up of Cardif Asset Management with BNP Paribas' Asset Management business.



## BNP PARIBAS TAKES OVER JP MORGAN ASSET MANAGEMENT'S RETAIL BUSINESS IN FRANCE

JP Morgan Fleming Investissement and JP Morgan Fleming Sélection, now operating under the "Patrimoine Management et Associés" banner, designs and distributes a wide array of financial solutions through its network of 120 financial advisors and 300 independent asset management advisors. By diversifying its distribution networks, BNP Paribas Assurance expects to step up its growth on the savings market in France.

## CARDIF ASSURANCE VIE AND NATIO VIE MERGER

In October 2005, BNP Paribas Assurance merged its two life insurance companies, Cardif Assurance Vie and Natio Vie. Cardif Assurance Vie is now BNP Paribas' sole life insurance company in France.

## CREATION OF A JOINT VENTURE WITH MAGAZINE LUIZA IN BRAZIL

In December 2005, Cardif created an insurance company through a joint venture with Brazil-based Magazine Luiza, a chain of stores specialised in household appliances and furnishings. This was a first for Cardif, which until then had six joint ventures with banks and financial institutions.

New cash inflows on unit-linked business were 50% higher than the market (*source: FFSA*), thanks in particular to the increase in arbitrage transactions on euro-denominated contracts and the commercial acumen of sales teams.

Outside France, savings inflows increased by 23%, to EUR 1.6 billion, with substantial advances reported in South Korea, Italy and Taiwan.

BNP Paribas Assurance continued to develop its **protection** business, generating premium income of EUR 2.6 billion in 2005, up from EUR 2.3 billion in 2004.

In France, the key contributors to this performance were BNP Paribas branches and the Cardif network, whose Cardif Garantie Emprunteur creditor insurance product proved highly successful.

Outside France, growth held firm, with particularly strong development in "mature" countries (Japan, Poland, Chile), and promising new business for the most recently established operations (Russia and Switzerland).

In property and casualty insurance, Natio Assurance's revamped motor insurance offering was developed in partnership with AXA. The number of contracts signed rose by 130% with total revenues reaching EUR 80 million in 2005.

## RECORD LEVEL OF SAVINGS INFLOWS FOR CARDIF IN FRANCE THROUGH INDEPENDENT FINANCIAL ADVISORS

Savings inflows were boosted by the strong performance of the financial markets (since a large share of the inflows was invested in unit-linked business), the launch of new products such as Cortal Consors' share account offering, and the dynamism of the sales teams.

## LAUNCH OF THE NEW MOTOR INSURANCE OFFERING

The new motor insurance offering launched by Natio Assurance in April 2005 fuelled growth in the property and casualty insurance business, with a rise of 130% in the number of contracts.

## VIETNAM: BOTH OUTLET FOR CARDIF

Since February 2005, Cardif has had a sales office in Vietnam, a first step towards its obtaining a license to operate as an insurer.

## BUDGET PROTECTION

### Cardif carries out a consumer survey in 14 countries

Conducted in February and March 2005, the survey of consumer behaviour and expectations in relation to budget protection issues revealed:

- a strong feeling of vulnerability in the face of life's uncertainties (death, serious illness, road accidents, family trauma), accompanied by a greater sense of financial vulnerability (faced with a loss of employment, only 36% people considered they could maintain their current quality of life beyond three months);
- an appetite for consumption, financed in particular by credit both in emerging countries, seduced by western life styles, and in developed economies, where people are intent on maintaining a high quality of life;
- a strong interest in insurance products which are seen by those surveyed as a way of covering expenses and borrowings needed to meet life's contingencies.



## EUROPEAN LEADERSHIP STRENGTHENED BY INNOVATIVE PRODUCTS AND SERVICES

Leveraging a local presence, precise knowledge of each market and leading-edge technological expertise, BNP Paribas Securities Services provides each client with the solutions that best meet its needs.

In early 2005, BNP Paribas Securities Services and Global Equities and Derivatives jointly launched a new product aimed at financial institutions – Integrated Execution and Securities Services (IESS). For all asset classes, IESS offers a wholly integrated solution, from execution to custody services.

BNP Paribas Securities Services has also expanded its range of services in global custody of derivatives and now provides its clients with new web reporting software that gives real-time access to positions and consolidated reports.

A project has also been launched to enable clients to directly access IRP performance reports using a dedicated extranet module. Thanks to constant capital expenditure on cutting-edge technology, BNP Paribas Securities Services is able to meet its clients' most complex needs.

Many initiatives have also been launched in response to changes in client requirements, such as:

- developing fund administration solutions for hedge funds in Germany and Italy;
- launching a global custody offer for Jersey clients;
- developing tools to support the launch of Child Trust Funds in the United Kingdom.

Industry recognition was again forthcoming in 2005, with BNP Paribas Securities Services collecting the following awards:

- "Securities Services House of the Year – Europe" granted by *The Banker* magazine;
- "Top Rated" for its local custody services in eight European countries in the annual survey conducted by *Global Custodian* magazine
- "Fund Administrator of the Year" for *Funds Europe* magazine;
- "Best Agent Bank in Europe" according to *Global Custodian* magazine;
- "Best Sub-Custodian – western Europe" according to *Global Finance* magazine.

## BNP PARIBAS SECURITIES SERVICES APPOINTED AS CUSTODIAN FOR INVESCO'S GERMAN OPERATIONS

BNP Paribas Securities Services has taken over Invesco Bank OHG's custody operations in Germany. While this will allow Invesco to focus on its core business, BNP Paribas Securities Services has now become the custodial bank for all "Spezial und Publikumsfonds" funds. Winning this mandate is a reflection of BNP Paribas Securities Services' strong position and its commitment to serving institutional investors in Germany.

## BNP PARIBAS SECURITIES SERVICES APPOINTED TO MANAGE EDF'S SECURITIES SERVICES

BNP Paribas Securities Services has been appointed to manage the securities services of Électricité de France (EDF), one of the European leaders in electricity production, distribution and sale. In addition to the BNP Paribas Group being selected as EDF's advisory bank and bookrunner for its IPO, BNP Paribas Securities Services was retained by EDF to provide securities services, particularly centralised management of the share offer for EDF employees, registry-keeping and organisation of its annual shareholders' meetings. With this major mandate, BNP Paribas Securities Services has added to its prominent position as a provider of services to issuers in France.

In line with its motto of "The closer, the better", BNP Paribas Securities Services spearheads the development of groundbreaking new solutions that reinforce its leadership in Europe – with excellence as its benchmark for all the services it provides its clients.

## RELATIONSHIP WITH F&C ASSET MANAGEMENT PLC FURTHER STRENGTHENED

BNP Paribas Securities Services was awarded a new mandate in 2005 to provide custodial and fund administration services to F&C Asset Management Plc, a leader in asset management throughout Europe. Because F&C markets such a diverse range of funds, in particular the new Child Trust Funds which it is the first to be promoting in the United Kingdom, this mandate reflects the versatility of BNP Paribas Securities Services' offer of products and services for institutional investors in Europe.



GALERIE DU CHAMP DE MARS - ANGOULÊME

# KLÉPIERRE

## A rise in revenues and geographic expansion

The expansion strategy rolled out by Klépierre, a listed real estate investment company in which the BNP Paribas Group has a majority stake, is focused on gaining a strong foothold in shopping centres in continental Europe. As well as its geographical footprint, the group draws strength from operating in a variety of shopping centre formats and systematically leverages local management through Ségécé<sup>(1)</sup> and its network of subsidiaries. Klépierre also operates to a lesser degree in the office space market (12% of revenues), where trends saw rents declining.

In 2005, Klépierre's revenues rose 13.4% to EUR 489.8 million. The company continued to expand and made inroads into the Polish market, through the acquisition in July of four shopping arcades, representing an investment of EUR 193 million. It also stepped up operations in France, Italy, Belgium and Spain, bringing its total investment outlay in shopping centres to EUR 780 million.

As part of its selective portfolio management policy launched in 1999, Klépierre sold EUR 124.8 million worth of office premises in 2005. At the year-end, the company's property asset portfolio amounted to EUR 7.4 billion, of which shopping centres accounted for EUR 6.4 billion. Growth potential is estimated at more than EUR 3 billion for the coming five years.

Ségécé broadened its property management network during the year. After acquiring total control of PCM Poland and the remaining shares in PCM in Hungary, Ségécé is now present in ten European countries.

The Klépierre share climbed by more than 20% year-on-year, reflecting the current enthusiasm for the property sector and rewarding the real estate group's steady sales and earning performances.

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

# BNP PARIBAS CAPITAL

## Private Equity activities on behalf of third parties

The special purpose entity, BNP Paribas Private Equity ("BNPP PE") carries the group's Private Equity activities on behalf of third parties. BNPP PE is an asset management company approved by the AMF (French securities regulator).

BNPP PE manages four major types of funds: dedicated funds for a Group insurance company; innovation mutual funds (FCPI); feeder funds invested exclusively in certain funds sponsored by the Group; and funds of funds.

BNPP PE also provides advisory services for fund management and portfolio investment, particularly in the communications industry.

In 2005, BNPP PE launched three new funds: NVD 4 (dedicated Private Equity funds), Antin FCPI 4 and Fundexi Europe II (funds of funds).



For many young people from underprivileged neighbourhoods, sport can prove a very significant lever for successfully fitting into society and finding employment. It is with this idea in mind that ten years ago the former tennis star Yannick Noah created **Fête le mur**, an association which BNP Paribas has supported since 2001. With its 19 sites in France and 1,500 registered children, the association meets an obvious need. Its aim is not to train professional athletes but to give underprivileged children the opportunity to play tennis with the benefit of top-notch coaching. In some cases, however, special talents are revealed, as in the case of Mickaël Prempeh. He will turn 15 in May and is in his second year in a sports and academics high school in Nîmes. Mickaël is the recipient of a Fête le mur BNP Paribas scholarship.



MICKAËL PREMPEH – A second-year student in a sports and academics high school, Nîmes

« I had never played tennis before joining Fête le mur. I played football when I was younger, but that's all. I remember the first day I saw Yannick Noah. I was with some friends in the street. The postman came by and said Noah was organising a tennis event. We went. There was a game where you had to beat a record. I won it and I was able to start playing. I liked it. I improved gradually.



I won the national Fête le mur tournament three times, so the association recommended that I enter a sports and academics programme. I did, in Nîmes, and it's going very well. I play every day. This experience has undoubtedly changed my life. Now, I'd like to become a coach. »