

The bank for a changing world
El banco para un mundo en evolución
Banken for en verden i endring
Банк для меняющегося мира
O banco para um mundo em mudança
変化し続ける世界に対応する銀行
Die Bank für eine Welt im Wandel
बदलती दुनिया का बँक
BANK UNTUK DUNIA YANG TERUS BERUBAH
بنك يتطور... لعالم يتغير
BANK UNTUK DUNIA YANG SENTIASA BERUBAH
La banca per un mondo che cambia
追求卓越 與時俱進
La banque d'un monde qui change



6 billion Others,
a Yann Arthus-Bertrand project
sponsored by



Yann Arthus-Bertrand, the man that gave us "Earth from Above", has launched "6 billion Others", a video project that paints a portrait of man at the beginning of the 21st century, highlighting both the universal and individual aspects of responses to major questions affecting humanity collected from people living all over the world. What is happiness? What can we learn from the challenges we face? What is the meaning of life?

So far, over 3,600 interviews have been filmed in 55 countries. They provide a clear outline of what separates us as human beings but also show what we have in common. A further 2,400 interviews will be carried out in 2007.

This project will culminate in an exhibition to open in Paris in early 2008, before beginning its world tour and featuring on screens around the globe.

In the meantime, the dedicated website www.6billionothers.org is already up and running.

BNP Paribas and "6 billion Others" will also invite the public to discover short extracts from these testimonials to be broadcast on international television and made available within in-flight entertainment on numerous airlines in 2007.

Driven by a spirit of enquiry, openness and exchange, BNP Paribas has sponsored "6 billion Others" from the outset.

Strong social and ethical values are embedded in the Group's practices, and we appreciate that progress is impossible without respecting diversity. Far from developing along uniform lines, BNP Paribas makes every effort to reconcile worldwide influence with genuine respect for local cultures. The Group is present in 85 countries on five continents, and more than 100 different nationalities are represented among its employees. BNP Paribas is driven by the belief that leading global companies can make a difference to local communities. When Yann Arthus-Bertrand contacted BNP Paribas management and staff in early 2005, they were impressed by the similarity between the core values espoused by the Group and the diversity celebrated through the "6 billion Others" project. This is why the two parties decided to launch this unprecedented partnership between a major international business and a work of creative insight that marries artistic and human values on a planetary scale.

Press contacts
BNP Paribas:

Alia Ouabdesselam • 33 1 42 98 29 63 alia.ouabdesselam@bnpparibas.com

Gerardo Tommasiello • 33 1 55 77 55 14 gerardo.tommasiello@bnpparibas.com

"6 billion Others":

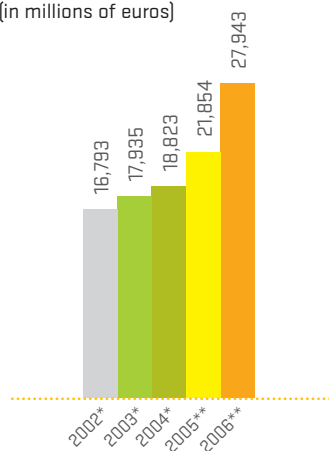
Anne-Laure Charriot • 33 1 48 42 92 36 anne-laure@yannarthusbertrand.org



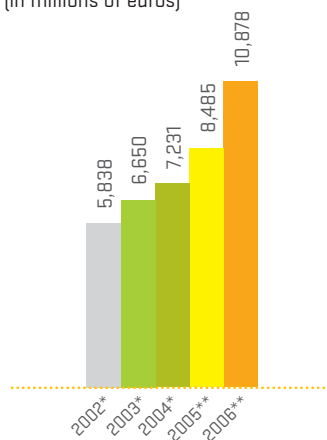
Key figures	2-3
Chairman's and Chief Executive Officer's statement	4-5
Outlook	6-7
Executive Committee	8-9
Corporate governance	10-12
Remuneration	13
Shareholders' information	14-23
Promoting innovation	24
2006 business highlights	25-75
Corporate and Investment Banking	26-37
• Equities and Derivatives	29-31
• Fixed Income	31-32
• Corporate Finance	33
• Energy Commodities Export Project (Ecep)	34-35
• Structured Finance	35-36
• Cash Management	37
• Loan & Portfolio Management	37
French Retail Banking	38-45
• Individual clients	40-41
• Entrepreneurs and freelance professionals	42-43
• Corporate clients	43-45
• After-sales organisation	45
International Retail Banking and Financial Services	46-55
• Cetelem	48-49
• Equipment Solutions	50
• Mortgage financing – UCB and its subsidiaries	51
• Retail banking in the United States – BancWest	52-53
• Retail banking in the Emerging Markets	54-55
BNL banca commerciale	56-59
Asset Management and Services	60-73
• BNP Paribas Asset Management	62-63
• Cortal Consors	64-65
• Private Banking	66-67
• BNP Paribas Real Estate Services	68-69
• BNP Paribas Assurance	70-71
• BNP Paribas Securities Services	72-73
Klépierre	74
BNP Paribas Principal Investments	75
• BNP Paribas Capital	75
• Listed Investment and Sovereign Loan Management	75
Corporate social responsibility	76-93
• The Group's approach	78-81
• Human Resources development	82-87
• A partner in society	88-93
Glossary	94-100

key figures

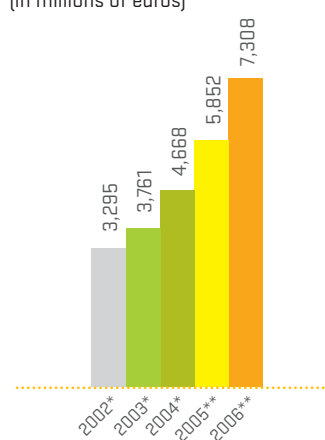
Net banking income
(in millions of euros)



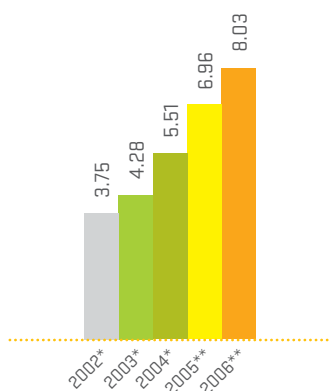
Gross income
(in millions of euros)



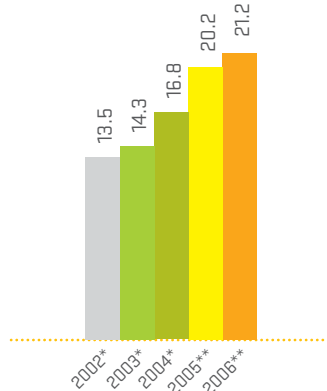
Net income, Group share
(in millions of euros)



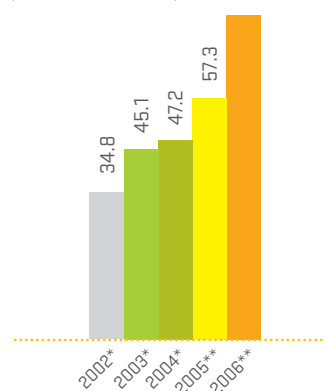
Earnings per share
(in euros)***



Return on equity
(in %)



Market capitalisation
at 31 December
(in billions of euros)



* Under French GAAP.

** Under IFRS.

*** Adjusted for the impact of the share issue on years 2001 to 2005.

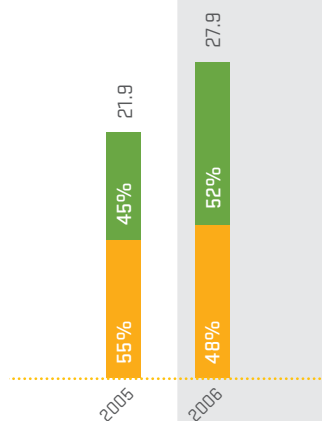
Source: Bloomberg.

Number of Group employees (Full-time equivalents)

	2005	2006
World	109,780	141,911
Europe (including overseas departments and territories)	80,704	110,584

Annual revenues (in billions of euros)

France ■ Outside France ■



Long-term ratings

Standard & Poor's	AA	Positive outlook	Reaffirmed on 21 February 2007
Moody's	Aa2	Stable outlook	Reaffirmed on 7 February 2007
Fitch	AA	Stable outlook	Reaffirmed on 15 May 2006

Results

(in millions of euros)

	31 December 2005	31 December 2006
Total assets	1,258,079	1,440,343
Customer deposits	301,196	393,133
Customer loans (gross)	247,494	298,652
Shareholder's equity ⁽¹⁾	40,718	49,512
International capital adequacy ratio	11.0%	10.5%
o/w Tier One	7.6%	7.4%

⁽¹⁾ Before income appropriation.

chairman's and chief executive officer's statement

BNP Paribas delivered a stellar earnings and growth performance in 2006, with net income climbing 24.9% to hit a record high of EUR 7.3 billion and net banking income surging by almost 28% to reach EUR 27.9 billion. International Retail Banking and Financial Services, Asset Management and Services, and Corporate and Investment Banking Businesses all posted revenue growth of around 22%, while revenues for the French Retail Banking Division edged up 4.3%.

These results reflect the change in the scale of the Group, which has grown by over a quarter in the space of just one year thanks to a string of acquisitions – most importantly BNL in Italy – and strong organic growth, which alone powered a 13.5% rise in revenues.

2006 will go down in the Group's history as a year with a distinct Italian flavour. In February, we announced our plan to purchase BNL, Italy's sixth-largest bank, and in April acquired a controlling interest further to swift approval from the competent authorities. As early as July, we held 99% of BNL's capital and put forward our plan for developing the business. In September, BNL adopted the "taking flight" logo displayed by all Group companies, but continued to use the name it has always had since its creation in 1913. This identity symbolises the "nuova BNL", a bank which remains authentically Italian and at the same time part of one of Europe's foremost banking groups of world-wide standing. In December, we presented our detailed business plan for BNL and the BNP Paribas Group in Italy, now our second-largest domestic market. The business plan envisages adopting the organisation and commercial strategy that has made the French Retail Banking Business such a formidable success. BNP Paribas is also determined to become the leading investment bank in Italy, where it is intent on expanding its market share in both Asset Management and Services and Specialised Financial Services activities.

Looking at the year as a whole, 2006 gave us the opportunity to confirm our global reach, with operations in more than 85 countries spanning five continents. Sixty per cent of our 140,000 employees are now based outside France. Since 2005, we have launched new businesses in 53 countries.

During the year, the International Retail Banking and Financial Services (IRFS) Business acquired 51% of UkrSibbank, which was Ukraine's fifth-largest bank at that time and has since grown strongly to take the third spot in its market. We also pressed ahead with our ambitious branch opening program in the Mediterranean basin, where all of our retail banking subsidiaries have now adopted the Group's logo. In total, the number of Emerging and Overseas Markets branches increased from 500 at the beginning of 2005 to almost 1,700 at the end of 2006.

In parallel, the Corporate and Investment Banking (CIB) Division continued to cement its European or global leadership in most of its businesses. Its improved worldwide rankings and litany of awards and prizes bear out the division's ongoing efforts to expand its market share and enhance its credibility as one of the few top-ranking global players in high-growth businesses.

Asset Management and Services (AMS) enjoyed a bumper year in 2006, powered by a vigorous organic growth momentum and a selective policy of acquisitions and alliances.

The Group's French businesses also delivered a robust performance, with Retail Banking once again reporting a record increase in new customers as well as the highest earnings growth of all French banks. Cetelem continued to pursue its global expansion, and saw promising advances in its market share for the first time in several years.

BNP Paribas has gained in stature, deepened its international footprint and rounded out its business offering, thanks to which it is now one of only a handful of European companies with a strong foothold on the world stage. Against persistent economic and market uncertainty in 2007, we will endeavour to further reinforce our positions across all of our businesses by harnessing our capacity for responsiveness and creativity in terms of both our sales strategy and our operating efficiency. The diverse cultures and backgrounds of our teams is something to be proud of and we firmly believe this diversity will drive forward our business aims and continually widen our appreciation of customer expectations.

Looking ahead, we will maintain our focus on organic growth while considering acquisition opportunities that meet our strict profitability criteria and present an excellent strategic fit with our existing businesses and operations.

BNP Paribas continues to be guided by the overriding aims of development and value creation, which have been at the heart of the Group's business ethic since its creation.

J. Pébereau



BNP Paribas at a glance

Strong development throughout the year

Net banking income

EUR 27.9 billion, up 27.9% on 2005

Robust organic growth dynamics

Net banking income up 13.5% at constant scope and exchange rates

Operating expenses and depreciation up 11.1% at constant scope and exchange rates

Creation of second domestic market: BNL

Growth in net banking income across all core businesses

FRB⁽¹⁾: EUR 5,671 million (+4.3%)

IRFS: EUR 7,296 million (+22.3 %)

AMS: EUR 4,350 million (+22.5 %)

CIB: EUR 7,859 million (+22.4 %)

Earnings per share: EUR 8.03 (+15.4%)

Dividend per share: EUR 3.10 (+19.2%)⁽²⁾

⁽¹⁾ Figures include 100% of French Private Banking, excluding PEL/CEL products.

⁽²⁾ Subject to approval by the AGM.



Michel Pébereau
Chairman

Baudouin Prot
Chief Executive Officer

outlook

FRENCH RETAIL BANKING

For 2007, the priorities for FRENCH RETAIL BANKING are to:

- Continue improving the satisfaction of individual customers, by pressing ahead with the branch refurbishment programme and innovation efforts, especially with respect to financial savings services and personal protection insurance products;
- Consolidate its no. 1 position in the French private banking market, by developing wealth management services, helping client advisors to bolster their skills and expertise, and pursuing product innovation efforts;
- Capitalise on the success of the Business Centres among corporate clients in order to (i) expand cross-selling of all the Group's products and services, including BNL's Italian desks; and (ii) to become the main bank for growing businesses;
- Enhance productivity gains with respect to both sales agreements and the back offices where processes will continue to be computerised and streamlined.

INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES

In 2007, INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES will implement an ambitious strategy in all of the regions where it does business. Its focus will be on:

- Consolidating its leading positions in Retail Financial Services in Europe – especially France and Italy – by stepping up innovation efforts and pursuing productivity gains;
- Implementing the organic growth plan at BaneWest by expanding its branch network and rolling out its expanded product offering across the entire network;
- Strongly increasing activities in emerging markets and continuing to open branches in far eastern Europe and around the Mediterranean basin (190 branch openings planned), taking full advantage of potential synergies between the networks and the Group's product platforms (consumer lending, leasing, credit protection insurance, etc.);
- Leveraging acquisition-related cost savings.

ASSET MANAGEMENT AND SERVICES

In 2007, the AMS core business will continue to deploy its value-creating profitable growth model, by:

- Focusing on organic growth, boosted by positive structural trends both in Europe and increasingly in emerging countries;
- Capitalising on new areas for growth in Italy, where the Bank is to roll out a private banking network with BNL and consolidate its product offering, especially in terms of asset management and insurance.

Asset Management and Services is aiming at going on with its fast organic growth.

CORPORATE AND INVESTMENT BANKING

In 2007, the CIB core business will:

- Continue to develop its strategic franchises, in particular derivatives, focusing on flow business as well as specialised and structured finance;
- Seek to expand its customer base, in particular as regards financial institutions and midcap segments;
- Step up growth in Italy to capitalise on cross-selling opportunities with BNL;
- Bolster its presence in a number of emerging countries, including China, India, Russia and the Middle East.

CIB will endeavour to maintain one of the industry's lowest cost/income ratios and increase the return on capital employed by focusing on high value-added businesses, maintaining a selective loan origination policy and actively managing its loan book.

BNL BANCA COMMERCIALE

Details of the plan to integrate BNL within BNP Paribas and expand the Group's business and profitability in Italy were unveiled in Rome on 1 December 2006. The plan is now well underway.

The retail, private banking and corporate banking divisions have been grouped together in a new core business known as "BNL banca commerciale" (BNL bc) since 1 January 2007. The management structure is now in place and a project is underway to segment the Italian network into five autonomous regions, which will improve efficiency. The product offering for individual customers has begun to be expanded and upgraded, with new life insurance products and the launch of a new demand account termed "Conto Revolution". BNL bc has already reported its first

success with its cross-selling to corporates: Italian desks already operational in the Group's network have brought in new business, and the organisation has won mandates in the areas of international cash management and the structuring and distribution of fixed-income products to local authorities.

The Group's other core businesses are also starting to extend their product and service offering to BNL customers:

- An integrated management team is in place to promote the platforms of the Asset Management and Services business throughout the branch network. The Asset Management business line has enhanced its product offering and discretionary management services. A new agreement has also been signed with Unipol for BNL Vita to distribute life-insurance products.
- BNP Paribas-BNL CIB teams are up and running with 225 professionals. They have started to provide training on their products to BNL bc client relationship managers and have already made several joint customer visits.
- In the IRFS core business, the tie-up of the two leasing companies is under way. BNL bc has entered into distribution agreements with Arval and UCB. An Italian desk was opened in Tunisia and another desk is to be inaugurated in Turkey.

BNL SpA's management signed a restructuring plan with union representatives in November 2006. The plan, which is in the process of being implemented, provides for 2,200 departures and 900 new hires in the period 2007-2009.

executive committee



Pierre Mariani
Head of International
Retail Banking and Financial
Services

Philippe Bordenave
Head of Group Finance
and Development

Jean Clamon
Chief Operating Officer

Baudouin Prot
Chief Executive
Officer

Georges Chodron de Courcel
Chief Operating Officer

Two changes have already been announced for 2007:



• **Alain Marbach**, 44, joined the BNP Paribas Group on 6 November 2006. He was previously a member of the Executive Committee of Schneider Electric as Head of Products and Technology. Alain Marbach will initially join Hervé Gouëzel in managing the Group's information systems. In the first half of 2007, he will recommend an overall strategy for the Group's industrial and technology branches. He will be in charge of implementing this strategy and will become a member of the Executive Committee of BNP Paribas. Hervé Gouëzel, currently Head of Group Information Systems, will then become an advisor to Executive Management.



8-9

EXECUTIVE COMMITTEE

Bernard Lemée

Head of Group Human Resources

Alain Papiasse

Head of Asset Management and Services

Vivien Lévy-Garboua

Head of Compliance and Internal Control Coordinator

Jean-Laurent Bonnafé

Head of French Retail Banking and BNL banca commerciale

Hervé Gouëzel

Head of Group Information Systems

Jacques d'Estais

Head of Corporate and Investment Banking



• **Frédéric Lavenir**, Chairman and Chief Executive Officer of BNP Paribas Lease Group until September 2006, joined the Group Human Resources function in October 2006, marking the beginning a three-month transition period. He replaced Bernard Lemée as Head of Group Human Resources and member of the Executive Committee on 1 January 2007. At that date, Bernard Lemée was appointed as an advisor to Executive Management, in charge of conducting cross-functional assignments on behalf of the Chief Executive Officer or the Chairman. He will in particular contribute to integrating the largest acquisitions into the Group.

corporate governance



a

b

c

d

e

f

g

a. Michel Pébereau

- Principal function ⁽¹⁾: Chairman of the BNP Paribas Board of Directors
- Elected on 23 May 2006. Term expires at the 2009 AGM
 - First elected to the Board on 14 May 1993
 - Born on 23 January 1942
 - Number of BNP Paribas shares held ⁽²⁾: 121,006
 - Office address: 3, rue d'Antin – 75002 Paris, France

Director of:

- Lafarge
- Compagnie de Saint-Gobain
- Total
- Pargesa Holding SA, Switzerland

Member of the Supervisory Board of:

- AXA
- Banque Marocaine pour le Commerce et l'Industrie, Morocco

Non-voting director of:

- Société Anonyme des Galeries Lafayette

Chairman of:

- European Banking Federation
- Investment Banking and Financial Markets Committee of Fédération Bancaire Française
- Management Board of Institut d'Études Politiques de Paris
- Supervisory Board of Institut Aspen France
- Institut de l'Entreprise

Member of:

- Executive Committee of Mouvement des Entreprises de France
- Haut Conseil de l'Éducation
- European Financial Round Table
- Institut International d'Études Bancaires
- International Advisory Panel of the Monetary Authority of Singapore
- International Capital Markets Advisory Committee of the Federal Reserve Bank of New York
- International Business Leaders' Advisory Council for the Mayor of Shanghai (IBLAC)

b. Patrick Auguste

- Principal function ⁽¹⁾: Real estate project manager
- Director elected to a three-year term by BNP Paribas executive-band employees on 7 March 2006
- Director elected to a three-year term by BNP Paribas executive-band employees on 7 March 2006
 - First elected to the Board on 14 December 1993
 - Born on 18 June 1951
 - Number of BNP Paribas shares held ⁽²⁾: 33
 - Office address: 14, rue Bergère – 75009 Paris, France

c. Claude Bébéar

- Principal function ⁽¹⁾: Chairman of the Supervisory Board of AXA
- Elected on 23 May 2006. Term expires at the 2009 AGM
 - First elected to the Board on 23 May 2000
 - Born on 29 July 1935
 - Number of BNP Paribas shares held ⁽²⁾: 3,074
 - Office address: 25, avenue Matignon – 75008 Paris, France

Chairman and Chief Executive Officer of Finaxa (Finaxa merged into AXA on 16 December 2005)

Director of:

- AXA Assurances IARD Mutuelle
- AXA Assurances Vie Mutuelle

Member of the Supervisory Board of:

- Vivendi

Non-voting director of:

- Schneider Electric

Chairman of:

- Institut du Mécénat de Solidarité
- Institut Montaigne

Member of:

- International Advisory Panel of Monetary Authority of Singapore
- International Advisory Board of Tsinghua's School of Economics and Management, Beijing (China)

d. Jean-Louis Beffa

- Principal function ⁽¹⁾: Chairman and Chief Executive Officer of Compagnie de Saint-Gobain
- Elected on 23 May 2006. Term expires at the 2009 AGM
 - First elected to the Board on 22 October 1986
 - Born on 11 August 1941
 - Number of BNP Paribas shares held ⁽²⁾: 3,956
 - Office address: "Les Miroirs", 18, avenue d'Alsace – 92096 La Défense Cedex, France

Vice-Chairman of the Board of Directors of BNP Paribas

Chairman of: *Claude Bernard Participations*

Director of:

- Gaz de France
- Groupe Bruxelles Lambert (Belgium)
- Saint-Gobain Cristallerie SA (Spain)
- Saint-Gobain Corporation (USA)

Permanent representative of Saint-Gobain on the Board of:

- Saint-Gobain PAM

Chairman of the Supervisory Board of:

- All (Agence de l'Innovation Industrielle)

Member of the Supervisory Board of:

- Le Monde SA
- Le Monde Partenaire AS (SAS)
- Société Éditrice du Monde (SAS)

e. Gerhard Cromme

- Principal function ⁽¹⁾: Chairman of the Supervisory Board of ThyssenKrupp AG
- Elected on 18 May 2005. Term expires at the 2008 AGM
 - First elected to the Board on 21 March 2003
 - Born on 25 February 1943
 - Number of BNP Paribas shares held ⁽²⁾: 400
 - Office address: August-Thyssen-Strasse 1 Postfach 10 10 10 – 40001 Düsseldorf, Germany



h

i

j

k

l

m

n

Member of the Supervisory Board of:

- Allianz AG (Germany)
- Axel Springer AG (Germany)
- Deutsche Lufthansa AG (Germany)
- E.ON AG (Germany)
- Siemens AG (Germany)

Director of:

- Compagnie de Saint-Gobain
- Suez

Chairman of:

- German Governmental Commission on Corporate Governance

Member of:

- European Round Table of Industrialists (ERT)

f. Jean-Marie Gianno

Principal function ⁽¹⁾: Sales associate

- Director elected to a three-year term by BNP Paribas employees on 7 March 2006
- First elected to the Board on 15 March 2004 (Jean-Marie Gianno was an employee representative on the Board of Banque Nationale de Paris from 1993 to 1999)
- Born on 7 September 1952
- Number of BNP Paribas shares held ⁽²⁾: 10
- Office address: 21, avenue Jean-Médecin – 06000 Nice, France

Member of:

- Comité des Établissements de Crédit et des Entreprises d'Investissement (CECEI)
- "Confrontation" (a European think tank)

g. François Grappotte

Principal function ⁽¹⁾: *Honorary Chairman of Legrand, Director of companies*

- Elected on 18 May 2005. Term expires at the 2008 AGM
- First elected to the Board on 4 May 1999
- Born on 21 April 1936
- Number of BNP Paribas shares held ⁽²⁾: 2,537
- Office address: 128, avenue de-Lattre-de-Tassigny – 87045 Limoges, France

Director of:

- Legrand
- Legrand France
- Valeo

Member of the Supervisory Board of:

- Michelin

Member of:

- Advisory Committee of Banque de France

h. Alain Joly

Principal function ⁽¹⁾: Director of Air Liquide

- Elected on 23 May 2006. Term expires at the 2009 AGM
- First elected to the Board on 28 June 1995
- Born on 18 April 1938
- Number of BNP Paribas shares held ⁽²⁾: 5,227
- Office address: 75, quai d'Orsay – 75007 Paris, France

Director of:

- Lafarge

i. Denis Kessler

Principal function ⁽¹⁾: Chairman and Chief Executive Officer of Scor

- Elected on 23 May 2006. Term expires at the 2009 AGM
- First elected to the Board on 23 May 2000
- Born on 25 March 1952
- Number of BNP Paribas shares held ⁽²⁾: 1,194
- Office address: Immeuble Scor, 1, avenue du Général-de-Gaulle – 92074 Paris La Défense Cedex, France

Chairman of:

- Scor Global Life
- Scor Italia Riassicurazioni SpA (Italy)
- Scor Life US Re Insurance (USA)
- Scor Reinsurance Company (USA)
- Scor US Corporation (USA)

Director of:

- Bolloré Investissement SA
- Dassault Aviation
- Amvescap Plc (United Kingdom)
- Cogedim SAS
- Dexia SA (Belgium)
- Scor Canada Reinsurance Company (Canada)

Member of the Supervisory Board of:

- Scor Deutschland (Germany)

Permanent representative of:

- Fergascar dans SA Communication & Participation

Non-voting director of:

- FDC SA
- Gimar Finance & Cie SCA

Member of:

- Commission Économique de la Nation
- Conseil Économique et Social
- Conseil d'administration du Siècle
- Association de Genève
- Comité des Entreprises d'Assurance
- Global Counsellor of the Conference Board

⁽¹⁾ Directorships and other functions shown in italics are not governed by the provisions of Act no. 2001-401 of 15 May 2001 concerning multiple directorships.

⁽²⁾ At 31 December 2006.

j. Jean-François Lepetit

- Elected on 18 May 2005. Term expires at the 2008 AGM
- First elected to the Board on 5 May 2004
- Born on 21 June 1942
- Number of BNP Paribas shares held ⁽²⁾: 825
- Office address: 24, rue Saint-Nom – 78112 Fourqueux, France

Associate Professor at *EDHEC* business school

Member of:

- *Board de la QFCRA (Qatar Financial Center Regulatory Authority, Doha)*

Director of:

- Smart Trade Technologies SA
- Shan SA

Chairman of:

- *Advisory Board of EDHEC Desk and Asset Management Research Center*

k. Laurence Parisot

Principal function ⁽¹⁾: Chairman of Mouvement des Entreprises de France (MEDEF)

- Elected on 23 May 2006. Term expires at the 2009 AGM
- First elected to the Board on 23 May 2006
- Born on 31 August 1959
- Number of BNP Paribas shares held: 360 (acquired in February 2007)
- Office address: 6-8, rue Eugène-Oudiné – 75013 Paris, France

Chairman of the Board of Directors of:

- Ifop SA

Member of the Supervisory Board of:

- Michelin

l. Hélène Ploix

Principal function ⁽¹⁾: Chairman of *Pechel Industries SAS* and *Pechel Industries Partenaires SAS*

- Elected on 18 May 2005. Term expires at the 2008 AGM
- First elected to the Board on 21 March 2003
- Born on 25 September 1944
- Number of BNP Paribas shares held ⁽²⁾: 771
- Office address: 162, rue du Faubourg-Saint-Honoré – 75008 Paris, France

Director of:

- Lafarge
- *Boots Group Plc (United Kingdom)*
- *Ferring SA (Switzerland)*

Member of the Supervisory Board of:

- Publicis

Representative of Pechel Industries for:

- *Aquarelle.com Group*
- *CAE International*
- *CVBG-Dourthe Kressman*
- *Pechel Services SAS*
- *Quinette Gallay*

Representative of Pechel Industries Partenaires SAS (management company for the Pechel Industries II fund) on the Board of Directors of:

- *SVP Management et Participations*

Legal Manager of:

- *Hélène Ploix SARL, Hélène Marie Joseph SARL, Sorepe Société Civile*

Member of:

- *The Investment Committee of the United Nations Personnel Pension Fund*

m. Baudouin Prot

Principal function ⁽¹⁾: Chief Executive Officer of BNP Paribas

- Elected on 18 May 2005. Term expires at the 2008 AGM
- First elected to the Board on 7 March 2000
- Born on 24 May 1951
- Number of BNP Paribas shares held ⁽²⁾: 45,587
- Office address: 3, rue d'Antin – 75002 Paris, France

Director of:

- Accor
- Pinault-Printemps-Redoute
- Veolia Environnement
- *Banca Nazionale del Lavoro (Italy)*
- *Erbé SA (Belgium)*
- *Pargesa Holding SA (Switzerland)*

Chairman of:

- *Association Française des Banques*

n. Louis Schweitzer

Principal function ⁽¹⁾: Chairman of the Board of Directors of Renault

- Elected on 28 May 2004. Term expires at the 2007 AGM
- First elected to the Board on 14 December 1993
- Born on 8 July 1942
- Number of BNP Paribas shares held ⁽²⁾: 6,255
- Office address: 860, quai de Stalingrad – 92109 Boulogne-Billancourt Cedex, France

Chairman of the Board of Directors of:

- *AstraZeneca Plc (United Kingdom)*

Vice-Chairman of the Supervisory Board of:

- *Philips (Netherlands)*

Director of:

- Électricité de France
- L'Oréal
- Veolia Environnement
- *AB Volvo (Sweden)*

Chairman of:

- *Haute Autorité de lutte contre les discriminations et pour l'égalité (HALDE)*

Member of the Advisory Committee of:

- *Banque de France*
- *Allianz (Germany)*

Member of the Board of:

- *Fondation Nationale des Sciences Politiques*
- *Institut Français des Relations Internationales*
- *Musée du Louvre*
- *Musée du Quai Branly*

Other corporate officers

Georges Chodron de Courcel

Principal function ⁽¹⁾: Chief Operating Officer of BNP Paribas

- Born on 20 May 1950
- Number of BNP Paribas shares held ⁽²⁾: 18,000
- Office address: 3, rue d'Antin – 75002 Paris, France

Chairman of:

- *BNP Paribas Emergis SAS*
- *Compagnie d'Investissement de Paris SAS*
- *Financière BNP Paribas SAS*
- *BNP Paribas (Suisse) SA (Switzerland)*

BNP Paribas UK Holdings Limited (United Kingdom)

Director of:

- Alstom
- Bouygues
- Société Foncière, Financière et de Participations SA
- Nexans
- *Banca Nazionale del Lavoro (Italy)*
- *BNP Paribas ZAO (Russia)*
- *Erbé SA (Belgium)*
- *Verner Investissements SAS*

Member of the Supervisory Board of:

- *Lagardère SCA*

Non-voting director of:

- *Exane*
- *Safran*
- *Scor SA*

Jean Clamon

Principal function ⁽¹⁾: Chief Operating Officer of BNP Paribas

- Born on 10 September 1952
- Number of BNP Paribas shares held ⁽²⁾: 51,278
- Office address: 3, rue d'Antin – 75002 Paris, France

Director of:

- Arval Service Lease
- BNP Paribas Lease Group
- *Banca Nazionale del Lavoro (Italy)*
- *Cassa di Risparmio di Firenze (Italy)*
- Cetelem
- *Compagnie Nationale à Portefeuille (Belgium)*
- *Erbé SA (Belgium)*
- *Partecis*

Member of the Supervisory Board of:

- *Galleries Lafayette*
- *Euro Securities Partners SAS*

Representative of BNP Paribas on the Board of:

- UCB

⁽¹⁾ Directorships and other functions shown in italics are not governed by the provisions of Act no. 2001-401 of 15 May 2001 concerning multiple directorships.

⁽²⁾ At 31 December 2006.

remuneration

Remuneration payable to the Group's corporate officers for 2006

Remuneration paid in 2006 (2005 figures in italics)	Remuneration		Directors' fees ⁽³⁾	Benefits in kind ⁽⁴⁾	Total remuneration
	Fixed ⁽¹⁾	Variable ⁽²⁾			
In euros					
Michel Pébereau Chairman of the Board of Directors	700,000 <i>(700,000)</i>	1,051,070 <i>(1,081,601)</i>	29,728 <i>(29,728)</i>	4,609 <i>(4,816)</i>	1,785,407 <i>(1,816,145)</i>
Baudouin Prot Chief Executive Officer	883,333 <i>(788,333)</i>	2,324,348 <i>(1,878,895)</i>	129,551 <i>(91,024)</i>	5,227 <i>(4,930)</i>	3,342,459 <i>(2,763,182)</i>
Georges Chodron de Courcel Chief Operating Officer	500,000 <i>(491,667)</i>	1,631,593 <i>(1,405,477)</i>	125,189 <i>(89,230)</i>	4,274 <i>(4,303)</i>	2,261,056 <i>(1,990,677)</i>
Jean Clamon Chief Operating Officer	460,000 <i>(455,000)</i>	796,130 <i>(681,598)</i>	130,637 <i>(92,297)</i>	4,703 <i>(4,703)</i>	1,391,470 <i>(1,233,598)</i>
Total remuneration payable to the Group's corporate officers for 2006					8,780,392 <i>(7,803,602)</i>

⁽¹⁾ Remuneration actually paid in 2006.

⁽²⁾ Variable remuneration payable for 2005 and 2006, paid the following year.

⁽³⁾ The Chairman of the Board of Directors and the Chief Executive Officer do not receive directors' fees from any Group companies other than from BNP Paribas SA, and from Erbé and BNL in the case of the Chief Executive Officer. Directors' fees received in 2006 by the Chief Executive Officer from Erbé and BNL will be deducted from the variable remuneration paid to him in 2007. Georges Chodron de Courcel receives fees in his capacity as a director of BNP Paribas Suisse, BNL and Erbé. Jean Clamon receives fees in his capacity as a director of Cetelem, BNP Paribas Lease Group, Paribas International, Erbé, CNP and BNL. The fees received by Georges Chodron de Courcel and Jean Clamon in their capacity as directors of these companies will be deducted from the variable remuneration paid to them in 2007.

⁽⁴⁾ The Chairman of the Board of Directors, the Chief Executive Officer and the Chief Operating Officers each have a company car and a mobile telephone.

Directors' fees

Directors' fees paid in 2006

In euros	Board			Committees Total	Total 2006	2005
	Fixed	Variable	Total			
M. Pébereau	14,864	14,864	29,728		29,728	29,728
P. Auguste	14,864	13,378	28,242	5,203	33,445	35,674
C. Bébéar	14,864	10,405	25,269	3,716	28,985	29,233
J.-L. Beffa	14,864	11,891	26,755	3,716	30,471	31,215
G. Cromme	22,296	8,918	31,214	7,432	38,646	40,134
J.-M. Gianno	14,864	14,864	29,728	5,946	35,674	33,444
F. Grappotte	14,864	14,864	29,728	19,955	49,683	38,020
A. Joly	14,864	13,378	28,242	14,478	42,720	32,700
D. Kessler	14,864	10,405	25,269	5,946	31,215	33,940
J.-F. Lepetit	14,864	14,864	29,728	5,946	35,674	30,471
L. Owen-Jones	1,486	1,486	2,972		2,972	22,296
L. de Palacio (†)	22,296	11,891	34,187	5,203	39,390	19,496
L. Parisot	5,946	5,946	11,892		11,892	
H. Ploix	14,864	14,864	29,728	5,946	35,674	33,693
B. Prot	14,864	14,864	29,728		29,728	29,728
L. Schweitzer	14,864	11,891	26,755	19,955	46,710	46,710
J.-F. Truffelli	4,459	2,973	7,432		7,432	28,242
Others⁽¹⁾						34,536
	234,851	191,745	426,596	103,442	530,038	549,260

⁽¹⁾ M. François-Poncet and J. Friedmann, directors who were in office in 2004-2005 and were therefore listed in the table of beneficiaries of directors' fees in the 2005 Annual Report.

shareholders' information

Share capital

As at 31 December 2005, BNP Paribas' share capital stood at EUR 1,676,495,744 divided into 838,247,872 shares. Details of the historical share performance are provided in the "Changes in share capital" section.

In 2006, four series of transactions led to changes in the number of shares outstanding:

- 3,489,419 shares were issued upon exercise of stock options;
- 4,670,388 shares were subscribed through a share issue reserved for employees;
- 84,058,853 shares were issued in relation to the share capital increase with preferential subscription rights for the purpose of partially financing the acquisition of BNL;
- 945 new shares were issued following the merger of Société Centrale d'Investissements into BNP Paribas.

As at 31 December 2006, BNP Paribas' share capital stood at EUR 1,860,934,954 divided into 930,467,477 shares with a par value of EUR 2 ⁽¹⁾.

The shares are all fully paid-up and are held in registered or bearer form at the choice of their holders, subject to compliance with the relevant legal provisions. **None of the Bank's shares entitle their holders to an increased dividend or double voting rights or limit the exercise of voting rights.**

⁽¹⁾ Since the close of the financial year, a total of 2,411,013 shares have been issued upon exercise of stock options. As at 22 January 2007, BNP Paribas' share capital stood at EUR 1,865,756,980 divided into 932,878,490 shares with a par value of EUR 2.

Changes in shareholder structure

Changes in the Bank's ownership structure over the last three years are as follows:

Shareholders	31/12/04			31/12/05			31/12/06		
	Number of shares (in millions)	% interest	% voting rights	Number of shares (in millions)	% interest	% voting rights	Number of shares (in millions)	% interest	% voting rights
AXA	50.00	5.7%	6.0%	47.64	5.7%	5.7%	52.65	5.7%	5.8%
Employees	45.38	5.1%	5.4%	47.09	5.6%	5.7%	49.36	5.3%	5.4%
- o/w corporate mutual funds	33.55	3.8%	4.0%	34.46	4.1%	4.2%	35.86	3.9%	3.9%
- o/w direct ownership	11.83	1.3%	1.4%	12.63	1.5%	1.5%	13.50	1.4%	1.5%
Corporate officers	0.23	nm	nm	0.22	nm	nm	0.26	nm	nm
Treasury shares *	51.81	5.9%		9.06	1.1%		19.25	2.1%	
Public	61.00	6.9%	7.3%	57.00	6.8%	6.9%	59.55	6.4%	6.6%
Institutional investors	574.46	64.9%	69.0%	621.11	74.1%	74.9%	693.47	74.5%	76.1%
(o/w "Socially Responsible Investors")	unknown	unknown	unknown	[6.53]	[0.8%]	[0.8%]	[7.50]	[0.8%]	[0.8%]
- Europe	465.94	52.7%	56.0%	509.64	60.8%	61.5%	480.61	51.6%	52.7%
- Outside Europe	108.52	12.2%	13.0%	111.47	13.3%	13.4%	212.86	22.9%	23.4%
Other and unidentified	101.82	11.5%	12.3%	56.13	6.7%	6.8%	55.93	6.0%	6.1%
TOTAL	884.70	100.0%	100.0%	838.25	100.0%	100.0%	930.47	100.0%	100.0%

* Excluding trading desks' working positions.

Share performance

When the shareholders of BNP and Paribas approved the merger between the two banks at the Extraordinary General Meeting of 23 May 2000, BNP shares became BNP Paribas shares. The Euroclear-France code for BNP Paribas is the same as the previous BNP code (13110). Since 30 June 2003, BNP Paribas shares have been registered under ISIN code FR0000131104.

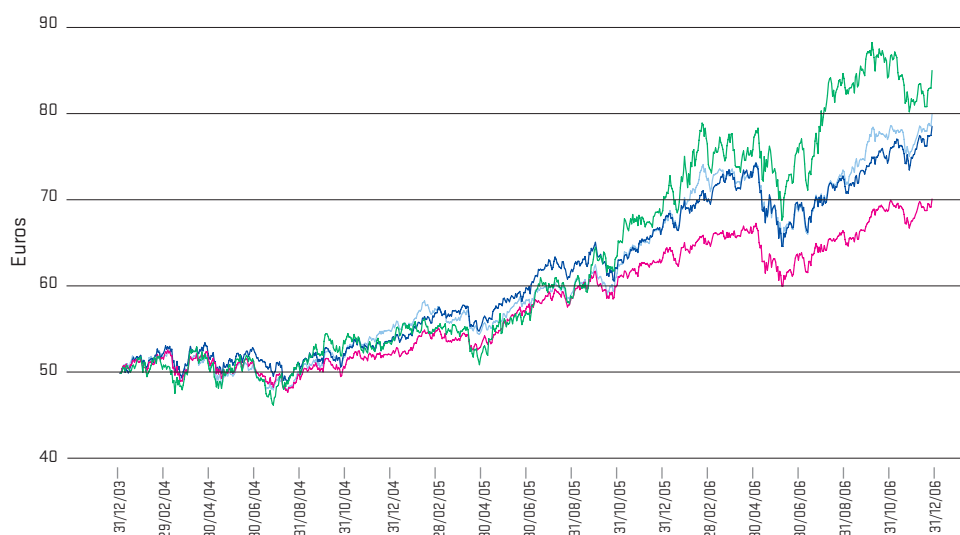
BNP shares were first listed on the Cash Settlement Market of the Paris Stock Exchange on 18 October 1993, following privatisation, before being transferred to the Monthly Settlement Market on 25 October of that year. When the monthly settlement system was eliminated on 25 September 2000, BNP Paribas shares became eligible for Euronext's Deferred Settlement Service (SRD). The shares are also traded on SEAQ International in London and on the Frankfurt Stock Exchange. Since 24 July 2006 they have been traded on the MTA International in Milan and have been listed on the Tokyo Stock Exchange since 13 March 2000 (and the First Section since 7 February 2005). Since privatisation, a Level 1 144A ADR programme has been active in the USA, where JP Morgan Chase is the depositary bank (2 ADRs correspond to 1 BNP Paribas share).

To help increase the number of shares held by individual investors, BNP Paribas carried out a two-for-one share split on 20 February 2002, reducing the par value of the shares to EUR 2.

BNP became a component of the CAC 40 index on 17 November 1993 and of the Euro Stoxx 50 index on 1 November 1999. Since 18 September 2000, it has been one of the companies making up the Dow Jones Stoxx 50 index. BNP Paribas shares are also included in the main benchmark indexes for sustainable development: ASPI Eurozone, FTSE4Good (Global and Europe 50), DJ SI World and the DJ SI Stoxx indexes. All of these listings have fostered liquidity and share price appreciation, as BNP Paribas shares necessarily feature in every portfolio and fund that tracks the performance of these indexes.

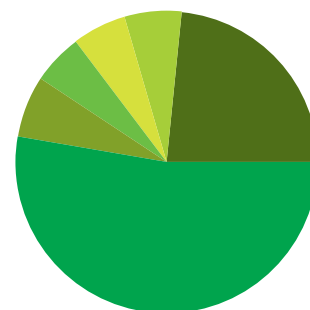
Share performance between 2 January 2004 and 29 December 2006 Comparison with the DJ Stoxx 50, DJ Stoxx Bank and CAC 40

(indexes rebased on share price)



BNP Paribas ownership structure as at 31 December 2006

(based on voting rights)



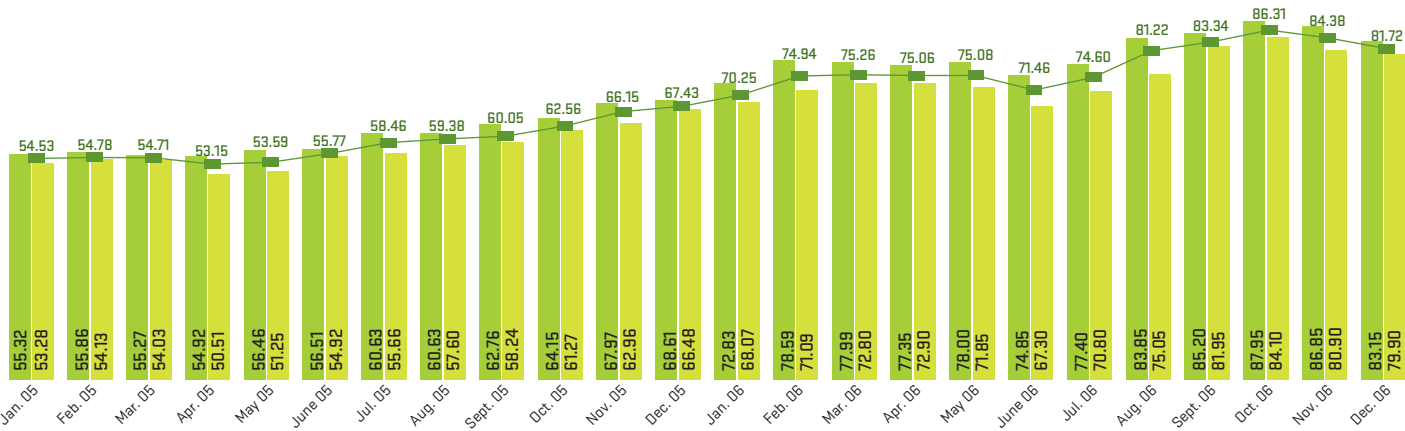
AXA 5.8%
 Employees 5.4%
 (o/w corporate mutual funds: 3.9% • direct ownership: 1.5%)
 Individual shareholders 6.6%
 Non-European institutional investors 23.4%
 European institutional investors 52.7%
 Other and unidentified 6.1%

To the best of BNP Paribas' knowledge, no shareholder other than AXA owns more than 5% of BNP Paribas' capital or voting rights, nor does any agreement exist whose implementation could at a later date result in a change in BNP Paribas' form of control.

BNP Paribas
 DJ Stoxx Bank
 France CAC 40
 DJ Stoxx 50

Source: Datastream.

Average monthly share prices and monthly highs and lows since January 2005

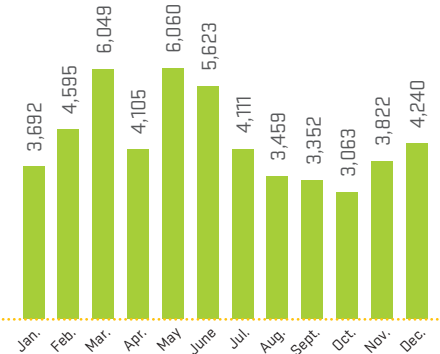


High
Low
Average
Source: Datastream.

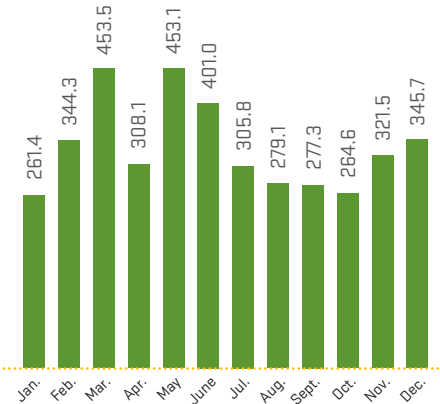
- As at 29 December 2006, the BNP Paribas share was listed at EUR 82.65, up 21.87% compared with 31 December 2005, when it was listed at EUR 67.82. By way of comparison, during 2006 the CAC 40 index increased by 17.53%, the Stoxx 50 by 10.39% and the DJ Stoxx Bank index by 18.71%.
- From 2 January 2004 to 29 December 2006, the BNP Paribas share price gained 66.87%, compared with rises of 55.76%, 38.97% and 58.07% for the CAC 40, DJ Stoxx 50 and DJ Stoxx Bank indexes respectively.
- BNP Paribas' market capitalisation totalled EUR 76.9 billion at 29 December 2006, representing the 4th-largest capitalisation in the CAC 40 index, as opposed to the 5th-largest at the end of 2005. In terms of free float, BNP Paribas is still the 3rd-largest in the Paris index. During the same period, BNP Paribas was the 3rd-largest in the DJ Euro Stoxx 50 in terms of free float, compared to the 11th-largest at the end of 2005.
- Transaction volumes increased by 15.7%, with an average of 4,358,733 shares traded daily during the year, compared to 3,768,874 shares per session in 2005. This increase, which exceeds the creation of shares (1 for 10) in connection with the March 2006 share issue, reflects the stock's enhanced liquidity.

2006 trading volume on euronext Paris

Daily average in thousands of shares



Daily average in millions of euros



Source: Euronext Paris.



Yield and performance data

In euros	French GAAP			IFRS	
	2002	2003	2004	2005	2006
Earnings per share ^{(1)*}	3.8	4.3	5.5	7.0	8.0
Net assets per share ^{(2)*}	30.3	32.7	35.9	45.8	49.8
Net dividend per share	1.20	1.45	2.00	2.60	3.10 ⁽³⁾
Payout rate (in %) ⁽⁴⁾	32.6	34.8	37.9	37.4	40.3 ⁽³⁾
Share price					
High ^{(5)*}	60.77	49.53	54.57	68.71	88.50
Low ^{(5)*}	28.77	32.40	45.71	50.31	66.65
Year-end [*]	38.53	49.53	52.89	67.82	82.65
CAC 40 index on 31 December	3,063.91	3,557.90	3,821.16	4,715.23	5,541.76

* Data in the above table have been adjusted to reflect the two-for-one share split carried out on 20 February 2002 as well as the share issue with preferential subscription rights in March 2006 (adjustment ratio = 0.992235740050131).

⁽¹⁾ Based on the average number of shares outstanding during the year.

⁽²⁾ Before dividends. Net book value based on the number of shares outstanding at year-end.

⁽³⁾ Subject to approval at the Annual General Meeting of 15 May 2007.

⁽⁴⁾ Dividend recommended at the Annual General Meeting expressed as a percentage of earnings per share.

⁽⁵⁾ Registered during trading.

Creating value for shareholders

Total shareholder return (TSR)

Calculation parameters

- The dividend is assumed to have been reinvested in BNP shares then BNP Paribas shares and includes the “avoir fiscal” tax credit at a rate of 50% (until it was abolished at the beginning of 2005).
- Returns are gross returns, i.e. before any tax payments or brokerage fees.

Calculation results

The following table indicates, for the various durations given and up to 31 December 2006, the total return on a BNP share, then a BNP Paribas share, as well as the effective annual rate of return.

Holding period	Investment date (opening price)	Initial investment multiplied by	Effective annual rate of return
Since privatisation	18/10/1993	x 7.42	+16.38%
13 years	03/01/1994	x 5.71	+14.34%
12 years	03/01/1995	x 6.52	+16.92%
11 years	02/01/1996	x 7.08	+19.47%
10 years	02/01/1997	x 7.59	+22.46%
9 years	02/01/1998	x 4.57	+18.40%
8 years	04/01/1999	x 3.00	+14.71%
7 years	03/01/2000	x 2.31	+12.74%
6 years	02/01/2001	x 2.20	+13.98%
5 years	02/01/2002	x 2.00	+14.83%
4 years	02/01/2003	x 2.46	+25.27%
3 years	02/01/2004	x 1.88	+23.37%
2 years	03/01/2005	x 1.68	+29.55%
1 year	02/01/2006	x 1.26	+26.17%

BNP Paribas uses two methods to measure the value created for shareholders, based on a long- to medium-term investment period reflecting the length of time that the majority of individual investors hold their BNP Paribas shares.

Five-year comparison of an investment in BNP Paribas shares, at the opening price on 2 January 2002, i.e. EUR 100.40 with the “livret A” passbook savings account and medium-term government notes.

In this calculation, we compare the creation of shareholder value over the same period through investment in BNP then BNP Paribas shares, with two risk-free investments: the “Livret A” passbook savings account offered by the French savings bank network and medium-term French government notes (OAT).

Total return on an investment in BNP Paribas shares:

Initial investment = 1 share at the opening price on 2 January 2002 = EUR 100.40

Reinvestment of the dividends

Two-for-one share split on 20 February 2002, exercise of pre-emptive rights to subscribe for shares at the time of the 20 March 2006 share issue

Value at 29 December 2006: 2.4248 shares at EUR 82.65 = EUR 200.41

Investment of EUR 100.40 on 1 January 2002 in a “Livret A” passbook account

At the investment date, the official interest rate on Livret A accounts was 3%. The rate was decreased to 2.25% on 1 August 2003 and then to 2% on 1 August 2005. It was revised twice in 2006, on 1 February to 2.25% and 1 August to 2.75%. As at 31 December 2006, the account balance was EUR 113.61, representing growth of EUR 13.21, 13.2% of the increase achieved by the BNP Paribas share.

The value created through an investment in BNP Paribas shares, reflecting the additional risk, amounts to $200.41 - 113.61 = \text{EUR } 86.80$ per share over five years.

Investment of EUR 100.40 on 1 January 2002 in five-year French government notes:

The five-year interest rate (BTAN) on that date was 4.4484%; at the end of each subsequent year, interest income is reinvested in a similar note under the following terms:

- 3.2489% (BTAN) in January 2003 for four years;
- 3.0106% (BTAN) in January 2004 for three years;
- 2.5006% (BTAN) in January 2005 for two years;
- 2.844% in January 2006 for one year (Euribor).

At the end of five years, the accrued value of the investment is EUR 124.11, representing growth of EUR 23.71, less than one-quarter of the increase achieved by the BNP Paribas share.

The additional value created by choosing BNP Paribas shares as the investment vehicle is therefore $200.41 - 124.11 = \text{EUR } 76.30$ per share over five years.

Comparison of growth in investment of EUR 100.40 over 5 years

(in euros)

Livret A	113.61
French gov. notes	124.11
BNP Paribas share	200.41

Comparative total yields over 5 years for an investment of EUR 100.40

(in euros)

Livret A	13.21
French gov. notes	23.71
BNP Paribas share	100.01

Communication with shareholders

BNP Paribas endeavours to provide all shareholders with clear, consistent, high-quality information at regular intervals, in accordance with best market practice and the recommendations of stock market authorities.

The Investor Relations team informs institutional investors and financial analysts, in France and abroad, of the Group's strategies, major events concerning the Group's business and, of course, the Group's results which are published quarterly. In 2007 for example, the following dates have been set ⁽¹⁾:

- 15 February 2007: publication of the 2006 annual results;
- 9 May 2007: publication of the results of the 2007 first quarter;
- 1 August 2007: publication of 2007 half-year results;
- 8 November 2007: publication of the results of the 2007 third quarter.

Informative briefings are organised several times a year, when the annual and half-year results are released, or on specific topics, providing senior management with an opportunity to present the BNP Paribas Group and its strategy. There is also a Relations Officer responsible for liaising with managers of ethical and socially responsible funds.

The Individual Shareholder Relations Department informs and attends to queries of the Group's 620,000 or so individual shareholders (*source: 29 December 2006 TPI survey*). A half-yearly financial newsletter informs both members of the Cercle BNP Paribas and other shareholders of important events concerning the Group, and a summary of the matters discussed during the Annual General Meeting is sent out in July. During the year, senior management presents the Group's policy to individual shareholders at meetings organised in various French cities and towns (for example, in 2006, meetings were held in Bordeaux on 27 June, in Lille on 10 October and in Montpellier on 24 October). Also, BNP Paribas representatives met and spoke with over 1,100 people at the "Actionaria" trade show held in Paris on 17 and 18 November 2006.

In 1995, the Cercle BNP Paribas was set up for individual shareholders holding at least 200 shares. The Cercle currently counts 48,300 shareholder members. Three times a year, in alternation with financial newsletters, they receive *La Vie du Cercle*, a publication inviting them to take part in artistic and cultural events with which BNP Paribas is associated, as well as training sessions. These include stock market seminars on warrants, financial research, etc., as well as "Managing your finances on the internet" seminars, "Private asset management" courses and "Economic update" sessions organised by BNP Paribas teams specialised in the respective fields. In addition, the Bank regularly organises scientific conferences and visits to industrial sites. The seminars are held in Paris and the provinces, on weekdays and the weekend, to enable as many people as possible to attend. Illustrating the growing variety of the offering, in 2006, 354 events were organised for 12,971 participants. One-third of the events were held in the provinces and two-thirds in Paris and the Paris region. Shareholders can obtain information about these services by dialling a special **toll-free number** (in France): **0800 666 777**. A telephone news service can also be accessed through the same number, offering a wide range of information to BNP Paribas shareholders, such as the share price, shareholders' events, news and interviews, etc.

The BNP Paribas website

(<http://invest.bnpparibas.com>) can be consulted in both French and English. It provides information on the Group, including press releases, key figures and details of significant developments and presentations. All financial documents such as annual reports and reference documents can also be viewed and downloaded. Publications compiled by the Bank's Economic Research unit can be viewed on the website as well. The latest share performance data and comparisons with major indexes are also obviously available on this website, as are webcasts of the Annual General Meeting. The Investors/Shareholders corner now includes all reports and presentations concerning the Bank's business and strategy, irrespective of the original target audience (individual shareholders, institutional investors, asset managers or financial analysts). The website also has a section entitled "To be a shareholder" which was specifically designed with individual shareholders in mind, offering information tailored to their needs and details of proposed events. In addition, there is a specific section dedicated to the Annual General Meeting of Shareholders which includes information regarding the conditions for attending the meeting, ways of voting, practical questions, as well as a presentation of the resolutions and the complete text of all speeches made by corporate officers.

Minitel service

Recent information about the BNP Paribas Group is also available on the French **Minitel service 3614 BNPPACTION**, at a cost of EUR 0.057 per minute. Through this service, shareholders can ask questions, leave messages or order documents.

⁽¹⁾ Subject to alteration at a later date.

Shareholder Liaison Committee

After its formation in 2000, the new BNP Paribas Group decided to create a Shareholder Liaison Committee to help the Group communicate better with its individual shareholders. At the Shareholders' Meeting which approved the BNP Paribas merger, the Chairman of BNP Paribas kicked off the nomination process, which culminated in the naming of the committee members at the end of 2000.

Headed by Michel Pébereau, the committee includes ten shareholders, who are both geographically and socioeconomically representative of the individual shareholder population, and two employees or former employees. Each member serves a three-year term. When their terms expire, announcements are published in the press and in the Group's various financial publications, inviting new candidates to come forward. Any shareholder can become a candidate.

In accordance with the committee's Charter – the internal rules that all members have subscribed to – the committee met twice in 2006, on 7 March and 26 September.

The main topics broached included:

- the periodical publications which provide information on the Group's achievements and strategy;
- the 2005 Annual Report and separate section dedicated to sustainable development;
- the drafting of a specific letter on the acquisition of Banca Nazionale del Lavoro in Italy;
- initiatives concerning preparations for the Annual General Meeting;
- BNP Paribas' participation in the "Actionaria" trade show. At this event, several Liaison Committee members explained the role played by the committee to people who visited the Bank's stand.

Dividend

At the 15 May 2007 Annual General Meeting, the Board of Directors will recommend a dividend of EUR 3.10 per share, an increase of 19.2% compared with the 2006 dividend. The dividend will be payable as from 24 May 2007, if approved at the Annual General Meeting.

The total amount of the payout is EUR 2,891.9 million, compared to EUR 2,183.0 million in 2006. The proposed payout rate is 40.3%⁽¹⁾.

The Group's objective is to increase the dividend to reflect growth in income and the optimised management of available capital.

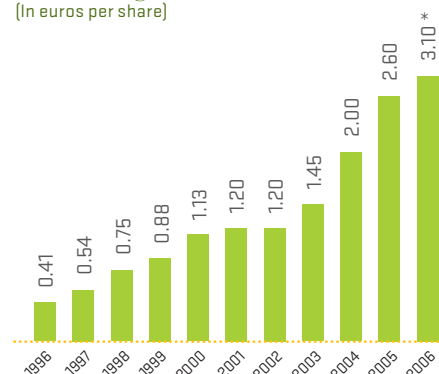
Timeframe for claiming dividends: after five years, any unclaimed dividends will be forfeited and paid to the French Treasury, in accordance with applicable legislation.

At 1 January 2007, the members of the Liaison Committee were as follows:

- Michel Pébereau, Chairman;
- Marie-Nathalie Rodrigues, resident of the Allier *département*;
- Jacques Begon, resident of the Haute-Loire *département*;
- André Brouhard, resident of Nice;
- Nicolas Derely, resident of the Paris area;
- Jean-Baptiste Fernandez, resident of the Bouches-du-Rhône *département*;
- Jacques de Juvigny, resident of the Alsace region;
- Rémy Lauprêtre, resident of Le Havre;
- Jean-Marie Laurent, resident of the Oise *département*;
- Dyna Peter, resident of Strasbourg;
- Thierry de Vignet, resident of the Dordogne *département*;
- Roseline Labat, BNP Paribas employee;
- Bernard Coupez, President of ASRAS BNP Paribas [the Association of Employee, Retiree and Former Employee Shareholders of the BNP Paribas Group].

Dividend growth

(In euros per share)



* Subject to approval at the Annual General Meeting of 15 May 2007.

The dividends for the years 1996-2000 have been adjusted to reflect the two-for-one share split carried out on 20 February 2002.

⁽¹⁾ Payout proposed to the Annual General Meeting expressed as a percentage of earnings per share.



BNP Paribas registered shares

As at 31 December 2006, 20,669 shareholders had shares registered with BNP Paribas.

> Shares registered directly with BNP Paribas

Shareholders whose shares were registered directly with BNP Paribas:

- automatically receive all documents regarding the Bank which are sent to shareholders;
- are automatically entitled to use a **toll-free telephone number (0800 600 700)** to place buy and sell orders;
- benefit from special, discounted brokerage fees;
- have access to “GIS Nomi” (<http://gisnomi.bnpparibas.com>);
- a fully secure dedicated web server in order to view their registered share accounts and account movements as well as place and track their trading orders;
- and as always, pay no custodial fees and are systematically invited to the General Meetings.

> Registered shares held in an administered account

BNP Paribas is also extending its administered share account services to institutional shareholders.

For institutional shareholders, this type of account combines the main benefits of holding shares in bearer form with those of holding registered shares:

- the shares can be sold at any time, through the shareholder's usual broker;
- the shareholder can have a single share account, backed by a cash account;
- the shareholder is systematically invited to attend and vote at General Meetings, without the invitation being sent through a third party;
- the shareholder can take part in the vote via the internet.

Annual General Meeting

The last Annual General Meeting was held on 23 May 2006 on second call. The text of the resolutions and the video of the meeting can be viewed on the BNP Paribas website where the original live webcast took place. The composition of the quorum and the results of the votes cast were posted online the day after the meeting. In addition, the meeting was written about in the specialist press and a specific letter was sent to shareholders summarising the meeting.

The quorum breaks down as follows:

	Number of shareholders	(%)	Number of shares	(%)
Present	1,622	13.47%	101,676,399	29.51%
Proxy given to spouse or another shareholder	17	0.14%	7,631	nm
Proxy given to Chairman	6,742	56.00%	25,930,772	7.53%
Postal votes	3,659	30.39%	216,970,911	62.97%
TOTAL	12,040	100%	344,585,713	100%

Quorum

Total no. of shares issued excluding treasury stock

914,962,240

37.66%

All resolutions proposed to the shareholders were approved.

Results		Rate of approval
Ordinary Meeting		
Resolution 1:	Approval of the consolidated balance sheet as at 31 December 2005 and the consolidated profit and loss account for the year then ended	98.61%
Resolution 2:	Approval of the balance sheet of the Bank as at 31 December 2005 and the profit and loss account for the year then ended	98.59%
Resolution 3:	Appropriation of net income and dividend distribution	99.81%
Resolution 4:	Transactions and agreements governed by Article L. 225-38 of the French Commercial Code	96.53%
Resolution 5:	Share buybacks	97.59%
Resolution 6:	Appointment of Laurence Parisot as a director	92.26%
Resolution 7:	Renewal of the term of office of Claude Bébéar as a director	91.40%
Resolution 8:	Renewal of the term of office of Jean-Louis Beffa as a director	90.54%
Resolution 9:	Renewal of the term of office of Alain Joly as a director	98.62%
Resolution 10:	Renewal of the term of office of Denis Kessler as a director	90.16%
Resolution 11:	Renewal of the term of office of Michel Pébereau as a director	91.86%
Resolution 12:	Appointment of Deloitte & Associés as principal Auditors and BEAS as deputy Auditors	99.49%
Resolution 13:	Renewal of the mandate of Mazars & Guérard as principal Auditors and of Michel Barbet-Massin as deputy Auditor	98.44%
Resolution 14:	Renewal of the mandate of PricewaterhouseCoopers Audit as principal Auditors and Pierre Coll as deputy Auditor	99.21%
Resolution 15:	Powers to carry out formalities relating to the Annual Meeting	95.13%
Extraordinary Meeting		
Resolution 16:	Issue of ordinary shares and share equivalents with pre-emptive subscription rights	93.45%
Resolution 17:	Limitation of the issue of shares and share equivalents without pre-emptive subscription rights	80.66%
Resolution 18:	Charging against the preceding authorised amount of any issue made in consideration of unlisted shares tendered to BNP Paribas, within the limit of 10% of the capital	86.49%
Resolution 19:	Issuance of shares to be paid up by capitalising income, retained earnings or additional paid-in capital	95.61%
Resolution 20:	Overall limitation of authorisations	94.90%
Resolution 21:	Amendment of the fourteenth resolution of the Annual General Meeting of 18 May 2005	96.54%
Resolution 22:	Authorisation to issue shares for subscription by participants in the BNP Paribas Group's Corporate Savings Plan	89.72%
Resolution 23:	Reduction in the Bank's capital by canceling shares	98.70%
Resolution 24:	Approval of the merger of Société Centrale d'Investissements into BNP Paribas	95.10%
Resolution 25:	Amendment of the Articles of Association with regard to the election of directors by employees	99.45%
Resolution 26:	Powers to carry out formalities relating to the Extraordinary Meeting	98.48%

The 2006 Annual General Meeting

was an additional opportunity for BNP Paribas to demonstrate its commitment to sustainable development. BNP Paribas seeks to create solid, recurring value, acting as a mark of quality and testifying to its respect not only for "traditional" partners comprising shareholders, clients and employees, but also for the community at large. It seemed appropriate that these principles be reflected in the Group's General Meetings. That is why it was decided, in conjunction with the Shareholder Liaison Committee, to donate EUR 10 for every attending investor to the "*Coups de pouce aux projets du personnel*" programme (A helping hand for employee projects).

The programme has been specifically developed by the BNP Paribas Foundation to encourage public interest initiatives for which Bank staff personally volunteer their time and efforts; the amount collected will be donated in addition to the funds that the Bank already grants to this programme via the BNP Paribas Foundation, which operates under the aegis of the Fondation de France. The total amount of these contributions was distributed among 48 projects, all of them initiated by Bank employees, in amounts ranging from EUR 800 to EUR 3,500. Most of these projects are centred on actions in France. Of the other projects, one of them concerns actions undertaken in another European country, two in South America, seven in Africa and four in Asia.

The procedures for BNP Paribas' General Meetings are defined in Article 18 of the Bank's Articles of Association.

The Board of Directors calls an Ordinary General Meeting at least once a year to vote on the agenda set by the Board.

The Board may call Extraordinary General Meeting for the purpose of amending the Articles of Association, and especially to increase the Bank's share capital. Resolutions are adopted by a two-thirds majority of shareholders present or represented.

The Ordinary and Extraordinary General Meeting may be called in a single notice of meetings and held on the same date. BNP Paribas will hold its next Ordinary and Extraordinary General Meeting on 15 May 2007.

> Notice of meetings

- Holders of registered shares are notified by post. The notice of meeting contains the agenda, the draft resolutions and a postal voting form.
- Holders of bearer shares are notified via announcements in the press, particularly investor and financial journals. In addition to legal requirements, BNP sends the following documents aimed at boosting attendance:
 - notices of meetings and a postal voting form for shareholders who own over a certain number of shares (set at 250 shares in 2006); these same documents may also be consulted by all on the website;
 - information letters concerning the Annual General Meeting and the attendance procedures. In 2006, these were sent to all holders of at least 150 bearer shares.

In total, nearly 73,000 of the Bank's shareholders personally received this year the information needed to participate.

In addition, staff at all sales facilities of the BNP Paribas network are specifically trained to provide the necessary assistance and carry out the required formalities.

> Attendance at meetings

Any holder of shares may gain admittance to Annual and Extraordinary General Meeting, provided that the shares have been recorded in their accounts for at least three days. Holders of bearer shares must in addition present an entry card or certificate stating the ownership of the shares.

> Voting

Shareholders who are unable to attend a General Meeting may complete and return to BNP Paribas the postal voting form/proxy enclosed with the notice of meeting. This document enables them to either:

- vote by post;
- give proxy to their spouse or another shareholder, individual or legal entity;
- give the proxy to the Chairman of the meeting or indicate no proxy.

Shareholders or their proxies present at the Meeting are given the necessary equipment to cast their votes. Since the General Meeting of 13 May 1998, BNP Paribas has used an electronic voting system.

Since the meeting of 28 May 2004, shareholders can use a dedicated, secure internet server to send all the requisite attendance documents prior to Annual General Meeting (<http://gis-proxy.bnpparibas.com>).

Disclosure thresholds

In addition to the legal thresholds, and in accordance with Article 5 of the Bank's Articles of Association, any shareholder, whether acting alone or in concert, who comes to hold directly or indirectly at least 0.5% of the capital or voting rights of BNP Paribas, or any multiple of that percentage up to 5%, is required to notify BNP Paribas by registered letter with return receipt.

Once the 5% threshold is reached, shareholders are required to disclose any increase in their interest representing a multiple of 1% of the capital or voting rights of BNP Paribas.

The disclosures provided for in the above two paragraphs are also required in cases where a shareholder's interest falls below any of the above thresholds.

In the case of failure to comply with these disclosure requirements, the undisclosed shares will be stripped of voting rights at the request of one or more shareholders who hold a combined interest of at least 2% of the capital or voting rights of BNP Paribas.

promoting innovation

BNP Paribas has decided to promote and reward innovative practices through its newly created Prizes for Innovation

This initiative reflects BNP Paribas' commitment to making innovation one of the key strengths of its businesses. Research and development already play an instrumental role within the Group, and are brought to bear on a wide variety of activities including the Bank's derivatives businesses – which employ hundreds of mathematicians; information technologies; and even marketing strategies for the Retail Banking Division.

The Prizes for Innovation initiative is part of a broad-ranging approach aimed at promoting the spirit of innovation among all employees. The scheme is designed to reward both individual and collective proposals and suggestions, make innovation a source of motivation for the Bank's staff, and enhance the service provided to customers.

14 Prizes were awarded in 2006 in recognition of a wide variety of innovative practices, including corporate innovation resulting from initiatives taken by employees or teams for whom innovation is considered to be part of their daily work; and innov@ction, stemming from ideas put forward on both an individual and collective basis with the aim of improving products, services or processes that do not obviously fall within the remit of the employees concerned.

Developing innovation is key to the management and implementation of BNP Paribas' core values, of ambition, in constantly seeking new avenues for progress; creativity, in thinking out of the box and encouraging new ideas; responsiveness, in ensuring that ideas are put swiftly into practice; and commitment, in creating an environment of trust through the visible and long-term involvement of management.



CORPORATE AND INVESTMENT BANKING

p. 26-37

FRENCH RETAIL BANKING

p. 38-45

INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES

p. 46-55

BNL BANCA COMMERCIALE

p. 56-59

ASSET MANAGEMENT AND SERVICES

p. 60-73

KLÉPIERRE

p. 74

BNP PARIBAS PRINCIPAL INVESTMENTS

p. 75



CORPORATE AND INVESTMENT BANKING

GLOBAL CLIENT SERVICE

Leveraging its in-depth expertise spanning the full range of corporate and investment banking services, BNP Paribas is able to meet the needs for development and financial optimisation faced by companies, institutions, states and public authorities.

In 2006 the “One Bank” strategy, which aims to enhance knowledge sharing among these expert teams and consolidate the global approach to client service, was defined. “One Bank” is a culture, a collaborative attitude. Beyond his or her area of expertise, each staff member within Corporate and Investment Banking must represent CIB, act as its spokesperson and foster knowledge sharing and exchanges in order to bring the client into contact with ever more imaginative teams.

ONE BANK IN ACTION

BNP Paribas has organised client-facing groups, specialised by geographical areas, which aim to develop the Bank's origination capabilities, monitor and manage the Bank's relations with its clients and thus strengthen the Bank's positions in the various regions of the world where it operates.

The Bank has assigned 1,100 staff, divided into three major teams serving some 6,000 corporate clients and 640 financial institutions, as follows:

COVERAGE & TERRITORIES EUROPE (CTE)

Coverage & Territories Europe (CTE) focuses on what is today Corporate and Investment Banking's largest domestic market. The team covers European companies, both multi-nationals with worldwide operations ("Large Corporate Groups") and smaller companies with a strong regional presence ("Corporate Groups"), including companies doing business in the fast-growing markets of central and eastern Europe.

COVERAGE & TERRITORIES INTERNATIONAL (CTI)

Likewise, Coverage & Territories International (CTI) is in charge of overseeing and coordinating relations with multi-nationals or large companies in their domestic market elsewhere the world, spanning:

- the highly developed markets of North America, Japan and Australia;
- the markets identified for their strong development potential such as Asia (monitored from two platforms: Hong Kong and Singapore), the Middle East and Latin America.

FINANCIAL INSTITUTIONS GROUP (FIG)

Financial Institutions Group (FIG) is in charge of the global management and development of BNP Paribas' relationships with financial institutions, general and specialised banks (public or private), insurance companies, pension funds, mutual health insurers, fund managers and supranational organisations. FIG is organised into two sub-groups, FIG Europe and FIG International in order to locally provide banks and insurance organisations with high value-added products and services in more than 15 European countries as well as North America, Japan and emerging countries (particularly Asia and the Middle East).

This organisation is based on client segmentation aimed at ensuring client access to the Bank's entire product offering, by:

- providing a single interface;
- thereby facilitating coordinated access to the specialists in all of the Group's business lines;
- devising structured global solutions adapted to their needs.

equities and derivatives

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

In 2006, BNP Paribas cemented its worldwide leadership in equity derivatives on the back of an exceptional growth performance.

BNP Paribas garnered many significant awards:

- "Equity Derivatives House of the Year" (*Risk* magazine, 2007 Risk Awards);
- "Structured Products House of the Year" (*Euromoney* magazine);
- "House of the Year, Japan" (*Structured Products* magazine);
- "House of the Year, Hybrids" (*Structured Products* magazine);
- "Innovation of the Year, Americas" (*Structured Products* magazine);
- "Risk Management House of the Year, western Europe" (*Euromoney* magazine).

2006: a stellar year

Equity and Derivatives enjoyed remarkable results due to a surge in client activity, particularly thanks to having won worldwide recognition for its capacity for innovation:

- vigorous growth in flow business on all continents, particularly with hedge fund clients;
- a major breakthrough in the United States which reported a record year and a steep rise in client activity;
- solid performance of structured products through the enhancement of the product range and the extension of geographic coverage, particularly in emerging countries;
- strong diversification in Europe with the creation of niche product ranges adapted to specialised client groups;
- amid positive market conditions, BNP Paribas Securities Asia could point to a record year for its Asian equity brokerage activity with institutional clients, expanding its geographic network and benefiting from the reorganisation of its trading platform.

Privalto: a winning offer with independent asset management advisors

Launched in France in mid-2005, Privalto is an offering exclusively dedicated and adapted to the needs of independent asset management advisors, providing a range of innovative equity derivatives, with guaranteed or protected capital, and equity, index, fund or hybrid underlyings.

Thanks to a dedicated six-person Privalto sales team, BNP Paribas has been able to win a place in this new and growing client segment. Its active field presence and dynamic pace of three campaign products per year has enabled Privalto to establish a leading market position in only its second year of existence. This rapid breakthrough is also due to BNP Paribas' expertise and solid reputation in financial engineering and research. Moreover, in its efforts to understand the needs of independent asset managers so as to best advise them, Privalto offers a comprehensive array of dedicated and highly sophisticated services and marketing tools: training programmes, a website (www.privalto.fr), brochures and sales presentations, monthly reports, weekly market updates, daily valuations, etc.

Boosted by this rapid success, BNP Paribas continued to develop targeted ranges in 2006, intended for smaller institutional investors and asset managers in other European countries.



BNP Paribas named “Equity derivatives house of the year”

BNP Paribas was named “Equity derivatives house of the year” by *Risk* magazine, a prize that rewards innovation and excellence in the management of derivatives and risks. BNP Paribas has been one of the undisputed leaders in equity derivatives for many years and had already been awarded this prestigious prize in 2004.

The Bank was chosen by *Risk* magazine because of the significant strengthening of its positioning on the world market over the past year, particularly in further building up its robust flow platform. The development of this activity has made it possible to recycle and reduce a part of the accumulated risks in positions resulting from structured products activity – further enhancing the global performance of the Equity Derivatives platform.

In 2006, BNP Paribas boosted its presence in the United States and continued its advances in the North and South American markets, particularly in fund derivatives and flow business. With regard to its corporate clientele, the Strategic Equity team managed a share buyback programme for Hewlett-Packard for the record sum of USD 1.7 billion. This transaction aroused the interest of many American firms in similar buybacks and considerably enhanced BNP Paribas’ image in this field.

In addition to the success of its North American platform, BNP Paribas extended its equity derivative activities to emerging countries and Asia, markets where its service, transparent and aggressive pricing policy and its original investment ideas have won great favour with clients.

The Equities and Derivatives Division also added resources to its structuring teams worldwide, in particular by extending its expertise to the legal and accounting fields and the insurance sector, in order to be able to offer its clients a greater range of tailored solutions. Within the trading activity, the year saw a build up in equity financing, event-driven electronic trading, and volatility trading. The trading and sale of exotic risks such as volatility, correlation and dispersion also expanded their teams in order to constantly offer investment solutions at the cutting edge of financial innovation.

BNP Paribas Securities Asia: an integrated Asian equity brokerage solution

Since its recent integration into Equities and Derivatives, BNP Paribas Securities Asia has offered its institutional clients a comprehensive range of research, execution, and distribution services in Asian equity products and their derivatives. Based in Hong Kong, the BNP Paribas Securities Asia teams are present on all Asian markets, particularly in China, Japan, India, Korea, Taiwan and South-East Asia (Singapore, Indonesia, Malaysia and Thailand). In total,



over 250 professionals are active on the secondary markets as well as in providing a distribution platform for the primary market and equity derivatives. BNP Paribas Securities Asia also has sales teams in the United States (New York and San Francisco) and Europe (London, Paris and Milan).

Combining its in-depth experience in Asian markets with a modern, high-performance executive platform, BNP Paribas Securities Asia offers its attractive and creative investment products as well as the ability to optimise hedging of a variety of risks inherent to market transactions.

fixed income

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

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

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

In line with strategies pursued in recent years, the Bank has continued to invest in its derivatives platforms (such as currency options, interest rate and forex instruments, hybrid commodity instruments, synthetic credit solutions) while intensifying its investments in securitisation (origination, structuring and distribution) and reorganising its flow activities.

Thanks to this platform, clients are provided with a full array of tailor-made services on a global scale across a broad range of markets and currencies.

With headquarters in London and five other main trading floors in New York, Paris, Singapore, Hong Kong and Tokyo, BNP Paribas Fixed Income employs more than 1,600 professionals around the world.

A year of increased revenues

After a somewhat lacklustre year in 2005 marked by the correlation crisis in the credit area, the Group enjoyed exceptionally good market conditions in 2006 and at the same time kept on deepening its client franchise so that revenues were the best ever, well in excess of the already very good 2003 revenues.

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 trades with an AA/Aa2/AA rating. From this formidable platform, the Bank has built a comprehensive fixed-income capacity with a client-driven approach that is backed by strong legal and operations expertise.



In terms of market recognition, the Bank consolidated and improved its ranking positions significantly across the business in the various magazine polls of clients. This is demonstrated through a number of prestigious awards:

- Two awards from *Structured Products* magazine: “Hybrids House of the Year” and “Interest Rates House of the Year” (November 2006)
- *The Banker* named BNP Paribas “Bank of the Year for Interest Rate Derivatives” (October 2006)
- Two awards from *Global Finance* magazine: “Best Credit Derivatives Provider in Asia”, “Best Interest Rate Derivatives Provider in Europe” (September 2006).

BNP Paribas won *Euromoney*’s “Best Structured Products House” award (July 2006).

League table positions

The Group has the 13th-largest share of the market for underwriting bond issues, including 3rd for all euro financial institutions and 4th for all Sterling corporate issues (*source: Thomson Financial, 25 October 2006*). The Group is the second largest portfolio credit swap counterparty by volume of trades (*source: Creditflux, end September 2006*).

Notable deals

The Bank continues to drive innovation in the fixed income markets. For example, the Dynamo Programme, the first credit CPPI to offer exposure to a mix of cash and credit derivatives instruments, won *Euromoney*’s “Credit Innovation of the Year award”. BNP Paribas was joint bookrunner on the Federal Republic of Germany’s first inflation-linked bond issue, which was awarded *IFR*’s “Euro bond” and “Supranational/Sovereign/Agency/Regional bond of the year” awards.



corporate finance

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

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

Corporate Finance employs some 380 professionals located throughout its worldwide network. Focused first and foremost on Europe, it is also present in North and South America and enjoys strong visibility in Asia and the emerging countries.

Ranked no.1 in France (source: *Thomson Financial*), BNP Paribas is among the ten foremost banks in Europe advising on mergers and acquisitions (ranked 8th in Europe according to *Dealogic* based on transaction volumes announced in 2006). The *Dealogic Equityware* ranking placed the Bank among the leading ten institutions for primary equity business in Europe.

Excellent and significant transactions, increased revenues

The volume of announced mergers and acquisitions in 2006 rose 38% in Europe, beating the record set in 2000, according to *Thomson Financial*. BNP Paribas took advantage of these favourable conditions to substantially increase its Corporate Financing revenues by participating in a variety of major transactions which drew on its geographic, product and sector-based expertise:

- Cross-border transactions (AXA/Winthertur, Alcatel/Lucent, Schneider/APC, Euronext/NYSE, and, of course, BNP Paribas' acquisition of BNL);
- The three largest announced transactions in Europe (Endesa/Eon, SUEZ/Gaz de France, Arcelor/Mittal);
- The largest domestic transaction in France in the banking sector (CDC/CNCE/Natixis);
- Buoyant activity in real estate, media-telecoms, energy, concessions and private equity funds (KKR/Pages Jaunes, TPG/TDF, PAI/Lafarge Roofing, etc.);
- An increase in the number of transactions in emerging countries on all continents.

In total, the Bank advised more than a hundred transactions in 2006.

In 2006 the European primary equity markets maintained the high activity level already seen in 2005, with the following specific characteristics:

- A significant increase in initial public offerings, with EUR 60 billion in capital raised. BNP Paribas managed several benchmark transactions including those of Legrand (EUR 992 million) and Neuf Cegetel (EUR 911 million) in France and BME (EUR 779 million) in Spain;
- A greater recourse to share issues (which represented more than EUR 45 billion), particularly to finance acquisitions. BNP Paribas managed nearly all of the major share issues in France, including AXA's (EUR 4.1 billion), de Vinci's (EUR 2.5 billion) and BNP Paribas' (EUR 5.5 billion);
- Amid a stable European market for convertible bond issues, BNP Paribas managed the issue of Artemis bonds exchangeable for PPR shares (EUR 1 billion) and Nexans bonds (EUR 300 million).

In Asia, BNP Paribas continued to develop its activity with:

- advisory mandates in Japan (Siver Seiko), Korea (CJ GLS), China (Air China) and Singapore (Lippo Group);
- IPOs in Singapore (CDL Hospitality Trusts) and Hong Kong (Dalian Port, Jin Jiang Hotels and Nine Dragons Paper which was selected as "Best Mid-Cap Offering" by *The Asset* magazine).

BNP Paribas was also named "Best Mid-Cap Equity House" for the fourth year running.

High volume of M&A in Spain

BNP Paribas took an active part in Spain's fast-rising merger-acquisition market (70% increase in announced transactions, 134% increase in completed transactions according to *Thomson Financial*). The Bank advised major Spanish groups such as Endesa on the Eon offer, Albertis on its project with Autostrade, Telefonica on the sale of TPI and Urbis on the Grupo Reynal offer.

BNP Paribas' growing importance on primary equity markets outside France

In 2006, in addition to its leading position in France, BNP Paribas strengthened its presence on primary equity markets outside France, confirming its European expertise. The Bank made advances in all types of products. Among the year's achievements:

- The flotations of BME in Spain and SAF in Germany;
- The share issues of Swiss Re in Switzerland, Sparkassen Immobilien in Austria and GBL in Belgium;
- The convertible bond issues of Pargesa in Switzerland and Videocon in India.

energy commodities export project (ecep)

By grouping together under a single management umbrella all of the Bank's expertise in energy, commodities, infrastructures, capital goods and asset financing, BNP Paribas has created an innovative structure that meets the full array of client needs and effectively leverages synergies between the various businesses:

- financing of commodities trading, in all forms, an activity in which BNP Paribas is the global leader;
- structured commodities financing in emerging markets, which includes, in addition to export pre-financing, reserves financing and structured inventory financing;
- corporate loans for energy, metals and mining activities in industrialised countries;
- project finance – especially in the energy and infrastructure sectors – with loans structured on the basis of cash flows;
- export financing, with ten dedicated desks in exporter countries and some 30 specialised correspondent banks in importer countries;
- Global Trade Services, which offers a range of products and services, including Supply Chain Financing for import-export trading;
- asset financing, including structured leasing, and marine and aircraft financing.

In 2006, BNP Paribas continued to stand out as one of the key worldwide players in these businesses and as the global market leader in commodities and energy financing:

- Trade finance: ranked "Best Trade Bank in Oil/Energy", "Best Trade Bank in the Middle East", and "Best Structured Trade & Export Finance Bank" (all by *Trade & Forfaiting Review*), no. 3 "Mandated Arranger of Global Trade Finance Loans" (*Dealogic, full-year 2006*), and no. 1 "Mandated Arranger of Asia Pacific (excluding Japan) Trade Finance Loans" (*Dealogic, full-year 2006*).
- Project finance: awarded "Excellence in Renewable Energy" (*Energy Business/Commodities Now*), and "Best Project Finance House in the Middle East" and "Best at Project Finance in Central Asia" (both by *Euromoney*).
- Financing for distant export markets: ranked no. 2 "Mandated Arranger of Global Export Credit Agency-backed Trade Finance Loans" (*Dealogic, full-year 2006*); and in aeronautics, no. 1 "Worldwide Arranger of Export Credit backed Aircraft Financing Solutions" (*Euromoney*).

BNP Paribas is also recognised as an innovative bank (awarded "Aircraft Finance Innovator of the Year" by *Jane's Transport Finance* and "Most Innovative Shipping Finance Deal 2006" for CMA CGM by *Lloyd's Shipping Economist*).

Confirmed position as global leader

In 2006, against a backdrop of increasing competition and high commodity prices, BNP Paribas strengthened its position as the world's leader in commodity markets:

- The significant rise in oil and basic metal prices made 2006 an exceptional year for financing commodity trading. Despite increased competitive pressures, BNP Paribas confirmed its dominant position.
- Structured financing of commodity producers located in emerging countries was buoyant, topping the record levels achieved in 2005. This was due to major acquisition transactions on these markets, in which BNP Paribas played a major role.
- The financing of the sector's major corporations in the industrialised countries reported a record year, particularly in North America, but also in Europe and Australia. Business activity was stimulated in large part by consolidation moves and organic and external growth in the energy and mining industries. The entry of new players (investment funds and institutional investors) attracted by this class of commodity assets represented a major change, resulting in numerous opportunities which BNP Paribas exploited.



- It was also a record year for project finance, a sector where the Bank particularly benefited from its positioning in renewable energies and infrastructures. The North American market picked up sharply (wind power, ethanol, bituminous sand and highway infrastructures). The European market was marked by major acquisition transactions in the infrastructure sector while Middle East countries continued to invest heavily in downstream oil activities (petrochemicals, refining and LNG).

Asset financing:

- Export financing could point to a series of brilliant successes on markets with strong demand for export loans, particularly Latin America, Vietnam and the Middle East. The Bank's leading position in the Asian export finance segment (Japan, Korea and China) and that of new exporting countries such as Brazil was also consolidated.
- Thanks to the creation of a single team covering the entire Structured Trade offering, Global Trade Services was able to successfully pursue its growth strategy on the North American and European major corporates market. At the same time, flow business made significant advances on all markets covered by GTS teams.
- Against a backdrop of rising competition, aircraft financing had its best year in each geographical region, rolling out new products and broadening its client spectrum. A host of awards once again recognised these achievements including "Aircraft Finance Innovator of the Year" for the 2nd year running and, for the 4th consecutive year, no. 1 Worldwide Arranger of Export Credit Backed Aircraft Financing Solutions.
- Lastly, in marine financing, markets were highly favourable in 2006 for the shipping industry and very competitive for banks. Two transactions were particularly noteworthy: the largest marine financing transaction by a foreign bank (USD 450 million) for Navigazione Montanari, an Italian shipowner listed on the Milan exchange, and the Fixed Income team's securitisation of a USD 499 million programme of investments in new ships for CMA CGM, the world's 3rd-largest owner of container ships.

structured finance

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

This business is also in charge of syndicating and distributing all financing originated by the BNP Paribas Group.

In 2006, BNP Paribas continued to rank as the 6th-largest bookrunner of syndicated loans worldwide and 3rd-largest bookrunner of syndicated loans in the Europe - Middle East - Africa region. It was also no. 1 in terms of number of transactions (*source: International Financial Review*).

A particularly dynamic year

In 2006 as in 2005, the syndicated loan market witnessed rising volumes, mainly due to strong growth in acquisition financing. The Group benefited from this dynamic market. On the largest financing transactions, it enhanced diversification of liquidity sources for borrowers by increasing the placement of structured loan tranches with European and US institutional investors.

In acquisition financing, BNP Paribas distinguished itself as a bookrunner of major cross-border transactions, such as Schneider's acquisition of the American Power Conversion group, the Tenaris transaction in Latin America and, in Europe, Lactalis' acquisition of the Italian group Galbani as well as the Belgian group UCB's acquisition of the German group Schwarz.

As for LBOs, BNP Paribas managed to maintain its strong position in a fast-growing European market. The Bank obtained bookrunner mandates for such transactions as the refinancing of Legrand (EUR 2.2 billion) in France and of Autobar (EUR 825 million) in the United Kingdom, the financing of Wendel Investissement's acquisition of Materis (EUR 2 billion), and of the acquisition of AVR in the Netherlands by a consortium led by CVC Capital Partners and KKR (EUR 975 million). The Bank also won several bookrunner mandates in Italy including the financing of the Limoni (EUR 386 million) and the Seves (EUR 305 million) acquisitions and the refinancing of Riello (EUR 450 million).

In the United States, the Bank enjoyed a solid volume of activity in medium-sized transactions and continued to build up its position in the financing of larger transactions on behalf of major investment funds, such as the acquisition of the largest US private hospital group, HCA, by drawing on the Bank's expertise in the healthcare field.

The year was a dynamic one for the financing of medias and telecommunications. BNP Paribas boosted its geographic reach and consolidated its leading position, as reflected in the "Media Loan House of the Year" award for 2006 bestowed by the magazine *Media Finance*. In the media sector, the year's outstanding transactions were the financing of the IPO of Trader Media East in Russia and that of seLoger.com in France, as well as the syndicated loans of EUR 1.5 billion for Axel Springer in Germany and USD 4 billion for Bertelsmann. In telecoms, BNP Paribas successfully organised Numéricable's EUR 3 billion refinancing when it acquired the French cable network UPC, as well as a USD 4 billion acquisition financing transaction for MTC in Kuwait, which was selected "Middle East/Africa Telecom Deal of the Year" by *Emerging Markets* magazine. At the end of the year, Sonae.com mandated BNP Paribas to manage the EUR 15 billion financing of its Portugal Telecom acquisition offer.

Real estate financing had a positive year, reflecting the growth of investment in the sector. BNP Paribas maintained its leading position in France in no-recourse structured transactions for major real estate players and developed its European role as a key bank for large real estate companies.



cash management

Within Corporate and Investment Banking, the Cash Management business provides international companies with a wide range of solutions for managing day-to-day cash flows and optimising liquidity.

Developed in close collaboration with French Retail Banking's Cash Management Department, this offering draws on the most advanced technologies (automatic cash pooling, communication networks, e-banking through the Connexis range of services).

Strong growth in business

In 2006, the strong sales organisation, which provides close client support thanks to experienced professionals in some 30 countries as well as central teams, resulted in a robust 15% rise in both transaction volumes and fees. Many multi-nationals in Europe, North America and Asia have chosen BNP Paribas for its cash management services.

loan & portfolio management

This activity combines the management of traditional bank loans with the functions of portfolio management by structuring, executing and managing the transfer of credit risk via derivatives.

In 2006, average margins on outstanding traditional bank loans to companies continued to shrink, leading CIB to:

- implement processes to tighten discipline at the origination level for this type of loan, which is low profit but important for maintaining a relationship with the client and then proposing higher value-added solutions to cover other needs;
- optimise the amount of capital allocated to these activities by taking advantage of favourable market conditions (liquidity and margins). In this way LPM has actively continued its loan securitisation programme, executing several transactions for a total notional value of USD 35 billion, including CLO Corporate's largest public transaction (Global Liberté V: USD 12 billion).



RETAIL BANKING

FRENCH RETAIL BANKING

French Retail Banking's client base is composed of 6 million individual clients, 500,000 entrepreneurs and small business clients, and 22,000 corporate and institutional clients.

The division offers a comprehensive line-up of products and services, ranging from current account services to the most complex financial engineering services in the areas of corporate financing and asset management.

The network operated by the French Retail Banking Division has been reinforced with a view to enhancing local coverage and client service. At 31 December 2006, the network was made up of 2,200 branches and 4,500 automatic cash dispensers, in addition to a multi-channel banking structure. The division focuses on regions with high economic potential, and enjoys a 15% share of the greater Paris market (*source: BNP Paribas French Retail Banking market research, market share based on number of branches*). It also has a strong presence in the most attractive segments of the personal banking market – 22% of households with net annual revenues in excess of EUR 82,000 have their main bank account with BNP Paribas (*source: IPSOS*) – and a leading position in the corporate market. The French Retail Banking Division employs 31,000 people working in the BNP Paribas domestic branch network, Banque de Bretagne, BNP Paribas Factor, BNP Paribas Développement, a provider of growth capital, and Protection 24, a telesurveillance firm.

In order to effectively respond to client expectations, French Retail Banking has organised its sales structure on the basis of network segmentation. The division is now made up of branches serving individuals and small businesses, Private Banking Centres, and Business Centres, all supported by a Client Relations Centre (CRC) and specialised centres in charge of after-sales operations. In parallel, the division continued to actively expand the personal banking business, drawing on the multi-channel structure (branch, telephone and online banking) that was rolled out from 2002. The underlying aim of this system is to offer clients the highest standard of service and to step up the role of in-branch client advisers. The Client Relations Centre's three platforms in Paris, Orleans and Lille deal with calls made to the branches and process client e-mails. To extend this service, a dedicated telephone line was set up in 2006 for Private Banking clients. A client relationship centre for entrepreneurs and small business clients was also opened in the year in the Paris region, before being set up nationwide.

The workstations operated by the client advisers are geared to managing client relations within a multi-channel framework. As such, they represent the very hub of the system, whose worth and effectiveness have been clearly proved after several years of use. French Retail Banking also has the largest network of Private Banking Centres, with 212 centres across France that ensure extensive local coverage.

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

Finally, the division is reengineering its sales processing centres into Production and Sales Support Branches (PSSBs). Specialised by type of transaction, they span the whole of France and have fully integrated information systems. At the end of 2006, there were 83 PSSBs, combined into 14 Production and Sales Support Groups.

individual clients

Powerful drive to capture new clients

For the last few years, French Retail Banking has invested in and adapted its systems, organisation and marketing approach in order to enhance the Bank's attractiveness and win new clients. In 2006, 30 branches were opened as part of the "Reception and Service" programme, bringing the total number of local facilities opened in the last three years to 100. The sales force was also strengthened through the creation of more than 200 individual client advisor positions. Lastly, the coming on stream of a new sales organisation dedicated to young people as well as canvassing, partnership and sponsorship initiatives helped drive impressive gains in new clients.

2006 was thus a record year in terms of client acquisition, with 463,000 personal bank accounts opened. Of these new accounts, 166,000 were for young people between the ages of 16 and 24, representing a 10% increase year-on-year. The net growth in the total number of personal bank accounts once again topped the previous year (up 170,000 compared to 155,000 in 2005).

Thanks to the network's efforts, 11,000 new clients were guided to Private Banking. At the end of 2006, 100,000 households, representing EUR 57 billion in assets under management, were benefiting from Private Banking's services in France.

Significant improvement in multi-channel contacts, a key contributor to client satisfaction and client retention

Client contacts were bolstered through all channels. The Multi-channel Retail Banking system, which links appointments in the branches, telephone contacts through the Client Relations Centre and electronic correspondence via *bnpparibas.net* has enhanced knowledge of the clients as well as the Bank's pro-active stance in relation to services and advice.

More than 20 million contact opportunities were generated in 2006, resulting in 10 million client interviews, a rise of 45% year-on-year. The internet channel made great advances, with the number of monthly client users of *bnpparibas.net* services surging past the one-million mark for the first time in 2006.

The Bank's ongoing concern for anticipating and responding to clients' needs and personalising contacts led to a significant improvement in the annual barometer of client satisfaction, and particularly the indicator linked to recommendations.

>>> Client-centred approach at the heart of BNP Paribas' sales and marketing drive
Managers and advisors are constantly made aware of the need to personalise the advice given to their clients. French Retail Banking thus regularly develops new diagnostic tools to better adapt product offerings to each client's specific needs: *Projets Placement* for savings, *Protection des biens* for insurance, and *Bilan retraite* for retirement planning.

www.bnpparibas.net: new developments in 2006

A sustained sales and marketing drive

- 1 January: accounts can be consulted online free of charge;
- 16 January: launch of online application for consumer loans;
- 1 February: launch of programme to make the financial markets available to everyone by providing access to the stock prices in real time for all registered clients;
- March: addition of a security activation code for new recipients of bank transfers;
- October: launch of online application for motor insurance policies;
- 1 November: transfers are free of charge between accounts that can be consulted via *bnpparibas.net*.

Substantial increase in traffic

- The number of clients managing their accounts each month through the internet was above the 1 million mark in December 2006, representing growth of more than 50% in one year;
- In 18 months the number of transfers increased by 1.5 and financial market orders doubled;
- The number of client contacts via *bnpparibas.net* also doubled (5.2 million contacts through the client messaging service in 2006).

Success recognised by the market, with three awards bestowed in 2006

- 1 February: *Qualiweb/Stratégies* award for the best online client relationship in the banking industry;
- June: "*Clic d'or de la mobilité*" prize for *mobile.bnpparibas.net*, awarded by *CBNews*;
- October: Top Com bronze in the multi-media category, consumer e-commerce section, awarded by *L'Expression* and *TF1*.



Sales of products and services supported by innovation, increased contacts and personalised advice

The successful April 2006 launch of Terceo, an exclusive and innovative credit card service, clearly demonstrates that the Bank's policy of innovating and launching new products is well adapted to market and client expectations (see opposite). Ongoing efforts to modernise and secure payment methods also resulted in a 4.5% increase in the number of credit cards (up 168,000), with high-end cards in particular reporting a significant advance. BNP Paribas now ranks as France's leading issuer of high-end cards, with 530,000 Premier and Infinite cards in circulation.

Amidst a highly competitive environment, the French Retail Banking network was once again very active in consumer credit and managed to consolidate its market share. Outstanding personal loans delivered a stellar performance, with a rise of more than 9% aided by online selling launched in January 2006 via *bnpparibas.net*. In a fiercely competitive environment, French Retail Banking continued to hold its own in mortgage financing, which advanced by more than 17% in line with market trends.

Personalised insurance advice through *Protection des biens*, a diagnostic review of property protection needs, backed by a strong communication campaign in various media, helped drive up sales of property and casualty insurance, particularly motor insurance policies which surged 76%.

A record year for financial savings products

The French Retail Banking network increased its life insurance inflows by nearly 30% and passed the EUR 7 billion mark for the first time. Moreover, unit-linked contracts increased significantly, from 27% in 2005 to 38% in 2006.

The sales performances of mutual funds and unit-linked contracts were boosted by the launch of new attractive funds such as Promessea 1 and 2, Tonga 2 and Tonga 100, and Hawaii 2, and new inflows climbed 31% to EUR 9 billion.

Life insurance products providing for regular investments by the policyholder (*contrats d'assurance vie avec épargne programmée*) continued to enjoy robust growth, with 300,000 new contracts in 2006. At the close of 2006, BNP Paribas also launched Multiplacements Avenir, an innovative multi-product life insurance policy reserved for minors (see opposite).

Lastly, following the enactment of the Fourgous amendment, French Retail Banking successfully carried through a sales and marketing drive to convert single-product contracts into multi-product contracts. In this way, clients can boost their contracts' return without affecting the policy starting date recognised for tax purposes. In 2006, EUR 1.2 billion in assets were changed over with 27% of the amount placed in unit-linked contracts.

Innovation that facilitates consumer purchases and builds client satisfaction

Terceo: BNP Paribas is the first French bank to market this exclusive and innovative service.

Terceo offers credit facilities, payment in three instalments and 3-month deferred payment options, which are automatically applicable to any card purchase exceeding a threshold amount chosen by the client.

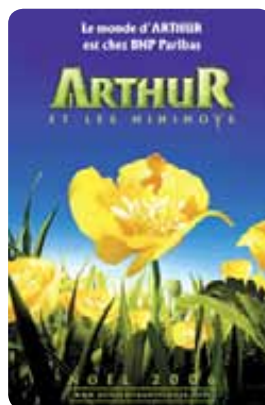
This unique offer meets a real market demand. It has won immediate favour with BNP Paribas cardholders as demonstrated by the 470,000 contracts taken out in its first eight months of existence.

BNP Paribas Multiplacements Avenir enhances the range of products and services dedicated to clients' children who are still minors.

This life insurance policy offers a savings programme adapted to the parents' budget and the child's age. It qualifies for preferential tax treatment and accompanies the child throughout his/her life, thanks to a financial offer and a package of services that evolve over time. Launched at the end of November, this new savings product won over nearly 20,000 parents during the Christmas holidays.

Tonga 100: an innovative guaranteed return fund with a short-term focus.

Nearly EUR 650 million were collected between 12 September and 6 December 2006 through this investment fund that qualifies for life insurance and securities account status.



entrepreneurs and freelance professionals

The winning momentum continues

Buoyed by an ongoing canvassing campaign, new business referral agreements and the strong support provided to new business creators (see opposite), the number of new accounts continued to escalate in 2006, for the third year running.

More than 5,500 entrepreneurs⁽¹⁾ initiated a working relationship with the Bank and the number of net new freelance professional current accounts rose by 12,000. New business financing represented nearly 30% of the loans granted by BNP Paribas in 2006.

Broader client relationships

The extent and the competitiveness of BNP Paribas' offering dedicated to entrepreneurs and freelance professionals permitted active pursuit of this client group, targeting both professional and private needs.

- With more than 110,000 contracts, at the end of the year the Esprit Libre Pro package of services had been chosen by nearly 43% of professional clients, and by more than 70% of new clients on average.
- Lending activity remained vigorous. Currently, around 40% of entrepreneur and freelance professional clients have an outstanding capital investment loan.
- More than 50% of professional clients who have a private banking relationship with BNP Paribas have subscribed to a savings contract with a view to building their assets or preparing for retirement.

Personalised advice builds client satisfaction

Major investments were undertaken in 2006 in order to improve the satisfaction of entrepreneurs and freelance professionals and to strengthen their relationships with BNP Paribas:

- In order to closely identify specific client needs and to provide appropriate solutions, new tools were developed for advisors such as industry-specific information files, diagnostic flow simulators and diagnostic reviews of the protection needs of professional clients;
- Older clients likely to sell their business in the coming years were offered specific assistance with a view to optimising the transmission of their professional assets.

These personalised initiatives have already resulted in the first tangible advances in client relations:

- Surveys carried out in 2006 indicate a significant improvement in client satisfaction, particularly among entrepreneurs;
- Acceleration in the percentage increase of clients with a mixed, private/professional relationship with BNP Paribas (up 1.3 percentage points compared to 1.2 points in 2005); more than 73% of this client segment now has such a relationship;
- A rise of more than 42% in the number of professional clients using *bnpparibas.net* in 2006.

Major drive to attract entrepreneurs and freelance professionals

Bolstered by its experience in the financing of new business start-ups, in April 2006 BNP Paribas launched a unique operation targeting entrepreneurs and people looking to carry out a professional project.

Backed by a nationwide advertising campaign, this operation had a global budget of EUR 100 million to finance 2,000 projects.

In total, nearly 4,000 projects representing a global investment of more than EUR 350 million were assessed during the campaign.

⁽¹⁾ Companies with revenues between EUR 0.75 million and EUR 7.5 million.



A client segment with spillover benefits for all of French Retail Banking's Business segments

In 2006 the entrepreneur and freelance professional client segment continued to strengthen Group synergies and enhance the Bank's other client groups:

- more than 3,200 high-potential clients initiated a relationship with a Private Banking Centre, up 22% compared to 2005;
- more than 28,500 professional clients became individual clients in 2006;
- during the year, more than 350 entrepreneurs with rapidly growing businesses joined a Business Centre.

corporate clients

2006: demonstrated success of Business Centres

Increasingly specialised client requirements have led BNP Paribas to differentiate its marketing approach according to the specific corporate client segment. The aim is to position the French Retail Banking network as the leader in the corporate market by drawing on the wide array of products and services offered by the Group as a whole.

The strategy 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 Key Account managers based at the Bank's main regional offices. These high-level managers work closely with the Business Centres, the international network and the Group's other 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 continued increase in the Bank's share of the capital investment loan market (a 0.45-point average annual increase in 2006 following a 0.90-point increase in 2005 – *source: Banque de France*) and cash inflows (up 0.65-point on average for cheques in 2006 and up 1.35 points for bank cards – *source: GSIT*), as well as the growth in cross-selling (seven-fold increase in net banking income generated by CIB businesses between 2002 and 2006) bear testimony to this approach's success in meeting client needs.



Regional Trading Rooms

Against a backdrop of rising short-term rates, flattening yield curves and volatile exchange rates, the seven Regional Trading Rooms reaffirmed their commitment to their clientele of large- and medium-sized companies, associations and institutions, assisting them with debt management and currency hedging.

The trading rooms also offer the full range of investment products, from monetary funds to medium-term notes index-linked to equity markets, interest rates or exchange rates, thus optimising all cash investment maturities.

The Regional Trading Rooms work closely with the Business Centres and the Bank's businesses. This efficient organisational model provides clients with the dual advantage of capital market expertise and locally-based teams.

Products and services offered by the Group as a whole

French Retail Banking develops its commercial offerings to corporate clients and institutions by drawing on the specialised skills of each of the Group's businesses. 2006 marked new advances in cross-selling in such areas as interest rate derivatives, structured financing, specialised financing (factoring, leasing and management of company vehicle fleets), mergers & acquisitions, primary equity transactions and private banking.

These success stories have been achieved through a set of measures geared to corporate clients which mobilises the sales teams from the Business Centres and the Group's specialised businesses to coordinate their actions so as to provide clients with the best possible service.

BNP Paribas Cash Management

In recent years BNP Paribas has emerged as one of the European leaders in meeting the cash management needs of French and international groups alike.

With operations in 19 countries across Europe and constantly expanding capabilities, BNP Paribas and its partner banks offer their clients a network of 24,000 branches in 33 European countries and 28,000 branches worldwide.

The acquisition of BNL has strengthened this positioning. Italy now represents BNP Paribas' second European domestic market. Having already worked together for many years, the two banks are developing a joint cash management offering for their combined clientele. Fifty-six percent of the invitations to tender received by BNP Paribas in connection with cash management in 2006 concerned a need in Italy.

The sales teams certainly rose to the challenge in the year. The success rate for tenders submitted increased significantly, for international deals as well, to reach 60%. BNP Paribas won significant recognition from major US groups while in France, it confirmed its leading position with clients that include most of the CAC 40. And indeed, BNP Paribas has become the financial partner of choice for numerous listed companies.

The forthcoming creation of a Single Euro Payments Area (SEPA) in 2008 represents a new challenge for companies. BNP Paribas will continue to assist them throughout this process, working together to design the necessary solutions and products in this new environment.

Conte SA's acquisition of Jardiland: A fine example of BNP Paribas' ability to partner its clients' development during major external growth transactions.

Jardiland is France's leading gardening supplier (EUR 688 million in revenues in 2005) with a network of 215 stores (mainly franchised). The **Conte group**, a client of the Sud-Ouest Entreprises Business Centre, is one Jardiland's main franchisees.

In July 2006, with the reorganisation of Jardiland SA's capital, Conte SA acquired control of the Jardiland group with the help of BNP Paribas. The transaction was carried out in association with another major client of BNP Paribas' French domestic network, Batipart, which acquired a minority stake in Jardiland SA.

The Key Accounts manager in charge of developing relations with the Conte group presented the Corporate Finance teams to Michel Conte who, once convinced that they were the right ones for the job, chose them as consultants for this transaction. BNP Paribas' Structured Finance teams also put together a financing offer which won them a mandate as the sole arranger and bookrunner for the debt package put together for Jardiland's acquisition. Lastly, the Bordeaux Regional Trading Room provided interest rate hedging.

BNP Paribas was thus able to actively support the Conte group's development and consolidate its position as the bank of choice for the leader of a fast-changing industry.



In relation to Visa corporate cards, BNP Paribas has consolidated its leadership with a 60% market share. Bolstered by more than 20,000 corporate users of its cards, BNP Paribas scored several major successes in 2006, particularly with the French National Centre for Scientific Research (CNRS) and Legrand in connection with corporate and business expense cards. At the end of 2004 the Bank teamed up 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. The card was an immediate success and has since won a string of accolades. In 2006 the travel manager of Veolia who adopted BNP Paribas' corporate card/business expense card solution was voted "Travel Manager of the Year" at the *Trophées du Voyage d'Affaires* event.

BNP Paribas' SwiftNet offering passed a new milestone with the opening of the Taolink service bureau which provides a shared platform that enables major clients to access the Swift network, the banking communication network now open to companies. Several well-known French groups have started using the service. BNP Paribas has developed an offering on Swift that is integrated with the Bank's various business lines as part of a SwiftNet connectivity solution. At the 2006 Sibos international Swift forum in Sydney, BNP Paribas presented a prototype for securing payment orders (through personalised signatures) in collaboration with Danone and a major US bank.

Some of the year's cash management success stories

Altadis, one of Europe's leading cigarette distributors, chose BNP Paribas for its international cash management (managing foreign cash flows and broad-based European cash pooling).

EDF turned over to BNP Paribas a major part of its flows via the SwiftNet communication channel.

The **Guillin** group – Europe's leader in food packaging – tasked BNP Paribas with processing its flows in Europe and its cash management; **GFI informatique** – a benchmark European player in IT services – has recently put BNP Paribas in charge of its European subsidiaries' cash management. **Assystem**, an engineering and innovation consultancy group, mandated the Bank to manage its international cash pool, thus making BNP Paribas one of its privileged banking partners.

after-sales organisation

The target production system which was defined at the end of 2002 is now operational

At 31 December 2006, there were 83 Production and Sales Support Branches (PSSBs) in operation, working within 14 Production and Sales Support Groups, with a total of 5,200 employees.

Productivity gains resulting from the grouping of activities continued, and focused on:

- having back-office platforms take on new tasks (administrative preparation of files concerning legal disputes and over-indebtedness);
- creating sales support units within the PSSBs to facilitate work flows between the front and back office.

Alongside these changes, the Bank continued to review all procedures with a view to optimising and standardising them. 46 "ACE" projects (BNP Paribas' adaptation of the Lean Six Sigma method) contributed to these changes, improving productivity and quality.

The ISO 9001 (version 2000) certifications for the three types of platforms (formatting, international business and the remote services support centre) were renewed.

20
minutos



La o
p
c

CETEM

Quod si
quan
Non e
reor,

U
C
Re
sk

TH

Inter
Si veteres ita n
Ut nihil anteferat, nihil illa
nimis antiquae, si peraque dure dicere

Quod si tam Graecis novitas in
quam nobis, quid nunc esset
Non equidem insector delendave ca
reor, memini quae plagosum mihi

Ut primum positus nugari Graec
conit et in vitium fortuna labi



INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES

The International Retail Banking and Financial Services (IRFS) core business has 54,750⁽¹⁾ employees in 56 countries. BNP Paribas subsidiaries and branches, boasting well-known brands and in many cases leading market positions, provide products and services covering five distinct business lines.

Cetelem is the market leader in France and continental Europe in household and consumer finance, and has a strong international orientation with a presence in 26 countries on four continents. Arius, Artegy, Arval and BNP Paribas Lease Group have strong market positions in Europe in investment financing for companies and business equipment management, with operations in 24 countries. These activities have now been grouped within Equipment Solutions.

This core business also has significant positions in mortgage financing through UCB and its subsidiaries, which are active in ten European countries.

In retail banking, IRFS manages a network of local banks serving as platforms for growth for many of the Group's businesses in their domestic markets.

BancWest (Bank of the West and First Hawaiian Bank), with operations in 20 states in the western United States, is active in markets undergoing rapid economic and demographic expansion.

In the Emerging Markets, the business is enjoying strong organic growth in new regions (Kuwait, Saudi Arabia, Algeria, Israel, Russia and Mauritania). The Group has made major investments in Turkey (TEB), China (NCCB) and Ukraine (UkrSibbank) and signed an agreement to acquire a holding in a Vietnamese bank (OCB). The Retail Banking Business is also growing strongly in its traditional networks which already have significant market shares. This is the case in North Africa with UBCI in Tunisia, BMCI in Morocco, the BICI network in Africa, BMOI in Madagascar, BNPI in Lebanon and all countries where BNP Paribas conducts retail banking operations in its own name, in the French overseas departments and territories and the Near and Middle East.

All IRFS businesses have a strong corporate culture that values entrepreneurship, high returns and an ability to adapt to their changing environments. The complementary nature of their activities enables them to exploit synergies and opportunities for cross-selling. These businesses are the cornerstone of BNP Paribas' growth strategy.

⁽¹⁾ Excluding LaSer-Cofinoga.

Cetelem

Having pioneered consumer credit in 1953 and online credit in 1997, Cetelem is no. 1 in France and continental Europe^[1] with more than EUR 53 billion in outstanding loans as at 31 December 2006, 42% of which is outside France. Cetelem today has more than 20,000 employees throughout the world (including LaSer-Cofinoga).

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

Cetelem is the benchmark in the industry, known for its ability to innovate. Its high-quality service offerings – backed by outstanding technical expertise and tight risk control – meet most household financing needs, including personal loans, instalment sales and revolving credits. In 2006, Cetelem was the European leader in online credit with e-business positioned at the centre of its strategy for international growth. Cetelem is the preferred partner of the retail industry and has a long tradition of helping large retailers such as Carrefour, Conforama, Ikea and Dell achieve their development goals across the globe.

Since 1 October 2005, it has held joint control of LaSer-Cofinoga with Galeries Lafayette. The Cetelem-LaSer “alliance” enables the two partners to capitalise on numerous synergies and improve their market competitiveness.

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

Cetelem also ensures the management of permanent credit card accounts granted by BNP Paribas' French Retail Banking network.

Fielding operations in 26 countries across four continents, Cetelem spearheads BNP Paribas' consumer credit offering.

Worldwide, Cetelem's managed outstandings pass the EUR 50 billion mark

In 2006, Cetelem's 19% increase in new lending and more than EUR 53 billion in managed outstandings confirmed its leadership in continental Europe.

Net income (the contribution to the BNP Paribas Group's net income before taxes) amounted to EUR 734 million, a 22% increase over 2005.

> Cetelem, no. 1 in France and continental Europe

- Cetelem's French network had a year of solid commercial successes as underscored by a 7% increase in new lending that outperformed the market^[2]. In parallel, it underwent extensive modernisation thanks to the Défi 2008 project which is reorganising the network around CRCs (Client Relations Centres) equipped with modern technological tools so as to increase the efficiency and responsiveness of client service.
- Throughout Europe, Cetelem continues to enjoy steady growth. Following France's example, Italy and Spain are adapting their strategy in anticipation of rapidly changing market trends. In May, Credisson became Cetelem in Romania. In Serbia, Findomestic Banka launched its consumer credit business in November.

LaSer, a 50%-owned subsidiary of Cetelem (with the other 50% owned by Galeries Lafayette), had an excellent year, enhanced by the acquisition of a major brokerage network in Poland. Cetelem and LaSer achieved considerable synergies in refinancing, risk (particularly through the exchange of fraud files and best practices in relation to out of court debt recovery) and international development.

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

^[2] Source: Weborama.



> Cetelem steps up its development in emerging countries

Excluding the European Union, the 11 countries in which Cetelem operates already represent 9% of total loans, twice the percentage in 2003.

In Mexico, the agreement signed last summer with Comercial Mexicana, the country's 3rd-largest mass retailer, gave Cetelem's subsidiary a major boost. Cetelem's activity in Algeria got off to a good start in March 2006 with automobile financing, benefiting from Alger's Car Show.

In the major emerging countries of China, Russia and Ukraine, teams pushed ahead with preparations for the launch of business operations in these three countries in early 2007.

Internet revolution: Cetelem, Europe's no. 1 player in online credit⁽¹⁾ and a pioneer in e-novation

The year 2006 witnessed a take-off in online credit.

This fast growing market already accounts for 15% of Cetelem's new direct loan business in Europe, one year ahead of its target.

Already France's leader in online consumer finance, Cetelem is now extending its leadership to the European market and positioning e-business at the centre of its strategy for international growth.

This European leadership is built on three key elements:

- In B to C, Cetelem is the first player to offer online credit in 11 European countries as well as in Brazil, Argentina and Thailand;
- In B to B, Cetelem has now build up Europe's largest network of e-partners and will be the first player to offer these companies in early 2007 an integrated European solution in consumer finance;
- Overall, Cetelem passed the EUR 1 billion mark in online lending in 2006.

In France, Cetelem's leading position in online lending⁽¹⁾ is based on:

- A particularly dynamic partnership policy: 65 partners currently work with Cetelem, including the leading e-business players;
- A volume of new lending that now represents 35% of Cetelem's personal loan business;
- A 60% increase in business in 2006;
- A business that generates more than 35% new clients;
- More than 10 million visits a year to www.cetelem.fr.

In line with the company's responsible lending policy, Cetelem is building up its business via www.cetelem.fr while adhering to a rigorous risk management policy (as reflected in the activity's 1.35% risk rate⁽¹⁾ for 2006 compared to 1.4% for Cetelem France).

Internet has thus become a major leveraging factor for the development of responsible lending, supporting accelerated growth in Europe and the fulfilment of consumer projects.

Cetelem defines its indicators for measuring responsible lending

In line with its commitment to promoting credit and curbing over-indebtedness, in 2006 Cetelem defined the notion of responsible lending and undertook to publish each year three key indicators of its activity, providing a concrete basis for assessing this commitment: the percentage of rejected loan applications, the percentage of payment incidents and the rate of the risk.

"Credito" becomes Cetelem's international credit symbol

Bolstered by its success in France since its August 2004 launch, Cetelem's mascot is going international. One by one, 15 countries have taken it on board and made it the core of their communication strategy. Credito offers a powerful visual code, conveys the brand's values and enhances Cetelem's reputation and image around the world by accompanying Cetelem's ambitious growth projects.

⁽¹⁾ Source: Weborama.

equipment solutions

Since 2006, corporate investment financing and business equipment management activities have been grouped together within the Equipment Solutions Division, comprising the following companies:

- Arval, dedicated to the long-term management of cars and light trucks;
- Artegy, engaged in the long-term management of heavy goods vehicles;
- Arius, specialised in the leasing and management of IT equipment;
- BNP Paribas Lease Group (BPLG), specialised in the financing of equipment sales and investments.

These companies use a multi-channel approach (direct sales, sales via referrals or via partnerships) to offer their corporate clients a range of solutions specific to each asset market, from financing to fleet outsourcing. Equipment Solutions offers its end customers and business providers the opportunity to outsource the credit, market or technical risks associated with corporate assets.

The approach is to pool asset and process expertise and to create commercial synergies thanks to an extended range of solutions.

Equipment Solutions works closely with the Retail Banking networks, particularly in France and Italy, to offer their clients its products and services.

BNP Paribas Lease Group and Arval developed their European activities in 2006 through their 24 local offices: 66% of Arval's operations and 55% of BPLG's operations are outside France.

At the end of 2006 Arval had a total fleet of 495,000 vehicles under lease, an increase of 8% from the previous year, placing it as the premier operator in France and no. 2 in Europe (*source: SNLVL*).

In 2006, BPLG arranged 251,000 financing transactions totalling EUR 8.3 billion, making it no. 1 in Europe in equipment leasing (*source: Leaseurope*). In France, BPLG is no. 1 in the leasing market, with an 18% market share (*source: ASF, 2006*).

In Italy, the link-up with Locafit, a subsidiary of Banca Nazionale del Lavoro, has created a major player in the market and no. 1 supplier of equipment leasing contracts (*source: Assilea, 2006*).

2006 powerful moments

- Arval Trading begins operations: export sales of vehicles at the end of their rental life;
- Arval begins operations in Russia and Brazil;
- Organisation of the first Sustainable Development Day for all Arval employees;
- 10th anniversary of Arval Spain and 5th anniversary of Arval Switzerland;
- BNP Paribas Lease Group (BPLG) signs a CLAAS Financial Services joint venture agreement in the United Kingdom, 5th major country in which BPLG is cooperating with the builder CLAAS;
- 10th anniversary of *Observatoire du véhicule industriel* which analyses current and future trends in the industrial vehicle market and is published under the aegis of BPLG;
- In France, BPLG is one of three financial institutions associated with the "Passeport pour l'économie numérique" (Passport for the Digital Economy) project launched by the Ministry for small- and medium-sized enterprises to promote investment in new information and communication technologies.

>>> Services offered by Arval

- Purchase and financing of cars and light trucks under long-term leasing arrangements
- "Vehicle strategy" 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
- Fleet buyback

>>> BNP Paribas Lease Group's offerings

- Finance leases
- Operating leases and comprehensive leasing
- Hire and fleet management
- Medium-term financing
- Property and personal insurance
- Financial management of distribution networks
- Management of brands and joint ventures
- Repurchase of leases and receivables
- Leasing of real estate assets

>>> Services offered by Arius

Leasing solutions

- Hardware and software
- France and abroad

Dynamic desktop asset management

- Taking into account administrative, financial, technical and physical aspects
- Online, 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



UCB and its subsidiaries

mortgage financing

UCB is a leading European player in mortgage financing with operations in 10 countries: France, Spain, Italy, Portugal, the Netherlands, Greece, Norway, Belgium, Switzerland and Hungary.

UCB and its subsidiaries offer residents and non-residents a range of specialised mortgage services designed to finance property acquisitions undertaken for either personal or investment purposes, as well as innovative debt consolidation solutions.

At 31 December 2006, UCB's managed outstandings totalled EUR 32.6 billion.

UCB markets its products through a network of business referral partners in the property industry, such as estate agents and builders or brokers, who put prospective buyers in touch with UCB.

Business referral synergies with BNP Paribas' retail network both in France and abroad lend additional power to UCB's existing development resources.

A varied product range, ability to adapt and innovate, high quality service, tight risk control and a European network are the key strengths that UCB and its subsidiaries bring to the European private mortgage market.

The Group's market share in terms of new mortgage loans in 2006 was around 3.2% for France, 2% for Spain, approximately 1.3% for Italy and 1% for the Netherlands (sources: France - BNP Paribas internal reports based on data provided by Professor Mouillart, from University of Paris X Nanterre; Spain - Instituto Nacional de Estadística; Italy - Banca d'Italia; Netherlands - Kadaster).

A year 2006 especially active

Increase in new lending

- Continued growth in new lending which reached EUR 11.9 billion in 2006, a 9% increase;
- Vigorous growth in international activity (up 13%) which now represents 55% of UCB's new lending;
- In France, 6% year-on-year increase in new lending amidst a more difficult environment particularly due to the flattening of the eurozone yield curve, an unfavourable situation for specialised credit institutions.

Distribution channel

- The Italian subsidiary Banca UCB created a new distribution channel in October 2006 through the launch of an online offer.

Extension of the European network

- Expansion of the sales networks' coverage, through four new branches in France, 13 new sites in Spain and one in Italy;
- Launch of the sales activity of the Belgian subsidiary, UCBEL, in March 2006;
- In June 2006, operational launch of UCB's subsidiary in Switzerland - the first subsidiary to provide financing services to an exclusively offshore clientele;
- In September 2006, acquisition of Ingatlanhitel Plusz, a Hungarian supplier of real estate loans and related services.

Product innovation

- UCB and BNP Paribas Invest Immo are among the first banks to have offered rechargeable mortgages to their French clients as from September 2006;
- In March 2006, launch on the Belgian market of an interest-only loan product with the option of early repayment every month. This product is the only one on the market to enable all clients to freely organise the repayment of their credit without extra costs;
- March 2006 launch of a loan product with fixed monthly payments and a floating rate linked to the Swiss franc's exchange rate.



retail banking in the United States

BancWest

In the United States, the Retail Banking Business is conducted through BancWest Corporation, a company formed out of the 1998 merger between Bank of the West and First Hawaiian Bank, wholly-owned by BNP Paribas since the end of 2001. BancWest has completed a number of acquisitions since that date, including United California Bank in March 2002, Community First National Bank and Union Safe Deposit Bank in November 2004, and more recently, Commercial Federal Corporation in December 2005.

Bank of the West now offers Retail Banking services to individuals, small businesses and corporate clients in 19 western states. It also has strong national positions in certain niche lending markets, such as Marine, Recreational Vehicles, Church Lending, and Small Business Administration.

With a market share of close to 40% based on deposits (*source: SNL Financial, 30 June 2006*), First Hawaiian Bank is Hawaii's leading bank, offering a broad array of products and services to a local clientele of private individuals and companies.

In total, BancWest has over 12,000 employees, 742 branches and total assets of USD 66.8 billion at 31 December 2006. Serving 4 million households and companies, it is now the 5th-largest bank in the western United States (*source: SNL Financial, 30 June 2006*).

Continued development in 2006

The year 2006 witnessed a slowdown in the US economy, particularly in the second quarter, as well as an inversion of the US dollar yield curve.

This lower growth rate was mainly due to a sharp contraction in housing investment. Thus far, the other components of the US economy have proved resistant; household spending grew at a relatively high rate of nearly 3%; the labour market continued to trend positively, with 1.8 million jobs created in one year, resulting in a stable unemployment rate of 4.5% of the active population. American companies also reported record profits in 2006; investment in capital goods and software as well as public spending contributed positively to growth in domestic demand.



BancWest forged ahead with its development. Bank of the West successfully integrated Commercial Federal, whose 198-branch network spread over seven western states was acquired at the end of the 2005. All of the expected synergies from this acquisition have been achieved. The bank took advantage of this opportunity to transfer some of its processing centres to the Midwest to reduce costs.

This new acquisition broadens BancWest's network and considerably strengthens its presence in a region that has more than 100 million inhabitants and one of the greatest prospects for demographic growth in the United States.

In parallel, in Hawaii and on the continent, BancWest continued to boost organic growth, investing considerably in IT infrastructure and communication systems. Bank of the West also began to implement a development plan aimed at adapting the bank's organisation to its new size and countering pressure on margins by increasing revenues. This plan includes rolling out the entire product range throughout the network, both to corporate clients (cash management, leasing and agriculture-related services) and individuals (mainly private banking and insurance). The plan also comprises a new sales organisation for the bank which provides improved segmentation of the client portfolio, extended coverage of corporate clients and new incentive measures for the sales teams so as to promote cross-selling and growth in revenues, particularly commissions.



emerging markets

The Emerging Markets Retail Banking networks underwent significant growth in 2006, with 343 branches opened in their customer territory covering 33 countries.

BNP Paribas is leveraging the expertise acquired in running its branch network in mainland France to drive the development of its subsidiaries in these regions, which – excluding China, where the Group is developing a strategic partnership – represent more than 1,650 branches and over 2.5 million clients.

In April 2006, the Group finalised the acquisition of 51% of UkrSibbank, which was Ukraine's 3rd-largest bank in terms of assets as at 31 December 2006 (*source: National Bank of Ukraine*). Its network expanded rapidly during the year and now stands at 985 branches and 10,000 employees. The Group also invested in the organic development of a local bank network in Russia.

BNP Paribas set up two new operations in 2006: a branch in Israel in November and a subsidiary in Mauritania in December.

In Turkey, Türk Ekonomi Bankası (TEB), whose holding company, TEB Mali, has been 50%-held by BNP Paribas since February 2005, is expanding rapidly. Its network added 57 branches during the year, giving it a total of 170 sales facilities at 31 December 2006.

In China, the Group is developing a strategic partnership with Nanjing City Commercial Bank, in which it holds a 19.2% stake. The two banks have begun to cooperate closely in the fields of retail banking, fixed income, consumer credit, wealth management, risk management, information systems and organisation.

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

In the French overseas departments and territories (Martinique, Guadeloupe, French Guyana, New Caledonia, Reunion Island, Wallis and Futuna), the Group has 53 branches and enjoys prominent market positioning.

At the end of 2006, the Group had 303 branches in North Africa, where it is currently experiencing strong organic growth, including notably BMCI in Morocco, UBCI in Tunisia and BNP Paribas El Djazaïr in Algeria.

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

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

In 2006, rapid growth in networks, business activity and profitability

In 2006, Retail Banking in the Emerging Markets enjoyed rapid growth in its networks, business activity and profitability, confirming its role as the group's growth driver. The Bank is pursuing a pragmatic but ambitious strategy in all of its 33 operating territories, focusing on:

- Organic growth and the broadening of its service offering in countries with existing operations;
- Launching operations in new countries and rapidly creating substantial networks, if appropriate, through external growth;
- Acquisitions when opportunities arise.

Existing networks expanded significantly in 2006 with the creation of 343 branches, 205 of which were in Ukraine, 57 in Turkey, 56 in North Africa and 20 in Egypt.

In parallel, the networks' product range was enhanced with such additions as funds from the Parvest range and the TEB Bonus Card in Turkey, the first chip card for nationwide use in Morocco, mortgage loans in Algeria, Esprit Libre packages for 16-25 years old in Reunion Island, comprehensive home and motor insurance in partnership with AXA Caraïbes in Martinique, Cellia in Côte d'Ivoire, Carte Salaire in Gabon and Mobilis in Senegal.



The Bank also set up operations in new countries, where it aims to rapidly become a top-ranking player:

- In Mauritania, BNP Paribas won approval in August from the local authorities to open a full-service bank. It will offer local players a wide range of products and services and will be a part of the Trade Centres international network. This new operation will reinforce the Group's already strong presence in North Africa.
- In November BNP Paribas opened a full-service branch in Israel. The Group has had a presence in the country since 1998 through a representative office. The branch is now organised around four profit centres: Private Banking, Commercial Banking, a cash management platform and a Trade Centre. BNP Paribas is positioned to become the country's benchmark European bank.
- The Group is preparing to launch a local banking business in Russia.

In parallel, recently launched operations continue to expand:

- In Algeria, BNP Paribas El Djazaïr, opened in 2002, now has 350 employees and a 23-branch network. Against a favourable economic backdrop, the subsidiary expanded its business activities which are mainly orientated towards corporate and trade finance and individual clients.
- Two branches were opened in 2005 in Saudi Arabia and Kuwait, where BNP Paribas obtained the first full-service licenses awarded to non-regional foreign banks. Serving the needs of individual and corporation clients, these entities have rapidly become operational thanks to the support of the Bahrain-based regional organisation and are continuing to develop in line with Group objectives.

In 2006, Retail Banking was given further impetus by a number of external growth transactions.

- In Ukraine, the Group acquired 51% of UkrSibbank in April. UkrSibbank reported strong growth in business and revenues in 2006, thanks to the synergies unlocked with the Group's businesses (see box).
- In Vietnam, BNP Paribas signed an agreement in November to acquire 10% of the capital of the Vietnamese bank Orient Commercial Bank (OCB). The Group's stake in this retail bank will be increased to 20% once national legislation allows. The terms of the agreement provide for the creation a strategic partnership to develop the bank's retail banking and consumer finance activities.

In all of these countries, the networks support the development of the Group's other businesses. The recent partnerships with TEB in Turkey and UkrSibbank in Ukraine have spearheaded this strategy. Most of the Group's businesses are now already active in these two countries or are developing projects to become so. Moreover, numerous synergies have been achieved through the partnership between Cetelem and BNP Paribas El Djazaïr in Algeria and the extension to Egypt of the partnership with International Private Banking while collaboration with CIB's businesses is being developed in all operating territories with regard to export financing and commodities.

UkrSibbank

In the first ten months of 2006, Ukraine's GDP grew 6.5%. Against this very favourable backdrop, banking sector assets grew 59% between the first half of 2005 and that of 2006. UkrSibbank reported growth in line with Ukrainian's rapidly increasing use of banking services. At the end of 2006, the bank had 985 sales facilities compared to 733 one year earlier. Total assets amounted to USD 3.5 billion against USD 2.1 billion at the beginning of 2006, and its market share rose from 5% to 6.2% in one year. UkrSibbank has become the 3rd-largest Ukrainian bank in terms of total assets, compared to 5th-largest at the end of 2005 (*source: National Bank of Ukraine*) when BNP Paribas acquired a share of its capital. UkrSibbank has very strong positions in retail banking for individuals and companies and is one of Ukraine's leading investment banks.

In December, UkrSibbank successfully issued EUR 500 million in 5-year eurobonds. This issue is aimed at supporting the bank's rapid expansion in the coming years. In 2007 UkrSibbank's objective is to further increase its market share by continuing to grow, particularly through diversification of its loan and investment offerings.

>>> Microfinance at the heart of the business

In emerging countries, where microfinance has grown rapidly (up to 20% to 30% per year in some cases), many of the Group's banks have taken on the refinancing in local currency of microcredit institutions operating in their territories.

- Since 2002, Guinea's BICI has refinanced *Crédit Rural* of Guinea, the country's main microcredit institution, creating an indirect relationship with some 150,000 final borrowers;
- In Morocco, BMCI works with the main microcredit institutions;
- In Egypt, BNP Paribas financed a microcredit institution in September in partnership with the Grameen Foundation;
- BMDI in Madagascar has also launched this business.

In line with the Group's commitment to microcredit, these initiatives are bound to increase.



BNL

BANCA COMMERCIALE

BNL banca commerciale (BNL bc) is the new core business resulting from the reorganisation of the BNL group after its acquisition by BNP Paribas in the first half of 2006. It provides commercial banking services in Italy to individual and private banking clients, small- and medium-sized companies and territorial authorities. BNL's other activities have been divided among the Group's other core businesses (see page 7).

As a result of the series of consolidations among Italian banks in 2006, BNL bc can now be considered as the 7th-largest bank in Italy⁽¹⁾ in terms of both customer loans and deposits.

With its nearly 16,000 employees, BNL bc operates in all major Italian cities ("capoluoghi di provincia") through its 703 branches and 100 centres specialised in relations with private banking clients, companies and territorial authorities. The network's facilities are rounded out by remote banking solutions and nearly 1,270 ATMs.

Offering a comprehensive range of products and services designed to meet all client needs for financing, savings products and transactions, the Retail and Private Banking Division serves:

- More than 2.5 million individual clients, who are offered different products and services according to their assets and their potential. In addition to its strong presence on the real estate loan market and a reputation for innovative new insurance products, BNL bc maintains a solid base of short-term deposits;
- 11,000 private clients⁽²⁾, who are served by a network of 18 specialised centres and 150 staff dedicated to developing distinctive and personalised products and services;
- 112,000 small businesses⁽³⁾, on a market offering attractive opportunities that BNL bc intends to take advantage of while remaining vigilant about credit quality. The needs of small businesses are further met by Artigiancassa, the bank's subsidiary dedicated to the craft industry.

The Enterprises Division represents BNL's traditional activity and leading expertise thanks to a comprehensive range of products and services, a national network of 80 specialised centres dedicated to the needs of more than 36,000 companies⁽⁴⁾ and 16,000 territorial authorities and non-profit organisations.

All types of financing are provided including structured financing, in some cases in conjunction with either Corporate and Investment Banking or through BNL bc's subsidiaries, such as Ifitalia, which is specialised in factoring and rated no. 2 in its sector with a 16% market share⁽⁵⁾.

BNL bc also offers companies and local authorities a broad range of products and services with a reputation for quality and excellence such as liquidity management, hedging instruments and import-export payments.

⁽¹⁾ Source: 2006 interim financial reports (the mergers of San Paolo IMI with Banca Intesa, Banca Popolare Italiana with Banca Popolare Verona and Novara, and Banca Lombarda e Piemontese with Banche Popolari Unite, are under consideration).

⁽²⁾ Personal assets of over EUR 1 million.

⁽³⁾ Revenues of up to EUR 1.5 million.

⁽⁴⁾ Revenues from EUR 1.5 million to EUR 500 million.

⁽⁵⁾ Source: statistical data from Assifact (association of factoring companies).

2006, a benchmark year for the BNL group

BNL joined the BNP Paribas Group during the first half of 2006 following an acquisition process that was both rapid (less than three months) and highly successful (99% acceptance level). From the month of May on, BNL made intensive integration efforts aimed at defining a strategy for developing BNP Paribas' second domestic market while continuing its usual activities. Since year-end, efforts have been concentrated on implementing the resulting strategic business plan.

In 2006, the bank's usual activities were framed by clearly defined guidelines:

- increasing sales and marketing efforts;
- improving efficiency;
- strengthening asset quality controls.

An integration programme spanning several years

As of May 2006, mixed BNL-BNP working groups were organised to implement the various projects in BNP Paribas' integration programme in Italy. Nearly 800 employees from each of the group's businesses were brought together to contribute to this 2-year business plan.

The results of the first six months of this particularly productive collaboration were presented to the financial community on 1 December:

- definition of the new organisation, leading to the creation of BNP Paribas' fifth core business, BNL banca commerciale (BNL bc), and the integration of the other activities into the Group's various core businesses;
- an increase from the initial estimates of synergies in terms of both net revenues and costs;
- confirmation of the global restructuring costs and the amount of adjustment in the acquisition price.

The value creation plan

BNL bc intends to implement a value creation plan based on:

- optimising the benefits to be derived from its large and diverse client portfolio through a reorganisation of the network, including access to multi-channel services, branch renovation, more efficient segmentation, more personalised client relationship management and the development of tools to better analyse client needs;
- increased cross-selling, boosted by high-quality BNP Paribas products and the Group's international service platforms. High priority areas are asset management, investment banking solutions, liquidity management and leasing;
- controlling operating costs, particularly through better HR management, streamlining back offices and IT resources, reorganising real estate and optimising purchasing policy;
- change management supported by major training efforts and the renewal of teams thanks to a three-year retirement and pre-retirement plan negotiated with the trade unions.



Retail banking and private banking activities

The Retail and Private Banking Division has launched a series of ambitious initiatives aimed at making BNL bc a benchmark player on the Italian market:

The organisation is being completely overhauled. The 12 geographic areas are being transformed into five Regions ("Territori"), subdivided into 29 groups of branches ("Aree"). The new structure delegates greater responsibility to each level and simplifies the operational chain.

This client-focused organisation is fuelled by a reconceptualised and innovative offering. After the success of unit-linked products created with AMS (4WD BNL at the end of 2006 and Target Return at the start of 2007), BNL launched the Conto BNL Revolution in February 2007, providing online bank transactions free of charge.

The Private Banking offering is being extended to eligible clients that do not benefit from such services through a client transfer plan.

The strategy with small companies, freelance professionals and entrepreneurs is being re-energised by redeployment of the sales forces combined with rigorous management of loan allocations.

For all Retail Banking and Private Banking activities, the emphasis is on winning new clients through carefully defined segmentation, the use of new tools, particularly multi-channel retail banking, a new sales and marketing approach (the "Reception and Service" concept for the branches) and greater importance given to the branch as the point of convergence for the sales and marketing effort.

Lastly, the new business sign is being rolled out throughout Italy and new branch openings are already planned for 2007, particularly in the northern part of the country.

Corporate market

BNL is consolidating its leadership by positioning itself as the "benchmark bank" for a growing number of medium-sized companies and territorial authorities.

Its leading position in the public sector is backed by:

- a major market share in risk management products and the growth of direct financing for territorial authorities;
- consolidation of its single-bank relationships with the country's main institutions and regions.

In the medium-sized company sector, several measures have been adopted to increase market share:

- improving familiarity with BNL's single integrated offering among national groups by strengthening the specialised network of Business Centres and the teams of account managers dedicated to the various client segments;
- developing cross-selling, particularly with CIB, in such areas as structured financing, fixed-income products and corporate finance;
- energising the penetration of the client flow market;
- guaranteeing the continued high quality of assets through rigorous credit processes and scoring.

With these new bases, BNL bc can now be described as the BNP Paribas Group's "second domestic market".





ASSET MANAGEMENT AND SERVICES

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

AMS leverages expertise in three main areas:

- Wealth and Asset Management, comprising asset management (BNP Paribas Asset Management), Cortal Consors online brokerage and personal investment services, private banking (BNP Paribas Banque Privée), and real estate services (BNP Paribas Immobilier);
- Insurance (BNP Paribas Assurance);
- Securities Services for corporate clients, fund managers and financial institutions across the globe (BNP Paribas Securities Services).

Through these six businesses, which count 18,500 employees in some 66 countries, AMS offers a comprehensive range of products and services to a broad investor clientele, including institutional clients, corporations and private individuals.

In 2006, each AMS business was a leader in its market in France and at a European or global level.

BNP Paribas asset management

BNP Paribas Asset Management is a leader in the European asset management industry, with EUR 307 billion of assets under management⁽¹⁾, half of which managed for institutional clients. With 2,000 staff servicing clients in 66 countries, it builds on its expertise, competencies and services to design fine-tuned solutions for its clients through a multi-specialist approach. BNP Paribas Asset Management has developed a range of management capabilities with a shared focus on excellence, robustness and consistency of investment processes as well as accuracy of risk control:

- European fixed income: BNP Paribas Asset Management;
- Global fixed income: Fischer Francis Trees and Watts;
- Equities: BNP Paribas Asset Management;
- Indexed and structured investments: BNP Paribas Asset Management;
- Alternative strategies: Fauchier Partners and CooperNeff Alternative Managers;
- Currency management: Overlay Asset Management;
- Multi-management solutions: FundQuest;
- Asset allocation solutions : BNP Paribas Asset Management.

Specialised fund management teams are active in the world's major financial centres including Paris, London, New York, Tokyo and Hong Kong.

Responsible Investment is one of BNP Paribas Asset Management's key investment themes, and the company is a globally recognised player in this field. With a dedicated team and a range of Responsible Funds across all asset classes, it holds Novethic's top rating (aaa).

BNP Paribas Asset Management is also a preferred partner on the "New Markets", with a strong presence on the emerging markets, which has been built up over the last ten years and achieved through internal development (Brazil, Argentina, Morocco) or strategic partnerships with local asset managers: Sundaram BNPPAM (India), Shinhan BNP Paribas (South Korea), Shenyin & Wanguo BNPPAM (China) and TEB AM (Turkey).

Parvest, BNP Paribas Asset Management's flagship fund, is one of the leading Luxembourg-domiciled umbrella funds. With more than 75 sub funds, it covers all markets and asset classes and is registered for sale in 25 countries.

Over and above the quality of fund management, BNP Paribas Asset Management's commitment to satisfying client needs is reflected by a strong local presence of client relationship managers in 26 countries.

The overall excellence of BNP Paribas Asset Management is reflected by Fitch's second-highest rating: AM2+.

Vigorous growth

The assets managed and advised by BNP Paribas Asset Management have doubled in the last four years. This vigorous growth is due to a combination of organic and external growth initiatives and innovations in the product offering.

Creativity and innovation being key to the development of the asset management business, the offering has been enhanced through the launch of several new products:

- BNP Paribas Asset Management was a trailblazer in asset management in emerging markets, setting up local operations as early as 1988 and rapidly developing a multi-site offering;
- high alpha fixed-income products – the product of a dedicated team created in 2005;

CooperNeff Alternative Managers, a new hedge fund management company

BNP Paribas Asset Management's alternative investment offering has recently been enhanced through the addition of CooperNeff Alternative Managers. CooperNeff Alternative Managers offers a range of absolute performance products that benefit from its multi-strategy management approach. In addition to two multi-strategy funds, the company also manages French mutual funds in co-operation with BNP Paribas Asset Management.

International development, a major growth vehicle for BNP Paribas Asset Management

High-growth markets are at the heart of the BNP Paribas Asset Management's expansion strategy. New operations in Brunei, Malaysia, Kuwait, and a project in Taiwan, followed the launch of a joint venture in India and a partnership in Turkey with TEB. BNP Paribas Asset Management's multi-site organisation enabled it to pursue product innovation through the successful addition of the India, BRIC, Turkey, Brazil funds to the Parvest product range.

BNP Paribas Épargne & Retraite Entreprises: a year rich in success

The year 2006 marked the transition of BNP Paribas Épargne & Retraite Entreprises from the status of "pioneer" of the global approach to that of a "benchmark" in the emerging corporate retirement savings plan segment.

In addition to an excellent EUR 2.6 billion in new inflows, this positioning led to the signing of several high-profile contracts and increased market share in promising retirement savings plans such as PERCO, PERE and Article 83.

⁽¹⁾ Figures as at 31 December 2006, assets under advisory included.



- socially responsible products (bond management and equity management based on non-polluting technologies), an area in which BNP Paribas Asset Management has been a forerunner in France;
- guaranteed and structured products, with a first success in the development of an offering for the BNL network (4WD).

This dynamism has enabled BNP Paribas Asset Management to win several mandates from major institutional investors and to strengthen its market position among individuals. Our Luxembourg-based umbrella fund Parvest continued its commercial and marketing drive through major distributors and private banks. Boosted by EUR 2.2 billion in new money in 2006, it ended the year with more than EUR 24 billion worth of assets under management.

Strategic development through the creation or acquisition of equity interests or the purchase of specialised companies continued apace.

- BNP Paribas Asset Management strengthened its alternative investment offering through the transfer of BNP Paribas Private Equity to its alternative investment division and the creation of CooperNeff Alternative Managers which offers direct management of hedge funds.
- BNP Paribas Asset Management forged ahead with its development strategy in high-growth markets through the creation of local subsidiaries and joint ventures (see box).
- BNP Paribas Asset Management integrated its international bond management subsidiary Fischer Francis Trees & Watts (FFTW) into its global operations and stepped up the development of its credit management offering.
- In collaboration with Henderson Global Investors (UK) and Federated Inc. (USA), BNP Paribas Asset Management created an innovative alliance to distribute AAA-rated monetary funds in three of the main currencies (euros, dollars and pounds).
- A new management tool came into existence with the creation of BNP Paribas Fin'AMS, an Asset Management credit institution whose purpose is to provide BNP Paribas Asset Management with the tools to enable it to develop competitive structured product offerings and to rationalise transactions in line with the MiFID (Markets in Financial Instruments Directive).
- The offering of funds through BNP Paribas Asset Management's FundQuest open architecture platform was strengthened through the creation of a dedicated team in Switzerland.

BNL Gestioni and BNP Paribas Asset Management in Italy: a linkup with great promise

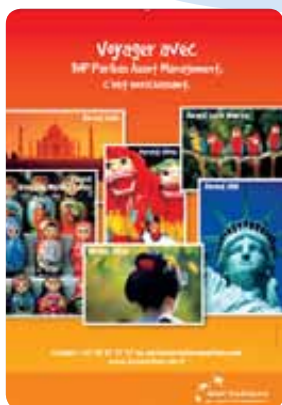
Effective 2007, the merger of BNL Gestioni and BNP Paribas Asset Management Italy will result in significant synergies. The two asset management companies have highly complementary client bases: retail, private and corporate banking for BNL Gestioni; external distributors and institutional investors for BNPP AM Italy. The new entity will have more than 150 employees and EUR 25 billion in assets under management.

Cash Funds International: an innovative alliance to distribute AAA-rated funds

BNP Paribas Asset Management, Federated Investors Inc. and Henderson Global Investors have teamed up to create Cash Funds International, an alliance to distribute their AAA-rated monetary funds. Denominated in one of three major currencies (euro, dollar, or the British pound), their combined offering provides easy access to some of the world's leading multi-currency monetary investment vehicles.

BNP Paribas Asset Management acquires 100% of the share capital of its subsidiary Fischer Francis Trees & Watts (FFTW)

After first taking a minority stake seven years ago, BNP Paribas Asset Management acquired 100% of the share capital of FFTW in 2006. BNP Paribas Asset Management has thus affirmed its total support of FFTW and its ambitions in international bond management, a segment in which FFTW is one of the leaders. Working together, they will continue to develop an international range of relative and absolute performance fixed-income products as well as a complete line of structured products.



Cortal Consors

Leading personal investment management company in Europe and online broker, Cortal Consors offers clients multi-channel financial advisor experience (on-line, phone and face to face). It boasts a broad range of independent products and services, including short-term investment solutions, mutual funds and life insurance policies, backed by leading-edge online brokerage technologies.

B*capital, a brokerage firm and Cortal Consors subsidiary, specialises in tailor-made advisory on equity and derivatives products and discretionary management for affluent clients; it offers individuals direct access to all markets, financial analyses, close personal consulting and portfolio management services.

Cortal Consors has an operating presence in six European countries – Germany, France, Spain, Belgium, Luxembourg and Italy. At 31 December 2006, it had 1.17 million clients and EUR 33.9 billion⁽¹⁾ worth of managed assets, breaking down as 34% in equities, 47% in savings products or mutual funds and 19% in cash. 1,470 employees are working within Cortal Consors.

Thanks to its business model, adaptable to all banking systems and therefore eminently exportable, Cortal Consors' future expansion will also take part in emerging markets.

2006: an excellent year

Germany

- Cortal Consors gained 141,000 new clients in 2006; brokerage flows increased by 46% between 2005 and 2006.
- Cortal Consors, 5th most attractive brand in Germany among banks: the German financial weekly *Wirtschaftswoche*, and Ires, a marketing research company, ranked Cortal Consors 5th out of 21 banking sector players, ahead of Deutsche Bank, Citibank, HSBC and Crédit Suisse. Within this ranking, Cortal Consors' score had risen the most of all the financial companies.
- No. 2 online broker: the major German financial magazine *Euro am Sonntag* rated Cortal Consors no. 2 in online brokerage services. The analysis focused on providers' ability to meet average client needs.
- New mortgage offering: Cortal Consors offers mortgage loans to private investors through an open architecture platform that allows them to select the most suitable loan from among 40 banks' offers. This new product represents another step in widening the product range.
- Short selling for private clients: Cortal Consors' trading clients can now take advantage of a short selling service, a unique offer among German banks.

⁽¹⁾ Including Plug & Play business.



France

- Long-term asset gathering collection increased by 28% between 2005 and 2006, while brokerage flows rose by 38%.
- Launch of a new trading alert service to provide trading clients with share prices, stock market updates and information on selected stocks by e-mail or SMS.
- Opening of 4 wealth management shops: to meet growing demand for advisory services, Cortal Consors has strengthened its face-to-face channel. Of its twelve wealth management shops located in major French cities, four were opened in 2006 in Paris, Bordeaux, Marseilles and Strasbourg.
- France's leading banking platform for IFAs: thanks to its partnership with Cardif, which works with more than 1,300 Independent Financial Advisors (IFAs) and has nearly EUR 1 billion in assets under management, Cortal Consors has become France's leading banking platform for IFAs.
- Cortal Consors's trading account received the Label of Excellence from the investment magazine *Les Dossiers de l'Épargne*, thanks to its pricing and its offering.
- Sustainable growth initiatives: Cortal Consors is the first bank in France to have made a "Carbon Assessment" to calculate CO₂ emissions. To compensate these emissions, Cortal Consors finances environmental projects in Chile and Cambodia through GoodPlanet (an association headed by Yann Arthus-Bertrand). Two internet campaigns were carried out, offering reduced entry fees (0.5%) on a selection of mutual funds; Cortal Consors and the asset management companies topped up contributions to reach 2% of the total amounts collected and gave this money to the association to finance these projects.

Luxembourg

- Launch of the expatriates offer in Asia: Cortal Consors Luxembourg stepped up its development by offering investment products to German and French expatriates in Asia (Singapore, Hong Kong, Shanghai, Tokyo) through a dedicated team. Private Banking in Singapore proposes Cortal Consors accounts to expatriates; this partnership increases AMS coverage in Asia.

Belgium

- Long-term asset gathering collection: EUR 96.1 million, up 73% from 2005.
- 2 new wealth management shops opened in 2006 in Leuven and Strombeek-Bever.
- Development of Cortal Consors Avenue: this managed account is still one of the most innovative concepts on the Belgian market (strong performance, low EUR 25,000 minimum entry level, high flexibility).

France: B*capital

Partnership with SGPs (Sociétés de Gestion de Portefeuille - portfolio management companies): ten new partnerships with SGPs were signed in 2006; in addition to three major previous relationships, this partnership will increase B*capital's market presence. SGP managed assets represent EUR 1.3 billion.



private banking

Serving a demanding clientele of high net worth individuals, BNP Paribas Banque Privée offers personalised portfolio engineering and diversification advice, tailored to the specific needs of each client, backed by a range of carefully selected high-performance, innovative products. BNP Paribas Banque Privée is ranked no. 1 in the French private banking market, with close to EUR 56 billion in assets under management and a network of around 100 Private Banking Centres (plus 100 or so other facilities) nationwide. It ranks 3rd in western Europe, where it is fast broadening its reach in its domestic markets, and 7th in Asia [source: 2006 Euromoney rankings]. At end-2006, BNP Paribas Banque Privée's overall client assets under management stood at more than EUR 130 billion.

Fast-paced expansion and improved profitability

Buoyed by robust markets, BNP Paribas Banque Privée sharply improved its profitability in 2006 and stepped up expansion.

Client development and synergies

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

Product development

- Strong growth in both internal and external, as well as traditional and alternative, investment fund activity following the broadening of the range of funds offered. New synergies with BNP PAM thanks in particular to the development of FundQuest.
- Continued growth in Private Equity activity and broadening of the range of alternative investment products to include real estate and ethical funds as part of campaigns targeting sophisticated investors.
- Growth and diversification in the discretionary asset management business in the wake of the rollout of new offerings and new mandates launched in 2006 such as Performance Absolue, Capital Protégé, First, and Equity Alpha.
- Setting up partnerships in both internal and external offerings, covering the supply of products and services, investment advice and execution of trades.
- Against the backdrop of a major increase in share trading volumes, optimisation of brokerage flows, reducing the number of brokers used and brokerage costs. Internalising more than half of the flows on the European markets.



Developing integrated technology platforms

- In cooperation with International Retail Banking and Financial Services, installation in the Middle East of Private Banking's technological platform in order to provide the six countries concerned with extended specialised functionalities common to other locations.
- Linkup of Private Banking activities in Switzerland resulting in the creation of a single, integrated technological platform.
- Intensive rollout of tools providing the means of identifying any transactions that are non-compliant or inappropriate for the client's risk profile.
- Enhancing the product offering through sophisticated client reporting and management tools.

Strong organic and external growth

BNP Paribas Banque Privée stepped up its policy of actively seeking both organic and external growth opportunities.

Organic growth was extremely vigorous in 2006. Private Banking resources were enhanced in Asia (opening of a branch in China, new development in India and Taiwan, major recruitment of sales teams in Hong Kong and Singapore), in the Middle East, in collaboration with International Retail Banking and Financial Services, as well as "on-shore" in Europe (Spain, the Netherlands, Belgium, etc.).

In terms of external growth, the major event in 2006 was BNP Paribas' purchase of BNL, which enabled the group to increase its client assets by nearly EUR 9 billion. Thanks to a close partnership between Retail and Private Banking, the adaptation of the French Private Banking model to the Italian context has been a great success and should enable Private Banking Italy to grow rapidly in the coming years.

The business was also strengthened in Miami through the acquisition of Bank of America's non-resident clientele.

Lastly, in December 2006, the Group announced the opening of exclusive negotiations with a view to the purchase of Dexia France's Private Banking teams. This will serve to consolidate BNP Paribas' leading position in the French Private Banking market.

BNP Paribas real estate services

With 3,500 employees, BNP Paribas Immobilier is continental Europe's leading provider⁽¹⁾ of real estate services to companies and one of France's major players in residential property. It offers a range of services that is unrivalled in Europe, both in terms of its geographical reach and the diversity of its business offerings.

European network

In commercial property, BNP Paribas Immobilier is active in eight European countries: France, the United Kingdom, Germany, Spain, Belgium, Luxembourg, Italy and Ireland, and also has an office in New York.

In residential real estate, BNP Paribas Immobilier's main activity is in France but also proposes services in Spain.

Four complementary real estate businesses

Transactions, advisory services, valuations

In commercial property, Atisreal markets office space and industrial or business premises and provides advisory services (space use, technical engineering, market and location research, feasibility studies), and valuations:

- no. 1 in France, Germany and Luxembourg⁽¹⁾;
- no. 2 in Spain⁽¹⁾;
- among the Top 10 in the United Kingdom⁽¹⁾.

In residential property, the Espaces Immobiliers BNP Paribas network is one of the major selling groups for new housing and old residential units.

Property Management

BNP Paribas Real Estate Property Management manages about 16 million sq.m. of commercial property in Europe, including more than 8.5 million sq.m. in France.

In residential properties, Gérer and Les Studélites in France and Atisreal in Spain manage more than 31,000 housing units in these countries, including 5,000 units of serviced Residences.

Property development

Meunier is France's 3rd-largest real estate developer⁽²⁾:

- no. 1 in commercial properties with Meunier Immobilier d'Entreprise;
- among the Top 10 in residential properties with Meunier Habitat.

Real estate investment Management

BNP Paribas Real Estate Investment Management manages EUR 8 billion of assets, with BNL Fondi Immobiliari, and is one of France's leading SCPI property fund managers.

Sustained sales and marketing momentum and steady geographic expansion

After a very solid performance in 2005, BNP Paribas Immobilier reported another excellent year, thanks to organic growth in each of its four businesses and several international external growth operations.

> Internal growth in each of the four real estate businesses

Transactions, advisory services, valuations

In a record year for commercial real estate, Atisreal placed nearly 7,900,000 sq.m. and carried out nearly 44,500 valuations. Revenues climbed 25% year-on-year, with France, Germany and Luxembourg reporting especially strong performances.

Espaces Immobiliers BNP Paribas sold more than 3,200 new and previously occupied housing units, confirming its leading position among selling groups in France with 25 sales outlets.

⁽¹⁾ BNP Paribas rankings based on information published by its competitors.

⁽²⁾ Source: developer ranking as published by *Agence Innova presse* in June 2006..

Grands Moulins de Pantin
Developer: Meunier Immobilier d'Entreprise



Property Management

In commercial real estate, 2006 was a good year with the portfolio under management rising 2.5 million sq.m. to nearly 16 million sq.m. through organic growth alone, mainly in France and Germany.

In individual housing, Gérer won several rental and co-ownership management mandates.

Property Development

The year 2006 was an exceptional year for commercial real estate: Meunier Immobilier d'Entreprise started construction of 270,000 sq.m. of office space, all sold off-plan, double the level in 2005.

Meunier Habitat started building 2,000 housing units, a year-on-year rise of 25%. The company was also selected for several projects that will be launched in 2007 and 2008.

Real Estate Investment Management

In 2006, investment focused on human resources and development, in particular:

- near completion of the investments of the first investment fund launched by the company, the EP1 fund;
- finalising the closing of the second fund, dedicated to the eurozone and having an investment capacity of EUR 500 million.

> International development

BNP Paribas Immobilier's European network expanded considerably in 2006, changing dimension in several countries as a result of external growth transactions:

- In the United Kingdom, BNP Paribas Immobilier climbed from the 14th to the 8th rank, thanks to the acquisition of Fuller Peiser, a company that is highly complementary to Atisreal UK, and the specialised companies Valuation Consulting, Parish Dean and Neilson Holt.
- BNP Paribas Immobilier enhanced its presence in Ireland through the purchase of the Harrington Bannon company.
- In Spain, the group rose from the 8th to the 2nd rank thanks to the acquisition of Gésinar, a company three times the size of the former Atisreal España.
- In Italy, the presence of the Group's property companies was considerably strengthened due to BNP Paribas' acquisition of BNL. This acquisition will result in the integration of BNL Fondi Immobiliari into the Real Estate Investment Management Business and will boost the expansion and development of the Group's three other real estate businesses.



A4C - Paris 13th
Developer: Meunier Immobilier d'Entreprise

BNP Paribas assurance

BNP Paribas Assurance designs and markets its products and services under two brands: BNP Paribas for products distributed by the BNP Paribas network in France and Cardif for the other networks and distribution partners in France and international markets. It operates in 35 countries including 5 in Latin America, 20 in Europe and 7 in Asia.

- The savings business includes the sale of life insurance policies to individuals in 13 countries. In France, it offers companies Group pension products, end-of-career bonuses and early retirement benefits.
- In the protection business, it offers a broad range of products in 32 countries, including creditor insurance, bill protection, credit card protection, extended warranty, gap insurance and individual protection. In France, BNP Paribas Assurance markets both standard and personalised Group policies to large companies and SMEs.
- The property and casualty insurance business in France is provided through Natio Assurance, a company that is owned equally with AXA. The products offered cover a wide range of risks and include comprehensive home insurance, automobile insurance, educational insurance, travel insurance, and legal protection coverage.

BNP Paribas Assurance's partners comprise 35 of the world's 100 leading banks and a large number of financial institutions, including consumer credit companies, credit subsidiaries of car makers and major retail groups.

BNP Paribas Assurance is the 4th-largest life insurer in France (*source: FFSA*) and no. 2 worldwide in creditor insurance⁽¹⁾.

Steady growth

In 2006, BNP Paribas Assurance benefited from buoyant markets, the experience acquired in its various operating regions and its close partnerships to generate global revenues of EUR 15.6 billion, an increase of 20%.

Savings inflows reached EUR 12.6 billion, EUR 10.2 billion of which was gathered in France (up 18%), and EUR 2.3 billion outside France (up 41%).

In France, BNP Paribas Assurance's new inflows benefited from the Bank's sales and marketing drive and changes in the tax treatment of home savings plans (*Plans d'épargne logement*). The BNP Paribas' branch network and its Private Banking Business, which together accounted for 76% of total new savings inflows in France, thus registered 22% growth in new money.

Following on the heels of 2005's exceptional performance, the independent financial advisors business in France continued to expand. BNP Paribas Assurance is a major player in the ULIP (Unit-Linked Insurance Plan) market, with ULIPs representing 43% of new inflows. Thanks to its long experience in this market, it has become no. 1 in unit-linked inflows (*source: FFSA*).

Outside France, bancassurance offers very promising opportunities in Asia, through the marketing of «Horizon funds» by its joint venture partners State Bank of India in India and Shinhan Bank in South Korea as well as the success of structured products in Taiwan, where new inflows topped EUR 598 million. Europe, which accounts for 63% of international savings inflows, reported a robust 24% rise in revenues, mainly thanks to the United Kingdom.

With four new operations launched in 2006, BNP Paribas Assurance is now present in 35 countries

In 2006, BNP Paribas Assurance began operations in Peru, Algeria, Bulgaria and Romania.

With the exception of North Africa, where Algeria is its first location, BNP Paribas Assurance intensified its presence in regions where it already held strong positions.

"Ensuring your trust": a corporate signature for the Cardif brand

Through this signature, Cardif describes its core business, the quality of the relationship and the proximity that it maintains with its partners. Translated into six languages, this corporate signature was launched through 65 advertisements in the international economic and financial press with the lead-in: "At Cardif, you are not just a number".

⁽¹⁾ BNP Paribas rankings based on information published by competitors.



Revenues generated by the protection business reached EUR 3 billion. BNP Paribas Assurance operates in contrasting markets: some are growing rapidly and others are highly competitive. Against this backdrop, BNP Paribas Assurance continued to post double-digit growth in revenues (up 14%), thanks to contributions from fast-growing economies: Poland (up 31%), Italy (up 58%) and Chili (up 53%).

Business expanded rapidly in France as well, with 46,000 Cardif creditor insurance policies sold through brokers and the BNP Paribas network.

Natio Assurance, BNP Paribas Assurance's property and casualty insurance arm owned 50/50 with AXA, fuelled growth in its motor insurance range through a major advertising campaign. Global revenues rose 7% to reach EUR 86 million in 2006, with motor insurance policies providing 41% of the increase.

>>> Cardif publishes *Visions of a world in search of protection*

As a major player in the international protection market, Cardif wanted to gain a better understanding of the needs and expectations of the people it insures in order to accompany its partners in their development and to show that its business model consists in adapting products to their needs and the specific cultural context.

To do so, in 2005 and 2006 Cardif conducted a survey on consumer behaviour and expectations regarding budget protection with a sample population of 18,000 persons in 18 countries, working with TNS Sofres.

Cardif decided to enhance this factual data by giving 11 key figures from around the world in a variety of fields the opportunity to express their opinions in a book published in three languages.

BNP Paribas Assurance joins the Chief Financial Officer Forum

In September, BNP Paribas Assurance joined the select Chief Financial Officer Forum (CFO Forum), a think tank made up of the chief financial officers of the major European insurance companies. This circle brings together 20 European leaders from eight different countries.

Taking part in the CFO Forum enables the company to better understand the forum's positions, to more quickly incorporate its recommendations into BNP Paribas Assurance's financial models, but also to have greater weight in insurance-related discussions.



BNP Paribas securities services

BNP Paribas Securities Services⁽¹⁾ is the leading European provider of securities services to companies, asset managers and financial institutions worldwide. BNP Paribas Securities Services provides innovative solutions that can be tailored to the specific needs of clients at every stage of the investment cycle:

- financial intermediaries (banks, broker-dealers) are offered tailored solutions for settlement/delivery and global custody for all asset classes;
- institutional investors (fund managers, insurance companies, pension funds, etc.) have access to a full array of fund administration services, including fund distribution support, transfer agency services, depobank and trustee services, fund accounting, middle-office outsourcing;
- performance measurement and attribution analysis; extensive issuer services are provided to companies for transaction structuring and shareholder relations management;
- additional financing, securities lending and currency solutions are offered and coordinated by specialist teams.

As at 31 December 2006, assets under custody totalled EUR 3,614 billion and assets under administration EUR 623 billion, with 32.2 million transactions settled in 2006.

BNP Paribas Securities Services is ranked no. 1 among European custodians and 4th worldwide for cross-border assets (source: *Institutional Investor Magazine*, September 2006).

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

Buoyant sales and marketing momentum with geographic expansion

In 2006, BNP Paribas Securities Services strengthened its leading position in Europe and enhanced the range of services offered in its other markets. The entire product range enjoyed strong demand and the winning of several prestigious mandates deepened the pool of high-potential clients.

By the end of the year, BNP Paribas Securities Services had significantly broadened its geographic coverage. The addition of 14 new markets to the global custody network increased the number of covered countries to 90.

BNP Paribas Securities Services and the Equities and Derivatives Department of the Corporate and Investment Banking (CIB) Division have combined their global transaction and custody services with those of Correspondent Clearing Services (CCS) in the United States and are marketing this offering to a broader clientele of American broker-dealers.

BNP Paribas Securities Services rolled out its Global Custody service from Switzerland. The extension of this offering is part of an unprecedented pan-European strategy and will provide BNP Paribas Securities Services' clients with local service, backed by unmatched knowledge of European legal and regulatory environments.

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

Three prestigious contracts in the field of European asset management

BNP Paribas Securities Services provides Baloise, one of Europe's leading insurers (CHF 65 billion in assets under management) with global custody and investment administration services adapted to the local markets and legal environments of 16 entities in Europe (Switzerland, Germany, Luxembourg, Belgium, etc.). BNP Paribas Securities Services will also act as a depository bank and offer a wide range of cash and liquidity management services. This agreement directly positions the Zurich branch among the top providers to Swiss institutional investors.

ING Luxembourg and ING Investment Management (ING) outsourced to BNP Paribas Securities Services their fund administration activities and investment compliance monitoring of ING funds domiciled in Belgium and Luxembourg, which represent EUR 33 billion in assets under administration. This transaction improves efficiency and further enhances the operational excellence of ING's fund administration operations. It also entails the transfer of roughly 60 persons from the ING Luxembourg unit to BNP Paribas Securities Services.

In the United Kingdom, BNP Paribas Securities Services migrated Aberdeen Asset Management's middle-office and back-office functions, following the latter's purchase of Deutsche Asset Management's fund management activities in 2005.

BNP Paribas Securities Services acquired the third-party securities clearing and settlement business of Bankhaus Carl F Plump in Germany, an entity of the MM Warburg group specialised in asset management and private banking. This acquisition positions BNP Paribas Securities Services among the top three providers to German brokerage firms and banks specialised in securities trading.

More than ten new services have also been launched in response to changes in client requirements, among them:

- securities clearing on behalf of London Stock Exchange member firms;
- a fund administration outsourcing solution in Germany;
- following the example of France and Italy, the capacity to locally manage alternative funds in Spain;
- significant enhancement of the performance measurement and analysis offering including a customised analysis of transaction costs for German institutional investors and improved performance attribution in relation to the interest rate and currency market;
- remote access to the central custodian facility in Cyprus from the Athens branch;
- a four-party collateral management offering;
- administration of international securitisation vehicles.

Industry recognition was again forthcoming in 2006, with BNP Paribas Securities Services winning the following awards:

- "Fund administrator of the year" (*Funds Europe* magazine) for the second year running;
- "Best Agent Bank" (*Global Custodian* magazine) and "Best Sub-Custodian" (*Global Finance* magazine) for western Europe, "Best Regional Sub-Custodian" for northern and southern Europe (ICFA);
- "Top Rated" for its local custody services in eight European countries in the annual survey conducted by *Global Custodian* magazine;
- "Most innovative securities services provider in Europe", one of the "Leaders in innovation" awards, (*Financial-i* magazine).

Lastly, for the sixth consecutive year, BNP Paribas Securities Services' fund administration operations and mutual funds France custodian function won ISO 9001 certification.

Sales and marketing momentum in Italy

In Italy, BNP Paribas Securities Services won the depository bank mandate for the Italian post office's asset management company (Banco Posta Fondi SGR), which from January 2007 will enjoy an extended range of services including the calculation of the funds' liquidated value.

BNP Paribas Securities Services selected to be EDF's custodian

BNP Paribas Securities Services was mandated by EDF to provide custody and valuation services and to measure the performance of the portfolio of assets dedicated to the dismantling of nuclear power plants. This new mandate strengthens relations between the EDF group and BNP Paribas Securities Services which had already been providing issuer services to this leader in the distribution and sale of electricity in Europe.



KLÉPIERRE

A real estate investment company listed on the Eurolist by Euronext Paris^(TM), Klépierre⁽¹⁾ develops, owns and manages shopping centres in ten European countries, mainly France, Spain and Italy. Klépierre is continental Europe's 2nd-largest listed property group specialised in shopping centres, with a market capitalisation of EUR 6.6 billion at 31 December 2006. Its property assets totalled EUR 9.1 billion at year-end, of which more than 89% consisted of shopping centres with the remaining 11% made up of offices in the Paris region. Over 40% of Klépierre's business is conducted outside France. Klépierre's success in its shopping centre activity is supported by the centralised development and management capabilities of its subsidiary Ségécé⁽²⁾, which is continental Europe's no. 1 manager of shopping centres. Ségécé manages 342 shopping centres – 236 of which belong to Klépierre – through a network of eight subsidiaries. Klépierre also owns and manages high quality office premises located in Paris and its inner suburbs. Office management is a secondary activity resulting from strategic opportunities arising in the course of market cycles. The Group has more than 1,000 employees.

Fast-paced, ongoing expansion

Klépierre continued to expand rapidly in 2006, investing a total of EUR 754.2 million:

- EUR 387.4 million was invested in shopping centres in France, the Czech Republic, Spain and Portugal;
- Klépierre's subsidiary, Klémurs, invested more than EUR 300 million in Buffalo Grill restaurant property;
- EUR 67 million was invested in the Paris office property market where Klépierre resumed a buyer posture.

In the office segment, Klépierre pursued the selective portfolio management strategy launched in 1999 and sold EUR 112.6 million worth of properties.

Alongside its external growth, Klépierre reported robust organic growth in lease income. Against a backdrop of brisk consumer spending, revenues on the group's shopping centres rose rapidly with rental reversions magnifying the moderate impact of index-linked rent adjustments. In the office segment, major relocations contributed significantly to growth at constant scope.

The year 2006 was marked by the following major developments:

- In the first quarter, Klépierre diversified and extended its financing sources by putting together a 7-year syndicated loan of EUR 1.5 billion and raising EUR 700 million in a 10-year bond issue.
- In April, the opening of the Place d'Armes shopping centre, centrepiece of the renewal of the French city of Valenciennes, was the culmination of a project kicked off by Ségécé in 1989, when the design phase began. The centre comprises 60 shops, distributed over a gross leasable area (GLA) of 16,000 sq.m., and represents a total investment for Klépierre of EUR 51.8 million.
- In August, Klépierre signed a major partnership agreement with Buffalo Grill for the outsourcing of a portion of existing and future restaurant real estate.
- On 8 December, Klémurs successfully completed its introduction for trading on the Eurolist by Euronext ParisTM. At the close of the IPO, Klépierre's stake in Klémurs amounted to 84.1%.
 - Klémurs' strategy is to develop a real estate portfolio primarily comprised of properties outsourced by major restaurant, supermarket, service and retail chains. It has the tax status of a listed real estate investment company (SIIC).
 - On 18 December 2006, Klémurs replaced Klépierre for the signing of the Buffalo Grill acquisition, thus acquiring 128 restaurant properties in France and a role in the business's future development in France and Europe.

Also in December, Klépierre signed a memorandum of agreement with the group owned by Henry Hermand to acquire equity interests in several major shopping centres in France for an estimated EUR 110 million. The deal is expected to close during the first half of 2007.

In terms of the financial markets as well, 2006 was a banner year for Klépierre. Buoyed by investors' attraction to property groups and the enhancement of its fundamentals, the stock posted annual growth exceeding 80%. Klémurs' share price also finished the year up significantly, rising nearly 57% from its introduction price on 8 December 2006.

⁽¹⁾ Klépierre is 50.16%-held by BNP Paribas SA.

⁽²⁾ Klépierre owns 75% of Ségécé's capital, with the remaining 15% directly held by BNP Paribas SA.

Place d'Armes shopping centre, Valenciennes



BNP PARIBAS PRINCIPAL INVESTMENTS

BNP Paribas Capital

BNP Paribas Capital manages the Group's proprietary portfolio of unlisted investments as part of a strategy designed to gradually scale down the portfolio.

This portfolio had an estimated value of EUR 5.0 billion at 31 December 2006 and is split into four segments:

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

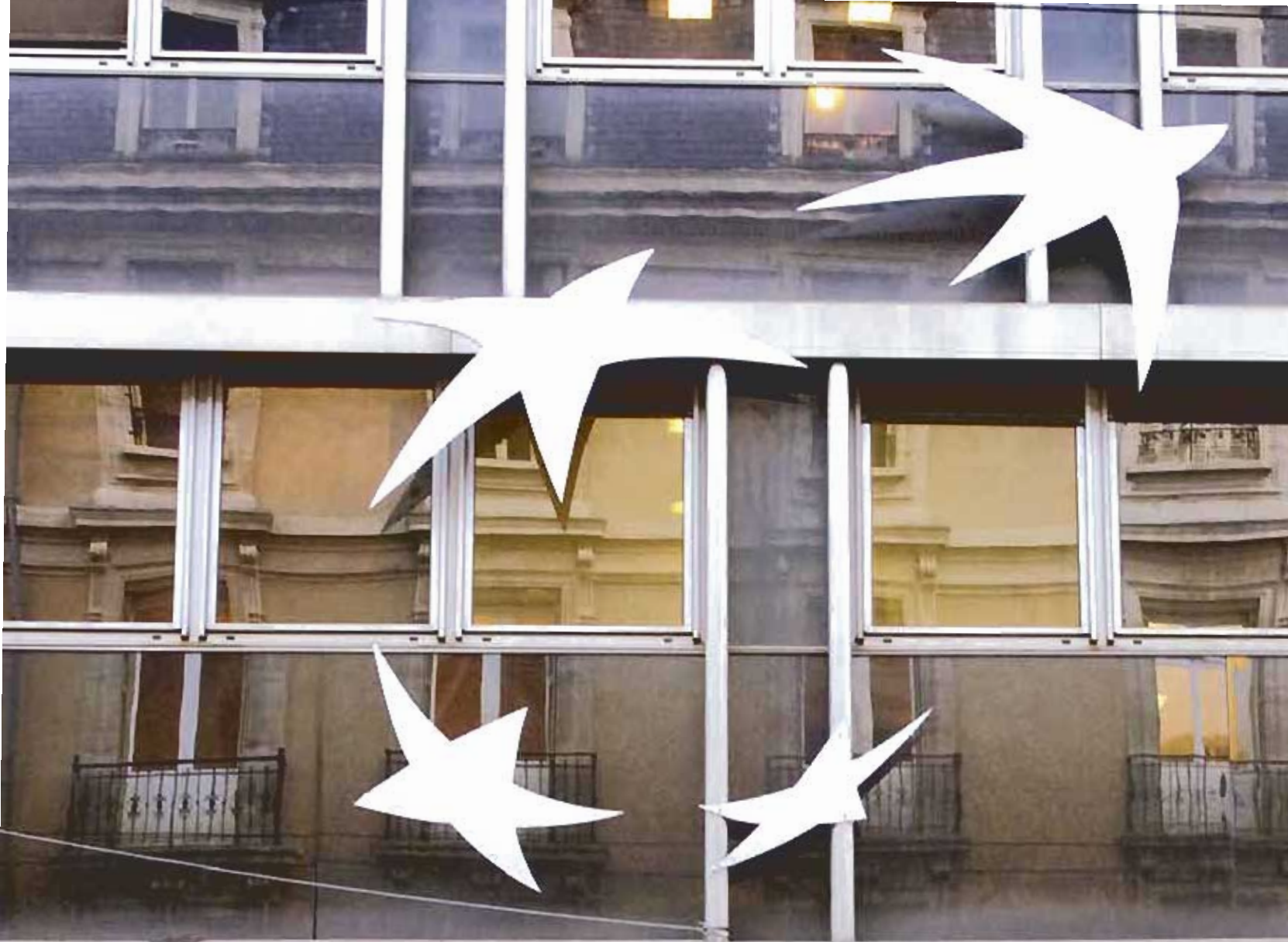
In 2006, the main disposals concerned the investments in Power Corp. of Canada and Ipsen. The Group forged ahead with its investments in private equity funds and its joint investments alongside these funds.

Listed investment and sovereign loan management

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

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

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



CORPORATE SOCIAL RESPONSIBILITY

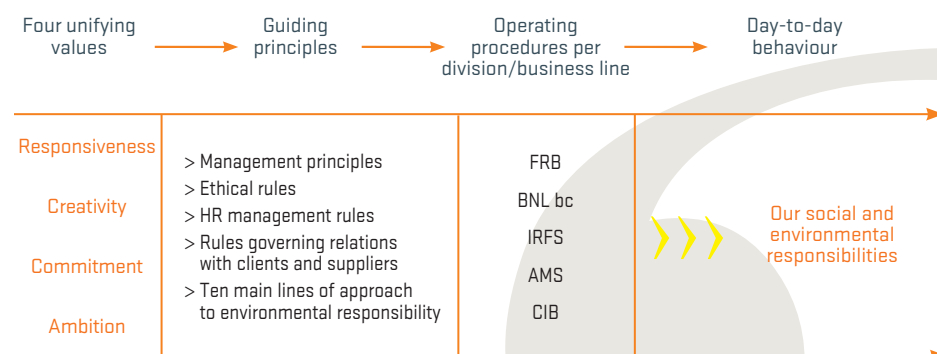
The full report on BNP Paribas' social and environmental responsibility is available from the Sustainable Development section of the www.bnpparibas.com website.

The registration document as well as this annual report have been printed on PEFC (Pan European Forest Certification) certified paper, containing only fibres obtained from sustainably managed forests.

the group's approach

Responsibility based on core values and guiding principles

BNP Paribas' approach to sustainable development is an integral part of its business ethic. Economic, corporate and environmental responsibility is rooted in the Group's founding values of responsiveness, creativity, commitment and ambition, which look to combine individual actions in a cohesive group-wide approach.



A strong commitment to promoting sustainable development concerns

BNP Paribas has traditionally based its sustainable development efforts on targeted, coherent public commitments. The Group is closely involved in numerous initiatives and organisations, some of which have a global reach while others remain specific to the banking sector. In 2006, BNP Paribas actively pursued its association with various sustainable development organisations with a view to boosting its impact in a range of areas and at different levels.

> Global initiatives

BNP Paribas is a member of the United Nations' Global Compact, whose ten principles have been embedded within the Group's policies and inform all operating decisions taken by management. As in previous years and in accordance with commitments made at the time of joining the Global Compact, the Group published its Communication on Progress (COP) on the UN's website. In 2006, BNP Paribas was one of the foremost companies to be awarded the Notable Practices qualification.

BNP Paribas contributes to the work of ORSE, the French study centre for corporate responsibility, and EpE (companies for the environment). It also leads meetings of the Sustainable Development Club within ANVIE, the French association for the promotion of interdisciplinary research in humanities and social sciences in the business world.

The world's leading companies are paying increasing attention to their approach to human rights. Against such a backdrop, BNP Paribas has joined eight leading French and Francophone groups to share best practices with a view to better incorporating respect for human rights into their business policies and promoting human rights issues. *Entreprises pour les droits de l'homme* (Companies for human rights – EDH) draws its inspiration from the work carried out by the Business Leaders Initiative on Human Rights since 2003 and has been set up to widen contributions from the French-speaking world.

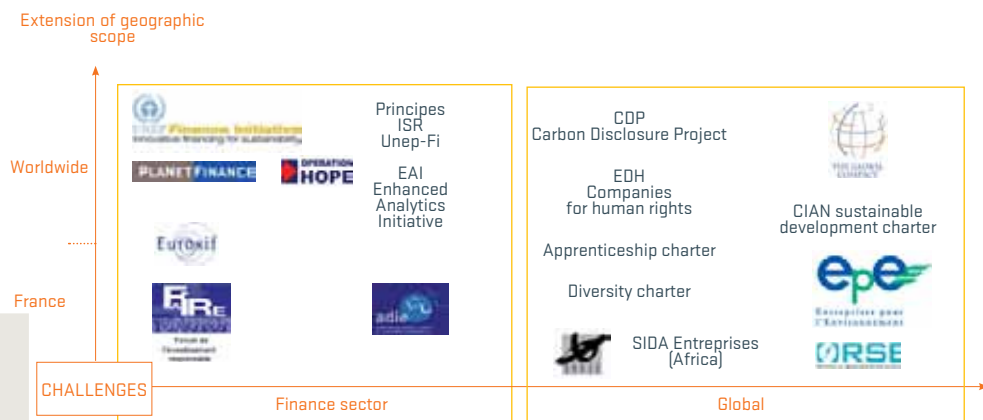
> Finance sector initiatives

Alongside the Institutional Investors Group on Climate Change (IIGCC) and the Carbon Disclosure Project, BNP Paribas Asset Management (BNP PAM) strives to encourage companies to factor climate change issues into their investment decisions. BNP PAM is also one of the founding members of the Enhanced Analytics Initiative (EAI) through which it took the step of allocating 5% of its commission budgets to developing socially responsible investment (SRI) analysis. BNP Paribas is involved in the British-based Business in the Community (BITC) organisation, which brings together more than 700 companies that promote responsible behaviour by companies within the community.

As in 2005, the Group was a member of the jury for the 2006 awards handed out by the Forum for socially responsible investment (FIR) and the European Social Investment Forum (Eurosif) to promote research in the area of finance and sustainable development with universities and elite higher education establishments in Europe.

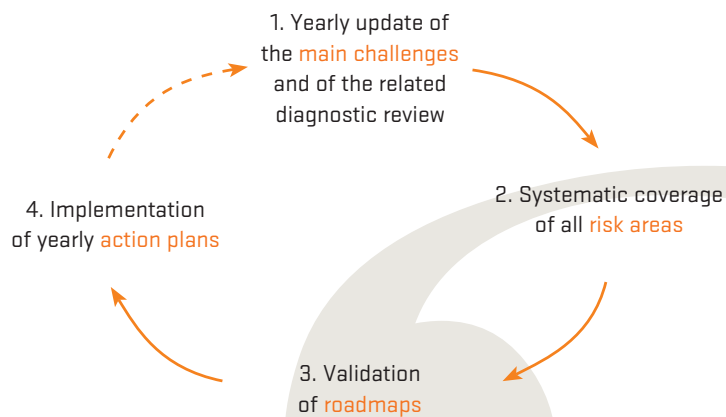
The Group strengthened its commitment in 2006 by joining new initiatives that broaden the scope of its main activities. At international level, BNP Paribas Asset Management signed the Principles for Responsible Investment (PRI), which were launched in April 2006 under the auspices of UNEP Finance. These help companies to better embed environmental, social and corporate governance concerns into mainstream investment decision-making practices.

The public commitments of BNP Paribas



An integrated approach

The Group's approach to sustainable development is implemented by means of operating procedures throughout the Group's divisions, business lines, territories and functions. The Group comprehensively charts the steps that need to be taken to counter the social and environmental impact of each of its activities. A diagnostic review is carried out that incorporates the results of a self-assessment by the entity concerned, as well as the findings of analyses performed by the principal SRI rating agencies and the Group's other stakeholders. Action plans for each division and function are validated by the Executive Committee.



Sustainable development has no real meaning if it remains the affair of a handful of experts and specialists. It is up to each employee, irrespective of his or her position or location, to play an active and committed role.

The Group is particularly focused on corporate social responsibility (CSR) whereby each activity assumes responsibility for any effects it may be having on its business partners and the environment.

Because of the broad-based nature of CSR, the cross-disciplinary Group Sustainable Development function coordinates the Group's actions in this area. As well as maintaining a direct link with all line managers, the Sustainable Development function comes upstream of a network of over 120 experts from all divisions, business lines, territories and functions.

Recognition from SRI rating agencies

> SAM

For the fifth consecutive year, BNP Paribas was included as a component in both Dow Jones indexes for socially responsible investment: DJSI World and DJSI Stoxx, managed by Sustainable Asset Management Research Inc. (SAM).

BNP Paribas' overall score places it in a very favourable position compared to the industry average, endorsing the Group's ongoing efforts to improve its approach to sustainable development. The Group scored 68% compared with an industry average of 48%.

> Vigeo

Despite the changes introduced in 2005 regarding the assessment methods used in certain areas such as corporate governance, the arithmetic average of the scores obtained in the six areas analysed in 2005 was higher than the average for 2004. Vigeo did not revise its score in 2006.

> CFIE

Each year CFIE (an organisation providing information on the social and environmental performance of companies), reviews how thoroughly the NRE Act has been taken into account in the annual reports of French listed companies. BNP Paribas' annual report is ranked in the top ten for the fourth time, and the Group is the only bank to appear in the ranking.

> Oekom Research

Created in 1989, Oekom Research is a German social and environmental rating agency, which also offers reporting and benchmarking services. Companies are rated on a scale from D- to A+ on the basis of indicators covering six major areas.

Oekom Research awarded BNP Paribas "Prime" investment status and an overall rating of C. This shows Oekom Research's clients that they can invest responsibly and with confidence in BNP Paribas. The Group achieved its best performances in the socio-cultural domain, in particular with regard to its anti-discrimination and employee health and safety policies.

The Group's overall rating has improved from C- to C since 2002, with notable progress observed in HR and environment management.

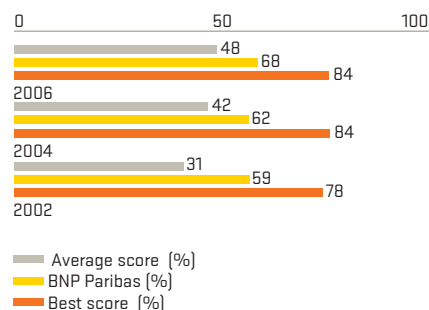
> 2006 Accountability Rating

BNP Paribas was included in the 2006 Accountability Rating. This assessment was carried out jointly by AccountAbility, an international think tank promoting accounting innovations for the advancement of CSR practices in companies; and CSRnetwork, a CSR consultancy in the UK.

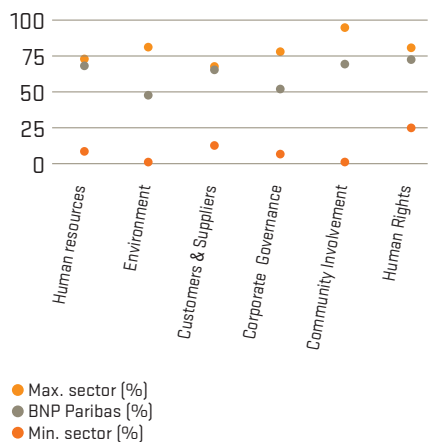
BNP Paribas is present on all the major benchmark indices for socially responsible investment: DJSI World, DJSI Stoxx, Aspi Eurozone, FTSE4Good Global and FTSE4Good 50.

Worldwide, BNP Paribas is one of only a handful of banks featured on all indices.

Changes in overall score



BNP Paribas benchmark/ banking sector



human resources development

The people of BNP Paribas

Workforce expansion in line with the Group's development ⁽¹⁾

Group staff expanded to 141,911 full-time equivalent employees (FTEs) at 31 December 2006, up 32,131 on 2005. The increase was a reflection of development across all businesses, but was primarily due to external growth, particularly in the Retail Banking Business outside France.

The purchase of BNL in Italy and UkrSibbank in Ukraine accounted for respectively 16,820 and 8,851 extra employees. At constant scope, organic growth gave rise to 5,934 FTEs, primarily in International Retail Banking and Financial Services, Asset Management and Services, and Corporate and Investment Banking.

With the exception of entities undergoing restructuring, such as Bank of the West and BNL, the majority of territories worldwide created net new jobs in 2006. The Mediterranean zone was particularly buoyant, especially Turkey, Egypt, Tunisia, Algeria, Morocco and Spain. Net increases also occurred in France, Germany, the United Kingdom, India and Brazil.

The Group's workforce worldwide breaks down as follows:

	2004	2005	2006
France	54,363	55,499	57,123
Europe (excl. France)	20,083	25,205	53,461*
North America	11,874	14,979	14,810
Africa	5,526	5,661	6,201
Asia	4,534	4,785	5,571
South America	1,923	2,363	2,924
Middle East	742	868	1,308
Oceania	388	420	513
Total	99,433	109,780	141,911

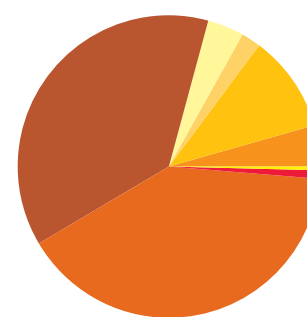
* Of which Italy accounts for 20,307.

The overall increase in the portion of the workforce managed outside France picked up pace in 2006, especially in Europe. For the first time, more than half of the Group's headcount is outside France.

⁽¹⁾ For human resources growth data, this analysis takes into account all FTE staff managed by BNP Paribas as opposed to the consolidated workforce, which is limited to staff working for fully or proportionally consolidated entities calculated pro rata to the percentage consolidation of the subsidiaries concerned:

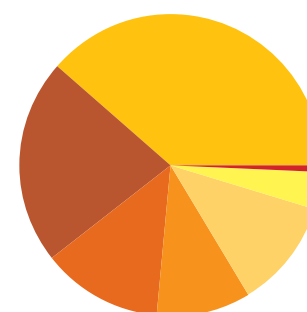
Full-time equivalents (FTE)	2002	2003	2004	2005	2006
Consolidated workforce	87,685	89,071	94,892	101,917	132,507
Staff managed by BNP Paribas	92,488	93,508	99,433	109,780	141,911

Workforce by geographical area



- Africa 4.4%
- North America 10.4%
- South America 2.1%
- Asia 3.9%
- Europe 37.7%
- France 40.2%
- Middle East 0.9%
- Oceania 0.4%

Workforce by business



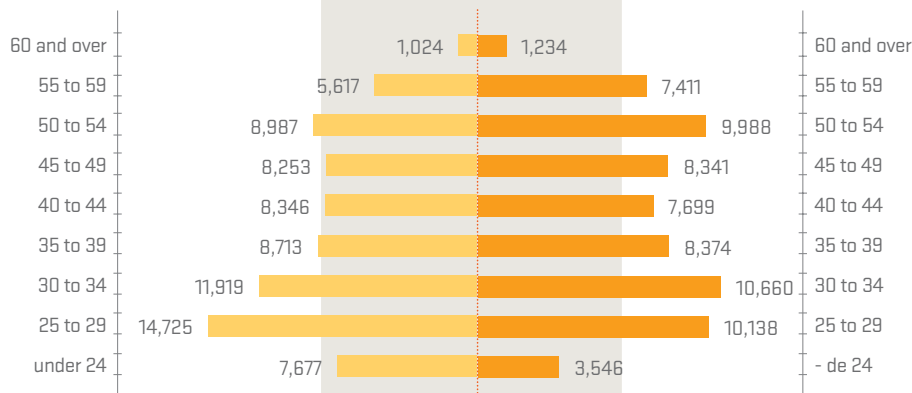
- IRFS 38.6%
- FRB 22%
- AMS 13%
- CIB 10.1%
- BNL 11.7%
- Functions and other activities 4%
- Klépierre 0.7%

Age pyramid (December 2006)

The Group's age pyramid remains balanced overall. Lower age groups predominate in the IRFS, AMS and CIB Divisions, while the opposite is true of French Retail Banking and BNL, which remain closer to standard employment demographics in France ⁽¹⁾.

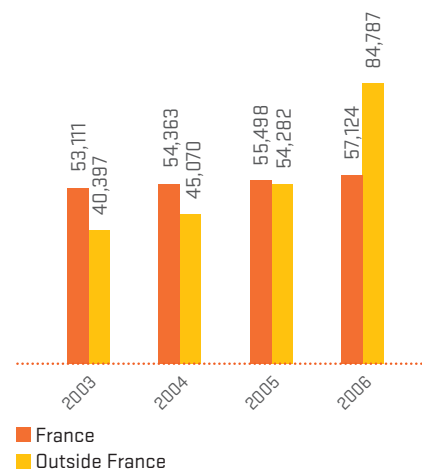
Physical headcount

Women: 75,261 (52.8%) Men: 67,391 (47.2%)



⁽¹⁾ This pyramid has been based on total headcount without weighting for part-time work, unlike in 2005; therefore it cannot be compared to 2005 data.

Workforce in France and outside France



Promoting diversity in all its forms and fighting discrimination

The priorities of the Group's current diversity policy are (i) guaranteeing equal opportunity and the principle of non-discrimination, in particular as regards the recruitment of visible minorities; (ii) stepping up recruitment of disabled persons and improving the endeavours already in place to help them remain employed; and (iii) increasing the number of female senior executives. The principle of non-discrimination has been clearly outlined in BNP Paribas SA's internal rules since 2003 and can be accessed by all employees on the Group's intranet site.

> **Non-discrimination and the promotion of equal opportunity:
a firm commitment and plans of action**

BNP Paribas and the Diversity Charter

BNP Paribas is one of forty French companies to have signed the Diversity Charter. In a January 2006 review by HALDE (*Haute Autorité de lutte contre les discriminations et pour l'égalité*), the French high authority fighting against discrimination and for equality, BNP Paribas was not found to discriminate in recruitment.

On 13 December 2006, the Group also signed the charter proposed by the French Minister of Education by which French companies commit to promoting equal opportunity in education. The purpose of this charter is to strengthen links and develop initiatives between businesses and schools. It is the most recent in a long line of initiatives taken by BNP Paribas in this regard and boosts its already strong commitment to the world of education.

Rigorous anti-discrimination controls

Discrimination, either at the recruitment stage or at any other time in an employee's career, has been identified as *one of thirty major risks* faced by the Group worldwide. In 2005 and 2006 a risk analysis was carried out to assess the potential causes of discrimination, define prevention controls, weigh up possible consequences and prepare an action plan. A quarterly report is presented to the Executive Committee regarding this action plan.

An *ethics alert mechanism* enables all employees to report any non-compliance risks they may come up against and, in particular, any practices they may find discriminatory.

Organisation and resources for fighting discrimination

In September 2005, a Head of Diversity was appointed within BNP Paribas' Human Resources function. He is responsible for defining overall policy and coordinating non-discrimination action plans, promoting equal opportunity and increasing the number of women and foreign nationals among senior executives. The Head of Diversity's duties also include overseeing the Group's policy in favour of disabled employees.

> **An international workforce**

By employing local people, BNP Paribas directly contributes to the development of the countries in which it operates and therefore is naturally integrated into the different cultures and communities concerned. Local employees can thus gain access to senior positions within subsidiaries and branches, and can pursue careers within the Group.

Percentage of staff employed locally by geographic area



Baudouin Prot, Chief Executive Officer,
BNP Paribas Group

Promoting diversity*

As an international Group, BNP Paribas defines itself not only by its varied panoply of business lines but also by the diverse cultural and national makeup of its community of employees. We have operations in 85 countries and 60% of Group staff now work outside France.

This diversity is one of our key strengths. We need to develop it further, to be even better at being the bank for a changing world – a bank that partners its customers and employees through the changes and challenges of the 21st century.

Our Group welcomes all talented individuals, regardless of origin. The only way their capabilities should be assessed is by appraising contributions made and competencies demonstrated at every stage in their career development. In addition to being illegal, any discriminatory practices would run counter to the basic respect each person is entitled to and could seriously damage our reputation. Under no circumstances can they be allowed.

BNP Paribas is a very important employer and bank in some strongly multicultural areas, notably in France. In our banking and financial services, bringing together people from different backgrounds is a source of creativity, innovation and efficiency. We will also be closer to our customers if the composition of our staff mirrors the mix in society around us.

Promoting diversity is therefore, for BNP Paribas, a matter of both performance and social responsibility. Each of us is invited to contribute, on a day-to-day basis, to advancing this goal.

* Excerpt from a letter from the Chief Executive Officer to all employees.

> Diagnostic reviews, audits, tests

An internal review on diversity

An internal review on diversity was carried out during the first half of 2006, involving interviews with more than 30 HR managers in France and abroad. The aim of this review was to (i) discover how the different BNP Paribas territories and entities view diversity; (ii) gain an insight into the various challenges and priorities of each of these territories and entities; (iii) assess the current state of affairs; and (iv) identify best practices that can be shared across the Group. In recent years many BNP Paribas entities have been developing a range of endeavours in favour of diversity with particular attention to raising awareness through internal communication and training.

Auditing the situation of handicapped employees

The working conditions of the Group's handicapped employees were audited between October 2005 and March 2006 by TH Conseil, a human resources consultancy specialised in the recruitment of disabled persons. Thanks to this audit, the Group has been able to further deepen its approach to the issue, with the aim of moving beyond concern for individual employee welfare to reach for true corporate social responsibility. Following the audit, a project was put in place with a view to improving working conditions for handicapped employees (see section entitled "Project Handicap").

Gender equality surveys

At the end of 2004, the Group HR function launched the "Mix City" initiative (a pun on the French *mixité*, meaning gender balance), which brings together about ten female senior executives from across the spectrum of the Group's businesses. In 2005, this group presented a series of suggestions to the HR function on how best to facilitate the inclusion of women in senior management positions. The group is active in five main areas: services to facilitate day-to-day life, management of maternity leave, working hours, mentoring and coaching, and creating a women's network.

> A concerted approach

Reducing maternity-related inequalities

In 2004 BNP Paribas and the trade unions signed an agreement on male/female professional equality, which ensures equal treatment of men and women in terms of recruitment, salary and promotion, and includes measures on maternity leave. Employees going on maternity leave have an interview with their direct manager prior to their leave and again at least two months before their return to define the conditions under which they will resume their post. The age limit that had been set for detecting high-potential executives was replaced by a criterion of work experience to avoid penalising women who have gaps in their career due to maternity leave.

Group subsidiaries BPLG, Cetelem, BNP PAM and BNP Paribas Assurance have signed similar agreements. In 2006, another agreement was entered into with four BNP Paribas SA trade unions regarding the implementation of the French law of 23 March 2006 on equal pay during maternity, adoption and post-maternity leave. This agreement lays down the rules for determining minimum fixed and variable salary increases.

Promotion and discrimination: the possibility of recourse to an appeals commission

Any employees who feel they have experienced discrimination in the form of a lack of promotion or pay rise can bring a complaint before the appeals commission. This commission was set up under an agreement with the five trade unions, to examine the situation of employees who feel they are due for a promotion or pay rise. It is comprised of representatives from the Group HR function and the trade unions and meets on an annual basis to examine the files that have been submitted to it.

Project Handicap

At 31 December 2006, BNP Paribas SA had 1,012 handicapped employees in mainland France. In order to improve coordination and facilitate the inclusion of handicapped persons, the Bank created a dedicated team within the Group HR Department. This team has been tasked with implementing the recommendations of a human resources consultant specialised in adapting workplaces to the needs of handicapped persons, who examined the Bank's current situation and identified key areas for improvement.

BNP Paribas outsources certain work to sheltered workshops. Since 1981 it has been working with the *Institut des Cent Arpents*, which was set up by Mutuelle BNP Paribas in the suburbs of Orléans. The facility, which is home to the Jean Pinault centre for assistance through work, has recently increased its capacity and can now accommodate 105 disabled workers, as against a previous 80. It also houses 11 people with serious handicaps in its sheltered accommodation.

BNP Paribas is seeking to significantly increase the number of handicapped employees by broadening the pool of candidates. It also wishes to improve support for employees confronted with a handicap either directly or in their family. Whenever necessary, the bank adapts workstations and the working environment, and liaises with social services, the occupational medicine department and the Group's health insurance plan to improve personal living conditions and help disabled employees with the purchase of expensive equipment.

In 2006 BNP Paribas SA continued its *Accueil et Service* (reception and service) initiative aimed at improving access to its offices for customers and staff. A full audit is currently being carried out on the compliance of the Group's head office buildings in the Paris area. This initiative has been presented to BNP Paribas SA's employee representatives and will first be rolled out to all French subsidiaries, then extended to a certain number of other territories.

> Awareness-raising and training

The theme of the Group's international career management seminar for 2006 was "Managing Difference". One hundred and eighty HR managers, including 130 from France, attended this seminar which included two days of presentations on the Group's diversity policy and how it is reflected in HR procedures. In addition, HR managers from countries with a long history of diversity and non-discrimination initiatives, notably the UK, the US, Hong Kong and Singapore, spoke about their experiences.

Diversity and non-discrimination are frequently examined at senior executives' conventions, in seminars and during meetings of human resources committees.

Entity, territory or subsidiary	Examples of training and awareness-raising sessions on non-discrimination
BNP Paribas Australia	For the past three years, annual training on non-discrimination and preventing harassment. Includes an information and awareness-raising session for all employees, and a more in-depth version for managers with advice on handling complaints and problems.
BNP Paribas Canada	Since 2004, introductory course on managing diversity provided to managers. 2006 project on the issue of disability: information and training sessions addressing feelings of uncomfortability with difference, in interviews, customer service and work.
BNP Paribas Hong Kong	Sessions on non-discrimination and equal opportunity legislation: annual training for the HR team organised by the Equal Opportunity Bureau, a government body, upon request from the company.
BNP Paribas New York	2005: mandatory Inclusiveness in the Workplace training, to raise awareness of difference and learn to respect it.
BNP Paribas United Kingdom	Diversity training for managers: more than 200 trained.
Bank of the West	Diversity Awareness Program: valuing diversity, understanding the difference between diversity and non-discrimination, and being aware of stereotypes and cultural differences. Training only for managers but due to be extended to all employees.
Cetelem	The 2005 recruitment campaign was centred on diversity, its slogan being "Diversity is a matter of personality." The HR newsletter <i>Info RH</i> provides regular updates on the issue of diversity. The Diversity Charter, signed by Cetelem's Chairman, is posted on the Intranet. An annual brochure published by the HR Department, <i>Regards sur le monde Cetelem</i> , includes several pages on diversity.
BPLG	BPLG, another subsidiary, signed an agreement on gender equality with employee representatives. It was circulated to all employees, prefaced by a letter signed by the Chief Executive Officer.

At Group level, information on diversity has been published on the intranet and in the weekly newsletter accessible to all employees. Topics included news of the launch of the documentary *Plafond de verre* (the glass ceiling) sponsored by IMS, an association of French companies – of which BNP Paribas is a member – that promotes corporate social responsibility; reminders concerning the Group's commitments with regard to diversity; the results of the test performed on BNP Paribas recruitment processes by HALDE; and regular updates on *Projet Banlieues*, which addresses issues of employment and social inclusion in France's underprivileged suburbs.

Several sites outside France, in particular in London, in Canada and within Bank of the West, have implemented internal communication strategies that underscore their commitment to diversity.

> Combating discrimination: an integral part of career management

Non-discriminatory hiring processes

Recruitment procedures have been put in place to prevent discrimination and boost equal opportunity. A central team processes more than 90% of applications received in France, helping to ensure an objective recruitment process. The publication of information on vacancies and internship opportunities on the Group's website helps to ensure transparency.

A comprehensive review of recruitment methods led to changes in procedures. Systems for assessing personality and behaviour at work were fine-tuned to make interviews with recruitment managers more objective. A new tool was introduced in 2006 that helps sort curricula vitae based on the requirements of five standard positions that account for a large proportion of branches' recruitment. This automatic sorting helps recruitment managers by pre-selecting the most suitable candidates for each post. Candidates' nationalities no longer appear on application forms filled out on the Group's website.

BNP Paribas takes part in various forums and working groups on recruitment and diversity. These include IMS, Africagora, AFIJ, the *Zéro Discrimination* initiative in Lyons, and the *Nos quartiers ont du talent* project with the French employers' organisation MEDEF. The Group frequently attends recruitment fairs in underprivileged areas.

Promotion to senior executive level

Since 2005, the Group has requested that the HR function pay particular attention to non-discriminatory practices with regard to promotions. A manager must be able to guarantee that there has been no discrimination of any kind (ageism, racism, sexism) at any stage of the nomination process. Special consideration is given to ensuring a balance in the proportion of male and female candidates put forward for promotion, as well as to including older employees. In 2006, employees aged 55 or older accounted for more than 7% of promotions.

Partnerships

A number of partnerships have been set up, particularly in poor suburbs, to help young people enter the corporate world. They are described in the section entitled "A partner in society".

See also box on "6 billion Others", a partnership with Yann Arthus-Bertrand.

"6 billion Others"

In 2006, BNP Paribas decided to sponsor a project of renowned photographer Yann Arthus-Bertrand. It will involve conducting thousands of interviews of people throughout the world, to try to discover otherness and produce a portrait of humanity in the beginning of the 21st century, one that highlights the individuality and universality of each person. This project will lead to exhibitions at BNP Paribas offices in London then Rome in 2007. In 2008, 6 billion Others will be a major exhibition in France with screenings of the interviews. Following a request from BNP Paribas, Yann Arthus-Bertrand and his team are working to centre this project around the issue of underprivileged suburbs in France. BNP Paribas support for this project was born of a conviction that the diversity of the human race is a source of richness.



Yann Arthus-Bertrand

a partner in society

A deepening commitment to microfinance

BNP Paribas has been promoting microfinance since 1993, and in 2006 stepped up its initiatives in this area within the Group's different entities. Recognised as an effective weapon in the fight against poverty, microcredit is offered to people looking to set up their own business but who are unable to access traditional forms of financing. Microcredit is only one aspect of microfinance, which also includes for example micro-insurance, micro-savings and migrant workers' transfers.

The partnership with ADIE spreads its wings

Since 1993, BNP Paribas has been tireless in its support for ADIE (*Association pour le Droit à l'Initiative Économique*), a non-profit association providing microloans to the unemployed, including those on long-term unemployment benefit in France. Under the terms of the partnership, BNP Paribas grants ADIE a credit line of EUR 5 million; undertakes to cover 30% of the risk of non-collection; and helps to finance the association's operating expenses (for around EUR 300,000). Thanks to the alliance, ADIE members can also open an account with BNP Paribas and thereby benefit from the attendant banking services.

Each of the 100 local ADIE offices has a designated correspondent BNP Paribas branch responsible for helping it implement the system. In 2006, 1,400 projects examined by ADIE were financed by BNP Paribas, representing an amount of EUR 4 million. On average, loans were granted over a three year period for an amount of EUR 2,700. During the year, around 500 BNP Paribas employees were placed in charge of a microcredit application.

Cetelem: developing responsible credit

In 2006 Cetelem's efforts in the area of responsible lending continued apace through the Cetelem Foundation. The Foundation is a partner of a number of major not-for-profit associations, including *Fondation Agir Contre l'Exclusion (FACE)*, *ATD Quart Monde*, *Secours Populaire Français*, *Secours Catholique* and *Solidarité Nouvelle face au Chômage (SNC)*. The Cetelem Foundation also partners ADIE through its skills patronage and support for the Microcredit Week, and has adapted its Happycard affinity programme to allow customers to make donations to ADIE.

To reaffirm its commitment, in 2006 Cetelem signed an agreement with Caisse des Dépôts, enabling it to grant loans guaranteed by the *Fonds de cohésion sociale*, a scheme set up in France to develop community microcredit. These loans, designed for those members of society normally excluded from access to bank credit, are set up by Cetelem in close collaboration with CRESUS, an association for combating over-indebtedness. Local social lending initiatives have already been piloted in the Haut-Rhin, Bourgogne, Île-de-France, Poitou-Charentes and Pays de Loire regions, and some 500 loans are expected to be granted over a period of two years. The financing includes personal loans for between EUR 300 and EUR 3,000 (up to EUR 12,000 in exceptional cases), granted for a term of between 18 and 36 months (up to 60 months in exceptional cases). The credit risk is shared equally by Cetelem and the *Fonds de cohésion sociale*.

These initiatives carry through Cetelem's commitment to responsible lending and to combating over-indebtedness by making consumer credit accessible to the widest possible number of people.



Creation of a worldwide microfinance business

Building on its experience of microfinance in France and a number of African countries, where it has been active since 1993, BNP Paribas set up a groupwide Microfinance business in 2006. This business is part of Asset Management and Services, but its broad-ranging actions means that it comes into play at the level of the Bank's French and International Retail Banking Branches. The mid-term aim of this initiative is to position the Group as one of the world's leading banks engaged in microfinance.

This new activity focuses mainly on granting local currency refinancing to microfinance organisations operating in the countries in which the Bank does business. These fast-growing organisations need significant funding to allow them to develop their business and deepen their social footprint. By 2010, BNP Paribas wants to have developed partnerships with some 30 organisations in around 15 countries, and hopes that by 2015, several million people will have benefited from microfinancing through these organisations. As a result of its efforts, the Bank helps to improve the quality of life for the beneficiaries, and especially for women, who account for 80% of borrowers.

BNP Paribas can also put to good use the extensive experience it acquired in international microcredit solutions through its partnership with *Crédit Rural* in Guinea and the French Development Agency. At the end of 2006, outstanding international microfinance loans totaled more than EUR 10 million in four countries (Morocco, Guinea, Egypt and Madagascar). In Morocco, BMCI provides refinancing to Al Amana and Zakoura, the two largest local microfinance organisations. In September 2006, BNP Paribas Egypt signed a EUR 2 million loan agreement with Dakahlyia Businessmen's Association for Community Development, in partnership with the Grameen-Jameel Initiative and the Abdul Latif Jameel group.

The Microfinance business can also leverage the experience acquired by BNP Paribas Banque Privée in its partnership with PlaNet Finance and the Swiss ResponsAbility fund. This fund, which was proposed to Private Banking customers, amounted to almost USD 100 million at the end of 2006, and has benefited 127,000 people via 110 microfinance institutions in 36 countries.

Community initiatives promoting integration and solidarity

BNP Paribas helps to further economic and social development in the regions in which it does business, by promoting local recruitment (see the section entitled Human Resources Development), partnering local initiatives and forging alliances with key players from civil society.

Bank of the West – Operation Hope partnership

In 2000, the Group's California-based subsidiary became a partner of the US organisation Operation Hope Inc. (OHI). Operation Hope connects minority inner-city communities with mainstream financial services, and promotes financial literacy among populations living in under-served urban areas.

A number of financial education initiatives are sponsored by Bank of the West, including the "Banking On Our Future" (BOOF) programme, which addresses schoolgoers aged 9 to 18 in Oakland, Portland and Denver, and Hope Centers offering adult educational support and financial assistance, particularly with regard to business ventures or homebuying. The Hope initiative also includes a National Disaster Response programme, whose beneficiaries have included victims of hurricane Katrina.

Between 2000 and 2006, Bank of the West invested USD 610,000 dollars in Operation Hope and around USD 1 million in contributions in kind. Additional commitments not yet disbursed amount to USD 225,000. Some 50 Bank of the West employees have already been involved in Operation Hope ventures, tutoring nearly 2,500 pupils over around 300 hours.

Youth outreach programs

BNP Paribas's commitment to young people living in underprivileged inner-city areas continued in 2006 through a number of educational initiatives and sports outreach programmes.

BNP Paribas is a member of *Promotion des talents*, an association that provides bursaries to deserving lycée students from disadvantaged areas, allowing them to go on to university. In 2006, the Group awarded five new bursaries to young lycée students from designated priority education zones (*Zones d'Éducation Prioritaire – ZEP*), for a total amount of EUR 100,000.

During the year, BNP Paribas also stepped up its recruitment drive in underprivileged areas through events organised by the *Institut Mécénat et Solidarité (IMS)* based in Aulnay-sous-Bois, and was also actively involved in numerous job forums in inner-city areas in Seine Saint-Denis, Villetaneuse, Villepinte, Creil and Lyons. The Group was represented at 108 profile-raising events in 2006, such as forums, recruitment days, presentations and workshops, compared with 45 such events in 2005.

In 2006, BNP Paribas' teams on the ground intensified their communication efforts, presenting the Bank's businesses to lycée and university students from disadvantaged backgrounds. The Bank contributed EUR 300,000 to a first-of-its-kind project run by the *Institut d'Études Politiques de Paris* in secondary schools in the inner-city Seine-Saint-Denis area.

A long-standing partner of the *Institut d'Études Politiques de Lille*, in 2006 BNP Paribas reinforced its support of the region through a mentoring programme for young people from priority education zones. The assistance offered by the Bank under this multi-faceted programme includes reimbursing transport costs for students from these areas taking their oral examination for admittance into the IEP Paris, offering work placements for students who show a genuine interest in the banking or financial services sector, giving detailed presentations of its businesses, organising conferences and visits to regional trading rooms, and taking part in cultural or sports events sponsored by the Group or its Foundation. These efforts carry through the Bank's determination to improve the career prospects of young people from inner-city areas.

Since 2000, BNP Paribas has sponsored the *Fête le mur* tennis outreach association created and led by Yannick Noah. In 2006 the Bank renewed this relationship for a further four years, and took part in the events organised to celebrate the association's 10th birthday, including the national tennis tournament held at Roland Garros in June. As well as contributing financially towards sites in 20 French towns, the Group allows voluntary workers from the association to attend its internal IT training courses.

A wealth of educational initiatives were also launched in countries further afield, including Morocco, Guinea and Bahrain.

>>> BNP Paribas one of 40 major companies promoting equal opportunities

Closer ties between the business world and the academic authorities are recognised as essential in combating discrimination. At the close of 2006, BNP Paribas signed an equal opportunities charter with the French national education authorities, which aims to address the major difficulties encountered by underprivileged youths in the fields of education, career advice and professional integration by promoting corporate initiatives launched in partnership with these authorities. By signing the charter, BNP Paribas affirms its commitment to equal opportunities and undertakes to:

- provide tutoring, mentoring and financial and educational support to help young students from disadvantaged or rural backgrounds succeed in their studies;
- raise awareness and promote a better understanding of the professions and of the business world in general among pupils, students and teachers;
- recruit young graduates from under-served communities.

For their part, the national education authorities undertake to promote all actions and initiatives in this area. Information and awareness-raising efforts will be deployed nationwide, as well as at academic and local levels among pupils, students, teachers and heads of educational establishments.

Partnering the Téléthon

BNP Paribas has been the official bank for the French Téléthon since its creation, handling cheques sent by donors and delivering the tax statements in respect of donations. A large number of employees participate in the Téléthon – devising and organising sports, musical and gastronomic events, as well as community initiatives. BNP Paribas employees are also involved in the Tennis Téléthon which promotes club tournaments across France, and in the Paris-based Finance Téléthon, organising relay races around Palais Brongniart, the former stock exchange building.

In 2006, BNP Paribas extended its fundraising support outside France through BNL, a major contributor to Téléthon Italy for the last 15 years. In the 2006 edition of the event, BNL lent its assistance under the slogan: *Research needs everyone, you too*. BNL has collected a total amount of EUR 143 million from the last 14 Téléthons, representing around one-half of total donations collected by the event in Italy. Its efforts have helped to fund 1,800 projects and have resulted in 461 research breakthroughs, subsequently published in scientific journals of international renown.

>>> BNP Paribas Bulgaria named “the most socially responsible business leader”

BNP Paribas Bulgaria was named the country’s 2006 “Investor in Community” for its responsible business practices. The prize was awarded by Ivailo Kalfin, the Bulgarian Deputy Prime Minister and Minister of Foreign Affairs, in recognition of BNP Paribas’ *Resto du cœur* programme set up by its Bulgarian staff to help elderly and underprivileged people living in Sofia, Bulgaria’s capital. Four hundred Bulgarian business leaders attended the event, which was created in 2003 by the Bulgarian Business Leader Forum (BBLF). All of the biggest Bulgarian companies are members of this association, which promotes the values of corporate social responsibility and good trade practices. The *Resto du cœur* project led by BNP Paribas Bulgaria kicked off four years ago on the initiative of the head of Bulgarian operations, and was implemented by its employees on the ground. During the winter of 2002-2003, 150 meals were distributed every evening to elderly people living in precarious situations in Sofia. Thanks to a partnership with the city of Sofia and several external sponsors, the project has considerably broadened its reach, and distributed 1,600 meals every evening from 1 December 2006 to March 2007.



BNP Paribas Foundation: imaginative and in touch with the world

Operating under the aegis of the *Fondation de France*, the BNP Paribas Foundation has been promoting dialogue between the banking community and its social and cultural environment for 20 years now. As a crossroads of exchanges and discoveries, it gives new expression to the Group’s core values of ambition, commitment, creativity and responsiveness.

Through its programmes, the BNP Paribas Foundation strives to preserve and promote cultural heritage and support artistic expression. It also provides funding for state-of-the-art medical research, as well as for innovative projects in the areas of education, social insertion and disability.

In addition to grants, the Foundation provides support for its partners and seeks to cater to their individual objectives, namely by developing programmes and providing advice and on-the-spot assistance, together with access to the BNP Paribas worldwide network of contacts. The BNP Paribas Foundation is a member of ADMICAL, the first business sponsorship association in France, and of the centre for charitable foundations in France.

> Cultural patronage

As a recognised benefactor of museums, the BNP Paribas Foundation provides funding for the publication of art books that familiarise the public with museum collections, and awards grants for the restoration of masterpieces. Its initiatives have benefited a wide variety of French and international institutions, helping to publish some 50 art books on museums and enabling around 150 works of art to be restored and placed on display to the public.

The BNP Paribas Foundation also supports the performing arts by establishing close partnerships with modern dance companies, circus troupes, writers, jazz musicians and other performers working in disciplines that are often overlooked by other sponsors. At the same time, it helps to make rare or unperformed works more widely known and to provide a boost to young performers’ careers. The Foundation also makes use of its extensive links with festivals and production companies to bring new talents to a wider audience.

It supports international initiatives launched in partnership with cultural institutions in France, provides financial backing for concerts, organises programmes showcasing the international arts scene, and promotes and coordinates patronage within foreign branches. Like the BNP Paribas Group, the Foundation has its roots in France but its eyes resolutely turned towards the international arena.

The Foundation organises regular encounters between its sponsorship beneficiaries and the Group's staff, clients and shareholders. These exchanges enhance the Foundation's role as an instrument for mutual enrichment and human progress.

European Art at the Los Angeles County Museum of Art

To mark its commitment to the American people, in 2006 the BNP Paribas Foundation sponsored the publication of a book honouring the European Art collection at the Los Angeles County Museum of Art (LACMA). This encyclopaedic museum is one of the biggest in the western United States, and holds more than 100,000 works of art from around the world, spanning prehistory to the present day.

The collection of European art held by the museum is constantly expanding thanks to an ambitious acquisition policy, and now boasts major works from the Middle Ages to the present day. Georges de la Tour, Véronèse, Rembrandt, Watteau, Ingres, Degas, Gauguin, Cézanne, Matisse and Picasso are just some of the artists represented in the book, which was written under the guidance of Patrice Marandel, the curator of the European art collection at the LACMA, and features fine reproductions of original works.

This initiative is part of the *Des Musées à Lire* programme, which also helped fund two other publications in 2006. One such work honours the Palais des Beaux-Arts in Lille, which has one of France's richest collections of artworks, while the other focuses on the Paul Klee Centre in Berne, which was built by the famous architect Renzo Piano to house Klee's artwork.

Martin Zimmermann/Dimitri de Perrot

It has been a few years now since this Swiss duo crossed paths. Martin Zimmermann graduated as an interior designer but subsequently trained at the Swiss national circus school, while Dimitri de Perrot became a composer and DJ following his studies at Zurich's Italian-Swiss college. The two remain an enigma, and on stage inhabit an intricate but dream-like universe. Zimmermann is in charge of artistic direction, and is also an accomplished acrobat, clown and set designer. DJ Dimitri on the other hand sets Zimmerman's movements to music as well as pulling a few strings himself. After the last show they produced for French nouveau cirque company *Anomalie*, critics raved: "they are masters of acrobacy, image and sound. Accompanied by music arranged by an inspired DJ, this superb show is a feast for the brain as well as for the eyes". In 2006, the BNP Paribas Foundation committed to sponsoring the duo's latest creation, *Gaff Aff*, which promises to be a big success in Europe after its acclaimed run in Lausanne and Paris.

The Martial Solal Competition

Created in 1989 by the renowned pianist Martial Solal who is also chair of the jury, the Martial Solal International Jazz Piano Competition is one of the most prestigious events of its kind, and is held in high esteem by young performers and jazz lovers alike. This demanding competition is held every four years and brings together some 50 musicians from many different countries (around 20 countries were represented in 2006). The four competitions held so far have already unveiled major talent. In 2006 the BNP Paribas Foundation decided to lend its support to the often overlooked community of jazz musicians by financing its 2nd Grand Prix, which last year was awarded to Tigran Hamasyan, a young genius of 19. Born in Armenia and a scholarship student at the University of South Carolina since 2003, Tigran has already received the Thelonius Monk Jazz Piano Competition prize and recorded his first album in Los Angeles with the Nocturne Records label.



Medical research and volunteer activity

As part of its support for healthcare and research, the BNP Paribas Foundation assists researchers and physicians working in both medical research and applied clinical research. In this area, the Foundation works with pre-eminent scientific institutions to select beneficiaries. Funding generally takes the form of multi-year grants which are awarded to new research projects.

As part of its volunteer efforts, the BNP Paribas Foundation has been involved in a number of pilot projects aimed at promoting social cohesion and combating all forms of exclusion. These include *Projet Banlieues*, launched at the end of 2005, and the “*Coup de pouce aux projets du personnel*” programme, which in four years has helped fund associations in which employees are involved on a personal basis.

Projet Banlieues

At the end of 2005, BNP Paribas launched *Projet Banlieues* with a view to enhancing its efforts to promote job creation and social cohesion in underprivileged areas. The programme, coordinated by the BNP Paribas Foundation, was able to be rapidly implemented thanks to the Foundation's long-standing volunteer commitments, particularly its partnerships with national not-for-profit associations. The programme involves working closely with the local authorities concerned, assisted by a dedicated team and a strong commitment from local BNP Paribas branch managers.

A budget of EUR 3 million to invest over three years has been assigned to the *Projet Banlieues* initiative. Projects are selected and monitored by a sponsor committee made up of BNP Paribas staff as well as a representative from the *Fondation de France*.

This project mainly operates in seven *départements* and has three main focuses:

> Promoting job creation via microcredit in partnership with ADIE

This is an extension of BNP Paribas' 15-year partnership with ADIE, providing microloans to the unemployed and those on income support to enable them to set up their own businesses. It is hoped that the financial assistance provided by the Foundation will allow six new micro-credit outlets to be opened over three years in underprivileged inner-city areas to assist and partner 700 new small-scale businesses. The first such outlet was opened in Marseilles in 2006. On top of the financial aid and skills support offered by Cetelem, BNP Paribas staff – including a growing number of employees approaching retirement – also give up some of their free time to help the young entrepreneurs assisted by ADIE.

> Tutoring and mentoring in collaboration with AFEV

For approximately ten years, the BNP Paribas Foundation has been providing support to AFEV, a voluntary student organisation through which almost 5,000 students provide additional tutoring and mentoring for 10,000 young people from troubled backgrounds. The extra financing provided in connection with the *Projet Banlieues* programme will enhance AFEV's work in underprivileged areas where it has operations, and hopes to help create new resources to provide tutoring to a further 1,000 students. In 2006, the first outlet was launched in Nice and the association hired five permanent staff members. Furthermore, BNP Paribas has undertaken to promote AFEV initiatives and the work of volunteers among young people, through its network and targeted communication actions.

> Local initiatives

This third focus of the *Projet Banlieues* programme is to enable local associations to develop economic activity, aid youth insertion and promote social cohesion. Thirty-four projects were chosen for funding during the year in conjunction with local branch managers, and cover mainly education, professional integration, cultural development and lifelong learning initiatives. The financial backing assigned to each project will mainly be used to buy new equipment.

Institut Curie

The signal transduction and neuronal death research group at Institut Curie – Orsay is managed by Frédéric Saudou and has been sponsored by the BNP Paribas Foundation since 2001. The laboratory has refined its research into Huntington's disease, a serious neuro-degenerative disorder for which no treatment is currently available. In 2006, the laboratory team found that cysteamine – a molecule already used to clinically treat other disorders – could slow the progression of Huntington's in cultured neurons and in an animal model of the disease. As a result of this discovery, cysteamine will be clinically trialled across France as early as 2007.



Mentoring pupils in Pavillons-sous-Bois, Book fair, Montreuil

glossary

Accretion

Reverse of dilution. Accretion is where a corporate action (share buyback or issue of shares in a smaller proportion than the increase in income following a merger or public tender offer, for example) leads to an increase in earnings per share.

ADR (American Depositary Receipt)

Negotiable certificates representing one or several shares. Their face value is stated in dollars and interest is also payable in dollars. ADRs allow American investors to buy shares in foreign-based companies that are not quoted on an American Stock Exchange.

AMS

Asset Management and Services.

Arbitrage

Activity that consists of attempting to profit by price differences on the same or similar financial assets. For example, in the case of a takeover bid, where the predator offers a price that exceeds the price at which the target's shares are trading.

Attribution right

Right to receive bonus shares issued in connection with a capital increase paid up by capitalising retained earnings. Attribution rights are quoted.

Avoir fiscal

Dividend tax credit available to individual shareholders resident in France on the dividends distributed by French companies. The purpose of the tax credit is to avoid double taxation of distributed earnings, in the hands of the company and the shareholder. The *avoir fiscal* granted to individual shareholders resident in France is equal to one-half of the net dividend. It is deductible from personal income tax. If the *avoir fiscal* cannot be set off against taxable income, it is refunded by the French Treasury.

B2B or BtoB

Business to Business: sales of products or services by one company to another.

B2C or BtoC

Business to Consumer: sales of products or services by a company to a consumer.

B2E portal

Intranet site for Group employees. The home page includes a browser, links to services and a wealth of information concerning the various functions within the Group, practical information for employees and career information.

Back office

Department responsible for all administrative processing.

BNL bc

BNL banca commerciale (formerly *Banca Nazionale del Lavoro*).

Bond/debenture

Debt security whereby the issuer undertakes to pay the lender a fixed capital sum at a specific future date, plus twice-yearly or annual interest payments. Interest payments – generally at fixed rates – may vary over the life of the bond. Debentures are unsecured bonds.

Capital

Amount of cash or assets contributed by shareholders, plus any profits, retained earnings or premiums transferred to the capital account. The capital may be increased or reduced during the life of the company.

Capital increase

A method of increasing a company's shareholders' equity. The capital may be increased by issuing new shares for cash or in exchange for assets, such as shares in another company. Alternatively, it may be increased by capitalising additional paid-in capital, retained earnings or profits and either raising the par value of existing shares or issuing new shares without consideration. Existing shareholders may have a pre-emptive right to subscribe for the new shares or this right may be cancelled. A capital increase may be carried out to give new investors an opportunity to become shareholders. All capital increases must be authorised in advance by the shareholders, in Extraordinary General Meeting.

Cash flow

Cash generated by operations that can be used to finance investment without raising equity or debt capital.

CECEI

Comité des Établissements de Crédit et des Entreprises d'Investissement: Committee headed by the Governor of the Banque de France responsible for monitoring the proper operation of the French financial and banking system.

CIB	Corporate and Investment Banking, one of the BNP Paribas Group's core businesses.
<i>Comité Consultatif des Actionnaires</i>	Shareholder Consultation Committee. A group of individual shareholders selected to advise the company on its communications targeted at individual shareholders. The BNP Paribas <i>Comité Consultatif des Actionnaires</i> was set up in the first half of 2000, at the time of the merger.
Consolidated net income	Net income of the Group after deducting the portion of the profits of subsidiaries attributable to minority shareholders.
Convertible bond	Bond convertible into the issuer's shares on terms set at the time of issue.
Corporate governance	Series of principles and recommendations to be followed by the management of listed companies.
Coupon	The coupon represents the right of the holder of a security to collect an amount corresponding to the revenue distributed on the security for a given year.
Custody fee	Fee received by a bank or broker to hold and service securities recorded in a securities account. Custody fees are payable annually in advance. They are not refunded if the securities are sold during the year, but no fees are payable on securities deposited during the year until the beginning of the next year.
CVR (Contingent Value Rights Certificate)	Financial instrument generally issued in connection with the acquisition of a listed company, guaranteeing the value of the underlying security at a pre-determined date. The CVR entitles the shareholder of the target to receive an amount equal to the positive difference between the offer price and a "reference" price.
Derivatives	Contracts whose value is based on the performance of an underlying financial asset, index or other investment, used to hedge or profit from future changes in the value of the underlying.
Dilution	Impact on the rights attached to a share of the issue of securities (in connection with a capital increase, a merger, a stock-for-stock tender offer or the exercise of rights), assuming that there is no change in the total income of the issuer.
Dividend	Portion of net profit that the Annual General Meeting decides to distribute to shareholders. The amount of the dividend is recommended by the Board of Directors. It represents the revenue on the share and the amount can vary from one year to the next depending on the company's results and policy.
EONIA	Euro OverNight Index Average.
EUREX	A derivatives market.
EURIBOR (European InterBank Offered Rate)	The most commonly used money-market rate in the eurozone.
Euroclear	Formerly Sicovam. Clearing house for securities transactions.

Euronext SA	Company that operates the Paris, Brussels and Amsterdam Stock Exchanges. Euronext SA establishes market rules, decides to accept or reject listing applications and manages all trading technologies.
FCP (<i>Fonds Commun de Placement</i>)	Fund invested in stocks, bonds and/or money-market securities. An FCP is similar to a SICAV, but is not a separate legal entity. FCPs are generally smaller than SICAVs and are easier to manage. They are subject to less restrictive regulations and can be more specialised.
FRB	French Retail Banking.
Free cash flow	Cash available after financing operations and investments, available to pay down debt.
Free float	The amount of capital which is not under the control of stable shareholders. In other words, capital that can be freely bought and sold and is therefore available to investors, excluding for example shares held by the State, or shares that are subject to shareholders' pacts and so on. On 1 December 2003, the stocks that make up the CAC 40 index became weighted according to their free floats, as opposed to their market capitalisations. This change was born out of a desire to be consistent with the major world market indexes which already function in this manner, and to ensure greater comparability between industries and shares. BNP Paribas has a free float of 95% – one of the highest on the Paris stock market.
Gain/loss on securities	Positive/negative difference between the sale price of a security and the purchase price.
Goodwill	Difference between the cost of shares and the Group's equity in the fair value of the underlying net assets.
Hedge funds	Funds that take both long and short positions, use leverage and derivatives and invest in many markets.
IAS	International Accounting Standards.
IFRS	International Financial Reporting Standards.
IFU (<i>Imprimé Fiscal Unique</i>)	French tax return issued by a bank or broker, listing all the securities transactions carried out on behalf of the taxpayer and all the coupon payments made to the tax payer.
Institutional investor	Financial institution which, by definition or by virtue of its articles of association, is required to hold a certain proportion of its assets in stocks and shares. Examples include insurance companies and pension funds.
Investment club	A variable- or split-capital company, which enables its members to jointly manage a portfolio of marketable securities formed from an initial investment and/or regular capital contributions. Clubs benefit from a favourable regime in respect of capital gains tax. The FNACI (National Federation of Investment Clubs), which is located at 39, rue Cambon, 75001 Paris, provides on request all the information required for the launching and smooth running of these clubs.
IRB	International Retail Banking, one of the BNP Paribas Group's core businesses.
IRFS	International Retail Banking and Financial Services
ISIN code	The new identification number for securities listed on the stock market. The ISIN code replaces the well-known Sicovam code which had since become the Euroclear code. On 30 June 2004, Euronext Paris put an end to its existing system for identifying securities and replaced it with a system that uses ISIN codes. Having already been adopted by a number of European stock markets including Amsterdam, Brussels, Lisbon and Frankfurt, the new system gives a unique identity to each share and therefore facilitates cross-border transactions between investors, primarily by improving harmonisation within Euronext. The ISIN code comprises 12 characters: 2 letters to indicate the issuing country (e.g., FR for France and US for the United States) and 10 figures. BNP Paribas's ISIN code is FR0000131104.

LBO	Leveraged Buy Out. Company acquisition financed primarily by debt. In practice, a holding company is set up to take on the debt used to finance the acquisition of the target. The interest payments due by the holding company are covered by ordinary or exceptional dividends received from the acquired target.
LIFFE	London International Financial Futures and Options Exchange.
Liquidity	Ratio between the volume of shares traded and the total number of shares in issue.
LME	London Metal Exchange.
M & A	Mergers & Acquisitions.
Market capitalisation	Value attributed to a company by the stock market. Market capitalisation corresponds to the share price multiplied by the number of shares outstanding.
Market-maker/ Market-making contract	Market-makers commit to maintaining firm bid and offer prices in a given security by standing ready to buy round lots at publicly-quoted prices. Market-making contracts generally concern mid-cap stocks and are intended to enhance the stocks' liquidity. In France, market-making contracts (contrats d'animation) are entered into between Euronext, the issuer and a securities dealer.
MONEP (<i>Marché d'Options Négociables de Paris</i>)	Paris traded options market, including CAC 40 index options and equity options.
OAT (<i>Obligation Assimilable du Trésor</i>)	French government bonds.
OCEANE (<i>Obligation Convertible En Actions Nouvelles ou Existantes</i>)	Bond convertible for new shares or exchangeable for existing shares of the issuer.
OPA (<i>Offre Publique d'Achat</i>)	French acronym for a public tender offer for cash.
OPE (<i>Offre Publique d'Échange</i>)	French acronym for a public stock-for-stock tender offer.
OPF (<i>Offre à Prix Fixe</i>)	French acronym for a public offering of securities at a set price.
OPR (<i>Offre Publique de Retrait</i>)	French acronym for a compulsory buyout offer (final stage in a squeeze-out).
OPRA (<i>Offre Publique de Rachat d'Actions</i>)	French acronym for an offer to buy out the minority shareholders of a company that is already largely controlled (first stage in a squeeze-out).
Option	Contract giving the buyer the right (but not the obligation), to purchase or sell a security at a future date, at a price fixed when the option is written (exercise price), in exchange for a premium paid when the option is purchased. Options to purchase a security are known as calls and options to sell a security are known as puts.

OPV (<i>Offre Publique de Vente</i>)	French acronym for a public offering of securities at a set price.
ORA (<i>Obligation Remboursable en Actions</i>)	French acronym for equity notes, representing bonds redeemable for shares.
P/E	Price/Earnings ratio. Ratio between the share price and earnings per share. The P/E serves to determine the multiple of earnings per share represented by the share price.
Par value	The par value of a share is the portion of capital represented by the share.
PEA (<i>Plan d'Épargne en Actions</i>)	French name for personal equity plans. Savings products designed to promote private share ownership, invested in shares of companies that have their headquarters in a European Union country or in units in qualifying unit trusts. Revenues and capital gains are exempt from personal income tax and capital gains tax provided that the savings are left in the plan for at least five years. Investments in PEAs are capped at EUR 120,000 per individual.
PEE (<i>Plan d'Épargne Entreprise</i>)	French name for employee share ownership plans. Payments into the plan and reinvested interest are exempt from personal income tax provided that they are left in the plan for at least five years (with early withdrawal allowed in certain specific cases). Surrender gains are also exempt from personal income tax.
Pre-emptive subscription rights	When a company issues shares for cash, each shareholder has a pre-emptive right to subscribe for a number of new shares pro rata to the number of shares already held. The right can be traded on the stock market. Companies can ask the General Meeting to cancel shareholders' pre-emptive subscription rights to facilitate certain operations or allow the company to open up its capital to new investors.
Preference shares	Preference shares are shares that pay dividends at a specified rate and have a preference over ordinary shares in the payment of dividends and the liquidation of assets. They do not carry voting rights.
Price guarantee	When a company acquires control of a listed target, it is required to offer the target's minority shareholders the opportunity to sell their shares at the same price as that received by the sellers of the controlling interest. The offer must remain open for at least fifteen trading days.
Primary market	Market where newly-issued securities are bought and sold.
Prime brokerage	Activity consisting of providing a wide range of services to hedge funds, including financing, securities settlement/delivery, custody, securities lending/borrowing, etc.
Public tender offer	Offer to buy shares of a company, usually at a premium above the shares' market price, for cash or securities or a combination of both. Where only a small proportion of the company's shares are traded on the market and the offer is followed by a compulsory buyout, the process is known as a "squeeze-out".
Quorum	General Meetings can take place only if there is a quorum. For Ordinary General Meetings, on first call there is a quorum if the shareholders present and represented hold at least 1/4 of the voting rights. There is no quorum requirement on second call. For Extraordinary General Meetings, the quorum corresponds to 1/3 of the voting rights on first call and 1/4 on second call. For Combined Meetings, the quorum requirements depend on whether the resolutions are "ordinary" or "extraordinary".

Quotation	The quotation determines the price of a security on the market at a given point in time. Prices are generally quoted on a continuous basis throughout the day (from 9:00 a.m. to 5:30 p.m.), providing a real-time indication of the prices at which the security concerned is changing hands. Continuous quotation allows market players to closely track market trends. Quotations for securities with a low trading volume are made once a day.
Rating/rating agencies	A rating represents an assessment of the default risk on debt securities. The rating awarded to an issuer has a direct impact on the issuer's borrowing costs. Changes in ratings also have a significant impact on the issuer's share price. The main rating agencies are Standard & Poor's, Moody's and Fitch.
Report	On the Euronext Paris market, transaction allowing an investor to carry forward a buy or sell position from one deferred settlement date to the next.
ROE	Return on Equity. Ratio between consolidated net income and consolidated shareholders' equity.
Secondary market	Market where securities are bought and sold subsequent to their issue.
Settlement	Monthly date when transactions with deferred settlement (<i>Service de Règlement Différé</i>) are unwound (or extended). This date corresponds to the fifth trading day before the last trading day in the month.
Share	A share is a transferable security representing a portion of the capital of a limited company or a partnership limited by shares. Ownership of shares is evidenced by an entry in the issuer's share register (registered shares) or in a securities account kept in the holder's name by a bank, stockbroker or other accredited intermediary (bearer shares). Shares quoted on the stock exchange are also referred to as "equities".
SICAV (<i>Société d'Investissement à Capital Variable</i>)	Variable capital investment company that manages a portfolio of securities on behalf of its shareholders. Shares may be purchased or redeemed at any time. The shares are not listed but their value (corresponding to the company's net asset value per share) varies each day based on changes in the value of the securities held in the portfolio.
SICOVAM (<i>Société Interprofessionnelle pour la Compensation des Valeurs Mobilières</i>)	Now renamed Euroclear France. Organisation responsible for clearing securities trades, centralising all stock market transactions and facilitating the transfer of securities between member institutions.
SPVT (<i>Spécialiste en Pension des Valeurs du Trésor</i>)	Primary dealer in French government bond repos.
SRD (<i>Service de Règlement Différé</i>)	French market where the main French and foreign equities are traded. Equities or bonds purchased with deferred settlement are purchased on credit. The buyer is required to settle the purchase price and the seller is required to deliver the securities on the next settlement date, unless one or other of the parties asks for the transaction to be carried over to the next settlement date (report).

Subscription right	Right to participate in a share issue for cash.
TBB (<i>Taux de Base Bancaire</i>)	Interest base rate.
TMO (Taux Mensuel de Rendement des Emprunts Obligataires)	Interest rate corresponding to the monthly bond yield.
TPI (<i>Titre au Porteur Identifiable</i>)	Procedure allowing issuers to obtain information about the identity of holders of bearer shares from Euroclear.
Trade Centre	Specialised sales force set up by BNP Paribas to partner its corporate customers' international development. The Trade Centres offer importers and exporters a wide range of customised services based on the "one-stop-shopping" principle.
Treasury shares	Shares held by the issuer. Treasury shares are stripped of voting and dividend rights and are not taken into account in the calculation of earnings per share.
TSDI (<i>Titre Subordonné à Durée Indéterminée</i>)	French acronym for perpetual subordinated notes.
TSR	Total Shareholder Return: corresponding to return on the capital invested by shareholders, including dividends and unrealised gains on the shares.
UCITS	Undertaking for Collective Investment in Transferable Securities. Term covering unit trusts and variable capital investment companies.
Voting right	Right of a shareholder to vote in person or by proxy at General Meetings.
Warrant	Certificate issued on a stand-alone basis or strippable from another security (share, bond) giving the holder the right to acquire securities (share, bond). Warrants issued by financial institutions acting as market-maker give the holder the right to purchase (call warrant) or sell (put warrant) various underlyings (interest rate, index, currency, equities) at a fixed exercise price during a fixed exercise period. Although these warrants constitute options, they cannot be sold short.
Work flow	Process automation technology allowing the sequential transmission of digital documents and files to the various people responsible for processing the data.
Yield	Indicator of the return on an investment, expressed in percent. For shares, the yield corresponds to the ratio between the last dividend paid and the last share price.



Publication and Design:
 BNP Paribas Corporate Communications Department

Creation and Production:
 **TERRE DE SIÈGNE** Paris

Photo credits:

Rapho

Pascal Golemeux - Jacques Giron - Grégoire Kerganow - Gilles Leindorfer - Laurent Monlau - Jean-Erick Pasquier



HEAD OFFICE 16, boulevard des Italiens – 75009 Paris (France) • Tel.: +33 1 40 14 45 46 • RCS Paris 662 042 449
Société anonyme (Public Limited Company) with capital of EUR 1,865,756,980

SHAREHOLDERS' RELATIONS Tel.: +33 1 42 98 21 61 / +33 1 40 14 63 58

www.bnpparibas.com

The bank for a changing world



BNP PARIBAS