

Annual Report 2008



BNP PARIBAS | The bank for a changing world



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A European leader with global operations



**Over 170,000 employees
in more than 80 countries**

Europe 132,000 employees

including **France 64,000** employees

United States 15,000 employees

Asia 9,500 employees

Africa 8,900 employees

Rest of world 6,800 employees

Key figures

Results (in millions of euros)

	31 December 2007	31 December 2008
Total Assets	1,694,454	2,075,551
Customer deposits	445,103	494,401
Customer loans (gross)	346,704	413,955
Shareholder's equity	53,799	53,228
International capital adequacy ratio	10.0%*	11.1%**
Tier one ratio	7.3%*	7.8%**

(*) Bâle I.

(**) Bâle II.

Workforce (Full-time equivalent)

	2007	2008
World	162,687	173,188
Europe (including overseas department and territories)	126,000	132,759

Long-term credit ratings

Standard & Poor's	AA	Negative outlook	rating revised on 28 January 2009
Moody's	Aa1	Negative outlook	outlook revised on 16 January 2009
Fitch	AA	Negative outlook	outlook revised on 3 February 2009

Presentation of the Group

BNP Paribas is a European leader in global banking and financial services and one of the six strongest banks in the world according to Standard & Poor's. Present across Europe through all its business lines, the Group has two domestic retail banking markets in France (French Retail Banking) and Italy (BNL). It has one of the largest international networks with operations in more than 80 countries and over 170,000 employees, including over 130,000 in Europe. BNP Paribas has key positions in its three core businesses:

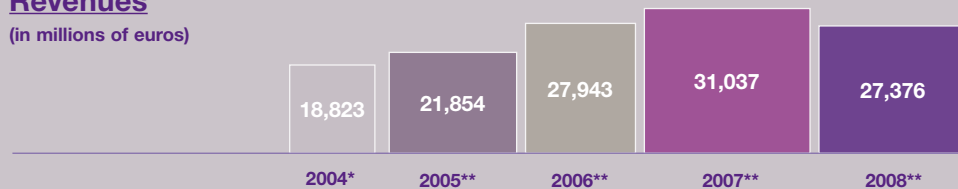
Retail Banking

Corporate & Investment Banking (CIB)

Asset Management & Services (AMS)

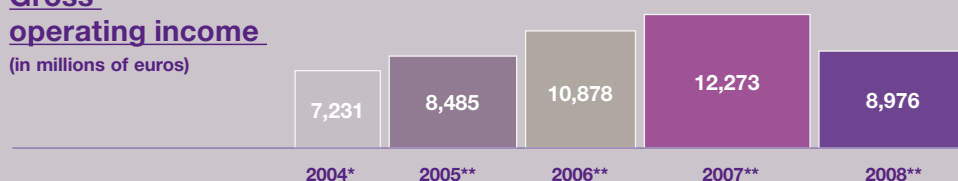
Revenues

(in millions of euros)



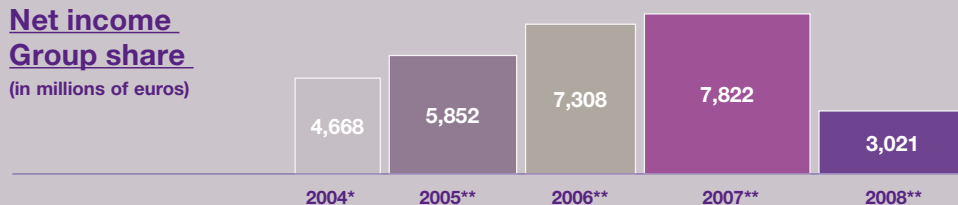
Gross operating income

(in millions of euros)



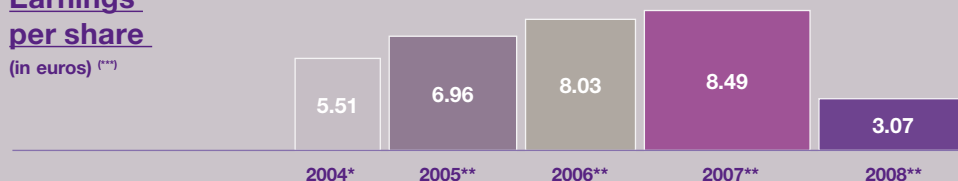
Net income Group share

(in millions of euros)



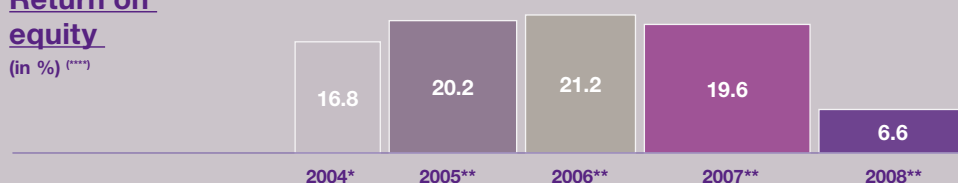
Earnings per share

(in euros) (***)



Return on equity

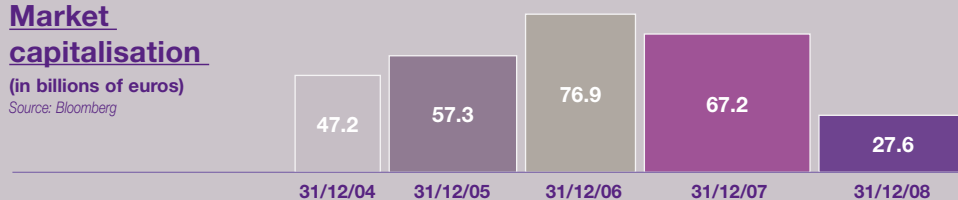
(in %) (***)



Market capitalisation

(in billions of euros)

Source: Bloomberg



(*) Under French GAAP.

(**) Under International Financial Reporting Standards (IFRS) as adopted by the European Union.

(***) Adjusted for the impact of the 2006 rights issue on years 2003 to 2005.

(****) Return on equity is calculated by dividing net income Group share (adjusted for interest on undated super-subordinated notes deemed equivalent to preferred shares issued by BNP Paribas SA and treated as a dividend for accounting purposes) by average equity attributable to equity holders at 1 January and 31 December of the period concerned (after distribution and excluding undated super-subordinated notes deemed equivalent to preferred shares issued by BNP Paribas SA).

Chairman and Chief Executive Officer's statement



Comfortable results despite the unprecedented crisis

2008 was a year of unprecedented crisis for the entire financial services industry, leading to the disappearance, takeover or nationalisation, either *de jure* or *de facto*, of many operators, including some large banking and insurance groups in both the United States and Europe. It took massive government and central bank intervention to avoid systemic failure following the collapse of Lehman Brothers in September. This caused a severe liquidity crunch and a stock market tumble the like of which has not been seen since the nineteen thirties.

Along with the rest of the sector, BNP Paribas was badly affected by the crisis in the final quarter, due to the massive fall in the equity markets and market dislocation. However, we remained comfortably profitable over the year as a whole, reporting net earnings of EUR 3 billion, putting us among the Top 10 banks in the world. During this year of crisis, we have therefore demonstrated the robustness of our diversified customer-driven business model and our healthy financial structure, which was further strengthened in early 2009 by our participation in the second tranche of the French government's economic stimulus plan.

BNP Paribas' main strength lies in its customer franchises, which were further strengthened in 2008 across most of its business activities. In 2009, more than ever before, we intend to leverage this strength by remaining close to our customers and true to our credo of "real economy bank".

2008 results

2008 revenues were driven by good performances from Retail Banking and Asset Management and Services, which produced a pre-tax return on allocated equity of 25% and 28% respectively.

Retail Banking continued to perform well, supported by the growing appeal of our brand.

French Retail Banking reported strong growth in its customer franchise, attracting more than 200,000 new retail customers over the year, and a sharp improvement in customer satisfaction. Continued revenue growth, coupled with strict cost and risk discipline, resulted in a slight increase in pre-tax income. Under the circumstances, this is an excellent performance.

During 2008, we also successfully completed the integration of **BNL**. Synergies were revised up by 15% in early 2008 compared with the initial plan and were fully achieved

at 31 December 2008, thereby confirming the Bank's integration capability. BNL continued to enjoy strong business momentum, attracting a net new 47,000 retail current accounts. It also met its target of delivering positive jaws of 5 percentage points between revenue and cost growth, resulting in a sharp increase in pre-tax income.

BancWest continued to perform well despite the deterioration in the economic environment, reporting pre-tax income of EUR 333 million. BancWest is one of the very few US retail banks to have made a comfortable profit in 2008.

Emerging Markets reported 11.5% growth in pre-tax income despite the severe economic crisis that hit Ukraine. Business momentum remained strong, with 250,000 new customers.

In its first year as the specialist entity housing all the Group's personal lending operations, **Personal Finance** posted good revenue growth but a sharp increase in the cost of risk drove pre-tax income down to EUR 666 million compared with EUR 808 million in 2007. Lastly, **Equipment Solutions** was affected by a sharp deterioration in operating conditions, with falling used vehicle prices and an increase in the cost of leasing risk leading to a significant decline in pre-tax income.

Asset Management and Services (AMS) attracted net new inflows of EUR 11 billion in 2008, an altogether exceptional performance in current market conditions, largely due to the AMS teams' dedication and the Group's solid, professional reputation. BNP Paribas was one of the very few banks to achieve net asset inflows in 2008.

Corporate and Investment Banking (CIB) experienced growing difficulties in its capital markets activities in 2008, which had a severe adverse impact on its results and those of the Group. Although comfortably profitable in the first half, CIB fell just below breakeven in the third quarter before suffering heavy losses in October and November. In line with our policy of transparency, we reported CIB's results to the market at the end of November as soon as we had the details.

BNP Paribas at a glance

EUR 3 BILLION
IN NET INCOME
(GROUP SHARE)
DESPITE FINANCIAL CRISIS

Revenues
EUR 27,376 million

Gross operating income
EUR 8,976 million

Net income group share
EUR 3,021 million

ROE after tax
6.6%

Dividend
EUR 1.00

**STRENGTHENING
FINANCIAL STRUCTURE**

Tier one ratio
31/12/2008: 7.8%
(31/12/2007: 7.3%)

Chairman and Chief Executive Officer's statement

The October and November losses were due to the residual risks retained by the bank when selling hedging instruments to its clients, mainly in the equity markets. Under normal market conditions, our own hedging strategies would have strictly contained these risks but market dislocation during this period, reflected in exceptionally high volatility and an unprecedented correlated fall in all asset classes, made them very difficult to manage.

We reacted very quickly to the new environment and began to implement action plans as of the year-end. Our capital market business will substantially reduce its exposure to risk, streamline its organisation and refocus its offering on simpler products. These products are not only what our clients are looking for during these difficult times but they also generate residual risks which are easier to manage in current market conditions.

Firm implementation of this action plan should enable CIB to gradually regain its position as a major contributor to Group results. Its customer-driven model has proved to be one of the most robust in a crisis market, illustrated by the Bank's first ever world Top 10 place in mergers & acquisitions, the strong resilience shown by our financing businesses and market share gains in many of our specialities.

2009

2009 will be a year of continued strong uncertainty, with most observers forecasting a world recession which will obviously affect the entire financial sector.

As in 2008, we will continue to draw on our structural strengths to ride out the crisis, namely our diversified business model with its strong weighting to retail banking, our robust financial structure which was further strengthened in March 2009 by the issuance of EUR 5.1 billion of preference shares, and our customer-driven business model and values.

We will also take a proactive approach by implementing the action plans for each of our core businesses as announced upon publication of our 2008 results.

In all our businesses, customer service, risk control, capital and liquidity management and cost discipline will remain our key priorities.


Retail banking will continue to roll out its plan to create an umbrella organisation for all the Retail Banking businesses in order to speed up their development and their overall coherence.

Investment Solutions (the new name for AMS) will pursue its integrated strategy with a focus on providing integrated solutions for its clients and seeking productivity gains.

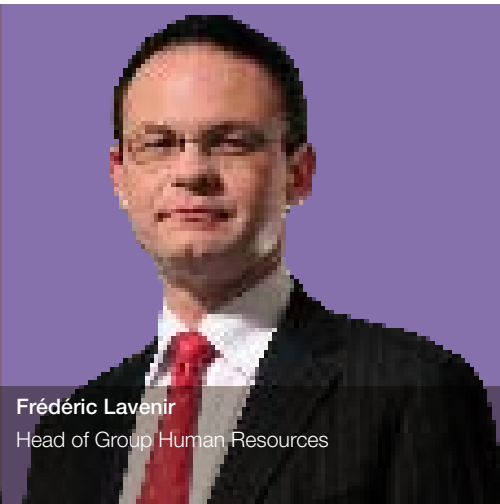
Lastly, we confirm our ambitions for CIB, based on a customer-driven model and some very strong positions, particularly in Europe. During 2009, CIB will continue to adapt its organisation to the new environment, tailor its product offering to new client needs, reduce its exposure to risk and rationalise its operations.

The crisis that first hit the financial sector in mid-2007 has continued to escalate as time goes by. It has seriously tarnished the sector's image with its customers and the general public by uncovering some serious malfunctions and the excesses of a number of operators who had completely lost sight of the reality of customer needs. Paradoxically, this crisis of confidence creates an exceptional opportunity for players that can position themselves at the heart of the banking industry's core purpose. Rarely have customers – whether personal, corporate or institutional – understood as well as they do today the importance of having a bank that will finance their projects and safeguard their assets. Because we at BNP Paribas are always striving to be at the leading edge of innovation, without losing sight of our customers' interests or our ethical values, we have managed to survive the crisis much better than most, despite the events that unfurled in the latter part of the year. More importantly, we have the means to play a leading role in restoring credibility and confidence in the banking sector.

We have a team of exceptionally professional and committed people. Their strong sense of initiative, their solidarity and cohesion give each component of the Group the ability to rise to the challenges of 2009. More than ever before, our goal is to consolidate on the leading position forged by BNP Paribas, the bank for a changing world, in a European and world banking industry in the throes of far-reaching change.

7 February 2009 

Executive Committee



Since November 2007, the Executive Committee of BNP Paribas has been assisted by a permanent secretariat.

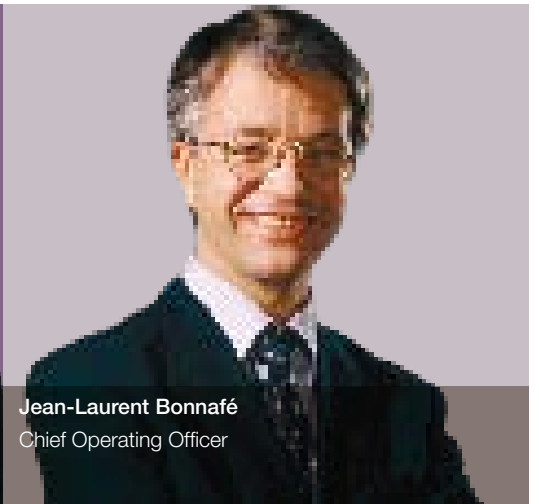
Jacques d'Estais, current Head of CIB, was appointed Head of AMS. **Alain Papiasse**, current Head of AMS, was appointed Head of CIB. Both appointments shall be effective as of 31 March 2009.



Georges Chodron de Courcel
Chief Operating Officer



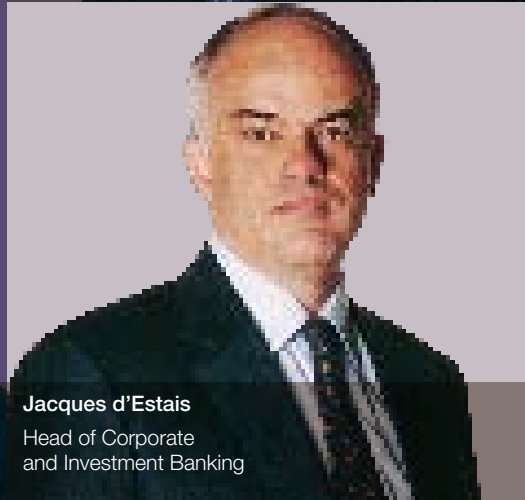
Baudouin Prot
Chief Executive Officer



Jean-Laurent Bonnafé
Chief Operating Officer



Fabio Gallia
Head of BNL bc



Jacques d'Estais
Head of Corporate
and Investment Banking



Michel Konczaty
Chief Risk Officer

Memberships of the Board of directors



Michel
PÉBEREAU

Principal function⁽¹⁾:
Chairman of the Board of directors of BNP Paribas

- Born on 23 January 1942
- Elected on 23 May 2006. Term expires at the 2009 AGM
- First elected to the Board on: 14 May 1993
- Number of BNP Paribas shares held⁽²⁾: 184,192
- Office address:
3, rue d'Antin – 75002 Paris, France

Functions at 31 December 2008⁽¹⁾

Director of:
Lafarge, Compagnie de Saint-Gobain, Total, BNP Paribas SA (Switzerland), Eads NV (Netherlands), 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:
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:
Académie des sciences morales et politiques, the 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)



Patrick
AUGUSTE

Principal function⁽¹⁾:
Real estate project manager

- Born on 18 June 1951
- Director elected to a three-year term by BNP Paribas executive employees on 7 March 2006
- First elected to the Board on: 14 December 1993
- Number of BNP Paribas shares held⁽²⁾: 33
- Office address:
20, avenue Georges-Pompidou 92300 Levallois-Perret, France



Claude
BÉBÉAR

Principal function⁽¹⁾:
Honorary Chairman of AXA

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

Functions at 31 December 2008⁽¹⁾

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:
IMS-Entreprendre pour la Cité, Institut Montaigne

Member of:
International Advisory Panel of the Monetary Authority of Singapore



Jean-Louis
BEFFA

Principal function⁽¹⁾:
Chairman of the Board of directors of Compagnie de Saint-Gobain

- Born on 11 August 1941
- Elected on 23 May 2006. Term expires at the 2009 AGM
- First elected to the Board on: 22 October 1986
- Number of BNP Paribas shares held⁽²⁾: 13,986
- Office address:
"Les Mirrors"
18, avenue d'Alsace 92096 La Défense Cedex, France

Functions at 31 December 2008⁽¹⁾

Vice-Chairman of the Board of directors of:
BNP Paribas

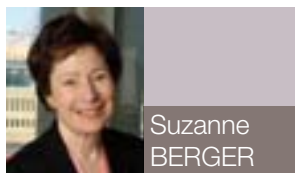
Chairman of:
Claude Bernard Participations

Director of:
GDF SUEZ, Groupe Bruxelles Lambert (Belgium), Saint-Gobain Corporation (United States)

Member of the Supervisory Board of:
Siemens AG (Germany), Le Monde SA, Le Monde & Partenaires Associés (SAS), Société Éditrice du Monde

⁽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 2008.



Suzanne
BERGER

Principal function⁽¹⁾ :

Professor of Political Science at the Massachusetts Institute of Technology, Cambridge, Massachusetts (USA) – *Director* of the MIT International Science and Technology Initiative (MISTI)

- Born on 11 March 1939
- Elected on 21 May 2008. Term expires at the 2011 AGM
- First elected to the Board on: 8 March 2007
- Number of BNP Paribas shares held⁽²⁾: 250
- Office address:
30, Wadsworth Street,
E53-451 Cambridge,
MA 02139-4307, USA

Functions at 31 December 2008⁽¹⁾

Member of:

American Academy of Arts and Sciences

Research associate and member of:

the Executive Committee of Center for European Studies at Harvard University



Jean-Marie
GIANNO

Principal function⁽¹⁾ :

Sales associate

- Born on 7 September 1952
- 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 Gianni was an employee representative on the Board of Banque Nationale de Paris from 1993 to 1999)
- Number of BNP Paribas shares held⁽²⁾: 10
- Office address:
21, avenue Jean-Médecin
06000 Nice – France

Functions at 31 December 2008⁽¹⁾

Member of:

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



François
GRAPPOTTE

Principal function⁽¹⁾ :

Honorary Chairman of Legrand, Director of companies

- Born on 21 April 1936
- Elected on 21 May 2008. Term expires at the 2011 AGM
- First elected to the Board on: 4 May 1999
- Number of BNP Paribas shares held⁽²⁾: 2,537
- Office address:
128, avenue de-Lattre-de-Tassigny
87045 Limoges, France

Functions at 31 December 2008⁽¹⁾

Director of:

Legrand, Legrand France

Member of the Supervisory Board of:

Michelin



Alain
JOLY

Principal function⁽¹⁾ :

Director of Air Liquide

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



Denis
KESSLER

Principal function⁽¹⁾ :

Chairman and Chief Executive Officer of Scor SE

- Born on 25 March 1952
- Elected on 23 May 2006. Term expires at the 2009 AGM
- First elected to the Board on: 23 May 2000
- Number of BNP Paribas shares held⁽²⁾: 2,000
- Office address:
1, avenue du Général-de-Gaulle
92074 Paris-La Défense Cedex,
France

Functions at 31 December 2008⁽¹⁾

Scor Group

Chairman of:

Scor Global P&C SE, Scor Global Life US Re Insurance Company (United States), Scor Global Life Re Insurance Company of Texas (United States), Scor Reinsurance Company (United States), Scor US Corporation (United States), Scor Holding (Switzerland) AG (Switzerland)

Chairman of Supervisory Board of:

Scor Global Investments SE

Director of:

Scor Global Life SE, Scor Canada Reinsurance Company (Canada)

Other functions

Director of:

Bolloré, Dassault Aviation, Dexia SA (Belgium), Fonds Stratégique d'Investissement, Invesco Ltd (United States)

Member of the Supervisory Board of:

Yam Invest NV (Netherlands)

Non-voting director of:

Financière Acofi SA, Gimar Finance & Cie SCA

Member of:

Commission Économique de la Nation, Conseil Économique et Social, Board of directors of Siècle, Association de Genève, Board of the French Foundation for Medical Research, Comité des Entreprises d'Assurance

Chairman of:

Board of directors of: Siècle, Cercle de l'Orchestre de Paris

Vice-Chairman of:

Reinsurance Advisory Board

Global Counsellor of:

Conference Board



Jean-François
LEPETIT

Principal function⁽¹⁾ :

Chairman of Conseil national de la comptabilité

- Born on 21 June 1942
- Elected on 21 May 2008. Term expires at the 2011 AGM
- First elected to the Board on: 5 May 2004
- Number of BNP Paribas shares held⁽²⁾: 7,500
- Office address:
30, boulevard Diderot
75572 Paris Cedex 12, France

Functions at 31 December 2008⁽¹⁾

Director of:

Smart Trade Technologies SA, Shan SA

Member of:

Board of the QFCRA – Qatar Financial Center Regulatory Authority – (Doha), Collège de l'Autorité des Marchés Financiers



Laurence
PARISOT

Principal function⁽¹⁾ :

Vice-Chairman of the Board of directors of IFOP SA

- Born on 31 August 1959
- Elected on 23 May 2006. Term expires at the 2009 AGM
- First elected to the Board on: 23 May 2006
- Number of BNP Paribas shares held⁽²⁾: 360
- Office address:
6-8, rue Eugène-Oudiné
75013 Paris, France

Functions at 31 December 2008⁽¹⁾

Chairman of:

Mouvement des Entreprises de France (MEDEF)

Director of:

Coface SA

Member of the Supervisory Board of:

Michelin



Hélène
PLOIX

Principal function ⁽¹⁾ :

Chairman of Pechel Industries SAS and Pechel Industries Partenaires SAS

- Born on 25 September 1944
- Elected on 21 May 2008. Term expires at the 2011 AGM
- First elected to the Board on: 21 March 2003
- Number of BNP Paribas shares held ⁽²⁾ : 1,371
- Office address: 162, rue du Faubourg-Saint-Honoré 75008 Paris, France

Functions at 31 December 2008 ⁽¹⁾

Director of:

Lafarge, Ferring SA (Switzerland), Completel NV (Netherlands)

Permanent representative:

Pechel Industries Partenaires in Ypsos Holding (Luxembourg)

Member of the Supervisory Board of:

Publicis Groupe

Legal manager of:

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

Member of :

Investment Committee : of the United Nations Staff Pension Fund



Baudouin
PROT

Principal function ⁽¹⁾ :

Director and Chief Executive Officer of BNP Paribas

- Born on 24 May 1951
- Elected on 21 May 2008. Term expires at the 2011 AGM
- First elected to the Board on: 7 March 2000
- Number of BNP Paribas shares held ⁽²⁾ : 118,311
- Office address: 3, rue d'Antin 75002 Paris, France

Functions at 31 December 2008 ⁽¹⁾

Director of:

Accor, Pinault-Printemps-Redoute, Veolia Environnement, Erbé SA (Belgium), Pargesa Holding SA (Switzerland)

Member of:

Executive Committee of Fédération Bancaire Française



Louis
SCHWETZER

Principal function ⁽¹⁾ :

Chairman of the Board of directors of Renault

- Born on 8 July 1942
- Elected on 15 May 2007. Terms expires at the 2010 AGM
- First elected to the Board on: 14 December 1993
- Number of BNP Paribas shares held ⁽²⁾ : 6,255
- Office address: 8-10, avenue Émile-Zola 92109 Boulogne-Billancourt Cedex, France

Functions at 31 December 2008 ⁽¹⁾

Chairman of the Board of directors of:

AstraZeneca Plc (United Kingdom)

Chairman of the Supervisory Board of:

Le Monde & Partenaires Associés (SAS), Le Monde SA, Société Editrice du Monde

Director of:

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:

Banque de France, Allianz (Germany)

Member of the Board:

Fondation Nationale des Sciences Politiques, Institut Français des Relations Internationales, Musée du Quai Branly



Daniela
WEBER-REY

Principal function ⁽¹⁾ :

Partner at Clifford Chance, Frankfurt

- Born on 18 November 1957
- Elected on 21 May 2008. Term expires at the 2011 AGM
- First elected to the Board on: 21 May 2008
- Number of BNP Paribas shares held ⁽²⁾ : 850
- Office address: Mainzer Landstrasse 46 D 60325 – Frankfurt-am-Main, Germany

Functions at 31 December 2008 ⁽¹⁾

Member:

Advisory group on corporate governance and company law of the European Commission, Expert Group on "Removing obstacles to cross-border investments" of the European Commission, German Government Commission on the German Corporate Governance Code

Other corporate officers

Jean-Laurent
BONNAFÉ

Principal function ⁽¹⁾ :

Chief Operating Officer of BNP Paribas

- Born on 14 July 1961
- Number of BNP Paribas shares held ⁽²⁾ : 12,853
- Office address: 3, rue d'Antin 75002 Paris, France

Functions at 31 December 2008 ⁽¹⁾

Director of:

Carrefour, BNP Paribas Personal Finance, Banca Nazionale del Lavoro (Italy)

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⁾ : 70,050
- Office address: 3, rue d'Antin 75002 Paris, France

Functions at 31 December 2008 ⁽¹⁾

Chairman of:

Compagnie d'Investissement de Paris SAS, Financière BNP Paribas SAS, BNP Paribas Suisse SA (Switzerland)

Director of:

Alstom, Bouygues, Société Foncière, Financière et de Participations SA, Nexans, BNP Paribas ZAO (Russia), Erbé SA (Belgium), Scor Holding (Switzerland) AG (Switzerland), Verner Investissements SAS

Member of the Supervisory Board of:

Lagardère SCA

Non-voting director of:

Exane, Safran, Scor SA

⁽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 2008.

Remuneration

The tables below show gross remuneration payable for the year to 31 December 2008, including benefits in kind and directors' fees.

Remuneration payable for 2008 In euros	Remuneration		Directors' fees ⁽³⁾	Benefits in kind ⁽⁴⁾	TOTAL Remuneration
	Fixed ⁽¹⁾	Variable ⁽²⁾			
Michel Pébereau Chairman of the Board of directors					
2008	700,000	-	29,728	1,671	731,399
(2007)	(700,000)	(875,000)	(29,728)	(2,490)	(1,607,218)
Baudouin Prot Chief Executive Officer					
2008	945,833	-	118,907	5,064	1,069,804
(2007)	(900,000)	(2,272,608)	(142,278)	(5,362)	(3,320,248)
Georges Chodron de Courcel Chief Operating Officer					
2008	595,833	-	117,628	4,370	717,831
(2007)	(545,833)	(1,772,120)	(147,977)	(4,271)	(2,470,201)
Jean-Laurent Bonnafé Chief Operating Officer (period from 1 September to 31 December 2008)					
2008	166,667	-	18,958	1,445	187,070
(2007)	-	-	-	-	-
Jean Clamon Chief Operating Officer (period from 1 st January to 31 August 2008)					
2008	306,667	-	32,461	3,135	342,263
(2007)	(460,000)	(702,255)	(139,690)	(4,703)	(1,306,648)
Total remuneration payable to the Group's corporate officers for 2008					3,048,367
(for 2007)					(8,704,315)

(1) Remuneration actually paid in 2008.

(2) Variable remuneration payable for 2007 and 2008, where applicable 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 by the Chief Executive Officer from Erbé and BNL are deducted from his variable remuneration.

Georges Chodron de Courcel receives fees in his capacity as a director of BNP Paribas Suisse, BNL and Erbé.

These fees are deducted from his variable remuneration.

Jean Clamon has received fees in his capacity as a director of Cetelem, Paribas International and BNL.

Jean-Laurent Bonnafé receives fees in his capacity as a director of BNL. For practical reasons, the practice of deducting these fees from his variable remuneration will not be implemented until 1 January 2009.

(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.

Compensation of directors⁽¹⁾

- Directors who are not Group employees receive no form of compensation other than directors' fees (55)⁽²⁾.
- The amount of fees payable to each director individually has remained unchanged since 2005, at EUR 29,728, including EUR 14,864 – 50% of the total – as the fixed portion and EUR 1,238.67 per meeting. The Chairman of the Board of directors does not, however, receive any additional fees under this rule. To take into account the additional constraints they face, directors who live outside France are paid 1.5 times the fixed portion of directors' fees.
- The amount of fees payable to the members of the Board's Committees has also remained unchanged since 2005, at EUR 5,946, including EUR 2,973 as the fixed portion and EUR 594.60 per meeting. The Chairmen of the Financial Statements Committee and the Internal Control, Risk Management and Compliance Committee are paid a fixed portion of EUR 15,000 and a variable portion of EUR 1,239 per meeting. Based on a recommendation submitted by Alain Joly, the directors' fees attributable to him as Chairman of the Compensation Committee and Chairman of the Corporate Governance and Nominations Committee were respectively of EUR 1,000 to EUR 2,973.
- Based on the foregoing, the Board decided to grant directors a total appropriation of EUR 523,724 up from EUR 498,178 in 2007. The overall amount of directors' fees was set at EUR 780,000 by the Annual General Meeting of 18 May 2005.

⁽¹⁾ AFEP-MEDEF Corporate Governance Code (point 18).

⁽²⁾ Directors members of the Group: Patrick Auguste, Jean-Marie Gianni, Michel Pébereau, Baudouin Prot.

BNP Paribas and its shareholders

Share capital

At 31 December 2007, BNP Paribas' share capital stood at EUR 1,810,520,616 divided into 905,260,308 shares. Details of the historical evolution of the capital are provided in the "Changes in share capital" section of the Activity Report.

In 2008, two series of transactions led to changes in the number of shares outstanding:

- 1,149,570 shares were issued through the exercise of stock options;
- 5,360,439 shares were issued as part of a capital increase reserved for employees.

At 31 December 2008, BNP Paribas' share capital stood at EUR 1,823,540,634 divided into 911,770,317 shares with a par value of EUR 2 each ⁽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.

Changes in share ownership

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

Shareholders	31/12/06		31/12/07		31/12/08	
	Number of shares (in millions)	% of capital and voting rights ⁽¹⁾	Number of shares (in millions)	% of capital and voting rights ⁽¹⁾	Number of shares (in millions)	% of capital and voting rights ⁽¹⁾
AXA	52.65	5.7%	53.56	5.9%	53.08	5.8%
Employees	49.36	5.3%	52.64	5.8%	57.69	6.3%
- o/w corporate mutual funds	35.86	3.9%	38.53	4.2%	42.75	4.7%
- o/w direct ownership	13.50	1.4%	14.11	1.6%	14.94	1.6%
Corporate officers	0.26	nm	0.36	nm	0.43	nm
Treasury shares ⁽¹⁾	19.25	2.1%	9.14	1.0%	5.46	0.6%
Public	59.55	6.4%	57.00	6.3%	64.36	7.1%
Institutional investors	693.47	74.5%	717.40	79.3%	717.75	78.8%
(o/w "Socially Responsible Investors")	(7.50)	(0.8%)	(9.52)	(1.1%)	(3.92)	(0.4%)
- Europe	480.61	51.6%	516.54	57.1%	484.10	53.1%
- Outside Europe	212.86	22.9%	200.86	22.2%	233.65	25.7%
Other and unidentified	55.93	6.0%	15.16	2.7%	13.00	1.4%
TOTAL	930.47	100.0%	905.26	100.0%	911.77	100.0%

⁽¹⁾ Excluding trading desks' working positions.

⁽¹⁾ In accordance with article 223-11 of the AMF's General Regulations, the number of voting rights must be calculated on the basis of all shares to which voting rights attach, including those on which voting rights are not exercised such as treasury shares. Since BNP Paribas uses the "1 share = 1 vote" principle, percentages of the capital are the same as percentages of voting rights.

⁽¹⁾ Since the end of the financial year, 325,790 shares have been created following the exercise of options. As a result, at 23 January 2009, BNP Paribas' share capital stood at EUR 1,824,192,214 divided into 912,096,107 shares with a par value of EUR 2 each.

Listing information

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 discontinued 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 they 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.

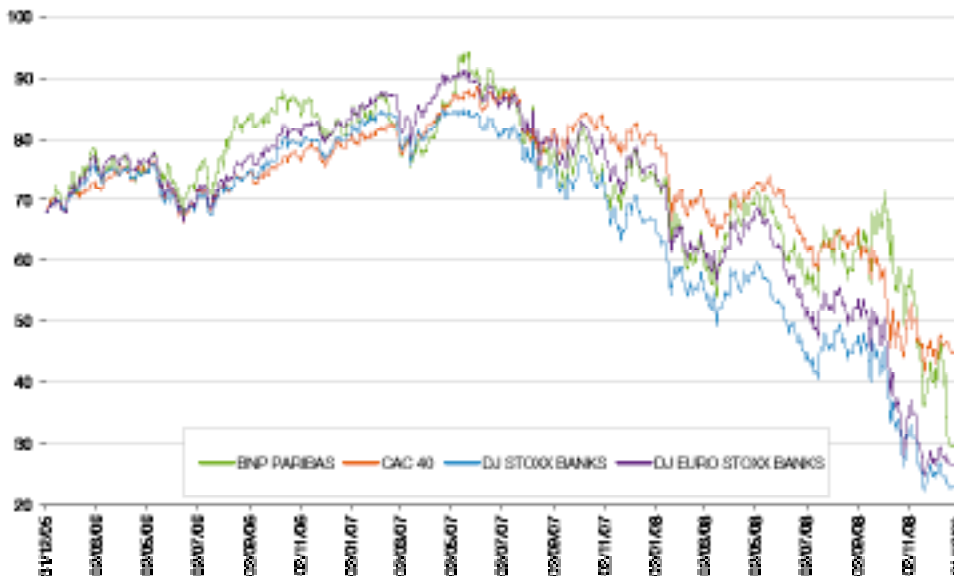
BNP became a constituent of the CAC 40 index on 17 November 1993 and of the Euro Stoxx 50 index on 1 November 1999. Since 18 September 2000, it has been a constituent of the Dow Jones Stoxx 50 index. In 2007, BNP Paribas joined the Global Titans 50, an index comprising the 50 largest corporations worldwide. 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 DJ SI Stoxx. All of these listings have fostered liquidity and share price appreciation, as the BNP Paribas share is necessarily a component of every portfolio and fund that tracks the performance of these indexes.

Share performance

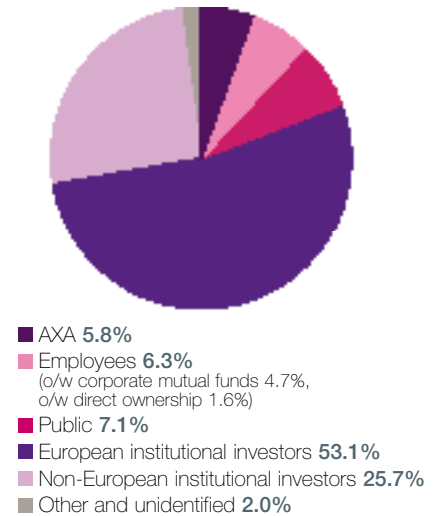
between 31 December 2005 and 31 December 2008

Comparison with the DJ Eurostoxx Banks, DJ Stoxx Banks and CAC 40 indexes (rebased on share price)

Source: Datastream.

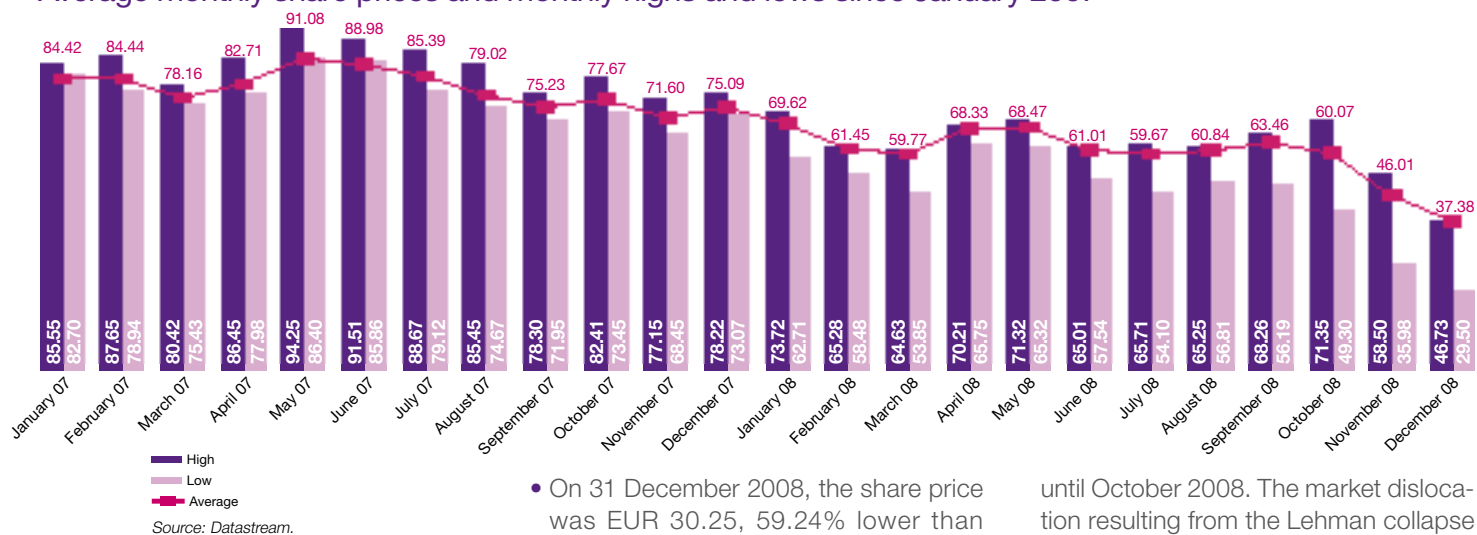


BNP Paribas ownership structure at 31 December 2008



To the company's knowledge, no shareholder other than AXA owns more than 5% of its capital or voting rights. To BNP Paribas' knowledge, there is no agreement, whose execution at a later date could lead to a change in its control.

Average monthly share prices and monthly highs and lows since January 2007

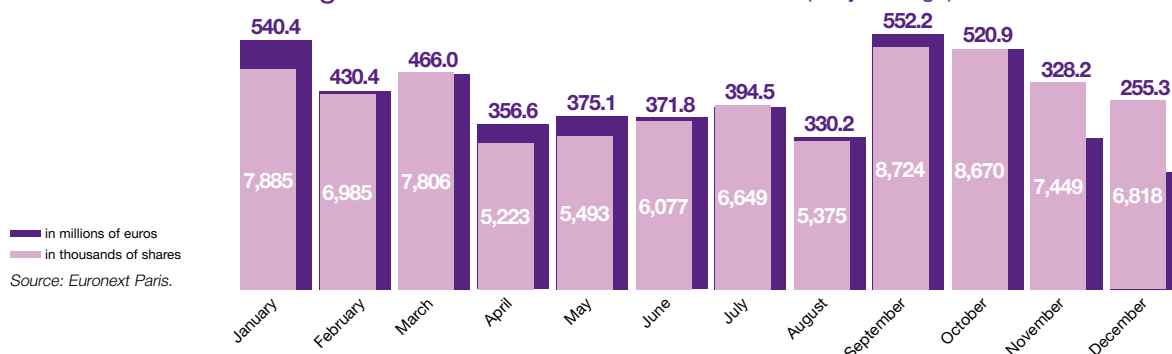


- On 31 December 2008, the share price was EUR 30.25, 59.24% lower than it had been on 31 December 2007 (EUR 74.22). Over the same period, the CAC 40 fell by 42.68%, the DJ EuroStoxx Banks was down 63.74% and the DJ Stoxx Banks was down 64.38%.
- Between 30 December 2005 and 31 December 2008, the share price fell by 55.40% against a 31.75% decline for the CAC 40, but a 59.51% fall for the DJ EuroStoxx Banks and a 64.85% drop for the DJ Stoxx Banks. After reaching an all-time high at EUR 94.25 in May 2007, BNP Paribas' share price was dragged down by the widespread loss of confidence in financial institutions, triggered by the subprime mortgage crisis in the US. However, because of BNP Paribas' lower exposure to the crisis compared with many competitors, its share price performance compared very well with banking-sector indexes

until October 2008. The market dislocation resulting from the Lehman collapse affected the Group's business, and in turn this pushed down its share price in late 2008, wiping out much of its out-performance against bank indexes until that point.

- At 31 December 2008, BNP Paribas' market capitalisation was EUR 27.6 billion, making it the 8th-ranked stock in the CAC 40, down two places relative to end-2007. In terms of free float, BNP Paribas is the 7th-ranked CAC 40 stock (down from third at end-2007). BNP Paribas had the 19th-largest free float in the DJ EuroStoxx50 index at end-2008, down from 11th place a year before.
- Daily trading volume on Euronext Paris averaged 6,936,205 shares in 2008, up 19.2% on the 2007 figure of 5,821,304. This is a clear indication of the stock's increasing liquidity.

Trading volume on Euronext Paris in 2008 (daily average)



Key shareholder data

In euros	French GAAP		IFRS		
	2004	2005	2006	2007	2008
Earnings per share ^{(1) (*)}	5.50	7.00	8.00	8.50	3.10
Net assets per share ^{(2) (*)}	35.90	45.80	49.80	52.40	47.00
Net dividend per share	2.00	2.60	3.10	3.35 ⁽³⁾	1.00 ⁽³⁾
Payout rate (%) ⁽⁴⁾	37.90	37.40	40.30	39.80 ⁽³⁾	33.00 ⁽³⁾
Share price					
High ^{(5) (*)}	54.57	68.71	88.50	95.07	75.41
Low ^{(5) (*)}	45.71	50.31	66.65	67.54	28.50
Year-end ^(*)	52.89	67.82	82.65	74.22	30.25
CAC 40 index on 31 December	3,821.16	4,715.23	5,541.76	5,614.08	3,217.97

* Data in the above table have been adjusted to reflect 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 13 May 2009.

⁽⁴⁾ Dividend recommended to the AGM, expressed as a percentage of net income adjusted for coupons on undated super-subordinated notes (TSSDs).

⁽⁵⁾ Registered during trading.

Creating value for shareholders

Total shareholder return (TSR)

Calculation parameters

- Dividends reinvested in BNP shares, then in BNP Paribas shares; 50% tax credit included until tax credit system abolished in early 2005.
- Returns stated gross, i.e. before any tax payments or brokerage fees.

Calculation results

The following table indicates, for various periods ending on 31 December 2008, the total return on a BNP share, then a BNP Paribas share, as well as the effective annual rate of return.

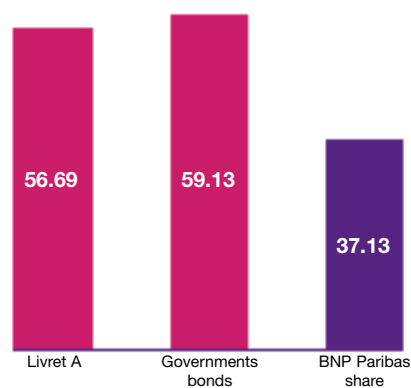
Holding period	Investment date (opening price)	Initial investment multiplied by	Effective annual rate of return
Since privatisation	18/10/1993	x2.95	+7.38%
15 years	03/01/1994	x2.27	+5.62%
14 years	03/01/1995	x2.60	+7.05%
13 years	02/01/1996	x2.82	+8.29%
12 years	02/01/1997	x3.02	+9.65%
11 years	02/01/1998	x1.82	+5.60%
10 years	04/01/1999	x1.19	+1.78%
Since inception of BNP Paribas	01/09/1999	x1.17	+1.66%
9 years	03/01/2000	x0.92	-0.91%
8 years	02/01/2001	x0.87	-1.69%
7 years	02/01/2002	x0.795	-3.23%
6 years	02/01/2003	x0.98	-0.34%
5 years	02/01/2004	x0.75	-5.66%
4 years	03/01/2005	x0.67	-9.66%
3 years	02/01/2006	x0.50	-20.57%
2 years	02/01/2007	x0.39	-37.27%
1 year	02/01/2008	x0.43	-57.17%

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

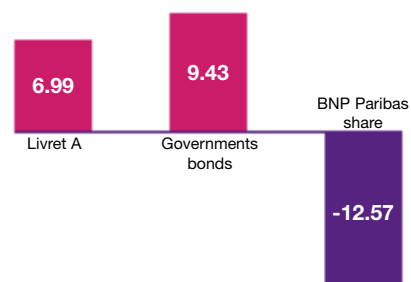
Five-year comparison of an investment in BNP Paribas shares at an opening price of EUR 49.70 at 2 January 2004 with the "Livret A" passbook savings account and medium-term government bonds.

In this calculation, we assess the creation of shareholder value by comparing an investment in 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 (OATs).

Value at 31/12/2008 of a EUR 49.70 investment made on 02/01/2004



Comparative total 5 year return for an investment or EUR 49.70



Total return on an investment in BNP Paribas shares

Initial investment = 1 share at the opening price on 2 January 2004 = EUR 49.70

Dividends reinvested

Exercise of pre-emptive rights to subscribe for shares in the March 2006 share issue.

Value at 31 December 2008: 1.2274 shares at EUR 30.25, i.e. EUR 37.13.

Investment of EUR 49.70 on 1 January 2004 in a "Livret A" passbook account:

The interest rate on the investment date was 2.25%, reduced to 2% on 08/01/2005. The interest rate was increased to 2.25% on 1 February 2006 and to 2.75% on 1 August 2006, and to 3% on 1 August 2007. The interest rate was increased twice more in 2008, to 3.50% on 1 February and to 4% on 1 August. At 31 December 2008, this investment was worth **EUR 56.69**, an increase of EUR 6.99 (+14.1%), as opposed to a decrease of EUR 12.57 per BNP Paribas share over the same period (-25.30%).

Investment of EUR 49.70 on 1 January 2004 in 5-year French government bonds.

The five-year interest rate (BTAN) on that date was 3.553%. At the end of each subsequent year, interest income is reinvested in a similar note on the following terms:

- 2.8986% (BTAN) in January 2005 for 4 years;
- 2.94696% (BTAN) in January 2006 for 3 years;
- 3.88011% (BTAN) in January 2007 for 2 years;
- 4.745% in January 2008 for 1 year (Euribor).

At the end of five years, the accrued value of the investment is **EUR 59.13**, representing a growth of EUR 9.43 (+18.97%), as opposed to a EUR 12.57 decline for an investment in a BNP Paribas share.

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 stockmarket 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 quarterly results. In 2009, for example, the following dates have been set ⁽¹⁾:

- 19 February 2009: publication of 2008 results;
- 6 May 2009: results for the first quarter of 2009;
- 4 August 2009: publication of 2009 half-year results;
- 5 November 2009: results for the third quarter and first nine months of 2009.

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** provides information and deals with queries from the Group's 670,000 or so individual shareholders (*source: 31 December 2008 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 2008, meetings were held in Versailles on 17 June, Nice on 24 June and Rennes on 30 September. BNP Paribas representatives also met and spoke with over 1,000 people at the "Actionaria" shareholder fair held in Paris on 21 and 22 November 2008.

In 1995, the "**Cercle BNP Paribas**" was set up for individual shareholders holding at least 200 shares. The Cercle currently has 55,000 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 seminars on trading in equities (including technical analysis and financial research), on private Asset Management and warrants, as well as economic-update sessions, organised by BNP Paribas teams specialising in these 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, 409 events were organised for 16,230 participants in 2008, as opposed to 389 events for 16,351 participants in 2007. Shareholders can obtain information about these services by dialling a **special freephone number** (in France): **0 800 666 777**. 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. Finally, the Cercle BNP Paribas's own website was set up in 2008, providing information about the Cercle's services.

BNP Paribas Shareholders' Guide

The BNP Paribas Shareholders' Guide was designed to provide individual shareholders with full details on the share's performance and the Bank's achievements. Its purpose is to give these investors a better idea and a deeper understanding of the economic environment and of the markets in which BNP Paribas operates. The Guide can be obtained on request from the Individual Shareholder Relations Department.

⁽¹⁾ Subject to alteration.

BNP Paribas ranked among the winners of the BoursoScan 2008 website survey

Boursorama and its partner OpinionWay, a consultancy specialising in analysing individual shareholder behaviour, have for the past eight years conducted an annual survey in France (BoursoScan), with a view to finding the best websites of companies listed on the Paris Stock Exchange. As part of the 2008 survey, more than 7,340 web users visited the sites of Paris-listed companies in September and October 2008. 250 sites were rated by participants, who focused on how up-to-date the information was, how transparent the financial communication was and how easy the site was to navigate around.

BNP Paribas' "Investors/Shareholders" site (<http://invest.bnpparibas.com>), which won the "Coup de Cœur" award for the most popular website among first-time visitors in 2007, was ranked no. 2 in the Grand Prix BoursoScan survey in 2008. This achievement recognises the accessible, informative and innovative nature of the information provided to individual investors by BNP Paribas. These characteristics are particularly important during a period of financial crisis.

The BNP Paribas website (<http://invest.bnpparibas.com>) can be consulted in both French and English. Large portions of the website are also available in Italian. 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 Registration Documents can also be viewed and downloaded. Publications compiled by the Bank's Economic Research unit can be viewed on the website. The website also naturally features the latest share performance data and comparisons with major indexes. Among the website's features is a returns calculation tool.

The Investors/Shareholders section 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. Webcasts of the sessions can be viewed by going to the section entitled "General shareholders meeting" then by clicking on the relevant meeting in the submenu. In response to the expectations of individual shareholders and investors, and to meet increasing transparency and regulated reporting requirements, BNP Paribas relaunched the "Investors/Shareholders" section of its website in late 2008. Content has been enhanced, including an improved glossary, and new functions have been added. The site is now more user-friendly and easier to navigate around. The financial calendar gives the dates of important forthcoming events, such as the AGM, results publications and shareholder seminars.

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 and order documents.

Shareholder Liaison Committee

After its formation in 2000, BNP Paribas decided to create a Shareholder Liaison Committee to help the Group improve communications with its individual shareholders. At the Shareholders' Meeting that approved the BNP Paribas merger, the Chairman of BNP Paribas initiated the process of appointing members to this committee, which was fully established in late 2000.

Headed by Michel Pébereau, the committee includes ten shareholders who are both geographically and socioeconomically representative of the individual shareholder population, along with two employees or former employees. Each member serves a three-year term. When their terms expire, announcements are published in the press and/or 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 – i.e. the internal rules that all committee members have adopted – the committee met twice in 2008, on 21 March and 3 October, in addition to taking part in the Annual General Meeting and attending the Actionaria shareholder fair. The main topics of discussion included:

- BNP Paribas' ownership structure and changes in the structure, particularly among individual shareholders;
- the periodical publications which provide information on the Group's achievements and strategy;
- the draft 2007 Registration Document and Annual Report;
- quarterly results presentations;
- the new version of the website focusing on relations with financial market operators and Cercle des Actionnaires members;
- initiatives taken in preparation for the Annual General Meeting;
- BNP Paribas' participation in the "Actionaria" shareholder fair. At this event, several Liaison Committee members explained the role played by the committee to people who visited the Bank's stand.

At 1 January 2009, the members of the Liaison Committee were as follows:

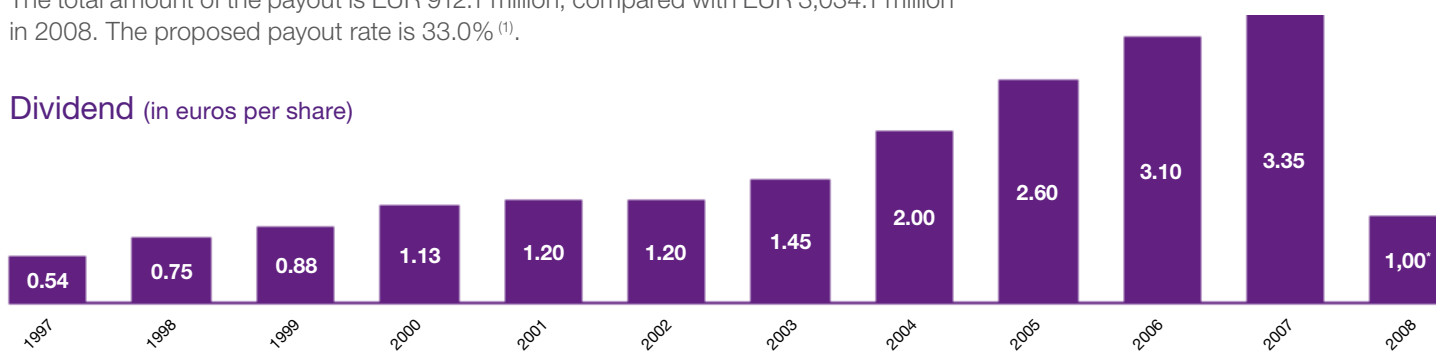
- Michel Pébereau, Chairman;
- Franck Deleau, resident of the Lot *département*;
- Nicolas Derely, resident of the Paris area;
- Jean-Louis Dervin, residing in Caen;
- Jacques de Juvigny, resident of the Alsace region;
- André Laplanche, residing in Cavailon;
- Jean-Marie Laurent, resident of the Oise *département*;
- Dyna Peter-Ott, residing in Strasbourg;
- Jean-Luc Robaux, residing in Nancy;
- Chantal Thiebaut, resident of the Meurthe-et-Moselle *département*;
- Thierry de Vignet, resident of the Dordogne *département*;
- Odile Uzan-Fernandes, 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

At the 13 May 2009 Annual General Meeting, the Board of directors will recommend a dividend of EUR 1.00 per share. The shares will go ex-dividend on 20 May 2009 and the dividend will be paid on 16 June 2009, subject to approval at the Annual General Meeting.

The total amount of the payout is EUR 912.1 million, compared with EUR 3,034.1 million in 2008. The proposed payout rate is 33.0% ⁽¹⁾.

Dividend (in euros per share)



⁽¹⁾ Subject to approval at the Annual General Meeting of 13 May 2009. Dividends for 1997-2000 have been adjusted to reflect the two-for-one share split carried out on 20 February 2002.

The Group's objective is to adjust the dividend to reflect variations in income and to optimise 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.

⁽¹⁾ Dividend recommended at the 13 May 2009 Annual General Meeting expressed as a percentage of earnings per share.

BNP Paribas registered shares

At 31 December 2008, 26,437 shareholders had BNP Paribas registered shares.

Registered shares directly with BNP Paribas

Shareholders who hold shares under the pure registered form:

- automatically receive all documents regarding the Bank which are sent to shareholders;
- can call a **French freephone number (0800 600 700)** to place buy and sell orders and to obtain any information;
- benefit from special, discounted brokerage fees;
- have access to "GIS Nomi" (<http://gis-nomi.bnpparibas.com>), a fully secure dedicated web server, allowing them to view registered share accounts, and account movements, to as well as place and track orders;

- pay no custodial fees and are automatically invited to General Meetings, without the need for an ownership certificate.

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 pure registered shares:

- 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 automatically invited to attend and vote at General Meetings, without the invitation being sent through a third party;
- the shareholder can take part in voting via the internet.

Annual General Meeting

The last Annual General Meeting was held on 21 May 2008 on first call. The text of the resolutions and the video of the meeting can be viewed on the BNP Paribas website, which is 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:

Breakdown of quorum

	Number of shareholders	(%)	Number of shares	(%)
Present	1,927	17.90%	106,600,567	22.94%
Proxy given to spouse or another shareholder	36	0.33%	12,504	nm
Proxy given to Chairman	5,410	50.25%	38,505,103	8.29%
Postal votes	3,393	31.52%	319,503,686	68.77%
Total	10,766	100%	464,621,860	100%
Total number of shares issued excluding treasury stock			900,040,571	Quorum 51.62%

All resolutions proposed to the shareholders were approved.

Results	Rate of approval (%)
ORDINARY MEETING	
Resolution 1: Approval of the consolidated balance sheet at 31 December 2007 and the consolidated profit and loss account for the year then ended	98.27%
Resolution 2: Approval of the parent-company balance sheet at 31 December 2007 and the parent-company profit and loss account for the year then ended	98.26%
Resolution 3: Appropriation of net income and dividend distribution	99.82%
Resolution 4: Agreements and commitments governed by Article L. 225-38 of the Code de commerce	96.49%
Resolution 5: Share buybacks	99.66%
Resolution 6: Appointment of Daniela Weber-Rey as a director	99.13%
Resolution 7: Renewal of the term of office of François Grappotte as a director	99.09%
Resolution 8: Renewal of the term of office of Jean-François Lepetit as a director	97.43%
Resolution 9: Renewal of the term of office of Suzanne Berger Keniston as a director	99.03%
Resolution 10: Renewal of the term of office of H�el�ene Ploix as a director	99.15%
Resolution 11: Renewal of the term of office of Baudouin Prot as a director	97.11%
Resolution 12: Powers to carry out formalities	99.81%
EXTRAORDINARY MEETING	
Resolution 13: Authorisation to issue shares and share equivalents with pre-emptive rights for existing shareholders maintained	94.58%
Resolution 14: Authorisation to issue shares and share equivalents with pre-emptive rights for existing shareholders waived and a priority subscription period granted	87.99%
Resolution 15: Issue of securities to be given in exchange for securities tendered as part of public exchange offers	87.46%
Resolution 16: Issue of securities to be given in exchange for unlisted securities tendered, up to a maximum of 10% of the capital	91.42%
Resolution 17: Overall limit on authorisations to issue shares with pre-emptive rights for existing shareholders waived	91.37%
Resolution 18: Issuance of shares to be paid up by capitalising income, retained earnings or additional paid-in capital	96.76%
Resolution 19: Overall limit on authorisations to issue shares with pre-emptive rights for existing shareholders maintained or waived	94.45%
Resolution 20: Transactions reserved for members of the employee savings plan	93.12%
Resolution 21: Allotment of bonus shares to employees of the company and to employees and corporate officers of related companies	92.84%
Resolution 22: Stock options	94.12%
Resolution 23: Reduction in the Bank's capital by cancelling shares	99.32%
Resolution 24: Amendment of the Bank's Articles of Association relating to attendance at General Meetings	97.25%
Resolution 25: Powers to carry out formalities	99.41%

The 2008 Annual General Meeting was an additional opportunity for BNP Paribas to demonstrate its commitment to sustainable development. BNP Paribas seeks to create value consistently, to show its quality and 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. As a result, a decision was taken, in conjunction with the Shareholder Liaison Committee, to donate EUR 10 for every investor attending the meeting or voting online to the "*Coup de pouce aux projets du personnel*" (a helping hand for employee projects) programme. The programme was specifically developed by the BNP Paribas Foundation to encourage public interest initiatives for which Bank staff personally volunteer their time and efforts. The sums collected (EUR 19,920 in 2008) are 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. Total contri-

butions in 2008 were divided between 34 projects, all initiated by Bank employees. Six projects obtained the maximum grant of EUR 4,000. The sums awarded vary according to the scale of the project, its quality and the commitment of employees. The projects receiving the most funding were humanitarian projects, mainly in Southeast Asia and Sub-Saharan Africa, followed by projects to assist disabled and disadvantaged people.

The allocation of funds is contained in the convening for the next General Meeting.

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 Meetings 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 meeting and held on the same date. BNP Paribas will hold its next Ordinary and Extraordinary General Meeting on 13 May 2009 ⁽¹⁾.

Notice of meetings

For combined Ordinary and Extraordinary General Meetings:

- holders of registered shares are notified by post; regardless of the number of shares held 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 Paribas 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 2008); these same documents may be accessed freely on the website;
 - information letters concerning the Annual General Meeting and the attendance procedures. In 2008, these were sent to all holders of at least 150 bearer shares.

In total, nearly 70,000 of the Bank's shareholders personally received the information needed to participate in 2008.

In addition, staff at all BNP Paribas branches 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.

⁽¹⁾ Subject to alteration.

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 their proxy to their spouse or another shareholder (individual or legal entity);
- give their 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://gisproxy.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 described in the previous two paragraphs shall also apply when the shareholding falls below the above-mentioned 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.

Retail Banking

6,000 branches,
including some
4,000 outside France,
serving the real economy

France

**LEADER IN CASH MANAGEMENT
RETAIL BANKING/CORPORATE
AND INSTITUTIONAL CLIENTS**

BNP Paribas is a leader in several domestic markets such as France and Italy and has direct operations in 19 countries across Europe. It has won numerous bids from companies such as EDF, Alten, JCDecaux, Diesel France and UPS.

**CONTO REVOLUTION U 27
BNL/RETAIL CLIENTS**

A specific current account offering aimed at younger clients with completely free banking usage.

Italy

BUSINESS START-UPS
RETAIL BANKING/ENTREPRENEURS
AND FREELANCE PROFESSIONALS

BNP Paribas took further initiatives to support business start-ups and business purchasers, alongside partners such as the ADIE (Association for the Right to Economic Initiative), the APCE (a government-sponsored business creation agency) and many national franchise names. These projects accounted for almost one third of all financing granted in 2008.

LES SERVISSIMES
RETAIL BANKING/INDIVIDUAL CLIENTS

BNP Paribas takes a leading position in the domestic services market. An immediate, massive response from clients: over 120,000 households subscribed to the new service in the space of three months.

Turkey



TEB

TÜRK EKONOMİ BANKASI

STRONG MOMENTUM AND INNOVATIVE PRODUCTS

TEB

The Türk Ekonomi Bankası (TEB) network has grown threefold in the space of three years. It now has more than 330 branches serving almost 1.5 million clients. In 2008, TEB successfully opened a retail bank in Kosovo which now has 17 branches and 23,000 clients.

MUTUO TURISMO

BNL/SMALL BUSINESSES

BNL launches Mutuo Turismo, a medium/long-term loan dedicated to tourist operators, adapting the repayment schedule to specific seasonal cycles.

Italy

Retail Banking

Retail Banking accounted for 60% of the BNP Paribas Group's revenues in 2008. The Bank has a strong international presence, with 4,000 of a total 6,000 branches outside France and 250,000 contact points for clients of Personal Finance and Equipment Solutions. Retail banking activities employ a total of more than 120,000 people in 52 countries, representing over 70% of the Group's entire headcount.

Retail Banking comprises branch networks in France, Italy, the USA and the emerging markets, together with non-banking services. It is divided into six operating units:

- French Retail Banking;
- BNL bc, a branch network in Italy;
- BancWest Corp., a branch network in the USA;
- Retail Banking in the Emerging Markets;
- Personal Finance, which comprises the specialist consumer credit and mortgage financing businesses;
- Equipment Solutions, for business equipment financing (Arval and BNP Paribas Lease Group).

In early 2009, the Group combined all its retail banking activities into a single division, BNP Paribas Retail Banking, with the aim of:

- providing retail banking clients with the benefits of a truly global network;
- industrialising activities, pooling major investments and transferring know-how and innovation between the banking networks and the specialised Personal Finance and Equipment Solutions businesses;
- developing cross-selling between the networks and the specialised retail financing businesses, and with Corporate & Investment Banking and Asset Management & Services;

- promoting the Group's expansion in these businesses, both through acquisitions and organic growth.

To support Retail Banking in its expansion, six central functions have been created to provide the operating units with the benefit of their expertise in cross-functional activities and projects:

- Distribution, Markets & Solutions, to promote business development in the operating units;
- Retail Banking Development, to oversee the Group's acquisitions in Retail Banking businesses and coordinate benchmarking and strategic intelligence for Retail Banking;
- Retail Banking Brand & Communications, to coordinate internal communications and ensure a consistent brand policy across the whole of Retail Banking;
- US Coordination, to facilitate relations between BancWest and other Group entities;
- Wealth Management, to accelerate growth in the private banking business across the Retail Banking networks;
- Retail Banking HR, to roll out the Group's HR model to all operating units and sites, tailored to specific local needs.

This support system has been rounded out by the creation of "Retail Banking Information Systems" within French Retail Banking, which supports the six operating units according to their needs. Cash Management has also been reorganised on an international basis.

BNP PARIBAS

French Retail Banking

French Retail Banking (FRB) has a client base of 6.4 million individual and private banking clients, 500,000 entrepreneurs and small business clients, and 22,000 corporate and institutional clients. It provides a comprehensive line-up of products and services, ranging from current accounts to the most complex financial engineering services in the areas of corporate financing and wealth management.

FRB has reinforced its branch network to improve local coverage and client service. At the end of 2008, it had 2,250 branches, including 1,100 upgraded to the new “Welcome & Services” concept, and 5,300 ATMs. The network is now more compatible with a multi-channel organisational structure. FRB focuses on regions with high economic potential and has a 15% share of the greater Paris market ⁽¹⁾. It also has a strong presence in the most attractive segments of the personal banking market – 22% of households with annual net revenues in excess of EUR 82,000 have their main bank account with BNP Paribas ⁽²⁾ – and a leading position in the corporate market.

FRB 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 respond effectively to client expectations, FRB has reorganised its sales structure on the basis of network segmentation. It is now made up of branches serving individuals and small businesses, Private Banking Centres, and Business Centres, all supported by a Client Relations Centre (CRC) and back offices in charge of after-sales operations.

In parallel, FRB has continued to actively expand the personal banking business, drawing on the multi-channel structure (branch, telephone and online banking) rolled out since 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.

In 2008 a new section devoted to savings (NetÉpargne) was launched on *bnpparibas.net*, providing information and the ability to buy savings and life insurance products online. A contact centre (Net Crédit Immo) has also been created to handle mortgage applications in less than 48 hours.

The new 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 effectiveness has been clearly proved after several years of use.

FRB also has the largest network of Private Banking Centres in France ⁽³⁾, with 220 centres across the country 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 26 Business Centres located throughout the whole of France, as well as a business support service (Service Assistance Entreprise – SAE) and Cash Customer Services (CCS).

Finally, the division is re-engineering its back offices into Production and Sales Support Branches (PSSBs). Specialised by type of transaction, they span the whole of France and have fully integrated information systems. At the end of 2008, there were 76 PSSBs responsible for processing transactions.

⁽¹⁾ Source: 2007 marketing surveys, BNP Paribas FRB, market share in terms of branches.

⁽²⁾ Source: IPSOS.

⁽³⁾ Source: internal.

BNP Paribas, a responsible citizen, committed to society

BNP Paribas has made a concrete commitment to sustainable development:

- Most of our Welcome & Services branches are disabled-accessible and 850 ATMs now have an automated voice to guide the visually impaired.
- As part of its commitment to the environment, FRB has obtained ISO 14001 certification for the design of its Welcome & Services branches and the coordination of works, operation and maintenance, as well as continuous progress in the model.
- A massive campaign to save paper by rationalising client correspondence (combining mail, double-sided printing, revised statement frequency) resulted in a 250 tonnes reduction in paper used in 2008, the equivalent of 10 hectares of forest.

Private Banking created the **Fondation de l'Orangerie for individual philanthropy under the wing of the Fondation de France**. The foundation selects projects on the basis of very strict criteria. Clients decide where their gift will go and receive personal follow-up reports as well as obtaining tax benefits.

An off-beat media campaign: "A caring bank"

How do we show our clients that we care about them on a day-to-day basis? By giving them tangible proof that we are striving to satisfy their needs.

Three major categories of "proof that we care" were rolled out in 2008 on the radio and internet:

- "creative" proof: innovations that benefit clients (Net Épargne, Prélib'Campus, Jump card, etc.);
- "responsible" proof: our commitment to society (partnership with the ADIE, making ATMs accessible to the visually impaired, etc.) and to business life ("Open House for Freelance Professionals and Entrepreneurs", etc.);
- "Generous" proof: gestures of recognition and gifts offered to our clients.



Individual clients

FRB consolidates its local presence and its commitment to clients

The network strengthened its regional coverage in 2008, opening 16 new branches to bring the total to almost 160 new branches in high-potential areas in the past five years. Thirty-one points-of-sale were also relocated during 2008, illustrating the network's adaptability. **All in all, almost 300 branches have been opened or relocated since 2004 to deliver a more local service to our clients.**

Welcoming, modern, secure branches, appreciated by our clients:

- 223 branches were renovated in 2008, bringing the total number of points-of-sale that have migrated to the Welcome & Services concept to more than 1,100.
- We continued to extend and modernise our network of ATMs as part of our drive to improve security, upgrade reception facilities and optimise the time devoted to advice. More than 1,000 new machines were installed in 2008, bringing the total to 5,300 including more than 1,500 providing a real-time banknote deposit function.



- The overall satisfaction rate for this new format is close to 83%, with a particularly good score for interior layout (89%), opening hours (88%) and support in using the machines (87%).

Specific support for certain client segments:

- introduction of a **special approach to help clients in debit** and take the anxiety out of having an overdraft, including more flexible intervention limits, improved explanatory letters and a practical guide for young people, who are also offered a free overdraft facility for one year, etc.;
- regular meetings with bridge loan borrowers;
- reinforcement of the contact programme aiming to **strengthen relationships with clients for whom BNP Paribas is not the main banker.**

Regular efforts to thank our clients and express our commitment to building up a lasting relationship of trust and confidence:

- a major campaign to celebrate the **35th anniversary of our partnership with the Roland-Garros French Open Tennis Championship, offering 40,000 gifts** to clients who have been with BNP Paribas throughout that time, and **inviting 500 women** to the tournament;
- **regular gestures to consolidate the relationship:** about 1 million cinema tickets distributed, 15,000 young clients invited to the Sunday Start of the BNP Paribas Tennis Masters at Paris Bercy, gifts given by advisers to client couples, children, etc.

Multi-channel strategy to improve the client relationship

In 2008, we significantly stepped up our proactive commercial approach to reassure and support our clients during these difficult times. **32 million contact opportunities** were generated by using distance channels in addition to the branch advisers, an **increase of nearly 30% on 2007**.

More specifically, 14 million contact opportunities were generated **via the internet**, representing an average of five messages per target client, versus less than two in 2007. This growth was boosted by:

- a sharp rise in traffic on [bnpparibas.net](#), both in terms of visitors (3.2 million unique visitors, almost twice as many as in 2007) and home banking users (1.7 million unique users per month, up more than 20% on 2007);
- initiatives to improve web user satisfaction, with a new universe devoted to savings and a process for handling mortgage applications (see inset).

New mobile internet standards have also made it easier and more user friendly for clients to manage their accounts using their mobile phone.

The Client Relations Centre has also been very active:

- the centre received 4.6 million incoming calls, 5% up on 2007, and more than 350,000 e-mails, up 18%;
- it made 1.4 million marketing calls, generating over 700,000 in-branch meetings;
- a growing number of marketing calls were made as a result of client enquiries, a type of marketing that is more effective and less intrusive.

Optima: a multi-channel system to support in-branch telephone reception facilities.

Contact your adviser by phone, leave him a message, get an answer even if he's not there... To meet these totally legitimate client demands, new telephone reception facilities are gradually being rolled out across the branch network (due for completion at end-2009) to **improve the handling and re-directing of client calls**.

If a client's main adviser is unavailable for any reason, **the client may** either leave a message on the adviser's voice mail, speak to another employee in the branch or deal with a remote client adviser.

An eventful year in innovation to satisfy customer needs and boost commercial momentum

BNP Paribas leveraged its expertise in electronic banking services by joining forces with Orange to offer the **Jump card, the first co-branded pre-paid, rechargeable card to be launched in France, aimed at 12-17 years old**. The card came on the market in May 2008 and enables parents to give their children more independence whilst keeping control over their spending.

After Situation and Panorama, **FRB has further expanded its account statement service with Reflets**, a new service for tracking savings on a monthly basis. A total of almost 250,000 Reflets contracts were taken out in 2008.

Initiatives to improve web user satisfaction

NETÉpargne

NetÉpargne, a universe dedicated to online savings management:

- a completely new-look web window, providing better support for beginners and easier management for more experienced users;
- upgraded functionalities for online savings management, including opening savings accounts, managing life insurance contracts, setting up a planned savings programme, receiving order execution confirmation online, etc.;
- ability to obtain help and support from savings experts via web call back (immediately during the specialised centre's opening hours);
- over 2 million visits in 2008 to [bnpparibas.net](#)'s new pages Épargne pages and 12,000 web call backs initiated by clients.

NETcrédit Immo

Net Crédit Immo, a multi-channel service for customers and non-customers seeking a mortgage:

- all applications made on [bnpparibas.net](#) and the main mortgage finder sites are centralised in a specialised contact centre;
- after checking the financing need and maturity of the project with the applicant, we commit to an in-branch meeting in less than 48 hours;
- 50,000 applications were passed on to the branch network advisers in 2008 and resulted in 5,250 new loans, 90% of which were for new customers.

LES SERVISSIMES

BNP Paribas takes a leading position in the domestic services market

Domestic services:

- a booming innovative sector and a major job creator;
- a service that meets our clients' need for trust and proximity.

An attractive offering:

- simple: a package of services available by telephone or internet;
- peace of mind: a network of trustworthy, experienced service providers who are monitored regularly;
- cost-effective: clients obtain tax benefits under the "Borloo law".

An immediate, massive response from clients: over 120,000 households subscribed to this new service in the space of three months.



At end-September, **BNP Paribas, in partnership with Mondial Assistance, launched "Les Servissimes", an original service for clients in the rapidly expanding domestic services market** (see inset).

In May 2008, BNP Paribas launched **Prélib'Campus, a no-cost interest-free student loan of up to EUR 1,000** to help students settle in and make their daily life easier. More than 18,000 students took up the offer in seven months.

In investments, **FRB pursued its policy of regularly launching new investment funds**, despite the extremely difficult market conditions. Seven innovative funds, all with a capital guarantee, were offered to clients in 2008 and attracted more than EUR 1.4 billion in secure financial conditions.

An excellent year for winning new clients, commercial successes, supporting projects and client satisfaction

2008 confirmed the previous year's record achievement in terms of attracting new clients, with the number of accounts rising by 200,000 bringing the total number of new accounts to 750,000 since 2005. This performance is the result of our targeted strategy of the past few years to renew and expand our business franchise by opening new branches, forging partnerships with leading players in the market for young people and with mortgage loan referral agencies, and encouraging couples and families to combine their accounts, etc.

In a climate of economic and financial turmoil, the branch advisers have devoted considerable time to providing personal advice and supporting their clients in their projects.

As a result, they guided 11,300 new clients towards wealth management advisors. At the end of 2008, 117,000 households representing more than EUR 55 billion in assets under management were benefiting from private banking services in France, an increase of more than 6.5% on 2007.

FRB (including Private Banking) also consolidated on its excellent performance in long-term savings. In a slowing market, **gross life insurance inflows in 2008 remained stable at EUR 7.1 billion, boosting FRB's market share in the G11 segment** (main bancassureurs in the market) from 9.8% at end-2007 to 10.6% at end-2008⁽¹⁾. This performance reflects the strength of our offering, **continued growth in planned savings with more than 800,000 contracts** and regular, increasingly personalised contact with clients. For example, **Private Banking France achieved net inflows of EUR 3 billion** in 2008.

In a sluggish lending market, **we continued to finance our clients' projects:**

- **Consumer credit continued to expand**, driven mainly by young clients, with student loans up 20% compared to 2007, and by investments in energy saving equipment, with a twofold increase in the number of Energibio loans.
- **An 8% increase in the mortgage book** with business remaining robust despite the more difficult market conditions.

All in all, business was boosted considerably by the progress made in local service, personal support, proactive marketing, modernisation of distance channels and upgrading the offering and brands. This contributed to **a continued improvement in the annual client satisfaction survey**, especially as regards their appreciation of the relationship with their adviser and their willingness to recommend the bank. **In 2008, almost 75% of clients surveyed said they would recommend BNP Paribas, a rise of almost 2 percentage points compared to 2007.**

⁽¹⁾ Source: Groupement français des bancassureurs.



Entrepreneurs and freelance professionals

In a particularly difficult market, BNP Paribas once again demonstrated its strong commitment to professionals and small businesses

- **We continue to strengthen our presence and our appeal** in this segment through an ongoing marketing drive, greater involvement with local economic players and partnerships with leading agencies and organisations. As a result, the number of entrepreneur clients increased by 4.7% in 2008 and the number of freelance professional clients by more than 2.5% (to be updated at 31/12).
- **We were very active in financing the real economy**, illustrated by further growth of almost 3% in new medium- and long-term lending. Similarly, total loans outstanding increased by 10% over the year (update at 31/12).
- **We took further initiatives to support business start-ups and business purchasers**, alongside partners such as the ADIE (Association for the Right to Economic Initiative), the APCE (a government-sponsored business creation agency) and many national franchise names. These projects accounted for almost one third of all financing granted in 2008. The third consecutive Spring “Open House for Freelance Professionals and Entrepreneurs” provided an occasion to review almost 5,400 client or prospective client projects (12.5% up on 2007), totalling more than EUR 600 million in financing needs.

BNP Paribas continues to invest in product innovation to better meet client expectations

- **The payment systems offering has been upgraded** (see inset). Our online payment solution Mercanet now provides greater security and a broader range of services. This reflects our goal of strengthening our position and supporting our clients in the e-commerce market. Launched in October 2008, this new offering made a substantial contribution to expanding the subscriber base, with growth of 28% over one year (to be updated at 31/12).
- **We have strengthened our offering to meet the personal wealth management needs of our professional and entrepreneur clients.** For example, the pensions offering has been reviewed and the personal risk insurance offering expanded with the launch of Amplissim Percoi, Protectio and Cardif Garantie. Consequently, the number of business clients who have entered into a personal banking relationship with BNP Paribas grew by 18% in 2008, and by more than 9% for private banking (to be updated at 31/12).
- In parallel, we continued to improve our offering in certain market segments, **launching a package for future medical practitioners and new financing structures for agricultural machinery.**



Support for our entrepreneurs and freelance professionals in e-commerce

E-commerce is expanding rapidly (over 25% of forecast annual average growth by 2010), driven by an explosion in the number of merchant websites.

Apart from the e-businesses born of the digital economy, an increasing number of traditional companies have diversified into the internet partly because of changing consumer behaviour but also to expand their client base. In 2008, BNP Paribas introduced a series of support initiatives for anyone wishing to venture into e-commerce:

- A practical guide to *Internet Selling*, setting out the questions to ask and who to approach.
- Upgrading the online payment offering, Mercanet, making it even more secure, to reduce the risk of fraud and non-payment, and accepting a broader choice of payment methods to better meet web users' needs. With Mercanet, BNP Paribas was the 1st European bank to offer online payment via Paypal.

Distinct improvement in client satisfaction and their appreciation of BNP Paribas

The overall satisfaction score for the two client segments has improved significantly, reaching 13.6 for freelance professionals and 14.2 for entrepreneurs. The improvement was broad-based as it covered all client types, all geographical areas and most of the analysis criteria. It was driven by two key factors:

- a closer presence to our clients by optimising our geographical coverage of this market and developing a more proactive client approach;
- a greater competitiveness in terms of offerings and pricing.

These factors led to a 6 percentage-point increase in the recommendation rate, demonstrating a greater appreciation of the Bank and an improvement in our competitive position. The proportion of

clients who said they intended to broaden their relationship with BNP Paribas has progressed significantly.

For the reasons described above, 2008 marked a break with previous years in terms of the extent of progress made.

LYON/FRANCE



Initiatives to strengthen our proactive approach

We upgraded our client marketing campaigns in 2008:

- We have further improved our welcome for new clients. During the first month of the relationship, we hold a series of client meetings to make sure they are fully satisfied with our service and to help them discover what the Bank can offer. After the first year, clients are given an Anniversary cheque book offering many benefits.
- To anticipate our clients' financing needs, several marketing campaigns have been enhanced to include pre-accepted financing offers: 56,000 proposals were sent out in 2008, an increase of 25% on 2007.

The multi-channel client relationship management system increased substantially in scale during 2008.

- We stepped up our **client contact programmes**, particularly for recent and secondary relationships (see inset). More than one million contact opportunities were delivered to the network in 2008, an increase of 32% on 2007.
- In parallel with **strong growth in traffic on the "bnpparibas.net/entrepres"** portal dedicated to freelance professionals and entrepreneurs (over 425,000 visits a month, up 29% compared to 2007), the first **online client marketing campaigns** were launched in 2008. 22,000 contact opportunities were generated by this new channel.
- **The national roll out of the Freelance Professionals and Entrepreneurs Business Centre** was completed in 2008. 250,000 incoming and 170,000 outgoing calls were made across the year as a whole.

- **A new, highly effective client relationship knowledge and management system** was rolled out in September 2008. It is based on a single Client File and new indicators, which enable all distribution channels (branch, phone, internet) to share information about clients, their needs and their banking relationship.

This new environment will help us provide more tailored advice and take a more personalised proactive approach to each of our freelance professional and entrepreneur clients.

Our strong commitment to freelance professionals and entrepreneurs, and the investment made in continuously improving the quality of our products and services have had a significant impact on client satisfaction levels. **2008 saw a distinct improvement in client satisfaction** (see inset), across all themes and almost all analysis criteria. The main reasons behind the improvement were our improved presence, our competitive offering and the quality of our services.

Corporate and institutional clients

2008: continued 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 FRB as the leading bank for companies, institutions and large associations by drawing on the wide array of services offered by the Group as a whole.

The strategy is built around the Group's 26 Business Centres located throughout France, which are exclusively devoted to corporate clients, institutions and large associations.

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 highly professional business support services -- Service Assistance Entreprise (SAE) and Cash Customer Services (CCS) -- have been set up to deal with after-sales issues.

The success of this approach is reflected in a further gain in the Bank's share of the loan market (0.4 of a percentage point in 2008 ⁽¹⁾) and cash inflows (3.6 percentage points for direct debits and 0.55 of a percentage point for bank cards ⁽²⁾), a strong gain in the Bank's share of the deposit market given the liquidity crisis in the banking sector (1 percentage point in 2008 ⁽¹⁾), and an improvement in client satisfaction.

Regional Trading Rooms

Against a backdrop of extremely volatile financial markets, the seven Regional Trading Rooms maintained their commitment to their clientele of large- and medium-sized companies, as well as large associations and institutions, supporting them closely in debt management, and currency and commodity price hedging.

The trading rooms also provide a full range of investment services, from money market funds to structured EMTNs (index-linked to the equity markets, interest rates, exchange rates, etc.), thus enabling clients to optimise their cash investments across all maturities and all classes of underlying.

The Regional Trading Rooms work closely with the Business Centres and with CIB and AMS, enabling them to provide their clients with a local service coupled with financial market expertise.

Reorganisation of Paprec's shareholder structure and new syndicated loan: an example of how our businesses work together to serve our clients.

The Paprec group, based at La Courneuve, has become France's top independent recycling group over the past ten years, with a leading position in plastics and office paper recycling.

It employs 2,000 people and processes 2 million tonnes of recyclable products each year at thirty ISO 14001/9001 certified facilities.

Jean-Luc Petithuguenin, founder and main shareholder of Paprec, wanted to step up the Group's growth in 2008 by reorganising its shareholder structure and obtaining a new syndicated loan to finance its expansion. Alongside Financière Agache Private Equity, which acquired just under 40% of the share capital (EUR 100 million invested mainly via a capital increase), Paprec also approached its banks to restructure its existing credit facilities and obtain new financing.

Based on the relationship of trust and confidence built up between Paprec and the Key Accounts unit and the eastern Paris region Business Centre, the Structured Finance team – which had already supported the Group in a previous deal in 2006 – was invited to arrange and structure a new syndicated facility.

Once again, therefore, BNP Paribas was able to demonstrate its ability to support a market-leading family enterprise in its expansion.

⁽¹⁾ Source: Bank of France.

⁽²⁾ Source: STET.

BNP Paribas and SEPA (Single European Payment Area)

EDF, European leader in energy, has selected BNP Paribas for its SEPA credit transfers (SCT). EDF is a pioneer among French and European companies in using SEPA and the new XML format for all its transfers. Several thousand SCTs are sent daily. Other prestigious clients such as Danone, world leader in food nutrition, and Richemont, a world leader in luxury goods, have also chosen BNP Paribas and SwiftNet for their SCTs. The success of these SEPA projects is largely attributable to the expertise, experience and commitment demonstrated by BNP Paribas.



LILLE/FRANCE

Products and services provided by the Group as a whole

French Retail Banking develops its commercial offerings to corporate clients, institutions and large associations by drawing on the specialised skills of each of the Group's businesses. Further progress was made in cross-selling during 2008 in areas such as currency derivatives, interest rate derivatives, short-term cash investments, international trade transactions, specialised financing (factoring, contract hire and fleet management) and private banking.

These success stories have been achieved through the effective coordination of the Business Centre sales teams and the Group's specialised businesses so as to provide clients with the best possible service.

BNP Paribas Cash Management

BNP Paribas is now one of the uncontested leaders in domestic and international cash management.

It is a leader in several domestic markets such as France and Italy and has direct operations in 19 countries across Europe. With its partner banks, BNP Paribas provides its clients with a network of 21,000 branches in 35 European countries and 28,000 branches worldwide.

This strong positioning means that the Group is included in the vast majority of invitations to tender issued by large- and medium-sized European and global companies.

There were some major developments in cash management during 2008, including the introduction of a SEPA (Single European Payments Area) offering, and strong market recognition for the Bank's expertise reflected in the award for Best Cash Management Bank in Southern Europe 2008 by *Treasury Management International* magazine.

Harmonisation of European payment systems is driving the major groups to centralise their cash management activities at European and world level.

Our strategic achievements include the multi-currency notional cash pool and SwiftNet, in addition to an in-depth review on the Etebac5 replacement.

BNP Paribas Cash Management has a strong presence in Europe and worldwide, supported by local sales and support teams totally dedicated to clients.

This strategy has led to numerous successful bids with companies such as EDF, Alten, JCDecaux, Diesel France and UPS.

BNP Paribas was the first bank to issue the Visa business card in France and has a 60% market share ⁽¹⁾. By the end of March 2009, the Bank will also launch its new business card offering in other European countries.

Lastly, BNP Paribas Cash Management held the 2nd Cash Management University last November. Sponsored by the largest players in the market, including IBM, SAP, Swift, Visa, Sage, Sterling Commerce, BNP Paribas Factor, BNP Paribas Investment Partners and BNL, the event attracted over 200 participants including 100 European clients, who discussed and shared information and experience about risk management. Three major conclusions were drawn: a return to the fundamental values of the treasury business, transparency and confidence.

The event was a huge success and will be repeated next Spring.

⁽¹⁾ Source: Visa.

FRB – After-sales organisation

2008 saw a new milestone in the development of our production system as the drive to consolidate our platforms and upgrade our systems gathered pace.

At 31 December 2008, there were 76 Production and Sales Support Branches (PSSBs) grouped into 10 Production and Sales Support Groups, with a total of 4,500 employees.

New productivity gains were made as a result of:

- transferring new tasks to the back-office platforms, particularly those related to new business relationships and the associated controls;
- strengthening the sales support units within the PSSBs to smooth relations between front and back office. This led to the introduction of an automated system for reconciling middle-office tasks in setting up small business loans.

We continued to roll out the Lean Six Sigma process. All in all, almost 150 projects have been completed since 2005 to help improve productivity and processing quality.

After our Electronic Publishing platform in 2007, our Electronic Relations Centre had its ISO 9001 v. 2000 certification renewed.



BNL banca commerciale

BNL banca commerciale (BNL bc) is Italy's 6th-largest banking group in terms of total assets ⁽¹⁾. It is one of the major players in the Italian banking and financial system, which is now fully integrated in the European market and includes banks of international stature following the sector consolidation of recent years.

BNL bc provides a comprehensive range of banking, financial and insurance products and services, ranging from the traditional to the most innovative, segmented to meet the needs of each client category. It has a large, diversified client base consisting of:

- around 2.5 million individual clients and 12,000 private clients (counted by household);
- over 119,000 small businesses (with sales of less than EUR 5 million);
- around 30,000 medium and large companies; and
- 16,000 local authorities and non-profit organisations.

During 2008, a revision of the client segmentation led to two main changes: (i) business clients with sales of EUR 1.5 million to EUR 5 million, which were previously classified as medium-sized companies, have been transferred to the small business segment; (ii) private banking clients are no longer counted individually but by household.

In retail and private banking, BNL bc has a strong position in lending (especially residential mortgages, with market share of over 6% ⁽²⁾), and is gaining ground in the deposits segment (market share of about 3.5% ⁽²⁾) well ahead of its network penetration (2.3% in terms of branch numbers) ⁽²⁾.

Another of BNL bc's strengths is its relationships with large companies and local authorities, a segment in which it boasts an average market share in the region of 5% and 7% respectively ⁽²⁾, with a well-established reputation in cross-border payments, project financing and structured finance, as well as factoring (the specialised subsidiary Ifitalia ranks 3rd in Italy in terms of credit outstanding ⁽³⁾).

With a view to developing its client base as much as possible, BNL bc has structured its distribution model so as to increase direct contact with clients, reinforce the central role and flexibility of the sales network and improve communication of commercial policies for both innovative and traditional products. Within a multi-channel distribution approach, the network has been organised into five regions ("*direzioni territoriali*") with the Retail Banking and Corporate Banking activities being run as separate structures:

- 125 retail banking groups with almost 750 branches;
- 27 private banking centres;
- 21 business centres with 51 branches dealing with SMEs, large corporates, local authorities and public sector organisations.

In addition, 5 Trade Centres have been opened, providing companies with a range of products, services and solutions for cross-border activities and rounding out BNP Paribas' international network which consists of 85 Trade Centres spread over 55 countries. At the same time, the network of Italian Desks that assist Italian companies abroad as well as multinational companies with direct investments in Italy has been expanded to cover 12 countries, mainly in the Mediterranean area.

The multi-channel offering is rounded out by more than 1,450 ATMs and 20,000 POS (points of sale with retailers), as well as telephone and online banking for both retail and business clients.

This organisation is supported by specialised local back-office units, which work closely with the distribution network to improve the satisfaction of both internal and external clients by delivering a high-quality, effective service and better management of operational risk.

⁽¹⁾ Source: Internal estimates based on published financial information at 30 September 2008.

⁽²⁾ Source: Bank of Italy statistics at 30 September 2008.

⁽³⁾ Source: Assifact at 30 September 2008.

Implementing the strategy in a challenging environment

In 2008, despite its relatively modest exposure to the financial assets hardest hit by the turmoil in the international financial markets, the Italian banking system was gradually affected by the impact of the global crisis on the domestic economy in terms of weakening GDP. This not only led to a slowdown in demand for credit, especially from households and SMEs, and deep crisis in the mutual fund industry, but also to pressure on margins driven by higher liquidity costs and a significant increase in the cost of risk.

In this challenging environment, BNL bc maintained strong organisational and business momentum to consolidate on the value creation targets set out in its business plan. We continued to strengthen our commercial activities and implemented the synergies targeted for 2009, which were also revised up during the year:

- Continued investment in organic growth, with the introduction of specific commercial models to meet client needs, gradual restructuring and expansion of the network and renewal and rationalisation of the product range. These actions have been supported by innovative marketing campaigns;
- Leveraging BNP Paribas' expertise by combining a powerful distribution network with world-class product factories – focusing on cross-selling between BNL bc divisions and Group divisions – and management tools to develop a unique multi-channel commercial offering;
- Maintaining tight control over the cost base by optimising the productivity and service level of the business centres, operations and back offices whilst ensuring an adequate programme of staff training and renewal, and by creating dedicated structures to contain and prevent escalation in the cost of risk.

Against this background, managerial change played a crucial role and was an essential pre-requisite for effective change management. At BNL, there has been a far-reaching reshuffle in all managerial roles, from top reporting lines to retail and corporate managers. The main changes have led to:

- high management turnover: over 50% of top reporting lines in new roles (including approximately one third in new hires) and 75% of corporate managers (including 10% new hires);
- a significant reduction in the average age;
- an increase in the number of women in managerial roles.

Brand awareness

Brand is confirmed as a key asset for BNL bc. It ranked 4th in the Italian market on spontaneous recall with a score of 19%, significantly outperforming the competition given the difference in scale in terms of revenue, branch numbers, client base and investment in communication. Brand image is improving, especially among clients, in terms of dynamism and customer care. Traditional areas of strength such as robustness and reliability have been reinforced by being part of the BNP Paribas Group. BNL bc is a leader in social responsibility, mainly thanks to the Telethon. Importantly, the appeal of BNL as an employer for new graduates has grown, moving up to 7th place in Italy. In addition, Italy's position as a second domestic market for the BNP Paribas Group was confirmed by a steady increase in awareness of the BNP Paribas brand (70% assisted recall, second only to France with 93% worldwide) coupled with an excellent brand reputation both among the general public and among opinion leaders, where BNP Paribas ranks as the leader in Italy. Nowadays, one in two people among the general public is aware of the link between BNP Paribas and BNL.

Source:
Eurisko Multifintrack (7,050 interviews, adults with a bank account aged 25-64).
Recent graduate survey (2,500 recent graduates / 116 companies).
TNS Sofres BNP Paribas Brand Barometer Sept-2008



Retail & Private Banking business



ROME



ROME

The Retail Banking business achieved significant volume growth compared to the previous year, both in lending – especially medium-term loans – and in deposits and bonds, despite the noticeable deterioration in the economic environment.

Close co-operation with AMS in diversifying the product offering and increasing cross-selling boosted fee income and offset the reduced contribution resulting from asset management outflows.

The new commercial approach has resulted in a remarkable reversal of trend in terms of new current accounts. The increasingly customised product offering, as illustrated by the success of “BNL Conto Revolution”, coupled with stronger brand awareness, led to a significant increase in the number of net new current accounts in 2008. This confirms the initial signs seen in 2007, when there was a net positive balance for the first time in many years.

Continued product innovation

Leveraging the expertise of other BNP Paribas Group divisions, BNL bc has thoroughly overhauled and rationalised its product range. We continue to innovate in terms of our products, by creating specific offerings in current accounts, mortgages, structured bonds, mutual funds, creditors’ insurance products. Notable examples are:

■ Individuals

- “BNL Conto Revolution U 27”: a specific current account offering in the “Revolution” range aimed at younger clients with completely free banking usage.

- “Cambia Mutuo BNL”: a new flexible mortgage facilitating zero cost transfers to BNL.
- “BNPP Harmony”: a 3-year fixed rate bond offered simultaneously by BNP Paribas Group in the main EU countries, giving clients a potential yield above Treasury bonds.
- “BNP Paribas Match”: an absolute return fund with a low risk profile, designed to compete with Italian Treasury bonds (BOT and BTP yields).
- “Polizza BNL Grandi Progetti”: a new index-linked product developed in co-operation with the AMS Division, which invests in infrastructure development worldwide.

■ Small businesses

- “Credito BNL Your Business”: a new loan tailored to business needs with a flexible repayment schedule, aimed mainly at retailers and exporters.
- “Mutuo Turismo”: a medium/long-term loan dedicated to tourist operators, adapting the repayment schedule to specific seasonal cycles.

■ Private Banking

- Customised discretionary accounts: a new financial investment offer based on developing an investment portfolio geared to the client’s specific needs and risk profile.

Enhancing distribution capability

■ Network reorganisation

In 2008, the retail network's in-depth reorganisation focused on the "Network Revolution" project, drawing largely on the expertise of the French Retail Banking (FRB) Division. Key areas addressed were:

- the multi-channel distribution platform which is based on the FRB model, in particular the adviser's workstation (a customer interaction tool): a feature that sets BNL apart from its domestic peers;
- new credit processes for individual and business clients: review of the approach by extending the scoring and rating systems, integrating the "two pairs of eyes" principle in the credit process and centralising credit analysis activities;
- new client segmentation: over 5,000 businesses with sales of EUR 1.5 – 5 million have migrated from corporate to small business management; the approach and client service models are inspired by FRB;
- roll-out of more effective commercial planning tools for relationship managers, benefiting from FRB change management expertise in the roll-out phase.

Concurrently, significant efforts in training have been made across the network aimed at promoting new "sales behaviours" and involving over 7,000 people in a 12-month intensive change management programme encompassing more than 10,000 training days.

■ Branch network renovation and new openings

BNL's network is undergoing a fine-tuning process to enhance its appeal and efficiency:

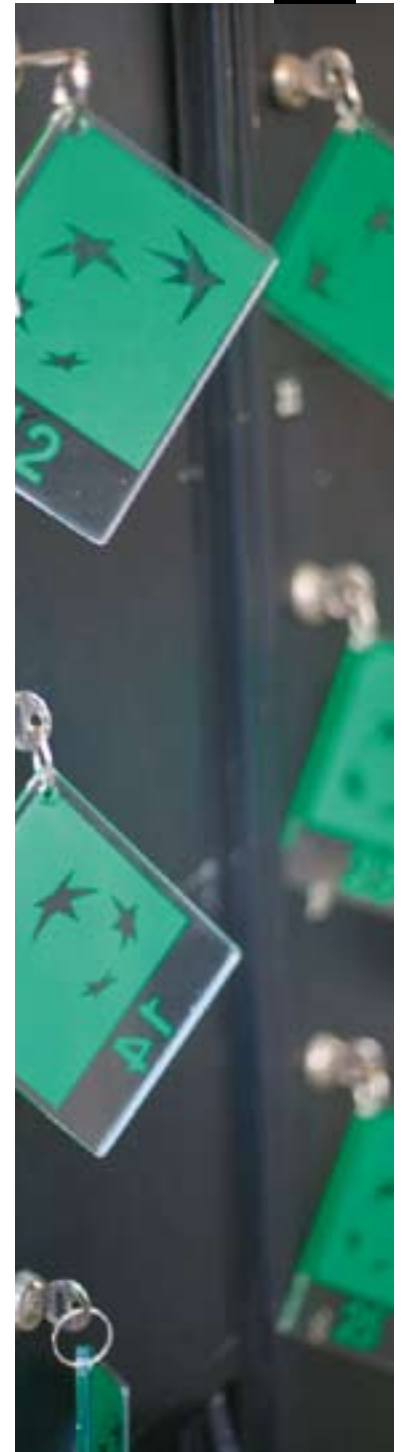
- renovation of all existing branches through restyling or restructuring;
- increase in scale, with a plan to open 100 new branches split equally between 2008 and 2009;
- roll-out of 600 new multi-function ATMs, of which more than half already installed by year-end 2008.

Improving credit quality

In order to improve credit quality management, a dedicated new structure has been set up in the Retail & Private Banking Division. Its main goals consist in setting up new credit workflow processes, improving credit risk in the small business and individuals segments, and managing as well as controlling credit approvals, through:

- rolling out a new dedicated credit process for Business clients, delegating approvals to the business line;
- introducing a "two pairs of eyes" approval procedure and new credit offices in each area;
- developing and implementing a new credit process for Individual clients, to be rolled out in 2009.

Moreover, in the current challenging credit environment, BNL has set up a specific new unit called "négociation amiable" based on BNP Paribas' experience in the French market and Italian best practices. The unit's role is to anticipate potential problems and devise ad-hoc solutions with customers who are experiencing difficulties with their repayments.



Corporate advertising campaign

In December 2008 BNL bc launched its first corporate advertising campaign since becoming part of the BNP Paribas Group. This marked a significant break with the previous predominantly product-based advertising. The campaign is designed to highlight BNL's distinctive positioning in Italy as part of the largest European banking group for deposits. So far, the campaign has received a positive response from clients and BNL employees, focusing on the bank's robustness and reliability in these times of turmoil.

Corporate business

Management change has been particularly far reaching in the corporate sector, with a significant reshuffle at all levels. This, combined with the network reorganisation and introduction of an upgraded business model, has contributed to a very dynamic year in Corporate business, with strong growth in lending volumes, especially to mid-corporates and local authorities, whilst deposits have shown resilience despite the intense pressure from competitors in the second part of the year, driven by the need to strengthen the funding base in the current liquidity crisis.

Cross-selling – internally with Private Banking as well as with other divisions – and leveraging BNP Paribas' international network has generated significant benefits, especially in terms of cash management, trade finance and structured finance fees. In particular, structured finance business was boosted significantly by the remarkable increase in the number of mandates both for BNL bc and for CIB, with a positive impact on revenues.

The introduction of “prospect” relationship managers fully dedicated to winning new customers, coupled with the introduction of a new warning system to prevent client loss, has led to a reversal in trend in terms of new corporate relationships during the year, with a net increase as opposed to a net contraction in previous years. The continued expansion of the “Italian Desks” network also contributed to this trend.

New client segmentation

In line with the segmentation criteria adopted by the BNP Paribas Group and in order to improve relationship management, more than 5,000 business clients with sales of EUR 1.5 – 5 million were transferred to the Retail Banking segment in 2008. This has freed up commercial resources which have been reallocated to improving relationship management and service standards.

Cross-selling

Cross-selling is an important strategic lever in the Corporate business plan. The key areas of development were:

■ **Corporate**

- focus on three core corporate and investment banking activities: corporate finance, acquisition finance and loan syndication;
- acceleration in new cash inflows with Wealth Management via an ambitious marketing plan;
- leveraging the commercial reorganisation to support leasing and factoring activities in the mid-corporate segment;
- diversification of revenue sources by developing services, such as property and facility management, real estate consulting with Atisreal and fleet management with Arval.

■ Local authorities

- leveraging 89 internal branches within prime public administration entities;
- exploiting 285 special agreements with local authorities and public entities to open accounts with individuals and increase transaction volumes.

Cash management

The re-designed cash management offering leverages the new integrated platform with BNP Paribas and has resulted in a marked improvement in cash management capabilities, with promising results in terms of revenue generation. The cash management offering sets BNL bc apart in the Italian market:

- the only bank offering integrated services in more than 20 countries;
- 14 account managers and 26 professionals committed to the Corporate network;
- a specialist team to offer complex, tailor-made solutions.

Comprehensive offer in international support

BNL's historical support of its clients' international business has been greatly enhanced by its integration into the BNP Paribas network through:

- Trade Centres: 5 Trade Centres and 18 account managers in Italy and, globally, access to 250 professionals operating in 85 centres in 55 different countries.
- Italian Desks: in 12 countries including the USA, China, India, Russia and the Arabian Gulf, with a unique presence in the Mediterranean Basin.
- International network: full integration in the BNP Paribas network with a presence in over 80 countries.

Asset growth coupled with strict risk control

Corporate demand for credit, though consistently higher than in the previous year, began to wane in the latter part of the year as the economic slowdown began to have its effect on both the availability of credit from financial institutions and on demand from companies hit by a contraction of their business volumes. In compliance with the Group's lending discipline, volume growth is closely linked to risk control. The widespread adoption of risk-adjusted pricing models throughout the network is expected to further enhance asset quality management and efficiency in capital allocation, even though the challenging economic environment poses an upside threat to the cost of credit risk.

In addition, in response to the increasingly difficult operating environment, during the year a "special affairs" team was set up to deal with specific critical positions, capable of proposing tailor-made solutions in order to limit asset quality deterioration.



DONE



DONE

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, the latest being Commercial Federal Corporation in December 2005.

Bank of the West offers a very large range of retail banking products and services to individuals, small businesses and corporate clients in 19 states in western and mid-western America. It also has strong national positions in certain niche lending markets, such as marine, recreational vehicles, church lending, small business administration and agriculture. With a market share of close to 40% based on deposits ⁽¹⁾, First Hawaiian Bank is Hawaii's leading bank, offering banking services to a local clientele of private individuals and companies. In total, with 11,800 employees, 742 branches and total assets of nearly USD 80 billion at 31 December 2008, BancWest currently serves some 5 million client accounts. It is now the 6th-largest bank in the western United States on deposits ⁽¹⁾.



The American economy first edged into recession in late 2007, but then took a sharp nosedive from September 2008 following a spate of unprecedented events in the financial world, including the nationalisation of Fannie Mae and Freddie Mac, followed by AIG, the collapse of Lehman Brothers, the takeover of Merrill Lynch and Washington Mutual, and the change of status of Morgan Stanley and Goldman Sachs, both of which are now supervised by the Fed.

The recession then spread to most sectors of a real economy already substantially weakened by a decline in consumer spending, a contraction in corporate investment, a plummeting real estate market, a severe credit crunch and massive job losses.

In response, the Fed continued to lower its Fed Funds target rate throughout the year, until it hit 0-0.25% in December. It also injected massive liquidity and introduced new mechanisms to support the lending market. In parallel, the US Treasury adopted a series of stimulus measures of unprecedented scope, with the aim of bailing out the large financial institutions and industrial groups and stimulating a seriously waning economy.

Against this turbulent background, BancWest and its two operating subsidiaries continued to deliver disciplined organic growth. Although demand for credit from individuals and, to a lesser extent, businesses showed signs of sharp slowdown, BancWest delivered double-digit growth in its loan book on a comparable basis and at constant exchange rates. The deposit base also grew, although at a slower rate due to fierce competition in terms of interest rates.

Thanks to its robust financial structure and well secured liquidity position, Bank of the West was able to continue expanding its business with no other constraints than those imposed by disciplined management geared to a very difficult environment.

Bank of the West therefore capitalised fully on the investments made during the previous year and throughout 2008, including rolling out all products and services to the entire branch network, introducing a private banking offering based on a specific sales and marketing organisation structure, optimising and extending its distribution channels, continued rationalisation of middle- and back-office processes, and strengthening recovery procedures.

⁽¹⁾ Source: SNL Financial, 30 June 2008.



LOS ANGELES

Bank of the West consolidated on its strong national positions in activities such as agriculture financing (no. 3 in the USA ⁽¹⁾) and recreational vehicle financing (no. 1 in the USA ⁽²⁾).

In addition, quality of service, a key differentiating factor, remained a top priority for Bank of the West, which took 1st place in customer satisfaction this year among retail banks in western America ⁽³⁾.

A sharp rise in risks and the repercussions on competitors' behaviour, particularly in terms of pricing, enabled Bank of the West to significantly increase its margins on new lending and gear its lending criteria to a continuously worsening economic environment.

By contrast, the recession caused a significant increase in the cost of risk across all Bank of the West's business activities. The deterioration mainly concerned the investment portfolio, lending to the residential construction sector and, to a lesser extent, consumer finance, which was affected by a sharp rise in unemployment in the second half of the year. Nonetheless, thanks to the prudent selection policy applied during previous years, the impact of the crisis has so far proved a lot less severe than for most market players.

Although earnings were down on the previous year, Bank of the West remained profitable in 2008.

In Hawaii, although the initial signs of a slowdown were felt early in the year, the local economy proved more robust than most of mainland America. In this context, First Hawaiian Bank confirmed and consolidated on its leading position. It delivered very satisfying performances in terms of business volumes and margins. The cost of risk was contained to near historic lows. First Hawaiian Bank therefore delivered record earnings, up on the previous year.

⁽¹⁾ Source: Ag Lender.

⁽²⁾ Source: Statistical Savings Inc.

⁽³⁾ Source: JD Power and Associates.

Emerging Markets

Retail Banking in the Emerging Markets now operates in 38 countries and territories covering the Mediterranean Basin (795 branches), the Near and Middle East (62 branches), Africa (81 branches), the far east of Europe (950 branches) and the French overseas departments and territories (60 branches). Across all these regions, the business operates a total network of 1,948 branches with more than 4.7 million individual, small business and corporate clients and 30,000 employees.

The business also operates in Asia through two partnerships with local banks, totalling 64 branches in China and 65 in Vietnam.

The business has developed rapidly since 2004 and now consists of six times more branches and four times more clients. It has also set up operations in 10 new countries since the end of 2004, both through acquisitions (Turkey and China in 2005, Ukraine in 2006, Vietnam and Libya in 2007) and organic development (Saudi Arabia, Kuwait, Mauritania and Russia).

This huge change of scale has been accompanied by continuous organisational adaptation, involving the creation of regional platforms and a new commercial strategy focusing on individual clients and small- and medium-sized companies.

These networks, with their fast-growing client bases, constitute a unique distribution platform for all the Group's businesses: partnerships with Personal Finance in Turkey, Ukraine, Algeria, Morocco and China, distribution of CIB's structured products across all networks and integration within CIB's network of Trade Centers, and creation of a joint venture with the Wealth Management business.

Innovation and mobile telephony

BNP Paribas and Orange joined forces in 2007 to develop a basic mobile phone banking service for the emerging markets, covering deposits and withdrawals, transfers, paying bills, etc.

The emerging markets have a high mobile phone penetration rate and a low banking penetration rate, providing the perfect conditions for this type of project. Other operators have already successfully developed a similar offering in countries such as Kenya and South Africa.

The mobile phone operator manages the technical platform handling the transactions and is responsible for distributing electronic money through a network of approved distributors.

The Bank issues the e-money, provides a performance guarantee to all e-money holders and is responsible for transaction compliance and control.

Mobile banking (or Orange Money) has recently been launched in Ivory Coast. The service is also due to be introduced in Senegal, Mali, Egypt and Madagascar (countries where both groups operate) in 2009.

Through this new partnership with Orange, BNP Paribas aims to help develop the banking industry in emerging countries with low-income populations and thereby contribute to their economic growth.

Significant events of 2008:

In times of crisis, continued growth with tight control of risk

The emerging countries were relatively unscathed by the financial crisis until September 2008, but were affected in the final quarter to varying degrees:

- deep crisis in Ukraine;
- marked slowdown in some areas such as Turkey;
- resilience in other regions despite a slowdown in GDP growth.

Measures appropriate to each region were taken swiftly:

- tighter control of operational and credit risk;
- drive to win new clients with a focus on deposit gathering;
- continued prudent liquidity policy;
- organisational changes.

Organic growth continued apace in high-growth countries, with a total of 170 new branches opened, including 63 in Turkey, 22 in Morocco, 13 in Algeria, 18 in Russia and 10 in Egypt. Business expanded sharply despite the difficult international environment. The network attracted more than 570,000 new clients thanks to a strong commercial drive.

Deposits and lending grew by more than 20% year-on-year on a like-for-like basis and at constant exchange rates.

In parallel, new innovative products were launched in the local markets, such as Mobile Banking in partnership with Orange (see inset) and Migrants, a package designed to facilitate and step up financial flows between the Mediterranean countries and Europe.

Diversified presence

■ Mediterranean Basin

In Turkey, Türk Ekonomi Bankası (TEB) is expanding rapidly. Since December 2005, the network has grown threefold to more than 330 branches with almost 1.5 million clients. This strong momentum was driven by TEB's excellent capability in product innovation.

In 2008, TEB successfully opened a retail bank in Kosovo which now has 17 branches and 23,000 clients.

With operations across the whole of North Africa (Morocco, Tunisia, Algeria and Libya), the Group's more than 440 branches (including 41 opened in 2008) constitute a unique platform in this fast-growing market. In Libya, a restructuring plan for Sahara Bank was initiated in 2008 and is already beginning to produce results (see inset).

■ Far east of Europe

In Ukraine, UkrSibbank continues to expand and now has more than 1.5 million clients. It has introduced a new branch concept, with a new design, simplified product range, cash dispensers, etc., which is already producing promising results in terms of attracting new clients and capturing deposits.

UkrSibbank won many awards during the year and was named "Best Ukrainian Bank 2008" by *Euromoney*, *Global Finance* and *The Banker*.

When the financial crisis swept through Ukraine in September 2008, UkrSibbank took swift action:

- suspending new lending and tightening up internal control and risk management;
- stronger drive in deposit gathering;
- measures to cut costs and improve operational efficiency.

In Russia, BNP Paribas opened its first branches for small business and individual clients in Moscow in February 2008. Eighteen new branches have been opened in total, including ten in Moscow and eight in the Saint-Petersburg and Nijni Novgorod areas. Synergies were strengthened with other Group operating units, mainly Corporate and Investment Banking and Consumer Credit.



Libya a year of change:

The first year of partnership with Sahara Bank, in which BNP Paribas has a 20% interest, saw a number of changes including the preparation and initial implementation of a white paper on banking process re-engineering, implementation of a new client-oriented organisation structure and an information systems upgrade with a project to roll out an Arabic version of BNP Paribas' core system in 2009.

The commercial structure is now divided into three segments: Corporate Banking, Institutional and Islamic Banking and Retail Banking. The purpose of this structure is to develop a more sales-oriented culture and to provide each client segment with a tailored, competitive range of products and services. A new branch model is currently being deployed.

In human resources, a training programme has been set up comprising ten modules, including customer service, English and information technology.

Sahara Bank has also adopted the Group's best practices in risk management, as well as compliance and internal audit, with the traditional segregation between permanent controls and periodic controls.

Despite all these changes, Sahara Bank employees remained committed to their tasks throughout 2008, leading to a better performance than was initially expected at the time of the acquisition. Sahara Bank is Libya's 2nd-largest bank in terms of assets and deposits and 3rd-largest in terms of lending.

BNP Paribas Group partners Samusocial International in Mali, July 2008

BICIM, the Group's subsidiary in Mali, has forged a partnership with Samusocial International and its local partner Samusocial Mali. This partnership is designed to support solidarity, citizenship, educational and cultural initiatives.

Samusocial Mali provides mobile assistance to street children in Bamako, dispensing medical, social, educational and psychological aid, mainly during the night. Among other actions, group socio-

educational discussions are organised to address issues of importance to the children, such as drug addiction, risk of exploitation by bosses, prostitution and the role of "protectors", inter-group conflicts and the dangers of begging and thieving. The support relationship is founded on the trust and confidence inspired in the children by Samusocial Mali's educators.



■ **Near and Middle East**

Retail Banking in the Emerging Markets continued to expand in this region:

- Egypt achieved strong growth, increasing its client base by almost 50% and completing a number of major deals, including participating in the acquisition made by the Lafarge Group. Ten new branches were opened in 2008.
- The Gulf countries also had an exceptionally good year, with strong growth in the United Arab Emirates and Bahrain.

In both these regions, synergies with other Group entities – mainly CIB and Wealth Management – made a strong contribution to both activity and results.

■ **Other regions**

In China, Bank of Nanjing, which has been a strategic partner to BNP Paribas since late 2005, produced record results in 2008 and continued to expand with new branches in Shanghai and Wuxi. It has also obtained authorisation to open a branch in Beijing by March 2009. With these new branches, Bank of Nanjing will be better able to meet the needs of foreign companies that are clients of BNP Paribas.

In Vietnam, during the first year of its partnership with BNP Paribas, Orient Commercial Joint Stock Bank successfully focused on implementing a demanding technical co-operation project, mainly in information systems, risk management and asset & liability management.

BNP Paribas Personal Finance

BNP Paribas Personal Finance: a new name, a new dimension

On 1 July 2008, a new legal entity, BNP Paribas Personal Finance, was created to house the Bank's domestic and international consumer credit, mortgage financing and debt consolidation activities. With 29,000 employees in 30 countries spanning 4 continents, BNP Paribas Personal Finance is the French and European no. 1 in Personal Finance ⁽¹⁾. It helps clients achieve their projects, however big or small, in line with its commitment to "responsible lending".

European no. 1 and global player ⁽¹⁾

BNP Paribas Personal Finance aims to help its clients achieve their projects within the limits of what they can afford. As the leading European multi-specialist, BNP Paribas Personal Finance provides a full range of Personal Finance products available either at point of sale (retail stores, car dealerships) or through approved business introducers (brokers, estate agents, developers) or direct via the internet or via its client relations centres. As a global player, BNP Paribas Personal Finance's aim is to be among the world's Top 5 Personal Finance companies.

A socially responsible global player

During the difficult times towards the end of 2008, commitment to social responsibility took on an even more important dimension for BNP Paribas Personal Finance and its commercial brand Cetelem.

Its approach is underpinned by four key principles:

- **Promoting responsible lending**

The aim is to give as many people as possible access to financing whilst combating household over-indebtedness. In France, BNP Paribas Personal Finance, under its Cetelem brand, annually discloses its four responsible lending indicators: refusal rate, percentage of loans with no payment incidents, percentage of fully repaid loans, risk ratio as a percentage of outstandings.

In 2008, these indicators were extended to include mortgage financing.

- **Protecting the environment**

The Oxygène programme set up by BNP Paribas Personal Finance in October 2007 was designed to be a strong incentive for both employees and clients. Since then, five key actions have been taken internally, the most representative being a carbon report measuring the business's carbon footprint in France. For both clients and prospective clients, BNP Paribas Personal Finance has launched a package under the Cetelem brand to finance solar panels in partnership avec EDF ENR.

- **Helping those who help others**

Through the Cetelem Foundation, BNP Paribas Personal Finance provides micro-credit and supports humanitarian and social associations such as ATD Quart Monde, Secours Populaire Français, Secours Catholique, Face (Fondation Agir Contre l'Exclusion), SNC (Solidarités Nouvelles Face au Chômage), ADIE (Association pour le Droit à l'Initiative Économique), Agir abcd, Cash de Nanterre and Réussir Aujourd'hui.

- **Encouraging diversity**

Human resources policy is a key priority for BNP Paribas Personal Finance, to ensure that all employees continue to share the goals of a bank that knows how to change and to drive change.

⁽¹⁾ Source: Annual reports of Personal Finance companies.

New management structure

On 3 September 2008, following the creation of the new BNP Paribas Personal Finance legal entity in July and the merger of Cetelem and UCB, the Board of directors approved the appointments of **Bruno Salmon**, Chairman, and **Thierry Laborde**, Chief Executive Officer.

On 4 December 2008, BNP Paribas Personal Finance announced the appointment of two Chief Operating Officers, **Yves Gaudin**, co-head of France and member of the Executive Committee, and **Alain van Groenendael**, former CEO of Citigroup Western Europe. Both took up office on 1 December 2008. BNP Paribas Personal Finance has therefore created a management structure geared to its strong growth ambitions, with the goal of consolidating its no. 1 position in the French and European Personal Finance market (1) and of joining the world's Top 5 by 2010.



Significant events of 2008

Despite the difficult financial and economic environment, BNP Paribas Personal Finance, which now combines two areas of expertise – consumer credit and mortgage financing – enjoyed buoyant business growth. In France and more broadly in Europe, BNP Paribas Personal Finance has consolidated its no. 1 position. From the summer onwards, its teams were able to adjust its operating costs and cost of risk to the new conditions. Across the year as a whole, therefore, BNP Paribas Personal Finance achieved its targets in net banking income and new lending.

In this climate of gloomy economic outlook and recession in some countries, BNP Paribas Personal Finance has a number of strengths to help it withstand the difficult times, including its membership of the BNP Paribas Group, a comprehensive range of financial services, operations in many markets and a presence in the emerging countries.

■ On 16 May 2008, BNP Paribas Personal Finance launched its mortgage financing business under the Cetelem brand. This marked a major milestone in their integration, creating the first French brand to cover the entire range of Personal Finance products from store cards to mortgage loans, personal loans, automobile loans, revolving credit facilities, debt consolidation and associated financial services. In France, the launch was accompanied by the roll out of a new full online offering on www.cetelem.fr.

■ On 20 May 2008, BNP Paribas Personal Finance reaffirmed its commitment to responsible lending by launching the first dedicated information and services website, www.moncreditresponsable.com, under the Cetelem brand. This non-merchant site is open to everyone, whether clients of Cetelem or not. It aims to provide practical, responsible advice on all types of Personal Finance, whether consumer credit, mortgage financing or debt consolidation.

As a responsible lender, Cetelem provides households with the information they need to draw up their budget and decide how much they can sensibly afford to borrow.

Since May 2008, several chat rooms have been set up on themes such as Personal Finance, automobile financing, over-indebtedness, the credit crunch, etc.

■ A global commitment to clients and partners: the creation of BNP Paribas Personal Finance on 1 July delivered a new promise: "Let's give a future to your plans". Mr Credito, the Cetelem mascot that embodies this promise has been incorporated into the BNP Paribas Personal Finance and Cetelem logos.

■ In Russia, Cetelem set up a consumer credit activity in June in several Eldorado stores, a leading Russian non-food retailer with market shares ranging from 25% to 35% depending on the segment (household fabrics, electronics, hi-fi/video).

■ On 25 September, BNP Paribas Personal Finance and PayPal, world leader in online payments, entered into a strategic European partnership for financing online purchases. PayPal has included BNP Paribas Personal Finance's Aurore card in its range of accepted payment methods. The 12 million Aurore card holders in France, Italy and Spain can therefore make secure payments via PayPal using the credit facilities on their Aurore card for purchases on eBay and more than 200,000 other sites worldwide, including 130,000 in Europe.

■ **Extension of the partnership with Dell in South America.** After Brazil early in the year and Argentina in September, the partnership with Dell, no. 1 in direct online computer sales, was extended to Mexico in **October**. The partnership now covers seven countries: Argentina, Belgium, Brazil, Spain, France, Italy and Mexico.

■ **In October 2008**, BNP Paribas Personal Finance launched its **Cetelem mixed-rate mortgage**. The product offers the security of a fixed interest rate for an initial period of 5, 7 or 10 years and the flexibility of a variable interest rate for the second period of the loan. At the end of the initial period, the loan can be switched back to a fixed interest rate for the second period, giving clients the flexibility to manage their mortgage to suit their circumstances. Financing is available for all types of property project, including purchase, purchase and re-sale, improvements and the purchase of shares in property investment funds.

■ In June, BNP Paribas Personal Finance launched its **automobile financing business** in **Argentina** under the Cetelem brand. **In November**, this was extended to **Brazil**, a booming market where 63% of vehicle purchases are financed, and **Mexico**.

■ **On 26 November**, BNP Paribas Personal Finance sold its 15% interest in Cofidis, a major player in the French revolving credit market. The sale was valued on a controlling stake basis that preserves the interests of both parties under Crédit Mutuel's acquisition of Cofidis.



CASABELLANCA

Equipment Solutions

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

Equipment Solutions consists of three international business lines (IBLs⁽¹⁾) organised according to the type of asset and leasing solutions offered:

- Arval, which specialises in contract hire and fleet management for cars and light vehicles;
- Technology Solutions for IT, telecoms and copier equipment, run jointly by the equipment financing specialists at BNP Paribas Lease Group and Arius, a specialist in IT equipment leasing and management;
- Equipment & Logistics Solutions for construction, agricultural and transport equipment, run by specialists at BNP Paribas Lease Group and Artegy, a specialist in contract hire and fleet management for heavy industrial vehicles. Commercial real estate and other assets are managed by the local entities of BNP Paribas Lease Group.

Despite the deterioration in the economic and financial environment, Equipment Solutions continued to enjoy good business momentum. Excluding real estate, Equipment Solutions is no. 1 in Europe in terms of both outstandings and origination⁽²⁾.

In 2008, Arval's activity remained buoyant with 210,000 new vehicles put on the road, an increase of 17% compared to 2007.

At end-2008, Arval had a total fleet of 602,000 leased vehicles, an increase of 12% on the previous year, and a total fleet of 688,000 vehicles under management. Arval is no. 1 in France⁽³⁾ and no. 2 in Europe⁽⁴⁾ in terms of leased vehicles.

BNP Paribas Lease Group set up over 248,000 financing contracts, bringing its total book up to EUR 21 billion.

Services offered by Arval

- Purchasing and financing of cars and light trucks under long-term contract hire
- "Vehicle strategy" advisory services
- Strategic advice on fleet 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



ARVAL
BNP PARIBAS GROUP

Developments in 2008

Arval

2008 saw an increasing contribution from new subsidiaries in Brazil, Russia, Romania, India and Greece.

In the more "mature" countries, the focus was on actions to meet the challenges posed by the economic crisis (higher cost of liquidity and severe decline in the used vehicle markets).

Lastly, Arval actively supported sustainable development through a number of initiatives:

- All Arval units have committed to offsetting the CO₂ emissions generated by their own vehicles.
- In Italy, Ecopolis aims to create a network of 3,000 partner garages that respect an environmental charter.
- In France, clients were offered training in eco-responsible driving and fuel saving.

⁽¹⁾ IBL: International Business Lines.

⁽²⁾ Source: Leaseurope 2007.

⁽³⁾ Source: SNLVLD 2007.

⁽⁴⁾ Source: internal.

BNP Paribas Lease Group

2008 was an eventful year in the international markets for BNP Paribas Lease Group:

- in April, launch of SREI BNP Paribas in India in partnership with SREI Infrastructure Limited, one of India's very first equipment leasing companies;
- in May, creation of a European finance company in partnership with JCB, leading European manufacturer of site and agricultural machinery. This partnership covers four countries, France, Spain, Italy and Germany;
- in July, BNP Paribas Lease Group expanded its geographical reach with a new subsidiary in Romania, where its main partners are also seeking to develop their business;
- in the United Kingdom, Artegy UK, which has joined BNP Paribas Lease Group UK, has developed a new approach to contract hire and fleet management for the public service sector.

In France, the focus was mainly on product innovation:

- extension of the Solutrailers® range of leasing solutions, initially designed for semi-trailers, to cover other equipment such as heavy truck tractor units, refrigerated semi-trailers and container carriers (dry freight) as well as excavators;
- in September, launch of Legabox® in partnership with Groupama Protection Juridique. This unique, innovative service provides SMEs with legal information and assistance, as well as payment of legal costs where applicable;
- roll out of the "full liner" offering, combining all the services provided jointly by Arius and BNP Paribas Lease Group, under the TSP banner, aimed at technology and telecoms companies.

BNP Paribas Lease Group's offerings

- Finance leases
- Operating leases and flexible leasing solutions
- 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 replacement:
 - recycling
 - compliance with waste processing standards relating to end-of-life equipment

Services offered by Artegy

- Full service hire contract for commercial vehicles:
 - joint vehicle design, followed by manufacture and delivery
 - inspection follow-up
 - maintenance and tyre management
- Fleet management
- Fleet buyback
- Resale of used vehicles



In early 2009, BNP Paribas Lease Group restructured its internal organisation to strengthen its segmented commercial approach and deliver increasingly innovative products and services. Real estate assets and industrial and retail equipment previously managed within each local unit have been combined within a new IBL called Retail & Industry.

Corporate & Investment Banking

A world leader

An unrivalled position in Europe



Denmark

**CARLSBERG
CORPORATE ACQUISITION FINANCE**

BNP Paribas CIB acted as mandated lead arranger, bookrunner and joint underwriter in the financing for Carlsberg's partial acquisition of Scottish & Newcastle. BNP Paribas CIB also assisted Carlsberg in a number of other deals in 2008.



**MASBATE GOLD MINE PROJECT
ENERGY AND COMMODITIES**

BNP Paribas CIB acted as mandated lead arranger, underwriter, bookrunner, financial adviser, technical bank, offshore security trustee and facility agent to finance the development of a gold mine on Masbate island. Mineworkers who had left the area to seek work elsewhere are now returning home to work at the mine site.

Philippines



Germany

VOLKSWAGEN
SYNDICATED LOAN MARKET

Renewal of BNP Paribas CIB's mandate.
The BNP Paribas CIB syndicated loan platform provides a world class service.



MONTANARI SPA
TRANSPORTATION FINANCE

BNP Paribas CIB has always cherished long-term relationships throughout shipping cycles.
Montanari SpA is a good example of a select transaction in transportation finance.

Italy



Poland

**GRUPA LOTOS OIL AND GAS
PROJECT FINANCE**

BNP Paribas CIB acted as financial adviser and mandated lead arranger in an extremely innovative project financing. This was the largest debt transaction ever for a corporate in Poland.



**LAFARGE
ADVISORY**

BNP Paribas CIB advised Lafarge on its acquisition of Orascom Cement, the largest-ever acquisition in the cement industry.

France

Corporate & Investment Banking

The past year and especially the last quarter of 2008 were marked by unparalleled market turmoil, revelations of fraudulent dealings and economic uncertainty, which have affected every continent and every segment of the economy. This unprecedented global crisis has hit the financial industry as a whole, and corporate and investment banks particularly hard. Leading corporate and investment banks have either disappeared entirely, been bought up, liquidated, nationalised or are now struggling under the weight of the losses, and the entire competitor landscape has changed dramatically in the last twelve months. BNP Paribas Corporate and Investment Banking (BNP Paribas CIB) has not been immune to the market chaos in October and November following the demise of Lehman Brothers and the Madoff fraud in December. Nonetheless, against this very difficult backdrop, BNP Paribas CIB has been able to demonstrate resilience in the face of the market instability and to stay focused on what it does best, providing clients with the first-class products and services they need to manage the new landscape. BNP Paribas CIB's resilience can be attributed to a variety of factors and one is certainly the fact that it is part of a stable group with a balanced mix of businesses and income, lower funding costs and limited exposure to the more "toxic" assets. Clients have always been the cornerstone of the BNP Paribas CIB business model and this has helped BNP Paribas CIB to weather the tempest of the marketplace this past year. Over 2008, client contribution grew constantly, +18% in 2008 compared to 2007, thus confirming the relevancy of BNP Paribas CIB's client-centric business focused on providing solutions to client needs. BNP Paribas CIB concentrates on corporates, financial institutions, institutional investors and financial sponsors with a portfolio of around 14,000 customers. Leadership carries responsibility and for BNP Paribas CIB, it means helping clients to better understand and access the market. BNP Paribas CIB's philosophy is a simple one: committing to clients over the long-term. BNP Paribas CIB builds relationships over time with clients, so that it can better advise clients throughout their development. This approach has been

especially important during the uncertain times of 2008 when clients needed to be able to count on a stable banking "partner" like BNP Paribas CIB. Its organisation was built with clients and their priorities specifically in mind. This organisation is designed to fulfil clients' expectations for their different financing needs and for their own international development strategy. Clients have a coordinated access point to all the product specialists of the entire Group who can advise on and structure global innovative solutions adapted to their specific requirements. An example of BNP Paribas CIB's client-centric model is its energy financing business. This division has provided financing to the energy sector for almost 50 years without interruption, and has traded in commodity futures and derivatives for more than 20 years. It offers its clients a full energy dedicated platform combining solutions in advisory, private equity and financing together with commodity derivatives. Based in more than 50 countries, it provides solutions all over the world with specific expertise in emerging markets. In addition, it brings to the table specialists in Fixed Income, Equity Derivatives and flow banking divisions. BNP Paribas CIB's commitment is the foundation for its current and future growth in the sector. BNP Paribas CIB's attitude towards risk is another reason that it has been able to better resist the effects of the market turbulence relative to its competitors. BNP Paribas CIB relies on a selective credit policy with 95% of its exposure ranked excellent, good or average and has been consistently prudent in sectors such as subprimes, leveraged buy-outs (LBOs), and real estate. BNP Paribas CIB's portfolio is diversified and its structured financing business benefits from strong collateral and a lower loss given default. BNP Paribas CIB has always maintained a firm strategic focus on those activities, which it does best and on those regions that it knows well. Despite the economic slowdown, BNP Paribas CIB has been able to step up a gear, growing its overall market share throughout 2008. With approximately 17,000 employees in 53 countries, BNP Paribas CIB is able to provide world-class products and service to its clients around the globe.

Capitalising on BNP Paribas CIB's financing expertise

The financing division of BNP Paribas CIB brings its expertise to a broad spectrum of clients, such as corporates, financial institutions and local governmental authorities, offering them custom financing solutions to support their businesses and projects. Clients find in BNP Paribas CIB a financing specialist all along the value chain from origination and structuring to underwriting and distribution on the loan syndication market. With its worldwide presence, BNP Paribas CIB brings its clients global financing solutions backed up by local know-how.

BNP Paribas CIB financing businesses have enjoyed a strong momentum in the context of rising margins and adjusting conditions in the extremely volatile markets of 2008. With the Group's strength and credit rating behind it, BNP Paribas CIB has taken full advantage of its improved competitive position and its financial force to grow its business in acquisition finance, energy and commodity finance, asset finance and project finance.

In 2008, the financing division registered continued growth of 19% in revenues of its major businesses compared to 2007. Despite the challenging environment, BNP Paribas CIB was able to combine capabilities on origination, structuring, execution and syndication. With its moderate exposure to subprimes and leveraged loans, BNP Paribas CIB has remained a robust and accessible bank for clients seeking financing capabilities amid the broader market turmoil.

BNP Paribas CIB financing businesses have been a recognised leader for many years across sectors and regions. It was named "Global Loan House of the Year", "European Middle Eastern African (EMEA) Loan House of the Year", "Asia-Pacific Loan House of the Year" and "Latin American Loan House of the Year" by *IFR* and was awarded "Syndicated Loan House of the Year" by *Financial News*. In the Middle East and Africa region, BNP Paribas CIB was named the no. 1 bookrunner and mandated lead arranger for project finance loans by *Dealogic* for 2008 for the region. In the structured finance business in Asia, it ranks as one of the Top 10 bookrunners (source: *Thomson Reuters & Dealogic*) in most major countries in the region. BNP Paribas CIB also has a leading franchise in the Latin American loan market; dominating the 2008 overall Latin American League Tables (source: *LPC*) as no. 1 Latin American lead arranger and as no. 1 Latin American mandated lead arranger/co-arranger.

At the forefront of all the key themes in the syndicated loan market

BNP Paribas CIB has closed a number of jumbo corporate acquisitions across a wide range of sectors and countries despite this year's very complicated environment. The carefully coordinated global sales platform enabled BNP Paribas CIB to place debt across various regions thus maximising client debt placement. Several examples this year to date include Middle Eastern and Russian deals sold into Hong Kong, Singapore and Taiwan.

BNP Paribas CIB global geographic footprint is second to none in the "syndicated" loan market. During 2008, in the European, Middle Eastern and African (EMEA) market, BNP Paribas CIB acted as bookrunner on transactions for clients from 32 different countries. In the rest of the world, BNP Paribas CIB arranged syndicated loans for clients in an additional 20 countries, for a grand total of 52 countries.

NEW YORK



HOUSTON



LONDON

World-class execution is the hallmark of the BNP Paribas CIB loan syndication platform with seamless service from the preparation and negotiation of the commitment documents through the information memorandum process, documentation and distribution to the successful closing of the deal. Evidence of client satisfaction in this respect is the very high volume of repeat business achieved from major core clients such as: **Linn Energy** (US), **Volkswagen** (Germany), **Sanofi-Aventis** (France), **Glencore** (Switzerland), **Hutchinson Whampoa** (Hong Kong), **Rosneft** (Russia), **Trafigura Holdings** (Netherlands), **Endesa SA** (Spain), **Norsk Hydro** (Norway), **Bombardier** (Canada) and **Vodafone** (UK).

A world-class global Syndicated Loans business:

- No. 5 bookrunner of global syndicated loans (*Thomson Reuters*);
- No. 1 bookrunner of EMEA syndicated loans (*Bloomberg*);
- No. 1 bookrunner of Italian syndicated loans (*Bloomberg*);
- No. 1 bookrunner of Middle Eastern & African syndicated loans, (*Loan Radar*);
- No. 1 bookrunner of French syndicated loans (*Loan Radar*);
- No. 2 bookrunner of Russian syndicated loans (*Bloomberg*);
- No. 2 bookrunner of Latin American syndicated loans (*Thomson Reuters*).

A long-standing leader in the energy & commodity businesses

As a pioneer in the energy & commodity (E&C) finance business, BNP Paribas CIB is widely recognised as a worldwide leader and one of the most innovative houses in the world with a high capacity to engineer creative structured solutions to players across every segment of the energy industry:

In a contrasted 2008 energy market, with growing competition and liquidity problems around the world, the E&C Division demonstrated its capacity to adapt to the new needs of its clients by providing hybrid products and combined solutions as demonstrated by the **Masbate Gold**

Project in the Philippines where it acted as mandated lead arranger, underwriter, bookrunner, financial advisor, technical bank, offshore security trustee and facility agent to finance the development of a brownfield gold mine on Masbate Island.

With its longstanding commitment to the E&C sector, BNP Paribas CIB has been able to reinforce its position as the core bank among the significant players in emerging markets such as **Lukoil**, **Norilsk**, **Pemex** and **Petrovietnam** who have repeatedly turned to it for their financing needs.

Presence all along the value chain	Exploration	Production	Trading	Processing	Distribution
	<ul style="list-style-type: none"> • Producers • Service corp. • Majors 	<ul style="list-style-type: none"> • Producers • Utilities • Majors 	<ul style="list-style-type: none"> • Traders • Marketers • Transporters • Exporters 	<ul style="list-style-type: none"> • Refiners • Smelters • Crushers 	<ul style="list-style-type: none"> • Utilities • Majors



MASBATE GOLD MINE

 Philippines

BNP Paribas CIB acted as mandated lead arranger, underwriter, bookrunner, financial adviser, technical bank, offshore security trustee and facility agent to finance the development of a gold mine on Masbate Island.

The Masbate Gold mine is a brownfield gold project that was shut in 1994 because of financial difficulties of its original owner, Atlas Mining Corporation. This left 3,000 workers and an indirect population of an additional 14,000 to emigrate to other mines or turn to subsistence fishing and cattle farming. At the time that CGA Mining took over the assets, the island was reputed to be the third poorest province in the country. At present, construction is under way with 700 staff on site, of which around 60% to 70% are employed from the local community. Mine workers that had emigrated to other parts of the country are returning home to work at the mine site and the local schools and indirect businesses are being repopulated again.

The E&C Division has received once again this year several prestigious awards:

- “Best Energy & Commodity Finance Bank” (*Trade Finance Magazine*);
- “Energy Finance House of the Year” (*Energy Risk*);
- “Best Global Commodity Finance Bank” (*Global Trade Review* reader poll).

An active player in corporate acquisition finance

The corporate acquisition finance business actively closed deals throughout 2008, with several jumbo deals in diversified sectors and in several regions. The division maintained its opportunistic approach and its key role in most financing and syndicating around the world while other major competitors were bowing out. Significant deals included:

- In **India**, the division acted as bookrunner in the USD 3 billion transaction for **Tata Motors’** acquisition of the Jaguar and Land Rover assets;
- In **Belgium**, the division acted as bookrunner of the USD 45 billion acquisition by **InBev** of Anheuser-Busch. This transaction was awarded “EMEA Loan of the Year” by *IFR*, “Most Impressive Loan” and “Best Western European Loan” by *Euroweek*;
- In **Spain**, the division acted as bookrunner for the EUR 19 billion acquisition by **Gas Natural SDG SA** of Union Fenosa;
- In **France**, the division acted as bookrunner for the GBP 11 billion acquisition by **EDF Energy** of British Energy.

The corporate acquisition finance business was ranked:

- No. 1 bookrunner of EMEA acquisition/demerger finance by number of deals and no. 2 by volume in 2008 (*Thomson Reuters*).

A busy year in the project and media telecom markets

In a remarkably challenging environment due to the unprecedented liquidity crisis, the Project Financing Division financed an impressive number of projects in every region around the world.

In the 2008 *Project Finance International* rankings, BNP Paribas CIB was ranked no. 1 project financing adviser and no. 2 global mandated arranger with an allocated amount of USD 11.92 billion for 81 projects in a total market estimated at USD 250.5 billion. BNP Paribas CIB was also awarded “Global Adviser of the Year” and received a total of 21 Deals of the Year by *Project Finance International* and *Project Finance Magazine* (Euromoney), among them “European Gas Deal of the Year” (Gate LNG), “European Oil Deal of the Year” (Lotos), “European & Asia Pacific Renewables Deal of the Year” (Fred Olsen & Theun-Hinboun Expansion), “Middle Eastern Oil & Gas Deal of the Year” (Yemen LNG), “American Power Deal of the Year”

(Angamos). The division was also awarded “Best Project Finance Bank in Africa” (*EMEA Finance*).

The Project Financing Division has originated and/or arranged several landmark transactions, including the following:

- **Sakhaline II** (EUR 20 billion): the largest limited recourse oil and gas deal & Russia’s largest-ever foreign investment and project financing;
- **Saudi Kayan** (USD 10 billion): the world’s largest petrochemical complex & biggest deal in the first half of 2008.
- **Grupa Lotos Oil & Gas** (USD 2.2 billion): In addition to being financial advisor, BNP Paribas CIB acted as mandated lead arranger in an extremely innovative downstream project financing. This is the largest debt transaction ever for a corporate in Poland and was achieved in a challenging financial market.

CARLSBERG Denmark **A multi-expertise banking solution**

Carlsberg is one of the leading brewery groups in the world, with a broad portfolio of leading beer and soft drink brands. Carlsberg, its flagship brand, is one of the fastest-growing and best-known beer brands in the world. More than 40,000 professionals work for Carlsberg and its products are sold in over 150 markets. In 2007, Carlsberg sold more than 115 million hectolitres of beer, the equivalent of 95 million bottles of beer every day.

BNP Paribas CIB acted as mandated lead arranger, bookrunner and joint underwriter in the GBP 5.8 billion acquisition financing for Carlsberg in relation to the recommended cash offer launched by the Carlsberg/Heineken consortium in January for Scottish & Newcastle. The offer was implemented by way of a scheme of arrangement end of April 2008. The financing consisted of a GBP 2.8 billion-syndicated loan and a GBP 3 billion bridge to equity loan. Distribution of the syndicated loan was extremely successful in challenging conditions and was heavily oversubscribed.

BNP Paribas CIB also acted as joint global coordinator and bookrunner for the rights issue of DKK 30.5 billion (EUR 4.1 billion) the proceeds of which were used to repay the bridge to equity loan. Following an extensive marketing effort, the rights issue was well received by investors and fully subscribed.

In addition, BNP Paribas CIB was joint global coordinator and bookrunner in the largest European accelerated book building placement DKK 15.7 billion (EUR 2.1 billion). The Carlsberg Foundation, with a controlling stake in the company, participated in the rights issue on a cash neutral-basis. In order to facilitate this transaction, the syndicate of banks bought and exercised the pre-emptive rights the Foundation needed to sell in order to finance its cash neutral participation and subsequently sold the underlying new shares in the market through an accelerated book building successfully executed on 22 May.

In the Media Telecom business, BNP Paribas CIB closed several major deals acting in the following capacity:

- **Vimpelcom:** global coordinator and one of eight bookrunners of the USD 3.5 billion facility, to back the acquisition of Golden Telecom. This was the largest-ever acquisition finance loan in the Russian Federation in the non-commodity sector.
- **Orascom Telecom:** physical bookrunner and mandated lead arrangers of the USD 2.5 billion senior secured syndicated facilities.
- **Virgin Media:** bookrunner on the successful restructuring of the financing package, further increasing the division's profile in the market and confirming BNP Paribas CIB as a core relationship bank of the company.
- **Iliad Free:** in France, bookrunner of the EUR 1.2 billion financing package for the acquisition of Alice (Telecom Italia French branch).

The Media Telecom Division was also actively involved in the acquisition of the Norwegian cable company GET by two private equity sponsors and the acquisition of Memorex by Hungarian Telephone and Cable Corp.

A committed partner in asset finance

Transportation finance

The Transportation Finance Division promotes the full spectrum of products and services to shipping and aviation companies around the world. On the asset financing side, this encompasses multiple debt products, capital markets based products and other combinations of products. Transportation finance registered a very good performance this year, especially in shipping finance where it was up 30% (compared to 2007), closing several major transactions.

BNP Paribas CIB has cherished very long-standing relationships throughout shipping cycles and has maintained some of them for over three generations. Two of the notable transportation finance transactions are the **Montanari SpA** and **Air Asia**. Air Asia mandated BNP Paribas CIB as lead arranger, Islamic financiers, lease manager, Islamic agent, facility agent and security of the first-ever Islamic French Single Investor Ijarah (i.e. Islamic lease combined with French Single Investor Lease) for the financing of eight A320-200 aircraft. Shareholders of Navigazione Montanari SpA have awarded BNP Paribas with four mandates in relation to the delisting of Montanari from the Milan Stock Exchange.



MUMBAI



MADRID

BNP Paribas CIB's expertise in aircraft finance has been widely recognised by the market:

- "Aircraft Leasing Innovator of the Year" (*Jane's Transport Finance*);
- "Aircraft Debt Deal of the Year Europe (KLM), Aircraft Debt Deal of the Year Australasia (Qantas)" and "Aircraft Debt Deal of the Year North America (Southwest Airlines)" (*Jane's Transport Finance*);
- "Aircraft Leasing Deal of the Year (Air Asia)" (*Jane's Transport Finance*);
- "Deal of the Year Middle East (Etihad Airways)" and "Deal of the Year North America (Macquarie of GATX Aviation)" (*Airfinance Journal*);
- "Ship Financier of the Year" (*Lloyd's List*);
- "Structured Finance Deal of the Year (NSCSA)" (*Marine Money*).

Export finance

BNP Paribas CIB has been an indisputable leader in the Export Finance business for many years now, with a current market share of 20%. As of December 2008, the division arranged 99 transactions, 134 facilities for EUR 4.7 billion, in the Americas, Asia, Europe, Middle East and Africa. BNP Paribas CIB ranked no. 1 for all Export Credit Agency-backed loans (*source: Dealogic*) and was awarded "Best Export Finance Bank" by *Trade Finance Magazine*. There is fierce competition among banks and regional or national players in export finance but BNP Paribas CIB remains a core and an indisputable leader in the sector. The export finance market is progressing very quickly with a growing contribution of the Asian markets (Korea and China especially) where BNP Paribas CIB is at the head of the class.

The export finance activity is a key one in the financing businesses as it can bring many solutions to clients whose needs are increasingly complex and specific. In addition, this business can offer large financing facilities that consume little capital and that pose limited risk. Thanks to the relationships that BNP Paribas CIB has nurtured with Export Credit Agencies (ECA) around the globe, BNP Paribas CIB can develop new products like the "untied" financing offered by Asian and European ECAs. The Export Finance business enables BNP Paribas CIB to create new business niches: for example, the new export/project financing combination for both emerging and mature markets is one example of a new niche. A second example is the shipping finance activity combined with export credits where BNP Paribas CIB's close relationship with the ECAs facilitates the transactions. The following two major transactions illustrate these new niches:

- BNP Paribas CIB acted as ECA coordinator, mandated lead arranger and agent of the KEIC (Korean ECA) facility (USD 327 million) to fund a project combining Korean and American ECAs, multilateral financing (IFC, ADB) and local Indian financial institutions. This USD 4.25 billion project sponsored by **Tata Power** includes construction, operation and maintenance of a 4,000 MW coal-based supercritical power project at Mundra, Gujarat in India. It is the largest independent power plant in the country.



TOKYO

- BNP Paribas CIB acted as mandated lead arranger for a USD 600 million Sinosure (Singapore ECA) buyer's credit financing for the acquisition by **PT Perusahaan Listrik Negara (PLN)**, the Indonesian national utility company, of the 3 x 300 MW coal-fired steam power plant in Indramayu, West Java, Indonesia. The Indramayu Power Plant is supplied by China National Machinery Industry Corp. and China National Electric Equipment Corp. The Indramayu Power Plant is part of a program of 10,000 MW launched by PLN to reduce reliance on fuel oil and accelerate the development of power generation in Indonesia.

Expansion in flow banking services

The Corporate & Transactions Group (CTG) brings together all of BNP Paribas CIB flow banking activities into one cohesive unit to offer clients integrated solutions for trade finance, cash management, corporate financing and simple hedging needs.

The Global Trade Solutions (GTS) arm of CTG provides large corporates and mid-size companies with products and services for all their international trade transactions including documentary credits, guarantees, forfeiting, supply chain financing and trade development. GTS has a network of 90 Trade Centers around the world with over 250 specialists. GTS has spearheaded the expansion of CTG's worldwide business despite the overall economic slowdown. Performance has been solid in the United States, Latin America, Italy, India, Hong Kong and China. BNP Paribas CIB's leadership in the sector is recognised for the second consecutive year and was awarded "Best Bank in Trade Finance" by *Global Finance Magazine*.

The Cash Management business faced tough competition around the world from aggressive global players. It had some significant wins in the corporate space with a systematic approach into new European markets and some inroads in India. Cash Management has enlarged its product offer and strengthened its product strategy to better serve its worldwide clientele.

A European powerhouse in Debt Capital Markets

The Debt Capital Markets (DCM) experts at BNP Paribas CIB help corporations, financial institutions and supranational organisations to raise capital in markets around the world. These specialists provide advice, design bespoke deal structures and then ensure their successful distribution to a wide investor base.



LONDON

Crowned “Euro Bond House of the Year 2008” by *IFR*, BNP Paribas CIB’s DCM business has responded and adapted remarkably well to changing markets throughout the year. This prestigious accolade is recognition of BNP Paribas CIB’s continued strength and stability amid volatile markets and means that its DCM business is now one of the most trusted in the world.

BNP Paribas CIB’s stability has given issuers worldwide, be they corporate, financial or public-sector institutions, the confidence they need in these uncertain times. Backed by robust risk management capabilities, BNP Paribas CIB is truly positioned as a top bank for euro issuance and also has an excellent share of the US dollar, sterling, Swiss franc and yen markets.

After a few years of benign market conditions, credit spreads started to gap out in mid-2007 and have swung aggressively backwards and forwards throughout 2008.

BNP Paribas CIB demonstrated considerable skill and expertise in navigating these troubled waters to continue to increase its market share and become one of the Top 10 bond bookrunners in the world. In 2007, its global market share for all international bond issuance in all currencies stood at 3.2%. In 2008 that figure jumped to 4.6%, making BNP Paribas CIB the 5th-

largest European-based bank for global bonds and the 9th-largest overall.

In 2008, the DCM Division maintained or strengthened its bond bookrunner rankings across all currencies and segments and has continued this momentum into 2009 (*IFR*):

- **No. 2** for all Euro-denominated (no. 5 in 2007);
- **No. 3** for all Swiss-franc-denominated (no. 3 in 2007);
- **No. 6** for all Sterling-denominated (no. 8 in 2007);
- **No. 4** for all Covered bonds, all currencies (no. 4 in 2007);
- **No. 4** for all Global and Euro market yen (no. 8 in 2007).

In a choppy market environment, finding the right windows of opportunity and having access to a wide investor base have been one of the keys to BNP Paribas CIB’s success in its DCM Division. Throughout the past year, it has shown flexibility in acting quickly in bringing issues to market and has given corporate, financial and public-sector institutions around the world guidance on their funding requirements, advising them on timing and enabling them to find pockets of investor demand in all currencies, ranging from euros and sterling to Swiss francs, yens and dollars.

A world leader in derivatives in a turbulent market

Through its world-renowned derivatives platforms, BNP Paribas CIB brings a wide variety of efficient and innovative risk management and investment solutions to a diverse client base including corporates, financial institutions and institutional investors. BNP Paribas CIB has proved expertise in equity derivatives, fixed income derivatives on interest rate, inflation, foreign exchange and credit and commodity derivatives.



NEW YORK

Against the backdrop of the market pandemonium in 2008, BNP Paribas CIB has been one of only a few banks able to provide clients with the liquidity and confidence they need to navigate volatile derivatives markets. With the Group's strength and stability behind it, BNP Paribas CIB has become a leading derivatives counterparty for clients. BNP Paribas CIB has continued to be present in all regions and markets, providing liquidity to and making prices for its clients in the tough market conditions of 2008. It has even expanded its presence in many areas of its derivatives business.

However, BNP Paribas CIB's derivatives business did not escape the effects in 2008 of the severe market deterioration, characterised by a complete dislocation and unprecedented volatility. The Fixed Income business suffered from write-downs in its bond inventories throughout the year and from a sharp increase in the cost of risk in the second half of the year. The Equity Derivatives business posted losses in the fourth quarter of the year due to the extreme market dislocation in the aftermath of the collapse of Lehman Brothers.

BNP Paribas CIB has changed its business in response to changing client demands and the market turbulence. Firstly, it has increased its flow derivatives business with asset managers, pension funds, central banks, insurers and hedge funds. This is the fruition of years of investment in the flow franchise, as well as proof of BNP Paribas CIB's ability to provide clients with liquidity and access to funding. This has made BNP Paribas CIB the counterparty of choice in the flow derivatives markets in 2008.

Secondly, BNP Paribas CIB has continued to invest in product development when many competitors have had to retreat. As a result, BNP Paribas CIB has an unmatched ability to provide clients with customised solutions that are relevant in the new environment, including products with simpler, more transparent payoffs and timely products adapted to market trends.

Equity Derivatives



Equity Derivatives

The Equity Derivatives business was one of the hardest hit industries in the financial sector in 2008. In fact, 2008 was one of the absolute worst years for the equity markets since records first started being kept. Market volatility, uncertainty and instability all characterised the equity markets throughout the year but especially after the demise of Lehman Brothers in September, which triggered a complete dislocation in the markets, increasing volatility and correlation to unheard of levels and halving dividend expectations well before the end of the year. As a result, the residual risks BNP Paribas CIB had on some of its structured products proved very difficult to manage in the last quarter of the year, leading to significant losses in the equity derivatives division.

In addition, during the second half of 2008, the Madoff fraud was exposed, and as a result, BNP Paribas declared a loss of EUR 345 million. The Group had no direct investment of its own in the funds managed by Bernard Madoff Investment Services. However, through its trading business and collateralised lending to funds of hedge funds, BNP Paribas, like many other major international institutions, was indirectly exposed to a risk linked to the collapse of Bernard Madoff Investment Services.

Even in this atmosphere, BNP Paribas CIB maintained its leading position in equity derivatives and continued to grow the business. A significant growth milestone was achieved at the end of the year with the acquisition of Bank of America's prime brokerage business resulting in the onboarding of many new clients and new staff joining the equity derivatives platforms in New York and London. In addition, the division's overall market share increased remarkably across all regions as did sales revenues relative to 2007, despite the dif-

ficult market context, with impressive figures such as +20% in flow derivatives. The Equity Derivatives business has continued to diversify and grow not only its client base but also its geographic strength in strategic areas around the world.

Building partnerships with clients to provide customised solutions to meet their specific needs has been key in building the equity derivatives business for BNP Paribas CIB. Given the current market turmoil, the only way to provide the right equity derivatives solution to clients is to know their needs and to design solutions that will fulfill them.

Protection, diversification and performance solutions

With investor sentiment even more cautious than ever in these difficult times, it is crucial to be close to clients, to anticipate their needs and to provide them with solutions that will help them manage their risk in the turbulent market place. BNP Paribas CIB excelled this year in designing equity solutions that combine protection, diversification and performance so that its clients could better manage risk.

For instance, a range of new-generation indices providing diversification solutions through a thematic approach to investments was developed. These thematic indices are designed using an innovative methodology that takes into account not only market capitalisation in the way companies are weighted within the indices, but also the percentage of their activity which is directly related to the targeted theme, and their global profitability, through fundamental indicators. These indices enable investors to track very closely specific themes with strong growth prospects, such as renewable energy or infrastructure themes.





LONDON

Ethibel Pioneer Titans 15 Index is an index tracking the performance of companies whose activities have a positive impact on society, in terms of raising social, environmental and ethical awareness. It is composed of large caps that have been identified by Vigeo and Forum Ethibel as pioneers in terms of social responsibility and ethics. With this index, clients are able to invest in a theme as contemporary and important as ethics and social responsibility.

Commitment to clients

Throughout 2008, even during the most turbulent and challenging market environments following the major market shifts from October onwards, BNP Paribas CIB remained open for business, providing clients and partners with daily liquidity. Clients have expressed their gratitude and appreciation for BNP Paribas CIB's highly reactive approach at a time when they needed it most. Even within the context of the market stress, BNP Paribas CIB remained dedicated to designing and pricing the right product for the right market climate. Its capacity for innovation even in distressed markets enabled it to bring to clients first-of-a-kind solutions to meet their needs. For example, BNP Paribas CIB provided the first Islamic structured product in Southeast Asia as well as the first-ever dynamic allocation product to a large retail distributor in Poland.

As a result of its commitment to clients and focus on smart product innovation, BNP Paribas CIB continues to strengthen its foothold as a leading equity derivatives dealer. In 2008, BNP Paribas CIB became the first bank ever to win all the major equity derivatives industry awards in the same year, in recognition for its longstanding contribution to the equity derivatives industry and the continued trust of its clients.

Awards:

- "Equity Derivatives House of the Year" (*IFR*);
- "Best Equity Derivatives House" (*Euromoney*);
- "Equity Derivatives House of the Year" (*Structured Products Magazine*);
- "Equity Derivatives House of the Year" and "Structured Products House of the Year" (*Risk 2009*);
- "Most Innovative in Equity Derivatives" (*The Banker*).



PARIS/FRANCE



Fixed Income Derivatives

Dislocations in the credit and interest rate markets since the end of 2007 and unprecedented volatility in these as well as in the foreign exchange (FX) markets throughout 2008 have had a significant impact on BNP Paribas CIB's clients in all regions of the world.

Since the end of 2007, credit spreads have widened dramatically, the cost of risk for clients and for investment banks has been extraordinarily high, leading to the contraction of some markets. In addition, "mono-line" insurers brought enormous losses to many market participants in 2008, and the collapse of Lehman Brothers led to further volatility and spread widening as the year closed.

With global markets gripped by such uncertainty, the focus on liquidity and funding, as well as on investment banks' risk management capabilities, was more intense than ever before. BNP Paribas CIB's unwavering commitment to stringent risk management standards has meant relatively low exposure to toxic assets and an enhanced reputation for rigorous analysis. This, in addition to the Group's strength and credit rating, has thrust BNP Paribas CIB into a leading position in fixed income derivatives, making it the counterparty of choice for helping clients manage the uncertainties in the market.

Against this backdrop, BNP Paribas CIB has increased its market share in fixed income derivatives across regions, client types and asset classes.

In interest rate derivatives: BNP Paribas CIB has been steadily building and investing in its interest rate flow business over the past three years and this investment bore fruit in 2008. This has been reflected in a marked increase in the division's share of the flow and complex flow market with asset managers, central banks, insurers, pension funds and hedge funds. Volumes in BNP Paribas CIB's Liability-Driven Investments (LDI) business have increased dramatically and BNP Paribas CIB has become a top tier provider of LDI solutions.

In inflation derivatives: BNP Paribas CIB has been able to increase its presence in inflation derivatives, not just in its core Euro markets, where it has traditionally been a Top 3 dealer, but in all the major inflation markets of the world, from Canada to Australia via Spain and France. Whether by finding new sources of inflation in the UK, gaining a greater market share in the US Treasury Inflation-Protected Securities (TIPS) market, or leading the provision of inflation options to the insurance and pension fund industry, BNP Paribas CIB has been a key participant in all the main inflation market trends throughout 2008, providing clients the broadest product range and the most sophisticated toolkit in the world for tackling their inflation-related needs.

NEW YORK

In foreign exchange derivatives: BNP Paribas CIB stands out as one of the most reliable and innovative providers of foreign exchange derivatives to investors and liability managers in 2008. In Asia Pacific, the Americas and Europe, the breadth and depth of BNP Paribas CIB's client business have grown at a remarkable pace. At the same time, the division expanded its presence in emerging market currencies, making it a genuinely global FX derivatives house with equally strong capabilities across all continents. Finally, the division stepped up the pace of innovation to provide clients with the tools they needed to adapt to market trends.

In credit derivatives: While spreads gapped out and confidence tumbled in 2008, BNP Paribas CIB remained active in flow and structured credit products throughout the year. While adjusting its risk appetite to the new environment, BNP Paribas CIB continued to be an active counterparty in single-name Credit Default Swaps (CDS), and to offer pricing across the entire capital structure. BNP Paribas CIB remains a trusted counterparty for credit derivatives transactions.

Rankings:

Total Derivatives Interest Rates Poll, August 2008:

- No. 5 Overall for All Rates Products (all currencies);
- No. 3 Overall for All Rates Products (euros);
- No. 1 for Inflation Products (euros).

Risk Interdealer Survey, September 2008:

- No. 2 for Exotic Interest Rate Products Overall, including:
 - No. 1 for CMS Spread Options (euros);
 - No. 1 for Barrier (euros & yens);
 - No. 2 for Binary/Digital & Bermudan/American (US dollars).
- No. 2 for Structured Credit Overall;
- No. 3 for Credit Default Swaps Overall, including:
 - No. 1 for High Yield Asia;
 - No. 2 for Investment Grade Sovereigns.

Asia Risk Interdealer Survey, Jan. 2008:

- No. 1 Overall Derivatives Dealer in Asia;
- No. 1 for Credit Derivatives, Asia ex-Japan;
- No. 1 for Currency Derivatives, Asia ex-Japan;
- No. 1 for Interest Rate Derivatives, Asia ex-Japan.

Asiamoney FX Poll, August 2008:

- No. 1 for Overall FX Services for Financial Institutions for the third consecutive year.

FX Week Best Bank Awards, November 2008:

- No. 3 Overall Best Bank for FX in the Eurozone, of which:
 - No. 2 for Corporates;
 - No. 3 for Investors;
 - No. 4 for Banks.



SINGAPORE



LONDON



Strategy derivatives as restructuring, diversification and yield enhancement solutions

Throughout 2008, BNP Paribas CIB continued to be a leading provider of structured products across asset classes, but the business changed dramatically. Gone are the days of ever more complex payouts. Clients are demanding simpler products, market-neutral strategies and liability management solutions, and BNP Paribas CIB has met their demands efficiently.

The main development has been the growth of the division's strategy derivatives business, a range of products based on proprietary indices across interest rates, FX and credit. The proprietary index business, started in late 2007, has become increasingly mainstream as a wide range of clients has become familiar with the advantages of these products. BNP Paribas CIB has led the way in developing a range of strategies that provide clients with new investment opportunities and allow them either to diversify their portfolios or to restructure their positions. These include:

- The BPStar indices: momentum strategies, which extract value from the movements of the interest rate curves. BNP Paribas CIB offers indices on each of these elements as well as a combination of them, on the EUR and USD curves.

- The Galaxy indices: FX strategies that enable investors to benefit from the differential in interest rates in different currencies, participating in the so-called "carry trade". The latest addition to this family, the Galaxy Alpha and Alpha Plus indices, launched in November 2008, presents clients with an attractive market-neutral alternative to traditional carry strategies.
- Algorithmic credit strategies aimed at benefiting from trends in the credit market, by being long credit in bull periods and short credit in bear periods.

Counterparty risk again plays a significant role in BNP Paribas CIB's growing market share in this business, as clients want the indices they buy to continue to be published for the life of the transaction.

Awards:

- "Inflation Derivatives House of the Year" (*Risk*, 2009);
- "Structured Products House of the Year" (*Risk*, 2008);
- "Best Credit Derivatives House" (*Euromoney*, 2008).

Commodity Derivatives

In 2008, the BNP Paribas CIB commodity derivatives team enjoyed strong growth in both revenues (up 50% compared to 2007) and profitability despite volatile market conditions. The outlook for the business, now in six geographic locations, is positive and has been earmarked as a growth area for BNP Paribas CIB.

Corporate Commodity Derivatives business

BNP Paribas CIB continues to leverage its leading position in energy and commodities financing to provide corporate clients with innovative commodity derivatives solutions. Over-the-counter volumes across the platform have increased considerably over 2008 (+ 200% compared to end of 2007). The division has diversified from its traditional producer type clients. Going forward the corporate business expects to see significant contributions from consumers and utilities.

Commodity Investor Derivatives business

Over the past twelve months BNP Paribas CIB has successfully developed its commodity investor business, facilitating access to commodities for a wide range of investors including pension funds, insurance companies, and wealth and asset managers. Bringing the commodity derivatives and equity derivatives platforms closer this year has further enhanced synergies on both the client and trading front and has provided the infrastructure to allow the commodity investors business to increase its strong growth pace.

BNP Paribas CIB has been at the vanguard of index innovation in the commodity space offering investors alternatives to “traditional” passive indices, which have suffered in recent months as commodity prices have declined. BNP Paribas CIB was the first bank to partner with specialist commodity asset managers to offer “active” indices, which have significantly outperformed competitors’ indices.

In addition to innovative products developed off the back of the indices, the commodity investor derivatives team has been focusing on a basket of future type products allowing investors to capitalise on themes such as increased demands for bio fuels or water.

In the emissions market, a very topical subject at the moment, BNP Paribas CIB has been a recognised trailblazer since the market was created in 2004. The emissions team offers innovative solutions to clients who wish to manage their emissions requirements and benefit from BNP Paribas CIB's global presence, its excellence in derivatives and structuring as well as its leading position in energy financing. In 2008, BNP Paribas CIB built on its successes of previous years across carbon credit trading, carbon credit sourcing and the provision of cutting edge risk management services. As principal, BNP Paribas CIB has traded 500 million European Allowance Units since inception and is one of the largest clearing institutions, clearing on average over 20% of volumes exchanged on ECX. It is also one of the most active banks in primary deals, with a significant portfolio of carbon credits in excess of 30 million.



PARIS FRANCE



LONDON

A strong advisory franchise in Europe and Asia

The Corporate Finance Division of BNP Paribas CIB provides a panoply of sophisticated expert advisory services on Mergers and Acquisitions (M&A), initial public offerings and secondary issues and privatisations. The M&A teams advise both buyers and targets.

The advisory business worldwide did not escape the consequences of the economic crisis. In Europe, M&A activity dropped 28% (announced transactions) and ECM fell 38.2% in 2008 (source: Thomson Reuters) whereas in Asia (excluding Japan), the M&A market registered an 18.4% drop and ECM a 71.2% fall (source: Thomson Reuters).

In this tough environment, BNP Paribas CIB strengthened its undisputed leadership in the French advisory market and stepped up its European expansion, especially in cross-border transactions. For the first time ever, it also broke into the Top 10 global banks for M&A, confirming the international development of the corporate finance franchise (source: Thomson Reuters).

Awards:

- “France M&A Adviser of the Year” (source: *Acquisitions Monthly*);
- No. 1 in France for M&A (announced and completed deals) for the 4th consecutive year (source: *Thomson Reuters*);
- No. 9 for M&A in Europe (announced deals) (source: *Thomson Reuters*).

In the buoyant **energy sector**, BNP Paribas CIB has been present in every major deal involving a European player. It was adviser to Suez in its merger with Gaz de France (France’s largest-ever merger: EUR 56.9 billion) for the creation of a worldwide energy leader and adviser to Suez in the spin-off of 65% of its interests in Suez Environnement (deal size: EUR 8.5 billion).

BNP Paribas CIB also demonstrated its European advisory prowess in the following transactions:

- Advisor to **Suez** in its agreement with ENI for the sale of its equity stake in Distrigas (deal size: EUR 2.7 billion) and for the acquisition from ENI of a portfolio of various assets (deal size: around EUR 3 billion);
- Advisor to **EDF** in its recommended offer for British Energy (deal size: GBP 12.5 billion), with an innovative structure combining a cash offer and a partial contingent value right. This deal is EDF’s largest international expansion to date;
- Advisor to **Gas Natural** in its ongoing merger with Union Fenosa.

SINGAPORE



In the **building materials sector**, BNP Paribas CIB advised the European industry leader **Lafarge** in its acquisition of Orascom Cement (deal size: EUR 10.2 billion), the largest-ever acquisition in the cement industry, and the 2nd-largest in building materials. This European advisory expertise was also instrumental in helping **Eiffage** in its successful defence against Sacyr Vallehermoso (deal size: EUR 25.3 billion).

In the **financial institutions sector**, BNP Paribas CIB has advised the French state-controlled **Caisse des Dépôts & Consignations (CDC)** in the negotiations for Dexia's capital increase involving CDC and the French State (deal size: EUR 3 billion) and is currently advising the Caisse Nationale des Caisses d'Épargne in its merger with Banque Fédérale des Banques Populaires.

BNP Paribas CIB has been an important and influential advisor in other sizeable deals around the world: **Rexel & Sonepar/Hagemeyer assets** in North America and Asia Pacific, **SAP AG/Business Objects** (Germany/France), **Grupo Planeta/Editis** (Spain/France), **Klépierre/Steen & Strom** (France/Norway), **Sanofi Aventis/Zentiva** (pending) (France/Czech Republic), **Cinven/Numéricable** (UK/France), **Tubos Reunidos/Grupo Condesa** (Spain/Spain), **Hisusa Holding de Infraestructuras y Servicios Urbanos SA/Sociedad General de Aguas de Barcelona SA** (Spain/Spain).

BNP Paribas CIB has played an essential advisory role in the following announced strategic deals, outlining once again its capacity to accompany clients in their transforming moves:

- Adviser to **Inbev** for the combination with Anheuser-Busch;
- Adviser to **Continental** in its defence against the unsolicited offer of Schaeffler group.

BNP Paribas CIB's role as adviser to **BHP Billiton** for its offer on **Rio Tinto** is also noteworthy even though the deal was withdrawn.

The Equity Capital Markets (ECM) in Europe were dominated by rights issues, corpo-



PARIS / FRANCE

rations seeking to restructure their capital base in the wake of the distressed credit markets. BNP Paribas CIB demonstrated its expertise by being the leading bookrunner thanks to its distribution capabilities combined with its willingness to lead and possibly underwrite large transactions and by offering complete M&A or growth Capex “one stop shop” funding solutions to its core clients. The following transactions underscore BNP Paribas CIB’s expertise in this area:

- **Centrica plc** GBP 2.2 billion rights issue: BNP Paribas CIB’s first senior role in a UK jumbo rights issue;
- **Carlsberg** rights issue (DKK 30.5 billion) and accelerated book building (DKK 5.7 billion): part of a multi-expertise banking solution;
- **UBS** arights issue (CHF 16 billion): joint bookrunner, evidencing the high level of recognition in the European Equity Capital Markets field;
- **Inbev** afully underwritten EUR 6.4 billion rights issue and EUR 1.2 billion accelerated book building: joint global coordinator & bookrunner, part of a global solution provider in this jumbo deal.

BNP Paribas CIB was ranked no. 10 managing underwriter for EMEA equity and equity-linked transactions (*source: Thomson Reuters*).

In Central and Eastern Europe, BNP Paribas CIB played key roles in the following transactions:

- Adviser to **RusHydro**, Russia’s federal hydrogenation company, in its reorganisation and consolidation.
- Adviser to **UC Rusal** for the acquisition of a 25% stake in Norilsk Nickel.
- Adviser to **MOL** (Hungary) in its defence against OMV. As part of this defence mandate, BNP Paribas CIB was also adviser to MOL in an agreement with Oman Oil Company with a view to completing an asset-for-share swap transaction.

The advisory business in Asia has once again registered steady growth, reinforcing BNP Paribas CIB’s reputation in the region, with several notable achievements:

- Adviser to **EDF** in the signature of an agreement with the Chinese nuclear electricity producer China Guangdong Nuclear Power Holding Company, for a joint venture for the construction of two new EPR nuclear reactors in China. This high-profile transaction between France and China represents the largest joint venture ever set up by a foreign company in China with total assets worth more than EUR 6 billion.
- Adviser to **Sinochem E&P** (China) for the acquisition of Soco International’s Yemen assets.
- Adviser to **Jurong Cement Ltd** (Singapore) for the sale of its cement interests in the Zhejiang province (China).
- Adviser to **China Telecom** for the acquisition of Beijing Telecom.
- Adviser to **Maybank** (Malaysia) for the acquisition of a majority stake in Bank International Indonesia.
- Adviser to **Asics** (Japan) for the acquisition of the business of Hulucks Corporation (Korea).

As evidence of this growing business, BNP Paribas CIB was awarded “Rising Star M&A House” by *The Asset Triple A* Regional House Awards 2008 in Asia.

On the Asian ECM side, out of 13 initial public offerings (IPOs) in the Hong Kong market, BNP Paribas CIB was bookrunner, sponsor and lead manager in the following three IPOs, highlighting its firm foothold in Asia: **Asia Cement (China) Holdings Corporation**, **Solargiga Energy Holdings Limited** (Hong Kong), **Want Want China Holdings Limited** (deal size: USD 1.05 billion). BNP Paribas CIB was awarded the “Best Mid-Cap Equity Issue” for its role in Asia Cement (China) Holdings Corporation by *The Asset Triple A* Deal Awards in Asia.

The Middle East has been a fertile market for BNP Paribas CIB’s advisory business. The division advised not only the **Abu Dhabi Water and Electricity Authority** for a boot project awarded to **Biwater & Euech** consortium but also the **Qatar Investment Authority** in its contemplated tender offer for the shares of Société des Bains de Mer not held by the Principality of Monaco.

On the Latin American advisory side, the division was quite active with the following transactions:

- Advisor to **Bancomext** (Mexico) in the sale of its toll road assets in Chile.
- Advisor to **Ipab** (Mexico) in the sale of Aeromexico.
- Advisor to **Colinversiones** (Colombia) in the acquisition of the thermoplant Merilectrica through an asset-for-share swap with Inversiones Argos.

In Latin American ECM, BNP Paribas CIB was joint bookrunner of the USD 11 billion rights issue of the Brazilian mining giant Vale, another example of its ability to offer clients one-stop-shop funding solutions.

MUMBAI



Asset Management & Services

Integrated solutions
for investors

On 31 March 2009, AMS changed its name to Investment Solutions. The new name sums up all six areas of its expertise and reflects its true added value within the BNP Paribas Group.

BNP Paribas Investment Solutions is a unique model that provides a broad range of integrated services to meet the needs of retail, corporate and institutional investors, with a continuous commitment to high quality service.



United Kingdom

DRIVING GROWTH IN THE PROTECTION BUSINESS

BNP PARIBAS ASSURANCE

Two acquisitions boosted growth in the UK protection business: • Direct Life & Pensions Services, a leading provider of term life insurance via the internet (40% of business) and through intermediaries; • Warranty Direct, a leading extended auto warranty provider in the Business to Consumer market.



EXTENDING THE INTERNATIONAL NETWORK

BNP PARIBAS REAL ESTATE

BNP Paribas Real Estate's international network has also provided a degree of resilience, as it is not dependent on a single country. 40% of revenues are generated outside France. In early 2008, BNP Paribas Real Estate had operations in 8 European countries. By the year end, this figure had increased to 13 countries following new business start-ups in Romania, Jersey, India, Dubai and Bahrain.

Romania

THE DRIVE EAST

BNP PARIBAS SECURITIES SERVICES

In 2008, BNP Paribas Securities Services obtained a full banking licence in Singapore, broadening its range of available services in Asia-Pacific. In November and December, two joint venture agreements were signed with Sundaram Business Services in India.



ACQUISITION OF AN INTEREST IN INSINGER DE BEAUFORT

BNP PARIBAS WEALTH MANAGEMENT

In 2008 BNP Paribas Wealth Management announced the acquisition of a 35% interest in Insinger de Beaufort, an Anglo-Dutch asset management and private banking company, for the sum of EUR 60 million.



Europe

LAUNCH OF EASYETF LOW CARBON 100 EUROPE
BNP PARIBAS INVESTMENT PARTNERS

EasyETF Low Carbon 100 is the first carbon tracker on an index created by NYSE Euronext with support from a group of international experts and in partnership with non-governmental organisations (NGOs) including AgriSud and GoodPlanet.org. It reflects the performance of the 100 largest European companies with the lowest levels of CO₂ emissions in their sector. This innovative tracker was launched in October.



INAUGURATION OF THE FIRST FINANCE LOUNGE
BNP PARIBAS PERSONAL INVESTORS

Cortal Consors Germany opened its first "Finance Lounge" in Nuremberg, a new concept that combines the advantages of a direct bank with those of personal face-to-face advice.

Germany

Asset Management & Services

Asset Management & Services provides a unique range of solutions to meet all the needs of institutional, corporate and retail investors.

AMS houses the all Bank's expertise in the highly buoyant markets of gathering, managing, protecting and administering its clients' assets, savings and wealth, through six business lines:

- Asset management (BNP Paribas Investment Partners);
- Insurance (BNP Paribas Assurance);
- Wealth management (BNP Paribas Wealth Management Networks and BNP Paribas Wealth Management International);
- Savings and online brokerage (BNP Paribas Personal Investors);
- Securities services (BNP Paribas Securities Services);
- Real estate (BNP Paribas Real Estate).

In 2008, each AMS business was a leader in its market.

AMS operates in 60 countries and employs almost 26,000 people of more than 70 different nationalities. It continues to expand its international reach, mainly in Europe, Asia and the Middle East, through new operations, acquisitions, joint ventures or partnership agreements.

AMS takes a client-focused, future-oriented approach and innovates continuously to provide the best products and services whilst maintaining the highest standards of sustainable development.

BNP Paribas Investment Partners

BNP Paribas Investment Partners combines all the asset management businesses of BNP Paribas. A single platform providing simplified and immediate access to a vast range of specialised partners, BNP Paribas Investment Partners is one of the biggest names in asset management in Europe ⁽¹⁾. At 31 December 2008, total assets under management stood at EUR 305 billion ⁽²⁾ of which almost half were held on behalf of institutional clients.

With 2,400 professionals serving clients in more than 70 countries, BNP Paribas Investment Partners draws on more than half a century of experience in asset management and has enjoyed strong growth over the last decade, punctuated by targeted acquisitions and the creation of joint ventures. This solid development reflects a clear multi-specialisation strategy and a partnership approach which has enabled BNP Paribas Investment Partners to consistently enrich its product and service offering with the support of companies that are experts in their particular field.

BNP Paribas Investment Partners is present in the major financial centres, including Paris, London, New York, Tokyo and Hong Kong. It also has first-rate knowledge of new markets thanks to its teams in Brazil, South Korea, China, India, Morocco, Turkey and Saudi Arabia. With 360 client relationship managers in 33 countries, BNP Paribas Investment Partners has a local presence that brings it closer to its clients.

Despite the extremely difficult conditions in the financial markets, BNP Paribas Investment Partners continued to implement its long-term development plan.

The unprecedented financial crisis in 2008 spread to all markets and had a profound impact on the asset management industry. Against this background, BNP Paribas Investment Partners proved more robust than most of its competitors. Some excellent performances in money market funds led to increased market share in France.

Three key strengths underpin the robustness of the BNP Paribas Investment Partners model:

- its membership of the BNP Paribas Group, a guarantee of reliability and security for its clients;
- its diverse sources of revenue derived from different areas of expertise and product ranges, geographical areas and client segments;
- its entrepreneurial philosophy.

BNP Paribas Investment Partners continued to expand its areas of expertise by entering into three new partnerships and strengthening its leading position in multi-manager investment:

- Fridson Investment Advisors provides investors with leading-edge expertise in the US credit markets. Its co-founders, who include Martin Fridson, a leading name in this field, bring an exceptional combination of experience to this new company created on 13 May.
- SAIB BNP Paribas Asset Management, a strategic partnership in asset management in Saudi Arabia, was created on 19 March with the Saudi Investment Bank (SAIB), Saudi Arabia's 9th-largest banking group. The asset management market is still relatively recent in the Gulf region and therefore offers excellent growth prospects.
- Antin Infrastructure Partners specialises in infrastructure funds (transport, energy, environment). In a sector in the throes of far-reaching change, specialised funds are now a leading source of financing for infrastructure projects, which have become an asset class in their own right. The first fund, aimed at institutional investors, was launched in July 2008.



Cardif Asset Management wins 2008 "Corbeilles" award in the insurance company category

This prestigious award from *Mieux Vivre Votre Argent* magazine is based on one-year performance (August 2007 to August 2008).

It rewards the excellent performances achieved by CAM funds in the last few months. These performances are due to the hard work and effort invested both in management processes and in overhauling the product ranges. CAM was ranked 2nd in 2007.

⁽¹⁾ Source: Watson Wyatt rankings at end-December 2007, "The World's 500 Largest Asset Managers".

⁽²⁾ Including assets under advisory.



LAUNCH OF EASYETF LOW CARBON 100 EUROPE

EasyETF Low Carbon 100 Europe is the first carbon tracker on an index created by NYSE Euronext with support from a group of international experts and in partnership with non-governmental organisations (NGOs) including AgriSud and GoodPlanet.org. It reflects the performance of the 100 largest European companies with the lowest levels of CO₂ emissions in their sector. This innovative tracker was launched in October.

Fitch raises BNP Paribas Investment Partners'

Asset Manager rating to M2+

Apart from the Group's healthy financial structure, this rating reflects BNPP IP's strong organisational oversight and control of key risk areas, a guarantee of operational robustness. It also reflects a more prudent overall development strategy than its peers in terms of acquisitions, new products and client segments, its strong investment administration capability and its robust control system.

BNP Paribas Investment Partners, French no. 1 in French money market funds

BNPP Investment Partners collected EUR 10 billion in French money market funds, putting it in top place in terms of cumulative inflows since the beginning of the year.

This performance was achieved mainly by repositioning the range to provide a solution for investors seeking secure investment opportunities and high-quality management.

- In April, BNP Paribas Investment Partners acquired IMS (Investment Manager Selection), a leading multi-manager specialist in the United Kingdom, strengthening FundQuest's position in the institutional client segment. In June, the integration of PMA Gestion, renamed Primonial FundQuest, expanded the multi-manager offering for independent financial advisers in France. FundQuest now has EUR 34 billion of funds under management and over 210 employees in 3 investment centres (Paris, Boston and London).

BNP Paribas Investment Partners' product and service offering has three main focuses:

- Clearly defined expertise:
 - Fundamental asset management (BNP Paribas Asset Management);
 - Fixed-income portfolio management (FFTW);
 - Environmental fund management (Impax);
 - Alternative strategies (Fauchier Partners, Fridson Investment Advisors);
 - Currency management (Overlay Asset Management);
 - Private equity (BNP Paribas Private Equity, Antin Infrastructure Partners);
 - Multi-management (FundQuest).

- Specialised teams geared to specific investor categories:

- Wealth management (Cardif Asset Management, BNP Paribas – Discretionary Portfolio Management);
- Company long-term savings and pension schemes (BNP Paribas Épargne & Retraite Entreprises).

- Pioneering entities in new, fast-growing markets such as:

- Latin America (BNP Paribas Asset Management Brazil and BNP Paribas Asset Management Argentina);
- China (SYWG BNP Paribas Asset Management);
- India (Sundaram BNP Paribas Asset Management);
- South Korea (Shinhan BNP Paribas ITMC);
- Turkey (TEB Asset Management);
- Morocco (BMCI Gestion);
- Saudi Arabia (SAIB BNP Paribas Asset Management).

BNP Paribas Investment Partners has also formed strategic alliances with a view to offering a complete range of trackers under the EasyETF brand.

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 branch network in France and Cardif for the other networks and distribution partners in France and international markets.

It operates in 41 countries including 25 in Europe, 7 in Asia, 6 in Latin America, 2 in North America and 1 in Africa.

- The savings business includes the sale of life insurance policies to individuals in some ten countries. In France, it also provides companies with Group pension, end-of-career bonus and early retirement benefit contracts.
- In the protection business, it offers a broad range of products in many 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 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 plus 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 ⁽¹⁾ and the world leader in creditor insurance ⁽²⁾.

BNP Paribas Assurance proved more robust than the market as a whole in the difficult economic environment of 2008

- Revenues at end December 2008 came to EUR 16.1 billion, down only 10% on 2007.
- In France, net inflows totalled EUR 10.2 billion, down 8% on 2007.

In terms of revenues, BNP Paribas Assurance outperformed both the French insurance market (down 11% ⁽³⁾) and other bancassurers (down 13% ⁽⁴⁾), thereby making substantial market share gains.

- In the international markets, 2008 was a year of development and consolidation in countries where BNP Paribas Assurance has recently opened a business operation

Revenues amounted to EUR 5.9 billion, down 15% on 2007, mainly due to a sharp slowdown in the savings business. Outside France, this business is dominated by unit-linked products, which are less attractive in times of financial crisis.

International business was also dented by a significant adverse currency effect, especially in the United Kingdom and Asia.

⁽¹⁾ Source: FFSA.

⁽²⁾ In-house study based on information published by competitors.

⁽³⁾ Source: FFSA.

⁽⁴⁾ Source: G11.



BNP Paribas Assurance has demonstrated a strong ability to react and adapt to market trends

French Retail Banking

- BNP Paribas Assurance took measures to adapt its commercial policy to the new market conditions caused by the financial crisis in order to preserve a high level of net inflows. The proportion of unit-linked inflows therefore declined from 38% in 2007 to 17% in 2008, in line with client demand.
- The integration of financial savings specialists within BNP Paribas and the quality of their contribution also resulted in market share gains. In addition, an attractive package combining life insurance with a tax-efficient savings account was successfully rolled out in the final quarter of 2008, at a time when other bancassurers were aggressively marketing their own tax-efficient savings accounts.
- The protection business continued to expand, boosted in part by the “Captain Assur” advertising campaign. Protection revenues were up 13% and there is still considerable room for further growth. 2008 also saw the successful launch of “Servissimes”, an offering devoted to domestic services, which attracted more than 126,000 subscriptions in three months.

Other distribution networks in France

- In savings, BNP Paribas Assurance introduced a commercial policy designed to expand its share of the independent financial advisers market. This was supported by stronger co-operation with BNP Paribas partners such as Cortal Consors.

- In protection, BNP Paribas Assurance won a large number of bids for an increasingly diversified range of insurance products, capturing the no. 1 spot⁽¹⁾ with the major protection insurance brokers (Meilleurtaux.com, ACE, etc.).

International

- In 2008, BNP Paribas Assurance managed its business portfolio more actively by refocusing on high-potential businesses and withdrawing from the less profitable ones (for example, closing the telemarketing centre in South Korea). It also decided to sell its South African subsidiary.
- Two acquisitions boosted growth in the UK protection business:
 - Direct Life & Pensions Services: a leading provider of term life insurance via the internet (40% of business) and through intermediaries;
 - Warranty Direct: a leading extended auto warranty provider in the B2C market.
- BNP Paribas Assurance signed agreements with new partners (banks, credit companies and major retailers) and diversified its products and distribution channels.

⁽¹⁾ Source: Internal survey based on an analysis of market share of the three top insurance companies.

Significant events

Éric Lombard chairs the Groupement français des bancassureurs

Éric Lombard, Chairman and Chief Executive Officer of BNP Paribas Assurance, has been elected Chairman of the Groupement français des bancassureurs, the organisation responsible for defending the collective interests of the bancassurance industry and for pooling the experience of its members.

Cardif invites its partners to reflect on incisive ways to develop their business

In November, Cardif invited about one hundred European partners to Paris for the second edition of a seminar. This was a further occasion to reflect and exchange ideas on incisive ways to develop their business, based on the theme “Bankers and Insurers: Win-Win Relationships Anchored in Long-Term Partnerships”.

The participants were able to talk to leading experts, including Denis Kessler, Chairman and Chief Executive Officer of the Scor Group and former Chairman of the FFSA, Jacques de Larosière, adviser to Michel Pébèreau and former Director of the IMF, and Yann Le Pallec, Head of European insurance at Standard & Poor’s.

It also provided an excellent opportunity for Cardif to strengthen its business relationships with representatives of some of the world’s largest banks and financial institutions.

BNP Paribas Assurance supports social entrepreneurship

BNP Paribas Assurance has formed a partnership with Ashoka, an independent association involved in social entrepreneurship with the aim of promoting sustainable growth and initiating change.

BNP Paribas Assurance provides support to six social entrepreneurs in Argentina, Chile, France, Peru, Poland and Slovakia. As well as financial support, it also gives them access to a panel of employees who are experts in areas of use to them, such as actuarial science, law, accounting and marketing.

BNP Paribas Assurance also works with Ashoka to promote social entrepreneurship in Sweden and Brazil.

- ***www.angelsandfellows.com*, a website dedicated to the partnership between BNP Paribas Assurance and Ashoka.**

The site provides information on the philosophy behind the partnership and follows the major milestones in the social entrepreneurs’ projects.

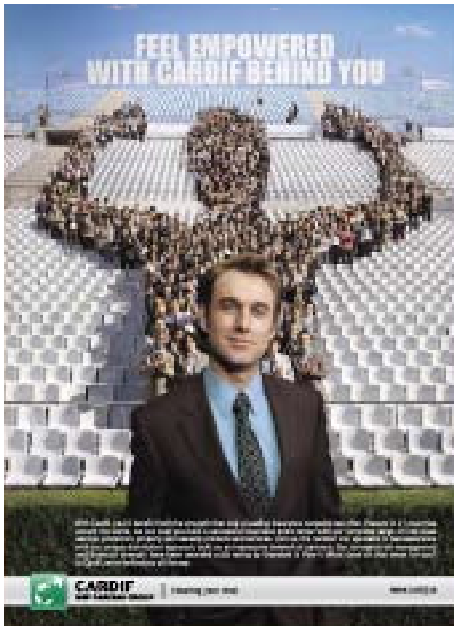
- ***Entreprendre pour un monde plus juste (Enterprise for a Fairer World)*, a book published by BNP Paribas Assurance.**

Through its book, *Enterprise for a Fairer World*, BNP Paribas Assurance wished to promote its commitment to social entrepreneurship throughout the world and tell its partners about the innovative initiatives taken by individuals, associations and other economic agents, and selected by the press agency Reporters d’Espoirs.



Éric Lombard





Cardif conducts its second survey of independent financial advisers

Launched in the first half of 2008 in association with TNS Sofres, the independent financial advisers survey takes a close look at age, experience, structures, working conditions, issues, outlook and challenges facing the profession in France. The main conclusion drawn from the survey is that independent financial advisers remain confident despite the financial crisis.

Gender equality in the workplace

BNP Paribas Assurance has won the Equality label for its initiatives to promote gender equality in the workplace.

Going even further in its innovative approach, BNP Paribas Assurance has set out an ambitious action plan including raising management awareness, providing parental education leave, extending paternity leave, providing support during maternity leave, reviewing pay, and introducing monitoring indicators.

Carbon footprint: 10% reduction in CO₂ emissions by 2010

To assess its overall impact on the environment, BNP Paribas Assurance has drawn up a carbon balance sheet (Bilan Carbone*) covering all its activities in the 41 countries where it operates.

The purpose of this balance sheet, which is fully in line with the bank's environmental policy, is to identify greenhouse gas emissions by country of origin and by source.

Based on the results, BNP Paribas Assurance has set itself a target of reducing its greenhouse gases by 10% before the end of 2010.

*The Bilan Carbone™ developed by the Ademe (French environmental and energy control agency) is a method of calculating greenhouse gas emissions produced directly or indirectly by a business activity. In this case, it is based on the direct and indirect inputs associated with BNP Paribas Assurance's business in 2007.

BNP Paribas Wealth Management

In 2008 BNP Paribas rebranded its private banking business BNP Paribas Wealth Management, a more accurate reflection of the universal dimension of its private banking client relationships. It also carries a guarantee of security by being part of a strong global banking group, together with an ability to innovate and offer new investment techniques and products.

BNP Paribas Wealth Management provides high value-added products and services designed to meet the needs of a sophisticated clientele. The wealth management offering includes:

- wealth management services: estate planning and holding structure advisory;
- financial services: advisory on asset allocation, investment products, securities, discretionary portfolio management;
- expert advisory in specific fields such as art and real estate.

Wealth Management (WM) has been reorganised into two business lines: Wealth Management Networks (WMN) and Wealth Management International (WMI). WMN's role is to develop the wealth management business in countries where the Bank has a retail client base. WMI's role is to develop the wealth management business in other markets where the Bank wants to gain a foothold or strengthen its existing position, by working closely with CIB and through partnerships or acquisitions.

Both business lines draw on the expertise of WM's support teams, both for the financial and wealth management offering and in terms of diversification, and particularly philanthropy. Wealth Management has adopted an open architecture approach to the offering and sources solutions from the Group's other businesses (Asset Management, Securities Services, Insurance, Corporate Finance, Fixed Income, Equity Derivatives, etc.), as well as external providers.

In order to strengthen their ability to attract and advise the world's largest fortunes, WMI and WMN have created a "Key clients" unit responsible for global coverage of this segment.

BNP Paribas Wealth Management is world no. 6 and no. 4 in Western Europe ⁽¹⁾ (with almost EUR 141 billion in client assets at end-2008 and over 4,400 professionals in 30 countries. It is no. 1 in France ⁽¹⁾ with EUR 56 billion of client assets. The network comprises 219 private banking centres covering the whole of France and a dedicated wealth management department for clients with more than EUR 5 million of assets.



⁽¹⁾ Source: Euromoney 2009 rankings.



Sustained development, robust results and tight control of risk

In an extremely difficult environment for the financial industry, BNP Paribas Wealth Management achieved sustained commercial growth and satisfactory results in 2008.

It continued to maintain tight control over risk, which was reflected in a low cost of risk and very little exposure to the exceptional financial events of last Autumn.

Product and service development

- Enhancement of Wealth Management's specific business model, which is based on providing global advice and support in wealth management matters and on adapting products and services to meet client expectations.
- Limited decline in assets under discretionary management and transaction volumes thanks to active management and rigorous monitoring.
- Continued improvement in management systems for sensitive businesses (long funds, hedge funds, etc.).
- Creation of a team specialising in responsible investment, sustainable development and philanthropy. A range of innovative investment funds specialising in microcredit, renewable energies and water or waste treatment has been launched. The Fondation de l'Orangerie for individual philanthropy has been created specifically to help private clients achieve their philanthropic ventures.

Customer development

- Record net inflows in 2008.
- Increasing contribution from the Wealth Management Networks model in Italy.
- Strengthening the commercial structure by market (MENA [Middle-East North Africa], CIS, etc.).
- Continued investment in customer segmentation and coordination of commercial action.
- Continued drive to develop the major fortunes segment through the new "Key clients" unit.
- Strengthening the Multi Family Office and Independent Wealth Manager structures and implementation of dedicated IT solutions.
- Strengthening the Corporate Advisory approach, particularly in Luxembourg, Belgium and Asia.

Continued investment in improving operating efficiency

- Rolling out the new performance measurement, reporting and asset management system to new operations.
- Making the reporting and trading system available online to third party asset managers, particularly in Switzerland.
- Structuring and scaling up a centre of IT expertise in Singapore, serving all WMI operations and responsible for all the business line's IT projects.



Sustained profitable growth momentum

In 2008, BNP Paribas Wealth Management continued to implement its strategy focused on organic growth and targeted acquisitions.

In Europe, BNP Paribas Wealth Management announced the acquisition of a 35% interest in Insinger de Beaufort, an Anglo-Dutch asset management and private banking company, for the sum of EUR 60 million. In parallel, Wealth Management will transfer Nachenius Tjeenk, its Dutch private banking business, and its UK private banking activities to Insinger de Beaufort. In exchange, Wealth Management will obtain a 60% to 65% interest in this new combined group. The acquisition is in line with Wealth Management's growth strategy in Europe. The new combined group will rank among the Top 5 players in the Dutch market and will be a visible force in the key international wealth management market in London.

In France, Wealth Management successfully completed the merger of Banque Privée Anjou (formerly Dexia Banque Privée France) with BNP Paribas SA on 1 January 2008, consolidating its no. 1 position in the French private banking market. BNP Paribas was ranked "Best Private Bank" in France by *Euromoney* magazine in February 2009.

2008 also saw strong growth in Wealth Management's international business in the world's new wealthy areas, particularly Asia, thanks to the recruitment of a team specialising in the affluent client segment in Hong Kong.

BNP Paribas Wealth Management and Shinhan Private Bank in South Korea have signed an agreement to share their market knowledge and provide each other with assistance in the wealth management field. Another agreement has been signed with Geojit in India to promote business growth.

BNP Paribas Personal Investors

BNP Paribas Personal Investors provides independent financial advice and a wide range of investment services to individual clients. This business line brings together three major players:

- **Cortal Consors** is the leading personal investment and online brokerage firm in Europe⁽¹⁾, providing personalised investment advice and online trading services in 5 European countries – Germany, France, Spain, Belgium and Luxembourg. Cortal Consors offers clients its investment advisory experience through several channels – online, telephone or face to face. It provides a broad range of independent products and services including short-term investment solutions, mutual funds and life insurance products, backed by leading-edge online brokerage technologies;
- **B*capital**, a brokerage firm, specialises in personalised advice on securities and derivatives as well as discretionary management for affluent clients. It provides clients with direct access to all markets, financial analysis, personalised portfolio advisory and portfolio management services.
- **Geojit** is one of the leading retail brokers in India. It provides brokerage services for equities, derivatives and financial savings products (funds and life insurance). Geojit also operates in the United Arab Emirates, Saudi Arabia, Oman, Bahrain and Kuwait, where it targets a principally non-resident Indian clientele. BNP Paribas is its main shareholder.

At 31 December 2008, BNP Paribas Personal Investors had 1.64 million clients and EUR 25.4 billion of managed assets, with 34% in equities, 35% in savings products or mutual funds and 31% in cash. BNP Paribas Personal Investors employs over 4,100 people.

The goal of BNP Paribas Personal Investors is to provide personal, independent investment advice and to strengthen its leading position in Europe and in emerging markets with strong savings potential.



Awards

Cortal Consors was ranked 4th in US *Institutional Investor* magazine's "Online Finance 30" 2008 league table, moving up from 8th place in 2007. Online Finance 30 comprises the Top 30 international (non-US) financial technology innovators. Cortal Consors was also ranked 2nd in the online retail banks category.

Cortal Consors Germany was named "Online Broker of the Year 2008" by the website *brokerwahl.de*, which publishes league tables of the best online brokers in Germany. Cortal Consors also took 1st place in the Day Trader and Futures Broker category and 2nd place in the Funds Brokers category.

Cortal Consors Germany was awarded the 2008 innovation prize for the quality of its online investment advisory systems by the German website *bankenversicherungen.de*, which specialises in banking and insurance.

French magazine *Le Revenu* singled out Cortal Consors France's Contrat Majeur for the flexibility offered by its 450 funds and automatic switching options. This makes Contrat Majeur one of the best life insurance products in the market.

Strategic development

Cortal Consors France launched Cortal Consors Select, a network of exclusive mobile advisers, to round out its existing distribution channels – internet, phone and Wealth Management Villages. These mobile advisers are independent financial advisers and are not employed by Cortal Consors. Cortal Consors Germany successfully launched the Cortal Consors Select network in 2004, which now has more than 160 members.

Cortal Consors Germany opened its first "Finance Lounge" in Nuremberg, a new concept that combines the advantages of a direct bank with those of personal face-to-face advice. A second Finance Lounge was subsequently opened in Berlin.

⁽¹⁾ Source: internal survey based on information published by competitors.

B*capital became the first French brokerage firm to offer investment advice from 8 a.m. right through to 10 p.m. Through its multilateral trading facility Tradegate, customers of B*capital can place their orders during an extended timeframe and obtain high-quality investment advice from their financial adviser.

Geojit was the first Indian brokerage firm to become a market member in Saudi Arabia. It was also the first foreign online broker to launch a domestic trading service for retail clients in Saudi Arabia through Aloula Geojit Brokerage Company, a joint venture with Saudi Group Al Johar. Barjeel Geojit Securities was the first company to launch an online Indian mutual fund investment service in the United Arab Emirates for a non-resident Indian clientele.

Through Bourse B*capital, Financière de l'Échiquier and BNP Paribas Personal Investors have set up a partnership to provide registrar, custody and order transmission and execution services for new accounts managed by Financière de l'Échiquier under discretionary mandate.

Product and service innovation

Cortal Consors France has introduced the first ratings for European equity funds measuring the environmental impact of 330 French and Luxembourg funds. The funds are ranked 1 to 5 according to carbon dioxide emissions. Cortal Consors takes the "best in class" approach already used for SRI (Socially Responsible Investment) funds, which enables it to rank the fund's constituent equities within their sectors.

Cortal Consors France launched Live 40, a ticker following trends in CAC 40 company share prices from 8 a.m. to 10 p.m. using the multilateral trading facility Tradegate. Cortal Consors also offers the opportunity to buy and sell over 150 French stocks using Tradegate.

In France, Belgium and Luxembourg, Cortal Consors has launched a structured capital guarantee product, Ambition 2010, to meet the needs of investors seeking an alternative to direct investment in volatile markets.

Cortal Consors Germany customers can consult the German website using their mobile phone or BlackBerry. This new service meets the need of a growing number of clients who want the freedom to contact their bank at any time.

In response to concerns voiced by investors in these times of economic uncertainty and market turmoil, Cortal Consors Luxembourg has launched Duo, a combined savings and securities account that offers both a high interest rate guaranteed for one-year and a broad choice of investment products with different risk profiles.



Finance Lounge Nuremberg



MUMBAI

BNP Paribas Securities Services

BNP Paribas Securities Services is the leading European provider of securities services and provides integrated, innovative solutions for all operators involved in the investment cycle, buy-side, sell-side and issuers.

- Financial intermediaries (banks, broker-dealers, investment banks, market organisations) are offered customised services in clearing, settlement/delivery and global custody for all onshore and offshore asset classes worldwide, as well as outsourcing solutions for middle- and back-office activities.
- Institutional investors (asset managers, alternative funds, sovereign funds, insurance companies, pension funds, distributors and fund sponsors) have access to an array of custodial and fund administration services, including fund distribution support, transfer agency services, depo bank and trustee services, fund accounting, middle-office outsourcing and risk and performance measurement.
- Corporates and issuers (originators, arrangers and corporates) are provided with a wide range of services, including administrative services, securitisation and management of stock option and employee share ownership plans.



Consolidation and globalisation of our position as European leader

As a leading long-term committed industry operator, BNP Paribas Securities Services invests continuously in developing expertise and technology and in creating new operations. We have opened two new branches and signed two joint venture agreements to expand our global network and services. During 2008, acquisitions made in 2007 were successfully integrated: RBS International Securities Services (offshore markets in Jersey, Guernsey and the Isle of Man), Rasbank's third-party depo bank business for funds of hedge funds (Italy) and Exelbank (Spain).

■ Consolidation of our position as European leader

In May, BNP Paribas Securities Services closed out its first transactions in Poland and Hungary. Early in the year, new offices were opened in Warsaw and Budapest, cementing our position as European leader and strengthening our positioning in the future Target2-Securities environment.

■ Continued drive towards Asia

In 2008, BNP Paribas Securities Services obtained a banking licence in Singapore, broadening its range of available services in Asia-Pacific. In November and December, two joint venture agreements were signed with Sundaram Business Services in India.

Sundaram BNP Paribas Securities Services will offer a full range of securities services including fund accounting and transfer agency services for local and offshore investors in India. BNP Paribas Sundaram Global Securities Operations, an operating centre for Asia-Pacific based on the European model, will deliver high quality services to the Asian markets. These joint ventures are an important milestone in our expansion strategy, which is to be present in the key Asian markets and round out our global operating model with a local presence in the United States, Europe and Asia.



Anticipating and adapting to a changing environment by investing continuously in technology and expertise

BNP Paribas Securities Services, like its clients, is faced with an increasingly turbulent financial world. A changing world where long-term commitment is key to the quality of service and industry. We continue to adapt to market change and develop specific solutions to meet our clients' new needs. We invest in technology and provide liquidity and financing solutions with less risk.

■ The flexibility needed to adapt to market change

In line with the Markets in Financial Instruments Directive (MiFID), BNP Paribas Securities Services continues to work closely with the new European multilateral trading facilities (MTFs). Our bespoke operating model enables broker-dealers to connect to multiple trading facilities via a single interface and provides them with optimum cash collateral and margin facilities.

BNP Paribas Securities Services now provides clearing and delivery/settlement services to new clients via Chi-X, Turquoise, Nasdaq OMX, SmartPool, Equiduct Trading and BATS Trading.

A hybrid clearing model is also available for central counterparties and MTFs seeking to capture buy-side and sell-side trades.

With operations in 25 countries, BNP Paribas Securities Services has direct access to infrastructure and regulators, develops local legal, tax and accounting expertise, and provides a single interface for all onshore and offshore assets.

■ Solutions tailored to our clients' specific needs

BNP Paribas Securities Services has the most comprehensive array of solutions in Europe to meet all its clients' needs worldwide.

More particularly, we have developed solutions for holders of securities.

In 2008, we developed MasterSuiteSM, which provides a consolidated view of assets, to support sovereign funds in diversifying their investment policies.

Global fund managers now benefit from our "Follow the Sun" operating model, which gives our clients access to our services at any time worldwide.

■ Continuous investment in reporting

Reporting, an area in constant flux, is a crucial service for our clients, who need quick, flexible access to accurate data. BNP Paribas Securities Services therefore provides its clients with instant access to reporting applications, online trading and market information via its new Neolink portal.

■ Customised financing solutions with controlled risk

Clients seeking to optimising their portfolio performance have access to risk-optimised liquidity and financing solutions, securities lending and foreign exchange services.

ClearSuiteSM for MTFs

A modular post-trade solution for broker-dealers and multilateral trading facilities (MTFs) providing execution, clearing and settlement/delivery services.

BNP Paribas Securities Services innovates by offering clearing services to MTFs and CCPs that serve both sell-side and buy-side.

Fidelity

BNP Paribas Securities Services has been appointed sole depository bank and fund administrator for Fidelity's new employee share ownership plan in France, thereby strengthening the bank's relationship of more than 10 years with Fidelity.

Schneider Electric

In April 2008, BNP Paribas Securities Services (issuer services) was selected by Schneider Electric SA to manage its share register as well as organise its annual shareholders' meeting and manage its dividend payment. BNP Paribas Securities Services will also assist Schneider Electric SA, a world leader in its sector, in future capital transactions. This agreement strengthens BNP Paribas' leading position with CAC 40 companies.

BNP Paribas Real Estate

With 3,500 employees, BNP Paribas Real Estate is continental Europe's leading provider of real estate services to companies ⁽¹⁾ and one of France's major players in residential property ⁽²⁾.

Its multi-expertise offering is unrivalled in Europe, both in terms of its geographical reach and the diversity of its business lines. Its client base encompasses companies, investors, local authorities, property developers and individuals.

International network

In commercial property, BNP Paribas Real Estate supports its customers in 25 countries worldwide:

- 13 countries with 80 direct operations in Germany, Belgium, Spain, France, Ireland, Italy, Jersey, Luxembourg, United Kingdom, Romania, Bahrain, Dubai and India, plus a representative office in New York;
- 12 other countries through alliances with local partners.

In residential real estate, BNP Paribas Real Estate's main activity is in France.

Multi-expertise offering through six complementary real estate businesses

- **Transactions** – In commercial property, BNP Paribas Real Estate sells offices, business premises and retail premises. It is no. 1 in France, Germany and Luxembourg ⁽³⁾.
In residential property, its French network of 27 real estate agencies is one of the major selling groups for both new and old properties.
- **Advisory Services** – In commercial property, BNP Paribas Real Estate advises clients on preparing their property projects, designing and building workspace, optimising their portfolio, etc.
- **Valuations** – BNP Paribas Real Estate values all kinds of property assets (offices, retail premises, hotels, warehouses, land, etc.) using the international standards set out in the International Valuation & Accounting Standards or the RICS Red Book.
- **Property Development in France and Italy** – BNP Paribas Real Estate is among the leading French property developers and no. 2 in commercial property ⁽⁴⁾.
- **Real Estate Investment Management** – BNP Paribas REIM, BNP Paribas REIS and BNL Fondi Immobiliari manage EUR 8 billion of assets in France, where the Group is one of the leading SCPI property fund managers, Italy and the United Kingdom.
- **Property Management** – In commercial property, BNP Paribas Real Estate Property Management manages 25 million sq.m. of commercial property, including almost 12 million sq.m. in France, where it is the market leader.
In residential property, BNP Paribas Real Estate manages almost 29,000 housing units in France, including 5,500 units in serviced residences.



Developments in 2008

The financial and economic crisis affected the property sector in 2008, especially in the second half:

- In commercial property, investment fell by over 50% to 70% in the main countries where BNP Paribas Real Estate operates, whilst take-up rose by 22%.
- In residential property, sales of new housing units slumped by more than 40% in France.

BNP Paribas Real Estate proved more robust than the markets. Thanks to its multi-expertise offering, it was less affected by the economic climate than companies involved only in property development or transactions.

BNP Paribas Real Estate has a balanced business mix:

- **Real estate services account for three quarters of its revenues**, half of which are recurring in nature. These services fall into five broad areas:
- Property transactions, which are directly correlated with the markets:
 - France and Germany did remarkably well and gained significant market share;
 - The United Kingdom and Spain, both of which were very badly hit by the crisis, anticipated the fall in activity through tight management of their profitability thresholds;
 - Italy continued to develop well in a more difficult market;
 - All in all, 8.6 million sq.m. of commercial property were sold in 2008.

⁽¹⁾ Source: internal.

⁽²⁾ Source: internal.

⁽³⁾ Source: internal.

⁽⁴⁾ Source: Property developer rankings published by Innovapresse in June 2008

BNP Paribas Real Estate won three major awards in 2008:

- **Trophée Constructeo award for environmental excellence in a redevelopment project, awarded by *Le Moniteur* for the Bergère building in the 9th arrondissement of Paris;**
- **Pyramide award for best French commercial building of the year, awarded by the Fédération nationale des promoteurs constructeurs de France for the Grands Moulins de Pantin;**
- **Pyramide award for best commercial development in the Provence-Alpes-Côte d'Azur region, for the Azurea office and hotel project in Nice.**

The Grands Moulins de Pantin and the Bergère building were both carried out on behalf of BNP Paribas.

- Four recurring businesses:
 - Advisory services;
 - Valuations, with over 80,000 valuations performed in the year;
 - Property management, which had an excellent year with growth of almost 20% in the portfolio of offices managed, bringing it up to a total of 25 million sq.m., including Aberdeen Belgium, a recently-acquired company that has made BNP Paribas Real Estate the market leader in Belgium;
 - Investment management, with EUR 8 billion of assets under management at end-2008. This business produced good results in 2008, particularly in Italy with BNL Fondi Immobiliari.
- **Property development accounts** for one quarter of revenues with a strong focus on office property, a business conducted on behalf of third parties with no risk to the Bank. This policy is highly effective. Over 149,000 sq.m. of pre-sold property was started in 2008. The commercial property development teams had a record year despite the economic climate. The order book for 2009 is well garnished and the teams are now working on new projects due for launch in 2010.
- All activities combined, the residential market accounts for 14% of revenues. In property development, the teams reacted very quickly to the market decline, notably by shelving plans for several hundred housing units. The risk level is therefore extremely low. Only 80 housing units have been completed but not yet sold and 1,300 housing units are under construction and yet to be sold. This represents a backlog of about twelve months' activity, which is perfectly reasonable.

BNP Paribas Real Estate's international network has also provided a degree of resilience, as it is not dependent on a single country. 40% of revenues are generated outside France.

In early 2008, BNP Paribas Real Estate had operations in 8 European countries. By the year end, this figure had increased to 13 countries following new business start-ups in Romania, Jersey, India, Dubai and Bahrain.

BNP Paribas Real Estate also doubled its number of alliances in 2008, signing agreements with partners in six new countries: Cyprus, Greece, Netherlands, Poland, Russia and Ukraine.

BNP Paribas Real Estate thus meets the expectations of clients increasingly seeking the services of a global player that can meet all their property needs in all countries where they operate.

Klépierre and BNP Paribas Principal Investments

The Klépierre group
in Europe*

13 countries in continental Europe:

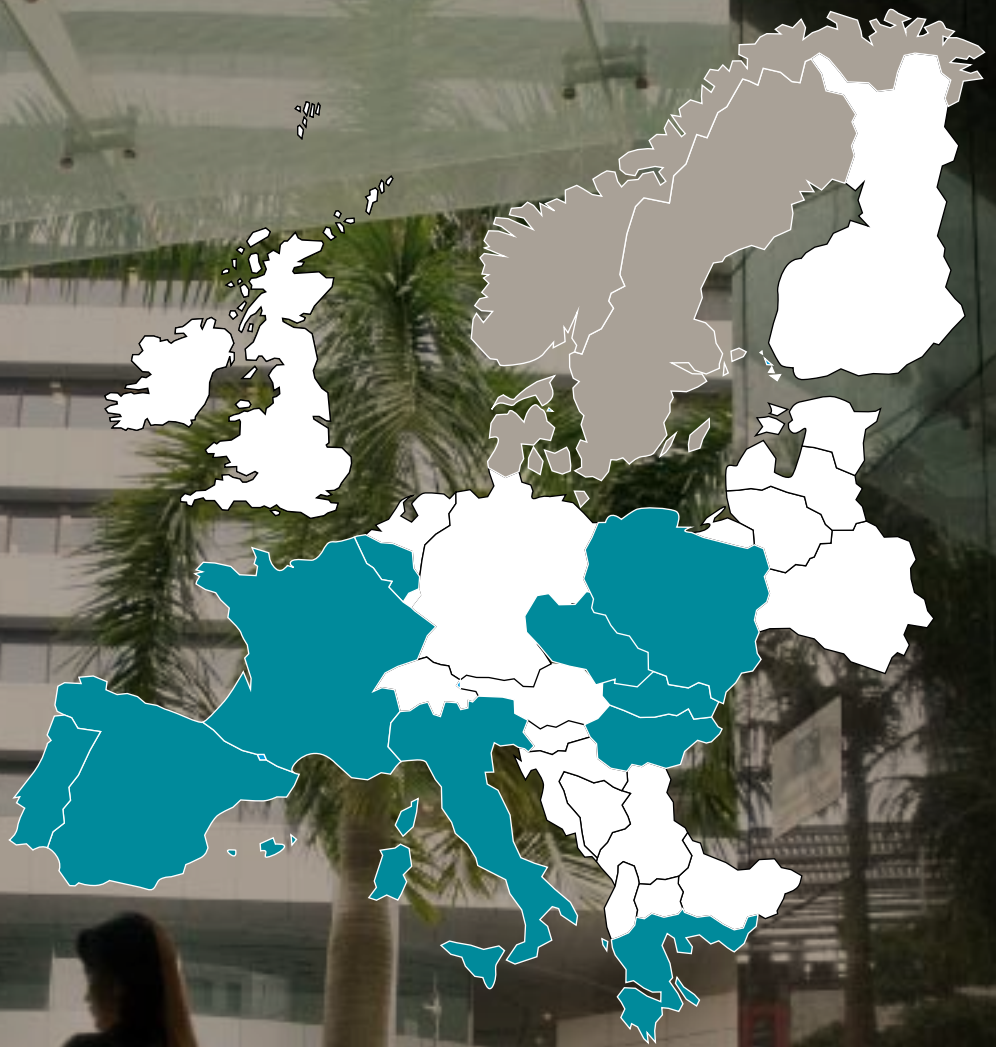
1,516 employees

EUR 14.8 billion of property assets

276 shopping centres owned

378 shopping centres managed

* Data at 31 December 2008.



- Klépierre's "historical" operating countries
- Countries where Klépierre has operated since the acquisition of Steen & Strøm

Founded in 1990, Klépierre is a real estate investment company (SIIC) listed on Euronext Paris™ (compartment A). It is Europe's 2nd-largest property investor specialising in shopping centres, with a market capitalisation of EUR 2,909 million ⁽¹⁾.

Klépierre operates in 13 European countries including France, Norway, Italy and Spain, and has a portfolio worth EUR 13,075.0 million, mainly in shopping centres.

Through its subsidiary Ségécé, Klépierre is also continental Europe's leading shopping centre manager. Ségécé manages 322 centres, including 246 owned by Klépierre, providing retailers with the expertise and professionalism born of more than half a century of experience. In 2008, Klépierre expanded its European operations with the acquisition of Steen & Strøm, Scandinavia's leading shopping centre investor. Steen & Strøm manages 56 shopping centres including 30 of its own.

Klémurs is a real estate investment company (SIIC) listed on the stock market since December 2006. It is 84.1%-owned by Klépierre and specialises mainly in the sale and leaseback of retail premises for the major retail groups. Together, Klépierre and Klémurs provide a full-service response to retailers' property needs. Klémurs' portfolio, which is valued at EUR 642.1 million, is spread across the whole of France.

Klépierre also lets and manages a portfolio of mostly prime office properties in Paris and the inner suburbs, valued at EUR 1,068.9 million.

In total, the portfolio amounts to EUR 14.8 billion.

Klépierre employs more than 1,500 people across Europe.

⁽¹⁾ Value at 31 December 2008.



Field's Copenhagen (Denmark)

On 8 October 2008, Klépierre acquired a 56.1% controlling interest in Steen & Strøm, owner of a shopping centre portfolio worth EUR 2.7 billion in Norway, Sweden and Denmark. The acquisition was completed in partnership with ABP Pension Fund, which acquired the remaining 43.9%. The net cash outflow for Klépierre was EUR 600 million, after taking account of its share of Steen & Strøm's debt. This strategic acquisition makes Klépierre the leading shopping centre owner in Scandinavia and expands its pan-European reach whilst diversifying its revenue sources in economically robust countries.

Following this major acquisition, Klépierre made a EUR 356 million rights issue. Despite the difficult market conditions, the issue was taken up in full by a large number of international investors, including BNP Paribas.

In 2008, Klépierre's investment policy focused on extending existing shopping centres, continuing a few new shopping centre projects and making targeted acquisitions. The main events of the year were:

- inauguration of five shopping centre extensions including Saint-Orens (Toulouse) in France and Alle Valli (Seriante) in Italy;
- inauguration of La Gavia, the biggest retail park in Madrid (Spain);

- acquisition of 4 shopping centres, 1 in France (Drancy Avenir), 1 in the Czech Republic (Plzen) and 2 in Italy (Lonato and Verona);
- opening of 2 retail parks in France under the Maisonément banner, a new retail concept focusing entirely on the home, one in Boissénart in the Paris suburbs and one at Sud-Avenue in La Roche-sur-Yon.

In 2008, investment expenditure totalled EUR 1,716.8 million.

In the retail segment, Klémurs invested EUR 180.4 million in 2008, principally under ongoing sale and leaseback arrangements with Buffalo Grill and the Vivarte Group.

Klépierre also pursued a regular asset turnover policy. In 2008, it divested EUR 140.2 million of assets, including EUR 75.3 million of shopping centres and EUR 64.9 million of offices.

Klépierre remains relatively confident in terms of its recurring revenue streams, which are very broad-based and supported by long leases with indexation clauses, a policy of control over rent-to-revenue ratios and tight management by the Ségécé teams, who have many years' experience in portfolio maintenance and value enhancement.



La Gavia, Vallecas-Madrid (Spain)

BNP Paribas Principal Investments

BNP Paribas Principal Investments includes BNP Paribas Capital, and Listed Investment and Sovereign Loan Management.

BNP Paribas Capital

BNP Paribas Capital manages the Group's proprietary portfolio of unlisted investments outside of the banking sector.

This portfolio had an estimated value of EUR 3.3 billion at 31 December 2008 and is split into four segments:

- directly held strategic investments;
- directly held minority stakes;
- investments in funds;
- joint investments made simultaneously with funds or institutional investors.

Listed Investment and Sovereign Loan Management

The Listed Investment and Sovereign Loan Management unit has two functions. Its overall mission is to derive the greatest possible value from its assets over the medium term. This perspective clearly differentiates the business from a trading activity.

The Listed Investment Management team is in charge of 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 loans.

BNP Paribas opens its 2008 Innovation Days to clients and partners

Innovation is a strong differentiating factor in the banking industry. It is a core component of the Group's strategy. Innovation enables BNP Paribas to adapt quickly to a constantly changing environment to deliver the best products and services to its clients.

Innovation Days, a dedicated event

In the past few years, the BNP Paribas Innovation Days have become an unique, key component of the Bank's culture. In 2008, the event was thrown open to clients and partners with the aim of sharing the Group's experience and expertise in innovation in processes, products, services, sustainable development and other areas.

The BNP Paribas 2008 Innovation Days were held at the Carrousel du Louvre, attracting almost 200 exhibitors from more than 30 countries and offering some 30 conferences on different themes.

BNP Paribas also welcomed partners and leading industrial groups in innovation and social responsibility, including L'Oréal, Canal+, IBM, Orange Business Services, HP, Google Industry Finance Italia, BearingPoint, Turkcell and GoodPlanet.

Violet, Kameleon, Daesign, Cleantech and Iconocast were also present at the L'Atelier stand to present interactive communicating devices.

A real innovation management system

BNP Paribas, which has strong technological potential in all its business lines and support functions, promotes the spread of an innovation culture through a real innovation management system. It is based on an innovation management programme called **Spirit of Innovation**, on two closely-intertwined technology intelligence centres, L'Atelier and the Centre d'Innovation et de Technologie, and on research partnerships with some of top world's business schools such as London Business School, HEC Paris, Centrale Paris and Singapore Management University.

The Spirit of Innovation programme illustrates the Group's aim of making innovation one of its key strengths in an industry where research and development already play a vital role.



The Innovation Awards

The **Innovation Awards** are designed to foster and reward employee creativity and expertise. They are presented at the BNP Paribas Innovation Days by Baudouin Prot, Chief Executive Officer, and members of the BNP Paribas Executive Committee. The Innovation Awards are designed to reward initiatives in business innovation and innov@ction, BNP Paribas' participative innovation approach.

Fifteen winners at the 2008 Innovation Awards

There are nine categories of award: Products & Services, Sustainable Development, Brands, Process Performance, Managerial Approach to Promoting Innovation, Re-Use, Customer Satisfaction, Employee Satisfaction, Cross-Selling.

BUSINESS INNOVATION – Sustainable Development

The “photovoltaic” loan – BNP Paribas Personal Finance, International Retail Services

This innovation involves financing roof-mounted solar systems in private homes, together with all the equipment required to generate electricity. The financial package is designed so that that entire operation is free for the client. Domofinance, a subsidiary of Personal Finance, and EDF market the same product for home improvements. The loan is an annual repayment loan with capital and interest deferral for 24 months, which means the system

can be installed without the client having to pay out a single euro. During the deferral period, the client receives government grants and a VAT reimbursement, which is used to repay part of the loan without penalty. The electricity generated is sold to EDF and the amount received covers the loan repayments.

INNOV@CTION – Sustainable Development, Social Responsibility

Loan Syndication Charity Offsite – Structured Finance, Corporate and Investment Banking

Loan Syndications & Trading holds a bi-annual off-site meeting which traditionally has been a team-building exercise in a pleasant location. In 2007, it decided to break away from this “comfort zone” and to focus rather its team energy around a Social Responsibility theme. Through the UK Prince's Trust, it was introduced to a Bulgarian charity which carries out great work with orphanages. 65 members of LS&T from offices across Europe attended the off-site and put all their heart into the unusual work, for them, of refurbishing and improving an orphanage for severely

mentally handicapped children in the town of Mezdra. It involved transforming a very badly run-down children's play area into a safe and modern one with new equipment, completing the painting and decoration of a corridor (80 metres) including 15 hand-painted murals, repairing the steps and pavements of the entrance and tiling and decorating an art room. Needless to say, the team came back with an overwhelming sense of achievement, having found new meaning in a collective experience with an enhancing social purpose.

■ **BUSINESS INNOVATION – Brand**
Gabi: the interactive, communicating ATM – French Retail Banking

As part of its Welcome & Services programme, BNP Paribas has given its 5,000 ATMs a new look with Gabi, the interactive automated teller machine. A new screen presentation with a fun, animated character, Gabi, welcomes you and guides you through your cash withdrawal or account management transaction. It uses a simpler, clearer and more user-friendly language and its screens are easier to read and more modern. Gabi has become a new communication channel, the perfect comple-

ment to other channels such as internet, phone, branch posters, etc. It can be used for communication campaigns that enhance the Bank's image (e.g. Roland-Garros) or products (e.g. "Terceo Mothers' Day", new Jump card, etc.). The campaigns may be national, regional or local in scope to promote the branch network's coverage. This is a groundbreaking innovation compared to the traditional ATMs, which are the Bank's first point of contact with its clients or prospective clients.

■ **INNOV@CTION – Brand**
Shop window partnership – French Retail Banking – Cannes

With the retailer's agreement, a sticker or small poster is placed in the shop window during or after the work announcing that the project has been financed by BNP Paribas, the idea being to promote the Group in the small business segment. This idea, which highlights the Bank's commitment to the small business market, was first suggested in 2007 and implemented during 2008.

■ **BUSINESS INNOVATION – Process performance**
TEB – International Retail Services

TEB Mobile Banking Channel lets customers to do their banking related transactions with the help of a mobile phone. SMS banking and WAP banking are two services offered under this channel. The scope of offered functions currently includes "account related information gathering, money transfers, payments, credit card transactions and information on bank services". Regardless of being a bank customer, access to ATM / Branch, domestic market and TEB services information is possible from *wap.teb.com.tr* adress. Mobile Banking Channel is designed to perform as a complete campaign management tool. All products, service related

information and campaign updates can be done in WAP banking in relation to other delivery channels. WAP banking interface supports 4,500 handset models and all handset types. WAP interface automatically adapts itself to the handset screen and gives the best screening experience. WAP banking service is designed with the current best security standards in its field. TEB is the pioneer bank in Turkey, offering a complete mobile banking channel and related services such as SMS banking and WAP services, supported with Mobile Signature safety and ease.

BUSINESS INNOVATION – Managerial Approach to Promoting Innovation

Innovation Day – BNP Paribas Securities Services, Asset Management and Services

Innovation is a core value for BNP Paribas Securities Services. To promote and encourage innovation, Management and the Innovation team have created the BP2S Innovation Day. This first in-house event entirely devoted to innovation is based on a simple principle: innovating means sharing, informing, understanding and creating

value. The twenty most innovative projects of the year (shortlisted from more than 75 candidates from around the world) were presented to all employees, who discussed best practices with the innovators before attending a conference on how to leverage creativity. An award ceremony provided a fitting end to an excellent afternoon.

BUSINESS INNOVATION – Re-Use

Western Campaign – UkrSibbank, International Retail Services

To launch its new communication campaign for small businesses and entrepreneurs, UkrSibbank re-used the elements of the French Retail Banking campaign “Open House for Freelance Professionals and Entrepreneurs” which was based on a Western theme. This is a relatively innovative theme in Ukraine, especially for a bank. In addition, apart from the traditional communication media (TV, press, billboard), UkrSibbank also decked out the subway stations in Kiev and Kharkov in the campaign colours: a first in Ukraine.

BUSINESS INNOVATION – Customer Satisfaction

Business approach to debtor clients – French Retail Banking

This business approach aims to satisfy clients in all circumstances, even during the difficult times when their account has gone into overdraft. It has two key focuses:

1. Developing the current account management offering:

- producing a guide to take the anxiety out of having an overdraft and make clients aware of the solutions for managing a debit account;
- revising the standard “chasing letters” with a softer commercial approach and a more specific wording for the under 30s;
- developing the Esprit Libre offering for the under 30s to include a free weekly mini-statement via SMS and reimbursement of fees during the first year of Esprit Libre for young clients who keep within their overdraft limits.

2. Upgrading the tools used for monitoring and managing irregular debit accounts. A better understanding of the risk leads to improved client satisfaction as the adviser can provide more targeted and therefore more appropriate advice which will be better received and more reassuring for the client. The innovative aspect of this approach lies in its aim of improving “client satisfaction” in the difficult context of overdraft situations. It is just one of the many initiatives designed to build a closer relationship with our clients through more personalised offers and support. This approach has been promoted in the “Ta + K rentrer” ad campaign featuring comedians Éric and Ramzy and highlighting the “no fees” and “free SMS” aspects.

■ **INNOV@CTION – Customer Satisfaction**
Contact Keys – French Retail Banking – Paris XV Group

A “Contact Keys” pack is given to branch managers to help them improve their knowledge and understanding of their market and business. The pack contains two sections, one covering the market and sector, and the other covering the business.

■ **BUSINESS INNOVATION – Employee Satisfaction**
AMS Network – Asset Management and Services

AMS Network has introduced a new way of working together within the division. Until recently, each of the six businesses organised their own conferences whilst the division arranged top management meetings. For the first time, AMS Network has brought all senior managers together to deliver a common strategic message and to make them aware of AMS’s powerful “collective” business potential. For the first conference, over 1,100 employees met in Paris for three days, with three key events:

- a joint AMS seminar, divided into a plenary session and forums to encourage exchange, share expertise and discover the AMS universe;

- six business seminars dealing with the issues and challenges specific to each one;
 - a closing evening event devoted to innovation, at which the AMS 2007 Innovation Awards were presented. This first AMS Network convention was appreciated by all employees, who were delighted to have the opportunity to learn more about the challenges facing their division.
-

■ **BUSINESS INNOVATION – Cross-Selling**
EasyETF – BNP Paribas Asset Management (Asset Management and Services) and Equities & Derivatives (Corporate and Investment Banking)

The joint venture between BNP Paribas Asset Management and Equities & Derivatives will pool the resources of the two businesses and leverage their complementary resources, expertise and infrastructure to become a European leader in the ETF market. This joint venture will complete the existing line-up with new geographical indices and provide access to new markets with innovative indices.

■ **BUSINESS INNOVATION – Products and Services**
Parworld Agriculture – BNP Paribas Investment Partners, Asset Management and Services

Parworld Agriculture invests in agricultural commodities through exposure to two key indices based on a synthetic replication:

- exposure to agricultural commodities indices (max. 100%);
- additional exposure to funds invested in agricultural commodities (max. 10%).

BUSINESS INNOVATION – Products and Services **Business School – French Retail Banking**

Creation of a business training centre to support an in-depth apprenticeship (combining and balancing theory and practice) within a structure that has been completely revamped to meet the current marketing model.

BUSINESS INNOVATION – Products and Services **“Win your home” prize contest for clients who take out a BNL loan – BNL bc**

For the first time in the Italian banking market, a mass consumer promotional event (a prize contest) has been combined with taking out a mortgage, the prize being the value of the home to be purchased. Clients are automatically entered into the contest when they take out a BNL mortgage loan for home purchase or improvements (maximum 350,000 euros). “Win your home” is the slogan used in the television, press, cinema and internet advertising campaign. The advertisements use film language, which has now become a feature of BNL’s communications. In this particular case,

BNL adopted the comedy genre with a retro cartoon style. The ad shows a parcel containing a wonderful surprise – a house. To celebrate, the new home owners go to a BNL branch where music and special effects create a festive atmosphere. The media campaigns and point of sale advertising material are based on the same film universe and explain in detail how the contest works. The ad campaign was designed by TBWA/Italia.

BUSINESS INNOVATION – Products and Services **Carbon emissions trading – Carbon Finance and Emission Trading, Corporate and Investment Banking**

A new market is emerging in the context of the Kyoto Protocol. A carbon team was created in August 2006 by a joint decision of ECEP and Commodity Derivatives, in order to best serve BNP Paribas clients and generate new opportunities across the Bank.

The team has as objective to :

- be THE Emissions team for BNP Paribas, become a focal point for the Bank, in charge of developing this business across the Bank, at the service of all business lines.
- become one of the key players in this key field of activity.

BNP Paribas Group's core values

RESPONSIVENESS, CREATIVITY, COMMITMENT AND AMBITION: four cohesive values

A company's core values form the bedrock of its corporate culture. They guide the organisation and provide common cultural ground for a multi-dimensional group. Their aim is to guide the behaviour and actions of the Bank's 173,000 employees.

BNP Paribas has chosen four core values, which are promoted regularly at occasions such as the annual appraisal, when employees are assessed on their performance in terms of responsiveness, creativity, commitment and ambition.

Regular campaigns (posters, brochures, videos) help spread these values across the entire organisation, the ultimate aim being for everyone to identify with them and be guided by them on a daily basis. In 2008, for example, a new 3D video presenting the Bank in an innovative and off-beat way was designed to appeal to its younger employees.

In the current climate, these values are all the more important in fostering a close-knit organisation. They are a major factor of cohesion.



■ Responsiveness

Swiftly assessing situations and developments and identifying opportunities and threats.
Making decisions and taking effective action.

■ Creativity

Promoting initiative and new ideas.
Rewarding people for their creativity.

■ Commitment

Devoting best efforts to customer service and team success.
Maintaining the highest standards of behaviour.

■ Ambition

Developing an appetite for challenge and leadership.
Working as a team to win a contest in which the client is judge.

Human Resources Development

The full report of this part is available in the Report on BNP Paribas' social and environmental responsibility on the following website: www.bnpparibas.com (Sustainable Development section).

The people of BNP Paribas

Workforce evolution ⁽¹⁾

To keep up with business growth, total Group staff expanded to 173,188 net permanent paid (NPP) employees at 31 December 2008, an increase of 10,501 from one year before.

The increase reflects continued external growth with the acquisitions of Sahara Bank JSC in Libya and JetFinance International in Bulgaria as well as organic growth of retail banking in emerging countries.

The Group's worldwide workforce breaks down as follows:

Workforce in France and outside France

The Group is present in 83 countries, with more than 60% of its workforce outside France at 31 December 2008.

	2006	2007	2008
France	57,123	64,080	64,217
Europe (excl. France)	53,461	62,473	68,542 ⁽¹⁾
North America	14,810	15,046	15,222
Asia	5,571	8,833	9,494
Africa	6,201	6,692	8,883
Latin America	2,924	3,287	3,957
Middle East	1,308	1,700	2,194
Oceania	513	576	679
Total	141,911	162,687	173,188

⁽¹⁾ Includes Italy: 19,397.

› Breakdown by geographic area



- Africa 5.1%
- North America 8.8%
- Latin America 2.3%
- Asia 5.4%
- Europe (excluding France) 39.6%
- France 37.1%
- Middle East 1.3%
- Oceania 0.4%

› By business line

In 2008 the proportion of the workforce in growing businesses increased primarily outside France, while the proportion in retail banking in the more mature markets of France and Italy declined.



- IRS 45%
 - FRB 18%
 - AMS 15%
 - CIB 10%
 - BNL bc 8%
 - Group Functions 3%
 - Klépierre 1%
- (Retail Banking, cf glossaire p. 155 [FRB, IRS, BNL]: 71%)

⁽¹⁾ For human resources development data, the scope of this analysis is the entire NPP workforce managed by BNP Paribas as opposed to the consolidated workforce, which is limited to staff working for fully or proportionately consolidated entities calculated pro rata to the consolidation percentage of each subsidiary:

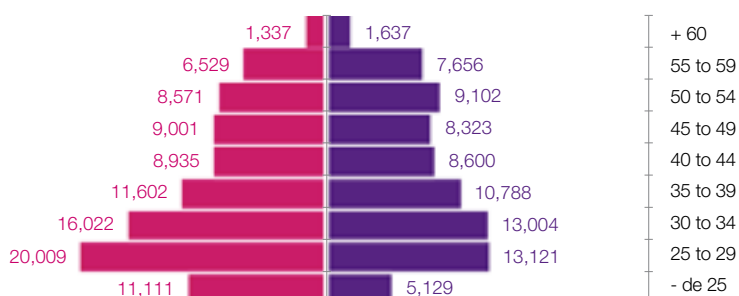
In NPP	2002	2003	2004	2005	2006	2007	2008
Consolidated workforce	87,685	89,071	94,892	101,917	132,507	145,477	154,069
Total workforce	92,488	93,508	99,433	109,780	141,911	162,687	173,188

Age pyramid

The Group's age pyramid remains balanced overall. The lower age groups are predominant in most of the Group's divisions, while the opposite is true of retail banking in France and Italy, where the age pyramid is closer to the standard pattern of employment demographics in continental Europe⁽¹⁾.

Group age pyramid - headcount (December 2008)

Women: 93,117 (54.6%) Men: 77,360 (45.4%)



TOKYO



PARIS

Key challenges of human resources management

Amid the crisis that has struck the financial industry, BNP Paribas today stands out as one of the most robust and profitable banking groups. This is in no small part a result of the personal commitment of each employee, day after day, in the service of the Group's goals. The diversity of BNP Paribas – in its business lines with their particular histories, in its languages, cultures, etc. – represents an ongoing challenge, as does employees' adherence to Group values and strategy: as an enterprise, the Group must be attentive to each person's expectations and must know how to be responsive to them by adapting its human resource policies and managerial practices.

In the extremely turbulent environment of 2008, the Group confronted four major challenges in human resources management: keeping up with development and change, valuing and motivating staff and retaining their loyalty, promoting diversity, and always listening to employees' concerns.

Keeping up with development and change

The Group's total workforce (NPP) has risen from 99,433 in 2004 to 173,188 in four years, an increase of 74%. Staff numbers outside France surged 141% over the same period, rising from 45,070 to 108,971.

The Group is expanding internationally, and human resources management must consequently meet two main challenges:

- anticipate employment trends by forecasting the cumulative effects of organic growth, productivity gains and the Group's age pyramid, which will bring about an average of 1,100 retirements per year by 2020 at BNP Paribas SA in France alone;
- develop the managerial resources needed not only to take the helm as key positions become available through natural attrition, but also to drive the Group's development and external growth plans.

⁽¹⁾ Calculated on the basis of physical headcount managed by the Group, one for one.



LYON/FRANCE

The increasingly high levels of expertise required in the business lines and the Group's changing demographics make identifying and retaining talent a critical element of human resources management. This element presupposes a committed policy of adapting the job to the resource, taking into account the entire population of the Group without discrimination on the basis of age, sex or nationality.

Adapting quantitatively and qualitatively the workforce

Negotiations on forward-looking management of jobs and job skills began in early 2008 and are continuing, with the prospect of reaching an agreement in 2009.

To meet the challenges resulting from business changes and major Group projects, such as the need to recruit in several business lines and eliminate positions in a few other entities, two kinds of measures have been taken, following the objectives set in early 2008 and complying with the terms of the Group's social agreement in France: reclassification of job holders between business lines and oversight of outside recruitment. For this purpose, a special staff unit coordinates job management policy across divisions, business lines and support functions.

In parallel with these measures, the BNP Paribas SA jobs adaptation plan for 2006-2008 has gone forward, with an upward revision in the potential number of assisted departures in line with the initial objectives of the plan. During 2008, 339 employees left the company under this plan, 304 for the opportunity to take another salaried job and 35 to start or take over a business. The average number of jobs created by each of these departures is 1.2, counting new business formation and expansion.

Within BNL in Italy, the plan that was the subject of agreements signed in November 2006 with trade unions on retirement, recruitment, mobility and professional development has gone forward in accordance with the forecasts made in 2008:

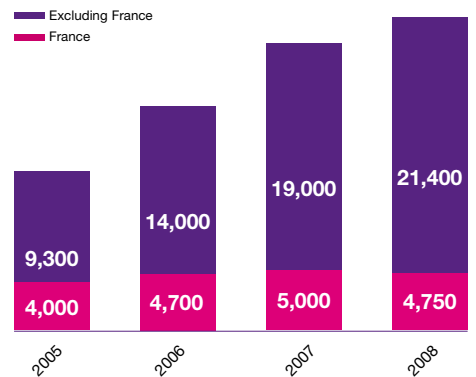
- 604 employees left the company;

- 720 new hires were made;
- 1,000 employees took advantage of mobility opportunities;
- more than 78,000 days, or close to 585,000 hours, of training were provided.

Ensuring recruitment that meets the specific needs of each business

Recruitment held at a high level until August but then declined as economic conditions deteriorated. During 2008 as a whole, 26,158 new permanent hires ⁽¹⁾ were made worldwide, compared with 24,080 in 2007. In France, recruitment was lower than in 2007 but still substantial, with 4,748 hires on permanent contracts.

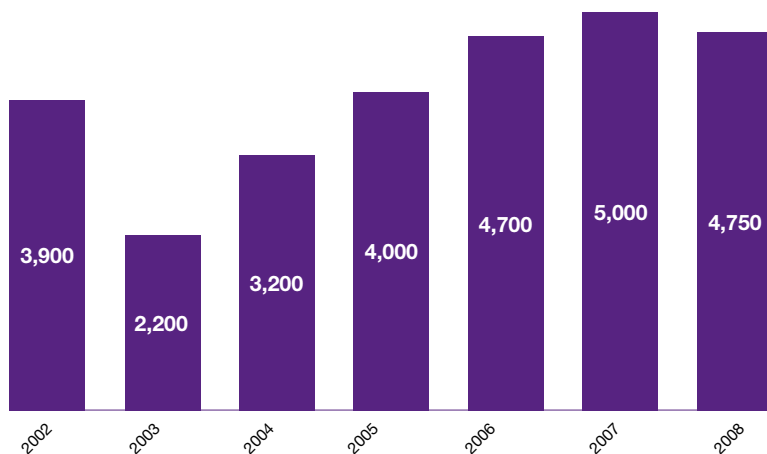
› Recruitment of permanent employees (excluding fixed-term contracts)



The distribution of hires in France by age profile was stable in terms of relative shares, with young graduates accounting for 45%. There were 768 hires on work-study contracts, including 456 in professional internships and 312 in apprenticeships, comparable to the levels in 2007. At 31 December, there were 1,246 young employees on work-study. The number of trainees taken on under the VIE (Volontariat International en Entreprise) programme was stable, with 205 volunteers sent on missions in 2008 compared with 207 in 2007. The number of work placements for master's students also increased to over 1,200.

⁽¹⁾ Excluding movements of Personal Finance Bulgaria and Sahara Bank, which were included in the workforce data during the year.

› Permanent contract hiring in France



■ Close links with schools and universities

Recruitment policy was scaled down in 2008 to match the decreasing needs, but without sacrificing any of the key policy components. Relations with schools were actively maintained, with more than 100 events organised. The flow of candidates for pre-recruitment (internships, VIE, work-study) held at about 64,000 CVs, a volume comparable to 2007.

The Ace Manager programme, a business game on selected campuses in 26 countries, boosted recognition of BNP Paribas as a brand-name employer among students outside France. The Group's international recruitment site, *careers.bnpparibas.com*, was updated with a redesign.

These initiatives have all served to maintain or raise the Group's attractiveness score among strategic target populations.

■ Combating discrimination

A Code of Ethics for all Group employees with a role in the recruitment process has been drawn up and disseminated. This Code is supplemented by two documents to help employees evaluate candidates' skills: a methodological guide for the individual interview and a grid to formalise and document the decision taken after the interview of the candidate.

■ Diversity of educational backgrounds

Young graduates of quite varied educational backgrounds – trained in social sciences, literature, sport, communication, etc. – find a place in the banking trades and help to diversify employee profiles, as investment advisers and junior account managers. With a two-year or four-year post-baccalaureate diploma in hand and aged less than 26 years, they undergo a year of work-study training in law, finance, taxation and customer relations management in a banking environment. They thereby acquire professional experience in the field as well as solid theoretical training, provided in partnership with the consortium of local public educational institutions (Greta).

BNP Paribas – an attractive Group

BNP Paribas remained in 1st place, for the third year in a row, on unprompted attractiveness as scored in the TNS Sofres 2008 survey of third-year business school students and held on to 2nd place among engineering school students, making it the no. 1 bank and the no. 1 service-sector enterprise cited by this population. BNP Paribas also placed 1st in 2008 among business students in the Student panel of Trendence Institute, conducted among 15,000 students of more than 151 training institutions (4th in 2007).

LOS ANGELES



The Louveciennes Training Centre

The Group training centre, in the magnificent setting of Louveciennes near Paris, is a veritable company university. Its mission is not just to build competencies but to provide a forum for sharing ideas and building company spirit. Employees from all businesses, countries and cultures come here for training sessions. In 2008 nearly 21,000 employees came here to participate in integration seminars, business-specific courses, cross-functional training programmes and major Group events.

Performance evaluation training recognised for merit

BNP Paribas' Serious Game performance evaluation interview was awarded a prize in the most recent International IntraVerse Serious Game Awards competition. This prize recognises the Group's initiative and highlights the value of "serious games" as a component of professional training.



Developing skills of employees and teams

■ Training as a tool of business effectiveness

Given the rapid pace of transformation in businesses, work organisation and the labour market, training and skills development is a key means of:

- raising employees' performance levels;
- enhancing their employability within the enterprise;
- valuing them and developing their loyalty.

Training supports each employee in his or her willingness to learn in order to achieve professional objectives and prepare for future changes. In addition, training provides a means to become better acquainted with the Group and its culture, its environment, and the regulations that cover banking activities. Lastly, training mechanisms foster exchange of knowledge between employees as a means of sharing skills. To be effective, training sessions must be tied together and made part of a long-term training programme. The Group's training curriculum is constructed by combining professional training for the business lines with cross-functional Group training.

In support of this training policy, BNP Paribas has a training centre that serves as a campus for bringing together employees from throughout the Group.

■ Raising employees' performance levels

The training provided by the business lines is intended primarily to raise the level of employees' professionalism and expertise in their field. For this reason, each business line draws up a training plan that seeks to maintain competencies at the level needed for employees to exercise their responsibilities. The training programmes are designed and developed with the help of training specialists in order to make optimal use of new apprenticeship arrangements. The training curriculum thus combines classroom training

with e-learning, and the training approach is supplemented by testing to ensure that appropriate knowledge is imparted.

Effective performance also requires acquisition of more multilateral skills, such as:

- proficiency in English – deployment of the Step-up programme introduced in 2007 continued throughout 2008;
- knowledge of compliance principles – programmes to raise awareness and understanding of the broad principles of preventing money laundering and handling conflicts of interest have been delivered in the form of e-learning;
- professional development – training in supervision, project management, personal effectiveness and operations management is provided frequently at the Group training centre in Louveciennes, where 1,567 executives received training in 2008.

■ Enhancing employees' employability with the Group

To face up to the massive changes affecting business lines within the banking industry, enhancing employees' ability to move from one business to another has been made a priority.

A first step in this direction was accomplished in 2008 by instituting a new support mechanism for employee mobility.

Called "Pro mobilité", this mechanism covers any Group employee in France who has officially applied for a mobility transfer or is considering whether to apply. The purpose of the mechanism is to:

- realise the value to the Group that is gained from naturally dynamic mobility in a context of ongoing sharp changes within BNP Paribas;
- prepare employees for their mobility transfer;
- support the reorganisations that mobility transfers will entail;
- foster exchanges and better understanding of the Group through sharing between participants.



In 2008, seven sessions open to more than 80 people met with great success. This mechanism thus provides an effective way for the bank to support employee transfers during a period of sharp changes.

■ Training of new employees

Introductory training enables new employees to learn about BNP Paribas and understand how the business units where they work fit into the whole. These programmes provide an occasion for new hires to build their first network of acquaintances within the enterprise. They help to create a sense of belonging by offering shared terms of reference as regards values, business principles and methodologies. Introductory training is just one among other highlights of new employees' first days; others are meeting their managers and fellow team members for the first time, being shown the work station where they will sit, and learning about the environment in which they will operate.

Welcoming new employees is also the occasion to show them how innovative the BNP Paribas Group is. To this end, the training engineering staff has developed a novel approach that couples new technologies and knowledge of the Group in a "serious game" that teaches about banking activities as it is being played. This game is part of the introductory programme for new employees.



GROUP



HUMAN

Valuing, motivating and building loyalty

Building loyalty with competitive remuneration

■ Remuneration

Work performed, skills and level of responsibility are remunerated by base pay commensurate with the employee's experience and the market norm for each business. Individual performance is rewarded by variable pay based on achievement of set objectives. Variable remuneration takes different forms in different business lines. The Group strives to apply a fair, competitive and selective remuneration policy.

- annual performance reviews are driven by a search for fairness in accordance with a global procedure monitored by Group Human Resources.

- the Compensation and Benefits department of Group Human Resources updates annual benchmarks by business, type of post and country. This process is illustrative of the importance given to competitive fixed and variable pay.

- remuneration is revised in accordance with selective criteria that are closely linked to the development of the employee's skills, responsibilities and performances as reflected in the annual performance evaluation.

■ An extensive range of benefits

Employee savings plans

Incentive and profit-sharing plans

The Group seeks to optimise collective profit-based incentive schemes according to the legal, social and tax context of each entity: profit-sharing (mandatory) and incentive (voluntary) plans in France, similar "profit-sharing" plans in many other territories.

Profit-sharing and incentive plans – BNP Paribas SA

Amount payable in respect of the year listed (in euros)	2003	2004	2005	2006	2007	2008
Total gross amount	116,769,620	148,701,874	186,076,788	227,719,000	232,530,560	84,879,969
Minimum amount per employee	2,328	2,945	3,772	4,696	4,728	1,738
Maximum amount per employee	7,831	10,020	10,689	12,732	12,800	4,641

Employee share ownership

The Group has always encouraged employee share ownership through an annual share issue reserved for employees. Since the formation of the BNP Paribas Group in 2000, the worldwide employee share ownership plan has offered employees the opportunity to become shareholders of their own company for a minimum period of five years. They are entitled to a discount on the shares they purchase and to top-up payments from the company. To date, eight share issues have been offered to Group employees.

Employee savings plans

These plans enable employees to build up their savings, in particular with a view to retirement, while at the same time optimising local tax treatment and social benefit schemes.

Outside France, supplementary pension schemes are the preferred means, whereas in France employee savings plans allow staff to set up savings accounts that receive preferential tax treatment in return for a medium-term holding period. These plans can be topped up by payments from incentive and profit-sharing plans, by voluntary payments from the employees themselves, and, where applicable, by partial matching payments from the company. Employees can choose the investment vehicles that suit their objectives: funds invested in BNPP shares, in diversified equities, in bonds, or simply a blocked cash account. PERCO, the Group retirement savings plan, was introduced in 2005, and several thousand employees have subscribed to it. The savings become available on retirement, in the form of an annuity or a lump-sum payment. Top-up payments into PERCO amounted to EUR 6 million in 2008.

Other company benefits

The Group has a longstanding benefits policy of providing a high level of protection to its employees. These mechanisms have been harmonised, particularly outside France, with the aim of ensuring greater consistency between local systems that are sometimes quite disparate. Outside France, the Group seeks to provide company benefits that cover medical consultations and hospital stays to its local employees and their families.

A flexible customised contingency plan in France

BNP Paribas' personal contingency insurance plan was set up under a company-wide agreement and has few equivalents in French companies. This flexible plan offers staff a high level of cover for absences from work due to illness, disability or death. Starting from a basic plan that applies by default, employees adjust the protection to their personal or family situation by choosing benefit amounts and supplementary cover as needed: higher benefit for accidental death, education annuity, temporary income for the spouse, one-off payment in the event of the death of the spouse. Choices can be modified regularly. An enterprise agreement in 2008 extended a number of benefits under the personal contingency plan. This flexible benefits plan applies in 36 French entities and covers more than 62,000 people.

Paribas El Djazair company benefits

In 2008 BNP Paribas El Djazair introduced a supplementary health coverage plan. All employees can subscribe to a mutual insurance plan that offers good benefits and competitive rates. A pioneer in this respect in Algeria, the bank pays 75% of the premiums, with the remaining 25% shared between the social welfare scheme and the employee in proportion to the employee's income. This plan also covers employees' spouses and children.





KIEV

Dynamic career and mobility management

Career development efforts in 2008 focused on improving the management processes in several areas, such as expanding the scope for identifying high-potential executives, incorporating evaluations of managerial performance into the identification process, and ensuring effective succession management.

■ Career management that prepares and supports employees' advancement

BNP Paribas' career management policy is designed to enable each employee to progress continuously within a coherent, well-constructed framework. The Group invests in various ongoing training programmes adapted to individual profiles and aspirations.

Career management is based first and foremost on the relationship between the employee and his or her "manager". Human resources managers' mission is to monitor this relationship and to follow up on each individual's career advancement.

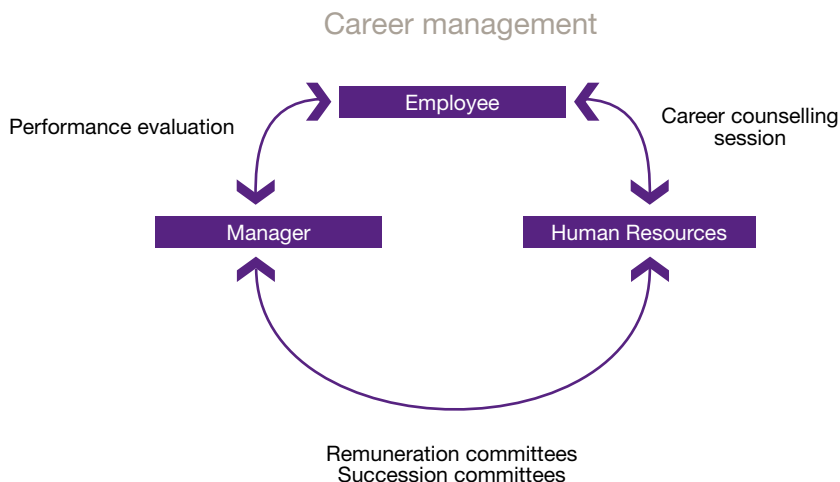
■ Organised succession process

One of the Group's most important career management projects is preparing for the future by ensuring long-term succession for executive management positions. Succession committees that bring together managers from the various divisions and functions and human resources managers meet once a year to identify high-potential executives who could in future take over key posts within the company. The Leadership for Development programme was set up in 2005 to help these executives draw up individual career development plans in conjunction with their immediate superiors. For a limited number of key posts, a People Review mechanism has been set up for the Executive Committee.

In addition, for junior managers, a special career-tracking mechanism has been put in place, with one-on-one career counselling sessions, customised seminars and meetings with Group leaders. Several different tracking programmes are offered to assist them through the main stages of their early careers. These include *Cadres à Potentiel Juniors* for high-potential junior managers and *Diplômés de l'Enseignement Supérieur* (DES) for holders of advanced degrees.

■ Transmitting the culture and strategic messages of the Group

An ambitious project, the Talent Development Program, was launched to better identify and further the careers of high-potential employees. This is a collaborative project, created with the help of HR and other managers from the various divisions and territories. The goals are to ensure effective management succession and to keep pace with the Group's growth. In April 2008 this programme had been deployed in 17 territories. Under it, more than 200 HR managers, including 80 assigned to posts outside France, underwent two modules of training. Deployment kits with full documentation were prepared for HR and operating managers and executive committees of the business lines and territories.



The Talent Development Program provides 3 programmes of training courses. *Leadership for Development*, established in 2005 in partnership with *Collège de l'École Polytechnique*, is intended for experienced high-potential managers and designed to enhance leadership abilities. It is organised in two sessions, and it drew 156 participants in 2008. Two new programmes intended for more junior employees with high potential were added in 2008: *Go to Lead* and *Share to Lead*. The pilot sessions of these programmes, which proved to be highly satisfactory, drew 114 participants.

Two programmes for senior executives, PRISM and NEXTEP, also continued in 2008. The objectives of these two programmes are closely linked to those of career management policy. They are to create and nurture a community of senior executives in key positions (PRISM) and to help ensure success in high-stakes career moves (NEXTEP). The aim is to ensure that training and career management policies are complementary and that conditions are in place to provide senior executives with the skills they need to drive the Group's development. In 2008, 146 people took part in five PRISM sessions, with the target being key "manager of managers" posts. 28 participants attended the three sessions of the NEXTEP seminar, which is targeted at managers faced with a substantial increase in responsibilities.

■ A dynamic mobility policy

Career mobility is not only a competitive advantage of BNP Paribas but also a preferred means of adapting the Group's human resources to the development of its business operations. It allows employees to enhance their professional experience and move ahead in their careers. Different forms of career mobility can help develop employees' potential in new business lines and enable them to acquire new skills:

- *functional mobility*. Mobility need does not mean a change of position; it can also mean professional development via enhancement of the employee's skills, abilities and knowledge;
- *geographic mobility*. The employee moves to another town or, in the case of international mobility, to another country;
- *inter-company mobility*. The employee moves from one Group entity to another.

Although the diversity of the Group's businesses allows huge scope for career mobility, choices must take account of individual aspirations while at the same time ensuring that optimum use is made of the skills already gained by the employee. For this reason, the Group's performance evaluation system encourages discussion between employees and managers as the basis for career management.

In 2008 the *E-jobs* intra-Group mobility information tool was put online. With this tool, employees can learn about jobs posted by the various entities via an extranet or intranet connection. HR managers in a country can post available job positions, and employees can apply for them online. Deployment is underway in Germany, Japan, India, the Gulf States and Switzerland.

Following an external audit on mobility, a team International Mobility was organised to provide better support to expatriates through cross-cultural training and assistance in finding employment for spouses. This service is offered to the divisions and functional departments for their expatriates. The number of job openings posted on *E-jobs* is currently around one thousand for France, Italy and Spain.



TOKYO



MARSEILLE/FRANCE

Promoting diversity in all its forms

Before the merger, BNP was predominantly characterised by one business in one country: Retail Banking in France. Over the past few years, business lines and operating territories have multiplied at an accelerating pace. The structure of the Group today reflects this evolution and shows a balance across business lines and geographic areas.

BNP Paribas and its commitment to diversity

With more than 170,000 employees of more than 160 nationalities in 83 countries, BNP Paribas views staff diversity as a major strength for *the bank for a changing world*, a strength that enhances performance. The Group has a duty to be a beacon of corporate social responsibility. The Global People Survey conducted in-house in 2008 showed that environmental and social responsibility and diversity are key drivers of employee commitment, in 2nd place behind only leadership. BNP Paribas also believes that mixing together people from different backgrounds serves as a source of creativity and effectiveness by mirroring the surrounding society.

Non-discrimination is a prerequisite for managing diversity. For this reason, the Group has identified discrimination as one of the thirty major operational risks.

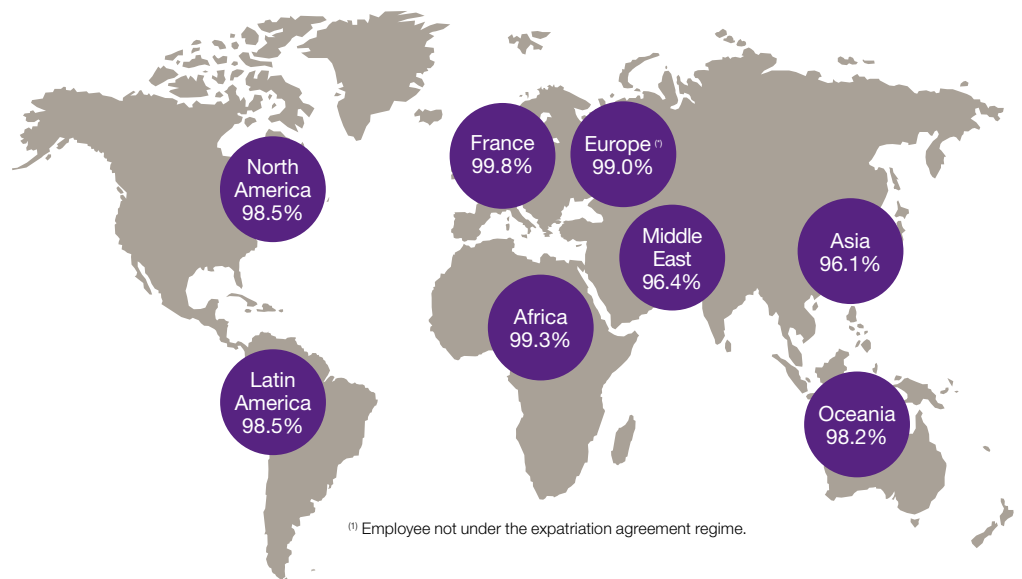
BNP Paribas signed the Diversity Charter in France in 2004 and has since waged an active policy of combating discrimination and promoting diversity, notably by naming a diversity officer in 2005 and a manager of the Handicap Project in 2006 and by launching the Banlieues Project in 2006.

In 2006 and 2007, several external audits of non-discrimination and diversity at the Group revealed the strong points and the points that still need work. Action plans were drawn up on the basis of these audits. Diversity policy is underpinned by a set of non-discrimination principles common to all procedures throughout the Group. For the 2007-2010 period, diversity policy is articulated along four dimensions, with goals that will be updated as the Group evolves: diversity of origin, gender equality, employment and accommodation of persons with disabilities, and age diversity.

■ Dedicated international teams

By employing local people, BNP Paribas directly contributes to the development of the countries in which it operates and is thus naturally integrated into the different cultures and communities concerned. Local employees⁽¹⁾ can gain access to positions of higher responsibility within the subsidiaries and branches and pursue careers within the Group.

Percentage of local staff employed by geographic area



⁽¹⁾ Employee not under the expatriation agreement regime.

■ Recruitment

Recruitment is governed by a rule of non-discrimination: job postings make no mention of sex, and hiring criteria are based exclusively on the skills and qualifications of the candidate. Men and women are guaranteed the same grade level and starting salary when hired for a given post with the same level of experience and training.

In France, numerous oversight tools and actions have been developed by the central recruitment unit: quantitative recruitment audits, site audits of recruitment centres, diversity training for recruiting staff. In 2008 a handbook for conducting individual recruitment interviews was prepared in collaboration with the *Observatoire des Discriminations*. This handbook includes a code of ethics, an analytical grid, and a how-to guide for the individual interview. The candidacy management tool implemented in 2006 provides detailed, documented tracking of the candidate throughout the recruitment process. Another tool evaluates candidates' professional behaviour in a consistent, uniform way. Lastly, the hiring interview processes are a focal point for oversight in the HR internal control system.

In 2008, BNP Paribas in London expanded its "sourcing policy" for young graduates and its list of target universities to attract a more diversified set of candidates. It has entered into partnerships with associations of students of a number of different origins: Women in Business Society – London School of Economics, Imperial College Arabic Society, Cambridge University Arabic Society and Cambridge University German Society. The Group's brochures, websites and other tools of communication about recruitment have been redone to attract a broad sample of candidates as well as specific groups such as the National Black MBA Association.

To draw more female candidates, the London staff worked with women in the branch network in London to organise Women Insight Days in 2008. For three days, female students could attend presentations and discussions on corporate finance jobs, visit the trading room and participate in question-and-answer sessions with women executives of the Bank.

■ Training in diversity

In 2008 a one-day training session for managers on managing diversity as component of performance – their own and the Group's – was deployed on a pilot basis in the business lines and departments. 450 managers attended. It will be expanded in 2009 to a target sample of 1,000 managers. The training session combines theoretical background, individual work on each person's stereotypes, pair exchanges and case studies.

■ Career development

BNP Paribas is committed to all of the following principles: evaluation and career direction are based exclusively on professional skills and qualities; criteria for promotion are identical for men and women; family obligations and constraints are considered in managing mobility transfers; and alternative working schedules, in particular part-time, do not penalise an employee's prospects for career development or pay.

[BNP Paribas, the 1st bank in France to obtain the AFNOR diversity label](#)

BNP Paribas is the only bank in the first group of seven companies to receive the AFNOR diversity label. Conferred in recognition of the Group's policy against discrimination, this label is awarded by France's national standards organisation (AFNOR) on the recommendation of a committee of representatives from government, labour unions, employer associations and France's national association of human resources directors (ANDRH). Companies are evaluated for this label on the basis of specifications covering five areas: achieved diversity, diversity policy, internal communication, activities within the company, evaluation and areas in need of improvement.

BNP Paribas the no. 1 private employer in Seine-Saint-Denis

With the arrival of 6,000 employees of its BNP Paribas Securities Services subsidiary at the Grands Moulins de Pantin complex, renovated and adapted to meet the HQE environmental standard, BNP Paribas has become the largest private employer in Seine-Saint-Denis. In addition, as part of its *Banlieues Project*, BNP Paribas in 2008 enabled its partners ADIE and AFEV to open a new centre at Aulnay-sous-Bois and Saint-Denis, thereby providing a stronger anchorage for its social services to the community.

In France, the Bank has made commitments on specific actions at pivotal stages of employees' careers: on convergence of rates of promotion for men and women; on systematic career interviews with all employees having fifteen to twenty years of business experience; on systematic career interviews with all part-time employees returning to full-time work; and on increasing the proportion of women executives.

The Talent Development Program, an international talent-spotting programme, takes into account managers' ability to promote a multicultural, cross-functional approach.

Diversity of origin

■ Promoting talent of every kind, regardless of origin

Respecting diversity among employees and candidates is a corporate social responsibility. In many of the countries where the Group operates, discriminatory practices within companies are prohibited by law. The Group owes itself to be ever more open to hiring talent of every kind and every origin, ethnic, religious, cultural or social. After hiring and over the course of a career, assessment of a person's capabilities must be based exclusively on appraising contributions made and competencies demonstrated at every stage along the way.

■ International teams

As BNP Paribas has grown and expanded internationally, the Group's worldwide workforce has increased every year since 2000, rising to more than 173,000 employees at year-end 2008. In eight years, the percentage of employees outside France has risen from 40.8% to 63%. To go along with this very rapid international expansion, BNP Paribas strives to include more international managers in its executive teams, as demonstrated by its appointment to the Executive Committee of a member who is not a French national.

The Group's expatriation policy has been devised to help develop an international corporate culture and facilitate the building of international teams. An expatriation

kit, a support programme for expatriate spouses, and cross-cultural training are provided with these goals in mind. In the United States, a new training programme has been designed for employees transferred from other countries. The programme sensitises these employees to cultural differences that can have an impact on methods of working, managing and collaborating with others.

■ Outreach to visible minorities in France

In the educational area, BNP Paribas signed the Apprenticeship Charter in 2005 and the Charter on Equal Opportunity in Education in 2006. BNP Paribas SA focuses on work-study arrangements that enable young people at baccalaureate level from all backgrounds to continue their studies under an apprenticeship or professional internship contract. Each year, the Group trains approximately 1,000 young people on internships and close to 300 on apprenticeships. These two-year contracts involve tutors to follow each of these 1,300 students, who become eligible to be recruited for permanent staff positions at the Bank after they have obtained their diplomas.

To limit the self-censorship that prevents minority candidates from applying, and thereby to diversify the candidate pool, BNP Paribas organises numerous outreach events among visible minorities in France. To promote equal opportunity, the Group participates in job fairs oriented towards visible minorities and in employment diversity forums in underprivileged areas. These include IMS, Africagora, AFIJ, the *Zéro Discrimination* initiative in Lyons, and the *Nos quartiers ont du talent* project with MEDEF, the French employers' association, etc.

BNP Paribas Personal Finance is a partner of *Nos Quartiers ont du talent*, an association formed in 2005 to build bridges between companies and young graduates from disadvantaged neighbourhoods. The project brings hiring employers face-to-face with young graduates (four or more years post-baccalaureate) from the Seine Saint-Denis department. The collective

sponsorship programme launched in 2008 has had success: in December 2008, 25 of 48 young graduates sponsored by 26 Personal Finance employees, 3 of them members of the entity's Executive Committee, had found a job with the help of this sponsorship.

Every year since 2005, BNP Paribas has been successfully holding hiring events called *Entretien Immédiat* at bank branches in Paris and the surrounding area. At these events, graduates of all origins with 2 to 5 years of post-baccalaureate study can come into a branch and apply for a job on the spot, with no need to make an appointment beforehand.

In March 2008, BNP Paribas and nine other large employers from the private and public sectors (Accenture, AXA, Ministry of Defence, L'Oréal, SNCF, La Poste, Orange, Keolis, TLF), jointly with ANPE and the Conseil National des Missions Locales, conducted an innovative recruitment initiative to promote diversity, *Le Train pour l'Emploi et l'Égalité des Chances*.

Gender equality in the workplace

In 2004, in accordance with governing law, BNP Paribas chose to examine the conditions under which the principle of equality between men and women was actually being borne out within the Bank. Although well represented in the workforce, women are in some cases coming up against a "glass ceiling" that is keeping them from rising above a certain level. Upon this finding, the Group committed to foster equal opportunity and treatment between men and women at all stages of professional life and to do more to bring women into management positions.

■ Company agreements

BNP Paribas SA signed a new long-term agreement on gender equality in the workplace in July 2007. This agreement takes the place of the previous one on the same subject, signed in April 2004 for a term of three years. The new agreement sets down the principles that should be followed in observing and developing equality of opportunity and treatment between men and women at all stages of professional life. It provides for means of fostering work/life balance and for closing, over a period of three years, observed pay discrepancies between men and women at the same grade and with comparable levels of training, responsibility and professional effectiveness as revealed by evaluations of their performance, skills and experience. A funding envelope of EUR 3 million has been provided. Some pay discrepancies were closed in 2008, and the operation will continue in 2009.

At BNP Paribas Assurance, a special committee determines what individual gap-closing measures are to be implemented to meet the agreed gender equality indicators.

■ The gender Equality label

Personal Finance and BNP Paribas Assurance have been awarded this professional Equality label in recognition of their actions to encourage equal opportunity and treatment of men and women in the workplace. These actions relate to sensitisation of management, parental leave for education, extension of paternity leave to two calendar weeks with full pay, enhanced support for maternity leave, comparable pay studies and implementation of tracking indicators. The gender Equality label is an effective tool in advancing equality and evenness between the sexes in business and enhancing the social dialogue. It was instituted by the Ministry of Labour in 2004 and is awarded for three years at a time.



Conference in Bahrain

More than 200 people from the Gulf region accepted BNP Paribas' invitation to the *Women and Leadership* conference in Bahrain. Royal families, government representatives, business leaders, news media, students – all sectors of the economy and society were represented at this extraordinary event in honour of diversity. The conference programme included presentations, case studies, first-person accounts and exchanges. The conference was not only about offering women their rightful place in business and society, but also about reflecting on how to attract talent in the BNP Paribas Group. With this initiative, BNP Paribas in Bahrain added another dimension to the Group's drive for diversity.



■ Proportion of women in positions of responsibility within the company

In 2008 in France, the percentage of women promoted into management-rank positions (as defined in the banking industry collective agreement) or management positions (for subsidiaries not governed by that agreement) was 32%, up from 28.5% in 2007. At BNP Paribas SA, the proportion of women executives has been rising steadily in recent years; it was 38.8% in 2005, 40.3% in 2006, 41.4% in 2007 and 42.6% in 2008 ⁽¹⁾. In 2007 BNP Paribas surpassed the 40% target set by the banking industry for 2010 in terms of the proportion of women in the management population. The Bank's own target for 2010 is now 44%.

■ Gender equality networking

In France, under the impetus of Group Human Resources, a working group of women in upper management positions was formed in late 2004. It is called Mix City, and its mission is to propose measures to make life easier for women in the workplace and bring more of them into upper management positions. The working group acts along three lines:

- develop women's managerial potential: networking and a study on coaching;
- achieve a better work/life balance: concierge services;
- neutralise the maternity period as a factor in career management: maternity leaflet and influence to propose more progressive procedures within BNP Paribas SA.

Other networks on the model of Mix City have been set up in Luxembourg in 2007 and London in 2008.

At the initiative of the territory director and the Human Resources department in Luxembourg, a group of women managers there has set up a working group of men and women. One of its major actions consists in transposing the agreement on gender equality in the workplace that was signed by BNP Paribas SA in 2007. Another is to improve communication on gender equality and create conditions favourable for the advancement of female employees.

Regarding work/life balance, its recommendations are to assist female employees in managing their work schedules, to favour flexibility and to include more services in the concierge service offering.

In London, the women's networking group sponsored by Human Resources consists of a steering committee of 25 women executives. In 2008 and 2009, the group is concentrating on a mentoring project and on actions to increase the number of women applying for positions in investment banking.

■ Parenthood

By signing the Parenthood Charter in 2008, BNP Paribas affirmed its commitment to balance between work and private life and to offering employees who are parents an environment better suited to their family responsibilities.

Giving more attention to the wellbeing of each and every employee, BNP Paribas is taking concrete steps such as establishing concierge services in Montreuil, Rueil-Malmaison, Levallois and Luxembourg. A customer satisfaction survey has shown that employees – both men and women – are thrilled to have this kind of services available to them. Leaflets prepared by Mix City on *The gender equality agreement* and on *Maternity and adoption* are published for all employees. The Group has formed a partnership with FEPEM, an association of in-home employers in the Paris region, to advise Group employees in France on the formalities of daycare: filing requirements for the hiring of care providers, collective agreements covering in-home workers, family allowance benefits, available reductions of social security and other tax charges, and so on.

The Group contributed to the publication of a guide on *Promoting parental responsibility among male employees* by ORSE (observatory on corporate social responsibility) issued in November 2008. Copies are distributed to employees.

Starting in January 2009, the eleven-day paternity leave available to employees of BNP Paribas SA comes with full pay.

⁽¹⁾ 43.1% in NPP stated according to the new standard used in the 2008 Social Report.

Employment and integration of persons with disabilities in France

At year-end 2008, the number of employees with disabilities at BNP Paribas SA was 754. Nearly 70% of them are aged over 50. Integration of persons with disabilities is an important issue of social responsibility for the Group. For this reason, the Group strives to keep such persons in work and to be more effective in hiring workers with disabilities.

■ Agreement on employment of persons with disabilities signed in 2008

This agreement came into force on 1 January 2008 for a term of four years. It gives the Bank the means to develop an action plan consistent with its business project and culture.

The objective is to promote recruitment of persons with disabilities by hiring at least 170 such persons over four years, emphasising work-study arrangements and paying special attention to candidates' business experience and adaptability. This approach will be rounded out with processes for receiving new hires and introducing them to their fellow staff members. Keeping persons with disabilities in work will be optimised with physical and organisational accommodations and by providing secure transitions between jobs. Procurement of services from the protected worker sector will be increased.

The signing of this agreement continued a policy initiated several years before. With Handicap Project, begun in 2006, the Bank developed and implemented a proactive policy of employing persons with disabilities as part of its social responsibility policy. The agreement in which the Bank pledged to meet recruitment targets and intensify its efforts to keep persons with disabilities in work was signed in May 2007 with Agefiph, a collecting organisation for corporate contributions. It was renewed in 2008 for a term of four years.

For more than twenty years, BNP Paribas has been working on behalf of persons with disabilities by supporting an employment rehabilitation centre (ESAT) that it formed, Institut des Cent Arpents.

■ Accomplishments

Joint labour-management working group

Initiated jointly with the employee representative organisations in 2007 to look at issues in keeping persons with disabilities in work, this working group identified and specified actions that were included in the enterprise agreement signed in early 2008.

Exposition for employees on the topic of handicaps

Le talent ne fait pas de différence (talent makes no distinction) is the title of a travelling exposition mounted in 2008 upon the signing of the enterprise agreement on employment of persons with disabilities. Twelve panels created by Compagnie Regard' en France invite viewers to learn about exceptional artists who had handicaps, from Homer to Glenn Gould.

Twelfth annual national week for employment of persons with disabilities

In observance of this week, BNP Paribas in 2008 held its second annual reception for persons with disabilities and informed them on the kinds of jobs it can provide. Sensitivity training workshops were also organised for employees in Paris, and technologies to help the employer accommodate a worker's disabilities were presented.

Age diversity

As part of its diversity and gender equality drive, BNP Paribas follows an employment policy designed to help extend its employees' working lives. At BNP Paribas SA, measures that allowed employees to leave on early retirement were restricted in 2004 and eliminated altogether in 2006. The proportion of employees aged 55 and over reached 20% of the workforce at year-end 2008, compared with 10% at year-end 2003.

Family-friendly policies

In the United Kingdom, a number of initiatives are in place for employees who are or are about to be parents: paid leave for maternity, paternity or adoption, flex-time via part-time working or teleworking, and year-long sabbaticals. A plan in place since 2008 enables employees with children to buy cheques to pay for childcare out of before-tax income. In London, the Employee Assistance Program can provide employees with counselling from professional advisers, on a confidential basis and at no charge, on financial, matrimonial, emotional or family matters. In the United States, the length and level of pay of leaves for reason of family events have been improved.



LILLE/FRANCE

With the lengthening of working lives, BNP Paribas seeks to provide career prospects for employees aged 45 and over by facilitating further development of their skills and responsibilities. Under the branch agreement of 9 July 2008 on age discrimination and employment of seniors, the enterprise is committed to a gradually increasing average age of retirement, rising from 55 years to a target of 60 years by 31 December 2012. The enterprise is also committed to doing more to manage the latter part of employees' careers and to producing an annual report on employment of seniors.

The enterprise commits to the principle of equal access to professional training and individual right to training regardless of age. In 2007 the percentage of employees aged 45 and over who had taken a training course was 41.72%.

The seminar on managing diversity as a component of performance, deployed in 2008, sensitises managers to age diversity and reminds them that any form of age discrimination is to be banned.

Listening to employees

In any financial services business, human capital is a core asset and managing change is a key challenge, because all facets of the operating environment – markets, business lines, growth and globalisation – are changing faster than employees' business culture and behaviour.

To respond to these accelerating changes and to employees' varied expectations, managers need to be good listeners, good explainers and good example-setters. The corporate training programmes offer managers the skills they need to meet these leadership challenges so that employees are not left feeling disconnected, under accumulating stress or discouraged by unmet expectations.

It is by presenting clearly identified operational challenges that these issues can be addressed.

Protecting employee health

The Group's occupational health policy goes beyond simply complying with changes in legislation. The major components of the policy are risk mitigation and support for vulnerable employees or those who have become unfit for work.

■ Prevention of occupational hazards

Prevention begins with identification of the occupational hazards: violence at bank branches, musculoskeletal disorders, air conditioning and ventilation malfunctions. A cross-disciplinary team set up in 2006 pools the skills and knowledge of its members to prevent these risks and deal with pathologies arising from multiple factors. This approach to working conditions offers greater opportunity for prevention and fosters joint action.

In 2008, special attention was given to the quality and comfort of the office environment, in particular ventilation, air conditioning and lighting. For customer relations staff, the acoustic environment was improved by changing headsets and installing sound-deadening materials.

Medical assistance to employees that have been victims of attacks, in particular in the Paris region, is provided in conjunction with the city's emergency medical services. This initiative has been progressively improved in recent years, and its effects can be seen in the decrease in both the number and length of post-attack absences and the reduction in requests for transfer to another position subsequent to an attack. In 2008, 137 employees received medical assistance after an attack, and 5 of them were referred to specialists for psychological help.

Mitigation of other occupational hazards is addressed with appropriate measures such as information campaigns, training, design ergonomics, remedial ergonomics and alert procedures. In 2008, 9 plan studies, 119 premises visits and 14 studies were conducted on the ergonomics of work stations. The high degree of vigilance exercised jointly by the occupational health department, team managers, facilities management departments, the ergonomics unit and works committees has contributed to the very low rate of musculoskeletal problems reported in BNP Paribas SA.

More than 2,550 influenza vaccinations were administered. Informational and preventive public health campaigns were organised on healthful eating, organ donation and addiction prevention.

■ Public health issues

BNP Paribas SA's occupational health department has been working for many years to promote employee health. During the annual medical checkup, the physician provides personalised care in all areas of public health. Awareness campaigns, brochures and specific programmes are designed to address the major risks, including cardiovascular disease, cancer, obesity and tobacco.

Several other public health initiatives were launched in 2008. At French Retail Banking, for example, a training module for learning how to manage rudeness in business encounters has been deployed. Role-playing games and sharing of experiences serve to identify mechanisms that lead to aggressiveness and teach techniques of handling tense situations and controlling emotions.

The cardiovascular disease prevention programme, PCV Métra, continues to screen for risk factors such as high cholesterol, hypertension, tobacco addiction and stress. Medical evaluations at Broussais Hospital of employees found to be at risk and screening for coronary impairments with a view to early treatment have resulted in 248 blood tests and 10 hospitalisations.

Each occupational health office is now equipped with a tonometer to screen for glaucoma.

635 people took part in the programme to help employees and their family members in the Paris region quit smoking through the Allen Carr method; 47% of those who responded to the satisfaction survey quit smoking in 2008. In other parts of France, 73 people participated in sessions held in Arras, Dijon, Orleans, Chartres and Marseilles.

Taking advantage of the impact of the 10th national skin cancer prevention and screening day, organised on 15 May 2008 by France's national association of dermatologists, BNP Paribas provided screening for employees. 603 employees took part in 29 screening sessions. 60 of them were referred to a dermatologist for a biopsy, and 187 were recommended for annual checkups.

Surveillance of emerging health risks is conducted with Institut de Veille Sanitaire (WHO) to keep staff informed and provide recommendations.

A working group of human resources operating managers from all divisions and functional departments makes enterprise-wide preparations for dealing with a pandemic. Sanitary and organisational plans for such an event provide for purchases of masks, listing recommended hygiene products, communicating on measures such as washing hands, and posting notices in washrooms.

■ Supporting fragilities and incapacities

As with prevention, redeployment of employees following several months of absence due to illness entails concerted efforts by the occupational health department, HR managers and functional management. Given the rapid pace of change within the Group, the reintegration process must factor in an adjustment to the new circumstances, so as to dispel employees' worries and allow them the time to get on their feet again.

In some cases, employees can meet with the occupational physician before resuming work, either because they request it or because their personal physician or the reviewing physician recommends it. In such instances the company doctor prepares the employee for his or her return, taking into consideration any after-effects or residual handicap he or she may be suffering.

Dealing with stress, anxiety and depression

Stress is the second most prevalent occupational pathology after musculoskeletal disorders.

A special body to monitor it, OMSAD (Observatoire Médical du Stress, de l'Anxiété et de la Dépression), has been set up in collaboration with IFAS, the French institute for action on stress, in Paris and Lyons. At the beginning of each periodic medical visit, each employee can fill out a confidential, anonymous questionnaire that is immediately analysed and commented upon by an occupational medicine specialist for purposes of a personal diagnosis. The data are then compiled and processed by IFAS, an independent firm, which returns the results to BNP Paribas. The data are used to measure stress levels, pinpoint populations at risk and take appropriate preventive measures.



GROUP

Outside France, the entities are endeavouring to optimise occupational risk prevention and access to care for employees in conjunction with local health authorities. In Ukraine, employees of UkrSibbank who were exposed to radiation following the Chernobyl disaster qualify for benefit payments and additional leave, and their health is closely monitored as part of an initiative run by the Ukrainian authorities.

BNP Paribas is an active member of *Sida Entreprises*, a business-funded association focused on AIDS. The aim of this association of leading French investors in Africa is to help resolve ongoing issues of prevention and lack of access to treatments, problems that are still prevalent despite the financial aid provided to affected countries. BNP Paribas helps to set up inter-company platforms in most of the countries in West Africa where it is present, through its network of associated banks (BICI). BICI of Madagascar participated in the annual *Sida Entreprises* seminar held in 2008 in Antananarivo. This seminar brought together coordinators of company programmes to combat HIV AIDS.

In Senegal, Banque Internationale pour le Commerce et l'Industrie (BICIS) helped to organise the 15th international conference on AIDS and sexually transmitted diseases in Africa, which was held in Dakar in December 2008.

Maintaining a qualitative social dialogue

In 2008, the Commission on Employment Law, BNP Paribas SA's labour information and negotiation body, met on 37 occasions and negotiated the signature of nine company-wide agreements. Some of these agreements improve or continue employee benefit plans, while others strengthen employee representation on various bodies.

A wage agreement for 2009 signed by 4 of the 5 labour unions provides for an across-the-board pay increase, a rise in the flat-rate annual bonus paid to managerial employees, and consolidation of a portion of employees' variable pay into base pay.

An agreement on employment and inclusion of persons with disabilities was signed. This agreement is part of BNP Paribas' global non-discrimination and diversity initiative, and it follows up on commitments made when the Diversity Charter was signed in 2004. The agreement expresses all parties' desire to see BNP Paribas implement a proactive long-term policy in favour of employment and inclusion of persons with disabilities. It calls for actions in four areas: develop a plan for hiring in an ordinary business setting; improve conditions for bringing persons with disabilities into jobs by offering appropriate working conditions, access to professional training and technological accommodations; seek out stronger partnerships with the protected workers sector; and pay ongoing attention to the various aspects of keeping such persons in work.

An agreement was also signed in the area of flexible insurance benefits, improving the previous agreement signed in 2000. Death benefits will be increased, employees on part-time for therapeutic reasons stemming from pre-existing conditions at the time they signed up for the flexible benefit contract will be covered in full, and administrative costs will be revised downwards.

The time savings account system, in particular the terms and procedures for "deposits" and "withdrawals", has been improved to reflect the reduction in working time (RTT). Employees now have the option of monetising the RTT rights they have saved.

The Group's two occupational health departments were merged in 2008. Having a single department will enable the Group to develop a groupwide occupational health policy for the benefit of all employees.

Continuing the agreement of 10 July 1996 that created the European Works Council, an amendment was signed in 2008. The amendment recognises the Group's expansion in Europe, in particular the integration of BNL, and facilitates the exercise of responsibilities by the Council and its members.

Deploying a global change management scheme

■ Global People Survey, a survey for moving forward

In 2008 the Group's executive management chose to deploy an annual Global People Survey in 10 languages on a sample of 25,000 employees in 78 countries. The purpose is not to conduct an opinion poll but to identify the drivers of employee commitment and to derive indications to guide actions and concrete projects at Group level, division level, by function, by business and by territory. Response rates to the survey have been very high, and employees are frequently adding comments and suggestions in their responses – further proof of their interest and their attachment to the company.

Pride in belonging to BNP Paribas, confidence in its leaders, a high level of commitment and adherence to its values and strategy are widely shared across the Group. The corporate culture is seen to be centred on customer service and capacity to innovate. But it is also characterised by a degree of compartmentalisation felt by employees, who regret a still-insufficient appreciation of diversity and a lack of horizontal dimension, both in the business and in their careers.

Besides this finding, the Global People Survey highlights the drivers of employees' commitment and the factors that affect their motivation, their lasting attachment to the Group and their desire to be part of its development. All but systematically throughout the Group, confidence in the employee's manager comes at the head of the list: leadership, listening, recognition of performance; along with social and environmental responsibility, ethics and respect for diversity. These results set out the challenges for the management and human resources of BNP Paribas.

■ Internal communication: 2008, a year under the sign of change

The Group's internal communication effort was able to adapt to the highly unusual circumstances of 2008. Several messages and leaflets were sent round to explain the corporate strategy and reassure employees during a period of turmoil.

A new intranet, *Echo'Net*, was introduced, with enhanced customisation of information according to the user's profile and with far more modern and interactive functionalities and content. This intranet is already available to the majority of employees, and expansion will continue in 2009.

Ambition, the Group's in-house magazine, changed its look in 2007. It now boasts a new, more attractive layout, new features, and is available in Russian. The new package was designed to better meet employees' needs by helping them to follow news of BNP Paribas and giving them a better understanding of its strategy.

Starlight, the in-house video journal, is devoted to BNP Paribas innovations. Each issue runs six minutes and is posted online monthly on the Group's intranet sites, in French, English and Italian. A survey was conducted in 2008 on how this journal is perceived by employees. 88% of respondents felt that *Starlight* offered a value-added news channel inside the Group. Several special issues were put out in 2008 to comment on how the Group was doing in terms of results during the crisis.

More than 8,000 employees are now signed up for *Flash Groupe*, the Group's weekly e-bulletin that comes in three languages and covers the highlights of the past seven days. This electronic news format has been a big success in territories outside France, inspiring some to start their own internal e-bulletins. More than fifteen territorial versions have been launched, in Portugal, Switzerland, Luxembourg, Tunisia, the Netherlands, Spain and other areas.

Corporate social and environmental responsibility

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



The Group's approach

CSR based on values and guiding principles

BNP Paribas does not take its approach to sustainable development lightly. The Group's economic, social, and environmental responsibilities are an integral part of its business ethic and are rooted in its

founding values of responsiveness, creativity, commitment, and ambition, which combine individual actions into a cohesive group-wide approach.



A strong commitment to sustainable development

BNP Paribas bases its sustainable development efforts on targeted, coherent public commitments. It actively participated in numerous initiatives again in 2008, some of which are specific to the banking sector and others of which are more far-reaching. This allowed the Group to promote sustainable development in a range of areas and at different levels.

Global initiatives

BNP Paribas signed up to the United Nations' Global Compact in 2003. The Compact's ten principles have been embedded within the Group's policies and guide all operating principles. As in previous years, the Group published a Communication on Progress (COP) report for 2008

that outlines its approach to diversity.

BNP Paribas contributes to the work of the *Observatoire de la Responsabilité Sociétale des Entreprises* (the French study centre for corporate responsibility), *Entreprise pour les Droits de l'Homme* (a coalition of French companies committed to implementing the Universal Declaration of Human Rights), and *Entreprises pour l'Environnement* (a coalition of forty French companies united by a commitment to protecting the environment and promoting sustainable development). The Group has also undertaken to chair meetings of the sustainable development club within ANVIE, the French association for interdisciplinary research in humanities and social sciences in the business world.

Finance sector initiatives

In 2008 BNP Paribas formally adopted the Equator Principles for its project financing activities. These Principles constitute a benchmark for the financial sector for the identification, assessment, and management of social and environmental risks related to project financing. They are based on the social and environmental performance criteria set forth by the World Bank and International Finance Corporation.

In association with the Institutional Investors Group on Climate Change (IIGCC) and the Carbon Disclosure Project, BNP Paribas Asset Management (BNP PAM) encourages companies to include climate change issues in their investment decisions. BNP PAM is also one of the founding members of the Enhanced Analytics Initiative (EAI), through which it allocates 5% of its commission budgets to socially responsible investment (SRI) analyses. 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.

The Group's commitment is evident through its involvement in initiatives that expand the reach of its main activities. At an international level, BNP Paribas Investment Partners signed up to the Principles for Responsible Investment (PRI), launched under the auspices of UNEP Finance. These Principles help companies incorporate environmental, social, and corporate governance concerns into their mainstream investment decision-making practices.

BNP Paribas' public commitments

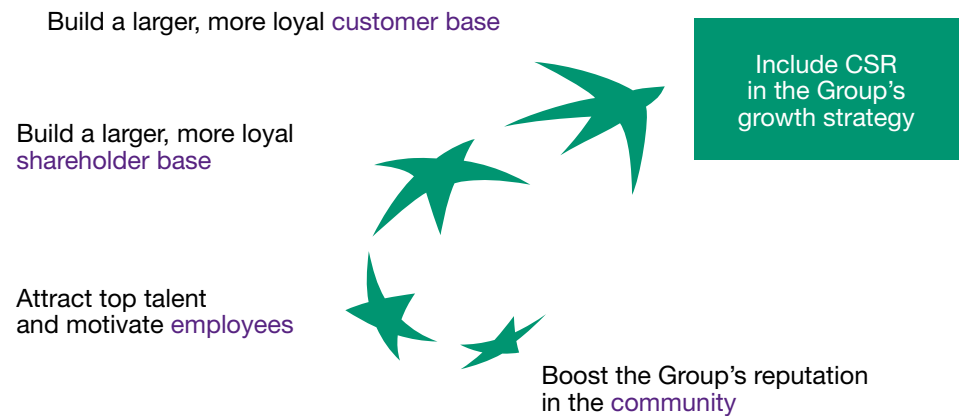


A CSR approach that includes economic performance

A management duty

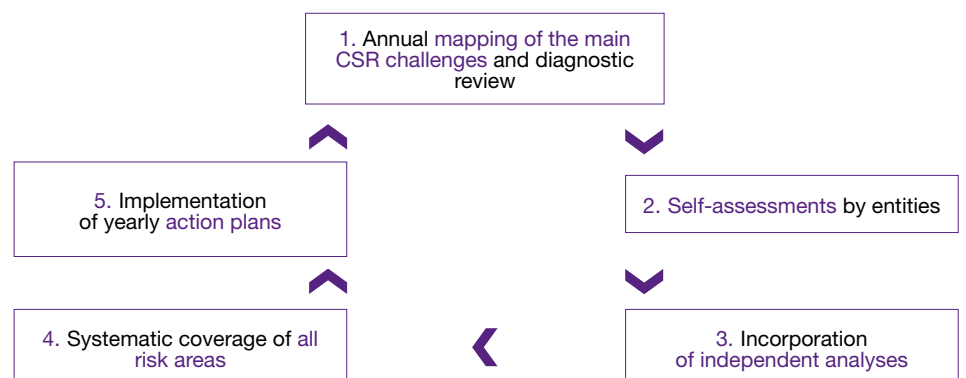
BNP Paribas does not consider corporate social responsibility (CSR) as a simple act of altruism, but rather as a management duty that helps ensure harmony between its economic, social, and environmental values and its operations, employees, and corporate philosophy.

The Group is particularly focused on CSR, with each business assuming responsibility for any effects that its activities may have on its business partners and the environment.



BNP Paribas systematically maps the steps that need to be taken to counter the social and environmental impact of its activities, and performs a diagnostic review incorporating the results of self-assessments carried out by individual entities, analyses by the main SRI rating agencies, and feedback from the Group's other stakeholders.

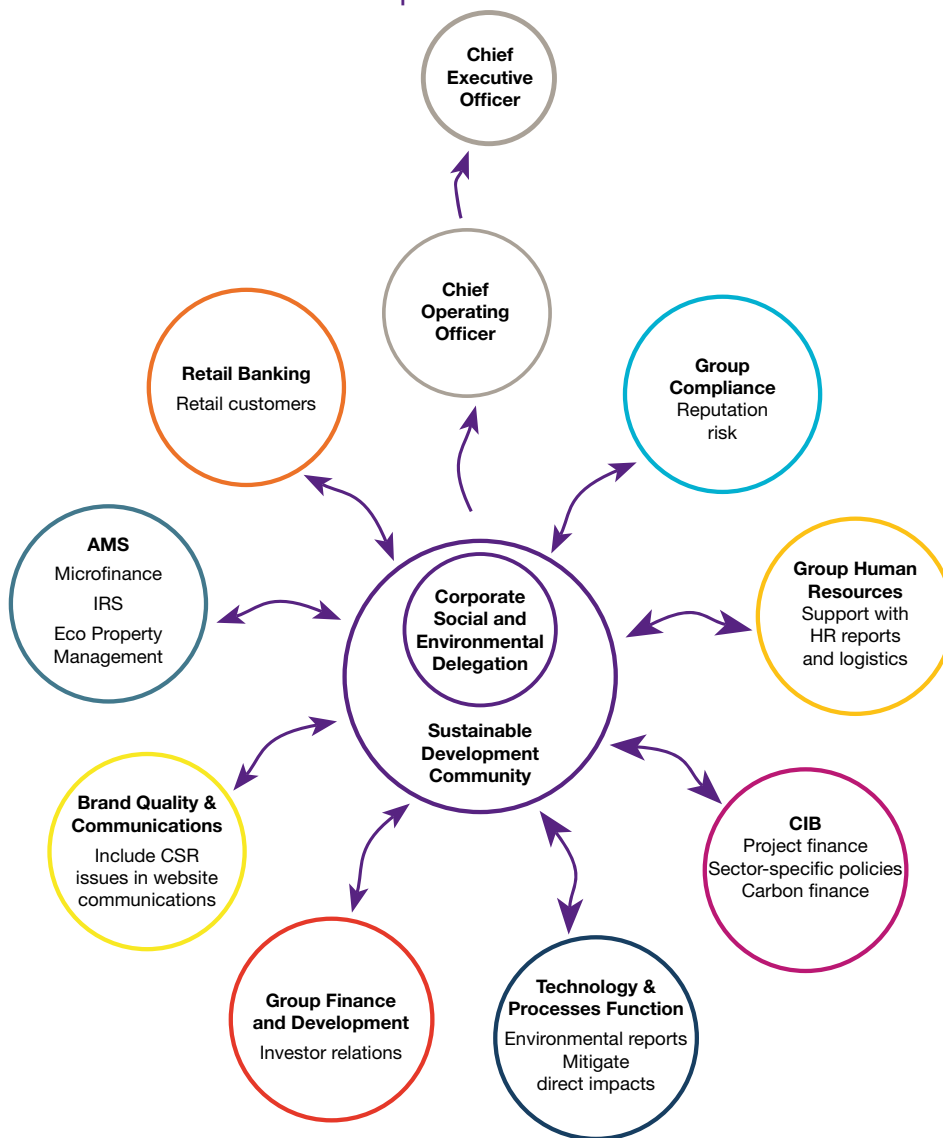
The Group's approach is then implemented through action plans at the division, business unit, territory, and function levels. All new directions must be approved by the Executive Committee.



A Group-wide mission

All of the Group's business units, which operate in 83 countries around the world, play a role in BNP Paribas' CSR policy. This policy is overseen by the cross-disciplinary Corporate Social and Environmental Delegation, which maintains a direct link with all line managers and coordinates a network of over 200 experts from all divisions, business lines, territories, and functions.

Corporate Social and Environmental Delegation: interactions within the Group

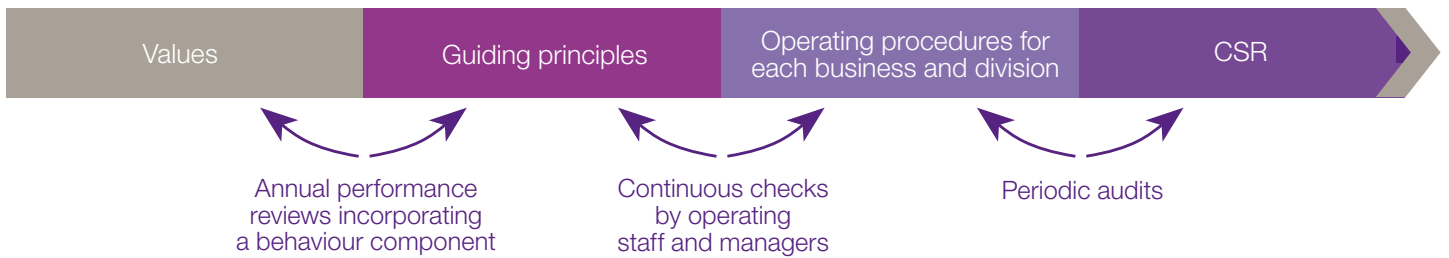


The internal control mechanism

The Group has a particularly elaborate internal control system, the various components of which contribute to the application of its CSR policy. These components include first-level checks by operational staff and their managers, as well as regular audits. The General Inspection Unit and the Corporate Social and Environmental Delegation have designed an audit methodology, operational since 2004, which is aimed at ensuring that BNP Paribas entities have implemented directives in accordance with the Group's internal control

system. Several controls have also been put in place to ensure that the components of the Group's CSR policy are included in the overall mechanism. This methodology was completely revamped in 2008 with updated reference documents and guides, and a more systematic treatment of the issues and challenges that the Group's entities face in France and the territories.

The internal control mechanism



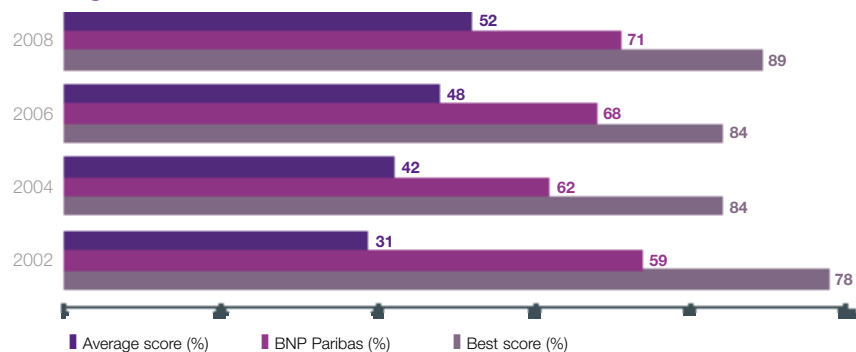
Performance recognised by non-financial ratings agencies

BNP Paribas is included in the main SRI indices: DJSI World, DJSI Stoxx, ASPI Eurozone, FTSE4Good Global 100, FTSE4Good Europe 50, and FTSE4Good Environmental Leaders Europe 40. BNP Paribas is one of only a handful of banks worldwide featured in all indices.

■ SAM

2008 was the 6th consecutive year in which BNP Paribas was included as a component in both Dow Jones indexes for socially responsible investment: DJSI World and DJSI Stoxx. In 2008 BNP Paribas was the only French bank included in these indices. The companies included in the SRI indices are selected annually by means of a questionnaire. In 2008, the banking sector's questionnaire comprised 98 questions on topics of economic, environmental and social concern.

Changes in overall score



The ratings agency Sustainable Asset Management Inc. (SAM) identifies the top companies in each sector. Out of 2,500 companies rated, only 250 actually make it onto the DJSI World index. In the banking sector, BNP Paribas was one of only 13 European banks and only 23 banks worldwide included in the DJSI Stoxx index.

In 2008 the Group came in significantly higher than the sector average in almost all sections of the study, with an overall rating of 71 out of 100, compared with a sector average of 52 out of 100. This ranking has been improving constantly since 2002, especially in terms of economic and environmental performance.

BNP Paribas' inclusion in SRI indices is acknowledgement of the initiatives it has taken to meet its social and environmental responsibilities.

■ Vigeo

Vigeo is Europe's leading CSR ratings agency. The rating that Vigeo gives BNP Paribas has included the Group's emission credits since 2007. The details of this rating can be obtained from BNP Paribas upon request.

In 2008 Vigeo issued a report entitled "*Green, Social, and Ethical Funds in Europe.*" This report confirms that the number of European SRI funds surged 23% to 537 in 2008, up from 437 in 2007, with total assets under management of EUR 48 billion. In this report BNP Paribas was ranked for the third consecutive year as one of the ten European stocks most frequently included in SRI fund portfolios.

■ CFIE

Every year CFIE, an organisation that provides information on companies' CSR performance, reviews how thoroughly France's NRE Act has been taken into account in the annual reports of French listed companies. BNP Paribas' annual report was ranked among the Top 10 in this criteria in 2008, for the 5th year in a row, and was considered to issue the best non-financial report in the banking sector. CFIE also gave BNP Paribas' CSR Report a highly positive evaluation, stating that "Like last year, BNP Paribas issued a high-quality report in 2007... It is easy to read and provides a granular level of detail and thorough explanations. The report has a clear layout and its tables, graphs, and pictures effectively supplement the text."

■ The European Federation for Ethics and Sustainable Development Guide

In 2008 the European Federation for Ethics and Sustainable Development issued a consumer guide called "*Buy for a Better World*" (published by Eyrolles). This guide rates the practices of more than 100 French and foreign companies operating in France according to five criteria: corporate governance, social responsibility, environmental responsibility, quality and citizenship. Performance is ranked on a scale of one star – average initiative – to four stars – excellent initiatives.

BNP Paribas was the only bank – and one of a very few French companies – to receive three stars in all five criteria in 2007.

"*Buy for a Better World*" also includes a detailed sector analysis by family of products and services. All of BNP Paribas' banking and insurance businesses received three stars in most of the five criteria. According to the guide, "BNP Paribas has undertaken the most initiatives of any company in its sector."

A partner in society

A deeper commitment to microfinance

Just two years after launching our international microfinance activity, we are now ranked among the world's Top 10 in the sector. This activity is based on three complementary types of commitment: financing international microfinance institutions (MFIs), microfinance funds and skills-based volunteer work.

Financing international microfinance institutions

We believe that close support for microfinance institutions (MFIs) is a crucial success factor in the microfinance business. For this reason, we have no plans to develop a direct microfinance activity ourselves, but will seek to identify the most professional MFIs and finance their development, especially in our host countries.

According to an international survey published in March 2008, BNP Paribas is the 3rd-largest lender to the microfinance sector in terms of commitments. We work with 22 MFIs in 12 countries. Commitments total EUR 75 million, including 63% in Africa, 21% in Latin America and 16% in Asia. Micro loans granted to 420,000 borrowers, 80% of whom are women, have an impact on at least two million people counting their families.

We have forged partnerships with several international microfinance networks such as *Solidarité Internationale pour le Développement et l'Investissement* (SIDI), Horus, Grameen Foundation in the United States and PlaNet Finance. We aim to develop our relationships with these networks, which share the same risk management and social impact methodologies with their affiliates.

Microfinance funds

The market in microfinance investment funds is growing rapidly, reaching USD 5.5 billion in 2008, a threefold increase in two years. There are some one hundred funds, twenty-five of which are commercial in nature. Since 2005, as part of its philanthropic offering, BNP Paribas Wealth Management has provided its international clientele with a microfinance fund founded by responsAbility and PlaNet Finance.

Skills-based volunteer work

MicroFinance Sans Frontières and JACadie, our two skills-based volunteer schemes launched in 2007, began to produce results as early as 2008.

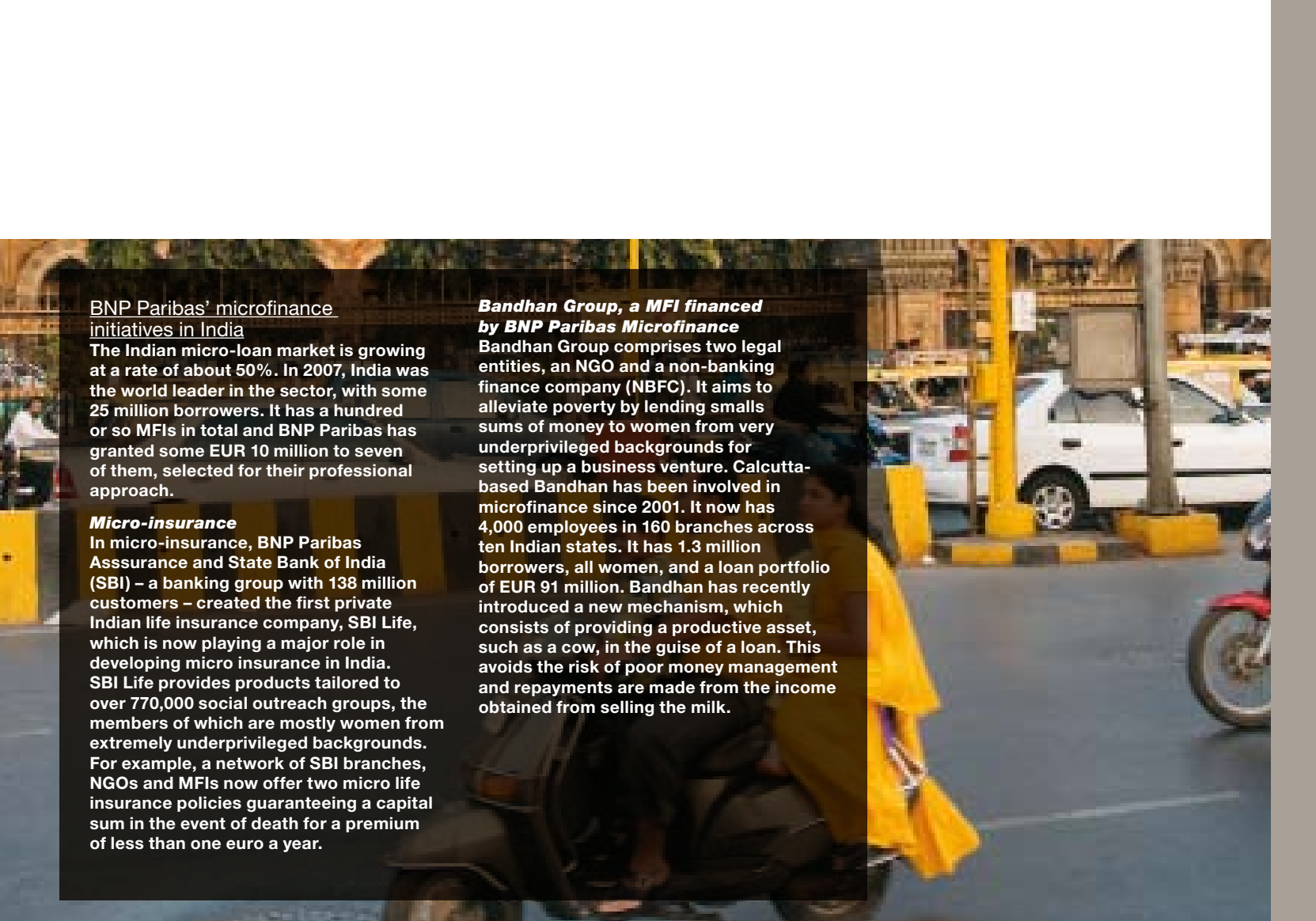
MicroFinance Sans Frontières provides MFIs in emerging countries with the benefit of banking skills in areas such as risk management, financial control and information systems. It organised some ten technical support missions in 2008.

Capitalising on its initial experience in 2005, JACadie has attracted a growing number of volunteers. They provide management skills to micro-entrepreneurs financed by the *Association pour le Droit à l'Initiative Économique* (ADIE) to help them set up their business ventures. The BNP Paribas Association of Retirees, which has 22,000 members, partners this project.



[BNP Paribas launches a corporate social responsibility blog](#)

Acutely aware of its duty towards society, BNP Paribas created its own corporate social responsibility blog in 2008: [forachangingworld.com](#). This is our first real interactive blog and is dedicated to the Bank's goodwill initiatives around the world. Open to everyone and available in French and English, it aims to build bridges between people from different backgrounds, invite exchange and encourage dialogue.



BNP Paribas' microfinance initiatives in India

The Indian micro-loan market is growing at a rate of about 50%. In 2007, India was the world leader in the sector, with some 25 million borrowers. It has a hundred or so MFIs in total and BNP Paribas has granted some EUR 10 million to seven of them, selected for their professional approach.

Micro-insurance

In micro-insurance, BNP Paribas Assurance and State Bank of India (SBI) – a banking group with 138 million customers – created the first private Indian life insurance company, SBI Life, which is now playing a major role in developing micro insurance in India. SBI Life provides products tailored to over 770,000 social outreach groups, the members of which are mostly women from extremely underprivileged backgrounds. For example, a network of SBI branches, NGOs and MFIs now offer two micro life insurance policies guaranteeing a capital sum in the event of death for a premium of less than one euro a year.

Bandhan Group, a MFI financed by BNP Paribas Microfinance

Bandhan Group comprises two legal entities, an NGO and a non-banking finance company (NBFC). It aims to alleviate poverty by lending small sums of money to women from very underprivileged backgrounds for setting up a business venture. Calcutta-based Bandhan has been involved in microfinance since 2001. It now has 4,000 employees in 160 branches across ten Indian states. It has 1.3 million borrowers, all women, and a loan portfolio of EUR 91 million. Bandhan has recently introduced a new mechanism, which consists of providing a productive asset, such as a cow, in the guise of a loan. This avoids the risk of poor money management and repayments are made from the income obtained from selling the milk.

Projet Banlieues three years on

In December 2005, just after the urban rioting that spread across France, we decided to set up a new scheme called *Projet Banlieues* in addition to the initiatives we were already taking to promote employment and social inclusion.

Co-ordinated by the BNP Paribas Foundation and relayed through our retail banking network, *Projet Banlieues* was launched quickly thanks to the Foundation's ten years of experience in outreach work, especially through its partnerships with the leading national outreach associations. Its two main partners in this field are ADIE, which provides micro loans to the unemployed and people on income support to help them set up their own business ventures, and the *Association de la Fondation Étudiante pour la Ville* (AFEV), which recruits volunteer students to help youngsters from difficult neighbourhoods with their school work.

Projet Banlieues has three focuses: creating jobs through micro loans in partnership with ADIE, educational support for youngsters in difficulties in partnership with AFEV, and support for community projects undertaken by local associations in difficult neighbourhoods.

Capitalising on its excellent results, *Projet Banlieues*, which was originally due to expire in 2008, was renewed on the same basis for a further three years from 2009 to 2011.



Projet Banlieues: Inauguration of the ADIE branch in Aulnay-sous-Bois by Maria Nowak



Projet Banlieues: AFEV campaign

Micro financed business start-ups in partnership with ADIE

With our support, ADIE has been able to open seven branches in difficult urban neighbourhoods. In three years, almost 1,200 micro-loans have been granted by these branches, financing almost 850 business start-ups.

Under the terms of the partnership with ADIE, French Retail Banking provides a credit line raised to EUR 6.6 million in 2008, undertakes to cover part of the risk of non-collection, and helps to finance ADIE's operating expenses (for around EUR 350,000). BNP Paribas also provides ADIE's entrepreneur members with the Esprit Libre Pro package at no cost for one year. In 2008, BNP Paribas developed the I-ADIE software package to facilitate the exchange of instructions between ADIE and the Bank's branches.

Educational programmes in partnership with AFEV

Under the *Projet Banlieues* scheme, the AFEV opened three new branches in Évry, Rouen and Nice, strengthened its Lyons, Toulouse and Saint-Denis branches, and recruited six permanent staff. As a result, it was able to support almost 1,200 more children, which was better than initially expected. AFEV also recruited 700 more volunteer students as a result of its involvement in these new vulnerable neighbourhoods.

Support for actions taken by neighbourhood associations

We know that local associations working in difficult neighbourhoods very often play an important role in the town through their community projects. We therefore decided to reach out to them and provide financial support for their actions in the ten priority departments of France.

In three years, the BNP Paribas Foundation has supported 124 associations, including 41 in 2008. Their initiatives focus mainly on culture and sport, education, training, professional and social inclusion, leisure and disability.

BNP Paribas Foundation: imaginative and active support

Since the merger that led to its creation in 2000, BNP Paribas has always striven to combine performance with responsibility, both in its day-to-day business activities and in its patronage and partnership policy.

Our historical partnerships include micro-finance organisations, the Telethon in Italy and France, as well as many other associations. But we are also known internationally for our patronage of the creative arts, for promoting and preserving cultural heritage and for our commitment to research and associations involved in social inclusion, education and development. Over the years, we have become a real powerhouse for local and global ini-

tatives and a true innovator in corporate social responsibility.

Against this background, the BNP Paribas Foundation, which operates under the auspices of the Fondation de France, has developed sound expertise and knowledge of the countries and cultures where the Bank operates. The Foundation has taken on a leading role in the Bank's patronage policy as a result of its experience, the advice it provides to business units and territories in setting up their actions or programmes, as well as the projects it has gradually developed internationally in line with the values that underpin the Group's social commitment.

In 2008, the Foundation's role and its governance system were redefined. BNP Paribas entered into a new agreement with the Fondation de France. Among the key points were the appointment of a new Chairman, a reshuffle of the Foundation's executive committee, which comprises a college of founders made up of bank representatives and a college of experienced outside people. These changes also provided the opportunity to set out the guiding principles for identifying and supporting partners:

- Identifying partners means being able to pick out projects that are in line with the Foundation's guiding spirit and its areas of involvement. It also means looking beyond those projects that come to it directly. It requires a good knowledge of the areas concerned by patronage, a sense of curiosity and the ability to assess a project's impact and reach.
- Supporting projects is a core part of the Foundation's approach. Supporting a project does not simply mean providing funds for a few years but, just as importantly, it means listening to the people running the project, providing input, advising them and introducing them to useful contacts, particularly in institutional networks and the bank's own networks.

In 2008, the Foundation's actions were split roughly half in healthcare and outreach programmes and half in cultural patronage. In healthcare, actions focused on medical research and improving the living conditions of disabled people. In outreach, actions mainly comprised programmes to promote the social inclusion of vulnerable populations and initiatives where bank employees can become personally involved. In culture, actions focused on preserving and promoting museum heritage, rediscovering and promoting musical heritage, as well as supporting artistic expression in contemporary dance, new circus arts, jazz and literature.

Healthcare

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. Drawing on the expertise of organisations recognised by the scientific community, its actions most often take the form of funding for newly established teams over a period of several years.

■ National Cancer Center Singapore

In 2008, the BNP Paribas Foundation, in association with BNP Paribas Singapore, decided to support the NCCS Regional Fellowship Program, a new research and co-operation programme set up by the National Cancer Center Singapore. Led by Professor Soo, a member of several international oncology societies, the NCCS has four missions: treating patients, research, educating the public and training.

The Foundation and BNP Paribas Singapore selected a Vietnamese medical team comprising a doctor, surgeon and research scientist for this one-year host and training program.

■ BNP Paribas Corporate and Investment Banking and the Institut Pasteur

In 2008, BNP Paribas Corporate and Investment Banking (CIB) decided to provide financial backing for medical research in a sum equal to the budget previously dedicated to end-of-year gifts. This year, CIB has decided to join the global combat against infectious diseases alongside the Institut Pasteur, a long-time partner of the BNP Paribas Foundation. BNP Paribas CIB will provide funding in 29 countries to the medical research teams from the international network of Instituts Pasteur as well as laboratories working in association with the Institut Pasteur in Paris.



Medical research: Laboratory of Human Genetics of Infectious Diseases, Necker Hospital, Paris



Helping Hand programme:
Enfants de Tous Pays association



Helping Hand programme:
Gloria association



Helping Hand programme: *Sports et Loisirs* association in a helio-marine centre

■ Disability research funding

Each year, the Garches Foundation invites applications for grants and research contracts from young research teams working on motor, sensory and cognitive impairment as well as from doctors working on improving patient care. In November 2008, at the Garches Foundation's 21st annual seminar on disability, the BNP Paribas Foundation presented awards to four young researchers for their work in this field. A partner to the programme since 1991, the BNP Paribas Foundation has so far provided grants enabling more than 60 researchers to continue their work on disability.

Outreach

In outreach, the BNP Paribas Foundation has chosen to become involved in innovative pilot projects aiming to promote social reinsertion and combat various forms of exclusion.

■ Employee initiatives

The Helping Hand programme for employee projects in France

Since 2003, through the Helping Hand programme for employee projects, the BNP Paribas Foundation has supported projects of general interest run personally by employees of BNP Paribas France. The programme provides funding and support for associations in which employees are involved on a volunteer basis. The diversity of issues addressed, such as outreach, healthcare, disability and precariousness, reflects the personal commitment of the Bank's people as well as the human dimension of these initiatives.

Among the 34 associations supported in 2008 were *Enfants de Tous Pays*, which defends children's rights. With support from the BNP Paribas Foundation, this association was able to build a hostel for some thirty young street girls in Pondicherry, India, and provide them with education and professional training. Another example is *Solidarités Nouvelles pour le Logement*, an association whose project is to open a hostel in Maisons-Alfort in the Paris region with the aim of offering a viable, decent home for people in difficulties and victims of social exclusion.

Since the programme was launched, 215 projects have been undertaken in Europe, Asia, Africa and South America.

Helping Hand worldwide

Similar initiatives have been taken in several other countries, promoting the values of commitment, solidarity and respect for human rights, such as the *Apoyamos tus ideas* programme in Spain and *Mano Amica* run by the BNL Foundation in Italy. A Helping Hand programme has also been set up in Luxembourg and Switzerland where each year the BNP Paribas Switzerland Foundation supports more than ten associations in which employees are involved.

■ BNP Paribas Foundation projects:

Combating school failure

In September 2008, the BNP Paribas Foundation supported the first day devoted to combating school failure, launched by AFEV in partnership with France 5-Curiosphère and Trajectoires-Reflex. The event aimed to raise public awareness of this issue, invite debate and encourage the proposal of concrete solutions to help prevent the 150,000 or so young people who leave school each year with no qualifications from plunging into the downward spiral of failure.

Support for schools

Since 2007, BNP Paribas has strengthened its support for difficult urban areas by allocating a major part of its apprenticeship tax to schools in vulnerable neighbourhoods. In 2008, the Foundation contributed one million euros to some one hundred schools in these areas to finance the purchase, rental and maintenance of educational and professional material and equipment.

EVEQ: promoting an enterprise spirit in difficult neighbourhoods

Since 2006, the BNP Paribas Foundation has supported the *Entreprendre Villes et Quartiers* (EVEQ) association by providing funding for prize winners of enterprise competitions in disadvantaged areas organised each year by the association. In 2007, BNP Paribas strengthened its support for EVEQ as part of its campaign "It's time to take a fresh look at our city suburbs", providing both funding and the skills of the Bank's employees.

Discovering the business world

BNP Paribas and AFEV experimented with a new type of partnership in 2008. Bank employees agree to mentor a secondary school pupil to help them discover the world of work and the banking business. The aim is to combat social inequalities when it comes to career choice and insertion.

Music in the cities

Introducing vulnerable neighbourhoods to intellectual music – an experiment successfully conducted by the BNP Paribas Foundation in 2008 thanks to its long-standing links with the Ysaÿe Quartet and AFEV. Miguel da Silva, violist with the Ysaÿe Quartet, accompanied by his pupils, the young Connivences Quartet, spent two days in AFEV's premises in Saint-Denis to help forty or so youngsters discover the world of classical music and string quartets.

Chess tournament in Montreuil

For the second year running, as part of the *Projet Banlieues* scheme, the BNP Paribas Foundation has supported the French Chess Federation and its programme to create chess clubs in vulnerable urban neighbourhoods.



Projet Banlieues:
Chess tournament in Montreuil



Taoub: Aurélien Bory
Tangiers Acrobatic Troupe



Press / Pierre Rigal
Dernière Minute Company

Culture

In culture, the BNP Paribas Foundation focuses on contemporary artistic expression by providing ongoing support for creative artists in disciplines often neglected by corporate benefactors. At the same time, it helps to discover rare or unheard musical works and to promote cultural co-operation programmes.

■ Eastern jazz with BNP Paribas El Djazaïr

On 12 November 2008, the Orient-Europe Express Trio gave a concert at the Palais de la Culture in Algiers with the joint support of the BNP Paribas Foundation and BNP Paribas El Djazaïr. The trio, which was created as part of the *Culture & Coopération* association's programme to promote intercultural dialogue, brings together musicians from different backgrounds and traditions, who combine to create a surprising musical dialogue. Their repertoire is a blend of original and well-known compositions from Arab or Persian music as well as jazz and western classical music.

■ A talented prize-winner

Winner of the 2007 Young Writer's prize – of which the BNP Paribas Foundation is a long-time partner – Jean-Baptiste Del Amo has confirmed his taste and talent for writing by publishing his first novel, *Une éducation libertine*. Published by Gallimard, the novel by this young twenty-six year old author has not gone unnoticed. It was selected by journalists from magazine *Lire* among the hundreds of works published for the new literary season. It also won the Laurent-Bonelli prize and was short-listed for the Goncourt prize.

■ Tretiakov Gallery in Moscow: restoration of Natalia Goncharova's triptych *The Bathers*

At the end of 2008, as part of its continuing programme to help restore international works of art, the BNP Paribas Foundation chose *The Bathers* by Natalia Goncharova (1881-1962), currently in Moscow's Tretiakov Gallery, one of Russia's most highly respected museums.

Once restored and put back together, these three paintings, which were donated to the Tretiakov Gallery in 1988, will be exhibited in public for the first time and will take pride of place in the rooms dedicated to works by Goncharova and Larionov and in the suite of rooms dedicated to early twentieth century art.

■ Pierre Rigal and his company *Dernière Minute*

The Foundation supports the career of choreographer Pierre Rigal and his company *Dernière Minute*. A former 400 metre hurdles champion, Pierre Rigal swapped his mathematics studies for choreography and theatre design at the age of twenty-four. His high level sports training has given him a sense of effort, endurance and performance. *Press*, his fifth and latest work, created for the Gate Theatre in London, was performed for three weeks in Notting Hill. The British press was highly appreciative of the show, which obtained four stars from the *Guardian* and five from *Time Out*. Back in France, this solo performance, which combines dance, theatre, illusion and acrobatics, was the central event of the *Rencontres Chorégraphiques* in Seine-Saint-Denis in June 2008.

Outside France, outreach actions to promote social inclusion and cohesion

BNP Paribas contributes to the economic and social development of its host territories, not only by focusing on local recruitment (see chart showing percentage of local employees on page 124), but also by supporting local initiatives in partnership with associations and organisations involved in civil society.

Bank of the West and financial education

In 2000, the Group's US subsidiary became a partner of Operation Hope Inc. (OHI). Operation Hope provides under-served inner-city communities with mainstream financial services and financial literacy programs. From 2000 to 2008, Bank of the West contributed a total of USD 1.3 million to OHI.

Creation of the BMCI Foundation

Banque Marocaine pour le Commerce et l'Industrie (BMCI) created its Foundation in 2008. BMCI has pursued a policy of cultural and social patronage since the end of the nineteen nineties, contributing to Morocco's social and cultural development through partnerships in music, publishing and outreach. Drawing on its experience in general interest causes and with the BNP Paribas Foundation, BMCI has deepened its commitment by creating its own Foundation.

Geojit in India

As India has a very young population, Geojit, the Indian subsidiary of BNP Paribas Personal Investors, and the Indian Stock Exchange have joined forces to promote knowledge about the investment world among young people. Geojit organises initiation seminars in secondary schools to teach pupils about the financial markets.

BICIS in Senegal

In 2008, Banque Internationale pour le Commerce et l'Industrie du Sénégal (BICIS) granted 2 million CFA francs (EUR 3,000) to *Samusocial*, an association dedicated to combating the dangers threatening street children. This is not an isolated gesture by BICIS, which regularly provides support for various organisations. In 2008, during the severe flooding that hit Dakar and inland areas, BICIS donated 4 million CFA francs (EUR 6,000) to Senegal's national committee for action against flooding.

In 2008, *Action Sanitaire pour le Fouta* (ASFO) again received funding from BICIS. ASFO is an association of physicians, paediatricians, ophthalmologists, gynaecologists, pharmacists, dentists and nurses who give up their time to provide free consultations for people in fifteen or so villages.

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.
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	<i>Comité des Établissements de Crédit et des Entreprises d'Investissement</i> : 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.
Co-branding	The practice of using two or more brand names to develop and/or promote a product or service.
Comité Consultatif des Actionnaires	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. A 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.

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 contracts	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 (Marché d'Options Négociables de Paris)	Paris traded options market, including CAC 40 index options and equity options.
OAT (Obligation Assimilable du Trésor)	French government bonds.
OCEANE (Obligation Convertible En Actions Nouvelles ou Existantes)	Bond convertible for new shares or exchangeable for existing shares of the issuer.
OPA (Offre Publique d'Achat)	French acronym for a public tender offer for cash.
OPE (Offre Publique d'Échange)	French acronym for a public stock-for-stock tender offer.
OPF (Offre à Prix Fixe)	French acronym for a public offering of securities at a set price.
OPR (Offre Publique de Retrait)	French acronym for a compulsory buyout offer (final stage in a squeeze-out).
OPRA (Offre Publique de Rachat d'Actions)	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 (Offre Publique de Vente)	French acronym for a public offering of securities at a set price.

ORA (Obligation Remboursable en Actions)	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 (Plan d'Épargne en Actions)	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 (Plan d'Épargne Entreprise)	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.

Retail Banking	Comprising French Retail Banking, BNL bc, BancWest, Emerging Markets, Personal Finance and Equipment Solutions.
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 (Service de Règlement Différé) 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.
Solvency ratio	Measure of a company's ability to meet its medium- and long- term obligations.
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).
Subordinated debt	A debt whose repayment is contingent on the prior repayment of all other secured or unsecured creditors. In exchange for the additional risk, subordinated creditors receive a higher interest rate than other creditors.
Subscription right	Right to participate in a share issue for cash.
TBB (<i>Taux de Base Bancaire</i>)	Interest base rate.
TMO (<i>Taux Mensuel de Rendement des Emprunts Obligataires</i>)	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.
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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.





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Advisory, Creation and Production

 TERRE DE SIÈGNE *Paris*

Photographers

Pascal Dolémieux – Grégoire Korganow – Gilles Leimdorfer – Jean-Erick Pasquier – Stéphanie Tétu

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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 2,198,641,552

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

www.bnpparibas.com

Ref. E2AR09.02



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