



2004

SUSTAINABLE
DEVELOPMENT
REPORT



The bank for a changing world



BNP PARIBAS

OVER TO THE NETWORKS!

- Creating a community of interests
- Sharing knowledge
- Partnering research initiatives
- Forging exchanges and alliances
- Cross-selling
- Pooling resources
- Setting up cross-fertilisation mechanisms
- Devising a systems approach
- Implementing knowledge management
- Building cross-functional structures
- Promoting teamwork

As in 2003, to best illustrate our "Bank for a Changing World" signature, we have chosen to present some twelve BNP Paribas clients as a guiding thread throughout our 2004 Sustainable Development Report.

The main factors driving change – global competition, the increasing pace of technological innovation and the growing consolidation of major players – pose new organizational challenges and encourage a network-based focus for operations to rival traditional ways of working. Through networks, we can act out a shared project.

As unrivalled catalysers for developing network-oriented businesses, Internet and new information technologies are emblematic of these far-reaching changes. **The best digital libraries** within the reach of an ever-higher number of users (p.46) testify to the inescapable fact that we are all now connected, and the example of **Senegalese fishermen using third generation mobile technology** (p.94) is a clear sign that information exchanges in real time can genuinely trigger economic development.

After inventing the World Wide Web, CERN has come up with Grid, a system able to pool the calculating capacity of a network of computers and **help unravel the mysterious origins of our universe** (p.80). Individuals, too, can agree to link-up their personal computers in the interests of a major scientific project – **listening to the sounds of our world** (p.66).

In pooling its resources, sharing knowledge and transferring technology, **Biovalley** – Europe's largest biotechnology centre (p.6) – is a shining example of what a network could be. This highly innovative organisation can take a number of other forms: **public and private sector educational alliances** (p.34), **major cultural outreach initiatives** (p.14) are some such examples. Other unbeatable gateway to connections and exchanges include **maritime hubs** (p.102).

Networks can be used for promoting solidarity, as in the case of **ADIE**, a chain of partners who have joined forces to fight social exclusion (p.59). The **surge in initiatives to help victims of the Tsunami** (p.119) and **local exchange mechanisms** (p.30) are also examples of relations being forged through networks. Our Group is skilled at interpreting and adapting to this changing world in which we live: BNP Paribas has shown its leadership in coordinating a pool of sixty partners financing **the biggest energy deal in history** (p.52).

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KEY FIGURES

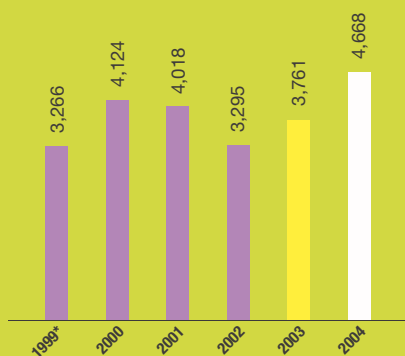
Number of Group employees

	2004	2003
World	94,900	89,100
Europe	70,400	67,400

Ratings (as of 6 July 2004)

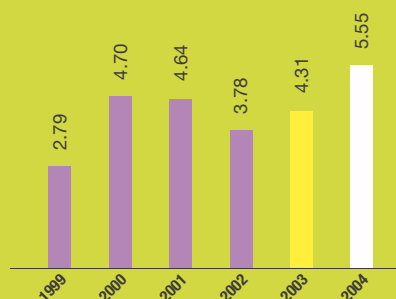
Moody's	Aa2	Stable outlook
Standard & Poor's	AA	Stable outlook
Fitch	AA	Stable outlook

Net income, Group share (in millions of euros)



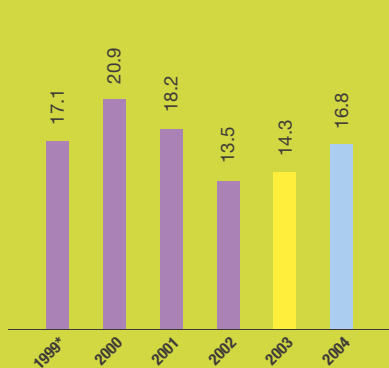
* Pro forma net income before restructuring provisions.

Earnings per share ⁽¹⁾ (in euros)



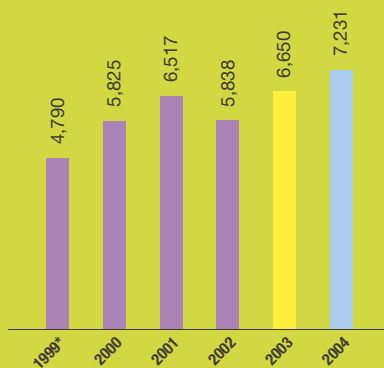
(1) Net income, based on the average number of shares outstanding, adjusted for the 20 February 2002 two-for-one share-split.

Return on equity (in %)



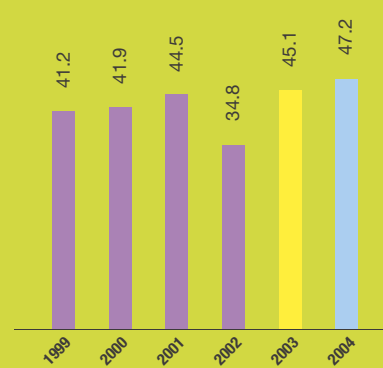
* Pro forma net income before restructuring provisions.

Gross income (in millions of euros)

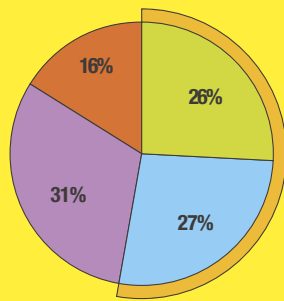


* Pro forma gross income.

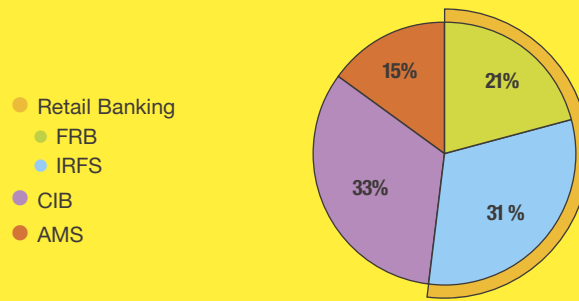
Market capitalisation at 31/12 (in billions of euros)



Net banking income
by core business
(in %)



Gross operating income
by core business
(in %)



Balance Sheet
(in millions of euros)

	2004	2003
Total assets	905,938	783,076
Customer deposits	328,268	282,568
Customer loans (gross)	266,850	231,479
Shareholders' equity ⁽¹⁾	30,194	28,321
International capital adequacy ratio	10.3%	12.9%
o/w Tier One	8.1%	9.4%

(1) Before income appropriation.

Income Statement
(in millions of euros)

	2004	2003	Change 2004 - 2003
Net banking income	18,823	17,935	5.0%
Gross operating income	7,231	6,650	8.7%
Operating income	6,553	5,289	23.9%
Pre-tax income	6,905	5,586	23.6%
Net income	4,668	3,761	24.1%



CHAIRMAN'S STATEMENT



BNP Paribas' efforts in favour of sustainable development are not a response to a fad. They stem from our long-standing commitment to making our company's economic, social and environmental responsibility an integral part of its business model.

A thorough process of collective deliberation led us to our undertakings in this field. In the course of a seminar involving 80 of the Group's senior executives, organised at the time of the merger, we were able to define our core values and set the management



principles that guide us today. Likewise, the decision to join the United Nations Global Compact was arrived at after in-depth discussions within our Executive Committee and was approved by the Board of Directors.

We have done more than simply declare our support for general principles. We wanted to make sure that these commitments would actually guide the behaviour of all our employees, world-wide. More than 1,000 Group executives have taken part in seminars designed to help them base their management methods on our principles and values, which all employees are expected to uphold in their daily actions. The extent to which they do is among the criteria for their annual evaluations.

Sustainable development lies at the heart of our objectives. Clearly, the issue of economic, social and environmental responsibility should not be left to experts and specialists; for our company, it represents a more demanding standard against which we assess the way we conduct our operations. Each business, each department needs to consider its potential impact on our various partners, in line with our Group's principles of action. We ask all employees to help shoulder this responsibility.

Rating agencies specialised in socially responsible investing are increasingly taking note of BNP Paribas efforts in this field. However, our teams are well aware of how difficult it can be to fulfil society's multiple, complex and evolving expectations in this area and to find solutions that are acceptable to all stakeholders.

MICHEL FÉBÉREAU



BIOVAL

Europe's Largest Biotechnology Centre, a Melting

LEY

Pot of Skills and Expertise



Sylvie Debra
Managing Director

Alsace Biovalley - Partner of BNP Paribas - Alsace, France

Dubbed as Europe's answer to Silicon Valley in California, Biovalley is the world's leading life sciences cluster, straddling three regions of France, Germany and Switzerland. Biovalley operates a network of "over 3,000 people representing companies, research institutes, education and training organisations, technology transfer centres, regional development agencies, venture capital specialists, banks and service providers." This unique tri-national territory covers Alsace, the northwest of Switzerland and the Southern part of Baden-Wurtemberg. Alsace Biovalley, created in July 1998, is the non-profit organisation responsible for the French section of Biovalley and coordinates European funding for the three Biovalley countries. Biovalley receives the bulk of its resources from local government authorities. "As a life sciences centre, Alsace is ranked second in France for the number of scientific publications, linkages with industry, quality of research projects, density of biotech companies and annual fund-raising support." In 2004, Alsace Biovalley raised EUR 75 million in capital for research projects in life sciences, chemistry and medical science. Research activities in Alsace involve 120 public sector laboratories, 1,400 research scientists, 20,000 students and more than 130 companies, 80% of which are small life sciences companies, together with a number of global pharmaceutical companies. The future looks bright: "Nearly 20 biotech start-ups have been set up since 1998, creating more than 330 jobs".

CORPORATE AND INVESTMENT BANKING

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

Outside Europe, the Coverage and Territories International (CTI) group covers relationships with companies in the Americas, the Asia-Pacific region, Africa and the Middle East, and leads operations in the corresponding Corporate and Investment Banking territories. Forming part of CTI, the Financial Institutions Group (FIG) is the global group responsible for covering relationships with financial institutions (banks, insurers, supranational organisations, etc.) throughout the world.

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

With a client base comprising some 11,000 corporates and institutions, the CTE and CTI groups have enabled the specific features of these markets to be effectively factored in – particularly in terms of regional characteristics – with a focus on promoting revenue generation across all product lines.

Based in 20 countries worldwide, the 65-strong FIG team manages relationships with 600 institutional clients, including insurers, pension funds and asset managers, supranational organisations, banks and central banks. By building long-term relationships with clients and maintaining up-to-the-minute knowledge of their businesses, BNP Paribas has come to be viewed as a benchmark bank by its institutional clients.

Advisory and Capital Markets

Corporate Finance

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

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

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

BNP Paribas is no. 1 in France (*source: Fusions et Acquisitions Magazine*) and among the top-ranking banks offering advice on mergers and acquisitions in Europe. In 2004, Thomson Financial ranked BNP Paribas no. 5 in Europe in terms of transaction volumes and Dealogic Equityware placed the Bank in the Top 10 in Europe for primary equity business.

Equities and Derivatives

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

In 2004, BNP Paribas confirmed its leading worldwide position in terms of volume of equities traded on all markets, and obtained high rankings in the large majority of equity derivatives markets and stock market indexes. BNP Paribas also won a number of prestigious awards in 2004, including:

- "Equity Derivatives House of the Year" (*Risk Magazine*);
- "Best Equity Derivatives Provider in Europe" (*Global Finance*);
- "Mid Cap Equity House of The Year" (*IFR Asia and Finance Asia*);
- "Wealth Management Product House of the Year" (*Asia Risk*);
- "Rising Star Equity House in Asia" (*The Asset*).



Fixed Income

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

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

The Bank is a recognised global house in the interest rate, credit and FX markets. BNP Paribas' broad range of Fixed Income products is delivered through an accomplished sales and marketing platform. Moreover, the Bank has a comprehensive range of research products and services available for one-on-one client support and advice, as well as an extensive array of written reports through a variety of channels.

Thomson Financial league tables show BNP Paribas in second position for corporate bonds issuance in euros, and the Bank has been granted IFR top award of Euro Investment-Grade Corporate House of the Year for the third time running, as well as the Euro-MTN House of the Year for the first time.

The Fixed Income's organisation was reviewed in 2004 to improve our coverage and better serve our clients:

- European marketing structured in two groups focusing respectively on financial institutions and investors on the one hand, on corporates on the other hand;
- expansion into new markets such as Asset Backed Securities – Mortgage Backed Securities in the USA;
- expansion into new locations such as China, with the opening of a trading floor in Shanghai.

BNP Paribas Fixed Income employs close to 1,500 professionals around the world.

Financing Businesses

Energy Commodities Export and Project (Ecep)

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

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

- financing of commodities trading, in all forms, an activity in which BNP Paribas is a global leader;
- structured commodities financing in emerging markets which, in addition to export pre-financing, includes reserves financing and structured inventory financing;
- corporate loans for energy, metals and mining activities in industrialised countries;
- commodities derivatives brokerage on organised exchanges and over-the-counter transactions in New York, London and Singapore;
- export financing, with 15 export desks covering 28 public credit insurers, and some 30 correspondent banks in importer countries;
- project finance – especially in the energy and infrastructure sectors – with loans structured on the basis of cash flows;
- Global Trade Services, which offers a range of products and services, including e-banking and international guarantees for import-export trading.

In 2004, BNP Paribas' Energy Commodities Export and Project business was an unrivalled leader in its market.

It was ranked "Best Commodity Bank" by Euromoney, "Best Institution for Oil Finance" by the *Trade & Forfeiting Review*, no. 1 project financier worldwide (source: *Dealogic*), and "Best Arranger for Project Financing" by EuroWeek.

Structured Finance

BNP Paribas' Structured Finance team designs and structures, on a worldwide basis, a broad range of complex and innovative financing arrangements, including syndicated loans, acquisition financing, LBO financing, optimisation and asset financing, media and telecommunications financing, marine and aircraft financing, and structured leasing.

In 2004, BNP Paribas held 6th-position as "Bookrunner" and "Mandated Lead Arranger" of syndicated loans worldwide and 3rd-position as bookrunner and mandated lead arranger of syndicated loans in the Europe – Middle East – Africa region (source: *International Financial Review*). Also in 2004, BNP Paribas was ranked 5th as mandated arranger of leveraged loans in Europe (source: *International Financial Review*).

In addition, the Structured Finance Division oversees the structuring and monitoring of standard commercial banking transactions.

French Retail Banking (FRB)

French Retail Banking's client base is composed of 5.7 million individual and private banking clients, 495,000 entrepreneurs and small business clients, and 18,000 corporate and institutional clients⁽¹⁾. The division offers a comprehensive line-up of products and services, ranging from current account services to the most complex financial engineering services in the areas of corporate financing and asset management.

The network operated by the French Retail Banking Division has been reinforced with a view to enhancing local coverage and client service. At 31 December 2004, the network was made up of 2,200 branches and 3,400 automatic cash dispensers, in addition to a multi-channel banking structure. The division focuses on regions with high economic potential, and enjoys a 15% share of the greater Paris market (*source: BNP Paribas French Retail Banking market research, market share based on number of branches*). It also has a strong presence in the most attractive segments of the personal banking market – 22% of households with net annual revenues in excess of EUR 82,000 have their main bank account with BNP Paribas (*source: Ipsos*) – and a leading position in the corporate market.

The French Retail Banking Division employs 30,000 people working in the BNP Paribas domestic branch network, Banque de Bretagne, BNP Paribas Factor (a factoring company) and BNP Paribas Développement, a provider of growth capital. In order to effectively respond to client expectations, French Retail Banking has reorganised its sales structure by segmenting its network. The division is now made up of branches serving individuals and small businesses, Private Banking Centres, and Business Centres, all supported by a Client Relations Centre (CRC) and back-offices dealing with after-sales operations.

During the year, the division continued to actively expand the personal banking business, drawing on the multi-channel structure (branch, telephone and online banking) that was rolled out from 2002. The underlying aim of this system is to offer clients the highest standard of service and to step up the role of in-branch client advisers. A third platform was set up in 2004, in Lille, following on from the previous two opened in Paris and Orléans. The platform handles all calls made to the branches and processes client e-mails. 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 worth and effectiveness have been clearly proved after two years of full use.

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

The new business approach adopted for corporate clients led to the emergence at the end of 2004 of a structure that is unique in the French banking landscape. This new organisation is based on 24 business centres located throughout the whole of France, as well as two professional assistance services – Service Assistance Enterprise (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 2004, there were 57 PSSBs, combined into 12 Production and Sales Support Groups.

(1) Figures based on the implementation of new sales approaches.

International Retail Banking and Financial Services (IRFS)

The International Retail Banking and Financial Services Division counts some 32,600 employees in 54 countries. The division consists of 6 business lines: Retail Banking in the United States, Retail Banking in the Emerging and Overseas Markets, Consumer Financing, Corporate Capital Equipment Financing, Property Financing for Private Individuals, and Contract Hire and Fleet Management.

Cetelem

Cetelem is the no. 1 supplier of consumer credit in continental Europe⁽²⁾. At 31 December 2004, it had EUR 32 billion in managed outstandings and employed 10,450 staff worldwide.

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

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

Cetelem is the benchmark in the industry. Its Aurore card, held by 15 million consumers worldwide, demonstrates Cetelem's ability to innovate. Its high-quality service offerings – backed by outstanding technical expertise and tight risk control – meet most household financing needs, including personal loans, instalment sales and revolving credits.

Cetelem is the preferred partner of the retail industry and has a long tradition of helping large retailers such as Carrefour, Conforama, Ikea and Dell achieve their development goals across the globe.

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

In 2004, Cetelem also took on the management of permanent credit card accounts granted by BNP Paribas' French Retail Banking network.

Cetelem currently operates in 20 countries, including 13 in Europe.

UCB

UCB specialises in financing residential real estate purchases by individuals, for both personal and investment purposes. UCB is active

in France and, via its subsidiaries, in Spain, Italy, Portugal, Greece and the Netherlands. UCB has also developed and manages a portfolio of mortgage loans on behalf of BNP Paribas in Norway. At 31 December 2004, UCB's managed outstandings totalled more than EUR 20 billion.

UCB markets its products through a network of business referral partners in the real estate industry, such as estate agents and builders, or in some countries brokers, who refer buyers to UCB. Its strengths are specialisation, a commitment to innovation, effective risk management and a high market share among French civil service employees, all of which make UCB a recognised force in residential property financing. Synergies with BNP Paribas's retail network lend additional power to UCB's existing resources.

Through its servicing business, UCB also makes its tools and expertise available to other industry partners. For instance, it provides Société Générale with IT management services.

At 31 December 2004, UCB's market share was around 2.50% in France and Spain, and approximately 1% in Italy and Portugal (sources: France – BNP Paribas internal reports based on data provided by Banque de France; Spain – Instituto Nacional de Estadística; Italy – Banca d'Italia; Portugal – Direcção-Geral do Tesouro).

BNP Paribas Lease Group

BNP Paribas Lease Group (BPLG) is specialised in providing investment financing for corporate clients and small businesses. With an operating presence in 11 European countries, BPLG offers a full array of equipment and property financing solutions, through operating or finance leases – either with or without related services. A European leader, and no. 1 in France with a market share of some 21% (source: Association Française des Sociétés Financières), BPLG works in partnership with corporate capital equipment manufacturers, importers and distributors, with a view to helping them optimise their sales performance by integrating financing into the sale contract. BPLG also provides and manages equipment and property financing marketed by the BNP Paribas banking network to its clients.

Contract Hire and Fleet Management

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

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

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

Arval is the business line's main company. It has direct operations in 17 countries and a leading European position in the long-term leasing and fleet management market, with 602,000 vehicles under its management at the end of 2004.

BancWest

In the United States, the International Retail Banking and Financial Services business is conducted through BancWest Corporation, a holding

company formed out of the 1998 merger between Bank of the West and First Hawaiian Bank. This transaction was followed by the acquisitions of United California Bank in March 2002, as well as of Community First National Bank and Union Safe Deposit Bank in November 2004.

Bank of the West now offers retail banking services to individuals and business companies in 16 Western states. It is California's 5th-leading retail bank (source: FDIC 30 June 2004) and it also has strong national positions in certain niche lending markets, such as Marine, Recreational Vehicles, Church Lending, and Small Business Administration.

With a 40% market share based on deposits (source: FDIC 30 June 2004), First Hawaiian Bank is Hawaii's leading bank, offering a broad array of products to a local clientele of private individuals and companies.

In total, BancWest has some 10,000 employees, 530 branches and 3.4 million client accounts. At 31 December 2004, BancWest had total assets of USD 50 billion, making it the 7th-largest bank in the Western United States.

Emerging and Overseas Markets (EOM)

Since 2004, Emerging and Overseas Markets Retail Banking operations have been organised around five geographical areas: Africa-Indian Ocean, French overseas departments and territories, North Africa-Mediterranean Basin, the Middle East, and Europe – the Near East. BNP Paribas is leveraging the expertise acquired in running the branch network in mainland France to drive the development of its subsidiaries in these regions, which represent approximately 500 branches and 1.5 million clients.

- BNP Paribas' operations in Africa are organised around the network of the Banque Internationale pour le Commerce et l'Industrie (BICI). With around 100 branches located in 6 countries (Burkina Faso, Ivory Coast, Gabon, Guinea Conakry, Mali and Senegal), BNP Paribas manages one of the largest banking networks in French-speaking Africa. The Group also has operations in Djibouti (BCIMR), as well as in the Indian Ocean – in Madagascar (BMOI) and the Comoro Islands (BIC).
- In the North Africa-Mediterranean Basin region, the Group has some 200 branches in Morocco (BMCI), Tunisia (UBCI) and Algeria (BNP Paribas El Djazaïr).
- In the French overseas departments and territories (Martinique, Guadeloupe, French Guyana, New Caledonia, Reunion Island, Wallis and Fortuna), the Group has 49 branches and enjoys strong market positioning.
- In the Middle East, the Gulf States are served by the regional headquarters in Bahrain, responsible for four territories (Bahrain, Abu Dhabi, Dubai and Qatar). Two entities are currently being opened in Saudi Arabia and Kuwait. The Group also has an expanding network in Egypt (BNP Paribas Cairo).
- In Europe – the Near East, the Group has operations in Cyprus, Israel, Lebanon (BNPI), and – since February 2005 – Turkey.

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

This core business comprises all of the Group's investor services businesses and leads the BNP Paribas asset gathering effort. One of the foremost players in Europe, AMS offers fund management and discretionary asset management services, backed by a range of high value-added investor services. It is organised around 3 business lines:

- Wealth and Asset Management, comprising Private Banking (BNP Paribas Banque Privée), Asset Management (BNP Paribas Asset Management) and Cortal Consors on-line brokerage and personal investment services. In 2004, the Group's real estate offering provided through BNP Paribas Immobilier was also incorporated into the Wealth and Asset Management Division;
- Insurance (BNP Paribas Assurance);
- Securities Services for global financial institutions (BNP Paribas Securities Services).

Through these 6 businesses, which count more than 15,000 employees in some 40 countries, AMS offers a comprehensive range of products and services to a broad investor clientele, including institutional clients, corporations and private individuals.

Each AMS business was a leader in its market in 2004.

Wealth and Asset Management

Private Banking

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

BNP Paribas Banque Privée is ranked no. 1 in the French private banking market, with EUR 45 billion in assets under management and a network of more than 120 outlets nationwide. It ranks 4th in Western Europe, where it is fast broadening its reach in its domestic markets, and 7th in Asia (*source: 2005 Euromoney rankings*). At end-2004, BNP Paribas Banque Privée's overall client assets under management stood at more than EUR 100 billion.

Asset Management

BNP Paribas Asset Management is specialised in third party asset management services. With a view to combining performance with service quality, the company has organised its teams into specialised units, covering separate asset classes. The business line's dedicated and reactive teams offer investment solutions that bring together advisory services, innovation and risk management, in the areas of fundamental active management and alternative and structured management.

Operating in over 20 countries across the 5 continents, BNP Paribas Asset Management partners its clients across the globe while continuing to set up and expand in developing markets, such as China and South Korea. Building on this local presence, it can offer clients customised service and follow-up.

With a franchise of over 400 institutional clients, BNP Paribas Asset Management had more than EUR 196 billion worth of assets under management⁽¹⁾ at year-end 2004. It is a major player in the European investment fund market, ranking as Europe's 9th-leading promoter at 31 December 2004, according to Feri. It is rated AM2+ by Fitch Ratings.

Cortal Consors

Europe's leading personal investment management company and online broker (*source: Reuters October 2003*), Cortal Consors offers clients its expertise and investor advisory experience through several distribution channels. It boasts a broad range of products including short-term investment solutions, mutual funds and life insurance policies, backed by leading-edge online brokerage technologies.

Cortal Consors has an operating presence in 6 European countries – Germany, France, Spain, Belgium, Luxembourg and Italy. At 31 December 2004, it had over one million clients and EUR 18.6 billion worth of managed assets, breaking down as 44% in equity assets, 48% in savings products or mutual funds and 8% in cash.

Real Estate Services

BNP Paribas Immobilier is the leading provider of real estate services to corporations in mainland Europe. It groups the Bank's real estate subsidiaries that operate in the three following key areas:

- real estate services, encompassing:
 - commercial real estate advisory services (including transactions, valuations and investments). BNP Paribas Immobilier holds a leading position in mainland Europe in this field, through Atisreal which has operations in 7 countries. It is also no. 1 in France and Germany (*source: Le Moniteur, November 2003*);
 - Asset Management, through Antin Vendôme – the no. 2 property fund manager in France (*source: IEIF – Institut de l'Épargne Immobilière et Foncière*);
 - Property Management: 10 million sq.m. of office space managed in Europe, of which 5.5 million sq.m. in France, via Comadim, and 16,500 French residential properties, managed through Gerer;
 - sale of residential properties: Espaces Immobiliers BNP Paribas (19 sites at end-2004).
- property development, through Meunier – the 3rd-leading French property developer (*source: Classement des promoteurs 2004 published by Innovapresse and La Lettre du Patrimoine Immobilier*);
- real estate investments, via BNP Paribas PFI.

Insurance

BNP Paribas Assurance encompasses all of BNP Paribas' insurance companies, including Cardif, which sells the division's products in 29 countries through a large number of partners.

In 2004, BNP Paribas Assurance set up a new organisational structure, with the aim of speeding up its expansion. Further to this restructuring it is now split into two departments, one of which is dedicated to savings and the other to international personal risk.

(1) Including the subsidiaries of BNP PAM and assets advised on behalf of BNP Paribas.

- The division's savings business includes the sale of life insurance policies to private individuals. In France, it offers companies group products for pensions, end-of-career bonuses and early retirement benefits. It also proposes a broad array of mutual funds to private individuals, institutional investors and major corporations, via Cardif Asset Management.
- The personal risk business encompasses stand-alone policies as well as loan insurance. BNP Paribas Assurance also markets both standard and personalised group policies to large companies and SMEs.

The division's property and casualty offering in France is provided through Natio Assurance, a company that is owned equally with Axa. The products proposed cover a wide range of risks and include comprehensive home insurance, automobile insurance, educational insurance, travel insurance, and legal protection coverage.

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

Securities Services

BNP Paribas Securities Services is a leading provider of securities services to the world's corporate and financial institutions.

BNP Paribas Securities Services provides a wide range of securities services and investment operations solutions, meeting client needs at every stage of the investment cycle:

- clearing and custody for all asset classes,
- fund administration (accounting, middle-office outsourcing, depobank, performance measurement and attribution analysis),
- issuer services,
- cash and securities financing.

As at 31 December 2004, assets under custody totalled EUR 2,473 billion and 23.1 million transactions were settled in 2004.

BNP Paribas Securities Services is ranked number one among European custodians and is the 5th-largest global custodian worldwide (source: *Institutional Investor Magazine*, September 2004. Rankings are based on assets under custody as at March 2004). Industry recognition of BNP Paribas Securities Services was again forthcoming in 2004. For the fifth year in succession the firm won two key industry awards: "Best Regional Custodian – Europe" from *Global Investor Magazine* and "Best Overall Network" from *GSCS Benchmarks*.

Over half of BNP Paribas Securities Services' operations are outside of France. In addition to its head office in Paris, it has branches, subsidiaries and offices in all of the main European Financial Centres – including Belgium, Germany, Greece, Ireland, Italy, Jersey, Luxembourg, the Netherlands, Portugal, Spain, Switzerland, the United Kingdom – as well as in Australia, New Zealand and the USA. Services are also offered in Turkey through a co-operation agreement with Garanti Bank.

Klépierre

Klépierre is continental Europe's 2nd-leading listed property group specialised in shopping centres, with a market capitalisation of EUR 3 billion at 31 December 2004 and 850 employees.

One third of its business is conducted outside France.

Klépierre's property assets totalled EUR 5.9 billion at the year-end, breaking down as 84% in shopping centres located in 9 continental European countries, and 16% in Paris-based offices.

It has adopted a unique management approach, structured around its 75%-owned subsidiary, Ségécé (also 15%-owned by BNP Paribas SA), which manages 344 shopping centres – of which 223 belong to Klépierre – through a network of 7 subsidiaries operating in 10 European countries.

BNP Paribas Capital

BNP Paribas Capital encompasses all of the Group's Private Equity activities. The Private Equity business consists of investing in the capital of unlisted companies, with the objective of realising a capital gain in the medium-term.

BNP Paribas Capital's specialised teams are organised into independent management companies, each with a dual role:

- advise the BNP Paribas Group on its proprietary portfolio;
- manage or give advice on funds held partly by the Group and partly by outside investors.

BNP Paribas Capital is active in all segments of the Private Equity market. Large LBOs in Europe are handled by PAI partners. Dedicated funds managed or advised by Banexi Capital Partenaires, Banexi Venture Partners and BNP Private Equity handle medium-sized LBOs and venture capital transactions in France as well as investments in the media and telecommunications sectors.

BNP Paribas Capital aims to continue evolving towards a fund management model, with most invested capital deriving from external sources, while gradually scaling down its proprietary portfolio.

Listed Investment and Sovereign Loan Management

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

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

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





A Mythical Library Becomes a Pivot For Multicultural Exchanges in Alexandria

SNØHETTA

**Craig Dykers, Christoph Kapeller
and Kjetil Traedal Thorsen**

Architects of the Library of Alexandria
Snøhetta - Clients of BNP Paribas - Oslo

It requires daring to dream of recreating the ancient library of Alexandria, destroyed more than two thousand years ago. It takes even greater audacity to propose a building design in the form of a tilting granite disc which is partially submerged below ground. Fortunately, neither the sponsors of the project nor the Norwegian firm of architects Snøhetta, were lacking either of these attributes. In 2004, their architectural achievement, named Bibliotheca Alexandrina, was honoured with the Aga Khan Award for Architecture. Located on a site close to Alexandria's waterfront, the library "*symbolises the sun and moon, both of which were icons of ancient Egyptian culture.*"

Thanks to the efforts of the Egyptian government, as well as the support of Unesco and countries such as Norway, Alexandria once again boasts a world-class centre of learning and erudition.

Reflecting the modernity of its architecture and its stature as a centre for cultural exchange, the library is managed by an international board of trustees. "*Building with recyclable materials and integrating architecture with nature are essential given the constraints of demographic pressures and ever-increasing competition for scarce resources.*"

The library, which houses three museums, a planetarium, exhibition galleries and research centres, has been enthusiastically received by tourists and locals alike and has become the most visited monument in the city.



the bank for a changing world



SUSTAINABLE
DEVELOPMENT

THE GROUP'S APPROACH

General business principles

Going beyond mere regulatory compliance, the Group's general business principles revolve around its values and its attitude towards management and human resources, as well as its membership in the United Nations Global Compact Programme. The Group added several initiatives to its existing voluntary commitments in 2004.

As an active member and director of Cian, the French council of investors in Africa, BNP Paribas has adopted Cian's sustainable development charter, which reflects its members' collective determination to contribute to Africa's sustainable development. This charter was presented at a ceremony bringing together African ambassadors in Paris and Cian directors, and led by the French Environment and Sustainable Development Minister and the Junior Minister in charge of International Cooperation, Development Assistance and Francophonie.

BNP Paribas Asset Management signed the "Statement by Banks on the Environment and Sustainable Development" issued under the auspices of the United Nations Environment Programme. The BNP Paribas Asset Management SRI analysis team played an active role in the working group that drafted the report Connecting Financial Markets to a Changing World which was presented to the Global Compact Leaders Summit of 24 June 2004 in New York. This report provided detailed recommendations on how social and environmental aspects, as well as corporate governance issues, can be better included in standard financial analyses and in asset management.

Within the Forum of Friends of the Global Compact, the Group has contributed proposals in the prior consultations towards the adoption of the tenth principle on fighting corruption.

Integrating sustainable development within operations

The Group's general business principles are its guidelines for exercising its comprehensive responsibilities. They reflect an approach based on what the Group stands for and they match its values.

Sustainable development action plans for the divisions and key functions, validated by the Executive Committee, are prepared through an assessment of the challenges, risks and opportunities facing each of the businesses. These appraisals take into account the analyses performed by the principal SRI rating agencies.

These action plans are specific to each division and are monitored on a half-yearly basis by the Group sustainable development function. The General Inspection Unit and the Internal Audit Department have jointly developed an audit methodology relative to social responsibility, which plays a major role in ensuring that consistent approaches are deployed throughout the Group.

Promoting sustainable development

BNP Paribas helped promote sustainable development in 2004 by its involvement in several events:

- BNP Paribas Asset Management contributed to the activities of Sustainable Development Week in France, by taking part in a daily radio broadcast on socially responsible investing.
- The London subsidiary hosted an event, organised by Business in the Community and the French Chamber of Commerce of London, to mark the centennial of the Entente cordiale, in the presence of Prince Charles and the French ambassador to the United Kingdom.

Promoting SRI analysis

BNP Paribas Asset Management (BNP PAM), alongside three other major institutional investors, took the initiative of allocating 5% of its commission budgets to developing analysis based on the criteria of socially responsible investing. This financial incentive, representing a total of approximately EUR 5 million for 2004, is intended for brokers who demonstrate the most effective integration of the criteria and methodologies of non-financial analysis based on the social and environmental responsibility of companies. Its objective is to bring more comprehensive responses to the needs of long-term investors and to broaden the range of companies that can be considered for investment. By factoring in criteria such as management quality, codes of conduct or the company's environmental and social footprint, SRI analysis assesses corporate performance qualitatively over the long term. In that sense, it rounds out the quantitative methods of standard financial analysis. This Enhanced Analytics Initiative was launched in London on 2 November 2004.

Several Group executives teach and provide input as guest lecturers in the leading master's programs in sustainable development created by French business and engineering schools, as well as by some universities.

In France, BNP Paribas is an active member of the main organisations that are recognised for their role in promoting sustainable development, particularly Orse, the corporate social responsibility observatory and EPE (companies for the environment). The Group was involved in setting up a sustainable development club within Anvie, the national association for the publicising of interdisciplinary research in humanities and social sciences in the business world.

In 2004, an example of a BNP Paribas best practice was added onto the Global Compact website. BNP Paribas is also significantly overhauling its sustainable development website to give it more visibility and make it more accessible to the thousands of visitors that consult its pages each month.

Assessments by socially responsible investment rating agencies

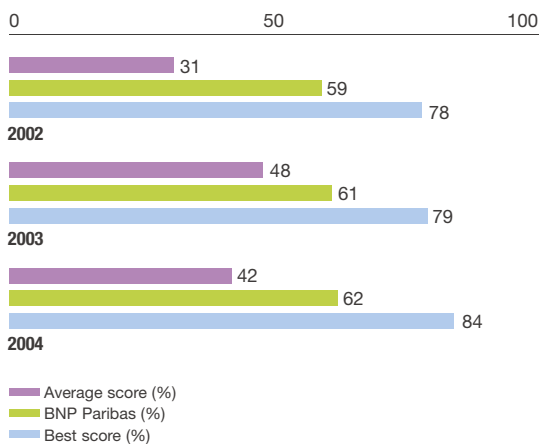
BNP Paribas's inclusion has been confirmed in the key benchmark indices for socially responsible investment – Dow Jones SI World, Dow Jones SI Stoxx, FTSE4Good and Aspi Eurozone.



• **SAM**

Sustainable Asset Management Research Inc. (SAM), the firm responsible for the annual evaluations leading to the selection of stocks for inclusion in the Dow Jones SI indices, raised its overall score for BNP Paribas, placing the Bank in a very favourable position compared to the industry average, in a year when there were wider gaps in ratings from one company to the next.

Changes in overall score



Klépierre was included for the first time in 2004 in the Dow Jones Sustainability World Index and the Dow Jones Stoxx Sustainability Index, with scores that placed the BNP Paribas subsidiary well above the average for its industry.

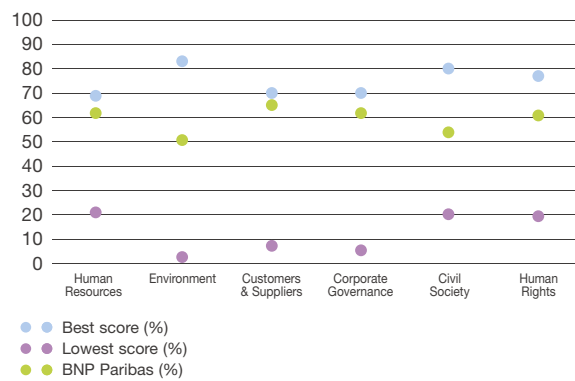
• **Vigeo**

The research firm Vigeo responded to progress over the past year by significantly raising its rating (see below, on a scale from -- *Unconcerned* to + + *Pioneer*):

Criteria	2002	2003	2004
• Human Resources	+	+	+
• The Environment	-	=	=
• Customers & Suppliers	=	=	++
• Shareholders	++	+	+
• Civil Society	=	=	+
• Human Rights	not rated	not rated	+

This assessment places the Group in a favourable position compared to its industry benchmark:

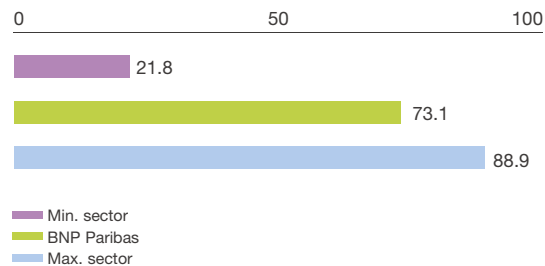
Benchmark of BNP Paribas and banking sector (2004):



• **Siri**

Sustainable Investment Research International (SiRi), a grouping of 12 socially responsible investment research organisations based in North America, Europe and Australia, is one of the leading providers of SRI research.

BNP Paribas received its first rating from SiRi Company, which places the Group in a very favourable position compared to the 52/100 average in its industry.



The Group has regular exchanges with the main SRI research teams, both those within independent firms and those in the asset management subsidiaries of banking groups.

GROUP ETHICS AND COMPLIANCE

Following on from the new legal and regulatory requirements introduced between 2000 and 2003 in Europe, the United States, and Asia, 2004 saw the emergence of a number of important implementation regulations and guidelines, particularly in France. These included the General Regulations of the French securities regulator (*l'Autorité des Marchés Financiers*); transposition of the European Market Abuse Directive, and the European Directive on Markets in Financial Instruments (MiFID); the laws of February and March 2004 extending the obligations of financial institutions concerning the monitoring and reporting of suspicious transactions with a view to combating money laundering; and finally the update to the draft amendment of Regulation 97-02 relating to Internal Control in the banking industry, which defines the concepts of "non-compliance risk" and "compliance control". The Group has already implemented changes in the light of this amended regulation by reorganising its ethics, compliance and internal control structures.

The Group has significantly increased the human resources assigned to ethics and compliance matters. More than 400 full-time equivalent employees are now specifically dedicated to this function, whose rules apply to each and every employee of the Group. The Group Ethics and Compliance function now includes a specialised team of seven people who possess specific know-how related to the monitoring and detection of attempted fraud and deception, surveillance of capital flows and unusual transactions, and traceability of operations. This team works on behalf of the entire Group and provides technical assistance to compliance officers.

French Retail Banking has stepped up the awareness-raising and training programmes it offers to both managers and other employees,

putting greater emphasis on matching commercial offerings to the real needs of customers according to their specific situation and their understanding of the banking products and services proposed to them. At the same time, the Group is giving greater priority to the "Know Your Customer" (KYC) programme and to reinforcing the resources allocated to combating money laundering. The Group has also launched a new project to create a system whereby the interventions of compliance officers can be monitored and recorded.

Due to the very nature of its business, International Retail Banking and Financial Services, and especially the Emerging and Overseas Markets, remains constantly focused on combating money laundering and corruption. It is particularly watchful about monitoring the general functioning of the retail banking subsidiaries. Anti-money laundering processes and operating procedures have been strengthened and control thresholds harmonised. Additionally, customers particularly exposed to risks of corruption and money laundering are subject to more thorough and detailed evaluations. While less vulnerable in relation to these issues, the specialised financing businesses have also continued to improve and flesh out their methods and procedures in this area.

The Asset Management and Services Division has made considerable strides towards structuring and harmonising the compliance and anti-money laundering practices adopted by each of its businesses. It now has a fully developed range of procedures that take into account the new market abuse regulations. The division also took the opportunity to reinforce measures set up to prevent market timing and late trading practices, and the related internal inquiries into the Bank's operations did not reveal any notable failings in this area.

As a result of these regulatory changes, combined with the highly technical nature of Corporate and Investment Banking businesses, managers and compliance officers continued to put immense effort into adapting procedures, as well as into monitoring and assisting teams operating in other countries. A number of new projects have been set up to ensure a more thorough and detailed coverage of operations, as well as to obtain rapid and effective feedback. Many of these projects will be ongoing in 2005.

To support efforts to combat money laundering, corruption and terrorism financing, the Group has decided to adopt a standardised control system based on Searchspace software. This decision followed an in-depth evaluation of existing systems and an assessment of the specifications and capacities offered by the various software packages available on the market. Installation has begun in New York, and the system is set to be progressively rolled out to all other businesses and divisions from 2005. A small minority of units will be excluded from this general roll-out as they already have tools which offer the same capacity and are better suited to their own specific needs.

The unit that supervises the personal transactions of Group employees who have access to information considered privileged is able to draw on up-to-the-minute monitoring and detection tools. Controls were carried out on more than 5,240 recorded securities transactions, but no serious breaches were uncovered.

Finally, the Group implemented an extensive security control initiative in relation to stock market transactions carried out through non-BNP Paribas accounts declared by 1,300 employees with access to privileged information in France. Again, these checks did not reveal any significant cause for concern.



SHAREHOLDER INFORMATION

Share capital

As of 31 December 2003, BNP Paribas' share capital stood at EUR 1,806,343,230 divided into 903,171,615 shares (details of the historical share performances are provided in the "Changes in share capital" section of the review of operations).

In 2004, three series of transactions led to changes in the number of shares outstanding:

- a total of 1,050,967 new shares were issued upon exercise of stock options;
- 25 million shares acquired by the Bank as part of its buyback programme were cancelled.

- 5,477,862 shares were subscribed through the share issue reserved for employees.

As of 31 December 2004, BNP Paribas' share capital stood at EUR 1,769,400,888 divided into 884,700,444 shares with a par value of EUR 2⁽¹⁾.

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

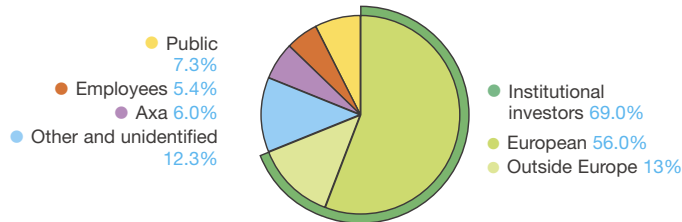
Changes in shareholder structure

Over the past three years, the Bank's ownership structure changed as follows:

SHAREHOLDERS	31/12/02			31/12/03			31/12/04		
	Number of shares (in millions)	% interest	% voting rights	Number of shares (in millions)	% interest	% voting rights	Number of shares (in millions)	% interest	% voting rights
Axa	52.45	5.9%	6.0%	52.07	5.8%	6.1%	50.00	5.7%	6.0%
Employees	41.24	4.6%	4.8%	46.36	5.1%	5.4%	45.38	5.1%	5.4%
• o/w corporate mutual funds	31.68	3.5%	3.7%	34.58	3.8%	4.0%	33.55	3.8%	4.0%
• o/w directly owned	9.57	1.1%	1.1%	11.78	1.3%	1.4%	11.83	1.3%	1.4%
Corporate officers	0.28	n.m.	n.m.	0.27	n.m.	n.m.	0.23	n.m.	n.m.
Treasury shares	28.26	3.2%		46.43	5.1%		51.81	5.9%	
Public	66.25	7.4%	7.6%	63.70	7.1%	7.4%	61.00	6.9%	7.3%
Institutional investors	599.67	67.0%	69.2%	606.57	67.2%	70.8%	574.46	64.9%	69.0%
• European	493.96	55.2%	57.0%	499.87	55.3%	58.3%	465.94	52.7%	56.0%
• Outside Europe	105.71	11.8%	12.2%	106.70	11.8%	12.5%	108.52	12.2%	13.0%
Other and unidentified	107.03	12.0%	12.3%	87.77	9.7%	10.2%	101.82	11.5%	12.3%
Total	895.17	100.0%	100.0%	903.17	100.0%	100.0%	884.70	100.0%	100.0%

(1) Since the end of the financial year, 518,758 new shares have been issued upon exercise of stock options. As of 25 January 2005, BNP Paribas' share capital stood at EUR 1,770,438,404 divided into 885,219,202 shares with a par value of EUR 2.

BNP Paribas ownership structure as of 31 December 2004
(based on voting rights)



To the best of BNP Paribas' knowledge, no shareholder other than Axa owns more than 5% of BNP Paribas' capital or voting rights.

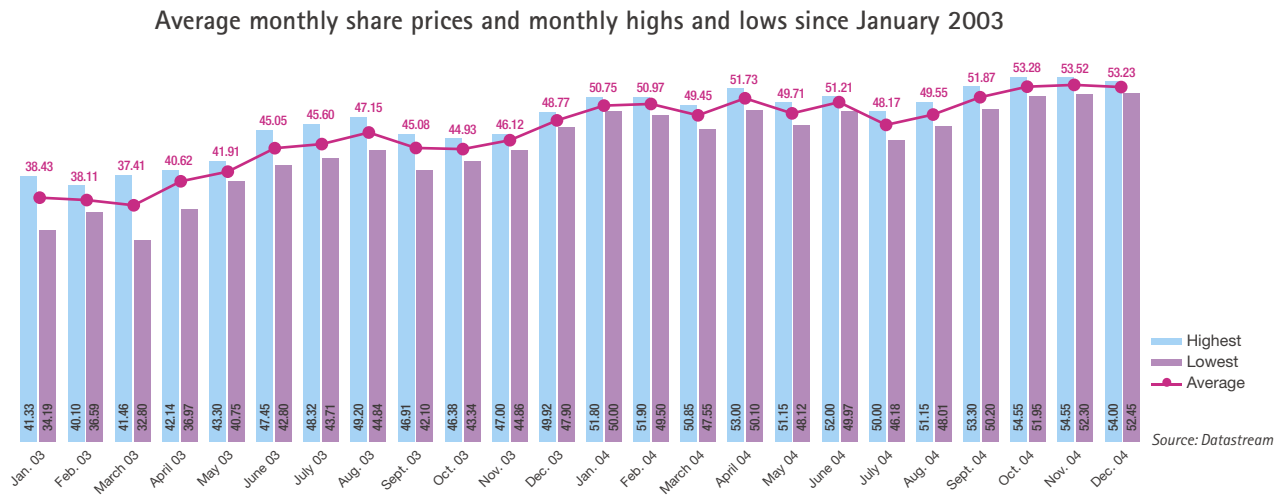
Share performance

When the shareholders of BNP and Paribas approved the merger between the two banks at the Extraordinary General Meetings of 23 May 2000, BNP shares became BNP Paribas shares. The Euroclear-France code for BNP Paribas is the same as the previous BNP code (13110). Since 30 June 2003, BNP Paribas shares have been registered under ISIN code FR0000131104. BNP shares were first listed on the Cash Settlement Market of the Paris Stock Exchange on 18 October 1993, following privatisation, before being transferred to the Monthly Settlement Market on 25 October of that year. When the monthly settlement system was eliminated on 25 September 2000, BNP Paribas shares became eligible for Euronext's Deferred Settlement Service (SRD). The shares are also traded on SEAQ International in London and on the Frankfurt Stock Exchange, as well as listed on the Tokyo Stock Exchange since 13 March

2000 (and the First Section since 7 February 2005). Since privatisation, a Level 1 144A ADR programme has been active in the USA, where JP Morgan Chase is the depositary bank (2 ADRs correspond to 1 BNP Paribas share). To help increase the number of shares held by individual investors, BNP Paribas carried out a two-for-one share-split on 20 February 2002, reducing the par value of the shares to EUR 2. BNP became a component of the Cac 40 index on 17 November 1993 and a component of the Euro Stoxx 50 index on 1 November 1999. Since 18 September 2000, BNP Paribas has been a component of the Dow Jones Stoxx 50. BNP Paribas shares are also included in the four main sustainable development indices: Aspi Eurozone, FTSE4Good, DJ SI World and DJ SI Stoxx. All of these listings have fostered liquidity and share price appreciation, as BNP Paribas shares feature in every portfolio and fund that tracks the performance of these indexes.

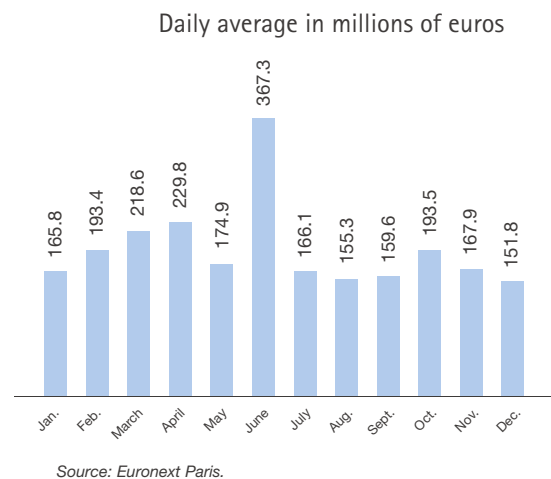
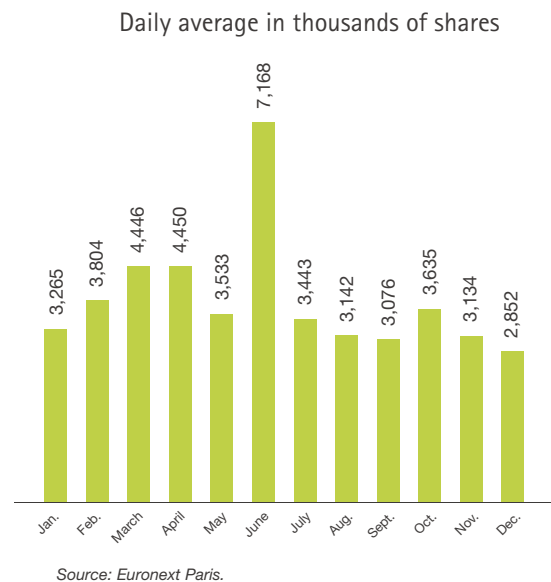
Share performance between 2 January 2002 and 31 December 2004
Comparison with the DJ Euro Stoxx 50, DJ Euro Stoxx Bank and Cac 40
(indexes rebased on share price)





- As of 31 December 2004 the BNP Paribas share was listed at EUR 53.30, up 6.77% compared with 31 December 2003, when it was listed at EUR 49.92. By way of comparison, during 2004 the Cac 40 index increased by 7.40%, the Euro Stoxx 50 index by 6.90% and the DJ Euro Stoxx Bank index by 10.85%.
- From 31 December 2002 to 31 December 2004, the BNP Paribas share price gained 37.27%, compared with rises of 24.72% and 23.67% for the Cac 40 and DJ Euro Stoxx 50 indexes respectively. Over the same period, there was a 45.19% increase in the Eurozone banking index.
- BNP Paribas' market capitalisation totalled EUR 47.15 billion as of 31 December 2004, representing the 4th-largest capitalisation in the Cac 40 index, and the 3rd-largest in terms of free float, as against 3rd and 2nd respectively a year earlier. These one-place position changes followed the merger of Sanofi and Aventis. During the same period, BNP Paribas represented the 12th-largest capitalisation in the DJ Euro Stoxx 50.
- Trading volumes contracted slightly in 2004, primarily due to lower volatility (see the high/low prices in the "Yield and performance data" table below). An average of 3,827,106 shares changed hands each day, 14% less than the 2003 average of 4,447,548.

2004 trading volume





Yield and performance data

In euros	2004	2003	2002	2001	2000
Earnings per share ⁽¹⁾	5.55	4.31	3.78	4.64	4.70
Net assets per share ⁽²⁾	34.20 ⁽³⁾	31.50	29.30	27.10	24.00
Net dividend per share	2.00 ⁽³⁾	1.45	1.20	1.20	1.13
Payout rate (in %) ⁽⁴⁾	37.90% ⁽³⁾	34.80	32.60	26.50	24.50
Share price					
High	55.00	49.92	61.25	52.55	54.75
Low	46.07	32.65	29.00	37.95	37.78
Year-end	53.30	49.92	38.83	50.25	46.75
Cac 40 index on 31 December	3 821.16	3 557.90	3 063.91	4 625.58	5 926.42

Data in the above table have been adjusted to take into account the two-for-one share-split carried out on 20 February 2002.

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

(2) After dividends. Non-revalued net book value based on the number of shares outstanding at the year-end.

(3) Subject to approval at the Annual General Meeting of 18 May 2005.

(4) Recommended dividend expressed as a percentage of net income for the year.

Creating value for shareholders

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

A) Total Shareholder Return -TSR:

Calculation parameters:

- The dividend includes the *avoir fiscal* tax credit at a rate of 50% and is assumed to have been reinvested in BNP shares then BNP Paribas shares;
- Returns are gross returns, i.e. before any tax payments or brokerage fees.

• Since privatisation in October 1993

Initial investment = 1 share at the IPO price (FRF 240 or EUR 36.59) on 18 October 1993.

Investment Growth

Years	Gross dividend per share (in euros)	Gross dividend received by shareholder (in euros)	Price of shares acquired by reinvesting dividend ⁽²⁾ (in euros)	Fractional share acquired by reinvesting gross dividend	Total number of shares after gross dividend reinvestment
1994	0.69 ⁽¹⁾	0.69	37.17	0.0186	1.0186
1995	0.73 ⁽¹⁾	0.82 ⁽³⁾	34.30	0.0239	1.1425 ⁽³⁾
1996	0.82 ⁽¹⁾	0.94	27.36	0.0344	1.1769
1997	1.23 ⁽¹⁾	1.45	38.28	0.0379	1.2148
1998	1.60 ⁽¹⁾	1.94	75.92	0.0256	1.2404
1999	2.25	2.79	80.85	0.0345	1.2749
2000	2.625	3.35	93.95	0.0357	1.3106
2001	3.375	4.42	100.50	0.0440	1.3546
2002	1.80	4.88	54.10	0.0902	2.7994
2003	1.80	5.04	45.32	0.1112	2.9106
2004	2.175	6.33	50.50	0.1253	3.0359

(1) To be consistent with subsequent years, it has been assumed that the dividend was paid in cash and not in shares, although the Board of Directors approved the payment of scrip dividends for the year in question.

(2) Based on the assumption that the dividend was reinvested in shares at the opening price on the first trading day after the ex-dividend date.

(3) Taking into account the March 1995 allocation of one share for every 10 shares acquired at the time of the IPO and held for 18 months.

(4) After the two-for-one share-split on 20 February 2002.

Closing price on 31 December 2004 = EUR 53.30, valuing the initial investment at 53.30 x 3.0359 = EUR 161.81. This represents an average annual increase (average annual TSR for the period) of **14.18%** and an amount **4.42 times** higher than the original investment made in 1993.

- over 5 years

Initial investment = 1 share at the opening price on 3 January 2000 = EUR 92.

Investment growth

Years	Gross dividend per share (in euros)	Gross dividend received by shareholder (in euros)	Price of shares acquired by reinvesting dividend ⁽¹⁾ (in euros)	Fractional share acquired by reinvesting gross dividend	Total number of shares after gross dividend reinvestment
2000	2.625	2.625	93.95	0.0279	1.0279
2001	3.375	3.469	100.50	0.0345	1.0624
2002	1.80	3.825	54.10	0.0707	2.1955
2003	1.80	3.952	45.32	0.0872	2.2827
2004	2.175	4.965	50.50	0.0983	2.381

(1) Based on the assumption that the dividend was reinvested in shares at the opening price on the first trading day after the ex-dividend date.

(2) After the two-for-one share-split on 20 February 2002.

Closing price on 31 December 2004 = EUR 53.30, valuing the initial investment at $53.30 \times 2.381 =$ EUR 126.91. This represents an average annual increase (average annual TSR for the period) of **6.65%** and more than a **38%** increase over 5 years (by comparison the Cac 40 shed more than 35% over the same period).

B) Five-year comparison of an investment in BNP Paribas shares with the "Livret A" passbook savings account and medium-term Treasury Notes

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

- Investment of EUR 92 on 1 January 2000 in a "Livret A" passbook account:

At the investment date, the official interest rate on Livret A accounts was 2.25%. This rate was increased to 3% on 1 July 2000 then returned to 2.25% on 1 August 2003. As of 31 December 2004, the account balance is EUR 105.17, representing growth of EUR 13.17, i.e. less than 40% of the growth achieved by the BNP Paribas share.

The value created through an investment in BNP Paribas shares, reflecting the additional risk, amounts to $126.91 - 105.17 =$ EUR 21.74 per share over five years.

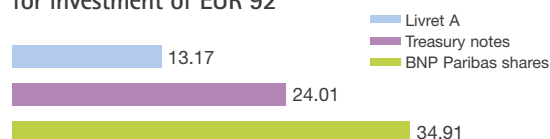
- Investment of EUR 92 on 1 January 2000 in five-year French government notes

The five-year interest rate (BTAN) on that date was 4.8393%; at the end of each subsequent year, interest income is re-invested in a similar note on the following terms:

- 4.5766% (BTAN) in January 2001 for 4 years;
- 3.9945% (BTAN) in January 2002 for 3 years;
- 2.7609% (BTAN) in January 2003 for 2 years;
- 2.305% in January 2004 for 1 year (Euribor).

At the end of five years, the accrued value of the investment is EUR 116.01, representing growth of EUR 24.01, around two thirds of the increase achieved by the BNP Paribas share. The additional value created by choosing BNP Paribas shares as the investment vehicle is therefore $126.91 - 116.01 =$ EUR 10,90 per share over five years.

Comparative total yields over 5 year for investment of EUR 92



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 the stock market authorities.

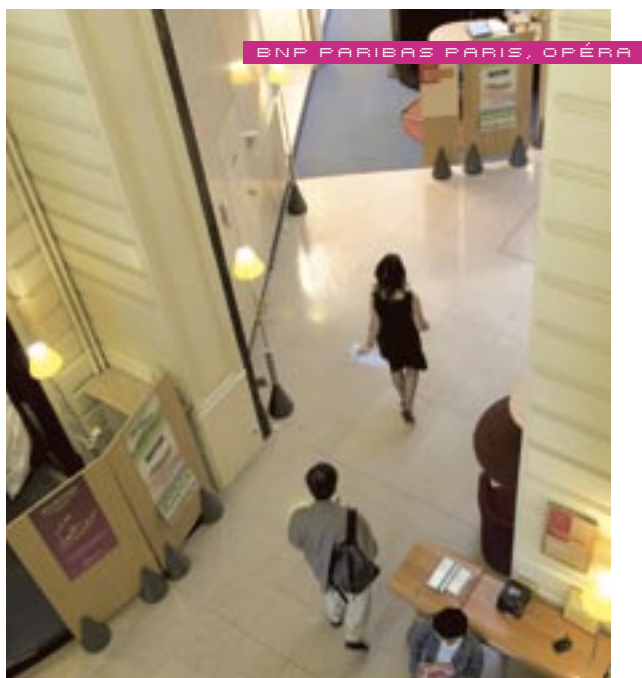
The Investor Relations Department informs institutional investors and financial analysts, in France and abroad, of the Group's strategy, major events concerning the Group's business and, of course, the Group's results which are published quarterly. In 2005, the financial timetable is as follows ⁽¹⁾ :

- 3 February 2005: 2004 results announcement;
- 12 May 2005: 1st-quarter 2005 figures;
- 3 August 2005: 1st-half 2005 results announcement;
- 24 November 2005: 3rd-quarter 2005 figures.

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.

(1) Subject to alteration at a later date.

The Individual Shareholder Relations department informs and listens to the Group's 665,000 or so individual shareholders (*source: 31 December 2004 "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 the main French cities and towns (for example, in 2004 meetings were held in Nantes on 28 September and in Versailles on 13 October). Also, BNP Paribas representatives met and spoke with over 1,000 people at the "Actionaria" trade show held in Paris on 19 and 20 November 2004.



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 main purpose is to give these investors a better idea and a deeper understanding of the economic environment, and the markets in which BNP Paribas operates. The Guide can be obtained on request from the Individual Shareholder Relations Department.

In 1995, the "Cercle BNP Paribas" was set up for individual shareholders holding at least 200 shares. The Cercle currently counts 50,000 shareholder members. Three times a year, in alternation with the financial newsletter presenting full year and interim results, they receive "La Vie du Cercle", a publication inviting them to take part in artistic and cultural events with which BNP Paribas is associated, as well as training sessions. These include stock market seminars on warrants, financial research, etc., as well as "Managing your finances on the Internet" seminars, "Private asset management" courses and "Economic update" sessions organised by BNP Paribas teams specialised in the respective fields. In addition, the Bank regularly organises scientific conferences and visits to industrial sites. The seminars are held in Paris and the provinces, on weekdays and the weekend, to enable as many people as possible to attend. In 2004, 203 events were organised for 13,737 participants. Shareholders can obtain information about these services by dialling a special toll free number (in France): 0 800 666 777. A telephone news service can also be accessed on the same number, offering a wide range of information to BNP Paribas shareholders, such as the share price and shareholders' events.

The BNP Paribas website (<http://invest.bnpparibas.com>) can be consulted in both French and English. It provides information on the Group in French and English, including press releases, key figures and details of significant developments. Annual and interim reports can also be viewed and downloaded. The latest share performance data and comparisons with major indexes are also obviously available on this website, as are webcasts of the Annual General Meeting. The website was revamped in 2004, in line with changes in investor requirements:

- The reworked site offers a new browser, clearer layout and easier access to the various areas of interest. The pages have also been organised in a more practical way, with current issues featuring more prominently;
- In addition, the Investors/Shareholders corner now includes all reports and presentations concerning the Bank's business and strategy, irrespective of the original target audience (individual shareholders, institutional investors, asset managers or financial analysts).

The website also has a section entitled "To be a shareholder" which was specifically designed with individual shareholders in mind, offering information tailored to their needs and details of proposed events.

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

New

All publications compiled by the Bank's Economic Research unit can now be viewed at <http://invest.bnpparibas.com>.

Liaison committee

After its formation on 23 May 2000, the new BNP Paribas Group decided to create a Shareholder Liaison Committee to help the Group communicate better with its individual shareholders. At the Shareholders' Meeting which approved the BNP Paribas merger, the CEO of BNP Paribas kicked off the nomination process, which culminated in the naming of the Committee members at the end of 2000.

- Jean-Baptiste Fernandez, resident of the Bouches-du-Rhône *département*;
- Marcel Grégoire, resident of the Jura *département*;
- Rémy Lauprêtre, resident of Le Havre;
- Michel Rolland, resident of the Haute-Garonne *département*;
- Roseline Labat, BNP Paribas employee;
- Jean-Marie Gabas, former BNP employee now retired.

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

- In accordance with the Committee's Charter – the internal rules that all members have subscribed to – the Committee met twice in 2004, on 27 February and 15 October. Reports on these meetings were included in the shareholder newsletters. The main topics broached included:
- the periodical publications which provide information on the Group's achievements and strategy;
 - BNP Paribas' participation in the "Actionaria" trade show. At this event, several Liaison Committee members explained the Committee's role to people who visited the Bank's stand;
 - the 2003 Annual Report and separate section dedicated to sustainable development;
 - the layout and main headings of the Shareholders' Guide;
 - initiatives concerning preparations for the Annual General Meeting;
 - changes to the BNP Paribas website.

The members of the Liaison Committee are as follows:

- Michel Pébereau, Chairman;
- Marie-Nathalie Rodrigues, resident of the Allier *département*;
- Patrick Ballu, resident of Reims;
- Jacques Begon, resident of the Loire *département*;
- André Brouhard, resident of Nice;
- Jean-Pierre Edrei, resident of the Paris area;
- Joseph Fauconnier, resident of Amboise;



SEL

Creating Ties through a Local Exchange Trading System

Marie-Odile L'Henoret

Member of a LETS network in France

Client of BNP Paribas - Fontenay-aux-Roses, France

Can't decide what to make for dinner this evening? No need to worry if you are a member of one of the local exchange trading systems (LETS) that are springing up in local communities throughout France. Thanks to LETS, you can always find someone willing to share a recipe idea or make the recipe for you. In exchange, you can give Internet training to an older person or help bemused schoolchildren with their maths homework. *"In order to receive, you must first be ready to give. LETS is a system for matching needs with resources, but it can only work if there is a two-way exchange."* Each LETS is organised at the level of a community and trading is restricted to local residents. In Fontenay-aux-Roses and Bagneux, two towns in the Paris suburbs, sixty members exchange their services. The local currency is named the "fontaine", and 60 fontaines equal an hour's work, regardless of the nature of the service provided. Thus if your recipe-maker spends two hours preparing dinner, your LETS account will be debited by 120 fontaines. *"To keep the system in check, no member is allowed to have a debit balance of more than 3,000 units."* But LETS are about much more than bookkeeping. *"Most people see the scheme as a way of becoming involved in the community and meeting new friends."* This philosophy is shared by all of the members of this grassroots network. LETS were pioneered in Canada in the 1980s and the movement spread to the Ariège region of South Western France, where the first LETS was set up in 1994. Nowadays, there are more than 350 LETS operating throughout France. In Fontenay, LETS members hold a monthly car boot sale and transactions are paid for in units of local currency. *"It is not always easy to know how many units to charge for a child's toy or a jumper that no longer fits. But we always strike a deal in the end."*

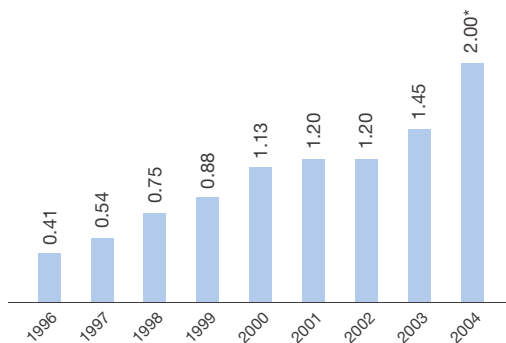


Dividend

At the 18 May 2005 Annual General Meeting, the Board of Directors will recommend a dividend of EUR 2 per share, an increase of 37.9% compared with the 2003 dividend. The dividend will be payable as from 30 May 2005, if approved at the Annual General Meeting.

The proposed distribution amounts to EUR 1,770.4 million, compared with EUR 1,310.2 million paid out in 2004. The proposed payout rate is 37.9%⁽¹⁾.

Dividend growth (in euros per share)



The dividends for the years 1996 to 2000 have been adjusted for the two-for-one share-split carried out on 20 February 2002.
*Subject to approval at the 18 May 2005 Annual General Meeting.

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 to the Annual General Meeting of 18 May 2005 expressed as a percentage of net income for the year.

BNP Paribas registered shares

Shares registered directly with BNP Paribas

The 21,350 shareholders whose shares were registered directly with BNP Paribas at 31 December 2004:

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

Registered shares held in an administered account

BNP Paribas is also extending its administered share account services to institutional shareholders. For institutional shareholders, this type of account combines the main benefits of holding shares in bearer form with those of holding registered shares:

- the shares can be sold at any time, through the shareholder's usual broker;
- the shareholder can have a single share account, backed by a cash account;
- the shareholder is systematically invited to attend and vote at General Meetings, without the invitation being sent through a third party;
- the block on the sale of the shares in the days leading up to the meeting does not apply and the shareholder can take part in the vote via the Internet.

Annual General Meeting

The last Annual General Meeting was held on 28 May 2004 on second call. All resolutions were approved by a comfortable majority. The text of the resolutions and the video of the meeting can be viewed on the BNP Paribas website, where the original live webcast took place.

The 2004 Annual General Meeting

was an additional opportunity for BNP Paribas to demonstrate its commitment to sustainable development.

Ever since BNP Paribas was founded, at the General Meeting of 23 May 2000, the Group has sought to create solid, recurring value, acting as a mark of quality and testifying to its respect not only for “traditional” partners comprising shareholders, clients and employees, but also for the community at large.

It seemed appropriate that these principles be reflected in the Group’s general meetings.

That is why it was decided, in conjunction with the Shareholder Liaison Committee,

to donate EUR 10 to Afev (*Association de la Fondation étudiante pour la ville*)

for every attending investor.

Afev is a voluntary student organisation which provides additional tutoring for children living in disadvantaged urban areas.

A total of EUR 12,120 was collected.

A report on how the funds were used will be given at the Annual General Meeting on 18 May 2005.

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.

Ordinary and Extraordinary General Meetings may be called in a single notice of meeting and held on the same date. BNP Paribas will hold its Annual and Extraordinary General Meetings on 18 May 2005, on second call.

Notice of Meetings

- Holders of registered shares are notified by post. The notice of meeting contains the agenda, the draft resolutions and a postal voting form;
- Holders of bearer shares are notified via announcements in the press; In addition to legal requirements, BNP Paribas sends:
 - notices of meetings and a postal voting form for shareholders who own over a certain number of shares (set at 300 shares in 2004);
 - information letters concerning attendance procedures. In 2004, these were sent to all holders of at least 200 bearer shares.

Attendance at Meetings

Any holder of shares may gain admittance to Annual and Extraordinary General Meetings, provided that the shares have been recorded in their accounts for at least one day. Holders of bearer shares must in addition present an entry card or certificate indicating that ownership of their shares has been temporarily frozen.

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 mail;
- give proxy to their spouse or another shareholder;
- give 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, the Bank has also set up a specific Internet server which shareholders can now use to transmit the documents required prior to Annual General Meetings:
<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 provided for in the above two paragraphs are also required in cases where a shareholder's interest falls below any of the above thresholds.

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





KNOWLEDGE LEARNING CORPORATION

Supplementary Learning Programs for Young Americans



Thomas Heymann

Chairman and CEO

Knowledge Learning Corporation - Client of BNP Paribas - Portland, Oregon

The American company Knowledge Learning Corporation (KLC) has been providing a comprehensive approach to early learning and after-school care by creating educational programs for children of pre-school age. Indeed, education can start very young - from as early as six weeks old, a baby can participate in programs designed by KLC, the undisputed leader in this domain. *"Our goal is to continuously improve the quality of service and the educational programs we deliver to more than 200,000 children throughout the country."* Having recently merged with KinderCare Learning Centers, another private early childhood education company, KLC is able to count on a network of nearly 2,000 centers located in 39 states throughout the US (plus Washington DC) to secure the success of its mission. KLC also offers educational programs actually delivered inside public schools - these take place either before or after normal classes and directly complement the curriculum set by the local board of education. In addition to this, the organization encourages the constant exchange of ideas - *"We collaborate with parents, the education community, children's advocates, and government leaders to benefit our families and children, our employees and our shareholders."*



HUMAN RESOURCES DEVELOPMENT

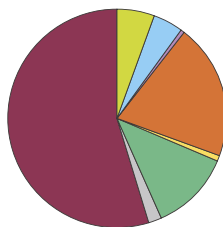
Workforce expansion in line with the group's development⁽¹⁾

As of 31 December 2004, the Group managed a total of 99,433 full time equivalent employees (FTEs), representing an increase of 5,925 compared with 2003. Changes in the Group's structure accounted for the bulk of the rise in the number of employees.

The Group's workforce breaks down as follows:

• by geographical area

- Africa 5.6%
- Asia 4.6%
- Oceania 0.4%
- Europe 20.2%
- Middle East 0.7%
- North America 11.9%
- South America 1.9%
- France 54.7%



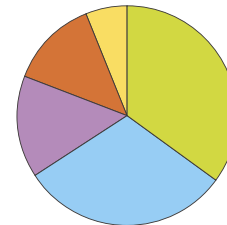
	2003	2004
France	53,111	54,363
Europe	18,148	20,083
North America	9,713	11,874
Africa	5,418	5,526
Asia	4,403	4,534
South America	1,715	1,923
Middle East	665	742
Oceania	335	388

The overall portion of the workforce managed outside France is growing at a steady pace:

- 2002 40%
- 2003 41%
- 2004 45%

• by business

- IRFS 35%
- FRB 31%
- AMS 15%
- CIB 13%
- Functions and Other Activities 6%



	2003	2004
IRFS	31,943	34,668
FRB	30,494	31,128
AMS	12,543	14,748
CIB	12,666	12,575
Functions and Other Activities	5,862	6,314

The number of staff working in Corporate and Investment Banking remained stable. The overall increase in staff numbers was driven by growth in other businesses.

Asset Management and Services expanded significantly outside France, especially in the insurance and real estate sectors with the acquisition of Atis Real (+ 1,493 people).

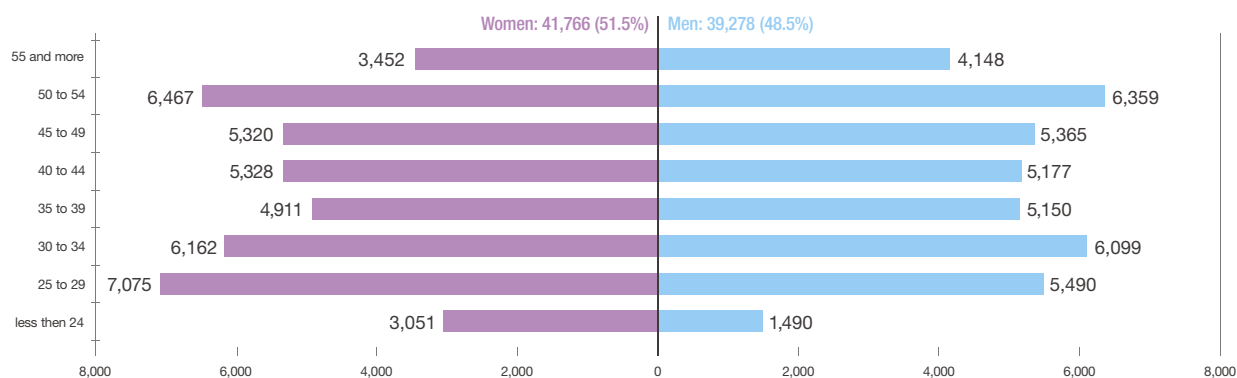
The increase in staff working in International Retail Banking and Financial Services primarily reflected sustained growth in Cetelem's international operations and BancWest in the United States, following the acquisition of Community First Bankshares and Union Safe Deposit Bank (+ 1,950 people).

The rise in employee numbers in French Retail Banking was due to the strengthening of the division's sales forces.

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

Full-time equivalents	2002	2003	2004
Consolidated workforce	87,685	89,071	94,892
Managed workforce	92,488	93,508	99,433

Age pyramid (December 2004) ⁽¹⁾



(1) The Group's age pyramid is based on data reported by the individual companies in the Group's global database, which currently represent 80% of the managed workforce.

Staff turnover

Overall staff turnover figures were stable in 2004 but the picture was significantly different from region to region. As in previous years, turnover was higher in North America and Asia, the regions with the strongest growth rates and the fastest moving employment markets.

The effects of staff turnover combined with external growth engenders regular renewal of the Group's teams: 35% of the workforce has been with BNP Paribas for less than five years.

Employee diversity

Respect for people and cultural sensitivity represent two of BNP Paribas' founding principles. The Group has continued to take steps aimed at creating international teams, promoting employee diversity and preventing all forms of discrimination.

An international workforce

By employing local people, BNP Paribas directly contributes to the development of the countries in which it operates and therefore is naturally integrated into the different cultures and communities concerned. The Group also takes steps to ensure that local employees gain access to senior positions within its subsidiaries and branches and intentionally restricts the number of expatriate posts.

Positions occupied by expatriate staff, of which 22% are held by non-French employees, primarily concern the global business lines of the Corporate and Investment Banking Division, and are predominantly located in major international financial centres such as New York, London, Tokyo, Hong Kong and Singapore.



(in %)	France	Europe	North America	South America	Asia	Oceania	Africa
Percentage of staff employed locally	99.85	97.25	98.53	98.14	94.80	97.85	98.54

At Group level, almost half of all key international posts are already held by non-French employees.

Human rights

With a presence in 85 countries BNP Paribas operates in a variety of political and regulatory environments. This means that the Group must take particular care to ensure respect for the principles of the Global Compact programme, of which BNP Paribas is a member. BNP Paribas has minimal exposure in relation to the 25 countries deemed as high-risk in recent publications compiled by the relevant authorities: the Group is present in only 9 such countries and staff there represent less than 1% of total global headcount. In the most risk-exposed countries, where human rights regulations are often very lax, local human resources departments apply Group rules to all employee management procedures.

Professional equality

Female employees now represent the majority of the Group's workforce. Growth in the total proportion of female employees is expected to continue in the coming years since there is a higher number of women in the lower age groups of the Bank's workforce:

Female employees as a percentage of total workforce

(in %)	2002	2003	2004
	48.4	50.7	51.5

In addition to the unprompted rise in the proportion of female employees, the Bank has actively taken measures to ensure that a greater portion of women has access to executive positions. As a result, the number of senior management posts currently occupied by women has risen to over 20%, representing an increase of five percentage points over the last three years.

This policy was taken one step further in April 2004 when BNP Paribas SA France signed a unanimous agreement with five national trade unions, setting out the applicable principles to ensure equal opportunities and treatment on all rungs of the career ladder. An analysis was carried out at the time of the agreement's signature relating to the levels of remuneration awarded to male and female employees, with comparisons based on equivalent posts, grades, and lengths of service. No significant differences between male and female remuneration for equivalent positions were identified. The agreement was subsequently endorsed by the Orse (France's corporate social responsibility watchdog), which placed it in the register of innovative practices in the field of professional equality compiled at the request of the French governmental department for professional equality.

Combating discrimination

BNP Paribas' human resources management rules, which are applicable to all Group entities, prohibit discrimination of any kind and focus on the assessment of individual performances, skills, behaviour and potential. In countries where legislation allows for positive discrimination, local branches and subsidiaries scrupulously adhere to the applicable law and regulations. In all other countries, Group rules apply.

In France, BNP Paribas is involved in a programme adopted by some companies in partnership with two organisations that aim to promote the employment of graduates from visible minorities and to combat discrimination during the recruitment process. In connection with this initiative, the Group regularly posts job vacancies on the website of these organisations.

Management rules that reflect the group's commitment

By effectively transposing into performance assessment criteria the core values and management principles defined by senior management shortly after the Group's formation, BNP Paribas has been able to provide a consistent basis for appraising employee performance and attitudes around the world.

The initiatives undertaken in the area of strategic human resources management are knit together by an integrated policy framework based on the Human Resources Department's Responsibilities Charter. By firmly putting the Group's commitment into words, these guidelines provide a framework for the socially responsible management of its employees.

The Group Human Resources directives manual describes the main roles and responsibilities of the Group's HR managers. The more detailed practice guide sets out pragmatic procedures for applying these directives on a day-to-day basis. In addition, the Group's procedures require formal documentation for certain HR-related actions, and the audit methodology distributed to audit managers by the Group's General Inspection Department also takes into account these HR guidelines.

All employees can access the Human Resources Department's Responsibilities Charter and directives manual via the Group Intranet. The across-the-board application of these Group guidelines simplifies decision-making channels and promotes local management involvement by stepping up the responsibilities of the various divisions, subsidiaries and countries. This new local-level responsibility structure began in earnest in 2004.

Quantitative and qualitative workforce adaptation

The businesses operated outside France by Asset Management and Services, International Retail Banking and Financial Services, and Corporate and Investment Banking typically draw on a younger workforce. The French Retail Banking business, however, is faced with the sizeable challenge of the predicted demographic changes to come. This issue has been factored into the Group's employment policy for a number of years.

The aims of the policy are three-fold:

- to regularly and pro-actively manage the decline in the number of posts due to IT developments and organisational changes;
- to offer opportunities and retraining to employees whose positions are eliminated;
- to provide the flexibility required to maintain high recruiting momentum and ensure effective succession management.

Succession management needs are assessed on the basis of forward-looking studies of future employee requirements, which have been conducted since the early-1990s. With these needs in mind, the Group has implemented a series of Employment Adaptation Plans aimed at accelerating natural attrition and leaving scope for the recruitment of a sufficient number of staff to efficiently refresh the age pyramid within the Group.

As in previous years, the Employment Adaptation Plan implemented in 2004 included several types of measures:

- **Internal redeployment:** the Bank systematically favours the internal redeployment of employees whose positions have been eliminated. Employees involved in redeployment programmes are provided with specific assistance in terms of mobility and retraining.

– the Group offers help in drawing up a personal development profile, provides information on available posts, and gives financial assistance in the case of relocations.

- **Support for voluntary departures:** measures aimed at encouraging voluntary departures may be applied to eligible employees, subject to approval by the relevant Human Resources managers.

Voluntary departures can be authorised for professional projects, business creation schemes or early retirement, subject to certain restrictions, including age thresholds and length of service.

The appropriateness of the Group's employment strategy has been borne out by simulations based on future numbers of retirees. By keeping recruitment at a high level and ensuring efficient long-term succession management, BNP Paribas should be able to forestall the effects of the demographic changes expected in the future.

Recruitment

Worldwide, the Group took on 7,488 new permanent employees in 2004. In France, the impact of the Employment Adaptation Plan and measures implemented to strengthen Retail Banking sales teams led to almost 3,200 new hires. This significant increase on the 2003 level meant that BNP Paribas was once again one of France's largest recruiters.

In order to maintain high-quality levels in recruitment and to meet the specific needs of the Group's businesses, hiring in France has remained predominantly centralised. This organisation allows the Group to maintain professional standards within its teams, to guarantee employee independence and to ensure that staff members comply with the codes of conduct required in each of the businesses. At end-2004 the Group had created more than

700 new remote advisory services positions at the three platforms set up in France. These client advisors were recruited on permanent contracts with a view to developing their careers within the French Retail Banking Division. These positions can therefore be used as a springboard to a career with the Bank, particularly within the branch network.

The Group receives two thirds of all job applications via its Internet recruitment site. The success of this medium prompted the Group to organise a chat room with the Head of Group Human Resources responding in real time to questions posed by prospective candidates. In an Internet satisfaction survey carried out subsequently, 76% of users felt that the initiative was a success.

BNP Paribas creates 150 new jobs in Marcq-en-Barœul

On 30 November 2004, BNP Paribas' Chairman, Michel Pébèreau, officially inaugurated the new Client Relations Centre in Marcq-en-Barœul. Following on the heels of Paris-Tolbiac and Orléans-Saran, this is the third centre set up by BNP Paribas in the last three years. This latest platform will lead to the creation of 150 new jobs in the Lille region.

A group-wide approach to career management

Performance appraisal

The management of employees' individual careers is organised in such a way as to ensure that succession plans are regularly updated.

As the system relies extensively on feedback from employee evaluations, managers have annual performance appraisals based on a Group-wide procedure. A performance appraisal guide is available on the Group's Intranet.

Career mobility

Internal recruitment has been boosted by the posting of vacancies on the Intranet site *Opportunités Carrières*, which is accessible by all employees working in France.

In Retail Banking, measures to assist employee mobility – including assistance with relocation for employees and their families – were reviewed and rounded out in 2004. The Bank's expatriation guide was also updated.

BNP Paribas awarded the 2004 Expatriation Trophy

At the 16th Avenir Export – Avenir Expat international trade and mobility fair held in Paris in May, BNP Paribas was awarded the Expatriation Trophy.

This trophy is awarded to the company that is judged to have the most innovative policy for assisting expatriate employees.

The 12-member jury consists of specialists in international business, international law, human resources and social welfare.

Remuneration

Remuneration levels are set in each country in accordance with a fair and objective system based on specific parameters including function, level of expertise and responsibility.

With the assistance of external consultants, almost 3,500 positions have been analysed and compared against external benchmarks.

Employee benefits and welfare

The Group has a long-standing employee benefit policy aimed at providing a high level of protection to its employees.

In 2004, BNP Paribas worked on harmonising its overall employee benefit procedures, particularly outside France, with the aim of ensuring greater consistency between the different local systems. Following this review, in a large number of countries defined benefit plans still in force were converted into defined contribution plans. In France, in line with new accounting standards, BNP Paribas implemented a number of specific measures in relation to the employee health insurance plan (*Mutuelle du Groupe* BNP Paribas) and pension plans which had already been closed. In addition, further to the success of the flexible personal risk plan in place within the parent company, BNP Paribas made the system available to all of the Group's subsidiaries.

For its Retail Banking operations in sub-Saharan Africa, BNP Paribas is taking all the steps within its power to improve the welfare protection of its local employees and their families. Employees in this area are provided with health insurance plans which cover the cost of medical consultations and hospitalisation for both themselves and their families.

Employee share ownership

Proceeds from the 2004 worldwide employee rights issue totalled EUR 223 million, with 49,918 employees and eligible retirees subscribing to the issue. The take-up rates of 52% in 2004 and 46% in 2003 were particularly high in view of the five-year minimum holding period applicable to the shares purchased.

A new fund has been added to the Group's Corporate Savings Plan, selected from BNP Paribas Asset Management's socially responsible investment offering.

In addition to amounts derived from profit-sharing, incentive plans and matching contributions from BNP Paribas SA and its subsidiaries, voluntary subscriptions are the main source of financing for employee share issues. This testifies to the success of the Bank's policy of encouraging employee share ownership. At 31 December 2004, some 70,000 BNP Paribas employees and former employees held total assets of EUR 2.2 billion through employee savings plans.

Promoting employee share ownership

The *Fédération de l'actionnariat salarié* (Employee Share Ownership Association) gave BNP Paribas the 4th-highest ranking out of the Cac 40 companies for employee share ownership schemes. The Group obtained top marks for the promotion of employee share ownership, shareholder communication and the functioning of its corporate savings plan.

Ongoing skills development

Skills building for employees of all ages

Training programmes are reviewed annually based on the needs expressed by the Bank's operating units. This enables managers to select training modules adapted to the skills development requirements of their teams.

The Group has a new online training management tool which enables training managers to assess needs, design an appropriate training plan and then monitor its implementation. Employees can also consult the catalogue of available training modules.

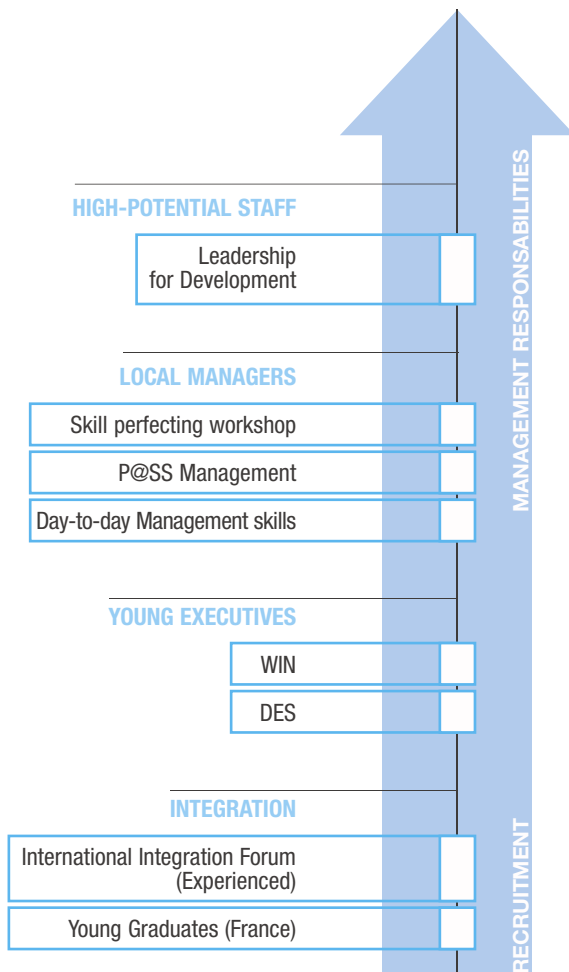
Due to their versatility and availability, online training modules make up an important part of the Group's overall training offering. English and French versions of an e-learning programme designed to help managers prepare for professional appraisals were launched in several different countries (Switzerland, Canada and Australia) and subsidiaries in 2004, with a general roll-out planned for 2005.

More than 21,000 employees attended training sessions at the Group training centre in Louveciennes. The number of training programmes rose by 8.58% compared with 2003 and the number of trainees by 2.53%.

Promoting corporate culture and change acceptance

The Group's training teams constantly develop and update BNP Paribas' suite of management training modules.

Management and Integration Programmes
More than 2,000 participants every year.



In 2004, the Group set up a new seminar designed for postgraduate students to run alongside the existing Worldwide Integration Network (WIN), which is aimed at young international managers. The Group also designed a new seminar in 2004, called Leadership for Development, targeted at high potential managers. The course shows participants how to implement an individual career development plan in conjunction with their HR manager and direct line manager.

The Group now offers a comprehensive range of management seminars which are held at the BNP Paribas campus in Louveciennes. Each year, the seminars are attended by more than 2,000 employees from all business lines and regions.

BNP Paribas also encourages its employees to share and impart knowledge by partnering with academic institutions. A number of managers and experts in a variety of fields contribute to courses run by universities and professional training institutions.

Constructive employer-employee relations

The Commission on Employment Law – BNP Paribas SA's labour information and negotiation body – met on 29 occasions in 2004 and negotiated the signing of 17 company agreements relating to a wide variety of subjects including salaries, social welfare, male-female equality in the workplace and training.

The Group also holds discussions with employee representative bodies that are more familiar with the situation at ground level. A network of 104 local works councils enables issues to be handled at the appropriate level.

Lastly, the Group also has a works council made up of 25 representatives from the French subsidiaries, and a European Works Council, which was expanded in 2004 to include representatives from the 25 countries in the new enlarged European Union.

Optimal and safe working conditions

A variety of working hours structures

BNP Paribas SA offers its employees a wide range of possibilities in terms of working hours. More than 12% of its employees has opted for one of these formulas. In addition, 21% of employees have Time Savings Accounts which they can use to "save" additional time worked for time off at a later date.

Health in the workplace: support and prevention

Promoting occupational health and work safety is a key concern for the Group.

Any employee can call on an employee support representative for advice and guidance, or to talk about any problems they may have. These representatives are professionally bound not to divulge information discussed in meetings with employees but the alarm may be raised in individual situations that give cause for concern.

BNP Paribas has also set up a number of its own initiatives which go beyond the statutory requirements. The Group offers cardiovascular risk screening, monitoring of vaccinations, help with giving up smoking, training in first-aid and, in partnership with the Paris accident and emergency services, prevention and monitoring of post-traumatic stress for staff who have suffered or witnessed an attack.

With a view to preventing risks through the improvement of working conditions the Group also pays attention to areas such as ergonomics, lighting and office sanitation. The advice of the medical department is systematically taken on board before equipment is brought into the workplace and the specifications accompanying invitations for tender for IT equipment always take into account medical recommendations.

At the same time, steps have been taken to promote health and safety at work for expatriate workers. These initiatives include the establishment of health reviews adapted according to age group and to the specific health risks of the countries concerned. For example, personalised information on SARS has been sent to employees originating from, or working in, Asia.

BNP Paribas is a member of the Sida Entreprise Association (a business-funded association focused on Aids). The aim of this association is for French investors in Africa to help resolve ongoing issues of prevention and lack of access to treatments, problems that remain prevalent despite the financial aid that has been injected into the countries suffering from the Aids pandemic. BNP Paribas actively supports the platforms set up in Gabon and Burkina Faso in 2004.

Encouraging communication and feedback

The role of Intranet in internal communications

The Group's internal communications publications – the quarterly magazine *Ambitions* and weekly electronic newsletter *Flash Group* – are sent to more than 90% of the Group's employees in both English and French, and continue to represent a resounding success. These two publications are rounded out by specific internal communication tools adapted to each business or function, which allow for a more targeted message.

The publications are used to promote awareness of social and environmental responsibilities across all business lines.

At the beginning of 2004 access to the B2E portal was expanded. This personalised work environment is now available in a number of versions, in French or English, and gives employees access to relevant and structured information which is tailored to their business line, geographic location and/or subsidiary. Aside from the various pages that are available for employees to view, peer support groups have been established to encourage staff to learn and exchange information specific to their business and therefore build group-wide relationships.

Regular employee surveys

As part of an overarching management monitoring plan, BNP Paribas SA has conducted employee surveys on a regular basis since the 1990s. These surveys enable the Group to gauge general morale within its main entities and the information is passed onto unit heads to help them to orientate their management strategies.

The survey carried out in early 2004 revealed that the level of employee satisfaction and motivation in France is significantly greater than the general national average, as measured over the same period by independent research institutes.

Encouraging employee suggestions

The structure used to integrate the suggestions of staff working for BNP Paribas SA is called *Étincelle*. Under this organisation, local committees approve proposals which are applicable at the local level, and a national team reviews and validates proposals that have a possible bearing on the organisation or IT applications of the Group as a whole.

2004 saw a rise in the number of suggestions put forward, thanks to contributions made by staff at the recently created Client Relationship Centres. Proposals receiving the highest bonuses

in France – those that apply on a national level – are also on the rise, reflecting the quality of the proposals being made.

Partnering employees involved in charitable work

The BNP Paribas Foundation, the Group's vehicle for corporate patronage, develops partnerships in cultural, medical and humanitarian areas. While the Group does not seek to steer the commitments of its employees, it is eager to offer support to employees involved in charitable projects through a grants programme run by the Foundation, called *Coup de Pouce au Personnel*.

As in 2003, requests for grants in 2004 centred on the theme of underprivileged children. Assistance took the form of donations of IT equipment and vehicles adapted for young disabled people, as well as help with event organisation.

In France, thanks to the efforts of its employees, the Group was one of the largest contributors to the "Christmas Meal Voucher Appeal" launched by the *Restos du Cœur* association.

Stock market and finance industry telethon

BNP Paribas held on to its position as no. 1 contributor to the stock market and finance industry telethon in 2004, with 375 runners representing BNP Paribas out of a total of 1,282. Group employees completed 9,229 circuits of the Bourse in Paris out of a total of 31,671 circuits run in relay over a 24-hour period. This impressive achievement raised a total of EUR 450,000.



RELATIONNES WITH CLIENTS

Listening to our clients

Anticipating client expectations

BNP Paribas created a consumer surveys unit in early 2004 to bring together in a network the various Group entities specialised in market studies on Retail Banking and Specialised Financial Services, in the fields of housing, consumer spending (with the annual Cetelem "Observer" publication) and the car industry (with the monitoring of the corporate fleet market by Arval Service Lease).

This new structure should offer synergies leading to a better understanding of the different consumer profiles and retail channels, and to more accurate measurement of levels of satisfaction. It will be possible to devise advanced indicators on changes in consumer behaviour and purchasing cycles across several markets, boosting the Group's ability to update its products and services offerings with targeted innovations.

Measuring satisfaction

Several new systems were set up in 2004 to assess the satisfaction of the six million clients of French Retail Banking.

Surveys were designed in order to measure the quality of service perceived by clients following the launch of recent systems, such as the Client Relationship Centres and the Corporate Business Centres.

In addition, the annual individual client satisfaction barometer was separated out by operating entity, so that each one can use the responses of some 50,000 clients as a tool for local-level improvement. Local managers can thus adjust their coaching of sales teams based on new indicators.

Knowing our clients

In 2004, the Group completed the roll-out of processes designed to focus all of its capabilities on developing personalised relationships with each of its customer segments, such as Multichannel Retail Banking and the network of Business Centres in France and the Coverage global business.

When the Group enters into a relationship with a new client, it has a special opportunity to get to know that client's circumstances, needs and expectations; it also has a definite responsibility, in terms of ethics and compliance, to identify the type of products and services that this client should be offered, based on the person's wishes and appetite for risk.

Towards this end, more stringent procedures were implemented for new clients in Corporate and Investment Banking, with the guidance of ethics and compliance specialists in the division and its businesses, to ensure full compliance with stricter legal requirements that came into force in 2004.

Similarly, Cetelem decided to launch an advertising campaign in which it proclaimed its determination to develop consumer credit while fighting overindebtedness.

Cetelem: building trust in credit

Cetelem uses advanced client rating techniques, and in its recent advertising campaign the company boldly decided to discuss its growth objectives as well as its ability to say "no". By rejecting 30% of the applications it receives, Cetelem protects those who would clearly not be able to pay back their loan.

This healthy selectiveness maintains the quality of the company's risks, reflected in the fact that 98% of its loans are repaid in full.

"No one is more directly concerned by the issue of overindebtedness than Cetelem and we want to be a responsible economic agent", declared the company's Chairman as part of this campaign, which garnered considerable media attention.

GLOBE PROJECT

Four Continents United in an Online Library Project



Gerard L. Hanley

Executive Director

MERLOT - Client of Bank of the West

What student hasn't dreamed of having a database which is complete, pertinent, accessible and at the same time easy to use? The GLOBE project (Global Learning Objects Brokered Exchange) is in the process of creating just that. Born out of an international alliance spanning Europe, Australia, Canada, the United States and Japan, GLOBE's objective is to design a consortium of online learning services and tools to serve students and teachers alike. *"We found that we were all trying to solve similar problems at the same time and in different parts of the world."* GLOBE's founding members set out from a single observation – that technology has allowed a multitude of individuals and organisations to put a large quantity of content online, but also that potential users are yet to be able to access relevant content with ease. Thus GLOBE is looking to set up an online *"distribution network"* to render its digital libraries as accessible as possible. In point of fact, to avoid letting masses of multimedia educational resources lie dormant or lost somewhere in the vast recesses of the Internet, ease-of-usage is one of the main challenges. Therefore, GLOBE is using technological standards resulting in flexible and meaningful research and circulation of information. Enabling the growing community of digital libraries to deliver their collections through the GLOBE network easily and reliably should begin by 2006.



Quality programme

A loyalty-building lever

Studies show that there is a strong correlation between clients' perception of service quality and their loyalty – the latter being a major component of a profitable relationship in Retail Banking. Enhancing quality therefore naturally fits into the Group's strategy and provides a framework for its sales initiatives.

Integration with management

In 2004, employees' annual evaluations included two new criteria measuring each person's contribution to this satisfaction-raising process.

Similarly, two new indicators were introduced for measuring the sales performance of Retail Banking entities: individual client satisfaction, measured at the local level, and client loyalty. These steps reflect the Group's determination to make quality assurance a practical ingredient in the management of its sales performance.

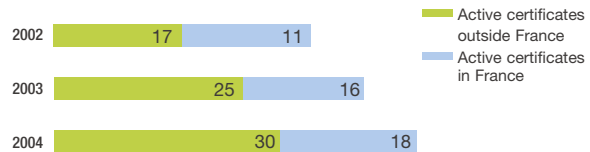
For the purpose of raising quality, some processes have been reorganised "from end to end", in order to streamline processing and improve both reliability and treatment time. This overhaul, which relies on workflow software that coordinates the work of multiple players, often involves centralising capabilities into dedicated centres of expertise that can handle client requests. The treatment of successions and the management of individual mortgage loans were reorganised along these lines within French Retail Banking in 2004.

An extensive search for certification

The constantly renewed search for customer satisfaction has led to upgrading approaches to sales and process management, and also to seeking out the most relevant external certification for the business concerned.

Thus the number of ISO-certified French operations expanded within Cetelem, Cortal Consors, BNP Paribas Partners for Innovations, as well as at Cardiff locations outside France in 2004.

With 48 active certificates evenly spread across its core businesses at the end of 2004, BNP Paribas is one of the banks that have taken the ISO 2001 process the furthest.



French Private Banking's discretionary asset management operations were granted an unqualified ISO 2001 certification, a rare accomplishment seen in only 10% of certifications.

BNP Paribas Factor, the Group's factoring subsidiary, also received exceptional certification in 2004, because its scope encompassed all of the company's operations. This quality mark was achieved thanks to a determined collective effort by BNP Paribas Factor teams.

Further, the Group Information Systems (GIS) function obtained several certifications under the Capability Maturity Model (CMM).

GIS Software Engineering Department certified under Capability Maturity Model level 2

Following the development of Atlas in February 2004, all GIS Software Engineering and Development Departments were granted CMM level 2 certification in December 2004.

The CMM model is the international benchmark for process quality in IT development and maintenance. This was one of the first times in Europe that an entity of this size obtained this level of certification.

Dialogue with consumers

Additional resources for better dialogue

To further the work of the experts in the Quality and Consumer Relations Department, French Retail Banking also built a network of over 100 consumer relations managers. These local correspondents available in each grouping of branches were given a specific 3-day training session. They follow documented processes and use specialised assistance and reporting software, integrated into the Group Intranet that allows them to directly answer the majority of questions asked.

Constructive dialogue

The team of experts maintains a constructive dialogue with the main consumer rights groups, such as Adeic, an association dedicated to defending, educating and informing consumers. The team contributes actively to the work of various advisory bodies, such as the Advisory Committee on credit and securities or the National Council on consumer issues.

Thanks to these constant exchanges, it is often possible to avoid misunderstandings and to anticipate changes in regulations.

As an example, the issue of banking fees was publicly debated in 2004 – the French government stepped in, consumer rights groups played a much more prominent role than previously and the media dealt with the issue at length. BNP Paribas found itself in the position of being a forerunner for the advocated changes:

BNP Paribas, a forerunner in the area of fair banking fees

- **Clarity:** a standardised format for presenting banking fees
- **Transparency:** terms of account agreements and rates publicised
- **True competition:** no account closing fees
- **Elimination of excessive fees:** ceiling set on penalties for bounced checks

The Mediator's role

BNP Paribas charter of banking mediation goes beyond the legal requirements set by the Murcef Act of 11 December 2001 and the industry standards defined in the French Banking Federation Charter. BNP Paribas charter specifies that the Mediator's opinions are binding upon the Bank and that any deadlines are extended for the duration of the mediation process; it also details the ethical rules applicable to the Mediator's work and the different steps in the mediation process.

Against a backdrop of public debates on banking fees in 2004, most retail banking networks saw an increase in complaints. However, BNP Paribas SA's number of client complaints was virtually unchanged (down 0.34%) from the previous year.

Of the 2,609 complaints received, 1,411 qualified for mediation. Of the latter, 947 were resolved locally and 464, including 9 filed by consumer rights groups, were reviewed by the Mediator and gave rise to an opinion.

Thanks to the higher professional standard that has been brought to the quality assurance and consumer relations process, an appropriate response can be provided to dissatisfied clients asking to be heard and to have their issue competently resolved. Procedures for handling these complaints aim to seize these opportunities for direct contact and redefine and strengthen the relationship with dissatisfied clients.

Looking after the specific needs of each client category

Partnering entrepreneurs

With more than 75,000 recently created companies among its clients and 45,000 accounts opened each year by entrepreneurs and professionals, BNP Paribas is firmly committed to helping those who have the will and the skills to bring to completion their vision of starting a business. BNP Paribas currently has over 20,000 outstanding investment loans to small and recently established companies, representing a total of over EUR 2 billion.



BNP Paribas makes its know-how and appropriate technical capabilities available to help entrepreneurs finance and launch their project. A certain number of partnerships provide further assistance.

In 2004, BNP Paribas joined forces with the Chambers of Commerce and Industry (CCI) network to set up *Entreprendre en France* (CCIEF - Creating your own Business in France), a support mechanism that helps entrepreneurs clear administrative hurdles in setting up their business.

Similarly, BNP Paribas is the only bank that is partnering the French association of chartered accountants in organising the Cré'Acc competition and award that supports innovative new businesses. Following a successful beginning in the Paris area, this competition was extended to all of France in 2004.

BNP Paribas is one of the banking partners entrusted with granting the business creation loan launched by the Ministry of Finance. The Group also takes part in forums and events such as the entrepreneurs' fair, the *Espoirs de l'économie* competition, the *Planète PME* fair for SMEs or the micro-companies' fair, giving advice to entrepreneurs.

Making sales facilities and services accessible to all

Going beyond applicable regulatory requirements, BNP Paribas has taken measures to facilitate access to its branches and ATMs by disabled persons. A methodological guide on accessibility was produced with the help of a specialised consulting firm and was distributed to all persons involved in the interior design of sales facilities and the installation of ATMs.

Particular care was devoted to the design of ATMs to make them easier to use:

- keyboard keys are raised to make it easier for the visually impaired to locate them;
- a raised dot on the "5" key clarifies the position of all keys;
- function keys are in colour and have a raised icon;
- in more than 1,000 ATMs, the displays on the card input slot as well as the banknotes and receipt distribution slits are in both text and Braille.

To facilitate access to the Group's websites to persons with visual or motor impairments, the recommendations of the Word Accessibility Initiative (WAI) have been integrated into site design and development under the leadership of the Group ergonomics expert within GIS.

Since March 2004, BNP Paribas's recruitment sites (www.recrutement.bnpparibas.com and www.careers.bnpparibas.com) meet the level 1 compliance standard for accessibility defined by the World Wide Web Consortium (W3C).

Promoting socially responsible investment

Increasingly aware investors

Investors are more and more concerned about the social and environmental responsibility of companies and wish to be able to assess the potential impact of such issues on the performance of their investments. Because BNP Paribas Asset Management seeks to promote the long-term value of its investments, it has developed recognised expertise in this area and offers a complete range of products that systematically take into account considerations related to sustainable development and corporate governance.

Analysis based on non-financial criteria

BNP Paribas Asset Management carries out in-depth research to identify potential sources of value creation or destruction by encompassing issues of corporate governance and corporate social and environmental responsibility. This non-financial analysis rounds out standard financial analysis by shining a light on how companies handle the issues related to sustainable development, in terms of the commitments they undertake, the resources they deploy in the field and the results they obtain.

This research is designed with a view to value creation, and it relies on the use by analysts of appropriate analytical grids, that include assessment criteria based on the specific challenges of different industries. As an example, compliance with fundamental labour rights

by the company and its suppliers is a major issue in the textile and electronics sectors, while emissions of greenhouse gases and risks related to climate change receive priority treatment in assessing the energy, electricity production, transport, insurance and building materials industries.

Like financial analysis, research on non-financial aspects is conducted by a team of specialists. It allows comparisons of companies within a given industry and yields industry rankings based on the different criteria studied. These analyses are regularly reviewed and systematically integrated into management processes.

Such extra-financial analysis, supported by direct contact with companies, is rounded out by the work of ratings agencies and by brokers' reports. In addition to this system, a permanent monitoring process seeks to detect the possible emergence of critical situations that could lead to valuations being revised following developments in current events.

Exercising voting rights

For BNP Paribas Asset Management, the exercise of voting rights is an integral part of the management process, as a component of the ongoing dialogue with companies in which investments are made on behalf of clients.

The voting policy reflects the principles of governance set out in the key international codes and standards. All mutual funds both in France and outside France exercise their voting rights at AGMs. The voting process is based on an analysis of draft resolutions and decisions are applied through electronic voting platforms that allow secure processing.

Research and management teams

BNP Paribas Asset Management deploys one of the largest teams in France, with nine experts – four non-financial analysts, four asset managers and one products specialist. Non-financial analysts work closely with financial analysts, regularly exchanging points of view on the companies

and industries they study. The results of financial and non-financial analyses are presented to all asset managers and are systematically taken into account in building portfolios focusing on sustainable development and corporate social responsibility.

A top-rated range of products

In 2004, BNP Paribas Asset Management confirmed its place as the French leader in socially responsible investing, with over EUR 1 billion in assets under management.

The company offers a range of equity, fixed income and diversified funds with risk profiles and investment horizons tailored to the needs of private individuals, companies and institutional investors.

The Philéis employee savings plan offer distributed by BNP Paribas Épargne Entreprise includes two solidarity-focused funds. It was awarded a quality label by the Trade Unions Advisory Committee on employee savings.

Very highly rated funds

In the latest *Panorama study of socially responsible mutual funds* issued by Novethic and Amadeis, BNP Paribas four socially responsible funds included in the ranking all obtained the highest mark, aaa.

Vendor-customer relations

In implementing an industrial approach to its production processes, the Group has chosen to retain control over the core competencies in each of its businesses. Its operations have therefore remained very integrated, making limited use of outsourcing but relying on many outside vendors for products and services that are not central to the business.

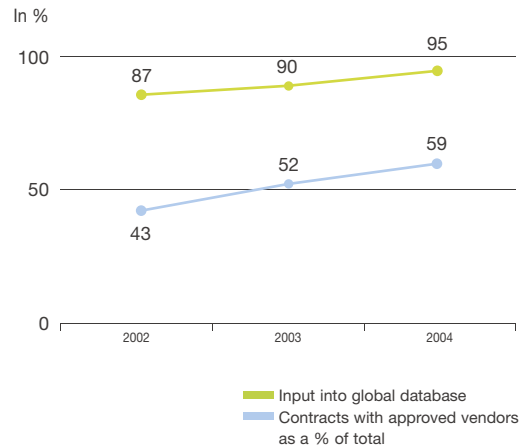
Going against the grain of the widespread trend towards outsourcing of information technology functions, BNP Paribas opted in 2004 for a novel solution, by creating a joint venture with IBM France to meet the Group's IT processing needs. This strategic alliance answers the need to retain control over technology while reducing IT costs, and it preserves a leading-edge centre of excellence.

The Global Procurement Group (GPG) drives relations with key suppliers worldwide. When renegotiating expired contracts or issuing new tender offers, GPG systematically promotes social and environmental clauses. Its role was further broadened in 2004 thanks to the development of Internet-based training and information tools for use by the 2,500 global correspondents of the Procurement function.

The growing efficiency of this system is reflected in the following trends:

- the rising rate of input into the global database by the supplier accounting departments of Group entities;
- the rising share of expenditure with vendors approved by the Procurement function within the total expenditure in the database.

The coaching role that the Procurement function plays both in-house and externally makes it a powerful catalyst for greater awareness and for stronger integration of responsible behaviours by all economic agents.



Arval and its client the insurance company AGF decided in 2004 to form a partnership around the issue of sustainable development. Both partners, being signatories of the UN Global Compact, undertook to collaborate in seeking mutual advice in 4 areas:

- protecting the environment, by selecting vehicles based on their CO₂ emissions;
- controlling costs, through the use of appropriate management tools;
- promoting safety by choosing suitably equipped vehicles;
- educating staff and others by drafting technical sheets and best practices charters.

To broaden its appraisal of the social and environmental responsibility of suppliers, the Procurement function relies on the capabilities of BNP Paribas Asset Management's team of non-financial analysts. Its work outside France intensified considerably in 2004 with finalisation of the reporting protocol that will feed into the future environmental management system.

QATAR



GAS



Sixty Partners Fund the Biggest Energy Deal in History

Abdulrahman Al-Shaibi

Project Financing Director

Qatar Petroleum - Client of BNP Paribas - Doha

This represents one of the largest financial operations of all time: USD 12 billion to supply the United Kingdom with liquefied natural gas (LNG) from Qatar. This gargantuan project, baptised Qatargas II, was elaborated by Qatar Petroleum (70%) and Exxon Mobil (30%). The project encompasses the extraction of LNG, its shipment to Europe, its storage, and finally its processing – regasification – in the UK. Qatargas II “entailed a complicated and innovative financing strategy” and it was down to BNP Paribas to coordinate the efforts among the various banking and financial institutions for successful closing of the financing. It goes without saying that no single company, even a multinational, would have had the wherewithal to shoulder such a project alone. In total, 57 institutions from a wide variety of horizons are helping to fund the project to the tune of USD 7.6 billion. Contributors include commercial banks, Islamic banks, private investors, export credit agencies etc. “Working with such a large number of institutions within a highly complex legal, technical and financial framework represented an enormous challenge for us.” However, the project is now well and truly off the ground – work got underway at the end of 2004. The first deliveries to the heart of Europe, where demand for natural gas is expected to spiral over the coming years, are planned for 2007-2008.



IMPACT ON THE NATURAL ENVIRONMENT

A small “ecological footprint”

The first CO₂ survey

One of the avenues for fighting global warming is that companies are expected to control their emissions of greenhouse gases. BNP Paribas devised, with the help of expert consultants, a methodology to estimate emissions of greenhouse gases – mainly carbon dioxide – resulting from its operations. The survey involved converting all forms of energy consumption within the Group into a common unit, kilograms of CO₂ equivalent, which allows a clearer identification of key issues and better control over these emissions.

A substantial scope

This survey took into account data on electricity consumption in buildings, business travel of employees by car, train and plane, as well as commuting between the home and office, and the distribution of documents and internal mail within the network. Because only partial data were available at a global level, the first CO₂ survey was restricted to France, with a sufficiently substantial scope to allow meaningful comparisons with other players in the same industry.

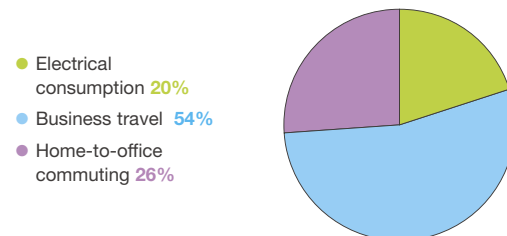
The calculation methods used aim to include the emissions generated by the production, transportation and consumption of energy sources. For liquid fossil fuels, the methodology calculates emissions related not only to their burning but also to the extraction, shipping and refinement of the fuels from the standard crude product. For electricity, the type of primary energy used by the producer was taken into account. Further information on measurement methods and their error margins is provided under point 7 of the Summary table relating to the NRE Act.

Small margins of reduction

The findings of this survey confirmed earlier estimates and showed that the Group has a light ecological footprint, as shown by its emissions level of less than 2.4 tonnes of CO₂ per full time equivalent employee in France.

This emissions level compares favourably with results published by several of BNP Paribas major competitors. Although these data are still subject to inevitable margins of error and should be used with caution, analysing them highlights those operations which have the strongest effects.

Consolidated data: estimates for France
in kg of CO₂ equivalent per employee



Professional trips thus seem to be the principal source of emissions. These trips are for the most part justified by necessary contact with clients, business negotiations and project studies. They have for many years been the focus of a stringent cost-reduction policy that has caused the number of trips to be optimised and many in-person meetings to be replaced by teleconferencing and videoconferencing. Where feasible, train transportation is encouraged and plane travel is subject to documented approval procedures. Because this system has already reached a considerable level of effectiveness, and considering the Group's continuing development of its operations, there is little prospect of finding substantial potential for reduction in the short term in this component of CO₂ emissions sources.

The same applies to commuting by car, which also has a substantial impact. Despite measures aimed at encouraging the use of public transport, the amount of car trips is unlikely to decrease significantly in France in the coming years. One reason for this is that due to reorganisation in the back-offices of French Retail Banking,



employees were offered incentives to accept short-distance transfers that did not require moving to another home.

As part of the Group's long-standing commitment to cost control, the energy consumption of buildings appears to be tightly controlled. The main avenues for raising the Group's environmental efficiency will therefore involve installing better-performing new technology at the time of building renovations or construction, and when equipment is up for replacement.

These early computations of CO₂ emissions will be expanded to a global scope, using more detailed tree-structure processes that will make it possible to reduce the margins of error that are still high for some data.

Using all available levers for improvement

With a view to implementing the principles of the United Nations Global Compact, the Group has adopted a set of operating guidelines on environmental responsibility.

Mitigation of environmental impacts

The Group's real estate management departments take a number of measures on a daily basis that aim to reduce the energy or raw materials consumption of buildings. As an example, open loop air conditioning systems are gradually being replaced by closed loop systems. In 2004 a closed loop system was installed, despite its higher cost, during the renovation of the headquarters building of BICI of Burkina Faso.

One avenue for mitigating environmental impacts can be through agreements with other stakeholders. For this reason, BNP Paribas has reached an agreement with CFC, the French organisation managing copyrights on books and press articles, under which it is allowed to copy articles in the form of a press review that is distributed in electronic form on the Group

Intranet. Each employee can read these articles online and printed copies have become an exception.

Meunier is also involved in an effort to mitigate the impacts of its real estate activities, through the gradual implementation of the High Environmental Quality (HEQ) standard in most of its operations. Meunier's business real estate arm maintains close links with the HEQ association and with the Scientific and Technical Advisory Centre for the French building industry, and takes part in many industry forums on the issue of environmental quality.

Meunier Habitat was recognised in 2004 as the first developer in the Paris area to achieve certification under the "environmental housing" criteria of the HQE standard for apartment buildings aimed at first-time buyers, with its "Le Ténor" complex in the Western suburb of Courbevoie.

The Nature Conservancy

Since 1991, Bank of the West has been a partner of the California chapter of The Nature Conservancy, a nationwide non-profit organisation which dedicates its resources to protecting natural diversity by purchasing and managing environmentally exposed lands. Bank of the West has created a specific type of account to collect contributions from clients as well as its own donations. These accounts generate service fees, which the bank then transfers to The Nature Conservancy. This partnership has financed Nature Conservancy projects throughout California, with more than USD 3.5 million collected since its inception.

Compliance

The Corporate Facilities Management Department is responsible for ensuring that buildings are managed in accordance with the technical regulations applicable in France. Towards that end, it issues technical guidelines for use by facilities managers.

Outside France, real estate guidelines are drafted by the Global Procurement Group (GPG) based on the most stringent regulations of all countries where BNP Paribas operates. Construction and renovation projects are validated based on these guidelines and the buildings of newly acquired companies are audited by GPG.

In accordance with legal requirements, Arius, BNP Paribas subsidiary specialised in IT equipment leasing solutions, has developed a strict policy for managing the end of its products' life cycles. When equipment recovered at the end of a contract is examined and tested, there are three possibilities. If it is in workable condition, it is sold on the second-hand market. If it is not, the equipment is either disposed of by an approved vendor or taken apart to yield spare parts that will be used by maintenance companies. To prepare for the upcoming translation into French legislation of the EU directive on waste of electrical and electronic equipment (WEEE), Arius chose a partner that has been approved by regulatory authorities, is ISO 14001 certified and is a member of Recycling Network Europe (Rene).

Conservation of energy and raw materials

Despite the sharp upturn in the Group's business in 2004, the increase in electricity consumption remained under control at 8.7%, and part of this expansion was due to an enlarged scope of measurement.

Several electronic document management projects launched in 2004 will lead to very substantial savings of paper. The two largest of these, on external and internal documentation for Retail Banking in France, will make it possible to save some 150 million pages per year beginning in 2005.

Arval, the Group subsidiary specialised in leasing and managing vehicle fleets, has implemented, as part of its sustainable development strategy, measures to promote the use of recent vehicles that generate lower emissions and are fitted with fuel-saving systems such as cruise control. As a result, the vehicles in the fleets it leases are less than three years old. The company has also issued practical guides to raise the awareness of drivers concerning simple practices that can help protect the environment.

BNP Paribas also provides funding for wind turbine projects on all continents and sets up financing arrangements to build the necessary infrastructure for geothermal energy to be usable.

Contracts signed in 2004 for the funding of wind turbine farms in Europe and Asia represented a total amount of EUR 850 million.

Supplier selection

Supplier selection is a central feature of the Group's environmental policy. The procurement function systematically promotes clauses related to social and environmental responsibility in its contracts with suppliers. It also devotes particular attention to the environmental rating of key suppliers that are assessed by non-financial rating agencies.



Partnership with Boise Cascade

BNP Paribas has set up a partnership with Boise Cascade, the distributor of office supplies and computer consumables for its principal entities in North America, with the aim of measuring and increasing the proportion of recycled products it uses. Thus BNP Paribas selected a number of products containing a substantial share of recycled components and gave these preferred products place of pride within the catalogues used by the community of purchasing managers.

For its part, the supplier undertook to provide analyses of consumption patterns for these products and to report on the Group's positioning in relation to other US companies served by Boise Cascade, in order to highlight any deviation and possible avenues for improvement.

Waste management

Not all environmental impacts can be managed upstream of the processes giving rise to them. Paper waste and toner cartridges are two areas in which a number of initiatives have been deployed and are being gradually rolled out.

The very year of its launch, in 2004, collection of printer toner cartridges in conjunction with Conibi, an industry association, yielded very strong results with over 8,800 cartridges collected. Some sites, such as Private Banking or the Group's training centre, are already collecting 100% of their cartridges, as are the Morocco and Hong Kong subsidiaries.

Paper collection for recycling also expanded in 2004, reaching 4,700 tonnes. It will continue to be developed in France and other countries. As an example, Arval has set up daily segregated waste collection at its new corporate head office.

Bank of the West is an investor in and a founding member of the California Environmental Redevelopment Fund, LLC (Cerf), a grouping of Californian institutions lending to and investing in projects to clean up and remediate contaminated sites in order to make them usable again. Cerf was the first organisation of its kind and has now become a nationwide model. By cleaning up contaminated and damaged areas, it helps participant institutions fulfil their function, whether that be economic development, environmental protection or public health. Cerf focuses on financially viable projects in both urban and rural areas that create or preserve jobs for local residents, while providing affordable housing for underprivileged communities. Over the past three years, Cerf has invested in twenty projects, for a total outlay of USD 33.4 million. The Chairman of the Board of Cerf is an executive of Bank of the West.

A consistent management system

Risk management

Environmental risks are integrated into the analysis process for credit and operating risks. In its credit risk management process, updated in 2004, the Group recognises that it must identify and assess environmental risks. The Group lending policy has been translated into specific policies for some business lines. The Group rating policy for corporate financing provides a framework for factoring environmental risk data into rating models.

When the financing of large-scale projects is considered, the due diligence stage includes an audit of the social and environmental consequences of the project, which assesses the project's environmental impacts and their possible consequences on its operation and viability.

To meet the need for hedging expressed by companies exposed to environmental risks, the Group trades on specialised energy and raw materials markets, as a result of which it is able to create financial derivatives. Thanks to its active trading in these markets, BNP Paribas is able to provide its clients with hedging instruments offering competitive conditions.

Cost containment

Aiming to offer the best possible services at the most competitive prices, cost containment is a key success factor in the Group's strategy of profitable growth. Efforts to limit all forms of consumption are fully in line with management accounting objectives, and environmental indicators have rounded out the management criteria used on the Intranet of the GPG function by its 2,500 correspondents in all Group entities.

Efforts previously undertaken to reduce energy and water consumption at certain sites continued in 2004. The process of decommissioning generators located in the inner suburbs of Paris also continued apace. More stringent procedures have been set up with regard to the use of certain types of office supplies, such as printer toner cartridges, which has a direct effect on reducing paper consumption. The Group's survey on measuring and analysing its CO₂ consumption has helped identify the principal discrepancies among entities and has provided a platform for streamlining consumption.

Raising employee awareness

To ensure the success of environmental initiatives, a sense of personal responsibility for compliance in this area needs to be fostered among Group employees. Towards this end, the key internal communication channels – including the Intranet, the Ambitions in-house newsletter as well as conventions and other internal events – were geared towards promoting the Group's environmental responsibility.

Particular attention was devoted to raising environmental awareness within the Global Procurement Group (GPG), in which each employee's individual objectives were redesigned to include steps contributing to sustainable development.

In addition to its role in launching the Enhanced Analytics Initiative, BNP Paribas Asset Management takes an active part in the work of the Institutional Investor Group on Climate Change (IIGCC) on the building materials industry. This work aims to identify those industry players that have made the greatest strides in terms of energy efficiency and will therefore be in a better position to weather the introduction of CO₂ quotas, with the investment risks that they entail.

Efficiency of Internal Control

The General Inspection Unit and the Sustainable Development function completed in 2004 the design of the Group's audit methodology on environmental responsibility, which makes it possible to assess qualitatively the extent to which all audited entities take up Group environmental procedures and standards.

The General Inspection unit is the keystone of the entire system. Reporting directly to the Chief Executive Officer, it enjoys complete independence in the way it applies this audit methodology, without limitation across the entire Group.

ADIE

A non-profit organisation providing micro loans for business projects

A Chain of Solidarity to Fight against Exclusion

Ben-Anna Padmore

Manager

African Beauty Salon - Client of BNP Paribas - Bourges (Central France)

Since 15 January 2005 the African women of Bourges and the surrounding areas no longer have to make the long trip up to Paris to find specialist skin treatments and stylists able to tackle the latest Afro hairstyles. They now have Ben-Anna Padmore's hair and cosmetics salon. Despite having "solid market research" to support her case, it took the young woman of Afro-American and Liberian descent over a year to get the go-ahead on the project - "having been rejected by the banks, I found out about Adie when I was out shopping one day". Things moved pretty fast after that. Being convinced of the merits of such a project, Adie proposed a loan of EUR 7,500 and the beauty salon opened its doors just one month later. "But it didn't stop there - Adie continues to offer me advice and support on all sorts of levels - on administrative and accounting questions for example." Since 1989 Adie has been applying, in France, the micro-loan principle - a scheme initially developed in the third world - by rallying the support of a chain of partners, including banks (with BNP Paribas from the start), the Government, local authorities, the European Union, as well as private donors. The average loan organised by Adie amounts to around EUR 2,000, and the results speak for themselves: in fifteen years close to 25,000 companies and 30,000 jobs have been created. And "a small corner of African cheer" has been brought to the heart of Bourges.





ART THERAPY, BNP PARIBAS SWITZERLAND FOUNDATION

A PARTNER IN SOCIETY

BNP Paribas seeks to develop partnerships not only with economic actors but also with representatives of the manifold components of society. The French Retail Banking network listed all its active partnerships in 2004, and the total number reached 900, which illustrates the depth of the Group's involvement as a partner in society.

A firm commitment to developing microcredit

BNP Paribas decided to deepen its commitment to providing micro loans to the unemployed setting up their own business, including those who have experienced long-term unemployment, by strengthening its partnership with Adie, a non-profit association specialised in this area.

BNP Paribas support for Adie covers the following four aspects:

- granting Adie a credit line of at least EUR 2 million, which will allow the financing of at least 1,000 projects;
- undertaking to cover 30% of the association's credit risks;
- helping finance the cost of assistance to the newly created companies, up to a total amount equal to 10% of the funds made available to the association;
- opening bank accounts for any entrepreneurs who do not yet have one, as soon as their application has been accepted by Adie, and enabling them to benefit from the associated banking services. Each of the 100 local Adie offices has a designated correspondent BNP Paribas branch responsible for helping it implement the system.

This partnership is a strengthening of the links with Adie that the Group began forging in 1993. Since its inception, this association has granted 25,000 loans to unemployed persons. Results have been positive as 94% of loans granted are paid back and 64% of the companies created with the help of an Adie loan are still in business after two years. This is a higher success rate than the average of new companies set up with conventional loans. In addition, the Group subsidiary Cetelem created its own partnership with Adie in 2004, the aim of which is to transfer experience and know-how and to develop a decision-making tool.

Group entities have also entered into partnerships with microcredit institutions outside France, particularly in West Africa, where the associated banks took up shares in BRS, the regional solidarity bank created under the auspices of the central bank of West African States, to provide a framework for micro loans in the region.

BICI in Guinea has for several years played a key role in this field by developing, with the help of the French Development Agency (FDA), a partnership with Crédit Rural, a local player in the field of micro loans. As part of this partnership, the BNP Paribas subsidiary offered a refinancing credit line to the micro-lending institution and provided access to direct financing for former microcredit borrowers once they qualified for standard credit.

In Morocco, micro loans are developing rapidly, spurred by government support. BMCI is directly involved in this movement, as it provides medium- and long-term credit lines to Al-Amana, one of the two largest local microcredit institutions.

Several projects for strengthening these partnerships outside France will be finalised in 2005, against the backdrop of the United Nations initiative of designating 2005 as the International Year of Microcredit.

Social insertion through sport

A majority of the initiatives the Group has launched over the years through its partnerships for solidarity have been geared towards young people, their education and their integration into society. Sports sponsorship has therefore been for several years one of the avenues through which BNP Paribas seeks to promote social insertion.

The Group has been a partner of tennis at all levels for the past 32 years and has naturally chosen this relationship, which is the longest in the history of sports sponsorship, as the springboard for broader initiatives.

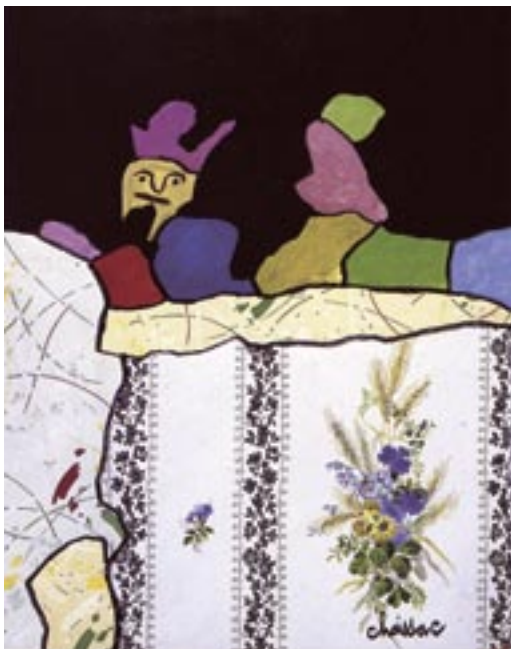
It supports *Fête le mur*, an association created and led by former tennis star (and current pop star) Yannick Noah. This association aims to promote social cohesion and integration into society in difficult neighbourhoods through sport. It gives young people from poor housing estates an opportunity to play tennis in high-quality facilities, where they can benefit from top-notch coaching, allowing the most motivated among them to join national leagues. In 2004, BNP Paribas created a BNP Paribas scholarship for children selected during a national tournament that allows them to continue their studies in middle school while they pursue the development of their talent for tennis.

BNP Paribas also expanded this form of patronage in 2004 by becoming a founder member of *Fondation du sport*, which funds and partners initiatives to fight social exclusion through sport. The first projects selected included the creation of boxing schools in underprivileged neighbourhoods of the Paris area, a plan for the social integration of immigrant women through sport in Dreux (Central France), and a project that puts non-disabled schoolchildren

in direct contact with the practical consequences of disabilities, for example by having them practice wheelchair basketball with disabled persons.

After having been for the past 10 years a partner of the French wheelchair tennis open, an international event, BNP Paribas had the honour in 2004 of becoming the official partner of French wheelchair tennis and of having the event renamed the "BNP Paribas French Open".

Following the successful first run of the tennis Telethon as a fundraiser for muscular dystrophy research, BNP Paribas repeated the operation in 2004 in conjunction with AFM, the French Muscular Dystrophy Association. Over 160 tennis clubs donated their time to support the event.



In 2004, the Gaston Chaissac collection, which was restored with the support of BNP Paribas Foundation, once again found its place on the walls of the Sainte-Croix Abbey in Sables-d'Olonne. The return of this outstanding collection, which now enjoys a more harmonious display, is a fitting tribute to Chaissac, a self-taught and unconventional artist who attracts a large following nowadays.

Sports sponsorship is also growing outside France, and projects are underway in Switzerland, Argentina and Morocco.

Patronage by the BNP Paribas Foundation – an expression of the Group's commitment to social responsibility

Operating under the aegis of the *Fondation de France*, the BNP Paribas Foundation is dedicated to fostering dialogue between the banking community and its social and cultural environment. As a crossroads of exchanges and discoveries, it expresses in another field the values and know-how that BNP Paribas stands for.

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

In addition to grants, the Foundation provides support for its partners and seeks to cater to their individual objectives in the same way as it does for its clients, namely by developing programmes as well as providing advice and on-the-spot assistance, together with access to the BNP Paribas worldwide network of contacts.

The BNP Paribas Foundation is a member of Admical, the first business sponsorship association in France, and of the French foundations centre.

Heritage and arts

As a recognised benefactor to museums and monuments, the BNP Paribas Foundation provides funding for the publication of art books that familiarise the public with museum collections and heritage sites and awards grants for the restoration of masterpieces. Its initiatives have benefited a wide variety of institutions. The foundation has helped to publish some

50 art books on museums in France and abroad and enabled around 60 works of art to be restored and placed on display to the public.

The BNP Paribas Foundation also supports the performing arts by establishing close partnerships with modern dance companies, circus troupes, jazz musicians and other performers working in disciplines that are often overlooked by other sponsors. At the same time, it helps to make rare or unperformed works more widely known and to provide a boost to young performers' careers.

The Foundation also makes use of its extensive links with festivals and production companies to bring new talents to a wider audience.

Medical research and community outreach

As part of its support for healthcare and research, the BNP Paribas Foundation assists researchers and physicians working in both medical research and applied clinical research. In this area, the Foundation works with pre-eminent scientific institutions to select beneficiaries. Funding generally takes the form of multi-year grants which are awarded to new research projects. The Foundation also supports communities through its involvement in pilot projects promoting economic self-sufficiency for disadvantaged individuals. Since 2002, the BNP Paribas Foundation has developed a volunteer grants programme which provides funding for non-profit community organisations in which employees are involved on a personal basis.



The Caen Memorial, a museum for Peace, was inaugurated on 6 June 1988 and very quickly gained a wide popular audience. It exceeded the hopes of its founders, reaching an average of over 500,000 visitors per year – more than half of them under 20 years old. Built on the historical site of D-Day and the Battle of Normandy, this young museum has been able to grow by developing an innovative scientific and cultural programme that places the visitor at the centre of the experience, in the position of privileged witness to History. The Memorial Book (Le Grand Livre du Mémorial), published at the time of the 60th anniversary of D-Day, provides a vast panorama covering the rise of fascism between the two World Wars, the Nazi Occupation in France, Deportation and Resistance, the Cold War and prospects for peace.



Established in 1888, the Institut Pasteur of Paris contributes to disease prevention and treatment through research, teaching and public health initiatives. As part of its support for research projects, the BNP Paribas Foundation decided to give its backing to the Genetics of Biofilms Laboratory run by Professor Jean-Marc Ghigo at Institut Pasteur.



After having worked as a dancer with several leading choreographers, Béatrice Massin spent 10 years studying the baroque music repertoire and founded her own company, Les Fêtes Galantes. Béatrice Massin's creations rediscover the rich and playful dimensions of this form of dance, ridding it of any affected mannerisms. On stage, her dancers joyfully blend traditional 17th-century steps with crossings into contemporary dance, in a pleasure-filled musical dialogue between the baroque and modern. In 2004, the BNP Paribas Foundation, one of France's few corporate sponsors of dance, decided to give its backing to this company.



For the past 10 years, Afev, a non-profit student group, has been organising volunteer work by students who want to help the youth of underprivileged neighbourhoods. In 2004, Afev received UN backing to help organise the Global Youth Service Day, an initiative deployed in 125 countries that aims to encourage, recognise and publicise the commitment displayed by millions of young people in the field of community outreach, as well as advocate a greater role for youth within society. As Afev's loyal partner, the BNP Paribas Foundation also joined the GYSD initiative.

International prestige

The Foundation is gradually expanding its work outside France. In addition to partnering the international tours of the artists it supports, it has launched programmes with an international scope and provides advice, support and leverage to entities that want to develop their local partnerships or set up a foundation. Following the BNP Paribas Switzerland Foundation created in 2002 and the BNP Paribas Brazil Foundation established in 2003, a Moroccan Foundation was born in 2004.

Group branches in New York and London have been involved for many years in forms of community patronage. BNP Paribas New York supports a broad range of organisations that fight domestic violence, provide educational assistance to youth in underprivileged neighbourhoods, help former Broadway dancers affected by HIV/AIDS or give psychological assistance to former convicts.

In London, BNP Paribas expanded its previous initiatives by launching a joint pilot project with Business in the Community, the charity founded by Prince Charles, to teach French in one of the poorest neighbourhoods of London. Several employees of the branch therefore devote lunch hours to teaching French to sixth form students.

BNP Paribas Spain

In addition to its initiatives for the integration of disabled persons in conjunction with two non-profit organisations, Afim and Gil Gayarre, BNP Paribas Spain launched 2 projects in 2004:

- The first, entitled *Apoyamos tu esfuerzo* (We support your efforts), aims to recognise and support the community work undertaken by employees outside working hours. The Bank will contribute up to EUR 1,800 per project to public-interest organisations in which its employees are involved.
- The second programme is a donation-matching scheme called *Dobla tu ayuda* (Double your help) to encourage charitable contributions among employees.



The BNP Paribas Brazil Foundation is strongly involved in providing assistance to Pocoré, a small town in Mato Grosso. Within the town orphanage that the Foundation supports, it created a modern library with Internet access, for use by the town's inhabitants.

BNP Paribas North East Asia's achievements in this field include both the community work in which its staff takes part, and its RMB 1 million contribution to the French-Chinese institute of life sciences and genome research at Shanghai's Runjin Hospital. The latter is currently developing research on medication against the severe acute respiratory syndrome (SARS) and a rapid detection test.

The BNP Paribas Foundation in Switzerland

To celebrate its 130 years of existence and give a more long-term focus to the initiatives it has taken over the past 10 years, BNP Paribas Switzerland created its own Foundation, thus giving form to its commitment to supporting cultural and social activities in the country. The Foundation not only funds specific projects such as the annual publication of the Swiss Museums book, the restoration of artwork in several Swiss museums and a partnership with Geneva's Grand Théâtre; it has also brought its solidarity work to a new level by supporting several projects of therapy through art for ill children.

This personal expression technique aims to draw children's imagination into drawing, painting, storytelling or music, to make young patients' stays in hospital less stressful and remove some of the strain that can cloud exchanges with their families. It helps transform a place that feels hostile, tied as it is to pain and separation, into a friendly environment.

The Foundation is seeking to bring greater recognition to this still little-known method and to help the professional art therapists that work at children's bedsides. Since 1999, many such positions have been created by hospitals in Geneva, Lausanne, Lugano, Zurich, Basel and Winthertur, largely financed by the BNP Paribas Switzerland Foundation.

SETI@HOME



Thousands of Home Computers Listening to the Sounds of the Universe

Alex Oulton

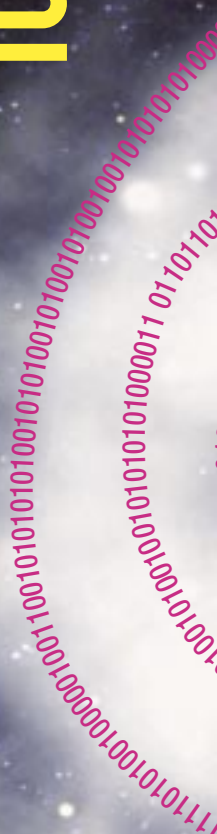
Participant in Seti@home, IT

BNP Paribas - Tokyo

For decades, people have been transmitting messages of friendship across the Cosmos in the hope of establishing contact with intelligent life beyond Earth. So far, barring the possibility of a cover-up by scientists, no answer has been received. Researchers from the Search for Extraterrestrial Intelligence Institute (Seti), a project based in the University of California Berkeley, have been working on the assumption that perhaps extraterrestrials may be trying to contact us. For several years, they have been using a giant radio-telescope "to scan" the Cosmos for radio signals from outer space. But given the magnitude of the Universe, even the most powerful supercomputer would find it impossible to process the mountains of data that Seti's computers at Berkeley receive in real time. *"Around the world, millions of computer workstations are left running at night when systems are idle."*

Even when users are in front of their screens, much of the time their computers are not busy. *"By installing a small program that runs in the background, this processing capacity could be exploited for other purposes."*

For example, to examine the sky for signals from extraterrestrials... *"Thanks to the distributed computing power of thousands of networked computers, radio-telescope data can be analysed much more quickly."* But the spare CPU cycles of computers can also be put to other uses here on Earth, such as in the search for multi-million digit prime numbers.



BOARD OF DIRECTORS

At 31 December 2004*



Michel Pébereau

Principal function: Chairman of the Board of Directors of BNP Paribas

- Born on 23 January 1942
- Elected on 14 May 2003. Term expires at the 2006 AGM
- First elected to the Board on 14 May 1993
- Number of BNP Paribas shares held: 110,006

Director of:

- Lafarge
- Saint-Gobain
- Total
- *BNP Paribas UK Holdings Ltd, United Kingdom*

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:

- *Fédération Bancaire Européenne*
- *Commission Banque d'Investissement et de Marchés de la Fédération Bancaire Française*
- *Conseil de Direction de l'Institut d'Études Politiques de Paris*
- *Conseil d'Orientation de l'Institut Aspen France*

Member of:

- *International Advisory Panel of the Monetary Authority of Singapore*
- *International Capital Markets Advisory Committee of the Federal Reserve Bank of New York*
- *International Monetary Conference*
- *International Business Leaders' Advisory Council for the Mayor of Shanghai (IBLAC)*



Patrick Auguste

Director elected by BNP Paribas employees

Principal function: Head of real estate projects

- Born on 18 June 1951
- Elected for 6 years on 6 March 2000
- First elected to the Board on 14 December 1993
- Number of BNP Paribas shares held: 30



Claude Bébéar

Principal function: Chairman of the Supervisory Board of Axa

- Born on 29 July 1935
- Elected on 14 May 2003. Term expires at the 2006 AGM
- First elected to the Board on 23 May 2000
- Number of BNP Paribas shares held: 3,074

Chairman and Chief Executive Officer of Finaxa

Director of:

- Vivendi Universal
- *Axa Assurances Iard Mutuelle*
- *Axa Assurances Vie Mutuelle*
- *Axa Courtage Assurance Mutuelle*
- *Axa Financial Inc., United States*

Non-voting director of:

- *Schneider Electric*

Chairman of:

- *Institut du Mécénat de Solidarité*
- *Institut Montaigne*



Jean-Louis Beffa

Principal function: Chairman and Chief Executive Officer of Compagnie de Saint-Gobain

- Born on 11 August 1941
- Elected on 14 May 2003. Term expires at the 2006 AGM
- First elected to the Board on 22 October 1986
- Number of BNP Paribas shares held: 3,832

Vice-Chairman of the Board of Directors of BNP Paribas
Chairman of Claude Bernard Participations

Director of:

- Gaz de France
- *Groupe Bruxelles Lambert, Belgium*
- *Saint-Gobain Cristaleria SA, Spain*
- *Saint-Gobain Corporation, United States*

Permanent representative of Saint-Gobain on the Board of
Saint-Gobain PAM

Member of the Supervisory Board of:

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



Gerhard Cromme

Principal function: Chairman of the Supervisory Board of ThyssenKrupp AG

- Born on 25 February 1943
- Elected on 14 May 2003. Term expires at the 2005 AGM
- First elected to the Board on 21 March 2003
- Number of BNP Paribas shares held: 400

Member of the Supervisory Board of:

- *Allianz AG, Germany*
- *Axel Springer AG, Germany*
- *Deutsche Lufthansa AG, Germany*
- *E.ON AG, Germany*
- *E.ON Ruhrgas AG, Germany*
- *Hochtief AG, Germany*
- *Siemens AG, Germany*
- Suez
- *Volkswagen AG, Germany*

Chairman of:

- *German Governmental Commission on Corporate Governance*
- *European Round Table of Industrialists*



Michel François-Poncet (passed away on 10 February 2005)

Principal function: Vice-Chairman of the Board of Directors of BNP Paribas

- Born on 1 January 1935
- Elected on 14 May 2003. Term expires at the 2006 AGM
- First elected to the Board on 23 May 2000
- Number of BNP Paribas shares held: 22,300

Chairman of BNP Paribas Suisse SA, Switzerland
Vice-Chairman of Pargesa Holding SA, Switzerland

Director of:

- Finaxa
- LVMH
- Schneider Electric
- *BNP Paribas UK Holdings Limited, United Kingdom*
- *Compagnie Monégasque de Banque*
- *Power Corporation, Canada*

*The directorships shown in italics are not governed by the French Commercial Code (Code de Commerce) concerning multiple directorships.


Jacques Friedmann

Principal function: Company Director

- Born on 15 October 1932
- Elected on 4 May 1999. Term expires at the 2005 AGM
- First elected to the Board on 14 December 1993
- Number of BNP Paribas shares held: 4,942

Director of:

- LVMH
- Total

Chairman of the Conseil d'Orientation of Musée du Quai Branly


Jean-Marie Gianni

Director elected by BNP Paribas employees

Principal function: Administrative manager

- Born on 7 September 1952
- Elected for 3 years on 5 February 2004
- 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: 10


François Grappotte

Principal function: Chairman of the Board of Directors of Legrand

- Born on 21 April 1936
- Elected on 4 May 1999. Term expires at the 2005 AGM
- First elected to the Board on 4 May 1999
- Number of BNP Paribas shares held: 2,300

Member of the Supervisory Board of:

- Galeries Lafayette
- Michelin

Chairman of:

- Legrand SAS
- Lumina Management

Director and Chief Executive Officer of Legrand Holding SA

Director of:

- Valeo
- B. Ticino, Italy
- Bufer Elektrik, Turkey
- Eltas Elektrik, Turkey
- Legrand Española, Spain
- Lumina Parent, Luxembourg
- Pass & Seymour, United States
- The Wiremold Company, United States

Member of:

- Conseil consultatif de la Banque de France
- Conseil de Promotelec (Promotion de l'installation électrique dans les bâtiments neufs et anciens)
- Bureau de la FIEEC (Fédération des Industries Électriques, Électroniques et de Communication)
- Bureau du Gimélec (Groupement des Industries de l'équipement électrique, du contrôle-commande et des services associés)


Alain Joly

Principal function: Chairman of the Supervisory Board of Air Liquide

- Born on 18 April 1938
- Elected on 14 May 2003. Term expires at the 2006 AGM
- First elected to the Board on 28 June 1995
- Number of BNP Paribas shares held: 4,152

Director of:

- Lafarge
- Société d'Oxygène et d'Acétylène d'Extrême-Orient
- Air Liquide International Corporation, United States
- American Air Liquide, United States


Denis Kessler

Principal function: Chairman and Chief Executive Officer of Scor

- Born on 25 March 1952
- Elected on 14 May 2003. Term expires at the 2006 AGM
- First elected to the Board on 23 May 2000
- Number of BNP Paribas shares held: 812

Chairman of:

- Scor Vie
- Commercial Risk Re-Insurance Company, United States
- Commercial Risk Re-Insurance Company Ltd, United States
- Commercial Risk Partners Ltd, Bermuda
- General Security National Insurance Company, United States
- General Security Indemnity of Arizona, United States
- Investors Insurance Corporation, United States
- Investors Marketing Group Inc., United States
- Scor Italia Riassicurazioni SPA, Italy
- Scor Life Insurance Company, United States
- Scor Life US Re Insurance, United States
- Scor Reinsurance Company, United States
- Scor US Corporation, United States

Director of:

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

Member of the Supervisory Board of:

- Scor Deutschland, Germany

Permanent representative of:

- Fergascor on the Board of SA Communication & Participation

Non-voting director of:

- FDC SA
- Gimar Finance SCA

Member of:

- Commission Économique de la Nation
- Conseil Économique et Social


Jean-François Lepetit

- Born on 21 June 1942
- Elected on 5 May 2004. Term expires at the 2005 AGM
- Number of BNP Paribas shares held: 750

- **Other function:** Associate professor at Edhec


Lindsay Owen-Jones

Principal function: Chairman and Chief Executive Officer of L'Oréal

- Born on 17 March 1946
- Elected on 28 May 2004. Term expires at the 2007 AGM
- First elected to the Board on 13 June 1989
- Number of BNP Paribas shares held: 2,088

Chairman of:

- Galderma Pharma SA, Switzerland (up to 24 May 2004)

Vice-Chairman and member of the Supervisory Board of:

- Air Liquide

Director of:

- Gesparal (up to 29 April 2004)
- Sanofi-Aventis
- Galderma Pharma SA, Switzerland (up to 24 May 2004)
- L'Oréal USA, Inc., United States
- L'Oréal UK Ltd, United Kingdom



H el ene Ploix

- Principal function:** Chairman of *Pechel Industries SAS* and *Pechel Industries Partenaires SAS*
- Born on 25 September 1944
 - Elected on 14 May 2003. Term expires at the 2005 AGM
 - First elected to the Board on 21 March 2003
 - Number of BNP Paribas shares held: 700

Director of:

- Lafarge
- *Boots Group Plc, United Kingdom*
- *Ferring SA, Switzerland*

Member of the Supervisory Board of:

- Publicis

Representative of Pechel Industries for:

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

Legal Manager of *H el ene Ploix SARL*

Member of the Investment Committee for the *United Nations Personnel Pension Fund*



Baudouin Prot

- Principal function:** Chief Executive Officer of BNP Paribas
- Born on 24 May 1951
 - Elected on 7 March 2000. Term expires at the 2005 AGM
 - First elected to the Board on 7 March 2000
 - Number of BNP Paribas shares held: 34,094

Director of:

- Veolia Environnement
- *Erb e, Belgium*
- *Pargesa, Belgium*

Member of the Supervisory Board of:

- Pinault-Printemps-Redoute

Permanent representative of BNP Paribas

- on the Supervisory Board of:
- Accor



Louis Schweitzer

- Principal function:** Chairman and Chief Executive Officer of Renault
- Born on 8 July 1942
 - Elected on 28 May 2004. Term expires at the 2007 AGM
 - First elected to the Board on 14 December 1993
 - Number of BNP Paribas shares held: 5,830

President of the Management Board of:

- *Renault-Nissan BV, Netherlands*

Director of:

-  lectricit  de France
- RCI Banque
- Veolia Environnement
- *AB VOLVO, Sweden*
- *AstraZeneca, United Kingdom*

Member of the Board of:

- *Philips, Netherlands*

Member of the Board of:

- *Fondation Nationale des Sciences Politiques*
- *Institut Fran ais des Relations Internationales*
- *Mus e du Louvre*

Member of the Consultative Committee of:

- *Banque de France*
- *Allianz, Germany*

Member of the Executive Committee of *Medef*



Jean-Fran ois Truffelli

- Director elected by BNP Paribas employees
- Principal function:** Statistician
- Born on 4 May 1952
 - Elected for 3 years on 5 February 2004
 - First elected to the Board on 15 March 2004
 - Number of BNP Paribas shares held: 11

OTHER CORPORATE OFFICERS

Georges Chodron de Courcel

- Principal function:** Chief Operating Officer of *BNP Paribas*
- Born on 20 May 1950
 - Number of BNP Paribas shares held: 15,000

Chairman of:

- *BNP Paribas Emergis SAS*
- *Compagnie d'Investissement de Paris SAS*
- *Financiere BNP Paribas SAS*

Director of:

- Alstom
- Bouygues
- Nexans
- *BNP Paribas (Suisse) SA, Switzerland*
- *Erb e SA, Belgium*
- *Verner Investissements SAS*

Member of the Supervisory Board of

- Lagard re SCA
- Sagem SA

Non-voting director of:

- *Scor SA*
- *Scor Vie*

Jean Clamon

- Principal function:** Chief Operating Officer of *BNP Paribas*
- Born on 10 September 1952
 - Number of BNP Paribas shares held: 16,000

Director of:

- Arval Service Lease
- BPLG
- *Cassa di Risparmio di Firenze, Italy*
- Cetelem
- *Compagnie Nationale   Portefeuille, Belgium*
- *Erb e, Belgium*
- *Euro Securities Partners*

Representative of BNP Paribas for:

- UCB

EXTRACTS FROM THE BOARD OF DIRECTORS' INTERNAL RULES

“Section 5 : Conduct of voting and non-voting directors

Directors shall interact effectively with others in the workplace and respect their opinions, and shall express themselves freely on subjects debated in Board meetings, even in the face of opposition. They shall have a strong sense of responsibility towards shareholders and other stakeholders, show a high level of personal integrity during the term of their office, and respect the basic rules related to their responsibilities.

Complying with laws and regulations

All directors are required to comply with legal obligations and the stock market recommendations and regulations related to information that concerns directors personally.

Ethics and Compliance

The legislation banning insider trading applies to directors both in a personal capacity and in their capacity as members of the Board of BNP Paribas, a listed company.

Directors are also advised to refrain from purchasing or selling BNP Paribas shares at any time outside the six-week period following the publication of the quarterly and annual accounts, or of any press release concerning business performance. Directors must not disclose any information that is not publicly available to any third party including the manager of BNP Paribas shares.

If a director has any questions related to ethics and compliance, he or she can consult the head of Ethics and Compliance of the BNP Paribas Group.

Conflict of interest

Directors should inform the Board of any conflict of interest – even if this be merely potential – and should refrain from participating in the corresponding deliberating vote.

Directors who deem that they are no longer able to effectively carry out their responsibilities on the Board or Committees of which they are a member should step down.

Confidentiality

Any director or any other person who is called upon to attend meetings of the Board and the Committees of the Board is required to treat all matters discussed during the meeting as strictly confidential.

In particular, such directors or other persons shall treat as strictly confidential all insider information as well as information that may interest competitors or external parties in connection with “economic intelligence” and confidential information described as such by the Chairman.

In case of failure to comply with this obligation, the director or other person may be exposed to a claim for damages.

Directors, including the Chairman, Chief Executive Officer and Chief Operating Officers, are required to disclose transactions carried out on their own behalf and on behalf of close members of their family, as described below:

- In application of regulation 2000-09 issued by the French banking regulator (*the Commission Bancaire*), they are required to declare on an annual basis any transactions carried out with the Bank by themselves directly or through an intermediary that exceed 3% of BNP Paribas SA's shareholders' equity. Corporate officers are required to have their BNP Paribas shares registered.
- In application of COB (*Commission des Opérations de Bourse*) recommendation 2002-01, they are required at half-yearly intervals to report the transactions carried out in relation to BNP Paribas shares either directly by themselves or through an intermediary, acting on their own behalf or mandated by a third party.
- As specified in articles 222-14 and 222-15 of the general regulations of the French securities regulator (*Autorité des Marchés Financiers*), issuers are required to disclose to the AMF, and make available to the public through a press release, transactions carried out by their executive directors in relation to the issuer's financial instruments, reported via an individual statement bearing the name of the director concerned. This disclosure has to be made within 5 trading days from the date the issuer is informed of the transaction. These requirements replaced those set out in COB regulation 2002-01 as from 25 November 2004.

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS PREPARED IN ACCORDANCE WITH THE FRENCH FINANCIAL SECURITY LAW

on the conditions for the preparation and organisation of the work of the board and on internal control procedures applied by the bank (law no. 2003-706 of 1 August 2003)

I – Corporate Governance

CONDITIONS FOR THE PREPARATION AND ORGANISATION OF THE WORK OF THE BOARD ⁽¹⁾

The conditions for the preparation and organisation of the work of the Board and the Committees of the Board are set out in the internal rules of the Board of Directors of BNP Paribas SA. On the recommendation of the Compensation and Nominations Committee, the current version of these rules was adopted by the Board at its meeting of 4 February 2004.

Separation of the functions of Chairman and Chief Executive Officer

At the Annual General Meeting held on 14 May 2003, the Board of Directors announced its intention to separate the functions of Chairman and Chief Executive Officer within BNP Paribas. This decision brought the Group into line with corporate governance best practice, while at the same time ensuring a smooth and transparent handover of the Chief Executive role.

Under the internal rules, the Chairman organises and directs the work of the Board, and ensures that the corporate decision-making bodies of BNP Paribas operate effectively. Working closely with Executive Management, he is competent to represent the Group in high-level dealings with, for example, major clients and the authorities both nationally and internationally. He has no executive responsibilities. The Chief Executive Officer has the broadest powers to act in the Bank's name under all circumstances (see section III below). He has authority over the entire Group, including heads of core

businesses, business lines, territories and Group functions. He is also responsible for internal control systems and procedures, and for all the statutory information in the report on internal control.

Assessment of the performance of the BNP Paribas Board of Directors

For the third year running, and in accordance with French corporate governance guidelines, an assessment of the performance of the BNP Paribas Board of Directors took place in 2004. The methods⁽²⁾ and assessment criteria⁽³⁾ used were broadly similar for 2002, 2003 and 2004, facilitating year-on-year comparisons between the assessment ratings given. This consistency of method also gives a clear picture of changes over time in the face of a major trend towards an increase in directors' responsibilities. The findings of the assessment – which were reported to the Board on 2 February 2005 by the Compensation and Nominations Committee – are set out below.

Competence, freedom of expression and independence

- The directors felt that they were fully informed and aware of the responsibility involved in the performance of their roles and of the increasing number of corporate governance requirements and regulations that have been introduced over the past few years. The majority of the directors have experience on Boards of Directors and have certain industry and/or technical knowledge that represents an asset for the Board and for the Group as a whole. All of the directors gave the top score in terms of the freedom of expression possible in Board meetings.

(1) The information provided in italics is unchanged compared with 2003 but disclosure in the annual report is required by law. "French corporate governance guidelines" refer to the principles for the corporate governance of listed corporations issued by the French employers' organisations, the Medef and Apef in October 2003.

(2) A written questionnaire was sent out which directors were able to return anonymously if they so wished. Where necessary, meetings were also held. The Board's Secretary was responsible for both the questionnaires and the meetings, reporting to the Compensation and Nominations Committee. The latter committee then presented the results of the assessment to the Board of Directors.

(3) 45 assessment criteria were used, based on six themes: the Board's roles and responsibilities, the composition of the Board, the Board's remit, information provided to the Board, Board meetings and Committee meetings (one questionnaire for each of the three committees). The questionnaires also contained around ten open questions allowing directors to freely express remarks and suggestions.



- The assessment showed that the directors approved the decisions made by BNP Paribas in relation to the composition of the Board in terms of the number of directors and meetings, the mix of skill-sets on the Board and the duration of terms of office. It is clear that the directors feel that the Board is truly independent. The opinions expressed by the directors in relation to the independence criteria have improved yearly. BNP Paribas constantly strives to respond to increasing corporate governance requirements, often acting pro-actively to anticipate new regulations. Examples of such actions include separation of the functions of Chairman and Chief Executive Officer, a gradual reduction in the number of directors, ongoing changes to the organisation and running of Board meetings and the quality of the debates...

Information, organisation and commitment

- The directors feel that they are properly consulted and sufficiently informed to come to an opinion and make any required decisions, especially in terms of their understanding of the Bank's businesses, markets, competition and strategy. They consider that they are provided with the necessary information to reach an opinion concerning the Bank's markets, its targets, results, accounts and financial results, internal control and risks. The directors feel that there are constant improvements to the information provided to Board members, particularly during meetings. Clearly, however, certain matters require more information than others.
- The directors gave a positive assessment of the practical aspects of the Board's organisation, such as the frequency, duration and dates of meetings, the minutes, the quality of the debates, the involvement and commitment of the directors and their competence to participate in the discussions.
- A positive rating was also given to the definition of the Board's roles and responsibilities, and the content, composition and frequency of the meetings of the Board's three committees – the Financial Statements Committee, the Internal Control and Risk Management Committee and the Compensation and

Nominations Committee. Both the directors and the Bank's Executive Management are fully attuned to the increasing responsibilities of the Committees and are conscious of ensuring that they have the necessary resources. Details of the decisions taken at the end of 2004 in relation to the Committees are provided in the sections of this report concerning each individual Committee.

Composition of the BNP Paribas Board of Directors

Following the Annual General Meeting of 28 May 2004, the Board of Directors had 14 members elected by the shareholders and 3 members elected by BNP Paribas employees.

Michel François-Poncet passed away on 10 February 2005. Since that date the Board of Directors has been made up of 16 members.

For directors whose term of office is up for renewal, their new term of office is set at 3 years, in accordance with French corporate governance guidelines⁽¹⁾.

Re-election of directors – Election of a new director – Ratification of the Board's decision to appoint a new director.

The Compensation and Nominations Committee reviewed the situation of the following directors whose terms of office expire at the Annual General Meeting held to approve the 2004 financial statements: Gerhard Cromme, Jacques Friedmann, François Grappotte, Baudouin Prot and Hélène Ploix.

The Committee noted with regret that Jacques Friedmann has decided not to request the renewal of his term of office and accepted the candidature of Loyola de Palacio del Valle-Lersundi to replace him. Subject to the approval of the BNP Paribas shareholders, Loyola de Palacio del Valle-Lersundi's election as a director would bring to the Board of Directors an international outlook, thorough knowledge of the workings of the European Union and very extensive personal capabilities. The Committee has decided to recommend the re-election of Gerhard Cromme, François Grappotte, Baudouin Prot and Hélène Ploix.

(1) The expiry dates of directors' terms of office are set out on pages 132-134 of the Annual Report.

These directors all contribute significantly to the work of the Board and its Committees thanks to the level of their skills and experience. At its meeting held on 2 February 2005, the Board of Directors approved the related resolutions to be submitted to the shareholders concerning the re-election of these directors and the election of Loyola de Palacio del Valle-Lersundi. The Board also decided to invite the shareholders to ratify its decision to appoint Jean-François Lepetit as a member of the Board. Jean-François Lepetit is a recognised authority on global financial processes and markets.

Gerhard Cromme

Gerhard Cromme was born on 25 February 1943 and is a German national. He studied Economics and Law (earning his PhD in the latter) from 1962 to 1971 at Münster, Lausanne and Paris Universities, in addition to pursuing a Harvard Business School PMD.

From 1971 to 1986 he held various functions within the Saint-Gobain Group, lastly those of Executive Committee Chairman for Vereinigte Glaswerke GmbH and Deputy Managing Director of Compagnie de Saint-Gobain for the Federal Republic of Germany. Since 1986, Gerhard Cromme has been Chairman of the Management Board of Krupp Stahl AG, Chairman of the Management Board of Fried.Krupp AG Hoesch-Krupp, Chairman of the Management Board of ThyssenKrupp AG and Chairman of the Supervisory Board of ThyssenKrupp AG, a function he holds since 1 October 2001.

Gerhard Cromme is the Chairman of the German Governmental Commission on Corporate Governance and of the European Round Table of Industrialists. He was also appointed a member of the European Corporate Governance Forum by the European Commission on 15 October 2004. Gerhard Cromme was appointed as a director of BNP Paribas in March 2003 to replace Bernd Fahrholz. His appointment was ratified by the Annual General Meeting held in May 2003.

François Grappotte

François Grappotte was born on 21 April 1936 and is a French national. He holds an undergraduate degree in Law and graduate degrees in Political Science, Economics and Finance from the Paris Faculty of Law and from Institut

d'études politiques de Paris. He is also a graduate of École nationale d'administration.

After having served seven years at the Ministry of Industry and the Finance Ministry, from 1963 to 1970, François Grappotte worked at Banque Rothschild as an Assistant Director, Deputy Director then Director (1970-1972), before joining Compagnie Électro-Mécanique (CEM) as Corporate Secretary in 1973 and becoming its Chief Executive Officer, which he remained until 1983. At that date he joined Legrand SA., where he was successively Chief Executive Officer, Chairman and CEO and, since 1 January 2004, Chairman of the Board of Directors.

François Grappotte has been a director of BNP Paribas since May 1999 when he was elected to the Board for a term of six years.

Jean-François Lepetit

Jean-François Lepetit was born on 21 June 1942 and is a French national. He is a graduate of HEC Paris business school and has an undergraduate degree in Law. He began his career at Banque de Paris et des Pays-Bas from 1963 to 1969, when he joined Banque de Suez et de l'Union des Mines, which later became Indosuez. Within the Indosuez Group he was Senior Manager, then Assistant Director, Deputy Director, Director, Managing Director and Vice-President and Board Member of Banque Indosuez, up to 1996. At this date he became a member of the Conseil des Marchés Financiers (CMF), where he took over as Chairman in 1998. Jean-François Lepetit was an adviser to the Chairman and CEO of BNP from 1997 to 2000. He joined the Collège de la Commission des Opérations de Bourse (COB) in 1998, and was also a member of the Comité des Établissements de Crédit et des Entreprises d'Investissement (CECEI) and the Comité de la Réglementation Bancaire et Financière (CRBF). He was appointed Chairman of the Commission des Opérations de Bourse (COB) in October 2002 and remained in this function until the creation of the Autorité des Marchés Financiers in November 2003, at which time he retired and became an Associate Professor at the Edhec business school.

Having chaired the COB for more than one year, Jean-François Lepetit sought and obtained a favourable opinion from the Commission de déontologie de la Fonction publique



de l'État (State Civil Service Ethics Committee) prior to accepting his BNP Paribas directorship in May 2004.

Loyola de Palacio del Valle Lersundi

Loyola de Palacio del Valle Lersundi was born on 16 September 1950 and is a Spanish national. She holds a law degree from Universidad Complutense in Madrid. She was a Senator and a Member of the Spanish Parliament, as well as the Minister for Agriculture, Fisheries and Food from 1996 to 1999. Loyola de Palacio del Valle Lersundi then became a European MP and the head of the Spanish delegation in the European Parliament. In 1999 she was appointed Vice-President of the European Commission, in charge of relations with the European Parliament, and Commissioner of Transport and Energy. During her five-year term, which ended in 2004, she was in charge of shaping European policy in the major areas of transportation and energy. Major issues in the energy field included liberalising gas and electricity markets, securing energy supplies, strengthening trans-European networks, supporting sustainable energy sources, promoting energy efficiency and determining the place of nuclear power in the new context of climate change. In the area of transportation, her work related to the "European open skies" initiative, launching the Galileo satellite navigation system, opening markets and revitalising European railways, as well as building the new trans-European networks and ensuring maritime, air, rail and road safety. Lastly, she conducted international negotiations such as the Open Skies Agreements with the United States, maritime agreements with India and China, the EU-Russia energy dialogue and the European Neighbourhood Policy toward the Balkans and other Mediterranean countries. Loyola de Palacio del Valle Lersundi is a Guest Professor at the European University Institute, San Domenico di Fiesole and is the President of the European Commission's High-Level Group on Trans-European Transport Networks.

Hélène Ploix

Hélène Ploix was born on 25 September 1944 and is a French national. She is a graduate of Institut d'études politiques de Paris (1965)

and Institut européen d'administration des affaires (Insead - 1968), in addition to having earned undergraduate degrees in Law and English (Paris, 1968) and a Master of Arts in Public Administration from the University of California, Berkeley (1966). Following her studies, she spent ten years (1968-1978) with McKinsey and Co., where she became Head of Research. She then joined Compagnie Européenne de Publications (CEP) as Director at the Head Office (1978-1982), and was Chairman and CEO of Banque Industrielle et Immobilière Privée from 1982 to 1984. She was a member of the Collège de la Commission des Opérations de Bourse from 1983 to 1984. Hélène Ploix was an adviser to the French Prime Minister for Economic and Financial Affairs (1984-1986), then a Director of the International Monetary Fund and the World Bank (1986-1989). She was the Deputy Managing Director of Caisse des dépôts et consignations from 1989 to 1995, then special adviser on single currency matters for KPMG Peat Marwick in 1996. Hélène Ploix has been the Chairman of Pechel Industries, an investment company, since 1997. She has written numerous articles on the issues of corporate ethics and governance.

Baudouin Prot

Baudouin Prot was born on 24 May 1951 and is a French national. He is a graduate of HEC Paris business school (1972) and of the École nationale d'administration (1976). With the rank of Inspecteur des finances, Baudouin Prot served in the French Ministry of Finance and the Ministry of Industry until 1983, when he joined Banque Nationale de Paris. He was Deputy Director of Banque Nationale de Paris Intercontinentale, then Deputy Director and Director of the Europe Department of the International Division. In 1987, Baudouin Prot was promoted to Director of Mainland France Networks, then to Head Director and Deputy Chief Operating Officer, which he remained until 1996. In September 1996, he became Chief Operating Officer of BNP and was elected to the Board of Directors of BNP Paribas in March 2000. Baudouin Prot replaced Michel Pébereau as Chief Executive Officer in June 2003, when the function of Chairman was separated from that of CEO.

Independence of directors in accordance with French corporate governance guidelines

The following directors do not qualify as independent⁽¹⁾ under French corporate governance guidelines: *Claude Bébéar, Jean-Louis Beffa, Michel François-Poncet⁽²⁾, Michel Pébereau and Baudouin Prot.*

The three employee representatives on the Board (*Patrick Auguste, Jean-Marie Gianno and Jean-François Truffelli*) do not qualify as independent under the guidelines, despite their method of election and their status, which safeguards their independence from Executive Management.

The following qualify as independent under the guidelines: *Gerhard Cromme, Jacques Friedmann, François Grappotte, Alain Joly, Denis Kessler, Jean-François Lepetit, Lindsay Owen-Jones⁽³⁾, Hélène Ploix and Louis Schweitzer.*

Consequently, over half of the Board members are independent, as recommended by French corporate governance guidelines for "companies with widely spread share ownership and no controlling shareholder".

Roles and responsibilities of the Board of Directors

The main roles and responsibilities of the Board, in accordance with the internal rules, are to appoint corporate officers, draw up the BNP Paribas business strategy and monitor its implementation, examine any and all issues related to the efficient running of the business, and make any and all business decisions, perform any or all controls and verifications that it considers appropriate, supervise the management of the business and the accuracy of its accounts, approve the financial statements and ensure that the financial information disclosed to the

shareholders and the markets is of a high quality. Three Committees of the Board – the Financial Statements Committee, the Internal Control and Risk Management Committee, and the Compensation and Nominations Committee – assist the Board in its work on the financial statements, relations with the Statutory Auditors, internal control and risk, the organisation of Executive Management, compensation and nominations.

Activities of the Board in 2004

The Board of Directors held eight meetings in 2004, including one unscheduled meeting. The attendance rate was 86%. A special session devoted to Group strategy was also held on 17 January 2005, which was attended by the Group's key executive managers.

As well as discussions and decisions required for compliance with French laws and regulations, the Board addressed the following issues:

- the draft Directors' Report to shareholders and the Chairman's report drawn up in accordance with the French Financial Security Law, the proposed resolutions to be put to the shareholders at the Annual General Meeting, and draft replies to written questions submitted by shareholders in advance of the Annual General Meeting;
- proposed amendments to the Board's internal rules, the composition of the Board and its Committees, the appraisal of directors recommended for re-election at the Annual General Meeting of May 2005, the assessment of the Board's performance, a review of the situation of a director appointed by the Board, and selection of directorship candidates due to a vacancy on the Board;
- the Group's development policy and strategy, investment and acquisition projects requiring prior approval, and reports on significant completed or ongoing transactions;

(1) In accordance with the Medef-Afep guidelines of October 2003, the Board considers a director is independent when "he or she has no relationship of any kind whatsoever with the corporation, its group or the management of either that is such as to colour his or her judgement".

(2) François-Poncet passed away in February 2005.

(3) As stated in the 2002 Annual Report, the Board feels that there are no grounds for questioning the independence of Lindsay Owen-Jones despite the fact that he has been a director of BNP and then BNP Paribas for more than twelve years.



- the plan to set up a worldwide Compliance function and the organisation of the Asset Management and Services business;
- the proposed amounts of fixed and variable remuneration to be paid to corporate officers and Executive Committee members and the terms and conditions of such remuneration based on the achievement of objectives, the pension scheme for corporate officers, benchmarking of BNP Paribas directors' fees in relation to other Cac 40 companies;
- financial statements and budgets: the Board reviewed and approved the financial statements and results of the Group and of BNP Paribas SA for 2004, and the quarterly and half-yearly consolidated results of the Group and its core businesses for 2004. The Board also heard the reports of the Financial Statements Committee and the Statutory Auditors. It reviewed

- and adopted the 2005 budget and carried out an initial review of the main implications of the Group's transition to International Financial Reporting Standards (IFRS).
- proposals concerning share issues to employees who are members of an employee share ownership scheme, the 2004 BNP Paribas stock option plan, share cancellations, share buybacks in accordance with new European regulations, and amendments to the procedure for carrying out bond and other debt issues.
- correspondence with the regulatory authorities, developments in the "Oil for Food" case which is subject to various investigations by the United Nations and within the United States.
- the activities of the three Committees of the Board, as described below, including a discussion of the reports presented to the Board by the respective Committee chairmen.

Profiles of the BNP Paribas directors

DIRECTOR	BNP PARIBAS BOARD					PRIMARY BUSINESS SECTOR ⁽²⁾		
	Age at 31/12/2004 ⁽¹⁾	Date of first Board meeting	Years of experience ⁽¹⁾ at 31/12/04	Banking Finance Insurance	Manufacturing and other	Summary description	Years of experience in the sector	Current position
M. Pébereau	62	14/05/1993	10.6	X		Banking since 1982 (CCF BNP then BNPP)	22	Chairman of BNPP
B. Prot	53.5	07/03/2000	3.6	X		Banking since 1983 (BNP then BNPP)	21	CEO of BNPP
P. Auguste ⁽³⁾	53.5	14/12/1993	11	X		Banking since 1969 (BNP then BNPP)	25	Banking executive of BNPP
C. Bébéar	69.6	23/05/2000	3.5	X		Insurance since 1958 (Axa)	46	CSB of Axa
J.-L. Beffa	63.6	22/10/1986	18.2		X	Manufacturing since 1974 (St-Gobain)	30	Chairman/CEO of St-Gobain
G. Cromme	61.8	14/05/2003	1.5		X	Manufacturing since 1971 (St-Gobain - Thyssen)	33	CSB of Thyssen Krupp
M. François-Poncet ⁽¹⁾	70	30/05/1990	14	X		Banking since 1961 (Paribas then BNPP)	43	Vice-Chairman of BNPP
J. Friedmann	72.75	14/12/1993	11	X		Air France-CGM-UAP-Axa Caisse d'Épargne	36	Company director
J.-M. Gianni ⁽³⁾	52.25	1993/2004	6.8	X		Banking since 1973 (BNP then BNPP)	31	Banking employee of BNPP
F. Grappotte	68.66	04/05/1999	4.6		X	Manufacturing since 1973 (CEM Legrand)	31	Chairman of BD Legrand
A. Joly	66.66	28/06/1995	9.4		X	Manufacturing since 1962 (L'Air liquide)	42	Chairman of SB Air Liquide
D. Kessler	52.25	23/05/2000	3.5	X		Insurance since 1990 (FFSA-Axa-Scor)	14	Chairman/CEO of Scor
J.-F. Lepetit	61.5	05/05/2004	0.65	X	Regulatory	1963-2000: Banking - regulatory - CMF COB	40	Retired - Professor
L. Owen-Jones	58.75	13/06/1989	14.5		X	Manufacturing since 1969 (L'Oréal)	35	Chairman/CEO of L'Oréal
H. Ploix	60.25	21/03/2003	1.75	X	X	Banking-Consulting (BMP-CDC-Pechel)	29	Chairman/CEO of Pechel Industries
L. Schweitzer	62.5	14/12/1993	11	X	X	Manufacturing since 1986 (Renault- RCI)	18	Chairman/CEO of Renault
J.-F. Truffelli ⁽³⁾	52.6	15/03/2004	0.75	X		Banking since 1970 (BNP then BNPP)	34	BNPP banking employee
Average	61.3		7.4				31	

(1) Expressed in fractions of years.

(2) Based on current or most recent positions held.

(3) Directors elected by BNP Paribas employees are not considered to be independent under the Afep-Medef corporate governance guidelines.

BD: Board of Directors

SB: Supervisory Board

Financial Statements Committee

Members: as recommended by the Compensation and Nominations Committee, the Board of Directors amended the composition of the Financial Statements Committee during 2004 and at the end of the year. At the beginning of 2005, the Committee was made up of four members, three of whom – Louis Schweitzer (Chairman), Denis Kessler and H  l  ne Ploix – qualify as independent directors under French corporate governance guidelines. The fourth member, Patrick August, does not qualify as independent as he was elected by BNP Paribas employees. No Executive Management members have sat on the Committee since 1997.

Terms of reference: the Committee's terms of reference are set out in the internal rules of the Board of Directors, and involve assisting the Board in various areas, including: analysing, in the presence of the Statutory Auditors, the quarterly, half-yearly and annual financial statements published by the Bank and obtaining further explanations of certain items prior to presentation of the financial statements to the Board of Directors; reviewing all matters related to the financial statements, including the choices of accounting principles and policies, provisions, management accounting data, accounting standards, capital adequacy requirements, profitability indicators, and all other accounting matters that raise methodological issues; managing relations with the Statutory Auditors. At least once a year and more often if it sees fit, the Committee devotes part of a meeting to discussions with the Auditors without any member of BNP Paribas Executive Management being present.

The Committee may also discuss matters falling within its terms of reference with Group finance and accounting managers and the head of Asset-Liability Management, without any members of executive management being present.

Where questions of interpretation of accounting standards arise in connection with the

presentation of the quarterly, half-yearly and annual results, involving choices with a material impact, the Group Finance-Development Department submits to the Committee a quarterly memorandum analysing the nature and significance of the choices made. The Statutory Auditors also report to the Committee on the options chosen.

The Committee Chairman may make enquires of any manager within the Group concerning matters falling within the Committee's terms of reference as defined in the internal rules of the Board of Directors, and may also seek advice from outside experts.

Activities of the Committee in 2004: the Committee held four scheduled meetings during the year in line with the timeframe for the quarterly and annual results. The attendance rate for these meetings was 100%. The Committee also held one unscheduled meeting (which one director was unable to attend) to discuss the transition to IFRS before the presentation of the 2005 IFRS budget to the Board.

As part of its routine work, the Committee analysed, in advance of its presentation to the Board of Directors, the results of the Group and of BNP Paribas SA for 2003 and the first half of 2004, the Group's quarterly results for the first three quarters of 2004 and the annual and half-yearly financial statements of the Group and of BNP Paribas SA for 2004, comprising the profit and loss account, balance sheet, statement of off balance sheet items and notes. In carrying out these periodic reviews, the Committee assessed the impact on results of changes in Group structure and exchange rates and reviewed results by core business and business line. It also reviewed the summary of accounting internal control issues raised by the subsidiaries and branches as part of the internal certification of consolidation packages and examined draft results announcements before they were presented to the Board.



As part of its routine quarterly work, the Committee also dealt with significant questions of accounting methodology, including the application of the new rules for accounting for doubtful loans, amortisation, depreciation and impairment in value of assets, the criteria used to assess control of special purpose entities, the consequences of the French Pension Reform Act (the Fillon Act), the valuation of the Group's portfolio of listed investments, the progress of the work carried out in relation to the interpretation of IAS 39 on structured derivatives and the change in the methods used to estimate the value of fund units held. The Committee received confirmation from the Statutory Auditors that no significant issues relating to accounting options had been omitted.

Concerning relations with the Group's Statutory Auditors, the Committee approved the Group audit schedule presented by the Auditors for 2004 and reviewed the report of fees paid to the Statutory Auditors for 2003 prior to the publication of this information. It also reviewed the list and types of services other than audit services carried out for the Group by the Auditors in 2003 and the portion of the audit firms' revenues which the Group represents. The Committee read the letters issued by the audit firms confirming their independence and analysed and approved the planned additional engagements in accordance with the procedure defined by the Group in relation to conflicts of interest. Discussions were held with the Auditors during the review of the 2003 financial statements, without any member of Executive Management being present.

In order to complete its meetings with the key Group functions – which began at the end of 2003 with the Group heads of Asset-Liability Management and Treasury as well as with the Finance-Development function – the Committee held discussions with the Group Accounting Director in 2004, without any member of Executive Management being present. This meeting focussed on the relationship between

BNP Paribas and the Group's three Statutory Auditors, the organisation of audit engagements between the three firms, accounting closing procedures, provisions, the revaluation of financial instruments and taxation.

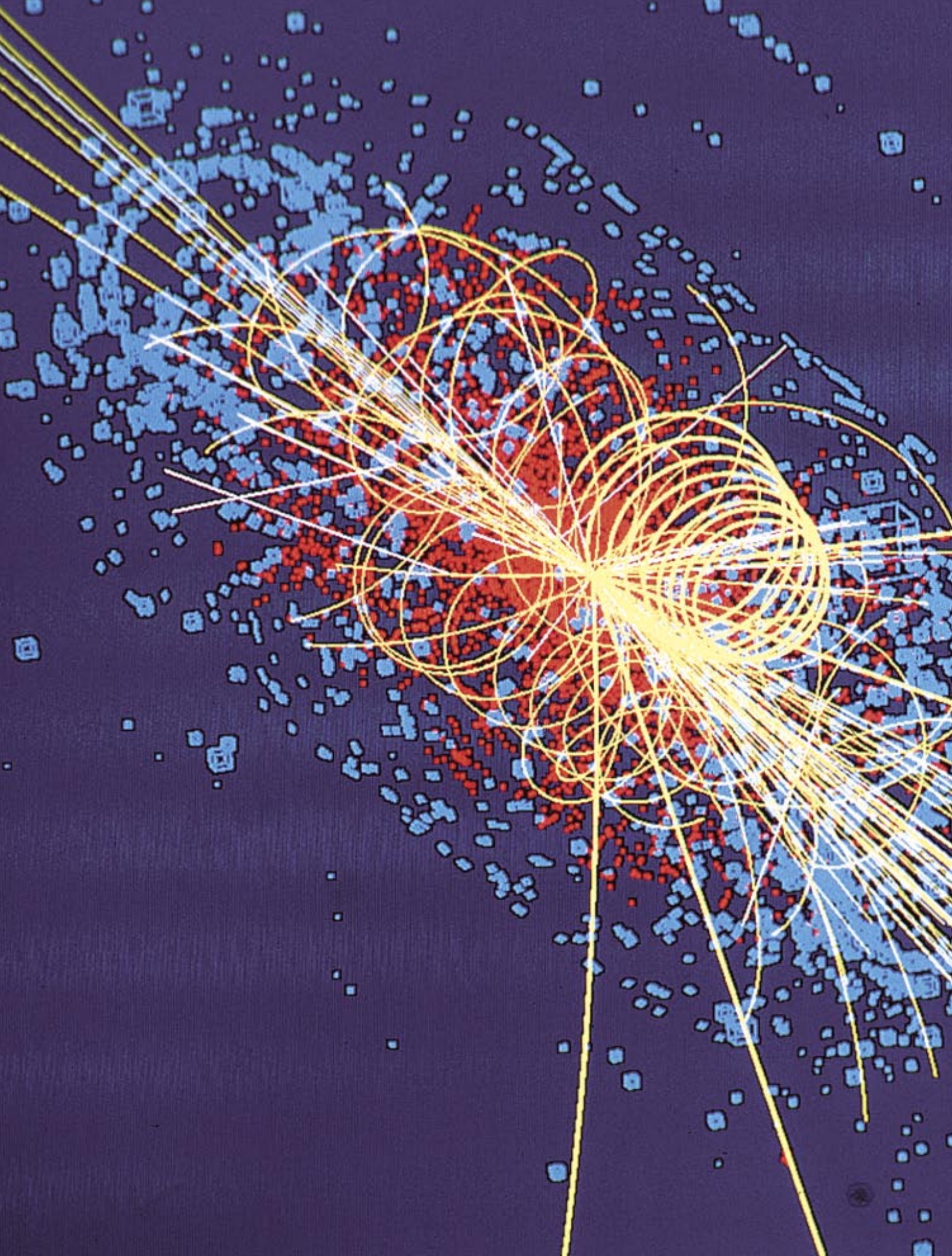
The Committee followed the progress of developments in relation to IFRS both during its regular meetings and during one meeting specifically dedicated to the subject. It reviewed the Group's initial estimates of the impact of the first-time adoption of the new standards.

Finally, the Committee reviewed the section relating to internal control of accounting and financial information in the draft of the Chairman's report drawn up in accordance with the French Financial Security Law.

Internal Control and Risk Management Committee

Members: at the start of 2005, the Committee comprised Jacques Friedmann (Chairman), François Grappotte, Jean-François Lepetit, and Jean-Marie Gianni. The first three of these members qualify as independent under French corporate governance guidelines, whereas Jean-Marie Gianni is not deemed to be independent as he was elected by BNP Paribas employees.

Terms of reference: the Committee's terms of reference are set out in the internal rules of the Board of Directors, and involve assisting the Board in various areas, including: reviewing the reports on internal control and on risk measurement and monitoring systems, as well as reports prepared by the General Inspection unit and their main findings, and correspondence with the French banking regulator (the Commission Bancaire); reviewing the Group's overall risk policy, based on risk and profitability indicators made available to the Committee in accordance with the applicable regulations, as well as any specific related issues; holding discussions, if it sees fit without other members of Executive Management being present, with the heads of the General



Unravelling the Mysterious Origins of our Universe by Pooling Computer Calculating

Patrick Geeraert

Head of the Finance Department
Cern - Client of BNP Paribas - Geneva



Another
Big Bang awaits us...

A scaled-down imitation of the Big Bang that gave birth to our Universe is scheduled to take place in 2007 in the depths of Cern's headquarters, which straddle the French-Swiss border. The objective is simple - by crashing together particles at a speed close to that of the speed of light, scientists believe they will be able to catch a glimpse of the moment the Universe began. At the same time, they are hoping to "find out more about the mysterious missing mass and the dark energy of the Universe - visible matter seems to comprise only 4% of what exists". In short, some of the most crucial scientific questions of our age can now be investigated through the construction of a huge tank: the large hadron collider (LHC). Once completed in 2007, the LHC will be "the biggest and most complex scientific instrument in the world". We're talking particle magnets the size of seven-storey buildings... While it defies the imagination, this experiment also poses a very obvious logistical problem - how to process the data. "When the LHC moves into action, the quantity of data it produces will be equal to 1% of all the data in the world." No computer has the capacity to process such a quantity. However, by enlisting the help of its 6,500 scientists of 85 nationalities, Cern has found a solution. After inventing the World Wide Web (i.e. the use of Internet), the organisation created the DataGrid, able to pool the calculating capacity of a network of several thousand computers located at different locations around the world. So, bring on the Big Bang...

CERN

European Organisation for Nuclear Research



Inspection and Internal Audit functions, Ethics, and Group Risk Management; presenting to the Board of Directors the Committee's assessment of the Group's methods and procedures.

Activities of the Committee in 2004:

The Committee met four times in 2004 with an attendance rate of 91% (one absence).

The Committee reviewed the Group's market and credit risks and analysed the allocation of risks by industry, geographic area and business line, particularly focusing on certain industries and clients which require specific monitoring due to the economic conditions of their markets. It also analysed changes in the amounts of provisions for credit risks and country risks. The Committee read and approved the findings of the Risk Policy Committees and reviewed their summary reports.

It also held discussions with the head of Group Risk Management (GRM), examined the report of the department's action points carried out in 2003 and approved the objectives of its 2004 action plan.

The Committee also held discussions with the head of the Group's Ethics Department, reviewed regulatory changes in relation to compliance, and to combating money laundering, terrorism and corruption. It analysed the resources and strategic action points for the Group's Ethics Department for 2004 and approved its objectives.

The Committee also held discussions with the head of the Group's General Inspection unit and the Internal Audit Department. It examined the draft annual report on Group internal control relating to 2003, drawn up in accordance with regulation 97-02 issued by the French Banking and Financial Regulation Committee (*Comité de la Réglementation Bancaire et Financière – CRBF*) to be transmitted to the *Commission Bancaire*. The Committee then reported its conclusions on the draft report to the Board of Directors. It analysed the procedures, employee numbers, action points and recommendations of the

General Inspection unit for 2003 and examined the activities of this unit as well as those of the Internal Audit department for the first half of 2004.

The Committee examined the procedures implemented by the Group in order to comply with the Basel II capital adequacy regulations and analysed the internal control requirements defined by the French Financial Security Law and the Sarbanes-Oxley Act in the United States.

The Committee noted the exchanges of correspondence between the Bank and the regulatory authorities and was brought up to date by Executive Management of the developments in the United Nation's "Oil for Food" investigations.

Further to research carried out into the respective roles and responsibilities of the Financial Statements Committee and the Internal Control and Risk Management Committee, it concluded that the separation of the functions normally carried out by a single audit committee into a two-committee structure which is unique to BNP Paribas has been successful in effectively meeting the Group's requirements.

Compensation and Nominations Committee

Members: Committee members were the same as the previous year, comprising Alain Joly (Chairman), Claude Bébéar, Jean-Louis Beffa and Jacques Friedmann. Half of the members (including the Chairman) qualify as independent directors under French corporate governance guidelines. No executive management members have sat on the Committee since 1997.

Terms of reference: In accordance with the internal rules of the Board of Directors, the Committee puts forward recommendations for the post of Chairman of the Board for consideration by the Board of Directors. Acting jointly with the Chairman of the Board, the Committee puts forward recommendations for the post of Chief Executive Officer

for consideration by the Board, and acting on the recommendation of the Chief Executive Officer, it puts forward candidates for Chief Operating Officer posts. It assists the Board of Directors in assessing the performance of the Board and of its Chairman (with the Chairman not present); acting jointly with the Chairman of the Board, it assists in assessing the performances of the Chief Executive Officer and Chief Operating Officers, with the parties in question not present. The Committee is also charged with addressing all issues related to the personal status of corporate officers, including remuneration, pension benefits, and stock options; reviewing the terms and amount of stock option plans, and the list of grantees; and preparing employee stock option plans. The Committee, in conjunction with the Chairman, is also competent to assist the Chief Executive Officer on any issue related to executive management compensation referred by him to the Committee. It is also responsible, on the same basis, for developing plans for the succession of corporate officers. Acting jointly with the Chairman of the Board, the Committee advises the Board on resolutions to be submitted to the shareholders concerning the election of directors and non-voting directors. It makes recommendations to the Board on the appointment of Committee chairmen when their terms of office are due for renewal.

Activities of the Committee in 2004:

The Committee met four times in 2004, with an average attendance rate of 88%.

Issues dealt with included determining the terms and conditions and amounts of fixed and variable remuneration to be paid for 2003 and 2004 to corporate officers and Executive Committee members; adapting the pension scheme for corporate officers; membership of the Board of Directors and the Committees of the Board; the 2004 stock option plan; the amount and allocation of directors' fees for 2004; the selection of future directors; and assessment of the performance of the Board of Directors.

II – Internal Control

The information below concerning the Group's internal control system has been provided by Executive Management.

Internal Control environment

Controls within the French banking sector are governed by a wide range of laws and regulations, which have created a long-established internal control culture within the Bank's core businesses. The current internal control environment is largely based on the Banking Activities and Control Act of 24 January 1984 and the Financial Activities Modernisation Act of 2 July 1996. France's banking regulator, the Commission Bancaire, is responsible for oversight of the rules applicable to internal control in banks and investment firms. Under its charter, the Commission Bancaire has the power to inspect and evaluate the internal control procedures used by banks. This highly-developed environment reflects the importance of banking activities to the economy and finance, and the potential for banking activities to affect the stability of the world financial system. National banking rules are framed at an international level within the context of the recommendations of the Basel Committee, an international regulatory body without parallel in any other business sector.

The conditions for the implementation and monitoring of internal control within banks and investment firms are set out in CRBF Regulation 97-02 of 21 February 1997, as amended by Regulations 2001-01 and 2004-02. These rules lay down principles relating to control systems for transactions and internal procedures, accounting systems and information processing, risk and performance measurement systems, risk supervision and control systems, and internal control documentation and reporting systems. Under article 42 of this Regulation, banks are required to prepare an annual report on internal control, which is submitted first to the Board of Directors (along with the report of the Internal Control and Risk Management Committee),

and is then sent to the Commission Bancaire and the auditors.

The BNP Paribas Group operates an internal control system covering all its businesses and sites. This internal control system is defined in the Group's Internal Audit Charter, which is widely distributed within the Group.

The Charter lays down rules relating to the organisation, lines of responsibility and scope of internal audit, and establishes the principle of the independence of the Internal Audit function. It also stipulates rules of ethical and professional conduct for internal auditors.

The Charter enables the Group to comply with the professional standards set internationally by the Institute of Internal Auditors and in France by the Institute of Audit and Internal Control (Institut Français de l'Audit et du Contrôle Interne).

The Chief Executive Officer is responsible for internal control organisation and procedures, and for all the statutory information included in the report on internal control.

The Group internal rules, last amended on 10 August 2001, set out general ethical and compliance rules to be applied by staff, especially those with access to sensitive information about BNP Paribas activities and results.

The internal control system also draws on Group-wide procedures issued by executive management, core businesses or Group functions. These procedures, which are regularly updated, are combined in the "Group Guidelines" database and can be accessed by all staff.

All internal control and risk issues are covered by periodic presentations to the Internal Control and Risk Management Committee, and via this Committee to the BNP Paribas Board of Directors (see the "Corporate Governance" section of this report).

Organisation of Internal Control

BNP Paribas has set up a new Compliance function, against a backdrop of stronger regulatory requirements and at a time when the CRBF is preparing an amendment to regulation 97-02. This new function will have Group-level

responsibility for bolstering organisational procedures concerning risk management and internal control processes. In particular, it will be tasked with:

- ensuring that action points relating to legal and regulatory requirements for the banking and financial industry are consistent and effective;
- orchestrating internal control procedures throughout the Group.

The structure and underlying principles of the Compliance function will be gradually defined and set up in 2005.

Overall, BNP Paribas' Internal Control function and general underlying principles remained unchanged in 2004, and correspond to those described in the Chairman's report for 2003.

BNP Paribas continued its drive to adjust its organisation structure in line with best practices relating to corporate governance and internal audit. This resulted in:

- the formation of an Audit Committee in each of the core businesses. These Committees, which are essential for monitoring audit work, are being progressively set up in the Bank's operating units;
- the implementation and communication of Internal Audit guidelines and thematic audit methodologies. The main focus in this respect concerned audit guides relating to ethics and compliance, as well as to initiatives relating to procedures for deepening knowledge of clients, and to combating money laundering, terrorism and corruption.

In response to the latest regulatory requirements (CRBF 2004-02 and the proposed amendment to CRBF 97-02), additional audits will be performed in 2005 relating to outsourced business and Business Continuity Plans;

- the separation of the Internal Audit and Ethics functions in several Group entities.

The BNP Paribas Group is extremely aware of the need to ensure that there are effective ethics procedures in place, especially with regards

to combating money laundering. These aims have formed the overriding focus of the Group's Ethics Managers over the past few years, and BNP Paribas remains committed to achieving them. These efforts are reflected in the following:

- the "Tools-Protection-Risks" team now reports to the Group Ethics function, thereby increasing the latter's expertise in monitoring and detecting attempts at fraud, as well as in surveillance of irregular transactions and in traceability;
- the gradual implementation from 2004 of software for preventing, detecting and reporting money-laundering operations. This issue will form one of the priorities of the 2005 action plan.

The year 2004 saw a focus on organisational procedures and a significant increase in resources. These efforts, which will be pursued in 2005, have already resulted in the establishment of audit coverage principles for a Group function.

Internal Control principles

On 22 September 1999, the BNP Paribas Group issued an organisation memorandum laying the foundations of the Bank's internal control system. This system is rooted in three key principles and a set of written guidelines.

The three key internal control principles are defined in the following terms:

- *responsibility for internal control is an integral part of management responsibility. Internal controls are embedded in each activity as a means of controlling that activity. Heads of core businesses, and heads of Group functions with responsibility for a "family" of risks, each define their own internal control system and ensure it operates effectively. Every manager, at whatever level, has a duty to exercise effective control over the activities for which he or she is responsible;*
- *delegation of responsibilities ensures that Group policies are implemented consistently at all levels;*

- *segregation of duties, mainly focused on separation between teams that originate transactions and teams that execute those transactions. The structure of the Group should at all times ensure clear separation between execution and control, and between proprietary and third-party management.*

The Internal Audit teams regularly carry out controls to ensure that these principles have been respected. By way of example, in 2004 the Audit department of the Corporate and Investment Banking business carried out a survey to verify the segregation of tasks. The overall findings showed satisfactory compliance with regulatory requirements for the banking industry.

Internal Control procedures

The written guidelines are distributed throughout the Group, and describe the organisational structures, procedures and controls to be applied; they provide the basic framework for the Group's internal control.

In 2004, the project relating to the Group's cross-functional guidelines (levels 1 and 2) reached maturity. These guidelines are regularly updated – a process in which all the core businesses and functions actively participate. This structural project was 93% completed at end-September 2004, compared with 89% one year earlier.

Several core businesses have appointed Procedure Managers, which further demonstrates the Bank's commitment to internal control and to ensuring that the related processes are correctly monitored.

The various levels of Internal Control

A four-level system of controls is used. First-level controls are performed by individual employees on the transactions they process, based on Group procedures. Second-level controls are performed by their managers. Third-level controls are performed by internal auditors working within Group entities. Fourth-level controls are performed by the General Inspection unit.

The first three levels of control are exercised within the core businesses and Group functions, which have primary responsibility for their own internal control systems. Fourth-level controls, exercised by the General Inspection unit, are designed to ensure that the internal control system is operating properly within all Group entities, both in the parent company and its subsidiaries.

Risk families

The BNP Paribas Group has classified risks into eight different "families":

- *Credit and counterparty risk, representing the risk of total or partial default of a counterparty with whom the Bank has contracted balance sheet or off balance sheet commitments.*
- *Market risk, associated with movements in the market price of all types of instruments (such as equity, interest rate and liquidity risk).*
- *Accounting risk, arising from all factors liable to prevent fulfilment of the objective that accounting information should present a true and fair view.*
- *Administrative risk, arising from all factors liable to impair the efficiency of the Group's operations in terms of transaction processing.*
- *Information systems risk, arising from all factors liable to impair the security of information systems and the performance of the IT function.*
- *Business and reputational risk, relating to the risk of business underperformance and damage to the brand image.*
- *Legal and tax risk, arising from all factors liable to impair the Group's objectives in terms of legal and tax compliance.*

- *Human resources risk, arising from all factors liable to cause individual or collective dissatisfaction among staff, or to result in quantitative or qualitative shortcomings in human resources.*

All these risks, with the exception of credit/counterparty and market risk, fall within the overall concept of operational risks: direct or indirect financial risk resulting from any kind of internal or external failings (such as the failings of individuals, procedures or systems).

As of 2004, each of the Bank's core businesses defines and identifies operational incidents and systematically provides a full report on the issues concerned. This process, which represents an important step in the procedure of monitoring operational risks, is backed by a network of Operational Risk correspondents and analysts which was rolled out on a wide scale during the year.

Also in 2004, a Risk Monitoring Committee was set up within the General Inspection unit. The aims of this Committee are to:

- identify all the entities that are subject to a core business audit;
- for each of these entities, recommend procedures for appraising risks, with a view to creating a Group Risk Assessment process;
- prepare the 2005 action plan in cooperation with the core business audit teams.

These processes round out the Risk Assessment approach already set up in the Group's operating units.

The Internal Audit Charter

The BNP Paribas Group has set out its internal audit principles in an "Internal Audit Charter", which was amended in 2003 and sent out within the Group in February 2004. This amendment reflects the separation of the functions of Chairman and Chief Executive Officer, under which the Chief Executive Officer assumed full responsibility for audit and internal control.

Human resources

As of 31 December 2004, the BNP Paribas Group had a total of 863 full time equivalent employees in the Internal Audit and General Inspection functions, 383 in the Ethics function (an increase of 29% compared with the previous year), and 793 in the Group Risk Management function as a whole, including 57 in the Operational Risk function.

III – Limitation of the powers of the Chief Executive Officer

The Chief Executive Officer has the broadest powers to act in all circumstances in the name of BNP Paribas and to represent the Bank in its dealings with third parties. He exercises these powers within the limits of the corporate purpose, and subject to those powers expressly reserved by law for shareholder meetings and for the Board of Directors.

Within the Group, the internal rules of the Board of Directors require the Chief Executive Officer to submit to the Board for prior approval any investment decision of more than EUR 250 million, and any proposed acquisition or divestment of equity interests of more than EUR 250 million.

IV – Internal Control procedures relating to the preparation and processing of accounting and financial information

Roles and responsibilities regarding the preparation and processing of accounting and financial information

The preparation and processing of accounting and financial information are the responsibility of the Group Finance-Development function, whose roles include:

- *production and quality control of financial statements;*
- *production and quality control of management schedules, and provision of forecast figures for strategic management purposes;*
- *control over the Group's financial information systems.*

These roles are performed at a number of levels: at Group level by the Group Finance-Development function, at core business level by the core business Finance function, and within each entity
The allocation of these roles is described in the charter drawn up by the Finance-Development function.

The heads of finance of the core businesses and of the main entities have operational lines of reporting to the Group Head of Finance.

Accounting policies and rules

The accounting policies and rules applied by Group entities in preparing accounting information are drafted and updated by the central Group General Accounting Department. These policies and rules comply with French generally accepted accounting principles.

As from January 2005, the Group's consolidated financial statements will be prepared in accordance with the International Financial Reporting Standards adopted by the European Union. The Group chose to prepare and publish its 2004 annual results in accordance with French GAAP in the ordinary timescale, rather than waiting until the completion of work relating to

the impact on the 2004 accounts of switching to the new accounting standards. Detailed quantitative data concerning this impact, as well as results for the year ended 31 December 2004 prepared in accordance with IFRS will be presented to the market on 24 March 2005. *The central Management Control Department draws up management control rules that apply to all the Group's business lines. The Group's accounting policies and management control rules can be accessed in real time via the Group Intranet.*

Procedures for preparing consolidated financial data

The information used to prepare the BNP Paribas Group consolidated financial statements is derived from the Bank's transaction processing systems and two separate reporting channels, one dedicated to accounting data and the other to management data. The reporting process is as follows:

- *Accounting data: accounting information is reported directly from each entity to the accounting department within the Group Finance-Development function. This department prepares the accounts of BNP Paribas SA and the Group's consolidated financial statements based on the accounting information reported to it by the other entities.*
- *Management data: management information is reported by each entity and business line to the Finance function of the relevant core business, which then reports consolidated data for the core business to the Management Control unit within the Group Finance-Development function.*

For each entity and core business, a reconciliation between accounting data and management data is performed for the main income statement lines. This is supplemented by an overall reconciliation performed by the Group Finance-Development function to ensure consistency between consolidated accounting profits and management reporting profits. These two reconciliations form part of the procedure for ensuring reliable accounting and management data.

Internal certification process

The Group has introduced a process of internal certification of quarterly data produced by entities falling within the scope of consolidation. The heads of Finance of the entities concerned certify:

- *that the accounting data reported to the Group Finance-Development function are reliable and comply with Group accounting policies;*
- *that the accounting internal control system designed to ensure the quality of accounting data is operating effectively.*

This procedure is based on the Group's accounting internal control system, which is adapted to each entity, as well as on an internal assessment carried out at least once a quarter in order to ensure that the system is being correctly implemented by the participants concerned. *Accounting risks identified by accounting internal controls during the internal certification process are specifically monitored and, where appropriate, adequately provided for.*

A report on this procedure is sent to the Financial Statements Committee at the close of the Group's consolidated accounts.

Periodic controls – formation of an accounting inspection team

Controls are performed by the General Inspection unit as well as by the Internal Audit departments of each core business, entity and function. With a view to further strengthening these control procedures, an accounting inspection team was set up in 2004 tasked with performing specific audits on accounting procedures and cross-functional accounting issues within the Group.

This team reports both to Group Finance-Development and the General Inspection unit.

REMUNERATION

Remuneration of corporate officers

Remuneration of the Chairman of the Board of Directors, the Chief Executive Officer, and the Chief Operating Officers

The remuneration paid in 2004 to corporate officers was determined by the method recommended by the Compensation and Nominations Committee and approved by the Board of Directors.

The remuneration of corporate officers comprises both a fixed and a variable component, the base levels of which were determined following a benchmarking exercise. The fixed portion is calculated based on market rates of pay for positions carrying equivalent responsibilities. The variable portion, which is capped, is based in part on financial performance criteria and achieving budget objectives set for the Group and the Divisions (gross operating income, pre-tax income and net profit), and in part on each individual's personal contribution to implementing the Group's strategy and preparing its future. A portion of the variable amount is paid at the rate of one-third per year over three years.

Year-on-year changes in remuneration arise from the new organisation of Executive Management, effective 12 June 2003.

- The fixed salary paid to Michel Pébereau, Chairman of the Board of Directors, amounted to EUR 700,000 in 2004 (EUR 727,838 in 2003). The variable remuneration payable to Michel Pébereau in 2005 in respect of 2004 will amount to EUR 831,553 (EUR 839,119 in 2004 in respect of 2003). The additional variable remuneration payable in respect of 2004 at a rate of one-third per year in 2006, 2007 and 2008 will amount to EUR 204,750 (EUR 199,565 in respect of 2003).

The Chairman of the Board of Directors is not paid a salary by any other Group companies and does not receive any directors' fees from Group companies, other than as a director of BNP Paribas SA.

- The fixed salary paid to Baudouin Prot, Chief Executive Officer, amounted to EUR 730,000 in 2004 (EUR 642,153 in 2003). The variable remuneration payable to Baudouin Prot in 2005 in respect of 2004 will amount to EUR 1,171,274 (EUR 835,986 in 2004 in respect of 2003). The additional variable remuneration payable in respect of 2004 at a rate of one-third per year in 2006, 2007 and 2008 will amount to EUR 298,500 (EUR 198,042 in respect of 2003). The Chief Executive Officer is not paid a salary by any other Group companies and does not receive any directors' fees from Group companies, other than as a director of BNP Paribas SA.
- The fixed salary paid to Georges Chodron de Courcel, Chief Operating Officer, amounted to EUR 450,000 in 2004 (EUR 439,665 in 2003). The variable remuneration payable to Georges Chodron de Courcel in 2005 in respect of 2004 will amount to EUR 949,986 (EUR 811,010 in 2004 in respect of 2003) before deducting directors' fees received in 2004. The additional variable remuneration payable in respect of 2004 at a rate of one-third per year in 2006, 2007 and 2008 will amount to EUR 232,500 (EUR 190,425 in respect of 2003).

- The fixed salary paid to Jean Clamon, Chief Operating Officer, amounted to EUR 430,000 in 2004 (EUR 414,962 in 2003). The variable remuneration payable to Jean Clamon in 2005 in respect of 2004 will amount to EUR 453,983 (EUR 401,195 in 2004 in respect of 2003) before deducting directors' fees received in 2004. The additional variable remuneration payable in respect of 2004 at a rate of one-third per year in 2006, 2007 and 2008 will amount to EUR 84,000 (EUR 67,791 in respect of 2003).

The Chairman, the Chief Executive Officer and the Chief Operating Officers have company cars and a mobile telephone.

Pension benefits

The defined benefit plans which were previously accorded to executive managers of the Group formed by BNP, Paribas and Compagnie Bancaire, have all been changed to top-up type schemes. The amounts allocated to the beneficiaries, subject to their being in the Group at the time they retire, were fixed when the previous schemes were closed to new entrants. This procedure has been applied to corporate officers, with the defined amounts calculated on the basis of fixed and variable remuneration received in 1999 and 2000, without the possibility of subsequently acquiring supplementary pension rights. When benefits fall due, the top-up amounts calculated as described above will be remeasured over the period from 1 January 2002 to the retirement date based on the average increase in pension benefits paid by the Social Security, Arrco and Agirc.

Remuneration and benefits paid to corporate officers in 2004

In euros	Remuneration			Directors' fees paid by Group companies ⁽⁴⁾	Benefits in kind ⁽⁵⁾	Total remunerations
	Fixed ⁽¹⁾	Variable ⁽²⁾	Deferred ⁽³⁾			
Corporate officer						
Michel Pébereau Chairman of the Board of Directors	700,000	839,119	358,312	22,868	4,781	1,925,080
Baudouin Prot Chief Executive Officer	730,000	801,952 ⁽⁶⁾	218,103	22,868	4,895	1,777,818
Georges Chodron de Courcel Chief Operating Officer	450,000	707,810 ⁽⁷⁾	252,613	6,468	4,271	1,421,162
Jean Clamon Chief Operating Officer	430,000	286,169 ⁽⁸⁾	100,572	47,013	4,845	868,599

(1) Salary paid in 2004.

(2) Corresponding to variable remuneration paid in 2004 in respect of 2003. In accordance with the terms of the BNP Paribas deferred bonus plan, a portion of each corporate officer's variable remuneration consisted of stock awards vesting at the rate of one-third per year in 2005, 2006 and 2007. Michel Pébereau's deferred remuneration amounted to EUR 199,565, that of Baudouin Prot to EUR 198,042, that of Georges Chodron de Courcel to EUR 190,425 and that of Jean Clamon to EUR 67,791.

(3) Corresponding to the transfer of the final third of the deferred bonus awarded in 2000 in the form of BNP Paribas shares, to two-thirds of the deferred bonus awarded in 2001 in the form of BNP Paribas shares and to one-third of the deferred bonus awarded in 2002 in the form of BNP Paribas shares.

(4) The Chairman of the Board of Directors and the Chief Executive Officer do not receive directors' fees from any Group companies other than BNP Paribas SA. Georges Chodron de Courcel receives fees in his capacity as Director of BNP Paribas Switzerland. Jean Clamon receives fees in his capacity as Director of Cetelem, BNP Paribas Lease Group, Cortal Consors, Cardiff and Paribas International.

(5) The Chairman, the Chief Executive Officer and the Chief Operating Officers have company cars and a mobile telephone.

(6) Baudouin Prot's variable remuneration was reduced by EUR 34,034 corresponding to directors' fees received in 2003.

(7) Georges Chodron de Courcel's variable remuneration was reduced by EUR 103,200 corresponding to directors' fees received in 2003.

(8) Jean Clamon's variable remuneration was reduced by EUR 115,026 corresponding to directors' fees received in 2003.



Remuneration of other corporate officers

In addition to the directors' fees received as Vice-Chairman of the Board of Directors of BNP Paribas SA, in 2004, Michel François-Poncet(+) received fees in his capacity as Chairman of BNP Paribas Suisse SA and directors' fees in his capacity as Director of BNP Paribas UK Holdings Ltd, representing a total of EUR 143,741. He also had a company car.

In addition to the directors' fees received from BNP Paribas SA, in 2004 David Peake received directors' fees of EUR 48,634 in his capacity as Chairman of BNP Paribas Finance Plc and BNP Paribas UK Holdings Ltd. He also has a company car, provided by BNP Paribas Finance Plc.

Remuneration paid to other corporate officers (directors' fees, other fees, benefits in kind) in 2004 (in euros⁽¹⁾)

Michel François-Poncet (+)⁽²⁾	
Vice-Chairman of the Board of Directors	143,741
David Peake^{(2) (3)}	
Director	48,634

(1) Amounts in foreign currencies have been converted at the following exchange rates: EUR 1 = GBP 0.7077765 and EUR 1 = CHF 1.546878052.

(2) David Peake's term of office as Director expired on 28 May 2004.

(3) Including directors' fees from BNP Paribas SA.

Remuneration of directors representing employees

The total remuneration paid in 2004 to the directors elected by employees during their term of office came to EUR 102,785, not including directors' fees. The total amount of directors' fees paid in 2004 to the directors elected by employees was EUR 73,752. The directors' fees for 5 employee representatives were paid directly to their trade union bodies. Jean Morio personally received the outstanding amount of his director's fees in respect of 2003 (see table below).

Directors' fees

The total fees paid to the directors of BNP Paribas SA are determined by the General Meeting of Shareholders. The fees awarded to each director for 2004⁽¹⁾ were unchanged from prior years at EUR 22,868. In addition, the chairmen of the Committees of the Board each receive EUR 7,622 and the other members of these Committees each receive EUR 4,574. One half of the fee paid to each director is based on the director's attendance rate at Board meetings and meetings of any Committees of which he or she is a member. Total directors' fees paid in 2004 amounted to EUR 424,438 (compared with EUR 476,662 in 2003).

BNP Paribas	2004
Michel Pébereau	22,868
Patrick Auguste ⁽²⁾	27,442
Claude Bébéar	23,669
Jean-Louis Beffa	23,669
Gerhard Cromme	20,010
Jack Delage ⁽²⁾	3,430
Michel François-Poncet (+)	21,439
Jacques Friedmann	33,845
Jean-Marie Gianni ⁽²⁾	17,152
François Grappotte	26,556
Marie-Christine Hamonic ⁽²⁾	2,858
Alain Joly	29,728
Denis Kessler	25,841
Jean-François Lepetit	10,005
Jean-Marie Messier	1,886
Jean Morio	5,718
Lindsay Owen-Jones	15,722
David Peake	15,608
Hélène Ploix	27,442
Baudouin Prot	22,868
Louis Schweitzer	30,530
Jean-François Truffelli ⁽²⁾	17,152
TOTAL	424,438

(1) As directors' fees are awarded at the last meeting of the Board of Directors for the current financial year, the corresponding amounts are calculated from December of the previous financial year to November of the current financial year.

(2) Directors elected by employees whose fees are paid directly to their trade union bodies.

General principles governing the determination of fixed and variable components of employee remuneration

Pay reviews are conducted by all Group companies throughout the world according to a standard timetable, based on a Groupwide performance assessment system. Performance assessments are based on individual objectives and the skills required by the position concerned.

Fixed salaries are set on a country-by-country basis, taking into account the responsibilities involved and market rates. In the corporate and investment banking and private banking businesses, bonuses are determined based on individual performance and the business's profitability. In the other business lines and Group functions, management bonuses are determined annually based on profits and each individual's personal performance.

The variable bonuses of Retail Banking sales staff in France are determined according to criteria that are adjusted each year based on national and local development plans.

Stock option plans

BNP Paribas generally launches a new shareholder-approved stock option plan each year. No options are granted at a discount to the BNP Paribas share price on the date of grant.

Options plans may include certain performance-related vesting conditions applicable to all or some of the options granted to each individual. Details of the vesting conditions are provided in note 36 to the consolidated financial statements.

On 24 March 2004, the Board of Directors approved a stock option plan mainly concerning key managers within the Group. This plan counted 1,458 beneficiaries who were granted 1,779,850 options. The option exercise price was set at EUR 49.80, corresponding to the average of the opening prices quoted for BNP Paribas shares over the 20 trading days preceding 24 March 2004. Specific conditions apply to a portion of the options granted to certain individuals, whereby the right to exercise the options and the exercise price depend on the relative performance of BNP Paribas shares compared with a benchmark index during a specified period.

Information on stock options

Options granted to and exercised by corporate officers	Number of options granted/exercised	Exercise price (in euros)	Date of grant	Plan expiry date
Options granted in 2004	0	-	-	-
Options exercised in 2004				
Michel François-Poncet (†)	177,650	23.47	26/12/1997	26/12/2005
Georges Chodron de Courcel	50,000	37.28	13/05/1998	13/05/2008
Georges Chodron de Courcel	5,500	37.64	03/05/1999	03/05/2009
Jean Clamon	50,000	23.47	26/12/1997	26/12/2005
Jean Clamon	37,020	17.30	20/01/1997	20/01/2005

No stock options were granted to corporate officers in 2004.

Employees other than corporate officers receiving/exercising the highest number of options	Number of options granted/exercised	Weighted average exercise price (in euros)	Date of grant	
Options granted in 2004 (10 employees)	62,000	49.80	24/03/2004	
Options exercised in 2004 (10 employees)	625,228	20.56	20/01/1997 311,235	26/12/1997 127,455
			13/05/1998 40,000	17/11/1998 146,538

Fees paid to the auditors

<i>In thousands of euros</i>	Ernst & Young				PricewaterhouseCoopers				Mazars & Guérard				TOTAL			
	2004	%	2003	%	2004	%	2003	%	2004	%	2003	%	2004	%	2003	%
Audit																
Statutory audits and contractual audits, including:																
Basic audit work	6,572	71%	5,565	56%	8,176	50%	6,429	39%	4,345	72%	3,414	42%	19,093	61%	15,408	45%
Additional work	1,090	12%	1,620	16%	4,720	29%	5,101	30%	907	15%	1,586	20%	6,717	21%	8,307	24%
Special engagements	320	4%	154	2%	19	-	117	1%	110	2%	135	2%	449	2%	406	1%
Sub-total	7,982	87%	7,339	74%	12,915	79%	11,647	70%	5,362	89%	5,135	64%	26,259	84%	24,121	70%
Other services																
Legal and tax advice	876	10%	1,410	14%	2,931	18%	3,917	24%	598	10%	2,847	35%	4,405	14%	8,174	23%
IT consulting services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Management consulting services	188	2%	883	9%	164	1%	352	2%	32	-	13	-	384	1%	1,248	4%
Other	100	1%	291	3%	192	2%	687	4%	75	1%	97	1%	367	1%	1,075	3%
Sub-total	1,164	13%	2,584	26%	3,287	21%	4,956	30%	705	11%	2,957	36%	5,156	16%	10,497	30%
TOTAL	9,146		9,923		16,202		16,603		6,067		8,092		31,415		34,618	



ALCATEL MANOBI

Exchanges of Information in Real-time Trigger Economic Development

Thierry Albrand

Vice President Digital Bridge

Alcatel - Client of BNP Paribas - Paris

Idrissa is a Senegalese fisherman. In a few minutes time on this cloudy Tuesday morning, he will be casting his fishing nets out from his small boat off the coast of Casamance. But before leaving the beach, he has one last important thing to do - thanks to a service developed by a Franco-Senegalese company, Manobi, Idrissa's mobile phone will enable him to find out today's shipping forecast, to learn that the flat sardinella is selling best at the market today and to obtain prices for every market in the country in a matter of seconds. *"The project is still at pilot stage for fishermen, but it has already been available to farmers for over a year."* The same principle applies: with the aid of a mobile phone, farmers are able to obtain real-time information about the price of their products and deal with wholesalers on equal footing. The result has been virtually a 50% rise in revenues for the farmers, thus proving that telecommunications devices can truly be used as development tools. This high value-added service, which is expected to be rolled out to other countries, has been put together by three organisations: Manobi (service designer), Sonatel (telephone operator) and Alcatel, the equipment maker which provides radio equipment and facilitates Manobi's access to telecoms operators. With already more than a thousand professional clients able to easily absorb the cost of the service, the project is working to the advantage of all concerned. *"It's this type of service that is needed to encourage operators to extend coverage beyond the larger towns."* In developing countries, up to 70% of the population currently lives in the country.



www.manobi.net / www.sonatel.com / www.alcatel.com

SOCIAL AND ENVIRONMENTAL INDICATORS PRESCRIBED BY THE NEW ECONOMIC REGULATIONS (NRE)

Summary table relating to the Social Chapter of the New Economic Regulations (NRE) Act

NRE indicator	2004 Comments	Scope concerned
1. Remuneration and benefits paid to each corporate officer during the financial year	See Sustainable Development section of Annual Report, under <i>Corporate Governance - Remuneration</i> .	Group
2. Remuneration and benefits paid during the financial year to each corporate officer by controlled companies as defined in article L. 233-13 of the French Commercial Code	See Sustainable Development section of Annual Report, under <i>Corporate Governance - Remuneration</i> .	Group
3. List of all directorships and positions held during the financial year in any company by each of the corporate officers	See detailed presentation of corporate officers in Module 1 of the Annual Report.	Group
4. Total number of employees including fixed-term contract employees	See Sustainable Development section of Annual Report, under <i>Human Resources Development - Workforce</i> . The number of employees managed by the Group at 31 December 2004 was 99,433 full-time equivalent employees (FTEs), representing an increase of 5,925 FTEs. In France, the number of employees managed by the Group rose to 54,208 FTEs, including 38,809.6 FTEs (of which 374.6 on fixed-term contracts) for BNP Paribas SA and 15,398.4 FTEs for its subsidiaries. The concept of cadre, loosely translated as "executive", is specific to the French environment and cannot be meaningfully transposed at a global level. For information purposes only, therefore, the proportion of cadre to non-cadre (executive to non-executive) staff employed by BNP Paribas SA has continued to increase steadily: <ul style="list-style-type: none"> • 35.7% in 2002; • 37.7% in 2003; • 39.7% in 2004. 	Group France
5. Number of new permanent and fixed-term contract employees	In 2004, 7,488 new employees were recruited worldwide on permanent contracts, and women accounted for 53.1% of the total. BNP Paribas SA added 3,436.1 new FTEs in mainland France, 1,247.2 men and 2,188.9 women. Of the total, 1,032.1 were on fixed-term contracts (319.2 men and 712.9 women) and 308.0 were hired on permanent contracts following a fixed-term contract (76.0 men and 232.0 women). For extensive and detailed information on this topic, see the Sustainable Development section of the Annual Report, under <i>Human Resources Development - Recruitment</i> .	Group SA mainland France
6. Recruitment difficulties	The BNP Paribas Group remains a very attractive employer, as shown by the more than 150,000 "speculative" job applications received in 2004, 70% of them through the Internet. The hiring of university graduates with a five-year degree rose very significantly in 2005, to match the needs expressed by the various business lines. Graduates with a two- or three-year degree also remain a recruitment target for banking operations. BNP Paribas launched several campaigns to lure new talent from these categories, taking part in nearly 50 job placement forums, in addition to its ongoing partnerships with the major schools and universities	France

NRE indicator	2004 Comments	Scope concerned
7. Number of and reasons for dismissals	<p>In 2004, the number of employees dismissed by BNP Paribas SA in mainland France amounted to 124 FTEs. In addition, 90.7 new hires were dismissed during their trial periods.</p> <p>As in previous years, the two leading causes of dismissal were professional shortcomings (81.7) and professional misconduct (23.6).</p>	SA mainland France
8. Overtime hours	<p>In 2004, the amount of overtime represented less than 0.1% of regular hours for the staff concerned. BNP Paribas SA paid 52,212 hours of overtime in mainland France, more than 15% below the 2003 figure.</p>	SA mainland France
9. Temporary staff	<p>Temporary workers: The average monthly number of temporary workers (135) was down 15% compared to 2003 and the average length of contracts declined to 21 days.</p> <p>The Group's consolidated expenditure on temporary staff in France has stabilised following a peak in 2002 due to the changeover to the euro: 2002: EUR 38.3 million, 2003: EUR 29 million, 2004: EUR 29.2 million.</p> <p>In France, the United Kingdom and the United States, BNP Paribas has put in place approved vendor lists for temporary work agencies and service providers. Agreements signed with these companies include very strict clauses on compliance with employment legislation and preventing loss-making sales, which are prohibited under French law</p> <p>See point 27.</p>	SA mainland France France France UK USA Group
10. Where relevant, information relating to headcount adjustments, redeployment and career support advice	<p>See Sustainable Development section, under <i>Human Resources Development – Quantitative and qualitative responses to workforce adaptation</i>, where this topic is pursued in depth.</p>	SA mainland France
11. Working hours	<p>Since 2000, the legal working hours in France have been set at 35 hours per week for full-time employees, with extensive possibilities for requesting part-time work arrangements.</p> <p>Employees with over one year's seniority qualify for a time savings account (<i>Compte Épargne Temps</i>), in which they can save holiday time for later use – e.g. taking personal days, partly financing a continuing education project or switching to part-time work without loss of revenue.</p> <p>About 21% of employees have a CET time savings account.</p> <p>Subject to their supervisor's agreement, employees can also take 5 to 20 days of unpaid leave.</p>	SA mainland France
12. Working week for full-time employees	<p>In France, the working week for a full-time employee is generally considered to be 35 hours.</p> <p>By comparison the working week for full-time staff is 35 hours for Group business units in the United Kingdom, 35 or 40 hours, according to operations, in the United States and 40 hours in Switzerland.</p>	SA mainland France UK USA Switzerland
13. Working week for part-time employees	<p>A little over 12.7% of employees have chosen one of the part-time work arrangements, the main options being 50%, 60% or 80% of a full-time equivalent. The 80% option has been selected by over two thirds of part-time employees.</p>	SA mainland France
14. Absenteeism and reasons for absenteeism	<p>In 2004, the absentee rate for BNP Paribas SA in mainland France was 4.39%. Maternity leave accounted for 1.14% of the total.</p> <p>After maternity leave, non-work related illnesses were the most common reason for long-term absences.</p> <p>See the 2004 Social Report.</p>	SA mainland France

NRE indicator	2004 Comments	Scope concerned								
15. Remuneration	<p>The average monthly remuneration of BNP Paribas SA employees in mainland France was EUR 2,816 in 2004.</p> <ul style="list-style-type: none"> • 94.7% of employees received a variable remuneration bonus (94.4% of women and 94.9% of men). • 35.5% were awarded an increase in fixed remuneration. • 12.3% were promoted. <p>See Sustainable Development section, under <i>Human Resources Development – A Group-Wide Approach to Career Management – Remuneration</i>.</p>	SA mainland France								
16. Change in remuneration	<p>An agreement signed in January 2004 provided a permanent 0.90% increase in annual salary, with a minimum rise of EUR 250 and a 15% bonus calculated on the basic salary for January 2004.</p>	SA mainland France								
17. Payroll expenses	<p>Payroll taxes for the Group's full scope of consolidation were as follows:</p> <table border="1" data-bbox="553 694 1087 751"> <thead> <tr> <th></th> <th>2002</th> <th>2003</th> <th>2004</th> </tr> </thead> <tbody> <tr> <td>(in millions of euros)</td> <td>1,442</td> <td>1,572</td> <td>1,496</td> </tr> </tbody> </table>		2002	2003	2004	(in millions of euros)	1,442	1,572	1,496	Group
	2002	2003	2004							
(in millions of euros)	1,442	1,572	1,496							
18. Application of the laws of Titre IV Livre IV of the Employment Code (Incentive plans and profit sharing)	<p>See Sustainable Development section of Annual Report, under <i>Human Resources Development – Consistent individual management – Employee share ownership</i>. At 31 December 2004, the Group's savings plans for current and former employees, which have around 70,000 beneficiaries, held assets of EUR 2.4 billion, including EUR 2.2 billion in BNP Paribas shares.</p> <p>In 2004, a company mutual fund (<i>Fonds Commun de Placement Entreprise</i>) investing in BNP Paribas shares was set up for employees outside France, in all countries where this type of mutual fund can be marketed.</p> <p>The geographical breakdown of staff outside France that took up the 2004 employee share issue was as follows:</p> <ul style="list-style-type: none"> - Europe: 52%; - Asia: 28%; - North America: 7%; - Africa: 6%; - South America: 5%; - Middle East: 2%. 	Group								
19. Professional equality	<p>See Sustainable Development section of Annual Report, under <i>Human Resources Development – Employee Diversity – Professional Equality</i>, presenting the key elements of the agreement on gender equality signed in 2004.</p> <p>BNP Paribas SA's staff in mainland France is composed of 18,082 men and 20,727 women.</p> <p>The proportion of males to females among recruits in 2004 was 1,247 men to 2,189 women.</p> <p>The proportion of female executives continues to rise:</p> <ul style="list-style-type: none"> • 34.2% in 2001; • 35.7% in 2002; • 36.9% in 2003; • 37.7% in 2004. <p>Proportion of female employees receiving promotion:</p> <ul style="list-style-type: none"> • 54.7% in 2002; • 55.6% in 2003; • 55.8% in 2004. 	SA mainland France								
		SA mainland France								

NRE indicator	2004 Comments	Scope concerned
20. Employee relations and collective bargaining	<p>See Sustainable Development section of Annual Report, under <i>Human Resources Development – Constructive Employee-Employer Relations</i>.</p> <p>As in previous years, there was constructive dialogue with employee representatives within BNP Paribas SA in 2004. The Commission on Employment Law – BNP Paribas SA's labour negotiation body – met on 29 occasions in 2004 and 17 new agreements were signed with trade unions.</p> <p>Several of these agreements aimed to further improve or protect the employee benefits of BNP Paribas SA staff.</p>	SA mainland France
21. Health and safety	<p>In 2004, occupational physicians had 23,229 consultations with staff, for annual check-ups or returns from extended sick leave or maternity leave, as well as 899 spontaneous visits from staff.</p> <p>Occupational physicians referred 2,374 employees to a medical specialist. BNP Paribas continued to pursue its initiatives to promote health and safety and prevent risks, in the following areas:</p> <ul style="list-style-type: none"> • Medical assistance to employees that have been victims of attacks, in partnership with Paris medical emergency services (Urgences Médicales de Paris). A document is given to any employee who has been attacked, explaining what steps he or she needs to take. A brochure on how to respond to such situations has also been produced for secretaries in the Human Resources departments, as the procedures involved are often new to them. To prevent any administrative delays in processing work injury filings, avoid any risk that coverage might be denied and provide better ongoing medical attention to victims, BNP Paribas SA has broadened its offer of specialised consultations for post-traumatic stress disorder in hospitals in Paris and the Paris region. • More extensive refresher courses on first aid. Two physicians have been assigned first aid training responsibilities. They provided initial training to 73 employees and took 298 others through refresher sessions. • Emergency response and CPR training for all medical staff. A five-year plan has been launched to train all medical personnel in emergency medicine and the use of a semi-automatic defibrillator, with a yearly refresher. Hands-on training sessions have begun for all nurses, one Monday per month, focusing on reviews of key protocols and role-play. • Ergonomics. Advice on improving the ergonomics of workstations has been distributed to all employees of BNP Paribas SA and is available on the HR, Career, Health and Benefits Intranet portal, alongside recommendations on how to prevent health risks through appropriate lifestyle choices. Various types of equipment have been reviewed in order to draw up a list of items and equipment that could be managed by the occupational medicine department. • Ongoing initiatives to prevent health risks. These programs, launched several years ago, involve health education and awareness-raising on the key public health challenges of cancer, HIV/AIDS, stress and cardiovascular diseases, and musculo-skeletal problems. Special medical attention continues to be devoted, since the success of a pilot program in 1991, to employees sent abroad in regions with significant health risks. Employees undergo a full medical examination that includes a vaccinations review, are given medical advice prior to departure, and are handed a brochure entitled "Health, Travelling and Work" as well as a medical kit on preventing HIV/AIDS and hepatitis C. Large-scale vaccination campaigns also continued, with 2,250 flu vaccines administered in 2004. One-time vaccinations are also carried out upon request from employees. The cardiovascular disease prevention program also continued within the occupational medicine department. It includes screening for the cardiovascular risk factors of high cholesterol, high blood pressure, smoking and stress. When appropriate, loss of coronary function is measured at a partner hospital, so that those employees who need it can get early treatment. Better medical monitoring has been provided for expatriate staff, with new health checkups tailored to the employee's age group and to the health risks of the countries concerned. 967 persons contributed to the blood collection drive. 	SA mainland France

NRE indicator

2004 Comments

Scope concerned

22. Training

See Sustainable Development section of Annual Report, under *Human Resources Development – Ongoing Skills Development*.

The numbers of employees at BNP Paribas units in mainland France enrolled in training for a professional qualification were as follows:

- 516 for the Brevet Professionnel banking diploma (which involved one half-yearly module in 2004 against two in 2003);
- 613 for the BTS banking qualification;
- 221 for the Institut Technique de Banque.

The Group's training centre in the Louveciennes campus recorded the following results:

	2004	2003	Change
Number of courses	1,025	944	+8.58%
Number of trainees	21,065	20,963	+0.49%
Number of trainee days	42,655	41,601	+2.53%

SA mainland
France

23. Employment and integration of disabled employees

In counting the number of disabled employees, it seemed more relevant to count each person individually rather than take into account the concept of disability units. Thus there were 798 disabled employees within BNP Paribas SA in mainland France at 31 December 2004 – 418 men and 380 women.

The Group has kept up its efforts to help disabled persons remain employed, for example by adapting the work environment for hearing-impaired persons or redesigning a vehicle and taking on taxi expenses for persons with motor disabilities.

An "Accessibility" working group, bringing together staff from the SIG, RHG, IMEX, GPG functions and from the French Retail Banking business, has set itself the task of ensuring that disabled employees and clients enjoy better access to information on banking websites. As a result, the recruitment website has been redesigned to be usable by sight impaired persons with appropriate equipment.

Institut des Cent Arpents, a sheltered workshop established by BNP in 1981 and managed by Mutuelle BNP Paribas, employs 98 disabled people.

In 2003 Handicoach, a non-governmental organisation dedicated to helping the disabled, performed a study assessing the quality of the company's integration of persons with disabilities. Its findings reflected favourably on BNP Paribas SA's systems for welcoming and integrating these colleagues, and also suggested further improvements.

To support the charitable endeavours of staff members, the BNP Paribas Foundation once again carried out a program of grants, *Coup de pouce*. In 2004, as in 2003, fighting the consequences of disabilities was at the forefront of employees' concerns and charitable commitments, alongside international solidarity.

With nine other major companies, BNP Paribas decided to support Fondation du Sport, which funds and partners initiatives to fight social exclusion through sport. One of the first projects selected by the foundation was presented by CAP-SAAA, an organisation whose aim is to alter the way disabilities are perceived. As part of the project, school pupils are introduced to the daily reality of disabilities, for example by being invited to practice basketball in a wheelchair with disabled persons.

In Spain, BNP Paribas is a partner of two organisations, Fundación AFIM, which helps the disabled find their place in society, and Fundación Gil Gayarre, dedicated to assisting Down Syndrome victims.

SA mainland
France

Spain

24. Company benefit schemes

National-level social and cultural activities are administered by the Central Works Council. Other staff benefit schemes are coordinated by local works councils.

Benefits offered to employees include children's summer camps and organised holidays for staff, contributions to meal expenses, family welfare, lending libraries for books, records, videos and other media, and concessions for theatres and cinemas.

A sports and cultural society allows staff to take part in and attend a variety of team sports and cultural events.

A breakdown of BNP Paribas SA's contributions to employee benefit schemes is provided in the 2004 Social Report.

SA mainland
France

NRE indicator	2004 Comments	Scope concerned
<p>25. Relations with the community, including associations to combat social exclusion, educational institutions, amenity and consumer associations, and local residents.</p>	<p>Educational institutions: in 2004, entities of the BNP Paribas SA network had forged over 900 formal or informal partnerships with schools. These relations often take the form of offering internships, work experience schemes or apprenticeships. Many of these partnerships also serve to promote the sports, cultural and artistic initiatives of young people, as well as local projects to help integrate them into the labour force, fight social exclusion and protect the environment.</p> <p>Consumer organisations: the Quality & Consumer Relations Department within French Retail Banking has set up partnerships with around a dozen consumer rights groups.</p> <p>Assistance with social insertion projects: see Sustainable Development section of Annual Report, under Patronage, the remarks on the strengthening of the partnership with Adie, a non-profit association providing micro loans for business projects.</p> <p>Group entities outside France are also responsible for many initiatives, either directly as in the United Kingdom or the United States, or through locally established foundations as in Brazil, Switzerland or Morocco.</p>	<p>SA mainland France</p> <p>International Network</p>
<p>26. Contribution to regional development and employment</p>	<p>The Group seeks to promote economic development in the territories where it is based by providing its clients with the financing to fuel their development. See Sustainable Development section of the Annual Report, under <i>Human Resources Development – Quantitative and qualitative responses to workforce adaptation</i>.</p> <p>An average of 2.7 new jobs (including the founder's) were created in the companies set up as part of the previous Employment Adaptation Plan, which drew to a close in early 2004.</p> <p>The employees of the call centres for the three client relations centres were recruited as in-house BNP Paribas staff, which led to the creation of 700 new jobs in France at the end of 2004.</p>	<p>SA mainland France</p>
<p>27. Outsourcing and the Bank's policy with subcontractors: steps to ensure that subcontractors comply with International Labour Organisation (ILO) standards.</p>	<p>The Global Procurement Group (GPG) manages all procurement contracts in excess of EUR 1 million. GPG does business only with suppliers who commit to complying with the standards set by the International Labour Organisation, notably regarding child labour, trade union rights, collective bargaining, forced labour, equal opportunities, working hours, and the minimum wage.</p> <p>BNP Paribas continued to promote this process in 2004, particularly in Asia where these international conventions are not always held in the same regard from one country to the next.</p> <p>An added tool for the training of the 2,500 GPG employees and procurement function correspondents worldwide was the setting up of a Sustainable Development area in the Intranet site for the function. The new pages contain reminders concerning the mandatory use of contracts that ensure compliance with labour legislation and warn that loss-making sales are illegal.</p> <p>Going against the grain of the widespread trend toward outsourcing of information technology functions, BNP Paribas opted for a novel solution by creating a joint venture with IBM France to meet the Group's IT processing needs. This strategic alliance answers the call for controlling and decreasing IT costs, while preserving a centre of excellence in France with leading-edge technology. Thanks to this original partnership, BNP Paribas is able to stay in command of its IT capabilities, while ensuring a painless transition for its employees, since all those concerned were able to keep the individual and collective benefits associated with their previous status.</p> <p>See point 9</p>	<p>Group</p>

CHINA SHIP

CHINA SHIP

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Smooth Sailing for Chinese Giant on the Crest of Shipping Expansion

CHINA SHIPPING



Li Ke Lin
President



China Shipping - Client of BNP Paribas - Shanghai

When we think back to the maps of the world presented in our old geography books, we can picture the dotted lines depicting the ancient sea routes used by the Greeks, the Romans, the Phoenicians, the Portuguese and the Venetians – routes leading to all four corners of the globe, but starting at a single point: Europe. This era is long past – there are now routes fanning out in all directions, and their number is constantly rising. But it doesn't stop there – demand for sea cargo services continues to soar. The United Nations Conference on Trade and Development put growth in this industry at 3.7% in 2003. As in many other fields, China has emerged as a heavyweight challenger in the sector. Active in petroleum transport, cargo and container shipping, China Shipping Group already has "5% of market share in Pacific Lines, 4% in Far East to Europe Lines". To develop and manage its network of shipping lines, China Shipping relies on state-of-the-art information systems.

These are also expected to help the Group meet its very ambitious goal to "become a world leading shipping group by the year 2010" and to be the market leader in petroleum transport. With this goal in mind, China Shipping is looking "to have 10-15 VLCCs by that time".*

*VLCC = Very Large Crude Carrier.

NRE indicator	2004 Comments	Scope concerned
28. Steps taken by the Bank to ensure that subsidiaries comply with ILO standards	<p>See Sustainable Development section of Annual Report, under <i>Human Resources Development – Management Rules</i>.</p> <p>Group directives on human resources management explicitly require compliance with ILO standards. Directives apply to all Group entities regardless of their business line or country of origin, and are available for consultation by employees on the Group's Intranet.</p> <p>In addition to management controls required by the Group's internal control system, internal audit and inspection teams are also responsible for ensuring compliance with HR directives.</p>	Group
29. Steps taken by foreign subsidiaries to address the impact of their business on regional development and the local community	<p>All Group subsidiaries belong to a business line and are required to contribute to fulfilling its strategy, implementing its policies and exercising its social responsibility.</p> <p>The levels of remuneration which BNP Paribas provides to its employees, particularly in emerging countries, added to benefits such as health insurance and death/disability coverage, help raise the standard of living in the employees' families and communities.</p> <p>The Group makes only limited use of expatriate staff, giving local staff the opportunity to take up managerial functions and other positions of responsibility.</p>	Group

Summary table relating to the Environment Chapter of the New Economic Regulations (NRE) Act

NRE indicator	2004 Comments	Scope concerned
1. Water consumption	<p>Total drinking water consumption for office locations in Paris and the inner suburbs is estimated at 340,000 cubic metres. Estimated electricity consumption for cooled water was 17.3 GWh in 2004.</p> <p>Water consumption is also increasingly being measured and controlled at subsidiaries outside France. As an example, water consumption at the London BNP Paribas branch – one of the Group's largest buildings – was 8% lower in 2004 than the previous year.</p>	For France: Central Paris area buildings
2. Raw material consumption	<p>For a services industry Group like BNP Paribas, paper is the no. 1 raw material consumed.</p> <p>To measure more accurately quantities of paper used by the Group, whether acquired directly or purchased by its printers in France, the Global Procurement Group (GPG) now bases its estimates on the weight of paper deliveries. These calculations will serve to limit waste by optimising paper cuts.</p> <p>The total weight of paper consumed in France in 2004 came to 10,549 tonnes. Outside France, not including volumes purchased directly by printers, paper consumption was approximately 208 tonnes in the United Kingdom, 700 tonnes in the United States, 47 tonnes in Singapore and 88 tonnes in Hong Kong. With these data, it is possible to make comparisons between entities based on their rate of paper consumption per employee.</p>	France, UK, USA, Singapore and Hong Kong

NRE indicator	2004 Comments	Scope concerned
3. Energy consumption	<p>Group entities in France consumed 299.05 GWh of electricity in 2004. Measurements of electricity consumption in other countries are becoming increasingly reliable. They amounted to 49.9 GWh in the United States, 32.8 GWh in the United Kingdom, 3.6 GWh in Morocco and 2.1 GWh in Hong Kong.</p> <p>Natural gas consumption at Paris area facilities was estimated at 7.04 GW.</p> <p>The Group's first CO₂ survey was performed in 2004, taking into account data on electricity consumption, work-related travel of employees in France and other countries, and commuting between the home and office in France. It made it possible to derive a first estimate of CO₂ equivalent emissions per full time equivalent employee (FTE) position. The Group's figure of less than 2.4 tonnes places it in a favourable position compared to the estimates provided by other leading players in its industry.</p>	<p>France, USA, Switzerland, Luxembourg, Morocco, Hong Kong and UK</p> <p>Paris Central buildings and other Paris area buildings</p>
4. Measures taken to improve energy efficiency	<p>The Group has taken energy conservation measures in its central buildings of the Paris area, mainly by installing low-wattage light bulbs and fluorescent tubes, light switches with timers and motion detectors (requiring peripheral equipment to be installed only in new buildings). Regular comparisons in the consumption of buildings of equivalent size make it possible to identify any significant discrepancies and take appropriate action to remedy them.</p> <p>Open loop air conditioning systems are gradually being replaced by closed loop systems, allowing substantial savings.</p> <p>Outside France, GPG's Real Estate Department handles energy conservation issues, promoting solutions that save electricity and fuel oil in the construction and renovation of buildings. On such projects, GPG has stepped in to discontinue the use of open loop air conditioning systems and accept the additional cost of alternative solutions, in Burkina Faso as an example.</p>	<p>Scope concerned: Group real estate assets managed by the Corporate Facilities Management Department</p>
5. Use of renewable energy sources	<p>The French energy market was fully opened up to competition in 2004 and many new BNP Paribas sites became eligible for a renegotiation of the terms of their electricity and gas supply. A competitive tender process was carried out, but market conditions did not allow new forms of energy delivery to be extended beyond the Central Paris buildings where they were already in place, nor was it possible to increase significantly the proportion of renewable energy used. The target of raising renewable energy to 15% of total consumption has nevertheless been maintained.</p>	<p>France (BNP Paribas SA)</p>
6. Land use	<p>When the Klépierre subsidiary builds a new shopping centre, it takes all the necessary steps to remediate the land, such as excavating contaminated soil and building a watertight diaphragm wall. As an example, six months of remediation work will be required for the new Bègles shopping centre site, where 50,000 cubic metres of earth have to be filtered. This process is expected to yield some 10,000 cubic meters of waste products, which will be sorted for appropriate disposal either in an incinerator or in a household waste landfill.</p> <p>For its construction projects, Meunier systematically researches the history of prior uses of the land which may have caused pollution, then takes soil and groundwater samples to analyse them for contaminant loading. Remediation work is then carried out and waste products are disposed of in approved landfills, until the land meets all applicable regulatory standards.</p>	<p>Klépierre and Meunier</p>

NRE indicator	2004 Comments	Scope concerned
7. Emissions to air, water and soil	<p>As explained in the Sustainable Development section of the annual report, under the <i>Environment</i> heading, the Group has devised, with the help of expert consultants, a methodology to estimate emissions of greenhouse gases resulting from its operations (see also paragraph 3 above).</p> <p>The scope of this first approach took into account electricity consumption, work-related travel of employees by car, train and plane, and commuting between the home and office. It will be rounded out in 2005 with data on primary energy consumption (fuel oil, natural gas and steam heating from the Paris municipal network), which were estimated in 2004 to represent less than 0.2 tonne of CO₂ per FTE for the buildings managed by the Corporate Facilities Management Department (where over 21,000 employees work).</p> <p>The calculation methods used aim to include the emissions generated by the production, transportation and consumption of energy sources. For electricity, the type of primary energy used by the producer was taken into account. For plane travel, the factors considered were kerosene consumption; average load factors; the distinction between short-, medium- and long-haul flights; and the class the passenger travelled in. For car journeys, the methodology assesses emissions based on mileage as well as on the vehicle's taxable horsepower rating and fuel type. Estimates for commuting were made by dividing employees into three categories, based on which of three concentric circles their home residence belonged in: city or town centre, close suburbs or outskirts of town, and distant suburbs or rural setting. Emissions produced by these trips were then estimated based on the type of transportation used.</p> <p>In this first survey, some results were obtained by extrapolating overall data based on measurements performed at pilot sites that were representative of the various entities. As the ongoing process is refined in 2005, these estimates will be made more precise. Independently of errors related to the reliability of data or to the incomplete scope of the survey, the methodology used is subject to the following error margins:</p> <ul style="list-style-type: none"> - Hydrocarbons: 5%; - Electricity: 10%; - Trip mileage per car, based on taxable horsepower: 10%; - Commuting: 20%; - Plane travel: 20%. 	Group
8. Noise and odour pollution	<p>No complaints related to noise or odour issues were addressed to the Group in 2004.</p> <p>Meunier always studies the environmental impact of its projects from the specific standpoint of noise and odours. When technical equipment can be a source of noise disturbance, the company selects models offering the best available acoustic performance. Noise testing is carried out following construction and, if required, additional measures are taken to comply with applicable regulations. The location of air intake and discharge vents is designed to minimise effects on neighbouring buildings, based on dominant wind patterns. The construction processes and tooling used, as well as the management of construction waste, are also designed to minimise the impact of construction work on the immediate environment.</p>	Central buildings of the Paris area and Meunier Promotion
9. Waste processing	<p>Collection of used toner cartridges has been widely implemented throughout France, in association with Conibi, the industry grouping of toner cartridge producers. A total of 8,813 cartridges were collected and some sites, such as Private Banking or the Group's training centre, have already reached the target of collecting 100% of their cartridges. The process will continue to be deployed to other sites.</p> <p>Outside France, cartridges are also collected in Morocco (5,285 cartridges), the United Kingdom (1,820) and Hong Kong (1,550). Hong Kong and Morocco have reached their target of collecting 100% of their used cartridges.</p> <p>Paper collection for recycling was also increased in 2004, with 4,741 tonnes gathered by the back-office division of French Retail Banking, Cetelem and BNP Paribas AM. It will be further extended in 2005 in France and other countries.</p> <p>The maintenance contract for Central buildings in Paris now provides for the safe disposal of used fluorescent tube lights, including recovery, packaging, transportation and final processing evidenced by a certificate.</p>	France (back-office division of French Retail Banking, BNP PAM, Cetelem, Corporate Facilities Management, sites of Antin, Italiens and Bergère), United Kingdom, Morocco, Hong Kong

NRE indicator	2004 Comments	Scope concerned
10. Measures taken to avoid upsetting the biological balance	As part of the CO ₂ survey, the Group has to identify the processes by which it could harm the environment, for example the use of refrigerants at its 19 Central buildings in Paris. Once such processes have been identified, the Group attempts to reduce their use.	Group
11. Measures taken to ensure compliance with legal requirements	<p>BNP Paribas constantly strives to reach the highest standards of ethical behaviour, regulatory compliance, risk management and internal control. Within a changing banking environment characterised by increasing regulatory requirements, the Group has decided to create a new global Compliance function, the director of which reports directly to the Chief Executive Officer and has broad powers throughout the Group. The director of the Compliance function is responsible for seeing to the consistency and effectiveness of the Group's initiatives, both in terms of ethics and more generally with respect to legal and regulatory requirements applicable to banking and financial operations. The Corporate Facilities Management Department is in charge of establishing guidelines to ensure that energy management systems comply with regulations applicable in France.</p> <p>The Global Procurement Group (GPG) establishes property management guidelines based on the most stringent requirements in the countries where the Group operates. As part of its efforts to ensure that all international sites enforce these guidelines, GPG reviews all major construction projects within the Group and performs property audits for head office buildings in connection with acquisitions.</p>	Group
12. Steps taken towards environmental evaluations and certifications	<p>BNP Paribas was included for the third consecutive year as a component in all four of the benchmark indices for socially responsible investment: Dow Jones SI World, Dow Jones SI Stoxx, FTSE4Good and Aspi Eurozone.</p> <p>Although the Group's inclusion in these indices represents neither an evaluation nor a certification, it nevertheless provides a positive indication of BNP Paribas's compliance with the requirements of social and environmental responsibility. Considering the type of service activities that the Group carries out, its current environmental impacts do not justify launching a process of environmental certification. Nevertheless, because the Group is pursuing a policy of reducing costs and related consumption levels, and has conducted a CO₂ survey, it has been able to appraise the environmental consequences of its operations and improve its environmental effectiveness.</p> <p>Meunier's overall approach is aimed at producing offices that meet the standards of high environmental quality (HQE), as defined in the recommendations issued by CSTB, the French building industry scientific and technical advisory centre. Without waiting for the final guidelines that will make it possible to obtain certification under the HQE-AFNOR standard, Meunier is already complying with the principal CSTB recommendations.</p>	Group
13. Company expenditures for prevention of environmental impacts	<p>Given the nature of the Group's operations, they have limited direct consequences on the environment. Nonetheless, the Group has focused on ten directions for fulfilling its environmental responsibilities and implementing preventive action. Their cost is difficult to estimate separately.</p> <p>See the Sustainable Development section of the annual report, under <i>Impact on the natural environment – Using all available levers for improvement</i>.</p>	Group
14. Internal department for environmental management	<p>The cross-functional departments responsible for assessing the Group's environmental impacts and taking steps to reduce them are Corporate Facilities Management in France and the Global Procurement Group outside France. Both have the authority and the expertise to carry out this task. Corporate Facilities Management has over 700 employees, while the Global Procurement Group calls upon 2,500 procurement correspondents handling all material Group subsidiaries worldwide.</p> <p>To clarify and document overall coordination among the Corporate Facilities Management Department, the Global Procurement Group and Group Sustainable Development, roadmaps were defined, setting targets and determining steps to be taken in 2005.</p>	Group

NRE indicator	2004 Comments	Scope concerned
15. Environmental training and information programmes for employees	<p>In May 2004 the Global Procurement Group launched a new Procurement Intranet within the Company's BtoE portal, for use by the 2,500 Group employees making external purchases. The Group's social and environmental responsibility is a major focus of this website.</p> <p>Likewise, all the Group's internal communications channels – including its website, in-house newsletters as well as conventions and other company events – are used to promote its corporate and social responsibility.</p> <p>The annual meeting of procurement managers of BNP Paribas entities in France was devoted to sustainable development. It included a review and validation of initiatives taken in 2004 and dealt with collecting indicators data, setting up an environmental management system and defining an action plan for 2005.</p> <p>Outside France, both the standing responsibilities and the 2004 objectives of Global Procurement Group staff included individual steps for sustainable development. The objectives for 2004 were reached and they will be maintained and strengthened in 2005.</p> <p>The Corporate Facilities Management Department issued guidelines presenting a range of energy and natural resource conservation measures to be applied in managing buildings. In-house information sessions on technical issues such as asbestos and disaster recovery plans were also conducted in 2004.</p>	Group
16. Efforts devoted to the reduction of environmental risks	<p>The Group Risk Management Department (GRM), with global staff of 700, is responsible for controlling and managing risk exposure within the Group. Credit risk and rating policies have been updated to provide a specific methodology for measuring environmental risks in lending. Corporate policies are translated into guidelines for operating units which address their individual risk exposure and outline procedures to be applied by employees who are directly concerned.</p> <p>The Global Procurement Group and Corporate Facilities Management Department also take part in controlling direct environmental risks. Further, both of these units have sustainable development correspondents who are responsible for managing risks within their function, as part of the system implemented by Group Risk Management.</p>	Group
17. Structure to deal with pollution incidents extending beyond Company	<p>Any crisis situation is managed by an ad hoc committee composed of the Group's top executives. This committee takes the measures it deems most appropriate and informs the operating entities concerned. If the scope of the crisis warrants it, information may be passed on to the entire Group and there may be a call for international solidarity.</p> <p>In relation to natural disasters and serious accidents of recent years, French Retail Banking and Cetelem mobilised their resources to lend assistance to their clients that had been affected.</p>	Group
18. Amount of provisions and guarantees covering environmental risks	<p>The Group's USD 6.5 million provision is earmarked for possible private disputes and is not intended to cover any fines for regulatory non-compliance.</p>	Group
19. Amount of compensation paid following legal decisions relating to the environment	<p>The Group has not had any court rulings against it on environmental matters.</p>	France

NRE indicator	2004 Comments	Scope concerned
20. Environmental objectives set for foreign subsidiaries (points 1 to 16)	<p>BNP Paribas's guiding principles, namely the Global Compact and the ten principles contained in the Environmental Responsibility Charter, apply to all employees regardless of the business entity or country in which they are employed. Operating units are responsible for implementing the Group's guiding principles throughout their reporting organisations, including subsidiaries, in all territories. The General Inspection Unit and the Sustainable Development function completed the design of an audit methodology to measure the Group's practical compliance with social and environmental guidelines in 2004. The auditors implementing this methodology are fully independent and can perform all types of audits in any of the Group's consolidated subsidiaries. Audit findings and the results of inspection assignments are presented in an annual report sent to French banking regulators at the <i>Commission Bancaire</i> in accordance with regulation 97-02.</p>	Group

GLOSSARY

Accretiona	Reverse of dilution. Accretion is where a corporate action (share buyback or issue of shares in a smaller proportion than the increase in income following a merger or public tender offer, for example) leads to an increase in earnings per share.
ADR (American Depositary Receipt)	Negotiable certificates representing one or several shares. Their face value is stated in dollars and interest is also payable in dollars. ADRs allow American investors to buy shares in foreign-based companies that are not quoted on an American Stock Exchange.
AMS	Asset Management and Services
Arbitrage	Activity that consists of attempting to profit by price differences on the same or similar financial assets. For example, in the case of a takeover bid, where the predator offers a price that exceeds the price at which the target's shares are trading.
Attribution right	Right to receive bonus shares issued in connection with a capital increase paid up by capitalising retained earnings. Attribution rights are quoted.
Avoir fiscal	Dividend tax credit available to individual shareholders resident in France on the dividends distributed by French companies. The purpose of the tax credit is to avoid double taxation of distributed earnings, in the hands of the company and the shareholder. The <i>avoir fiscal</i> granted to individual shareholders resident in France is equal to one half of the net dividend. It is deductible from personal income tax. If the <i>avoir fiscal</i> cannot be set off against taxable income it is refunded by the French Treasury.
B2B or BtoB	Business to Business: sales of products or services by one company to another.
B2C or BtoC	Business to Consumer: sales of products or services by a company to a consumer.
B2E portal	Intranet site for Group employees. The home page includes a browser, links to services and a wealth of information concerning the various functions within the Group, practical information for employees and career information.
Back-office	Department responsible for all administrative processing.
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.
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	Contract 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	Frankfurt-based derivatives market.
EURIBOR (European InterBank Offered Rate)	The most commonly used money-market rate in the euro zone.
Euroclear	Formerly Sicovam. Clearing house for securities transactions.
Euronext SA	Company that operates the Paris, Brussels and Amsterdam Stock Exchanges. Euronext SA establishes market rules, decides to accept or reject listing applications and manages all trading technologies.
FCP (<i>Fonds Commun de Placement</i>)	Fund invested in stocks, bonds and/or money-market securities. An FCP is similar to a SICAV, but is not a separate legal entity. FCPs are generally smaller than SICAVs and are easier to manage. They are subject to less restrictive regulations and can be more specialised.
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 financing reporting standards.
IFU (<i>Imprimé Fiscal Unique</i>)	French tax return issued by a bank or broker, listing all the securities transactions carried out on behalf of the taxpayer and all the coupon payments made to the tax payer.
Institutional investor	Financial institution which, by definition or by virtue of its articles of association, is required to hold a certain proportion of its assets in stocks and shares. Examples include insurance companies and pension funds.

Investment club	A variable- or split-capital company, which enables its members to jointly manage a portfolio of marketable securities formed from an initial investment and/or regular capital contributions. Clubs benefit from a favourable regime in respect of capital gains tax. The FNACI (National Federation of Investment Clubs), which is located at 39, rue Cambon, 75001 Paris, provides on request all the information required for the launching and smooth running of these clubs.
IRB	International Retail Banking, one of the BNP Paribas Group's core businesses.
IRFS	International Retail Banking and Financial Services.
ISIN code	The new identification number for securities listed on the stock market. The ISIN code replaces the well-known Sicovam code which had since become the Euroclear code. On 30 June 2004, Euronext Paris put an end to its existing system for identifying securities and replaced it with a system that uses ISIN codes. Having already been adopted by a number of European stock markets including Amsterdam, Brussels, Lisbon and Frankfurt, the new system gives a unique identity to each share and therefore facilitates cross-border transactions between investors, primarily by improving harmonisation within Euronext. The ISIN code comprises 12 characters: 2 letters to indicate the issuing country (e.g. FR for France and US for the United States) and 10 figures. BNP Paribas's ISIN code is FR0000131104.
LBO	Leveraged Buy Out. Company acquisition financed primarily by debt. In practice, a holding company is set up to take on the debt used to finance the acquisition of the target. The interest payments due by the holding company are covered by ordinary or exceptional dividends received from the acquired target.
LIFFE	London International Financial Futures and Options Exchange.
Liquidity	Ratio between the volume of shares traded and the total number of shares in issue.
LME	London Metal Exchange.
M & A	Mergers & Acquisitions.
Market capitalisation	Value attributed to a company by the stock market. Market capitalisation corresponds to the share price multiplied by the number of shares outstanding.
Market-maker/ Market-making contract	Market-makers commit to maintaining firm bid and offer prices in a given security by standing ready to buy round lots at publicly-quoted prices. Market-making contracts generally concern mid-cap stocks and are intended to enhance the stocks' liquidity. In France, market-making contracts ("contrats d'animation") are entered into between Euronext, the issuer and a securities dealer.
MONEP (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.
RBF	Retail Banking in France.
RELIT	Euronext Paris settlement-delivery system.
Report	On the Euronext Paris market, transaction allowing an investor to carry forward a buy or sell position from one deferred settlement date to the next.
ROE	Return on Equity. Ratio between consolidated net income and consolidated shareholders' equity.
Secondary market	Market where securities are bought and sold subsequent to their issue.
Share	A share is a transferable security representing a portion of the capital of a limited company or a partnership limited by shares. Ownership of shares is evidenced by an entry in the issuer's share register (registered shares) or in a securities account kept in the holder's name by a bank, stockbroker or other accredited intermediary (bearer shares). Shares quoted on the stock exchange are also referred to as "equities".
SICAV (<i>Société d'Investissement à Capital Variable</i>)	Variable capital investment company that manages a portfolio of securities on behalf of its shareholders. Shares may be purchased or redeemed at any time. The shares are not listed but their value (corresponding to the company's net asset value per share) varies each day based on changes in the value of the securities held in the portfolio.
SICOVAM (<i>Société Interprofessionnelle pour la Compensation des Valeurs Mobilières</i>)	Now renamed Euroclear France. Organisation responsible for clearing securities trades, centralising all stock market transactions and facilitating the transfer of securities between member institutions.

SPVT (<i>Spécialiste en Pension des Valeurs du Trésor</i>)	Primary dealer in French government bond repos.
SRD (<i>Service de Règlement Différé</i>)	French market where the main French and foreign equities are traded. Equities or bonds purchased with deferred settlement are purchased on credit. The buyer is required to settle the purchase price and the seller is required to deliver the securities on the next settlement date, unless one or other of the parties asks for the transaction to be carried over the to next settlement date ("report").
Subscription right	Right to participate in a share issue for cash.
TBB (<i>Taux de Base Bancaire</i>)	Interest Base rate.
TMO (<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 Centers offer importers and exporters a wide range of customised services based on the "one-stop-shopping" principle.
Treasury shares	Shares held by the issuer. Treasury shares are stripped of voting and dividend rights and are not taken into account in the calculation of earnings per share.
TSDI (<i>Titre Subordonné à Durée Indéterminée</i>)	French acronym for perpetual subordinated notes.
TSR	Total Shareholder Return: corresponding to return on the capital invested by shareholders, including dividends and unrealised gains on the shares.
UCITS	Undertaking for Collective Investment in Transferable Securities. Term covering unit trusts and variable capital investment companies.
Voting right	Right of a shareholder to vote in person or by proxy at General Meetings.
Warrant	Certificate issued on a stand-alone basis or strippable from another security (share, bond) giving the holder the right to acquire securities (share, bond). Warrants issued by financial institutions acting as market-maker give the holder the right to purchase (call warrant) or sell (put warrant) various underlyings (interest rate, index, currency, equities) at a fixed exercise price during a fixed exercise period. Although these warrants constitute options, they cannot be sold short.
Work flow	Process automation technology allowing the sequential transmission of digital documents and files to the various people responsible for processing the data.
Yield	Indicator of the return on an investment, expressed in percent. For shares, the yield corresponds to the ratio between the last dividend paid and the last share price.

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AID FOR TSUNAMI VICTIMS

Assist, Comfort and Rebuild Thanks to Mutual Aid Networking

The whole world united in an immense show of solidarity following the unprecedented natural and humanitarian disaster that hit Southeast Asia at the end of December 2004. BNP Paribas has regional offices and subsidiaries in Southeast Asia and, like a lot of their peers and fellow compatriots, the employees of these offices were able to respond immediately, either alone or by joining forces with a variety of associations. Chetan Shah is one such employee – on receiving an SMS text message from a client asking him to support a clothing and food collection initiative organised by the Colaba naval base association in Bombay, he set about contacting his various acquaintances, sending a total of around 60 text messages himself. The responses were not slow in coming – Chetan Shah gathered together hundreds of kilos of donations: *“Well, the support to volunteer for Tsunami is not very big or something extraordinary but to reach as many people as I could and collect some clothes and necessities for the victims.”*

In Indonesia, Larry Sutikno has become involved through World Harvest. This Christian-based humanitarian organisation, one of the first to be able to offer help to the tsunami victims in Aceh – one of the regions most devastated by the disaster – immediately sent the first load of medicines three days after the tsunami hit and assigned twenty-four American volunteer doctors and twenty-six volunteer nurses to the region in January: *“The next plan is to help rebuild the hospitals and assist the education of the Aceh children, and most importantly, empower the people of Aceh to rebuild their life.”* Initiatives led by BNP Paribas employees stemmed from far beyond the borders of Southeast Asia. In addition to the multiple instances of personal involvement with humanitarian aid associations, the aid raised through the Group, its employees and various staff associations amounts to more than EUR 2.8 million.

RAPHO



Pascal Dolémieux – Laurent Monlaü – Gilles Leimdorfer – Grégoire Korganow – Hervé Brugnot

Photo Credits: Getty images, Hans Neleman – Age/Hoa-qui

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