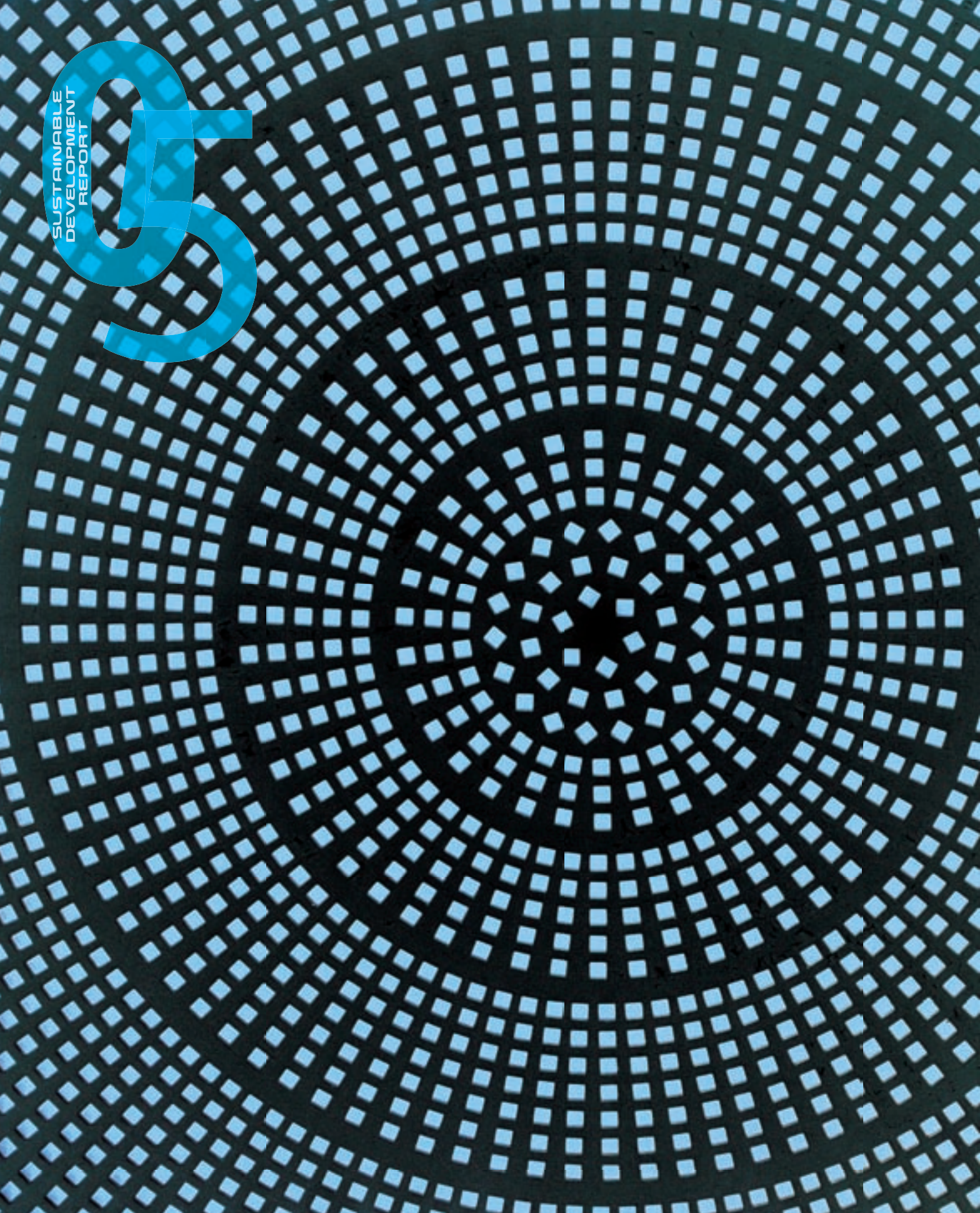




# SUSTAINABLE DEVELOPMENT REPORT



The bank for a changing world



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



# BNP Paribas: In search of new experiences and exchanges

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

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

The Group's leadership has been bolstered by increased experience and knowledge-sharing across the employee spectrum. This impulse naturally forms the guiding thread to this year's Sustainable Development Report, in which we have showcased 10 examples taken from the everyday fabric of the Bank's operations.

Sharing experience is the driving force behind the [WIN programme](#) (p.111), bringing together new graduate employees working in different businesses from across the four corners of the globe.

The unprecedented [in-branch recruitment drive](#) (p.29) also represents an exchange dynamics initiative between the Bank's branches and its human capital.

There are some markets in which you cannot do business – let alone vie for leadership – unless you bring together a broad range of expertise, across several continents. This was certainly the case for the [wind power financing project in Gangwon, South Korea](#) (p.94).

A company's development and success abroad also depend on adapting to the cultural idiosyncrasies of each country. That lesson has not been lost on BancWest with [Pacific Rim](#) (p.56), on [TEB](#), which launched a [Turkish desk in Algeria](#) (p.49), or on [BICI-GUI](#), which gave its backing to a [micro-lending project in Guinea](#) (p.16).

Being sensitive to difference and diversity means developing facilities that are accessible to disabled persons, such as [ATMs for the visually impaired](#) (p.8), as well as addressing issues of youth employment and social inclusion, as espoused by the [AFEV](#) (p.64) and the association, [Fête le mur](#) (p.72).

# KEY FIGURES

Number of Group employees

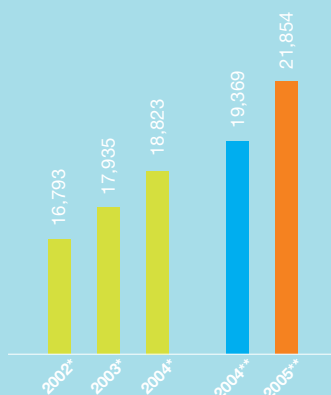
	2005	2004
<b>World</b>	<b>109,780</b>	<b>99,433</b>
<b>Europe</b> <small>(including overseas departments and territories)</small>	<b>80,703</b>	<b>74,449</b>

Long-term ratings, reaffirmed on February 2006

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

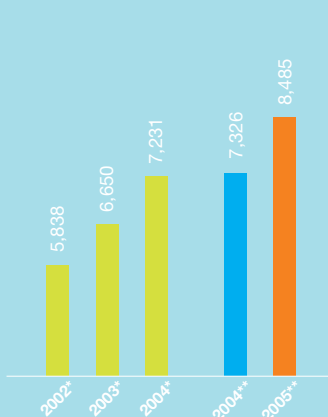
Net banking income

(in millions of euros)



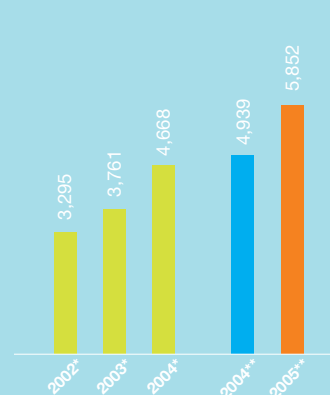
Gross income

(in millions of euros)



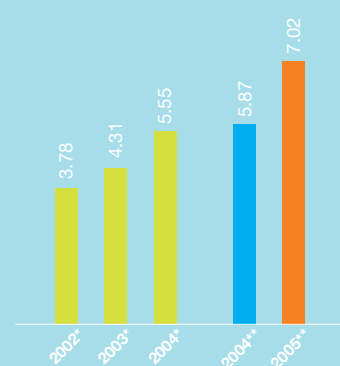
Net income, group share

(in millions of euros)



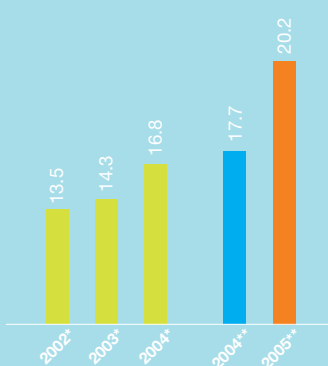
Earnings per share

(in euros)



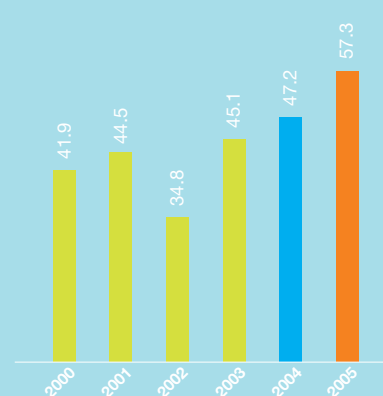
Return on equity

(in %)



Market capitalisation at 31 December

(in billions of euros)



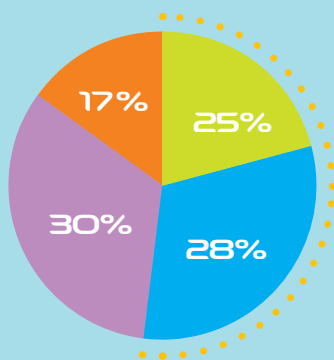
\* Under French GAAP.

\*\* Under IFRS.

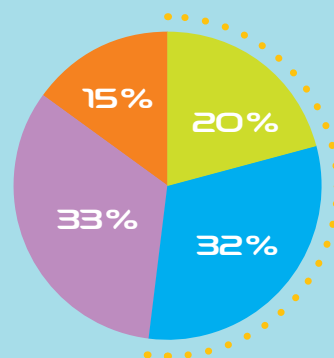
Source: Bloomberg.



**Net banking income by core business**  
(in %)



**Gross operating income by core businesses**  
(in %)



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

# Results

(IFRS norms)  
(in millions of euros)

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

(1) Before income appropriation


# CHAIRMAN'S STATEMENT

■ In the post-war era, free trade and the market economy rapidly improved the standard of living in industrialised – mainly western – countries.

This phenomenon is currently undergoing a step-change: whereas industrialisation previously concerned around one billion people, the growing pre-eminence of China and India adds another two billion people to this global transformation. Throughout Asia, the Middle East, the Mediterranean Basin and South America, long-awaited developments have finally taken shape.

These deep-seated changes entrench the need to ensure that growth is sustainable and that it benefits the largest possible population, while respecting the natural environment. The efforts deployed by governments in this area remain uncoordinated and relatively ineffective, placing the burden of responsibility on corporations to assess – above and





beyond the legal imperatives at play  
– the impact of their activities on the  
world around them.

BNP Paribas' social and environmental agenda is neither philanthropic nor compliance-driven. It represents a genuine commitment by management to rally the Bank and its employees around a common environmental vision. This broad-shouldered responsibility actively informs our global performance with a view to fostering the loyalty of an ever-growing customer and shareholder base, attracting key talent and strengthening our involvement within the different strands of society.

BNP Paribas seeks to encourage voluntary actions which go further than new regulations in bringing social and environmental issues to the fore and strengthening accountability. In 2005 we rolled out a series of initiatives embedded within the fabric of our

everyday operations. I would highlight, in particular, a sharp rise in socially responsible investments, the accelerated pace of micro-lending, the success of renewable energy financing projects, and the launch of *Projet Banlieues*, an outreach programme focusing on France's underprivileged suburbs. And the singular presence of BNP Paribas on all of the major socially responsible investment indexes is broader recognition of a carefully-fashioned strategy that has won widespread support.



**Michel Pébereau**  
Chairman of the Board of Directors

# CORPORATE AND INVESTMENT BANKING

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

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

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

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

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

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

## ADVISORY AND CAPITAL MARKETS

### ■ CORPORATE FINANCE

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

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

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

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

### ■ EQUITIES AND DERIVATIVES

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

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

BNP Paribas garnered many significant awards:

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

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

### ■ FIXED INCOME

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

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

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



## FRENCH RETAIL BANKING (FRB)

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

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

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

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

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

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

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

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

## INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES (IRFS)

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

### ■ CETELEM

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

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

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

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

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

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

### ■ UCB

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

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

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

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

## ■ BNP PARIBAS LEASE GROUP

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

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

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

## ■ BUSINESS EQUIPMENT MANAGEMENT

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

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

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

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

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

## ■ BANCWEST

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

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

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

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

## ■ EMERGING AND OVERSEAS MARKETS (EOM)

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

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

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

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

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

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

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

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

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

# ASSET MANAGEMENT AND

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

AMS leverages expertise in three main areas:

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

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

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

## WEALTH AND ASSET MANAGEMENT

### ■ PRIVATE BANKING

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

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

### ■ ASSET MANAGEMENT

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

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

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

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

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

(1) Including assets advised of EUR 81 billion.

### ■ CORTAL CONSORS

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

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

### ■ REAL ESTATE SERVICES

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

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

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

## INSURANCE

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

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

# SERVICES

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

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

## SECURITIES SERVICES

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

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

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

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

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

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

## Klépierre

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

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

The Group has around 1,000 employees.

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

## BNP Paribas Capital

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

### Proprietary portfolios of unlisted investments

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

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

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

## Listed Investment and Sovereign Loan Management

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

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

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

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

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

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

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

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

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

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

## FINANCING BUSINESSES

### ■ ENERGY COMMODITIES EXPORT PROJECT (ECEP)

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

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

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

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

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

### ■ STRUCTURED FINANCE

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

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

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

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



GILBERT MONTAGNÉ – Singer-songwriter, BNP Paribas customer

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



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

SUSTAINABLE  
DEVELOPMENT



BNP PARIBAS - PLACE DU MARCHÉ SAINT-HONORÉ, PARIS





## A WORK IN PROGRESS

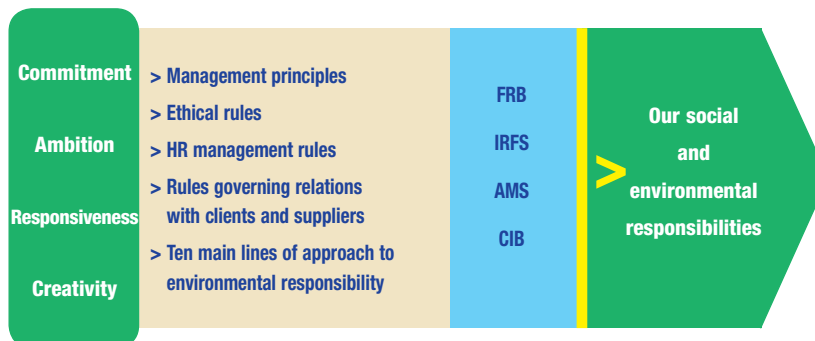
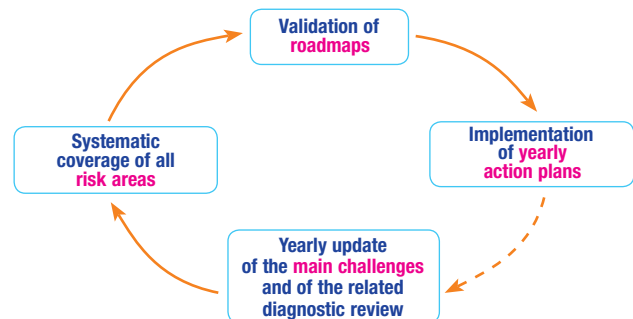
Sustainable development is a constantly evolving concept. Even before it entered the mainstream, BNP Paribas (and BNP and Paribas as separate entities before that) espoused some of the ideas behind it. Sustainable development goes hand-in-hand with our founding values of commitment, ambition, creativity and responsiveness, which have helped to define management approach and behaviour; relations with clients and shareholders; human resources management; the ethical rules underpinning operations and the work of employees across the business spectrum; and compliance with applicable laws and regulations. Over time, and with changing ideas and priorities, the Group has turned its attention to a wider range of ethical concerns such as relations with suppliers, efforts to protect the natural environment, and the quality of relations with the Group's various stakeholders. In 2003, BNP Paribas joined the United Nations' Global Compact and signed the diversity charter by which it commits to fighting against all forms of discrimination. BNP Paribas is also an active member of CIAN, the French council of investors in Africa, and in 2004 adopted CIAN's sustainable development charter. In 2005, the Group signed an apprenticeship charter with a view to expanding its role in youth training.

The Group's values, choices and priorities are reflected in its operating procedures. These are delineated, discussed and explained, and their application is taken into account during employee appraisals.

## Integrating sustainable development within operations

BNP Paribas' approach to sustainable development is implemented by means of operating procedures throughout the Group's divisions, business lines, territories and functions.

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



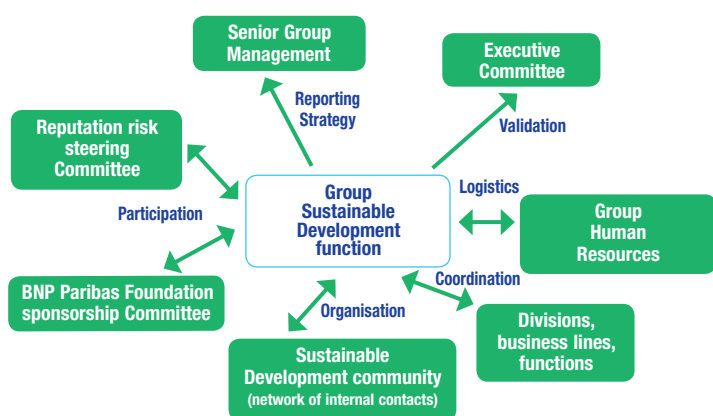
## A cross-disciplinary system for organisation and coordination

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

The Group is particularly focused on Corporate Social Responsibility (CSR), by which each activity assumes responsibility for any effects it may be having on its business partners and the environment.

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

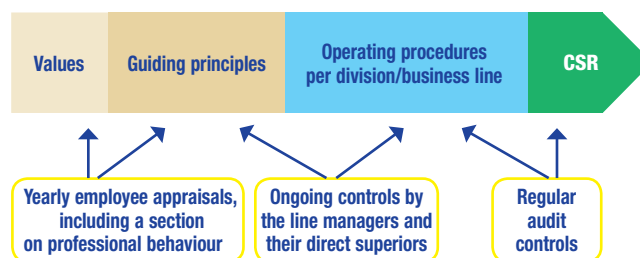
### The Sustainable Development function at work within the Group



## Internal control

An audit methodology regarding the Group's corporate social responsibility was fine-tuned by the General Inspection unit and the Group Sustainable Development function. This methodology has been up and running since 2004 and is designed to assess the extent to which all entities apply internal control guidelines. There are a number of controls that enable the Group to ensure that the various components of its corporate and environmental responsibility procedures are applied across the board.

### Internal control mechanism



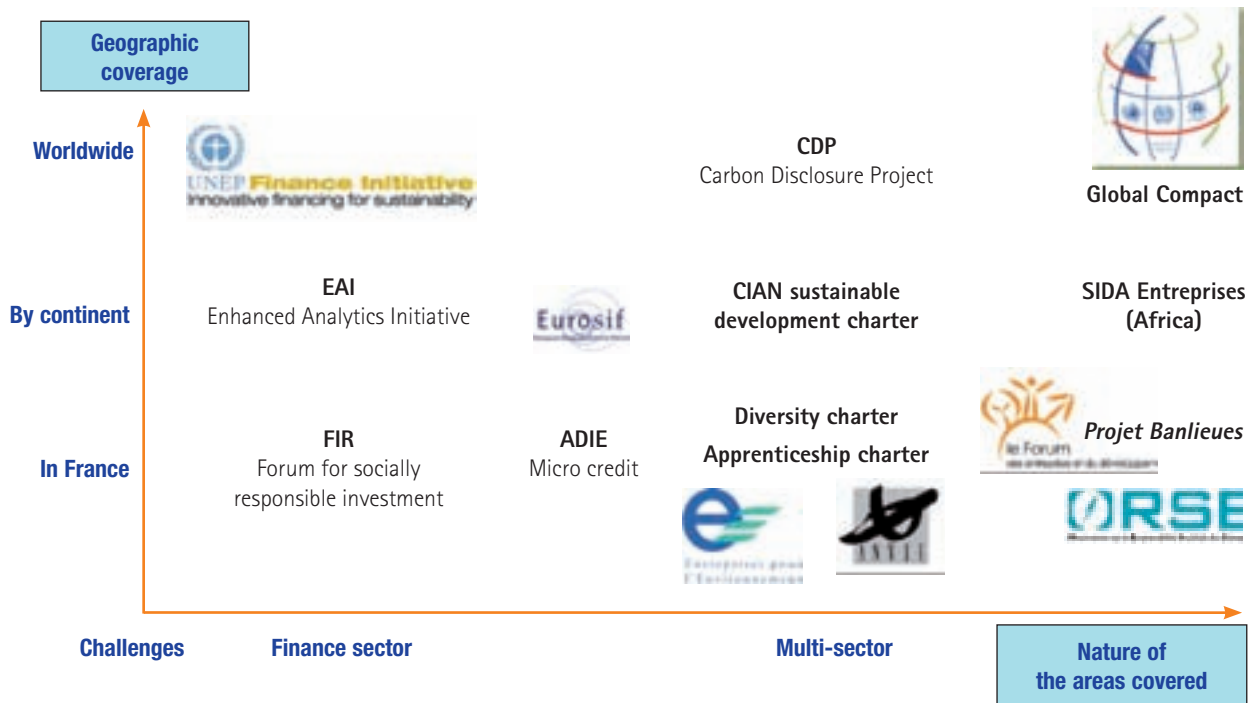
## Actively promoting sustainable development

In 2005, BNP Paribas continued to actively promote sustainable development by assisting the initiatives of leading organisations in the field. These organisations include ORSE, the French study centre for corporate responsibility and EpE (companies for the environment). BNP Paribas was also a member of the jury for the 2005 awards of the Forum for socially responsible investment (FIR) and the European Social Investment Forum (Eurosif) and took part in sessions by the sustainable development club within ANVIE, the French association for the promotion of interdisciplinary research in humanities and social sciences in the business world.

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

Several Group executives teach and provide input as guest lecturers in leading sustainable development masters programmes created by top-ranking French business and engineering schools, as well as by some universities. For the third year running, BNP PAM contributed to the activities of "Sustainable Development Week" by taking part in a daily radio broadcast on socially responsible investing.

**The public engagements of BNP Paribas**



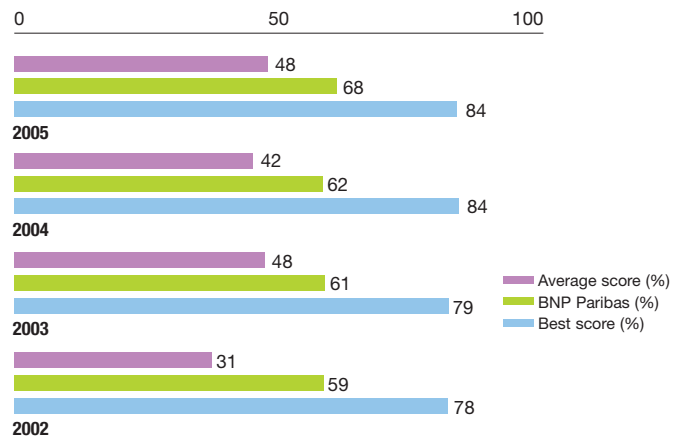
## Recognition from SRI rating agencies

Following its inclusion on the Ethibel Sustainable Index (ESI) in 2005, BNP Paribas is now the only French bank present on all the key benchmark indices for socially responsible investment: DJSI World, DJSI Stoxx, ASPI Eurozone, ESI, FTSE4Good Global and FTSE4Good 50. Worldwide, excluding the ASPI Eurozone index which is exclusive to the Eurozone, only four other banks are present on all indexes.

### • 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 sustainability indexes, once again raised its overall corporate sustainability score for BNP Paribas, placing the Bank in a very favourable position compared to the industry average, and endorsing the Group's ongoing efforts to improve its approach to sustainable development.

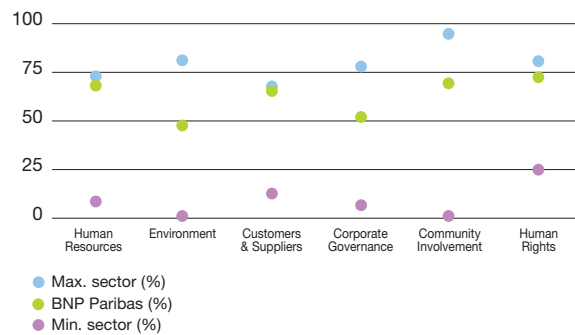
## Changes in overall score



### • Vigeo

Despite changes in the assessment methods used in certain areas such as corporate governance, the arithmetic average of the scores obtained in the six areas analysed was up on the average for 2004.

## BNP Paribas benchmark/banking sector (2005)





The Compliance function was established in December 2004, in anticipation of Regulation 97-02 relating to internal controls in the banking industry. 2005 was essentially devoted to organising and structuring the function. The Group's Compliance Charter provides for its:

- organisation: acting under the authority of the new Head of Compliance, the function will be organised around a central structure consisting of a Compliance Committee. It comprises four operational units (Compliance Control and Advisory, Financial Security, Professional Ethics and Tools) and a Regulator Liaison Office, as well as Compliance functions within the various other functions and business lines, working under the delegation of the Head of Compliance, and under the joint responsibility of the function or business line within which it operates;
- remit: the function's central task is to help safeguard the Group from non-compliance risks. Compliance is defined as "adhering to laws and regulations, professional and ethical standards and practices, the guidelines of the Board of Directors and the instructions of Group Executive Management."

The resources of the Compliance function have been boosted in proportion to its remit. With 464 full-time equivalent employees at the end of 2005, it has a budget of EUR 67 million for 2006, along with new control tools, including:

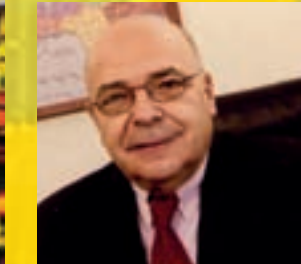
- a Compliance Risk Assessment tool;
- an ethical alert mechanism, operational since early 2006;
- a procedure development project, which has already given rise to an assessment of the tools used within the business lines;
- a Compliance training programme, adding a Group-wide module to the various training programmes running within the business lines; and
- a Regulatory Risk Matrix, which has been used to track the application of core regulations since 2005, in liaison with Group Legal Affairs.

The Financial Security unit has intensified efforts to combat money laundering, particularly as regards reporting suspicions and detection and prevention training (more than 2,000 employees from the various functions have already been trained). Its scope has been broadened to incorporate US embargoes previously managed in New York. As regards financial security, 2005 and 2006 are pivotal years for the Group Information Systems unit (Vigilance, Lynx, Shine, Iris and Syfact), in which EUR 7 million was invested in 2005, and a further EUR 18 million set aside for 2006.

The Professional Ethics unit now has a comprehensive internal control mechanism for employees of Group parent company BNP Paribas SA with access to privileged data. This computer-based tool is now equipped with nearly all the required specifications. Controls carried out in accordance with the action plan have not detected any serious breaches thus far.


The Regulator Liaison Office, operating under the joint authority of the Compliance function and Group Finance and Development, essentially manages relations with the French banking authority (*Commission Bancaire*). In particular, it has contributed to the success of inspections carried out by the *Commission Bancaire*, and has helped follow up on its subsequent reports and correspondence.

2005 was the first full operating year for the Compliance function, and was largely devoted to organisational and structural matters, and to the development of its control tools. The bulk of the function's development work is due to be completed in 2006, and it aims to be fully operational by the year-end. This core target should not however eclipse the Group's everyday compliance-led operations, which notably include bolstering the Financial Security unit's tools and overseeing the application of the latest key regulations and guidelines such as the European Market Abuse Directive.



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

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



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

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

## SHARE CAPITAL

As at 31 December 2004, BNP Paribas' share capital stood at EUR 1,769,400,888 divided into 884,700,444 shares (details of the historical share performances are provided in the "Changes in share capital" section of the review of operations).

In 2005, three series of transactions led to changes in the number of shares outstanding:

- a total of 1,916,259 shares were issued upon exercise of stock options;
- 5,000,000 shares were subscribed through a share issue reserved for employees;

- 53,368,831 shares previously acquired by the Bank as part of its share buyback programme were cancelled.

As at 31 December 2005, BNP Paribas' share capital stood at EUR 1,676,495,744 divided into 838,247,872 shares with a par value of EUR 2<sup>(1)</sup>.

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.**

(1) At 31 March 2006, BNP Paribas' share capital stood at EUR 1,849,294,770 divided into 924,647,385 shares with a par value of EUR 2.

## Changes in shareholder structure

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

SHAREHOLDERS	31/12/03			31/12/04			31/12/05		
	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	52.07	5.8%	6.1%	50.00	5.7%	6.0%	47.64	5.7%	5.7%
Employees	46.36	5.1%	5.4%	45.38	5.1%	5.4%	47.09	5.6%	5.7%
• o/w corporate mutual funds	34.58	3.8%	4.0%	33.55	3.8%	4.0%	34.46	4.1%	4.2%
• o/w directly owned	11.78	1.3%	1.4%	11.83	1.3%	1.4%	12.63	1.5%	1.5%
Corporate officers	0.27	nm	nm	0.23	nm	nm	0.22	nm	nm
Treasury shares <sup>(2)</sup>	46.43	5.1%		51.81	5.9%		9.06	1.1%	
Public	63.70	7.1%	7.4%	61.00	6.9%	7.3%	57.00	6.8%	6.9%
Institutional investors	606.57	67.2%	70.8%	574.46	64.9%	69.0%	621.11	74.1%	74.9%
(o/w "Socially Responsible Investors")	unknown	unknown	unknown	unknown	unknown	unknown	(6.53)	(0.8%)	(0.8%)
• Europe	499.87	55.3%	58.3%	465.94	52.7%	56.0%	509.64	60.8%	61.5%
• Outside Europe	106.70	11.8%	12.5%	108.52	12.2%	13.0%	111.47	13.3%	13.4%
Other and unidentified	87.77	9.7%	10.2%	101.82	11.5%	12.3%	56.13	6.7%	6.8%
<b>Total</b>	<b>903.17</b>	<b>100.0%</b>	<b>100.0%</b>	<b>884.70</b>	<b>100.0%</b>	<b>100.0%</b>	<b>838.25</b>	<b>100.0%</b>	<b>100.0%</b>

(2) Excluding trading desks' working positions.



**BNP Paribas ownership structure as at 31 December 2005  
(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, nor does any agreement exist whose implementation could at a later date result in a change in BNP Paribas' form of control.*

**Share performance**

When the shareholders of BNP and Paribas approved the merger between the two banks at the Extraordinary General Meeting of 23 May 2000, BNP shares became BNP Paribas shares. The Euroclear-France code for BNP Paribas is the same as the previous BNP code (13110). Since 30 June 2003, BNP Paribas shares have been registered under ISIN code FR0000131104. BNP shares were first listed on the Cash Settlement Market of the Paris Stock Exchange on 18 October 1993, following privatisation, before being transferred to the Monthly Settlement Market on 25 October of that year. When the monthly settlement system was eliminated on 25 September 2000, BNP Paribas shares became eligible for Euronext's Deferred Settlement Service (SRD). The shares are also traded on SEAQ International in London and on the Frankfurt Stock Exchange, as well as listed on the Tokyo Stock Exchange since 13 March 2000 (and the First Section since 7 February 2005).

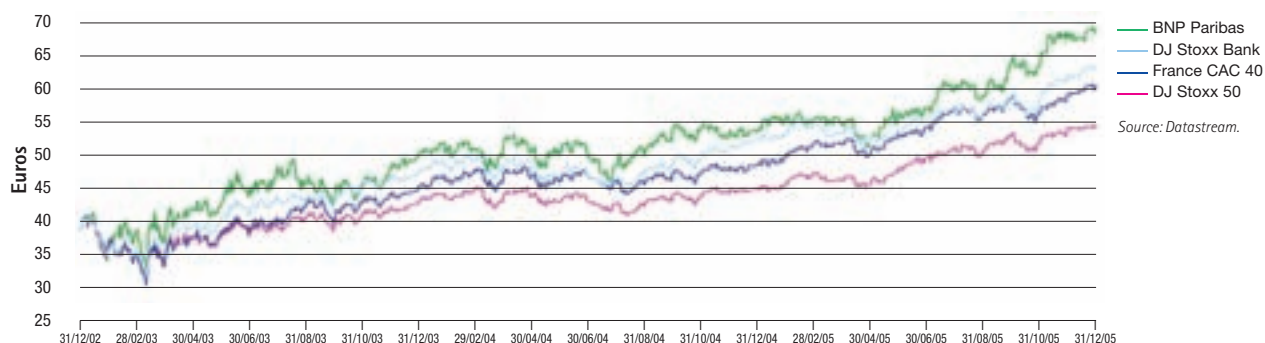
Since privatisation, a Level 1 144A ADR programme has been active in the USA, where JP Morgan Chase is the depository bank (2 ADRs correspond to 1 BNP Paribas share).

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

BNP became a component of the CAC 40 index on 17 November 1993 and of the Euro Stoxx 50 index on 1 November 1999. Since 18 September 2000, it has been one of the companies making up the Dow Jones Stoxx 50 index. BNP Paribas shares are also now included in all the benchmark indexes for sustainable development: after having been a component for several years of the ASPI Eurozone, FTSE4Good, DJ SI World and DJ SI Stoxx indexes, BNP Paribas was added to the ESI index in 2005. All of these listings have fostered liquidity and share price appreciation, as BNP Paribas shares necessarily feature in every portfolio and fund that tracks the performance of these indexes.

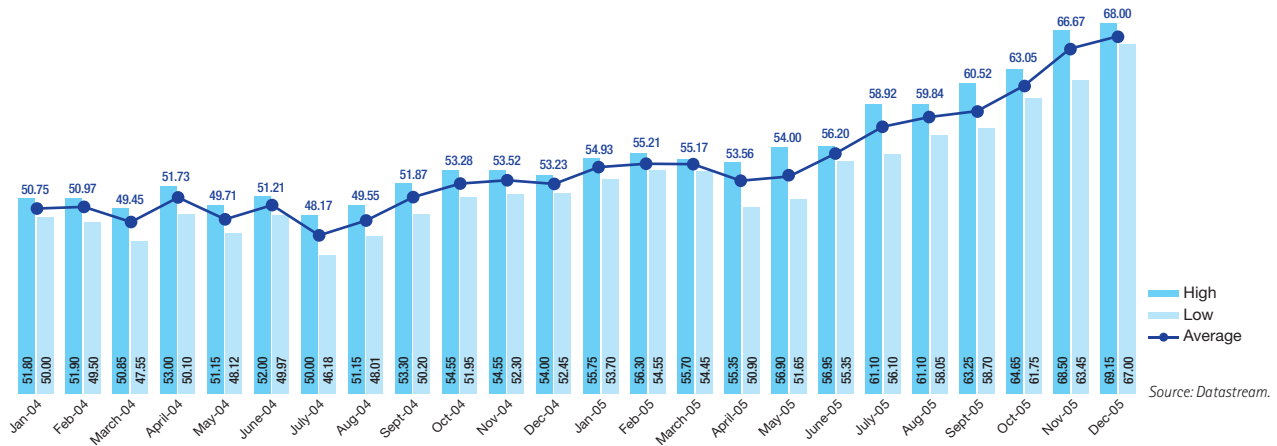
**Share performance between 2 January 2003 and 30 December 2005**

Comparison with the DJ Stoxx 50, DJ Stoxx Bank and CAC 40 (indexes rebased on share price)



Source: Datastream.

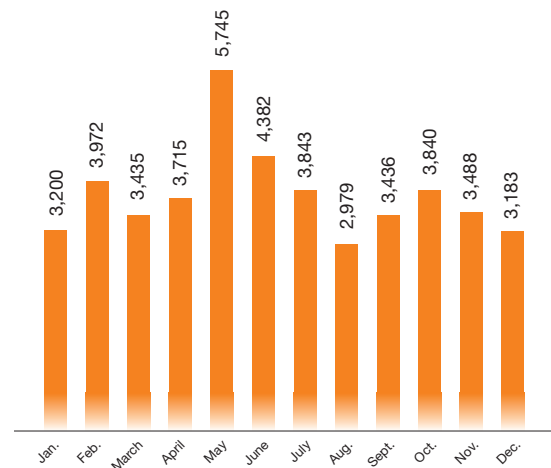
### Average monthly share prices and monthly highs and lows since January 2004



- As at 30 December 2005, **the BNP Paribas share was listed at EUR 68.35**, up 28.24% compared with 31 December 2004, when it was listed at EUR 53.30. By way of comparison, during 2005 the CAC 40 index increased by 23.4%, the Stoxx 50 by 20.70% and the DJ Stoxx Bank index by 21.17%.
- From 2 January 2003 to 30 December 2005, **the BNP Paribas share price gained 68.27%**, compared with rises of 47.58% and 33.84% for the CAC 40 and DJ Stoxx 50 indexes respectively.
- BNP Paribas' market capitalisation totalled EUR 57.29 billion** at 30 December 2005, representing the 5th-largest capitalisation in the CAC 40 index, as opposed to the 4th-largest at the end of 2004, a result of the inclusion of EDF in the index on 19 December 2005. In terms of free float, BNP Paribas is still the 3rd-largest in the Paris index. During the same period, BNP Paribas was the 11th-largest in the DJ Euro Stoxx 50 in terms of free float.
- Transaction volumes** remained nearly stable, down 1.52%, with an average of 3,768,874 shares traded daily during the year, compared to 3,827,106 shares per session in 2004.

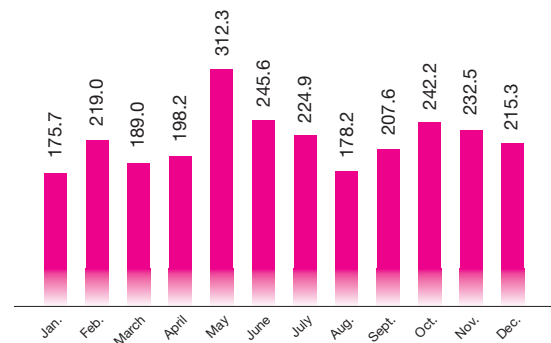
### 2005 trading volume

Daily average in thousands of shares



Source: Euronext Paris.

Daily average in millions of euros



Source: Euronext Paris.

## Yield and performance data

In euros	French GAAP				IFRS	
	2001	2002	2003	2004	2004	2005
Earnings per share <sup>(1)</sup>	4.64	3.78	4.31	5.55	5.87	7.02
Net assets per share <sup>(2)</sup>	28.3	30.5	33.0	36.2	39.0	46.2
Net dividend per share	1.20	1.20	1.45	2.00	2.00	2.60 <sup>(3)</sup>
Payout rate (in %) <sup>(4)</sup>	26.5	32.6	34.8	37.9	35.7	37.4 <sup>(3)</sup>
Share price						
High <sup>(5)</sup>	52.55	61.25	49.92	55.00	55.00	69.25
Low <sup>(5)</sup>	37.95	29.00	32.65	46.07	46.07	50.70
Year-end	50.25	38.83	49.92	53.30	53.30	68.35
CAC 40 index on 31 December	4,625.58	3,063.91	3,557.90	3,821.16	3,821.16	4,715.23

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

(3) Subject to approval at the Annual General Meeting of 23 May 2006.

(4) Net dividend per share expressed as a percentage of earnings per share at the end of the period, excluding the impact of undated floating-rate deeply subordinated notes.

(5) Registered during trading.

## Creating value for shareholders

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

### A) Total shareholder return - TSR

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

- 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

Year	Gross dividend received per share (in euros)	Gross dividend received by shareholder (in euros)	Price of share acquired by reinvesting dividend <sup>(2)</sup> (in euros)	Fractional share acquired by reinvesting gross dividend	Total shares after gross dividend reinvestment
1994	0.69 <sup>(1)</sup>	0.69	37.17	0.0186	1.0186
1995	0.73 <sup>(1)</sup>	0.82 <sup>(3)</sup>	34.30	0.0239	1.1425 <sup>(3)</sup>
1996	0.82 <sup>(1)</sup>	0.94	27.36	0.0344	1.1769
1997	1.23 <sup>(1)</sup>	1.45	38.28	0.0379	1.2148
1998	1.60 <sup>(1)</sup>	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
<b>2005</b>	<b>2.00<sup>(5)</sup></b>	<b>6.07</b>	<b>54.45</b>	<b>0.1115</b>	<b>3.1474</b>

(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.

(5) "Avoir fiscal" tax credit abolished for dividends distributed as from 1 January 2005.

Closing price on 30 December 2005 = EUR 68.35, valuing the initial investment at  $68.35 \times 3.1474 = \text{EUR } 215.12$ . This represents an average annual increase (average annual TSR for the period) of 15.62% and an amount 5.88 times higher than the original investment made in 1993.

- Over five years

Initial investment = 1 share at the opening price on 2 January 2001 = EUR 94.50.

### Investment growth

Year	Gross dividend received per share (in euros)	Gross dividend received by shareholder (in euros)	Price of share acquired by reinvesting dividend <sup>(1)</sup> (in euros)	Fractional share acquired by reinvesting gross dividend	Total shares after gross dividend reinvestment
2001	3.375	3.375	100.50	0.0336	1.0336
2002	1.80	3.72	54.10	0.0688	2.1360
2003	1.80	3.84	45.32	0.0847	2.2207
2004	2.175	4.83	50.50	0.0956	2.3163
<b>2005</b>	<b>2.00<sup>(3)</sup></b>	<b>4.63</b>	<b>54.45</b>	<b>0.0850</b>	<b>2.4013</b>

(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.

(3) "Avoir fiscal" tax credit abolished for dividends distributed as from 1 January 2005.

Closing price on 30 December 2005 = EUR 68.35, valuing the initial investment at  $68.35 \times 2.4013 = \text{EUR } 164.13$ . This represents an average annual increase (average annual TSR for the period) of 11.69% and an increase of close to 74% over five years (by comparison, the CAC 40 shed more than 18% 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 government notes

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

- Investment of EUR 94.50 on 1 January 2001 in a "Livret A" passbook account

At the investment date, the official interest rate on Livret A accounts was 3%. This rate was decreased to 2.25% on 1 August 2003 and then to 2% on 1 August 2005. As at 31 December 2005, the account balance was EUR 107.52 representing growth of EUR 13.02, i.e. less than 20% 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  $164.13 - 107.52 = \text{EUR } 56.61$  per share over five years.

- Investment of EUR 94.50 on 1 January 2001 in five-year French government notes

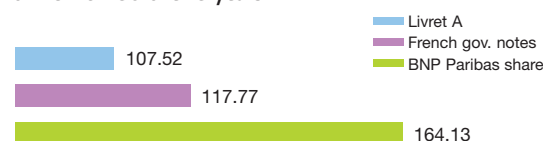
The five-year interest rate (BTAN) on that date was 4.6029%; at the end of each subsequent year, interest income is reinvested in a similar note under the following terms:

- 4.3035% (BTAN) in January 2002 for four years;
- 3.0117% (BTAN) in January 2003 for three years;
- 2.6235% (BTAN) in January 2004 for two years;
- 2.356% in January 2005 for one year (Euribor).

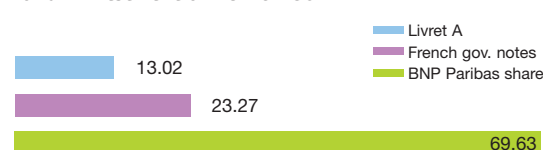
At the end of five years, the accrued value of the investment is EUR 117.77, representing growth of EUR 23.27, around one-third of the increase achieved by the BNP Paribas share.

The additional value created by choosing BNP Paribas shares as the investment vehicle is therefore  $164.13 - 117.77 = \text{EUR } 46.36$  per share over five years.

#### Comparison of growth in investment of EUR 94.50 over 5 years



#### Comparative total yields over 5 years for an investment of EUR 94.50



## 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.



BNP PARIBAS MULHOUSE

The **Investor Relations Department** informs institutional investors and financial analysts, in France and abroad, of the Group's strategies, major events concerning the Group's business and, of course, the Group's results which are published quarterly. The 2005 annual results will be published on 15 February 2006, and the results for the first quarter of 2006 on 19 May 2006<sup>(1)</sup>.

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

The **Individual Shareholder Relations Department** informs and listens to the Group's 605,000 or so individual shareholders (*source: 30 December 2005 TPI survey*). A half-yearly financial newsletter informs both members of the **Cercle BNP Paribas** and other shareholders of important events concerning the Group, and a summary of the matters discussed during the Annual General Meeting is sent out in July. During the year, senior management presents the Group's policy to individual shareholders at meetings organised in various French cities and towns (for example, in 2005, meetings were held in Cannes on 28 June, in Strasbourg on 8 November and in Lyons on 16 November). Also, BNP Paribas representatives met and spoke with over 1,000 people at the "Actionaria" trade show held in Paris on 18 and 19 November 2005.

*(1) Subject to alteration at a later date.*



In 1995, the *Cercle BNP Paribas* was set up for individual shareholders holding at least 200 shares. The *Cercle* currently counts 47,500 shareholder members. Three times a year, in alternation with financial newsletters, they receive *La Vie du Cercle*, a publication inviting them to take part in artistic and cultural events with which BNP Paribas is associated, as well as training sessions. These include stock market seminars on warrants, financial research, etc., as well as "Managing your finances on the internet" seminars, "Private asset management" courses and "Economic update" sessions organised by BNP Paribas teams specialised in the respective fields. In addition, the Bank regularly organises scientific conferences and visits to industrial sites. The seminars are held in Paris and the provinces, on weekdays and the weekend, to enable as many people as possible to attend. Illustrating the growing variety of the offering, in 2005, 252 events were organised for 14,614 participants, respectively 24% and 6% more than in 2004. One-third of the events were held in the provinces and two-thirds in Paris and the Paris region. Shareholders can obtain information about these services by dialling **a special toll-free number (in France): 0800 666 777**. A telephone news service can also be accessed through the same number, offering a wide range of information to BNP Paribas shareholders, such as the share price, shareholders' events, news and interviews, etc.

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

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



## Shareholder 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 Chairman of BNP Paribas kicked off the nomination process, which culminated in the naming of the committee members at the end of 2000.

Headed by Michel Pébereau, the committee includes ten shareholders, who are both geographically and 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.

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 Haute-Loire *département*;
- André Brouhard, resident of Nice;
- Nicolas Derely, resident of the Paris area;
- Joseph Fauconnier, resident of Amboise;
- 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;
- Bernard Coupez, President of ASRAS BNP Paribas (the Association of Employee, Retiree and Former Employee Shareholders of the BNP Paribas Group).

In accordance with the committee's Charter – the internal rules that all members have subscribed to – the committee met twice in 2005, on 8 March and 20 September. Reports on these meetings were included in the shareholder newsletters.

The main topics broached included:

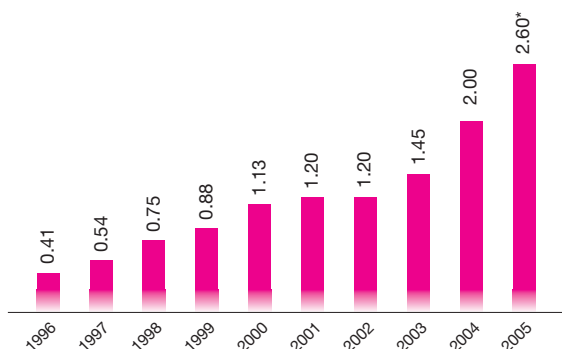
- the periodical publications which provide information on the Group's achievements and strategy;
- the 2004 Annual Report and separate section dedicated to sustainable development;
- initiatives concerning preparations for the Annual General Meeting;
- BNP Paribas' participation in the "Actionaria" trade show. At this event, several Liaison Committee members explained the role played by the committee to people who visited the Bank's stand;
- the drafting of a specific inset on the impact of the new international IAS/IFRS accounting standards on shareholders.

## Dividend

At the 23 May 2006 Annual General Meeting, the Board of Directors will recommend a dividend of EUR 2.60 per share, an increase of 30% compared with the 2005 dividend. The dividend will be payable as from 31 May 2006, if approved at the Annual General Meeting.

The proposed payout rate is 37.4%<sup>(1)</sup>.

### 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 23 May 2006 Annual General Meeting.*

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

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

*(1) Net dividend per share expressed as a percentage of earnings per share at the end of the period, excluding the impact of undated floating-rate deeply subordinated notes.*

## BNP Paribas registered shares

As at 31 December 2005, 22,455 shareholders had shares registered with BNP Paribas.

### Shares registered directly with BNP Paribas

Shareholders whose shares were registered directly with BNP Paribas:

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

### Registered shares held in an administered account

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

- the shares can be sold at any time, through the shareholder's usual broker;
- the shareholder can have a single share account, backed by a cash account;
- the shareholder is systematically invited to attend and vote at General Meetings, without the invitation being sent through a third party;
- the 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 18 May 2005 on second call. The text of the resolutions and the video of the meeting can be viewed on the BNP Paribas website where the original live webcast took place.

The composition of the quorum and the results of the votes cast were posted online the day after the meeting.

The quorum attained represented 35.90% of the 827,462,966 voting shares, broken down as follows:

	SHAREHOLDERS		SHARES	
	Number	(%)	Number	(%)
<b>Present</b>	1,501	14.60%	108,137,320	36.40%
<b>Proxy given to spouse or another shareholder</b>	28	0.27%	152,334	0.05%
<b>Proxy given to Chairman</b>	6,178	60.10%	16,873,288	5.68%
<b>Postal votes</b>	2,573	25.03%	171,915,262	57.87%
<b>Total</b>	<b>10,280</b>	<b>100.00%</b>	<b>297,078,204</b>	<b>100.00%</b>

All resolutions proposed to the shareholders were approved.

RESULTS	RATE OF APPROVAL (%)
<b>ORDINARY MEETING</b>	
<b>Resolution 1:</b> Approval of the consolidated balance sheet of the Group as at 31 December 2004 and the consolidated profit and loss account for the year then ended	99.38%
<b>Resolution 2:</b> Approval of the balance sheet of the Bank as at 31 December 2004 and the profit and loss account for the year then ended	99.38%
<b>Resolution 3:</b> Appropriation of net income and dividend distribution	99.67%
<b>Resolution 4:</b> Transactions and agreements governed by Article L.225-38 of the French Commercial Code	85.26%
<b>Resolution 5:</b> Share buybacks	99.08%
<b>Resolution 6:</b> Ratification of the appointment and renewal of the term of office of Jean-François Lepetit as a director	91.28%
<b>Resolution 7:</b> Renewal of the term of office of Gerhard Cromme as a director	78.56%
<b>Resolution 8:</b> Renewal of the term of office of François Grappotte as a director	99.26%
<b>Resolution 9:</b> Renewal of the term of office of Hélène Ploix as a director	99.37%
<b>Resolution 10:</b> Renewal of the term of office of Baudouin Prot as a director	91.11%
<b>Resolution 11:</b> Non-renewal of the term of office of Jacques Friedmann and appointment of Loyola de Palacio as a director	99.41%
<b>Resolution 12:</b> Determination of directors' fees	99.57%
<b>Resolution 13:</b> Powers to carry out formalities relating to the Annual Meeting	99.81%
<b>EXTRAORDINARY MEETING</b>	
<b>Resolution 14:</b> Stock options	97.86%
<b>Resolution 15:</b> Granting of bonus shares	80.73%
<b>Resolution 16:</b> Authorisation to reduce the Bank's capital by cancelling shares	99.44%
<b>Resolution 17:</b> Amendments to the Articles of Association relating to the number of employee-elected directors	91.30%
<b>Resolution 18:</b> Powers to carry out formalities relating to the Extraordinary Meeting	99.66%

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

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

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

Ordinary and Extraordinary General Meeting may be called in a single notice of Meetings and held on the same date. BNP Paribas will hold its next Ordinary and Extraordinary General Meeting on 23 May 2006.

## THE 2005 ANNUAL GENERAL MEETING

was an additional opportunity for BNP Paribas to demonstrate its commitment to sustainable development. BNP Paribas seeks to create solid, recurring value, acting as a mark of quality and testifying to its respect not only for "traditional" partners comprising shareholders, clients and employees, but also for the community at large. It seemed appropriate that these principles be reflected in the Group's General Meetings. That is why it was decided, in conjunction with the Shareholder Liaison Committee, to donate EUR 10 for every attending investor to the "Coups de pouce aux projets du personnel" programme (A helping hand for employee projects). The programme has been specifically developed by the BNP Paribas Foundation to encourage public interest initiatives for which Bank staff personally volunteer their time and efforts; the amount collected will be donated in addition to the funds that the Bank already grants to this programme via the BNP Paribas Foundation, which operates under the aegis of the Fondation de France. A report on how the EUR 15,010 collected were used will be given at the Annual General Meeting on 23 May 2006.

## Notice of Meetings

- Holders of registered shares are notified by post. The notice of meeting contains the agenda, the draft resolutions and a postal voting form;
- Holders of bearer shares are notified via announcements in the press, particularly investor and financial journals. In addition to legal requirements, BNP Paribas sends the following documents aimed at boosting attendance:
  - notices of Meetings and a postal voting form for shareholders who own over a certain number of shares (set at 300 shares in 2005); these same documents may also be consulted by all on the website;
  - information letters concerning the Annual General Meeting and the attendance procedures. In 2005, these were sent to all holders of at least 180 bearer shares.

In total, nearly 55,000 of the Bank's shareholders personally received this year the information needed to participate.

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

## Attendance at Meetings

Any holder of shares may gain admittance to Annual and Extraordinary General Meeting, provided that the shares have been recorded in their accounts for at least 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 post;
- 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

shareholders can use a specific internet server to transmit the documents required prior to Annual General Meeting  
<http://gisprox.y.bnpparibas.com>.

## Disclosure thresholds

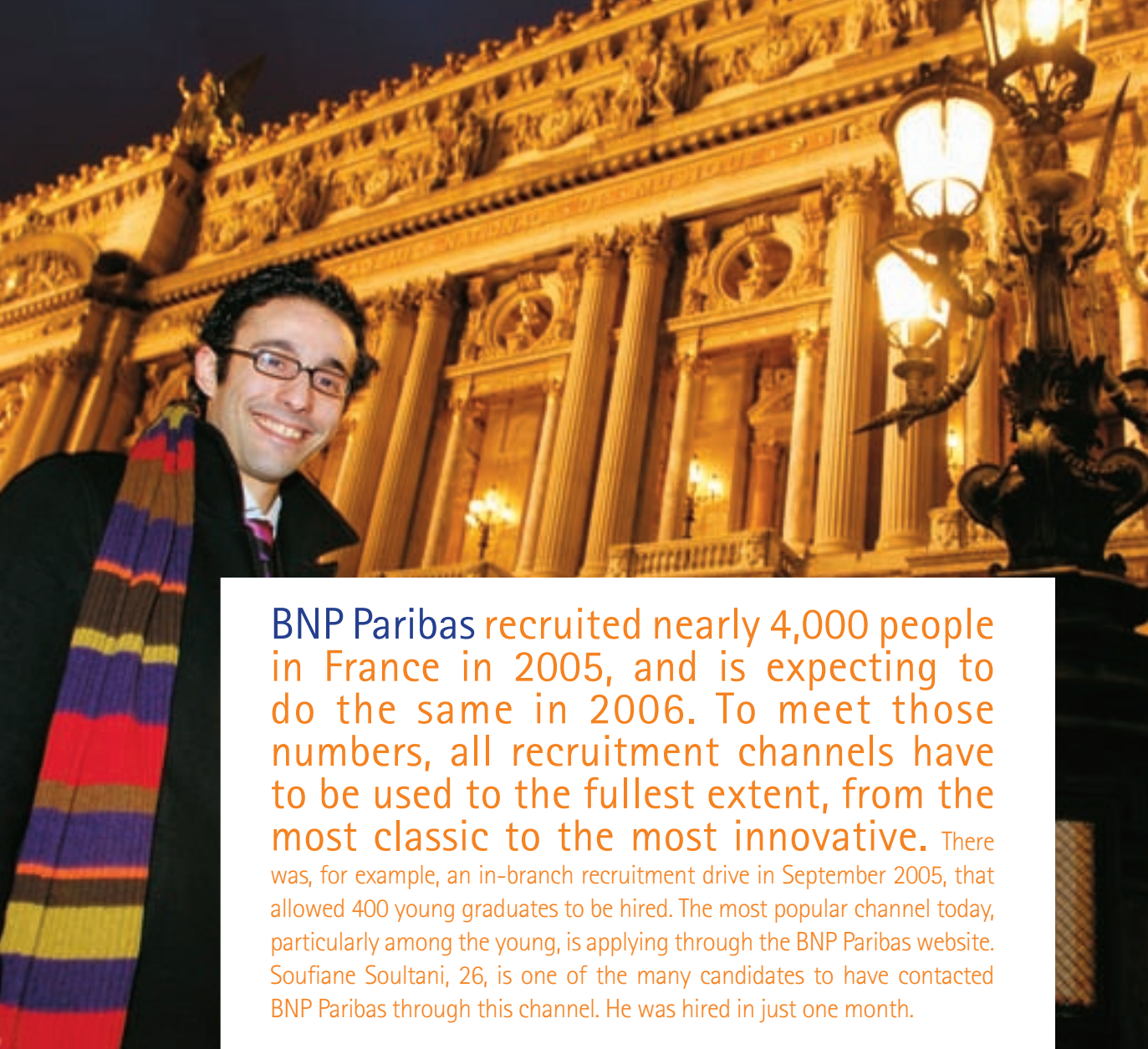
In addition to the legal thresholds, and in accordance with Article 5 of the Bank's Articles of Association, any shareholder, whether acting alone or in concert, who comes to hold directly or indirectly at least 0.5% of the capital or voting rights of BNP Paribas, or any multiple of that percentage up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

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BNP Paribas recruited nearly 4,000 people in France in 2005, and is expecting to do the same in 2006. To meet those numbers, all recruitment channels have to be used to the fullest extent, from the most classic to the most innovative. There was, for example, an in-branch recruitment drive in September 2005, that allowed 400 young graduates to be hired. The most popular channel today, particularly among the young, is applying through the BNP Paribas website. Soufiane Soultani, 26, is one of the many candidates to have contacted BNP Paribas through this channel. He was hired in just one month.



SOUFIANE SOULTANI – In charge of the youth market at the Opéra group, Paris

« After attending business school in Morocco and France, with a major in Finance, I tried my hand at sales for a while. But I soon found myself wishing to work in banking – like sales, a sector I had always been attracted to. I therefore applied to BNP Paribas, and to do so through their website seemed the most natural thing. And incidentally, I had planned to apply to two banks, but the BNP Paribas site was the only one working that day – it must have been a sign. I applied on 25 May and received a first e-mail response on 27 May, before being called, on 1 June, for an interview on 14 June. Two weeks later I was offered a position, and on 25 July I started my new job. I liked the speed of response that BNP Paribas demonstrated. It confirmed to me that I had made the right choice. »

CANDIDATURE SPONTANÉE  
Des candidatures via Internet, c'est économique, rapide et efficace. À condition, toutefois, que la candidature soit envoyée par voie postale, compte des attentes et contraintes de la réception.  
POSTALE  
PAS DE

# HUMAN RESOURCES DEVELOPMENT

## WORKFORCE EXPANSION IN LINE WITH THE GROUP'S DEVELOPMENT <sup>(1)</sup>

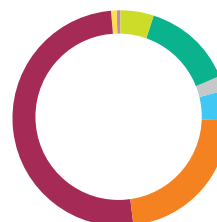
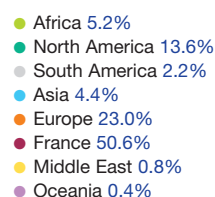
In line with growth across all business lines, Group staff expanded to include 109,780 full-time equivalent employees (FTEs) as of 31 December 2005, up 10,346 on 2004.

This increase was primarily due to external growth, particularly in the Retail Banking business outside France. The purchase of Commercial Federal Corporation in the US accounted for an extra 2,535 employees, and the addition of Türk Ekonomi Bankasi AS to the Group's scope of consolidation increased headcount by another 2,333. At constant scope, organic growth gave rise to 4,336 FTEs, primarily in International Retail Banking and Financial Services, Asset Management and Services, and Corporate and Investment Banking.



The Group's workforce breaks down as follows:

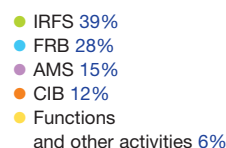
### • by geographical area



	2003	2004	2005
France	53,111	54,363	55,498
Europe	18,148	20,083	25,205
North America	9,713	11,874	14,979
Africa	5,418	5,526	5,661
Asia	4,403	4,534	4,785
South America	1,715	1,923	2,362
Middle East	665	742	868
Oceania	335	388	420

The overall increase in the portion of the workforce managed outside France picked up pace in 2005, especially in Europe and North America.

### • by business



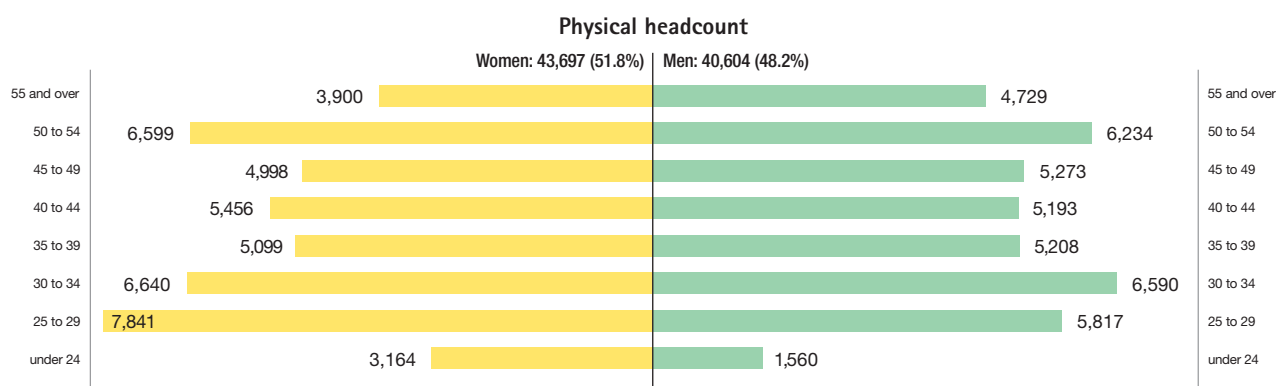
(1) For human resources growth data, this analysis takes into account all FTE staff managed by BNP Paribas as opposed to the consolidated workforce, which is limited to staff working for fully or proportionally consolidated entities calculated pro rata to the percentage consolidation of the subsidiaries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

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

## Age pyramid (December 2005)

The data on which the age pyramid is based do not include the most recent acquisitions, which is why the pyramid remains balanced overall. Lower age groups predominate

in the IRFS, AMS and CIB divisions, while the opposite is true of French Retail Banking, which is closer to standard employment demographics in France.



## Staff turnover

Although staff turnover figures increased slightly in 2005, 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.

	Americas	Asia	Europe	France
<b>2003</b>	25.8%	21.2%	12.4%	7.3%
<b>2004</b>	22.3%	21.8%	15.9%	6.6%
<b>2005</b>	<b>26.2%</b>	<b>21.3%</b>	<b>20.0%</b>	<b>7.3%</b>

The effects of staff turnover combined with external growth engender regular renewal of the Group's teams: 38% of the workforce has been with BNP Paribas for less than five years. These developments have helped stabilise the average age of the Group's employees.

Expressed in years	2002	2003	2004	2005
Average age	39.6	40.5	40.5	<b>40.5</b>

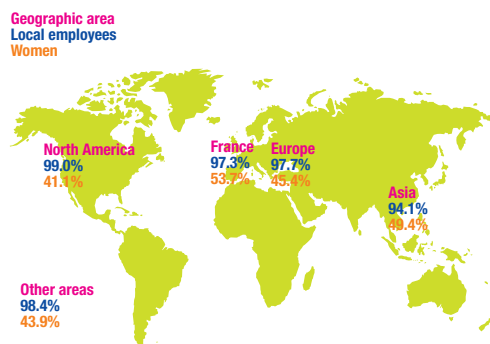
## Employee diversity

Respect for people and cultural sensitivity represent two founding principles of BNP Paribas. The Group has continued to take steps aimed at creating international teams, promoting employee diversity and preventing all forms of discrimination. A Head of Diversity was appointed in 2005 to coordinate efforts in this area.

## 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. The number of expatriate posts is intentionally restricted. They 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.

## Percentage of staff employed locally and proportion of female employees <sup>(1)</sup> by geographic area



- Over four years the percentage of employees outside France increased from 40.8% to 49.4%.
- 51.8% <sup>(2)</sup> of BNP Paribas employees worldwide are female.

*(1) Based on the net number of permanent employees on the payroll - managed by human resources as of 31 December 2005.*

*(2) Based on physical headcount.*

## Professional equality

Female employees now represent the majority of the Group's workforce, their numbers having increased steadily in recent years. Younger age groups have a higher proportion of women, while men predominate in the older age groups.

### Female employees as a percentage of total workforce

In %	2002	2003	2004	2005
	48.4	50.7	51.5	<b>51.8</b>

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 executive posts currently occupied by women is 38.7%. This rate has increased on a regular basis over recent years.

### Female employees as a percentage of executive staff – BNP Paribas SA mainland France

In %	2002	2003	2004	2005
	35.7	36.9	37.7	<b>38.7</b>

The Group's professional equality policy was taken one step further in 2004 when BNP Paribas SA France signed a unanimous company-level agreement with all trade unions. 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.

In March 2005, Cetelem also signed a unanimous agreement on professional equality. This commitment earned it the honour of being the first company in the finance sector to receive the "Equality label" from the French minister for social integration and equal opportunity.

## 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 (affirmative action), local branches and subsidiaries scrupulously adhere to the applicable law and regulations. In all other countries, Group rules apply.

Awareness-raising drives have been conducted among the recruitment teams in France to combat discrimination during the recruitment process. Specific "diversity" training sessions were attended by over 200 managers in New York and London.

In France, BNP Paribas is involved in a programme adopted by some companies in partnership with organisations that aim to promote the employment of graduates from visible minorities and combat discrimination during the recruitment process. In connection with this initiative, the Group regularly posts job vacancies on the website of these organisations (see indicator 25 in the Appendix entitled NRE Act – Social Chapter).

BNP Paribas is also a member of *Promotion de talents*, an association that provides study grants to deserving students in underprivileged areas.

## ZERO DISCRIMINATION

BNP Paribas was one of approximately 20 French companies that took part in the *Zéro discrimination pour l'emploi* initiative in Lyons in 2005. Taking its inspiration from the "speed dating" phenomenon, the initiative gave 250 job seekers the chance to meet these companies in 10 to 15 minute time slots, with a view to being hired on a permanent contract. Candidates had often experienced discrimination on the basis of their name, skin colour or address in an underprivileged neighbourhood of Lyons, frequently finding that their application letters did not lead to interviews. BNP Paribas called 23 of the candidates back for more in-depth interviews and eventually hired five of them.

### **Employment and integration of handicapped employees**

The Group has put in place a range of endeavours to help disabled persons remain employed. These endeavours vary in accordance with specific situations and include providing special transport facilities or specially-designed equipment, or adapting workstations. A general survey of visually impaired employees was carried out and led to the installation of computer accessibility software. When new software is being designed, special consideration is given to making it as ergonomic and accessible as possible for handicapped employees. The Group's B2E intranet portal allows users to change the font size, ensuring that all members of staff without exception have equal unrestricted access to the information available in any form whatsoever.

The Group outsources printing, packaging and mail sorting work to the *Institut des Cent Arpents*, a sheltered workshop set up in 1981 and managed by Mutuelle BNP Paribas. It is also currently in the process of contracting out work to various other such centres. *Institut des Cent Arpents* employs 97 mentally disabled people in its various workshops and houses, and 11 people with serious mental handicaps in its sheltered accommodation. Through its social services and the Group health insurance scheme, BNP Paribas grants specific financial assistance to handicapped employees or those with disabled children, in particular to help with the high cost of prostheses or home conversions.

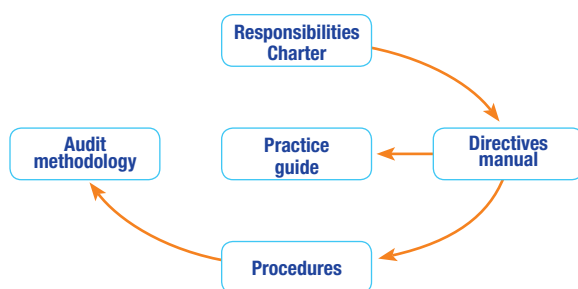
A special unit has been set up in the HR Department to identify and coordinate ideas to enhance the recruitment of handicapped employees.

### **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. These initiatives are set out in detail in practical guides to subjects such as expatriation or career mobility. The Group's procedures require formal documentation for certain HR-related actions. Lastly, the General Inspection unit has drawn up a HR audit methodology, relayed to the Group's audit managers, which is consistent with the reference documents mentioned above. All employees have intranet access to the Group's Human Resources Responsibilities Charter and directives. The across-the-board application of these Group guidelines simplifies decision-making processes and empowers local management by broadening the responsibilities of the various divisions, subsidiaries and countries.

## The basis of management rules



### Compliance with the principles of the Global Compact

With a presence in 88 countries, BNP Paribas operates in a variety of political and regulatory environments. This means that the Group must take particular care to ensure compliance with the principles of the Global Compact, of which BNP Paribas is a member. BNP Paribas has minimal exposure to the 25 countries deemed as high-risk in recent publications compiled by the relevant authorities: the Group is present in only nine of these 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.

### 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 bring together 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.

This policy endeavours to:

- regularly and proactively manage the decline in the number of posts due to IT developments and organisational changes;
- offer opportunities and retraining to employees whose positions are eliminated;
- 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 mid-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.

The 2004-2005 Employment Adaptation Plan 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. There were 652 voluntary departures in this context in 2005.



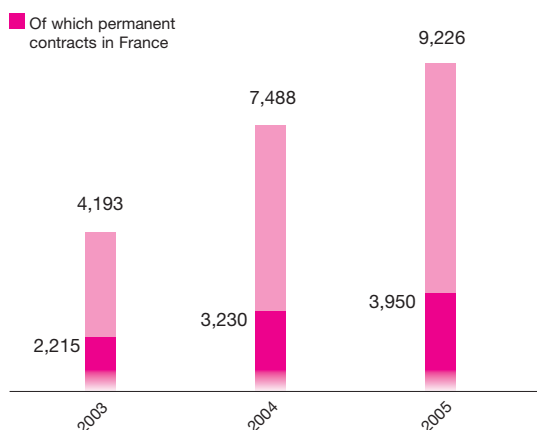
Over the last few years, changes in the breakdown of posts within BNP Paribas SA in France have gone hand-in-hand with the demographic changes described above. The proportion of employees working in business development was 55% in 2005, up from 43% ten years earlier. Transaction processing and supervision and management accounted for 24% and 21% of employees respectively, as against 40% and 17%, respectively, a decade earlier.

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 9,226 new permanent employees in 2005. In France, BNP Paribas recruited almost 4,000 employees, over a quarter of whom were hired to fill new positions. BNP Paribas has therefore created over 2,000 new positions in France over the last two years, partly on the back of the continued expansion of the branch network in France. Fifty new sales facilities were opened in 2005 and 130,000 new clients were added over the first nine months of the year. The growth in new positions is also the result of BNP Paribas' considerable international expansion. The Group was once again one of France's largest recruiters in 2005.

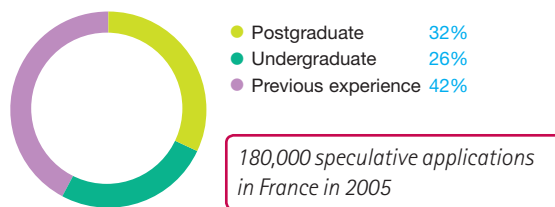
### Recruitment of permanent employees



In order to maintain high levels of quality in recruitment and 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, guarantee employee independence and ensure that staff members comply with the codes of conduct required in each of the businesses.

To ensure that the needs of the various business lines are met, BNP Paribas' new recruits range from undergraduate and postgraduate students to those with several years' experience in the workplace.

### New hires by profile



In a recent survey, final-year students in leading French business schools rated BNP Paribas as the most attractive employer in France based on their pre-existing knowledge, a fact that bears out the Group's positive image among young people. The recruitment division targets students with the relevant profiles at over 40 specialised recruitment forums, and continues to develop its partnerships with the major schools and universities where it finds new talent.

### IN-BRANCH RECRUITMENT CAMPAIGN

During the week of 19 to 24 September 2005, the Group carried out a successful in-branch recruitment campaign, during which it offered job seekers with undergraduate and graduate degrees the opportunity to apply for a job in person at 17 agencies in Paris and the Paris region. 5,000 on-the-spot applications were received during this campaign, which aimed to fill 400 permanent sales positions.

BNP Paribas also bolstered its long-term commitment to work/study programmes, and in 2005 signed on more than 600 young employees in vocational training programmes and provided 178 apprenticeships. At 31 December 2005, a total of 1,150 young people were involved in work/study programmes in the company, up 27% on 2004 levels.

In France the VIE (*Volontariat International en Entreprise*) programme allows young people to spend a period of time working in companies abroad before starting their professional career. BNP Paribas took on 217 trainees as part of this programme in 2005, up significantly on the 2004 figure of 127.

## Ongoing skills development

### Skills building for employees of all ages

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

The development of e-learning techniques is among the key changes in the training offering, which now relies on a varied range of teaching methods.

A customised e-learning programme in French and English on how to conduct annual evaluation interviews was provided to managers in France, Canada, Luxembourg, Switzerland, Singapore, Hong Kong and New York.

The training procurement policy is increasingly taking account of similar requests from the various Group entities in France in the areas of office management software, financial accounting, management accounting, capital markets or marketing. This allows costs to be streamlined and resources to be freed up for more specialised and Group-specific training.

### Promoting a dynamic corporate culture and change acceptance

Corporate training aims to foster team spirit and a sense of identity among participants and focuses mainly on induction, cross-functional and managerial training.

### Introduction to the Group and integration

Integration sessions give new employees the opportunity to find out about BNP Paribas and see their role within the context of the Group's many businesses, as well as to start making contacts within the company. These sessions help create a sense of group identity, offering shared terms of reference as regards values, business principles and working methods.

The integration training occurs in tandem with other introductory procedures such as the employee's first contact with his or her manager and familiarisation with the workstation and working environment.

The International Integration Forum brings together senior management for a series of seminars on the Group's structure and business lines. In 2005, this forum was attended by over 300 young university graduates recruited in France and almost 120 experienced executives from 32 countries.

More than 100 young international managers took part in the training sessions offered by the Worldwide Integration Network (WIN).

This programme focuses on communication, teamwork and project management and helps strengthen the skill-sets required to build a successful international career. It offers an original opportunity to work on the implementation of real projects in multi-cultural teams. Thirteen projects were carried out under this programme in 2005.

### Cross-functional training

While the various business lines define their own specific training needs, cross-functional training on project ownership and management, personal effectiveness and operations management are provided by the Group training centre.

In 2005, more than 3,500 Group employees attended these training sessions, up 12% on 2004.

### Training for senior executives

The Leadership for Development programme was set up in 2005 in conjunction with France's prestigious *Ecole Polytechnique*. It provides senior executives with the support necessary to enhance their personal abilities and develop their careers through optimisation of their leadership skills. At the end of each training session the participants draw up an individual career development plan with their HR manager and direct line manager. A total of 113 participants attended five sessions in 2005, and the programme is set to continue apace in 2006.

Two new programmes have been set up to assist managers taking on new responsibilities and senior executives in key positions.

### The Louveciennes training centre

More than 20,400 employees have attended training sessions at the Group training centre in Louveciennes. Set in a 62-acre (25-hectare) park alongside the *château de Voisin* and the *château de Bellevue*, the centre's historic and natural surroundings add to the sense of company and team spirit experienced by participants in the centre.

In June 2005, about 100 training managers from around the world attended Louveciennes for an international training seminar on executive training methodologies.

### Lifelong professional training

Since 2003, BNP Paribas has been preparing for the entry into force of new legislation concerning lifelong professional training. In 2005, a company-level agreement was signed on the implementation of the Right to Individual Training (*Droit Individuel à la Formation - DIF*).

This agreement provides that the training on offer must be of use to both the employees and the company and that it should enhance the individual's career path. Employees are encouraged to play a proactive role in their training and make requests, while managers set priorities in accordance with specific requirements. Training managers are responsible for advising employees and confirming choices with managers.

## Implementation of the "Right to Individual Training" in France

Training that is useful to both the employee and the company, carried out during working hours, barring specific circumstances.

Training that boosts, whenever possible, the employee's career prospects.

Employees are encouraged to be proactive and make requests.

Managers play a key role – setting priorities and confirming requirements.

The training policy is enforced by training managers, who advise employees and approve initiatives with managers.

## A Group-wide approach to career management

### Career management

Career management within the Group is based first and foremost on the relationship between the employee and his or her manager. The HR managers are tasked with monitoring this relationship and following up on each individual's progression. Human resources management is decentralised yet based on shared values and principles that facilitate working relations between employees, managers and HR managers.

Within the various divisions, business lines and functions, the HR managers serve as key contact persons for career-related issues faced by employees, such as professional development, career mobility or remuneration. They implement the Group Human Resources policy at the local level and are familiar with individual employees through their performance evaluations, the contact they have with their direct line manager, or career counselling sessions.

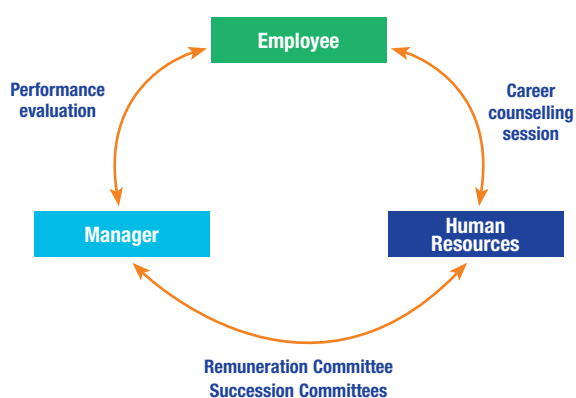
Performance evaluations provide an opportunity to assess each employee's skills and professional conduct, and to review objectives for the past year against the results obtained. Then new objectives are set for the following year and career development opportunities can be discussed.

The performance evaluations are the same for all BNP Paribas employees irrespective of their level or location. The subsidiaries have adopted a similar appraisal based on Group values but tailored to their particular business and location. These appraisals, which are transmitted to the HR manager, are a major factor in salary reviews and are used as a basis for career counselling and planning the employee's progression within the Group.

Career counselling sessions give employees the possibility of discussing their experience, their strong points and their wishes, as well as examining opportunities for advancement in line with Group needs. The frequency of the sessions depends on the employee's profile.

These sessions provide a basis for the succession plans drawn up by business and HR managers for their entities.

### Career management



## Career mobility

Career mobility is not only an attractiveness driver, but also a preferred means for the Group to adapt its human resources to the development of its business operations. It also allows employees to enhance their professional experience and move ahead in their careers.

Career mobility takes three forms:

- **Functional mobility**

Not necessarily a change to another position, but professional development, or the enhancement of the employee's skills, abilities and knowledge;

- **Geographic mobility**

The employee moves to another town, or, in the case of international mobility, another country;

- **Intercompany mobility**

The employee changes from one Group entity to another.

Performance evaluations and career counselling sessions provide the basis for deciding on career mobility options, in a common decision-making process involving the employee, the line manager he or she reports to, and the HR managers.

To boost internal mobility and create an actual in-house recruitment market, an intranet page entitled *Career Opportunities* is available to employees worldwide. In France, BNP Paribas also offers a "mobility kit", which incorporates a whole range of additional resources, including specific training courses, a guide to intercompany mobility in France and, where applicable, individual assistance by a specialist team.

## Succession management

Committees made up of managers from the various divisions and functions, as well as HR managers, meet once a year to identify high-potential executives that could in future take over key posts within the company. The Leadership for Development programme was set up in 2005 to help these executives draw up individual career development plans in conjunction with their managers.

The career-tracking mechanism for junior executives is specially tailored to their needs and includes frequent career counselling sessions, customised seminars and meetings with Group leaders. Several mechanisms have been put in place by the Group to coach these employees in the early stages of their career. These include:

- WIN, an integration, training and career-tracking programme aimed at young graduates preparing for an international career in all of the countries in which the Group is located;
- a special six-year career-monitoring process for young graduates hired in France who have a Master's degree and less than two years' professional experience. They are coached through various stages of their professional life (change of function, remuneration, promotion), which involves integration seminars, on-the-job training or training leading to a professional qualification that benefits their career development. These mechanisms are only available in France due to the considerable number of new hires there.

Group training sessions and specific career assistance are also available within the various divisions, business lines, corporate units or countries for junior or experienced employees joining the Group.



## A broad and competitive remuneration package

### Remuneration

The Group endeavours to apply a comprehensive, fair and competitive remuneration policy, which comes into play during the annual performance evaluations. In each business line and function, remuneration is awarded on the basis of employee performance and in line with market levels. Each entity has access to an expert study on individual remuneration, provided by the Group Human Resources Department. More than a third of positions were analysed and compared against external benchmarks in 2005.

BNP Paribas SA entered into two wage agreements in 2005 – one in February in respect of 2005 and one in December in respect of 2006 in line with an accelerated schedule for wage negotiations.

### Other remuneration elements

The Group offers its employees a range of competitive benefits in accordance with local tax and labour regulations. These benefits mainly involve setting up long-term savings accounts for employees, in particular with respect to retirement planning. There is also a healthcare savings account to help employees with any unforeseen medical expenses, as well as a death and disability insurance.

The Group's policy is to offer, in each country and entity, a range of benefits that compares favourably with what its best competitors offer.

### Employee benefits and welfare

The Group has a long-standing benefits policy aimed at providing a high level of protection to its employees. In 2005, BNP Paribas worked on harmonising its overall employee benefit procedures, particularly outside France, with the aim of ensuring greater consistency between the sometimes very disparate local systems.

Following this review, several 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 Group health insurance plan and to pension plans which had already been closed.

Outside France, the Group endeavours, to the best of its ability, to help improve benefits for local staff and their families, with health insurance plans covering the cost of medical consultations and hospital stays for both themselves and their families.

### A flexible personal risk plan enables employees in France to customise their level of protection

BNP Paribas' post-employment benefit scheme, which was set up under a company-wide agreement and draws upon best market practices, has few equivalents in France. The flexible personal risk plan offers staff a high level of cover for stoppages due to illness, disability or death. Each employee has a basic plan, which can be customised in accordance with his or her personal or family situation. This is done by choosing the level of additional cover, for example a once-off payment in the event of accidental death or the death of a spouse, an education annuity, or a spouse's annuity. As of December 2005, 54,000 employees in 39 French entities were covered by such a personal risk plan.

### THE LIVE WELL PROGRAMME IN THE UNITED STATES

Helping employees cope with day-to-day difficulties. Any employee can, if they so wish, have access to external, confidential assistance with medical problems that can have an impact on their day-to-day working lives, such as nicotine addiction, diabetes, stress or high blood pressure.

### Employee share ownership

Since the creation of the BNP Paribas Group in 2000, the worldwide employee share ownership plan has been offering employees the opportunity to become shareholders within their own company. They are entitled to a discount on the shares they purchase and top-up payments from the company. Six share issues have been offered in this context. An amount in excess of EUR 200 million is subscribed to each year.

These operations were successful, despite the obligatory medium-term holding period involved, thanks to the discount provided for by French law and the company's contribution in the form of top-up payments. It is also a sign of the employees' confidence in their company's growth strategy.

### Employee rights issue

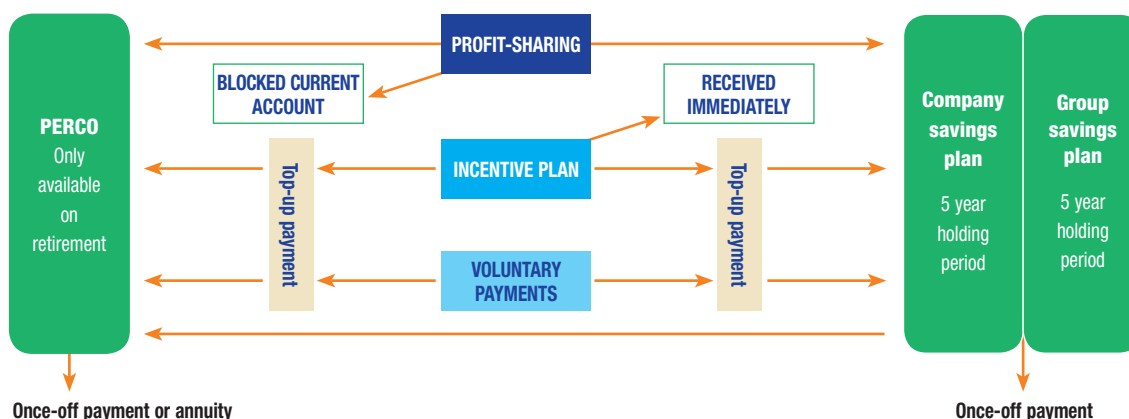
	2003			2004			2005			Average
	France	International	Total	France	International	Total	France	International	Total	over 3 years
Number of eligible employees	65,538	31,727	97,265	65,692	31,117	96,709	67,465	33,918	101,383	98,452
Number of employees subscribing	36,115	8,634	44,749	41,319	8,599	49,918	43,177	10,575	53,752	49,473
Subscription rate	55%	27%	46%	63%	28%	52%	64%	31%	53%	50,3%
Amount (EUR million)			206			223			221,5	214

### Employee savings plans in France

The aim of employee savings plans is to encourage staff to take an interest in their company's results and performances and allow them to set up a savings account with preferential tax and benefits treatment, in return for an obligatory medium-term holding period. These plans enable employees to set up a collective portfolio

of securities, and can be topped up by payments from incentive and profit-sharing plans, or possible top-up payments by the company. A highlight of 2005 in France was the launch of the Group retirement savings plan, PERCO. This plan is managed throughout the employee's professional life and becomes available on retirement, in the form of either an annuity or a once-off payment.

### PERCO – a new type of BNP Paribas savings plan since 2005



## Constructive employer-employee relations

The Commission on Employment Law – BNP Paribas SA's labour information and negotiation body – met on 35 occasions in 2005 and negotiated the signature of 17 company-level agreements on a variety of subjects. Several of these agreements led to the improvement or expansion of employee savings plans within the company.

An agreement regarding the possibility to access the share of 2004 profits distributed in 2005 was signed on 27 October 2005 within the framework of the French law for the strengthening and modernisation of the economy (*Loi pour la Confiance et la Modernisation de l'Economie*). On 29 September 2005, another agreement provided for a once-off incentive payment and the principle of a related top-up payment by the company.

Following on from the provisions on professional training introduced in 2004, and a branch agreement signed on 8 July 2005, BNP Paribas entered into an agreement on 27 July 2005, which set out the terms and conditions for implementing the Right to Individual Training. This agreement specified that the Right to Individual Training constitutes a new means for the employee to steer his or her own professional development while also providing the company with a new tool for building the skill-sets it needs.

There were extensive discussions within the European Works Council in 2005. The Group Works Council also had a full agenda, focusing on the consistency of contract conditions within the Group in France, in areas such as hiring, career development, professional training, social protection, employee savings plans and profit-sharing.

## Optimal and safe working conditions

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 to keep any information discussed in meetings with employees strictly confidential.

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.

The Group has put in place a system for monitoring the health risk attached to the bird flu pandemic. All employees have received an information memorandum instructing them on measures to take in the event of an outbreak.

Large-scale vaccination campaigns continued, with 52% more employees availing of the anti-flu vaccination than in 2004.

BNP Paribas is a member of Sida Entreprises, 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 help to set up inter-company platforms in most of the countries in West Africa where it is present, through its network of associated banks (BICI).



## Encouraging communication and feedback

### The role of the intranet in internal communications

The Group's internal communications publications – the quarterly magazine *Ambitions*, of which 100,000 copies are published, and the weekly electronic newsletter *Flash Groupe* – are sent to more than 90% of the Group's employees in both English and French. These two publications are rounded out by specific internal communication tools adapted to each business or corporate unit, which allow for a more targeted message.

These include the distribution of a range of leaflets to employees outlining responsible conduct in the use of e-mail, telephones and computers.

The B2E – Business to Employee – intranet portal is rapidly emerging as the medium of choice for internal communication. The portal was rolled out at a sustained pace in 2005. Nine new local sites went on line, in Southeast Asia, Australia, New Zealand, Belgium, at BNP Paribas Assurance and Cardif, in Spain, Luxembourg, Scandinavia and Switzerland.

The information is organised at three levels: cross-business for the Group, personalised for the business lines, entities, activities and functional line activities, and local for territories and subsidiaries. It offers employees a customised working environment based on a single point of access.

These functions are currently being installed in all of the Group's entities, and will allow employees access to relevant and structured information. The intranet portal is now accessed by 40,000 users per day.

### 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 on to unit heads to help them steer their management strategies.

In 2005, the surveys were extended to the main territories outside France, as were indicators allowing the entities to measure the degree of commitment of employees.

### 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.

The success of this system in the Retail Banking business in France has led the Group to consider implementing an extended system that would allow the coordination of various initiatives taken by the subsidiaries, and go even further towards encouraging employee initiative.

### 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 those involved in charitable projects through a grants programme run by the Foundation, *Coup de Pouce au Personnel*.

This operation was once again carried out in 2005, with a considerable increase in budget. The exceptional contribution by the Shareholders' Meeting was allocated to projects that received assistance in 2003 and 2004 and that the Corporate Sponsorship Committee felt were deserving of new support

### CORTAL CONSORS SELECT RECOGNISED AS ONE OF THE BEST EMPLOYERS IN GERMANY

Wolfgang Clement, the former German Minister of the Economy, awarded Cortal Consors the Top Job award in acknowledgement of its excellence in the field of human resources. The award came about after a review of the main areas of human resources management: vision and leadership, personal development and remuneration, culture and communication, and social initiatives.



## Listening to our clients

### Anticipating client expectations

The BNP Paribas consumer surveys unit brings together a network of Group entities specialised in market studies, some of which are authoritative reference points. These include the Cetelem Observer for consumer spending and the corporate fleet market observer set up by Arval Service Lease for the car industry. These structures offer synergies leading to a better understanding of the different consumer profiles and retail channels, and to more accurate measurement of levels of satisfaction. They also make it possible to design advanced indicators on changes in consumer behaviour and purchasing cycles, boosting the Group's ability to update its products and services offerings and distribution methods with targeted innovations.

Demographic and sociological change, the use of new technology and an increasingly nomadic lifestyle have given rise to ever more diverse requests from the various categories of clients. The Bank is also expected to provide greater convenience and availability, and to personalise its product offers based on an understanding of each client's situation, allowing enhanced choice.

### Tailor-made services

The Multi-channel Bank responds to these requirements through a real-time integration of the various channels of the distribution network: internet, client relations centres and branches. A single client database that centralises all the information from the various sources and updates it accordingly allowed 300 million contacts to be managed in 2005.

This system has significantly changed the approach to sales by optimising contact opportunities. "Intelligence marketing" software adapts sales offers to individual client needs, thus making the business relationship much more intense.

## Measuring client satisfaction

French Retail Banking recently implemented a new system that measures, on a yearly basis, the satisfaction of almost 60,000 individual clients. This barometer of service quality is applied by each operating entity and thus serves as a tool for local-level improvement. Local managers can adjust their coaching of sales teams and develop local action plans based on the new indicators.

Other systems are in place to monitor, through regular surveys, the satisfaction of clients in the professional, corporate, and association categories and of Private Banking customers. A satisfaction index for corporate clients, measured in each Business Centre, takes into account the characteristics of local markets.

## Quality assurance

### A loyalty-building lever

Studies show that there is a strong correlation between clients' perception of service quality and their loyalty, which is a major component of profitability in Retail Banking. Enhancing the quality of relations with clients therefore fits into the Group's strategy and provides a framework for its sales initiatives.

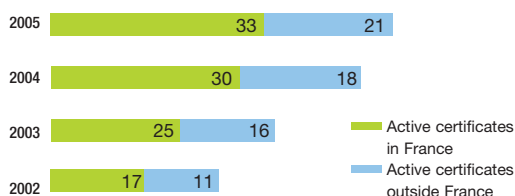
### Integration with management

Since 2004, employees' annual appraisals have included two new criteria measuring each person's contribution to this satisfaction-raising process: individual client satisfaction, measured at local level, and client loyalty. Quality assurance is an integral part of the management of sales performance. The indicators show that French Retail Banking clients are particularly satisfied with their client advisors and the service they receive.

In order to improve quality, some processes have been reorganised with a view to streamlining processing and improving reliability and treatment time. This overhaul relies on workflow software that coordinates the work of multiple players, and it involves centralising capabilities into centres of expertise that can handle client requests.

## An extensive search for certification

This constantly renewed search for client satisfaction has brought about upgrades in sales and process management and has led to the acquisition of the most relevant external certification. With 54 active certificates at the end of 2005, BNP Paribas remains one of the banks that has taken the ISO 9001 process the furthest.



One year after obtaining ISO 9001 certification, BNP Paribas Factor, the Group's factoring subsidiary, had its certificate confirmed following an audit by AFAQ, a certification agency. This quality mark was achieved thanks to a team effort by the staff of BNP Paribas Factor, driven by the subsidiary's determination to meet clients' needs.

BNP Paribas Securities Services received ISO 9001 certification for its fund administration and legal reporting activities. This certification is a confirmation of the progress this subsidiary is making in rolling out the most exacting quality standards across all its operating units worldwide.

## Dialogue with consumers

The higher professional standards that have been brought about by this system have answered the need of dissatisfied clients to be heard and to receive a knowledgeable reply. Procedures for handling complaints aim to seize these opportunities to make direct contact, in order to redefine and strengthen the relationship with dissatisfied clients.

## Looking after the specific needs of more vulnerable clients

### Cetelem says "Yes to developing healthy loans, no to overindebtedness"

Using advanced client rating techniques, Cetelem has continued to advertise its growth objectives and 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 selectiveness maintains the quality of the company's risks, reflected in the fact that 98% of its loans are repaid in full. In 2005, Cetelem set up a special centre to help indebted individuals in precarious situations.

## The system for responding to customer complaints is broken down into four stages

1

**The Intranet Complaints system** processes complaints and monitors them on a qualitative basis. The complaints are centralised and sorted against a list of several hundred complaint categories, and a suitable response is proposed. As well as fulfilling a reporting function, the system, which has been available on sales teams' workstations since 2005, improves the complaints-processing time and the wording of responses. The number of complaints sent directly to General Management fell 26% as a result.

**-26%**

**In 2005 the number of complaints sent directly to General Management decreased by 26%.**

2

Oral complaints that cannot be resolved at branch level are referred to the **Consumer Relations Manager (CRM)** using the same procedure as for written complaints. This procedure relies heavily on IT resources. A CRM is allocated to each grouping of branches and is backed up by the Group's Consumer Experts unit.

**BNP Paribas is the only bank to offer such a comprehensive, transparent and easy-to-use system.**

3

**The Consumer Relations Experts** unit applies its tax and legal knowledge to ensure the most appropriate response to complex complaints. The quality of responses to clients is measured by means of performance criteria that cover issues such as length of time taken to respond, clarity of the response, empathy demonstrated and extra explanation provided. This unit supervises the investigation of complaints and has the authority to enter into negotiations with clients that may avoid recourse to the next stage – mediation.

**The Client Satisfaction mechanism, which is enhanced by the Quality and Consumer Relations function, is complemented by tools that coordinate suggestions, information requests and complaints.**

4

An **external independent Mediator** was appointed in 2004, to whom clients can refer complaints at any time. This Mediator, whose contact details appear on clients' bank statements, arbitrates disputes regarding current accounts and hands down an opinion within two months of the arbitration. If the dispute is still not resolved, an out-of-court settlement may be considered. Of the 2,695 complaints received by the Mediator in 2005, 1,336 qualified for mediation. Of the latter, 978 were dealt with by the business units and 358 gave rise to an opinion.

**BNP Paribas is the only bank to publish its Mediator's report.**

## **Making sales facilities and services accessible to all**

Going beyond applicable regulatory requirements, BNP Paribas takes measures to facilitate access to its branches and ATMs by disabled persons. Accessibility is at the heart of the Bank's branch refurbishment programme launched in 2004. By the end of 2005, more than 400 branches had been refurbished and 3,600 ATMs, representing 95% of the total number, meet criteria for accessibility by disabled persons. The upgraded branches include a reception area manned by a customer service representative, who can inform, serve and assist disabled clients, as well as a self-service area with fully accessible ATMs.

The Multi-channel Bank offers all clients the possibility to access information and banking services. At least one remote channel - phone or internet - is always available for day-to-day transactions.

### **VOICE-GUIDED ATMS FOR THE VISUALLY IMPAIRED**

Through its partnership with Diebold, a global leader in the ATM industry, BNP Paribas is the first bank in France to provide visually impaired clients with the possibility to withdraw money independently. These new machines offer audio assistance that is activated by inserting a standard headphone jack. To facilitate withdrawal, the ATMs are equipped with standard embossed features on the headphone jacks, keyboards and function keys, as well as multi-coloured light signals to identify each stage of the transaction. Since 1 December 2005, BNP Paribas has rolled out twenty such ATMs throughout its branch network. At the end of first quarter 2006, almost 250 such ATMs will be operational in France. BNP Paribas also offers visually impaired clients bank statements in Braille.

## **Promoting socially responsible investment**

### **Increasingly aware investors**

Investors are more and more concerned about the social and environmental responsibility of companies and want 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.

### **The socially responsible investment process**

The process for investing in a socially responsible manner is the same as for normal investments, with two stages:

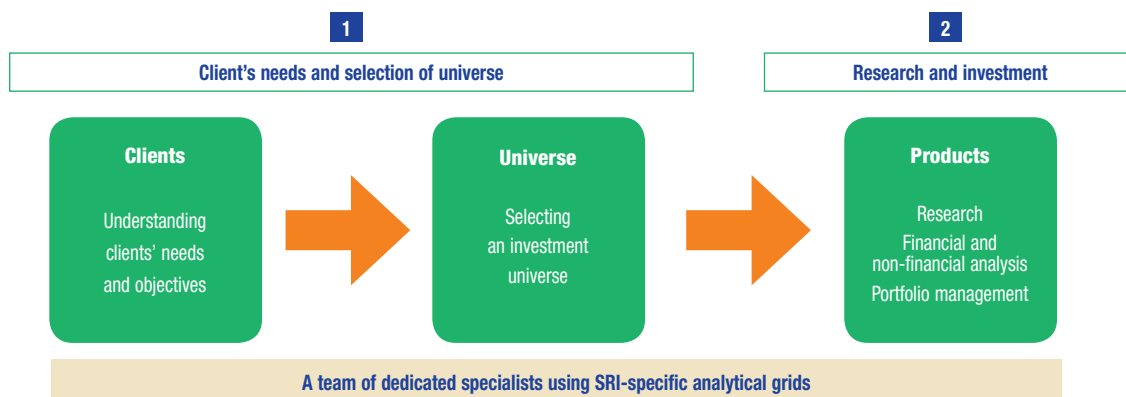
#### **1. Identification of clients' needs and selection of universe**

To respond to clients' specific needs as regards socially responsible investment, a risk profile and strategy are defined based on the sector and the expected return. Ethical criteria and the company's level of social commitment are taken into account in the choice of securities. The investment universe is chosen on the basis of clients' needs and the possibilities offered by the market, such as the regions and securities available.

#### **2. The characteristics of SRI research and investment: analysis based on non-financial criteria**

Portfolio management is based on comprehensive financial and non-financial analysis, from a quantitative and qualitative perspective. For socially responsible investments, 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.

The process for investing in a socially responsible manner is the same as for normal investments, with two stages



This non-financial analysis rounds out standard financial analysis by shining a light on how companies handle issues related to sustainable development, in terms of the commitments they undertake, the resources they deploy in the field and the results they obtain. Like financial analysis, research on non-financial aspects is conducted by a team of specialists. This research is designed with a view to value creation and relies on the use by analysts of appropriate analytical grids, which 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. The portfolio is assembled using risk modelling and rankings by sector.

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 monitoring process seeks to detect the possible emergence of critical situations that could lead to valuations being revised.

### 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 company's voting policy reflects the principles of governance set out in the key international codes and standards. All mutual funds in both France and other countries exercise their voting rights at AGMs. This includes a scope of approximately 300 companies owned by 200 mutual funds. The voting process is based on an analysis of draft resolutions and decisions are applied through electronic voting platforms that allow secure processing. The documents concerning the exercise of voting rights at Shareholders' Meetings are available at BNP Paribas Asset Management's website, ([www.am.bnpparibas.com](http://www.am.bnpparibas.com)).

### Research and management teams

BNP Paribas Asset Management employs a team of six non-financial analysts who 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 systematically taken into account by the asset managers in building portfolios focusing on sustainable development and corporate social responsibility.

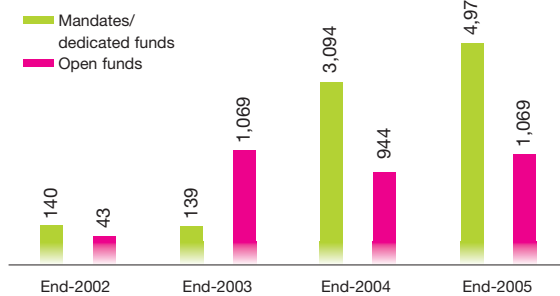
### A leading position on the French market

In recent years BNP Asset Management has been developing its expertise in non-financial analysis via a range of SRI products. The latest studies by Novethic and Amadéis place BNP Paribas Asset Management among the top players in the sector in France in terms of assets under management, and as the market leader with regard to quality. Total mutual funds and SRI mandates under management as of 31 December 2005 amounted to EUR 6 billion. These funds are geared towards institutional investors and individual clients.

### SOCIALLY RESPONSIBLE FUNDS: 10%

For the first time in 2005, more than 10% of net asset inflows from mutual funds in the French Retail Banking network was generated by two socially responsible funds.

SRI asset inflows (in millions of euros)



### Relations with suppliers

#### Limited use of outsourcing

As regards its production processes, the Group has chosen to retain control over the core competencies in each of its businesses. Its operations are therefore very integrated, making limited use of outsourcing but relying on outside vendors for services that are not central to the business. These outside vendors mainly include postal services and IT equipment manufacturers. BNP Paribas created 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.

### ACCORDING TO NOVETHIC/ AMADEIS (AAA RATING), FOUR OF THE FIVE BEST SRI FUNDS ARE MANAGED BY BNP PARIBAS

#### A responsible purchasing strategy

In 2005, BNP Paribas set up a dedicated suppliers' portal on its internet site, which serves as a platform for purchasing managers and suppliers to exchange information, leading to improved communication at each stage of the purchasing process, as the suppliers become part of the Bank's extended network.

The Group places considerable importance on its suppliers' approach to corporate social and environmental responsibility. BNP Paribas Asset Management assesses the merits of the various suppliers under review before any definitive choice is made, and the procurement function looks closely at whether social and environmental criteria are taken into account. Since 2002, all contracts negotiated and signed by the Global Procurement Group (GPG) include clauses providing for compliance with International Labour Organisation (ILO) standards or with local employment law principles in the event that these are stricter than the ILO standards. GPG carried out a systematic audit of all the major outsourcing agreements entered into by Group entities in locations worldwide. Where clauses relating to corporate responsibility were missing or inaccurate, the entity was asked to renegotiate the contract.

#### Overseeing worldwide supplier relations

BNP Paribas has continued with its system of approved vendor lists for temporary work agencies and service providers in France, the United Kingdom and the United States. This system has been rolled out throughout Europe. 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. The General Inspection unit reviewed the use of outside assistance and reminded employees incurring expenses of their duty to only use companies from the vendor lists that guarantee compliance with employment law. GPG is responsible for 90% of supplier invoices worldwide. Over 55% of the contracts signed match the terms and conditions recommended by the Group. This figure takes into account the permanent consolidation of new entities resulting from acquisitions, as the considerable expansion of the scope of consolidation in 2005 reduced the effect of the increased coverage rate based on a constant Group structure.

In our global economy, markets intersect, overlap and interact, opening up new development opportunities. The **Turkish desk** which BNP Paribas has set up in its Algerian subsidiary, in partnership with TEB, is a case in point. With transactions totalling USD 2.25 billion in 2005, the Turkish desk – which is the first of its kind in Algeria and was a greenfield creation – has already demonstrated its usefulness. BNP Paribas is now able to speak to the many Turkish investors based in Algeria in their native language.



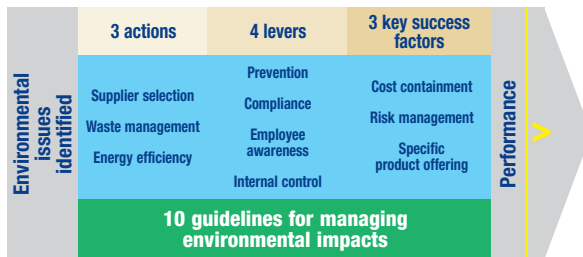
ALI ARAS – Account Manager for Turkish companies at BNP Paribas El Djazair, Algiers

« Algerian laws are complex, therefore being able to explain them to Turkish investors in their own language gives us a considerable edge. In fact, if I'm not mistaken, I am currently the only Turkish banker in Algeria. Besides, working with us also saves our Turkish clients both time and money, because most Algerian banks do not accept guarantees from Turkish banks. They first go through a foreign bank, which drives up costs. Thanks to our Turkish desk, we can carry out the transactions directly with TEB and BNP Paribas El Djazair. Our growth potential is very large, especially with the support of the worldwide network of BNP Paribas Trade Centres. We have vast opportunities for cross-selling with that network of 80 centres in 49 countries. It is a huge asset for us. »

# IMPACT ON THE NATURAL ENVIRONMENT



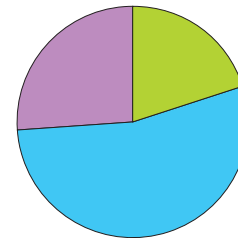
In accordance with the principles of the United Nations Global Compact, the Group has put in place a set of guidelines on environmental responsibility. The guidelines, which include ten action points, have been rolled out Group-wide since January 2004 and form part of the general business principles adopted by employees. To monitor the impact of its activities on the natural environment, the Group has implemented a tracking system enabling it to improve its eco-efficiency:



The calculations cover the emissions generated by the production, transportation and consumption of energy sources. For liquid fossil fuels, the methodology calculates emissions related not only to combustion but also to the extraction, shipping and refinement of the fuels from conventional crude oil. For electricity, the primary energy used by the producer is taken into account. Further information on measurement methods and the related margins of error is provided under point 7 of the Summary table relating to the environmental chapter of the NRE Act.

**Estimated CO<sub>2</sub> emissions for 2005:  
2.15 tonnes of CO<sub>2</sub> equivalent per FTE**

- Electricity **20%**
- Business trips **56%**
- Commuting between home and office **24%**



## BNP Paribas has a small ecological footprint

### The CO<sub>2</sub> survey

To help combat global warming, companies are expected to control their emissions of greenhouse gases. In 2004, with the help of expert consultants, BNP Paribas devised a method for estimating carbon dioxide emissions resulting from its operations. This involves a survey that expresses the Group's energy consumption as kilograms of CO<sub>2</sub> equivalent, which allows a clearer identification of key issues and better control over emissions.

### A more reliable scope

This survey takes into account data on electricity consumption, business trips, commuting between the home and office and the distribution of internal mail. Because data is still being gathered at global level, the CO<sub>2</sub> survey is currently restricted to France.

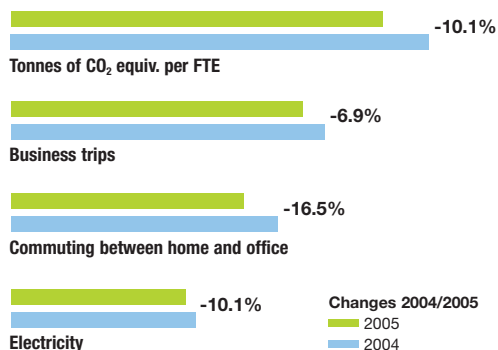
Business trips appear to be the principal source of emissions. These trips, which are undertaken for the purposes of client contact, business negotiations and project studies, have for many years been the focus of a stringent cost-reduction policy. An inventory of tele- and video-conferencing facilities was carried out by Global Procurement Group (GPG) with a view to proposing an alternative to travel. Air travel is subject to approval procedures and the use of the train is encouraged, in particular the Eurostar and Thalys. The effectiveness of this system, and the expansion of the Group's activities, means there is little scope for achieving further substantial reductions of CO<sub>2</sub> emissions.





BNP PARIBAS TOKYO

Commuting between the home and office has a substantial impact. In provincial towns the Bank covers a part of the costs incurred by employees using public transport to get to work, going beyond its legal obligations in this respect. The contribution is higher for those living in towns with more than 100,000 inhabitants. Despite the fact that more than 12,000 employees in France benefit from these measures, the number of car trips is unlikely to decrease significantly in the coming years. One reason for this is that due to the reorganisation of the back offices within the French Retail Banking business, employees accepted short-distance transfers that did not require moving to another home.



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

BNP Paribas' emission levels in France compare favourably with the results published by other banks. The per-employee emission rate dropped overall in 2005 thanks to the use of more cost-effective forms of transport. Despite a significant increase, the data collected in countries other than France remains insufficient to enable an overall estimate, due to the broad scope of the Group's activities (see points 3, 7 and 9 of the Summary table relating to the environmental chapter of the NRE Act).

#### Data collected in countries other than France

Electricity	44.2%
Car travel	30.8%
Air travel	43.1%

These CO<sub>2</sub> emission calculations will be performed at global level following the rollout of environmental reporting software.

### Using all available levers for improvement

#### Mitigation of environmental impacts

Despite the higher cost of alternative solutions, such as the gradual replacement of open loop air conditioning systems by closed loop systems, the Group's real estate management departments take numerous measures to reduce energy consumption.

With the support of the Global Procurement Group (GPG) and Group Information Systems (GIS) functions, the French Retail Banking business implemented paper saving measures such as the electronic distribution of accounting statements and the elimination of print-outs. These measures should lead to a reduction of some 50 million pages, or 250 tonnes, per annum.



A system was implemented in groups of branches to monitor the consumption of paper purchased from printers and reams of paper for local print jobs via e-procurement. Data provided by the printers enabled GPG to choose printing jobs that use more efficient paper cuts. Overall paper consumption in France, including volumes purchased from printers, envelopes and roll paper from printing centres, and paper reams, decreased from 10,549 tonnes in 2004 to 9,498 tonnes in 2005.

Environmental impacts can also be mitigated through agreements with other stakeholders. With this in mind, BNP Paribas entered into an agreement with CFC, the French organisation responsible for copyright on books and press articles, under which it is allowed to reproduce articles in the form of a press review that is distributed on the Group's intranet site. Employees can read these articles online and printed copies have become an exception, saving 800,000 sheets of paper per month (9.6 million per year).

Meunier is involved in an attempt to lessen the impact of its real estate activities through the implementation of the High Environmental Quality (HEQ) standard. Meunier's business real estate arm maintains close links with the HEQ association and the Scientific and Technical Advisory Centre for the French building industry (CSTB). In 2005, it was awarded HEQ certification for its project in the Paris Rive Gauche urban development zone, situated at 22/34 avenue Pierre-Mendès France, in the 13th district of Paris. This was one of only three office developments to receive the CSTB seal of approval in 2005.

Arval, a Group subsidiary in the long-term leasing and fleet management market, brought out a guide on environmentally responsible behaviour, which takes a humorous look at the day-to-day actions employees can take to save energy and manage waste, and encourages them to use public transport and adopt eco-friendly behaviour. The guide has been translated into five languages and distributed to 2,500 members of staff. Arval also organised the first Road Safety for Companies day to mark the second anniversary of the charter of the same name signed by Arval with the French directorate for road traffic and safety (DSCR) and CNAMTS, a national health insurance fund for employees

### **Compliance**

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

Outside France, real estate guidelines are drafted by Global Procurement Group (GPG) based on the most stringent regulations in 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.

Arius, the 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, there are three possibilities. If it is in workable condition it is resold. Otherwise it is either disposed of by an approved vendor or taken apart to be used by maintenance companies.

In accordance with the European directive on Waste Electrical and Electronic Equipment (WEEE), the Group tested procedures for collecting and recycling electronic equipment in France through producers, distributors, brokers and recycling agencies. The Group examined the findings of these tests in December 2005 in order to decide the most appropriate way forward.

### **Energy efficiency**

Despite the significant growth in the number of acquisitions by the Group, energy and raw material consumption were limited in 2005. Electricity consumption in France decreased, amounting to 271.5 GWh as against 299 GWh in 2004, due mainly to the responsible conduct of employees and improved real estate management. The scope of data collected outside France is being expanded and made more reliable.

Arval only uses modern vehicles – those in its rental fleet are less than three years old – fitted with fuel-saving systems such as cruise control and catalytic converters, which results in a reduced rate of emissions. These vehicles are also serviced on a regular basis. Practical guides outlining simple gestures to protect the environment are available for drivers.

### **Supplier selection**

Supplier selection is a central feature of the Group's environmental policy. GPG systematically promotes clauses related to social and environmental responsibility in its contracts with suppliers. The approval of such clauses, which were examined by the General Inspection unit in 2005, is taken into account in negotiations with major suppliers. GPG examines the environmental rating awarded to suppliers by social and environmental rating agencies, and in 2005 set up a dedicated suppliers' portal on the Group's internet site.

GPG has concluded agreements with paper manufacturers that guarantee a responsible approach to forest management, with reforestation in line with paper cuts. The Group selects the paper used not only by its employees but by the companies that carry out printing on its behalf.

Under new electricity supply contracts that came into force in 2003, renewable energy serves as the source for 15% of the electricity supply used by the six sites with the highest energy consumption in France.

In 2005, market conditions did not allow any change in forms of energy delivery in France and it was therefore not possible to increase the proportion of renewable energy purchased. In Germany, 18% of the electricity used by BNP Paribas and Cortal Consors is renewable.

### **Waste management**

The collection of used toner cartridges has been implemented on a Group-wide basis. In France 48,421 used cartridges were collected in 2005, a more than fivefold increase on the previous year's figure of 8,813. In other countries, 12,323 cartridges were collected, with endeavours continuing apace in Germany, Spain, Hong Kong, Italy, Morocco, Luxembourg, the United Kingdom, Singapore and Turkey. Several countries achieved a 100% collection rate.

Paper collection for recycling also continued, with 5,380 tonnes collected in France compared with 2,178 tonnes in 2004. The practice became more widespread in other countries, with 884 tonnes collected in Germany, Spain, Hong Kong, Italy, Luxembourg, the United Kingdom, Singapore, Tunisia and Turkey.

Bank of the West is an investor in and founding member of the California Environmental Redevelopment Fund, LLC (CERF), a grouping of Californian institutions that finances the remediation of contaminated sites. CERF was the first organisation of its kind and has now become a nationwide model. By cleaning up damaged areas, it helps participant institutions fulfil their economic development, environmental protection or public health functions. CERF focuses on financially viable projects that create jobs for local residents and provide affordable housing for underprivileged communities.

## A consistent tracking system

### Risk management

Environmental risks are integrated into the analysis of credit and operational risks. In its credit risk management policy, the Group recognises that it must identify environmental risks, and defines specific adaptations for certain business lines. The 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 by a recognised expert in the field. This audit assesses the environmental impacts and how they may affect the viability of the project.

To meet the hedging requirements of clients exposed to environmental risks, the Group trades on energy and commodity markets and develops financial derivatives. Thanks to its active intermediary role in these markets, BNP Paribas is able to provide its clients with hedging instruments at competitive conditions.

### Cost containment

In a bid to offer the best possible services at the most competitive prices, cost containment is a key factor in the Group's strategy of profitable growth. Efforts to limit consumption are in line with management control objectives. Environmental indicators have rounded out the management criteria used by the 2,500 employees working for the GPG function. The measurement and analysis of CO<sub>2</sub> emissions helps identify the principal discrepancies among entities and enables consumption to be streamlined.

Energy and water consumption continued to be reduced at certain sites in 2005. Stringent procedures were put in place with regard to certain types of office supplies, such as toner for printers, and this has helped to reduce paper consumption. Five percent of office equipment purchased in France in 2005 was manufactured from recycled materials, while the rate was 20% in Switzerland and Luxembourg.

## Raising awareness of sustainable development

The Group used internal communication channels such as the intranet, the *Ambitions* in-house newsletter and conferences to raise employees' awareness of environmental issues.

Procurement managers in France hold an Annual Meeting on the theme of sustainable development. Their action plan covers initiatives to be taken within the context of the WEEE directive, the gathering of key indicator data and the environmental reporting system. Employees in other countries include sustainable development actions in their objectives.

## BNP PARIBAS AND THE GREENHOUSE GAS EMISSIONS MARKET

The Kyoto protocol and the European directive on changes in CO<sub>2</sub> emission quotas have led to a monetary value being placed on environmental externalities. An emissions' trading system was set up by European states in 2005, which should permit 12,000 industrial sites that emit CO<sub>2</sub> to meet the reduction targets set by the governments at minimum cost. BNP Paribas brings its asset financing and management experience into play to help the companies involved meet their reduction targets as cost effectively as possible. Although not directly affected by the directive, BNP Paribas has played an active role on this market since March 2005. Dedicated teams provide international clients and SMEs with assistance in negotiating quotas and complying with emission thresholds. The Group ensures improved liquidity and enhances the efficiency of this burgeoning market. The Carbon Finance Solutions activity was set up in 2005 with the aim of reducing greenhouse gas emissions across all business lines. The restrictions on CO<sub>2</sub> emissions resulting from international agreements will have a long-term influence on the structure of assets financed and need to be taken into account in financing decisions. In addition to the creation of new products, the financial element involved in systems to prevent greenhouse gas emissions are taken into account in the services proposed to Corporate Banking, Retail Banking and Asset Management clients.

The Corporate Facilities Management Department issued guidelines on energy and natural resource conservation measures in real estate management. Information sessions were also held on issues such as asbestos and disaster recovery plans.

By means of its "Observer" study on the corporate fleet market, Arval provides information on sustainable development topics and published a green guide to corporate fleet management that includes a list of the highest selling cars in France in accordance with their CO<sub>2</sub> emission rate.

BNP Paribas Immobilier published a guide on ethical business relations, which included a section on the environment and sustainable development.

In addition to its role in launching the Enhanced Analytics Initiative, BNP Paribas Asset Management takes 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 CO<sub>2</sub> quotas. In France, BNP Paribas is a member of EpE (companies for the environment).

### Efficiency of Internal Control

Since 2004, the General Inspection unit has had access to a social and environmental methodology, drawn up in conjunction with the Group Sustainable Development function, which allows it to assess the extent to which audited entities apply Group environmental standards and procedures. Reporting directly to the Chief Executive Officer, the General Inspection unit enjoys complete independence in the way it applies this audit methodology across the entire Group without limitation. These audits round out the controls already carried out by the managers of the various entities.

## A forward-looking and responsible approach to financing

### A responsible financing policy

In accordance with its lending policy, BNP Paribas has developed sustainable lending criteria and environmental risk management approaches for worldwide project finance lending. The Project Finance business line calls on independent experts to carry out an environmental assessment of each new loan application submitted to the Credit Committee. The analysts must be satisfied with the results of these assessments, particularly as regards local and World Bank standards.

### The financing of wind power projects

BNP Paribas provides funding for wind turbine projects on all continents as well as for infrastructure for the use of geothermal energy. This involves reviewing documents on the projects, carrying out technical studies, setting up the financial structure and allocating loan tranches. The Group believes that the use of renewable energy will become far more widespread on the back of the Kyoto protocol and the likelihood of oil prices remaining high.

Contracts signed in 2005 for the funding of wind turbine farms represented a total of 1,550 megawatts and EUR 931 million. The Group provided funding for 11 such projects and is a leader in this field. These projects concern Australia, South Korea, Spain, the United States, Ireland, Italy, France and the United Kingdom.

Pos.	Mandated Arranger	Amount (\$M)	No.	% share
1	BNP Paribas SA	931.332	11	13.38
2	Banco Bilbao Vizcaya Argentaria SA - BBVA	556.277	8	7.99
3	HSH Nordbank AG	520.503	16	7.48
4	Royal Bank of Scotland Group plc	484.611	7	6.96

Source: League Table 2005 – Mandated Arranger, Global Wind Farm Sector, Dealogic – Project Ware Extract, January 2005.

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



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

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





**BNP PARIBAS – A FIRM  
COMMITMENT TO MICROCREDIT  
DEVELOPMENT**

2005 was designated International Year of Microcredit by the United Nations and BNP Paribas allied itself with this initiative by stepping up its promotion of microcredit as a means of combating poverty: it deepened its commitment to providing micro loans to the unemployed setting up their own business, including those on long-term unemployment benefit, and at the end of 2004 strengthened its partnership with ADIE, a non-profit association specialised in this area.

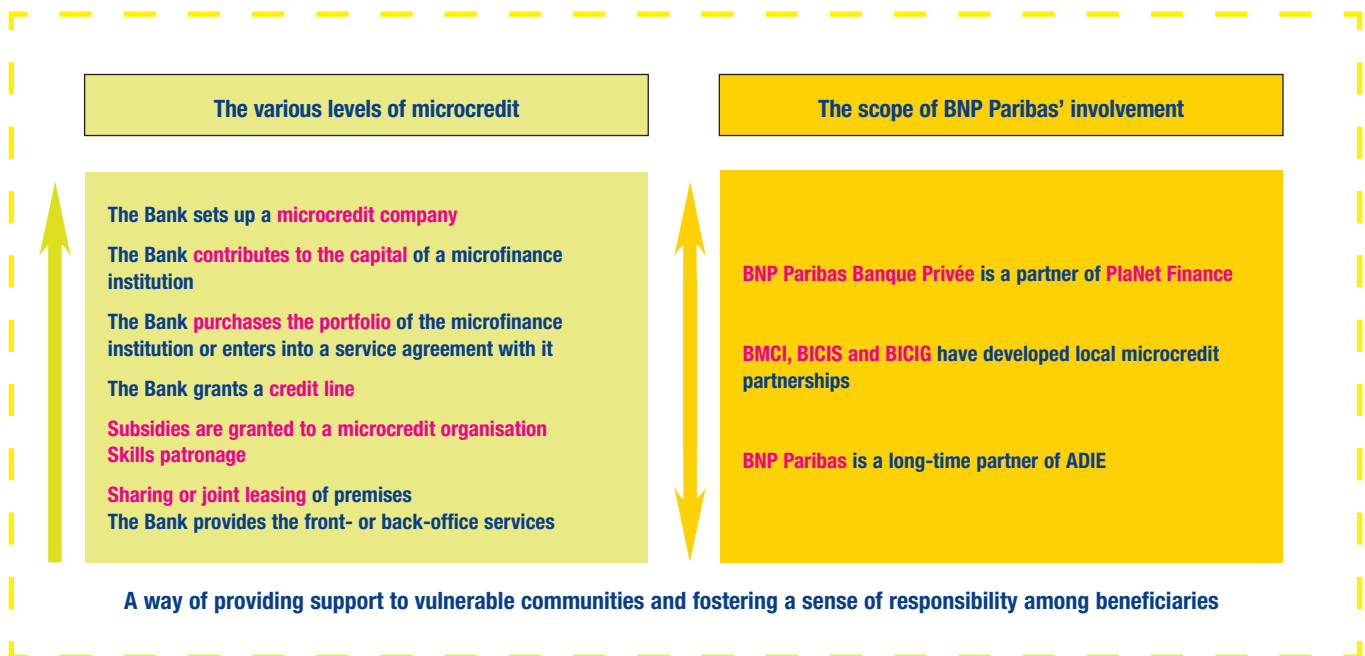
BNP Paribas' support for ADIE covers the following four aspects:

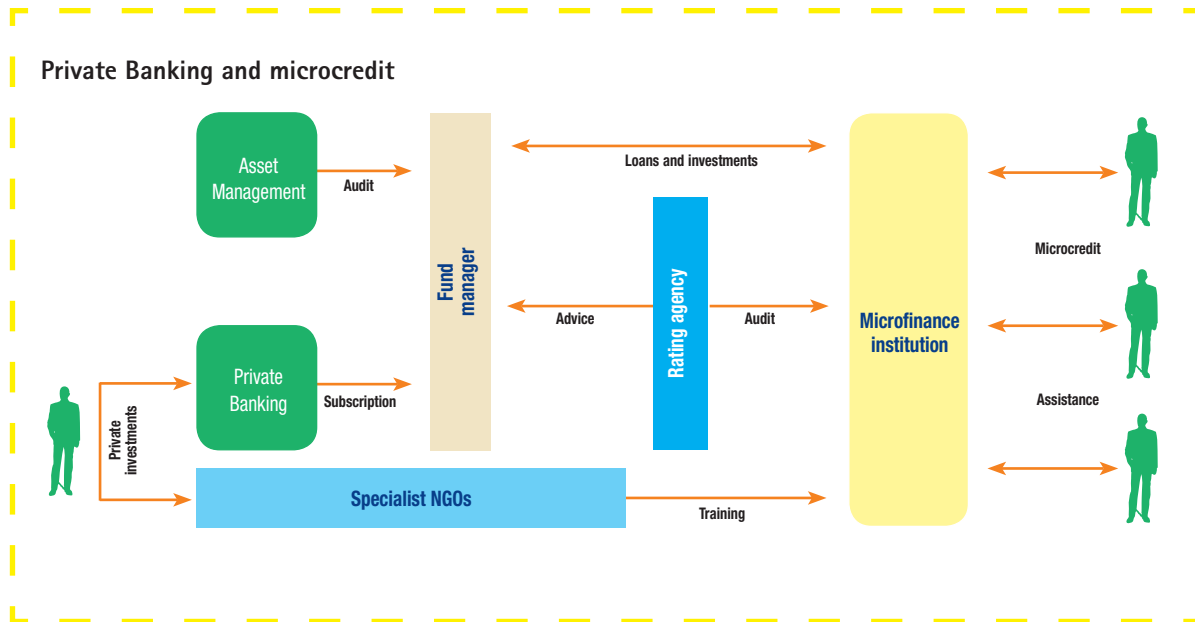
- granting ADIE a credit line of at least EUR 2 million, which will allow the financing of at least 1,000 projects;
- undertaking to cover 30% of the association's credit risks;
- helping finance the cost of assistance to the newly created companies, up to a total amount equal to 10% of the funds made 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.

In addition, the Group subsidiary Cetelem created its own partnership with ADIE in 1993, 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.





With the help of the French Development Agency (FDA), BICI in Guinea has recently been playing a key role in this field through its partnership with *Crédit Rural*, a local player in the field of micro loans. As part of this partnership, the BNP Paribas subsidiary offers a refinancing credit line and provides access to direct financing for former microcredit borrowers once they qualify for standard credit. Financial assistance is also provided to help train *Crédit Rural* employees.

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

Within the scope of the UN's International Year of Microcredit, PlaNet Finance and BNP Paribas Banque Privée have joined forces in response to a growing demand from Private Banking clients wishing to invest in microfinance funds. This partnership will provide financing to the founders of thousands of micro businesses in developing countries where micro loans are usually for amounts in the region of EUR 100. BNP Paribas Banque Privée has made a direct contribution of EUR 3 million to this fund, which will go towards financing more than 30,000 small businesses.

### Projet Banlieues

The French Retail Banking network has a strong presence in the outskirts of major cities around France. It has 56 branches in the north Paris suburb of Seine-Saint-Denis, where its IT Division is one of the area's largest employers. BNP Paribas launched *Projet Banlieues* at the end of 2005 with a view to enhancing its efforts to promote job creation and social cohesion in underprivileged areas. With a budget of EUR 3 million to invest over three years, the project, which is being coordinated by a dedicated team within the BNP Paribas Foundation, hopes to create jobs, assist young people from troubled backgrounds with their studies and support initiatives that foster social cohesion. This project has three main focuses:

#### ■ Economic development and business creation.

This is an extension of the partnership with ADIE, providing microfinance to the unemployed and people on income support to set up their own business. The financial assistance provided by the Foundation will allow six microcredit outlets to be opened in underprivileged areas chosen in conjunction with local authorities and the branch network. 700 businesses are expected to see the light as a result of this project;





## Sports outreach programmes

A majority of the Group's initiatives are geared towards young people, their education and their integration into society. Sponsoring sports is one of the ways in which BNP Paribas seeks to promote such integration.

It has been supporting the development of tennis for the past 33 years – the longest relationship in the history of sports sponsorship. In 2005, the Group continued its endeavours to broaden the reach of its sports initiatives.

In 2000, BNP Paribas began sponsoring the *Fête le mur* association created and led by former tennis star Yannick Noah, which aims to promote social cohesion in underprivileged areas through tennis. In 2005, it renewed this relationship for a further four years. As well as contributing financially towards sites in 20 French towns, the Group allows voluntary workers from the association to attend its internal IT training sessions. In 2004, BNP Paribas created a sports scholarship and in 2005 provided *Fête le mur* with the resources to draw up a plan for the creation of a training and education centre. This centre would be the first of its kind in France, providing young people with a venue to develop their sporting talents while at the same time continuing their schooling. It would be backed by the *Fondation du Sport*.

- **Tutoring and mentoring.** For approximately ten years, the BNP Paribas Foundation has been providing support to AFEV, a voluntary student organisation through which almost 5,000 students provide additional tutoring and mentoring for 10,000 young people from troubled backgrounds. The extra financing should help these services be extended to a further 1,000 students;
- **Local initiatives.** Finally, *Projet Banlieues* will enable local associations to develop economic activity, aid youth insertion and promote social cohesion. The *Projet Banlieues* team will be tasked with identifying worthy local projects with the assistance of BNP Paribas employees and the public authorities.



NOSTRE-DAME DE GRASSE, AT THE AUGUSTINS MUSEUM IN TOULOUSE

2005 also saw the success of the third consecutive tennis telethon, which received the backing of 250 clubs and the French Tennis Federation. A drawing competition for under-16s was held in conjunction with the telethon and attracted more than 6,100 entries. The Group contributed one euro for every drawing received, or EUR 6,100, to the French Muscular Dystrophy Association, bringing the total amount collected to EUR 200,000.

BNP Paribas helps 500 French tennis clubs to boost their membership by sponsoring tournaments on a year-round basis.

### **BNP Paribas Foundation – Imaginative and in touch with the world**

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, giving new expression to the Group's core values of commitment, ambition, creativity and responsiveness.

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

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



### Cultural patronage

As a recognised benefactor of museums 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, helping to publish some 50 art books on museums in France and abroad and enabling around 100 works of art to be restored and placed on display to the public.

Following on from the restoration of *La Dépouille du Minotaure en costume d'Arlequin*, a stage curtain painted by Picasso and housed in the Abattoirs museum in Toulouse, the BNP Paribas Foundation has once again joined forces with the city of Toulouse to finance the restoration of *Nostre-Dame de Grasse*. This beautiful and finely executed mid-15<sup>th</sup> century sculpture has been restored to its original state and is now one of the undisputed masterpieces of the city's Augustins museum.

The sponsorship was provided under the auspices of the *BNP Paribas pour l'Art* programme, which also provided funding for an exhibition of satirical busts – the *Célébrités du juste milieu* by 19th century artist Honoré Daumier – at Paris' musée d'Orsay. New restoration agreements have been signed with the *château de Chantilly*, the *château de Compiègne*, the fine arts museums of Rennes and Pau and the Popes' Palace in Avignon.

### Partnering artists

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.

Thanks to the *Maison de la Danse* in Lyons, of which it is a loyal partner, the BNP Paribas Foundation discovered the work of Mourad Merzouki, choreographer and artistic director of the **Käfig company**. This dance company uses a fusion of styles, inspired by the language of hip hop and combining a sense of humour with gravity whilst remaining open to other choreographic and artistic languages. In 2005, the BNP Paribas Foundation provided backing for Käfig's next creation, *Terrain vague*, a show for eight dancers and acrobats that is destined to be a huge hit with audiences.



HERVÉ NIQUET

Like the baroque composers who influence his work, **Hervé Niquet** is a multi-talented musician. As well as playing the harpsichord and organ, he has a keen interest in opera and composition and has long been involved in orchestral and choir conducting. The BNP Paribas Foundation discovered his talent in 2002 and helped him create *La Nouvelle Sinfonie*, a Montreal-based orchestra of 40 musicians whose goal is to introduce French baroque music to audiences in North America. In 2005, the Foundation extended its support by helping Hervé Niquet to continue his outstanding work of reviving the major baroque composers in France through the *Concert Spirituel*, an ensemble that has been breathing new life into 18th-century music since 1987.

### Medical research

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.

Founded 20 years ago by doctors at the Raymond Poincaré hospital, the *Institut Garches* aims to help handicapped persons become autonomous and assist them with reinsertion. With the unflagging support of its partners, of which the BNP Paribas was one of the first, the institute has developed a range of research, assistance, information and training programmes aimed directly at handicapped persons and their carers. In response to the French Minister for Research's commitment to developing state-approved scientific foundations, the Institut Garches has agreed to pilot the creation of the Garches Foundation, set up on 10 May 2005.

The BNP Paribas Foundation has thus joined a group of Garches Foundation donors in a long-term commitment to improving the living conditions of handicapped persons.

### Volunteer activity

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.

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

This influence is mainly international. Group branches have been involved for many years in forms of patronage in their local communities.

In California, New York, London, Hong Kong and Tokyo, numerous actions are carried out each year to gather funds for humanitarian organisations, schools and outreach programmes.

### AIDING THE VICTIMS OF HURRICANE KATRINA

Hurricane Katrina destroyed 22 of New Orleans' 33 fire stations, leaving 500 firefighters without a base. BNP Paribas New York responded by sending 50 of its employees, on a voluntary basis, to work side-by-side with the firefighters in rebuilding four of these stations. It also provided funding for clothes and for IT and other education equipment for primary schools.

du cinéma

Les genoux se rapproche de l'embre  
déplace quelques g  
à l'int  
Der



LÉA BERTHE – Student, Paris

« I wanted to teach but, being only 22, did not yet have the required degree. I felt that joining AFEV would help me combine my love of passing on knowledge with my interest in taking up voluntary and charitable work. That's how I began tutoring Nawalle last November. What I'm doing with her goes well beyond helping with homework. It also involves restoring



For those who want to help others in need, there is no shortage of avenues in which to do so – from contributing one's knowledge to providing moral or financial support, to coaching someone in their search for a job. The students of **AFEV** (*Association de la Fondation étudiante pour la ville*), a charitable association supported by BNP Paribas, offer their time and knowledge. Through AFEV, 5,000 students provide tutoring and mentoring help to some 10,000 teenagers from troubled backgrounds. BNP Paribas' annual support to AFEV, totalling EUR 150,000, is part of *Projet Banlieues*, an initiative launched at the end of 2005 to address issues of employment and social inclusion in France's underprivileged suburbs. With a three-year budget of EUR 3 million provided by the BNP Paribas Foundation, *Projet Banlieues* is dedicated to supporting the work of many associations in the field.



her confidence in her abilities and being someone close but neutral that she can talk to. She's free to call me whenever she likes and we see each other very often. It's a very rich experience. It has also allowed me to try out new approaches to teaching, because currently the national school system is very poorly equipped to respond to the needs of children with difficulties. »

# MEMBERSHIP OF THE BOARD OF DIRECTORS

At 31 December 2005.

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



## Michel Pébereau

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

- 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
- *Pargesa Holding SA, Switzerland*

### Member of the Supervisory Board of:

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

### Non-voting director of:

- *Société Anonyme des Galeries Lafayette*

### Chairman of:

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

### Member of:

- *Haut Conseil de l'Éducation*
- *Institut International d'Études Bancaires*
- *International Advisory Panel of the Monetary Authority of Singapore*
- *International Capital Markets Advisory Committee of the Federal Reserve Bank of New York*
- *International Monetary Conference*
- *International Business Leaders' Advisory Council for the Mayor of Shanghai (IBLAC)*



## Patrick Auguste

Director elected by BNP Paribas employees

**Principal function:** Real estate project manager

- Born on 18 June 1951
- Elected for six 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** (FINAXA merged into AXA on 16 December 2005)

### Director of:

- *AXA Assurances Iard Mutuelle*
- *AXA Assurances Vie Mutuelle*
- *AXA Courtage Assurance Mutuelle*
- *AXA Financial Inc., USA*

### Member of the Supervisory Board of:

- Vivendi Universal

### Non-voting director of:

- *Schneider Electric*

### Chairman of:

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

### Member of:

- *International Advisory Panel of the Monetary Authority of Singapore*
- *International Advisory Board of Tsinghua's School of Economics and Management, Beijing*



## 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: 3,904

**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

### Chairman of the Supervisory Board of:

- *All (Agence de l'Innovation Industrielle)*

### Member of the Supervisory Board of:

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



## Gerhard Cromme

**Principal function:** Chairman of the Supervisory Board of ThyssenKrupp AG

- Born on 25 February 1943
- Elected on 18 May 2005. Term expires at the 2008 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*
- *Hochtief AG, Germany*
- *Siemens AG, Germany*
- *Volkswagen AG, Germany*

### Director of:

- Compagnie de Saint-Gobain
- Suez

### Chairman of:

- *German Governmental Commission on Corporate Governance*

### Member of:

- *European Round Table of Industrialists (ERT)*



## Jean-Marie Gianni

Director elected by BNP Paribas employees

**Principal function:** Sales associate

- Born on 7 September 1952
- Elected for three 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

### Member of:

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





#### François Grappotte

- Principal function:** Chairman of the Board of Directors of Legrand
- Born on 21 April 1936
  - Elected on 18 May 2005. Term expires at the 2008 AGM
  - First elected to the Board on 4 May 1999
  - Number of BNP Paribas shares held: 2,300

**Member of the Supervisory Board of:**

- 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:**

- Advisory Committee of 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



#### 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
- Scor Italia Riassicurazioni Spa, Italy
- 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 SAS
- Dexia SA, Belgium
- Scor Canada Reinsurance Company, Canada

**Member of the Supervisory Board of:**

- Scor Deutschland, Germany

**Permanent representative of:**

- Fergascor in SA Communication & Participation

**Non-voting director of:**

- FDC SA
- Gimar Finance & Cie SCA

**Member of:**

- Commission Économique de la Nation
- Conseil Économique et Social
- Conseil d'administration du Siècle
- Association de Genève
- Comité des Entreprises d'Assurance



#### Jean-François Lepetit

- Born on 21 June 1942
- Elected on 18 May 2005. Term expires at the 2008 AGM
- First elected to the Board on 5 May 2004
- Number of BNP Paribas shares held: 750

**Director of:**

- Smart Trade Technologies SA

**Other responsibilities:** Associate Professor at EDHEC business school



#### Lindsay Owen-Jones <sup>(1)</sup>

- 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: 20,088

**Chairman of:**

- L'Oréal USA, Inc., United States
- L'Oréal UK Ltd, United Kingdom

**Vice-Chairman and Member of the Supervisory Board of:**

- Air Liquide

**Director of:**

- Sanofi-Aventis
- Ferrari Spa
- Galderma Pharma SA, Switzerland



#### Loyola de Palacio del Valle-Lersundi

- Principal function:** Lawyer
- Born on 16 September 1950
  - Elected on 18 May 2005. Term expires at the 2008 AGM
  - First elected to the Board on 18 May 2005
  - Number of BNP Paribas shares held: 263

**Director of:**

- Zeltia SA, Spain

**Chairman of the European Commission High Level Group on Pan-Euromediterranean Transport Networks**

**Advisor of Englefiel Renewable Energy Fund**  
**Coordinator of the Lyons-Turin-Budapest Trans-European Rail Link Project**  
**Visiting Professor at the European University Institute in Florence, Italy**



#### Hélène Ploix

- Principal function:** Chairman of Pechel Industries SAS and Pechel Industries Partenaires SAS
- Born on 25 September 1944
  - Elected on 18 May 2005. Term expires at the 2008 AGM
  - First elected to the Board on 21 March 2003
  - Number of BNP Paribas shares held: 700

(1) Mr. Owen-Jones resigned on 14 December 2005.

**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

**Representative of Pechel Industries Partenaires SAS**  
(management company for the Pechel Industries II fund)  
on the Board of Directors of SVP Management et Participations

**Legal Manager of:**

- Hélène Ploix SARL
- Hélène Marie Joseph SARL
- Sorepe, Société civile

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



**Jean-François Truffelli**

Director elected by BNP Paribas employees  
**Principal function:** Statistical Studies Technician

- Born on 4 May 1952
- Elected for three 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
- Financière BNP Paribas SAS
- BNP Paribas (Suisse) SA, Switzerland
- BNP Paribas UK Holdings Limited, United Kingdom

**Director of:**

- Alstom
- Bouygues
- Société Foncière, Financière et de Participations SA
- Nexans
- Erbé SA, Belgium
- Verner Investissements SAS

**Member of the Supervisory Board of:**

- Lagardère SCA

**Director of:**

- Exane
- Safran
- 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 à Portefeuille, Belgium
- Erbé SA, Belgium

**Member of the Supervisory Board of:**

- Galeries Lafayette
- Euro Securities Partners SAS

**Representative of BNP Paribas on the Board of:**

- UCB



**Baudouin Prot**

**Principal function:** Chief Executive Officer of BNP Paribas

- Born on 24 May 1951
- Elected on 18 May 2005. Term expires at the 2008 AGM
- First elected to the Board on 7 March 2000
- Number of BNP Paribas shares held: 38,382

**Director of:**

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

**Permanent representative of BNP Paribas on the Supervisory  
Board of:**

- Accor

**Chairman of:**

- Fédération Bancaire Française



**Louis Schweitzer**

**Principal function:** Chairman of the Board of Directors  
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

**Chairman of the Board of Directors of:**

- AstraZeneca Plc, United Kingdom

**Vice-Chairman of the Supervisory Board of:**

- Philips, Netherlands

**Director of:**

- Électricité de France
- L'Oréal
- Veolia Environnement
- AB Volvo, Sweden

**Chairman of:**

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

**Member of the Advisory Committee of:**

- Banque de France
- Allianz, Germany

**Member of the Board of:**

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

To the best of the Bank's knowledge, there are no conflicts of interest between directors' obligations to BNP Paribas and their personal interests or their other obligations. Chapter V of the Board's internal rules of procedure specifically addresses the issue of conflicts of interest, as follows: "directors shall inform the Board of any situation involving even a potential conflict of interest and shall abstain from taking part in the vote on the matter concerned".

Other than the agreements governed by section L. 225-38 of the French Commercial Code listed in the Statutory Auditors' special report, there are no arrangements or agreements with key shareholders, clients, suppliers or any other parties which involve a member of the Board of Directors.

Corporate officers belonging to the Bank's senior leadership are prohibited from selling their shares in the three-month period following the end of their term of office.

There are currently no service contracts granting benefits between a member of the Board of Directors and BNP Paribas SA or any of its subsidiaries.

**Directors' terms of office and functions**  
(the companies listed are the parent companies of the groups in which the functions are carried out)

Name of Director Principal function	First elected to the Board on	Term expires	2005	2004	2003	2002	2001	
<b>Michel Pébereau</b> Chairman of the BNP Paribas Board of Directors	14 May 1993	2006 AGM	<p><b>Chairman of the BNP Paribas Board of Directors</b></p> <p>Director of Lafarge, Saint-Gobain, Total, Pargesa Holding SA (Switzerland)</p> <p><b>Member of the Supervisory Board of AXA</b></p> <p><b>Non-voting director of Société Anonyme des Galeries Lafayette</b></p> <p><b>Chairman of European Banking Federation, Commission Banque et de Marchés de la Fédération Bancaire Française, Conseil de Direction de l'Institut d'Etudes Politiques de Paris, Conseil d'Orientation de l'Institut Aspen France</b></p> <p><b>Member of Haut Conseil de l'Éducation, Institut International d'Études Bancaires, International Advisory Panel of the Monetary Authority of Singapore, International Capital Markets Advisory Committee of the Federal Reserve Bank of New York, International Monetary Reserve Bank of New York, International Monetary Conference, International Business Leaders' Advisory Council for the Mayor of Shanghai (IBLAC)</b></p>	<p><b>Chairman of the BNP Paribas Board of Directors</b></p> <p>Director of Lafarge, Saint-Gobain, Total</p> <p><b>Member of the Supervisory Board of AXA</b></p> <p><b>Non-voting director of Société Anonyme des Galeries Lafayette</b></p> <p><b>Chairman of Association Française des Banques, 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</b></p> <p><b>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)</b></p>	<p><b>Chairman of the BNP Paribas Board of Directors</b></p> <p>Director of Lafarge, Saint-Gobain, Total Fina EF</p> <p><b>Member of the Supervisory Board of AXA, Galeries Lafayette, Dresdner Bank AG (Germany)</b></p> <p><b>Permanent representative of BNP Paribas on the board of Renault</b></p>	<p><b>Chairman and Chief Executive Officer of BNP Paribas</b></p> <p>Director of Lafarge, Saint-Gobain, Total Fina EF</p> <p><b>Member of the Supervisory Board of AXA, Galeries Lafayette, Dresdner Bank AG (Germany)</b></p> <p><b>Permanent representative of BNP Paribas on the board of Renault</b></p>	<p><b>Chairman and Chief Executive Officer of AXA</b></p> <p>Chairman of the Board of Directors of FINAXA</p> <p>Director of Schneider Electric, Vivendi Universal, Lor Patrimoine</p> <p>Chairman of Institut du Mécénat de Solidarité, Institut Montaigne</p> <p>Member of International Advisory Panel of the Monetary Authority of Singapore, International Advisory Board of the Tsinghua School of Economics and Management (Beijing)</p> <p>Member of the Board of Directors of l'Association de Genève</p>	<p><b>Chairman of the Supervisory Board of AXA</b></p> <p>Chairman and Chief Executive Officer of FINAXA</p> <p>Director of Schneider Electric, Vivendi Universal, Lor Patrimoine</p> <p>Chairman of Institut du Mécénat de Solidarité, Institut Montaigne</p> <p>Member of International Advisory Panel of the Monetary Authority of Singapore, International Advisory Board of the Tsinghua School of Economics and Management (Beijing)</p> <p>Member of the Board of Directors of l'Association de Genève</p>
<b>Patrick Auguste</b> Director elected by BNP Paribas employees	14 December 1993	2006						
<b>Claude Béhéar</b> Chairman of the Supervisory Board of AXA	23 May 2000	2006 AGM	<p><b>Chairman of the Supervisory Board of AXA</b></p> <p>Chairman and Chief Executive Officer of FINAXA (FINAXA merged into AXA on 16/12/2005)</p> <p><b>Member of the Supervisory Board of Vivendi Universal</b></p> <p><b>Non-voting director of Schneider Electric</b></p> <p>Chairman of Institut du Mécénat de Solidarité, Institut Montaigne</p> <p>Member of International Advisory Panel of the Monetary Authority of Singapore, International Advisory Board of the Tsinghua School of Economics and Management (Beijing)</p>	<p><b>Chairman of the Supervisory Board of AXA</b></p> <p>Chairman and Chief Executive Officer of FINAXA</p> <p>Director of Vivendi Universal</p> <p><b>Non-voting director of Schneider Electric</b></p> <p>Chairman of Institut du Mécénat de Solidarité, Institut Montaigne</p> <p>Member of International Advisory Panel of the Monetary Authority of Singapore, International Advisory Board of the Tsinghua School of Economics and Management (Beijing)</p>	<p><b>Chairman of the Supervisory Board of AXA</b></p> <p>Chairman and Chief Executive Officer of FINAXA</p> <p>Director of Schneider Electric, Vivendi Universal, Lor Patrimoine</p> <p>Chairman of Institut du Mécénat de Solidarité, Institut Montaigne</p> <p>Member of International Advisory Panel of the Monetary Authority of Singapore, International Advisory Board of the Tsinghua School of Economics and Management (Beijing)</p> <p>Member of the Board of Directors of l'Association de Genève</p>	<p><b>Chairman of the Supervisory Board of AXA</b></p> <p>Chairman and Chief Executive Officer of FINAXA</p> <p>Director of Schneider Electric, Vivendi Universal, Lor Patrimoine</p> <p>Chairman of Institut du Mécénat de Solidarité, Institut Montaigne</p> <p>Member of International Advisory Panel of the Monetary Authority of Singapore, International Advisory Board of the Tsinghua School of Economics and Management (Beijing)</p> <p>Member of the Board of Directors of l'Association de Genève</p>	<p><b>Chairman of the Supervisory Board of AXA</b></p> <p>Chairman and Chief Executive Officer of FINAXA</p> <p>Director of Schneider Electric, Vivendi Universal, Lor Patrimoine</p> <p>Chairman of Institut du Mécénat de Solidarité, Institut Montaigne</p> <p>Member of International Advisory Panel of the Monetary Authority of Singapore, International Advisory Board of the Tsinghua School of Economics and Management (Beijing)</p> <p>Member of the Board of Directors of l'Association de Genève</p>	
<b>Jean-Louis Bèffa</b> Vice-Chairman of the BNP Paribas Board of Directors Chairman and Chief Executive Officer of Compagnie de Saint-Gobain	22 October 1986	2006 AGM	<p><b>Vice-Chairman of the BNP Paribas Board of Directors</b></p> <p><b>Chairman and Chief Executive Officer of Compagnie de Saint-Gobain</b></p> <p>Chairman of Claude Bernard Participations</p> <p>Director of Gaz de France, Groupe Bruxelles Lambert (Belgium)</p> <p><b>Chairman of the Supervisory Board of All (Agence de l'Innovation Industrielle)</b></p> <p><b>Member of the Supervisory Board of Le Monde SA, Le Monde Partenaire AS (SAS), Société Editrice du Monde (SAS)</b></p>	<p><b>Vice-Chairman of the BNP Paribas Board of Directors</b></p> <p><b>Chairman and Chief Executive Officer of Compagnie de Saint-Gobain</b></p> <p>Chairman of Claude Bernard Participations</p> <p>Director of Gaz de France, Groupe Bruxelles Lambert (Belgium)</p> <p><b>Member of the Supervisory Board of Le Monde SA, Le Monde Partenaire AS (SAS), Société Editrice du Monde (SAS)</b></p>	<p><b>Vice-Chairman of the BNP Paribas Board of Directors</b></p> <p><b>Chairman and Chief Executive Officer of Compagnie de Saint-Gobain</b></p> <p>Chairman of Claude Bernard Participations</p> <p>Director of Groupe Bruxelles Lambert (Belgium)</p> <p><b>Member of the Supervisory Board of Le Monde SA, Le Monde Partenaire AS (SAS), Société Editrice du Monde (SAS)</b></p>	<p><b>Vice-Chairman of the BNP Paribas Board of Directors</b></p> <p><b>Chairman and Chief Executive Officer of Compagnie de Saint-Gobain</b></p> <p>Chairman of Claude Bernard Participations</p> <p>Director of Groupe Bruxelles Lambert (Belgium)</p> <p><b>Member of the Supervisory Board of Le Monde SA, Le Monde Partenaire AS (SAS), Société Editrice du Monde (SAS)</b></p>	<p><b>Vice-Chairman of the BNP Paribas Board of Directors</b></p> <p><b>Chairman and Chief Executive Officer of Compagnie de Saint-Gobain</b></p> <p>Chairman of Claude Bernard Participations</p> <p>Director of Vivendi Universal, Groupe Bruxelles-Lambert (Belgium)</p> <p>Director of Le Monde Entreprises (SOREFO)</p>	
<b>Gerhard Cromme</b> Chairman of the Supervisory Board of ThyssenKrupp AG	21 March 2003	2008 AGM	<p><b>Chairman of the Supervisory Board of ThyssenKrupp AG</b></p> <p>Director of Suez</p> <p><b>Member of the Supervisory Board of Allianz AG (Germany), Axel Springer AG (Germany), Deutsche Lufthansa AG (Germany), E.ON AG (Germany), Ruhrgas AG (Germany), Hochtief AG (Germany), Siemens AG (Germany), Volkswagen AG (Germany)</b></p> <p><b>Chairman of German Governmental Commission on Corporate Governance, European Round Table of Industrialists (ERT)</b></p>	<p><b>Chairman of the Supervisory Board of ThyssenKrupp AG</b></p> <p>Director of Suez</p> <p><b>Member of the Supervisory Board of Allianz AG (Germany), Axel Springer AG (Germany), Deutsche Lufthansa AG (Germany), E.ON AG (Germany), Ruhrgas AG (Germany), Hochtief AG (Germany), Siemens AG (Germany), Volkswagen AG (Germany)</b></p> <p><b>Chairman of German Governmental Commission on Corporate Governance, European Round Table of Industrialists (ERT)</b></p>	<p><b>Chairman of the Supervisory Board of ThyssenKrupp AG</b></p> <p>Director of Suez</p> <p><b>Member of the Supervisory Board of Allianz AG (Germany), Axel Springer AG (Germany), Deutsche Lufthansa AG (Germany), E.ON AG (Germany), Ruhrgas AG (Germany), Siemens AG (Germany), Volkswagen AG (Germany)</b></p> <p><b>Chairman of German Governmental Commission on Corporate Governance, European Round Table of Industrialists (ERT)</b></p>	<p><b>Chairman of the Supervisory Board of ThyssenKrupp AG</b></p> <p>Director of Suez</p> <p><b>Member of the Supervisory Board of Allianz AG (Germany), Axel Springer AG (Germany), Deutsche Lufthansa AG (Germany), E.ON AG (Germany), Ruhrgas AG (Germany), Siemens AG (Germany), Volkswagen AG (Germany)</b></p> <p><b>Chairman of German Governmental Commission on Corporate Governance, European Round Table of Industrialists (ERT)</b></p>	<p><b>Chairman of the Supervisory Board of ThyssenKrupp AG</b></p> <p>Director of Suez</p> <p><b>Member of the Supervisory Board of Allianz AG (Germany), Axel Springer AG (Germany), Deutsche Lufthansa AG (Germany), E.ON AG (Germany), Ruhrgas AG (Germany), Siemens AG (Germany), Volkswagen AG (Germany)</b></p> <p><b>Chairman of German Governmental Commission on Corporate Governance, European Round Table of Industrialists (ERT)</b></p>	


**Directors' terms of office and functions**  
(the companies listed are the parent companies of the groups in which the functions are carried out)

Name of Director Principal function	First elected to the Board on	Term expires	2005	2004	2003	2002	2001
<b>Jean-Marie Gianno</b> Director elected by BNP Paribas employees	5 February 2004	2006	Member of Comité des Etablissements de Crédit et des Entreprises d'Investissement (CECEI), Conforation (a European think tank)				
<b>François Grapporte</b> Chairman of the Board of Directors of Legrand	4 May 1999	2008 AGM	Chairman of the Board of Directors of Legrand Member of the Supervisory Board of Michelin Director of Valeo 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 Electriques, Electroniques et de Communication), Bureau du Gimélec (Groupement des Industries de l'équipement électrique, du contrôle-commande et des services associés)	Chairman of the Board of Directors of Legrand Member of the Supervisory Board of Galeries Lafayette, Michelin Director of Valeo 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 Electriques, Electroniques et de Communication), Bureau du Gimélec (Groupement des Industries de l'équipement électrique, du contrôle-commande et des services associés)	Chairman and Chief Executive Officer of Legrand Director of Valeo Member of the Supervisory Board of Michelin Member of Conseil Consultatif de la Banque de France, Bureau de la FIEEC (Fédération des Industries Electriques, Electroniques et de Communication)	Chairman and Chief Executive Officer of Société Legrand Director of Finrep Member of the Supervisory Board of Michelin Member of Conseil Consultatif de la Banque de France, Bureau de la FIEEC (Fédération des Industries Electriques, Electroniques et de Communication)	Chairman and Chief Executive Officer of Société Legrand Director of France Telecom Member of the Supervisory Board of Michelin
<b>Alain Joly</b> Chairman of the Supervisory Board of Air Liquide	28 June 1995	2006 AGM	Chairman of the Supervisory Board of Air Liquide Director of Lafarge	Chairman of the Supervisory Board of Air Liquide Director of Lafarge	Chairman of the Supervisory Board of Air Liquide Director of Lafarge	Chairman of the Supervisory Board of Air Liquide Director of Lafarge	Chairman and Chief Executive Officer of Air Liquide up to November 2001 then Chairman of the Supervisory Board Director of Lafarge
<b>Denis Kessler</b> Chairman and Chief Executive Officer of SCOR	23 May 2000	2006 AGM	Chairman and Chief Executive Officer of SCOR Chairman of SCOR Vie Director of Bolloré Investissement SA, Dassault Aviation, Amvescap Pte (United Kingdom), Cogedim SAS, Dexia SA (Belgium) Permanent representative of Fergassor on board of SA Communication & Participation Non-voting director of FDC SA, Gimar Finance & Cie Member of Commission Economique de la Nation, Conseil Economique et Social, Conseil d'administration du Sictel, Association de Genève, Comité des Entreprises d'Assurance	Chairman and Chief Executive Officer of SCOR Chairman of SCOR Vie Director of Bolloré Investissement SA, Dassault Aviation, Amvescap Pte (United Kingdom), Cogedim SAS, Dexia SA (Belgium) Permanent representative of Fergassor on board of SA Communication & Participation Non-voting director of FDC SA, Gimar Finance & Cie Member of Commission Economique de la Nation, Conseil Economique et Social, Conseil d'administration du Sictel, Association de Genève	Chairman and Chief Executive Officer of SCOR Chairman of SCOR Vie Director of Bolloré Investissement SA, Dassault Aviation, Amvescap Pte (United Kingdom), Cogedim SAS, Dexia SA (Belgium) Non-voting director of FDC SA, Gimar Finance & Cie Member of Commission Economique de la Nation, Conseil Economique et Social, Conseil d'administration du Sictel, Association de Genève	Chairman and Chief Executive Officer of SCOR Chairman of SCOR Vie Director of Bolloré Investissement SA, Dexia (Belgium), Cogedim SAS, Amvescap Pte (United Kingdom) Member of the Supervisory Board of Cetelem Non-voting director of FDC SA, Gimar Finance & Cie Chairman of the Scientific Council of Association de Genève Vice-Chairman of la Société d'Economie Politique	Chairman of Fédération Française des Sociétés d'Assurances - FFA Vice-Chairman of Mouvement des Entreprises de France - MEDEF Chairman of Sican Horizon 2 and Orsay 1 <sup>st</sup> Director of Associés en Finance SA, Bolloré Investissement, Dexia SA (Belgium) Member of the Supervisory Board of ABF Capital Management SA, Vendôme-Rome Management SA, Cetelem, Cogedim SAS Non-voting director of FDC SA, Gimar Finance & Cie Member of Commission Economique de la Nation, Conseil d'administration du Sictel, Association de Genève
<b>Jean-François Lepetit</b> Associate Professor at EDHEC	5 May 2004	2008 AGM	Director of de Smart Trade Technologies SA	None			
<b>Lindsay Owen-Jones</b> Chairman and Chief Executive Officer of L'Oréal	13 June 1989	2007 AGM	Chairman and Chief Executive Officer of L'Oréal Vice-Chairman and Member of the Supervisory Board of Air Liquide Director of Sanofi-Aventis, Ferrari Spa (Italy), Galderma Pharma SA (Switzerland)	Chairman and Chief Executive Officer of L'Oréal Vice-Chairman and Member of the Supervisory Board of Air Liquide Director of Sanofi-Aventis, Ferrari Spa (Italy), Galderma Pharma SA (Switzerland)	Chairman and Chief Executive Officer of L'Oréal Chairman of Galderma Pharma SA (Switzerland) Vice-Chairman and Member of the Supervisory Board of Air Liquide Director of Sanofi-Synthelabo	Chairman and Chief Executive Officer of L'Oréal Chairman of Galderma Pharma SA (Switzerland) Director of Sanofi-Synthelabo Member of the Supervisory Board of Air Liquide	Chairman and Chief Executive Officer of L'Oréal Director of Air Liquide, Sanofi-Synthelabo, Galderma Pharma SA (Switzerland)
<b>Loyola de Palacio del Vallé-Letsunoff</b> Attorney	18 May 2005	2008 AGM	Director of Zeltha SA (Spain) Chairman of the European Commission High Level Group on Pan-EuroMediterranean Transport Networks Advisor to Engiefuel Renewable Energy Fund Coordinator of the Lyons-Torino-Budapest Trans-European Rail Link Project Visiting Professor at the European University Institute in Florence, Italy				

### Directors' terms of office and functions

(the companies listed are the parent companies of the groups in which the functions are carried out)

Name of Director Principal function	First elected to the Board on	Term expires	2005	2004	2003	2002	2001
<b>Hélène Ploix</b> Chairman of Pechel Industries SAS	21 March 2003	2008 AGM	<p>Chairman of Pechel Industries SAS and of Pechel Industries Partenaires SAS (United Kingdom), Ferring SA, (Switzerland)</p> <p><b>Member of the Supervisory Board of Publicis</b></p> <p><b>Representative of Pechel Industries</b> on the boards of several companies</p> <p><b>Legal Manager of Hélène Ploix SARL</b>, Hélène Marie Joseph SARL, Sorepe Société Civile</p> <p><b>Member of the Investment Committee of the United Nations Personnel Pension Fund</b></p>	<p>Chairman of Pechel Industries SAS and of Pechel Industries Partenaires SAS (United Kingdom), Ferring SA, (Switzerland)</p> <p><b>Member of the Supervisory Board of Publicis</b></p> <p><b>Representative of Pechel Industries</b> on the boards of several companies</p> <p><b>Legal Manager of Hélène Ploix SARL</b></p> <p><b>Member of the Investment Committee of the United Nations Personnel Pension Fund</b></p>	<p>Chairman of Pechel Industries SAS (United Kingdom), Ferring SA, (Switzerland)</p> <p><b>Member of the Supervisory Board of Publicis</b></p> <p><b>Representative of Pechel Industries</b> on the boards of several companies</p> <p><b>Legal Manager of Hélène Ploix SARL</b></p> <p><b>Ad hoc member of the Investment Committee of the United Nations Personnel Pension Fund</b></p>		
<b>Baudouin Prot</b> Chief Executive Officer of BNP Paribas	7 March 2000	2008 AGM	<p><b>Chief Executive Officer of BNP Paribas</b></p> <p><b>Director of Pinault-Printemps-Redoute, Veolia Environnement, Eréb SA (Belgium), Pargesa Holding SA (Switzerland)</b></p> <p><b>Permanent representative of BNP Paribas on the Supervisory Board of ACCOR</b></p> <p><b>Chairman of Fédération Bancaire Française</b></p>	<p><b>Chief Executive Officer of BNP Paribas</b></p> <p><b>Director of Veolia Environnement, Eréb (Belgium), Pargesa (Belgium)</b></p> <p><b>Member of the Supervisory Board of Pinault-Printemps-Redoute</b></p> <p><b>Permanent representative of BNP Paribas on the Supervisory Board of ACCOR</b></p>	<p><b>Chief Executive Officer of BNP Paribas</b></p> <p><b>Director of Pechiney, Veolia Environnement Partners</b></p> <p><b>Member of the Supervisory Board of Pinault-Printemps-Redoute, Fonds de Garantie des Dépôts</b></p> <p><b>Permanent representative of BNP Paribas on the Supervisory Board of ACCOR</b></p>	<p><b>Chief Operating Officer of BNP Paribas</b></p> <p><b>Director of Pechiney, Euro Securities</b></p> <p><b>Member of the Supervisory Board of Pinault-Printemps-Redoute, Fonds de Garantie des Dépôts</b></p> <p><b>Permanent representative of BNP Paribas on the Board of Directors of ACCOR, Answork, Petrofigaz</b></p>	
<b>Louis Schweitzer</b> Chairman of the Board of Directors of Renault	14 Decembre 1993	2007 AGM	<p><b>Chairman of the Board of Directors of Renault</b></p> <p><b>Chairman of the Board of Directors of AstraZeneca Plc (United Kingdom)</b></p> <p><b>Vice-Chairman of the Supervisory Board of Philips (Netherlands)</b></p> <p><b>Director of Electricité de France, L'Oréal, Veolia Environnement, AB Volvo (Sweden)</b></p> <p><b>Chairman of Haute Autorité de lutte contre les discriminations et pour l'égalité (HALDE)</b></p> <p><b>Member of the Advisory Board of Banque de France, Allianz (Germany)</b></p> <p><b>Member of the Board of Fondation Nationale des Sciences Politiques, Institut Français des Relations Internationales, Musée du Louvre, Musée du Quai Branly</b></p>	<p><b>Chairman and Chief Executive Officer of Renault</b></p> <p><b>Chairman of the Management Board of Renault-Nissan BV (Netherlands)</b></p> <p><b>Director of Electricité de France, Veolia Environnement, AstraZeneca (Great Britain)</b></p> <p><b>Member of the Supervisory Board of Philips (Netherlands)</b></p> <p><b>Member of the Advisory Board of Banque de France, Allianz (Germany)</b></p> <p><b>Member of the Board of Fondation Nationale des Sciences Politiques, Institut Français des Relations Internationales, Musée du Louvre, Musée du Quai Branly</b></p>	<p><b>Chairman and Chief Executive Officer of Renault</b></p> <p><b>Chairman of the Management Board of Renault-Nissan BV (Netherlands)</b></p> <p><b>Director of AB Volvo (Sweden), Electricité de France</b></p> <p><b>Member of the Supervisory Board of Philips (Netherlands)</b></p> <p><b>Member of the Advisory Board of Banque de France, Allianz (Germany)</b></p> <p><b>Member of the Board of Fondation Nationale des Sciences Politiques, Institut Français des Relations Internationales, Musée du Louvre</b></p>	<p><b>Chairman and Chief Executive Officer of Renault</b></p> <p><b>Director of Electricité de France, AB Volvo (Sweden)</b></p> <p><b>Member of the Supervisory Board of Philips (Netherlands)</b></p> <p><b>Member of the Board of Fondation Nationale des Sciences Politiques, Institut Français des Relations Internationales, Musée du Louvre</b></p>	
<b>Jean-François Truffelli</b> Director elected by BNP Paribas employees	5 February 2004	2006					
<b>OTHER CORPORATE OFFICERS</b>							
<b>Georges Chodron de Courcel</b> Chief Operating Officer of BNP Paribas	11 June 2003		<p><b>Chief Operating Officer of BNP Paribas</b></p> <p><b>Director of Alstom, Bouygues, Société Foncière, Financière et de Participations SA, Nexans, Eréb SA (Belgium)</b></p> <p><b>Member of the Supervisory Board of Lagardère SCA</b></p> <p><b>Non-voting director of Safran, SCOR SA, SCOR Vie</b></p>	<p><b>Chief Operating Officer of BNP Paribas</b></p> <p><b>Director of Alstom, Bouygues, Nexans, Eréb SA (Belgium)</b></p> <p><b>Member of the Supervisory Board of Lagardère SCA, Sagem SA</b></p> <p><b>Non-voting director of SCOR SA, SCOR Vie</b></p>	<p><b>Chief Operating Officer of BNP Paribas</b></p> <p><b>Director of Alstom, Bouygues, Nexans</b></p> <p><b>Member of the Supervisory Board of Lagardère SCA</b></p> <p><b>Non-voting director of SCOR SA</b></p>		
<b>Jean Clamon</b> Chief Operating Officer of BNP Paribas	11 June 2003		<p><b>Chief Operating Officer of BNP Paribas</b></p> <p><b>Director of Cassa di Risparmio di Firenze (Italy), Compagnie Nationale à Portefeuille (Belgium), Eréb SA (Belgium)</b></p> <p><b>Member of the Supervisory Board of Galeries Lafayette, Euro Securities Partners SAS</b></p>	<p><b>Chief Operating Officer of BNP Paribas</b></p> <p><b>Director of Euro Securities Partners, Cassa di Risparmio di Firenze (Italy), Compagnie Nationale à Portefeuille (Belgium), Eréb (Belgium)</b></p> <p><b>Member of the Supervisory Board of Fonds de Garantie des Dépôts</b></p>	<p><b>Chief Operating Officer of BNP Paribas</b></p> <p><b>Director of Euro Securities Partners, Cassa di Risparmio di Firenze (Italy), Compagnie Nationale à Portefeuille (Belgium), Eréb (Belgium)</b></p>		



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



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

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



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

# REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

PREPARED IN ACCORDANCE WITH ARTICLE L. 225-37,  
PARAGRAPH 6 OF THE FRENCH COMMERCIAL CODE

## I – Corporate governance

### Conditions for the preparation and organisation of the work of the Board

The conditions for the preparation and organisation of the work of the Board are set out in the internal rules of the Board of Directors of BNP Paribas SA. These rules were adopted in 1997 by the Board of the former BNP and are regularly updated to comply with legal requirements, regulations and French corporate governance guidelines and to keep pace with corporate governance best practices recognised as being in the best interests of both shareholders and the Bank.

The internal rules set out the terms of reference of the Board of Directors and its Chairman; they describe the manner in which meetings are organised and the procedures for informing directors and for carrying out the periodic assessment of the Board's performance. They describe the terms of reference of the various Committees of the Board, their composition, the manner in which they function and the conditions relating to the payment of directors' fees. They provide guidelines concerning the conduct expected of a Director of BNP Paribas. The main provisions of the internal rules are provided for information purposes in the report in the various sections to which they relate.

The internal rules were last updated by the Board on 14 February 2006. This followed the Board's decision to split the Compensation and Nominations Committee into two new Committees: the Corporate Governance and Nominations Committee and the Compensation Committee. Two-thirds of the members of these new Committees are independent directors, in accordance with French corporate governance guidelines<sup>(1)</sup>.

According to the internal rules, the Board of Directors is a collegial body that collectively represents all shareholders and acts at all times in the corporate interests of the Bank. It is tasked with monitoring its own composition and effectiveness in advancing the Bank's interests and carrying out its duties. As such, based on proposals submitted by the Chief Executive Officer, it draws up the BNP Paribas business strategy and monitors its implementation. It examines any and all issues related to the efficient running of the business, and makes any and all business decisions. It may decide to either combine or separate the functions of Chairman and Chief Executive Officer. It proposes the appointment of directors for three-year terms. It may decide to limit the powers of the Chief Executive Officer. It approves the draft of the Chairman's report presented along with the management report. The Board or one or more of its directors or Committees, or a specific Committee authorised by the Board, may perform any or all controls and verifications that it considers appropriate, supervise the management of the business and the fairness of its accounts, review and approve the financial statements and ensure that the financial information disclosed to the shareholders and the markets is of a high quality.

### Separation of the functions of Chairman and Chief Executive Officer

At the Annual General Meeting held on 14 May 2003, the Chairman announced the Board's 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.

<sup>(1)</sup> "French corporate governance guidelines" refer to those contained in the consolidated joint reports prepared by the French employers' organisations, the MEDEF and AFEP, in 1995, 1999 and 2002, published in October 2003; and the "Guide to preparing documents de référence" published on 27 January 2006 by the French Financial Markets Authority (AMF).



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 Limitation of the powers of the Chief Executive Officer, p.139). 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.

### **Composition of the BNP Paribas Board of Directors and independence of Board members**

At the end of 2005, following the resignation of Lindsay Owen-Jones, the Board of Directors had twelve members elected by the shareholders and three members elected by BNP Paribas employees. There were no non-voting directors.

Based on proposals submitted by the Corporate Governance and Nominations Committee, the Board considers that the following directors qualify as independent under French corporate governance guidelines<sup>(1)</sup>: Gerhard Cromme, François Grappotte, Alain Joly, Denis Kessler, Jean-François Lepetit, Hélène Ploix, Loyola de Palacio and Louis Schweitzer.

Four of the directors elected by the shareholders, Michel Pébereau, non-executive Chairman of the Board, Baudouin Prot, Chief Executive Officer, Claude Bébéar and Jean-Louis Beffa, do not qualify as independent under the guidelines.

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 status and the method by which they were elected, which safeguards their independence.

In total, at the end of January 2006, the Board of Directors of BNP Paribas is made up of a majority of eight directors who qualify as independent

and seven who do not, and thus meets the required quota (i.e., the majority) set out<sup>(1)</sup> in French corporate governance guidelines for "companies with a dispersed shareholder base and no controlling shareholders".

Pursuant to the resolution approved by the shareholders at the Annual General Meeting held on 18 May 2005, two directors will be elected by BNP Paribas employees at the elections scheduled for February/March 2006. Consequently, six directors will then no longer qualify as independent under the guidelines<sup>(1)</sup>.

No director is related to any other director.

### **The Boards' activity in 2005**

In 2005, the Board held seven meetings in line with its regular schedule (attendance rate of 90.2%) and three specially-convened meetings, which brought the attendance rate down to 86% for the ten Board meetings on account of the short notice periods given for the specially-convened meetings. The annual special session devoted to Group strategy was attended by the Group's key executive managers.

As well as discussions and decisions required regarding issues of compliance with French laws and regulations, the Board and its Committees also deliberated on the following matters in accordance with its internal rules:

- the budget for 2005 and the quarterly, half-yearly and annual financial results;
- preliminary approval for investment projects totalling more than EUR 250 million;
- evaluation of the Board, its composition and Committees;
- remuneration of corporate officers and stock option plans;
- the drafts of the Chairman's report and the management report;
- the 2004 dividend;
- the convening notice for the May 2005 Annual General Meeting and the draft resolutions to be presented to shareholders;
- plans to buy back shares, allocate shares bought back and cancel shares;
- share issues to employees and share-based incentive plans;

(1) "French corporate governance guidelines" refer to those contained in the consolidated joint reports prepared by the French employers' organisations, the MEDEF and AFEP, in 1995, 1999 and 2002, published in October 2003; and the "Guide to preparing documents de référence" published on 27 January 2006 by the French Financial Markets Authority (AMF).

- issues of debt securities;
- developments in the "Oil for Food" case, on which briefings were periodically drawn up by directors.

Following on from the work carried out in 2004, during the year the Board continued to examine International Financial Reporting Standards adopted for use by the European Union. It analysed the impact of the standards as a whole, as well as the standards with the greatest impact on the BNP Paribas Group. It examined simulations of the impact of the standards on the draft 2006 budget for the Group (submitted to it for approval) and each of its core businesses. It considered the information to be provided to the markets upon publication of the financial statements under IFRS in light of the complexity of the new standards. This work was prepared by the Financial Statements Committee and closely involved the Statutory Auditors, who were required to give their opinion concerning the choices made by the Group and the interpretation of the options available under the standards.

In 2005, the Board of BNP Paribas began the process of renewing the terms of office of the Statutory Auditors, which were due to expire at the end of 2005. In order to provide shareholders at the Annual General Meeting in May 2006 with a choice regarding the Statutory Auditors to be appointed for the five-year term from 2006 to 2011, the Board, acting under the authority of the Financial Statements Committee, put out a call for tenders based largely, but not exclusively, on the work of the *"Ethics and Independence Committee of the Statutory Auditors of Public Companies"*<sup>(1)</sup>.

The Board deliberated on the work of the Internal Control and Risk Management Committee (as described hereafter) and particularly on the work of the Compliance function, the implementation of Periodic and Permanent Controls, the Group's commitments, credit risk and market risk policies, and preparatory work

carried out in connection with operational risk and the application of Basel II. It deliberated on the work carried out by the Compensation and Nominations Committee concerning the assessment of the Board's performance and its composition, the remuneration of corporate officers and members of the Executive Committee, the allocation of bonus shares, stock awards and the stock option plan for 2005, directors' fees and the global share-based incentive plan.

### **The Committees of the Board**

Under the Board's internal rules, Committees may be set up to assist the directors of BNP Paribas in carrying out their functions. The terms of reference of the Committees neither reduce nor impinge on those of the Board. The Chairman of the Board of Directors must ensure that the number, terms of reference, composition, and functioning of the Committees are adapted to the Board's needs and in phase with corporate governance best practices. These Committees meet as and when required, with or without the participation of BNP Paribas management. They may use the services of external experts wherever necessary. The Chairman of the Committee may make enquires of any manager within the Group concerning matters falling within the Committee's terms of reference. The Committees submit recommendations to the Board of Directors and the Committee Chairman presents a summary of these recommendations at the next Board meeting. Minutes must be kept of all Committee meetings. At the end of 2005, the Board's Committees were: the Financial Statements Committee, the Internal Control and Risk Management Committee and the Compensation and Nominations Committee, which has since been split into two separate Committees, as indicated previously.

### **Financial Statements Committee**

The Financial Statements Committee was set up in 1994 by the Board of Directors of the former BNP. In 2005, the Committee's members were Louis

*(1) A blueprint provided to listed companies concerning the ethical aspects of the statutory audit tendering procedure, published in December 2002.*

Schweitzer (Chairman), Denis Kessler and H el ene Ploix, all of whom qualify as independent directors under French corporate governance guidelines <sup>(1)</sup>. The fourth member, Patrick Auguste, does not qualify as independent as he was elected by BNP Paribas employees. The composition of the Committee complies with French corporate governance guidelines <sup>(1)</sup> which recommend that at least two-thirds of the directors should be independent. No members of the Bank's Executive Management have sat on the Committee since 1997. In 2005, the Committee met five times and the rate of attendance was 100%. In 2005, in accordance with the internal rules, the Committee analysed the quarterly, half-yearly and annual financial statements issued by the Bank and obtained further explanations of certain items prior to presentation of the financial statements to the Board of Directors. It examined matters related to the financial statements including the choices of accounting principles and policies, provisions, management accounting data, capital adequacy requirements, profitability indicators, and all other accounting matters that raise methodological issues or give rise to potential risks. When reviewing the financial results for each quarter, the Committee listened to the comments and conclusions of the Statutory Auditors without any member 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 Statutory Auditors and Group Management submit a quarterly memorandum to the Committee analysing the nature and significance of the choices made.

As mentioned previously, in accordance with the internal rules, the Committee monitored the procedure for appointing new Statutory Auditors. It reported to the Board on a regular basis concerning the application of IFRS as adopted for use by the European Union; it reviewed the Statutory Auditors' annual audit assignment, together with the auditors' recommendations and the implementation of these recommendations.

It also received notification of the amount and breakdown of the fees paid by the BNP Paribas Group to the Statutory Auditors and the networks to which they belong; it ensured that the portion of the audit firms' revenues which BNP Paribas represents was not likely to compromise the Statutory Auditors' independence. The Committee granted preliminary approval for audit assignments for total fees of over EUR 1 million excluding taxes, and validated the approval and control procedure for all "non-audit" assignments for fees in excess of EUR 50,000. It read the Group's report on all "non-audit" assignments carried out by the Statutory Auditor networks, as well as the report drawn up by each Statutory Auditor firm, describing the internal control mechanism for guaranteeing its independence, as well as a written attestation of the Statutory Auditor's independence during the audit of the Group. The Committee reviewed the draft report of the Chairman of the Board on internal control procedures relating to the preparation and processing of accounting and financial information. It reviewed draft memoranda concerning the Group's results prior to their presentation to the Board.

At the end of each of its meetings, the Financial Statements Committee reported its findings to the Board of Directors.

#### **Internal Control and Risk Management Committee**

The Internal Control and Risk Management Committee was set up in 1994 by the Board of Directors of the former BNP. At the end of 2005, its members were Fran ois Grappotte (Chairman), Jean-Fran ois Lepetit, and Loyola de Palacio, all of whom qualify as independent directors under French corporate governance guidelines <sup>(1)</sup>. The fourth member, Jean-Marie Gianno, does not qualify as independent as he was elected by BNP Paribas employees. No members of Executive Management have sat on the Committee since 1997. In 2005, the Committee met four times and the rate of attendance was 100%.

*(1) "French corporate governance guidelines" refer to those contained in the consolidated joint reports prepared by the French employers' organisations, the MEDEF and AFEP, in 1995, 1999 and 2002, published in October 2003; and the "Guide to preparing documents de r ef erence" published on 27 January 2006 by the French Financial Markets Authority (AMF).*

In accordance with the internal rules, the Committee examined the new approach adopted by the regulatory authorities concerning compliance, permanent and periodic controls and the consequences for the Group of the amendment to regulation 97-02, particularly regarding internal control. It approved the Group's general policy with regard to permanent controls and the establishment of a Compliance function, compliance charter and the related organisation. It also reviewed the new structure of the periodic control system that places internal audit under the authority of the Head of the Bank's General Inspection unit, and the conditions governing its autonomy in relation to the Group's operating entities. The Committee reviewed the report and action plan of the Head of the Group's Ethics Department, and analysed the internal control report for 2004 to be filed with the regulatory authorities.

In the area of risk management, the Committee analysed the new requirements of the regulatory authorities concerning operational risks, and the Group-wide implementation of programmes to bring the Bank into line with the latest recommendations of Basel II. It reviewed the conclusions of the Risk Policy Committees and carried out periodic analyses of the Group's global market, portfolio-based and credit risks by geographic area and by business line, as well as their compliance with regulatory ratios related to the spreading of risk. It reviewed exchanges of correspondence with the French banking regulator (*Commission Bancaire*). It was notified of internal reports on incidents and fraud in accordance with the measures implemented on a voluntary basis by the Group, which seek to comply with certain provisions of the Sarbanes-Oxley Act even though this legislation is not legally binding on BNP Paribas. The Committee held discussions with the Heads of the General Inspection unit and Periodic Controls without any members of Executive Management being present.

At the end of each of its meetings, the Internal Control and Risk Management Committee reported its findings to the Board of Directors.

### **The Compensation and Nominations Committee**

In 2005, issues dealt with by the Committee included the succession of Board members and renewal of terms of office, the composition of the Board's Committees and new organisation of the Compensation and Nominations Committee, remuneration of corporate officers and members of the Executive Committee, the allocation of bonus shares, stock awards and the stock option plan for 2005, directors' fees and the global share-based incentive plan, as well as the assessment of the performance of the BNP Paribas Board of Directors.

The Compensation and Nominations Committee was set up in 1993 by the Board of Directors of the former BNP. At the end of 2005, its members were Alain Joly (Chairman) and Gerhard Cromme, who qualify as independent directors under French corporate governance guidelines<sup>(1)</sup>, and Claude Bébéar and Jean-Louis Beffa who do not qualify as independent. The composition of the Committee complies with French corporate governance guidelines which recommend that at least half of the directors should be independent.

No members of Executive Management have sat on the Committee since 1997. The Committee met three times over the year and the attendance rate was 92%. At the beginning of 2006, the Committee was split into two new Committees as follows:

- *The Compensation Committee, comprising Alain Joly and Gerhard Cromme, who qualify as independent directors<sup>(1)</sup> and Jean-Louis Beffa, who does not qualify as an independent director<sup>(1)</sup>. The Committee is tasked with addressing all issues related to the personal status of corporate officers, including remuneration, pension benefits, stock options and provisions governing the resignation or departure of members of the Bank's corporate decision-making or representative bodies. It reviews the terms, amounts and allocation of stock option plans. It also reviews the conditions for allocating bonus shares. Moreover, the Committee, in conjunction with the Chairman of the Board, is competent to assist the Chief Executive Officer on any issue*

(1) "French corporate governance guidelines" refer to those contained in the consolidated joint reports prepared by the French employers' organisations, the MEDEF and AFEP, in 1995, 1999 and 2002, published in October 2003; and the "Guide to preparing documents de référence" published on 27 January 2006 by the French Financial Markets Authority (AMF).

related to executive management compensation referred by him to the Committee.

- *The Corporate Governance and Nominations Committee, comprising Alain Joly and Gerhard Cromme, who qualify as independent directors<sup>(1)</sup>, and Claude Bébéar, who does not qualify as an independent director<sup>(1)</sup>. It is tasked with monitoring corporate governance issues. Its role is to help the Board of Directors to adapt corporate governance within BNP Paribas and to assess the performance of Board members. It selects the measures best adapted to the Group with the aim of bringing its procedures, organisation and conduct into line with best practices. It regularly assesses the performance of the Board using either its own resources or any other internal or external procedure that it deems appropriate. It examines the draft report of the Chairman of the Board on corporate governance and all other documents required by the applicable law and regulations. 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. 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. It assesses the performance of the Chairman, as well as the performances of the Chief Executive Officer and Chief Operating Officers, with the parties in question not present. It is also responsible for developing plans for the succession of corporate officers. It makes recommendations to the Board of Directors on the appointment of Committee chairmen and Committee members when their terms of office are due for renewal. It is also tasked with assessing the independence of the directors and reporting its findings to the Board of Directors.*

### **Assessment of the performance of the BNP Paribas Board of Directors**

The Board carried out an assessment of its own performance in 2005 based on the work of the Compensation and Nominations Committee. The same methods were used as in previous years. The assessment was based on (i) the relevance and clarity of the Board's internal rules and terms of reference; (ii) its composition and independence; (iii) the scope of its activities, especially strategy, markets and competition, the functioning of the Bank's businesses, its accounts and financial results, audit and internal control, risks and the performance of corporate officers; (iv) information provided to Board members; (v) the frequency, duration and running of Board meetings, the presence and competence of the directors, freedom of expression and the quality of reporting. The performance of the Board's Committees was also assessed in view of their terms of reference, the suitability of Committee members and the number of meetings held, as well as the quality of the reports submitted. The findings of this assessment were submitted to the Board.

### **Conduct of directors**

The procedure for recruiting directors is based on information and assessments provided by the members of the Board's various Committees and the Chairman of the Board. This ensures that the successful candidates have the personal and professional qualities required to carry out the function of director in a Group such as BNP Paribas. These qualities are summarised in the internal rules.

According to the internal rules, *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 rules related to their responsibilities. In the event of a significant change*

(1) "French corporate governance guidelines" refer to those contained in the consolidated joint reports prepared by the French employers' organisations, the MEDEF and AFEP, in 1995, 1999 and 2002, published in October 2003; and the "Guide to preparing documents de référence" published on 27 January 2006 by the French Financial Markets Authority (AMF).

*in their functions or positions held, directors agree to allow the Board to decide on whether or not it is appropriate for them to continue as directors of BNP Paribas.*

*All directors are required to comply with legal obligations and the stock market recommendations and regulations related to information that concerns directors personally. The legislation banning insider trading applies to directors both in a personal capacity and when exercising responsibilities within companies that hold shares in BNP Paribas. Directors are also advised to purchase or sell BNP Paribas shares only within the six-week period following the publication of the quarterly and annual accounts, or of any press release concerning business performance. However, if they have access to privileged information that would make them insiders under stock exchange rules, no BNP Paribas shares may be purchased or sold during this six-week period. 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 the Group Compliance and Permanent Control function. 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. 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 shall endeavour to*

*participate regularly and actively in the meetings of the Board and the committees of the Board and to be present at the Annual General Meeting of shareholders.*

*In addition to the number of shares that directors are required to hold under the Articles of Association, directors elected at the Annual General Meeting should personally hold BNP Paribas shares equivalent to at least one year of director's fees (the number of shares held appears in the personal file of each director).*

### **Informing and initiating new directors**

Directors may request that the Chairman of the Board or the Chief Executive Officer provide them with all documents and information required to enable them to carry out their functions, participate effectively in Board meetings and make informed decisions, provided that such documents are useful for decision-making purposes and that the Board has the power to provide them.

When directors take up their appointment, they are provided with a written summary document describing the Group, its profile, organisation, recent financial statements and various information available on the Group's websites. The Group also organises a series of working meetings between the new directors and managers of Group functional and operating units that are of interest to the new directors in light of their functions and personal priorities. Other directors may also participate in these meetings.

### **BNP PARIBAS, RANKED No.1 IN THE EUROZONE FOR CORPORATE GOVERNANCE**

The first international FTSE/International Shareholder Services classification was published in April 2005. It analysed the quality of corporate governance of 2,000 companies quoted in 24 countries. BNP Paribas came in first in the Eurozone countries – all economic sectors considered – and 10th worldwide.

## II – Internal Control

The information below concerning the Group's internal control system has been provided by Executive Management. The Chief Executive Officer is responsible for Internal Control systems and procedures, and for all of the statutory information in the report on Internal Control.

### 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 on banking supervision.

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 and the Decree of 31 March 2005. 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 Articles 42 and 43 of this Regulation, banks are required to prepare two annual statutory reports. The first relates to internal control and the second to measuring and monitoring risks. These reports are submitted to

the Board of Directors by the Internal Control and Risk Management Committee and are then sent on to the *Commission Bancaire*, and the Statutory Auditors.

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).

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 Control Charter which is widely distributed within the Group and freely available to all of the Group's employees. It defines internal control as a mechanism for ensuring:

- the effectiveness and quality of the Group's internal operations;
- the reliability of internal and external information;
- the security of transactions;
- compliance with applicable laws, regulations and internal policies.

The Charter lays down **rules relating to the organisation, lines of responsibility and remit of the various players involved in Internal Control**, and establishes the principle of the independence of the Internal Control function (General Inspection unit).

Furthermore, the internal rules of BNP Paribas SA 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 applicable to several entities within the Group. These procedures, which are regularly updated, are combined in the "Group Guidelines" database and can be accessed by all staff.

### Organisation of Internal Control

The gradual implementation of the Compliance function, a process which began at the end of 2004, has led to a complete makeover of the Group's Internal Control principles. The Group Compliance function has implemented action points to incorporate changes in French banking regulations into a global process based on three priority tasks:

- reinforcing independent controls, i.e., permanent and periodic controls;
- harmonising the professional skills of the various teams in line with the highest possible standards;
- separation of the Permanent Control and Periodic Control structures.

2005 therefore represents a major transition year for Internal Control within the BNP Paribas Group towards a more consistent, effective process modelled on the highest international standards.

The following action points were implemented during the year:

- a new **Periodic Controls** function was set up: this is now independent of the operating units and it combines the General Inspection and Internal Audit units (which were previously part of core businesses and support functions, respectively). This new structure reports directly to the Chief Executive Officer. The Head of the General Inspection unit represents the Bank at the *Commission Bancaire* with regard to all matters concerning periodic controls;
- the **Permanent Controls** function was mapped and restructured at Group level. A Permanent Controls Coordination Unit was set up to prepare a permanent control methodology and to oversee Group-wide management and reporting requirements in this area. Permanent Control is defined as a system based on the ongoing implementation of **five Internal Control elements** – risk identification and assessment, procedures, controls, reporting and steering, using appropriate resources.

Permanent Controls are exhaustive and are not limited to one area or type of risk.

- An Internal Control Coordination Committee brings together the principal players involved in internal control.
- A newly-created **Compliance** function has taken over the functions of the former Ethics Department:
  - the Compliance function has a broad remit and is tasked with:
    - enhancing compliance, which is defined as "conforming to legal and regulatory provisions, professional and ethical standards, as well as the overall strategy of the Board of Directors and Executive Management guidelines";
    - focusing on a number of different areas including financial security, professional ethics, the Board of Directors and compliance monitoring;
    - liaising with the regulatory authorities, together with the Finance function;
  - the Compliance function has significantly enhanced its independence by establishing supervised knowledge-sharing arrangements with the heads of operating units for the teams in charge of compliance in the core businesses and support functions. These arrangements are far more extensive than previously existing ones.

The Head of Compliance reports to the Chief Executive Officer and represents the Bank at the *Commission Bancaire* with regard to all matters concerning Permanent Controls.

In 2006, the Compliance function is set to grow in strength, boosted by newly developed control tools.



### The fundamental principles of Internal Control

Internal Control, as defined in the Internal Control Charter of BNP Paribas, is based on four pillars:

#### A. Permanent and Periodic Controls:

- Permanent Controls consist of ongoing risk identification and assessment, procedures, controls, a dedicated reporting and monitoring system. Permanent Controls are carried out both by operational staff and by specialised functions either within or outside the entities.
- Periodic Controls are based on "ex post" reviews carried out by employees who are not involved in Permanent Controls. They are performed by the General Inspection unit.

**B. Separation of tasks:** this applies to the various phases of a transaction, from initiation and execution, to recording, settlement and control. The separation of tasks also exists between independent functions and between those involved in Permanent Controls and Periodic Controls.

#### C. Responsibility of operational staff:

a large part of the Permanent Control mechanism is incorporated within the operational organisation under the direct responsibility of the core businesses and functions which should make sure that they have the resources required for effective control. Managers at all levels must ensure effective control over the activities for which they are responsible.

#### D. Exhaustiveness of internal control:

this applies to all types of risk and in the same degree to all entities in the BNP Paribas Group without exception. It also extends any core activities that are outsourced.

Teams from the General Inspection unit verify that these four pillars are complied with by carrying out regular inspections.

### The players involved in Permanent Controls

The players involved in Permanent Controls are:

- **the operational staff working in commercial, administrative or support functions.**

They directly control the operations for which they are responsible, based on Group procedures: these controls are known as **first-level permanent controls**;

- **managers**, who perform controls within the scope of operational or autonomous control procedures: these controls are known as **second-level permanent controls**;

- **specialised functions autonomously integrated within operational units or independent of these units**, which perform controls that are independent of operations: these controls are also known as second-level permanent controls.

### The players involved in Periodic Controls

Periodic controls (known as third-level controls) are carried out on an independent basis by the General Inspection unit which includes:

- **Inspectors** based at headquarters who are authorised to carry out controls throughout the Group;

- **Auditors** within the various entities of the Group who now report to the General Inspection unit.

Periodic Controls fall under the responsibility of the Head of the Bank's General Inspection unit, who reports to the Chief Executive Officer and, if the CEO considers it necessary, to the Board of Directors or the relevant Committees of the Board.



### Coordination of Internal Control

The internal control system is based on permanent control and periodic control mechanisms. There should be concerted exchanges between Permanent Control and Periodic Control within the overall Internal Control system in order to optimise the flow of information and to coordinate action points.

**At Group level**, this coordination is provided by a member of the Executive Committee (reporting directly to the Chief Executive Officer), who chairs the Internal Control Coordination Committee (ICCC). This Committee:

- is not intended to replace the different Group Risk Management Committees but to enhance their effectiveness within the overall system;
- guarantees the consistency of the Internal Control system and its compliance with regulations;
- seeks to promote the use of internal control tools as widely as possible within the Group;
- enhances the consistency of annual reports on internal control and control of investor services prepared by the Permanent Control and Periodic Control functions within the scope of their "Charter of responsibilities", and of the report of the Chairman of the Board of Directors on internal control procedures prepared in accordance with Article L. 225-37, paragraph 6 of the French Commercial Code.

The Internal Control Coordination Committee meets on a monthly basis. It is made up of the Heads of General Inspection, Periodic Controls, Group Compliance, Group Finance-Development and Group Risk Management, as well as the heads of the four core businesses. The Committee also includes the Heads of Group Tax Affairs and Group Legal Affairs. Members of the Executive Committee may participate in all ICCC meetings. The heads of other Group functions may be invited to participate in the Committee's meetings.

The Chairman of the ICCC reports to the Chief Executive Officer or, if the CEO deems it necessary, to the Board of Directors or the relevant Committee of the Board.

### Internal Control procedures

Written guidelines are distributed throughout the Group and provide the basic framework for the Group's internal control, setting out the organisational structures, procedures and controls to be applied. An ongoing procedural review ensures that the procedural guidelines are regularly monitored based on a network of procedural officers.

2004 saw completion of the Group's cross-functional guidelines (levels 1 and 2). These guidelines are now regularly updated – a process in which all the core businesses and functions actively participate. This has led in some cases to an in-depth review of existing procedures.

The number of visits to the "Group Guidelines" database has increased significantly.

In 2006, the priority action points will consist of:

- continuing to increase the number of visits to the "Group Guidelines" database;
- standardising local databases, in terms of the availability and archiving of procedures: mapping of existing databases, definition of minimum standards for system architecture and managing database intersections;
- enhancing permanent control of Group procedures.



### Internal Control standards

In 2005, the main players involved in internal control launched a project to standardise procedures focusing on risk segmentation, the scope of the internal control system, rules for measuring risks and presenting recommendations, action points and other suggestions.

In terms of "risk families", 2005 was a transition year. The General Inspection unit and GRM worked together to recast the old terminology in use within the Group (eight main risk families). This ongoing process should eventually bring Group practices more into line with Basel II (effective risk management systems proposed by the Basel Committee on Banking Supervision), under which risks are classified mainly into credit risks, market risks and operational risks.

### Human resources

At the end of 2005, the number of full-time equivalent employees (FTEs) within the different Internal Control functions was as follows:

- Second-level Permanent Controls (main specialised control functions):
  - Coordination of Permanent Controls: 50 FTEs involved in coordinating Permanent Control throughout the different entities of the Group;
  - Compliance: 465 FTEs (against 403 in 2004);
  - Group Risk Management: 834 FTEs (793 in 2004).
- Periodic Controls:
  - General Inspection unit and Internal Audit: 723 FTEs.

## 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 or disinvestment decision (excluding portfolio transactions) of more than EUR 250 million, and any proposed acquisition or divestment of equity interests of more than EUR 250 million. The Chief Executive Officer must seek preliminary approval from the Financial Statements Committee of the Board for audit assignments for total fees of over EUR 1 million (excluding taxes).

## 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 the production and quality control of the financial statements and management accounts and control over the Group's financial information systems.

These roles are performed 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 Group 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.

### **Preparation of financial information**

#### **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:** the procedures for preparing the Group's financial statements are set out in the guidelines distributed to all entities consolidated for accounting purposes. This facilitates the standardisation of accounting and financial data and compliance with Group accounting standards. Each Group entity closes off its accounts on a monthly or quarterly basis and prepares a consolidation reporting package and management accounts in accordance with Group reporting deadlines. The validation procedures which accompany each phase in the reporting process seek to verify that:
  - Group accounting standards are correctly applied;
  - inter-company transactions are correctly adjusted and eliminated for consolidation purposes;
  - pre-consolidation entries are correctly recorded.
- **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 is performed between the main income and expense items based on management data and the interim accounting profit balances before being submitted to the Group reporting system. 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.

### **Roles of the different players at each stage of the processing of accounting and financial information**

The different players in the Finance-Development function are present at three levels (entity, core business/business line, Group):

- financial management within the accounting entity is in charge of second-level controls on accounting and financial information as well as certifying that such information is correct before it is reported to the core business and to the Group;
- the core businesses/business lines reconcile accounting and management data generated at their level, thus enhancing the quality of the financial statements prepared by the accounting entities;
- the Group Finance-Development function gathers all of the accounting and management information produced by the accounting entities in line with formalised reporting procedures validated by the core businesses/business lines. It then consolidates this data for use by Executive Management or for external reporting to third parties.

### **Accounting policies and rules**

The conditions for the implementation and monitoring of internal control within banks and investment firms are set out in CRBF Regulation 97-02 as amended by the Decree of 31 March 2005. The BNP Paribas Group uses this framework to define Internal Control and to organise its Internal Control environment and general underlying principles.

The local financial statements for each entity are prepared under local GAAP. Since 1 January 2005 (date of first-time adoption), the Group consolidated financial statements have been prepared under IFRS (International Financial Reporting Standards) as adopted for use by the European Union and French GAAP is no longer used.

The Accounting Policies Department of the central Group General Accounting Department defines the accounting policies to be applied on a Group-wide basis, monitors regulatory changes and prepares new internal accounting policies and interpretations in accordance with such changes. In 2005, it drafted an IFRS manual which is gradually being made available to the core businesses/business lines and the accounting entities.

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.

#### **Description of consolidation software/information system**

Accounting and management data is recorded via an integrated consolidation software package known as MATISSE ("Management & Accounting Information System"). This integrated consolidation package is operated and updated by a dedicated team within the Group Finance function. At local level, it is fed by the Finance teams who record validated financial and accounting data.

Since 1 January 2005, all Group consolidated accounting entities have prepared their financial statements under IFRS. However, French companies continue to prepare their statutory financial statements under French GAAP while their branches also continue to use French GAAP to prepare their consolidation reporting packages. MATISSE can handle the transmission of accounting and financial data prepared under local GAAP or IFRS.

#### **Description of the Permanent Control system Accounting Internal Control within the Group Finance-Development function**

The role of the Accounting Internal Control Department within the Group Finance-Development function is as follows:

- monitoring the creation of an Accounting Internal Control Department and defining Group policy in this area, as well as ensuring the correct functioning of an accounting internal control environment within the Group;
- monitoring implementation by the entities of the Statutory Auditors' recommendations in conjunction with the core businesses/business lines;
- reporting back to Group Management and the Financial Statements Committee on the quality of the financial statements being produced within the Group.


#### **Internal certification process**

##### **At group level**

The Group Finance-Development function has introduced a process of internal certification of quarterly data produced by the different accounting entities over which the Group has sole or joint control as well as of the controls performed within the core businesses/business lines and by the Consolidation Department.

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;
- the accounting internal control system designed to ensure the quality of accounting data is operating effectively.



This internal certification process forms part of the overall Group accounting internal control monitoring system and enables the Group Finance-Development function, which has overall responsibility for the preparation and quality of the Group's consolidated financial statements, to detect any problems in the financial statements and to monitor the implementation by the accounting entities of appropriate corrective measures and, if necessary, to set aside appropriate provisions. A report on this procedure is sent to the Financial Statements Committee at the close of the Group's quarterly consolidated accounts.

**At entity level**

This procedure requires a suitably adapted accounting internal control system for each accounting entity. In order to achieve this, the Group function recommends setting up an "elementary certification process for accounting and financial data" for each entity. This procedure may be defined as a process whereby the providers of accounting controls (e.g., Front-Office, Back-Office, Human Resources, Risk Management, Tax Affairs, Management Control/Planning, Accounts Payable, Treasury Management, IT Department, etc.) formally certify that the information provided is accurate and that the basic controls required to ensure the reliability of the financial data for which they are responsible are working effectively. The elementary certificates are sent to the local Finance department which analyses them, prepares a summary report and liaises with the other players in order to monitor the effectiveness of the system.

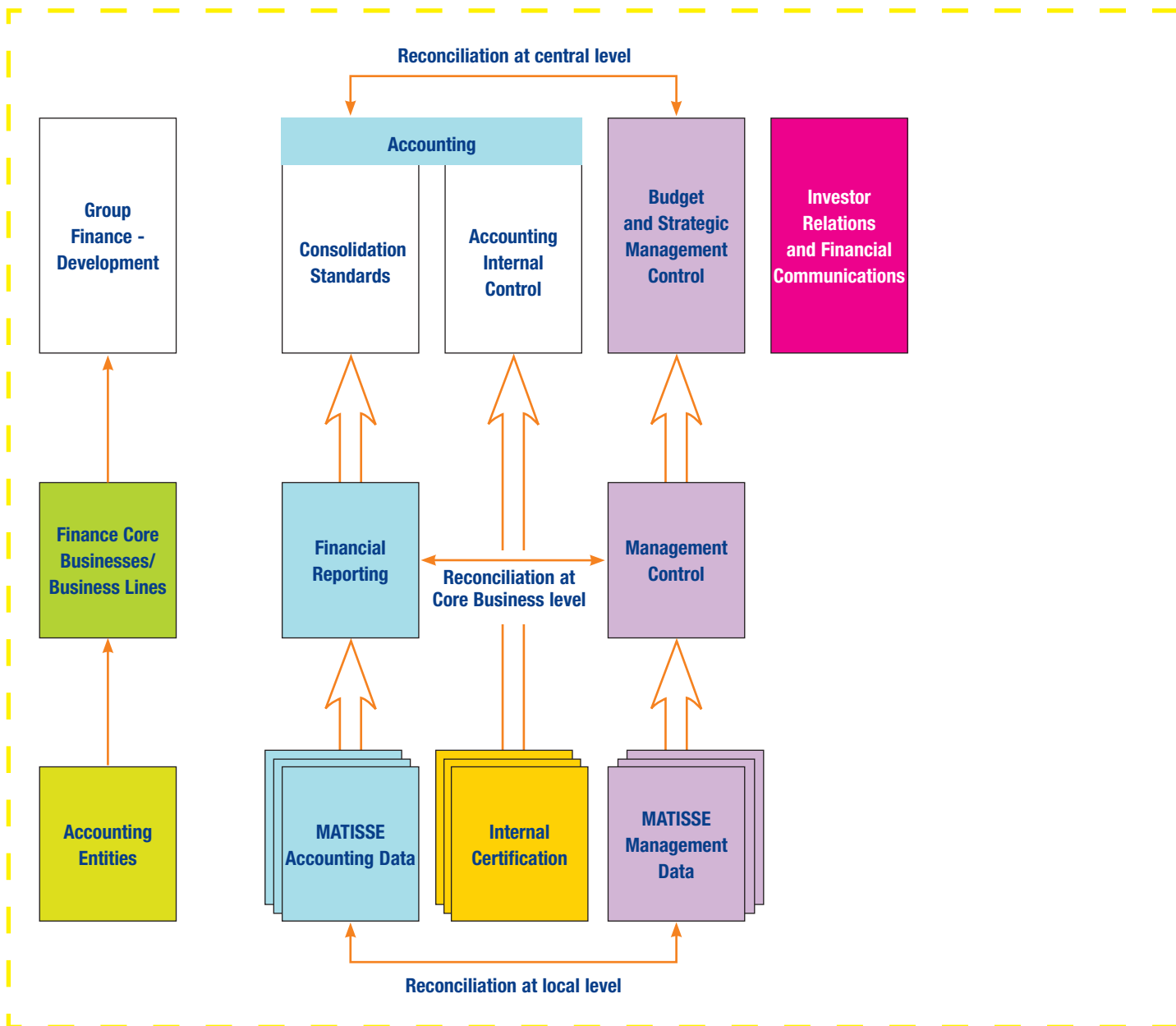
**Corporate communications  
(press releases, special presentations, etc.)**

Financial reports for external publication are prepared by the "Investor Relations and Financial Communications" team within the Group Finance-Development function for the purpose of presenting the Group's different activities, explaining its financial results and providing details of its development strategy to shareholders, institutional investors, analysts and rating agencies. The team, which reports to Executive Management and the Chief Financial Officer, devises the format in which financial information is published by the BNP Paribas Group. The team liaises with the core businesses and functions when designing the presentation of the Group's results, strategic projects and special presentations for external publication.

Due to the growing demands of investors and the Group's determination to be at the leading edge of European corporate communications, BNP Paribas has adopted a detailed communications format designed to present its results to the financial markets on a quarterly basis. The Statutory Auditors are involved in validating and reviewing the press releases containing the quarterly, half-yearly and annual financial results.

The following diagram summarises the main reporting channels for accounting and

management data within the BNP Paribas Group as described previously:





### **Periodic Controls – joint accounting inspection team**

Controls are performed by the General Inspection unit as well as by the Internal Audit Department 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 to the General Inspection unit and receives support in accounting-related matters from Group Finance-Development.

Its action points, which have been developed by the General Inspection unit in conjunction with the Group Finance-Development function, are based on the remote accounting internal control tools available to the Group Finance-Development function (internal certification processes) as well as the Risk Monitoring Committee set up by the General Inspection unit.

The core aims of the team are as follows:

- to provide accounting and financial expertise in order to reinforce the capability of the General Inspection unit when carrying out its functions;
- to disseminate internal audit best practices and standardise the quality of audit work throughout the BNP Paribas Group;
- to identify and inspect the areas of accounting risk at Group level.

### **Relations with the Group's Statutory Auditors**

Each year, the Statutory Auditors issue a report in which they give their opinion concerning the fairness of the consolidated financial statements of the BNP Paribas Group as well as the annual financial statements of the Group's subsidiaries.

The Statutory Auditors also carry out limited reviews on the quarterly accounts close.

As part of their statutory audit assignment:

- they examine any significant changes in accounting standards and present their recommendations concerning choices with a material impact to the Financial Statements Committee;
- they present the entity/core business/business line Finance functions with their findings, observations and recommendations for the purpose of improving certain aspects of the Internal Control system for the preparation of accounting and financial information reviewed in the course of their audit.

Following up and implementing the recommendations of the Statutory Auditors in respect of the Internal Control system is the responsibility of the BNP Paribas Group Finance function. The heads of Finance may use dedicated tools which facilitate the implementation of the Statutory Auditors' recommendations.

### **Human resources**

The number of people dedicated to accounting internal control is constantly being adapted to the Group's requirements. The aforementioned procedures form part of an evolving system that aims to reinforce the Group's control and guarantee an adequate level of control throughout the Group.





## Remuneration and benefits paid to corporate officers in 2005

(See Note 9 to the financial statements, pages 290–295)

In euros <i>(2004 figures in italics)</i>	Remuneration			Directors' fees paid by Group companies <sup>(4)</sup>	Benefits in kind <sup>(6)</sup>	Total remunerations <sup>(8)</sup>
	Fixed <sup>(1)</sup>	Variable <sup>(2)</sup>	Deferred <sup>(3)</sup>			
<b>Corporate officers</b>						
Michel Pébereau Chairman	700,000 <i>(700,000)</i>	831,553 <i>(839,119)</i>	342,062 <i>(358,312)</i>	29,728 <i>(22,868)</i>	4,816 <i>(4,781)</i>	1,908,159 <i>(1,925,080)</i>
Baudouin Prot Chief Executive Officer	788,333 <i>(730,000)</i>	1,171,274 <i>(801,952)</i>	234,982 <i>(218,103)</i>	91,034 <i>(22,868)</i>	4,930 <i>(4,895)</i>	2,290,543 <i>(1,777,818)</i>
Georges Chodron de Courcel Chief Operating Officer	491,667 <i>(450,000)</i>	943,518 <sup>(6)</sup> <i>(707,810)</i>	258,985 <i>(252,613)</i>	89,230 <i>(6,468)</i>	4,303 <i>(4,271)</i>	1,787,703 <i>(1,421,162)</i>
Jean Clamon Chief Operating Officer	455,000 <i>(430,000)</i>	406,970 <sup>(7)</sup> <i>(286,169)</i>	102,640 <i>(100,572)</i>	92,297 <i>(47,013)</i>	4,703 <i>(4,845)</i>	1,061,610 <i>(868,599)</i>

(1) Salary paid in 2005.

(2) Corresponding to the non-deferred portion of variable remuneration paid in 2005 in respect of 2004.

(3) Corresponding to the transfer of the final third of the deferred bonus awarded in 2001 in the form of BNP Paribas shares, to the second third of the 2002 deferred bonus in shares and to the first third of the 2003 deferred bonus in 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, BNP Paribas UK Holdings Ltd and Erbé. Jean Clamon receives fees in his capacity as director of Cetelem, BNP Paribas Lease Group, Cortal Consors, Paribas International and Erbé.

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

(6) Georges Chodron de Courcel's variable remuneration paid in 2005 in respect of 2004 was reduced by EUR 6,468 corresponding to directors' fees received in 2004.

(7) Jean Clamon's variable remuneration paid in 2005 in respect of 2004 was reduced by EUR 47,013 corresponding to directors' fees received in 2004.

(8) The average payroll tax rate on these remunerations was 35.8% in 2005 (versus 30% in 2004).

### Directors' fees

The overall amount of directors' fees available for distribution to BNP Paribas SA directors for 2005 is EUR 780,000, in accordance with the provisions of the 12th resolution adopted at the Shareholders' Meeting of 18 May 2005. The previous overall appropriation had been set at EUR 600,000 by the Shareholders' Meeting of 23 May 2000.

Acting on a recommendation from the Compensation and Nominations Committee, the Board altered several aspects of its practice regarding distribution of fees to individual directors. The governing principle remains that the amount of fees paid to each director takes into account the individual's attendance at meetings of the Board and of the Board's Committees, for half of the amount available for distribution.

The amount of fees available for distribution to each director individually for 2005 has been set at EUR 29,728 (up from EUR 22,868 since 2000, increasing in the same proportion as the overall appropriation).

The fixed portion of fees attributable to the Chairmen of the Financial Statements Committee and of the Internal Control and Risk Management Committee has been raised to EUR 15,000 to reflect the particular constraints and workload which these functions entail. The fixed portion of fees attributable to the Chairman of the Compensation and Nominations Committee has been set at EUR 9,909 for 2005. The fixed portion of fees attributable to the members of the Board's committees is EUR 5,946. Directors who live outside France are paid 1.5 times the fixed portion of directors' fees.

### Directors' fees paid in 2005 and 2004

In euros	2005	2004
Michel Pébereau	29,728	22,868
Patrick Auguste	35,674	27,442
Claude Bébéar	29,233	23,669
Jean-Louis Beffa	31,215	23,669
Gerhard Cromme	40,134	20,010
Jack Delage		3,430
Michel François-Poncet (†)	2,973	21,439
Jacques Friedmann	31,564	33,845
Jean-Marie Gianni	33,444	17,152
François Grappotte	38,020	25,556
Marie-Christine Hamonic		2,858
Alain Joly	32,700	29,728
Denis Kessler	33,940	25,841
Jean-François Lepetit	30,471	10,005
Jean-Marie Messier		1,886
Jean Morio		5,718
Lindsay Owen-Jones	22,296	15,722
David Peake		15,608
Loyola de Palacio	19,496	
Hélène Ploix	33,693	27,442
Baudouin Prot	29,728	22,868
Louis Schweitzer	46,710	30,530
Jean-François Truffelli	28,242	17,152
<b>Total</b>	<b>549,260</b>	<b>424,438</b>

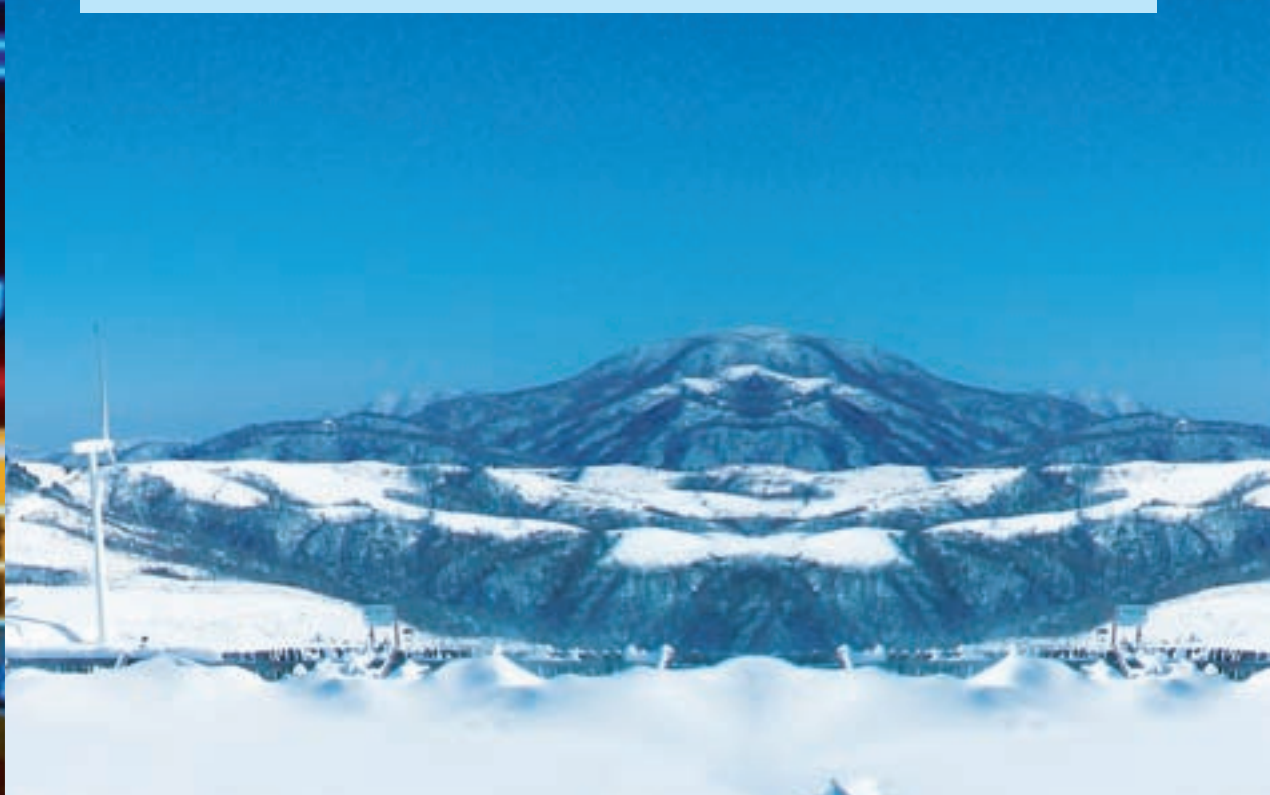
## Information on stock option plans

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 2005 (10 employees)	485,000	55.10	25/03/2005	
Options exercised in 2005 (10 employees)	830,623	26.48	26/12/1997 481,260	17/11/1998 177,388
			22/12/1999 84,000	03/05/1999 20,000
			13/05/1999 67,975	

## Fees paid to the auditors

In thousands of euros	Ernst & Young				PricewaterhouseCoopers				Mazars & Guérard				Total			
	2005	%	2004	%	2005	%	2004	%	2005	%	2004	%	2005	%	2004	%
<b>Audit</b>																
Statutory audits and contractual audits, including:																
Basic audit work	7,795	78%	6,572	71%	8,031	65%	8,176	50%	4,951	92%	4,345	72%	20,777	75%	19,093	61%
Additional work	881	9%	1,090	12%	3,391	28%	4,720	29%	238	4%	907	15%	4,510	16%	6,717	21%
Special engagements	852	8%	320	4%	128	1%	19	-	158	3%	110	2%	1,138	4%	449	2%
<b>Sub-total</b>	<b>9,528</b>	<b>95%</b>	<b>7,982</b>	<b>87%</b>	<b>11,550</b>	<b>94%</b>	<b>12,915</b>	<b>79%</b>	<b>5,347</b>	<b>99%</b>	<b>5,362</b>	<b>89%</b>	<b>26,425</b>	<b>95%</b>	<b>26,259</b>	<b>84%</b>
<b>Other services</b>																
Legal and tax advice	448	5%	876	10%	446	4%	2,931	18%	47	-	598	10%	941	3%	4,405	14%
IT consulting services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Management consulting services	34	-	188	2%	118	1%	164	1%	-	-	32	-	152	1%	384	1%
Other	26	-	100	1%	142	1%	192	2%	18	-	75	1%	186	1%	367	1%
<b>Sub-total</b>	<b>508</b>	<b>5%</b>	<b>1,164</b>	<b>13%</b>	<b>706</b>	<b>6%</b>	<b>3,287</b>	<b>21%</b>	<b>65</b>	<b>1%</b>	<b>705</b>	<b>1%</b>	<b>1,279</b>	<b>5%</b>	<b>5,156</b>	<b>16%</b>
<b>TOTAL</b>	<b>10,036</b>		<b>9,146</b>		<b>12,256</b>		<b>16,202</b>		<b>5,412</b>		<b>6,067</b>		<b>27,704</b>		<b>31,415</b>	

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



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

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



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

## NRE APPENDICES

The BNP Paribas Group reports corporate and environmental for the following entities:

1. **BNP Paribas SA:** a French *société anonyme* (public limited company).
2. **Group France:** BNP Paribas SA and its subsidiaries in France.
3. **International:** BNP Paribas SA and its international subsidiaries (excluding France).
4. **Group:** BNP Paribas SA and its subsidiaries worldwide.

### SUMMARY TABLE RELATING TO THE SOCIAL CHAPTER OF THE NEW ECONOMIC REGULATIONS (NRE) ACT

NRE indicator	2005 Comments	Scope concerned
1. Remuneration and benefits paid to each corporate officer during the financial year	See Sustainable Development section of the 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 the 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 Section 1 of the Annual Report.	Group
4. Total number of employees including fixed-term contract employees	See Sustainable Development section of the Annual Report, under <i>Human Resources Development – Workforce</i> . The number of employees managed by the Group at 31 December 2005 was 109,780 full-time equivalent employees (FTEs), representing an increase of 10,346 FTEs year-on-year. In France, the number of employees managed by the Group rose to 55,498 FTEs, including 39,142 FTEs for BNP Paribas SA, of which 252 on fixed-term contracts. The concept of <i>cadre</i> , loosely translated as "executive", is specific to the French workplace 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"> <li>• 35.7% in 2002;</li> <li>• 37.7% in 2003;</li> <li>• 39.7% in 2004;</li> <li>• 42.4% in 2005.</li> </ul>	Group France
5. Number of new permanent and fixed-term contract employees	In 2005, 9,226 new employees were recruited worldwide on permanent contracts, with women accounting for 51.7% of the total. BNP Paribas in France hired 3,950 new employees on permanent contracts in 2005. BNP Paribas SA added 3,407.6 new FTEs in mainland France, 1,373.9 men (40%) and 2,033.7 women (60%). Of the total, 697.1 were on fixed-term contracts (226 men and 471.1 women) and 326 were hired on permanent contracts following a fixed-term contract (91 men and 235 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 Group France SA mainland France

NRE indicator	2005 Comments	Scope concerned
6. Recruitment difficulties	<p>BNP Paribas remains a very attractive employer among job seekers, as borne out by the fact that the Group received over 180,000 unsolicited job applications in 2005, up 20% on the previous year.</p> <p>The internet was the medium of choice for 75% of these applications. 40% more graduates were hired than in 2004, to match the needs expressed by the various business lines. Graduates also remain a recruitment target for the Group, as evidenced by the success of the in-branch recruitment operation.</p> <p>For extensive and detailed information on this topic, see the Sustainable Development section of the Annual Report, under <i>Human Resources Development – Recruitment</i>.</p>	Group France
7. Number of and reasons for dismissals	<p>In 2005, the number of employees dismissed by BNP Paribas SA in mainland France amounted to 233.5 FTEs.</p> <p>The principal reasons for dismissals remain professional incompetence and professional misconduct.</p>	SA mainland France
8. Overtime hours	<p>In 2005, the amount of overtime represented 0.1% of regular hours for the staff concerned.</p> <p>BNP Paribas SA paid 53,462 hours of overtime in mainland France, close to 2004 levels and significantly down on those of 2003.</p>	SA mainland France
9. Temporary staff	<p>Temporary workers: the average monthly number of temporary workers remained limited at 177 FTEs. The average length of contracts was 24 days. BNP Paribas SA's expenditure on temporary staff in France amounted to EUR 7.64 million for the year.</p> <p>BNP Paribas continued to apply its system of approved vendor lists for temporary work agencies and service providers. The system was rolled-out across Europe in 2005. Agreements binding BNP Paribas and these companies include very strict clauses on compliance with employment legislation and preventing loss-making sales, which are prohibited under French law.</p> <p>In 2005, all Group entities were reminded of their duty to only use companies that guarantee compliance with employment law.</p>	SA mainland France  Europe
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 workforce adaptation</i>, where this topic is pursued in depth.</p>	SA mainland France
11. Working hours	<p>Extensive possibilities for requesting part-time work arrangements are available to employees.</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>9,167 employees have a 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

NRE indicator	2005 Comments	Scope concerned						
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>	<p>SA mainland France</p> <p>Switzerland USA UK</p>						
13. Working week for part-time employees	<p>A little under 12% of employees have chosen one of the part-time work arrangements, of which 94% are women. The main options available are 50%, 60% or 80% of a full-time equivalent.</p> <p>The 80% option has been selected by almost 70% of part-time employees.</p>	SA mainland France						
14. Absenteeism and reasons for absenteeism	<p>In 2005, the absentee rate for BNP Paribas SA in mainland France was 4.34%. Maternity leave accounted for 1.21% of the total.</p> <p>After maternity leave, other non-work related illnesses were the most common reason for long-term absences.</p> <p>See the 2005 Social Report.</p>	SA mainland France						
15. Remuneration	<p>The average monthly remuneration of BNP Paribas SA employees in mainland France was EUR 2,869 in 2005.</p> <ul style="list-style-type: none"> <li>• 95.2% of employees received a variable remuneration bonus (94.8% of women and 95.6% of men).</li> <li>• 38.8% were awarded an increase in fixed remuneration.</li> <li>• 13.2% were promoted.</li> </ul> <p>See Sustainable Development section of the Annual Report, under <i>Human Resources Development - A broad and competitive remuneration package/remuneration</i>.</p>	SA mainland France						
16. Changes in remuneration	<p>In February 2005, a wage agreement was signed that provided for the payment of a 25% bonus calculated on the basic salary for January 2005. Employees in receipt of this bonus were also offered the possibility to allocate EUR 70 to the BNP Paribas employee share savings plan, with a 300% matching contribution by the company.</p> <p>On 22 December 2005, a wage agreement was signed in respect of advance negotiations for 2006. From 1 January 2006, the annual salary of BNP Paribas SA employees increased by 1.20% with a minimum rise of EUR 315. At the end of February 2006, BNP Paribas SA employees will receive a one-off bonus of between EUR 500 and EUR 1,000 equivalent to 20% of their basic monthly salary.</p>	SA mainland France						
17. Payroll expenses	<p>The Group adopted International Financial Reporting Standards (IFRS) in 2005. Payroll taxes for the Group's full scope of consolidation were as follows:</p> <table data-bbox="541 1589 1070 1655"> <thead> <tr> <th></th> <th style="text-align: right;">2004</th> <th style="text-align: right;">2005</th> </tr> </thead> <tbody> <tr> <td>(in millions of euros)</td> <td style="text-align: right;">1,678</td> <td style="text-align: right;">1,662</td> </tr> </tbody> </table>		2004	2005	(in millions of euros)	1,678	1,662	Group
	2004	2005						
(in millions of euros)	1,678	1,662						



NRE indicator	2005 Comments	Scope concerned
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 the Annual Report, under <i>Human Resources Development – A group-wide approach to career management – A broad and competitive remuneration package</i>.</p> <p>At 31 December 2005, the Group's savings plans for current and former employees, which have around 75,000 beneficiaries, held assets of EUR 3.2 billion, including EUR 2.8 billion in BNP Paribas shares. The employee savings offering was extended during the year with the implementation of PERCO, a retirement savings product. The geographical breakdown of staff outside France that took up the 2005 employee share issue is as follows:</p> <ul style="list-style-type: none"> <li>• Europe: 55%;</li> <li>• Asia: 27%;</li> <li>• North America: 7%;</li> <li>• Africa: 6%;</li> <li>• South America: 4%;</li> <li>• Middle East: 2%.</li> </ul>	Group
19. Professional equality	<p>See Sustainable Development section of the Annual Report, under <i>Human Resources Development – Employee Diversity – Professional Equality</i>. 51.8% of BNP Paribas employees worldwide are women (based on physical headcount).</p> <p>BNP Paribas SA's FTE staff in mainland France is composed of 18,125.3 men and 21,017.1 women.</p> <p>Of the FTE personnel recruited in 2005, 1,373.9 were men and 2,033.7 were women.</p> <p>Subsequent to the professional equality agreement signed by BNP Paribas in April 2004, Cetelem SA France also entered into a unanimous agreement with five trade unions in March 2005, and was the first company in the finance sector in France to receive the "Equality label" from the French minister for social integration and equal opportunity.</p> <p>The proportion of female executives continued to rise:</p> <ul style="list-style-type: none"> <li>• 34.2% in 2001;</li> <li>• 35.7% in 2002;</li> <li>• 36.9% in 2003;</li> <li>• 37.7% in 2004;</li> <li>• 38.8% in 2005.</li> </ul> <p>Proportion of female employees receiving promotion:</p> <ul style="list-style-type: none"> <li>• 54.7% in 2002;</li> <li>• 55.6% in 2003;</li> <li>• 55.8% in 2004;</li> <li>• 57.1% in 2005.</li> </ul>	Group SA mainland France
20. Employee relations and collective bargaining	<p>See Sustainable Development section of the 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 2005. The Commission on Employment Law – BNP Paribas SA's labour negotiation body – met on 35 occasions in 2005 and 17 new agreements were signed with trade unions. Several of these agreements led to the improvement or expansion of employee savings plans within the company.</p> <p>Following on from the provisions regarding professional training introduced in 2004, and a branch agreement on 27 July 2005, BNP Paribas entered into an agreement on 8 July 2005 setting out the terms and conditions for implementing the Right to Individual Training.</p>	SA mainland France

21. Health and safety

In 2005, occupational physicians held 20,452 consultations with staff, including 945 spontaneous visits. Occupational physicians referred 3,268 employees to medical specialists. BNP Paribas continued to pursue its initiatives to promote health and safety and prevent risks, in the following areas:

- *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 all employees who have been attacked, explaining what steps they need to take.

A brochure on how to respond to such situations has also been produced for the various Human Resources divisions, as the procedures involved are often new to them. To prevent administrative delays in processing work injury filings, avoid the 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 96 employees and took 350 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. Ongoing training on vaccinations, audiometrics and emerging health risks has been introduced for medical staff. The Group has set up a procedure for monitoring employees' hearing in conjunction with the health insurance body for the Paris region, in the aim of improving ambient noise conditions.

- *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 programmes, 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 musculoskeletal problems. Special medical attention continues to be devoted, since the success of a pilot programme 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 provided with a brochure entitled "Health, Travel and Work" as well as a medical kit for the prevention of HIV/AIDS and hepatitis C.

Large-scale vaccination campaigns also continued, with 3,250 anti-flu vaccines administered in 2005, up 52% on 2004. One-time vaccinations are also carried out upon request from employees.

SA mainland  
France

NRE indicator	2005 Comments	Scope concerned																
	<p>The cardiovascular disease prevention programme 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. 922 persons contributed to the blood donation drive.</p> <p>The Group has also put in place a system for monitoring the health risks attached to the bird flu pandemic.</p>																	
22. Training	<p>See Sustainable Development section of the Annual Report, under <i>Human Resources Development – Ongoing Skills Development</i>.</p> <p>The numbers of employees at BNP Paribas units in mainland France enrolled in training for a professional qualification were as follows:</p> <ul style="list-style-type: none"> <li>• 541 for the Brevet Professionnel banking diploma;</li> <li>• 566 for the BTS banking qualification;</li> <li>• 221 for the Institut Technique de Banque.</li> </ul> <p>The Group's training centre in the Louveciennes campus recorded the following results:</p> <table border="1" data-bbox="541 1028 1207 1159"> <thead> <tr> <th></th> <th>2003</th> <th>2004</th> <th>2005</th> </tr> </thead> <tbody> <tr> <td>No. of courses</td> <td>944</td> <td>1,025</td> <td>1,018</td> </tr> <tr> <td>No. of trainees</td> <td>20,963</td> <td>21,065</td> <td>20,433</td> </tr> <tr> <td>No. of trainee days</td> <td>41,601</td> <td>42,655</td> <td>41,126</td> </tr> </tbody> </table>		2003	2004	2005	No. of courses	944	1,025	1,018	No. of trainees	20,963	21,065	20,433	No. of trainee days	41,601	42,655	41,126	SA mainland France
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23. Employment and integration of disabled employees	<p>See Sustainable Development section of the Annual Report, under <i>Human Resources Development – Employee Diversity – Employment and integration of handicapped employees</i>.</p> <p>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 963 disabled employees within BNP Paribas SA in mainland France at 31 December 2005. The Group has kept up its efforts to help disabled persons remain employed through measures such as adapting the work environment for hearing or mobility impaired persons or redesigning a vehicle and taking on taxi expenses for persons with motor disabilities.</p> <p>An "Accessibility" working group, bringing together staff from the SIG, RHG, IMEX, and 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. The font used on the intranet portal can now be increased to allow sight impaired employees equal access to information.</p> <p>A study is currently being carried out by a consultant specialising in the application of human resources for handicapped employees. Its aim is to identify ways of employing handicapped persons, both internally and externally through special centres for the disabled.</p> <p>To support the charitable endeavours of staff members, the BNP Paribas Foundation once again carried out a programme of grants, entitled <i>Coup de pouce</i>. In 2005, as in other years, fighting the consequences of disabilities was at the forefront of employees' concerns and charitable commitments.</p>	SA mainland France																

NRE indicator	2005 Comments	Scope concerned
24. Company benefit schemes	<p>National-level social and cultural activities are administered by the Central Works Council. Other staff benefit schemes are coordinated by local works councils.</p> <p>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.</p> <p>A sports and cultural society allows staff to take part in and attend a variety of team sports and cultural events.</p> <p>A breakdown of BNP Paribas SA's contributions to employee benefit schemes is provided in the 2004 Social Report.</p>	SA mainland France
25. Relations with the community, including associations to combat social exclusion, educational institutions, amenity and consumer associations, and local residents	<p><b>Educational institutions:</b> in 2005, entities of the BNP Paribas SA network had forged over 1,000 formal or informal partnerships with schools. These relations often take the form of 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><b>Consumer organisations:</b> the Quality &amp; Consumer Relations Department within French Retail Banking has set up partnerships with around a dozen consumer rights groups.</p> <p><b>Assistance with social insertion projects:</b> see Sustainable Development section of the Annual Report, under <i>Patronage, remarks on the strengthening of the partnership with Adie, a non-profit association providing micro loans for business projects.</i></p> <p>BNP Paribas also participates in the recruitment and diversity initiatives of IMS, a French association promoting corporate social responsibility. It has undertaken to interview any candidates put forward by IMS on the basis of a profile description provided by the Group. The Group also works with AFIJ, a French organisation that helps young graduates enter the workplace through the recruitment of candidates from visible minorities by means of forums, applications forwarded by AFIJ, etc.</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>	SA mainland France
26. Contribution to regional development and employment	<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>BNP Paribas' Retail Banking network in France boasts some 5.7 million individual and private banking clients, 30,000 employees, 2,200 branches and 3,400 automatic cash dispensers.</p> <p>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 the creation of employment and local development.</p>	SA mainland France

NRE indicator	2005 Comments	Scope concerned
27. Outsourcing and the Bank's policy with subcontractors: steps to ensure that subcontractors comply with International Labour Organization (ILO) standards	<p>Global Procurement Group (GPG) manages all procurement contracts in excess of EUR 1 million.</p> <p>Since 2002, all contracts negotiated and signed by GPG include clauses providing for compliance with International Labour Organization (ILO) standards or setting out local employment law principles in the event that such principles are stricter than ILO standards.</p> <p>To promote transparency, GPG set up a dedicated suppliers' portal on the official BNP internet site in 2005, with supplier contracts making explicit reference to sustainable development and compliance with ILO standards. For more information visit <a href="http://fournisseur.bnpparibas.com/dev.htm">http://fournisseur.bnpparibas.com/dev.htm</a>.</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>	Group
28. Steps taken by the Bank to ensure that subsidiaries comply with ILO standards	<p>Within the scope of the implementation of regulation 97.02, in 2004 and 2005 GPG systematically reviewed and audited all the major outsourcing agreements entered into by Group entities in locations worldwide. Where clauses relating to corporate responsibility are missing or inaccurate, the entity could be requested to renegotiate the contract.</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	2005 Comments	Scope concerned
1. Water consumption	<p>Not enough data has been collected on water consumption in 2005 to make a year-on-year comparison. In locations where water consumption was measured in 2004, it fell by 11.9% in 2005.</p> <p>More countries contributed data to the water consumption statistics than in previous years, with Italy, Spain, Luxembourg, the UK, Germany, the USA, Singapore and Turkey now providing data.</p> <p>The real estate arm of Global Procurement Group worked towards discontinuing the use of open loop air conditioning systems in renovation projects by authorising the additional cost of alternative solutions.</p>	<p>Central Paris area buildings</p> <p>International</p>
2. Raw material consumption	<p>For a service provision Group like BNP Paribas, paper is the number one raw material consumed.</p> <p>In 2005, the Group discontinued the paper edition of its press review, thus saving 800,000 sheets of paper per month (9.6 million per year). Data provided by printers at the request of the GPG resulted in more efficient paper cuts.</p> <p>Overall paper consumption in France, including volumes purchased from printers, envelopes and roll paper from printing centres, and paper reams, decreased significantly to 9,498 tonnes.</p> <p>In other countries, representativeness amounted to 34.6% of employees concerned.</p> <p>Approximately 5% of office equipment ordered in France is manufactured from recycled materials, while the rate is 20% in Switzerland and Luxembourg.</p>	Group
3. Energy consumption	<p>Group entities in France consumed 271.5 GWh of electricity in France in 2005, representing average consumption of 4.8 MWh per FTE. Representativeness in other countries increased to 44.2% of employees concerned. The consumption of cooled water for air conditioning was measured at 12.1 GWh in 2005.</p>	<p>Group</p> <p>Central Paris area buildings</p>

NRE indicator	2005 Comments	Scope concerned
4. Measures taken to improve energy efficiency	<p>The Group has taken energy conservation measures in its central Paris buildings, 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). On a regular basis, the Group compares the energy consumption of similar sized buildings in order to identify any discrepancies and implement the necessary remedial actions. Outside France, GPG's Real Estate Department played a role in energy conservation issues, promoting solutions that save electricity and fuel oil in the construction and renovation of buildings.</p>	<p>Central Paris area buildings</p> <p>Group</p>
5. Use of renewable energy sources	<p>In 2005, market conditions did not allow forms of energy delivery in France to be amended and it was therefore not possible to increase the proportion of renewable energy purchased to any great extent. The target of raising renewable energy to 15% of total consumption has nevertheless been maintained. In Germany, 18% of the electricity used by BNP Paribas and Cortal Consors is renewable.</p>	Group France
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.</p> <p>For each project, Meunier Habitat appoints a specialist architect's office to carry out a diagnostic review of the extent of the soil contamination. The architect defines the specifications for a soil identification programme, contamination studies are performed using tests and analyses, and a soil report is drawn up. Meunier Habitat uses this report to carry out any remediation work required to ensure that the soil meets all applicable regulatory standards.</p> <p>In addition to these initiatives, the Group applies "environmental housing" certification provisions to certain Meunier Habitat programmes. These mainly concern the management of pollution-related problems with a view to meeting the objectives required in terms of health, ecological balance and comfort of use.</p>	Meunier Habitat

## 7. Emissions to air, water and soil

As explained in the Sustainable Development section of the Annual Report, under the *Environment* heading, the Group's corporate and environmental data management software is now up and running (see also section 3 above). In general, the reliability of the data used to draw up the global CO<sub>2</sub> survey was confirmed in 2005 and more countries were included in the scope of the survey. There is still not enough data to draw up such a survey at Group level. In France, the data collected took into account information on electricity consumption, work-related travel of employees in France and other countries, and commuting between the home and office in France, enabling an initial estimate of CO<sub>2</sub> equivalent emissions per FTE (less than 2.2 tonnes). The Group compares favourably with its competitors in this regard. The calculation methods 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 air 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.

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, these estimates will be made more precise.

The drop in the emission rate in 2005 is mainly due to the combined effects of a considerable increase in train as opposed to air travel, and a higher proportion of employees in the Paris region than in the provinces, which significantly decreases the impact of commuting.

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:

- Hydrocarbons: 5%;
- Electricity: 10%;
- Trip mileage per car, based on taxable horsepower: 10%;
- Commuting: 20%;
- Air travel: 20%.



NRE indicator	2005 Comments	Scope concerned
8. Noise and odour pollution	<p>No complaints related to noise or odour issues were addressed to the Group in 2005.</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>	
9. Waste processing	<p>The roll-out of a system for collecting used toner cartridges continued in France in 2005, in association with Conibi, the industry grouping of toner cartridge producers: 48,197 used cartridges were collected in 2005, a more than fivefold increase on the previous year. In France, 62% of toner cartridges were collected for recycling, and 10 entities collected 100% of their used cartridges.</p> <p>In other countries, 18,343 cartridges were collected, representing a figure of 64% for the territories concerned. Several countries achieved a 100% collection rate.</p> <p>Paper collection for recycling also continued in 2005 with 5,380 tonnes collected in France. Litter bins that enable employees to separate recyclable from non-recyclable waste are currently being rolled-out in all entities. Based on figures collected from 22.6% of staff outside France, paper collection stood at 960 tonnes.</p> <p>Following the adoption of the European Directive on Waste Electrical and Electronic Equipment (WEEE) in 2005, the Group tested procedures for collecting and recycling electronic equipment in France. The Group examined the results of these tests at the start of December in order to decide the most appropriate way forward in this regard.</p> <p>A WEEE initiative was also put in place in the UK.</p>	<p>France, UK, Hong Kong</p> <p>Central Paris buildings</p>
10. Measures taken to avoid upsetting the biological balance	<p>As part of the CO<sub>2</sub> 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 Paris buildings. Once such processes have been identified, the Group attempts to reduce their use.</p> <p>To minimise environmental impact, the Group has issued recommendations on the choice of paint. Resources for detecting asbestos in buildings were also reinforced within the scope of an asbestos action plan.</p> <p>Air and water quality are measured on a regular basis.</p>	<p>Group in France</p>

NRE indicator	2005 Comments	Scope concerned
11. Measures taken to ensure compliance with legal requirements	<p>BNP Paribas continuously strives for the highest standards of ethical behaviour, 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 Group Compliance function, whose director reports directly to the Chief Executive Officer and has broad powers throughout the Group. The Group Compliance function distributes Group level directives regarding continuous control and monitors the development of the mechanism in the Group's entities. 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>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> <p>Clauses covering the corporate and environmental responsibility of suppliers are systematically included in service agreements.</p>	Groupe France
12. Steps taken towards environmental evaluations and certifications	<p>Following its listing in the Ethibel Sustainable Index (ESI) in 2005, BNP Paribas is the only French bank present on all the benchmark indexes for socially responsible investment: DJSI World, DJSI Stoxx, ASPI Eurozone, ESI, FTSE4Good Global and FTSE4Good 50.</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 corporate and environmental responsibility.</p> <p>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 CO<sub>2</sub> survey, it has been able to appraise the environmental consequences of its operations and improve its environmental effectiveness.</p> <p>Meunier Immobilier d'Entreprise received the High Environmental Quality (HEQ) mark in connection with the French standard on tertiary buildings (planning and design phase), in respect of its SNC A4C project in France. This project, with a usable surface area of 25,500 sq.m., was delivered at the end of December 2005. HEQ certification guarantees the project's environmental compliance with criteria such as the harmonious relation between buildings and their immediate surroundings; the elimination of unpleasant smells; acoustic and visual comfort; and water and energy management. To date, only eight projects have received HEQ certification in France and the inclusion of Meunier Immobilier d'Entreprise in this figure is a sign of its environmental commitment.</p>	Groupe France
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. See the Sustainable Development section of the Annual Report, under <i>Impact on the natural environment – Using all available levers for improvement</i>.</p>	Groupe France

NRE indicator	2005 Comments	Scope concerned
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 Global Procurement Group outside France. The Corporate Facilities Management Department has over 700 employees, while 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, Global Procurement Group and Group Sustainable Development, roadmaps have been defined, setting targets and determining steps to be taken in 2006.</p>	
15. Environmental training and information programmes for employees	<p>All the Group's internal communications channels – including its website, in-house newsletter <i>Ambition</i> as well as conventions and other company events – are used to promote its corporate and environmental responsibility. 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, covering 97% of entities. Sustainable development is a major focus of this website, by means of both a dedicated sustainable development section and a legal section containing sample clauses to help in the drafting of agreements.</p> <p>Employees attached to the Global Procurement Group function are continually brought up to date on environmental issues by the Head of Sustainable Development. The annual meeting of procurement managers of BNP Paribas entities in France was devoted to sustainable development. It included a validation of WEEE and other initiatives in progress and dealt with collecting indicator data, setting up an environmental management system and defining an action plan for 2006.</p> <p>The definitions of 2005 functions and objectives of Global Procurement Group staff included individual steps for sustainable development. The Corporate Facilities Management Department also raises staff awareness through articles in its internal newsletter, organising external training sessions and publishing a document on workstation ergonomics.</p>	Group
16. Efforts devoted to the reduction of environmental risks	<p>See Sustainable Development section, under <i>Environment – a forward looking and responsible approach to financing</i>.</p> <p>BNP Paribas has set up a team dedicated to the research and promotion of market solutions for its customers, to help them fulfil their obligations to reduce greenhouse gas emissions in line with the Kyoto protocol and European Directives on CO<sub>2</sub> emission quotas. As a financial institution BNP Paribas plays a full role in facilitating the operation of these markets and contributing to their development.</p> <p>BNP Paribas is an active member of the French association <i>Entreprises pour l'Environnement</i> (companies for the environment).</p>	
17. Structure to deal with pollution incidents extending beyond the 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 were affected.</p>	

NRE indicator	2005 Comments	Scope concerned
18. Amount of provisions and guarantees covering environmental risks	The Group's USD 4.9 million provision is earmarked for possible private disputes and is not intended to cover any fines for regulatory non-compliance.	Group
19. Amount of compensation paid following legal decisions relating to the environment	The Group has not had any court rulings against it on environmental matters.	
20. Environmental objectives set for foreign subsidiaries	<p>BNP Paribas' guiding principles, namely the Global Pact 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.</p> <p>Operating units are responsible for implementing the Group's guiding principles throughout their reporting organisations, including subsidiaries, in all territories.</p> <p>The General Inspection Unit and the Sustainable Development function completed the design of an audit methodology to measure the Group's practical compliance with corporate 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>	



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



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

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

# STATUTORY AUDITORS' REVIEW REPORT ON THE PROCESS USED BY THE BNP PARIBAS GROUP TO COMPILE ENVIRONMENTAL AND SOCIAL INFORMATION

*This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

Further to your request and in our capacity as Statutory Auditors of BNP Paribas, we have performed a review enabling us to express moderate assurance on the process used to compile the environmental and social information relating to 2005 which is presented in the Group's Sustainable Development report.

The procedures used to compile environmental and social information included in this report were drawn up by BNP Paribas' Sustainable Development function. Our responsibility is to form a conclusion on the process used for compiling such information.

## **Nature and scope of our work**

We performed the procedures described below, which enabled us to obtain moderate assurance that no material anomalies exist with respect to the compilation of environmental and social information. This type of review does not include all of the procedures required to obtain reasonable assurance (a higher level of insurance). Moreover, our review is not intended, and therefore does not allow us, to form a conclusion on the accuracy of the reported figures and published information.

- We assessed the procedures used by the various Group entities in reporting environmental and social information to the head office in light of their relevance, reliability, objectivity and understandability.
- We conducted interviews with the persons involved in the reporting process within the various departments responsible for compiling environmental and social information, in order to check that the procedures had been duly and properly understood and implemented, and that the processes in place were consistent.

Regarding environmental reporting, we met with representatives from the French Retail Banking core business, and from the Global Procurement and Corporate Facilities functions, as well as with the head of Sustainable Development at Arval. Regarding social reporting, we met with the various representatives of the Group's Human Resources department and occupational medicine unit.

- We also conducted interviews with members of the Group's Sustainable Development function.

In performing our work, we were assisted by members of our teams specialised in sustainable development issues, who were in turn supervised by Eric Duvaud (Ernst & Young) and Sylvain Lambert (PricewaterhouseCoopers).

## **Details of the process**

Environmental and social information is frequently compiled by staff using reporting tools implemented for the purpose of managing internal operations. The compilation process only involves a limited number of people, who provide transversal coverage of certain Group entities. They often use Group databases or information directly provided by suppliers, which helps to reduce the volume of data entry and related risks of error.

The procedures used to compile such information have been formally documented in a report setting out environmental and social reporting standards, which are set to be applied with effect from 2006. An environmental reporting system has also been created and is currently being rolled out. The environmental and social reporting process is the subject of increasingly formalised procedures.

In view of this, the Group's current procedures and related information system can be improved, particularly as regards the comprehensiveness of information compiled, the extent to which the procedures and system respond to the challenges set by BNP Paribas in the area of sustainable development, and the description of internal control. The procedures could also be rolled down to those responsible for compiling and consolidating the environmental and social information.

#### Conclusion

Based on our review, we did not identify any material anomalies that indicate that the process used to compile environmental and social information does not comply with the Group's reporting instructions for 2005.

Paris, 5 April 2006

**The Statutory Auditors  
Barbier Frinault & Autres  
Ernst & Young**

Radwan Hoteit

**The Statutory Auditors  
PricewaterhouseCoopers Audit**

Étienne Boris

## GLOSSARY

<b>Accretion</b>	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.
<b>ADR (American Depositary Receipt)</b>	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.
<b>AMS</b>	Asset Management and Services.
<b>Arbitrage</b>	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.
<b>Attribution right</b>	Right to receive bonus shares issued in connection with a capital increase paid up by capitalising retained earnings. Attribution rights are quoted.
<b><i>Avoir fiscal</i></b>	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.
<b>B2B or BtoB</b>	Business to Business: sales of products or services by one company to another.
<b>B2C or BtoC</b>	Business to Consumer: sales of products or services by a company to a consumer.
<b>B2E portal</b>	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.
<b>Back office</b>	Department responsible for all administrative processing.



<b>Bond/debenture</b>	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.
<b>Capital</b>	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.
<b>Capital increase</b>	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.
<b>Cash flow</b>	Cash generated by operations that can be used to finance investment without raising equity or debt capital.
<b>CECEI</b>	<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.
<b>CIB</b>	Corporate and Investment Banking, one of the BNP Paribas Group's core businesses.
<b>Comité Consultatif des Actionnaires</b>	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.
<b>Consolidated net income</b>	Net income of the Group after deducting the portion of the profits of subsidiaries attributable to minority shareholders.
<b>Convertible bond</b>	Bond convertible into the issuer's shares on terms set at the time of issue.
<b>Corporate governance</b>	Series of principles and recommendations to be followed by the management of listed companies.

Coupon	The coupon represents the right of the holder of a security to collect an amount corresponding to the revenue distributed on the security for a given year.
Custody fee	Fee received by a bank or broker to hold and service securities recorded in a securities account. Custody fees are payable annually in advance. They are not refunded if the securities are sold during the year, but no fees are payable on securities deposited during the year until the beginning of the next year.
CVR (Contingent Value Rights Certificate)	Financial instrument generally issued in connection with the acquisition of a listed company, guaranteeing the value of the underlying security at a pre-determined date. The CVR entitles the shareholder of the target to receive an amount equal to the positive difference between the offer price and a "reference" price.
Derivatives	Contracts whose value is based on the performance of an underlying financial asset, index or other investment, used to hedge or profit from future changes in the value of the underlying.
Dilution	Impact on the rights attached to a share of the issue of securities (in connection with a capital increase, a merger, a stock-for-stock tender offer or the exercise of rights), assuming that there is no change in the total income of the issuer.
Dividend	Portion of net profit that the Annual General Meeting decides to distribute to shareholders. The amount of the dividend is recommended by the Board of Directors. It represents the revenue on the share and the amount can vary from one year to the next depending on the company's results and policy.
EONIA	Euro OverNight Index Average.
EUREX	A derivatives market.
EURIBOR (European InterBank Offered Rate)	The most commonly used money-market rate in the 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.

<b>FCP (<i>Fonds Commun de Placement</i>)</b>	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.
<b>Free cash flow</b>	Cash available after financing operations and investments, available to pay down debt.
<b>Free float</b>	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.
<b>Gain/loss on securities</b>	Positive/negative difference between the sale price of a security and the purchase price.
<b>Goodwill</b>	Difference between the cost of shares and the Group's equity in the fair value of the underlying net assets.
<b>Hedge funds</b>	Funds that take both long and short positions, use leverage and derivatives and invest in many markets.
<b>IAS</b>	International Accounting Standards.
<b>IFRS</b>	International Financing Reporting Standards.
<b>IFU (<i>Imprimé Fiscal Unique</i>)</b>	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.
<b>Institutional investor</b>	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.

<b>Investment club</b>	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.
<b>IRB</b>	International Retail Banking, one of the BNP Paribas Group's core businesses.
<b>IRFS</b>	International Retail Banking and Financial Services.
<b>ISIN code</b>	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.
<b>LBO</b>	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.
<b>LIFFE</b>	London International Financial Futures and Options Exchange.
<b>Liquidity</b>	Ratio between the volume of shares traded and the total number of shares in issue.
<b>LME</b>	London Metal Exchange.
<b>M &amp; A</b>	Mergers & Acquisitions.
<b>Market capitalisation</b>	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 ( <i>contrats d'animation</i> ) are entered into between Euronext, the issuer and a securities dealer.
MONEP ( <i>Marché d'Options Négociables de Paris</i> )	Paris traded options market, including CAC 40 index options and equity options.
OAT ( <i>Obligation Assimilable du Trésor</i> )	French government bonds.
OCEANE ( <i>Obligation Convertible En Actions Nouvelles ou Existantes</i> )	Bond convertible for new shares or exchangeable for existing shares of the issuer.
OPA ( <i>Offre Publique d'Achat</i> )	French acronym for a public tender offer for cash.
OPE ( <i>Offre Publique d'Échange</i> )	French acronym for a public stock-for-stock tender offer.
OPF ( <i>Offre à Prix Fixe</i> )	French acronym for a public offering of securities at a set price.
OPR ( <i>Offre Publique de Retrait</i> )	French acronym for a compulsory buyout offer (final stage in a squeeze-out).
OPRA ( <i>Offre Publique de Rachat d'Actions</i> )	French acronym for an offer to buy out the minority shareholders of a company that is already largely controlled (first stage in a squeeze-out).
Option	Contract giving the buyer the right (but not the obligation), to purchase or sell a security at a future date, at a price fixed when the option is written (exercise price), in exchange for a premium paid when the option is purchased. Options to purchase a security are known as calls and options to sell a security are known as puts.
OPV ( <i>Offre Publique de Vente</i> )	French acronym for a public offering of securities at a set price.
ORA ( <i>Obligation Remboursable en Actions</i> )	French acronym for equity notes, representing bonds redeemable for shares.
P/E	Price/Earnings ratio. Ratio between the share price and earnings per share. The P/E serves to determine the multiple of earnings per share represented by the share price.

Par value	The par value of a share is the portion of capital represented by the share.
PEA ( <i>Plan d'Épargne en Actions</i> )	French name for personal equity plans. Savings products designed to promote private share ownership, invested in shares of companies that have their headquarters in a European Union country or in units in qualifying unit trusts, revenues and capital gains are exempt from personal income tax and capital gains tax provided that the savings are left in the plan for at least five years. Investments in PEAs are capped at EUR 120,000 per individual.
PEE ( <i>Plan d'Épargne Entreprise</i> )	French name for employee share ownership plans. Payments into the plan and reinvested interest are exempt from personal income tax provided that they are left in the plan for at least five years (with early withdrawal allowed in certain specific cases). Surrender gains are also exempt from personal income tax.
Pre-emptive subscription rights	When a company issues shares for cash, each shareholder has a pre-emptive right to subscribe for a number of new shares pro rata to the number of shares already held. The right can be traded on the stock market. Companies can ask the General Meeting to cancel shareholders' pre-emptive subscription rights to facilitate certain operations or allow the company to open up its capital to new investors.
Preference shares	Preference shares are shares that pay dividends at a specified rate and have a preference over ordinary shares in the payment of dividends and the liquidation of assets. They do not carry voting rights.
Price guarantee	When a company acquires control of a listed target, it is required to offer the target's minority shareholders the opportunity to sell their shares at the same price as that received by the sellers of the controlling interest. The offer must remain open for at least fifteen trading days.
Primary market	Market where newly-issued securities are bought and sold.
Prime brokerage	Activity consisting of providing a wide range of services to hedge funds, including financing, securities settlement/delivery, custody, securities lending/borrowing, etc.
Public tender offer	Offer to buy shares of a company, usually at a premium above the shares' market price, for cash or securities or a combination of both. Where only a small proportion of the company's shares are traded on the market and the offer is followed by a compulsory buyout, the process is known as a "squeeze-out".

<b>Quorum</b>	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".
<b>Quotation</b>	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.
<b>Rating/rating agencies</b>	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.
<b>RBF</b>	Retail Banking in France.
<b>Report</b>	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.
<b>ROE</b>	Return on Equity. Ratio between consolidated net income and consolidated shareholders' equity.
<b>Secondary market</b>	Market where securities are bought and sold subsequent to their issue.
<b>Settlement</b>	Monthly date when transactions with deferred settlement ( <i>Service de Règlement Différé</i> ) are unwound (or extended). This date corresponds to the fifth trading day before the last trading day in the month.
<b>Share</b>	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".

<b>SICAV (<i>Société d'Investissement à Capital Variable</i>)</b>	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.
<b>SICOVAM (<i>Société Interprofessionnelle pour la Compensation des Valeurs Mobilières</i>)</b>	Now renamed Euroclear France. Organisation responsible for clearing securities trades, centralising all stock market transactions and facilitating the transfer of securities between member institutions.
<b>SPVT (<i>Spécialiste en Pension des Valeurs du Trésor</i>)</b>	Primary dealer in French government bond repos.
<b>SRD (<i>Service de Règlement Différé</i>)</b>	French market where the main French and foreign equities are traded. Equities or bonds purchased with deferred settlement are purchased on credit. The buyer is required to settle the purchase price and the seller is required to deliver the securities on the next settlement date, unless one or other of the parties asks for the transaction to be carried over to the next settlement date ( <i>report</i> ).
<b>Subscription right</b>	Right to participate in a share issue for cash.
<b>TBB (<i>Taux de Base Bancaire</i>)</b>	Interest base rate.
<b>TMO (<i>Taux Mensuel de Rendement des Emprunts Obligataires</i>)</b>	Interest rate corresponding to the monthly bond yield.
<b>TPI (<i>Titre au Porteur Identifiable</i>)</b>	Procedure allowing issuers to obtain information about the identity of holders of bearer shares from Euroclear.
<b>Trade Centre</b>	Specialised sales force set up by BNP Paribas to partner its corporate customers' international development. The Trade Centres offer importers and exporters a wide range of customised services based on the "one-stop-shopping" principle.
<b>Treasury shares</b>	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.



<b>TSDI</b> ( <i>Titre Subordonné à Durée Indéterminée</i> )	French acronym for perpetual subordinated notes.
<b>TSR</b>	Total Shareholder Return: corresponding to return on the capital invested by shareholders, including dividends and unrealised gains on the shares.
<b>UCITS</b>	Undertaking for Collective Investment in Transferable Securities. Term covering unit trusts and variable capital investment companies.
<b>Voting right</b>	Right of a shareholder to vote in person or by proxy at General Meetings.
<b>Warrant</b>	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.
<b>Work flow</b>	Process automation technology allowing the sequential transmission of digital documents and files to the various people responsible for processing the data.
<b>Yield</b>	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.

# CHECK-LIST

	Sustainable Development Report	Article 116 of French law NRE *	Principles of the Global Compact	Global Reporting Initiative	UNEP **
<b>Chairman's statement</b>	p. 4-5			1.1, 1.2	
<b>The Group's approach</b>	p. 11-14				
A work in progress	p. 11			1.1, 1.2, 3.14 à 3.20	2.3
Integrating sustainable development within operations	p. 11			1.1, 1.2, 3.14 à 3.20	2.3
A cross-disciplinary system for organisation and coordination	p. 12				
Internal control	p. 12				
Actively promoting sustainable development	p. 12-13			3.8 à 3.12	3.3
Recognition from SRI rating agencies	p. 14	Art. 2-4°	N°8	SO4, EN16	2.3 & 2.6, 2.2
<b>Compliance</b>	p. 15	Art. 2-4°	N°2, N°8, N°10	EN16, HR1, SO2, CSR5, SO2/SO3/SO5	2.2
<b>Shareholder information</b>	p. 18-28			EC6/EC7	
<b>Human resources development</b>	p. 30-43				
Workforce expansion in line with the Group's development	p. 30-31	Art. 1-1°-a/7°		EC5, INT1, LA1/LA2	
Employee diversity	p. 31-33	Art. 1-1°-a/7°, Art. 1-3°	N°1, N°6	EC5, HR12/HR13/HR14, INT1, LA10/LA11/INT4/INT6, LA1/LA2	
Management rules that reflect the Group's commitment	p. 33-34	Art. 1-1°-a/7°	N°4, N°5	EC5, HR6/HR7, INT1, LA1/LA2	
Quantitative and qualitative workforce adaptation	p. 34-36	Art. 1-1°-a/7°, Art. 1-1°-b		EC5, INT1, LA1/LA2, LA2/LA16	
Ongoing skills development	p. 36-37	Art. 1-1°-a/7°, Art. 1-6°		EC5, HR8, INT1, LA1/LA2, LA9/LA17	
A Group-wide approach to career management	p. 38-39			EC5, INT1	
A broad and competitive remuneration package	p. 40-41		N°1	EC5, INT1, SO1/LA12	
Constructive employer-employee relations	p. 42	Art. 1-4°	N°1/N°3	EC5, HR5, INT1, LA3/LA4/LA13	
Optimal and safe working conditions	p. 42	Art. 1-5°	N°1	EC5, INT1, LA5/LA6/LA7/LA15	
Encouraging communication and feed-back	p. 43			EC5,INT1	

\* The NRE appendices, pages 96 to 110, mention elements of the reporting.

\*\* Statement of financial institutions on environment and sustainable development.

	Sustainable Development Report	Article 116 of French law NRE *	Principles of the Global Compact	Global Reporting Initiative	UNEP **
<b>Relations with clients and suppliers</b>					
	p. 44-48				
Listening to our clients	p. 44		N°9	EC1/EC2/AM3, EN14, PR2/PR8/INS3, PR6	3.2, 2.7
Quality assurance	p. 44-45	Art. 2 - 3°	N°9	EC1/EC2/AM3, SO4, EN14, PR2/PR8/INS3, PR6	3.2, 2.3 & 2.6, 2.7
Dialogue with consumers	p. 45		N°9	EC1/EC2/AM3, EN14, PR2/PR8/INS3, PR6	3.2, 2.7
Looking after the specific needs of more vulnerable clients	p. 45-46		N°9	EC1/EC2/AM3, EN14, PR2/PR8/INS3, PR6	3.2, 2.7
Promoting socially responsible investment	p. 46-48		N°9, N°1/N°2	EC1/EC2/AM3, EN14, HR2, AM3/IB3, PR2/PR8 /INS3, PR6	3.2, 2.7
Relations with suppliers	p. 48	Art. 1 - 9° & Al. 4	N°1, N°2, N°9	EC3, EN14/EN33, HR2/HR3, LA1, PR2/PR8/INS3	3.2, 2.4, 2.7
<b>Impact on the natural environment</b>					
	p. 50-55				
BNP Paribas has a small ecological footprint	p. 50-51	Art. 2 - 6° & 9° Art. 2 - 1°	N°7, N°8	3.13, CSR1, EN11/EN31, EN3/EN 17	2.1, 2.4
Using all available levers for improvement	p. 51-53	Art. 2 - 6° & 9°, Art. 2 - 1°	N°7, N°8	3.13, CSR1, EN11/EN31, EN3/EN 17, EN1/EN2, EN34	2.1, 2.4
A consistent tracking system	p. 54-55	Art. 2 - 6° & 9°	N°8	CSR1, EN3/EN 17, EN34	2.4
A forward-looking and responsible approach to financing	p. 55	Art. 2 - 6° & 9°	N°1/N°2, N°8, N°9	CSR1, AM1, IB1, EN3/EN 17/EN14, HR2	2.4, 2.2, 2.7
<b>A Partner in society</b>					
	p. 57-63				
BNP Paribas - a firm commitment to microcredit development	p. 57-58	Art. 1 - 8°, Art. 1 - Al. 2, 3 & 5	N°1	EC10/SCO2/SCO2.2, LA12, SO1/RB3	
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\* The NRE appendices, pages 96 to 110, mention elements of the reporting.

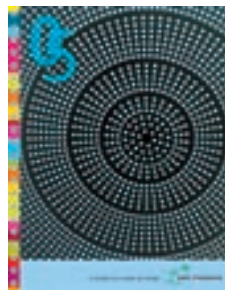
\*\* Statement of financial institutions on environment and sustainable development.





## NOTES

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