

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



CONTENTS

profile p. 2

key figures p. 3

Chairman's and Chief Executive Officer's Statement p. 5

Group activity in 2006 p. 6

guiding principles p. 24

BNP Paribas and its stakeholders p. 38

corporate governance p. 132

NRE appendices p. 185

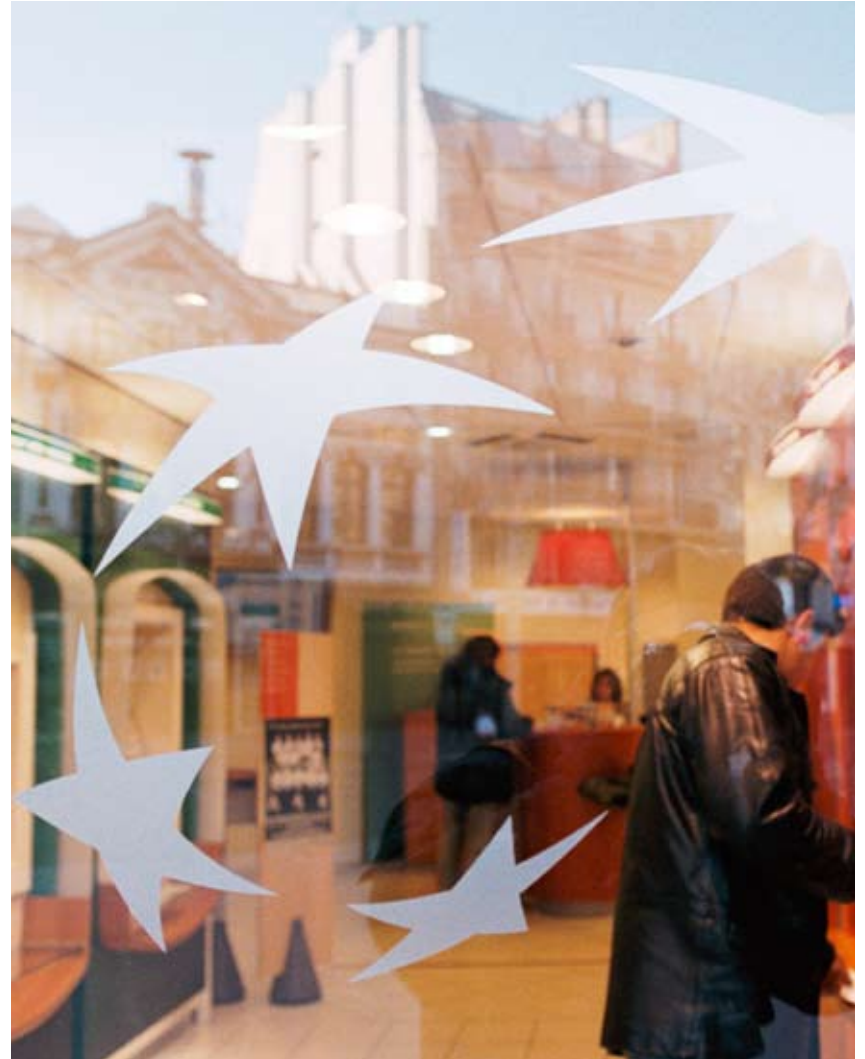
reconciliation table p. 209

statutory auditors' report p. 214

glossary p. 217

profile

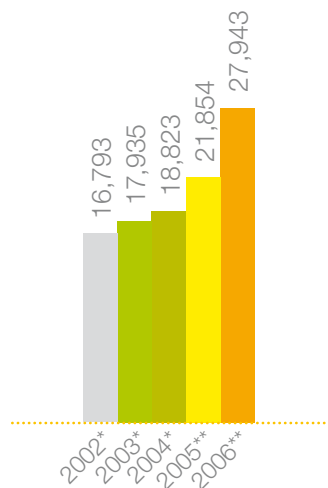
BNP Paribas is one of the world's leading banking and financial services groups, with extensive international coverage and strong positions in all major financial centers. The Group has 140,000 employees, over half of whom work outside France. BNP Paribas enjoyed a quick development in 2006, which is the result of a combination of vigorous organic growth and the accelerating effect of external growth, in particular with the acquisition of BNL in the second quarter of the year and consolidating its positions in emerging markets. The Group also received numerous international awards during the year. Energised by a powerful growth dynamic, BNP Paribas balances its financial and commercial imperatives with an exemplary commitment to the highest standards of ethics and social responsibility.



key figures

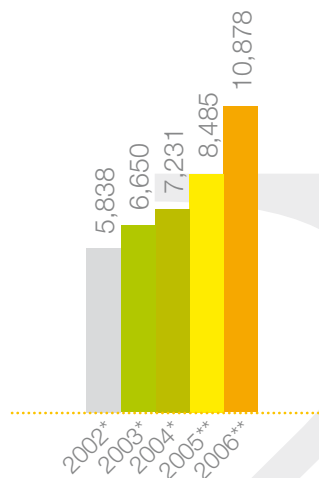
Net banking income

(in millions of euros)



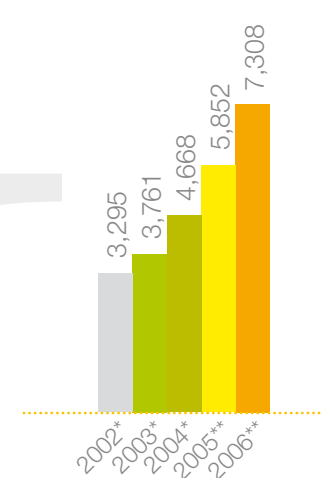
Gross income

(in millions of euros)



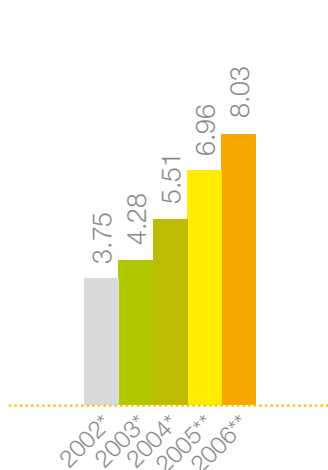
Net income, Group share

(in millions of euros)



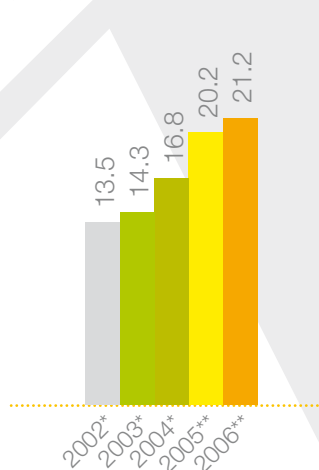
Earnings per share

(in euros)***



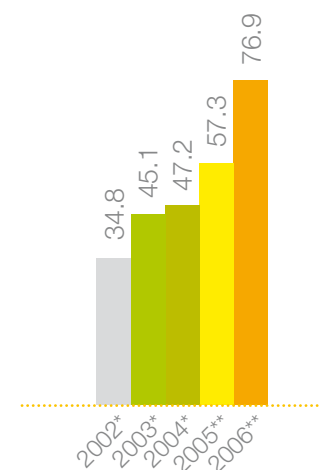
Return on equity

(in %)



Market capitalisation

at 31 December (in billions of euros)



* Under French GAAP.

** Under IFRS.

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

Source: Bloomberg.

key figures

Number of Group employees

(Full-time equivalents)

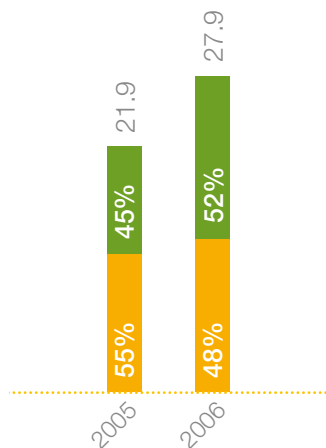
	2005	2006
World	109,780	141,911
Europe (including overseas departments and territories)	80,704	110,584

Long-term ratings

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

Annual revenues (in billions of euros)

France ■ Outside France ■



Results

(in millions of euros)

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

⁽¹⁾ Before income appropriation.

chairman's and chief executive officer's statement

As the bank for a changing world, BNP Paribas participates to the full extent of its capabilities in the development of exchanges of goods and services. It is a committed player in this process and one that aims to act responsibly, in line with its principles and its values.

In 2006 our Group experienced unprecedented growth. Excellent results were achieved across all our business segments. Our satisfaction and pride come from creating value, wealth and sustainable, skilled employment opportunities. Today the Group employs 140,000 people around the world, including more than 30,000 staff who joined the Group in the course of the year. This vigorous growth contributes to the renewal of the Group's capabilities and expertise and bolsters its long-term viability.

The recent conclusions reported by the Intergovernmental Group of Experts on Climate Change (IGECC) in Paris reinforce BNP Paribas' commitment to combating climate change. Having been active for many years in projects to finance renewable energies, BNP Paribas was chosen Best project finance arranger and Most aggressive project finance lender in the renewable energies sector by *Project Finance* magazine. We have created a Carbon Team to provide trad-

ing and financing products to enable our clients to seize the opportunities related to CO₂ emission quota mechanisms.

The awarding of the 2006 Nobel Peace Prize to Mohammed Yunas for his actions in favour of micro-lending underlines the importance of access to banking services in effectively fighting poverty. Building on its earlier actions in this field, particularly in France through ADIE, in 2006 the BNP Paribas Group began to develop a worldwide micro-lending activity with the ambitious objective of creating more than 30 partnerships with micro-lending institutions in 15 countries by 2010.

Our Group has strengthened its commitment as a socially responsible enterprise and community outreach player, with the *Projet Banlieues* initiative in France to help disadvantaged neighbourhoods and programmes to combat social exclusion through education and knowledge transfer in several other countries. These actions will be continued and intensified in 2007.

This report is specifically dedicated to BNP Paribas' social and environmental responsibility. It presents our approach and the actions we carried out in 2006.



Michel Pébereau
Chairman

Baudouin Prot
Chief Executive Officer

GROUP ACTIVITY IN 2006

CORPORATE AND
INVESTMENT
BANKING

FRENCH
RETAIL BANKING

INTERNATIONAL
RETAIL BANKING AND
FINANCIAL SERVICES

BNL
BANCA COMMERCIALE

ASSET
MANAGEMENT
AND SERVICES

KLÉPIERRE

BNP PARIBAS
PRINCIPAL INVESTMENTS

CORPORATE AND INVESTMENT BANKING

GLOBAL CLIENT SERVICE

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

In 2006 the “One Bank” strategy, which aims to enhance knowledge sharing among these expert teams and consolidate the global approach to client service, was defined.

“One Bank” is a culture, a collaborative attitude. Beyond his or her area of expertise, each staff member within Corporate and Investment Banking must represent CIB, act as its spokesperson and foster knowledge sharing and exchanges in order to bring the client into contact with ever more imaginative teams.

ONE BANK IN ACTION

BNP Paribas has organised client-facing groups, specialised by geographical areas, which aim to develop the Bank’s origination capabilities, monitor and manage the Bank’s relations with its clients and thus strengthen the Bank’s positions in the various regions of the world where it operates. The Bank has assigned 1,100 staff, divided into three major teams serving some 6,000 corporate clients and 640 financial institutions, as follows:

Coverage & Territories Europe (CTE)

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

Coverage & Territories International (CTI)

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

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

Financial Institutions Group (FIG)

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

• corporate and investment banking

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

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

EQUITIES AND DERIVATIVES

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

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

BNP Paribas garnered many significant awards:

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

FIXED INCOME

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

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

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

• corporate and investment banking

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

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

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

CORPORATE FINANCE

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

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

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

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

• corporate and investment banking

ENERGY COMMODITIES EXPORT PROJECT (ECEP)

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

- financing of commodities trading, in all forms, an activity in which BNP Paribas is the global leader;
- structured commodities financing in emerging markets, which includes, in addition to export pre-financing, reserves financing and structured inventory financing;
- corporate loans for energy, metals and mining activities in industrialised countries;
- project finance – especially in the energy and infrastructure sectors – with loans structured on the basis of cash flows;

- export financing, with ten dedicated desks in exporter countries and some 30 specialised correspondent banks in importer countries;
- Global Trade Services, which offers a range of products and services, including Supply Chain Financing for import-export trading;
- asset financing, including structured leasing, and marine and aircraft financing.

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

- Trade finance: ranked “Best Trade Bank in Oil/ Energy”, “Best Trade Bank in the Middle East”, and “Best Structured Trade & Export Finance Bank” (all by *Trade & Forfeiting Review*), no. 3 “Mandated Arranger of Global Trade Finance Loans” (*Dealogic, full-year 2006*), and no. 1 “Mandated Arranger of Asia Pacific (excluding Japan) Trade Finance Loans” (*Dealogic, full-year 2006*).

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

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

• corporate and investment banking

STRUCTURED FINANCE

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

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

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

CASH MANAGEMENT

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

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

LOAN & PORTFOLIO MANAGEMENT

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

• French retail banking

FRENCH RETAIL BANKING

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

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

The network operated by the French Retail Banking Division has been reinforced with a view to enhancing local coverage and client service. At 31 December 2006, the network was made up of 2,200 branches and 4,500 automatic cash dispensers, in addition to a multi-channel banking structure. The division focuses on regions with high economic potential, and enjoys a 15% share of the greater Paris market (*source: BNP Paribas French Retail Banking market research, market share based on number of branches*). It also has a strong presence in the most attractive segments of the personal banking market – 22% of households with net annual revenues in excess

of EUR 82,000 have their main bank account with BNP Paribas (*source: IPSOS*) – and a leading position in the corporate market. The French Retail Banking Division employs 31,000 people working in the BNP Paribas domestic branch network, Banque de Bretagne, BNP Paribas Factor, BNP Paribas Développement, a provider of growth capital, and Protection 24, a telesurveillance firm.

In order to effectively respond to client expectations, French Retail Banking has organised its sales structure on the basis of network segmentation. The division is now made up of branches serving individuals and small businesses, Private Banking Centres, and Business Centres, all supported by a Client Relations Centre (CRC) and specialised centres in charge of after-sales operations.

In parallel, the division continued to actively expand the personal banking business, drawing on the multi-channel structure (branch, telephone and online banking) that was rolled out from 2002. The underlying aim of this system is to offer clients the highest standard of service and to step up the role of in-branch client advisers. The Client Relations Centre's three platforms in Paris, Orleans and Lille deal with calls made to the branches and process client e-mails. To extend this service, a dedicated telephone line was set up in 2006 for Private Banking clients.

A client relationship centre for entrepreneurs and small business clients was also opened in the year in the Paris region, before being set up nationwide.

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

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

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

• international retail banking and financial services

INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES

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

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

operations in 24 countries. These activities have now been grouped within Equipment Solutions.

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

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

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

In the Emerging Markets, the business is enjoying strong organic growth in new regions (Kuwait, Saudi Arabia, Algeria, Israel, Russia and Mauritania). The Group has made major investments in Turkey (TEB), China (NCCB) and Ukraine (UkrSibbank) and signed an agree-

ment to acquire a holding in a Vietnamese bank (OCB). The Retail Banking Business is also growing strongly in its traditional networks which already have significant market shares. This is the case in North Africa with UBCI in Tunisia, BMCI in Morocco, the BICI network in Africa, BMOI in Madagascar, BNPI in Lebanon and all countries where BNP Paribas conducts retail banking operations in its own name, in the French overseas departments and territories and the Near and Middle East.

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

⁽¹⁾ Excluding LaSer-Cofinoga.

• international retail banking and financial services

CETELEM

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

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

Cetelem is the benchmark in the industry, known for its ability to innovate. Its high-quality service offerings – backed by outstanding technical expertise and tight risk control – meet most household financing needs, including personal loans, instalment sales and revolving credits. In 2006, Cetelem was the European leader in online credit with e-business positioned at the centre of its strategy for international growth.

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

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

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

Cetelem also ensures the management of permanent credit card accounts granted by BNP Paribas' French Retail Banking network. Fielding operations in 26 countries across four continents, Cetelem spearheads BNP Paribas' consumer credit offering.

EQUIPMENT SOLUTIONS

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

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

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

⁽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).

• international retail banking and financial services

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

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

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

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

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

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

MORTGAGE FINANCING UCB AND ITS SUBSIDIARIES

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

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

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

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

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

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

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

• international retail banking and financial services

RETAIL BANKING IN THE UNITED STATES-BANCWEST

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

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

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

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

EMERGING MARKETS

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

BNP Paribas is leveraging the expertise acquired in running its branch network in mainland France to drive the development of its subsidiaries in

these regions, which – excluding China, where the Group is developing a strategic partnership – represent more than 1,650 branches and over 2.5 million clients.

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

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

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

• international retail banking and financial services

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

BNP Paribas' operations in Africa are organised around the network of Banque Internationale pour le Commerce et l'Industrie (BICI). With around 100 branches located in six countries (Burkina Faso, Côte d'Ivoire, Gabon, Guinea Conakry, Mali and Senegal), the Emerging Markets Business manages one of the largest banking networks in French-speaking Africa.

The Group also has operations in Djibouti (BCIMR), as well as in the Indian Ocean – in Madagascar (BMOI) and the Comoro Islands (BIC).

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

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

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

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

• BNL banca commerciale

BNL BANCA COMMERCIALE

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

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

With its nearly 16,000 employees, BNL bc operates in all major Italian cities ("capoluoghi di provincia") through its 703 branches and 100 centres specialised in relations with pri-

vate banking clients, companies and territorial authorities. The network's facilities are rounded out by remote banking solutions and nearly 1,270 ATMs.

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

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

businesses are further met by Artigiancassa, the bank's subsidiary dedicated to the craft industry.

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

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

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

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

⁽²⁾ Personal assets of over EUR 1 million.

⁽³⁾ Revenues of up to EUR 1.5 million.

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

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

ASSET MANAGEMENT AND SERVICES

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

AMS leverages expertise in three main areas:

- Wealth and Asset Management, comprising asset management (BNP Paribas Asset Management), Cortal Consors online brokerage and personal investment services, private banking (BNP Paribas Banque Privée), and real estate services (BNP Paribas Immobilier);
- Insurance (BNP Paribas Assurance);

- Securities Services for corporate clients, fund managers and financial institutions across the globe (BNP Paribas Securities Services).

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

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

BNP PARIBAS ASSET MANAGEMENT

BNP Paribas Asset Management is a leader in the European asset management industry, with EUR 307 billion of assets under management⁽¹⁾, half of which managed for institutional clients.

With 2,000 staff servicing clients in 66 countries, it builds on its expertise, competencies and services to design fine-tuned solutions for its clients through a multi-specialist approach.

BNP Paribas Asset Management has developed a range of management capabilities with a shared focus on excellence, robustness and

consistency of investment processes as well as accuracy of risk control:

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

Specialised fund management teams are active in the world's major financial centres including Paris, London, New York, Tokyo and Hong Kong. Responsible Investment is one of BNP Paribas Asset Management's key investment themes, and the company is a globally recognised player in this field. With a dedicated team and a range of Responsible Funds across all asset classes, it holds Novethic's top rating (aaa).

BNP Paribas Asset Management is also a

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

• asset management and services

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

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

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

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

CORTAL CONSORS

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

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

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

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

BANQUE PRIVÉE

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

BNP Paribas Banque Privée is ranked no. 1 in the French private banking market, with close to EUR 56 billion in assets under management and a network of around 100 Private Banking Centres (plus 100 or so other facilities) nationwide. It ranks 3rd in western Europe, where it is fast broadening its reach in its domestic markets, and 7th in Asia (*source: 2006 Euromoney rankings*). At end-2006, BNP Paribas Banque Privée’s overall client assets under management stood at more than EUR 130 billion.

⁽¹⁾ Including Plug & Play business.

• asset management and services

BNP PARIBAS REAL ESTATE SERVICES

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

European network

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

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

Four complementary real estate businesses

Transactions, advisory services, valuations

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

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

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

Property Management

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

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

Property development

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

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

Real estate investment Management

BNP Paribas Real Estate Investment Management manages EUR 8 billion of assets,

with BNL Fondi Immobiliari, and is one of France's leading SCPI property fund managers.

BNP PARIBAS ASSURANCE

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

- The savings business includes the sale of life insurance policies to individuals in 13 countries. In France, it offers companies Group pension products, end-of-career bonuses and early retirement benefits.
- In the protection business, it offers a broad range of products in 32 countries, including creditor insurance, bill protection, credit card protection, extended warranty, gap insurance and individual protection. In France, BNP Paribas Assurance markets both standard and personalised Group policies to large companies and SMEs.

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

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

• asset management and services

- The property and casualty insurance business in France is provided through Natio Assurance, a company that is owned equally with AXA. The products offered cover a wide range of risks and include comprehensive home insurance, automobile insurance, educational insurance, travel insurance, and legal protection coverage.

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

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

BNP PARIBAS SECURITIES SERVICES

BNP Paribas Securities Services ⁽²⁾ is the leading European provider of securities services to companies, asset managers and financial institutions worldwide. BNP Paribas Securities Services provides innovative solutions that can be tailored to the specific needs of clients at every stage of the investment cycle:

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

- additional financing, securities lending and currency solutions are offered and coordinated by specialist teams.

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

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

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

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

⁽²⁾ BNP Paribas Securities Services includes all securities operations developed by the BNP Paribas Group through BNP Paribas Securities Services, BNP Paribas Fund Services and BNP Paribas SA.

KLÉPIERRE

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

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

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

BNP PARIBAS PRINCIPAL INVESTMENTS

BNP PARIBAS CAPITAL

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

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

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

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

LISTED INVESTMENT AND SOVEREIGN LOAN MANAGEMENT

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

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

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

guiding principles

- the Group's approach p. 25
- the Compliance p. 33

• the Group's approach

Responsibility based on core values and guiding principles

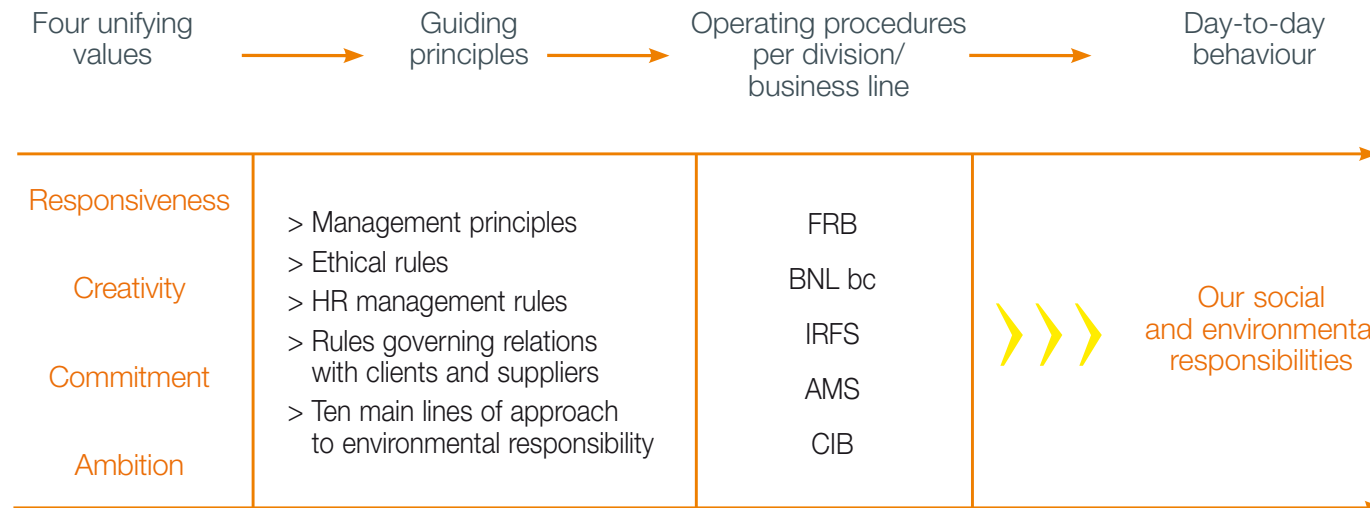
BNP Paribas' approach to sustainable development is an integral part of its business ethic. Economic, corporate and environmental responsibility is rooted in the Group's founding values of responsiveness, creativity, commitment and ambition, which look to combine individual actions in a cohesive group-wide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

A strong commitment to promoting sustainable development concerns

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

> Global initiatives

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



• the Group's approach

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

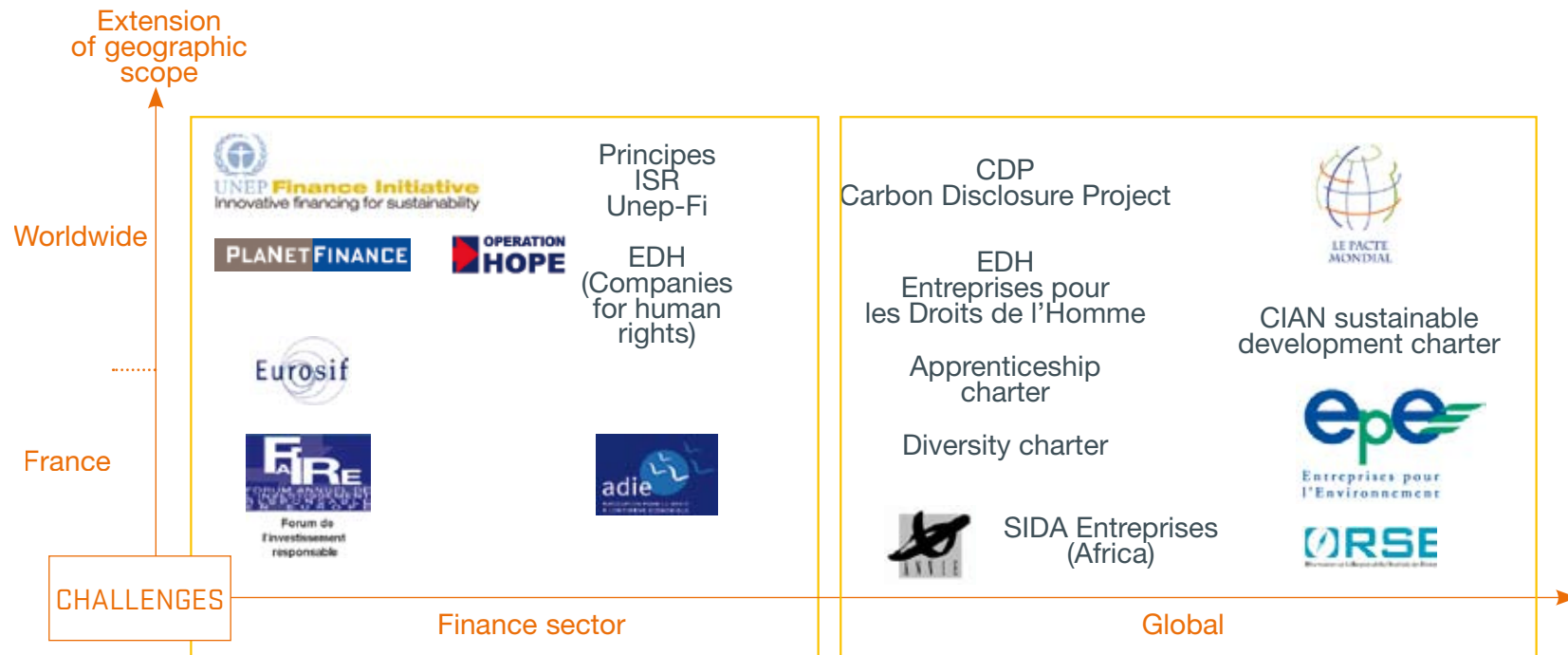
The world's leading companies are paying increasing attention to their approach to human rights. Against such a backdrop, BNP Paribas has joined eight leading French and francophone groups to share best practices with a view to better incorporating respect for human rights into their business policies and promoting human rights issues. *Entreprises pour les Droits de l'Homme* (Companies for human rights – EDH) draws its inspiration from the work carried

out by the Business Leaders Initiative on Human Rights since 2003 and has been set up to widen contributions from the francophone world.

Finance sector initiatives

Alongside the Institutional Investors Group on Climate Change (IIGCC) and the Carbon Disclosure Project, BNP Paribas Asset Management (BNP PAM) strives to encourage companies to factor climate change issues into

The public commitments of BNP Paribas



• the Group's approach

their investment decisions. BNP PAM is also one of the founding members of the Enhanced Analytics Initiative (EAI) through which it took the step of allocating 5% of its commission budgets to developing socially responsible investment (SRI) analysis. BNP Paribas is involved in the British-based Business in the Community (BITC) organisation, which brings together more than 700 companies that promote responsible behaviour by companies within the community.

As in 2005, the Group was a member of the jury for the 2006 awards handed out by the Forum for socially responsible investment (FIR) and the European Social Investment Forum (Eurosif)

to promote research in the area of finance and sustainable development with universities and elite higher education establishments in Europe.

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

An integrated process

> An integrated approach to economic performance

The Group's approach to sustainable development is implemented by means of operating procedures throughout the Group's divisions, business lines, territories and functions. The Group comprehensively charts the steps that need to be taken to counter the social and environmental impact of each of its activities.

Broadening our **customer** base and building customer loyalty

Broadening our **shareholder** base and building shareholder loyalty

Strengthening our ability to attract key talents and to motivate our **employees**

Reducing our businesses' impact on the **natural environment**

Deepening our **involvement in society** and our partnerships with other members of the community



• the Group's approach

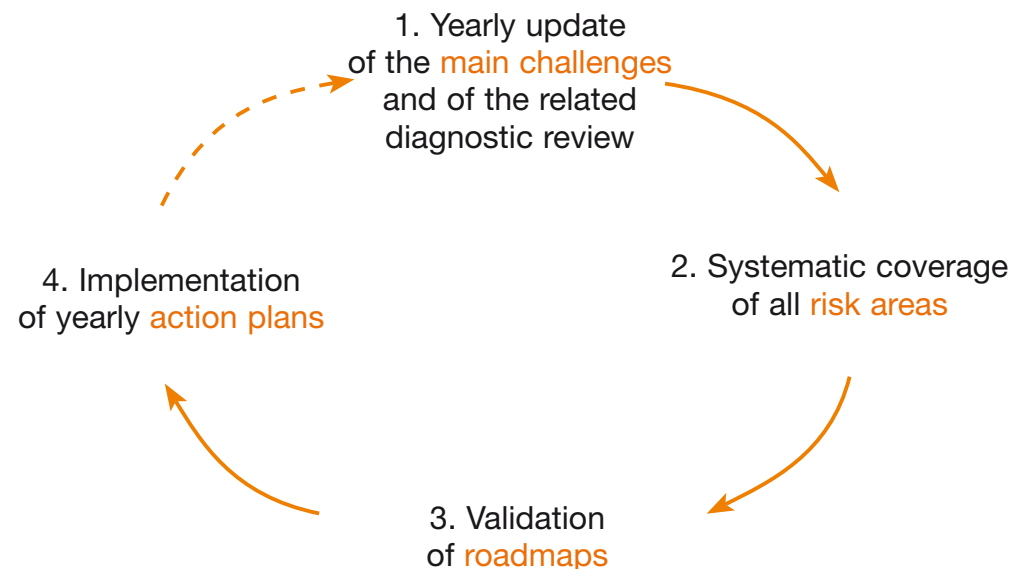
A diagnostic review is carried out that incorporates the results of a self-assessment by the entity concerned, as well as the findings of analyses performed by the principal SRI rating agencies and the Group's other stakeholders. Action plans for each division and function are validated by the Executive 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.

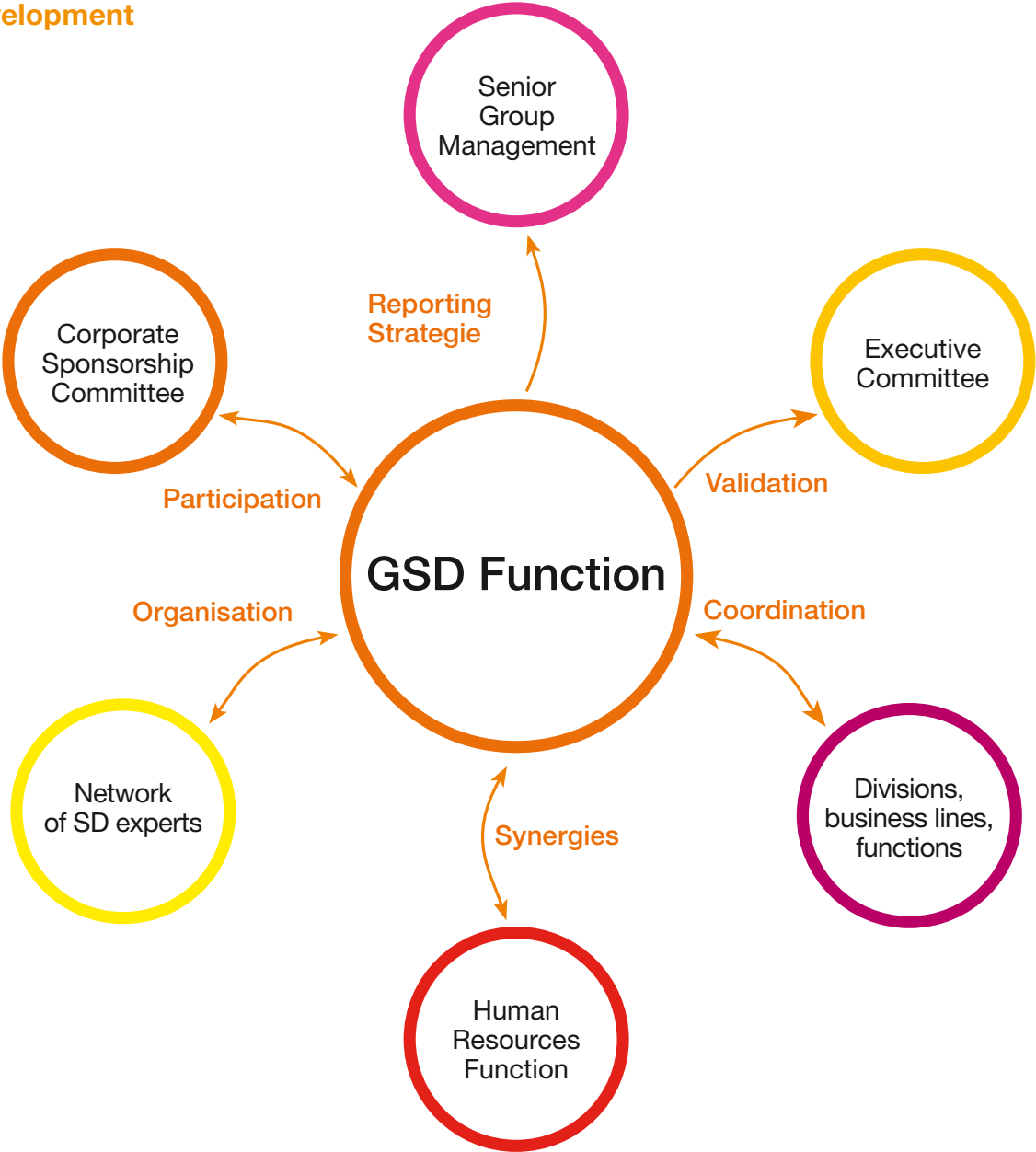
The Group is particularly focused on corporate social responsibility (CSR) whereby each activity assumes responsibility for any effects it may be having on its business partners and the environment.

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



• the Group's approach

The Group Sustainable Development function: interactions within the Group



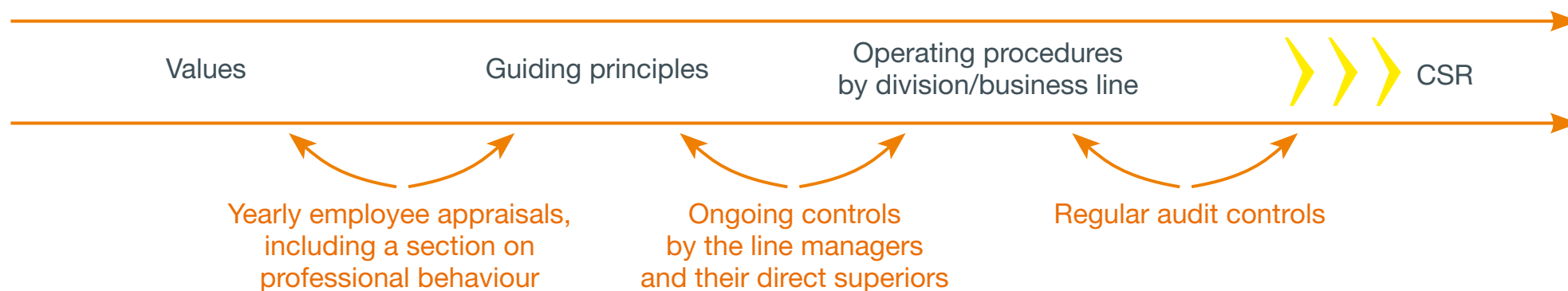
• the Group's approach

> Internal control mechanism

The Group has an internal control system whose various components – whether in the form of ongoing controls by line managers and their direct superiors or regular audit controls – serve to integrate the CSR concept.

A CSR audit methodology developed by the General Inspection unit and the Group Sustainable Development function has been up and running since 2004 and is designed to assess the extent to which all entities apply internal control guidelines. A number of controls

enable the Group to ensure that the various components of its corporate and environmental responsibility procedures are applied across the board.



• the Group's approach

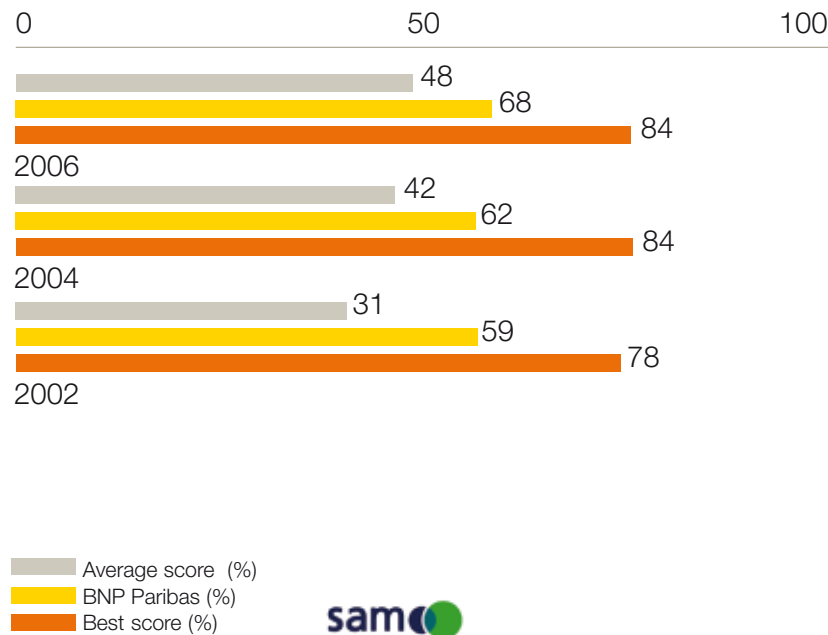
Recognition from SRI rating agencies > SAM

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

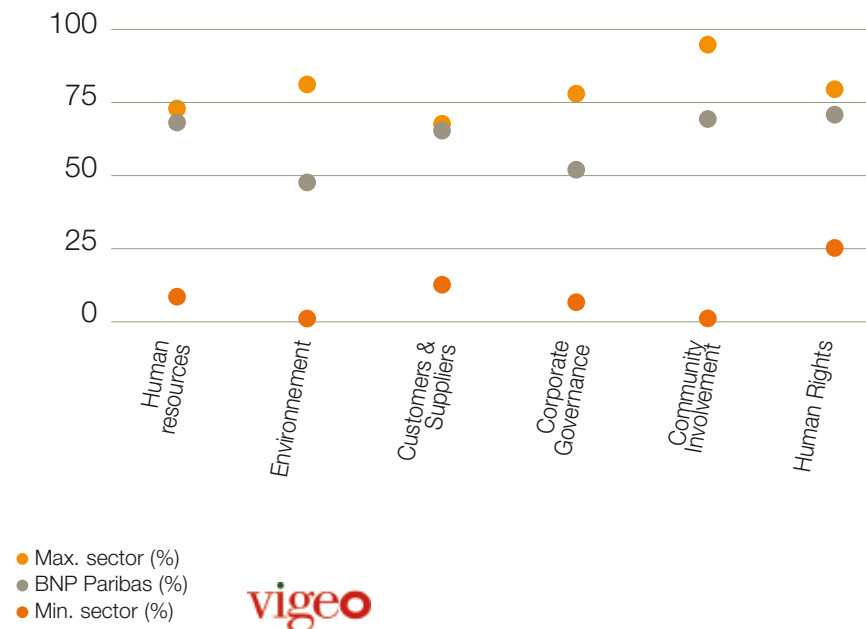
BNP Paribas' overall score places it in a very favourable position compared to the industry average, endorsing the Group's ongoing efforts to improve its approach to sustainable development. The Group scored 68% compared with an industry average of 48%.

BNP Paribas is present on all the major benchmark indices for socially responsible investment: DJSI World, DJSI Stoxx, Aspi Eurozone, FTSE4Good Global and FTSE 4 Good 50. Worldwide, BNP Paribas is one of only a handful of banks featured on all indices.

Changes in overall score



BNP Paribas benchmark/banking sector



• the Group's approach

> Vigeo

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

> CFIE

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



> Oekom Research

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

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

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

> 2006 Accountability Rating

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

• the Compliance

The Compliance function within BNP Paribas

The Compliance function was established in December 2004, in anticipation of Regulation 97-02 relating to internal controls in the banking industry. Its purpose is to control risks in respect of professional ethics and in 2006 the Group made concerted efforts to reinforce the function's operating procedures. Risk management is key to BNP Paribas' organisation, management and strategy, and the management of risks that could endanger the Bank's compliance is of particular significance. The Group defines compliance 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". It encompasses protection of the Group's reputation and the implementation of its guiding principles, respect for

the integrity of the markets and the primacy of clients' interests, professional ethics, and the fight against money laundering, terrorism and corruption. It meets criteria of exhaustiveness and universality and the same high standards are required regardless of the entity or business, in France or abroad, by applying the "best interests" principle, which stipulates that the most stringent of the regulations laid down by the laws of the various countries and the Group's own directives and procedures will be applied.

Dedicated teams...

The compliance control mechanism, which is an integral part of internal control, comes under the responsibility of a dedicated Group Compliance function. Under the direct control of the Chief Executive Officer, this function is managed by a member of the Executive Committee, who is also responsible for permanent internal control

as regards the regulator and who coordinates the workings of the internal control mechanism. The Compliance function, whose responsibilities are laid down by the Internal Control Charter and the Compliance Charter, comprises both a central team and local teams. The central team oversees the running of the function and sets the standards and procedures applicable in the Group. The local teams in the divisions, business lines, functions, subsidiaries and branches, who are in direct contact with transactions, represented 614 people as at 31 December 2006, i.e., over 90% of the function's staff. These employees hold high levels of responsibility, under the joint authority of the manager of the function and the entity's operational manager, pursuant to the principle that operational staff are at the front-line of risk management. In 2006, BNL's compliance teams adopted BNP Paribas' compliance standards.

• the Compliance

> ...Updating procedures...

The Compliance function, in its capacity as provider of compliance control and advice, is mainly responsible for ensuring general compliance procedures and assisting Group entities with problems of all kinds that they may encounter in this area. In 2006, several major policies were updated at Group level, notably:

- A directive on reputation risk management, which sets out the best ways for the Group to protect its reputation among its customers, counterparties, regulators, and all parties implicated in upholding the Group's reputation;
- A directive on conflict of interest management, which concerns protecting clients' interests, the Group's reputation, and the strengthening of regulatory requirements, in particular in light of the European Markets in Financial Instruments Directive (MiFID), which will come into force in late 2007;

- A new Group directive on the procedures for authorising non-recurring directives, new products and new activities details the extent to which local compliance teams may intervene as regards managing risks that may harm the Group's reputation, or the unsuitability of products to customers' needs. The tools for detecting and managing non-compliance risk situations are playing an increasingly central role, in particular the ethics alert mechanism, operational in France and certain international sites. In accordance with the requirements of banking and finance regulations and pursuant to data protection and banking secrecy laws, this mechanism ensures the confidentiality of transactions. It only deals with compliance-related issues, i.e., anything that may harm the Bank, either in terms of its reputation or its compliance with laws and procedures, market integrity, and respect for the primacy of customers' interests.

> ... and managing the financial security mechanism

Within the Compliance function, the financial security teams coordinate the prevention of money laundering, the fight against corruption and terrorism financing, and the application of financial embargoes, a source of significant obligations for financial intermediaries. They deal with the reporting of suspicions on the French market and set standards in specialist domains such as "Know Your Customer" (KYC), with regard to the prevention of money laundering. The duty of care principle is a legal obligation for financial institutions, which extends to all their core businesses. A circular distributed in 2006 enhances the mechanism regarding "Know Your Customer" and acceptance of third parties, third parties covering non-group asset managers, referral agents, etc. It also describes the use of IT tools aimed at identifying clients that may pose a risk and strengthening transaction monitoring.

• the Compliance

The international situation has led the authorities to put in place sanctions in respect of certain countries or goods, by imposing financial embargos. Instructions relating to the application of these embargos lay down imperative guidelines for detecting and dealing with transactions by customers targeted by these measures, in accordance with the legislation in force.

BNP Paribas has set itself the goal of limiting and strictly coordinating its presence in countries qualified as tax havens, in order to improve its control of unforeseeable administrative complications and any risk to its reputation that could occur as a result. Procedures and rules of conduct define the countries involved, the control regulations for companies operating in these countries and the compliance and financial security mechanisms. In accordance with the “best interests” principle, Group regulations

on combating money laundering, corruption and terrorism financing, as well as on compliance with embargos, apply to entities domiciled in tax havens, even if local regulations are less strict.

New IT control tools were developed in 2006, representing a major investment for the Group. These include a database of politically exposed persons (Lynx); a system that automatically checks customer lists against lists of sanctions and politically exposed persons (Sun); a reference system for sanction lists (Regliss); an anti-terrorism filter and embargo application system (Shine); a tool for analysing the functioning of accounts to detect money laundering operations (Iris); and a new tool for managing the reporting of suspicions (Sysfact).

Compliance training, in particular as regards the fight against money laundering, is one of the function’s main responsibilities. In 2006, this training was provided to almost 63,000 employees, a 45% increase on 2005. An e-learning module to raise awareness regarding compliance was developed centrally. Two new modules were created for the detection of market abuse (insider trading and stock manipulation) and the implementation of the MiFID, which contains important compliance-related provisions which should improve the execution of transactions, the adaptation of products to clients’ needs, the provision of information, and conflict-of-interest management.

• the Compliance

Business continuity

Business continuity is an area of constant concern for the Group. In the 1980s, both BNP and Paribas implemented information system security procedures. To address outside events, changes in regulations and increased pressure from customers, these procedures are continually upgraded in all of the Bank's businesses and territories. In 2006, Group-wide coordination became part of a global business continuity approach and helped to provide a clearer cross-functional perspective across the fast-growing Group. Numerous local initiatives were also implemented, including the creation of a dedicated site in New York, and improved coordination of business continuity and disaster recovery plans in London.

> Organisation of continuity efforts

Business continuity is organised around three main pillars.

- Group Compliance defines the standard business continuity guidelines applicable across the Group;
- The Group Operating Efficiency function develops strategy, methodology and rules and regulations based on defined guidelines, acts in accordance with the principles of consistency and oversees the implementation of the strategy;
- The entities draw up, implement and test their continuity plan.

A dedicated Group Security team has also been set up to coordinate the implementation of a proactive and effective crisis management policy throughout the Group.

> Operational management of business continuity plans

All BNP Paribas entities are directly responsible for identifying their continuity imperatives and

drawing up an appropriate action plan (business continuity plan), testing the effectiveness of the plan on a regular basis, and defining and implementing specific crisis management procedures. These responsibilities are part of a standard Group methodology designed to ensure that the continuity plan is effective. This methodology consists of four phases:

Phase 1 – preliminary steps: these include identifying continuity solutions, in particular disaster recovery plans and user business continuity plans in relation to risks such as power cuts, fire, floods, earthquakes, landslides, terrorist attacks or strikes that would lead to employees being unable to access the Group's premises or process transactions; designating key players; assessing the regulatory requirements, including those applicable to outsourced activities; and identifying critical business components: key employees, systems, applications and data, as well as logistics (availability, access, security, utility and supplies).

• the Compliance

Phase 2 – Analysing and reporting continuity imperatives: each entity defines the critical components necessary to continue working in an emergency: strategic activities and their financial, commercial, regulatory or reputational impacts are listed, prioritised and validated. The maximum periods of allowable interruption are assessed, validated and reviewed on a regular basis. Strategic databases and tools are listed, prioritised and validated, in particular constraints in system usage mode and data access, together with the maximum allowable data losses. Logistics and communication tools for strategic businesses are identified, and conditions ensuring employee and data security (authentication, authorisation management, back-ups and data warehousing) are defined.

Phase 3 – Launch and implementation of business continuity strategies: procedures are drawn up for triggering continuity solutions in each crisis situation. Organisational, functional and technical procedures are documented and updated at least once a year.

Phase 4 – Continuous review: The business continuity plans are regularly tested and the corresponding documentation is updated in line with changes in the technical or regulatory environment.

Over the past few years, BNP Paribas has significantly increased its resilience, even though it may be difficult to protect the Group against every eventuality. Business continuity is not only a requirement imposed by banking regulations, it is also a major focus of attention for the Group, which seeks to offer its clients, shareholders and employees a commitment of the Bank's strength and resilience in an increasingly complex and volatile environment where tensions may be experienced more frequently. This imperative is reflected in the business continuity plans in place, which help improve the performance of operational risk control and crisis management systems, while ensuring that resources are allocated in an efficient manner.

BNP Paribas and its stakeholders

- shareholders' information p. 39
- human resources development p. 59
- relations with clients and suppliers p. 90
- impact on the natural environment p. 103
- a partner in society p. 118

• shareholders' information

> Share capital	40
> Changes in shareholder structure	41
> Share performance	42
> Yield and performance data	46
> Creating value for shareholders	47
> Communication with shareholders	49
> Shareholder Liaison Committee	51
> Dividend	52
> BNP Paribas registered shares	53
> Annual General Meeting	54
> Disclosure thresholds	58

• shareholders' information

Share capital

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

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

- 3,489,419 shares were issued upon exercise of stock options;
- 4,670,388 shares were subscribed through a share issue reserved for employees;

- 84,058,853 shares were issued in relation to the share capital increase with preferential subscription rights for the purpose of partially financing the acquisition of BNL;
- 945 new shares were issued following the merger of Société Centrale d'Investissements into BNP Paribas.

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

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

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

• shareholders' information

Changes in shareholder structure

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

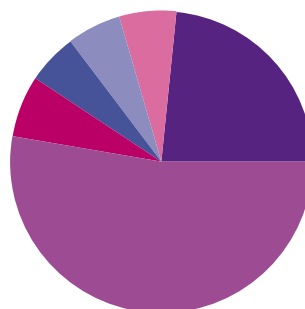
Shareholders	31/12/04			31/12/05			31/12/06		
	Number of shares (in millions)	% interest	% voting rights	Number of shares (in millions)	% interest	% voting rights	Number of shares (in millions)	% interest	% voting rights
Axa	50.00	5.7%	6.0%	47.64	5.7%	5.7%	52.65	5.7%	5.8%
Employees	45.38	5.1%	5.4%	47.09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

* Excluding trading desks' working positions.

BNP Paribas ownership structure as at 31 December 2006

(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.



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

• shareholders' information

Share performance

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

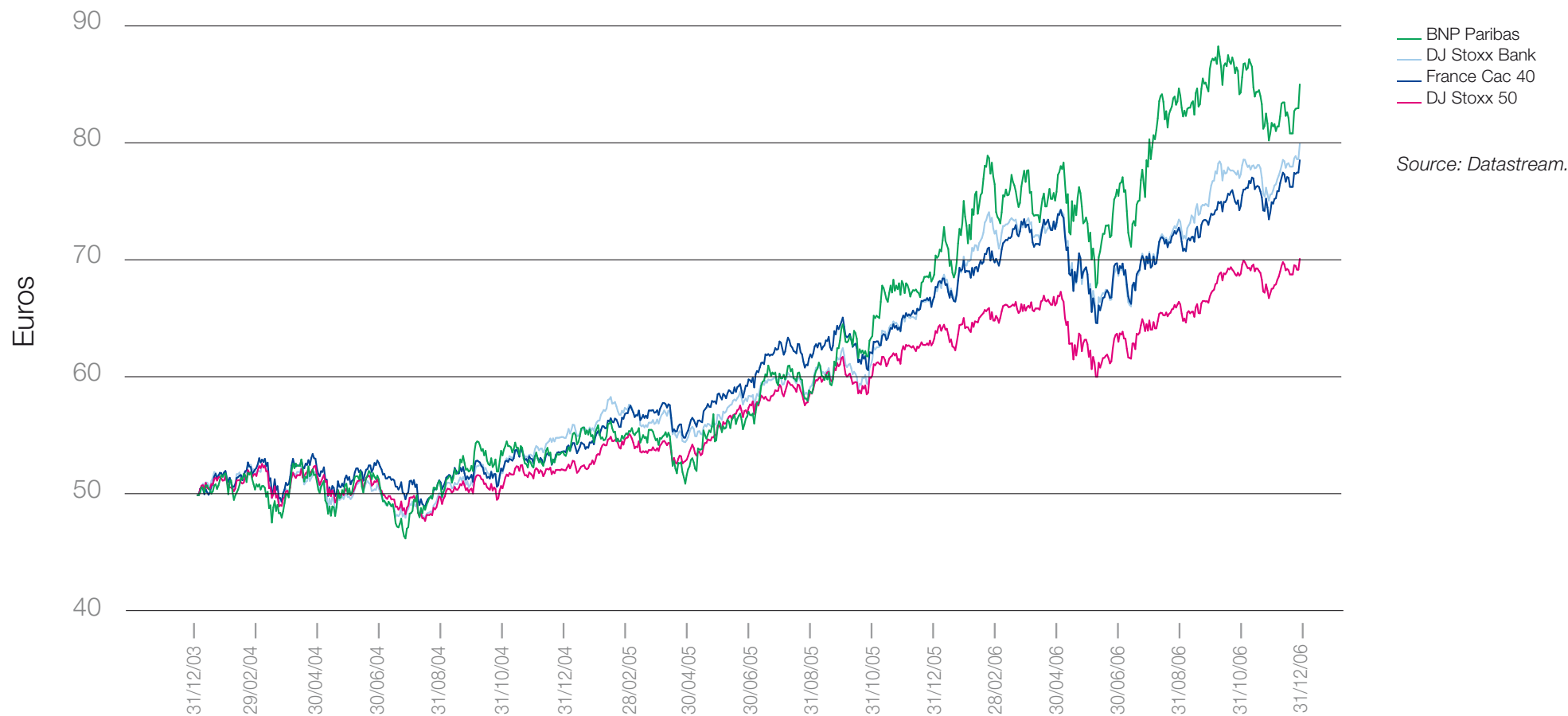
BNP shares were first listed on the Cash Settlement Market of the Paris Stock Exchange on 18 October 1993, following privatisation, before being transferred to the Monthly Settlement Market on 25 October of that year. When the monthly settlement system was eliminated on 25 September 2000, BNP Paribas shares became eligible for Euronext's Deferred

Settlement Service (SRD). The shares are also traded on SEAQ International in London and on the Frankfurt Stock Exchange. Since 24 July 2006 they have been traded on the MTA International in Milan and have been listed on the Tokyo Stock Exchange since 13 March 2000 (and the First Section since 7 February 2005). Since privatisation, a Level 1 144A ADR programme has been active in the USA, where JP Morgan Chase is the depositary bank (2 ADRs correspond to 1 BNP Paribas share). To help increase the number of shares held by individual investors, BNP Paribas carried out a two-for-one share split on 20 February 2002, reducing the par value of the shares to EUR 2. BNP became a component of the CAC 40 index

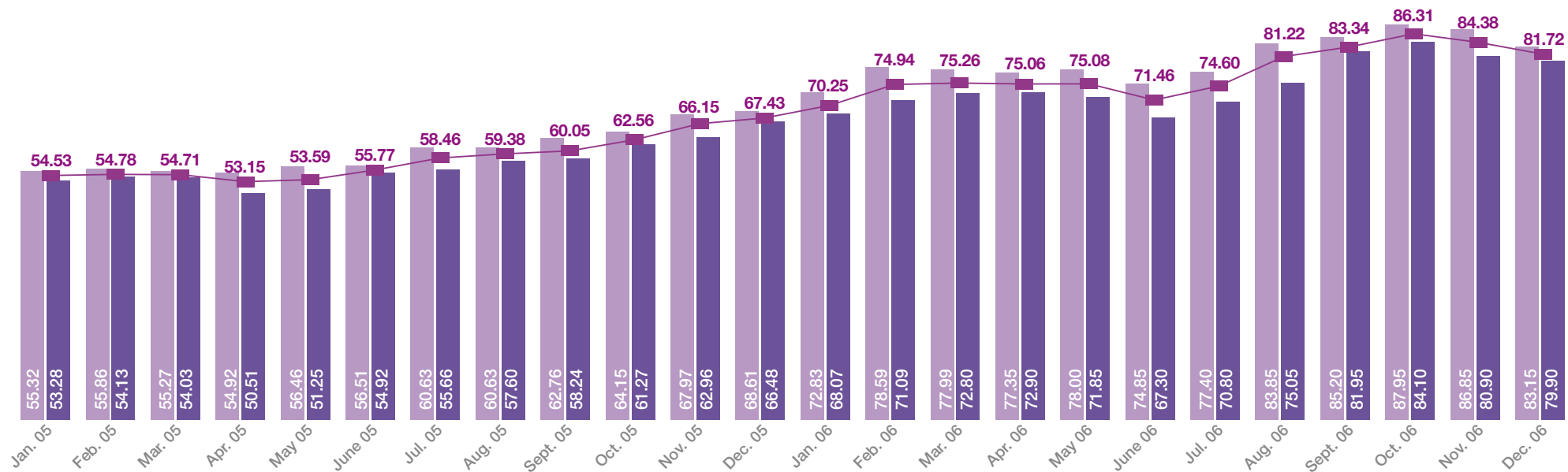
on 17 November 1993 and of the Euro Stoxx 50 index on 1 November 1999. Since 18 September 2000, it has been one of the companies making up the Dow Jones Stoxx 50 index. BNP Paribas shares are also included in the main benchmark indexes for sustainable development: ASPI Eurozone, FTSE4Good (Global and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

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

(indexes rebased on share price)



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



■ High
 ■ Low
 ■ Average

Source: Datastream.

• **shareholders' information / share performance**

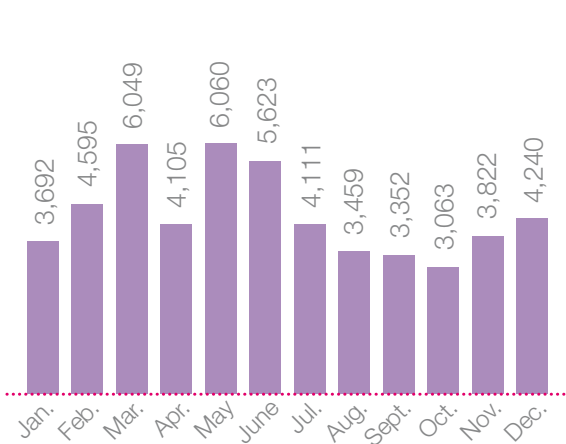
- As at 29 December 2006, **the BNP Paribas share was listed at EUR 82.65**, up 21.87% compared with 31 December 2005, when it was listed at EUR 67.82. By way of comparison, during 2006 the CAC 40 index increased by 17.53%, the Stoxx 50 by 10.39% and the DJ Stoxx Bank index by 18.71%.
- From 2 January 2004 to 29 December 2006, the BNP Paribas share price gained 66.87%, compared with rises of 55.76%, 38.97% and 58.07% for the CAC 40, DJ Stoxx 50 and DJ Stoxx Bank indexes respectively.
- **BNPParibas' market capitalisation totalled EUR 76.9 billion** at 29 December 2006, representing the 4th-largest capitalisation in the

CAC 40 index, as opposed to the 5th-largest at the end of 2005. In terms of free float, BNP Paribas is still the 3rd-largest in the Paris index. During the same period, BNP Paribas was the 3rd-largest in the DJ Euro Stoxx 50 in terms of free float, compared to the 11th-largest at the end of 2005.

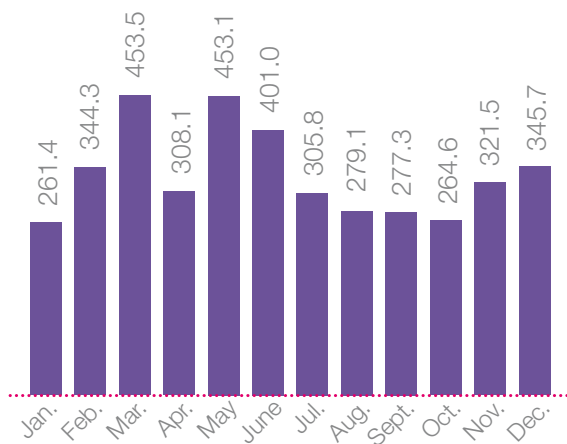
- **Transaction volumes** increased by 15.7%, with an average of 4,358,733 shares traded daily during the year, compared to 3,768,874 shares per session in 2005. This increase, which exceeds the creation of shares (1 for 10) in connection with the March 2006 share issue, reflects the stock's enhanced liquidity.

2006 trading volume on euronext Paris

Daily average in thousands of shares



Daily average in millions of euros



Source: Euronext Paris.

• shareholders' information

Yield and performance data

In euros	French GAAP			IFRS	
	2002	2003	2004	2005	2006
Résultat net part du Groupe par action ^{(1)*}	3.8	4.3	5.5	7.0	8.0
Actif net par action ^{(2)*}	30.3	32.7	35.9	45.8	49.8
Dividende net par action	1.20	1.45	2.00	2.60	3.10 ⁽³⁾
Taux de distribution (en %) ⁽⁴⁾	32.6	34.8	37.9	37.4	40.3 ⁽³⁾
Share price					
High ^{(5)*}	60.77	49.53	54.57	68.71	88.50
Low ^{(5)*}	28.77	32.40	45.71	50.31	66.65
Year-end *	38.53	49.53	52.89	67.82	82.65
CAC 40 index on 31 December	3,063.91	3,557.90	3,821.16	4,715.23	5,541.76

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

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

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

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

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

⁽⁵⁾ Registered during trading.

• shareholders' information

Creating value for shareholders

Total shareholder return (TSR)

Calculation parameters

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

Calculation results

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

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

• shareholders' information / 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.

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

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

Total return on an investment in BNP Paribas shares:

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

Reinvestment of the dividends

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

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

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

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

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

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

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

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

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

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

Comparison of growth in investment of EUR 100.40 over 5 years

(in euros)



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

(in euros)



Communication with shareholders

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

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

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

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

The Individual Shareholder Relations Department informs and attends to queries of the Group's 620,000 or so individual shareholders (*source: 29 December 2006 TPI survey*). A half-yearly financial newsletter informs both members of the Cercle BNP Paribas and other shareholders of important events concerning the Group, and a summary of the matters discussed during the Annual General Meeting is sent out in July. During the year, senior management presents the Group's policy to individual shareholders at meetings organised in various French cities and towns (for example, in 2006,

meetings were held in Bordeaux on 27 June, in Lille on 10 October and in Montpellier on 24 October). Also, BNP Paribas representatives met and spoke with over 1,100 people at the "Actionaria" trade show held in Paris on 17 and 18 November 2006.

In 1995, the **Cercle BNP Paribas** was set up for individual shareholders holding at least 200 shares. The Cercle currently counts 48,300 shareholder members. Three times a year, in alternation with financial newsletters, they receive *La Vie du Cercle*, a publication inviting them to take part in artistic and cultural events with which BNP Paribas is associated, as well as training sessions. These include stock market seminars on warrants, financial research, etc., as well as "Managing your finances on the internet" seminars, "Private asset management" courses and "Economic update" sessions organised by BNP Paribas teams specialised in the respective fields.

⁽¹⁾ Subject to alteration at a later date.

• shareholders' information / communication with shareholders

In addition, the Bank regularly organises scientific conferences and visits to industrial sites. The seminars are held in Paris and the provinces, on weekdays and the weekend, to enable as many people as possible to attend. Illustrating the growing variety of the offering, in 2006, 354 events were organised for 12,971 participants. One-third of the events were held in the provinces and two-thirds in Paris and the

Paris region. Shareholders can obtain information about these services by dialling a special **toll-free number** (in France): **0800 666 777**. A telephone news service can also be accessed through the same number, offering a wide range of information to BNP Paribas shareholders, such as the share price, shareholders' events, news and interviews, etc.

Minitel service

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

The BNP Paribas website

(<http://invest.bnpparibas.com>) can be consulted in both French and English. It provides information on the Group, including press releases, key figures and details of significant developments and presentations. All financial documents such as annual reports and reference documents can also be viewed and downloaded. Publications compiled by the Bank's Economic Research unit can be viewed on the website as well. The latest share performance data and comparisons with major indexes are also obviously available on this website, as are webcasts of the Annual General Meeting.

The Investors/Shareholders corner now includes all reports and presentations concerning the Bank's business and strategy, irrespective of the original target audience (individual shareholders, institutional investors, asset managers or financial analysts). The website also has a section entitled "To be a shareholder" which was specifically designed with individual shareholders in mind, offering information tailored to their needs and details of proposed events. In addition, there is a specific section dedicated to the Annual General Meeting of Shareholders which includes information regarding the conditions for attending the meeting, ways of voting, practical questions, as well as a presentation of the resolutions and the complete text of all speeches made by corporate officers.

• shareholders' information

Shareholder Liaison Committee

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

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

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

The main topics broached included:

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

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

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



• shareholders' information

Dividend

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

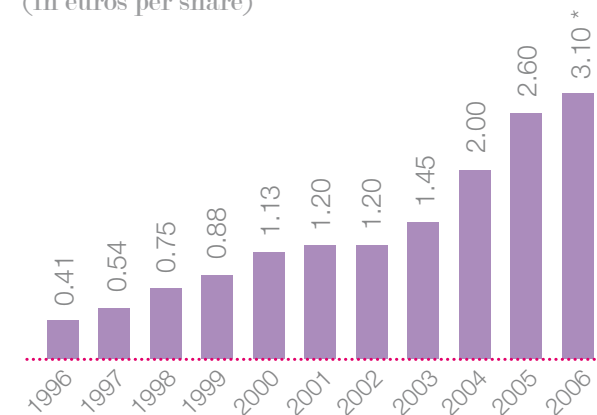
The total amount of the payout is EUR 2,891.9 million, compared to EUR 2,183.0 million in 2006. The proposed payout rate is 40.3% ⁽¹⁾.

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

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

Dividend growth

(in euros per share)



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

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

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

• shareholders' information

BNP Paribas registered shares

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

> Shares registered directly with BNP Paribas

Shareholders whose shares were registered directly with BNP Paribas:

- automatically receive all documents regarding the Bank which are sent to shareholders;
- are automatically entitled to use a **toll-free telephone number (0800 600 700)** to place buy and sell orders;
- benefit from special, discounted brokerage fees;
- have access to "GIS Nomi" (<http://gisnomi.bnpparibas.com>);

bnpparibas.com);

- a fully secure dedicated web server in order to view their registered share accounts and account movements as well as place and track their trading orders;
- and as always, pay no custodial fees and are systematically invited to the General Meetings.

> Registered shares held in an administered account

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

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

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

• shareholders' information

Annual General Meeting

The last Annual General Meeting was held on 23 May 2006 on second call. The text of the resolutions and the video of the meeting can be viewed on the BNP Paribas website where the original live

webcast took place. The composition of the quorum and the results of the votes cast were posted online the day after the meeting. In addition, the meeting was written about in the specialist press

and a specific letter was sent to shareholders summarising the meeting.

The quorum breaks down as follows:

	Number of shareholders	(%)	Number of shares	(%)
Present	1,622	13.47%	101,676,399	29.51%
Proxy given to spouse or another shareholder	17	0.14%	7,631	NS
Proxy given to Chairman	6,742	56.00%	25,930,772	7.52%
Postal votes	3,659	30.39%	216,970,911	62.97%
TOTAL	12,040	100%	344,585,713	100%
			Quorum	
Total no. of shares issued excluding treasury stock			914,962,240	37.66%

• shareholders' information / annual General Meeting

All resolutions proposed to the shareholders were approved.

Results Ordinary Meeting		Rate of approval
Resolution 1:	Approval of the consolidated balance sheet as at 31 December 2005 and the consolidated profit and loss account for the year then ended	98.61%
Resolution 2:	Approval of the balance sheet of the Bank as at 31 December 2005 and the profit and loss account for the year then ended	98.59%
Resolution 3:	Appropriation of net income and dividend distribution	99.81%
Resolution 4:	Transactions and agreements governed by Article L. 225-38 of the French Commercial Code	96.53%
Resolution 5:	Share buybacks	97.59%
Resolution 6:	Appointment of Laurence Parisot as a director	92.26%
Resolution 7:	Renewal of the term of office of Claude Bébéar as a director	91.40%
Resolution 8:	Renewal of the term of office of Jean-Louis Beffa as a director	90.54%
Resolution 9:	Renewal of the term of office of Alain Joly as a director	98.62%
Resolution 10:	Renewal of the term of office of Denis Kessler as a director	90.16%
Resolution 11:	Renewal of the term of office of Michel Pébereau as a director	91.86%
Resolution 12:	Appointment of Deloitte & Associés as principal Auditors and BEAS as deputy Auditors	99.49%
Resolution 13:	Renewal of the mandate of Mazars & Guérard as principal Auditors and of Michel Barbet-Massin as deputy Auditor	98.44%
Resolution 14:	Renewal of the mandate of PricewaterhouseCoopers Audit as principal Auditors and Pierre Coll as deputy Auditor	99.21%
Resolution 15:	Powers to carry out formalities relating to the Annual Meeting	95.13%

Results Extraordinary Meeting		Rate of approval
Resolution 16:	Issue of ordinary shares and share equivalents with pre-emptive subscription rights	93.45%
Resolution 17:	Limitation of the issue of shares and share equivalents without pre-emptive subscription rights	80.66%
Resolution 18:	Charging against the preceding authorised amount of any issue made in consideration of unlisted shares tendered to BNP Paribas, within the limit of 10% of the capital	86.49%
Resolution 19:	Issuance of shares to be paid up by capitalising income, retained earnings or additional paid-in capital	95.61%
Resolution 20:	Overall limitation of authorisations	94.90%
Resolution 21:	Amendment of the fourteenth resolution of the Annual General Meeting of 18 May 2005	96.54%
Resolution 22:	Authorisation to issue shares for subscription by participants in the BNP Paribas Group's Corporate Savings Plan	89.72%
Resolution 23:	Reduction in the Bank's capital by canceling shares	98.70%
Resolution 24:	Approval of the merger of Société Centrale d'Investissements into BNP Paribas	95.10%
Resolution 25:	Amendment of the Articles of Association with regard to the election of directors by employees	99.45%
Resolution 26:	Powers to carry out formalities relating to the Extraordinary Meeting	98.48%

The 2006 Annual General Meeting was an additional opportunity for BNP Paribas to demonstrate its commitment to sustainable development. BNP Paribas seeks to create solid, recurring value, acting as a mark of quality and testifying to its respect not only for "traditional" partners comprising shareholders, clients and employees, but also for the community at large. It seemed appropriate that these principles be reflected in the Group's General Meetings. That is why it was decided, in conjunction with

the Shareholder Liaison Committee, to donate EUR 10 for every attending investor to the "*Coups de pouce aux projets du personnel*" programme (A helping hand for employee projects). The programme has been specifically developed by the BNP Paribas Foundation to encourage public interest initiatives for which Bank staff personally volunteer their time and efforts; the amount collected will be donated in addition to the funds that the Bank already grants to this programme via the BNP Paribas Foundation,

which operates under the aegis of the Fondation de France. The total amount of these contributions was distributed among 48 projects, all of them initiated by Bank employees, in amounts ranging from EUR 800 to EUR 3,500. Most of these projects are centred on actions in France. Of the other projects, one of them concerns actions undertaken in another European country, two in South America, seven in Africa and four in Asia.

The procedures for BNP Paribas' General Meetings

They are defined in Article 18 of the Bank's Articles of Association.

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

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

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

Notice of meetings

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

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

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

> Attendance at meetings

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

> Voting

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

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

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

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

- shareholders' information

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.

• human resources development

> Group values, the underpinning of HR management	60
> Human resources policy framework	62
> The people of BNP Paribas	64
> Key challenges of human resources management	66
> Clearly identified operational challenges	67
Quantitative and qualitative workforce adaptation	67
Recruitment processes that meet the specific needs of each business	68
Developing the skills of employees and teams	70
Creating loyalty through a competitive remuneration package	72
Dynamic career and mobility management	75
Promoting diversity in all its forms	77
Protecting employee health	84
High quality employer-employee relations	86
Deploying a global change management system	87

• human resources development

Group values, the underpinning of HR management

For BNP Paribas, the ambitious goal of being the bank for a changing world stemmed from the values that were chosen by the leadership of the new Group, at the time of the merger between BNP and Paribas in 2000. These values matched the following three intentions:

- bring together a global and multicultural Group;
- define a strong and original identity;
- energise employees around the corporate mission by giving it long-term meaning.

A unifying approach

BNP Paribas is a global Group on the move and, as such, takes great care to respect the cultural backgrounds of all its employees in the ways it conducts its business and manages its teams. In a highly international setting, the Group's values are what bring together a very diverse group of men and women into a community with a strong sense of shared identity.

A distinctive corporate identity

BNP Paribas expresses its distinctive identity in all its businesses and territories, throughout the world. It has chosen to focus on original values, at both an individual and collective level: only three other global groups have also included Commitment and Ambition among their core values; BNP Paribas is the only one to have chosen Creativity and Responsiveness.

Action-centred values

To have a truly rallying effect, corporate values must be shared by everyone and lived on a daily basis. Accordingly, the Group's senior leadership team spelled out the meaning and direction of the individual and collective behaviours which these values call for:

Responsiveness means rapidly appraising situations, identifying opportunities and risks, making decisions and taking effective action.

Creativity means promoting new initiatives and ideas and rewarding their originators.

Commitment involves devoting one's best efforts to client service and team success, while meeting the highest standards of behaviour.

Ambition produces an appetite for challenge and a willingness to lead, with the goal of winning, as a team, a series of contests in which the client is the arbiter.

• human resources development / Group values, the underpinning of HR management

By choosing these values in 2000 and updating them in 2006, the Group made clear its ambitious goal of being the bank for a changing world, in which employees are energised around a corporate project that is deeply respectful of their individuality.

In *Ambitions*, the in-house newsletter, the Chairman spelled out how the Group's values are the vehicles for its ambition. The same spirit presided over the work of defining the management principles and attitudes that are expected to govern the behaviour of all team leaders.

These principles have been translated into the new format for annual performance evaluations, revamped in 2006. A single form is now used throughout the Group, across all business lines, territories and levels of responsibility.



Michel Pébereau, Chairman of BNP Paribas Group.

“A true corporate project rests on values.”

“When we created BNP Paribas, we had a business project and ambitious goals. But we felt that, to make it a true corporate project, meaning the collective project of the men and women of the Group, it was essential to give it a strong underpinning of values.

Values are often considered, in major groups, as a communications tool, a public relations display that bears little relation to how work is done on the ground. That is not how we see things. We believe that our Group values should be shared by everyone and lived on a daily basis. They should help rally together all our teams and ensure the Group's overall cohesiveness.

Our corporate values, as we defined them six years ago, are original when compared with those of other major international groups. But a recent survey has showed us that they are not uniformly understood and are sometimes considered merely as criteria for employee evaluations. That is hardly surprising when you consider how quickly we have grown, through both organic growth and acquisitions: a majority of the employees who are with us today did not experience the merger. We therefore decided to clarify these values and prioritise them with reference to our aim and our logo. Our aim – our ambitious aim – is to be the bank for a changing world.

And our logo, a curve of stars taking flight, represents our pursuit of dynamic progress, for our employees, our clients and our shareholders. This clarification will allow us to better embody these values, in the management of our human resources, our external and internal communications, our managerial programs, and also in our day-to-day relations, among ourselves and with our clients and shareholders. BNP Paribas is no ordinary company. Its uniqueness is very dear to our hearts.”

• human resources development

Human resources policy framework

HR responsibilities Charter

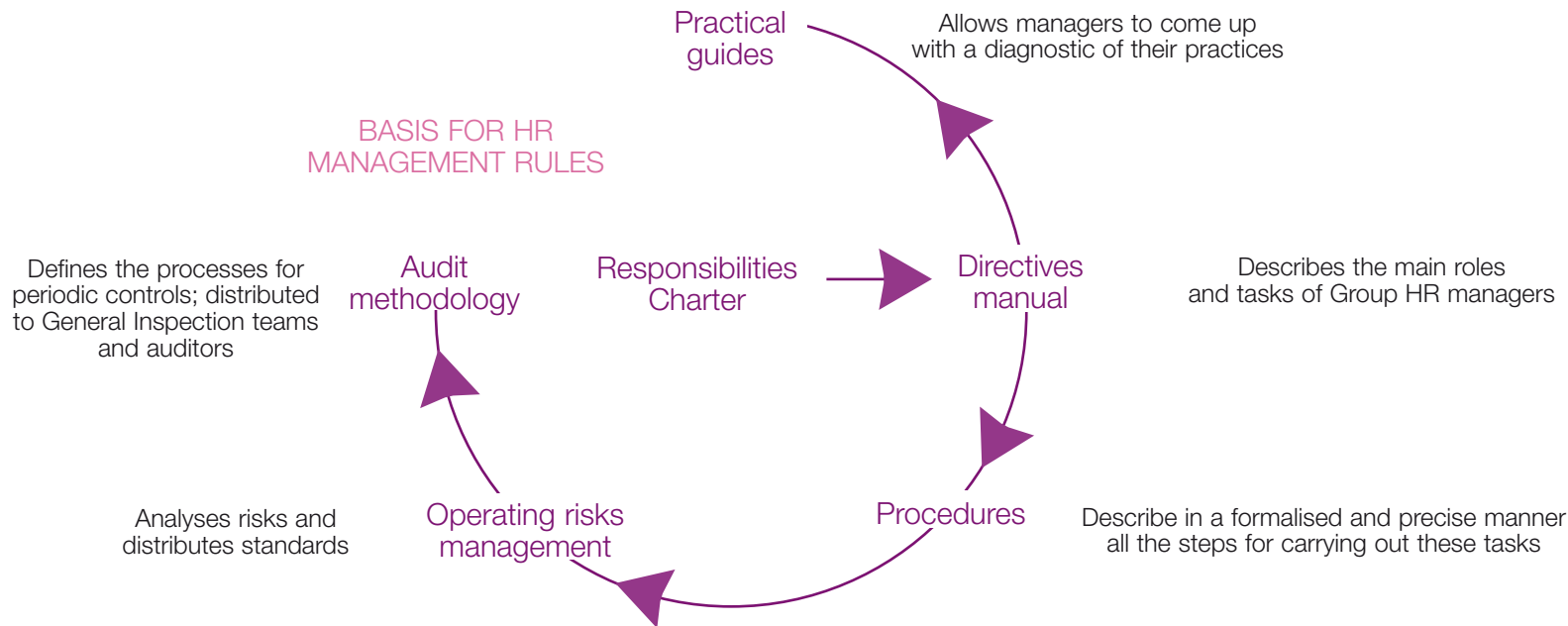
The initiatives undertaken within the Group in the area of human resources management are knit together by a six-part integrated policy framework centred on the Human Resources Department's Responsibilities Charter (see diagram opposite).

The Charter describes the following key tasks:

- Promoting employees' support for Group strategy and helping develop management processes in line with Group values;
- Implementing motivating compensation, training and career management policies;

- Optimising the fit between Group needs and human resources and their cost;
 - Ensuring that high-quality employer-employee dialogue takes place throughout the Group and guaranteeing compliance with labour laws;
- The various parts of the policy framework, set up when the BNP Paribas was born, are updated regularly. In 2006, efforts focused mainly on procedures and risk management:
- Formalising and documenting the body of procedures as part of the new Permanent Controls processes coordinated by the Group Compliance function;

- Completing and implementing the analysis and control of HR operational risks throughout the Group. The first version of management standards released by Group Human Resources included eight key processes, for which 45 potential incidents were identified and analysed, detailing and quantifying causes, controls and effects.



• human resources development / human resources policy framework

Delegations

Given the diversity of businesses and corporate cultures at play when BNP Paribas was created, a key factor in the success of the merger was the establishment of an integrated human resources organisation, which was gradually able to harmonize career management and compensation policies throughout the Group.

Subsequently, the Group Human Resources function was able to simplify decision-making processes and empower local management by broadening the responsibilities of the various core businesses, subsidiaries and countries, as well as expanding the role and latitude of Group-level operational leadership in the management of their teams.

Senior managers, managers in key positions, line managers and their successors, as well as high-potential young managers continue to be managed directly by Group Human Resources.

Compliance with the principles of the United Nations 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.

Despite its rapid external growth in emerging countries, 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 4.3% of total global headcount. In the most risk-exposed countries, where regulations are often very lax, local human resources departments apply Group rules to all employee management procedures.

In 2006, BNP Paribas, with several other major French groups at the forefront of corporate social responsibility, helped found a grouping known as EDH (*Entreprises pour les Droits de l'Homme*), an initiative of French-speaking companies inspired by the example of the Business Leaders Initiative on Human Rights (BLIHR). It seeks to identify effective ways and means of implementing at an operational level within companies the principles of respect for fundamental human rights. Additionally, it plans to promote its approach in the direction of other companies.

• human resources development

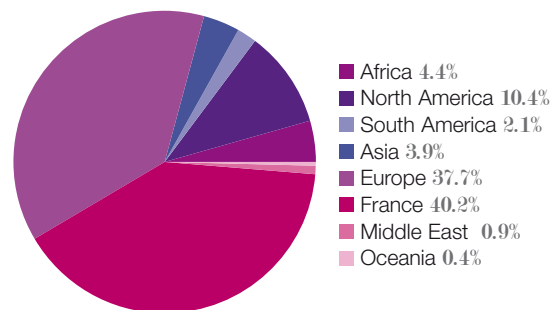
The people of BNP Paribas

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

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

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

Workforce by geographical area

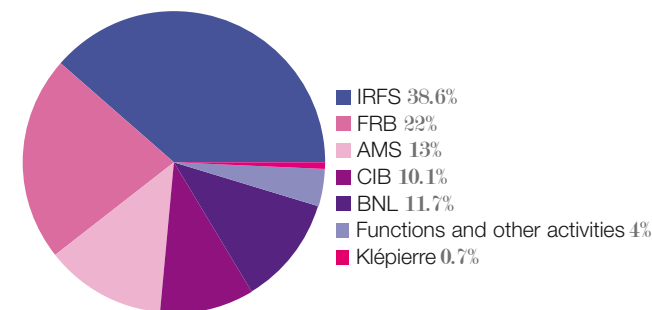


With the exception of entities undergoing restructuring, such as Bank of the West and BNL, the majority of territories worldwide created net new jobs in 2006. The Mediterranean zone was particularly buoyant, especially Turkey, Egypt, Tunisia, Algeria, Morocco and Spain. Net increases also occurred in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

The Group's workforce breaks down as follows:

- by geographical area;
- by business.

Workforce by business



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

* of which Italy 20,307.

⁽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:

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

• human resources development / the people of BNP Paribas

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

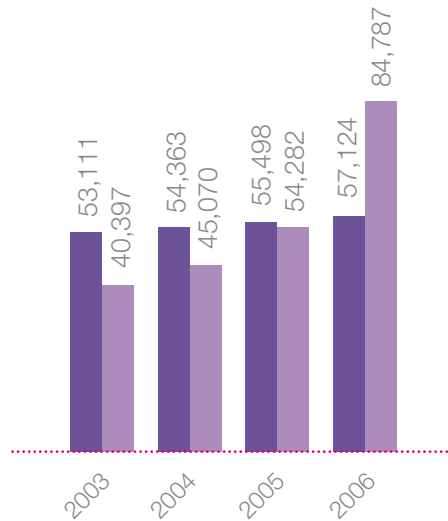
Age pyramid

The Group's age pyramid remains balanced overall. Lower age groups predominate in the IRFS, AMS and CIB divisions, while the opposite is true of French Retail Banking and BNL, which

remain closer to standard employment demographics in continental Europe ⁽¹⁾.

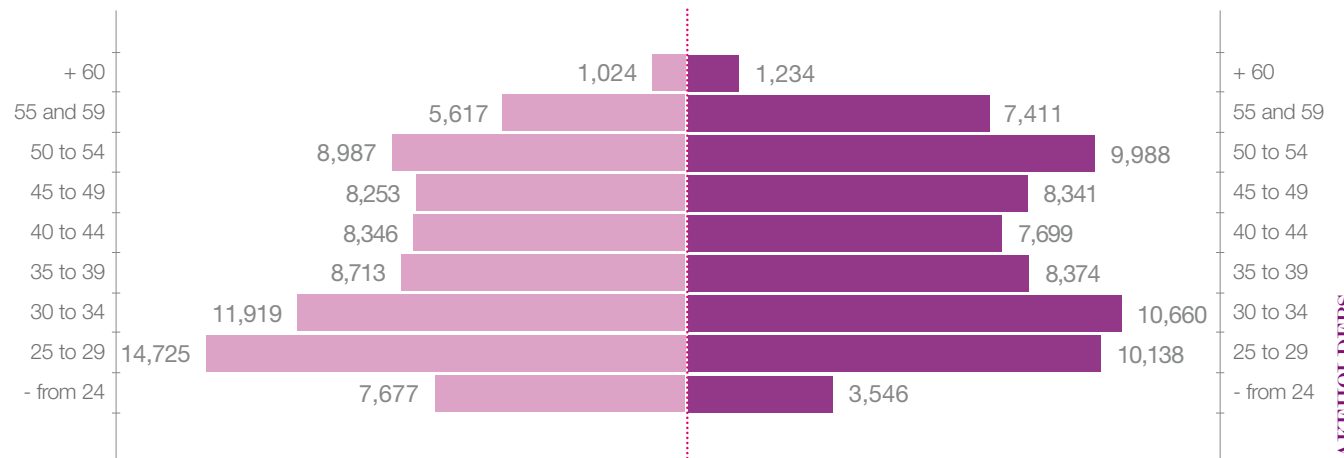
Headcount in France and outside

■ France ■ Outside France



Physical headcount

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



⁽¹⁾ This pyramid has been based on a broader physical headcount and therefore cannot be compared to 2005 data.

• human resources development

Key challenges of human resources management

As a result of its rapid development within a changing environment, the Group faces the three major challenges of growth, diversity and change in its human resources management.

The challenge of growth

Total headcount grew 41% in two years, to 141,911 at 31 December 2006, from 101,000 at the end of 2004. Staff numbers outside France surged 88% over the same period, reaching 84,788 from 45,000.

This swift international development entails that human resources management has to address two major issues:

- Anticipating employment trends through forecast measurements of the effects of organic growth and productivity gains, combined with those of the Group's age pyramid – which will lead to an average of 1,000 retirements per year by 2020 solely at BNP Paribas SA in France.
- Developing the managerial resources needed not only for succession planning related to key positions that will become available through attrition, but also to drive Group development and support its external growth plans.

The challenge of diverse businesses and countries

Before the merger, one business in one country – Retail Banking en France – played a preponderant role in the Group. The past two years have seen sharply accelerated diversification across business lines and territories, producing a much more balanced Group structure.

Managing this diversity, which has become one of the Group's defining features, involves meeting a twofold challenge:

- Combining local diversity and overall consistency, while promoting mobility and a sense of Group identity. The aim is to guarantee an unhindered flow of information and a sufficient mixing of people, to avoid any silo effects in the Group's organisation and promote cross-functional processes.
- Ensure that the Group's diversity is more and more reflected in its key leadership bodies and in their succession planning.

The challenge of change

In any financial services business, human capital is a core asset and managing change a key challenge, because every facet of the operating environment – from markets and activities to growth and globalisation – tends to evolve faster than employees' corporate culture and behaviours.

In responding to these accelerating trends and to employees' varied expectations, managers need to be good listeners, good explainers and good example-setters. Without such effective leadership, employees can feel disconnected from the Group's objectives, accumulate excessive stress and end up discouraged because of unmet expectations.

It is by presenting clearly identified operational challenges that these issues can be addressed.



- human resources development

Clearly identified operational challenges

QUANTITATIVE AND QUALITATIVE WORKFORCE ADAPTATION

Skills management is fully integrated within personalised management of careers, recruitment, mobility and succession.

The issue of employment management is specific to France and Italy, due to both countries' demographics and the inflexibility of their labour markets. It is also specific to certain businesses, such as retail banking and specialist financial services, where higher age groups predominate.

In this context, it is important to (i) regularly manage the decline in the number of posts due to IT developments and organisational changes; (ii) offer opportunities to employees whose positions have been eliminated; and (iii) provide the flexibility required to maintain high recruiting momentum and ensure effective succession management. The Group has been systematically implementing these employment adaptation plans in consultation with employee representatives, based on forward-looking studies carried out at BNP Paribas SA since the start of the 1990s.

In 2006 Cetelem signed a framework agreement on implementing an Employment Adaptation Plan in its French network for 2006-2008. The acquisition of BNL in Italy led to the negotiation of a local staff reduction plan.

BNP Paribas and BNL's culture of management-employee dialogue

When BNP Paribas acquired BNL in 2006 it made sure to respect BNL's deeply ingrained culture of dialogue and consultation between management and employee representatives. From June 2006, the trade unions were involved in discussions regarding the initial restructuring phase. The plan presented at the end of July was followed by negotiations that led, on 23 November, to the signature of agreements on retirement, recruitment, mobility and professional development. These agreements were well received by the parties involved. A retraining programme drawn up in conjunction with the unions offers support to employees affected by the link-up. Over three years, 2,500 employees will receive 26,000 days of training as a result of this programme. BNL's networks in five regions will be reorganised, also in conjunction with the unions, with a focus on local dialogue, integration, change, innovation and the assertion of a strong and dynamic new identity.

• human resources development / clearly identified operational challenges

A new Employment Adaptation Plan was also launched by BNP Paribas SA in France, also for the 2006-2008 period. It includes several types of measures:

- **Mobility and 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 or business creation schemes. There were 136 such voluntary departures in 2006.
- **Very attractive conditions for shifting to part-time work** offered to back-office staff, with a guarantee that new employees will be hired to cover the outstanding workload.

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.

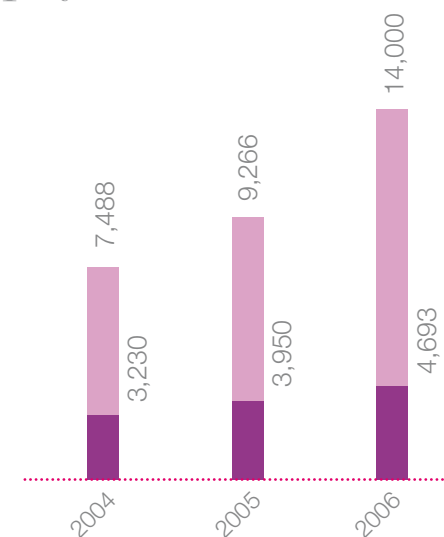
At the same time, the growth in the Group's other business lines enabled BNP Paribas to create over 1,000 net new jobs in France in 2006.

RECRUITMENT PROCESSES THAT MEET THE SPECIFIC NEEDS OF EACH BUSINESS

Intensive and varied recruitment processes

Since 2004, the Group's recruitment activity in France and abroad has remained consistently high, in line with the expansion of its business lines. The number of new hires worldwide ⁽¹⁾ totalled 14,000 in 2006, reflecting a substantial increase on 2005, attributable to outstanding growth in all Group business lines.

Recruitment of permanent employees



Of which permanent employees in France

⁽¹⁾ Some subsidiaries, such as the BankWest group and UkrSibbank, have not been taken into account in calculating the total numbers of permanent employees recruited.

• human resources development / clearly identified operational challenges

Recruitment in France

> A wide range of profiles

In 2006, new hires were split evenly between young university graduates and employees with some previous experience.

Work/study contracts were offered to 860 young people in 2006 (570 in vocational training programmes and 290 in apprenticeships), representing an overall increase of 9% on 2005. At 31 December 2006 there were 1,366 young employees involved in work/study programmes within BNP Paribas. This represents an increase of 18% on the 2005 figure and makes BNP Paribas one of the foremost recruiters of trainees in France.

BNP Paribas significantly increased the number of trainees it took on as part of a VIE (Volontariat International en Entreprise) programme in 2006 (240 compared with 189 in 2005), thus maintaining its position as leading VIE recruiter in France. The number of work placements for Masters students also increased, to over 1,400.

> Close links with schools and universities

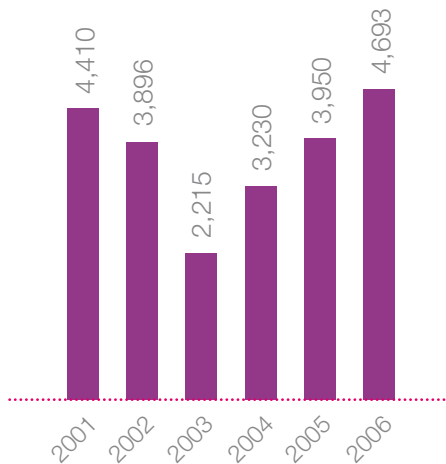
Recruitment teams have stepped up their drive to promote and raise awareness of BNP Paribas, in particular through links with schools and universities. The Group took part in 108 recruitment forums, presentations and workshops, compared with 45 in 2005. Such initiatives are essential in today's ever-more-competitive market. Its heightened visibility among young

graduates has enabled the Group to remain very attractive to certain key target groups, as a result of which it continues to receive a considerable number of applications

> In-branch recruitment campaigns

Following the success of similar operations in 2005, the Group organised two new in-branch recruitment campaigns in Paris and the Paris region. The first of these, in April 2006, attracted 3,600 candidates, leading to 1,400 interviews in May and June, and approximately 100 new hires. The process was speeded up during the second campaign, held in October, and the direct involvement of HR managers meant that the most promising applications could be validated on the spot.

Recruitment of permanent employees in France



A TNS Sofres survey showed that final-year students in leading French business schools continued to rate BNP Paribas as the most attractive employer in France based on their prior knowledge – though this was a close contest, with many tied results. The Group also ranked in sixth position among engineering school students, making it the leading bank and the number one service-sector company among this group.

- human resources development / clearly identified operational challenges

DEVELOPING THE SKILLS OF EMPLOYEES AND TEAMS

Innovative training programmes that build team loyalty

Training programmes offer BNP Paribas a means of attracting new talent and building loyalty among its teams. The training policy and offering seek to bring benefits at both collective and individual levels, by building the skill-sets the Group needs to face new challenges, providing managers with tools and behavioural know-how tailored to their specific environment, and enabling employees to develop their competencies throughout their professional lives. All staff members are encouraged to pursue training that is relevant both to their current position and to their future development.

The process kicks off with the integration seminars for new employees. Business-specific training is then offered for skills development and advancement. Cross-functional training, aimed at a wider audience, has the goal of fostering team spirit and a sense of identity. It mainly takes the form of induction sessions and managerial skills development.

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 shared identity, offering

common 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.

Worldwide Integration Network (WIN) Programme

The WIN programme is an integration, training and career-tracking process aimed at young graduates preparing for an international career in all of the countries in which the Group is located. It aims to promote the retention of high-performing young managers with good career development prospects, who are interested in a posting outside their home country and show an openness to European culture. The participants come out of some of the best universities worldwide and may have had up to two years' prior work experience before joining the Group. They are selected based on their distinguished performance in their current position.

The two-week seminar takes place at the Louveciennes Training Centre. More than twenty nationalities were represented at each of the 2006 WIN sessions, which had a total of 102 attendees, most of them in their first job. The training focuses on communication, teamwork and project management and helps strengthen the skill-sets required to build a successful international career. It includes hands-on application of the teaching through management of real projects in multicultural teams.

• human resources development / clearly identified operational challenges

In 2006, 150 young university graduates recruited in France attended Group seminars. The Corporate Banking and French Retail Banking Divisions held integration sessions for several hundred new recruits.

A growing number of integration sessions for experienced executives were offered in 2006, to cater to the needs of managers taken on as a result of the Group's external and organic growth. In 2006, employees from over 35 territories attended these sessions, with a significant number coming from recent Group acquisitions TEB in Turkey and UkrSibbank in Ukraine.

Cross-functional training

While the various businesses define their own specific training needs, cross-functional training on project ownership and management, personal effectiveness and operations management is provided by the Group training centre. Over 3,370 employees received this type of training in 2006, compared with 3,270 in 2005.

The training sessions with the largest increases in attendance were:

- e-learning: 1,200 CDs were ordered in 2006 compared with 1,000 in 2005.
- Personal Effectiveness offerings saw participation increase by 25%.
- Since June 2006, all employees have been offered a compliance awareness training module in French and English. Over 900 employees followed this training, which was broken down into sixty seminars with 15 attendees.
- A course on the Business Continuity Plan for staff from BP2S and Corporate and Investment Banking also generated considerable interest.

The Louveciennes training centre

Set in a magnificent site near Paris, the Group training centre is a veritable company university. Its mission is not only to build competencies but also to provide a forum for sharing ideas and building company spirit. Employees from all businesses, countries and cultures come here to participate in training sessions. In 2006, over 22,000 employees – 10% more than in 2005 – attended integration seminars, business-specific courses or cross-functional training programmes.

- **human resources development** / clearly identified operational challenges

Training for senior executives

The Leadership for Development programme was set up in 2005 in conjunction with France's prestigious École polytechnique. It is aimed at helping senior executives enhance their personal abilities and develop their careers through optimisation of their leadership skills.

In 2006, the management training offering was enhanced with the creation of two new programmes for senior executives, PRISM and NEXTEP (see boxes). The objectives of these programmes are closely linked to those set out by the Group's career management policy, namely creating and nurturing a community of senior executives in key positions (PRISM) and helping ensure the success of high-stakes career moves (NEXTEP). The aim is to guarantee that training and career management policies are complementary and that the proper conditions are in place to provide senior executives with the skills they need to drive the Group's development.

CREATING LOYALTY THROUGH A COMPETITIVE REMUNERATION PACKAGE

A broad and competitive remuneration package

> Remuneration

Skills and levels of responsibility are remunerated by a fixed remuneration commensurate with each employee's experience and the market norm for each business. Individual performance is rewarded by a variable remuneration based on the achievement of set objectives. Variable remuneration takes different forms from one business to another: the financing businesses use bonuses, while sales businesses pay commissions.

The Group endeavours to apply a fair, competitive and selective remuneration policy.

- Annual performance reviews are driven by a search for fairness in accordance with a global procedure monitored by the Group HR function.
- The Compensation and Benefits Division of the Group HR function updates annual benchmarks by business, type of post and country. This process illustrates the attention paid to the competitiveness of fixed and variable remuneration.
- Remuneration is revised in accordance with selective criteria that are closely linked to the development of employees' skills, responsibilities and performances as reflected in the annual performance evaluations.

PRISM

PRISM gives managers of managers the opportunity to reflect on changes in their working environment and the impact on their day-to-day management practices. The types of questions asked include: where can you see these changes? How do they manifest in the Bank's different contexts and what are appropriate responses? The PRISM seminar focuses on issues related to management, cross-functional processes and diversity. It had 77 participants in 2006, the year of its launch.

NEXTEP

NEXTEP offers specific support to managers of managers making high-stakes career moves. The seminar helps attendees find their positioning quickly and handle the tension that goes with assuming a new function. By identifying risks and opportunities, they can achieve a swift and effective ramp-up in that crucial first phase. Two NEXTEP seminars were organised in 2006, for about twenty senior executives.

• human resources development / clearly identified operational challenges

> Profit-sharing and value creation

The Group seeks to optimise its profit-sharing mechanisms in accordance with local tax and labour regulations. It offers different types of incentive bonuses and profit-sharing plans in various territories.

> Employee share ownership

The Group encourages employee share ownership through an annual share issue reserved for employees. 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. Seven 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. Nearly 4.7 million shares were subscribed to in 2006, reflecting a subscription rate of 53%, equal to the previous year's. This was a remarkable performance, given the 43% increase in the subscription price. It is a sign of the employees' confidence in BNP Paribas's growth strategy.

BNP Paribas awarded the 2006 "Prix de l'Actionariat Salarie"

BNP Paribas was one of three CAC 40 companies to win a "Prix de l'Actionariat Salarie", an employee share-ownership prize, at the Actionaria shareholding fair organised under the auspices of the French federation of employee and former employee shareholders (FAS).

Incentive and profit-sharing plans
BNP Paribas SA

Year in euros	2003	2004	2005	2006
Gross amount	116,769,620	148,701,874	186,076,788	227,719,000
Minimum amount per employee	2,328	2,945	3,772	4,696
Maximum amount per employee	7,831	10,020	10,689	12,732

Employee rights issues

2006	France	International	Total	Average over 3 years
Number of eligible employees	68,998	36,996	105,994	101,362
Number of employees subscribing	44,287	11,565	55,852	53,174
Subscription rate	64%	31%	53%	53%
Amount (EUR million)	219,4	63,2	282,6	239

- human resources development / clearly identified operational challenges

An extensive range of benefits

The benefit plans developed by the Group involve setting up long-term savings accounts for employees and helping them deal with unforeseen accidents and other vagaries through access to personal risk plans.

> Employee savings plans

These plans enable employees to build up their savings, in particular with respect to their retirement, by optimising local tax and labour schemes. Outside France, supplementary pension schemes are the preferred means, whereas in France employee savings plans allow staff to set up savings accounts with preferential tax and benefits treatment in return for a medium-term holding period. These plans can be topped up by payments from incentive and profit-sharing plans, by voluntary payments by the employees themselves, or by possible top-up payments from the company. Perco (the Group retirement

savings plan) was launched in 2005 and by the end of 2006 had been subscribed to by 8,210 employees. The savings become available on retirement, in the form of either an annuity or a once-off payment.

> Employee welfare

The Group has a longstanding benefits policy aimed at providing a high level of protection to its employees. In 2006, BNP Paribas worked on harmonising its overall employee benefits procedures, particularly outside France, with the aim of ensuring greater consistency between the sometimes very disparate local systems. Outside France, the Group endeavours 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 tailor-made, flexible personal risk plan in France

BNP Paribas' personal risk plan was set up under a companywide agreement and has few equivalents in French companies. The flexible plan offers staff a high level of cover for stop-pages 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. Employees can modify their choices at regular intervals. By 31 December 2006, 56,000 employees in 37 French entities were covered by such a personal risk plan.

- human resources development / clearly identified operational challenges

DYNAMIC CAREER AND MOBILITY MANAGEMENT

Career management that supports employees' progression

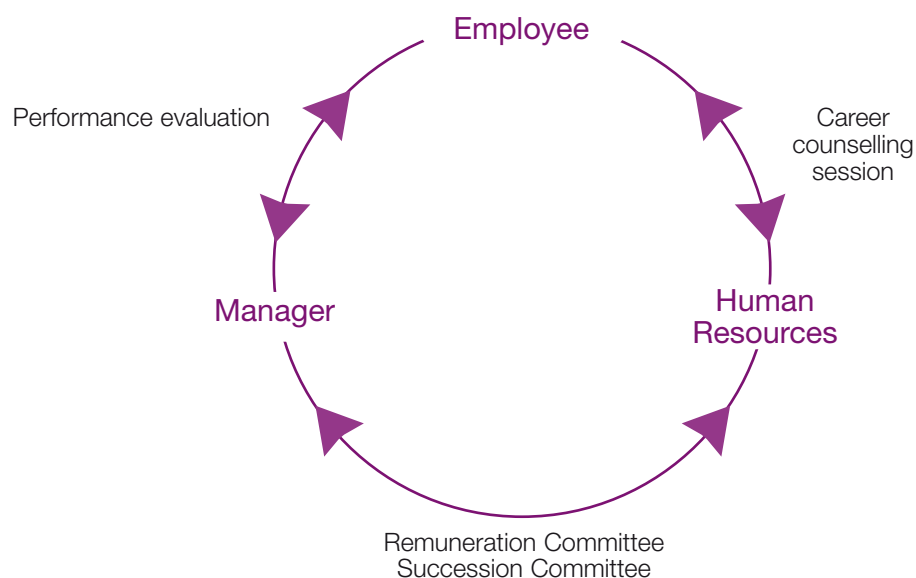
BNP Paribas' career management policy is designed to allow each employee to progress continuously within a well-constructed and coherent framework. By investing in various ongoing training programmes adapted to individual profiles and aspirations, the Group aims to find motivating ways to promote skills development and internal mobility over the long term.

Career management within the Group is based first and foremost on the relationship between the employee and his or her manager. HR managers are tasked with monitoring this relationship and following up on each individual's progression.

A well-thought-out succession management plan

One of the Group's most important career management projects is preparing for the future by ensuring the long-term succession of its executive 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. Approximately 1,500 employees are involved in this programme worldwide.



• human resources development / clearly identified operational challenges

A specially tailored career-tracking mechanism has been put in place for junior executives, which includes frequent career counselling sessions, customised seminars and meetings with Group leaders. Several procedures have been implemented to coach these employees in the early stages of their career:

- *High-performing young executives* whose development potential is spotted by HR managers at the time of their first promotion take part in seminars, working breakfasts and other similar workgroups. Their progression is specifically monitored by HR at both core business and Group level.

- A special six-year career-monitoring process is in place for young graduates hired in France who have a Master's degree and less than two years' professional experience. These graduates 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. This process is specific to France due to the considerable number of new hires there.

Group training sessions and specific career assistance are also available within the various core businesses, business lines, functions or territories for junior or experienced employees joining the Group.

A dynamic mobility policy

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. Different forms of career mobility can help promote employees' potential in a new area and enable them to acquire new skills:

- *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.
- *Inter-company mobility*: the employee changes from one group entity to another.

- **human resources development** / clearly identified operational challenges

Although the diversity of the Group's businesses allows huge scope for career mobility, choices must take account of individual aspirations while at the same time ensuring that optimum use is made of the skills already gained by the employee. For this reason the Group's performance evaluation system encourages discussion between employees and managers as the basis for career management.

A number of tools have been developed to boost internal mobility and create an actual in-house recruitment market, such as Opportunités Carrières in France or e-Recruit in London. 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.

PROMOTING DIVERSITY IN ALL ITS FORMS

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

• human resources development / clearly identified operational challenges

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

> BNP Paribas and the Diversity Charter

BNP Paribas is among the first forty French companies to have signed the Diversity Charter. In a January 2006 review by HALDE (*Haute Autorité de lutte contre les discriminations et*

pour l'égalité), the French high authority fighting against discrimination and for equality, BNP Paribas was not found to discriminate in recruitment.

On 13 December 2006, the Group also signed a charter, proposed by the French Minister of Education, by which French companies commit to promoting equal opportunity in educa-

tion. The purpose of this charter is to strengthen links and develop initiatives between businesses and schools. Signing this document was, for BNP Paribas, in line with its longstanding pursuit of partnerships with academic institutions, to which the charter will give a welcome boost.



Baudouin Prot, Chief Executive Officer, BNP Paribas Group.

Promoting diversity*

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

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

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

BNP Paribas is a very important employer and bank in some strongly multicultural areas, notably in France. In

our banking and financial services, bringing together people from different backgrounds is a source of creativity, innovation and efficiency. We will also be closer to our customers if the composition of our staff mirrors the mix in society around us.

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

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

• **human resources development / clearly identified operational challenges**

> **Rigorous anti-discrimination controls**

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

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

Organisation and resources for fighting discrimination

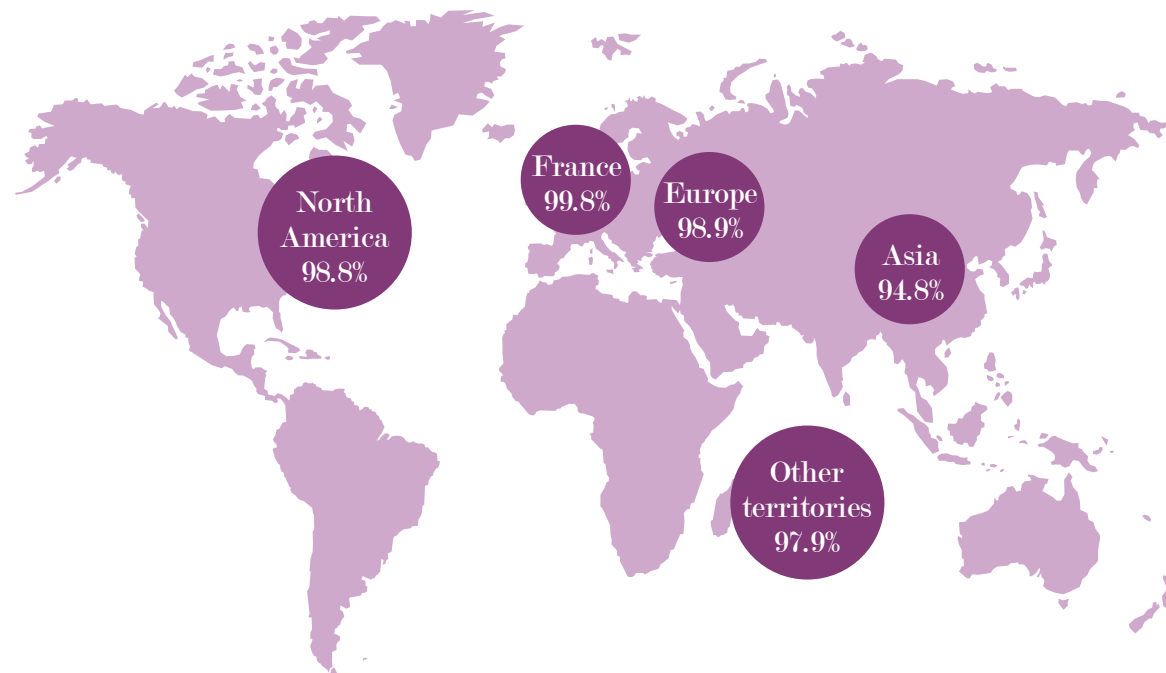
In September 2005, a Head of Diversity was appointed within BNP Paribas' Human Resources function. He is responsible for defining overall policy and coordinating non-discrimination action plans, promoting equal opportunity and increasing the number of women and foreign nationals among senior

executives. The Head of Diversity's duties also include overseeing the Group's policy in favour of disabled employees.

An international workforce

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

Percentage of staff employed locally by geographic area



• human resources development / clearly identified operational challenges

> Diagnostic reviews, audits, tests

An internal review on diversity

An internal review on diversity was carried out during the first half of 2006, involving interviews with more than 30 HR managers in France and abroad. The aim of this review was to (i) discover how the different BNP Paribas territories and entities view diversity; (ii) gain an insight into the various challenges and priorities of each of these territories and entities; (iii) assess the current state of affairs; and (iv) identify best practices that can be shared across the Group. For several years BNP Paribas entities in Anglo-Saxon countries have been taking steps to promote diversity, such as raising awareness through internal communication and training.

Auditing the situation of handicapped employees

The working conditions of the Group's handicapped employees were audited between October 2005 and March 2006 by TH Conseil, a human resources consultancy specialised in the recruitment of disabled persons. Thanks to this audit the Group has been able to further deepen its approach to the issue, with the aim of moving beyond concern for individual employee welfare

to reach for true corporate social responsibility. Following the audit, a project was put in place with a view to improving working conditions for handicapped employees (see section entitled "Project Handicap").

Gender equality surveys

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

Among other surveys that have been used to find avenues for improvement towards greater gender equality, BNP Paribas took part in a 2006 study conducted by AFB, the French banking association, comparing, over a 15-year period, the careers of men and women in the banking industry.

> A concerted approach

Reducing maternity-related inequalities

In 2004 BNP Paribas and the trade unions signed an agreement on male/female professional equality, that ensures equal treatment of men and women in terms of recruitment, salary and promotion, and includes measures on maternity leave. Employees going on maternity leave have an interview with their direct manager prior to their leave and again at least two months before their return to define the conditions under which they will resume their post. The age limit that had been set for detecting high-potential executives was replaced by a criterion of work experience to avoid penalising women who have gaps in their career due to maternity leave. Group subsidiaries that have signed similar agreements include BPLG, Cetelem, BNP PAM et BNP Paribas Assurance. In 2006, another agreement was entered into with four BNP Paribas SA trade unions regarding the implementation of the French law of 23 March 2006 on equal pay during maternity, adoption and post-maternity leave. This agreement lays down the rules for determining minimum fixed and variable salary increases.

- human resources development / clearly identified operational challenges

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

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

> **Project Handicap**

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

BNP Paribas outsources certain types of work to sheltered workshops. Since 1981 it has been working with the *Institut des Cent Arpents*, which was set up by Mutuelle BNP Paribas in the suburbs of Orléans. The facility, which is home to the Jean Pinault Esat ⁽¹⁾, has recently increased its capacity and can now accommodate 105 disabled workers, as against a previous 80. It also houses 11 people with serious handicaps in its sheltered accommodation.

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

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

⁽¹⁾ Centre for assistance through work.

• human resources development / clearly identified operational challenges

> Awareness-raising and training

The theme of the Group's international career management seminar for 2006 was "Managing Difference". One hundred and eighty HR managers, including more than 130 from France, attended this seminar which included two days

of presentations on the Group's diversity policy and how it is reflected in HR procedures. In addition, HR managers from countries with a long history of diversity and non-discrimination initiatives, notably the UK, the US, Hong Kong and Singapore, spoke about their experiences.

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

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

- human resources development / clearly identified operational challenges

At Group level, information on diversity has been published on the intranet and in the weekly newsletter accessible to all employees. Topics included news of the launch of the documentary *Plafond de verre* (The Glass Ceiling) sponsored by IMS, an association of French companies – of which BNP Paribas is a member – that promotes corporate social responsibility; reminders concerning the Group’s commitments with regard to diversity; the results of the test performed on BNP Paribas recruitment processes by HALDE; and regular updates on *Projet Banlieues*, which addresses issues of employment and social inclusion in France’s underprivileged suburbs. Several sites outside France, in particular in London, in Canada and within Bank of the West, have implemented internal communication strategies that underscore their commitment to diversity.

> Combating discrimination: an integral part of career management

Non-discriminatory hiring processes

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

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

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

Promotion to senior executive level

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

• human resources development / clearly identified operational challenges

> Partnerships

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

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

PROTECTING EMPLOYEE HEALTH

The Group’s occupational health policy goes beyond simply complying with changes in legislation. The major components of the policy involve risk prevention and support for vulnerable employees or those who have become unfit to work.

Prevention of occupational risks

Identifying occupational risk is the first step in preventing it. The various risks identified include attacks in branches, musculoskeletal problems, and problems with air-conditioning and heating systems. A cross-disciplinary team set up in 2006 pools the skills and knowledge of its members to prevent these risks and deal with illnesses and their various causes.

Medical assistance to employees that have been victims of attacks, in particular in the Paris region, is provided in conjunction with the Paris medical emergency services. This initiative has been progressively improved over recent years, and its effects can be seen in the decrease in both the number and length of post-attack stoppages, as well as in requests for transfer to another position subsequent to an attack.

In 2006, 156 employees received medical assistance after an attack. Seven of them were referred to mental health specialists for further help.

Special measures have been put in place for the prevention of other workplace risks. These include information campaigns, training, the use of ergonomic design and remedial ergonomics, and early-warning procedures. The high degree of vigilance exercised by the occupational medicine department, team managers, facilities management departments, the ergonomics function and works committees has contributed to the very low rate of musculoskeletal problems reported in BNP Paribas SA.

“6 billion Others”

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

• human resources development / clearly identified operational challenges

Public-health issues

The BNP Paribas SA Occupational Health Department has been actively promoting employee health for the past several years. During employees' annual visit, company doctors provide personalised recommendations in all areas of public health. For major risks such as cardiovascular disease, cancer, obesity or smoking, awareness campaigns are conducted on a yearly basis, information brochures are produced and further specific steps may be taken.

The Occupational Health Department also monitors emerging health threats, to inform staff and provide recommendations. In 2006, this monitoring, conducted with help from French and international health authorities, led to the postponement of scheduled assignments in the French island of Réunion in the Indian Ocean, due to risks related to the Chikungunya virus. Advice was provided to staff on the Group intranet on how to prepare for the risk of a heat wave in July. In response to avian flu concerns, leaflets presenting personal hygiene recommendations for preventing the spread of viruses were posted in restrooms. A working group that includes operational leadership from the

various core businesses and functions meets regularly to prepare the Group to respond to a possible pandemic, in terms of both healthcare and organisation.

Supporting employees through difficult times

As with prevention, the redeployment of employees after several months of absence due to illness is the subject of concerted efforts between the Occupational Health Department, the HR managers and functional management. Given the rapid pace of change within the Group, the reintegration process must factor in an adjustment to the new circumstances, so as to dispel employees' worries and allow them the time to find their feet again.

In certain cases, employees can have an interview with the occupational physician before resuming work, either because they request it or because their GP or the reviewing physician from the national health insurance system deem it necessary. In such instances the company doctor prepares the employee for his or her return, taking into consideration any after-effects or residual handicap he or she may be suffering.

Public-health initiatives in 2006

The following initiatives took place in 2006:

- Doctor Fricker's conference on nutrition, well-being and health was attended by 400 employees.
- One hundred staff members attended an information session on breast cancer screening and the therapeutic and psychological dimensions of treatment.
- Large-scale vaccination campaigns led to 2,460 influenza shots and 739 other vaccinations requested by employees.
- Screening for the cardiovascular risk factors of high cholesterol, high blood pressure, smoking and stress partnership continued, in a partnership with hôpital Broussais in Paris. When appropriate, loss of coronary function is measured at the hospital, so that those employees who need it can get early treatment. In 2006 there were 332 blood tests and 7 patients were hospitalised.
- Better medical monitoring has been provided for expatriate staff, with new health checkups tailored to the employees' age group and to the health risks of the countries concerned. This concerned 127 employees in 2006. Special medical attention continued to be devoted to employees sent abroad to regions with significant health risks.

• human resources development / clearly identified operational challenges

Outside France, entities endeavour to optimise occupational risk prevention and access to care for employees in conjunction with local health systems. The employees of UkrSibbank that were exposed to radiation following the Chernobyl disaster qualify for indemnities and additional leave, and their health is closely monitored as part of an initiative run by the Ukrainian authorities.

BNP Paribas is an active member of *Sida Entreprises*, a business-funded association focused on AIDS. The aim of this association 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 helps set up inter-company platforms in most of the countries in West Africa where it is present, through its network of associated banks (BICI).

HIGH QUALITY EMPLOYER-EMPLOYEE RELATIONS Constructive employer-employee relations

There were extensive discussions in 2006 within the *European Works Council*, as well as in the *Group Works Council*, which finalised the work undertaken in 2005 on the consistency of contract conditions within the Group in France. The recommendations presented to the Group Works Council on 6 April 2006 met with broad consensus, as four trade unions approved the principles contained therein. This document now serves as a reference point on issues of employee benefits, employment management and career development.

The *Commission on Employment Law* – BNP Paribas SA's labour information and negotiation body – met on 32 occasions in 2006 and negotiated the *signature of 13 company-level agreements*. Several of these agreements concern the improvement or development of remuneration within the Group, in particular employee savings plans. A new profit-sharing

agreement, signed on 29 June 2006 for the 2006-2008 period, involves employees in the Group's growth and results. It is based on consolidated gross operating income, in accordance with the Group's international strategy and its organisation into worldwide business lines. A wage agreement for 2006 specified the implementation of a general measure and the granting of an exceptional bonus.

Six years after the agreement on the *organisation and reduction of working hours*, the signatories amended the measures applicable to executive-band employees without fixed hours, in order to take account of the Bank's development and changes within its business. At the same time, provisions have been put in place to enable employees to transfer days from a special time savings account (Compte Epargne Temps) to employee savings or retirement plans.

Following the agreement of 9 April 2004 on *gender equality in the workplace*, a new agreement was entered into on 28 July 2006, defining the rules for changes in the individual remuneration of employees following maternity or adoption leave.

- human resources development / clearly identified operational challenges

DEPLOYING A GLOBAL CHANGE MANAGEMENT SYSTEM

Management monitoring

The system of employee surveys deployed in France since 1993 was rolled out to other countries beginning in 2005. It includes two types of surveys conducted in alternation from one year to the next. The first is a satisfaction survey that monitors the in-house climate along the three dimensions of company image, management practices and attitudes, and professional experience. The following year the survey takes the form of a set of indicators measuring employees' degree of commitment.

In 2006 the survey was an international barometer of in-house climate. A sample of more than 4,400 employees – out of about 73,500 in the countries where BNP Paribas has its largest operations – described how they see the company and their work situation. The highlights of the 2006 survey can be summarised as follows:

- A positive view of the work situation and of management methods, reflecting some specific cultural features of each country, including a historically stronger tendency to be critical in France

% positive opinions	France	Germany	Morocco	UK	New York
Motivation of teams	55	88	62	76	79
View of teams' management	65	85	95	76	79
Optimism regarding future within the Group	65	83	87	73	78
Atmosphere in the workplace	86	95	83	91	92

- Consensus concerning the Group's very positive image, which builds team cohesion

% positive opinions	France	Germany	Morocco	UK	New York
Overall image	93	90	98	85	90
Performance	99	96	99	95	98
Reputation	96	98	100	91	92
Quality of products and services	92	93	100	89	90
Ability to innovate	89	89	100	82	84

• human resources development / clearly identified operational challenges

- A few exceptionally high scores, often more than 20 points above the benchmark defined by independent polling firms, concerning corporate vision and values

% positive opinions	France	Germany	Morocco	UK	New York
Clarity of strategy	81	83	96	75	78
Application of commitment	71	97	83	90	90
Application of responsiveness	71	90	78	87	89
Application of initiative	61	90	78	87	89

- A very favourable assessment of the Group's practice of corporate social responsibility

% positive opinions	France	Germany	Morocco	UK	New York
Respect for society in general	95	94	97	93	96
Respect for employees	75	93	87	88	93
Environmental compliance	80	72	95	75	80
Compliance with ethical principles	96	75	99	92	97

Combined with Group management tools, this global barometer produces more fine-tuned analyses, which are provided to the relevant managers to help them lead their operating entities.

Internal communications

Four years after the previous readership and satisfaction survey on internal communications, a new measurement was taken in 2006 in 17 countries, on 913 employees making up a representative sample, in terms of both territories and business lines. Based on the same methodology as the 2002 edition, the 2006 survey revealed a number of changes.

> Readership of publications

Group-level media confirmed their preponderance compared to those of core businesses, business lines or territories. Echo'Net, the Group intranet, is accessible to 81% of employees, up from 76% in 2002 and the *Ambitions* magazine reaches 77% of Group employees. These publications, read by about nine out of ten addressees, have the largest readerships among internal communications media.



• human resources development / clearly identified operational challenges

> Effectiveness of the process

Group media clearly fulfil their mission. They garner high and rising satisfaction rates as regards the corporate themes of image, strategy, results or marketing. The survey reflects a more qualified assessment on operational and local topics, for which the more pinpointed local communication media are needed and appreciated.

Although it also suggested ways of improving the content of Group publications, the survey confirmed that Echo'Net plays a cohesiveness-building role and that further development of *Ambitions* can be useful. The printed edition of the magazine leads to conversations among employees and allows them to keep articles. *Ambitions* has always been issued in French and English and began to be published in Italian in 2006.

Innovative mindset

> A core issue

The banking industry is among the most innovative sectors, due to the growing impact of information technology, which accounts for 15 to 20% of banking groups' operating expenses, plus the high level of expertise and *intelligence* concentrated in financial services, and the attention clients pay to new developments.

Financial innovation is therefore encouraged and its benefits are passed on to clients, whether in the areas of hedging, investment yields, simpler access to transactions or lower unit costs.

Intense competition in this sector where no patent protection is available produces a constant trend towards standardisation of services. As a result, permanent innovation is required to create value-added products (*product* innovation) and to automate efficiently products that have become standard (*process* innovation).

> A cross-functional project

Two of the Group's values, creativity and reactivity, are essential ingredients for the pursuit of innovation. The ways in which Group employees can contribute to the innovation drive have been revamped and made a part of the 2006 Quality Action Plan.

The Innovation Awards, introduced during the 2006 BNP Paribas Days, recognise two types of contribution: innovation produced by R&D experts in the fields of finance, marketing, IT and telecommunications; and innovations suggested by any employee as part of the *innov@ction* process.

> The *innov@ction* process

To turn their ideas into proposals, employees have access, on the Intranet, to the Group's specific principles and methodology. Thanks to these shared tools, the core businesses, business lines and functions oversee the process, integrate its results into their reporting and act as the selection committee. The system ensures both that employees' contributions are recognised and that suggestions are shared with other Group entities.

The first Innovation Awards will be handed out during the 2007 BNP Paribas Days.

Alongside this Group initiative, *Étincelle*, the tool that manages employees' suggestions within French Retail Banking, continued to play a useful role, producing a growing number of suggestions. Of all the suggestions analysed in 2006, 10% were approved.

• relations with clients and suppliers

> A closely-attuned relationship	91
Listening to our clients and meeting their needs	91
Quality assurance	94
Protecting more vulnerable clients	95
> Socially responsible investment	97
Increasingly aware investors	97
The socially responsible investment process	97
Exercising voting rights	98
Research and management teams	99
A leading position on the French market	99
A wave of new initiatives in 2006	99
> Relations with suppliers	101
Maintaining core competencies	101
Limited, controlled use of offshoring	101
Worldwide oversight of the purchasing function	102

- relations with clients and suppliers

A closely-attuned relationship

LISTENING TO OUR CLIENTS AND MEETING THEIR NEEDS

Anticipating client expectations

The BNP Paribas consumer surveys unit brings together a network of Group entities specialised in market surveys, 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 information 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.

Tailor-made services

The multi-channel bank meets these requirements through a real-time integration of the various channels of the distribution network: appointments in branches, telephone contacts

through the Client Relations Centre and electronic correspondence via *bnpparibas.net*. Thanks to a single database that centralises and updates all the information from the various sources, this system has transformed and optimised the marketing approach. More than 20 million new contact opportunities were generated in 2006, resulting in 10 million client interviews, a doubling in two years. The internet channel made great advances, with the number of monthly client users of *bnpparibas.net* services surging past the one-million mark for the first time in 2006. This progress in personalised contacts led to a significant improvement in the annual barometer of client satisfaction.

• relations with clients and suppliers / listening to our clients and meeting their needs

This success was recognised by the market, with three awards bestowed in 2006: the *Qualiweb/Stratégies award* for the best online client relationship in the banking industry, the “Clic d’or de la mobilité” prize for *mobile.bnpparibas.net*, awarded by *CB News*, and Top Com bronze in the multi-media category, consumer e-commerce section, awarded by *L’Expression* and TF1.

Measuring client satisfaction

Several systems have been implemented since 2002 to better assess the satisfaction of the retail network’s six million clients in France. Barometers have been developed to measure satisfaction in each client category – individuals, entrepreneurs and small business clients,

corporations, associations and private banking clients – and to assess client user perceptions of the quality of service received from the Client Relations Centre. The results show that the overall level of satisfaction of BNP Paribas Private Banking clients improves each year.

For its individual and small business clients, French Retail Banking implemented a system that measures client satisfaction on a yearly basis. 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. In 2006, the number of people interviewed increased by more than 6% from

2005 to 64,000. New questions were added concerning product offerings, online banking, bank charges and intentions to carry out transactions with Private Banking or to recommend it to another person. Nearly two out of every three clients recommend BNP Paribas Private Banking to their circle of friends.

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.

- relations with clients and suppliers / listening to our clients and meeting their needs

Stage 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. The system is available on sales teams' workstations and improves the quality of their response.

Stage 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. Thanks to this system, the number of complaints sent directly to Executive Management has decreased by 30%.

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.

Stage 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.

Stage 4

Clients can refer complaints to an **external independent mediator** at any time. This Mediator, whose contact details appear on clients' bank statements, arbitrates disputes regarding the current accounts of individuals lodging non-business-related complaints, hands down an opinion within two months of the arbitration. Of the 2,404 complaints received in 2006, 1,231 qualified for mediation. Of the latter, 882 were dealt with by the business units and 349 required a Mediator's opinion.

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

Dialogue with consumers

The system for responding to customer complaints is broken down into four stages: When the mediation system was set up in 2002, BNP Paribas limited the mediator's involvement to areas provided by law. The mediator could be called on in the event of disputes between the bank and individual clients with non-business-related complaints regarding the deposit account agreement, free offers and incentives, and bundled sales. In 2006, BNP Paribas gradually extended the mediator's scope of activity to include loan implementation terms and conditions, loan-related insurance policies and the execution of stock market and mutual fund orders.

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 these clients are particularly satisfied with their client advisors and the service they receive.

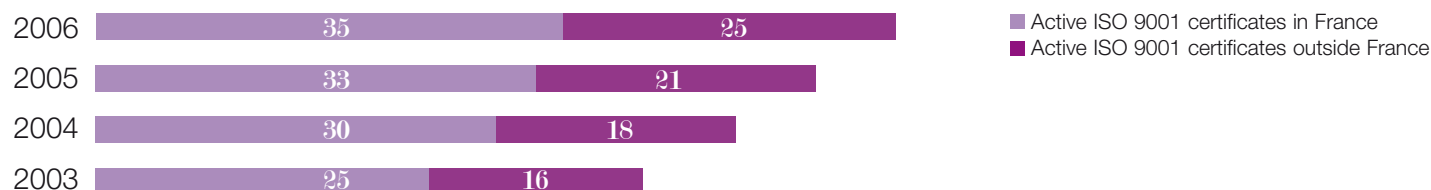
In order to improve quality, some processes have been reorganised with a view to streamlining processing and improving reliability and treatment time. This overhaul relies on workflow software that coordinates the work of multiple players, and it involves centralising capabilities into centres of expertise 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 obtaining of the most relevant external certification. With 60 active certificates at the end of 2006, BNP Paribas remains one of the banks that have taken the ISO 9001 process the furthest.

In 2006, new business lines obtained ISO 9001 certification such as, in France, Cetelem's consumer relations department and Arius' rental and asset management services and, outside France, the BNP Paribas Assurance subsidiary in Seoul, Cash Management Services in Mumbai, and Cetelem Crédit Moderne for the Indian Ocean region.

An extensive certification



PROTECTING MORE VULNERABLE CLIENTS

Cetelem says “Yes to developing healthy loans, no to over-indebtedness”

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.

In June 2006, Cetelem published a booklet explaining its actions to promote responsible lending, defined as “lending that meets four fundamental commitments at each stage of the client relationship, from the loan request, its implementation and reimbursement to its final settlement”: fighting over-indebtedness, promoting credit access for the greatest possible number of people, providing every client with flexible support and finding amicable solutions in the event of difficulties.

In order to concretely report on the results of these commitments, in 2006 Cetelem defined three activity indicators which are now included its annual report: The loan refusal rate, the per-

centage of payment defaults and the risk ratio calculated by dividing provisions recorded for bad debts by total outstanding loans. This level has significantly declined over the last few years and now represents less than 2% of the overall amount, a low level compared to that of the United States and the United Kingdom, where it amounts to 4.5% and 6% respectively of outstanding loans.

The three Cetelem indicators



- relations with clients and suppliers / listening to our clients and meeting their needs

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. In France, 95% of its ATMs are accessible to disabled persons compared to an 80% average for the industry. A methodological guide was produced with the help of a specialised consulting firm and distributed to all persons involved in the interior design of sales facilities and the installation of ATMs.

80% of the 650 branches that had been renovated by the end of 2006 are accessible to disabled persons. The exceptions are due to physical, technical or security constraints validated by the relevant authorities. 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 embossed features on the headphone jacks, keyboards and function keys, as well as multicoloured light signals to identify each stage of the transaction. Since 1 December 2005, BNP Paribas has rolled out more than 250 cash distributors of this type in France and by the end of 2007, 500 to 600 such distributors should be operational.

- relations with clients and suppliers

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:

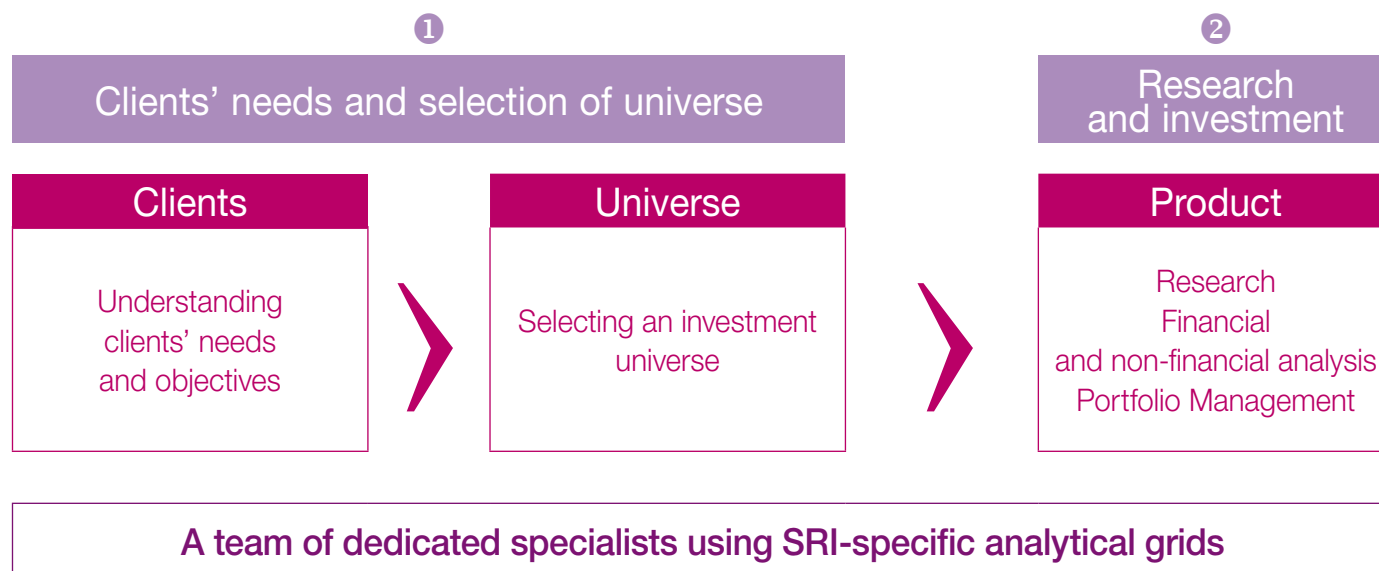
Identification of client's needs and selection of universe

To meet 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.

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.



• relations with clients and suppliers / socially responsible investment

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.

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

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 2006 amounted to EUR 5.8 billion. These funds are geared towards institutional investors and individual clients.

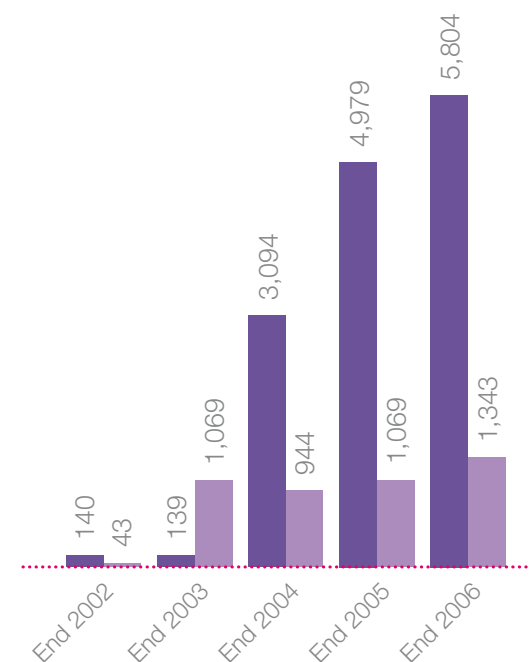
A WAVE OF NEW INITIATIVES IN 2006

In 2006, a variety of initiatives confirmed BNP Paribas Asset Management's leading position in socially responsible investment. This leadership was reflected in its signing of the Principles for Responsible Investment on 27 April 2006 in New York and then on 4 May in Paris. The principles are the product of a group of international experts and chief financial officers, working under the aegis of the United Nations Environment Programme Finance Initiative (UNEP FI) and the Global Compact. The PRI provides a framework which goes beyond Responsible Social Investment. It concerns all financial assets and recognises the importance of environmental, social and governance (ESG) issues in this sector in relation to responsibility and to return on portfolios. The PRI encompasses six principles and some thirty possible actions:

- Incorporating ESG issues into investment analysis and decision-making processes;
- Incorporating ESG issues into ownership policies and practices;
- Seeking appropriate disclosures on ESG issues by entities in which investments are made;

SRI asset inflows (in millions of euros)

■ Mandates/dedicated funds ■ Open funds



• relations with clients and suppliers / socially responsible investment

- Promoting acceptance and implementation of these principles within the investment industry;
- Working together to enhance effectiveness in implementing the principles;
- Reporting on activities and progress toward implementing the principles.

In 2006 the Enhanced Analytics Initiative (EAI), of which BNP Paribas Asset Management is a founding member, took on an international dimension. The EAI is a form of international

cooperation between asset owners and asset managers aimed at encouraging investment research on an investment's extra-financial issues. Its members commit to allocating 5% of their annual broker commissions to developing extra-financial analysis, particularly with regard to questions of governance, climate change and human resource management. Created in 2004, the EAI now has 23 members and EUR 1,800 billion in managed funds.

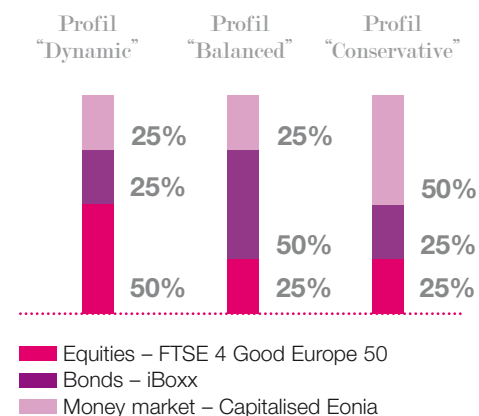
To meet clients' differing needs, specific new products have been created such as the *Éthique et Performance* investment fund. Thanks to this fund, BNP Paribas' Institutions & Grandes Associations clients can benefit from the best market opportunities within an ethical and secure framework.

Éthique et Performance: an innovative investment fund

With this exclusive and innovative structure, investors are not required to make an immediate choice from among the three asset classes: ethical equities, selected by the FTSE 4 Good Europe 50 index, bond markets and money markets.

Three distinct investment profiles are defined through differing investment in each of these asset classes: a dynamic profile emphasising investment in ethical equities, a balanced profile concentrated in government bonds and a conservative profile focusing on money market products.

After five years, subscribers recover 100% of their investment boosted by the ten best performances applied each half year among the three investment profiles.



- relations with clients and suppliers

Relations with suppliers

MAINTAINING CORE COMPETENCIES

While the group relies on outside vendors for products and services that are not central to its businesses, it has chosen to retain control over its core competencies. Production processes remain highly integrated, thus limiting the use of outsourcing.

In the IT field, where outsourcing is common among players in the financial sector, BNP Paribas has adopted an original position. The Group has created a joint-venture with IBM France to meet the Group's IT processing requirements. This strategic alliance meets the need to retain control over technology while reducing IT costs and preserving a leading-edge centre of excellence.

LIMITED, CONTROLLED USE OF OFFSHORING

The Group has optimised its system for specific IT development and programming by pooling a portion of its IT resources in Asia within BNP Paribas India Solutions in Mumbai.

Another centre for IT development, MEDIHA Informatique, has been created in Morocco which offers social and economic advantages: geographical proximity, the absence of time differences and a shared language.

In both cases, the Group chose to keep these activities within its subsidiaries rather to externalise them. The two entities are expected to employ several hundred employees out of a group-wide total of some 10,000 IT specialists. This plan was implemented while still maintaining a net creation of IT jobs in France.

WORLDWIDE OVERSIGHT OF THE PURCHASING FUNCTION

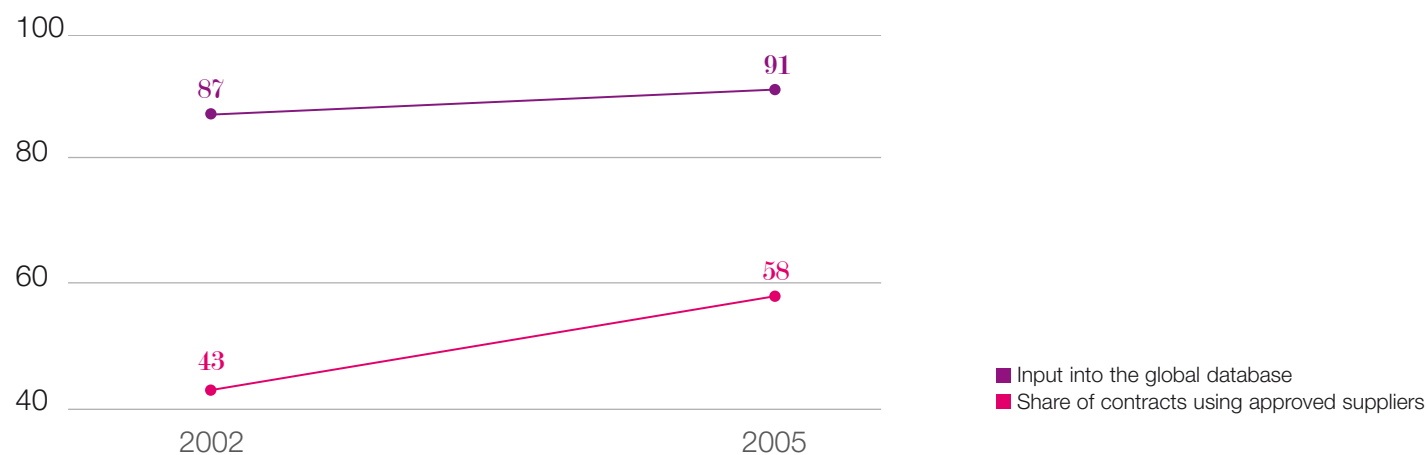
The Group places considerable importance on its suppliers' approach to corporate social and environmental responsibility. This dimension is a factor in the choices made by the procurement function which relies on BNP Paribas Asset Management's expertise to assess leading suppliers.

Since 2002, contracts signed by the GOE (Group Operating Efficiency) unit systematically include social and environmental clauses. These clauses provide for compliance with International Labour Organisation (ILO) standards or with local employment law principles in the event that these are stricter than ILO standards. In 2006, all Group entities were reminded of their duty to only use companies that guarantee compliance with these principles in order to standardise relations with suppliers with which they do business.

External growth leads to the constant consolidation of new entities; nonetheless, the rate of input into the global database has been maintained at a high level. The overall percentage of purchases from approved suppliers, which has been steadily increasing for several years, does not adequately reflect the major progress made in absolute terms in this area, given the considerable expansion of the scope of consolidation.

The global supplier database

(in %)



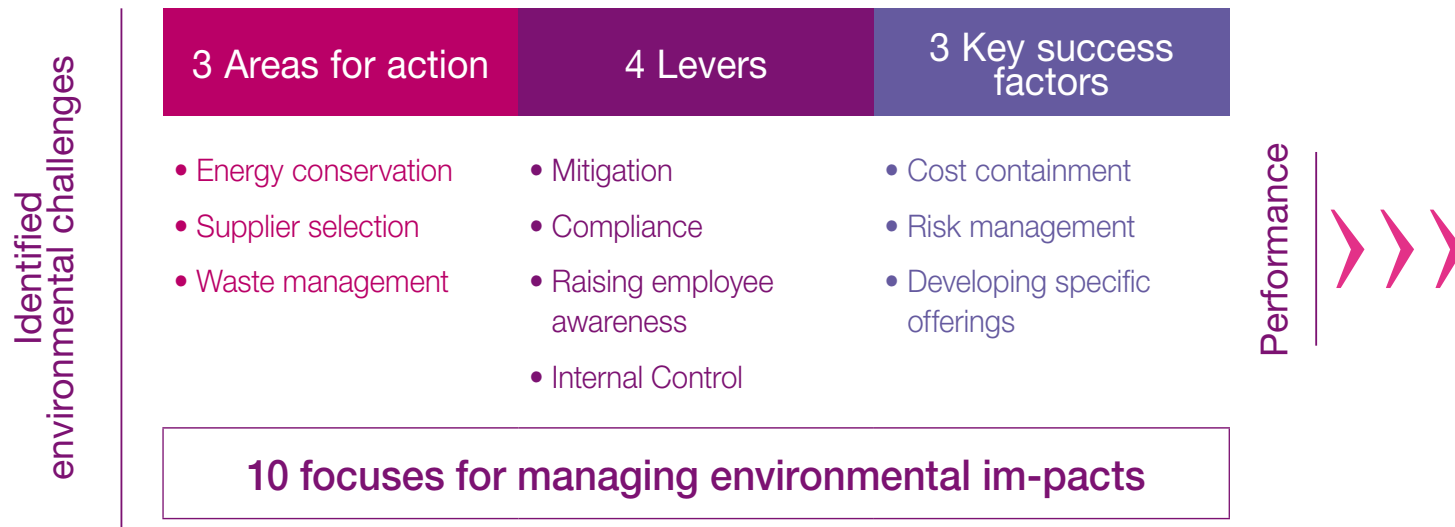
• impact on the natural environment

> Three areas for action	105
Energy conservation and monitoring of greenhouse gas emissions	105
Supplier selection	108
Waste management	108
> Four levers	109
Mitigation of environmental impacts	109
Compliance	111
Raising awareness among employees	111
Effectiveness of Internal Control	111
> Three key success factors	112
Cost containment	112
Environmental risk management	112
A responsible approach to financing and services	112

• 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, which include ten action points. They have been rolled out Group-wide since January 2004 and form part of the general business principles adopted by employees.

Beginning in 2006, an Environmental Responsibility Committee, in charge of overseeing BNP Paribas environmental initiatives, has been coordinating the work of the entities and centres of expertise involved.



• impact on the natural environment

Three areas for action

In 2006, BNP Paribas finalised the deployment of a dedicated software package that will upgrade Group environmental reporting processes and enhance their accuracy. More reliable measurements have given a boost to efforts aimed at conserving energy and raw materials, instituting more selective pro-curement and optimizing waste management. Reporting rates for environmental indicators outside France have been rising steadily since 2005.

ENERGY CONSERVATION AND MONITORING OF GREENHOUSE GAS EMISSIONS

Decrease of electricity consumption in France

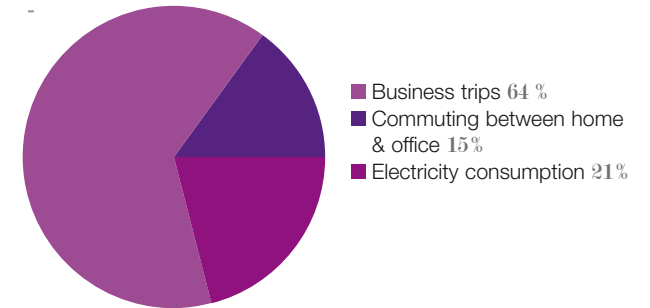
In France, electricity consumption of BNP Paribas facilities has fallen 6% to 255.6 GWh in 2006, from 271.5 GWh in 2005. Consumption per FTE (full-time equivalent employee) amounted to 4,591 KWh. The search for energy savings has been driving the technical management of buildings and equipment, as well as the individual behaviour of employees.

The CO₂ survey

Companies are helping to combat global warming by controlling 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.

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.

Breakdown of sources of CO₂ emissions in France



• impact on the natural environment / three areas for action

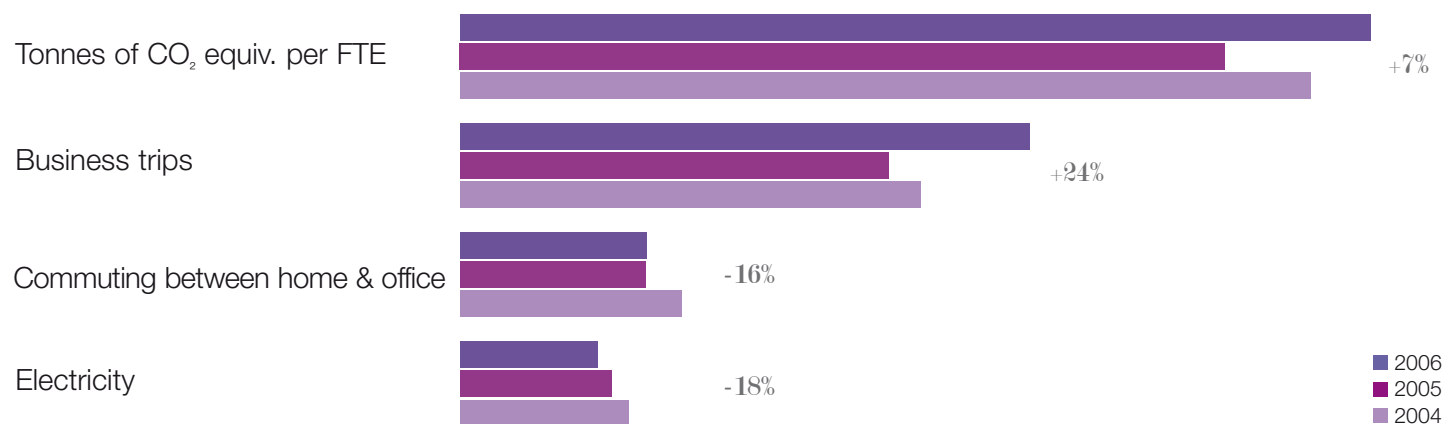
In 2006, the reliability of the CO₂ survey was confirmed in several territories. In Switzerland, emissions totalled 3.29 metric tonnes of CO₂ equivalent (tCO₂eq) per FTE per year; in Italy the figure was 3.39 tCO₂eq; in the United States it came to 7.26 tCO₂eq. Local energy infrastructure has a preponderant impact on these measurements: the weighting used to calculate CO₂ emissions related to electricity consumption is about six times higher for Italy and for the US than for France. Since the nature of the businesses also varies widely by country, it seems more relevant to monitor emissions on a country-by-country basis rather than to consolidate very disparate situations.

In France, CO₂ emissions amounted to 2.56 tonnes of CO₂ equivalent per FTE.

In France, the increase in CO₂ emissions per FTE in 2006 was wholly attributable to business trips, particularly plane travel, which surged as a result of several non-recurring external growth operations outside France.

Business trips are the principal source of emissions. They are undertaken for the purposes of client contact, business negotiations and project studies, and have for many years been the focus of a stringent cost control policy. Maximum use was made of tele- and video-conferencing facilities in 2006 to offer an alternative to travel. Air travel is subject to approval procedures and the use of the train is encouraged, in particular on the Eurostar and Thalys high-speed lines.

Breakdown of sources of CO₂ emissions in France between 2004 and 2006



• impact on the natural environment / three areas for action

For long-term car rentals, Arval uses only vehicles that are less than three years old. These cars are equipped with electronic cruise control, catalytic converters and other systems that help lower emissions. They are very carefully maintained, and drivers are given practical guidelines outlining simple changes in driving habits that can make a big difference to the environment.

In France, 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. More than 12,000 employees in France benefit from these measures.

The energy consumption of buildings is controlled, and 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 pursuing similar goals.

Cortal Consors offsets its CO₂ emissions with environmental projects

Cortal Consors conducted an audit of its headquarters building in France to quantify emissions generated by the building's energy consumption and the travel of employees. The total came to 2,062 metric tonnes of CO₂ equivalent (tCO₂eq) per year, which represents 3.44 tCO₂eq per employee. Without waiting for its emissions-reduction programme to produce results, Cortal Consors has chosen to offset its emissions through its Useful Investing (*Investir Utile*) operation, which involved customers, employees and partners. The sums collected were paid into the Carbon Action (*Action Carbone*) programme launched by GoodPlanet, a non-governmental organisation chaired by photographer Yann Arthus-Bertrand, in partnership with Ademe, France's environmental protection and energy conservation agency.

• impact on the natural environment / three areas for action

SUPPLIER SELECTION

Supplier selection is a central feature of the Group's environmental policy. All supplier contracts include clauses related to social and environmental responsibility, which key vendors have accepted following in-depth dialogue with the Group on the issues involved.

Paper purchases

In 2006, a working group developed a methodology for selecting the Group's paper suppliers and printers based on sustainable development criteria. The Group has signed agreements with paper manufacturers that guarantee a responsible approach to forest management, with full replanting after harvesting. The Group selects the paper used not only by its employees but also by the companies that carry out printing on its behalf. BNP Paribas Assurances, as an example, grants preferred status to printers that practice environmentally sound printing and are accordingly certified by the Imprim'Vert (green printing) label. All white paper approved by the BNP Paribas procurement function in France is certified as Elementary Chlorine Free (ECF). The Group's printers and its entities outside France are gradually shifting to ECF paper as well.

Purchases of renewable energy

In France, part of the Group's electricity comes from a supplier whose contracts include an obligation to ensure that at least 15% of the power comes from renewable sources. The Canadian operations obtain all their electricity from renewable sources. In Germany, renewable energies account for 18% of the electricity used by BNP Paribas Frankfurt and Cortal Consors.

Other purchases

In France, environmentally-friendly products account for 9% of the total cost of the Group's office supplies. Based on a scope representing 60% of FTE staff outside France, green products make up on average 12% of office supplies, with significantly higher percentages in Switzerland – 25% – and especially Japan, with 63%.

WASTE MANAGEMENT

The Group is continuing to roll out, both in France and worldwide, a waste treatment policy centred on collection of paper and board as well as toner cartridges, for which rates of recycling are rising fast. Detailed information on the Group's waste management practices is provided under point 9 of the summary table relating to the environmental chapter of the NRE Act.

BNP Paribas among the first shareholders of EcoFolio

EcoFolio, an environmental body established in 2006, applies the principle of extended producer re-sponsibility in the area of informational and advertising brochures and leaflets. Using financial contributions from producers of these media, EcoFolio provides funding to local government authorities to promote segregated collection and recycling, in addition to informing the public and raising awareness. BNP Paribas is one of the founding shareholders of EcoFolio and the head of the Group sustainable development function has been appointed to the organization's board of directors. Owing to the nature of its business, BNP Paribas produces only modest quantities of promotional paper media as compared to the retail industry. Yet its decision to commit strongly and early to the establishment of EcoFolio arose from its sense of environmental responsibility.

- impact on the natural environment

Four levers

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 consumption of energy and raw materials.

Impact of real estate operations

To avoid environmental impacts from its operations, Meunier's business real estate arm developed the High Environmental Quality (HEQ) standard, in close cooperation with the Scientific and Technical Advisory Centre for the French building industry (CSTB). As a result of the partnership agreement signed with CSTB, in-house procedures have been implemented

to ensure that project design and execution conform fully to HEQ objectives and reflect a commitment to upgrade the environmental quality of build-ing work.

Virtually all projects in which Meunier Immobilier d'Entreprise is the decision maker are now designed within an HEQ framework. Since the beginning of 2006, two particularly large projects have obtained HEQ certification for their design stages: the head office of Schneider in Rueil (35,000 sq.m.) and the renovation of the 50,000 sq.m. Grands Moulins de Pantin site for use by BNP Paribas.

In Italy, the 87 BNL sites in Lombardy are ISO 14001 certified and comply with HSE regulations.

Eight programmes in the Paris area obtained "Habitat and Environment" certification

In 2006, Meunier Habitat signed an agreement with Cerqual, a certifying body, by which it committed to obtaining "Habitat and Environment" certification for eight future housing programmes in the greater Paris region. To be certified under this standard, projects must meet the criteria for at least six of the following seven environmental themes: environmental management of the operation, clean building site, energy, choice of materials, water, health and well-being of occupants, and educating occupants in good environmental practices. Meunier Habitat became the first developer to be "Habitat and Environment" certified for collective housing buildings in the Paris area, thanks to the Tenor housing complex in Courbevoie, completed in April 2006, which meets all seven criteria.

• impact on the natural environment / four levers

Cleaner cars

Arval closely monitors technological developments that will help reduce cars' environmental footprint. With the up-to-date information it collects from automakers, the company regularly trains its sales force to be able to inform and advise clients concerning ways of optimizing the environmental management of their fleets.

Arval has produced a catalogue entitled Green Offerings from Car Manufacturers, which describes the environmental strategies of automakers and presents the clean vehicles they are offering, the technologies they are focusing on and the developments expected in the future. This catalogue also provides regular updates on the legal, regulatory and tax environment, and on government policy in this field.

Arval offers a wealth of information on several subjects related to environmental impacts and technological advances in the car industry, through its corporate website and through the site of its "Observer" study on the corpo-

rate fleet market, which has been extended to cover Germany, Italy, Switzerland, Portugal and Poland, and will soon include the Czech Republic.

During European Mobility Week, Arval organized a daylong event on environmental driving. A guide to environmental mobility, available on the website of the French Ministry of the Environment and Sustainable Development, was handed out to participants at the conference.

Paper-saving initiatives

Paper saving measures, such as the electronic distribution of accounting statements and the elimination of printouts, have been implemented, particularly in French Retail Banking and in the Group IT function. In French Retail Banking, sending double-sided bank statements for all individual accounts and all personal accounts of individual entrepreneurs made it possible to save an additional 250 tonnes of paper over a full year.

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. Data provided by the printers made it possible 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, amounted to 9,521 tonnes in 2006.

• impact on the natural environment / four levers

COMPLIANCE

Dans le domaine environnemental comme dans In the environmental field as in other areas, the Group requires compliance with the most demanding standards, be they legal, regulatory or internal to the Group.

Guidelines on the technical regulations applicable to managing buildings in France are issued to facilities managers. Outside France, real estate guidelines are drafted 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), Group entities in France are beginning to collect and recycle electronic equipment

through producers, distributors, brokers and recycling agencies. They are also setting up formal reporting procedures to account for these processes.

RAISING AWARENESS AMONG EMPLOYEES

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

Nearly 100,000 copies of a booklet outlining everyday gestures that employees can perform to be more environmentally friendly in the workplace were handed out to BNP Paribas employees. The booklet, designed by a working group composed of managers from several entities, was printed on recycled paper (in French, English and very soon Italian), at a sheltered workshop for disabled persons. A monthly sustainable development newsletter is e-mailed to all Group experts in the field of corporate social and environmental responsibility, and is made available to all employees in France on the Intranet.

EFFECTIVENESS OF INTERNAL CONTROL

Since 2004, the General Inspection unit has had access to a social and environmental methodology, 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.



- impact on the natural environment

Three key success factors

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 Group's procurement function. The measurement and analysis of CO₂ emissions helps identify the principal discrepancies among entities and enables consumption to be streamlined.

ENVIRONMENTAL 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.

Diversification of commitments by industry remained at a healthy level, with no further concentrations of risk arising in 2006 (see detail in the Registration document). Operations in the Energy & Commodities sector correspond mainly to financing granted in respect of commodity trading, which is usually highly structured and secured by collateral.

The Utilities portfolio, which mainly includes companies producing and distributing electricity, is re-viewed every six months. Commodity financing commitments (production and international trade) are also reviewed on a regular basis.

The Internal Control and Risk Management Committee of the Board of Directors met four times in 2006, reviewing the Bank's loan book

and its breakdown by industry and region. It was informed of the opinions issued at the Risk Policy Committee meetings held on a regular basis by Executive Management to review risks on specific issues, particularly commitments in emerging markets and commodity financing.

A RESPONSIBLE APPROACH TO FINANCING AND SERVICES

Project finance

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.

• impact on the natural environment / three key success factors

This evaluation is performed by independent outside consultants prior to setting up financing, so that the Bank can, if needed, reject a project that does not offer satisfactory performance with regard to local standards and international guidelines such as those of the OECD.

The consultants' report appraises each project's long-term viability, particularly in terms of its environmental and social impact, and this determines the financing decision. The report's recommendations are included in the financial documents, with specific clauses requiring that the developer implement and maintain an environmental management plan that guarantees the project's compliance with applicable laws and guidelines.

BNP Paribas and the Equator Principles

BNP Paribas has joined a number of leading international financial institutions in deciding not to adopt the Equator Principles. This decision stemmed from the realization that adopting these Principles would add nothing more to the commitments already undertaken by BNP Paribas in this field, since the Group's project finance operations comply with the same social and environmental standards applicable to projects financed by institutions that have adopted these Principles in their current form.

In addition, the Group's analysis leads it to believe that the Principles have a certain number of flaws, notably the serious risk that there may be, among some stakeholders, a confusion between actual project finance operations, in which the bank is able to negotiate many terms and conditions for the use of the funds, and

other forms of financing where the bank does not have that option. That confusion may be used by some organizations to blame the adopting institutions for not applying the Principles to these other types of financing, even though the banks concerned cannot impose on borrowers any obligations to comply with environmental and social standards in line with the Principles, or to monitor their performance in that respect.

The revised version of the Equator Principles issued in July 2006 helped clarify the definition of project finance, but since then experience has shown that this does not prevent the confusion described above from occurring. As an example, one recent operation, which did not take the form of project finance, is being condemned by some non-governmental organizations as violating the Equator Principles.

Dolce Vita

UCB has partnered with Gaz de France to offer the Dolce Vita sustainable construction loan, which allows individuals who have taken out a mortgage loan for a new private house to enjoy very beneficial conditions for financing their natural gas heating and hot water system. Choosing a gas-fired boiler can bring down consumption by 20% compared to a standard fuel oil boiler, both saving money and helping protect the environment.

• impact on the natural environment / three key success factors

Furthermore, signatories of the Equator Principles undertake to follow the environmental standards de-fined by the International Finance Corporation (IFC) through all their periodic revisions. Although the Group does comply with the IFC's standards as they are currently defined, it does not wish to commit to all future changes in these standards.

The reasons for which BNP Paribas decided not to adopt the Equator Principles were well analysed in a report published by the independent firm Freshfields Bruckhaus Deringer in July 2005 ⁽¹⁾.

The financing of renewable energy projects

BNP Paribas policy is driven by the belief that the use of renewable energy will become far more wide-spread on the back of the Kyoto protocol and the likelihood of oil prices remaining high. The Group's activity and commitments in this sector expanded significantly in 2006.

BNP Paribas finances wind farm projects not only Europe, but also in the Americas, the Middle East and Asia.

In 2006, the Group confirmed its commitment to financing wind turbine projects, taking on Yowip, the first wind farm in Korea and a reference for the Asian renewable energy market; Astraeus, the first European wind farm project; and Boralex, the first French portfolio of wind farms.

The Group was also active in the hydropower and solar sectors, including in the world's largest solar energy project, in Spain.

BNP Paribas designated Best Project Finance Arranger and Most Aggressive Project Finance Lender in the renewable energy sector

In 2006, BNP Paribas was voted Best project finance arranger and Most aggressive project finance lender in the renewable energies sector. These awards were the outcome of a survey of borrowers conducted and published by *Project Finance magazine*, one of the authoritative publications in its field. They reflect the Group's image among its clients. BNP Paribas also won the Excellence in Renewable Energy prize for its active role and ability to innovate in the renewable energy sector. The prize was announced in *Commodities Now* magazine and handed out at the fifth edition of the Energy Business Awards, which rewarded companies that made a significant impact in the energy sector in 2006.

⁽¹⁾Freshfields Bruckhaus Deringer report, July 2005, page 68: «Some banks are dissuaded from adopting the Equator Principles, as they fear that it is not possible to predict where it would all end. One Equator Bank suggested the reason for the absence of major French project finance banks was that they were very concerned that the Equator Principles carried a virus that in turn would infect other limbs of banking, such as export credit finance or general lending.»

• impact on the natural environment / three key success factors

BNP Paribas and the greenhouse gas emissions market: the Carbon Team

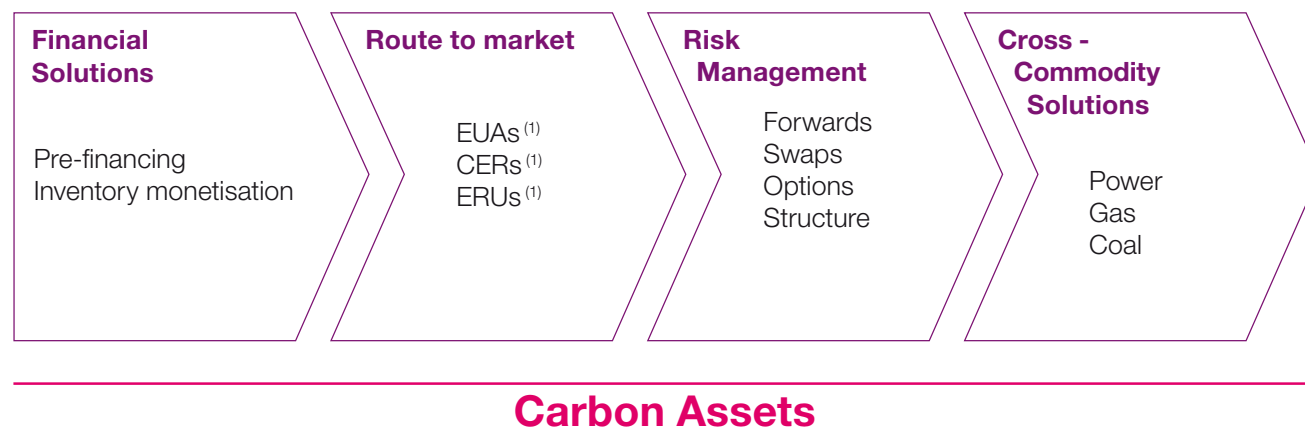
The Kyoto protocol and the European directive on CO₂ emission quotas trading have led to a monetary value being placed on environmental externalities. An emissions trading system set up by European states in 2005, the European Union Emissions Trading Scheme (EU-ETS), should allow 12,000 industrial sites that emit CO₂ to meet, at a minimum cost, the reduction targets set by their governments.

The work of the Carbon Team is geared towards including considerations related to greenhouse gas emissions across all business lines. The restrictions on CO₂ emissions resulting from international agreements will have a long-term influence on the structure of financed assets and need to be taken into account in financing decisions. The focus is not so much on creating new products, but on taking into account, in the services offered to clients, the financial component of schemes to reduce green-house gas emissions.

The Carbon Team set up in 2006 initially includes four persons, combining financial, technical and envi-ronmental expertise. Its objective is to develop carbon-related operations, by informing clients and ena-bling them to seize opportunities related to CO₂ emission quotas, in either trading or financing.

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.

BNP Paribas offers a complete range of solutions for managing CO₂ risks to members of the CO₂ emission quotas trading system



⁽¹⁾ EUA: European Union Emission Allowance, granted to entities participating in the European system for trading emissions rights.
 CER: Certified Emission Reduction. A credit equivalent to one tonne of CO₂ reduction achieved through the Joint Implementation Mechanism.
 ERU: Emission Reduction Units.

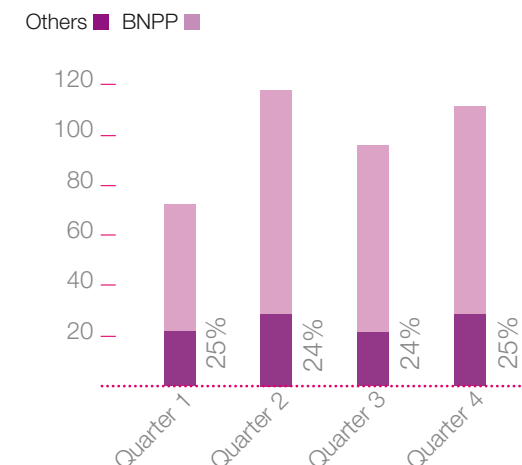
• impact on the natural environment / three key success factors

BNP Paribas is an active participant in the EU-ETS, conducting both proprietary trading and transactions on behalf of its clients. BNP Paribas Commodity Futures is one of the largest institutions making up the membership of the London Clearinghouse, by amounts cleared and in terms of EUA futures executed.

Leveraging its presence in emissions rights trading markets and its substantial portfolio of carbon credits generated by projects with high environmental value as part of the Clean Development Mechanism, the Group is able to offer intermediation services to clients faced with regulatory constraints on their CO₂ emissions. These services include placing buy and sell orders for emission rights, developing derivatives-based hedging solutions, and guaranteed delivery of carbon credits.

Share of clearing market held by BNP Paribas

millions of EUA cleared in 2006



To adapt to its clients' future needs, BNP Paribas manages a geographically and technologically diversified portfolio of carbon credits. This choice reflects the Group's vision that these products represent a key instrument, providing a profitable return on investment and integrating social and environmental responsibility.

- impact on the natural environment / three key success factors

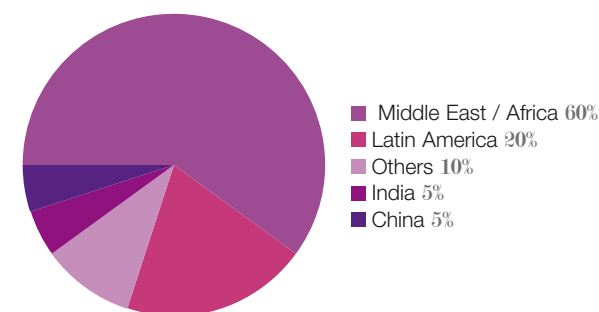
Breakdown of portfolio by type of technology, by number of projects, at December 2006

In 2006, BNP Paribas put in a strong performance as project finance arranger for the building of two cutting-edge wind farm projects in Asia, which together reduce emissions by over two million tonnes through the replacement of fossil fuels by renewable energy. In Central America, the Group played an advisory role for the development of small hydropower projects, to bring them into compliance with the standards of the United Nations Framework Convention on Climate Change. BNP Paribas also set up

a system for increasing a client's compliance while preserving the return on investment.

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 CO₂ quotas. In France, BNP Paribas is a member of EpE (Companies for the environment).

Breakdown of portfolio by volume of carbon credits, December 2006



BNP Paribas selected by the Carbon Disclosure Project

BNP Paribas is one of the three banking groups included within the 27 French companies selected by the Carbon Disclosure Project (CDP) for the Climate Leadership Index. CDP, a British non-governmental organization created in 2000, has since 2003 sent surveys each year to the 500 largest global companies to request information on how they take into account their emissions of greenhouse gases. BNP Paribas has been part of this initiative since the beginning. Based on their responses, companies are ranked by CDP, and the top third are included in the Climate Leadership Index. The results of the Climate Leadership Index 2006 for France demonstrate the commitment of BNP Paribas in this area, but more broadly reflect the extent of the banking industry's environmental initiatives, as the sector is ranked fourth among the 18 sectors included in the survey.

• a partner in society

> A deepening commitment to microfinance	119
The partnership with ADIE spreads its wings	119
Cetelem: developing responsible credit	120
Creation of a worldwide microfinance business	121
> Community initiatives promoting integration and solidarity	122
Bank of the West – Operation Hope partnership	122
Youth outreach programs	122
Partnering the Téléthon	124
> BNP Paribas Foundation: imaginative and in touch with the world	125
Cultural patronage	125
Medical research and volunteer activity	127
<i>Projet Banlieues</i>	128
> Organisation of our dialogue with stakeholders	130

- a partner in society

A deepening commitment to microfinance

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

THE PARTNERSHIP WITH ADIE SPREADS ITS WINGS

Since 1993, BNP Paribas has been tireless in its support for ADIE (*Association pour le Droit à l'Initiative Économique*), a non-profit association providing microloans to the unemployed, including those on long-term unemployment

benefit in France. Under the terms of the partnership, BNP Paribas grants ADIE a credit line of EUR 5 million; undertakes to cover 30% of the risk of non-collection; and helps to finance the association's operating expenses (for around EUR 300,000). Thanks to the alliance, ADIE members can also open an account with BNP Paribas and thereby benefit from the attendant banking services.

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



Microcredit in Guinea Conakry

- a partner in society / a deepening commitment to microfinance

CETELEM: DEVELOPING RESPONSIBLE CREDIT

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

To reaffirm its commitment, in 2006 Cetelem signed an agreement with Caisse des Dépôts, enabling it to grant loans guaranteed by the *Fonds de cohésion sociale*, a scheme set up in France to develop community microcredit.

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

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



- a partner in society / a deepening commitment to microfinance

CREATION OF A WORLDWIDE MICROFINANCE BUSINESS

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

This new activity focuses mainly on granting local currency refinancing to microfinance organisations operating in the countries in which the Bank does business. These fast-growing

organisations need significant funding to allow them to develop their business and deepen their social footprint. By 2010, BNP Paribas wants to have developed partnerships with some 30 organisations in around 15 countries, and hopes that by 2015, several million people will have benefited from microfinancing through these organisations. As a result of its efforts, the Bank helps to improve the quality of life for the beneficiaries, and especially for women, who account for 80% of borrowers.

BNP Paribas can also put to good use the extensive experience it acquired in international microcredit solutions through its partnership with *Crédit Rural* in Guinea and the French Development Agency. At the end of 2006, outstanding international microfinance loans totaled more than EUR 10 million in four countries

(Morocco, Guinea, Egypt and Madagascar). In Morocco, BMCI provides refinancing to Al Amana and Zakoura, the two largest local microfinance organisations. In September 2006, BNP Paribas Egypt signed a EUR 2 million loan agreement with Dakahlya Businessmen's Association for Community Development, in partnership with the Grameen-Jameel Initiative and the Abdul Latif Jameel group.

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

- a partner in society

Community initiatives promoting integration and solidarity

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

BANK OF THE WEST – OPERATION HOPE PARTNERSHIP

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

A number of financial education initiatives are sponsored by Bank of the West, including the "Banking On Our Future" (BOOF) programme, which addresses schoolgoers aged 9 to 18 in Oakland, Portland and Denver, and Hope Centers offering adult educational support and

financial assistance, particularly with regard to business ventures or homebuying. The Hope initiative also includes a National Disaster Response programme, whose beneficiaries have included victims of hurricane Katrina. Between 2000 and 2006, Bank of the West invested USD 610,000 dollars in Operation Hope and around USD 1 million in contributions in kind. Additional commitments not yet disbursed amount to USD 225,000. Some 50 Bank of the West employees have already been involved in Operation Hope ventures, tutoring nearly 2,500 pupils over around 300 hours.

YOUTH OUTREACH PROGRAMS

BNP Paribas's commitment to young people living in underprivileged inner-city areas continued in 2006 through a number of educational initiatives and sports outreach programmes. BNP Paribas is a member of *Promotion des talents*, an association that provides bursaries to deserving lycée students from disadvantaged areas, allowing them to go on to university. In

2006, the Group awarded five new bursaries to young lycée students from designated priority education zones (*Zones d'Éducation Prioritaire – ZEP*), for a total amount of EUR 100,000.

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

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

• a partner in society / community initiatives promoting integration and solidarity

A long-standing partner of the *Institut d'Études Politiques de Lille*, in 2006 BNP Paribas reinforced its support of the region through a mentoring programme for young people from priority education zones. The assistance offered by the Bank under this multi-faceted programme includes reimbursing transport costs for students from these areas taking their oral examination for admittance into the IEP Paris, offering work placements for students who show a genuine interest in the banking or financial services sector, giving detailed presenta-

tions of its businesses, organising conferences and visits to regional trading rooms, and taking part in cultural or sports events sponsored by the Group or its Foundation. These efforts carry through the Bank's determination to improve the career prospects of young people from inner-city areas.

Since 2000, BNP Paribas has sponsored the *Fête le mur* tennis outreach association created and led by Yannick Noah. In 2006 the Bank renewed this relationship for a further four years, and took part in the events organised

to celebrate the association's 10th birthday, including the national tennis tournament held at Roland-Garros in June. As well as contributing financially towards sites in 20 French towns, the Group allows voluntary workers from the association to attend its internal IT training courses. A wealth of educational initiatives were also launched in countries further afield, including Morocco, Guinea and Bahrain.

BNP Paribas one of 40 major companies promoting equal opportunities

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

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

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

- a partner in society / community initiatives promoting integration and solidarity

PARTNERING THE TÉLÉTHON

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

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



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

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

- a partner in society

BNP Paribas Foundation: imaginative and in touch with the world

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

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

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

ADMICAL, the first business sponsorship association in France, and of the centre for charitable foundations in France.

CULTURAL PATRONAGE

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

The BNP Paribas Foundation also supports the performing arts by establishing close partnerships with modern dance companies, circus troupes, writers, jazz musicians and other performers working in disciplines that are often overlooked by other sponsors. At the same time, it

helps to make rare or unperformed works more widely known and to provide a boost to young performers' careers. The Foundation also makes use of its extensive links with festivals and production companies to bring new talents to a wider audience.

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

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

European Art at the Los Angeles County Museum of Art

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

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

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

Martin Zimmermann — Dimitri de Perrot

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



Los Angeles County Museum of Art



Martin Zimmermann

- a partner in society / BNP Paribas Foundation: imaginative and in touch with the world

The Martial Solal Competition

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

MEDICAL RESEARCH AND VOLUNTEER ACTIVITY

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

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

Institut Curie

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

PROJET BANLIEUES

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

A budget of EUR 3 million to invest over three years has been assigned to the *Projet Banlieues*

initiative. Projects are selected and monitored by a sponsor committee made up of BNP Paribas staff as well as a representative from the *Fondation de France*.

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

> Promoting job creation via microcredit in partnership with ADIE

This is an extension of BNP Paribas' 15-year partnership with ADIE, providing microloans to the unemployed and those on income support to enable them to set up their own businesses. It is hoped that the financial assistance provided by the Foundation will allow six new microcredit outlets to be opened over three years in underprivileged inner-city areas to assist and partner

700 new small-scale businesses. The first such outlet was opened in Marseilles in 2006. On top of the financial aid and skills support offered by Cetelem, BNP Paribas staff – including a growing number of employees approaching retirement – also give up some of their free time to help the young entrepreneurs assisted by ADIE.

• a partner in society / BNP Paribas Foundation: imaginative and in touch with the world

> Tutoring and mentoring in collaboration with AFEV

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

> Local initiatives

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



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

• organisation of our dialogue with stakeholders

Stakeholders	Communication initiatives
Shareholders	<ul style="list-style-type: none"> • Shareholder Liaison Committee – opinion on the Sustainable Development Report • Dialogue with managers and analysts: Investor Relations – SRI Roadshow • Development of specific documentation for SRI investors on a regular basis • Half-yearly financial newsletter • Minutes of the AGM • Meetings between shareholders and Executive Management in various French towns and cities • Salon Actionaria – Paris, 17/18 November 2006 • Publication of La Vie du Cercle newsletter three times a year for members of the Cercle BNP Paribas • Scientific seminars or visits to industrial sites: 354 events organised in 2006 • Toll-free number (in France) – 0800 666 777 • BNP Paribas website: http://invest.bnpparibas.com • Minitel service: 3614 BNPPACTION
Employees	<ul style="list-style-type: none"> • More than 4,400 employees surveyed in our in-house questionnaire on the working environment • European Works Council • Group Works Council in France • Hands-on social dialogue – more than 100 local committees for BNP Paribas SA in France • Mix City: a group of senior female executives
Customers and suppliers	<ul style="list-style-type: none"> • Customer satisfaction surveys • Cetelem responsible lending passbook account • Disabled access guide to branches and ATMs • Relations with consumer associations – dedicated relationship set up for the French retail banking network and Cetelem • Well-defined procedure for handling customer complaints in branches – ombudsman

• organisation of our dialogue with stakeholders

Stakeholders	Communication initiatives
<p>Civil society</p>	<ul style="list-style-type: none"> • Public authorities – <i>Forum des entreprises</i> • More than 1,000 partnerships set up by the Group’s retail banking network in France, particularly with educational establishments • 34 new local partnerships set up in 2006 with the <i>Projet Banlieues</i> social outreach initiative • Coordination of the Sustainable Development club run by ANVIE • Participation in working groups run by Orse and EpE, French associations active in environmental and corporate responsibility issues
<p>Natural environment</p>	<p>Employee awareness-raising initiatives</p> <ul style="list-style-type: none"> • Promotion of the Bank’s intranet site, in-house newsletter (<i>Ambitions</i>), and internal agreements • Distribution to BNP Paribas employees of 100,000 copies of <i>P’tit Mémo buro</i>, a leaflet outlining how to be environmentally friendly at work • Arval: numerous articles on environmental impacts and automotive innovation posted on the company’s website: http://www.arval.fr/fre and on the website of OVE (Corporate Vehicle Observatory) (http://www.observatoire-vehicule-entreprise.com/fre/developpement) • “Green Guide to Automakers” drawn up by Arval • Participation in setting up the Sustained Development passbook account (formerly CODEVI)

corporate governance

- Corporate governance p. 133
- Report of the Chairman p. 139



• corporate governance



a

b

c

a. Michel PÉBEREAU

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

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

Director of:

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

Member of the Supervisory Board of:

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

Non-voting director of:

- *Société Anonyme des Galeries Lafayette*

Chairman of:

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

Member of:

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

b. Patrick AUGUSTE

Principal function⁽¹⁾: Real estate project manager
Director elected to a three-year term by BNP Paribas executive-band employees on 7 March 2006

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

c. Claude BÉBÉAR

Principal function⁽¹⁾: Chairman of the Supervisory Board of AXA

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

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

Director of:

- AXA Assurances IARD Mutuelle
- AXA Assurances Vie Mutuelle

Member of the Supervisory Board of:

- Vivendi

Non-voting director of:

- *Schneider Electric*

Chairman of:

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

Member of:

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

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

⁽²⁾ At 31 December 2006.

• corporate governance



d

e

f

d. Jean-Louis BEFFA

Principal function⁽¹⁾: Chairman and Chief Executive Officer of Compagnie de Saint-Gobain

- Elected on 23 May 2006. Term expires at the 2009 AGM
- First elected to the Board on 22 October 1986
- Born on 11 August 1941
- Number of BNP Paribas shares held⁽²⁾: 3,956
- Office address: “Les Miroirs”, 18, avenue d’Alsace — 92096 La Défense Cedex, France

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

Director of:

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

Permanent representative of Saint-Gobain on the Board of:

- Saint-Gobain PAM

Chairman of the Supervisory Board of:

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

Member of the Supervisory Board of:

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

e. Gerhard CROMME

Principal function⁽¹⁾: *Chairman of the Supervisory Board of ThyssenKrupp AG*

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

Member of the Supervisory Board of:

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

Director of:

- Compagnie de Saint-Gobain
- Suez

Chairman of:

- *German Governmental Commission on Corporate Governance*

Member of:

- *European Round Table of Industrialists (ERT)*

f. Jean-Marie GIANNO

Principal function⁽¹⁾: Sales associate

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

Member of:

- *Comité des Établissements de Crédit et des Entreprises d’Investissement (CECEI)*
- *“Confrontation” (a European think tank)*

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

⁽²⁾ At 31 December 2006.

• corporate governance



g

h

i

g. François GRAPPOTTE

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

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

Director of:

- Legrand
- Legrand France
- Valeo

Member of the Supervisory Board of:

- Michelin

Member of:

- *Advisory Committee of Banque de France*

h. Alain JOLY

Principal function⁽¹⁾: *Director of Air Liquide*

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

Director of:

- Lafarge

i. Denis KESSLER

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

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

Chairman of:

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

Director of:

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

Member of the Supervisory Board of:

- *Scor Deutschland (Germany)*

Permanent representative of:

- *Fergascor dans SA Communication & Participation*

Non-voting director of:

- *FDC SA*
- *Gimar Finance & Cie SCA*

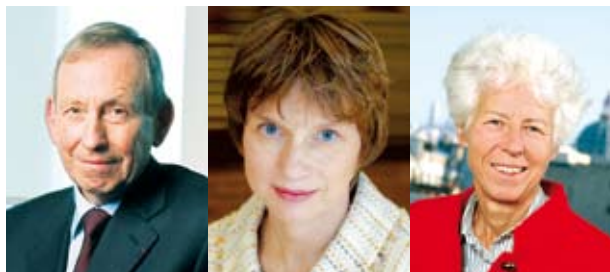
Member of:

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

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

⁽²⁾ At 31 December 2006.

• corporate governance



j

k

l

j. Jean-François LEPETIT

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

Associate Professor at *EDHEC* business school

Member of:

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

Director of:

- Smart Trade Technologies SA
- Shan SA

Chairman of:

- *Advisory Board de l'EDHEC Desk and Asset Management Research Center*

k. Laurence PARISOT

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

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

Chairman of the Board of Directors of:

- Ifop SA

Member of the Supervisory Board of:

- Michelin

l. Hélène PLOIX

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

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

Director of:

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

Member of the Supervisory Board of:

- Publicis

Representative of Pechel Industries for:

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

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

- *SVP Management et Participations*

Legal Manager of:

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

Member of:

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

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

⁽²⁾ At 31 December 2006.

• corporate governance



m

n

m. Baudouin PROT

- Principal function** ⁽¹⁾: Chief Executive Officer of BNP Paribas
- Elected on 18 May 2005. Term expires at the 2008 AGM
 - First elected to the Board on 7 March 2000
 - Born on 24 May 1951
 - Number of BNP Paribas shares held ⁽²⁾: 45,587
 - Office address: 3, rue d'Antin — 75002 Paris, France

Director of:

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

Chairman of:

- *Association Française des Banques*

n. Louis SCHWEITZER

- Principal function** ⁽¹⁾: Chairman of the Board of Directors of Renault
- Elected on 28 May 2004. Term expires at the 2007 AGM
 - First elected to the Board on 14 December 1993
 - Born on 8 July 1942
 - Number of BNP Paribas shares held ⁽²⁾: 6,255
 - Office address: 860, quai de Stalingrad — 92109 Boulogne-Billancourt Cedex, France

Chairman of the Board of Directors of:

- *AstraZeneca Plc (United Kingdom)*

Vice-Chairman of the Supervisory Board of:

- *Philips (Netherlands)*

Director of:

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

Chairman of:

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

Member of the Advisory Committee of:

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

Member of the Board of:

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

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

⁽²⁾ At 31 December 2006.

Other corporate officers

Georges Chodron de COURCEL

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

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

Chairman of:

- *BNP Paribas Emergis SAS*
- *Compagnie d'Investissement de Paris SAS*
- *Financière BNP Paribas SAS*
- *BNP Paribas (Switzerland) SA (Switzerland)*
- *BNP Paribas UK Holdings Limited (United Kingdom)*

Director of:

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

Member of the Supervisory Board of:

- *Lagardère SCA*

Non-voting director of:

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

Jean CLAMON

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

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

Director of:

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

Member of the Supervisory Board of:

- Galeries Lafayette
- *Euro Securities Partners SAS*

Représentant de BNP Paribas:

- UCB

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

⁽²⁾ At 31 December 2006.

• Report of the Chairman

> Corporate governance at BNP Paribas	140
> Internal Control	169
> Limitation of the powers of the Chief Executive Officer	176
> Internal Control procedures relating to the preparation and processing of accounting and financial information	177

Corporate governance at BNP Paribas

The following information has been prepared in accordance with article L. 225-37, paragraph 6 of the French Commercial Code.

It makes reference to article 221-8 of the General Regulation of AMF, the French Financial Markets Authority, (hereafter “AMF GR”) and, if appropriate, to Appendix 1 of European Commission Regulation No. 809/2004 (hereafter “EC 809/2004”) as well as to the “Guide to preparing Registration documents” published on 27 January 2006 by AMF.

The corporate governance system with which this document is concerned has been described in “The Corporate Governance of Listed Corporations”, published in October 2003 by the French employers’ organisations AFEP (Association française des entreprises privées) and MEDEF (Mouvement des entreprises de France) and hereafter called “AFEP-MEDEF 2003”.

This report also refers, where appropriate and for information purposes, to the document entitled

“Enhancing Corporate Governance for Banking Organisations” published in February 2006 by the Basel Committee on Banking Supervision (hereafter “Basel Committee”).

CONDITIONS FOR THE PREPARATION AND ORGANISATION OF THE WORK OF THE BOARD

The Internal Rules of the Board of Directors

- The internal rules define and determine conditions for the preparation and organisation of the work of the Board⁽¹⁾. 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⁽²⁾ the terms of reference of the Board of Directors⁽³⁾; 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.
- According to the internal rules, the Board of Directors⁽⁴⁾ 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.

⁽¹⁾ In accordance with EC 809/2004 and the AMF “Guide to preparing Registration documents” of 27 January 2006.

⁽²⁾ *Ibid.*

⁽³⁾ Of which “substantial” extracts are provided in the boxed texts (as recommended by the AMF report of 22 January 2007).

⁽⁴⁾ AFEP-MEDEF 2003 (1.1 and 5).

- Based on proposals submitted by the Chief Executive Officer, the Board draws up the BNP Paribas business strategy⁽¹⁾ 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⁽²⁾. It appoints corporate officers. 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 information disclosed to shareholders and financial markets is of a high quality⁽³⁾.

Separation of the functions of Chairman and Chief Executive Officer

- At the Annual General Meeting held on 14 May 2003⁽⁴⁾, 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.
- The Chairman organises and directs the work of the Board, and ensures that the corporate decision-making bodies of BNP Paribas operate effectively. Working closely with Executive Management, he is competent to represent the Group in high-level dealings with, for example, major clients and government authorities both domestically 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). 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.

⁽¹⁾ AFEP-MEDEF 2003 (1.2).

⁽²⁾ AFEP-MEDEF 2003 (1.2) et (1.3).

⁽³⁾ AFEP-MEDEF 2003 (1.2).

⁽⁴⁾ AFEP-MEDEF 2003 (3).

The Board of Directors and Annual General Meetings

- The organisation and running of Annual General Meetings are described in the “Shareholder information” section of the Registration document⁽¹⁾.
- At the Annual General Meeting of 23 May 2006, the Chairman pointed out that nearly the entire membership of the Board of Directors was in attendance, with only one exception. Laurence Parisot, whose appointment as a director was subject to the shareholders’ vote, was also present.

Membership of the BNP Paribas Board of Directors

Following the Annual General Meeting of 23 May 2006 and the elections held on 21 February and 7 March 2006 by which the directors appointed by employees were chosen, the Board of Directors had fifteen members, thirteen elected by shareholders and two elected by employees. There were no non-voting directors.

- Following the review of directors’ personal circumstances carried out by the Corporate Governance and Nominations Committee, the Board considers that the following nine directors qualify as independent under French corporate governance guidelines: Gerhard Cromme, François Grappotte, Alain Joly, Denis Kessler, Jean-François Lepetit, Laurence Parisot, Hélène Ploix, Loyola de Palacio⁽²⁾ 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 two employee representatives on the Board, Patrick Auguste and Jean-Marie Gianni, do not qualify as independent under the guidelines, despite their status and the method by which they were elected, which safeguards their independence.

⁽¹⁾ AFEP-MEDEF 2003 (5).

⁽²⁾ Died on 13 December 2006, Loyola de Palacio could not attend the meetings of the Board and the Internal Control and Risk Management Committee which took place during the last quarter of 2006.

Independence of directors

- The independence of directors is measured against the definition given by the AFEP-MEDEF document of October 2003: “A director is independent when he or she has no relationship of any kind whatsoever with the corporation, its group or the management of either that is such as to colour his or her judgment.”
- Except for some of the directors who are BNP Paribas employees, the members of the Board have declared – as part of the implementation of IAS 24 – that they have no financial relationship with BNP Paribas SA or any Group company.
- The Board of Directors’ internal rules set out a certain number of behavioural guidelines applicable to directors, listed below under Chapter 5. “Corporate governance”. They are intended to promote directors’ independence and responsibility in discharging their duties.

The following table presents the situation of each director with regard to the independence criteria recommended in the AFEP-MEDEF report:

	1st criterion	2nd criterion	3rd criterion	4th criterion	5th criterion	6th criterion	7th criterion
M. Pébereau	x	✓	✓	✓	✓	x	✓
P. Auguste	x	✓	✓	✓	✓	x	✓
C. Bébéar	✓	x	✓	✓	✓	✓	✓
J.-L. Beffa	✓	x	✓	✓	✓	x	✓
G. Cromme	✓	✓	✓	✓	✓	✓	✓
J.-M. Gianni	x	✓	✓	✓	✓	✓	✓
F. Grappotte	✓	✓	✓	✓	✓	✓	✓
A. Joly	✓	✓	✓	✓	✓	✓	✓
D. Kessler	✓	✓	✓	✓	✓	✓	✓
J.-F. Lepetit	✓	✓	✓	✓	✓	✓	✓
L. de Palacio (t)	✓	✓	✓	✓	✓	✓	✓
L. Parisot	✓	✓	✓	✓	✓	✓	✓
H. Ploix	✓	✓	✓	✓	✓	✓	✓
B. Prot	x	✓	✓	✓	✓	✓	✓
L. Schweitzer	✓	✓	✓	✓	✓	✓ ⁽¹⁾	✓

- ✓ represents compliance with one of the independence criteria defined by AFEP-MEDEF.
- x represents non-compliance with one of the independence criteria defined by AFEP-MEDEF.

- Col. 1: Not an employee or corporate officer of the corporation within the previous five years.
- Col. 2: No issue of cross-shareholdings with another corporation.
- Col. 3: No material business relationships.
- Col. 4: No close family ties to a corporate officer.
- Col. 5: Not an auditor of the corporation within the previous five years.
- Col. 6: Not a director of the corporation for more than twelve years.
- Col. 7: No issue related to control by a major shareholder.

⁽¹⁾ This criterion will apply only upon expiry of the term of office during which the 12-year limit will be reached – AFEP-MEDEF 2003 (18.4, footnote 4).

Work of the Board and its Committees in 2006

- In 2006, the Board held ten meetings, including three specially convened meetings to deal with investment decisions. The average attendance rate at Board meetings was 86%.
- The Financial Statements Committee held four meetings, with an attendance rate of 92%, as well as a special session on selecting the Statutory Auditors (which all its members attended).
- The Internal Control and Risk Management Committee held four meetings, with an average attendance rate of 88%.
- Both the Compensation Committee and the Corporate Governance and Nominations Committee held two meetings, with 100% attendance.

Attendance at meetings of the Board and Committees in 2006

Directors	Board meetings		Committee meetings		All meetings		
	Number of meetings attended	Total number of meetings for the year	Number of meetings attended	Total number of meetings for the year	Number of meetings attended	Total number of meetings for the year	Individual attendance rate
M. Pébereau	10	10			10	10	100%
P. Auguste	9	10	3	4	12	14	86%
C. Bébear	7	10	2	2	9	12	75%
J.-L. Beffa	8	10	2	2	10	12	83%
G. Cromme	6	10	4	4	10	14	71%
J.-M. Gianni	10	10	4	4	14	14	100%
F. Grappotte	10	10	4	4	14	14	100%
A. Joly	9	10	4	4	13	14	93%
D. Kessler	7	10	4	4	11	14	79%
J.-F. Lepetit	10	10	4	4	14	14	100%
L. de Palacio (†)	7	10	2	4	9	14	64%
L. Parisot	5	5			5	5	100%
H. Ploix	10	10	4	4	14	14	100%
B. Prot	10	10			10	10	100%
L. Schweitzer	8	10	4	4	12	14	86%
J.-F. Truffelli	1	2			1	2	50%
Average		86%		92%			88%

• report of the Chairman / corporate governance at BNP Paribas

As well as discussions and decisions required on issues of compliance with applicable laws

and regulations, the Board and its Committees also deliberated on the following matters:

Extracts from the Board of Directors' Internal Rules: Terms of reference of the Board of Directors

"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.

Toward these ends:

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 appoints corporate officers 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 high quality.

The Chairman, or the Chief Executive Officer if the functions have been separated, submits for review by the Board, at least once a year, drafts of the budget, of the management report and of the various reports required under applicable laws and regulations.

The Chief Executive Officer is required 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 also regularly informs the Board of material transactions which fall below the EUR 250 million threshold.

Any material strategic operation which lies outside the approved business strategy must be submitted to the Board for prior approval.

When the Board of Directors grants the Chairman – or the Chief Executive Officer if the functions have been separated – the authority to issue debt securities as well as share and share equivalents, the holder of this authority is required to report to the Board, at least once a year, on the issuance of these securities."

Extracts from the Board of Directors' Internal Rules: The Chairman of the Board

“Barring exceptional circumstances, only the Chairman may speak and act in the Board’s name in conducting relations with other BNP Paribas management bodies and with outside parties, other than in cases where a specific assignment or function has been entrusted to another director.

Working closely with Executive Management, he is competent to represent the Group in high-level dealings with, for example, major clients and government authorities both domestically and internationally.

He monitors relations with shareholders, in close cooperation with the work of Executive Management in this area, to guarantee that these relations remain of a high quality.

He ensures that principles of corporate governance are defined and implemented at the highest levels.

He oversees the smooth running of BNP Paribas’ management bodies.

With the help of the Corporate Governance and Nominations Committee, and subject to approval by the Board and by the Annual General Meeting, he endeavours to build an effective and balanced Board, and to manage replacement and succession processes that concern the Board and the nominations within its remit.

He organises the work of the Board of Directors. He sets the timetable and agenda of Board meetings and calls them.

He ensures that the work of the Board is well organised, in a manner conducive to constructive discussion and decision-making. He facilitates the work of the Board and coordinates its activities with those of the specialised Committees.

He sees to it that the Board devotes an appropriate amount of time to issues relating to the future of the Bank, particularly its strategy.

He ensures that directors from outside the Bank get to know the management team thoroughly.

He ensures that he maintains a close relationship based on trust with the Chief Executive Officer, to whom he provides help and advice while respecting his executive responsibilities.

The Chairman directs the work of the Board, to give it the means of exercising all the responsibilities which fall within its remit.

He ensures that the Board is provided in a timely fashion with the information it needs to carry out its duties and that this information is clearly and appropriately presented.

The Chairman is regularly informed by the Chief Executive Officer and other members of the executive management team of significant events and situations in the life of the Group, particularly those relating to strategy, organisation, investment or disinvestment projects, financial transactions, risks or the financial statements.

The Chief Executive Officer provides the Chairman with all information required under French law regarding the internal control report.

The Chairman may ask the Chief Executive Officer for any information that may help the Board and its Committees fulfil their duties.

He may interview the Statutory Auditors in order to prepare the work of the Board and the Financial Statements Committee.

He ensures that the directors are in a position to fulfil their duties, and in particular that they have the information they need to take part in the work of the Board, and that they can count on appropriate cooperation from the Bank’s management in conducting the activities of the specialised Committees.

He also ensures that directors participate effectively in the work of the Board, with satisfactory attendance, competence and loyalty.

He reports, in a document submitted alongside the management report, on the preparation and organisation of the work of the Board, as well as on the Bank’s internal control procedures and any limits the Board may have decided to place on the Chief Executive Officer’s authority.”

STRATEGY

Group strategy is among the key responsibilities of the Board of Directors of BNP Paribas⁽¹⁾. Based on proposals submitted by Executive Management, the key elements of which are presented following a documented in-house process, directors approve the objectives set out; they then monitor implementation, particularly in the course of discussions on the financial statements and budgets.

In 2006, strategic issues accounted for a significant part of the Board's work. They were handled through three complementary approaches.

- The full Board meets in a strategic formation once a year, with the Group's key operational leaders attending. It met in this formation in 2006 for a session exclusively devoted to

defining the Group's overall strategy. It discussed the outlook for banking groups worldwide and identified medium-term trends for each of the Group's core businesses. It set strategic focuses for the following year and launched the BNP Paribas three-year project for 2008-2011.

- Three of the Board's ten meetings of the year were specially convened to deal with and decide upon, as the main or only order of business, major investment projects⁽²⁾ furthering the Group's strategy.
- During the other regularly-scheduled meetings of the Board, the directors reviewed the progress – either of negotiations or of actual implementation – of the investment projects that they had previously authorised.

In accordance with its internal rules, the Board must be consulted on any material operation which lies outside the Bank's disclosed business strategy; such an operation requires its prior approval. This clause was not applied in 2006⁽³⁾.

The BNP Paribas Group's financial communications frequently include information on its strategic focuses. Such information is presented to shareholders: at the Annual General Meeting of 31 May 2002, the BNP Paribas "Project for 2005" had been described in detail; the Annual General Meeting of 18 May 2005 also included a presentation on the Group's "2007 Vision". These medium-term plans had also been disclosed to financial markets at the same time.

⁽¹⁾ The strategic vocation of the Board of Directors is the very first principle of sound corporate governance identified by the Basel Committee (February 2006): the Board should "approve the overall business strategy of the bank...". It is also emphasised in the recommendations on "The Corporate Governance of Listed Corporations" of AFEP-MEDEF 2003 (1).

⁽²⁾ The internal rules of the Board of Directors specify that the Board's prior approval is required for any investment or disinvestment project of more than EUR 250 million.

⁽³⁾ AFEP-MEDEF 2003 (4).

INTERNAL CONTROL AND RISK MANAGEMENT

- Risk management and internal control lie at the heart of the banking profession⁽¹⁾. As early as 1994, the Board of Directors recognised this central role by setting up its specialised Committee⁽²⁾. Since that time, the responsibilities usually handled by a standard Audit Committee have been split between two specialised bodies: a Financial Statements Committee and an Internal Control and Risk Management Committee.
- The membership of the Internal Control and Risk Management Committee and its working processes⁽³⁾ have been designed to meet the stringent requirements of the banking and prudential fields. BNP Paribas operations in these sectors are constantly changing in response to growing regulatory control of the banking industry, non-stop financial innovation in banking and BNP Paribas's own require-

ments regarding the quality of its internal control processes and risk management policy as key underpinnings of its development.

In 2006, the Board reviewed the report of the Chairman of the Internal Control and Risk Management Committee, drafted based on information provided by Executive Management, and examined the following issues.

- The Board was briefed on the activities and deliverables of the internal control function⁽⁴⁾. It was informed of the key findings of the internal audit function and of the progress achieved in implementing its recommendations. It was given two draft reports for the year ended 31 December 2005, one on internal control and the other on measuring and monitoring risks⁽⁵⁾.
- The Board was informed of the Group's overall policy in the area of financial market operations and risks⁽⁶⁾, of instruments used to assess Value at Risk, of the methodology

applied for running stress tests⁽⁷⁾ and of the effects of such stresses on financial market operations as well as on credit and portfolio operations.

- In the area of credit risk, it was informed of the breakdown by geographic area and industry of the bank's commitments, as well as of the concentration of individual major risks with respect to applicable capital-adequacy requirements.
- It was informed of the impacts of the Group's risk management policy on specific industries or on Group operations that represent significant factors in terms of competitive strategy, such as leveraged buyouts, securitisation, real estate financing or commodity financing.
- The Board was provided with draft reports⁽⁸⁾ for the year ended 31 December 2005 from the Permanent Control and Periodic Control functions as well as with the first report from the Group Compliance function.

⁽¹⁾ *The Board of directors should "approve [...] the overall risk policy and risk management procedures...", "meet regularly with senior management and internal audit to review policies..."* ("Enhancing Corporate Governance" – 1st Principle - Basel Committee – February 2006).

⁽²⁾ *"The board can enhance the effectiveness of the internal audit function in promoting the independence of the internal auditor, for example through reporting to the board or the board audit committee ..."* ("Enhancing Corporate Governance" – 5th Principle - Basel Committee Feb. 2006).

⁽³⁾ The report of the Internal Control and Risk Management Committee is provided below in section VIII.

⁽⁴⁾ CRBF 97-02 art 38.

⁽⁵⁾ CRBF 97-02 art 44 - AFEP-MEDEF 2003 (2.3).

⁽⁶⁾ AFEP-MEDEF 2003 (2.3).

⁽⁷⁾ The Board is kept informed of the results of measurements carried out to assess the risks to which the Bank would be exposed in the event of substantial changes in the parameters of a market (CRBF 97-02 art. 27); of the results of measurements of the validity and consistency of market parameters and of risks related to breakdowns in the assumptions used in simulations (CRBF97-02 art. 30); as well as of the results of measurements carried out at least once a year to assess the liquidity and settlement risks to which the Bank would be exposed in the event of substantial changes in the parameters of a market or of default by principals (CRBF 97-02 art. 31).

⁽⁸⁾ CRBF 97-02 - art. 38.

- The Board heard the briefing presented by the Chairman of the Internal Control and Risk Management Committee on the interviews – conducted in the absence of Executive Management – of key Group executives on their areas of responsibility: the Head of the General Inspection Unit, in charge of periodic controls, and the Head of Group Risk Management, who oversees the Group's entire risk management policy⁽¹⁾.
- The Board was briefed, based on information provided by Executive Management, on how the Group Compliance unit was set up, including its organisation, resources and action plans. The Head of this new unit was interviewed by the Board.
- The Board received regular briefings from the Chairman of the Committee, based on information provided by Executive Management, on the Group's exchanges of correspondence with regulatory bodies in France and abroad.
- It heard a briefing from the Chairman of the Internal Control and Risk Management Committee on the findings of periodic controls reported by the Bank's General Inspection Unit and on the follow-up to recommendations issued previously.
- It was notified of the new process implemented by the Group to manage relations with regulatory authorities.
- It received a progress report from Executive Management on Group entities' operations in jurisdictions which regulatory authorities consider to be "lacking in transparency"⁽²⁾.

FINANCIAL MANAGEMENT, BUDGET, FINANCIAL STATEMENTS AND RESULTS⁽³⁾

1. The 2007 budget: as is customary at its last meeting of the year, the Board reviewed and approved the draft budget for the following year, presented by Executive Management. The draft budget concerned the Group as a whole as well as its core businesses and major business lines, including, for the first time, the budget of Banca Nazionale del Lavoro (BNL) for 2007.

2. Group and BNP Paribas SA financial statements: the results and financial statements for the fourth quarter and full year 2005, for the first three quarters of 2006, as well as for the first half and first nine months of 2006⁽⁴⁾, presented by Executive Management, were reviewed and approved as required by the Board. Its work covered the entire consolidated Group as well as each of its core businesses and major business lines. The Board was briefed concerning the impact of the new accounting standards on the balance sheet and off-balance sheet commitments of both the Group and BNP Paribas SA.

⁽¹⁾ Basel Committee, 5th Principle - art. 43.

⁽²⁾ Basel Committee, 8th Principle – "Know your structure".

⁽³⁾ AFEP-MEDEF 2003 (1.2) – The Bank's ratings from financial rating agencies are provided at the beginning of this "Document de référence".

⁽⁴⁾ AFEP-MEDEF 2003 (2.1.1).

The Board was informed of the Financial Statements Committee's findings concerning results for the period. It also heard the findings of the Statutory Auditors, who are entitled to attend Board meetings held to review results and financial statements.

3. Implementation of the new International Accounting Standards adopted by the European Union: after having devoted a substantial part of its work in 2004 and 2005 to monitoring the preparation and implementation of the new accounting standards adopted by the European Union, the Board was kept abreast by the Financial Statements Committee, which relied on summaries presented by Executive Management, of the periodic findings of the accounting internal control unit concerning Group entities' appropriation of the new accounting standards following the end of the transition period. Based on the report submitted jointly by the Statutory Auditors and Executive Management at each meeting devoted to results, the Board reviews and approves the accounting choices made by the Group in implementing applicable accounting principles when these choices have a material impact on the financial statements.

4. Group financial management: the Board reviewed and approved the terms and conditions of the increase in share capital related to the acquisition of BNL; it was regularly briefed on the implementation of share buyback plans which it had previously approved; it debated the profit distribution policy and approved the draft resolution concerning the dividend for the year ended 31 December 2005; it was kept informed of the progress of medium- and long-term bond issues and was briefed on their completion. It examined whether capital-adequacy ratios complied with the requirements of regulatory authorities and with the Bank's policy, in order to ensure that they are optimised as part of an active management of the Bank's capital position. In accordance with French regulatory requirements, the Board was kept informed of profitability trends in new lending.

5. Financial Communications: the Board ensured that the timetable for publication of the financial statements was in line with French corporate governance guidelines⁽¹⁾. It approved the draft 2005 annual report, which implemented French corporate governance guidelines on off-balance-sheet items and the Bank's risks⁽²⁾.

Through the work of the Financial Statements Committee, and on the basis of information provided by Executive Management, the Board is kept abreast of the findings of the accounting internal control unit concerning compliance with reporting processes at each consolidated Group entity, as this compliance is central to the reliability of accounting data. The Board approves, at the end of each of its meetings devoted to results, a draft press release – as this is “the normal method” for informing the market⁽³⁾. The Board, acting on a recommendation from its Financial Statements Committee, adopted the draft Report of the Chairman on accounting internal control.

6. Selection of the Statutory Auditors: based on the report of the Financial Statements Committee, which oversaw the process (see section VII below), the Board selected the Statutory Auditors for 2006-2011. The audit firms selected were presented for approval by the shareholders on 23 May 2006.

⁽¹⁾ AFEP-MEDEF 2003 (2.2).

⁽²⁾ AFEP-MEDEF 2003 (2.3).

⁽³⁾ AFEP-MEDEF 2003 (2.1.2).

CORPORATE GOVERNANCE

Assessment of the performance of the Board of Directors in 2006

For the fifth consecutive year an assessment of the performance of the BNP Paribas Board of Directors and of its four specialised Committees was carried out.

- As in previous years, the methodology employed was a self-evaluation that used an anonymous survey dealing with the various aspects of the Board's work – overall processes, strategy, internal control and risk management, financial management, compensation – and with the operation of its Committees (Financial Statements; Internal Control and Risk Management; Corporate Governance and Nominations; Compensation).
- Overall, the directors concurred in expressing their satisfaction with the Board's working processes, stressing in particular that meetings were very well prepared, with high-quality documents provided, and that in Board and Committee meetings information was shared in a transparent and objective manner, and issues could be debated freely.

- One of the few areas for improvement suggested by directors was a request for more in-depth strategic analysis of the Group's major business lines in order to round out the data provided at the level of the core businesses.

Follow-up on the 2005 assessment of the performance of the Board of Directors ⁽¹⁾

Improvements requested by directors were implemented as early as 2006, particularly the following:

- Greater representation of women in the Board's membership: Laurence Parisot was elected to a three-year term as a director at the Annual General Meeting of 23 May 2006, which brought to three the number of women directors; women then accounted for 23% of the directors elected by shareholders;
- Broadening the Board's strategic review by including, in line with the Group's continuous international development, an analysis of the global competitive landscape: this request was taken into account for the Board's strategy seminar in 2006.

Updating the Board of Directors' Internal Rules

In 2006 the Board updated its Internal Rules as follows:

- By spelling out the duties and operating processes of the Corporate Governance and Nominations Committee on the one hand and the Compensation Committee on the other, which it had decided to create in 2005 by separating out the functions of the former Compensation and Nominations Committee ⁽²⁾;
- By establishing as a principle that, in the event of a significant change in their functions or positions held, directors agree to allow the Board to decide whether or not it is appropriate for them to continue to serve as directors of BNP Paribas.

⁽¹⁾ AFEP-MEDEF 2003 (9.3).

⁽²⁾ AFEP-MEDEF 2003 (16).

**Re-election of directors.
Evaluation of directors' performance.
Evaluation of the Chairman's
performance**

- Based on a report from the Corporate Governance and Nominations Committee, the Board discussed the re-election of directors whose terms of office were due to expire at the Annual General Meeting of 23 May 2006. The directors involved were Claude Bébéar, Jean-Louis Beffa, Alain Joly, Denis Kessler and Michel Pébèreau. The Board reviewed the independence of the first four against the AFEP-MEDEF corporate governance criteria⁽¹⁾ and assessed their individual contributions to the work of the Board and its Committees.
- The Corporate Governance and Nominations Committee conducted an evaluation of the performance of the Chairman, Michel Pébèreau, in his absence⁽²⁾.
- Following its deliberations, the Committee had deemed that the competence, experience and commitment of each of these directors made their contributions to the Board highly valuable. As a result, the Board recommended that resolutions be adopted to re-elect to three-year terms of office⁽³⁾ Claude Bébéar, Jean-Louis Beffa, Alain Joly, Denis Kessler and Michel Pébèreau⁽⁴⁾.

- Following the Annual General Meeting of 23 May 2006, the Board confirmed Michel Pébèreau as Chairman.

**Harmonising the timetable
for elections of directors by employees**

The Board adopted a draft resolution, which was submitted for approval by shareholders at the Annual General Meeting of 23 May 2006, providing that “The timetable and terms and conditions applicable to elections shall be drawn up [...] such that the second round of elections can be held no later than fifteen days before the end of the term of office of the outgoing directors⁽⁵⁾.”

**Compliance with European Commission
regulation EC 809/2004⁽⁶⁾**

- To the best of the Board's knowledge, no directors are faced with conflicts of interest; in any event, the Board of Directors' Internal Rules require that they “inform the Board of any situation involving even a potential conflict of interest” and “abstain from taking part in the vote on the matter concerned”.
- To the best of the Board's knowledge, there are no family ties between Board members.

- To the best of the Board's knowledge, none of its members has been convicted in relation to fraudulent offences “for at least the previous five years”, nor was involved in any bankruptcies, receiverships or liquidations while acting as a member of administrative, management or supervisory bodies, or as a senior manager, “for at least the previous five years”.
- To the best of the Board's knowledge, there have been no “official public incrimination and/or sanctions” of members of the Board of Directors or of the Chief Executive Officer, none of whom have been disqualified by a court from acting in their current capacity, “for at least the previous five years”.
- There are no arrangements or agreements with key shareholders, clients, suppliers or any other parties which involve a member of the Board of Directors.

⁽¹⁾ AFEP-MEDEF 2003 (8.1).

⁽²⁾ AFEP-MEDEF 2003 (9.3).

⁽³⁾ AFEP-MEDEF 2003 (12).

⁽⁴⁾ AFEP-MEDEF 2003 (1.2).

⁽⁵⁾ AFEP-MEDEF 2003 (6.3).

⁽⁶⁾ AMF GR/ EC 809/2004 (14.1 and 14.2).

Procedure for selecting directors ⁽¹⁾

The procedure for recruiting directors is based on information and assessments provided by the members of the Corporate Governance and Nominations Committee and the Chairman of the Board. This ensures that successful candidates have the personal and professional qualities required to carry out the function of director in a Group such as BNP Paribas.

Directors' access to information and initial training ⁽²⁾

- When directors take up their appointment, they are provided with a summary document describing the Group, its profile and organisation, and providing recent financial statements as well a series of pointers on the information available from the Group's websites.
- The Board's support staff also organises a number 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.

- Committee meetings also provide opportunities to update the information available to directors on specific issues related to the items on the agenda. The Board is also kept informed of developments in regulatory guidelines on banking industry corporate governance, such as the document entitled "Enhancing corporate governance for banking organisations" published by the Basel Committee on Banking Supervision in February 2006.
- In accordance with the Board's internal rules, 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 related to the Board's authority.

Code of ethics applicable to directors ⁽³⁾

- 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."
- "They 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 in their functions or positions held, directors agree to allow the Board to decide whether or not it is appropriate for them to continue to serve 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."

⁽¹⁾ AFEP-MEDEF 2003 (16.1).

⁽²⁾ AFEP-MEDEF 2003 (11).

⁽³⁾ AFEP-MEDEF 2003 (5 and 17).

- “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 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.” (see section 1 above, “The Board of Directors and Annual General Meetings”)⁽¹⁾.
- “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 profile of each director).

Remuneration of directors ⁽²⁾

- Directors who are not Group employees * receive no other form of remuneration than directors’ fees.
- The overall amount of directors’ fees was set at EUR 780,000 by the Annual General Meeting⁽³⁾ of 18 May 2005. Acting on a recommendation from the Compensation Committee, the Board decided to grant directors a total appropriation of EUR 530,038, versus EUR 549,260 in 2005.
- The amount of fees payable to each director individually remained unchanged from 2005, at EUR 29,728, including EUR 14,864 – 50% of the total – as the fixed portion and EUR 1,486 per meeting. To take into account the additional constraints they face, directors who live outside France are paid 1.5 times the fixed portion of directors’ fees. The Chairman of the Board of Directors does not, however, receive any additional fees under this rule.

⁽¹⁾ Extract from the minutes of the Annual General Meeting of 23 May 2006.

⁽²⁾ AFEP-MEDEF 2003 (18.3).

⁽³⁾ AFEP-MEDEF 2003 (18.1).

* Group employees on the Board: Patrick Auguste, Jean-Marie Gianni, Michel Pébereau and Baudouin Prot.

- Members of the Board's Committees receive additional fees ⁽¹⁾ totalling EUR 5,946, unchanged from 2005, with a fixed portion of EUR 2,973 and a variable portion of EUR 743 per meeting. The Chairmen of the Financial Statements Committee and the Internal Control and Risk Management Committee are paid a fixed portion of EUR 15,000 and a variable portion of EUR 1,239 per meeting.
- Upon a recommendation from Alain Joly, the director's fees attributable to him as Chairman of the Compensation Committee have been reduced to EUR 6,000, the same amount paid to him as Chairman of the Corporate Governance and Nominations Committee. The variable portion payable to the Chairman of each of these Committees is EUR 1,239 per meeting.

Directors' fees paid in 2006

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

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

⁽¹⁾ AFEP-MEDEF 2003 (18.2).

REMUNERATION

Remuneration of corporate officers:

- acting on a report from the Compensation Committee, the Board examined the remunerations of Michel Pébereau, Baudouin Prot, Georges Chodron de Courcel and Jean Clamon, corporate officers⁽¹⁾. It decided upon the variable portions of their remunerations for 2005, confirming that these variable portions matched trends in Group results. At that time, the Board was briefed on the evaluation of corporate officers' performance conducted by the Corporate Governance and Nominations Committee.
- The Board set the fixed portions of their remunerations for 2006, as well as the bases for determining the variable portions, after having reviewed the practices in this area of comparable European banks. It updated the set of objectives-based individual criteria used to determine the variable portion of corporate officers' remuneration.

- Neither the Chairman nor the Chief Executive Officer were involved in the preparation of decisions concerning their remuneration, nor did they take part in the Board's vote on decisions setting their remuneration.
- In accordance with Group policy, the detailed individual amount of remuneration paid to the four corporate officers was presented at the Annual General Meeting of 26 May 2006.
- Based on a report from the Compensation Committee, the Board took note of the fixed remuneration and variable portions set for 2006 for members of the Executive Committee other than corporate officers⁽²⁾.

Detailed and individual information on the remuneration policy applied to corporate officers is provided in section 2.1 of the Registration document⁽³⁾, which also reports on the implementation of the AFEP-MEDEF recommendations of January 2007 on the remuneration of corporate officers of listed companies.

⁽¹⁾ AFEP-MEDEF 2003 (15.3.1).

⁽²⁾ AFEP-MEDEF 2003 (15.3.1).

⁽³⁾ AFEP-MEDEF 2007 and AFEP-MEDEF 2003 (15.3).

Stock options and bonus shares

- Acting on a recommendation from the Compensation Committee, the Board discussed and adopted the Group's global share-based incentive plan for 2006. This plan involves 3,894,770 stock options (representing 0.44% of the share capital) and 608,651 bonus shares (representing 0.07% of the share capital). It concerns 3,292 employees whose level of responsibility, contribution to results or professional potential make them the key players in the implementation of Group strategy as well as in the Group's development and profitability. The Board approved the payment for the two corresponding plans.
- The Board noted, based on the report submitted by the Compensation Committee, that the practices applied by BNP Paribas complied both with legal obligations and with French corporate governance guidelines⁽¹⁾: respecting shareholders' prerogatives with regard to the granting of options; setting an exercise price for the options which cannot subsequently be revised or altered; not offering a discounted price; complying with tax and labour law rules on the vesting periods of options; barring

directors who are neither corporate officers nor employees from receiving stock options; prohibiting executive managers from receiving loans for the purpose of exercising options; including in the management report information relating to the options awarded and exercised by the corporate officers, and by each of the ten employees having been granted or having exercised the largest numbers of options.

THE COMMITTEES OF THE BOARD OF DIRECTORS

- Under the Board's internal rules, specialised 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 at all times adapted to the Board's needs and in line 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 a 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.
- In 2006, the Board's Committees were: the Financial Statements Committee, the Internal Control and Risk Management Committee, the Corporate Governance and Nominations Committee and the Compensation Committee.
- The last two resulted from out of the Board's decision at the end of 2005 to separate out the functions of the former Compensation and Nominations Committee. The two new Committees are meant to meet on the same days, to ensure that consistent approaches and methodologies are applied in evaluations, nominations and compensation.

⁽¹⁾ AFEP-MEDEF 2003 (15.3.2).

FINANCIAL STATEMENTS COMMITTEE

- In 2006, the membership of the Financial Statements Committee, which was set up in 1994, was unchanged from the previous year and included Louis Schweitzer (Chairman), Patrick Auguste, Denis Kessler and H el ene Ploix. Most of its members have extensive experience and expertise in the areas of corporate financial management, accounting and financial information.
- One of the features of a global banking group is the complexity of a growing number of its businesses and product offerings. To ensure that the Committee's knowledge remains fully up-to-date, its meetings include briefings on key issues, which are then examined in the presence of the Statutory Auditors. The information presented can be rounded out by meetings with managers of Group functional and operating units, organised by the Board's support staff for any Committee members who express a need for further clarification⁽¹⁾.
- The composition of the Committee complies with French corporate governance guidelines which recommend that at least two-thirds of

the directors should be independent⁽²⁾. No members of the Bank's Executive Management have sat on the Committee since 1997⁽³⁾. Its duties and mode of operation are set by the Board's internal rules, which are periodically updated to reflect changes in legislation, regulations and best practices⁽⁴⁾.

- In 2006, the Committee met four times and the rate of attendance was 94% (one member having missed one meeting). Documentation on agenda items – presented in standardised layouts – was distributed on average three to four days prior to the meeting, in line with French corporate governance guidelines⁽⁵⁾. It also met, with all members attending, to select the Statutory Auditors for the 2006-2011 terms of office (see below).

Review of the financial statements and financial information

- In accordance with the Board's internal rules⁽⁶⁾, in 2006 the Committee reviewed the financial statements based on the documents and information provided by Executive Management and the tests carried out by the Statutory Auditors. In doing so, it verified

the relevance and consistency of accounting methods used in drawing up the Bank's consolidated and corporate accounts⁽⁷⁾. It examined the principle of materiality associated with the standards and the corresponding determination of materiality thresholds for the implementation of IFRS.

- It prepared the work and deliberations of the Board by analysing in depth the issues requiring particular attention, especially those related to the new international accounting standards. The Committee focused its attention on the Group's provisioning policy, management accounting data, profitability indicators, and all other accounting matters that raise methodological issues or give rise to potential risks. It reviewed the impact of changes in the scope of consolidation on profit and loss account intermediate balances and on results⁽⁸⁾.
- When reviewing the financial results for each quarter, the Committee listened to the comments and findings of the Statutory Auditors without any member of Executive Management being present⁽⁹⁾.

⁽¹⁾ AFEP-MEDEF 2003 (14.3.1).

⁽²⁾ AFEP-MEDEF 2003 (14.1).

⁽³⁾ AFEP-MEDEF 2003 (14.1).

⁽⁴⁾ AFEP-MEDEF 2003 (14.3).

⁽⁵⁾ AFEP-MEDEF 2003 (14.2.1).

⁽⁶⁾ AFEP-MEDEF 2003 (1.4.3).

⁽⁷⁾ AFEP-MEDEF 2003 (14.3.1).

⁽⁸⁾ AFEP-MEDEF 2003 (14.3.2).

⁽⁹⁾ AFEP-MEDEF 2003 (14.2.2).

- Where questions of interpretation of accounting standards arose in connection with the presentation of results and involved choices with a material impact, the Statutory Auditors ⁽¹⁾ and Group Management submitted a joint memorandum to the Committee analysing the nature and significance of the issues at play and presenting the rationale for the choices made ⁽²⁾.
- The Committee interviews the Head of Group Finance-Development and the Head of Group Accounting prior to the publication of results or when it discusses specific issues related to changes in international accounting standards or matters of accounting control ⁽³⁾. During its review of the 2006 financial statements, it interviewed the Head of Group Finance-Development, without any member of Executive Management being present.

- The Committee reviews the quarterly report from the accounting internal control unit on verifying compliance with in-house procedures for the collection and review of information ⁽⁴⁾.

Selection of the Statutory Auditors for the 2006-2011 terms of office

- The Committee steered the procedure for selection ⁽⁵⁾ of the Statutory Auditors, by means of an invitation to tender extended to firms likely to be able to meet the statutory auditing needs of a corporation of BNP Paribas' size.
- The selection was made based on the bidders' written responses to the audit specifications, using a predefined set of criteria. These criteria were designed to determine whether the proposed auditing process provided a good fit with the Group's key features. They

also assessed the quality of the dedicated teams and the bidders' compliance with ethical requirements related to auditor independence, particularly as regards rotation ⁽⁶⁾ of the lead audit partners and the incompatibility of audit and non-audit engagements. The Financial Statements Committee finalised the processing of bids by interviewing each audit firm individually.

- The entire process took place without any involvement of Executive Management.
- After having interviewed each of the firms, the Committee recommended that the Board propose the following three firms for approval by the shareholders: Deloitte & Associés, Mazars & Guérard, and PricewaterhouseCoopers Audit.

⁽¹⁾ AFEP-MEDEF 2003 (14.2.2).

⁽²⁾ AFEP-MEDEF 2003 (14.2.1).

⁽³⁾ AFEP-MEDEF 2003 (14.3.2).

⁽⁴⁾ AFEP-MEDEF 2003 (14.2.1).

⁽⁵⁾ AFEP-MEDEF 2003 (14.2.2).

⁽⁶⁾ AFEP-MEDEF 2003 (14.2.2).

Relations with the Statutory Auditors

- The Committee was provided with the Statutory Auditors' annual audit plan and examined it.
- It also received notification of the amount – calculated by Executive Management – of fees paid by the BNP Paribas Group to the Statutory Auditors and the networks to which they belong. It ensured, based on the information collected by Executive Management, that the portion of the audit firms' revenues which BNP Paribas represents was not likely

to compromise the Statutory Auditors' independence⁽¹⁾.

- It tailored the rules governing the allocation of engagements to the new code of ethics for statutory auditors in France⁽²⁾, by updating the procedure for approval and control of engagements not directly related to auditing.
- It received from each of the audit firms a written statement of its independence in conducting the engagement.
- The Committee reviewed the draft report of the Chairman of the Board on internal control pro-

cedures relating to the preparation and processing of accounting and financial information, and recommended it for adoption by the Board.

- It reviewed draft press releases concerning the Group's results prior to their presentation to the Board⁽³⁾.
- At the end of each meeting, the Financial Statements Committee reported its findings to the Board of Directors, so as to provide the latter with full information and facilitate its deliberations and decision-making⁽⁴⁾.

Extracts from the Board of Directors' Internal Rules: the Financial Statements Committee

"The Committee shall hold at least four meetings per year.

Composition

At least two-thirds of the members of the Financial Statements Committee shall qualify as independent directors based on the definition used by the Board in accordance with French corporate governance guidelines. No members of the Bank's Executive Management shall sit on the Committee.

Terms of reference

The Committee is tasked with analysing the quarterly, half-yearly and annual financial statements issued by the Bank and obtaining further explanations of certain items prior to presentation of the financial statements to the Board of Directors.

The Committee shall examine all 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."

⁽¹⁾ AFEP-MEDEF 2003 (14.2.2).

⁽²⁾ AFEP-MEDEF 2003 (14.2.2).

⁽³⁾ AFEP-MEDEF 2003 (14.2.2).

⁽⁴⁾ and also AFEP-MEDEF 2003 (14.2.2).

- report of the Chairman / corporate governance at BNP Paribas

Extracts from the Board of Directors' Internal Rules: the Financial Statements Committee

“Relations with the Group's Statutory Auditors

The Committee shall steer the procedure for selection of the Statutory Auditors, express an opinion on the amount of fees charged for conducting the statutory auditing engagements and report to the Board on the outcome of this selection.

It shall review the Statutory Auditors' audit plan, together with the auditors' recommendations and the implementation of these recommendations.

It shall be notified on a yearly basis 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, calculated using a model approved by the Committee. It shall ensure that the portion of the audit firms' revenues that BNP Paribas represents is not likely to compromise the Statutory Auditors' independence.

Its prior approval shall be required for any engagement entailing total fees of over EUR 1 million (before tax). The Committee shall approve on an ex post basis all other engagements, to be reported to it by the Group Finance-Development Department. The Committee shall validate the Group Finance-Development Department's fast-track approval and control procedure for all “non-audit” assignments entailing fees of over EUR 50,000. The Committee shall receive on a yearly basis from the Group Finance-Development Department a report on all “non-audit” engagements carried out by the networks to which the Group's Statutory Auditors belong.

Each Statutory Auditor shall report on a yearly basis to the Committee on its internal control mechanism for guaranteeing its independence, and shall provide a written statement of its independence in auditing the Group.

At least once a year, the Committee shall devote part of a meeting to a discussion with the team of Statutory Auditors, without any member of Executive Management being present.”

Extracts from the Board of Directors' Internal Rules: the Financial Statements Committee

“The Statutory Auditors shall attend the Committee meetings devoted to the review of quarterly, half-yearly and annual financial statements.

However, the Statutory Auditors shall not attend all or part of Committee meetings dealing with their fees or their re-appointment.

The Statutory Auditors shall not attend all or part of Committee meetings dealing with specific issues that concern a member of their staff.

Barring exceptional circumstances, the files containing the quarterly, half-yearly and annual results and financial statements shall be sent to Committee members at the latest on the Friday or Saturday morning preceding Committee meetings scheduled for the following Monday or Tuesday.

Where questions of interpretation of accounting principles arise in connection with the publication of quarterly, half-yearly and annual results, and involve choices with a material impact, the Statutory Auditors and the Group Finance-Development Department shall submit, on a quarterly basis, a memorandum to the Committee analysing the nature and significance of the issues at play, presenting the pros and cons of the various possible solutions and explaining the rationale for the choices made.

Report of the Chairman

The Committee shall review the draft report of the Chairman of the Board on internal control procedures relating to the preparation and processing of accounting and financial information.

Interviews

With regard to all issues within its purview, the Committee may, as it sees fit, and without any other member of Executive Management being present if it deems this appropriate, interview the Heads of Group Finance and Accounting, as well as the Head of Asset/Liability Management.

The Committee may request to interview the Head of Group Finance-Development with regard to any issue within its purview for which it may be liable, or the Bank's management may be liable, or that could compromise the quality of financial and accounting information disclosed by the Bank.”

INTERNAL CONTROL AND RISK MANAGEMENT COMMITTEE

Composition and work

- The Internal Control and Risk Management Committee was set up in 1994 to handle the specific needs of banking operations. In 2006, its members were François Grappotte (Chairman), Jean-Marie Gianno, Jean-François Lepetit and Loyola de Palacio (Ms. de Palacio passed away on 13 December 2006). Three-quarters of its members were independent directors under the criteria set out in the AFEP-MEDEF document of 2003. No members of the Bank's Executive Management have sat on the Committee since 1997.
- In 2006, the Committee met four times and the rate of attendance was 88% (one member having missed two meetings). It examined the following issues.

Internal control, compliance and relations with regulatory authorities

- The Committee was informed concerning the internal control system implemented following the setting up of the Compliance function and the establishment of the distinction, now enshrined in legislation, between Periodic Control and Permanent Control.

- It was provided with draft reports for the year ended 31 December 2005 from the Permanent Control and Periodic Control functions as well as with the first report from the Group Compliance function.
- It received the report on periodic controls carried out by the General Inspection unit in first-half 2006.
- It was informed of developments in relations with the regulatory authorities of the United States and the United Kingdom, and reviewed the Group's exchanges of correspondence with the French banking regulator (*Commission Bancaire*).
- It was notified of the new process and updated procedures implemented by the Group specifically to manage relations with regulatory authorities.
- It received a progress report from the Compliance function on operations of Group entities in jurisdictions which regulatory authorities consider to be "lacking in transparency".

Credit risks and market risks

- As it does periodically, based on reports from the Group Risk Management function, the Committee examined the Bank's credit portfolio, reviewing its key features and development trends, as well as the breakdown by

industry and geographical area of commitments, in addition to their compliance with capital-adequacy requirements.

- It was notified of the findings of Risk Policy Committees convened regularly by Executive Management to review specific risks, such as real estate financing, commitments in emerging countries, commodity financing, leveraged buyouts or securitisation.
- At regular intervals, the Committee received reports from Executive Management on financial market operations and market risks. It was informed of the methodology and outcomes of stress tests, as well as of the methodology used for calculating the Value at Risk of operations. It received a report from Group Risk Management on credit derivatives operations and financing of hedge funds.

Interviews

- Without any member of Executive Management being present, the Committee interviewed the Head of the Bank's General Inspection unit, in charge of Periodic Controls, and the Head of Group Risk Management. It also interviewed the Head of the Compliance function.

Extracts from the Board of Directors' Internal Rules: Internal Control and Risk Management Committee

“The Committee shall hold at least four meetings per year.

Composition

A majority of the members of the Internal Control and Risk Management Committee shall qualify as independent directors based on the definition used by the Board in accordance with French corporate governance guidelines.

No members of the Bank's Executive Management shall sit on the Committee.

Terms of reference

The Committee is tasked with analysing reports on internal control and on measuring and monitoring risks, as well as the General Inspection unit's reports on its operations and key findings, and with reviewing the Bank's exchanges of correspondence with the General Secretariat of Commission Bancaire.

It examines the key focuses of the Group's risk management policy, based on measurements of risks and profitability provided to it in accordance with applicable regulations, as well as on its analyses of specific issues related to these matters and methodologies.

Interviews

It may interview, without any other member of Executive Management being present if it deems this appropriate, the Head of the General Inspection unit responsible for Periodic Controls, the Head of the Group Compliance and Permanent Control function and the Head of Group Risk Management.

It gives the Board of Directors its assessment concerning the methodologies and procedures employed.

It expresses its opinion concerning the way these functions are organised within the Group and is kept informed of their programmes of work.

It receives a half-yearly summary on the operations and reports of the Internal Audit function.”

CORPORATE GOVERNANCE AND NOMINATIONS COMMITTEE

Composition

- The Corporate Governance and Nominations Committee resulted from the Board's decision to separate out the functions of the former Compensation and Nominations Committee which had been set up in 1993 by the former BNP. Its members are Alain Joly, Claude Bébéar and Gerhard Cromme, two-thirds of whom qualify as independent directors.
- Each of its three members has a proven track record in major international corporations, both in France and abroad, especially with regard to building leadership teams and handling corporate governance issues.
- No members of the Bank's Executive Management sit on the Committee. It includes the Chairman of the Board of Directors in its work on seeking out and selecting directors ⁽¹⁾.

Terms of reference

The Board of Directors' Internal Rules defines the Committee's terms of reference as follows:

- The Committee 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 regularly follows developments in corporate governance at both global and domestic levels. It selects the measures best suited 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 applicable laws and regulations.
- 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 the post of Chief Operating Officer.
- The Committee assesses the performance of the Chairman, in his absence. It also assesses 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.
- It is also tasked with assessing the independence of the directors and reporting its findings to the Board of Directors. The Committee shall examine, if need be, situations arising should a director be repeatedly absent.

⁽¹⁾ AFEP-MEDEF 2003 (16.1).

Work

In 2006, the Committee met twice, with all members attending. It examined the following issues.

> Succession planning

- With the Chairman of the Board of Directors, the Committee examined the situation of key members of the Group's Executive Management team, reviewing their future outlook and possible succession.

> Assessing the performance of the Board of Directors

- In 2006, the Corporate Governance and Nominations Committee oversaw the assessment of the performance of the Board of Directors and of its specialised Committees. The findings are presented in section 5. "Corporate governance", above.

> Follow-up on the 2005 assessment of the performance of the Board of Directors
Improvements requested by directors were promptly implemented in 2006, particularly the following:

- Greater representation of women in the Board's membership;
- Broadening the Board's strategic review.

> Updating the Board of Directors' Internal Rules
In 2006 the Board updated its Internal Rules as follows:

- By spelling out the duties and operating processes of the Corporate Governance and Nominations Committee on the one hand and the Compensation Committee on the other;
- By establishing as a principle that, in the event of a significant change in their functions or positions held, directors agree to allow the Board to decide whether or not it is appropriate for them to continue to serve as directors of BNP Paribas.

> Re-election of directors.

Evaluation of directors' performance

- The Committee assessed the performances of the directors whose terms of office were due to expire at the Annual General Meeting of 23 May 2006. The directors involved were Claude Bébéar, Jean-Louis Beffa, Alain Joly, Denis Kessler and Michel Pébereau.
- The Board reviewed the independence of the first four against the AFEP-MEDEF corporate governance criteria and assessed their individual contributions to the work of the Board and its Committees.

> Individual evaluations

- The Committee conducted an evaluation of the Chairman, Michel Pébereau, in his absence.

- It also assessed the performances of the Chief Executive Officer and Chief Operating Officers, with the parties in question not present.

> Harmonising the timetable for elections of directors by employees

- The Committee recommended to the Board an adaptation of the company's Articles of Association, which was submitted for approval by shareholders at the Annual General Meeting of 23 May 2006, in order to simplify the timetable for the election of directors by employees.

> Compliance with European Commission regulation EC 809/2004

- The Committee did not find any instance of non-compliance with EC regulation no. 809/2004 in the personal circumstances of directors, nor did it receive any statement from a director indicating that there was such an instance.

> Approval of the Report of the Chairman

- The Committee reviewed and approved the draft of the Chairman's Report on corporate governance.

> Code of ethics applicable to directors

- The Committee did not find any breaches on the part of directors.

COMPENSATION COMMITTEE

Composition

- The Compensation Committee resulted from the Board's decision in 2005 to separate out the functions of the former Compensation and Nominations Committee, which had been set up in 1993 by the Board of Directors of the former BNP. In 2006 its members were Alain Joly (Chairman), Jean-Louis Beffa and Gerhard Cromme, two-thirds of whom qualify as independent directors under French corporate governance guidelines.
- Each of its three members has a proven track record in major international corporations, both in France and abroad, especially with regard to building leadership teams and handling compensation and pension issues.

- No members of the Bank's Executive Management sit on the Committee. The Chairman of the Board of Directors is not a member of the Committee, but is invited to take part in its deliberations, except those which concern him personally. The Committee interviews the Head of Group Human Resources and, like all other Board Committees, it may use the services of external consultants wherever necessary.

Terms of reference

- According to the Board of Directors' Internal Rules, the Compensation 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 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 related to executive management compensation referred by him to the Committee. Within the limits of the overall appropriation set by shareholders, the Committee proposes the calculation method and individual amount of annual directors' fees.

Work

In 2006, the Committee met twice, with all members attending (in person or via teleconferencing).

- It examined the remunerations of Michel Pébereau, Baudouin Prot, Georges Chodron de Courcel and Jean Clamon, the corporate officers. It set the amount of the variable portion payable in respect of 2005, determined the fixed remuneration for 2006 and defined the method for determining the variable remuneration of the corporate officers for 2006.
- It was informed of the remunerations of the members of the Executive Committee.

- It defined the terms and conditions for granting stock options and bonus shares for 2006, approved the list of beneficiaries and specified the method for calculating the initial exercise price as well as the exercise prices following the increase in share capital of BNP Paribas.
- It noted the fulfilment of the conditions precedent provided for in the 2001 and 2002 stock option plans.
- It adapted the system governing grants of stock options and bonus shares in the event that the beneficiary resigns or is terminated.

Remuneration of directors

- The Committee examined the allocation of directors' fees against the overall appropriation set by shareholders at the Annual General Meeting of 18 May 2005.
- The individual amount of directors' fees was unchanged compared to 2005, except as regards the Chairman of the Compensation Committee and the Chairman of the Corporate Governance and Nominations Committee, for whom the fixed portions were reduced to EUR 6,000 instead of EUR 9,000 for the Chairman of the former Compensation and Nominations Committee.

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 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 business lines.

The conditions for the implementation and monitoring of Internal Control within banks and investment firms are set out in CRBF Regulation 97-02⁽¹⁾. These rules lay down principles relating to control systems for transactions and internal procedures, accounting systems and information processing, risk and performance meas-

urement systems, risk supervision and control systems, and Internal Control documentation and reporting systems. Under Article 42 of this Regulation, banks are required to prepare an annual statutory report on Internal Control.

As required by Regulation 97-02, BNP Paribas has set up an Internal Control system (referred to hereafter as Internal Control) in which distinct organisations and managers are in charge of Permanent Controls and Periodic Controls. The Internal Control system must also take into account, as appropriate, the General Regulation of AMF (French Financial Markets Authority), regulations applicable to branches and subsidiaries outside France and to specialised operations such as portfolio management and insurance, the most widely accepted industry practices in this area and the recommendations of the Basel Committee.

DEFINITION AND OBJECTIVES OF INTERNAL CONTROL

The Executive Management of the BNP Paribas Group has set up an Internal Control system whose main aim is to ensure overall control of risks and provide reasonable assurance that the Bank's goals in this area have been met.

This system is defined in the Group's Internal Control Charter, which is widely distributed within the Group and freely available to all Group 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 (particularly accounting and financial information),
- the security of transactions;
- compliance with applicable laws, regulations and internal policies.

⁽¹⁾ Amended by Regulations 2001-01 and 2004-02 and the Decree of 31 March 2005.

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 Periodic Control function (General Inspection unit).

Scope of Internal Control

One of the fundamental principles of Internal Control is that it must be exhaustive in scope: it applies in the same degree to all types of risk and to all entities in the BNP Paribas Group (entities include core businesses, business lines, territories and functions) without exception. It also extends to any core activities that have been outsourced.

Because implementing this principle requires a precise overview of the allocation of responsibilities, a dedicated software application is being deployed toward that end.

ORGANISATION AND 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, and 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:** see above, under “Scope of Internal Control”.

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

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 as part 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 operationally to the Chief Executive Officer and reports functionally both to the CEO and to the Board's Internal Control and Risk Management Committee.

COORDINATION OF INTERNAL CONTROL

The Internal Control Coordination Committee (ICCC), which meets on a monthly basis, includes the following participants:

- The key players involved in Permanent Controls:
 - the Heads of Group Compliance, Group Finance-Development and Group Risk Management;
 - the Heads of Group Tax Affairs, Group Legal Affairs and the Group Operational Effectiveness function.

- the Heads of the four core businesses;
- The Head of Periodic Controls. Members of the Bank's Executive Management may participate in all ICCC meetings. The heads of other Group functions may be invited to participate in the Committee's meetings.

At Group level, coordinating Compliance work is the responsibility of the Head of Compliance, who sits on the Executive Committee and chairs the Internal Control Coordination Committee. The ICCC:

- 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 as required under 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 of the French Commercial Code.

The Chairman of the ICCC reports to the Chief Executive Officer and, if the CEO or the Board of Directors deem it necessary, to the Board of Directors or the relevant Committee of the Board (the Internal Control and Risk Management Committee).

In 2006, the ICCC's work covered the following main topics:

- the Internal Control report for 2005 and the first results reported by the Permanent Controls function;
- the Group's key charters or policies in the area of Controls;
- relations with regulatory authorities, particularly outside France, in terms of how these policies are managed and overseen;
- the organisation of Internal Control processes within the core businesses and ways of harmonising the tools used, risk assessment methodologies and the overall quality assurance programme of the Periodic Controls function;
- major operational issues such as the implementation of European directives on markets in financial instruments and on market abuse as well as the new policy requiring validation of exceptional transactions and new activities.

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. A central team within the Compliance function is responsible for ensuring that the procedural guidelines are regularly monitored for completeness, drawing on the support of a network of Procedures Coordinators.

Following the completion in 2004 of the Group's cross-functional guidelines (levels 1 and 2), regular updating of their content is an ongoing process in which all the core businesses and functions actively participate.

In 2006, the Compliance function brought a number of updates to the guidelines. As regards the organisation of controls, the twice-yearly surveys on the effectiveness of processes have been integrated into the twice-yearly reporting of the Permanent Controls function – in recognition of the fact that checking procedures is among the key duties of Permanent Controls, alongside identifying and assessing risks, running controls, verifying reporting processes and overseeing the monitoring system.

Among the Group's cross-functional procedures that were updated in 2006, the one dealing with the validation of exceptional transactions, new products and new activities deserves a particular mention. This procedure was modified to reflect changes in regulations and the Group's new Internal Control organisation. It is applicable to all Group entities and represents one of the pillars of the system for controlling all forms of risk that the Group takes on.

Efforts are ongoing to streamline the set of procedures and improve their distribution, make them more accessible and design better tools for storing them.

Internal Control standards

In 2006, the main players involved in Internal Control continued to work on standardising the main components of the system, covering families of risks, risk assessments, standards for controls and implementation of recommendations issued by Periodic Controls, Management, regulatory authorities or the Statutory Auditors.

HIGHLIGHTS OF 2006

Following two consecutive years of large-scale change, Group Internal Control gradually strengthened its position in 2006 with the ramp-up of new processes set up by the Group Compliance and Permanent Controls functions, on the one hand, and the General Inspection unit on the other.

Group Compliance function

Compared to the former Ethics Department which it replaced at the end of 2004, the Compliance function has a broader remit: it is tasked with enhancing compliance, 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”.

The Compliance function has also 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 organisation of the Compliance function was tailored to changes in the regulatory environment and in the Group’s scope of consolidation.

Regarding regulations, the entry into force of the European directive on “market abuse” has expanded the reach of requirements in the area professional ethics, which now cover new areas

related to protecting market integrity (by detecting any market price manipulation and insider trading, and maintaining lists of insiders) and is applicable to all Group entities outside France. BNP Paribas anticipated the entry into force of the directive on markets in financial instruments, by setting up a dedicated unit in charge of overseeing the important measures that will need to be taken in operational and sales functions as well as in the Compliance Department – with regard to conflicts of interest, improved execution, “suitability” and more.

The organisation of the Compliance function was also modified in response to the Group’s expansion, especially the addition of Banca Nazionale del Lavoro. This subsidiary’s Compliance function was aligned with the BNP Paribas model, to enable it to bring its Permanent Controls and Compliance processes up to Group standards in the shortest possible timeframe.

On another front, Compliance teams developed – and are continuing to develop – important software tools to assess and manage compliance risks, particularly in the areas of combating money-laundering and regulatory compliance. These tools are expected to play an increasingly significant part in the organisation and oversight of Compliance work, as well as in Permanent Controls methodologies.

Permanent Controls

The Bank's Permanent Control processes are being implemented through a network of coordinators that was for the most part in place by the end of 2005 in the main entities. As result, the Group was able to count, from the beginning of 2006, on an organisation in line with the new regulatory requirements; it brought together all the players involved, for a first global seminar. To bolster synergies at an operational

level between identifying the various risks and managing them, the Permanent Controls coordinators often also have responsibilities related to operational risks, or even compliance, as well as management of procedures. These coordinators facilitate the translation of policies at operational level and follow up on action plans implemented by management. Internal Control coordination committees have also been set up within each entity to help spread best practices.

Thus 2006 can be described as the year of operational implementation for the Permanent Controls system. The Group coordination team further documented its methodological framework, following extensive consultations among all stakeholders. At the same time, several software application projects were launched to support Permanent Controls staff in their work, particu-

larly for following up on second-level controls. In 2006, BNP Paribas decided not to delay setting up an operational reporting process for Permanent Controls, but rather to use it to contribute to ongoing improvement of the system. Though still in the design stage, the process has already benefited from preparatory work and mid-year testing. It already provides a high-level view of the structure of the Group's system and highlights the need for specific action plans.

Periodic Controls

The new organisation of Periodic Controls that integrates internal audit staff had its first full year of implementation in 2006. The General Inspection unit also continued to extend its capabilities, by providing additional training to the auditors, strengthening specialised teams and bringing in the specific resources needed for auditing models.

It implemented a single, consistent risk-assessment application for the entire Group, which allows it to plan audit engagements by taking into account the risk weightings applicable to the various entities. The Periodic Controls function also implemented an overall quality assurance programme to ensure that Internal Auditing meets the requirements and expectations of regulatory authorities, complies with professional standards and provides Bank management with an accurate picture of the risks at play, as this is the basis for genuine added value.

Lastly, the General Inspection unit also took part in the work of integrating BNL through the harmonising of in-house practices.

HUMAN RESOURCES

At the end of 2006, the number of full-time equivalent employees (FTEs) within the different Internal Control functions was as follows:

	2005	2006	% change
Compliance	465	614	+32%
Coordination of Permanent Controls	50	70	+40%
Periodic Controls	746	902	+21%

Second-level Permanent Controls:

- Permanent Control processes are coordinated by 70 FTEs that help implement Group policies throughout the different entities. This figure concerns the head teams in the core businesses and functions. A more finely tuned approach will be applied in order to identify all the teams involved in Permanent Controls, especially in the Group's international operations.
- The Compliance function had 614 FTEs at the end of 2006, reflecting 32% year-on-year growth in its staff (24% growth excluding BNL). This trend is clearly in line with the sustained expansion in Group operations, mainly through several acquisitions, and with the forthcoming major changes in regulations, especially regarding activities on financial markets.

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 shall exercise these powers within the limits of the corporate purpose and subject to those powers expressly granted by French law

to Shareholders' Meetings and 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 divestment decision (excluding portfolio transactions) of more than EUR 250 mil-

lion, 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 engagements entailing total fees of over EUR 1 million (before tax).

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

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 the statutory information in the report on Internal Control.

ROLES AND RESPONSIBILITIES REGARDING THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

Acting under the authority of the Chief Executive Officer, the Group Finance-Development function is responsible for the preparation and processing of accounting and financial information. Its roles, as described in its Charter, include:

- The production and distribution of high quality financial statements;
- The production and quality control of management accounts, and providing all forecast quantitative data needed for steering Group policy;

- Project management for the Group's financial information systems;
- Overseeing the Group's financial optimisation;
- Ensuring that the Group's financial position is well presented to financial markets;
- Driving strategic thinking on Group development.

The responsibilities of the Finance function are carried out by the local Finance departments within each entity, by core business Finance teams and by the Group Finance-Development function.

The production of accounting and financial data, and controls designed to ensure their reliability, are first handled by the Finance Department of the accounting entity⁽¹⁾ which reports this information to the core business then to the Group and attests that they are reliable, based on the internal certification procedure described below.

The core businesses/business lines then perform further controls at their level on the financial statements prepared by the accounting entities. They enhance the quality of the reporting by running appropriate reconciliations of accounting and management data.

The Group Finance-Development function gathers all 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 these data for use by Executive Management or for external reporting to third parties.

⁽¹⁾ "Accounting entity" refers to the parent company BNP Paribas as well as each of the consolidated subsidiaries and branches..

- **report of the Chairman** / internal control procedures relating to the preparation and processing of accounting and financial information

PREPARATION OF FINANCIAL INFORMATION AND PERMANENT CONTROL SYSTEM

Accounting policies and rules

The local financial statements for each entity are prepared under local GAAP. Since 1 January 2005, 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, based on IFRS, 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. An IFRS accounting manual has been produced and distributed to accounting teams within core businesses, business lines and entities.

The central Budget and Strategic 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 by the accounting and management teams in real time via the Group intranet.

To define Internal Control and the general principles underlying the workings of its Internal Control environment, the BNP Paribas Group relies on the framework set out in CRBF Regulation 97-02 on internal control within banks and investment firms, as amended by the Decree of 31 March 2005.

Procedures and systems 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 through two separate reporting channels, one dedicated to accounting data and the other to management data. Both data collection channels use an integrated consolidation software package known as Matisse ("Management & Accounting Information System"). This integrated consolidation package is operated and maintained by a dedicated team within the Group Finance-Development function. At local level, the Finance teams enter validated financial and accounting data into the system.

• **report of the Chairman** / internal control procedures relating to the preparation and processing of accounting and financial information

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 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 have been correctly applied;
 - inter-company transactions have been correctly adjusted and eliminated for consolidation purposes;
 - pre-consolidation entries have been 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 Budget and Strategic 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, prior to submitting the package 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.

Accounting Internal Control within the Group Finance-Development function

To further strengthen its role in controlling accounting risks centrally, in 2006 the Group Finance-Development function brought together the teams from "Group Accounting Internal Control" and "BNP Paribas SA Mainland France Permanent Accounting Internal Control" teams into a single unit known as "Permanent Accounting Internal Control".

The "Group Accounting Internal Control" team has the following key responsibilities:

- 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, in particular through the internal certification procedure described below;
- 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 of the Board of Directors on.

• report of the Chairman / internal control procedures relating to the preparation and processing of accounting and financial information

The “BNP Paribas SA Mainland France Permanent Accounting Internal Control” team is in charge of providing quality control on accounting information provided by the French Retail Banking network and by Corporate and Investment Banking businesses that report to BNP Paribas SA Mainland France. The team has the following key responsibilities:

- monitoring the control of accounting processes, systems and procedures within back offices;
- providing the link between the main back offices and the Group Accounting Department;
- coordinating accounts closing processes and training back office teams in accounting controls;
- validating on a quarterly basis the “elementary certification process” (described below) for the accounting quality of back offices;
- setting up recurring cross-functional controls that validate first-level controls carried out by the back offices.

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 Finance departments of the core businesses/business lines and by the Consolidation Department within the Group Finance-Development function. The process uses the FACT (Finance Accounting Control Tool) internet/intranet-based application.

The heads of Finance of the entities concerned certify to Group Finance-Development 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 of the Board of Directors at the close of the Group’s quarterly consolidated accounts.

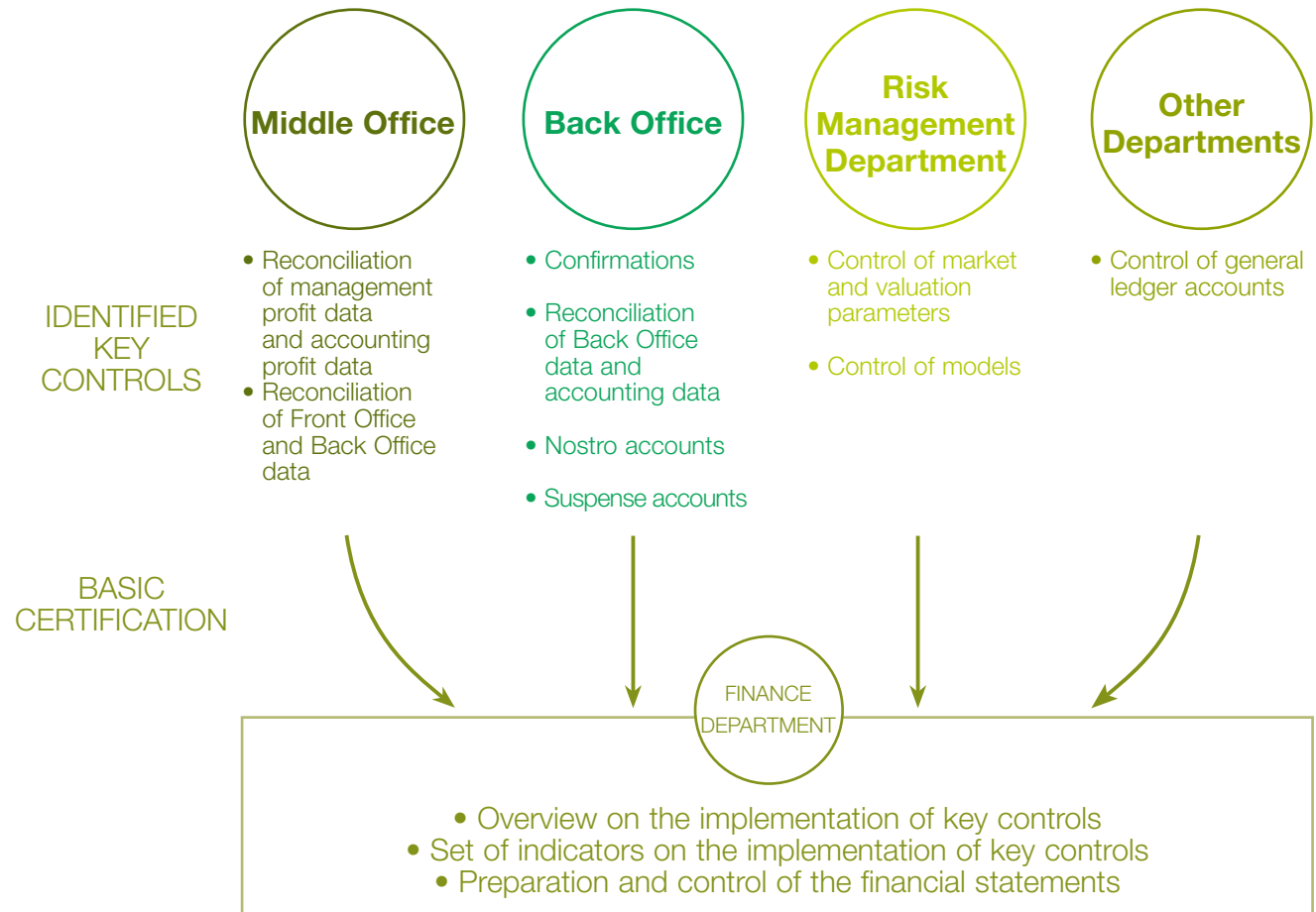
• **report of the Chairman** / internal control procedures relating to the preparation and processing of accounting and financial information

> **At entity level**

The procedure for certification vis-à-vis the Group requires a suitably adapted accounting Internal Control system for each accounting entity that gives the local Finance function an overview of the entire accounting process. Toward this end, Group Accounting Internal Control has made it a rule that an “elementary certification” (or “basic certification”) process be implemented for accounting data.

This process requires that those who prepare accounting data and provide accounting controls (e.g., Middle 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 designed 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.

The FACT application also makes it possible to automate basic certification procedures by providing entities with a dedicated environment in which they can manage directly the processes set up at their level. The following diagram summarises this procedure:



- report of the Chairman / internal control procedures relating to the preparation and processing of accounting and financial information

CONTROLS – CENTRAL 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, set up in 2004, is 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 the necessary technical 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.

DEVELOPMENT OF THE ACCOUNTING INTERNAL CONTROL SYSTEM

The accounting Internal Control system is constantly being adapted to the Group's requirements. The aforementioned procedures form part of an evolving system that aims to guarantee an adequate level of control throughout the Group.

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/business line/core business 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.

- **report of the Chairman** / internal control procedures relating to the preparation and processing of accounting and financial information

The Financial Statements Committee of the Board of Directors is briefed concerning accounting choices that have a material impact, as discussed in paragraph [2.2.1] of the “Corporate Governance” section above.

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-Development function. The heads of Finance departments use the dedicated FACT application, which facilitates the implementation of the Statutory Auditors’ recommendations.

CORPORATE COMMUNICATIONS – PRESS RELEASES, SPECIAL PRESENTATIONS, ETC

Financial reports are prepared for external publication 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, before they are submitted to the Financial Statements Committee and to the Board of Directors.

appendices

- NRE appendices – social chapter p. 185
- NRE appendices – environmental chapter p. 197
- reconciliation table p. 209
- statutory auditors' report p. 214
- glossary p. 217

• NRE appendices – social chapter

NRE social indicators	2006 Comments	Scope concerned
1. Remuneration and benefits paid to each corporate officer during the financial year	See <i>Corporate Governance – Remuneration</i> p. 156	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 <i>Corporate Governance – Remuneration</i> p. 156	Group
3. List of all directorships and positions held during the financial year in any company by each of the corporate officers	See <i>Corporate Officers</i> , p. 133 to 138	Group
4. Total number of employees including fixed-term contract employees	<p>See <i>Human Resources Development – Workforce expansion in line with the Group’s development</i> p. 64</p> <p>The number of employees managed by the Group at 31 December 2006 was 141,911 full-time equivalent employees (FTEs), up from 32,131 FTEs in 2005 following the acquisition of BNL and UkrSibbank. In France, the number of employees managed by the Group rose to 57,123 FTEs, including 39,239 for BNP Paribas SA, of which 184 were on fixed-term contracts.</p> <p>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 <i>cadre</i> to <i>non-cadre</i> (executive to non-executive) staff employed by BNP Paribas SA has continued to increase steadily:</p> <p>35.7% in 2002; 37.7% in 2003; 39.7% in 2004; 42.4% in 2005; 44.6% in 2006.</p>	<p>Group</p> <p>France</p>

• NRE appendices – social chapter

NRE social indicators	2006 Comments	Scope concerned
5. Number of new permanent and fixed-term contract employees	<p>In 2006, approximately 14,000 new employees were recruited worldwide on permanent contracts.</p> <p>The Group hired 4,693 new employees on permanent contracts in France in 2006, up 19% on 2005.</p> <p>BNP Paribas SA added 3,298 new FTEs in mainland France, 1,387 men (42%) and 1,911 women (58%). Of the total, 526 were on fixed-term contracts (147 men and 379 women) and 200 were hired on permanent contracts following a fixed-term contract (65 men and 135 women).</p> <p><i>See Human Resources Development – Recruitment for more extensive and detailed information on this topic, p. 69</i></p>	<p>Group</p> <p>Group France</p> <p>SA mainland France</p>
6. Recruitment difficulties	<p>Despite a more competitive market context, BNP Paribas remains a very attractive employer among job seekers, with over 150,000 unsolicited job applications received in 2006. The Internet was the medium of choice for 75% of these applications.</p> <p>In 2006, unlike in previous years, new hires included young graduates and experienced employees in equal proportions.</p> <p><i>See Human Resources Development – Recruitment for more extensive and detailed information on this topic, p. 69</i></p>	<p>Group France</p>
7. Number of and reasons for dismissals	<p>In 2006, the number of employees dismissed by BNP Paribas SA in mainland France amounted to 230 FTEs. The main reasons for dismissals remain professional incompetence.</p>	<p>SA mainland France</p>
8. Overtime hours	<p>In 2006, BNP Paribas SA paid 61,164 hours of overtime in mainland France, representing 0.1% of regular hours worked.</p>	<p>SA mainland France</p>

• NRE appendices – social chapter

NRE social indicators	2006 Comments	Scope concerned
9. Temporary staff	<p>Temporary workers: the average monthly number of temporary workers remained limited, at 193 FTEs. The average length of contracts was 24 days. BNP Paribas SA's expenditure on temporary staff in France amounted to EUR 8.9 million for the year.</p> <p>BNP Paribas continued to apply its system of approved vendor lists for temporary work agencies and service providers. Since 2005, the system has been rolled out across Europe. Agreements binding BNP Paribas and these companies include very strict clauses on compliance with employment legislation and the prevention of loss-making sales, which are prohibited under French law. In 2006, all Group entities were reminded of their duty to only use companies that guarantee compliance with employment law.</p>	<p>SA mainland France</p> <p>Europe</p>
10. Where relevant, information relating to headcount adjustments, redeployment and career support advice	<p>See <i>Human Resources Development – Quantitative and qualitative workforce adaptation, where this topic is examined in depth</i>, p. 67</p>	<p>SA mainland France</p>
11. Working hours	<p>Extensive possibilities for requesting part-time work arrangements are available to employees. A total of 10.4% of employees in France opted for a part-time work arrangement, the proportion being 11.4% at BNP Paribas SA mainland France and 8% in the subsidiaries.</p> <p>Employees with over one year's seniority qualify for a time savings account (Compte Epargne Temps), 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. As of December 2006, 10,727 employees were using a time savings account.</p> <p>Subject to their supervisor's agreement, employees can also take 5 to 20 days of unpaid leave.</p>	<p>SA mainland France</p>

• NRE appendices – social chapter

NRE social indicators	2006 Comments	Scope concerned
12. Working hours and days for full-time employees	In France, the working week for a full-time employee is generally considered to be 35 hours. For BNP Paribas SA, the theoretical number of days worked per employee per year (on a fixed working hours basis) was 205 in 2006.	SA mainland France
13. Working week for part-time employees	11.4% of employees have chosen one of the part-time work arrangements made available, of which the main ones are 50%, 60% or 80% of a full-time equivalent. The 80% option has been selected by almost 70.2% of part-time employees, of whom 94% are women.	SA mainland France
14. Absenteeism and reasons for absenteeism	In 2006, the absentee rate for BNP Paribas SA in mainland France was 4.48%. Maternity leave accounted for 1.37% of the total. The rate of 3.11% for non-maternity-related absenteeism is one of the lowest in BNP Paribas SA's history. After maternity leave, non-work-related illnesses were the most common reason for long-term absences. See the 2006 Social Report.	SA mainland France
15. Remuneration	The average monthly remuneration of BNP Paribas SA employees in mainland France was EUR 2,942 in 2006. - 95.6% of employees received a variable remuneration bonus (95.4% of women and 95.8% of men). - 39.7% were awarded an increase in fixed remuneration. - 12.2% were promoted. <i>See Human Resources Development – A broad and competitive remuneration package, p. 72</i>	SA mainland France

• NRE appendices – social chapter

NRE social indicators	2006 Comments	Scope concerned
16. Changes in remuneration	On 22 December 2005, a wage agreement was signed following 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 received a one-off bonus of between EUR 500 and EUR 1,000, equivalent to 20% of their basic monthly salary.	SA mainland France
17. Payroll expenses	The Group's payroll taxes for 2006 amounted to EUR 2,336 million. The year-on-year increase was the result of the Group's growth, in particular the consolidation of BNL, which accounted for EUR 356 million of the total amount.	Group
18. Application of the laws of Titre IV Livre IV of the Employment Code (Incentive plans and profit sharing)	<p>See <i>Human Resources Development – Clearly identified operational challenges – Creating loyalty through a competitive remuneration package</i>, p. 72 to 74</p> <p>At 31 December 2006, the Group's savings plans for current and former employees held assets of EUR 3.9 billion, including EUR 3.5 billion in BNP Paribas shares.</p> <p>The geographical breakdown of staff outside France that took up the 2006 employee share issue is as follows:</p> <ul style="list-style-type: none"> - Europe (55%), - Asia (26%), - North America (6%), - Africa (5%), - South America (5%), - Middle East (2%). 	Group

• NRE appendices – social chapter

NRE social indicators	2006 Comments	Scope concerned
<p>19. Gender equality in the workplace</p>	<p>See <i>Human resources Development – Promoting diversity</i>, p. 77 52.8% of BNP Paribas employees worldwide are women (based on physical headcount). BNP Paribas SA's FTE staff in mainland France is composed of 17,997 men and 21,241 women. Following the agreement of 9 April 2004 on gender equality, a new agreement was entered into on 28 July 2006 defining the rules for changes in individual remuneration of employees following maternity or adoption leave.</p> <p>The proportion of female executives continued to rise:</p> <ul style="list-style-type: none"> • 34.2% in 2001; • 35.7% in 2002; • 36.9% in 2003; • 37.7% in 2004; • 38.8% in 2005; • 40.3% in 2006. <p>Proportion of female employees receiving promotion:</p> <ul style="list-style-type: none"> • 54.7% in 2002; • 55.6% in 2003; • 55.8% in 2004; • 57.1% in 2005; • 58.1% in 2006. 	<p>Group</p> <p>SA mainland France</p>
<p>20. Employee relations and collective bargaining</p>	<p>See <i>Human Resources Development – High quality employer-employee relations</i>, p. 86</p> <p>As in previous years, there was constructive dialogue with employee representatives within BNP Paribas in 2006. The Commission on Employment Law – BNP Paribas SA's labour negotiation body – met on 32 occasions in 2006 and 13 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>SA mainland France</p>

• NRE appendices – social chapter

NRE social indicators	2006 Comments	Scope concerned
21. Health and safety	<p><i>See Human Resources Development – Protecting employee health and safety, which explores the initiatives taken in 2006. Over and above the initiatives discussed in the report, other more specific actions were taken in 2006, p. 84:</i></p> <ul style="list-style-type: none"> • 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 were put in place 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 Group's intranet portal, alongside information 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. Workstation ergonomics are examined at the design stage (for both equipment and sites) and are enhanced through remedial measures prescribed by the occupational physicians in the course of their site visits. <p>950 persons contributed to the blood donation drive.</p> <p>Employees continued to be able to have access, on a voluntary basis, to assistance in giving up smoking from a dedicated medical unit. In late 2006, the Allen Carr method was introduced.</p>	SA mainland France

• NRE appendices – social chapter

NRE social indicators	2006 Comments	Scope concerned
<p>22. Training</p>	<p>See <i>Human Resources Development – Developing the skills of employees and teams</i>, p. 70</p> <p>The number of BNP Paribas employees in mainland France enrolled in training for a professional qualification were as follows: 469 for the <i>Brevet Professionnel</i> banking diploma, 527 for the BTS banking qualification and 271 for the <i>Institut Technique de Banque</i>.</p> <p>The Right to Individual Training (DIF) was further enhanced in 2006, with the launch of a new online training catalogue. By the end of November 2006, approximately 160,000 hours of training had been provided as a result of 10,000 applications under the DIF programme.</p>	<p>SA mainland France</p>
<p>23. Employment and integration of disabled employees</p>	<p>See <i>Human Resources Development – Promoting diversity – Auditing the situation of handicapped employees and Project Handicap</i>, p. 82</p> <p>An “Accessibility” working group, bringing together staff from the Group Information Systems, Group HR, Property and Group Operational Effectiveness functions as well as from the French Retail Banking Division, continued with 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 on the intranet portal can now be resized to allow sight-impaired employees equal access to information. BNP Paribas also continued to roll out ATMs with special sound capabilities, which will be fitted with special access software and should account for over half the ATM network by the end of 2008. Specific training was given to software project managers to ensure that they build in accessibility features in any new software they develop.</p> <p>To support the charitable endeavours of staff members, the BNP Paribas Foundation maintained its <i>Coup de pouce</i> programme of grants. In 2006, as in other years, fighting the consequences of disabilities was at the forefront of employees’ concerns and charitable commitments.</p>	<p>SA mainland France</p>

• NRE appendices – social chapter

NRE social indicators	2006 Comments	Scope concerned
24. Company benefit schemes	<p>National-level social and cultural activities are administered by the Central Works Council and other staff benefit schemes are coordinated by local works councils. Benefits offered to employees include children’s summer camps and organised holidays for staff, contributions to meal expenses, family welfare, lending libraries for books, records, videos and other media, and discounts for theatres and cinemas. A sports and cultural society allows staff to take part in and attend a variety of team sports and cultural events.</p> <p>A breakdown of BNP Paribas SA’s contributions to employee benefit schemes is provided in the Social Report.</p>	SA mainland France
25. Relations with the community, including associations to combat social exclusion, educational institutions, environmental and consumer associations, and local residents	<p>See <i>the section entitled A partner in society</i>, p. 118</p> <p>BNP Paribas SA’s Retail Banking network in France was involved in over 1,000 formal or informal voluntary partnerships with various organisations. 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>Projet Banlieues: part of this project involves providing support to local associations, especially as regards education. Its aim is to develop economic activity, aid youth insertion and promote social cohesion. Thirty-four projects were approved in 2006, most of which were education-related. For more information see the Sustainable Development Report – <i>A partner in society – Projet Banlieues</i>.</p> <p>Consumer organisations: the Quality & Consumer Relations Department within French Retail Banking has set up partnerships with around ten consumer rights groups.</p>	SA mainland France

• NRE appendices – social chapter

NRE social indicators	2006 Comments	Scope concerned
<p>26. Contribution to regional development and employment</p>	<p><i>See Human Resources Development – Quantitative and qualitative workforce adaptation, p. 67</i></p> <p>The Group seeks to promote economic development in the territories where it is based by providing its clients with the financing to fuel their development. BNP Paribas plays a major role in financing entrepreneurs and new small businesses, which are the mainstay of the French economy. The latest barometer of corporate client satisfaction measures the progress perceived in the quality of monitoring and assistance provided by the business centres. Regional access to centres of expertise (Trade Centres, trading rooms) is also very favourably viewed.</p> <p>With Project Banlieues, the Group contributed to employing 3,400 people in Seine-Saint-Denis (northeast of Paris) and has set itself the goal of being the leading private employer in this region by 2008, with the creation of 2,500 additional jobs. At the end of September in the Rhône Alpes region, BNP Paribas provided 23% of solidarity loans set up through the local branch of ADIE, a non-profit association providing micro loans for business projects.</p> <p>The Group's contribution to regional development and employment is enhanced by its network of 31,249 employees, 2,200 branches and 4,200 automatic cash dispensers.</p> <p>BNP Paribas' Retail Banking network outside of France also contributes to financing and developing the local economy. The Group takes steps to ensure that local employees are promoted to senior positions. The number of expatriate posts is intentionally restricted.</p>	<p>SA mainland France</p>

• NRE appendices – social chapter

NRE social indicators	2006 Comments	Scope concerned
<p>27. Outsourcing and the Bank's policy with subcontractors: steps to ensure that subcontractors comply with International Labour Organization (ILO) standards</p>	<p>The Group Operational Efficiency (GOE) function manages all procurement contracts in excess of EUR 1 million. Since 2002, all contracts negotiated and signed by GOE 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, GOE set up a dedicated suppliers' portal on the Group's website, which makes explicit reference to sustainable development and compliance with ILO standards. For more information visit http://fournisseur.bnpparibas.com/dev.htm.</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. IT development activities in Morocco and India remain limited and have not led to any redundancies in France. The IT function was not outsourced and is still provided by Group subsidiaries.</p>	<p>Group</p>

• NRE appendices – social chapter

NRE social indicators	2006 Comments	Scope concerned
<p>28. Steps taken by the Bank to ensure that subsidiaries comply with ILO standards</p>	<p>As part of the implementation of CRBF Regulation 97-02, in 2004 and 2005 GOE systematically reviewed and audited all the major outsourcing agreements entered into locally by Group entities worldwide. Where clauses relating to corporate responsibility were 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> <p>An ethics alert mechanism enables all employees to report any non-compliance risks they may come up against.</p>	<p>Group</p>
<p>29. Steps taken by foreign subsidiaries to address the impact of their business on regional development and the local community</p>	<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>	<p>Group</p>

• NRE environmental indicators for 2006

NRE environmental indicators	2006 Comments	Scope concerned
1. Water consumption	<p>The collection of data on water consumption increased in 2006, representing 34% of staff concerned in mainland France. On this basis, water consumption amounts to 22m³ per FTE.</p> <p>More countries contributed to the water consumption statistics (49% of the Group outside France) than in previous years and the data was more reliable. Water consumption amounted to 24.5m³ per FTE.</p>	<p>France (Paris head office buildings + subsidiaries + Production & Sales Support Groups)</p> <p>International</p>
2. Raw material consumption	<p>For a financial services provision group like BNP Paribas, paper is the number one raw material consumed.</p> <p>Overall paper consumption in France, including roll paper from printing centres, paper reams and paper purchased from printers on behalf of BNP Paribas stood at 9,521 tonnes. On this basis, paper consumption per FTE decreased 5.5% in 2006, to 172kg per FTE.</p> <p>In other countries, paper consumption stood at 151kg per FTE, based on 56% of the Group scope outside France.</p> <p>In France, 9% of the Group's office supplies are environmentally-friendly products. Based on a scope representing 60% of staff outside France, green products account for an average of 12% of office supplies, with significantly higher percentages in Japan and Switzerland.</p>	<p>France</p> <p>International</p>
3. Energy consumption	<p>The Group's electricity consumption in France dropped 6% to 255.6 GWh, representing average consumption of 4,591 KWh per FTE.</p> <p>Representativeness in other countries continued to increase and in 2006 represented 54% of Group employees. Based on these figures, consumption was 6,582 Kwh per FTE..</p>	<p>France</p> <p>Group</p>

• NRE environmental indicators for 2006

NRE environmental indicators	2006 Comments	Scope concerned
<p>4. Measures taken to improve energy efficiency</p>	<p><i>See Impact on the natural environment – Using all available levers for improvement, p. 109</i></p> <p>Under the auspices of the Corporate Facilities Management Department, the group implemented a general environmental management policy.</p> <p>The building at 14, rue Bergère in Paris was restored with the aim of obtaining High Environmental Quality (HEQ) certification in connection with the French standard on service-sector buildings, issued by CSTB, the scientific and technical advisory centre for the French building industry. This would be a first in France in terms of restoration work. In November, the compliance of the programme and design phases was rated as very effective under seven criteria, as effective under four, and as basic under three criteria, thus exceeding the minimum certification requirements.</p> <p>A call for tenders was launched with six enterprises proposing automated solutions for managing energy requirements. Two enterprises and two pilot sites – in Levallois and Montigny – were selected to test these solutions.</p> <p>In 2006, electricity consumption was analysed on a local basis at all BNP Paribas sites outside Paris and recommendations were made on how to reduce consumption.</p> <p>The T8 fluorescent tubes used to light the branches' signs were replaced by T5 fluorescent tubes that give out the same amount of light but consume 30% less electricity. Long-life LED bulbs, which also consume less electricity, are used in Bank's ATM machines.</p>	<p>Paris head office buildings</p> <p>French network</p>

• NRE environmental indicators for 2006

NRE environmental indicators	2006 Comments	Scope concerned
5. Use of renewable energy sources	<p>Part of the Group's electricity in France is supplied by an operator who is contractually obliged to provide 15% renewable energy.</p> <p>In Canada, 100% of the electricity used by the Group is renewable, as is 18% of the energy used by BNP Paribas Frankfurt and Cortal Consors in Germany.</p>	<p>France</p> <p>Canada</p> <p>Germany</p>
6. Land use	<p>For each project, Meunier Habitat appoints a specialised consulting firm to carry out a diagnostic review of the extent of the soil contamination. The consultants define 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> <p>Klépierre systematically assesses its environmental impact when building new shopping centres. In Aubervilliers, the construction site and the operating plans for the future shopping centre meet HEQ criteria regarding land remediation, groundwater preservation, water quality and waste management.</p> <p>In 2006, this subsidiary installed new tools, such as multiple distributed water meters, in its shopping centres in order to improve the management of water, energy and fluid consumption.</p>	<p>Meunier Habitat</p> <p>Klépierre</p>

• NRE environmental indicators for 2006

NRE environmental indicators	2006 Comments	Scope concerned
7. Emissions to air, water and soil	<p>See <i>Impact on the natural environment</i>, p. 104</p> <p>In 2006, the Group's environmental data management software enabled it to fine-tune its CO₂ surveys and apply them systematically.</p> <p>The available data do not enable this survey to be performed on the full scope of consolidation, but it has been extended to several sizeable territories outside France.</p> <p>The data collected take into account information on electricity consumption, work-related travel by car, train and air, and, in France, commuting between the home and office. This enabled an initial estimate of CO₂ equivalent emissions per FTE:</p> <ul style="list-style-type: none"> - France: 2.56 tonnes; - Switzerland: 3.29 tonnes; - Italy: 3.39 tonnes; - United States: 7.26 tonnes. <p>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.</p>	Group

• NRE environmental indicators for 2006

NRE environmental indicators	2006 Comments	Scope concerned
7. Emissions to air, water and soil (continued)	<p>Estimates for commuting were made by dividing employees into three categories, based on which of three concentric circles their home residence belonged in – city or town centre, close suburbs or outskirts of town, and distant suburbs or rural setting. Emissions produced by these trips were then estimated based on the type of transportation used.</p> <p>Independently of errors relating to the reliability of data or to the incomplete scope of the survey, the methodology used is subject to the following error margins:</p> <ul style="list-style-type: none"> - Electricity: 10%; - Trip mileage per car: 10%; - Commuting: 20%; - Air travel: 20%. 	France
8. Noise and odour pollution	<p>No complaints relating to noise or odour issues were addressed to the Group in 2006.</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>	

• NRE environmental indicators for 2006

NRE environmental indicators	2006 Comments	Scope concerned
<p>9. Waste processing</p>	<p>In France, the system for collecting used toner cartridges in association with Conibi, the industry grouping of toner cartridge producers, gathered pace in 2006, with 90,080 cartridges collected, almost twice as many as in 2005.</p>	France
	<p>The scope of data collected in other countries increased and became more reliable, but still remains below 50%. Canada, Germany, the United Kingdom, Switzerland and Spain recycle 100% of their toner cartridges and the United States recycles more than 94%.</p>	Group
	<p>Paper and cardboard collection for recycling is also on the increase. Corbeille Bleue, a specialised company, collects and sorts the litter bins in the Group's Paris offices. 80%, or 3,350 tonnes, of paper collected is sent for recycling. 20% of the paper recycled is used for district heating, 40% for packaging production and 40% for papermaking pulp.</p>	France
	<p>A further 1,521 tonnes of paper were collected for recycling in printing and archiving centres in France in 2006.</p>	
	<p>Office bins continued to be replaced by bins enabling employees to separate recyclable from non-recyclable waste (paper and all other non-hazardous waste). Most of the Group's Paris head office buildings are now equipped with these new bins and a clause regarding "double collection" has been included in cleaning company contracts.</p>	
	<p>In other countries, the scope used to measure paper collection is, for the moment, not material.</p>	
	<p>The aluminium sockets and the glass from fluorescent lightbulbs used in most offices are recycled and the gas is reprocessed.</p> <p>In France, the upward flow of information regarding the collection of Waste Electrical and Electronic Equipment (WEEE) is underway.</p>	<p>International</p> <p>Paris head office buildings</p> <p>France</p>

• NRE environmental indicators for 2006

NRE environmental indicators	2006 Comments	Scope concerned
<p>10. Measures taken to avoid upsetting the biological balance</p>	<p>As part of its CO₂ survey, the Group identifies the processes by which it could harm the environment (for example the use of refrigerants at its Paris head office buildings) in order to try and reduce them.</p> <p>In 2006, resources for detecting asbestos in buildings were also reinforced as part of an asbestos action plan. Diagnostic reviews of materials were carried out before launching any renovation work in France. These reviews complement the technical recommendations drawn up in 2005 and distributed to BNP Paribas sites.</p> <p>Air and water quality are measured on a regular basis and the Group has issued recommendations on the choice of paint.</p>	<p>Group</p> <p>France</p>
<p>11. Measures taken to ensure compliance with legal requirements</p>	<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, in 2005 the Group decided to create a global Group Compliance function, whose director reports directly to the Chief Executive Officer and has broad powers throughout the Group. This function distributes Group-level directives regarding permanent control and monitors the development of the mechanism in the Group's entities.</p> <p>Guidelines have been drawn up to ensure that buildings are managed in accordance with technical regulations applicable in France.</p> <p>Real estate guidelines are based on the most stringent regulations in all countries where BNP Paribas operates and are enforced at all sites, worldwide. Property audits are performed on all head office buildings in connection with acquisitions.</p> <p>Group Legal Affairs monitor changes in environmental legislation. Clauses covering the corporate and environmental responsibility of suppliers are systematically included in service agreements</p>	<p>Group</p> <p>France</p> <p>Group</p>

• NRE environmental indicators for 2006

NRE environmental indicators	2006 Comments	Scope concerned
<p>12. Steps taken towards environmental evaluations and certifications</p>	<p>BNP Paribas is present on all the major benchmark indices for socially responsible investment: DJSI World, DJSI Stoxx, ASPI Eurozone, FTSE4Good Global and FTSE4Good 50. 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>The opinion of the Statutory Auditors on the non-financial information in the annual report changed, in 2006, from a review of procedures to a moderate opinion, applicable both to processes and to certain environmental data.</p> <p>Because the Group is pursuing a policy of reducing its costs and related consumption levels, and conducts a CO2 survey, it has been able to appraise the environmental consequences of its operations and improve its environmental effectiveness.</p> <p>In Italy, the 87 BNL sites in Lombardy are ISO 14001 certified and comply with HSE regulations.</p> <p>Meunier Immobililer d'entreprise obtained "Habitat and Environment» certification for its Tenor housing complex in Courbevoie, which meets all seven criteria specified in the certification process. Meunier Habitat signed an agreement with a certifying body, by which it committed to obtaining such "Habitat and Environment» certification for eight future housing programmes in the greater Paris region.</p>	<p>Group</p> <p>Italy</p> <p>France</p>

• NRE environmental indicators for 2006

NRE environmental indicators	2006 Comments	Scope concerned
<p>13. Company expenditures for prevention of environmental impacts</p>	<p>See <i>Impact on the natural environment – Using all available levers for improvement</i>, p. 109</p> <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. The cost of these cross-functional measures has not yet been calculated separately.</p> <p>Criteria for purchasing or leasing a building include its proximity to existing sites and to public transport.</p>	<p>Group</p>
<p>14. Internal department for environmental management</p>	<p>See information under item 11.</p> <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 Group Operational Efficiency outside France.</p> <p>A special committee has been set up to coordinate BNP Paribas's efforts to meet its environmental responsibilities. Led by the Group Sustainable Development function, it brings together representatives from the Bank's operating entities and relevant experts.</p>	<p>Group</p>

• NRE environmental indicators for 2006

NRE environmental indicators	2006 Comments	Scope concerned
<p>15. Environmental training and information programmes for employees</p>	<p>See <i>Raising employee awareness</i>, p. 111</p> <p>All the Group's internal communications channels – including its website, Ambitions in-house newsletter, monthly sustainable development newsletter and newsletter produced by the Corporate Facilities Management Department, as well as conventions and other company events – are used to promote its corporate and environmental responsibility.</p> <p>In 2006, internal communication initiatives reached new heights. The Group Sustainable Development function organised a Group-wide quiz in which 1,500 employees took part, with questions on sustainable development in general as well as the Group's approach to it.</p> <p>In late 2006 a leaflet was produced outlining everyday gestures that employees can perform to be more environmentally-friendly in the workplace. Nearly 100,000 copies (in French, English and very soon Italian) were produced on recycled paper and are currently being distributed throughout the Group.</p> <p>A procurement section on the Group's BtoE portal is available for use by all 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>Group</p>

• NRE environmental indicators for 2006

NRE environmental indicators	2006 Comments	Scope concerned
<p>16. Efforts devoted to the reduction of environmental risks</p>	<p><i>See Impact on the natural environment - A forward-looking and responsible approach to financing, p. 112</i></p> <p>BNP Paribas has set up a “Carbon team” dedicated to researching and promoting market solutions for corporate clients wishing to fulfil their obligations to reduce greenhouse gas emissions in line with the Kyoto protocol and European Directives on CO2 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 a member of the French association Entreprises pour l’Environnement (companies for the environment).</p>	<p>Group</p>
<p>17. Structure to deal with pollution incidents extending beyond the Company</p>	<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 scale 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>As part of the process of validating the operating risk model in 2007, in-depth work was carried out to define and strengthen the Business Continuity Plan, in particular in the event of pollution or accidents.</p> <p>In response 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>	<p>Group</p>
<p>18. Amount of provisions and guarantees covering environmental risks</p>	<p>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.</p>	<p>Group</p>

• NRE environmental indicators for 2006

NRE environmental indicators	2006 Comments	Scope concerned
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.	Group
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>The core businesses are responsible for implementing the Group's guiding principles throughout their reporting organisations, including subsidiaries, in all territories.</p> <p>In 2004 the General Inspection Unit and the Sustainable Development function completed the design of an audit methodology for corporate social and environmental responsibility, to measure the Group's practical compliance with Group environmental guidelines. 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 the Commission Bancaire in accordance with regulation 97-02.</p>	Group

• reconciliation table

Environmental and Social Report	Pages	Article 116 of the French NRE * Act	Principles of the Global Compact	Global Reporting Initiative	UNEP **
CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S STATEMENT	p. 5			1.1, 1.2	
THE GROUP 'S APPROACH	p. 25-32				
Responsibility based on core values and guiding principles	p. 25			1.1, 1.2, 3.14 to 3.20	2.3
A strong commitment to promoting sustainable development concerns	p. 25-27			3.8 to 3.12	3.3
An integrated approach	p. 27-30			1.1, 1.2, 3.14 to 3.20	2.3
Exclusion from SRI rating agencies	p. 31-32	Art. 2 - 4°	N°8	SO4, EN16	2.3 & 2.6, 2.2
COMPLIANCE	p. 33-37		N°6, N°10	3.1/3.6, SO2	2.3
BNP Paribas AND ITS SHAREHOLDERS	p. 39-58				
HUMAN RESOURCES DEVELOPMENT	p. 59-89				
Group values	p. 60-63	Art. 1 - 1°-a / 7°	N°4, N°5	EC5, HR6 / HR7, INT1, LA1 / LA2	

* The NRE appendices, pages 185 to 208, mention elements of the reporting.

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

• reconciliation table

Environmental and Social Report		Pages	Article 116 of the French NRE * Act	Principles of the Global Compact	Global Reporting Initiative	UNEP **
Human resources policy framework						
The people of BNP Paribas		p. 64-65	Art. 1 - 1°-a / 7°		EC5, INT1, LA1 / LA2	
Key challenges of human resources management						
Clearly identified operational challenges	Quantitative and qualitative workforce adaptation	p. 67-69	Art. 1 - 1°-a / 7°, Art. 1 - 1°-b		EC5, INT1, LA1 / LA2 / LA16	
	Recruitment processes that meet the specific needs of each business					
	Developing the skills of employees and teams	p. 70-72	Art. 1 - 1°-a / 7°, Art. 1 - 6°		EC5, HR8, INT1, LA1 / LA2, LA9 / LA17	
	Creating loyalty through a competitive remuneration package	p. 72-74		N°1	EC5, INT1, SO1 / LA12	
	Dynamic career and mobility management	p. 75-77			INT1, LA16	
	Promoting diversity in all its forms	p. 77-84	Art. 1 - 1°-a / 7°, Art. 1 - 3°	N°1, N°6	EC5, HR12 / HR13 / HR14, INT1, LA10 / LA11 / INT4 / INT6, LA1 / LA2, SO1	
	Protecting employee health	p. 84-86	Art. 1 - 5°	N°1	EC5, INT1, LA5 / LA6 / LA7/LA8/LA14/LA12/ LA	
	High quality employer-employee relations	p. 86	Art. 1 - 4°	N°1/N°3	EC5, HR5, INT1, LA3 / LA4 / LA13	
	Deploying a global change management system	p. 87-89			EC5,INT1	

* The NRE appendices, pages 185 to 208, mention elements of the reporting.

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

• reconciliation table

Environmental and Social Report	Pages	Article 116 of the French NRE * Act	Principles of the Global Compact	Global Reporting Initiative	UNEP **
RELATIONS WITH CLIENTS AND SUPPLIERS	p. 90-103				
A closely-attuned relationship	p. 91-96	Art. 2 - 3°	N°9	EC1/EC2/AM3, SO4, EN14, PR2 / PR8/PR6, INS3	3.2, 2.3 & 2.6, 2.7
Socially responsible investment	p. 97-100	N°9, N°1/N°2		EC1/EC2, AM1/AM2/AM3, RB3, EN14,HR2,PR2/PR8/PR6	3.2, 2.7
Relations with suppliers	p. 101-102	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
IMPACTS ON THE NATURAL ENVIRONMENT	p. 103-113				
Three areas for action	p. 105-108	Art. 2 - 6° & 9°, Art. 2 - 1°	N°7, N°8	3.13, CSR1, EN11 / EN31, EN3 / EN 17	2.1, 2.4
Four levers	p. 109-111	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
Three key success factors	p. 112-117	Art. 2 - 6° & 9°	N°1/N°2, N°8, N°9	CSR1, AM1, IB1, EN3 / EN 17 / EN14/EN34, HR2	2.1, 2.4, 2.2, 2,7

* The NRE appendices, pages 185 to 208, mention elements of the reporting.

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

• reconciliation table

Environmental and Social Report	Pages	Article 116 of the French NRE * Act	Principles of the Global Compact	Global Reporting Initiative	UNEP **
A PARTNER IN SOCIETY	p. 118-129				
A deepening commitment to micro-finance	p. 119-121	Art. 1 - 8°, Art. 1 - Al. 2, 3 & 5	N°1, N°6	EC10 / SCO2, LA12, SO1 / RB3	
Community initiatives promoting integration and solidarity	p.122-124	Art. 1 - 8°, Art. 1 - Al. 2, 3 & 5	N°1, N°6	EC10 / SCO2 / SCO2.2, LA12, SO1 / RB3	
BNP Paribas Foundation: Imaginative and in touch with the world	p.125-129	Art. 1 - 8°, Art. 1 - Al. 2, 3 & 5	N°1, N°6	EC10 / SCO2 / SCO2.2, LA12, SO1 / RB3	
THE BOARD OF DIRECTORS	p. 133-138				

* The NRE appendices, pages 185 to 208, mention elements of the reporting.

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

• reconciliation table

Environmental and Social Report	Pages	Article 116 of the French NRE * Act	Principles of the Global Compact	Global Reporting Initiative	UNEP **
THE CHAIRMAN'S REPORT	p. 139-183				
Corporate Governance	p. 140-168		N°6, N°10	3.1 to 3.7 / LA 11, 3.14 to 3.20	2.3
Internal Control	p. 169-175		N°6, N°10	3.1 to 3.7 / LA 11, 3.14 to 3.20	2.3
Limitation of the powers of the Chief Executive Officer	p. 176		N°6	3.1 to 3.7 / LA 11, 3.14 to 3.20	2.3
Internal control procedures relating to the preparation and processing of accounting and financial information	p. 177-183		N°6	3.1 to 3.7 / LA 11, 3.14 to 3.20	2.3
STATUTORY AUDITORS' REVIEW	p. 214-216				

* The NRE appendices, pages 185 to 208, mention elements of the reporting.

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

• statutory auditors' review report on the process used by the BNP Paribas group to compile social and environmental information and on a selection of sustainable development data and issues

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 social and environmental information and on a selection of sustainable development data and issues relating to 2006 which are presented in the Group's Sustainable Development report.

The procedures used to compile social and environmental information, as well as the related information appearing in the Sustainable Development Report, were drawn up under the responsibility of BNP Paribas' Sustainable Development function. Our responsibility is to form a conclusion on the process used for compiling such information and on the selected sustainable development data and issues.

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 social and environmental information and the selected sustainable development data and issues. A higher level of insurance would have required us to carry out more extensive work.

As regards the procedure for drawing up the social and environmental information, we reviewed the relevant organisational system, the appropriateness, reliability, objectivity and understandability of the procedures in place, and the dedicated reporting tools.

This work was performed on the basis of interviews:

- At head office with:
 - various representatives of the Group HR function and the occupational physician in charge of social reporting;
 - representatives of the Group Operational Efficiency (GOE) and Corporate Facilities Management functions in charge of environmental reporting;
 - members of the Group's Sustainable Development function.
- at Group entities with the correspondents in charge of environmental reporting at:
 - BNP Paribas Frankfurt;
 - BNP Paribas Geneva;
 - BNP Paribas London;
 - BNL Rome.

• statutory auditors' review report on the process used by the BNP Paribas group to compile social and environmental information and on a selection of sustainable development data and issues

As regards the selected data, we reviewed the consistency and substance of the issues described in the Sustainable Development Report and the organisational system in place, existing procedures, available documents and dedicated reporting tools.

This work was performed on the basis of interviews:

- For information on “professional equality” (pages 81 and 85 of the Sustainable Development Report), with:
 - the Head of Diversity.
- For information on “health in the workplace” (page 86) of the Sustainable Development Report), with:
 - the coordinator/doctor of the Workplace Safety Department of BNP Paribas.
- For information on “anti-money laundering mechanisms” (pages 34 and 35 of the Sustainable Development Report), with:
 - the person responsible for money-laundering prevention and Group compliance/Financial Security.

- For information on “employee savings plans” (page 74 of the Sustainable Development Report), with:
 - the person responsible for employee savings plans within the Group HR function.
- For information on the “financing of renewable energy projects” (page 114 of the Sustainable Development Report), with:
 - the Chief Information Officer – Project Finance of BNP Paribas Energy Commodities Export Project.
- For information on “integration of the HEQ approach into real estate activities” (pages 109 and 110 of the Sustainable Development Report), with:
 - the Chief Operating Officer of Meunier Immobilier d’Entreprise.
- For information on “employees’ business trips” (page 106 of the Sustainable Development Report), with:
 - the sustainable development correspondents within the GOE function.

- For information on “the workforce in France and worldwide” and the “age pyramid” (pages 66 and 67 of the Sustainable Development Report); with:
 - the person responsible for monitoring worldwide HR reporting.
- For information from the BNP Paribas SA social report relating to the number of young people on work/study contracts (page 69 of the Sustainable Development Report), with:
 - the person responsible for management control, studies and forecasts.
- For information on “environment-friendly office supplies in France” (page 108 of the Sustainable Development Report), with:
 - the sustainable development correspondents within the GOE function.

In performing our work we were assisted by members of our teams specialised in sustainable development issues, who were in turn supervised by Sylvain Lambert, a PwC partner.

- statutory auditors' review report on the process used by the BNP Paribas group to compile social and environmental information and on a selection of sustainable development data and issues

Details of the procedures, issues and selected data

Social and environmental information is mainly compiled by staff providing transversal coverage of certain Group entities with access to databases for the purpose of managing transactions. This is notably the case for the Group HR function, which keeps the social information for the entire Group, and the Corporate Facilities Management and GOE functions, which are in charge of environmental information for the French and international offices respectively.

The procedures used to compile such information have been formally documented in two reports setting out social and environmental reporting standards. The fact that only a restricted number of participants contributes to the procedure and that a large share of the information is garnered directly from suppliers helps to limit input errors and the risk of mistakes relating to the implementation of these reports.

A reporting tool has been developed that enables the consolidation of environmental data, although it still needs to be rolled-down to those responsible for environmental reporting in the core businesses. This will allow information to be input directly and for the tool's control mechanisms to be brought into play right from the information-gathering stage.

These procedures are currently at the development stage and need to be adapted in line with the redefinition of responsibilities between the business lines and the central functions. The procedures also need to be consolidated, in particular as regards the compilation of environmental data by the foreign entities.

Conclusion

Based on our review, we did not identify any material anomalies indicating that

- the social and environmental reporting procedures, the procedures used to compile social and environmental information;
- or the consistency of the selected data and social and environmental issues do not comply with the Group's reporting instructions for 2006.

Neuilly-sur-Seine, 15 May 2007

The Statutory Auditors
PricewaterhouseCoopers Audit

Étienne Boris

Partner of the Sustainable
Development Division

Sylvain Lambert

• glossary

Accretion

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

ADR (American Depositary Receipt)

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

AMS

Asset Management and Services.

Arbitrage

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

Attribution right

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

Avoir fiscal

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

B2B or BtoB

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

B2C or BtoC

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

B2E portal

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

Back office

Department responsible for all administrative processing.

BNL bc

BNL banca commerciale (formerly Banca Nazionale del Lavoro).

Bond/debenture

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

Capital

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

Capital increase

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

Cash flow

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

CDM – Clean Development Mechanism

In connection with the Kyoto Protocol, mechanisms related to the Clean Development Mechanism and the Joint Application projects enable States to carry out projects abroad aimed at reducing emissions, and to deduct the reductions achieved from their own objectives in relation to the Kyoto Protocol. Clean development mechanism projects can take place in developing countries, where quantitative objectives do not apply. These mechanisms are based on the principle that greenhouse emissions are a global problem and that the geographic location of the place where the reductions are achieved is of secondary importance. Reductions can be achieved in the places where costs are lowest.

CECEI

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

**CER
(Certified Emission Reduction)**

A credit equivalent to a tonne of CO₂ reduction achieved through the Clean Development Mechanism.

CIB

Corporate and Investment Banking, one of the BNP Paribas Group's core businesses.

**Comité Consultatif
des Actionnaires**

Shareholder Consultation Committee. A group of individual shareholders selected to advise the company on its communications targeted at individual shareholders. The BNP Paribas *Comité Consultatif des Actionnaires* was set up in the first half of 2000, at the time of the merger.

Consolidated net income

Net income of the Group after deducting the portion of the profits of subsidiaries attributable to minority shareholders.

Convertible bond

Bond convertible into the issuer's shares on terms set at the time of issue.

Corporate governance

Series of principles and recommendations to be followed by the management of listed companies.

Coupon

The coupon represents the right of the holder of a security to collect an amount corresponding to the revenue distributed on the security for a given year.

Custody fee

Fee received by a bank or broker to hold and service securities recorded in a securities account. Custody fees are payable annually in advance. They are not refunded if the securities are sold during the year, but no fees are payable on securities deposited during the year until the beginning of the next year.

**CVR (Contingent Value
Rights Certificate)**

Financial instrument generally issued in connection with the acquisition of a listed company, guaranteeing the value of the underlying security at a pre-determined date. The CVR entitles the shareholder of the target to receive an amount equal to the positive difference between the offer price and a "reference" price.

Derivatives

Contracts whose value is based on the performance of an underlying financial asset, index or other investment, used to hedge or profit from future changes in the value of the underlying.

Dilution

Impact on the rights attached to a share of the issue of securities (in connection with a capital increase, a merger, a stock-for-stock tender offer or the exercise of rights), assuming that there is no change in the total income of the issuer.

Dividend

Portion of net profit that the Annual General Meeting decides to distribute to shareholders. The amount of the dividend is recommended by the Board of Directors. It represents the revenue on the share and the amount can vary from one year to the next depending on the company's results and policy.

Enhanced Analytics Initiative

The EAI is a joint international initiative among financial institutions aimed at encouraging traditional investment analysis to take extra-financial and extra-accounting criteria into account.

EONIA

Euro OverNight Index Average.

EpE *Entreprises pour l'Environnement* (Companies for the Environment)

Created in 1992, EpE is a French association of some 40 major corporations that want to better incorporate environmental considerations in their strategic decisions and day-to-day management in line with the goals of sustainable development. The purpose of the association is to develop effective approaches to environmental problems, enlist companies' support, express their point of view on these issues and enhance their skills and dynamism in the area of sustainable development.

Equator principles

The Equator principles are a group of optional guidelines drawn up in 2003 to help financial institutions to better assess, reduce, document and monitor the potential social and environmental problems related to project financing.

ERU

Emission Reduction Units.

EUA	European Union Emission Allowance. Authorisation to emit greenhouse gas granted to entities participating in the European system for trading emissions rights.
EUREX	A derivatives market.
EURIBOR (European InterBank Offered Rate)	The most commonly used money-market rate in the eurozone.
Euroclear	Formerly Sicovam. Clearing house for securities transactions.
Euronext SA	Company that operates the Paris, Brussels and Amsterdam Stock Exchanges. Euronext SA establishes market rules, decides to accept or reject listing applications and manages all trading technologies.
FCP (<i>Fonds Commun de Placement</i>)	Fund invested in stocks, bonds and/or money-market securities. A FCP is similar to a SICAV, but is not a separate legal entity. FCPs are generally smaller than SICAVs and are easier to manage. They are subject to less restrictive regulations and can be more specialised.
Forwards	A forward agreement is a financial derivative. It is an agreement to buy or sell an asset at a price and a future date specified in the agreement. Forwards are privately negotiated over-the-counter, between banks and financial institutions, or through them, in contrast to futures agreements which are executed through organised markets.
FRB	French Retail Banking.
Free cash flow	Cash available after financing operations and investments, available to pay down debt.

Free float

The amount of capital which is not under the control of stable shareholders. In other words, capital that can be freely bought and sold and is therefore available to investors, excluding for example shares held by the State, or shares that are subject to shareholders' pacts and so on. On 1 December 2003, the stocks that make up the CAC 40 index became weighted according to their free floats, as opposed to their market capitalisations. This change was born out of a desire to be consistent with the major world market indexes which already function in this manner, and to ensure greater comparability between industries and shares. BNP Paribas has a free float of 95% – one of the highest on the Paris stock market.

Gain/loss on securities

Positive/negative difference between the sale price of a security and the purchase price.

Goodwill

Difference between the cost of shares and the Group's equity in the fair value of the underlying net assets.

Hedge funds

Funds that take both long and short positions, use leverage and derivatives and invest in many markets.

High Environmental Quality (HEQ) Standard

The purpose of the High Environmental Quality (HEQ) approach is to ensure better control of a building's life cycle by taking all its likely impacts into account from the design stage: materials consumption, energy management, comfort, fit within its surroundings and maintenance.

IAS

International Accounting Standards.

IFRS

International Financial Reporting Standards.

IFU (*Imprimé Fiscal Unique*)

French tax return issued by a bank or broker, listing all the securities transactions carried out on behalf of the taxpayer and all the coupon payments made to the tax payer.

Institutional investor

Financial institution which, by definition or by virtue of its articles of association, is required to hold a certain proportion of its assets in stocks and shares. Examples include insurance companies and pension funds.

Investment club

A variable- or split-capital company, which enables its members to jointly manage a portfolio of marketable securities formed from an initial investment and/or regular capital contributions. Clubs benefit from a favourable regime in respect of capital gains tax. The FNACI (National Federation of Investment Clubs), which is located at 39, rue Cambon, 75001 Paris, provides on request all the information required for the launching and smooth running of these clubs.

IRB

International Retail Banking, one of the BNP Paribas Group's core businesses.

IRFS

International Retail Banking and Financial Services

ISIN code

The new identification number for securities listed on the stock market. The ISIN code replaces the well-known Sicovam code which had since become the Euroclear code. On 30 June 2004, Euronext Paris put an end to its existing system for identifying securities and replaced it with a system that uses ISIN codes. Having already been adopted by a number of European stock markets including Amsterdam, Brussels, Lisbon and Frankfurt, the new system gives a unique identity to each share and therefore facilitates cross-border transactions between investors, primarily by improving harmonisation within Euronext. The ISIN code comprises 12 characters: 2 letters to indicate the issuing country (e.g., FR for France and US for the United States) and 10 figures. BNP Paribas's ISIN code is FR0000131104.

LBO

Leveraged Buy Out. Company acquisition financed primarily by debt. In practice, a holding company is set up to take on the debt used to finance the acquisition of the target. The interest payments due by the holding company are covered by ordinary or exceptional dividends received from the acquired target.

LIFFE

London International Financial Futures and Options Exchange.

Liquidity

Ratio between the volume of shares traded and the total number of shares in issue.

LME

London Metal Exchange.

M & A	Mergers & Acquisitions.
Market capitalisation	Value attributed to a company by the stock market. Market capitalisation corresponds to the share price multiplied by the number of shares outstanding.
Market-maker/ Market-making contract	Market-makers commit to maintaining firm bid and offer prices in a given security by standing ready to buy round lots at publicly-quoted prices. Market-making contracts generally concern mid-cap stocks and are intended to enhance the stocks' liquidity. In France, market-making contracts (contrats d'animation) are entered into between Euronext, the issuer and a securities dealer.
MONEP (<i>Marché d'Options Négociables de Paris</i>)	Paris traded options market, including CAC 40 index options and equity options.
OAT (<i>Obligation Assimilable du Trésor</i>)	French government bonds.
OCEANE (<i>Obligation Convertible En Actions Nouvelles ou Existantes</i>)	Bond convertible for new shares or exchangeable for existing shares of the issuer.
Offshoring	Offshoring refers to the relocating of certain companies' services to low-wage countries.
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.
ORSE - <i>Observatoire sur la Responsabilité Sociale des Entreprises (Study Centre for Corporate Social Responsibility)</i>	A non-profit association created in June 2002 by some 30 major French corporations, portfolio management firms, trade unions, personal risk and mutual health institutions. The purpose of the association is to collect and analyse information concerning corporate social responsibility and socially responsible investment in France and other countries, circulate this information among its members, set a movement in motion by initiating and coordinating a network of players involved in the field of corporate social responsibility, identify best practices that exist in countries close to France, and foster the exchange of ideas, particularly through working groups bringing together corporate representatives, supported by experts, academics and trade unionists.
P/E	Price/Earnings ratio. Ratio between the share price and earnings per share. The P/E serves to determine the multiple of earnings per share represented by the share price.
Par value	The par value of a share is the portion of capital represented by the share.

PEA (*Plan d'Épargne en Actions*)

French name for personal equity plans. Savings products designed to promote private share ownership, invested in shares of companies that have their headquarters in a European Union country or in units in qualifying unit trusts. Revenues and capital gains are exempt from personal income tax and capital gains tax provided that the savings are left in the plan for at least five years. Investments in PEAs are capped at EUR 120,000 per individual.

PEE (*Plan d'Épargne Entreprise*)

French name for employee share ownership plans. Payments into the plan and reinvested interest are exempt from personal income tax provided that they are left in the plan for at least five years (with early withdrawal allowed in certain specific cases). Surrender gains are also exempt from personal income tax.

Pre-emptive subscription rights

When a company issues shares for cash, each shareholder has a pre-emptive right to subscribe for a number of new shares pro rata to the number of shares already held. The right can be traded on the stock market. Companies can ask the General Meeting to cancel shareholders' pre-emptive subscription rights to facilitate certain operations or allow the company to open up its capital to new investors.

Preference shares

Preference shares are shares that pay dividends at a specified rate and have a preference over ordinary shares in the payment of dividends and the liquidation of assets. They do not carry voting rights.

Price guarantee

When a company acquires control of a listed target, it is required to offer the target's minority shareholders the opportunity to sell their shares at the same price as that received by the sellers of the controlling interest. The offer must remain open for at least fifteen trading days.

Primary market

Market where newly-issued securities are bought and sold.

Prime brokerage

Activity consisting of providing a wide range of services to hedge funds, including financing, securities settlement/delivery, custody, securities lending/borrowing, etc.

Public tender offer

Offer to buy shares of a company, usually at a premium above the shares' market price, for cash or securities or a combination of both. Where only a small proportion of the company's shares are traded on the market and the offer is followed by a compulsory buyout, the process is known as a "squeeze-out".

Quorum

General Meetings can take place only if there is a quorum. For Ordinary General Meetings, on first call there is a quorum if the shareholders present and represented hold at least 1/4 of the voting rights. There is no quorum requirement on second call. For Extraordinary General Meetings, the quorum corresponds to 1/3 of the voting rights on first call and 1/4 on second call. For Combined Meetings, the quorum requirements depend on whether the resolutions are "ordinary" or "extraordinary".

Quotation

The quotation determines the price of a security on the market at a given point in time. Prices are generally quoted on a continuous basis throughout the day (from 9:00 a.m. to 5:30 p.m.), providing a real-time indication of the prices at which the security concerned is changing hands. Continuous quotation allows market players to closely track market trends. Quotations for securities with a low trading volume are made once a day.

Rating/rating agencies

A rating represents an assessment of the default risk on debt securities. The rating awarded to an issuer has a direct impact on the issuer's borrowing costs. Changes in ratings also have a significant impact on the issuer's share price. The main rating agencies are Standard & Poor's, Moody's and Fitch.

Report

On the Euronext Paris market, transaction allowing an investor to carry forward a buy or sell position from one deferred settlement date to the next.

ROE

Return on Equity. Ratio between consolidated net income and consolidated shareholders' equity.

Secondary market

Market where securities are bought and sold subsequent to their issue.

Settlement

Monthly date when transactions with deferred settlement (*Service de Règlement Différé*) are unwound (or extended). This date corresponds to the fifth trading day before the last trading day in the month.

Share

A share is a transferable security representing a portion of the capital of a limited company or a partnership limited by shares. Ownership of shares is evidenced by an entry in the issuer's share register (registered shares) or in a securities account kept in the holder's name by a bank, stockbroker or other accredited intermediary (bearer shares). Shares quoted on the stock exchange are also referred to as "equities".

SICAV (*Société d'Investissement à Capital Variable*)

Variable capital investment company that manages a portfolio of securities on behalf of its shareholders. Shares may be purchased or redeemed at any time. The shares are not listed but their value (corresponding to the company's net asset value per share) varies each day based on changes in the value of the securities held in the portfolio.

SICOVAM (*Société Interprofessionnelle pour la Compensation des Valeurs Mobilières*)

Now renamed Euroclear France. Organisation responsible for clearing securities trades, centralising all stock market transactions and facilitating the transfer of securities between member institutions.

SPVT (*Spécialiste en Pension des Valeurs du Trésor*)

Primary dealer in French government bond repos.

SRD (*Service de Règlement Différé*)

French market where the main French and foreign equities are traded. Equities or bonds purchased with deferred settlement are purchased on credit. The buyer is required to settle the purchase price and the seller is required to deliver the securities on the next settlement date, unless one or other of the parties asks for the transaction to be carried over to the next settlement date (report).

Subscription right

Right to participate in a share issue for cash.

Swaps	A swap is a financial derivative. It is an agreement to exchange financial flows between two counterparties, which are generally banks or financial institutions.
TBB (<i>Taux de Base Bancaire</i>)	Interest base rate.
TMO (<i>Taux Mensuel de Rendement des Emprunts Obligataires</i>)	Interest rate corresponding to the monthly bond yield.
TPI (<i>Titre au Porteur Identifiable</i>)	Procedure allowing issuers to obtain information about the identity of holders of bearer shares from Euroclear.
Trade Centre	Specialised sales force set up by BNP Paribas to partner its corporate customers' international development. The Trade Centres offer importers and exporters a wide range of customised services based on the "one-stop-shopping" principle.
Treasury shares	Shares held by the issuer. Treasury shares are stripped of voting and dividend rights and are not taken into account in the calculation of earnings per share.
TSDI (<i>Titre Subordonné à Durée Indéterminée</i>)	French acronym for perpetual subordinated notes.
TSR	Total Shareholder Return: corresponding to return on the capital invested by shareholders, including dividends and unrealised gains on the shares.
UCITS	Undertaking for Collective Investment in Transferable Securities. Term covering unit trusts and variable capital investment companies.

UNEP FI

The United Nations Environment Programme Finance Initiative is a global partnership between the United Nations environment programme and private financial institutions.

Voting right

Right of a shareholder to vote in person or by proxy at General Meetings.

Warrant

Certificate issued on a stand-alone basis or strippable from another security (share, bond) giving the holder the right to acquire securities (share, bond). Warrants issued by financial institutions acting as market-maker give the holder the right to purchase (call warrant) or sell (put warrant) various underlyings (interest rate, index, currency, equities) at a fixed exercise price during a fixed exercise period. Although these warrants constitute options, they cannot be sold short.

Work flow

Process automation technology allowing the sequential transmission of digital documents and files to the various people responsible for processing the data.

WEEE directive

The European WEEE directive makes the recycling of Waste Electrical and Electronic Equipment (WEEE) mandatory in the Member States. The directive requires manufacturers and importers of EEE to bear the cost of collecting and processing waste electrical and electronic equipment.

Yield

Indicator of the return on an investment, expressed in percent. For shares, the yield corresponds to the ratio between the last dividend paid and the last share price.