



## Press Release

### **Innocap**

## **National Bank of Canada and BNP Paribas join forces in hedge fund managed accounts**

**Paris, Montreal, New York, May 2, 2007** – National Bank of Canada and BNP Paribas announced today that they have formed a joint venture offering hedge fund managed accounts, a vehicle of choice for retail and institutional investors who wish to invest in hedge funds while controlling operational and market risks. BNP Paribas has acquired a stake in Innocap Investment Management Inc., a subsidiary of National Bank of Canada, which specializes in hedge fund managed accounts. National Bank of Canada and BNP Paribas intend to make Innocap the leading provider of managed accounts for investors worldwide.

Innocap, which has been in operation since 1996, has developed a broad product offering which provides full transparency and security of investment management, key elements increasingly demanded by institutional investors. BNP Paribas brings to Innocap its unique structuring and commercial capacities, together with an international reach and breadth of distribution capabilities.

Innocap currently advises on over USD 2 billion of assets. It provides active daily monitoring of alternative funds with complete transparency on the underlying positions and on the setting of adequate risk limits and investment guidelines. Additionally, it monitors operational risk, and advises on, along with third party service providers, all the key operations for the funds.

"I'm delighted by the creation of this partnership," said Yann Gerardin, Global Head of BNP Paribas Equities and Derivatives. "Innocap offers a powerful platform with full-fledged high-tech risk monitoring, control, liquidity and transparency to investors. These capabilities will enable us to create a new generation of structured products, which we expect will have broad appeal to an international client base."

This joint venture will allow BNP Paribas, recently awarded "Equity Derivatives House of the Year" by *Risk Magazine*, to strengthen its capabilities in structuring fund derivatives products, while completing its global alternative fund offering.

"With the participation of BNP Paribas, we are bringing Innocap's world class offering to the world wide market," said Ricardo Pascoe, Co-President and Co-CEO of National Bank Financial Group. "National Bank of Canada wants to be known as the premiere provider of all-inclusive risk management solutions in Canada and through this partnership, bring these types of solutions to the international market. Innocap has already attracted a great roster of

fund managers, institutional investors in Canada and internationally, and a strong retail base. We are confident that Innocap will grow significantly in the years to come.”

“I am proud that Innocap is based on the values of transparency, security, openness and equality of service for all investors,” said Stéphane Liot, Global Head of BNP Paribas Fund Derivatives. “Innocap is made up of seasoned and highly talented experts in the field of hedge fund selection and due diligence, risk monitoring and legal analysis, quantitative research and portfolio management.”

Martin Gagnon and Denis Parisien, co-CEOs of Innocap added: “BNP Paribas and National Bank of Canada are complementary, well-established institutions sharing the same business vision and ambition. We are confident in this joint venture and look forward to its success.”

#### **About Innocap**

Innocap is the end result of 11 years of investments in hedge fund strategies for the National Bank of Canada. Innocap acts as advisor to National Bank and others in connection with alternative investment activities and is currently investment advisor for over USD 2 billion in hedge fund mandates. Innocap’s managed account offering increases the user’s control over assets since all accounts at the prime brokers, future clearers, counterparties and bank accounts are opened in the name of Innocap’s clients. This structure allows for the complete ownership of positions; no money is invested directly in the managers’ hedge funds. For more information, go to [www.innocap.com](http://www.innocap.com).

#### **About National Bank of Canada**

National Bank of Canada is an integrated group which provides comprehensive financial services to consumers, small and medium-sized enterprises and large corporations in its core market, while offering specialized services to its clients elsewhere in the world. The National Bank offers a full array of banking services, including retail, corporate and investment banking. It is an active player on international capital markets and, through its subsidiaries, is involved in securities brokerage, insurance and wealth management as well as mutual fund and retirement plan management. National Bank of Canada has more than \$120 billion in assets and, together with its subsidiaries, employs 16,908 people. The Bank’s securities are listed on the Toronto Stock Exchange (NA: TSX). For more information, visit the Bank’s website at [www.nbc.ca](http://www.nbc.ca).

#### **About BNP Paribas**

BNP Paribas ([www.bnpparibas.com](http://www.bnpparibas.com)) is a European leader in banking and financial services, and ranks among the world’s top 15 banks by market capitalization. It has around 140 000 employees, 110 000 of whom are based in Europe. The group occupies leading positions in three significant fields of activity: Corporate and Investment Banking, Asset Management & Services and Retail Banking. It is present in 85 countries and has a strong presence in all the key financial centres. Present throughout Europe, in all its business lines, France and Italy are its two domestic markets in retail banking. BNP Paribas enjoys a significant and growing presence in the United States and leading positions in Asia and in emerging markets.

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