BNP Paribas in Greater China

Mignonne Cheng
Head of North Asia

Press Conference celebrating 50 years in Hong Kong

8 April 2008
In Greater China, BNP Paribas is organized around the dynamic regional hub of Hong Kong.
An Aggressive Development Over Decades

Corporate & Investment Banking

- Well-established and fully operating platforms in Hong Kong, China and Taiwan, with significant workforce
- Leading expertise and wide range of product offering in capital markets, advisory and financing businesses
- Extensive client franchise with more than 1,100 corporate and financial institution relationships across Greater China

Asset Management & Services

- Strong presence in Greater China with BNPP Private Banking, BNPP Investment Partners and Cardif
- BNPP Private Banking won top Asia rankings in 2007 and is beefing up its business in Shanghai launched in 2006
- BNPP Investment Partners is present in HK and Taiwan, as well as in China through its asset management JV

International Retail & Financial Services

- BNP Paribas is a strategic investor in Bank of Nanjing (acquired a 19.6% stake in 2005, representing 12.6% after IPO dilution in 2007)
- Cetelem created a processing service company in Shanghai (2005) and is focusing on the partnership with Bank of Nanjing
- Bank of the West recently opened a representative office in Taipei (2007)

Aggressive development over the last decades, building at the same time our 3 core businesses: CIB, AMS and IRFS
A Significant Workforce

- Our Hong Kong presence now represents one of the most important platforms of the Group outside Europe.

- Our China teams are quickly beefing up with an increasing shift from offshore to onshore based headcounts.

- Onshore China headcount is expected to more than double in 3 years time.

With more than 2500 staff at the end of 2007, BNP Paribas is beefing up its teams in Greater China.

### Headcounts in Greater China (CIB, AMS & IRFS)

* Excluding BNP Paribas Asset Management JV staff and Cardif telemarketing resources

** Excluding Cetelem’s alliance staff with Bank of Nanjing

![Graph showing headcounts from 2004 to 2007]

- Total CIB
- Total AMS*
- Total IRFS**
An Extensive Client Franchise & Strong Coverage

- **Corporates**
  - Hong Kong: top-ranking positions with all blue-chip names and mid-caps
  - Taiwan: top tier firms
  - China: from SOEs (State Owned Enterprises) to POEs (Privately Owned Enterprises); upper mid-caps
  - Multinational corporates: BNP Paribas regional and global client base

- **Financial Institutions**
  - Top-tier regional banks and insurance companies
  - Wealth management firms, private banks
  - Asset managers, pension funds

- **Wealthy individuals & entrepreneurs:** Private Banking

- **Hong Kong tycoons & family groups:** Premium Group

Strong coverage teams who handle multiple relationships with Corporates, Financial Institutions and wealthy individuals
Capital Markets – Fixed Income and Equities & Derivatives

- Best Overall Provider of FX services (as voted by Financial Institutions) – Asiamoney 2007 & 2006
- Best Investment Grade Bond of the year – Asiamoney 2007
- Derivatives House of the Year, Asia ex-Japan – AsiaRisk 2007
- Credit Derivatives House of the Year Asia – AsiaRisk 2007
- Deal of the Year – AsiaRisk 2007
- #1 Derivatives Dealer in Asia, Interdealer Poll Survey (as voted by Financial Institutions) – AsiaRisk 2007
- #1 Interest Rate Derivatives (Asia ex-Japan), Interdealer Poll Survey (as voted by Financial Institutions) – AsiaRisk 2007
- #1 Currency Derivatives (Asia ex-Japan), Interdealer Poll Survey (as voted by Financial Institutions) – AsiaRisk 2007
- #1 Credit Derivatives (Asia ex-Japan), Interdealer Poll Survey (as voted by Financial Institutions) – AsiaRisk 2007
- #1 Best Asian Sovereign or Quasi-Sovereign Bond – EuroweekAsia Awards 2007
- #1 Best Asian Financial Institution Bond – EuroweekAsia Awards 2007
- #3 Best Asian Bond as voted by leading investors in Asian international bonds – EuroweekAsia Awards 2007
- Most Impressive Asian Borrower – EuroweekAsia Awards 2007
- Best FX and Commodities Structured Product (Dragon Swap) – FinanceAsia 2007

Our ability to offer a full range of products enables us to provide total solutions to our clients and enhance cross-selling
A Wide Product Offering & Leading Expertise

- **Corporate Finance**
  - Rising Star Equity House in Capital Markets Equity – Asset Asian Awards 2007
  - Best Mid-Cap IPO, Asia, Nine Dragons Paper – Asset Asian Awards 2006
  - Best Mid-Cap Equity House for 4 consecutive years since 2003 to 2006 – Asset Asian Awards
  - Best Mid-Cap deals in 5 consecutive years since 2002 – Asset Asian Awards
  - Best Mid-Cap Equity House for 3 years between 2003 to 2005 – FinanceAsia Awards

- **Financing businesses**
  - #1 Top Bookrunner in Asia Shipping financing – Dealogic 2007
  - #1 Top Mandated Lead Arranger in Asia for ECA-Backed Financing – Dealogic 2007
  - #1 Deal of the Year – Westfarmers – EuroweekAsia Awards 2007
  - #3 Most Popular Bank to Work With – EuroweekAsia Awards 2007
  - #3 Best Arranger of Loans for Vietnamese Borrowers – EuroweekAsia Awards 2007

- **Private Banking**
  - #1 Best Global Private Bank in Asia (for clients with USD 1-5mio AUM) – Asiamoney 2007
  - #2 Best Global Private Bank in Asia (for clients with USD 5-25mio AUM) – Asiamoney 2007
  - #3 Best Global Private Bank in Asia (for clients with USD 25mio+ AUM) – Asiamoney 2007
  - Outstanding Private Bank for Innovation of Products/Services – Private Banker International 2007

Our ability to offer a full range of products enables us to provide total solutions to our clients and enhance cross-selling
Greater China is a key area of growth with unrivalled opportunities

We are totally committed to the region and well positioned to successfully capture these opportunities

Focus on organic growth, foster human resources, boost client franchise and enhance product offering

Target: Double Greater China revenues in 3 years’ time, while tripling China revenues in the same period
BNP Paribas

Well Positioned to Weather the Crisis

Baudouin Prot
Chief Executive Officer

Press Conference celebrating 50 years in Hong Kong

8 April 2008
# 7 net income worldwide in 2007: € 7.8 bn (+7.0%/2006)

Source: Company Reports - Exchange rates as of March 6th, 2008
2007 Revenues
(core businesses)

Europe 75%
Retail 54%
2004 - 2007
Strong Revenue Growth Across All Businesses

Revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>Retail Banking *</th>
<th>Asset Management and Services</th>
<th>Corporate and Investment Banking</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>10.1</td>
<td>3.0</td>
<td>5.7</td>
</tr>
<tr>
<td>2005</td>
<td>11.4</td>
<td>3.6</td>
<td>6.4</td>
</tr>
<tr>
<td>2006</td>
<td>14.9</td>
<td>4.4</td>
<td>8.1</td>
</tr>
<tr>
<td>2007</td>
<td>16.5</td>
<td>5.3</td>
<td>8.3</td>
</tr>
</tbody>
</table>

- **BNL**
  - CAGR = +17.6%
  - Retail, 1/3 CIB and 1/6 AMS

- **2007**
  - 2004 - 2006

*FRB including 100% of French Private Banking and excluding PEL/CEL effects; BNL bc including 100% of Italian Private Banking*
2004 - 2007
Profitable Growth

Net Earnings per Share

- CAGR = +15.2%
- 2004: 5.6
- 2005: 7.0
- 2006: 8.0
- 2007: 8.5

Undiluted net EPS calculated based on the average number of shares outstanding

Dividend per Share

- CAGR = +18.8%
- 2004: 2.00
- 2005: 2.60
- 2006: 3.10
- 2007: 3.35

* Subject to AGM approval

A track record of value creation
A Robust Model in the Face of the Crisis

Pre-tax income

- Retail Banking Pre-tax income excluding BancWest: +11.5% 2H07/2H06
- Positive contribution from all core businesses in 2H07

*FRB Excluding PEL/CEL effects
Direct impact of the Crisis on the cost of risk

- Net increase in the loan loss reserve on a portfolio basis (IFRS) related to individual customer loans and Home Builders
- Impairment charges on the investment portfolio (mainly on subprime mortgage securities)

Net exposure to US Subprime

- 1% of the individual customer loan portfolio
- 1% of the investment portfolio
- No subprime asset wrapped by monoline insurers

Net exposure net of impairment charges in €bn as at 31/12/07

<table>
<thead>
<tr>
<th></th>
<th>Net exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Mortgages and Home Equity Loans</td>
<td>0.1</td>
</tr>
<tr>
<td>Consumer Loans</td>
<td>0.1</td>
</tr>
<tr>
<td>Investment portfolio (1)</td>
<td>0.1</td>
</tr>
<tr>
<td>Total BancWest</td>
<td>0.3</td>
</tr>
</tbody>
</table>

A prudent lending policy

2H07

- €87mn

€218mn total impact on cost of risk

(1) Exposure net of impairment charges
Corporate and Investment Banking
Direct Impact of the Crisis

Revenues

- Fair value adjustments to assets
  - LBO underwriting commitments:
  - Securitisation:
- Rise in credit adjustments related to the counterparty risk on the derivatives portfolio
  - Monoline insurers:
  - Excluding monoline insurers:

Cost of risk

- Increase in loan loss reserve related to the US real estate sector
- Write-off of the residual exposure on the monoline insurer ACA

A positive €1,142mn CIB pre-tax income in 2H07 despite the crisis

2H07

- €851mn total impact on revenues
  - €238mn
  - €88mn
  - €468mn
  - €57mn

- €206mn total impact on cost of risk
  - €162mn
  - €44mn
A Stringent Risk Management Culture

- A long-term approach of customer relations and risk management
  - Business focus on long term customer relationships
  - A banking risk approach focusing on economic fundamentals
  - A formal operational risk management policy since 2003

- A committed management
  - A committee within the Board of Directors dedicated to internal control and risks set up from 1994
  - Committees chaired by General Management to set risk policies and limits
  - Front-line management’s involvement at all levels in risk management

- Powerful and independent oversight functions
  - Group Risk Management, Compliance and Internal audit: 2,480 staff at the end of 2007, +21% over 2005
  - Best-in-class technical expertise combined with highly experienced management

Close attention paid to the risk/reward balance through the cycle
Evolving Needs
- No reliance on securitisation
  - €13.3bn in cash securitisation as at 31/12/07
- Limited exposure to conduits
- No sponsored SIV
- Sustainable loan/deposit ratio
  - 128% at the end of 2007 vs. 132% at the end of 2006
  - With 13% loans growth in 2007

Evolving Resources
- Strong capacity to source resources
  - Very large customer base, diversified by currency and geographic region
  - Allowing limited recourse to the interbank market
- Access facilitated by a AA+ rating

Very limited impact on the refinancing cost in 2007
- Funds raised generally below the market price
- Centralised treasury management framework to optimise volumes and conditions
- Proactive crisis management helping to further improve the position

A major competitive advantage
• Increasing capital base thanks to strong earnings flows
  ▪ Priority on growing the dividend
• Around 10% RWA growth planned in 2008 (vs. +16% in 2007)
  ▪ Strong customer demand in Europe and Emerging markets
  ▪ Competitive position further enhanced
• Maintain stringent external growth discipline
  ▪ Maintain stringent valuation criteria
  ▪ Geographic and business priorities unchanged
• Capital strength reinforced under Basle II
  ▪ 2008: a year to observe the new ratio’s dynamics

Well positioned to combine growth and shareholder’s capital preservation in the face of the crisis

* Subject to AGM approval ; ** Estimated
A growing market share focused on the more profitable urban areas
- Record customer acquisition: +230,000 in 2007
- A leader in product innovation and multichannel distribution: >10% of sales via Internet by 2010
- N°1 in Private Banking: grow assets under management by more than 10% per year
- Corporate customers: leverage a unique business model in France to foster cross selling

A favourable age pyramid to optimise costs

A low risk business model
- Prudent mortgage practices: essentially fixed-rate, guaranteed either by Crédit Logement, a specialised mortgage agency, or by a mortgage on the property
- Effective corporate risk management thanks to the business centre organisation

Revenue growth target: +4%/year on average over the next 3 years
Operating leverage target: 1 pt per year positive jaws effect
BNL banca commerciale
A Major Contributor to Group’s Earnings Growth

- Italy: an attractive banking market
  - Low growing economy, but still under-penetrated market
  - Higher margins/ higher risk
  - Sound mortgage practices, similar to France

- BNL: an attractive franchise
  - Nationwide presence with strong footprint with corporates
  - Integration ahead of schedule: 70% of 2009 synergies achieved

- Leverage the Group’s expertise and economies of scale
  - Individual customers: roll out a multi-channel offering unparalleled in Italy
  - Corporate customers: become the benchmark bank in Italy thanks to a best-in-class CIB platform and a leading position in the Mediterranean area

Revenue growth target: +6% per year on average over the next 3 years
Operating leverage target: 5 pts per year positive jaws effect

*2006 full year pro forma
International Retail Banking & Financial Services
Strong Drive for New Customers

- Grow the Customer Base through branch banking and specialized finance
  - Won 1.5 million new customers in 2007 in the retail banking networks
  - Acquired in 2007 Sahara Bank in Libya and consumer lending companies in Brazil and Bulgaria
  - Open 600 branches by 2010 to bring the total branch network to 2,600
  - Win over 20 million new customers, including close to 6 million in branch banking by 2010

- Improve the operating efficiency
  - Share platforms and reduce their number
  - Make the tools used by the specialised companies available to the networks (France, Italy, emerging markets)

- Cost of Risk on the rise at BancWest and Personal Finance
  - €218mn direct impact of the crisis for BancWest in 2H07
  - Impact of consumer credit volume growth in emerging markets and increasing risk in Spain

Revenue growth target: +10%/year on average over the next 3 years
1/3 of revenues in emerging markets by 2010
Operating leverage target: 1 pt per year positive jaws effect on average
Assets under management: €584bn as at 31.12.2007, +€44bn, or +8%/31.12.06
- Individuals represent 62% of assets under management

Recognised expertise in all business areas
- #1 for Private Banking in France
- #1 for Securities Services in Europe
- #1 for Corporate Real Estate Services in Continental Europe

Continue to outperform
- Multiple distribution channels
- Comprehensive, open and modular product offering

Accelerate international expansion
- Europe: continue to grow market shares (on-shore and off-shore)
- Double the share of revenues in emerging markets from 5% in 2007 to 10% in 2010

Assets under management: +10%/year on average over the next 3 years
Gross operating income growth target: +10%/year for the next 3 years
Corporate and Investment Banking
Favourable Business and Geographic Mix

- Strong derivatives franchise
- High added-value financing businesses
- Less than 10% of revenues in businesses most hit by the crisis (Structured credit derivatives, Securitisation, LBO Origination)

- Bolstered leadership in Europe
- Growing contribution from client revenues in Asia and in emerging markets
- Targeted development in the U.S. based on areas of expertise: Equity and int. rate derivatives, E&C financing

Focus on competitive advantages in key areas of expertise

(1) Investment Banking: ECM, DCM, M&A, Securitisation; (2) Other Capital Markets: spot and forward FX, cash rates & credit, Asia cash equities, Treasury; (3) Corporate Banking: vanilla lending, cash management, and Global Trade services
Corporate and Investment Banking
Robust Model in the Face of the Crisis

2007 CIB Pre-tax Income (in €bn)

<table>
<thead>
<tr>
<th>Bank</th>
<th>Pre-tax Income</th>
</tr>
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<tbody>
<tr>
<td>GS</td>
<td>11.5</td>
</tr>
<tr>
<td>RBS</td>
<td>5.4</td>
</tr>
<tr>
<td>DB</td>
<td>4.2</td>
</tr>
<tr>
<td>LB</td>
<td>3.8</td>
</tr>
<tr>
<td>BNPP</td>
<td>3.6</td>
</tr>
<tr>
<td>JPM</td>
<td>3.3</td>
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<tr>
<td>Barc.</td>
<td>3.3</td>
</tr>
<tr>
<td>CS</td>
<td>2.2</td>
</tr>
<tr>
<td>MS</td>
<td>0.6</td>
</tr>
<tr>
<td>BSC</td>
<td>-0.2</td>
</tr>
<tr>
<td>CASA</td>
<td>-1.6</td>
</tr>
<tr>
<td>SG</td>
<td>-3.7</td>
</tr>
<tr>
<td>BoA</td>
<td>-3.9</td>
</tr>
<tr>
<td>UBS</td>
<td>-9.4</td>
</tr>
<tr>
<td>Citi</td>
<td>-10.0</td>
</tr>
<tr>
<td>ML</td>
<td>-11.9</td>
</tr>
</tbody>
</table>

- A client driven model that has delivered good performance in a very difficult market environment
- Pursue the powerful client business drive and expand the client base
  - Europe: step up penetration in domestic markets and in particular in Italy
  - Asia and emerging markets: capitalise on already strong positions in these fast-growing regions
  - Financial Institutions: reinforce coverage of financial and institutional clients
- Leverage and improve competitive position
  - Capacity to lend, but at better margins
- Maintain the risk control policy

2008 challenging target: match 2007’s record revenues
Sustain a yearly cost/income ratio <60%
An Ambitious Growth Strategy

- Pursue the deployment of the integrated banking model in Europe
- Speed up the pace of development in the Mediterranean and Far Eastern Europe
- Capitalise on already strong positions in Greater China, India and Brazil
- Return to revenue growth in the Western US retail network
- Reinforce the global leadership in derivatives and energy and commodities finance

Expertise deployed in high potential markets
An Ambitious Growth Strategy
Emerging Markets

Mediterranean and Far Eastern Europe

- Expand retail banking by drawing on geographic and cultural proximity with Europe
- Deploy with Group’s integrated model
- Capitalise on CIB’s presence (in particular energy and commodities finance)

Brazil – India – Greater China

- Focus on AMS’ and CIB’s businesses as well as consumer lending (Brazil)
- A member of the Executive Committee, strategic sponsor of business development in each country

In 3 years, double the revenues in emerging markets to reach 15% of the Group’s revenues
A growth strategy that proved its resilience in 2007

Powerful franchises combined with a solid financial structure

Well positioned to weather the crisis
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