



BNP PARIBAS

# BNP Paribas

Well Positioned to Weather the Crisis

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Jean Clamon

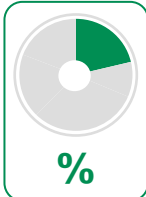
Chief Operating Officer

UBS Conference, New York

*14 May 2008*

*This presentation includes forward-looking statements based on current beliefs and expectations about future events. Forward-looking statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future events, operations, products and services, and statements regarding future performance and synergies. Forward-looking statements are not guarantees of future performance and are subject to inherent risks, uncertainties and assumptions about BNP Paribas and its subsidiaries and investments, developments of BNP Paribas and its subsidiaries, banking industry trends, future capital expenditures and acquisitions, changes in economic conditions globally or in BNP Paribas' principal local markets, the competitive market and regulatory factors. Those events are uncertain; their outcome may differ from current expectations which may in turn significantly affect expected results. Actual results may differ materially from those projected or implied in these forward-looking statements. Any forward-looking statement contained in this presentation speaks as of the date of this presentation: BNP Paribas undertakes no obligation to publicly revise or update any forward-looking statements in light of new information or future events.*

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*Unless otherwise specified, share of the businesses' 1Q08 revenues as a % of the total operating revenues*

*Yearly results presented up to 2007 included reflect normative equity under Basel I. Results from 1Q08 onwards, as well as quarterly 2007 results used for comparative purposes, reflect normative equity under Basel II, as released on 2 April 2008.*



BNP PARIBAS

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## **BNP Paribas at a Glance**

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A Stringent Risk Management Culture and a Favourable Liquidity Situation

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A Powerful Business Development Drive

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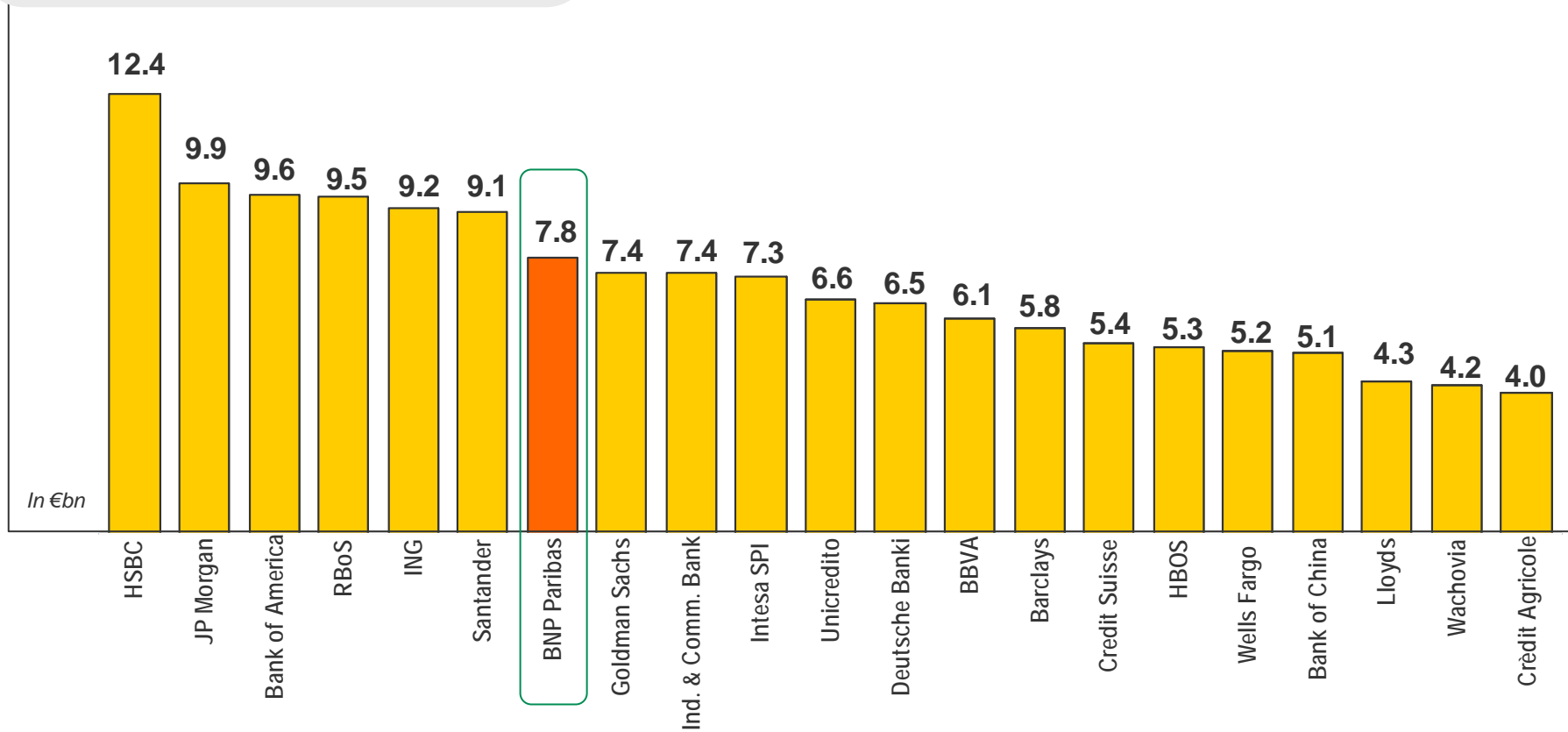
An Ambitious Growth Strategy

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# A European Leader With a Global Reach

2007 Net Income  
Top banking groups world-wide

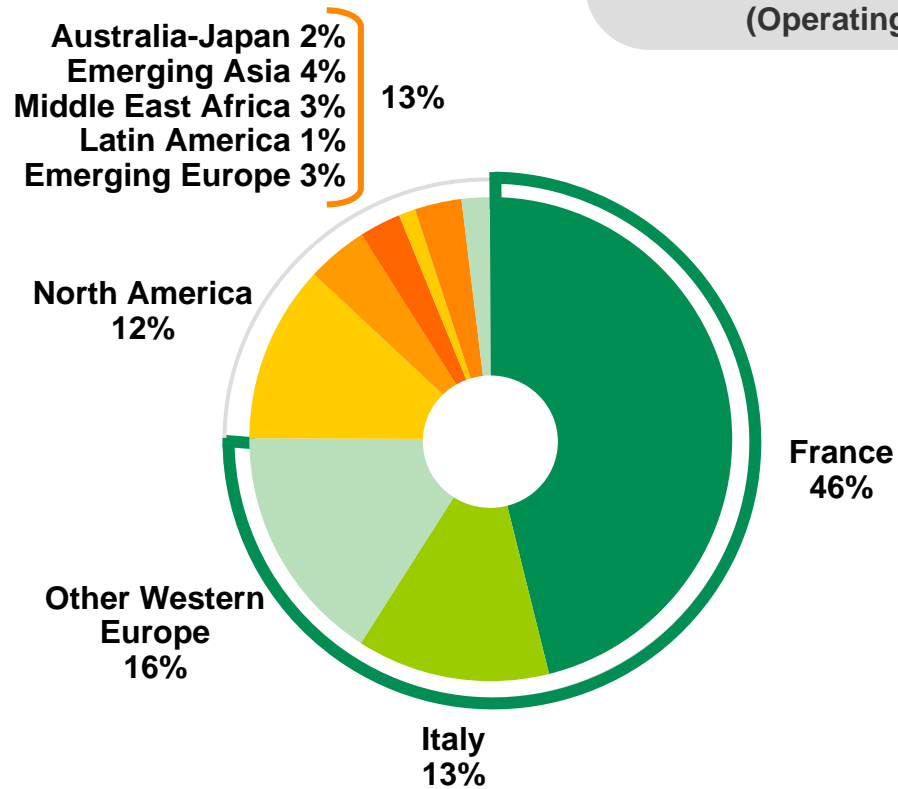


**# 7 net income worldwide in 2007 : €7.8 bn (+7.0%/2006)**

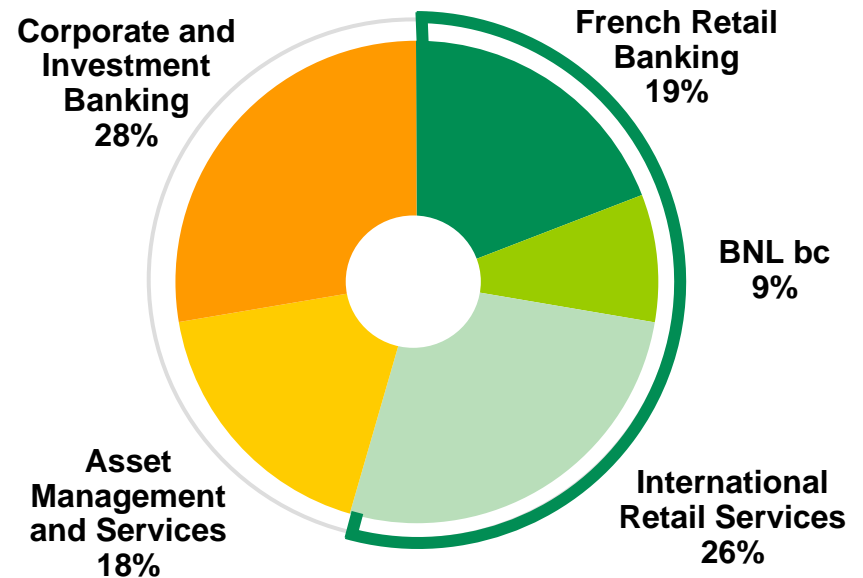
# A European Leader With a Global Reach

## 2007 Revenues

(Operating Divisions)

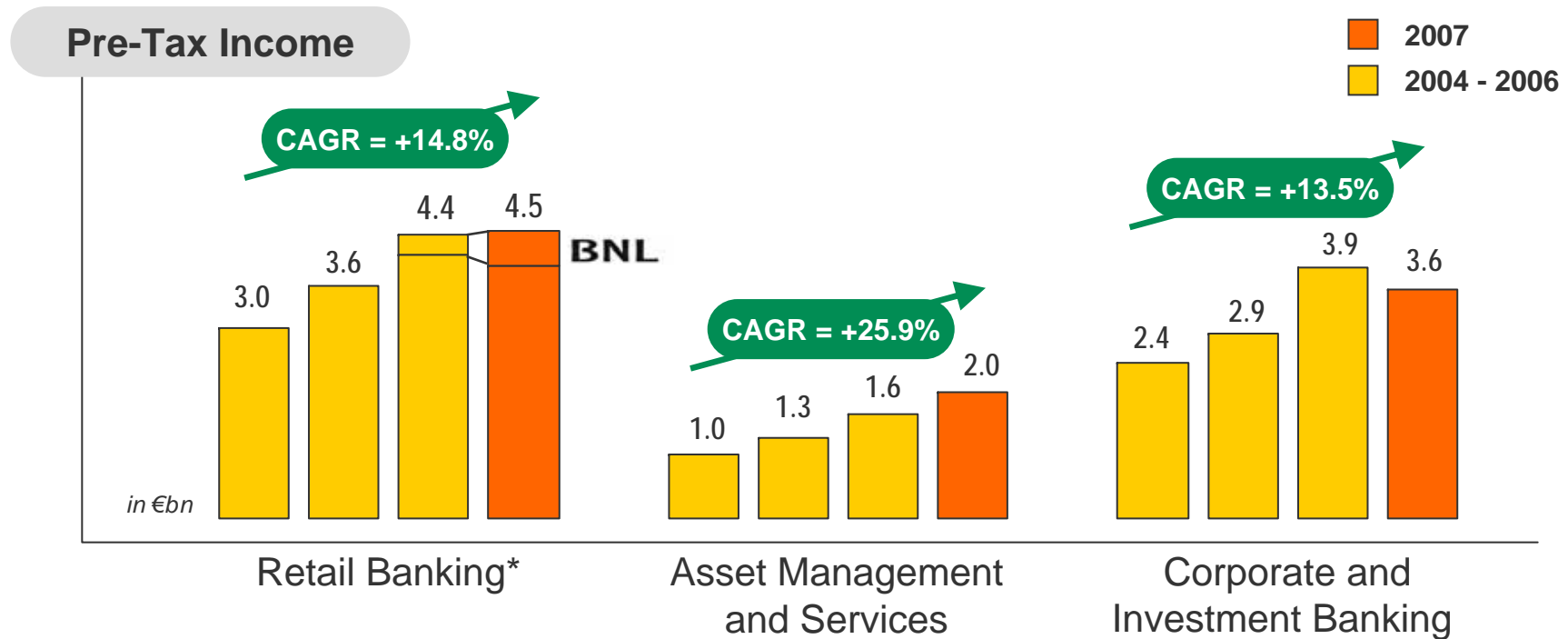


**Western Europe 75%**



**Retail 54%**

# 2004 - 2007 A Track Record of Growth in All Businesses



**A strong and diversified earnings generation capacity**

\* FRB excluding PEL/CEL effects

\*\* 2004 in IFRS-EU

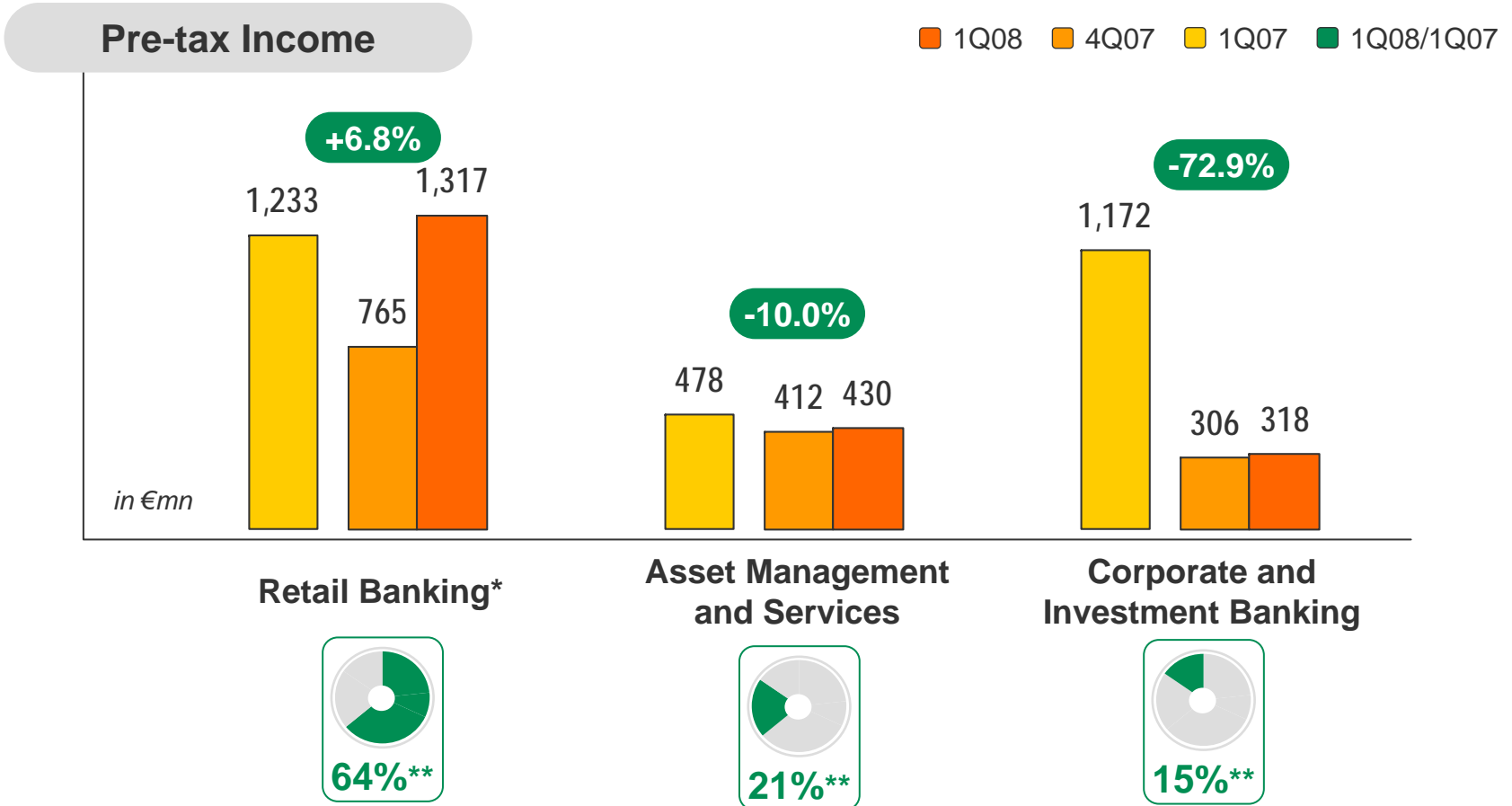
# 1Q08: A Further Set of Strong Results

	1Q08	1Q07	1Q08/1Q07	1Q08/4Q07
● Revenues	€7.4bn	€8.2bn	-10.0%	+6.9%
● Operating expenses	-€4.6bn	-€4.6bn	+0.4%	-1.7 %
● Gross operating income	€2.8bn	€3.6bn	-23.1%	+24.9%
● Cost of risk	-€0.55bn	-€0.26bn	x2	-26.7%
● Operating income	€2.2bn	€3.4bn	-33.4%	+50.8%
● <b>Net income group share</b>	<b>€1,981m</b>	<b>€2,507m</b>	<b>-21.0%</b>	<b>+96.9%</b>

**Close to 2 billion euros in profits  
(€2.15 per share) in a quarter hit by a fierce crisis**



# All the Divisions Contribute Profits Each Quarter



**A robust model in the face of the crisis:  
1Q08 profits up in all divisions vs. 4Q07**

\*including 2/3 of French and Italian Private Banking and excluding PEL/CEL effects; \*\* % of operating divisions pre-tax income 8





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BNP Paribas at a Glance

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**A Stringent Risk Management  
Culture and a Favourable Liquidity  
Situation**

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A Powerful Business Development Drive

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An Ambitious Growth Strategy

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# 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%/2005
  - Best-in-class technical expertise combined with highly experienced management

**Close attention paid to the risk/reward balance through the cycle**

# A Limited Exposure to the More Toxic Assets

## **SIVs:** Liquidity lines €0.1bn

- No BNP Paribas sponsored SIV

## **ABCP Conduits**

Liquidity lines €15.9bn  
of which drawn: €0.0bn

- Amount of assets in sponsored conduits: €10.6bn
- Assets essentially auto loans, consumer loans and trade receivables
- 40% US, negligible subprime exposure

## **US Mortgage-Backed Securities** - Subprime, Alt A and CMBS securities - Related CDOs

Net exposure €0.4bn

- Exposures located within CIB and BancWest's Investment portfolio
- Net subprime RMBS exposure: €0.2bn
- Net Alt-A RMBS exposure: €0.4bn
- Net related CDO exposure: -€0.1bn

## **Monoline Insurers**

Net counterparty exposure €1.5bn

- Net of hedging (€0.8bn) and credit adjustments (€0.6bn)
- €0.8bn AAA, €0.6bn AA/A and €0.1bn BBB and below, no exposure to ACA

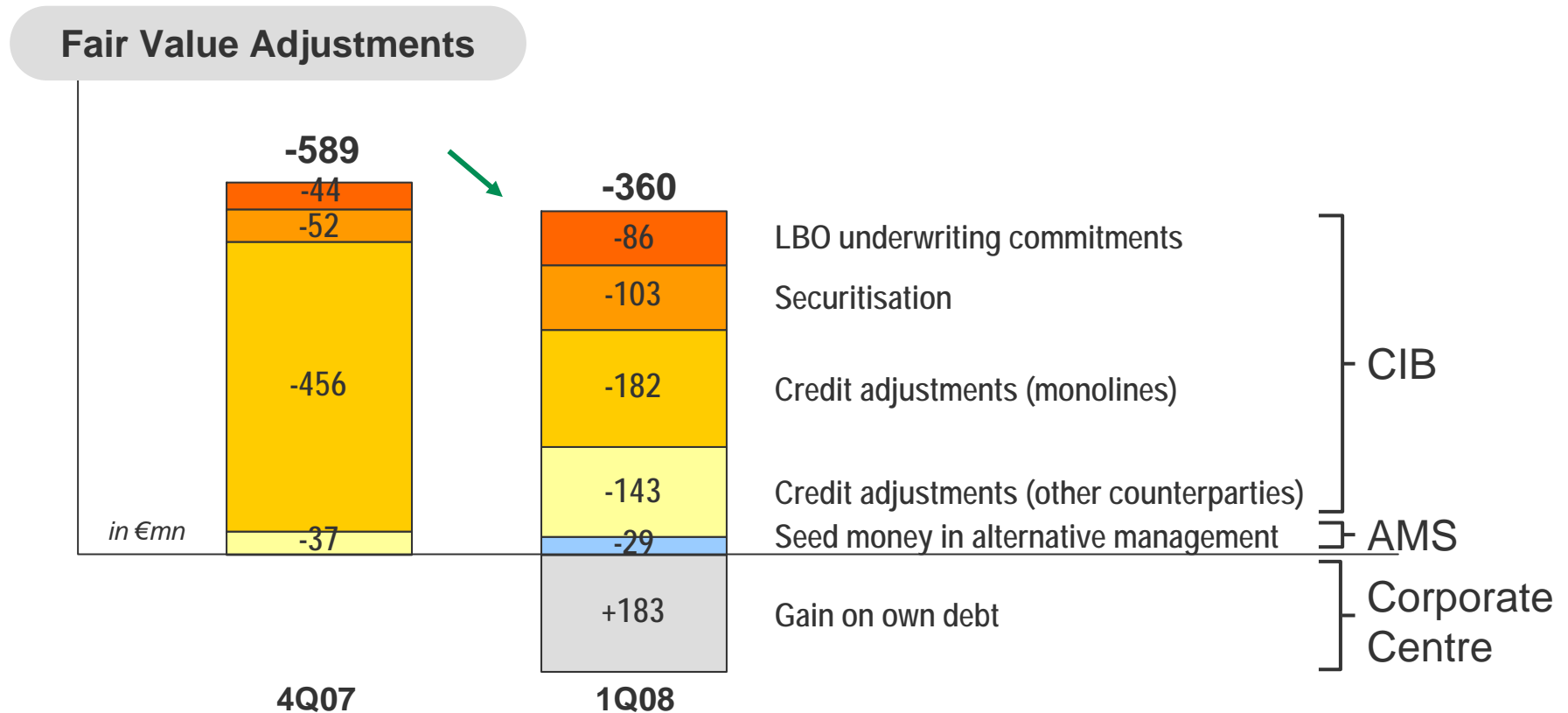
## **LBO portfolios**

Final take exposure €6.3bn  
Net underwriting exposure €1.8bn

- Final take portfolio 78% European and 96% senior debt
- Underwriting portfolio spread over 17 transactions, 93% in Europe

# Direct Impact of the Crisis Fair Value Adjustments Impacting Revenues

- Group revenues: €7,395mn; vs. €8,213mn in 1Q07

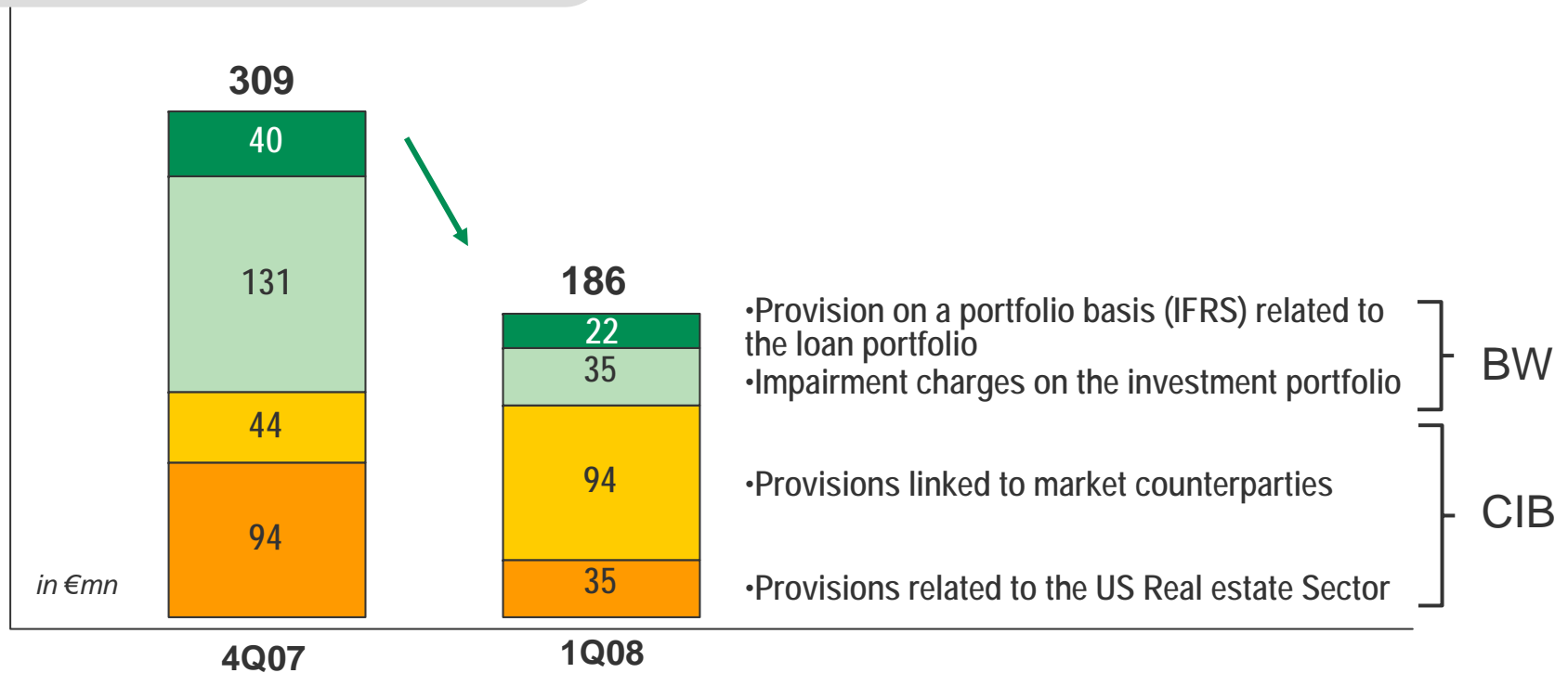


**Yet another moderate impact compared to the other leading players in corporate and investment banking**

# Direct Impact of the Crisis on the Cost of Risk

- Group cost of risk: €546mn; vs. €260mn in 1Q07

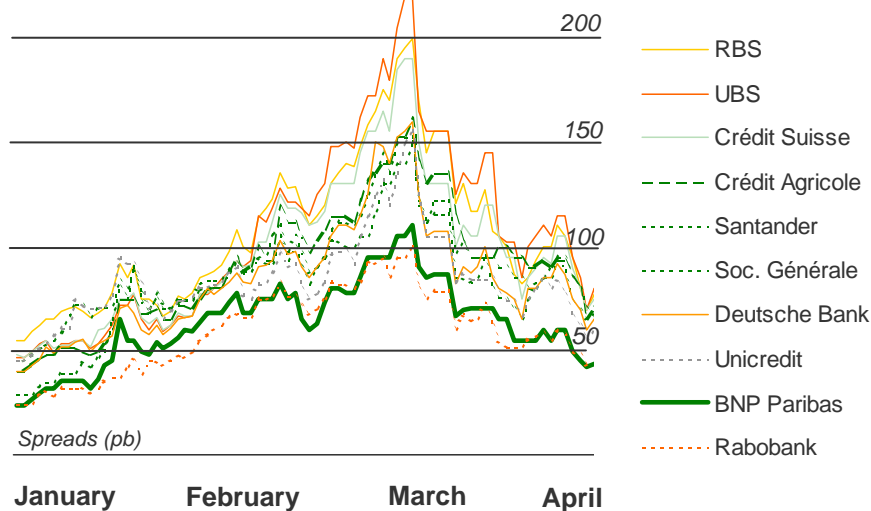
## Direct Impact on Cost of Risk



**Direct impact of the crisis on the cost of risk down/4Q07**

# A Favourable Liquidity Situation

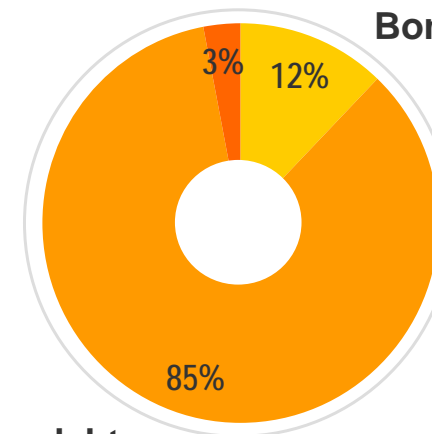
## 5-year senior CDS spread



## €16bn debt issued in 2008

Subordinated debt

Covered Bonds



Senior debt

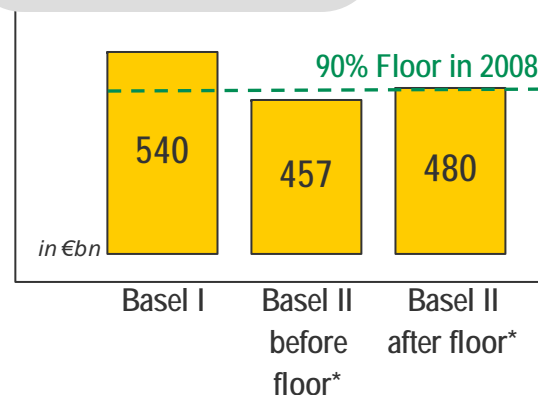
- Long term and medium term debt issued on substantially better terms than the peer group
- Rating level allowing significant fund raising

**A major competitive advantage**

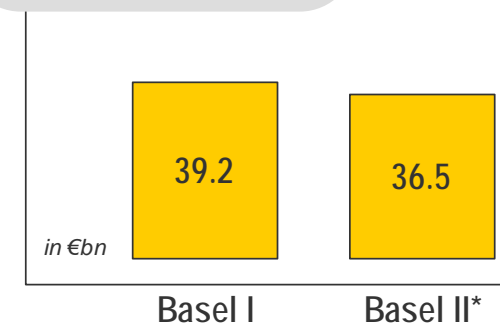
# Switching from Basel I to Basel II

- Reduction in risk weighted assets thanks to a quality portfolio
  - Mortgages: average risk-weight less than 10%, reflecting the very limited real estate risk in France
  - Consumer lending: average risk-weight of roughly 20% thanks to the robustness of the scores and the absence of subprime loans
  - Lending to corporate customers, financial institutions and sovereigns: average risk-weight less than 40%. Over 70% of the portfolio rated Investment Grade equivalent and loans rated Non Investment Grade equivalent well collateralised
  - Counterparty risk on derivatives: netting agreements better taken into account
- Partially offset by a more restricted approach for eligible capital

Risk weighted assets  
as at 31/12/2007



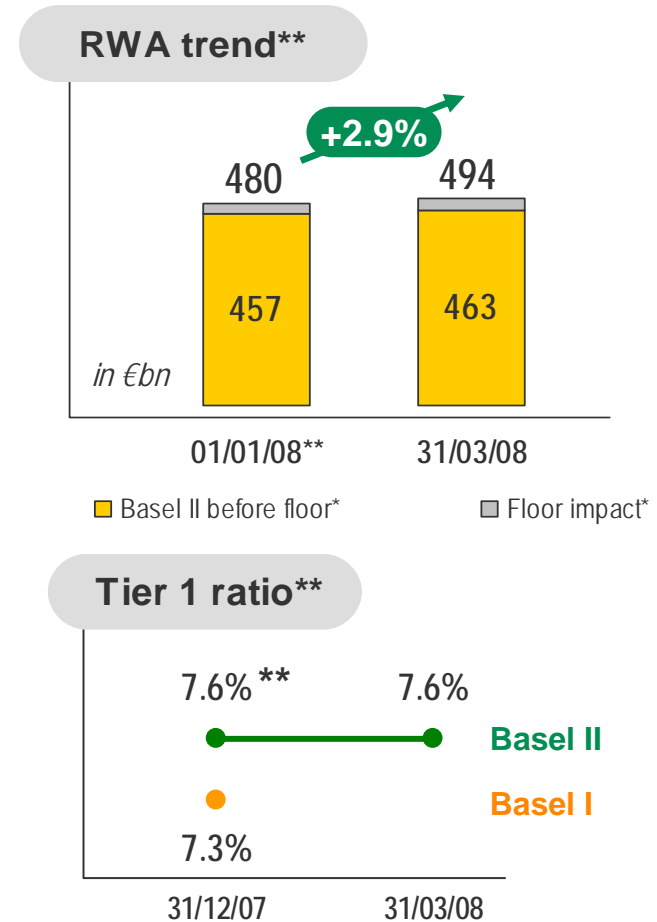
Tier 1 Capital as at  
31/12/2007



**Prudent risk policy reflected in a Basel II lower capital charge**

# A Solid Capital Base

- Strong earnings capacity
  - Net Income: €2.0bn
  - Quarterly Net Earnings per Share: €2.15
- Sustained organic growth
  - Basel II RWA (after floor\*): +2.9% compared to pro forma 01/01/08
  - Trend towards reintermediation
  - Competitive position reinforced in all the divisions
- Tier 1 ratio: 7.6%



**A solid capital base  
to finance sustained organic growth**





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# French Retail Banking Outperforming in a Highly Competitive Market

- A growing market share focused on the more profitable urban areas

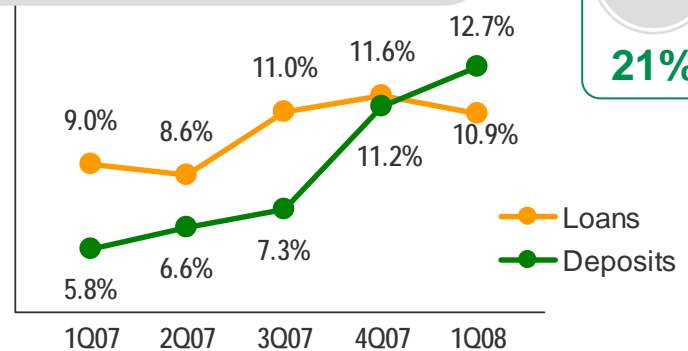
- Record customer acquisition : +230,000 in 2007, 60,000 in 1Q08
- A leader in product innovation and multichannel distribution : >10% of sales via Internet by 2010
- N°1 in Private Banking
- Corporate customers: leverage a unique business model in France to foster cross selling

- A favourable age pyramid to optimise costs

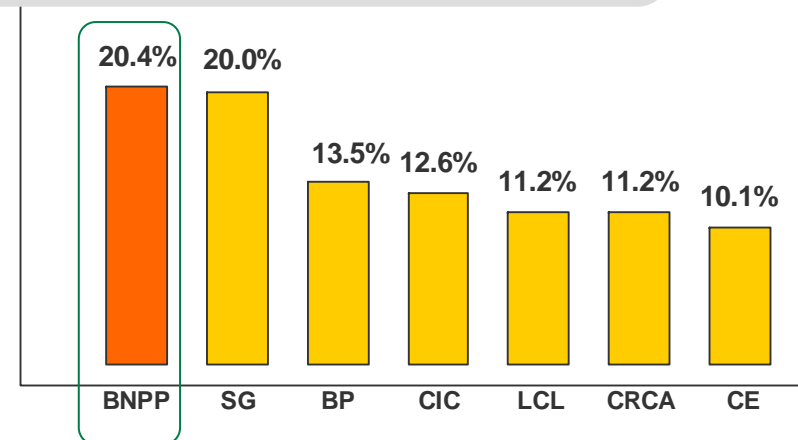
- A low risk business model

- Prudent mortgage practices: essentially fixed-rate, guaranteed either by Crédit Logement, a specialised mortgage agency, or by a mortgage on the property
- Corporate customers: very sound portfolio
- 1Q08 cost of risk maintained at a very low level: 12bp of Basel I RWA in 1Q08 vs. 15bp in 1Q07

Growth in average loan and deposit outstandings (Q/Q-4)



Cumulative Revenue Growth 2007/2003\*\*

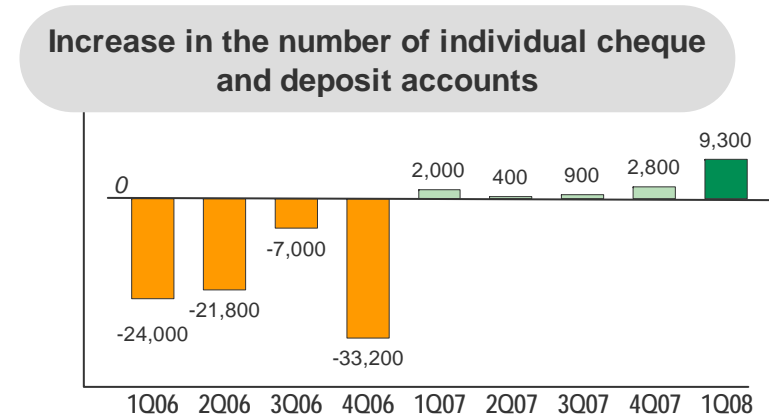
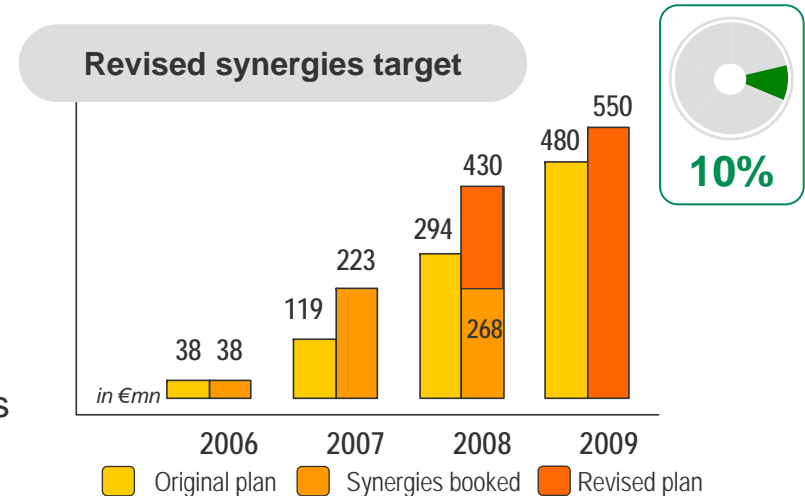


**Sustained profitable growth - Proven cost and risk control**

# BNL banca commerciale

## A Growing Contribution Group's Earnings

- 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
  - Expected synergies raised 15%
- 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



**1Q08 Pre-tax Income: €177mn, +22.1%/1Q07**

# International Retail Services Strong Drive for New Customers

- Growing the Customer Base through branch banking and specialised finance

- Won 1.5 million new customers in 2007 in the emerging retail banking networks
- Open 600 branches by 2010 (+30%)
- Win over 20 million new customers, including close to 6 million in branch banking by 2010

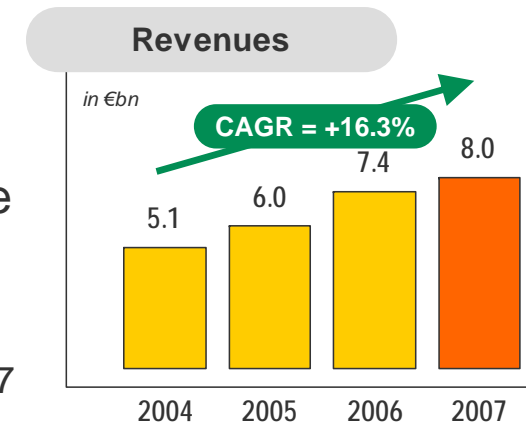
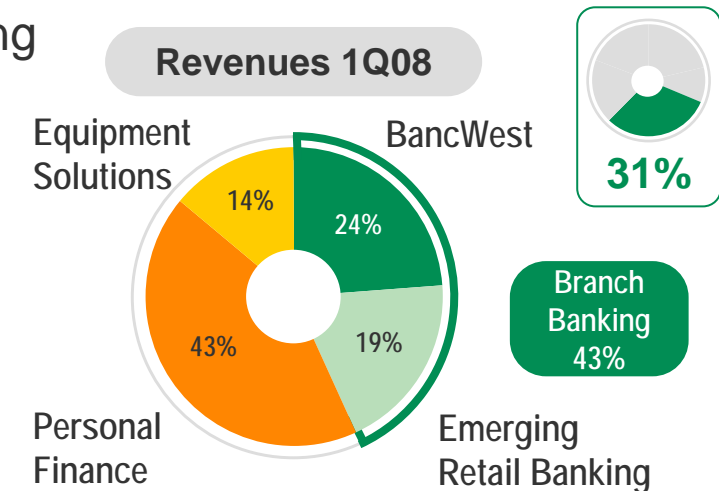
- 1Q08 revenues: €2,108mn, +12.4% at constant scope and exchange rate

- Improving operating efficiency

- Share platforms and reduce their number

- Cost of Risk on the rise at BancWest and Personal Finance

- Home builders and consumer loans reserves on a portfolio basis (IFRS) have been built up for BancWest as early as 2007
- BancWest's allowance for losses raised 132bp/loans vs. 105bp in 1Q07
- PF: Impact of consumer credit volume growth and increasing risk in Spain

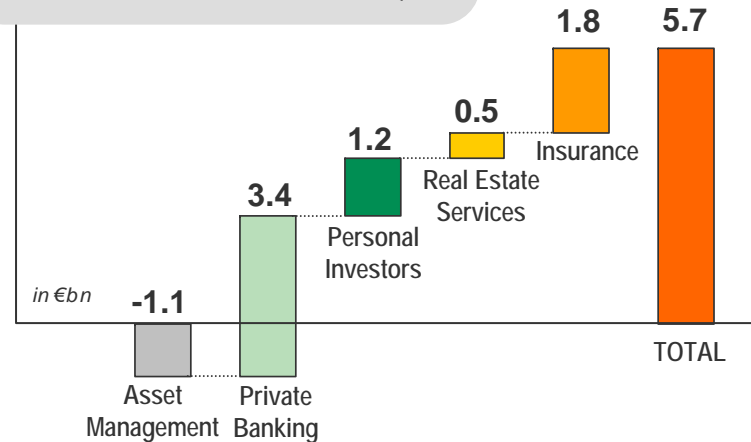


**Sustained business growth experienced throughout all businesses**

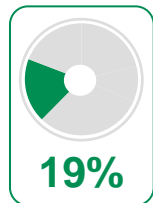
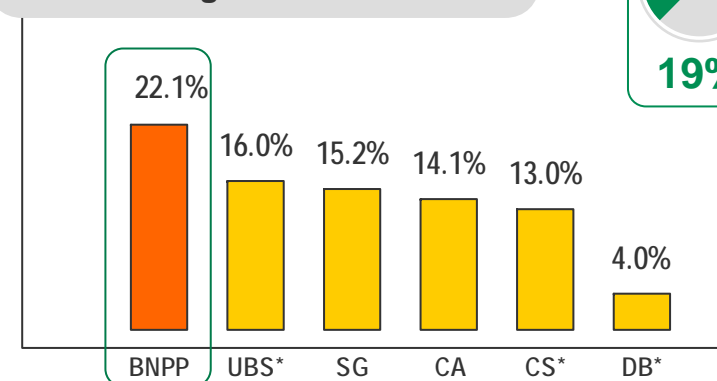
# Asset Management & Services Strong Revenue and Profitability Drive

- Assets under management: €548bn as at 31/03/2008
  - Individuals represent 62% of assets under management
  - Net asset inflows: €5.7bn in 1Q08 vs. €1.7bn in 4Q07
- 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
  - Double the share of revenues in emerging markets from 5% in 2007 to 10% in 2010

Net asset inflows in 1Q08



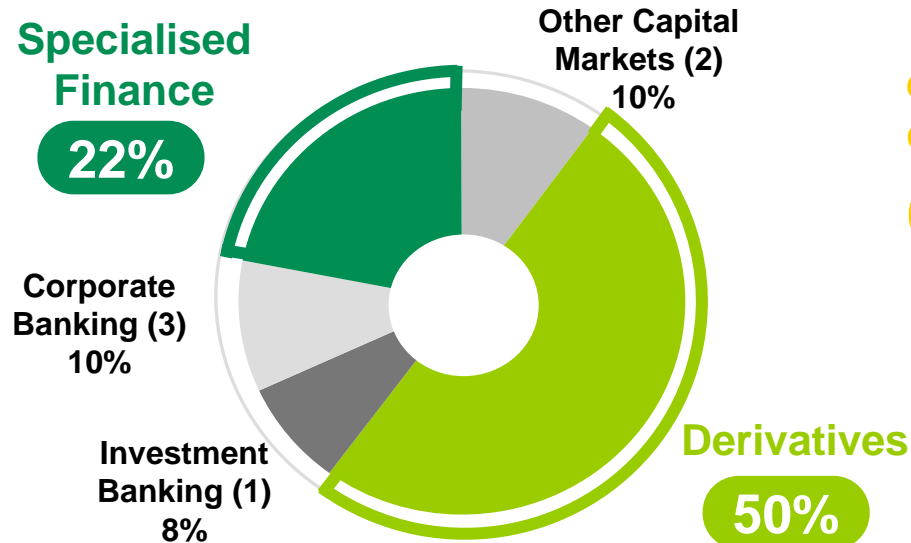
AMS GOI growth 2007/2006



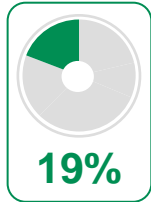
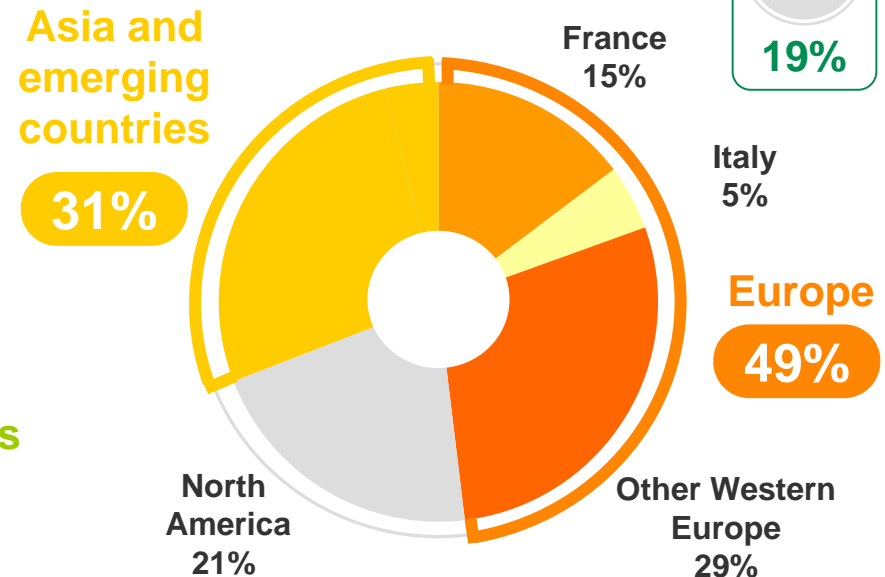
**Robust sales and marketing drive in a challenging environment**

# Corporate and Investment Banking Favourable Business and Geographic Mix

2007 Revenues



2007 Client revenues



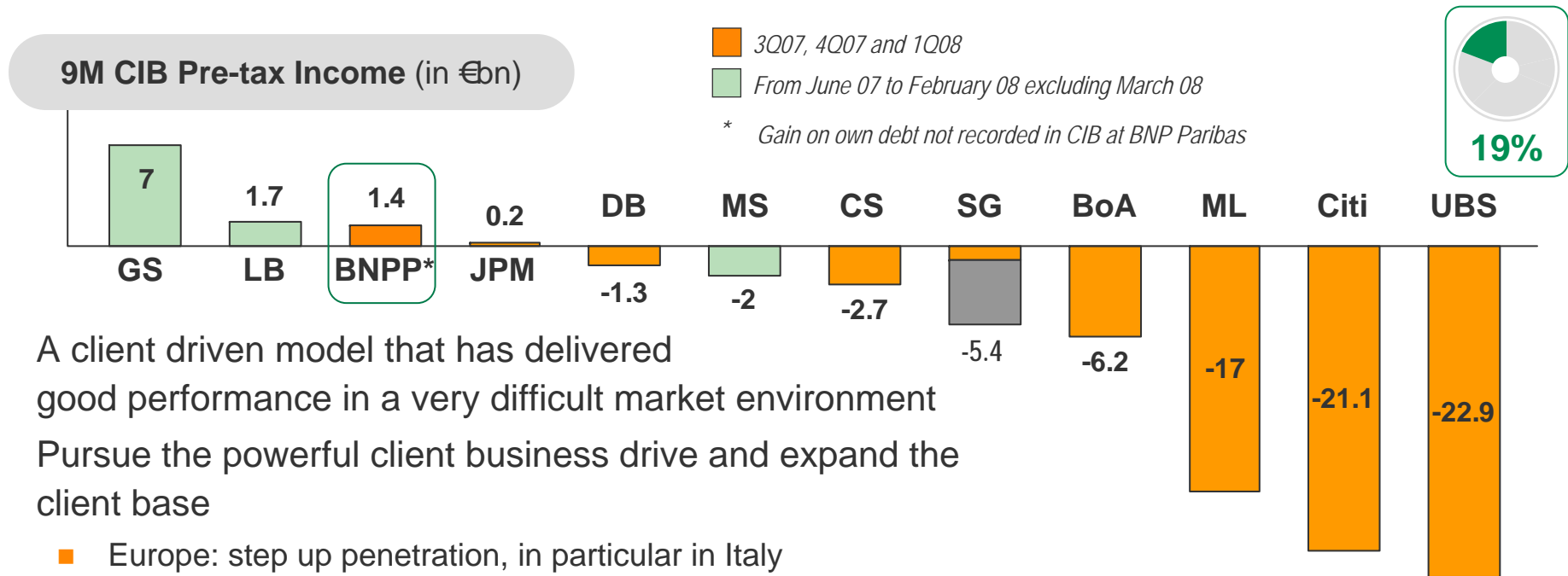
- Strong derivatives franchise
- High added-value financing businesses
- <10% revenues from businesses most durably affected by the crisis (Structured credit derivatives, Securitisation, LBOs)

- Bolstered leadership in Europe
- Growing contribution from client revenues in Asia and in emerging markets (35% of 1Q08 revenues)
- 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 22

# Corporate and Investment Banking Robust Model in the Face of the Crisis



- 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 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

**One of the very few CIBs to remain profitable every quarter since the beginning of the crisis**



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A Stringent Risk Management Culture and a Favourable Liquidity Situation

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A Powerful Business Development Drive

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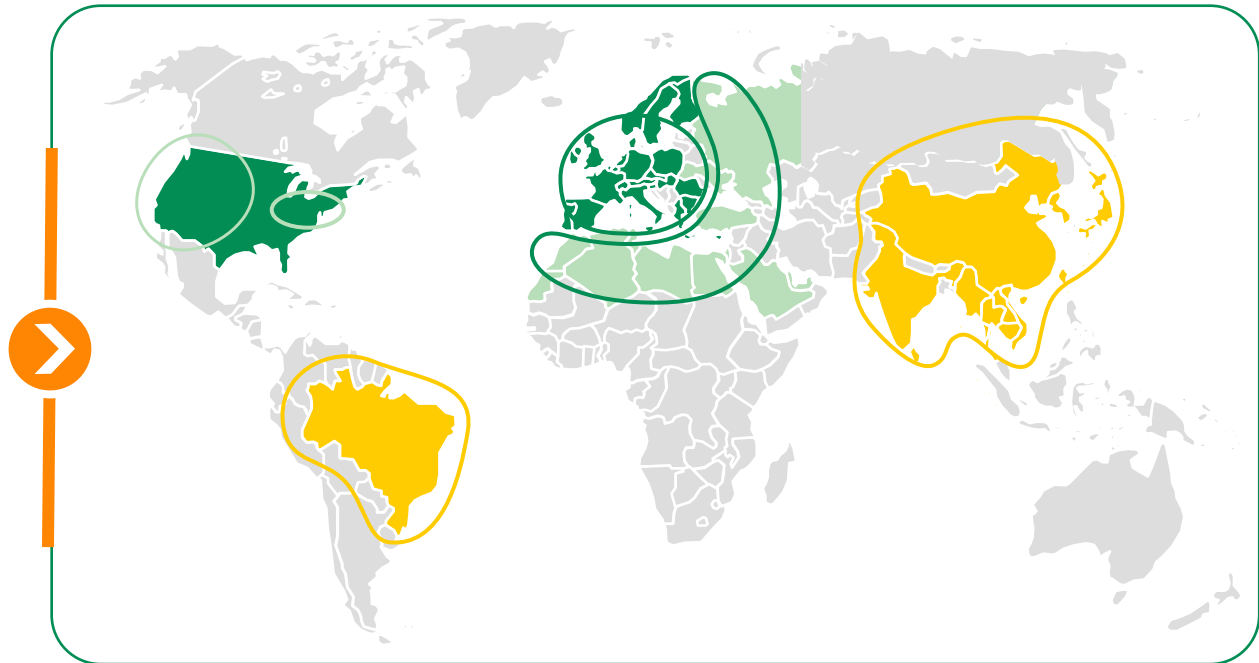
**An Ambitious Growth Strategy**

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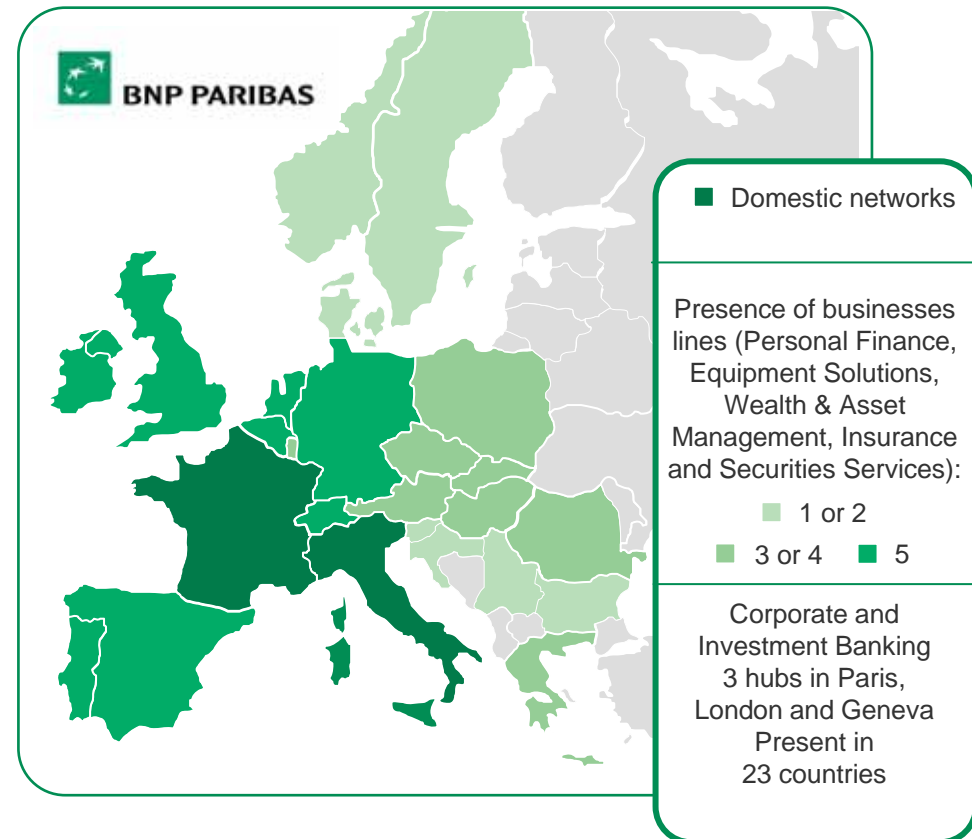
# An Ambitious Growth Strategy

- 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**

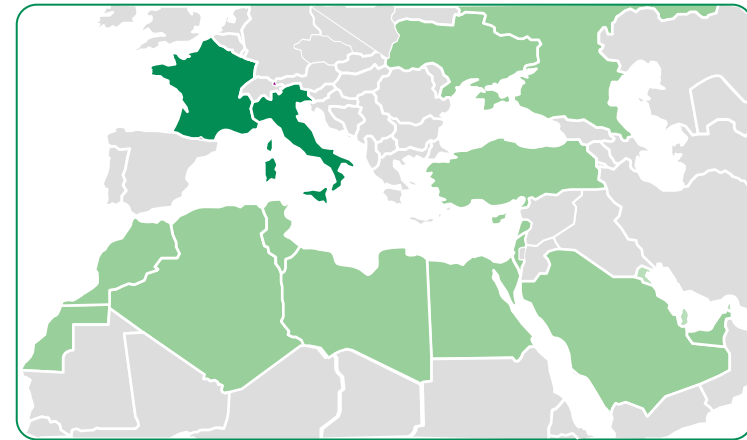
- Fully leverage on domestic networks: FRB and BNL bc
  - Cross-selling with all the Group's business lines
  - Sharing resources and expertise
- Extend and reinforce the business lines' pan-European leadership
  - Asset Management & Services
  - Corporate and Investment Banking
  - Personal Finance and Equipment Solutions
- Get retail banking platforms to converge
  - Joint processing between the networks and the specialised businesses



**Continue rolling out an increasingly integrated model**

## 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

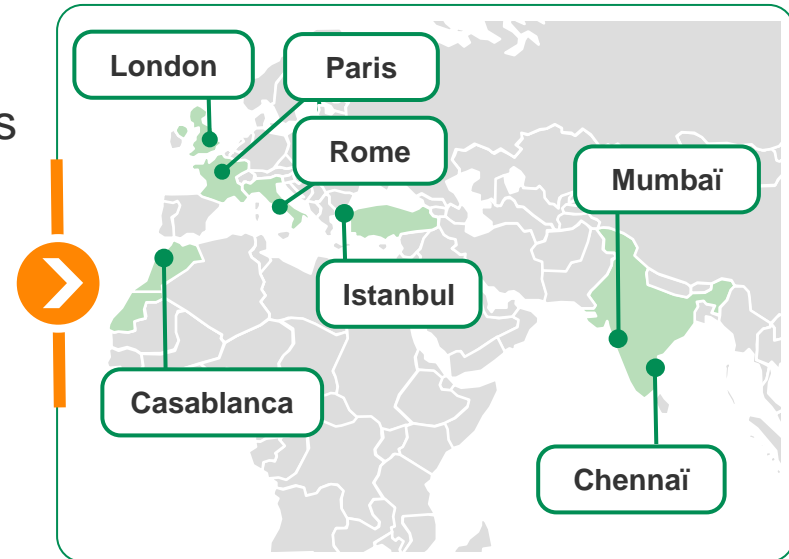


**In 3 years, double the revenues in emerging markets  
to reach 15% of the Group's revenues**

# Close Attention Paid to Operating Efficiency

## An ongoing industrial approach

- Cost/Income improved by 2.3 pts over 3 years
- Internationalise IT development
  - 3 major centres in Western Europe
  - 4 global development centres in emerging markets
- Optimise the Group's procurement function
- Roll out the Lean Six Sigma programme



## A proactive management of the crisis

- AMS
  - Strict control on hirings and expenses in businesses affected by the financial crisis, except for strategic projects
- CIB
  - Hiring currently limited to young graduates and selected profiles related to priority development initiatives
  - Rightsizing initiatives in areas durably affected by the slowdown

**An on-going focus on efficient cost management**

**Nearly 2 billion euros in net profits  
despite the rare intensity of the market crisis in March**

**A positive contribution of all divisions  
demonstrating a limited impact of the crisis compared to peers**

**High quality franchises  
whose competitive positions are further strengthened**



BNP PARIBAS

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# Appendices

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# Number of Shares, Net Earnings and Assets per Share

## Number of Shares

<i>In millions</i>	31-Mar-08	31-Dec-07
Number of Shares (end of period)	905.7	905.3
Number of Shares excluding Treasury Shares (end of period)	895.3	896.1
Average number of Shares outstanding excluding Treasury Shares	895.8	898.4

## Net Earnings per Share

<i>In euros</i>	1Q08	2007
Earnings Per Share (EPS)	2.15	8.49

## Net Assets per Share

<i>In euros</i>	31-Mar-08	31-Dec-07
Book value per share (a)	51.3	52.4
<i>of which net assets non reevaluated per share (a)</i>	50.4	48.8

(a) Excluding undated participating subordinated notes

## Equity

<i>In billions of euros</i>	31-Mar-08	1-Jan-08	31-Dec-07
Shareholders' equity Group share, not re-evaluated (a)	41.3	40.7	40.7
Valuation Reserve	0.9	3.3	3.3
<i>incl. BNP Paribas Capital</i>	1.5	1.7	1.7
<b>Total Capital ratio</b>	<b>11.0%</b>	<b>11.1%</b>	<b>10.0%</b>
<b>Tier One Ratio</b>	<b>7.6% (b)</b>	<b>7.6% (b)</b>	<b>7.3% (c)</b>

(a) Excluding undated participating subordinated notes and after estimated distribution

(b) On estimated Basel II risk weighted assets respectively of €494bn as at 31.03.08 and €480bn as at 01.01.08

(c) On Basel I risk weighted assets of €540.4bn as at 31.12.07

## Coverage ratio

<i>In billions of euros</i>	31-Mar-08	31-Dec-07
Doubtful loans and commitments (1)	14.6	14.2
Provisions	13.0	12.8
<b>Coverage ratio</b>	<b>89%</b>	<b>91%</b>

(1) Gross doubtful loans, balance sheet and off-balance sheet

## Ratings

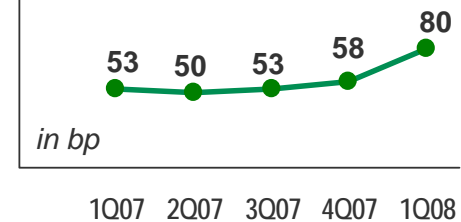
<b>S&amp;P</b>	<b>AA+</b>	<b>Stable Outlook</b>	<b>Upgraded on 10 July 2007</b>
Moody's	<b>Aa1</b>	Stable Outlook	Upgraded on 23 May 2007
Fitch	<b>AA</b>	Stable Outlook	Reaffirmed on 16 May 2007



Personal loans by FICO score as at 31/3/08, in €bn

	Consumer	First Mortgage		Home Equity Loans	TOTAL
		Full Doc	Alt A		
Super Prime <i>FICO &gt; 730</i>	4.6	3.5	0.1	1.4	9.5
Prime <i>600 &lt; FICO &lt; 730</i>	3.3	3.3	0.1	0.9	7.4
Subprime <i>FICO &lt; 600</i>	0.1	0.1	0.0	0.0	0.2

## NPL/Loans



- Good quality mortgage portfolio

- Negligible exposure to the subprime clients
- Limited share of Alt A rated first mortgages
- Good quality Home Equity Loan portfolio: limited 30-day delinquency rate (77bp in 1Q08 vs 78bp in 1Q07)

- Rise in the *Non Performing Loans/Loans* ratio (80bp vs. 58bp in 4Q07) primarily due to the home builders sector and consumer loans

- Sectors in which provisions on a portfolio basis (IFRS) were posted as early as 2007
- Owner-occupiers account for half of the commercial real estate portfolio; exposure to the home builder sector stood at €1.9bn of which €1.2mn were drawn
- Majority of the consumer loan portfolio comprised of loans to super-prime customers



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Summary

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Detailed Results

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**Selected Exposures**

**based on the recommendations of the Financial  
Stability Forum**

<i>(in bn€)</i>	Liquidity lines	
	SIVs	ABCP Conduits
BNP Paribas sponsored entities	0.0	14.5
Third party sponsored entities	0.1	1.4
<b>Total</b>	<b>0.1</b>	<b>15.9</b>

- No liquidity line drawn as of 31/03/08
- Sponsored conduits also benefit from letters of credit issued by BNP Paribas to cover second losses, for €630mn

# Sponsored ABCP Conduits Detail by Asset Type

Sponsored securitisation conduits as at 31 March 2008	Starbird United States	Matchpoint Europe	Eliopée Europe	Thesee Europe	J Bird 1 & 2 Japan	Total
Ratings	A1 / P1	A1+ / P1	P1	A1 / P1 / F1	A1 / P1	
Liquidity lines provided by BNP Paribas (in billions of euros)	7.2	3.7	2.2	0.9	0.5	<b>14.5</b>
Amount of conduits' assets (in billions of euros)	4.1	3.4	1.9	0.7	0.5	<b>10.6</b>
<b>Breakdown by asset type (as a % of assets held)</b>						
Auto Loans	37%	36%	-	-	-	<b>26%</b>
Trade Receivables	5%	7%	100%	61%	-	<b>26%</b>
Consumer Loans	14%	6%	-	24%	100%	<b>13%</b>
CLOs/CDOs of Corporate Debt	16%	16%	-	-	-	<b>12%</b>
Equipment Finance	15%	1%	-	-	-	<b>6%</b>
Commercial Mortgage Backed Securities (CMBSs)	-	17%	-	-	-	<b>6%</b>
Other Assets (1)	12%	2%	-	-	-	<b>5%</b>
Mortgage Loans (2)	1%	7%	-	-	-	<b>3%</b>
CDOs of Residential Mortgage Backed Securities (non US RMBSs)	-	8%	-	-	-	<b>2%</b>
Insurance	-	-	-	15%	-	<b>1%</b>
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Share of US assets (%)	100%	3.5%	-	-	-	<b>40%</b>

(1) in particular student loans and AAA tranches of export receivables securitisation

(2) negligible subprime exposure in Starbird, no subprime exposure in Matchpoint

*Exposure net of depreciation  
in €bn*

	31.12.2007	31.03.2008
<b>RMBS</b>	<b>0.2</b>	<b>0.2</b>
Subprime (1)	0.1	0.1
Alt-A	0.1	0.1
<b>CMBS</b>	<b>0.1</b>	<b>0.1</b>
<b>CDOs (cash and synthetic)</b>	<b>0.0</b>	<b>0.0</b>
<b>TOTAL</b>	<b>0.3</b>	<b>0.3</b>

(1) FICO score < 600

- Negligible net direct exposure to US real estate securitisation

*in €bn*

	31.12.2007	31.03.2008
<b>RMBS</b>	<b>0.6</b>	<b>0.3</b>
Subprime (1)	0.1	0.1
Alt-A	0.5	0.3
<b>CMBS</b>	<b>-0.1</b>	<b>-0.1</b>
<b>CDOs (cash and synthetic)</b>	<b>-0.2</b>	<b>-0.1</b>
High grade	-0.2	-0.2
Mezzanine	0.1	0.0
<b>TOTAL</b>	<b>0.4</b>	<b>0.1</b>

(1) FICO score < 625

# Exposure to Monoline Insurers

- €2.7bn in notional amount on CDOs of RMBS (vs. €3bn as of 31.12.07)

*in €bn as at 31.03.2008*

	Net (a=b+c+d)	Long (b)	Short with other counterparties (c)	Short with monolines (d)
CDOs of RMBS (cash and synthetic)	-0.1	2.8	-0.2	-2.7

- Counterparty exposure\* up as a result of spread widening in 1Q08

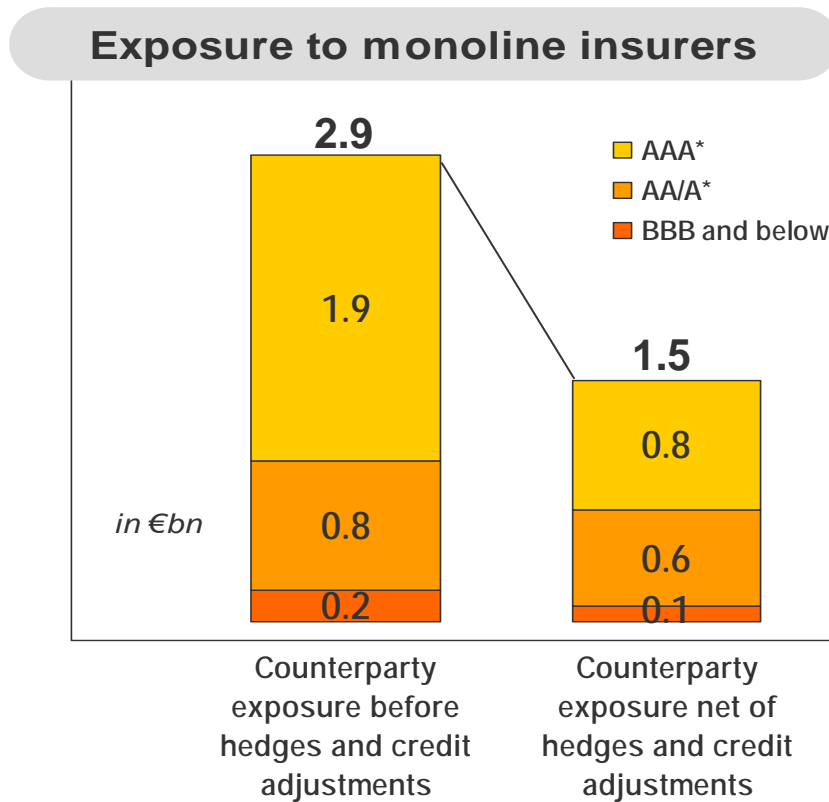
**Counterparty risk exposure:  
present value\* = €1.6bn**

*in €bn*

	31.12.2007	31.03.2008
RMBS-related monolines counterparty exposure	1.3	1.6
Other monolines counterparty exposure	0.6	1.3
<b>Total monolines counterparty exposure</b>	<b>1.9</b>	<b>2.9</b>
Credit Derivatives bought from banks or other collateralized third parties	-0.8	-0.8
<b>Unhedged monoline counterparty exposure</b>	<b>1.1</b>	<b>2.1</b>
Credit adjustments	-0.4	-0.6
<b>Net monoline counterparty exposure</b>	<b>0.7</b>	<b>1.5</b>

\* Replacement cost based on market indices

- Exposure concentrated on the best counterparties
  - No residual exposure to ACA

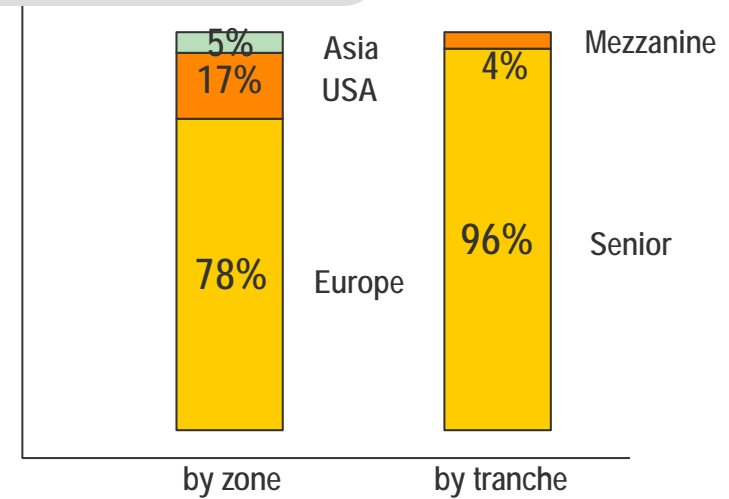


\* Breakdown according to the worst of Standard and Poor's and Moody's ratings



- Stable LBO final take portfolio (€6.3bn vs. €6.2bn on 31.12.07)
  - Predominantly European
  - Almost exclusively senior debt
  
- Underwriting portfolio, net of fair value adjustments, down 23% in 1Q08
  - Exposure spread over 17 transactions, 93% in Europe

**LBO final take portfolio**



**LBO underwriting portfolio**

