Fixed Income Presentation

Asia – Australia
April 2011
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Main Achievements in 2010

- Strong Performances by Business
- Growth Strategy
- Liquidity and Funding
Group Overview

**Business mix 2010* Revenues**

- **Investment Solutions** 15%
- **CIB** 29%
- **Retail Banking** **56%**
- **FRB** 16%
- **BNL bc** 7%
- **BeLux RB** 8%
- **Europe - Mediterranean** 4%
- **BancWest** 5%
- **Personal Finance** 12%
- **Equipment Solutions** 4%

**Geographic mix 2010* Revenues**

- **Asia** 4%
- **GCC Africa** 1%
- **Latin America** 2%
- **Australia Japan** 2%
- **North America** 11%
- **Eastern Europe, Turkey & Mediterranean** 5%
- **Other Western Europe** 15%
- **Luxembourg** 3%
- **Belgium** 10%
- **Italy** 11%
- **France** 36%
- **Europe - Mediterranean** 4%
- **BancWest** 5%
- **Other Western Europe** 15%
- **Belgium** 10%
- **Italy** 11%
- **France** 36%

- **75% Western Europe, 60% domestic markets**

* Operating divisions ; ** Including 2/3 of Private Banking for FRB (including PEL/CEL effects), BNL bc and BeLux RB
Consolidated Group Results 2010

- **ROE**
  - 2010: 12.3%
  - 2006: 21.2%

- **ROTE**
  - 2010: 15.8%
  - 2006: 30.7%

Recurrent and strong cash flow generation capacity
Cumulative synergies as at the end of 2010: €598m vs €229m announced

Total expected annual synergies increased from €900m to €1.2bn in 2012
- Retail Banking and functions: plan now includes Turkey
- Investment Solutions: higher cost synergies in various business units
- CIB: more cross-selling and higher cost synergies

Restructuring costs* increased from €1.3bn to €1.65bn
- Including €0.6bn in 2011

Synergies revised upward by 33%
Revenues of the Operating Divisions

- **Retail Banking**:
  - 2006: 14.9
  - 2007: 16.4
  - 2008: 17.5
  - 2009: 21.1
  - 2010: 24.0

- **Investment Solutions**:
  - 2006: 4.4
  - 2007: 5.3
  - 2008: 4.9
  - 2009: 5.4
  - 2010: 6.2

- **CIB**:
  - 2006: 8.1
  - 2007: 8.2
  - 2008: 5.0
  - 2009: 13.5
  - 2010: 12.0

*Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy and Belgium

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Strong organic and external growth throughout the cycle

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*BNP PARIBAS | The bank for a changing world*
Cost of Risk

Net provisions/Customer loans (in annualised bp)

- **Group**

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost of Risk</th>
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<tr>
<td>2006</td>
<td>23 bp</td>
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<td>2007</td>
<td>42 bp</td>
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<td>120 bp</td>
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<td>2009</td>
<td>140 bp</td>
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<td>2010</td>
<td>72 bp</td>
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</table>

- **Domestic Markets**
  - France and Belgium: moderate level confirmed
  - Italy: stabilisation at a high level, mainly due to the mid-corporate segment

- **Other Retail Banking**
  - Europe-Mediterranean: trend down but uncertain consequences of political turmoil in certain countries
  - BancWest: strong reduction in the investment portfolio, improved quality of the loan book
  - Personal Finance: down in most countries

- **CIB - Financing businesses**: 0 bp in 2010, limited new provisions offset by write-backs

"Strong decline in the cost of risk in an improved economic environment"
Pre-Tax Income of the Operating Divisions

- **Retail Banking**
  - Pre-tax ROE: 19%
  - Inclusion: 2/3 of Private Banking in France (including PEL/CEL effects), Italy and Belgium

- **Investment Solutions**
  - Pre-tax ROE: 31%
  - Inclusion: Rebalancing of the divisions’ contributions due to a rebound in Retail Banking income

- **CIB**
  - Pre-tax ROE: 38%
  - Inclusion: 32% pro forma Basel 2.5
  - Estimation: ~30% (est.) pro forma full Basel 3

*Including 2/3 of Private Banking in France (including PEL/CEL effects), Italy and Belgium*
Common Equity Tier 1: +€28.4bn since 31.12.2006 (x2 in 4 years)
- O/w organic equity generation: +€15.2bn
- O/w switch to Basel 2 (insurance,…): -€2.7bn
- O/w effect of the Fortis deal: +€10.8bn
- O/w rights issue: only €4.2bn in 2009
- O/w scrip dividends paid in 2009 and 2010: €1.2bn

Powerful capacity to generate equity organically
### Risk-Weighted Assets

- **Risk-Weighted Assets**: +€136bn since 31.12.2006 (+29.5% within 4 years)
  - O/w effect of the switch to Basel 2 as at 01.01.08: -€60bn (mainly in credit risk on businesses eligible to advanced approach)
  - O/w effect of the Fortis deal: +€166bn
  - O/w steered reduction since end 2008: -€93bn, mainly in CIB

### Constant optimal management of RWA
Balance Sheet

Balance sheet: assets

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<td>Banking Book</td>
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<td>2058</td>
<td>839</td>
<td>1,219</td>
<td>2076</td>
<td>810</td>
<td>1,998</td>
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Active balance sheet management since Fortis acquisition
Earnings per Share, Book Value per Share

A model generating robust growth in the value of assets throughout the cycle
Main Achievements in 2010

**Strong Performances by Business**

Growth Strategy

Liquidity and Funding
2010 Retail Banking - Overview

- **Revenues**: +4.0%
- **Cost/Income**: -1.0pt
- **Cost of risk**: -28.8%
- **Pre-Tax Income**: x2.0
- **Pre-tax ROE**: 19.0%

69% of retail revenues generated in domestic countries

* Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy and Belgium;
** Including of 2/3 of Private Banking in France (PBF), Italy and Belgium
2010 Retail Banking - Domestic Networks

- **Strong volumes**
  - Deposits: strong inflows in current accounts (+7.5%* vs. 2009)
  - Loans: +2.4%* vs. 2009, o/w +6.5% in mortgages (71% of total Group mortgage outstandings)

- **Cost control discipline maintained in the 4 networks**

- **Cost of risk**
  - France & Belgium: moderate level confirmed
  - Italy: stabilisation at a high level

- **Pre-tax ROE: 21%**
  - BNL bc still in Basel 2 standardised approach

**Strong cash flow generation capacity in sound markets**

*At constant scope, including 100% of Private Banking in France (excluding PEL/CEL effects), Italy and Belgium*
2010 Retail Banking - BancWest

- Resurgence in business development in an improving economy
  - High net interest margin and increasing deposit base
  - Still weak loan demand but a recent pickup in corporate and consumer loan production

- Cost income ratio: 54.7%, still at a low level
  - Step up commercial effectiveness of the network to boost customer acquisition, increase cross selling
  - Upgrade the branch network

- Strong decline in the cost of risk
  - 119 bp (vs. 310 bp in 2009)

- Pre-tax income: €573m

- Pre-Tax ROE: 18%

Significant recovery underway

*Deposits excluding Jumbo CDs
2010 Retail Banking - Personal Finance

- Pursuing growth and industrialisation strategy
  - France: industrial alliance with BPCE
  - Italy: Findomestic integration plan
  - Germany: partnership with Commerzbank (1,200 branches, 11m customers)
  - Turkey: takeover of TEB Cetelem in 4Q10
- Strong loan growth with a low risk profile and good profitability
  - Consolidated outstanding: +4.0%* vs. 2009
- Cost/income: 46.0% (-9.4pt in 2 years)
- Cost of risk: decline in most countries
- Pre-tax income: x2 vs. 2009
- Pre-tax ROE: 23%

Excellent operating performance

* At constant scope and exchange rates
Assets under management: €901bn as at 31.12.10 (+67.0% vs. 31.12.06)
- Effect of the Fortis integration: +€253bn
- Strong inflows throughout the crisis, incl. new cash in money market funds partly gone since then
- Diversified geographic asset base: 12% from emerging countries

Assets under management increased to €901bn

*Including assets managed on behalf of external clients; as at 31.12.10
Resilient business model
- Integrated model with excellent complementary fit between businesses
- All businesses are core

Improved operating efficiency: cost/income at 70.8% (-2.1 pts* vs. 2009)

Pre-tax ROE: 31%
- Low capital consumption businesses

Integrated model generating strong profitability

* At constant scope and exchange rates
### 2010 Corporate and Investment Banking (1/2)

#### Revenues 2007-2010

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<td>3,728</td>
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<td>3,478</td>
<td>2,440</td>
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- **Financing businesses:** leadership in Europe and recognised global franchises
  - Strong and recurrent revenue base
- **Capital markets:** strong franchises beyond intrinsic volatility
  - Global leading provider of derivatives
  - Ranked number 1 for “All Corporate bonds in euros” (*Thomson Reuters*)

#### European leader, client centric, with diversified business mix
2010 Corporate and Investment Banking (2/2)

- All 2010 variable compensation components booked in 2010
  - Including the deferred and conditional part (payable in 2011, 2012 and 2013)

- 2010 cost/income ratio: still the best in the industry
  - After bolstering the franchise in Asia and in the U.S.

![Graph showing 2010 cost/income ratio for various banks]

The best operating efficiency in the industry

*Source: banks*
RWA: €71bn as at 31.12.2010
- Only 12% of Group’s total RWA
- O/w €10bn for market risks RWA
  €19bn for counterparty risks RWA
- End user oriented

Limited impact of Basel 2.5/3 vs. peers: ~+€60bn additional RWA...
- Low VaR: €43m as at 31.12.10
- Reclassified assets: only €6bn as at 31.12.10; flat shadow P&L*
- Securitisation: already included in RWA (no deduction from capital 50/50)
- Counterparty risk already calculated with a stressed scenario

….even without taking into account any mitigation action
- Beyond day-to-day optimisation

Basel 2.5 & 3 RWA: limited impact as compared with CIB competitors

* If no reclassification had been implemented, the aggregate pre-tax income since the first reclassification, would have been quite similar
** Total RWA before “Asset Protection Scheme Relief”
CIB - Capital Markets

- **Equity Derivatives**
  - Top 3 worldwide equity derivatives franchise with very limited cash equities, complemented by a profitable prime brokerage activity
  - Significant reduction of risks since 4Q08
  - Combination of listed derivatives & fully collateralised OTC business

- **Fixed Income**
  - Virtually no legacy assets
  - Leading interest rate derivative franchise
  - Leading position in euro capital markets

- **Solid profitability:** 2010 pre-tax ROE of 44%
  - ~27% pro forma full Basel 3

**Benchmark 2010 Global Equities revenues**

<table>
<thead>
<tr>
<th>Bank</th>
<th>Cash Equity</th>
<th>Prime Brokerage</th>
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**Benchmark 2010 “All Corporate bonds in €”**

- Market share and ranking for 2007-2010:
  - 2007: #4, 8.7%
  - 2008: #3, 9.2%
  - 2009: #2, 10.3%
  - 2010: #1, 12.0%

*Source: bank disclosure & BNP P estimates

A competitive edge to remain highly profitable in the new regulatory environment
Main Achievements in 2010

Strong Performances by Business

Growth Strategy

Liquidity and Funding
Growth Strategy in Domestic Markets

- Pursue growth in robust markets
  - Household savings rates above 14%*
  - Sound real estate markets
  - Sustained loan demand due to low debt per capita

- Extend cross-selling
  - Inside Retail Banking: integrated model and shared platforms; speed up distribution of Personal Finance products
  - Retail Banking - IS: continue rolling out the Private Banking model; develop the distribution of insurance products
  - Retail Banking - CIB: continue developing cash management services, trade finance, interest rates and forex products
  - IS - CIB: expand the product offering of BPSS; alternative management solutions with Equity Derivatives

Integrated business model enabling continued outperformance in wealthy and sound markets

* as a % of gross disposable income in 2009
Growth Strategy in Other Retail Markets: Focus on Turkey

- A robust, dynamic and promising market
  - Sizeable market (76m inhabitants) with significant GDP growth potential
  - Strong lending growth (+28% over the last 5 years) and resilient profitability throughout the crisis
  - Low banking penetration rate (loans/GDP** at 39% vs 148% in EU-15)

- Merger of TEB & Fortis Bank Turkey completed
  - Leading to a #9 ranking in Turkey
  - Roll-out of the integrated model: €86m of net synergies expected by 2013
  - €123m of restructuring costs over 3 years

Roll out the integrated model in an attractive market to extract further value from the “New TEB”

* Source: BRSA ; ** Source: Central Banks (2009), EU-15 : European Union 15; *** 67% consolidated
Growth Strategy in Asia - Pacific

- CIB: strengthen strong established positions
  - Transaction Banking: invest to industrialize and upgrade cash management and trade services platform
  - Financing: consolidate the strong franchises especially in Energy and Commodities
  - Capital Markets: develop local Fixed Income product offering, broaden client base for equity products

- Investment Solutions: become a major player
  - Asset Management: capitalise on the existing organisation to boost growth
  - Wealth Management: confirm the Top 5 position from Hong-Kong and Singapore
  - Insurance: maintain growth momentum in India, Japan, Korea and Taiwan
  - Securities Services: building a significant provider covering all major markets

- Build on already strong set-up in a fast-pace growth region
Main Achievements in 2010

Strong Performances by Business

Growth Strategy

Liquidity and Funding
**BNP Paribas Funding Strategy**

**Strong and stable credit ratings**

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<th>Standard &amp; Poor’s</th>
<th>Moody’s</th>
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<tr>
<td><strong>COVERED BOND PROGRAMMES</strong></td>
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<td>Covered Bonds</td>
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Liquidity

- Large deposit base: €553bn (+2% vs. 31.12.2009)
  - With a beginning of re-intermediation in France from money market mutual funds
- Central bank eligible collateral available: €160bn
- High quality collateral for Covered Bond issues
  - Very good quality mortgages in euros
  - Assets guaranteed by AAA rated Export Credit Agencies
- Ability to diversify MLT issues with attractive spreads
  - In all the leading currencies (EUR, USD, AUD, JPY)
  - For various maturities & types of issuance (unsecured and secured)
  - Access to specialised sources of financing

A competitive edge in the access to a wide variety of liquidity sources
2011 MLT issue programme: €35bn
- €14bn already raised with an average maturity of 7 years

Favourable issue terms in various segments
- Jan 2011: 10-year Home Loan Covered Bond €1.75bn (swap +65 bp)
- Jan 2011: 3-year Floating Rate Note Senior unsecured US$ 1bn (3-month $ Libor +90bp)
- Jan 2011: 10-year Senior unsecured US$ 2bn (Treasuries +175 bp)
- Jan 2011: 3-year Senior unsecured AU$ 850m (equiv. US$ Libor + 91 bp)
- Feb 2011: 5-year Senior unsecured US$ 2bn (Treasuries +135 bp)
- Feb 2011: 5-year Senior unsecured € 1.5bn (swap +73 bp)
- March 2011: 5-year dual tranche Senior unsecured ¥ 62bn (equiv. swap +30 bp for fixed rate tranche)
Medium and Long Term Funding

Medium and Long Term outstanding funding

Including BNL

Including Fortis

2004 2005 2006 2007 2008 2009 2010

65 85 139 154 160 216 207

Source: BNP Paribas ALM excluding debt with maturity less than one year

Funding programme has evolved with the Bank’s growth
Conclusion

- Strong cash flow generation capacity throughout the cycle
- Enabling significant internal and external growth with a continuous strengthening of solvency
- Providing leeway to keep on creating value organically in the new regulatory environment
Appendices
## Asset and Liability Interest Rate Risk Management

### Impact of changes in interest rate

<table>
<thead>
<tr>
<th></th>
<th>Fall in rates</th>
<th>Rise in rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin on deposits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government bonds return* (AFS)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value of government bonds (AFS)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>P&amp;L</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revalued OCI</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Government bonds hedge retail banking activities against a drop in interest rates (but also limit the favourable effects of rising interest rates)
- Worst case scenario: interest rates remain low on a long-term basis and flat yield curve
- Best case scenario: steep yield curve

*Coupon minus carrying costs
Breakdown of Commitments by Industry

Total gross commitments on & off-balance sheet, unweighted = €1,296bn as at 31.12.10
Breakdown of Commitments by Region

Total gross commitments on & off-balance sheet, unweighted = €1,296bn as at 31.12.10
## Update of Sovereign Exposures

### Exposures as at 31 December 2010*

<table>
<thead>
<tr>
<th>Country</th>
<th>Gross exposure In €m</th>
<th>Ow banking book</th>
<th>Ow trading book</th>
<th>Net exposure (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>1,190</td>
<td>1,190</td>
<td>0</td>
<td>1,145</td>
</tr>
<tr>
<td>Belgium</td>
<td>22,046</td>
<td>22,046</td>
<td>0</td>
<td>22,225</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>6</td>
<td>6</td>
<td>0</td>
<td>14</td>
</tr>
<tr>
<td>Cyprus</td>
<td>91</td>
<td>75</td>
<td>16</td>
<td>80</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>165</td>
<td>165</td>
<td>1</td>
<td>156</td>
</tr>
<tr>
<td>Denmark</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Estonia</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Finland</td>
<td>800</td>
<td>523</td>
<td>277</td>
<td>446</td>
</tr>
<tr>
<td>France</td>
<td>16,287</td>
<td>16,287</td>
<td>0</td>
<td>16,294</td>
</tr>
<tr>
<td>Germany</td>
<td>9,642</td>
<td>5,993</td>
<td>3,649</td>
<td>9,633</td>
</tr>
<tr>
<td>Greece</td>
<td>5,018</td>
<td>4,539</td>
<td>479</td>
<td>5,046</td>
</tr>
<tr>
<td>Hungary</td>
<td>963</td>
<td>796</td>
<td>167</td>
<td>1,030</td>
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<tr>
<td>Iceland</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>60</td>
</tr>
<tr>
<td>Ireland</td>
<td>433</td>
<td>433</td>
<td>0</td>
<td>351</td>
</tr>
<tr>
<td>Italy</td>
<td>22,079</td>
<td>21,835</td>
<td>243</td>
<td>21,910</td>
</tr>
<tr>
<td>Latvia</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>21</td>
</tr>
<tr>
<td>Liechtenstein</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Lithuania</td>
<td>36</td>
<td>35</td>
<td>0</td>
<td>48</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>463</td>
<td>463</td>
<td>0</td>
<td>463</td>
</tr>
<tr>
<td>Malta</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Netherlands</td>
<td>9,386</td>
<td>9,386</td>
<td>0</td>
<td>9,229</td>
</tr>
<tr>
<td>Norway</td>
<td>116</td>
<td>101</td>
<td>15</td>
<td>129</td>
</tr>
<tr>
<td>Poland</td>
<td>2,962</td>
<td>2,879</td>
<td>83</td>
<td>2,997</td>
</tr>
<tr>
<td>Portugal</td>
<td>1,733</td>
<td>1,733</td>
<td>0</td>
<td>1,875</td>
</tr>
<tr>
<td>Romania</td>
<td>109</td>
<td>76</td>
<td>33</td>
<td>120</td>
</tr>
<tr>
<td>Slovakia</td>
<td>34</td>
<td>32</td>
<td>2</td>
<td>33</td>
</tr>
<tr>
<td>Slovenia</td>
<td>342</td>
<td>61</td>
<td>280</td>
<td>311</td>
</tr>
<tr>
<td>Spain</td>
<td>2,903</td>
<td>2,903</td>
<td>0</td>
<td>3,708</td>
</tr>
<tr>
<td>Sweden</td>
<td>40</td>
<td>0</td>
<td>40</td>
<td>0</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1,821</td>
<td>1,424</td>
<td>396</td>
<td>1,719</td>
</tr>
</tbody>
</table>

* Excluding insurance

(1) Including credit derivatives

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*BNP PARIBAS| The bank for a changing world*
Domestic Retail Markets

Government and Households consolidated debt by country (2009)

<table>
<thead>
<tr>
<th>Country</th>
<th>Households</th>
<th>Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkey</td>
<td>45%</td>
<td>16%</td>
</tr>
<tr>
<td>Spain</td>
<td>54%</td>
<td>45%</td>
</tr>
<tr>
<td>Belgium</td>
<td>66%</td>
<td>34%</td>
</tr>
<tr>
<td>France</td>
<td>72%</td>
<td>28%</td>
</tr>
<tr>
<td>Eurozone</td>
<td>80%</td>
<td>20%</td>
</tr>
<tr>
<td>Italy</td>
<td>128%</td>
<td>72%</td>
</tr>
<tr>
<td>UK</td>
<td>119%</td>
<td>81%</td>
</tr>
<tr>
<td>Greece</td>
<td>130%</td>
<td>70%</td>
</tr>
<tr>
<td>Ireland</td>
<td>74%</td>
<td>26%</td>
</tr>
<tr>
<td>US*</td>
<td>122%</td>
<td>78%</td>
</tr>
<tr>
<td>Portugal</td>
<td>96%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Source: Eurostat, Federal Reserve and CbT, *Households incl Farm business; Government incl Federal and local

Sound domestic markets
Low VaR in 4Q10
- Due to significant reduction in market risks since 4Q08
- Despite more risky environment reflected in market parameters, compared to 2006

VaR model proven to be robust during the crisis
- Only 10 days of losses above the VaR over the last 5 years, consistent with the 99% statistic

* Excluding BNP Paribas Fortis (BNP Paribas Fortis: average VaR €10m in 4Q10)
Variation in the Cost of Risk by Business Unit (1/3)

**Net provisions/Customer loans (in annualised bp)**

### FRB
- Cost of risk: €139m
  - -€16m vs. 4Q09
  - +€32m vs. 3Q10
- Seasonal impact of 4Q

### BNL bc
- Cost of risk: €203m
  - -€3m vs. 4Q09
  - -€6m vs. 3Q10
- Stabilisation confirmed

### BeLux Retail Banking
- Cost of risk: €67m
  - -€7m vs. 4Q09
  - -€4m vs. 3Q10
- Moderate level confirmed

* Pro-forma
Variation in the Cost of Risk by Business Unit (2/3)

Net provisions/Customer loans (in annualised bp)

- **Europe-Mediterranean**
  - Cost of risk: €122m
    - -€133m vs. 4Q09
    - +€33m vs. 3Q10
  - €25m portfolio provision on a portfolio basis for Tunisia and Ivory Coast
  - Stabilisation in Ukraine

- **BancWest**
  - Cost of risk: €75m
    - -€200m vs. 4Q09
    - -€38m vs. 3Q10
  - Improvement in the quality of the portfolio in a more favourable economic environment

- **Personal Finance**
  - Cost of risk: €440m
    - -€108m vs. 4Q09
    - -€29m vs. 3Q10
  - Decline in the cost of risk
Variation in the Cost of Risk by Business Unit (3/3)

Net provisions/Customer loans (in annualised bp)

CIB Financing businesses

- Cost of risk: €48m
- €100m vs. 4Q09
- Compared to a write-back in 3Q10
- Limited provisions offset by write-backs