



# BNP Paribas

Redistributing Risk & Value in Equity Derivatives:  
a Virtuous Cycle

London

*November 29, 2006*



# BNP Paribas

Redistributing Risk & Value in Equity Derivatives:  
a Virtuous Cycle

## BNP Paribas Equities & Derivatives

Covering a Wide Range of Clients & Products

Redistributing Risk & Value

Adding Value to the Group



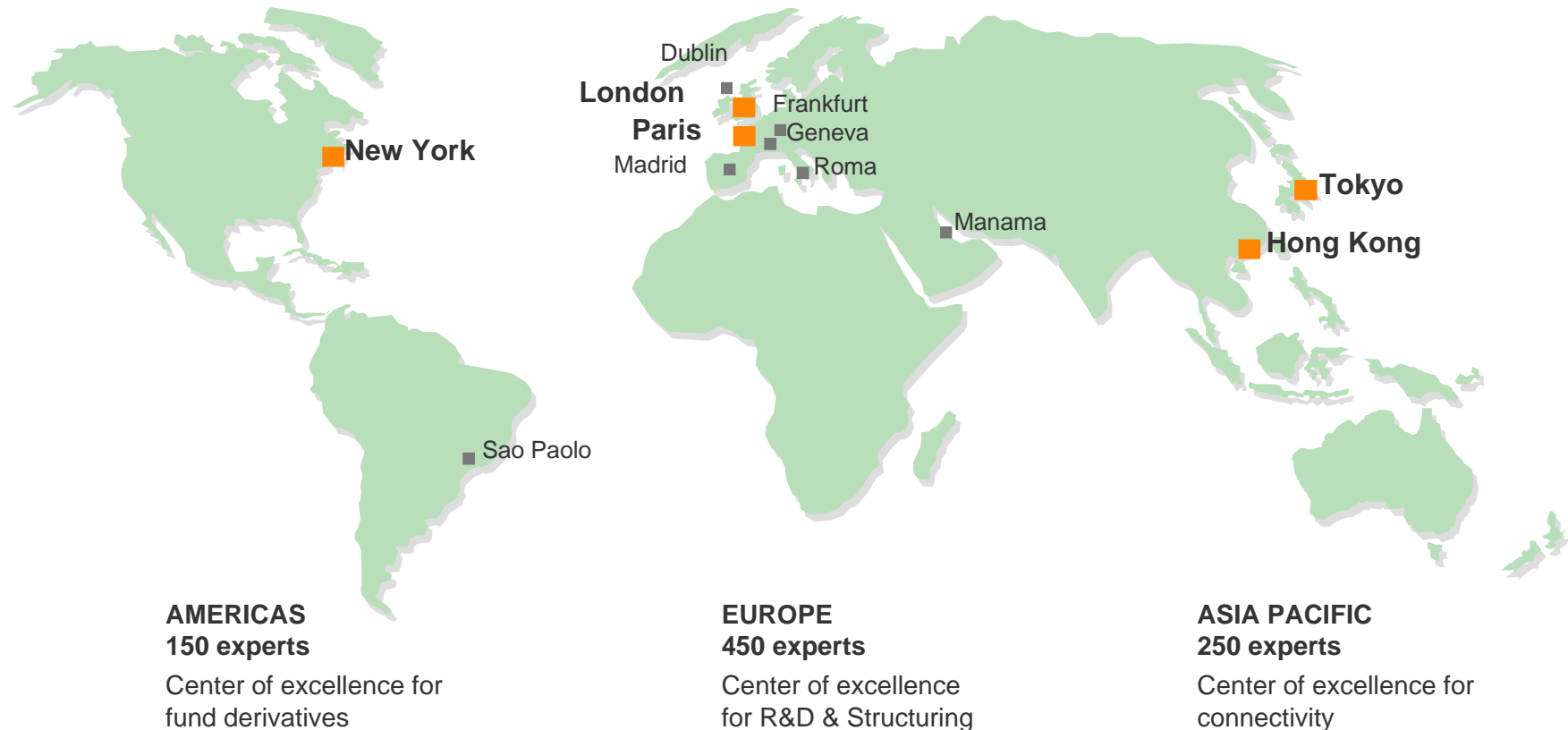
# A Sustainable Franchise Developed Over 20 Years

80's – Mid 90's	Mid 90's - 2000	Since 2000
<b>The Prop. Trading Years</b>	<b>Opening up to Clients</b>	<b>A Global Integrated Business</b>
<ul style="list-style-type: none"><li>● 1987: start of BNP Equity Derivatives Trading</li></ul>	<ul style="list-style-type: none"><li>● Development of sales force</li><li>● Client-driven business growing from 10% to over 60%</li></ul>	<ul style="list-style-type: none"><li>● Since 2004: BNP Paribas ranks among the top 3 global leaders in the business</li><li>● Client-driven business growing even further</li></ul>



# BNP Paribas Equities & Derivatives Today: a Global Coverage with Local Know-How

- 5 main offices with local branches implanted where relevant
- 800 Front-office staff:
  - 450 in R&D, Trading & Structuring
  - 350 in Sales & Marketing





# BNP Paribas Equities & Derivatives Today: a Solid Growth

---

- Over 200 newly hired staff in 2006
  - Top-level Quants (engineering schools + financial maths + PhD)
  - All traders with a quantitative background
  - High profile Sales from many different nationalities
- Development of new Trading Desks
  - New arbitrage desks
  - Risk transfer desks
- Strong growth of our sales coverage
  - More countries
  - New segments

**EXTRACTS FROM JPMORGAN  
MARCH 2006 RESEARCH**



European Equity Research  
28 March 2006

## European Banks Reassessment

Equity derivatives: value unlocked - OW French Banks

**Table 11: BNP Paribas - Equity derivatives Cost/Income ratio 2005**

€ million

	BNP (CIB)			BNP (Capital markets division)		
	Total CIB	Eq. Der	Other IB	Total	Eq. Der	Other
Revenues	6,422	1,440	4,982	3,722	1,440	2,282
Cost	-3,711	-727	-2,984	-2,577	-717	-1,860
Cost/Income	58%	50%	60%	69%	50%	82%

Source: JPMorgan estimates, Company data.

**On the other hand the relative positioning at the top of the market has remained more or less constant over the past 5 years. Société Générale and BNP Paribas remain at the top.**



# BNP Paribas

Redistributing Risk & Value in Equity Derivatives:  
a Virtuous Cycle

---

BNP Paribas Equities & Derivatives

**Covering a Wide Range of Clients & Products**

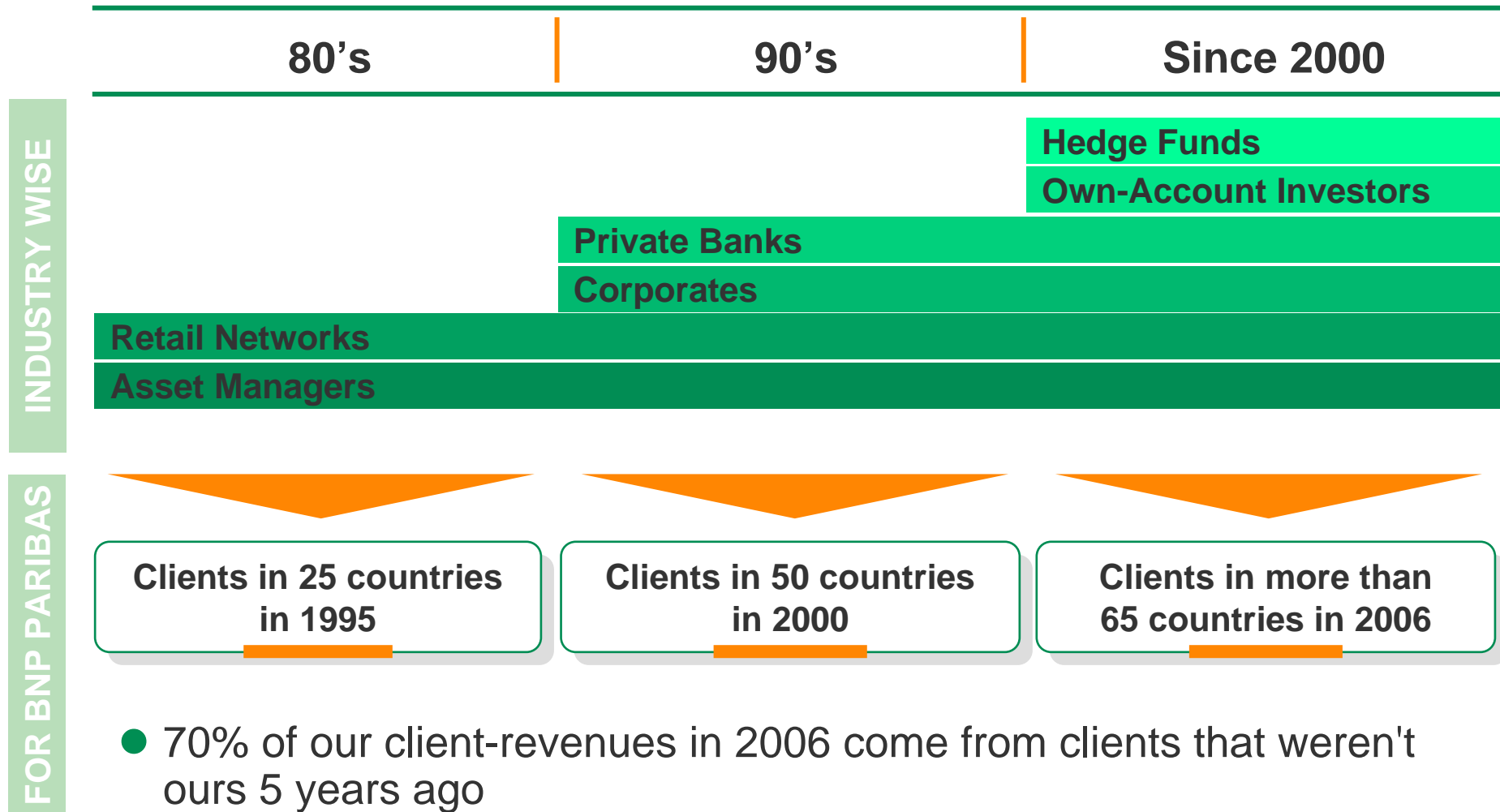
Redistributing Risk & Value

Adding Value to the Group

---

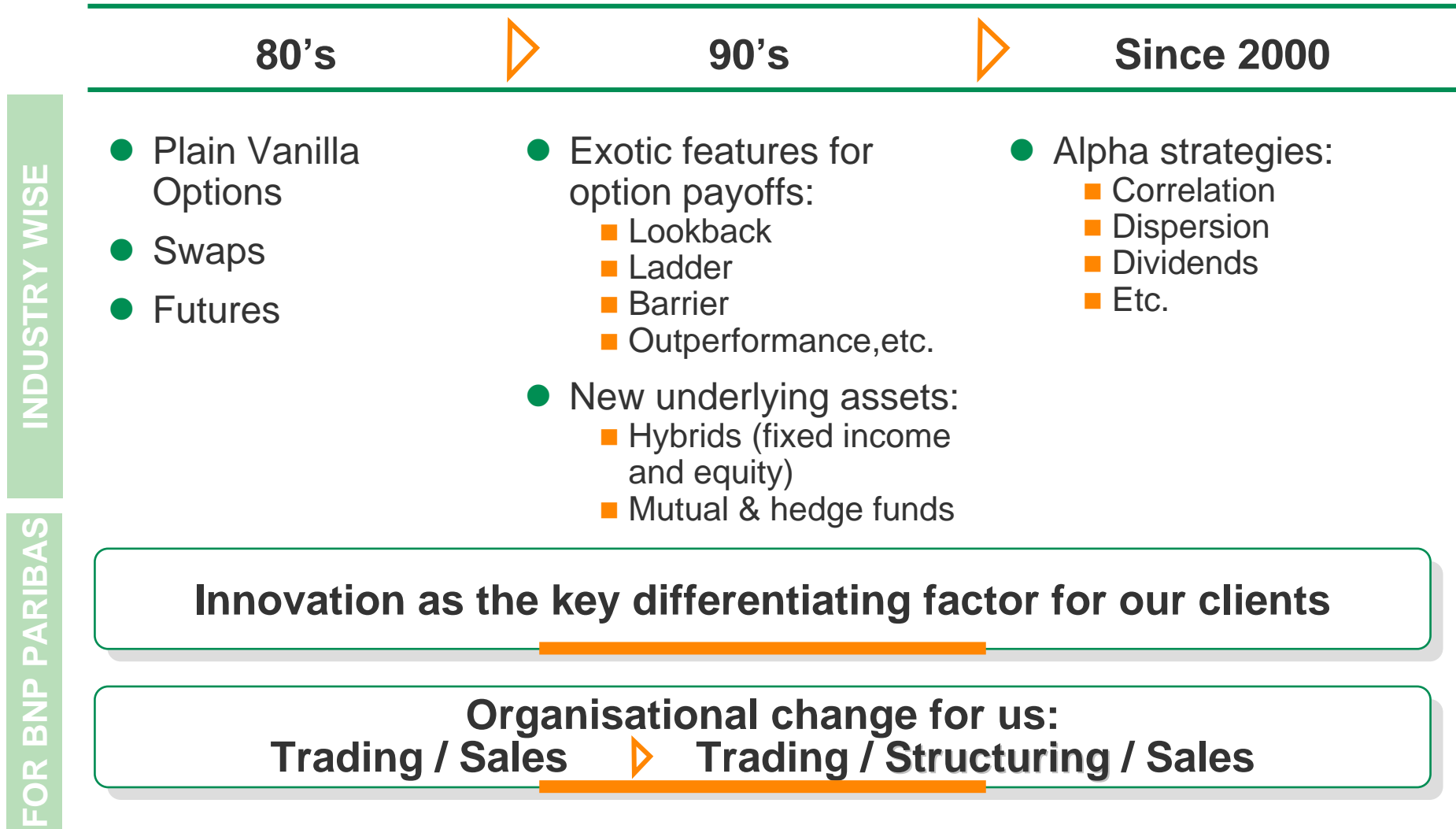


# A Fast Growing Industry, With an Evolving Client Mix

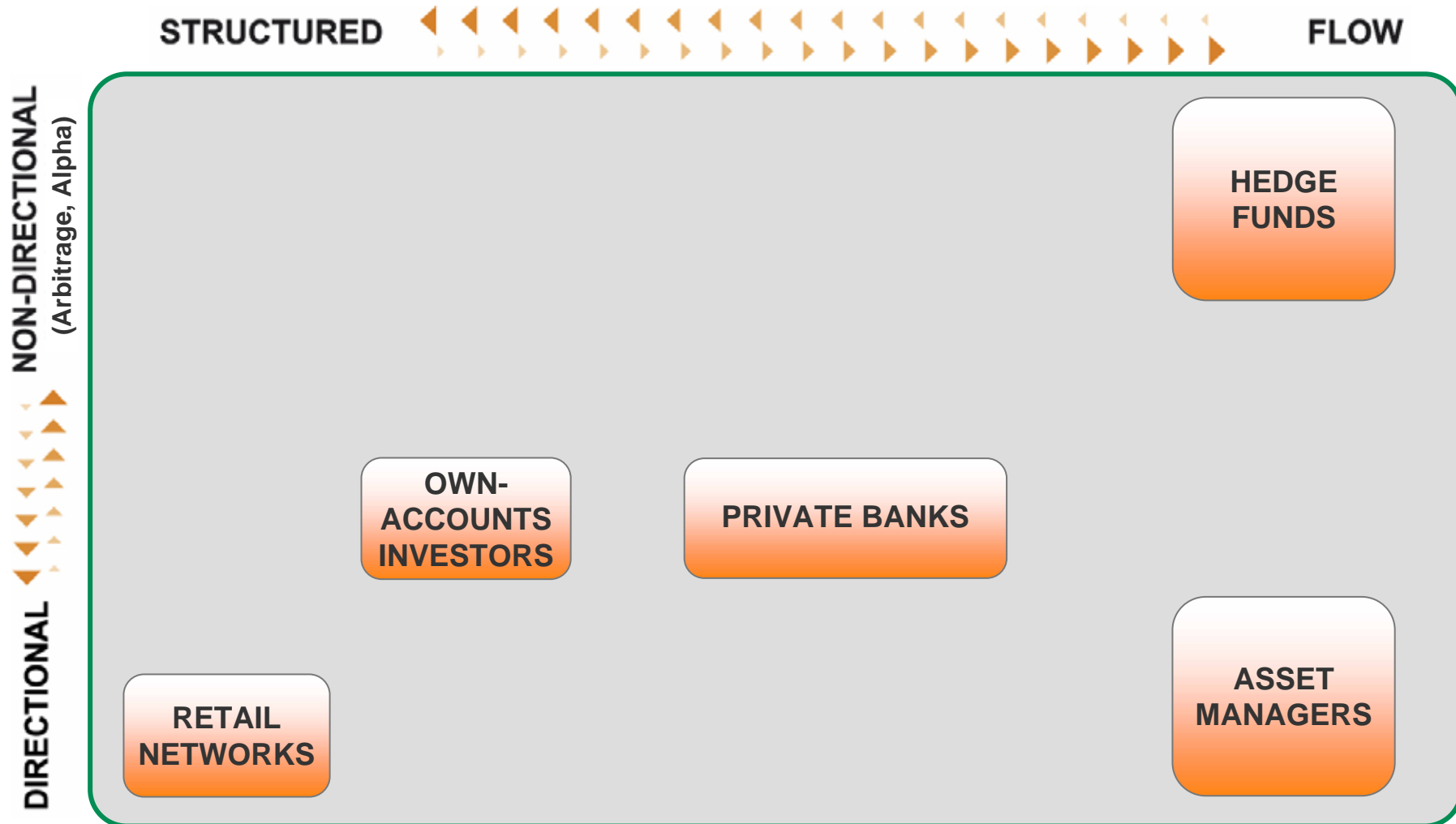




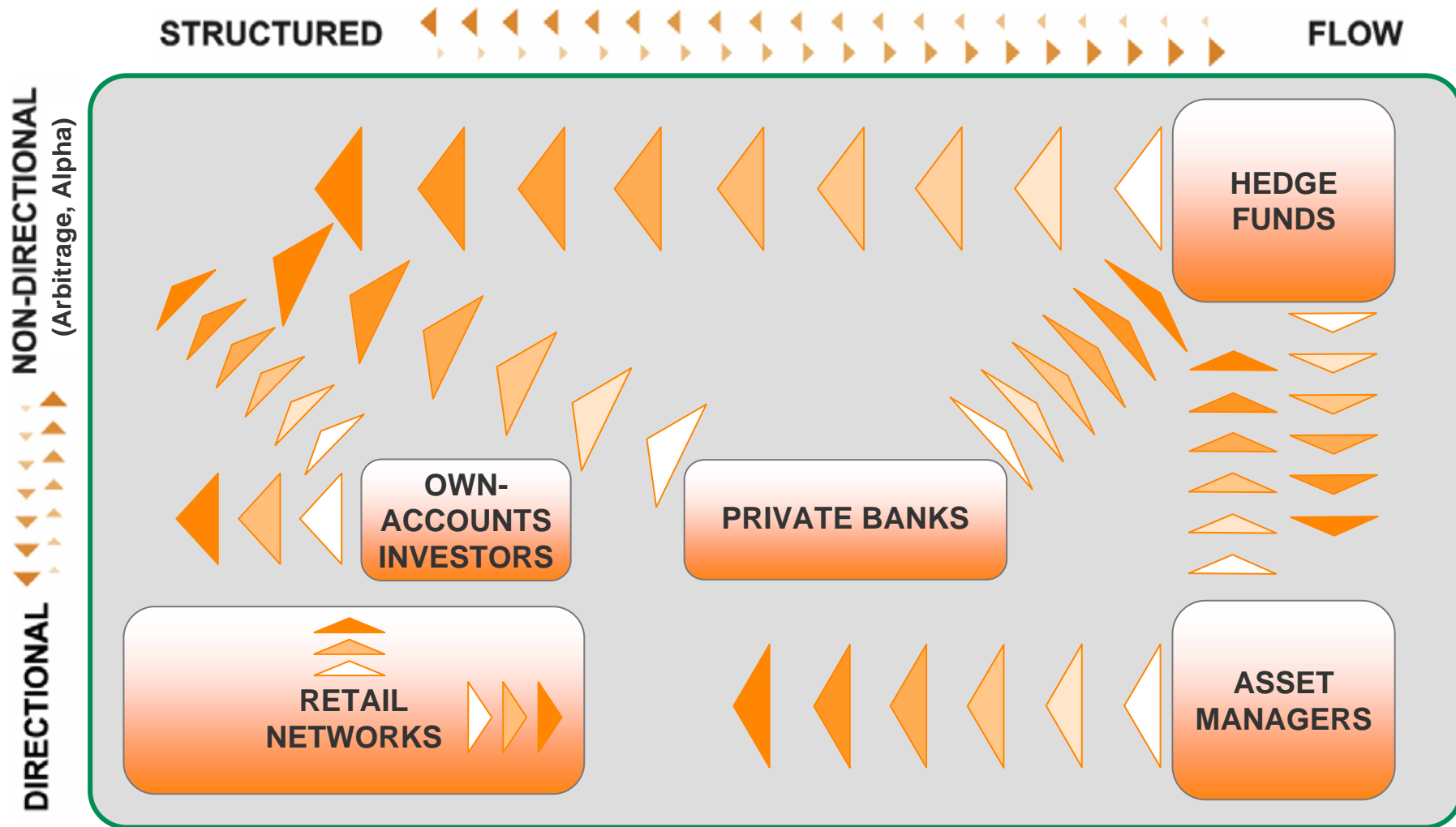
# A Developing Product Range, Driven by Client Needs



# Cross-Fertilization Clients/Products Drove the Market Growth



# Cross-Fertilization Clients/Products Overlaps





# BNP Paribas

## Redistributing Risk & Value in Equity Derivatives: a Virtuous Cycle

---

BNP Paribas Equities & Derivatives

---

Covering a Wide Range of Clients & Products

---

**Redistributing Risk & Value**

---

Adding Value to the Group

---

**Large & diversified client base**

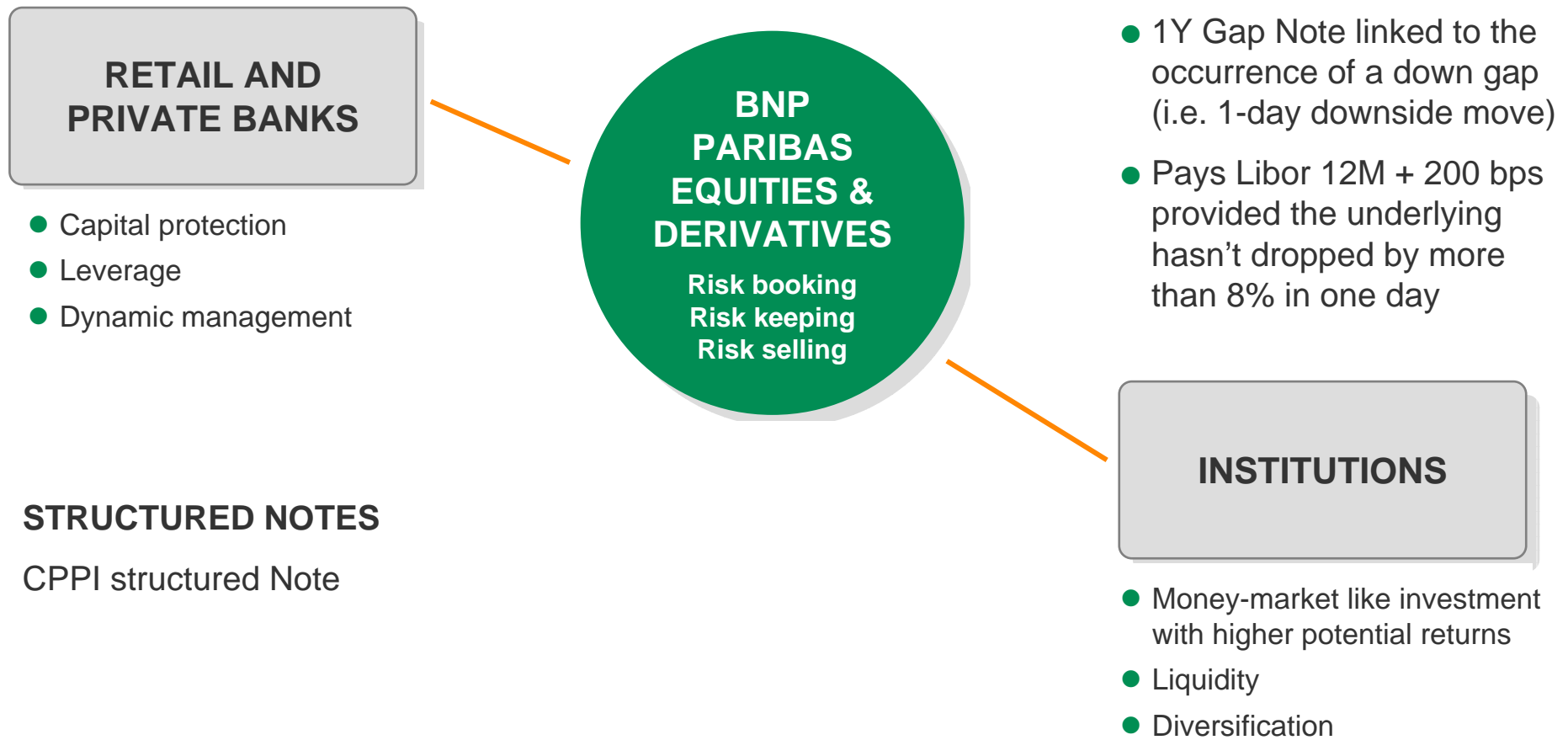
**Strong quantitative structuring team**

**Cutting-edge trading platform**

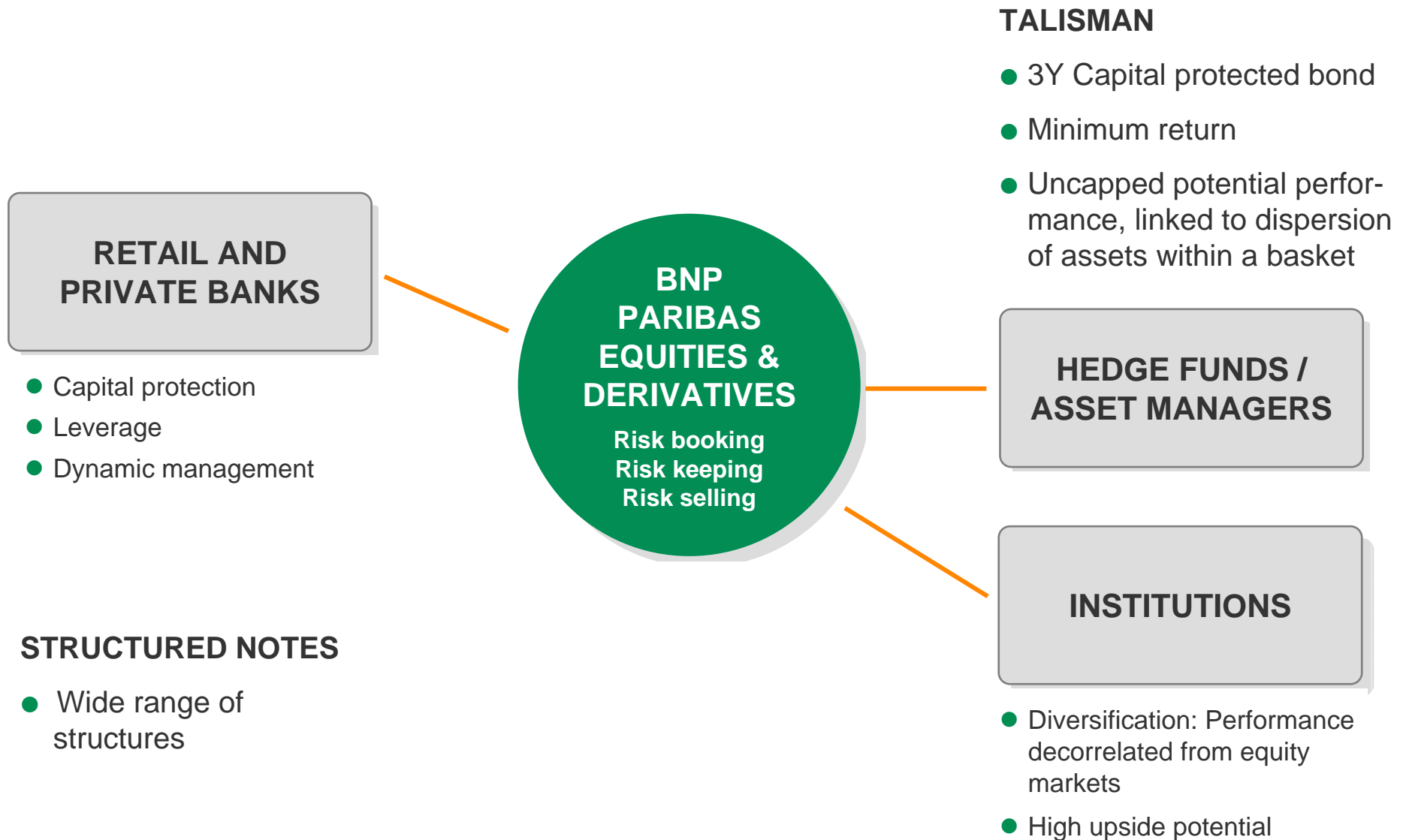
# The Ideal Business Model: Redistributing Risks & Value Among Clients



# Selling and Buying Risk to Create Value: The Gap Note



# Selling and Buying Risk to Create Value: Talisman







# BNP Paribas

Redistributing Risk & Value in Equity Derivatives:  
a Virtuous Cycle

---

BNP Paribas Equities & Derivatives

---

Covering a Wide Range of Clients & Products

---

Redistributing Risk & Value

---

**Adding Value to the Group**

---

**A fast growing and evolving market**

**A business model generating recurrent revenues**

**A key asset and growth lever for BNP Paribas**