

BNP Paribas

**Addressing New Challenges
Securing New Opportunities**

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Bank of America / Merrill Lynch Conference, London

4 October 2011



BNP PARIBAS | The bank for a changing world

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Assessing the Changing Banking Landscape

1
Leverage

2
Capital

3
Returns

> The Old Environment

- More assets = More leverage
- Liquidity =
 - Abundant across maturities
 - Global
- Tier 1: minimum 4%
- Greater leverage = Greater returns

> The New Environment

- More assets = More capital
- Liquidity =
 - Constrained longer term
 - Currency Ring-Fenced
- Common equity Tier 1: minimum 7%
- Additional buffer required
- More capital = Return discipline

More Stringent
Regulatory Environment

> Banking landscape experiences significant change



Low Risk Balance Sheet

- €1.9tn total balance sheet, €1.5tn after netting* as at 30.06.2011

> Low risk banking book

- Strong diversification across industries and countries
- Doubtful loans coverage ratio > 80%
- Contained cost of risk throughout the crisis
 - Average 2007-2010 gross operating income to cost of risk of 2.7x
 - Average quarterly gross operating income of €3.5bn

> Conservatively managed trading book

- Market risk diversified across various asset classes
- Low Value at Risk
 - Average VaR (1 Day – 99%): ~€50m in 2010-2011
 - Only 10 days of losses > VaR over the 2007-2010 period

> Strong liquidity resources

- €135bn** of unencumbered assets eligible to central banks after haircuts (exclusively at the hand of the ALM) as at September 2011
- €554bn of customer deposits as at 30.06.11

* Netting of derivatives and repos; ** Does not include deposits with central banks (€35bn as at 30 June 2011)



Rating by S&P

> Top banking groups as at 30 September 2011

AAA Rabobank (negative)

AA HSBC Bank Plc (stable) ANZ (stable)
Westpac (stable) Commonwealth Bank of Australia (stable)
BNP Paribas (negative) Banco Santander (negative)
Wells Fargo Bank N.A. (negative) BBVA (negative)

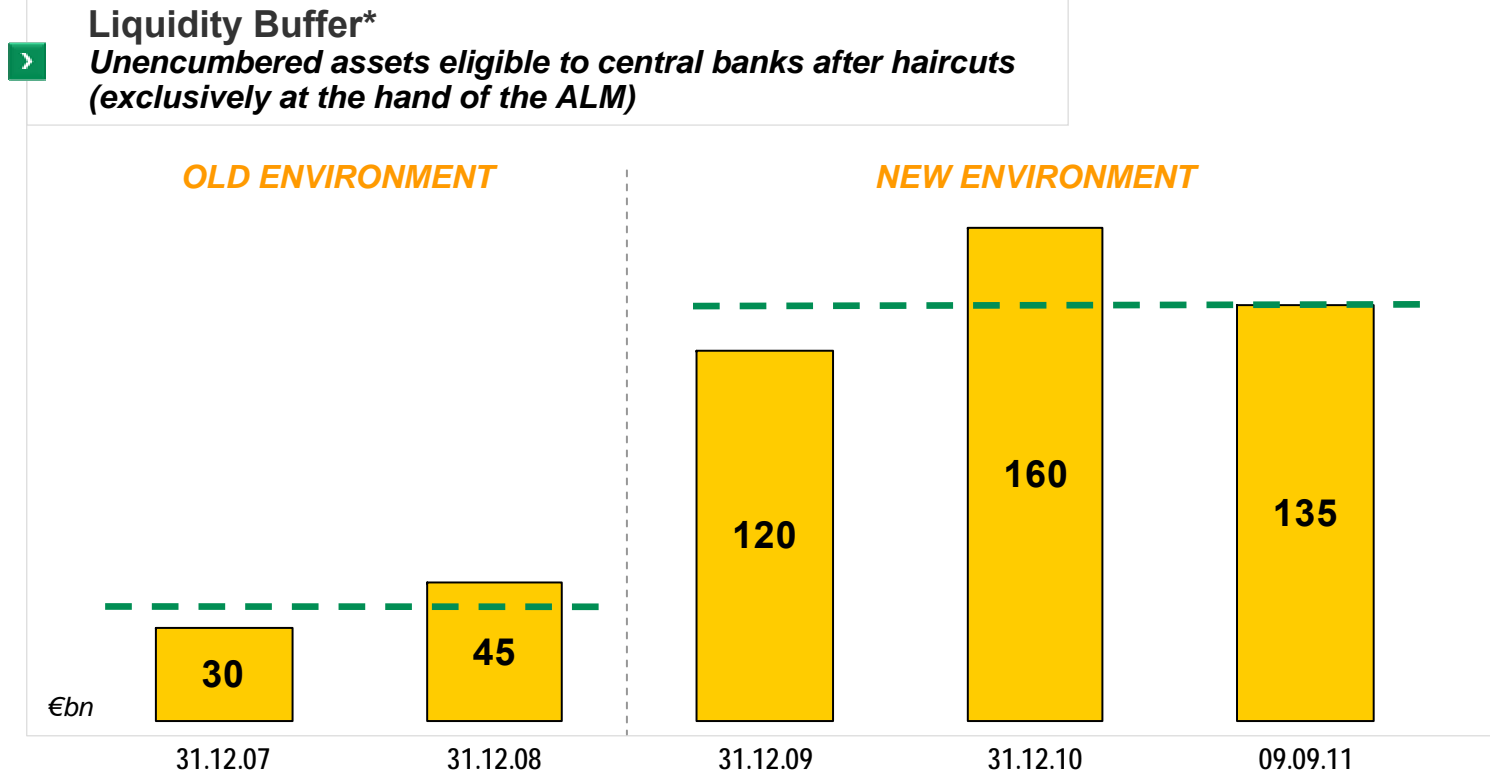
AA- RBC (positive) JPMorgan Chase Bank (stable)
Barclays Bank Plc (negative)

A+ Société Générale (stable) Crédit Agricole (stable)
Crédit Suisse (stable) Deutsche Bank (stable)
UBS (under review) RBS Plc (stable)
Citibank N.A. (negative) Bank of America N.A. (negative)

> One of the best rated banks



Liquidity Track-Record of Pro-Active Management



> Significant strengthening of available cash buffer since 2008

* Does not include deposits with central banks (€35bn as at 30 June 2011)



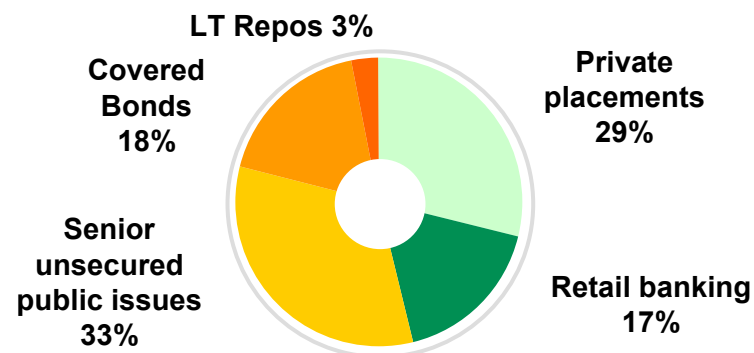
MLT Funding

- 2011 MLT programme already fully completed in July: €35bn
 - Average maturity of 6 years
 - O/w 40% in USD*

- In August and September: additional €6bn on top of completed programme
 - Through private placements and network distribution
 - With an average maturity of 5.2 years
 - At mid-swap +84bp

- Access to diversified funding sources
 - ~20% proportion of covered bonds protecting unsecured bondholders

> 2011 MLT funding – breakdown by sources



> 2011 MLT funding – breakdown by currency



> Opportunistic management of MLT funding

* Either direct or through other currencies swapped in USD

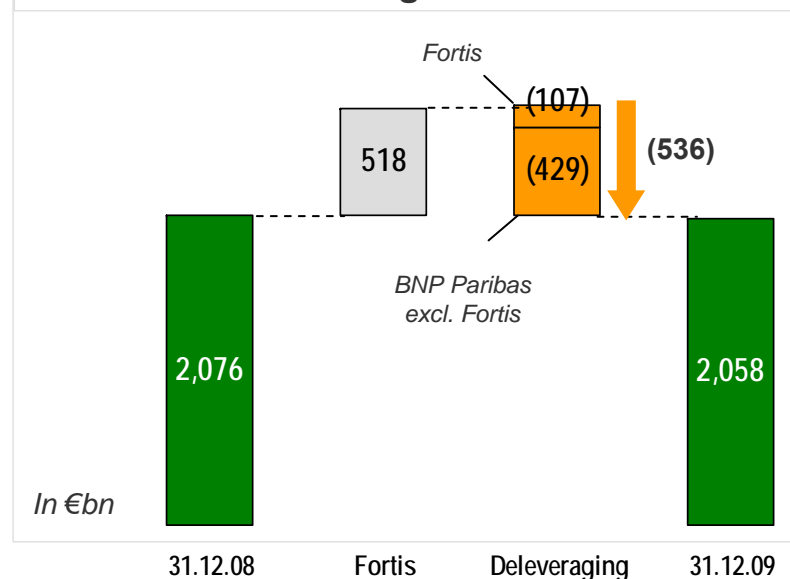


Deleveraging Post BNP Paribas Fortis Integration

> 2009: €82bn RWA reduction programme achieved

Period	RWA Reduction Programme	Main Areas
Q1 2009	€24bn	CIB
Q2 2009	€19bn	CIB
Q3 2009	€32bn	CIB, Fortis/BNPP Combination, equity investment portfolio
Q4 2009	€7bn	Fortis/BNPP Combination

> 2009: Balance sheet kept stable while consolidating Fortis



> Proven track record of deleveraging



2011-2012 Action Plan: Pro-Active Deleveraging Targets



➤ **Target: +100bp common equity Tier 1 by end 2012 (vs. 30.06.11)**

- Achieved through
 - USD60bn reduction of CIB liquidity needs by end 2012
 - Active portfolio management refocusing businesses on strategic activities
- Equivalent to ~€70bn RWAs
 - Mainly in CIB (equivalent to ~€50bn RWAs)
- Stricter origination policies combined with asset repricing
- Asset sales
- Disposals of selected businesses

➤ **Deleveraging commitment resulting in a +100bp impact in CET1 by 2012**



CIB Pro-Active Deleveraging



Reduce funding needs in USD

- > ● 1H11 achievements: USD22bn reduction, mainly in Capital Markets activities
- 2012 target: additional USD60bn reduction of which 1/3 by end 2011

Optimize global deleveraging of CIB balance sheet

Immediately

- > ● Asset repricing and strict origination policies
- Run-off of selected ST portfolios

Progressively

- Asset sales
- Business disposals

> **Resulting in a deleveraging equivalent to ~€50bn RWAs by end 2012**



Retail Banking Pro-Active Deleveraging

- > ● Initiated early 2011, exit from
 - Long-term funding businesses lacking cross-selling opportunities
 - Businesses lacking repricing capacity

- > ● Deleveraging in Personal Finance
 - Downsize mortgage specialized businesses
 - Refocus domestic markets' mortgage activity on retail networks and increase cross-selling
 - Impact: €9bn asset reduction by end 2012; up to €30bn in the medium term
- Deleveraging in Equipment Solutions
 - Exit from leasing non core perimeters and subscale countries
 - Impact: €3bn asset reduction by end 2012; up to €6bn in the medium term

- Resulting mainly from portfolio run-off
- Potential upside from asset sales

> **Process already under implementation**

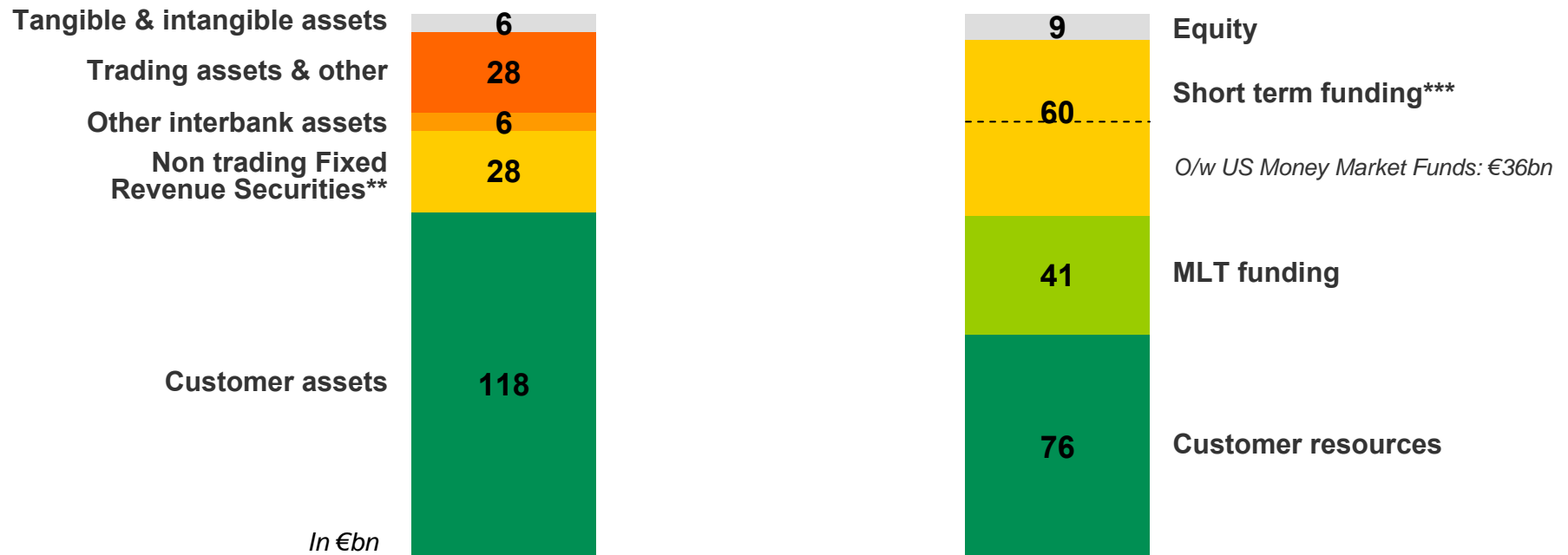


Solid Funding in USD

> Cash USD balance sheet* as at 09.09.11

Cash assets: €186bn

Cash liabilities: €186bn

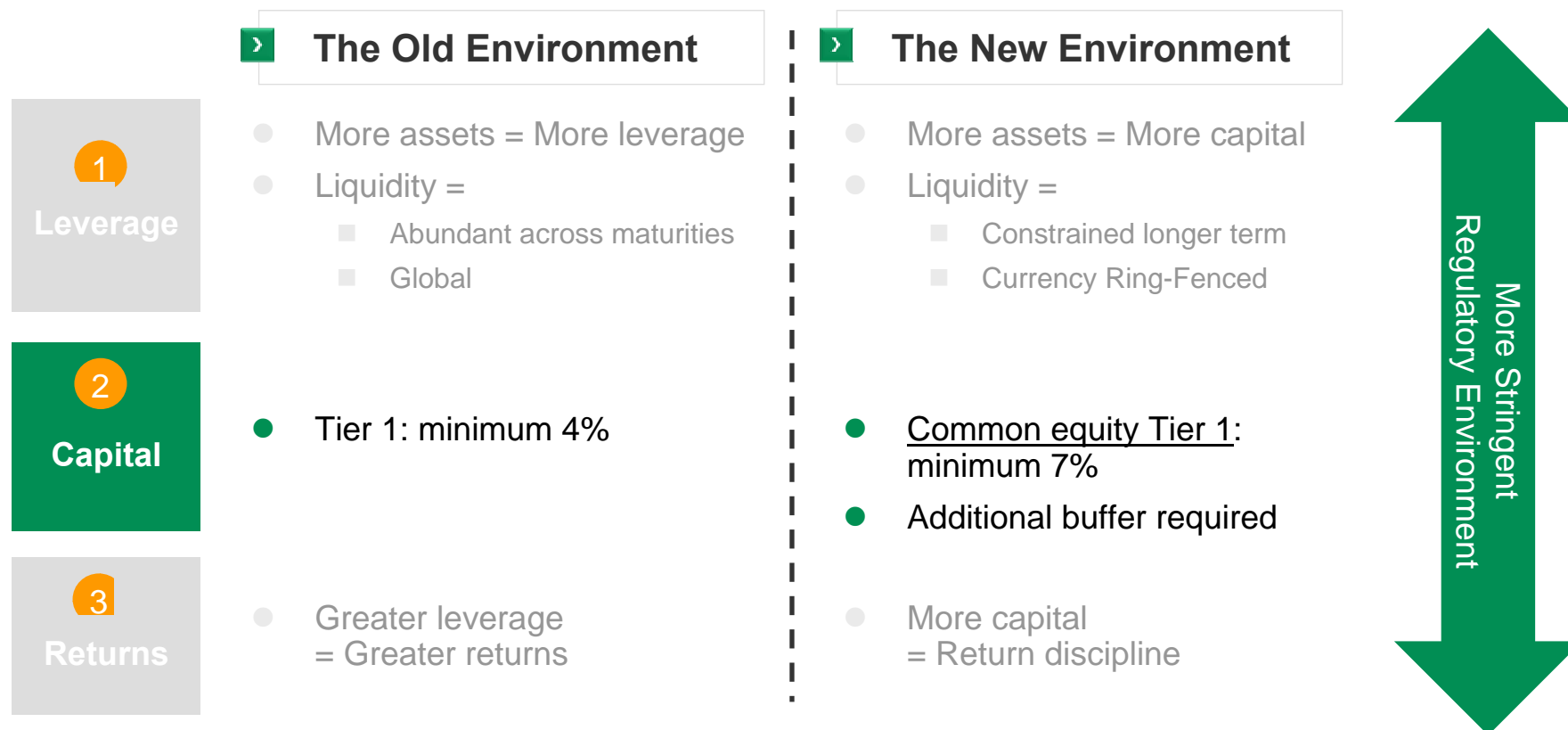


> **Short term funding accounts for 1/3 of total USD resources
To be further managed down through action plan**

*Excluding derivatives, repos and non cash accounts; **Including HQLA and securities eligible to central banks; ***Net of ~€15bn excess USD cash deposited at the Fed



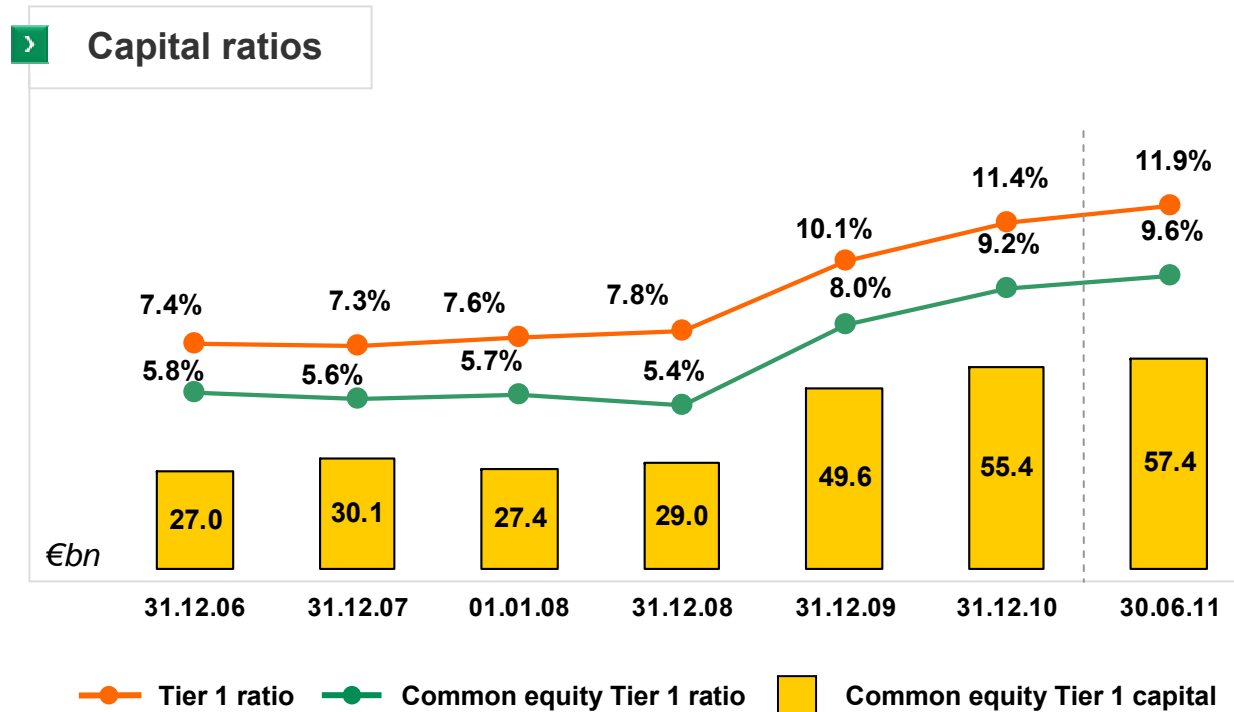
Assessing the Changing Banking Landscape



> **Banking landscape experiences significant change**



Capital: Track-Record of Pro-Active Management



Significant strengthening of capital resources since 2008



Manageable Sovereign Exposure to Programme Countries

Sovereign Exposure (30-Jun-2011) to programme countries

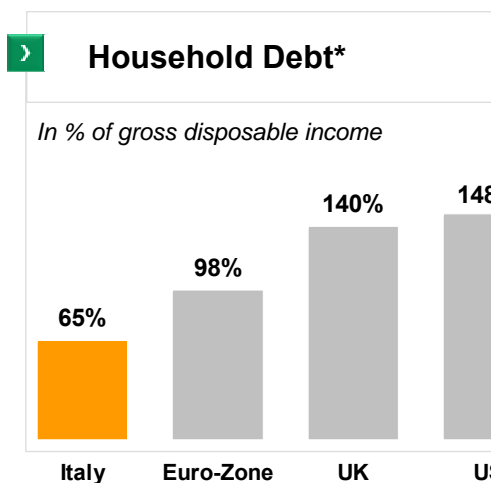
Banking Book	(€bn)	
Greece	3.5*	<ul style="list-style-type: none"> Further impairment depending on outcome of plan implementation c.(15)bp impact at stake on common equity Tier 1 ratio at market valuation as at 20.09.11
Portugal	1.4	<ul style="list-style-type: none"> Well on track in implementing the deficit reduction measures they have agreed with the euro zone governments, the ECB and the IMF
Ireland	0.4	<ul style="list-style-type: none"> c.(5)bp mark-to-market impact on common equity Tier 1 ratio at market valuation as at 20.09.11
Total programme countries	5.3	

* After a €0.5bn impairment booked in Q2 2011

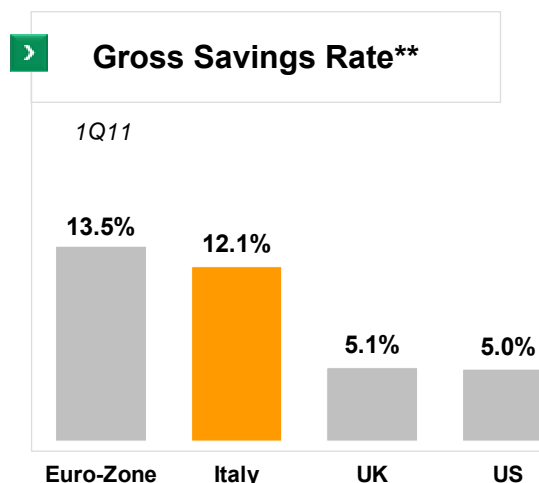


Sovereign Exposures – Italy

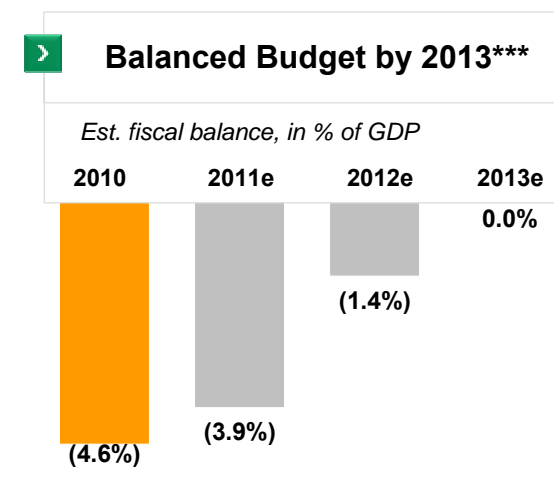
- €20.8bn exposure in the banking book as at 30.06.11 (down from €21.8bn as at 31.12.10)
 - Marked to market impact as at 20.09.11: ~-(30)bp of common equity Tier 1 ratio



- Low level of private indebtedness



- High savings rate



- Primary balance surplus, highest among advanced economies****
- Total fiscal deficit limited
- €55bn final fiscal package already approved

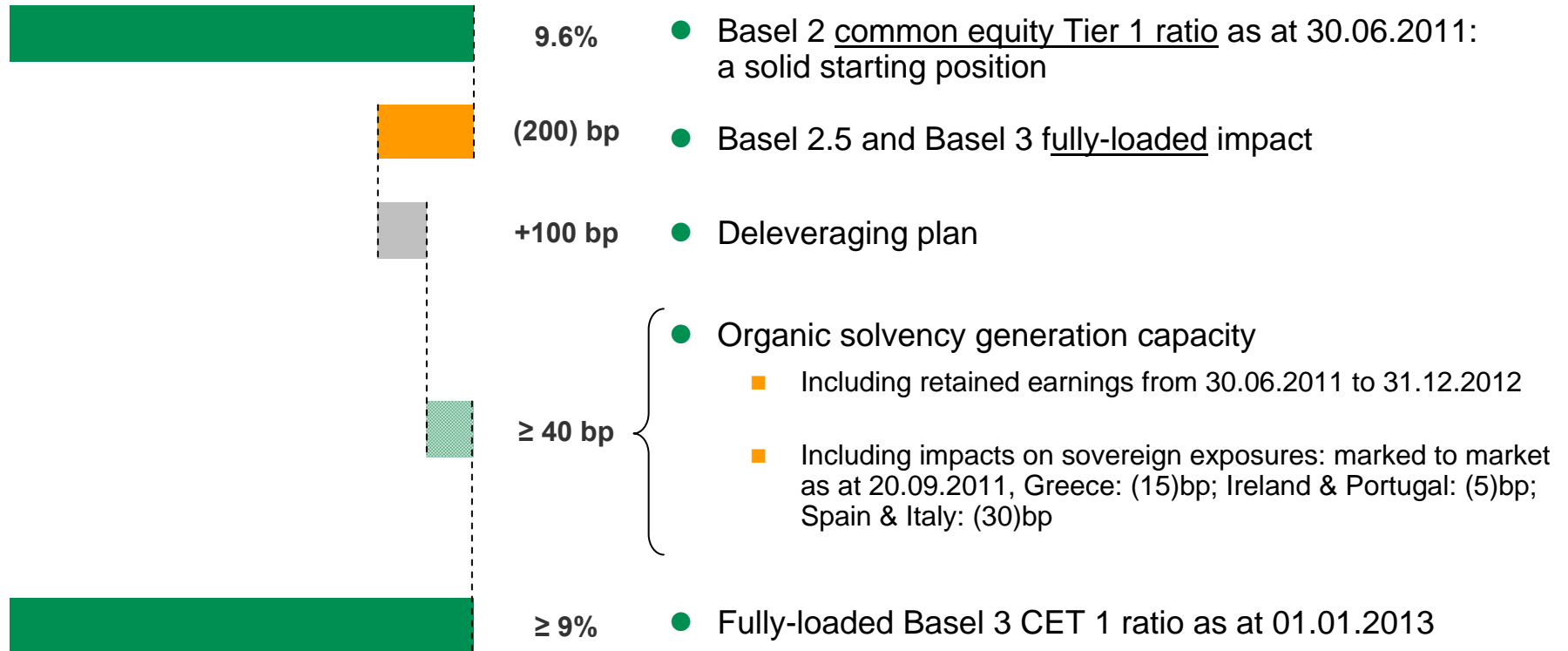
> Italy on track to fiscal balance by 2013

* Source: Banque de France, Belgostat for Belgium; ** Source: Eurostat for euro zone, US Bureau of Economic Analysis; ***Source: State; ****Source: World Economic Outlook - Projections for 2011



Update on Solvency Under Basel 3

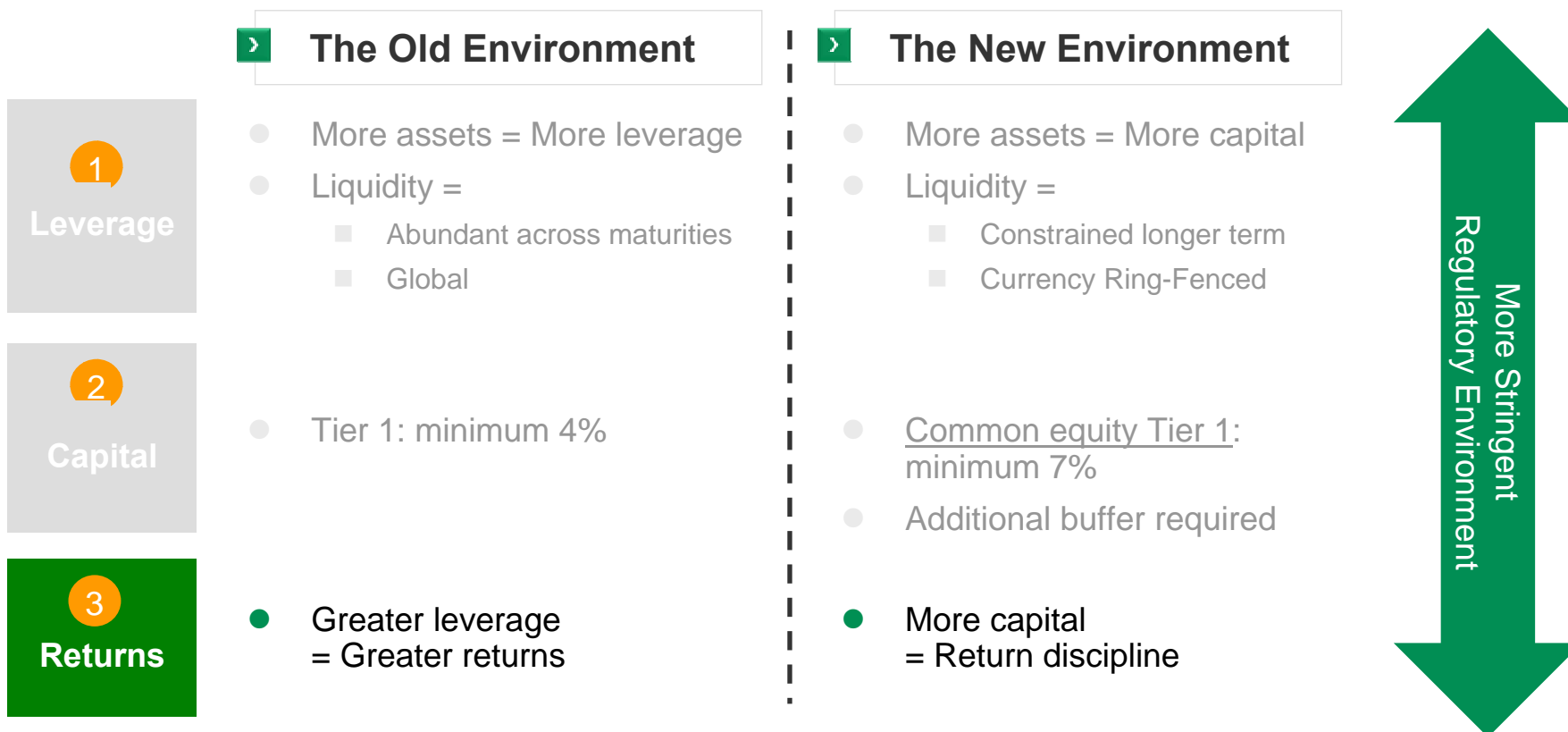
> Fully-loaded Basel 3 CET 1 Ratio



> **Fully-loaded Basel 3 common equity Tier 1 above 9% as of 01.01.2013**



Assessing the Changing Banking Landscape

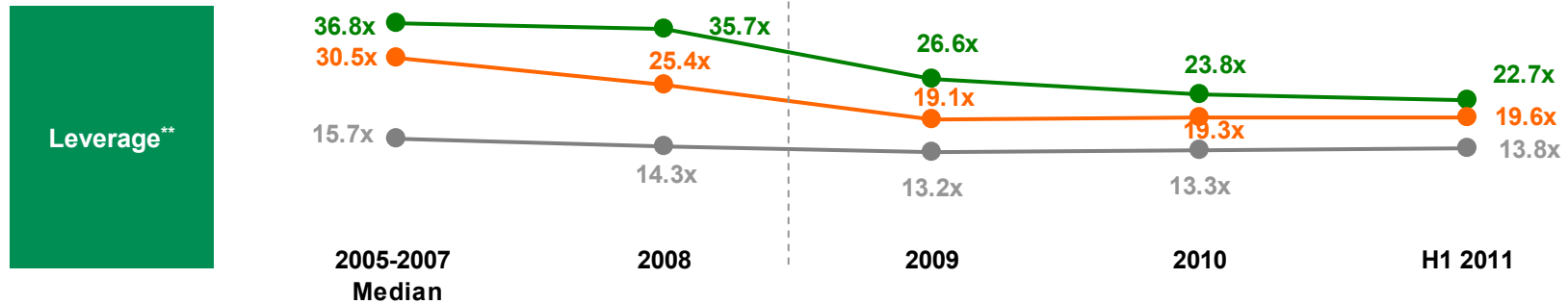


> **Banking landscape experiences significant change**

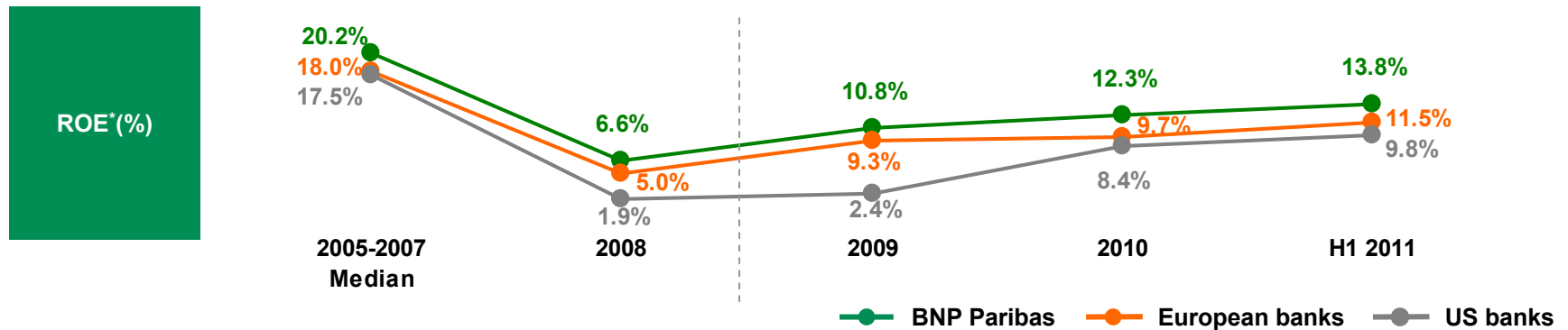


ROE and Deleveraging Track-Record

> 2005 – H1 2011 deleveraging track record



> 2005 – H1 2011 ROE premium over time



> Keep deleveraging while maintaining best-in-class ROE

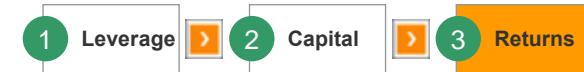
Note: European Banks median based on sample including Barclays, BBVA, Crédit Agricole SA, Credit Suisse, Deutsche Bank, HSBC, Intesa Sanpaolo, Royal Bank of Scotland, Santander, Société Générale, UBS and Unicredit. US Banks median based on sample including Bank of America, Citigroup, JPMorgan and Wells Fargo.

Source: Banks

**Defined as tangible assets (total assets less goodwill and intangibles) excluding derivative assets divided by tier 1 capital, as published by banks.
*ROE, as published by banks;



Clear set of Competitive Advantages



- Integrated product factories with critical-size and cost efficiency (platforms & IT mutualisation)
- Cross-selling across businesses and client franchises
- Stringent risk management culture

➤ **Maintain competitive advantage to deliver best-in-class ROE**



The bank for a changing world!



Appendices



Strong Client Franchise and Integrated Business Model



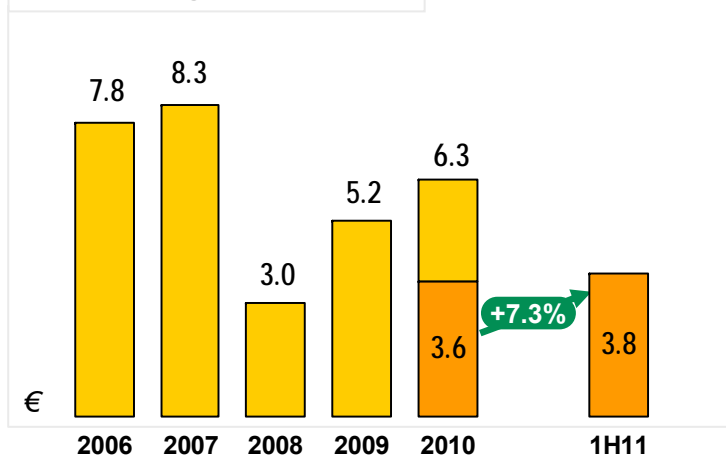

Refocus on the core strengths of the business model and client franchise

1. Excl. LaSer
 2. Thomson Reuters H1 2011
 3. Euromoney 2010
 4. Euromoney – Cash Management Poll October 2010
 5. Euromoney 2011
 6. By AuM as of 31.12.2010

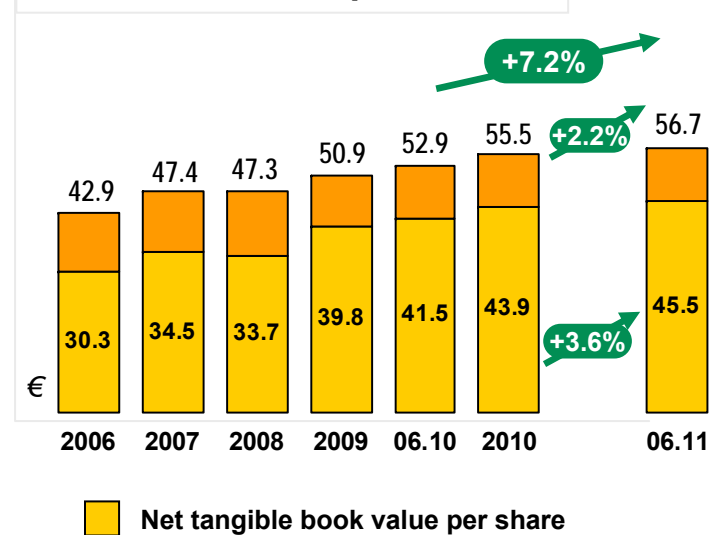


Earnings per Share, Book Value per Share

➤ Earnings per share



➤ Net book value per share

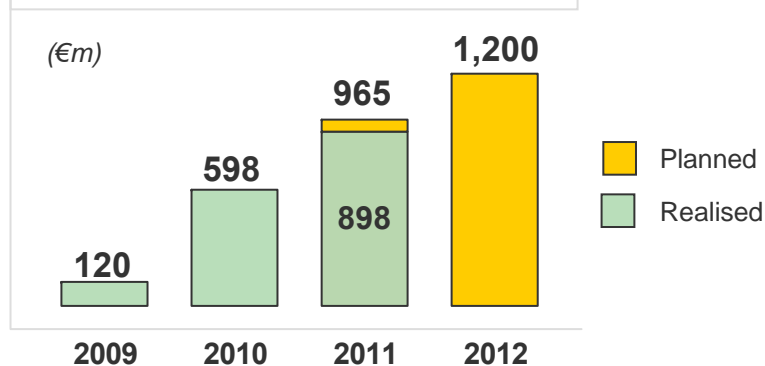


Proven track record along the crisis

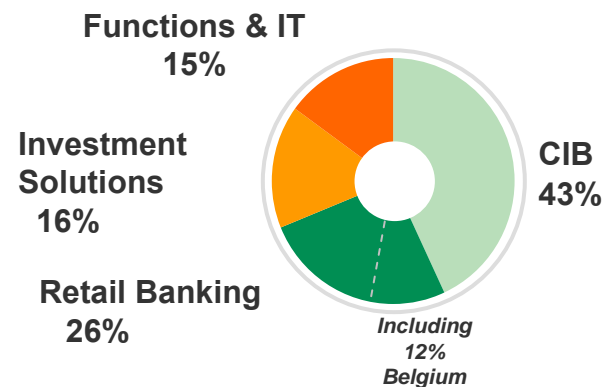


BNP Paribas Fortis Synergies

Net cumulative synergies



Breakdown of synergies by business unit in 2012



- Cumulative synergies as at 30 June 2011: €898m
 - Still €300m to be booked by end 2012
- Restructuring costs already booked as at 30 June 2011: €1.3bn
 - Out of a total of €1.65bn to be fully booked by the end of 2011



**+€500m
GOI
2012/2011**



**Full impact of synergies in 2012
supporting Group's results**

** Booked in Corporate Centre*



BNP Paribas' Ratings

as of 30 Sept. 2011

Long Term

Short Term

Standard and Poor's

AA (negative outlook)

A-1+

Fitch

AA- (stable outlook)

F1+

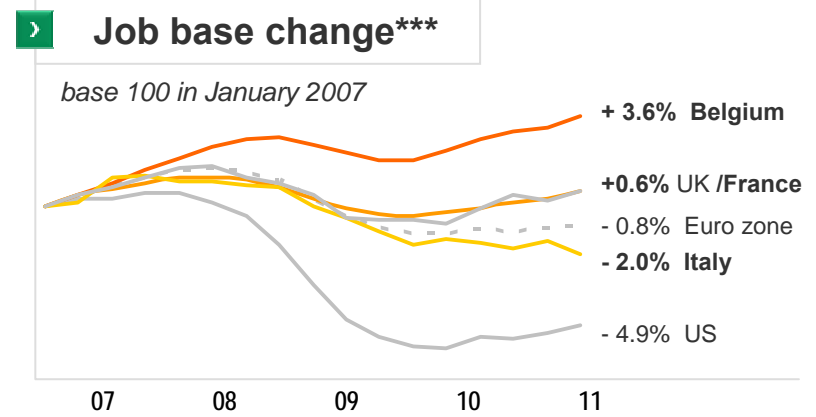
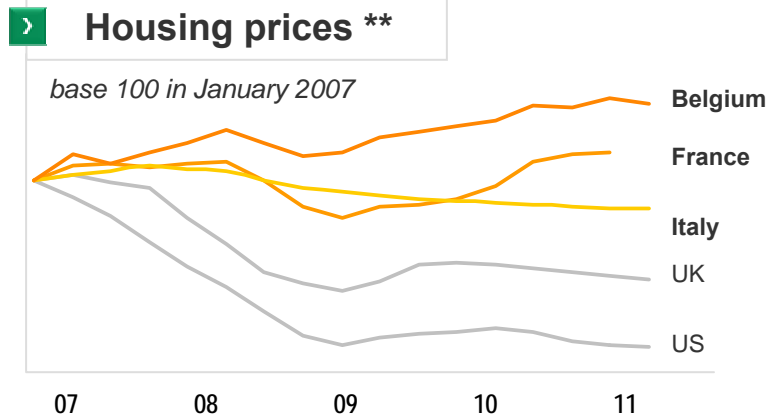
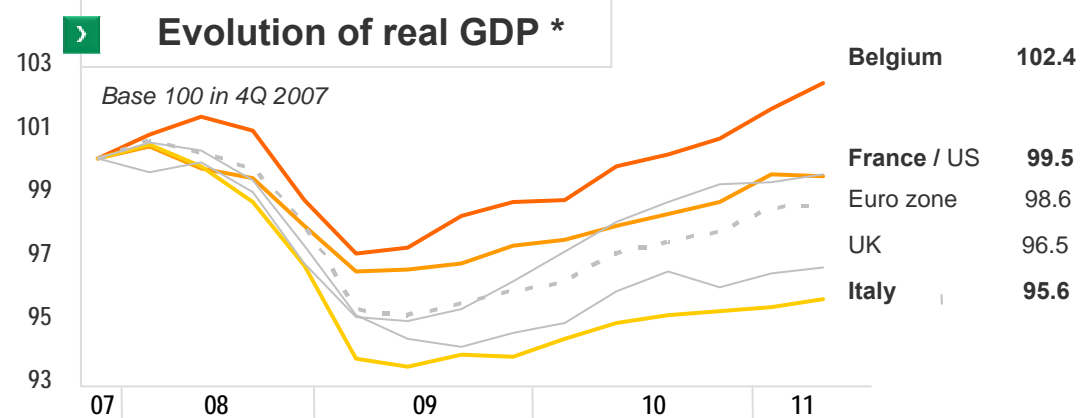
Moody's

Aa2 (under review)

P-1



Domestic Retail Markets (1/2)



Moderated impact of the crisis in our domestic markets despite fiscal discipline, recovery under way

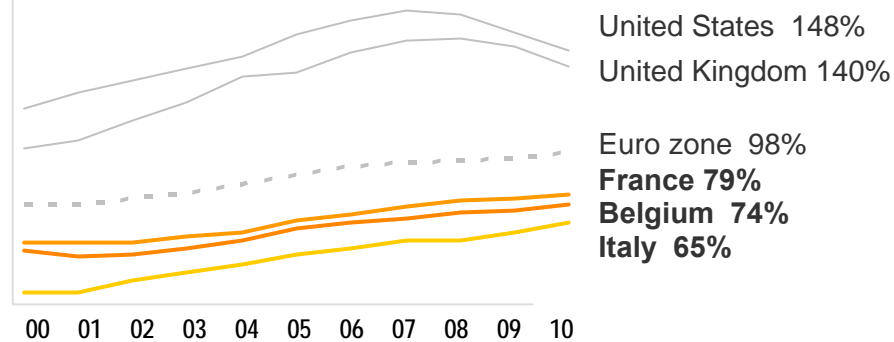
* Source: States and Eurostat; ** States; *** Source: Eurostat, BLS, ONS



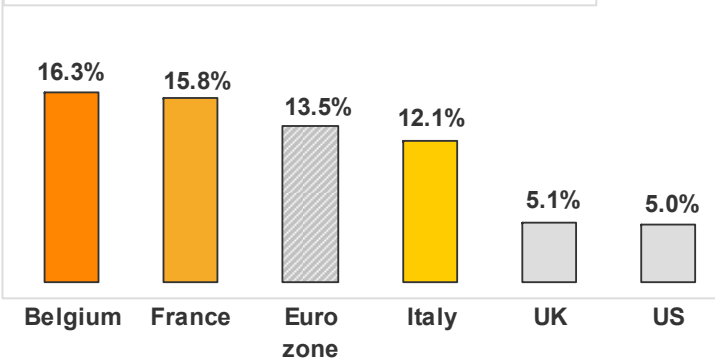
Domestic Retail Markets (2/2)

Household debt*

in % of gross disposable income



Gross savings rate in 1Q11**



- Low level of household debt
 - Potential room for further lending

- High savings rate
 - Potential room for further selling savings products, including deposits

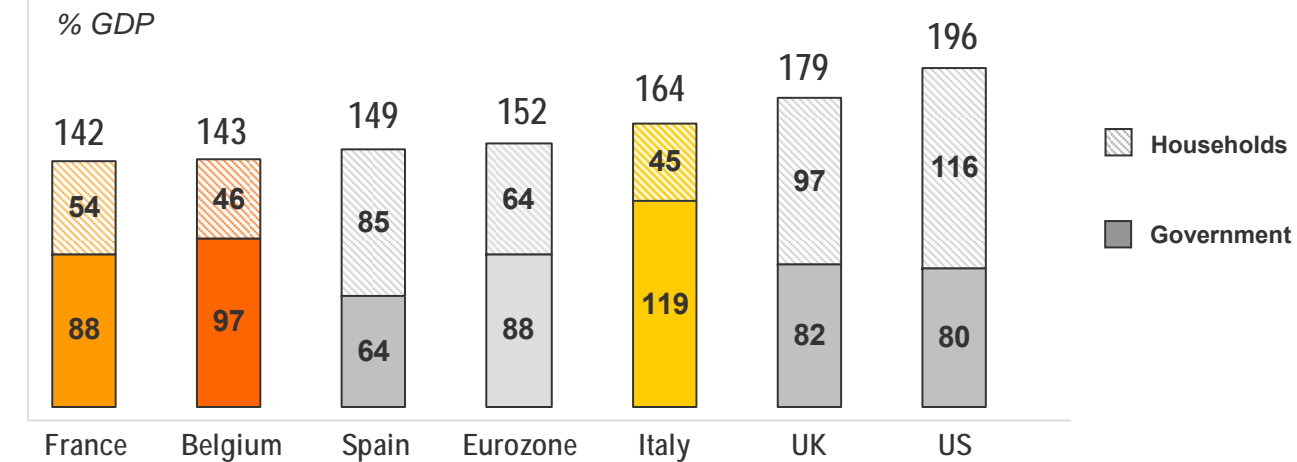
➤ Wealthy and sound domestic markets

* Source: Banque de France, Belgostat for Belgium ** Source: Eurostat for euro zone, US Bureau of Economic Analysis

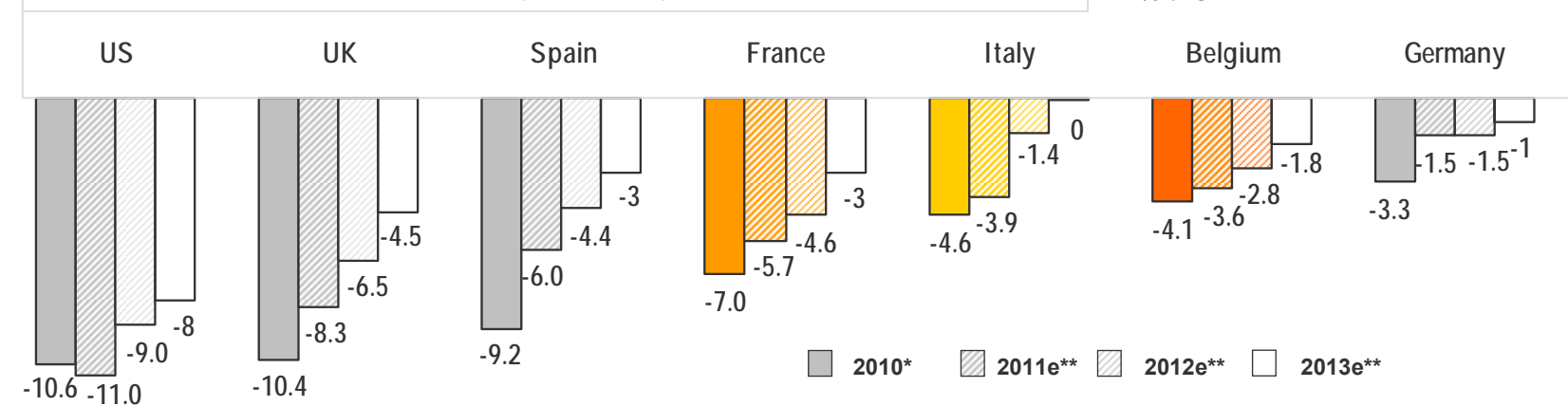


Consolidated Debt & Fiscal Balance by Country

Government and Households debt (2010)*



Estimated fiscal balance by country (including local governments)



*Source: Banque de France; ** Source: States, estimates for US as there is no official plan encompassing total public deficit



Euro Zone Sovereign Exposures

*In €bn
as at 30 June 2011*



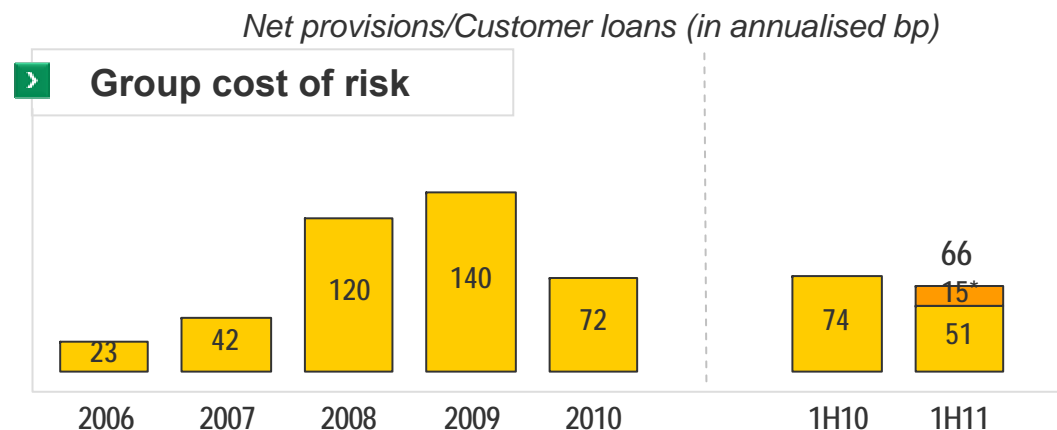
Banking book

Austria	1.0
Belgium	17.1
Cyprus	0.0
Estonia	-
Finland	0.4
France	15.0
Germany	4.0
Greece	3.5*
Ireland	0.4
Italy	20.8
Luxembourg	0.0
Malta	-
The Netherlands	8.5
Portugal	1.4
Slovakia	0.0
Slovenia	0.0
Spain	2.8

** Including impairment as at 30 June 2011*



Risk Management Culture (1/2)



- Domestic Markets
 - France and Belgium: maintained at a low level
 - Italy: improving trend
- Other Retail Banking
 - Europe-Mediterranean: decrease in all regions
 - BancWest: improved quality of the loan book
 - Personal Finance: ongoing reduction
- CIB - Financing businesses: limited new doubtful loans, additional provisions offset by write-backs



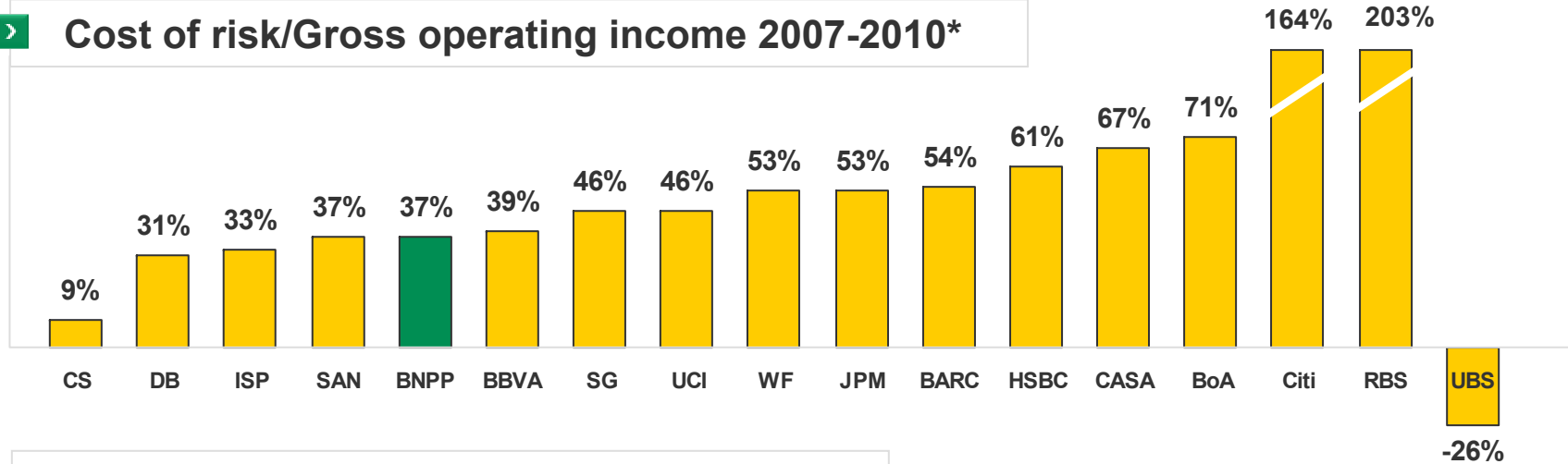
Decline in the cost of risk

* Impact of the Greek assistance plan

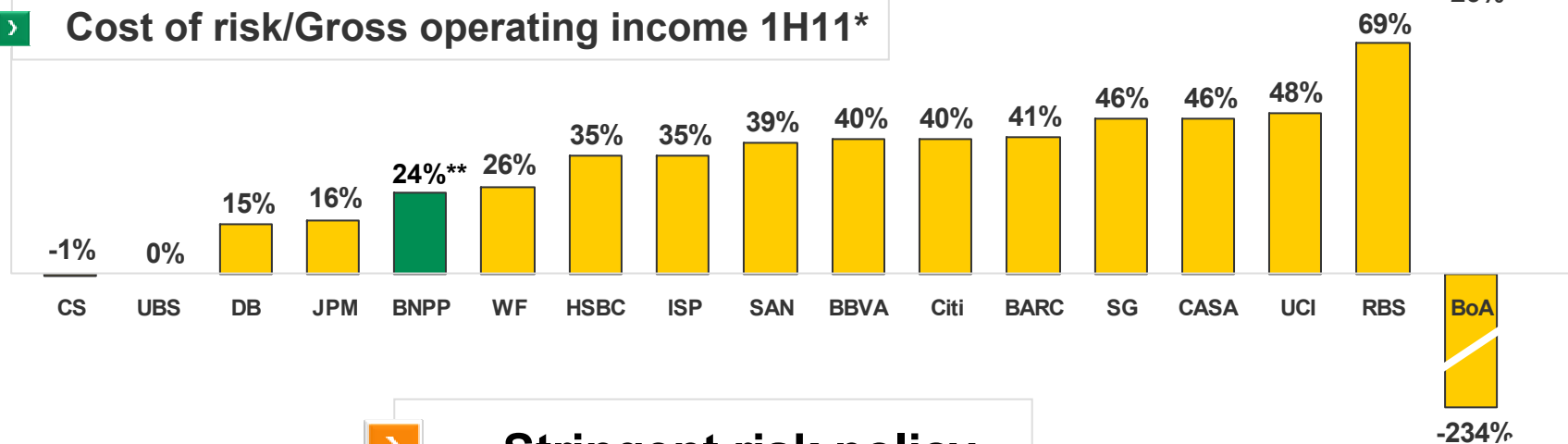


Risk Management Culture (2/2)

> Cost of risk/Gross operating income 2007-2010*



> Cost of risk/Gross operating income 1H11*



> **Stringent risk policy**

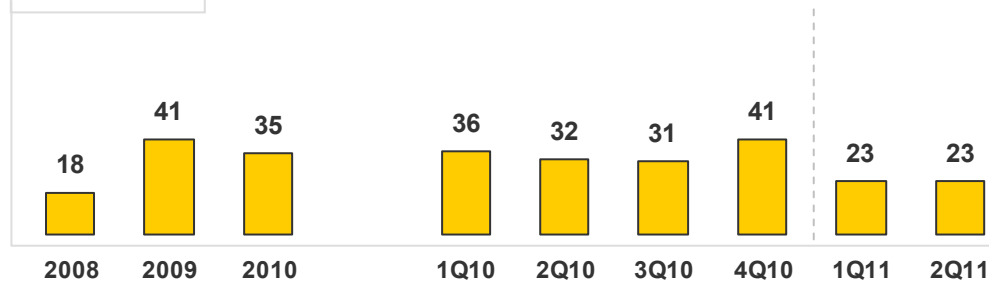
*Source: banks; **o/w Greek assistance plan impact: 5%



Variation in the Cost of Risk by Business Unit (1/3)

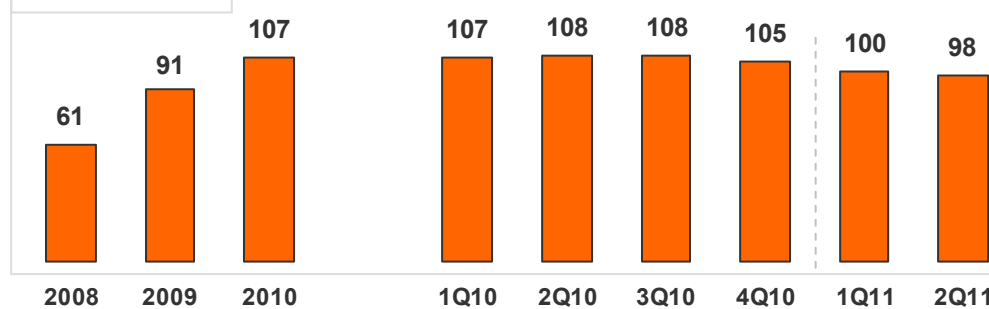
Net provisions/Customer loans (in annualised bp)

FRB



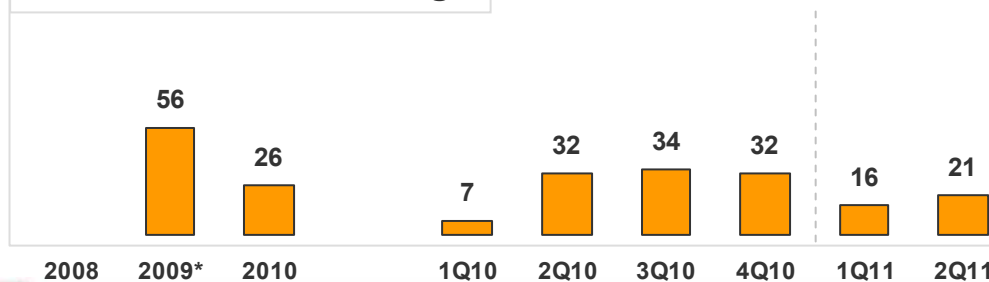
- Cost of risk: €81m
 - -€30m vs. 2Q10
 - +€1m vs. 1Q11
- Maintained at a low level this quarter

BNL bc



- Cost of risk: €196m
 - -€9m vs. 2Q10
 - -€2m vs. 1Q11
- Improving trend

BeLux Retail Banking



- Cost of risk: €46m
 - -€20m vs. 2Q10
 - +€11m vs. 1Q11
- Maintained at a low level this quarter

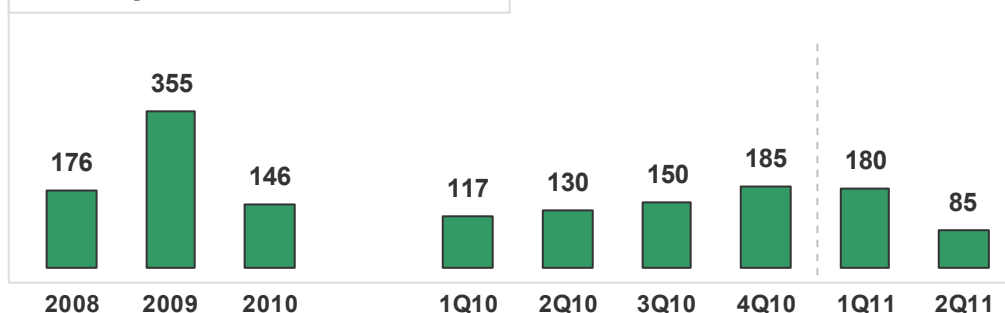
* Pro-forma



Variation in the Cost of Risk by Business Unit (2/3)

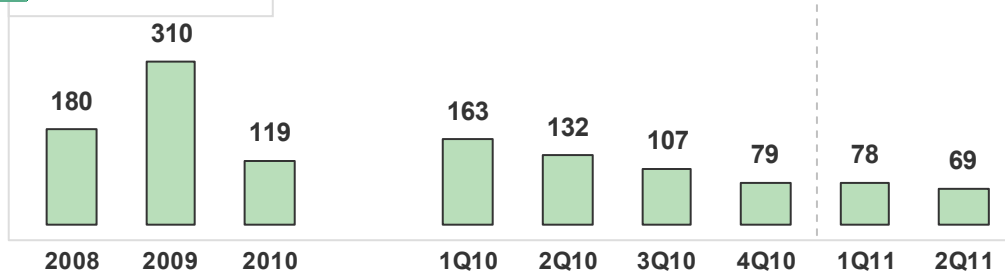
Net provisions/Customer loans (in annualised bp)

> Europe-Mediterranean



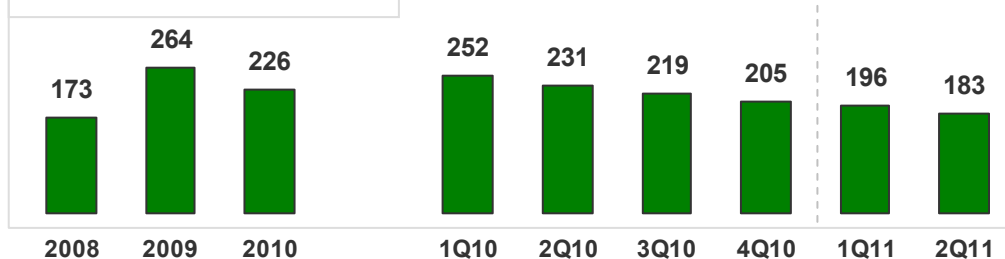
- Cost of risk: €47m
 - -€29m vs. 2Q10
 - -€56m vs. 1Q11
- Decrease in all regions this quarter

> BancWest



- Cost of risk: €62m
 - -€65m vs. 2Q10
 - -€13m vs. 1Q11
- Continuing loan book improvement

> Personal Finance



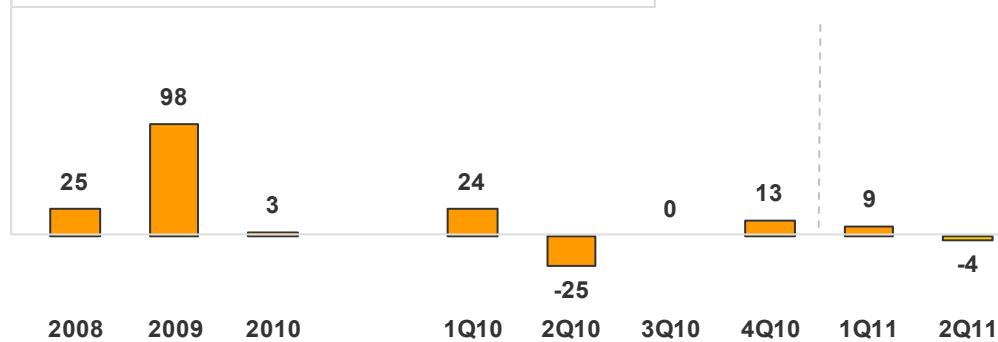
- Cost of risk: €406m
 - -€80m vs. 2Q10
 - -€25m vs. 1Q11
- Ongoing reduction



Variation in the Cost of Risk by Business Unit (3/3)

Net provisions/Customer loans (in annualised bp)

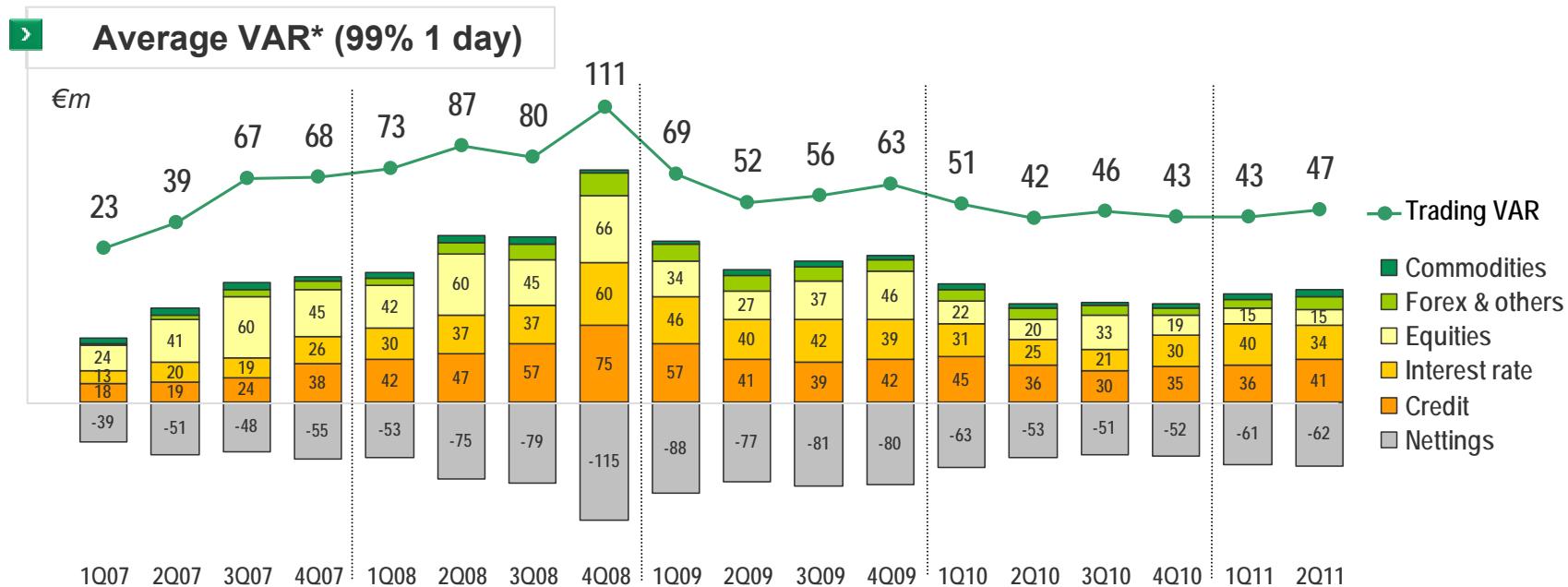
CIB Financing businesses



- Cost of risk: write-back of €14m
 - Compared to write-back of €98m in 2Q10
 - Compared to provision of €37m in 1Q11
- Limited new doubtful loans, additional provisions more than offset by write-backs



CIB - Market Risks



- Low VaR since 2010
 - Due to significant reduction in market risks since 4Q08
- 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 €9m in 2Q11)

