



BNP Paribas Covered Bonds

Investor Presentation |

February 2007

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Overview

Executive Summary

BNP Paribas Group

Covered Bonds in BNP Paribas' Funding Strategy

BNP Paribas' French Home Loan Business

BNP Paribas' Covered Bond Programme

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- **BNP Paribas SA (“BNP Paribas” or “the Borrower”)**
 - A leading European banking group
 - A solid and profitable financial structure with well-diversified business model
 - A conservative financial profile supported by strong senior unsecured debt ratings of AA (positive) / Aa2 (stable) / AA (stable) by S&P, Moody’s and Fitch respectively
- **BNP Paribas Covered Bonds SA (“BNP Paribas Covered Bonds” or “the Issuer”)**
 - BNP Paribas Covered Bonds is a French credit institution (*établissement de crédit*) approved and regulated by the *Banque de France*
 - Full recourse obligation of the Issuer against BNP Paribas SA
 - AAA / Aaa / AAA rated issuance with hard bullet maturities
 - Risk weighting of [10 or 20]% subject to confirmation by the *Banque de France*
 - Standard covered bond features: Asset Cover Test with 80% LTV cap and 92.5% maximum asset percentage
 - BNP Paribas commitment to creating a liquid benchmark reference curve
 - Market-making arrangements with large syndicate “dealer” group
- **Provisional Cover Pool**
 - BNP Paribas’ French residential home loan portfolio, subject to Eligibility Criteria
 - Prime first lien residential mortgages and guaranteed home loans
 - 75% originated via BNP Paribas’ branch network
 - Weighted average indexed current LTV of 58%, weighted average seasoning of 31 months
 - High quality and low risk Cover Pool (no arrears)
 - Only French home loans which are of very low risk by international standards

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- Substantial growth throughout the year

■ Revenues	EUR 27.9 bn	+27.9%	+13.5%*
■ Operating expenses	-EUR 17.1 bn	+27.6%	+11.1%*
■ Gross operating income	EUR 10.9 bn	+28.2%	+17.2%*

- Sharp rise in profitability

■ Net income group share	EUR 7,308 mn	+24.9%
■ ROE after tax	21.2%	+1 pt

Continued powerful and profitable growth drive

* At constant scope and exchange rates

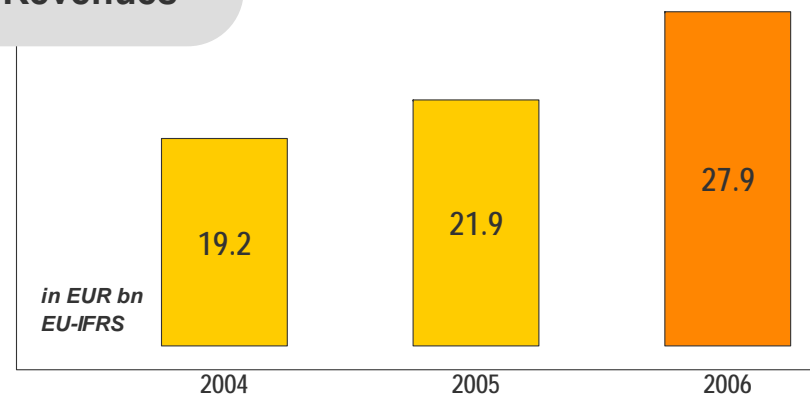
<i>In millions of euros</i>	4Q06	4Q06 / 4Q05	At constant scope and exchange rates 4Q06 / 4Q05
Revenues	7,052	+25.4%	+11.3%
Operating Expenses and Dep.	-4,654 *	+26.8% *	+8.2%
Gross Operating Income	2,398	+22.8%	+16.9%
Provisions	-282	-3.8%	-40.9%
Operating Income	2,116	+27.5%	+26.8%
Pre-Tax Income	2,315	+26.9%	
Net Income, Group Share	1,719	+28.8%	

* +23.0% excluding restructuring costs of BNL (EUR 141 mn)

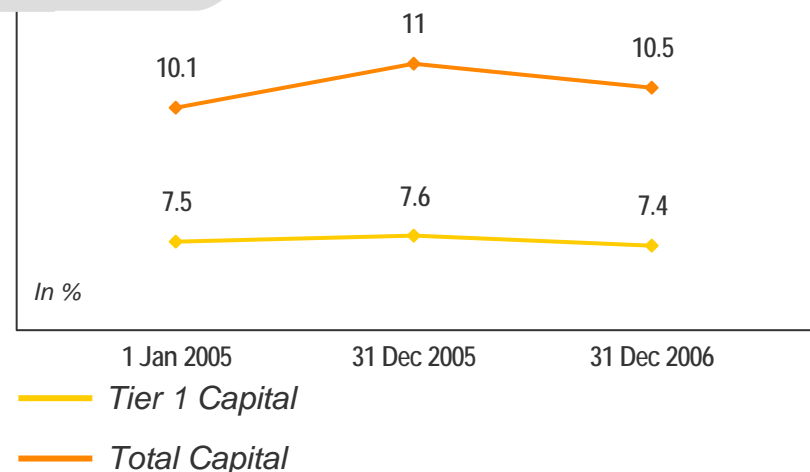
- **Substantial organic growth: Revenue : +11.3% at constant scope and exchange rates**
 - Revenues: +25.4% with the scope effect (primarily BNL)
- **Operating expenses & depreciation: +8.2% at constant scope and exchange rates**
 - +23.0%/4Q05, with the scope effect, excluding the impact of BNL's restructuring costs (€141mn)
- **Very substantial growth in Gross Operating Income: +16.9% at constant scope and exchange rates**
 - +30.0% with the scope effect, excluding the impact of BNL's restructuring costs
- **Lower cost of risk despite a EUR 114 mn scope effect (including BNL EUR 92 mn)**
- **Operating income up 27%**

- **Net income group share:**
 - In 2005: EUR 5.9 bn (+25.1% on 2004)
 - In 2006: EUR 7.3 bn (+24.9% on 2005)
- **2006 annualised after-tax ROE of 21.2% (+1 pt)**
- **Well-capitalised with Tier 1 Capital ratio of 7.4% and Total Capital ratio of 10.5% as at 31 December 2006**

Revenues



Capital Ratios



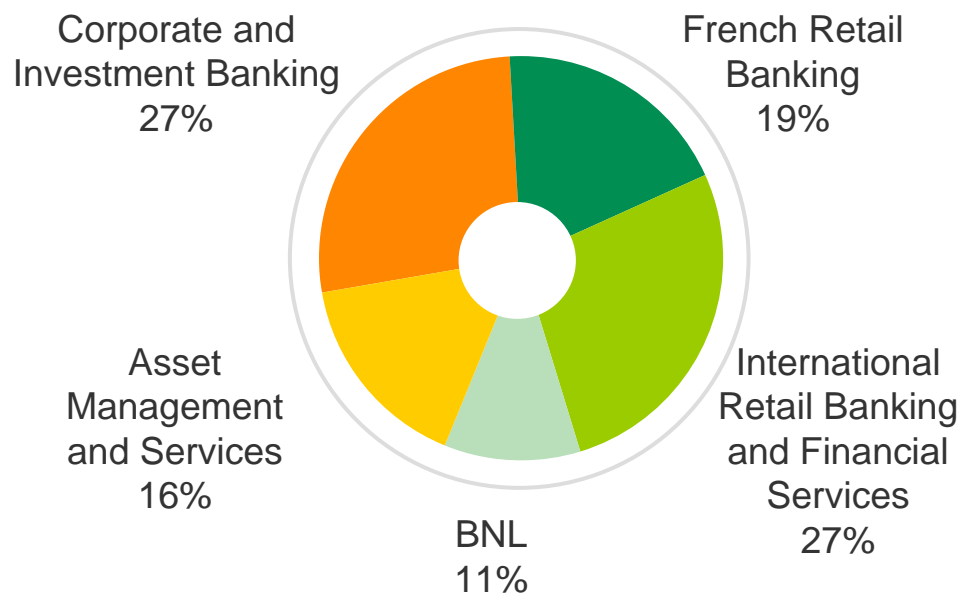
In EUR bn	2004	2005	2006
Total Assets	1,002	1,258	1,440
Loans and Receivables due from customers	244	301	393
Deposits due to customers	211	247	299
Market Capitalisation	47.2	57.3	76.9 ¹

¹As of 31 December 2006

	Senior unsecured debt	
	Long term	Short term
Standard & Poors	AA Positive outlook (Rating reaffirmed on 14 November 2006)	A-1+
Moody's	Aa2 Stable outlook (Rating reaffirmed on 7 February 2006)	P-1
Fitch Ratings	AA Stable outlook (Rating reaffirmed on 3 February 2006)	F1+

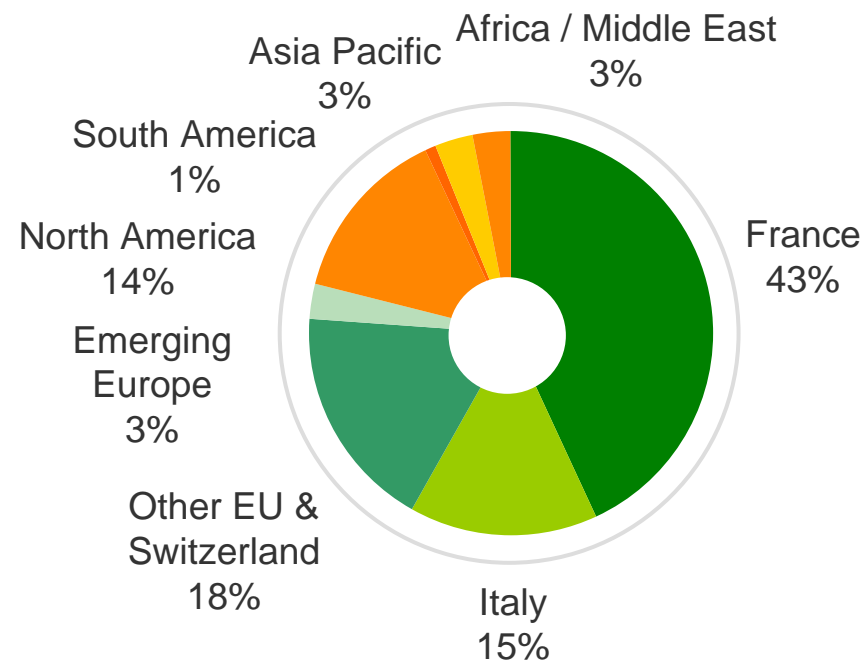
BNP Paribas Group A Well Balanced Business Mix

Business
2006 revenue split



**Strong retail banking base:
57% of revenues**

Geography
4Q2006 revenue split



**Europe is the core market:
79% of revenues**

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Diversify BNP Paribas Group investor base

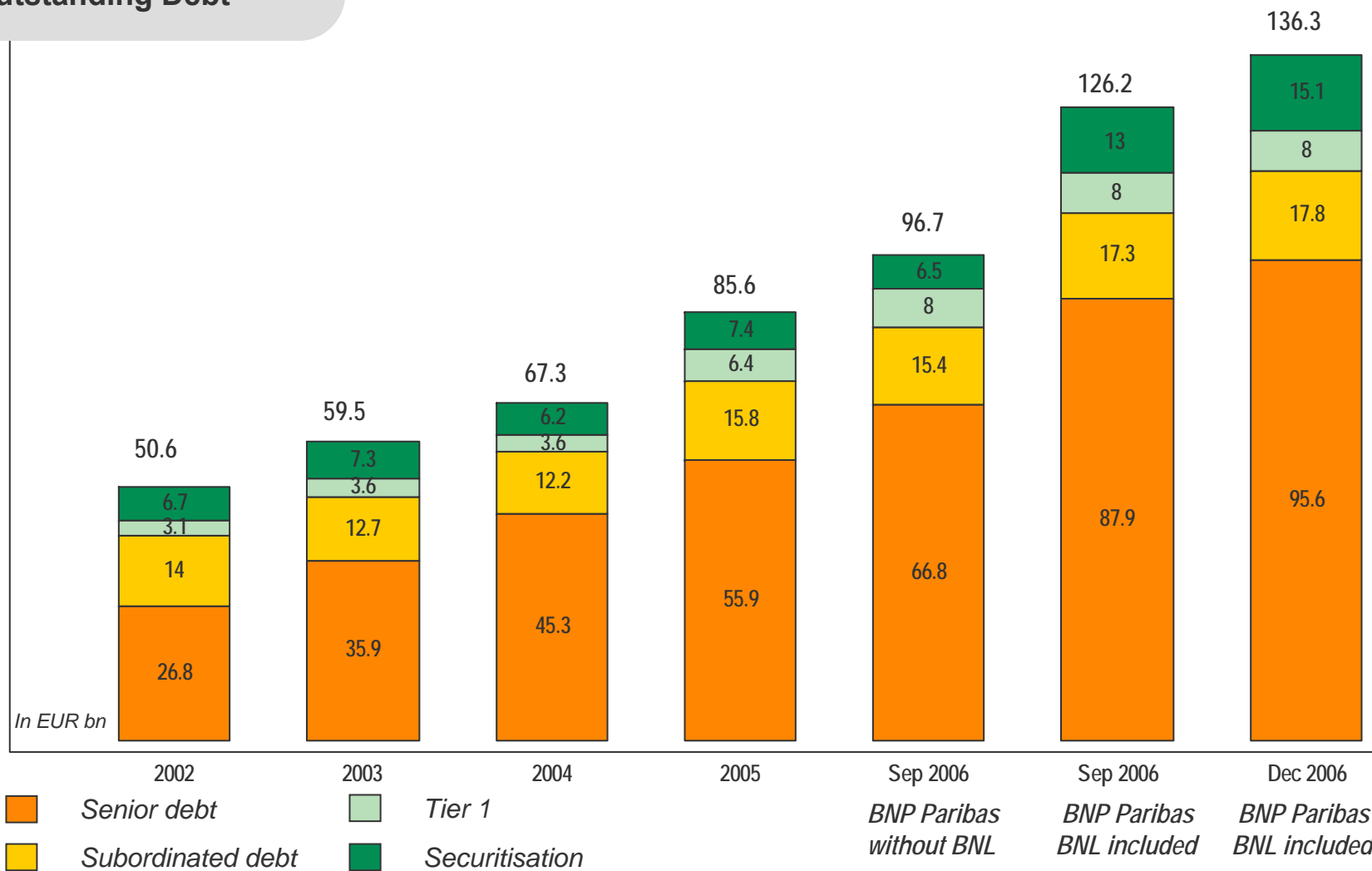
Create a benchmark curve allowing for attractive funding cost

Add flexibility to funding management

Covered Bonds in BNP Paribas' Funding Strategy

Outstanding Debt

Outstanding Debt

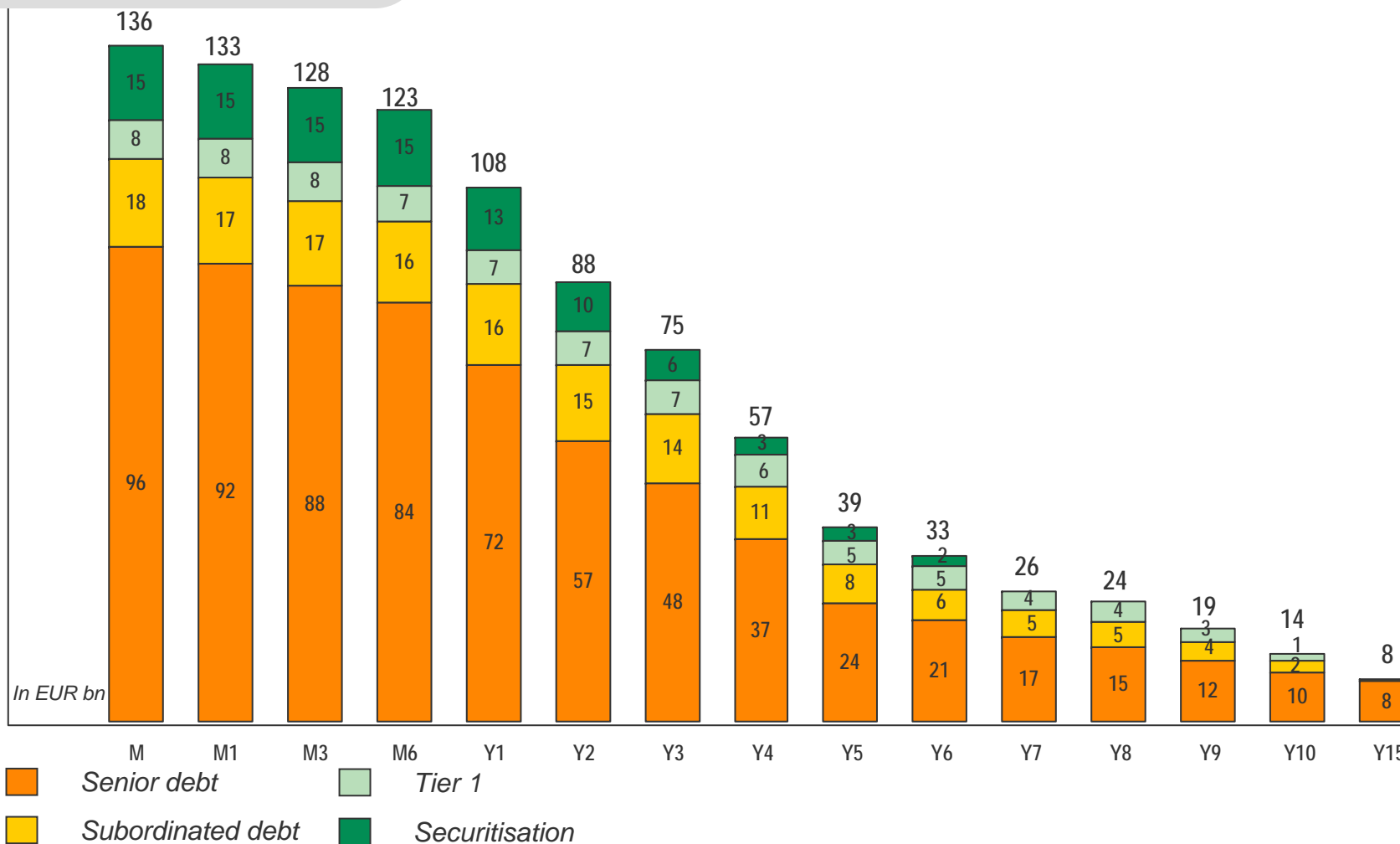


Source: BNP Paribas, ALM; excluding debt with maturity less than one year

Covered Bonds in BNP Paribas' Funding Strategy

Outstanding Debt Profile

Outstanding Debt Profile



Source: BNP Paribas, ALM; maturity of callable instruments assumed as first call date

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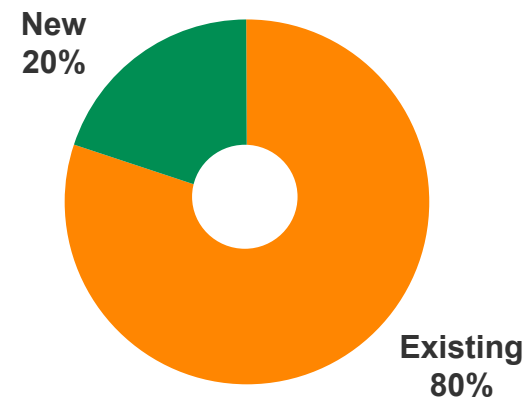
Appendices

BNP Paribas' French Home Loan Business Strategy and Results

- **Focus on organic growth**
 - Create long-term relationship with customers
 - Build on existing relationships to improve profitability

- **Stable and growing portfolio**
 - High level of customer retention
 - “Know your customer” discipline leading to strong portfolio performance with a close customer monitoring at branch level

Customer Relationship Background

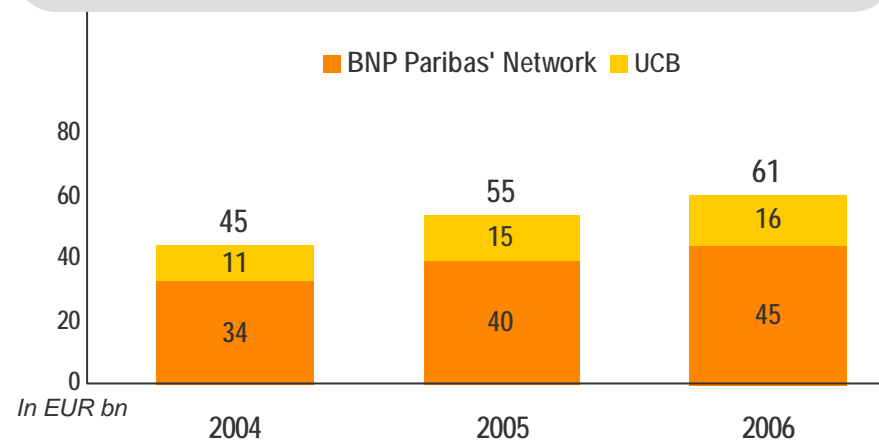


Customer Monitoring System

- **SAGED Système d'Aide à la Gestion des Débiteurs:**
 - Scoring of customers with an unauthorised outstanding debit position over a 6-month period
 - Discussion at branch level with lower rated customers in order to avoid any payment issue

- **ANC Agences de Négociation Commerciale:**
 - 49 branches with dedicated specialists
 - Objective to find solutions with the customers from the first missing payment in order to avoid any other payment issues

BNP Paribas French Home Loan Growth



BNP Paribas' French Home Loan Business Distribution Network

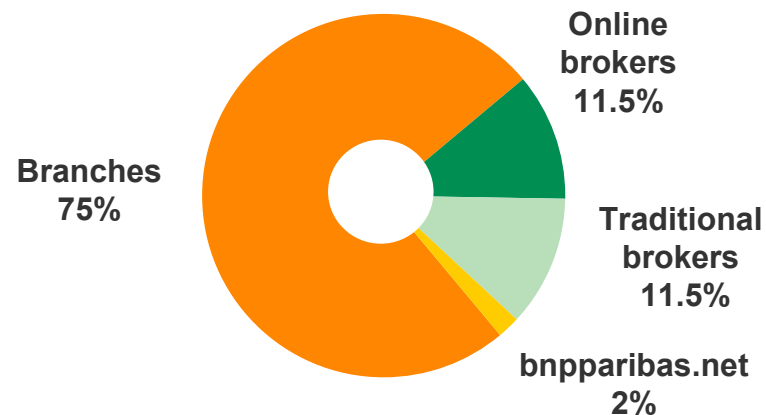
- **A well-distributed branch network**

- Network of over 2,200 branches in France with 31,000 agents
- 75% of the home loans in stock were originated through the branch network and 25% were originated through intermediary sources

- **Strength of the BNP Paribas brand**

- Ability to leverage the large base of existing bank customers
- Strong control of the origination process
 - Branch or intermediary originated home loans are subject to approval after a physical meeting with a BNP Paribas agent
 - 80% of new home loans in 2006 were to existing BNP Paribas customers

Home Loan Distribution Channels



BNP Paribas' French Home Loan Business Underwriting Approach

Credit Scoring

- **85% of applications can receive immediate approval through automatic scoring:**
 - Application score: from immediate approval by the branch agent to referred to differed approval by head of branch or by regional head
 - Rate score: provides a recommended rate to the agent
- **15% of applications cannot receive automatic scoring and require a specific manual analysis by a dedicated risk committee (amount above EUR 305,000, loans with deferred repayment of principal, automatic scoring was not sufficient for immediate approval...)**
- **Dedicated credit committee to test and revise scoring grid quarterly**

Income Verification and Lending Limits

- **Applications (intermediary or branch originated loans) processed by an accredited BNP Paribas agent at a local branch by a physical contact with the customer:**
 - Justification of net income, personal net worth and indebtedness level
 - Proof authenticity check
- **Aggregate commitment as a portion of income should not exceed 33%**

Valuations

- **Market price agreed between the buyer and the seller**
- **Check by an accredited BNP Paribas agent of the price indicated in the official selling agreement signed before a notary or a real estate agency member**

BNP Paribas' French Home Loan Business

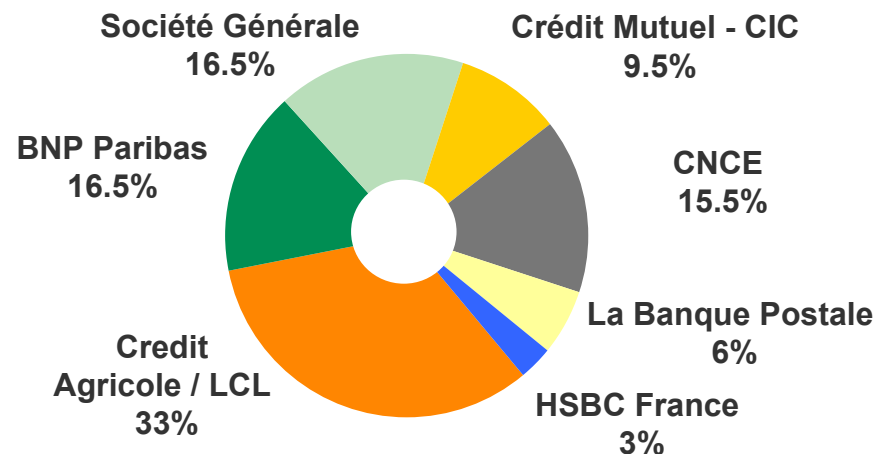
Crédit Logement Home Loan Guarantee

- **50% of the BNP Paribas Cover Pool are home loans guaranteed by Crédit Logement**
 - Guarantees account for 52.6% of the French home loans market¹
 - Crédit Logement is the leader for residential loan guarantees (market share of more than 45%¹)

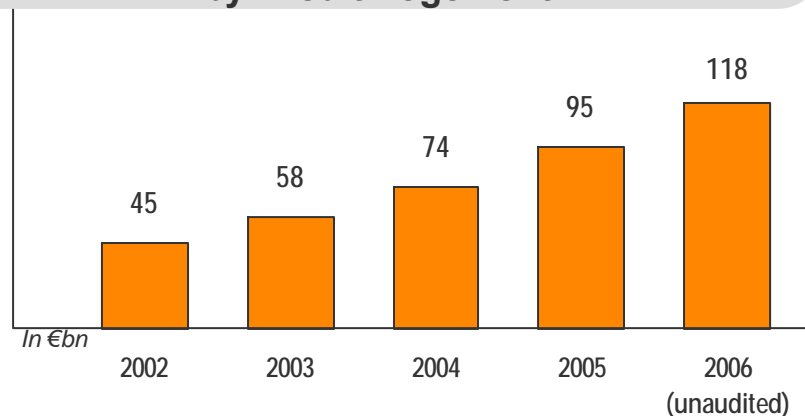
- **Crédit Logement is owned by all the major French banks**
 - Shareholders reconfirm every 6 months the Fonds Mutuel de Garantie² (FMG) in proportion of their outstanding loans guaranteed
 - Explicit written commitment of the shareholders to rebuild the FMG
 - Strong credit ratings (Aa2 by Moody's and AA by S&P) with stable outlook
 - Ultimate support by French banking system

- **Crédit Logement provides a full recovery service to lenders**
 - Indemnification within 1 month after 3 consecutive non payments on a guaranteed loan
 - Recovery process fully managed by Crédit Logement

Crédit Logement Shareholders



Guarantees outstanding arranged by Crédit Logement



¹Estimated 2005, Crédit Logement

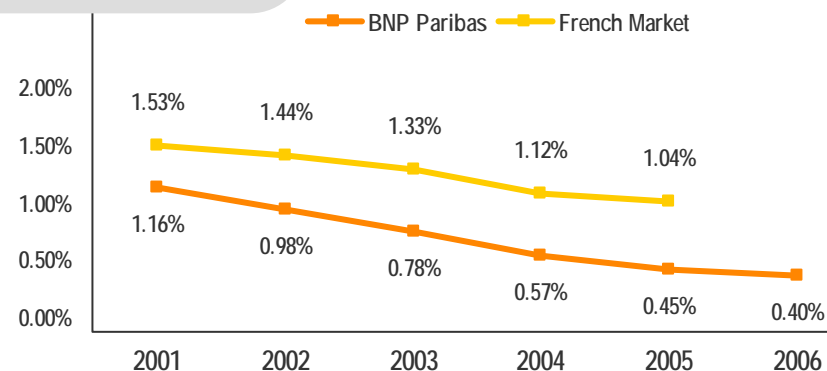
²EUR 2.3 bn at the end of 2006 (unaudited), Crédit Logement

Source: Crédit Logement

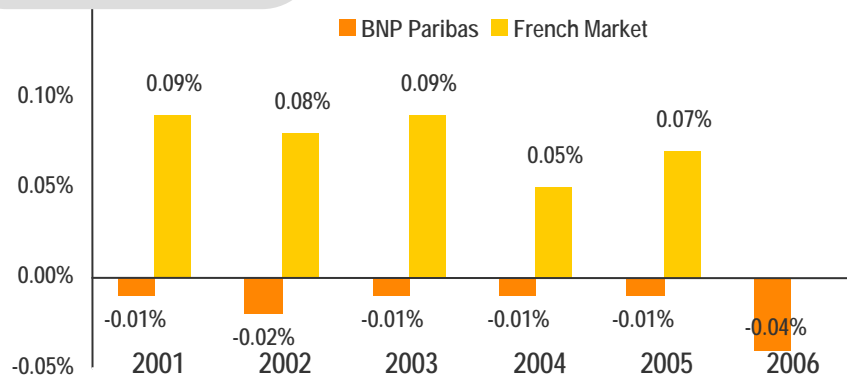
BNP Paribas' French Home Loan Business Performance

- The French Home Loan market is low risk: it is essentially a prime loan market
- BNP Paribas consistently outperforms the French market in terms of doubtful loans and cost of risk
- The French industry average cost of risk is lower than the European average
 - BNP Paribas' home loan portfolio cost of risk is itself lower than the French industry average

Doubtful loans



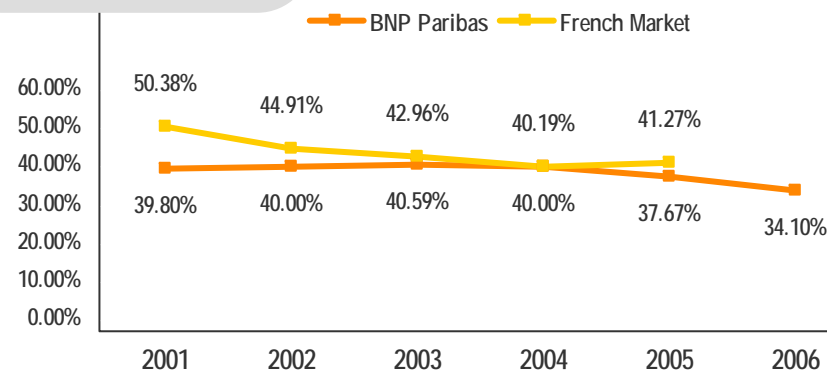
Cost of Risk¹



¹ Provisioning - Recovery

² Percentage of total doubtful loans

Provisions for doubtful loans²



Source: French Commission Bancaire

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BNP Paribas' Covered Bonds Programme

Key Terms

Programme Terms	
Issuer	BNP Paribas Covered Bonds
Programme Size	EUR 25 bn
Expected Ratings	AAA (S&P) / Aaa (Moody's) / AAA (Fitch)
Risk Weighting	[10 or 20]% subject to confirmation by the <i>Banque de France – Commission Bancaire</i>
Maturity Type	Hard bullet
Currency	Any
Listing	Luxembourg
Governing Law	French
Maximum LTV	100% (with LTV cap at 80% for ACT)

BNP Paribas' Covered Bonds Programme Cover Pool¹

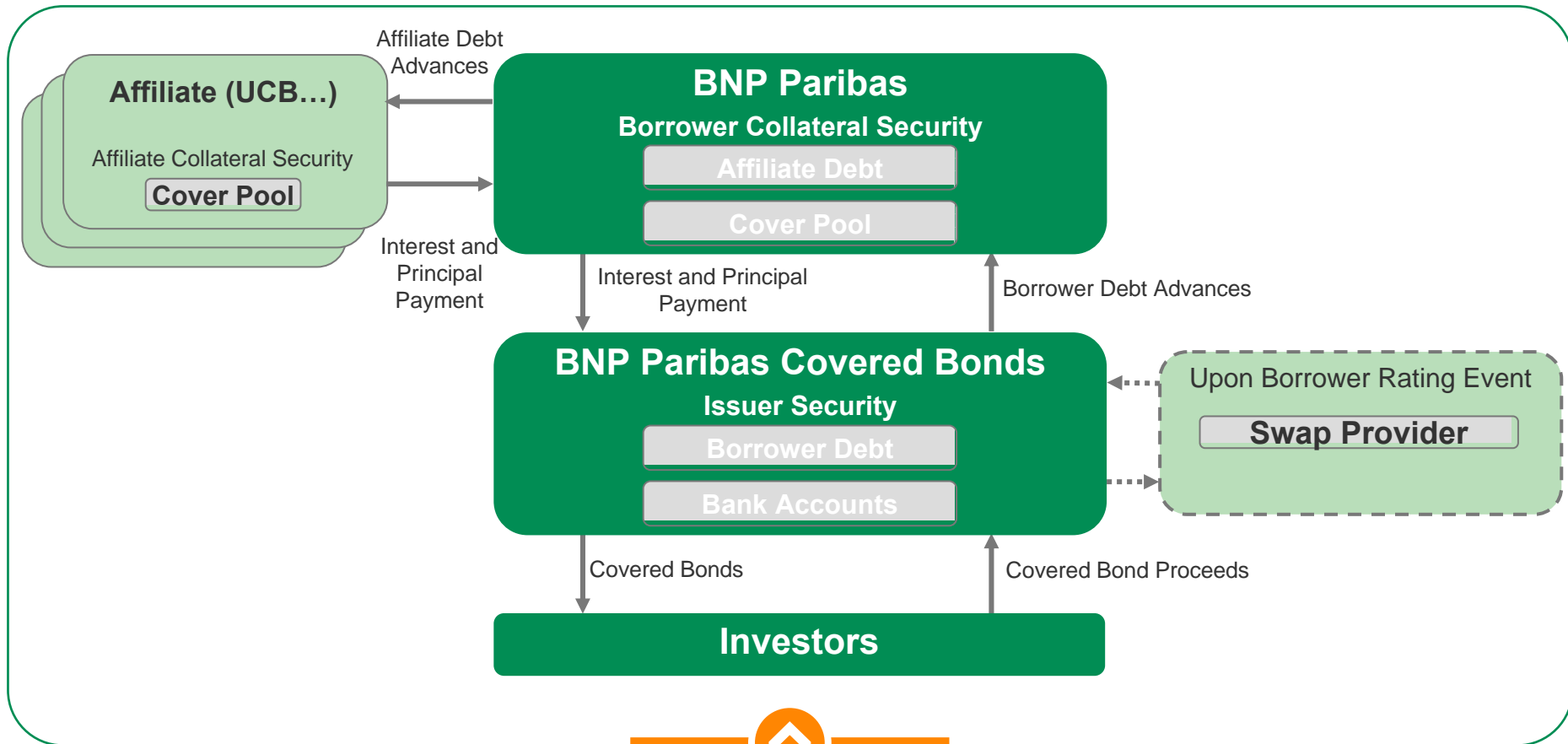
Pool Notional	EUR 10 bn
Type	50% First lien prime French residential mortgages and 50% guaranteed home loans
Number of Loans	120,053
WA Current LTV	74.5%
WA Indexed LTV	58%
Seasoning	31 months
Rate Type	85% Fixed, 15% Capped Variable
Max Loan Amount	EUR 1 mn
Geographic Distribution	Île-de-France 36%, Provence Alpes Côte d'Azur 9%, Rhône-Alpes 7%, Nord-Pas-de-Calais 5%, Aquitaine 5%, Pays de Loire 4%, Languedoc Roussillon 4%, Bretagne 3%, Lorraine 3%, Centre 3%, Picardie 3%, Midi-Pyrénées 3%, Haute-Normandie 3%, Others 12%

¹ As of 14/02/2007

BNP Paribas' Covered Bonds Programme Structure Overview

Standard Features

- Full recourse of the Issuer against BNP Paribas SA
- Covered Bonds backed by direct security over the Cover Pool
- Asset monitoring including Asset Coverage Test and Amortisation Test



BNP Paribas Covered Bonds, the Issuer, is a French credit institution (*établissement de crédit*) approved by the *Comité des Etablissements de Crédit et des Entreprises d'Investissement* and regulated by the *Sécretariat Général de la Commission Bancaire*, both divisions of the *Banque de France*

Under BIS Capital Adequacy Rules, senior debt instruments issued by credit institutions have a risk weighting of 20%

Discussions are ongoing with the *Banque de France* to establish whether the covered bonds issued by BNP Paribas Covered Bonds can benefit from a more favourable risk weighting (10%), in a similar manner to covered bonds issued by the *Caisse de Refinancement de l'Habitat (CRH)*

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Highly liquid and strongly rated instrument

Rated AAA / Aaa / AAA by S&P, Moody's and Fitch respectively
Exposure to the high quality French home loan market

Full recourse of the Issuer against BNP Paribas SA

Rated AA (positive) / Aa2 (stable) / AA (stable) by S&P, Moody's and Fitch respectively
A solid and profitable financial structure with a well-diversified business model

Stable and growing high quality cover pool

80% of new home loans in 2006 to existing customers
Tight customer scoring and monitoring systems

Structural features of the Covered Bonds programme

Asset Cover Test ensures overcollateralisation level and mitigates negative carry risk
Hedging strategy and liquidity providers mitigate market and liquidity risks

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BNP Paribas Covered Bonds Structure Details

BNP Paribas Covered Bonds Structure Details

Asset Cover Test

- The Asset Cover Test (ACT) is designed to ensure that the collateral constituted by home loans, cash and other collateral is able to meet the future cash flows (interest and principal) on the covered bonds (tested monthly by the calculation agent)

$$\text{Asset Cover Ratio} = \frac{\text{Adjusted Aggregate Asset Amount}}{\text{Aggregate Covered Bond Outstanding Principal Amount}} \geq 1$$

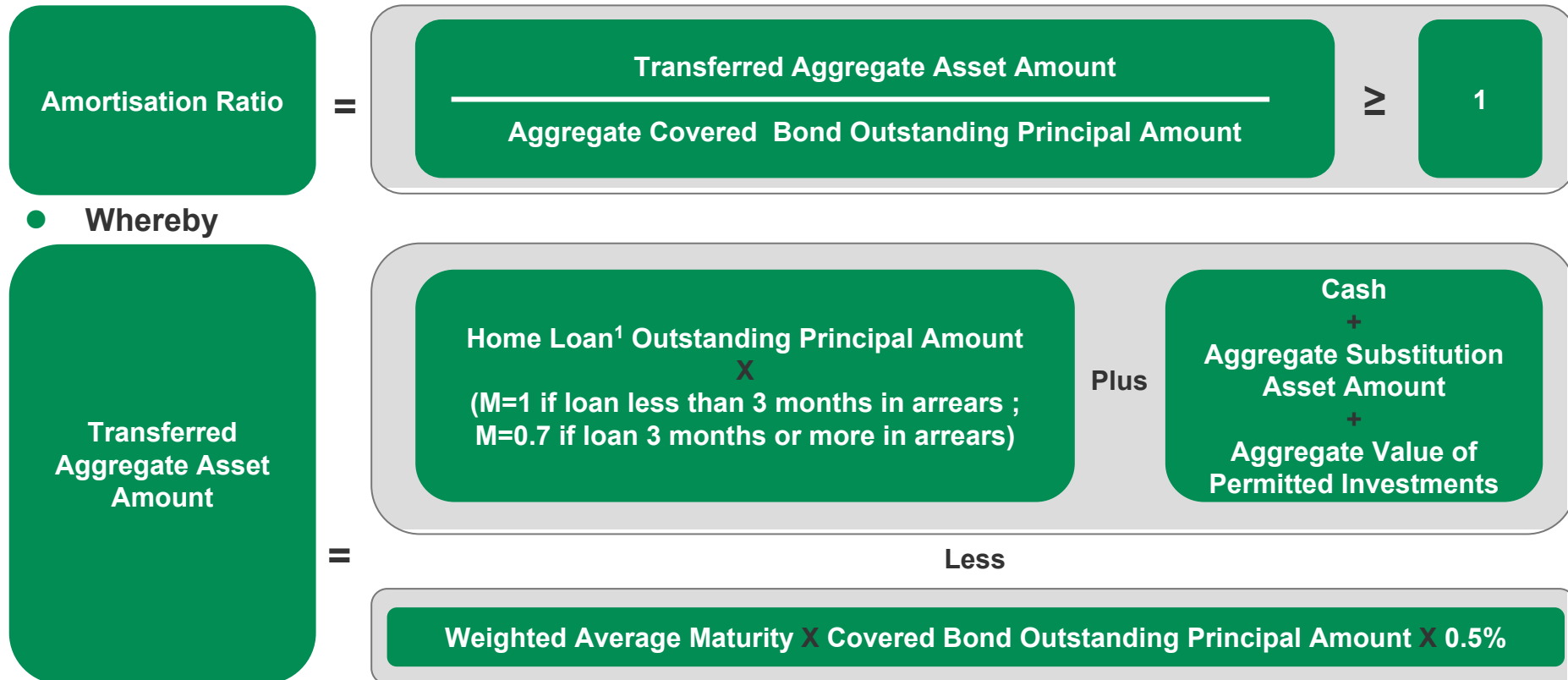
- Whereby

$$\text{Adjusted Aggregate Asset Amount} = \left(\begin{array}{l} \text{Lower of:} \\ \text{Adjusted Home Loan Outstanding Principal Amount} \\ \text{or} \\ \text{Unadjusted Home Loan Outstanding Principal Amount} \times \text{Asset Percentage} \end{array} \right) \text{ Plus } \left(\begin{array}{l} \text{Cash} \\ \text{+} \\ \text{Aggregate Substitution Assets Amount} \\ \text{+} \\ \text{Aggregate Value of Permitted Investments} \end{array} \right) \text{ Less } \left(\begin{array}{l} \text{Applicable Deemed Reductions} \\ \text{Less} \\ \text{Potential financing costs of the swap liquidity} \\ \text{Plus} \\ \text{Weighted Average Maturity} \times \text{Covered Bond Outstanding Principal Amount} \times 0.5\% \end{array} \right)$$

BNP Paribas Covered Bonds Structure Details

Amortisation Test

- Amortisation Test is designed to ensure that the Issuer has the capacity to meet its obligation following the enforcement of a Borrower Event of Default: compliance with the Amortisation Test requires compliance with the amortisation ratio (RA)



¹All Home Loans title to which has been transferred to the Issuer upon enforcement of the Borrower Collateral Security and the Affiliate Collateral Security following the enforcement of a Borrower Event of Default

BNP Paribas Covered Bonds Structure Details

Hedging Strategy

- **Before a default event, the Issuer is not exposed to any risk of an interest or currency rate mismatch arising between the payments received on the Borrower Advances and the payments to be made under the Covered Bonds**
- **Upon the occurrence of a Hedging Rating Trigger Event, the Issuer will enter into Hedging Agreements**
 - **Swap agreements concluded by the Issuer with Eligible Hedging Providers (Issuer Hedging Agreements) to hedge any currency and interest rate mismatch between the Covered Bonds and the Cover Pool**
 - **"Hedging Rating Trigger Event" means the event in which the senior unsecured, unsubordinated and unguaranteed debt obligations of BNP Paribas become rated below A-1+ by S&P, A1 by Moody's or F-1+ by Fitch**
- **Upon the occurrence of a Borrower Event of Default, and the subsequent transfer in favour of the Issuer of title to the Home Loans, the Issuer will**
 - **Maintain its rights and obligations under the existing Issuer Hedging Agreements**
 - **Terminate immediately the Borrower Hedging Agreements**

BNP Paribas Covered Bonds Structure Details

Structural Highlights

- **The Pre-Maturity Test is designed to ensure that the Borrower can provide sufficient liquidity in case of a downgrade**
 - If 9 months before the maturity of any Covered Bonds series the Borrower short-term ratings are under A1+ by S&P, P-1 by Moody's or F1+ by Fitch, the Borrower must fund a cash collateral account up to a sufficient amount to insure the redemption of the Covered Bonds
 - A non-compliance with the Pre-Maturity Test will prevent the Issuer from issuing any further series of Covered Bonds as long as it remains unremedied
- **Liquidity Support**
 - Monthly payment under the Covered Bond Swap
 - Funds held by the highly rated Covered Bond Swap provider until the annual payment of interest
- **Account Agreement**
 - BNP Paribas SA provides bank accounts to the Issuer
- **Asset Servicing**
 - BNP Paribas SA will perform the Asset Servicing and will provide BNP Paribas Covered Bonds with Asset Reporting
 - BNP Paribas Covered Bonds will use reasonable efforts to enter into a master servicing agreement with an Eligible Servicer if downgraded below BBB by S&P, Baa2 by Moody's or BBB- by Fitch

BNP Paribas Covered Bonds Structure Details

Cash Flow Priorities

Pre- Enforcement Priority Payment Order

- Senior Administrative and Tax costs
- Covered Bonds hedging costs
- Interest on the Covered Bonds
- Principal on the Covered Bonds
- Hedging Termination Costs
- Dividend to the Issuer's shareholders and any payment under the subordinated loan

Borrower Event of Default

- The occurrence of any of the following events will constitute a Borrower Event of Default
 - Default in the payment of principal or interest on any Borrower Facility not remedied within 3 business days after the due date
 - Breach of Pre-Maturity Test
 - Breach of Asset Cover Test
 - Breach of Amortisation Test
 - Failure to comply with any of the Borrower's material obligations
 - Occurrence of an Insolvency Event
 - Failure to enter into any Hedging Agreement within 30 days following a Hedging Rating Trigger Event
- A Borrower Event of Default will result in a Borrower Enforcement Notice
 - Borrower advances due and payable
 - Enforcement of the Borrower Facility with a transfer of the assets to the Issuer

Controlled Post-Enforcement Priority Payment Order

- Senior Administrative and Tax costs
- Covered Bonds hedging costs
- Interest on the Covered Bonds
- Principal on the Covered Bonds
- Hedging Termination Costs
- Subject to full repayment of any outstanding Covered Bonds, distribution of remaining enforcement proceeds to the Borrower

Affiliate Event of Default

- The occurrence of any of the following events will constitute an Affiliate Event of Default
 - Default in the payment of principal or interest on any Affiliate Facility not remedied within 3 business days after the due date
 - Failure to comply with any of the Affiliate's material obligations
 - Occurrence of an Insolvency Event
- An Affiliate Event of Default will result in an Affiliate Enforcement Notice
 - Affiliate advances due and payable
 - Enforcement of the Affiliate Facility with a transfer of the Affiliate assets to the Borrower (optional)

BNP Paribas Covered Bonds Structure Details

Key Events

Issuer Event of Default

- The occurrence of any of the following events will constitute an Issuer Event of Default
 - Default in the payment of principal or interest on any Covered Bond not remedied within 3 business days after the due date
 - Order made for the liquidation or winding up of the Issuer
 - The Issuer ceases to carry on all or a material part of its business
 - Breach of Amortisation Test
 - Failure to enter into any Hedging Agreement within 30 days following a Hedging Rating Trigger Event
- An Issuer Event of Default will result in an Issuer Enforcement Notice and an Accelerated Post-Enforcement Priority Payment Order

Accelerated Post-Enforcement Priority Payment Order

- Senior Administrative and Tax costs
- Covered bonds hedging costs
- Interest on the covered bonds
- Principal on the covered bonds
- Hedging termination costs
- Subject to full repayment of any outstanding Covered Bonds, distribution of remaining enforcement proceeds to the Borrower

BNP Paribas Covered Bonds Structure Details

Key Events

No further Issuance

- **The Issuer undertakes not to issue new further Covered Bonds under the Programme**
 - As from the date a Borrower Enforcement Notice has been served
 - As from the date an Issuer Enforcement Notice has been served
 - For so long as Non Compliance with Asset Cover Test has occurred and is not remedied
 - For so long as, regarding the Pre-Maturity Test, a Non Compliance Notice has been delivered and is not withdrawn

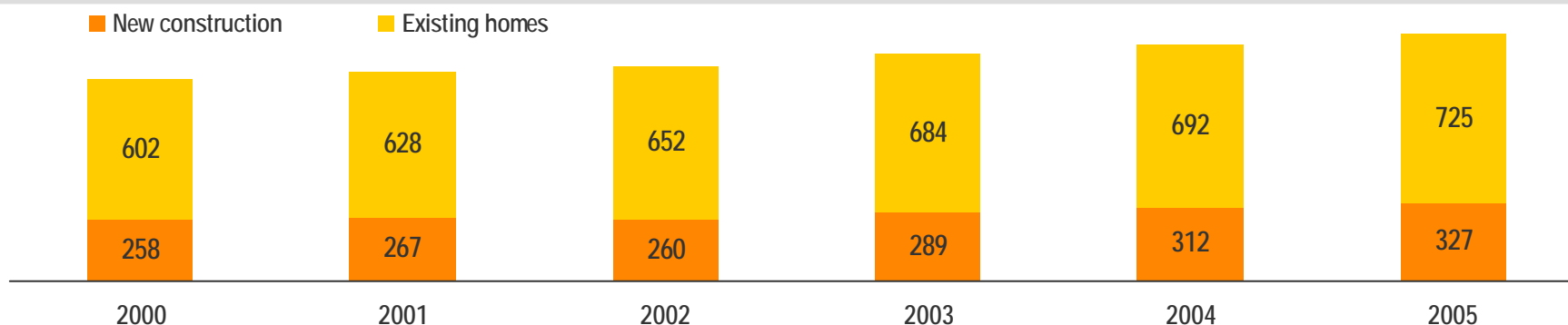
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French Home Loan Market

French Home Loan Market Activity and Fundamentals

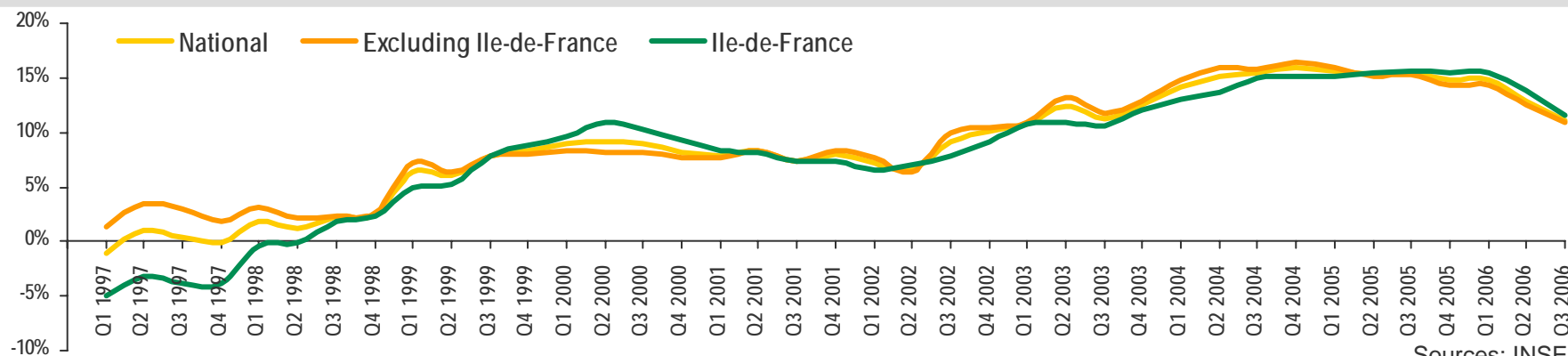
- Mortgage market gross lending in 2005 was EUR 135 billion
- Annual rate of house price inflation is slowing down

Property Transactions in the French Market (number in thousands)



Source: estimate BNP Paribas

House Price Index



Sources: INSEE



BNP Paribas Covered Bonds

Investor Presentation |

February 2007