



BNP Paribas Covered Bonds

Investor Presentation |

October 2007



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Overview

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BNP Paribas Group

Covered Bonds in BNP Paribas' Funding Strategy

BNP Paribas' French Home Loan Business

BNP Paribas' Covered Bond Programme

Conclusion

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Executive Summary

- **BNP Paribas (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+ (stable) / Aa1 (stable) / AA (stable) by S&P, Moody’s and Fitch respectively
- **BNP Paribas Covered Bonds (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
 - AAA / Aaa / AAA rated issuance with hard bullet maturities
 - 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 residential mortgages and guaranteed home loans
 - 75% originated via BNP Paribas’ branch network
 - Weighted average indexed current LTV of 58.6%, weighted average seasoning of 34 months
 - High quality and low risk Cover Pool (no arrears)
 - Only French prime home loans which are of very low risk by international standards



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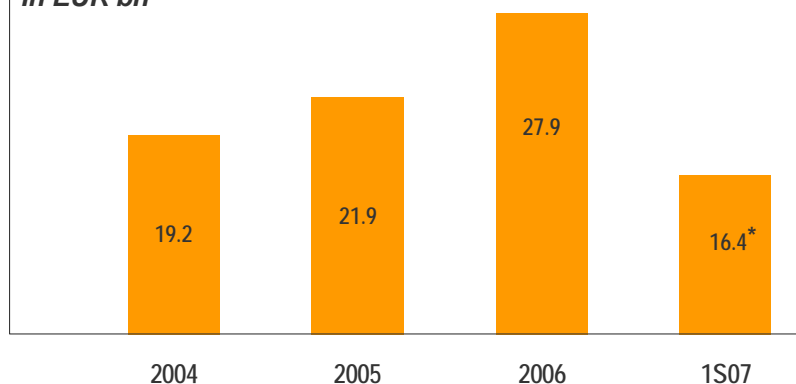
Appendices



BNP Paribas Group Robust and Profitable Organic Growth

Revenues

In EUR bn



* BNL contribution of 1.3 bn

Net Income Group share

- 2006: EUR 7.3 bn (+24.9%)
- 2005: EUR 5.9 bn (+25.3%)

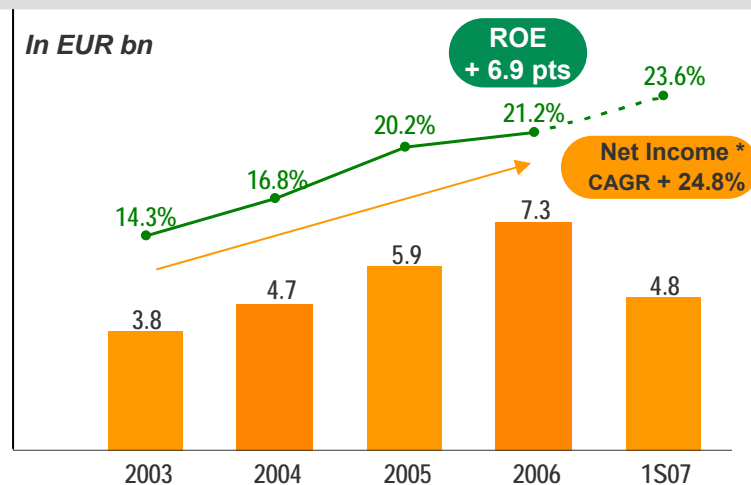
1S07 annualised after tax ROE of 23.6% (+1.4 pt)

Key figures as of 30 June 2007

Revenues	EUR 16.4 bn +16.8% / 1S06
Operating Expenses	EUR 9.4 bn +15.8% / 1S06
Gross Operating Income	EUR 7.0 bn +18.3% / 1S06
Net Income Group share	EUR 4.8 bn +22.4% / 1S06

Profitability

In EUR bn



* Group share



BNP Paribas Group Financial Strength

- Well capitalised with Tier 1 ratio of 7.2% and Total Capital ratio of 10.2% as at 30 June 2007

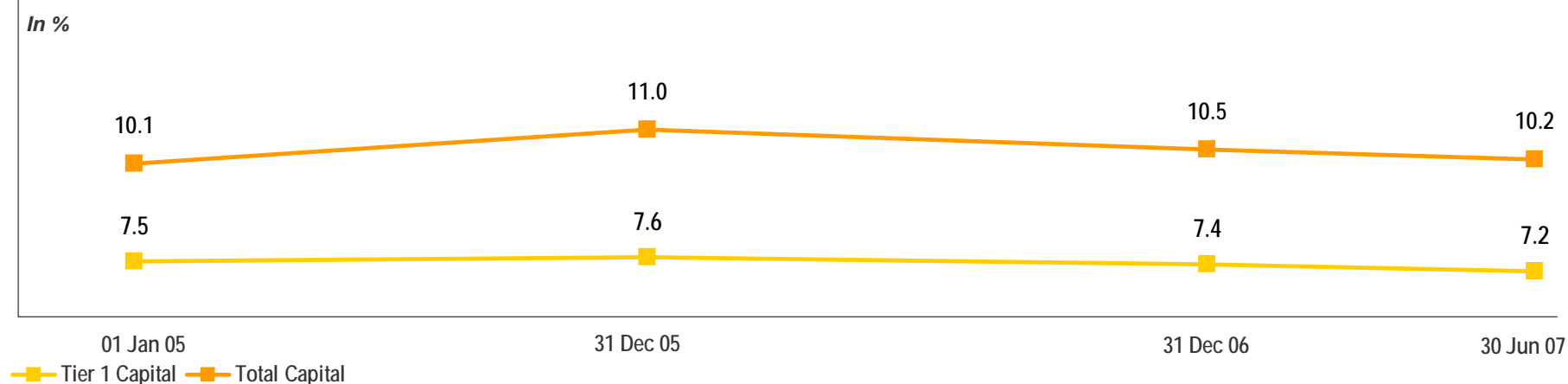
Equity

<i>In EUR bn</i>	30 Jun 07	31 Dec 06	30 Jun 06
Shareholder's Equity Group share (a)	43.0	37.2	36.5
Valuation Reserve	4.5	5.0	3.7
Total Capital ratio	10.2%	10.5%	10.7%
Tier One ratio (b)	7.2%	7.4%	7.6%

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

(b) On the estimated risk weighted assets, respectively of EUR 513.6 bn as at 30 Jun 07, EUR 465.2 bn as at 31 Dec 06 and EUR 445.0 bn as at 30 Jun 06.

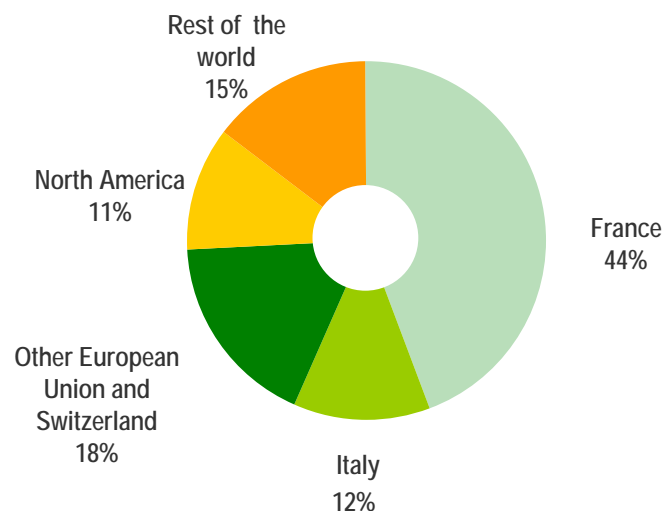
Capital Ratios



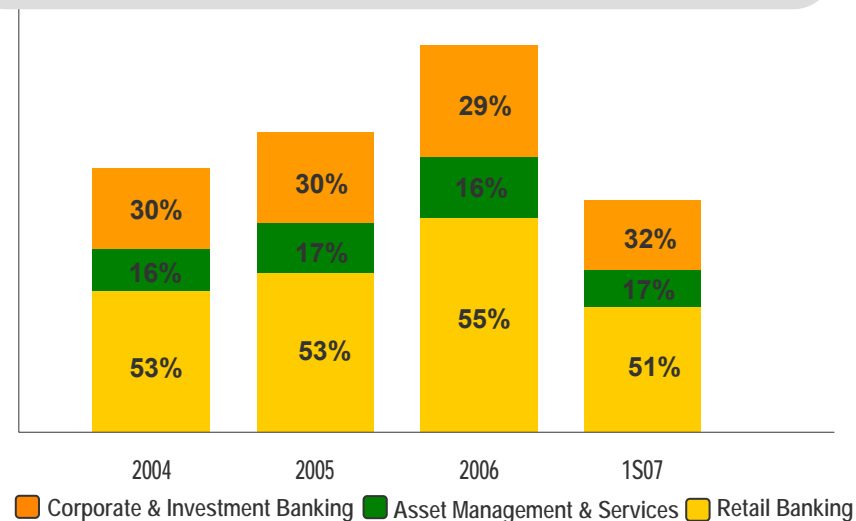


BNP Paribas Group A Well Balanced Business Mix

Revenues by Geography 1S07



Revenues by Division



**Europe is the core market:
74% of revenues**

**Strong retail banking base:
51% of revenues**



BNP Paribas Group Credit Ratings

	Long Term	Short Term		
S&P	AA+	A-1+	Stable Outlook	Upgraded on 10 July 07
Fitch	AA	F1+	Stable Outlook	Reaffirmed on 16 May 07
Moody's	Aa1	P-	Stable Outlook	Upgraded on 23 May 07

“ (BNP Paribas) profitability is robust and sustainable. It would afford a substantial cushion to withstand any cyclical downturn. ” S&P, 10 July 2007

4 other banks rated AAA ou AA+:

Rabobank and Wells Fargo (AAA). Bank of America and Citigroup (AA+)



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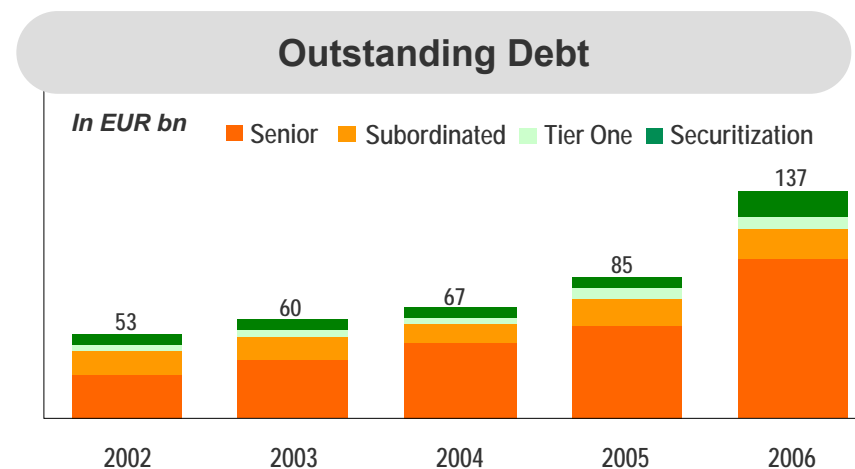
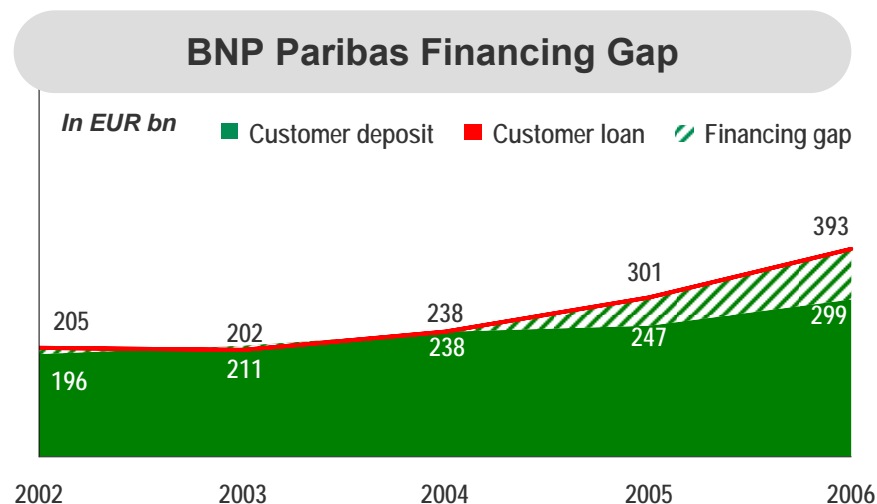
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Covered Bonds in BNP Paribas' Funding Strategy

Evolution of Financing Gap

- Over the past few years, the development of asset management liquidity products has reduced the demand for bank deposits by customers
 - Short-term mutual funds outperformed bank deposits and drew large demand from customers, although this is slowly changing as market values of certain liquidity products have fallen significantly (AAA ABS and structured products)
 - Life insurance products also cannibalised demand for bank deposits, although this has also slowed due to a rising interest rate environment
- Customer loans have steadily increased year after year
- The internal financing gap between customer deposits and customer loans continues to grow





Covered Bonds in BNP Paribas' Funding Strategy Objectives

Diversify BNP Paribas Group investor base

Add flexibility to funding management

Create a benchmark curve allowing for attractive funding cost



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BNP Paribas' French Home Loan Business Overview of the French Home Loan Market

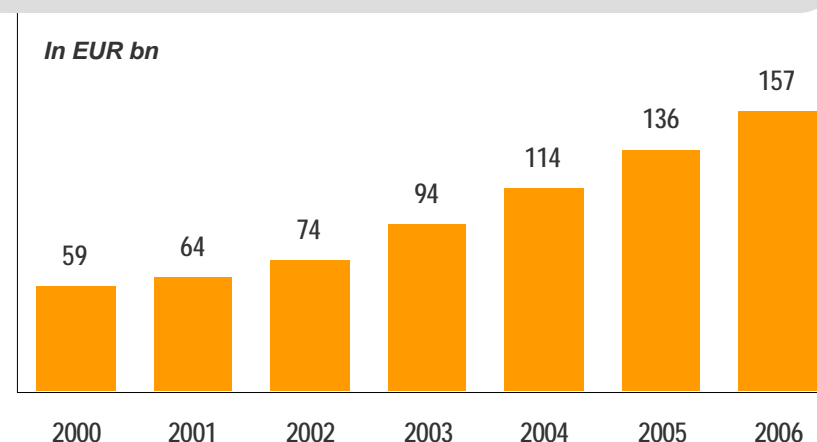
- **Production of French home loans has been steadily growing over the past several years and should continue to grow**

- France remains one of the countries with the lowest home ownership in the European Union with only 57% of households owning their primary residence, allowing for sustainable growth in the home loan market
- New tax advantages and government initiatives of the Sarkozy administration should promote further home purchases in France

- **Prices continue to rise but at a slower pace than in the previous two years, reflecting the structural imbalance in supply and demand in residential real estate**

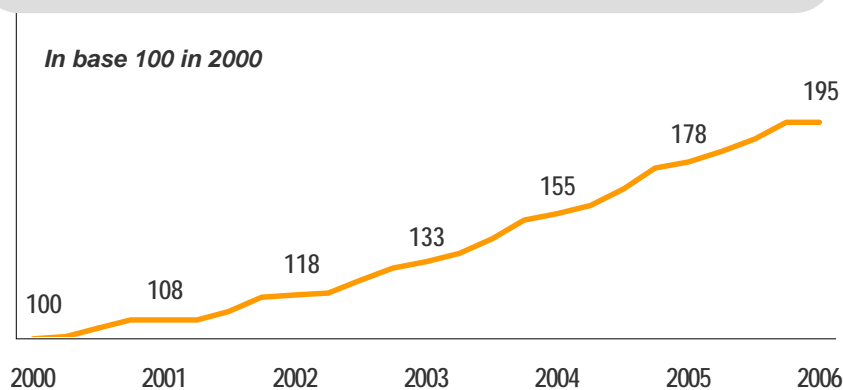
- **Production has soared since 2002 much faster than market prices because of continual growth in the number of transactions financed by home loans**

Production of French Loans



Source: Banque de France

French Home Price Index



Source: INSEE



BNP Paribas' French Home Loan Business Strategy and Results

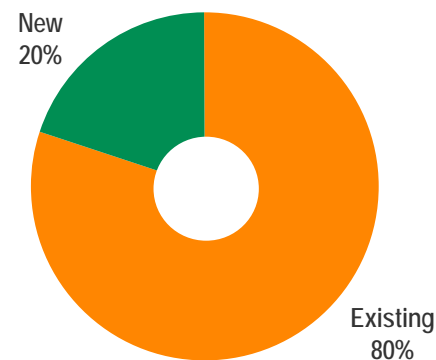
- **Focus on organic growth**

- Create long-term relationship with customers
- Ability to leverage the large base of existing bank customers
- Build on existing relationships to improve profitability

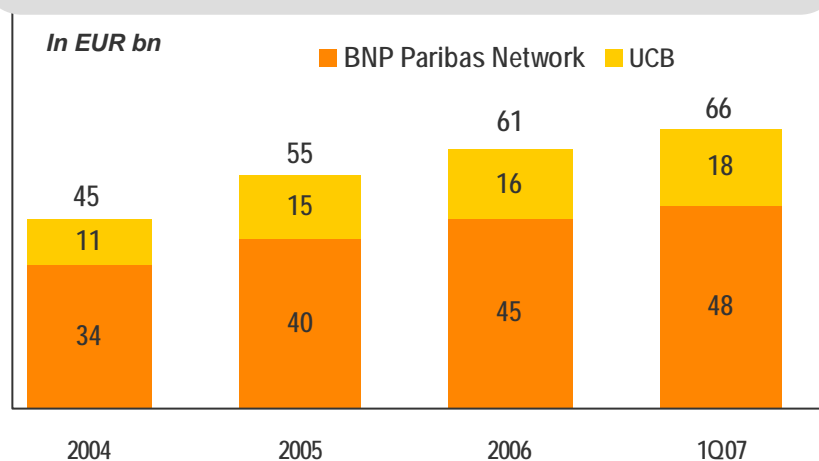
- **Stable and growing portfolio**

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

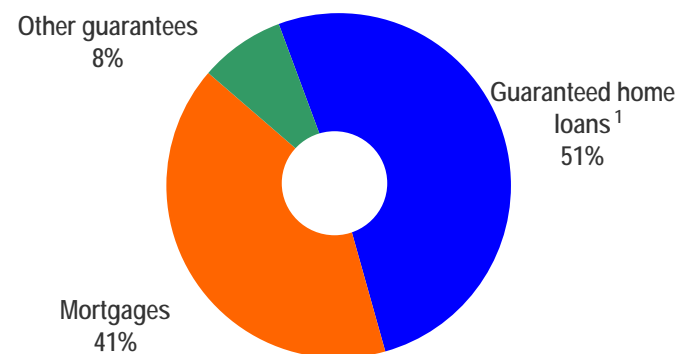
Customer Relationship Background



BNP Paribas French Home Loan Growth



Breakdown of Home Loan Business in 2007



¹ Home loans guaranteed by credit guarantee agencies



BNP Paribas' French Home Loan Business

Crédit Logement Home Loan Guarantee

- **Over 50% of the BNP Paribas Cover Pool are home loans guaranteed by Crédit Logement**

- Guarantees account for 60% of the French home loans market¹
- Crédit Logement is the leader for residential loan guarantees (market share of more than 50%¹)

- **Crédit Logement is owned by all the major French banks**

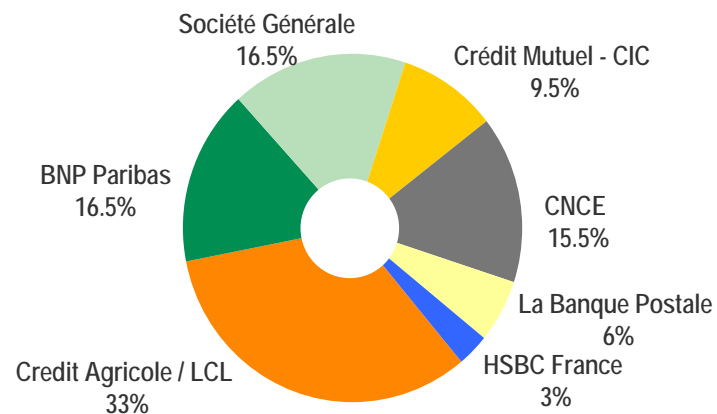
- Shareholders reconfirm every 6 months the Fonds Mutuel de Garantie (FMG) in proportion of their outstanding loans guaranteed
- Explicit written commitment of the shareholders to rebuild the FMG
- Strong credit ratings (Aa2 by Moody's and AA by S&P) with stable outlook
- Ultimate support by French banking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

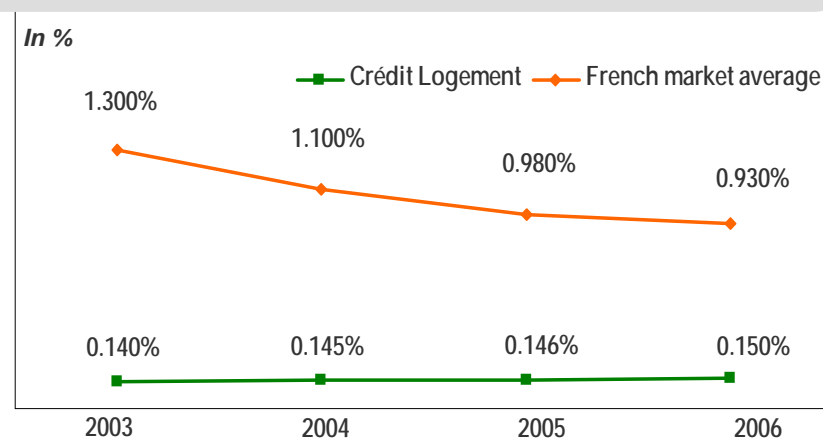
¹Annual report 2006, Crédit Logement

Crédit Logement Shareholders



Source: Crédit Logement

Doubtful Home Loans



Source: Crédit Logement and Banque de France



BNP Paribas' French Home Loan Business Distribution Network

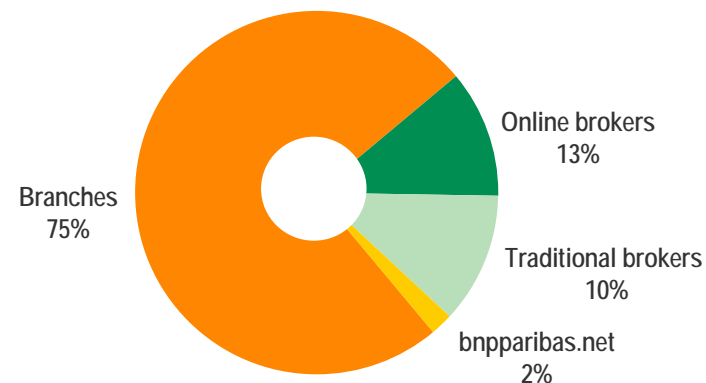
● A well-distributed branch network

- 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

● 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
- Aggregate commitment as a portion of income should not exceed 33%
- Dedicated credit committee to test and revise scoring process quarterly

Home Loan Distribution Channels

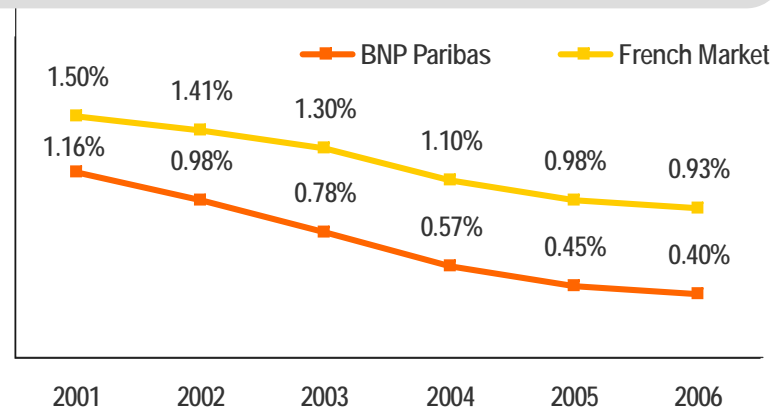




BNP Paribas' French Home Loan Business Performance

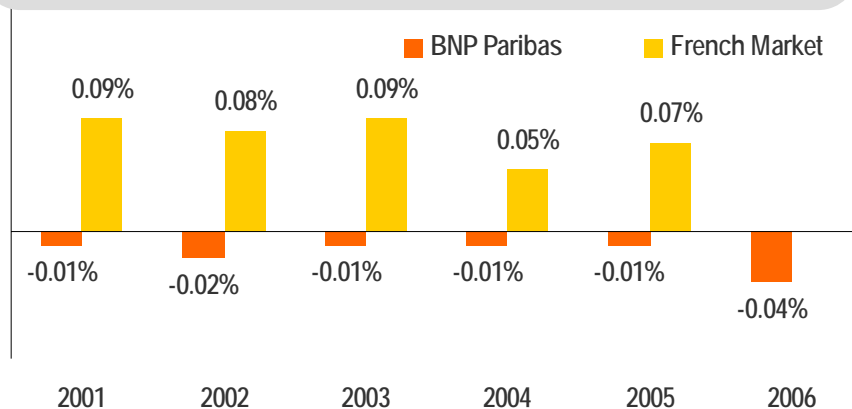
- The French Home Loan market is low risk: it is essentially a prime loan market
- BNP Paribas consistently outperforms the French market in terms of doubtful loans and cost of risk
- The French industry average cost of risk is lower than the European average

Doubtful Loans



Source: Banque de France and BNP Paribas

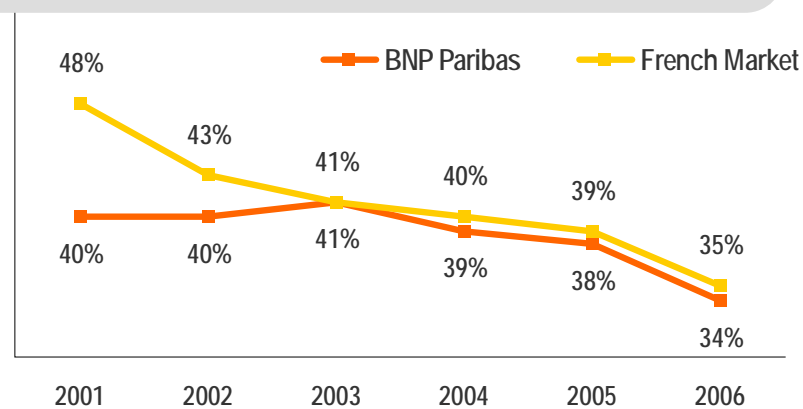
Cost of Risk¹



Source: Banque de France and BNP Paribas

¹ Provisioning - Recovery

Provisions for Doubtful Loans²



Source: Banque de France and BNP Paribas

² Percentage of total doubtful loans



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BNP Paribas' Covered Bond Programme

Comparison of French Covered Bonds

	Sociétés de Crédit Foncier (Obligations foncières)	Billets à Ordre	European Collateral Directive
Issuers	CFF CIF Euromortgage Dexma	CRH	BNP Paribas Covered Bonds CM-CIC Covered Bonds
Regulator	Banking Commission of Banque de France	Banking Commission of Banque de France	Banking Commission of Banque de France
Legal Framework	Article L.515-13 and seq.	Article L.313-42 and seq.	Article L.431-7 and seq.
Bankruptcy Remoteness	Yes, specific provision of SCF law	Yes, company is legally independent from shareholding banks	Yes, companies are legally independent from shareholding banks
Ratings	AAA S&P Aaa Moody's AAA Fitch	Aaa Moody's AAA Fitch	AAA S&P Aaa Moody's AAA Fitch



BNP Paribas' Covered Bond Programme

Comparison of French Covered Bonds

	Sociétés du Crédit Foncier (Obligations foncières)	Billets à Ordre	European Collateral Directive
Investor Recourse	Only to Cover Pool assets	Only to Cover Pool assets	To full balance sheet of Originator Bank and to Cover Pool assets
Permitted Assets in Cover Pool	<ul style="list-style-type: none"> Mortgages Guaranteed Home Loans (35% limit) Public Sector Debt Supranational Debt Multinational Debt ABS (of above assets) Credit Institutions Debt (15% limit) 	<ul style="list-style-type: none"> Mortgages Guaranteed Home Loans (35% limit) 	<ul style="list-style-type: none"> Mortgages Guaranteed Home Loans
Geography of Assets	Primarily Limited to European Economic Area	European Economic Area but "de facto" only France	Home market of the Originator Bank but "de facto" only France
Mandatory Overcollateralisation	None	25%	7.5%



BNP Paribas' Covered Bonds Programme Key Terms

Programme Terms	
Issuer	BNP Paribas Covered Bonds
Programme Size	EUR 25 bn
Ratings	AAA (S&P) / Aaa (Moody's) / AAA (Fitch)
Maturity Type	Hard bullet
Currency	Any
Listing	Luxembourg
Governing Law	French
Maximum LTV	100% (with indexed LTV cap at 80% for ACT)



BNP Paribas' Covered Bonds Programme Cover Pool¹

Pool Notional	EUR 12.5 bn
Type	48.5% prime French residential mortgages and 51.5% guaranteed home loans
Number of Loans	132,561
WA Current LTV	70.6%
WA Indexed LTV	58.6%
Seasoning	34 months
Rate Type	82.7% fixed, 17.3% capped variable
Max Loan Amount	EUR 1 mn
Geographic Distribution	Île-de-France 36%, Provence Alpes Côte d'Azur 10%, 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 4%, Haute-Normandie 3%, Others 10%

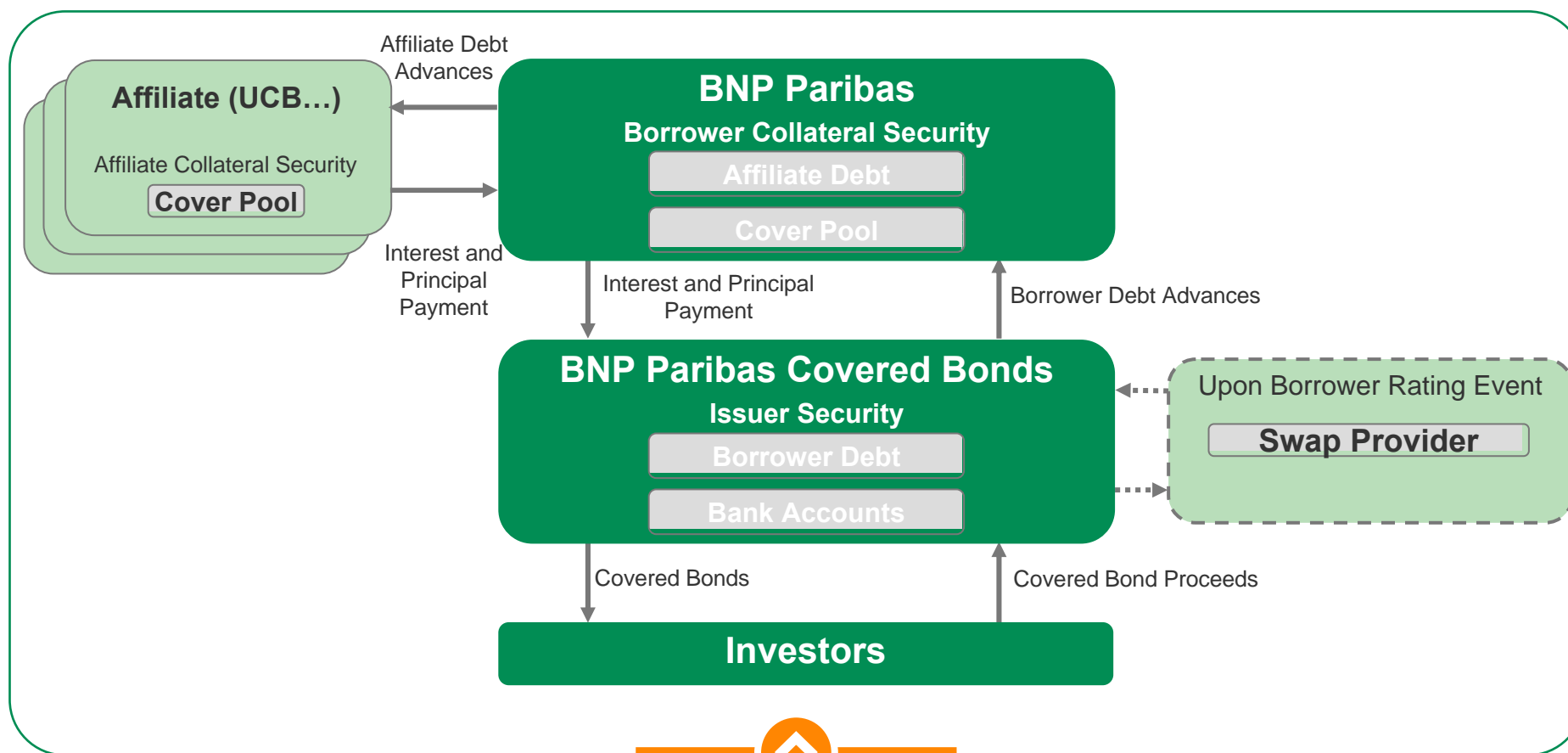
¹ As of 22/10/2007



BNP Paribas' Covered Bonds Programme Structure Overview

Standard Features

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





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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

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

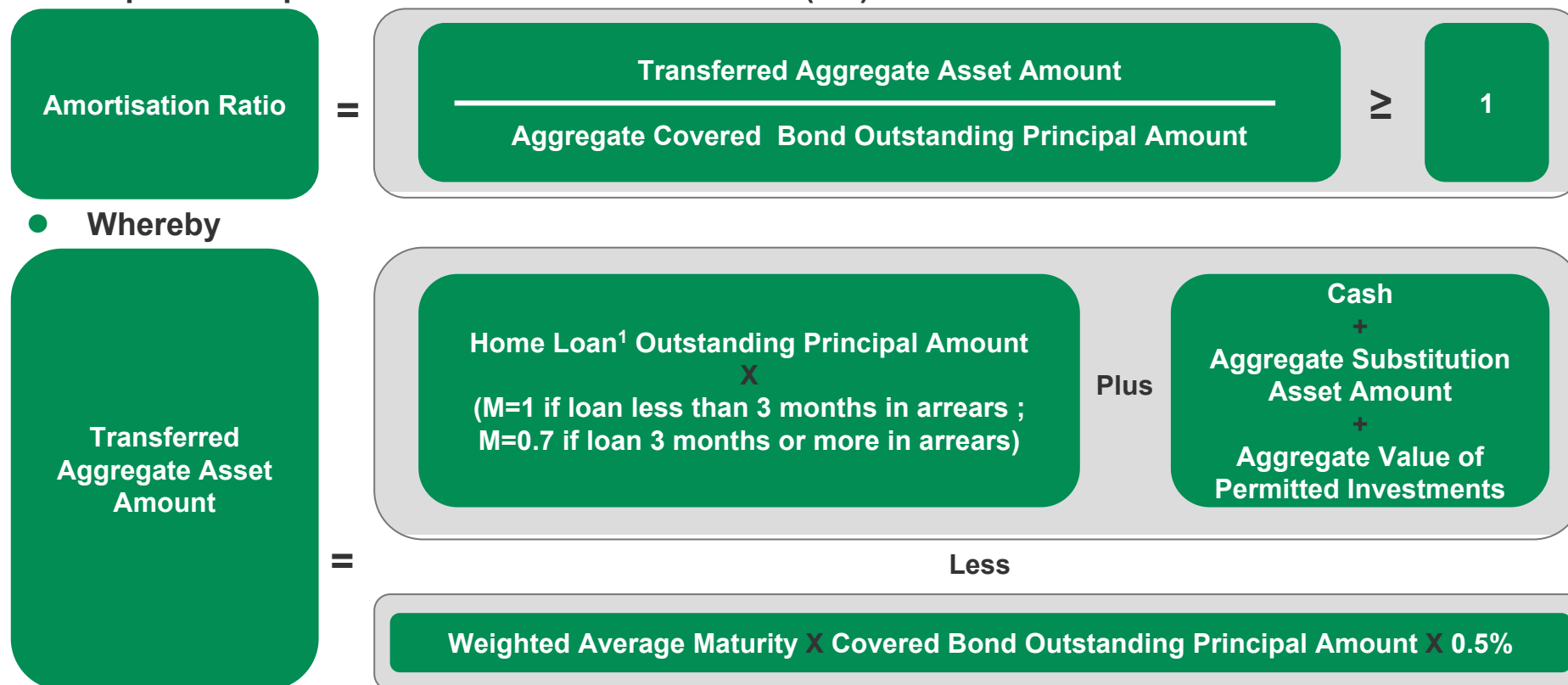
$$\begin{aligned} \text{Adjusted Aggregate Asset Amount} = & \left(\begin{array}{l} \text{Lower of:} \\ \text{Adjusted Home Loan Outstanding Principal Amount} \\ \text{or} \\ \text{Unadjusted Home Loan Outstanding Principal Amount} \times \text{Asset Percentage} \end{array} \right) \\ & \text{Less} \\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



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 provides bank accounts to the Issuer
- **Asset Servicing**
 - BNP Paribas 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



BNP Paribas' Covered Bonds Structure Details

Key Events

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



BNP Paribas Covered Bonds Structure Details

Key Events

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



Appendices

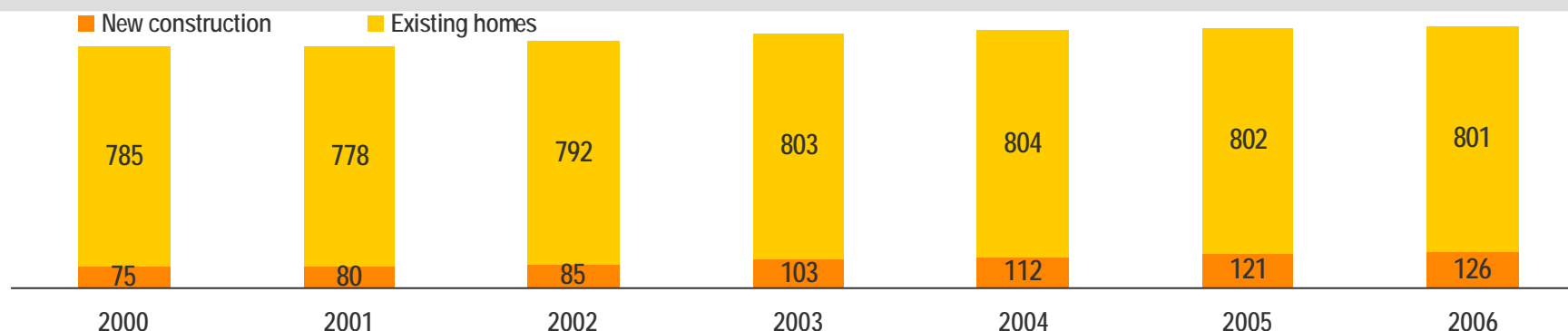
French Home Loan Market



French Home Loan Market Activity and Fundamentals

- Mortgage market gross lending in 2006 was EUR 256 billion
- Annual rate of house price inflation is slowing down

Property Transactions in the French Market (number in thousands)



Source: Ministère de l'Équipement, des Transports et du Logement

House Price Index

