



# BNP Paribas Sustainable growth throughout the cycle

Fixed Income Presentation

*Asia - May 2011*



**BNP PARIBAS** | The bank for a changing world

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# 2006- 2010 Achievements and 1Q11 Update

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Strong Performances by Business

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Growth Strategy

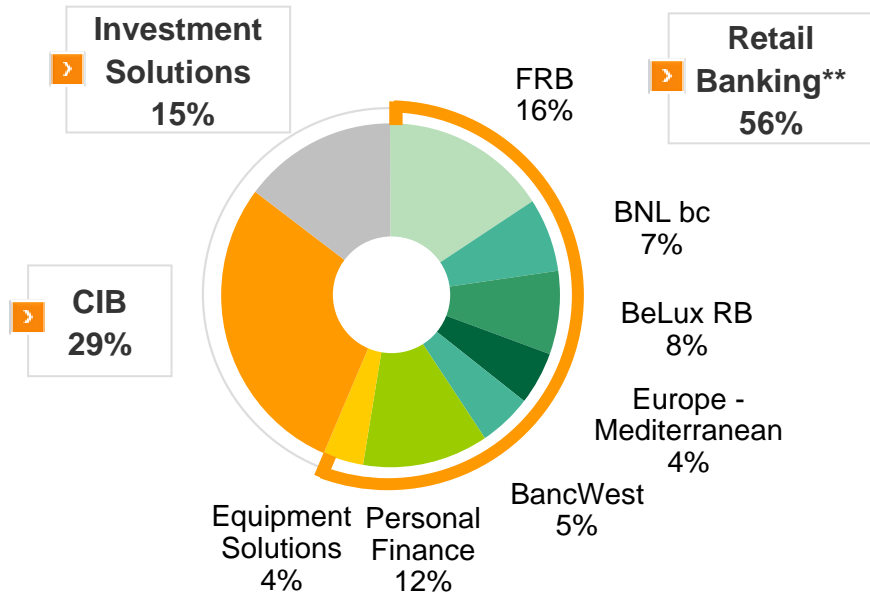
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Liquidity and Funding



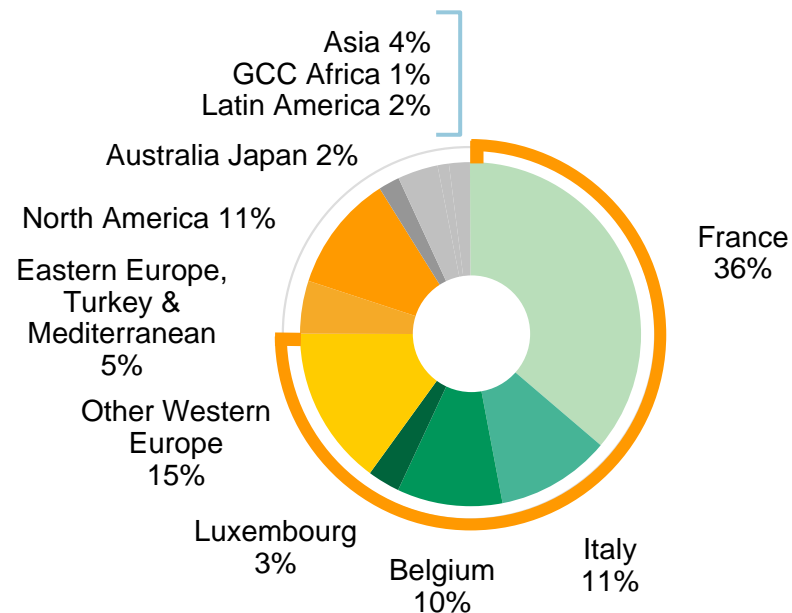
# Group Overview

## Business mix 2010\* Revenues



➤ 1/2 Retail, 1/3 CIB, 1/6 IS

## Geographic mix 2010\* Revenues



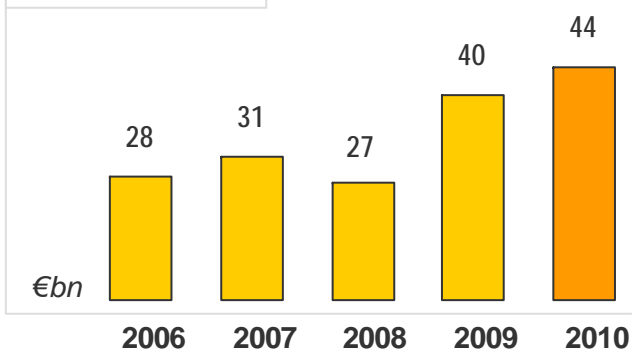
➤ 75% Western Europe, 60% domestic markets

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

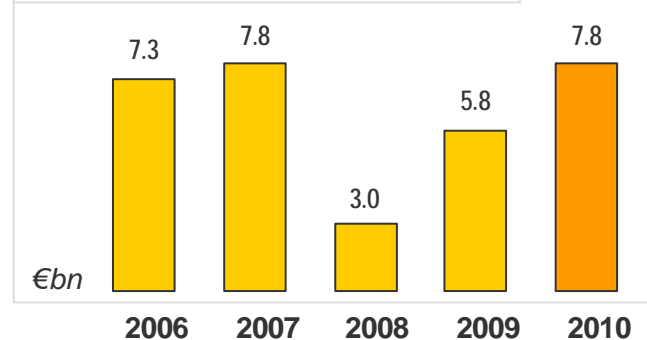


## Reminder: Consolidated Group Results throughout the crisis

### > Revenues



### > Net income group share



- ROE
- ROTE

### > 2010

12.3%

15.8%

### > 2006

21.2%

30.7%

> **Recurrent and strong cash flow generation capacity**



# 1Q11 Key Messages

<b>Sustained business activity, growth in volumes in the domestic networks</b> (deposits +8.5% vs. 1Q10, loans +3.9% vs. 1Q10)	<b>Revenues: €11.7bn</b> <b>(+1.3% vs. 1Q10)</b>
<b>Decline in cost of risk</b>	<b>-31.3% vs. 1Q10</b>
<b>Strong profit-generation capacity</b>	<b>€2.6bn</b> <b>(+14.6% vs. 1Q10)</b>
<b>High solvency level</b>	<b>Common equity Tier 1</b> <b>9.5%</b>



**Very good results confirming organic growth potential**



# 1Q11 Consolidated Group

	> 1Q11	> 1Q11 vs. 1Q10
<b>Revenues</b>	<b>€11,685m</b>	<b>+1.3%</b>
Operating expenses	-€6,728m	+2.0%*
<b>Gross operating income</b>	<b>€4,957m</b>	<b>+0.5%</b>
Cost of risk	-€919m	-31.3%
Pre-tax income	€4,109m	+7.0%
<b>Net income</b> attributable to equity holders	<b>€2,616m</b>	<b>+14.6%</b>

*\*Including impact due to the introduction in 2011 of “systemic” taxes reattributed to all business units:*

*-€186m expected for the whole of 2011*

**-€45m**

**+0.7%**

● **Annualised ROE**

**15.1%**

**+0.7pt**

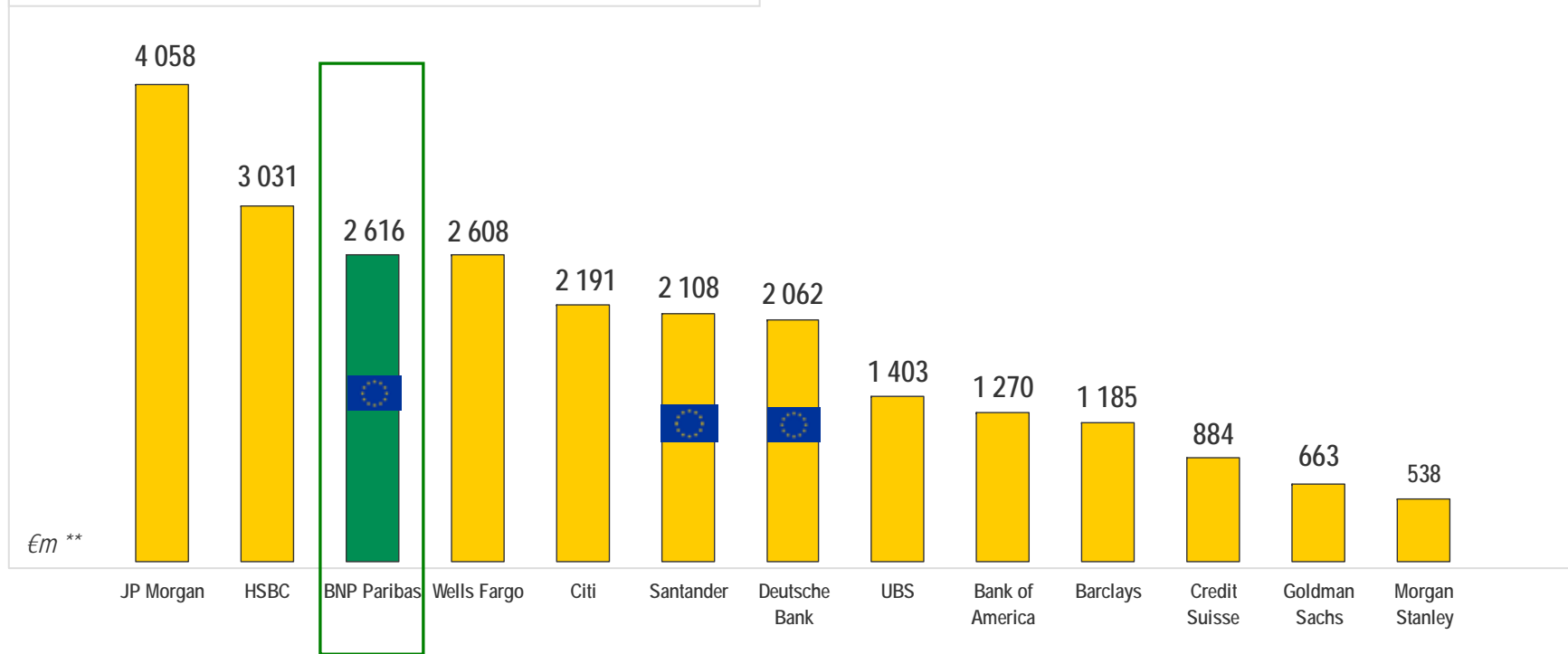


**New organic profit growth**



# 1Q11 Net Income

## Net income attributable to equity holders \*



**Solid profitability**



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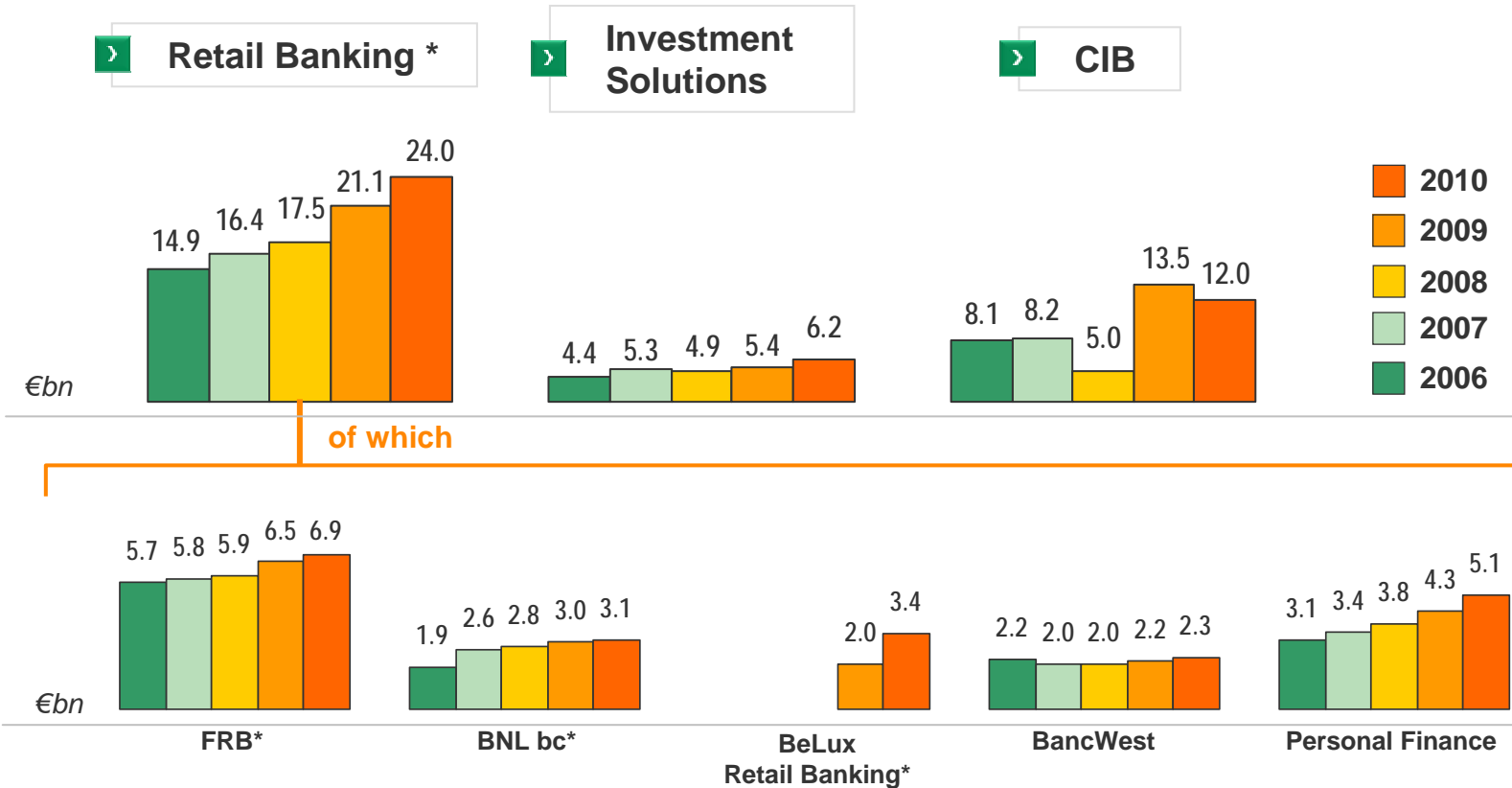
\* Source: banks; \*\* Average 1Q11 exchange rates

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# Reminder: Revenues of the Operating Divisions 2006-2010

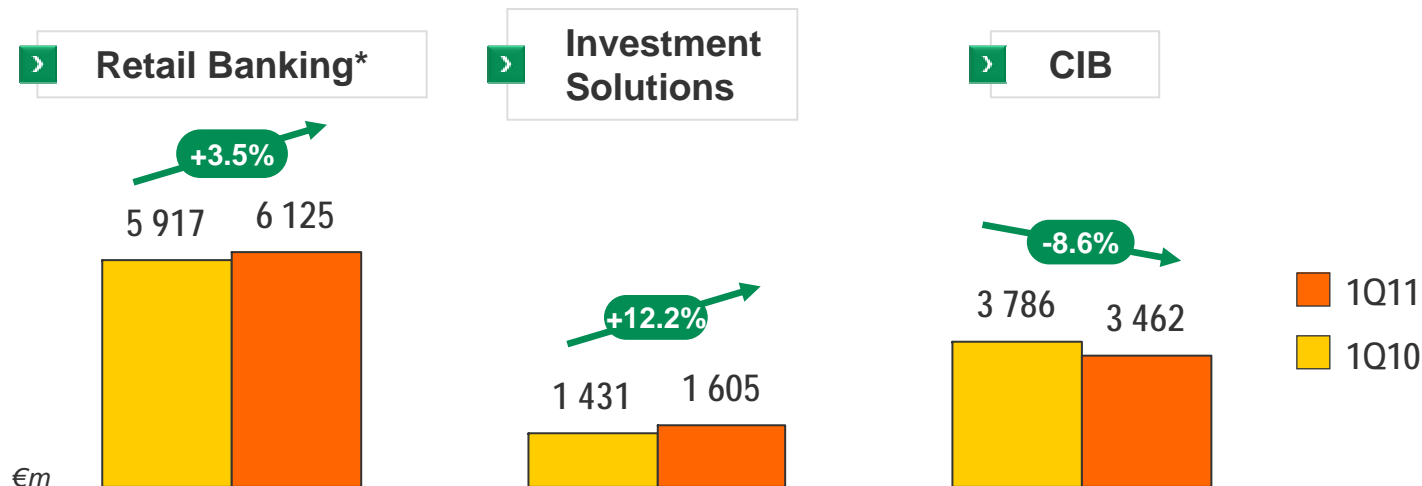


**Strong organic and external growth throughout the cycle**

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



# 1Q11 Revenues of the Operating Divisions



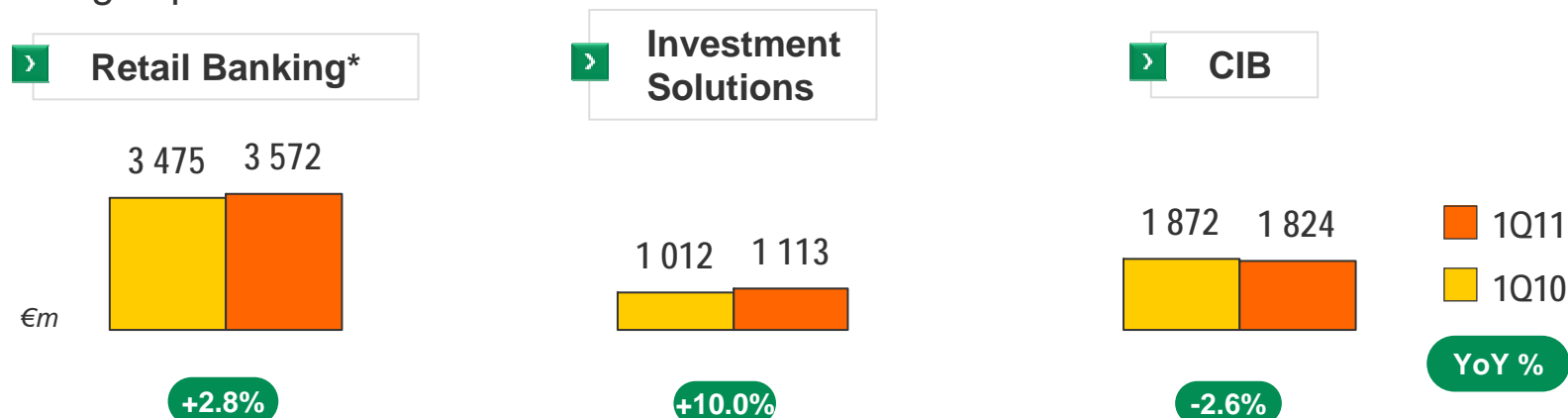
- Retail Banking: good sales and marketing drive
- Investment Solutions: very solid performance
- CIB: held up well vs. an exceptional 1Q10

> **Good level of revenues across all business units**



# 1Q11 Operating Expenses of the Operating Divisions

- Operating expense trend



- Of which effect of “systemic” taxes introduced in 2011:



- Cost/income



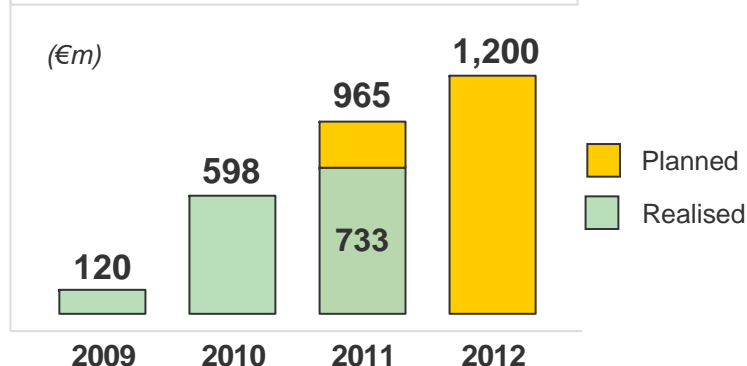
**Operating expenses under control**

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

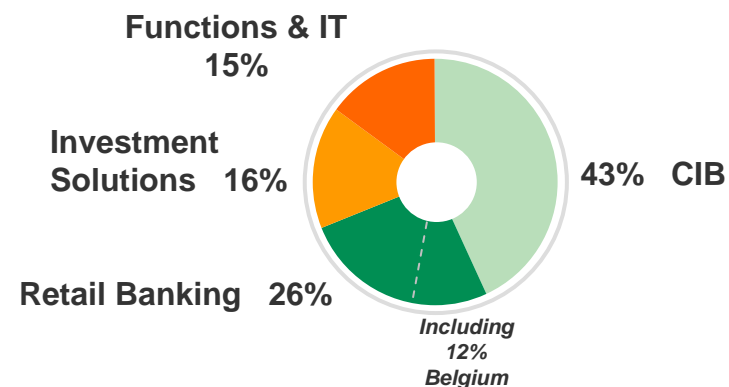


# BNP Paribas Fortis Synergies

## Net cumulative synergies



## Breakdown of synergies by business unit in 2012



- Cumulative synergies as at 31.03.11: €733m
  - Of which €135m achieved in 1Q11
- Reminder:
  - Total expected synergies to 2012 increased from €900m to €1,200m
  - Restructuring costs\* increased from €1.3bn to €1.65bn (€0.6bn in 2011, of which €0.1bn in 1Q11)

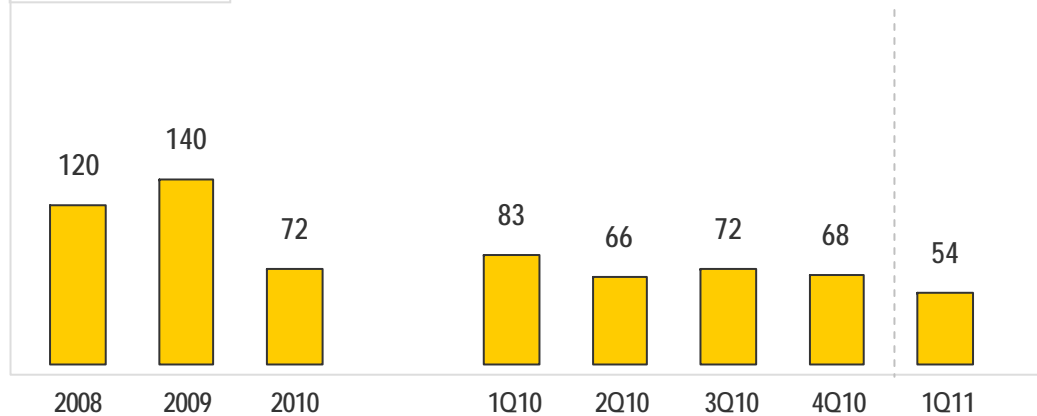
## Synergies in line with the new plan



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

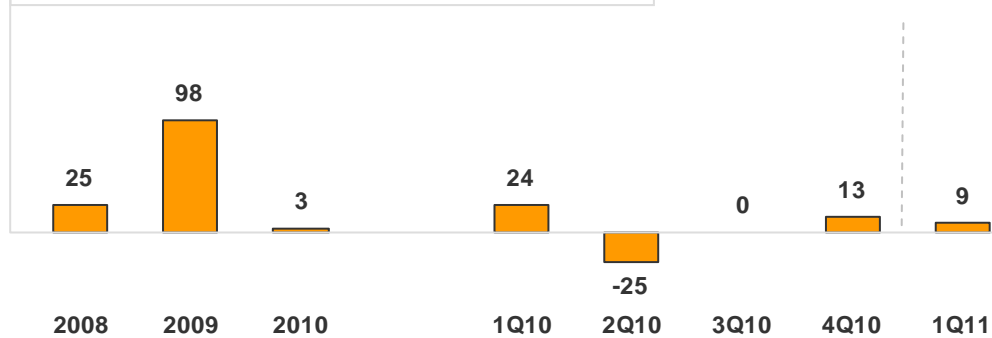
Net provisions/Customer loans (in annualised bp)

## Group



- Cost of risk: €919m
  - -€418m vs. 1Q10
  - -€243m vs. 4Q10
- Decline in doubtful outstandings\* in 1Q11: -€1.5bn vs. 31.12.2010

## CIB Financing businesses



- Cost of risk: €37m
  - Compared to €93m in 1Q10
  - Compared to €51m in 4Q10
- Limited provisions offset by write-backs

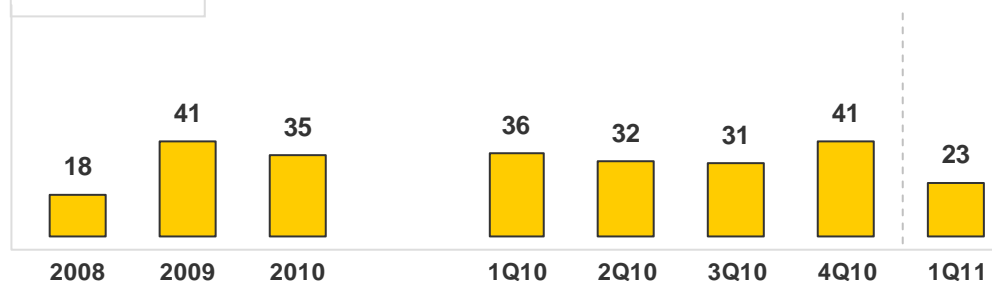
\* Gross doubtful loans, on and off-balance sheet, net of guarantees and collaterals



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

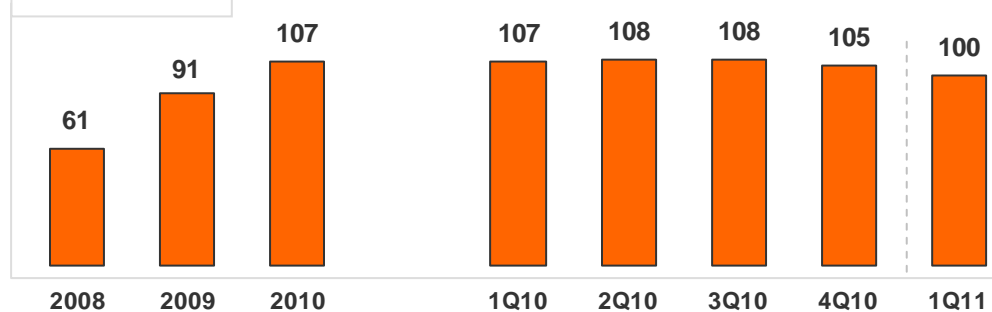
Net provisions/Customer loans (in annualised bp)

## FRB



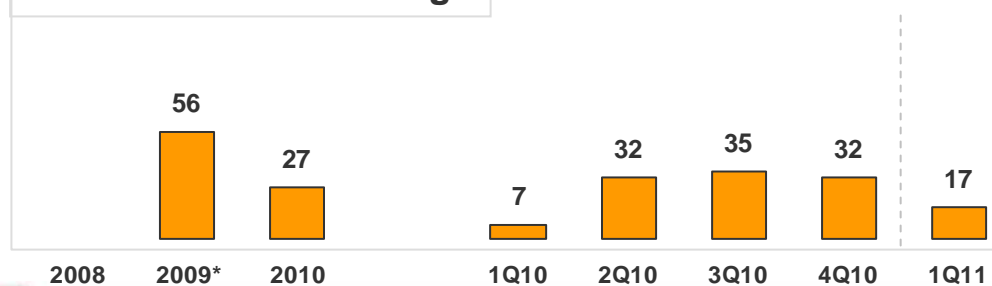
- Cost of risk: €80m
  - -€42m vs. 1Q10
  - -€62m vs. 4Q10
- Decrease accelerated by a seasonal effect

## BNL bc



- Cost of risk: €198m
  - -€2m vs. 1Q10
  - -€5m vs. 4Q10
- Confirmed stabilisation

## BeLux Retail Banking



- Cost of risk: €35m
  - +€20m vs. 1Q10
  - -€32m vs. 4Q10
- Low level amplified by a seasonal effect

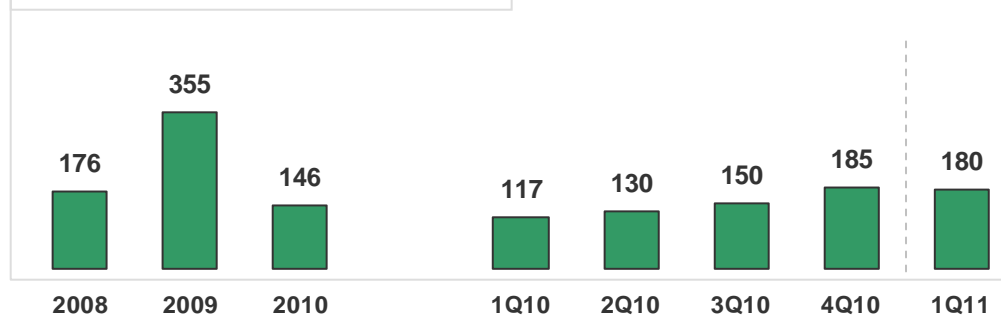
\* Pro-forma



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

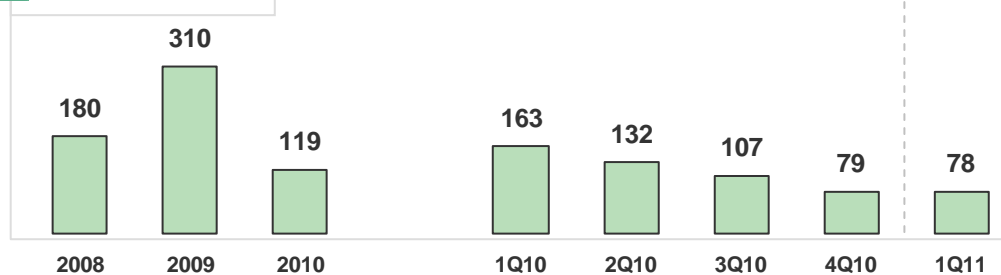
Net provisions/Customer loans (in annualised bp)

## > Europe-Mediterranean



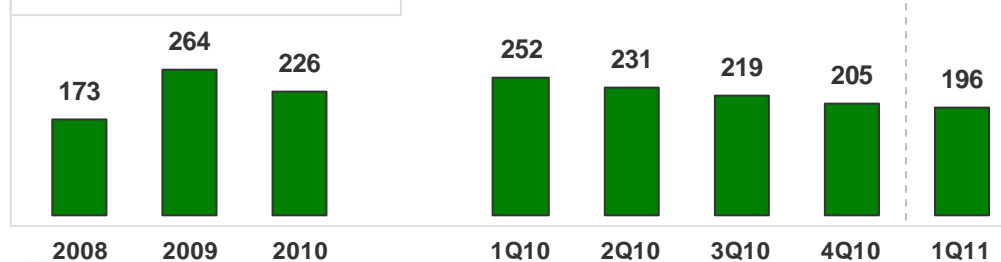
- Cost of risk: €103m
  - +€35m vs. 1Q10
  - -€6m vs. 4Q10
- Portfolio provisions for Tunisia and Egypt: +€28m
- Stabilisation confirmed in Ukraine

## > BancWest



- Cost of risk: €75m
  - -€75m vs. 1Q10
  - Unchanged vs. 4Q10
- Continued to improve asset quality

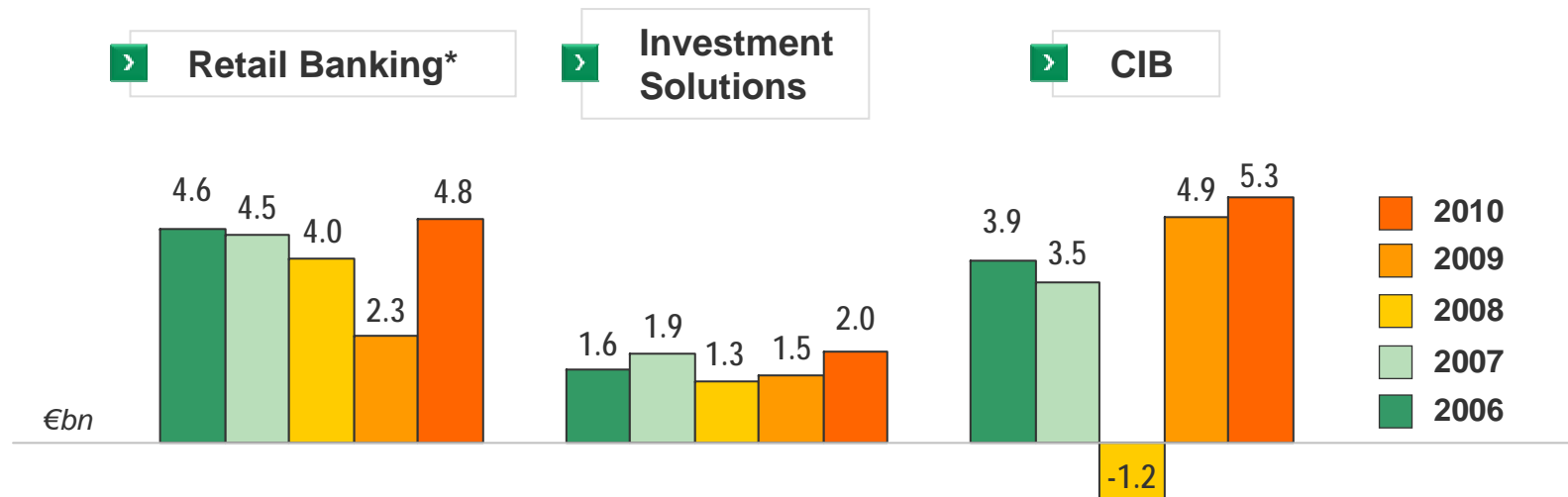
## > Personal Finance



- Cost of risk: €431m
  - -€91m vs. 1Q10
  - -€7m vs. 4Q10
- Decrease in most countries



# Reminder: Pre-Tax Income of the Operating Divisions 2006-2010



● Pre-tax ROE

19%

31%

38%

32% *pro forma* Basel 2.5

~30% (est.) *pro forma* full Basel 3



**Rebalancing of the divisions' contributions due to a rebound in Retail Banking income**

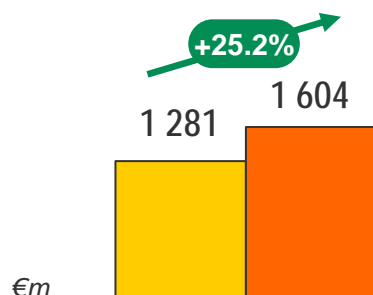
*\*Including 2/3 of Private Banking in France (including PEL/CEL effects), Italy and Belgium*



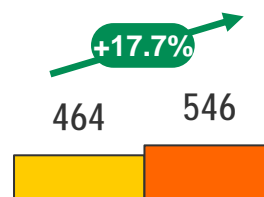


# 1Q11 Pre-Tax Income of the Operating Divisions

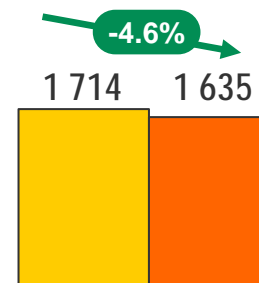
## > Retail Banking\*



## > Investment Solutions



## > CIB



1Q11  
1Q10

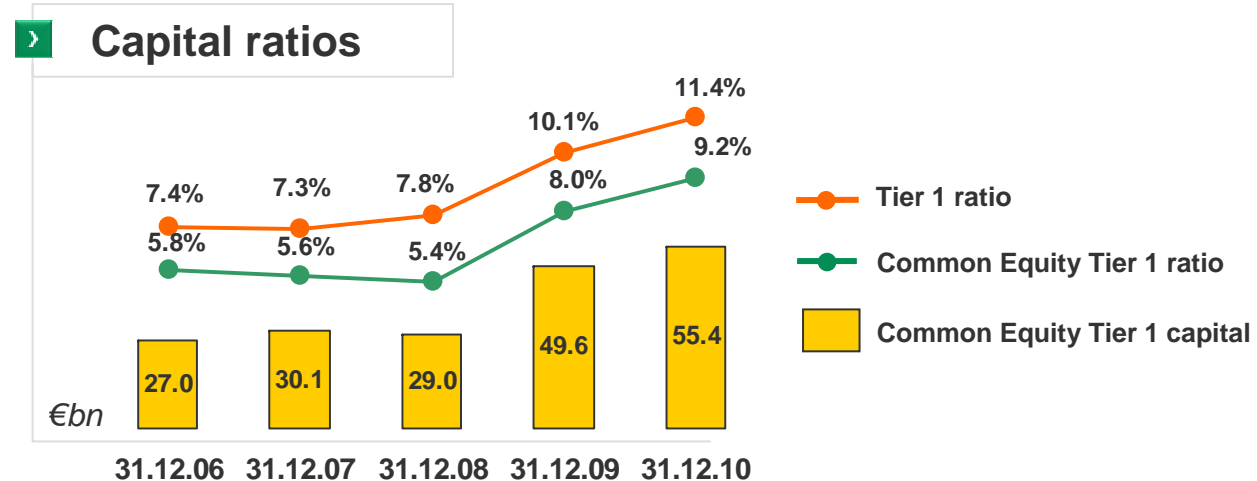


**Strong contribution from all divisions**

\* Including 2/3 of Private Banking in France (excluding PEL/CEL effects), Italy and Belgium



# Reminder: Solvency 2006-2010



- 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

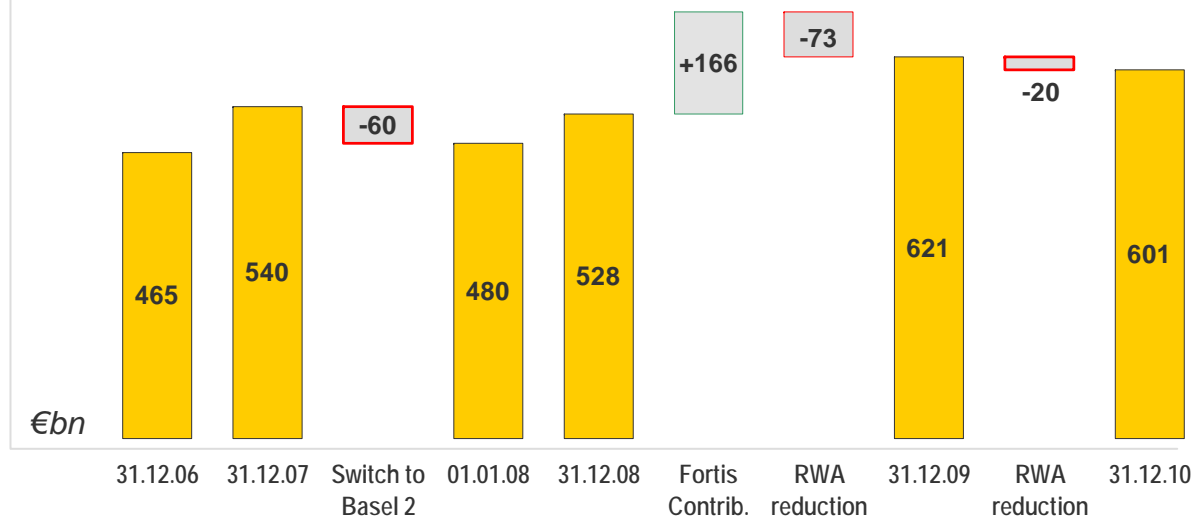
Limited dilution

**Powerful capacity to generate equity organically**



# RWA 2006-2010

## > 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

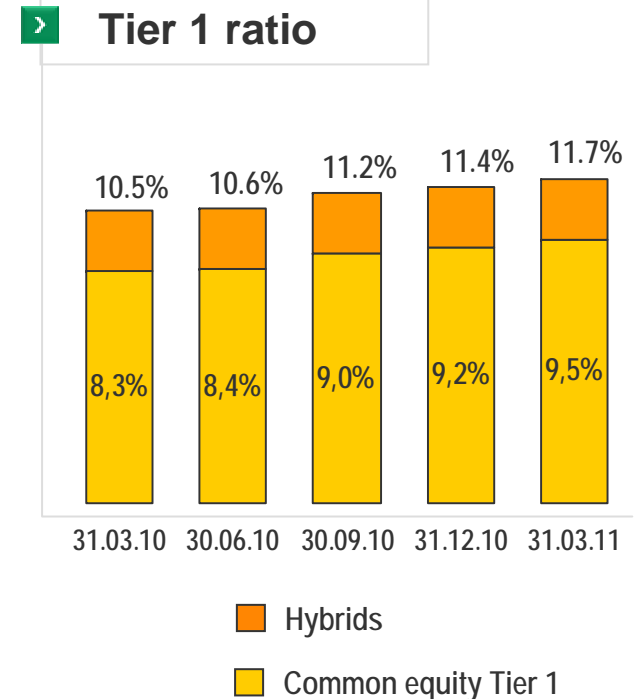


## Constant optimal management of RWA



# 1Q11 Solvency and RWA

- Common equity Tier 1 ratio: 9.5% as at 31.03.2011
  - Pro-forma ratio under Basel 2.5: 8.8%
- Tier 1 ratio: 11.7% as at 31.03.2011
- Shareholders' equity:
  - Common equity Tier 1: €56.6bn (+€1.2bn vs. 31.12.2010)
  - Tier 1 capital: €69.8bn (+€1.2bn vs. 31.12.2010)
- Risk Weighted Assets: €595bn as at 31.03.2011 (-€6bn vs. 31.12.2010)
  - Of which rises in domestic networks: +€3bn vs. 31.12.10

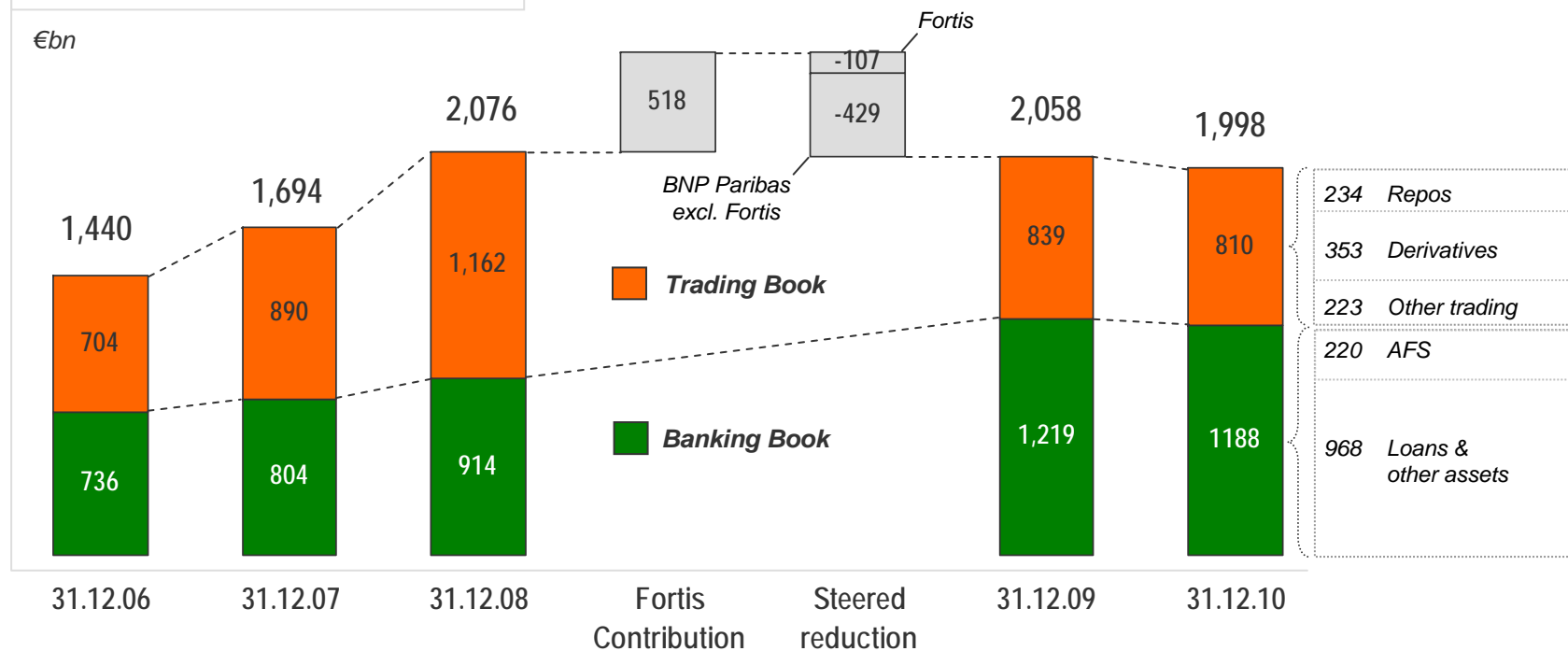


**High Solvency**



# Balance Sheet 2006-2010

## Balance sheet: assets

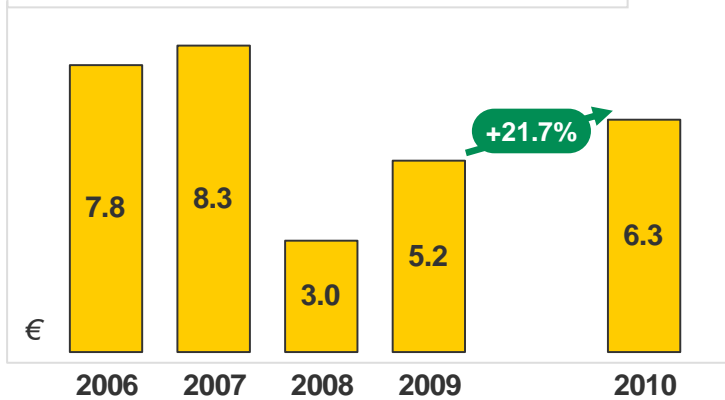


## Active balance sheet management since Fortis acquisition

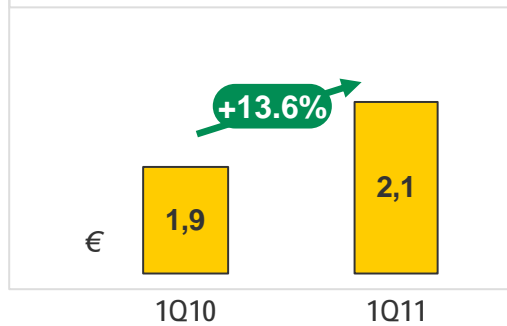


# Earnings per Share, Book Value per Share

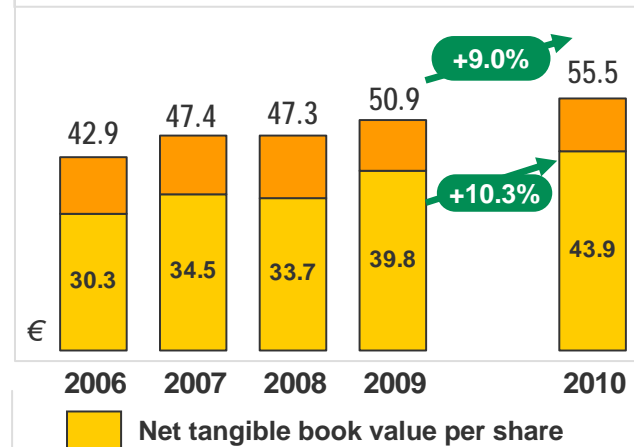
> Earnings per share 2006-2010



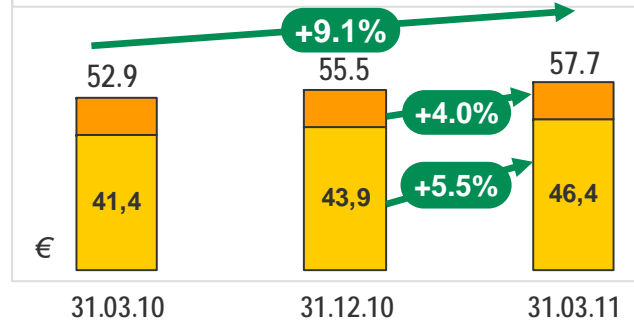
> 1Q11 Earnings per share



> Net book value per share 2006-2010



> 1Q11 Net book value per share



**A model generating robust growth in asset value throughout the cycle**



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2006- 2010 Achievements and 1Q11 Update

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**Strong Performances by Business**

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Growth Strategy

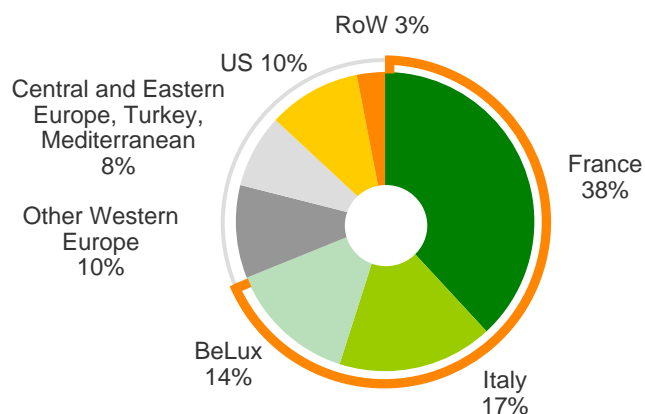
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Liquidity and Funding



# 2010 Retail Banking - Overview

## Retail Banking Geographic Mix Revenues 2010 \*



69% domestic markets

## 2010/2009 (at constant scope and exchange rates)

● Revenues*	+4.0%
● Cost/Income* (60.8pt):	-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

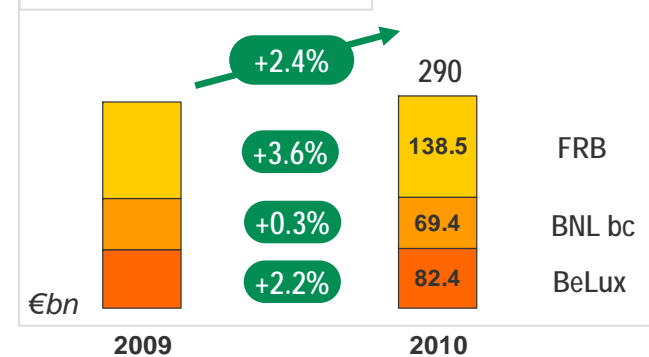




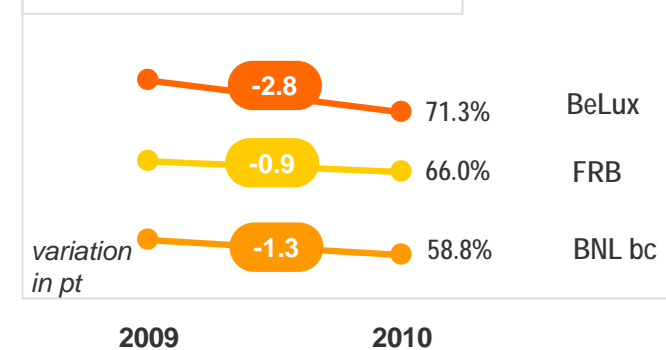
# 2010 Retail Banking - Domestic Networks

- 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

## > Loan growth\*



## > Cost/Income Ratio\*



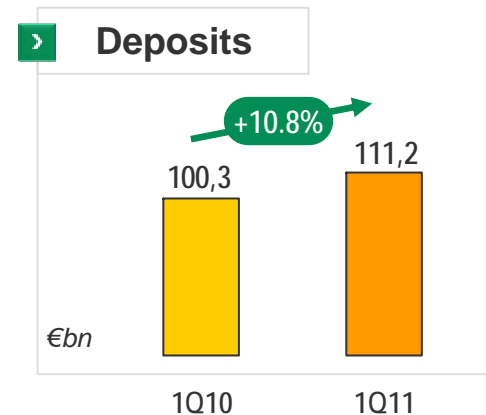
**> Strong cash flow generation capacity in sound markets**

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



# French Retail Banking - 1Q11

- Strong sales and marketing drive
  - Loans: +3.5% vs. 1Q10, of which individual customers +8.4% and VSEs & SMEs +4.2%\*
  - Deposits: +10.8% vs. 1Q10, strong growth overall
- Continued improvement of the customer relations organisation
  - 70% of branches remodelled based on the *Welcome & Services* format
  - 37 “Small Business Centres” already opened including 4 in 1Q11
  - Online banking: 2.2 million users; the all online branch *Net Agence* has over 10,000 customers
- Revenues\*\*: €1,791m (+2.5% vs. 1Q10)
  - Net interest income: +2.6% vs. 1Q10
  - Fees: +2.5% vs. 1Q10
- GOI\*\*: €692m (+4.5% vs. 1Q10)
  - Operating expenses: +1.3% vs. 1Q10
- Pre-tax income\*\*\*: €579m (+14.2% vs. 1Q10)



## Vigorous business and income growth

\* Feb.2011 vs. Feb.2010; \*\*Including 100% of French Private Banking (FPB), excluding PEL/CEL effects ;

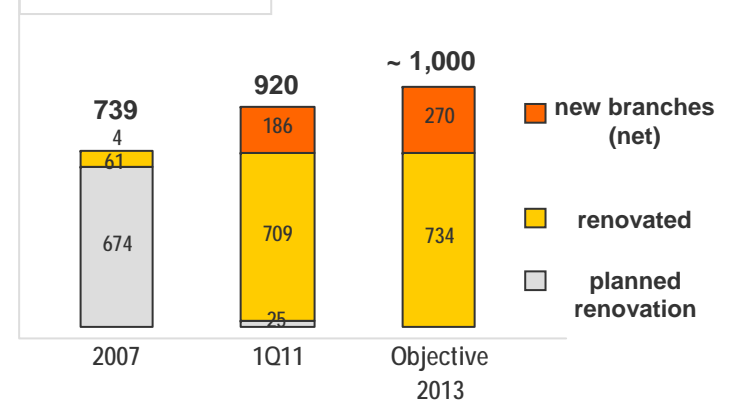
\*\*\* Including 2/3 of FPB, excluding PEL/CEL effects



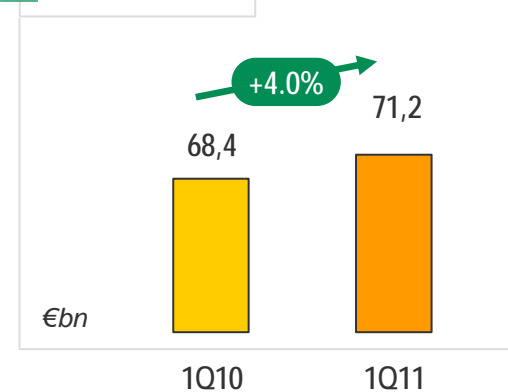
# BNL banca commerciale - 1Q11

- Revenues\*: €782m, +3.0% vs. 1Q10
  - Loans: +4.0% vs. 1Q10, good overall drive
  - Deposits: -4.8% vs. 1Q10, strong price competition on corporate and local government deposits
  - Fees: rise in insurance products and cross-selling with CIB (cash management, structured finance)
- Operating expenses\*: +2.5% vs. 1Q10
  - Effects of synergies
  - Strengthened commercial network: 27 “Small Business Centres” already opened, including 13 in 1Q11; 26 new branches scheduled to open in 2011
- Pre-tax income\*\*: €136m (+10.6% vs. 1Q10)

## Branches



## Loans



**Good operating performance;  
continuation of commercial investments**

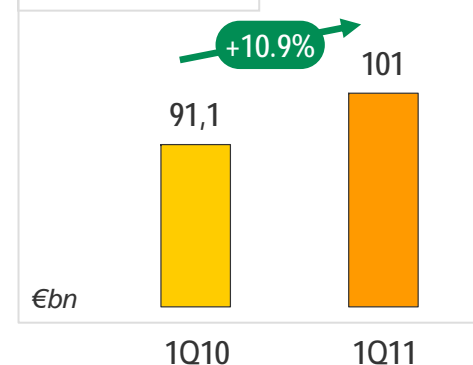
\* Including 100% of Italian Private Banking; \*\* Including 2/3 of Italian Private Banking



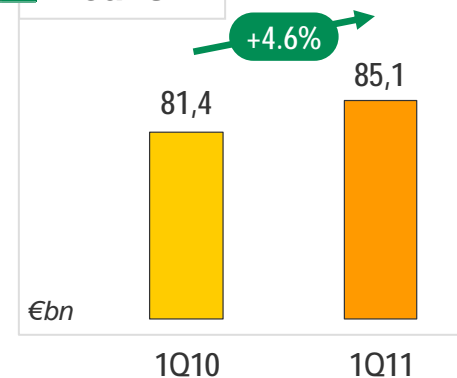
# BeLux Retail Banking - 1Q11

- Good business drive
  - Loans: +4.6% vs. 1Q10; strong mortgage growth (+14.7% vs. 1Q10)
  - Deposits: +10.9% vs. 1Q10, good asset inflows for current accounts (+11.5% vs. 1Q10) and savings accounts
  - Private Banking: assets under management + 8.5% vs. 1Q10
  - Cash management: good revenue growth
- Revenues\*: €895m (+3.2% vs. 1Q10)
  - Net interest income: good rise driven by growth in loans and deposits
  - Fees stable
- GOI\*: €281m (+5.6% vs. 1Q10)
  - Operating expenses: +2.2% vs. 1Q10
- Pre-tax income\*\*: €227m, -3.8% vs. 1Q10
  - Reminder: 1Q10 cost of risk very low

## Deposits



## Loans



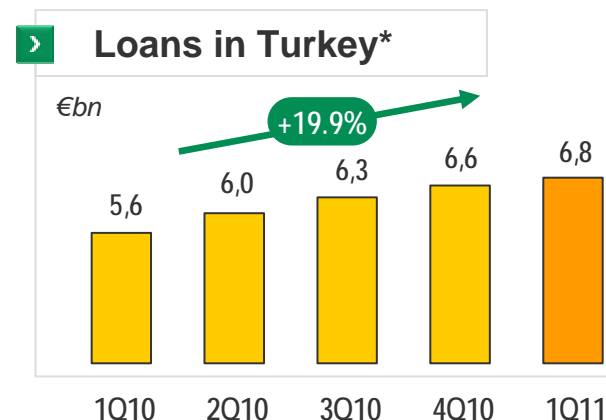
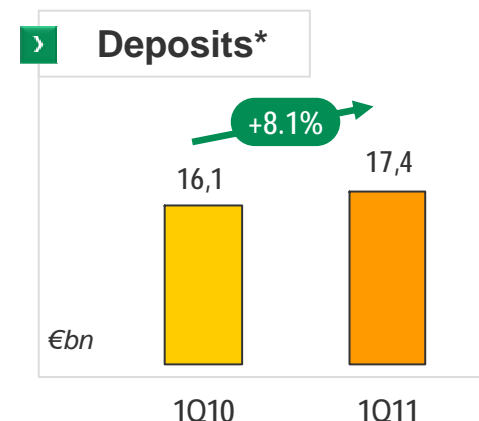
**Strong growth in deposits and loans**

\* Including 100% of Belgian Private Banking; \*\* Including 2/3 of Belgian Private Banking



# Europe-Mediterranean - 1Q11

- Reminder of the new scope:
  - Commercial banking activities in the Gulf transferred to CIB
  - Ivory Coast and Libya deconsolidated
- Good sales and marketing drive
  - Deposits: +8.1%\* vs. 1Q10, very strong growth in most countries
  - Loans: +4.1%\* vs. 1Q10, especially in Turkey (+19.9%\* vs. 1Q10), continued decline in Ukraine (-19.7%\* vs. 1Q10)
- Revenues: €404m, +1.6%\* vs. 1Q10
  - +5.1%\* excluding Ukraine
  - -14.7%\* in Ukraine due to the decrease in outstanding loans
- Operating expenses: +3.0%\* vs. 1Q10
- Pre-tax income: €3m



## Break-even in a troubled context

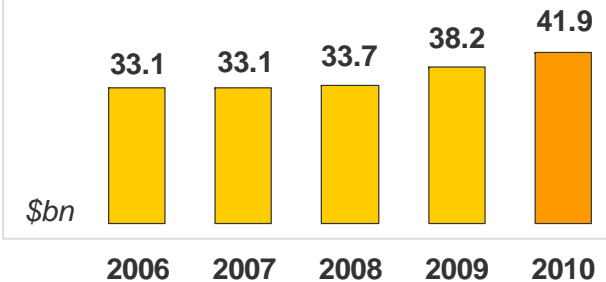
\* At constant scope and exchange rates, TEB & Fortis Turkey at 67.33%



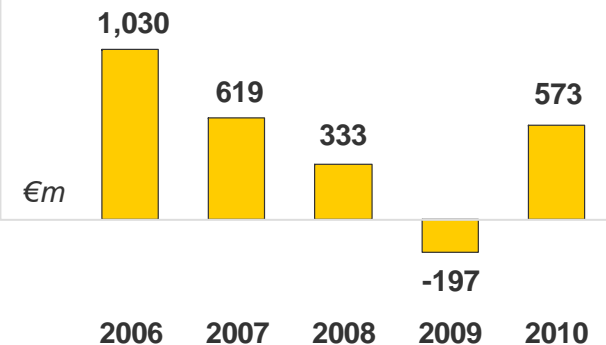
# 2010 Retail Banking - BancWest

- 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%

## Core Deposits\*



## Pre-tax income



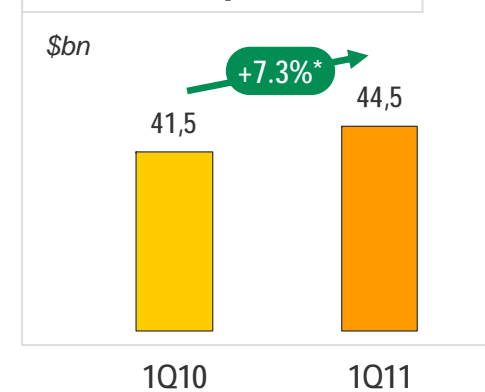
**Significant recovery underway**



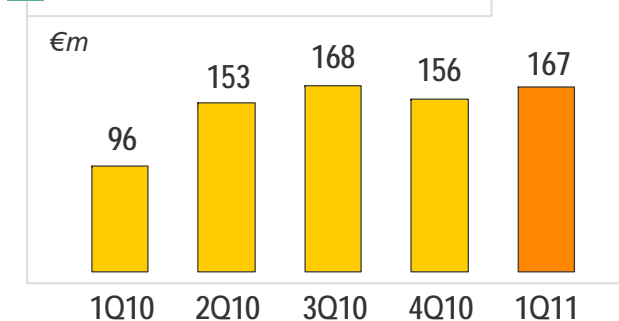
# BancWest - 1Q11

- Revenues: €555m, +3.2%\* vs. 1Q10 (+1.4%\* vs. 4Q10)
  - Deposits: -1.4%\* vs. 1Q10, still strong and regular growth in Core Deposits\*\*
  - Loans: -1.7%\* vs. 1Q10, confirmation of the rebound in business loans (+4.3% vs. 1Q10)
  - Improved mix and rise in net interest margin vs. 1Q10 (3.76%, +12bp)
- Operating expenses: +8.0%\* vs. 1Q10 (-1.1%\* vs. 4Q10)
  - Low base in 1Q10 following the 2009 cost-cutting programme
  - Pick-up in business development, especially in the corporate and small business segments
  - Impact of the new regulatory environment
- Pre-tax income: €167m vs. €96m in 1Q10
  - Decline in the cost of risk

## Core Deposits\*\*



## Pre-tax income



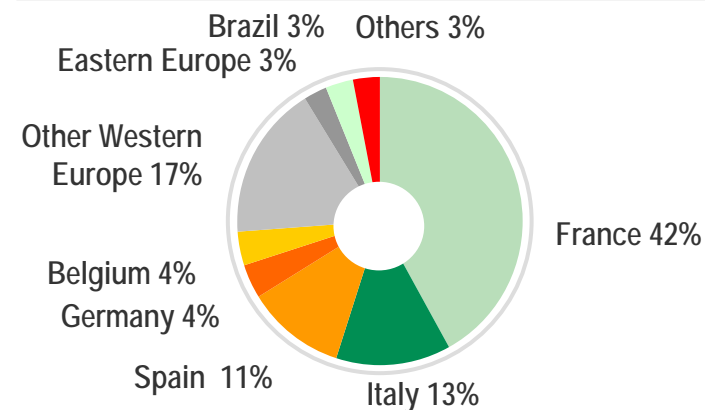
**Continued to boost profitability**



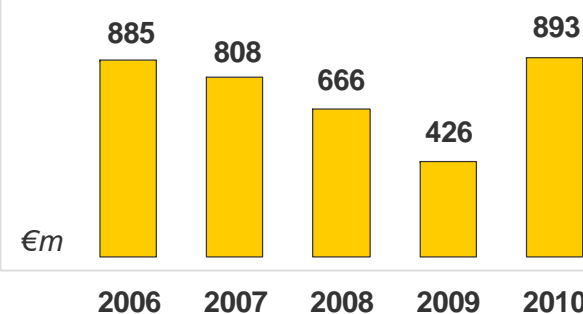
# 2010 Retail Banking - Personal Finance

- 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%

## 4Q10 consolidated outstandings: (€88.4bn)



## Pre-tax income



**Excellent operating performance**

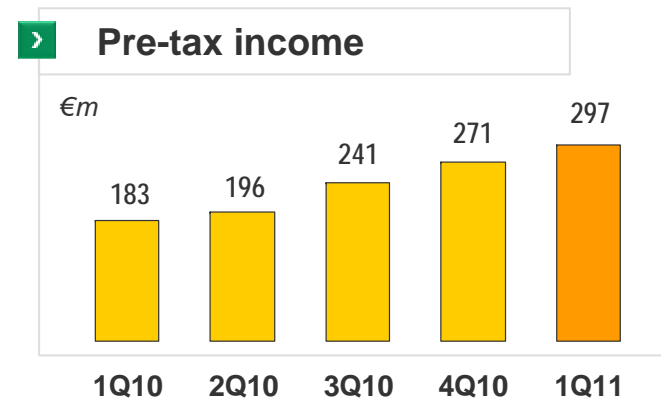
\* At constant scope and exchange rates





# Personal Finance - 1Q11

- Growth in consumer loan production vs. 1Q10
  - France, Italy, Central Europe
  - Successful partnership with Commerzbank in Germany
  - *PF Inside* in the Group's networks: Poland, Ukraine, China
- Revenues: €1,297m (+3.3% vs. 1Q10)
  - Consolidated outstandings: +7.4% vs. 1Q10
  - Effects of new restrictive legislation in France and Italy
  - Rise in interest rates
- Cost/income: 45.6%, stable vs. 1Q10
- Pre-tax income: €297m (+62.3% vs. 1Q10)
  - Decline in the cost of risk in most countries

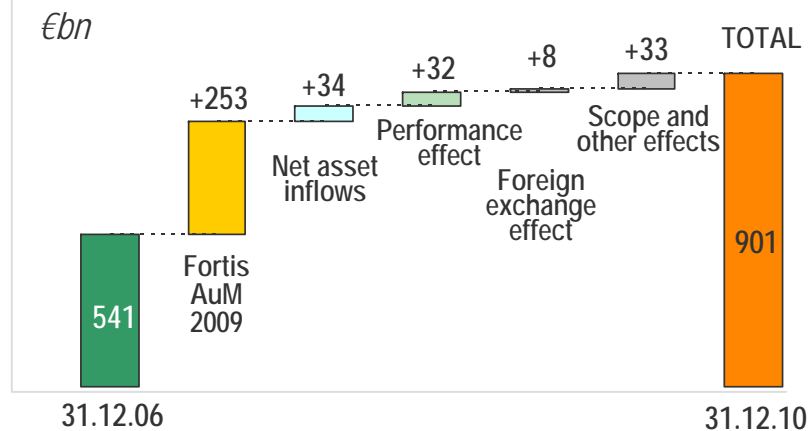


**Continued fast-paced income growth**

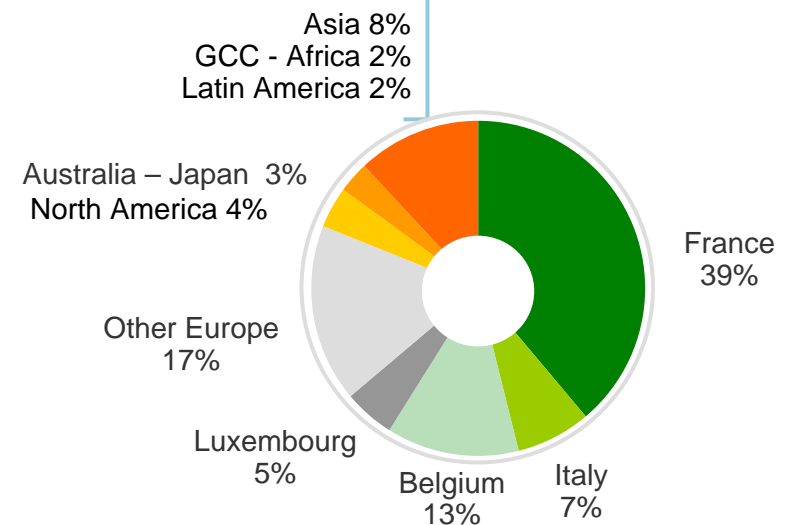


# 2010 Investment Solutions (1/2)

## Assets under management\* change since 31.12.06



## AUM\* by geography



- 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

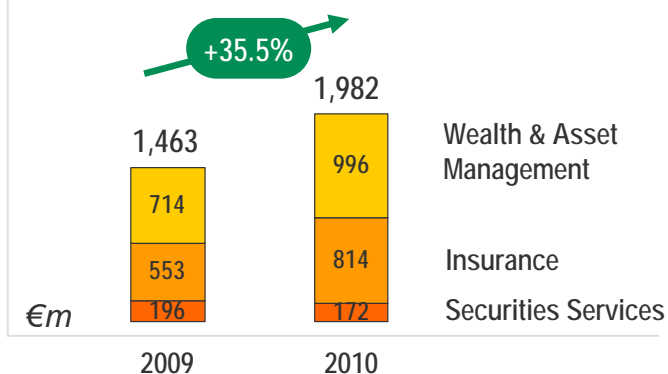
## Assets under management increased to €901bn

\*Including assets managed on behalf of external clients; as at 31.12.10

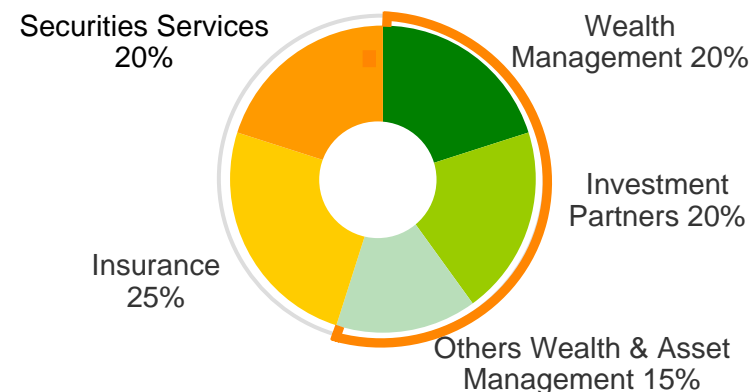


# 2010 Investment Solutions (2/2)

## Pre-tax income per business unit



## Business Mix 2010 Revenues



- 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

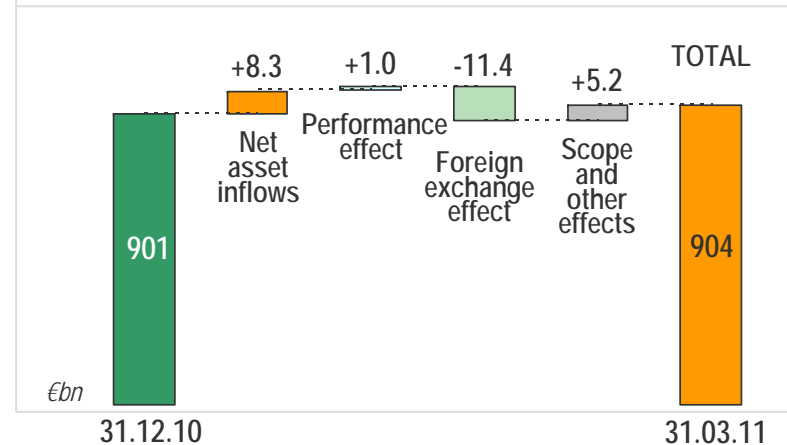


# Investment Solutions

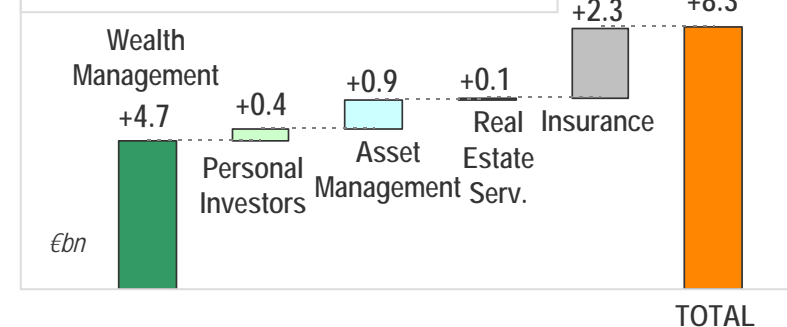
## 1Q11 Asset Inflows and Assets under Management

- Assets under management: €904bn as at 31.03.11
  - Stable vs. 31.12.10; +3.5% vs. 31.03.10
  - Unfavourable foreign exchange effect due to the appreciation of the euro in 1Q11
- Net asset inflows: +€8.3bn in 1Q11
  - Private Banking: good asset inflows in domestic markets and in Asia
  - Asset Management: new mandates for diversified and bond funds; lower outflows from money market funds
  - Insurance: good asset inflows in France and outside of France

### > Assets under management\* as at 31.03.11



### > Net asset inflows in 1Q11



> **Positive net asset inflows across all business units**

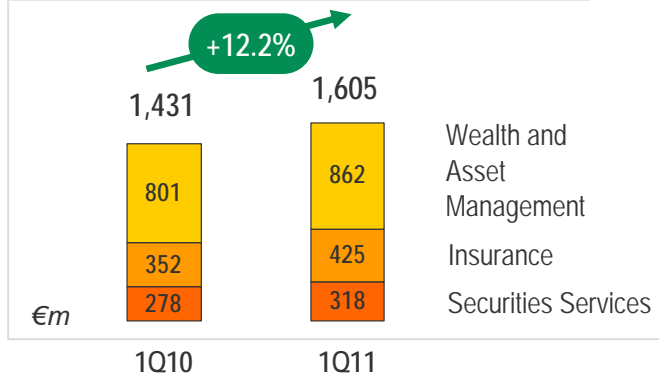
\* Including assets managed on behalf of external clients



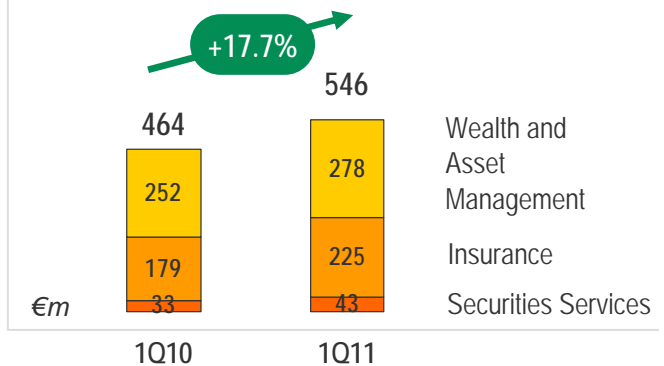
# Investment Solutions 1Q11 Results

- Revenues: €1,605m, +12.2% vs. 1Q10
  - WAM\*: +7.6% vs. 1Q10, very good performance of Personal Investors, especially in Germany, and of Wealth Management
  - Insurance: +20.7% vs. 1Q10, continued strong growth, especially protection insurance products outside of France
  - Securities Services: +14.4% vs. 1Q10, pick-up in business confirmed
  
- Operating expenses: +10.0% vs. 1Q10
  - Continued investments especially in Asia
  - Positive jaws effect across all business units
  
- Pre-tax income: €546m, +17.7% vs. 1Q10

## > Revenues per business unit



## > Pre-tax income per business unit



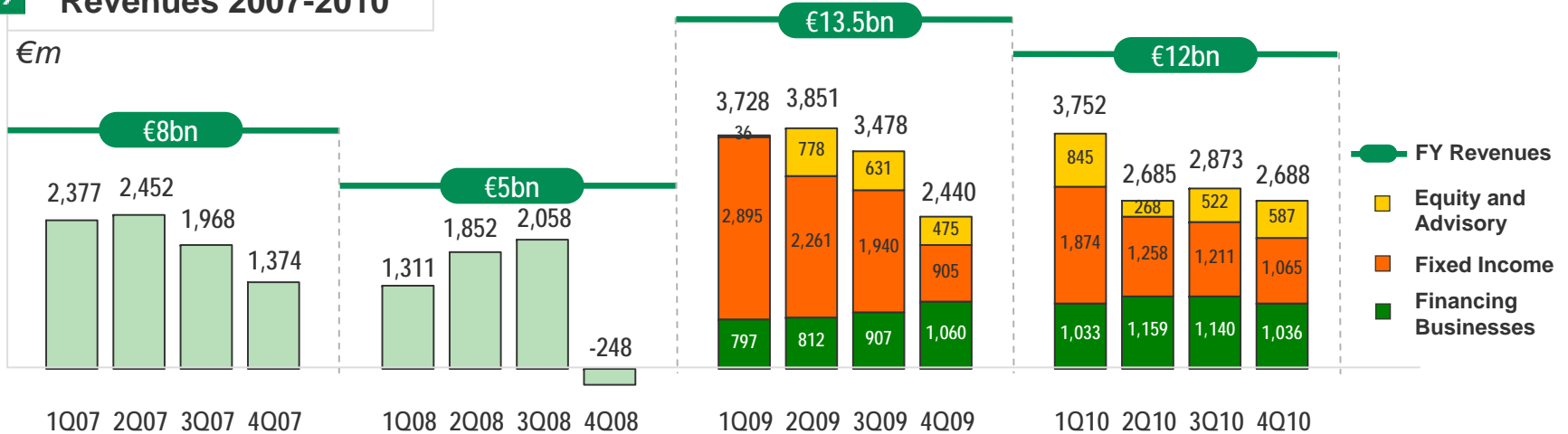
**A growth driver for the Group**

\* Asset Management, Private Banking, Personal Investors, Real Estate Services



# 2010 Corporate and Investment Banking (1/2)

## Revenues 2007-2010



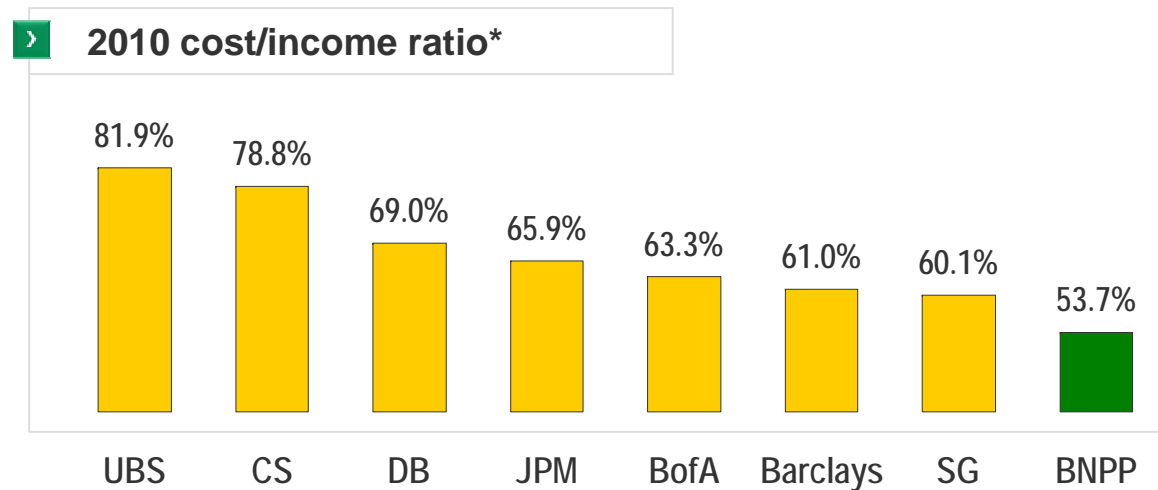
- Financing businesses: leadership in Europe and recognised global franchises
  - Strong and recurrent revenue base
- Capital markets: strong franchises beyond intrinsic volatility
  - Global leading provider of derivatives
  - Ranked number 1 for “All Corporate bonds in euros” (*Thomson Reuters*)

➤ **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.



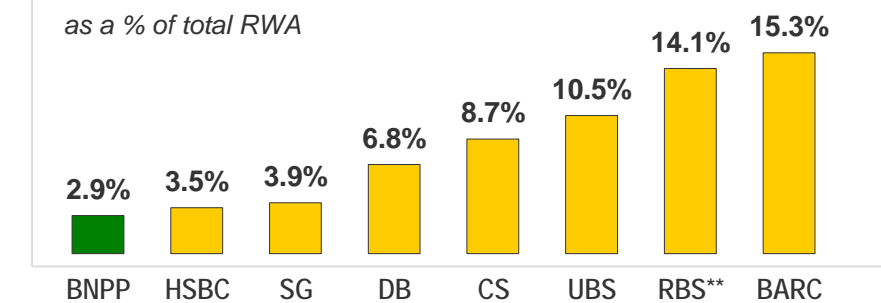
> **The best operating efficiency in the industry**



# CIB - Capital Markets: Basel 2.5 & Basel 3

- 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

## ➤ Benchmarking Market risks RWA



Source: banks, as of 31.12.10

- 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"

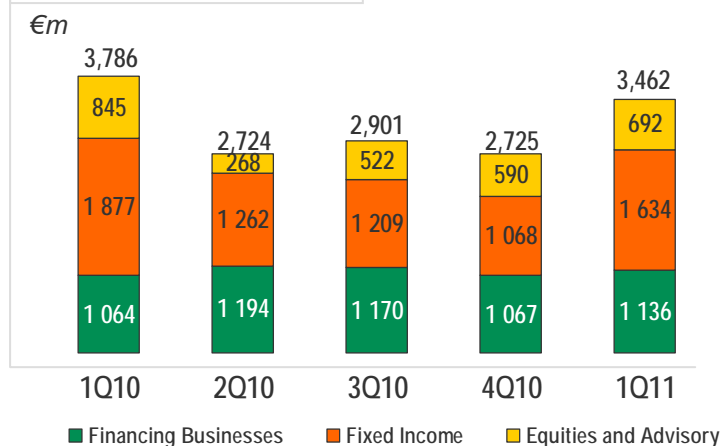




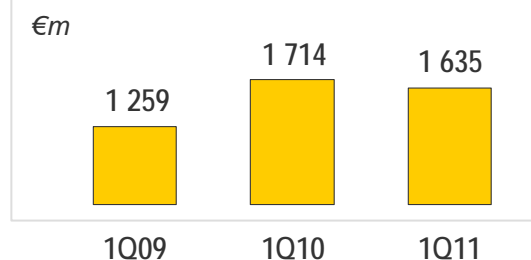
# Corporate and Investment Banking - 1Q11

- Revenues: €3,462m (-8.6% vs. an exceptional 1Q10)
  - Capital Markets: sustained business in a context of volatile markets, good volume of bond issues
  - Financing businesses: business held up well and high level of fees in Structured Finance
  
- Operating expenses: -2.6% vs. 1Q10
  - Cost/income: 52.7%
  - Impact of new hirings in 2010: especially in Fixed Income and Structured Finance
  
- Pre-tax income: -4.6% vs. 1Q10

## > Revenues



## > Pre-tax income

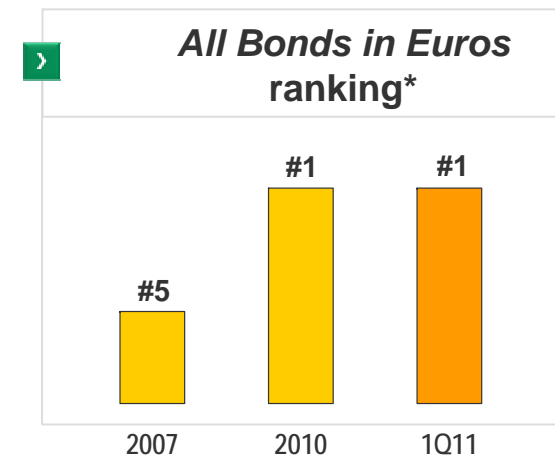
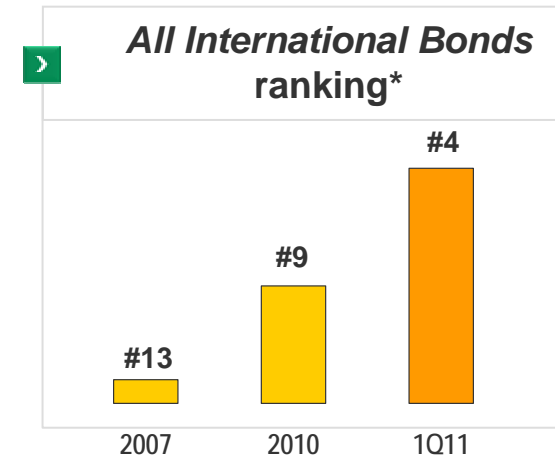


> **Very solid performance across all business units**



# Corporate and Investment Banking Capital Markets - 1Q11

- Revenues: €2,326m (-14.5% vs. an exceptional 1Q10)
- Fixed Income: -12.9% vs. 1Q10, + 53.0% vs. 4Q10
  - Credit and Rates: sustained volumes and broad diversity of issuers; breakthrough in Yankee bonds and still # 1 in all euro bond issues
  - Energy and commodity derivatives: sustained business driven by clients' hedging requirements given the rise in oil prices
- Equities and Advisory: -18.1% vs. 1Q10, + 17.3% vs. 4Q10
  - Significant contribution of flow and structured product businesses
  - Continued distributing capital guaranteed structured products through retail and insurance networks



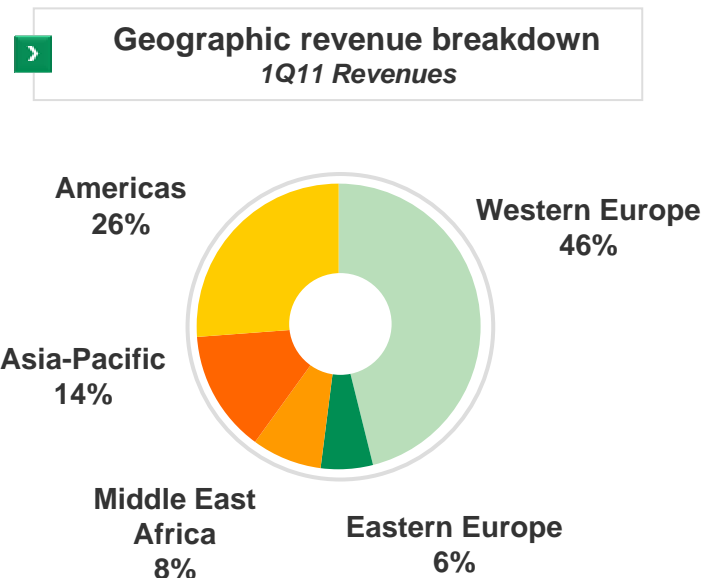
**Good performance in volatile markets**

\* Source: Thomson Reuters



# Corporate and Investment Banking Financing Businesses - 1Q11

- Revenues: €1,136m (+6.8% vs. 1Q10)
  - Energy and Commodities: strong business in a context of high prices
  - Aircraft: leading position confirmed
  - Cash Management: sustained growth in competitive markets, especially in Europe and Asia
  - Trade Finance: business development, in particular in the Americas and in Europe



**Good business activity,  
especially in Structured Finance**



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2006- 2010 Achievements and 1Q11 Update

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Strong Performances by Business

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**Growth Strategy**

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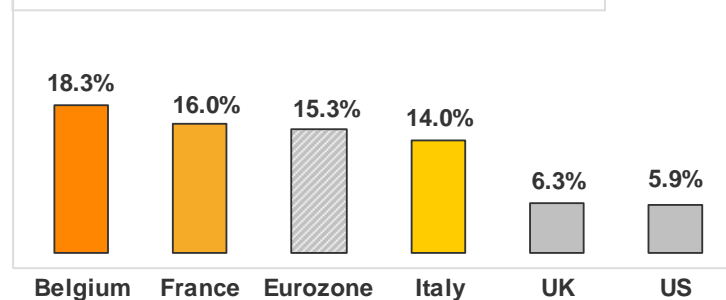
Liquidity and Funding



# 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

➤ Gross savings rate in 2009\*



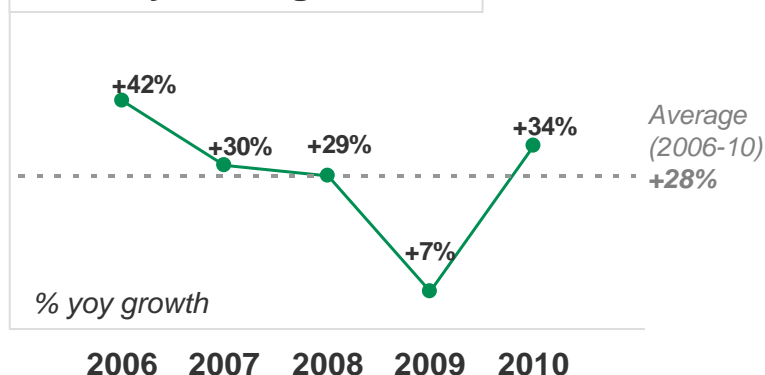
**Integrated business model enabling continued outperformance in wealthy and sound markets**

\* as a % of gross disposable income in 2009

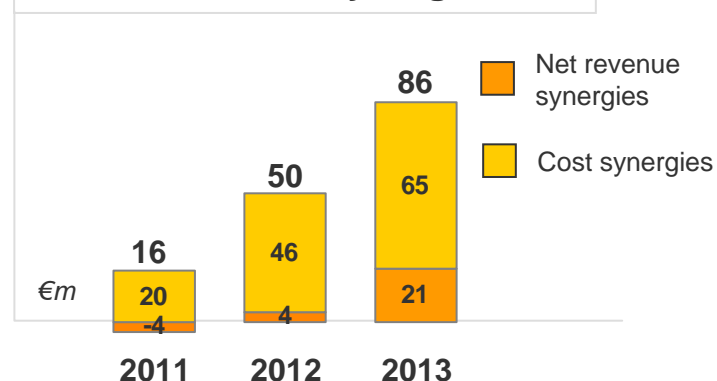


# Growth Strategy in Other Retail Markets: Focus on Turkey

## > Turkey - loan growth\*



## > Net cumulative synergies\*\*\*



- 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

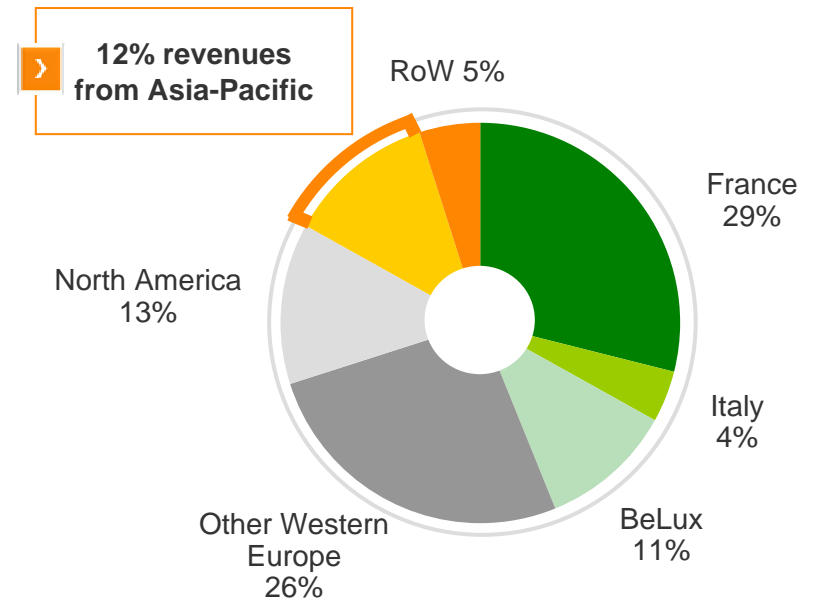


# Growth Strategy in Asia - Pacific

- 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

## CIB - IS Geographic Mix

Revenues 2010



**Build on already strong set-up  
in a fast-pace growth region**



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2006- 2010 Achievements and 1Q11 Update

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Strong Performances by Business

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Growth Strategy

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**Liquidity and Funding**





# BNP Paribas Funding Strategy

## Strong and stable credit ratings

	SENIOR UNSECURED DEBT		
	Standard & Poor's	Moody's	Fitch
Long Term Ratings	AA	Aa2	AA-
Outlook	Negative	Stable	Stable
Last Rating Change	28.01.2009	20.01.2010	21.06.2010
Rating Status	Confirmed on 9.02.2011	Updated	Updated
Short Term Ratings	A-1+	Prime-1	F1+

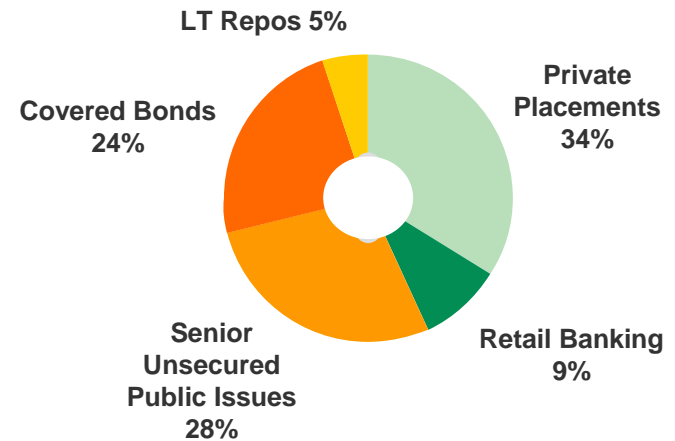
	COVERED BOND PROGRAMMES		
	Standard & Poor's	Moody's	Fitch
BNP Paribas Home Loan Covered Bonds	AAA	Aaa	AAA
BNP Paribas Public Sector SCF	AAA	Aaa	AAA



# 2010 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

## 2010 MLT funding structure

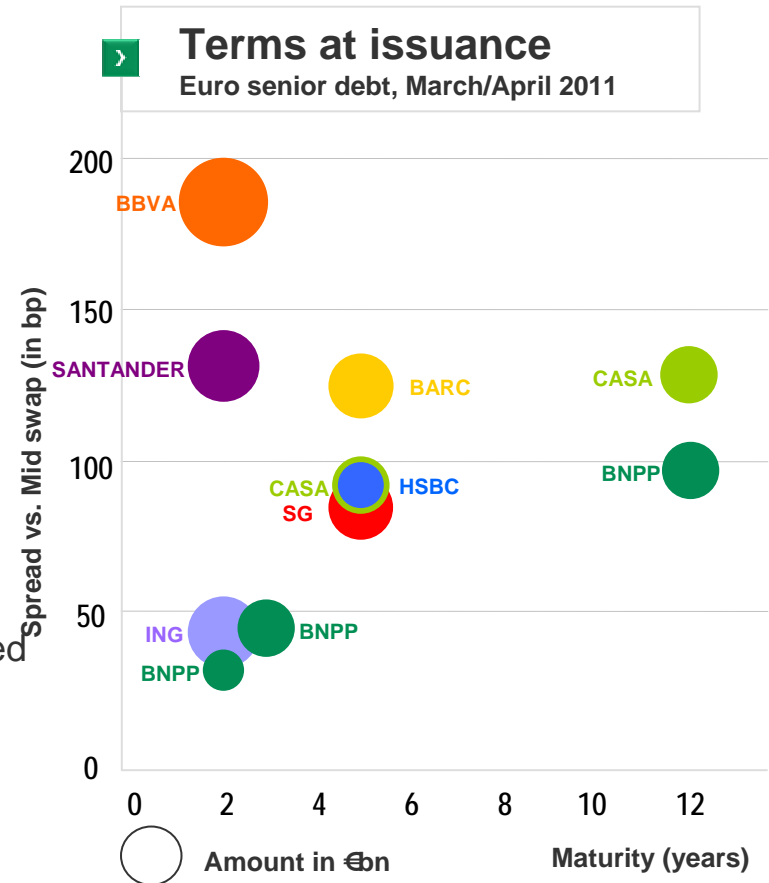


**A competitive edge in the access to a wide variety of liquidity sources**



# 1Q11 Liquidity

- 2011 MLT issue programme: €35bn
  - €22bn issued as of 17 May 2011
  - Average maturity > 6 years
  - In the main currencies: EUR, USD, AUD, JPY
  
- Favourable issue terms in various segments
  - Jan 2011: 3-year Senior unsecured AU\$ 850m (equiv. US\$ Libor + 91 bp)
  - Feb 2011: 5-year Senior unsecured US\$ 2bn (equiv. US\$ Libor + 112 bp)
  - March 2011: 5-year dual tranche Senior unsecured ¥ 62bn (equiv. swap +30 bp for fixed rate tranche)
  - May 2011: 3-year Senior unsecured €1bn (equiv. Euribor + 47 bp)
  - May 2011: 5-year Senior unsecured AU\$1bn (equiv. US\$ Libor + 109 bp)

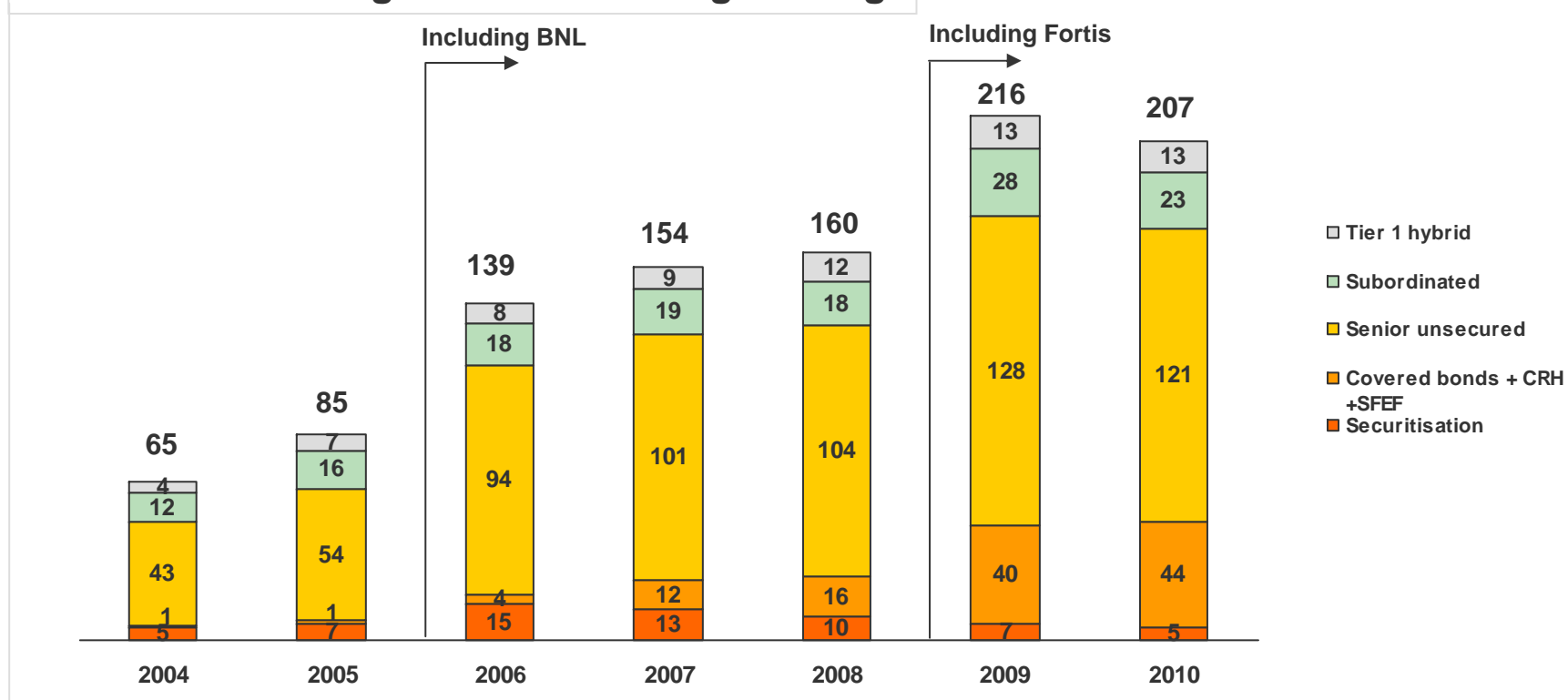


**Diversified refinancing on competitive terms**



# Medium and Long Term Funding

## Medium and Long Term outstanding funding



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



Funding programme has evolved with the Bank's growth



# Conclusion

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**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**



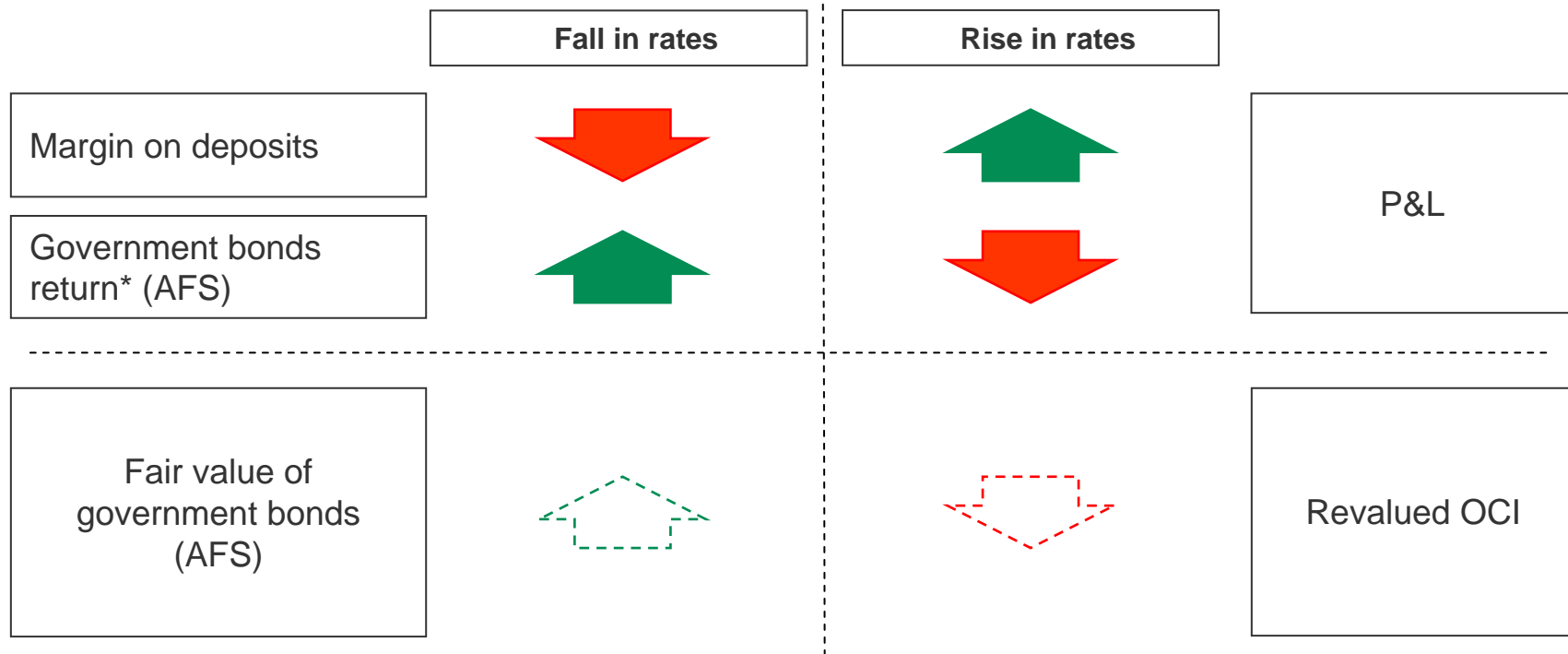
# Appendices

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# Asset and Liability Interest Rate Risk Management

## Impact of changes in interest rate

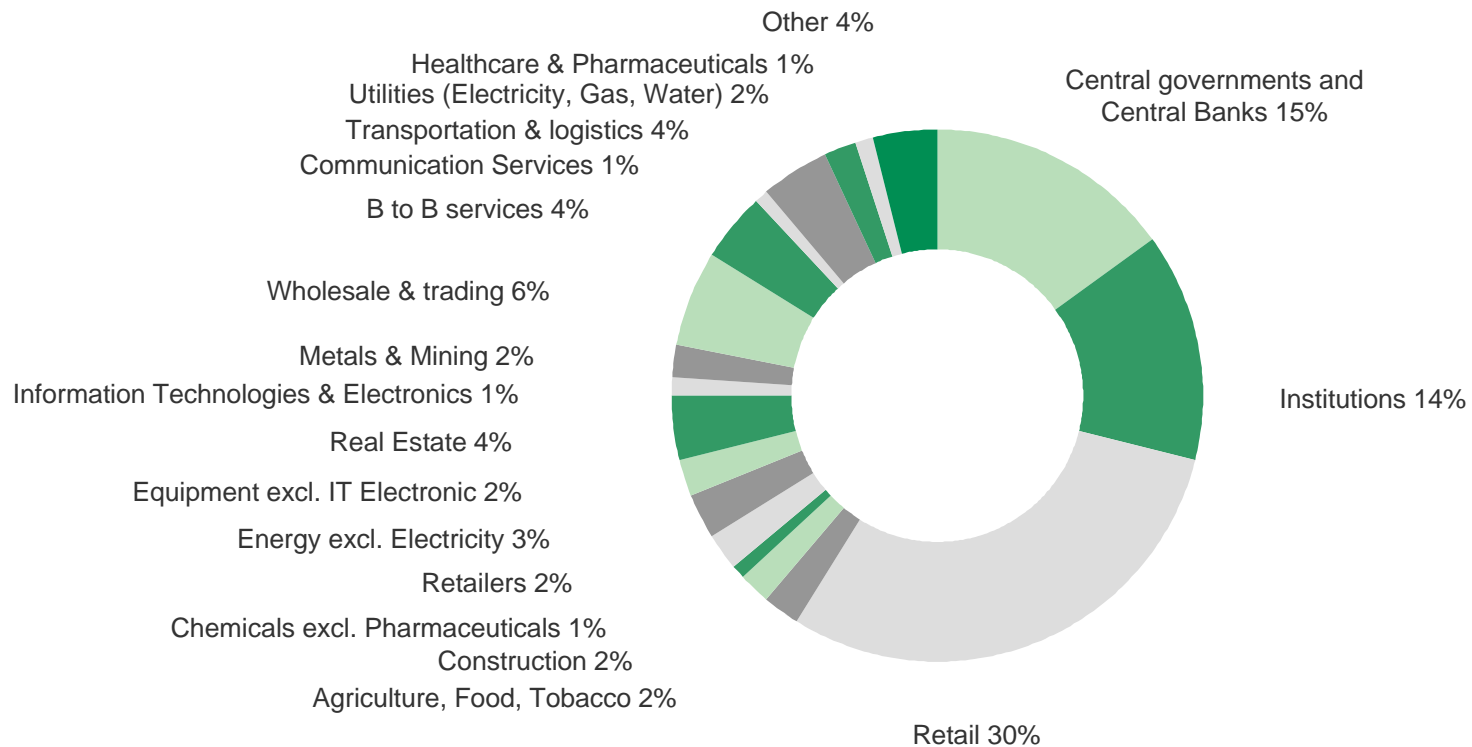


- Government bonds hedge retail banking activities against a drop in interest rates (but also limit the favourable effects of rising interest rates)
- Worst case scenario: interest rates remain low on a long-term basis and flat yield curve
- Best case scenario: steep yield curve

\*Coupon minus carrying costs



# Breakdown of Commitments by Industry

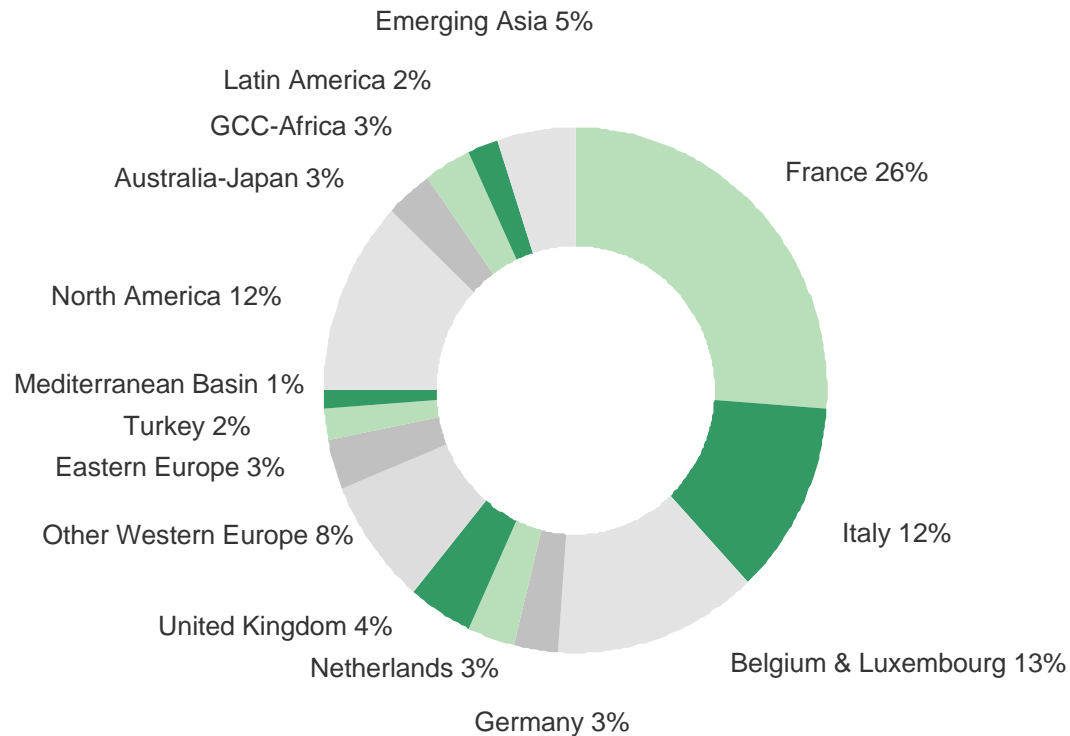


**Total gross commitments on & off-balance sheet, unweighted = €1,296bn as at 31.12.10**





# 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\*

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

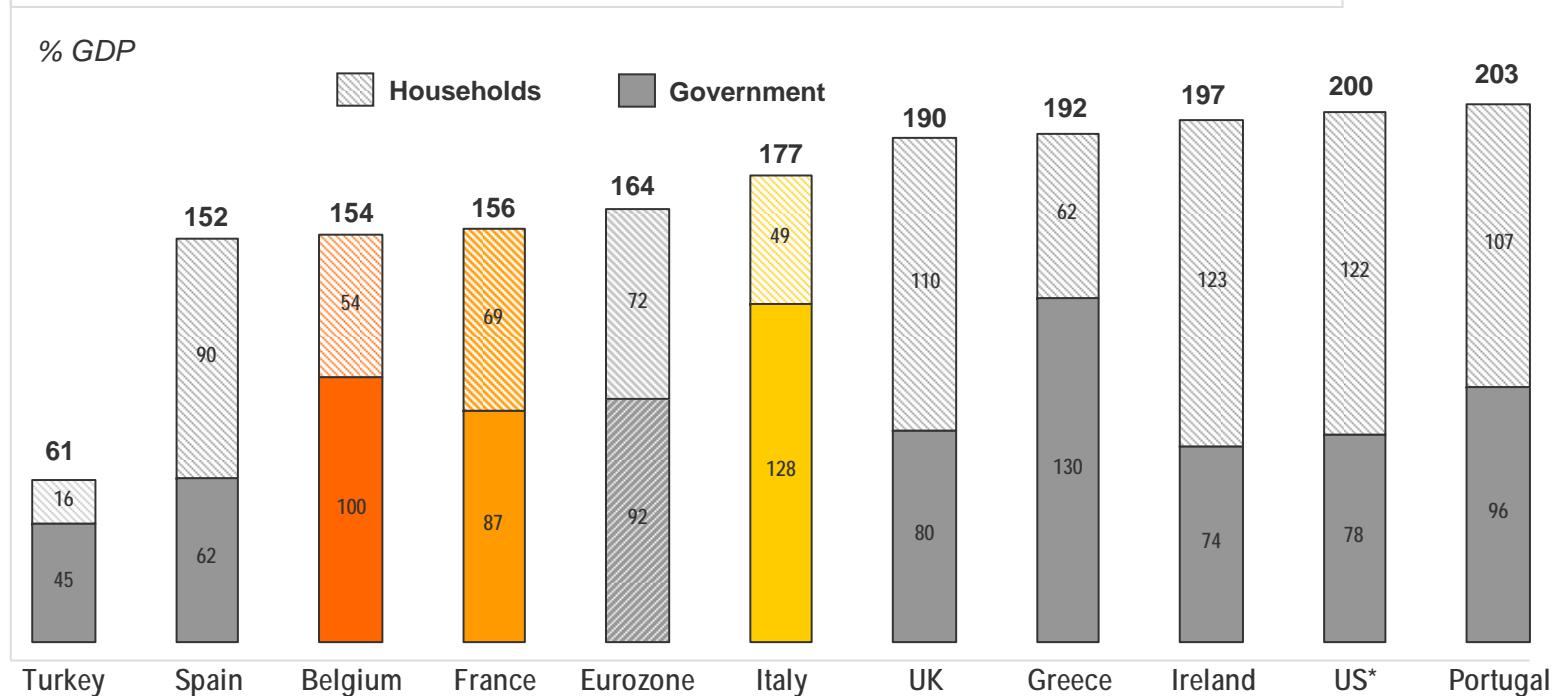
(1) Including credit derivatives

\* Excluding insurance



# Domestic Retail Markets

## > Government and Households consolidated debt by country (2009)

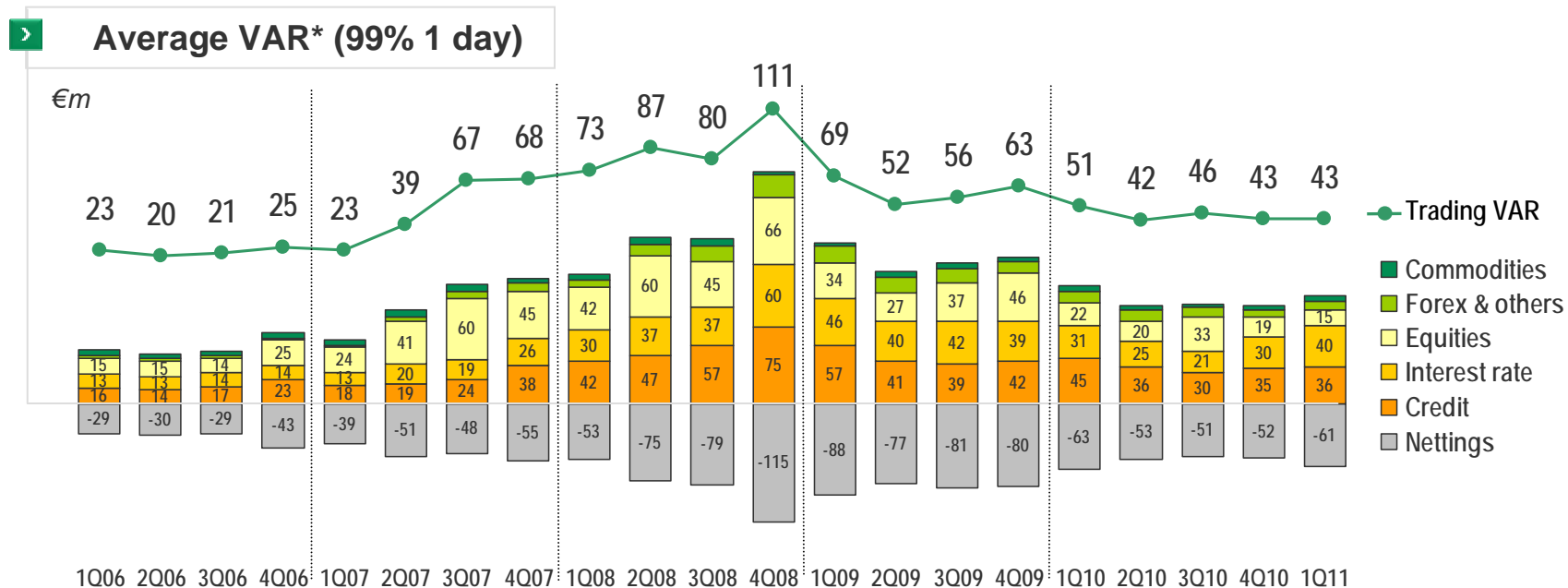


## > Sound domestic markets

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



# CIB - Market Risks



- Low VaR in 4Q10 and 1Q11
  - 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)

