



BNP PARIBAS | The bank for a changing world

BNP Paribas Keeping Ahead

Baudouin Prot

Chief Executive Officer

Merrill Lynch Conference, London

1 October 2009

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Group Results Summary

Strong Franchises

BNP Paribas Fortis Contribution

A New Dimension

Appendices

Key messages

Strong profit generation capacity confirmed

Net income
€3.2bn in 1H09

- Very good operating performance
- High cost of risk, down slightly on 2H08
- Fortis: integration proceeding well and significant first contribution

Group's new dimension
with solvency further strengthened

Tier 1 Ratio
9.3%



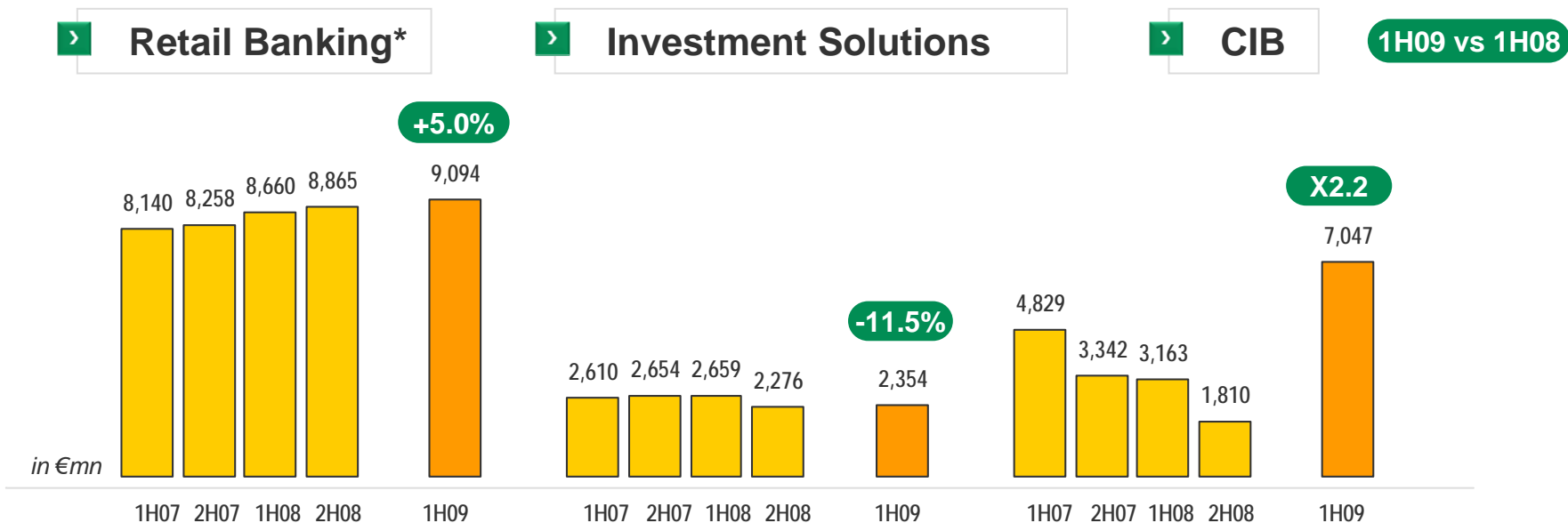
Operating Divisions (excl. BNP Paribas Fortis)

	> 1H09	> 1H09/1H08
● Revenues	€18,358mn	+28.0%
● Operating expenses	-€10,209mn	+12.4%
● Gross operating income	€8,149mn	+54.9%
● Cost of risk	-€3,858mn	vs -€1,210mn
● Operating income	€4,291mn	+5.9%
● Pre-tax income	€4,318mn	+1.5%

> **Very significant positive jaws effect that helps offset most of the rise in the cost of risk**



Revenues (excl. BNP Paribas Fortis)



- Retail Banking: sustainable revenues
- IS: good resilience despite challenging capital markets
- CIB: quick adaptation of the franchise enabling to improve the competitive position

Good sales and marketing drive, strengthened franchise's attractiveness

**Including 100% of Private Banking and excluding the PEL/CEL effects in France and including 100% of Private Banking in Italy*



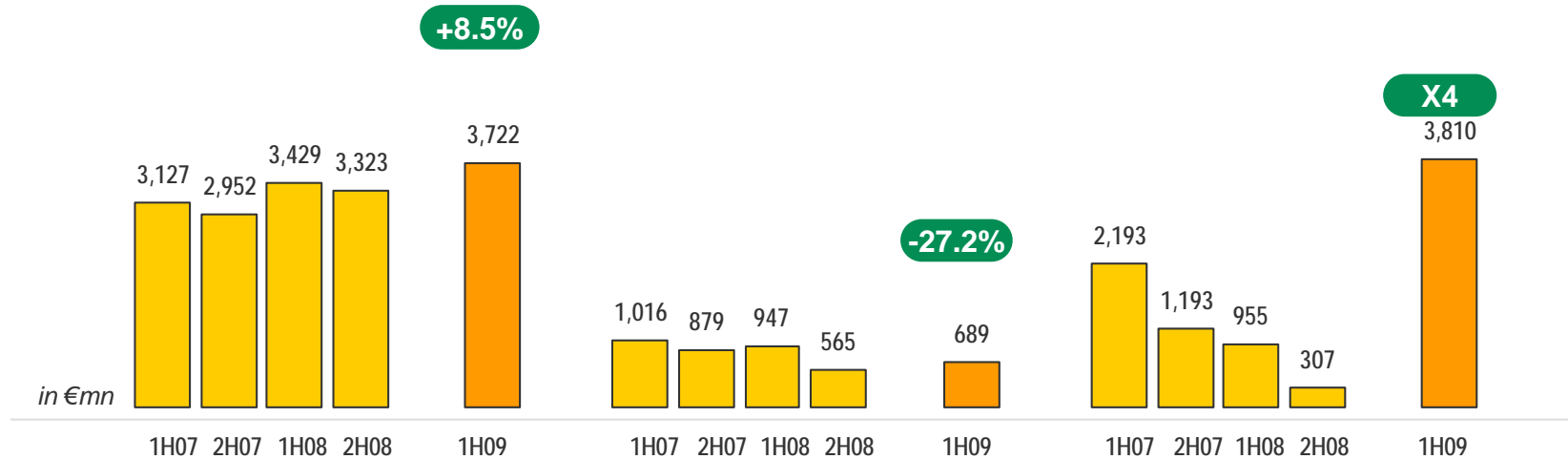
Gross operating income (excl. BNP Paribas Fortis)

> Retail Banking*

> Investment Solutions

> CIB

1H09 vs 1H08



- Retail Banking: positive jaws effect targets met in FRB, BNL bc and Personal Finance
- IS: cost cutting program implemented in all the business lines
- CIB: maintain a cost income ratio below 60%



Improved operational efficiency

*Including 100% of Private Banking and excluding the PEL/CEL effects in France and including 100% of Private Banking in Italy



Cost of Risk Trend (excl. BNP Paribas Fortis)

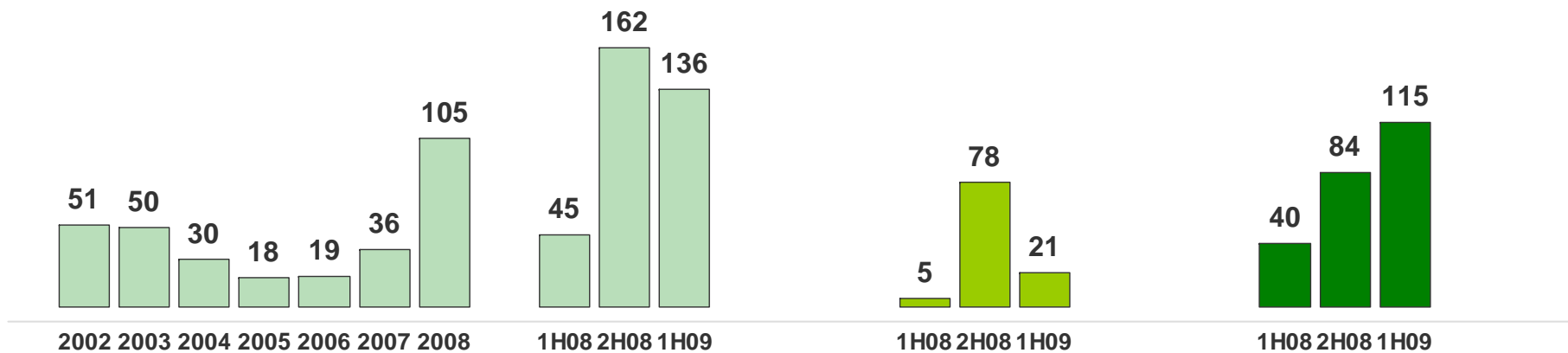
Cost of risk

Cost of risk/Risk-weighted assets under Basel I (in annualised bp)

> Group

> o/w Contribution of Capital Markets and IS

> o/w Contribution of Credit Portfolio



> **Reduced contribution from Capital Markets and IS combined with an increased contribution from the Credit Portfolio**

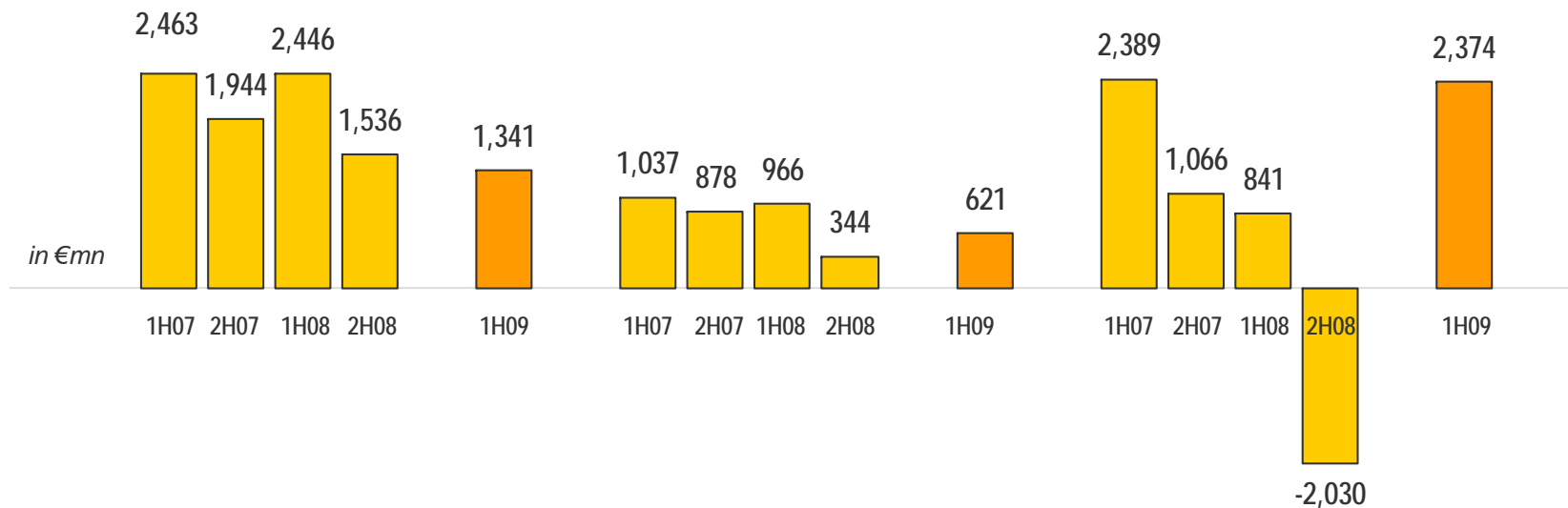


Pre-Tax Income (excl. BNP Paribas Fortis)

> Retail Banking*

> Investment Solutions

> CIB



> **Retail Banking and IS:
Pre-Tax income held up well**

> **CIB: limited loss,
concentrated in 4Q08**

**Including 2/3 of French Private Banking, excluding the PEL/CEL effects and 2/3 of Italian Private Banking*





Group Results Summary

Strong Franchises

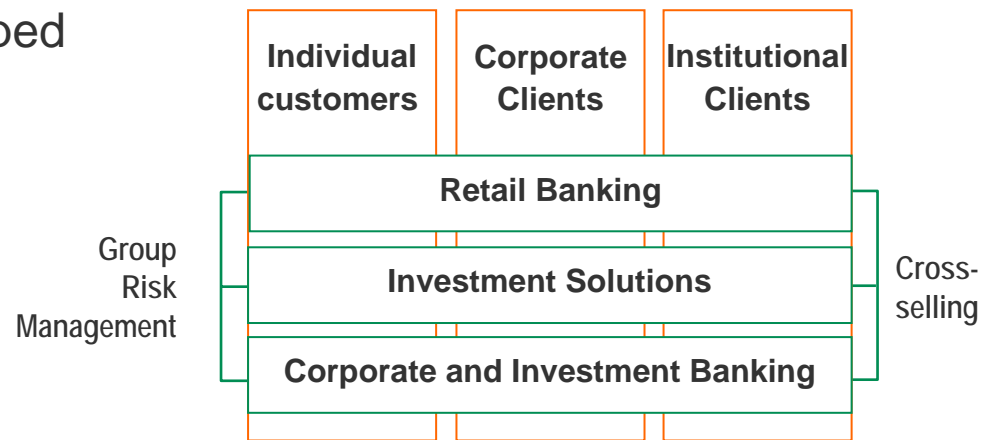
BNP Paribas Fortis Contribution

A New Dimension

Appendices

Integrated Banking Model

- All group activities are core
 - Retail banking provides critical mass of customers
 - Investment Solutions: asset gathering arm of BNP Paribas
 - Corporate and Investment Banking: clear action plan to adapt the platform to the new environment
- Important cross selling skills developed since the creation of BNP Paribas
 - Initially implemented in France
 - Rolled out in full in Italy and selectively in Emerging Markets
- Unified risk management
 - Independent from the businesses
 - Reports directly to the CEO

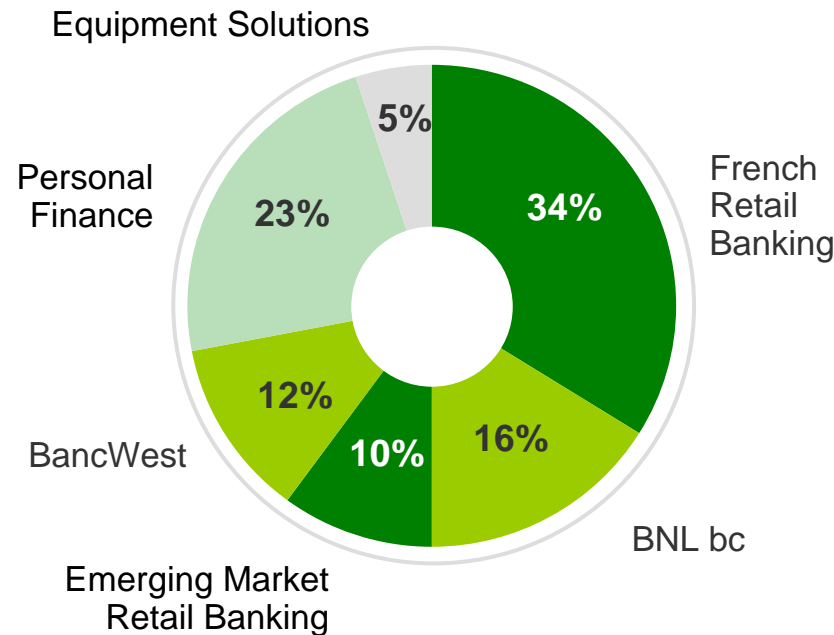


> **Extract further value from the franchise**



Retail Banking

> **1H09 Revenues*: 9.1bn€, +5%/1H08**



- Strong cross selling between Branch Banking networks and product specialists



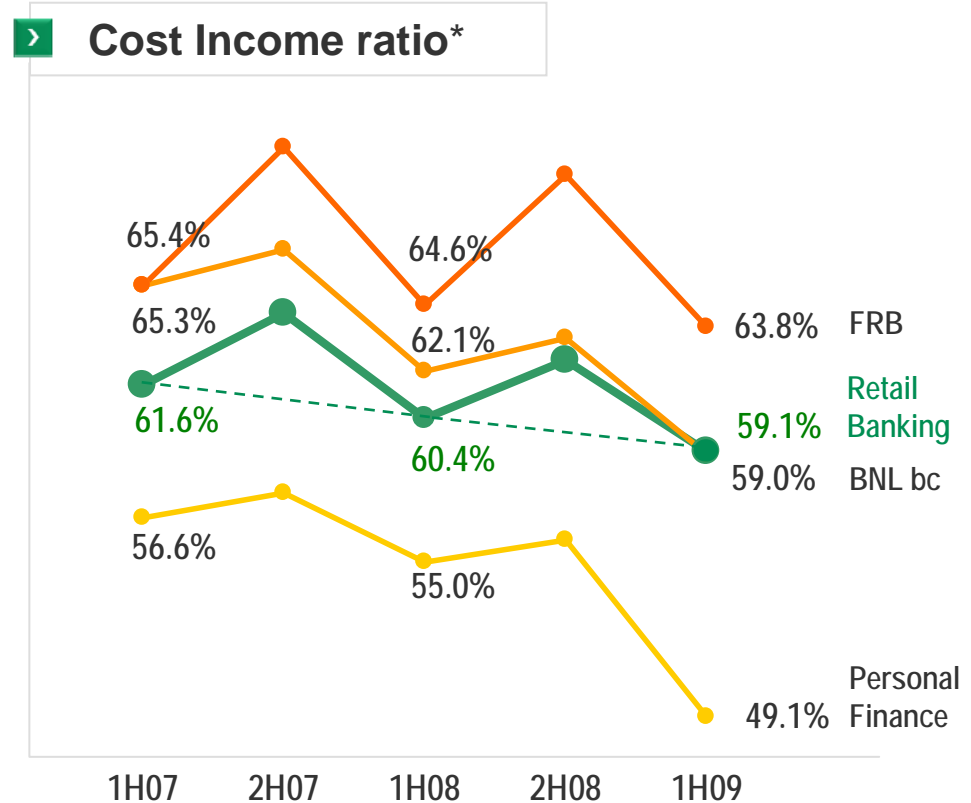
Significant retail banking franchises generating half of Group revenues

**Incl. 100% of French Private Banking ,excl. PEL/CEL effects, incl. 100% of Italian Private Banking, excl. BNP Paribas Fortis*



Retail Banking

- Cost / Income ratio improved 2 consecutive years
- Positive jaws effect in line with 2009 full year targets
 - French Retail Banking: +1.3pt vs 1pt yearly target
 - BNL bc: +5.2pt vs 5pt yearly target
 - Personal Finance: +12.0pt vs 2pt yearly target
 - \$100mn cost cutting plan launched at BancWest
- 1H/2H seasonal operating expense pattern



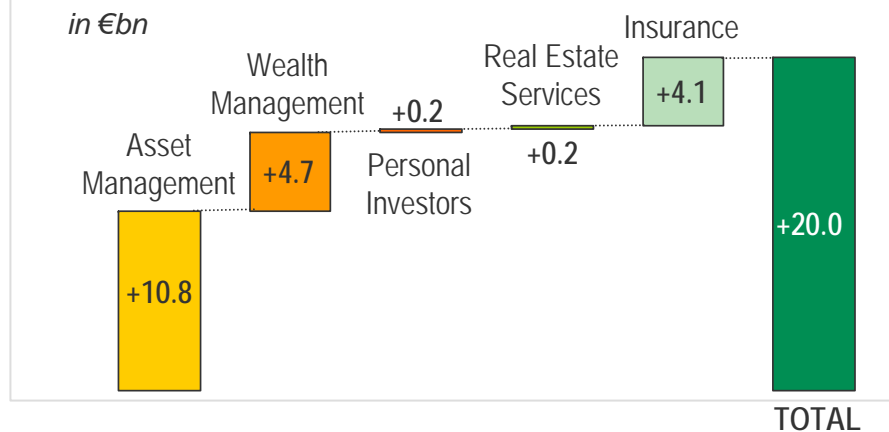
Operational efficiency regularly improved

**Incl. 100% of French Private Banking ,excl. PEL/CEL effects, incl. 100% of Italian Private Banking, excl. BNP Paribas Fortis*

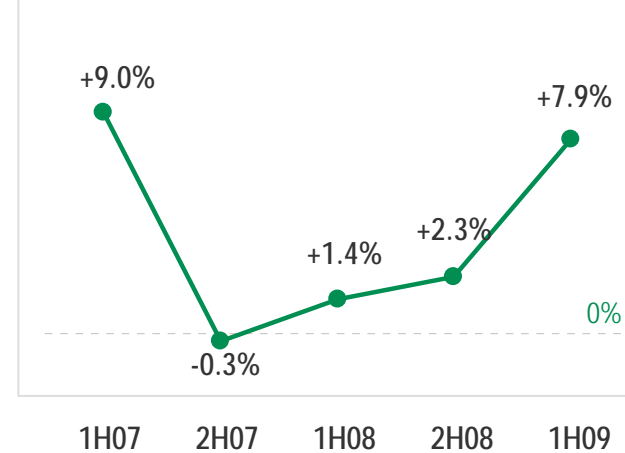


Investment Solutions

> Net asset inflow in 1H09



> Annualised net asset inflow



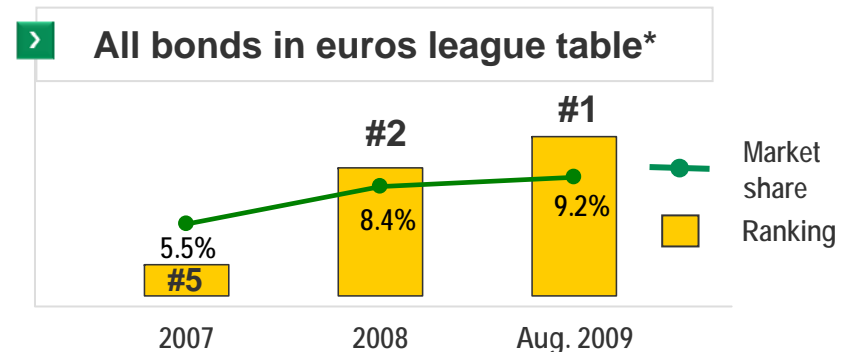
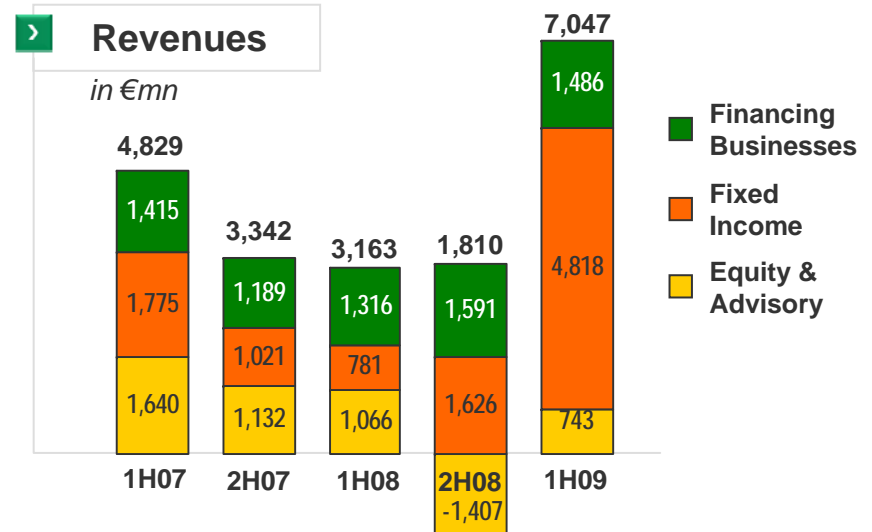
- Strong net asset inflow: €20bn in 1H09, +7.9% annualised
- All businesses contributed positively
 - Main contributors: Asset Management, Wealth Management and Insurance
- Assets under management: €544bn as at 30.06.09 (+8.1%/31.12.08)
 - 62% individual customer assets

> **Strong net asset inflow due to the franchise's appeal**



Corporate and Investment Banking

- Swift and effective adaptation to the new environment
- Financing businesses
 - Significant recurrent revenue base
 - Improved conditions
 - Optimised risk weighted asset management
- Fixed Income
 - Market share gains: #1 in Euro-denominated bond issues
 - High volumes driven by sustained client demand
 - Bid/offer spread still wide, but tightening
- Equity & Advisory
 - Return to a normal business environment in 2Q09



Coming out stronger from the crisis

*IFR/Thomson Reuters





Group Results Summary

Strong Franchises

BNP Paribas Fortis Contribution

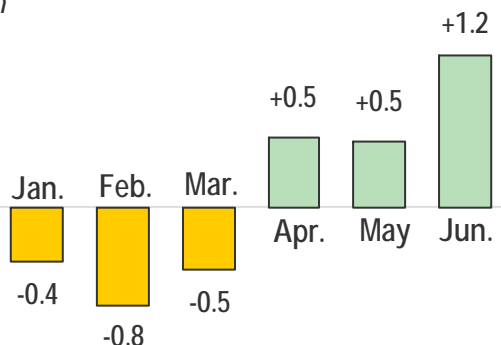
A New Dimension

Appendices

BNP Paribas Fortis Recovering Franchise

Belgium Retail Banking⁽¹⁾ individual customers net asset inflow⁽²⁾

in €bn

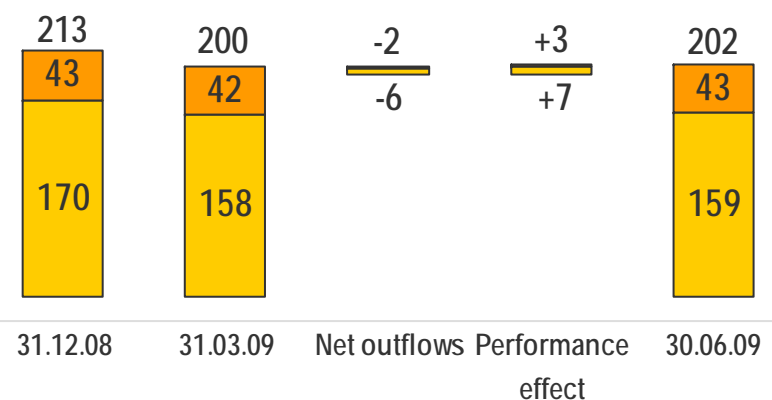


Net positive asset inflow in 2Q09 in Belgium

Assets under management

in €bn

Private Banking
Fortis IM



AuM stabilised in 2Q09 in FIM and Private Banking

⁽¹⁾ Retail Banking Belgium encompasses various businesses from the old Fortis Bank organisation, namely, "Belgian Retail", Belgian Private Banking" and "Belgian Commercial Banking", ⁽²⁾ Total customer asset inflows



BNP Paribas Fortis

Contribution to BNP Paribas Group

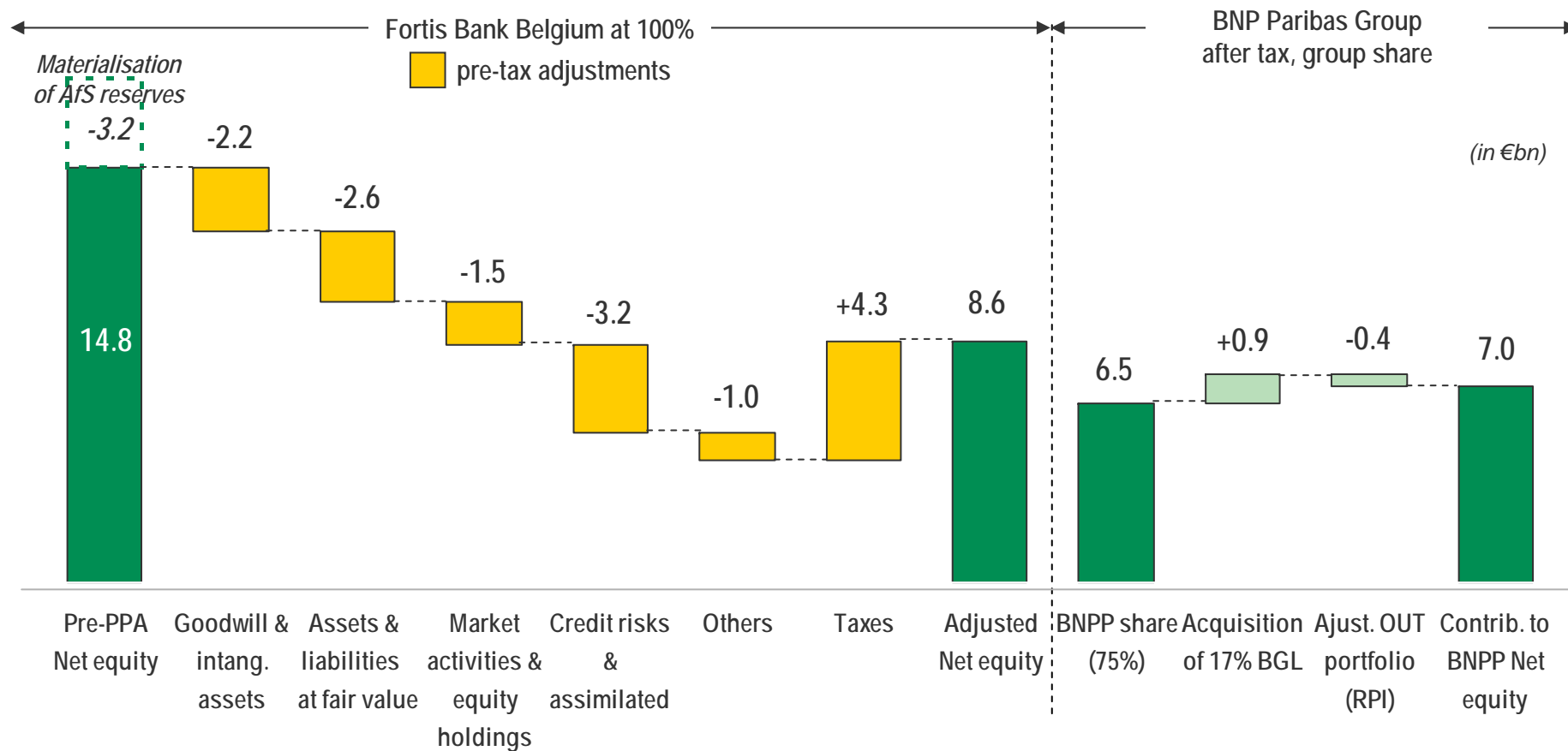
- Post acquisition period: 12 May – 30 June
 - Scope of the deal: BNP Paribas Fortis and BGL; 25% of AG Insurance Belgium as an associated company
 - Based on the adjusted balance sheet according to BNP Paribas Group's standards ("Purchase Accounting")
- Pre-tax income: €474mn
 - Improved market parameters over the period
 - Amortisation of PPA adjustments over the period
- Good level of revenues
 - Good business in the retail networks
 - Good performance of capital markets businesses
- Significant cost of risk
 - In particular in Merchant Banking

<i>in millions of euros</i>	2Q09
Revenues	1,441
Operating Expenses and Dep.	-693
Gross Operating Income	748
Cost of risk	-295
Operating Income	453
Associated Companies	23
Other Non Operating Items	-2
Pre-Tax Income	474
Tax Expense	-104
Minority Interests	-109
Net Income, Group Share	261

>
A substantial first contribution



BNP Paribas Fortis Adjustments to the Opening Balance Sheet



>
€7.0bn contribution to equity:
€6.2bn capital increase, €0.8bn in badwill





Group Results Summary

Strong Franchises

BNP Paribas Fortis Contribution

A New Dimension

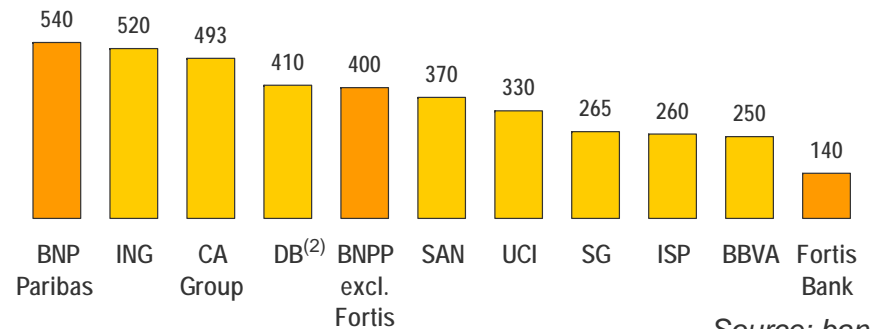
Appendices

BNP Paribas' New Dimension

Leader in the eurozone

- #1 by deposits: €540bn⁽¹⁾
- #1 in private banking: €224bn in assets
- #1 securities custody €3,700bn in assets under custody
- #5 in asset management: €408bn
- A leader in cash management

European banks' deposits⁽¹⁾



4 domestic markets: Belgium, France, Italy, Luxembourg

- 6.6mn customers in France
- 3.7mn customers in Belgium
- 2.5mn customers in Italy
- 0.3mn customers in Luxembourg

European leader in corporate and investment banking

- #1 in euro-denominated bond issues⁽³⁾
- #1 in global Export finance⁽⁴⁾
- #7 in M&A in Europe⁽⁴⁾
- Global leader in derivatives



A major eurozone bank serving the real economy

⁽¹⁾ Customer deposits excluding repos and securities in €bn as at 31.12.08; ⁽²⁾ Pro forma with Postbank; ⁽³⁾ 1H09 Thomson Reuters; ⁽⁴⁾ 1H09 Dealogic



New Regulatory Environment

- Liquidity: already ahead of competitors and new regulatory requirements
- Capital: be one of the first in Europe to reimburse State aid
 - Reimbursement of non-voting shares as the French State's support, essential during the financial crisis, is no longer required
 - Raise €4.3bn in equity
 - Transactions approved by the regulator
- Structural assets to meet new regulatory requirements planned for end of 2012
 - Capital generation capability
 - Optimised RWA management

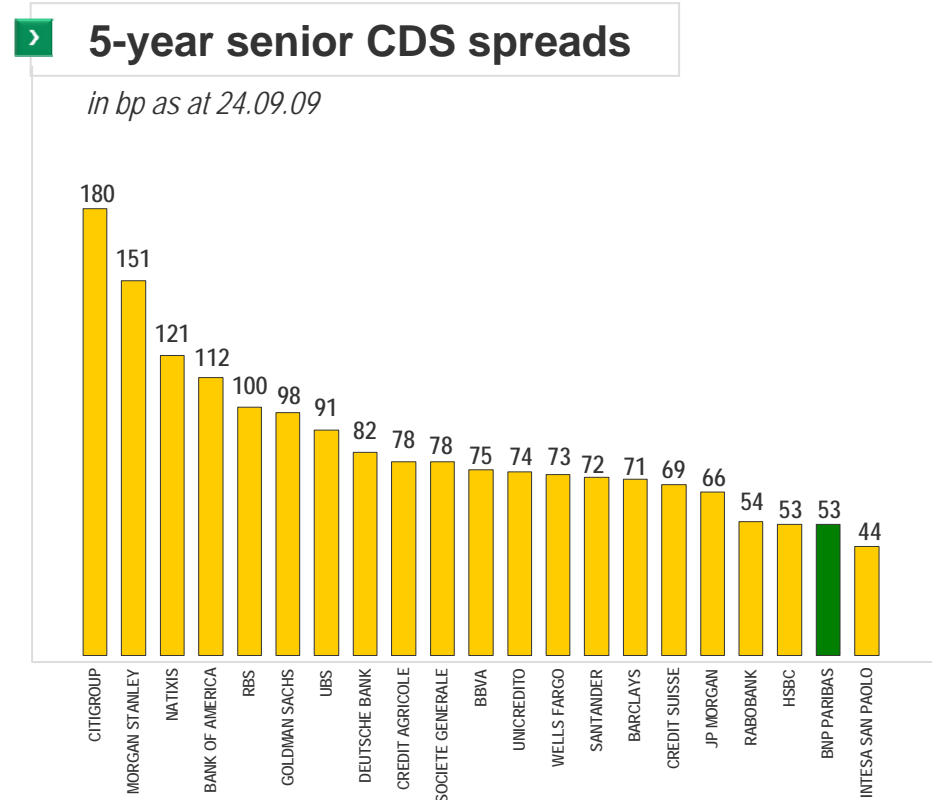


Be one of the first in Europe to reimburse State aid and anticipate upcoming regulatory changes



Liquidity

- Proactive liquidity management
 - Funding policy centralised at Group level
 - Internal liquidity management model based on stress tests
 - Strict in house medium term liquidity ratios
 - Portfolio of eligible assets to central banks significantly raised: €190bn vs €57bn as of 31.12.07
- Loan/deposit ratio: 116% including BNP Paribas Fortis vs 128% as of 31.12.07
- CDS spread: one of the lowest of its peer group
- MLT issue programme raised from €30bn to €40bn with BNP Paribas Fortis
 - €32bn already completed



Proactive and forward looking liquidity management



Capital: Transaction Overview

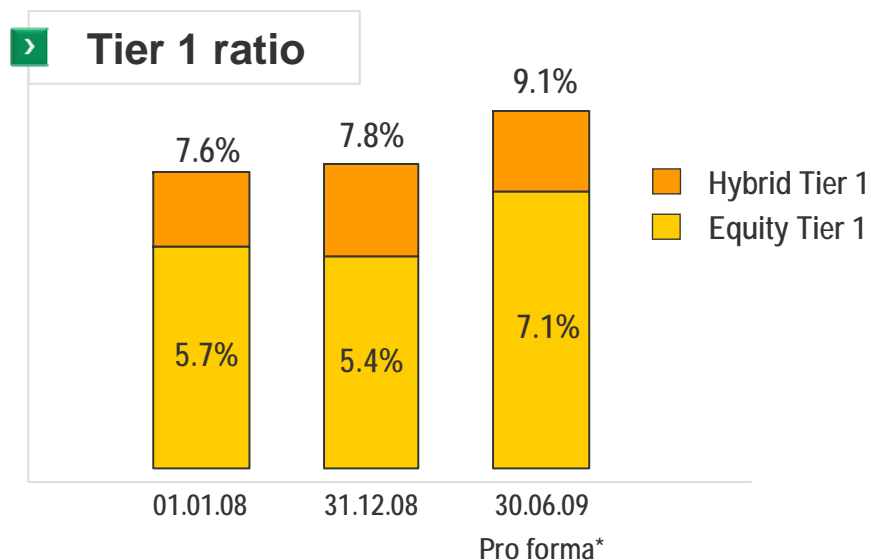
- Rights issue: €4.3bn
 - Total capital increase in 2009: **€5.3bn** including the scrip dividend for €0.75bn and the employee capital increase for €0.26bn
- Reimbursement of the non-voting shares held by the French State
 - Principal amount: €5.1bn
 - Redemption price: **€5.3bn** i.e. 100% + €27.24 x 7.65% prorata temporis (c. 7 months)
 - Immediately after settlement of new shares
- Organic capital generation
 - 1H09: €3.2bn net income
 - 3Q09: beyond usual seasonal pattern, no significant inflexion compared with the previous quarter in each of the three activities
 - Organic capital generation capacity sufficient to provide the Group with room for manoeuvre to continue its development, in a context of increasing capital requirements



An 8.4% accretive transaction on EPS



Solvency



- Tier 1 ratio at 9.1% pro forma as at 30.06.09 (+130 bp/31.12.08)
 - Of which 7.1% equity Tier 1
- Further adaptation to the new regulatory environment to be achieved through organic capital generation

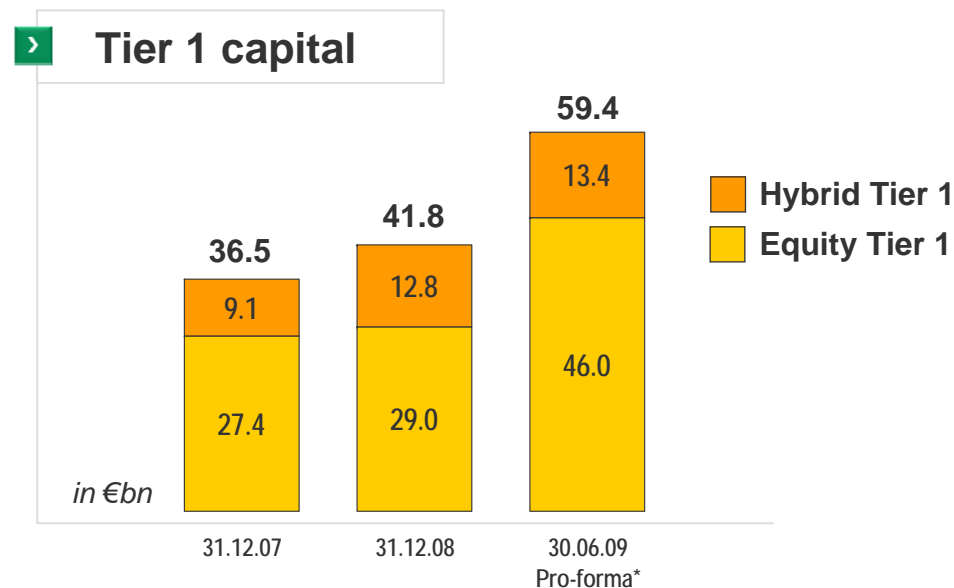


A strengthened solvency, ahead of upcoming regulation

* After rights issue and non-voting shares reimbursement



Tier 1 Capital

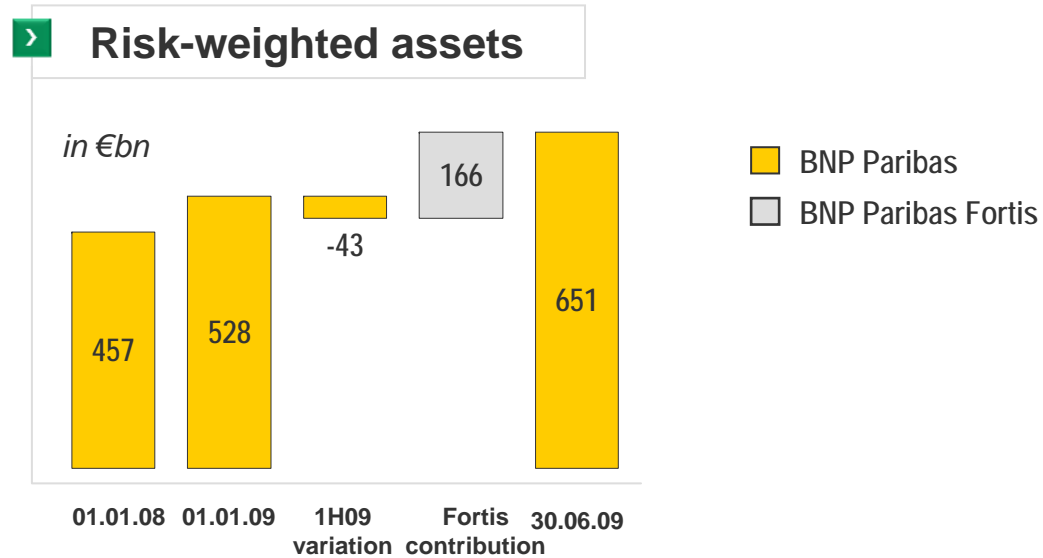


- Tier 1 capital: €59.4bn pro forma, + €22.9bn over 18 months at the heart of the crisis, of which:
 - €13.9bn from Fortis
 - €4.3bn from rights issue
 - €4bn from retained earnings

➤ **Good capital generating capacity, even in crisis times**



Risk-Weighted Assets



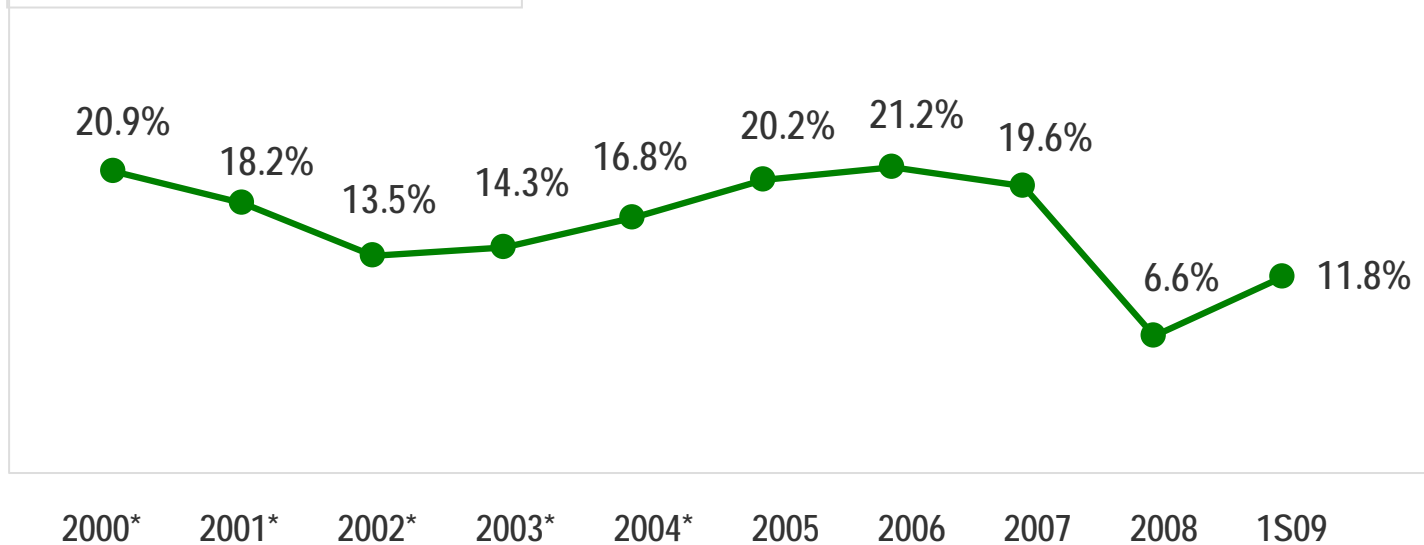
- Decline in risk-weighted assets since 31.12.08: -€43bn
 - Of which -€20bn in connection with market risks
- Integration of BNP Paribas Fortis: +€166bn

> Optimised management of risk-weighted assets



RoE

> Return on Equity



- Resilient in the crisis
- Average: 16.5% over 10 years and 2 cycles

> Attention paid to the risk/return ratio across the cycle



Conclusion



Draw upon a favourable market environment to improve the quality of the financial structure via an accretive transaction for shareholders



Be one of the first banks in Europe to reimburse State support and anticipate upcoming regulation



Comfort the position of leading eurozone bank, with a diversified and integrated business model





Group Results Summary

Strong Franchises

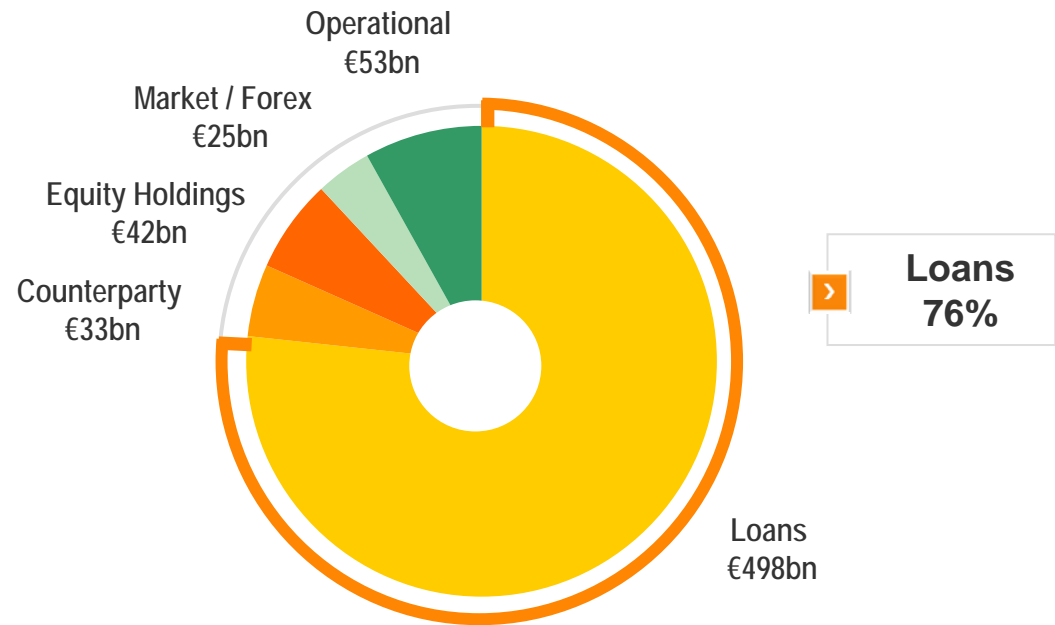
BNP Paribas Fortis Contribution

A New Dimension

Appendices

Basel II Risk-Weighted Assets by Type of Risk

> **Risk-weighted assets under Basel II:
€651bn as at 30.06.2009**



> **Market risk: €25bn of risk-weighted assets**

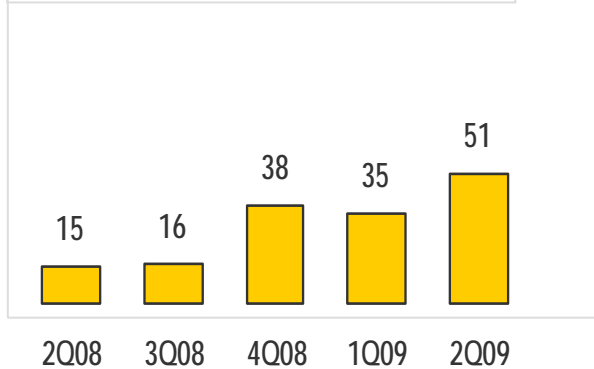


Cost of Risk Trend by Business Unit (1/2)

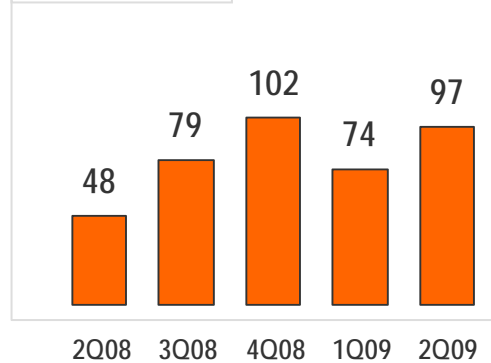
Cost of risk

Cost of risk/Risk-weighted assets under Basel I (in bp annualised)

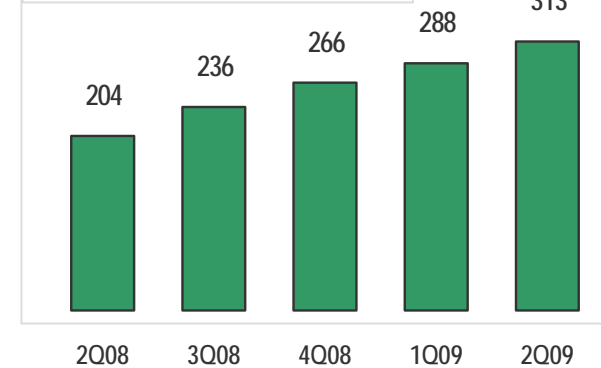
> French Retail Banking



> BNL bc



> Personal Finance



- Cost of risk: €130mn
 - +€93mn/very low base in 2Q08
 - +€41mn/1Q09
- Rise in particular in the corporate and entrepreneur segments

- Cost of risk: €144mn
 - +€78mn/very low base in 2Q08
 - +€37mn/1Q09
- Rise in particular in the corporate and entrepreneur segments

- Cost of risk: €461mn
 - +€187mn/2Q08
 - +€40mn/1Q09
- Impact of economic slowdown and rising unemployment

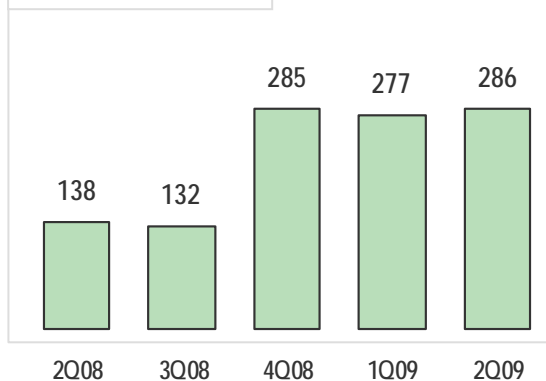


Cost of Risk Trend by Business Unit (2/2)

Cost of risk

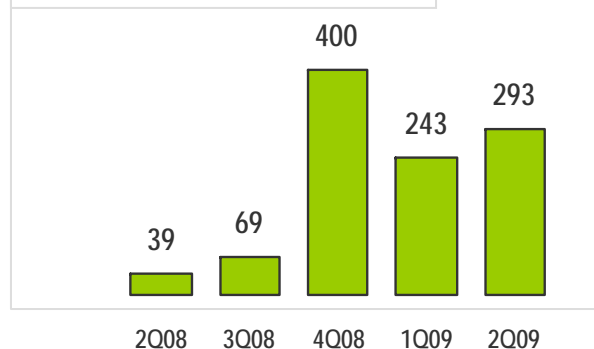
Cost of risk/Risk-weighted assets under Basel I (in annualised bp)

> BancWest



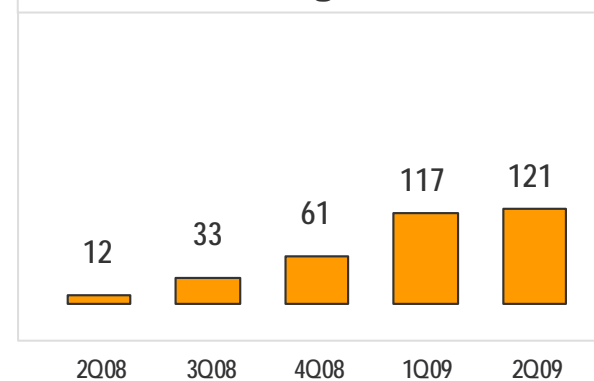
- Cost of risk: €300mn
 - +€176mn/2Q08
 - +€20mn/1Q09
- Stabilisation of the specific risk on the credit portfolio/1Q09
- Additional impairment charges on the investment portfolio

> Emerging Markets Retail Banking



- Cost of risk: €195mn
 - +€173mn/very low base in 2Q08
 - +€33mn/1Q09
- Concentrated on 2 zones
 - Ukraine: €118mn
 - Gulf: €60mn
- No significant deterioration elsewhere

> CIB–Financing businesses



- Cost of risk: €447mn
 - +€404mn/2Q08
 - +€27mn/1Q09
 - Of which €103mn in the Gulf
 - Of which €109mn on LBOs
- Impact of the sharp slowdown of the global economy

