



# BNP Paribas

## Growing Profitably

Baudouin Prot  
*Chief Executive Officer*

October 2006

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*All growth rates and comparisons indicated in this presentation are on a comparable accounting standard basis, except where expressly provided otherwise.*

# Overview

## BNP Paribas at a glance

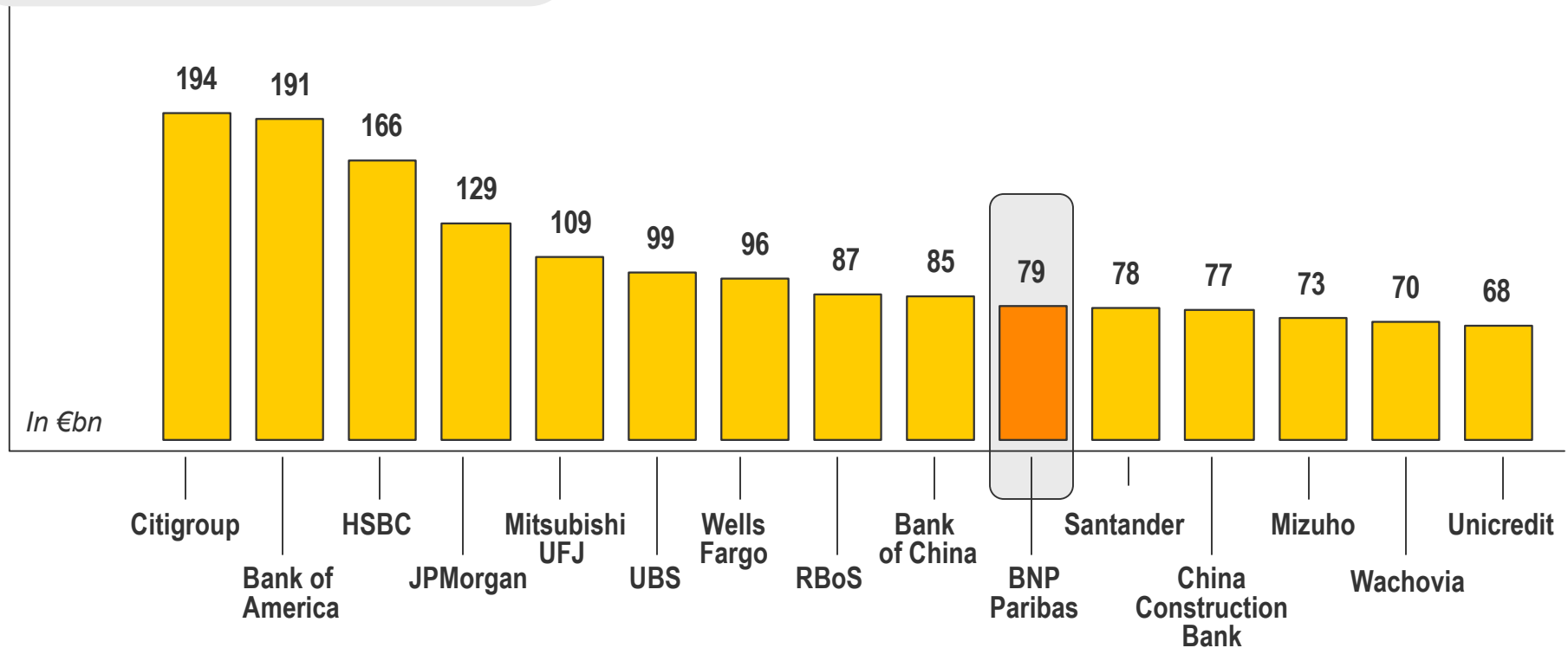
A powerful business model

Italy: a major additional value creation lever

Sound group principles

Conclusion

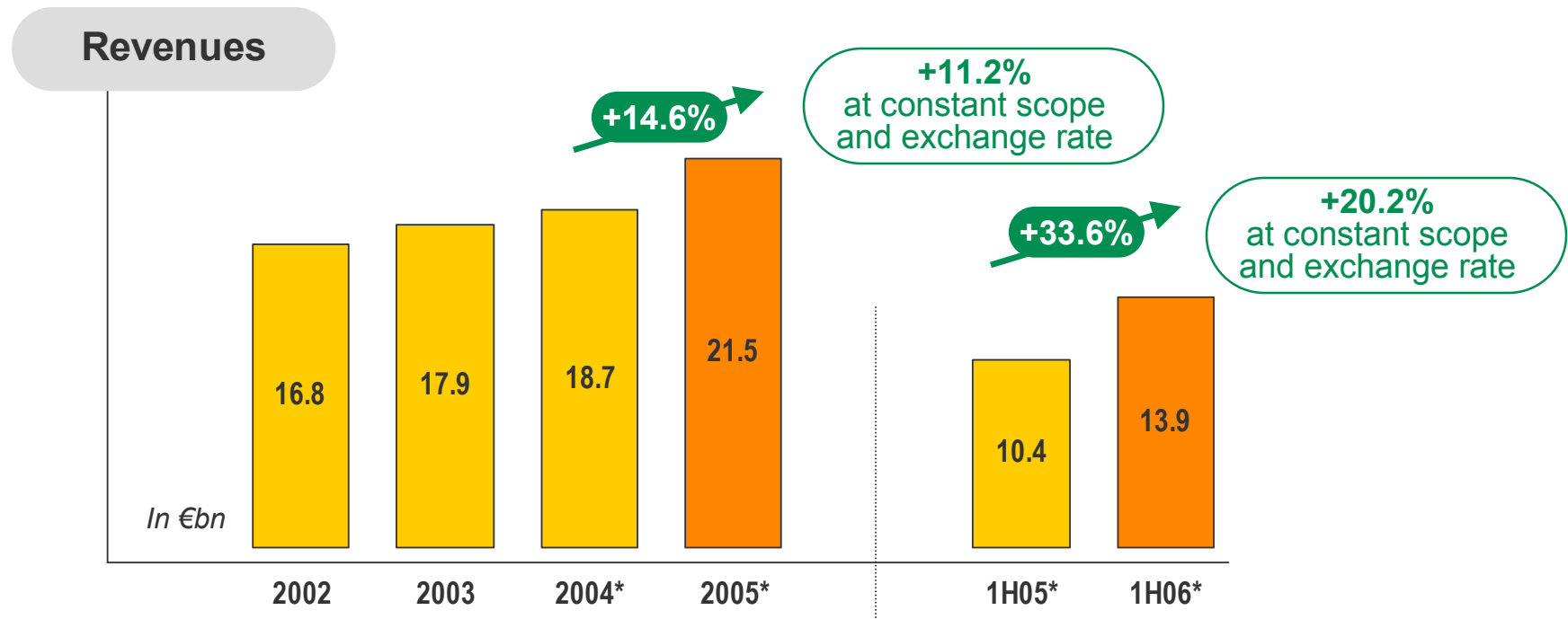
**Market capitalisation  
Top 15 financial institutions world-wide**



**BNP Paribas within the leading banks world-wide**

Source: Bloomberg as at September 29, 2006

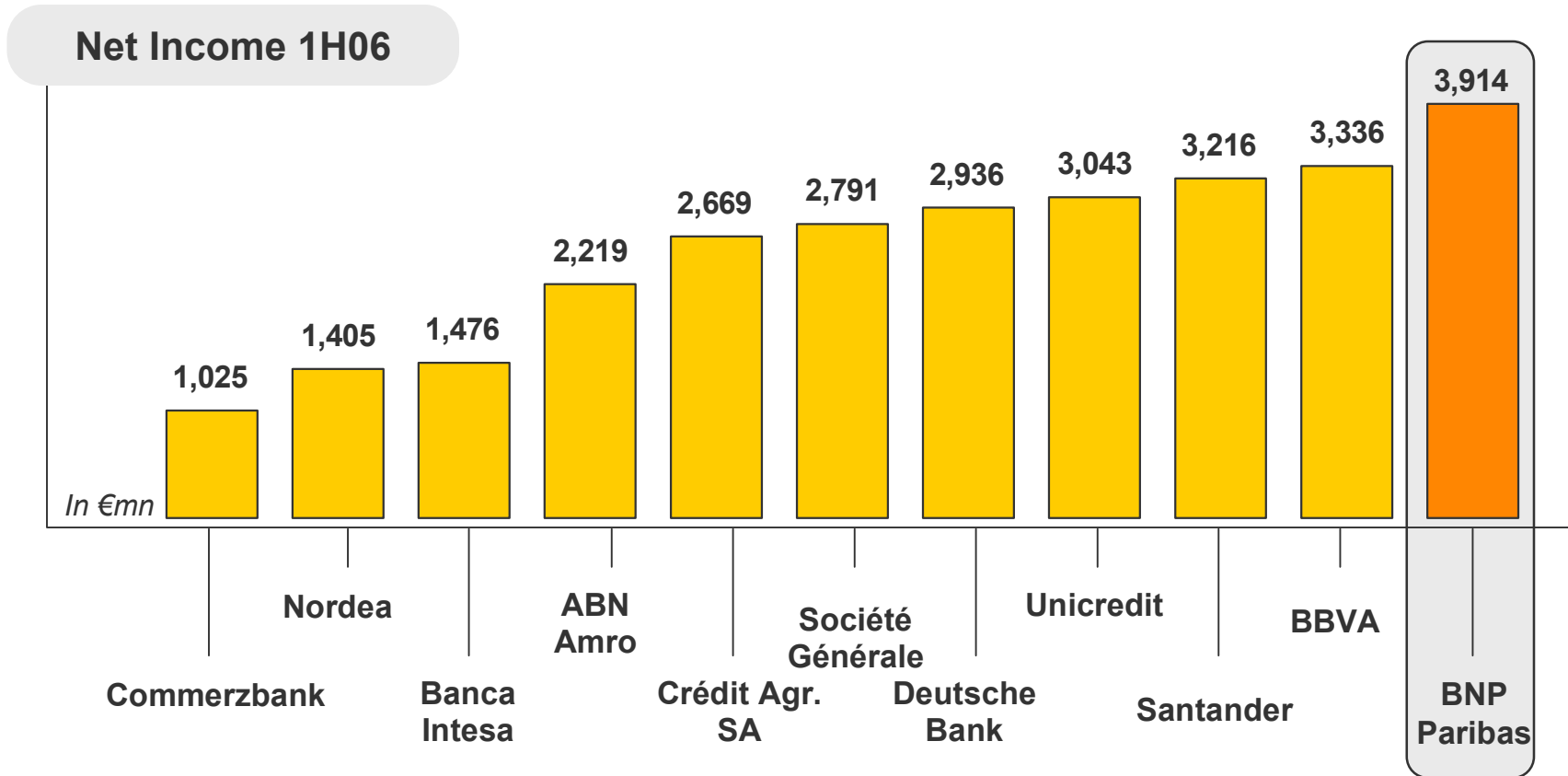
# BNP Paribas A Strong Revenue Generation Capability



**Robust organic growth  
Further enhanced by contribution from acquisitions**

\* EU-IFRS standards, excluding BNP Paribas Capital

# BNP Paribas The Highest Net Income in 1H06 in the Eurozone



**1H06 annualised after-tax ROE: 22.2%**

Source company reports

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BNP Paribas at a glance

**A powerful business model**

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Italy: a major additional value creation lever

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Sound group principles

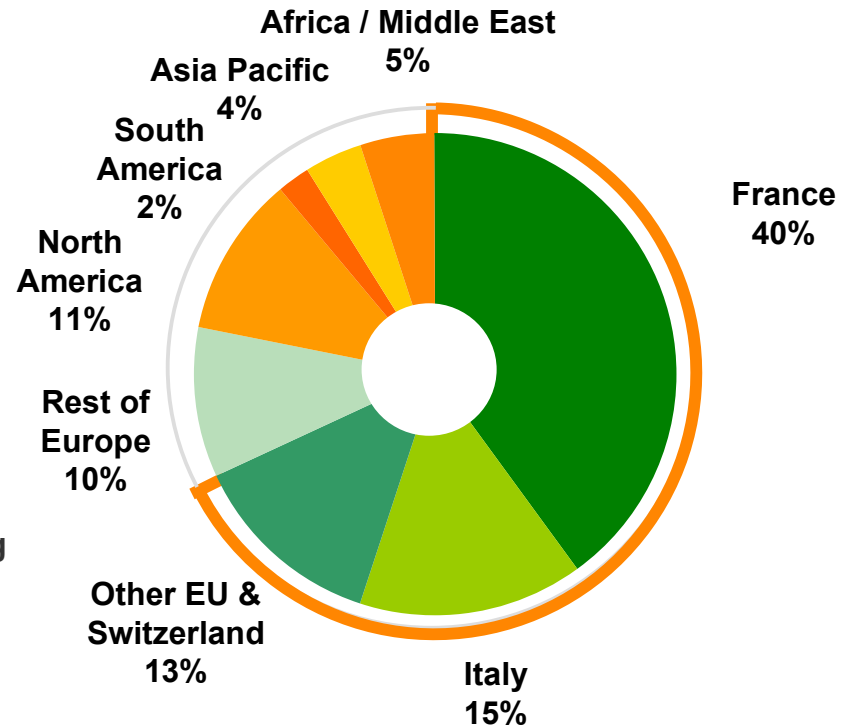
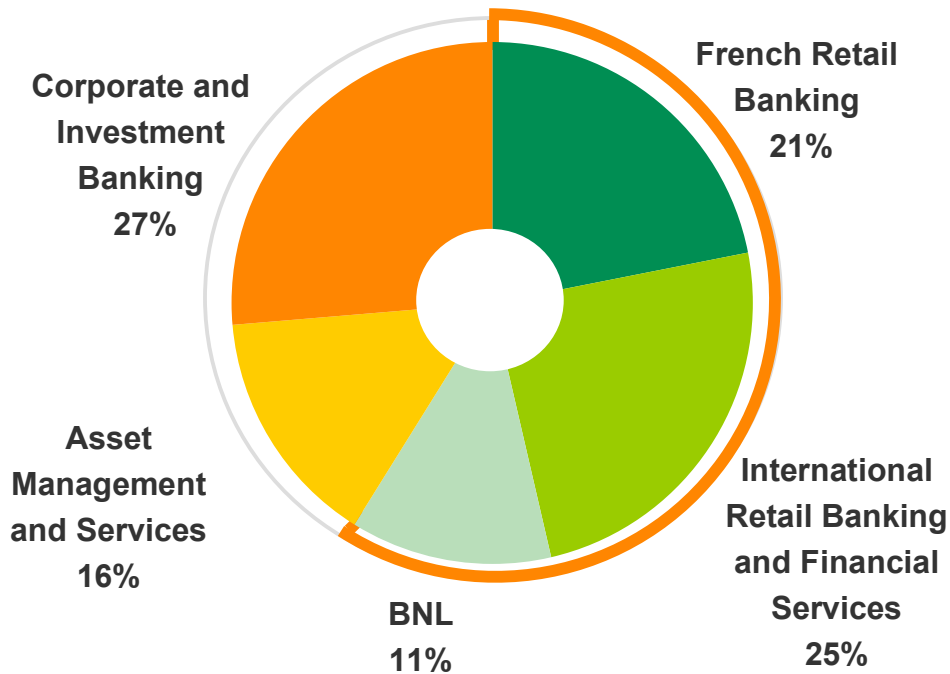
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Conclusion

# BNP Paribas A Well Balanced Business Mix

**Businesses**  
2Q06 revenue split

**Geography**  
30.06.06 staff split\*

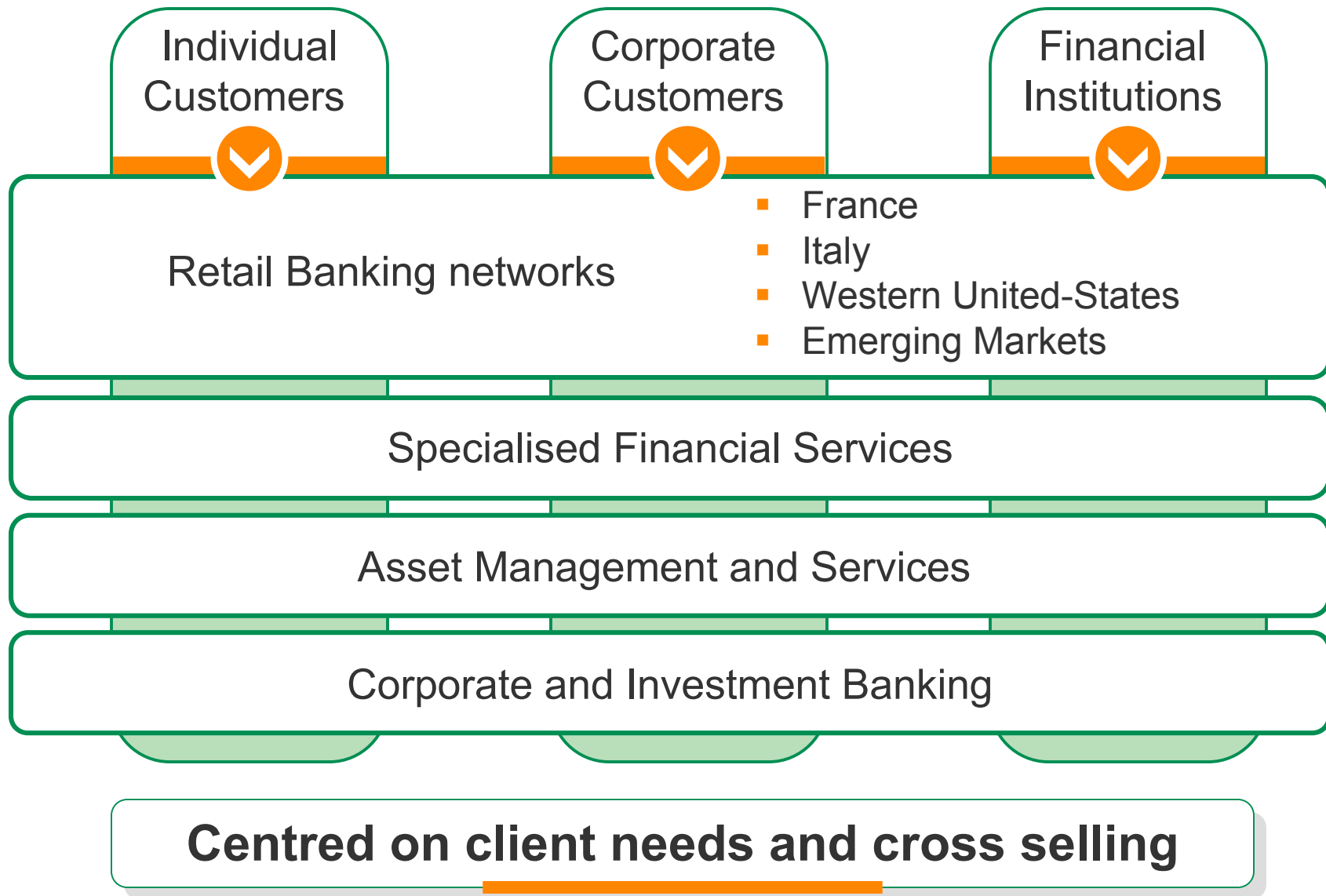


**Strong retail banking base: 57% of revenues**

**Europe is the core market: 68% of staff**

\* Managed staff

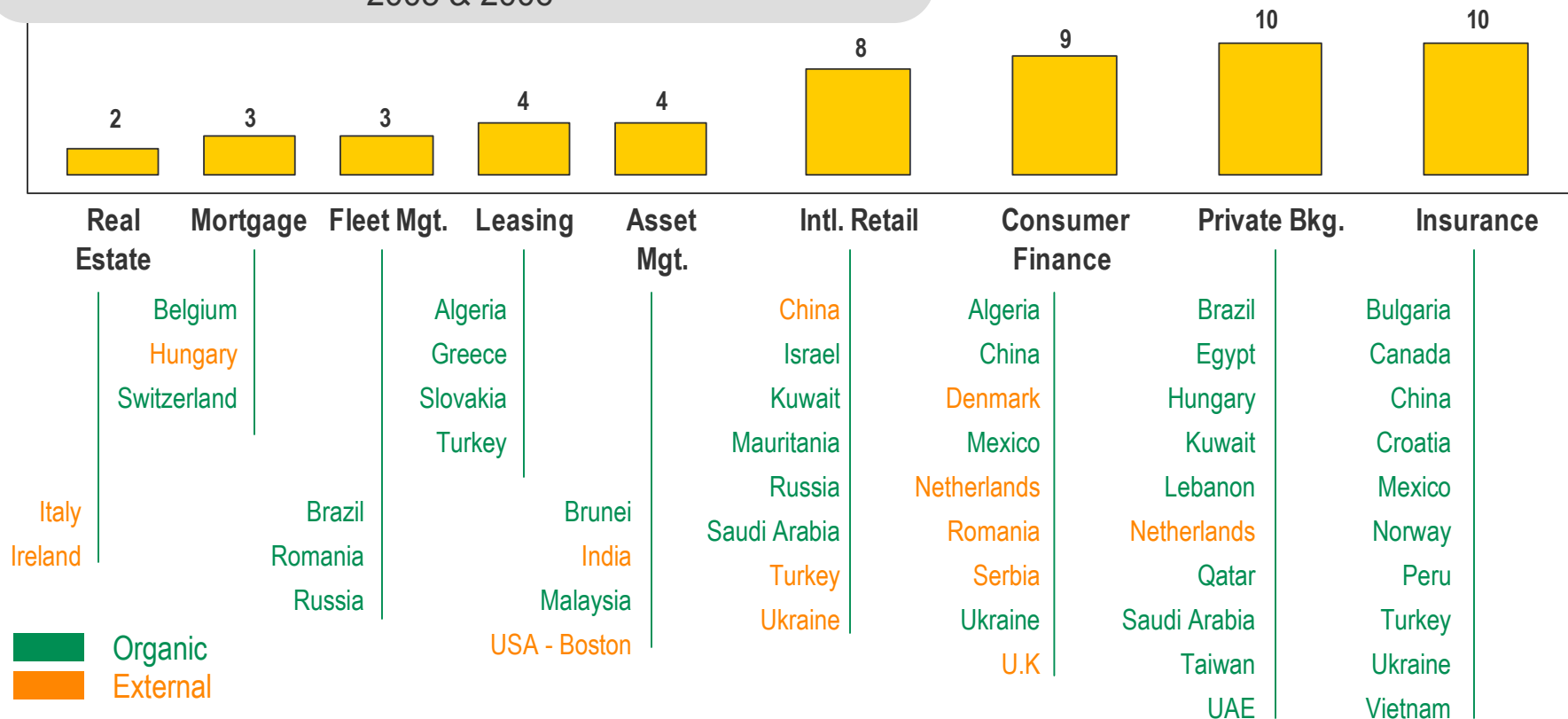




# BNP Paribas

## A Business Model Being Rolled out Internationally

New countries opened by businesses from IRFS & AMS  
2005 & 2006



**Businesses opened up in 53 new countries since Jan. 05**  
**39 via organic growth, 14 via external growth**

### Half yearly revenues

in €bn

1H05  
1H06

#### French Retail Banking



Robust sales performance  
Growth in revenues further  
increased by IFRS volatility

#### International Retail and Financial Services



Strong organic growth and  
benefits from acquisitions

#### Asset Management and Services



Very substantial asset  
inflows and sustained  
international expansion

#### Corporate and Investment Banking

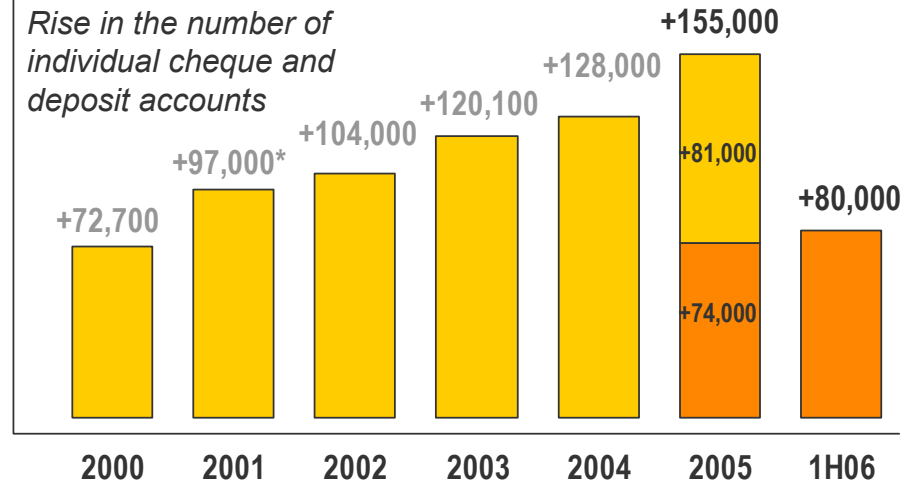


Excellent performance in  
investment banking

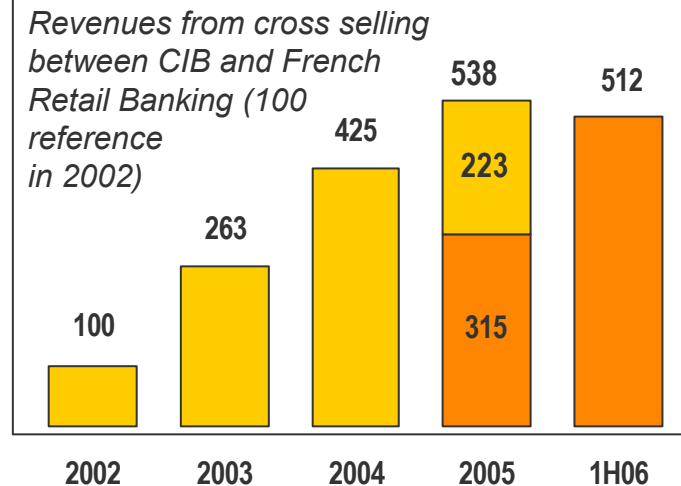
**All businesses contributed to significant growth levels**

# French Retail Banking A High-Performing Network (1/2)

## New Accounts



## Cross selling example



- Success of multi-channel banking confirmed
- Efficient customer segmentation
  - major sales drive at the business centres
  - 10,000 customers referred to Private banking per year
- Streamlined organisation with no back offices left in branches

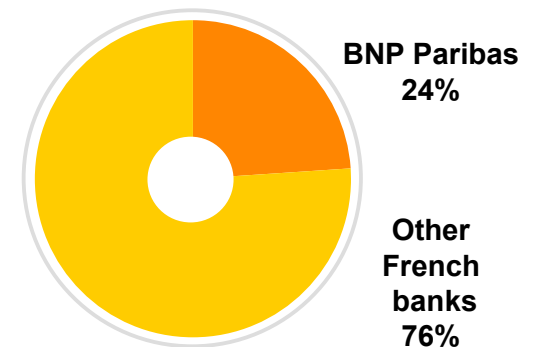
**Accelerated customer acquisition and cross selling**

\* plus 30,000 customers transferred from the Treasury network

# French Retail Banking A High-Performing Network (2/2)

- Robust underlying growth factors
  - outlook for French economy: estimated 2007 GDP growth +3.4%<sup>(1)</sup> in current terms
  - market not fully mature: consumer loan and mortgages penetration levels less than half of UK levels<sup>(2)</sup>
  - full cross selling potential of network not yet reached
- Permanently enhanced product offering
  - important number of new product launched in the French retail banking market <sup>(3)</sup>
  - Terceo: a particularly innovative consumer credit offering
- Continuous efficiency improvements
  - committed to maintain positive annual jaws effect by at least one point
  - sustain regular investment levels in industrial product platform

New products launched in French retail banking market in 1H06

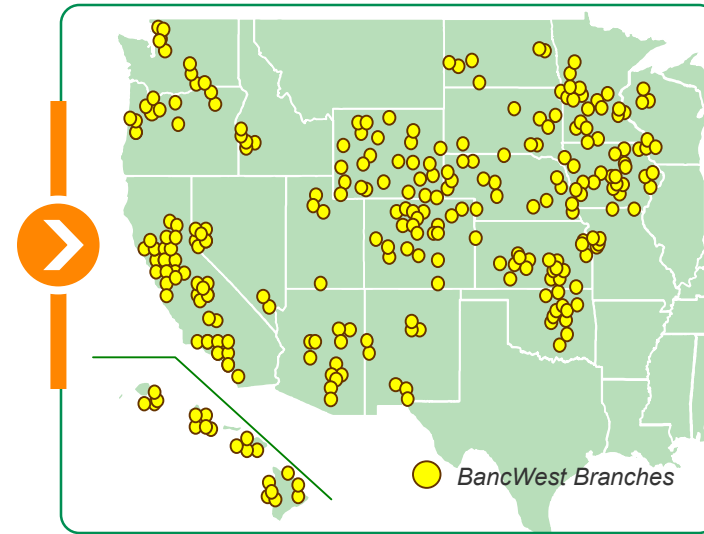


**A very efficient retail banking model**

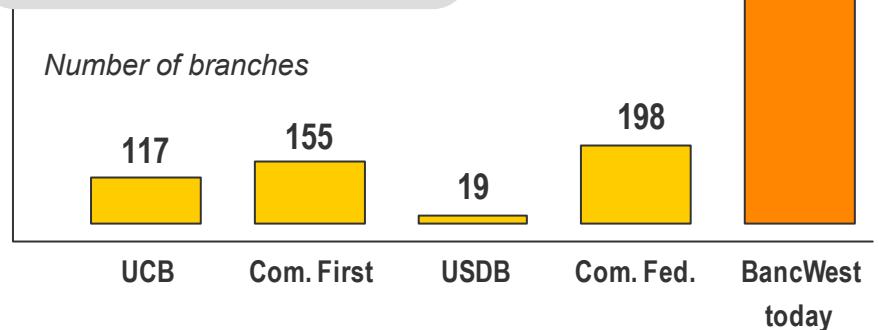
Sources: (1) BNP Paribas estimates (2) Observatoire de l'épargne; (3) Testé pour vous, panel includes top 9 French banks

# United States BancWest: A Growing Retail Franchise

- The Western United States: a large and growing market
  - population 2005: 96mn<sup>(1)</sup>
  - 7% projected growth 2005-2010 <sup>(1)</sup>
- BancWest: a solid track record in cost management
  - cost/Income ratio brought back below 50% after each acquisition since 2002
- A low risk business model
  - majority of mortgage and consumer lending customers are Prime or Super Prime <sup>(2)</sup>
  - increasing geographic diversification
  - no exposure to “innovative” mortgages
- An increased focus on organic revenue generation
  - enhanced product offering leveraging on best practices inherited from legacy banks



**BancWest network buildup  
2002/2005**



**7th largest commercial bank in the Western US**

Sources: (1) ESRI (2) FICO Scores

# Emerging Markets

## Significant Positions in Two Fast Growing Regions

- Mediterranean Basin and Gulf Region

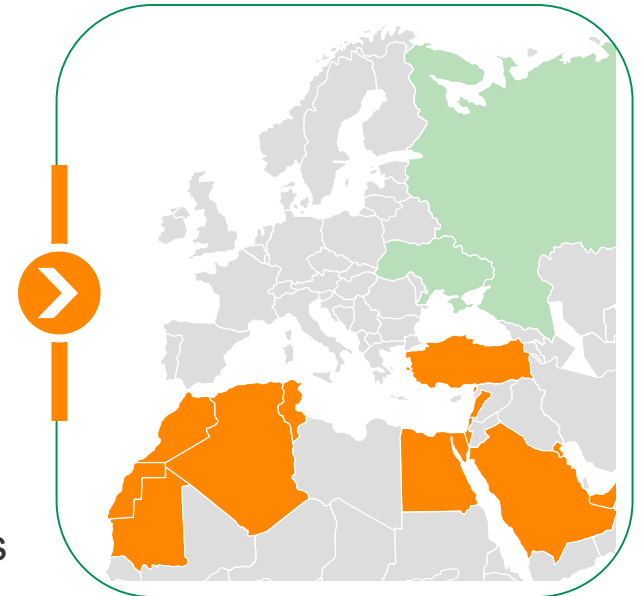
- 2005 GDP: \$975bn\*, +6.3%/2004
- population 2005: 252mn\*\*
- 448 branches as at 30.06.06
- 200 more branches to be opened by end 2007

- Far Eastern Europe (Russia, Ukraine)

- 2005 GDP: \$848bn\*, +6.0%/2004
- Population 2005: 190mn\*\*
- Ukraine: acquisition of 51% of UkrSibbank; branches to be brought up to 1000 in 2007 against 763 branches in 2005
- Russia: more than 150 branches to be opened within 4 years

- Group business model progressively rolled out

- agreements in consumer credit, leasing, car fleet management, private banking, insurance, asset management, project finance, corporate finance
- opening of Turkish desks and soon Italian desks



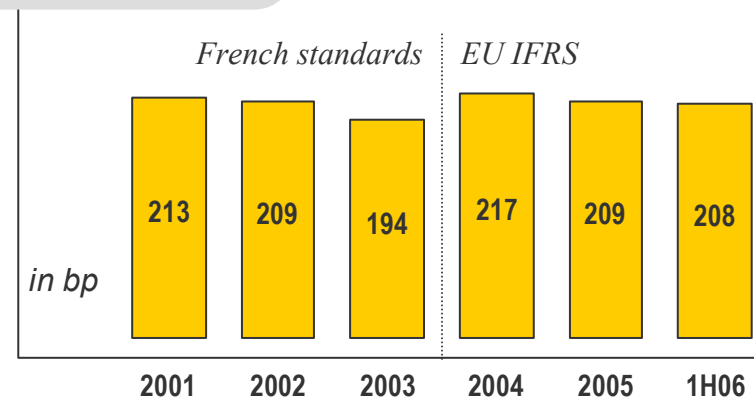
**Strong organic growth and small size add-on acquisitions**

Sources: \*IMF ; \*\* World Bank

# Consumer Credit Cetelem: Leader in Consumer Finance

- Leading market positions
  - Western Europe: #1 in France, #1 in Italy, #3 in Spain
  - Central Europe: #1 in Hungary, #2 in Romania, #3 in the Czech Rep. and Slovakia
- France: reinforced franchise
  - synergies from Laser-Cofinoga confirmed, €62mn pre-tax income by 2009
  - new sales organisation streamlining plan (Defi 2008)
- Outside France: continued strong growth
  - half of new loan production outside France
  - Brazil now 4th largest market for Cetelem
- Low cost of risk
  - sophisticated scoring tools

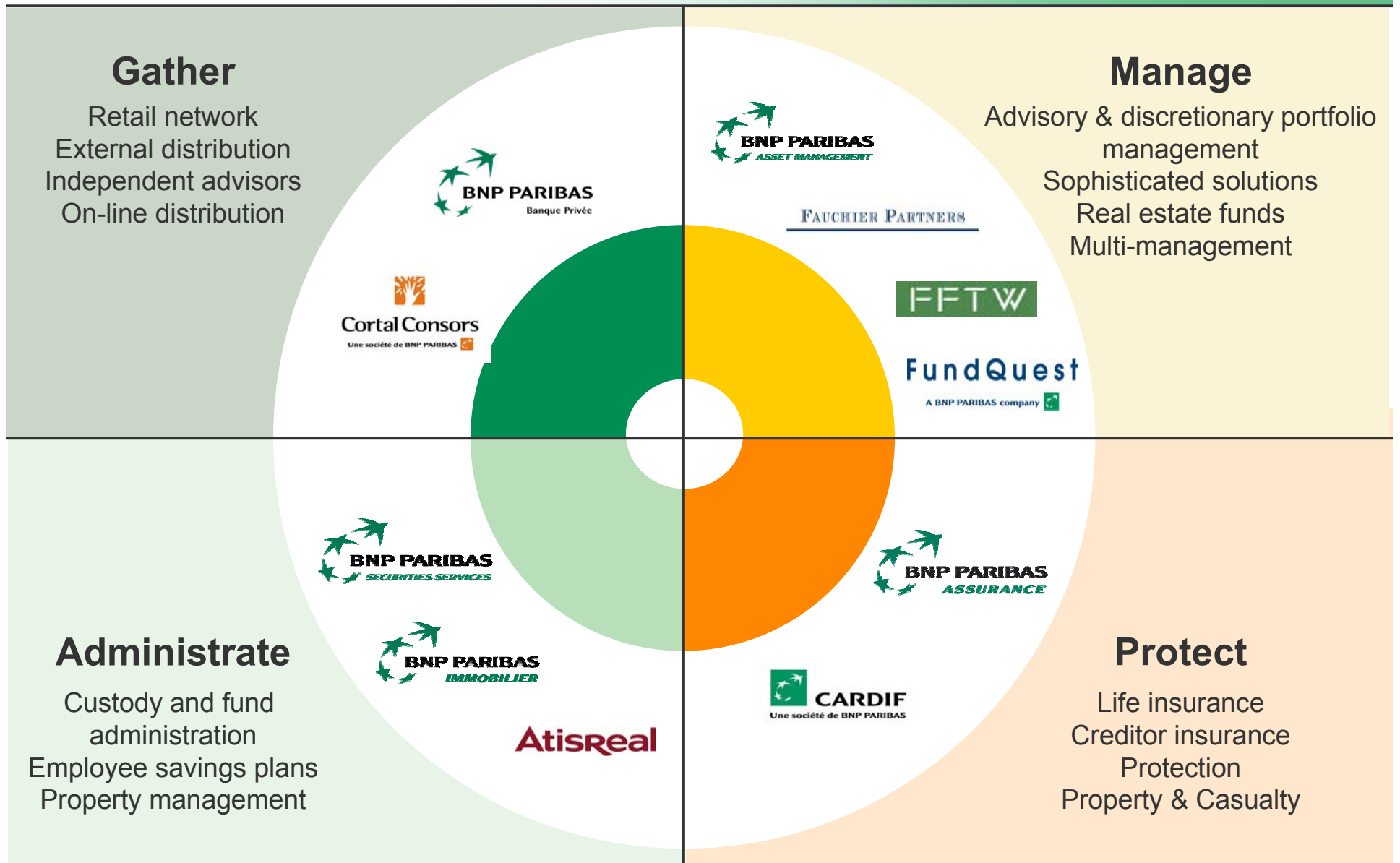
Cost of risk



**#1 consumer lending group in Continental Europe**



# Asset Management and Services Covering the Entire Investment Cycle

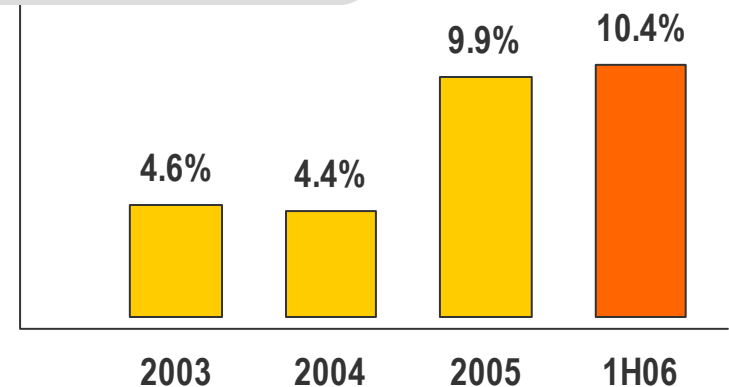


# Asset Management and Services - A Powerful, Innovative and Fast Growing Distribution Platform

- Strong underlying growth trends

- in developed economies linked to ageing population, deficits in public pension and health schemes
- in emerging countries linked to an expanding middle class, more high net-worth individuals

Asset inflow rate\*



\* annualised rate as a % of assets under management

- Strong asset inflows

- Present on every type of distribution channel

- Retail network, direct distribution, partnerships, Independent Financial Advisors

- Recognised expertise in product development and performance

- Ability to innovate: pioneer in open architecture, leadership in individual protection

**Assets under Management: €454bn**  
**Assets under Custody: €3,250bn**

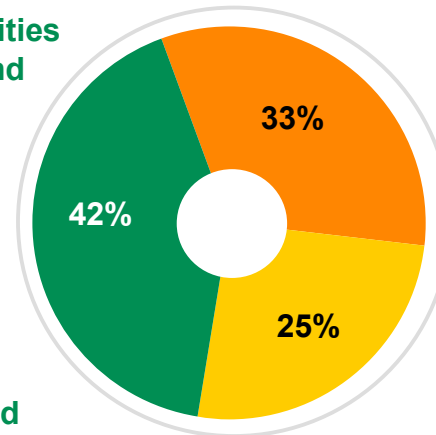
# Corporate and Investment Banking

## A Major Player, an Effective Business Model (1/2)

### 2005 Revenues

Best Trade Bank  
Oil Energy, Trade  
& Forfeiting Review - June 06  
#1 Mandated Lead Arranger  
in Export Finance- Dealogic 2005

**Energy  
Commodities  
Export and  
Project**



**Fixed  
Income**

Best Overall for FX Services  
Asiamoney FX poll - Sept 06  
Interest Rate Derivatives  
House of the Year  
Risk Awards - Jan 06

**Advisory**

M&A #5 in Europe\*

**Equity  
Derivatives**

Innovation of the Year, Americas  
Structured Products Magazine - 2006  
Equity Derivatives House of the Year,  
Asia Pacific - The Banker - 2005

Best Arranger of  
Western European Loans 2005  
Euroweek - Feb. 06

**Structured  
Finance**

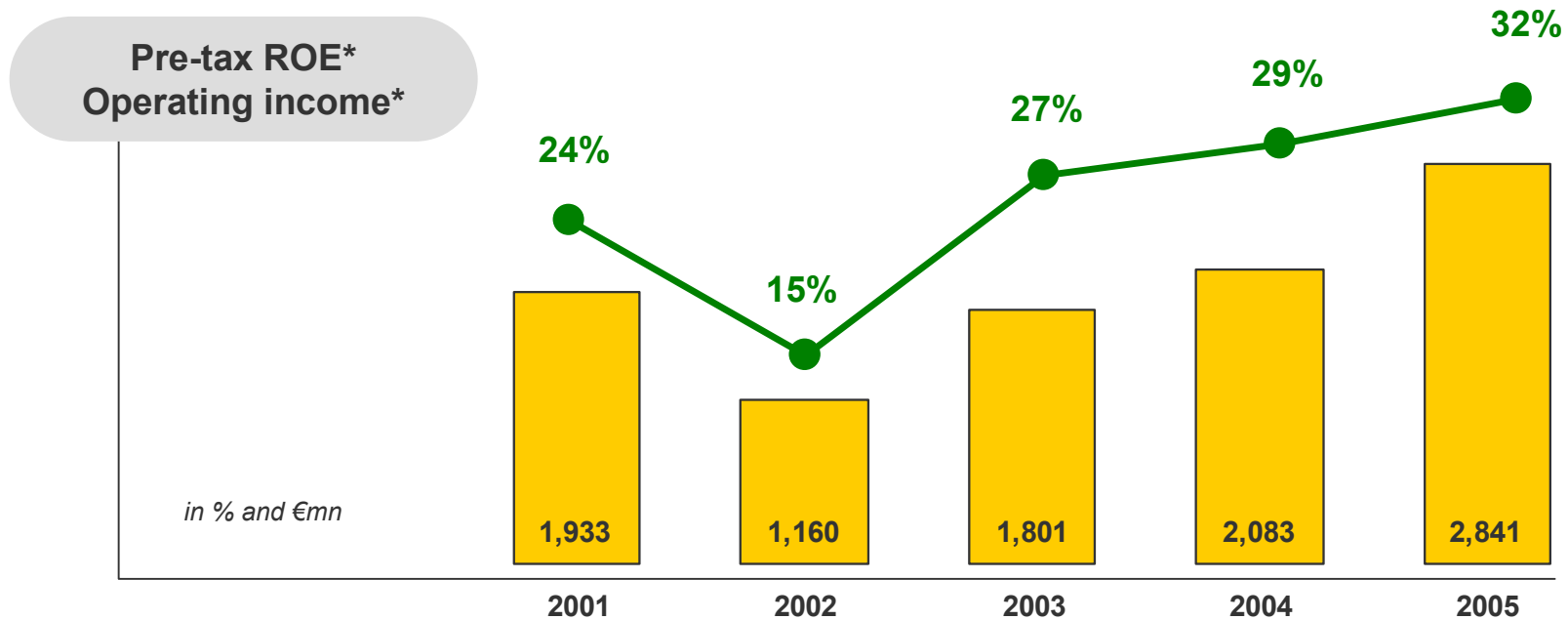
European Media Loan Bank of the Year 2005  
Media Finance - June 06

- Fast growing markets
- Strong areas of excellence
- Numerous entry barriers
- Enhanced capital productivity
- A business model anchored on client business

**A powerful platform**  
**A well balanced business mix**

\*Announced deals - TF 1H06

# Corporate and Investment Banking A Major Player, an Effective Business Model (2/2)



**High level of profitability on average over the cycle**

*\* 2001 to 2003 figures based on French accounting standards; 2004 and 2005 figures based on EU IFRS accounting standards*

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BNP Paribas at a glance

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A powerful business model

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**Italy : a major additional value creation lever**

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Sound group principles

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Conclusion

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## An Acquisition Based on Sound Financial Terms

### Price

- P/E : 18.4x<sup>(1)</sup>
- P/BV: 1.9x<sup>(1)</sup>

### Synergies

- Cost synergies of €250m pre-tax, 12.9% of BNL 2005 cost base
- Revenue synergies, net of additional costs, of €150m, to be revised upwards

### Value Creation

- Accretive as early as 2008
- Return on Invested Equity > cost of capital from 2008 onwards

### Execution

- 6 months from announcement to BNL share delisting
- 500 executives met in 4 day July convention on development project

### Governance

- BNL by-laws changed at 15 September A.G.M.
- Group corporate governance rules now apply

**A unique opportunity of expanding the group's presence in the Italian market**

*(1) P/E based on 2005 earnings, P/B as at 31.03.06, both P/E and P/BV include a pre tax allowance for balance sheet adjustments of up to €800m*



**Apply well proven group techniques to improve BNL's efficiency**

Source: Annual reports; \* 2004 figures

## A Clear Vision, a Process Well Under Way

- A clearly defined ambition for BNP Paribas in Italy
  - Create a second domestic market in Europe
  - Establish an organisation integrated within the Group's businesses
  - Create momentum for retail customer acquisition
  - Become the benchmark bank for Italian Corporates
  - Become the leader in corporate and investment banking
- An integration process well under way
  - Top and second-tier management appointed
  - Conclusions of the 40 working groups delivered in July
  - New logo being deployed
  - Industrial project near completion, to be disclosed on Investor Day



**Investor Day on 1 December 2006 in Rome**



# The Launch of First Sales Oriented Initiatives

## Individual Customers

- New sales organisation

## Corporate clients

- New customer segmentation

## CIB



**BNP PARIBAS - BNL**  
Corporate and Investment Banking

## Customer acquisition initiatives

- Sales force programmes and product campaigns
- Extend Asset Management and Services product offering to new customers

## Extended product offerings with CIB

- Extended cross-selling: Fixed Income, Structured Finance, Corporate Finance, etc.
- Coverage strengthened with key local authorities

## Initial examples of growth initiatives

- Extended financial institutions sales coverage
- Creation of a corporate finance team dedicated to mid-caps
- Extended staffing of structuring and derivatives sales teams

**Create growth momentum from as early as October**

## The New Face of BNP Paribas Group



**Creation of a new leader in Italy**

\* 2005 data

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**Sound group principles**

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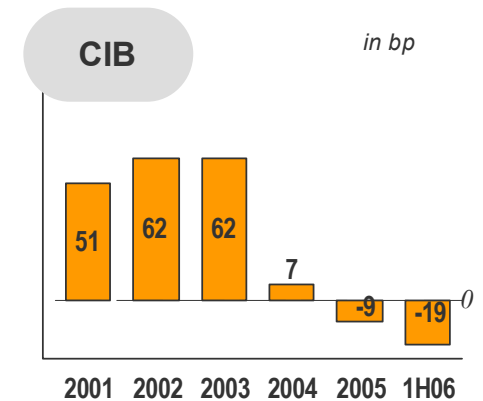
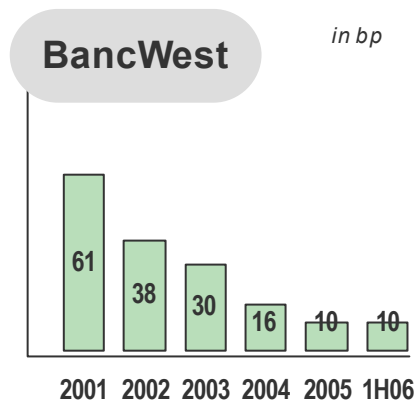
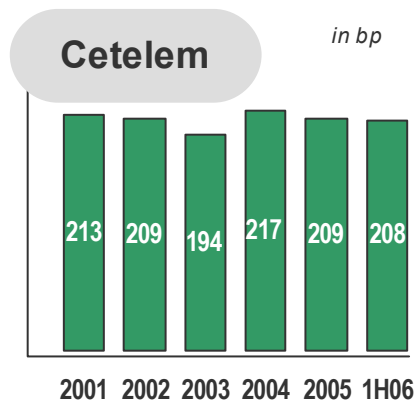
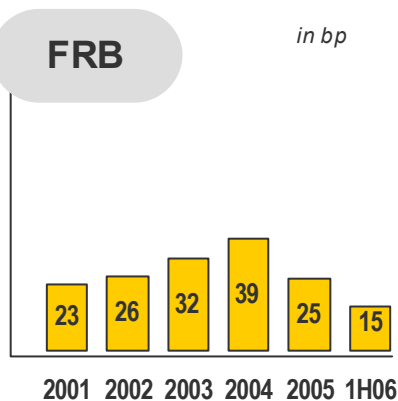
Conclusion

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# Maintain Group Risk Policy Discipline

- Retail banking
  - French Retail Banking: high quality corporate and individual portfolios
  - Cetelem: scoring expertise rolled out on all markets
  - BancWest: limited exposure to real estate risk
  - Emerging countries: limited exposure at group level
- Corporate and Investment Banking
  - Maintain strict lending origination standards, namely for LBOs
  - Extended use of risk distribution and hedging techniques



**Low cost of risk on average**  
**More extensive use of new risk management techniques**

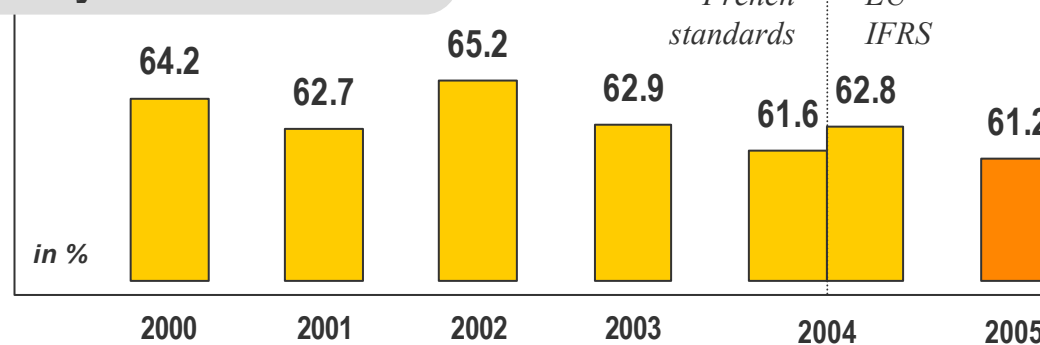
*Annualised cost of risk - Net provisions/average RWAs; 2004, 2005 & 2006 in EU- IFRS accounting standards*

# Continue to Enhance Operational Effectiveness

## ● Cost/income ratio targets

- French Retail Banking: maintain a positive annual jaws effect by at least one point
- International Retail Banking and Financial Services: capitalise on cost synergies resulting from acquisitions
- Asset Management and Services: generate a positive jaws effect while pursuing investments to favour growth
- Corporate and Investment Banking: maintain one of the best cost/income ratios in the industry
- BNL : apply well proven group techniques to BNL

Yearly cost/income ratio



**Foster cross business line initiatives**

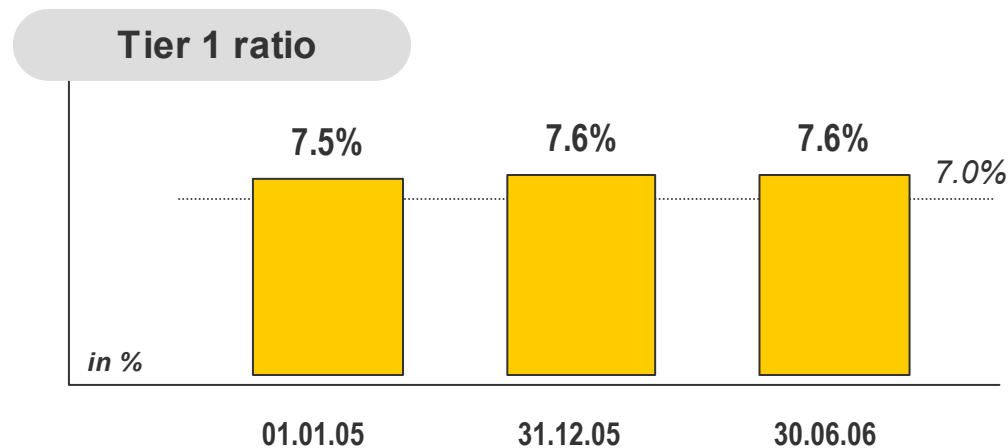
# Pursue Selective Acquisition Policy

- Priority focus on BNL integration and organic growth
- Acquisition opportunities assessed against stringent criteria
  - Robust industrial business case
  - Return on invested equity higher than cost of capital within a short time frame
  - Near-term accretive effect
  - Limited execution risks
- Geographic and business priorities maintained

**Unchanged acquisition criteria**

# Optimise Capital Management

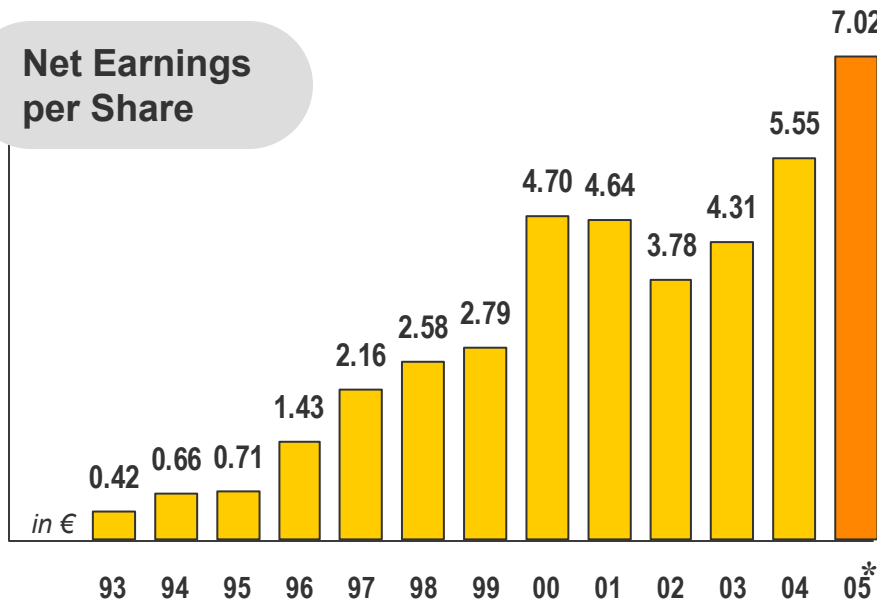
- Prioritise the use of free cash flow generated
  - 2005 dividend: €2.60 per share compared to €2 in 2004
  - Finance sustained organic growth in each business line
  - Enable selective acquisition program
- Keep Tier 1 ratio above 7%



**Optimised use of strong capital generation**

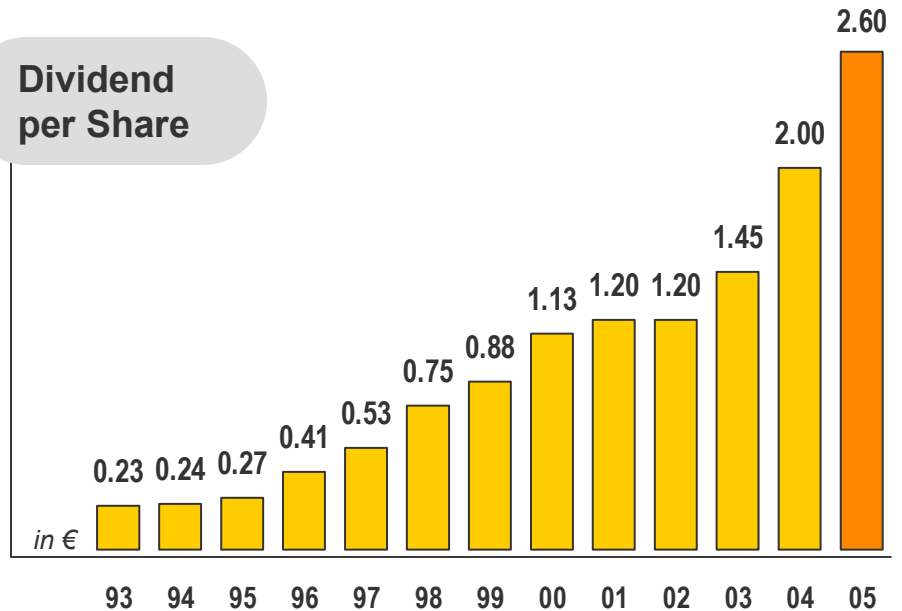
# A Track Record of Growth and Value Creation

Net Earnings per Share



Undiluted EPS based on the average number of shares outstanding

Dividend per Share



**Net earnings per share  
+26.5% per annum  
(CAGR 93-05)**

**Dividend per share  
+22.4% per annum  
(CAGR 93-05)**

\* EU-IFRS



**An important step forward accomplished  
in the first half of 2006**

**Powerful and balanced platforms,  
firmly based on retail banking**

**Businesses well positioned to make the most of  
developments in their markets**



# BNP Paribas

## Growing Profitably

Baudouin Prot  
*Chief Executive Officer*

*September 2006*

# Number of Shares, Earnings and Book Value per Share

## Number of shares

<i>in millions</i>	<b>30-Jun-06</b>	<b>30-Jun-05</b>
Number of Shares (end of period)	924.6	871.2
Number of Shares excluding Treasury Shares (end of period)	910.5	825.5
Average number of Shares outstanding excluding Treasury Shares	871.7	828.0

## Earnings per share

<i>In euros</i>	<b>1H06</b>	<b>1H05</b>	<b>2005</b>
Earnings Per Share (EPS)	4.4	3.8	7.02
Diluted Earning Per Share (Diluted EPS)	4.4	3.8	6.97

## Book Value per share

<i>In euros</i>	<b>30/06/06</b>	<b>30/06/05</b>
<b>Book value per share</b>	<b>45.8</b>	<b>41.6</b>
<i>of which shareholders' equity not re-evaluated</i>	<i>41.7</i>	<i>36.4</i>

# A Solid Financial Structure

<i>In billions of euros</i>	30-Jun-06	31-Dec-05	30-Jun-05
<b>Shareholders' equity Group share, not re-evaluated (a)</b>	<b>36.5</b>	<b>30.7</b>	<b>29.0</b>
<b>Valuation Reserve</b>	<b>3.7</b>	<b>5.5</b>	<b>4.3</b>
(of which BNP Paribas Capital)	(1.7)	(1.6)	(1.3)
<b>Total Capital ratio</b>	<b>10.7%</b>	<b>11.0%</b>	<b>10.6%</b>
<b>Tier One Ratio (b)</b>	<b>7.6%</b>	<b>7.6%</b>	<b>7.5%</b>

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

(b) on estimated risk weighted assets respectively of E445.0 bn as at 30.06.06, E377.7bn (31.12.05) and E362.7 bn as at 30.06.05.

## Ratings

S&P	<b>AA</b>	Stable outlook	Reaffirmed on 6 February 2006
Moody's	<b>Aa2</b>	Stable outlook	Reaffirmed on 7 February 2006
Fitch	<b>AA</b>	Stable outlook	Reaffirmed on 15 May 2006