



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

# BNP Paribas Well Positioned in the 2009 Environment

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*11 June 2009*

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*This presentation includes forward-looking statements based on current beliefs and expectations about future events. Forward-looking statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future events, operations, products and services, and statements regarding future performance and synergies. Forward-looking statements are not guarantees of future performance and are subject to inherent risks, uncertainties and assumptions about BNP Paribas and its subsidiaries and investments, developments of BNP Paribas and its subsidiaries, banking industry trends, future capital expenditures and acquisitions, changes in economic conditions globally or in BNP Paribas' principal local markets, the competitive market and regulatory factors. Those events are uncertain; their outcome may differ from current expectations which may in turn significantly affect expected results. Actual results may differ materially from those projected or implied in these forward-looking statements. Any forward-looking statement contained in this presentation speaks as of the date of this presentation: BNP Paribas undertakes no obligation to publicly revise or update any forward-looking statements in light of new information or future events.*

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*2008 & 1Q09 results of operating divisions with Basel II normative equity*





## 1Q09 Results

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Structural Strengths

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Adjustment to a New Environment

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Fortis: Two New Domestic Markets

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Conclusion

# Key 1Q09 Figures

	> 1Q09	> 1Q09/1Q08
● Revenues	€9,477mn	+28.2%
● Operating expenses	-€5,348mn	+16.1%
● Gross operating income	€4,129mn	+48.0%
● Cost of risk	-€1,826mn	x3.3
● Operating income	€2,303mn	+2.6%
● Pre-tax income	€2,290mn	-14.4%
● <b>Net income group share</b>	<b>€1,558mn</b>	<b>-21.4%</b>

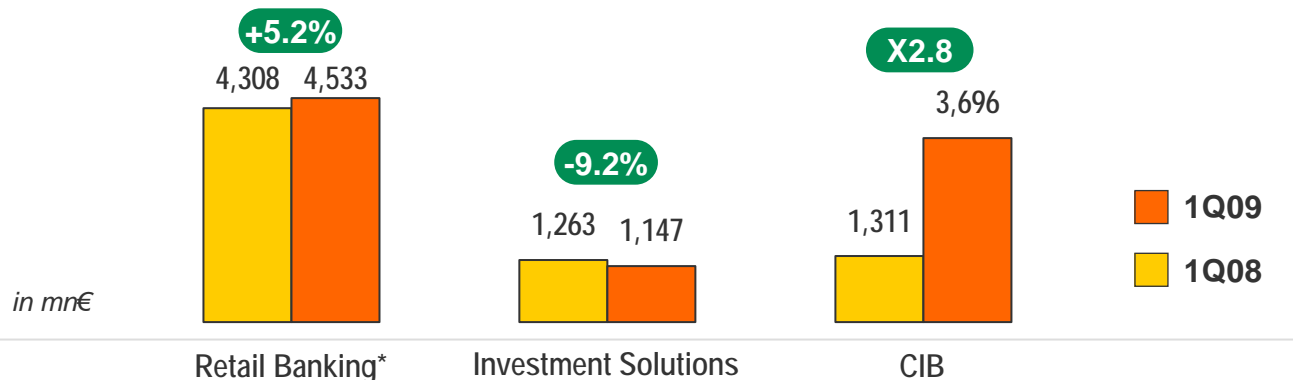


**Net income of €1.56bn in an environment that remains challenging**

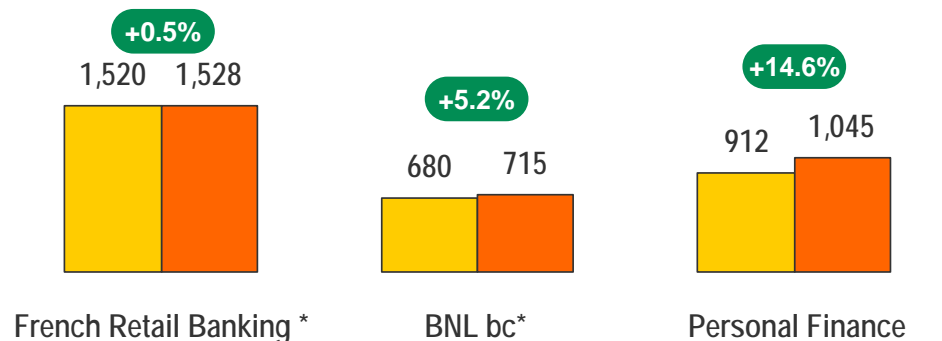


# 1Q09 Revenues

## > Revenues *(including the impact of the financial crisis)*



of which:

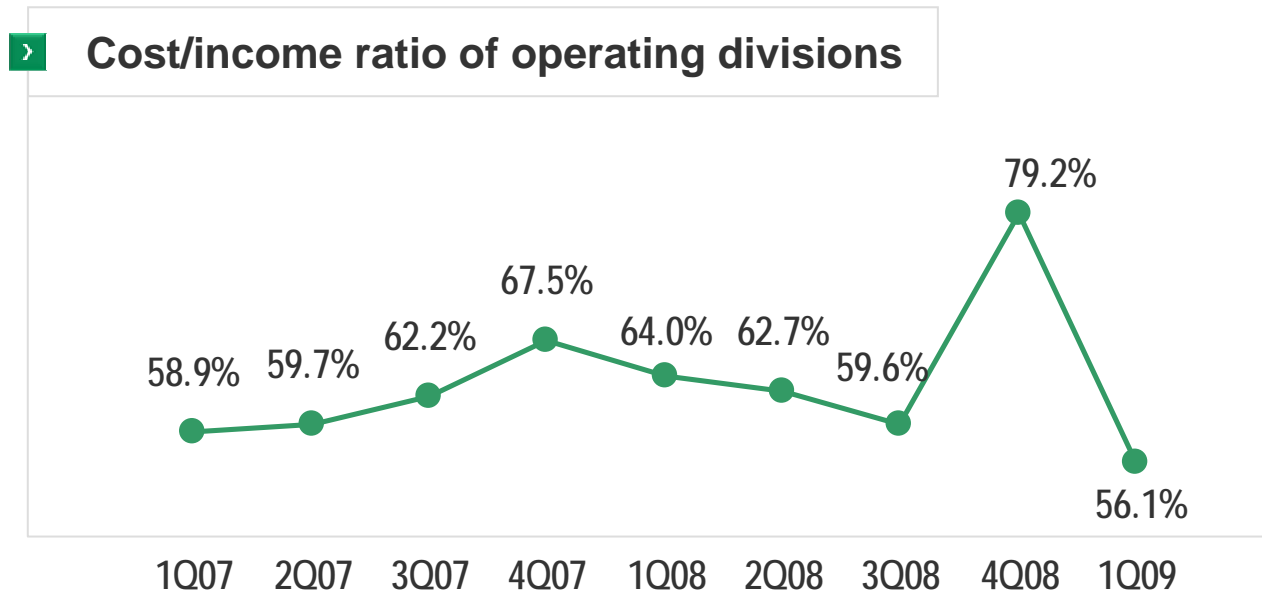


**Good sales and marketing drive**



# Fast Adjustment of Costs to the Environment

- Measures to adjust costs introduced in all businesses
- Group's operating expenses at constant scope and exchange rates and excluding variable compensation: -2.4%/1Q08

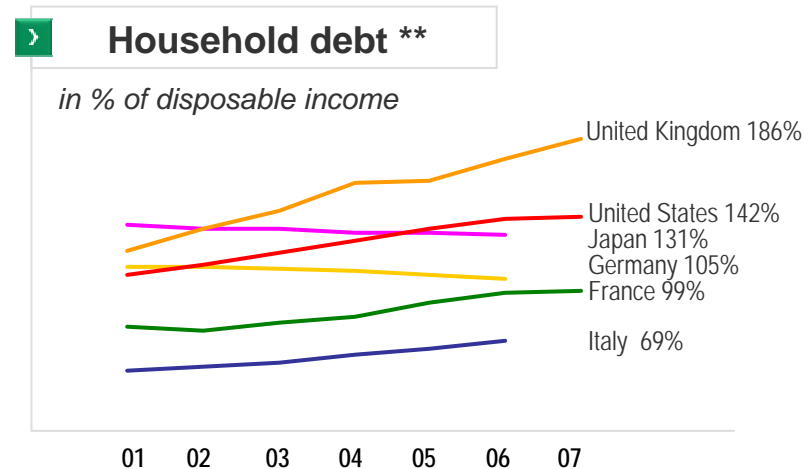
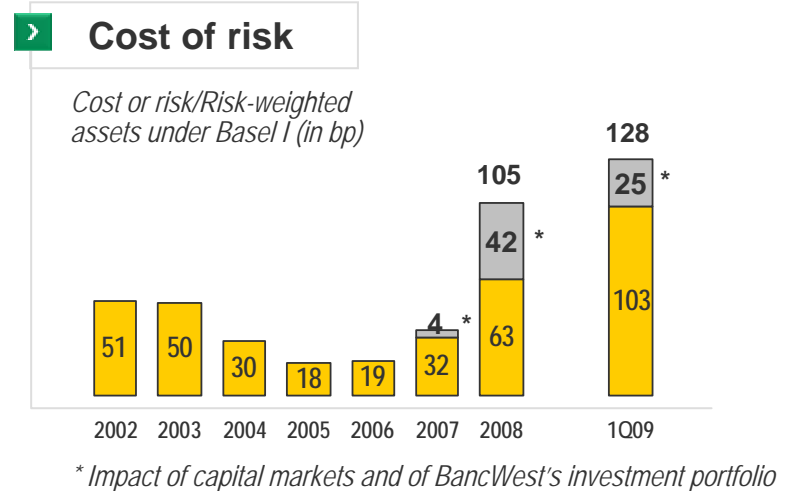


➤ **Target to stabilise costs\* reached in the first quarter**



# Cost of Risk

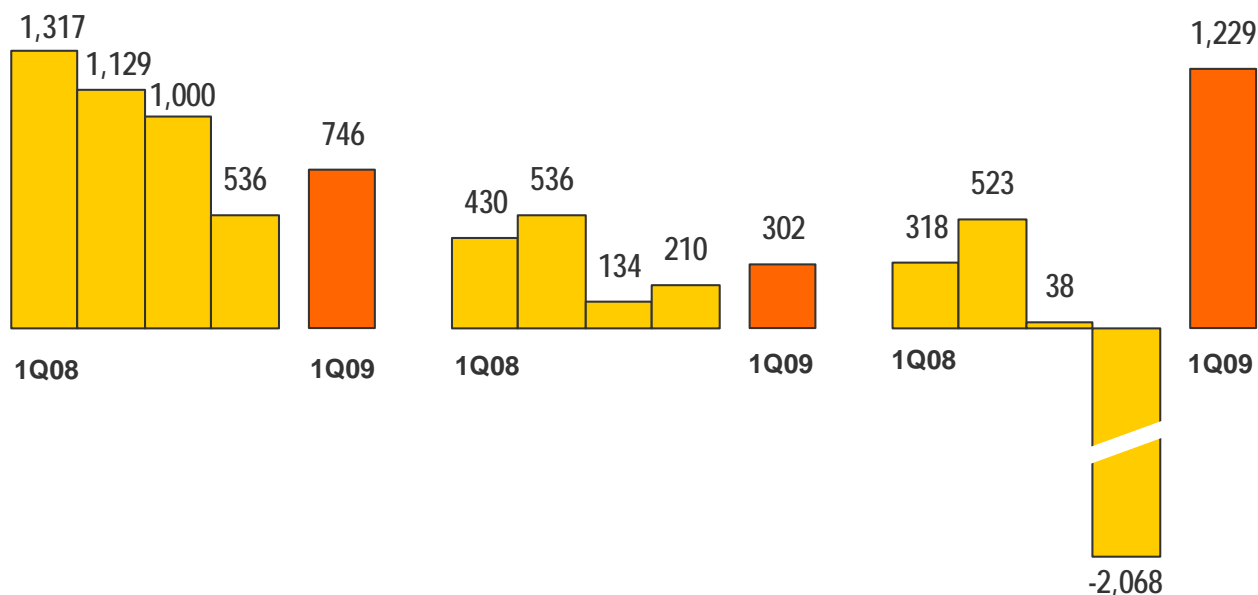
- Sharp rise in the cost of risk in 1Q09: €1.8bn vs €0.5bn in 1Q08 (+€1.3bn)
- Impact of the economic downturn
  - On retail customers in the U.S. (BancWest: +€0.2bn), in Personal Finance (+€0.2bn) and in Ukraine (+€0.1bn)
  - On corporate clients (CIB Financing Businesses: +€0.5bn)
- Receding impact of counterparty risk (-€0.2bn)
- Domestic markets: lowest household indebtedness ratios in Europe
  - France: mortgages primarily at fixed rate and well secured
  - Italy: contained household exposure and good quality mortgages, close monitoring of lending to small and medium enterprises



# 1Q09 Pre-tax income

## > Pre-tax income

in €mn



Retail Banking\*

Investment Solutions

Corporate and Investment  
Banking



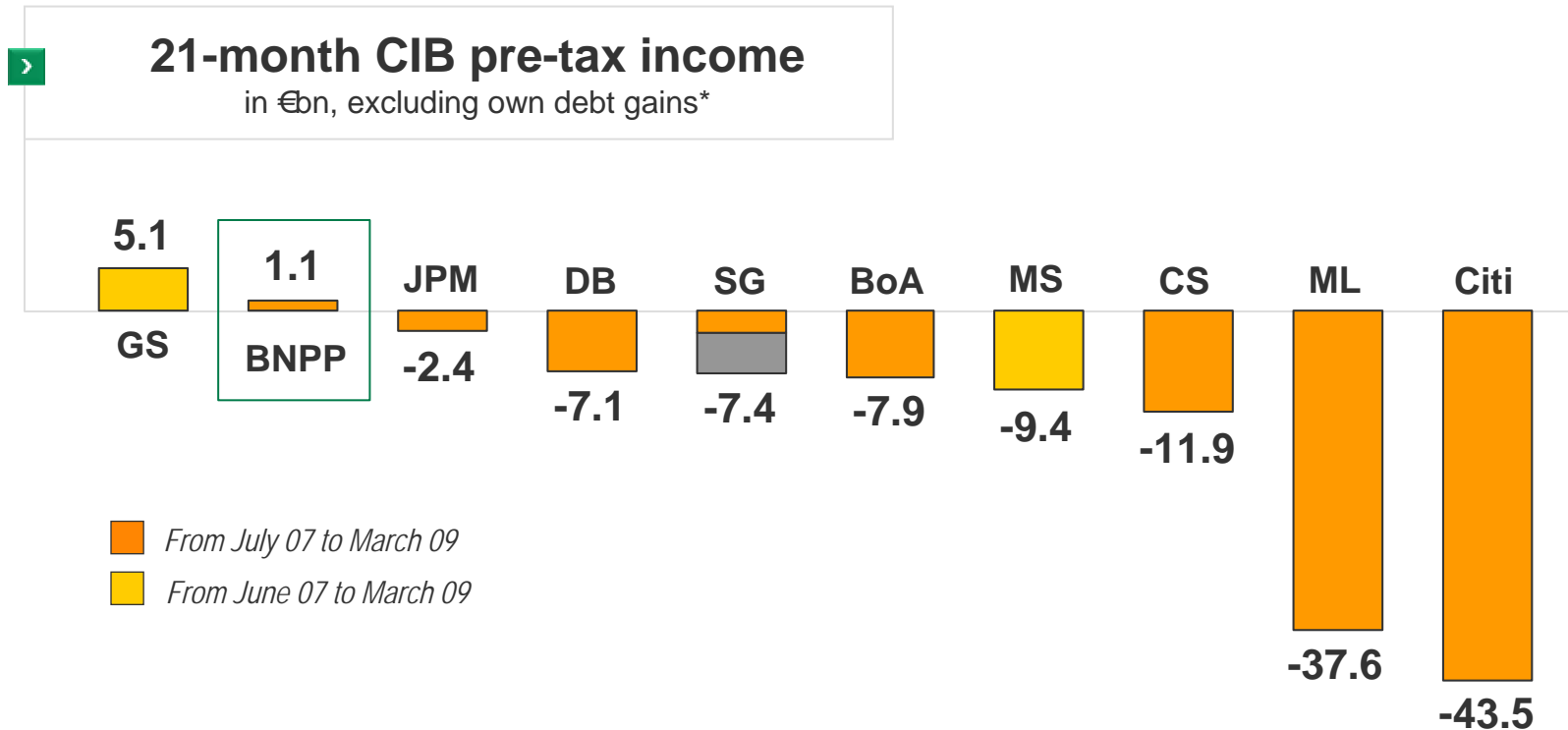
**Good profit generating capacity in the 3 divisions**



BNP PARIBAS



# CIB Results Since the Beginning of the Crisis



**€1.1bn pre-tax income**  
since the beginning of the crisis





1Q09 Results

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**Structural Strengths**

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Adjustment to a New Environment

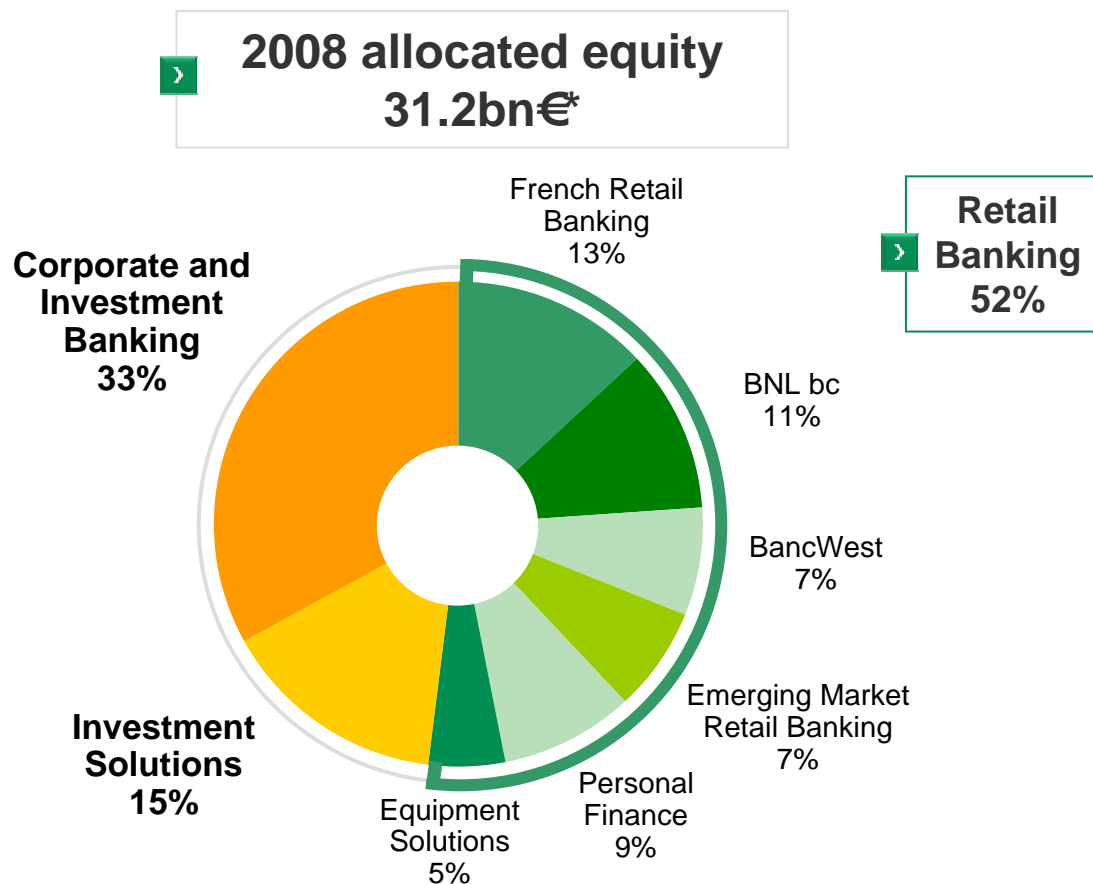
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Fortis: Two New Domestic Markets

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Conclusion

# Business Mix

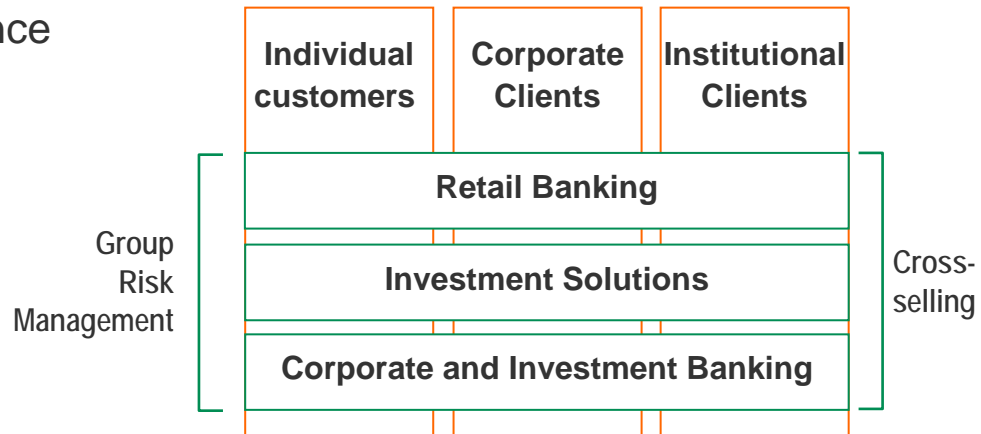


**Well diversified business mix with a strong retail base**



# Integrated Banking Model

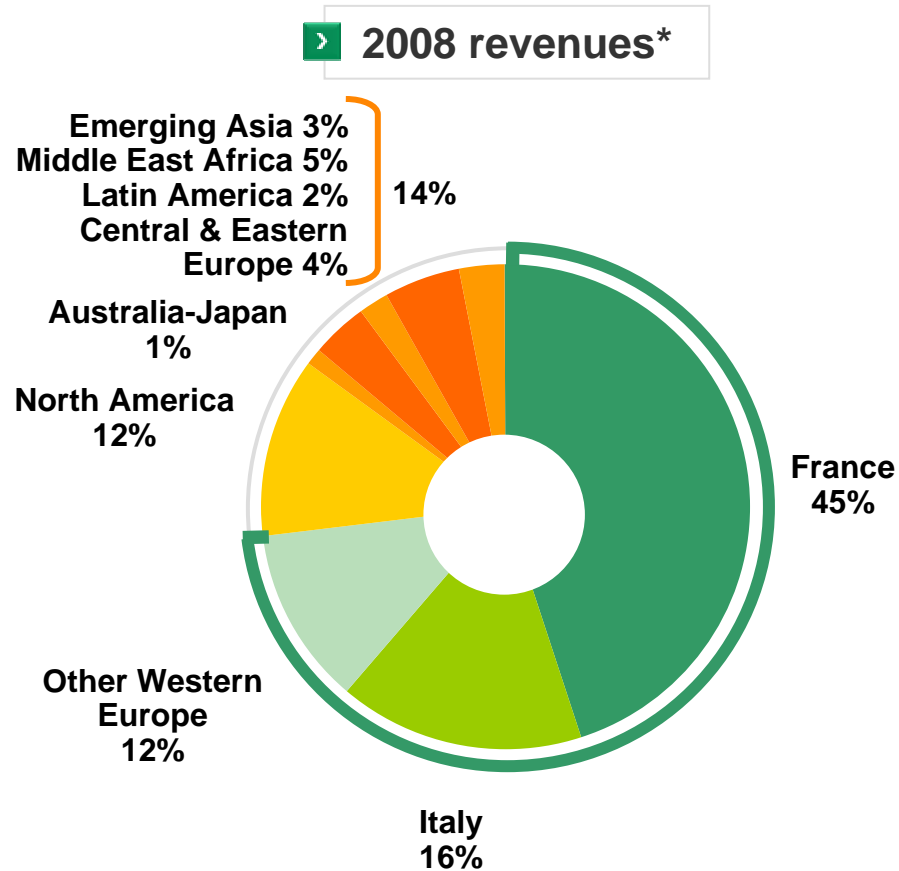
- All group activities are core
  - Retail banking provides critical mass of customers
  - Investment Solutions: asset gathering arm of BNP Paribas
  - Corporate and Investment Banking: clear action plan to adapt the platform to the new environment
- Important cross selling skills developed since the 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**



# Geographic Mix

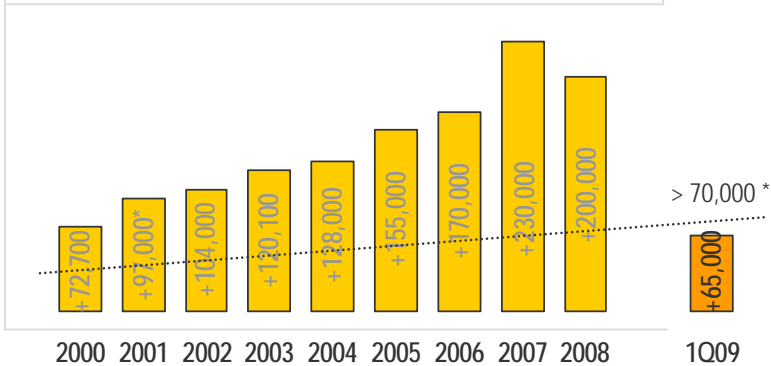


**73% Western Europe: a pan European Group  
o/w 61% in France and Italy**

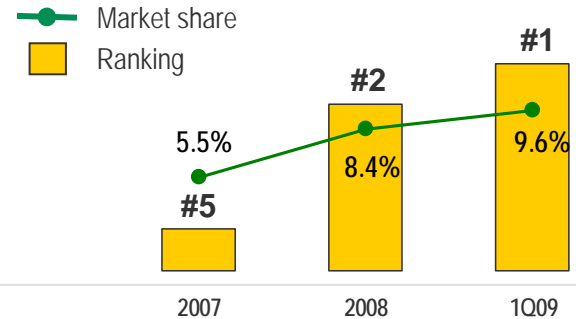


# Market Share Gains

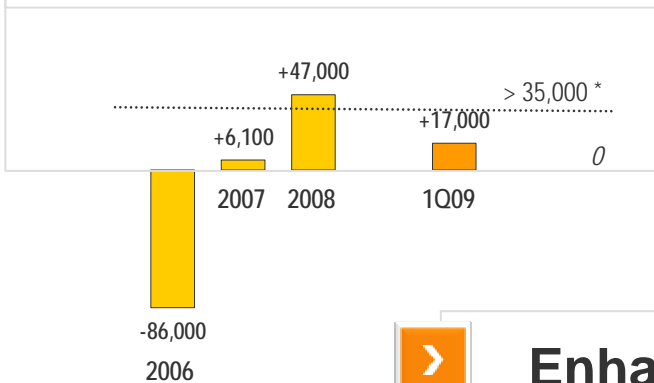
## FRB: net increase in the number of individual accounts



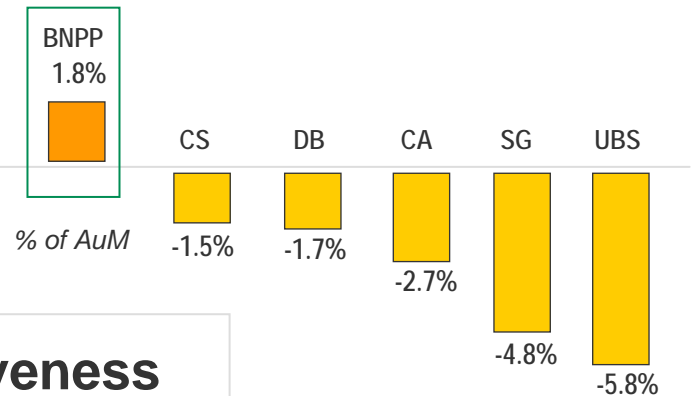
## "All bonds in euros" league table\*\*



## BNL bc: net increase in the number of individual accounts



## Investment Solutions: 2008 annualised net asset inflows



**Enhanced attractiveness**



# Cost Management Discipline

- Adapt the cost base to the 2009 environment
- CIB: reduce costs
  - Adapt the US platform and operations in emerging countries
  - Reduce the cost base (excluding variable compensation) by 5% on a full year basis
- Investment Solutions: very selective acquisitions
  - Optimise the international network
- Retail Banking: very selective growth
  - FRB and BNL bc: maintain costs at their 2008 level
  - BancWest and Personal Finance: improve operating efficiency
  - UkrSibbank: downsize and streamline the branch network

## > Operating efficiency targets

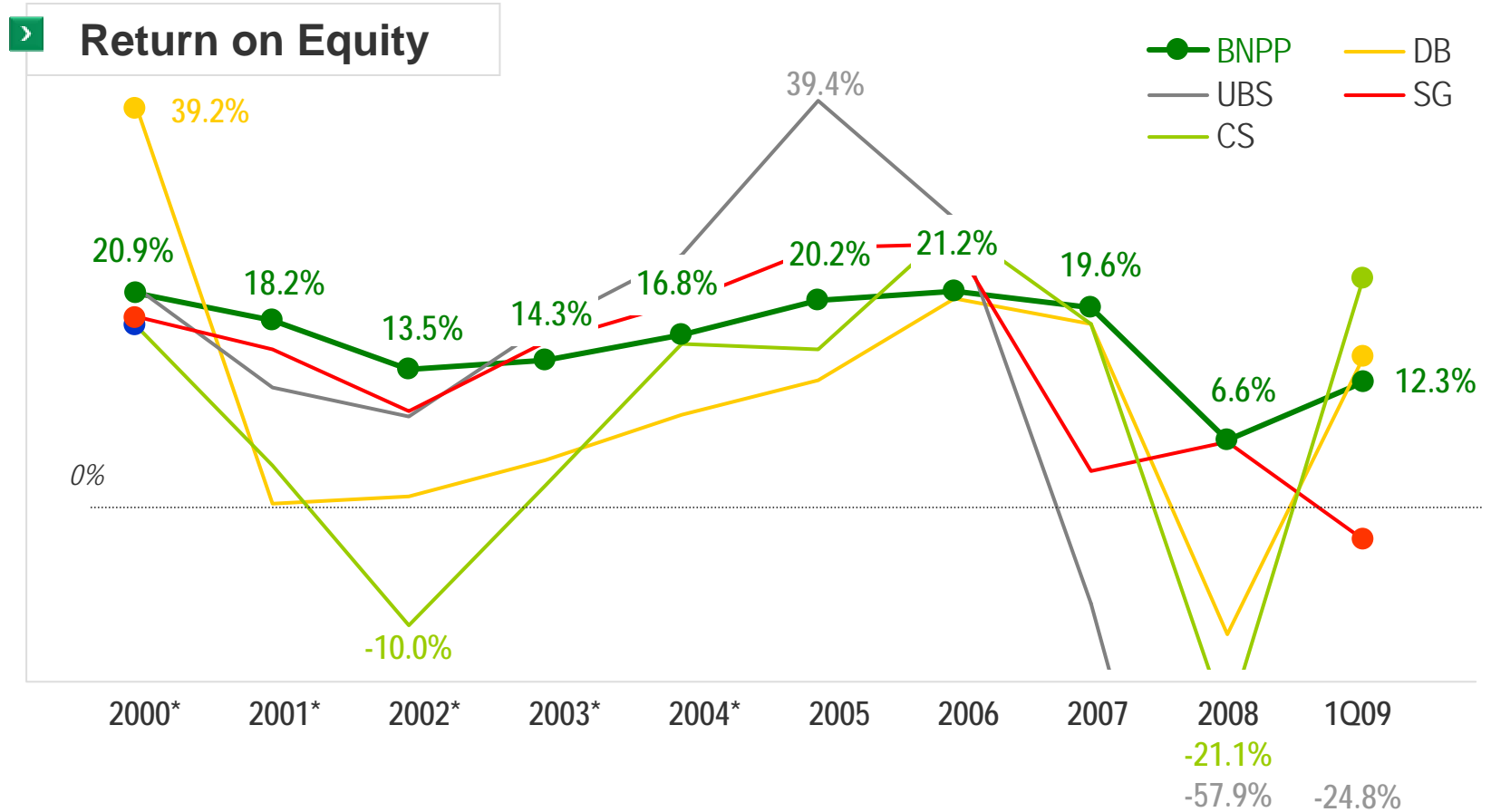
<i>Operating jaws</i>	2009 target	1Q09 realised
French Retail Banking	+1.0%	+1.0%
BNL bc	+5.0%	+5.3%
Personal Finance	+2.0%	+11.0%



**Group: stabilise costs in 2009\*/2008, excluding variable compensation**



# RoE



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







1Q09 Results

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Structural Strengths

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**Adjustment to a New Environment**

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Fortis: Two New Domestic Markets

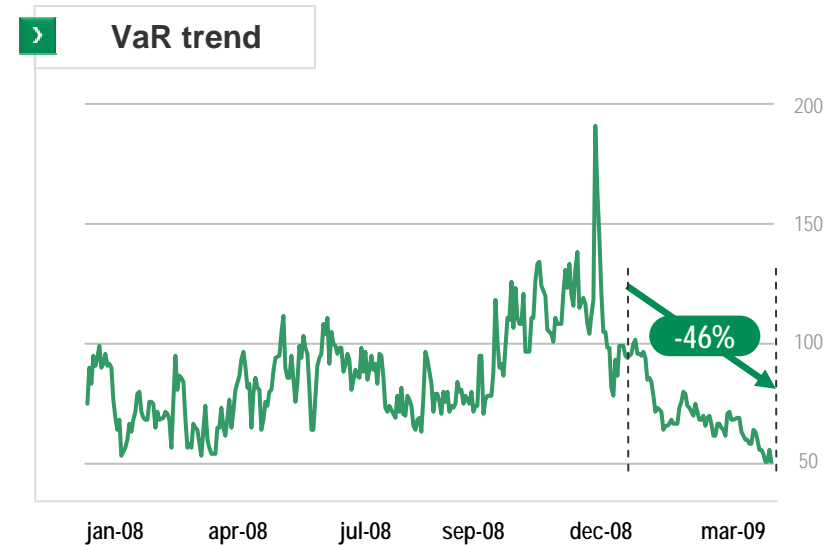
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Conclusion

# Corporate and Investment Banking

## 2009 Action Plan (1/2): Reducing Market Exposure

- Exposures cut to target level
  - Equity derivatives: substantial reduction of exposure to volatility and dividends
  - Fixed Income: substantial decrease in corporate bond portfolio and therefore exposure to basis risk
- Sharp fall in the VaR
  - -46% between 31.12.08 and 31.03.09

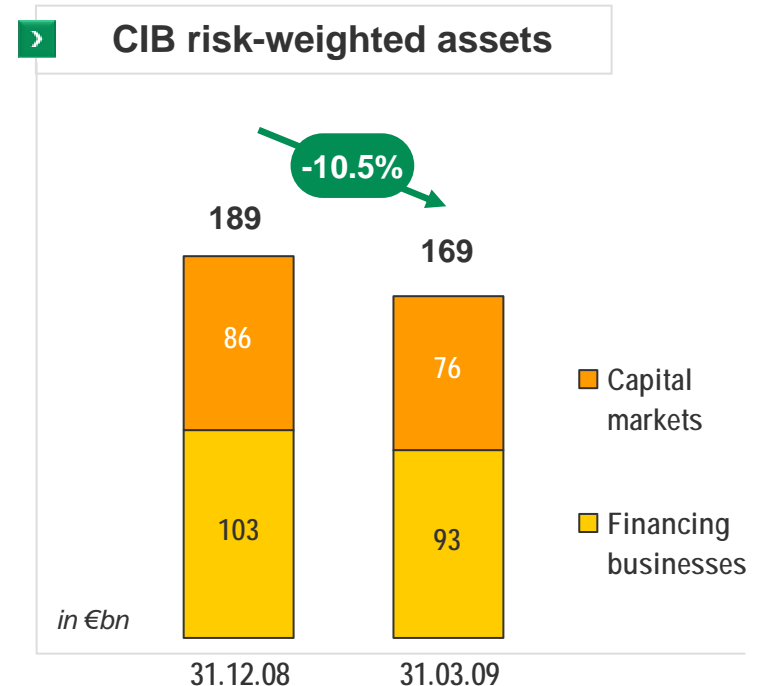


**Market risk reduction target reached  
in an environment that remains very volatile**



# Corporate and Investment Banking 2009 Action Plan (2/2): Adjusting the Set Up

- Reducing risk-weighted assets:  
-€20bn/31.12.08
  - Capital markets: -€10bn, thanks to reduced exposures
  - Financing businesses: -€10bn
- Streamlining of platforms
  - US and Asia: already completed
  - Europe: under way

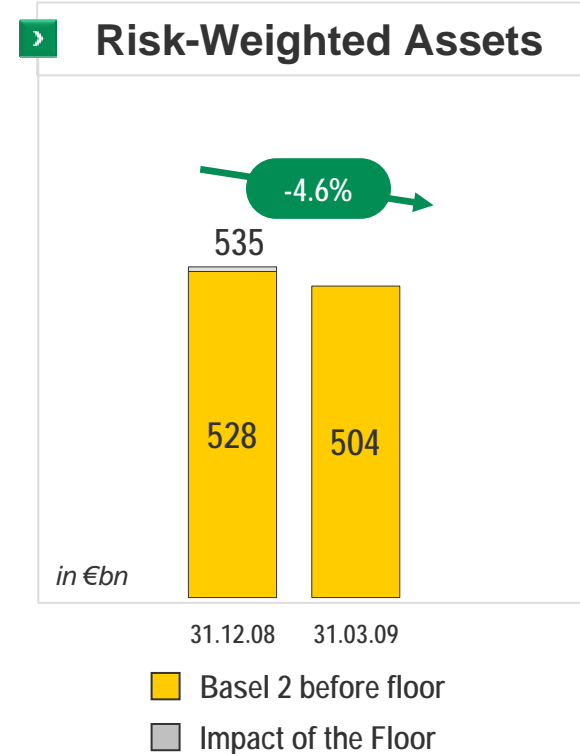


**Proactive streamlining of the set up**



# Risk-Weighted Assets (Basel 2)

- Drop by €24bn to €504bn (-4.6%/31.12.08)
  - Mainly CIB: -€20bn
- 2009 target to reduce risk-weighted assets by €20bn throughout the Group, at constant scope and exchange rates, already achieved

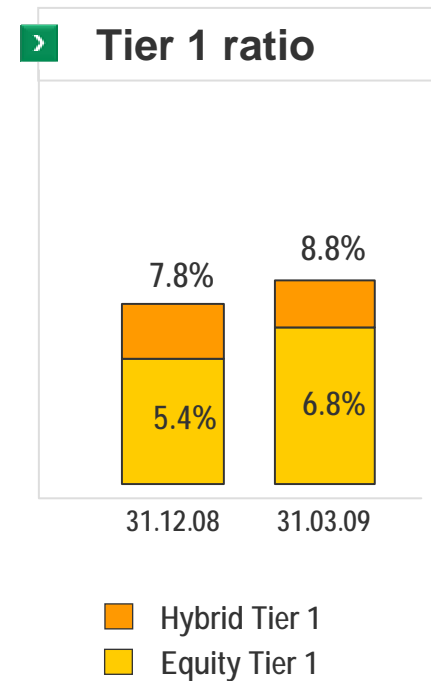


**Effects of the 2009 risk-weighted assets reduction programme**



# Solvency

- Tier 1 ratio at 8.8% as at 31.03.09 (+100bp/31.12.08)
  - Basel I floor lowered on 01.01.09: +10bp
  - Capital generation in 1Q09: +20bp
  - Drop in the risk-weighted assets net of unrealised capital losses on the AFS equities portfolio: +20bp
  - Participation in the second stage of the French economic stimulus plan (31.03.09): +50bp
- Medium-term target: maintain a Tier 1 ratio always above 7.5%



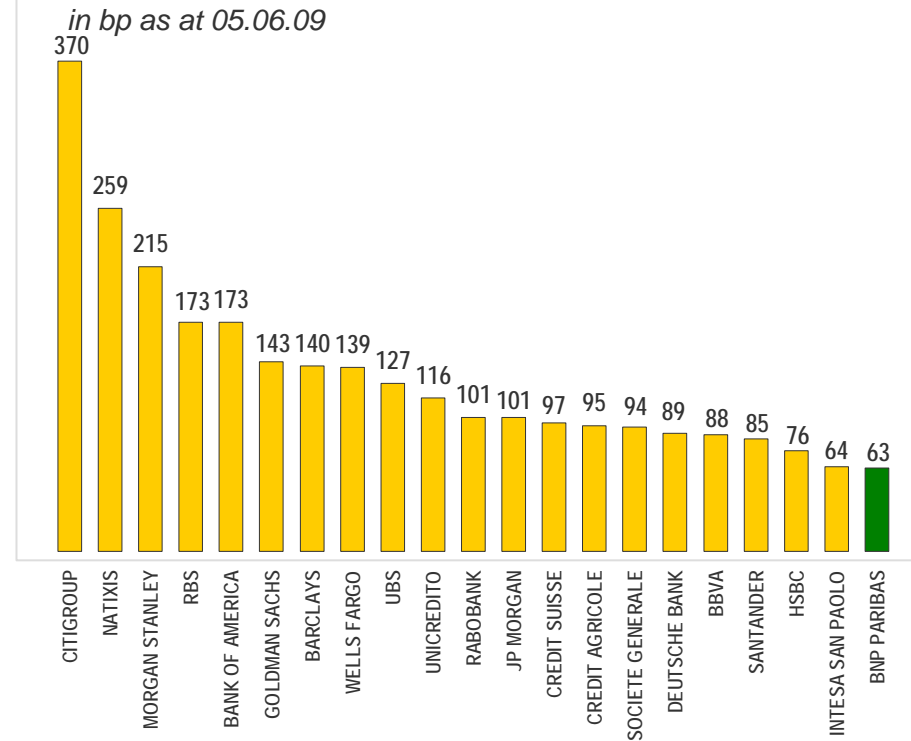
> **Solvency: a significant safety margin**



# Liquidity

- CDS spread still one of the lowest of its peer group
  - One of the 6 best rated banks by S&P
- MLT issue programme
  - Diversified by type of issue, by distribution channels, by type of investors
  - 2009 programme: €30bn, of which €20.6bn already completed
  - Latest 3-year senior debt issued on 15 April: €1bn at swap +120bp
- Portfolio of assets potentially mobilised to central banks: €120bn

## > 5-year senior CDS spreads



**A proactive approach  
drawing on a major competitive advantage**





1Q09 Results

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**Fortis: Two New Domestic Markets**

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Conclusion

# Fortis Market Shares

- Network

- Branches
- Private banking centres
- Business centres

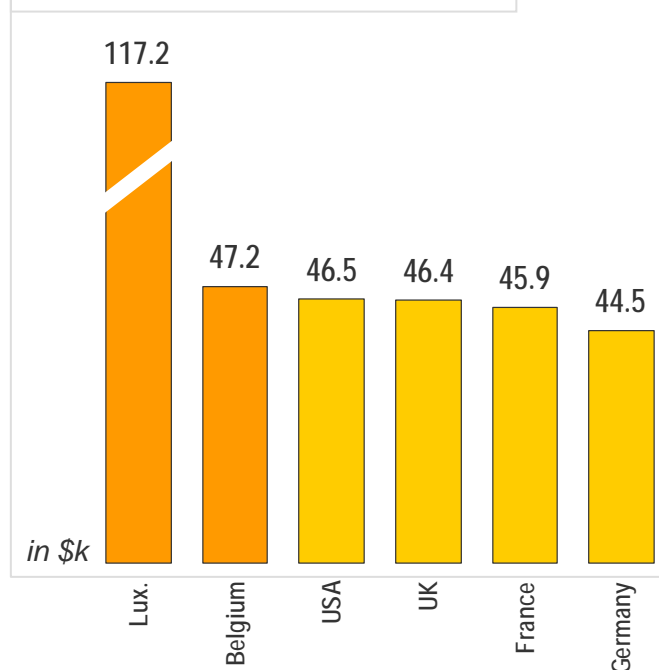
- Clients

- Market position

- Retail banking (deposits)
- Consumer lending

	Belgium	Luxembourg
Branches	1,064	37
Private banking centres	10	3
Business centres	22	1
Clients	3mn	280k
Retail banking (deposits)	#1	#1
Consumer lending	#2	#2

> 2008e GDP per capita



**A unique opportunity to acquire a #1 position  
in two of the wealthiest countries in Europe**

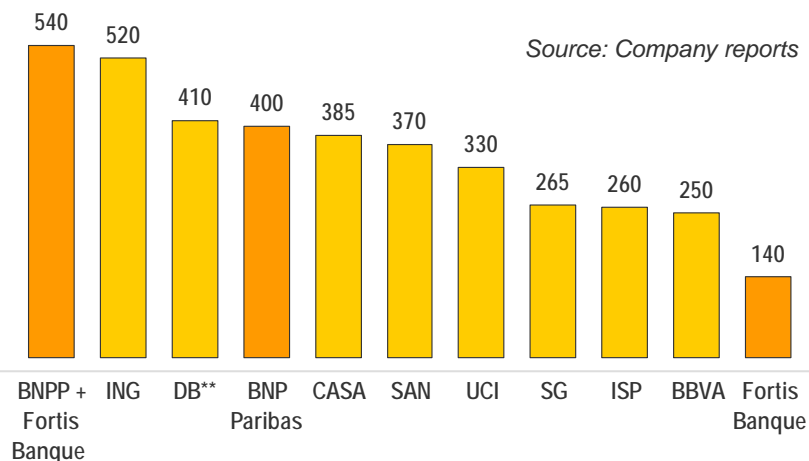




# Fortis Industrial Project

- Become #1 deposit base in the Eurozone with more than €540bn and a loan to deposit ratio of 120%
- Extension of BNP Paribas' integrated retail-banking model to Belgium and Luxembourg
  - Includes strong bancassurance partnership with Fortis Insurance Belgium
- Greater scale in the strategic businesses of asset management and private banking
  - #1 private bank in the Eurozone (€187bn assets)
  - #4 asset manager in the Eurozone (€475bn assets under management)

Ranking of European banks  
(deposits as at 31.12.2008 in €bn\*)



**Creation of a leading European banking group  
with 4 domestic markets in retail banking**



# Fortis

## Structure of the Deal

- BNP Paribas acquired 75% of Fortis Bank Belgium and 16% of BGL
  - In exchange for shares of BNP Paribas
- Fortis Bank Belgium acquired 25% of Fortis Insurance Belgium
  - Paid in cash
  - Strategic business partnership alliance between Fortis Bank Belgium and Fortis Insurance Belgium
- Most risky structured credit assets ring fenced
  - Equity: €1.7bn, of which 12% held by BNP Paribas
  - Senior debt: €4.85bn, of which 10% granted by BNP Paribas and the remainder by Fortis Bank (this latter part guaranteed by the Belgian Government)
  - Super senior debt: €4.85bn loaned by Fortis Bank
- Belgian Government's partial guarantee of the portfolio of structured credit assets remaining on Fortis Bank Belgium's balance sheet (nominal value ~ €21.5bn)
  - Guarantee of up to €1.5bn against losses beyond €3.5bn
- New mechanism to maintain Fortis Bank Belgium's Tier 1 ratio at 9.2%



**Improved guarantees**



# Fortis Integration Calendar

## 1 Top Down Plan May 20<sup>th</sup> – June 23<sup>rd</sup>

- 61 taskforces
- Mapping of starting position
- Top down integration plan
- Top down synergy and integration cost estimations
- List workgroups and define charters



## 2 Bottom Up Plan June 24<sup>th</sup> – end Sept.

- >200 workgroups
- Detailed operating model
- Target organisation
- Detailed IT options and needs
- Bottom up synergy and integration cost assessment
- List of implementation projects



## 3 Implementation Launch from September

- Quick wins implementation
- Detailed integration plan end of October
- Plan implementation and monitoring



**Fortis Investor Day in Brussels on 1<sup>st</sup> December 2009**





1Q09 Results

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Structural Strengths

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Adjustments to a New Environments

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Fortis: Two New Domestic Markets

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**Conclusion**

# Conclusion

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**A proven ability to adapt rapidly  
to the new environment**



**Fortis: creation of a European leader  
based on an integrated bank model**



**A diversified and integrated business model  
adapted to meet the challenges of 2009**



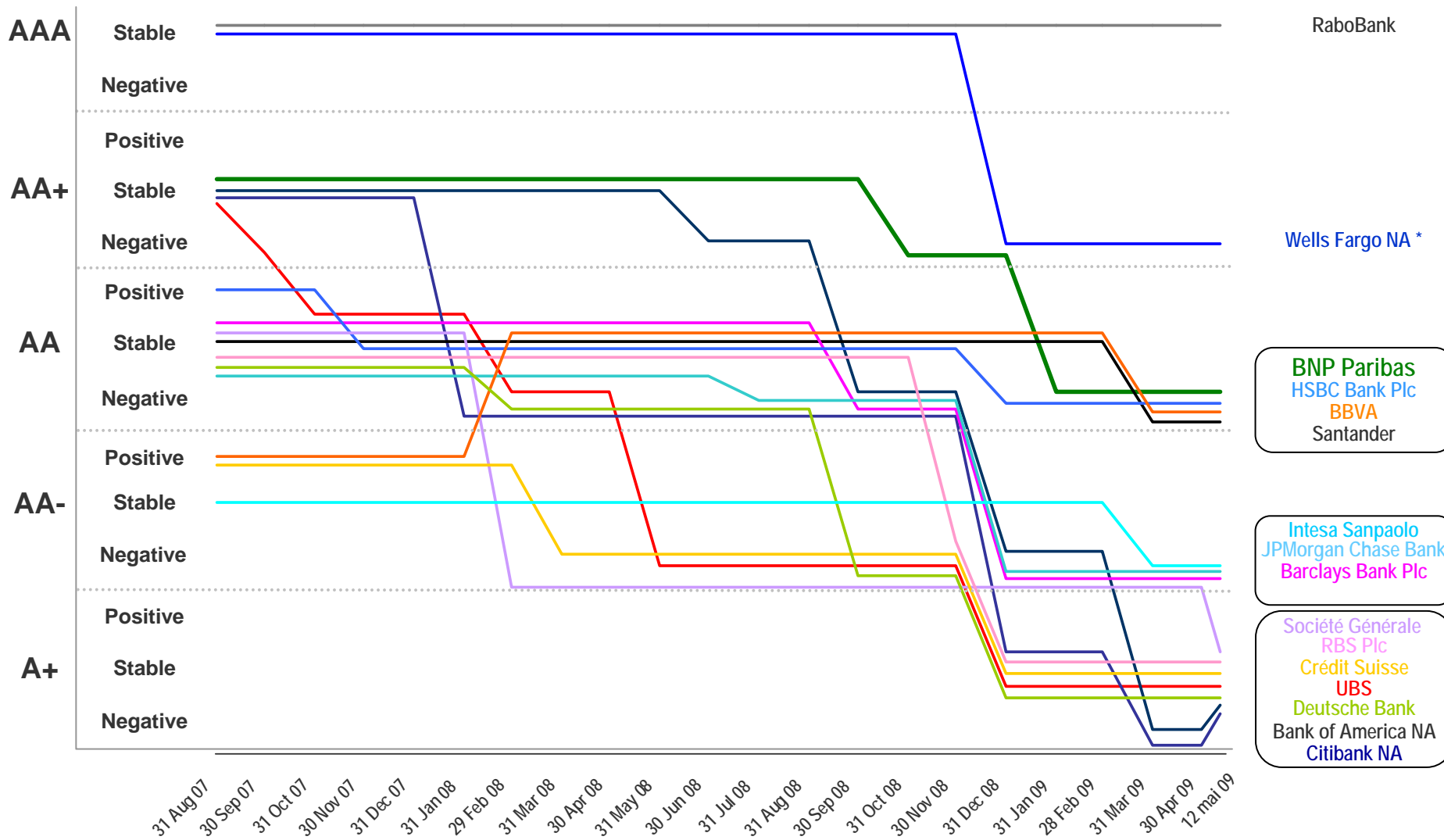


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# Appendices

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# A Major Competitive Advantage: BNP Paribas Ranks Amongst the 6 Most Solid Banks According to S&P

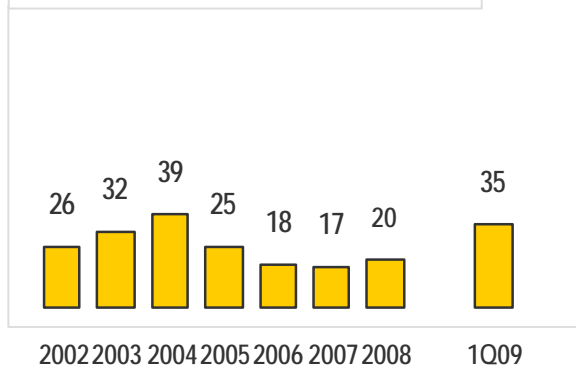


# Variation in the Cost of Risk by Division (1/2)

## Cost of risk

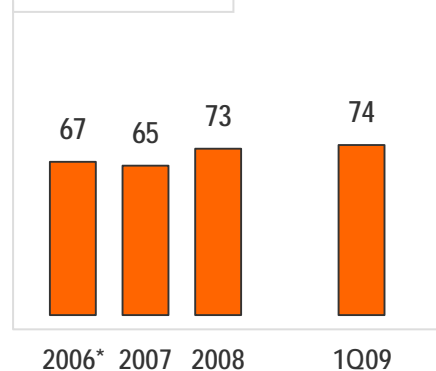
Cost of risk/Risk-weighted assets under Basel I (in annualised bp)

### > French Retail Banking



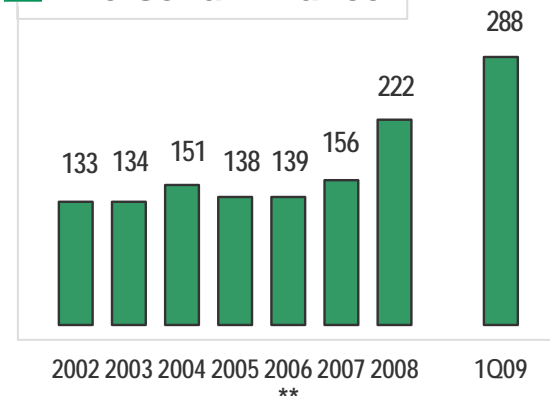
- Cost of risk: €89mn
  - +€61mn/very low base in 1Q08
- Mortgages primarily fixed rate and well secured
- Very good quality corporate loan portfolio

### > BNL bc



- Cost of risk: €107mn
  - +€23mn/1Q08
- Sound mortgage market
- Past dues > 90 days already provisioned

### > Personal Finance



- Cost of risk: €421mn
  - +€191mn/1Q08
- Deterioration, including in Italy and in France, in a context of economic slowdown and rising unemployment



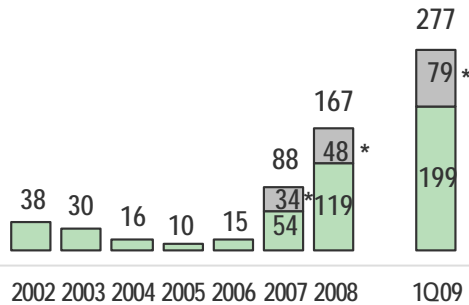


# Variation in the Cost of Risk by Division (2/2)

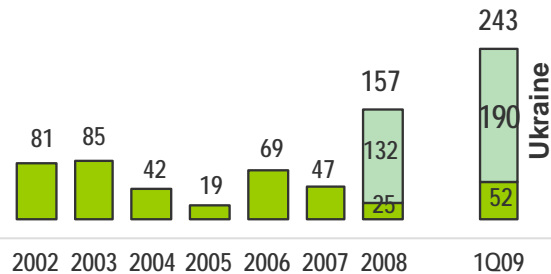
## Cost of risk

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

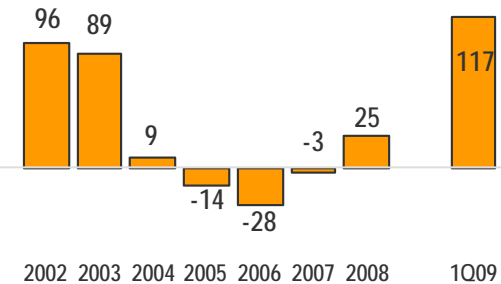
### BancWest



### Emerging Markets Retail Banking



### CIB-Financing Businesses



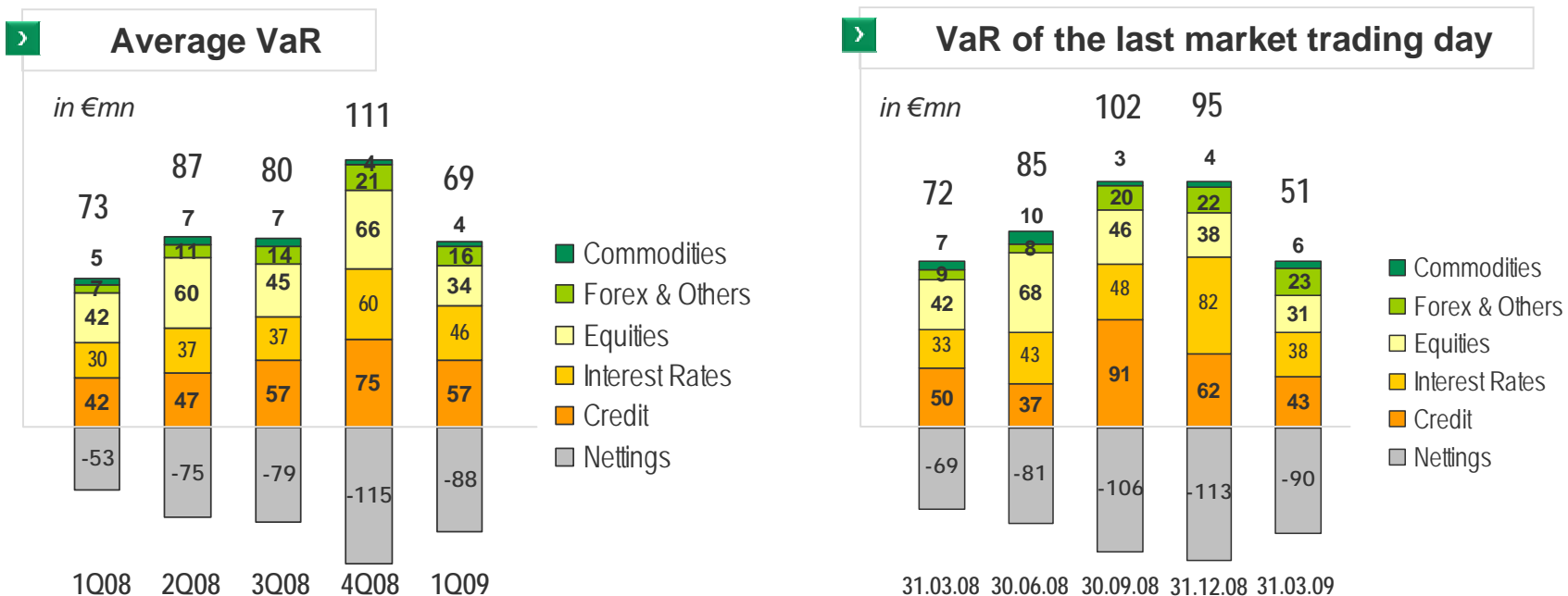
- Cost of risk: €279mn
  - +€178mn/1Q08
  - Of which €79mn related to the investment portfolio vs €35mn in 1Q08
- Impact of the economic recession on all loan books

- Cost of risk: €162mn
  - +€125mn/very low base in 1Q08
  - Of which €127mn in Ukraine
- Ukraine set aside, no significant downturn

- Cost of risk: €420mn
  - Vs a write-back in 1Q08
- Impact of the strong global economic downturn



# VaR (1 day at 99%) by Type of Risk

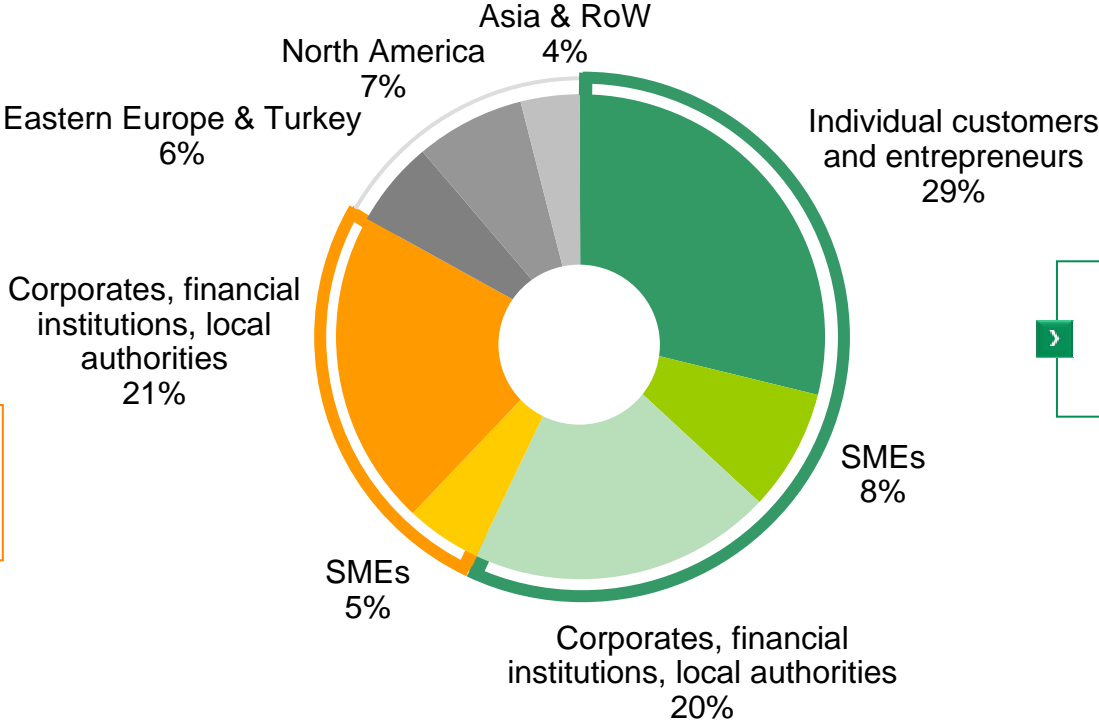


- Average VaR down sharply (-38%/4Q08), despite markets that are still turbulent
  - No losses beyond the VaR in 1Q09
- VaR at the end of the period: (-46%/31.12.08)
  - Exposure reduction target reached by 31.03.09
  - Despite market parameters that are still very high



# Fortis Customer Loans

2008 customer loans\*  
€173bn



Other Western Europe  
26%

of which  
France & Italy 10%

Western Europe 83%

Belgium & Luxembourg  
57%



\* Customer segmentation based on existing Fortis Bank practices

# Fortis

## Details of the Transaction

- 88.2mn shares issued on the 15th May
  - As compensation for SFPI's contribution of its 54.55% stake in Fortis Bank Belgium (FBB)
- 44.7mn shares issued on the 18th May
  - 33.0mn as compensation for SFPI's contribution of its additional 20.39% stake in FBB
  - 11.7mn as compensation for the Luxembourg State's contribution of its 16.57% stake in BGL (in addition to the 50.06% that FBB already holds)
- 0.5mn shares issued on the 18th May
  - As compensation for the Luxembourg State's contribution of the 34% of the BGL shares issued in connection with a €100mn capital increase
- For a total of 133.4mn shares issued with a right to the 2008 dividend
  - The Belgian State owns 11.6% of the common shares\* and the voting rights and the Luxembourg Government 1.2%
  - The Belgian State pledged to keep the first 88.2mn shares until 10/10/2010 and the Luxembourg State pledged to keep 6.1mn shares until 23/10/2009

