中文銷售說明書(西元 2012 年 10 月 8 日)

法國巴黎銀行 BNP PARIBAS
(法國設立)

依據 90,000,000,000 歐元債券發行計劃(「發行計劃」)所發行之
澳幣 200,000,000 西元 2015 年 10 月到期之 15291 序號固定收益公司債 (「本公司債」)

發行人業經奉金融監督管理委會民國 101 年 9 月 21 日金管證發字第 1010043438 號函核准,申報募集與發行預定總括發行金額不超過美金 1,000,000,000 元，得於二年內一次或分次發行之普通公司債。本公司債為總括發行下第一次發行。

本公司債將由法國巴黎銀行(下稱「發行人」)發行，並依據發行人與兆豐國際商業銀行股份有限公司(「受託銀行」，包括任何繼任之受託銀行)預計於 2012 年 10 月 19 日簽訂之受託契約(包括其修訂及增補，下稱「受託契約」)。本公司債於西元 2015 年 10 月 23 日到期。本公司債利息自西元 2013 年 10 月 23 日起於每年 10 月 23 日支付一次（如該日非營業日，將依營業日慣例(定義如下)予以調整）。本公司債發行面額為澳幣 10,000 元。

本公司債發行日預計為西元 2012 年 10 月 23 日（「發行日」）。

自公開說明書增補書刊印之日起至西元 2012 年 10 月 22 日或主辦承銷商及承銷管理人共同公告募集完成之日(孰先屆至者為準)止(「募集期間」)，得向承銷商認購本公司債。本公司債由先行認購者優先承購，且於本公司債全數售出後，募集期間將不經事前通知提前結束。

本公司債發行價格(「發行價格」)為本公司債本金之 100%。

承銷商得超額認購本金總額不超過澳幣 100,000,000 元之本公司債，即本公司債得超額認購至本金總額不超過澳幣 300,000,000 元。發行人有權決定是否同意承銷商超額認購。詳情請詳中文銷售說明書第 3 頁「認購與銷售」乙節。

本公司債於中華民國境內辦理公開發行。有關本公司債之銷售限制，請詳總公開說明書(定義如下)「認購與銷售」乙節。

本公司債未依 1933 年美國證券法及其後修正(United Sates Securities Act of 1933，下稱「證券法」)辦理登記事宜。除特定情形外，本公司債不得於美國境內募集發行或移轉交付與美國境內人民。

承銷管理人
法國巴黎銀行台北分行

主辦承銷商
兆豐國際商業銀行股份有限公司

協辦承銷商
臺灣銀行股份有限公司
上海商業儲蓄銀行股份有限公司及彰化商業銀行股份有限公司
（主辦承銷商與協辦承銷商於承銷及銷售本公司債時，合稱「承銷商」）

發行人及本公司債持有人就本公司債權利義務之準據法為英國法。
因本公司債而生之紛爭係以英國法院為管轄法院。
本公司債預計將由 Standard and Poor's Ratings Services 評定為 AA-級債券、Moody's Investors Service Ltd. 評定為 A2 級債券及 Fitch Ratings Ltd.評定為 A+級債券。
公開說明書增補書(即 Supplemental Prospectus)係增補 2012 年 6 月 1 日為發行計劃所編制之總公開說明書(「總公開說明書」)、於 2012 年 6 月 22 日就總公開說明書所為之第一次增補(「第一次增補書」)、2012 年 8 月 7 日就總公開說明書所為之第二次增補(「第二次增補書」)、2012 年 9 月 14 日就總公開說明書所為之第三次增補(「第三次增補書」)及任何嗣後於公開說明書增補書發行日前就總公開說明書所為之其他增補(「總公開說明書增補書」)，投資人應詳閱公開說明書增補書、總公開說明書、第一次增補書、第二次增補書、第三次增補書、總公開說明書增補書、其他相關附件及預計於 2012 年 10 月 19 日確認之本公司債之最終發行條件(「最終發行條件」)。如公開說明書增補書與最終發行條件內容有歧異，應以最終發行條件為準。公開說明書增補書、總公開說明書、第一次增補書、第二次增補書、第三次增補書、總公開說明書增補書及最終發行條件合稱為「公開說明書」。
公開說明書增補書係以英文撰寫，本中文銷售說明書為公開說明書增補書之中譯本，其內容若與英文版之公開說

明書增補書有不符者，悉以英文公開說明書增補書所載為準。
中文銷售說明書係根據財團法人中華民國證券櫃檯買賣中心外幣計價國際債券管理規則及公開說明書編製而成，不構成公開說明書之一部。中文銷售說明書非為中華民國證券交易法第 32 條及中華民國外國發行人募集與發行有價證券處理準則第 50 條所規範之公開說明書。

通知

法國巴黎銀行（「本銀行」或「發行人」或「巴黎銀行」）業向金融監督管理委員會（「金管會」）以總括方式申報募集與發行預定總括發行金額不超過美金 1,000,000,000 元（「總括發行金額」），得於申報生效日起二年內一次或分次發行之普通公司債（「總括申報」）。本公司債係初次發行。於合於相關法令限制時，依總括申報發行之債券得以美金、澳幣、港幣及其他發行人決定之幣別計價。總括申報下所發行任一債券之最小發行金額為美金 50,000,000 元或其他以發行債券計價幣別所示之等值金額；債券發行年期為 1 至 30 年，發行利率為固定利率或浮動利率（不包括反浮動利率），而發行人得視當時市場狀況決定發行年期及發行利率。金管會業於西元 2012 年 9 月 21 日同意總括申報生效。本銀行擬向財團法人中華民國證券櫃檯買賣中心（「櫃檯買賣中心」）申請上櫃買賣本公司債。

本銀行經合理的諮詢，確認公開說明書已記載所有與本次發行有重大關係之本公司債及本銀行資料；公開說明書所載之資料實質上均係真實、正確，且無誤導之情事；公開說明書中所未揭露之資料，亦不致使公開說明書有重大之誤導。

金管會之核准，不代表其認證公開說明書之內容，亦不表示其保證本公司債之價值。

本公司債於櫃檯買賣中心上櫃之許可不表示其對本銀行或本公司債之評估。

任何人均無權就依公開說明書所為之募集與發行提供公開說明書未記載之任何資料或陳述；且對任何未於公開說明書記載之資料或陳述，投資人不得信賴該資料或陳述業經巴黎銀行或承銷商認可。於任何情況下，公開說明書之交付或本公司債之銷售，不表示公開說明書內所揭露有關巴黎銀行之資料自其刊載之日起未曾改變。

公開說明書或任何與公開說明書或本公司債有關之其他資料皆不得作為任何債信或其他評估之基礎，亦不得視為發行人或任一承銷商向收受公開說明書或任何有關公開說明書或本公司債之其他資料之人應購買本公司債之推薦。擬購買本公司債之投資人應自行調查發行人之財務狀況並自行評估發行人之債信。公開說明書或任何有關公開說明書或本公司債之其他資料，非為發行人或任一承銷商對本公司債募集之要約或要約之引誘行為。

公開說明書增補書中「澳幣」一詞，係指澳大利亞貨幣；「新台幣」一詞，係指中華民國貨幣。

公開說明書之分發，及本公司債之募集、銷售與交付於特定管轄地可能將受到限制。敦請公開說明書之持有人注意並遵守所有相關之法律。

投資人做成投資決策時，應評估公開說明書所提供之所有資訊，於必要時並應諮詢其自行聘僱之專業顧問。投資本公司債涉及一定風險，請詳總公開說明書「風險因素」乙節。

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本公司債發行條件摘要

本公司債下述之發行條件僅係摘要說明，非完整之發行條件內容。本公司債發行條件詳情請詳參總公開說明書及最終發行條件。

1. 發行人

法國巴黎銀行。

2. 發行日

西元 2012 年 10 月 23 日。

3. 發行總額

澳幣 200,000,000 元。發行人保留是否同意承銷商超額認購至發行總額不超過澳幣 300,000,000 元之決定權。

4. 債券種類及面額

本公司債為無記名式有價證券。面額為澳幣 10,000 元。

5. 受償順位

本公司債為無擔保主順位債券。

6. 到期日

西元 2015 年 10 月 23 日。

7. 票面利率

每年 4.30%。

8. 付息方式

付息方式為每年支付利息乙次。利息應依本金以澳幣計算並以實際天數除以 365 日(固定)，以日為計算基礎計算。

9. 付息日期

本公司債利息自西元 2013 年 10 月 23 日起於每年 10 月 23 日支付一次（如該日非營業日，則順延至次一營業日，惟順延後之當日適逢下一個曆月，則應以該日之前一營業日為準）。最後一期利息應於到期日支付。

10. 償還方法及期限

於到期日以面額之 100%以澳幣贖回本公司債。

11. 營業日

台北市、雪梨及泛歐實時清算系統 2 (「TARGET 2」)指定之日。

12. 主付款代理行

法國巴黎證券公司盧森堡分公司。

13. 擬掛牌處所

本公司債擬於櫃檯買賣中心上櫃交易。

14. 承銷方式

本公司債將由承銷商包銷並以洽商銷售方式出售予投資人。

15. 募集資金之用途及預期產生效益

本次募集資金擬作為巴黎銀行之一般性業務資金。

16. 募集期間及逾期未募足之處理方式

本公司債之募集期間為自西元 2012 年 10 月 8 日上午 9 時(中華民國時間)起，至西元 2012 年 10 月 22 日下午 4 時(中華民國時間)止，或主辦承銷商及承銷管理人共同公告本公司債已募集完成之日(孰先屆至者為準)止。本公司債並由承銷商包銷並以洽商銷售方式出售予投資人。

17. 準據法

本公司債以英國法律為準據法。

18. 管轄法院

本公司債所生之紛爭係以英國法院為管轄法院。

認購與銷售

發行人同意出售予承銷商且各承銷商同意依其個別承銷金額以包銷方式全額認購本公司債。

除總公開說明書「認購與銷售」乙節另有約定外，承銷商擬以公開說明書增補書封面所載發行價格募集本公司債。承銷商得保留其所承銷之本公司債於自有帳戶中。

發行人同意承銷商得於公開說明書增補書刊印日起至西元2012年10月22日下午4時(中華民國時間)止，超額認購本金總額不超過澳幣100,000,000元之本公司債(即本公司債得超額認購至本金總額不超過澳幣300,000,000元)。發行人有權決定是否接受承銷商超額認購之請求。

於發行人同意承銷商行使超額認購請求權且承銷商提出超額認購之請求者，承銷商於符合特定條件時，得向發行人以全額包銷方式超額認購雙方同意數額之本公司債。

債信評等機構評定等級之證明文件

Standard and Poor's Ratings Services、Moody's Investors Service Ltd.及 Fitch Ratings Ltd.就發行人債信評等所出具之證明文件請詳參附件 A。本公司債預計將由 Standard and Poor's Ratings Services 評定為 AA-級債券、Moody's Investors Service Ltd.評定為 A2 級債券及 Fitch Ratings Ltd.評定為 A+級債券。

信用評等並非就購買、出售或持有有價證券提出相關建議，且信用評等機構得隨時修正或撤回其所評定之信評評級。

發行人僅就重製上述債信評等證明文件之正確性負責，但就該證明文件所提供之資訊不負任何責任。

已發行未償還債券之發行情形摘要

截至西元 2012 年 6 月 30 日止，巴黎銀行已發行未償還債券之餘額約為 93,800,000,000 歐元。

受託契約

發行人及受託銀行(Trustee)兆豐國際商業銀行股份有限公司擬就本公司債簽訂受託契約(「受託契約」)。依受託契約約定，發行人將指派受託銀行擔任本公司債受託銀行，主要包括代理債券持有人行使權利等相關事宜。

公開說明書增補書所使用之文字及詞彙與受託契約及總公開說明書所定義者相同。

受託契約之主要事項包括但不限於下列條款：

(1) 法律程序、訴訟及補償

a. 如經(a)本公司債持有人之特別決議，或(b)持有尚未到期本公司債總金額至少四分之一以上之本公司債持有人之書面指示或請求，且受託銀行就其因提起訴訟而可能所生之責任或負債已獲得滿意之補償時，受託銀行應就本公司債發行條件第8點(a)所載事項或任何其他與受託契約條款有關之事項提起訴訟或為一定行為。

b. 僅有受託銀行有權請求強制執行受託契約之條款。但如受託銀行依前述規定應提起訴訟或為一定行為，而於合理期限內未為之且該情形仍續時，本公司債持有人將有權請求強制執行受託契約之條款，逕行對發行人提起訴訟或為一定行為。

(2) 現金分配

受託銀行依受託契約規定收到之現金應由受託銀行信託持有，除受託契約第11條另有規定外，應依下列順序分配：

a. 首先，支付受託銀行及/或受指派人依受託契約第14條及/或第15(j)條到期未付之款項；

b. 第二，同順位並等比例支付本公司債到期未付之本金及利息；及

c. 第三，餘額（如有）支付予發行人（如發行人與任何他人針對如何付款有其他約定時，本條約定不影響該等其他約定，且受託銀行依本條約定付款亦不因此負何法律責任）。

於不影響受託契約第9條之前提下，如受託銀行持有表彰本公司債本金或利息之現金，而該公司債已依本公司債發行條件第9條無效或因時效而消滅時，受託銀行仍應依信託持有該等現金。

代理契約

發行人法國巴黎銀行及法國巴黎證券公司盧森堡分公司作為主付款代理人、登記及過戶代理人於西元 2012 年 6 月 1 日就發行計劃簽訂代理契約增補契約（「代理契約」）。

依代理契約約定，發行人就發行計劃所發行之債券委任主付款代理行辦理支付到期應付款項，及代理發行人通知債券持有人等相關事宜。

發行人、受託人及相關代理人預計於 2012 年 10 月 19 日簽署增補代理契約。

交易限制

法國巴黎銀行係依法國法律合法設立且仍有效存續之公司。本公司債將於櫃檯買賣中心上櫃交易。

依法國法律規定，法國境外之人買賣本公司債並無任何交易限制。

本公司債之買賣將依櫃檯買賣中心及/或臺灣集中保管結算所(「集保結算所」)相關規定辦理。

有關銷售限制之更多相關資訊請詳總公開說明書「認購與銷售」乙節。

本公司債之租稅負擔

本公司債於中華民國之租稅負擔

下述有關稅務法令之摘要係依據現行法律及實務所為，且僅具摘要性質，並非法律意見或稅務建議。投資人（尤其是應適用特別稅務法令規範者，如銀行、證券商、保險公司及享受租稅優惠之機構等）投資本公司債時請務必洽詢稅務顧問意見。

1. 本公司債之利息

因債券利息係由外國發行人支付，其非屬中華民國之扣繳義務人，故無中華民國稅捐扣繳之問題。債券利息亦非中華民國境內個人之中華民國來源所得，中華民國境內之個人投資人可免課徵中華民國所得稅。依中華民國法律設立之公司投資人係以全球為基礎課稅，應將其自本公司債所得之債券利息納入其應稅所得，以 17%稅率繳納所得稅(除其於任一會計年度內之所有應稅所得低於 NT$120,000 外)。

2. 本公司債之出售所得

本公司債符合中華民國證券交易稅條例(「證交稅條例」)有關公司債之定義，故依中華民國所得稅法第 4 條之 1 規定，出售本公司債之資本利得免徵所得稅。

3. 證券交易稅(「證交稅」)

證交稅條例第 2 條規定出售公司債應依交易價格之 0.1%計算證交稅。惟依證交稅條例第 2-條之 1 規定，自 2010 年 1 月 1 日至 2016 年 12 月 31 日之七年期間，出售公司債暫免徵收證交稅。故如於 2016 年 12 月 31 日前出售本公司債，出售方可免繳納證交稅。

4.最低稅負(「最低稅負」)

1. 中華民國個人投資人

(i) 利息

個人投資人取得之非中華民國來源所得，非所得稅課徵範圍，惟應納入最低稅負範圍。個人投資人自本公司債所取得之利息收入，雖非所得稅課徵範圍(因非中華民國來源所得)，仍應納入其基本所得額(除其全部海外所得低於新台幣 100 萬元者外)，以計算是否應繳納最低稅負。

(ii) 資本利得

個人投資人出售本公司債之資本利得無需納入其基本所得額計算最低稅負，故無最低稅負之問題。。

2. 中華民國公司投資人

(i) 利息

因利息收入應納入企業所得稅之計算，故無最低稅負之問題。

(ii) 資本利得

公司投資人出售本公司債所取得之資本利得，應納入基本所得額，以計算是否應繳納最低稅負。

一般事項

如何購買本公司債

承銷商將於發行日向發行人認購本公司債，並將辦理本公司債之銷售事宜。

募集期間

本公司債之募集期間為自西元 2012 年 10 月 8 日上午 9 時(中華民國時間)起，至西元 2012 年 10 月 22 日下午 4 時(中華民國時間)止，或主辦承銷商及承銷管理人共同公告本公司債已募集完成之日(孰先屆至者為準)止。主辦承銷商及承銷管理人毋需於募集期間屆滿前寄發任何事前通知。

本公司債由先行認購者優先承購，且於本公司債全數售出後，募集期間將不經事前通知由主辦承銷商及承銷管理人決定提前結束。

若投資人欲購買本公司債，請逕洽承銷商。除承銷商外，本公司債無從直接自發行人或任何他人購得。

銷售程序

投資人如欲購買本公司債，請洽承銷商索取申購書。於募集期間屆滿前，請將填妥之申購書，連同本公司債之款項交付予承銷商。

購買本公司債係依據本公開說明書增補書及申購書之條款為之。

發行人並未規範申購書之格式及內容，且申購書之格式及內容得因各承銷商之申請與付款程序及其他相關作業程序之不同而有所差異。如以傳真方式寄送申購書，投資人應將該申購書正本以郵寄方式轉交予相關承銷商。發行人或任何承銷商對投資人因傳真或郵遞方式未收到申購書所生之損害不負任何責任。

最低投資金額

本公司債最低投資金額為澳幣 10,000 元整。

付款程序

本公司債以澳幣計價，投資人應以澳幣向承銷商支付應付款項。承銷商應於募集期間最後一日下午 3 時 30 分(中華民國時間)前收到該購買金額之交割款(如有需要，應經匯兌)。建議投資人勿以支票付款，以免造成交割遲延。投資人須依各承銷商之一般作業程序付款。

除前段所述者外，投資人購買本公司債支付購買金額時應依各承銷商之一般作業程序，依各承銷商指示之方式為之及/或支付至各承銷商指定之帳戶。各承銷商應將本公司債購買金額之付款及/或返還申購價金之作業程序相關細節提供予投資人。投資人僅就其所購得之本公司債支付款項。

申請購買本公司債時應確認事項

於投資人向承銷商提交購買本公司債之申請時，視同投資人向承銷商及發行人確認包括但不限於下列事項：

- 同意接受其所申請並購得之本公司債；
- 同意就實際購得之債券全額支付購買金額；
- 同意如因承銷商已無可供出售之本公司債，或可出售之本公司債低於其申購數額，致投資人未能承購本公司債或僅購得申購數額之部分，或本公司債因任何原因無法發行者，承銷商除無息返還申購價金之一部或全部外，對投資人不負有任何責任；
- 授權收受其申請之承銷商將其所購得之債券存入該投資人之投資帳戶，且瞭解本公司債為無實體發行且本公司債權利之表彰將以劃撥轉帳方式為之；
- 已收到、閱讀並瞭解英文公開說明書(包含公開說明書增補書、總公開說明書、第一次增補書、第二次增補書、第三次增補書、總公開說明書增補書和最終發行條件)及中文銷售說明書；
- 知悉本公司債之準據法為英國法，且以英國及威爾斯法院為管轄法院；
- 瞭解其係直接向銷售本公司債之承銷商購買本公司債，投資人與發行人間於投資人申請購買本公司債時，就該債券無任何購買契約之契約關係；
- 瞭解並同意發行人及承銷商無義務對投資人提供金融服務及保管服務，或就投資人運用其於承銷商所開立之銀行帳戶、投資帳戶或保管服務所生之損失不負任何責任；
- 同意發行人或承銷商或其董事、經理人、代理人及代表人就承銷商依投資人於其開戶之銀行帳戶或投資帳戶作業程序所為之本公司債銷售行為所致之任何損失，不負任何責任；
- 確認其非在美國境內且非美國證券交易法 S 規則（Regulations S）定義下之美國人(包括美國居民及依美國法律組織或設立之合夥或公司)；及
- 瞭解投資本公司債之性質及投資本公司債所涉之風險。

投資人向承銷商申請購買本公司債時，應確認其已閱讀並瞭解前述確認事項。

交割程序

為買賣本公司債，除投資人已於 Euroclear Bank S.A./N.V.（「Euroclear」）或 Clearstream Banking Luxembourg SA (「CBL」) 等結算機構開立專戶，並擬直接透過 Euroclear 或 CBL 交割本公司債外，投資人應於證券商處開設保管劃撥帳戶，並於銀行開設外幣存款帳戶，且透過集保結算所於 Euroclear 所開設之帳戶辦理交割。

本公司債於初級市場之認購將直接透過 Euroclear 或 CBL 等結算機構或透過集保結算所於 Euroclear 所開設之帳戶辦理交割。集保結算所並將轉撥該等本公司債至初級市場投資人指定之保管劃撥帳戶中。由於時差因素，集保結算所轉撥本公司債至投資人所指定保管劃撥帳戶之日期預計為本公司債發行日之次二中華民國營業日。本公司債之買賣及交割應依集保結算所及櫃檯買賣中心就本國債券之相關法令及處理程序辦理。

如投資人已於 Euroclear 或 CBL 開設帳戶，可經由該帳戶辦理交割（毋需向集保結算所申請將本公司債撥入集保結算所帳戶），或得填具相關申請書向集保結算所申請辦理跨國匯撥作業，將其存於 Euroclear 或 CBL 帳戶中之本公司債撥入集保結算所於 Euroclear 所開設之帳戶，或將其存於集保結算所於 Euroclear 所開設帳戶中之本公司債撥入該投資人於 Euroclear 或 CBL 已開設之帳戶，俾利於本國市場或外國市場進行交易。

本公司債之本金及/或利息分派，將由與集保結算所連線之款項收付銀行辦理撥付作業，於集保結算所收受該等款項後（因時差關係，集保結算所預計於分派日次一營業日收受該等款項），預計於次二營業日撥付至投資人之外幣存款帳戶。投資人實際收受匯撥款時間將視其開設外幣存款帳戶銀行之一般作業時間而定。已為款項收付銀行外幣存款戶之投資人，毋須負擔跨行匯出外匯款項手續費。非款項收付銀行外幣存款戶之投資人，則須負擔兆豐國際商業銀行跨行匯出外匯款項手續費。已於Euroclear或CBL開設帳戶之投資人，則可經由該Euroclear或CBL帳戶直接收受款項。

投資人每年應支付集保結算所及 Euroclear 外幣債券帳簿保管費，分別為新台幣 0.009%及歐元 0.014%（約當一般銀行之信託保管費）。以每一萬澳幣投資金額計算，每年約新台幣 80 元，此費用應由投資人往來證券商向投資人收取。

構成公開說明書一部之參考文件

(a)西元 2012 年 6 月 1 日有關本銀行之資訊聲明書；及(b)本銀行截至西元 2010 年 12 月 31 日及截至西元 2011 年 12 月 31 日止二個年度經會計師查核簽證之合併財務報表；及(c)本銀行西元 2012 年上半年未經審計之期中合併財務報表等文件，均構成公開說明書之一部。該等相關文件均已上傳至 French Directorate of Legal and Administrative Information（網址：www.info-financiere.fr）及發行人網站（網址：www.invest.bnpparibas.com）。

附件 A －債信評等機構評定等級之證明文件

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Global Credit Portal®
RatingsDirect®

February 29, 2012

BNP Paribas

Primary Credit Analyst:
Elisabeth Grandin, Paris (33) 1-4420-6685; elisabeth_grandin@standardandpoors.com

Secondary Contact:
Sylvie Dalmaz, PhD, Paris (33) 1-4420-6682; sylvie_dalmaz@standardandpoors.com

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Related Criteria And Research

BNP Paribas

SACP	a+
Anchor	a-
Business Position	Very Strong +2
Capital and Earnings	Moderate -1
Risk Position	Strong +1
Funding	Average 0
Liquidity	Adequate

\+

Support	+1
GRE Support	0
Group Support	0
Sovereign Support	+1

\+

Additional Factors	0

Issuer Credit Rating
AA-/Negative/A-1+

Major Rating Factors

Strengths:	Weaknesses:
• Very strong and highly diversified business profile. • Stable and professional management. • Moderate risk appetite and strong risk culture. • High systemic importance in the French banking system.	• Moderate capital position, despite good earnings generation. • Large capital market activities, including a sizable portfolio of relatively illiquid and complex trading instruments.

Outlook: Negative

Standard & Poor's Rating Services' outlook on France-base bank BNP Paribas (BNPP) is negative, reflecting that on the Republic of France (AA+/Negative/A-1+). Under our criteria, with all other factors remaining equal, the notch of government support currently factored into the long-term counterparty credit rating on BNPP would be removed if the long-term unsolicited rating on France were lowered to 'AA' (for further details, see table 22 in "Banks: Rating Methodology And Assumptions," published Nov. 9, 2011, on RatingsDirect on the Global Credit Portal).

A negative rating action on BNPP could also occur if significant economic and financial deterioration in the major countries where it operates prompted us to consider lowering the bank's stand-alone credit profile (SACP). In particular, we could lower our assessment of BNPP's risk position to "adequate" and downgrade the bank if we perceived that the effect of fragile capital market conditions in Europe on the bank's sizable trading book and sovereign bond portfolio and the effect of an economic recession on its loan portfolio were greater than we currently expect for 2012-2013.

We would likely change the outlook on BNPP to stable if we revised the outlook on France to stable and if we perceived an improved economic and operating environment.

Our 'AA-/A-1+' ratings on BNPP incorporate our expectation that the bank will continue to improve its structural funding and liquidity position by pursuing its deleveraging program, raising medium- to long-term (MLT) funding resources, maintaining its lending activity in its core businesses, and keeping a large buffer of assets eligible to access central bank facilities, but which is used only on a limited basis. In particular, we anticipate that BNPP will achieve its €20 billion MLT funding program for 2012, either through unsecured public placement or a mix of alternative sources, including private placements with institutional investors, bond sales to retail clients, and covered bond issues.

Rationale

Our ratings on BNPP reflect our view of its 'a-' anchor, "very strong" business position, "moderate" capital and earnings, "strong" risk position, "average" funding, and "adequate" liquidity, as our criteria define these terms. We assess the SACP for BNPP at 'a+'. The long-term rating on BNPP is one notch higher than its SACP, reflecting our view of the bank's "high" systemic importance in France and that the French government is "supportive" to its banking sector.

Anchor: 'a-'

Our bank criteria use our Banking Industry Country Risk Assessment (BICRA) methodology and our economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating (ICR).

The BICRA for France is group '2', according to our criteria.

We assess the economic risk for BNPP based on our calculation of the weighted average of its credit exposures. We estimate the blended economic risk for BNPP at close to '3' on a scale of 1-10 (1 is the lowest risk and 10 is the highest), based on its geographic spread of 30% in France, about 10% each in Belgium, Italy, and the U.S., and about 5% in Germany and the U.K. The industry risk assessment for BNPP is based solely on its home market of France. The combination of the blended economic risk and industry risk results in an 'a-' anchor for BNPP.

We consider that France's economy is highly stable, with low private-sector credit risk. With regard to industry risk, the French banking industry has a strong regulatory framework and healthy competition between large players with generally restrained risk appetites. Stable domestic customer deposits stemming from the high French household savings rate underpin systemwide funding. At the same time, most French banks rely on wholesale markets to fund their big balance sheets.

Table 1

BNP Paribas Key Figures

	-- Year ended Dec. 31 --				
(Mil. €)	**2011***	**2010**	**2009**	**2008**	**2007**
Adjusted assets	1,910,608	1,951,278	2,015,163	2,036,516	1,646,297
Customer loans (gross)	692,371	694,834	678,269	507,814	457,355
Adjusted common equity	58,858	55,749	49,209	32,603	30,725
Operating revenues	40,972	43,423	40,513	27,000	31,254
Noninterest expenses	26,116	26,517	23,340	18,400	18,764
Core earnings	5,375	8,086	5,778	2,088	7,765

Source: Standard & Poor's. *Estimated figures based on unaudited data.

Business position: Very well-diversified business mix with leading franchises in core activities and a strong management record

Our view of BNPP's "very strong" business position is based on the strength of the bank's franchise in its core businesses and the sound record of its diversified business mix. We view that BNPP has strong relationships with its clients in the main activities of its business mix--retail, commercial banking, and insurance in its core markets of France, Belgium, and Italy. In BNPP's more volatile businesses, such as corporate and investment banking (CIB) and asset management, it has maintained a stable customer base in recent years.

In comparison with French peers, BNPP's solid management and strategy, the strength of its CIB businesses and other activities in France and abroad, and the quality of its retail franchise, with a greater focus on mass affluent clients than peers', largely offset the bank's smaller-than-peers' market position in the French retail market, in our opinion. BNPP's geographic and business diversity is very strong, in our view, with commercial and retail banking spread over several countries or subsegments, such as network banking and consumer lending. In particular, we view BNPP as more diversified than leading players in countries with comparable industry risk, such as Switzerland or Australia (see chart 1). Particularly, we note the bank's capacity to maintain adequate profitability in all of its business segments in the last cycle (see table 3).

In our opinion, BNPP's management is very stable and has demonstrated the ability to execute well-defined objectives. Its performance during the 2007-2008 financial crisis largely exceeded that of domestic peers'. Since its inception, BNPP has followed a balanced growth model, with dynamic organic growth and a steady flow of fairly priced acquisitions, with well-managed integrations. We view the acquisition of Fortis Bank S.A./N.V. (commercial name BNP Paribas Fortis; AA-/Negative/A-1+) in 2009 as a particularly successful transaction that has reinforced the bank's business profile in Belgium--a country we view as having a low economic risk. BNPP delivered significant synergy gains in 2010-2011, in line or ahead of its integration plan of Fortis. We do not expect that the recent reduction of some CIB activities owing to higher funding and liquidity constraints, particularly in trade finance and commodities finance, will significantly alter BNPP's "very strong" business position.

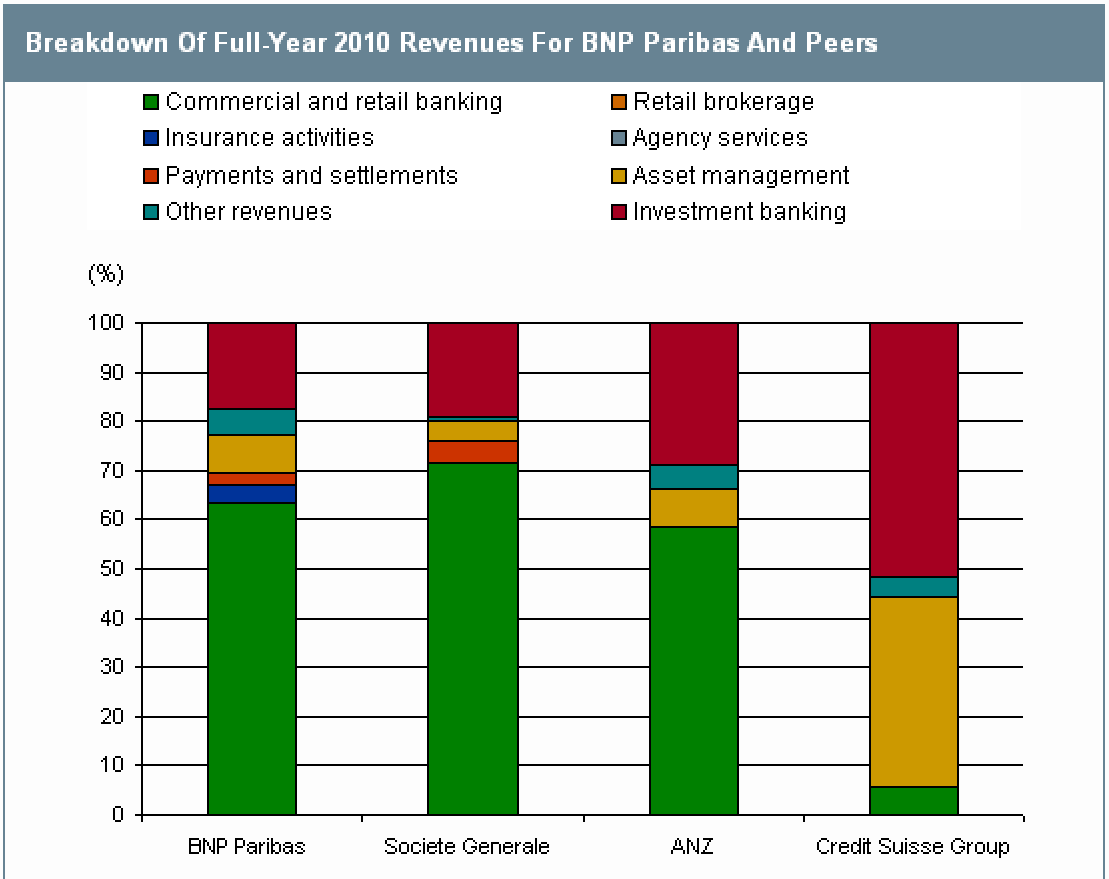
Table 2

BNP Paribas Business Position

	-- Year ended Dec. 31 --				
(%)	**2011***	**2010**	**2009**	**2008**	**2007**
Loan market share in country of domicile (%)	N.A.	N.A.	N.A.	N.A.	N.A.
Deposit market share in country of domicile (%)	N.A.	N.A.	N.A.	N.A.	N.A.
Total revenues from business line (currency in millions)	42,384	43,880	40,191	27,376	N/A
Commercial banking/total revenues from business line	13.5	13.6	11.9	14.5	N.M.
Retail banking/total revenues from business line	52.1	49.8	48.5	59.2	N.M.
Trading and sales income/total revenues from business line	13.2	17.4	24.7	7.5	N.M.
Corporate finance/total revenues from business line	N/A	N/A	N/A	N/A	N.M.
Retail brokerage/total revenues from business line	N/A	N/A	N/A	N/A	N.M.
Insurance activities/total revenues from business line	3.8	3.5	3.2	4.8	N.M.
Agency services/total revenues from business line	N/A	N/A	N/A	N/A	N.M.
Payments and settlements/total revenues from business line	3.1	2.7	2.9	4.5	N.M.
Asset management/total revenues from business line	7.8	7.6	7.3	8.7	N.M.
Other revenues/total revenues from business line	6.4	5.3	1.6	0.7	N.M.
Investment banking/total revenues from business line	13.2	17.4	24.7	7.5	N.M.
Return on equity	8.7	11.4	10.2	5.8	16.1

N.A.--Not available. N.M.--Not meaningful. N/A--Not available. Source: Standard & Poor's. *Unaudited data.

Chart 1



Source: Standard & Poor's. ANZ--Australia and New Zealand Banking Group Ltd.

Table 3

BNP Paribas And Domestic Peers Performance By Divisions

	Société Generale		BNP Paribas		Crédit Agricole	
Growth in revenues (%)	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Total revenues*	(6.4)	8.3	(5.9)	7.9	0.5	6.4
Total recurring revenues§	(6.4)	7.9	(5.9)	6.5	(0.6)	3.3
French retail banking	4.8	4.4	1.8	5.7	N.A.	5.9
BNL Banca Commerciale	N/A	N/A	2.5	1.7	N/A	N/A
Belgium and Luxembourg retail banking	N/A	N/A	4.5	68.9	N/A	N/A
Specialized services	(2.7)	9.3	2.7	17.1	(0.5)	7.2
Retail banking abroad	1.8	3.8	(4.9)	(1.1)	(6.8)	1.6
Corporate and investment banking recurring	(16.9)	(21.2)	(19.8)	(12.7)	(12.2)	(10.0)
Asset management and private banking	(4.4)	(10.2)	(1.1)	13.8	(2.5)	23.7
Insurance	N.A.	N.A.	4.7	21.1	16.9	23.2

Table 3

BNP Paribas And Domestic Peers Performance By Divisions (cont.)

Cost-to-income ratio (%)	2011	2010	2011	2010	2011	2010
Total*	69.8	63.5	63.4	60.6	62.8	60.8
Total recurring§	69.8	63.5	63.4	60.6	62.8	60.1
French retail banking	64.3	64.9	66.4	66.8	N.A.	56.6
BNL Banca Commerciale	N/A	N/A	58.2	58.7	N/A	N/A
Belgium and Luxembourg retail banking	N/A	N/A	71.4	72.2	N/A	N/A
Specialized services	53.6	52.0	48.8	47.7	44.4	44.0
Retail banking abroad	59.6	56.2	66.7	64.4	68.6	65.8
Corporate and investment banking	72.6	59.7	63.0	53.6	72.4	60.6
Asset management and private banking	90.7	88.2	76.3	72.9	64.5	65.8
Insurance	N.A.	N.A.	56.0	53.8	27.2	26.6
NOI after cost of risk/revenues ratio (%)	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Total*	12.4	20.5	20.1	28.5	17.8	24.1
Total recurring§	16.1	20.5	28.5	28.5	25.0	26.2
French retail banking	26.6	24.0	28.9	26.0	N.A.	33.6
BNL Banca Commerciale	N/A	N/A	16.2	14.3	N/A	N/A
Belgium and Luxembourg retail banking	N/A	N/A	23.7	21.0	N/A	N/A
Specialized services	22.3	14.8	24.7	18.9	14.7	23.1
Retail banking abroad	14.8	16.7	19.4	15.2	(28.7)	(10.6)
Corporate and investment banking	25.2	39.4	36.3	43.6	21.1	36.3
Asset management and private banking	8.7	11.5	23.9	27.8	35.6	33.3
Insurance	N.A.	N.A.	39.7	46.0	26.9	73.4

N.A--Not available. N.M.--Not meaningful. N/A--Not applicable. NOI--Net operating income. Sources: Standard & Poor's. *Excluding changes in fair value in own debt and changes in the credit derivative portfolio that we consider as non-economic items excluded from our core earnings definition. §Recurring revenues, cost to income, and NOI after cost of risk are adjusted from impacts of the write-downs linked to the 2007-2008 financial crisis and the Greek sovereign write-downs. Not all business lines of the three banking groups are included, only the ones most comparable with each other. For BNP Paribas, the segment securities services and other are missing; specialized services sums up personal finance and equipment solutions, and retail banking abroad sums up BancWest and Europe-Mediterranean. Data for Crédit Agricole are those of the Crédit Agricole group, with Standard & Poor's estimates by business line, based on data reported by Crédit Agricole S.A., the central body of the Crédit Agricole group.

Capital and earnings: Good earnings generation and commitment to increase capital, but from a moderate level, in our view

We view BNPP's capital and earnings as "moderate," based on our expectation that its risk-adjusted capital (RAC) ratio before diversification will increase to between 6.5% and 7% in the next 18-24 months. We view positively BNPP's recent commitment to achieve strong Basel III regulatory ratios ahead of the regulatory schedule, in contrast with its former strategy to manage its capital ratios somewhat aggressively. We understand that BNPP aims to achieve a 9% common equity tier 1 ratio by January 2013, largely through retained earnings and deleveraging. This targeted ratio would take into account the full Basel III capital regime that will only become effective in 2019. We view this target as ambitious but feasible, and we consider that BNPP is strongly committed to meeting it, as evidenced by its recent announcement of a lower pay out ratio and the offer of an equity payment for the 2011 dividend. The bank's pretax profit declined 26% to €9.7 billion including €3.4 billion of write-downs, (€3.2 billion in cost of risk, and €0.2 billion of losses from associate companies) on the Greek sovereign exposure. The ratio of core earnings to revenues stood at 13% in 2011, which we view as still adequate although lower than most peers' (see chart 2). In our base-case scenario of a progressive economic recovery in the second-half of 2012, we expect the bank to post better core earnings in 2012, stemming from the nonrenewal of the large Greek write-downs posted in 2011 and a limited decline in revenues. Excluding the Greek write-downs, we expect the cost of risk to rise moderately in 2012.

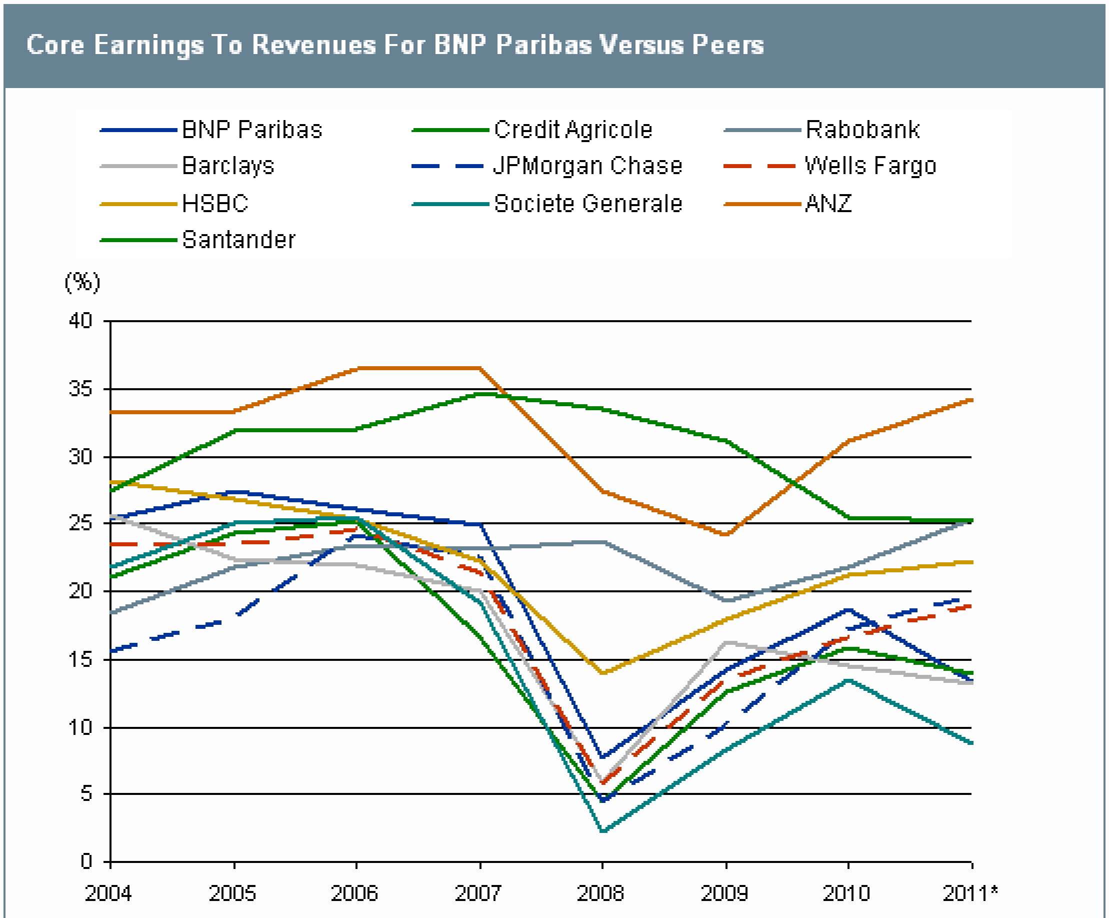
Table 4

BNP Paribas Capital And Earnings

	-- Year ended Dec. 31 --				
(%)	**2011***	**2010**	**2009**	**2008**	**2007**
Tier 1 capital ratio	11.60	11.40	10.10	7.80	7.30
Standard & Poor's RAC ratio before diversification	N.M.	6.31	5.77	N.M.	N.M.
Standard & Poor's RAC ratio after diversification	N.M.	8.42	7.60	N.M.	N.M.
Adjusted common equity/total adjusted capital	91.70	81.52	79.26	75.19	75.19
Double leverage	N.M.	N.M.	N.M.	N.M.	N.M.
Net interest income/operating revenues	58.53	55.41	51.89	49.99	31.06
Fee income/operating revenues	20.55	19.54	18.43	21.70	20.23
Market-sensitive income/operating revenues	6.15	11.14	16.45	9.50	33.12
Noninterest expenses/operating revenues	63.74	61.07	57.61	68.15	60.04
Preprovision operating income/average assets	0.75	0.83	0.83	0.46	0.80
Core earnings/average managed assets	0.27	0.40	0.28	0.11	0.50

*Estimated figures based on unaudited data. N.M.--Not meaningful. RAC--Risk-adjusted capital. Source: Standard & Poor's.

Chart 2



ANZ--Australia and New Zealand Banking Group Ltd. Source: Standard & Poor's. *For BNP Paribas, Societe Generale, and Banco Santander, figures are estimated, based on full-year results. For Credit Agricole, Rabobank Nederland, and HSBC, figures are as of June 2011. For Barclays, JPMorgan Chase, Wells Fargo, and ANZ, figures are as of year-end 2011.

Consequently, we expect a pronounced increase in our RAC ratio for BNPP in 2011 and 2012, but from a low starting point in 2010. Our RAC ratio stood at 6.3% at year-end 2010, but it declined to 5.4% on pro forma basis when we took into consideration the effect of our updated hybrid capital criteria on our total adjusted capital (TAC; the numerator of our RAC ratio, our definition on capital), and the effect on our risk-weighted assets from the changes in the BICRA scores, including the economic risk scores, that took place in Early 2012 (see table 5). As of Sept. 30, 2011, we exclude from TAC €7.4 billion of BNPP's hybrid capital instruments with step-ups, which we see as having minimal equity content. Under our risk-adjusted capital framework, we calculate higher risk-weighted adjustments (RWA) than under Basel II, particularly because of our higher risk charges for trading risk, equity holdings, and insurance (see table 6).

Table 5

BNP Paribas Changes In Reported And Pro Forma Risk Adjusted Capital Ratio

(Mil. €)	Pro forma as of Sept. 30, 2011*§	Pro forma as of Dec. 31, 2010*	Pro forma as of Dec. 31, 2010†	Reported Dec. 31, 2010‡	Reported Dec. 31, 2009‡
RAC ratio before diversification (%)	5.6	5.4	5.5	6.3	5.8
Adjusted common equity	57,000	55,749	55,749	55,749	49,209
Admissible hybrids	5,300	5,245	5,245	12,638	13,160
Total adjusted capital	62,300	60,994	60,994	68,387	62,369
Standard & Poor's total RWA before diversification	1,109,550	1,121,550	1,103,813	1,084,298	1,075,414
Economic risk score BICRA France	2	2	2	1	1
Economic risk score BICRA Italy	4	4	3	2	2
Economic risk score BICRA Belgium	2	2	1	1	1

RAC--Risk-adjusted capital. RWA--Risk-weighted assets. Sources: Standard & Poor's. *Pro forma, with criteria and parameters, such as BICRA Economic risk scores, in force as of Feb. 17, 2012. §Estimated total adjusted capital and RWA. †Pro forma, with criteria and parameters, such as BICRA Economic risk scores, in force as of Nov. 9, 2011. ‡With criteria and parameters, such as BICRA Economic risk scores in force at the reporting date.

Table 6

BNP Paribas Risk-Adjusted Capital Framework Data As Of Dec. 31, 2010, Pro Forma TAC, Excluding Hybrids With Step-up

(Mil. €)	Exposure*	Basel II RWA	Average Basel II RW (%)	Standard & Poor's RWA	Average Standard & Poor's RW (%)
Credit risk					
Government and central banks	191,473	9,813	5	17,300	9
Institutions	118,329	25,488	22	29,633	25
Corporate	468,185	255,913	55	389,375	83
Retail	324,912	122,063	38	181,278	56
Of which mortgage	167,016	37,900	23	52,493	31
Securitization§	51,931	25,200	49	37,004	71
Other assets	134,934	65,388	48	97,948	73
Total credit risk	1,289,764	503,863	39	752,537	58
Market risk					
Equity in the banking book†	18,489	22,475	142	120,648	653
Trading book market risk	--	17,188	--	49,625	--
Total market risk	--	39,663	--	170,273	--
Insurance risk					
Total insurance risk	--	--	--	84,050	--
Operational risk					
Total operational risk	--	56,888	--	114,690	--
(Mil. €)		**Basel II RWA**		**Standard & Poor's RWA**	**Average Standard & Poor's RW (%)**
Diversification adjustments					
RWA before diversification	--	600,413	--	1,121,550	100

Table 6

BNP Paribas Risk-Adjusted Capital Framework Data As Of Dec. 31, 2010, Pro Forma TAC, Excluding Hybrids With Step-up (cont.)

Total adjustments to RWA	--	--	--	(292,007)	(26)
RWA after diversification	--	600,413	--	829,543	74

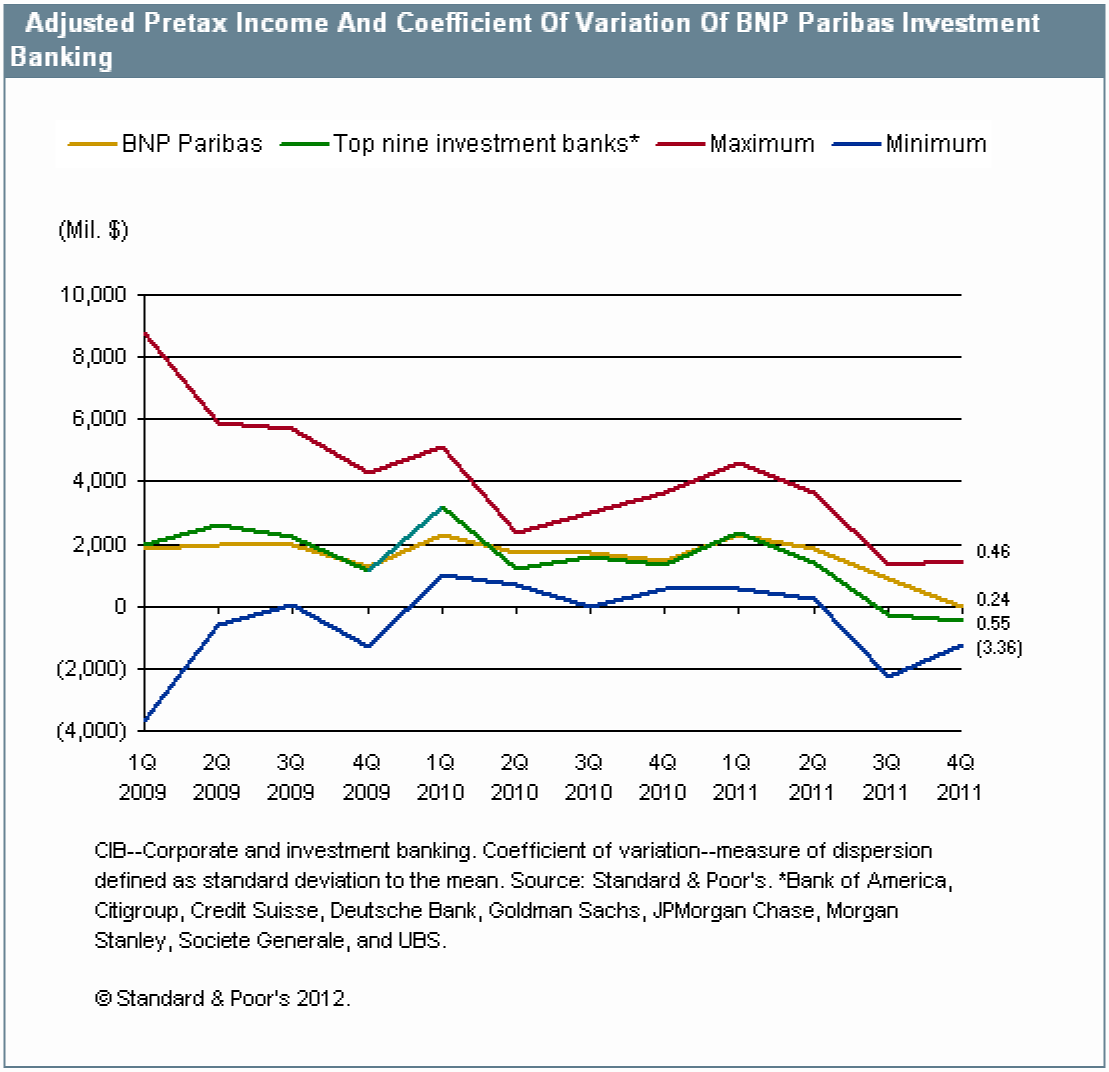
(Mil. €)	Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	Standard & Poor's RAC ratio (%)
Capital ratio				
Capital ratio before adjustments	68,536	11.4	60,995	5.4
Capital ratio after adjustments‡	68,536	11.4	60,995	7.4

*Exposure at default. §Securitization exposure includes the securitzsation tranches deducted from capital in the regulatory framework. †Exposure and Standard & Poor's risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. TAC--Total adjusted capital. Sources: Company data as of Dec. 31, 2010, Standard & Poor's. Standard & Poor's RWA includes economic risk and BICRA scores as of Feb. 17, 2012.

Risk position: A diversified and moderate risk profile with strong risk management

Our risk position assessment for BNPP is "strong," based on the bank's strong diversification of its risk exposure and a loss experience. BNPP's risk exposure is very widely diversified as evidenced by a 25% diversification benefit of the RAC ratio and a low level of concentration of single-names and sectors in the loan book (see table 6). BNPP has demonstrated in the past four years its robust risk position and enterprise risk management, and a risk appetite which we view as lower-than-peers'. BNPP has lower sources of high risk in proportion to its total exposure at default and earnings capacity than most peers. Our opinion of BNPP's strong loss experience is based on the bank's significantly better record in credit market exposure and trading than domestic and many international peers' (see chart 3).

Chart 3



BNPP's performance in traditional cost of risk (corporate and retail banking) is in line with or slightly better than its French peers', and stronger than international peers'. We estimate that the bank's cost of risk in proportion of its net corporate and retail loan portfolio for 2000-2011 was on average 57 basis points annually, which is about a third below our computation of normalized cost of risk for the same portfolio under our RAC framework. In 2011, BNPP significantly reduced its exposure to southern European debts (see table 8). Excluding the €3.2 billion write-downs on Greece, which represented 75% of the bank's nominal exposure, the cost of risk declined across the bank's business lines in 2011 (see table 9).

Table 7

BNP Paribas Risk Position

	-- Year ended Dec. 31 --				
(Mil. €)	**2011***	**2010**	**2009**	**2008**	**2007**
Growth in customer loans	(0.35)	2.44	33.57	11.03	12.76
Total diversification adjustment/Standard & Poor's RWA before diversification	N.A.	(25.06)	(24.02)	N.M.	N.M.

Table 7

BNP Paribas Risk Position (cont.)					
Total managed assets/adjusted common equity (x)	33.39	35.84	41.82	63.66	55.15
New loan loss provisions/average customer loans§	0.99	0.71	1.41	1.19	0.40
Net charge-offs/average customer loans	N.M.	N.M.	N.M.	N.M.	N.M.
Gross nonperforming assets/customer loans + other real estate owned	6.43	6.18	5.77	3.72	3.26
Loan loss reserves/gross nonperforming assets	62.79	62.12	64.82	75.60	83.89

N.A.--Not available. N.M.--Not meaningful. RWA--Risk-weighted assets. Source: Standard & Poor's. *Estimates based on unaudited data. §Including a €3.2 billion impairement in 2011 on Greek sovereign exposure that was moved in loans and receivables.

Table 8

BNP Paribas - Sovereign Exposure*

(Mil. €)	Dec. 31, 2011	Dec. 31, 2010	% change
Exposure to domestic sovereign (France)	10,767	18,051	(40.4)
Exposure to GIIPS countries	17,816	35,540	(100.0)
Portugal	1,366	2,033	(32.8)
Ireland	260	497	(47.7)
Italy	14,271	24,114	(40.8)
Greece	1,055	4,996	(78.9)
Spain	864	3,900	(77.8)
Total EEA 30 sovereign exposure	61,014	117,323	(48.0)

EEA 30--European Economic Area 30 countries. GIIPS--Greece, Ireland, Italy, Portugal, and Spain. Source: Standard & Poor's; European Banking Authority (EBA) 2010 EU-wide stress test and company 2011 unaudited Pillar III. *Exposure in trading and banking books, net of potential impairment, and excluding derivatives and CDS exposures.

Table 9

BNP Paribas Cost Of Risk By Division

(Mil. €)	2011	2010	2009	2008	2007	2006	2011 versus 2010 (% change)
French retail banking	315	481	515	203	158	153	(35)
BNL Banca Commerciale	793	817	671	411	318	234	(3)
Belgium and Luxembourg retail banking	169	222	352	0	0	0	(24)
BancWest	256	465	1,195	628	335	58	(45)
Personal finance	1,639	1,913	1,938	1,218	730	520	(14)
Europe-Mediterranean	268	346	869	377	81	86	(23)
Equipment solutions	125	255	307	155	82	58	(51)
Corporate and investment banking	75	350	2,473	2,477	28	(264)	(79)
Of which advisory and Capital markets	(21)	302	940	2,122	65	16	(107)
Of which corporate financing	96	48	1,533	355	(37)	(280)	100
Weath and asset management, insurance, securities services	64	(21)	41	207	7	4	N.M.
Other activities*	3,093	(26)	8	76	(14)	(66)	N.M.
Total	6,797	4,802	8,369	5,752	1,725	783	42
Of which total reported crisis impact and Greek impairement	3,241	N.A.	N.A.	2,643	424	0	N.M.

N.A.--Not available. *Including €3,241 million of impairments on Greek sovereign debt in 2011. Reported impacts of 2007-2008 financial crisis include in particular write-downs of exposures to monoline insurers, and impairments on exposures to Lehman, Madoff, and Icelandic banks.

Funding and liquidity: Adapting to a more demanding environment

We consider that BNPP's funding is "average," and in line with domestic and most international peers', despite deterioration since midyear 2011. BNPP relies on wholesale funding because its loan book slightly exceeds its customer deposits and capital market activities. BNPP's large CIB activities generate a large balance sheet and significant short-term funding needs, particularly in U.S. dollars. As a result of challenging capital markets from midyear 2011, BNPP accelerated its strategic reviews of its businesses and started some significant deleveraging actions that the bank plans to continue in 2012, in preparation for the upcoming Basel III capital and liquidity regulations. The bank reduced its funding needs in U.S. dollars by 30% to December 2011 from June 2011, by sharply reducing its trading and financing activities in dollars.

Still, we consider that BNPP's funding benefits from stable and cheap customer deposits in domestic retail activities; a significant presence in businesses such as retail banking abroad, private banking, and securities services that generate additional deposits; and highly diversified wholesale funding sources in terms of support and geography, with a strong private placement capacity and an overall moderate level of encumbered assets. After achieving its annual medium-term funding 2011 target in July 2011, the bank was able to issue more than €8 billion of medium-term debt instruments in second-half 2011 through private placements with institutional investors and debt sold to clients in its commercial networks.

Table 10

BNP Paribas Funding And Liquidity

	-- Year ended Dec. 31 --				
(Mil. €)	**2011***	**2010**	**2009**	**2008**	**2007**
Core deposits/funding base	55.69	52.26	46.89	50.47	48.87
Customer loans (net)/customer deposits	129.99	124.10	123.96	126.00	134.43
Long term funding ratio	N/A	69.52	63.77	N/A	N/A
Broad liquid assets/short-term wholesale funding (x)	N/A	0.93	0.90	N/A	N/A
Net broad liquid assets/short-term customer deposits	N/A	(14.11)	(22.01)	N/A	N/A
Narrow liquid assets/three-month wholesale funding (x)	N/A	1.13	1.16	N/A	N/A
Net short-term interbank funding/total wholesale funding	N/A	18.71	18.85	N/A	N/A
Short-term wholesale funding/total wholesale funding	N/A	72.34	74.41	N/A	N/A

N/A--Not applicable. Source: Standard & Poor's. *Estimates based on unaudited data.

BNPP's liquidity is "adequate," in our opinion. The bank maintains large liquidity reserves--mainly comprising securities eligible for central bank refinancing--and periodically adjusts it using liquidity stress tests. Unencumbered assets eligible for central bank refinancing amounted to €105 billion on Dec. 31, 2011, after a haircut, in addition to deposits of €55 billion with central banks.

Our assessment of BNPP's funding and liquidity takes into consideration the strategic priority taken by the bank to improve its funding structure by reducing its short-term financing needs and its reliance to market confidence resources, even at the expenses of income or market shares.

Support: "High" systemic importance in a "supportive" country

BNPP's long-term rating is one notch higher than its SACP, reflecting our view of its high systemic importance for France and our assessment of the French government as supportive to its banking system.

Through payment in shares of Fortis in 2009, the Belgian government became the biggest shareholder of BNPP

(10.7% as of June 30, 2011). We view this ownership as temporary and, therefore, do not consider it a rating factor, be it positive or negative. We hold a similar view of Luxembourg's stake in the bank. The Belgian and Luxembourg governments each currently hold minority shareholdings of 25% in Fortis and 34% in subsidiary BGL BNP Paribas S.A. (BGL; AA-/Negative/A-1+), respectively. We believe that both governments will hold these minority stakes longer than those in the parent company BNPP.

Additional Rating Factors: None

No additional factors affect this rating.

"Core" and "Highly Strategic" Subsidiaries

Among the BNPP subsidiaries we rate, we see the following as "core" under our criteria, thus having their rating equalized with their parent: BNP Paribas Personal Finance (AA-/Negative/A-1+), BNP Paribas Securities Services (AA-/Negative/A-1+), Cardif-Assurances Risques Divers (AA-/Negative/--) and Cardif Assurance Vie (AA-/Negative/--) in France, Fortis Bank SA/NV in Belgium, and BGL in Luxembourg. We also consider Banca Nazionale del Lavoro SpA (BNL; BBB+/Negative/A-2) as core, but we cap its rating at the rating on the Republic of Italy (unsolicited BBB+/Negative/A-2) its country of domicile, in application of our bank methodology for rating group entities above the relevant sovereign rating.

We consider BNP Paribas (China) Ltd. (A+/Negative/A-1) and BNP PARIBAS ZAO (BBB/Stable/A-3) as "highly strategic" subsidiaries of BNPP, under our group methodology. Highly strategic subsidiaries are typically rated one notch below the rating on the parent, but the rating on BNP PARIBAS ZAO is capped at the rating on the Russian Federation (BBB/Stable/A-3), its country of domicile.

Significant Accounting Considerations

BNP Paribas acquired 74.9% of Fortis Bank SA/NV--which itself owned 50% of the capital of BGL--from the Belgian government and a 15.9% direct holding in BGL from the Luxembourg government in May 2009. These transactions have some large accounting changes, the most important difference being the recognition of a €0.8 billion negative goodwill that was considered to be profit in BNPP's 2009 results, and the materialization of purchase price accounting (PPA) adjustments linked to securities valued at a fair value significantly lower than nominal value. This difference is amortized over time and generates some income (for more details, see the full analysis on BNPP published Feb. 9, 2010). We have kept the normal amortization of the PPA in our core earnings, but have excluded the on/off amortization of the PPA linked to punctual disposal of assets (see table 11). The non-economic items that we adjust in our core earnings were significant in 2011, in contrast with 2010, particularly the effect of the fair value of BNPP's own debt.

Table 11

BNP Paribas Reported And Core Revenues

	Reported amounts (mil. €)				Growth rate (%)	
(Mil. €)	**Dec. 31, 2011**	**Dec. 31, 2010**	**Dec. 31, 2009**	**Dec. 31, 2008**	**Dec. 31, 2011**	**Dec. 31, 2010**
Reported revenues	42,384	43,880	40,191	27,376	(3.4)	9.2
+Shares or earnings of associates	80	268	178	217	(70.1)	50.6
-Changes in fair value of own debt	1,190	95	(372)	593	1,152.63	(125.5)
-Gain on early amortization of debt, PPA or asset disposals	302	630	228	0	(100.0)	176.3
Standard & Poor's core revenues	40,972	43,423	40,513	27,000	(5.6)	7.2

Table 11

BNP Paribas Reported And Core Revenues (cont.)

Of which are nonrecurring or specific items						
Amortization of Fortis PPA	658	667	848	0	N.M.	N.M.
Financial impact of 2008 financial crisis	0	0	(555)	(2,942)	N.M.	N.M.
Write-down on AXA participation	(299)	(534)	0	0	N.M.	N.M.
Losses from the sale of sovereign bonds and loans	(1,024)	0	0	0	N.M.	N.M.
Underlying core revenues	41,637	43,290	40,220	29,942	(3.8)	7.6

PPA--Purchase price accounting. Source: Standard & Poor's. N.M.--Not meaningful.

Related Criteria And Research

- Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Group Rating Methodology And Assumptions, Nov. 9, 2011
- Bank Hybrid Capital Methodology And Assumptions, Nov. 1, 2011

Anchor Matrix

Industry Risk	Economic Risk									
	1	2	**3**	4	5	6	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	**a-**	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	a-	bbb+	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of February 29, 2012)

BNP Paribas	
Counterparty Credit Rating	AA-/Negative/A-1+
Certificate Of Deposit	
Local Currency	A-1+
Commercial Paper	
Foreign Currency	A-1+
Junior Subordinated (1 Issue)	A-
Junior Subordinated (14 Issues)	BBB+
Senior Secured (1 Issue)	AAA/Stable
CaVal (Mexico) National Scale Rating (1 Issue)	mxAAA/Stable

Ratings Detail (As Of February 29, 2012) (cont.)	
Senior Unsecured (1 Issue)	AAA
Senior Unsecured (163 Issues)	AA-
CaVal (Mexico) National Scale Rating (1 Issue)	mxAAA/Stable
Short-Term Debt (3 Issues)	A-1+
Counterparty Credit Ratings History	
23-Jan-2012	AA-/Negative/A-1+
07-Dec-2011	AA-/Watch Neg/A-1+
14-Oct-2011	AA-/Stable/A-1+
28-Jan-2009	AA/Negative/A-1+
17-Dec-2008	AA+/Watch Neg/A-1+
06-Oct-2008	AA+/Negative/A-1+
10-Jul-2007	AA+/Stable/A-1+
Sovereign Rating	
France (Republic of) (Unsolicited Ratings)	AA+/Negative/A-1+
Related Entities	
Banca Nazionale del Lavoro SpA	
Issuer Credit Rating	BBB+/Negative/A-2
Certificate Of Deposit	BBB+/A-2
BancWest Corp.	
Issuer Credit Rating	A/Negative/A-1
Bank of the West	
Issuer Credit Rating	A/Negative/A-1
Certificate Of Deposit	
Local Currency	A/A-1
BGL BNP Paribas S.A.	
Issuer Credit Rating	AA-/Negative/A-1+
Certificate Of Deposit	AA-/A-1+
Senior Unsecured (21 Issues)	AA-
Short-Term Debt (1 Issue)	A-1+
Subordinated (3 Issues)	A
BNP Paribas Capital Trust III	
Preferred Stock (1 Issue)	A-
BNP Paribas Capital Trust IV	
Preferred Stock (1 Issue)	A-
BNP Paribas Capital Trust VI	
Preferred Stock (1 Issue)	A-
BNP Paribas Cardif	
Issuer Credit Rating	A+/Negative/--
BNP Paribas (China) Ltd.	
Issuer Credit Rating	A+/Negative/A-1
Greater China Regional Scale	cnAAA/--/cnA-1+
Certificate Of Deposit	A+/A-1

Ratings Detail (As Of February 29, 2012) (cont.)	
BNP Paribas Home Loan SFH	
Senior Secured (49 Issues)	AAA/Stable
Senior Secured (1 Issue)	AAA
BNP Paribas New York Branch	
Senior Unsecured (3 Issues)	AA-
BNP Paribas Personal Finance	
Issuer Credit Rating	AA-/Negative/A-1+
Certificate Of Deposit	AA-/A-1+
Senior Unsecured (1 Issue)	AA-
BNP Paribas Public Sector SCF	
Senior Secured (1 Issue)	AAA
Senior Secured (3 Issues)	AAA/Stable
BNP Paribas Securities Corp.	
Issuer Credit Rating	AA-/Negative/A-1+
BNP Paribas Securities Services	
Issuer Credit Rating	AA-/Negative/A-1+
BNP Paribas U.S. Medium-Term Note Program LLC	
Senior Unsecured (1 Issue)	AA-
Subordinated (1 Issue)	A
BNP PARIBAS ZAO	
Issuer Credit Rating	BBB/Stable/A-3
Russia National Scale Rating	ruAAA/--/--
Certificate Of Deposit	BBB/A-3
Cardif-Assurances Risques Divers	
Financial Strength Rating	
Local Currency	AA-/Negative/--
Issuer Credit Rating	
Local Currency	AA-/Negative/--
Cardif Assurance Vie	
Financial Strength Rating	
Local Currency	AA-/Negative/--
Issuer Credit Rating	
Local Currency	AA-/Negative/--
First Hawaiian Bank	
Issuer Credit Rating	A/Negative/A-1
Certificate Of Deposit	
Local Currency	A/A-1
First Hawaiian Capital I	
Preferred Stock (1 Issue)	BBB+
Fortis Bank S.A./N.V.	
Issuer Credit Rating	AA-/Negative/A-1+
Certificate Of Deposit	AA-/A-1+
Commercial Paper	A-1+
Junior Subordinated (3 Issues)	A-

Ratings Detail (As Of February 29, 2012) **(cont.)**	
Senior Unsecured (24 Issues)	AA-
Short-Term Debt (2 Issues)	A-1+
Pinnacle Insurance PLC	
Financial Strength Rating	
Local Currency	BBB+/Stable/--
Issuer Credit Rating	
Local Currency	BBB+/Stable/--

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

Additional Contact:
Financial Institutions Ratings Europe; FIG_Europe@standardandpoors.com

MOODY'S
INVESTORS SERVICE

Credit Opinion: BNP Paribas

Global Credit Research - 14 Aug 2012

Paris, France

Ratings

Category	Moody's Rating
Outlook	Stable
Bank Deposits	A2/P-1
Bank Financial Strength	C-
Baseline Credit Assessment	(baa2)
Adjusted Baseline Credit Assessment	(baa2)
Issuer Rating	A2
Senior Unsecured -Fgn Curr	A2
Senior Unsecured -Dom Curr	A2
Subordinate	Baa3
Jr Subordinate	Ba1
Pref. Stock Non-cumulative	Ba2 (hyb)
Other Short Term -Fgn Curr	(P)P-1
Other Short Term -Dom Curr	(P)P-1
Bank of the West	
Outlook	Stable
Bank Deposits	A2/P-1
Bank Financial Strength	C+
Baseline Credit Assessment	(a2)
Adjusted Baseline Credit Assessment	(a2)
Issuer Rating	A2

Contacts

Analyst	Phone
Nicholas Hill/Paris	33.1.53.30.10.20
Andrea Usai/London	44.20.7772.5454
Carola Schuler/Frankfurt am Main	49.69.707.30.700
Roland Auquier/Paris	33.1.53.30.10.20

Key Indicators

BNP Paribas (Consolidated Financials)[1]

	[2]**12-11**	[2]**12-10**	[2]**12-09**	[2]**12-08**	[3]**12-07**	**Avg.**
Total Assets (EUR million)	**1,960,885.0**	**1,998,158.0**	**2,057,698.0**	**2,075,551.0**	**1,694,454.0**	[4]**3.7**
Total Assets (USD million)	**2,545,513.0**	**2,680,616.0**	**2,952,263.3**	**2,885,114.0**	**2,477,380.6**	[4]**0.7**
Tangible Common Equity (EUR million)	**56,244.8**	**59,080.7**	**49,556.7**	**34,807.3**	**36,026.3**	[4]**11.8**
Tangible Common Equity (USD million)	**73,013.9**	**79,259.3**	**71,101.0**	**48,383.8**	**52,672.3**	[4]**8.5**
Net Interest Margin (%)	**1.3**	**1.2**	**1.1**	**0.8**	**0.7**	[5]**1.0**
PPI / Avg RWA (%)	**2.6**	**2.9**	**3.2**	**1.6**	**2.5**	[6]**2.6**
Net Income / Avg RWA (%)	**1.1**	**1.5**	**1.3**	**0.6**	**1.7**	[6]**1.1**
(Market Funds - Liquid Assets) / Total Assets (%)	**0.6**	**-0.3**	**-0.7**	**0.4**	**1.6**	[5]**0.3**
Core Deposits / Average Gross Loans (%)	**79.4**	**83.5**	**95.6**	**85.2**	**79.8**	[5]**84.7**
Tier 1 Ratio (%)	**11.6**	**11.4**	**10.1**	**7.8**	**7.3**	[6]**10.2**

Tangible Common Equity / RWA (%)	**9.2**	**9.8**	**8.0**	**6.5**	**6.7**	[6]**8.4**
Cost / Income Ratio (%)	**62.8**	**60.0**	**56.7**	**67.7**	**60.3**	[5]**61.5**
Problem Loans / Gross Loans (%)	**6.3**	**6.0**	**5.6**	**4.4**	**4.0**	[5]**5.3**
Problem Loans / (Equity + Loan Loss Reserves) (%)	**41.9**	**38.9**	**38.8**	**31.3**	**25.5**	[5]**35.3**

Source: Moody's

[1] All ratios are adjusted using Moody's standard adjustments [2] Basel II; IFRS [3] Basel I; IFRS [4] Compound Annual Growth Rate based on IFRS reporting periods [5] IFRS reporting periods have been used for average calculation [6] Basel II & IFRS reporting periods have been used for average calculation

Opinion

RECENT CREDIT DEVELOPMENTS

On 21 June 2012, we downgraded BNP Paribas's (BNPP) long-term debt and deposit ratings by two notches to A2 from Aa3. The short-term Prime-1 rating was affirmed. The standalone credit assessment was lowered by two notches to C-/baa2 from C/a3. The outlook on both the standalone credit assessment and long-term debt and deposit is stable.

For more information on the rationale behind the 21 June downgrade, please see our press release "Moody's downgrades banks with global capital markets operations". In addition, please see our special comment of the same date entitled "Key Drivers of Rating Actions on Firms with Global Capital Markets Operations" for details of our analytic approach.

SUMMARY RATING RATIONALE

BNPP's BFSR of C-/baa2 reflects its universal bank model and its very strong retail and commercial banking franchises across a variety of product lines and geographies, which provide a relatively dependable earnings stream.

However, the BFSR reflects the poor macroeconomic outlook in Europe, in particular its substantial operations in Italy, the inherently volatile and more confidence-sensitive nature of the bank's substantial capital markets businesses, and its continued sizeable wholesale funding need that makes BNPP potentially vulnerable to a further deterioration in investor sentiment.

Although BNPP had central bank deposits and reserves of eligible liquid assets totalling EUR200 billion at end-June 2012, this amount is only in line with its short-term wholesale debt, excluding the current portion of long-term debt. We consider that BNPP has a higher proportion of longer-term and illiquid assets relative to what Moody's considers core funding compared with most global peers, although a portion of lending is central bank eligible and the group's position is stronger than it was in early 2011. This follows a deleveraging program that aimed to reduce its wholesale funding requirements and which appears to have been successfully executed. BNPP's EUR79 billion RWA deleverage plan is now 90% achieved and the bank is well positioned with a pro-forma fully-loaded Basel III common equity Tier 1 ratio of 8.9% at 30 June 2012.

Given that BNPP's retail and commercial banking franchises are oriented towards western Europe, BNPP is naturally exposed to the current problems affecting the euro area. In particular, it has a large exposure to the Italian economy through its subsidiary BNL, which had a EUR71 billion loan book at end-June 2012. Previously, we considered these businesses to be a source of significant, credit-positive diversification; however, we now consider that the benefits have diminished, given the common pressures affecting much of the euro area and the risks to the Italian economy in particular. In addition, BNPP is significantly exposed to European sovereign debt through a portfolio of bonds constructed for liquidity and asset-liability management purposes. Greek bonds are now just a EUR0.2 billion exposure following the private sector involvement initiative, and other riskier sovereign exposures have been substantially reduced; however, BNPP retains a significant banking book exposure of EUR11.2 billion to Italian government debt.

Under our joint-default analysis (JDA) methodology, we believe that there is a very high probability of the French government providing systemic support to BNPP, in case of need, given its significant domestic market share and wider systemic importance. This results in a three-notch uplift from baa2, thus bringing the deposit and debt ratings to A2/Prime-1.

Rating Drivers

Credit Strength

- BNPP has well-established franchises in retail and SME banking in France, Belgium and Italy, as well as in other selected markets

- Geographical and business diversification remains solid

- BNPP holds leading positions in European consumer finance, leasing and securities services

- Customer franchises in wholesale and institutional businesses remain strong, including equity derivatives, project finance, European fixed income, and European asset management

Credit Challenges

- BNPP has sizeable absolute short-term funding requirements and is thus vulnerable to market disruptions

- Capital markets activities remain inherently volatile and confidence-sensitive

- Sovereign risk in the euro area remains elevated and BNPP has large exposures to bonds of heavily indebted euro area countries; more generally, the macroeconomic environment in the euro area continues to weaken

Rating Outlook

The outlook on the BFSR is stable. This is underpinned by our expectation that the above risk factors have been fully incorporated into the current standalone rating. The outlook also incorporates our expectation of sluggish economic growth within major European economies, resulting in broadly flat revenue and a gradual increase in loan-loss provisioning. It also includes our expectation of a further improvement in capitalisation.

The outlook on BNPP's long-term debt and deposit ratings is also stable, in line with that on the BFSR, according to our joint-default analysis (JDA) methodology.

What Could Change the Rating - Up

Upwards pressure could develop on the ratings in the event of a combination of (i) a material structural improvement in the bank's liquidity and funding position; and (ii) a reduction in the weight of the capital markets business within the group.

What Could Change the Rating - Down

Downwards pressure could develop on the ratings in the event of any of the following: (i) further deterioration in funding conditions; (ii) risk-management failures or material unexpected losses, for example in the capital markets business; (iii) worsening macroeconomic conditions; (iv) failure to achieve capitalisation targets; and (v) a marked weakening in the capacity or willingness of France to provide support to the benefit of creditors.

Recent Results and Company Events

BNPP reported a good set of results in 2Q 2012, with a net income of EUR1,848 million and an annualised return on equity of 10%. At the operating level, revenues decreased by 8% year-on-year, driven by a 24% decrease in Corporate Investment Banking (CIB) revenues. Operating costs decreased 4% year-on-year, a good result, driven by a 16% decrease in CIB operating costs. Loan loss provisioning charges were 50bp of loans (51bp in 1Q 2012), excluding Greek Sovereign debt impairments: this reported level of provisioning is one of the lowest in the sector.

The liquidity pool was stable at EUR200bn at end-June, or 98% of short-term wholesale funding needs: central bank deposits increased to EUR92 billion from EUR78 billion at end-March 2012, counterbalanced by a decrease in unencumbered assets eligible with central banks to EUR108 billion from EUR123 billion in 1Q 2012. The reported loan-to-deposit ratio decreased to 115% at end-June from 116% at end-March and the funding gap was EUR83bn. Short-term and long term funding were stable, at EUR205 billion and EUR140 billion respectively. In 2012, EUR22 billion of medium- and long-term debt had been issued by early July, including debt issued in 2011 in excess of that year's funding target: the EUR20 billion 2012 issuance programme has now been completed.

The Basel 2.5 core Tier 1 ratio was 10.9% at end-June 2012. The pro-forma Basel III Common Equity Tier 1 ratio was 8.9%, one of the highest in the sector. The company's "adaptation plan" is now 90% completed, and this is reported to have had a 90bp positive impact on the Common Equity Tier 1 ratio.

Gross doubtful loans (net of guarantees and collateral) were stable. The exposure to Greek Sovereign risk was also stable at EUR200 million.

DETAILED RATING CONSIDERATIONS

Our detailed considerations for BNPP's current BFSR of C-/Baa2 are based on the latest annual and interim financial reports available. Our scorecard uses BNPP's financial ratios from 2009-11. Unless noted otherwise, data in this report is sourced from company reports and Moody's Banking Financial Metrics.

Franchise Value

We consider BNPP to have a strong set of franchises, but to have been weakened slightly by (i) systemic problems facing the euro area; (ii) funding constraints; (iii) deleveraging; and (iv) the confidence-sensitive nature of its capital markets business.

BNPP is one of the world's largest banks whose strong franchises reflect its diverse geographic diversification across countries. BNPP benefits from a robust domestic retail positioning in France, although the franchise is smaller than those of the cooperative banks that dominate the French banking system. The bank also has stable retail and commercial franchises abroad, including BNL in Italy, Fortis in Belgium, BGL in Luxembourg, BancWest in the USA, and operations in North Africa and Eastern Europe. In addition, BNPP has substantial scale businesses operating both within and beyond Europe in consumer finance, leasing, factoring and equipment finance. Moreover, it has strong positions in corporate and institutional businesses such as project finance, fixed income, commodities finance, and derivatives, as well as asset management, private banking, insurance, and securities services - although these are less inherently creditworthy because they are intrinsically more confidence sensitive, in our view.

Although BNPP has a solid degree of diversification, the strong focus on western European economies means that this benefit is currently more limited than it has been historically, given the common problems facing much of the euro area. In addition, we currently give less credit than in the past to the geographic diversification arising from the capital markets business, given that financial markets are typically more correlated than retail and commercial banking businesses, in our view.

We note that BNPP, which has historically made significant use of wholesale funding markets, now faces increasing refinancing pressure that has driven a deleveraging plan aimed at reducing EUR79 billion of risk-weighted assets (RWA) by the end of 2012. This reduction focuses on US dollar assets, reflecting the particular difficulty in sourcing term or even short-term US dollar funding. RWA reductions totalling EUR70 billion have been reportedly realized by end-June 2012, which over time is likely to result in a modest reduction in the bank's franchise and profitability in addition to the one-time budgeted losses of under EUR400 million during this transition.

Risk Positioning

BNPP's risk positioning is a broadly neutral ratings factor, in our view. However, it has nonetheless deteriorated in recent quarters due to the more challenging macro-economy and financing conditions that remain difficult.

BNPP has a well-developed risk-management structure and is overseen by the Internal Control, Risk Management and Compliance Committee, which is independent of Executive Management. In addition, there is an internal control framework under the responsibility of executive management by which the bank oversees its risk-taking activities. Several functions contribute to this framework, notably the risk-management function itself along with the compliance, finance and periodic control departments. These different functions, with about 4,500 staff (around 2% of the group's total employees), are co-ordinated by an Internal Control Coordination Committee. Risk management appears to have operated relatively effectively during the crisis. Nevertheless, we consider that even the most apparently well-functioning risk-management system can be prone to unpredictable changes in market and economic dynamics, which limits the credit we give it within our ratings.

BNPP's largest risk is credit risk, through its loan book of EUR632 billion. Over time, this has proven to be a relatively modest risk, with long-run impairment charges averaging around 55-65 bp per year, broadly in line with the current run-rate. However, we consider that similar to many other large corporate lenders, BNPP's large exposures are relatively concentrated and are a negative rating factor, despite being of typically high-grade nature.

As a major player in the capital markets, BNPP runs material market risk arising from its activity in making markets in fixed-income and equity instruments. In addition, it is a leader in equity derivatives. Over the last few years, the group has taken measures to reduce traded market risk, including significantly cutting its dividend risk exposure, reducing the convertible bond and fixed-income inventories, and reducing correlation sensitivities. In nominal terms, the non-derivative trading book, excluding reverse repos, at 30 June 2012 was EUR145 billion, marking a further reduction in 1H 2012, although the book remains large compared with many other firms active in capital markets. We understand that proprietary trading activities contribute a small portion of the bank's trading revenue, the vast majority of which is driven by client-driven market-making, and that the majority of exposures are at least partially hedged with similar offsetting positions to reduce the bank's own capital at risk.

For the group, average VaR (99% confidence interval, 1-day holding period) is now stable at around EUR50 million (it was EUR46 million in 2Q 2012), despite high market volatility. However, VaR as a measure of risk has considerable limitations, and as such, market-risk management also employs stress-testing measures whereby trading positions are subject to a range of hypothetical and historical shocks. According to the bank's published disclosures, the impact of a range of stress tests on capital markets revenue was broadly unchanged between 2010-11.

BNPP retains significant risk to equity markets through its investments portfolio, totalling EUR12.7 billion as at end-2011; this represents a reduction of 20% end-2010 levels. Amongst its large holdings is a 5.2% stake in AXA, with which BNPP has a long-established relationship.

We note that although BNPP publishes an extensive breakdown of its income statement by business line, full quarterly balance sheets are not available and half-year disclosures are not as detailed as those of some of its peers. In addition, we believe that the dynamic nature of capital markets activities reduces the value of published financial and risk information.

Liquidity

In our view, BNPP's liquidity position deteriorated in 2011 and will likely remain weak given the ongoing challenging funding conditions.

BNPP's large derivative assets and liabilities inflate its balance sheet and the bank's cash balance sheet is reported to be half of its reported balance sheet, at EUR987 billion at end-June 2012. 56% of this is funded by the bank's very large base of customer deposits, especially in Europe, totalling EUR549 billion, including debt certificates sold to retail customers but excluding customer repos and certain wholesale instruments classed as deposits. Given gross loans to customers of EUR632 billion, excluding securities reclassified as loans, this gives rise to a loan-to-deposit ratio of 115% and a funding gap of EUR83 billion. This and net trading assets (requiring funding of EUR46 billion) are met through medium and long-term funding of EUR140 billion, on top of the bank's own EUR93 billion of equity and other long-term resources. This results in a reported surplus of EUR52 billion of long-term resources against customer funding needs. However, it does not take into account other potential sources of funding needs, such as the large book of repos and other assets, nor does it adjust for the current portion of long-term debt which we estimate to be in the order of EUR30 billion, excluding which the surplus funding is likely to be more modest but still positive.

Nonetheless, due to the bank's substantial fixed-income portfolio and other capital market operations - and its historical policy of managing interest-rate risk through investing in long-dated government bonds - BNPP remains a significant user of short-term funding that finances these assets together with its liquidity pool. This is reported to be EUR205 billion at end-June 2012, a material reduction since end-September 2011, when it was reported to be EUR232 billion. We believe the majority falls due within three months. In our view this places the group at a structural disadvantage to many of its global competitors which benefit from larger deposit surpluses relative to their illiquid assets.

BNPP's reserves of liquid assets were EUR108 billion at end-June 2012, stable when compared with EUR105 billion at end-2011. At the same time, deposits with central banks have increased to EUR92 billion over the same period - including USD29 billion with the Federal Reserve - compared with EUR55 billion at end-2011. This reflects a change in BNPP's liquidity policy in favour of central bank deposits, instead of fixed-income assets that are currently more volatile. The liquidity pool thus covers almost 100% of the EUR205 billion of short-term funding, or around 85% including medium and long-term debt falling due over the next 12 months, according to our estimates. This appears adequate given that the principal vulnerability of the group's funding profile, the use of USD short-term funding, has significantly reduced following outflows in 2011, but it is not as strong as that displayed by some other banks. The bank targeted long-term debt issuance of EUR20 billion in 2012; by early-July EUR22 billion had been completed, including the pre-funding finalised in late 2011, at an average maturity of 5.7 years. Due to a significant private placement capacity (accounting for 57% of 2012 issuance), BNPP's recourse to the public markets is limited and this means its vulnerability to disruption is reduced. We believe that the bank has used the ECB's three-year long-term refinancing operation (LTRO) in order to underpin term funding in the absence of market access. However, we understand that BNPP regards its use of the ECB's LTRO as short-term, rather than structural long-term funding.

BNPP's reduced reliance on public markets is also in part a function of the deleveraging programme that the group has undertaken in response to funding restrictions. This involves the reduction of EUR79 billion of RWA by end-2012, of which EUR70 billion had been achieved by end-June 2012, with total non-recurring adaptation costs of EUR378 million since implementation.

Profitability and Efficiency

In our view, BNPP's profitability is generally sound and relatively stable, but remains subject to some pressures, from the combination of (i) the weak macroeconomic outlook and deleveraging in certain activities; and (ii) potential volatility from capital markets activities.

BNPP's historical profitability ratios are robust overall and display limited volatility, due to its strong set of franchises, good degree of diversification and sound efficiency. The ratio of pre-provision income to average risk-weighted assets was approximately 2.6% in 2011, according to our chart of accounts, slightly lower than in 2010 but materially higher than the 1.6% level of 2008. This profitability level is relatively stable - due to a good level of cost control and a cost-to-income ratio of 66% in 1H 2012 - although it represents a small deterioration compared with 2011, due to the decline in revenues in the capital markets and retail banking activities. This level of pre-provision profitability offers a solid level of loss-absorption capacity and helped the group to absorb the shock of Greek impairments in 2011.

We expect profitability to mildly deteriorate in the coming quarters due to deleveraging, rising funding costs, a deteriorating macro-economy, weak capital markets and rising risk costs. In particular, a reduction in short-term funding in favour of longer-term financing may also reduce profit margins. The announced deleveraging plan is expected to lead to the recognition of EUR400 million losses (from EUR800 million loss initially budgeted). Moreover, the reduction in the balance sheet will lead to the loss of recurring revenues of around EUR1.4 billion per year, according to the bank's estimates. We believe that profitability might benefit from higher asset margins in the medium term. While loan-loss provisioning levels are currently low, the weakening macroeconomic environment will likely push up the cost of risk, excluding sovereign exposures, in 2H 2012.

Capital Adequacy

In the context of its risk profile, we consider BNPP's capitalisation to be adequate, as the bank's intention to further boost reserves in anticipation of Basel III could be offset by macroeconomic factors outside its control and by the costs of the deleveraging plan. BNPP shows relatively good capital ratios under our own stress tests, but its nominal leverage is higher than those of some of its international competitors.

BNPP's Basel 2.5 common equity Tier 1 ratio was 10.9% at end-June 2012, an improvement of 130 bp during 1H 2012, due to the combination of retained earnings, gains on the sale of Klépierre, a reduction in risk-weighted assets, and gains on the buy-back of subordinated capital instruments. BNPP thus meets the capital target set by the EBA. The pro-forma fully-diluted Basel III common equity Tier 1 ratio was 8.9% at end-June 2012, almost in line with the targeted Basel III common equity Tier 1 ratio of 9.0% by January 2013. We estimate operating capital generation in 2H 2012 should bring BNPP's Basel III common equity Tier 1 ratio above the 9.0% target by year-end. BNPP has been included in the Financial Stability Board's list of global systemically important financial institutions and, as such, is likely to be required to maintain relatively high capital ratios.

BNPP has historically displayed high nominal leverage, given the large balances of derivatives in particular. Removing derivative balances and intangible assets, BNPP had a ratio of Tier 1 capital to total assets of 4.9% at end-June 2012, compared with 4.8% at end-2011 and 3.8% at end-2009, which we consider broadly reasonable.

As discussed above, BNPP targets balance-sheet deleveraging, aimed at reducing around EUR79 billion of risk-weighted assets (RWA) by the end of 2012. This reduction, which focuses on US dollar assets, reflecting the particular difficulty in sourcing term US dollar funding, was 90% completed at end-June 2012.

Asset Quality

BNPP's asset quality is relatively solid, but characterised by high levels of doubtful loans, albeit partly due to more protracted workout practices, in common with other French banks, and partly mitigated by collateral and provisions. In addition, the group remains exposed to some sovereign debt that has weakened in quality in recent quarters, notably Italy. We expect the loan book to deteriorate further in the coming quarters due to weakening macroeconomic trends.

BNPP's customer loan book totalled EUR657 billion, net of provisions, at end-June 2012. Total on and off-balance sheet credit commitments - a broader regulatory capital-based measure of risk - totalled EUR1,205 billion at end-June 2012. This is split between retail customers (32%), financial institutions (11%), central governments and central banks (17%), and the remaining 40% is essentially corporate exposure.

Geographically speaking, the same exposure is split between France (29%), Belgium and Luxembourg (15%), Italy (11%), North America (13%); other Western Europe (15%), with the balance of 17% spread across the rest of the world. However, although BNPP's loan exposures are spread across several countries geographies, we consider that diversification is more limited than has historically been the case, as many European countries are subject to similar pressures.

BNPP's asset quality has recently stabilized: doubtful loans to customers decreased to 6.1% of gross loans excluding repos at end-June 2012 from 6.3% at end-2011. This is still relatively high and reflects in part the protracted legal and accounting practices in France, whereby non-performing loans typically remain on the balance sheet for longer, which leads to a higher stock of NPLs but does not necessarily indicate greater risk. The decline is also likely to reflect the reduction in the carrying value of Greek sovereign bonds which were reclassified as loans in 2011. The high level of NPLs is mitigated in part by impairment provisions that cover 62% of doubtful loans, and collateral that covers a further 19%. The cost of risk, excluding the impairment on Greek government bonds, remains relatively restrained, consuming 26% of pre-provision earnings in 1H 2012, down from 22% in 2011 and 28% in 2010 and again indicating a significant capacity for risk absorption. Expressed as a proportion of loans, and excluding Greek-related charges, the cost of risk was moderate at 50bp in 1H12, in line with 52bp in 2011 and well below the 72bp reported in 2010. Impairment charges have recently increased at BNL, while decreased at BancWest and stabilized in the personal finance business where impairment charges are structurally higher; provisioning remains modest in the corporate banking business, which is more cyclical.

Instead of customer loans, BNPP's most recent, primary asset-quality weakness has been its sovereign bond portfolio. Impairments on exposures to Greece led to impairment charges of EUR3.2 billion in 2011, with a further EUR213 million losses arising from investments held in associated insurance companies. Following the completion of the debt restructuring, the carrying value of Greek bonds held by BNPP is now just EUR0.2 billion at 30 June 2012, having been partially exchanged for European Financial Stability Facility bonds. In addition, BNPP has reduced its net sovereign bond exposures to Portugal (EUR0.5 billion) and Ireland (EUR0.2 billion), which have been reclassified as loans and receivables, and which have not been impaired. These exposures thus pose only limited future risk, but the bank retains a large exposure to Italy (rated Baa2 with negative outlook) with EUR11.2 billion of sovereign holdings in the banking book (18% of common equity Tier 1). This was reduced from EUR20.5 billion at end-June 2011. This sovereign exposure is in addition to its EUR71 billion of loans through its Italian subsidiary BNL, highlighting the fact that BNPP's creditworthiness continues to be vulnerable to a further deterioration in Italy's economy and sovereign credit strength.

Global Local Currency Deposit Rating (Joint Default Analysis)

Under our joint default analysis (JDA) methodology, BNPP's long-term global local-currency (GLC) deposit rating is based on our assessment of the very high probability of systemic support for the bank, in case of need. This assessment is based on BNPP's role as a French intermediary that is integral to the banking system and its significant national market share and relative importance to French banking.

As such, the bank receives a three-notch uplift from its BFSR of C-/baa2, bringing the GLC deposit rating to A2.

Notching Considerations

BNPP's dated subordinated debt instruments are rated Baa3 and its junior subordinated debt, Ba1 following the removal of systemic support uplift from the dated subordinated debt instruments. For more details, please refer to the press release "Moody's Reviews Bank Hybrids, Subordinated Debt for Downgrade" and special comment "Reassessment of Government Support Assumptions in European Bank Subordinated Debt", both published on 28 November 2011. Dated subordinated instruments are now rated one notch below the standalone credit assessment, whilst junior subordinated instruments are rated two notches below the standalone credit assessment, depending on their features

BNPP's Tier 1 securities are rated Ba2(hyb). The rating reflects the features of these instruments, which lead to a rating three notches below BNPP's standalone credit assessment.

Foreign Currency Deposit Rating

BNPP's foreign-currency deposit ratings are A2/Prime-1 with a stable outlook.

Foreign Currency Debt Rating

BNPP's foreign-currency debt ratings are A2/Prime-1 with a stable outlook.

ABOUT MOODY'S BANK RATINGS

Bank Financial Strength Rating

Moody's Bank Financial Strength Ratings (BFSRs) represent Moody's opinion of a bank's intrinsic safety and soundness and, as such, exclude certain external credit risks and credit support elements that are addressed by Moody's Bank Deposit Ratings. BFSRs do not take into account the probability that the bank will receive such external support, nor do they address risks arising from sovereign actions that may interfere with a bank's ability to honor its domestic or foreign currency obligations. Factors considered in the assignment of BFSRs include bank-specific elements such as financial fundamentals, franchise value, and business and asset diversification. Although BFSRs exclude the external factors specified above, they do take into account other risk factors in the bank's operating environment, including the strength and prospective performance of the economy, as well as the structure and relative fragility of the financial system, and the quality of banking regulation and supervision.

Global Local Currency Deposit Rating

A deposit rating, as an opinion of relative credit risk, incorporates the BFSR as well as Moody's opinion of any external support. Specifically, Moody's Bank Deposit Ratings are opinions of a bank's ability to repay punctually its deposit obligations. As such, they are intended to incorporate those aspects of credit risk relevant to the prospective payment performance of rated banks with respect to deposit obligations, which includes: intrinsic financial strength, sovereign transfer risk (in the case of foreign currency deposit ratings), and both implicit and explicit external support elements. Moody's Bank Deposit Ratings do not take into account the benefit of deposit insurance schemes which make payments to depositors, but they do recognize the potential support from schemes that may provide assistance to banks directly.

According to Moody's joint default analysis (JDA) methodology, the global local currency deposit rating of a bank is determined by the incorporation of external elements of support into the bank's Baseline Credit Assessment. In calculating the Global Local Currency Deposit rating for a bank, the JDA methodology also factors in the rating of the support provider, in the form of the local currency deposit ceiling for a country, Moody's assessment of the probability of systemic support for the bank in the event of a stress situation and the degree of dependence between the issuer rating and the Local Currency Deposit Ceiling.

National Scale Rating

National scale ratings are intended primarily for use by domestic investors and are not comparable to Moody's globally applicable ratings; rather they address relative credit risk within a given country. A Aaa rating on Moody's National Scale indicates an issuer or issue with the strongest creditworthiness and the lowest likelihood of credit loss relative to other domestic issuers. National Scale Ratings, therefore, rank domestic issuers relative to each other and not relative to absolute default risks. National ratings isolate systemic risks; they do not address loss expectation associated with systemic events that could affect all issuers, even those that receive the highest ratings on the National Scale.

Foreign Currency Deposit Rating

Moody's ratings on foreign currency bank obligations derive from the bank's local currency rating for the same class of obligation. The implementation of JDA for banks can lead to high local currency ratings for certain banks, which could also produce high foreign currency ratings. Nevertheless, it should be noted that foreign currency deposit ratings are in all cases constrained by the country ceiling for foreign currency bank deposits. This may result in the assignment of a different, and typically lower, rating for the foreign currency deposits relative to the bank's rating for local currency obligations.

Foreign Currency Debt Rating

Foreign currency debt ratings are derived from the bank's local currency debt rating. In a similar way to foreign currency deposit ratings, foreign currency debt ratings may also be constrained by the country ceiling for foreign currency bonds and notes; however, in some cases the ratings on foreign currency debt obligations may be allowed to pierce the foreign currency ceiling. A particular mix of rating factors are taken into consideration in order to assess whether a foreign currency bond rating pierces the country ceiling. They include the issuer's global local currency rating, the foreign currency government bond rating, the country ceiling for bonds and the debt's eligibility to pierce that ceiling.

About Moody's Bank Financial Strength Scorecard

Moody's bank financial strength model (see scorecard below) is a strategic input in the assessment of the financial strength of a bank, used as a key tool by Moody's analysts to ensure consistency of approach across banks and regions. The model output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating Factors

BNP Paribas

Rating Factors [1]	**A**	**B**	**C**	**D**	**E**	**Total Score**	**Trend**
Qualitative Factors (50%)						**C**	
Factor: Franchise Value						**C**	**Neutral**
Market Share and Sustainability			**x**				
Geographical Diversification			**x**				
Earnings Stability			**x**				
Earnings Diversification [2]							
Factor: Risk Positioning						**D+**	**Neutral**
Corporate Governance [2]				**x**			
- Ownership and Org. Complexity				x			
- Key Man Risk							
- Insider and Related-Party Risks							
Controls and Risk Management			**x**				
- Risk Management			x				
- Controls		x					
Financial Reporting Transparency			**x**				
- Global Comparability	x						
- Frequency and Timeliness				x			
- Quality of Financial Information				x			
Credit Risk Concentration				**x**			
- Borrower Concentration				x			
- Industry Concentration				x			
Liquidity Management					**x**		
Market Risk Appetite		**x**					

Factor: Operating Environment						**B-**	**Weakening**
Economic Stability			**x**				
Integrity and Corruption		**x**					
Legal System		**x**					
Financial Factors (50%)						**C-**	
Factor: Profitability						**C+**	**Neutral**
PPI / Average RWA - Basel II		2.88%					
Net Income / Average RWA - Basel II			1.28%				
Factor: Liquidity						**D**	**Weakening**
(Market funds - Liqud Assets) / Total Assets		- 0.16%					
Liquidity Management					x		
Factor: Capital Adequacy						**A**	**Neutral**
Tier 1 Ratio - Basel II	11.03%						
Tangible Common Equity / RWA - Basel II	8.99%						
Factor: Efficiency						**C**	**Neutral**
Cost Income ratio			59.84%				
Factor: Asset Quality						**D**	**Weakening**
Problem Loans / Gross Loans				5.98%			
Problem Loans / (Shareholders' Equity + Loan Loss Reserves)				39.86%			
Lowest Combined Financial Factor Score (15%)						**D**	
Economic Insolvency Override						**Neutral**	
Aggregate Score						**C**	
Assigned BFSR						**C-**	

[1] - Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information. [2] - A blank score under Earnings Diversification or Corporate Governance indicates the risk is neutral.

BNP Paribas

Update

Ratings

Foreign Currency

Long-Term IDR	A+
Short-Term IDR	F1+
Viability Rating	a+
Support Rating	1
Support Rating Floor	A+

Sovereign Risk

Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA

Outlooks

Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Negative
Sovereign Long-Term Local-Currency IDR	Negative

Financial Data

BNP Paribas

	30 Jun 12	31 Dec 11
Total assets (USDbn)	2,480.2	2,542.7
Total assets (EURbn)	1,970.0	1,965.3
Total equity (EURm)	82,264	76,970
Operating profit (EURm)	5,559	8,281
Published net income (EURm)	5,082	6,894
Comprehensive income (EURm)	8,111	5,146
Operating ROAA (%)	0.57	0.42
Operating ROAE (%)	14.04	10.83
Fitch core capital/ weighted risks (%)	10.47	8.88
Core Tier 1 regulatory capital ratio (%)	10.90	9.60

Analysts

Alain Branchey, Paris
+33 1 44 29 91 41
alain.branchey@fitchratings.com

Eric Dupont, Paris
+33 1 44 29 91 31
eric.dupont@fitchratings.com

Key Rating Drivers

Standalone Strength Drives Ratings: BNP Paribas's (BNPP) Long- and Short-Term IDRs and Viability Rating (VR) reflect business diversification, sound franchises in European retail banking and corporate and investment banking (CIB), an ability to generate good earnings through different cycles, adequate funding and satisfactory capitalisation. The ratings also take into account earnings volatility from capital markets activities and a high level of impaired loans.

Good Business Diversification: BNPP has been able to strengthen its franchise during the crisis. The acquisition of Fortis Bank has propelled BNPP into a different league in terms of size and reinforced its retail banking business, which now drives results, partly compensating for lower CIB results. Moreover, the integration of Fortis Bank is leading to synergies (target of EUR1.5bn in 2012).

BNPP is a GTUB: Fitch considers BNPP to be a Global Trading and Universal Bank (GTUB), but the importance of capital markets (around 15% of pre-tax profit) is among the lowest of the GTUBs. Moreover, BNPP's leading position in euro fixed income provides more stability than is common for trading banks that do not have strong corporate franchises.

BNPP's VR was downgraded in December 2011 to reflect the challenges it faces as a GTUB including weaker capital markets revenue given the difficult operating environment. The bank has also had to adapt its investment banking business model and embark on a deleveraging plan to increase its core Tier 1 ratio (almost completed) to face new regulatory requirements.

High Impaired Loans: The impaired loans ratio remains high compared with peers' (6.1% of total gross loans at end-June 2012) but has come down slightly in 2012, and the coverage ratio is adequate at 62%. Loan impairment charges declined in 2011 and were stable in H112. They may increase given the weakening economic environment, but should remain manageable.

Adequate Funding and Liquidity: Customer deposits are the most important source of funding, and BNPP has an acceptable loans/customer deposits ratio for a large European bank (131% at end-June 2012). BNPP continues to access wholesale funding markets at competitive prices (EUR22bn in the first six months of 2012, spread of 112bp, average tenor of six years).

Satisfactory Capital Ratios: Capital ratios have improved given the retention of earnings, payment of dividends in shares, and the deleveraging plan. BNPP's fully loaded Basel III ratio of 8.9% at end-June 2012 was very close to its 9% target by 1 January 2013.

What Could Trigger a Rating Action

Higher Risk/Weaker Capital: Significant asset quality deterioration, for example linked to BNPP's Italian exposure, consumer lending (especially in Spain and Italy), or unexpected problems from CIB, could lead to a downgrade of its VR. In addition, the bank's Fitch core capital ratio will need to remain at least at 9%-10% post-Basel III for BNPP to keep its current VR. An upgrade is not expected.

Support Limits Downward Pressure: If BNPP's VR were downgraded, its Long-Term IDR would remain the same, owing to the bank's Support Rating Floor (SRF). The bank's SRF reflects Fitch's view that there would be an extremely high probability of state support for BNPP if required, given its systemic importance. If the bank's IDR were at its SRF, it would be sensitive to a decrease in the willingness or the ability of France to support BNPP.

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Related Criteria

Global Financial Institutions Rating Criteria (August 2012)

Rating Bank Regulatory Capital and Similar Securities (December 2011)

Treatment of Hybrids in Bank Capital Analysis (July 2012)