BNP PARIBAS | La banque d'un monde qui change

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PRESS RELEASE

BNP Paribas issues subordinated debt of €2.55 billion within the scope of the French plan to support the economy

BNP Paribas signed an agreement with the State-owned *Société de Prise de Participation de l'Etat* (SPPE) for the issuance of undated super-subordinated notes in the amount of €2.55 billion, eligible as Tier-1 capital.

BNP Paribas thus benefits from additional equity capital under competitive terms, reinforces its financial structure and continues its financing strategy for the real economy.

Characteristics of the issue

In accordance with the measures announced by the French government on October13, BNP Paribas has signed today an agreement with SPPE – a company which is wholly owned by the French state – for the issuance of undated super-subordinated notes in the amount of €2.55 billion.

This hybrid debt instrument is eligible as Tier-1 capital, up to a 35% cap.

In respect of this debt, BNP Paribas will pay SPPE, during the initial 5 years, a coupon of 7.75%, the level of which reflects BNP Paribas' financial strength.

The instrument issued has been fully subscribed by SPPE and bears the same seniority rank as other undated super-subordinated notes issued by BNP Paribas. It can be partially or fully bought-back by BNP Paribas at any time, subject to the approval of the Banking Commission's General Secretariat.

In order to set up an incentive for banks to get out of the state financing mechanism as quickly as possible, and in accordance with the European Commission's wishes, the buy-back price will gradually increase, starting on the first anniversary date of the issue:

- 1% of the nominal value between the first and second anniversaries
- 3% of the nominal value between the second and third anniversaries
- 5% of the nominal value between the third and fourth anniversaries
- 7% of the nominal value between the fourth and fifth anniversaries
- 9% of the nominal value between the fifth and sixth anniversaries
- 11% of the nominal value after the sixth anniversary

BNP Paribas commitments with respect to the French state

BNP Paribas meets the equity capital requirements imposed by the supervisor, as confirmed by the Banque de France in its release of 20 October. BNP Paribas also meets the financial publication standards validated by the ECOFIN Council of July 2008, and implements the required internal control measures.

Willing to fulfil its mission to finance the economy despite the current difficult refinancing conditions, BNP Paribas commits to 4% annual growth in its loan outstandings to the French economy. These notably include loans to individual customers (housing and consumer credit) as well as corporates.

The Group has also undertaken not to buy back shares during the period in which these securities are held by the French state, except for the buy-back of shares to honour or cover employee shareholding schemes and the Group's ongoing management operations.

Concerning this issue, Baudouin Prot made the following comment: "The French state has assumed its responsibilities in the face of an unprecedented crisis, by setting up measures which facilitate the banks' access to funding and capital, so that in turn, they can continue to finance the economy. BNP Paribas intends to fully fulfil its role in this respect, in keeping with the interests of its customers and shareholders."

About BNP Paribas

BNP Paribas (www.bnpparibas.com) is a European leader in banking and financial services. It has a global scope and is rated as one of the world's top 3 banks by Standard & Poor's. The Group is present in 85 countries and has over 171,000 employees including 131,000 in Europe. The Group holds key positions in three major segments: Corporate and Investment Banking, Asset Management & Services and Retail Banking. Present throughout Europe through all its business lines, France and Italy are its two domestic retail banking markets. BNP Paribas also has a significant presence in the United States and strong positions in Asia and in emerging markets.

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