

PARIBAS

***A European Leader  
A Powerful Platform for Further Growth  
and Value Creation***

Analyst Presentation – September 20, 1999

# Recap of Last Six Months

*BNP launches an ambitious project for banking consolidation...*

- Feb 01: Announcement of SG-Paribas
- Mar 09: BNP launches its vision to create SBP
- Aug 06: Deadline for tender Paribas and SG shares to BNP
- Aug 14: Announcement that BNP takes control of Paribas
- Aug 27: Latest “negotiations” with the Bank of France on SG shares

*... BNP does not accept “compromise” solutions and maintains commitments made to investors during roadshows over the previous 6 months. As a result ...*

*... BNP starts immediately the integration of BNP-Paribas*

- Aug 28: The execution of SBP is not allowed by the CECEI
- Aug 28: Top Management of BNP meets with Paribas top Management
- Sep 01: Integration Committee of BNP Paribas is formed according to principles of equal treatment (less than 6 days)
- Sep 20: Synergies and development objectives are set (3 weeks)

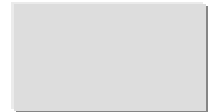
How will the BNP-Paribas combination create value?

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**1**

## **Vision and Market Position**

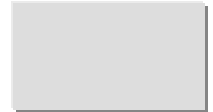
*A powerful platform in Europe*



**2**

## **Strategy Geared Towards Value Creation**

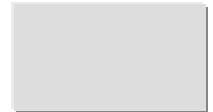
*A profitable combination*



**3**

## **Development Plans for Core Businesses**

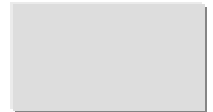
*A well diversified portfolio of leading franchises*



**4**

## **Integration Schedule**

*Clear timing and commitments*



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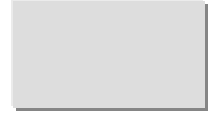
*A powerful platform in Europe*



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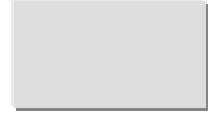
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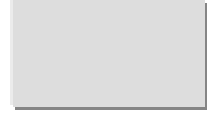
*A well diversified portfolio of leading franchises*



**4**

## **Integration Schedule**

*Clear timing and commitments*



# ***The Vision***

## ***BNP-Paribas: A Leading Bank in Europe***

### **Overall Vision**

- Leverage on a prominent presence in France and key market positions in Europe to further develop our franchise
- Actively manage our portfolio of activities through capital allocation and synergies

**Enhance  
profitability and  
maximise  
shareholder value**

### **BNP Paribas**

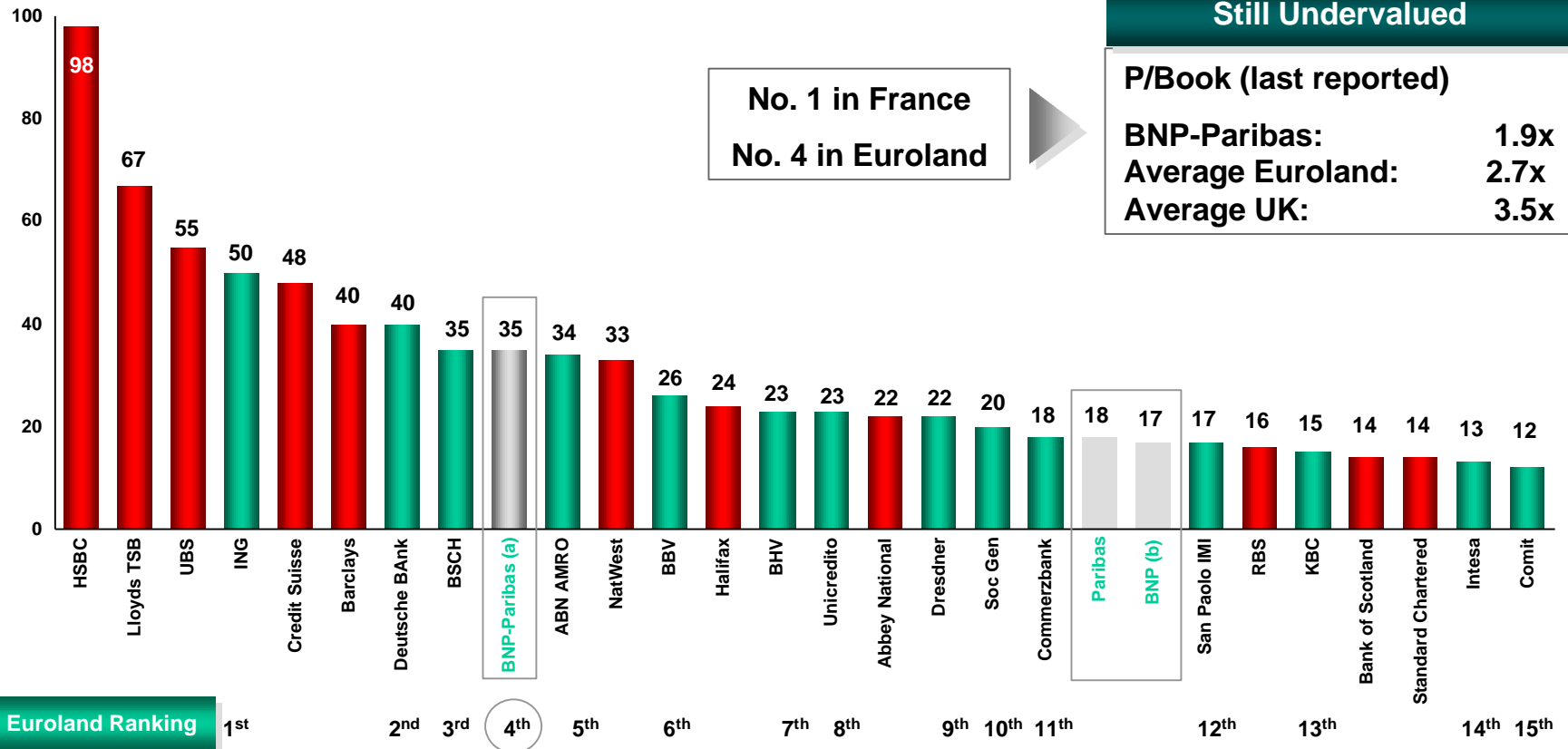
- A quantum leap in growth
  - Market capitalisation doubled
  - Positions in Europe significantly improved
- A complementary business mix with significant potential for synergies
  - Cross-selling
  - Cost-cutting
- A unique expertise and track record in key business areas
- A management team dedicated and incentivised to create value for shareholders

**Strong potential  
for development  
and well  
positioned for  
further  
consolidation**

# Market Position

## A New Leader in Europe

Market Capitalisation Doubled

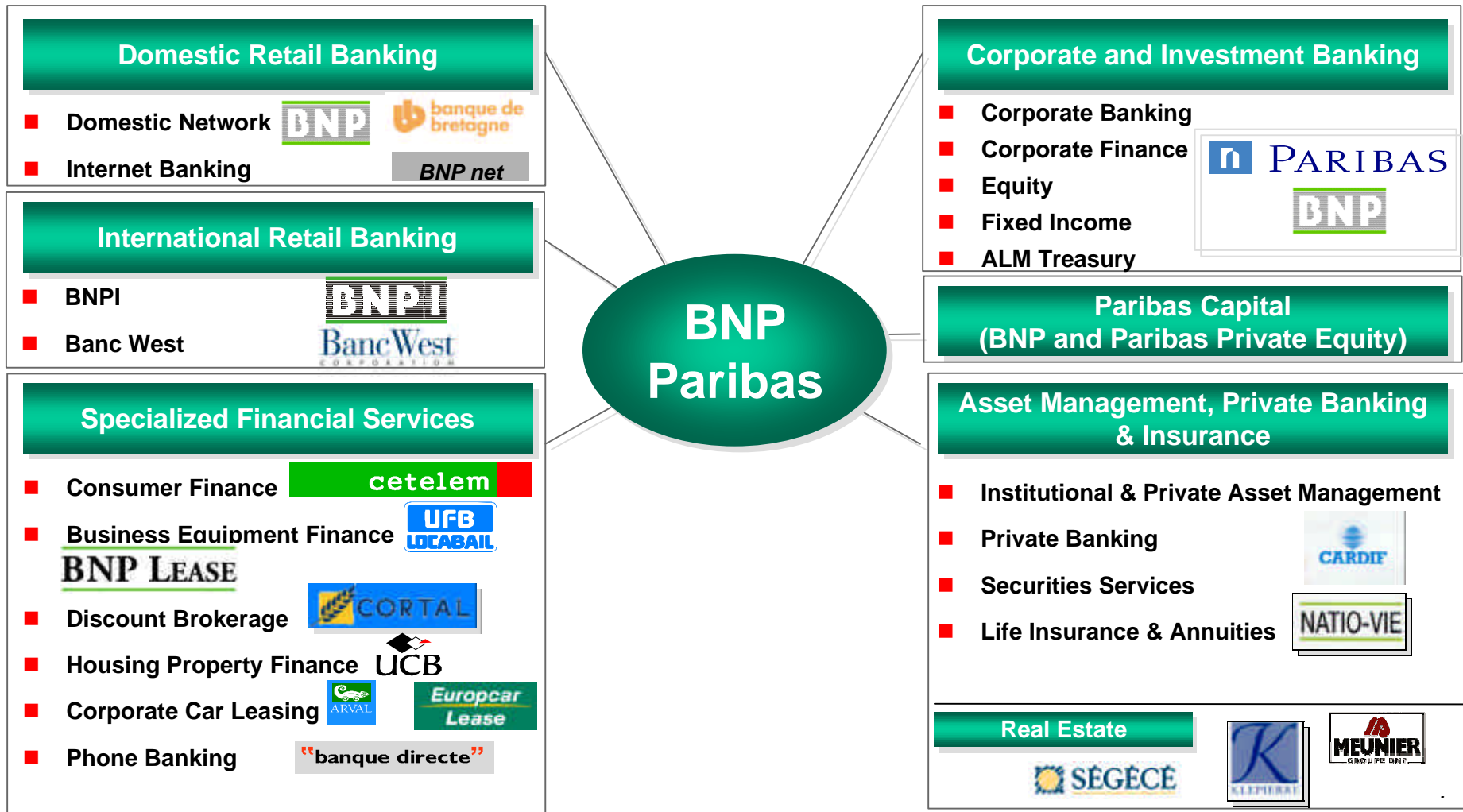


As of September 14, 1999, in billions of euros

- BNP Paribas Pro Forma
- Prior to exchange offer

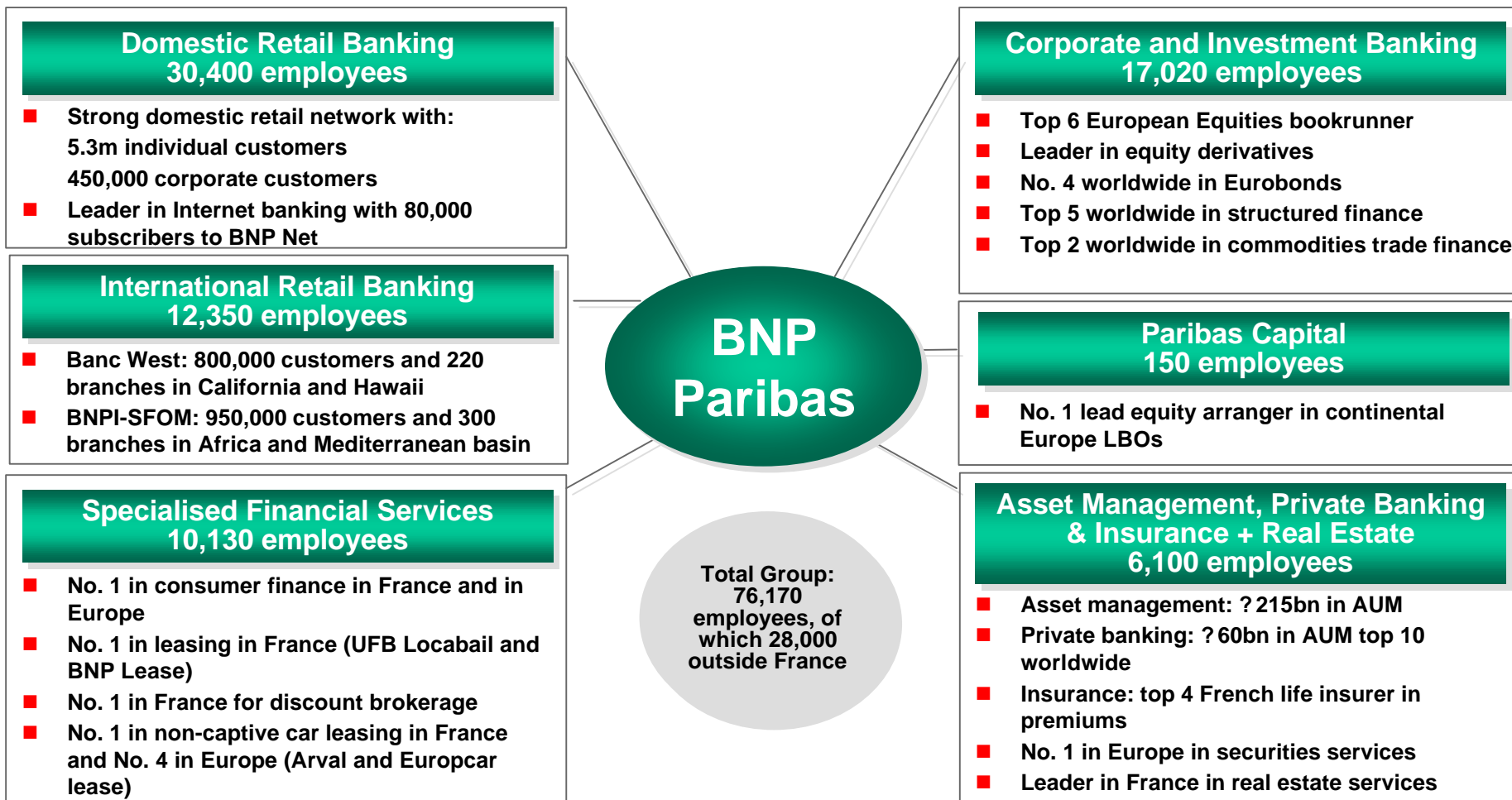
# Market Position

## Six Core Businesses



# Market Position

## Leading Player in its Six Core Businesses



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<b>4</b>	<b>Integration Schedule</b> <i>Clear timing and commitments</i>	

# ***Our Plan of Action***



## **Leverage on market position and critical mass**

- Reinforced position via larger product portfolio in each business
- Enlarged client base and enhanced cross-selling
- Complementarities between core businesses



## **Increase efficiency and productivity via cost-reduction and sharing of best practices**

- Merger of corporate and investment banking activities
- Reduction of low-margin lending portfolio
- Combination of selected retail and specialised financial services support functions



## **Implement dynamic capital allocation**

- Actively reduce investment portfolio
- Accelerate development of recurrent-revenue activities
- Dynamic strategy of external growth
- Return excess capital via share buybacks



## **Optimise risk management**

- Application of best practices
- Centralisation of risk control unit

# ***Management Principles and Organisational Approach***

## **5 Key Management Principles**

- **Transparency** – in communication and in integration process
- **Dialogue** – throughout the process and with social partners
- **Fairness** – in allocation of responsibilities
- **Balance** – between the group's various entities, leveraging the best practices
- **Accountability** – for each manager participating in the construction and development of the new group

## **Organisational Approach**

- Federal structure
- Unified management rules
- Preservation of cultures and development of common values
- International management of key positions
- Advance planning of headcount evolution
- Commitment of no forced redundancies in France, consistent with target synergies

# ***Incentivisation Schemes***

## ***Four Distinct Mechanisms***

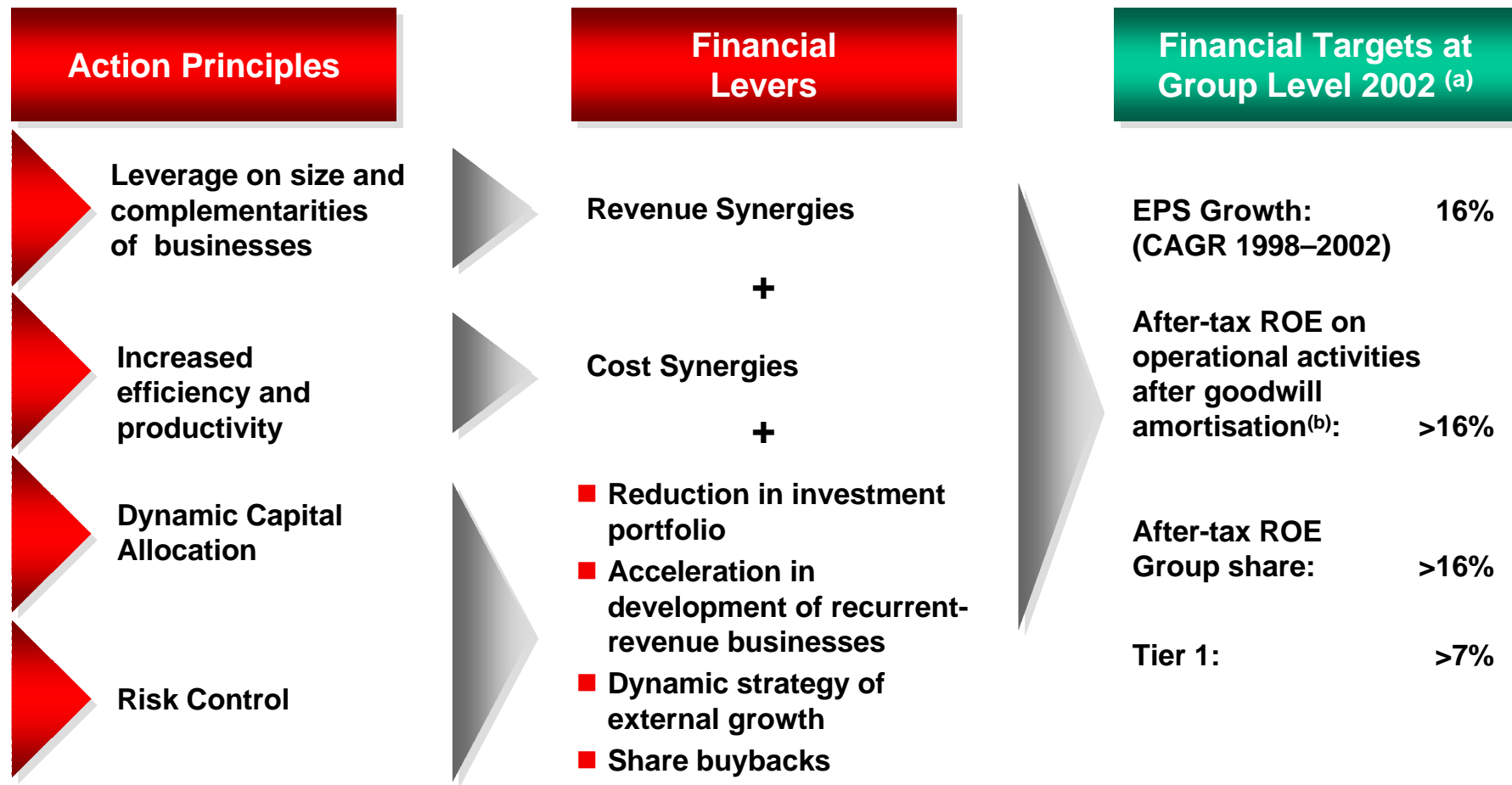
- **Specific Management Stock Option Plan tied to the success of integration**
  - Targeted to key executives
  - Awarded at market price
  - Not exercisable before 2002 and automatically lapsing if any payment becomes due on CVR
- **Encourage stock ownership for all employees worldwide,**
  - Employee share purchase plans, where feasible
- **Bonuses**
  - Based on individual performance and profitability of business units
- **Employee Profit Sharing**
  - Covering all employees in France
  - Tied to profitability criteria



**Broad incentivisation plans designed to ensure convergence  
between interests of shareholders and employees**

# Financial Targets

## *Increase Efficiency and Accelerate Development*



- After share buyback programs
- Nominal tax rate of 33%

# An Accretive Transaction

	1998	2000	2002
<b>Assumptions EPS BNP (a)</b>	€5.03	€7.05	€8.68
<b>Total Post-tax Synergies (b)</b>		€114m	€570m
<b>Share Buyback programs</b>		€2.0bn	€2.0bn
<b>EPS Post Transactions (c)</b>			€9.25 (d)
<b>EPS Accretion (c)</b>			<b>+7% (d)</b>

Note:

- (a) IBES, As of 10/8/1999. For Paribas, EPS 1998: €6.05, 2000: €7.80 and 2002: €9.30
- (b) Assuming a 33% tax rate
- Assuming pooling of interest accounting and purchase of Paribas minorities at ratio of 29 BNP: 20 Paribas
- Excludes impact of accelerated realisation of capital gains

# Realistic Synergies

**€850m of Pre-Tax Synergies in 2002**

## Synergies

Revenue-enhancing: €240m

Revenue Losses: €(90)m

**Net Revenue  
Enhancing  
(18% total)**

€150m

(1% of combined  
1998 revenues)

**Cost-Cutting:  
(82% total)**

€700m

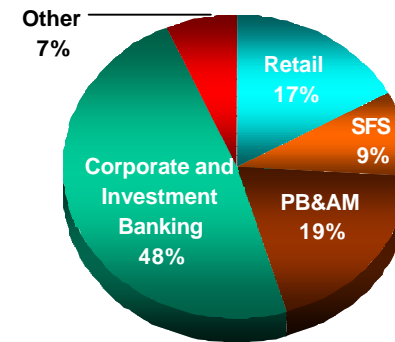
(8% of total costs  
and 14% of merged  
businesses)

**Total Quantified  
of which IT**

€850m  
€250m

(9.0% of total costs)

## Breakdown of Synergies by Businesses



**Total: €850m**

## Pre-tax Synergies

**2000**

+ €170m  
(20% of total  
2002 synergies)

**2001**

+€425m  
(50%)

**2002**

+ €850m  
(100%)

## 16

# Restructuring Charges

## Restructuring Provisions

### ■ Pre-tax:

■ IT systems and Logistics	€533m
■ Human Resources	€466m
■ External support and others	€170m
<hr/>	
■ Total pre-tax	€1,169m

### ■ Post-tax:

■ BNP	€435m
■ Paribas	€371m
<hr/>	
■ Total post-tax	€806m

## Amortisation of Intangibles

■ BNP	€160m
■ Paribas	€23m
<hr/>	
■ Total pre-tax	€183m

- For Paribas, provisions accounted for in 1998 accounts
- For BNP, provisions included in first half 1999 accounts

# ***Dynamic Capital Redeployment***

- **Reduce risk-weighted assets in Corporate & Investment Banking by 12% by 2002**
- **Reduce capital allocated to Paribas Capital by one-third, consistent with strategic realignment**
- **Apply at least €1,200m of allocated capital <sup>(a)</sup> to external growth (€700m in International Retail Banking and €500m in Specialised Financial Services)**
- **Undertake share buyback programs of €2bn in 2000 and, in absence of better investment opportunity and depending on market conditions, €2bn in 2002**

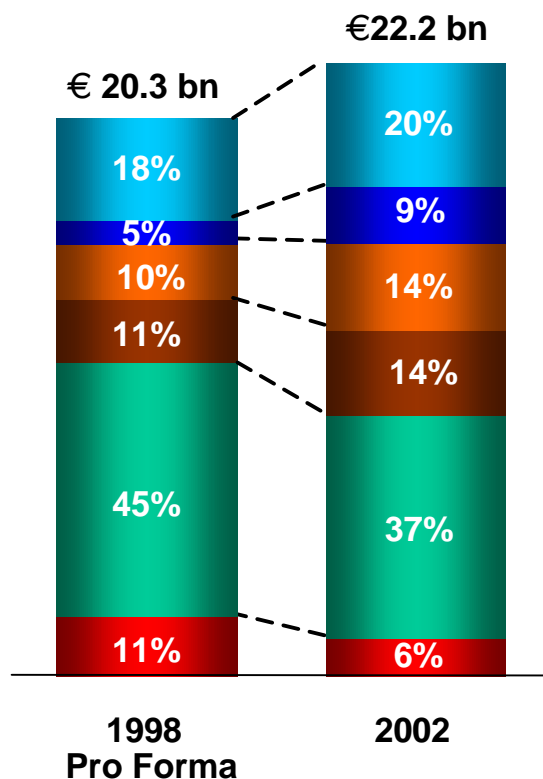


**2002 After-tax ROE Target (Group Share) : >16%**

# Dynamic Capital Redeployment

## Our Target: After-tax ROE of at least 16% in 2002

### Capital allocated to operational activities



- ROE after amortisation of goodwill
- Including external growth
- Long term ROE target

Domestic Retail
International Retail
Specialised Financial Services
Asset Management, Private Banking & Insurance + Real Estate
Corporate & Investment Banking
Paribas Capital
<b>Total (operational activities)</b>

1998 Pro Forma	
Allocated Equity	Pre-tax ROE <sup>(a)</sup>
€3.7bn	16%
€0.9bn	28%
€2.0bn	23%
€2.3bn	20%
€9.2bn	4%
€2.2bn	35%
€20.3bn	14%

2002 Projections	
Allocated Equity <sup>(b)</sup>	Pre-tax ROE <sup>(a)</sup>
€4.5bn	23%
€2.1bn	35%
€3.1bn	27%
€3.1bn	29%
€8.1bn	21%
€1.4bn	25% <sup>(c)</sup>
€22.2bn	25%

**2002 Group Share After Tax ROE Target**

**>16%**

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# ***Domestic Retail Banking***

## ***Enhancement of BNP Stand-alone 2002 Plan***

### **Strong Franchise**

- **Large customer base:**
  - 5.3m individual customers
  - 450,000 professionals
- **A network concentrated in the richest areas, flexible and service oriented (64% of total employees in front office against 47% in 1993)**
- **Leader in upmarket private banking: 45,000 clients and €25bn AUM**
- **Leader in Internet banking with 30% market share**

### **Acceleration of “BNP 2002”**

- **Sharing of selected support functions with the Specialised Financial Services**
- **Increase the proportion of “pure sales points”**
- **Innovation and development of new products to better serve clients and to increase profitability of customer relations**

**Cost/Income ratio: -5% pts by 2002**

# ***Domestic Retail Banking***

## ***Realistic Synergies***

### **Cost Synergies**

- **Sharing of production platforms with Specialised Financial Services**
  - Infrastructure
  - Consumer credit and SME lending
  - Sharing of best practices
- **Rationalisation of the network structure**
  - Network focused on sales and development
  - Integration of support functions
  - Headcount reduction

### **Details of Cost Cutting Synergies<sup>(a)</sup>**

Platforms - Best Practices	€30m
Information Systems	€35m
Support Functions	€20m
<hr/>	
<b>Total Cost Cutting</b>	<b>€85m</b>

### **Revenue Synergies**

- **Private clients: Development in the higher end of market through new clients and increased private banking activity**
- **Corporate clients: Leverage on Paribas know-how and strong brand name in structured finance and equities**

### **Details of Revenue Enhancing Synergies<sup>(a)</sup>**

Private Clients	€30m
Corporate Clients	€10m
<hr/>	
<b>Total Revenue Synergies</b>	<b>€40m</b>

# Domestic Retail Banking

## Improvement of BNP Profitability by 2002

### Allocated Equity

CAGR (1998-2002): 5.0%

€3.7bn

1998  
Pro Forma

€4.5bn

2002

### Pre-tax ROE between 1998 and 2002

16%

BNP 1998

4%

+ “BNP 2002”  
Stand alone  
Plan

3%

€40m

€85m

+ Cost &  
Revenues  
Synergies

23%

2002

= BNP Paribas

Revenue Enhancing

Cost Cutting

Note: Includes BNP domestic Network and Banque de Bretagne

# ***International Retail Banking***

## ***Leading Local Franchises***

<b>Banc West</b>	
Branches	220
Customers	800,000
Headcount	5,300

<b>BNP I</b>	
Branches	214
Customers	500,000
Headcount	4,500

<b>Africa</b>	
Branches	87
Customers	450,000
Headcount	2,500

- Over 1,750,000 customers
- Selected presence in key markets
- Strong brand names and leading local market shares
- High and recurring profitability

# International Retail Banking

## High Profitability and Growth

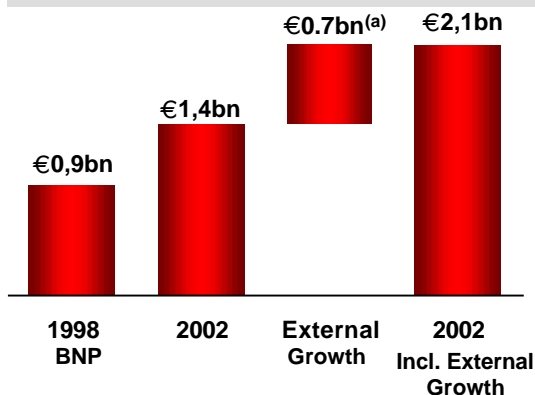
### Develop Profitability of Existing Franchise

- Re-engineering
  - IT and product standardisation
  - Streamlining of the structures
- Cross-Selling of Specialised Financial Services products
  - Leverage on dual presence with Specialised Financial Services
  - Develop activity in Consumer Finance and Personal Savings

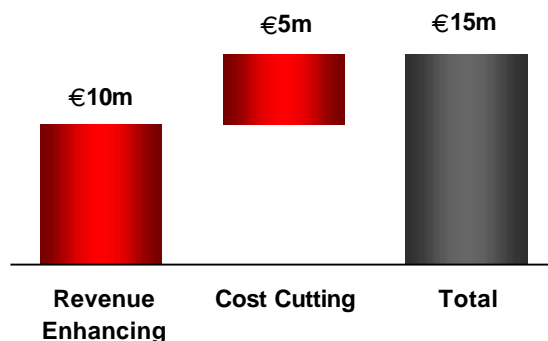
### External Growth

- Focus on development of BancWest and BNPI
- Search for opportunities in Central Europe and Asia
- Key principles:
  - Significant local market shares
  - Local approach
  - Management control
  - Strong basis for potential cross-selling of specialised financial services

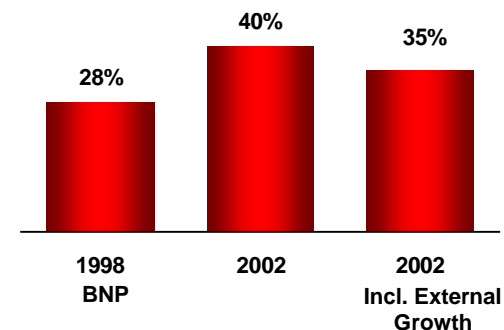
### Allocated Capital



### Synergies



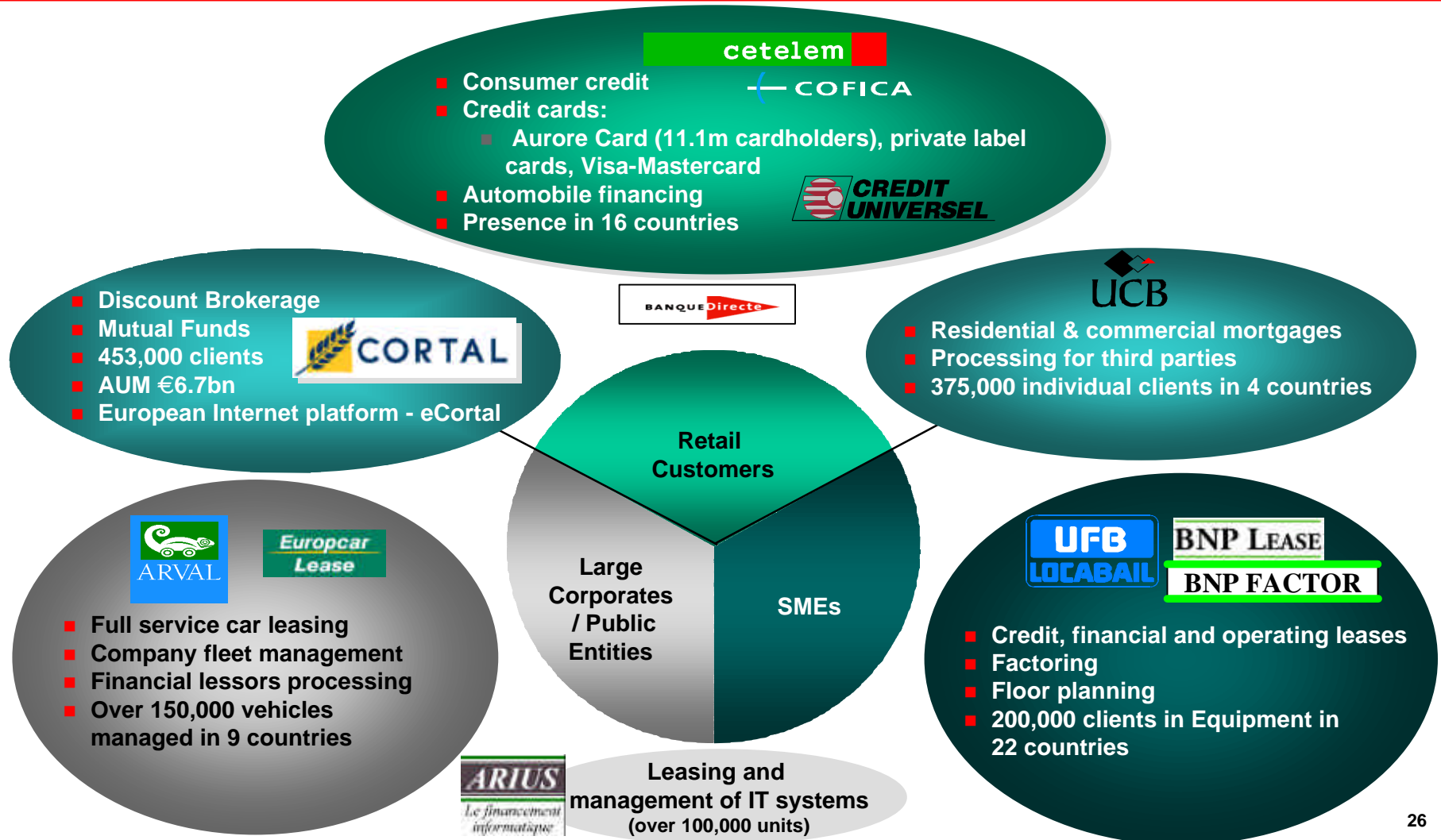
### Pre-Tax ROE Target (%)<sup>(b)</sup>



- Computed on the basis of 6% of risk weighted assets acquired
- After goodwill amortization

# Specialised Financial Services

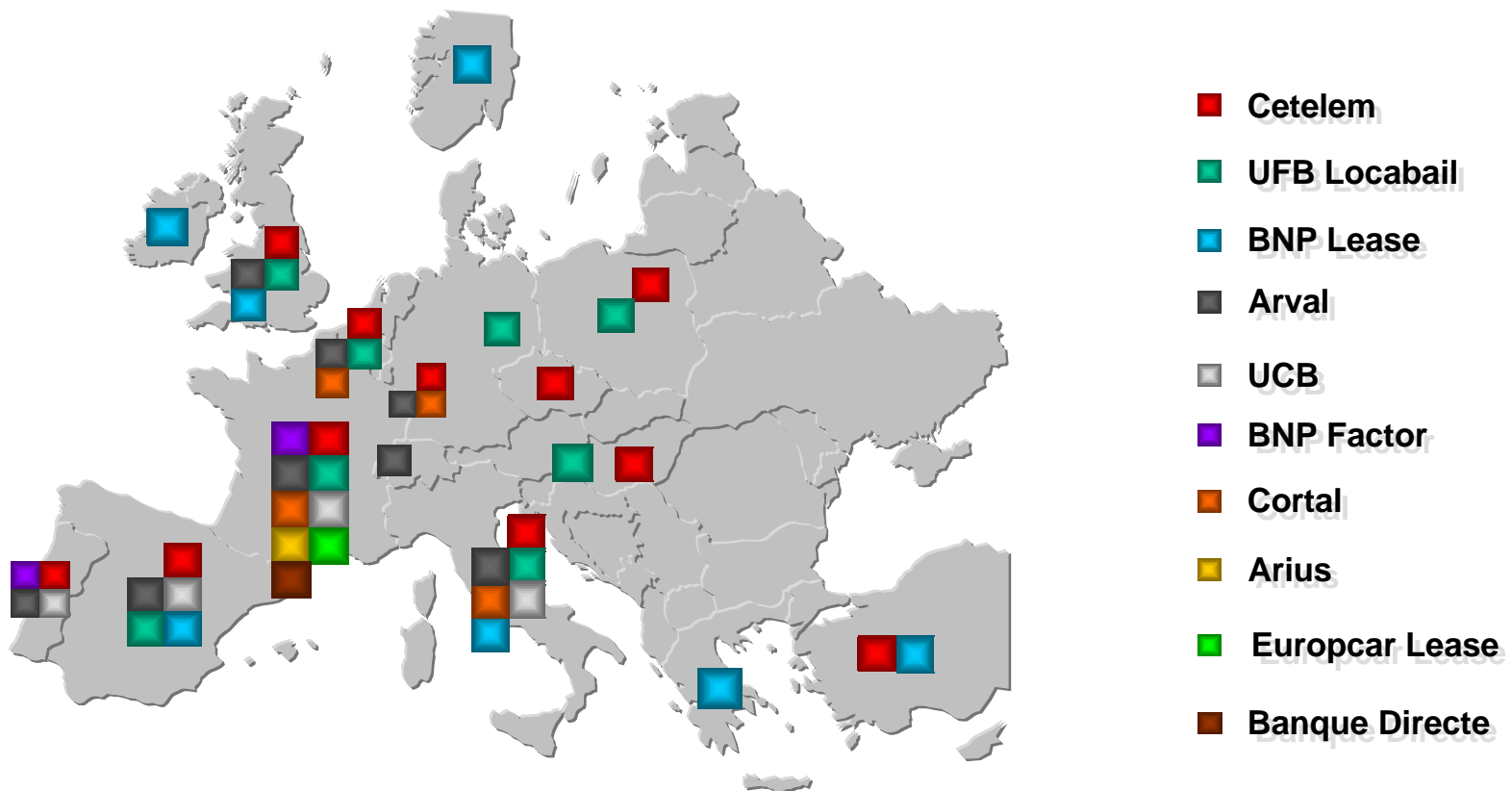
## Strong Brands and Powerful Franchises



# Specialised Financial Services

*“Europe is Our Domestic Market”*

An Extensive European Coverage



# ***Specialised Financial Services***

## ***Our Plan of Action: to Leverage on Strong Brands***

### **Plan of Action: Four Key Drivers**

- **Grow through internal development, partnerships (while maintaining appropriate Chinese Wall policy), cross-selling and acquisitions**
- **Focus on countries and businesses where BNP Paribas can be a key player**
- **Develop new products and businesses (e-cortal and Business Village)**
- **Maintain cost and risk control**

### **Objective**

**To be a European leader,  
with a presence outside  
Europe in selected  
businesses**

# Specialised Financial Services

## Synergies & Financial Targets

**Synergies: €80m<sup>(a)</sup>**

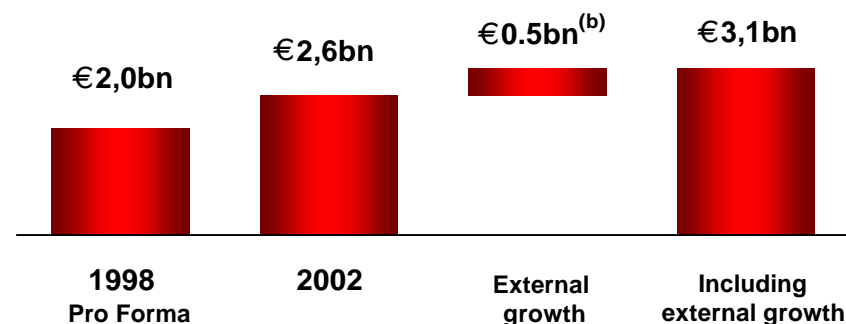
**Revenue Enhancing: €40m**

- Enhancing services for Cetelem's cardholders
- Leveraging on SFS product portfolio through BNP's world franchise
- Exchanging respective best practices

**Cost Cutting: €40m**

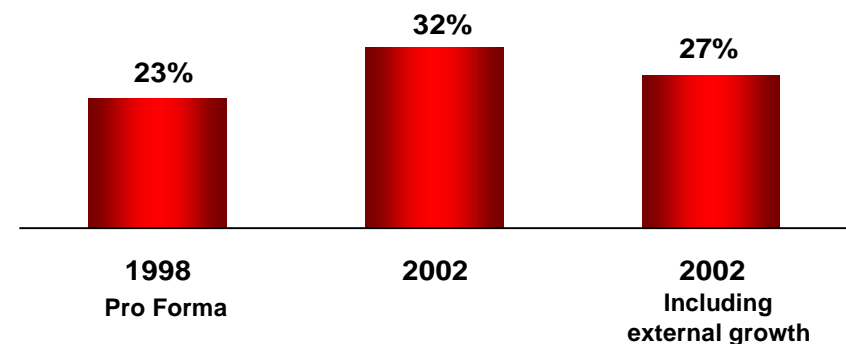
- Combine leasing activities
  - Create a single platform for mortgages
  - Others
    - Management best practices
    - Purchasing power
- SFS share, excluding Domestic Retail
  - Computed on the basis of 6% of risk weighted assets acquired
  - After goodwill amortization

**Capital Allocated**



- Planned external growth for €500m additional allocated capital by year-end 2002

**Pre Tax ROE Target<sup>(c)</sup>**



# Private Banking, Asset Management and Insurance

## BNP Paribas: A Strong Fit

### Private Banking

- €60bn AUM – Top 10 Worldwide, 21 Countries
- No.1 in French higher end market
- Strong position in Europe (Luxemburg, Monaco, Switzerland) and Asia (Hong Kong, Singapore)
- Comprehensive range of financial products and asset management services

### Asset Management

- \$215bn AUM, 20 Countries
- Expertise in diversified and alternative Asset Management and European Equities and Rates
- Strong fit between BNP (mutual funds, retail) and Paribas (institutional customers)

### Custody

- More than €1,000bn assets under Custody (Top 10 worldwide), 19 Countries
- Top 6 worldwide in global custody
- Top rated in service quality

**Retail, Private  
& Institutional  
Clients**

### Insurance

**Top 4 French Life Insurer with €6bn premium and strong brands (Cardif, Natio Vie, Natio Assurance), 22 countries**

#### Natio-Vie

- Mainly life Insurance, developments in health and personal protection
- Distribution through BNP retail network
- Exclusively present in France

#### Cardif

- Broad range of personal insurance products
- Partnership policy
- International presence and expansion

# ***Private Banking, Asset Management and Insurance Ambitions for Development***

## **Private Banking**

- **Creation of a fully integrated, international Private Bank**
- **Development in:**
  - **Domestic markets (Europe)**
  - **Offshore markets (Europe, Asia, Americas)**
- **Merged platforms**

## **Asset Management**

- **Become one of the first European global asset management players**
- **Increase our penetration in Asia and Americas**
- **Develop our mutual funds distribution in Europe**
- **Merge platforms**

## **Custody**

- **Maintain N° 1 position in Europe**
- **Ensure a growth of more than 20% p.a. in volume of activity**
- **Develop new partnerships**
- **Pursue innovation in value added services**

**Plus External Growth through Opportunistic Acquisitions  
(impact currently not taken into account in plan)**

# Private Banking, Asset Management and Custody Synergies and Profitability Targets

## Private Banking

- Revenue Synergies €15m
  - Increase of return on assets
  - Growth on new net cash
- Cost Synergies €30m
  - 10% of support costs through creation of common platforms
  - 15% of external expenses

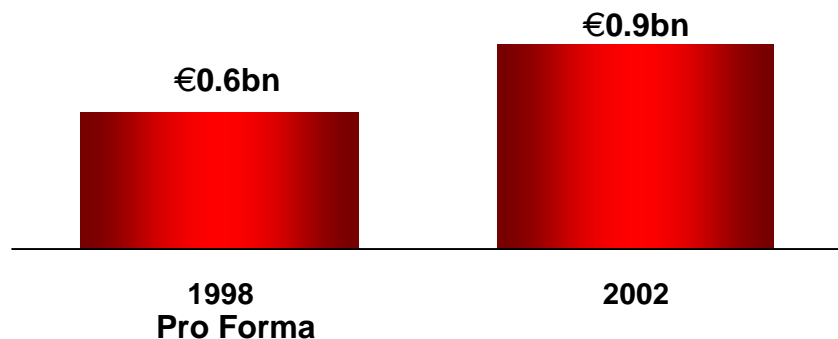
## Asset Management

- Revenue Synergies €20m
  - Enhance offer in mutual funds
  - Increase margins in institutional asset management
  - Growth of new net cash
- Cost Synergies €30m
  - Rationalisation of support function

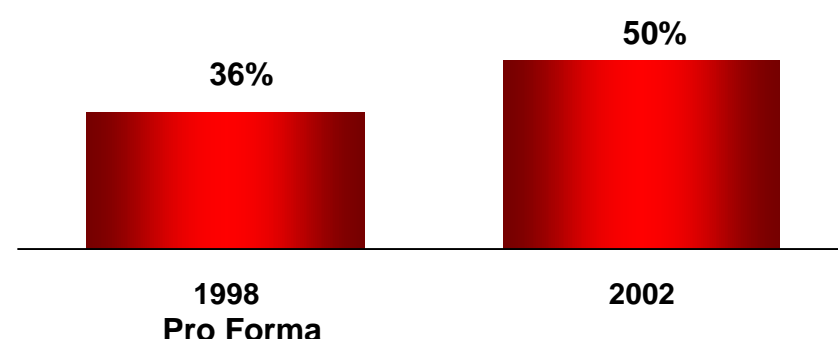
## Custody

- Revenue Losses €-5m
  - Client overlaps
- Cost Synergies €20m
  - Redefinition of investment projects
  - Sharing of IT services

## Allocated Capital



## Pre-tax ROE Target (%) (a)



• After goodwill amortisation

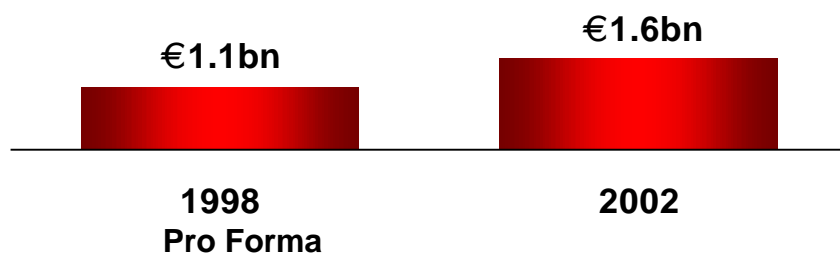
## Objectives and Strategy

- Develop Cardif activities out of France
- Consolidate market position in France of Natio-Vie (life and personal protection) and Natio-Assurance (non life)
- Become a European leader of distribution of insurance through partnerships
- Strongly increase personal protection share in revenues

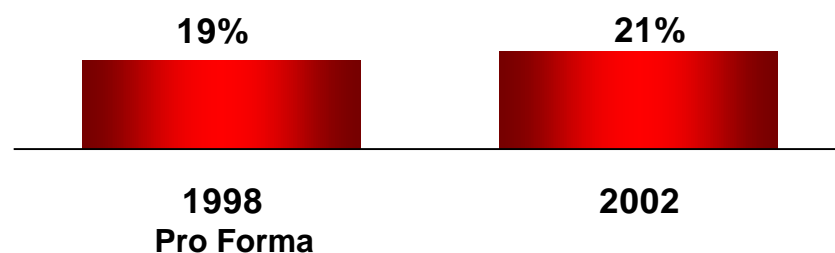
## Synergies

- Revenue enhancing €20m
  - Increase creditors insurance offer and margin internalisation
  - Increase acceleration in personal protection
  - Leverage on the International retail network
- Cost Cutting €15m
  - Integration of IT systems
  - Combination of existing platforms

## Allocated Capital



## Pre-tax ROE Target (%)





# Real Estate



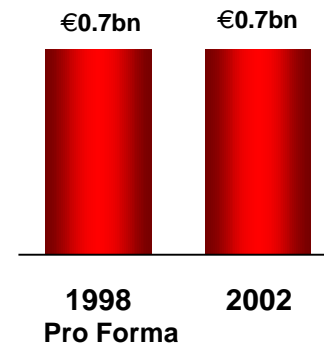
## Real Estate services

- Real Estate Fund Management
- Property management
- Appraisals
- Financial engineering

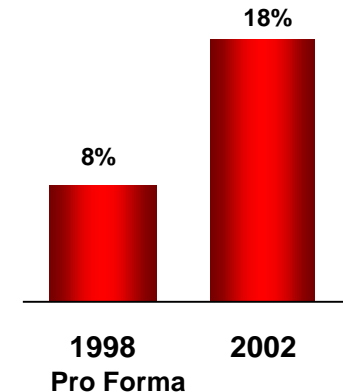
## Company/ Property Development

- Real estate company (Klépierre<sup>(a)</sup>)
  - Focus on:
    - Paris area
    - Commercial real estate and shopping centres
  - Market cap of €1.3bn
- Property development
  - Meunier (residential & commercial)
  - Ségécé (shopping centres)

## Allocated Capital



## Pre-tax ROE (%)



## Key Facts

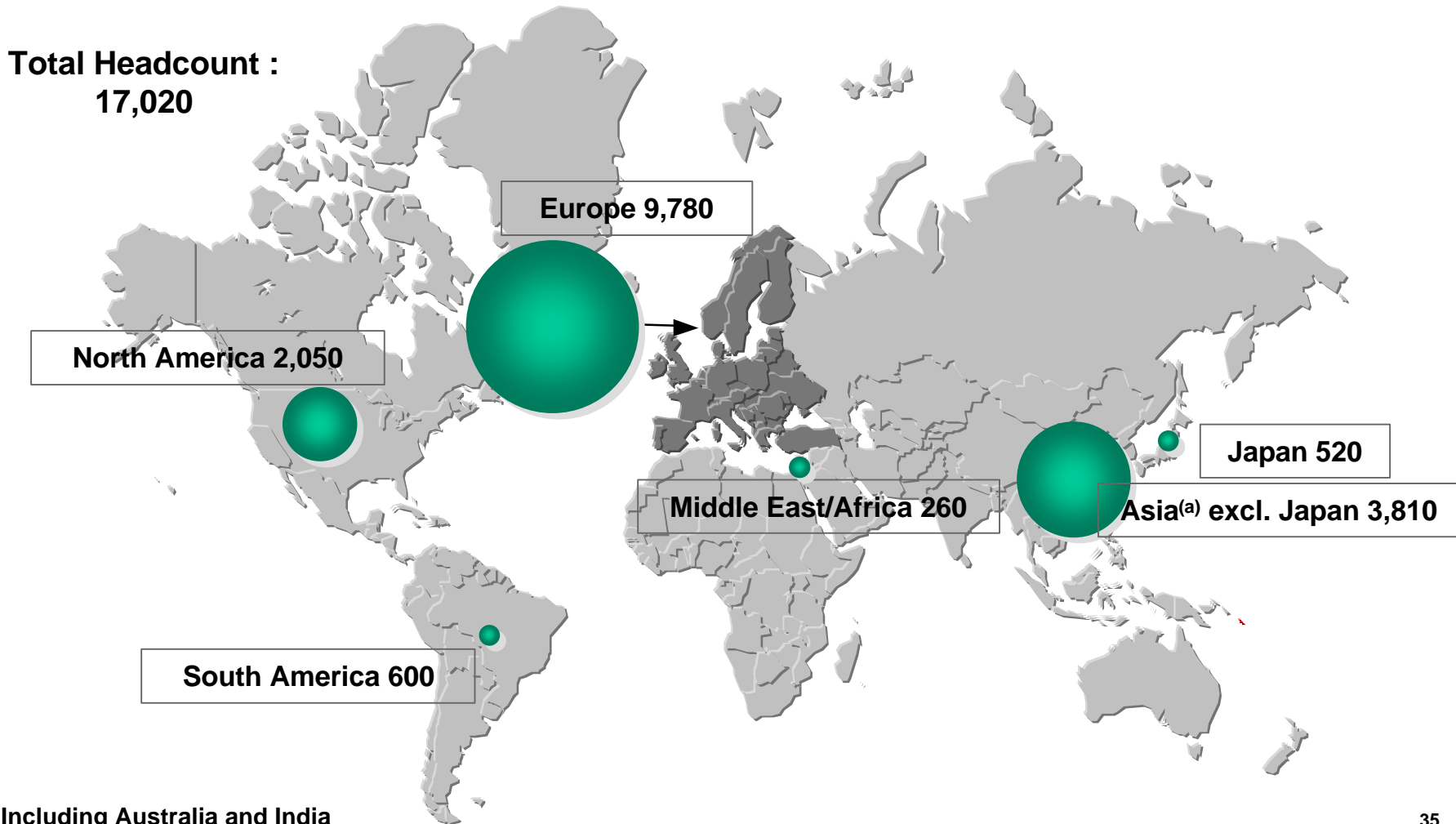
- Large portfolio of activities
- Leading brands in France: Klépierre, Meunier, Ségécé, Sinvim, Comadim
- Recurring revenues

## Synergies

- Revenue enhancing €10m
  - Internationalisation of activities
  - Expansion of property development activity
  - Business referrals
  - Development of value added products and services
- Cost Cutting € 5m
  - Savings on outsourcing purchases
  - Sharing of support functions

(a) 60.6% owned

# Corporate and Investment Banking



# ***Corporate and Investment Banking***

## ***4 Key Drivers to Create Value***

### **Strong Franchise and Critical Mass**

- **Structured Finance**
  - Syndicated loans: No. 5 in Europe, No.9 worldwide
  - Export finance: No.1 in France
- **Fixed Income (book runner)**
  - Eurobond: No.4 worldwide
  - All Issues in Euro: No.2 worldwide
- **Equities**
  - Primary book runner: No.6 worldwide (European equities)  
No.3 worldwide (European convertibles)
  - Secondary: No.1 in France, No.8 in Europe
- **Derivatives (all products): No.6 worldwide**
- **Commodities trade finance : Top 2 Worldwide**
- **No.1 in France in M&A (number of transactions)**

### **Cost Cutting and Economies of Scale**

- **Focus on cost control**
- **Merger of back and middle offices and support functions**
- **Merger of international networks**
- **Economies of scale in research**
- **IT rationalisation**

### **Improved Risk Profile and Risk Control**

- **Mechanical reduction of Value at Risk (expected ~15%)**
- **Risk control centralised on a worldwide basis**
- **Management best practices**
- **Active portfolio management**

### **Enhancement of Business Mix**

- **Focus on value added services**
- **Increase fee-based revenues**
- **Sector-based approach**

# Corporate and Investment Banking

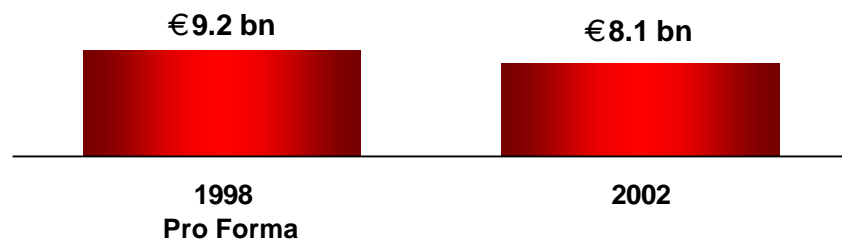
## Detail of Synergies in 2002

### Cost Cutting

	€m	% Cost Base (a)
■ General Banking	100	(17%)
■ Structured Finance	55	(11%)
■ Corporate Finance and Equities	100	(12%)
■ Fixed Income, ALM and Treasury	155	(17%)

**Total Cost Cutting:** €410m (14%)

### Allocated Capital



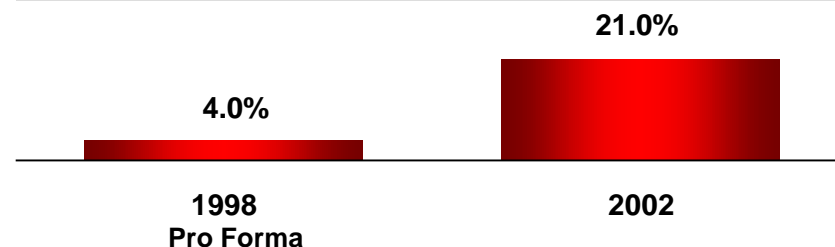
### Neutral Impact on Revenues in 2002

■ Revenue enhancing:	€90m
■ Improved position	
Primary Equity	€25m
Structured Finance	€10m
■ Reduction in funding costs	€15m
■ Cross selling	€40m

■ Revenue Losses	€(90)m
■ Large corporate clients	€(20)m
■ Large institutionals	€(25)m
■ Reduction in low margin lending	€(45)m

**Total Net Revenue Synergies:** -

### Pre-tax ROE Target (%)



(a) On respective business lines

# ***Corporate and Investment Banking***

## **Goals**

### **General Banking**

- Reduce low margin lending
- Enhance cross-selling with other businesses
- Develop cash management and trade finance services

### **Structured Finance**

- Increase market share while maintaining profitability
- Enlarge product mix offering
- Pursue specialisation

## **Plan of Action**

### **General Banking**

- Securitisation, credit derivatives and loan trading
- Pan-European approach
- Industrialisation of platforms

### **Structured Finance**

- Broaden client coverage coordination and enhance cross selling
- Develop structured financing “limited” or “non recourse”
- Product innovation

# ***Corporate and Investment Banking***

## **Goals**

### **Capital Market Activities**

- **Top 3 European bank in selected segments through:**
  - **Stronger Franchise and better client coverage**
  - **Increased competitiveness**

### **Primary Equity & Corporate Finance**

- **Strengthen position in M&A throughout Europe**
- **Leverage presence in Asia**
- **Enlarge client base**

## **Plan of Action**

### **Capital Market Activities**

- **Government bonds:**
  - **Increase market share**
  - **Improve productivity**
- **Corporate bonds: focus on large corporates and development of high yield and securitised products**
- **Equity derivatives: leverage existing position**
- **Swaps: industrialisation of production**
- **Secondary equity: boost global distribution of European equities and reinforce research in Europe, Asia and selected global sectors**

### **Primary Equity & Corporate Finance**

- **Segmented client coverage**
- **Sector based approach**

# Paribas Capital

## Strategic Focus: Private Equity

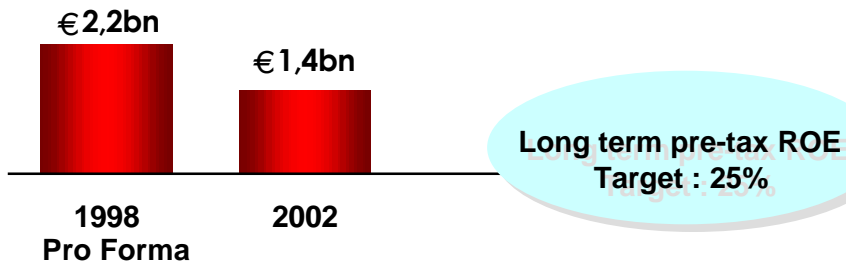
### Franchise

- Strong Industry expertise: PAI+Banexi Private Equity
- Key position in France
- N° 1 Lead equity arranger in continental Europe in 1998 (Acquisition Monthly)
- Extensive European presence

### Strategy

- Reduce equity portfolio
- Focus on private equity:
  - Buy-outs (sponsor and co-sponsor)
    - Small and medium operations
    - Large LBOs
  - Venture Capital
  - Seed Capital
- Private fund activity
- Reaffirm position as key player in Europe

### Allocated Equity & ROE Target<sup>(a)</sup>



### Portfolio Evolution<sup>(a)</sup>

- Rotation: 3-7 years
  - Market value as of June 30, 1999 € 6.4bn
  - Net divestitures (Group share 2000-2002)
    - Divestitures € 4.6bn
    - New Investments - € 1.7bn
- 
- €2.9bn

(a) Depending on market conditions

# ***Table of Contents***

<b>1</b>	<b>Vision and Market Position</b> <i>A powerful platform in Europe</i>	
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<b>3</b>	<b>Development Plans for Core Businesses</b> <i>A well diversified portfolio of leading franchises</i>	
<b>4</b>	<b>Integration Schedule</b> <i>Clear timing and commitments</i>	

# ***Next Step***

## ***A Clear Integration Schedule***

### **Key Appointments**

- Executive Committee BNP-Paribas Sep.1 ✓
- Heads of Business Units and central functions 20 Sept.-end Oct.

### **Implementation of Synergies**

- Presentation of industrial plan Sept. 20 ✓
- Launch of all working groups with detailed objectives end Sept.-end Oct.
- Start of implementation phase 1H 2000

### **Legal Integration**

- Effective merger April 2000

**Quarterly Reporting on Financial Performance  
and Integration Plan**

# ***Conclusion***

## **Our Goal**

- **Leverage the group's expanded dimension and reinforced positions to expand and solidify our franchise**

## **Our Financial Targets**

- **EPS compounded annual growth rate (1998-2002) of more than 16%**
- **2002 after-tax ROE (group share) of more than 16%**

**Develop a powerful platform to create value for our shareholders and to participate as an active player in European consolidation**

# ***Annexes***

# ***Information Technology Strategy***

## **IT Will Support Our**

- **Technological investments: internet banking, telephony/information systems convergence, call centers, telecommunications**
- **Development to support innovative, marketing and sales initiatives: datahouse, datamining, intranet**
- **Increase reactiveness and productivity: merger of teams, sharing of best practices and stronger development capacity**

## **Cost-Cutting**

- **Rationalization of IT platforms**
- **Centralization of IT purchase**
- **Unification and simplification of systems:**
  - **Common services for Retail and Specialized and Financial Services**
  - **Standardization of information management systems**
  - **Integration of IT tools in Financial Markets Activities**

# ***BNP-Paribas: Leading Edge in Technology***

## **e-Cortal**

- Pan-european discount brokerage platform on the Internet
- Direct access to 9 international stock markets
- Service available in 7 languages
- Opened Sept 10, 1999



## **e-Commerce**

- KLEline
  - Top quality service in dealing with funds flows and managing the back offices of merchant sites
  - More than 250 merchant sites using KLEline by the beginning of 1999
  - High quality partners in technical fields
- Cyber-Comm: securitized card payment



## **Business Village**

- Virtual Business Centre providing administrative, fiscal support
- More than 30,000 subscribers
- Animation of Interactive forums focussed on industry groups
- Launched in October 1998



## **BNP Net**

- French Leader in Internet Banking with 30% market share
- Over 80,000 subscribers
- Full home banking service



# ***Tender Offer for Paribas Minority Shareholders***

## ***Financially Attractive Terms***

### **Key Characteristics**

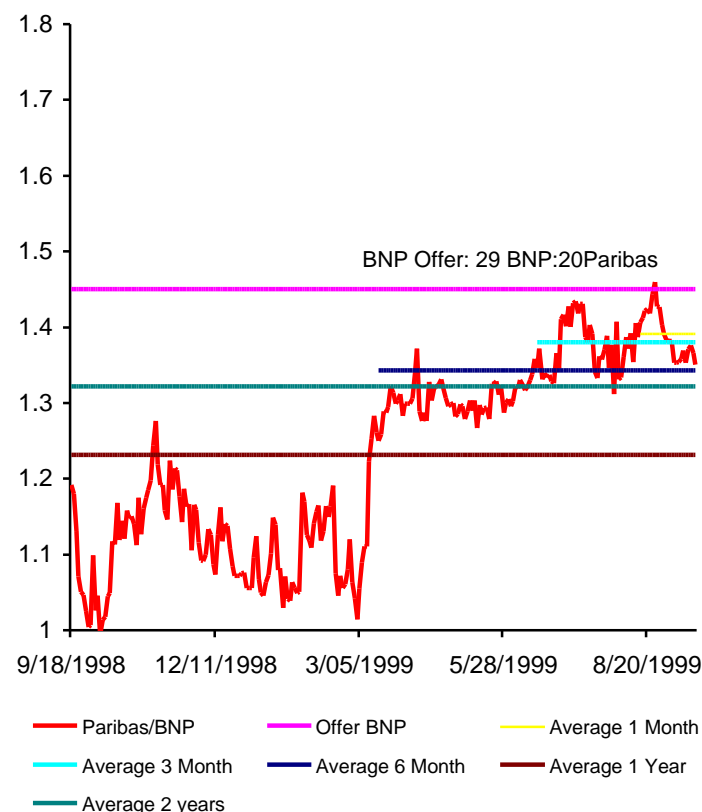
- **Terms of the offer**
  - 29 BNP shares in exchange for 20 Paribas shares<sup>(a)</sup>
  - No CVG offered
- **Premiums offered over share price<sup>(b)</sup>:**

■ September 17:	<b>+7.4%</b>
■ March 9:	<b>+33.8%</b>
■ 1-month average:	<b>+9.3%</b>
■ 3-month average:	<b>+9.0%</b>
■ 6-month average:	<b>+10.2%</b>
■ 12-month average:	<b>+29.9%</b>

### **Particularly attractive offer**

- Total and fully diluted number of shares post offer: 464m
- Source of market data: Datastream

### **BNP/Paribas Parity<sup>(b)</sup>**

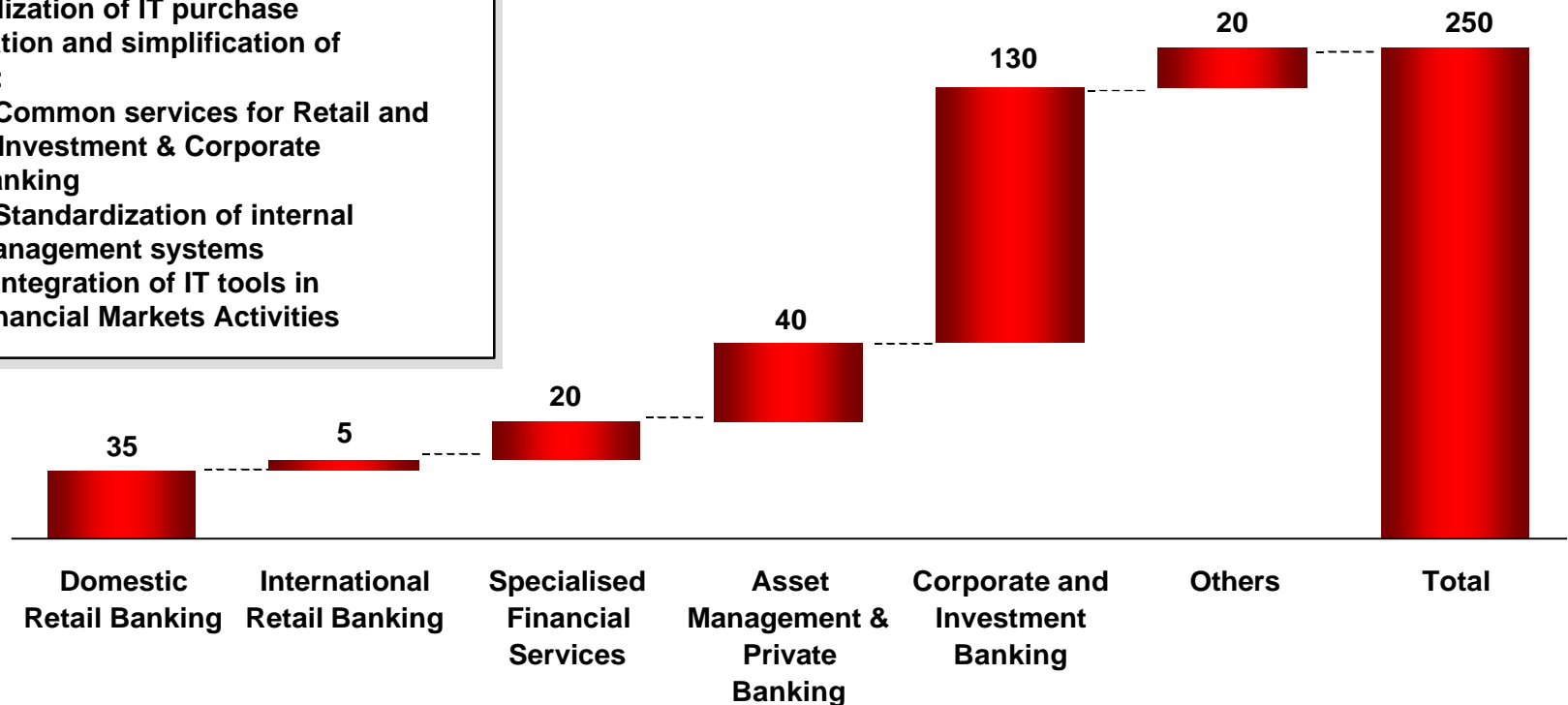


# ***Capital Allocation***

- **According to Business lines, the following methods have been used to allocate capital:**
  - **Domestic Retail Banking: 6% of risk-weighted assets**
  - **International Retail Banking: 6% of risk-weighted assets**
  - **Specialised Financial Services: 6% of risk-weighted assets**
  - **Asset Management & Private Banking: 0.25% of AUM + 6% of risk-weighted assets**
  - **Insurance: Solvency ratio**
  - **Investment & Corporate Banking: 6% of risk-weighted assets + market risk**
  - **Paribas Capital and Investment Portfolio**
    - **Control/LBO: 100% of book value**
    - **Main shareholder: 66% of book value**
    - **Venture capital: 50% book value**
    - **Minority shareholders in listed companies: 10% of book value**
    - **Portage: 5% of book value**

# IT Synergies

- Rationalization of IT platforms
- Centralization of IT purchase
- Unification and simplification of systems:
  - Common services for Retail and Investment & Corporate Banking
  - Standardization of internal management systems
  - Integration of IT tools in Financial Markets Activities



As a % of  
2002 Cost  
Base

11%

9%

14%

16%

18%

NM

17%

# An Accretive Transaction

EUR Per Share	EPS <sup>(a)</sup>					Stand-alone CAGR 98-02
	1998A	1999	2000	2001	2002	
BNP (IBES)	€4.98	€6.49	€7.05	€7.96	€8.68	14.9%
Paribas (IBES)	€6.05	€7.40	€7.80	€8.53	€9.30	11.3%

	EPS	New EPS <sup>(b)</sup>	EPS Accretion
	2002	2002	2002
BNP Paribas	€8.68	€9.25	€+7%

- IBES Estimates as of August 10, 1999
- Assuming pooling of interest accounting and purchase of Paribas minorities at ratio of 29BNP: 20 Paribas and a share buyback program of €2.0bn in 2000 and €2.0bn in 2002

# ***Restructuring Charges***

## ■ Restructuring Provision

■ Pre-tax: €1,169m

■ IT systems and Logistics	€532m
■ Human Resources	€467m
■ External support and others	€170m

■ After tax: €806m

■ BNP	€435m
■ Paribas	€371m

## ■ Goodwill Amortization €183m

■ BNP	€160m
■ Paribas	€23m

Note: For Paribas, restructuring provision and goodwill amortization replace provision written in Year end 1998 accounts (€400m after tax)  
For BNP, restructuring provision and goodwill amortization are included in first half accounts

# An Accretive Transaction

In €m	1998A	2002
Net Income BNP <sup>(a)</sup>	1,114	1,940
Net Income Paribas <sup>(a)</sup>	1,002	1,539
Post Tax Synergies		570
<b>Total</b>	<b>2,116</b>	<b>4,048</b>
Share buy back program <sup>(b)</sup>		(120)
New Number of Shares		425m
New EPS		€9,25
EPS Accretion		+7%

- IBES Estimates (1/8/1999), day before closing
- Assuming pooling of interest accounting and purchase of Paribas minorities at ratio of 29BNP: 20 Paribas and a share buyback program of €2.0bn in 2000 and €2.0bn in 2002

# ***Corporate and Investment Banking***

## ***Key Strategic Principles***

- **Continuously enlarge the customer base with a multi-business approach**
- **Focus on value added services**
- **Optimise capital allocated to increase profitability**
- **Improve risk profile**
- **Increase fee-based revenues**
- **Focus on cost control**
- **Sector-based approach**
- **Sharing of best practices**

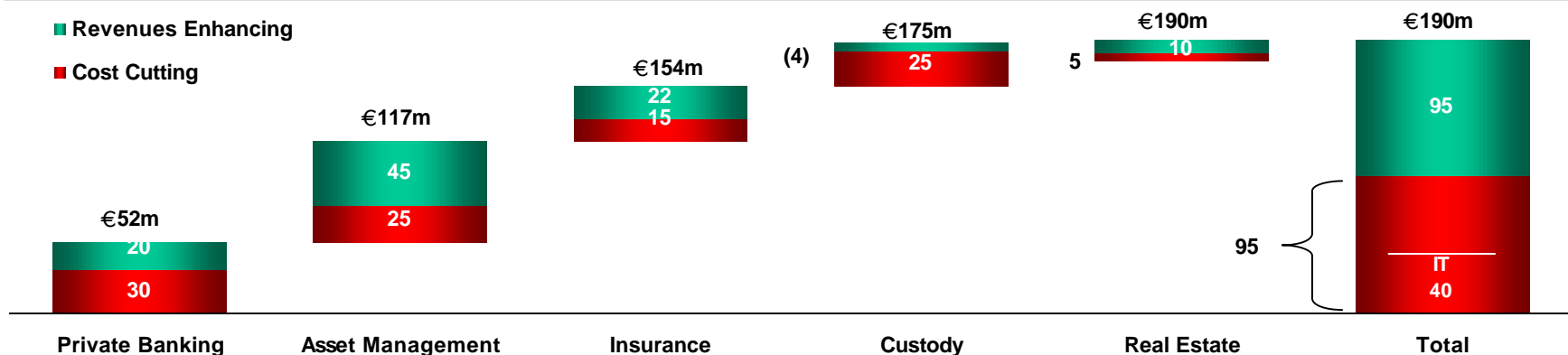
# Asset Management, Private Banking & Insurance

## Details of Synergies in 2002

### Revenue Synergies

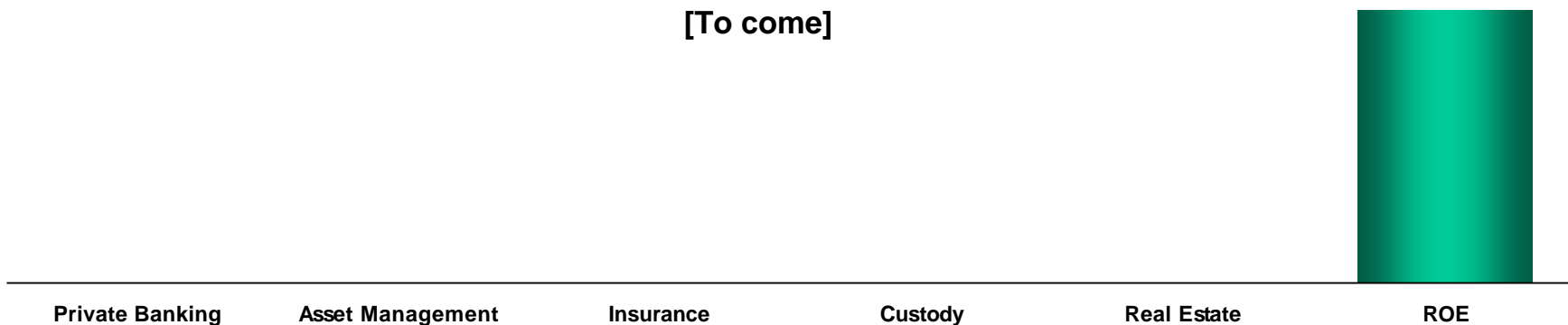
■ Revenues Enhancing

■ Cost Cutting



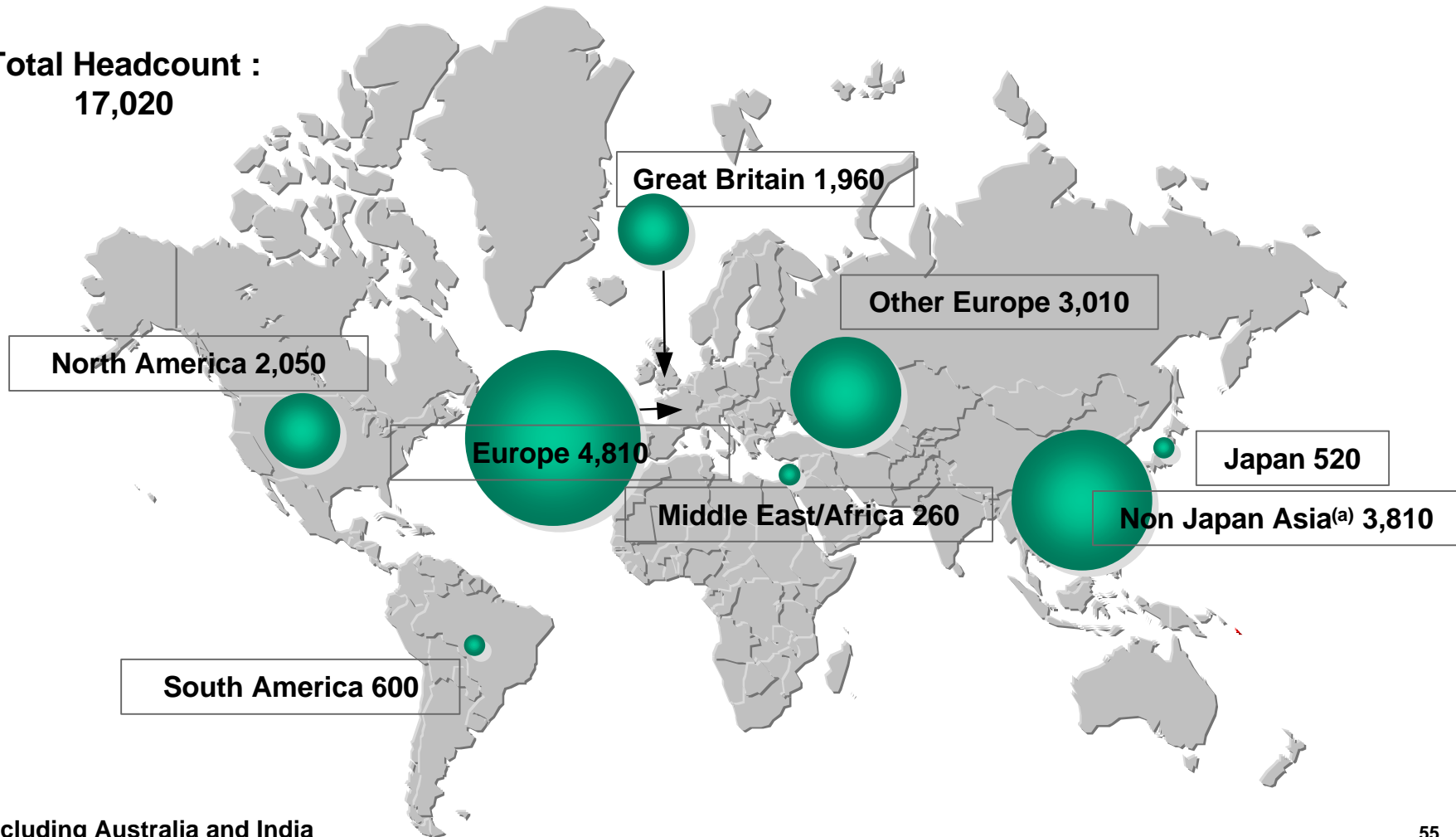
### Pre-tax income and ROE

[To come]



# Corporate and Investment Banking

Total Headcount :  
17,020



(a) Including Australia and India