BNP Paribas in Italy
Developing Our Second Domestic Market

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Please note that 2003 and 2004 figures are based on French accounting standards, while 2005, 2006 and 2007 figures are based on IFRS accounting standards.
Overview

A distinctive growth model

Applied to Italy

Strong momentum

Already a success

Conclusion
Accelerated growth

Powerful organic growth drive

Developing a second domestic market
A growth model combining:

- Powerful pan European platforms
  - RFS: Cetelem (#1 in continental Europe) Arval & BPLG (top 3)…
  - AMS: Securities Services (#1 in Europe) Private Banking (#3 in Europe) Cortal Consors (#1 in Europe)…
  - CIB: leading positions in all products

- Key retail banking expertise with FRB
- Sound organic growth and disciplined acquisition strategy
- Proven integration know-how

A distinctive growth model being applied to a second domestic market
BNP Paribas in Italy Before BNL

- More than €750 mn revenues in 2005
- Over 3,700 staff

A full range of powerful platforms with significant market positions

* 50/50 JV with Cassa di Risparmio di Firenze
A unique opportunity in the Italian market

- Personnel headcount: 17,000
- Branches: 895
  - Retail branches: 703
  - Private centres: 18
  - Corporate and P.A.* centres: 80
  - Specialised subs. centres: 94
- Client base: 2.7mn
  - Individuals: 2.5mn
  - Private Banking: 11,000
  - Small Business: 112,000
  - Corporate and P.A.*: 55,000

*Public Administrations
Acquisition of BNL: Key Figures

**Acquisition Price**
- €9 bn
- P/E = 16.9, P/BV = 1.8
- 60% financed by a €5.4 bn rights issue

**Restructuring Costs & Balance Sheet Adjustments**
- €1.2 bn

**Total Synergies**
- €480 mn by 2009

**Net Revenue Synergies**
- €210 mn

**Cost Synergies**
- €270 mn

**Strong value creation potential:**
- **accretive by 2008**
- **return on invested equity > cost of capital from 2009** *

*Including restructuring costs*
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Ambitions for Italy

- Revitalise BNL’s strong national franchise
- Strengthen our already significant market share in Asset Management and Retail Financial Services
- Become leader in Corporate & Investment Banking in Italy
- Improve profitability by optimising quality of service, cost efficiency and risk management

A new key player in the Italian banking market
Ingredients of an Italian Success Story in Place

- A new identity for BNL
  - New logo (since July 2006)
  - Successful advertising campaigns

- High motivation of staff
  - Transparent and dynamic communication
  - Cutting-edge products to meet client needs
  - Marketing campaigns

- New governance and management style

- Quality of execution

Early Start, Strong Momentum
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Alignment of management reporting and disclosure
Streamlining of the legal structure underway

BNP Paribas in working order in Italy
BNL bc:
New Distribution Model

- Transfer to Italy of the distribution model successfully adopted in France
- Critical mass reached by each Region to achieve greater economies of scale and commercial efficiency
- Pilot-projects completed successfully
- Roll-out of the new organisation underway

A simpler network, to ensure more autonomy and speed of initiatives
Goals

- Focus on client needs
  - Innovative product offering
  - Leveraging on BNP Paribas platforms (bancassurance, EQD, …)
  - Increase quality of service and customer satisfaction

- Improve marketing efficiency
  - New clients segmentation
  - Multi-channel distribution
  - Lower threshold for Private Banking

- Renew branch concept and layout (open 100 new branches)

First achievements

- Success of new product campaigns:
  - “Conto Revolution”
  - “Mutuo Revolution”
  - “Prestito Revolution”, “4WD” and “Total Return”

- Turnaround in customer acquisition: +2,000 net new accounts in 1Q07 (vs. -24,000 in 1Q06)

- Multi-channel distribution for small-businesses: 1Q07 Business Way new contracts totalling 4,300 (vs. 1,500 in 1Q06)

- AMS net inflows in 1Q07: x2.2/1Q06 thanks to the launch of Total Return life insurance

Commercial turnaround underway
BNL bc: Corporate

Goals

- New approach to client service
  - Gathering product expertise to provide one-stop shop for corporate customers
- Delivering leading-edge products
  - Structured Finance and Derivatives
  - Leasing, Factoring and Fleet management
  - Cash-management
- Leverage on BNPP international presence in over 90 countries
  - Trade-Finance

First achievements

- 21 “Centri Affari”, for Corporate and Local Authorities
  - Senior bankers appointed
  - Training on CIB products for relationship managers launched
  - Joint-clients visits with CIB started
- Opening of Italian desks in France, Tunisia, Turkey, Gulf Region
- Commercial achievements in 1Q07:
  - 670 new accounts opened
  - 60 structured finance mandates signed in, of which 32 executed
  - Growth in trade finance fees

Leveraging BNL high penetration in the corporate segment
CIB in Italy: New Set-Up in Place

The integration of two players complementing each other

- Over 100 front-line professionals connected to CIB Pan-European platforms, focusing on large-sized transactions
- A leading player in the Italian corporate lending market for mid-sized deals

472 Italian based resources (241 Front Line and 231 Support)

- Securitisation: market leader since 1992
- LBO: Top 3 player with more than 20% market share
- Project finance: Top 3 player with 13% market share
Expanding CIB customer base

- All large corporates (sales > €500mn)
- Full coverage of specialised sectors (Energy & Commodities, Media & Telecom, Shipping, Aviation, Real Estate)
- All Financial sponsors
- 110 Financial Institutions
- 40 Local Authorities

Cross-sell with BNL bc
(Retail & Private, Corporate)

- Common platform for marketing Fixed-Income products
- Dedicated Fixed-Income desk for Local Authorities
- Specialised M&A team to serve small and mid-corporate clients
- Distribution of EQD products to Retail & Private clients

Leading-edge CIB platform
with a domestic Retail & Corporate franchise:
a unique business model in Italy
AMS in Italy: All platforms in working order

- A significant contribution for the Group
  - Assets under management: €60bn
  - Assets under custody: €346bn

A unique combination of production and distribution platforms

(*) BNL Vita 50/50 JV with Unipol
AMS in Italy: A Promising Market

**Market Potential**

BNL’s Individuals market share per product:

- Average individual client penetration: 3.0%
- Managed Funds: 5.0%
- Life insurance in unit-linked: 1.0%
- Life insurance: 4.1%
- Mortgages: 5.0%

Greatest development potential: 5.0%

Source: GFK Eurisko, Assogestioni, Assofin, ANIA, latest data available

**Response**

- **New and diversified asset management product offering**
  - Optimisation of mutual fund range
  - Segmentation of the offer
- **New innovative life and creditor protection insurance products**
- **AMS specialists** located within each of the 29 retail areas
- **In 1Q07, strong net inflows in life insurance products** offset outflows in mutual funds

**Increase asset gathering market share**
# Retail Financial Services in Italy: Strong Brands and Leadership

<table>
<thead>
<tr>
<th>Service</th>
<th>Start-up</th>
<th>Employees</th>
<th>Ranking</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consumer Finance</strong>*</td>
<td>1984</td>
<td>&gt;2,000</td>
<td>#1</td>
<td>12%</td>
</tr>
<tr>
<td><strong>Mortgages</strong></td>
<td>1989</td>
<td>250</td>
<td>#3</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Leasing</strong></td>
<td>1990</td>
<td>460</td>
<td>#1</td>
<td>14%</td>
</tr>
<tr>
<td><strong>Fleet Management</strong></td>
<td>1995</td>
<td>560</td>
<td>#1</td>
<td>20%</td>
</tr>
</tbody>
</table>

* 50/50 JV with Cassa di Risparmio di Firenze  
** Leasing of equipment goods < €50,000

**Over 20 years of success in Italy**
Retail Financial Services in Italy: Significant Upside

Building on experience of partnerships between product factories and banking networks

**Leverage BNL’s client base**
- Distribute BNP Paribas’ products through BNL’s Corporate and Retail distribution channels
- Dedicate leasing and fleet management sales forces for BNL Corporate and Small Business Clients

**Contribute to the development of BNL’s client base**
- Cross-sell BNL current accounts to UCB customers
- Offer higher-quality services to BNL clients

**Develop large-scale industrial projects**
- Develop stronger integration of IRFS’ product factories and BNL
- Merge BNP Paribas Lease Group and Locafit
- Process initiated to control Findomestic

**Revenue Synergies**

**Cost and Revenue Synergies**
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BNL bc: 1Q07 Results

**Revenues**
in €mn
- **1Q06**: 592
- **1Q07**: 638
  - **+7.8%**

**Op. Expenses and Dep.**
in €mn
- **1Q06**: 408
- **1Q07**: 412
  - **+1.0%**

**Pre-tax income**
Incl. 2/3 of Private Banking in Italy
- **1Q06**: 96
- **1Q07**: 143
  - **+49.0%**

**Integration of BNL: already a success**

*1Q06 pro forma*
38% of total synergies projects already implemented as of March 07
## Cost Efficiency Project & Initiatives

### Organisation
- Investment banking activities integrated under CIB
- Major affiliates and foreign branches integrated into BNP Paribas
- Headquarter functions rationalised
- Branch network organisation simplified

### Human Resources
- 2,200 staff departures and 900 hires over 3 years
- Trade union negotiations finalised for BNL SpA
- Redundancies settled on a voluntary base with the contribution of “Fondo ABI”

### Procurement
- Consolidating Group purchasing volumes in Italy
- Leveraging BNPP global contracts/scale
  - technology
  - bank services, professional services
  - Information services

### Efficiency improvement
- **Multi-channel distribution**: replicate the French approach in Italy
- **IT**: upgrading information systems, leveraging on proven BNPP platforms
- **Real-estate**: optimising headquarter and international network sites
- **Back-office**: Re-engineering of activities underway

### 70% of projects launched
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Deploy a Successful Universal Bank Model in a Promising Market

Benefit from the revenue pool and the economies of scale of a “home market” covering 120 mn inhabitants

*Including Findomestic
Conclusion

- Early mover in the European consolidation
- Italy: a significant value creation driver
- BNL Integration: already a success
BNP Paribas in Italy

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