

cetelem

A BNP PARIBAS company 

# CETELEM

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Investor Day - 4 October 2004

- **Cetelem, a competitive advantage for BNP Paribas**
  - François Villeroy de Galhau
- **Cetelem in France**
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# Cetelem: a Competitive Advantage for BNP Paribas

**François Villeroy de Galhau**

## ■ Cetelem: some key figures

## ■ Cetelem's strengths today

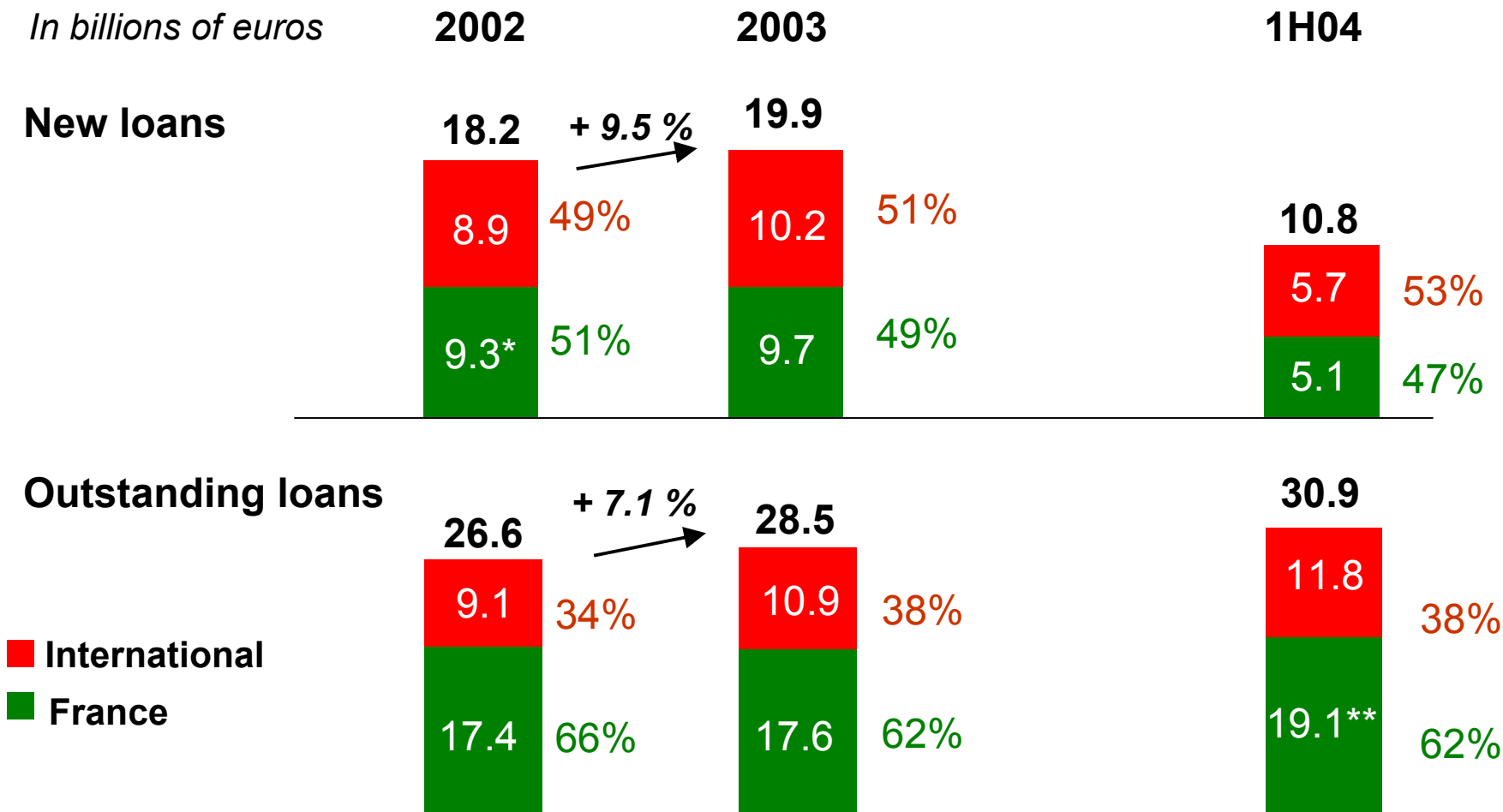
- Balanced business model as a consumer finance multi-specialist
- Strong international development
- A good mastery of processes
- Being part of BNP Paribas

## ■ Cetelem's growth levers

- “Intensive” growth to tap renewal potential of our business
- “Extensive” growth

## ■ Strong growth in activity

In billions of euros



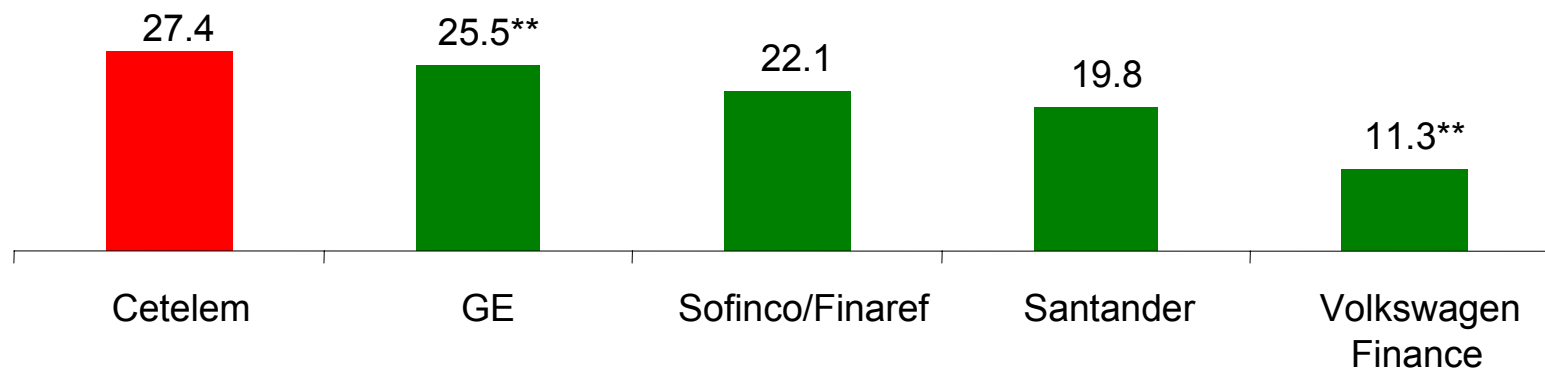
(\*) Including new business of Crédit Universel before transfer to Cetelem

(\*\*) Including €1.2bn revolving loans of FRB

## ■ Cetelem: leadership in Continental Europe

Gross outstanding loans (\*) managed in Continental Europe by Europe's five leading specialists at 31 December 2003 excluding loans managed on behalf of parent company

In billions of euros



- No 1 in France <sup>\*\*\*</sup>, Italy, and Hungary
- Top 3 in Spain, the Czech Republic and Slovakia

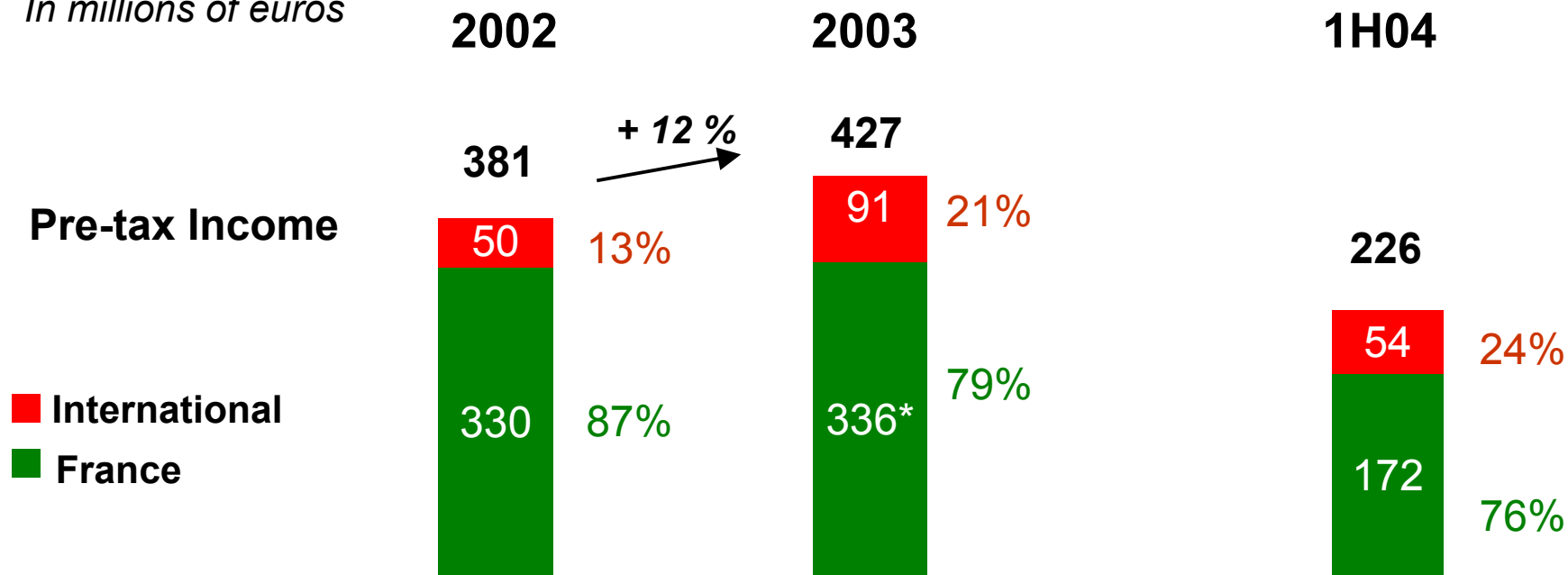
(\*) Individual loans, therefore excluding those relating to finance leases, long-term car rentals, etc.

(\*\*) BNP Paribas estimates

(\*\*\*) Excluding loans managed on behalf of the French Retail Banking division of BNP Paribas

## ■ Strong earnings growth

*In millions of euros*

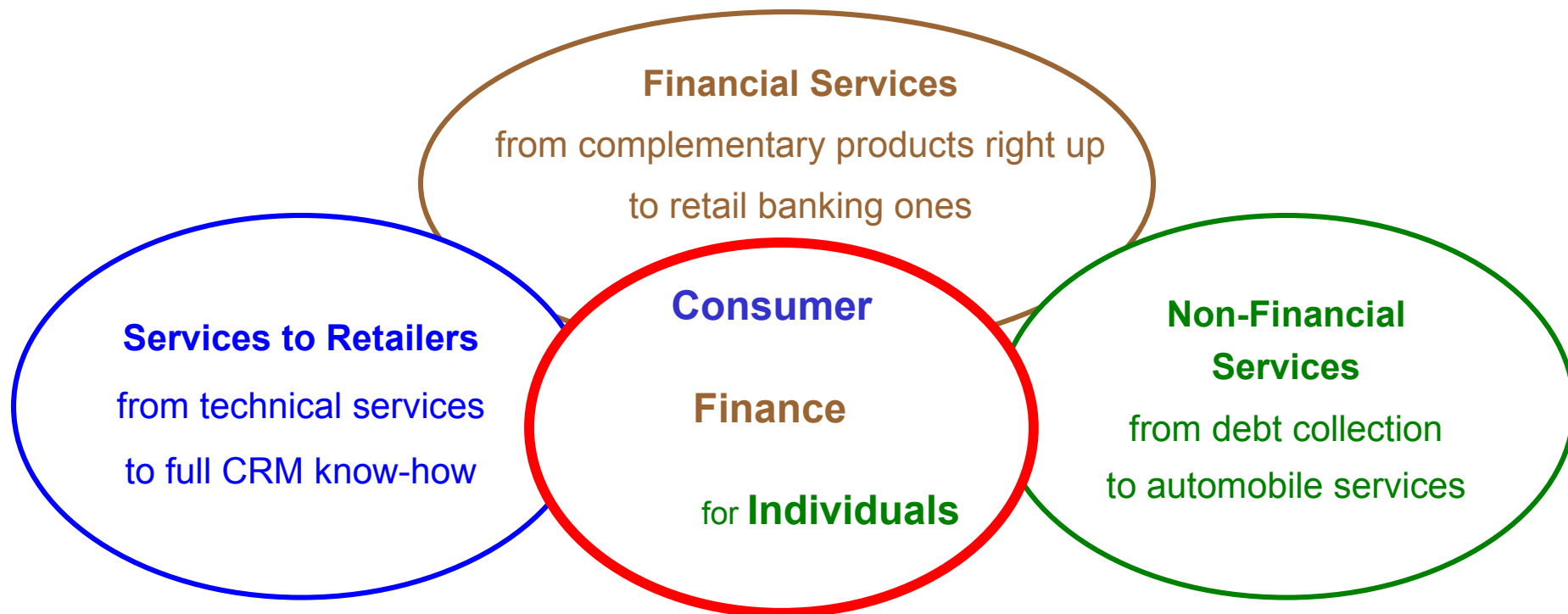


## ■ Profitability held at a high level

**Pre-tax ROE**      **30%**      **30%**      **30%**

- **Balanced business model as a consumer finance multi-specialist**

**A core business to be nurtured,  
complementary activities to be developed**







## Cetelem's Strengths Today A Balanced Business Model (2/2)

### Cover all of our core business: consumer finance

- Strong growth potential in Southern Europe, Central Europe and emerging markets
- Cetelem wants to be a multi-specialist (all products and all customer segments) and not a monoliner

### Develop complementary businesses

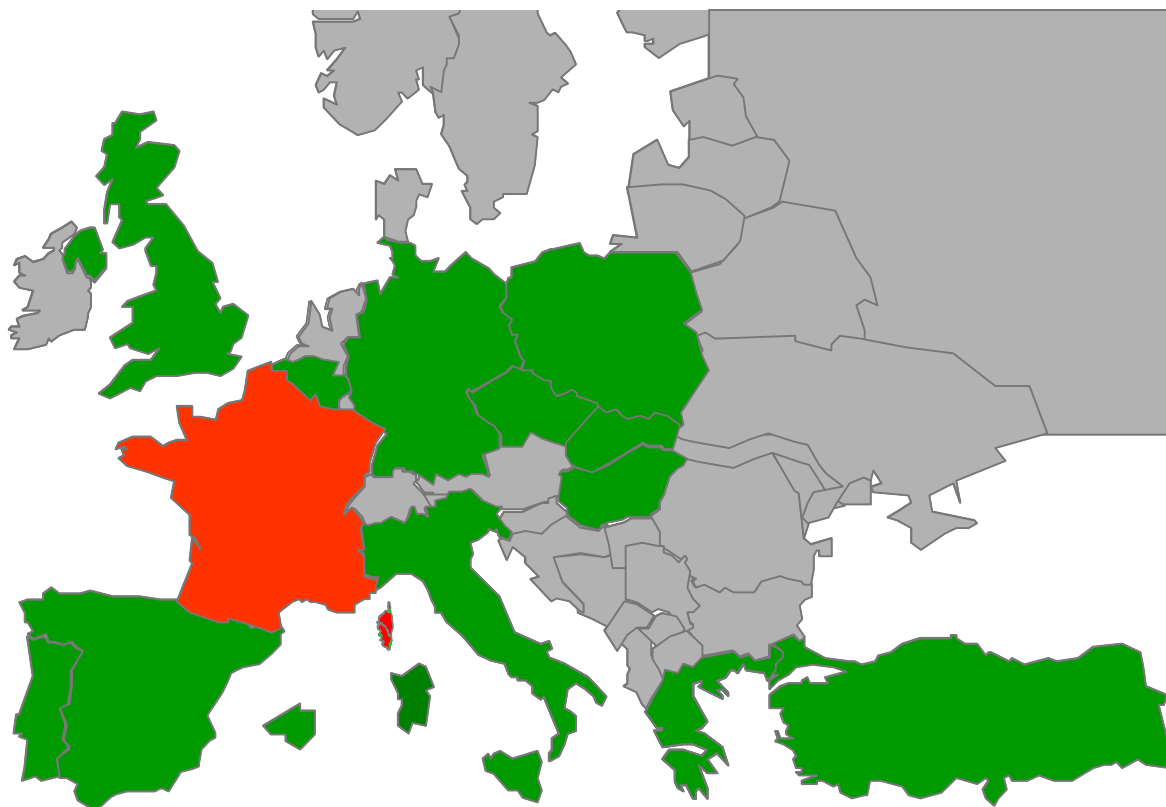
- Drawing on its multidisciplinary expertise, Cetelem has demonstrated its ability to take over or create complementary businesses: debt collection, car leasing activity
- Already profitable activities
  - new sources of medium term growth

**A balanced business model (countries, activities)  
that is more resilient to external shocks**

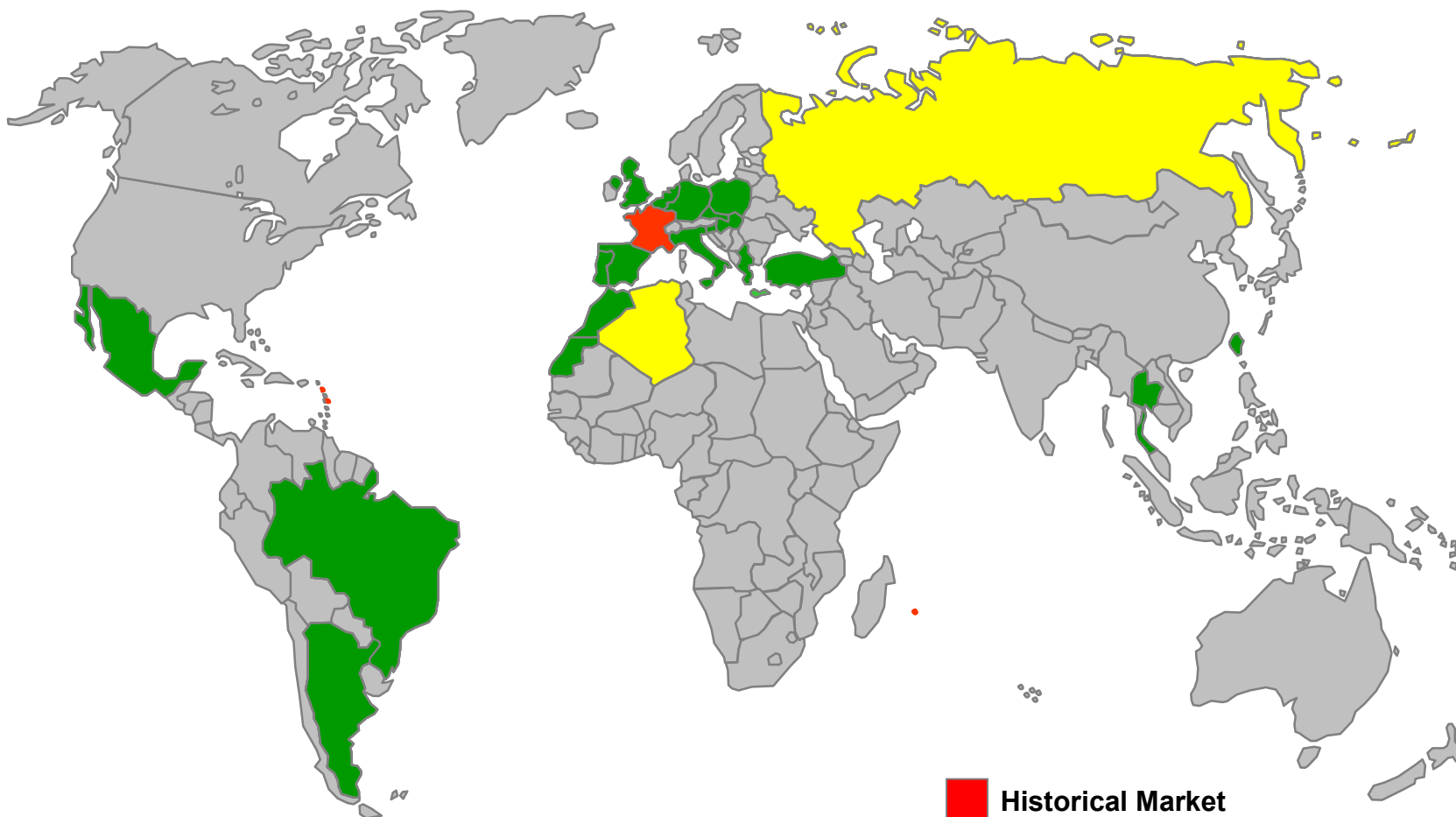


### ■ History of Cetelem's expansion in Europe

- France
- Italy
- Spain
- Belgium / Lux.
- Portugal
- Hungary
- Czech Republic
- Slovakia
- Poland
- Turkey
- Greece
- UK
- Germany



- History of Cetelem's expansion in emerging markets



- A pragmatic management of openings and closures





### Four different models

#### Some examples

#### ➔ Greenfield venture with a local partner

- Italy with the Florence Savings Bank
- Germany with Dresdner Bank



#### ➔ Greenfield venture single-handed

- Spain
- Portugal



#### ➔ Partnership with Carrefour

- Thailand
- Taiwan



#### ➔ Acquisition of a stake in an existing company

- Brazil with CACC
- Russia with RSB





## Cetelem's Strengths Today A Good Mastery of Processes

- Credit scoring tools built over a long period
- Sales network in France reorganised in 2001 to combine proximity to customers (branches) with greater productivity (platforms)
  - Same evolution in Spain and Italy
- Knowledge sharing through the creation of corporate functions (Development, Innovation and Markets, Financial Management, Resources)

2003	
Cost/income ratio :	52%
Combined ratio* :	75%

\*(Operating expenses + cost of risk) / NBI

*Given the importance of risk management the combined ratio – in association with the Operating Income – is the most appropriate indicator in the consumer lending industry*



- **Systematic search for synergies at business line level**
  - Partnership between Cetelem and FRB (French Retail Banking )
  - Partnership with BNP Paribas - Insurance / Cardif in 15 countries where Cetelem is present
  - Concerted development with International Retail Banking in Morocco and Algeria
  
- **Strong acquisitions capacity**
  
- **Competitive funding costs**



- Intensive growth: the renewal potential of our business



- Building a global and innovative offer: all products, all channels

## All products

- Card products: triptych credit/payment/loyalty
- Automotive finance: increase the number of countries marketing this product
- Additional products, starting with insurance

## All channels

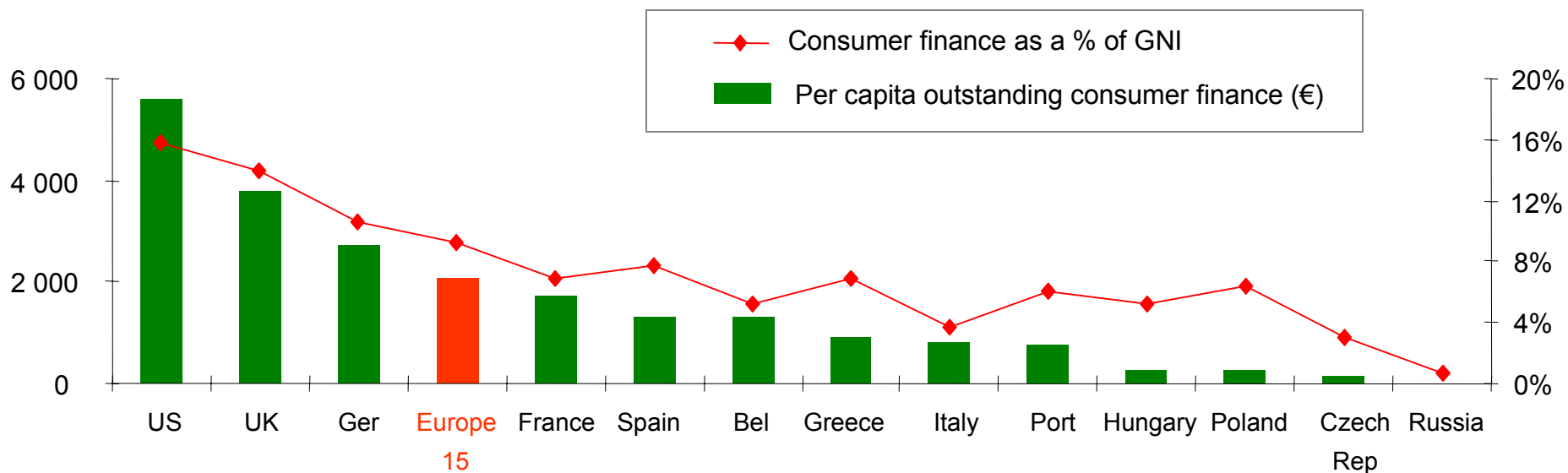
- Retailers, including new sectors and electronic commerce
- Direct selling channels, including the renewal of conventional channels
- Internet : x4 in France over 1 year
- Mobile telephony: SMS services

## Customer segmentation: the Group CRM programme

## ■ Prospects for the main markets

➤ A high potential for catching up in Southern and Continental Europe

Per capita outstanding consumer finance as a % of 2002 Gross National Income



Source: Eurostat, ECRI, 2002





### ■ The three geographical growth circles

- France, our historical market
- Continental Europe, our home market where we want to strengthen our leadership through:
  - Strong organic growth in Southern and Central Europe
  - The strengthening of our partnership with Dresdner in Germany
  - The recent acquisition in Russia
- Emerging markets, a source of future growth:
  - Pressing ahead with the development of our activities in Brazil
  - Reinforcing our presence in the Mediterranean countries: Turkey, Morocco, Algeria (in 2005)
  - Launching our activities in Mexico in October 2004
  - Project team in China

## ■ Partnerships and additional activities

### Partnerships *The three generations*

- ➔ **Retailers**
  - Agreement with Carrefour
  - Strong positioning in home furnishing market: Conforama, But, Ikea, Fly
  - Potential in the DIY market
- ➔ **Banking and insurance**
  - Banques Populaires
  - Caisses d'Epargne
  - Axa
- ➔ **Utilities**
  - EDF

### Complementary businesses

- ➔ **Debt collection services**
  - Present in 5 countries: France, Spain, Portugal, Poland and Morocco
  - €24mn of commissions earned in 2003
- ➔ **Launch of car leasing activity for individuals**

# Cetelem in France

**Yves Gaudin**



## ■ Consumer finance in France

- Market, business, regulatory framework

## ■ Cetelem in France

- Business lines, customers, market positioning

## ■ Cetelem's growth levers

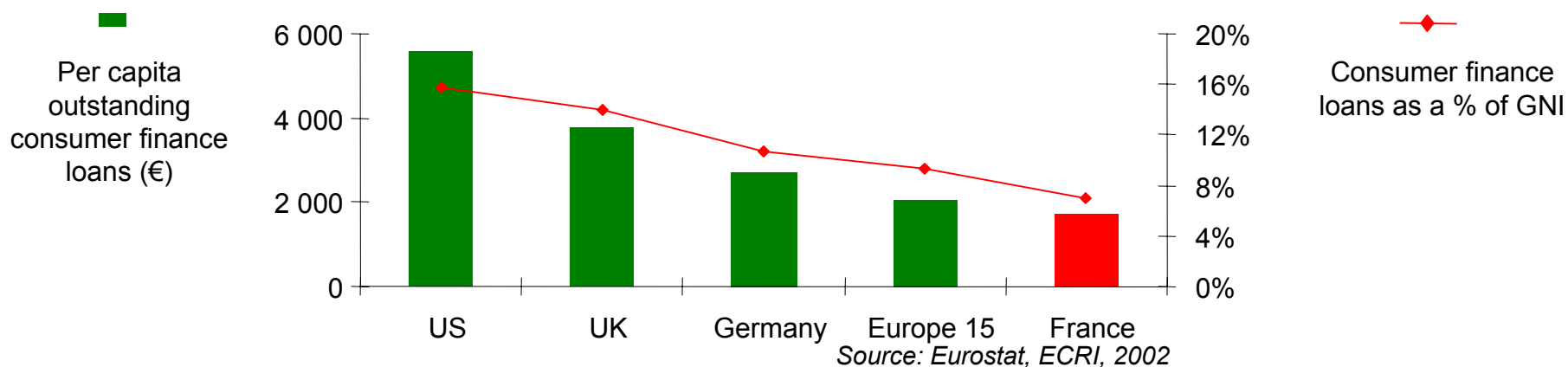
- The Net, Facet, communication, partnership with FRB, new markets, development of specialised subsidiaries

## ■ Components of earnings

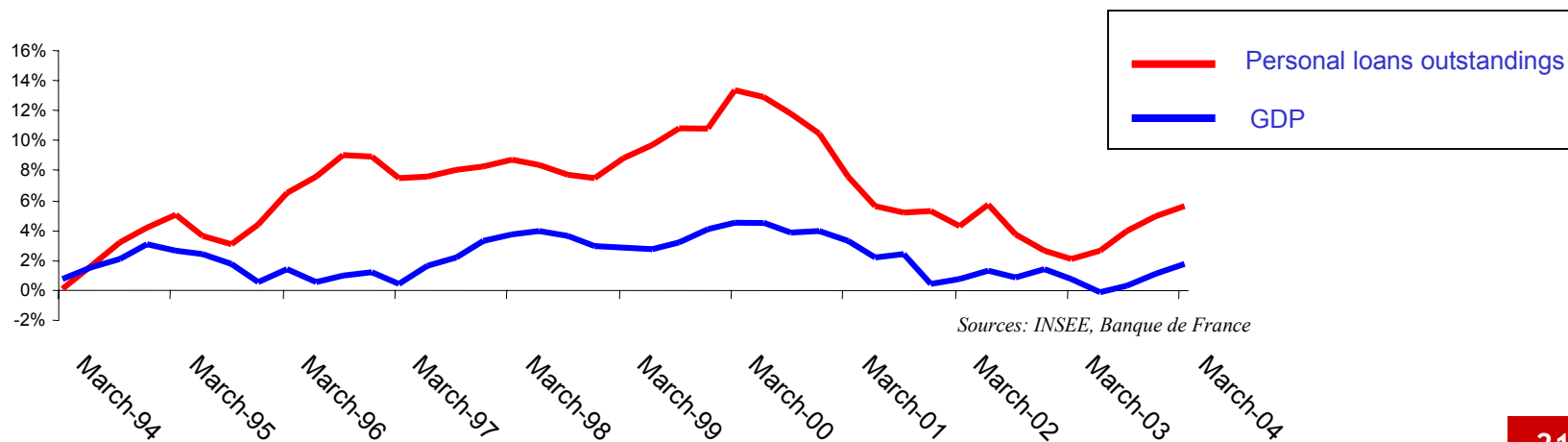
- Profitability, revenue structure, intermediation costs

## ■ A €110bn market (end of March 2004)

Outstanding consumer finance loans per capita and as a % of 2002 Gross National Income



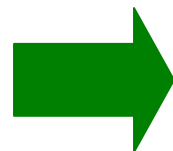
## ■ Growth is correlated to and stronger than GDP growth





### ■ Two main distribution channels

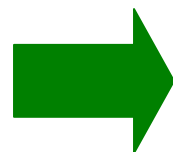
➤ Loans distributed at point of sale by prescribers in the Retail and Automobile sectors



**42% of Cetelem's 2003 new loans in France**

➤ Loans distributed directly:

- Via branches
- Over the phone
- Via the Internet

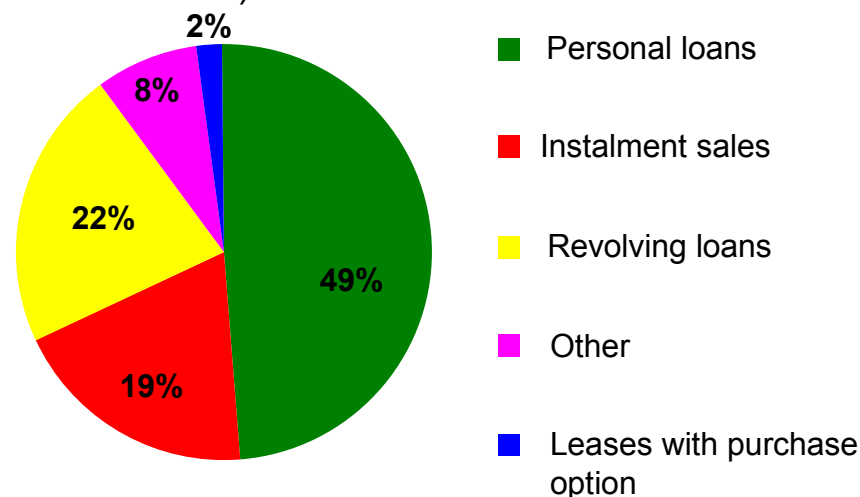


**58% of Cetelem's 2003 new loans in France**

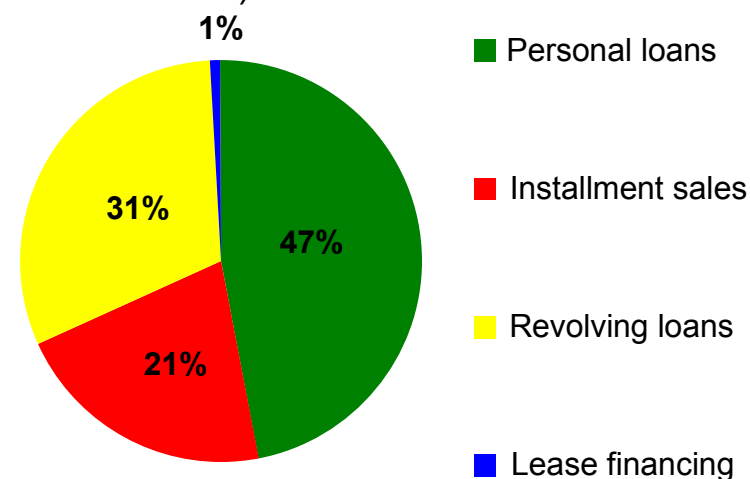
## Consumer Finance in France The Business (2/2)

- **Two main product categories:**
  - Fixed rate installment loans (personal loans, installment sales and lease with purchase option)
  - Variable rate revolving loans
  
- **Complementary products directly linked to the distribution of loans (borrower insurance) or indirectly linked (assistance, financial guarantee, protection, etc.)**

**French consumer finance market**  
**Breakdown of outstanding loans by products**  
(31 March 2004)



**Cetelem French Network**  
**Breakdown of outstanding loans by products**  
(31 March 2004)





## ■ A dense, constantly evolving regulatory framework

- Contractual framework : Scrivener Law (1979), Chatel Law (2003)
- Tariffs governed by usury laws making impractical the development of the subprime market
- Preventive and corrective regulations dealing with over-indebtedness:
  - Neiertz Law (1989), Borloo Law (2004)
- Communication and advertising: Law for Financial Security (2003)

## ■ Cetelem has proven its ability to rapidly adapt to changes in its regulatory environment and maintain its profitability

- Example: compliance with Borloo Law and other regulations governing over-indebtedness
  - A dedicated organisation structured around four specialised branches
  - A constant adaptation of credit scoring tools and IT systems

Note: number of files referred to the Commission for Over-indebtedness has held steady in 2004





## ■ French branch network:

- Organised around four business lines
    - Retail
    - Automotive & Leisure
    - Direct sales channels: telemarketing, Internet, branches
    - Debt collection and litigation
- } Point of sale credits

## ■ Specialised subsidiaries positioned in specific markets

- Lending to the medical and paramedical professions
- Long-term leasing
- Debt collection

## ■ Partnerships in several sectors:

- Banking
- Insurance
- Large retailers
- Utilities

- **A portfolio of 2 million active personal customers**
- **Typical profile:**
  - Young: 45% of customers are less than 40 years old
  - Wage earners: 80%
  - Married: 65%
- **A loyal customer base:**
  - 69% of credit applications are from customers known to Cetelem
  - 40% of customers have, in addition to their present product, benefited from at least one loan in the past 12 months

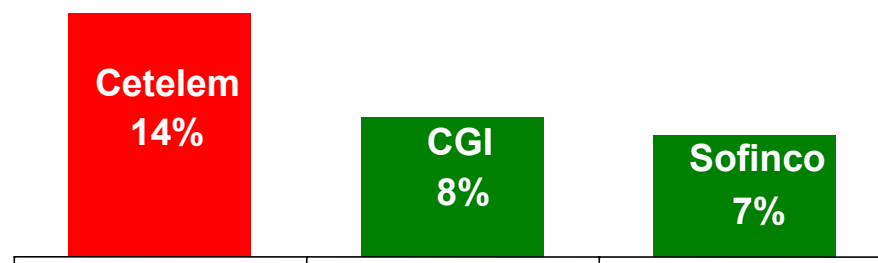


## ■ Market share of Cetelem

➤ 17.8% of new loans by specialist companies (basis: ASF 2003)

## ■ Cetelem is the leading independent provider of point of sale automobile financing (excluding car manufacturer subsidiaries)

Market share of independent providers of automobile financing in 2003





## Direct selling over the Internet

- **Direct transaction tool on the Internet started up at the end of 2003, together with a dedicated marketing and operational structure**
- **Rapid gearing up of this activity during the first half of 2004**
  - 200,000 visits each month
  - 11,000 personal loans granted (12% of Cetelem's new business in France)
  - Significant leverage for winning new customers, notably "Prime" customers
    - 60% of loans granted to new customers
- **Development**
  - Complete revolving credits offer, intensification of advertising and marketing efforts, extension of functionalities

## Growth potential specific to Facet

### ■ Operational synergies

- Improving the productivity of the commercial and management structure ✓ Done in 1H03
- Reduction of cost of risk ✓ Started in 2004
- Reduction of refinancing cost ✓ Done end-2002

### ■ Commercial synergies

- Development of additional products ✓ Implemented end-2003
- Borrower insurance taken over by Cardif ✓ Done end-2002

### ■ More intensive working of the customer portfolio

<i>In euro mn</i>	1H 2002	1H 2004	% Evol 1H04 / 1H02	
New loans Facet (Store + Direct)	426	498	17%	



**Recently overhauled active communication policy**  
**Objectives: differentiate and rejuvenate the brand image**

- **Brand statement:**
  - Focused on the core subject: how customers relate to credit
  - Based on the quality of the relation between Cetelem and its customers
- **A new signature:**
- **New form of advertising expression personifying the Cetelem credit, and staging its relations with customers**
- **Significant advertising effort in the fall 2004: institutional communication + TV spots + promotional campaign**





## Cooperation with the BNP Paribas network

- **Distribution by the FRB network of an Aurore-BNP Paribas card**
  - Launched in April 2004
  - 31,000 Aurore cards distributed at the end of August
  
- **Management by Cetelem of the Provisio revolving credits of FRB**
  - New business since April 2004
  - Transfer of existing loans from June 2004
  
- **Plans for extending cooperation to personal loans**



### Developing new high potential segments, e.g. the partnership with EDF

- Domofinance, owned for 55% by Cetelem and for 45% by EDF
- First credits distributed in December 2003 after an initial period of 6 months when distributed under the Cetelem brand name
- Long-term equipment credit (four years) distributed via EDF's network of prescribers
- New business: €22m in the first half of 2004







## Development potential of specialised subsidiaries

### ■ Loan distribution to medical professions

- Develop business (30% growth recorded in the first half of 2004) and extend product offering

### ■ Car leasing business for individual customers

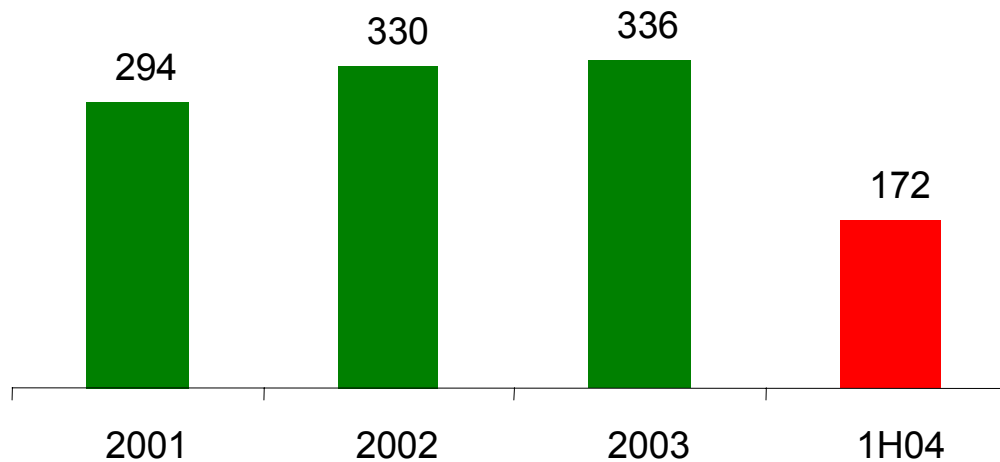
- Offer to be tested at the end of 2004

### ■ Debt collection

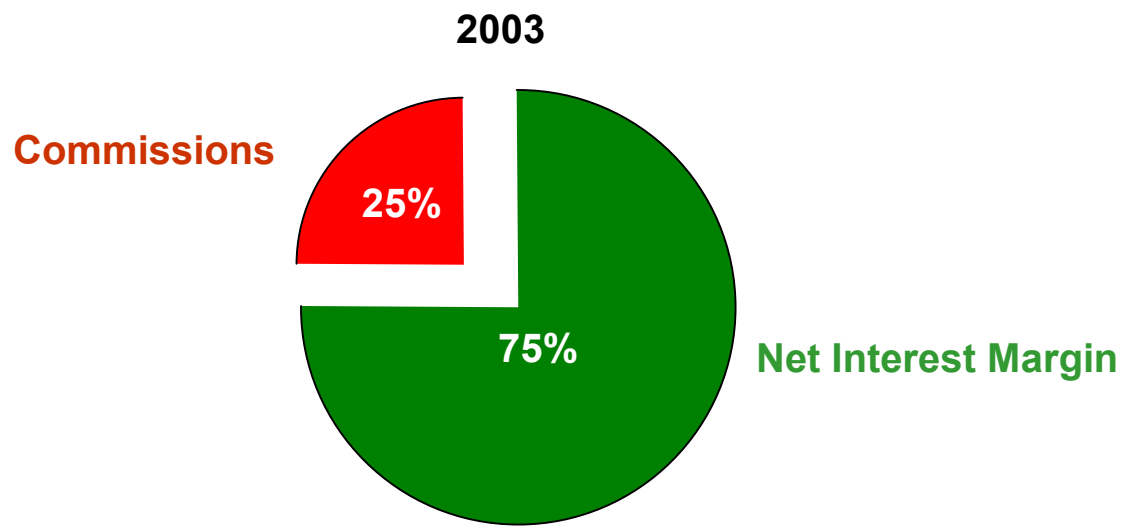
- Centre of expertise to be strengthened by pooling Group companies

- Pre-tax ROE maintained at a high level (circa 30%)

Operating Income (€m)

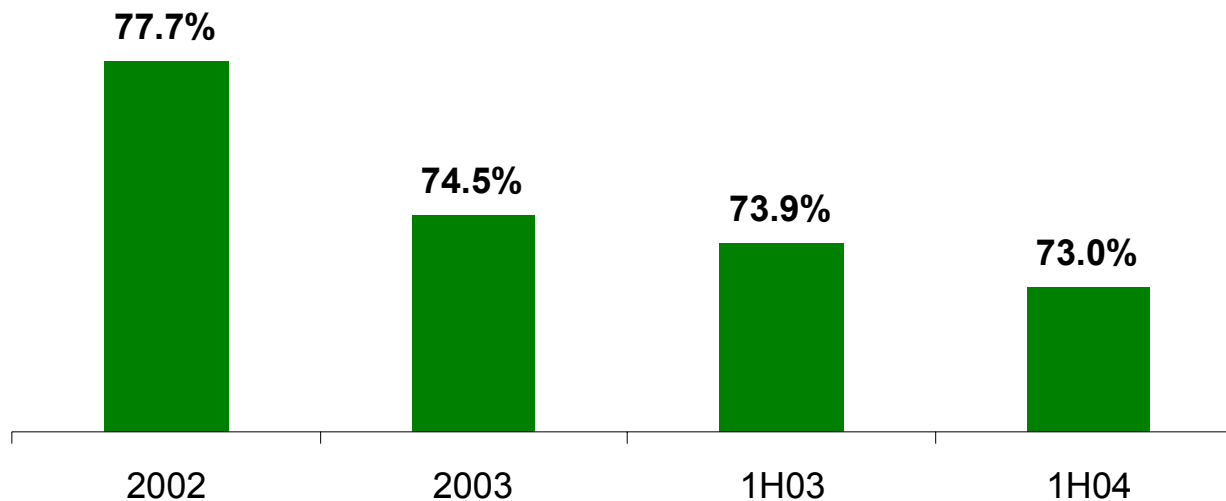


- **Revolving loans:**
  - 31% of the French network's loan book (vs. a market average of 22%)
  - Structurally higher margins
- **Personal loans tariffs optimised through the development of differentiated tariffs based on customer segmentation**
- **Significant contribution from commissions:**

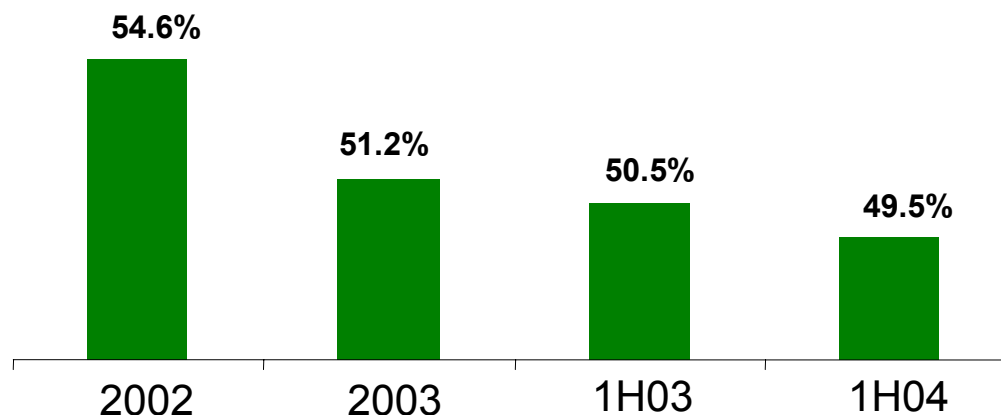




## Decline in the Combined Ratio (Operating Expenses + Cost of Risk) / Net Banking Income



## Cost/Income Ratio



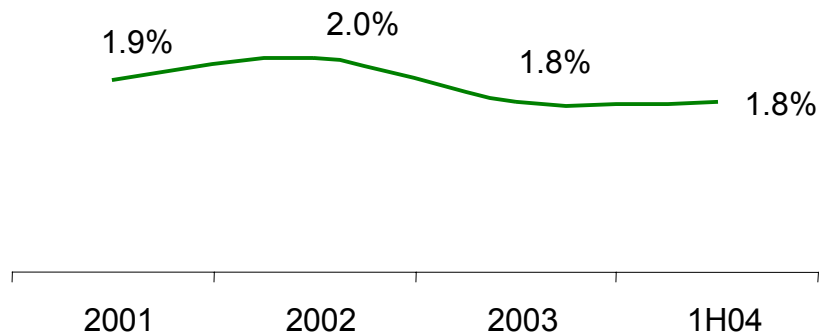
### ■ A cost/income ratio of 50%

- Number of staff employed by the French network:
  - End 2002: 2,550
  - End 2003: 2,485
  - End 2004e: 2,370
- Optimisation of branch network
- Creation of specialist platforms: outbound telemarketing, Facet direct selling and debt collection, near-prime Cetelem customers, Back-up Direct and Retail.

# Components of Earnings Lower Intermediation Costs (3/4)

- **Controlled cost of risk**

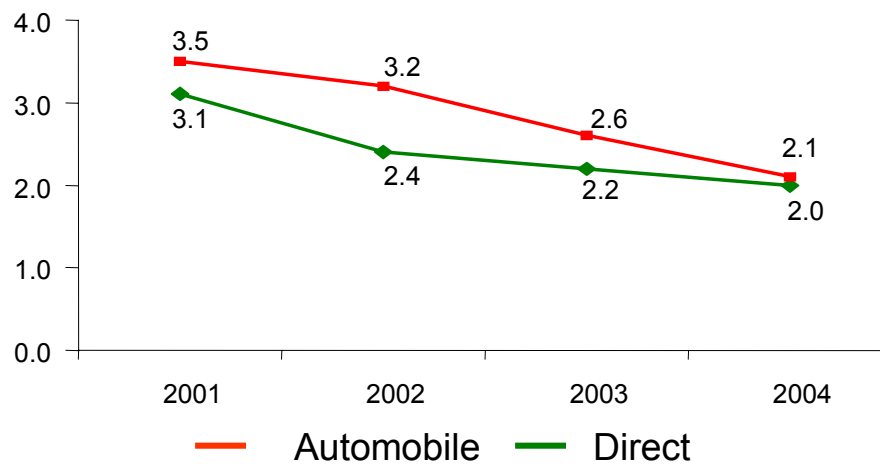
Cost of risk as a % of outstandings



- **Sharp improvement in the quality of new loans**

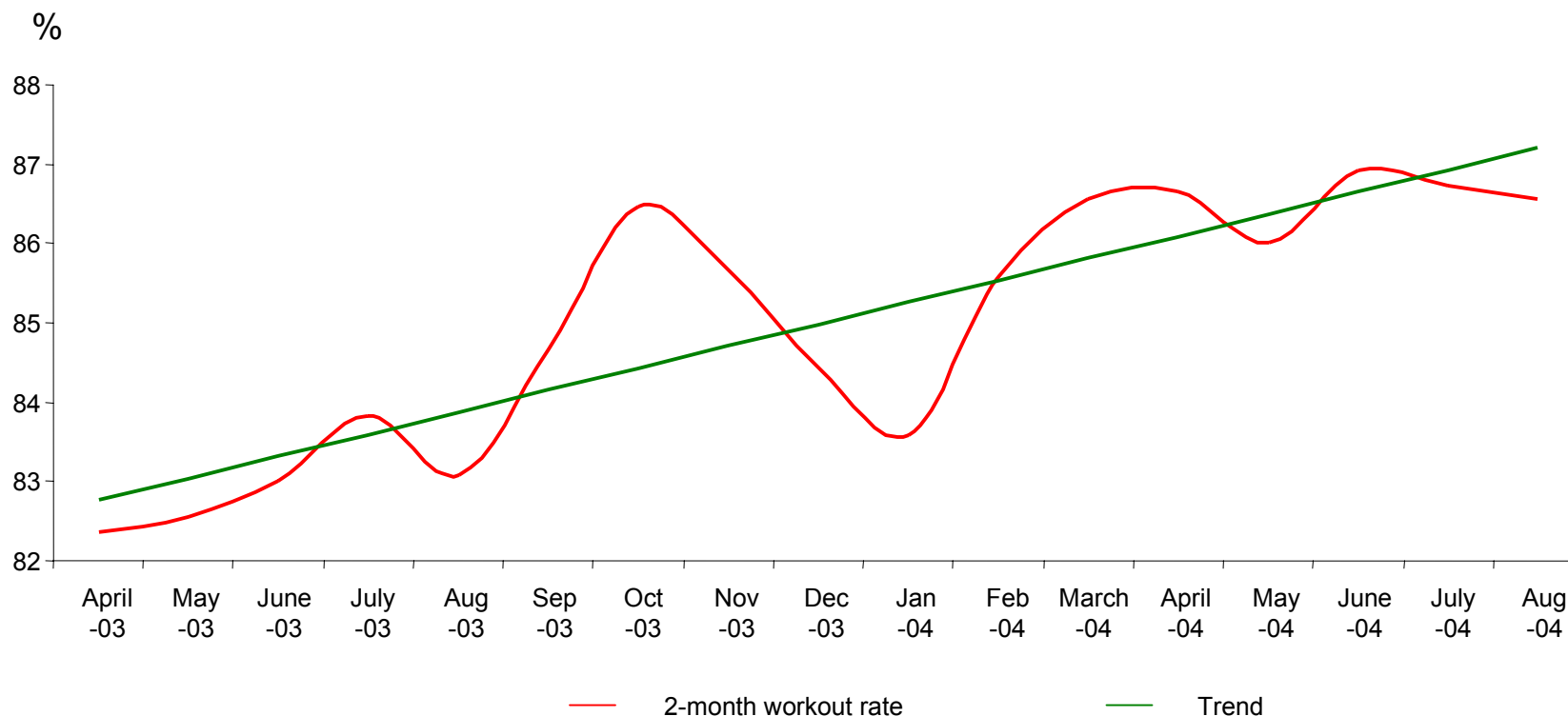
Percentage of loans having experienced a repayment problem during the first 6 months

New loan risk indicator  
(annual averages)



- **More efficient processing of debt collection**
  - Centralised management of Facet's debt collection
  - Telephone automats to be installed at all branches

**2-month workout rate on debt collection**



## Cetelem in France

- The market leader
- Recurrent profitability
- Priority to growth

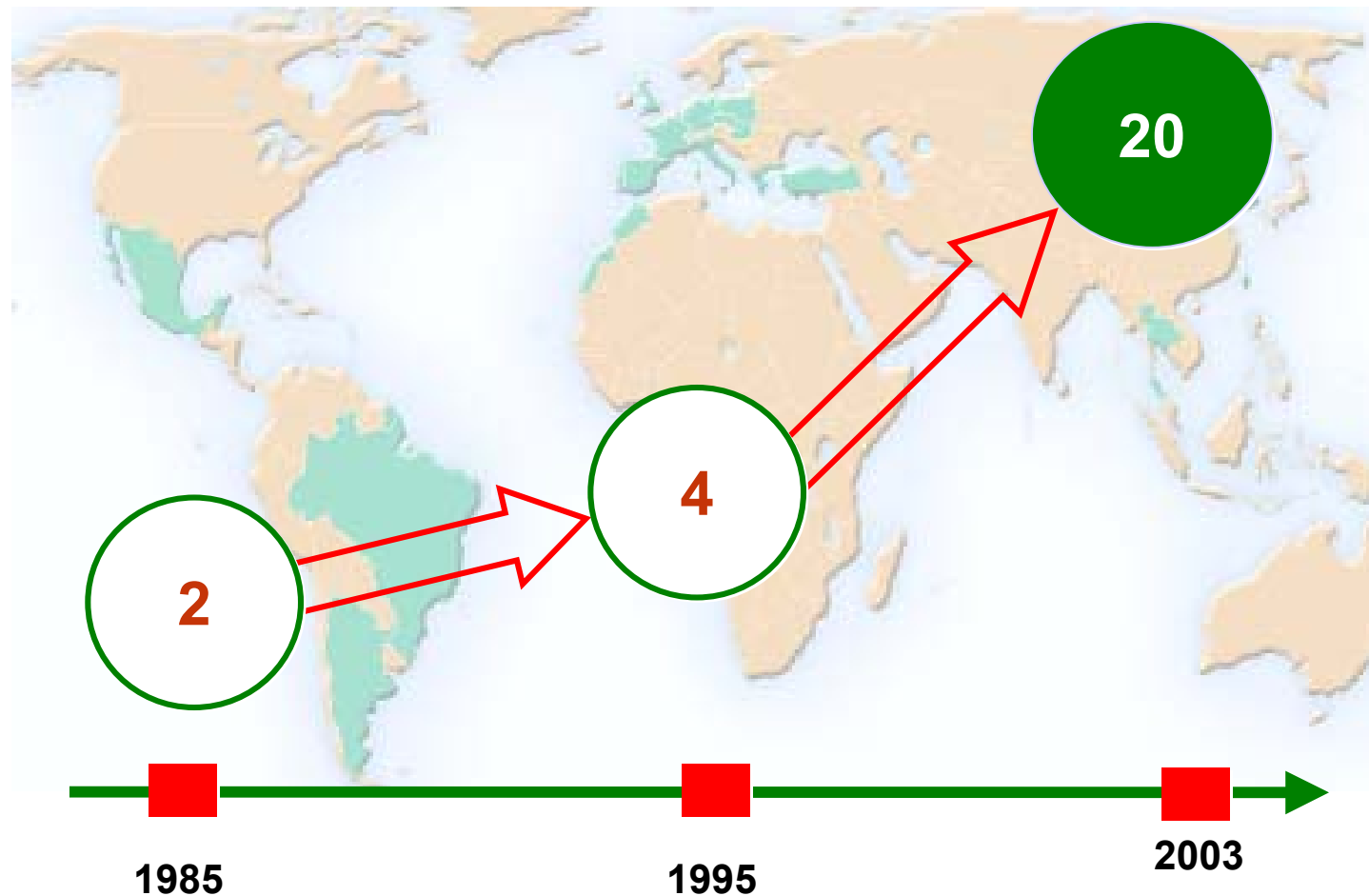


# International Development of Cetelem

**Bruno Salmon**

- **A serial builder**
- **Continental Europe: our home market**
- **Southern Europe**
- **Central and Eastern Europe**
- **Northern Europe**
- **Other main regions targeted for development**

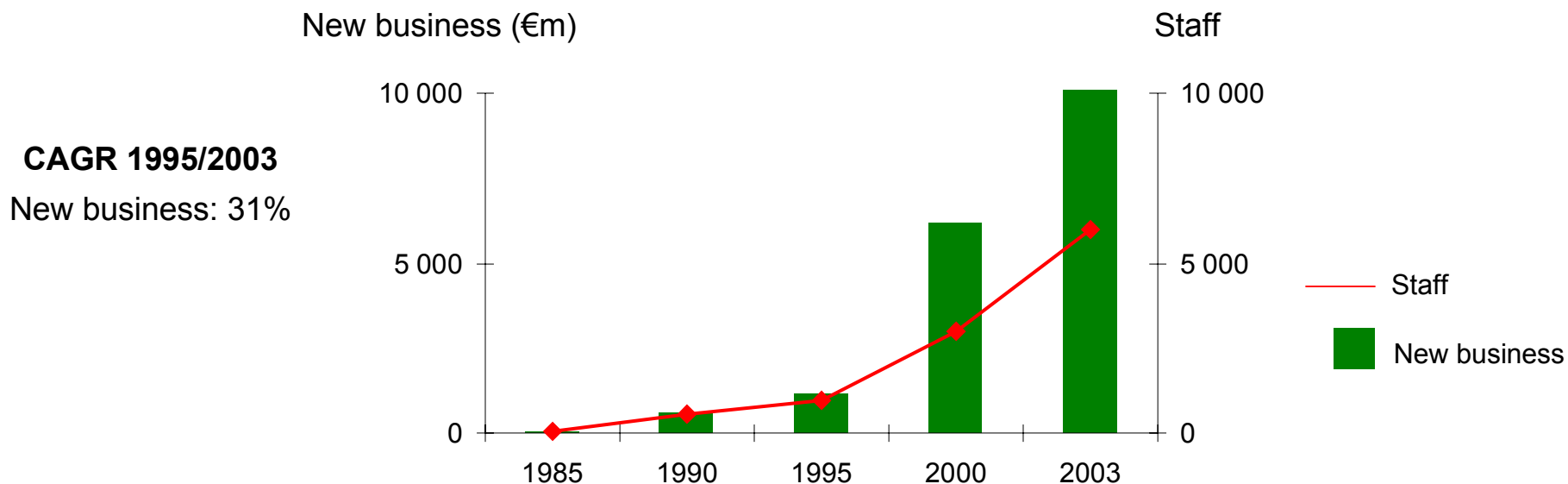
- Strong development fuelled mainly by organic growth
  - The number of countries where Cetelem is active has increased significantly over the last ten years



■ International operations account for over half of new business and staff

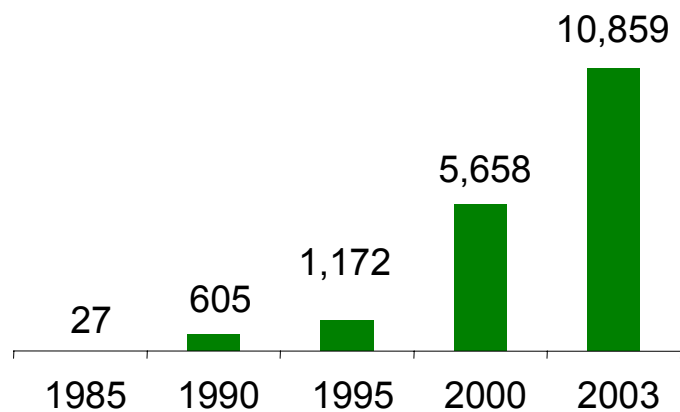
	1985	1990	1995	2000	2003
<b>New business outside France (% of total)</b>	1%	11%	15%	39%	51%
<b>Staff outside France (% of total)</b>	3%	19%	27%	44%	57%

**New business and staff outside France**



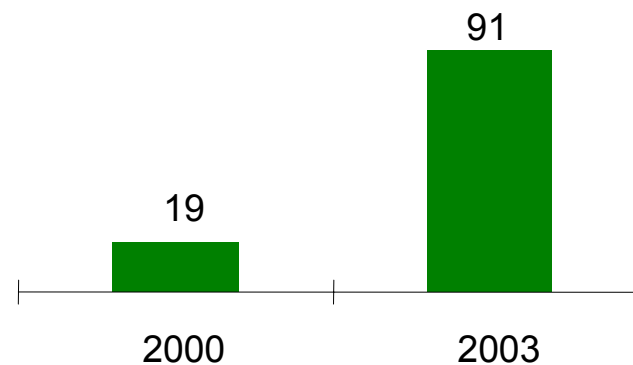
- Strong, steady growth in outstandings

International operations - Outstandings (€m)



- Steady improvement in profitability

International operations - Pre-tax income (€m)





### ■ Southern Europe

- First area outside France targeted for development by Cetelem
- Strong positions in what are still fast-growing markets

### ■ Central and Eastern Europe

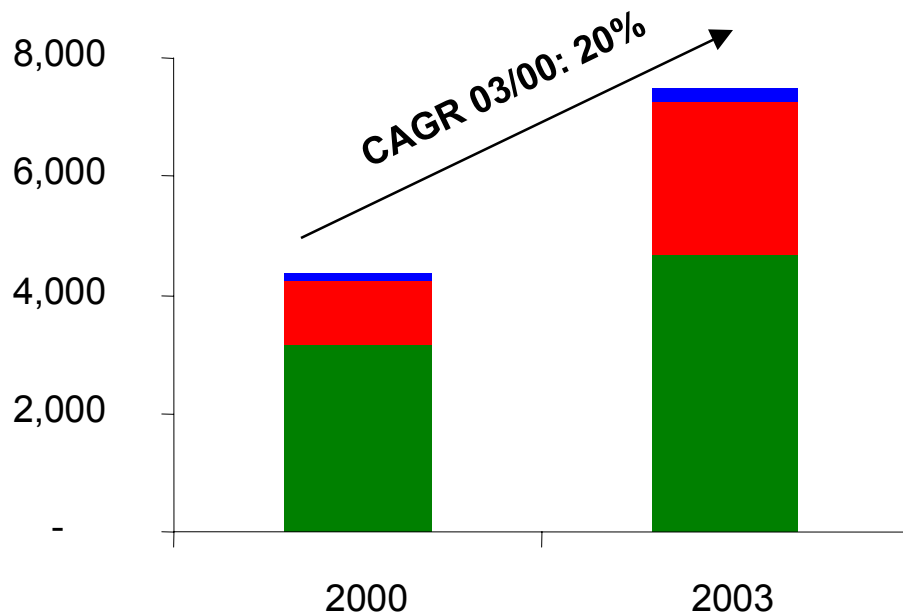
- The second wave in Cetelem's international development
- Leadership positions established by Cetelem when these were nascent markets

### ■ Northern Europe

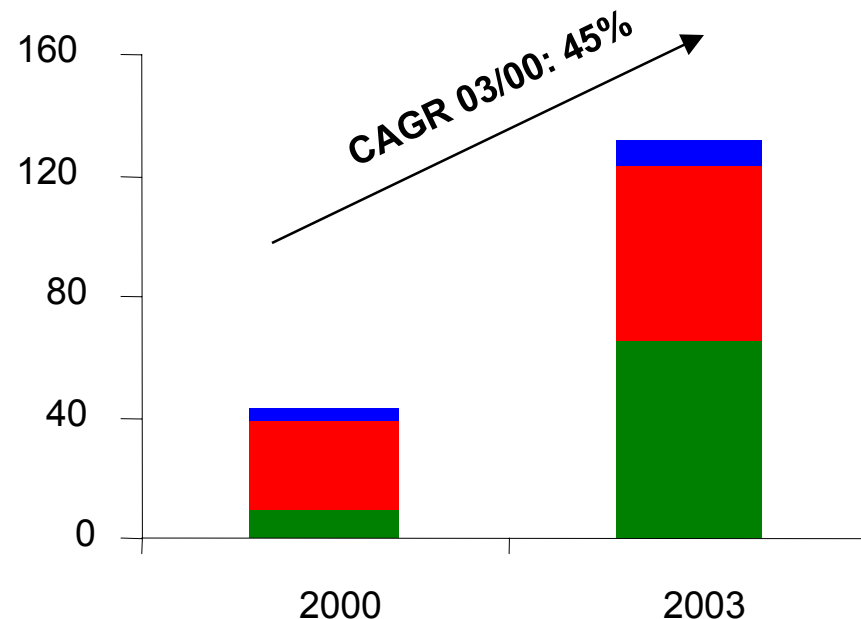
- Positions to be strengthened

■ Strong, balanced growth in new business and results

New business  
(€m)



Contribution to pre-tax income  
(€m)



■ Italy

■ Spain

■ Portugal



## Italy: Success Story Confirmed

- Findomestic celebrated its 20<sup>th</sup> anniversary this year
- Fifty-fifty partnership between the Florence Savings Bank and Cetelem
- The undisputed leader in the Italian market

Assofin 2003 ranking		
Ranking	Company	Market share
No 1	Findomestic	13.4%
No 2	Fiatsava	8.7%
No 3	Agos	7.9%

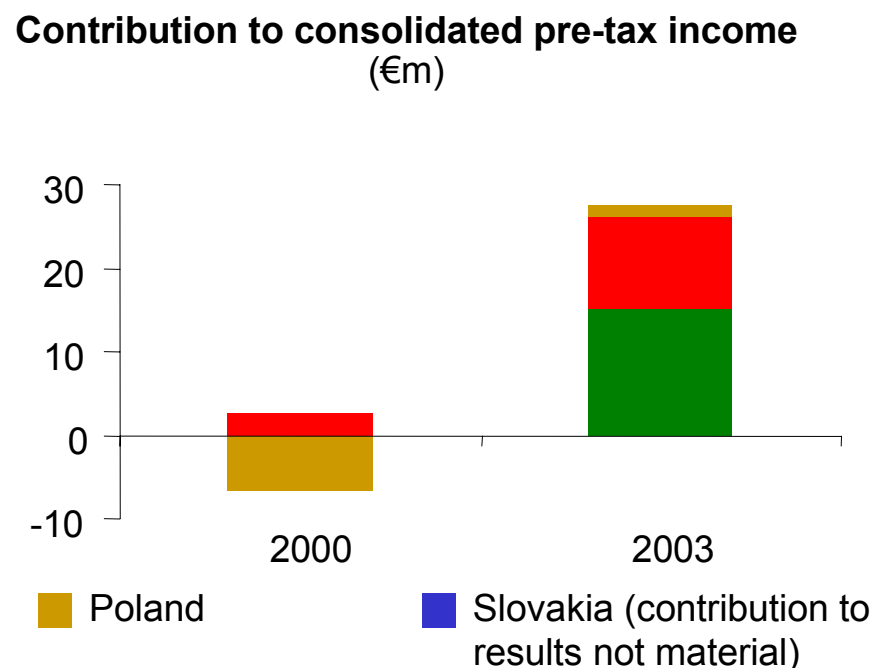
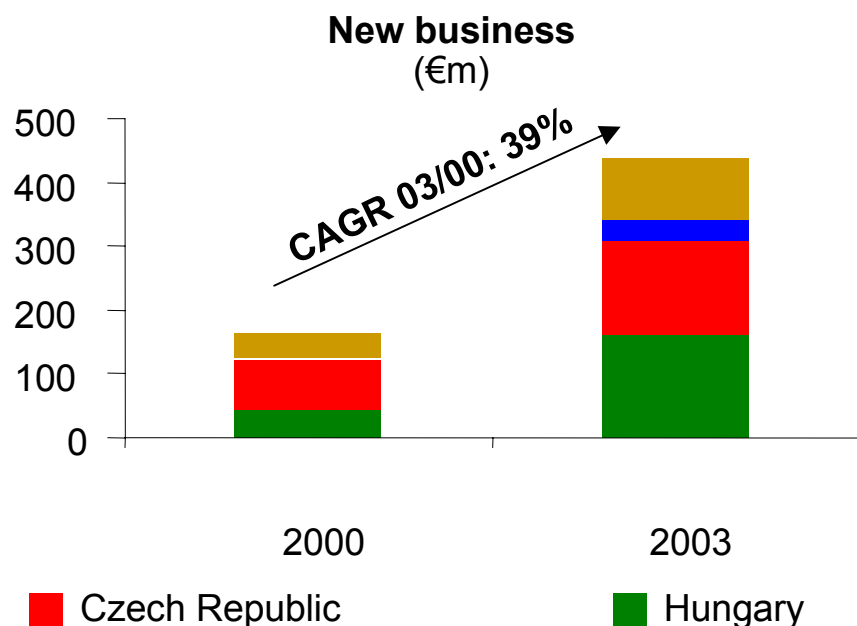
- Italy's leading card management company
- Diversified business
  - Automobile, retailing, cards
  - Customers: prime, sub-prime
- Activity that is growing steadily: + 26% pa on average from 1995 to 2003 (+ 21% in 1H04)





- **Strong growth that has lifted Cetelem to 3<sup>rd</sup> place in Spain**
  - New business has grown by 30% pa on average from 1995 to 2003...
  - ... and by 26% in the first half of 2004
  
- **Diversified activities**
  - Auto, retailing, direct
  - Sub-prime customers with Eurocredito
  - Debt collection with Effico
  
- **Low risk exposure despite strong commercial development**
  - Cost of risk: 1.8% of outstandings

- **Adaptation of Cetelem model has produced good results**
  - All countries profitable since 2003
  - Leadership positions in the Czech Republic, Hungary and Slovakia



- **Promising developments**
  - Banking licence obtained in September 2004 in Poland
  - Acquisition of 50% interest in Russian Standard Bank, the leading consumer finance company in Russia



- Started up in 1997
- #1 in the Hungarian market

(€m)	2003
New business	160
Outstandings	185
Pre-tax income	15

- Cetelem model is being developed successfully
  - Retailing: 30,000 new loan applications each month
  - Direct sales: already 550,000 active customers on file
  - Partnership: creation of a joint venture with Auchan, which is operational since June 2004



- **Longstanding, balanced presence in Belgium**
  - Multiple activities: partnership with Carrefour, partnerships with banks, and business in its own brand name
  - Satisfactory profitability in a competitive market characterised by restrictive regulations
  
- **Solid foundations laid in Germany**
  - In partnership with Dresdner Bank, acquisition of WKV in 2001 to form Cetelem Bank
  - In-depth reorganisation
    - Creation of a platform in Munich
    - New agreements with retailers: Vobis, caravans and car dealers
  - 61% growth in new business in the first half of 2004

## Other Main Regions Targeted for Development

### ■ Mediterranean countries

- North Africa: development in close collaboration with the local BNP Paribas network
  - Morocco, present since 1996
  - Tunisia, present since 1998 via UBCI
  - Algeria, start-up planned in 2005
- Greece: present since 2002
- Turkey:
  - Present since 1998, country's recent crisis weathered
  - New development prospects following the acquisition of TEB

### ■ Latin America

- Brazil
- Argentina: present since 1998, business enjoying renewed growth following recent economic crisis
- Mexico: start-up planned in October 2004

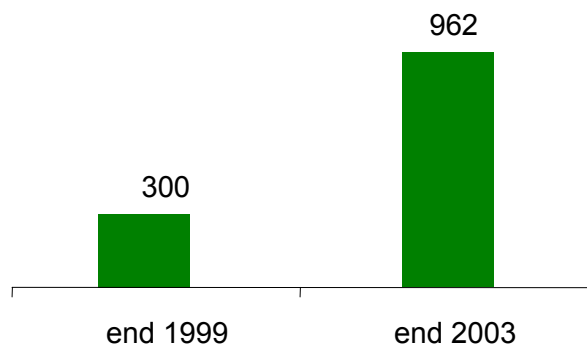
### ■ Asia

- Taiwan and Thailand: Cetelem to press ahead with its development
- China: project team in place

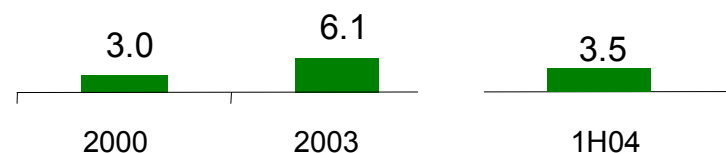
# Cetelem's Strategy in Brazil

- CACC (which is owned for 60% by Carrefour and for 40% by Cetelem) brought back under direct management between 1999 and 2001

**Outstandings**  
(BRCm)

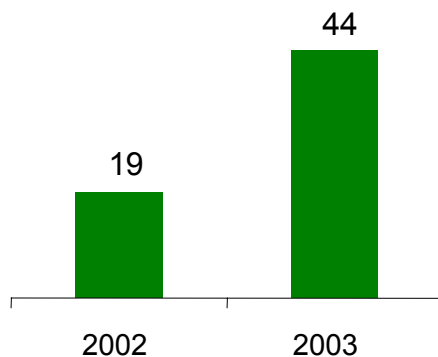


**Contribution to consolidated pre-tax income**  
(€m)

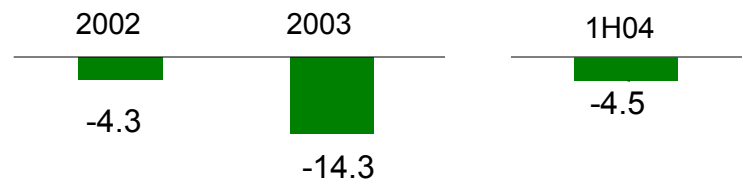


- Own activities started up by Cetelem Brazil in 2002

**New business**  
(€m)



**Contribution to consolidated pre-tax income**  
(€m)



- **Cetelem: the European reference in consumer finance**
- **A tried-and-tested development model**
- **Strong positions in fast-growing markets**



# Expertise and Innovation: Key Factors behind Cetelem's Success

**Philippe Reffay**  
**Marc Campi**



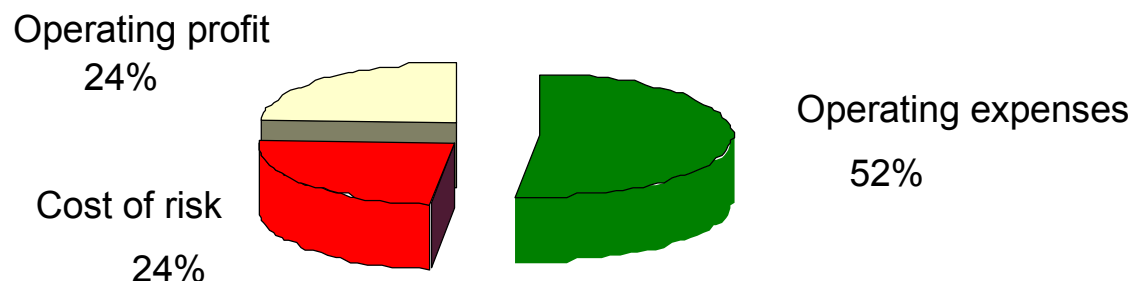
- **Growth in a secured manner**
- **Sharing expertise and innovation**
- **External growth : a catalyst for Cetelem's development**

# Growth in a Secured Manner

**Philippe Reffay**

## ■ A major challenge both financially...

1H04 Net Banking Income: €831m



## ■ ... and commercially

- Constant improvement in risk/reward profile

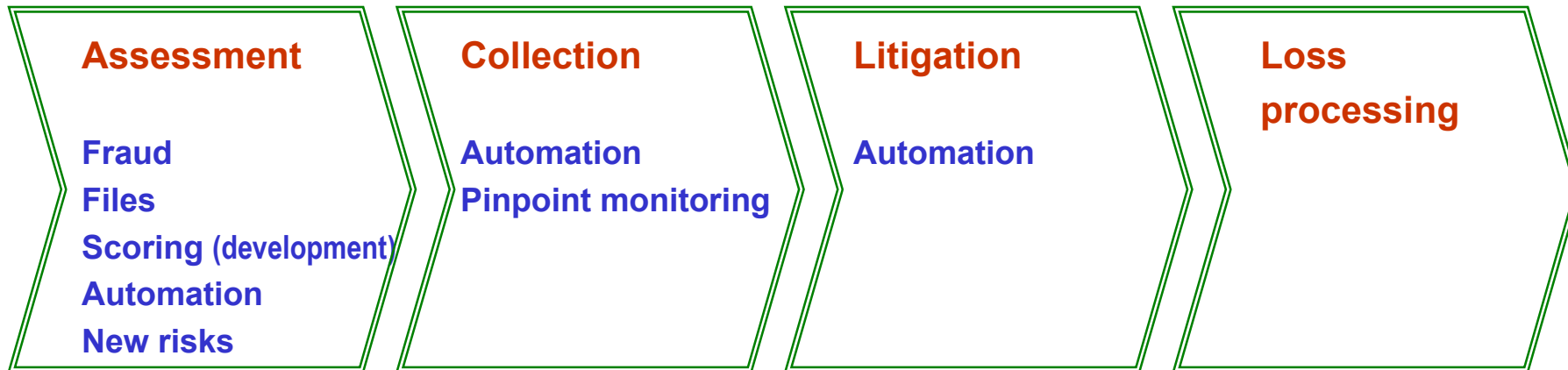
## ■ Contrasted situations

- Varying level of risk according to:
  - The country
  - The market segment
  - The nature of the product
  - Local regulatory environment

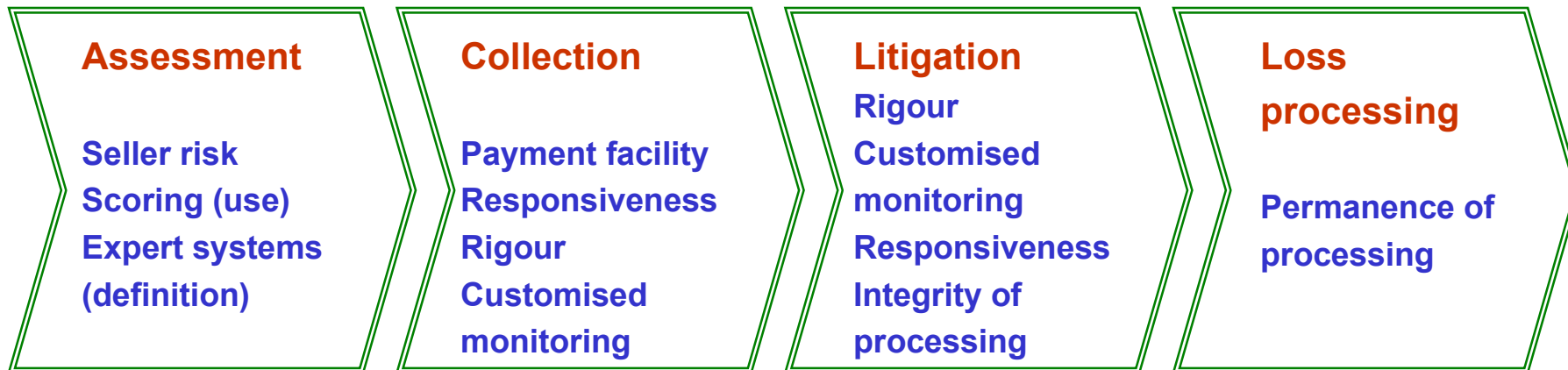
➔ **Need for an organisation and tools that are both efficient and adapted to the task**



## TECHNICAL AND ANALYSIS

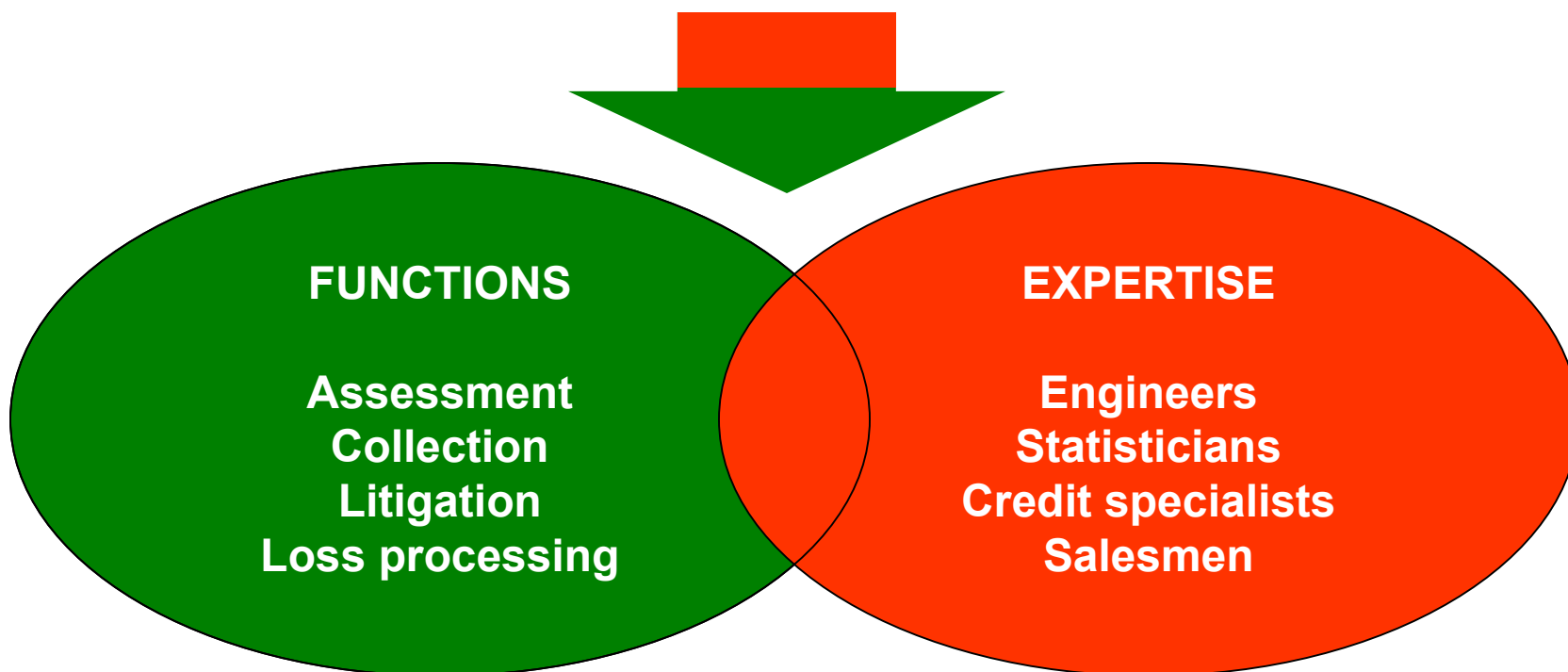


## OPERATIONAL AND MANAGEMENT



# Need for an Important and Wide Breadth of Resources: e.g. France

25% of total staff





- **The Risk Management Department is responsible for:**
  - Elaborating the general risk management policy of Cetelem
  - Monitoring and providing assistance to subsidiaries
  - Defining and developing analysis tools and management applications that will be shared by the subsidiaries
  - Risk reporting to the General Management (Risks and Scoring Committee)



- **A corporate head office team brings together wide ranging expertise and know-how and makes it available to the Group's various entities**
- **A common IT foundation**
  - 17 countries under common management software
  - 14 countries use shared IT system
- **Common analysis tools**
  - Objective: steer corrective operational measures from a distance
    - Demand analysis
    - Monitoring of scoring performances
    - Operational analysis of loan assessment
    - Analysis of debt collection performances

- Efficient monitoring and forecasting tools
  - Example: debt collection

Direction Finances & Contrôle

Vous consultez les tendances de recouvrement : Argentine

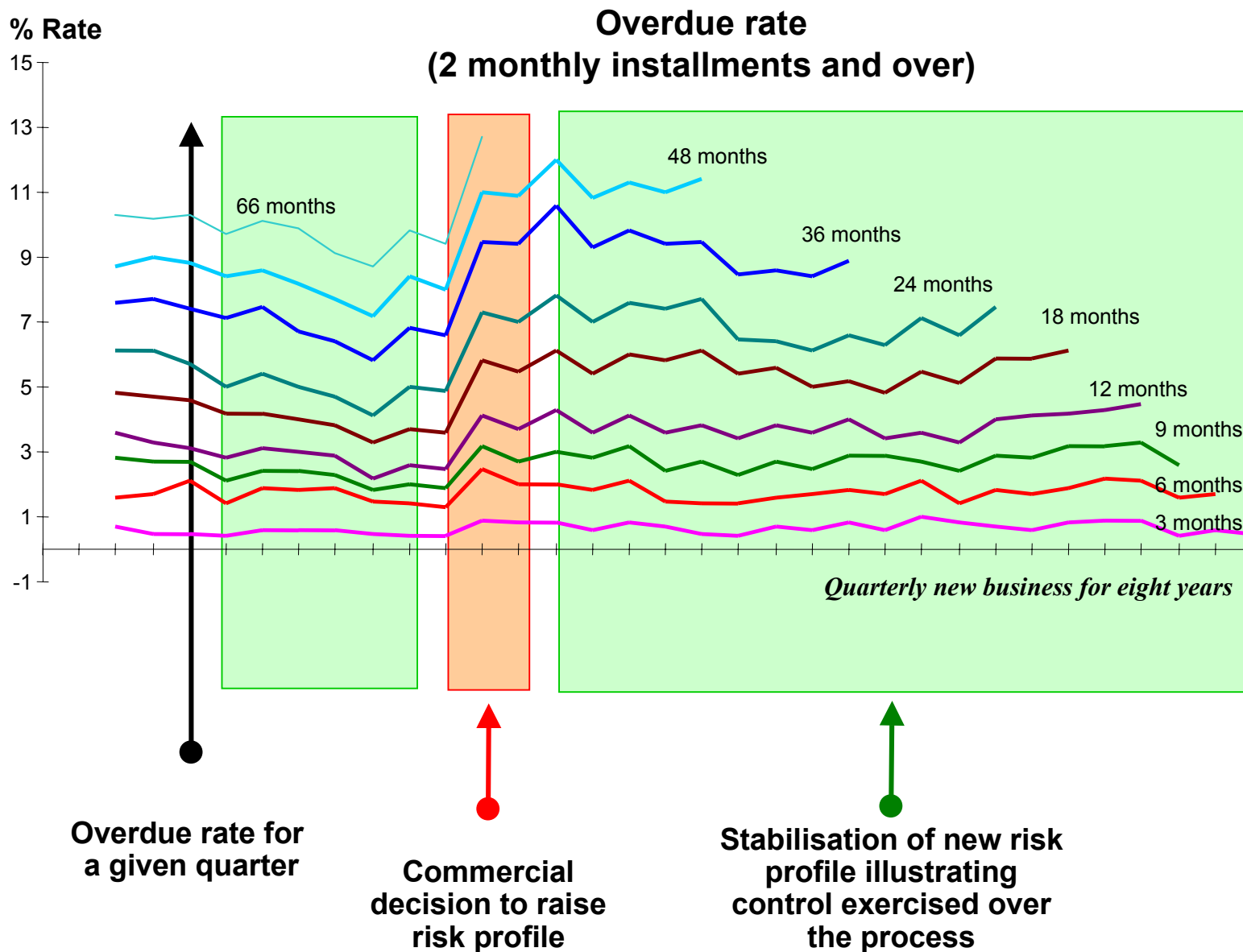
Banco\_Cetelem\_Argentina Date de départ: Septembre 2004

Date de dernière mise à jour : 17 septembre 2004

Montants en milliers de devises	Avril 2004	Mai 2004	Juin 2004	Juillet 2004	Août 2004	Septembre 2004		Moyenne sur 6 mois	Graphe
							Prévision		
<b>Mt Encours fin de mois</b>	9 731.0	10 588.2	11 363.6	12 185.5	13 187.3	14 671.1		11 954.4	<input type="checkbox"/>
<b>Entrées en nombre</b>	1691	1827	1850	1814	1630	1869		1780	<input type="checkbox"/>
<b>Entrées en montant</b>	733.5	753.8	767.6	722.9	621.7	719.0		719.8	<input type="checkbox"/>
<b>Tx de montees</b>	7.54 %	7.12 %	6.75 %	5.93 %	4.71 %	4.9 %		4.91 %	<input type="checkbox"/>
<b>Efficacite M</b>	83 %	80.9 %	82.8 %	85.7 %	80.9 %	83 %	69 %	82.72 %	<input type="checkbox"/>
<b>Efficacite M - 1</b>	95.7 %	94.1 %	93.2 %	93.9 %	94.3 %	92.5 %	82 %	93.95 %	<input type="checkbox"/>
<b>Efficacite M - 2</b>	96.3 %	96.5 %	95.8 %	95.3 %	95.5 %	95.7 %	90 %	95.85 %	<input type="checkbox"/>
<b>Montant encaissement</b>	28.2	29.4	27.7	29.5	24.0	30.0		28.1	<input type="checkbox"/>
<b>Tx de regul par paiement seul</b>	37.9 %	35.1 %	32.8 %	36.7 %	33 %	40 %		35.92 %	<input type="checkbox"/>
<b>Mt Stock au rcvt &gt; M+3</b>	54.9	57.6	64.4	69.2	66.4	64.4		62.8	<input type="checkbox"/>
<b>Mt transmission Contentieux</b>	26.9	53.6	23.2	32.3	34.8	34.2		34.2	<input type="checkbox"/>
<b>Taux transmission Contentieux</b>	0.28 %	0.51 %	0.2 %	0.27 %	0.26 %	0.23 %		0.23 %	<input type="checkbox"/>

Aide Commentaires Générer le graphe

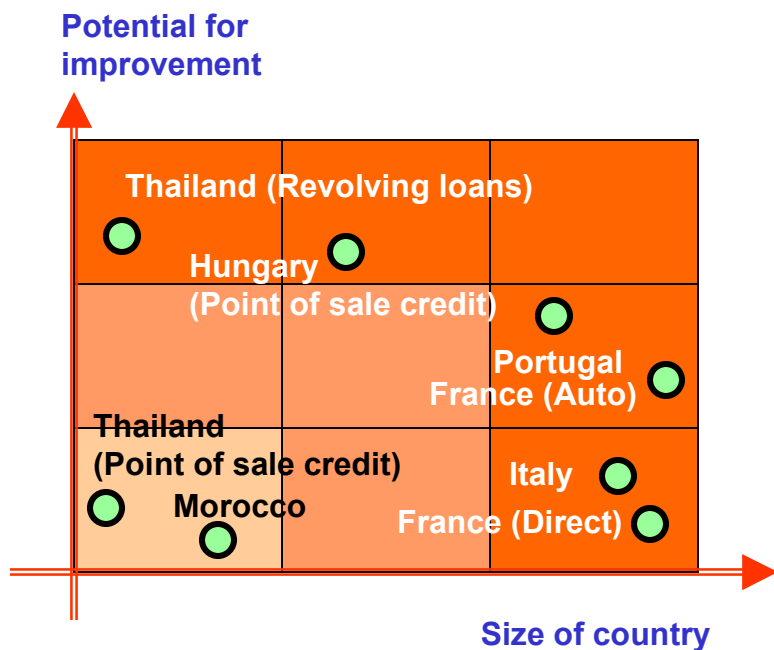




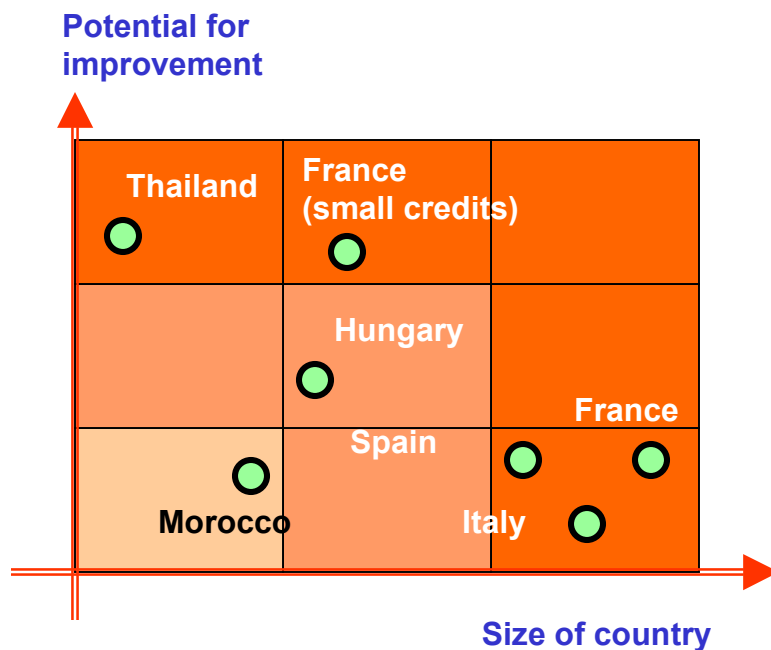
- Management of priorities/countries

- By area
- By concentrating where there is the greatest potential for improvement

Scoring



Collection





- **Significant improvement in the cost of risk to net banking income ratios for the countries given top priority, i.e. Brazil, Taiwan, Slovakia, Czech Republic**
  - Commercial development acceleration factor
- **Constantly improved tools**
  - Telephone automates
    - 20% increase in contacts per sales representative
    - More efficient debt collection
  - Generic litigation application
    - Started up in Germany in April 2004
    - Will be rolled out in other countries in 2005
- **Cetelem preparing to apply the advanced methods as defined in Basel II**

# Sharing Expertise and Innovation

Marc Campi



## An important issue

### ■ Three areas concerned in particular

#### ➤ Computer applications

- Pooled applications
  - 17 countries out of 20 use Siclid
  - 3 countries still use an application developed before Siclid
- IT system integrated into business expertise
  - Applications developed in-house...
  - ... conceived and designed for the services provided by Cetelem

#### ➤ Decision-making tools

- Expert systems, risk scoring, commercial scoring

#### ➤ Commercial development model

- Know-how in retailing sector
- Customer loyalty building technology
- Partnerships based model



### Multiples transmission channels

- **Transfer from Cetelem France to foreign subsidiaries**
  - “Historical” method of transmitting expertise and know-how, linked to the organic growth based development model
- **Creativeness of the international subsidiaries**
  - Launch of Aurore/MasterCard co-branding in Italy (1996)
  - Rollout of CTI (Computer Telephony Integration) throughout the Spanish branch network (2002)
  - Development of SMS in the Czech Republic (2002)
- **Cross-fertilisation: sharing experience between subsidiaries**
  - Extension of Aura/Visa and Aurore/Mastercard co-branding to Spain and Central European countries
  - Widespread use of bi-contract in Central Europe based on the model developed in Italy
  - Use of SMS extended to Spain and Italy



## Organisation and practices designed to facilitate transmission of know-how

### ■ Priority reflected in the organisational structure

- Creation of an integrated corporate function responsible for Development, Innovation and Markets
  - Business-oriented development functions: CRM, Products & Markets
  - Strategic development functions: Competitive Watch, Prospecting and Acquisition

### ■ Practices designed to encourage exchanges

- Creation of ad-hoc committees to exchange best practices
  - Internet, insurance and mobile telephony clubs
- Implementation of transversal projects
  - Group CRM Programme
  - Insurance project

# External Growth : a Catalyst for Cetelem's Development

Marc Campi





# External Growth

## A Catalyst for Cetelem's Development

- **Enter new, fast growing markets**
  - Russian Standard Bank (RSB) in 2004\*
  
- **Strengthen market share and benefit from economies of scale**
  - Facet (2002)
  
- **Accelerate development of additional activities**
  - Soreco, specialised in debt collection services for third parties (2001)

\* Acquisition of 50% of the capital of RSB subject to regulatory approvals

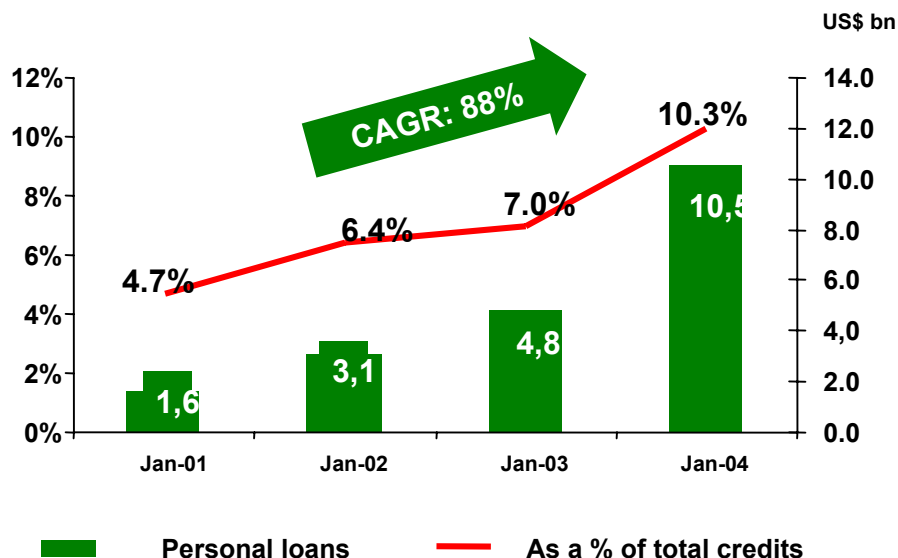
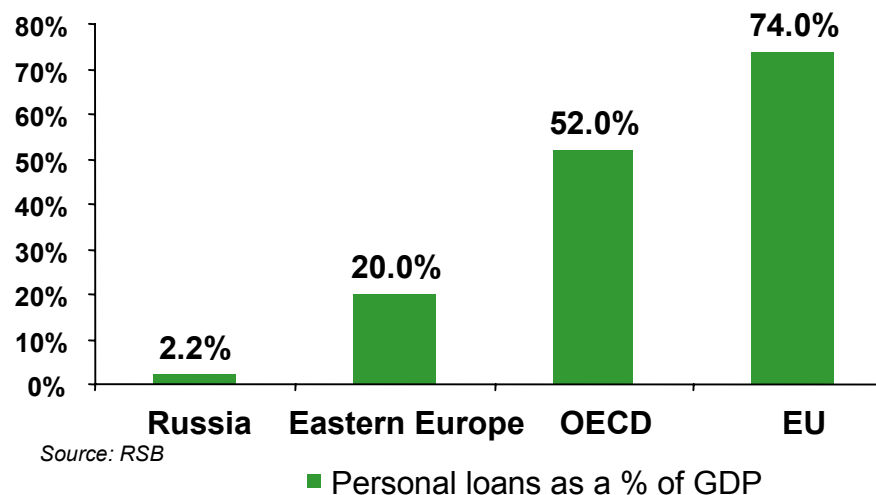
■ **A market with strong growth potential**

- 146 million inhabitants
- Household debt level remains low despite the growth in demand in recent years

■ **A favourable environment**

- Regulations: existence of reference files
- Retail: structured around chains and that are particularly open to credit (recourse to credit reaches as much as 45% at some retailers)

## Example: Acquisition of RSB Russia: a Strategic Market



Source: Central Bank of the Russian Federation

## Example: Acquisition of RSB Best Way into the Russian Market (1/2)

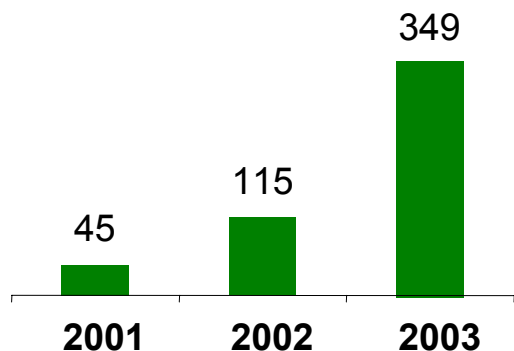
### RSB: a leader in the Russian consumer finance market

#### ■ A strong global presence:

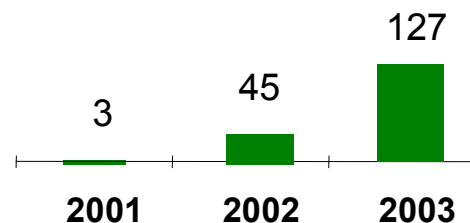
- Well established position in the retail sector  
(agreements with nearly 3,000 points of sale)
- Some ten branches in the Moscow region and representative offices in 14 other regions

#### ■ Strong growth since its creation in 2000

Growth in instalment loan portfolio  
(US\$m)



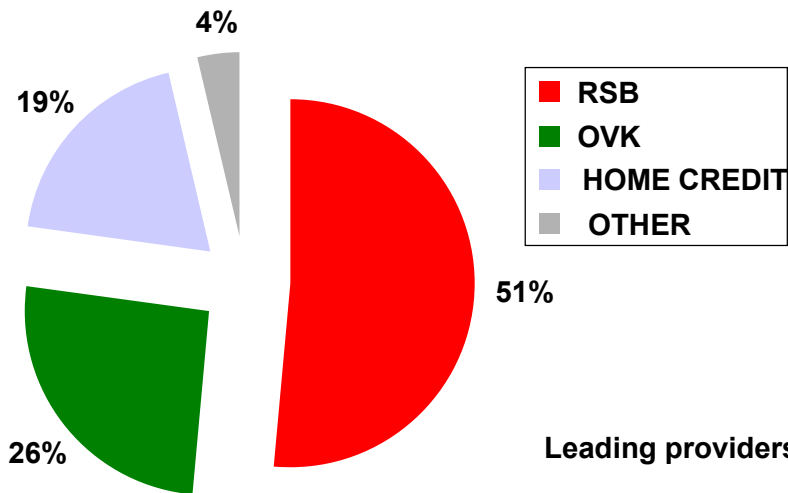
Growth in credit card portfolio  
(US\$m)



# Example: Acquisition of RSB Best Way into the Russian Market (2/2)

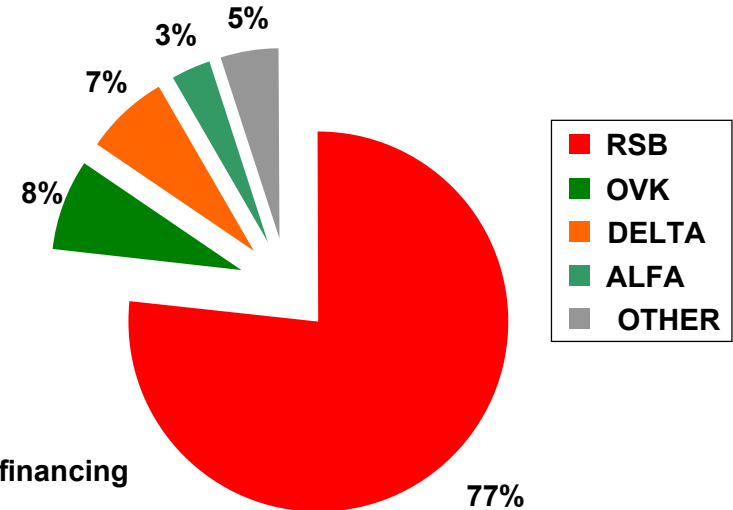
## ■ Significant market shares

Leading providers of point of sale credits



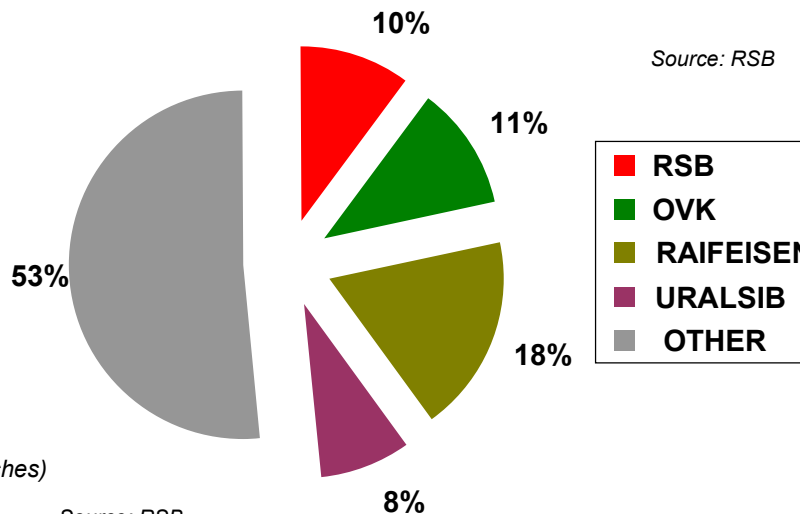
Source: RSB

Leading issuers of revolving credit cards



Source: RSB

Leading providers of automotive financing



Source: RSB

Home Credit, Czech group created in 2002.  
 OVK, created in 1999 (20 branches)  
 Alfa Bank, created in 1990 (100 branches)  
 Delta Bank, owned by Delta Capital.  
 Raiffeisen Bank, subsidiary of RZB, created in 1996 (5 branches)



## Example: Acquisition of RSB Targeted Acquisition, Limited Implementation Risk

- **RSB has developed successfully based on a business model similar to Cetelem's:**
  - Customer acquisition channel: retail sector
  - Importance given to decision-making tools
  - Similar culture
  
- **Numerous contributions anticipated by Cetelem**
  - Commercial strategy
  - Risk management tools
  - Marketing

**Already the leader in the Czech Republic, Hungary and Slovakia,  
Cetelem strengthens its positions in Eastern Europe and  
consolidates its leadership in Continental Europe**

# Conclusion

- **Combination of historical organic development model of Cetelem and of a more recent acquisition policy, enabling future growth and profitability**
- **Present in the fastest growing markets**
  - Southern Europe, Central Europe, developing countries
- **Technical mastery of the “NBI – Overheads – Risk” triptych as underlined by the Combined ratio**
- **Additional sources of growth, in France as well as internationally: product and distribution channel innovation, partnerships, synergies with BNP Paribas, complementary businesses**