

Natexis Banques Populaires

Half-Year 2004 Results

September, 2004

Banque Populaire Group

Significant events of first half 2004

GROUPE BANQUE POPULAIRE

■ **Very good operating performance...**

Consolidated net banking income up 13% (vs H1 03)

3.5-point improvement in cost/income ratio (vs H1 03)

... for both core businesses:

Local Retail Banking: up 10%

Natexis Banques Populaires: up 19%

■ **Further improvement in profitability:**

Earnings capacity after tax: up 31% to €607 million

■ **A very strong capital base** ⇒ Tier One: 8.9%

■ **New organization structure for Natexis Banques Populaires to keep up the pace of growth and value creation within the Group's listed vehicle**

Consolidated results

GROUPE BANQUE POPULAIRE

In € millions	H1 04	H1 03	Change	
				Comparable structure*
■ Net banking income	3,803	3,356	+13%	+10%
■ Gross operating income	1,333	1,057	+26%	+22%
■ Operating income	1,078	802	+34%	+30%
■ Net income	495	376	+32%	+28%
■ Earnings capacity**	607	465	+31%	+28%

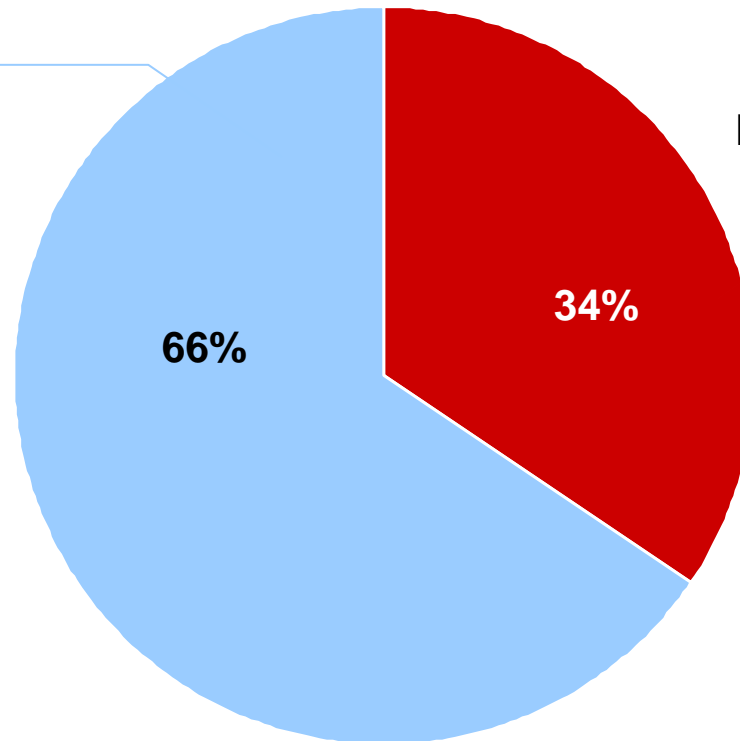
* H1 03 restated based on H1 04 scope of consolidation

** Net income + net charge to the fund for general banking risks

Contribution by core business

GROUPE BANQUE POPULAIRE

Local Retail Banking:
€2,465 million



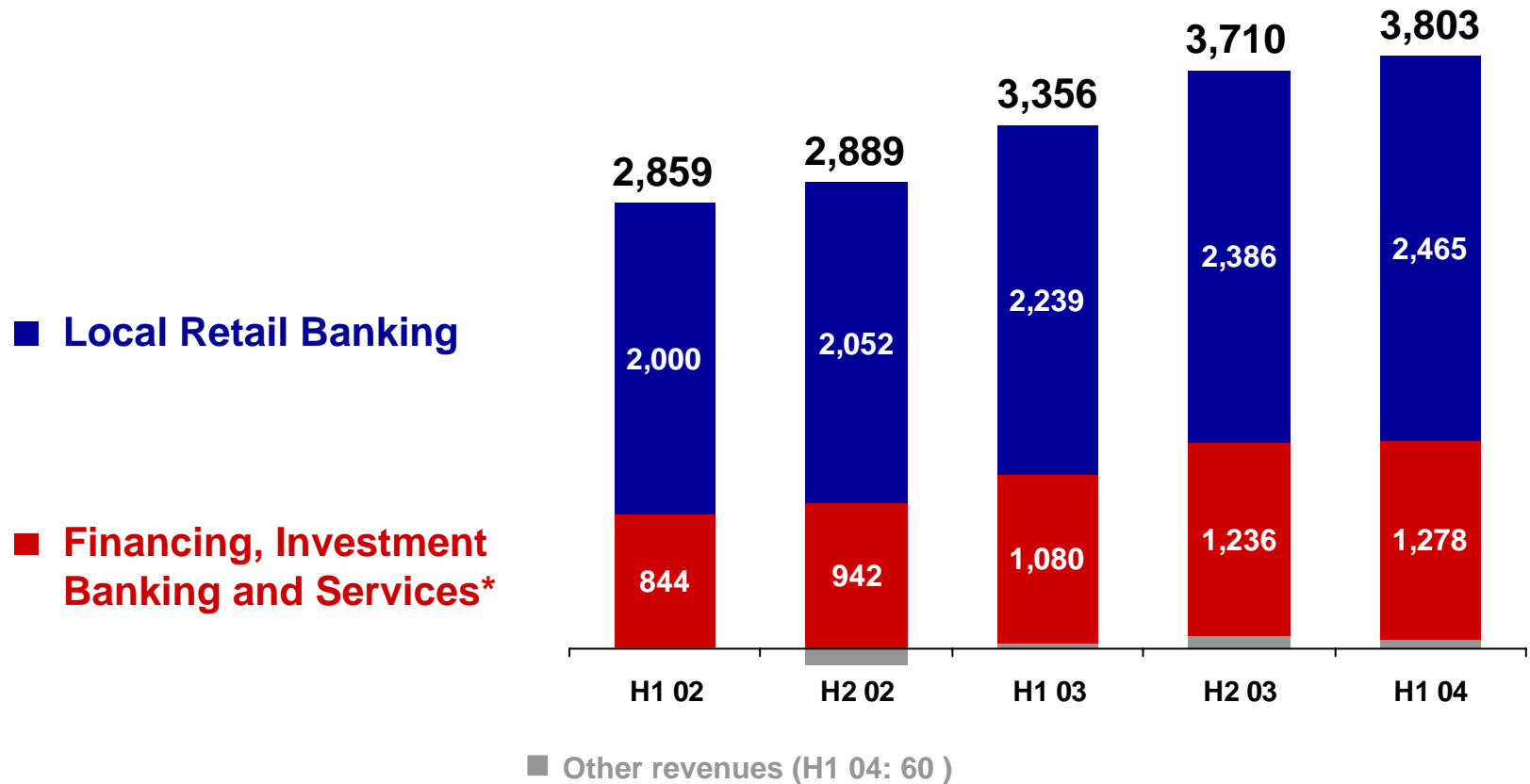
Natexis Banques Populaires:
€1,298 million

H1 04 net banking income of the core businesses (including intercompany transactions)

Net Banking Income

GROUPE BANQUE POPULAIRE

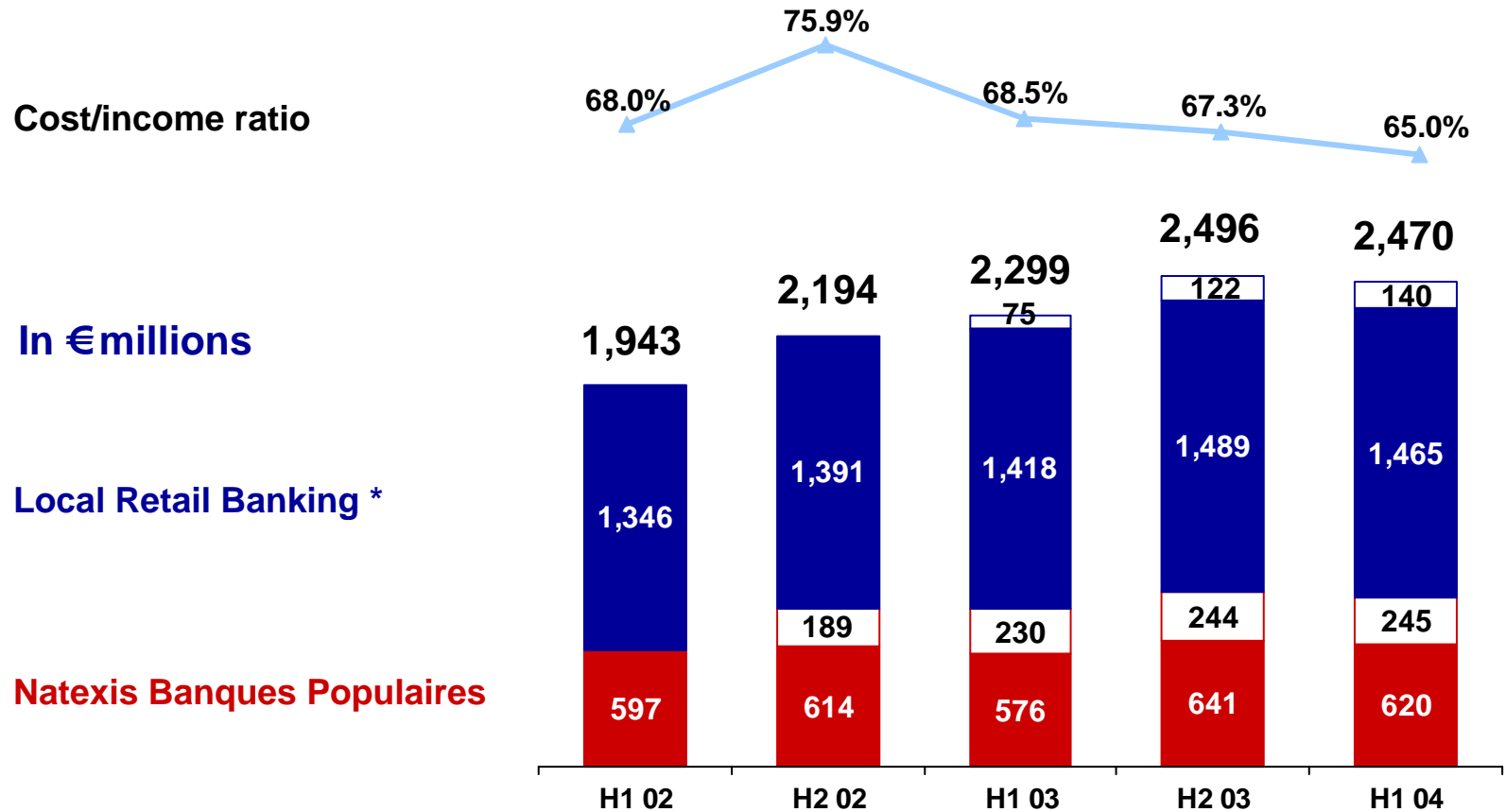
In €millions



*Contribution to consolidated net banking income

Operating expenses

GROUPE BANQUE POPULAIRE



- Local Retail Banking acquisitions
- Natexis Banques Populaires acquisitions

*Including Banque Fédérale des Banques Populaires

Provisions for loan losses

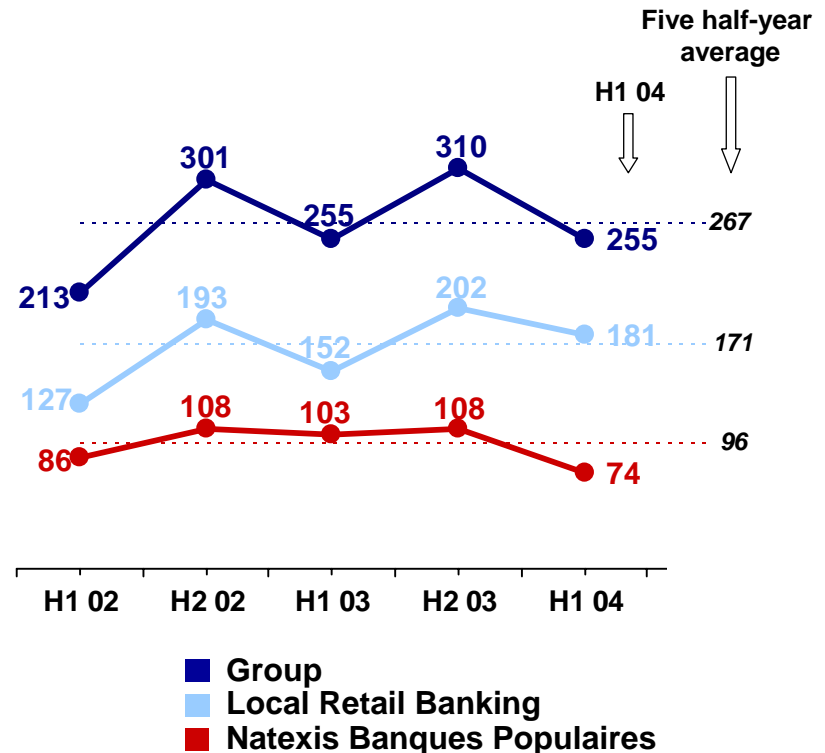
GROUPE BANQUE POPULAIRE

In € millions

■ Provisions for loan losses down slightly, to 37 bp of weighted loans (annualized)

■ H1 04 provisions for loan losses: €255 million
Change vs H1 03: -3% on a comparable structure basis

■ Continued very conservative provisioning policy. NBP's total general provisions remain high



	H1 02	H2 02	H1 03	H2 03	H1 04	Average
Provisions/Weighted credit risks (annualized, in bp)	36	50	40	47	37	42

Consolidated income statement

GROUPE BANQUE POPULAIRE

In € millions

	H1 04	H1 03	Change	
				Comparable structure
■ Net banking income	3,803	3,356	+13%	+10%
→ Operating expenses	(2,470)	(2,299)		
■ Gross operating income	1,333	1,057	+26%	+22%
→ Provisions for loan losses	(255)	(255)		
■ Operating income	1,078	802	+34%	+30%
→ Income from companies at equity	2	7		
→ Net gains (losses) on fixed asset disposals	15	(6)		
■ Income bef. exceptional items and tax	1,095	803	+36%	+32%
→ Exceptional items	(17)	(10)		
→ Tax	(382)	(269)		
→ Amortization of goodwill	1	(2)		
→ Charge to fund for general banking risks (b)	(112)	(89)		
→ Minority interests	(90)	(57)		
■ Net income (a)	495	376	+32%	+28%
■ Earnings capacity (a) + (b)	607	465	+31%	+28%

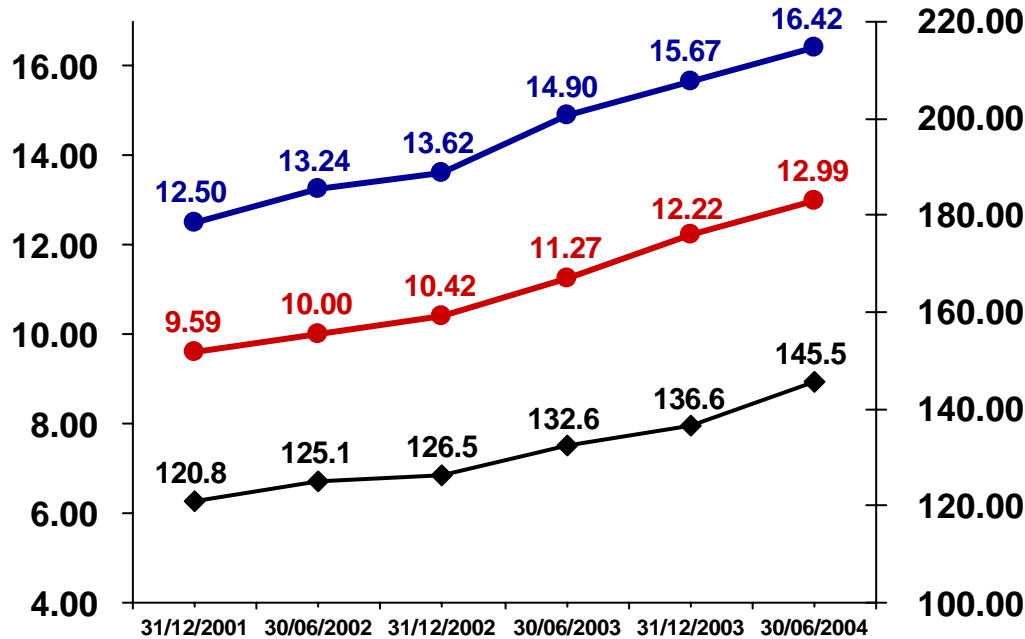
Capital base

GROUPE BANQUE POPULAIRE

In €billions

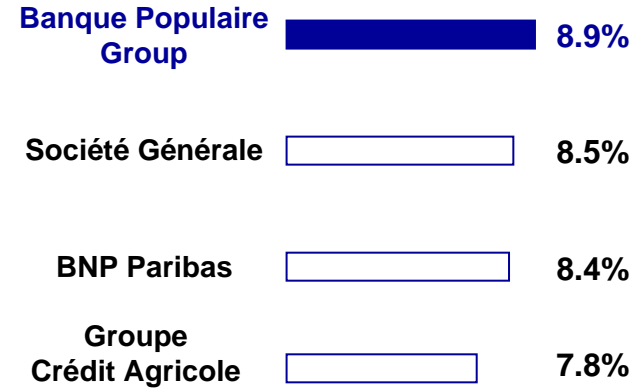
Tier One Ratio

7.9% 8.0% 8.2% 8.5% 8.9% 8.9%



—●— Total Regulatory Capital
—●— Tier One Capital
—◆— Risk-Weighted Assets

Tier One Ratio



Return on Equity

GROUPE BANQUE POPULAIRE

- **Half-year 2004 ROE: 14.2%** (vs 13.1% in H1 03)
- **Very strong ROE in local retail banking**
- **Further significant improvement in NBPs' ROE**
- ***Note: ROE corresponds to earnings capacity (after tax) expressed as a percentage of opening shareholders' equity (method unchanged)***

Natexis Banques Populaires

Income Statement

In € millions	H1 04	H1 03 Pro forma	H1 03	Change	
				Comparable structure	
■ Net banking income	1,356	1,145	1,135	+19%	+18%
→ Operating expenses	(886)	(838)	(829)		
■ Gross operating income	470	307	306	+54%	+53%
→ Provisions for loan losses	(74)	(103)	(103)		
■ Operating income	396	204	203	+95%	+94%
→ Income from companies at equity	4	5	5		
→ Net gains on fixed asset disposals	4	9	9		
■ Income bef. exceptional items and tax	405	219	217	+87%	+85%
→ Exceptional items	(9)	(8)	(9)		
→ Tax	(130)	(45)	(44)		
→ Amortization of goodwill	(22)	(27)	(27)		
→ Allocation to fund for general banking risks	0	0	0		
→ Minority interests	(36)	(27)	(27)		
■ Net income	208	113	111	+87%	+84%

New organization

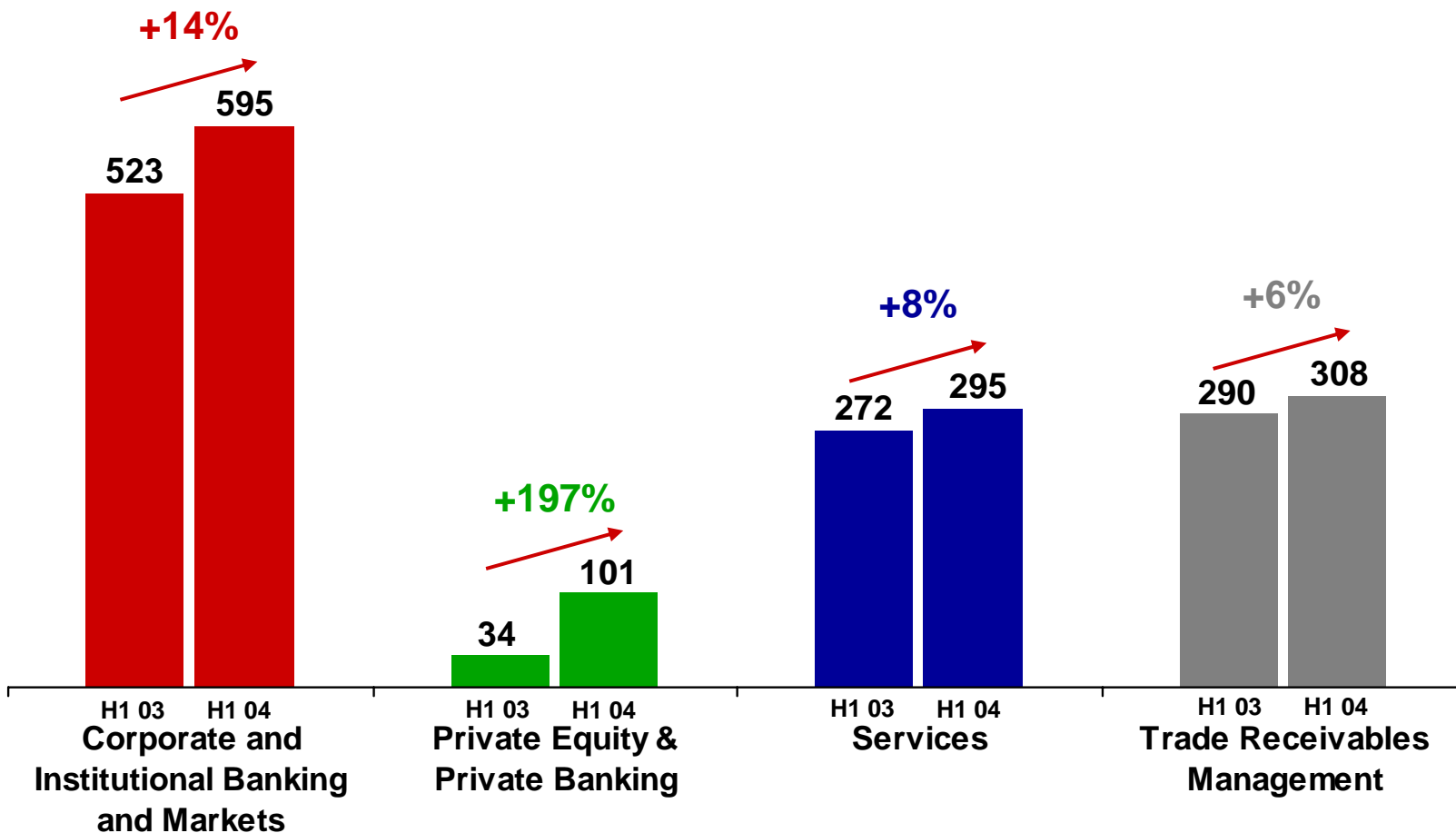
- A leaner organization for increased marketing efficiency

- Four business lines:
 - Corporate and Institutional Banking and Markets (CIBM)
 - Private Equity & Private Banking
 - Services
 - Trade Receivables Management

- Overhauled CIBM business line organization will be fully operational in Q4 2004

Net Banking Income by business line

In €millions



H1 03 figures are pro forma

Corporate and Institutional Banking and Markets (1/2)

- **Corporate France: H1 04 net banking income = €198m (-9%)**
 - Increased competitive pressure on margins
 - Lower float interest
 - Small reduction in average loans outstanding

- **International Group: H1 04 net banking income = €64m (-3%)**
 - Corporate: revenues increased in Europe, but contracted slightly in Asia and emerging markets
 - Institutional: international lending declined but correspondent banking held up well

- **Commodities: H1 04 net banking income = €45m (-1%)**
 - Certain transactions were postponed to second half
 - Margins declined in Mercosur countries

Change vs H1 03 pro forma

Corporate and Institutional Banking and Markets (2/2)

■ Structured Financing & Capital Markets:

H1 04 net banking income = €214m (+21%)

- Strong growth in LBO, acquisition financing and aircraft financing businesses thanks to better positions as arranger
- Solid increase in capital markets revenue, driven mainly by Credit and Forex units

■ Equity & Arbitrage:

H1 04 net banking income = €74m (+335%)

- Growth in brokerage services for French corporates and good trading performance in New York
- Upturn in primary markets transactions in France
- Natexis Bleichroeder SA: - #1 in public offerings (number – AMF)
- Best French earnings forecast (AQ Euro 300 awards)
- Arbitrage business held up well
- Gradual improvement in equity derivatives business

Private Equity & Private Banking

- **Private Equity: H1 04 net banking income = €78m (5.2x)**
 - **Managed assets up 21% to €1.9 billion**
 - **Significant profit-taking during the period but stock of unrealized gains remains high: €197 million**
(vs €203 million at Dec. 31,03)
 - **Investments up 82% to €182 million**

- **Private Banking: H1 04 net banking income = €23 million (+20%)**
 - **Strategic repositioning of dedicated entities**

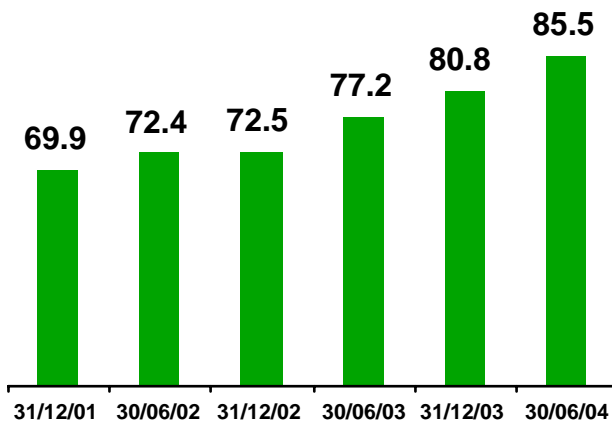
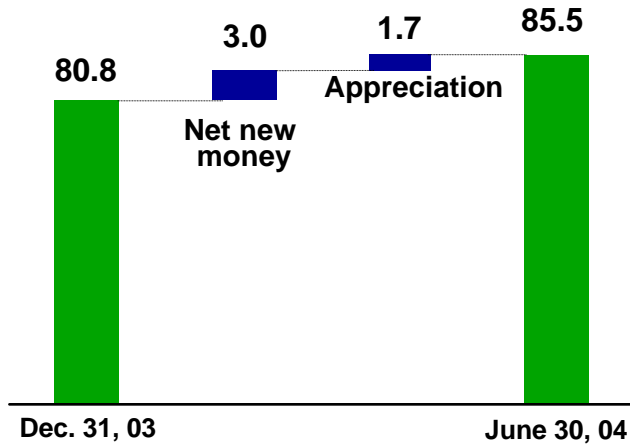
Services

- **Asset Management & Insurance: H1 04 net banking income = €178m (+19%)**
 - **AuM (excluding private asset management): €1.4 billion (up 10% on June 30, 2003)**
 - **Employee savings plans: 16% increase in managed assets; Natexis Interépargne ranked No. 1, with 21% of the market - new PERCO group pension products have got off to a good start**
 - **Life and non life insurance: 19% growth in managed assets in unit-linked portfolios**
 - **Personal risk insurance: 23% increase in written premiums**

- **Banking, Financial & Technology Services:**
H1 04 net banking income = €117m (-4%)
 - **Banking Services:**
17% growth driven by sharp rise in card and SIT processing volumes
 - **Financial Services:**
Lower net banking income due to withdrawal from certain businesses
Further increase in assets in custody (€388 billion, up 12% vs June 30, 2003)

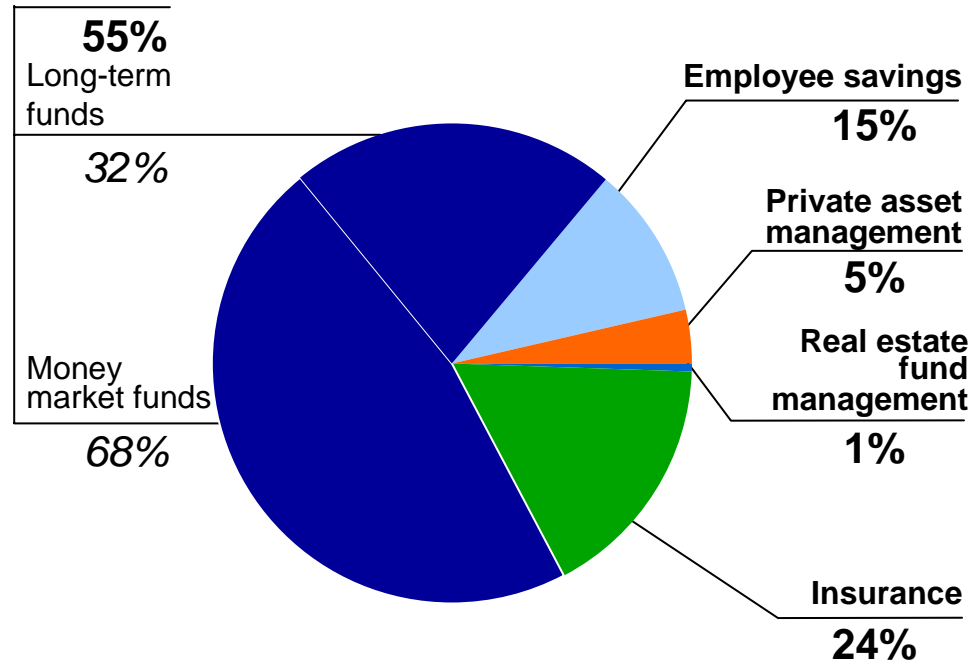
Assets under management

In €billions



Managed Assets

Managed funds



€85.5 billion
as of June 30, 2004

Trade Receivables Management

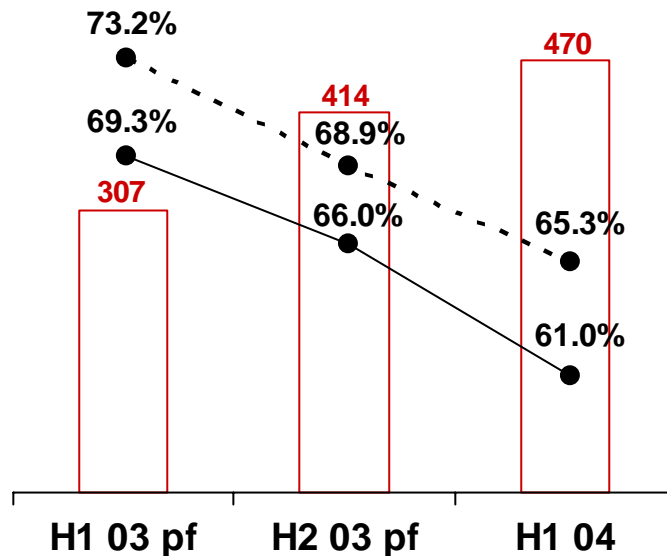
- **Coface: H1 04 net banking income = €258m (+7%)**
 - Stronger positions in credit information and company rating segments: market share raised to 40% through acquisition of ORT
 - Turnover: €578 million (+3%)
Contribution to operating profit: €40 million (+25%)
 - Loss ratio remained low at 53.5%

- **Natexis Factorem: H1 04 net banking income = €50m (+2%)**
 - Holding up well in persistently difficult market conditions
 - Market share: 13.1%
 - Creation of VR Factorem in Germany

Operating expenses

- Further improvement in cost/income ratio (-8 points vs H1 03)
- Increase in operating costs (+6% on a comparable structure basis vs H1 03) due mainly to targeted hiring program

In € millions



Gross operating income and cost/income ratio

--- : Cost/income ratio

— : Cost/income ratio excluding Coface

In € millions	H1 04	H1 03 pro forma	H1 03
Operating expenses	886	838	829
Payroll costs	505	472	467
Other and depreciation/ amortization	381	366	362

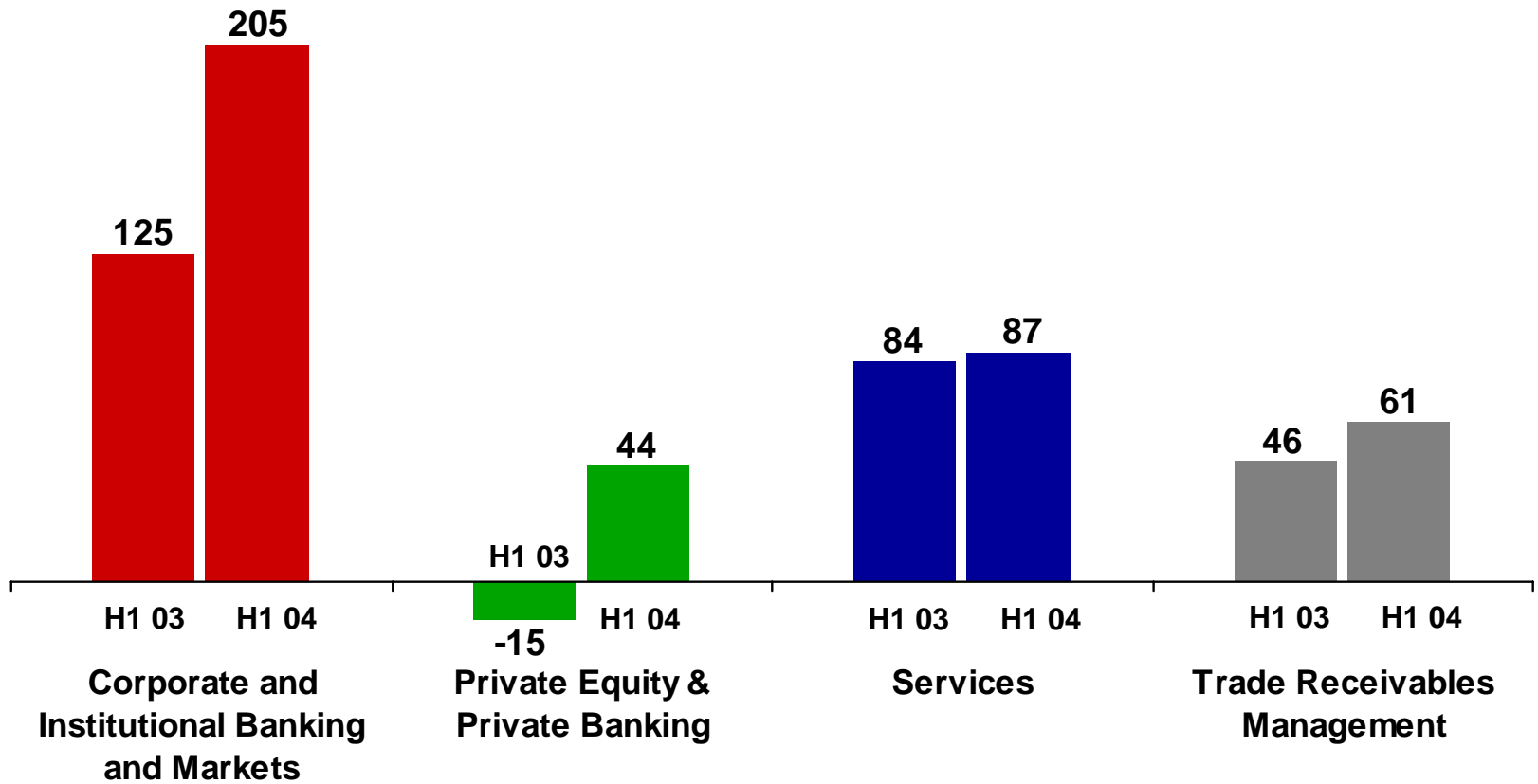
Credit Risk - Coverage of non-performing loans

- Charges to provisions for loan losses down to €74 million (vs €103 million in H1 03 and €108 million in H2 03)
- General provisions remained unchanged at a high level
- Improved coverage rate

In €billions	June 30, 04	Dec. 31, 03
■ Customer loans	50.5	47.6
■ Non-performing loans	1.70	1.68
■ % non-performing	3.4%	3.5%
■ Provisions (specific and general)	1.49	1.47
■ Provision rate	87.6%	87.4%

Income by business line

In € millions



EPS and ROE

	H1 04	2003	Change
■ EPS (1)	€8.7 <i>annualized</i>	€5.5	+58%
■ NAV per share (2)	€88.8	€66.5	+3%
■ ROE	11.5% <i>annualized</i>	7.8%	+3.7 pts

(1) Based on average number of shares (48.045 million in H1 04 and 47.663 million in 2003)

(2) Based on number of shares at period-end (excluding treasury stock)

Capital base

In €millions

	June 30, 2004	Dec. 31, 2003
■ Tier One ratio	8.0%	8.1%
■ Regulatory capital (1)	6,284	6,045
→ Tier One	4,459	4,274
- o/w fund for gen. banking risks	242	242
- o/w preferred stock	714	692
→ Tier Two and Tier Three	1,825	1,751
■ Risk-weighted assets	56,046	53,079

(1) As used to calculate international capital adequacy ratios

Growth Strategy and New Organization

Growth strategy (1/2)

Increase revenues from existing clients

- **Significant corporate and institutional client base, thanks mainly to lending and cash management businesses**
- **Considerable growth potential by promoting other products (mainly capital markets and factoring) and other businesses (Asset Management, Trade Receivables Management)**
- **Main measures**
 - **Sweeping organizational change to break down the barriers separating the various businesses (creation of a CIBM business line, focus on marketing)**
 - **Systems upgrades**
 - **Training, more motivating compensation systems and targeted hiring**

Growth strategy (2/2)

Leverage our solid expertise in our core businesses in expanding markets

- **Continue to expand in all product and client segments (extend client base and product offer) in the area of commodity trading and financing**
- **Develop no-frills offers for SMEs and very small companies, and tailor-made offers for large groups in the area of employee plans**
- **Step up pace of growth in real estate financing and LBOs in France and selected European markets**
- **Move up a gear in developing the Trade Receivables Management business**

New organization

A leaner organization, for increased marketing efficiency

■ Four business lines...

- Corporate and Institutional Banking and Markets
- Private Equity & Private Banking
- Services
- Trade Receivables Management

■ ... with increased emphasis on marketing

- Two new business development units (Corporates and Institutions) in the CIBM business line, serving all activities
- Create a cross-selling mindset (by enhancing the role of Senior bankers and Global Relationship Managers)
- Actively target selected geographic and product markets

New organization by business line

Corporate and Institutional Banking and Markets

Olivier Schatz

■ Corporate France

Loans to corporates, banks and other institutions, cash management and lease financing

- Natexis Banques Populaires
- Natexis Lease

■ International Group

International business development and network supervision

- Natexis Banques Populaires
- Natexis Pramex

■ Commodities

Energy, metals, soft

- Natexis Banques Populaires

■ Structured Financing & Capital Markets

Structured financing, fixed income, forex, treasury

- Natexis Banques Populaires
- Natexis Metals

■ Equity & Arbitrage

Brokerage and origination, equity derivatives, arbitrage

- Natexis Banques Populaires
- Natexis Bleichroeder France, UK , USA
- Natexis Arbitrage, Natexis ABM Corp.

2003 net banking income
€1,092 million

Private Equity & Private Banking

Jean Duhau de Berenx

■ Private Equity

Expansion capital, buy-out/buy-in financing, venture capital and international private equity.

- Natexis Private Equity

■ Private Banking

- Natexis Private Banking Luxembourg
- Banque Privée St Dominique

2003 net banking income
€123 million

Services

Jean-Pierre Morin

■ Asset Management and Insurance

Insurance, asset management, employee plans

- Natexis Asset Management
- Natexis Assurances
- Natexis Interépargne

Jean-Yves Forel

■ Banking, Financial and Technology Services

Electronic banking and payments processing, securities custody and administration and multichannel banking

- Natexis Banques Populaires

2003 net banking income
€562 million

Trade Receivables Management

Jérôme Cazes

■ Credit Insurance

Domestic and export credit insurance

- Coface

■ Credit Management Services

Credit information and receivables management

- Coface

■ Factoring

- Natexis Factorem

2003 net banking income
€617 million

Appendices

Private Equity & Private Banking

Private Equity

In € millions

	H1 04	H1 03
■ Proprietary portfolio		
→ New investments	107	65
→ Disposals (sale price)	117	59
→ Assets under management, net of provisions ⁽¹⁾ (a)	1,030	882
→ Unrealized gains at June 30	197	181
■ Managed private equity funds		
→ New investments	75	35
→ Disposals (sale price)	22	16
→ External capital under management ⁽²⁾ (b)	916	722
■ Total managed assets (a) + (b)	1,946	1,604

(1) Including unrealised gains

(2) Excluding Euromezzanine

**■ Private Banking:
Managed assets up 22% to €4.1 billion**

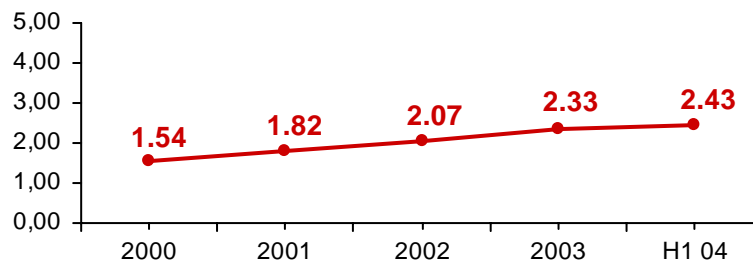
Services (1/3)

Asset Management

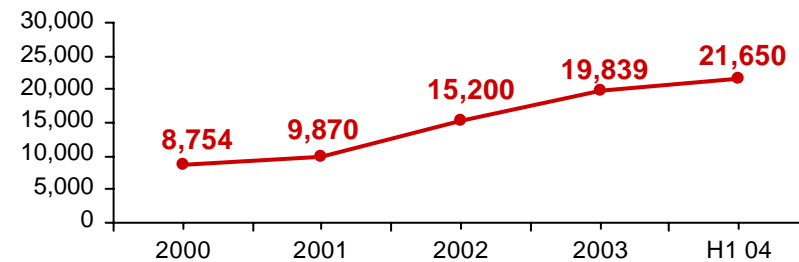
✓ Fund Management:

- Expanded range of formula-based funds
- Sharp rise in assets of alternative and other multi-manager funds

✓ Employee Plans:



Managed accounts (millions)



Client companies (number)

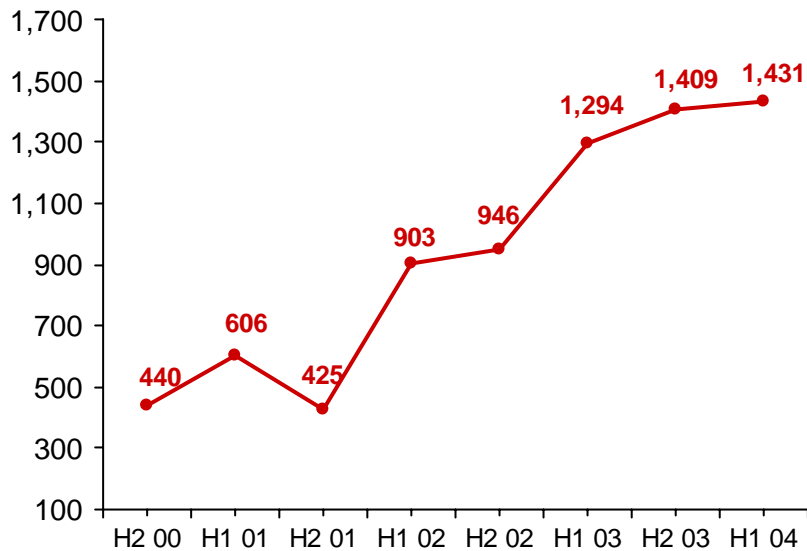
✓ Insurance:

- Life insurance: 4.26 million in-force policies (+16%)
- Personal risk: successful launch of “MAV” comprehensive accident insurance product

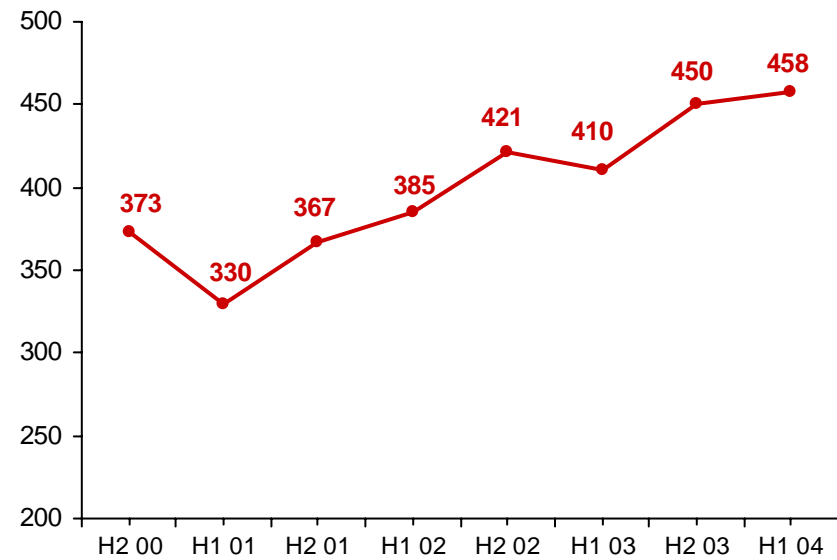
Services (2/3)

Banking, Financial & Technology Services

✓ Banking Services



Number of SIT transactions processed (millions)

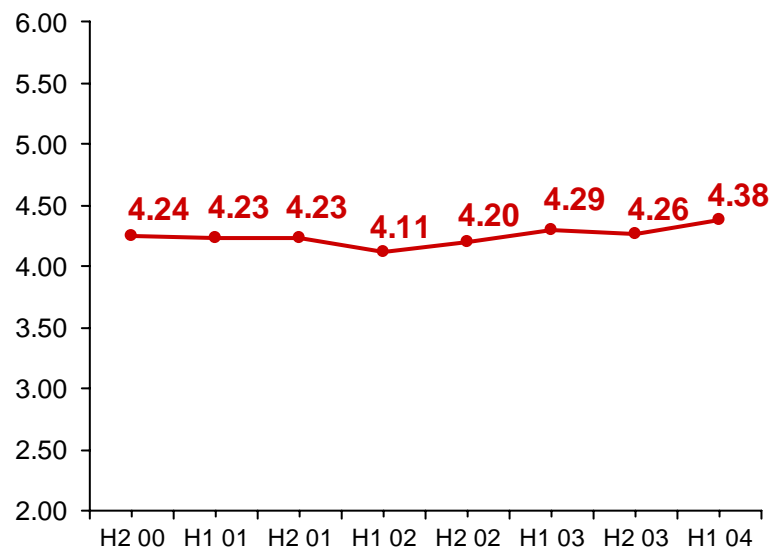
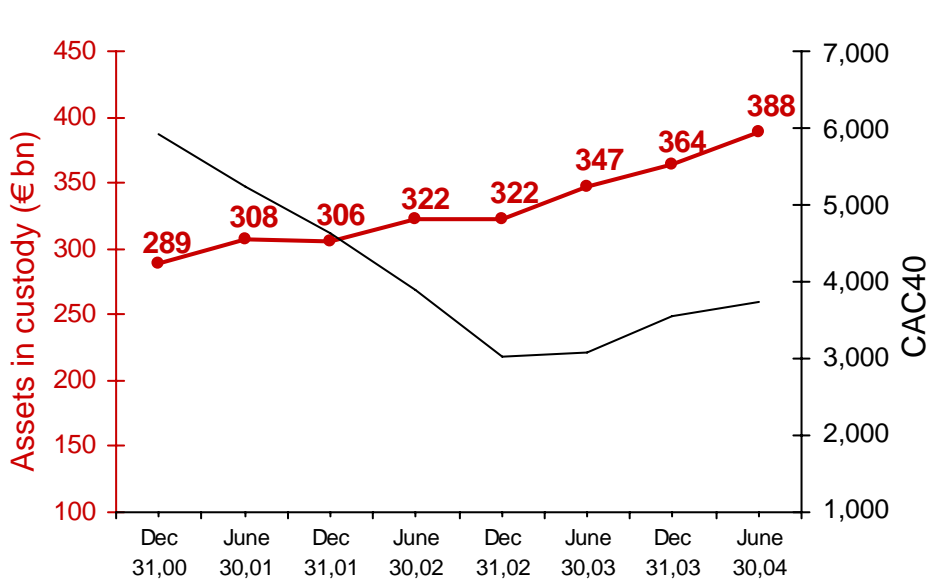


Number of card transactions processed (millions)

Services (3/3)

Banking, Financial & Technology Services

✓ Financial Services



Assets in custody and CAC40



Number of transactions* (millions)

* Involving assets in custody

Trade Receivables Management (1/2)

■ Coface

→ Acquisition of ORT in April 2004

- Impact on accounts of Natexis Banques Populaires:

- Q2 2004 Revenue: €10.8 Million
- Q2 2004 Gross operating income: €1.2 Million

→ Agreement signed for the acquisition of Dexta's credit insurance business, placing Coface among the top three players in the Australian market

→ Launch of a fully-integrated (credit insurance and credit information) trade receivables management offer

Trade Receivables Management (2/2)

■ Natexis Factorem

→ Adapting to new conditions in the factoring market:

- Continuation of strong cost discipline introduced in 2002
- Losses on factored receivables under control

→ Consolidation and expansion in two markets:

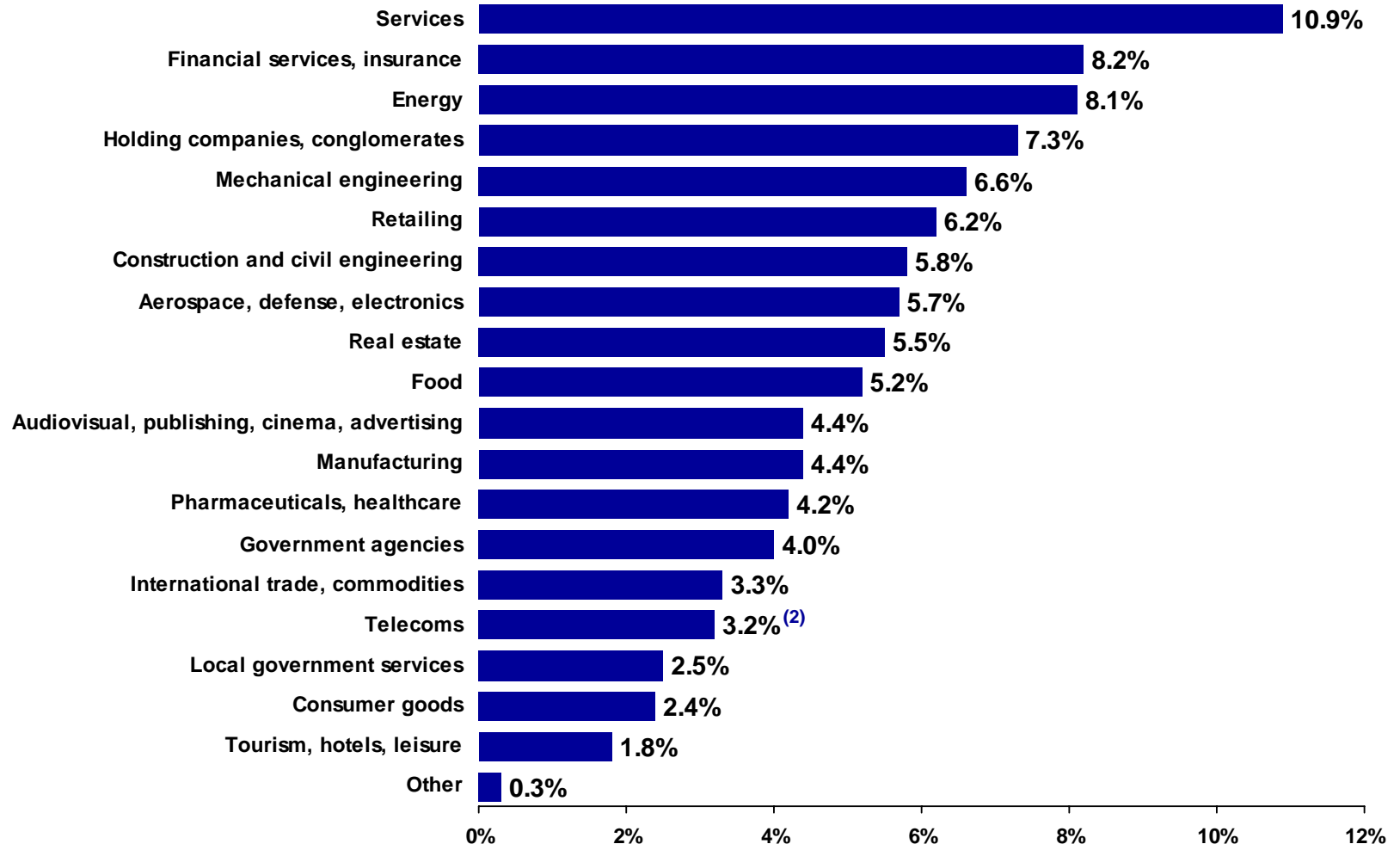
- Entry into German market with the creation of VR Factorem in partnership with the DZ Bank Group
- Extension of the credit insurance offer with the "Accrédia" range
- Penetration of the business start-up market with "Créance primo"
- Revamped export receivables factoring solution

Risk-weighted Assets

In €billions	June 30, 04	Dec. 31, 03
■ Credit risks	50.1	48.4
■ Market risks	5.9	4.7
■ Total risk-weighted assets	56.0	53.1

Credit risk by client industry

Corporate loan book (1)

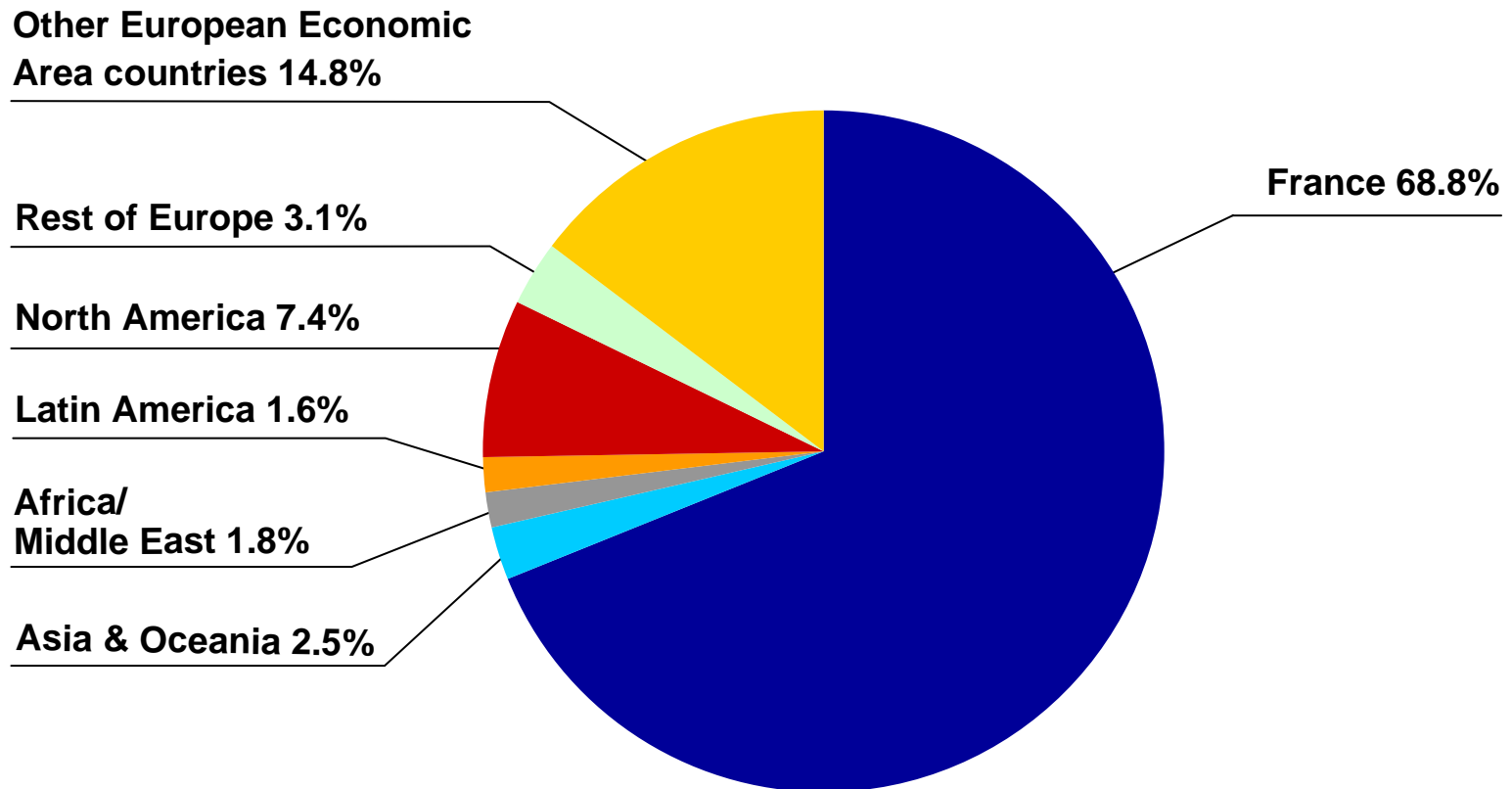


(1) €54.4 billion (on and off-balance sheet), excluding Natexis Lease and Natexis Factorem

(2) Telecom industry = 1.0%, Telecom Services = 2.2%

Credit risk by geographic area

Corporate loan book (1)



(1) €61.8 billion (on and off-balance sheet), including Natexis Lease and Natexis Factorem

Ownership structure and share performance

■ Banque Fédérale des Banques Populaires	75.32%
o/w FCPE Alizé Levier corporate mutual fund	2.21%
■ Public and other shareholders	24.68%
o/w other FCPE corporate mutual funds	1.81%
A & S.B Holdings (USA)	2.92%
DZ BANK	1.89%

