



BNP PARIBAS

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PRESS RELEASE

BNP Paribas expands its pan-European footprint with the operations of Fortis in Belgium and Luxembourg

- BNP Paribas becomes the Eurozone's largest deposit bank
- Addition of two new domestic markets to BNP Paribas' European footprint
- A unique opportunity to get access to high quality, market leading banking and insurance franchises consistent with BNP Paribas' acquisition strategy
- Aggregate consideration of €14.5bn: €9bn in stock (132.6m new shares issued at €68), €5.5bn in cash
- A financially attractive transaction: earnings accretive from year 1; strengthening BNP Paribas' capital ratios
- €10.4bn of most impaired assets within the structured credit portfolio ring-fenced; 10% of interest retained by BNP Paribas
- Support of both the State of Belgium and the State of Luxembourg, who become significant shareholders of BNP Paribas

BNP Paribas today announced it has agreed to take control of Fortis' operations in Belgium and Luxembourg, as well as the international banking franchises, for a total consideration of €14.5 billion. This transaction provides BNP Paribas with the opportunity to roll out further its integrated banking model in Europe. As a result of this transaction, BNP Paribas will have two new domestic markets, Belgium and Luxembourg, to add to its existing domestic markets in France and Italy. This deal confirms BNP Paribas' position as the Eurozone's leading cross-border bank with 4 domestic markets.

The businesses acquired consist of Fortis operations, excluding the Dutch operations acquired by the Dutch State. In particular, the acquired perimeter includes:

- 1,458 branches located in Belgium, Luxembourg, and all other countries except the Netherlands (including Poland, Turkey and France), as well as the Fintro branch network in Belgium
- Fortis' insurance business in Belgium
- Fortis' investment management activities (including former ABN AMRO Asset Management)
- Fortis' private banking business outside the Netherlands
- Fortis' merchant banking activities outside the Netherlands
- Fortis' consumer finance activities outside the Netherlands

This acquisition brings Fortis' clients and staff into the fold of one of Europe's most solid banks with a strong tradition of respecting local cultures, as demonstrated by the successful integration of BNL in 2006. The BNP Paribas Group will thus become a market leader in Belgium and Luxembourg (with respectively 3 million and 280,000 retail clients), committed to supporting the real economy of both countries and providing its clients access to one of the widest financial services networks in the world. In all their businesses, BNP Paribas and Fortis will benefit from strong complementarities and will form together a leading financial services group in Europe.

Main terms of the transaction

Following the acquisition by the government of the Netherlands of Fortis Bank Nederland (Holding) N.V., including Fortis' interest ABN Amro Holding N.V. and the Dutch insurance activities, the State of Belgium will raise its stake in Fortis Bank SA/NV to 100%. Under the terms of the transaction, BNP Paribas will then acquire from the Belgian State 75% of Fortis Bank SA/NV and 100% of Fortis Insurance Belgium, and acquire 16% of Fortis Banque Luxembourg from the Luxembourg State, taking its controlling interest in Fortis Banque Luxembourg to 67%. The total consideration for the transaction will be €14.5bn. BNP Paribas will acquire its interest in Fortis' banking business in Belgium and Luxembourg for €9bn paid in approximately 132.6m newly-issued BNP Paribas shares. Fortis Insurance Belgium will be acquired for a cash consideration of €5.5bn. As a consequence, the Belgian and Luxembourg states will become shareholders of BNP Paribas, with stakes of 11.6% and 1.1% respectively, and Belgium will appoint two new members to join the BNP Paribas board. The Belgian State's stake will be subject, for up to 10% of BNP Paribas' capital, to a 2-year lock-up. 50% of the Luxembourg's stake will be subject to a lock-up period of 1 year.

BNP Paribas has reviewed Fortis' structured credit portfolio. €10.4bn of structured complex assets have been ring-fenced and put into a special purpose vehicle, in which 10% of any profits or losses will be for BNP Paribas.

Industrial Rationale

This transaction is fully consistent with BNP Paribas' acquisition strategy and allows it to roll out its well-proven integrated banking model in Europe with the addition of high quality franchises and two new domestic markets. BNP Paribas has a tried and tested universal business model, based on the three pillars of retail banking, asset management services and CIB, which allows it to leverage this acquisition and create significant sustainable shareholder value.

In retail banking, BNP Paribas will become the leader in Belgium and Luxembourg, two of the countries with the wealthiest customer bases in Europe. Fortis' businesses in these two countries represent €239bn in customer deposits, allowing BNP Paribas to jump from 7th to the largest deposit bank in the Eurozone. In Belgium, the Group will have over 1,000 branches and 3 million customers, representing a market share of in excess of 30%. BNP Paribas will also acquire Fortis' retail networks in Poland, Turkey and France.

In Asset Management and Services, BNP Paribas will become a European top 5 player in asset management, the number 1 Eurozone private bank and the largest insurance player in Belgium (with a 30% market share). On a proforma consolidated basis, BNP Paribas' asset management business will now have €549 billion and its wealth management arm €214 billion in assets under management.

In Corporate and Investment Banking, BNP Paribas will be able to leverage Fortis' attractive client base, optimise capital usage and roll out BNP Paribas' risk management framework.

This acquisition will reinforce BNP Paribas' diversified and balanced business mix, with retail representing 57% of the Group's proforma revenues.

The combination is expected to generate annual cost synergies of approximately €500m, or 8,5% of acquired cost base, fully phased by 2011. Restructuring costs are estimated at approximately €750m. The transaction is expected to be EPS accretive from year one.

BNP Paribas' strengthened financial profile

This transaction will strengthen BNP Paribas' financial profile and provide tangible value creation for its shareholders.

The transaction is fully consistent with the Group's acquisition discipline. The acquisition of the banking operations implies a multiple of adjusted tangible book value of 0.7x. The acquisition of the life and non-life insurance operations implies a multiple of 1.0x 2007 life embedded value.

BNP Paribas' proforma Tier 1 ratio will improve by approximately 35bps. Its funding position is also reinforced due to Fortis' strong deposit base and its favourable loan to deposit ratio (around 100%). Lastly, BNP Paribas' exposure to Fortis' structured credit assets will be limited thanks to the ring-fencing of the most impaired assets within that portfolio.

Transaction timetable

The agreement for the purchase of the acquired businesses has been signed and closing is subject to antitrust and regulatory approvals. 88m shares will be issued pursuant to the standing authorisation granted to BNP Paribas' Board, and the issuance of a further 44m will be submitted to an EGM of BNP Paribas' shareholders. Closing is expected to take place by year end or in the first quarter of 2009.

Baudouin Prot, CEO of BNP Paribas, said: "BNP Paribas fully appreciates the extent of the commitment it undertakes towards Belgium, Luxembourg and all Fortis staff and customers"

BNP Paribas will host an analyst conference call at 11:30am CET and a press conference in Brussels at 2 pm CET, and will take part to the Luxembourg press conference at 4 pm CET.

BNP Paribas was advised by BNP Paribas Corporate Finance.

About BNP Paribas

BNP Paribas (www.bnpparibas.com) is a European leader in global banking and financial services and is one of the 3 strongest banks in the world according to Standard & Poor's. The group is present in over 85 countries, with more than 168,000 employees, including 129,500 in Europe. The group holds key positions in three major segments: Corporate and Investment Banking, Asset Management & Services and Retail Banking. Present throughout Europe in all of its business lines, the bank's two domestic markets in retail banking are France and Italy. BNP Paribas also has a significant presence in the United States and strong positions in Asia and the emerging markets.

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