# BNP Paribas

## Best in Class Returns in Europe and Strong Solvency and Funding

Fixed Income Presentation
March 2017

BNP PARIBAS

The bank for a changing world

# Disclaimer

*The figures included in this presentation are unaudited. On 29 March 2016, BNP Paribas issued a restatement of its quarterly results for 2015 reflecting, in particular (i) an increase in the capital allocated to each business line to 11% of risk-weighted assets, compared to 9% previously, (ii) the charge of subordination costs of Additional Tier 1 and Tier 2 debt issued by the Group to the divisions and business lines, a review of the way it charges and remunerates liquidity between the Corporate Centre and the business lines and the adaptation of the allocation practices for revenues and operating expenses of Treasury activities within CIB, (iii) the allocation to the divisions and business lines of the contribution to the Single Resolution Fund, the reduction of the French systemic tax and new contributions to the deposit guarantee funds of BNL and Luxembourg Retail Banking which had been temporarily booked in the operating expenses of the Corporate Centre and (iv) some limited internal transfers of business activities and results. The 2015 quarterly result series have been restated reflecting these effects as if they had occurred on 1st January 2015. This presentation is based on the restated 2015 quarterly series.*

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*The sum of values contained in the tables and analyses may differ slightly from the total reported due to rounding.*

## Strong Solvency and Capital Generation Capacity

Launch of the 2020 Business Development Plan

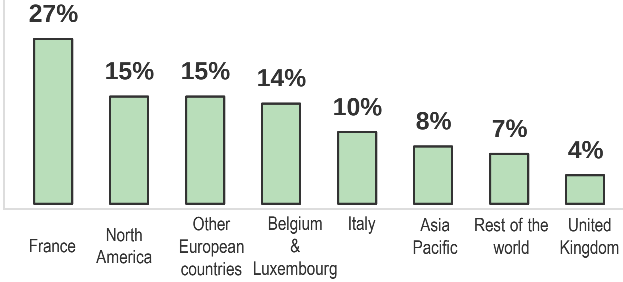
Focus on Capital Instruments and MLT Funding

Appendix

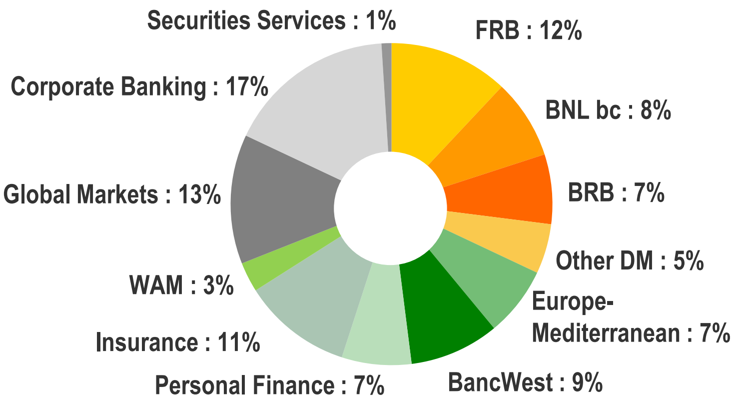
# The Strength of a Diversified and Integrated Business Model…

- A business model diversified by country and business which has demonstrated its strength
  - No country, business or industry concentration
  - Presence primarily in developed countries (>85%)
  - No business unit > 20% of allocated equity
  - Business units and regions evolving according to different cycles
- Activities focused on customers' needs
  - A strong cooperation between businesses & regions
- A clear strength in the new environment
  - Sizeable retail banking operations allowing significant investments in digital banking and new technologies
  - Critical mass in market activities that helps to support credit disintermediation
  - A growing presence in stronger potential areas

**Gross commitments* by region: €1,438bn as at 31.12.2016**




**Allocated equity by business as at 31.12.2016**

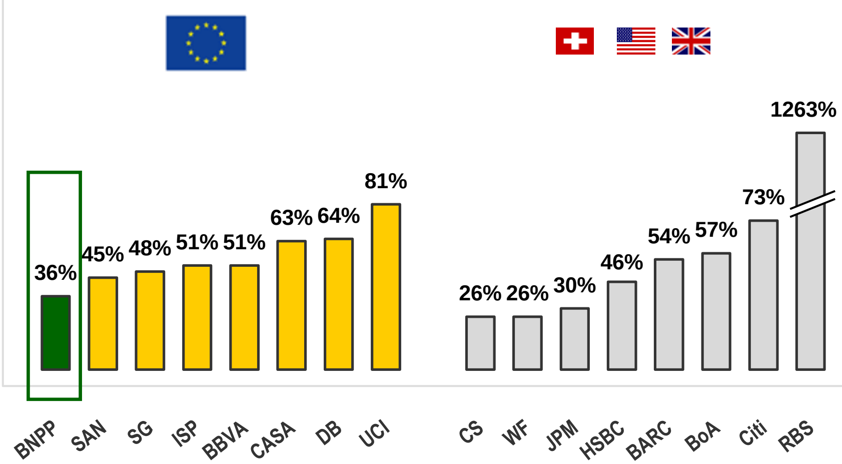



**A well-balanced business model based on 3 pillars: Domestic Markets, IFS and CIB**

** Total gross commitments, on and off balance sheet, unweighted*

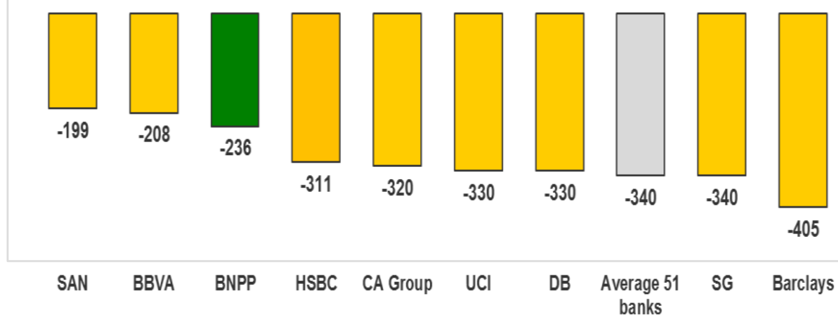
# Strong Diversification Resulting in low risk Profile and very Good Resilience in Stress Tests …

## Cost of Risk/Gross Operating Income 2008-2016




- Low risk appetite and strong diversification lead to low cost of risk
- One of the lowest CoR/GOI through the cycle

## 2016 EU Stress Tests Impact of Adverse scenario on CET1 ratio - peer group [(1)]




- Adverse scenario impact for BNPP was ~100bp lower than the average of the 51 European banks tested

**Diversification => lower risk profile**

*[(1)] Based on the fully loaded ratio as at 31.12.2015*

# Strong Integration and Broad Product Offering Allowing Market Share Gains

- Strong cooperation between businesses leading to improved market positions
  - Strong development and market share gains following BNL's acquisition in 2006 and Fortis' in 2009
- Roll out of the model in International Retail Banking
  - BancWest's Wealth Management AuM: already $12.1bn as at 31.12.16 (+70%[1] vs. 2013)
  - TEB's Wealth Management AuM: +86%[1] vs. 2013
- One Bank for Corporates: success confirmed with improved market penetration in 2016
  - #1 for Syndicated Loans[2] and #1 European Corporate Banking[3]
  - #1 European Large Corporate Trade Finance[3], #1 for Cash Management in Europe[2] and #4 Cash Management Bank Worldwide[4]
  - Improvements also as a leader in several quality ratings (e.g. Euro Bond House of the Year[5])

**Italy**

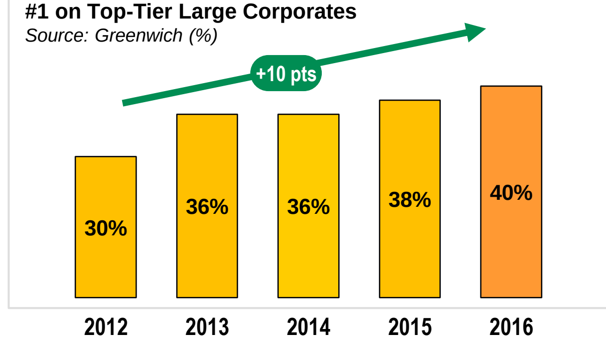
| | | |
|---|---|---|
| **Wealth Management** (market share) | 3% in 2008 | 5% in 2016 |
| **Cash Management** (ranking) | >#10 in 2006 | #1 in 2016 |

**Belgium**

| | | |
|---|---|---|
| **Wealth Management** (ranking) | #7 in 2009 | #1 in 2016 |
| **Corporate Finance** (ranking) | #7 in 2007 | #1 in 2016 |

**European cash management market penetration - 2016**

**#1 on Top-Tier Large Corporates**
*Source: Greenwich (%)*




**Successful cooperation between businesses leading to stronger market positions**

*(1) Constant exchange rate; (2) Dealogic; (3) Greenwich Share Leaders; (4) Euromoney Cash Management Survey; (5) IFR 2016*

# Confirmed by 2016 Performance...

| | |
|---|---|
| **Revenue growth despite a low interest rate environment and a lacklustre market context this year** | **Revenues: +1.1% vs. 2015** |
| **Cost containment** | **+0.4% vs. 2015** |
| **Rise in gross operating income** | **+2.6% vs. 2015** |
| **Significant decrease in the cost of risk** | **-14.1% vs. 2015 (46 bp)*** |
| **Rise in net income Group share**<br>**Dividend per share** | **€7,702m (+15.1% vs. 2015)**<br>**€2.70**** |
| **Solid organic capital generation** | **CET1***: 11.5% (+60 bp vs. 31.12.15)** |

**Good results and solid capital generation**

** Cost of risk/Customer loans at the beginning of the period; ** Subject to the approval of Annual General Meeting on 23 May 2017; *** As at 31 December 2016, CRD4 ("fully loaded" ratio)*

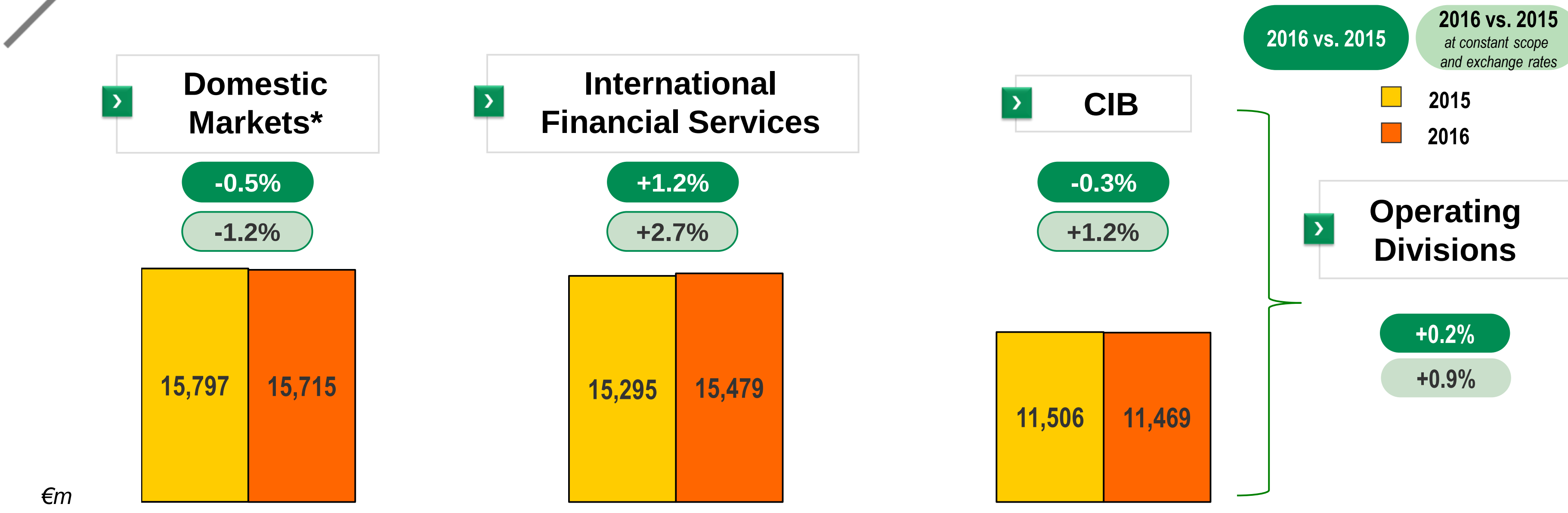
# Consolidated Group - 2016

| | 2016 | 2015 | 2016 vs. 2015 |
|---|---|---|---|
| **Revenues** | **€43,411m** | **€42,938m** | **+1.1%** |
| Operating expenses | -€29,378m | -€29,254m | +0.4% |
| **Gross operating income** | **€14,033m** | **€13,684m** | **+2.6%** |
| Cost of risk | -€3,262m | -€3,797m | -14.1% |
| Costs related to the comprehensive settlement with U.S. authorities | €0m | -€100m | n.s. |
| Non operating items | €439m | €592m | -25.8% |
| **Pre-tax income** | **€11,210m** | **€10,379m** | **+8.0%** |
| **Net income attributable to equity holders** | **€7,702m** | **€6,694m** | **+15.1%** |
| **Net income attributable to equity holders excluding one-off items*** | **€7,802m** | **€7,338m** | **+6.3%** |

**Good overall performance**

* See slide 31

# Revenues of the Operating Divisions - 2016

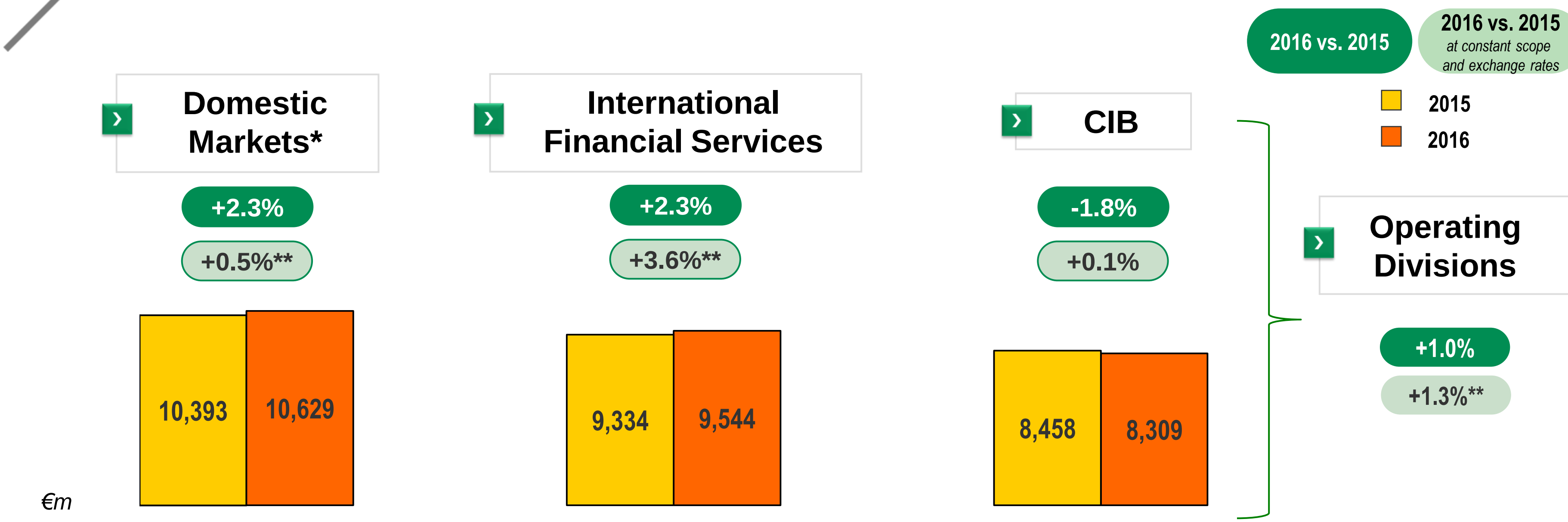



- Unfavourable foreign exchange effect this year
- Slight decrease in the revenues of Domestic Markets as a result of the low interest rate environment
- Rise in the revenues of IFS
- Growth in the revenues of CIB at constant scope and exchange rates despite a particularly unfavourable market environment in 1Q16

**Growth of the operating divisions despite a challenging environment**

** Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg*

# Operating Expenses of the Operating Divisions - 2016




- Rise in banking taxes and contributions (impact of +0.6%***)
- Impact of the new regulations and the strengthening of compliance
- Simple & Efficient savings plan offsetting the natural costs’ drift (inflation, etc.)
- First effects of CIB’s savings plan

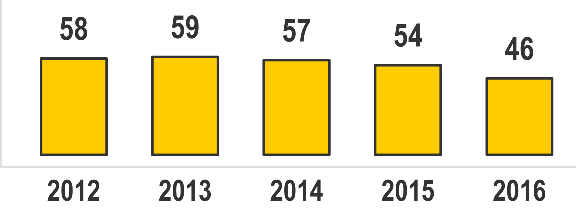
**Cost containment but rise in taxes as well as regulatory and compliance costs**

** Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg; ** Excluding exceptional operating expenses (see slide 5); *** Rise in taxes and banking contributions: +€172m vs. 2015*

# Cost of Risk - 2016 (1/2)

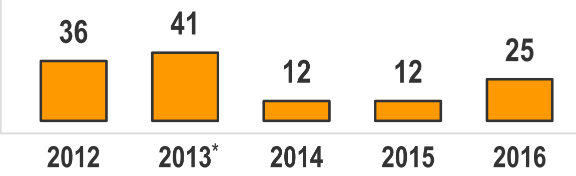
*Cost of risk/Customer loans at the beginning of the period (in bp)*

## Group




- Cost of risk: €3,262m (-€535m vs. 2015)
- Significant decline in the cost of risk

## CIB - Corporate Banking



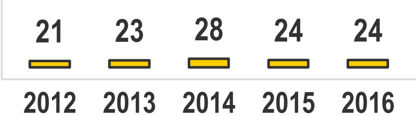

- €292m (+€154m vs. 2015)
- Cost of risk at a low level
- Reminder: positive effect of provisions write-backs in 2014 and 2015

** Restated*

# Cost of Risk - 2016 (2/2)

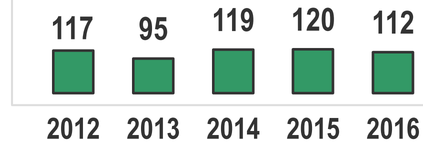
*Cost of risk/Customer loans at the beginning of the period (in bp)*

## FRB



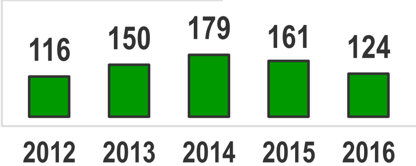

- €342m (stable vs. 2015)
- Cost of risk still low

## Europe-Mediterranean



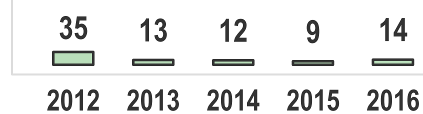

- €437m (-€29m vs. 2015)
- Cost of risk ~stable

## BNL bc



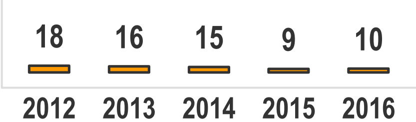

- €959m (-€289m vs. 2015)
- Continued decrease in the cost of risk

## BancWest



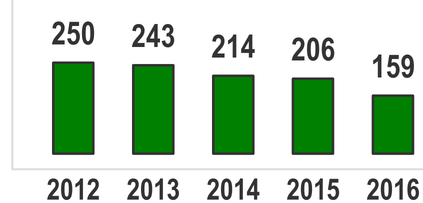

- €85m (+€35m vs. 2015)
- Cost of risk still low

## BRB




- €98m (+€13m vs. 2015)
- Very low cost of risk

## Personal Finance

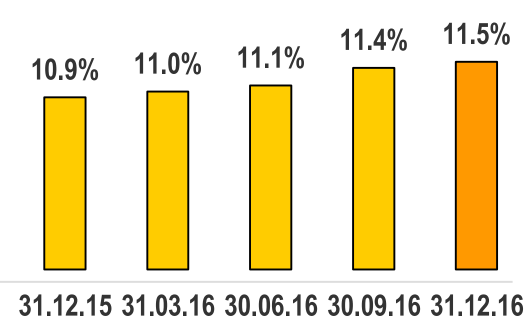



- €979m (-€196m vs. 2015)
  - Effect of the low interest rates and the growing positioning on products with a better risk profile
  - Provisions write-backs following sales of doubtful loans (~-€50m)

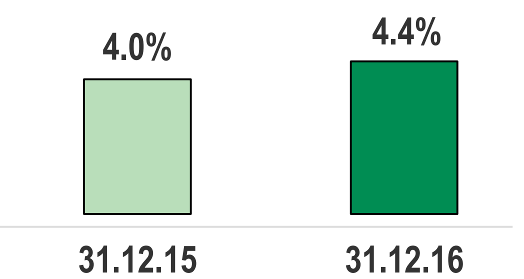
# Strong Financial Structure

- Fully loaded Basel 3 CET1 ratio*: 11.5% as at 31.12.16 (+60 bp vs. 31.12.15):
  - Essentially due to the 2016 results after taking into account the dividend payment
- Fully loaded Basel 3 leverage**: 4.4% as at 31.12.16
  - Calculated on total Tier 1 Capital
- Liquidity Coverage Ratio: 123% as at 31.12.16
- Immediately available liquidity reserve: €305bn*** (€266bn as at 31.12.15)
  - Equivalent to over one year of room to manœuvre in terms of wholesale funding

**Fully loaded Basel 3 CET1 ratio***




**Fully loaded Basel 3 leverage ratio****



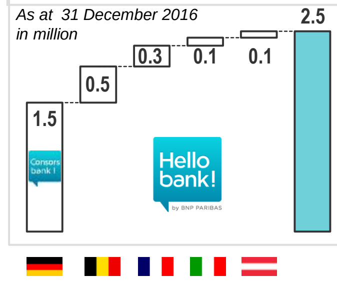

**Solid capital generation**
**Continued increase of the fully loaded Basel 3 CET1 ratio**

** CRD4 "2019 fully loaded"; ** CRD4 "2019 fully loaded", calculated according to the delegated act of the EC dated 10.10.2014 on total Tier 1 Capital and using value date for securities transactions; *** Liquid market assets or eligible to central banks (counterbalancing capacity) taking into account prudential standards, notably US standards, minus intra-day payment system needs*

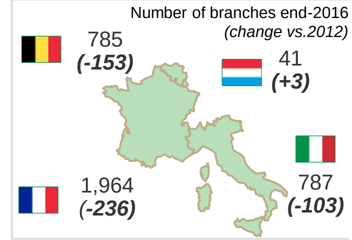
# Success of the 2014-2016 Plan
# Progress on all the Major Strategic Priorities

- Preparing the retail banking of the future
  - Launch of Hello bank! and development of digital banks at IRB
  - Continued adaptation of the branch network
  - Good development of Private Banking in all the networks
- Positions strengthened on corporate and institutional clients
  - Market share gains
  - Development of transaction banking
  - Tie-up between CIB and Securities Services
- Adaptation of the businesses to the new environments
  - BNL: refocus of the corporate commercial approach on the better clients completed and initial positive effects on the cost of risk
  - CIB: creation of Global Markets and market share gains
- Success of development initiatives
  - Success of regional business development plans (Asia-Pacific, Germany, CIB-North America)
  - Good growth of the specialised businesses (Personal Finance, Arval, leasing, insurance, etc)

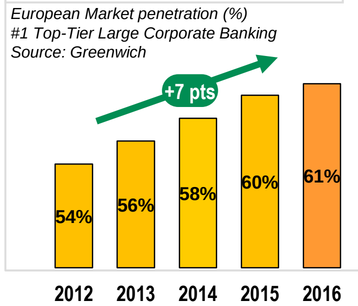
**Number of Hello bank! customers**



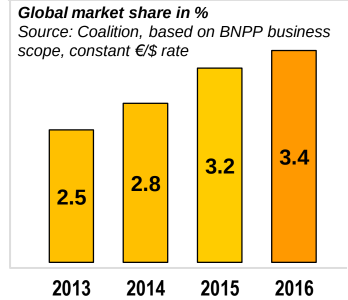

**Ongoing footprint optimisation**



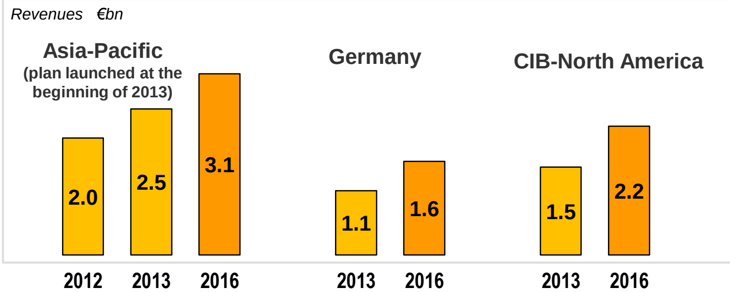

**Corporate Banking**




**Global Markets**




**Success of regional business development plans**



# Success of the 2014-2016 Plan
# Financial Targets Achieved

| | | | 2016 Target | 2016 Achieved | |
|---|---|---|---|---|---|
| Growth | Organic growth of revenues | | ≥ +10% vs. 2013 | +12.1% (including acquisitions)(1) | ☑ |
| Efficiency | Simple & Efficient costs savings target | €2.0bn in 2015 Initial Plan | €2.8bn | €3.3bn | ☑ |
| | Cost income ratio | 66% in 2013 excluding S&E costs | -3 pts vs. 2013 | 66.8%(2) -2 pts excluding regulatory costs | ☒ |
| Profitability | ROE(3) | 7.8% in 2013 | ≥ 10% | 10.3% | ☑ |
| Capital | Fully loaded Basel 3 CET1 Ratio | 10.3%(4) end 2013 | 10.0% | 11.5% | ☑ |
| | Pay-out ratio | 2002-2007: 33-40% 2008-2012: 25-33% | ~45% | 45%(5) | ☑ |

- Strong net income growth: €7.7bn in 2016 vs. €4.8bn in 2013
  - Excluding exceptional elements: €7.8bn vs. €6.0bn (+29.1%)(6)

**Strong income growth and capital generation**

(1) +6.7% excluding acquisitions; (2) Excluding exceptional elements; (3) Excluding exceptional elements, on the basis of CET1 ratio of 10%; (4) CRD4 (fully loaded); (5) Subject to approval at the Shareholders' Meeting; (6) Net impact of exceptional elements: -€0.1bn in 2016, -€1.2bn in 2013

Strong Solvency and Capital Generation Capacity

## **Launch of the 2020 Business Development Plan**

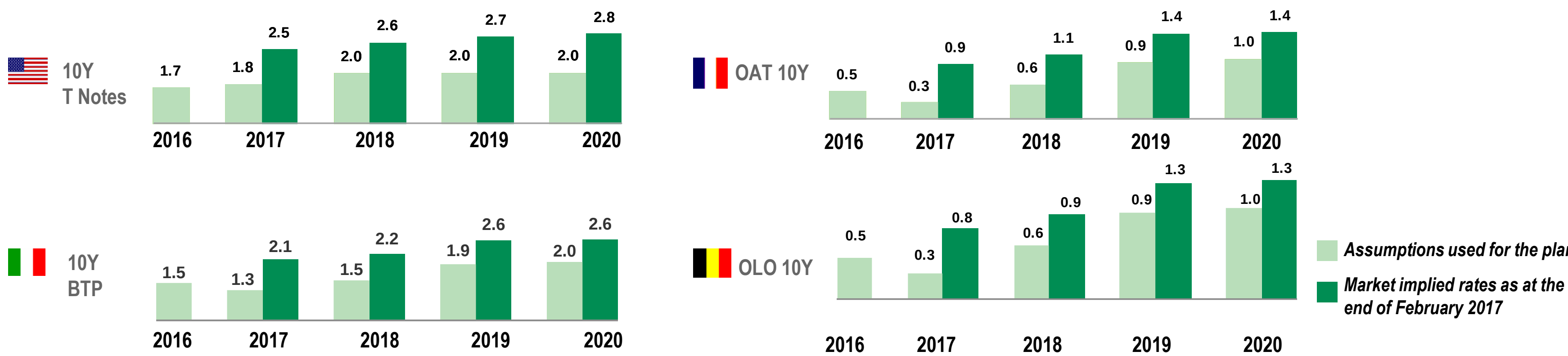
Focus on Capital Instruments and MLT Funding

Appendix

# 2020 Business Development Plan
# A Scenario Based on Conservative Assumptions

- Conservative assumptions used for the plan: potential upside if current forecast confirmed

**Hypothesis of interest rate evolution used for the plan compared to market implied rates:**




**Hypothesis of GDP evolution used for the plan compared to current IMF forecasts :**


**A business development plan based on a scenario of moderate, gradual and differentiated economic recovery**

# Capitalising on a Broad Range of Digital Initiatives Already Launched in all Business lines

| | |
|---|---|
| **Domestic Markets** | ▪ **Domestic networks**: launch of dedicated mobile apps to assist with home purchases, payment solutions, prepaid cards,…<br>▪ **Wa - Fivory**: launch in 2017 jointly with Crédit Mutuel[1] a single universal mobile payment solution combining payment, loyalty programmes and discount offers in partnership in particular with Carrefour, Auchan and Total<br>▪ **Arval Active Link**: integrated telematics offer for corporate fleet management<br>MyAccounts @OneBank — BuyMyHome (France) — PAY BNL (Italy) — Home on the Spot (Belgium) — Wa! FIVORY — ARVAL Active Link |
| **International Financial Services** | ▪ **Personal Finance**: rapid expansion of electronic signatures for files' digital processing, cards development (online payment solutions,…)<br>▪ **International Retail Banking**: strong online banking and mobile app offer (Turkey, Poland), enhanced user experience at BancWest<br>▪ **Insurance**: 70 digital projects in 2016 to transform services & performances<br>▪ **WAM**: new digital services (myAdvisory: investments management & financial advice via smartphone; myBioPass: a unique key to access digital banking services)<br>CEPTETEB (Turkey) — BGZ optima (Poland) — Secure e-vault: MySafePlace (WM - Luxembourg RB) |
| **CIB** | ▪ **CENTRIC**: single digital platform providing corporates with direct and personalised access to BNPP services (> 20 apps)<br>▪ **CORTEX**: digital platform across all FICC products (corporates & institutionals)<br>▪ **SMART Derivatives**: « one-stop-shop » web platform for structured products and equity derivatives<br>CORTEX — SMART derivatives — CENTRIC You're the centre of the action |

| | | | |
|---|---|---|---|
| **Tech Labs** | ECHANGEUR by BNP Paribas Personal Finance — L'ATELIER BNP Paribas Group — ardif lab' | **Incubators, accelerators & partnerships** | Lux Future Lab — WAi we are innovation — LUISS EnLabs La fabbrica delle startup — BNP Paribas International Hackathon 2016 San Francisco - London - Paris - Brussels - Rome - Berlin - Warsaw - Istanbul — CO.STATION |

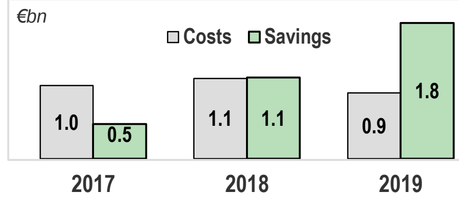
[1] CM11-CIC

# An Ambitious Programme of New Customer Experience, Digital Transformation & Savings

## Invest in a new customer experience, digital transformation and operating efficiency…

**~€3bn in transformation costs**
between 2017 and 2019 …

**Investments & savings**

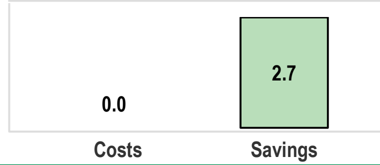



**… financed by ~ €3.4bn in savings during the same period**

## …and generate ~€2.7bn in recurrent annual savings starting from 2020

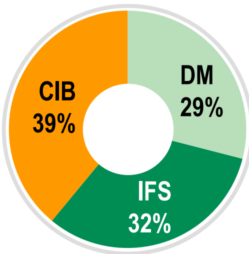
- No transformation costs in 2020
- ~150 programmes
- A new IT function organisation in the Group

**2020 Investments & savings**

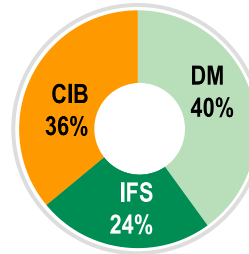



## Balanced contribution of all the Group businesses to the programme

**Transformation costs by Operating divisions**




**Savings by Operating divisions**



# 5 Levers for a New Customer Experience & a More Effective and Digital Bank

| | | |
|---|---|---|
| 1 | **Implement new customer journeys** | ■ New digitalised, expanded, seamless and personalised customer journeys (more services, more attractiveness, choice of channel, etc.)<br>■ Upgraded service models (better customer segmentation based on user habits, “the right product at the right time and through the right channel,” etc.)<br>■ Digitalisation of distribution by developing digital customer interfaces<br>■ New services made available |
| 2 | **Upgrade the operational model** | ■ Streamlining and automatisation of end-to-end processes<br>■ Simplification of the organisations<br>■ Shared platforms and smart sourcing |
| 3 | **Adapt information systems** | ■ Evolution of information systems and incorporation of new technologies in order to accelerate digital<br>■ Improvement of IT efficiency and agile practices<br>■ Promotion of innovation |
| 4 | **Make better use of data to serve clients** | ■ Better reliability of data and enhancement of data use for the benefit of customers<br>■ Reinforcement of data storage, protection and analysis capacities<br>■ Use of cutting-edge technologies (artificial intelligence, machine learning, etc.) |
| 5 | **Work differently** | ■ More digital, collaborative and agile work practices<br>■ Day-to-day digital environment & digital and innovation driven culture<br>■ Staff training |

# A Strategy Differentiated by Division (1/2)

## Domestic Markets

▶ **Strengthen the sales & marketing drive in an environment that improves only gradually**

- Headwinds (low interest rates, MIFID 2) still in 2017 and 2018
- Strengthen the sales & marketing drive: enhance the attractiveness of the offering and offer new services
- Disciplined growth of risk-weighted assets

▶ **A risk environment that continues to be favourable**

- Continued improvement in Italy

▶ **Improve operating efficiency**

- Actively continue to adapt the branch networks by 2020
- Transform the operational model and adapt the information systems

**French Retail**
**Belgian Retail**
**BNL bc**
**Other DM: Arval, Leasing Solutions, Personal Investor, Luxembourg Retail**

## International Financial Services

▶ **Strengthen our positions in a context of transformation**

- Step up the pace of growth (new offerings, new partnerships, new regions) & adapt to evolving customers' habits
- Consolidate our leading positions in the business units by leveraging best in class offers
- Continue to expand retail banking outside the Eurozone and cooperations with the Group
- Prepare for forthcoming constraints (MIFID 2, regulatory impacts)

▶ **Improve operating efficiency**

- Streamline and pool processes that support the business units

**Personal Finance**
**Insurance**
**Wealth & Asset Management**
**International Retail Banking**

# A Strategy Differentiated by Division (2/2)

## Corporate and Institutional Banking

Global Markets
Corporate Banking
Securities Services

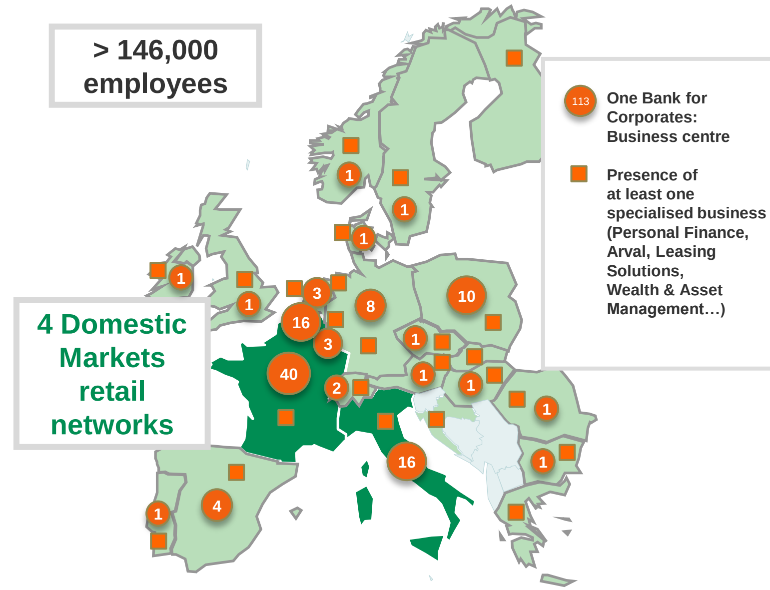
- **Extend the transformation plan to 2020**
  - Continue resources optimization, cost reduction and revenue growth
  - Grow the corporate and institutional client franchises
  - Continue growing fee businesses
  - Continue to leverage well adapted regional positioning and to develop cross-border business
- **Step up the expansion of the customer base in Europe**
  - Grow the corporate customer base (2020 target: +350 new customer groups vs. 2015)
  - Specific focus on Northern Europe (Germany, The Netherlands, United Kingdom, Scandinavia)
  - Develop cooperations with other business units in the Group
- **Improve operating efficiency**

**In all the business lines, an ambitious programme of new customer experience, digital transformation and savings**

# Continue to Strengthen our Unique Position in Europe (1/2)

- Retail networks in our 4 domestic markets with large customer bases: France, Belgium, Italy and Luxembourg
- Very broad product offering in all European countries fostering cross-selling
- Top positions in all businesses:
  - #1 consumer finance specialist
  - Best Private Bank in Europe for the fifth year[1]
  - #1 all bonds in €[2] , #1 EMEA syndicated loan[3]
  - #1 in cash management in Europe[4],
  - #1 European provider in Securities Services[5]…
- Offering seamless financial services across the continent thanks to the “One Bank for Corporates” set-up
- Gain of market shares thanks to good organic growth…
  - Corporate Banking: +7 pts gain in European market penetration among the #1 Top-Tier Large Corporate Banking between 2012 and 2016[4]
  - Wealth Management: now #1 in the Eurozone in terms of client assets
- … and bolt-on acquisitions in targeted businesses and countries

## A unique position in Europe




## Bolt-on acquisitions in existing businesses in 2014 & 2015

| | |
|---|---|
| **Bank BGZ** Poland | Creation of the 7th largest bank in Poland with ~4% market share |
| **50% of LaSer** Europe - France | Reinforcement of Personal Finance leading position in consumer finance |
| **DAB Bank** Germany | Consors bank!, a digital bank with already 1.5 million of clients as at end 2016 |
| **GE Fleet Services** Europe | Arval now #1 in Europe with > 1 m financed vehicles as at end 2016 |

*[1] Private Banker International; [2] Dealogic 2016; [3] Dealogic 2016 by volume and number of deals; [4] Greenwich 2016; [5] In terms of assets under custody*

# Continue to Strengthen our Unique Position in Europe (2/2)

- Objective to continue strengthening businesses' leading market positions thanks to organic growth
  - Generating economies of scale and cross-selling
- Specific focus on some targeted countries: Germany, Netherlands, Nordic countries…
  - Client acquisition with a focus on value-adding service offer through cross-business cooperation and cross-border service & product competence
- Continue bolt-on acquisitions in targeted businesses and countries: e.g. recent acquisition of Opel's financing activities[1]
  - Acquisition of 50%, together with PSA, of Opel's financing activities
  - Perfect fit with our strategy to strengthen in car loans and in Germany
- Launch of new offers leveraging strong existing client base
  - New digital banks: Hello bank! by Cetelem at Personal Finance

**Germany: a broad customer franchise and a target for development**


**Acquisition of 50% of Opel's financing activities[1]**

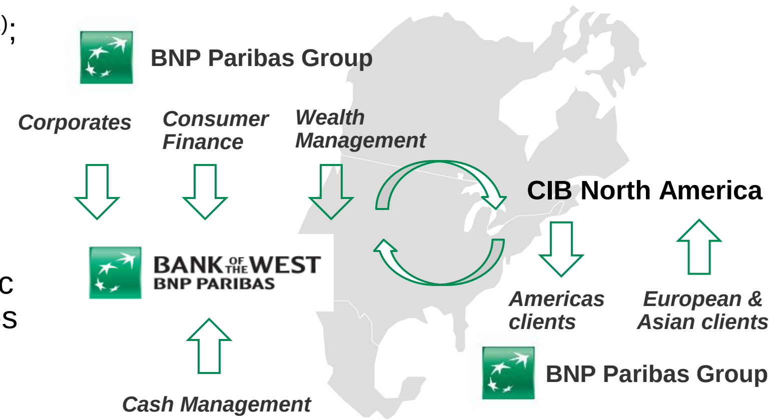
- € 9.6bn loan outstandings (YE 2016)
- Presence in 11 countries in Europe
- Acquisition price: €0.45bn (50%)
- 0.8x pro-forma book-value
- Will be fully consolidated

[1] *Announced 6 March 2017; transaction expected to close in the fourth quarter of 2017*

# North America: Continue to Consolidate our Presence in a Major Market

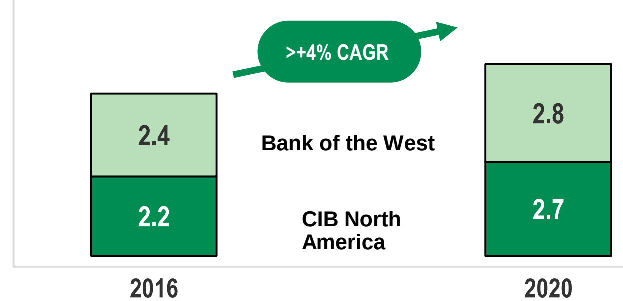
- A sizeable regional platform
  - 16,000 employees, 15% of Group's commitments
  - Strong franchise in retail with BancWest: 611 branches, 81 bc[1]; good business drive (loan growth: +7.2% 2013-16 CAGR)
  - Sizeable & diversified CIB franchise dedicated to corporates and institutional clients (4,000 professionals)
  - Creation of the Intermediate Holding Company (IHC): a large commitment and transformation in the U.S.
  - Well-positioned to benefit from generally better macro economic perspectives than in Europe & the increase in U.S. interest rates
- CIB: grab targeted growth opportunities in world #1 market
  - Deliver the Bank's platform to our global Strategic Clients, growing our share of cross-border flows
  - Continue to grow Americas Strategic Client franchise, leveraging the North and Latin American footprint, and targeting clients with cross-border activities
- BancWest: accelerate growth & improve operating efficiency
  - Focus on customer acquisition; rethink customer journeys, utilizing also digital platform for customer acquisition
  - Leverage expertise of other BNP Paribas entities: corporates, retail, consumer finance & wealth management
- Strengthen cooperations between BancWest and CIB
  - Taking advantage of the IHC

**Develop connectivity with the Group**




**Revenues in North America**

*(Bank of the West[2] and CIB)*

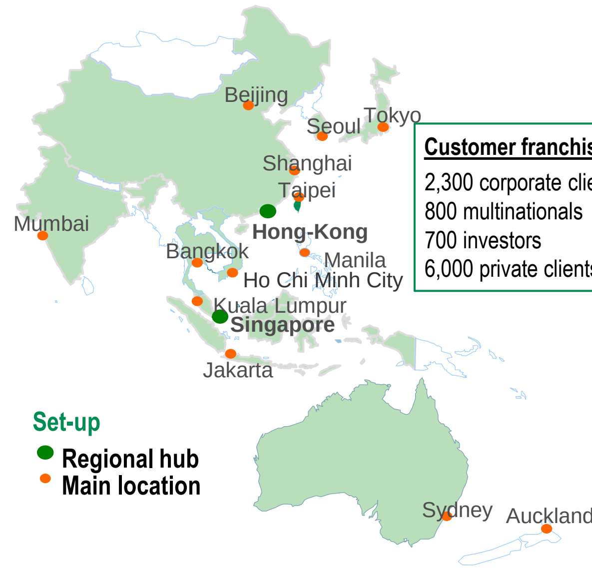



[1] Business Centres; [2] Including 100% of Private Banking

# Asia-Pacific: Continue Development of the Franchise and Take Advantage of Regional Growth

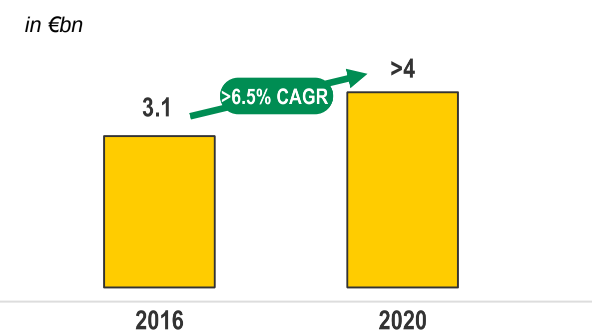
- One of the best positioned international bank
  - Presence in 14 countries (12 full banking licences); > 15,000 employees[(1)], ~7% of Group revenues in 2016
  - Successful partnerships with large domestic players[(2)]
  - >€3bn revenues achieved in 2016 (vs €2bn in 2012)
  - Increased funded commercial assets[(3)] and deposits[(4)] with good development of cash management & cross-border transaction banking
- Confirmation of CIB roadmap
  - Accelerate cross-regions connectivity supporting Global and Asian clients' international development
  - Increase CIB offering to fast growing Asian Private Banks
  - Continue to extend Securities Services regional footprint[(5)]
  - Focus on China, build up of Indonesian franchise
- Continue to grow specialized businesses
  - Wealth Management: accelerate the development of onshore platforms and grow assets under management[(6)]
  - Insurance: reinforce protection, develop alternative distribution channels
  - Personal Investors: develop distribution of retail financial services in India following the acquisition of Sharekhan
- Continue to support Bank of Nanjing's development
  - Foster partnerships with Group's businesses

## A strong footprint in Asia-Pacific




**Customer franchises:**
2,300 corporate clients
800 multinationals
700 investors
6,000 private clients

## Asia-Pacific total revenues




[(1)] Excluding partnerships; [(2)] Bank of Nanjing, Haitong Securities, State Bank of India, Shinhan Financial Group…; [(3)] €43bn at 31.12.16; [(4)] €66bn; [(5)] $305bn of assets under custody in 2016 (+102% vs. 2012); [(6)] $72bn AuM at 31.12.16 (+70% vs. 2012)

# 2020 Business Development Plan: a Trajectory Based on Expected 2020 Regulatory Constraints

| | | 2016 | 2020 Target[2] |
|---|---|---|---|
| **CET 1 ratio** | ■ CRD IV (Basel 3)<br>■ 2016 SREP: anticipated level of fully loaded Basel 3 CET1 ratio of 10.25% in 2019[1] | **11.5%**<br>Fully loaded Basel 3 CET1 ratio | **12%** |
| **Total capital<br>TLAC<br>MREL** | ■ 2016 SREP: anticipated level of Total Capital requirement of 13.75% in 2019[3]<br>■ TLAC requirement: 20.5% in 2019[4]<br>■ MREL: thresholds to be determined on a case by case basis by the resolution authorities (SRB) according to the CRD V/CRR 2 (under discussion) | **Total Capital (fully loaded) ratio: 14.2%**<br>• CET1 ratio: 11.5%<br>• Tier 1 and Tier 2: 2.7% | **Total Capital (fully loaded) ratio: 15%**<br>• CET1 ratio: 12%<br>• Tier 1 and Tier 2: 3%<br>**TLAC ratio: 21%** |
| **Liquidity** | ■ LCR: CRD IV/CRR<br>■ NSFR: CRD V/CRR 2 (under discussion) | **LCR: 123%** | **LCR > 100%<br>NSFR > 100%** |
| **Leverage** | ■ CRD IV (minimum level of 3%)<br>■ Additional requirements for G-SIB still under discussion | **4.4%**<br>Fully loaded Basel 3 leverage | **4%** |

**Regulatory constraints that continue to increase during the period[5]**

*[1] Excluding Pillar 2 Guidance; [2] Assuming constant regulatory framework; [3] Anticipated level of Tier 1 requirement in 2019: 11.75%; [4] Minimum requirement raised to 22.5% as at 01/01/2022; [5] In the current Basel 3 regulatory framework*

# Group's 2020 Business Development Plan Financial Targets

| | | | 2020 Target |
|---|---|---|---|
| **Growth** | **Revenues growth** | | **2016-2020 CAGR[1] ≥ +2.5%** |
| **Efficiency** | **Plan's savings target** | | **~€2.7bn in recurring cost savings starting from 2020** |
| | **Cost income ratio** | **2016: 66.8%[2]** | **63%** |
| **Profitability** | **ROE** | **2016: 9.4%[2]** | **10%** |
| **Capital** | **Fully loaded Basel 3 CET1 ratio** | **11.5% in 2016** | **12%[3]** |
| | **Pay-out ratio** | **2016: 45%[4]** | **50%[4]** |

**An ambitious plan that aims to generate an average increase in net income > 6.5% a year until 2020**

*[1] Compounded annual growth rate; [2] Excluding exceptional items; [3] Assuming constant regulatory framework; [4] Subject to shareholder approval*

Strong Solvency and Capital Generation Capacity

Launch of the 2020 Business Development Plan

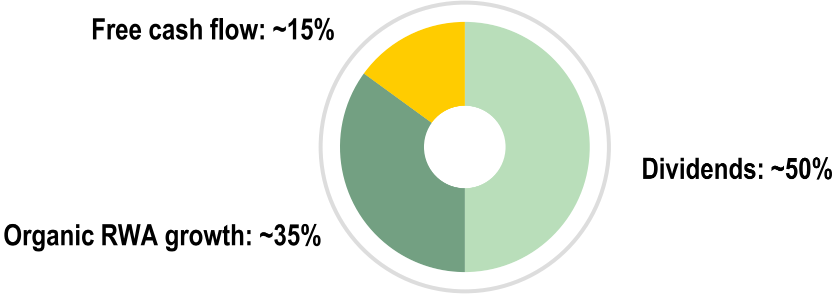
**Focus on Capital Instruments and MLT Funding**

Appendix

# Capital Management

- Strong organic capital generation
- Regulatory constraints based on current Basel 3 regulatory framework
  - Reminder: Fundamental Review of Trading Book (FRTB) to be phased-in between 2021 and 2024
- Increase pay-out ratio to 50%
- ~35% of earnings to finance organic growth
  - RWA: ~+3% (CAGR 2017-2020)
- ~15% of earnings qualifying to:
  - Capture external growth (bolt-on acquisitions), depending on opportunities and conditions
  - Deal with remaining uncertainties
- Potential for higher free cash flow in case of better interest rate scenario

**Capital management**
*as % of 2017-2020 cumulative net earnings*

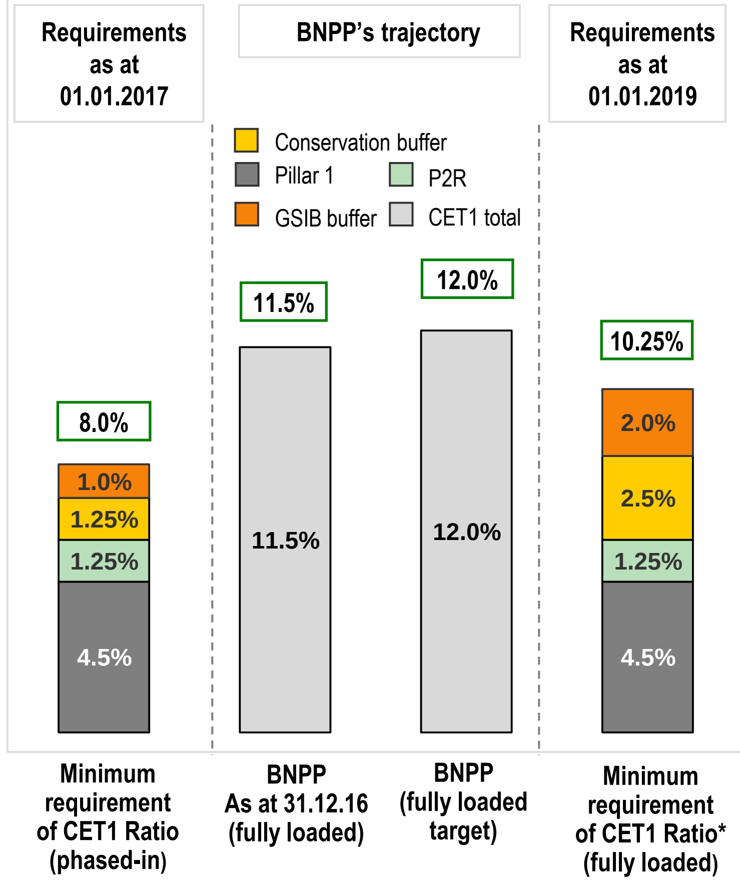



**Pay-out ratio increased to 50%**

# 2016 Supervisory Review and Evaluation Process (SREP) CET1 Ratio

- New CET1 ratio requirement following the SREP performed by the ECB: 8.0% in 2017 (phased-in)
  - Of which a G-SIB buffer of 1.0% and a Conservation buffer of 1.25%
  - Of which a Pillar 2 requirement (P2R) of 1.25%
  - Excluding a Pillar 2 guidance (P2G), non public
  - Fully loaded CET1 ratio of 11.5% as at 31.12.16, well above the regulatory requirement
- Anticipated level of a fully loaded Basel 3 CET1 ratio requirement of 10.25% in 2019 (excluding P2G)*
  - Given the gradual phasing-in of the Conservation buffer to 2.5% and the assumption of a 2.0% G-SIB buffer
  - Will constitute the CET1 requirement taken into account** for the restrictions applicable to distributions (Maximum Distributable Amount – MDA)
- Target of a fully loaded CET1 ratio of 12.0%

## CET1 Ratio



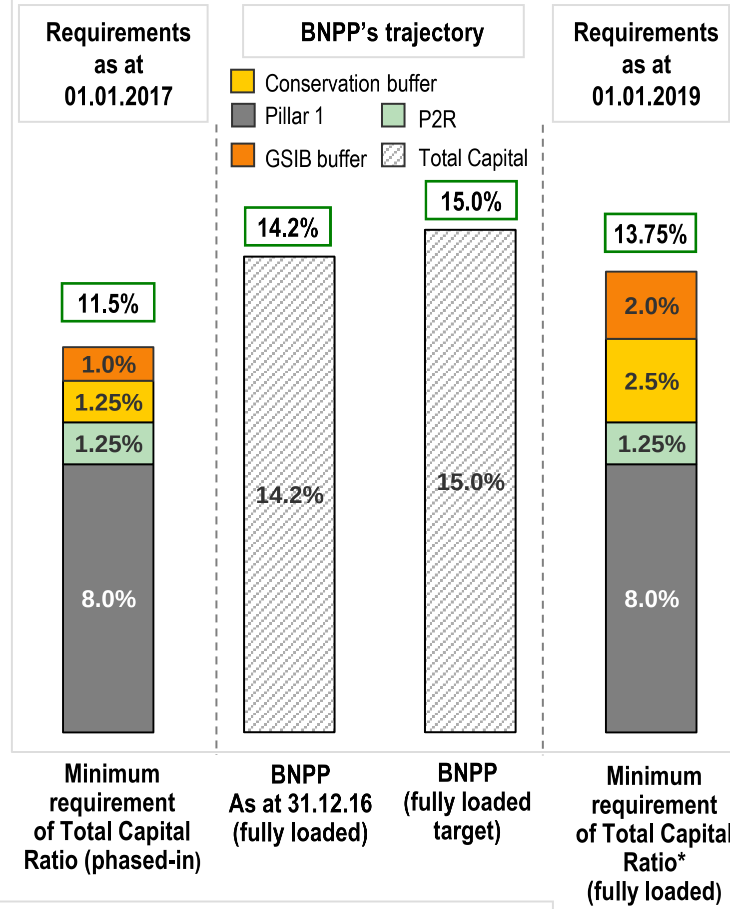

**CET1 ratio already well above 2019 requirement**

* Assuming P2R remains constant between 2017 and 2019 (reminder: SREP is carried out each year by the ECB which can modify each year its capital adequacy ratio requirements); ** As of 2019 (8% in 2017)

# 2016 Supervisory Review and Evaluation Process (SREP) Total Capital Ratio

- New Total Capital ratio requirement following the SREP performed by the ECB: 11.5% in 2017 (phased-in)
  - Of which a Pillar 1 Total Capital requirement of 8%
  - Of which a G-SIB buffer of 1.0% and a Conservation buffer of 1.25%
  - Of which a Pillar 2 requirement (P2R) of 1.25%
  - Fully loaded Total Capital ratio of 14.2% as at 31.12.16, well above the regulatory requirement
- Anticipated level of a fully loaded Total Capital ratio requirement of 13.75% in 2019*
  - Given the gradual phasing-in of the Conservation buffer to 2.5% and the assumption of a 2.0% G-SIB buffer
  - Will constitute the Total Capital requirement taken into account** for the restrictions applicable to distributions (MDA)
- Target of a Total capital ratio at 15%
  - Reminder: Tier 1 and Total Capital ratios requirements are on a cumulative basis
  - Reminder: Tier 1 and Total Capital ratios requirements now include the P2R but do not include the P2G
- Target of 3% of capital instruments by 2020***

## Total Capital Ratio




**Total Capital ratio already above 2019 requirement**

* Assuming P2R remains constant between 2017 and 2019 (reminder: SREP is carried out each year by the ECB which can modify each year its capital adequacy ratio requirements); ** As of 2019 (11.50% in 2017); *** Subject to market conditions

# Focus on Capital Instruments

- Overall capital instruments target of 3% by 2020*
  - AT1 and Tier 2 levels as at 31.12.16: 2.7%
- Additional Tier 1: €2.0bn issued in 2016
  - Given the current stock, €7bn of AT1 instruments will still be outstanding as at 01.01.2019, of which €3bn grandfathered
- Tier 2: €4.5bn*** issued under the 2016 programme and €1.2bn issued under the 2017 programme
  - $1.25bn 10 year bullet Tier 2 priced on 6 March 2017 at Treasuries + 215bps
  - Given the current stock, €13bn of Tier 2 instruments will still be outstanding as at 01.01.2019

**Evolution of existing Tier 1 and Tier 2 debt (outstanding as at 09.03.17; eligible or admitted to grandfathering)****

| *in €bn* | 09.03.2017 | 01.01.2018 | 01.01.2019 |
|---|---|---|---|
| AT1 | 9 | 8 | 7 |
| T2 | 14 | 13 | 13 |

** Depending on market conditions; ** Assuming callable institutional instruments are called at the first call date, taking into account prudential amortisation of instruments, and excluding, in particular, prudential deductions not related to instruments; *** Including the Tier 2 prefunding of €750m issued in November 2015*

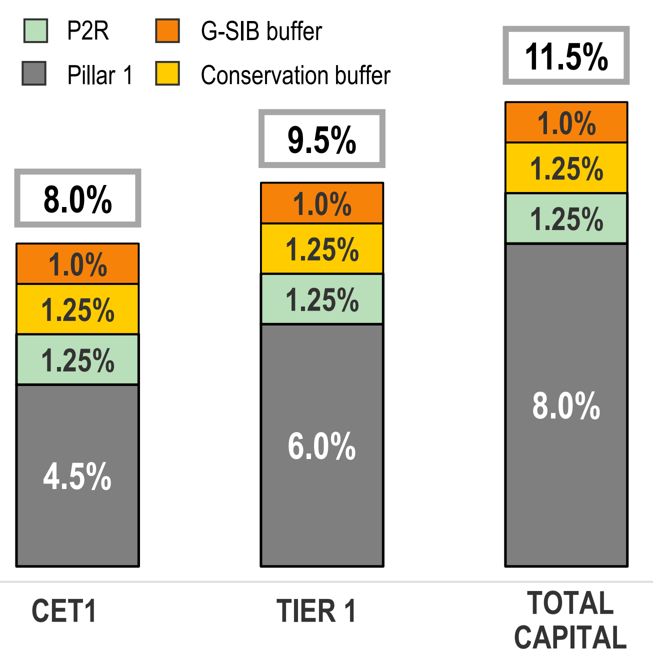
# Distance to Maximum Distributable Amount Restrictions

- Reminder: since 2016 SREP, Pillar 2 is composed of:
  - “Pillar 2 Requirement ” (public), applicable to CET1, Tier 1 and Total Capital ratios
  - “Pillar 2 Guidance” (non public), non applicable for distributable amount restrictions (MDA - Maximum Distributable Amount*)

- 2017 Capital requirements:
  - CET1: 8.0%
  - Tier 1: 9.5%
  - Total Capital: 11.5%

- Distance as at 01.01.17 to Maximum Distributable Amount* restrictions equal to the lowest of the 3 calculated amounts: <u>€19.1bn</u>

**Capital requirements as at 01.01.17**




| | CET1 | TIER 1 | TOTAL CAPITAL |
|---|---|---|---|
| Phased in ratios of BNP Paribas as at 31.12.2016 | 11.6% | 12.9% | 14.5% |
| Distance** as at 01.01.17 to Maximum Distributable Amount* restrictions | 3.6%<br>€23.0bn | 3.4%<br>€21.5bn | 3.0%<br>€19.1bn |

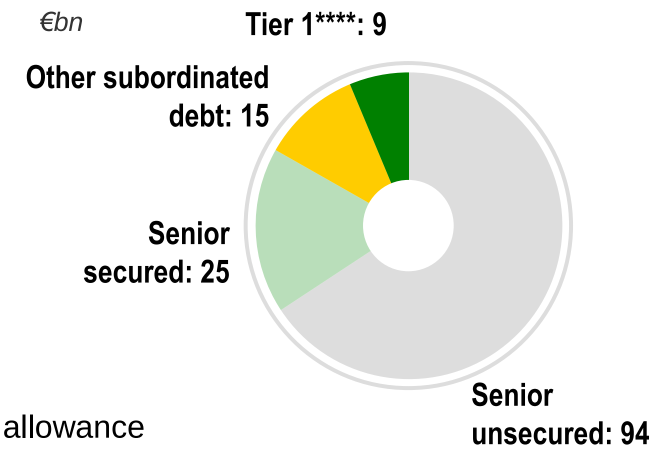
** As defined by the Art. 141 of CRD4; ** Calculated on the basis of RWA of €638bn (phased in)*

# Wholesale Medium/Long-Term Funding 2016 Programme

## 2016: €25bn MLT funding programme completed

- Additional Tier 1: €2.0bn issued*
  - $750m issued on 7 December 2016, perpetual Non Call 5.25, 6.75% coupon, over $5bn order book, 364 investors
  - Reminder: $1.5bn AT1 issued on 23 March 2016, perpetual Non Call 5, 7.625% coupon , 325 investors
- Tier 2: €4.5bn issued*
  - Mid-swap +198 bp on average, average maturity of 10.3 years**
- Senior debt: €18.5bn issued*
  - Average maturity of 5.8 years, mid-swap +51 bp on average
  - Of which €6.8bn of senior unsecured debt eligible to the 2.5% MREL allowance as at 01.01.2019
  - Of which €500m issued in covered bond at 7 years, mid-swap -10 bp by BNP Paribas Fortis in October 2016
  - Of which €500m inaugural issuance of green bond at 5.5 years, mid-swap +40 pb, in November 2016

## Wholesale MLT funding structure breakdown***: €143bn as at 31.12.16
(excluding TLTRO)




**2016 issuance programme completed at favourable conditions**

** As at 31 December 2016; ** Including the Tier 2 prefunding of €750m issued in November 2015; *** Figures restated according to the new broader definition of wholesale funding, as described in the 2016 Registration Document and Annual Financial Report (Pillar 3); **** Debt qualified prudentially as Tier 1 booked as subordinated debt or as equity*

# Wholesale Medium/Long-Term Funding 2017 Programme

## 2017: €25bn MLT funding programme

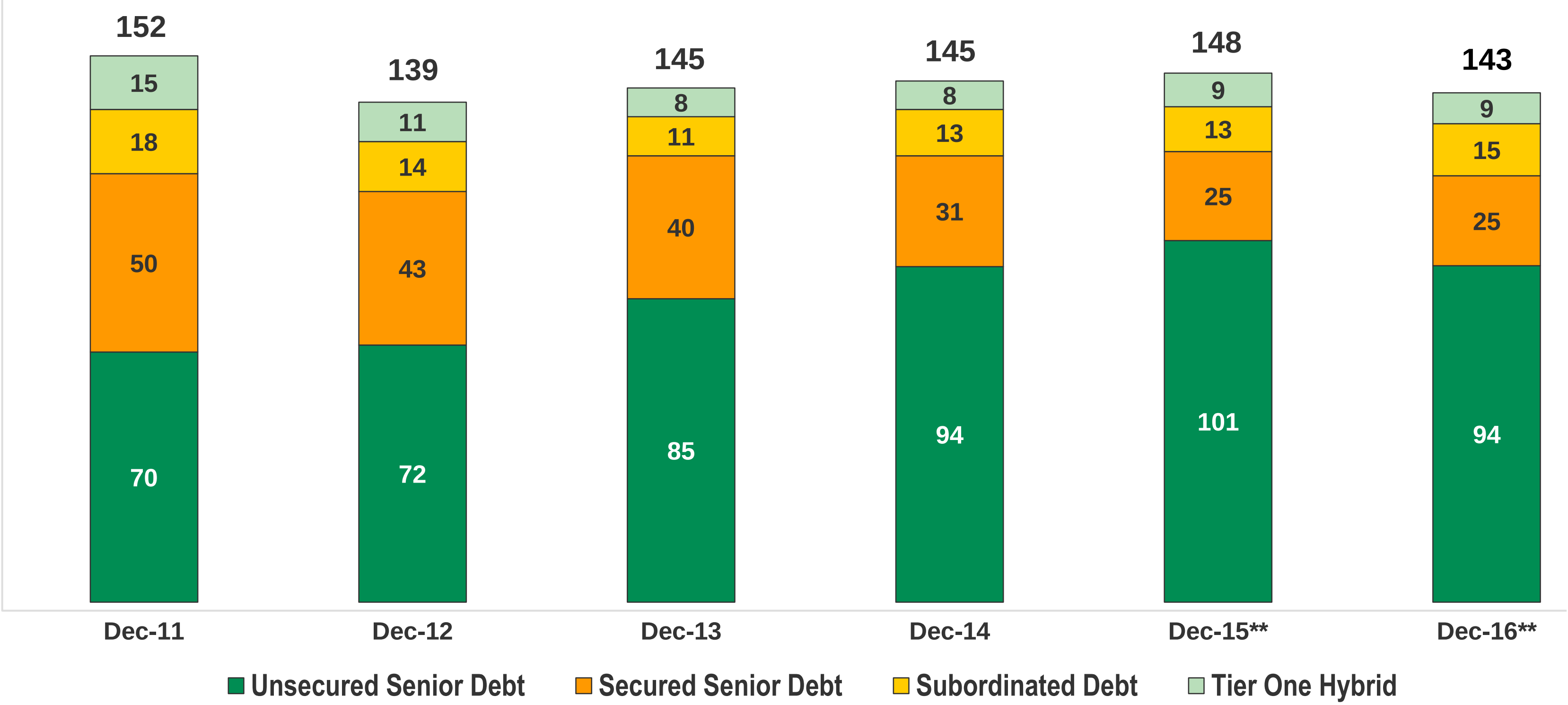
- Of which issues of capital instruments to be carried out with a total target of 3% by 2020*
  - $1.25bn 10 year bullet Tier 2 priced on 6 March 2017 at Treasuries +215bps
- Of which non preferred senior debt: €10bn (€4.6bn already issued as at 16 March 2017)
  - Inaugural issue of $1.75bn in non preferred senior debt, maturity of 7 years, T + 160 bp, order book of over $5.5bn
  - Inaugural issue of €1.0bn in non preferred senior debt, maturity of 6.75 years, mid-swap + 92 bp, order book of over €2.6bn
  - €1bn 5.5 year Floating Rate Note issued at 3m Euribor + 85bp
  - Several other issuances in various currencies (JPY, SGD, AUD...)
- Remaining part of the programme to be completed with structured products and, to a lesser extent, with covered bonds
  - €1.5bn of secured funding issued as of 16 March 2017
- Overall, €9.2bn senior debt already issued as at 16 March 2017
  - Average maturity of 5 years, mid-swap +72 bp on average**

**2017 issuance programme progressing well in all debt categories**

** Subject to market conditions; ** Including the €4.6bn of non-preferred senior debt*

# Medium/Long Term Funding Outstanding

**Wholesale MLT funding outstanding* (€bn)**



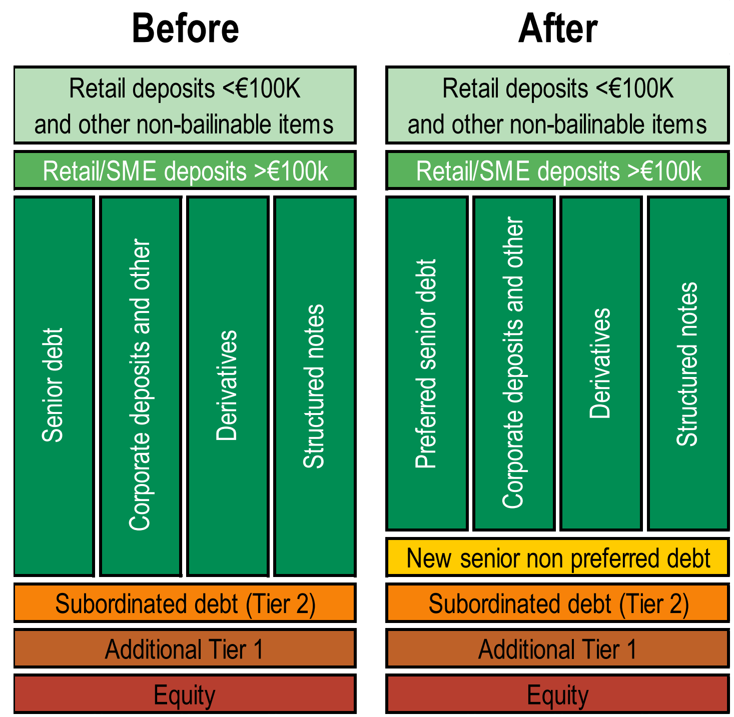

**Overall MLT funding stable over the period**

** Source: ALM funding; ** Figures restated according to the new broader definition of wholesale funding, as described in the 2016 Registration Document and Annual Financial Report (Pillar 3)*

# Focus on TLAC: Adaptation for French G-SIBs

- Change under French Law in the hierarchy in liquidation and resolution context
  - To facilitate resolution and the respect of MREL/TLAC requirements
  - Preference to all creditors including the current holders of senior debt
  - Creation of a new category of senior non preferred debt which will rank junior to the current senior unsecured debt but in priority to subordinated debt
  - Law effective since 10 December 2016
- A clear and straightforward creditors hierarchy
- This solution is currently considered as a potential new reference framework for European Union*

**Simplified creditor hierarchy**

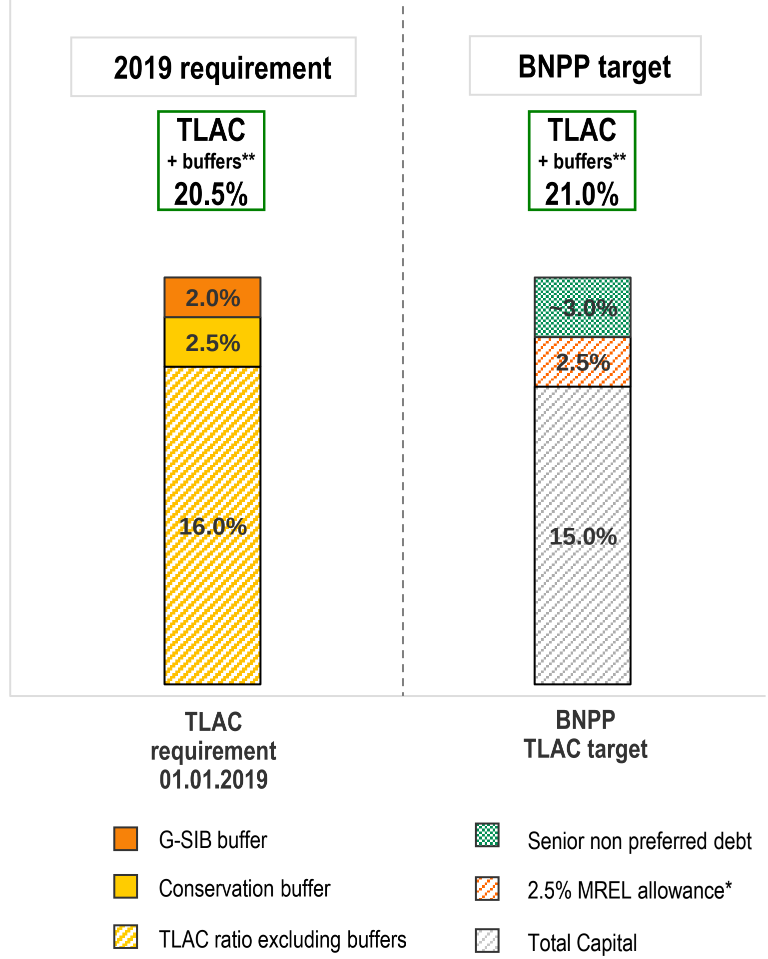



** Proposal from the European Commission to modify the hierarchy of debt within the European Union (new Directive amending art 108 of BRRD)*

# Evolution of the Total Loss Absorbing Capacity (TLAC) Ratio

- TLAC requirement of 20.5% in 2019
  - Including Conservation buffer and G-SIB buffer
- Targeted issuance of ~€10bn of senior non preferred debt each year until 01.01.2019***
  - To be realised within the usual medium/long term funding programme of about €25bn per year
- Target of a TLAC ratio of 21.0%
  - Including ~5.5% of TLAC eligible debt to be filled with:
    i) the 2.5% MREL allowance* and
    ii) ~3% of senior non preferred debt

## TLAC Ratio




** See the proposal from the European Commission implementing TLAC in the European Union; ** Conservation buffer and G-SIB buffer; *** Depending on market conditions*

# Key Features of Senior Non Preferred Debt

- Main characteristics of this new senior debt
  - To be issued by BNP Paribas under the EMTN or US MTN programme
  - Senior Non Preferred Notes (falling within the category of obligations described in Article L.613-30-3-I-4 of the French Monetary and Financial Code)
  - Not structured debt*
  - Initial maturity > 1 year
  - Subject to conversion or write-down in a resolution before the current senior unsecured but after subordinated debt
  - Issue documentation obligatorily stipulates that such new senior debt belongs to the new statutory ranking

- Senior non preferred debt target
  - ~€10bn each year until 01.01.2019**, as part of the usual medium/long term funding programme of about €25bn per year
  - This new senior non preferred debt will become the new senior debt for upcoming non structured issuance

**Senior non preferred issuance**
**=> the new senior unsecured going forward**

** As defined in a decree yet to be published; ** Depending on market conditions*

Strong Solvency and Capital Generation Capacity

Launch of the 2020 Business Development Plan

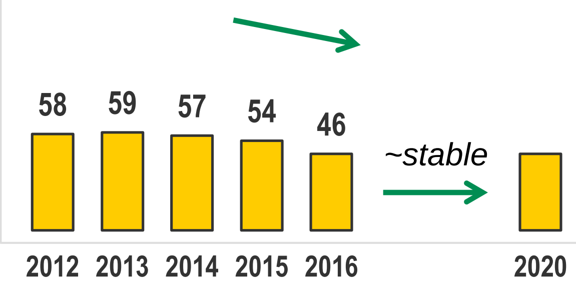
Focus on Capital Instruments and MLT Funding

# Appendix

# Cost of Risk Evolution

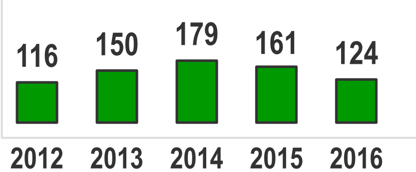
*Cost of risk/Customer loans at the beginning of the period (in bp)*

## Group



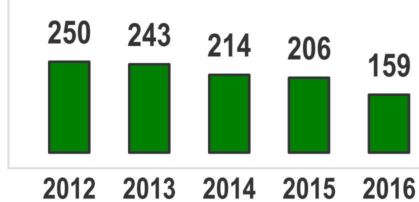

- Significant decrease in the cost of risk in 2016: €3,262m (-€535m vs. 2015)
- Decrease in BNL bc and Personal Finance representing each currently ~1/3 of the Group cost of risk
- Good control of risk at loan origination and effects of the low interest rate environment
- Cost or risk ~stable in 2020 vs. 2016 (in bps)

## BNL bc




- €959m in 2016 (-€289m vs. 2015)
- Continued decrease in the cost of risk
- Significant decrease of net doubtful loans outstanding
- Target of 50 bps cost of risk in 2020

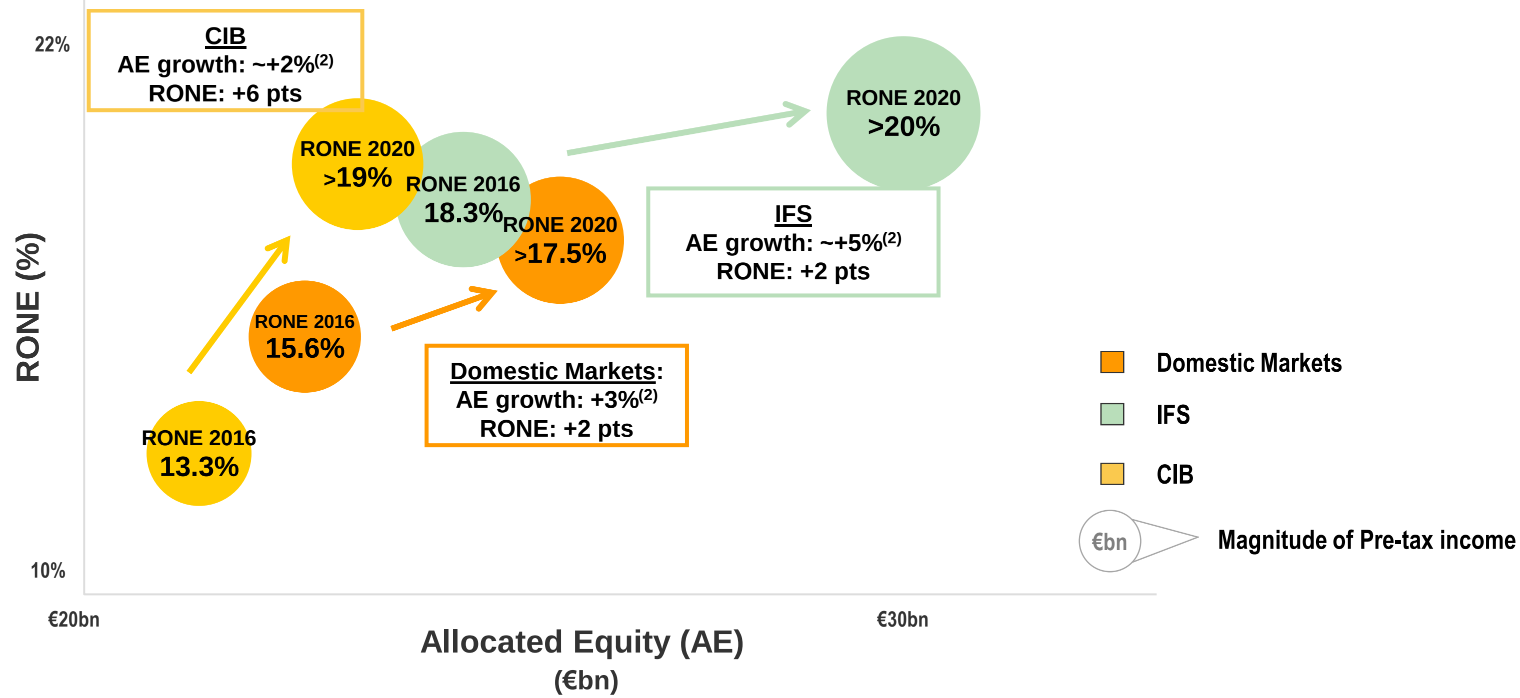
## Personal Finance




- €979m in 2016 (-€196m vs. 2015)
- Effect of the low interest rates and the growing positioning on products with a better risk profile
- Exceptional provisions write-backs following sales of doubtful loans (~-€50m, equivalent to 8 bps)
- Target of ~170 bps cost of risk in 2020

# Evolution of Allocated Equity and RONE by Operating Division

## 2016-2020 Evolution of Allocated Equity (AE) and RONE[1]



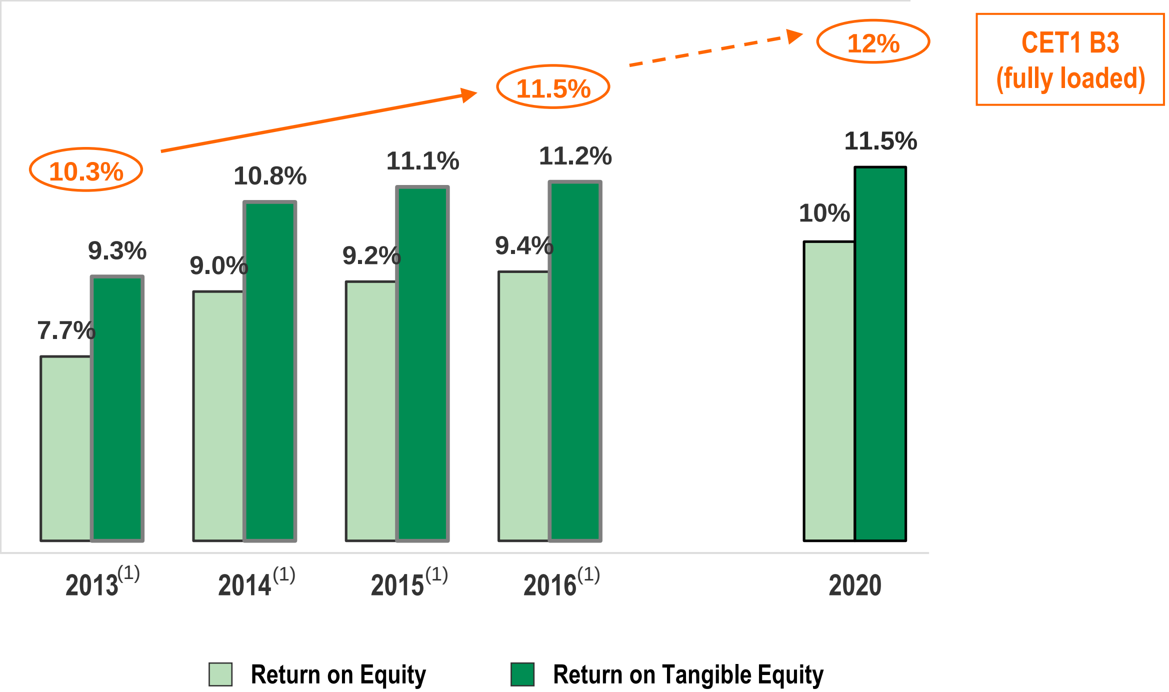

- Disciplined overall increase of RWA: +3% CAGR (2017-2020)
  - Capturing growth and preparing for interest rates increases

**Significant increase in each division of Return on Notional Equity**

[1] RONE: Return On Notional Equity pre-tax; based on 11% allocated equity; for Domestic Markets, including 100% of Private Banking, excluding PEL/CEL; for IFS, excluding FHB; [2] CAGR 2016-2020

# Continue to increase Return on Equity

## RoE / RoTE

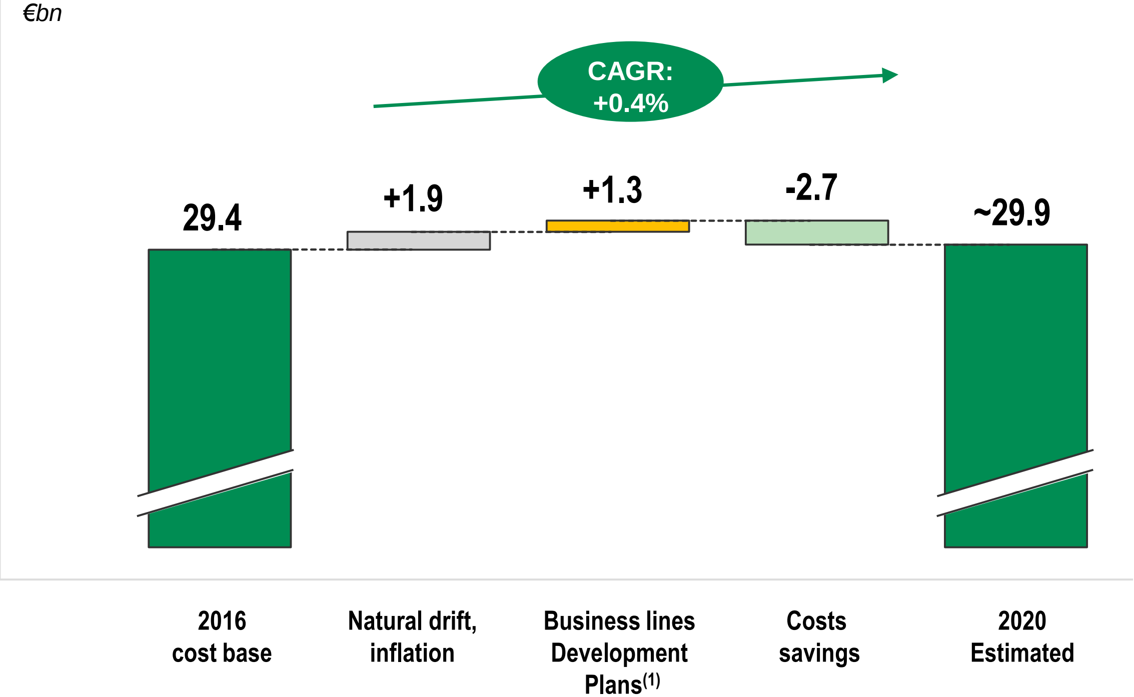



**Continue increase ROE and ROTE over 2017-2020 together with higher CET1 ratio**

(1) *Excluding exceptionals.*

# 2016-2020 Operating Expenses Evolution

## 2016-2020 operating expenses evolution




**Overall stability of costs despite business growth**
**Savings offsetting natural costs evolution**

*(1) Domestic Markets (specialised businesses): €250m; IFS: €500m; CIB: €550m*

# Domestic Markets
# A Leading Multi-Domestic European Bank

~71,000 Employees

**4 domestic networks**

15M customers

| | |
|---|---|
| **FRB** | 7.4M clients |
| **BRB** | 3.6M clients |
| **BGL** | 0.2M clients |
| **BNL** | 2.8M clients |

**Hello bank!**
5 countries
2.5M clients

**Specialised businesses**

BNP PARIBAS LEASING SOLUTIONS
#1 in Europe

ARVAL BNP PARIBAS GROUP
#1 in France, Belgium & Italy

BNP PARIBAS PERSONAL INVESTORS
#4 digital bank in Germany [1]

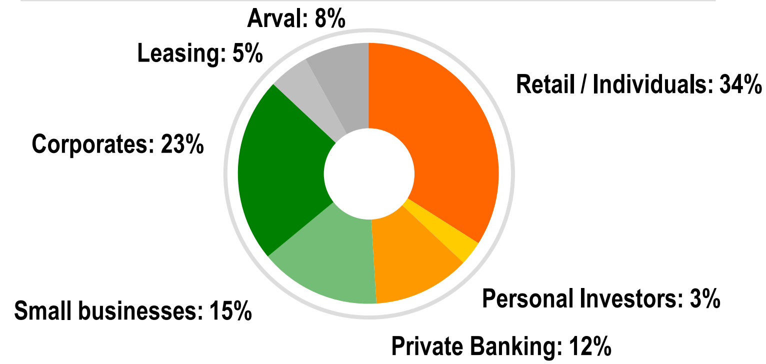
Retail Banking networks & specialised businesses
Specialised businesses: PI, Leasing and Arval

[1] *In terms of number of clients*

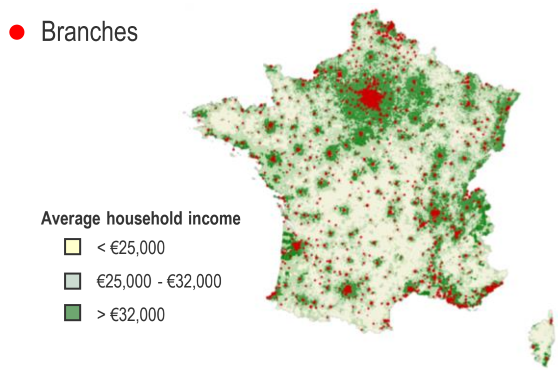
# Domestic Markets
# Well Positioned in its Main Markets

- 36% of Group 2016 revenues
- Retail networks mostly positioned in wealthier areas
- Strong and diversified customer franchises (Retail, Private Banking, Corporates, specialised businesses)
- Major player in specialised businesses (Arval, Leasing Solutions, Personal Investors) in diversified markets with different economic cycles

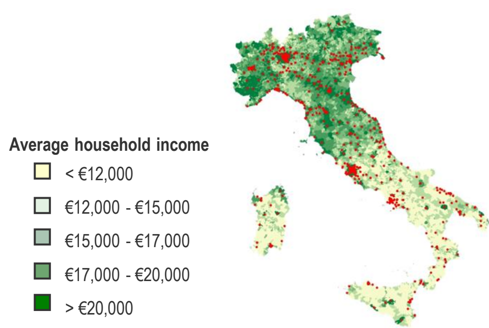
## 2016 DM revenues[1] by client type



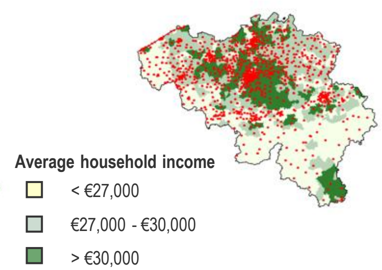

## French RB




## BNL bc




## Belgian RB




| Private Banking [2] | French RB | BNL bc | Belgian RB |
|---|---|---|---|
| | #1 | #5 | #1 |

*[1] Including 100% of Private Banking, excluding PEL/CEL effects; [2] In terms of Assets under Management*

# Domestic Markets : Capitalise on Differentiating Capabilities & Success of Strategic Actions

**Multi-channel distribution model**

**Multi-channel distribution platform** fully deployed in the Domestic Markets networks

**Networks optimisation**

**Ongoing optimisation** of geographical footprint and format modernisation largely completed

**Hello bank! Full digital bank**

**Pan-European model successfully rolled out**
with adaptation to the specific features of each country
**~10% of DM individual clients[1] revenues in 2016**

**2.5M clients**
**5 countries**

**Products & services innovation**

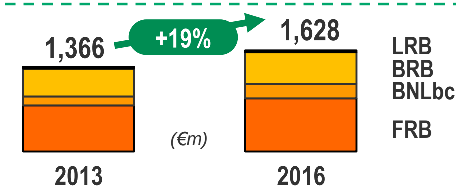
**Fast roll-out of technological innovations**, notably in payments
Strong **innovating ecosystem** with numerous Incubators, Accelerators and Innovation Hubs

**Integrated business model**

**Increased cross-selling revenues** within DM and with the rest of the Group (€2.3bn[2] in 2016 on retail clients)

***Example***

*Increasing weight of* ***Private Banking revenues*** *within DM (at 100%)*




**Bolt-on acquisitions**

**Value-accretive bolt-on acquisitions**: DAB Bank in Germany (Personal Investors) and GE Fleet Management Europe (Arval), **still additional synergies to come** during the 2020 plan (~+70M€)

**Strong risk management**

**BNL's balance sheet de-risking in Italy completed in 2016,** leading to significant cost of risk reduction
Continued **strong risk management culture**

**Areas of strength & recent achievements paving the way for ambitious digital transformation plan**

*(1) FRB, BNL, BRB and Personal Investors, excluding Private Banking; (2) Booked in DM revenues (including 2/3 of Private Banking revenues)*

# Domestic Markets
# Client Behaviours are Changing

**Clients yearly interactions** (example of French Retail Banking in 2016 )

| 6 million | 20 million | 160 million | 200 million |
|---|---|---|---|
| Call / E-mail | Branch visit | Internet | Mobile |

**BNP Paribas' clients usage**

| | |
|---|---|
| **More digital** | **~4 million clients daily connections within our 3 domestic markets**[1] |
| **More mobile** | **France: ~60% users via mobile devices** out of 3.2 million users of online banking<br>**Belgium: >40% users of *Easy Banking* smartphone app** out of 2.4 million users of online banking |
| **More products & services** | **Belgium: 2.5 million** electronic signatures per week<br>**Italy: ~40%** of BNL's operations available in a remote mode<br>**Germany (Consorsbank!): 20% of new clients'** account opening **fully dematerialised** via *VideoLegitimation*[2] (launched in July 2016) |

*[1] Web & Mobile - Average Jan 2017; [2] Application developed in cooperation with Deutsche Post Ident to legitimate by video chat from home, entirely paperless*

# Domestic Markets: Reinvent Customer Experience & Accelerate Digital Transformation

**New client expectations influenced by digital usage**

- Choice and transparency
- Easiness
- Personalisation
- Autonomy
- New usage

**New customer experience relying on the journeys' digitalisation & a better use of data…**

- Digitalised service models
- Reinvent customer journeys
- Enhance customer knowledge
- Boost digital acquisition & sales

**…and development of new services**

- Integrated service platforms

**ACCELERATE TRANSFORMATION**

| | |
|---|---|
| Upgrade the operational model | Adapt IT systems |
| Better use data to serve clients | Work differently |

**The bank recommended by its clients**

# Domestic Markets' 2020 Business Development Plan (1/3): Key Financial Targets

**Strengthen the sales & marketing drive in a context that is improving only gradually**

- Headwinds (low interest rates, MIFID 2) still in 2017 and 2018
- Strengthen the sales and marketing drive: enhance the attractiveness of the offering, offer new services, gain new customers…
- Disciplined growth of risk-weighted assets
- Maintain leading position in Belgium, continue the commercial development in France and selective growth in Italy
- Sustained specialised businesses growth

**A risk environment that continues to be favourable**

- Continued improvement, in particular in Italy (BNL's CoR: 50 bp in 2020 vs. 124 bp in 2016)

**Generate €1bn in recurring cost savings by 2020**

- Actively continue to adapt the branch networks through 2020
- Transform the operational model and adapt the information systems
- 2017-2019 transformation costs: €0.8bn(1)

| Financial targets(2) | 2016 | 2020 targets |
|---|---|---|
| Revenues | €15,715m | >+0.5%(3) |
| Cost/income | 67.6% | -3 pts |
| Allocated Equity | €23.2bn | +3%(3) |
| Pre-tax RONE(4) | 15.6% | >17.5% |

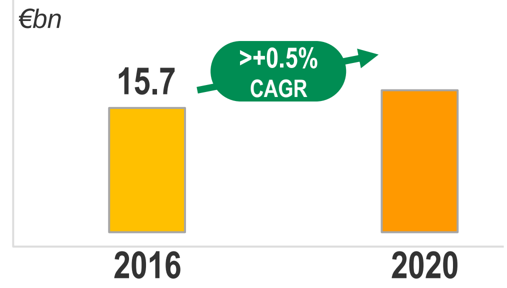
**Improve efficiency in all the networks, reduce cost of risk in Italy in an environment that is improving only gradually**

(1) Presented in the Corporate Centre; (2) Including 100% of Private Banking, excluding PEL/CEL; (3) CAGR, (4) Return on Notional Equity

# Domestic Markets' 2020 Business Development Plan (2/3): Increase Revenues in a Gradually Improving Environment

- Lingering revenue headwinds…
  - Impact of low interest rate environment still in 2017 and 2018
  - Effect of MiFID 2 implementation on some revenue items
- …but upside potential due to more favourable interest rate context
  - ~ +1.0% revenues 2016-20 CAGR vs. >+0.5% if current 10Y swap implied rates materialise[2]
- Accelerate business growth, bolstered by the digital capabilities
  - Full benefit of the upgraded omni-channel set-up (new branch formats and roll-out of modernisation programme completed)
  - Digital transformation to enhance the attractiveness of the offering, acquire new customers, facilitate cross-selling with Group businesses and seize new revenue opportunities
  - Continued development of off balance sheet savings in all the networks
- Sustained growth of the specialised businesses
  - Continued development of Arval, Leasing Solutions and Personal Investors
  - Boost commission income through new digital solutions

**Revenues evolution[1]**




***Stronger growth** if higher interest rates*

**DM Interest rate sensitivity**

***Effect of the current 10Y swap implied rates vs. plan's scenario[2]***

***~ +1.0% total revenue growth vs. >+0.5% (2016-2020 CAGR)***

**A still challenging interest rate environment**
**Potential for outperformance if current interest rates materialise**

[1] *Including 100% of Private Banking, excluding PEL/CEL effects;* [2] *Implied rates as at the end of February 2017: ~+40bp in 2017 and ~+20bp in 2018-2020 vs. plan's scenario*

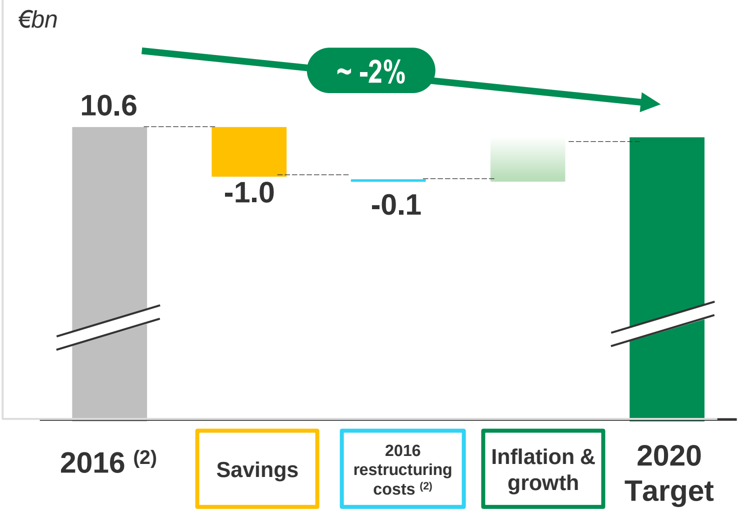
# Domestic Markets' 2020 Business Development Plan (3/3): Improve Cost Efficiency

- Transformation costs: €0.8bn[1] in 2017-2019
  - Transform the operating model and adapt IT systems
  - ~60% of transformation costs related to French Retail Banking

- **Recurring cost savings: €1bn vs. 2016**
  - ~70% coming from efficiency measures, ~30% from digital transformation
  - Main contributions from domestic networks in the savings target (~60% from French Retail Banking)
  - Optimised organisation of business lines (simplification, standardisation,...), expense discipline
  - Industrialisation of IT and operational process
  - Streamlining of the branch networks
  - ~60 transformation projects identified

- Cost/income target: -3pts by 2020
  - ~ -2% decrease in cost base
  - Continued cost effort to offset impact of inflation and growth initiatives

**Evolution of DM cost base**




*(1) Presented in the Corporate Centre; (2) Reminder: -€130m of restructuring costs in 2016*

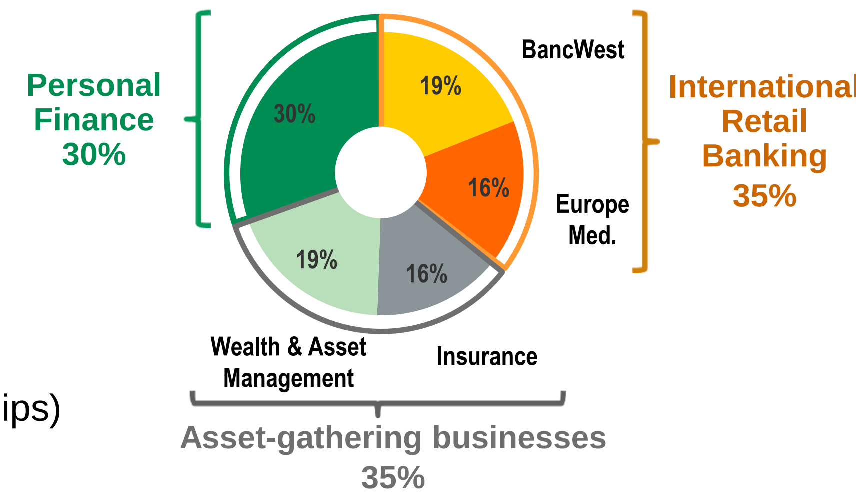
# International Financial Services in a Snapshot

2016 Revenues (2013-16 CAGR)

| Personal Finance | International Retail Banking | Insurance | Wealth & Asset Management |
|---|---|---|---|
| €4.7bn (+8.2%) | €5.4bn (+8.5%) | €2.4bn (+3.7%) | €3.0bn (+2.3%) |

- IFS key figures
  - €15.5bn revenues[(1)] (36% of Group revenues)
  - €4.9bn pre-tax income[(1)] (~ +6.6% 2013-16 CAGR)
- ~80,000 employees in more than 60 countries
- Major player in diversified geographies with different economic cycles
- Large customer base: HNWI, Retail, SMEs, Corporates and Institutionals
- Leveraging on numerous partnerships
- Wide and diversified distribution channels (internal and external banking networks, direct distribution, partnerships)
- Strong cross-selling between IFS businesses, and with CIB and Domestic Markets

**Breakdown of IFS revenues[(1)]**




**Well diversified revenue sources**

(1) As of 31.12.2016

# International Financial Services
# Main Ambitions Across Business Units

## Develop new partnerships

- **Personal Finance**: forge new partnership alliances & agreements with car manufacturers, distributors, banks and in new sectors
- **Insurance**: continue strengthening partnerships by leveraging Cardif's expertise
- Develop partnerships **with new actors** (FinTech, InsurTech,…)

## Optimise client experience and enhance cross-selling

- **Private Banking client base**: grow further in the domestic markets, in the U.S. and in Asia
- **Corporate and institutional clients**: broaden product range in cooperation with CIB
- **SME clients**: structure and roll-out the offering in the international networks
- Continue implementing **PF's enhanced cooperation model** in the international retail networks (Poland, U.S.)
- Boost **asset inflows in Asset Management** and grow **Insurance products' sales** in banking networks

## Digitalisation, new technologies and business models

- **Data & analytics**: initiatives in all business units, unify data labs to pool best practices
- **Innovation**: put open innovation in general practice in all the businesses, capitalise on innovative approaches (Cardif Lab, PF Echangeur,…)
- **Banks & digital offerings**: develop digital solutions offering in all the businesses and continue expanding mobile and digital banking services

L'ATELIER BNP PARIBAS GROUP

ECHANGEUR

BNP PARIBAS INTERNATIONAL HACKATHON 2016

## Continued industrialisation, transformation and adaptation

- Industrialise the platforms and enhance **operating efficiency**
- **Finalise integrations** with LaSer (Personal Finance) and Bank BGZ (Poland) to extract full cost synergies

LaSer

BGZ BNP PARIBAS

# International Financial Services 2020 Business Development Plan

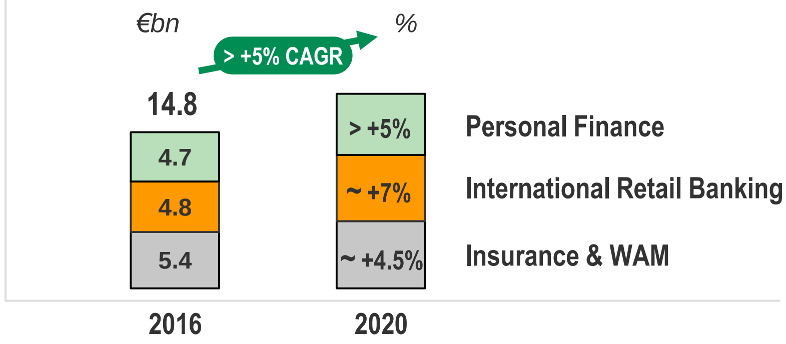
## Strengthen positions in a context of ongoing transformation

- Step up the pace of growth (new offerings, new partnerships, new regions) and adapt to evolving customer needs
- Consolidate leading positions in the businesses by leveraging best-in-class offers
- Continue to develop retail banking outside the Eurozone (Poland, United States, Turkey, etc.) and cross-selling with the Group
- Prepare for upcoming regulatory evolutions (MIFID 2, regulatory impacts,...)

## Improve operating efficiency: €0.6bn in recurring cost savings by 2020

- Digital initiatives specific to each business (customer distribution and acquisition, product lifecycle management, new full digital products, etc.)
- Initiatives to streamline and pool processes to support the businesses
- 2017-2019 transformation costs: €0.9bn[3]

## IFS revenue growth[1] 2016-2020




## Financial targets[1]

| | 2016 | 2020 targets |
|---|---|---|
| Revenues | €14.8bn | > +5%[2] |
| Cost/income | 62.3% | -5 pts |
| Allocated Equity | €25.0bn | ~ +5%[2] |
| Pre-tax RONE | 18.3% | > 20% |

## A growth engine for the Group

*[1] Excluding FHB; [2] CAGR; [3] Presented in the Corporate Centre*

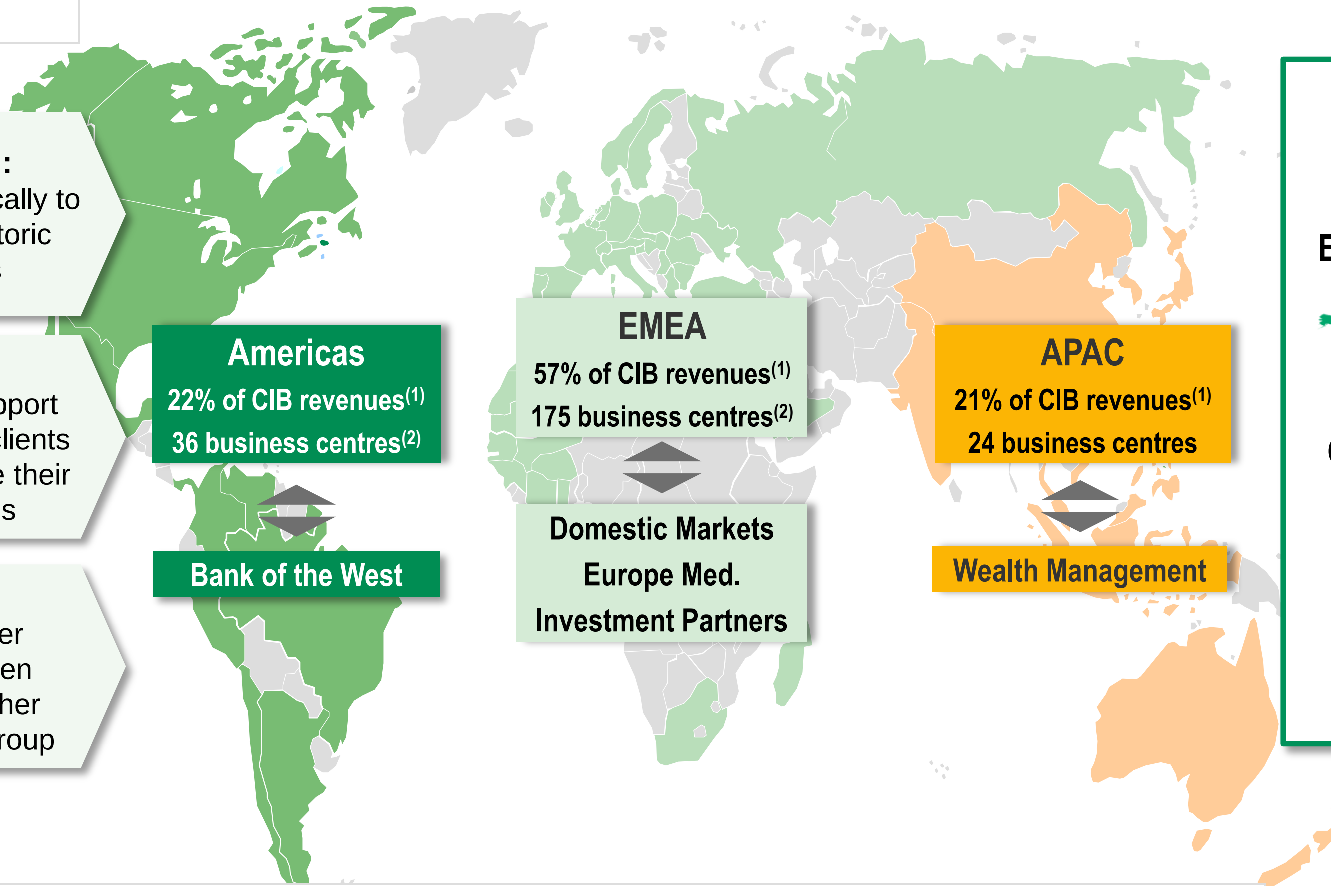
# Corporate & Institutional Banking
# Strong European Home Base and International Reach

## CIB footprint

**Client-focused:**
built up mostly organically to serve the Group historic client franchises

**Global reach:**
tailored set-up to support the development of clients worldwide and handle their flows in all regions

**Integrated:**
strong cross-border cooperation between regions and with other businesses of the Group



**Americas**
22% of CIB revenues[1]
36 business centres[2]

Bank of the West

**EMEA**
57% of CIB revenues[1]
175 business centres[2]

Domestic Markets
Europe Med.
Investment Partners

**APAC**
21% of CIB revenues[1]
24 business centres

Wealth Management

**~30,000 Employees**

**57 Countries**

**235 Business Centres[2]**

**A leading Europe-based integrated CIB serving clients for their global flows**

*[1] Revenues 2016; [2] Including "One Bank for Corporates" set-up*

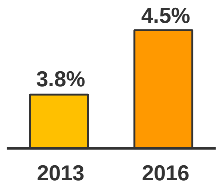
# CIB: Growing Revenues Globally in all Activities and Consolidating Leadership in EMEA

## CIB gained market share in all activities

*2013-2016*

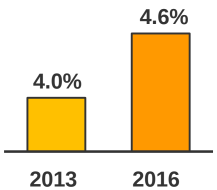
**CIB**

*Global revenues share[1]*



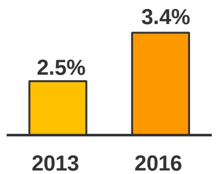

**Securities Services**

*Global revenues share[2]*



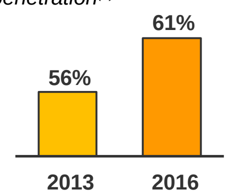

**Global Markets**

*Global revenues share[4]*




**Corporate Banking Europe**

*Market penetration[3]*




## Leading player in EMEA with global reach

***2016 rankings***

### Top European Debt House[5], both Loan and Bond

- #1 EMEA Syndicated loan bookrunner
- #1 All bonds in euros:
  - #1 Investment Grade corporate clients
  - #1 All FIG clients
- #9 All International bonds

### Leader in Transaction Banking EMEA

- #1 Trade Finance in Europe (#2 globally)[3]
- #1 Cash Management in Europe[3] (#4 globally)[6]

### Top Global Markets player in EMEA[4]

- #3 Equity Derivatives and #3 Structured Credit
- #3 Repo business

### Leading European Custodian

- #1 European Custodian, #5 globally, growing in Asia

**A strengthened competitive positioning**

*Sources: [1] Internal calculation based on Top 16 peers publications, at constant exchange rates; [2] Internal calculation based on Top 10 peers publications; [3] Greenwich Share leaders market penetration on Large Corporates; [4] Coalition market share vs. all industry, based on BNP Paribas scope of activities incl. DCM and excl. cash equities; [5] Dealogic 2016 in volume; [6] Euromoney Cash Management Survey*

# CIB: Delivering on the Transformation Plan Implemented from 2016

**Good start of the transformation plan in 2016**

| Resources optimisation FOCUS | Cost reduction IMPROVE | Revenue growth GROW |
| --- | --- | --- |
| **-€8.3bn of RWA in 2016** (~42% of the target of -€20bn in 2019) | **~-€0.3bn of cost savings in 2016** (~35% of the 2019 target of -€0.95bn) | **~+€200m of revenues[1] in 2016 +€2.9bn of RWA[1] in 2016** |
| **Of which:**<br>▪ **Right-sizing sub-profitable** businesses or portfolios: -€4.4bn in risk-weighted assets in Global Markets (sale of legacy, etc.)<br>▪ **Actively managing financial resources:** -€3.1bn in risk-weighted assets in Corporate Banking (securitisation, sale of outstandings, etc.) | **Of which:**<br>▪ **Simplifying and streamlining processes:** €91m of savings in 2016 in Global Markets and €85m in support functions (IT, etc.)<br>▪ **Headcount reduction** under way:<br>- Voluntary departure plan in France<br>- Simplifying the organisation and smart sourcing initiatives | **Of which:**<br>▪ **Global Markets:** revenues +1.6% vs. 2015[2] despite a challenging environment<br>▪ **Securities Services:** robust business activity and targeted business development focused on institutional clients<br>▪ **Corporate Banking:** new clients' acquisition and good development of the businesses |

**Transformation plan on track with a good momentum**

*[1] Excluding Focus initiatives and non-recurring items; [2] At constant scope and exchange rates*

# Corporate & Institutional Banking
# Building 2020 Ambition

**Capitalise on a good momentum**

- **Maintain our commitment** as announced last year to enhance operating efficiency and free up resources to support selective growth
- **Extend horizon of the plan from 2019 to 2020** across all dimensions

**Accelerate on two key levers**

- **Expand client franchise in Europe**, increase penetration and generate revenues for the Group
- **Embrace the industrial and digital transformation** to further improve client experience and enhance efficiency

**A confirmed long-term vision for CIB**

- **Europe-based preferred partner of clients**, offering solutions to help them achieve their goals in a fast-changing world

## Financial targets

| | 2016 | 2020 targets |
|---|---|---|
| Revenues | €11.5bn | > +4.5% (CAGR) |
| Cost/ income | 72.4% | -8 pts |
| Allocated Equity | €22.2bn | ~ +2% (CAGR) |
| Pre-tax RONE | 13.3% | > 19% |

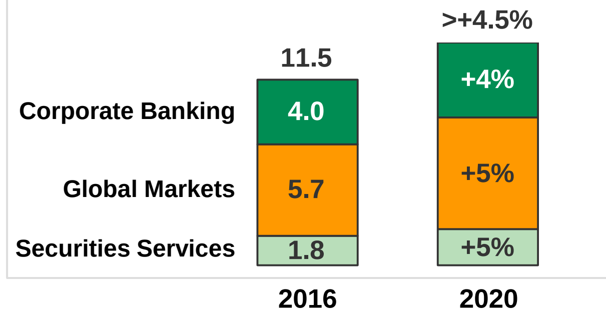
# Corporate & Institutional Banking
## Extend Ambition to 2020 Across all Activities

Securities Services | Corporate Banking | Global Markets

| Business lines | | Transformation path |
|---|---|---|
| **Processing Businesses** | • Securities Services<br>• Transaction Banking | ■ Leverage our global reach and integrated model to remain at the heart of client flows:<br>- **Top 4 global multi-asset servicer**<br>- **Leading multi-regional flow provider**<br>■ Continue to industrialise our model towards better quality at lower cost |
| **Financing Businesses & Advisory** | • Financing Solutions<br>• Advisory<br>• Primary<br>• Prime Solutions & Financing | ■ **Pursue integrated approach** to support our clients in their financing needs (loan / bond, cross-border)<br>■ Maintain disciplined risk management and selective allocation of resources<br>■ Invest to gear up our Advisory platform and strengthen ECM offer |
| **Market Intermediation Businesses** | • Equities<br>• Credit<br>• Forex<br>• Rates<br>• Commodity Derivatives | ■ Pursue optimisation of financial resources<br>■ Invest in products with a competitive edge and positive market outlook<br>■ **Invest in cutting edge technology** to maintain connectivity and improve positioning on electronically traded markets (liquid asset classes) |

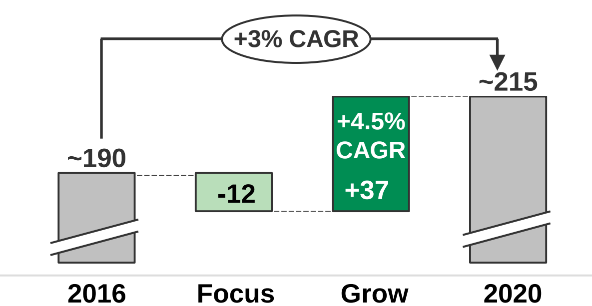
### Selective growth

*Revenue evolution*
*(2016 in €bn, 2016-2020 CAGR in %)*




### Targeted RWA deployment

*RWA evolution*
*(Average in €bn)*




**Grow revenues faster than RWAs**

# Corporate & Institutional Banking
# Extend Ambition to 2020 across all Regions

## EMEA
57% of 2016 revenues
(+3% CAGR 2013-2016[1][2])

**Positioning:**
#1 Financing business and Transaction Banking[3]
#1 Securities Services
#1 All bonds in euro[4]
Top 3 Equity Derivatives[5]

- Intensify focus on strategic clients to maximize share of wallet
- Grow in fee-driven businesses and Securities Services
- Invest selectively in specific Global Markets' segments
- Strong cost savings and resource optimisation

➔ **Specific push on targeted countries**

**An even stronger European leader**

## Americas
22% of 2016 revenues
(+13% CAGR 2013-2016[1])

**Positioning:**
Top 10 Transaction Banking[3]
>Top 10 in other businesses

- Deliver the Bank's platform to core multinational clients, growing share of cross-border flows
- Leverage Bank of the West to mutualize costs and to provide expertise across clients and products
- Optimise costs and leverage on investments made to reach regulatory excellence (IHC, CCAR,…)
- Further grow American client franchise, leveraging the North and Latin American footprint

**Capitalise on a strong integrated model**

## APAC
21% of 2016 revenues
(+4% CAGR 2013-2016[1][2])

**Positioning:**
Top 5 Equity Derivatives[5]
Top 8 Transaction Banking[6]
#8 All International DCM (ex-Japan)[4]

- Continue to reinforce footprint to capture growth in Asian markets through a targeted approach
- Accelerate development in China as the market opens
- Maximise cross-selling opportunities with Wealth Management
- Take advantage of growing in-bound and out-bound flows
- Capture growth in corporate flow banking

**Capture regional growth potential**

**Leverage regional strengths**

(1) 2013 restated on current allocated equity; (2) Excluding Energy & Commodities; (3) Source: Greenwich associates; (4) Source: Dealogic league table in volume; (5) Source: Coalition; (6) Source: Greenwich associates, foreign/regional franchises

# Corporate & Institutional Banking
# Develop Client Franchise in Europe

## Expand client franchise

- Specific growth plans in Northern European countries (Germany, United Kingdom, The Netherlands and Scandinavia) to complement our domestic markets stronghold
- Targeting sizeable and international corporate client franchises

➔ **Onboarding of 350 new customer groups by 2020**

## Increase revenues

- Introduce clients to the full range of CIB solutions
- Develop revenues in transaction banking
- Secure top positions on significant advisory and financing mandates, notably thanks to the strengthening of sectorial expertise
- Develop industrial partnerships with our clients, leveraging notably with Arval, Personal Finance and Cardif solutions

## EMEA 2020 Ambition

**Be the leading European bank in EMEA for CIB businesses**

- **#1 in Transaction Banking in EMEA**
- **#1 Debt House in EMEA both in loans and bonds**
- **Top 3 in Investment banking on core clients[(1)]**
- **Global Markets: Top 2 Eurozone player and Top 5 in Europe[(2)]**

**Continuously strengthening position in home market**

*[(1)] 750 key strategic European clients; [(2)] Based on BNP Paribas scope of activities incl. DCM and excl. cash equities*

# CIB: Invest to Accelerate Industrialisation and lay the Foundations of our Long-term Model

- Invest €1.1bn transformation costs over 2017-2019[(1)(2)]

- Continue to extract cost savings from industrialisation and set-up optimisation
  - Optimised organisation of business lines
  - Smart sourcing and mutualised platforms
  - IT industrialisation
  - Digital solutions & expense discipline

  -€0.7bn cost savings remaining out of the initial 2019 target of €1bn

- Additional cost savings generated by the redesign of end-to-end processes: >-€0.2bn

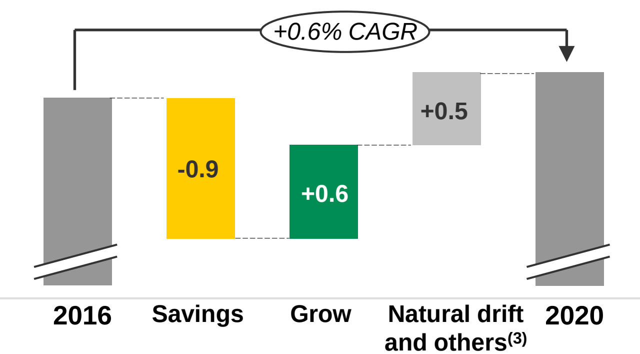
- **Cost savings: ~-€0.9bn in 2020 vs. 2016**
  - On top of the ~-€0.3bn achieved in 2016 vs. 2015

- Improved efficiency
  - 2020 cost/income: >-8pts vs. 2016

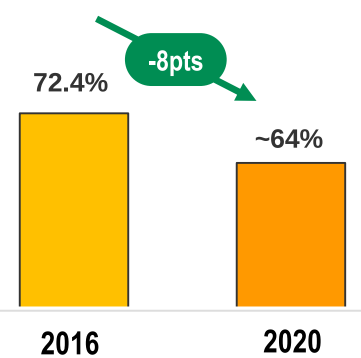
- Lay out the foundations of the future operating model

## Evolution of CIB cost base

*In €bn, excl. variable compensation*
*% CAGR 2016-2020*




## CIB cost/income ratio




*(1) Presented in Corporate Centre; (2) Of which €0.5bn already included in plan communicated last year; (3) Based on ~2% average weighted inflation per year in connection with geographical footprint*

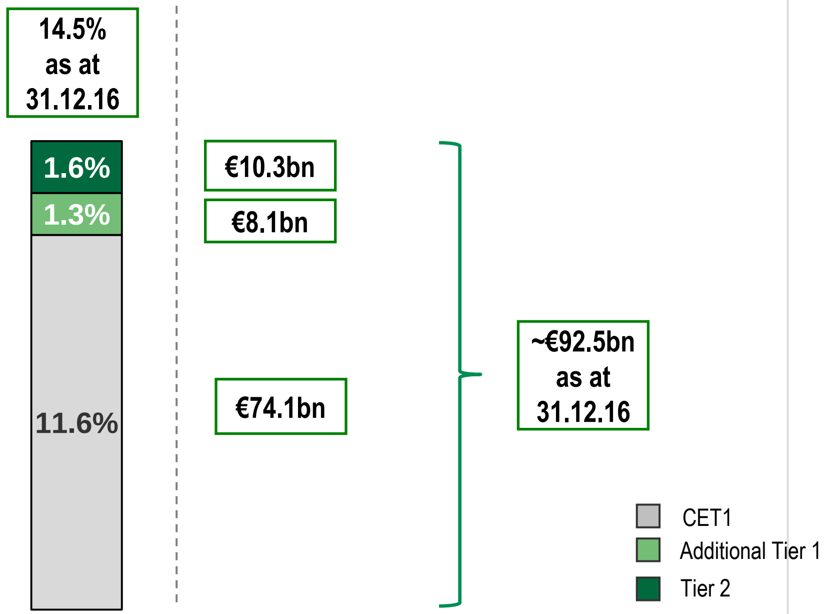
# Main Exceptional Items - 2016

| | 2016 | 2015 |
|---|---|---|
| **Revenues** | | |
| Own credit adjustment and DVA *(Corporate Centre)* | -€59m | +€314m |
| Capital gain on the sale of Visa Europe shares *(Corporate Centre)* | +€597m | |
| ***Total exceptional revenue items*** | ***+€538m*** | ***+€314m*** |
| **Operating expenses** | | |
| Simple & Efficient transformation costs *(Corporate Centre)* | | -€622m |
| CIB transformation costs and restructuring costs of acquisitions* (*Corporate Centre*) | -€553m | -€171m |
| Restructuring costs of Businesses** | -€144m | |
| Compulsory contribution to the resolution process of 4 Italian banks*** | -€52m | -€69m |
| ***Total exceptional operating expenses items*** | ***-€749m*** | ***-€862m*** |
| **Costs related to the comprehensive settlement with U.S. authorities** *(Corporate Centre)* | | |
| Costs related to the remediation plan | | -€100m |
| | ***€0m*** | ***-€100m*** |
| **Other non operating items** | | |
| Goodwill impairments**** *(Corporate Centre)* | -€127m | -€993m |
| Capital gain on the sale of a non-strategic stake***** | | +€94m |
| Sale of the stake in Klépierre-Corio *(Corporate Centre)* | | +€716m |
| Dilution capital gain due to the merger between Klépierre and Corio *(Corporate Centre)* | | +€123m |
| ***Total exceptional non operating items*** | ***-€127m*** | ***-€60m*** |
| **Total exceptional items (pre-tax)** | **-€338m** | **-€708m** |
| **Total exceptional items (after tax)** | **-€100m** | **-€644m** |

** LaSer, Bank BGZ, DAB Bank, GE LLD; ** BNL bc (-€50m), BRB (-€80m), WAM (-€7m), Corporate Centre (-€7m); *** BNL bc (-€47m in 2016, -€65m in 2015), Personal Finance (-€5m in 2016, -€4m in 2015); **** Of which full goodwill impairment of BNL bc (-€917m in 2015) and of BGZ (-€127m in 4Q16); ***** CIB-Corporate Banking (€74m), Corporate Centre (€20m)*

# Prudential Phased-in Total Capital

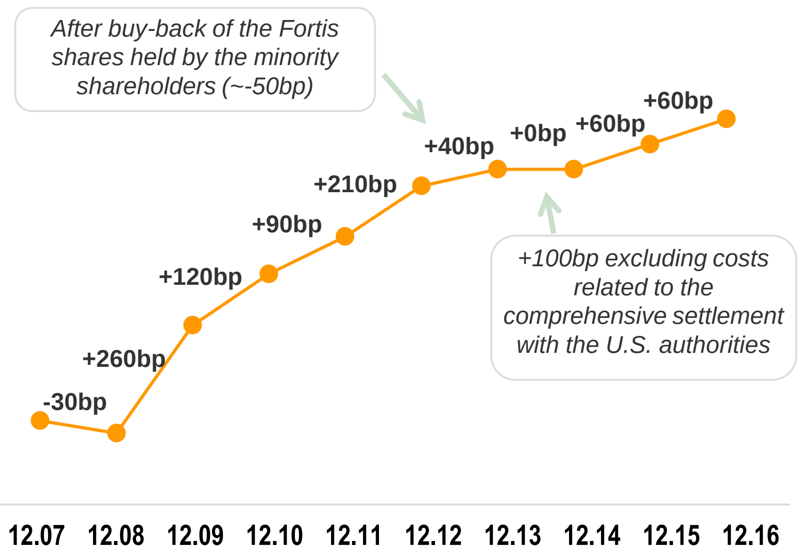
## Prudential phased-in Total Capital as at 31.12.16




**~€92bn of prudential phased-in Total Capital as at 31.12.16**

# Steady organic growth of CET1 ratio across the cycle

## Annual evolution of the CET1 ratio*




** Basel 2 from December 2007 to December 2011, Basel 2.5 as at December 2012, then fully loaded Basel 3 for the years after*

# S&P – Rating Benchmark

**As of 23 March 2017**

| | | |
|---|---|---|
| **AA-** | **HSBC Bank plc** (negative) | **Royal Bank of Canada** (negative) |
| **A+** | **Rabobank** (stable) | **UBS** (stable) |
| **A** | **BNP Paribas** (stable)<br>**Crédit Agricole** (stable)<br>**Wells Fargo & Co*** (negative) | **Crédit Suisse** (stable)<br>**Société Générale** (stable)<br>**Lloyds Bank plc** (negative) |
| **A-** | **Santander** (positive)<br>**Barclays Bank plc** (negative) | **JP Morgan Chase & Co*** (stable) |
| **BBB+** | **RBS plc** (stable)<br>**BBVA** (stable)<br>**Bank of America Corp.*** (stable)<br>**Goldman Sachs Group*** (stable) | **Commerzbank** (CreditWatch positive)<br>**Citigroup*** (stable)<br>**Morgan Stanley Holding*** (stable)<br>**Deutsche Bank** (CreditWatch positive) |
| **BBB-** | **Unicredit** (stable) | **Intesa San Paolo** (stable) |

***Any rating action may occur at any time***

** Holding company as main issuer of senior debt. Bank entities are rated as follows: Wells Fargo Bank NA: AA- (negative), JP Morgan Chase Bank NA: A+ (stable), Citibank NA: A+ (stable), Bank of America NA: A+ (stable), Morgan Stanley Bank: A+ (stable); Data Source: Bloomberg*

# Moody's – Rating Benchmark

**As of 23 March 2017**

| | | |
|---|---|---|
| **Aa2** | **Rabobank** (negative) | **HSBC Bank plc** (negative) |
| **Aa3** | **Royal Bank of Canada** (negative) | |
| **A1** | **BNP Paribas** (stable)<br>**UBS** (stable)<br>**Barclays Bank plc** (negative) | **Lloyds Bank plc** (stable)<br>**Crédit Agricole** (stable)<br>**Crédit Suisse** (stable) |
| **A2** | **Société Générale** (stable) | **Wells Fargo & Co*** (stable) |
| **A3** | **RBS plc** (positive)<br>**Morgan Stanley Holding*** (stable)<br>**JPMorgan Chase & Co*** (stable) | **Santander** (stable)<br>**Goldman Sachs Group*** (stable) |
| **Baa1** | **Commerzbank** (stable)<br>**Bank of America Corp.*** (positive)<br>**Intesa San Paolo** (negative) | **Citigroup*** (stable)<br>**BBVA** (stable)<br>**Unicredit** (stable) |
| **Baa2** | **Deutsche Bank** (stable) | |

***Any rating action may occur at any time***

** Holding company as main issuer of senior debt. Bank entities are rated as follows: Wells Fargo Bank NA: Aa2 (Stable), JP Morgan Chase Bank NA: Aa3 (stable), Citibank NA: A1 (stable), Bank of America NA: A1 (positive), Morgan Stanley Bank: A1 (stable); Data Source: Bloomberg*

# Fitch – Rating Benchmark

**As of 23 March 2017**

| | | |
|---|---|---|
| **AA** | **Royal Bank of Canada** (negative) | |
| **AA-** | **HSBC Bank plc** (stable)<br>**Rabobank** (stable) | **Wells Fargo & Co*** (negative) |
| **A+** | **BNP Paribas** (stable)<br>**Lloyds Bank plc** (stable) | **JPMorgan Chase & Co*** (stable)<br>**UBS** (stable) |
| **A** | **Crédit Agricole** (positive)<br>**Barclays Bank plc** (stable)<br>**Morgan Stanley Holding*** (stable)<br>**Société Générale** (stable) | **Crédit Suisse** (stable)<br>**Citigroup*** (stable)<br>**Goldman Sachs Group** (stable)<br>**Bank of America Corp.*** (stable) |
| **A-** | **Santander** (stable)<br>**Deutsche Bank** (negative) | **BBVA** (stable) |
| **BBB+** | **Intesa San Paolo** (negative)<br>**Commerzbank** (stable) | **RBS plc** (stable)<br>**Unicredit** (negative) |

***Any rating action may occur at any time***

** Holding company as main issuer of senior debt. Bank entities are rated as follows: Wells Fargo Bank NA: AA (negative), JP Morgan Chase Bank NA: AA- (stable), Citibank NA: A+ (stable), Bank of America NA: A+ (stable), Morgan Stanley Bank: A (stable); Data Source: Bloomberg*

# Rating for BNP Paribas Senior Preferred Debt and Rating for Senior Non Preferred Debt

***Rating for BNP Paribas senior preferred debt***

***Rating for BNP Paribas senior non preferred debt***

| Standard & Poor's | Fitch Ratings | DBRS | Moody's |
|---|---|---|---|
| AA+ | AA+ | AA (High) | Aa1 |
| AA | AA | AA (Middle) | Aa2 |
| AA- | AA- | AA (Low) | Aa3 |
| A+ | A+ | A (High) | A1 |
| A | A | A (Middle) | A2 |
| A- | A- | A (Low) | A3 |
| BBB+ | BBB+ | BBB (High) | baa1 |
| BBB | BBB | BBB (Middle) | baa2 |