



# **BNP PARIBAS**

## **Strong solvency & funding**

**Fixed Income Presentation  
February 2020**



**BNP PARIBAS**

**The bank for a changing world**

# Disclaimer

*The figures included in this presentation are unaudited.*

*On 29 March 2019, BNP Paribas issued a restatement of its quarterly results for 2018 reflecting, in particular (i) the internal transfer in the 3rd quarter 2018 of Correspondent Banking activities within CIB from Corporate Banking business to Securities Services and (ii) the transfer, effective 1st October 2018, of First Hawaiian Bank (FHB) from the BancWest business to the Corporate Centre following the sale of 43.6% of FHB in 2018 (the remaining stake was sold on 25 January 2019). These changes do not affect Group results as a whole but only the analytical breakdown of IFS (BancWest), CIB (Corporate Banking, Securities Services), and Corporate Centre. The 2018 quarterly result series have been restated reflecting these effects as if they had occurred on 1<sup>st</sup> January 2018. This presentation is based on the restated 2018 quarterly series.*

*This presentation includes forward-looking statements based on current beliefs and expectations about future events. Forward-looking statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future events, operations, products and services, and statements regarding future performance and synergies. Forward-looking statements are not guarantees of future performance and are subject to inherent risks, uncertainties and assumptions about BNP Paribas and its subsidiaries and investments, developments of BNP Paribas and its subsidiaries, banking industry trends, future capital expenditures and acquisitions, changes in economic conditions globally or in BNP Paribas' principal local markets, the competitive market and regulatory factors. Those events are uncertain; their outcome may differ from current expectations which may in turn significantly affect expected results. Actual results may differ materially from those projected or implied in these forward looking statements. Any forward-looking statement contained in this presentation speaks as of the date of this presentation. BNP Paribas undertakes no obligation to publicly revise or update any forward-looking statements in light of new information or future events. It should be recalled in this regard that the Supervisory Review and Evaluation Process is carried out each year by the European Central Bank, which can modify each year its capital adequacy ratio requirements for BNP Paribas.*

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# Strong Solvency & Capital Generation Capacity

FOCUS ON FUNDING

2019 RESULTS

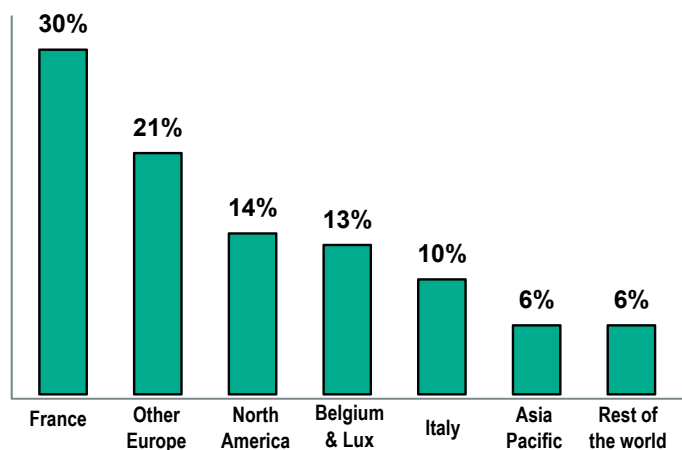
2020 OBJECTIVES

APPENDIX

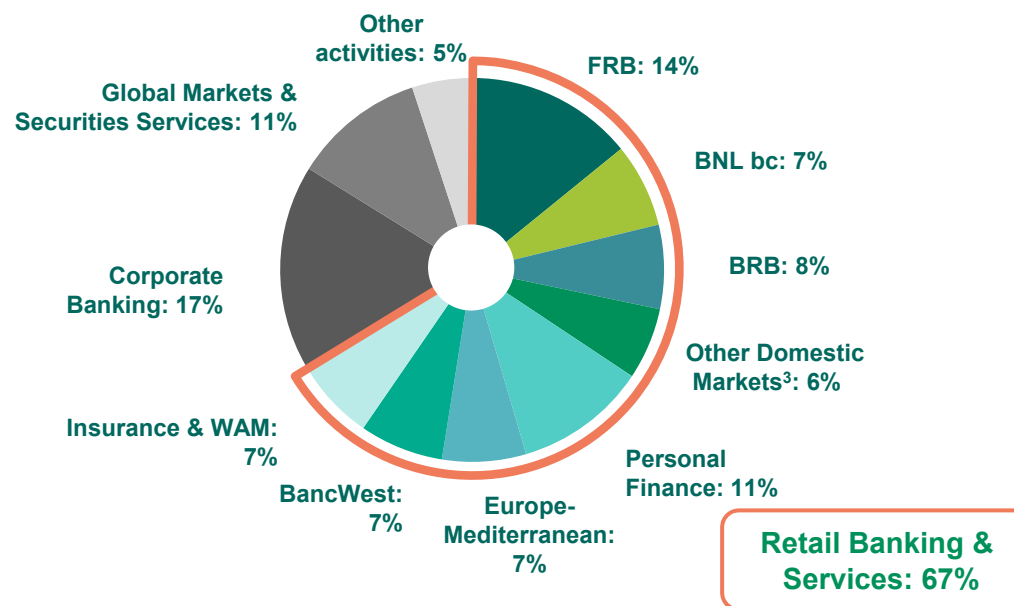
# A Business Model Well Diversified by Country and Business

No country, business or industry concentration

● 2019 Gross Commitments<sup>1</sup> by region  
>90% in wealthy markets



● Basel 3 risk-weighted assets<sup>2</sup> by business as at 31.12.2019



**A balanced business model: a clear competitive advantage in terms of revenues and risk diversification**

**An integrated business model fuelled by cooperation between Group Businesses**

**Strong resilience in changing environment**

1. Total gross commitments, on and off balance sheet, unweighted of €1,581bn as at 31.12.19 ; 2. CRD 4 ; 3. Including Luxembourg



# Very solid financial structure

## CET1 ratio increase of 40bps

● **Reminder CET 1 as at 01.01.19: 11.7%**

● **CET1 ratio: 12.1% as at 31.12.19 (+40 bps vs. 01.01.19)**

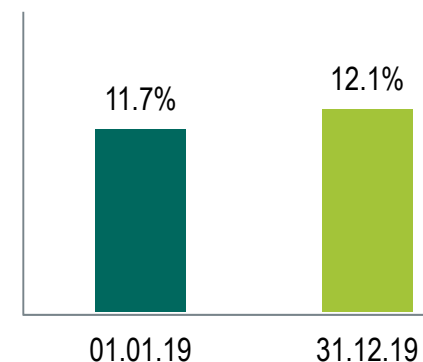
- 2019 results excluding exceptional other non operating items, after taking into account a 50% dividend pay-out ratio (+60 bps)
- Increase at constant change of risk-weighted assets net of the impact of securitisations (-40 bps)
- Net impact of disposals and acquisition (SBI Life, deconsolidation of the residual stake in this subsidiary, Prime Brokerage) as well as the partial goodwill impairment of BancWest (+20 bps)
- Overall limited impact of other effects, including change effect, on the ratio

● **Leverage ratio<sup>1</sup>: 4.6% as at 31.12.19**

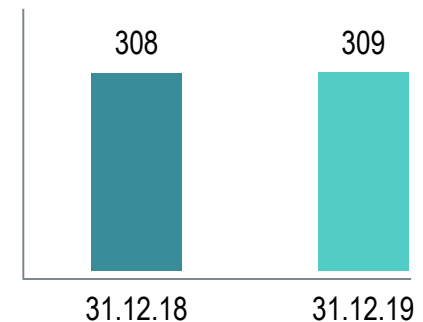
● **Immediately available liquidity reserve: €309bn<sup>2</sup>**

(€308bn as at 31.12.18): room to manoeuvre > 1 year in terms of wholesale funding

● **CET1 ratio**



● **Liquidity reserve (€bn)<sup>2</sup>**



1. Calculated according to the delegated act of the EC dated 10.10.2014 on total Tier 1 Capital;

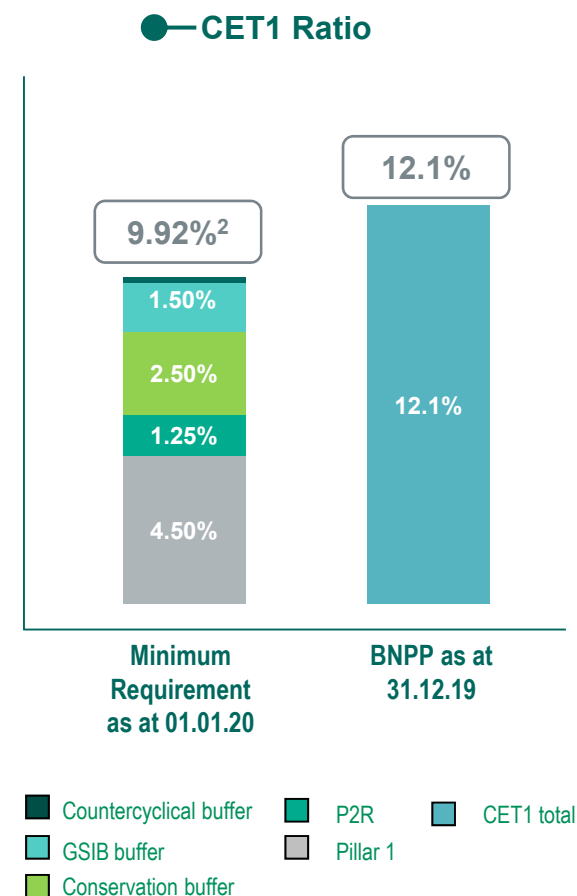
2. Liquid market assets or eligible to central banks (counterbalancing capacity) taking into account prudential standards, notably US standards, minus intra-day payment system needs



# 2019 Supervisory Review and Evaluation Process (SREP)

## CET1 ratio well above requirement

- **CET1 ratio requirement unchanged following the 2019 SREP by the ECB: 9.92% as of Q1 2020**
  - Of which Pillar 2 requirement (P2R) of 1.25%
  - Of which Conservation buffer of 2.50% and G-SIB buffer of 1.50%
  - Of which Countercyclical buffer of 0.17%<sup>1</sup>
  - Excluding Pillar 2 guidance (P2G), non public
- **CET1 ratio of 12.1% as at 31.12.19, well above the 2020 regulatory requirement**
- **CET1 ratio target met ahead of schedule**



1. Countercyclical buffer: 17bps as of 01.01.2020, estimated 35bps as of 31.12. 2020 ; 2. Including a countercyclical capital buffer of 17bps

# 2019 Supervisory Review and Evaluation Process (SREP)

## Total Capital ratio well above requirement

- **Total capital ratio requirement unchanged following the 2019 SREP by the ECB: 13.42% as of Q1 2020**

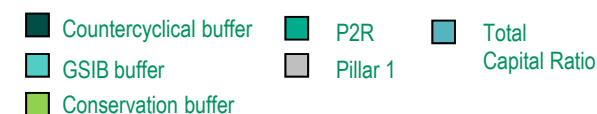
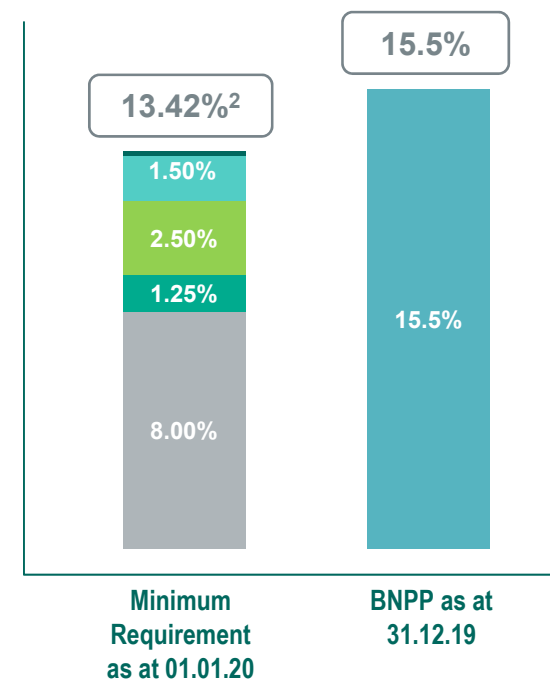
- Of which Pillar 2 requirement (P2R) of 1.25%
- Of which Conservation buffer of 2.50% and G-SIB buffer of 1.50%
- Of which Countercyclical buffer of 0.17%<sup>1</sup>
- Excluding Pillar 2 guidance (P2G), non public

- **Total capital ratio of 15.5% as at 31.12.19, well above the 2020 regulatory requirement**

- **Total capital ratio target over 15% in 2020 achieved ahead of schedule**

- Reminder: Tier 1 and Total Capital ratio requirements are on a cumulative basis
- AT1 and Tier 2 at 3.4% of RWA

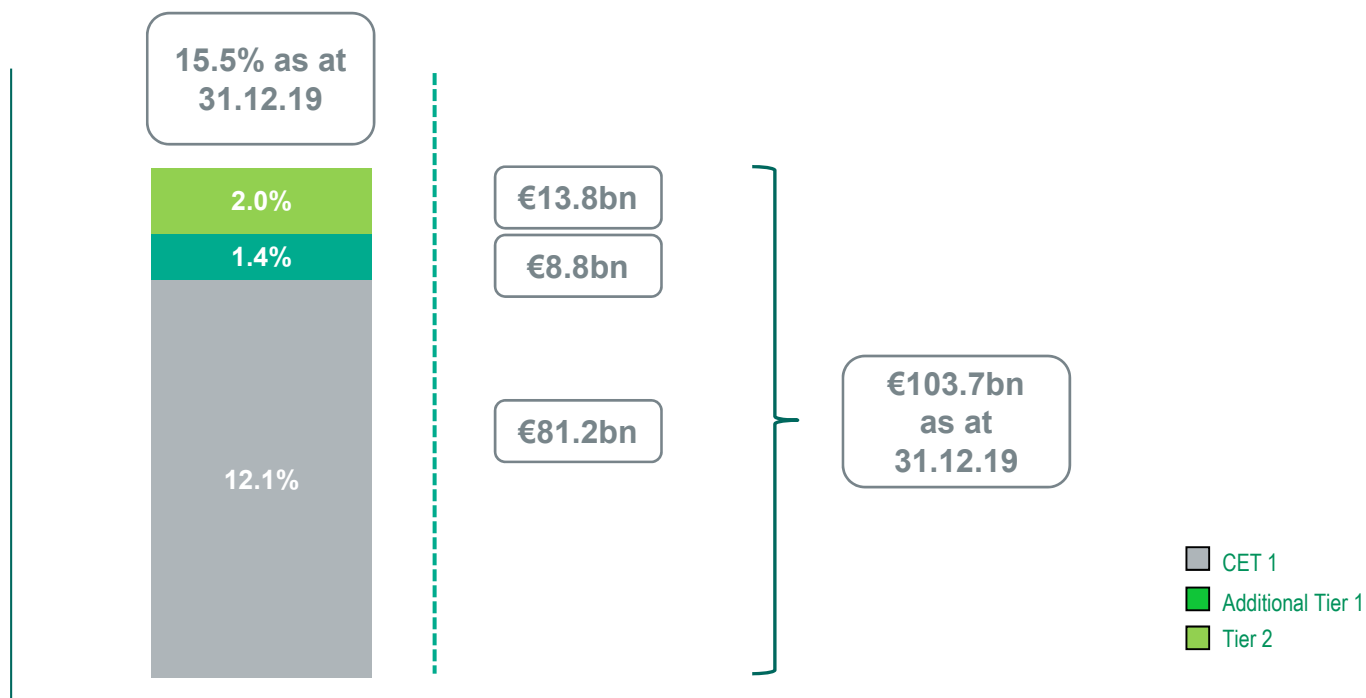
### ● Total Capital Ratio



1. Countercyclical buffer: 17bps as of 01.01.2020, estimated 35bps as of 31.12.2020 ; 2. Including a countercyclical capital buffer of 17bps

# Prudential Total Capital

## ● Prudential Total Capital as at 31.12.19



## ● ~104bn of prudential fully loaded Total Capital as at 31.12.19





# Distance to Maximum Distributable Amount Restrictions

## Reminder: Pillar 2 is composed of:

- “Pillar 2 Requirement” (public), applicable to CET1, Tier 1 and Total Capital ratios
- “Pillar 2 Guidance” (not public), not applicable for distributable amount restrictions (MDA – Maximum Distributable Amount)

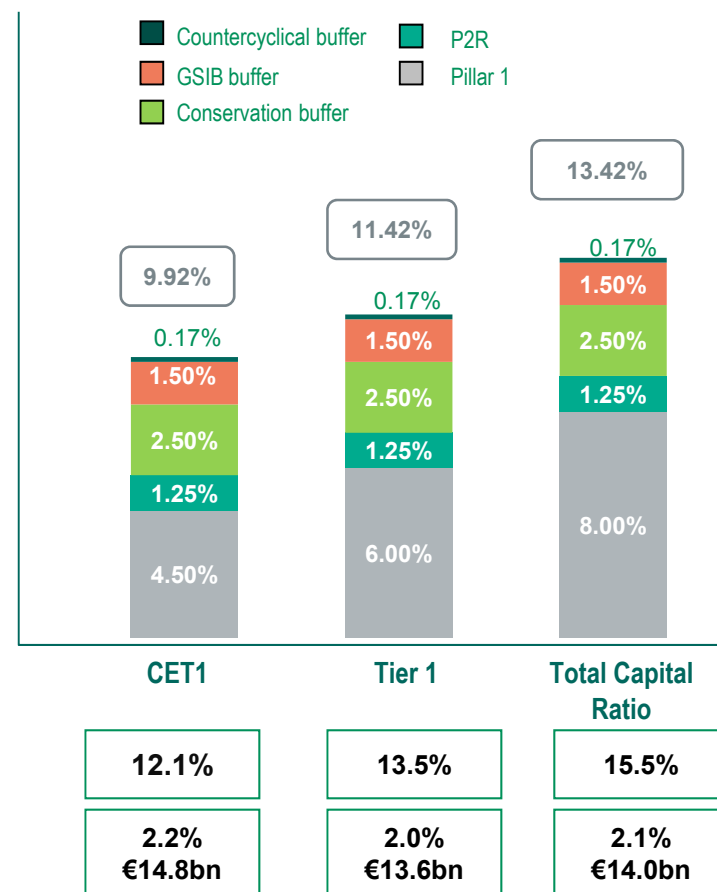
## Capital requirements as at 01.01.20<sup>1</sup>:

- CET1: 9.92%
- Tier 1: 11.42%
- Total Capital Ratio: 13.42%

## Distance as at 31.12.19 to Maximum Distributable Amount restrictions<sup>2</sup> equal to the lowest of the 3 calculated amounts: €13.6bn

Ratios of BNP Paribas as at 31.12.19
Distance <sup>3</sup> as at 31.12.19 to Maximum Distributable Amount restrictions <sup>2</sup>

## Capital Requirement as at 01.01.20<sup>1</sup>



1. Including a countercyclical capital buffer of 17bps ; 2. As defined by the Art. 141 of CRD4 ; 3. Calculated on the basis of RWA (€669bn)

# TLAC Ratio above the requirement

2020 target of 21% already reached in 2019 without the senior preferred allowance

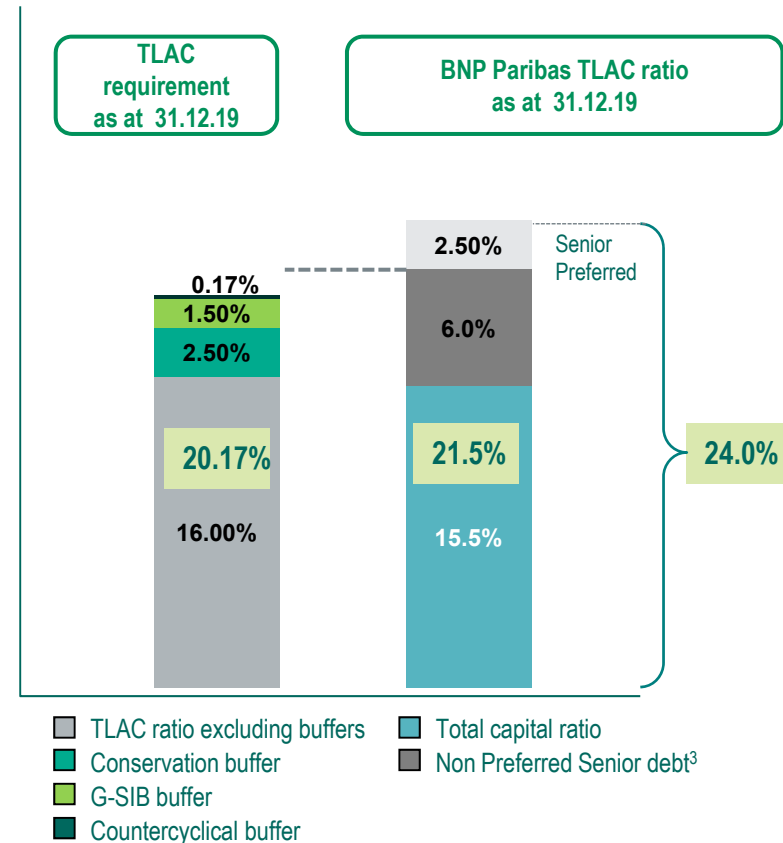
● **TLAC requirement as at 31.12.19: 20.17% of RWA**

- Including capital conservation buffer, GSIB buffer and countercyclical capital buffer

● **TLAC requirement as at 31.12.19: 6% of leverage ratio exposure**

● **BNP Paribas TLAC ratio as at 31.12.19 <sup>1</sup>:**

- ✓ **21.5% of RWA<sup>2</sup>:**
  - ✓ Total capital of **15.5%** as at 31.12.19
  - ✓ **6.0%** of Non Preferred Senior debt<sup>3</sup>
- ✓ **7.3% of leverage ratio exposure<sup>2</sup>**



1. In accordance with Regulation (EU) No. 575/2013 as amended by Regulation (EU) No. 2019/876, article 72ter paragraphs 3 and 4, some preferred senior debt instruments (amounting to EUR 18,294 million as at 31 December 2019) are eligible within the limit of 2.5% of risk-weighted assets ; 2. TLAC ratio reaches 21.5% of RWA and 7.3% of leverage ratio exposure, without the above Senior Preferred allowance. Should BNP Paribas use this option, the TLAC ratio would reach 24.0% of RWA; 3. Principal amount outstanding and other regulatory adjustments, including amortised portion of Tier 2 instruments with residual maturity over 1 year

STRONG SOLVENCY & CAPITAL GENERATION CAPACITY

# Focus on Funding

2019 RESULTS

2020 OBJECTIVES

APPENDIX

# Medium/Long Term Wholesale Funding

## 2019 MLT funding programme : €41.4bn issued

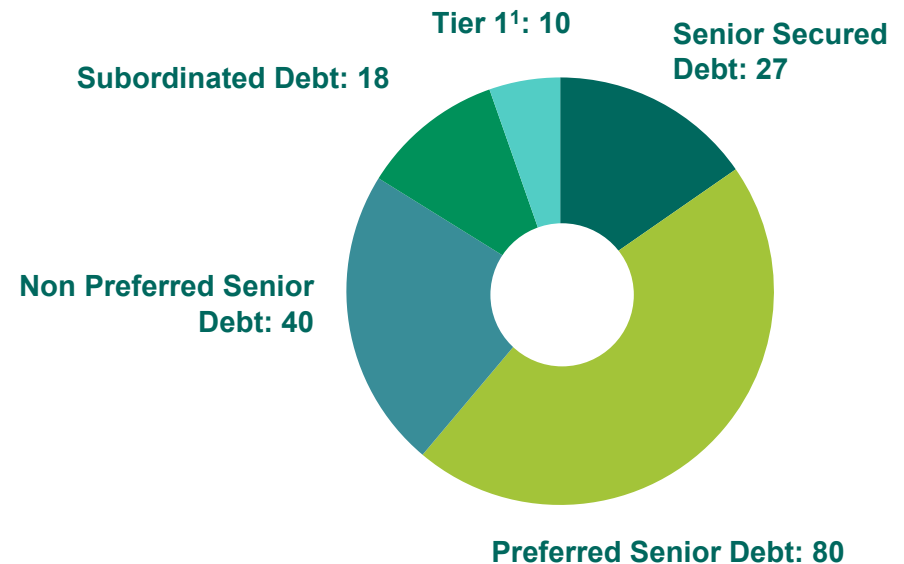
### Capital Instruments: €3.3bn

- AT1: \$1.5bn (€1.3bn equiv.), issued on 18.03.19, Perp Non Call 5, 6.625% coupon
- AT1: AUD 300m (€185m equiv.), issued on 03.07.19, Perp Non Call 5.5, 4.5% s.a. coupon
- Tier 2: €1.8bn equiv., issued under various formats, average maturity of 11 years

### Senior Debt: €38.1bn

- Non Preferred Senior (NPS): €16.2bn; average maturity of 6.5 years
- Structured products (Preferred Senior Debt): €15.8bn; average maturity of 2.1 years
- Secured funding: €5.1bn; average maturity of 2.7 years
- Local wholesale funding: €1bn; average maturity of 5.9 years

### Wholesale MLT funding outstanding breakdown as at 31.12.19 (€175bn):



1. Debt qualified prudentially as Tier 1 booked as subordinated debt or as equity

# Medium/Long Term Wholesale Funding 2020 Programme

2020 MLT wholesale funding programme<sup>1</sup>: €35bn

## 2020 MLT regulatory issuance plan: €17bn

- Out of which capital instruments: €4bn
  - Tier 2: €1bn issued on 08.01.20, 12NC7<sup>2</sup>, at mid-swap+120 bp
- Out of which Non Preferred Senior debt: €13bn
  - \$2bn (€1.8bn), issued on 06.01.20, 11NC10, US Treasuries+125 bp
  - £850m (€1bn) 7.9Y issued on 07.01.20, UK Treasuries+130 bp
  - AUD 300m (€185m), issued on 10.01.20, 7.5Y fixed and floating rate notes dual tranche, 2.50% s.a. coupon / 3mBBSW +135 bp

## Other senior debt: €18bn

- Structured products (Preferred Senior): ~€15bn
- Secured funding and local wholesale funding: ~€3bn

## Evolution of existing Tier 1 and Tier 2 debt as at 01.01.2020 (eligible or admitted to grandfathering)<sup>3</sup>

€bn	01.01.2020	01.01.2021	01.01.2022
AT1	9	8	6
T2	17	16	13

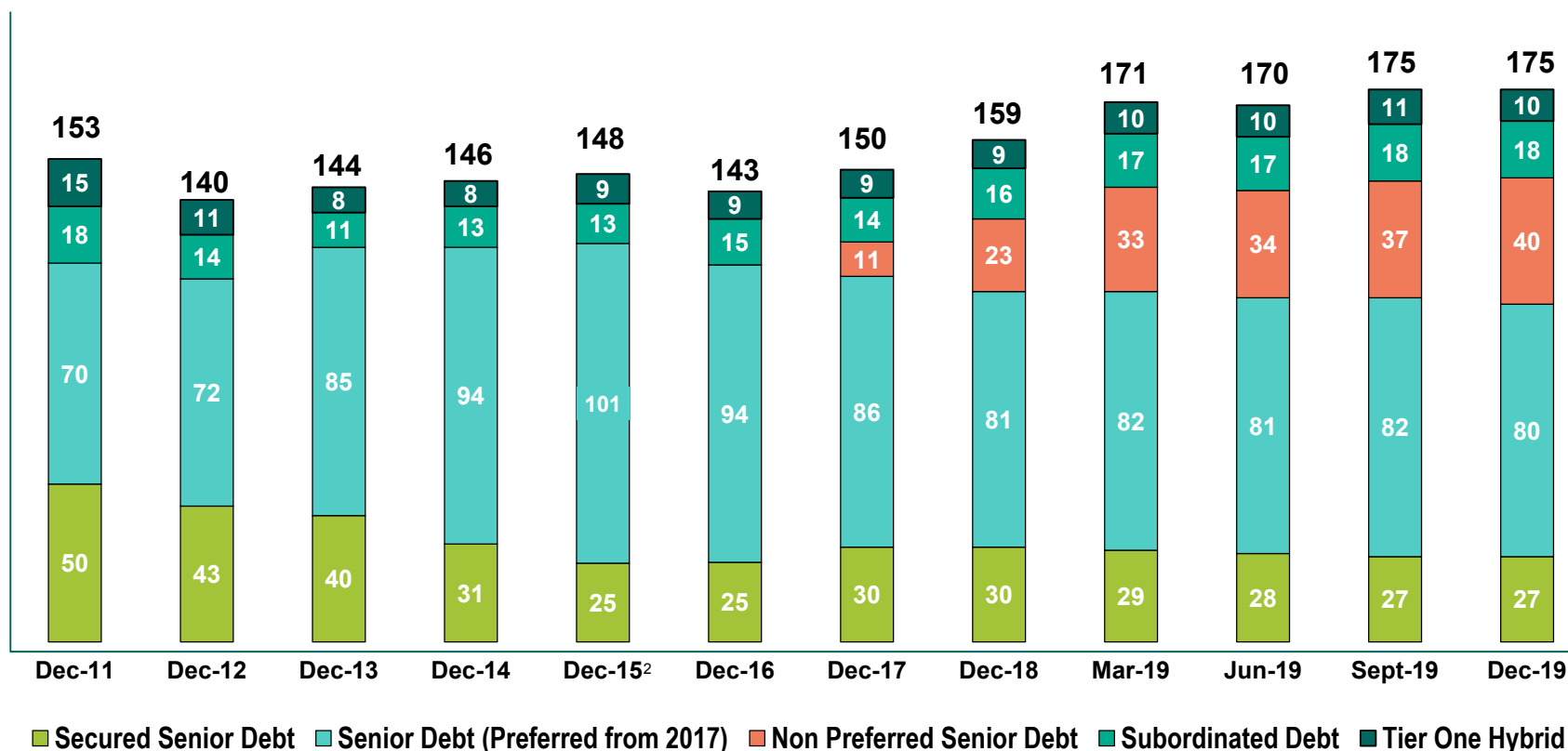
 **Over 25% of the regulatory issuance plan realised as of end of January 2020**

1. Subject to market conditions, indicative amounts; 2. 12-year maturity, callable on year 7 only; 3. Maturity schedule taking into account prudential amortisation of existing instruments as at 01.01.20, excluding future issuances, assuming callable institutional instruments are called at the first call date, and taking into account the grandfathering phasing out

# Medium/Long Term Funding Outstanding

Overall MLT funding essentially stable over the period

● Wholesale MLT funding outstanding<sup>1</sup> (€bn)



1. Source: ALM funding, nominal amounts of issuances, valued at end of quarter for all senior debts and Tier 2, Tier 1 being at historical FX rate; 2. From December 2015, figures restated according to the new broader definition of wholesale funding, covering all funds, excluding those provided by retail customers, SMEs and corporates, institutional clients for their operating needs, monetary policy and funding secured by market assets

# — BNP Paribas Long-Term Debt Ratings by Debt Category

● As at 18 February 2020

	Standard & Poor's	Moody's	Fitch Ratings	DBRS
Senior Preferred	A+	Aa3	AA-	AA (Low)
Senior Non Preferred	A-	Baa1	A+	A (High)
Tier 2	BBB+	Baa2	A	A
Additional Tier 1	BBB-	Ba1	BBB-	NA
Outlook	Stable	Stable	Stable	Stable

*Any rating action may occur at any time*



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FOCUS ON FUNDING

# 2019 Results

2020 OBJECTIVES

APPENDIX



## 2019: Strong growth in income thanks to business drive and transformation

**Significant revenue growth**  
Rise in all the divisions

**Positive jaws effects**  
in the three operating divisions

**Low cost of risk**

**Strong net income<sup>2</sup> growth**  
Increase in dividend per share

**Very solid balance sheet**

**Revenues:**  
+4.9% vs. 2018

**Operating expenses:** +2.5% vs. 2018  
**Cost income ratio:** -1.7pt

39 bp<sup>1</sup>

**Net income<sup>2</sup>:** €8,173m (+8.6% vs. 2018)  
**Dividend:** €3.10<sup>3</sup>

**CET 1 ratio:** 12.1%  
(+40 bps vs. 01.01.19)

1. Cost of risk/Customer loans at the beginning of the period (in bp); 2. Group share; 3. Subject to the approval of the Annual General Meeting on 19 May 2020

# Main Exceptional Items - 2019

## ● Exceptional items

### Operating expenses

- Restructuring costs<sup>1</sup> (*Corporate Centre*)
- Transformation costs – 2020 Plan (*Corporate Centre*)
- Additional adaptation measures – departure plans<sup>2</sup> (*Corporate Centre*)

#### Total exceptional operating expenses

### Other non operating items

- Capital gain on the sale of 16.8% of SBI Life and deconsolidation of the residual stake<sup>3</sup> (*Corporate Centre*)
- Capital gain on the sale of a building (*Corporate Centre*)
- Goodwill impairments (*Corporate Centre*)
- Capital gain on the sale of 30.3% of First Hawaiian Bank (*Corporate Centre*)
- Capital gain on the sale of a building (*Corporate Centre*)

#### Total exceptional other non operating items

### Total exceptional items (pre-tax)

### Total exceptional items (after tax)<sup>4</sup>

	2019	2018
	-€311m	-€129m
	-€744m	-€1,106m
	-€162m	
	<b>-€1,217m</b>	<b>-€1,235m</b>
	+€1,450m	
	+€101m	
	-€818m	
		+€286m
		+€101m
	<b>+€732m</b>	<b>+€387m</b>
	<b>-€485m</b>	<b>-€848m</b>
	<b>-€242m</b>	<b>-€510m</b>

1. Related in particular to the integration of Raiffeisen Bank Polska and the discontinuation or restructuring of certain businesses (in particular BNP Paribas Switzerland);  
2. Related in particular to BNL bc, Asset Management and BancWest; 3. 5.2% residual stake in SBI Life; 4. Group share

# Consolidated Group - 2019

## Positive jaws effect – Strong rise in net income

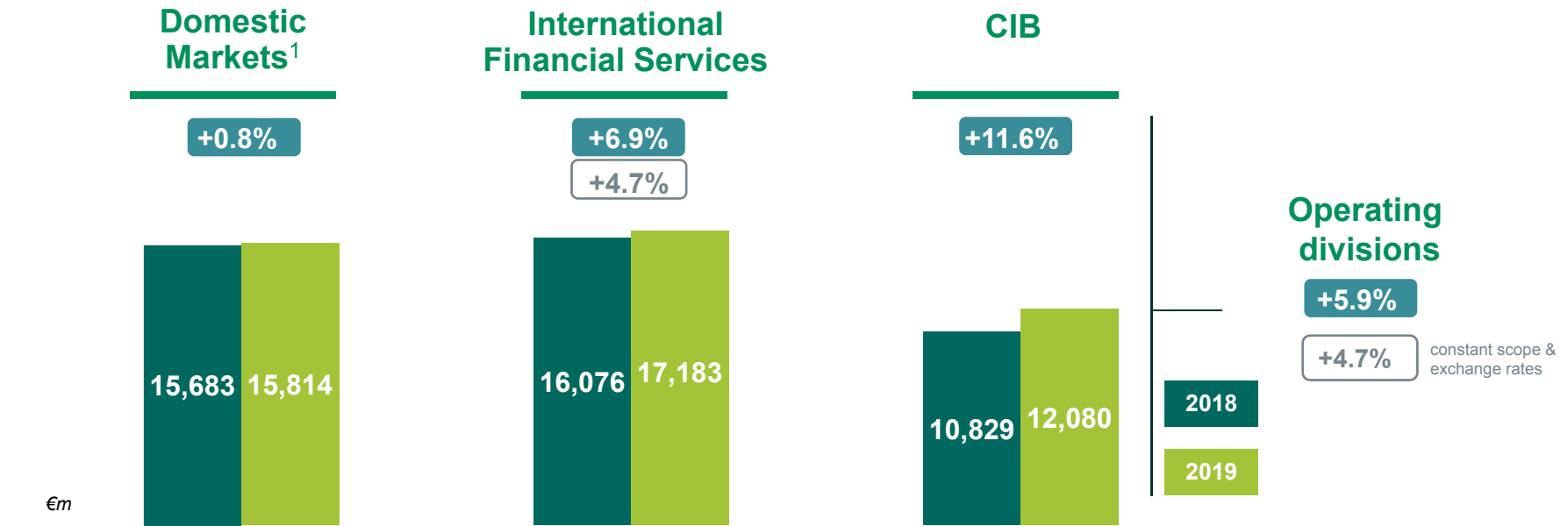
	2019	2018	2019 / 2018	% Operating divisions	
				Historical scope & exchange rates	Constant scope & exchange rates
<b>Revenues</b>	<b>€44,597m</b>	<b>€42,516m</b>	<b>+4.9%</b>	<b>+5.9%</b>	<b>+4.7%</b>
Operating expenses	-€31,337m	-€30,583m	+2.5%	+3.5%	+1.8%
<b>Gross operating income</b>	<b>€13,260m</b>	<b>€11,933m</b>	<b>+11.1%</b>	<b>+11.2%</b>	<b>+11.0%</b>
Cost of risk	-€3,203m	-€2,764m	+15.9%	+18.5%	+16.8%
<b>Operating income</b>	<b>€10,057m</b>	<b>€9,169m</b>	<b>+9.7%</b>	<b>+9.4%</b>	<b>+9.6%</b>
Non operating items	€1,337m	€1,039m	+28.7%	n.a	n.a
<b>Pre-tax income</b>	<b>€11,394m</b>	<b>€10,208m</b>	<b>+11.6%</b>	<b>+7.7%</b>	<b>+8.9%</b>
<b>Net income Group share</b>	<b>€8,173m</b>	<b>€7,526m</b>	<b>+8.6%</b>		
<b>Net income Group share excluding exceptional items<sup>1</sup></b>	<b>€8,415m</b>	<b>€8,036m</b>	<b>+4.7%</b>		

Return on tangible equity (ROTE)<sup>2</sup>: 9.8%

1. See slide 18 ; 2. Equity not revaluated

# Revenues of the Operating Divisions - 2019

## Revenue growth in all operating divisions

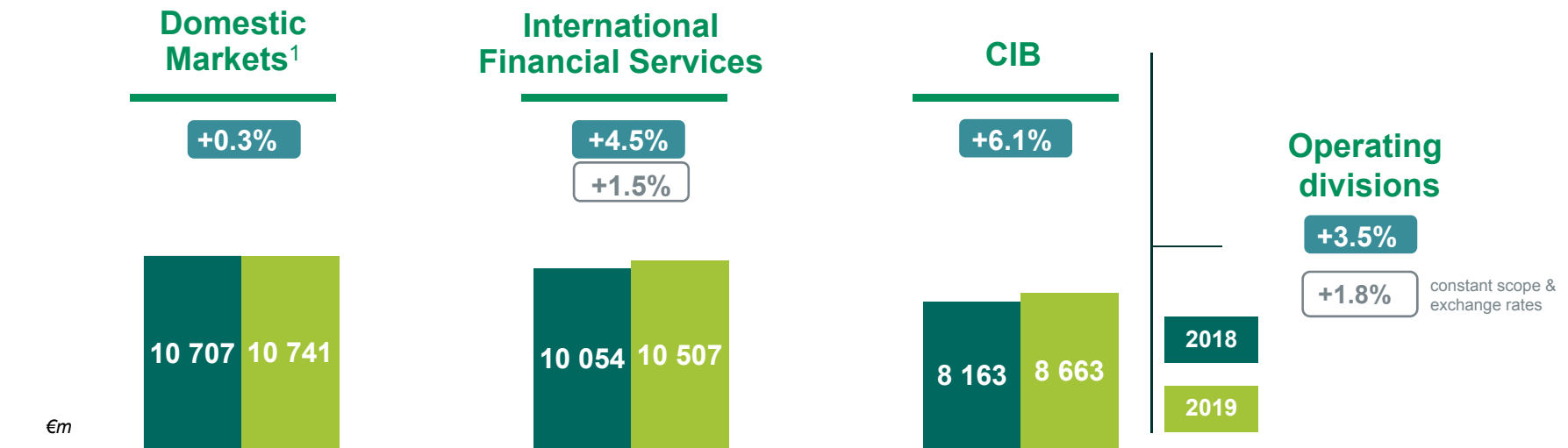


- **Domestic Markets:** revenue growth in a persistent low rate environment impacting the revenues of the networks negatively and continued growth in the specialised businesses
- **IFS:** increase in revenues in connection with the business drive of Personal Finance and the very good performances of Insurance and Europe-Mediterranean – favourable foreign exchange effect this year
- **CIB:** strong rise in revenues with very good performances of Global Markets and Corporate Banking

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

# Operating expenses of the Operating Divisions - 2019

Positive jaws effect – decrease in the cost income ratio in the 3 operating divisions

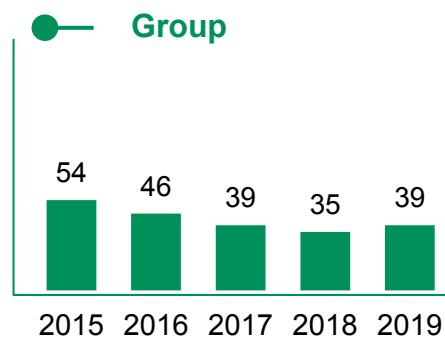


- Domestic Markets:** decrease of costs in the networks (-0.5%<sup>2</sup>) and increase in the specialised businesses as a result of the development of the activity; positive jaws effect (+0.5 pt)
- IFS:** support of the increase in business, contained increase in operating expenses; positive jaws effect (+3.2 pt<sup>3</sup>)
- CIB:** increase on the back of the growth of the activity, continued active implementation of cost saving programmes; positive jaws effect (+5.5 pt)

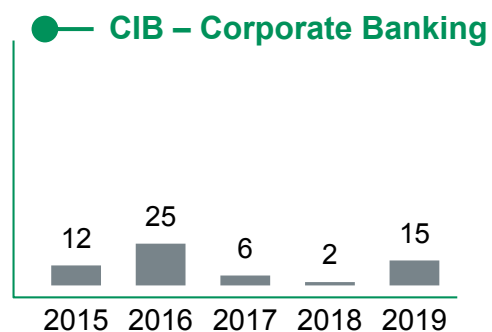
1. Including 100% of Private Banking in France, Italy, Belgium and Luxembourg (excluding PEL/CEL effects); 2. FRB, BNL bc and BRB; 3. At constant scope and exchange rates

# Cost of risk - 2019 (1/2)

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



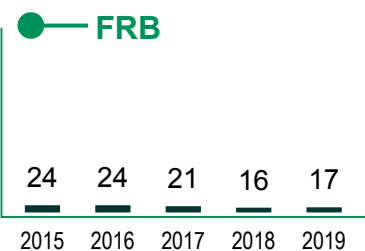
- Cost of risk: €3,203m (+€439m vs. 2018)
- Low cost of risk



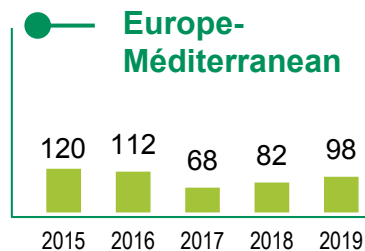
- €223m (+€192m vs. 2018)
- Low cost of risk
- Reminder: provisions offset by write-backs in 2018 and 2017

# Cost of risk - 2019 (2/2)

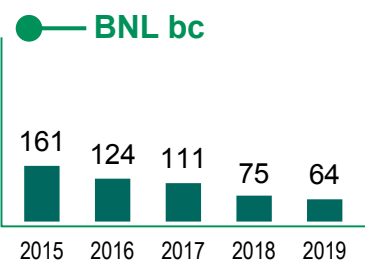
Cost of risk/Customer loans at the beginning of the period (in bp)



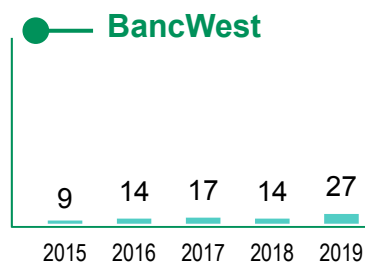
- €329m (+€41m vs. 2018)
- Cost of risk low



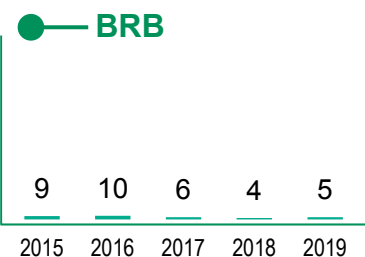
- €399m (+€91m vs. 2018)
- Moderate increase in the cost of risk ; flat trend in Turkey



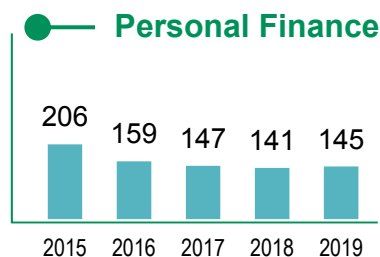
- €490m (-€102m vs. 2018)
- Confirmation of the decrease in the cost of risk



- €148m (+€78m vs. 2018)
- Cost of risk low



- €55m (+€12m vs. 2018)
- Very low cost of risk



- €1,354m (+€169m vs. 2018)
- Cost of risk low

# An Ambitious Policy of Engagement in Society

## The ambition to be a leader in sustainable finance

- At the end of 2019, BNP Paribas established a 'company purpose' text reaffirming its support of major transitions both with digital transformation and by setting the **ambition to be a global leader in sustainable finance**.



### Strong positions in a growing market

- #3 participant worldwide<sup>1</sup> in the green bonds market** at the end of 2019 with 9.8 billion euros in green bonds in 2019 as joint bookrunner for its clients
- #1 financier of renewable energy projects in Europe<sup>1</sup> and #3 in Asia-Pacific<sup>1</sup>** at the end of September 2019
- €3.7bn Sustainability Linked Loans** signed at the end of 2019, a financing tool indexed on ESG<sup>2</sup> criteria
- €47bn in SRI<sup>3</sup> funds assets** managed by BNP Paribas Asset Management at the end of September 2019



### A recognised CSR<sup>4</sup> strategy

- Listed in the 2019 Dow Jones Sustainability Indices, World and Europe**
- World's Best Bank for corporate responsibility in 2019** by Euromoney
- 1<sup>st</sup> solicited rating from Vigeo Eiris: A1+; 4<sup>th</sup> company worldwide** (score of 70/100)
- 2<sup>nd</sup> for climate performance** in the EcoAct ranking of CAC 40 companies
- 1<sup>st</sup> French bank** in the 2019 RobecoSAM rating



1. Source: Dealogic; 2. Environmental, Social and Governance; 3. Socially Responsible Investment ; 4. Corporate Social Responsibility



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Fixed Income Presentation – February 2020 | 24



# An Ambitious Policy of Engagement in Society

## Achievements and objectives in sustainable finance (1/2)



The UN Sustainable Development Goals as a compass

- **Founding member of the UN Principles for Responsible Banking:** commitment to align the strategy with the SDGs<sup>1</sup> and the Paris Agreement
- **Target of €185bn to contribute to achieving the SDGs by the end of 2020**
- **SDG 5 (gender equality):** €2bn in loans to support women in their entrepreneurial projects in France in 2019
- **SDG 10 (reducing inequalities):** €6bn to support associations and social and solidarity economy enterprises in 2020
- **SDG 14 (life below water):** commitment to support the preservation of the ocean which includes €1bn to finance the ecological transition of ships by 2025



Accelerating the ecological and energy transition

- **Stopped financing companies** whose principal business activity is **related to the unconventional oil & gas sector** and **stopped financing of new coal projects since 2017**
- **Decision to stop financing and reduce to nil the outstanding loans to companies related to thermal coal** by 2030 in the EU and 2040 for the rest of the world
- **Objective to support the development of renewable energies revised upward** by €18bn in 2021
- €56m at the end of 2019 to **support innovative start-ups in the energy transition**, of which €20m in 2019

1. UN Sustainable Development Goals



# An Ambitious Policy of Engagement in Society

## Achievements and objectives in sustainable finance (2/2)



### Promoting a more inclusive society

- **Commitment** made in **March 2018** to make **effective progress in gender equality in several business lines of the bank** in the context of the United Nations **HeForShe** movement.
- **Promotion of more inclusive economy and business models for society:** founding member of many coalitions, such as the *Collective of companies for a more inclusive economy* and *Business For Inclusive Growth*
- **Signature of a global partnership deal with Nobel Peace Prize Pr. Yunus** (Grameen Creative Lab) to promote the creation of 'social businesses' and products with a positive impact



# Domestic Markets - 2019

## Good business drive, revenues up, positive jaws effect

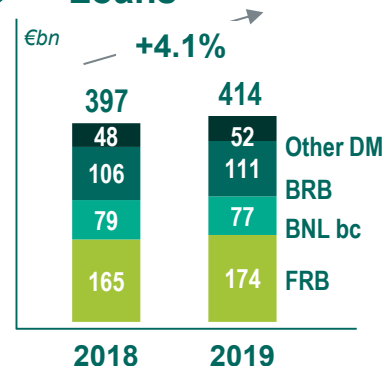
### ● Growth in business activity

- Loans: +4.1% vs. 2018, good loan growth in the retail networks in particular in France and in Belgium and in the specialised businesses (Arval, Leasing Solutions)
- Deposits: +7.2% vs. 2018
- Private banking: good asset inflows (+€5.6bn)

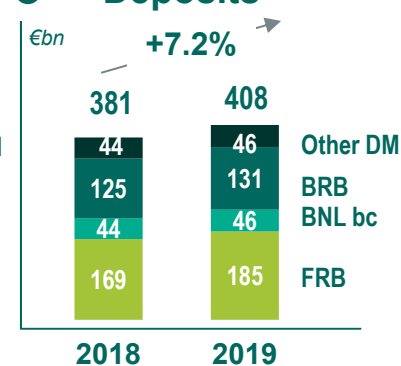
### ● Broad and extensive support of our customers in their digital usages

- **Hello bank!**: 2.7m clients<sup>1</sup> (+3.3% vs. 31.12.18<sup>1</sup>)
- **Nickel**: 1.5m accounts opened (+33% vs. 31.12.18)
- **56.5%** of active digital clients<sup>2</sup>
- BNP Paribas **leader in France in terms of digital functionalities** (D-Rating 2019 and 2018)

### ● Loans



### ● Deposits



9.7 million digital clients<sup>3</sup>

**Revenues<sup>4</sup>: €15,814m**  
(+0.8% vs. 2018)

- Effect of the rise in loan volumes partially offset by the low interest rate environment
- Strong increase in the specialised businesses

**Operating expenses<sup>4</sup>: €10,741m**  
(+0.3% vs. 2018)

- Decrease in the networks (-0.5%<sup>5</sup> vs. 2018)
- Increase in connection with the growth in specialised businesses
- Positive jaws effect (+0.5pt)

**Pre-tax income<sup>6</sup>: €3,798m**  
(+3.7% vs. 2018)

- Decrease in the cost of risk, in particular at BNL

1. Excluding Italy; 2. Share of active clients who connect at least once a month to the mobile app (on average in 4Q19), scope: individual customers, corporates and private banking of DM network or digital banks (including Germany, Austria and Nickel); 3. Clients who connect at least once a month to the mobile app (on average in 4Q19) and clients of the digital bank - same scope as previous note.; 4. Including 100% of Private Banking, excluding PEL/CEL; 5. FRB, BRB and BNL bc; 6. Including 2/3 of Private Banking, excluding PEL/CEL

# Domestic Markets - 2019

## Success of digital offerings - Leadership position in neobanks in Europe

### Acceleration of mobile usages across all the Domestic Markets networks

5.1m customers active on mobile apps<sup>1</sup> (+31% vs. 31.12.18)  
97m monthly connections on mobile apps<sup>2</sup> (+23.4% vs. 31.12.18)

### Hello bank!

Success of the offering (easy and competitive related to payment, credit and savings) being strengthened in France, Belgium and Italy on the targeted youth segment

**Belgium:** 506,000 customers as at 31.12.19, with 1 out of 3 youths under the age of 28 as a customer of HB!

**France:** 520,000 customers as at 31.12.19, of which 120,000 new customers in 2019. Launch of new offers for millennials (*freemium* model)

**Italy:** Repositioning on customers under the age of 30 in addition to Smart, the new direct offering of BNL<sup>3</sup>

**Germany:** > 1,500,000 customers as at 31.12.19

### Nickel

3<sup>rd</sup> largest retail distribution network in France with 5,550 points of sale (+28% vs. 31.12.18), **leader in the neobank market in France and in the top 5 in Europe**. Launch announced in Spain for the Spring 2020.



1. Customers who connect at least once a month to the mobile app (on average in 4Q19), scope: individual customers, corporates and private banking of DM network or digital banks (including Germany, Austria and Nickel); 2. Same scope, average observed in 4Q19; 3. Transfer of old HB! customers to the BNL Smart offering

# Domestic Markets - 2019

Corporates and Private Banking: an integrated model with strong, profitable and growth-driven franchises



Leading position in a dynamic corporate market

**#1 in terms of customer penetration rate with corporates in France and in Belgium, #3 in Italy<sup>1</sup>**

**Network banks that take a comprehensive and broad approach to the needs of customers in connection with all the businesses of the Group**

**Strong businesses with growth prospects at the core of the integrated model**

**Trade Finance:** #1 in France and Belgium<sup>1</sup> (revenues: +6.0% vs. 2018 for the whole of the Domestic Markets scope)

**Cash Management:** #1 in France and in Belgium, #3 in Italy<sup>1</sup> (fees: +7.6% vs. 2018 for the whole of the Domestic Markets scope)



Strong positions in Private Banking

**#1 in France and in Belgium, #5 in Italy<sup>2</sup>**

**Assets under management increasing by 8.1% compared to 2018**, with the levels of net asset inflows representing 2.8% of assets under management at the end of 2018

**A positive cooperation drive with the corporate business line**, with net asset inflows > €2.9bn (as at 31 December 2019)

1. Source: Greenwich Share Leaders; 2. France: source ranking based on the amounts of assets under management as published by the main players in the market (public information), Belgium: De Tijd, Italy: Italian Association of Private Banks



# Domestic Markets - 2019

## A digital transformation that reinforces the model



**Better use of data in order to enhance customer service**

### Roll-out of expanded customer knowledge tools in all countries

Ensure a multi-channel personalised conversation (on the basis of shared digital assets) in order to enhance customer satisfaction

### Personalisation of the customer interactions with a dynamic CRM

Enhance the effectiveness of marketing campaigns by leveraging knowledge of the digital behaviour of customers in real-time



**Enhance the operating efficiency and customer satisfaction**

Continued **end-to-end digitalisation** in France, Italy and Belgium of 3 main customer journeys: **onboarding, mortgages and investment products**

**Automation of processes:** > 700,000 transactions a month processed by robots in the networks in 4Q19



**Support our customers above and beyond banking service**

### Offers integrated in the ecosystems of partners:

- **Lyf Pay:** electronic wallet (payment at point of sale, management of loyalty cards, vouchers and money pots); sharp growth of the acceptance network and **downloads: 2.7 million on a cumulative basis, +99% vs. 31.12.2018**
- **Telepass:** a mobility offering for corporates and individuals in Italy
  - Corporates: **7,600 clients** as at 31.12.19, of which 55% new clients for BNL **one year after launch**
  - Individuals: **66,800 users** as at 31.12.19, of which 79% new clients for BNL within 9 months after launch



# International Financial Services - 2019

## Strong business growth and positive jaws effect

### ● Sustained business activity

- Outstanding loans: +8.1% vs. 2018 (+5.1% at constant scope and exchange rates), good growth at Personal Finance and Europe-Mediterranean
- Net asset inflows: +€20.2bn, with in particular strong net asset inflows at Wealth Management and good asset inflows in Insurance in particular in unit-linked policies
- Rise in asset under management at €1,123bn, +9.3% vs. 31.12.18
- Signed new partnership agreements at Personal Finance and Insurance

### ● Scope effect with the integration of Raiffeisen Bank Polska<sup>1</sup>

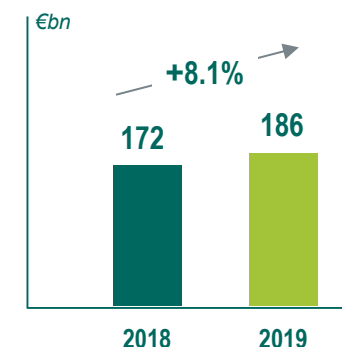
**Revenues: €17,183m**  
(+6.9% vs. 2018)

- Good drive at Personal Finance and very good performances of Insurance and the Europe-Mediterranean banking networks
- +4.7% at constant scope and exchange rates

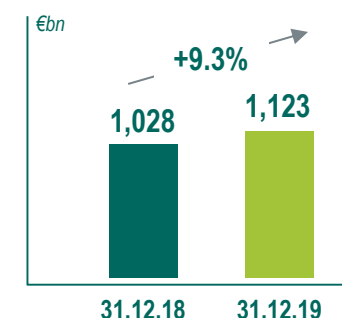
**Operating expenses: €10,507m**  
(+4.5% vs. 2018)

- Increase contained by cost saving measures and operating efficiency gains
- +1.5% at constant scope and exchange rates
- Positive jaws effect (+2.4 pts)

### ● Outstanding loans



### ● Assets under management<sup>2</sup>



**Pre-tax income: €5,226m**  
(+4.5% vs. 2018)

- +6.7% at constant scope and exchange rates

1. Reminder: closing of the transaction on 31.10.18; 2. Including distributed assets

# International Financial Services - 2019

## Franchises strengthened to pursue growth

### Enhanced leading positions at the core of the integrated model

**Personal Finance:** #1 consumer credit specialist in Europe and a presence in 33 countries, > 25 million clients

**Europe-Mediterranean and BancWest:** integrated retail and commercial banking model deployed in 15 countries, > 15 million clients

**BNP Paribas Cardif:** global leader in creditor protection insurance with a presence in 34 countries

**BNP Paribas Wealth Management:** #1 private bank in the eurozone<sup>1</sup>, Best Private Bank in the World (Global Finance 2019)

**Real Estate Services:** Leader in continental Europe, #1 in Germany

**Asset Management:** a global asset manager and leader in terms of sustainable finance with a #1 position in terms of assets under management certified SRI in France and Febelfin in Belgium

### Supporting the development of partnerships

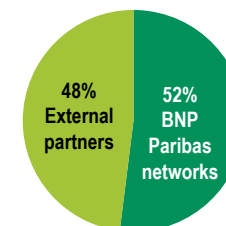
#### Personal Finance

- Implementation of new partnerships in particular in the automobile sector (Opel in Poland, Volvo in Italy, BYmyCAR in France, Ford in several European countries) and in retail (Carrefour in Italy, Leroy Merlin in Brazil)

#### Insurance: 500 partnerships

- Strategic alliance with ScotiaBank to distribute insurance products to its 9 million clients in 4 Latin America countries
- Strategic alliance with Sainsbury's Bank and Argos and launch of a new pet insurance offering

% of premiums generated by BNP Paribas Cardif



1. Ranking based on the amounts of assets under management as published by the main players in the market (public information)

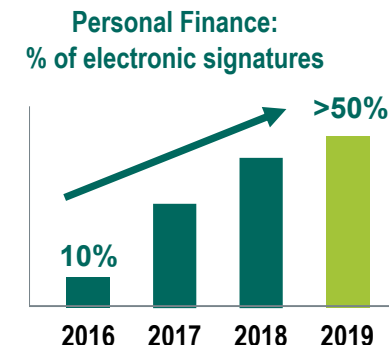


# International Financial Services - 2019

## Digitalisation of customer service

**3.9 million digital clients** in the international retail networks<sup>1</sup>

**5.8 million electronic signatures** at Personal Finance



**A client service optimised by the digitalisation in all the businesses**

### Adoption of digital solutions continuously on the rise

- Personal Finance: > 240 million **self care** transactions in 2019, **85% of total transactions**
- Europe-Mediterranean: launch at Cepteteb of an **app dedicated to SME clients** to manage their accounts, self care operations and transactions
- Cardif: success of the digitalised creditor protection insurance journey in France: **90% of immediate responses** for personal insurance (*Cardif Libertés Emprunteur*), **80% of immediate responses** for collective insurance
- Wealth Management: **48% of digital active clients**<sup>2</sup>

1. Europe-Mediterranean and BancWest; 2. Wealth Management clients with at least one connection per month

# International Financial Services - 2019

## Open innovation and new technologies

Technology  
in service of  
transformed  
business  
models

### Co-creation with start-ups: in client journeys, solutions offerings and in the processes

- **BNP Paribas** PLUGANDPLAY at **STATION F**, number 1 global start-up accelerator
  - | > 400 start-ups presented in 3 years - 47 projects accelerated with 36 start-ups – an industrialisation rate of 35% among the best fintech ecosystems
- **BiVWAK!** BY BNP PARIBAS: European set up for project acceleration based on agile development of innovating solutions for our clients and skill improvement of our employees. It has doubled its capacity since its creation in 2017

### Continued development of robotics and acceleration of the number of Artificial Intelligence projects

- About 150 projects using artificial intelligence already operational or in development
  - | Natural language processing: automatic production of more than 100 funds comments in Asset Management
  - | Marketing direct: roll-out of a cognitive targeting solution at Personal Finance
  - | Data Science: use of the Domino solution by BNP Paribas Cardif to facilitate the end-to-end roll-out of projects
- >760,000 transactions a month processed by robots in the IFS businesses
- Remote contact with clients: video solutions, chat and co-browsing available via *Gomobile* at BNP Paribas Bank Polska, holoportation<sup>1</sup> with BNP Paribas Real Estate Services

1. Interactive meeting in a virtual space via a hologram without physically being there

# Corporate & Institutional Banking - 2019

## Success of the action plan announced at the beginning of 2019

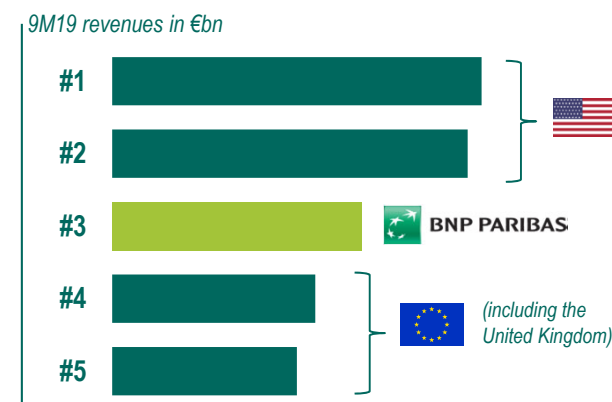
### ● Growth sustained by the development of client franchises within the integrated model

- Positions strengthened on targeted corporate and institutional client bases
- Increase in business leveraging market share gains
- 3rd largest player in EMEA<sup>1</sup>

### ● Rapid progress in the transformation of CIB

- Discontinuation or optimisation of businesses
- Continued industrialisation (€298m in recurring cost savings in 2019) and digitalisation
- Good containment of risk-weighted assets: growth (+5.4% vs. 2018) below that of the business

### ● CIB rankings in EMEA<sup>1</sup>



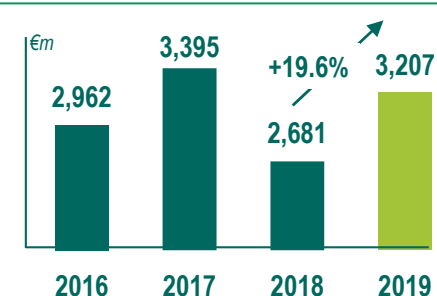
**Revenues: €12,080m**  
(+11.6% vs. 2018)

- Growth in all three operating divisions
- Sharp rise at Global Markets (+20.7%<sup>2</sup>)
- Very good performance of Corporate Banking (+6.5%<sup>2</sup>)
- Growth at Securities Services (+3.0%<sup>3</sup>)

**Operating expenses: €8,663m**  
(+6.1% vs. 2018)

- Contained increase thanks to the effect of cost saving measures (development of shared platforms and optimisation of processes, etc.)
- Very positive jaws effect (+5.5 pts)

**Pre-tax income: €3,207m**  
(+19.6% vs. 2018)



1. Source: Coalition Proprietary Analytics, Index as at 30.09.19; EMEA: Europe, Middle East, Africa; 2. Excluding the effect of the creation of the Capital Markets platform (transfer of €136m of revenues from Global Markets to Corporate Banking in 2019); 3. Excluding the positive impact of the revaluation of an equity stake in 4Q18 and of a specific transaction in 2Q19

# Corporate & Institutional Banking - 2019

## Digitalisation and transformation of the operating model

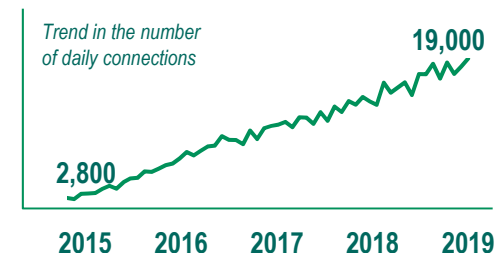


### Generalisation of digital platforms and their usage by clients

#### Digitalisation of client journeys

- >11,500 corporate clients amounting to >106,000 users on the Centric platform at the end of 2019
- Global Markets: >21 million electronic orders processed in 2019 for clients
- >6,000 institutional clients amounting to >37,000 users on the Neolink platform of Securities Services

#### Centric



### New offers to clients developed in partnership with Fintechs

#### Active cooperation with fintechs in the three business lines

- Global Markets: Symphony (a communication and collaboration platform), Directbooks (syndication), Kantox (foreign exchange hedging solution for corporates), etc.
- Corporate Banking: Cashforce (cash management for clients), TradeIX (trade finance), etc.
- Securities Services: Fortia (analysis, control and regulatory reporting), AssetMetrix (private equity), etc.



### Improvement of operating efficiency and customer service

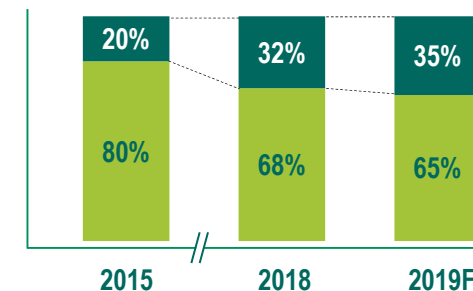
#### Digitalisation and automation of processes

- 250,000 monthly operations processed in 4Q19 by robots in Securities Services (x4 since the beginning of 2019)
- Roll-out at CIB of the *Welcome* platform (KYC) developed and used by Domestic Markets

#### Ramping up of service platforms

- 35% of CIB teams located in mutualised platforms (Portugal, Canada, India, etc.)

#### Mutualised platforms



# Corporate & Institutional Banking - 2019

## Strengthening of client franchises (1/2)

### Corporates: strengthening of leading positions in Europe

#### Success of country development plans in Europe

- >260 new corporate group clients since 2016 (of which >50 in 2019) in particular in targeted countries (Germany, United Kingdom, Netherlands and Scandinavia)
- Close to 1,500 onboardings of multinational clients' subsidiaries in 2019
- Intensification on the current country target and expansion to Spain and Italy in close association with BNL

#### Developments in the APAC and Americas regions

- Asia-Pacific: n°2 for the 1<sup>st</sup> time in trade finance<sup>1</sup> and continuous development in the Chinese market
- Americas: reinforced cooperation with BancWest and 44 onboardings in the Hispanic region

#### Reinforcement of Prime Brokerage

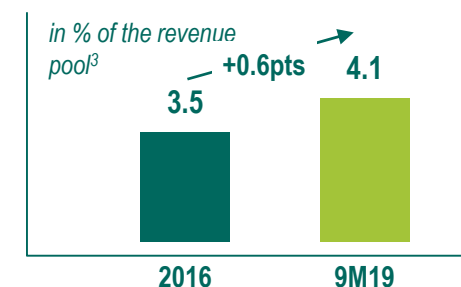
- Beginning of the transition period with the first transfers of Deutsche Bank IT teams
- Objective to accelerate the growth of business on fund manager clients

#### Partnership agreement with wealthtech Allfunds

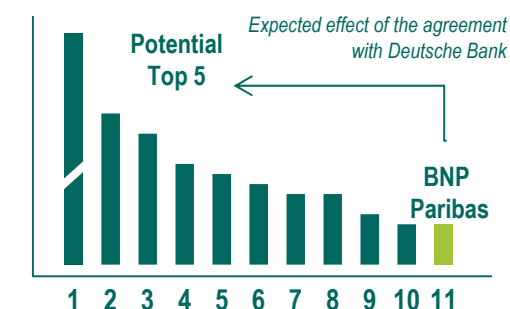
- Planned contribution of certain activities in exchange for a strategic 22.5% equity stake in Allfunds, world's leader in fund distribution services<sup>2</sup>

### Institutionals: major initiatives

#### CIB-EMEA market share



#### Prime brokerage<sup>4</sup>



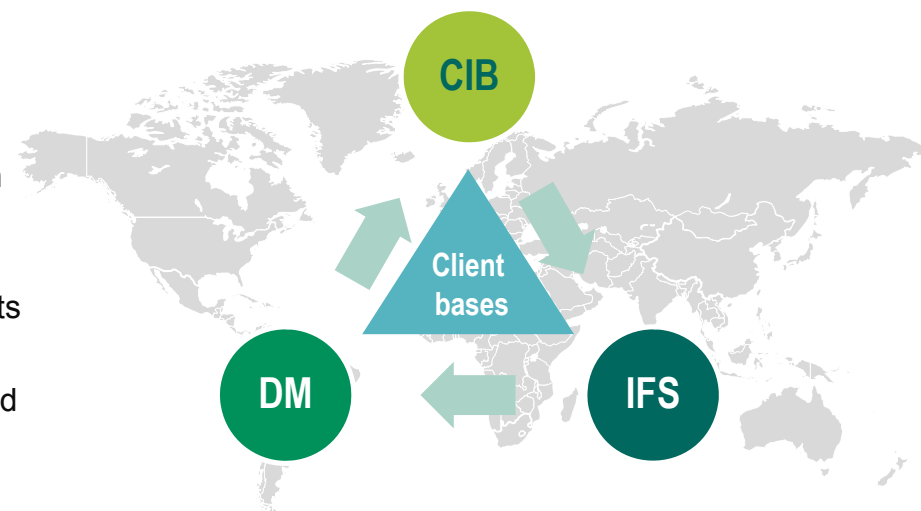
1. Source: Greenwich Share Leaders; 2. Subject to the approval of the regulatory authorities and the necessary authorisations; 3. Source: 9M19 Coalition Proprietary Analytics; 4. Source: 2018 Coalition

# Corporate & Institutional Banking - 2019

## Strengthening of client franchises (2/2)

### Cooperation and proximity with clients enhanced by the integrated model

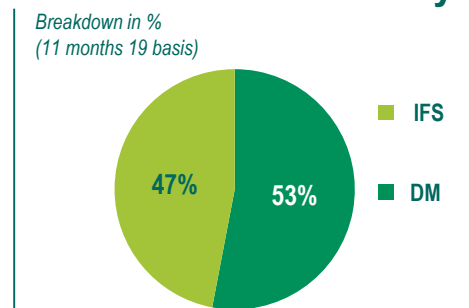
- Continuation of joint initiatives on transaction banking (cash management and trade finance centres of expertise, One Bank initiative, etc.)
- CIB solutions expanded proposal to major Domestic Markets and IFS clients (debt market, advisory, hedging, etc.)
- Development and manufacturing of investment products and their distribution to investor clients



### A global and joint approach strengthening all the businesses of the Group

- Closer strategic relationship with major clients
- Revenues of Domestic Markets and IFS associated with clients covered by CIB: over €2.8bn in annual revenues generated
- CIB revenues associated with clients covered by Domestic Markets and IFS: over €500m in annual revenues generated

### DM and IFS revenues linked to clients covered by CIB





**BNP PARIBAS**

STRONG SOLVENCY AND CAPITAL GENERATION CAPACITY

FOCUS ON FUNDING

2019 RESULTS

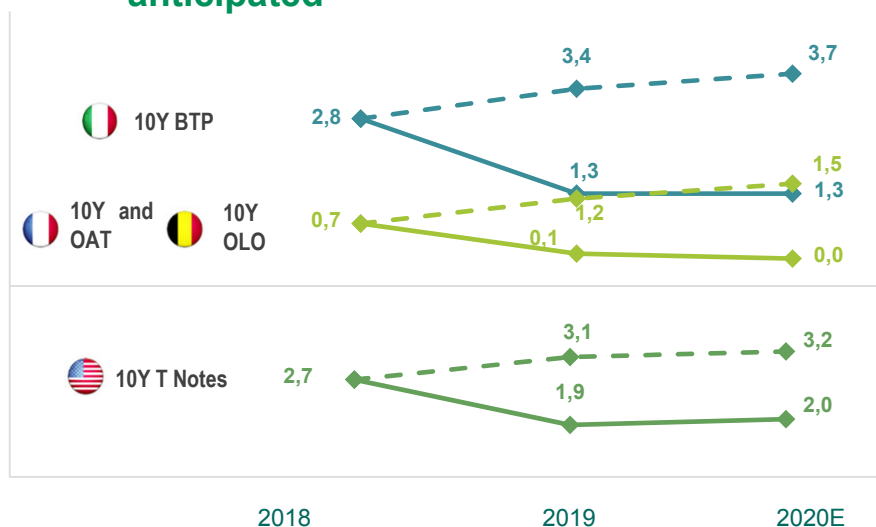
# 2020 Objectives

APPENDIX

# Economic context

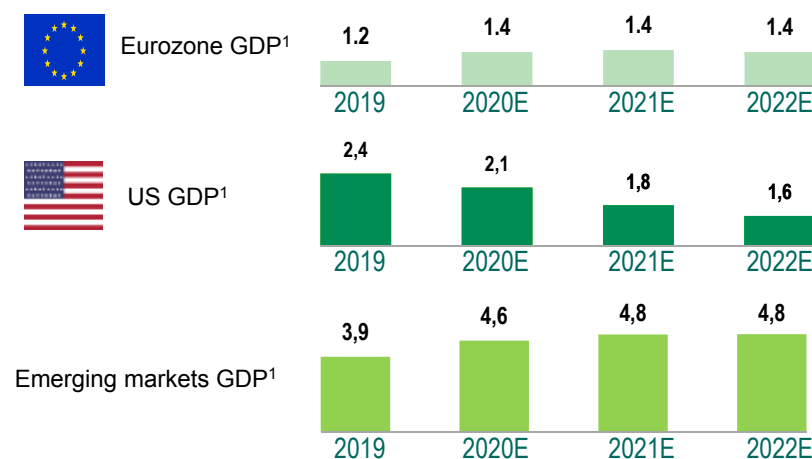
## Growth in an interest rate environment lower than anticipated

- Adjustment of monetary policies in the summer of 2019 with interest rates lower than anticipated



Source: - - - Bloomberg consensus, January 2019; — Bloomberg consensus, January 2020

- Well oriented economic growth in Europe and in Emerging Markets



1. Source: IMF projections, October 2019

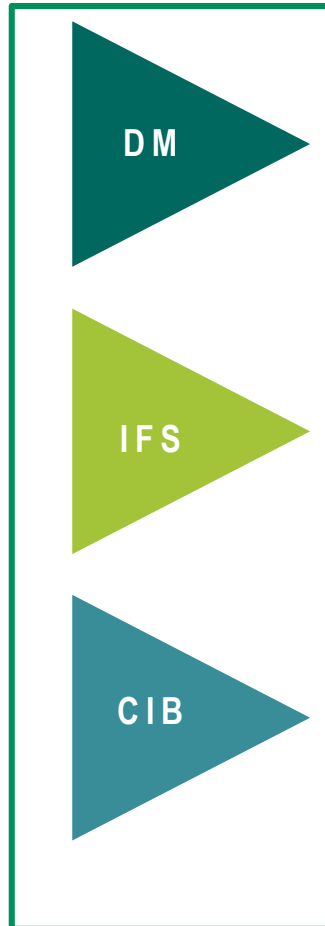
- Impact of low interest rates concentrated on interest bearing products of the network banks of the Eurozone
- Diversified model, business drive and cooperation between the businesses continuing to generate growth in this environment





# Strong business drive

## Full contribution of the diversified and integrated model



**Acceleration of the business drive** and development of revenues by leveraging our **leading positions** in the specialised businesses and on corporate and private banking client bases with **the strength of the integrated model**

**Continued development of innovative digital offerings to acquire new customers and support evolving usages**

**Intensification of the growth of the businesses** by leveraging our **best in class offerings**, our **platforms** and our **distribution partnerships and networks**

**Selective development of retail banking outside the Eurozone** and intensification of the **contribution of cooperation** with the Group within the **integrated model**

**Strengthening of the leading position in Europe** on corporates with the intensification of the country development plans and the success of Capital Markets and **continue reinforcement on institutionals** with the integration of Deutsche Bank's Prime Brokerage platforms

**Capitalising on the global presence** with targeted initiatives in Asia-Pacific (China, etc.) and in the Americas (Brazil, Mexico, etc.) and **continuation of the development of cooperation** with the Group

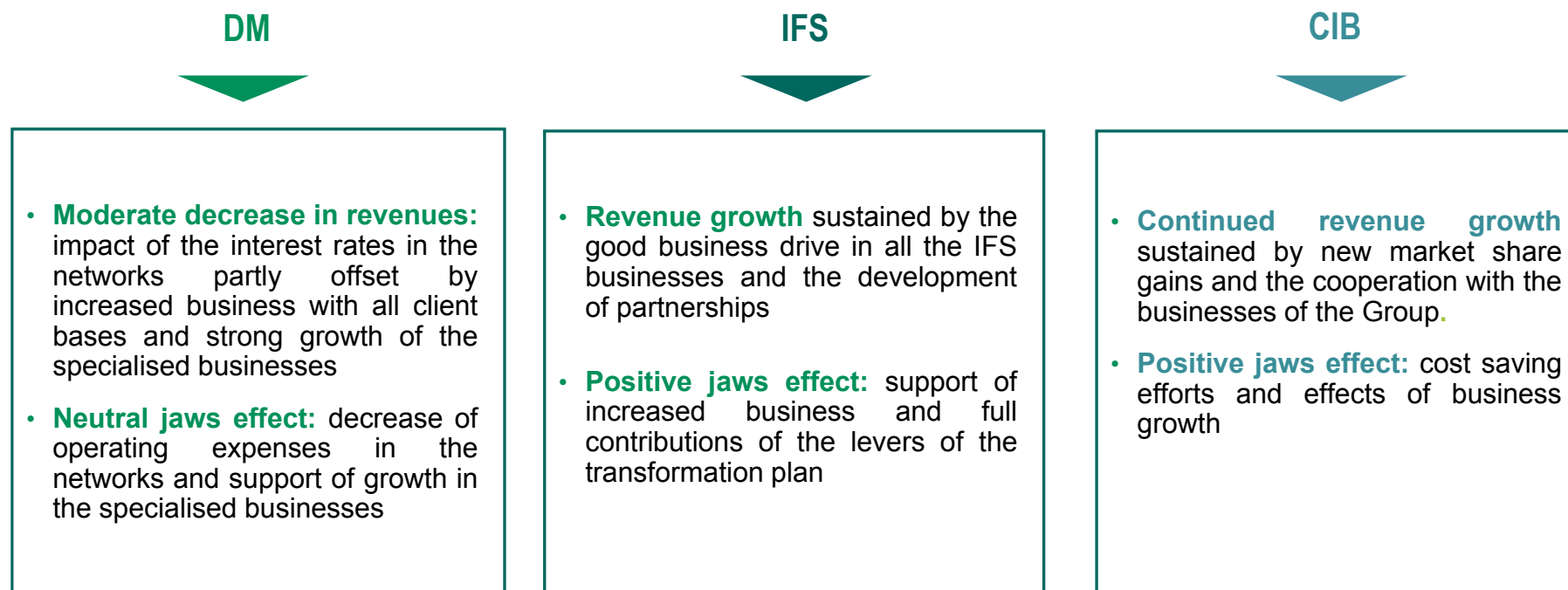
# 2020 Operating divisions

## Growth in a diversified revenue model

Year of pressure on the net interest income of the network banks of the Eurozone

Business growth in all the operating divisions: continued business drive and strengthening of the franchises in the integrated model

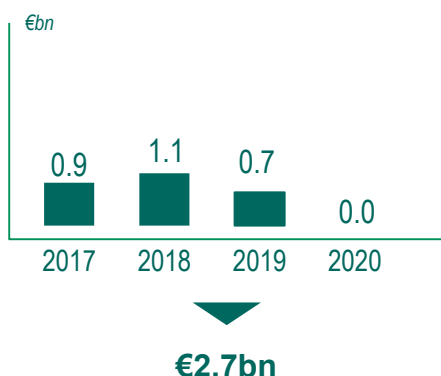
Full contribution of the transformation plan: operating efficiency gains, optimised operating models, new business development opportunities



# Transformation plan

A concrete transformation generating cost savings in 2020

## One-off transformation costs



Reminder: €0.3bn reduction in 2019  
(10% of the initial objective)

## No transformation costs in 2020

## €0.7bn positive impact on costs

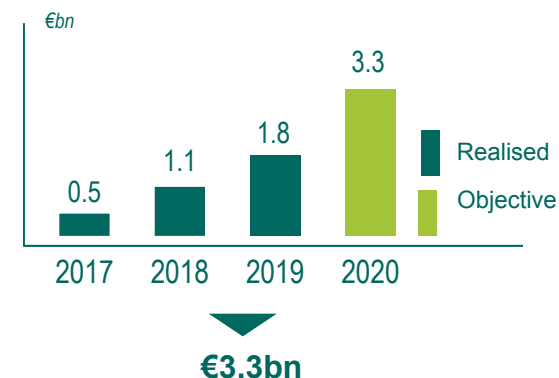
Digitalisation of customer journeys and increase of digital usages

Industrial use of new technologies (robotisation, artificial intelligence, CRM, etc.)

Insourcing of solutions & external offerings and partnerships with fintechs

Introduction of specialised and shared platforms and optimisation of the business organisation

## Cumulated recurring cost savings



Reminder: Initial target of €2.7bn announced in 2017

## Cost savings: €1.8bn since the launch of the plan

## Cost savings expected in 2020: €1.5bn

# 2020 Exceptional items

- **Transformation contribution enabling the adjustment of the property portfolio**

Ramping up of remote work and flex offices (47% of the office space in the Paris metropolitan area)

- Buildings sales generating €500m in one-off capital gains in 2020

- **Reinforcement of the IT system to support increased digital usages**

- One-off IT costs in 2020: €200m

- **Restructuring and adaptation measures**

- Restructuring costs (in particular Prime Brokerage): €100m

- Adaptation costs (early departure plans, etc.): €100m

	2020 Exceptional items Impact
Real estate capital gains	+€0.5bn
IT works	-€0.2bn
Restructuring and Adaptation	-€0.2bn



# Capital

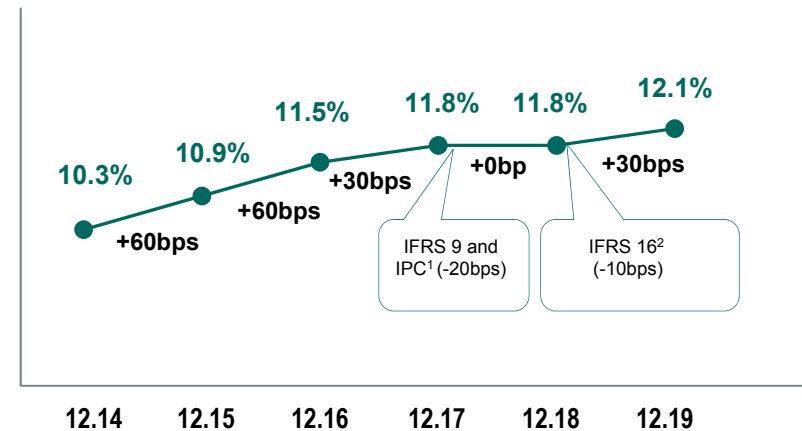
## Regular and solid capital generation

Average growth of the CET1 ratio:  
35 bps / year over the period 2014-2019

12% CET1 ratio target already reached in  
2019

12.1% CET1 ratio as at 31.12.19  
well above the requests notified by the SREP

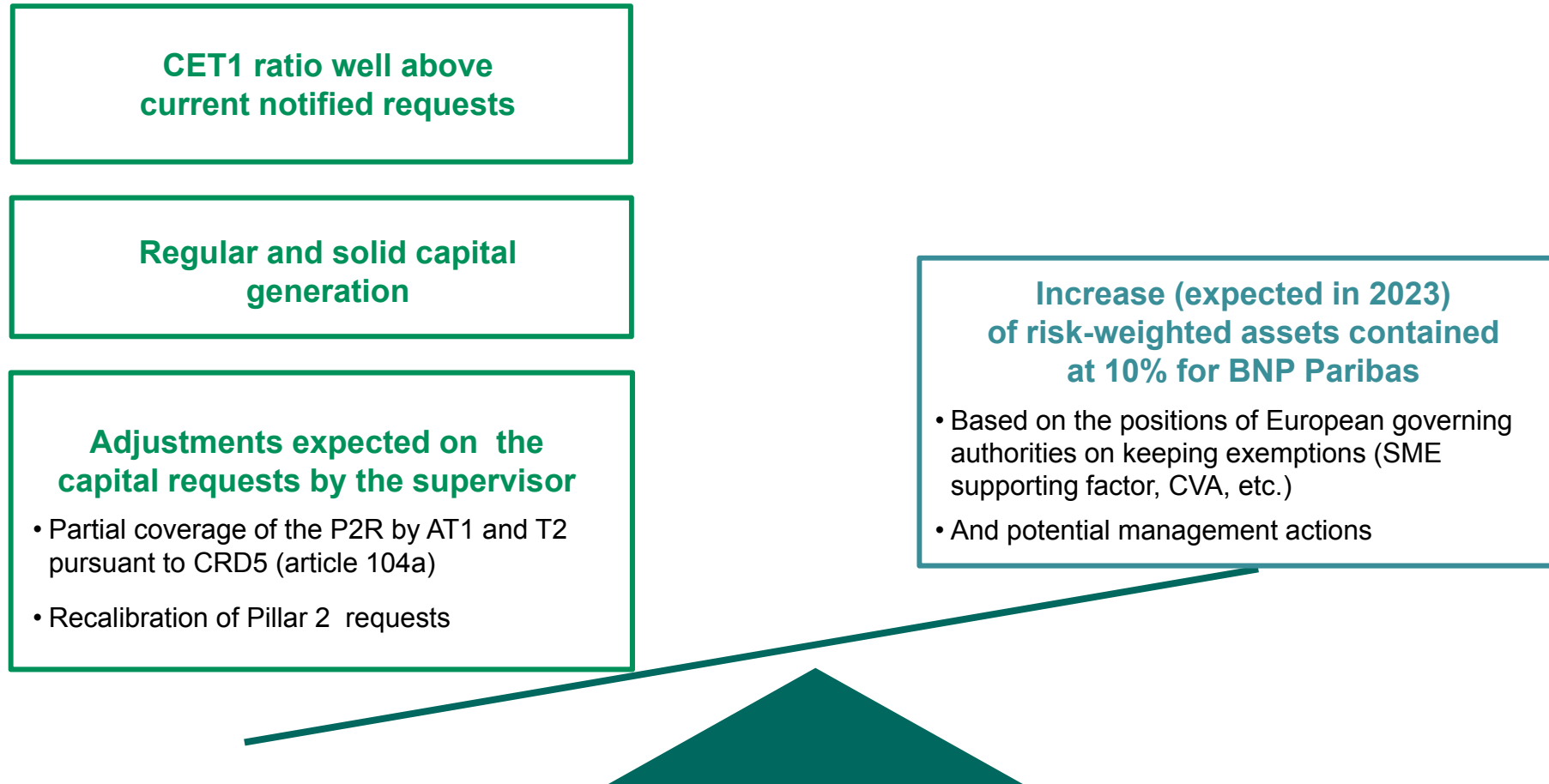
● CET1 ratio evolution



1. 1<sup>st</sup> time application of IFRS 9 (-10bps, fully loaded) and deduction of the Irrevocable Payment Commitments (IPC) from the prudential capital (-10bps) ;  
2. Impact as at 01.01.19 of the first time application of the new accounting standard IFRS 16 (leasing) (-10bps)

# Capital

## Well-positioned to face the finalisation of Basel 3



# 2020 Objectives



Business growth in all the operating divisions: strong business drive and contribution of the diversified and integrated model

Towards a more efficient and more digital operating model serving customers and employees

Continued reinforcement of the franchises in the integrated model. Ongoing development of CIB businesses and strengthening of its European leadership

Decrease in absolute value of operating expenses, positive jaws effect with the full benefit of the transformation plan

Reinforced leadership in sustainable finance and ambitious policy of engagement in society

ROTE target of 10% in 2020

Objective of 50% dividend pay-out ratio in cash<sup>1</sup>

1. Subject to the shareholder approval at the Annual Meeting

**BNP Paribas confirms the strength of its model and its long-term capacity to create value in changing economic, technological, environmental, regulatory & societal environments.**



**BNP PARIBAS**

The bank for a changing world

Fixed Income Presentation – February 2020 | 47

STRONG SOLVENCY AND CAPITAL GENERATION CAPACITY

FOCUS ON FUNDING

2019 RESULTS

2020 OBJECTIVES

# Appendix



# A Solid Financial Structure

## ● Doubtful loans/gross outstandings

	31-Dec-19	31-Dec-18
<b>Doubtful loans (a) / Loans (b)</b>	2.2%	2.6%

(a) Impaired loans (stage 3) to customers and credit institutions, not netted of guarantees, including on-balance sheet and off-balance sheet and debt securities measured at amortized costs or at fair value through shareholders' equity; (b) Gross outstanding loans to customers and credit institutions, on-balance sheet and off-balance sheet and including debt securities measured at amortized costs or at fair value through shareholders' equity (excluding insurance)

## ● Coverage ratio

€bn	31-Dec-19	31-Dec-18
<b>Allowance for loan losses (a)</b>	17.1	19.9
<b>Doubtful loans (b)</b>	23.1	26.2
<b>Stage 3 coverage ratio</b>	74.0%	76.2%

(a) Stage 3 provisions; (b) Impaired loans (stage 3) to customers and credit institutions, on-balance sheet and off-balance sheet, netted of guarantees received, including debt securities measured at amortized costs or at fair value through shareholders' equity (excluding insurance)

## ● Liquidity Coverage Ratio and Immediately available liquidity reserve

€bn	31-Dec-19	31-Dec-18
<b>Liquidity Coverage Ratio</b>	125%	132%
<b>Immediately available liquidity reserve (a)</b>	309	308

(a) Liquid market assets or eligible to central banks (counterbalancing capacity) taking into account prudential standards, notably US standards, minus intra-day payment systems needs

# Basel 3 Risk-Weighted Assets<sup>1</sup>

## ● Risk-Weighted Assets<sup>1</sup>: €669bn as at 31.12.19 (€647bn as at 31.12.18)

- Increase in risk-weighted assets related to credit risk net of the impact of securitisations

€bn	31.12.19	30.09.19	31.12.18
Credit Risk	524	527	504
Operational Risk	69	70	73
Counterparty Risk	30	34	27
Market / Foreign exchange Risk	19	20	20
Securitisation positions in the banking book	11	10	7
Others <sup>2</sup>	16	16	17
<b>Total RWA<sup>1</sup></b>	<b>669</b>	<b>677</b>	<b>647</b>

1. CRD4; 2. Including the DTAs and significant investments in entities in the financial sector subject to 250% weighting