

# DEEP DIVE

## CORPORATE AND RETAIL PAYMENTS

26 JUNE 2024



**BNP PARIBAS**

The bank for a changing world

## BNP PARIBAS SPEAKERS



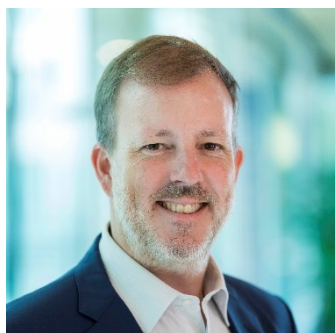
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Head of Corporate & Institutional Banking



**Thierry LABORDE**  
Chief Operating Officer,  
Head of Commercial, Personal Banking  
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Corporate & Institutional Banking



**Pierre FERSZTAND**  
Global Head of Cash Management  
Payments, Trade Solutions  
& Factoring

# PAYMENTS & FLOWS | A strategic initiative leveraging on our leadership positions

## — A full range of solutions



### Trade Finance & Factoring

Guarantees, Documentary Business, Supply Chain Financing and Factoring



### Cash Management

Corporate & Institutional Cash Management  
Payments & Collections, Liquidity Management,  
Transactional FX, Short-Term Investments



### Merchant services & retail payments

Cards issuing & Card acquiring

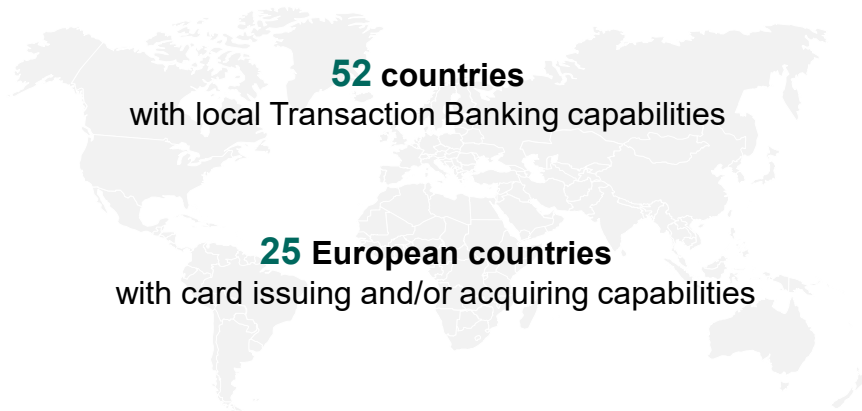
## — Supporting all client franchises

**Corporates**

**Institutionals**

**Individuals and Small & Medium Businesses (SMBs)**

## — Across all geographies



## Strong market positions and continued market share gains

### Large Corporates Revenues<sup>1</sup>

- **#1** Transaction Banking - **EMEA** (*joint*)
- **#4** Transaction Banking **Globally** (*joint*)

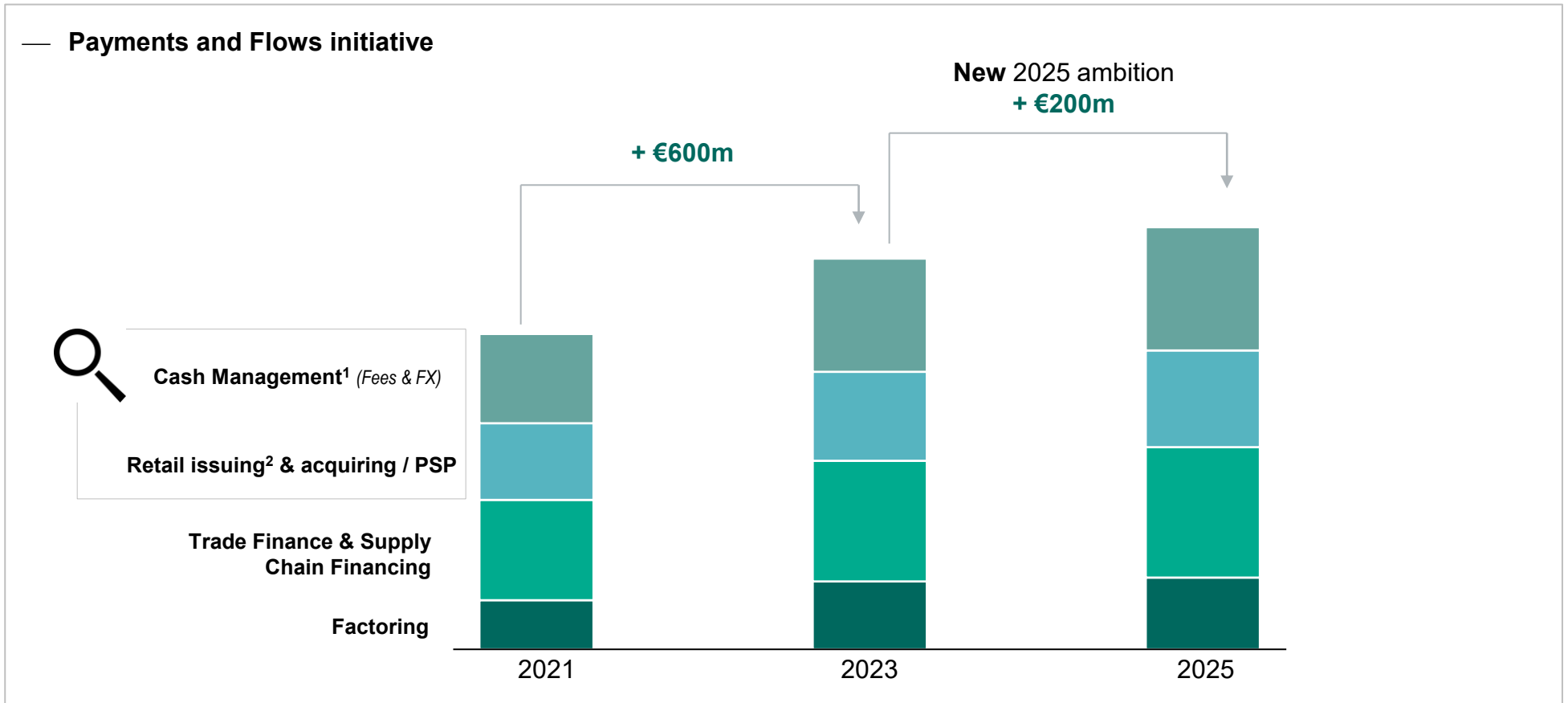
### Large Corporates Market Penetration<sup>2</sup>

- **#1** Cash Management & Trade - **Europe**
- **#1** Cash Management & Trade - **France, Belgium and Luxembourg**
- **#3** Cash Management & Trade - **Italy**

# PAYMENTS & FLOWS | Upgrading our GTS plan revenue target

2025 GTS plan target (+€600m) achieved by the end of 2023, ahead of schedule

**New target of +€800m** (FY25 vs FY21)



## PAYMENTS | A value creation engine at the core of our integrated model



### — A Value creation engine

- The **cornerstone of the banking relationship** with our **clients**
  - Building intimacy with our clients, deepening client knowledge, improving risk management
  - Developing **value-added and innovative services**
- **Recurring fee revenues**
  - Average duration of Cash Management mandate: 8 years
  - Strong granularity of our fee base (Cash Management fees generated by **70k+** corporate & institutional clients)
- Source of **stable funding** for our Corporate platform through granular **deposit** collection, and significant Net Interest Margin
  - **35K+** active current accounts in CIB EMEA
- **A Capital-light business, with limited RWA consumption**



### — At the core of our integrated model

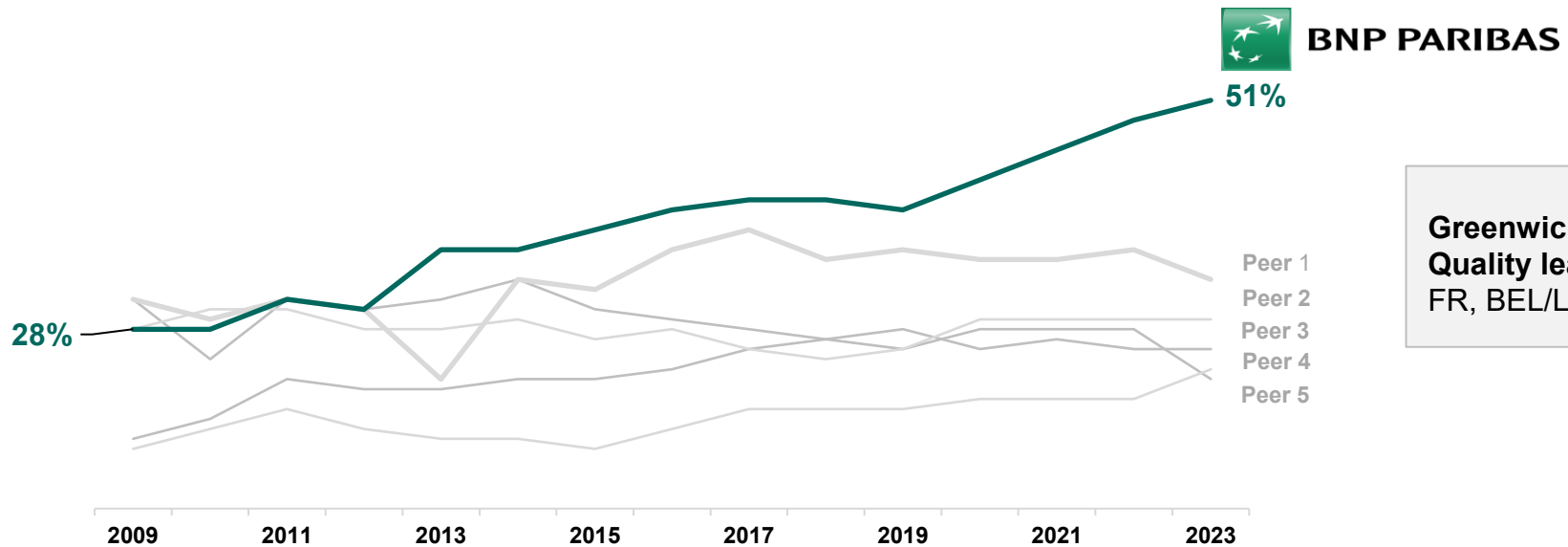
- **Leveraging on our Group client franchise**
  - Cash Management relationship **with 80% of our European CIB Corporate franchise**<sup>1</sup>
- Building on our **Global network**
  - Close to **60%** of Cash Management<sup>2</sup> clients active in at least 2 countries
- Supported by **Global payment platforms**
  - Mutualized payment engines for the Group
- Generating **cross-selling across products and regions**
  - **>90%** of CIB Cash Management clients are also active with at least one other Group business line
  - Multinational cross-regional CIB Cash Management revenues : **c.+30%** CAGR 2019-2023

## CASH MANAGEMENT | Confirming our leadership positions over the years

— **Providing comprehensive and integrated solutions for corporate and institutional clients**

From Daily Banking to Treasury services, including payments & collections, liquidity management and short- term investments

— **#1 Cash Management Market Penetration in Europe<sup>1</sup>**



## CASH MANAGEMENT | Leveraging on our industrial platforms to grow at marginal cost

### — Mutualized and industrial platforms serving our large account-to-account volumes

Processing **> 4bn<sup>1</sup>**  
SCT<sup>2</sup> / SCT Instant / SDD<sup>3</sup> / International  
payments transactions in 2023

### — Feeding our Flow Data Hub

Covering **7.3bn<sup>4</sup>** events on payments  
in 2023 and allowing 24/7 flow  
monitoring

### — A secure and future proof infrastructure

- High Security standards with cybersecurity and fraud detection solutions
- Instant payment engine running on the BNP Paribas cloud
- At the forefront of collaborative industry initiatives
- Pilot new use cases with SWIFT<sup>5</sup> to reach seamless traceability and control on corporate payments

## CASH MANAGEMENT | Differentiating factors beyond the industrial platforms

### — A tailor-made solution design

- Adapting our industrial capacity to clients' needs through co-creation



#### Example

Provided tailor-made Virtual Account solution for a large shipping company

### — A multilocal model

- A local presence, with on-the-ground teams, providing access to local clearing and offering a full range of means of payments in Europe



#### Example

Mandated by the Belgian Government as payment provider; supporting 2k+ accounts, +/- 50m payments of various types

### — An integrated offer

- An integrated offer leveraging the full range of Group solutions



#### Example

Volume of cross-currency payments: **+12%** CAGR 21-23<sup>1</sup>

### — A lean Digital Journey

- A customer-centric digital journey, leveraging the latest technologies



#### Example

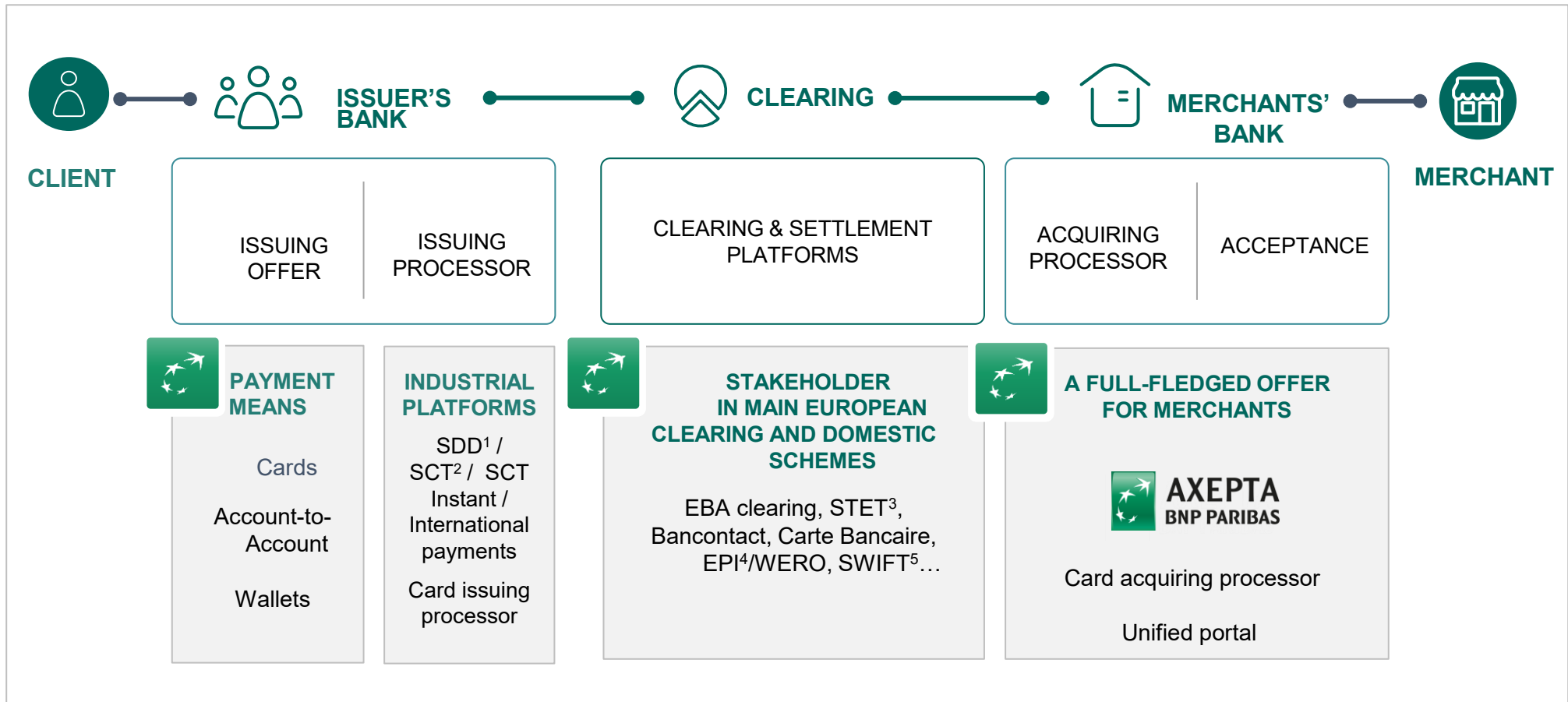
Number of Cash Management customer sessions in **Centric +23%** (2022-2024<sup>2</sup>)

Digital on-boarding tool **Welcome** deployed in 23 countries



# MERCHANT SERVICES & RETAIL PAYMENTS

A unique positioning across the payment value chain





— **Strategic partnership with Groupe BPCE to build a common card payments processor**



With a single unique platform (for execution, back-office and development)



Using the highest technological standards in payments



Embracing payment evolutions, notably digitalisation (mobile payments, e-commerce expansion, instant payments demand)



Integrating domestic and international schemes innovations (Carte Bancaire, Visa, Mastercard, EPI/Wero<sup>2</sup>,...)



Accessible to other banks in a second stage

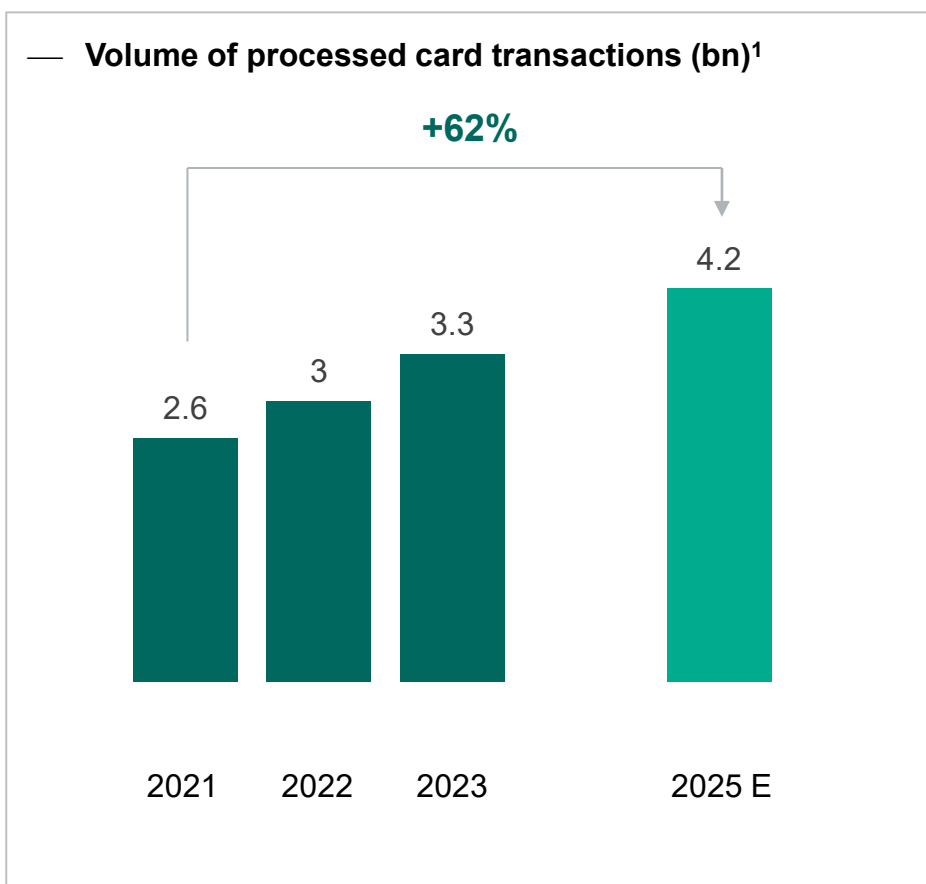
— **With the ambition of**

treating **c.17bn<sup>1</sup>**  
**transactions**  
(all BPCE and BNPP  
transactions in Europe)

becoming **#1**  
in **France**

reaching **Top 3**  
in **Europe**

## MERCHANT SERVICES | A differentiating end-to-end offer



- One umbrella brand **AXEPTA BNP PARIBAS** for all our merchant payment services in Europe
- **Centralized and unified real time merchant portal**
- **Dedicated offer for PSP<sup>2</sup> to indirectly serve merchants**
- **Full-scope of acceptance solutions** (e-commerce / in-store / unified), and **means of payments** (including EPI/WERO in coming months)
- In-house cross-border acquiring platform with **strong resilience** (24/7) and **strong IT security**
- In-house expertise for **fraud management** and **acceptance rate optimization for merchants**

New **company dedicated to marketplace offers** launched in France, soon live in other European countries

**1POINT6**

### Innovation capacity

- BNPP solution live in **soft POS on IOS & APPLE Tap to pay**
- Integration of **payment services on Microsoft Teams** to enable an all-in-one experience for merchants

## RETAIL PAYMENTS | Capitalizing on our strengths in a fast-evolving market

### — Leading role in European initiatives

- Frontrunner of Wero, a new scheme and wallet based on Instant Payment foreseen to be launched in 5 countries beginning with FR, DE, BE
  - Launch of P2P in Q3 2024
- Support domestic schemes
  - Ex: token CB on Apple Pay expected in March 2025

### — Make payments instant and seamless

- Capitalize on real time (instant payment, instant alerting, instant issuing)
  - Ex: Real-time account alerting in Nickel (~3.8M<sup>1</sup> accounts)
- Offer the best-in class international transfers solution
  - Ex: Volumes x5, 2 years after go-live of My Transfer in France

### — Further digitize services

- Further develop selfcare
  - Ex: Card limit modification (+24% YoY in March 24 in CPBF)
- Provide enhanced visibility on client transactions
  - Ex: Propose merchant enrichment solutions, live in Nickel

### — Develop usage through client journey and data

- Deploy optimized digital journeys
  - Ex: Instant issuing of virtual cards
- Develop usage through data
  - Ex: Cashback offer deployed in France and Belgium

**3.4 billion card issuing transactions in 2023<sup>2</sup>**

**+8% vs 2022**

### — Secure payments

- Launch of the retail fraud initiative, leveraging on AI and data

## INNOVATION | Leveraging latest technologies with dedicated AI team

- **Our approach to innovation:** enhance our value proposition for clients while delivering operational efficiencies and remaining at the forefront of market evolutions

### — Offer

#### International Payments : BENetracker

Payment tracker solution offering real-time monitoring and full transparency on international credit transfers

- ✓ Simple
- ✓ Secure
- ✓ User-friendly

### — Security

#### Fraud detection: OLAF

Real time payments filtering tool to maximize fraud detection rates, relying on big data and AI technology

- ✓ Mass volumes
- ✓ All payment means
- ✓ Real time and personalized alerts

### — Client interaction



#### Chatbot: NOA

AI-powered virtual assistant embedded in our digital platform for corporates, Centric<sup>1</sup>

- ✓ Digital
- ✓ Customer experience
- ✓ Daily banking

### — Fintech



#### FLOA

Full range of flexible payment solutions: buy now pay later, split payments, mini-loan, credit card

- ✓ Lean digital UX
- ✓ Close to 4m clients
- ✓ Expanding in Europe

## — OUTLOOK | Significant runway for growth

### — Significant opportunities for organic growth

- **Develop our franchises**

- Accelerate with multinational clients with a focus on cross-region and country-to-country corridors
- Leverage on organic growth in card usage for retail
- Pursue our growth momentum in Acquiring and with PSP
- Expand Cash Management activities on targeted growth segments

- **Enrich our solutions**

- Grow in USD Cash & Liquidity Management
- Address evolving client needs in a context of geopolitical shifts
- Further develop the SMB segment with an innovative issuing and acquiring offer

### — Leveraging our internal strengths

- **Integrated model and global reach**

- Geographic footprint
- Superior front-office cooperation (client coverage & product specialists)
- Proven ability to capture bolt-on external growth opportunities

- **Technology and platforms**

- Secured and future proof Industrial Platform
- Complete set of solutions
- Innovation

CONCLUSION | A value creation engine, generating recurring fee revenues, operational deposits, and cross-selling opportunities



A **unique positioning**, thanks to powerful platforms with significant market shares in Europe on all client segments, including large corporates, SMEs and retail

A **broad** offer serving both global and local payment needs

**Strong investments** in technology and talents

**Ability to grow at scale** and process significant volumes of payments on all types of clients

CONCLUSION | A value-creation engine at the core of our investment case and strategy

1

**Gain**  
market shares  
at marginal  
cost

**Prioritise** the best-  
positioned clients

**Scale up** industrial  
platforms

**Expand** cross-selling

**Provide** the right service  
to the right client with the  
right level of profitability

2

**Optimise**  
the cost of  
capital  
constraint

**Target** growth drivers

**Expand** fee-income  
businesses

**Invest** in Beyond  
Banking activities

**Strengthen** our  
Originate & Distribute  
capabilities

3

**Adapt**  
to economic  
cycles

**Optimise** portfolios  
on an ongoing basis

**Maintain** balance in  
capital allocation

**Perpetuate** our prudent  
and proactive risk  
culture

**Divest** non-core  
businesses

4

**Support**  
the energy  
transition

**Adapt** to clients' needs  
with dedicated products

**Deploy structures in  
each business line**

**Invest** in training on an  
ongoing basis

**Stick** to our culture of  
engagement

5

**Invest**  
in people and  
in technology

**Reinforce** employee  
commitment

**Attract** and retain  
talents

**Invest** in technology and  
security

**Anticipate** AI-driven  
disruptions





## END NOTES

### Page 3

1. Source: Coalition Greenwich FY23 Competitor Analytics. Ranking based on Coalition Index banks and on BNP Paribas' taxonomy. EMEA: Europe, Middle East, Africa
2. Source: Coalition Greenwich Voice of Client - 2023 European Large Corporate Cash Management and 2023 European Large Corporate Trade Finance Studies

### Page 4

1. Cash Management: corporate segment excluding sight deposits remuneration
2. Individual Issuing: cards excluding corporate segment; CPBF, CPBB, BNL, CPBL, BNPP Consors, Nickel France, BNPP PF core countries, BNPP Polska

### Page 5

1. Clients of our CIB EMEA Corporate franchise, based on Group revenues
2. Clients of our CIB client franchise, based on Cash Management revenues

### Page 6

1. Source: Coalition Greenwich Voice of Client - 2023 European Large Corporate Cash Management and 2023 European Large Corporate Trade Finance Studies

### Page 7

1. Retail and corporate clients
2. SEPA Credit Transfer
3. SEPA Direct Debit
4. Including cards authorization, retail and corporate payments
5. Society for Worldwide Interbank Financial Telecommunication

### Page 8

1. Through our FX+ solution
2. Average January-May 2024 vs average January-May 2022

### Page 9

1. SEPA Direct Debit
2. SEPA Credit Transfer
3. STET : Système de Technologie et de Traitement
4. European Payment Initiative
5. Society for Worldwide Interbank Financial Telecommunication

### Page 10

1. 2029 BNP Paribas and BPCE combined volumes estimate
2. EPI / Wero: European Payment Initiative

### Page 11

1. European Economic Area and UK
2. Payment Service Provider

### Page 12

1. Accounts opened since inception, total for all countries
2. Individual issuing: cards excluding corporate segment; CPBF, CPBB, BNL, CPBL, BNPP Consors, Nickel, BNPP PF core countries, BNPP Polska

### Page 13

1. Centric: Group digital platform

## CONTACTS AND UPCOMING EVENTS

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### Upcoming events in 2024

9 July	Quiet period begins
24 July	2Q24 earnings reporting date
16 October	Quiet period begins
31 October	3Q24 earnings reporting date

#### Next Deep Dives in 2024

Q3	Equity & Prime Services
Q4	Insurance

**The consensus collected and aggregated by BNP Paribas Investor Relations team** is now available on the following link: [BNP Paribas share | Investors & Shareholders | BNP Paribas Bank](#).

It corresponds to arithmetic average Profit and Loss estimates at the Group level, sent by analysts invited by BNP Paribas to contribute.<sup>1</sup>

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The figures included in this presentation are unaudited.

As a reminder, on 29 February 2024 BNP Paribas reported restated quarterly series for 2023 to reflect, in particular, the end of the build-up of the Single Resolution Fund (SRF), effective 1 January 2024, and the assumption of a similar contribution to local bank taxes at a level estimated at about 200 million euros annually beginning in 2024, as well as an accounting heading separated from cost of risk and entitled "Other net losses for risks on financial instruments", beginning in the fourth quarter 2023. This presentation reflects this restatement.

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