

# BNP PARIBAS

## PRESENTATION OF THE GREEN BOND FRAMEWORK

Fixed Income Presentation

June 2017



**BNP PARIBAS**

The bank for a changing world

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# Business Model & Success of the 2014-2016 Plan

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Solid 1Q17 and 2020 Plan

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Capital Management

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CSR Policy at the Heart of BNP Paribas

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BNP Paribas Green Bond Framework

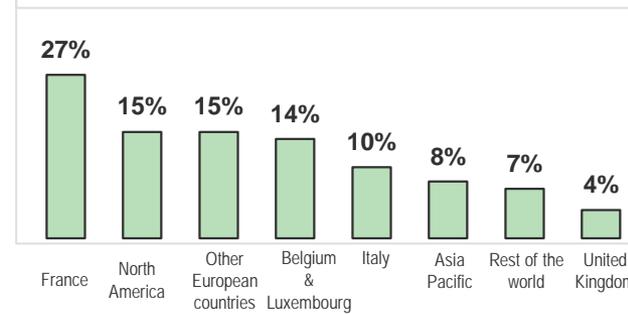
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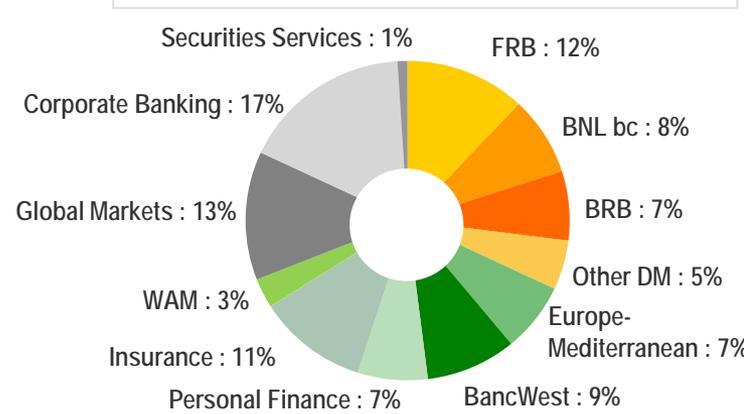
# The Strength of a Diversified and Integrated Business Model

- 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<sup>(1)</sup> by region: €1,438bn as at 31.12.2016**



> **Allocated equity by business as at 31.12.2016**

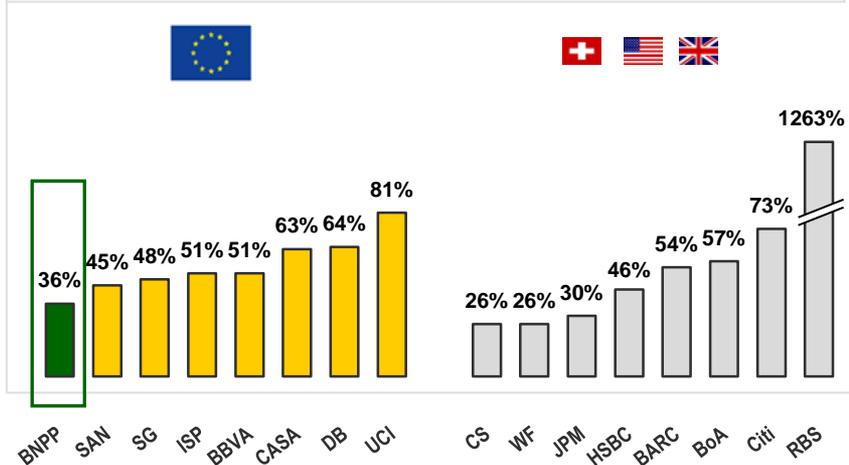


> **A well-balanced business model based on 3 pillars: Domestic Markets, IFS and CIB**

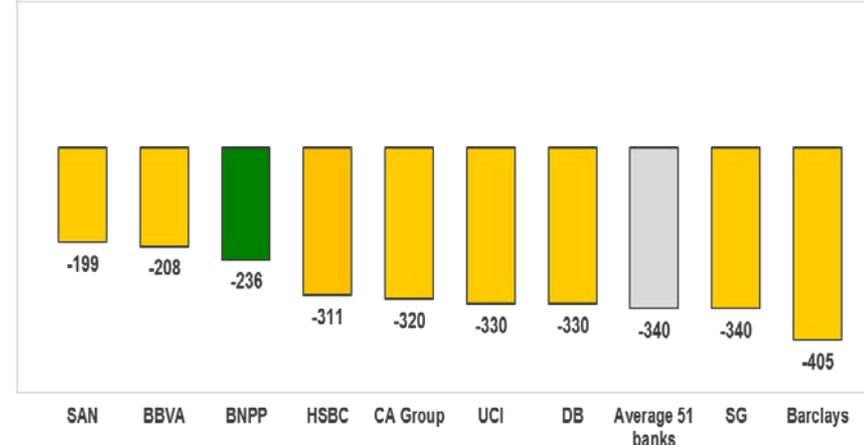
<sup>(1)</sup> Total gross commitments, on and off balance sheet, unweighted

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

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



## 2016 EU Stress Tests Impact of Adverse scenario on CET1 ratio - peer group <sup>(1)</sup>



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

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



**Diversification => lower risk profile**

<sup>(1)</sup> Based on the fully loaded ratio as at 31.12.2015



# 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) <sup>(1)</sup>	✓
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% <sup>(2)</sup> -2 pts excluding regulatory costs	✗
Profitability	ROE <sup>(3)</sup>	7.8% in 2013	≥ 10%	10.3%	✓
Capital	Fully loaded Basel 3 CET1 Ratio	10.3% <sup>(4)</sup> end 2013	10.0%	11.5%	✓
	Pay-out ratio	2002-2007: 33-40% 2008-2012: 25-33%	~45%	45% <sup>(5)</sup>	✓

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

**Strong income growth and capital generation**

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



# New Code of Conduct and Active Corporate Social Responsibility Policy (CSR)

- Elaboration of a new Code of Conduct
  - > 182,000 employees trained online
  - Additional programmes to support employees assimilate ethical rules (CIB Conduct Program, etc.)
  
- Actions that have a positive impact on society
  - Financing of socially responsible businesses: €890m\*
  - Origination of solidarity financing: structuring of the 1<sup>st</sup> French Social Impact Contract and of a Social Impact Bond for the State of Connecticut (United States)
  - Policies setting restrictions in the financing of some sectors (agriculture, tobacco)
  - €5m specifically earmarked to aid refugees
  - > 300,000 beneficiaries of microcredit loans made by microfinance organisations funded by the bank
  
- An active participation in the energy transition
  - Success of the inaugural issue of BNP Paribas “green bonds” (€500m)
  - Strict limitations of coal industry financing
  - €25bn in SRI outstandings\*\* (carbon free outstandings) in funds managed by Asset Management

## > New Code of Conduct

<b>Mission</b>	Finance the economy, advise our clients, support them in their projects with a deep commitment to ethical responsibility
<b>Values</b>	4 strengths: Sturdiness, Responsibility, Expertise, a “good place to work” 4 levers: Agility, Culture of compliance, Customer satisfaction, Openness
<b>Rules</b>	Defined at the Group level and detailed in the businesses (clients’ interests, financial security, market integrity, ethics, etc.)
<b>Practice</b>	Training of employees Use of a whistle-blower procedure Encouragement to be exemplary

**European Leader in the Banking category according to Vigeo Eiris\*\*\***



**Ranks amongst the Global 100 Most Sustainable Corporations for the 3<sup>rd</sup> year in a row**



\* Outstandings as at end 2016; \*\* Socially Responsible Investments, outstandings as at the end of 2016; \*\*\* Extra-financial rating agency

# Remediation Plan and Reinforcement of Control Procedures

- Implementation of the remediation plan agreed as part of the comprehensive settlement with the U.S. authorities in line with the timetable defined
  - Over 70% of the 47 projects already completed (two additional projects finished this quarter)
- Reinforcement of compliance and control procedures
  - Increased staffing of the Compliance function (>3,500 people as at 31.03.17) and General Inspection (>1,200 people as at 31.03.17)
  - Increased the number of controls performed by the General Inspection: 2<sup>nd</sup> round of audits of the entities whose USD flows are centralised at BNP Paribas New York currently under way after the finalisation of the 1<sup>st</sup> round of audits in July 2016 (achievement target: December 2017)
  - Launch scheduled in 3Q17 of the new round of 3 compulsory e-learning training programmes for all employees (Code of Conduct, Sanctions and Embargos, Combating Money Laundering and Terrorism) after the 1<sup>st</sup> round was fully completed in 2016
  - 99% of Swift alerts handled through the new alert management process with the roll-out of a new filtering tool

 **Active implementation throughout the Group  
of the remediation plan and the reinforcement of internal control**



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**Solid 1Q17 and 2020 Plan**

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Capital Management

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# 1Q17 Key Messages

**Good performance of the operating divisions**

**Revenues of the operating divisions:  
+7.0% vs. 1Q16**

**Sharp rise in GOI of the operating divisions**

**GOI of the operating divisions:  
+12.5 % vs. 1Q16**

**Significant decrease in the cost of risk this quarter**

**-21.8% vs. 1Q16  
32 bp<sup>(1)</sup>**

**Increase in Net Income attributable to equity holders  
(limited exceptional items vs. 1Q16)**

**Net Income Group Share: €1,894m  
+4.4% vs. 1Q16  
(+13.2% excluding exceptional items)**

**Continued increase in the CET1 ratio<sup>(2)</sup>**

**11.6% (11.5% as at 31.12.16)**



**Solid results**

<sup>(1)</sup> Cost of risk/Customer loans at the beginning of the period (in annualised bp); <sup>(2)</sup> As at 31 March 2017, CRD4 ("fully loaded" ratio)



# Consolidated Group - 1Q17

	> 1Q17	> 1Q16	> 1Q17 vs. 1Q16	> 1Q17 vs. 1Q16 <i>Operating Divisions</i>
<b>Revenues</b>	€11,297m	€10,844m	+4.2%	+7.0%
Operating expenses	-€8,119m	-€7,627m	+6.5%	+4.9%
<b>Gross Operating Income</b>	€3,178m	€3,217m	-1.2%	+12.5%
Cost of risk	-€592m	-€757m	-21.8%	-24.2%
<b>Operating income</b>	€2,586m	€2,460m	+5.1%	+26.4%
Non operating items	€168m	€178m	-5.6%	+6.8%
<b>Pre-tax income</b>	€2,754m	€2,638m	+4.4%	+25.1%
<b>Net income attributable to equity holders</b>	€1,894m	€1,814m	+4.4%	
<b>Net income attributable to equity holders excluding exceptional items</b>	€1,818m	€1,607m	+ 13.2%	

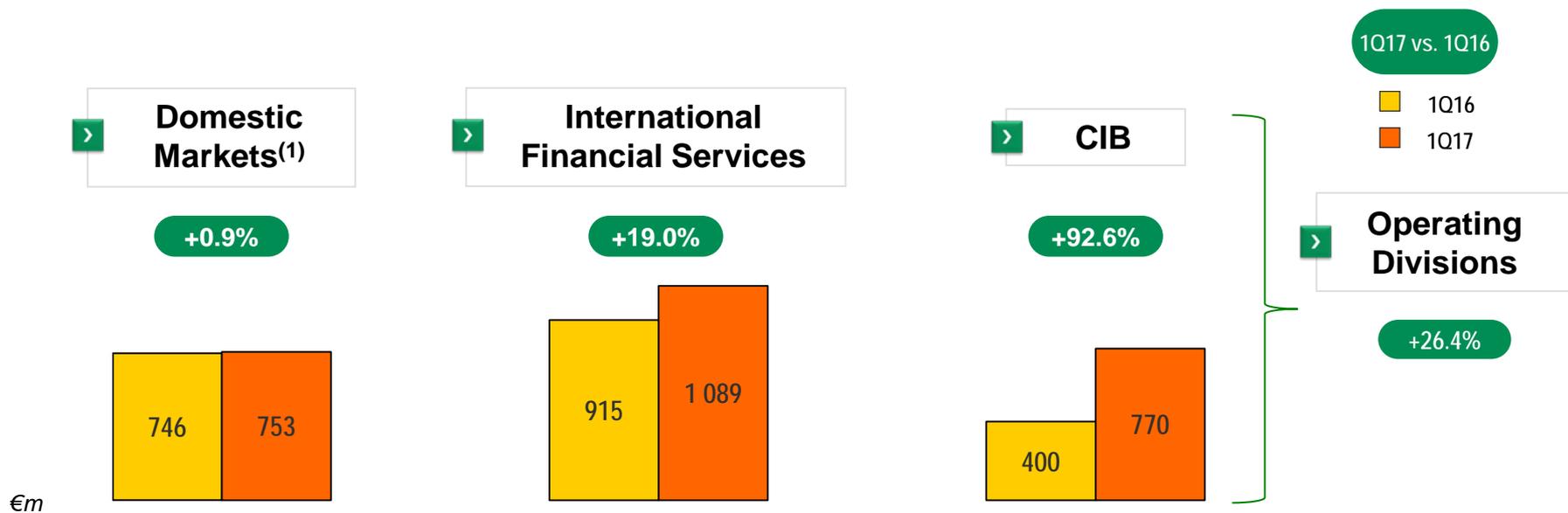
*Return on equity (return on tangible equity) :* 10.4% (12.3%)



**Good performance of the operating divisions**  
**Rise in net income**



# Operating Income of the Operating Divisions - 1Q17



- Increase in the operating income of Domestic Markets
- Strong growth of International Financial Services
- Sharp rebound in the revenues of Corporate and Institutional Banking
  - Reminder: very challenging market context in 1Q16



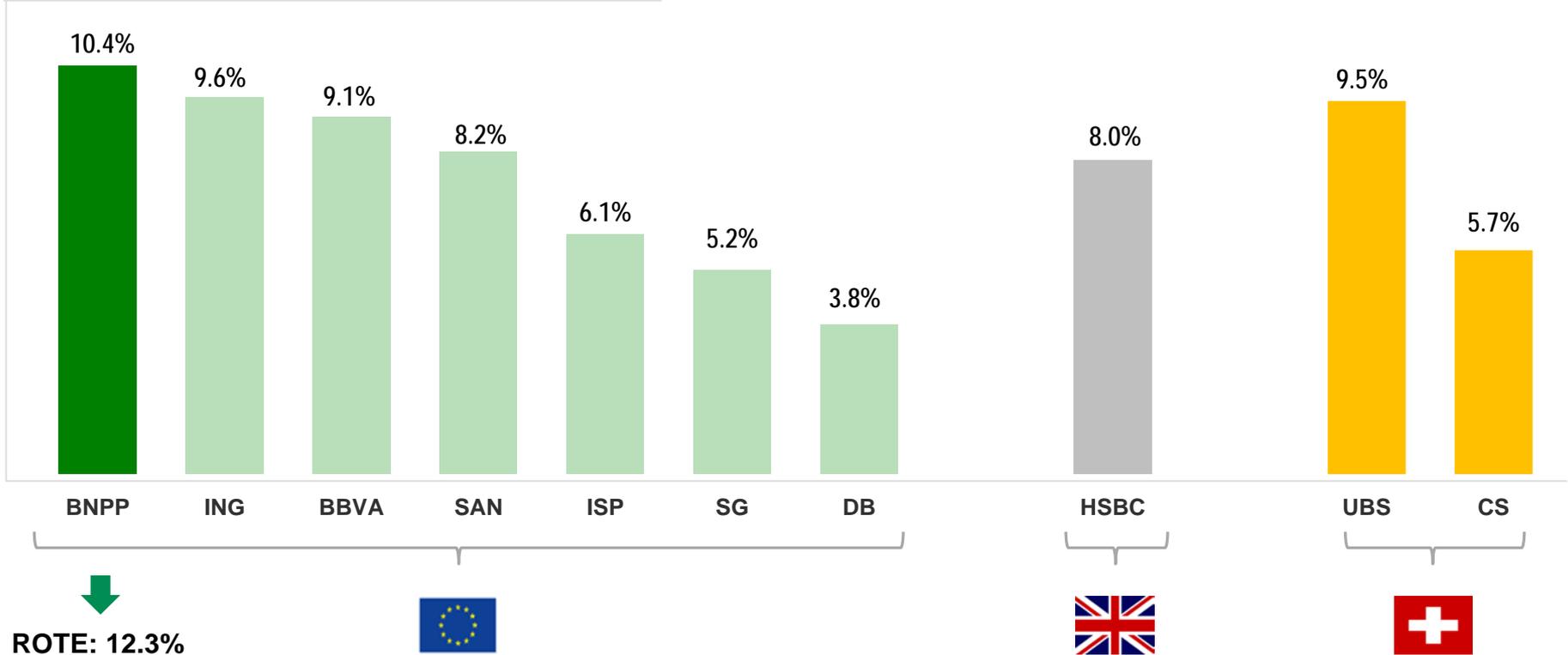
**Strong income growth of the Operating Divisions**

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



# Profitability

> 1Q17 ROE (reported)<sup>(1)</sup>



**Best in class ROE and ROTE**

<sup>(1)</sup> Excluding positive one-offs of €76m for BNPP; Underlying Group ROE for ING



# Plan 2020: 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 ...



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

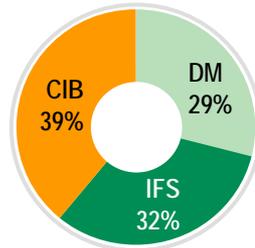
...and generate ~€2.7bn in recurrent annual savings starting from 2020

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

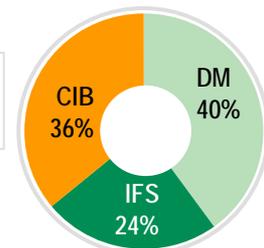


Balanced contribution of all the Group businesses to the programme

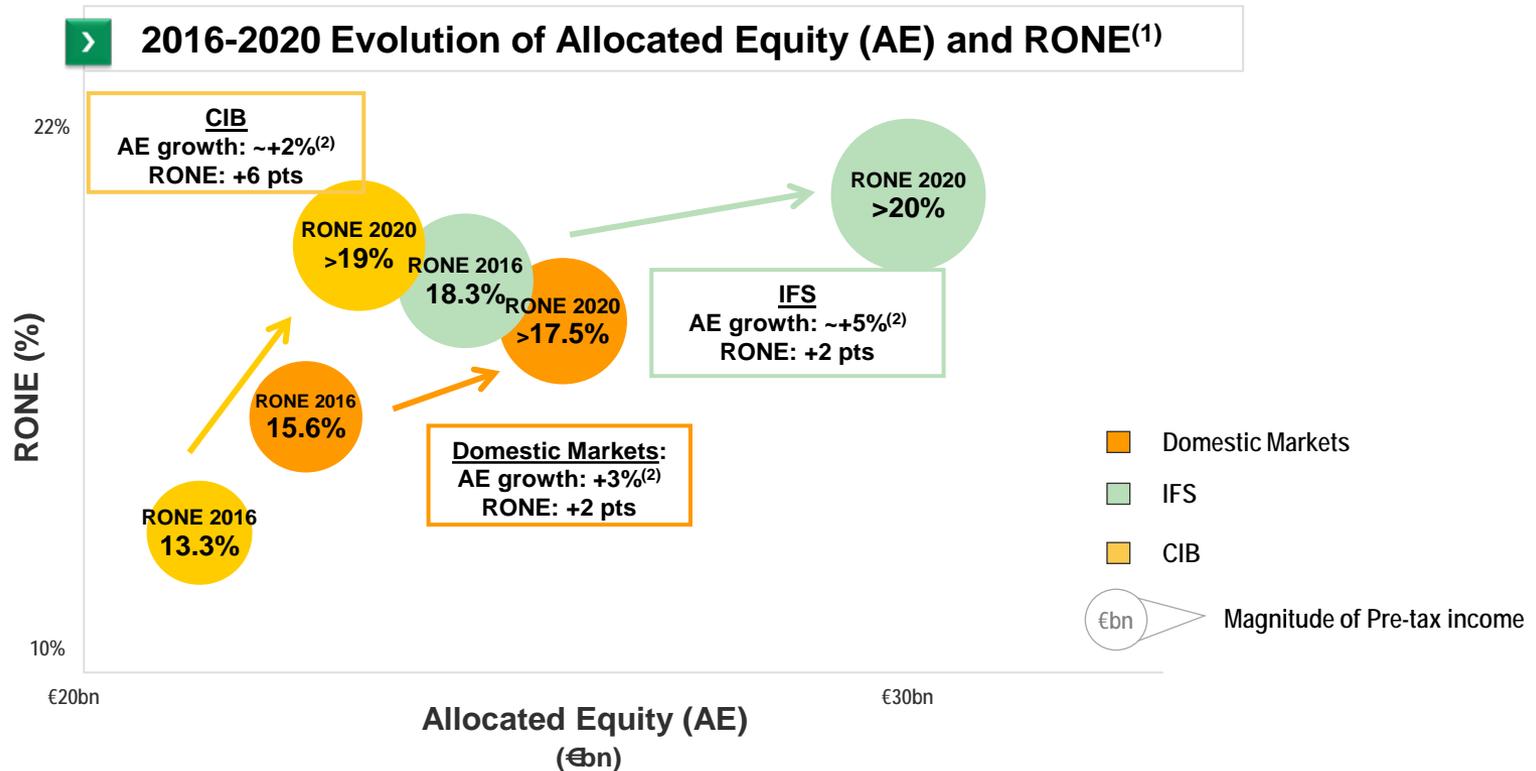
Transformation costs by Operating divisions



Savings by Operating divisions



# Plan 2020: evolution of Allocated Equity and RONE by Operating Division



- 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**

<sup>(1)</sup> 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; <sup>(2)</sup> CAGR 2016-2020

# Group's 2020 Business Development Plan

## Financial Targets

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

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

<sup>(1)</sup> Compounded annual growth rate; <sup>(2)</sup> Excluding exceptional items; <sup>(3)</sup> Assuming constant regulatory framework; <sup>(4)</sup> Subject to shareholder approval



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## **Capital Management**

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CSR Policy at the Heart of BNP Paribas

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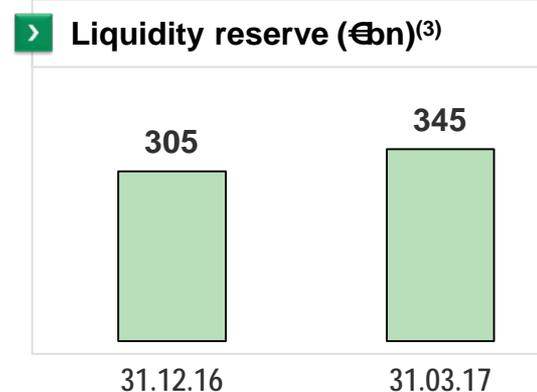
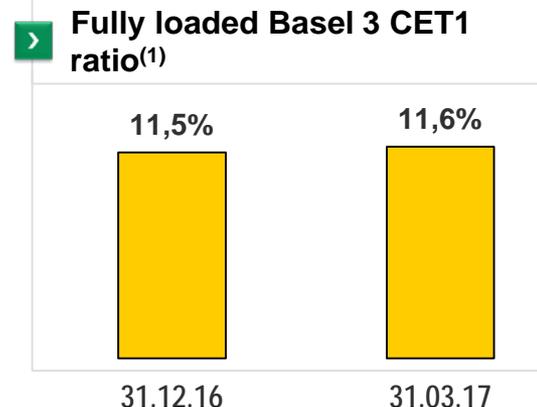
BNP Paribas Green Bond Framework

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# Strong Financial Structure

- Fully loaded Basel 3 CET1 ratio<sup>(1)</sup>: 11.6% as at 31.03.17 (+15 bp vs. 31.12.16)
  - Of which effect of the 20.6% sale of First Hawaiian Bank (+10 bp)
  - Reminder: taking into account a 50% dividend pay-out ratio
- Fully loaded Basel 3 leverage<sup>(2)</sup>: 4.1% as at 31.03.17
- Liquidity Coverage Ratio: 125% as at 31.03.17
- Immediately available liquidity reserve: €345bn<sup>(3)</sup> (€305bn as at 31.12.16)
  - Equivalent to over one year of room to manoeuvre in terms of wholesale funding



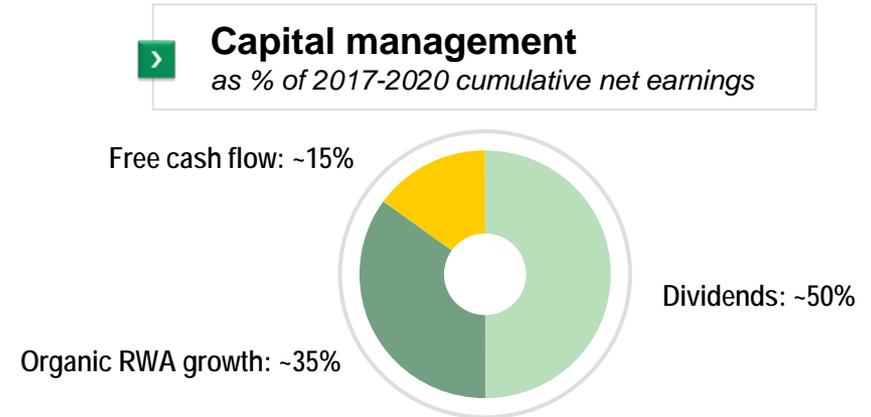
**Further increase in the fully loaded Basel 3 CET1 ratio**

<sup>(1)</sup> CRD4 "2019 fully loaded"; <sup>(2)</sup> 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;  
<sup>(3)</sup> Liquid market assets or eligible to central banks (counterbalancing capacity) taking into account prudential standards, notably US standards, minus intra-day payment system needs



# Capital Management Plan 2020

- 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

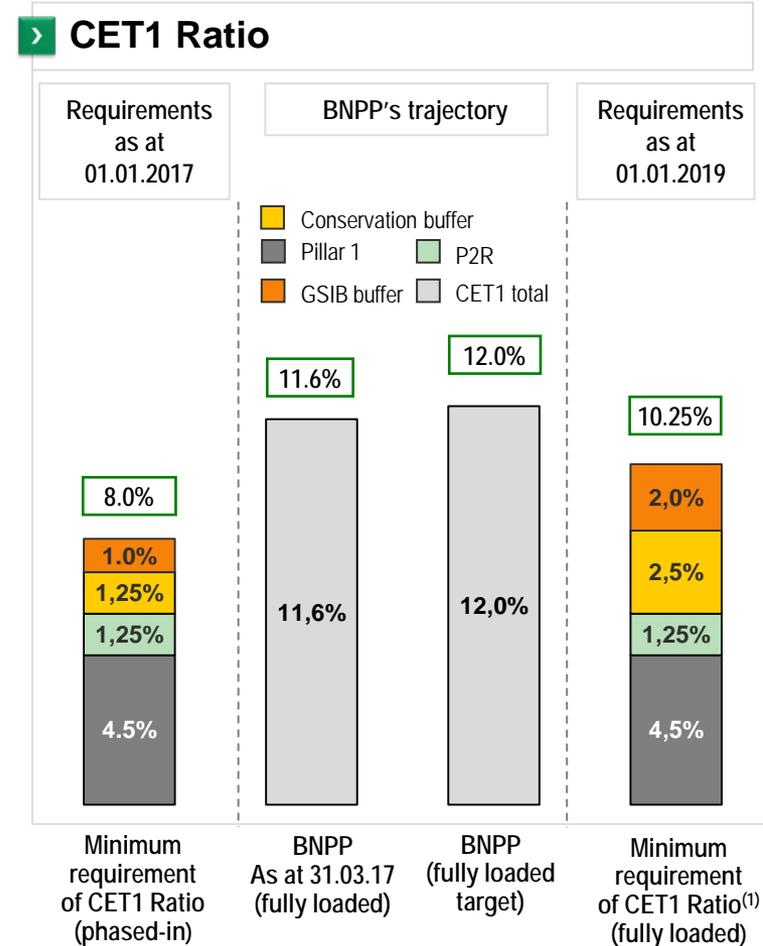


**Pay-out ratio increased to 50%**



# 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 11.6% as at 31.03.17, well above the regulatory requirement
- Anticipated level of a fully loaded Basel 3 CET1 ratio requirement of 10.25% in 2019 (excluding P2G)<sup>(1)</sup>
  - 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<sup>(2)</sup> for the restrictions applicable to distributions (Maximum Distributable Amount – MDA)
- Target of a fully loaded CET1 ratio of 12.0%

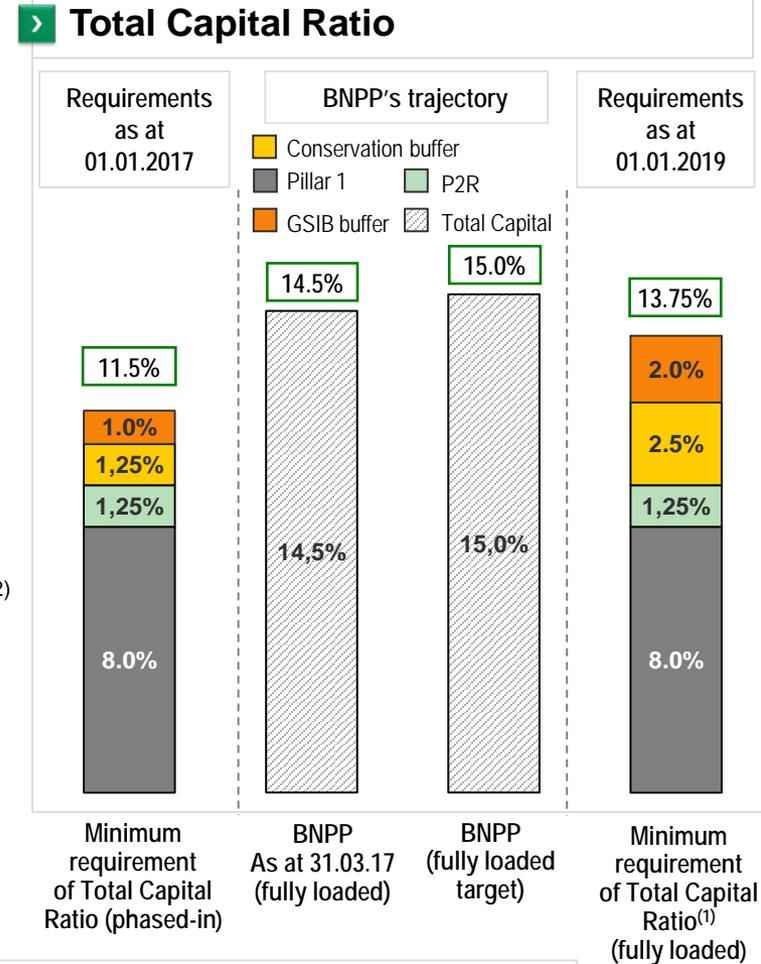


**> CET1 ratio already well above 2019 requirement**

<sup>(1)</sup> 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); <sup>(2)</sup> 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 14.5% as at 31.03.17, well above the regulatory requirement
- Anticipated level of a fully loaded Total Capital ratio requirement of 13.75% in 2019<sup>(1)</sup>
  - 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<sup>(2)</sup> 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<sup>(3)</sup>



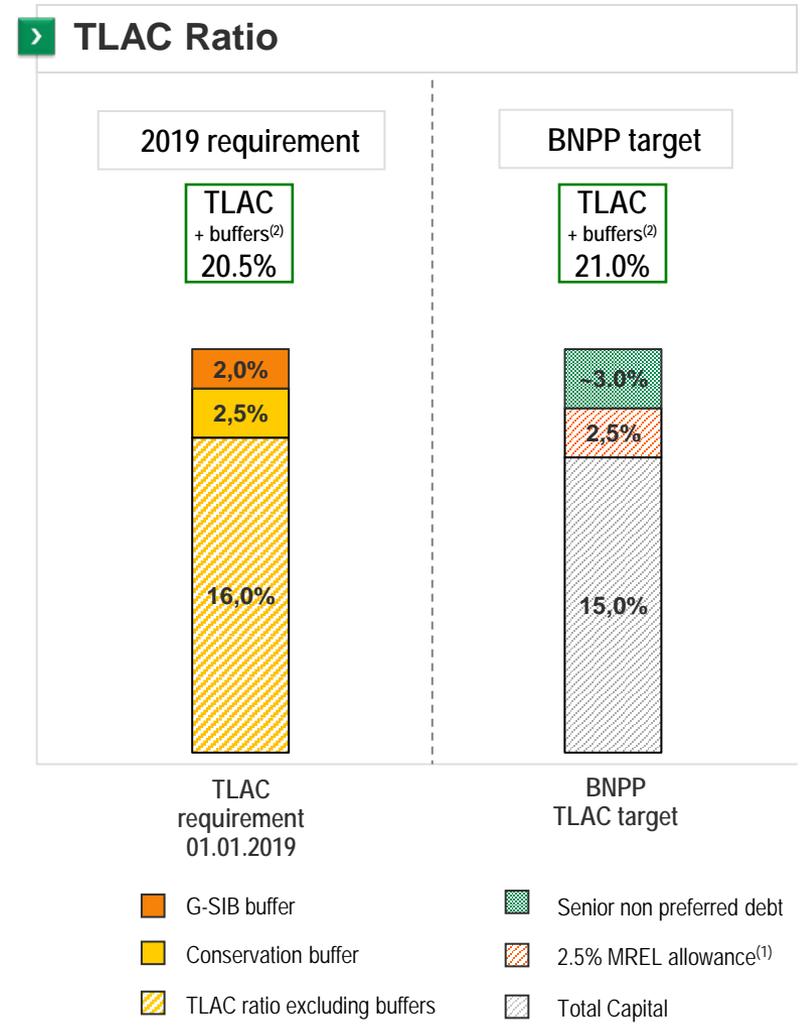
**Total Capital ratio already above 2019 requirement**

<sup>(1)</sup> 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); <sup>(2)</sup> As of 2019 (11.50% in 2017); <sup>(3)</sup> Subject to market conditions



# 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<sup>(3)</sup>
  - 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<sup>(1)</sup> and
    - ii) ~3% of senior non preferred debt



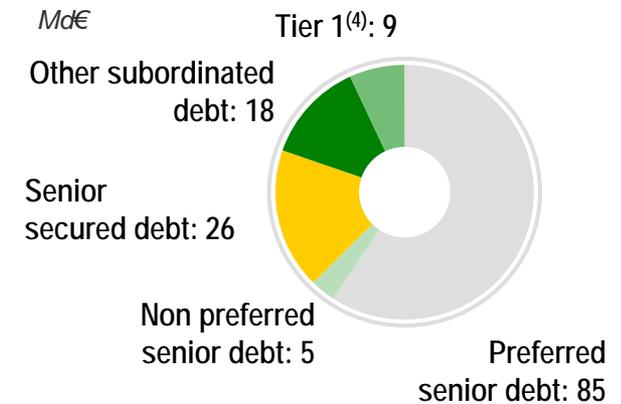
<sup>(1)</sup> See the proposal from the European Commission implementing TLAC in the European Union; <sup>(2)</sup> Conservation buffer and G-SIB buffer; <sup>(3)</sup> Depending on market conditions

# Wholesale Medium/Long-Term Funding 2017 Programme

## > 2017 MLT funding programme of €25bn

- Issues of capital instruments to be carried out with a total target of 3% by 2020<sup>(1)</sup>
  - \$1.25bn 10 year bullet Tier 2 issued in March 2017 at Treasuries + 215 bp
- Senior debt: €18.7bn<sup>(2)</sup> issued at mid-swap +64 bp on average (4.5 year average maturity)
  - Of which non preferred senior debt: over 80%<sup>(2)</sup> of the €10bn programme already issued in various currencies (EUR, USD, JPY, SGD, AUD, etc.)
  - Of which senior secured debt: €1.5bn<sup>(2)</sup> issued in covered bonds and securitisation

## > Wholesale MLT funding structure breakdown<sup>(3)</sup>: €143bn as at 31.03.2017



> **2017 Issuance programme proceeding well in all debt classes**

<sup>(1)</sup> Subject to market conditions; <sup>(2)</sup> As at 8 June 2017; <sup>(3)</sup> Figures restated according to the new broader definition of wholesale funding (€143bn as at 31.12.16), 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; <sup>(4)</sup> Debt qualified prudentially as Tier 1 booked as subordinated debt or as equity

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# Being a Responsible Bank is at the Heart of our Strategy

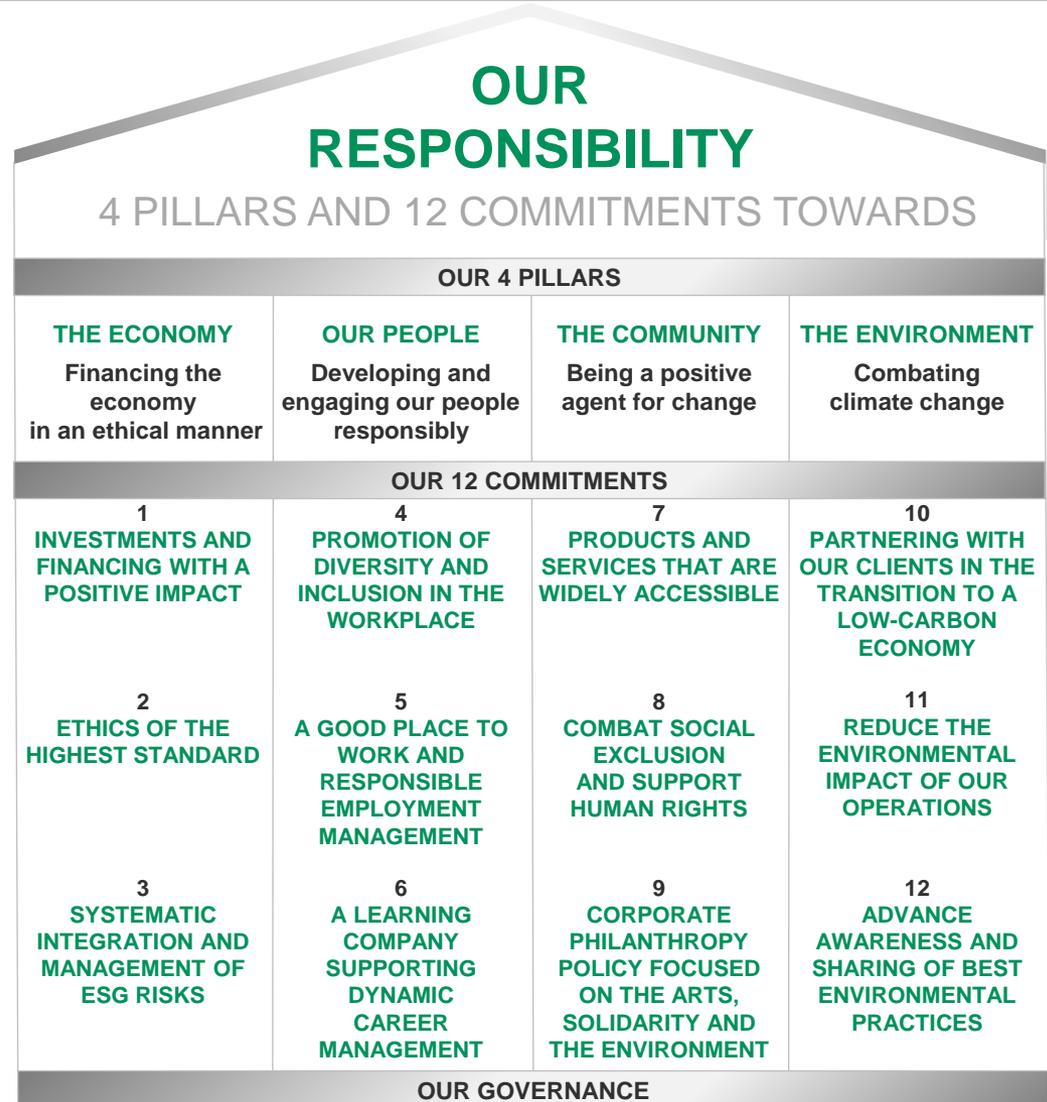
## CSR taken at the highest level in the organisation

The CSR function reports directly to Michel Konczaty, Deputy Chief Operating Officer of BNP Paribas, member of the Executive Committee

The missions and responsibilities of the CSR Department are defined by instructions issued by the General Management

## CSR is an integral part of our culture and strategy

Top senior managers have CSR criteria integrated into their deferred variable compensation



Source: <https://invest.bnpparibas.com/sites/default/files/documents/ddr2015eng.pdf>



# BNP Paribas is Involved in the Key Sustainability Initiatives

## Key International Initiatives

- |   |  |  |   |
|---|--|--|---|
|  | ■ United Nations Global Compact (2003)                     | ■ Green Bond Principles – signatory (2014) and member of the Executive Committee (2016)                      |  |
|  | ■ Equator Principles (2008)                                | ■ Global Impact Investing Network (2014)   |  |
|  | ■ Socially Responsible Investment Principles (2006)        | ■ Banking Environment Initiative Soft Commodities Compact (2014)   |  |
|  | ■ Institutional Investors on Climate Change – IIGCC (2007) | ■ Part of the UNEP FI Positive Impact Financing Working Group (2015)   |  |
|  | ■ United Nations Women's Empowerment Principles (2011)     | ■ Part of the Thun Group on Human Rights (2013) and Businesses for the Human Rights (EDH) association (2006) |  |
|  | ■ Roundtable on Sustainable Palm Oil (2011)                |  |   |

## BNP Paribas' Specific Commitments

- 8 Public and comprehensive CSR policies regularly updated covering 12 high ESG risk sectors. Our coal policy recently evolved:
  - No longer financing coal-fired power plant projects, regardless of the country in which they are located
  - No longer providing advisory mandate (sell side or buy side), for coal assets (mining or power plant) regardless of the country
  - No longer initiating commercial relationships in the power sector where more than 50% of turnover is linked to coal
- Position paper on Tobacco minimizing the inherent risks of tobacco production and consumption, encouraging tobacco companies to operate in line with international best practices
- BNP Paribas Statement on Modern Slavery and Human Trafficking (2017)
- Commitments to the Environment (originally signed in 2011 and updated in 2016)
- Charter for responsible representation with respect to the public authorities (Nov 2012)
- BNP Paribas Suppliers' CSR Charter (May 2012)
- BNP Paribas Statement on Human Rights (2012)
- Goods and activities on exclusion list (Dec 2011)



# BNP Paribas Framework for Managing ESG Risks

## RISK APPETITE FRAMEWORK

Global Credit Policy (2014) / Specific Credit & Rating Policies

### SECTOR LEVEL

High Sensitivity Sectors

Low & Medium Sensitivity Sectors

### COMPANY LEVEL

Dedicated CSR Sector Policies and Position Papers  
*(from 2010)*

**Specific CSR tools:**  
**ESG Criteria in Asset Management** *(2009 for IP)*  
**CSR Screening** *(2015 for CIB)*  
**Atlas 2** *(2014 for IRB)*

CSR experts to provide opinion on companies and/or transactions *(2008)*

Industry Research experts with dedicated CSR tool *(2011)*

### TRANSACTION LEVEL

Equator Principles  
*(2008)*

EXCLUSION AT SECTOR / COMPANY / TRANSACTION LEVELS



# Reinforced Commitments Towards a Low Carbon Economy

Committed to the Energy Transition

**Jean-Laurent Bonnafé, CEO BNP Paribas, November 2015**

*"We're determined to live up to our role as a **responsible bank** by supporting companies and countries that are committed to the **transition to sustainable energy use**"*

Double our financing resources on **renewable energy** to **€15bn by 2020**

**Support innovative start-ups** by investing €100m on Clean Tech

Reduce the environmental impact of our financing

**Stringent internal policies for sensitive sectors**

**Tightening of the coal policy** in the beginning of 2017

Integrate the use of **an internal carbon price** in financing decisions

Advance awareness and share best environmental practices



**Commitment to mitigate deforestation and to respecting local communities**



**Stringent policies on agricultural commodities**



**Signatory of the UN Soft Commodities Compact: Zero net deforestation by 2020**

Q1 2017 Milestones

Arranger for the World Bank of the **first bond in connection with the U.N. Sustainable Development Targets**

**3 Social Impact Contracts** signed with the French State in 1Q17

Pledge to become a **carbon neutral bank**



# Well-Recognised CSR Performance and Achievements

## STRONG EXTRA-FINANCING RATINGS



**No.1 / 31 banks** for in the sector of “diversified banks” in Europe (64/100)



**The Banker**  
Investment Banking  
Awards 2016

**MOST INNOVATIVE  
INVESTMENT BANK  
FOR CLIMATE CHANGE  
AND SUSTAINABILITY**



**Top 8% and bronze class  
distinction** (87/100)



**No. 2 / 250 banks** in the “Commercial Banks & Capital Markets” sector (C Prime)



**No. 15 / 397 companies**  
in the banking sector  
(77/100)



**1 / 6 European banks** in  
the ranking (A-)

## MEMBER OF SUSTAINABILITY INDICES



**Dow Jones  
Sustainability Indexes**  
Listed in **Dow Jones  
Sustainability Indexes**,  
World & Europe



**Euronext-Vigeo Eiris**  
World 120, Europe 120,  
Eurozone 120 and France



FTSE4Good



## OTHER SUSTAINABLE AWARDS AND RANKINGS



*The Magazine for Clean Capitalism*  
**Corporate Knights**  
BNP Paribas in the **2017  
Global 100 Most Sustainable  
Corporations** (no.42)



Best customer implementation of a supply chain financing solution **Green Supplier Credit Financing** (February 2017)



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Business Model & Success of the 2014-2016 Plan

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Solid 1Q17 and 2020 Plan

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Capital Management

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CSR Policy at the Heart of BNP Paribas

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**BNP Paribas Green Bond Framework**

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# Assets Identification

## ELIGIBILITY CRITERIA

### Selection

#### 1<sup>st</sup> level of filter: Overarching BNP Paribas internal policies

KYC, Global and Specific Credit Risk policies, Framework for managing ESG Risk

#### 2<sup>nd</sup> level of filter: Eligible Sectors

Renewable Energies, Energy Efficiency, Mass and Public Transportation, Water Management and Water Treatment, Recycling

#### 3<sup>rd</sup> level of filter: Features of the Loans

Non-committed transactions, non-performing loans or loans on watch list and assets pledged to other financing programmes are excluded

**High Sensitivity Sectors have been excluded:**  
 Defence, Palm oil, Wood pulp, Nuclear Energy, Coal-fired power generation, Oil sands, Mining industry and Tobacco

### External review

		NEW ASSETS TO BE ADDED IN THE SINGLE COMMON POOL OF ELIGIBLE GREEN ASSETS	
		New Green Bond issuance	During the life of the Green Bond
ELIGIBLE SECTORS	Already reviewed*	Independent review by a second party opinion provider and verification by external independent auditors	Verification by external independent auditors in the annual reporting
	To be reviewed		Independent review by a second party opinion provider and verification by external independent auditors

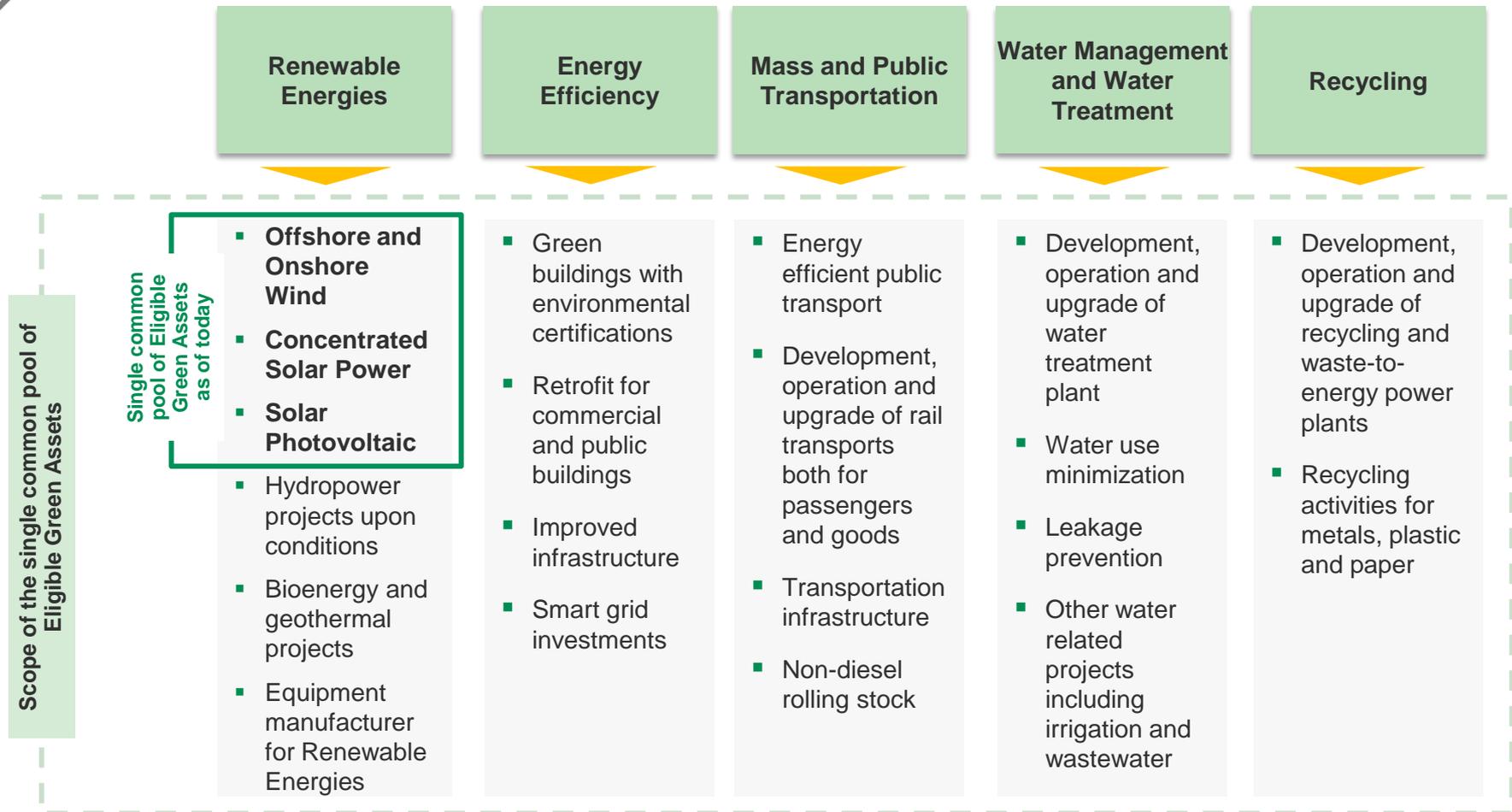
\* As of today: Wind (onshore and offshore), PV Solar and CSP projects



## A Robust and Transparent Selection Process



# Focus on Eligible Sectors in line with the Green Bond Principles



**A single common pool of assets stemming from the various Eligible Sectors**



# Green Bond Governance

## > Dedicated Green Bond Committee

### Role

- Review and validate the pool of Eligible Green Assets
- Validate the annual reporting and related documents; review the appropriate external independent auditors' report and address any issues arising; and
- Monitor on-going evolution of the Green Bond market practices

### Members

- Committee chaired by the Head of Corporate Social Responsibility for BNP Paribas
- Current members: Corporate Social Responsibility, Asset and Liability Management Treasury, Energy and Infrastructure Financing Solutions, Sustainable Capital Markets, and any other team deemed necessary to participate

### Frequency

- Semi-annually as long as the Green Bonds are outstanding

### Decision rules

- In its role of Chairman of the Green Bond Committee, the Head of Corporate Social Responsibility for BNP Paribas will have the final decision on the selection of the Eligible Green Assets

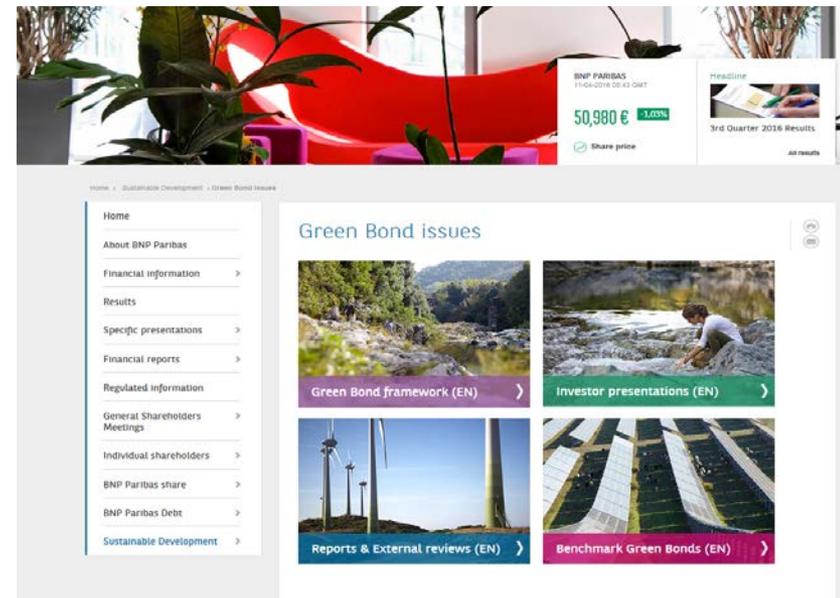
## > Management of Proceeds

- Single common pool of Eligible Green Assets for all Green Bond issues of BNP Paribas
- Monitoring the net proceeds' use via BNP Paribas' internal information systems
- Best effort to substitute any redeemed loans once an appropriate substitution option will have been identified
- Balance of net proceeds not yet allocated will be invested in cash and/or cash equivalent and/or other liquid marketable instruments



# Reporting

- Annual reporting on a single common pool of the Eligible Green Assets for all Green Bond issuances available on BNP Paribas' website: <https://invest.bnpparibas.com/en/green-bond-issues>
- Annual reporting will encompass :
  - Eligible Green Assets and their relevant environmental impact indicators;
  - Allocation of the Notes' net proceeds to Eligible Green Assets detailing the aggregate amount dedicated to each of the Eligible Sectors; and
  - Balance of unallocated cash and/or cash equivalent and/or other liquid marketable instruments
- Reporting in line with the guidelines of the Green Bond Principles and “*Working Towards a Harmonized Framework for Green Bond Impact Reporting*” paper dated December 2015\*
- First annual reporting will be published on the anniversary date of the first issuance
- Reporting will be verified by auditors



\* <http://treasury.worldbank.org/cmd/pdf/InformationonImpactReporting.pdf>



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# Appendix

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## Appendix I - CSR Milestones for 2017

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# An Ambitious Corporate Social Responsibility Policy (CSR) 1Q17 Milestones

## OUR ECONOMIC RESPONSIBILITY

Financing the economy in an ethical manner

## OUR SOCIAL RESPONSIBILITY

Developing and engaging our people responsibly

## OUR CIVIC RESPONSIBILITY

Being a positive agent for change

## OUR ENVIRONMENTAL RESPONSIBILITY

Combating climate change

### A corporate culture marked by ethical responsibility

- Top 10 Performers of the new CAC 40<sup>®</sup> Governance index of Euronext and Vigeo Eiris (March 2017)
- Ranked 2<sup>nd</sup> most responsible bank out of 250 corporates of the industry by Oekom Research in 2017



### A positive impact for society through our financing and our philanthropic actions

- Arranger for the World Bank of a bond issue which links for the first time returns to the performances of corporates that support U.N. Sustainable Development Targets
- Structurer of 3 Social Impact Contracts signed with the French State in 1Q17: Passport to the Future (prevention of early school leaving); Wimoov (transport solutions that help people to be more employable) and New Solidarities Facing Unemployment (jobseekers' sustainable professional integration)

### A major role in the transition towards a low carbon economy

- Become a carbon neutral bank: commitment to run the bank neutrally in terms of greenhouse gas emissions as soon as 2017
- Co-lead on a \$138.9m securitisation that meets the green bonds requirements for Solar Mosaic, a U.S. fin-tech company that finances projects of solar panels installations
- “Best customer implementation of a supply chain financing solution” in 2017: contributed to a LED light project for the City of Madrid by opening a line of credit >16 million euro to 2 suppliers



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## Appendix II - Key Features of BNP Paribas Green Bond

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# Key Features of BNP Paribas Green Bond

## 1. Use of Proceeds

- Proceeds of the inaugural transaction to refinance existing loans or other form of financing within renewable energy sector (the “Eligible Green Assets”): Wind (on-shore and off-shore), Photovoltaic Solar and Concentrated Solar projects
- All Eligible Green Assets are located in Europe
- Ultimately Eligible Green Assets may be diversified to stem from the various Eligible Sectors that will be added to BNP Paribas’ single common pool of Eligible Green Assets

## 2. Selection of Assets

- Selection by BNP Paribas Green Bond Committee on existing assets and using internal filters
- Controversy screening and review of the eligibility performed by an independent third party (oekom research)
- Review and assessment of the Eligible Green Assets performed by oekom research (oekom Green Bond Verification Framework)
- Pre-issuance verification of the Eligible Green Assets performed by auditors (EY)

## 3. Management of Proceeds

- BNP Paribas Green Bond Committee to review the pool of Eligible Green Assets semi-annually
- BNP Paribas internal information system to monitor the use of proceeds
- Proceeds not directly allocated will be invested in cash and/or cash equivalent and/or other liquid marketable instruments

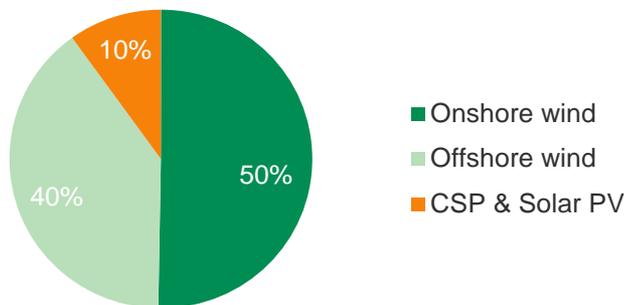
## 4. Reporting

- BNP Paribas will report on a single common pool of assets for all Green Bond issuances
- Annual reporting on Eligible Green Assets and their environmental impact, on the allocation of the use of proceeds, and on the balance of unallocated proceeds
- Assurance report provided by auditors ex-ante and on an annual basis



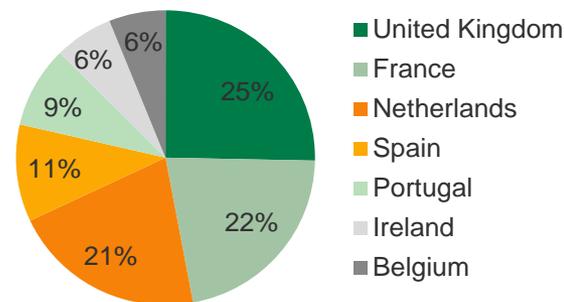
# Overview of Eligible Green Assets Pool at Issuance as of 11/2016

## Eligible Green Assets\* by technology



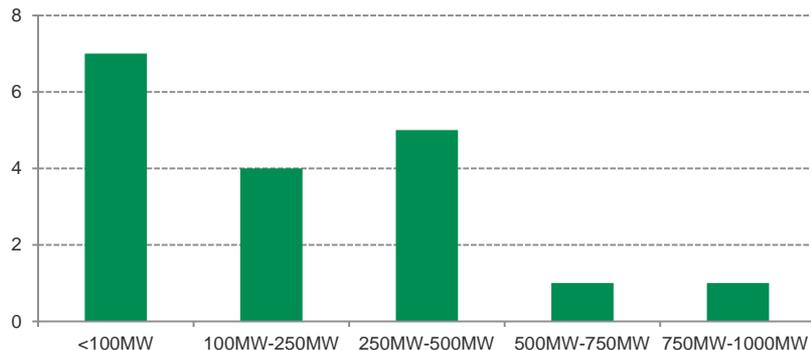
\* Based on committed amounts

## Eligible Green Assets\* by geography



\* Based on committed amounts

## Number of projects by capacity



- Eligible Green Assets amounting c. **€27mn (total drawn) as of end of October 2016** with an **average residual maturity of 6.5 years**
- At issuance, 100% of the proceeds will be used for the refinancing of existing renewable energies projects
- Well-known and established technologies in renewable energies for a total of 18 projects located in Europe

Ultimately Eligible Green Assets may be diversified to stem from the various Eligible Sectors that will be added to BNP Paribas' single common pool of Eligible Green Assets



# Examples of the Eligible Green Assets



## GALLOPER - 2015

### 343 MW Greenfield Offshore Wind Farm Project in United Kingdom

- Total Project costs: GBP 1.5 billion
- Sponsors: RWE, Siemens, Green Investment Bank, Macquarie
- Start of Operations: 2018
- BNP Paribas acted as Financial Advisor and MLA

European Power  
Deal of the Year



## GEMINI - 2014

### 600 MW Greenfield Offshore Wind Farm Project in the Netherlands

- Largest renewable energy project financing to date.
- Total Project costs: EUR 2.8 billion
- Sponsors: Siemens, Northland Power, Van Oord, HVC
- Start of Operations: 2017
- BNP Paribas acted as MLA

European Power  
Deal of the Year



European Wind Deal  
of the Year



## ENEL GREEN POWER FRANCE - 2014

### Acquisition of a 196 MW Onshore Wind Portfolio in France

- Acquisition price: EUR 280 million
- Sponsor: Boralex
- BNP Paribas acted as Financial Advisor and Sole Debt Underwriter



# Environmental Impact Reporting as of 11/2016

- For Renewable Energies sector, BNP Paribas will report each year on:
  - Production achieved (information reported on a best effort basis)
  - Tons of CO2 equivalent avoided based on EIB Project Carbon Footprint Methodologies

Sector	Technology	Countries	Number of projects	Capacity in MW	Estimated production in GWh	Estimated t CO2 eq. avoided	BNP Paribas amount in €mn (31/10/2016)
Renewable Energies	CSP & Solar PV	ES, FR	3	136	270	119 629	66.63
	Onshore Wind	FR, ES, UK, EI, BE, PT	10	2 466	5 150	2 962 633	336.50
	Offshore Wind	NL, BE, UK	5	1 551	5 825	2 945 921	224.56
<b>TOTAL</b>			<b>18</b>	<b>4 153</b>	<b>11 246</b>	<b>6 028 182</b>	<b>627.69</b>

- Estimated total production\* of all the projects is based on conservative scenario
- Estimated ex-ante t CO2 eq. avoided per €100mn: 92.2k tons\*\*

\* Reviewed by EY \*\* Based on current % of BNP Paribas loans (committed amounts) in project costs at closing ; outside EY scope



# Robust and Positive External Reviews as of 11/2016

## **Overall evaluation of the Green Bond issued by BNP Paribas is positive**

- “The Green Bond’s formal concept, defined processes and (announced) disclosures are aligned with the Green Bond Principles”
- “The overall sustainability quality of the Eligible Green Assets in terms of sustainability benefits and risk avoidance and minimisation is good”
- “All projects selected for the Green Bond are located in highly regulated and developed countries. Legislative frameworks in those countries set minimum standards, which reduce environmental and social risks.”
- “The issuer’s sustainability performance has been classified as ‘Prime’ by oekom research and the assessed controversy level has been classified as ‘low’”



## **Reasonable assurance report from EY**

- “Independent report on the compliance of selected assets for the Green Bond issued in 2016 with BNP Paribas selection and monitoring criteria and on impact reporting”
- “In our opinion, the assets selected to be funded by the 2016 BNP Paribas Green Bond and the impact indicators comply, in all material aspects, with the selection and monitoring criteria”

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## Appendix III - BNP Paribas Ratings

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# Long-Term Ratings



As of 8 June 2017

Standard & Poor's

A

Stable outlook

Fitch

A+

Stable outlook

Moody's

A1

Stable outlook

DBRS

AA (low)

Stable outlook

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

