

# BNP PARIBAS

## TECHNOLOGY & OPERATIONAL PERFORMANCE

### SUSTAINABLE FINANCE & CSR



GROWTH  
TECHNOLOGY  
SUSTAINABILITY

3 MAY 2022



**BNP PARIBAS**

The bank for a changing world

# BNP Paribas – 2025 Strategic plan

## OUR STRATEGIC AMBITIONS FOR 2025



# BNP Paribas – 2025 Strategic plan

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TECHNOLOGY &  
OPERATIONAL  
PERFORMANCE



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3 May 2022

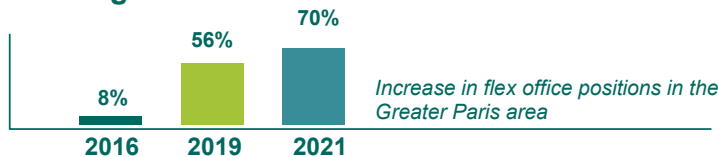
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# 2016-2021: Enhanced Operational Performance and continuous upgrade of the IT set-up

## Increased Operational efficiency and enhanced client & employee experience

- **Extensive digitalisation of client interactions**  
x2 at CIB<sup>1</sup>, leading positions on electronic platforms  
x3 at CPBS<sup>2</sup>, >260m monthly connections to the mobile apps<sup>3</sup>

- **Adaptation of the set up to new usage & ways of working**



- **Gradual deployment of smart sourcing along with a Make/Buy/Share strategy**

18,300 FTEs in Shared Service centers at the end 2021<sup>4</sup>

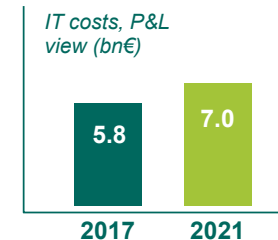
- **Steady growth of robotics & incremental development of Artificial Intelligence use cases**

> 400 significant use cases in production in AI, firmly grounded in concrete day-to-day operations

## Strengthened infrastructures & technological platforms



- Robust** Building digital platforms solutions with increased stability & security



**Protecting client assets** (cybersecurity budget almost doubled in 4 years, ~2700 dedicated FTEs<sup>5</sup>)  
**Securing IT production** (dedicated programs to reinforce datacenters & telecommunication infrastructure)



- Scalable** Industrialised approach enabling scalability

**End to end process redesign** (front to back to functions)

**Stepped up automation** through digitalization & robotics solutions

**Machine power more than doubled** in 4 years to support increase in volumes and processing

1. Monthly connections to Centric between 2016 and 2021; 2. Monthly connections on average in 4Q21 vs. 4Q17, scope: individual, small business & private banking customers of Commercial & Personal Banking (including digital banks) and Nickel; 3. Monthly connection on average in 1T22; scope: individual, small business & private banking customers of Commercial & Personal Banking (including digital banks), Nickel and Personal Finance; 4. Shared Service Centers (Portugal, India and Canada); 5. Including contractors

# 2016-2021: Improved efficiency through technology and industrialisation



## €3.1bn recurrent cost savings achieved



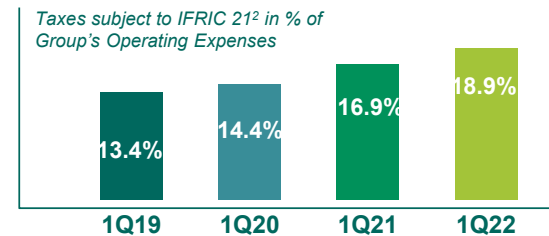
>€400m additional recurrent net cost savings achieved...

...with related costs €300m lower than expected

## Delivering positive jaws effect...

(+0.8 pt, +1.2 pt excluding taxes subject to IFRIC 21<sup>2</sup> on average between 2017 and 2021<sup>1</sup>)

## ...despite the strong increase in taxes subject to IFRIC 21<sup>2</sup>



Contribution to the SRF<sup>2</sup> in 1Q22: €1 256m (€824m in 2019)

1. CAGR of 17-21 Revenues minus CAGR of 17-21 Operating Expenses; 2. Booking in 1Q of almost the entire amount of taxes and contributions for the year, based on the application of IFRIC 21 "Taxes", including the estimated contribution to the Single Resolution Fund (SRF)

# 2025 Ambitions

## Technology, Operational Performance & Cost Discipline, at the heart of the 2025 Strategic plan

**2022–2025 objective:  
Positive jaws effect every year in every division  
>+2pts on average<sup>1</sup>**

- Structural levers to further sustain businesses' growth at marginal cost & operational efficiency improvement

New ways of working (enhanced flexibility & premises optimisation)

Strict cost discipline with focus on external spending

Smart sourcing & roll-out of Shared Service Centers

Amplification of the use of the "Make / Buy / Share" strategy

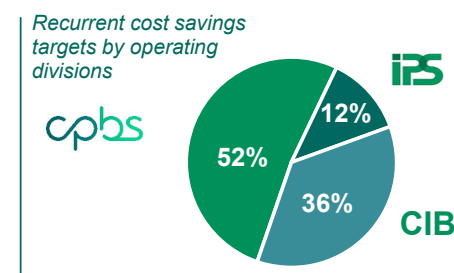
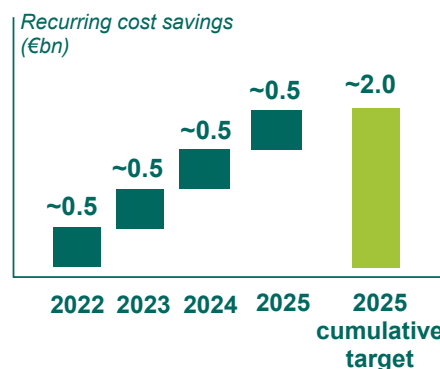
Strong development in the secure use of cloud technologies

Accelerated convergence of technological platforms

Extensive use of AI, data and robotics

Broad APIsation of the information system

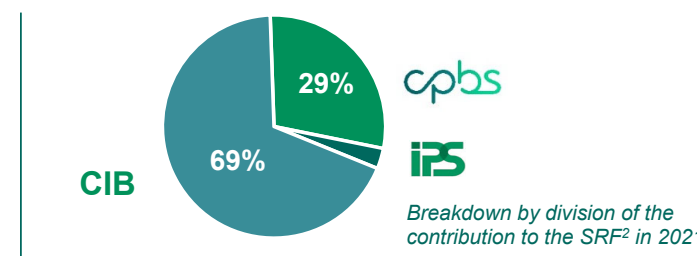
- ~€2bn recurrent costs savings delivered progressively, self-funded by businesses with cost savings > related investments each year



- Additional decrease in cost in 2024 operating expenses with the completion of SRF<sup>2</sup> funding

**Impact on 2024 costs vs. 2023  
~-€1bn**

expected stabilisation of analogue local levies at €200m per year from 2024



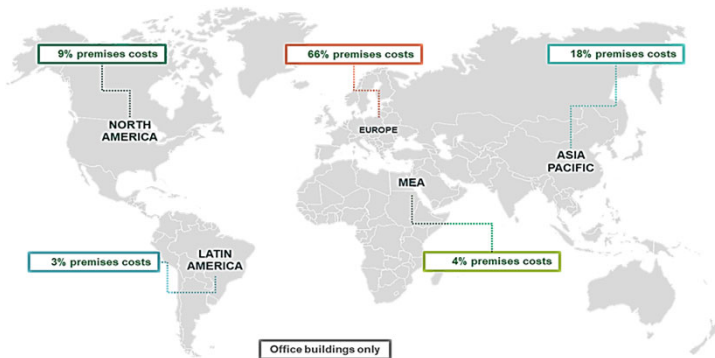
1. CAGR of 21-25 Revenues minus CAGR of 21-25 Operating Expenses; 2. Single Resolution Fund



# Optimisation & cost discipline at the heart of the 2025 plan



## Premises optimisation

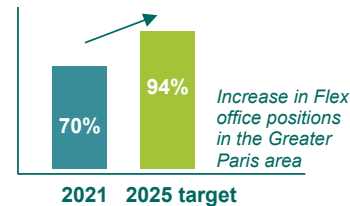


Integrating trends in working methods and uses to optimise premises costs

Strategy based on 3 levers:

- New Ways of Working, including remote working
- One Roof (*Share* pillar)
- Minimising the proportion of inner-city locations

Target 2025: Mutualisation ratio<sup>1</sup> from >1 in 2021 to <0.75 in 2025



## Cost Discipline

Ensuring strong discipline on external spending in an inflationary environment

- Pro-active management of external spending throughout the organisation
- Voluntary actions plan combining demand and price actions



## Pooled resources & platforms

Developing internal Shared Services Centers & technical platforms

Leveraging on internal platforms to better allocate resources (*Share* pillar vs *Buy* pillar):

- Development of the internal specialized Shared Services Centers strategy (ex. Pooled KYC<sup>2</sup> treatments, IT developments, etc.)
- **Target 2025:** increased resources in the main Shared Services Centers by +25% (+5000 FTEs)

Further developing pooled technical platforms (*Make + Share* pillars):

With external partners (e.g. cross-banks)

examples

- ATM pooled projects (France, Belgium, Luxembourg)
- Outsourcing of CPB<sup>3</sup>'s back office securities activities in France

Across the Group

examples

- One Factor
- One IT for cash management
- ESG<sup>4</sup> platform

1. Mutualisation ratio: number of desks / number of residents ; 2. Know Your Customer ; 3. Commercial & Personal Banking ; 4. Environmental, Social and Governance



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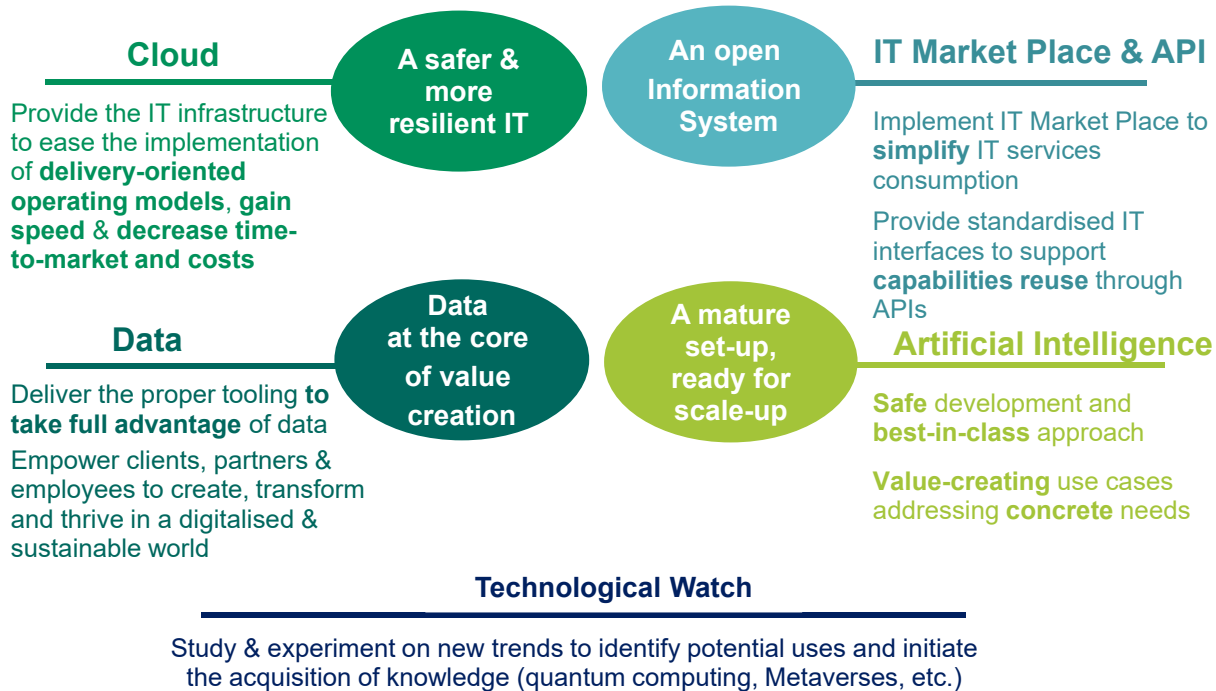
GROWTH TECHNOLOGY SUSTAINABILITY

3 May 2022



# Continuous investment to support operational performance, innovation & growth

## Technological transformation as a top priority



### While still investing in a very disciplined way in technologies and information systems

Year	IT cost / Total Group cost
2017	19%
2021	22%
2025 Target	22%

- **Investments:** increase in « change the bank » budget to accompany further developments
- **Expected rise in volumes:** adapt machine power in the most efficient possible way
- **Cybersecurity:** ensure digital trust through a robust and industrial cyber plan, centered around technological, human and innovation pillars





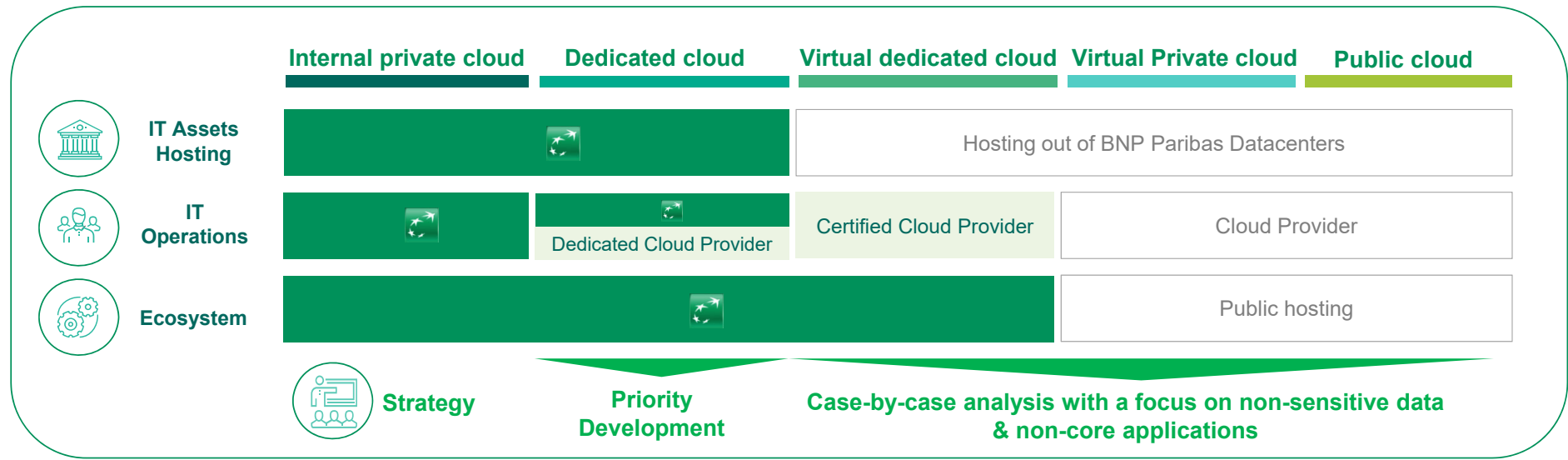
# Cloud Strategy

Improving delivery & production capabilities with new services while keeping a very high level of security on applications & data



2025: > 40% of the Information System into the Dedicated Cloud(s)

A cloud strategy enforcing the fostering of Hybrid cloud(s), innovation acceleration & IT risks control  
A focus on the dedicated cloud as best of both worlds: the benefits of a public cloud with the security standards of a private cloud



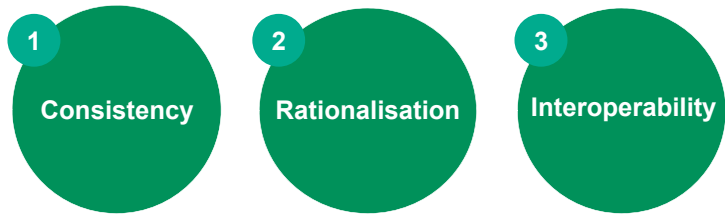


# An open Information System

APIs & internal IT Market Place to further improve time to market & reuse of proven efficient solutions

## API development

Transversal initiative to build a pooled API platform (launched in 2020) with 3 objectives:



Already significant and growing volumes of transactions transiting on the Group API platform

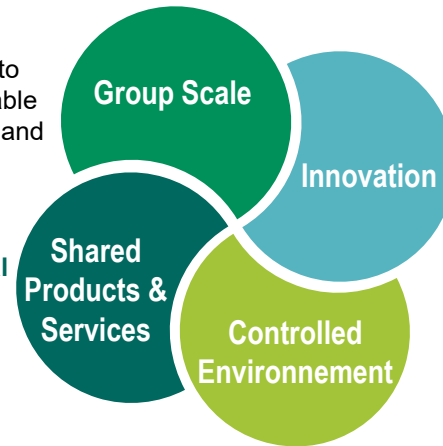


## IT Market Place

A unique portal for all Group entities allowing the reuse of internal capabilities and the creation of cross-entity customer journeys

Provide a **unique & consistent interface** to get IT services available for all Group Entities and Functions

Accelerate the delivery of the **Digital Levers** to the Group entities (Cloud, API, Data, Digital Working)



Move to an “**On demand**” **design** to get a faster & more agile delivery model for IT services

**Encourage** new tech experimentation

Ensure **global consistency** via products & services certification

Provide **standard KPIs** to measure quality through user feedback



# Data & AI at the core of our business strategy: a mature set-up, ready for scale-up

Empowering clients, partners & employees to create, transform and thrive in a digitalised & sustainable world

## Leveraging robust suite of enablers

### Tech- nology

Simplify & accelerate data access, exchange, & value creation  
**2 Group data science platforms** deployed in the BNP Paribas cloud



### End-to- end frame- works

Govern data over its entire life cycle, based on a comprehensive hub organisation



### Change & Data Literacy

Strong investment in change management and data acculturation



## Strong ambitions

### Data & AI<sup>1</sup> at the core of the “BNP Paribas as a platform” strategy

- Offer simple, personalised & value-creative user experiences, based on 360° client view
- Pooling of AI assets in the Group IT Market Place

### ESG<sup>2</sup> data supply chain at the heart of BNP Paribas ambition

- Provide businesses with curated best-of-breed data to build sustainable finance offerings
- Assess and assist our Clients & Partners with ESG<sup>2</sup> proprietary insights to accelerate the transition

### Building greater technology, AI & data expertise

- Growing top-tier expertise through investment in upskilling and focused hiring
- Empowering Data Scientists with common platforms to foster collaboration & industrialisation
- Actively shaping the workforce of the future & anticipating new skills

## Value-creating AI<sup>1</sup> use cases addressing concrete needs

### Use cases firmly grounded in concrete day-to-day operations, delivering immediate & significant efficiency gains

- Speech2text to analyze & channel calls
- Automatic extraction of data from unstructured documents to streamline reports and prospectus analysis
- Optimisation of the profitability of direct marketing campaigns
- Optimisation of anti-fraud & AML<sup>3</sup> processes



DiligenSE: BNPP Platform to apply rules and AI models to data in order to industrialise the decision-making processes (real-time, 24h/7d, model creation and accuracy evaluation, results explainable, enforceable and logged)  
 ImpACT: common cloud-based platform providing a single access to ESG Data for our financing and investment activities (ESG Assessment, regulatory reporting, strategic alignment of our portfolios with the Paris Agreement, etc.)  
 Wedata: BNPP data management platform providing a way to find, understand & trust data thanks to dictionary, catalog, lineage, etc. and allowing collaboration between data producer and consumer.

1. Artificial Intelligence; 2. Environmental, Social and Governance;  
 3. Anti-Money Laundering

# Preparing the future

## Active technological watch

Active monitoring technological developments to identify and anticipate future trends



### Building competence centres and deploying IT solutions to support the adoption of new technologies

Data science, Robotics, Digital assets & blockchain, leveraging on the renewed partnership with IBM



### Leveraging on our bank-wide network focused on tech watch and innovation

360° view of new trends implying all actors (Business Lines, Functions, IT) to foster integration of new technologies



### Studying new trends to identify potential use cases and initiate knowledge acquisition

Quantum Computing, Metaverses...



### Collaborating with academics/researchers and ensuring active participation in communities



# Preparing the future

## Fruitful collaborations & targeted investment strategy

 **Partnerring in the Fintech-Insurtech start-ups at various stages of their development using complementary strategies**



### Scouting

#### Scouting

**Majority acquisitions to maintain a leading position in our markets**  
(Nickel, Floa, etc.)

**Create payments-tech leaders**  
**Leverage their specific Fintechs DNA**

- State of the art & scalable platforms
- Ownership of key tech assets
- Specific & innovative business models with disruptive approaches
- Entrepreneurial Ways of Working

**Accelerate & expand in Europe with the Group's support**

- LT management focus vs. ST rising fund objectives
- Group security expertise & pricing power
- Group local presence & market knowledge



### Investments

#### Investments

**Dynamic Fintech-Insurtech investments**

**Limited Partner investments in leading VC funds** providing market insights & co-investments

**Direct investments:** 2 complementary strategies addressing distinct investment cases

**Venture Capital** thanks to an independent and AMF-regulated VC fund aimed at helping disruptors and financial industry innovators thrive

**Corporate Development approaches** focused on industrial synergies

#### Open Innovation

**Proactive open innovation partner for start-ups, to explore & adopt - at the fastest pace - innovations coming into the market**

**Collaborative sourcing** through acceleration programs (Tech Up by BNPP, Plug and Play at Station F)

**Dedicated infrastructures & processes** to facilitate sandbox approaches and POCs with BNP Paribas business lines

**Simplified contractual architecture** to enable faster collaboration

**Deep & successful operational integration** with top-notch Fintechs & fully integrated solutions - also leveraging on equity investments (payment solution, data aggregation rolled out across several countries...)



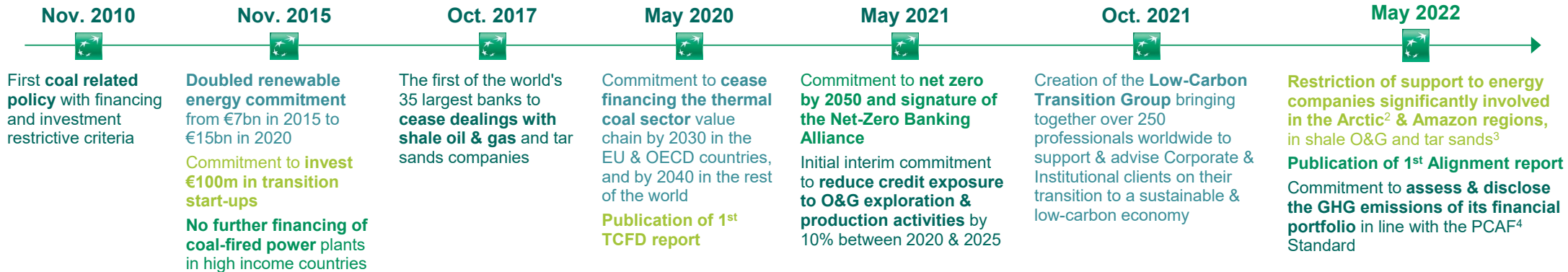
### Open Innovation



SUSTAINABILITY

# A long-standing commitment together with our clients with concrete actions

## A leading pioneer in Sustainable Finance



### Strong leading positions in sustainable finance

- World's best bank for Sustainable Finance 2021 award by Euromoney
- #1 in green bonds in EMEA, #2 worldwide with €22bn<sup>1</sup>
- #1 in Euro-denominated sustainable bonds with €29.4bn<sup>1</sup>
- #2 worldwide in ESG-linked loans with €26.8bn<sup>1</sup>

### Pioneer in Sustainable Finance innovation

1<sup>st</sup> financing of a Gigafactory in Europe for Northvolt



€3.6bn<sup>5</sup> of green mortgages to reduce energy consumption



EIPF<sup>6</sup>: 1<sup>st</sup> European Real Estate impact fund to comply with the Paris Agreement objectives



1. Dealogic as at 31/12/2021; 2. Definition of the Arctic region aligned with the Arctic Assessment & Monitoring Program (AMAP) except Norwegian-operated areas; 3. Exemptions to be granted to companies having the most credible transition plans towards net-zero by 2050 based on clear criteria; 4. Partnership for Carbon Accounting Financials; 5. As of end-2021; 6. European Impact Property Fund

# Supporting transitions

Engaging with clients to support them in the transition towards a sustainable economy

## Mobilising BNP Paribas' distinctive model with 5 priority areas

## 2025 Sustainable targets

Bring innovative & seamless solutions to answer clients' Sustainable needs & leverage cross-divisional strengths to reach UN SDGs<sup>1</sup>

All BNP Paribas Business Lines aligned to reach ambitious targets, consolidated & monitored at Group level

### Sustainable savings, investments and financing

Foster sustainable savings development and steering clients' investment decisions towards positive environmental and social impacts



### Transitioning towards carbon neutrality

Foster our client's transition towards low carbon and more efficient energy systems and addressing their massive financing needs in this area in particular through the access to capital markets

### Natural capital & biodiversity

Orchestrate & promote development of solutions contributing to terrestrial & marine biodiversity conservation

### Social inclusion

Develop accessible financial services, promote female entrepreneurship, a positive-impact economy, and equal job opportunities for young people

### Circular economy

Encourage clients' transition to circular models by financing adaptation of supply chain & production models

**€150bn** | Amount of Sustainable loans to Corporates, Institutionals & Individuals dedicated to Sustainable projects<sup>2</sup>

**€200bn** | Amount of Sustainable bonds issued for BNP Paribas clients between 2022 & 2025<sup>3</sup>

**€300bn** | Amount of sustainable investments Assets under Management following ESG principles in 2025<sup>4</sup>

1. Sustainable Development Goals; 2. 2022-2025 cumulative amount of sustainable loans dedicated to environmental and social topics, originated by BNPP and granted to clients; 3. 2022-2025 cumulative amount of all types of sustainable bonds (total amount divided by the number of bookrunners); 4. BNP Paribas Asset Management open funds distributed in Europe classified SFDR Art 8 or 9



# Sustainable Finance & ESG<sup>1</sup>: deployment at scale

## 3 strategic pillars to accelerate the implementation of Group's commitments



### Aligning our portfolios with our carbon neutrality commitment

- Trajectory for a **reduction in CO<sub>2</sub> emissions corresponding to financing** of the sectors with the highest levels of emissions (NZBA)
- **Aligning the objectives of Group's business lines** with shared objectives by sectors taking into account client transition
- **New commitments and publication of an alignment report** in 1H22
- **Publication of financed emissions** (scope 3) in late 2022



### Engaging with clients to accompany them in the transition towards a sustainable & low-carbon economy

- **Mobilisation of the integrated model and all business lines** in support of clients
- **Low Carbon Transition Group**, an organisation of 250 professionals dedicated to supporting clients in accelerating their transition
- **Pooling and promoting the Group's technical expertise** via NEST, the in-house network of experts



### Strengthening our sustainability culture and expertise, steering tools, processes & set-ups

- Sustainable finance training provided to each employee thanks to the **Sustainability Academy**
- **Accelerated industrialisation and strengthened governance** directly supervised by the CEO
- **Steering tools to support evolving needs** (of clients and regulators) and standards

→ **Priorities that are deeply embedded in the specific objectives of each of Group's businesses**

→ **ESG performance indicators determine part of the variable remuneration of Group's executive corporate officers and of more than 7,000 key employees**

1. Environment, Social, Governance



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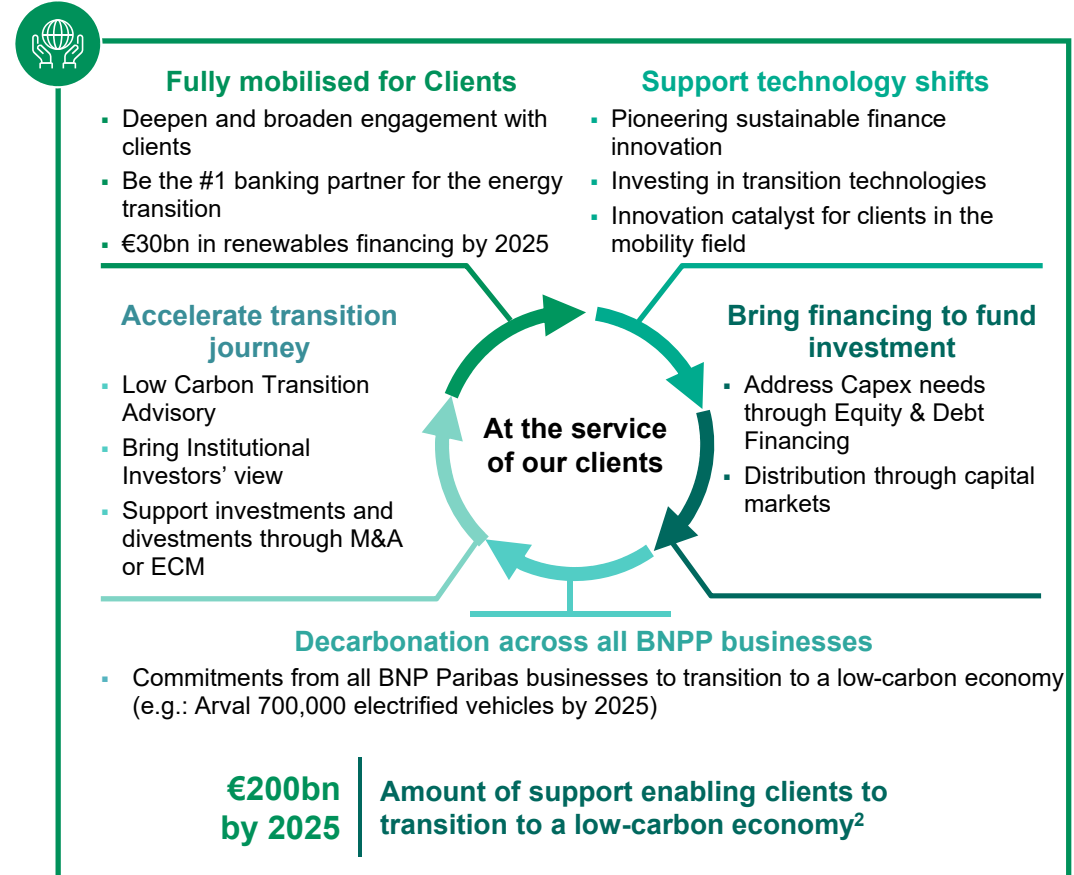
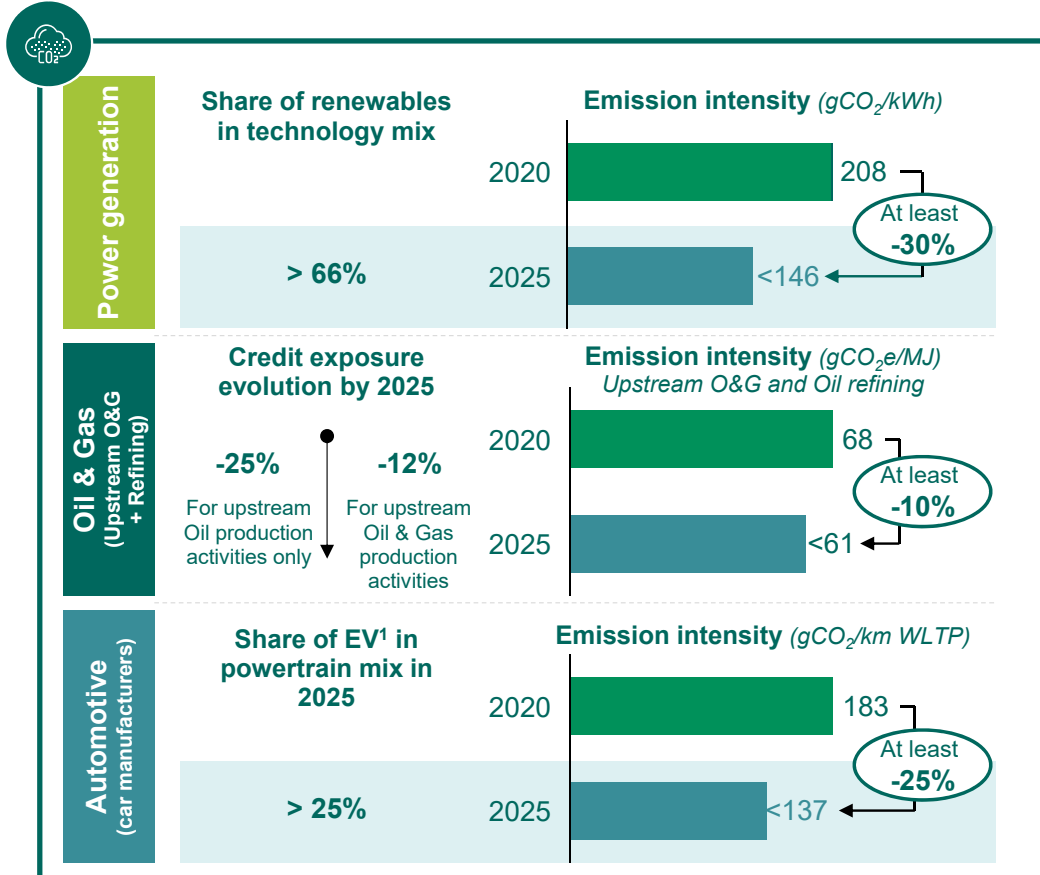
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17

# Ambitious 2025 decarbonisation targets for Power, Oil & Gas and Automotive with a full range of solutions to accompany our clients in their transition towards carbon neutrality



1. Electrified Vehicles, including Battery Electrified Vehicles, Plug-In Hybrid Vehicles and Fuel-Cell Vehicles; 2. Green loans, green bonds, as well as all financings supporting low-carbon technologies, such as renewable energies, green hydrogen, etc.

# Mobilising all the Group's activities around key priorities

## Focus on social inclusion and natural capital & biodiversity

### Social Inclusion

Develop products and services that are widely accessible

- Continue to **support Social Enterprises**: as of end 2021, this amounted **€2.35bn**
- Grant specific support to female entrepreneurship: **€3.3bn** of loans outstanding as of end 2021
- Increase **corporate philanthropic commitments** to **€200m** by 2025 (€50m every year), including support to youth, refugees, etc.

**6 millions  
by 2025**

Number of beneficiaries of products & services supporting financial inclusion<sup>1</sup>

### Natural Capital & Biodiversity

Support solutions contributing to terrestrial and marine biodiversity

- Take part in **targeted coalitions** (e.g., **Act4Nature**, **Taskforce for Nature-related Financial Disclosures**)
- Continue our dialogue with clients, especially on **forests' preservation**
- Develop funds contributing to natural capital (e.g. **BNP Paribas Ecosystem Restoration Fund**)

**€4bn  
by 2025**

Amount of financing to companies contributing to protect terrestrial and marine biodiversity

1. Number of Nickel accounts opened since the inception and of beneficiaries of microloans distributed by microfinance institutions financed by the Group (at prorata of financing)



# Mobilising all the Group's activities around key priorities

## Focus on sustainable savings & investments and circular economy

### Sustainable Savings & Investments

A reference player in Europe for sustainable savings & investments

- Include ESG-by-design in Group **Financial Savings initiative: customer journeys, client profiling, advise & offerings, dashboard, training**
- Lead innovation in **ESG and impact investing in private assets and thematic funds**: cleantech, Solar Impulse, investments in start-ups-for-good, social impact, real estate investment funds
- Committed to **Net Zero Asset Managers initiative and Net Zero Asset Owners Alliance**

**>90% by 2025** | of assets under management in sustainable investments<sup>1</sup>

### Circular Economy

Encourage clients' transition to circular models

- Support services contributing to the circular economy (e.g. product as a service and insurance and financing of second-hand goods)
- Develop strong partnerships and JVs to support initiatives allowing an increase in products life cycle or reuse (e.g. **BNP Paribas 3 step IT, Evollis, Back Market**)
- Develop funds contributing to circular economy development (e.g., **BNP Paribas Circular Economy Leaders**)

**€0.85bn by 2025** | Amount of production in BNP Paribas 3 Step IT circular model

1. Share of BNP Paribas Asset Management open funds distributed in Europe AuM in funds classified SFDR Art 8 or 9

# Sustainable Finance & ESG: deployment at scale

Dedicated governance and resources to reinforce sustainability business and culture

## A dedicated governance steered at C-Suite level...

Portfolios alignment & sustainable business development supported by an industrialisation program centered around risk management, data & reporting

Creation of a **Sustainable Finance Strategic Committee** sponsored by the Group CEO to validate ESG strategy and Group commitments

Definition of **Sustainable Finance levers** contributing to sustainable business development

**Infrastructure** ensuring the robustness and coherence of ESG initiatives and industrializing ESG processes and reporting (ESG data platform)

Strong **articulation with businesses, divisions and client coverage**

## ...supported by internal enablers

Build internal competencies to support our clients' transition and test new innovative solutions fostering a positive impact culture across the Group

### Sustainability Academy

**Sustainability Academy** to bring sustainability skills to all staff to better service our clients

### Expert Network

**Network of Experts in Sustainability Transitions (NEST)** to create and share Sustainability expertise with clients & employees

### Positive Impact Business Accelerator

**€450M dedicated to investments** in favor of energy transition, natural capital, local development and social impact

