# BNP PARIBAS
# EUROPEAN LEADER WITH STRONG CAPITAL GENERATION CAPACITY

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BNP PARIBAS

The bank for a changing world

# Disclaimer

*Figures included in this presentation are unaudited. On 24 March 2015, BNP Paribas issued a restatement of its quarterly results for 2014 reflecting, in particular, the new organization of the Bank's operating divisions as well as the adoption of the accounting standards IFRIC 21. This presentation is based on the published or the restated 2014 data as appropriate.*

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# Overview

**Solid 2015 results thanks to the integrated and diversified model serving the clientele**

**10.1% ROTE stemming from a good performance of the three operating divisions**

**Strong and recurrent organic capital generation**
**10.9% fully loaded Basel 3 CET1 ratio**

**€2.31 per share full cash dividend**
**45% pay-out ratio**

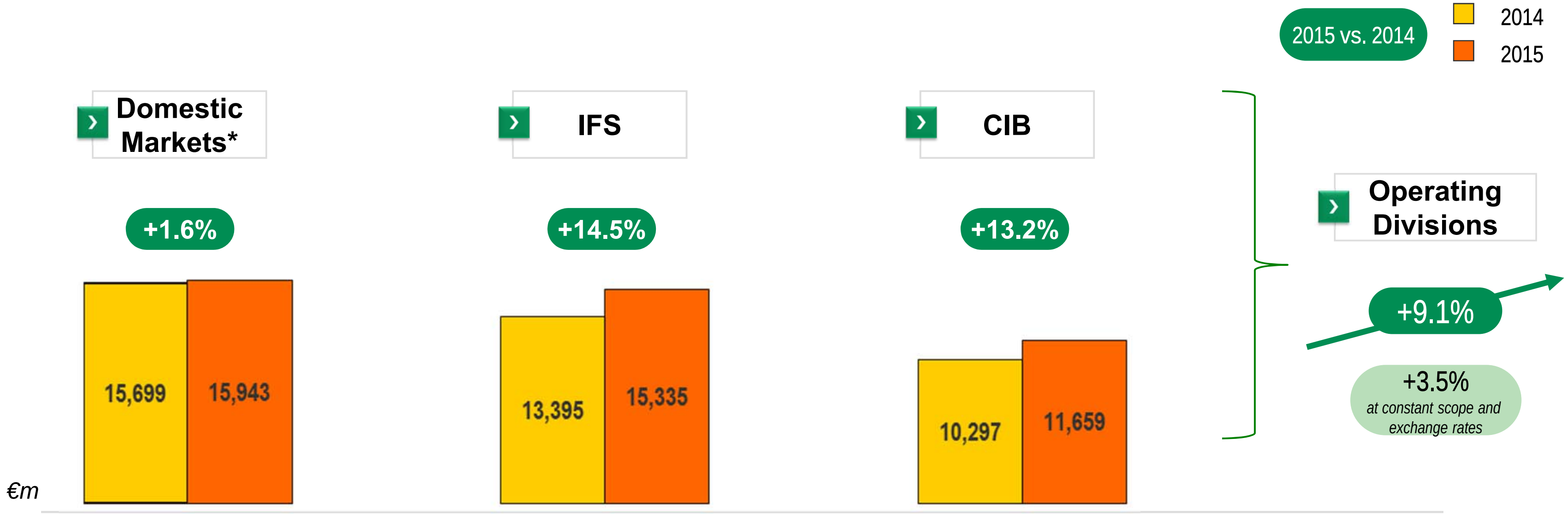
## Solid 2015 Group Results

Strong Financial Structure and Value Creation

Operating Divisions Going Forward

Appendix

# Revenues of the Operating Divisions - 2015

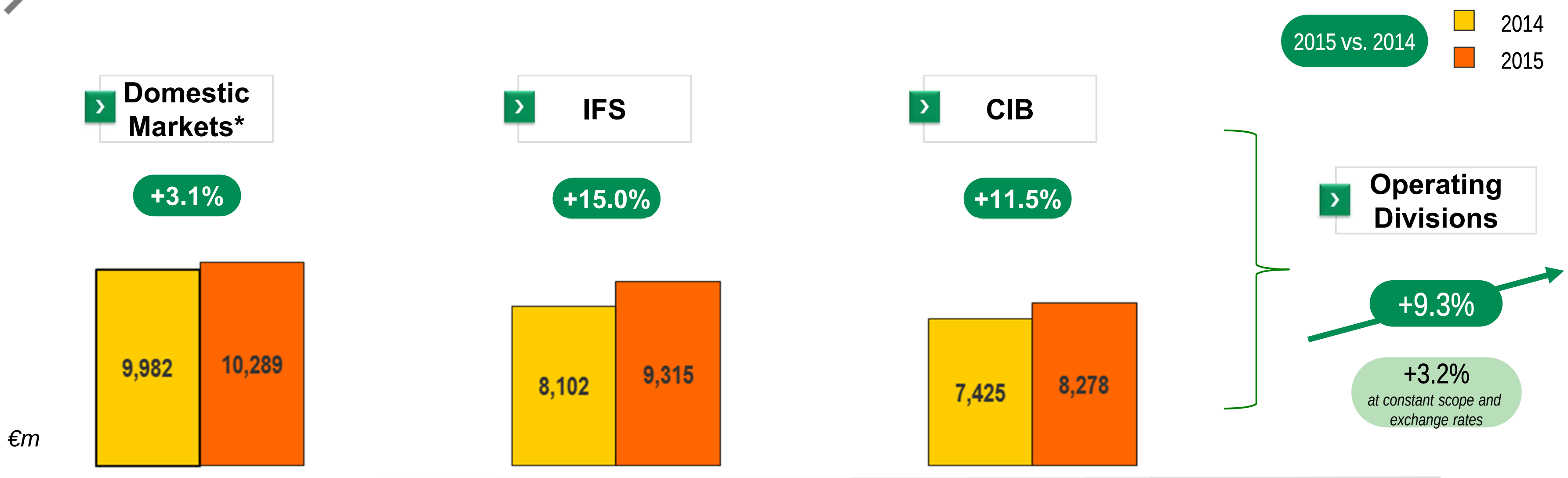



- Good resilience in a low interest rate environment given business and geographic diversification

**Solid performance of Domestic Markets**
**Strong growth at IFS and CIB**

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

# Expenses of the Operating Divisions - 2015




- Operating expenses of the operating divisions : +3.2% at constant scope and exchange rates
  - Improvement of the cost/income ratio: -0.2 pt vs. 2014**
  - Implementation of new regulations and strengthening compliance
  - 2014-2016 business development plans now largely completed
- Simple & Efficient savings target raised to € 3.3bn for 2016 (+ € 0.6 bn vs. actual 2015)

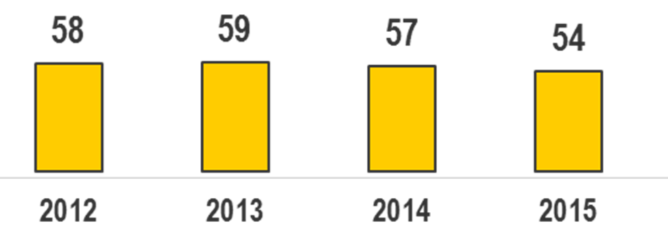
**Rise in regulatory costs and finalisation of the business development plans mitigated by the effects of Simple & Efficient**

** Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg ; ** At constant scope and exchange rates*

# Group Cost of Risk

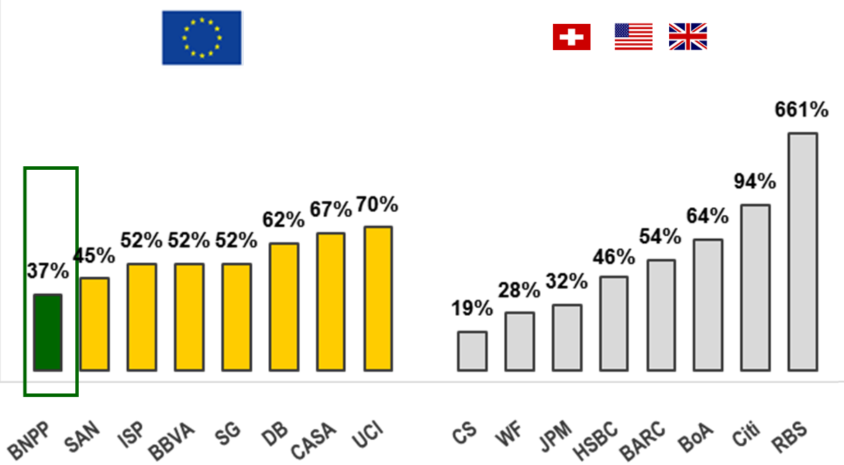
## Group Cost of Risk

*Net provisions/Customer loans (in annualised bp)*




- Overall stability of the cost of risk over the past 4 years
- Ongoing reduction of BNL's CoR in Italy
- Oil & Gas: well-diversified quality exposure
  - Only 1% of doubtful exposure at YE 2015

## Cost of Risk/Gross Operating Income 2008-2015

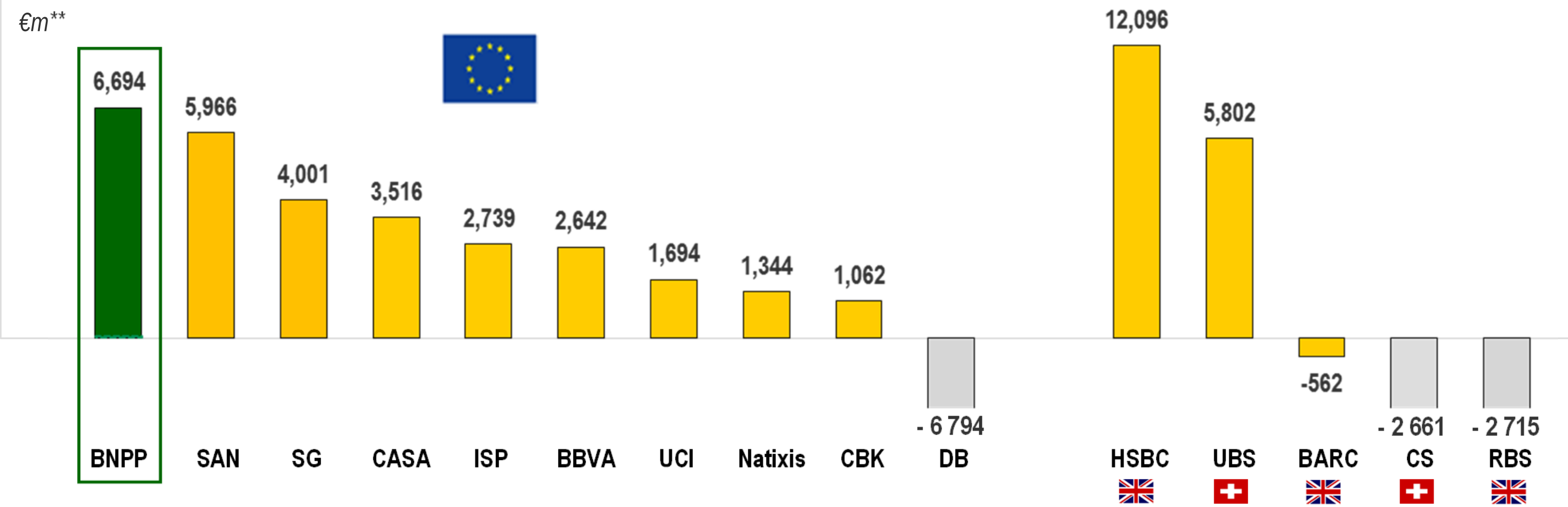



- Low risk appetite and strong diversification lead to low cost of risk
- One of the lowest CoR/GOI through the cycle

**Cost of risk stable at a moderate level**
**Strong diversification implying lower risk profile**

# Strong Underlying Profitability

**2015 Net Profit** (reported)*




- Return on Equity: 8.3%
- Return on Tangible Equity: 10.1%
- Net Income excluding exceptional items: €7.3bn

**Good profit-generation capacity and best-in-class returns**

** As disclosed by banks; **Average quarterly exchange rates*

Solid 2015 Group Results

# Strong Financial Structure and Value Creation

Operating Divisions Going Forward

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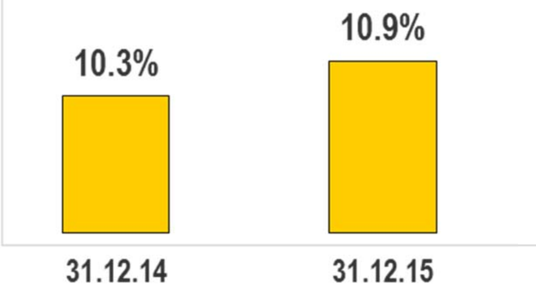
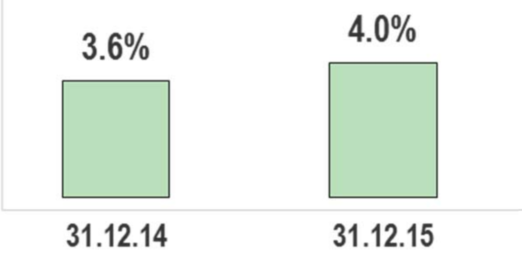
# Financial Structure

- Fully loaded Basel 3 CET1 ratio*: 10.9% as at 31.12.15 (+60 bp vs. 31.12.14)
  - Essentially due to the 2015 results after taking into account the dividend payment
- Fully loaded Basel 3 leverage**: 4.0% as at 31.12.15 (+40 bp vs. 31.12.14)
  - Effect of the higher CET1 capital
  - Reduction of the leverage exposure in capital market activities
- Liquidity Coverage Ratio: 124% as at 31.12.15
- Immediately available liquidity reserve***: €266bn (€260bn as at 31.12.14)
  - Amounting to ~185% of short-term wholesale funding, equivalent to over 1 year of room to manœuvre

**Fully loaded Basel 3 CET1 ratio***




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



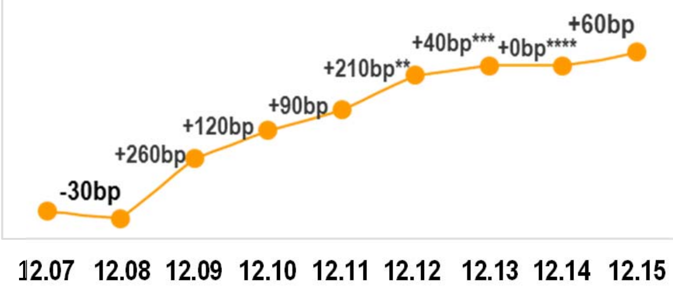

**Solid organic capital generation**

* CRD4 (2019 fully loaded ratio); ** CRD4 (2019 fully loaded ratio), calculated according to the delegated act of the European Commission dated 10.10.2014, on Tier1 capital (including as at 31.12.14 the forthcoming replacement of Tier1 instruments that have become ineligible with equivalent eligible instruements); *** Liquid market assets or eligible to central banks (counterbalancing capacity) taking into account prudential standards, notably US standards, minus intradays payment systems needs

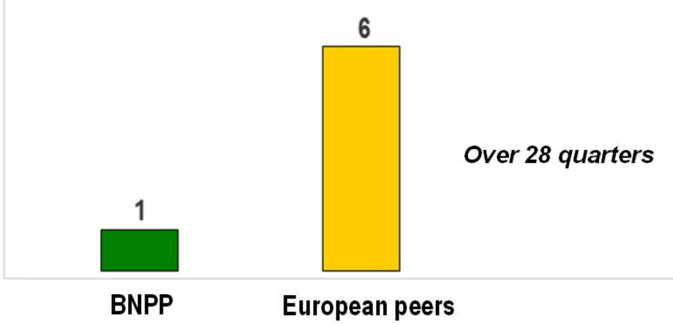
# Evolution of CET1 Ratio by 2019

- Capital requirement (CET1) following the ECB' SREP: 10.0% in 2016
  - Including G-SIB buffer of 0.5% in 2016
  - Phased-in CET1 ratio of 11.0% as at 31.12.15, well above the minimum requirement
- Anticipated level of fully loaded Basel 3 CET1 ratio requirement of 11.5% in 2019
  - Given the gradual phasing-in of the G-SIB buffer to 2% in 2019
- Target to achieve this level by mid 2017 thanks to:
  - Organic generation and active capital management policy (~35 bp per year)
  - Sale or initial public offering of First Hawaiian Bank (~40 bp*)
- Target of a fully loaded Basel 3 CET1 ratio of 12.0% as of 2018
  - Taking into account a 50 bp management buffer, coherent with the Group's strong and recurring organic capital generation throughout the cycle

**Annual evolution of the CET1 ratio****




**Number of quarters of negative CET1 ratio evolution (2009-2015, European peers)*******

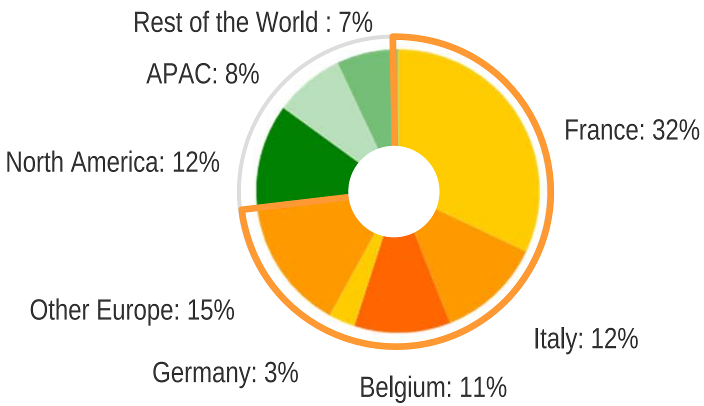



**Target of a fully loaded CET1 ratio of 12%**
**Steady organic growth of CET1 ratio across the cycle**

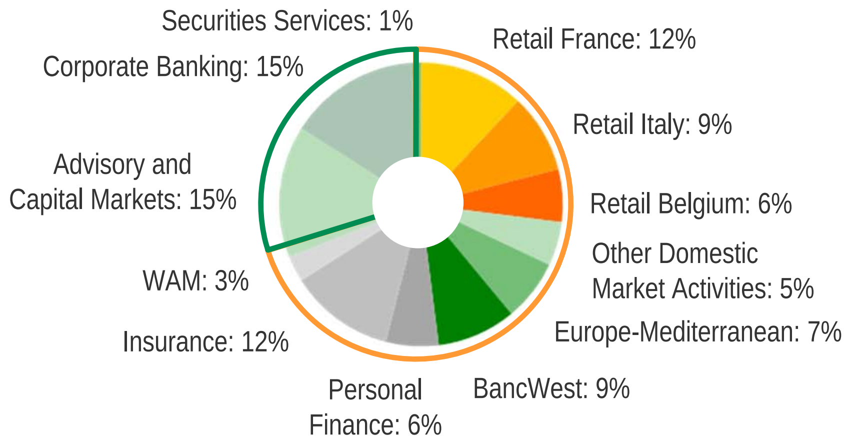
** Subject to market conditions and regulatory authorisations; ** Basel 2 from December 2007 to December 2011, Basel 2.5 as at December 2012, then fully loaded Basel 3 for the years after; *** Including the buy-back of the Fortis shares held by the minority shareholders (~-50bp); **** +100bp excluding costs related to the comprehensive settlement with the U.S. authorities; ***** Q/Q-1 CET1 ratio evolution restated of capital increases and acquisitions; average number of quarters of negative CET1 ratio evolution for 10 European peers*

# An Integrated Business Model with Strong Diversification Resulting in Recurrent Earnings Generation

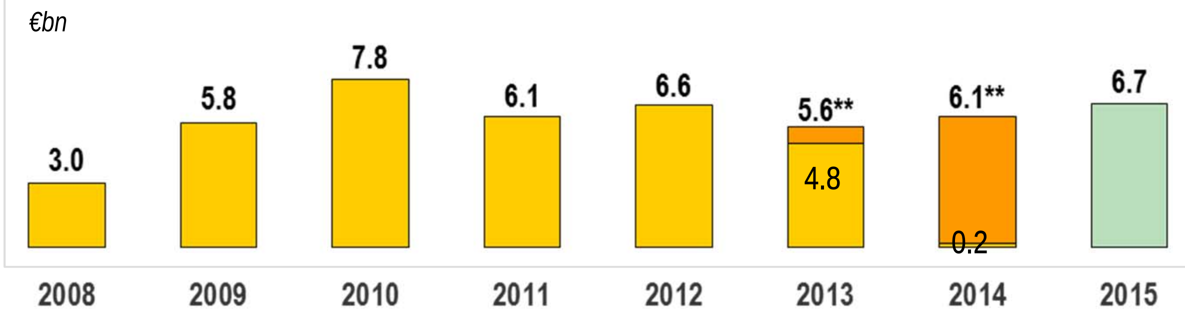
**2015 Revenues by geography: >85% in wealthy markets**




**2015 Allocated equity* by business**



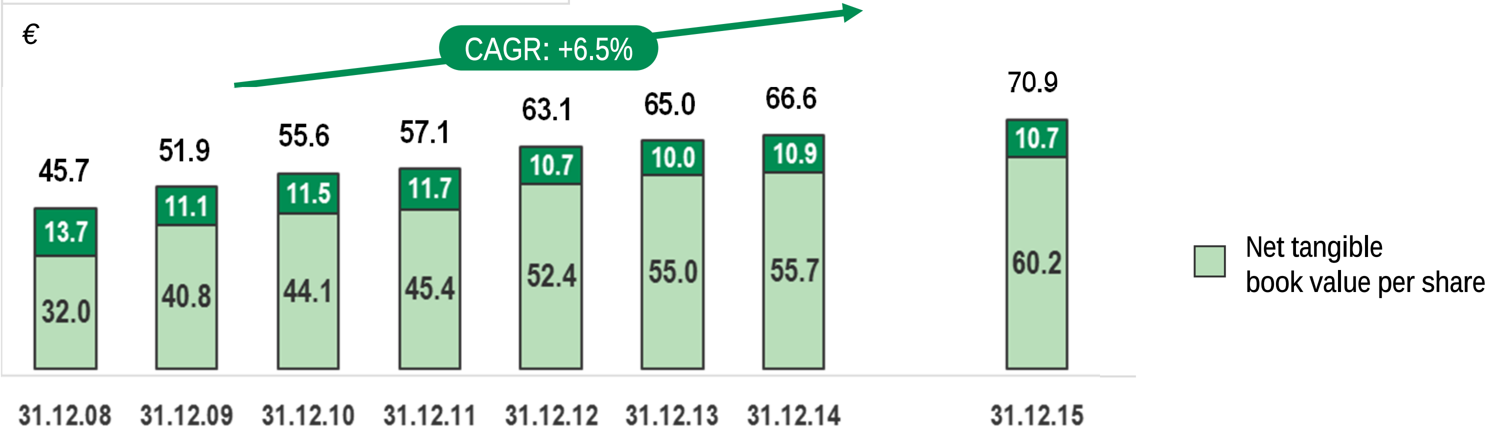

**Recurrent earnings generation through the cycle**
**Net Income Group Share (2008-2015)**



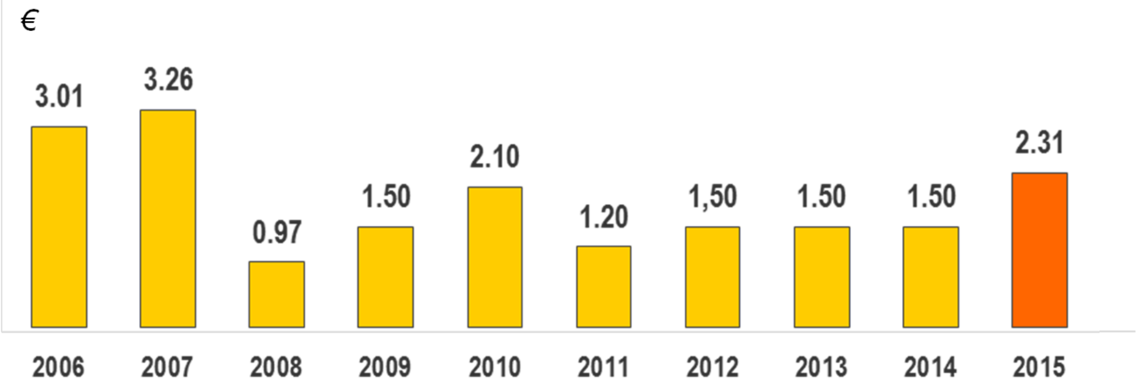

** Operating divisions; ** Adjusted for costs and provisions related to the comprehensive settlement with US authorities*

# Strong and Recurrent Value Creation for Shareholders

## Net book value per share




## Dividend per share




- Paid in cash*
- 5.0%** dividend yield
- 45% pay-out ratio

** Subject to approval at the Shareholders' Meeting on 26 May 2016, shares will go ex-dividend on 2 June 2016, payment on 6 June 2016; ** Based on the closing price on 10 March 2016 (€46.15)*

Solid 2015 Group Results

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## Operating Divisions Going Forward

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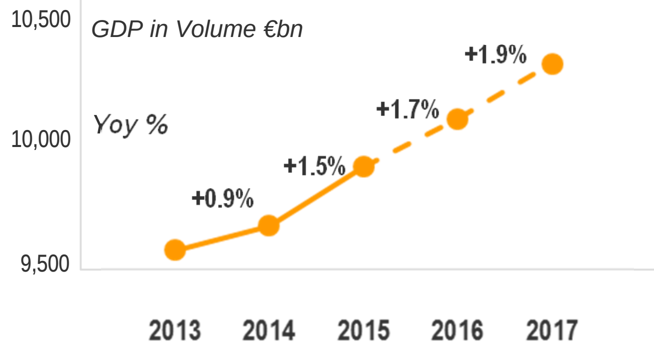
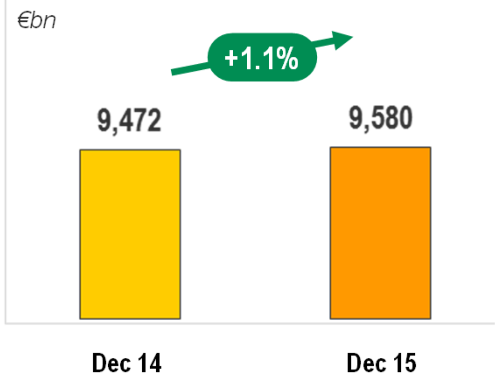
# Eurozone Economic Outlook

- Positive macro factors for the EU economy in 2016
  - Drop in oil price to translate into higher disposable income for households and lower charges for corporates
  - Depreciation of the Euro vs. USD in 2015 benefitting exporting European corporates
- Non-conventional measures by the ECB to re-launch economic growth
  - Quantitative Easing started on March 2015 and was recently expanded
  - Resulting in prolonged very low interest rates which will be favourable for investments
- The "Juncker Plan": a €315bn investment plan
  - Allocated to long-term investments & SMEs/Mid-caps
- Gradual recovery of growth in Eurozone
  - Gradual rise of loan growth in the eurozone

**Growth forecast for Eurozone GDP***




**Eurozone lending****




**Positive factors supporting economic recovery in Europe**

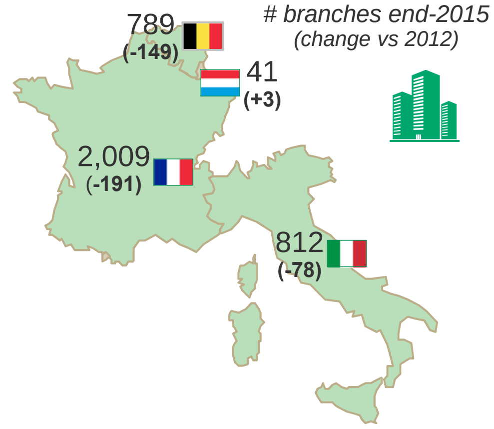
* Sources : Eurostat's reports, European Commission's forecasts; ** Lending to private non-financial sector, yoy variation

# Domestic Markets
# Continued Transformation of the Retail Networks

- Branch network optimisation with differentiated branch formats
  - Continued footprint optimisation
  - Full range of services available in “hub” branches
  - Lighter branch formats developed to maintain proximity at a lower cost
- Revamped commercial set up
  - Opening hours reviewed and adapted to client needs
  - Meeter/Greeter as a shared role in most branches
  - Personalized approach and reinforced expertise for some client segments
- Digitalised branches
  - Videoconference support — 56%
  - Wi-Fi for customers — 52%
  - New mobile workstation tablet-based — 62%

*% of branches already equipped*

**Ongoing footprint optimisation**




**New branch formats**

| France | Belgium | Italy |
|---|---|---|
| EXPRESS | | |
| ADVISORY | ADVISORY | OPEN BNL |
| PROJECTS | FULL | FULL |

***% of branches already revamped***

| 63% | 95%* | 43% |
|---|---|---|

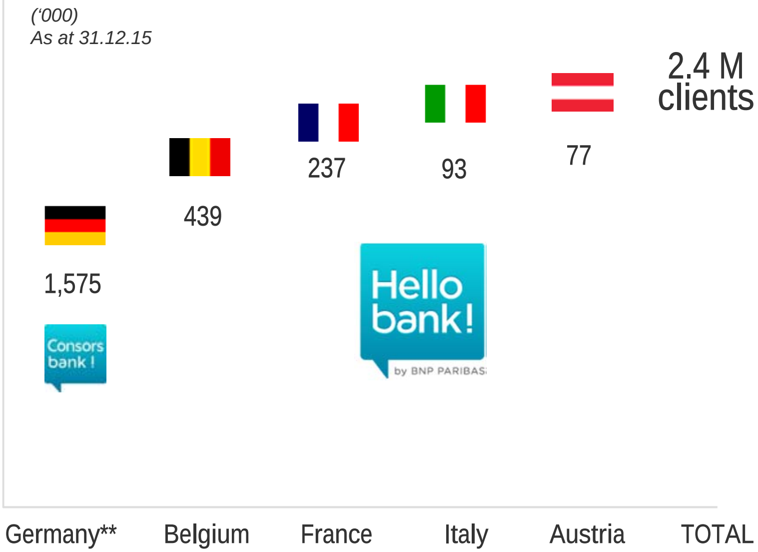
**Footprint optimisation and modernisation of branch formats**

** % of targeted branches*

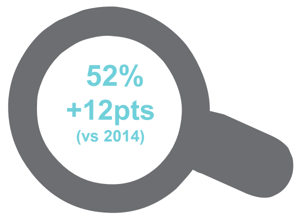
# Domestic Markets
# Continued Development of Hello bank!

- A fast growing customer base
  - Strong organic client acquisition (~+400,000 clients vs. 31.12.14)
  - Acquisition of DAB Bank in Germany in 2014 and merger in 2015 with Consorsbank!
  - Direktanlage.at became Hello bank! in Austria in 2015
- A new brand successfully rolled-out in the Eurozone
  - Brand positioning "100% mobile"
  - Promising spontaneous awareness
  - New features and services
  - €24bn deposits and €80bn assets under management
  - Generating 8.7% of individual clients revenues* in 2015 (x2 vs. 2014)
- Shared assets with the network and across Hello bank!
  - Use of existing infrastructures and resources in each country: IT systems, back-offices, call centres,…

## Client base




## Hello bank! awareness (France)



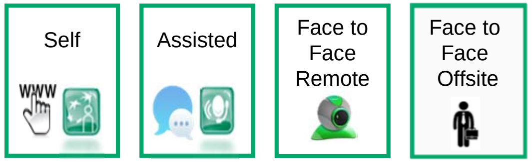

**Hello bank! successfully developing in 5 countries**
**2.4 million clients**

* FRB, BRB, BNLbc and Personal Investors revenues, excluding Private Banking; ** Including DAB customers

# Domestic Markets - Medium-term Ambitions
# More Digitalisation, More Customisation

**Create digitalised service models**

- **Differentiated models** in terms of value proposition and relationship model: choice offered to customers (Retail, Private, Corporate)
- New relationship styles with **more digital** and **adapted interactions**
- **Common platforms** for product offering, remote expertise…




**Reinvent customer journeys**

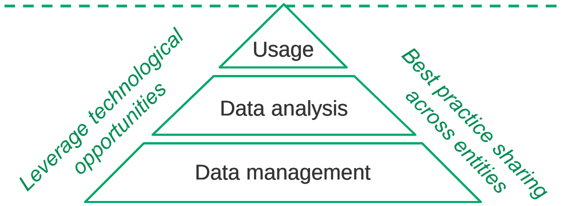
- **Effortless & value-added** client experience, tailored to client needs end-to-end
- **Efficiency improvement**: process optimisation and operating functions adaptation
- Further development of **cross-selling** within the Group

Already launched

I NEED CASH NOW | I WANT TO BECOME A CORPORATE CUSTOMER | I WANT TO BUY MY HOME / I WANT TO BUY MY TV

**Enhance customer knowledge**

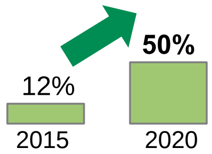
- Optimize **commercial proactivity and reactivity**
- Improve **pricing and risk scoring** management




**Boost digital acquisition & sales**

- **Digitalisation of the whole product offering subscriptions**
- Boost digital communication and marketing
- **Specific client acquisition offers** with ambitious targets for 2020

Targeted digital sales




**Develop comprehensive service offers**

- New **aggregation service offers** (e.g. Arval Active Link) tailored to client utilisations
- Develop business and enrich offer through **innovation** and **FinTechs partnerships**


Aggregation of optional services

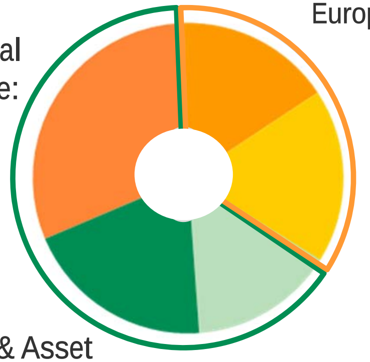
→ ***Active Journey*** *(route analysis)*
→ ***Active Routing*** *(real-time geo-localization)*
→ ***Active Sharing*** *(management of shared vehicles)*

# International Financial Services

## Two main activities

- International Retail Banking
  - Europe-Mediterranean: retail networks in 14 countries, notably in Turkey (TEB), in Poland (BGZ BNP Paribas) and in the South Mediterranean Basin
  - BancWest (United States)
- Specialised businesses
  - Personal Finance: consumer finance business, #1 specialty player in Europe with notably Cetelem, Findomestic and Commerz Finanz
  - Wealth & Asset Management: Wealth Management, Asset Management, Real Estate Services (€739bn AuM as at 31.12.2015)
  - Insurance: savings and protection products, #3 Life bancassurance in France*, #5 bancassurance in Italy**

## 2015 Revenues by business




**A growth engine for the Group**

* Argus de l'Assurance 2014; ** IAM Consulting 2014

# International Financial Services
# Action Plan

## 1. GROWTH AND DIVERSIFICATION

### CLIENTS

- Optimise the client experience for all segments
- Private banking client base: continue growing it in the domestic markets, in the U.S. and in Asia
- Corporate and institutional clients: launch of new offerings
- SMEs: structure and roll-out of the offering in the international networks

### INTERNATIONAL

- International banking networks: continue branch network transformation
- Asia and Latin America: continue growing in specialised businesses
- China: continue developing partnerships

### PARTNERSHIPS

- Personal Finance: forge new partnership alliances and agreements in the automotive sector, as well as with distributors, banks and energy providers
- Insurance: continue strengthening partnerships by leveraging our expertise
- Develop partnerships with new actors (FinTech, InsurTech, etc.)

### CROSS-SELLING

- Continue rolling out the enhanced cooperation model of Personal Finance with the Group's banking networks: Poland, U.S.
- Increase asset inflows in asset management and grow sales of insurance products in the banking networks
- Step up cross-selling with CIB

# International Financial Services
# Action Plan

## 2. DIGITALISATION, NEW TECHNOLOGIES AND NEW BUSINESS MODELS

### DATA AND ANALYTICS

- Initiatives in all the business units
- Unite data labs to pool best practices

### INNOVATION

- Put open innovation in general practice in all the businesses
- Capitalise on innovative approaches (Cardif Lab, PF Echangeur, Hackathon…)
- Analyse and test the roll-out of new services

### BANKS AND DIGITAL OFFERINGS

- Continue the expansion of mobile and digital banking services, including in new countries
- Develop the digital solutions offering in all the businesses
- Bring innovation to the payment offering (new offerings and technologies)

L'ATELIER BNP PARIBAS GROUP · ECHANGEUR · BNP PARIBAS INTERNATIONAL HACKATHON · CEPTETEB · BGZoptima

## 3. CONTINUE INDUSTRIALISATION, TRANSFORMATION AND ADAPTATION

### INDUSTRIALISATION AND ADAPTATION

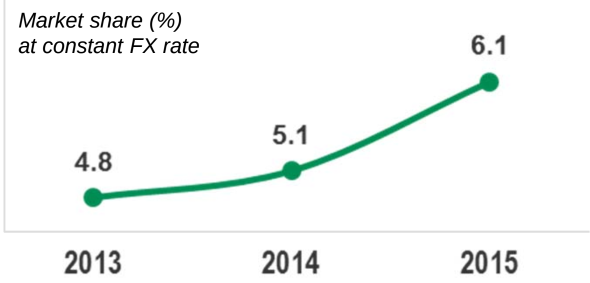
- Industrialise the platforms and enhance operating efficiency
- Finalise integrations with LaSer (Personal Finance) and Bank BGZ (Poland)
- Continue adapting to regulatory changes (MiFID II, …)

LaSer · BGZ BNP PARIBAS

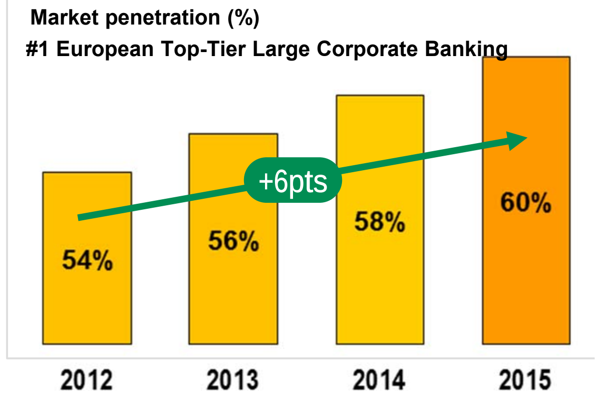
# Corporate and Institutional Banking - 2015
# Strengthening Leading Positions

- Strong commercial drive in Global Markets businesses
  - Market share gains in FICC and Equities on the back of sustained client volumes
  - House of the Year for currency derivatives & equity derivatives
  - #1 for all bonds issues in euros and #9 for all international bonds*
- Securities Services: very good drive, outperforming market
  - Assets under custody: +9.1% / 2014 (vs ~flat for peers)
  - Asset under administration: +30.3% / 2014
  - #1 European player and #5 worldwide
- Strengthened positions in Corporate Banking
  - #1 for European Large Corporate Banking 4 years in a row and #1 cash management provider for large European corporates***
  - Selected by RBS as the “referral bank” for its trade finance and cash management clients outside the UK & Ireland: 900 clients on-boarded
  - #1 for syndicated loans and #1 for equity linked issues in EMEA****

**Global Markets****




**European Corporate Banking*****



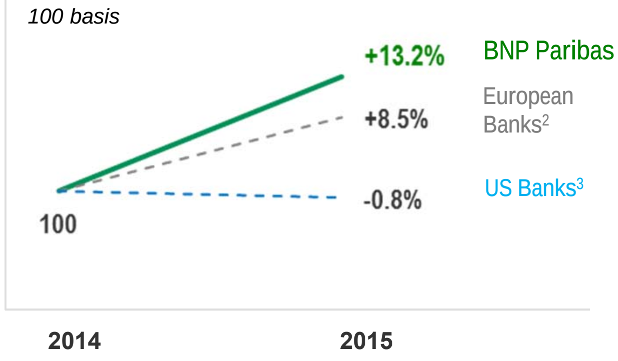

**Leveraging strong European market penetration**

* Source: Thomson Reuters 2015 in volume; ** Source: Coalition Index including DCM as in BNP Paribas internal structure; *** Source: Greenwich Associates Share Leaders 2016; **** Source: Dealogic 2015, Europe, Middle East & Africa in volume

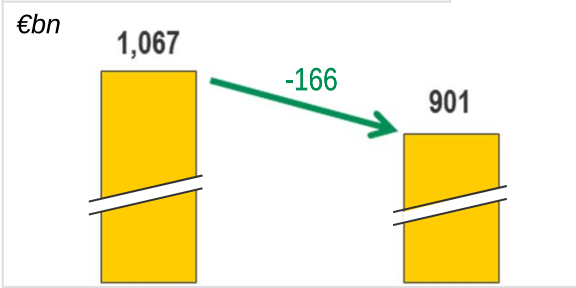
# CIB Today: a Solid and Profitable Platform

| | |
|---|---|
| **Improving Global Positioning** | ■ Gaining market shares from peers' retrenching context<br>■ Success of regional initiatives launched in APAC and in the US<br>■ Generating best-in-class profitability among European peers |
| **Integrated within BNP Paribas Group** | ■ Client focused: a CIB built up organically on the Group's historic client franchises<br>■ 2 well-balanced client franchises: Corporates and Institutionals<br>■ Cross-selling at the heart of the business model<br>■ Right size within the Group business mix (31% of allocated equity) |
| **Disciplined and Agile** | ■ Early adaptation to Basel 3 (2011-2012 deleveraging) and ongoing reduction of leverage exposure<br>■ E&C[1] downsizing largely completed at end-2015<br>■ New organisation implemented since the end of 2014 to speed up the evolution<br>■ Compliance, control and conduct: reinforcement of rules and set up |

**Revenues evolution vs. peers**




**CIB leverage exposure**

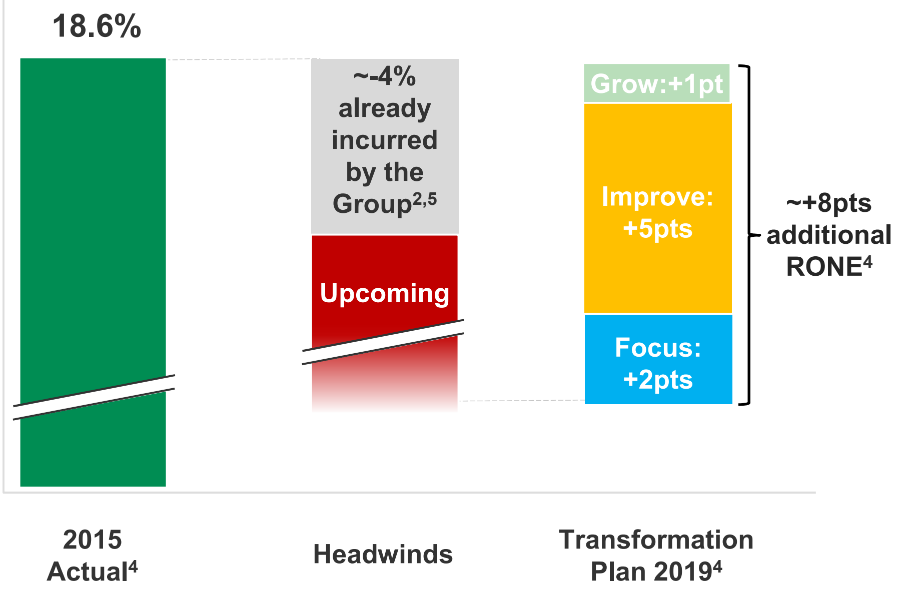



1. Energy & Commodity business line; 2. Evolution in Euros for 8 European CIB; 3. Evolution in USD for 6 US CIB

# CIB 2016-2019 Transformation Plan
# Swift Actions Required to Absorb Headwinds

- Constraints already partly incurred by the Group and not yet allocated to businesses
  - Contribution to Single Resolution Fund (SRF)
  - Increased CET1 ratio requirement
  - Equivalent to ~-4pts of RONE[1] as of today[2]
- Potential headwinds from upcoming regulatory changes
  - Reviews of RWA and models[3]
  - Other banking and market regulations (MiFID II, US regulation for FBOs, etc.)
  - Magnitude and timing still uncertain
  - Possible delay but "wait and see" is not an option

**Evolution of 2019 CIB RONE[1]**




- Transformation plan target: +8pts additional RONE[4]
  - Three implementation levers: Improve efficiency, Focus resources and Grow selectively
  - To be fine tuned and extended to 2020 in the Group upcoming 2017-2020 plan

*1. RONE: pre-tax Return On Notional Equity; 2. Based on the Group current CET1 ratio of 10.9%; 3. Review of credit & counterparty risk, market risk (FRTB) & equity risk, operational risk, securitization and residual Prudent Valuation Adjustment; 4. On the basis of actual 9% allocated equity; 5. Booked in Corporate Centre*

# CIB 2016-2019 Transformation Plan
# Three Levers Across All Regions & Business Lines

| Focus | Improve | Grow |
|---|---|---|
| **Free-up capital and balance sheet to fuel targeted growth** | **Optimize CIB operating model** | **Specific strategic growth initiatives** |
| ■ Reduce unproductive RWAs through portfolios' optimisation<br>■ Selective rightsizing of businesses, countries and client portfolios<br>■ Reinvest to capture market growth and increase market share | ■ Industrialise the set up<br>■ Improve operating efficiency<br>■ Deliver enough savings to support growth, while structurally reducing C/I ratio | ■ Further develop strategic clients<br>■ Invest in processing businesses: i.e. Securities Services and Transaction Banking<br>■ Specific investments in Americas and APAC |
| **RWA gross reduction: -€20bn**<br>**RWA reinvestment: +€10bn**<br>**Revenues: +€0.5bn**<br>**Costs[2]: -€0.05bn**<br>**+€~0.2bn in pre-tax income[4]** | **12% total cost savings[1,3]**<br>**Revenues: no impact**<br>**Costs[2,3]: -€0.95bn**<br>**+€0.95bn in pre-tax income[4]** | **+€21bn RWAs**<br>**Revenues: +€1.6bn**<br>**Costs[2]: +€0.5bn**<br>**+€~0.5bn in pre-tax income[4]** |

**One-off costs to achieve transformation: €800m over 2016-2019[5]**

*1. Gross savings based on 2015 total CIB costs base including €50m cost savings linked to Focus initiatives; 2. Excluding regulatory costs and inflation; 3. Including ~€90m of residual S&E savings; 4. After impact of regulatory projects, inflation and variable on costs, cost of risk and non operating revenues; 5. Booked in Corporate Centre (€300m in 2016, 250m in 2017 and 2018)*

# Conclusion

A well balanced and integrated business model resulting in a low risk profile and recurrent profit generation capacity

Solid organic capital generation
10.9% fully loaded Basel 3 CET1 ratio

Net tangible book value per share: €60.2
ROTE 2015: 10.1%

Preparation of a new 2017-2020 plan

Solid 2015 Group Results

Strong Financial Structure and Value Creation

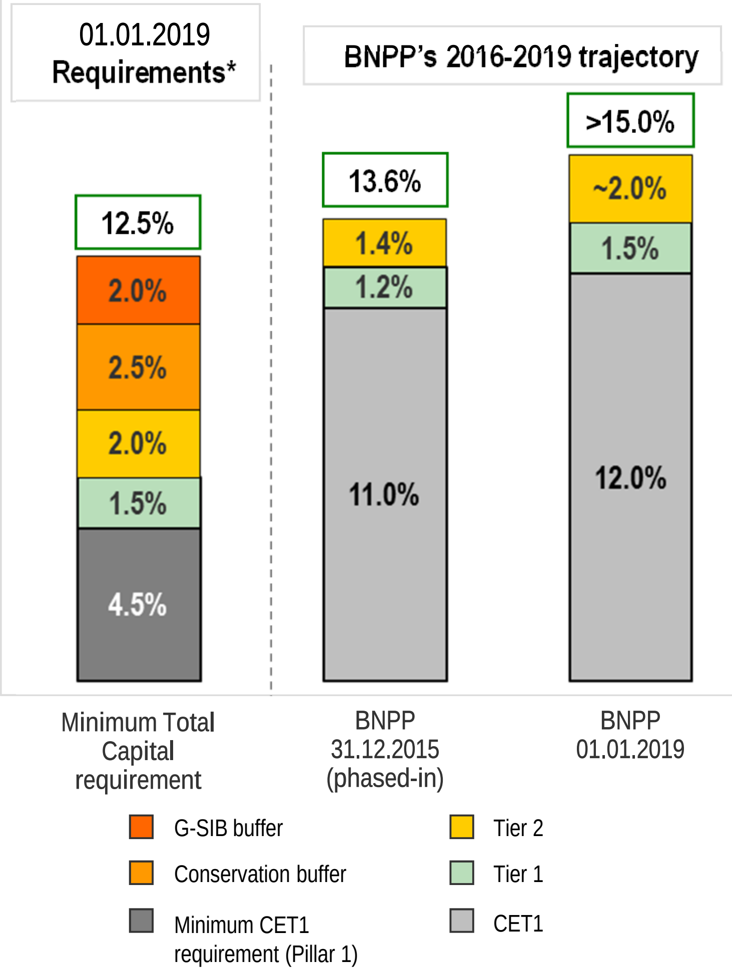
Operating Divisions Going Forward

# Appendix

# Evolution of the Total Capital Ratio by 2019

- Total Capital ratio requirement of 12.5% in 2019 based on SREP 2015*
- Target of a Total Capital ratio above 15% in 2019
  - Target of a fully loaded CET1 ratio of 12.0%
  - Issuance of €1.5 to €2bn of Additional Tier 1 per year during 3 years to achieve 1.5% of Tier 1
  - Issuance of €2 to €3bn of Tier 2 per year during 3 years to achieve ~2.0% of Tier 2
- Bringing the Total Capital to over €100bn
- Giving an excellent credit quality to the debt securities issued by BNP Paribas

## Total Capital Ratio

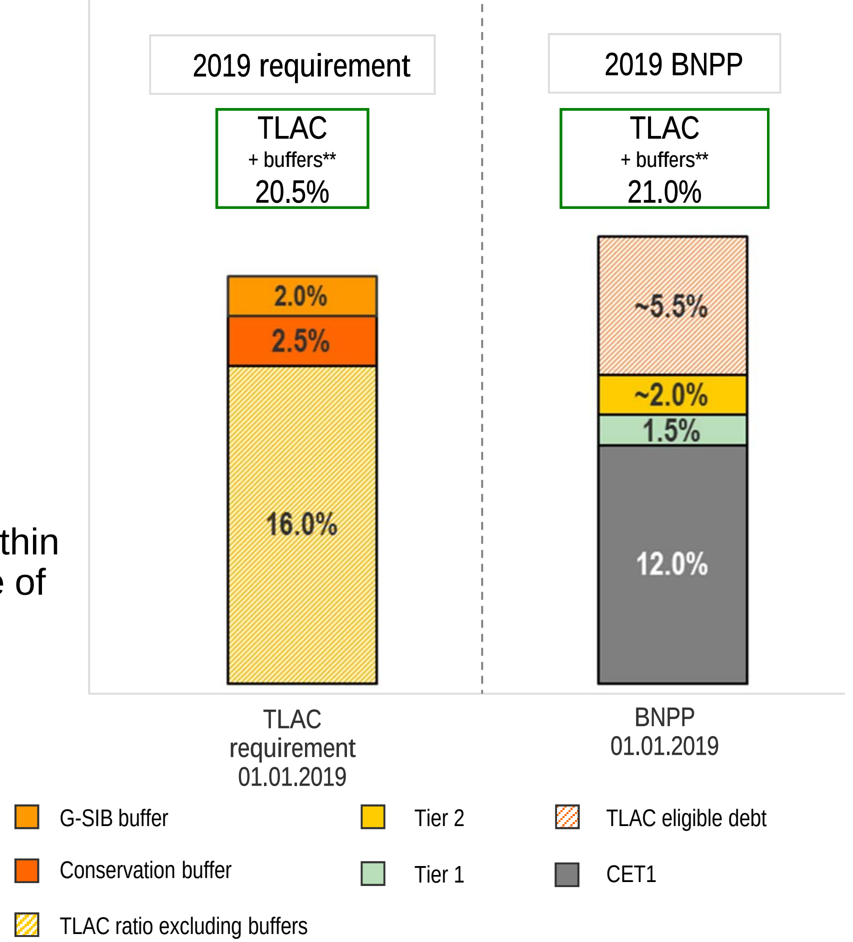



* *Reminder: Pillar 2 does not currently apply to Tier 1 and Total Capital as confirmed by the ECB in the 2015 SREP ; the SREP is carried out each year by the ECB, which can modify each year its capital adequacy ratio requirements*

# Evolution of the Total Loss Absorbing Capacity (TLAC) Ratio by 2019

- TLAC requirement of 20.5% in 2019
  - Including Conservation buffer and G-SIB buffer
- Target of a TLAC ratio of 21.0% in 2019
- Issue of ~€30bn of TLAC eligible senior debt by 01.01.2019*
  - Given a MREL level of 2.5% eligible for TLAC
  - Equivalent to ~€10bn per year, to be realised within the usual medium long term funding programme of about €25bn per year

## TLAC Ratio



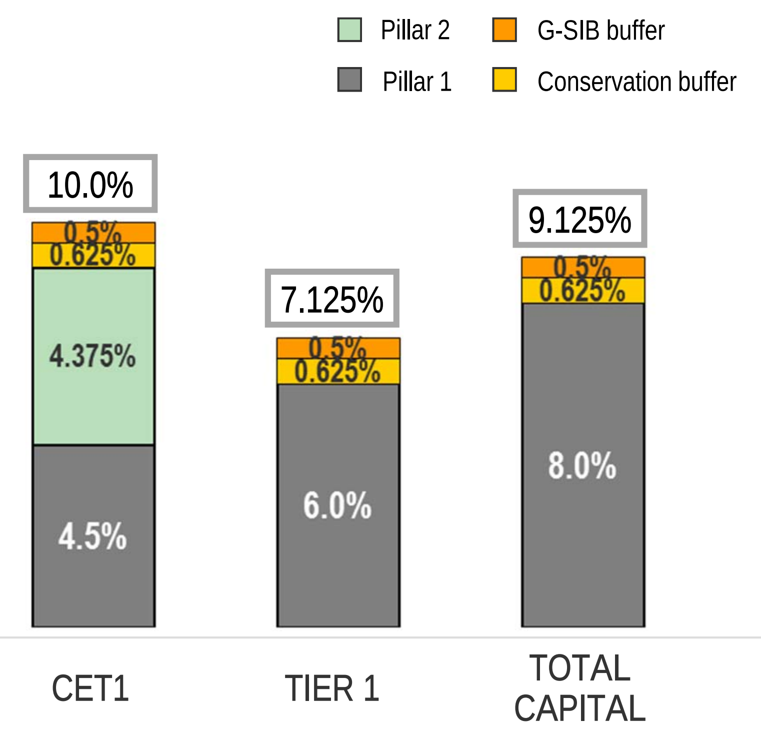

* *Depending on market conditions; ** Conservation buffer and G-SIB buffer*

# Buffers to Maximum Distributable Amount Restrictions as at 01.01.2016

- Reminder: Pillar 2 limited to the CET1 ratio
  - Pillar 2 not applicable to Tier 1 and Total Capital* ratio requirements
- 2016 CET1 requirement: 10.0%
- 2016 Tier 1 requirement: 7.125%
- 2016 Total Capital requirement: 9.125%
- Buffers as at 01.01.16 to Maximum Distributable Amount (MDA**) restrictions
  - CET1: 1.0% or €6.6bn***
  - Tier1: 5.1% or €32.0bn***
  - Total Capital: 4.5% or €28.5bn***

Management buffer largely above regulatory requirements

## Capital requirements as at 01.01.2016




| | CET1 | TIER 1 | TOTAL CAPITAL |
|---|---|---|---|
| BNP Paribas phased-in ratios as at 01.01.2016 | 11.0% | 12.2% | 13.6% |
| Buffers as at 01.01.2016 to MDA** restrictions | 1.0%<br>€6.6bn | 5.1%<br>€32.0bn | 4.5%<br>€28.5bn |

* Confirmed by the ECB in the 2015 SREP; ** As defined in Art. 141 of CRD4; *** Calculated based on €630bn of risk-weighted assets (phased-in)

# Wholesale Medium/Long-Term Funding

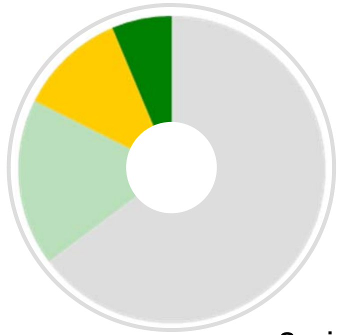
- 2015 MLT funding programme completed: €24.1bn
  - Senior debt : €19bn issued (average maturity of 4.3 years, mid-swap +24 bp)
  - Additional Tier 1: €2.1bn issued (mid-swap + 497 bp)
  - Tier 2: €3.1bn issued (average maturity of 9.4 years, mid-swap +165 bp)
  - Reminder: €14bn TLTRO taken at the end of December 2014

- 2016 MLT funding programme: €25bn
  - Of which Additional Tier 1: €1 to €2bn*
  - Of which Tier 2: €2 to €3bn*
  - Of which TLAC eligible senior debt: ~€10bn*

- Public issuances already made under the 2016 programme**:
  - Tier 2: €750m issued on 19.11.2015 (10 years) and €750m issued on 04.03.2016 (10 years)
  - Senior debt: €1.25bn issued on 08.01.2016 (7 years) and €1.0bn issued on 16.02.2016 (10 years)
  - Covered Bond: €750m issued on 22.01.2016 (5.5 years)

**Wholesale MLT funding structure breakdown as at 31.12.15: €142bn*****

*€bn*




** Depending on opportunities and market conditions; ** As at 4 March 2016; *** Excluding TLTRO; **** Debt qualified prudentially as Tier 1 booked as subordinated debt or as equity*

# ROE Accretive Bolt-on Acquisitions in 2014 and 2015

*Year of acquisition*

*Bolting onto existing businesses*

**2014**

**Bank BGZ** Poland
- Creation of the 7th largest bank in Poland with ~4% market share
- Broadening Group's digital banking offer BGZoptima

→ **BNPP Polska**

**50% of LaSer** Europe - France
- Merger completed on 1.09.2015
- Targeting 1% market share growth per year in France in 2016-2018

→ **Cetelem**

**DAB Bank** Germany
- ~1.6 million clients
- #1 online broker** and Top 5 digital bank in Germany

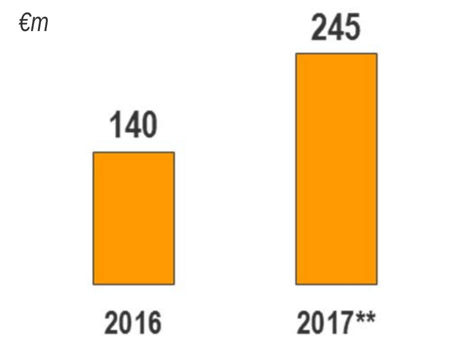
→ **Consors bank!**

**2015**

**GE Fleet Services** Europe
- +164,000 vehicles
- Arval now #1 in Europe with strengthened positions in all countries, ~950,000 vehicles

→ **Arval**

**Additional synergies expected by 2017***



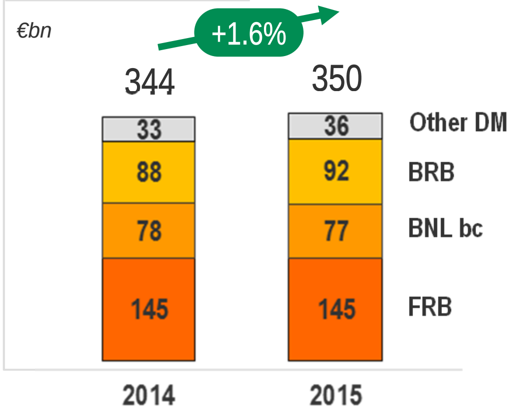

**Levers for additional profit generation going forward**

** Excluding restructuring costs ; ** Cumulated ; *** In terms of retail trades and securities accounts*

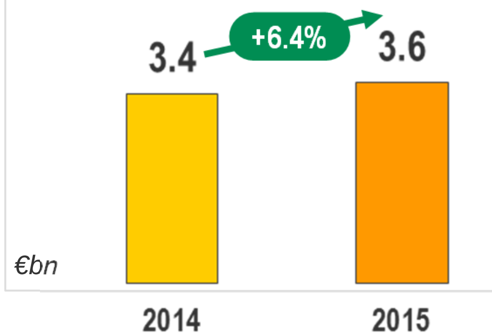
# Domestic Markets - 2015

- Business activity
  - Loans: +1.6% vs. 2014, gradual recovery in demand for loans
  - Deposits: +6.5% vs. 2014
  - Rise of private banking AuM in France, Italy and Belgium: +5.3% vs. 31.12.14
- Ongoing expansion of the digital offering and transformation of the customer experience : omni-channel, mobile and real time
- Revenues*: €15.9bn; +1.6% vs. 2014
  - Good performance of BRB, Arval, Leasing Solutions and Personal Investors
  - Impact of persistently low interest rates
- Operating expenses*: €10.3bn; +3.1% vs. 2014
  - +0.8% at constant scope and exchange rates **
- Pre-tax income***: €3.6bn; +6.4% vs. 2014
  - Decrease in the cost of risk, in particular in Italy

## Loans




## Pre-tax income***




**Good income increase**
**Gradual return to economic growth in Europe**

** Including 100% of Private Banking, excluding PEL/CEL effects; ** Excluding non recurrent contribution to the resolution process of 4 Italian banks (€65m) and one-off restructuring costs (€20m); *** Including 2/3 of Private Banking, excluding PEL/CEL effects*

# Domestic Markets - Medium-term Ambitions
# Structural Changes Requiring Transformation Actions

**Evolving customer behaviours & expectations**

- **Banking customers expectations increasing** with new digital standards: value added, seamless, efficiency and security
- Available data and digital tools create opportunities to **enrich the customer relationship** and generate new revenues

→ Traditional networks only partially answer these expectations: **reinvent client experience and adapt commercial strategy**

**New client relationship**

- Interactive & customised
- Accelerated time
- Direct access everywhere/every time
- Simple, reliable & intuitive

**Competition & digital disruption**

- **Internet giants** are developing financial service offerings, notably in the payment area
- **FinTechs** are attracting significant investments to innovate certain areas of banking activity

→ **Propose best-in-class offerings & services and agile implementation of new cooperation models**

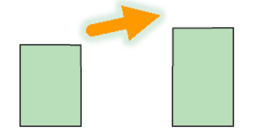
*Payments*
*Infrastructures*
*Market activities*
*Crowdfunding*
*Investment/planning*

**Profitability challenges**

- Low interest rate environment and margins under pressure
- Growing investment needs (IT/data) to align with new digital standards

→ **Roll-out digital transformation to reduce costs and adapt the historical operating model**

**Cost/Income**
(European banks)




**Regulatory changes**

- Additional complexity due to new regulatory requirements
- Expected to potentially alter the competitive landscape

→ **Create new digital customer journeys and seize opportunities entailed by regulatory evolutions**

***Revised European Directive on Payment Services***

***MiFID 2***

# Domestic Markets - Medium-term Ambitions
# Capitalise on BNPP's Differentiating Capabilities

## Multi-channel distribution model

**Integrated, multi-channel distribution platform** fully deployed in the Domestic Markets networks

→ **Better capitalise on digital tools and technologies mutualised across DM**

**BNPP Fortis**
- 3.6M clients

**FRB**
- 7.7M clients


**BGL BNPP**
- 209k clients

**BNL**
- 2.6M clients

## Networks optimisation

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

→ **Structural evolutions needed to cope with massive digitalisation of banking interactions**

**New branch formats**

*Proximity* | *Full services*

**More digitalised branches**
- Videoconference
- New mobile workstations
- Wi-Fi for customers

## Hello bank!

**Pan-European model** successfully rolled out

→ **Further adaptation to the competitive specificities of each country**

- **2.4M clients**
- **5 countries**

Hello bank! by BNP PARIBAS

Consors bank !

## Products & services innovation

**Fast roll-out of technological innovations**, notably in payments

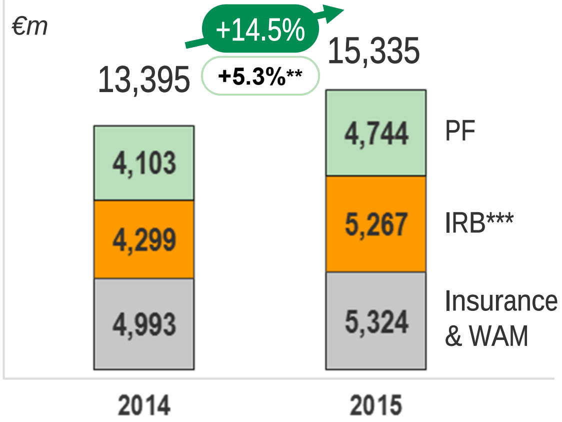
→ **Agile implementation of new internal solutions developed in house or through partnerships**

| | |
|---|---|
| **Trends & Sourcing** | L'ATELIER BNP PARIBAS GROUP; ECHANGEUR |
| **Incubation/Acceleration** to support start-ups | WAI; CO.STATION; LUISS EnLabs; Lux Future Lab |
| **Tests/Prototypes** | BNP PARIBAS INTERNATIONAL HACKATHON |
| **Venture Capital** | PARTECH VENTURES |

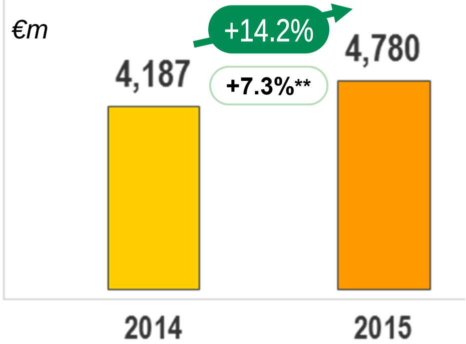
# International Financial Services - 2015

- Good business activity across all the business units
  - Personal Finance: continued growth drive
  - International Retail Banking*: sustained business activity and development of the digital offering
  - Insurance and WAM: good asset inflows in all the business units
- Integration of the acquisitions made in 2014 progressing well: Bank BGZ (Europe-Med) and LaSer (Personal Finance)
- Revenues: €15.3bn; +14.5% vs. 2014
  - +5.3% at constant scope and exchange rates
  - Good growth across all the business units, thanks to business drive
- Operating expenses: €9.3bn; +15.0% vs. 2014
  - +4.9% at constant scope and exchange rates, positive jaws effect (0.4 pt)
- Pre-tax income: €4.8bn; +14.2% vs. 2014
  - +7.3% at constant scope and exchange rates

## Revenues




## Pre-tax income



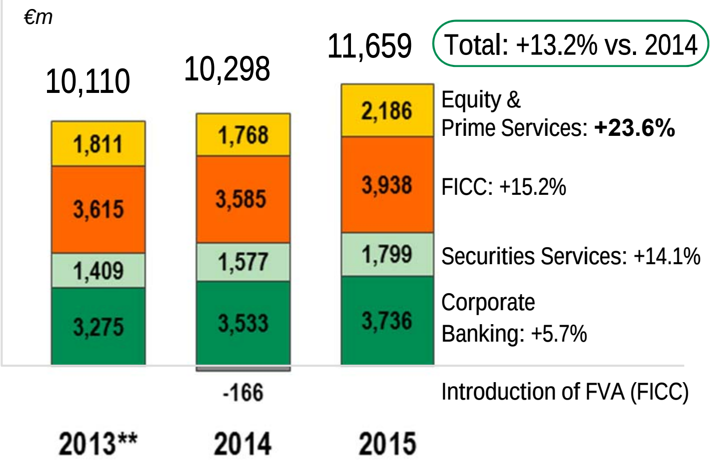

**Good performance across all the business units**

* Europe-Med and BancWest; ** At constant scope and exchange rates; *** Including 2/3 of Private Banking in Turkey and in the United States

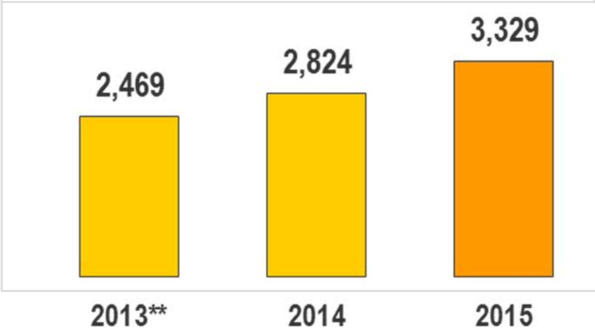
# Corporate and Institutional Banking - 2015

- Revenues: €11,659m (+13.2% vs. 2014)
  - Rise across all the business units: Global Markets (+18.1%*), Securities Services (+14.1%) and Corporate Banking (+5.7%)
  - Increase in Europe, strong growth in the Americas and rise in Asia-Pacific
- Operating expenses: €8,278m (+11.5% vs. 2014)
  - Positive jaws effect: +1.7 pts; cost/income ratio: 71%
  - +3.4% at constant scope and exchange rates: impact of the appreciation of the U.S. dollar
  - Increase in regulatory costs (implementation of the IHC***, compliance, etc.) partly offset by the effects of Simple & Efficient (~€176m in savings)
- Pre-tax income: €3,329m (+17.9% vs. 2014)
  - +7.6% at constant scope and exchange rates

## Revenues by business unit




## Pre-tax income




**Strong income growth**

* +14.4% excluding the impact of the introduction of Funding Valuation Adjustment (-€166m) in 2014; ** Including CIB and Securities Services; *** Intermediate Holding Company

# A Business Model Focused on Serving Two Balanced Franchises: Corporates and Institutionals

## BNP Paribas Group

### Corporate & Institutional Banking

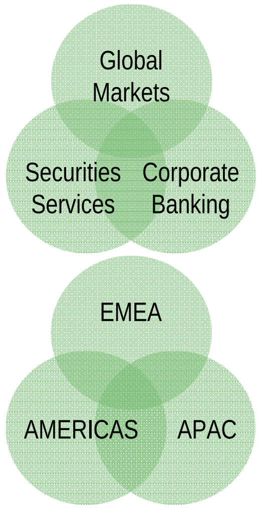
**Global Institutional Franchise (~9,500 clients)**

**Connect** clients to investment opportunities worldwide

**Structure** investment products for institutional clients

**Promote** advisory and optimised financing solutions

**Offer** custody and clearing solutions




**Global Corporate Franchise (~7,000 clients)**

**Offer** advisory and capital market products to corporates

**Structure** financing solutions

**Develop** new cash management and trade finance solutions

More than 10,000 clients of Domestic Markets and International Financial Services served by CIB in 2015

# CIB 2016-2019 Transformation Plan
# Improve Cost Efficiency

- **Cost savings: >€1bn vs. 2015**
  - All regions, businesses & functions contributing to the savings target
  - 200 efficiency projects to improve operating efficiency

- Industrialisation and deep changes in terms of set up
  - Optimised organisation of business lines (simplification, standardisation, etc.): -€260m
  - Smart sourcing including the development of mutualised platforms in Portugal, Canada and India: -€230m
  - Industrialisation of IT and operational process: -€365m
  - Digital solutions, expense discipline and other initiatives: -€180m

- Cost/income target: >-8pts by 2019[2]
  - Continued cost effort to offset impact on the costs of regulatory costs, inflation and growth initiatives

## Evolution of CIB cost base

*In €bn, excl. variable compensation*


*1. Including -€90m of residual effect from S&E; 2. Excluding constraints already partly incurred by the Group and not yet allocated to the business units and potential future constraints*

# CIB 2016-2019 Transformation Plan
# Focus and Grow: Improve Capital Productivity

## Focus initiatives

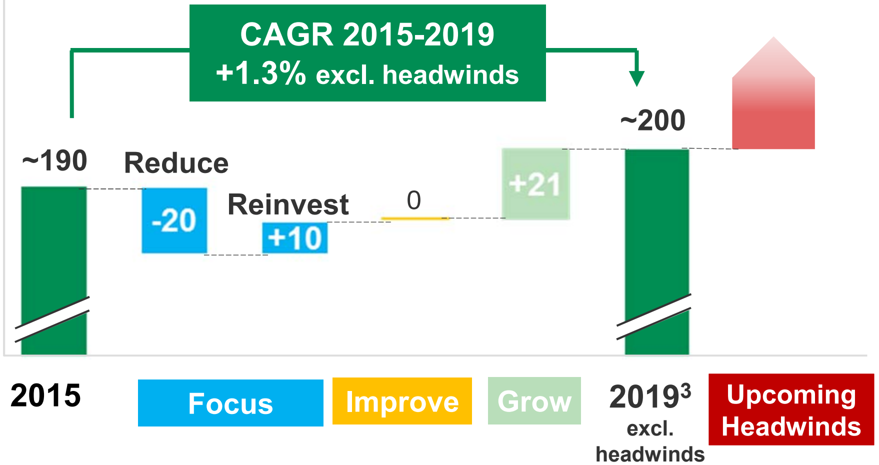
- Wind-down unproductive RWAs and residual legacy (-€12bn[1])
- Right-size low return activities and portfolios (-€8bn RWAs) and continue to develop the approach Originate to Distribute
- Adjust the set up in all regions (MEA[2] and Russia already under implementation)
- Contain leverage exposure
- Reinvest in existing businesses (~€10bn RWA) to capture market growth and gain market shares from competitors' retrenching

## Growth initiatives

- Develop less capital-intensive and fee-driven businesses (processing or advisory content)
- Leverage competitive edge in derivatives
- Develop digital platforms in all businesses
- Selective geographic initiatives

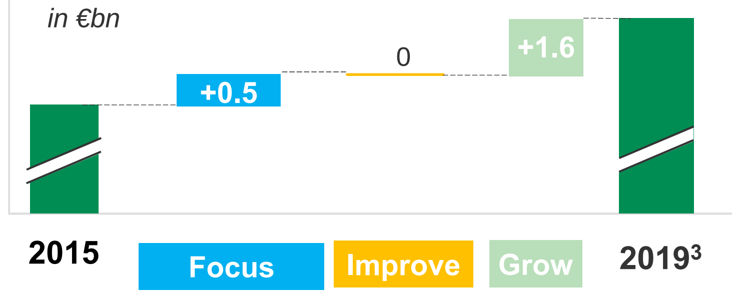
## CIB RWAs evolution

*in €bn*




## Estimated impact on revenues

*in €bn*




1. Global Markets; 2. Middle East-Africa; 3. At constant FX rate

# CIB Transformation Plan : Develop Less Capital-intensive Businesses & Advisory / Processing Activities

| | | Business lines | Transformation path | Trajectory 2016-2019 |
|---|---|---|---|---|
| Corporate Banking | **Processing Businesses** | • Securities Services<br>• Transaction Banking | ■ Become top 4 global multi-asset servicer<br>– Leveraging Group's financial institutions franchise and Global Markets platforms<br>■ Become leading multi-regional flow provider<br>– Reinforce Cash management franchises<br>– Selectively enhance trade finance capabilities | *Competitive positioning*<br>*RWA resources* |
| Corporate Banking / Global Markets | **Financing Businesses & Advisory** | • Financing Solutions<br>• Advisory<br>• Primary<br>• Prime Solutions & Financing | ■ Increase shift towards fee-driven products<br>■ Develop advisory, leveraging on Group's close relationships with corporates<br>■ Leverage Corporate Debt Platform to structure debt solutions and further grow corporate bonds origination<br>■ Benefit from market repricing in prime services | *Competitive positioning*<br>*RWA resources* |
| Global Markets | **Market Intermediation Businesses** | • Equities<br>• Credit<br>• Forex<br>• Rates<br>• Commodity Derivatives | ■ Invest in businesses with competitive edge or supporting the Group franchises (derivatives, credit, FX,…)<br>■ More efficient use of capital and balance sheet resources<br>■ Shift from voice to electronically traded markets | *Competitive positioning*<br>*RWA resources* |

# CIB 2016-2019 Transformation Plan
# Transformation Path Adapted to Regional Positioning

Competitive Positioning[1]

| EMEA (57% of 2015 revenues) | APAC (22% of 2015 revenues) | Americas (21% of 2015 revenues) |
|---|---|---|
| **BNP Paribas' home market:** among **European leaders** | **Good positioning in selected businesses** | **Opportunistic positioning**, behind firms with large US franchises |
| Positionning:<br>#1 Financing business and Securities Services<br>Top 3 Transaction Banking and Equity Derivatives<br>Top 5 Fixed Income | Positionning:<br>Top 5 Equity Derivatives<br>Top 9 Transaction Banking and Financing business<br>>Top 10 Fixed Income | Positionning:<br>Top 10 Transaction Banking<br>>Top 10 in other businesses |

Strategy

| EMEA | APAC | Americas |
|---|---|---|
| ■ Intensify focus on strategic clients to maximize wallet share<br>■ Grow in fee-driven businesses and Securities Services<br>■ Global Markets: focused investments in specific segments<br>■ Strong cost effort and resource optimization | ■ Capitalizing on the success of the APAC plan<br>■ Grow Europe-APAC cross-border business for Corporates<br>■ Grow franchise of large local clients with regional needs<br>■ Continue to develop cross-selling with Wealth Management | ■ Benefit from the momentum created by the CIB US plan<br>■ Focus on strategic clients with global needs to grow cross-selling<br>■ Grow wallet share of cross-border flow banking businesses<br>■ Optimise cost structure and benefit from investments on IHC[2] |
| **An even stronger European leader** | **Taking advantage of LT regional growth** | **Better align the platform** with the Group strategy and franchises |

*1. Source: Oliver Wyman 2014, Dealogic and internal; 2. Intermediate Holding Company*

# CIB 2016-2019 Transformation Plan
# CIB Transformation: 2019 Targets

A CIB…

**Creating sustainable value**

- Enhance operating efficiency and free-up resources to support selective growth
- Develop less capital-intensive businesses and more advisory / processing activities

**Integrated within the Group**

- Contribute further to the development of the Group corporate and institutional client franchises

**Investing in digital transformation**

- Develop fully digitalised processes and data analytics capabilities

**Responsible and inspiring for staff**

- Dedicated to finance the economy with the utmost ethical standards

## Key financial targets

| 2019 Target *vs 2015* | Revenues[1] (CAGR) | Cost Income[1] |
|---|---|---|
| CIB | ≥+4% | >-8pts |

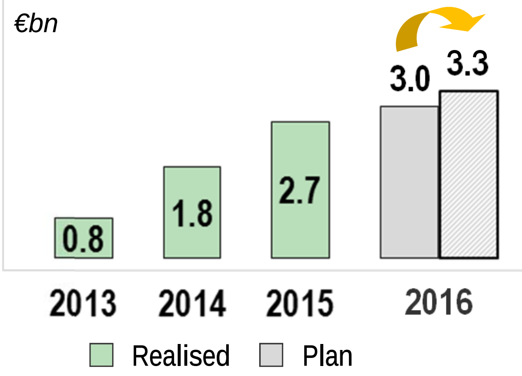
**2019 pre-tax income[1]: +€1.6bn vs 2015**

*1. Excluding constraints already partly incurred by the Group and not yet allocated to the business units and potential future constraints*

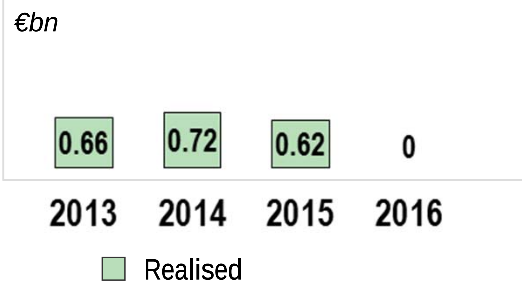
# Simple & Efficient

- Very good momentum throughout the entire Group
  - 1,380 programmes identified including 2,682 projects
  - 62% of projects initiated since 2013 already completed
- Cost savings
  - €2,738m since the launch of the plan, beyond the initial €2.6bn target in 2015
  - Equivalent to 91% of the €3.0bn target per year from 2016
  - Of which €978m booked in 2015
- Cost savings target raised from €3.0bn to €3.3bn
  - To offset additional compliance costs in 2016
- Transformation costs: €622m in 2015
  - Of which €232m in 4Q15

**Cumulative recurring cost savings**




**One-off transformation costs**

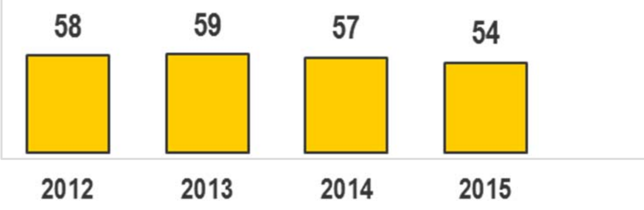



**Cost savings target raised from €3.0bn to €3.3bn to offset the strengthening of compliance set ups**

# Cost of Risk - 2015 (1/2)

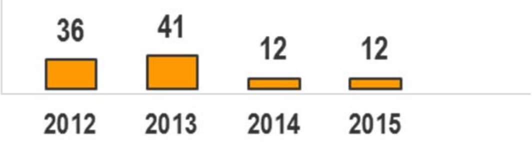
*Net provisions/Customer loans (in annualised bp)*

## Group




- Cost of risk: €3,797m (+€92m vs. 2014)
  - Scope effect linked to the acquisitions made in 2014 (+€143m vs. 2014)
  - Cost of risk down slightly excluding this effect

## CIB - Corporate Banking

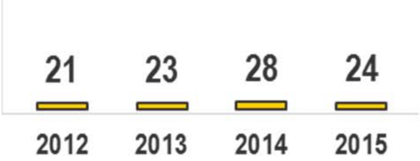



- €139m (+€8m vs. 2014)
- Cost of risk at a very low level

# Cost of Risk - 2015 (2/2)

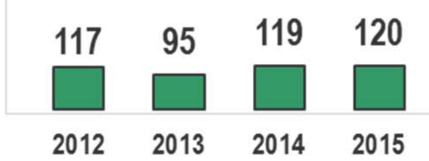
*Net provisions/Customer loans (in annualised bp)*

## FRB



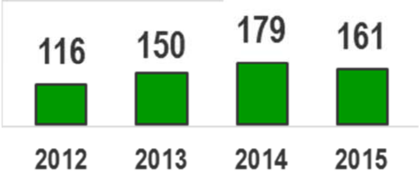

- €343m (-€59m vs. 2014)
- Cost of risk still low

## Europe-Mediterranean




- €466m (+€109m vs. 2014)
  - Scope effect linked to the acquisition of BGZ: €38m
- Cost of risk ~stable (bp)

## BNL bc




- €1,248m (-€150m vs. 2014)
- Decline in the cost of risk
- Significant decrease in doubtful loan inflows

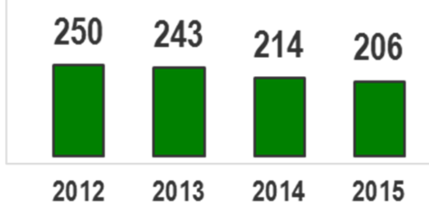
## BancWest


- €50m (stable vs. 2014)
- Cost of risk still very low

## BRB


- €85m (-€46m vs. 2014)
- Cost of risk particularly low

## Personal Finance



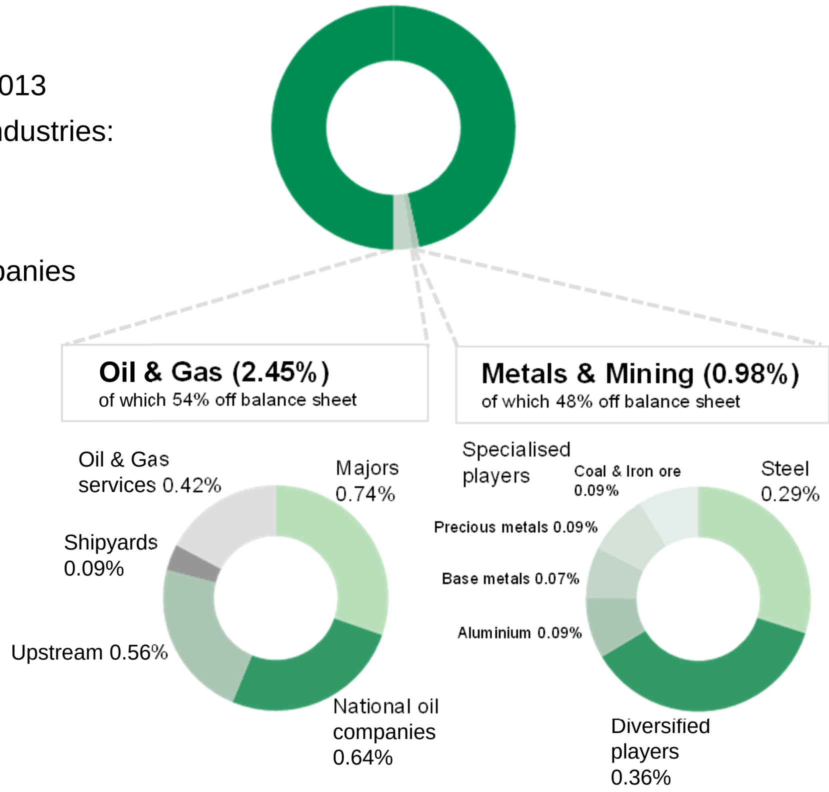

- €1,176m (+€81m vs. 2014)
  - Scope effect linked to the acquisitions
- Decrease in the cost of risk excluding this effect

# Specific Review of Industries Affected by Oil and Commodities Prices

- Review of industries affected by the decrease of oil and commodities prices
  - Exposure to Oil & Gas and Metals & Mining: respectively 2.45% and 0.98% of the Group's gross commitments on and off-balance sheet
  - Strong reduction of the Energy & Commodities business since 2013
  - Positive impact of the decrease of prices on a large number of industries: transport, chemicals, food & beverage, automotive
- Oil & Gas: €25.6bn net exposure*
  - Close to 60% of gross exposure on Majors and national oil companies
  - 75% of investment grade** exposure
  - Good coverage with collaterals for non investment grade** exposure
  - Short average maturity: less than 2 years
  - Only 1% of doubtful exposure
  - Reminder: sale of the Reserve Based Lending business in the US in 2012
- Metals & Mining: €8.4bn net exposure*
  - 60% of investment grade** exposure
  - Short average maturity: less than 2 years
  - Diversified portfolio with different sectorial dynamics
  - Only 3% of doubtful exposure

**Total gross commitments of the Group**

Total gross commitments on and off balance sheet, unweighted of €1,399bn as at 31.12.2015




**Well-diversified quality portfolios**

* Net of guarantees and provisions; ** External rating or BNP Paribas' equivalent rating