

BNP PARIBAS

ADVANCING TOWARDS 2020 AMBITION



Morgan Stanley Conference, London
20 March 2019



BNP PARIBAS

The bank for a changing world

Disclaimer

The figures included in this presentation are unaudited. For 2018 they are based on the new accounting standard IFRS 9 Financial Instruments whereas the Group has opted not to restate the previous years, as envisaged under the new standard.

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The sum of values contained in the tables and analyses may differ slightly from the total reported due to rounding.



Introduction



Ambitious policy of engagement in society



**Successful development of new customer experiences
and digital transformation**



**Additional cost savings
to deliver positive jaws in all operating divisions from 2019**



Strong organic capital generation



A confirmed 2020 ambition



An ambitious policy of engagement in our society with concrete impacts

Strong decisions for a low carbon economy & against tobacco

- **Stop financing** shale gas / oil, oil from tar sands and gas / oil in the Arctic
- **Stop financing the tobacco sector**

A leader in projects with a positive impact

- **World's Best Bank** for sustainable finance (Euromoney Awards for Excellence)
- **Ranked number 3 for all green bonds**



Support for social entrepreneurship

- **€1.6bn in financing** at the end of 2018
- **Act for Impact:** training relationship managers to cover social entrepreneurship in France



2020 ambition

Be a major contributor to the UN SDGs

- Contribution to the **17 Sustainable Development Goals (SDGs)** defined by the United Nations
- **€185bn** (vs €166bn in 2018) in financing for energy transition & sectors contributing to SDGs

Have a major role in the transition toward a low carbon economy

- **Speed up the Energy Transition** program to help clients implement new energy models
- **Green company for employees** (promote green means of transportation...)

Develop a positive impact culture

- **Train senior bankers** on operations with a positive impact
- Develop tools to **measure the positive impact** of actions undertaken



Successful Digital Transformation New Customer Experiences

DM

- ▶ Domestic Markets: > 8m digital clients (retail banking)
 - More day-to-day autonomy for clients: increase in usual transactions via apps (e.g. > 75% of changes of card payment limits at FRB done through selfcare)
 - Sharp rise in the number of contacts via mobile app in the networks* (66m visits in December 2018: +28% vs. December 2017)
- ▶ France's leading bank in terms of mobile functionalities (D-rating ranking)



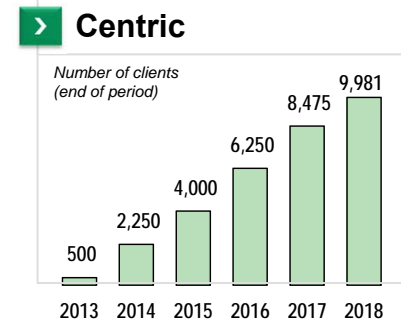
IFS

- ▶ 0.9m customers in digital banks (BGZ Optima and Cepteteb)
- ▶ Quick development of digital in Personal Finance
 - e-signature of 50% of new contracts, > 25 million monthly electronic account statements (>72% of statements)
 - Fully digital application process for consumer loans already rolled out in 7 countries



CIB

- ▶ A digital platform for corporates deployed in 45 countries providing access to 31 applications
- ▶ > 9,900 clients as at 31.12.18
- ▶ 1,500 new clients on-boarded onto Centric since end 2017



* FRB, BNL bc and BRB



Successful Digital Transformation Innovative Technologies & Artificial Intelligence

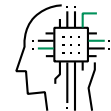
Innovative technologies

- ▶ **Swift development of robotics:** >500 robots already operational in the Group
 - DM: 280 robots operational at year-end 2018 (e.g. automated KYC* process handling 80% of the collection of the necessary documents)
 - IFS: >130 robots already operational (controls, reporting, data processing) and 17 chatbots deployed in the businesses (virtual assistants)
 - CIB: good development with notably 70 robots already operational in Securities Services at year-end 2018



Artificial Intelligence

- ▶ **Robo-advisory:** leveraging the acquisition of **Gambit** in wealth management and in asset management
 - Roll-out of **Birdee**, a digital investment advisory & management solution for individuals
 - New robo-advisory solutions to support retail & wealth management networks' advisors
- ▶ **Natural Language Generation:** 90 reports on funds generated every month in asset management thanks to artificial intelligence



* Know Your Customer



Successful Digital Transformation

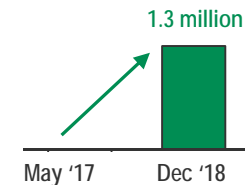
New Usage Trends & Launch Innovative Products

▶ LyfPay: added-value mobile payment solution to serve client relationship

- Launched in May 2017, already 1.3 M downloads of the App
- Developed with Crédit Mutuel* and with leading retail groups such as Carrefour & Auchan
- To be launched in Belgium
- Aiming to become the European reference for added-value mobile payment solutions



▶ App downloads



▶ Arval for me

- First online platform for individuals allowing them to service their cars through the auto repair garages under contract with Arval
- Operational in Italy and Spain: already 12,000 clients
- To be gradually extended to other countries



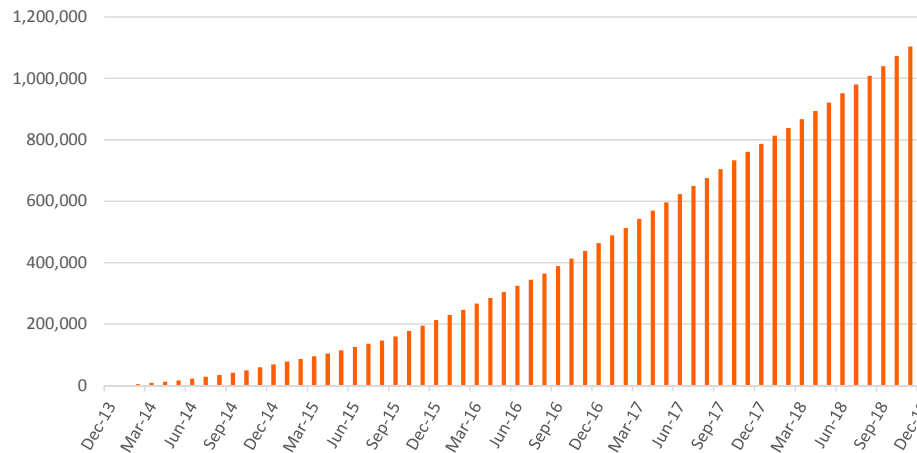
* CM11-CIC



Successful Digital Transformation New Account & Payment Services - Focus on Nickel

▶ Nickel: strong pace of development

- > 1.1 million accounts opened in less than 5 years



- Very successful development in its segment in France
- Offer tailored for clients requiring basic account & payment services (€20 / year)
- Targeting 2 million accounts opened in 2020
- Towards 10,000 points of sale (“Buralistes”) by 2020 (vs. 4,300 at end 2018)

▶ Nickel Chrome : a successful start of the new premium card

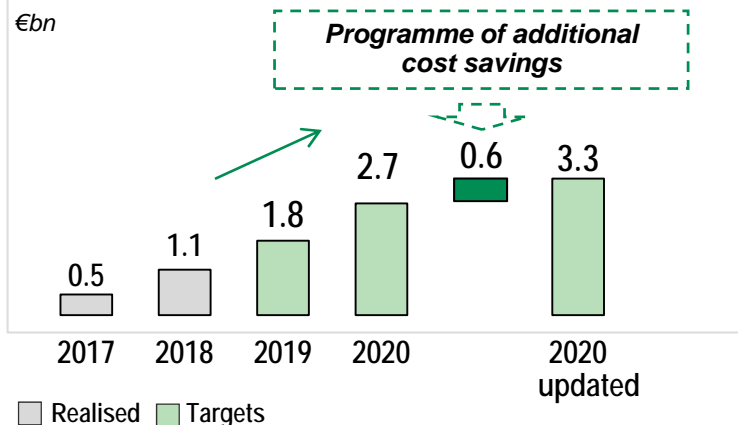
- Already 60,000 cards sold in 8 months (May - December 2018)
- Very competitively priced (€30 / year)

- ✓ Insurances & assistance comparable to a Gold card
- ✓ No additional costs abroad
- ✓ Personalised (wide range of colours,...)

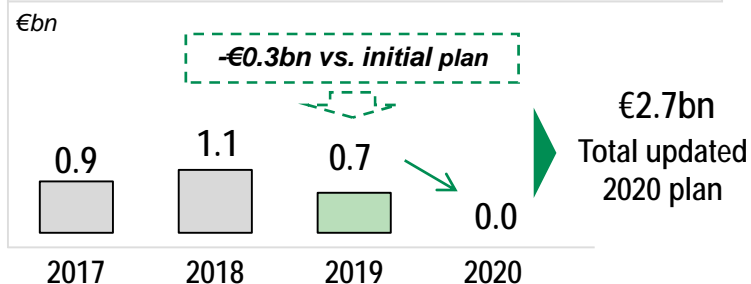


2020 Plan Enriched With new Savings and a Reduction in Transformation Costs

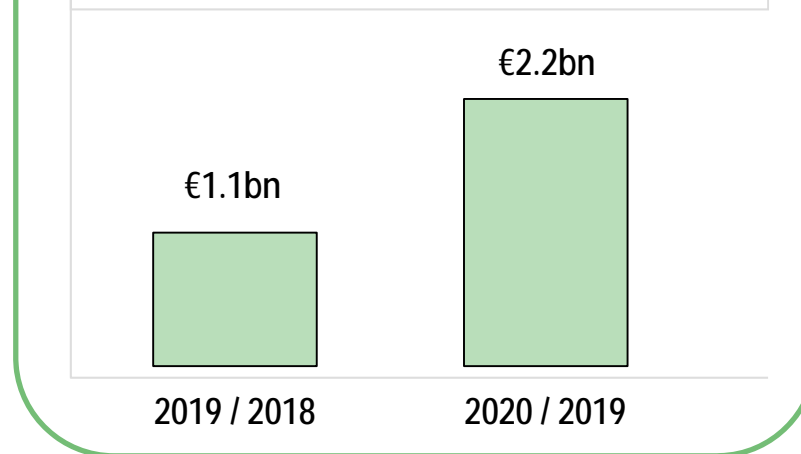
> Ramping up of cumulated recurring cost savings



> Reduction of one-off transformation costs



> Total gross positive impact on costs in 2019 & 2020 (YoY)



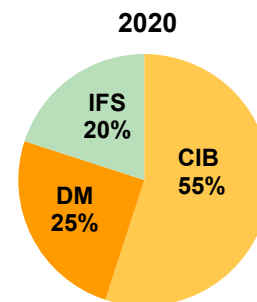
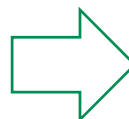
Significant cost benefits to come in 2019 and 2020 to generate positive jaws effect in each division



€600M Additional Recurring Cost Savings by 2020

➤ **€600m additional cost savings vs. the initial plan**

- €350m in CIB
- €150m in DM
- €120m in IFS



Human resources

- ▶ **Strict external hiring discipline - Foster internal mobility**
- ▶ **Significantly reduce external assistance / contractors**

IT

- ▶ **Further streamlining of the IT organisation**
- ▶ **Selective use of the public cloud** to reduce operating costs
 - Evolving progressively towards hybrid Cloud

Real estate

- ▶ **Optimisation of real estate footprint**
 - Stepping-up of flex offices
 - Near shoring initiatives
 - Proactively manage real estate portfolio (e.g. sell Paris centre buildings; buy in periphery)

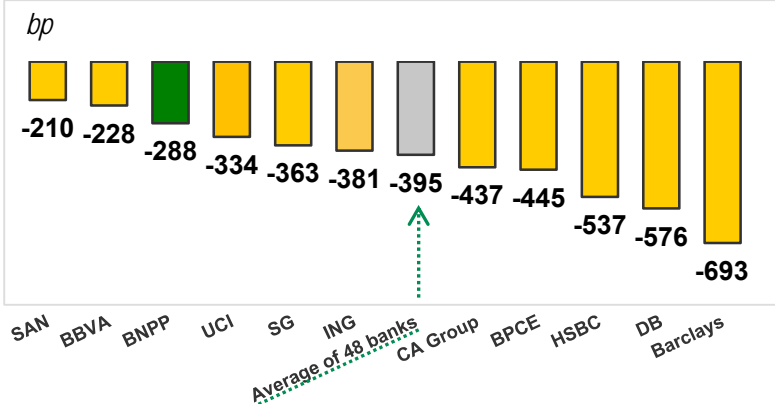
Control functions

- ▶ **Reinforcement of the industrialisation of the functions**
 - Increased use of artificial intelligence (compliance, risks...)
 - Streamlining of the set-up in connection with international mutualized competence centres



A Superior Quality Risk Profile Confirmed by Stress tests

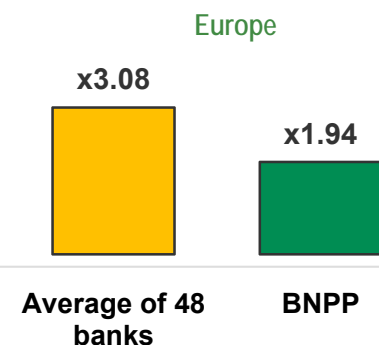
2018 European stress test: maximum impact of the adverse scenario on the CET1 ratio*



- Lower impact for BNPP of the adverse scenario: -107 bp compared to the average of 48 European banks tested
- Supervisory Review and Evaluation Process (SREP): Pillar 2 requirement for 2019 unchanged

Impact of the adverse scenario on credit risk

Adverse scenario vs. base scenario as a % (cumulated cost of risk over 3 years)



- A more limited potential rise in provisions:
 - Impact on the cost of risk of the adverse scenario vs. base scenario 37% below the average in Europe
 - Effect in particular of the **selectivity at origination** & of the **pro active policy** to improve credit risk, e.g.:
 - Reduction of the exposure on SMEs in Italy in 2013-2016
 - Personal Finance: increase from 20% in 2016 to 35% in 2018 of car loans (which are collateralized) in the credit mix & decrease of revolving credits
 - A cautious policy designed to **favour the quality of long-term risks vs. short-term revenues**

* Based on the fully loaded CET1 ratio as at 31.12.2017. For Santander, BBVA, HSBC and Barclays, the CET1 lowest level is not reached in year 3 (maximum impact in bps)



Domestic Markets 2020: in Line With Objectives 2020 Action Plan and Ambitions Confirmed

Strengthen the sales & marketing drive and grow revenues

- Continue **digital transformation** to enhance customer experience, offer new services, acquire new customers
 - ✓ A better segmented and more customised commercial approach
 - ✓ Simplified and digitalised end-to-end customer journeys
- Leverage on **leading positions** (private banking, corporates)
- Continue to **grow the specialised businesses** in growing markets (Arval, Leasing Solutions, Personal Investors & Nickel)

Improve operating efficiency

- Intensify **cost reduction measures** (> €0.15bn in additional savings vs. initial plan) and generate a **positive jaws effect**
- Continue **adapting the branch network** and support the growth of the specialised businesses
- Create omni-channel customer **service centres** and **roll out** end-to-end **digitalised processes**
- **Streamline the organisation** of the businesses (simplification, standardisation) and **adapt the information systems**

Continue the rigorous risk management policy

- Continue to **improve the risk profile of BNL bc**: target of a cost of risk at 50 bp in 2020 confirmed
- Low interest rate environment still favourable for cost of risk

2020 Trajectory

- **Confirmation of the 2020 trajectory**
- **Revenue trend slightly above** initial expectations
- **Significant improvement of the operating efficiency** (decrease in the cost income ratio in the networks and ~stability in the specialised businesses)
- **RONE* target confirmed**

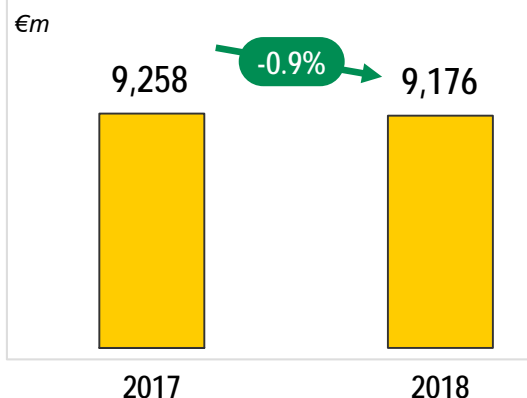
* Pre-tax return on notional equity



Domestic Markets

Costs' Reduction in the Retail Networks

Retail networks' operating costs*

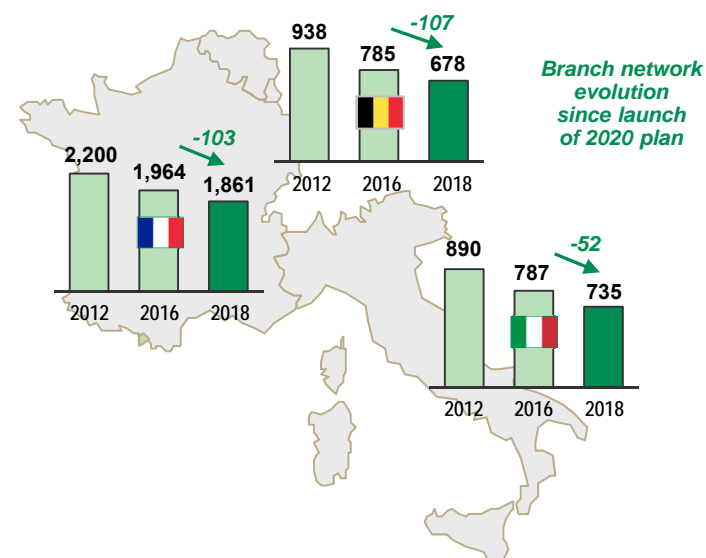


Actively deploying digital transformation and new operational model

- Further cost reduction planned in the networks thanks to the ongoing implementation of the 2020 plan
- e.g. Fortis' announcement on 15 March 2019 of the closure of 267 branches and an overall headcount reduction of ~2,200 by 2021

Continuing branch network optimisation

- 262 branches closed since 31.12.2016



Simplification and adaptation of the branch network management

- Implemented in the 3 networks



Ongoing cost reduction in the networks

Digital transformation & branch network optimisation

* FRB, BNL bc, BRB and LRB, including 100% of Private Banking



IFS: 2020 Trajectory in Line with the Plan despite an Unfavourable Foreign Exchange Effect

Pursue the growth of the businesses

- **Consolidate leading positions** in the business units by leveraging best in class offers
- **Continue digital transformation:** new client experiences, end-to-end digitalisation of processes and optimisation of data to further improve the offering
- Continue **the selective development of retail banking** outside the Eurozone and strengthen intra-Group cooperations
- **Execute the integration** of acquisitions made

Improve operating efficiency (positive jaws effect)

- **Industrialise & pool** the processes in all the businesses
- **Streamline** the product offering (Asset Management, Insurance)
- **Implement digital initiatives** specific to each of the businesses (distribution and client acquisition, management of product life cycles, new full digital products, etc.)
- **Intensify cost reduction measures** (> €0.12bn in additional savings vs. initial plan)

2020 trajectory*

- **Revenue growth in line with the plan**
 - On the back of good business drive and the acquisitions made
 - Despite the negative impact of the foreign exchange effect (USD and TRY)
- **Significant improvement in the cost/income ratio** but less than expected given the negative impact of the foreign exchange effect and of costs related to development initiatives (**positive jaws effect expected starting in 2019**)
- **Increase of the RONE**** to a level close to the target



Continued sustained growth in revenues and income

** Excluding FHB; ** Pre-tax return on notional equity*



Corporate and Institutional Banking

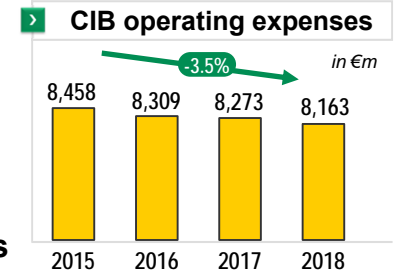
Active Implementation of the Plan

Good development of targeted client bases

- ▶ **Gain of over 215 new corporate group** clients in Europe since 2016 (of which 90 in 2018) in particular in targeted countries (Germany, UK, Netherlands and Scandinavia)
- ▶ **Onboarding of more than 60 new groups in the US** and **50 in Asia**
- ▶ **#1 in Corporate Banking, Cash Management and Trade Finance** for European large corporates*

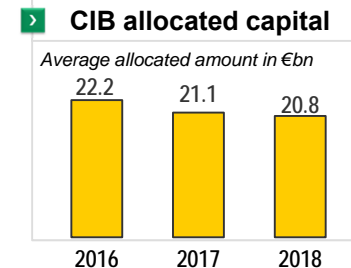
Decrease in costs

- ▶ **Decrease in costs for the 3rd year in a row (-3.5% vs. 2015)**
 - Reminder: CIB transformation plan launched in early 2016
 - €715m in savings achieved in 3 years (of which €463m since the end of 2016)
 - Rise in compliance costs, in banking taxes and in the contribution to the resolution fund
- ▶ **Ramping up of mutualised platforms** (Portugal, Canada, India) & **end-to-end processes**



Containment of allocated resources

- ▶ **2019 objective to reduce RWA (-€20bn) achieved one year ahead of schedule:**
 - -€20.5bn in RWA realised in 3 years, of which -€5.5bn in 2018 (sales of loans, securitisations, etc.)
 - Selective reinvestment in business development plans and impact of the tightening of the prudential calculation rules



* Source: Greenwich European Large Corporate Corporate Banking and Cash management (1Q2019) and Global Large Corporate trade Finance (4Q18) in market penetration



Corporate and Institutional Banking

A three-pronged action plan to intensify transformation

- **Particularly unfavourable environment in 2018** and decrease in profitability
- **Decrease of the global revenue pool in the CIB industry**

Need to intensify transformation in a less favourable context

Three-pronged structural actions to improve a profitability that deviated from the 2020 trajectory

1 Review of non-strategic and unprofitable business segments

Preliminary scope of potential exits

- Revenues: -€200 to -€300m
- Cost Income >100%
- Risk-weighted assets: ~€5bn

- e.g. stopped Opera Trading proprietary business and commodity derivatives in the US

2 Intensify the industrialisation to reduce costs

€850m in recurring savings by 2020

of which €350m in additional savings vs. the initial plan

- Electronisation of flow Global Markets businesses
- Shared platforms (*near-shoring*)
- Industrialisation, streamlining and mutualisation of IT & back offices

3 Focus on an even more selective & profitable growth

Continue strengthening positions on targeted client segments

- Reinforced cooperation between businesses (e.g. joint platform Corporate Banking/Global Markets)
- Continue development in targeted countries in Corporate Banking
- Capitalise on acquisitions made and large mandates in Securities Services



CIB 2020: Updated 2020 Objectives

► Focus on profitable growth

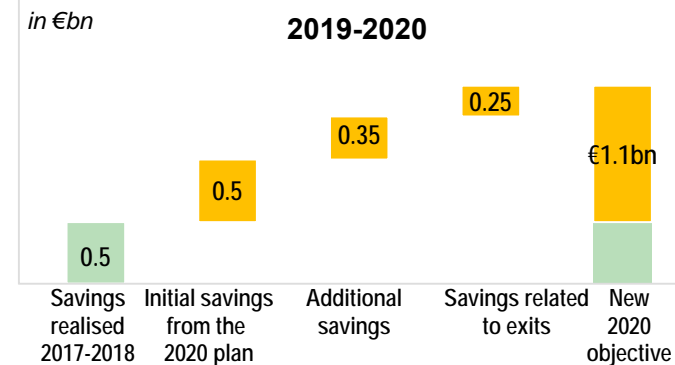
- Continue **strengthening leading positions** in Europe and **selective development** in the US and Asia
- **Deepen the integrated model** between the businesses and the regions (“One Bank”)
- **Develop digital initiatives** in all the businesses (electronic platforms, partnerships, etc.)
- Continue the development of **sustainable finance** (green bonds, etc.)

→ **Be the preferred European partner of our clients**

► Intensify transformation efforts

- **€1.1bn in cost savings** by 2020 (of which ~€250m related to the businesses exits)
- **~€12bn reduction in risk-weighted assets** by 2020 (of which €5bn related to business exits) to reinvest in business and offset regulatory constraints

► €1.1bn cost savings



► 2020 trajectory

- **Revise downward the 2020 revenue target**, recovering compared to the low 2018 base
- **Significant improvement of operating efficiency:** thanks to the additional cost saving efforts (positive jaws effect)
- **Rise in the RONE*** to a level very close to the initial target



A 2020 trajectory reviewed to focus on profitability

* Pre-tax return on notional equity

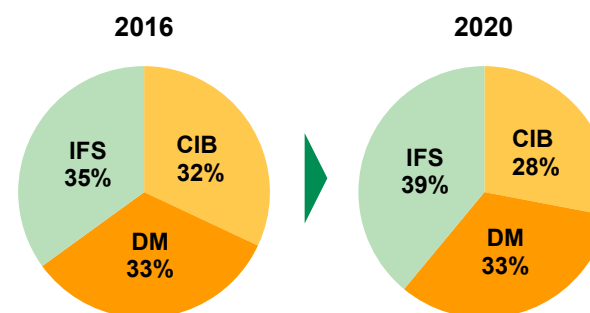


Domestic Markets and IFS In Line With the Plan

Adjustment of the CIB Trajectory

- Domestic Markets: trajectory in line with the 2020 plan
- IFS: trajectory in line with the 2020 plan
- CIB: amplification of the transformation
 - Adjustment of the revenues trajectory and increase in savings by 2020
 - Rise in the RONE to a level very close to the initial objective
- Growth in risk weighted assets: ~+2.5% (2018-2020 CAGR*)
 - Stability of CIB's risk weighted assets compared to 2016 vs 2% increase (2016-2020 CAGR*) in the initial plan
- Active management of the balance sheet (sales of non-core equity holdings or assets)
 - e.g. sale on 1st March 2019 of 9.23% of SBI Life
- No new acquisitions envisaged
- Organic capital generation of at least 30 bps per year (after dividend distribution)

Allocation of Notional Equity to the Operating Divisions



- Example of active management of the balance sheet: **sale on 1st March 2019 of 9.23% of SBI Life**
 - Positive impact of close to 5 bps on CET 1
 - >450 M€ capital gain after tax

> RONE growth in each of the operating divisions

* Compound annual growth rate



Updated 2020 Plan Targets

	<u>Updated estimates</u>	<u>Initial Targets</u>
Revenue growth	2016-2020 CAGR ⁽¹⁾ ≥ +1.5%	2016-2020 CAGR ⁽¹⁾ ≥ +2.5%
Recurring cost savings target starting from 2020	€3.3bn	€2.7bn
Cost income ratio	64.5%	63%
ROE	9.5%	10%
Fully loaded Basel 3 CET1 ratio	≥ 12%	12%
Pay-out ratio	50% (€3.02 in 2018) ⁽²⁾	50% ⁽²⁾

- Increase in earnings per share (2020 vs. 2016): > +20%
- Increase in dividend per share (2020 vs. 2016): +35%
- ROTC: > 10.5% in 2020

> Significant increase in earnings and dividend per share

⁽¹⁾ Compound annual growth rate; ⁽²⁾ Subject to shareholder approval



Conclusion



Ambitious policy of engagement in society



**Successful development of new customer experiences
and digital transformation**



**Additional cost savings
to deliver positive jaws in all operating divisions from 2019**



Strong organic capital generation



A confirmed 2020 ambition

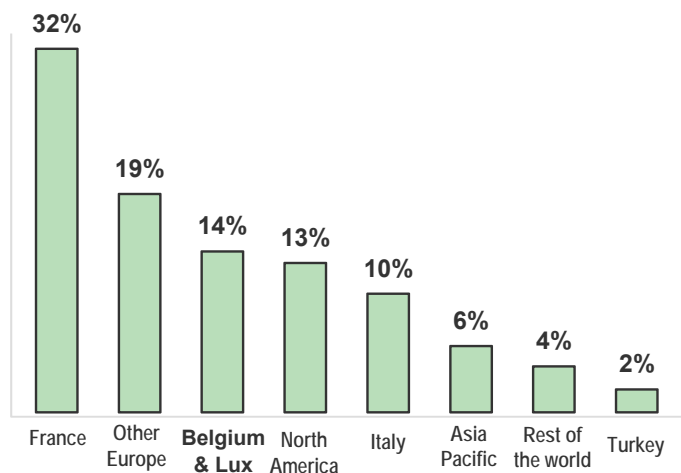


Appendix

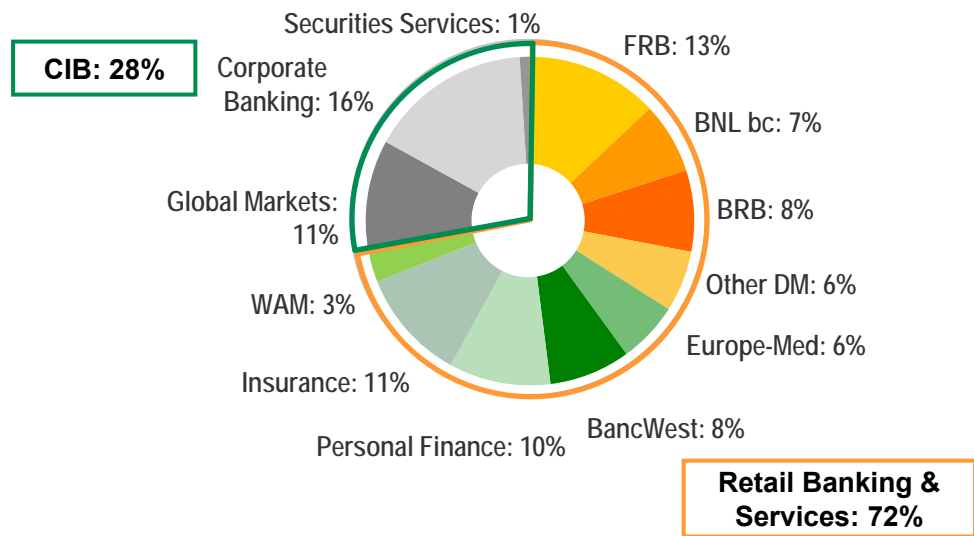


A Business Model Well Diversified by Country and Business

> **2018 Gross Commitments* by region**
>90% in wealthy markets



> **2018 Allocated equity by business**
No single business line > 16%



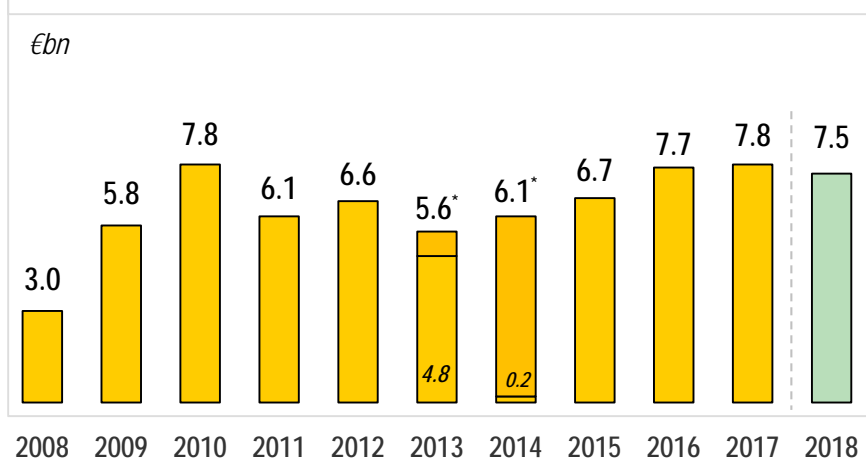
- A balanced business model: a clear competitive advantage in terms of revenues and risk diversification
- An integrated business model fuelled by cooperation between Group businesses
- Strong resilience in changing environments

> **No country, business or industry concentration**

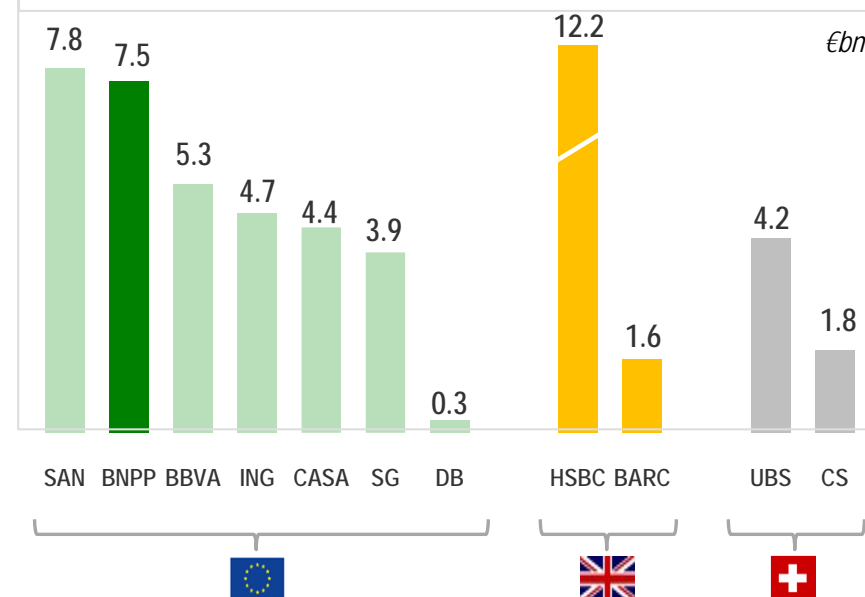
* Total gross commitments, on and off balance sheet, unweighted of €1,530 bn as at 31.12.18

...Leading to Recurrent Income Generation

➤ Net Income Group Share (2008-2018)



➤ 2018 Net income Group Share (€ mln)

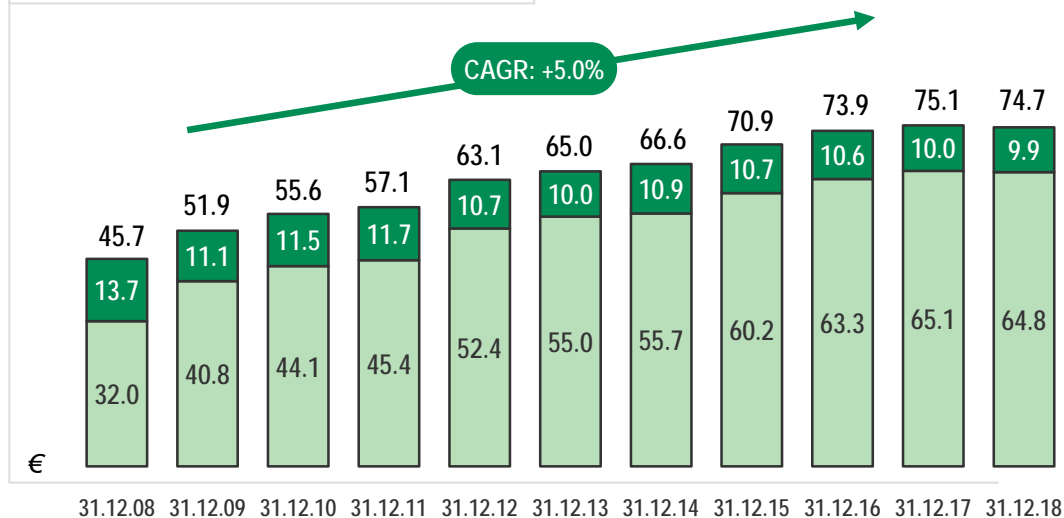


- Recurrent earnings generation through the cycle
 - Strong proven capacity to withstand local crisis and external shocks
 - Leading Eurozone bank in terms of profit generation

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

...and Recurrent Value Creation for Shareholders

> Net book value per share

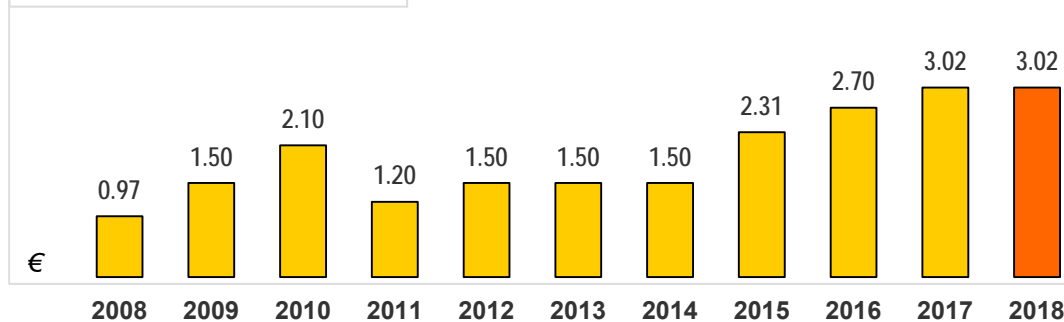


Reminder:

- One off equity impact of the first time application of IFRS 9 as at 01.01.18: -€2.5bn or €2 per share

Net tangible book value per share

> Dividend per share



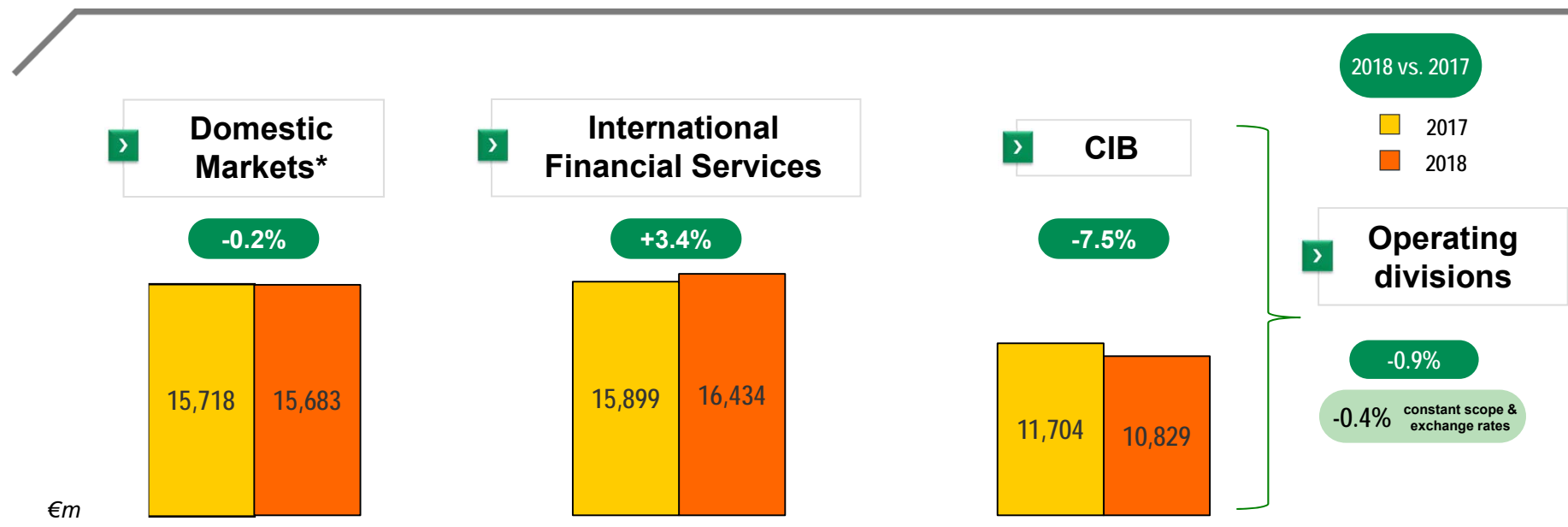
● **Dividend*: €3.02 per share**
(stable vs. 2017)

- Paid in cash
- **Dividend yield: 7.1%****

* Subject to the approval of the Annual General Meeting on 23 May 2019, shares will go ex-dividend on 29 May 2019, payment on 31 May 2019; ** Based on the closing price on 8 March 2019 (€42.35)



Revenues of the Operating Divisions - 2018



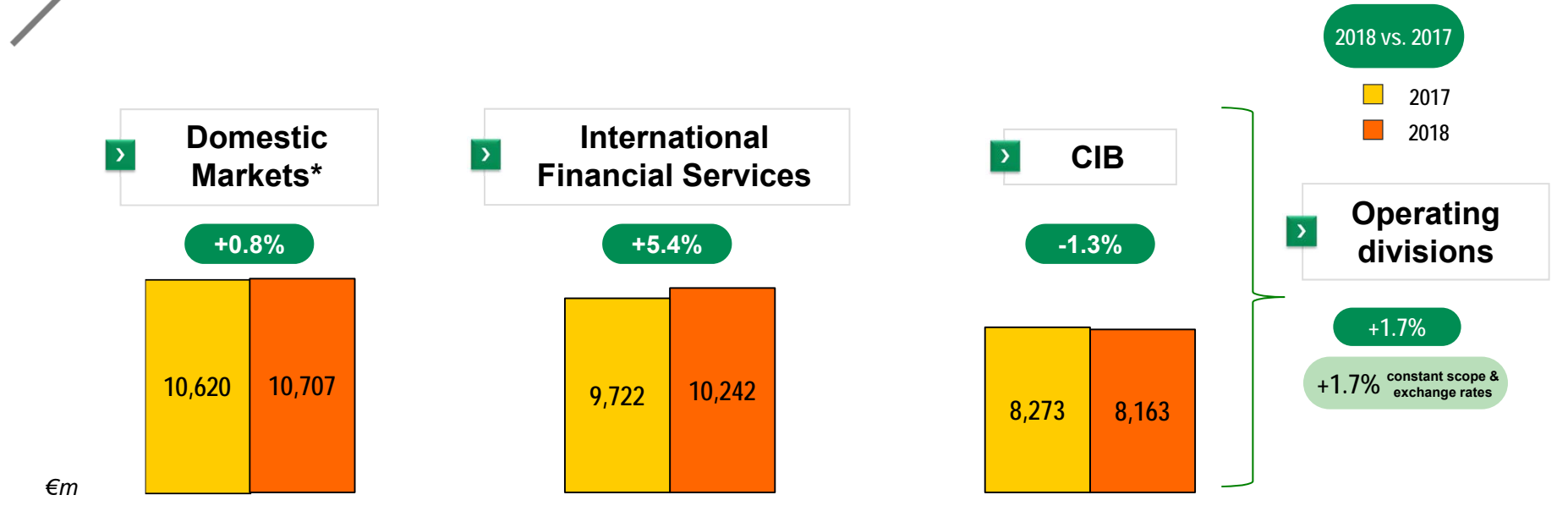
- Domestic Markets: slight decrease in revenues of the networks due to the still low interest rate environment but growth of the revenues of the specialised businesses
- IFS: good growth despite an unfavourable foreign exchange effect (+6.6% at constant scope and exchange rates**)
- CIB: lacklustre market context (particularly challenging conditions at the end of the year), but good development in the targeted customer segments

Revenues of the operating divisions held up well despite unfavourable market context

* Including 100% of Private Banking in France (excluding PEL/CEL effects), in Italy, Belgium and Luxembourg; ** Excluding the impact of the fall in markets on assets accounted at market value in Insurance



Operating expenses of the Operating Divisions - 2018



- Domestic Markets: operating expenses down in the networks (-0.9%**)
but increase in the specialised businesses on the back of the development of the activity
- IFS: support of the increase in business and development of new products (+5.9% at constant scope and exchange rates)
- CIB: significant decrease in costs at Global Markets (-7.5%) but increase at Securities Services and Corporate Banking as a result of business development

Development of the specialised businesses of DM and IFS
Decrease in the costs of the networks and at CIB

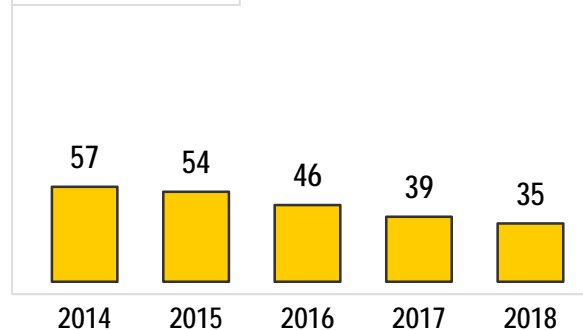
* Including 100% of Private Banking in France, Italy, Belgium and Luxembourg; ** FRB, BRB, BNL bc and LRB



Cost of risk - 2018 (1/2)

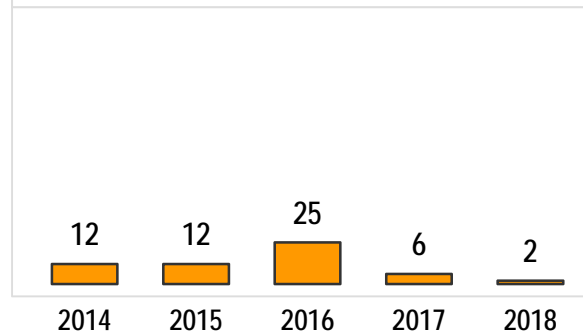
Cost of risk/Customer loans at the beginning of the period (in bp)

> Group



- Cost of risk: €2,764m (-€143m vs. 2017)
- Decrease in the cost of risk

> CIB – Corporate Banking



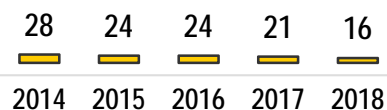
- €31m (-€39m vs. 2017)
- Provisions offset by write-backs
- Reminder: positive effect of provision write-backs since 2014



Cost of risk - 2018 (2/2)

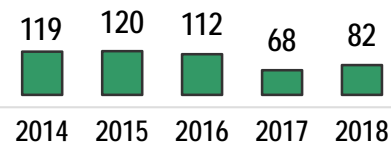
Cost of risk/Customer loans at the beginning of the period (in bp)

> FRB



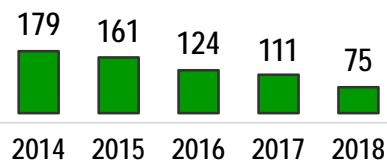
- €288m (-€42m vs. 2017)
- Cost of risk still low

> Europe-Mediterranean



- €308m (+€49m vs. 2017)
- Reminder: positive impact of provision write-backs in 2017
- Moderate increase in the cost of risk in Turkey

> BNL bc



- €592m (-€279m vs. 2017)
- Confirmation of the decrease in the cost of risk

> BancWest



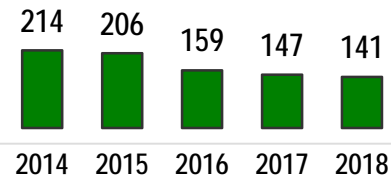
- €82m (-€29m vs. 2017)
- Cost of risk still low

> BRB



- €43m (-€22m vs. 2017)
- Very low cost of risk

> Personal Finance



- €1,186m (+€177m vs. 2017)
- Effect of the rise in loan outstandings
- Cost of risk at a low level



Domestic Markets - 2018

- Growth in business activity

- Loans: +4.9% vs. 2017, good loan growth in retail networks and in the specialised businesses (Arval, Leasing Solutions)
- Deposits: +5.2% vs. 2017, growth in all countries
- Private banking: good net asset inflows (€4.4bn)
- Hello bank!: 3 million customers at year-end 2018 (+3.4% vs. 31.12.2017)
- Nickel: > 1.1 million accounts opened (+44% vs. 31.12.2017)



- New customer experiences & continued digital transformation

- Implementation of new digital services in all businesses

- Revenues*: €15,683m (-0.2% vs. 2017)

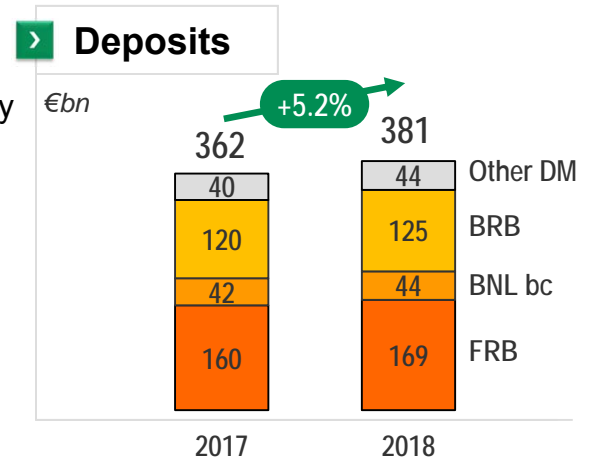
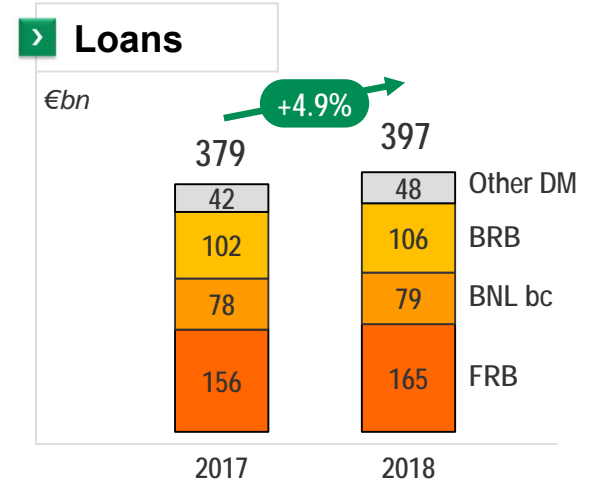
- Impact of the low interest rate environment partly offset by increased activity
- Good growth in the specialised businesses

- Operating expenses*: €10,707m (+0.8% vs. 2017)

- Rise in the specialised businesses due to the development of the activity
- Decrease in the networks (-0.9%)

- Pre-tax income**: €3,663m (+3.4% vs. 2017)

- Significant decrease in the cost of risk, in particular at BNL bc



> **Good business drive and rise in income**

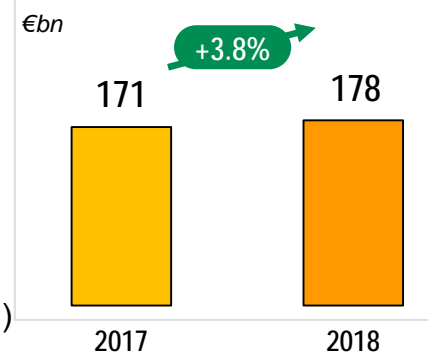
* Including 100% of Private Banking, excluding PEL/CEL; ** Including 2/3 of Private Banking, excluding PEL/CEL



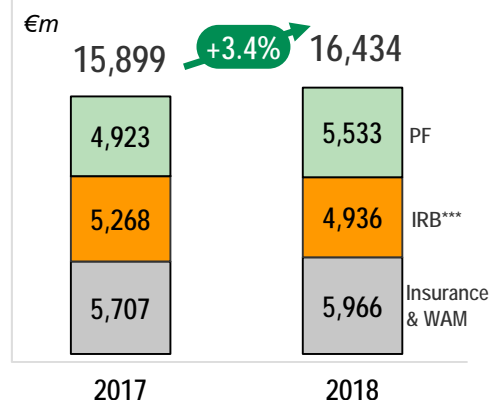
International Financial Services - 2018

- Unfavourable foreign exchange effects (depreciation of the Turkish lira and the US dollar) and scope effects
- Sustained business activity
 - Outstanding loans: +3.8% vs. 2017 (+7.1% at constant scope and exchange rates)
 - Good level of net asset inflows: +€13.4bn (assets under management: -2.2% vs. 31.12.17 due to the significant drop in markets at the end of the year)
- Revenues: €16,434m; +3.4% vs. 2017
 - +6.6% at constant scope and exchange rates and excluding the impact of the fall in markets at the end of the year on the market value of assets in Insurance (-€180m)
- Operating expenses: €10,242m; +5.4% vs. 2017
 - +5.5% at constant scope and exchange rates and excluding non-recurring items*
 - As a result of business development and new product launches
- Other non-operating items: €208m (€433m in 2017)
 - Sale of First Hawaiian Bank shares (no more fully consolidated from 01.08.18): €151m capital gain**
 - 2017 reminder: sale of a 4% stake in SBI Life (€326m capital gain)
- Pre-tax income: €5,310m (-8.8% vs. 2017)
 - +3.3% at constant scope and exchange rates and excluding the impact of the fall in markets at the end of the year in Insurance & non-recurring items*

Outstanding loans



Revenues



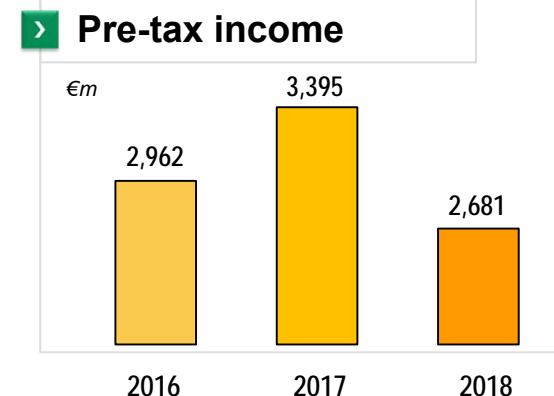
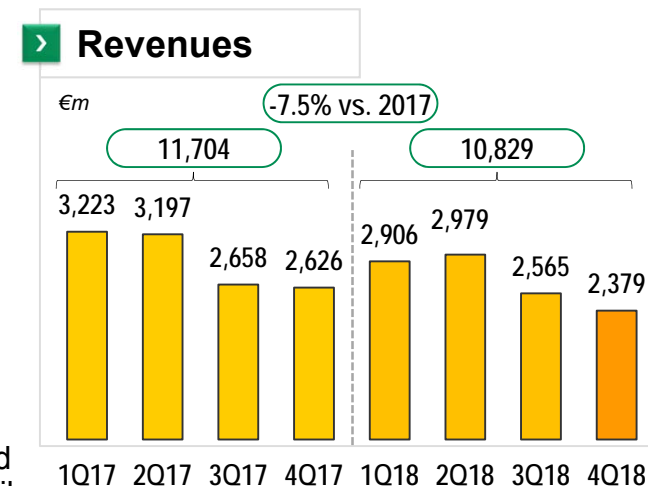
Good business growth

* BancWest, Asset Management, Real Estate Services; ** €135m exchange difference booked in the Corporate Centre, FHB accounted under the IFRS 5 standard (assets to be sold) as of 30.06.18 and transferred to the Corporate Centre as of 1 October 2018; *** Including 2/3 of Private Banking in Turkey and in the United States



Corporate and Institutional Banking - 2018 Summary

- Leading positions in Europe
 - Ranked # 3 (tied) in EMEA* with strong positions (bond issues in euros: #1; syndicated loans: #1; securities business: #1)*
 - Worldwide market share above 2.0%, stable vs. 2016**
- Revenues: €10,829m (-7.5% vs. 2017)
 - Global Markets (-15.4%): unfavourable context for FICC in 2018 in Europe and impact of exceptionally negative market movements for Equity & Prime Services at the end of the year
 - Corporate Banking (-4.6%***): +0.3%*** excluding capital gains realised in 2Q17 and impact of the sectorial policies (stopped financing of gas/oil from shale and tobacco companies)****
 - Securities Services (+8.7%***): continued growth
- Operating expenses: €8,163m (-1.3% vs. 2017)
 - Effect of cost-saving measures (€221m in 2018) and implementation of digital transformation (automation, end-to-end processes)
- Pre-tax income: €2,681m (-21.0% vs. 2017)
 - Decrease in the cost of risk



**Very unfavourable market context this year
Impact on income attenuated by the decrease in costs**

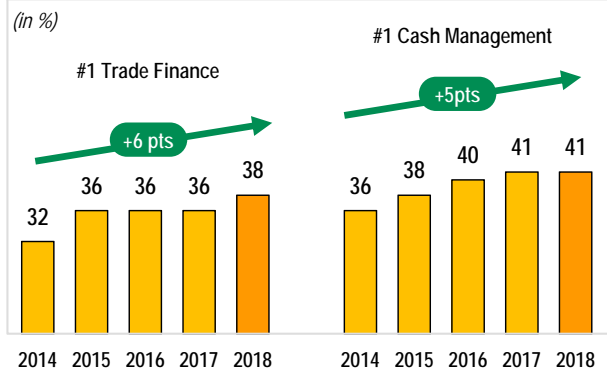
* Source: ranking EMEA (9M18 revenues); Dealogic rankings by volume; securities business: assets under custody as at 31.10.18; ** Source: Coalition *** Excluding the transfer as of 3Q18 of correspondent banking business from Corporate Banking to Securities Services (Revenues: -€25m in 2H18); **** Capital gains realised in 2Q17 in Corporate Banking (€102m), stopped the financing to gas & oil from shale and tobacco companies (-€100m)



Corporate & Institutional Banking

Growing Customer Franchises

European market penetration on corporates⁽¹⁾



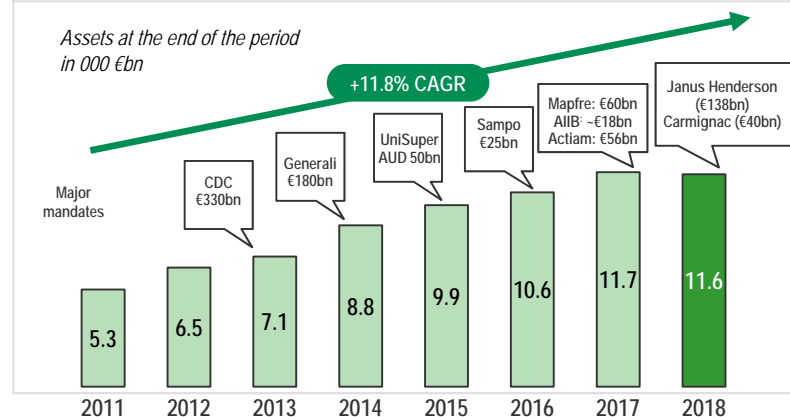
► #1 on European Large Corporate Banking

- Increased market penetration in Trade Finance & Cash Management

► Strengthening the footprint with corporates in targeted countries in Europe

- Notably Germany, Netherlands, UK & Scandinavia
- Over 215 new client groups gained since 2016 in EMEA⁽²⁾

Assets under custody and under administration



► Institutionals: bolster our presence

- Continuing to gain new mandates in Securities Services & to develop its multi-local model
- Strengthening the coordinated offering of the businesses (*One Bank Approach*)

⁽¹⁾ Source: Greenwich Share Leader Survey (European Top-Tier Large Corporate Cash Management, European Top-Tier Large Corporate Banking, Global large Corporate Trade Finance); ⁽²⁾ Europe, Middle East & Africa

