

**Second Supplement dated 15 February 2018**  
**to the Euro Medium Term Note Programme Base Prospectus dated 2 August 2017**



**BNP PARIBAS**

*(incorporated in France)*

*(as Issuer)*

**€90,000,000,000**

**EURO MEDIUM TERM NOTE PROGRAMME**

This second supplement (the "**Second Supplement**") is supplemental to, and should be read in conjunction with, the base prospectus dated 2 August 2017 (the "**Base Prospectus**") and the first supplement to the Base Prospectus dated 6 November 2017 (the "**First Supplement**"), in each case in relation to the €90,000,000,000 Euro Medium Term Note Programme (the "**Programme**") of BNP Paribas ("**BNPP**", the "**Bank**", or the "**Issuer**").

The Base Prospectus and the First Supplement together constitute a base prospectus for the purposes of Article 5.4 of the Prospectus Directive. The "**Prospectus Directive**" means Directive 2003/71/EC of 4 November 2003 (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in a relevant Member State of the European Economic Area. The *Autorité des marchés financiers* (the "**AMF**") granted visa no. 17-415 on 2 August 2017 in respect of the Base Prospectus and visa no. 17-574 on 6 November 2017 in respect of the First Supplement. Application has been made to the AMF for approval of this Second Supplement in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements the Prospectus Directive in France.

BNPP accepts responsibility for the information contained in this Second Supplement. To the best of the knowledge of BNPP (who has taken all reasonable care to ensure that such is the case), the information contained herein is, subject as provided in the preceding sentence, in accordance with the facts and does not omit anything likely to affect the import of such information.

Unless the context otherwise requires, terms defined in the Base Prospectus shall have the same meanings when used in this Second Supplement.

To the extent that there is any inconsistency between (i) any statement in this Second Supplement and (ii) any statement in, or incorporated by reference in, the Base Prospectus the statement referred to in (i) above will prevail.

References in this Second Supplement to paragraphs of the Base Prospectus are to the Base Prospectus as amended by the First Supplement. References in this Second Supplement to page numbers in the Base Prospectus are to the page numbers in the Base Prospectus without taking into account any amendments made in the First Supplement.

Copies of this Second Supplement may be obtained free of charge at the registered offices of BNP Paribas and BNP Paribas Securities Services, Luxembourg Branch as Principal Paying Agent and will be available

on the website of BNP Paribas ([www.invest.bnpparibas.com](http://www.invest.bnpparibas.com)) and on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)).

This Second Supplement has been prepared in accordance with Article 16.1 of the Prospectus Directive and pursuant to Article 212-25 of the AMF's *Règlement Général*, for the purposes of giving information which amends or is additional to the information already contained in the Base Prospectus as amended by the First Supplement.

This Second Supplement has been prepared for the purposes of:

- (A) giving disclosure in respect of a press release and related presentation dated 6 February 2018 issued by BNP Paribas;
- (B) amending the "Programme Summary" and the "Pro Forma Issue Specific Summary of the Programme";
- (C) amending the "Programme Summary (in French)" and the "Pro Forma Issue Specific Summary of the Programme (in French)";
- (D) amending the "Risk Factors" section;
- (E) incorporating by reference BNPP's unaudited consolidated financial statements for the year ended 31 December 2017 (the "**2017 Unaudited Financial Statements**");
- (F) amending the "French Taxation" section; and
- (G) amending the "General Information" section.

The incorporation of the documents referred to in (A) above has been included to update the BNPP disclosure. The amendments referred to in (B) and (C) above have been made to reflect the updated disclosure referred to in (A) and (D) above. The amendments referred to in (D) above have been made to (i) update the risk factors relating to BNPP and (ii) insert a new risk factor concerning the possible discontinuation of LIBOR in 2021. The incorporation by reference referred to in (E) above has been made to reflect the unaudited consolidated financial statements for the year ended 31 December 2017. The amendments referred to in (F) above have been made to update the disclosure in respect of French withholding tax. The amendments referred to in (G) above have been made to (i) update the table of Capitalization and Medium and Long Term Debt Indebtedness Over One Year of BNPP and the BNP Paribas Group, and (ii) include a declaration concerning the unaudited annual results of BNP Paribas for the year ending 31 December 2017 and the unaudited fourth quarter results of BNP Paribas for the quarter ended 31 December 2017.

In accordance with Article 16.2 of the Prospectus Directive, in the case of an offer of Notes to the public, investors who, before this Second Supplement is published, have already agreed to purchase or subscribe for Notes issued under the Programme which are affected by the amendments made in this Second Supplement, have the right, exercisable before the end of the period of two working days beginning with the working day after the date of publication of this Second Supplement to withdraw their acceptances. This right to withdraw shall expire by close of business on 19 February 2018.

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**PRESS RELEASE AND RELATED PRESENTATION DATED 6 FEBRUARY 2018**

BNP Paribas have released the following press release and presentation dated 6 February 2018 relating to the unaudited financial information of BNP Paribas for the fourth quarter ended 31 December 2017 and the unaudited figures for the year ended 31 December 2017.

# 2017 FULL YEAR RESULTS

PRESS RELEASE

Paris, 6 February 2018



## RISE IN REVENUES OF THE OPERATING DIVISIONS:

- GOOD BUSINESS DEVELOPMENT IN ALL THE BUSINESSES
- INTEREST RATE AND MARKET ENVIRONMENT STILL LACKLUSTRE

REVENUES OF THE OPERATING DIVISIONS: +1.5% vs. 2016

## GOOD COST CONTAINMENT OF THE OPERATING DIVISIONS

OPERATING EXPENSES OF THE OPERATING DIVISIONS: +0.5% vs. 2016

## ACTIVE IMPLEMENTATION OF THE 2020 TRANSFORMATION PLAN

TRANSFORMATION COSTS: €0.9bn

## SIGNIFICANT DECREASE IN THE COST OF RISK

-10.9% vs. 2016 (39 bp\*)

## INCREASE IN NET INCOME GROUP SHARE

NET INCOME GROUP SHARE: €7.8bn  
(+4.4% excluding exceptional items)

## DIVIDEND PER SHARE

€3.02\*\* (+11.9% vs. 2016)

## CONTINUED INCREASE IN THE CET1 RATIO\*\*\*

11.8% (+30bp vs. 31.12.16)



## GOOD START OF THE 2020 PLAN

\* COST OF RISK/CUSTOMER LOANS AT THE BEGINNING OF THE PERIOD (IN BP); \*\* SUBJECT TO THE APPROVAL OF THE ANNUAL GENERAL MEETING ON 24 MAY 2018;  
\*\*\* AS AT 31 DECEMBER 2017, CRD4 ("FULLY LOADED" RATIO)



**BNP PARIBAS**

The bank  
for a changing  
world

The Board of Directors of BNP Paribas met on 5 February 2018. The meeting was chaired by Jean Lemierre and the Board examined the Group's results for the fourth quarter and endorsed the 2017 financial statements.

## **GOOD PERFORMANCE OF THE GROUP IN 2017 AND PROMISING START OF THE 2020 BUSINESS DEVELOPMENT PLAN**

In 2017, BNP Paribas got off to a good start of its 2020 plan. In a lacklustre interest rate and market environment, the business activity of the Group developed vigorously sustained by a gradually stronger European growth.

Revenues totalled 43,161 million euros, down by 0.6% compared to 2016, which included an exceptional impact of +597 million euros in capital gains from the sale of Visa Europe shares while it only included this year +233 million euros in capital gains from the sale of Shinan and Euronext shares. Separately, the Own Credit Adjustment (OCA) and own credit risk included in derivatives (DVA) totalled -175 million euros (compared to -59 million euros in 2016). Excluding these exceptional items, revenues were up by 0.5%.

Revenues were up by 1.5% in the operating divisions despite an unfavourable foreign exchange effect (+2.6% at constant scope and exchange rates): they were stable in Domestic Markets<sup>1</sup> (-0.6% at constant scope and exchange rates) due to the low interest rate environment, despite good business development; they were up by 2.7% at International Financial Services (+4.8% at constant scope and exchange rates), driven by the development of the businesses; they rose by 2.1% at CIB (+3.8% at constant scope and exchange rates) thanks to good business growth and despite the lacklustre market environment in the second half of the year.

The Group's operating expenses, which amounted to 29,944 million euros, were up by 1.9% compared to 2016. They included the exceptional impact of 101 million euros in the acquisitions' restructuring costs<sup>2</sup> (158 million euros in 2016) and 856 million euros in transformation costs (539 million euros in 2016). They included in 2016 a 52 million euro compulsory contribution to the resolution process of four Italian banks.

The operating expenses of the operating divisions rose by only 0.5% compared to 2016 thanks to the effects of the cost saving measures: they were down by 0.4% for CIB<sup>3</sup> where the transformation plan was launched as early as 2016, declined by 0.1%<sup>4</sup> for Domestic Markets<sup>1</sup> thanks in particular to the decrease in the retail banking networks and rose by 1.9%<sup>5</sup> for International Financial Services as a result of increased business. The jaws effect was positive in all the operating divisions.

The Group's gross operating income was thus down by 5.8%, at 13,217 million euros. It was up by 3.8% for the operating divisions (+4.9% at constant scope and exchange rates).

The cost of risk was down again (-10.9%) at 2,907 million euros (3,262 million euros in 2016) or 39 basis points of outstanding customer loans. This low level is due in particular to the good control of risk at loan origination, the low interest rate environment and the continued improvement in Italy thanks to the repositioning on better corporate clients.

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<sup>1</sup> Including 100% of Private Banking in the domestic networks (excluding PEL/CEL effects)

<sup>2</sup> In particular, LaSer, Bank BGZ, DAB Bank and GE LLD

<sup>3</sup> +1.8% at constant scope and exchange rates

<sup>4</sup> -0.8% at constant scope and exchange rates

<sup>5</sup> +3.7% at constant scope and exchange rates

The Group's operating income, which totalled 10,310 million euros (10,771 million euros in 2016), was thus down by 4.3% but up by 9.0% for the operating divisions.

Non-operating items totalled 1,000 million euros (439 million euros in 2016). They included this year, in addition to a higher income contribution from the associated companies, the exceptional impact of the +326 million euro capital gain resulting from the initial public offering of SBI Life<sup>1</sup> as well as the full impairment of TEB's goodwill for -172 million euros. They included in 2016 -127 million euros for BGZ's full goodwill impairment.

Pre-tax income, which came to 11,310 million (11,210 million euros in 2016), was thus up by 0.9%. It was up by 13.4% for the operating divisions: +4.7% at Domestic Markets<sup>2</sup>, +18.2% at International Financial Services and at +14.6% at CIB.

Net income attributable to equity holders was 7,759 million euros, up by 0.7% compared to 2016. Excluding exceptional items<sup>3</sup>, it came to 8,149 million euros (+4.4%). The return on equity was 8.9% (9.4% excluding exceptional items). The return on tangible equity came to 10.5% (11.0% excluding exceptional items). The net earnings per share was at €6.05.

As at 31 December 2017, the fully loaded Basel 3 common equity Tier 1 ratio<sup>4</sup> was 11.8% (11.5% as at 31 December 2017). The fully loaded Basel 3 leverage ratio<sup>5</sup> came to 4.6%. The Liquidity Coverage Ratio was 121% as at 31 December 2017. Lastly, the Group's immediately available liquidity reserve was 285 billion euros, equivalent to over one year of room to manoeuvre in terms of wholesale funding.

The net book value per share reached 75.1 euros, equivalent to a compounded annual growth rate of 5.7% since 31 December 2008, illustrating the continuous value creation throughout the cycle.

The Board of Directors will propose at the Shareholders' Meeting the payment of a dividend of €3.02 per share (+11.9% compared to 2016) to be paid in cash, equivalent to a 50% pay-out ratio which is in line with the plan.

The Group is actively implementing the 2020 transformation plan, an ambitious programme of new customer experiences, digital transformation and operating efficiency.

The good overall performance of the operating divisions this year illustrates the promising start to the plan. The Group thus confirms its 2020 targets and aims at a return on equity above 10% at that time.

The Group continues to strengthen its internal control and compliance systems. It also pursues an ambitious corporate social and environmental responsibility policy designed to have a positive impact on society: it thus created this year a Company Engagement Department in order to reinforce its actions in this field.

\*  
\* \* \*

<sup>1</sup> Sale of a 4% stake in SBI Life at a price of 700 rupees per share

<sup>2</sup> Including 2/3 of Private Banking in the domestic networks (excluding PEL/CEL effects)

<sup>3</sup> Effect of exceptional items after tax: -390 million euros (-100 million euros in 2016)

<sup>4</sup> Ratio taking into account all the CRD4 rules with no transitory provisions

<sup>5</sup> Ratio taking into account all the CRD4 rules at 2019 with no transitory provisions, calculated according to the delegated act of the European Commission dated 10 October 2014

In the fourth quarter 2017, revenues totalled 10,532 million euros, down by 1.2% compared to the fourth quarter 2016 due to an unfavourable foreign exchange effect but up by 0.4% at constant scope and exchange rates. They included the exceptional impact of +11 million euros in Own Credit Adjustment (OCA) and own credit risk included in derivatives (DVA) (-18 million euros in the fourth quarter 2016).

Revenues of the operating divisions were down by 0.6% (+1.0% at constant scope and exchange rates): they were up by 0.8% (-0.3% at constant scope and exchange rates) at Domestic Markets<sup>1</sup> with good business development but still a persistently low interest rate environment, rose by 2.5% (+5.7% at constant scope and exchange rates) in International Financial Services and were 6.9% lower at CIB (-3.7% at constant scope and exchange rates) in connection with an unfavourable market context this quarter.

Operating expenses, at 7,621 million euros, were up by 2.4% compared to the fourth quarter 2016 (+3.7% at constant scope and exchange rates). They included the exceptional 48 million euro impact (48 million euros in the fourth quarter 2016) of the acquisitions' restructuring costs<sup>2</sup> and 408 million euros in the transformation costs of the businesses (242 million euros in the fourth quarter 2016) above the average level of 250 million euros per quarter due to specific IT costs. Operating expenses included in 2016 a 52 million euro contribution to the resolution process of four Italian banks.

Operating expenses of the operating divisions were down by 1.8% compared to the fourth quarter 2016 (-0.6% at constant scope and exchange rates): -5.1% for Domestic Markets<sup>3</sup> (-6.3% at constant scope and exchange rates), +1.5% for International Financial Services (+3.4% at constant scope and exchange rates) and -1.6% for CIB (+2.9% at constant scope and exchange rates).

The gross operating income of the Group thus decreased by 9.4%, to 2,911 million euros (-7.5% at constant scope and exchange rates) but was up by 1.9% for the operating divisions (+4.2% at constant scope and exchange rates) reflecting the good operating performance.

The cost of risk was still at a low level, at 985 million euros (950 million euros in the fourth quarter 2016), or 54 basis points of outstanding customer loans, thanks to the good control of risk at loan origination, the low interest rate environment and the continued improvement in Italy. It records however this quarter the impact of two specific files.

The operating income of the Group, at 1,926 million euros (2,262 million euros in the fourth quarter 2016), was down by 14.9% (-14.0% at constant scope and exchange rates). It was down 1.1% for the operating divisions (+0.3% at constant scope and exchange rates).

Non-operating items totalled 196 million euros (5 million euros in the fourth quarter 2016 which included the full impairment of BGZ's goodwill).

Pre-tax income thus came to 2,122 million euros compared to 2,267 million euros in the fourth quarter 2016, down thus by 6.4% (-8.4% at constant scope and exchange rates). It was up by 2.1% for operating divisions (+2.2% at constant scope and exchange rates).

BNP Paribas posted 1,426 million euros<sup>4</sup> in net income attributable to equity holders, down by 1.1% compared to the fourth quarter 2016.

<sup>1</sup> Including 100% of Private Banking in the domestic networks (excluding PEL/CEL effects)

<sup>2</sup> In particular Laser, Bank BGZ, DAB Bank and GE LLD

<sup>3</sup> Including 100% of Private Banking in the domestic networks

<sup>4</sup> 1,720 million euros excluding the effect of exceptional items (-5.2%). Effect of exceptional items after tax: -294 million euros (-372 million euros in 2016)



## **RETAIL BANKING & SERVICES**

### **DOMESTIC MARKETS**

For the whole of 2017, Domestic Markets reported a good business drive. Outstanding loans rose by 5.9% compared to 2016 due to a good rise in loans in the retail banking network and the specialised businesses (Arval, Leasing Solutions). Deposits were up by 8.6% with strong growth across all countries. Private Banking reported a rise in its assets under management of 4.2% compared to its level as at 31 December 2016. *Hello bank!* continued its growth with 2.9 million clients at the end of 2017 and now accounts for 11.0% of revenues from individual clients<sup>1</sup>.

The operating division is actively implementing the 2020 plan: it is adapting its offering to different banking uses with the acquisition this year of *Compte-Nickel*<sup>2</sup> in France which already has 800,000 accounts opened and completes the set up alongside *Hello bank!*, the integrated digital offering of retail banking and the branch network; it is reinventing customer journeys with, for example, the launch in France of *Welcome* (corporate onboarding) or *Finsy* (factoring); it is developing data use for the benefit of customers and of commercial performance; it is speeding up customer use of mobile banking services with the launch of new apps and expanding existing features, recording 51 million app visits in December 2017 (+38% compared to December 2016); it is launching innovative products to anticipate new needs such as *LyfPay*, a universal mobile payment solution or *Kintessia*, a Leasing Solutions' B-to-B marketplace; it is transforming the operating model to enhance efficiency by in particular simplifying and right-sizing the branch networks.

At 15,718 million euros, revenues<sup>3</sup> were stable compared to 2016, the effect of the higher business being offset by the impact of low interest rates. The operating division reported higher fees in all its networks.

Operating expenses<sup>3</sup> (10,620 million euros) were down slightly by 0.1% compared to 2016, the average 1.4% decrease for FRB, BNL bc and BRB being offset by the impact of the development of the specialised businesses.

Gross operating income<sup>3</sup> thus rose by 0.2%, at 5,098 million euros, compared to last year.

The cost of risk was down by 10.5% compared to 2016, in particular due to the continued decrease at BNL bc.

Thus, after allocating one-third of Domestic Markets Private Banking's net income to the Wealth Management business (International Financial Services division), the division reported pre-tax income<sup>4</sup> that was up 4.7% compared to 2016, at 3,541 million euros.

In the fourth quarter 2017, revenues<sup>3</sup>, which totalled 3,897 million euros, were up by 0.8% compared to the fourth quarter 2016, the effect of increased business being partly offset by the impact of low interest rates. The operating division reported a rise in fees in all its networks. Operating expenses<sup>3</sup> (2,653 million euros) were down by 5.1% compared the same quarter last year. Excluding the impact of non-recurring items, they were up by 0.6%, reflecting good cost containment. Gross operating income<sup>3</sup> rose by 16.0% compared to the fourth quarter 2016, to 1,244 million euros. The cost of risk was down significantly (-7.1% compared to the fourth quarter 2016). Thus, after allocating one-third of Domestic Markets Private Banking's net income to the

<sup>1</sup> FRB, BNL bc, BRB and Personal Investors, excluding private banking

<sup>2</sup> Transaction finalised on 12 July 2017

<sup>3</sup> Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg

<sup>4</sup> Excluding PEL/CEL effects (+19 million euros in 2016 vs -2 million euros in 2016)

Wealth Management business (International Financial Services division), the division reported sharply higher pre-tax income<sup>1</sup>, up by 30.5% compared to the fourth quarter 2016 (+4.2% excluding non-recurring items), at 812 million euros.

### **French Retail Banking (FRB)**

For the whole of 2017, FRB's reported a strong rebound in its business activity in the context of economic recovery in France. Outstanding loans rose by 8.0% compared to the low level in 2016 with sustained growth in loans to individual and corporate customers. Deposits rose by 12.0% compared to 2016, driven by strong growth in current account deposits. Life insurance reported good growth (rise of 4.2% in outstandings compared to 31 December 2016). The assets under management of Private Banking were up sharply (+7.6% compared to 31 December 2016) thanks to asset inflows drive.

The business pursued its digital transformation and the development of new customer journeys, launching this year the new apps *Mes Comptes* and *Hello bank!* with new services and *Welcome* for corporate onboarding. It actively developed new mobile uses with 23 million contacts via mobile apps in December 2017 (+34% compared to December 2016).

FRB is also preparing the delayering of the network organisation with the gradual move from four to three management levels in the branch network in 2018 in order to decrease costs and optimise decision-making processes and customer satisfaction.

Revenues<sup>2</sup> totalled 6,352 million euros, down by 0.8% compared to 2016. Net interest income<sup>2</sup> was down by 2.9%, the effect of persistently low interest rates being only partly offset by increased business. Fees<sup>2</sup> rose for their part by 2.1% with an increase in financial fees.

Operating expenses<sup>2</sup>, at 4,657 million euros, were down by 0.3% compared to 2016, reflecting good cost containment.

Gross operating income<sup>2</sup> thus came to 1,695 million euros, down by 1.9% compared to last year.

The cost of risk<sup>2</sup> was still low, at 331 million euros (342 million euros in 2016). It was 21 basis points of outstanding customer loans.

Thus, after allocating one-third of French Private Banking's net income to the Wealth Management business (International Financial Services division), FRB posted 1,213 million euros in pre-tax income<sup>3</sup>, down by 3.1% compared to 2016.

In the fourth quarter 2017, revenues<sup>2</sup> totalled 1,541 million euros, down by 0.4% compared to the fourth quarter 2016. Net interest income<sup>2</sup> was down by 2.6% due to the impact of persistently low interest rates partly offset by increased business. Fees<sup>2</sup> rose for their part by 2.6% with a rise in financial fees as a result of a strong performance of private banking. Operating expenses<sup>2</sup>, at 1,175 million euros, were down by 3.4% compared to the fourth quarter 2016. Gross operating income<sup>2</sup> thus totalled 366 million euros, up by 10.3% compared to the same period last year. The cost of risk<sup>2</sup> was still low at 107 million euros (124 million euros in the fourth quarter 2016 which recorded the impact of a specific file). It totalled 27 basis points of outstanding customer loans.

<sup>1</sup> Excluding PEL/CEL effects of +13 million euros compared to +8 million euros in the fourth quarter 2016

<sup>2</sup> Including 100% of Private Banking in France (excluding PEL/CEL effects)

<sup>3</sup> Excluding PEL/CEL effects of +19 million euros compared to -2 million euros in 2016

Thus, after allocating one-third of French Private Banking's net income to the Wealth Management business (International Financial Services division), FRB posted 221 million euros in pre-tax income<sup>1</sup>, up 25.3% compared to the fourth quarter 2016.

### **BNL banca commerciale (BNL bc)**

For the whole of 2017, BNL bc's business activity has been growing. Outstanding loans were up by 0.6% compared to 2016. Excluding the impact of the sale of a portfolio of non-performing loans in the first quarter 2017<sup>2</sup>, they were up by 1.8%, driven by individual clients. Deposits rose by 9.5% with a sharp rise in current accounts. BNL bc delivered a good performance in off balance sheet savings: thanks in particular to good asset inflows, life insurance outstandings were up by 6.8% and mutual fund outstandings by 13.6% compared to 31 December 2016.

BNL bc also continued to develop new customer journeys and digital transformation, launching this year *MyAccounts@OneBank*, a new application for account opening of corporate clients' subsidiaries. The business is developing *chatbots*, automated services that respond to clients' frequent requests. BNL bc is also developing new mobile uses with already over 313,000 active users of its mobile apps.

Revenues<sup>3</sup> were down by 2.2% compared to 2016, to 2,907 million euros. Net interest income<sup>3</sup> was down by 5.9% due to the persistently low interest rate environment. Fees<sup>3</sup> were up by 4.7% as a result of sustained growth in off balance sheet savings and private banking.

Operating expenses<sup>3</sup>, at 1,801 million euros, were down by 4.5%. Excluding the impact of non-recurring items in 2016<sup>4</sup>, they were up by 0.7%, reflecting good cost control.

Gross operating income<sup>3</sup> thus totalled 1,106 million euros, up by 1.8% compared to last year.

The cost of risk<sup>3</sup>, at 111 basis points of outstanding customer loans, continued its downward move (-88 million euros compared to 2016) as a result of the improvement of the quality of the loan portfolio.

Thus, after allocating one-third of Italian Private Banking's net income to the Wealth Management business (International Financial Services division), BNL bc confirmed the gradual recovery of its profitability and generated 192 million euros in pre-tax income, or a two-fold increase over the 2016 level (90 million euros).

In the fourth quarter 2017, revenues<sup>3</sup> were down by 1.7% compared to the fourth quarter 2016, at 732 million euros. Net interest income<sup>3</sup> was down by 6.2% due to the persistently low interest rate environment. Fees<sup>3</sup> were up by 6.4% in connection with the development of off balance sheet savings and private banking. Operating expenses<sup>3</sup>, at 457 million euros, were down by 15.9% compared to the fourth quarter 2016 which had recorded non-recurring items<sup>4</sup>. Gross operating income<sup>3</sup> thus totalled 275 million euros, up by 36.5% compared to the same period a year earlier. The cost of risk<sup>3</sup>, at 113 basis points of outstanding customer loans, was down by 10 million euros compared to the fourth quarter 2016. Thus, after allocating one-third of Italian Private Banking's net income to the Wealth Management business (International Financial

<sup>1</sup> Excluding PEL/CEL effects of +13 million euros compared to +8 million euros in the fourth quarter 2016

<sup>2</sup> Sale of a portfolio of non-performing loans comprising corporates and mortgages loans for a total of 1 billion euros

<sup>3</sup> With 100% of Private Banking in Italy

<sup>4</sup> Restructuring costs (50 million euros) and compulsory contribution to the resolution process of 4 Italian banks (47 million euros)

Services division), BNL bc posted +46 million euros of pre-tax income (-36 million euros in the fourth quarter 2016).

### **Belgian Retail Banking (BRB)**

For the whole of 2017, BRB reported sustained business activity. Loans were up by 6.1% compared to 2016 with good growth in loans to corporate customers and an increase in mortgages. Deposits rose by 3.2% thanks in particular to growth in current accounts. Off balance sheet savings outstandings grew by 3.4% compared to 31 December 2016.

The business also continued its digital transformation and to develop new customer journeys, launching this year *Itsme*<sup>1</sup>, an app that gives customers a single digital ID which provides secure access to a very large number of mobile services. It also continued developing mobile uses with 1.3 million users of *Easy Banking App* and 24 million mobile app contacts in December 2017 (+49% compared to December 2016).

BRB's revenues<sup>2</sup> were up by 0.4% compared to 2016, at 3,677 million euros: net interest income<sup>2</sup> was down by 1.6%, the growing impact of the low interest rate environment being only partly offset by growing volumes. Fees<sup>2</sup> were up by 6.7% due in particular to an increase in financial fees.

Operating expenses<sup>2</sup> were down by 1.1% compared to 2016, to 2,554 million euros thanks to the effect of cost saving measures.

At 1,123 million euros, gross operating income<sup>2</sup> was up by 4.0% compared to last year.

The cost of risk<sup>2</sup> was again very low this year, at 6 basis points of outstanding customer loans (65 million euros). It was 98 million euros in 2016.

After allocating one-third of Belgian Private Banking's net income to the Wealth Management business (International Financial Services division), BRB generated 1,013 million euros in pre-tax income, up by 10.3% compared to 2016.

In the fourth quarter 2017, revenues<sup>2</sup> were down by 1.6% compared to the fourth quarter 2016, at 894 million euros: net interest income<sup>2</sup> was down by 4.8%, the impact of the persistently low interest rate environment being only partly offset by volume growth. Fees<sup>2</sup> were up by 8.4% as a result of the rise in financial fees. Operating expenses<sup>2</sup> were down by 9.2% compared to the fourth quarter 2016, at 601 million euros. They were stable excluding non-recurring items<sup>3</sup> thanks to the effect of cost saving measures. Gross operating income<sup>2</sup>, at 293 million euros, was up by 18.8% compared to the same period last year. The cost of risk<sup>2</sup> totalled 15 million euros (9 million euros in the fourth quarter 2016). After allocating one-third of Belgian Private Banking's net income to the Wealth Management business (International Financial Services division), BRB generated 262 million euros in pre-tax income, up by 17.8% compared to the fourth quarter 2016.

<sup>1</sup> Developed within the Belgian Mobile ID consortium which comprises several telecoms operators and banks

<sup>2</sup> With 100% of Private Banking in Belgium

<sup>3</sup> Restructuring costs: 20 million euros in the 4<sup>th</sup> quarter 2017 (80 million euros in the 4<sup>th</sup> quarter 2016)

**Other Domestic Markets business units (Arval, Leasing Solutions, Personal Investors, Compte Nickel and Luxembourg Retail Banking)**

For the whole of 2017, the specialised businesses of Domestic Markets continued their business development: the growth of Arval was sustained and the financed fleet (1.1 million vehicles) increased sharply (+7.7% compared to 2016); the financing outstandings of Leasing Solutions showed solid growth (+5.8%<sup>1</sup> compared to 2016); Personal Investors saw a good level of new client acquisition (+3.2% in Germany compared to 2016) and, lastly, Comptes-Nickel, the acquisition of which was finalised on 12 July 2017, recorded 323,500 accounts opened, up 29% compared to last year.

Luxembourg Retail Banking's outstanding loans rose by 7.4% compared to 2016, with robust growth in mortgages and corporate loans, and deposits were up by 15.4% with strong inflows in particular in the corporate segment.

Overall, revenues<sup>2</sup> of the five businesses were up by 3.8% compared to 2016, at 2,782 million euros, driven in particular by Personal Investors and Arval.

Operating expenses<sup>2</sup> rose by 8.1% compared to 2016, at 1,608 million euros, as a result of the development of these five growing businesses and the costs to launch new digital services, in particular at Leasing Solutions (*Kintessia*, a B-to-B marketplace; *So Easy*, online credit application) and Arval (*Integral Fleet*, online reporting; *Arval for me*, an online platform geared to individual customers).

The cost of risk<sup>2</sup> was down by 26 million euros compared to 2016, at 89 million euros.

Thus, the contribution of these five businesses units, after allocating one-third of Luxembourg Private Banking's net income to the Wealth Management business (International Financial Services division), was 1,124 million euros (+0.1% compared to 2016).

In the fourth quarter 2017, revenues<sup>2</sup> were on the whole up by 9.7% compared to the fourth quarter 2016, at 730 million euros, due to scope effects and good business development. Operating expenses<sup>2</sup> rose by 12.5% compared to the fourth quarter 2016, at 420 million euros, as a result of scope effects, the development of businesses and the costs to launch new digital services at Arval and Leasing Solutions. The cost of risk<sup>2</sup> was down by 7 million euros compared to the fourth quarter 2016, at 30 million euros. Thus, the contribution of these five businesses, after allocating one-third of Luxembourg Private Banking's net income to the Wealth Management business (International Financial Services division), was 283 million euros, up by 9.0% compared to the fourth quarter 2016.

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<sup>1</sup> At constant scope and exchange rate

<sup>2</sup> With 100% of Private Banking in Luxembourg

## **INTERNATIONAL FINANCIAL SERVICES**

For the whole of 2017, the International Financial Services' businesses reported a good business development: Personal Finance maintained a strong business drive and acquired, together with PSA, General Motors Europe's financing activities<sup>1</sup>; Europe-Mediterranean and BancWest continued their growth and the assets under management of the Wealth & Asset Management businesses were up by +4.0% compared to 31 December 2016, reaching 1,051 billion euros thanks to good asset inflows in all the businesses.

The operating division actively implemented the 2020 plan: it is developing new partnerships generating growth at Personal Finance (Hyundai and Masmovil in Spain, TUI in France, XXXLutz in Austria) and in Insurance (extension of the partnership with Volkswagen Financial Services); it is optimising the customer experience with new features for Wealth Management's customer app and roll-out of electronic signature at Personal Finance; it is continuing to develop new technologies and new businesses with the acquisition by Asset Management of Gambit, a provider of digital investment advisory solutions (robo-advisory) and the launch by Personal Finance of new digital banks in Europe (*Hello bank! by Cetelem*); it is industrialising and enhancing operating efficiency with, for example, the implementation at Asset Management of *Aladdin*, an IT outsourcing solution developed by BlackRock.

The operating division also made several growth-enhancing acquisitions this year. In addition to the financing activities of General Motors Europe<sup>1</sup> in partnership with PSA (Personal Finance), it acquired Sevenday Finans AB in Sweden (Personal Finance), the remaining 50% stake in Cargeas in Italy (Insurance) and Strutt & Parker in the United Kingdom (Real Estate Services). These acquisitions are expected to contribute to the Group over 700 million euros in revenues and roughly 280 million euros in additional pre-tax income by 2020.

At 15,899 million euros, revenues were up by 2.7% compared to 2016. At constant scope and exchange rates, they were up by 4.8% (unfavourable foreign exchange rate effects this year).

Operating expenses (9,722 million euros) were up by 1.9% compared to last year (+3.7% at constant scope and exchange rates) as a result of the development of businesses. The operating division thus generated a positive 1.1 point jaws effect<sup>2</sup>.

Gross operating income thus totalled 6,177 million euros, up by 4.1% compared to 2016 (+6.7% at constant scope and exchange rates).

The cost of risk was at a low level, at 1,351 million euros, down by 145 million compared to 2016.

The other non-operating items totalled 433 million euros (8 million euros in 2016) and included the exceptional impact of the 326 million euros capital gain resulting from the initial public offering of SBI Life, a major life-insurance player in India<sup>3</sup>.

International Financial Services' pre-tax income thus increased significantly to 5,820 million euros: +18.2% compared to 2016 (+12.2% at constant scope and exchange rates), reflecting the operating division's strong growth.

<sup>1</sup> Acquisition finalised on 31 October 2017

<sup>2</sup> At constant scope and exchange rates

<sup>3</sup> Sale of a 4% stake (IPO price of 700 rupees per share); 22% equity investment in SBI Life after the IPO



In the fourth quarter 2017, International Financial Services delivered an excellent performance. Revenues, at 4,126 million euros, were up by 2.5% compared to the fourth quarter 2016 despite an unfavourable foreign exchange effect. They were up by 5.7% at constant scope and exchange rates with growth in all the businesses. Operating expenses (2,519 million euros) were up by 1.5% compared to the same period last year (+3.4% at constant scope and exchange rates), generating a largely positive jaws effect. Gross operating income thus totalled 1,608 million euros, up by 4.1% compared to the same period last year (+9.5% at constant scope and exchange rates). The cost of risk was 353 million euros, down by 72 million compared to the fourth quarter 2016. International Financial Services' pre-tax income was thus up sharply, at 1,449 million euros (+17.2% compared to the fourth quarter 2016 and +17.4% at constant scope and exchange rates).

### **Personal Finance**

For the whole of 2017, Personal Finance continued its strong growth. Outstanding loans grew by +12.2% compared to 2016, driven by a rise in demand in a favourable context in Europe and the effect of new partnerships. The business continued to develop partnerships, signing new agreements in the automotive sector with Kia and Hyundai in Spain, in new sectors (tourism with TUI in France, telecoms with Masmovil in Spain) and new countries (XXXLutz in Austria).

The business acquired in partnership with PSA the financing activities of General Motors Europe<sup>1</sup> which meet the financing needs of close to 1,800 dealers in 11 countries in Europe (outstandings of about 9.4 billion euros at the end of 2017). Pursuant to the partnership agreement, BNP Paribas fully consolidates the entity.

Personal Finance continued to develop digital banking with the launch of an online bank in the Czech Republic, *Hello bank! by Cetelem*, which leverages its brand recognition as well as its large client base. The business continued innovating with the roll-out in several countries of electronic signature and new credit card features with more flexible renewable accounts.

Personal Finance's revenues were up by 5.2% compared to 2016, at 4,923 million euros (+5.0% at constant scope and exchange rates), as a result of a rise in volumes and the positioning on products with a better risk profile. They were driven in particular by a strong drive in Italy, Spain and Belgium.

Operating expenses were up by 5.6% compared to 2016, at 2,427 million euros. They were up by 4.4% at constant scope and exchange rates, in connection with business development, producing a positive 0.6 point<sup>2</sup> jaws effect.

Gross operating income thus totalled 2,496 million euros, up by 4.8% compared to 2016 (+5.6% at constant scope and exchange rates).

At 1,009 million euros (979 million euros in 2016), the cost of risk was up by 30 million euros due to the rise in outstanding customer loans. As a proportion of the loan portfolio, it continued to decline, at 147 basis points of outstandings (159 basis points in 2016) due to the low interest rate environment and the growing positioning on products with a better risk profile.

Personal Finance's pre-tax income was thus 1,607 million euros, up by 11.4% compared to 2016 (+10.5% at constant scope and exchange rates), reflecting the strong growth of the business.

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<sup>1</sup> Acquisition finalised on 31 October 2017

<sup>2</sup> At constant scope and exchange rates

In the fourth quarter 2017, revenues were up by 8.0% compared to the fourth quarter 2016, at 1,280 million euros. They included for November and December the revenues from the financing activities of General Motors Europe acquired in partnership with PSA on 31 October 2017. At constant scope and exchange rates, they were up by 6.3% as a result of the rise in volumes and the growing positioning on products with a better risk profile. Operating expenses were up by 6.8% compared to the fourth quarter 2016, at 639 million euros. At constant scope and exchange rates, they were up by 1.4%, generating a positive jaws effect. Gross operating income thus totalled 641 million euros, up by 9.2% compared to the same quarter a year earlier (+11.4% at constant scope and exchange rates). The cost of risk totalled 271 million euros (269 million euros in the fourth quarter 2016). At 157 basis points of outstanding customer loans, it was at a low level due to the low interest rate environment and the growing positioning on products with a better risk profile. Personal Finance's pre-tax income thus totalled 389 million euros, up by 16.4% compared to the fourth quarter 2016 (+16.3% at constant scope and exchange rates).

### **Europe-Mediterranean**

For the whole of 2017, Europe-Mediterranean continued to grow. Outstanding loans rose by 5.2%<sup>1</sup> compared to 2016 with a rise in all regions and deposits grew by 7.2%<sup>1</sup>. There was a good development of the digital offering with already over 475,000 clients for *Cepteteb* in Turkey and 210,000 clients for *BGZ OPTIMA* in Poland. The business also continued its innovations with the launch by BGZ BNP Paribas in Poland of contactless payment via mobile and of *Gomobile*, an app to manage accounts on mobile.

At 2,337 million euros, revenues<sup>2</sup> were up by 2.3%<sup>1</sup> compared to 2016, up in all regions in connection with higher volumes. It includes however the impact in Turkey of the rise in deposit rates not yet offset by the gradual repricing of loans.

Operating expenses<sup>2</sup>, at 1,661 million euros, rose by 4.6%<sup>1</sup> compared to last year, due to business development.

The cost of risk<sup>2</sup> totalled 259 million euros (437 million euros in 2016), or 68 basis points of outstanding customer loans. It benefited from the positive impact of provision write-backs and improved risk, in particular in Turkey.

After allocating one-third of Turkish Private Banking's net income to the Wealth Management business, Europe-Mediterranean thus generated 616 million euros in pre-tax income, up by 23.6%<sup>3</sup> compared to last year.

In the fourth quarter 2017, revenues<sup>2</sup>, at 581 million euros, were up by 3.2%<sup>1</sup> compared to the fourth quarter 2016, as a result of higher volumes. It included the impact in Turkey of the rise in deposit rates not yet offset by the gradual repricing of loans. At 414 million euros, operating expenses<sup>2</sup> rose by 4.4%<sup>1</sup> compared to the same period last year, due to business development. The cost of risk<sup>2</sup> totalled 62 million euros, or 66 basis points of outstanding customer loans (127 million euros in the fourth quarter 2016 which had recorded an increase in the cost of risk in Turkey). After allocating one-third of Turkish Private Banking's net income to the Wealth Management business, Europe-Mediterranean thus generated 157 million euros, sharply higher (+57.0%<sup>4</sup>) compared to the same period last year.

<sup>1</sup> At constant scope and exchange rates

<sup>2</sup> With 100% of Private Banking in Turkey

<sup>3</sup> At constant scope and exchange rates (+8.9% at historical scope and exchange rates given an unfavourable foreign exchange effect)

<sup>4</sup> At constant scope and exchange rates (+31.2% at historical scope and exchange rates given an unfavourable foreign exchange effect)



## **BancWest**

For the whole of 2017, BancWest continued its good business drive. Loans were up by 6.1%<sup>1</sup> compared to 2016, with sustained growth in individual and corporate loans. Deposits were up by 9.9%<sup>1</sup> with a sharp growth in current and savings accounts. The assets under management of private banking (13.1 billion U.S. dollars as at 31 December 2017) were up by 11.4%<sup>1</sup> compared to 31 December 2016.

BancWest also continued to develop new usages with already 415,000 users of its banking services on mobile. The business also expanded its cooperations with the Group through the implementation of the *One Bank for Corporates*' approach and the centralisation at BancWest of the Group's cash management operations in the United States.

The year was also marked by the successful placement of 20.6% in First Hawaiian Bank in the market. Now 61.9% owned, it will continue to be fully consolidated so long as the Group maintains its control.

Revenues<sup>2</sup>, at 2,994 million euros, rose by 2.4%<sup>1</sup> compared to 2016. Excluding the effect of capital gains from the sale of securities and loans, which were significant in 2016, they rose by 5.1%<sup>1</sup> as a result of volume growth.

At 2,035 million euros, operating expenses<sup>2</sup> rose by 1.8%<sup>1</sup> compared to 2016, reflecting good cost containment and generating a positive 0.6 point jaws effect.

The cost of risk<sup>2</sup> (111 million euros) was still low, at 17 basis points of outstanding customer loans (85 million euros in 2016).

Thus, after allocating one-third of U.S. Private Banking's net income to the Wealth Management business, BancWest generated 830 million euros in pre-tax income, down by 1.5%<sup>3</sup> compared to 2016 but up by 8.5%<sup>4</sup> excluding the effect of capital gains from sales, reflecting the business's solid operating performance.

In the fourth quarter 2017, revenues<sup>2</sup>, totalling 738 million euros, were up by 1.5%<sup>1</sup> compared to the fourth quarter 2016. Operating expenses<sup>2</sup>, at 483 million euros, rose by 1.2%<sup>1</sup> compared to the fourth quarter 2016, generating a positive 0.3 point jaws effect. The cost of risk<sup>2</sup> (20 million euros) was still low, at 13 basis points of outstanding customer loans (23 million euros in the fourth quarter 2016). Thus, after allocating one-third of U.S. Private Banking's net income to the Wealth Management business, BancWest generated 230 million euros in pre-tax income (+0.6%<sup>5</sup> compared to the fourth quarter 2016).

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<sup>1</sup> At constant scope and exchange rates

<sup>2</sup> With 100% of Private Banking in the United States

<sup>3</sup> At constant scope and exchange rates (-3.7% at historical scope and exchange rates)

<sup>4</sup> At constant scope and exchange rates (+5.5% at historical scope and exchange rates)

<sup>5</sup> At constant scope and exchange rates (-8.4% at historical scope and exchange rates given an unfavourable foreign exchange effect)

## **Insurance and Wealth and Asset Management**

For the whole of 2017, the Insurance and Wealth & Asset Management businesses continued their growth. As at 31 December 2017, their assets under management<sup>1</sup> reached 1,051 billion euros (+4.0% compared to 31 December 2016). They rose by 41 billion euros compared to 31 December 2016 due in particular to 22.6 billion euros in net asset inflows (strong asset inflows at Wealth Management in particular in France and in Asia; positive net asset inflows in Asset Management, in particular into diversified and bond funds despite asset outflows from money market funds; good asset inflows in Insurance concentrated on unit-linked accounts) and a strong 44.7 billion euro performance effect due to the favourable evolution of the equity markets, partly offset by an unfavourable -25.6 billion euro foreign exchange effect.

As at 31 December 2017, assets under management<sup>1</sup> were split as follows: Asset Management (424 billion euros), Wealth Management (364 billion euros), Insurance (237 billion euros) and Real Estate Services (26 billion euros).

Insurance continued to develop its business, both in savings and protection insurance, with good growth in Europe and a strong drive in Asia and Latin America. The business developed and reinforced its partnerships by signing agreements with Sumitomo Mitsui in Japan, Volkswagen in Europe and Itau in Chile. It also carried out this year the initial public offering on excellent terms of SBI Life<sup>2</sup>, a major player in life-insurance in India, thus valuing 2 billion euros<sup>3</sup> the remaining 22% stake (which continues to be consolidated under the equity method).

Insurance's revenues, at 2,514 million euros, were up by 5.6% compared to 2016, due to business development and the favourable evolution of financial markets. Operating expenses, at 1,251 million euros, rose by 4.2%, as a result of business development. The other non-operating items totalled 375 million euros (negligible in 2016) due to the exceptional impact of the capital gain from the sale of 4% of SBI Life. After taking into account the good performance of the associated companies, pre-tax income was thus up by 36.4% compared to 2016, at 1,867 million euros (+9.0% at constant scope and exchange rates).

The business activity of Wealth and Asset Management was strong. The business continued to develop digital and new customer experiences with the purchase of Gambit, a provider of digital investment advisory solutions (robo-advisory) geared to retail banks and private banks in Europe. The quality of Wealth and Asset Management's offering was rewarded with the *Best Private Bank in Europe and in Asia*<sup>4</sup> prize. For its part, the Asset Management business adopted the single BNP Paribas Asset Management brand and continued its transformation. The Real Estate Services business added the acquisition of Strutt and Parker to its sustained organic growth.

Wealth and Asset Management's revenues (3,193 million euros) grew by 7.3% compared to 2016 as a result of the development of the businesses and very good performances of Wealth Management and Real Estate Services. Operating expenses were under good control, at 2,387 million euros (+2.0% compared to 2016), generating a largely positive jaws effect. At 899 million euros, Wealth and Asset Management's pre-tax income, after receiving one-third of the net income of private banking in the domestic markets, in Turkey and in the United States, was up by 31.2% compared to 2016, reflecting the very good overall performance of the Wealth and Asset Management businesses.

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<sup>1</sup> Including distributed assets

<sup>2</sup> Sale of a 4% stake based on the IPO price of 700 rupees per share

<sup>3</sup> Based on the IPO price.

<sup>4</sup> *Wealth Briefing Awards 2017*

In the fourth quarter 2017, Insurance's revenues, at 636 million euros, were stable compared to the fourth quarter 2016, with good performance of the business but a less favourable evolution of the financial markets than in the fourth quarter 2016. Operating expenses, at 317 million euros, were under control and rose by only 0.5%. Non-operating items totalled 102 million euros (36 million in the fourth quarter 2016) due to the good performance of the associated companies and the booking of a capital gain related to the acquisition of full control of Cargeas in Italy. Pre-tax income was thus up by 19.6% compared to the same period last year, at 425 million euros (+6.5% at constant scope and exchange rates).

Wealth and Asset Management's revenues (907 million euros) were up by 14.3% compared to the fourth quarter 2016, driven by the very good performance of Wealth Management and Real Estate Services. Operating expenses were up by 7.9%, at 675 million euros as a result of the growth in activity, generating a largely positive jaws effect. After receiving one-third of the net income of private banking in the domestic markets, in Turkey and in the United States, Wealth and Asset Management's pre-tax income was up sharply (+40.8%) compared to the fourth quarter 2016.

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## **CORPORATE AND INSTITUTIONAL BANKING (CIB)**

For the whole of 2017, CIB reported solid business growth. The operating division operated though in a challenging market environment in the second half of the year.

CIB actively implemented the 2020 plan. The operating division is developing its base of corporate clients (with good revenue growth in targeted countries, +5.6% in Germany compared to 2016, and a gain of over 125 new client groups this year in Europe) and institutional clients (through the bolstering of the coordinated offering of the businesses), leveraging on the Group's global presence. It is implementing targeted growth initiatives, signing new partnerships (GTS in the United States to enhance the Global Markets offering to clients and Symphony, a secure communication platform including workflow automation tools for institutional clients which already has over 200,000 users), strengthening the integrated model between the businesses (developing joint Securities Services and Global Markets offerings) and rolling out new offerings. It is accelerating digital transformation with 150 digital projects identified and the development of digital client interfaces like Centric, the online platform for businesses that is already used by close to 8,200 clients.

The operating division reduced its cost income ratio by 1.7 points on the back of the implementation of cost saving programmes launched since 2016 (0.6 billion euros in savings in 2 years) including the development of shared platforms, the implementation of new end-to-end processes and the automation of certain tasks (250 cases of robotics uses identified). It optimised its financial resources by right-sizing sub-profitable portfolios and actively managing its outstandings (allocated equity down by 4.9% compared to 2016), with a gradual reallocation into growth of the resources thereby freed up. CIB thus made significant progress in achieving its 2020 objectives and increased its return on equity by 2.8 points compared to last year, at 16.1%<sup>1</sup>.

Revenues of the operating division, at 11,704 million euros, were up by 2.1% compared to 2016 despite an unfavourable foreign exchange effect (+3.8% at constant scope and exchange rates).

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<sup>1</sup> Pre-tax Return on Notional Equity

At 5,584 million euros, Global Markets' revenues were down by 1.2% compared to 2016 but up by 0.8% at constant scope and exchange rates thanks to the continued strengthening of commercial positions partly offset by an unfavourable context for FICC<sup>1</sup> in the second half of the year. VaR, which measures market risks, was still very low (26 million euros). The revenues of FICC<sup>2</sup>, at 3,450 million euros, were down by 8.6%<sup>2</sup> compared to 2016 with low volatility and limited client volumes in all segments. The business confirmed however its leading position in bond issues where it ranked number 1 for all bond issues in euros and number 9 for all international bond issues. At 2,135 million euros, Equity and Prime Services' revenues rose for their part sharply (+20.9%<sup>2</sup>), driven by good development of Prime Services and a pick-up in the equity derivatives business.

The success of Exane BNP Paribas<sup>3</sup> was illustrated by its move into the number one position in Europe in the Extel 2017 ranking for equity research, brokerage and equity sales.

Securities Services' revenues, at 1,955 million euros, were up by 7.2% compared to 2016 (+8.3% at constant scope and exchange rates), due to the very good drive of the business and the positive effect of the new mandates. Assets under custody and under management were thus up by 11.0% compared to 31 December 2016 and the number of transactions by 6.4% compared to last year. The business also continued to gain new significant mandates and announced a major strategic partnership in the United States with Janus Henderson Investors (138 billion U.S. dollars of assets under custody)<sup>4</sup>.

Corporate Banking's revenues, at 4,165 million euros, were up by 4.3% compared to 2016. They rose by 6.1% at constant scope and exchange rates and were up in the three regions with good growth in Europe, strong rise in Asia Pacific and a good level of business in the Americas region. The business reported solid growth in the transaction businesses: it ranked number 1 for the third year in a row in Trade Finance in Europe and number 3 for the first time in Asia<sup>5</sup>. At 131 billion euros, loans were up by 1.3% compared to 2016. Deposits continued to grow, at 130 billion euros (+11.1% compared to 2016), as a result of the good development of cash management. The business ranked number 2 for syndicated loans and number 3 for equity linked issues in the EMEA region<sup>6</sup>. The good growth of the business and the strengthening of its commercial positions were thus illustrated this year by the *World Best Bank for Corporates* prize awarded by the Euromoney magazine.

At 8,273 million euros, CIB's operating expenses were down by 0.4% (+1.8% at constant scope and exchange rates) compared to 2016, generating a positive 2 point<sup>2</sup> jaws effect. The effect of increased business is largely offset by cost saving measures launched as early as the beginning of 2016.

CIB's gross operating income was thus up significantly by 8.6%, at 3,431 million euros (+9.2% at constant scope and exchange rates).

CIB's cost of risk was at a very low level, at 81 million euros, down by 136 million euros compared to 2016. Corporate Banking's cost of risk was 70 million euros (292 million euros in 2016), or only 6 basis points of outstanding customer loans due to provision write-backs. Global Markets' cost of risk was 15 million euros (72 million euros in net write-back in 2016).

<sup>1</sup> Fixed Income, Currencies, and Commodities

<sup>2</sup> At constant scope and exchange rates

<sup>3</sup> Consolidated under the equity method

<sup>4</sup> Closing of the transaction expected in the first quarter 2018

<sup>5</sup> *Greenwich Share Leader Survey*

<sup>6</sup> Europe, Middle East, Africa

CIB thus generated 3,395 million euros in pre-tax income, up sharply by 14.6% compared to 2016 (+15.7% at constant scope and exchange rates), reflecting solid business growth combined with cost saving measures.

In the fourth quarter 2017, CIB's revenues, at 2,626 million euros, were down by 6.9% compared to the fourth quarter 2016 but only 3.7% at constant scope and exchange rates given an unfavourable foreign exchange effect. Global Markets' revenues, at 1,073 million euros, were down by 13.7%<sup>1</sup> compared to the fourth quarter 2016: the revenues of FICC<sup>2</sup>, at 592 million euros, were down by 27.4%<sup>1</sup> due to the very challenging environment this quarter for rates, forex and credit (low volatility and limited client activity) while Equity and Prime Services' revenues, at 482 million euros were up by 12.1%<sup>1</sup> driven by the rise in volumes at Prime Services. Securities Services' revenues, at 503 million euros, rose by 9.7%<sup>1</sup> compared to the fourth quarter 2016, as a result of increased volumes and the effect of new mandates. At 1,050 million euros, Corporate Banking's revenues were up by 2.5%<sup>1</sup> compared to the fourth quarter 2016 thanks to the solid performance of the regions and the rise in the transaction businesses in Europe.

At 1,883 million euros, CIB operating expenses were down by 1.6% compared to the fourth quarter 2016 (+2.9% at constant scope and exchange rates). They recorded this quarter the impact in Corporate Banking of a specific project for 25 million euros and of costs linked to targeted developments, in particular in Europe. CIB's gross operating income was thus down by 18.0%, at 744 million euros. CIB' cost of risk totalled 264 million euros, 194 million euros higher than in the fourth quarter 2016 due to the impact of two specific files this quarter but was still low excluding this impact. It was 209 million euros at Corporate Banking (115 million euros in the fourth quarter 2016), or 70 basis points of outstanding customer loans. It was 57 million euros at Global Markets (44 million euros in net write-back in the fourth quarter 2016). CIB thus posted 491 million euros in pre-tax income, down by 41.6% compared to the same period last year.

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## **CORPORATE CENTRE**

For the whole of 2017, Corporate Centre revenues totalled 394 million euros compared to 1,294 million euros in 2016. They included the exceptional impact in 2016 of +597 million euros in capital gains from the sale of Visa Europe shares while it included this year only +233 million euros in capital gains from the sale of Shinhan and Euronext shares. The Own Credit Adjustment (OCA) and own credit risk included in derivatives (DVA) totalled -175 million euros (compared to -59 million euros in 2016). As in 2016, Principal Investments made a very good contribution to revenues.

Operating expenses totalled 1,627 million euros compared to 1,189 million euros in 2016. They included the exceptional impact of 101 million euros in the acquisitions' restructuring costs<sup>3</sup> (158 million euros in 2016) and 856 million euros in transformation costs (they included in 2016 395 million in CIB adaptation costs).

The cost of risk totalled 121 million euros (39 million euros in 2016).

<sup>1</sup> At constant scope and exchange rates

<sup>2</sup> Fixed Income, Currencies, and Commodities

<sup>3</sup> In particular, LaSer, Bank BGZ, DAB Bank and GE LLD



Non-operating items totalled -177 million euros (-204 million euros in 2016). They included the exceptional impact of the impairment of the full amount of TEB's goodwill for -172 million euros (they included in 2016 -127 million euros in BGZ's goodwill impairment).

The Corporate Centre's pre-tax income was thus -1,464 million euros (-55 million euros in 2016).

In the fourth quarter 2017, Corporate Centre revenues were 12 million euros compared to 70 million euros in the fourth quarter 2016. They included in particular +11 million euros in Own Credit Adjustment (OCA) and own credit risk included in derivatives (DVA) (-18 million euros in the fourth quarter 2016). They included this quarter the impact of a specific item and a lesser contribution from Principal Investments than during the same period a year earlier. Operating expenses came to 637 million euros compared to 330 million euros in the fourth quarter 2016. They included the exceptional impact of 48 million euros in the acquisitions' restructuring costs<sup>1</sup> (48 million euros in the fourth quarter 2016) and 408 million euros in transformation costs (they included 98 million euros in CIB adaptation costs in the fourth quarter 2016). The cost of risk was negligible (56 million euros in the fourth quarter 2016). Non-operating items totalled -33 million euros (-136 million euros in the fourth quarter 2016 which included BGZ's full goodwill impairment). The Corporate Centre's pre-tax losses were thus -642 million euros compared to -440 million euros in the fourth quarter 2016.

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## **FINANCIAL STRUCTURE**

The Group's balance sheet is very solid.

The fully loaded Basel 3 common equity Tier 1 ratio<sup>2</sup> was 11.8% as at 31 December 2017, up by 30 basis points compared to 31 December 2016, primarily due to the year's net income after taking into account the 50% dividend pay-out ratio (+60bp) and the rise in risk-weighted assets excluding the scope and foreign exchange effect (-30bp). The foreign exchange is, on the whole, limited on the ratio along with the effect of main acquisitions and sales, the effect in particular of the acquisition in the fourth quarter 2017 of the financing activities of General Motors Europe (-10 bp) offsetting the effect of the sale in the first quarter 2017 of First Hawaiian Bank (+10 bp).

The Basel 3 fully loaded leverage ratio<sup>3</sup>, calculated on total Tier 1 capital, totalled 4.6% as at 31 December 2017.

The Liquidity Coverage Ratio stood at 121% as at 31 December 2017.

The Group's liquid and asset reserve immediately available totalled 285 billion euros, which is equivalent to more than one year of room to manoeuvre in terms of wholesale funding.

The evolution of these ratios illustrates the Group's ability to manage its balance sheet in a disciplined manner within the regulatory framework.

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<sup>1</sup> In particular, LaSer, Bank BGZ, DAB Bank and GE LLD

<sup>2</sup> Taking into account all the rules of the CRD4 directives with no transitory provisions. Subject to the provisions of Article 26.2 of Regulation (EU) No 575/2013

<sup>3</sup> Taking into account all the rules of the CRD4 directives in 2019 with no transitory provisions, calculated according to the delegated act of the European Commission dated 10 October 2014

The estimated impact of the first-time application of the new IFRS 9 accounting standard on 1<sup>st</sup> January 2018 are expected to be limited for the Group: roughly -1.1 billion euros for shareholders' equity not revaluated<sup>1</sup> (-2.5 billion euros for shareholders' equity revaluated<sup>2</sup>) and -10bp roughly on the fully loaded Basel 3 common equity Tier 1 ratio<sup>3</sup>.

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\* \*

## **GOOD START OF THE 2017-2020 PLAN**

In the gradually more favourable macroeconomic context (robust economic growth forecasts in Europe and an improving interest rate environment starting next year), the Group is actively implementing the 2017-2020 business development plan.

Leveraging on the Group's integrated and diversified model, this plan is based on an ambitious transformation programme in all the operating divisions as well as differentiated business development strategies between Domestic Markets, IFS and CIB in compliance with a strict corporate social and environmental policy.

### **Good start of the ambitious programme of new customer experiences, digital transformation and savings**

The Group is implementing in all the operating divisions an ambitious transformation programme that aims at the same time to implement new customer experiences, speed up digital transformation and improve the operating efficiency.

Five levers are thereby implemented throughout the Group to reinvent the customer experience and build a more effective and digital bank: (1) implement new customer journeys (new digitalised, value-added and personalised customer services and journeys that were illustrated in particular this year by the launch of *LyffPay*, a universal mobile payment solution, the acquisition of *Compte-Nickel* and the development of the online platform *Centric* at CIB); (2) upgrade the operational model by streamlining processes, simplifying organisations and developing shared platforms with, for example, the announcement this year of the roll-out of the BlackRock's *Aladdin* platform at Asset Management; (3) adapt information systems by incorporating in particular new technologies in order to speed up the digital transformation and by promoting agile work practices, which entails the development of Data Hubs to interface between banking and digital platforms; (4) make better use of data to serve clients all the whilst bolstering data storage and data analysis capacities: the acquisition this year of Gambit in the robo-advisory field will contribute to this objective; (5) develop more digital, collaborative and agile work practices, which translated this year in particular in an equity investment in Symphony, a secure and automated communication platform at Global Markets.

The Group plans to invest 3 billion euros between 2017 and 2019 in this programme that will generate 3.4 billion euros in savings during the same period and 2.7 billion euros in annual recurring savings starting from 2020 with a balanced contribution of all the divisions.

<sup>1</sup> Excluding valuation reserves (Group share)

<sup>2</sup> Including valuation reserves (Group share)

<sup>3</sup> Taking into account all the rules of the CRD4 directives with no transitory provisions. Subject to the provisions of Article 26.2 of Regulation (EU) No 575/2013

In 2017, transformation costs totalled 856 million euros (with a gradual ramping up) and savings generated amounted to 533 million euros, in line with the plan.

### **Differentiated business development strategies successfully implemented by the divisions**

In an interest rate environment that is expected to improve only gradually and given new client expectations influenced by digital usages, Domestic Markets reinforces its sales and marketing drive with new customer experiences, enhanced attractiveness of the offering and new services.

As a growth engine for the Group, International Financial Services strengthens its leading positions in its specialised businesses, accelerates their development (new offerings, new partnerships, new regions) and continues the selective expansion of retail banks.

Lastly, CIB optimises the use of its resources and revenue growth by expanding its corporate and institutional client base, targeting particularly certain countries in Europe, and growing fee-generating businesses, all the while reducing its costs.

These differentiated strategies are successfully implemented in all three operating divisions. The sharp rise in their pre-tax income compared to 2016 illustrates the good evolution of their operating performance (Domestic Markets: +4.7%, IFS: +18.2%, CIB: +14.6%).

### **Commitment for a positive impact on society**

The Group is pursuing an ambitious corporate social and environmental responsibility policy and is committed to making a positive impact on society. It thus created this year a Company Engagement Department, whose head is a member of the Group Executive Committee, in order to reinforce its action in this field. This new Department defines the Group's commitments to civil society, strengthens CSR practices and makes all the company's levers converge to meet key challenges in society.

The Group aims at financing the economy in an ethical way, promoting the development of its employees, supporting initiatives that have a social impact and playing a major role in the transition toward a low carbon economy. It announced that it will stop funding companies whose principal business activity is gas/oil from shale, oil from tar sands or oil/gas production located in the Arctic region. It also announced that it will stop the financings to tobacco companies. It originated and placed sustainable bonds for an equivalent of 6 billion U.S. dollars (+116% compared to 2016).

This policy committed for a positive impact on society is recognised by very good rankings in major specialised indices (named for example first bank in Europe in terms of CSR by *Global Banking & Finance Review*).

The Group is moreover a very significant tax payer, with a total amount of taxes and levies of 5.3 billion euros in 2017.



### Confirmed 2020 objectives

Based on conservative macroeconomic assumptions, the plan takes into account regulatory constraints expected by 2020.

The Group confirms its 2020 targets with revenue growth above or equal to 2.5% per year and 2.7 billion euros in recurring cost savings starting in 2020, bringing the cost income ratio down to 63%.

It aims at a return on equity above 10% in 2020 with a 12%<sup>1</sup> CET1 ratio. The dividend pay-out ratio was increased this year to 50%, in line with the plan.

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\* \*

Commenting on these results, Chief Executive Officer Jean-Laurent Bonnafé stated:

*“With 7.8 billion euros in net income, BNP Paribas delivered a good performance in 2017, thanks to its integrated and diversified model in service of clients. There was sustained development in the business activities of the operating divisions supported by a stronger economic growth in Europe, costs are under control and the cost of risk is significantly lower.*

*The start of the 2020 plan is promising with businesses strengthening their commercial positions, an acceleration of digital transformation and the Group’s commitment for a positive impact on society.*

*I would like to thank all BNP Paribas’s employees whose hard work made this good start of the 2020 plan possible.”*

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<sup>1</sup> At a constant regulatory framework

## **CONSOLIDATED PROFIT AND LOSS ACCOUNT**

€m	4Q17	4Q16	4Q17 / 4Q16	3Q17	4Q17 / 3Q17	2017	2016	2017 / 2016
<b>Revenues</b>	10,532	10,656	-1.2%	10,394	+1.3%	43,161	43,411	-0.6%
Operating Expenses and Dep.	-7,621	-7,444	+2.4%	-7,133	+6.8%	-29,944	-29,378	+1.9%
<b>Gross Operating Income</b>	<b>2,911</b>	<b>3,212</b>	<b>-9.4%</b>	<b>3,261</b>	<b>-10.7%</b>	<b>13,217</b>	<b>14,033</b>	<b>-5.8%</b>
Cost of Risk	-985	-950	+3.7%	-668	+47.5%	-2,907	-3,262	-10.9%
<b>Operating Income</b>	<b>1,926</b>	<b>2,262</b>	<b>-14.9%</b>	<b>2,593</b>	<b>-25.7%</b>	<b>10,310</b>	<b>10,771</b>	<b>-4.3%</b>
Share of Earnings of Equity-Method Entities	175	151	+15.9%	150	+16.7%	713	633	+12.6%
Other Non Operating Items	21	-146	n.s.	230	-90.9%	287	-194	n.s.
<b>Non Operating Items</b>	<b>196</b>	<b>5</b>	<b>n.s.</b>	<b>380</b>	<b>-48.4%</b>	<b>1,000</b>	<b>439</b>	<b>n.s.</b>
<b>Pre-Tax Income</b>	<b>2,122</b>	<b>2,267</b>	<b>-6.4%</b>	<b>2,973</b>	<b>-28.6%</b>	<b>11,310</b>	<b>11,210</b>	<b>+0.9%</b>
Corporate Income Tax	-580	-721	-19.6%	-828	-30.0%	-3,103	-3,095	+0.3%
Net Income Attributable to Minority Interests	-116	-104	+11.5%	-102	+13.7%	-448	-413	+8.5%
<b>Net Income Attributable to Equity Holders</b>	<b>1,426</b>	<b>1,442</b>	<b>-1.1%</b>	<b>2,043</b>	<b>-30.2%</b>	<b>7,759</b>	<b>7,702</b>	<b>+0.7%</b>
<b>Cost/Income</b>	<b>72.4%</b>	<b>69.9%</b>	<b>+2.5 pt</b>	<b>68.6%</b>	<b>+3.8 pt</b>	<b>69.4%</b>	<b>67.7%</b>	<b>+1.7 pt</b>

*BNP Paribas' financial disclosures for the fourth quarter 2017 and for the year 2017 are contained in this press release and in the presentation attached herewith.*

*All legally required disclosures, including the Registration document, are available online at <http://invest.bnpparibas.com> in the "Results" section and are made public by BNP Paribas pursuant to the requirements under Article L.451-1-2 of the French Monetary and Financial Code and Articles 222-1 et seq. of the Autorité des Marchés Financiers' general rules.*

## 4Q17 – RESULTS BY CORE BUSINESSES

	Domestic Markets	International Financial Services	CIB	Operating Divisions	Other Activities	Group	
<i>€m</i>							
<b>Revenues</b>	<b>3,768</b>	<b>4,126</b>	<b>2,626</b>	<b>10,520</b>	<b>12</b>	<b>10,532</b>	
	%Change/4Q16	+0.7%	+2.5%	-6.9%	-0.6%	-83.4%	-12%
	%Change/3Q17	-0.5%	+5.0%	-12%	+14%	-46.3%	+13%
Operating Expenses and Dep.	-2,582	-2,519	-1,883	-6,984	-637	-7,621	
	%Change/4Q16	-5.0%	+15%	-16%	-18%	+92.8%	+2.4%
	%Change/3Q17	+2.3%	+8.1%	-0.7%	+3.5%	+66.6%	+6.8%
<b>Gross Operating Income</b>	<b>1,185</b>	<b>1,608</b>	<b>744</b>	<b>3,536</b>	<b>-625</b>	<b>2,911</b>	
	%Change/4Q16	+16.0%	+4.1%	-18.0%	+19%	n.s.	-9.4%
	%Change/3Q17	-6.1%	+0.6%	-2.3%	-2.4%	+73.4%	-10.7%
Cost of Risk	-369	-353	-264	-986	1	-985	
	%Change/4Q16	-7.6%	-16.9%	n.s.	+10.3%	n.s.	+3.7%
	%Change/3Q17	+18.8%	+0.3%	n.s.	+512%	n.s.	+47.5%
<b>Operating Income</b>	<b>817</b>	<b>1,254</b>	<b>480</b>	<b>2,551</b>	<b>-625</b>	<b>1,926</b>	
	%Change/4Q16	+312%	+12.1%	-42.7%	-1.1%	+97.5%	-14.9%
	%Change/3Q17	-14.2%	+0.7%	-37.8%	-14.1%	+65.8%	-25.7%
Share of Earnings of Equity -Method Entities	7	141	13	160	15	175	
Other Non Operating Items	1	54	-1	54	-33	21	
<b>Pre-Tax Income</b>	<b>825</b>	<b>1,449</b>	<b>491</b>	<b>2,764</b>	<b>-642</b>	<b>2,122</b>	
	%Change/4Q16	+310%	+17.2%	-416%	+2.1%	+46.1%	-6.4%
	%Change/3Q17	-15.6%	-16.9%	-36.9%	-210%	+22.2%	-28.6%

	Domestic Markets	International Financial Services	CIB	Operating Divisions	Other Activities	Group	
<i>€m</i>							
<b>Revenues</b>	<b>3,768</b>	<b>4,126</b>	<b>2,626</b>	<b>10,520</b>	<b>12</b>	<b>10,532</b>	
	4Q16	3,740	4,025	2,821	10,586	70	10,656
	3Q17	3,786	3,928	2,658	10,372	22	10,394
Operating Expenses and Dep.	-2,582	-2,519	-1,883	-6,984	-637	-7,621	
	4Q16	-2,719	-2,481	-1,914	-7,114	-330	-7,444
	3Q17	-2,524	-2,330	-1,897	-6,751	-382	-7,133
<b>Gross Operating Income</b>	<b>1,185</b>	<b>1,608</b>	<b>744</b>	<b>3,536</b>	<b>-625</b>	<b>2,911</b>	
	4Q16	1,022	1,544	907	3,472	-260	3,212
	3Q17	1,262	1,598	761	3,622	-361	3,261
Cost of Risk	-369	-353	-264	-986	1	-985	
	4Q16	-399	-425	-70	-894	-56	-950
	3Q17	-310	-352	10	-652	-16	-668
<b>Operating Income</b>	<b>817</b>	<b>1,254</b>	<b>480</b>	<b>2,551</b>	<b>-625</b>	<b>1,926</b>	
	4Q16	623	1,118	837	2,578	-316	2,262
	3Q17	952	1,246	772	2,970	-377	2,593
Share of Earnings of Equity -Method Entities	7	141	13	160	15	175	
	4Q16	13	116	9	138	13	151
	3Q17	22	140	-2	160	-10	150
Other Non Operating Items	1	54	-1	54	-33	21	
	4Q16	-6	1	-5	-10	-136	-146
	3Q17	3	358	8	369	-139	230
<b>Pre-Tax Income</b>	<b>825</b>	<b>1,449</b>	<b>491</b>	<b>2,764</b>	<b>-642</b>	<b>2,122</b>	
	4Q16	630	1,236	841	2,707	-440	2,267
	3Q17	977	1,744	778	3,498	-525	2,973
Corporate Income Tax							-580
Net Income Attributable to Minority Interests							-116
<b>Net Income Attributable to Equity Holders</b>							<b>1,426</b>

## 2017 – RESULTS BY CORE BUSINESSES

		Domestic Markets	International Financial Services	CIB	Operating Divisions	Other Activities	Group
<i>€m</i>							
<b>Revenues</b>		<b>15,164</b>	<b>15,899</b>	<b>11,704</b>	<b>42,767</b>	<b>394</b>	<b>43,161</b>
	%Change/2016	-0.0%	+2.7%	+2.1%	+15%	-69.6%	-0.6%
Operating Expenses and Dep.		-10,322	-9,722	-8,273	-28,317	-1,627	-29,944
	%Change/2016	-0.1%	+19%	-0.4%	+0.5%	+36.9%	+19%
<b>Gross Operating Income</b>		<b>4,842</b>	<b>6,177</b>	<b>3,431</b>	<b>14,451</b>	<b>-1,234</b>	<b>13,217</b>
	%Change/2016	+0.2%	+4.1%	+8.6%	+3.8%	n.s.	-5.8%
Cost of Risk		-1,353	-1,351	-81	-2,786	-121	-2,907
	%Change/2016	-10.3%	-9.7%	-62.5%	-13.5%	n.s.	-10.9%
<b>Operating Income</b>		<b>3,489</b>	<b>4,826</b>	<b>3,350</b>	<b>11,665</b>	<b>-1,355</b>	<b>10,310</b>
	%Change/2016	+5.0%	+8.7%	+13.8%	+9.0%	n.s.	-4.3%
Share of Earnings of Equity-Method Entities		61	561	24	645	68	713
Other Non Operating Items		10	433	22	464	-177	287
<b>Pre-Tax Income</b>		<b>3,560</b>	<b>5,820</b>	<b>3,395</b>	<b>12,774</b>	<b>-1,464</b>	<b>11,310</b>
	%Change/2016	+5.3%	+18.2%	+14.6%	+13.4%	n.s.	+0.9%
Corporate Income Tax							-3,103
Net Income Attributable to Minority Interests							-448
<b>Net Income Attributable to Equity Holders</b>							<b>7,759</b>

**QUARTERLY SERIES**

€m	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
<b>GROUP</b>								
Revenues	10,532	10,394	10,938	11,297	10,656	10,589	11,322	10,844
Operating Expenses and Dep.	-7,621	-7,133	-7,071	-8,119	-7,444	-7,217	-7,090	-7,627
<b>Gross Operating Income</b>	<b>2,911</b>	<b>3,261</b>	<b>3,867</b>	<b>3,178</b>	<b>3,212</b>	<b>3,372</b>	<b>4,232</b>	<b>3,217</b>
Cost of Risk	-985	-668	-662	-592	-950	-764	-791	-757
<b>Operating Income</b>	<b>1,926</b>	<b>2,593</b>	<b>3,205</b>	<b>2,586</b>	<b>2,262</b>	<b>2,608</b>	<b>3,441</b>	<b>2,460</b>
Share of Earnings of Equity-Method Entities	175	150	223	165	151	163	165	154
Other Non Operating Items	21	230	33	3	-146	9	-81	24
<b>Pre-Tax Income</b>	<b>2,122</b>	<b>2,973</b>	<b>3,461</b>	<b>2,754</b>	<b>2,267</b>	<b>2,780</b>	<b>3,525</b>	<b>2,638</b>
Corporate Income Tax	-580	-828	-943	-752	-721	-790	-864	-720
Net Income Attributable to Minority Interests	-116	-102	-122	-108	-104	-104	-101	-104
<b>Net Income Attributable to Equity Holders</b>	<b>1,426</b>	<b>2,043</b>	<b>2,396</b>	<b>1,894</b>	<b>1,442</b>	<b>1,886</b>	<b>2,560</b>	<b>1,814</b>
<b>Cost/Income</b>	<b>72.4%</b>	<b>68.6%</b>	<b>64.6%</b>	<b>71.9%</b>	<b>69.9%</b>	<b>68.2%</b>	<b>62.6%</b>	<b>70.3%</b>

€m	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
<b>RETAIL BANKING &amp; SERVICES Excluding PEL/CEL Effects</b>								
Revenues	7,881	7,707	7,737	7,719	7,758	7,735	7,636	7,522
Operating Expenses and Dep.	-5,101	-4,854	-4,784	-5,305	-5,200	-4,813	-4,681	-5,187
<b>Gross Operating Income</b>	<b>2,780</b>	<b>2,853</b>	<b>2,953</b>	<b>2,414</b>	<b>2,558</b>	<b>2,922</b>	<b>2,956</b>	<b>2,335</b>
Cost of Risk	-722	-662	-686	-634	-824	-704	-740	-738
<b>Operating Income</b>	<b>2,058</b>	<b>2,191</b>	<b>2,267</b>	<b>1,780</b>	<b>1,733</b>	<b>2,218</b>	<b>2,216</b>	<b>1,598</b>
Share of Earnings of Equity-Method Entities	147	162	174	139	130	140	124	136
Other Non Operating Items	55	361	16	11	-5	9	-2	8
<b>Pre-Tax Income</b>	<b>2,261</b>	<b>2,714</b>	<b>2,457</b>	<b>1,930</b>	<b>1,858</b>	<b>2,367</b>	<b>2,339</b>	<b>1,742</b>
Allocated Equity (€bn, year to date)	51.4	50.9	50.7	50.6	49.0	48.8	48.6	48.7
<b>RETAIL BANKING &amp; SERVICES</b>								
Revenues	7,894	7,714	7,738	7,717	7,765	7,728	7,615	7,540
Operating Expenses and Dep.	-5,101	-4,854	-4,784	-5,305	-5,200	-4,813	-4,681	-5,187
<b>Gross Operating Income</b>	<b>2,793</b>	<b>2,860</b>	<b>2,955</b>	<b>2,412</b>	<b>2,565</b>	<b>2,915</b>	<b>2,935</b>	<b>2,353</b>
Cost of Risk	-722	-662	-686	-634	-824	-704	-740	-738
<b>Operating Income</b>	<b>2,071</b>	<b>2,198</b>	<b>2,269</b>	<b>1,778</b>	<b>1,741</b>	<b>2,212</b>	<b>2,195</b>	<b>1,616</b>
Share of Earnings of Equity-Method Entities	147	162	174	139	130	140	124	136
Other Non Operating Items	55	361	16	11	-5	9	-2	8
<b>Pre-Tax Income</b>	<b>2,273</b>	<b>2,721</b>	<b>2,458</b>	<b>1,927</b>	<b>1,866</b>	<b>2,360</b>	<b>2,318</b>	<b>1,760</b>
Allocated Equity (€bn, year to date)	51.4	50.9	50.7	50.6	49.0	48.8	48.6	48.7
<b>DOMESTIC MARKETS (including 100% of Private Banking in France, Italy, Belgium and Luxembourg)* Excluding PEL/CEL Effects</b>								
Revenues	3,897	3,918	3,951	3,952	3,866	3,923	3,962	3,963
Operating Expenses and Dep.	-2,653	-2,599	-2,488	-2,880	-2,794	-2,567	-2,449	-2,818
<b>Gross Operating Income</b>	<b>1,244</b>	<b>1,319</b>	<b>1,463</b>	<b>1,072</b>	<b>1,072</b>	<b>1,356</b>	<b>1,513</b>	<b>1,145</b>
Cost of Risk	-370	-311	-355	-319	-399	-329	-388	-399
<b>Operating Income</b>	<b>874</b>	<b>1,008</b>	<b>1,108</b>	<b>753</b>	<b>674</b>	<b>1,028</b>	<b>1,124</b>	<b>746</b>
Share of Earnings of Equity-Method Entities	7	23	21	11	14	18	13	9
Other Non Operating Items	1	3	1	5	-6	8	2	-2
<b>Pre-Tax Income</b>	<b>882</b>	<b>1,034</b>	<b>1,130</b>	<b>769</b>	<b>681</b>	<b>1,054</b>	<b>1,140</b>	<b>753</b>
Income Attributable to Wealth and Asset Management	-70	-64	-78	-61	-59	-61	-63	-63
<b>Pre-Tax Income of Domestic Markets</b>	<b>812</b>	<b>970</b>	<b>1,052</b>	<b>707</b>	<b>622</b>	<b>993</b>	<b>1,076</b>	<b>690</b>
Allocated Equity (€bn, year to date)	24.6	24.3	24.1	23.8	23.0	22.9	22.9	22.9
<b>DOMESTIC MARKETS (including 2/3 of Private Banking in France, Italy, Belgium and Luxembourg)</b>								
Revenues	3,768	3,786	3,803	3,807	3,740	3,782	3,803	3,844
Operating Expenses and Dep.	-2,582	-2,524	-2,417	-2,799	-2,719	-2,494	-2,378	-2,745
<b>Gross Operating Income</b>	<b>1,185</b>	<b>1,262</b>	<b>1,387</b>	<b>1,008</b>	<b>1,022</b>	<b>1,288</b>	<b>1,425</b>	<b>1,099</b>
Cost of Risk	-369	-310	-356	-319	-399	-327	-385	-398
<b>Operating Income</b>	<b>817</b>	<b>952</b>	<b>1,031</b>	<b>689</b>	<b>623</b>	<b>961</b>	<b>1,040</b>	<b>701</b>
Share of Earnings of Equity-Method Entities	7	22	21	11	13	18	13	9
Other Non Operating Items	1	3	1	5	-6	8	2	-2
<b>Pre-Tax Income</b>	<b>825</b>	<b>977</b>	<b>1,053</b>	<b>705</b>	<b>630</b>	<b>987</b>	<b>1,055</b>	<b>708</b>
Allocated Equity (€bn, year to date)	24.6	24.3	24.1	23.8	23.0	22.9	22.9	22.9

\* Including 100% of Private Banking for the Revenues to Pre-tax income items

€m	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
FRENCH RETAIL BANKING (including 100% of Private Banking in France)*								
<b>Revenues</b>	<b>1,554</b>	<b>1,592</b>	<b>1,607</b>	<b>1,618</b>	<b>1,556</b>	<b>1,594</b>	<b>1,587</b>	<b>1,661</b>
<i>Incl. Net Interest Income</i>	888	904	886	909	907	916	879	972
<i>Incl. Commissions</i>	665	688	721	708	649	678	709	689
Operating Expenses and Dep.	-1,175	-1,183	-1,116	-1,184	-1,216	-1,178	-1,106	-1,173
<b>Gross Operating Income</b>	<b>379</b>	<b>409</b>	<b>492</b>	<b>434</b>	<b>340</b>	<b>416</b>	<b>481</b>	<b>488</b>
Cost of Risk	-107	-65	-80	-79	-124	-72	-72	-73
<b>Operating Income</b>	<b>272</b>	<b>344</b>	<b>412</b>	<b>355</b>	<b>215</b>	<b>345</b>	<b>408</b>	<b>415</b>
Non Operating Items	0	1	0	0	1	0	1	1
<b>Pre-Tax Income</b>	<b>272</b>	<b>344</b>	<b>412</b>	<b>356</b>	<b>217</b>	<b>345</b>	<b>409</b>	<b>416</b>
Income Attributable to Wealth and Asset Management	-38	-36	-40	-39	-32	-34	-32	-39
<b>Pre-Tax Income of French Retail Banking</b>	<b>234</b>	<b>309</b>	<b>372</b>	<b>316</b>	<b>184</b>	<b>310</b>	<b>377</b>	<b>377</b>
Allocated Equity (€bn, year to date)	9.4	9.4	9.3	9.2	8.7	8.6	8.5	8.6
FRENCH RETAIL BANKING (including 100% of Private Banking in France)* Excluding PEL/CEL Effects								
<b>Revenues</b>	<b>1,541</b>	<b>1,585</b>	<b>1,606</b>	<b>1,620</b>	<b>1,548</b>	<b>1,601</b>	<b>1,608</b>	<b>1,643</b>
<i>Incl. Net Interest Income</i>	876	897	885	912	899	923	900	954
<i>Incl. Commissions</i>	665	688	721	708	649	678	709	689
Operating Expenses and Dep.	-1,175	-1,183	-1,116	-1,184	-1,216	-1,178	-1,106	-1,173
<b>Gross Operating Income</b>	<b>366</b>	<b>402</b>	<b>490</b>	<b>436</b>	<b>332</b>	<b>423</b>	<b>502</b>	<b>470</b>
Cost of Risk	-107	-65	-80	-79	-124	-72	-72	-73
<b>Operating Income</b>	<b>259</b>	<b>337</b>	<b>411</b>	<b>358</b>	<b>208</b>	<b>351</b>	<b>430</b>	<b>397</b>
Non Operating Items	0	1	0	0	1	0	1	1
<b>Pre-Tax Income</b>	<b>259</b>	<b>337</b>	<b>411</b>	<b>358</b>	<b>209</b>	<b>351</b>	<b>430</b>	<b>398</b>
Income Attributable to Wealth and Asset Management	-38	-36	-40	-39	-32	-34	-32	-39
<b>Pre-Tax Income of French Retail Banking</b>	<b>221</b>	<b>302</b>	<b>371</b>	<b>319</b>	<b>177</b>	<b>317</b>	<b>398</b>	<b>359</b>
Allocated Equity (€bn, year to date)	9.4	9.4	9.3	9.2	8.7	8.6	8.5	8.6
FRENCH RETAIL BANKING (including 2/3 of Private Banking in France)								
<b>Revenues</b>	<b>1,481</b>	<b>1,518</b>	<b>1,531</b>	<b>1,541</b>	<b>1,485</b>	<b>1,523</b>	<b>1,516</b>	<b>1,588</b>
Operating Expenses and Dep.	-1,140	-1,145	-1,079	-1,146	-1,178	-1,141	-1,068	-1,139
<b>Gross Operating Income</b>	<b>341</b>	<b>374</b>	<b>452</b>	<b>395</b>	<b>307</b>	<b>382</b>	<b>448</b>	<b>450</b>
Cost of Risk	-107	-65	-80	-79	-124	-71	-72	-73
<b>Operating Income</b>	<b>234</b>	<b>308</b>	<b>372</b>	<b>316</b>	<b>183</b>	<b>311</b>	<b>376</b>	<b>377</b>
Non Operating Items	0	0	0	0	1	0	1	1
<b>Pre-Tax Income</b>	<b>234</b>	<b>309</b>	<b>372</b>	<b>316</b>	<b>184</b>	<b>310</b>	<b>377</b>	<b>377</b>
Allocated Equity (€bn, year to date)	9.4	9.4	9.3	9.2	8.7	8.6	8.5	8.6
* Including 100% of Private Banking for the Revenues to Pre-tax income items								
** Reminder on PEL/CEL provision: this provision, accounted in the French Retail Banking's revenues, takes into account the risk generated by Plans Epargne Logement (PEL) and Comptes Epargne Logement (CEL) during their whole lifetime.								
€m	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
PEL/CEL effects	13	7	1	-2	8	-7	-21	18

€m	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
BNL banca commerciale (Including 100% of Private Banking in Italy)*								
<b>Revenues</b>	732	719	729	727	745	741	749	737
Operating Expenses and Dep.	-457	-445	-430	-469	-543	-448	-433	-462
<b>Gross Operating Income</b>	275	274	299	258	202	293	317	275
Cost of Risk	-218	-203	-222	-228	-229	-215	-242	-274
<b>Operating Income</b>	57	71	77	30	-27	78	74	1
Non Operating Items	0	0	0	0	0	0	0	0
<b>Pre-Tax Income</b>	57	71	77	30	-27	78	74	1
Income Attributable to Wealth and Asset Management	-11	-9	-12	-12	-10	-9	-9	-10
<b>Pre-Tax Income of BNL bc</b>	46	63	65	18	-36	70	65	-8
Allocated Equity (€bn, year to date)	5.8	5.8	5.7	5.7	5.7	5.8	5.9	6.0
BNL banca commerciale (Including 2/3 of Private Banking in Italy)								
<b>Revenues</b>	710	699	707	706	725	721	730	718
Operating Expenses and Dep.	-447	-434	-420	-460	-533	-438	-423	-453
<b>Gross Operating Income</b>	263	265	287	247	192	284	307	265
Cost of Risk	-217	-203	-222	-228	-229	-214	-242	-274
<b>Operating Income</b>	46	62	65	18	-36	70	65	-8
Non Operating Items	0	0	0	0	0	0	0	0
<b>Pre-Tax Income</b>	46	63	65	18	-36	70	65	-8
Allocated Equity (€bn, year to date)	5.8	5.8	5.7	5.7	5.7	5.8	5.9	6.0
BELGIAN RETAIL BANKING (Including 100% of Private Banking in Belgium)*								
<b>Revenues</b>	894	921	930	931	908	914	923	917
Operating Expenses and Dep.	-601	-570	-560	-823	-661	-575	-555	-791
<b>Gross Operating Income</b>	293	351	370	108	247	339	367	126
Cost of Risk	-15	-23	-28	1	-9	-19	-49	-21
<b>Operating Income</b>	278	328	343	109	237	320	318	106
Share of Earnings of Equity-Method Entities	2	17	6	-4	2	5	5	-4
Other Non Operating Items	1	3	2	0	-1	-2	0	0
<b>Pre-Tax Income</b>	281	347	351	106	239	323	323	102
Income Attributable to Wealth and Asset Management	-19	-18	-25	-10	-17	-18	-21	-14
<b>Pre-Tax Income of Belgian Retail Banking</b>	262	329	325	96	222	305	302	88
Allocated Equity (€bn, year to date)	5.3	5.2	5.2	5.1	4.7	4.7	4.7	4.6
BELGIAN RETAIL BANKING (Including 2/3 of Private Banking in Belgium)								
<b>Revenues</b>	849	879	882	889	867	871	878	875
Operating Expenses and Dep.	-577	-547	-537	-790	-636	-550	-534	-763
<b>Gross Operating Income</b>	272	332	346	99	230	321	344	112
Cost of Risk	-14	-23	-28	1	-10	-19	-46	-20
<b>Operating Income</b>	259	309	317	99	221	302	297	92
Share of Earnings of Equity-Method Entities	2	17	6	-4	2	5	5	-4
Other Non Operating Items	1	3	2	0	-1	-2	0	0
<b>Pre-Tax Income</b>	262	329	325	96	222	305	302	88
Allocated Equity (€bn, year to date)	5.3	5.2	5.2	5.1	4.7	4.7	4.7	4.6

\* Including 100% of Private Banking for the Revenues to Pre-tax income items



€m	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
OTHER DOMESTIC MARKETS ACTIVITIES INCLUDING LUXEMBOURG (Including 100% of Private Banking in Luxembourg)*								
<b>Revenues</b>	<b>730</b>	<b>692</b>	<b>686</b>	<b>674</b>	<b>666</b>	<b>669</b>	<b>681</b>	<b>666</b>
Operating Expenses and Dep.	-420	-400	-382	-405	-374	-367	-355	-393
<b>Gross Operating Income</b>	<b>310</b>	<b>292</b>	<b>304</b>	<b>269</b>	<b>292</b>	<b>302</b>	<b>327</b>	<b>273</b>
Cost of Risk	-30	-19	-26	-14	-37	-23	-25	-31
<b>Operating Income</b>	<b>279</b>	<b>273</b>	<b>278</b>	<b>256</b>	<b>255</b>	<b>279</b>	<b>302</b>	<b>242</b>
Share of Earnings of Equity-Method Entities	5	5	14	14	10	13	8	12
Other Non Operating Items	0	0	0	5	-6	10	3	-2
<b>Pre-Tax Income</b>	<b>284</b>	<b>277</b>	<b>292</b>	<b>274</b>	<b>260</b>	<b>301</b>	<b>312</b>	<b>252</b>
Income Attributable to Wealth and Asset Management	-1	-1	-1	-1	0	0	-1	-1
<b>Pre-Tax Income of Other Domestic Markets</b>	<b>283</b>	<b>277</b>	<b>291</b>	<b>274</b>	<b>259</b>	<b>301</b>	<b>311</b>	<b>251</b>
Allocated Equity (€bn, year to date)	4.0	3.9	3.9	3.9	3.8	3.8	3.8	3.8
<hr/>								
€m	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
OTHER DOMESTIC MARKETS ACTIVITIES INCLUDING LUXEMBOURG (Including 2/3 of Private Banking in Luxembourg)								
<b>Revenues</b>	<b>727</b>	<b>690</b>	<b>683</b>	<b>671</b>	<b>663</b>	<b>666</b>	<b>679</b>	<b>663</b>
Operating Expenses and Dep.	-419	-399	-381	-403	-372	-365	-353	-391
<b>Gross Operating Income</b>	<b>309</b>	<b>291</b>	<b>303</b>	<b>269</b>	<b>291</b>	<b>301</b>	<b>326</b>	<b>272</b>
Cost of Risk	-30	-19	-26	-14	-36	-23	-25	-31
<b>Operating Income</b>	<b>278</b>	<b>272</b>	<b>277</b>	<b>255</b>	<b>255</b>	<b>278</b>	<b>301</b>	<b>241</b>
Share of Earnings of Equity-Method Entities	5	5	14	14	10	13	8	12
Other Non Operating Items	0	0	0	5	-6	10	3	-2
<b>Pre-Tax Income</b>	<b>283</b>	<b>277</b>	<b>291</b>	<b>274</b>	<b>259</b>	<b>301</b>	<b>311</b>	<b>251</b>
Allocated Equity (€bn, year to date)	4.0	3.9	3.9	3.9	3.8	3.8	3.8	3.8

\* Including 100% of Private Banking for the Revenues to Pre-tax income items

€m	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
<b>INTERNATIONAL FINANCIAL SERVICES</b>								
Revenues	4,126	3,928	3,935	3,909	4,025	3,946	3,813	3,696
Operating Expenses and Dep.	-2,519	-2,330	-2,367	-2,506	-2,481	-2,319	-2,303	-2,442
<b>Gross Operating Income</b>	<b>1,608</b>	<b>1,598</b>	<b>1,568</b>	<b>1,404</b>	<b>1,544</b>	<b>1,627</b>	<b>1,510</b>	<b>1,254</b>
Cost of Risk	-353	-352	-331	-315	-425	-376	-355	-339
<b>Operating Income</b>	<b>1,254</b>	<b>1,246</b>	<b>1,237</b>	<b>1,089</b>	<b>1,118</b>	<b>1,251</b>	<b>1,155</b>	<b>915</b>
Share of Earnings of Equity-Method Entities	141	140	153	128	116	122	111	127
Other Non Operating Items	54	358	14	6	1	1	-4	10
<b>Pre-Tax Income</b>	<b>1,449</b>	<b>1,744</b>	<b>1,405</b>	<b>1,222</b>	<b>1,236</b>	<b>1,373</b>	<b>1,262</b>	<b>1,052</b>
Allocated Equity (€bn, year to date)	26.8	26.5	26.6	26.7	26.1	25.9	25.7	25.8
<b>PERSONAL FINANCE</b>								
Revenues	1,280	1,222	1,220	1,201	1,185	1,177	1,168	1,149
Operating Expenses and Dep.	-639	-575	-579	-634	-598	-544	-547	-609
<b>Gross Operating Income</b>	<b>641</b>	<b>647</b>	<b>641</b>	<b>568</b>	<b>587</b>	<b>632</b>	<b>621</b>	<b>540</b>
Cost of Risk	-271	-273	-225	-240	-269	-240	-248	-221
<b>Operating Income</b>	<b>369</b>	<b>375</b>	<b>415</b>	<b>328</b>	<b>317</b>	<b>392</b>	<b>373</b>	<b>319</b>
Share of Earnings of Equity-Method Entities	19	21	30	20	18	18	-8	13
Other Non Operating Items	0	24	0	5	-2	0	-1	1
<b>Pre-Tax Income</b>	<b>389</b>	<b>420</b>	<b>445</b>	<b>353</b>	<b>334</b>	<b>411</b>	<b>364</b>	<b>333</b>
Allocated Equity (€bn, year to date)	5.8	5.5	5.4	5.3	4.9	4.9	4.8	4.8
<b>EUROPE-MEDITERRANEAN (Including 100% of Private Banking in Turkey)*</b>								
Revenues	581	573	590	592	630	659	616	608
Operating Expenses and Dep.	-414	-403	-420	-424	-431	-413	-429	-432
<b>Gross Operating Income</b>	<b>167</b>	<b>170</b>	<b>170</b>	<b>168</b>	<b>200</b>	<b>245</b>	<b>187</b>	<b>176</b>
Cost of Risk	-62	-60	-70	-67	-127	-127	-87	-96
<b>Operating Income</b>	<b>105</b>	<b>110</b>	<b>100</b>	<b>101</b>	<b>73</b>	<b>118</b>	<b>100</b>	<b>80</b>
Share of Earnings of Equity-Method Entities	49	47	53	48	49	48	53	50
Other Non Operating Items	3	1	-1	0	-1	0	-4	2
<b>Pre-Tax Income</b>	<b>158</b>	<b>159</b>	<b>152</b>	<b>150</b>	<b>121</b>	<b>166</b>	<b>149</b>	<b>132</b>
Income Attributable to Wealth and Asset Management	-1	0	-1	-1	-1	0	-1	-1
<b>Pre-Tax Income of EUROPE-MEDITERRANEAN</b>	<b>157</b>	<b>158</b>	<b>151</b>	<b>149</b>	<b>120</b>	<b>165</b>	<b>149</b>	<b>132</b>
Allocated Equity (€bn, year to date)	4.9	5.0	5.0	5.0	5.2	5.2	5.2	5.1
<b>EUROPE-MEDITERRANEAN (Including 2/3 of Private Banking in Turkey)</b>								
Revenues	579	571	588	590	628	656	614	606
Operating Expenses and Dep.	-413	-401	-419	-423	-429	-411	-428	-431
<b>Gross Operating Income</b>	<b>167</b>	<b>170</b>	<b>169</b>	<b>167</b>	<b>199</b>	<b>245</b>	<b>187</b>	<b>176</b>
Cost of Risk	-62	-60	-70	-67	-127	-127	-87	-96
<b>Operating Income</b>	<b>105</b>	<b>110</b>	<b>99</b>	<b>100</b>	<b>72</b>	<b>118</b>	<b>100</b>	<b>80</b>
Share of Earnings of Equity-Method Entities	49	47	53	48	49	48	53	50
Other Non Operating Items	3	1	-1	0	-1	0	-4	2
<b>Pre-Tax Income</b>	<b>157</b>	<b>158</b>	<b>151</b>	<b>149</b>	<b>120</b>	<b>165</b>	<b>149</b>	<b>132</b>
Allocated Equity (€bn, year to date)	4.9	5.0	5.0	5.0	5.2	5.2	5.2	5.1

\* Including 100% of Private Banking for the Revenues to Pre-tax income items

€m	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
<b>BANCWEST (Including 100% of Private Banking in United States)*</b>								
<b>Revenues</b>	738	734	762	761	795	728	688	773
Operating Expenses and Dep.	-483	-482	-513	-566	-521	-501	-482	-534
<b>Gross Operating Income</b>	255	251	249	205	274	227	207	239
Cost of Risk	-20	-32	-38	-22	-23	-14	-23	-25
<b>Operating Income</b>	235	219	211	183	251	213	184	214
Share of Earnings of Equity-Method Entities	0	0	0	0	0	0	0	0
Other Non Operating Items	1	3	1	-1	4	1	1	10
<b>Pre-Tax Income</b>	236	222	212	182	255	214	184	225
Income Attributable to Wealth and Asset Management	-6	-5	-5	-5	-5	-4	-3	-3
<b>Pre-Tax Income of BANCWEST</b>	230	217	206	177	251	210	181	221
Allocated Equity (€bn, year to date)	6.4	6.4	6.6	6.7	6.3	6.2	6.3	6.4
<b>BANCWEST (Including 2/3 of Private Banking in United States)</b>								
<b>Revenues</b>	724	720	748	748	782	716	677	762
Operating Expenses and Dep.	-475	-474	-505	-548	-513	-493	-474	-526
<b>Gross Operating Income</b>	249	246	243	200	269	223	203	236
Cost of Risk	-20	-32	-38	-22	-23	-14	-23	-25
<b>Operating Income</b>	229	214	206	178	246	209	180	211
Non Operating Items	1	3	1	-1	4	1	1	10
<b>Pre-Tax Income</b>	230	217	206	177	251	210	181	221
Allocated Equity (€bn, year to date)	6.4	6.4	6.6	6.7	6.3	6.2	6.3	6.4
<b>INSURANCE</b>								
<b>Revenues</b>	636	662	619	597	636	679	611	456
Operating Expenses and Dep.	-317	-311	-297	-326	-315	-299	-278	-309
<b>Gross Operating Income</b>	319	351	322	271	321	380	333	147
Cost of Risk	5	1	-1	-1	-1	3	1	-1
<b>Operating Income</b>	324	352	321	271	320	383	334	146
Share of Earnings of Equity-Method Entities	53	63	55	54	36	44	54	55
Other Non Operating Items	49	325	0	1	0	0	0	-3
<b>Pre-Tax Income</b>	425	740	376	326	356	427	387	199
Allocated Equity (€bn, year to date)	7.8	7.7	7.7	7.8	7.5	7.4	7.4	7.4
<b>WEALTH AND ASSET MANAGEMENT</b>								
<b>Revenues</b>	907	753	760	773	794	718	743	723
Operating Expenses and Dep.	-675	-569	-567	-576	-626	-572	-577	-567
<b>Gross Operating Income</b>	233	183	193	198	168	146	166	156
Cost of Risk	-5	12	4	14	-5	3	3	3
<b>Operating Income</b>	228	195	197	212	163	149	169	159
Share of Earnings of Equity-Method Entities	19	8	15	5	13	12	13	8
Other Non Operating Items	1	5	14	0	0	0	0	0
<b>Pre-Tax Income</b>	248	208	226	217	176	161	181	167
Allocated Equity (€bn, year to date)	1.9	1.9	1.9	1.9	2.1	2.1	2.1	2.1

\* Including 100% of Private Banking for the Revenues to Pre-tax income items

€m	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
<b>CORPORATE AND INSTITUTIONAL BANKING</b>								
<b>Revenues</b>	<b>2,626</b>	<b>2,658</b>	<b>3,197</b>	<b>3,223</b>	<b>2,821</b>	<b>2,905</b>	<b>3,056</b>	<b>2,686</b>
Operating Expenses and Dep.	-1,883	-1,897	-1,988	-2,506	-1,914	-2,022	-2,115	-2,258
<b>Gross Operating Income</b>	<b>744</b>	<b>761</b>	<b>1,209</b>	<b>717</b>	<b>907</b>	<b>883</b>	<b>942</b>	<b>428</b>
Cost of Risk	-264	10	118	54	-70	-74	-46	-28
<b>Operating Income</b>	<b>480</b>	<b>772</b>	<b>1,328</b>	<b>770</b>	<b>837</b>	<b>809</b>	<b>896</b>	<b>400</b>
Share of Earnings of Equity-Method Entities	13	-2	5	8	9	2	13	-3
Other Non Operating Items	-1	8	15	0	-5	1	-2	6
<b>Pre-Tax Income</b>	<b>491</b>	<b>778</b>	<b>1,349</b>	<b>778</b>	<b>841</b>	<b>812</b>	<b>907</b>	<b>403</b>
Allocated Equity (€bn, year to date)	21.1	21.4	21.9	22.1	22.2	22.2	22.0	21.9
<b>CORPORATE BANKING</b>								
<b>Revenues</b>	<b>1,050</b>	<b>948</b>	<b>1,176</b>	<b>991</b>	<b>1,071</b>	<b>958</b>	<b>1,037</b>	<b>929</b>
Operating Expenses and Dep.	-603	-546	-590	-691	-567	-591	-601	-693
<b>Gross Operating Income</b>	<b>447</b>	<b>402</b>	<b>586</b>	<b>299</b>	<b>504</b>	<b>368</b>	<b>436</b>	<b>236</b>
Cost of Risk	-209	4	78	57	-115	-79	-42	-55
<b>Operating Income</b>	<b>238</b>	<b>407</b>	<b>664</b>	<b>356</b>	<b>388</b>	<b>289</b>	<b>394</b>	<b>181</b>
Non Operating Items	5	6	19	7	14	-3	2	0
<b>Pre-Tax Income</b>	<b>243</b>	<b>413</b>	<b>683</b>	<b>364</b>	<b>402</b>	<b>285</b>	<b>396</b>	<b>181</b>
Allocated Equity (€bn, year to date)	12.4	12.5	12.7	12.6	12.4	12.3	12.3	12.2
<b>GLOBAL MARKETS</b>								
<b>Revenues</b>	<b>1,073</b>	<b>1,234</b>	<b>1,523</b>	<b>1,754</b>	<b>1,284</b>	<b>1,490</b>	<b>1,558</b>	<b>1,318</b>
<i>incl. FICC</i>	592	801	883	1,174	838	1,082	1,050	890
<i>incl. Equity &amp; Prime Services</i>	482	433	640	580	446	408	509	428
Operating Expenses and Dep.	-875	-958	-997	-1,424	-967	-1,065	-1,139	-1,184
<b>Gross Operating Income</b>	<b>198</b>	<b>276</b>	<b>526</b>	<b>330</b>	<b>317</b>	<b>425</b>	<b>419</b>	<b>134</b>
Cost of Risk	-57	6	39	-3	44	5	-4	27
<b>Operating Income</b>	<b>142</b>	<b>281</b>	<b>565</b>	<b>327</b>	<b>361</b>	<b>430</b>	<b>415</b>	<b>160</b>
Share of Earnings of Equity-Method Entities	5	-6	-1	0	-3	5	11	-4
Other Non Operating Items	1	6	3	0	-8	0	-2	6
<b>Pre-Tax Income</b>	<b>147</b>	<b>281</b>	<b>567</b>	<b>326</b>	<b>350</b>	<b>435</b>	<b>424</b>	<b>163</b>
Allocated Equity (€bn, year to date)	7.8	8.0	8.4	8.7	9.0	9.1	9.0	9.1
<b>SECURITIES SERVICES</b>								
<b>Revenues</b>	<b>503</b>	<b>476</b>	<b>498</b>	<b>478</b>	<b>466</b>	<b>457</b>	<b>461</b>	<b>440</b>
Operating Expenses and Dep.	-405	-392	-400	-390	-380	-367	-374	-382
<b>Gross Operating Income</b>	<b>98</b>	<b>84</b>	<b>97</b>	<b>87</b>	<b>86</b>	<b>90</b>	<b>87</b>	<b>59</b>
Cost of Risk	2	0	1	0	2	0	1	0
<b>Operating Income</b>	<b>100</b>	<b>84</b>	<b>99</b>	<b>87</b>	<b>87</b>	<b>90</b>	<b>88</b>	<b>59</b>
Non Operating Items	0	0	0	0	1	1	0	0
<b>Pre-Tax Income</b>	<b>100</b>	<b>84</b>	<b>99</b>	<b>88</b>	<b>88</b>	<b>91</b>	<b>87</b>	<b>59</b>
Allocated Equity (€bn, year to date)	0.9	0.9	0.9	0.8	0.8	0.8	0.7	0.7

€m	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
<b>CORPORATE CENTRE</b>								
Revenues	12	22	3	358	70	-45	650	618
Operating Expenses and Dep. <i>Incl. Restructuring and Transformation Costs</i>	-637	-382	-300	-308	-330	-381	-295	-182
<b>Gross Operating Income</b>	<b>-625</b>	<b>-361</b>	<b>-297</b>	<b>49</b>	<b>-260</b>	<b>-426</b>	<b>356</b>	<b>435</b>
Cost of Risk	1	-16	-94	-11	-56	13	-5	9
<b>Operating Income</b>	<b>-625</b>	<b>-377</b>	<b>-391</b>	<b>38</b>	<b>-316</b>	<b>-413</b>	<b>350</b>	<b>444</b>
Share of Earnings of Equity-Method Entities	15	-10	44	19	13	22	28	21
Other Non Operating Items	-33	-139	2	-8	-136	0	-77	10
<b>Pre-Tax Income</b>	<b>-642</b>	<b>-525</b>	<b>-346</b>	<b>49</b>	<b>-440</b>	<b>-391</b>	<b>301</b>	<b>475</b>

## ALTERNATIVE PERFORMANCE MEASURES (APM) - ARTICLE 223-1 OF THE AMF'S GENERAL REGULATION

<b>Alternative Performance Measures</b>	<b>Definition</b>	<b>Reason for use</b>
<b>Revenues of the operating divisions</b>	<p>Sum of the revenues of Domestic Markets (with Revenues of Domestic Markets including 2/3 of Private Banking in France, Italy, Belgium and Luxembourg), IFS and CIB</p> <p>Revenues for BNP Paribas Group = Revenues of the operating divisions + Revenues of Corporate Centre</p>	Representative measure of the BNP Paribas Group's operating performance
<b>Revenues excluding PEL/CEL effects</b>	Revenues excluding PEL/CEL effects	Representative measure of the revenues of the period excluding changes in the provision that accounts for the risk generated by PEL and CEL accounts during their lifetime
<b>Profit &amp; Loss account of retail banking activity with 100% of Private Banking</b>	Profit & Loss account of a retail banking activity including the whole Profit & Loss account of private banking	Representative measure of the performance of retail banking activity including the total performance of private banking (before sharing the profit & loss account with the Wealth Management business, private banking being under a joint responsibility of retail banking (2/3) and Wealth Management business (1/3))
<b>Cost of risk/Customer loans at the beginning of the period (in basis points)</b>	<p>Cost of risk (in €m) divided by customer loans at the beginning of the period</p> <p>Details of the calculation are disclosed in the Appendix "Cost of risk on Outstandings" of the results' presentation</p>	Measure of the risk level by business in percentage of the volume of outstanding loans
<b>Net income Group share excluding exceptional items</b>	<p>Net income attributable to equity holders excluding exceptional items</p> <p>Details of exceptional items are disclosed in the slide "Main Exceptional Items" of the results' presentation</p>	Measure of BNP Paribas Group's net income excluding non-recurring items of a significant amount or items that do not reflect the underlying operating performance, notably Own Credit valuation Adjustments for debts (OCA) and for derivatives (Debit Valuation Adjustment - DVA) as well as transformation and restructuring costs
<b>Return on Equity (ROE)</b>	Details of the calculation of ROE are disclosed in the Appendix "Return on Equity and Permanent Shareholders' Equity" of the results' presentation	Measure of the BNP Paribas Group's return on equity
<b>Return on Tangible Equity (ROTE)</b>	Details of the calculation of ROTe are disclosed in the Appendix "Return on Equity and Permanent Shareholders' Equity" of the results' presentation	Measure of the BNP Paribas Group's return on tangible equity



**Methodology – Comparative analysis at constant scope and exchange rates**

The method used to determine the effect of changes in scope of consolidation depends on the type of transaction (acquisition, sale, etc.). The underlying purpose of the calculation is to facilitate period-on-period comparisons.

In case of acquired or created entity, the results of the new entity are eliminated from the constant scope results of current-year periods corresponding to the periods when the entity was not owned in the prior-year.

In case of divested entities, the entity's results are excluded symmetrically for the prior year for quarters when the entity was not owned.

In case of change of consolidation method, the policy is to use the lowest consolidation percentage over the two years (current and prior) for results of quarters adjusted on a like-for-like basis.

Comparative analysis at constant exchange rates are prepared by restating results for the prior-year quarter (reference quarter) at the current quarter exchange rate (analysed quarter). All of these calculations are performed by reference to the entity's reporting currency.

**Reminder**

**Operating expenses:** sum of salary and employee benefit expenses, other operating expenses and depreciation, amortisation and impairment of property, plant and equipment. In the whole document, the terms operating expenses or costs can be used indifferently.

**Operating divisions:** they consist of 3 divisions:

- Domestic Markets including: French Retail Banking (FRB), BNL banca commerciale (BNL bc), Belgium Retail Banking (BRB), Other Domestic Markets activities including Arval, Leasing Solutions, Personal Investors, Compte Nickel and Luxembourg Retail Banking (LRB);
- International Financial Services (IFS) including: Europe-Mediterranean, BancWest, Personal Finance, Insurance, Wealth & Asset Management (WAM) that includes Asset Management, Wealth Management and Real Estate Services;
- Corporate and Institutional Banking (CIB) including: Corporate Banking, Global Markets, Securities Services.

<b>GOOD PERFORMANCE OF THE GROUP IN 2017 AND PROMISING START OF THE 2020 BUSINESS DEVELOPMENT PLAN.....</b>	<b>2</b>
<b>RETAIL BANKING &amp; SERVICES .....</b>	<b>5</b>
<b>DOMESTIC MARKETS.....</b>	<b>5</b>
<b>INTERNATIONAL FINANCIAL SERVICES .....</b>	<b>10</b>
<b>CORPORATE AND INSTITUTIONAL BANKING (CIB).....</b>	<b>15</b>
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*The figures included in this presentation are unaudited. This presentation includes forward-looking statements based on current beliefs and expectations about future events. Forward-looking statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future events, operations, products and services, and statements regarding future performance and synergies. Forward-looking statements are not guarantees of future performance and are subject to inherent risks, uncertainties and assumptions about BNP Paribas and its subsidiaries and investments, developments of BNP Paribas and its subsidiaries, banking industry trends, future capital expenditures and acquisitions, changes in economic conditions globally or in BNP Paribas’ principal local markets, the competitive market and regulatory factors. Those events are uncertain; their outcome may differ from current expectations which may in turn significantly affect expected results. Actual results may differ materially from those projected or implied in these forward looking statements. Any forward-looking statement contained in this presentation speaks as of the date of this presentation. BNP Paribas undertakes no obligation to publicly revise or update any forward-looking statements in light of new information or future events. It should be recalled in this regard that the Supervisory Review and Evaluation Process is carried out each year by the European Central Bank, which can modify each year its capital adequacy ratio requirements for BNP Paribas.*

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# BNP PARIBAS 2017 FULL YEAR RESULTS

6 FEBRUARY 2018



**BNP PARIBAS**



The bank for a changing world

# Disclaimer

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# 2017 Key Messages

## Rise in revenues of the operating divisions:

- Good business development in all the businesses
- Interest rate and market environment still lacklustre

Revenues of the operating divisions:  
+1.5% vs. 2016

Good cost containment of the operating divisions  
Active implementation of the 2020 transformation plan

Operating expenses of the  
operating divisions: +0.5% vs. 2016  
Transformation costs: €0.9bn

Significant decrease in the cost of risk

-10.9% vs. 2016  
39 bp\*

Increase in Net income Group share  
Dividend per share

Net income Group share: €7.8bn  
(+4.4% vs. 2016 excluding exceptional items\*\*)  
€3.02\*\*\* (+11.9% vs. 2016)

Continued increase in the CET1 ratio\*\*\*\*

11.8% (+30 bp vs. 31.12.16)

**Good start of the 2020 plan**

\* Cost of risk /Customer loans at the beginning of the period (in bp); \*\* See slide 5; \*\*\* Subject to the approval of the Annual General Meeting on 24 May 2018; \*\*\*\* As at 31 December 2017, CRD4 (« fully loaded » ratio)



# Group Results

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Division Results

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Good Start of the 2020 Plan

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4Q17 Detailed Results

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Appendix

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# Main Exceptional Items - 2017

## Exceptional items

### Revenues

- Own credit adjustment and DVA (*Corporate Centre*)
- Capital gain on the sale of Visa Europe shares (*Corporate Centre*)
- Capital gain on the sale of 1.8% stake in Shinhan (*Corporate Centre*)
- Capital gain on the sale of 4.78% stake in Euronext (*Corporate Centre*)

### Operating expenses

- Restructuring costs of acquisitions\* (*Corporate Centre*)
- Transformation and adaptation costs of Businesses\*\* (*Businesses and Corporate Centre*)
- Compulsory contribution to the resolution process of 4 Italian banks\*\*\*

### Other non operating items

- Capital gain on the sale of 4% stake in SBI Life (*Insurance*)
- Goodwill impairments (*Corporate Centre*)\*\*\*\*

### Total exceptional items (pre-tax)

### Total exceptional items (after tax)\*\*\*\*\*

	2017	2016
	-€175m	-€59m
		+€597m
	+€148m	
	+€85m	
	<b>+€58m</b>	<b>+€538m</b>
	-€101m	-€158m
	-€856m	-€539m
		-€52m
	<b>-€957m</b>	<b>-€749m</b>
	+€326m	
	-€172m	-€127m
	<b>+€154m</b>	<b>-€127m</b>
	<b>-€745m</b>	<b>-€338m</b>
	<b>-€390m</b>	<b>-€100m</b>

**More negative impact of exceptional items than in 2016**

\* Restructuring costs in particular of LaSer, Bank BGZ, DAB Bank and GE LLD; \*\* See slide 87; \*\*\* BNL bc (-€47m in 2016), Personal Finance (-€5m in 2016); \*\*\*\* Full goodwill impairment of BGZ in 2016 (-€127m) and of TEB in 2017 (-€172m); \*\*\*\*\* Group share



# Consolidated Group - 2017

	> 2017	> 2016	> 2017 vs. 2016	> 2017 vs. 2016 <i>Operating divisions</i>
<b>Revenues</b>	€43,161m	€43,411m	-0.6%	+1.5%
Operating expenses	-€29,944m	-€29,378m	+1.9%	+0.5%
<b>Gross Operating income</b>	€13,217m	€14,033m	-5.8%	+3.8%
Cost of risk	-€2,907m	-€3,262m	-10.9%	-13.5%
<b>Operating income</b>	€10,310m	€10,771m	-4.3%	+9.0%
Non operating items	€1,000m	€439m	n.s.	n.s.
<b>Pre-tax income</b>	€11,310m	€11,210m	+0.9%	+13.4%
<b>Net income Group share</b>	€7,759m	€7,702m	+0.7%	
<b>Net income Group share excluding exceptional items*</b>	€8,149m	€7,802m	+4.4%	
Return on equity (ROE):	8.9% (9.4% excluding exceptional items*)			
Return on tangible equity (ROTE):	10.5% (11.0% excluding exceptional items*)			

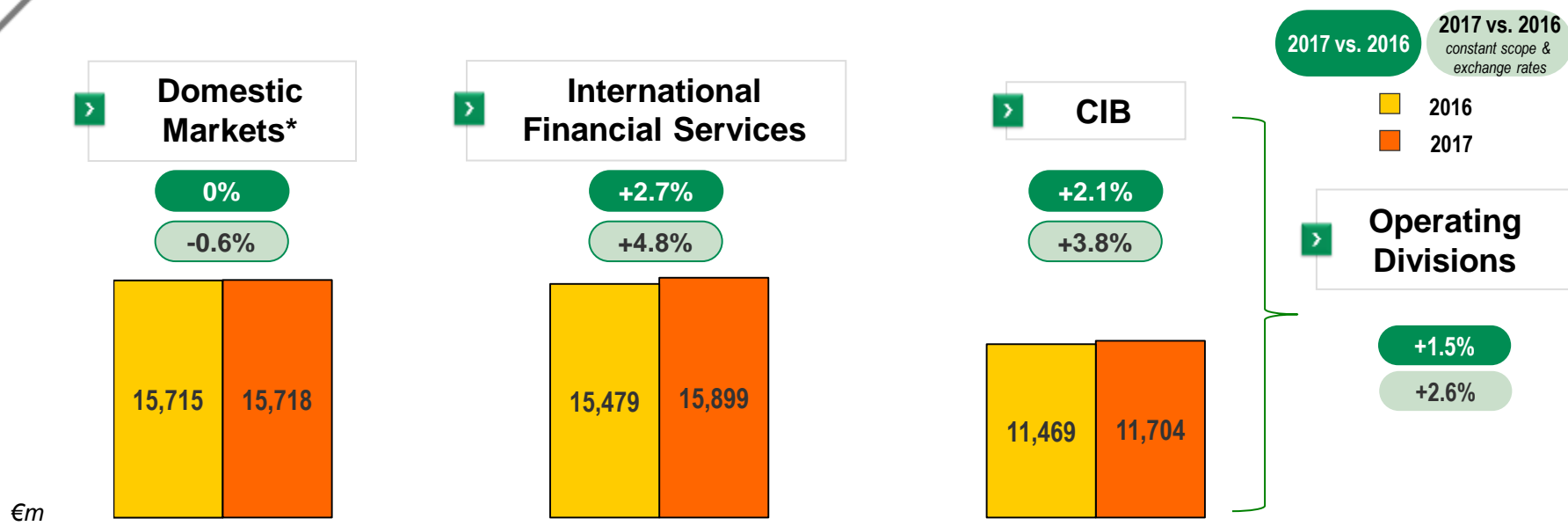


**Good performance of the operating divisions**  
**Rise in net income**

\* See slide 5



# Revenues of the Operating Divisions - 2017

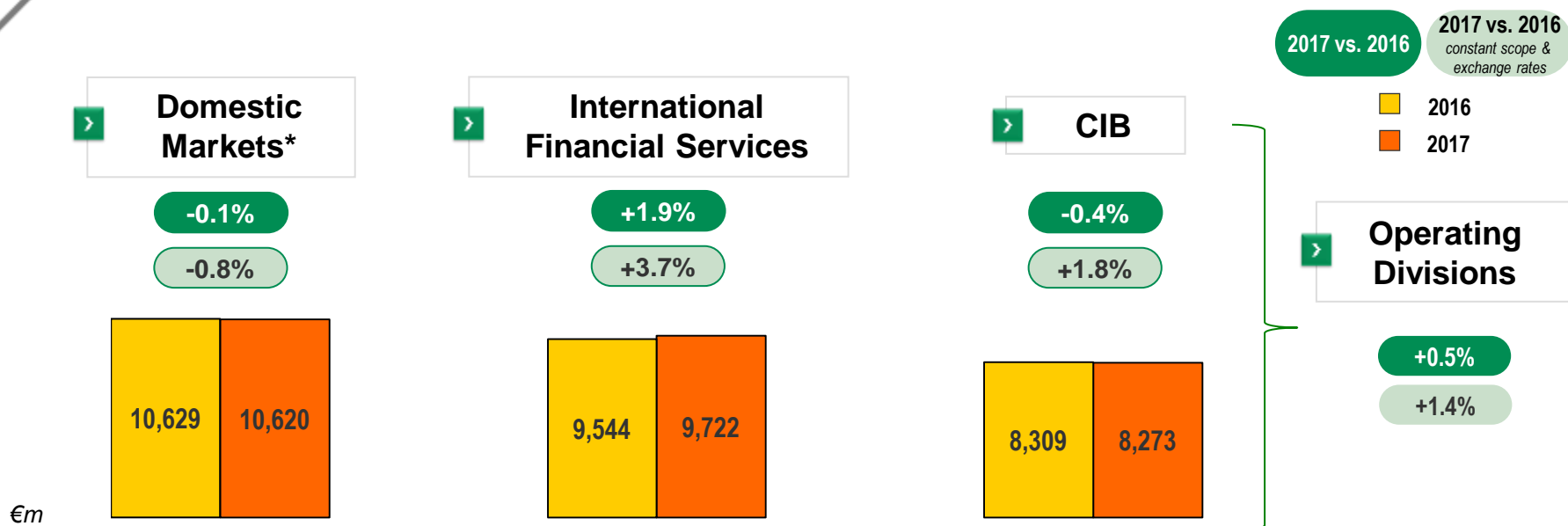


- Stable revenues at Domestic Markets: good business development on the back of the economic upturn but still impact of the low interest rate environment
- Increase in revenues of IFS driven by the development of the businesses
- Rise in CIB revenues : significant increase at Corporate Banking and Securities Services, Global Markets held up well despite the challenging market context in the 2<sup>nd</sup> half of the year
- Unfavourable foreign exchange effect this year

**Good rise in the operating divisions**  
**Interest rate and market environment still lacklustre**

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

# Operating Expenses of the Operating Divisions - 2017



- Positive jaws effect in all the operating divisions thanks to cost saving measures
- Domestic Markets: operating expenses down in retail banking networks (-1.4% on average)\*\* but up in the specialised businesses on the back of business development
- In connection with the growth of the business at IFS
- Effect of increased business at CIB largely offset by cost savings (reminder: CIB transformation plan launched as early as 2016)

**Good cost containment  
thanks to the operating efficiency plan**

\* Including 100% of Private Banking in France (excluding PEL/CEL effects), in Italy, Belgium and Luxembourg; \*\* FRB, BNL bc and BRB

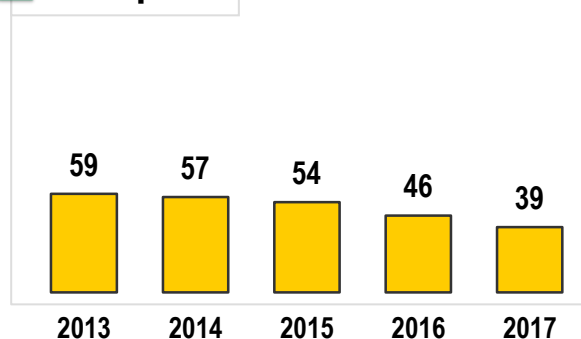




# Cost of Risk - 2017 (1/2)

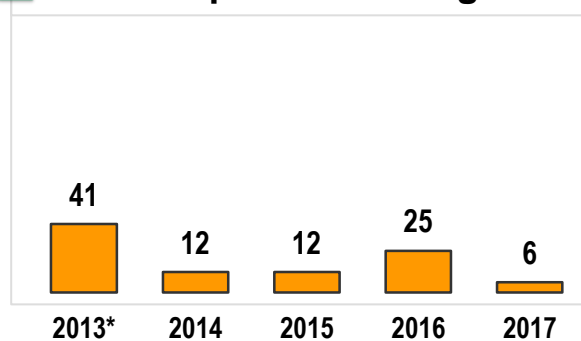
Cost of risk/Customer loans at the beginning of the period (in bp)

## > Group



- Cost of risk: €2,907m (-€355m vs. 2016)
- Significant decrease in the cost of risk

## > CIB - Corporate Banking



- €70m (-€222m vs. 2016)
- Provisions largely offset by write-backs
- Reminder: positive effect of provisions write-backs in 2014 and 2015

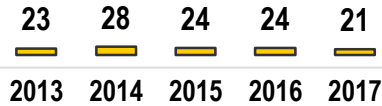
\* Restated



# Cost of Risk - 2017 (2/2)

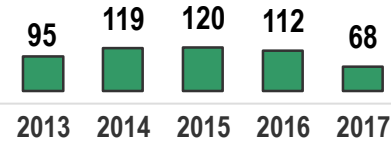
Cost of risk/Customer loans at the beginning of the period (in bp)

## > FRB



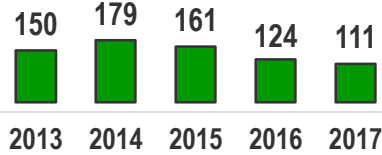
- €331m (-€11m vs. 2016)
- Cost of risk still low

## > Europe-Mediterranean



- €259m (-€178m vs. 2016)
- Decrease in the cost of risk
- Positive impact of provision write-backs this year

## > BNL bc



- €871m (-€88m vs. 2016)
- Continued decrease in the cost of risk

## > BancWest



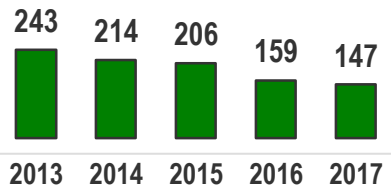
- €111m (+€27m vs. 2016)
- Cost of risk still low

## > BRB



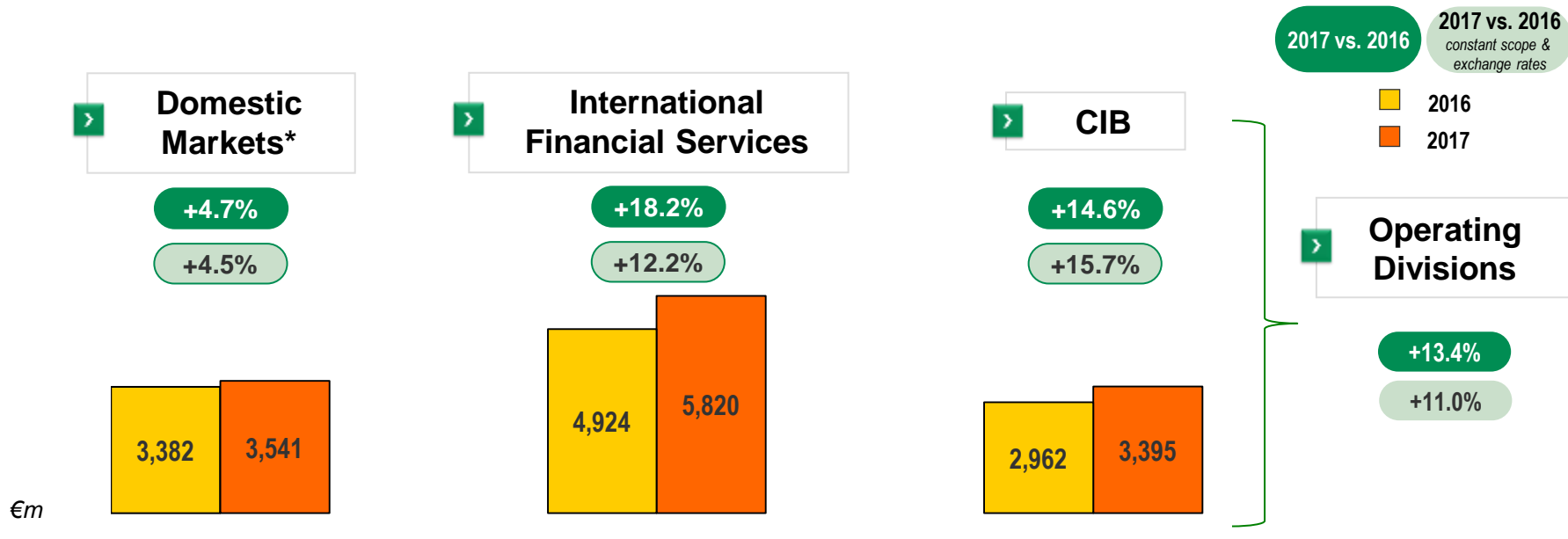
- €65m (-€33m vs. 2016)
- Very low cost of risk

## > Personal Finance



- €1,009m (+€30m vs. 2016)
- Effect of the rise in loan outstandings
- Low cost of risk
- Effect of the low interest rates and the growing positioning on products with a better risk profile

# Pre-tax Income of the Operating Divisions - 2017



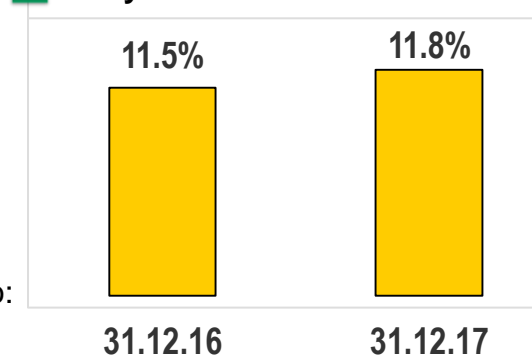
**Strong rise in income of the operating divisions**

\* Including 2/3 of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg

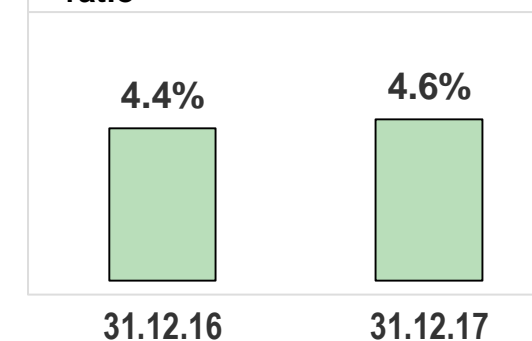
# Financial Structure

- Fully loaded Basel 3 CET1 ratio\*: 11.8% as at 31.12.17 (+30 bp vs. 31.12.16)
  - 2017 results after taking into account dividend payment (+60 bp)
  - Increase in risk-weighted assets excluding foreign exchange effect (-30 bp)
  - Foreign exchange effect overall negligible on the ratio
  - Effect of main acquisitions and sales on the whole negligible on the ratio: in particular the effect of the acquisition in 4Q17 of General Motors Europe's financing activities (-10 bp) is offset by the effect of the sale in 1Q17 of the 20.6% stake in First Hawaiian Bank (+10 bp)
- Fully loaded Basel 3 leverage\*\*: 4.6% as at 31.12.17 (4.4% as at 31.12.2016)
  - Calculated on total Tier 1 Capital
- Liquidity Coverage Ratio: 121% as at 31.12.17
- Immediately available liquidity reserve: €285bn\*\*\* (€305bn as at 31.12.16)
  - Equivalent to over 1 year of room to manoeuvre in terms of wholesale funding

## > Fully loaded Basel 3 CET1 ratio\*



## > Fully loaded Basel 3 leverage ratio\*\*



## Increase in the fully loaded Basel 3 CET1 ratio

\* CRD4 "2019 fully loaded"; \*\* CRD4 "2019 fully loaded", calculated according to the delegated act of the EC dated 10.10.2014 on total Tier 1 Capital and using value date for securities transactions; \*\*\* Liquid market assets or eligible to central banks (counterbalancing capacity) taking into account prudential standards, notably US standards, minus intra-day payment system needs



# New IFRS 9 Accounting Standard

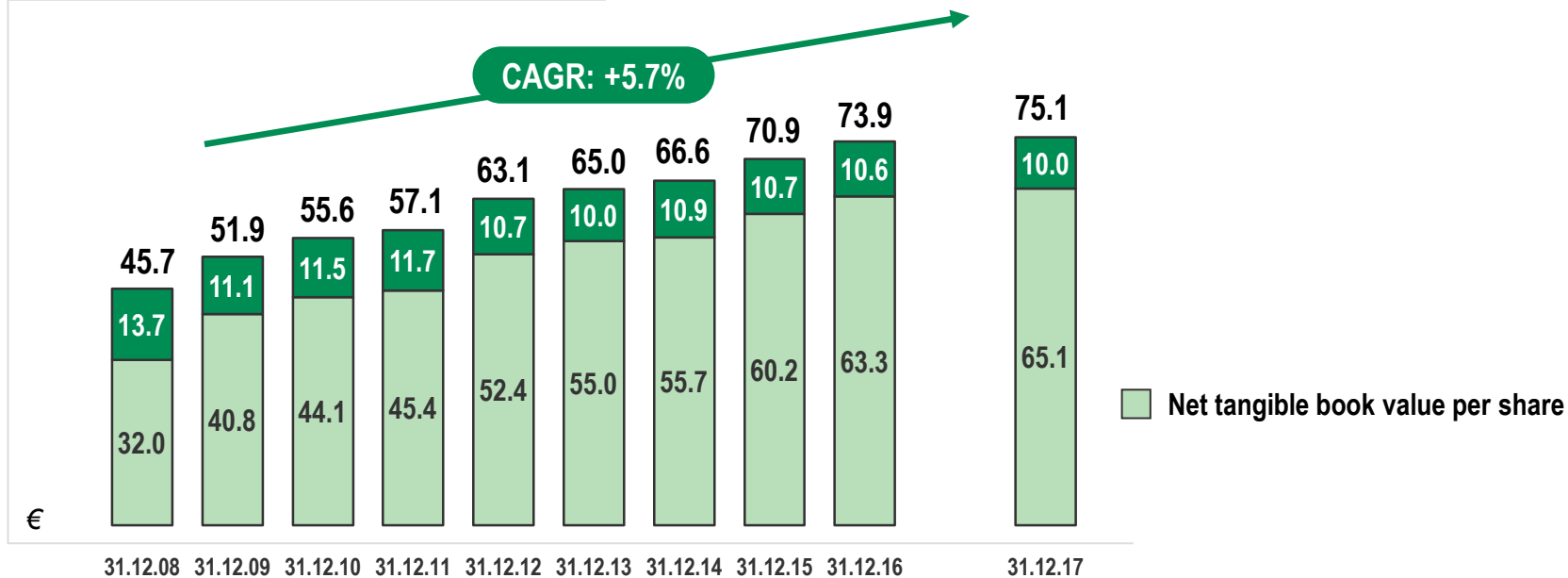
- New IFRS 9 accounting standard “Financial Instruments”
  - Replaces IAS 39
  - Takes effect starting from 1<sup>st</sup> January 2018\*
  - New principles of classification and measurement of financial instruments
  - Credit risk impairment model based on expected losses and no longer on incurred losses
  - Booking of the value adjustment for the own credit risk (OCA) in equity, and no longer in income, starting from 1<sup>st</sup> January 2018\*\*
- Estimated impacts of the first-time application of IFRS 9 on 1<sup>st</sup> January 2018 limited for the Group
  - Impact on shareholders’ equity not revaluated (i.e. excluding valuation reserves)\*\*\*: ~-€1.1bn
  - Impact on shareholders’ equity revaluated (i.e. including valuation reserves)\*\*\*: ~-€2.5bn
  - Impact on the CET1 solvency ratio: ~-10 bp

\* 1<sup>st</sup> January 2021 for insurance businesses according to the option chosen by the Group; \*\* Application of the standard by BNP Paribas Group starting on 1<sup>st</sup> January 2018;\*\*\* Group share



# Net Book Value per Share

## > Net book value per share



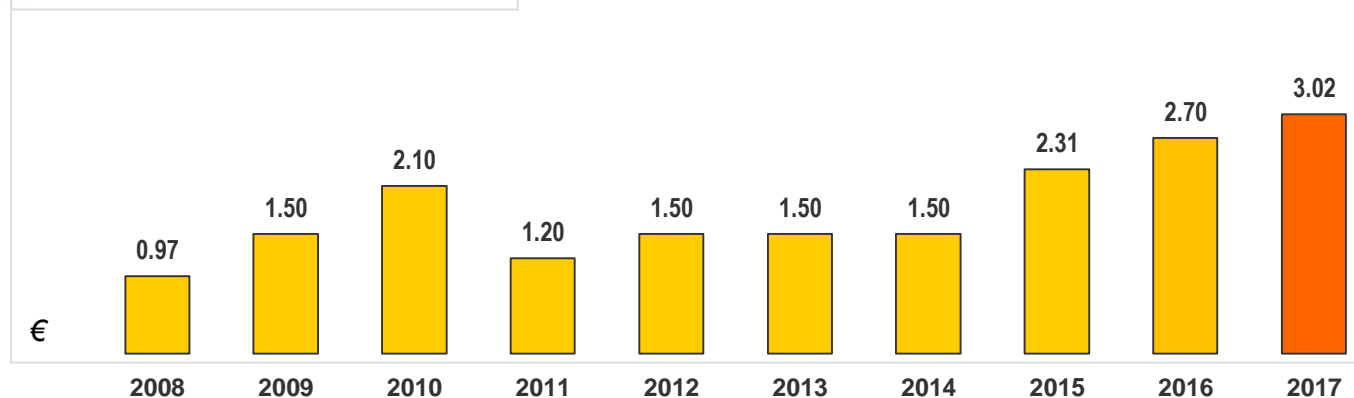
> **Continued growth in the net book value per share throughout the cycle**



# Dividend

- Dividend\*: €3.02 per share (+11.9% vs. 2016)
  - Paid in cash
  - Dividend yield: 4.6%\*\*
- Pay-out ratio of 50%
  - As per the 2020 plan

## > Dividend per share



**2017 dividend: €3.02 per share**

\* Subject to the approval of the Annual General Meeting on 24 May 2018, shares will go ex-dividend on 30 May 2018, payment on 1<sup>st</sup> June 2018; \*\* Based on the closing price on 2 February 2018 (€66.0)



# Reinforced Internal Control System

- Reinforced compliance and control procedures
  - Continued operational implementation of a stronger culture of compliance (new Code of Conduct distributed to all employees)
  - New round of 3 compulsory e-learning training programmes for all employees (Code of Conduct, Sanctions and Embargoes, Combating Money Laundering and Terrorism Financing) after the 1<sup>st</sup> round was fully completed in 2016
  - Continued to implement measures to strengthen the compliance and control systems in foreign exchange activities
  - 99% of Swift warnings handled with the new warning management process thanks to the roll-out of the new filtering solution
  - Increased the number of controls performed by the General Inspection: completion at the end of 2017 of the 2<sup>nd</sup> round of audits of the entities whose USD flows are centralised at BNP Paribas New York (1<sup>st</sup> round of audits completed in July 2016)
- Completion under way of the remediation plan agreed as part of the June 2014 comprehensive settlement with the U.S. authorities
  - Close to 90% of the 47 projects already completed





Group Results

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**Division Results**

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Good Start of the 2020 Plan

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4Q17 Detailed Results

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Appendix

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# Domestic Markets - 2017

- Growth in business activity

- Loans: +5.9% vs. 2016, good growth in loans in the retail banking networks and in the specialised businesses (Arval, Leasing Solutions)
- Deposits: +8.6% vs. 2016, strong growth in all countries
- Private banking: increase in assets under management (+4.2% vs. 31.12.16)
- Hello bank!: continued growth (2.9 million customers at year-end 2017); 11.0% of individual clients' revenues\*



- Acquisition of Compte-Nickel\*\* in France



- Strengthen the set-up designed to new banking uses
- 800,000 accounts opened since the launch in February 2014; ongoing customer acquisition (323,500 in 2017, +29% vs. 2016)

- Revenues\*\*\*: €15,718m (stable vs. 2016)

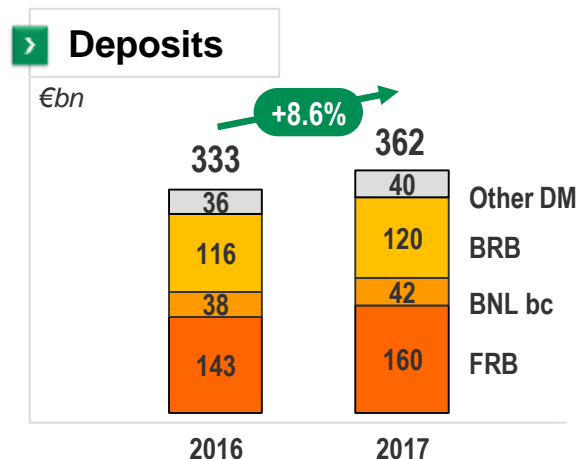
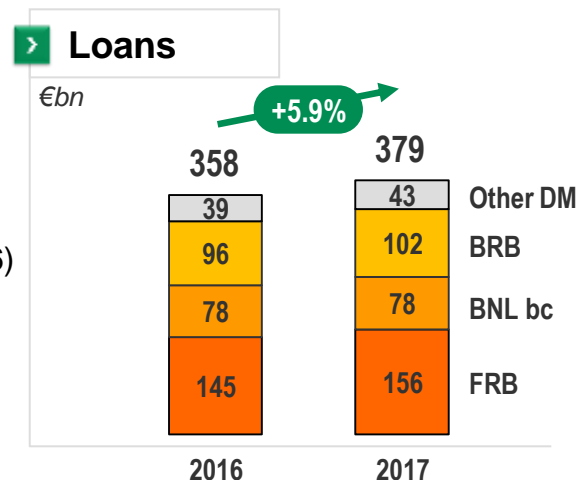
- Growth in business activity but impact of the low interest rate environment
- Increase in fees in all the networks

- Operating expenses\*\*\*: €10,620m (-0.1% vs. 2016)

- -1.4% on average for FRB, BNL bc and BRB
- Continued business development of the specialised businesses

- Pre-tax income\*\*\*\*: €3,541m (+4.7% vs. 2016)

- Decrease in the cost of risk, in particular at BNL bc



**Good business drive and rise in income**

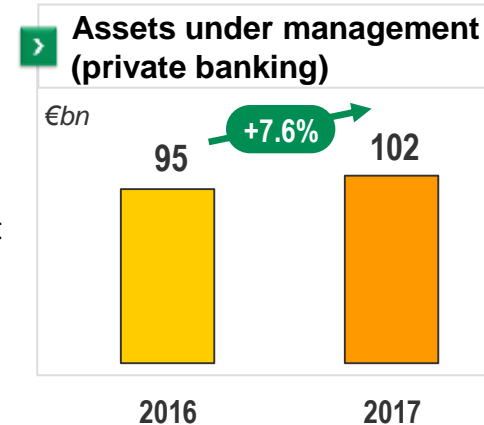
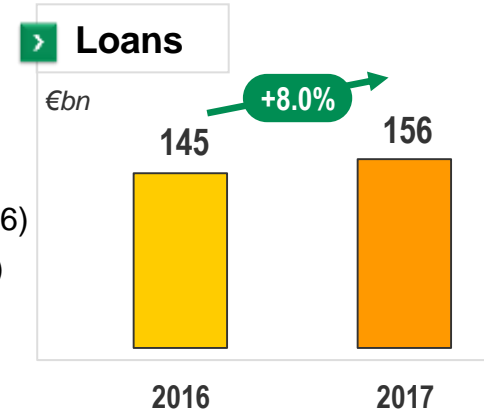
\* FRB, BNL bc, BRB and Personal Investors, excluding private banking; \*\* Acquisition finalised on 12 July 2017; \*\*\* Including 100% of Private Banking, excluding PEL/CEL; \*\*\*\* Including 2/3 of Private Banking, excluding PEL/CEL



# Domestic Markets

## French Retail Banking - 2017

- Very good business drive
  - Loans: +8.0% vs. low base in 2016, sustained growth in loans to individual and corporate customers in the context of economic recovery
  - Deposits: +12.0% vs. 2016, strong growth in current accounts
  - Off balance sheet savings: good performance of life insurance (+4.2% vs. 31.12.16)
  - Private banking: strong growth in assets under management (+7.6% vs. 31.12.16) with good drive in inflows
- Launch of the delayering of the network organisation: gradual move from 4 to 3 management levels in the branch network in 2018
- Digital development:
  - 23 million contacts via mobile app in December 2017 (+34% vs. December 2016); launch of new apps *Mes Comptes* & *Hello bank!* and new service *Welcome* for corporate onboarding
- Revenues\*: -0.8% vs. 2016
  - Net interest income: -2.9%, effect of the low interest rate environment partly offset by growth in business activity
  - Fees: +2.1%, rise in financial fees
- Operating expenses\*: -0.3% vs. 2016
  - Good cost containment
- Pre-tax income\*\*: €1,213m (-3.1% vs. 2016)



**Strong rebound in the business activity**

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



# Domestic Markets

## BNL banca commerciale - 2017

### ● Growth in business activity

- Loans: +0.6% vs. 2016 (+1.8% excluding the impact of the sale of a portfolio of non-performing loans in 1Q17\*), growth on individual clients
- Deposits: +9.5% vs. 2016, sharp rise in current accounts
- Off balance sheet savings: good asset inflows and rise in life insurance outstandings (+6.8% vs. 31.12.16) & mutual fund outstandings (+13.6% vs. 31.12.16); good development of distribution via the *Life Banker* financial advisors' network
- Digital development: > 313,000 active users of BNL and Hello bank! mobile apps in December 2017 (+25.0% vs. December 2016)



### ● Revenues\*\*: -2.2% vs. 2016

- Net interest income: -5.9% vs. 2016, impact of the low interest rate environment
- Fees: +4.7% vs. 2016, increase related to the good growth in off balance sheet savings and private banking

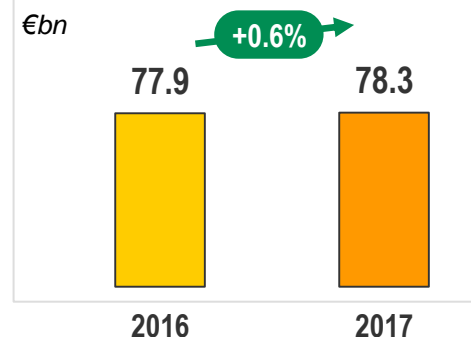
### ● Operating expenses\*\*: -4.5% vs. 2016

- +0.7% vs. 2016 excluding non-recurring items\*\*\*
- Good cost containment

### ● Pre-tax income\*\*\*\*: €192m (x2 vs. 2016)

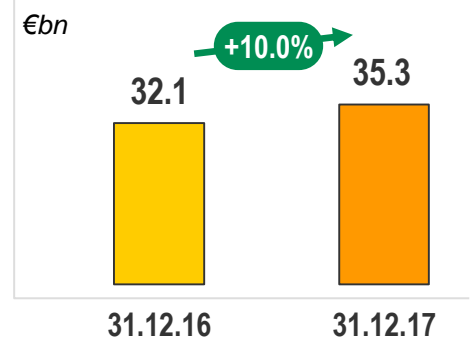
- Continued decrease in the cost of risk

### > Loans



### > Off balance sheet savings

(Life insurance and mutual fund outstandings)



**Growth in business activity**  
**Continued decrease in the cost of risk**

\* Sale of a portfolio of non-performing loans comprising corporates and mortgages loans for a total of €1bn; \*\* Including 100% of Italian Private Banking; \*\*\* 2016 reminder: additional contribution to the resolution process of 4 Italian banks (-€47 m) and one-off transformation costs (-€50m); \*\*\*\* Including 2/3 of Italian Private Banking



# Domestic Markets

## Belgian Retail Banking - 2017

- Sustained business activity

- Loans: +6.1% vs. 2016, good growth in loans to corporate customers; rise in mortgage loans
- Deposits: +3.2% vs. 2016, growth in particular in current accounts
- Off balance sheet savings: good rise in outstandings (+3.4% vs. 31.12.16)
- Digital: 1.3 million *Easy Banking* app users; 24 million contacts via mobile apps in December 2017 (+49% vs. December 2016)
- *Bank of the Year 2017* in Belgium and *Best Private Bank in 2017* in Belgium (*The Banker*)



- Revenues\*: +0.4% vs. 2016

- Net interest income : -1.6% vs. 2016, impact of the low interest rate environment partially offset by volume growth
- Fees: +6.7% vs. 2016, rise in particular in financial fees

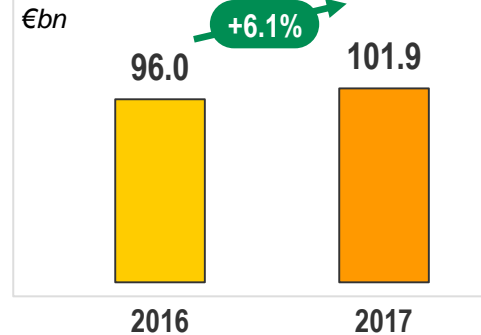
- Operating expenses\*: -1.1% vs. 2016

- Effect of the cost saving measures

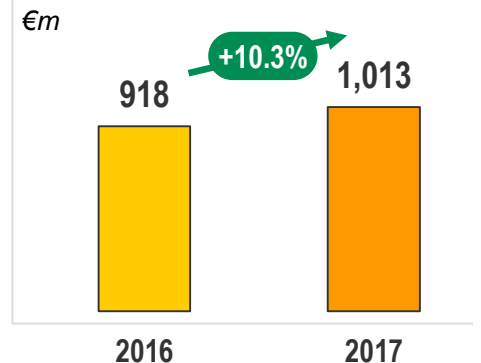
- Pre-tax income\*\*: €1,013m (+10.3% vs. 2016)

- Decrease in the cost of risk

### Loans



### Pre-tax income



**Very good business drive  
but growing impact of the low interest rate environment**

\* Including 100% of Belgian Private Banking; \*\* Including 2/3 of Belgian Private Banking



# Domestic Markets

## Other Activities - 2017

- Good drive of the specialised businesses

- Arval: close to 1.1 million financed vehicles (+7.7% vs. 2016), Innovation Award\* for *Integral Fleet* (online reporting solution)
- Leasing Solutions: solid rise in outstandings (+5.8%\*\* vs. 2016)
- Personal Investors (PI): good level of new client acquisition (+3.2% vs. 2016 in Germany)
- Compte Nickel: acquisition finalised on 12 July 2017; 323,500 accounts opened this year and 800,000 accounts opened since the launch (February 2014)



- Luxembourg Retail Banking (LRB)

- Good deposit inflows; growth in mortgage and corporate loans

- Revenues\*\*\*: +3.8% vs. 2016

- Driven in particular by Personal Investors and Arval

- Operating expenses\*\*\*: +8.1% vs. 2016

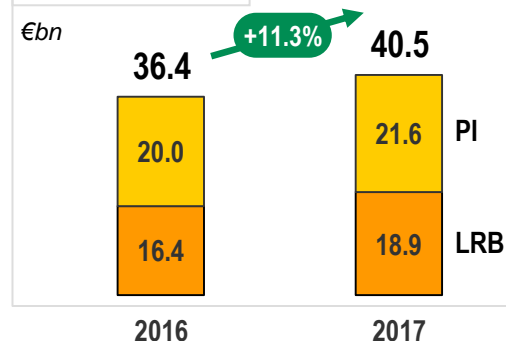
- Business development
- Costs to launch new digital services\*\*\*\* in particular at Leasing Solutions (*Kintessia*: B-to-B marketplace; *So Easy*: online credit application, follow-up & e-signature) and Arval (*Integral fleet*: online reporting; *Arval for me*: online platform for individuals)



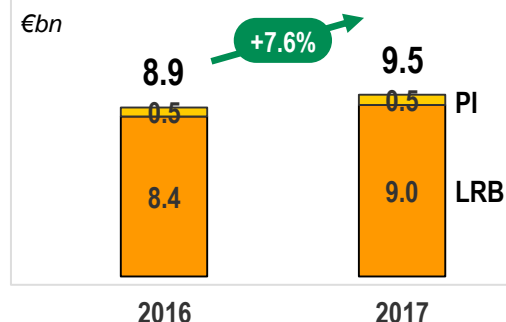
- Pre-tax income\*\*\*\*\*: €1,124m (+0.1% vs. 2016)

- Decrease in the cost of risk

### > Deposits



### > Loans



## Growing businesses

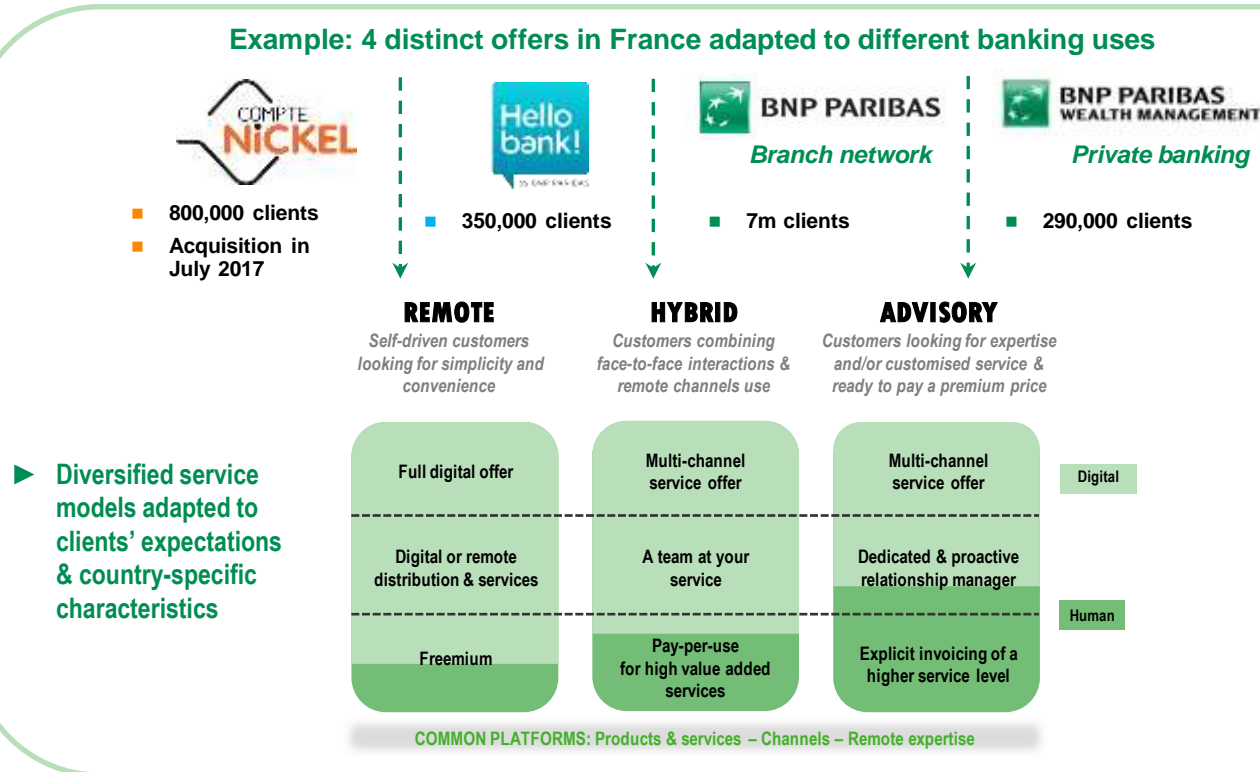
\* International Fleet Industry Award (December 2017); \*\* At constant scope and exchange rates; \*\*\* Including 100% of Private Banking in Luxembourg; \*\*\*\* See slide 24; \*\*\*\*\* Including 2/3 of Private Banking in Luxembourg



# Domestic Markets

## Active Implementation of the 2020 Plan (1/3)

Give customers the choice by adapting our offerings to different banking uses



Reinvent the customer journeys to enhance customer experience and efficiency

► Accelerating end-to-end, digitalised and customer-focused services

**Welcome** by BNP PARIBAS New app to facilitate and digitalise corporate customer onboarding

**BNP PARIBAS FACTOR** Launch of FINSY: a 100% digital factoring finance solution geared towards SMEs and mid-sized businesses in France



Enhanced customer journey "I want to buy my home" with a proposed selection of properties adapted to customers' expectations (partnership with Cadre de Vie)

# Domestic Markets

## Active Implementation of the 2020 Plan (2/3)

### Enhance data use

#### ▶ Develop data use for the benefit of customers and of commercial performance

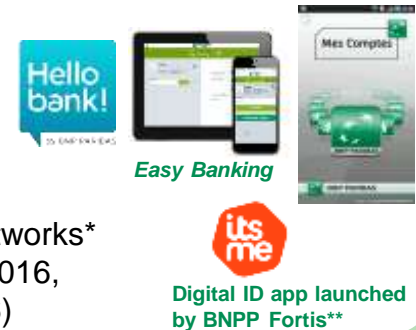
- Improve the customer contact opportunity conversion rate  
Objective: 33% of customer contact opportunities converted in 2020
- Optimise the risks management



### Develop use of mobile banking services

#### ▶ Speed up customer use of mobile banking services

- Launch of new mobile apps for an optimal customer experience (e.g. *Mes Comptes* in France, *Easy Banking* in Belgium, etc.)
- Expanded features to enhance client autonomy
- Sharp rise in the number of contacts via mobile app in the networks\* (>3 M active users in December 2017: +26% vs. December 2016, 51 M app visits in December 2017: +38% vs. December 2016)



### Anticipate new usage trends and diversify revenue sources thanks to the launch of innovative products

- ▶ **Lyf pay**: universal mobile payment solution combining payment cards, loyalty programmes and discount offers
- ▶ **Arval for me**: first online platform geared to individual customers allowing them to service their car through the network of auto repair garages under contract with Arval
- ▶ **Kintessia**: first B-to-B marketplace enabling Leasing Solutions customers (professionals and dealerships) to optimise the use of their assets by renting farm, public works and transport equipment



\* FRB, BNL bc and BRB; \*\* Developed as part of the Belgian Mobile ID consortium



# Domestic Markets

## Active Implementation of the 2020 Plan (3/3)

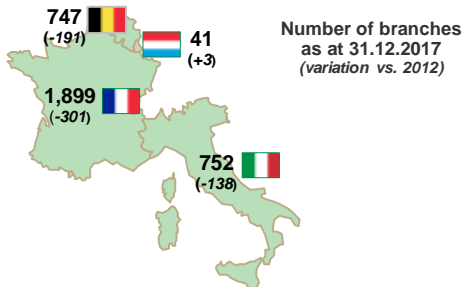
Upgrade the operating model to enhance efficiency and customer service

Simplify and optimise the local commercial set-up

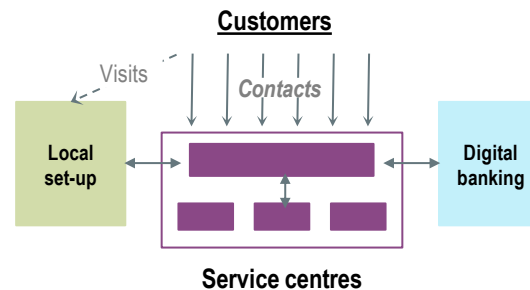


- ▶ Simplify and adapt the management of the physical commercial set-up
- ▶ Optimise the branch network

### Ongoing network optimisation

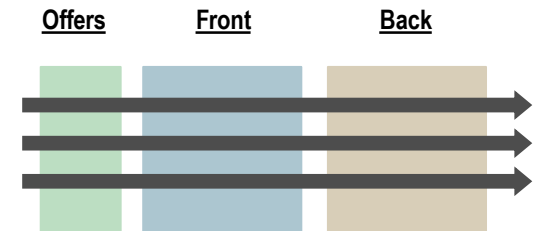


Create omni-channel customer service centres



- ▶ New customer relationship management model and Sale/After-sale convergence
- ▶ Differentiated treatment between standard services & premium solutions

New digital end-to-end value proposal



- ▶ Evolution toward new customer service models
- ▶ Rollout of reinvented end-to-end digital customer journeys

# International Financial Services - 2017

- Good business activity



Opel Bank

- Personal Finance: very good business drive and acquisition together with PSA of General Motors Europe's financing activities\*
- International Retail Banking\*\*: continued growth
- Insurance and WAM: rise in assets under management to €1,051bn (+4.0% vs. 31.12.16); good asset inflows in all the businesses (+€22.6bn)

- Revenues: €15,899m; +2.7% vs. 2016

- Unfavourable foreign exchange effect
- +4.8% at constant scope and exchange rates: rise in all the businesses

- Operating expenses : €9,722m; +1.9% vs. 2016

- +3.7% at constant scope and exchange rates (positive jaws effect: 1.1 pt)
- As a result of business development

- Other non operating items: €433m (n.s. in 2016)

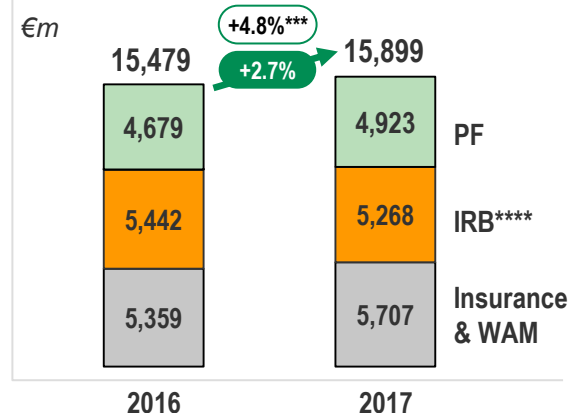
- €326m capital gain in connection with the initial public offering of SBI Life in 3Q17 (sale of a 4% stake)



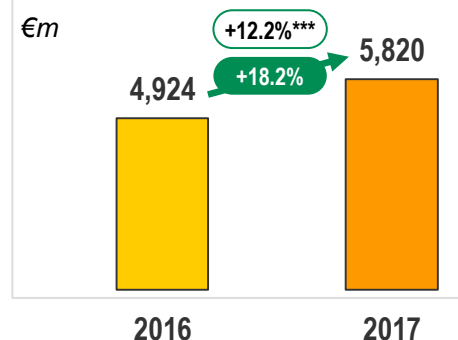
- Pre-tax income: €5,820m; +18.2% vs. 2016

- +12.2% at constant scope and exchange rates
- Decrease in the cost of risk

## Revenues



## Pre-tax income



## Business development and sharp rise in income

\* Closing of the acquisition on 31 October 2017; \*\* Europe Med and BancWest; \*\*\* At constant scope and exchange rates; \*\*\*\* Including 2/3 of Private Banking in Turkey and in the United States



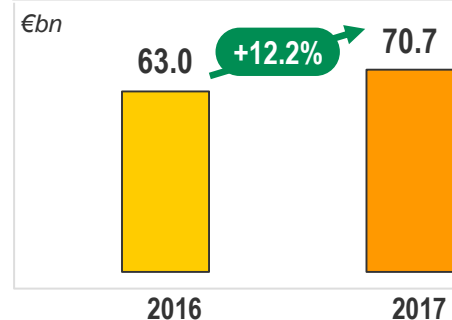
# International Financial Services Personal Finance - 2017



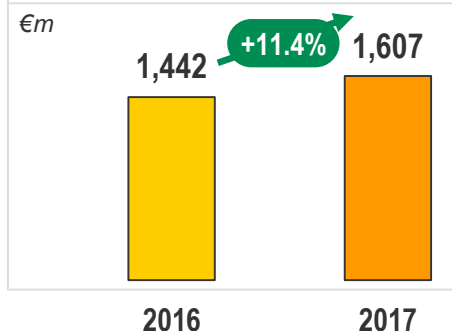
- Acquisition on 31 October 2017 together with PSA Group of General Motors Europe's financing activities (€9.4bn outstandings\*)
- Continued the very good sales and marketing drive
  - Outstanding loans: +12.2%, increase in demand in a favourable context in Europe and effect of new partnerships
  - Signed new partnerships: Kia and Hyundai in Spain, new sectors (tourism with TUI in France, telecom with Masmovil in Spain) and new countries (XXXLutz in Austria)
  - Innovation: launch of new credit card features and more flexible renewable accounts in Italy, Spain and Austria
  - Digital: launch of *Hello bank!* by *Cetelem* in the Czech Republic
- Revenues: €4,923m (+5.2% vs. 2016)
  - +5.0% at constant scope and exchange rates: in connection with the rise in volumes and the positioning on products with a better risk profile
  - Good business drive in particular in Spain, Italy and Belgium
- Operating expenses: €2,427m (+5.6% vs. 2016)
  - +4.4% at constant scope and exchange rates (positive jaws effect of +0.6 pt)
  - As a result of good business development
- Pre-tax income: €1,607m (+11.4% vs. 2016)
  - +10.5% at constant scope and exchange rates



## > Consolidated outstandings



## > Pre-tax income



**Revenue growth acceleration and sharp rise in income**

\* Outstanding loans at end 2017



# International Financial Services Europe-Mediterranean - 2017

- Good business growth

- Loans: +5.2%\* vs. 2016, up in all regions
- Deposits: +7.2%\* vs. 2016, good growth
- Good development of the digital banks: 475,000 clients for *Cepteteb* in Turkey and 210,000 clients for *BGZ Optima* in Poland
- New digital services: launch by BGZ BNP Paribas of contactless payment via mobile with the Android Pay app and of the Gomobile app to manage accounts on mobile



- Revenues\*\*: +2.3%\* vs. 2016

- Up in all regions: effect of the rise in volumes
- Impact in Turkey of the rise of rates on deposit margins not yet offset by gradual repricing of loans

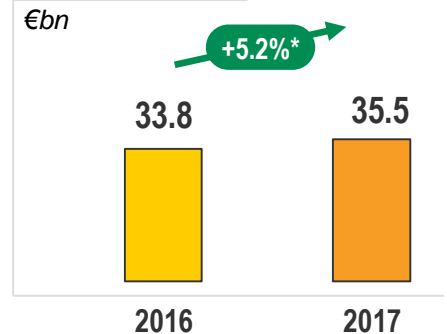
- Operating expenses\*\*: +4.6%\* vs. 2016

- As a result of the good business development

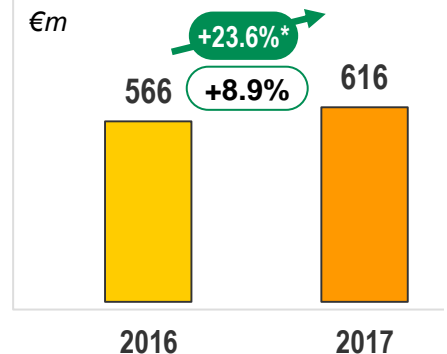
- Pre-tax income\*\*\*: €616m (+23.6%\* vs. 2016)

- Unfavourable exchange rate effect: +8.9% at historical scope and exchange rates
- Decrease in the cost of risk

## > Loans\*



## > Pre-tax income\*\*\*



## Good business and income growth

\* At constant scope and exchange rates (see data at historical scope and exchange rates in the appendix); \*\* Including 100% of Turkish Private Banking; \*\*\* Including 2/3 of Turkish Private Banking

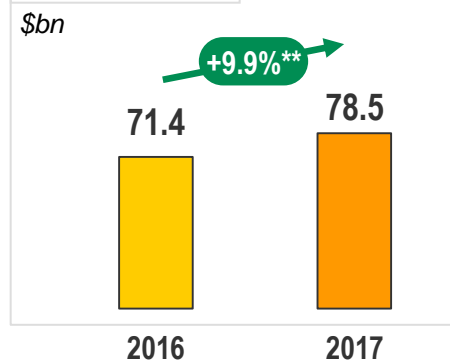
# International Financial Services

## BancWest - 2017

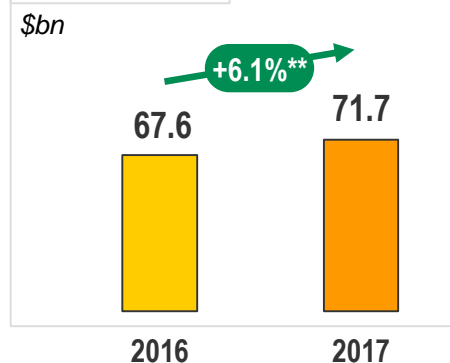
- Sale of a 20.6% stake in First Hawaiian Bank (FHB) in February 2017 (FHB now 61.9%\* owned)
- Good business drive
  - Deposits: +9.9%\*\* vs. 2016, rise in current and savings accounts
  - Loans: +6.1%\*\* vs. 2016, sustained growth in individual and corporate loans
  - Private Banking: +11.4%\*\* increase in assets under management vs. 31.12.16 (\$13.1bn as at 31.12.17)
  - Development of cooperation with the entire Group: implementation of the *One Bank for Corporates*' approach with for example Bank of the West as the cash management provider for the Group's clients in the United States
  - Digital: >415,000 customers using banking services on mobile (+15% vs. 2016)
- Revenues\*\*\*: +2.4%\*\* vs. 2016
  - +5.1%\*\* excluding capital gains on securities and loan sales (significant in 2016)
  - As a result of volume growth
- Operating expenses\*\*\*: +1.8%\*\* vs. 2016
  - Good cost containment (positive jaws effect of 0.6 pt)
- Pre-tax income\*\*\*\*: €830m (-1.5%\*\* vs. 2016)
  - Negative foreign exchange effect: -3.7% at historical scope and exchange rates (+5.5% excluding capital gains)



### > Deposits



### > Loans



## Solid operating performance

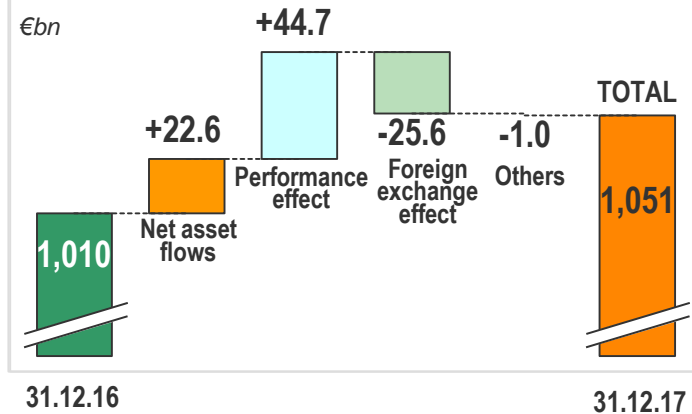
\* Reminder: Initial Public Offering of First Hawaiian Bank in August 2016 (sale of 17.4% stake on the market); \*\* At constant scope and exchange rates (USD vs. EUR average rates: -2.1%; historical scope and exchange rates in the Appendix); \*\*\* Including 100% of Private Banking in the United States; \*\*\*\* Including 2/3 of Private Banking in the United States



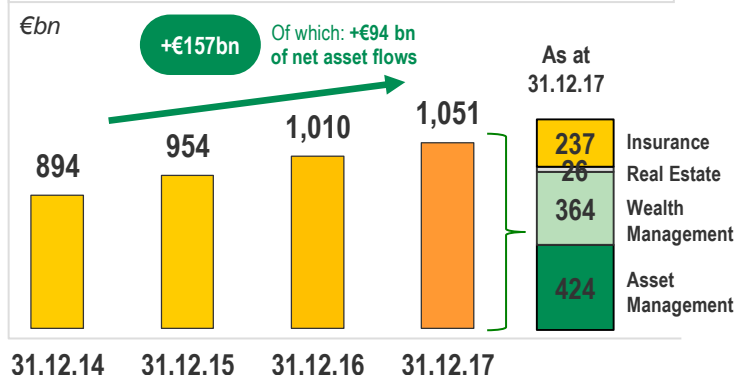
# International Financial Services Insurance & WAM - Asset Flows and AuM - 2017

- Assets under management\*: €1,051bn as at 31.12.17
  - +4.0% vs. 31.12.16 (+€41bn)
  - Good net asset inflows (+€22.6bn)
  - Strong performance effect (+€44.7bn) due to the favourable evolution of equity markets
  - Partly offset by an unfavourable foreign exchange effect (-€25.6bn)
- Net asset inflows: +€22.6bn in 2017 (of which +€2.0bn in 4Q17)
  - Wealth Management: strong net asset inflows, in particular in France and in Asia
  - Asset Management: asset inflows in particular into diversified and bond funds; asset outflows from money market funds
  - Insurance: good asset inflows concentrated in unit-linked policies

## > Evolution of assets under management\*



## > Assets under management\*



**Continued good business development  
and rise of assets under management**

\* Including distributed assets

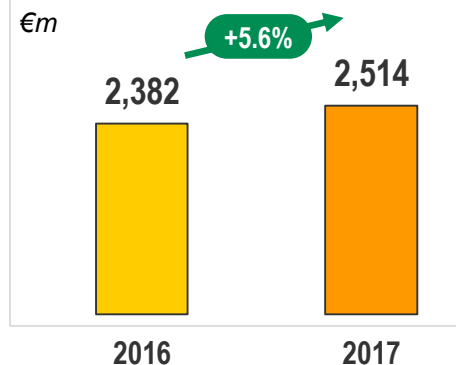


# International Financial Services Insurance - 2017

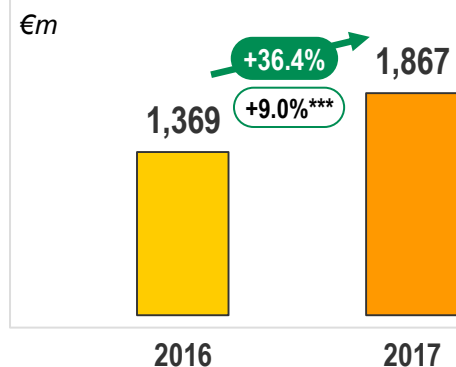
- Good development of both the savings and protection insurance business
  - Good growth in Europe and strong drive in Asia and Latin America
- Success of the initial public offering of SBI Life in India
  - Sale of a 4% stake in SBI Life in 3Q17
  - Market value of the remaining stake (22%): ~€2.0bn\*
  - The stake continues to be consolidated under the equity method\*\*
- Development and reinforcement of partnerships
  - Sumitomo Mitsui in Japan, Volkswagen in Europe, Turkcell in Turkey, Itau in Chile...
- Revenues: €2,514m; +5.6% vs. 2016
  - Due to the good development of the business and the favourable evolution of financial markets
- Operating expenses: €1,251m ; +4.2% vs. 2016
  - As a result of the good development of the business
- Pre-tax income: €1,867m; +36.4% vs. 2016
  - Effect in particular of the capital gain realised from the sale of the 4% stake in SBI Life (€326m): +9.0% at constant scope and exchange rates
  - Good performance of the associated companies



## Revenues (Insurance)



## Pre-tax income (Insurance)



**Continued business growth  
Sharp rise in income**

\* Based on the IPO share price (700 rupees); \*\* Contribution to 2017 Group results: €34m; \*\*\* At constant scope and exchange rates



# International Financial Services Wealth and Asset Management\* - 2017

- Asset Management: continued the transformation and adoption of the single brand BNP Paribas Asset Management



- Digital development: acquisition by Asset Management of a majority stake in Gambit

- European provider of digital investment advisory solutions (robo-advisory)



- Wealth Management rewarded at the



- Named *Best Private Bank in Europe and in Asia*

- Revenues: €3,193m; +7.3% vs. 2016

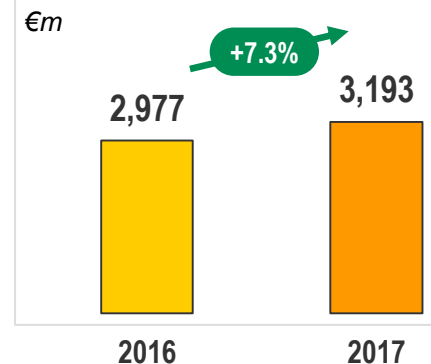
- As a result of the development of the businesses, very good performances of Asset Management and Real Estate Services

- Operating expenses : €2,387m; +2.0% vs. 2016

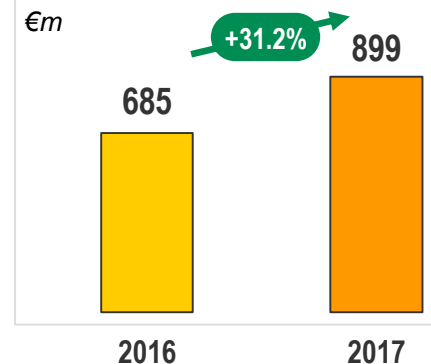
- Good cost containment
- Largely positive jaws effect

- Pre-tax income: €899m; +31.2% vs. 2016

## > Revenues (WAM\*)



## > Pre-tax income (WAM\*)



**Very good overall performance**

\* Asset Management, Wealth Management, Real Estate Services



# International Financial Services

## Active Implementation of the 2020 Plan (1/2)

Develop  
new  
partnerships



### ► Personal Finance:

- Kia Motors, Hyundai Motor (Spain); Toyota (Portugal)
- New sectors (tourism: TUI in France; telecoms: Masmovil in Spain)
- New countries (Austria: XXXLutz in home furnishings)
- China: good development of JVs with Bank of Nanjing, Geely and Suning



### ► Insurance:

- Partnership between BNP Paribas Cardif and Matmut to develop joint property & casualty offerings (launch in 2Q18)
- Global expansion of the partnership between BNP Paribas Cardif and Volkswagen Financial Services\*



Optimise  
client  
experience



### ► Personal Finance:

- Loans granted on partner e-commerce websites in just 2 clicks and 1 password (eCredit Now) in Spain and Italy
- Launch in Italy of a mobile electronic signature solution (representing already 21% of contracts signed)



► **Insurance:** 100% of creditor insurance bought online in France

► **Wealth Management:** new features in the client app (biometric identification, advisory and online transactions, etc.)



\* Creditor insurance & car protection



# International Financial Services

## Active Implementation of the 2020 Plan (2/2)

**Digitalisation,  
new  
technologies and  
business models**

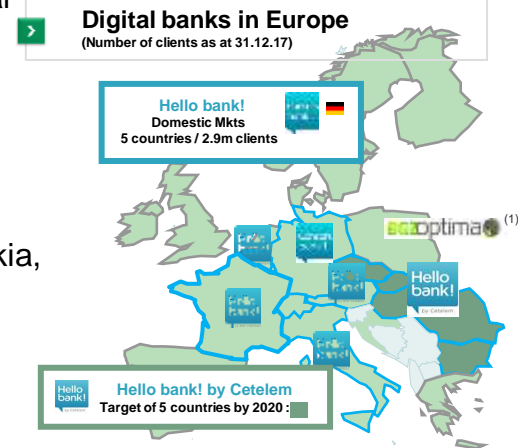
▶ **New technologies:**

- Acquisition of a majority stake in Gambit, a European provider of digital investment advisory solutions (robo-advisory)
- Partnership with Plug & Play, world's largest start-up accelerator



▶ **Digital banks:** launch by Personal Finance of new digital banks in Europe (Hello bank! by Cetelem)

- Leveraging in particular the strong brand recognition and the sizeable client base (27 million clients in 28 countries)
- Launched in the Czech Republic at the end of 2017
- 4 other countries expected in Eastern Europe (Slovakia, Hungary, Romania and Bulgaria)
- > 50 million inhabitants in these 5 countries



**Industrialise and  
enhance  
operating  
efficiency**

- ▶ **Asset Management:** partnership with BlackRock to implement its Aladdin IT outsourcing solution
- ▶ **Bank of the West:** centralising of some functions and streamlining of hierarchical levels
- ▶ **Integration of acquisitions:** LaSer, Bank BGZ, financing activities of General Motors Europe



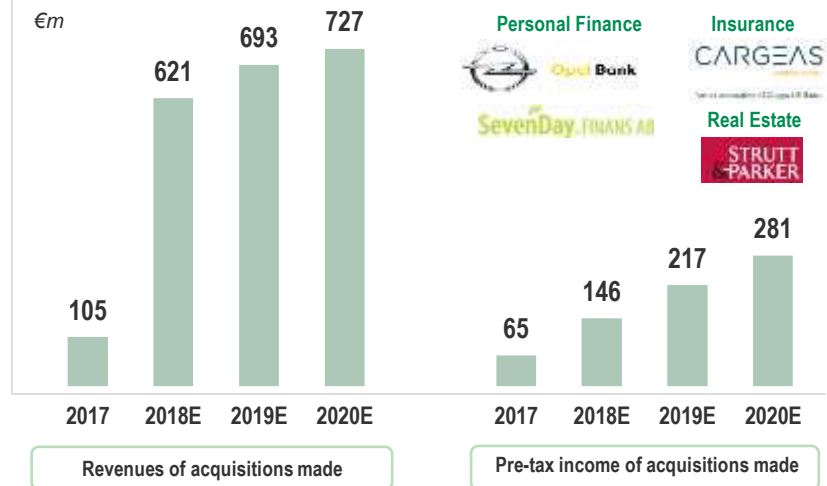
<sup>(1)</sup> 210,000 clients as at 31.12.17

# International Financial Services Growth Enhancing Acquisitions

## Acquisitions that strengthen the growth of the businesses

- ▶ Acquisition by Personal Finance of **50% of General Motors Europe's financing activities** in partnership with PSA Group
  - Outstanding loans: €9.4bn at end 2017; presence in 11 countries in Europe
  - Acquisition price: €0.45bn (50%); 0.8x pro-forma book value
- ▶ Acquisition by Personal Finance of **SevenDay Finans AB**, a consumer credit specialist in Sweden
  - 70,000 clients; outstanding loans: €653m\*
- ▶ Buyout by BNP Paribas Cardif of the remaining 50% stake in **Cargeas Italy** (property and casualty insurance)
- ▶ Real Estate Services: acquisition of **Strutt & Parker**, leading player in the UK property market

### Contribution of acquisitions made in 2017

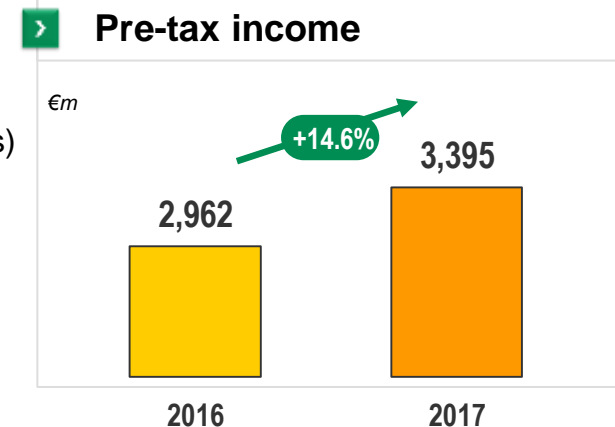
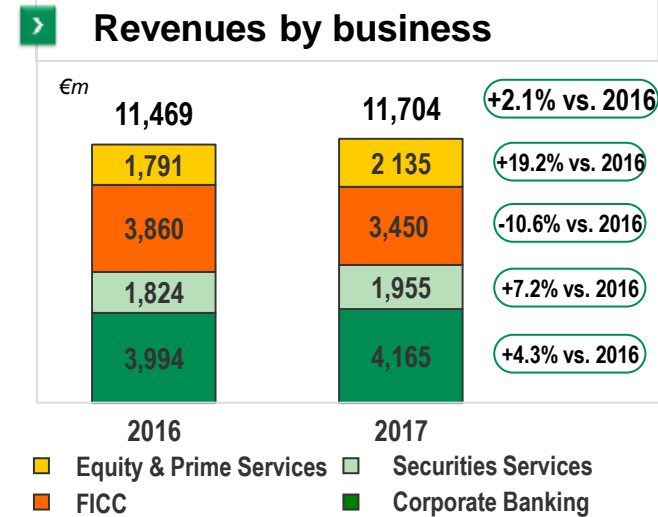


~+1 point of 2016-2020 revenues CAGR

\* As at 31 December 2017

# Corporate and Institutional Banking - 2017 Summary

- Good progress of the transformation plan
  - Strengthened competitive positions
  - Effects of the cost saving measures
  - Launch of digital transformation initiatives
- Revenues: €11,704m (+2.1% vs. 2016)
  - +3.8% at constant scope and exchange rates (unfavourable exchange rate effect)
  - Increase in all the business units: Global Markets (+0.8%\*), Securities Services (+8.3%\*) and Corporate Banking (+6.1%\*)
  - Challenging market environment in the 2<sup>nd</sup> half of the year
- Operating expenses: €8,273m (-0.4% vs. 2016)
  - +1.8% at constant scope and exchange rates (positive jaws effect: +2 pts)
  - Effect of increased activity largely offset by cost saving measures (~€240m vs. 2016)
- Pre-tax income: €3,395m (+14.6% vs. 2016)
  - +15.7% at constant scope and exchange rates
  - Decrease in the cost of risk



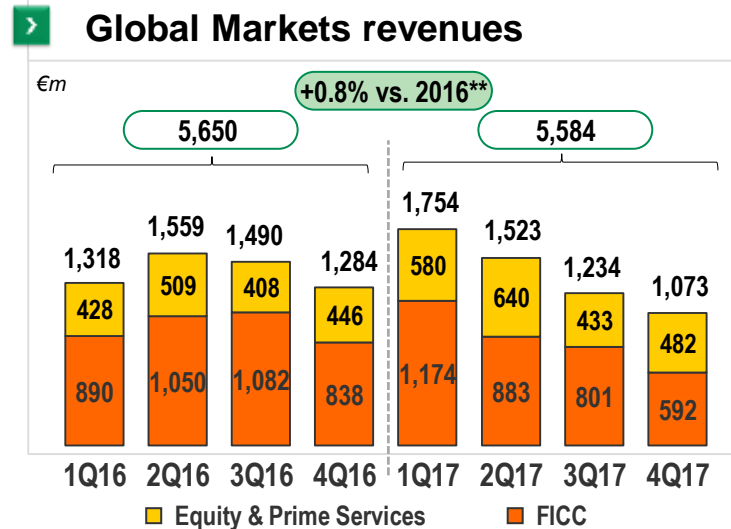
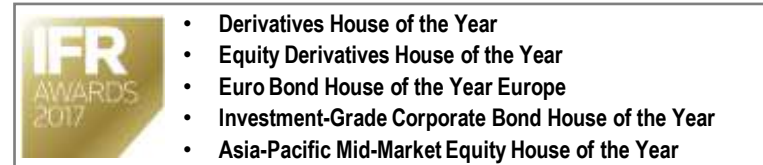
**Solid business growth and decrease in costs**  
**Strong rise in income**

\* At constant scope and exchange rates

# Corporate and Institutional Banking - 2017

## Global Markets - Business Activity and Revenues

- Good commercial performances in a lacklustre market context
  - Low volatility and limited client volumes in the 2<sup>nd</sup> half of the year
  - VaR down at a low level (€26m on average)
  - Continued strengthening of positions, in particular vs. the main European peers
  - Bond issues: ranked #1 for all bonds issues in euros and #9 for all international bonds\*
  - Recognised expertise: 5 IFR *House of the Year* awards and Exane BNP Paribas named as the leading pan-European equity and research house (#1 in the Extel 2017 survey)
- Revenues: €5,584m (-1.2% vs. 2016)
  - +0.8% at constant scope and exchange rates: challenging context in the 2<sup>nd</sup> half after a good start to the year
  - Equity & Prime Services: €2,135m (+20.9%\*\* vs. 2016), strong growth driven by a pick-up in the derivatives business and good development of Prime Services
  - FICC: €3,450m (-8.6%\*\* vs. 2016), weak client activity in particular in foreign exchange and commodities in the 2<sup>nd</sup> half of the year



**Good performance in a lacklustre market context**

\* Source: Dealogic 2017, ranking by volume; \*\* At constant scope and exchange rates

# Corporate and Institutional Banking - 2017

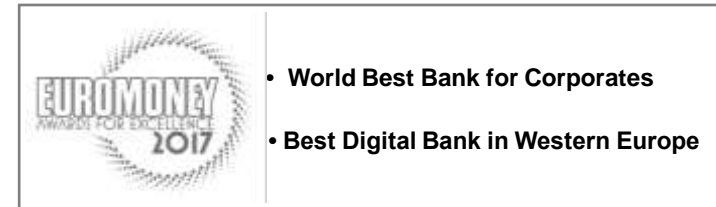
## Corporate Banking – Business Activity and Revenues

- Solid commercial performances

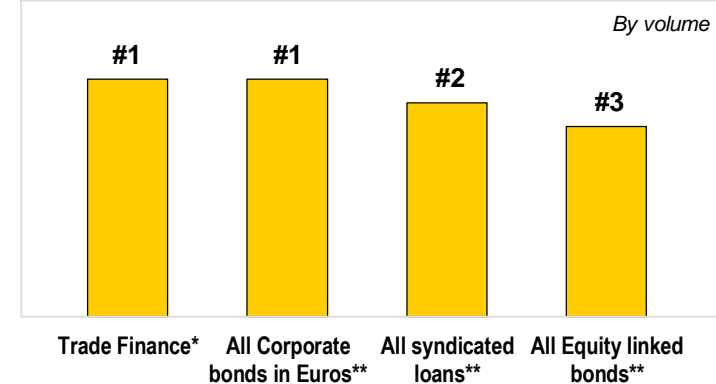
- Increase in the corporate franchise with a strengthened commercial set-up in particular in Germany
- Rise in average outstandings: €131bn in loans (+1.3% vs. 2016) and €130bn deposits (+11.1% vs. 2016)
- Strengthened positions in trade finance (ranked # 1 for the 3<sup>rd</sup> year in a row in Europe and entered the top 3 in Asia)\*
- Ranked #2 for syndicated loans and #3 for equity linked issues in the EMEA\*\* region
- *World Best Bank for Corporates* (Euromoney)

- Good rise in revenues: €4,165m (+4.3% vs. 2016)

- +6.1% at constant scope and exchange rates: rise in all three regions
- Good growth in Europe, sharp rise in Asia-Pacific and maintained a good level of business in the Americas
- Good performance of the transaction businesses (cash management, trade finance), in particular in Europe and in Asia



### 2017 European rankings



**Good business growth**  
**Strengthened commercial positions**

\* Source: Greenwich Share Leader Survey (European Large Trade Finance market penetration); \*\* Source: Dealogic 2017



# Corporate and Institutional Banking - 2017

## Securities Services - Business Activity and Revenues

### ● Excellent business drive

- Gained very significant new mandates in Europe and Asia
- Announced a major strategic partnership with Janus Henderson Investors (USD138bn in assets under custody)\* in the United States



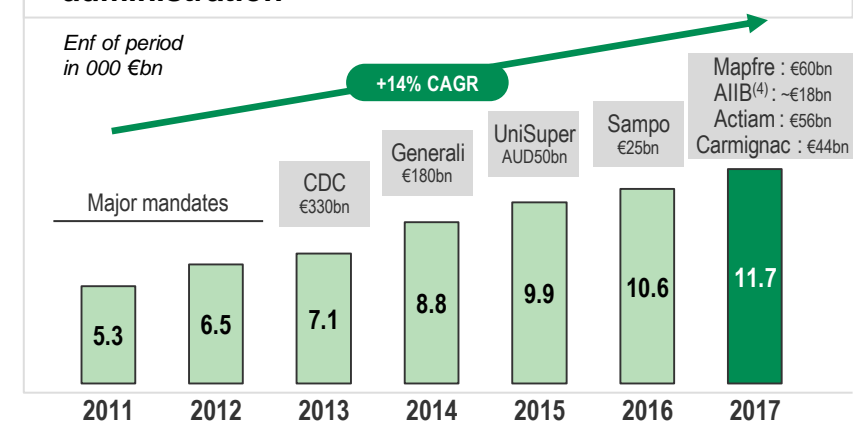
- Sustained growth in assets under custody and under administration (+11.0% vs. 31.12.2016) as well as in the number of transactions (+6.4% vs. 2016)
- New products: launch of a new tri-party collateral management offering
- Recognised expertise: *Custodian of the Year* at global level\*\*, *European Custodian of the Year*\*\*\*

### ● Significant rise in revenues: €1,955m (+7.2% vs. 2016)

- +8.3% at constant scope and exchange rates
- In connection with the rise in assets under custody and under administration as well as of transactions

	<b>Spain – Mapfre</b> €60bn – Mandated to provide global custodian services worldwide. February 2017
	<b>China – Asian Infrastructure Investment Bank</b> ~\$20bn – Mandated as the sole global custodian. May 2017
	<b>Netherlands – Actiam</b> €56bn – Mandated to provide middle & back office, fund & investment accounting, and reporting services. April 2017
	<b>France – Carmignac</b> €44bn – Mandated as depository bank and global custodian for French funds. December 2017

### ➤ Strong growth in assets under custody and under administration



## Continued very good business development

\* Closing of the transaction expected in 1Q18; \*\* Custody Risk Awards, November 2017; \*\*\* Funds Europe Awards 2017, November 2017



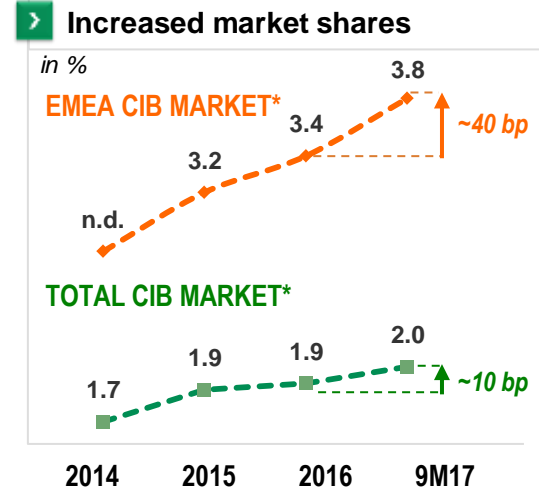


# Corporate and Institutional Banking

## Active Implementation of the 2020 Plan (1/3)

### Grow the client franchises

- ▶ **Corporates: extend the client base and deepen relations with the existing clientele**
  - Good business development in targeted countries thanks to commercial development initiatives (revenues vs. 2016 : +5.6% in Germany, +4.5% in the UK)
  - Strengthen the commercial set-up, in particular in targeted countries in Europe (notably Germany, UK, Netherlands and Scandinavia)
  - Over 125 new client groups in Europe gained in 2017
  
- ▶ **Bolster our presence in the Institutional segment**
  - Strengthen the coordinated offering of the businesses (*One Bank Approach*)
  - Dedicated initiatives targeting in particular private equity funds and alternative asset managers
  
- ▶ **Leverage the global presence of the Group**
  - Reinforce commercial synergies between the United States and Europe
  - Develop the footprint in selected markets (China, Indonesia, etc.) to better serve the needs of clients
  - Bolster Securities Services in Asia-Pacific and in the United States to complete its multi-local model



\* Source: Coalition, BNP Paribas calculation based on CIB total market (250 banks) and on CIB EMEA market, at constant exchange rate





# Corporate and Institutional Banking

## Active Implementation of the 2020 Plan (2/3)

Implement  
targeted growth  
initiatives

▶ **New partnerships:**

- Strategic partnership with GTS to enhance and expand the offering to Global Markets clients in US Treasuries
- Minority stake in Symphony, a secure communication platform including workflow automation tool for institutional clients (> 200,000 users, internal rollout in 1H18)
- Development of the Securities Services-Fortia partnership (artificial intelligence in the field of fund administration)



▶ **Strengthen the integrated CIB model**

- Develop joint Securities Services and Global Markets offerings (foreign exchange, collateral management, etc.)
- Expand cooperation between Bank of the West and CIB on corporates

▶ **Roll-out new offerings**

- Launch of a new tri-party collateral management offering (Securities Services)

Accelerate  
digital  
transformation

▶ **150 digital projects identified**, of which 100 already in the process of being implemented

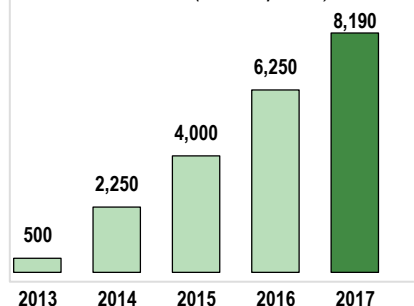
▶ **Digitalise the customer journeys**

- Growing number of users of digital interfaces (Centric, Cortex, etc.)
- Digitalisation and industrialisation of the *Know Your Client (KYC)* process



▶ **Centric**

Number of clients (end of period)



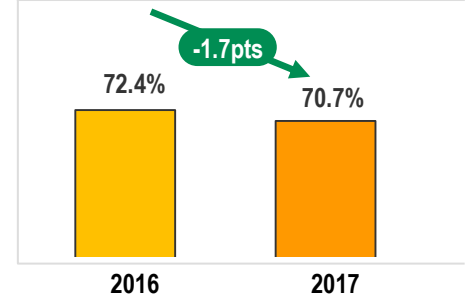
# Corporate and Institutional Banking

## Active Implementation of the 2020 Plan (3/3)

### Improve operating efficiency

- ▶ **Continue the cost saving programmes** launched since 2016: €0.6bn in 2 years, *i.e.* 50% of 2020 target
- ▶ **Develop mutualised platforms** (Portugal, Canada, India, Spain, Poland): share of headcount up by 10 pts vs. end of 2015
- ▶ **Implement new end-to-end processes** (three projects already launched: client onboarding, credit process, FX cash)
- ▶ **Automation**: 250 cases of robotics use identified

#### Cost income ratio



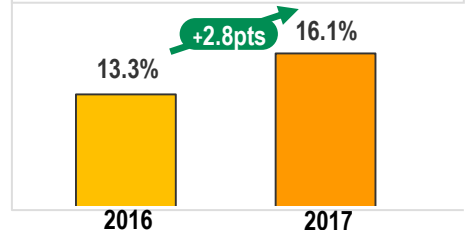
### Optimise financial resources

- ▶ **Reduce risk-weighted assets:**
  - -€6.7bn in 2017: right-sizing of sub-profitable portfolios, active management of financial resources (loan sales, securitisations...)
  - ~74% of the target of -€20bn achieved (-€8bn already achieved in 2016)
  - Allocated equity: €21.1bn in 2017 (-4.9% vs. 2016)
- ▶ **Gradual redeployment** of the resources thus freed up into growth

### Significantly improve the return on equity

- ▶ **Increase in the return on equity already significant** thanks to all the measures enacted
  - 16.1% pre-tax RONE\* in 2017 (+2.8 pts vs. 2016)

#### Pre-tax RONE\*



\*Return on Notional Equity



Group Results

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Division Results

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**Good Start of the 2020 Plan**

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4Q17 Detailed Results

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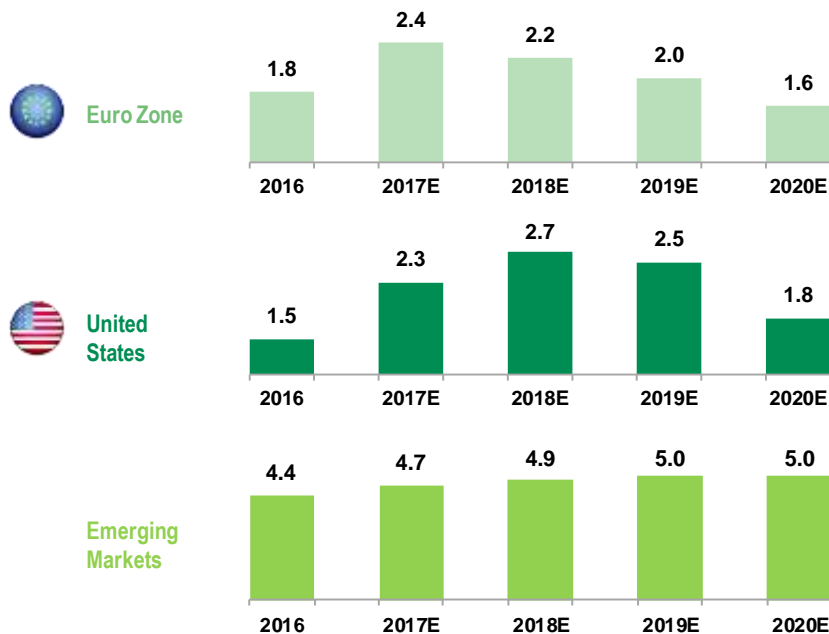
Appendix

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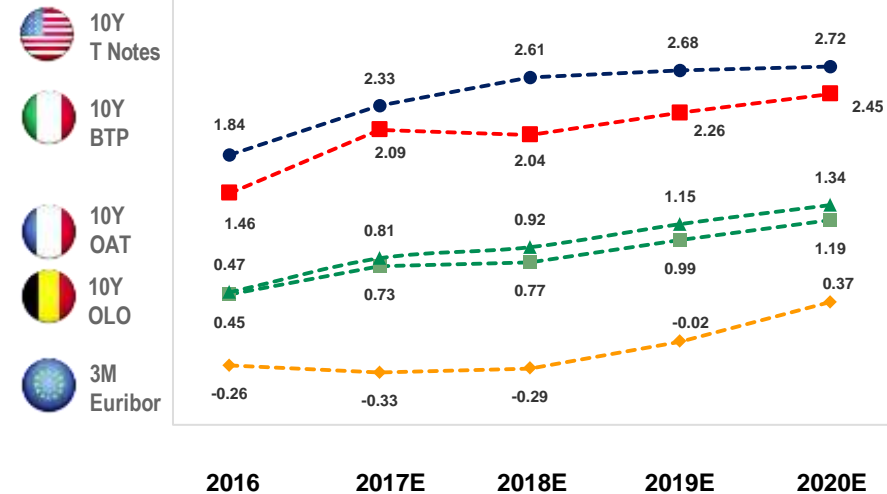


# A Gradually Improving Macroeconomic Context

Positive GDP growth forecasts\*



Gradual increase in interest rates\*\*



**Robust economic growth forecasts in Europe**  
**An interest rate scenario gradually more favourable in 2018-2020**

\* Source: IMF (22 January 2018); \*\* Implied forward rates as at 12 January 2018

# An Integrated Bank with a Differentiated Strategy by Operating Division

## > Domestic Markets

### ▶ Strengthen the sales & marketing drive

- Headwinds (low interest rates, MiFID 2) still present in 2018, but which are expected to ease up starting in 2019
- Enhance the attractiveness of offering and offer new services

## > International Financial Services

### ▶ Pursue growth

- Consolidate leading positions: leveraging best in class offers
- Speed up the pace of growth of the businesses (new offerings, new partnerships and new countries)
- Continue selective development of retail banks

## > Corporate and Institutional Banking

### ▶ Optimise resources and revenue growth

- Grow the corporate and institutional client franchises
- Implement specific initiatives in selected countries in Europe
- Develop fee generating service businesses

## > In all the businesses

**An ambitious new customer experience, digital transformation and savings programme**



# Implementation of 5 Levers for a New Customer Experience

## > Upgrade the operational model

- Streamlining and automatization of end-to-end processes
- Simplification of the organisations
- Shared platforms and smart sourcing

Implementation example



## > Implement new customer journeys

- New digitalised, expanded, seamless and personalised customer journeys (more services, more attractiveness, choice of channel)
- Upgraded service models (better customer segmentation based on user habits, “the right product at the right time and through the right channel”)
- Digitalisation of distribution by developing digital customer interfaces
- New services made available

Implementation examples



## > Make better use of data to serve clients

- Better reliability of data and enhancement of data use for the benefit of customers
- Reinforcement of data storage, protection and analysis capacities
- Use of cutting-edge technologies (artificial intelligence, machine learning)

Implementation examples



## > Work differently

- More digital, collaborative and agile work practices
- Day-to-day digital environment & digital and innovation driven culture
- Staff training

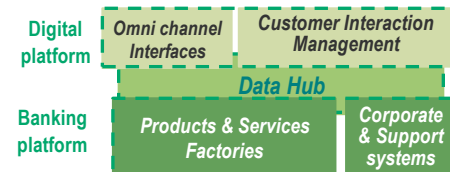
Implementation examples



## > Adapt information systems

- Evolution of information systems and incorporation of new technologies in order to accelerate digital
- Improvement of IT efficiency and agile practices
- Promotion of innovation

Implementation example

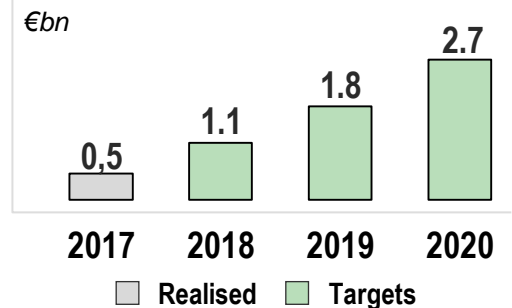


# Startup of the Transformation Plan in Line With the 2020 Objectives

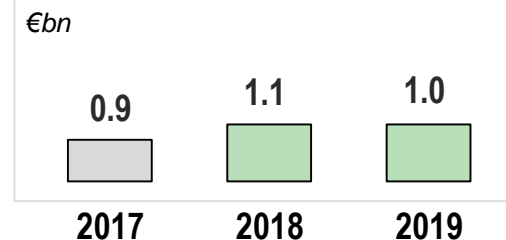
5 levers for a new customer experience & a more effective and digital bank

- Active implementation of the transformation plan throughout the entire Group
  - ~150 significant programmes identified\*
  
- Cost savings: €533m since the launch of the project
  - In line with the objective
  - Breakdown of cost savings by operating division: 45% at CIB (reminder: launch of the cost saving plan as early as 2016 at CIB); 29% at Domestic Markets; 26% at IFS
  - Of which €224m booked in 4Q17
  
- Transformation costs: €856m in 2017
  - Gradual increase to an average level of about €250m per quarter
  - €408m in 4Q17\*\* due to specific IT costs booked this quarter
  - Reminder: €3bn in transformation costs in the 2020 plan

## > Cumulated recurring cost savings



## > One-off transformation costs



## > Active implementation of the 2020 transformation plan

\* Savings generated > €5m; \*\* Breakdown of the transformation costs of the businesses presented in the Corporate Centre: slide 87

# Commitment for a Positive Impact on Society (1/2)

## Creation of a Company Engagement Department

- Represented in the Group Executive Committee
- **Defines the Group's commitments** to civil society and **strengthens** CSR / diversity practices in the banking businesses
- **Make all the company's levers converge to meet key challenges in society:** energy transition, youth, local development, entrepreneurial and social innovation

## A culture of corporate responsibility recognised by leading indices and labels



Selected in the Dow Jones Sustainability World & Europe Index, #1 French bank (score: 86/100)



1st bank in Europe in terms of CSR (Global Banking & Finance Review)



2nd bank (out of 25) in Thomson Reuters' Global Diversity & Inclusion index



"Top 10 Performers" of the new CAC 40® Governance index of Euronext and Vigeo Eiris (March 2017)



European leader in climate risk management by ShareAction (a British charity that promotes responsible investment)



Included in specific workplace equality indexes: Bloomberg Financial Services Gender Equality Index (BFGEI), Pax Ellevest Women's Index Fund





# Commitment for a Positive Impact on Society (2/2)

**A sense of responsibility rooted in our financial activities...**

- **Stop the financings to tobacco companies**
- Placed in 2017 **sustainable bonds** for an equivalent of \$6bn (+116% vs. 2016)
- **United Nations Sustainable Development Goals (SDGs)**: €155bn in financings to support energy transition and sectors considered as directly contributing to SDGs\*
- **Social Impact Contracts (SICs)**: structured 7 SICs certified by the French government: Wimooov (provides access to mobility to improve employment opportunities), Passport Future (prevention of early school leaving)....
- Nearly **€1bn in financing to social businesses**

**...as well as in our philanthropic actions**

- **“La France s’engage”**: one of the 4 founders of this public interest foundation that supports social innovation initiatives
- **BNP Paribas Foundation and Bill & Melinda Gates Foundation**: support 600 researchers on climate change adaptation in Africa



**A major role in the transition toward a low carbon economy**

- **Stop funding companies whose principal business activity is gas and oil from shale** (or oil from tar sands) & oil or gas projects located in the Arctic region
- **Carbon neutrality** of BNP Paribas’ own operations achieved at the end of 2017
- **Asset management**: launch of Parvest Green Bond, a €100m bond fund that invests in bonds financing projects combating climate change
- **One Planet Summit**: partner with the UN Environment Programme (promote sustainable development in emerging countries) and the Breakthrough Energy Coalition (investment in sustainable energies)



\* Including sustainable bonds’ placement and CSR funds

# Confirmation of 2020 Targets

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



**ROE > 10% in 2020**

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



# Conclusion



## **Good performance of the Group in 2017**

**Net income Group share: €7.8bn**



## **Sustained development of the business activity in a more buoyant economic context in Europe**



## **Promising start to the 2017-2020 development plan**

**Businesses strengthening their commercial position**

**Roll-out of new customer experiences by speeding up the pace of digital transformation**

**Commitment for a positive impact on society**



Group Results

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Division Results

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Good Start of the 2020 Plan

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**4Q17 Detailed Results**

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Appendix

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# Main Exceptional Items - 4Q17

- **Revenues**

- Own credit adjustment and DVA (*Corporate Centre*)

- **Operating expenses**

- Restructuring costs of acquisitions\* (*Corporate Centre*)
- Transformation and adaptation costs of Businesses\*\* (*Businesses and Corporate Centre*)
- Compulsory contribution to the resolution process of 4 Italian banks\*\*\*

- **Other non operating items**

- Goodwill impairments (*Corporate Centre*)\*\*\*\*

- **Total exceptional items (pre-tax)**

- **Total exceptional items (after tax)\*\*\*\*\***

>	4Q17	>	4Q16
	+€11m		-€18m
	<b>+€11m</b>		<b>-€18m</b>
	-€48m		-€48m
	-€408m		-€242m
			-€52m
	<b>-€456m</b>		<b>-€342m</b>
			-€127m
			<b>-€127m</b>
	<b>-€446m</b>		<b>-€487m</b>
	<b>-€294m</b>		<b>-€372m</b>

\* LaSer, Bank BGZ, DAB Bank, GE LLD; \*\* 2016 reminder: CIB (-€98m), BNL bc (-€50m), BRB (-€80m), WAM (-€7m), Corporate Centre (-€7m);

\*\*\* BNL bc (-€47m in 4Q16), Personal Finance (-€5m in 4Q16); \*\*\*\* Full goodwill impairment of BGZ; \*\*\*\*\* Group share



# Consolidated Group - 4Q17

	> 4Q17	> 4Q16	> %		> %	
			At historical scope & exchange rates	At constant scope & exchange rates	Operating divisions At historical scope & exchange rates	At constant scope & exchange rates
<b>Revenues</b>	€10,532m	€10,656m	-1.2%	+0.4%	-0.6%	+1.0%
Operating expenses	-€7,621m	-€7,444m	+2.4%	+3.7%	-1.8%	-0.6%
<b>Gross operating income</b>	€2,911m	€3,212m	-9.4%	-7.5%	+1.9%	+4.2%
Cost of risk	-€985m	-€950m	+3.7%	+8.6%	+10.3%	+15.8%
<b>Operating income</b>	€1,926m	€2,262m	-14.9%	-14.0%	-1.1%	+0.3%
Non operating items	€196m	€5m	n.s.	n.s.	n.s.	n.s.
<b>Pre-tax income</b>	€2,122m	€2,267m	-6.4%	-8.4%	+2.1%	+2.2%
<b>Net income Group share</b>	€1,426m	€1,442m	-1.1%			
<b>Net income Group share excluding exceptional items*</b>	€1,720m	€1,814m	-5.2%			



**Unfavourable foreign exchange effect  
Good operating performance**

\* See slide 53



# Retail Banking and Services - 4Q17

€m	4Q17	4Q16	4Q17 / 4Q16	3Q17	4Q17 / 3Q17	2017	2016	2017 / 2016
<b>Revenues</b>	<b>7,881</b>	<b>7,758</b>	<b>+1.6%</b>	<b>7,707</b>	<b>+2.3%</b>	<b>31,045</b>	<b>30,651</b>	<b>+1.3%</b>
Operating Expenses and Dep.	-5,101	-5,200	-1.9%	-4,854	+5.1%	-20,044	-19,880	+0.8%
<b>Gross Operating Income</b>	<b>2,780</b>	<b>2,558</b>	<b>+8.7%</b>	<b>2,853</b>	<b>-2.6%</b>	<b>11,001</b>	<b>10,771</b>	<b>+2.1%</b>
Cost of Risk	-722	-824	-12.4%	-662	+9.0%	-2,705	-3,005	-10.0%
<b>Operating Income</b>	<b>2,058</b>	<b>1,733</b>	<b>+18.7%</b>	<b>2,191</b>	<b>-6.1%</b>	<b>8,296</b>	<b>7,765</b>	<b>+6.8%</b>
Share of Earnings of Equity-Method Entities	147	130	+13.7%	162	-9.0%	622	530	+17.3%
Other Non Operating Items	55	-5	n.s.	361	-84.7%	443	10	n.s.
<b>Pre-Tax Income</b>	<b>2,261</b>	<b>1,858</b>	<b>+21.7%</b>	<b>2,714</b>	<b>-16.7%</b>	<b>9,361</b>	<b>8,305</b>	<b>+12.7%</b>
Cost/Income	64.7%	67.0%	-2.3 pt	63.0%	+1.7 pt	64.6%	64.9%	-0.3 pt
Allocated Equity (€bn)						51.4	49.0	+4.7%

*Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium, Luxembourg, at BancWest and TEB for the Revenues to Pre-tax income line items*



# Domestic Markets - 4Q17

€m	4Q17	4Q16	4Q17 / 4Q16	3Q17	4Q17 / 3Q17	2017	2016	2017 / 2016
<b>Revenues</b>	<b>3,897</b>	<b>3,866</b>	<b>+0.8%</b>	<b>3,918</b>	<b>-0.5%</b>	<b>15,718</b>	<b>15,715</b>	<b>+0.0%</b>
Operating Expenses and Dep.	-2,653	-2,794	-5.1%	-2,599	+2.1%	-10,620	-10,629	-0.1%
<b>Gross Operating Income</b>	<b>1,244</b>	<b>1,072</b>	<b>+16.0%</b>	<b>1,319</b>	<b>-5.7%</b>	<b>5,098</b>	<b>5,086</b>	<b>+0.2%</b>
Cost of Risk	-370	-399	-7.1%	-311	+19.0%	-1,356	-1,515	-10.5%
<b>Operating Income</b>	<b>874</b>	<b>674</b>	<b>+29.7%</b>	<b>1,008</b>	<b>-13.3%</b>	<b>3,743</b>	<b>3,572</b>	<b>+4.8%</b>
Share of Earnings of Equity-Method Entities	7	14	-49.2%	23	-69.4%	62	54	+13.4%
Other Non Operating Items	1	-6	n.s.	3	-65.3%	10	2	n.s.
<b>Pre-Tax Income</b>	<b>882</b>	<b>681</b>	<b>+29.5%</b>	<b>1,034</b>	<b>-14.7%</b>	<b>3,814</b>	<b>3,628</b>	<b>+5.1%</b>
Income Attributable to Wealth and Asset Management	-70	-59	+18.2%	-64	+9.3%	-273	-246	+10.9%
<b>Pre-Tax Income of Domestic Markets</b>	<b>812</b>	<b>622</b>	<b>+30.5%</b>	<b>970</b>	<b>-16.3%</b>	<b>3,541</b>	<b>3,382</b>	<b>+4.7%</b>
Cost/Income	68.1%	72.3%	-4.2 pt	66.3%	+1.8 pt	67.6%	67.6%	+0.0 pt
Allocated Equity (€bn)						24.6	23.0	+6.9%

*Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg for the Revenues to Pre-tax income items*

- Revenues: +0.8% vs. 4Q16
  - Growth in activity but impact of the low interest rate environment
  - Higher fees in all the networks
- Operating expenses: -5.1% vs. 4Q16
  - +0.6% vs. 4Q16 excluding impact of non-recurring items\*
  - Good cost containment
- Pre-tax income: +30.5% vs. 4Q16
  - +4.2% vs. 4Q16 excluding impact of non-recurring items\*
  - Continued decrease in the cost of risk in Italy

\* 4Q16 reminder: additional compulsory contribution of BNL bc to the resolution process of 4 Italian banks (-€47m); restructuring costs: BRB (-€80m), BNL bc (-€50m); 4Q17: restructuring costs at BRB (-€20m)





# Domestic Markets

## French Retail Banking - 4Q17 (excluding PEL/CEL effects)

€m	4Q17	4Q16	4Q17 / 4Q16	3Q17	4Q17 / 3Q17	2017	2016	2017 / 2016
<b>Revenues</b>	<b>1,541</b>	<b>1,548</b>	<b>-0.4%</b>	<b>1,585</b>	<b>-2.8%</b>	<b>6,352</b>	<b>6,401</b>	<b>-0.8%</b>
<i>Incl. Net Interest Income</i>	876	899	-2.6%	897	-2.4%	3,569	3,676	-2.9%
<i>Incl. Commissions</i>	665	649	+2.6%	688	-3.3%	2,783	2,725	+2.1%
Operating Expenses and Dep.	-1,175	-1,216	-3.4%	-1,183	-0.7%	-4,657	-4,673	-0.3%
<b>Gross Operating Income</b>	<b>366</b>	<b>332</b>	<b>+10.3%</b>	<b>402</b>	<b>-8.9%</b>	<b>1,695</b>	<b>1,728</b>	<b>-1.9%</b>
Cost of Risk	-107	-124	-14.0%	-65	+63.8%	-331	-342	-3.3%
<b>Operating Income</b>	<b>259</b>	<b>208</b>	<b>+24.8%</b>	<b>337</b>	<b>-23.0%</b>	<b>1,365</b>	<b>1,386</b>	<b>-1.5%</b>
Non Operating Items	0	1	n.s.	1	n.s.	1	3	-62.4%
<b>Pre-Tax Income</b>	<b>259</b>	<b>209</b>	<b>+24.0%</b>	<b>337</b>	<b>-23.2%</b>	<b>1,366</b>	<b>1,389</b>	<b>-1.7%</b>
Income Attributable to Wealth and Asset Management	-38	-32	+17.4%	-36	+6.3%	-153	-138	+11.0%
<b>Pre-Tax Income of French Retail Banking</b>	<b>221</b>	<b>177</b>	<b>+25.3%</b>	<b>302</b>	<b>-26.7%</b>	<b>1,213</b>	<b>1,251</b>	<b>-3.1%</b>
Cost/Income	76.2%	78.5%	-2.3 pt	74.6%	+1.6 pt	73.3%	73.0%	+0.3 pt
Allocated Equity (€bn)						9.4	8.7	+7.8%

*Including 100% of French Private Banking for the revenues to Pre-tax income line items (excluding PEL/CEL effects)\**

- Revenues: -0.4% vs. 4Q17
  - Net interest income: -2.6%, impact of the low interest rate environment partially offset by business growth
  - Fees: +2.6%, rise in financial fees
- Operating expenses: -3.4% vs. 4Q16
  - Decrease in costs
- Decrease in the cost of risk vs. 4Q16
  - 4Q16 reminder: impact of a specific client loan

\* PEL/CEL effect: +€19m in 2017 (-€2 m in 2016) and +€13m in 4Q17 (+€8m in 4Q16)



# Domestic Markets

## French Retail Banking - Volumes

Average outstandings (€bn)	Outstandings 4Q17	%Var/4Q16	%Var/3Q17	Outstandings 2017	%Var/2016
<b>LOANS</b>	<b>160.7</b>	<b>+8.0%</b>	<b>+1.3%</b>	<b>156.4</b>	<b>+8.0%</b>
Individual Customers	88.9	+10.7%	+1.4%	86.2	+11.4%
Incl. Mortgages	78.1	+11.6%	+1.3%	75.6	+12.1%
Incl. Consumer Lending	10.8	+4.6%	+1.9%	10.6	+6.2%
Corporates	71.8	+4.8%	+1.2%	70.2	+4.2%
<b>DEPOSITS AND SAVINGS</b>	<b>163.9</b>	<b>+11.1%</b>	<b>+0.8%</b>	<b>160.3</b>	<b>+12.0%</b>
Current Accounts	99.4	+19.4%	+2.6%	94.8	+21.3%
Savings Accounts	58.3	+0.8%	-1.5%	58.8	+1.0%
Market Rate Deposits	6.3	-4.1%	-4.4%	6.6	-1.5%
	<b>31.12.17</b>	<b>%Var/</b>	<b>%Var/</b>		
€bn		<b>31.12.16</b>	<b>30.09.17</b>		
<b>OFF BALANCE SHEET SAVINGS</b>					
Life Insurance	89.1	+4.2%	+0.9%		
Mutual Funds	42.2	-8.7%	+5.0%		

- Loans: +8.0% vs. 4Q16, rise in loans to individual and corporate customers
- Deposits: +11.1% vs. 4Q16, strong growth in current accounts
- Off balance sheet savings:
  - Good growth in life insurance outstandings
  - Decrease in money market funds



# Domestic Markets

## BNL banca commerciale - 4Q17

€m	4Q17	4Q16	4Q17 / 4Q16	3Q17	4Q17 / 3Q17	2017	2016	2017 / 2016
<b>Revenues</b>	<b>732</b>	<b>745</b>	<b>-1.7%</b>	<b>719</b>	<b>+1.7%</b>	<b>2,907</b>	<b>2,972</b>	<b>-2.2%</b>
Operating Expenses and Dep.	-457	-543	-15.9%	-445	+2.6%	-1,801	-1,885	-4.5%
<b>Gross Operating Income</b>	<b>275</b>	<b>202</b>	<b>+36.5%</b>	<b>274</b>	<b>+0.3%</b>	<b>1,106</b>	<b>1,086</b>	<b>+1.8%</b>
Cost of Risk	-218	-229	-4.5%	-203	+7.5%	-871	-959	-9.2%
<b>Operating Income</b>	<b>57</b>	<b>-27</b>	<b>n.s.</b>	<b>71</b>	<b>-20.0%</b>	<b>235</b>	<b>127</b>	<b>+85.2%</b>
Non Operating Items	0	0	+12.1%	0	+18.4%	1	0	n.s.
<b>Pre-Tax Income</b>	<b>57</b>	<b>-27</b>	<b>n.s.</b>	<b>71</b>	<b>-19.9%</b>	<b>236</b>	<b>127</b>	<b>+85.5%</b>
Income Attributable to Wealth and Asset Management	-11	-10	+16.5%	-9	+26.5%	-44	-37	+18.7%
<b>Pre-Tax Income of BNL bc</b>	<b>46</b>	<b>-36</b>	<b>n.s.</b>	<b>63</b>	<b>-26.5%</b>	<b>192</b>	<b>90</b>	<b>n.s.</b>
Cost/Income	62.4%	72.9%	-10.5 pt	61.9%	+0.5 pt	62.0%	63.4%	-1.4 pt
Allocated Equity (€bn)						5.8	5.7	+1.7%

*Including 100% of the Italian Private Banking for the Revenues to Pre-tax income line items*

- Revenues: -1.7% vs. 4Q16
  - Net interest income: -6.2% vs. 4Q16, impact of the low interest rate environment
  - Fees: +6.4% vs. 4Q16, increase related to the good growth in off balance sheet savings and private banking
- Operating expenses: -15.9% vs. 4Q16
  - 4Q16 reminder: impact of non-recurring items\*
- Cost of risk: -4.5% vs. 4Q16
  - Continued decrease in the cost of risk

\* Additional compulsory contribution to the resolution process of 4 Italian banks (-€47m) and one-off transformation costs(-€50m)



# Domestic Markets

## BNL banca commerciale - Volumes

Average outstandings (€bn)	Outstandings 4Q17	%Var/4Q16	%Var/3Q17	Outstandings 2017	%Var/2016
<b>LOANS</b>	<b>78.1</b>	<b>-0.6%</b>	<b>+0.4%</b>	<b>78.3</b>	<b>+0.6%</b>
Individual Customers	40.1	+1.8%	+0.2%	40.1	+2.5%
Incl. Mortgages	25.0	+1.8%	-0.3%	25.0	+0.9%
Incl. Consumer Lending	4.2	+0.3%	+0.6%	4.2	+1.3%
Corporates	38.0	-3.0%	+0.6%	38.2	-1.4%
<b>DEPOSITS AND SAVINGS</b>	<b>42.8</b>	<b>+7.3%</b>	<b>+2.3%</b>	<b>41.6</b>	<b>+9.5%</b>
Individual Deposits	28.3	+6.9%	+1.5%	27.8	+8.8%
Incl. Current Accounts	28.0	+7.1%	+1.6%	27.5	+9.0%
Corporate Deposits	14.6	+8.2%	+3.8%	13.8	+10.9%

€bn	31.12.17	%Var/ 31.12.16	%Var/ 30.09.17
<b>OFF BALANCE SHEET SAVINGS</b>			
Life Insurance	19.6	+6.8%	+2.8%
Mutual Funds	15.7	+13.6%	+3.4%

- Loans: -0.6% vs. 4Q16
  - +0.6% excluding the impact of the sale of a portfolio of non-performing loans in 1Q17\*
- Deposits: +7.3% vs. 4Q16
  - Individuals and corporates: strong rise in current accounts
- Off balance sheet savings: good asset inflows, strong rise in mutual fund outstandings

\* Sale of a portfolio of non-performing loans comprising corporates and mortgages loans for a total of €1bn



# Domestic Markets

## Belgian Retail Banking - 4Q17

€m	4Q17	4Q16	4Q17 / 4Q16	3Q17	4Q17 / 3Q17	2017	2016	2017 / 2016
<b>Revenues</b>	<b>894</b>	<b>908</b>	<b>-1.6%</b>	<b>921</b>	<b>-3.0%</b>	<b>3,677</b>	<b>3,661</b>	<b>+0.4%</b>
Operating Expenses and Dep.	-601	-661	-9.2%	-570	+5.4%	-2,554	-2,582	-1.1%
<b>Gross Operating Income</b>	<b>293</b>	<b>247</b>	<b>+18.8%</b>	<b>351</b>	<b>-16.6%</b>	<b>1,123</b>	<b>1,079</b>	<b>+4.0%</b>
Cost of Risk	-15	-9	+61.4%	-23	-36.9%	-65	-98	-33.8%
<b>Operating Income</b>	<b>278</b>	<b>237</b>	<b>+17.1%</b>	<b>328</b>	<b>-15.2%</b>	<b>1,058</b>	<b>981</b>	<b>+7.8%</b>
Non Operating Items	3	2	n.s.	20	-83.9%	28	6	n.s.
<b>Pre-Tax Income</b>	<b>281</b>	<b>239</b>	<b>+17.7%</b>	<b>347</b>	<b>-19.1%</b>	<b>1,085</b>	<b>987</b>	<b>+10.0%</b>
Income Attributable to Wealth and Asset Management	-19	-17	+16.3%	-18	+4.8%	-73	-69	+5.3%
<b>Pre-Tax Income of Belgian Retail Banking</b>	<b>262</b>	<b>222</b>	<b>+17.8%</b>	<b>329</b>	<b>-20.4%</b>	<b>1,013</b>	<b>918</b>	<b>+10.3%</b>
Cost/Income	67.2%	72.8%	-5.6 pt	61.9%	+5.3 pt	69.5%	70.5%	-1.0 pt
Allocated Equity (€bn)						5.3	4.7	+12.2%

*Including 100% of Belgian Private Banking for the Revenues to Pre-tax income line items*

- Revenues: -1.6% vs. 4Q16
  - Net interest income: -4.8% vs. 4Q16, impact of the low interest rate environment
  - Fees: +8.4% vs. 4Q16, rise in financial fees
- Operating expenses: -9.2% vs. 4Q16
  - Stable vs. 4Q16 excluding non-recurring items\*
  - Effect of the cost saving measures
- Pre-tax income: +17.8% vs. 4Q16

\* Restructuring costs: -€20m in 4Q17 (-€80m in 4Q16)



# Domestic Markets

## Belgian Retail Banking - Volumes

Average outstandings (€bn)	Outstandings 4Q17	%Var/4Q16	%Var/3Q17	Outstandings 2017	%Var/2016
<b>LOANS</b>	<b>103.0</b>	<b>+6.2%</b>	<b>+0.6%</b>	<b>101.9</b>	<b>+6.1%</b>
Individual Customers	67.1	+2.5%	+0.2%	66.8	+3.1%
Incl. Mortgages	48.4	+3.2%	+0.4%	48.0	+4.0%
Incl. Small Businesses	18.7	+0.6%	-0.1%	18.6	+1.1%
Corporates and Local Governments	35.8	+13.9%	+1.6%	35.1	+12.2%
<b>DEPOSITS AND SAVINGS</b>	<b>121.3</b>	<b>+2.9%</b>	<b>+0.4%</b>	<b>119.8</b>	<b>+3.2%</b>
Current Accounts	49.5	+4.4%	+1.2%	47.9	+5.5%
Savings Accounts	68.8	+2.5%	+0.1%	68.4	+2.9%
Term Deposits	3.0	-9.4%	-3.6%	3.4	-16.6%
	<b>31.12.17</b>	<b>%Var/</b>	<b>%Var/</b>		
€bn		<b>31.12.16</b>	<b>30.09.17</b>		
<b>OFF BALANCE SHEET SAVINGS</b>					
Life Insurance	24.2	-2.1%	-0.6%		
Mutual Funds	32.7	+7.4%	+2.1%		

- Loans: +6.2% vs. 4Q16
  - Individuals: +2.5% vs. 4Q16, rise in particular in mortgage loans
  - Corporates: +13.9% vs. 4Q16, strong increase in loans to SME
- Deposits: +2.9% vs. 4Q16
  - Individuals and corporates: good growth in current accounts



# Domestic Markets: Other Activities - 4Q17

€m	4Q17	4Q16	4Q17 / 4Q16	3Q17	4Q17 / 3Q17	2017	2016	2017 / 2016
<b>Revenues</b>	<b>730</b>	<b>666</b>	<b>+9.7%</b>	<b>692</b>	<b>+5.4%</b>	<b>2,782</b>	<b>2,681</b>	<b>+3.8%</b>
Operating Expenses and Dep.	-420	-374	+12.5%	-400	+5.0%	-1,608	-1,488	+8.1%
<b>Gross Operating Income</b>	<b>310</b>	<b>292</b>	<b>+6.1%</b>	<b>292</b>	<b>+6.1%</b>	<b>1,174</b>	<b>1,193</b>	<b>-1.6%</b>
Cost of Risk	-30	-37	-17.4%	-19	+57.6%	-89	-115	-23.0%
<b>Operating Income</b>	<b>279</b>	<b>255</b>	<b>+9.4%</b>	<b>273</b>	<b>+2.5%</b>	<b>1,085</b>	<b>1,078</b>	<b>+0.7%</b>
Share of Earnings of Equity-Method Entities	5	10	-52.2%	5	+2.1%	38	43	-10.3%
Other Non Operating Items	0	-6	n.s.	0	n.s.	4	5	-18.5%
<b>Pre-Tax Income</b>	<b>284</b>	<b>260</b>	<b>+9.3%</b>	<b>277</b>	<b>+2.4%</b>	<b>1,127</b>	<b>1,125</b>	<b>+0.2%</b>
Income Attributable to Wealth and Asset Management	-1	0	n.s.	-1	+64.2%	-3	-2	+54.4%
<b>Pre-Tax Income of Other Domestic Markets</b>	<b>283</b>	<b>259</b>	<b>+9.0%</b>	<b>277</b>	<b>+2.2%</b>	<b>1,124</b>	<b>1,123</b>	<b>+0.1%</b>
Cost/Income	57.6%	56.1%	+1.5 pt	57.8%	-0.2 pt	57.8%	55.5%	+2.3 pt
Allocated Equity (€bn)						4.0	3.8	+6.2%

*Including 100% of Private Banking in Luxembourg for the Revenues to Pre-tax income line items*

- Revenues\*: +9.7% vs. 4Q16
  - Scope effects and good development of the businesses' activity
- Operating expenses\*: +12.5% vs. 4Q16
  - Scope effects and impact of businesses' development
  - Costs to launch new digital services in particular at Leasing Solutions and Arval
- Pre-tax income\*\*: +9.0% vs. 4Q16
  - Decrease in the cost of risk

\* Including 100% of Private Banking in Luxembourg; \*\* Including 2/3 of Private Banking in Luxembourg



# Domestic Markets

## LRB - Personal Investors

### > Luxembourg Retail Banking (LRB)

Average outstandings (€bn)	4Q17	%Var/4Q16	%Var/3Q17	2017	%Var/2016
<b>LOANS</b>	9.4	+9.8%	+1.3%	9.0	+7.4%
Individual Customers	6.5	+7.0%	+2.2%	6.3	+4.4%
Corporates and Local Governments	2.9	+16.9%	-0.6%	2.7	+15.1%
<b>DEPOSITS AND SAVINGS</b>	20.1	+14.8%	+5.1%	18.9	+15.4%
Current Accounts	10.0	+15.9%	+5.8%	9.3	+25.0%
Savings Accounts	9.1	+10.6%	+4.1%	8.6	+8.1%
Term Deposits	1.1	+49.0%	+6.3%	0.9	+1.8%
€bn	31.12.17	%Var/ 31.12.16	%Var/ 30.09.17		
<b>OFF BALANCE SHEET SAVINGS</b>					
Life Insurance	1.0	+3.4%	-4.9%		
Mutual Funds	1.7	+1.3%	+0.0%		



- Loans vs. 4Q16: good growth in corporate and mortgage loans
- Deposits vs. 4Q16: strong increase in sight deposits and savings accounts particularly in the corporate client segment
- Off balance sheet savings: growth in life insurance
- Digital: 1<sup>st</sup> bank in Luxembourg to offer digital and automated management of the authorised credit card limit (2017 innovation award)

### > Personal Investors

Average outstandings (€bn)	4Q17	%Var/4Q16	%Var/3Q17	2017	%Var/2016
<b>LOANS</b>	0.6	+34.7%	+20.7%	0.5	+13.3%
<b>DEPOSITS</b>	22.3	+9.0%	+3.2%	21.6	+8.1%
€bn	31.12.17	%Var/ 31.12.16	%Var/ 30.09.17		
<b>ASSETS UNDER MANAGEMENT</b>	95.8	+14.1%	+5.1%		
European Customer Orders (millions)	4.6	+10.2%	+9.2%		



- Deposits vs. 4Q16: good level of new client acquisition
- Assets under management vs. 31.12.16: effect of the rise of financial markets and good asset inflows
- Digital: new digital interfaces (websites and mobile apps) to enhance the customer experience; Consorsbank named *Online-Broker 2017* by *Euro am Sonntag*





# Domestic Markets

## Arval - Leasing Solutions - Compte Nickel

### > Arval

Average outstandings (€bn)	4Q17	%Var*/4Q16	%Var*/3Q17	2017	%Var*/2016
Consolidated Outstandings	16.1	+10.2%	+2.6%	15.2	+11.0%
Financed vehicles ('000 of vehicles)	1,104	+7.4%	+2.1%	1,073	+7.7%

- Consolidated outstandings: +10.2%\* vs. 4Q16, strong growth in all regions
- Financed vehicles: > 1.1 million vehicles (+7.4%\* vs. 4Q16), very good sales and marketing drive

### > Leasing Solutions

Average outstandings (€bn)	4Q17	%Var*/4Q16	%Var*/3Q17	2017	%Var*/2016
Consolidated Outstandings	18.0	+5.8%	+1.2%	17.5	+5.8%

- Consolidated outstandings: +5.8%\* vs. 4Q16, good business development

### > Compte Nickel



- Acquisition finalised on 12 July 2017
- Close to 800,000 accounts as at 31 December 2017 (+70% vs. 31 December 2016; +12% vs. 30 September 2017)

\* At constant scope and exchange rates

# International Financial Services - 4Q17

€m	4Q17	4Q16	4Q17 / 4Q16	3Q17	4Q17 / 3Q17	2017	2016	2017 / 2016
<b>Revenues</b>	<b>4,126</b>	<b>4,025</b>	<b>+2.5%</b>	<b>3,928</b>	<b>+5.0%</b>	<b>15,899</b>	<b>15,479</b>	<b>+2.7%</b>
Operating Expenses and Dep.	-2,519	-2,481	+1.5%	-2,330	+8.1%	-9,722	-9,544	+1.9%
<b>Gross Operating Income</b>	<b>1,608</b>	<b>1,544</b>	<b>+4.1%</b>	<b>1,598</b>	<b>+0.6%</b>	<b>6,177</b>	<b>5,935</b>	<b>+4.1%</b>
Cost of Risk	-353	-425	-16.9%	-352	+0.3%	-1,351	-1,496	-9.7%
<b>Operating Income</b>	<b>1,254</b>	<b>1,118</b>	<b>+12.1%</b>	<b>1,246</b>	<b>+0.7%</b>	<b>4,826</b>	<b>4,439</b>	<b>+8.7%</b>
Share of Earnings of Equity-Method Entities	141	116	+20.8%	140	+0.7%	561	477	+17.7%
Other Non Operating Items	54	1	n.s.	358	-84.9%	433	8	n.s.
<b>Pre-Tax Income</b>	<b>1,449</b>	<b>1,236</b>	<b>+17.2%</b>	<b>1,744</b>	<b>-16.9%</b>	<b>5,820</b>	<b>4,924</b>	<b>+18.2%</b>
Cost/Income	61.0%	61.6%	-0.6 pt	59.3%	+1.7 pt	61.1%	61.7%	-0.6 pt
Allocated Equity (€bn)						26.8	26.1	+2.8%

- Foreign exchange effect due in particular to the depreciation of the dollar and Turkish lira
  - TRY vs. EUR\*: -20.8% vs. 4Q16, -7.8% vs. 3Q17, -18.8% vs. 2016
  - USD vs. EUR\*: -8.5% vs. 4Q16, -0.2% vs. 3Q17, -2.1% vs. 2016
- At constant scope and exchange rates vs. 4Q16
  - Revenues: +5.7%; growth in all the businesses
  - Operating expenses: +3.4%; as a result of business development
  - Operating income: +16.3%
  - Pre-tax income: +17.4%

\* Average rates



# International Financial Services Personal Finance - 4Q17

€m	4Q17	4Q16	4Q17 / 4Q16	3Q17	4Q17 / 3Q17	2017	2016	2017 / 2016
<b>Revenues</b>	<b>1,280</b>	<b>1,185</b>	<b>+8.0%</b>	<b>1,222</b>	<b>+4.7%</b>	<b>4,923</b>	<b>4,679</b>	<b>+5.2%</b>
Operating Expenses and Dep.	-639	-598	+6.8%	-575	+11.1%	-2,427	-2,298	+5.6%
<b>Gross Operating Income</b>	<b>641</b>	<b>587</b>	<b>+9.2%</b>	<b>647</b>	<b>-1.0%</b>	<b>2,496</b>	<b>2,381</b>	<b>+4.8%</b>
Cost of Risk	-271	-269	+0.7%	-273	-0.5%	-1,009	-979	+3.0%
<b>Operating Income</b>	<b>369</b>	<b>317</b>	<b>+16.4%</b>	<b>375</b>	<b>-1.4%</b>	<b>1,487</b>	<b>1,401</b>	<b>+6.1%</b>
Share of Earnings of Equity-Method Entities	19	18	+6.2%	21	-10.4%	91	42	n.s.
Other Non Operating Items	0	-2	n.s.	24	-99.9%	29	-1	n.s.
<b>Pre-Tax Income</b>	<b>389</b>	<b>334</b>	<b>+16.4%</b>	<b>420</b>	<b>-7.4%</b>	<b>1,607</b>	<b>1,442</b>	<b>+11.4%</b>
Cost/Income	49.9%	50.5%	-0.6 pt	47.0%	+2.9 pt	49.3%	49.1%	+0.2 pt
Allocated Equity (€bn)						5.8	4.9	+17.3%

- Acquisition on 31 October 2017 together with PSA Group of General Motors Europe's financing activities (€9.4bn outstanding loans\*)
- At constant scope and exchange rates vs.4Q16
  - Revenues: +6.3%, in connection with the rise in volumes and the positioning on products with a better risk profile; good revenue growth in particular in Italy and Spain
  - Operating expenses: +1.4%, as a result of the development of the business; good cost containment (positive jaws effect)
  - Pre-tax income: +16.3%

\* Outstanding loans at end 2017



# International Financial Services

## Personal Finance - Volumes and risks

Average outstandings (€bn)	Outstandings	%Var/4Q16		%Var/3Q17 at constant scope and exchange rates		Outstandings	%Var/2016	
	4Q17	historical	at constant scope and exchange rates	historical	at constant scope and exchange rates	2017	historical	at constant scope and exchange rates
<b>TOTAL CONSOLIDATED OUTSTANDINGS</b>	76.3	+16.8%	+12.1%	+10.0%	+1.0%	70.7	+12.2%	+13.1%
<b>TOTAL OUTSTANDINGS UNDER MANAGEMENT (1)</b>	87.3	+15.3%	+10.3%	+10.3%	+1.0%	80.9	+10.6%	+10.9%

(1) Including 100% of outstandings of subsidiaries not fully owned as well as of all partnerships

### > Cost of risk / outstandings

Annualised cost of risk/outstandings as at beginning of period	4Q16	1Q17	2Q17	3Q17	4Q17
France	1.46%	1.59%	1.65%	1.04%	0.98%
Italy	1.44%	0.55%	0.87%	1.70%	1.53%
Spain	1.93%	1.84%	1.17%	1.63%	1.77%
Other Western Europe	1.47%	1.22%	0.85%	1.29%	1.42%
Eastern Europe	1.77%	0.59%	0.31%	1.24%	1.91%
Brazil	6.15%	6.63%	4.82%	5.35%	5.11%
Others	1.89%	2.00%	1.95%	2.41%	2.58%
<b>Personal Finance</b>	<b>1.70%</b>	<b>1.46%</b>	<b>1.31%</b>	<b>1.54%</b>	<b>1.57%</b>



# International Financial Services Europe-Mediterranean - 4Q17

€m	4Q17	4Q16	4Q17 / 4Q16	3Q17	4Q17 / 3Q17	2017	2016	2017 / 2016
<b>Revenues</b>	<b>581</b>	<b>630</b>	<b>-7.8%</b>	<b>573</b>	<b>+1.5%</b>	<b>2,337</b>	<b>2,513</b>	<b>-7.0%</b>
Operating Expenses and Dep.	-414	-431	-3.9%	-403	+2.8%	-1,661	-1,705	-2.6%
<b>Gross Operating Income</b>	<b>167</b>	<b>200</b>	<b>-16.1%</b>	<b>170</b>	<b>-1.6%</b>	<b>675</b>	<b>808</b>	<b>-16.5%</b>
Cost of Risk	-62	-127	-51.0%	-60	+4.1%	-259	-437	-40.8%
<b>Operating Income</b>	<b>105</b>	<b>73</b>	<b>+44.7%</b>	<b>110</b>	<b>-4.7%</b>	<b>416</b>	<b>371</b>	<b>+12.2%</b>
Non Operating Items	53	48	+9.8%	48	+9.3%	202	197	+2.7%
<b>Pre-Tax Income</b>	<b>158</b>	<b>121</b>	<b>+30.8%</b>	<b>159</b>	<b>-0.4%</b>	<b>619</b>	<b>568</b>	<b>+8.9%</b>
Income Attributable to Wealth and Asset Management	-1	-1	-24.4%	0	n.s.	-2	-2	+1.4%
<b>Pre-Tax Income of EUROPE-MEDITERRANEAN</b>	<b>157</b>	<b>120</b>	<b>+31.2%</b>	<b>158</b>	<b>-0.6%</b>	<b>616</b>	<b>566</b>	<b>+8.9%</b>
Cost/Income	71.2%	68.3%	+2.9 pt	70.3%	+0.9 pt	71.1%	67.8%	+3.3 pt
Allocated Equity (€bn)						4.9	5.2	-5.7%

*Including 100% of Turkish Private Banking for the Revenue to Pre-tax income line items*

- Foreign exchange effect due in particular to the depreciation of the Turkish lira
  - TRY vs. EUR\*: -20.8% vs. 4Q16, -7.8% vs. 3T17, -18.8% vs. 2016
- At constant scope and exchange rates vs. 4Q16
  - Revenues\*\*: +3.2%, effect of the rise in volumes but impact in Turkey of the rise of rates on deposit margins not yet offset by gradual repricing of loans
  - Operating expenses\*\* : +4.4%, as a result of the good business development
  - Cost of risk\*\*: -44.0%, decrease in the cost of risk in Turkey
  - Pre-tax income\*\*\*: +57.0%

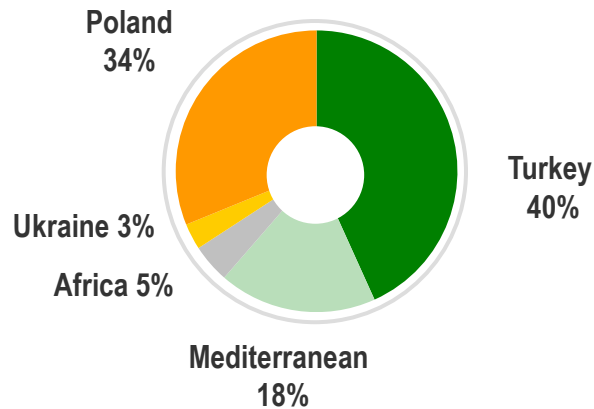
\* Average rates; \*\* Including 100% of Turkish Private Banking; \*\*\* Including 2/3 of Turkish Private Banking



# International Financial Services Europe-Mediterranean - Volumes and Risks

Average outstandings (€bn)	Outstandings	%Var/4Q16 at constant scope and exchange rates		%Var/3Q17 at constant scope and exchange rates		Outstandings	%Var/2016 at constant scope and exchange rates	
	4Q17	historical		historical		2017	historical	
<b>LOANS</b>	36.6	-4.0%	+5.1%	-1.0%	+1.3%	37.1	-3.3%	+5.2%
<b>DEPOSITS</b>	33.9	-4.6%	+4.6%	-0.4%	+2.7%	34.5	-1.2%	+7.2%

## Geographic distribution of 4Q17 outstanding loans



## Cost of risk / outstandings

Annualised cost of risk/outstandings as at beginning of period	4Q16	1Q17	2Q17	3Q17	4Q17
Turkey	1.77%	1.67%	1.67%	0.97%	0.53%
Ukraine	-2.12%	0.28%	2.81%	-6.07%	-1.08%
Poland	0.77%	0.73%	0.31%	0.33%	0.73%
Others	1.47%	-1.02%	-0.57%	1.19%	0.98%
<b>Europe-Mediterranean</b>	<b>1.29%</b>	<b>0.70%</b>	<b>0.73%</b>	<b>0.62%</b>	<b>0.66%</b>



# International Financial Services BancWest - 4Q17

€m	4Q17	4Q16	4Q17 / 4Q16	3Q17	4Q17 / 3Q17	2017	2016	2017 / 2016
<b>Revenues</b>	<b>738</b>	<b>795</b>	<b>-7.1%</b>	<b>734</b>	<b>+0.6%</b>	<b>2,994</b>	<b>2,984</b>	<b>+0.3%</b>
Operating Expenses and Dep.	-483	-521	-7.2%	-482	+0.2%	-2,035	-2,038	-0.1%
<b>Gross Operating Income</b>	<b>255</b>	<b>274</b>	<b>-7.0%</b>	<b>251</b>	<b>+1.4%</b>	<b>959</b>	<b>947</b>	<b>+1.3%</b>
Cost of Risk	-20	-23	-13.7%	-32	-38.5%	-111	-85	+31.2%
<b>Operating Income</b>	<b>235</b>	<b>251</b>	<b>-6.4%</b>	<b>219</b>	<b>+7.3%</b>	<b>848</b>	<b>862</b>	<b>-1.6%</b>
Non Operating Items	1	4	-87.2%	3	-79.5%	3	16	-79.0%
<b>Pre-Tax Income</b>	<b>236</b>	<b>255</b>	<b>-7.7%</b>	<b>222</b>	<b>+6.2%</b>	<b>851</b>	<b>878</b>	<b>-3.0%</b>
Income Attributable to Wealth and Asset Management	-6	-5	+25.1%	-5	+25.4%	-21	-15	+35.9%
<b>Pre-Tax Income of BANCWEST</b>	<b>230</b>	<b>251</b>	<b>-8.4%</b>	<b>217</b>	<b>+5.8%</b>	<b>830</b>	<b>862</b>	<b>-3.7%</b>
Cost/Income	65.5%	65.5%	+0.0 pt	65.8%	-0.3 pt	68.0%	68.3%	-0.3 pt
Allocated Equity (€bn)						6.4	6.3	+0.7%

*Including 100% of U.S Private Banking for the Revenues to Pre-tax income line items*

- Foreign exchange effect USD vs. EUR\*: -8.5% vs. 4Q16, -0.2% vs. 3Q17, -2.1% vs. 2016
- At constant scope and exchange rates vs. 4Q16
  - Revenues\*\*: +1.5% vs. 4Q16
  - Operating expenses\*\*: +1.2% vs. 4Q16 (positive jaws effect)
  - Operating income\*\*: +2.8% vs. 4Q16
  - Pre-tax income\*\*\*: +0.6% vs. 4Q16

\* Average rates; \*\* Including 100% of Private Banking in the United States; \*\*\* Including 2/3 of Private Banking in the United States



# International Financial Services

## BancWest - Volumes

Average outstandings (€bn)	Outstandings	%Var/4Q16 at constant scope and exchange rates		%Var/3Q17 at constant scope and exchange rates		Outstandings	%Var/2016 at constant scope and exchange rates	
	4Q17	historical		historical		2017	historical	
<b>LOANS</b>	<b>61.6</b>	<b>-5.3%</b>	<b>+3.5%</b>	<b>-0.2%</b>	<b>-0.0%</b>	<b>63.5</b>	<b>+4.0%</b>	<b>+6.1%</b>
Individual Customers	26.8	-6.6%	+2.1%	-1.7%	-1.6%	27.9	+3.6%	+5.6%
Incl. Mortgages	11.3	-1.6%	+7.5%	+1.6%	+1.8%	11.5	+6.7%	+8.9%
Incl. Consumer Lending	15.4	-9.9%	-1.5%	-4.0%	-3.9%	16.4	+1.5%	+3.5%
Commercial Real Estate	17.6	-1.4%	+7.8%	+1.2%	+1.3%	17.8	+6.3%	+8.5%
Corporate Loans	17.2	-7.1%	+1.6%	+0.9%	+1.1%	17.8	+2.5%	+4.6%
<b>DEPOSITS AND SAVINGS</b>	<b>69.0</b>	<b>-1.0%</b>	<b>+8.3%</b>	<b>+1.9%</b>	<b>+2.1%</b>	<b>69.6</b>	<b>+7.7%</b>	<b>+9.9%</b>
Deposits Excl. Jumbo CDs	58.2	-1.0%	+8.2%	+0.8%	+1.0%	58.7	+6.4%	+8.6%

- Loans: +3.5%\* vs. 4Q16
  - Increase in individual and corporate loans
- Deposits: +8.3%\* vs. 4Q16
  - Good growth in current and savings accounts

\* At constant scope and exchange rates





# International Financial Services Insurance and WAM\* - Business

	31.12.17	31.12.16	%Var/ 31.12.16	30.09.17	%Var/ 30.09.17
<b>Assets under management (€bn)</b>	<b>1,051</b>	<b>1,010</b>	<b>+4.0%</b>	<b>1,041</b>	<b>+0.9%</b>
Asset Management	424	416	+1.8%	425	-0.3%
Wealth Management	364	344	+5.9%	358	+1.7%
Real Estate Services	26	24	+8.4%	24	+7.0%
Insurance	237	226	+4.9%	235	+1.1%
	<b>4Q17</b>	<b>4Q16</b>	<b>%Var/ 4Q16</b>	<b>3Q17</b>	<b>%Var/ 3Q17</b>
<b>Net asset flows (€bn)</b>	<b>2.0</b>	<b>2.0</b>	<b>-0.2%</b>	<b>4.5</b>	<b>-56.3%</b>
Asset Management	-3.7	-2.7	+33.7%	1.9	n.s.
Wealth Management	3.8	3.6	+6.5%	1.2	n.s.
Real Estate Services	0.8	0.3	n.s.	0.0	n.s.
Insurance	1.0	0.8	+17.9%	1.5	-32.1%

- Assets under management: +€9.2bn vs. 30.09.17, including in particular
  - Net asset flows: +€2.0bn, good net asset inflows in Wealth Management, Real Estate Services and Insurance; net asset outflows from money market funds in Asset Management
  - Performance effect: +€11.1bn
  - Foreign exchange effect: -€3.5bn, due to the appreciation of the euro

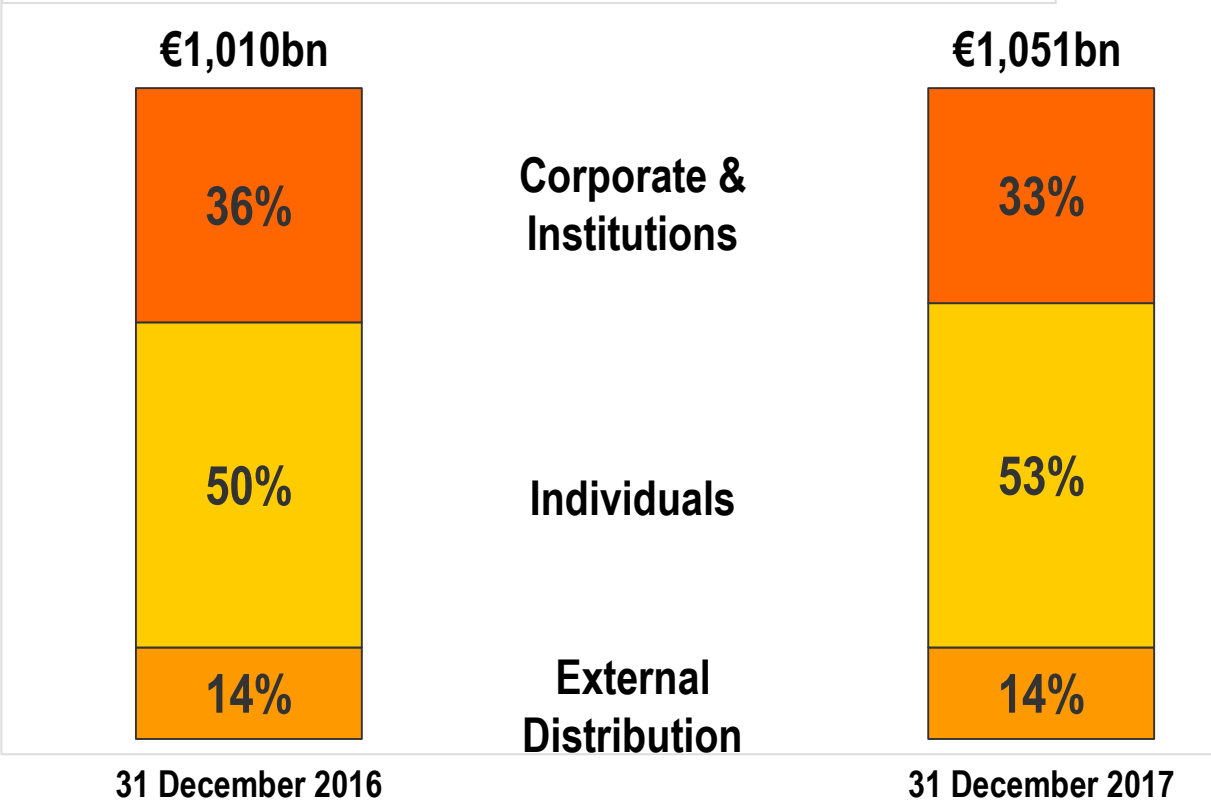
\* Wealth and Asset Management



# International Financial Services - Insurance & WAM

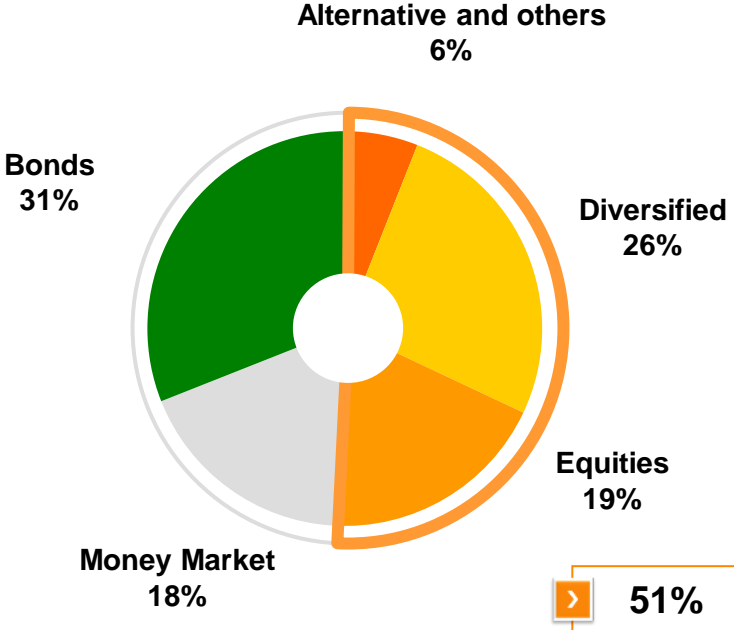
## Breakdown of Assets by Customer Segment

> Breakdown of assets by customer segment



# International Financial Services - Asset Management Breakdown of Managed Assets

> 31.12.17



€424bn



# International Financial Services Insurance - 4Q17

€m	4Q17	4Q16	4Q17 / 4Q16	3Q17	4Q17 / 3Q17	2017	2016	2017 / 2016
<b>Revenues</b>	<b>636</b>	<b>636</b>	<b>-0.1%</b>	<b>662</b>	<b>-3.9%</b>	<b>2,514</b>	<b>2,382</b>	<b>+5.6%</b>
Operating Expenses and Dep.	-317	-315	+0.5%	-311	+2.0%	-1,251	-1,201	+4.2%
<b>Gross Operating Income</b>	<b>319</b>	<b>321</b>	<b>-0.7%</b>	<b>351</b>	<b>-9.2%</b>	<b>1,263</b>	<b>1,181</b>	<b>+7.0%</b>
Cost of Risk	5	-1	n.s.	1	n.s.	4	2	+81.7%
<b>Operating Income</b>	<b>324</b>	<b>320</b>	<b>+1.1%</b>	<b>352</b>	<b>-8.0%</b>	<b>1,267</b>	<b>1,183</b>	<b>+7.1%</b>
Share of Earnings of Equity-Method Entities	53	36	+47.1%	63	-16.1%	225	189	+19.3%
Other Non Operating Items	49	0	n.s.	325	-84.9%	375	-3	n.s.
<b>Pre-Tax Income</b>	<b>425</b>	<b>356</b>	<b>+19.6%</b>	<b>740</b>	<b>-42.5%</b>	<b>1,867</b>	<b>1,369</b>	<b>+36.4%</b>
Cost/Income	49.9%	49.6%	+0.3 pt	47.0%	+2.9 pt	49.8%	50.4%	-0.6 pt
Allocated Equity (€bn)						7.8	7.5	+4.2%

- Technical reserves: +5.0 % vs. 4Q16
- Revenues: -0.1% vs. 4Q16
  - Good performance of the business but less favourable evolution of financial markets vs. 4Q16
  - Reminder: revenues up by +5.6% vs. 2016
- Operating expenses: +0.5% vs. 4Q16
  - Good cost containment
- Non operating items
  - Good performance of the associated companies
  - Booking of a capital gain related to taking full control of Cargtas in Italy



# International Financial Services Wealth and Asset Management - 4Q17

€m	4Q17	4Q16	4Q17 / 4Q16	3Q17	4Q17 / 3Q17	2017	2016	2017 / 2016
<b>Revenues</b>	<b>907</b>	<b>794</b>	<b>+14.3%</b>	<b>753</b>	<b>+20.6%</b>	<b>3,193</b>	<b>2,977</b>	<b>+7.3%</b>
Operating Expenses and Dep.	-675	-626	+7.9%	-569	+18.6%	-2,387	-2,341	+2.0%
<b>Gross Operating Income</b>	<b>233</b>	<b>168</b>	<b>+38.4%</b>	<b>183</b>	<b>+26.8%</b>	<b>806</b>	<b>636</b>	<b>+26.8%</b>
Cost of Risk	-5	-5	-4.5%	12	n.s.	24	3	n.s.
<b>Operating Income</b>	<b>228</b>	<b>163</b>	<b>+39.7%</b>	<b>195</b>	<b>+16.7%</b>	<b>831</b>	<b>639</b>	<b>+30.0%</b>
Share of Earnings of Equity-Method Entities	19	13	+44.9%	8	n.s.	48	46	+3.0%
Other Non Operating Items	1	0	n.s.	5	-77.1%	21	0	n.s.
<b>Pre-Tax Income</b>	<b>248</b>	<b>176</b>	<b>+40.8%</b>	<b>208</b>	<b>+19.0%</b>	<b>899</b>	<b>685</b>	<b>+31.2%</b>
Cost/Income	74.4%	78.8%	-4.4 pt	75.6%	-1.2 pt	74.7%	78.6%	-3.9 pt
Allocated Equity (€bn)						1.9	2.1	-8.8%

- Revenues: +14.3% vs. 4Q16
  - Rise driven by the very good performance of Asset Management and Real Estate Services (sharp rise in fees earned this quarter)
- Operating expenses: +7.9% vs. 4Q16
  - As a result of the growth in activity
  - Largely positive jaws effect



# Corporate and Institutional Banking - 4Q17

€m	4Q17	4Q16	4Q17 / 4Q16	3Q17	4Q17 / 3Q17	2017	2016	2017 / 2016
<b>Revenues</b>	<b>2,626</b>	<b>2,821</b>	<b>-6.9%</b>	<b>2,658</b>	<b>-1.2%</b>	<b>11,704</b>	<b>11,469</b>	<b>+2.1%</b>
Operating Expenses and Dep.	-1,883	-1,914	-1.6%	-1,897	-0.7%	-8,273	-8,309	-0.4%
<b>Gross Operating Income</b>	<b>744</b>	<b>907</b>	<b>-18.0%</b>	<b>761</b>	<b>-2.3%</b>	<b>3,431</b>	<b>3,160</b>	<b>+8.6%</b>
Cost of Risk	-264	-70	n.s.	10	n.s.	-81	-217	-62.5%
<b>Operating Income</b>	<b>480</b>	<b>837</b>	<b>-42.7%</b>	<b>772</b>	<b>-37.8%</b>	<b>3,350</b>	<b>2,943</b>	<b>+13.8%</b>
Share of Earnings of Equity-Method Entities	13	9	+46.1%	-2	n.s.	24	20	+16.5%
Other Non Operating Items	-1	-5	-72.4%	8	n.s.	22	-1	n.s.
<b>Pre-Tax Income</b>	<b>491</b>	<b>841</b>	<b>-41.6%</b>	<b>778</b>	<b>-36.9%</b>	<b>3,395</b>	<b>2,962</b>	<b>+14.6%</b>
Cost/Income	71.7%	67.8%	+3.9 pt	71.4%	+0.3 pt	70.7%	72.4%	-1.7 pt
Allocated Equity (€bn)						21.1	22.2	-4.9%

- Revenues: -6.9% vs. 4Q16
  - -3.7% at constant scope and exchange rates (unfavourable foreign exchange effect)
  - Decrease at Global Markets (-13.7%\*) in a challenging market context this quarter, significant rise at Securities Services (+9.7%\*) and rise at Corporate Banking (+2.5%\* compared to a good 4Q16)
- Operating expenses: -1.6% vs. 4Q16
  - +2.9% at constant scope and exchange rates
  - Impact this quarter at Corporate Banking of a specific project (€25m) and of costs linked to targeted developments
- Cost of risk:
  - Impact of two specific clients this quarter

\* At constant scope and exchange rates



# Corporate and Institutional Banking Global Markets - 4Q17

€m	4Q17	4Q16	4Q17 / 4Q16	3Q17	4Q17 / 3Q17	2017	2016	2017 / 2016
<b>Revenues</b>	<b>1,073</b>	<b>1,284</b>	<b>-16.4%</b>	<b>1,234</b>	<b>-13.0%</b>	<b>5,584</b>	<b>5,650</b>	<b>-1.2%</b>
<i>incl. FICC</i>	592	838	-29.4%	801	-26.1%	3,450	3,860	-10.6%
<i>incl. Equity &amp; Prime Services</i>	482	446	+8.0%	433	+11.3%	2,135	1,791	+19.2%
Operating Expenses and Dep.	-875	-967	-9.5%	-958	-8.7%	-4,255	-4,355	-2.3%
<b>Gross Operating Income</b>	<b>198</b>	<b>317</b>	<b>-37.4%</b>	<b>276</b>	<b>-28.0%</b>	<b>1,330</b>	<b>1,295</b>	<b>+2.7%</b>
Cost of Risk	-57	44	n.s.	6	n.s.	-15	72	n.s.
<b>Operating Income</b>	<b>142</b>	<b>361</b>	<b>-60.8%</b>	<b>281</b>	<b>-49.6%</b>	<b>1,315</b>	<b>1,367</b>	<b>-3.8%</b>
Share of Earnings of Equity-Method Entities	5	-3	n.s.	-6	n.s.	-3	8	n.s.
Other Non Operating Items	1	-8	n.s.	6	-80.5%	9	-3	n.s.
<b>Pre-Tax Income</b>	<b>147</b>	<b>350</b>	<b>-57.9%</b>	<b>281</b>	<b>-47.5%</b>	<b>1,321</b>	<b>1,372</b>	<b>-3.7%</b>
Cost/Income	81.5%	75.3%	+6.2 pt	77.7%	+3.8 pt	76.2%	77.1%	-0.9 pt
Allocated Equity (€bn)						7.8	9.0	-13.2%

- Revenues: -16.4% vs. 4Q16
  - -13.7% at constant scope and exchange rates (unfavourable foreign exchange effect)
  - Decrease of FICC (-27.4%\*) in a very challenging context this quarter for rates, forex and credit (low volatility and limited client business)
  - Significant rise at Equity & Prime Services (+12.1%\*) driven by the rise in volumes at Prime Services
- Operating expenses: -9.5% vs. 4Q16
  - -4.9% at constant scope and exchange rates
  - Effect of the cost saving measures
- Cost of risk: impact of a specific client this quarter
  - Reminder: provisions more than offset by write-backs in 4Q16

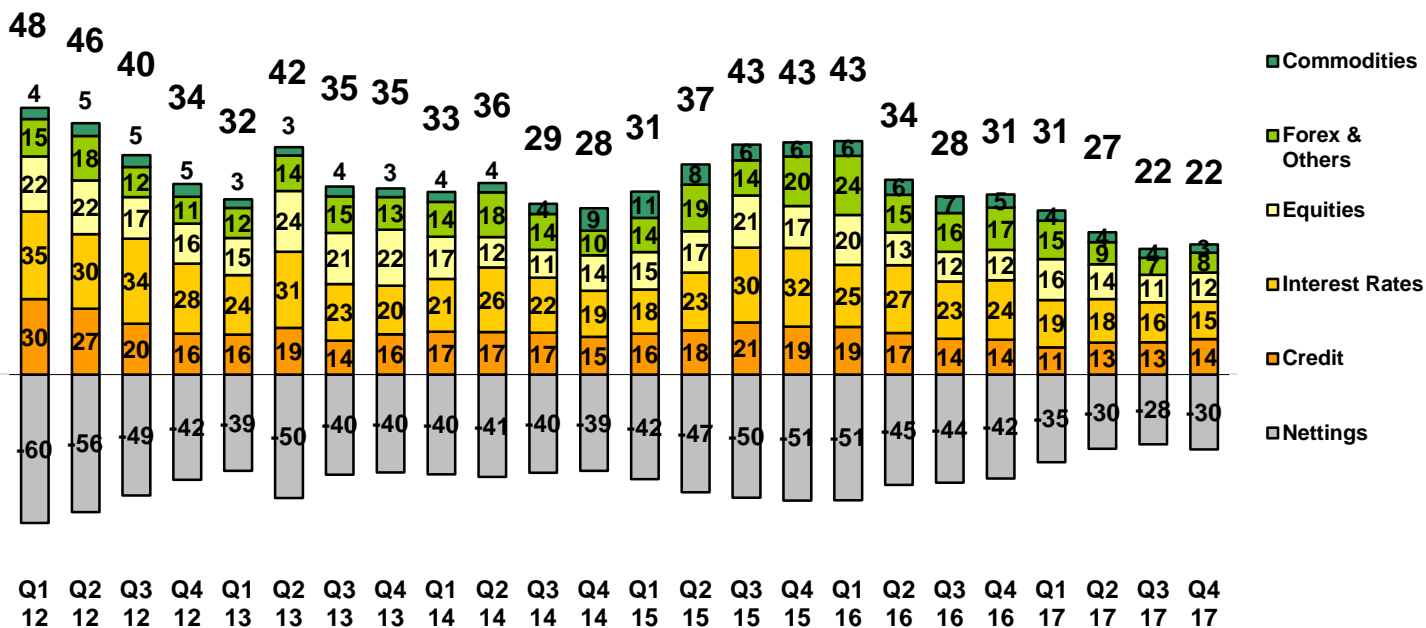
\* At constant scope and exchange rates



# Corporate and Institutional Banking Market risks - 4Q17

## Average 99% 1-day interval Var

€m



- VaR stable this quarter, still at a particularly low level\*

- No backtesting event reported this quarter
- Reminder: only 16 days of losses greater than VaR since 01.01.2007, or less than 2 per year over a long period including the crisis, confirming the soundness of the internal VaR calculation model (1 day, 99%)

\* VaR calculated for the monitoring of market limits





# Corporate and Institutional Banking

## Corporate Banking - 4Q17

€m	4Q17	4Q16	4Q17 / 4Q16	3Q17	4Q17 / 3Q17	2017	2016	2017 / 2016
<b>Revenues</b>	<b>1,050</b>	<b>1,071</b>	<b>-2.0%</b>	<b>948</b>	<b>+10.7%</b>	<b>4,165</b>	<b>3,994</b>	<b>+4.3%</b>
Operating Expenses and Dep.	-603	-567	+6.3%	-546	+10.4%	-2,430	-2,451	-0.8%
<b>Gross Operating Income</b>	<b>447</b>	<b>504</b>	<b>-11.3%</b>	<b>402</b>	<b>+11.1%</b>	<b>1,735</b>	<b>1,544</b>	<b>+12.4%</b>
Cost of Risk	-209	-115	+81.2%	4	n.s.	-70	-292	-76.1%
<b>Operating Income</b>	<b>238</b>	<b>388</b>	<b>-38.7%</b>	<b>407</b>	<b>-41.5%</b>	<b>1,665</b>	<b>1,251</b>	<b>+33.1%</b>
Non Operating Items	5	14	-63.5%	6	-21.6%	37	13	n.s.
<b>Pre-Tax Income</b>	<b>243</b>	<b>402</b>	<b>-39.6%</b>	<b>413</b>	<b>-41.2%</b>	<b>1,703</b>	<b>1,265</b>	<b>+34.6%</b>
Cost/Income	57.4%	52.9%	+4.5 pt	57.6%	-0.2 pt	58.3%	61.4%	-3.1 pt
Allocated Equity (€bn)						12.4	12.4	+0.0%

- Revenues: -2.0% vs. 4Q16
  - +2.5% at constant scope and exchange rates (unfavourable foreign exchange effect)
  - Solid performance in all regions
  - Good rise in the transaction businesses in Europe
- Operating expenses: +6.3% vs. 4Q16
  - +12.4 % at constant scope and exchange rates
  - Impact this quarter of a specific project (€25m) and costs linked to selected development, in particular in Europe
- Cost of risk: impact of two specific clients this quarter
  - Cost of risk still low excluding this impact
  - Reminder: provisions more than offset by write-backs in the first 3 quarters of 2017

\* At constant scope and exchange rates



# Corporate and Institutional Banking Securities Services - 4Q17











€m	4Q17	4Q16	4Q17 / 4Q16	3Q17	4Q17 / 3Q17	2017	2016	2017 / 2016
<b>Revenues</b>	<b>503</b>	<b>466</b>	<b>+8.1%</b>	<b>476</b>	<b>+5.7%</b>	<b>1,955</b>	<b>1,824</b>	<b>+7.2%</b>
Operating Expenses and Dep.	-405	-380	+6.6%	-392	+3.2%	-1,588	-1,503	+5.7%
<b>Gross Operating Income</b>	<b>98</b>	<b>86</b>	<b>+14.4%</b>	<b>84</b>	<b>+17.4%</b>	<b>366</b>	<b>321</b>	<b>+14.1%</b>
Cost of Risk	2	2	+9.1%	0	n.s.	3	3	-0.5%
<b>Operating Income</b>	<b>100</b>	<b>87</b>	<b>+14.3%</b>	<b>84</b>	<b>+19.3%</b>	<b>369</b>	<b>324</b>	<b>+13.9%</b>
Non Operating Items	0	1	-29.3%	0	+44.2%	1	1	+23.5%
<b>Pre-Tax Income</b>	<b>100</b>	<b>88</b>	<b>+14.0%</b>	<b>84</b>	<b>+19.4%</b>	<b>371</b>	<b>325</b>	<b>+14.0%</b>
Cost/Income	80.5%	81.6%	-1.1 pt	82.4%	-1.9 pt	81.3%	82.4%	-1.1 pt
Allocated Equity (€bn)						0.9	0.8	+14.0%

	31.12.17	31.12.16	%Var/ 31.12.16	30.09.17	%Var/ 30.09.17
<b>Securities Services</b>					
Assets under custody (€bn)	9,423	8,610	+9.4%	9,300	+1.3%
Assets under administration (€bn)	2,310	1,962	+17.7%	2,309	+0.0%
	4Q17	4Q16	4Q17/4Q16	3Q17	4Q17/3Q17
Number of transactions (in million)	22.8	21.8	+4.7%	21.9	+3.7%

- Revenues: +9.7 % vs. 4Q16 at constant scope and exchange rates
  - Due to the growth of outstandings and transaction volumes
- Operating expenses: +8.4% vs. 4Q16 at constant scope and exchange rates
  - As a result of business growth
  - Improved operating efficiency



# Corporate and Institutional Banking Transactions - Q417

	<p><b>UK – Vodafone Group PLC</b> EUR 2.5bn Triple-tranche transaction targeting the longer end of the curve with tenors of 8years, 12years and 20years. Joint Bookrunner <i>November 2017</i></p>		<p><b>Luxembourg – European Investment Bank</b> Juncker Plan: three qualified transactions concluded in partnership with BNP Paribas to boost European investments with over EUR 1bn financing <i>December 2017</i></p>
	<p><b>UK – Debt Management Office (DMO)</b> GBP 3bn inflation-linked bond due 2048 Record demand with a GBP 23.7bn (nominal) order book, making the new 2048 gilt 8 times oversubscribed Joint Bookrunner. <i>November 2017</i></p>		<p><b>USA – Avangrid</b> USD 600m 3.150% Green Senior Unsecured Notes (7years). Joint Active Bookrunner <i>November 2017</i></p>
	<p><b>France – Danone</b> EUR 1.25bn inaugural hybrid perpetual bond issue Global Coordinator and Joint Bookrunner <i>October 2017</i></p>		<p><b>Japan – Toyota Financial Services</b> EUR 1.2bn Dual-Tranche Senior Unsecured Reg S Green Bond Joint Bookrunner <i>November 2017</i></p>
	<p><b>Netherlands – Ahold Pensioenfond</b> EUR 4.5bn – Appointed to provide Global Custody, Investment Accounting &amp; Compliance, Financial &amp; Regulatory, Performance &amp; Risk Reporting services <i>September 2017</i></p>		<p><b>China – China Development Bank</b> USD 500m 5-yr 2.75% Green Bond Issuance Joint Bookrunner / Joint Lead Arranger <i>November 2017</i></p>
	<p><b>Italy – Pirelli</b> EUR 2.4bn IPO, the largest EMEA IPO of the year Joint Bookrunner <i>October 2017</i></p>		<p><b>Hong Kong – China Agri-Industries Holdings Ltd.</b> HKD 8.579bio Disposal of Interests in Biochemical and Biofuel business. Exclusive Advisor to China Agri-Industries <i>December 2017</i></p>



# Corporate and Institutional Banking Ranking and Awards - 2017

- **World's Best Bank for Corporates, Best Digital Bank in Western Europe** (*Euromoney, September 2017*)
- **Global Markets:**
  - Derivatives House of the Year, Equity Derivatives House of the Year, (*IFR Awards, December 2017*)
  - Euro Bond House of the Year, Europe IG Corporate Bond House of the Year (*IFR Awards, December 2017*)
  - #1 All bonds in EUR and #1 Corporate bonds in EUR (*Dealogic, 2017*)
  - #9 All International bonds All Currencies (*Dealogic 2017*)
  - RMB House of the Year, (*Asia Risk Awards, September 2017*)
- **Securities Services:**
  - European Custodian of the Year, European Hedge Fund Administrator of the Year and European Alternative Administrator of the Year (*Funds Europe Awards 2017 – November 2017*)
  - Custodian of the Year and Custodian of the Year: France, Germany, Italy, Australia (*Custody Risk Global Awards – November 2017*)
  - Best Global Custodian – Asia Pacific (*AAM Best of the Best Awards, 2017*)
- **Corporate Banking:**
  - #2 EMEA Syndicated Loan Bookrunner by volume and #1 by number of deals (*Dealogic, 2017*)
  - #1 EMEA Equity-Linked Bookrunner by number of deals and # 3 by volume (*Dealogic, 2017*)
  - #9 EMEA All ECM Bookrunner by volume (*Dealogic, 2017*)
  - Best Trade Finance Provider (*Global Finance, January 2018*)



# Corporate Centre - 4Q17

€m	4Q17	4Q16	3Q17	2017	2016
<b>Revenues</b>	<b>12</b>	<b>70</b>	<b>22</b>	<b>394</b>	<b>1,294</b>
Operating Expenses and Dep.	-637	-330	-382	-1,627	-1,189
<i>Incl. Restructuring and Transformation Costs</i>	-456	-154	-222	-957	-561
<b>Gross Operating income</b>	<b>-625</b>	<b>-260</b>	<b>-361</b>	<b>-1,234</b>	<b>105</b>
Cost of Risk	1	-56	-16	-121	-39
<b>Operating Income</b>	<b>-625</b>	<b>-316</b>	<b>-377</b>	<b>-1,355</b>	<b>66</b>
Share of Earnings of Equity-Method Entities	15	13	-10	68	83
Other non operating items	-33	-136	-139	-177	-204
<b>Pre-Tax Income</b>	<b>-642</b>	<b>-440</b>	<b>-525</b>	<b>-1,464</b>	<b>-55</b>

## ● Revenues

- Own Credit Adjustment (OCA)\* and own credit risk included in derivatives (DVA)\*: €11m (-€18m in 4Q16)
- Impact of a specific item this quarter and lesser contribution from Principal Investments

## ● Operating expenses

- Restructuring costs related to the acquisitions (LaSer, Bank BGZ, DAB Bank, GE LLD): -€48m (-€48m in 4Q16)
- Transformation costs: -€408m (€0m in 4Q16)
- 4Q16 reminder: CIB adaptation costs: -€98m in 4Q16

## ● Other non operating items

- 4Q16 reminder: full impairment of BGZ's goodwill: -€127m

\* Fair value takes into account any change in value attributable to issuer risk relating to the BNP Paribas Group. It is the replacement value of instruments, calculated by discounting the expected liabilities' profile, stemming from derivatives or securities issued by the Bank, using a discount rate corresponding to that of a similar instrument that could be issued by the BNP Paribas Group at the closing date



# Corporate Centre - 2017

## ● Revenues

- Own Credit Adjustment (OCA)\* and own credit risk included in derivatives (DVA)\*: -€175m (-€59m in 2016)
- Capital gain from the sale of Shinhan (+€148m) and Euronext shares (+€85m)
- 2016 reminder: capital gain from the sale of Visa shares: +€597m
- Very good contribution of Principal Investments in 2017 and 2016

## ● Operating expenses

- Restructuring costs related to the acquisitions (in particular LaSer, Bank BGZ, DAB Bank and GE LLD): -€101m (-€158m in 2016)
- Transformation costs: -€856m (0 M€ in 2016)
- 2016 reminder: adaptation costs at CIB (-€395m in 2016)

## ● Other non operating items

- Full impairment of TEB's goodwill (-€172m)
- 2016 reminder: goodwill impairments of subsidiaries' shares: -€181m, of which -€127m for the full goodwill impairment of BGZ

\* Fair value takes into account any change in value attributable to issuer risk relating to the BNP Paribas Group. It is the replacement value of instruments, calculated by discounting the expected liabilities' profile, stemming from derivatives or securities issued by the Bank, using a discount rate corresponding to that of a similar instrument that could be issued by the BNP Paribas Group at the closing date



# Breakdown of the Transformation Costs of the Businesses Presented in the Corporate Centre - 2017

<i>m€</i>	2017	4T17	3T17	2T17	1T17
<b>Retail Banking &amp; Services</b>	<b>-464</b>	<b>-201</b>	<b>-125</b>	<b>-93</b>	<b>-45</b>
<b>Domestic Markets</b>	<b>-200</b>	<b>-93</b>	<b>-48</b>	<b>-42</b>	<b>-17</b>
French Retail Banking	-129	-58	-31	-28	-12
BNL bc	-17	-9	-5	-2	-1
Belgian Retail Banking	-33	-17	-6	-8	-2
Other Activities	-22	-9	-6	-5	-2
<b>International Financial Services</b>	<b>-264</b>	<b>-109</b>	<b>-76</b>	<b>-51</b>	<b>-28</b>
Personal Finance	-64	-27	-16	-14	-7
International Retail Banking	-102	-37	-31	-20	-13
Insurance	-46	-20	-16	-6	-3
Wealth and Asset Management	-53	-25	-14	-10	-5
<b>Corporate &amp; Institutional Banking</b>	<b>-301</b>	<b>-117</b>	<b>-80</b>	<b>-61</b>	<b>-43</b>
Corporate Banking	-96	-52	-15	-17	-12
Global Markets	-149	-41	-49	-35	-24
Securities Services	-56	-24	-16	-9	-7
<b>Corporate Centre</b>	<b>-91</b>	<b>-90</b>	<b>-0</b>	<b>1</b>	<b>-1</b>
<b>TOTAL</b>	<b>-856</b>	<b>-408</b>	<b>-205</b>	<b>-153</b>	<b>-90</b>



Group Results

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Division Results

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Good Start of the 2020 Plan

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4Q17 Detailed Results

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**Appendix**

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# BNP Paribas Group - 2017

€m	4Q17	4Q16	4Q17 / 4Q16	3Q17	4Q17 / 3Q17	2017	2016	2017 / 2016
<b>Revenues</b>	<b>10,532</b>	<b>10,656</b>	<b>-1.2%</b>	<b>10,394</b>	<b>+1.3%</b>	<b>43,161</b>	<b>43,411</b>	<b>-0.6%</b>
Operating Expenses and Dep.	-7,621	-7,444	+2.4%	-7,133	+6.8%	-29,944	-29,378	+1.9%
<b>Gross Operating Income</b>	<b>2,911</b>	<b>3,212</b>	<b>-9.4%</b>	<b>3,261</b>	<b>-10.7%</b>	<b>13,217</b>	<b>14,033</b>	<b>-5.8%</b>
Cost of Risk	-985	-950	+3.7%	-668	+47.5%	-2,907	-3,262	-10.9%
<b>Operating Income</b>	<b>1,926</b>	<b>2,262</b>	<b>-14.9%</b>	<b>2,593</b>	<b>-25.7%</b>	<b>10,310</b>	<b>10,771</b>	<b>-4.3%</b>
Share of Earnings of Equity-Method Entities	175	151	+15.9%	150	+16.7%	713	633	+12.6%
Other Non Operating Items	21	-146	n.s.	230	-90.9%	287	-194	n.s.
<b>Non Operating Items</b>	<b>196</b>	<b>5</b>	<b>n.s.</b>	<b>380</b>	<b>-48.4%</b>	<b>1,000</b>	<b>439</b>	<b>n.s.</b>
<b>Pre-Tax Income</b>	<b>2,122</b>	<b>2,267</b>	<b>-6.4%</b>	<b>2,973</b>	<b>-28.6%</b>	<b>11,310</b>	<b>11,210</b>	<b>+0.9%</b>
Corporate Income Tax	-580	-721	-19.6%	-828	-30.0%	-3,103	-3,095	+0.3%
Net Income Attributable to Minority Interests	-116	-104	+11.5%	-102	+13.7%	-448	-413	+8.5%
<b>Net Income Attributable to Equity Holders</b>	<b>1,426</b>	<b>1,442</b>	<b>-1.1%</b>	<b>2,043</b>	<b>-30.2%</b>	<b>7,759</b>	<b>7,702</b>	<b>+0.7%</b>
<b>Cost/Income</b>	<b>72.4%</b>	<b>69.9%</b>	<b>+2.5 pt</b>	<b>68.6%</b>	<b>+3.8 pt</b>	<b>69.4%</b>	<b>67.7%</b>	<b>+1.7 pt</b>

- Corporate income tax: average tax rate of 29% in 2017
  - Positive effect of lower tax rates on capital gains from sales of Shinhan, Euronext and SBI Life shares
  - Negligible impact in 4Q17 of the reduction in corporate taxes in the United States due to a very marginal amount of deferred tax losses
- Operating divisions:
  - Revenues: +1.5% vs. 2016
  - Operating expenses: +0.5% vs. 2016
  - Gross operating income: +3.8% vs. 2016
  - Cost of risk: -13.5% vs. 2016
  - Pre-tax income: +13.4% vs. 2016



# Number of Shares and Earnings per Share

## > Number of Shares

<i>in millions</i>	31-Dec-17	31-Dec-16
Number of Shares (end of period)	1,249	1,247
Number of Shares excluding Treasury Shares (end of period)	1,248	1,246
Average number of Shares outstanding excluding Treasury Shares	1,246	1,244

## > Earnings per Share

<i>in millions</i>	31-Dec-17	31-Dec-16
<b>Average number of Shares outstanding excluding Treasury Shares</b>	<b>1,246</b>	<b>1,244</b>
Net income attributable to equity holders	7,759	7,702
Remuneration net of tax of Undated Super Subordinated Notes	-286	-357
Exchange rate effect on reimbursed Undated Super Subordinated Notes	64	125
<b>Net income attributable to equity holders, after remuneration and exchange rate effect on Undated Super Subordinated Notes</b>	<b>7,537</b>	<b>7,470</b>
<b>Net Earnings per Share (EPS) in euros</b>	<b>6.05</b>	<b>6.00</b>



# Capital Ratios and Book Value per Share

## > Capital Ratios

	31-Dec-17	31-Dec-16
<b>Total Capital Ratio (a)</b>	14.8%	14.5%
<b>Tier 1 Ratio (a)</b>	13.2%	12.9%
<b>Common equity Tier 1 ratio (a)</b>	11.9%	11.6%

(a) Basel 3 (CRD4), taking into consideration CRR transitory provisions (but with full deduction of goodwill), on risk-weighted assets of €638 bn as at 31.12.16 and €641bn as at 31.12.17. Subject to the provisions of article 26.2 of (EU) regulation n°575/2013. As at 31.12.17 the capital surplus of the financial conglomerate was estimated at €22.4bn

## > Book value per Share

*in millions of euros*

	31-Dec-17	31-Dec-16	
<b>Shareholders' Equity Group share</b>	<b>101,983</b>	<b>100,665</b>	(1)
of which changes in assets and liabilities recognised directly in equity (valuation reserve)	3,198	6,169	
of which Undated Super Subordinated Notes	8,172	8,430	(2)
of which remuneration net of tax payable to holders of Undated Super Subordinated Notes	66	91	(3)
<b>Net Book Value (a)</b>	<b>93,745</b>	<b>92,144</b>	(1)-(2)-(3)
Goodwill and intangibles	12,443	13,218	
<b>Tangible Net Book Value (a)</b>	<b>81,302</b>	<b>78,926</b>	
<b>Number of Shares excluding Treasury Shares (end of period) in millions</b>	<b>1,248</b>	<b>1,246</b>	
<b>Book Value per Share (euros)</b>	<b>75.1</b>	<b>73.9</b>	
<i>of which book value per share excluding valuation reserve (euros)</i>	<i>72.6</i>	<i>69.0</i>	
<b>Net Tangible Book Value per Share (euros)</b>	<b>65.1</b>	<b>63.3</b>	

(a) Excluding Undated Super Subordinated Notes and remuneration net of tax payable to holders of Undated Super Subordinated Notes



# Return on Equity and Permanent Shareholders' Equity

## > Calculation of Return on Equity

<i>in millions of euros</i>	31-Dec-17	31-Dec-16	
<b>Net income Group share</b>	<b>7,759</b>	<b>7,702</b>	(1)
Remuneration net of tax of Undated Super Subordinated Notes	-286	-357	(2)
Exchange rate effect on reimbursed Undated Super Subordinated Notes	64	125	(3)
<b>Restated Net income Group share used for the calculation of ROE/ROTE</b>	<b>7,537</b>	<b>7,470</b>	(4) = (1)+(2)+(3)
Exceptional items (after tax) (a)	-390	-100	(5)
<b>Restated Net income Group share used for the calculation of ROE/ROTE excluding exceptional items</b>	<b>7,927</b>	<b>7,570</b>	(6) = (4)-(5)
<b>Average permanent shareholders' equity, not revaluated (b)</b>	<b>84,695</b>	<b>80,657</b>	
<b>Return on Equity</b>	<b>8.9%</b>	<b>9.3%</b>	
<b>Return on Equity excluding exceptionals</b>	<b>9.4%</b>	<b>9.4%</b>	
<b>Average tangible permanent shareholders' equity, not revaluated (d)</b>	<b>71,864</b>	<b>67,338</b>	
<b>Return on Tangible Equity</b>	<b>10.5%</b>	<b>11.1%</b>	
<b>Return on Tangible Equity excluding exceptionals</b>	<b>11.0%</b>	<b>11.2%</b>	

(a) See slide 5

(b) Average Permanent shareholders' equity: average of beginning of the year and end of the period (Permanent Shareholders' equity = Shareholders' equity attributable to shareholders - changes in assets and liabilities recognised directly in equity - Undated Super Subordinated Notes - remuneration net of tax payable to holders of Undated Super Subordinated Notes - proposed dividend distribution);

(c) Average Tangible permanent shareholders' equity: average of beginning of the year and end of the period (Tangible permanent shareholders' equity = permanent shareholders' equity - intangible assets - goodwill)

## > Permanent Shareholders' Equity Group share, not revaluated (used for the calculation of Return on Equity)

<i>in millions of euros</i>	31-Dec-17	31-Dec-16	
<b>Net Book Value</b>	<b>93,745</b>	<b>92,144</b>	(1)
of which changes in assets and liabilities recognised directly in equity (valuation reserve)	3,198	6,169	(2)
of which 2016 dividend		3,364	(3)
of which 2017 proposed dividend distribution	3,769		(4)
<b>Permanent shareholders' equity, not revaluated (a)</b>	<b>86,778</b>	<b>82,611</b>	(5) = (1)-(2)-(3)-(4)
Goodwill and intangibles	12,443	13,218	
<b>Tangible permanent shareholders' equity, not revaluated (a)</b>	<b>74,335</b>	<b>69,393</b>	

(a) Excluding Undated Super Subordinated Notes, remuneration net of tax payable to holders of Undated Super Subordinated Notes and after proposed dividend distribution



# A Solid Financial Structure

## > Doubtful loans/gross outstandings

	31-Dec-17	31-Dec-16
<b>Doubtful loans (a) / Loans (b)</b>	3.3%	3.8%
(a) Doubtful loans to customers and credit institutions excluding repos, netted of guarantees		
(b) Gross outstanding loans to customers and credit institutions excluding repos		

## > Coverage ratio

€bn	31-Dec-17	31-Dec-16
<b>Doubtful loans (a)</b>	27.9	31.2
<b>Allowance for loan losses (b)</b>	25.3	27.8
<b>Coverage ratio</b>	91%	89%

(a) Gross doubtful loans, balance sheet and off-balance sheet, netted of guarantees and collaterals  
 (b) Specific and on a portfolio basis

## > Immediately available liquidity reserve

€bn	31-Dec-17	31-Dec-16
<b>Immediately available liquidity reserve (counterbalancing capacity) (a)</b>	285	305

(a) Liquid market assets or eligible to central banks taking into account prudential standards, notably US standards, minus intra-day payment systems needs



# Ratio Common Equity Tier 1

> **Basel 3 fully loaded common equity Tier 1 ratio\***  
(Accounting capital to prudential capital reconciliation)

€bn	31-Dec-17	30-Sep-17	31-Dec-16
<b>Consolidated Equity</b>	<b>107.2</b>	<b>105.2</b>	<b>105.2</b>
Undated super subordinated notes	-8.2	-7.8	-8.4
Project of dividend distribution	-3.8**	-3.0	-3.4
Regulatory adjustments on equity***	-1.3	-1.5	-1.8
Regulatory adjustments on minority interests	-2.9	-2.7	-2.6
Goodwill and intangible assets	-12.8	-12.8	-13.4
Deferred tax assets related to tax loss carry forwards	-0.8	-0.7	-0.9
Other regulatory adjustments	-1.7	-1.4	-1.1
<b>Common Equity Tier One capital</b>	<b>75.7</b>	<b>75.3</b>	<b>73.6</b>
<b>Risk-weighted assets</b>	<b>642</b>	<b>636</b>	<b>641</b>
<b>Common Equity Tier 1 Ratio</b>	<b>11.8%</b>	<b>11.8%</b>	<b>11.5%</b>

\* CRD4, taking into account all the rules of the CRD4 with no transitory provisions. Subject to the provisions of article 26.2 of (EU) regulation n°575/2013;

\*\* Subject to the approval of Annual General Meeting on 24 May 2018; \*\*\* Including Prudent Valuation Adjustment

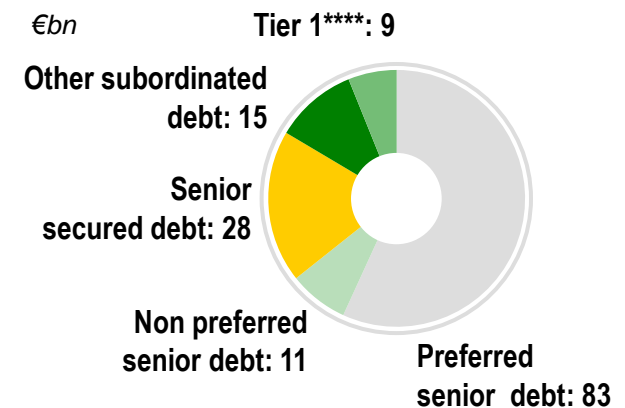


# Wholesale Medium/Long Term Funding 2017 Programme

## > 2017 MLT funding programme:

- Capital instruments: €2.1bn issued
  - Tier 1: \$750m, perpetual Non Call 10, issued in November 2017, 5.125% coupon
  - Tier 2: \$1.25bn, 10 year bullet, issued in March 2017, at Treasuries +215 bp
  - Reminder: total target objective of 3% of RWAs by 2020\*
  
- Senior Debt: €30.9bn\*\* issued
  - Average maturity of 4.5 years, mid-swap +54 bp on average
  - Of which €11.1bn of non preferred senior debt issued in various currencies (EUR, USD, JPY, SGD, AUD,...)
  - Of which €14.3bn of structured products
  - Of which €2.1bn of senior secured debt (covered bonds and securitisations)

## > Wholesale MLT funding structure breakdown\*\*\*: €146bn as at 31.12.2017



> **2017 programme completed at very favourable conditions**

\* Subject to market conditions; \*\* As at 18 January 2018; \*\*\* Figures restated according to the new broader definition of wholesale funding covering all funds, excluding those provided by retail customers, SMEs and corporates, institutional clients for their operating needs, monetary policy and funding secured by market assets; \*\*\*\* Debt qualified prudentially as Tier 1 booked as subordinated debt or as equity

# Wholesale Medium/Long Term Funding 2018 Programme

## > 2018 MLT funding programme : €28bn

- Of which issuances of capital instruments to be carried out with a total target objective of 3% of RWA by 2020\*:
  - Reminder as of 31.12.17\*\*: Additional Tier1: 1.3% and Tier 2: 1.6%
  
- Of which non-preferred senior debt: €10bn
  - Issuances already made in January 2018\*\*\*: €3.4bn, average maturity of 7.3 years, mid-swap+ 56 bp
    - ✓ \$2bn, 7 years at Treasuries, +103 bp,
    - ✓ €1.25bn, long 8 years, at mid-swap +47 bp
    - ✓ €0.5bn, 7 year Floating Rate Notes, at mid-swap +25 bp
  
- Remaining part of the programme to be completed with structured products and, to a lesser extent, with secured funding (covered bonds and securitisations)

## > Evolution of existing Tier 1 and Tier 2 debt (outstanding as at 01.01.2018); eligible or admitted to grandfathering)\*\*\*\*

<i>in €bn</i>	01.01.2018	01.01.2019	01.01.2020
AT1	8	8	7
T2	13	13	13



## 2018 issuance programme: €28bn

\*\*\*\* Evolution taking into account prudential amortisation of instruments outstanding as at 01.01.18, excluding future issuances, assuming callable institutional instruments are called at the first call date

\* Subject to market conditions; \*\* Basel 3 (CRD4) taking into consideration CRR transitory provisions; \*\*\* As at 18 January 2018;

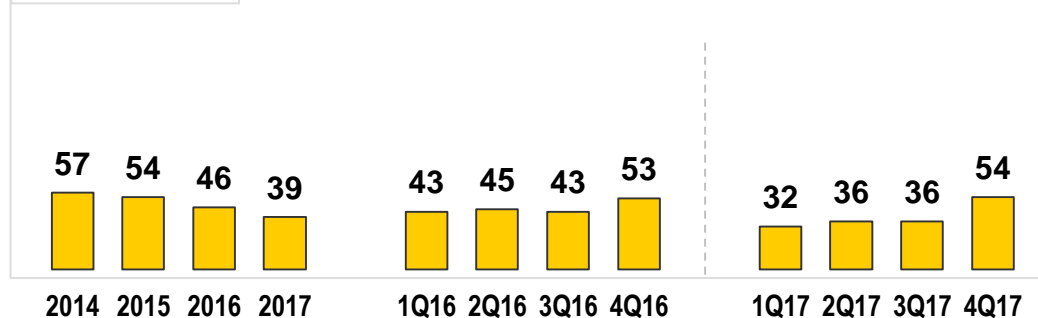




# Variation in the Cost of Risk by Business Unit (1/3)

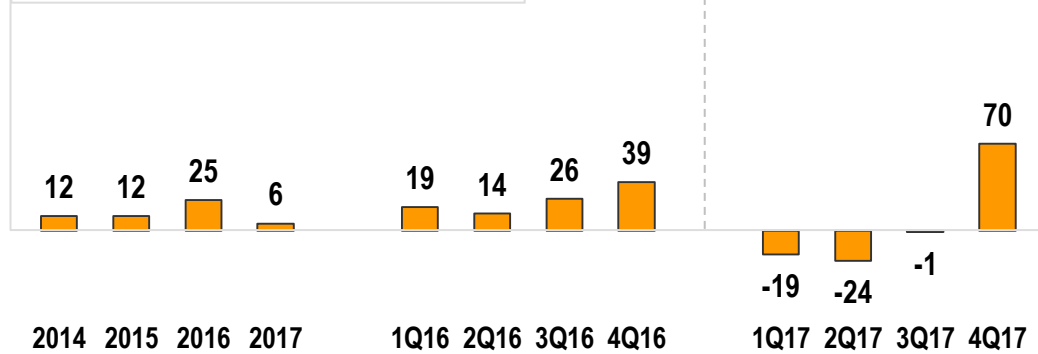
Cost of risk vs. Customer loans at the beginning of the period (in annualised bp)

## > Group



- Cost of risk: €985m
  - +€317m vs. 3Q17
  - +€35m vs. 4Q16
- Impact of two specific clients at CIB
- Cost of risk still low excluding this impact

## > CIB - Corporate Banking

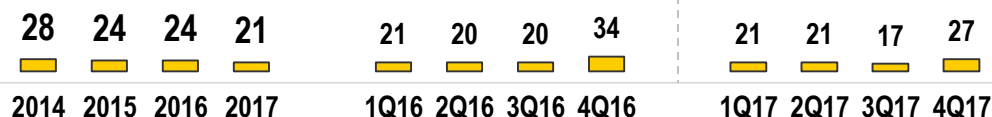


- Cost of risk: €209m
  - +€213m vs. 3Q17
  - +€94m vs. 4Q16
- Impact of two specific clients this quarter
- Cost of risk still low excluding this impact
- Reminder: provisions more than offset by write-backs in 9M17

# Variation in the Cost of Risk by Business Unit (2/3)

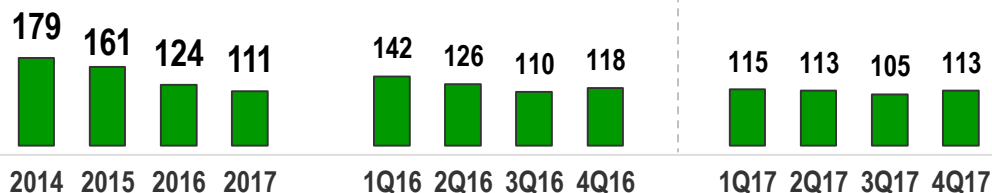
Cost of risk/Customer loans at the beginning of the period (in annualised bp)

## FRB



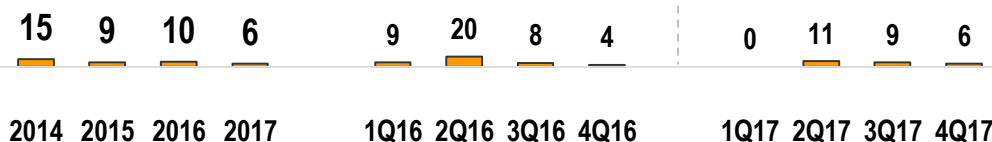
- Cost of risk: €107m
  - +€42m vs. 3Q17
  - -€17m vs. 4Q16
- Cost of risk still low

## BNL bc



- Cost of risk: €218m
  - +€15m vs. 3Q17
  - -€10m vs. 4Q16
- Continued decrease in the cost of risk

## BRB



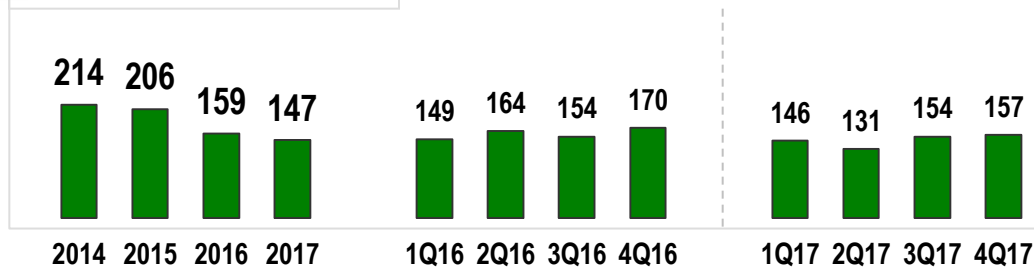
- Cost of risk: €15m
  - -€8m vs. 3Q17
  - +€6m vs. 4Q16
- Very low cost of risk



# Variation in the Cost of Risk by Business Unit (3/3)

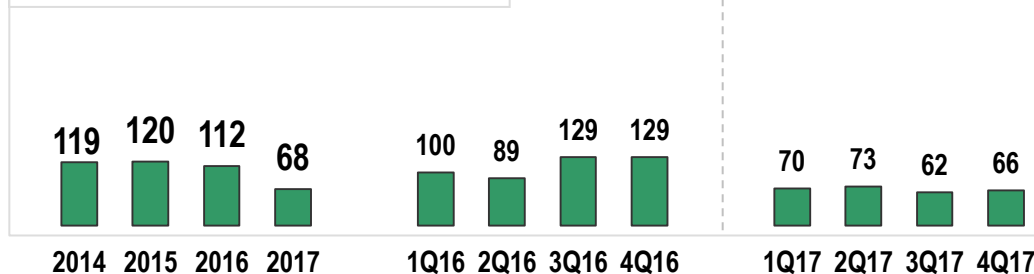
Cost of risk/Customer loans at the beginning of the period (in annualised bp)

## > Personal Finance



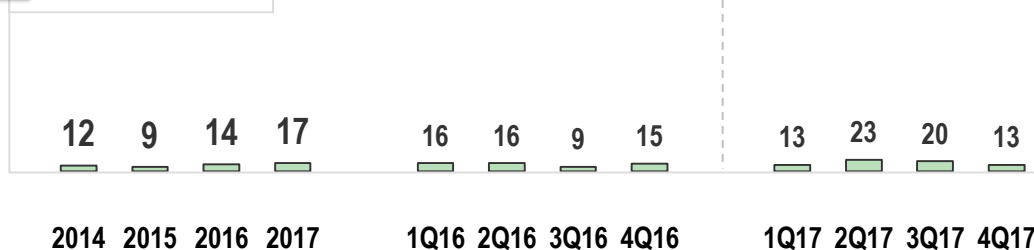
- Cost of risk: €271m
  - -€2m vs. 3Q17
  - +€2m vs. 4Q16
- Low cost of risk
  - Effect of the low interest rates and the growing positioning on products with a better risk profile

## > Europe-Mediterranean



- Cost of risk: €62m
  - +€2m vs. 3Q17
  - -€65m vs. 4Q16
- 4Q16 reminder: increase in the cost of risk in Turkey

## > BancWest



- Cost of risk: €20m
  - -€12m vs. 3Q17
  - -€3m vs. 4Q16
- Cost of risk still low



# Cost of Risk on Outstandings (1/2)

## > Cost of risk/Customer loans at the beginning of the period *(in annualised bp)*

	2014	2015	1Q16	2Q16	3Q16	4Q16	2016	1Q17	2Q17	3Q17	4Q17	2017
<b>Domestic Markets*</b>												
Loan outstandings as of the beg. of the quarter (€bn)	335.2	339.2	341.4	341.1	347.2	348.0	344.4	356.4	359.2	365.6	367.8	362.3
Cost of risk (€m)	2,074	1,812	399	388	329	399	1,515	319	355	311	370	1,356
Cost of risk (in annualised bp)	62	53	47	46	38	46	44	36	40	34	40	37
<b>FRB*</b>												
Loan outstandings as of the beg. of the quarter (€bn)	143.4	144.7	142.9	142.0	145.4	146.8	144.3	151.5	154.2	158.2	159.6	155.9
Cost of risk (€m)	402	343	73	72	72	124	342	79	80	65	107	331
Cost of risk (in annualised bp)	28	24	21	20	20	34	24	21	21	17	27	21
<b>BNL bc*</b>												
Loan outstandings as of the beg. of the quarter (€bn)	78.1	77.4	77.3	76.9	78.1	77.4	77.4	79.4	78.5	77.6	77.6	78.3
Cost of risk (€m)	1,398	1,248	274	242	215	229	959	228	222	203	218	871
Cost of risk (in annualised bp)	179	161	142	126	110	118	124	115	113	105	113	111
<b>BRB*</b>												
Loan outstandings as of the beg. of the quarter (€bn)	88.4	91.5	95.0	96.1	97.4	97.1	96.4	98.7	99.3	102.0	101.7	100.4
Cost of risk (€m)	131	85	21	49	19	9	98	-1	28	23	15	65
Cost of risk (in annualised bp)	15	9	9	20	8	4	10	0	11	9	6	6

\*With Private Banking at 100%



# Cost of Risk on Outstandings (2/2)

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

	2014	2015	1Q16	2Q16	3Q16	4Q16	2016	1Q17	2Q17	3Q17	4Q17	2017
<b>BancWest*</b>												
Loan outstandings as of the beg. of the quarter (€bn)	43.3	55.0	60.1	58.0	61.1	61.8	60.3	67.3	66.7	63.5	62.2	64.9
Cost of risk (€m)	50	50	25	23	14	23	85	22	38	32	20	111
Cost of risk (in annualised bp)	12	9	16	16	9	15	14	13	23	20	13	17
<b>Europe-Mediterranean*</b>												
Loan outstandings as of the beg. of the quarter (€bn)	30.0	38.8	38.6	39.0	39.5	39.3	39.1	38.3	38.3	38.3	37.9	38.2
Cost of risk (€m)	357	466	96	87	127	127	437	67	70	60	62	259
Cost of risk (in annualised bp)	119	120	100	89	129	129	112	70	73	62	66	68
<b>Personal Finance</b>												
Loan outstandings as of the beg. of the quarter (€bn)	51.3	57.0	59.4	60.6	62.3	63.4	61.4	65.9	68.9	70.9	68.9	68.7
Cost of risk (€m)	1,095	1,176	221	248	240	269	979	240	225	273	271	1,009
Cost of risk (in annualised bp)	214	206	149	164	154	170	159	146	131	154	157	147
<b>CIB - Corporate Banking</b>												
Loan outstandings as of the beg. of the quarter (€bn)	105.3	116.5	117.9	118.2	120.4	118.3	118.7	123.4	128.6	122.8	119.2	123.5
Cost of risk (€m)	131	138	55	42	79	115	292	-57	-78	-4	209	70
Cost of risk (in annualised bp)	12	12	19	14	26	39	25	-19	-24	-1	70	6
<b>Group**</b>												
Loan outstandings as of the beg. of the quarter (€bn)	647.2	698.9	703.2	702.2	717.5	716.1	709.8	737.6	742.9	739.1	734.9	738.6
Cost of risk (€m)	3,705	3,797	757	791	764	950	3,262	592	662	668	985	2,907
Cost of risk (in annualised bp)	57	54	43	45	43	53	46	32	36	36	54	39

\* With Private Banking at 100%; \*\* Including cost of risk of market activities, Investment Solutions (until end 2014), International Financial Services and Corporate Centre



# Basel 3 Risk-Weighted Assets\*

- Basel 3 risk-weighted assets\*: €642bn as at 31.12.17 (€636bn as at 30.09.17)
  - Rise in particular of risk-weighted assets related to credit risk

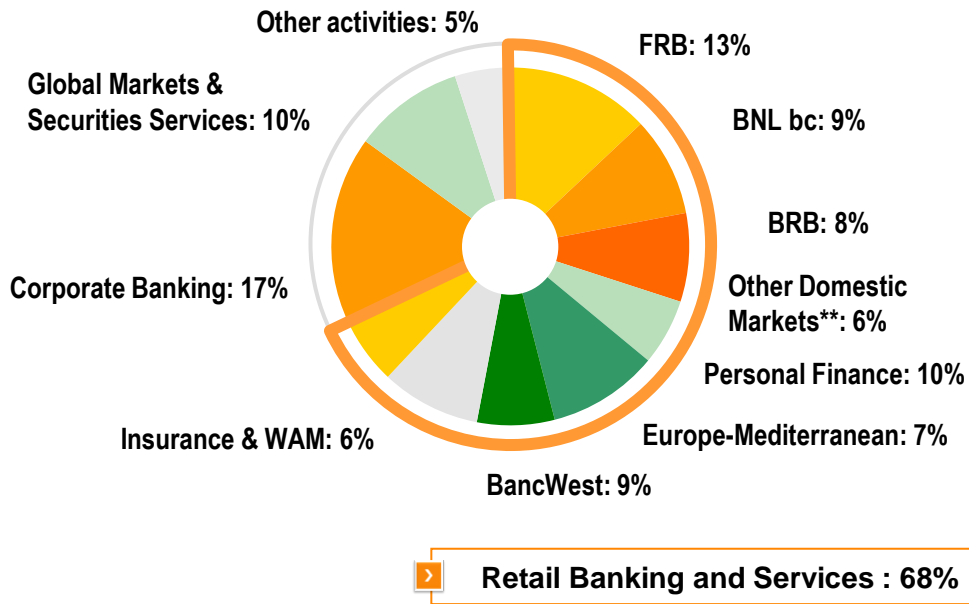
€bn	31.12.17	30.09.17	30.06.17
Credit Risk	513	502	505
Operational Risk	66	65	64
Counterparty Risk	27	29	29
Market / Foreign exchange Risk	17	18	20
Securitisation positions in the banking book	3	5	5
Others**	16	17	18
<b>Total of Basel 3* RWA</b>	<b>642</b>	<b>636</b>	<b>640</b>

\* CRD4; \*\* Including the DTAs and significant investments in entities in the financial sector subject to 250% weighting



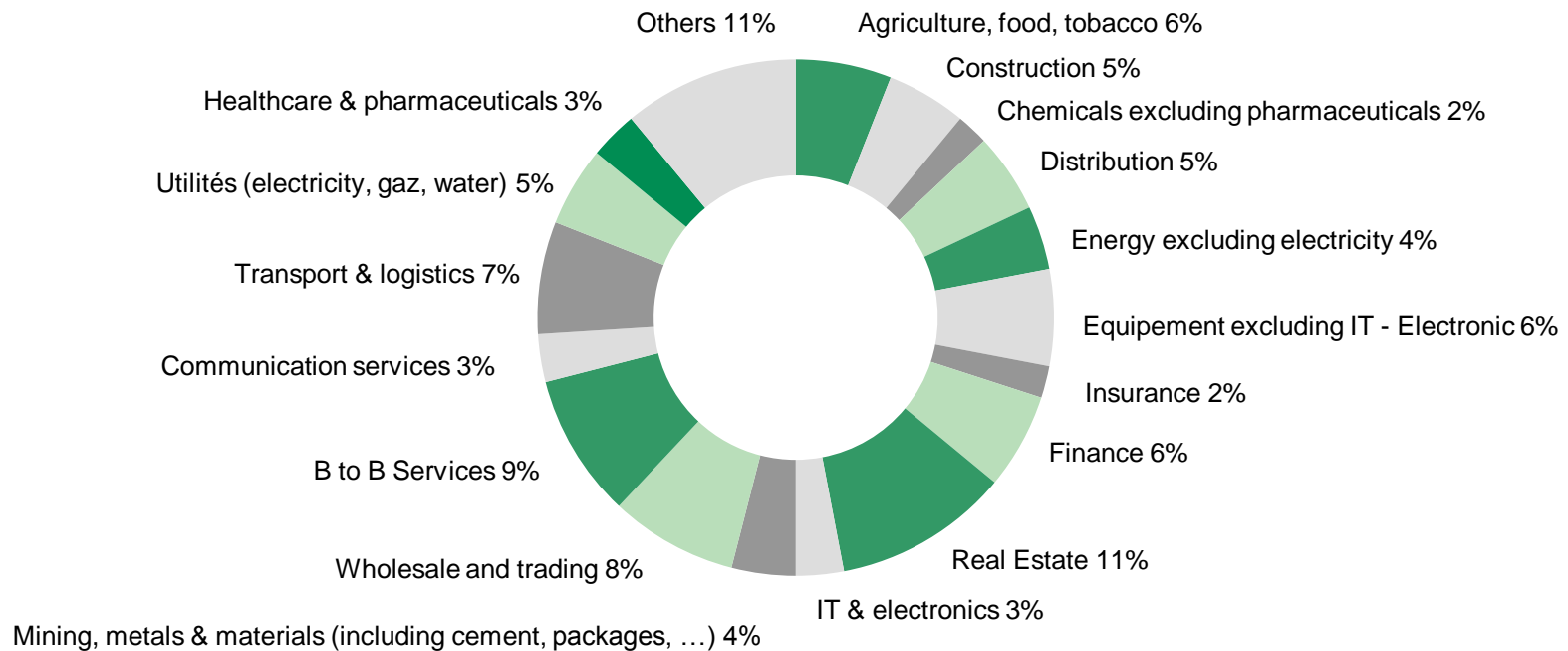
# Basel 3\* Risk-Weighted Assets by Business

> **Basel 3 risk-weighted assets\* by business as at 31.12.2017**



\* CRD4 ; \*\* Including Luxembourg

# Breakdown of Commitments by Industry (Corporate Asset Class)

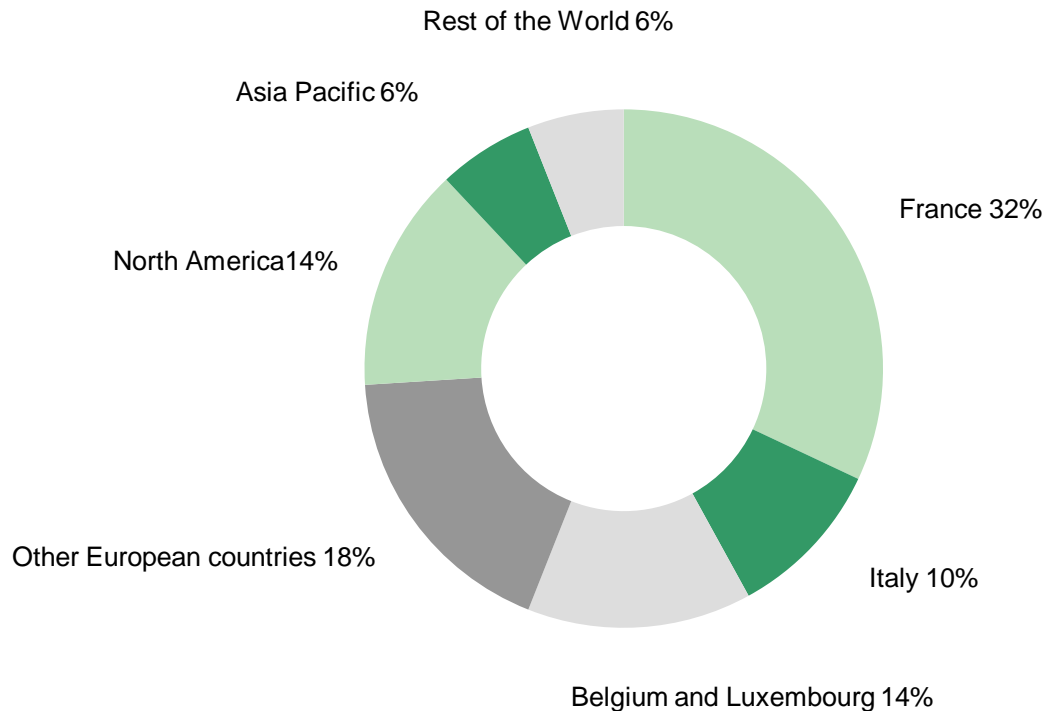


**Total gross commitments on and off balance sheet, unweighted  
(corporate asset class) = €631bn as at 31.12.2017**





# Breakdown of Commitments by Region



**Total gross commitments on and off balance sheet,  
unweighted = €1,493bn as at 31.12.2017**



**AMENDMENTS TO THE PROGRAMME SUMMARY AND PRO FORMA ISSUE SPECIFIC SUMMARY OF THE PROGRAMME**

1. The "Programme Summary" on pages 7 to 40 of the Base Prospectus is amended as follows:

(a) Element B.9 is deleted and replaced with the following:

<b>B.9</b>	Profit forecast or estimate	Based on its unaudited consolidated financial statements, the BNP Paribas Group generated 7,759 million euros in net income attributable to equity holders for the year ending 31 December 2017.
------------	-----------------------------	--

(b) Element B.12 is amended by the deletion of the table entitled "**Comparative Annual Financial Data – In millions of EUR**" immediately above the heading "**Comparative Interim Financial Data for the six-month period ended 30 June 2017 – In millions of EUR**" and its replacement with the following:

<b>B.12</b>	Selected historical key financial information:		
	<b>Comparative Annual Financial Data– In millions of EUR</b>		
		<b>31/12/2017 (unaudited)</b>	<b>31/12/2016 (audited)</b>
	Revenues	43,161	43,411
	Cost of risk	(2,907)	(3,262)
	Net income, Group share	7,759	7,702
		<b>31/12/2017</b>	<b>31/12/2016</b>
	Common equity Tier 1 Ratio (Basel 3 fully loaded, CRD 4)	11.8%	11.5%
		<b>31/12/2017 (unaudited)</b>	<b>31/12/2016 (audited)</b>
	Total consolidated balance sheet	1,960,252	2,076,959
	Consolidated loans and receivables due from customers	727,675	712,233
	Consolidated items due to customers	766,890	765,953
	Shareholders' equity (Group share)	101,983	100,665

(c) Element B.13 is deleted and replaced with the following:

<b>B.13</b>	Events	Not applicable, as at 15 February 2018 and to the best of
-------------	--------	---

	impacting the Issuer's solvency	the Issuer's knowledge, there have not been any recent events which are to a material extent relevant to the evaluation of the Issuer's solvency since 30 September 2017.
--	---------------------------------	---

(d) Element D.2 is amended as follows:

(i) By the deletion of sub-paragraph (a) and its replacement with the following:

<b>D.2</b>	Key risks regarding the Issuer	(a) Difficult market and economic conditions have in the past had and may in the future have a material adverse effect on the operating environment for financial institutions and hence on the Bank's financial condition, results of operations and cost of risk.
------------	--------------------------------	---

(ii) By the deletion of sub-paragraph (k) and its replacement with the following:

<b>D.2</b>	Key risks regarding the Issuer	(k) Laws and regulations adopted in recent years, particularly in response to the global financial crisis, as well as new legislative proposals, may materially impact BNPP and the financial and economic environment in which it operates.
------------	--------------------------------	--

(iii) By the deletion of sub-paragraph (n) and its replacement with the following:

<b>D.2</b>	Key risks regarding the Issuer	(n) There are risks related to the implementation of BNPP's strategic plans and commitment to environmental responsibility.
------------	--------------------------------	---

(iv) By the deletion of sub-paragraph (u) and its replacement with the following:

<b>D.2</b>	Key risks regarding the Issuer	(u) The expected changes in accounting principles relating to financial instruments may have an impact on BNPP's balance sheet, income statement and regulatory capital ratios and result in additional costs.
------------	--------------------------------	--

2. The "Pro Forma Issue Specific Summary of the Programme" on pages 81 to 114 of the Base Prospectus is amended as follows:

(a) Element B.9 is deleted and replaced with the following:

<b>B.9</b>	Profit forecast or estimate	Based on its unaudited consolidated financial statements, the BNP Paribas Group generated 7,759 million euros in net income attributable to equity holders for the year ending 31 December 2017.
------------	-----------------------------	--

(b) Element B.12 is amended by the deletion of the table entitled "**Comparative Annual Financial Data – In millions of EUR**" immediately above the heading "**Comparative**

**Interim Financial Data for the six-month period ended 30 June 2017 – In millions of EUR" and its replacement with the following:**

<b>B.12</b>	Selected historical key financial information:		
	<b>Comparative Annual Financial Data– In millions of EUR</b>		
		<b>31/12/2017 (unaudited)</b>	<b>31/12/2016 (audited)</b>
	Revenues	43,161	43,411
	Cost of risk	(2,907)	(3,262)
	Net income, Group share	7,759	7,702
		<b>31/12/2017</b>	<b>31/12/2016</b>
	Common equity Tier 1 Ratio (Basel 3 fully loaded, CRD 4)	11.8%	11.5%
		<b>31/12/2017 (unaudited)</b>	<b>31/12/2016 (audited)</b>
	Total consolidated balance sheet	1,960,252	2,076,959
	Consolidated loans and receivables due from customers	727,675	712,233
	Consolidated items due to customers	766,890	765,953
	Shareholders' equity (Group share)	101,983	100,665

(c) Element B.13 is deleted and replaced with the following:

<b>B.13</b>	Events impacting the Issuer's solvency	[Not applicable, as at 15 February 2018 and to the best of the Issuer's knowledge, there have not been any recent events which are to a material extent relevant to the evaluation of the Issuer's solvency since 30 September 2017.]  [Specify any recent events which are to a material extent relevant to the evaluation of the Issuer's solvency.]
-------------	--	--

(d) Element D.2 is amended as follows:

(i) By the deletion of sub-paragraph (a) and its replacement with the following:

<b>D.2</b>	Key risks regarding the Issuer	(a) Difficult market and economic conditions have in the past had and may in the future have a material adverse effect on the operating environment for financial institutions and hence on the Bank's financial condition, results of operations and cost of risk.
------------	--------------------------------	---

(ii) By the deletion of sub-paragraph (k) and its replacement with the following:

<b>D.2</b>	Key risks regarding the Issuer	(k) Laws and regulations adopted in recent years, particularly in response to the global financial crisis, as well as new legislative proposals, may materially impact BNPP and the financial and economic environment in which it operates.
------------	--------------------------------	--

(iii) By the deletion of sub-paragraph (n) and its replacement with the following:

<b>D.2</b>	Key risks regarding the Issuer	(n) There are risks related to the implementation of BNPP's strategic plans and commitment to environmental responsibility.
------------	--------------------------------	---

(iv) By the deletion of sub-paragraph (u) and its replacement with the following:

<b>D.2</b>	Key risks regarding the Issuer	(u) The expected changes in accounting principles relating to financial instruments may have an impact on BNPP's balance sheet, income statement and regulatory capital ratios and result in additional costs.
------------	--------------------------------	--

**AMENDMENTS TO THE PROGRAMME SUMMARY (IN FRENCH) AND TO THE PRO FORMA  
ISSUE SPECIFIC SUMMARY OF THE PROGRAMME (IN FRENCH)**

1. Le "Résumé du Programme" figurant aux pages 41 à 80 du Prospectus de Base est modifié comme suit :

(a) L'Elément B.9 est supprimé et remplacé comme suit :

<b>B.9</b>	Prévision ou estimation du bénéfice	Sur la base de ses états financiers consolidés non audités, le Groupe BNP Paribas a généré 7.759 millions d'euros de résultat net distribuable aux porteurs de titres de capital pour l'année close le 31 décembre 2017.
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(b) L'Elément B.12 est modifié par la suppression du tableau intitulé "**Données Financières Annuelles Comparées – En millions d'EUR**" placé immédiatement au-dessus de l'intitulé "**Données Financières Intermédiaires Comparées pour la période de 6 mois se terminant le 30 juin 2017 – En millions d'EUR**" qui est remplacé par le tableau suivant :

<b>B.12</b>	Informations financières historiques clés sélectionnées:		
	<b>Données Financières Annuelles Comparées – En millions d'EUR</b>		
		<b>31/12/2017 (non auditées)</b>	<b>31/12/2016 (auditées)</b>
	Produit Net Bancaire	43.161	43.411
	Coût du risque	(2.907)	(3.262)
	Résultat Net, Part du Groupe	7.759	7.702
		<b>31/12/2017</b>	<b>31/12/2016</b>
	Ratio Common equity Tier 1 (Bâle 3 pleinement applicable, CRD4)	11,8%	11,5%
		<b>31/12/2017 (non auditées)</b>	<b>31/12/2016 (auditées)</b>
	Total du bilan consolidé	1.960.252	2.076.959
	Total des prêts et créances sur la clientèle	727.675	712.233
	Total des dettes envers la clientèle	766.890	765.953
	Capitaux Propres (Part du Groupe)	101.983	100.665

(c) L'Elément B.13 est supprimé et remplacé comme suit :

<b>B.13</b>	Evénements	Sans objet, au 15 février 2018 et à la connaissance de
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	impactant la solvabilité de l'Emetteur	l'Emetteur, il ne s'est produit aucun événement récent qui présente un intérêt significatif pour l'évaluation de la solvabilité de l'Emetteur depuis le 30 septembre 2017.
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(d) L'Elément D.2 est modifié comme suit :

(i) Par la suppression du sous-paragraphe (a) et son remplacement par ce qui suit :

<b>D.2</b>	Principaux risques propres à l'Emetteur	(a) Des conditions macroéconomiques et de marché difficiles ont eu dans le passé et pourraient avoir à l'avenir un effet défavorable significatif sur les conditions dans lesquelles évoluent les établissements financiers et en conséquence sur la situation financière, les résultats opérationnels et le coût du risque de la Banque.
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(ii) Par la suppression du sous-paragraphe (k) et son remplacement par ce qui suit :

<b>D.2</b>	Principaux risques propres à l'Emetteur	(k) Des mesures législatives et réglementaires prises ces dernières années, en particulier en réponse à la crise financière mondiale, ainsi que des nouvelles propositions de loi, pourraient affecter de manière substantielle la Banque ainsi que l'environnement financier et économique dans lequel elle opère.
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(iii) Par la suppression du sous-paragraphe (n) et son remplacement par ce qui suit :

<b>D.2</b>	Principaux risques propres à l'Emetteur	(n) Risques liés à la mise en œuvre des plans stratégiques de la Banque et engagement en matière de responsabilité environnementale.
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(iv) Par la suppression du sous-paragraphe (u) et son remplacement par ce qui suit :

<b>D.2</b>	Principaux risques propres à l'Emetteur	(u) Le changement attendu des principes comptables relatifs aux instruments financiers pourrait avoir un impact sur le bilan, le compte de résultat, et les ratios réglementaires de fonds propres de la Banque et entraîner des coûts supplémentaires.
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2. Le "Modèle de Résumé du Programme Spécifique à l'Emission en relation avec le Prospectus de Base" figurant aux pages 115 à 153 du Prospectus de Base est modifié comme suit:

(a) L'Elément B.9 est supprimé et remplacé comme suit :

<b>B.9</b>	Prévision ou estimation du bénéfice	Sur la base de ses états financiers consolidés non audités, le Groupe BNP Paribas a généré 7.759 millions d'euros de résultat net distribuable aux porteurs de titres de capital pour l'année close le 31 décembre 2017.
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- (b) L'Elément B.12 est modifié par la suppression du tableau intitulé "**Données Financières Annuelles Comparées – En millions d'EUR**" placé immédiatement au-dessus de l'intitulé "**Données Financières Intermédiaires Comparées pour la période de 6 mois se terminant le 30 juin 2017 – En millions d'EUR**" qui est remplacé par le tableau suivant :

<b>B.12</b>	Informations financières historiques clés sélectionnées:		
	<b>Données Financières Annuelles Comparées – En millions d'EUR</b>		
		<b>31/12/2017 (non auditées)</b>	<b>31/12/2016 (auditées)</b>
	Produit Net Bancaire	43.161	43.411
	Coût du risque	(2.907)	(3.262)
	Résultat Net, Part du Groupe	7.759	7.702
		<b>31/12/2017</b>	<b>31/12/2016</b>
	Ratio Common equity Tier 1 (Bâle 3 pleinement applicable, CRD4)	11,8%	11,5%
		<b>31/12/2017 (non auditées)</b>	<b>31/12/2016 (auditées)</b>
	Total du bilan consolidé	1.960.252	2.076.959
	Total des prêts et créances sur la clientèle	727.675	712.233
	Total des dettes envers la clientèle	766.890	765.953
	Capitaux Propres (Part du Groupe)	101.983	100.665

- (c) L'Elément B.13 est supprimé et remplacé comme suit :

<b>B.13</b>	Evénements impactant la solvabilité de l'Emetteur	[Sans objet, au 15 février 2018 et à la connaissance de l'Emetteur, il ne s'est produit aucun événement récent qui présente un intérêt significatif pour l'évaluation de la solvabilité de l'Emetteur depuis le 30 septembre 2017.]  [Préciser tout événement récent significatif pertinent pour l'évaluation de la solvabilité de l'Emetteur.]
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- (d) L'Elément D.2 est modifié comme suit :

- (i) Par la suppression du sous-paragraphe (a) et son remplacement par ce qui suit :

<b>D.2</b>	Principaux risques propres	(a) Des conditions macroéconomiques et de marché difficiles ont eu dans le passé et pourraient avoir à l'avenir un effet défavorable significatif sur les
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	à l'Emetteur	conditions dans lesquelles évoluent les établissements financiers et en conséquence sur la situation financière, les résultats opérationnels et le coût du risque de la Banque.
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(ii) Par la suppression du sous-paragraphe (k) et son remplacement par ce qui suit :

<b>D.2</b>	Principaux risques propres à l'Emetteur	(k) Des mesures législatives et réglementaires prises ces dernières années, en particulier en réponse à la crise financière mondiale, ainsi que des nouvelles propositions de loi, pourraient affecter de manière substantielle la Banque ainsi que l'environnement financier et économique dans lequel elle opère.
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(iii) Par la suppression du sous-paragraphe (n) et son remplacement par ce qui suit :

<b>D.2</b>	Principaux risques propres à l'Emetteur	(n) Risques liés à la mise en œuvre des plans stratégiques de la Banque et engagement en matière de responsabilité environnementale.
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(iv) Par la suppression du sous-paragraphe (u) et son remplacement par ce qui suit :

<b>D.2</b>	Principaux risques propres à l'Emetteur	(u) Le changement attendu des principes comptables relatifs aux instruments financiers pourrait avoir un impact sur le bilan, le compte de résultat, et les ratios réglementaires de fonds propres de la Banque et entraîner des coûts supplémentaires.
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## AMENDMENTS TO THE RISK FACTORS SECTION

*In relation to the amendments to the "Risk Factors" section of the Base Prospectus set out in this section (i) text which, by virtue of this Second Supplement is added thereto is shown underlined and (ii) text which, by virtue of this Second Supplement is deleted therefrom is shown with a line drawn through the middle of the deleted text.*

The "Risk Factors" section on pages 154 to 212 of the Base Prospectus is amended as follows:

(a) the risk factors under the heading "**Risks Related to the Macroeconomic and Market Environment**" starting on page 154 of the Base Prospectus are amended as follows:

(i) the risk factor under the sub-heading "*Difficult market and economic conditions have had and may continue to have a material adverse effect on the operating environment for financial institutions and hence on the Bank's financial condition, results of operations and cost of risk.*" on pages 154 and 155 of the Base Prospectus is amended as follows:

*Difficult market and economic conditions have in the past had and may continue to in the future have a material adverse effect on the operating environment for financial institutions and hence on the Bank's financial condition, results of operations and cost of risk.*

The Bank's businesses are highly sensitive to changes in financial markets and economic conditions globally and especially in Europe. In recent years, the Bank ~~has been~~was, and may again in the future be, confronted with a significant deterioration of market and economic conditions resulting, among other things, from crises affecting sovereign debt, ~~and~~ capital markets, the availability of credit or liquidity, regional or global recessions, sharp fluctuations in commodity prices, currency exchange rates or interest rates, volatility in prices of financial derivatives, inflation or deflation, counterparty restructurings or defaults, corporate or sovereign debt rating downgrades or adverse political and geopolitical events (such as natural disasters, pandemics, societal unrest, geopolitical tensions, acts of terrorism, cyber-attacks, and military conflicts or threats thereof and related risks). Such disruptions, which may develop quickly and hence not be fully hedged, could affect the operating environment for financial institutions for short or extended periods and have a material adverse effect on the Bank's financial condition, results of operations or cost of risk. ~~In 2017, the macroeconomic environment could be subject to various specific risks, including geopolitical tensions, political transitions or instability in certain countries creating uncertainties and potentially sharp changes, financial market volatility, slowdowns in certain emerging markets, weak growth in the euro zone, fluctuations in commodity prices and changes in monetary policies.~~

Economies in the Bank's principal markets and, generally speaking, globally, experienced growth in 2017 and the cyclical recovery may continue in 2018. There are nonetheless downside risks arising from factors such as evolving monetary policies (and, in particular, the risk of sharper than expected tightening leading to financial turbulence), trends in inflation, geographical tensions, protectionist tendencies and possible volatility in financial or commodity markets.

Moreover, a resurgence of a sovereign debt ~~crisis-tensions~~ cannot be ruled out, particularly in a rising interest rate environment with increasing funding costs. In particular, European markets experienced significant disruptions at various points in recent years ~~as a result of from this source, initially originating from~~ concerns regarding the ability of certain countries or institutions in the euro zone to refinance their debt obligations. These disruptions have in certain periods caused tightened credit markets, increased volatility in the exchange rate of the euro against other major currencies, affected the levels of stock market indices and created uncertainty regarding the economic prospects of certain countries in the European Union as well as the quality of bank loans to sovereign debtors in the European Union. The Bank holds and may in the future ~~may~~ hold substantial portfolios of sovereign debt and has and may in the future have substantial amounts of loans outstanding to sovereign borrowers; a new sovereign debt crisis could cause it to incur impairment charges or losses on sales. The Bank also participates in the interbank financial market and as a result, is indirectly exposed to risks relating to financial institutions with which it does business. More generally, the sovereign debt crisis had, and could again in the future have, an indirect impact on financial markets and, increasingly, economies, in Europe and worldwide, and more generally on the environment in which the Bank operates.

If economic conditions generally or in Europe in particular ~~were to deteriorate due among other things to concerns over the European economy (in turn triggered by the (the latter due to any of the above generally applicable factors or to~~ heightened risk of or even the occurrence of a sovereign default, the failure of a significant financial institution or the exit of a country or territory from the euro zone or the European Union), ~~unforeseeable variations in oil and commodity prices and interest rates, rising inflation or significant fluctuations in foreign exchange rates (in particular rising interest rates or any strengthening of the euro), a continued or increased slowdown of economic growth in emerging countries and China in particular, terrorist attacks or political instability were to deteriorate,~~ the resulting market disruptions could have a significant adverse impact on the credit quality of the Bank's customers and financial institution counterparties, on market parameters such as interest rates, foreign exchange rates and stock market indices, and on the Bank's results of operations, liquidity, ability to raise financing on acceptable terms and financial condition.

- (ii) the risk factor under the sub-heading "*The United Kingdom's referendum to leave the European Union may lead to significant uncertainty, volatility and disruption in European and broader financial and economic markets and hence may adversely affect the Bank's operating environment.*" on page 155 of the Base Prospectus is amended as follows:

On 23 June 2016, the United Kingdom held a referendum in which a majority of its voters opted to leave the European Union ("**Brexit**") and on 29 March 2017, the government of the United Kingdom invoked Article 50 of the Treaty on the European Union (the "**Lisbon Treaty**") relating to withdrawal. Pursuant to Article 50, the Lisbon Treaty and the Treaty on the Functioning of the European Union cease to apply in the relevant state from the date of entry into force of a withdrawal agreement, or, failing that, two years after the relevant state notifies the European Council of its intention to withdraw, although this period may be extended in certain circumstances. ~~The Negotiations between the~~ United Kingdom ~~has begun negotiations to determine its relationship with and~~ the European Union ~~to determine their relationship~~ going forward, including regarding trade, financial and legal arrangements are ongoing. The nature, timing and economic and political effects of Brexit remain highly uncertain and will depend upon the results of future negotiations between the United Kingdom and the European Union, and hence may adversely affect the Bank's operating environment and therefore its results and financial condition.

- (iii) the second sentence of the risk factor under the sub-heading "*The Bank's access to and cost of funding could be adversely affected by a resurgence of financial crises, worsening*



economic conditions, rating downgrades, increases in credit spreads or other factors." on pages 155 and 156 of the Base Prospectus is amended as follows:

This was due to several factors, including a sharp increase in the perception of bank credit risk due to ~~their~~ exposure to sovereign debt in particular, credit rating downgrades of sovereigns and of banks, and debt market speculation.

- (iv) the risk factor under the sub-heading "*The prolonged low interest rate environment carries inherent systemic risks, and an exit from such environment also carries risks.*" on page 156 of the Base Prospectus is amended as follows:

Since the 2008-2009 financial crisis, global markets have been characterized by an extended periods of ~~prolonged~~ low interest rates. During such periods, interest rate spreads tend to tighten, and the Bank may be unable to lower interest rates on deposits sufficiently to offset reduced income from lending at lower interest rates. In addition, the Bank ~~is~~ has been facing an increase in early repayment and refinancing of mortgages and other fixed-rate consumer and corporate loans as clients take advantage of lower borrowing costs. This, along with the issuance of new loans at the low prevailing market interest rates, ~~could have~~ resulted in an overall a decrease in the average interest rate of the Bank's portfolio of loans thereby causing a decline in the Bank's net interest income from its lending activities. Moreover, an environment of persistently low interest rates can also have the effect of flattening the yield curve in the market more generally, which could reduce the premium generated by the Bank from its funding activities. Additionally, the prolonged period of low interest rates may have contributed to, and may continue to contribute to, excessive risk-taking by financial market participants such as lengthening maturities of financings and assets held, more lenient lending standards and increased leveraged lending. Certain of the market participants that may have taken or may take additional or excessive risk are of systemic importance, and any unwinding of their positions during periods of market turbulence or stress (and hence reduced liquidity) could have a destabilizing effect on markets and could lead the Bank to record operating losses or asset impairments.

The end of a period of prolonged low interest rates, in particular due to tightening monetary policy, also carries risks. In this respect, the U.S. Federal Reserve has been tightening its monetary policy since 2015 and the ECB has announced that it will significantly reduce asset purchases between January and September 2018, and reductions could continue thereafter. Any sharper or more rapid than expected tightening could have a negative impact on the economic recovery. On the lending side, it could in particular ~~Furthermore, to the extent that central banks, particularly in the United States, could increase interest rates any sharper than expected change could cause stress in loan and bond portfolios and the Bank's underwriting activity, particularly in relation to non-investment grade lending, possibly leading to an increase in the Bank's cost of risk. In a rising interest rate environment non-performing exposures and defaults. Moreover, it may cause additional financial strain on sovereigns with particularly high debt to GDP ratios, such as countries on the periphery of the Eurozone as well as in Africa, with attendant increased asset quality concerns for their lenders. The Bank's underwriting activity could also be affected, particularly in relation to non-investment grade lending. On the borrowing side, should the Bank's hedging strategies prove ineffective or provide only a partial hedge, the Bank could incur losses due to higher refinancing costs. More generally, the ending of accommodative monetary policies (including liquidity infusions from central bank asset purchases) may lead to severe corrections in certain market or asset classes (e.g. non-investment grade corporate and sovereign borrowers, certain sectors of equities and real estate) that particularly benefitted (including from very low risk premia as compared to historical averages) from the prolonged low interest rate and high liquidity environment, and such corrections could potentially be contagious to financial markets generally, including through substantially increased volatility, increasing interest rates weigh on consumer debt affordability and corporate profitability and hence potentially on economic growth and our revenues.~~

- (v) the first and second paragraphs of the risk factor under the sub-heading "*The soundness and conduct of other financial institutions and market participants could adversely affect the Bank.*" on page 157 of the Base Prospectus are amended as follows:

The Bank's ability to engage in financing, investment and derivative transactions could be adversely affected by the soundness of other financial institutions or market participants. Financial institutions are interrelated as a result of trading, clearing, counterparty, funding or other relationships. As a result, defaults, or even rumours or questions about, one or more financial services institutions, or the financial services industry generally, may lead to market-wide liquidity problems and could lead to further losses or defaults. The Bank has exposure to many counterparties in the financial industry, directly and indirectly, including clearing houses, brokers and dealers, commercial banks, investment banks, mutual and alternative investment funds, and other institutional clients with which it regularly executes transactions. The Bank ~~can~~ may also be exposed to ~~the~~ risks related to the increasing involvement in the financial sector of players and the introduction of new types of transactions subject to little or no regulations (e.g. unregulated funds, trading venues or crowdfunding platforms). The Bank is exposed to credit and counterparty risk in the event of default or financial distress of the Bank's counterparties or clients. This risk could be exacerbated if the collateral held by the Bank cannot be realised upon or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to the Bank or in case of a failure of a significant financial market participant such as a central counterparty. It is worth noting in this respect that regulatory changes requiring mandatory clearing of standardized over-the-counter ("OTC") derivatives through central counterparties have resulted in an increase of the exposure of financial market participants to such central counterparties.

In addition, fraud or misconduct by financial market participants can have a material adverse effect on financial institutions due in particular to the interrelated nature of the financial markets. An example is the fraud perpetrated by Bernard Madoff that came to light in 2008, as a result of which numerous financial institutions globally, including the Bank, announced losses or exposure to losses in substantial amounts. The Bank remains the subject of various claims in connection with the Madoff matter; see Note 7.b "Contingent liabilities: legal proceedings and arbitration" to the 2017 Unaudited Financial Statements ~~Potentially significant additional potential exposure is also possible in the form of litigation and claims in the context of the bankruptcy proceedings of Bernard L. Madoff Investment Services ("BLMIS") (a number of which are pending against the Bank), and other potential claims relating to counterparty or client investments made, directly or indirectly, in BLMIS or other entities controlled by Bernard Madoff, or to the receipt of investment proceeds from BLMIS.~~

- (b) the risk factors under the heading "**Regulatory Risks**" starting on page 158 of the Base Prospectus are amended as follows:

- (i) the risk factor under the sub-heading "*Laws and regulations adopted in recent years, particularly in response to the global financial crisis, as well as new legislative proposals, may materially impact the Bank and the financial and economic environment in which it operates.*" on page 158 of the Base Prospectus is amended as follows:



Laws and regulations have been enacted in the past few years or could be adopted, in particular in France, Europe and the United States, with a view to introducing a number of changes, some permanent, in the financial environment. The impact of the new measures has changed substantially the environment in which the Bank and other financial institutions operate. The new measures that have been or may be proposed and adopted include more stringent capital and liquidity requirements (particularly for large global banking groups such as the Bank), taxes on financial transactions, restrictions and increased taxes on employee compensation over specified levels, restrictions on certain types of activities considered as speculative undertaken by commercial banks that will be prohibited or need to be ring-fenced in subsidiaries (particularly proprietary trading), restrictions or prohibitions on certain types of financial products or activities, enhanced recovery and resolution regimes, changes to risk-weighting methodologies and the methods of using internal models that could lead to increased capital requirements, increased internal control and reporting requirements with respect to certain activities, more stringent governance and conduct of business rules, more extensive market abuse regulations, measures to improve the transparency and efficiency of financial markets and in particular to regulate high frequency trading, increased regulation of certain types of financial products including mandatory reporting of derivative and securities financing transactions, requirements either to mandatorily clear, or otherwise mitigate risks in relation to, over-the-counter derivative transactions (including through posting of collateral in respect of non-centrally cleared derivatives), enhanced privacy and cyber security requirements and the creation of new and strengthened supervisory bodies. Most of these measures have been adopted and are already applicable to the Bank; the principal such measures are summarized below. Other similar or new measures may be proposed and adopted.

- (ii) the second and third paragraphs of the risk factor under the sub-heading "*French and European Laws and regulations*" on page 158 of the Base Prospectus are amended as follows:

At the European level, many of the provisions of the EU Directive and Regulation on prudential requirements (the "**CRD 4/CRR**") dated 26 June 2013, implementing the Basel III capital requirements, took effect as of 1 January 2014 and many delegated and implementing acts provided for in the Directive and Regulation CRD 4/CRR were adopted in 2014. The prudential ratio requirements and the designation of the Bank as a systemically important financial institution increased the Bank's prudential requirements and may limit its ability to extend credit or to hold certain assets, particularly those with longer maturities. ~~In 2011-2012, the Bank implemented an adaptation plan in anticipation of these requirements, including reducing its balance sheet and bolstering its capital.~~ In addition, the Financial Stability Board published on 9 November 2015 the final principles and term sheet regarding total loss absorbing capacity ("**TLAC**" and such term sheet the "**FSB TLAC Term Sheet**"), which will require ~~"G-SIBs" or~~ "**Global Systemically Important Banks**" or "G-SIBs" (including the Bank), in addition to the Basel III capital requirements, to maintain a significant amount of liabilities and instruments readily available for bail-in, ~~in addition to the Basel III capital requirements~~, in order to enable authorities to implement an orderly resolution that minimises impacts on financial stability, maintains the continuity of critical functions, and avoids exposing public funds to loss. Given the timing and manner of their adoption, the full impact of TLAC requirements on the Bank cannot be accurately predicted and could cause its financing costs to increase.

Regarding the European "Banking Union", the European Union adopted, in October 2013, a single supervisory mechanism (the "SSM") under the supervision of the ECB; as a consequence, since November 2014, the Bank, along with all institutions qualified as important in the euro zone, are now under the direct supervision of the ECB, with respect to prudential regulation matters entrusted to the ECB by Council Regulation dated 15 October 2013. Within the SSM, the ECB is, in particular, tasked with carrying out an annual supervisory review and evaluation process ("SREP"), ~~and stress tests~~ and specific reviews (such as the targeted review of internal models), in connection with which it has powers to require banks to hold capital in excess of minimum capital requirements ~~in order to address specific risks (so-called "Pillar 2" requirements)~~, and more generally to impose additional liquidity requirements ~~and possibly or~~ other regulatory-supervisory measures. Such measures could have an adverse impact on the Bank's results of operations and financial condition.

- (iii) the paragraph of the risk factor under the sub-heading "*French and European Laws and regulations*" on page 160 of the Base Prospectus starting with the words "Pursuant to the SRM..." is amended as follows:

Pursuant to the SRM, on 19 December 2014, the Council adopted the proposal for a Council implementing act to calculate the contributions of banks to the SRF, which replaces national resolution funds as from 1 January 2016 and provides for annual contributions to the SRF to be made by banks calculated on the basis of their liabilities, excluding own funds and covered deposits and adjusted for risks. Moreover, the ~~Regulation of the~~ European Commission Regulation dated 21 October 2014, adopted pursuant to the BRRD provides for an obligation for banks to have adequate financial resources to ensure the effective application of the resolution tools and powers by the relevant resolution authority. In this context, the resolution authorities, such as the ACPR or the SRB, determined the annual contributions that must be paid to resolution financing arrangements by each banking institution in proportion to its risk profile. As a consequence, contributions to the SRF and to resolution financing arrangements are significant for the Bank and hence weigh on its results of operations.

- (iv) the last four paragraphs of the risk factor under the sub-heading "*French and European Laws and regulations*" on pages 160 and 161 of the Base Prospectus are amended as follows:

On 23 November 2016, the European Commission issued several legislative proposals proposing to amend a number of key EU banking directives and regulations, including CRD 4/CRR, BRRD and the SRM, the purpose of which is inter alia to reflect more accurately long-term funding risk and excessive leverage, increase the loss-absorption capacity of globally significant institutions, improve the treatment of market risks by increasing the risk sensitivity of the existing rules and increase convergence within the European Union in the area of insolvency law and restructuring proceedings, particularly through the introduction of a moratorium tool. On 8 November 2017, the ECB published two opinions on these proposals. These proposals remain subject to amendments by the Parliament and the Council and are scheduled to be adopted in 2019. It is not yet possible to assess ~~the full impact of whether~~ these proposals will be adopted in full or what their impact will be.

~~Furthermore, a proposal for a Regulation of the European Parliament and of the Council of 29 January 2014 on structural measures improving the resilience of EU credit institutions, as amended on 19 June 2015, would prohibit certain proprietary trading activities by European credit institutions that meet certain criteria (particularly as to size) and require them to conduct certain high risk trading activities only through subsidiaries.~~

In December 2017, the Basel Committee's oversight body, the Group of Central Bank Governors and Heads of Supervision ("GHOS"), endorsed the outstanding Basel III post-crisis regulatory reforms. The reforms endorsed by the GHOS include a revised standardised



approach for credit risk, revisions to the internal ratings-based approach for credit risk, revisions to the credit valuation adjustment ("CVA") framework, a revised standardised approach for operational risk, revisions to the measurement of the leverage ratio and a leverage ratio buffer for G-SIBs (including the Bank), which will take the form of a Tier 1 capital buffer set at 50% of a G-SIB's risk-weighted capital buffer; and an aggregate output floor, which will ensure that banks' risk-weighted assets ("RWAs") generated by internal models are no lower than 72.5% of RWAs as calculated by the Basel III framework's standardised approaches. These new rules are expected to come into effect in 2022 and the output floor is expected to be implemented gradually beginning in January 2022 and reaching its final level in 2027. This agreement will be subject to consultation and impact assessment before it is implemented into EU law.

~~Finally, n~~New regulations designed to enhance the transparency and soundness of financial markets, such as the so-called "EMIR" Regulation of 4 July 2012 on OTC derivatives, central counterparties and trade repositories and the measures adopted or to be adopted thereunder (including in relation to the Commission delegated Regulation of 4 October 2016 that specifies how margin should be calculated and exchanged in respect of non-cleared OTC derivative contracts), Regulation of 25 November 2015 on transparency of securities financing transactions and Directive and Regulation of 15 May 2014 on markets in financial instruments ("MiFID 2") may be a source of additional uncertainty and compliance risk and, more generally, the costs incurred due to the implementation of such regulations may have a negative impact on the profitability of certain activities currently conducted by the Bank and weigh on the Bank's results of operations and financial condition.

In May and June 2017, the Commission published two ~~proposed~~ ~~edals of~~ regulations amending EMIR. Among the proposed changes, the EU authorities' power to supervise third country central counterparties would be strengthened and, when a third country central counterparty poses significant risks to the financial stability of the Member States, EU authorities could request that such central counterparty be established and authorized in the EU (the so-called "location policy"). While the full implications of such location policy, particularly in the context of Brexit, remain uncertain, it could, if implemented, entail operational risks and increased costs, and therefore weigh on the Issuer's result of operations and financial condition.

- (v) the sentence beginning "The Volcker Rule's implementing regulations..." in the risk factor under the sub-heading "*U.S. Laws and Regulations*" on page 162 of the Base Prospectus (as amended by virtue of the First Supplement) is amended as follows:

The Volcker Rule's implementing regulations are highly complex and may be subject to further regulatory amendments, interpretation and guidance, and its full impact will not be known with certainty for some time.

- (vi) the penultimate sentence in the first paragraph of the risk factor under the sub-heading "*U.S. Laws and Regulations*" on page 162 of the Base Prospectus (as amended by virtue of the First Supplement) is amended as follows:

Further rules and regulations are expected in ~~late 2017 and~~ 2018 to complete this regulatory framework.

- (vii) the second sentence in the second paragraph of the risk factor under the sub-heading "*U.S. Laws and Regulations*" on page 162 of the Base Prospectus (as amended by virtue of the First Supplement) is amended as follows:

In addition, following the 2016 U.S. presidential election, there is uncertainty surrounding the regulatory agenda of the ~~new~~ administration which includes proposals to repeal or significantly reduce a number of elements of the Dodd-Frank Act.



(viii) the last two items in the bullet pointed list set out in the risk factor under the sub-heading "*The Bank is subject to extensive and evolving regulatory regimes in the jurisdiction in which it operates.*" on page 163 of the Base Prospectus (as amended by virtue of the First Supplement) are amended as follows:

- changes in rules and procedures relating to internal controls, risk management and compliance; and
- expropriation, nationalisation, price controls, exchange controls, confiscation of assets and changes in legislation relating to foreign ownership.;

(ix) the first paragraph of the risk factor under the sub-heading "*The Bank may incur substantial fines and other administrative and criminal penalties for non-compliance with applicable laws and regulations, and may also incur losses in related (or unrelated) litigation with private parties.*" on pages 163 and 164 of the Base Prospectus is amended as follows:

The Bank is exposed to regulatory compliance risk, i.e. the failure to comply fully with the laws, regulations, codes of conduct, professional norms or recommendations applicable to the financial services industry. This risk is exacerbated by the adoption by different countries of multiple and occasionally diverging and even conflicting legal or regulatory requirements. Besides damage to the Bank's reputation and private rights of action (including class actions introduced into French law in 2014), non-compliance could lead to material legal proceedings, fines and expenses (including fines and expenses in excess of recorded provisions), public reprimand, enforced suspension of operations or, in extreme cases, withdrawal by the authorities of operating licenses. This risk is further exacerbated by continuously increasing regulatory scrutiny of financial institutions, as well as substantial increases in the quantum of applicable fines and penalties. Moreover, litigation by private parties against financial institutions has substantially increased in recent years. Accordingly, the Bank faces significant legal risk in its business, and the volume and amount of damages claimed in litigation, regulatory proceedings and other adversarial proceedings against financial services firms have substantially increased in recent years and may increase further.

(x) the last paragraph under the sub-heading "*The Bank may incur substantial fines and other administrative and criminal penalties for non-compliance with applicable laws and regulations, and may also incur losses in related (or unrelated) litigation with private parties.*" on page 164 of the Base Prospectus is amended as follows:

The Bank is currently involved in various litigations and investigations as summarized in Note 7.b "Contingent liabilities: legal proceedings and arbitration" to ~~its~~ the 2017 consolidated financial statements Unaudited Financial Statements as of and for the six month period ended 30 June 2017. It may become involved in further such matters at any point. No assurance can be given that an adverse outcome in one or more of such matters would not have a material adverse effect on the Bank's operating results for any particular period.

(c) the risk factors under the heading "**Risks Related to the Bank, its Strategy, Management and Operations**" starting on page 164 of the Base Prospectus are amended as follows:

(i) the risk factor under the heading "*Risks related to the implementation of the Bank's strategic plans.*" on page 164 of the Base Prospectus is amended as follows:

*Risks related to the implementation of the Bank's strategic plans and commitment to environmental responsibility.*

The Bank has announced a ~~certain number of strategic objectives, in particular in a transformation plan for CIB for the 2016-2019 period presented in February 2016 and a strategic plan for the 2017-2020 period presented on 7 February 2017.~~ These-This plans contemplates a number of initiatives, including the implementation of new customer pathways, the digital transformation of the Bank, continuing to improve operating efficiency and various business development initiatives.

The plans includes a number of financial targets and objectives relating to net banking income, operating costs, net income, capital adequacy ratios and return on equity, among other things. These financial targets and objectives were established primarily for purposes of internal planning and allocation of resources, and are based on a number of assumptions with regard to business and economic conditions.

The Bank's actual results could vary significantly from these targets and objectives for a number of reasons, including the occurrence of one or more of the risk factors described elsewhere in this section.

Additionally, as part of the Bank's commitment to environmental responsibility within its CSR policy, it has announced a number of initiatives to support the energy transition towards a low-carbon economy, including a reduction in financing for energies with the most negative environmental impact. These measures (and any future ones along similar lines) may in certain cases adversely affect the Bank's results in the relevant sectors.

- (ii) the risk factor under the heading "*Intense competition by banking and non-banking operators could adversely affect the Bank's revenues and profitability.*" on pages 164 and 165 of the Base Prospectus is amended as follows:

Competition is intense in all of the Bank's primary business areas in France and the other countries in which it conducts a substantial portion of its business, including other European countries and the United States. Competition in the banking industry could intensify as a result of consolidation in the financial services area or as a result of the presence of new players in the payment and the financing services area or the development of crowdfunding platforms. In particular, competitors subject to less extensive regulatory requirements or to less strict capital requirements (e.g., debt funds, shadow banks), or benefiting from economies of scale, data synergies or technological innovation (e.g., internet and mobile operators, digital platforms, fintechs), could be more competitive. If the Bank is unable to respond to the competitive environment in France or in its other major markets by offering attractive and profitable product and service solutions, it may lose market share in key areas of its business or incur losses on some or all of its activities. In addition, downturns in the economies of its principal markets could add to the competitive pressure, through, for example, increased price pressure and lower business volumes for the Bank and its competitors. It is also possible that the presence in the global marketplace of State-owned financial institutions, or financial institutions benefiting from State guarantees or other similar advantages, or the imposition of more stringent requirements (particularly capital requirements and business restrictions) on large or systemically significant financial institutions, could lead to distortions in competition in a manner adverse to large private-sector institutions such as the Bank.

- (iii) the risk factor under the heading "*The expected changes in accounting principles relating to financial instruments may have an impact on the Bank's balance sheet and regulatory capital ratios and result in additional costs.*" on page 166 of the Base Prospectus is amended as follows:

*The expected changes in accounting principles relating to financial instruments may have an impact on the Bank's balance sheet, income statement and regulatory capital ratios and result in additional costs.*

In July 2014, the International Accounting Standards Board published International Financial Reporting Standard 9 ("IFRS 9") "Financial Instruments" adopted by the European Union, which ~~is set to replace~~ IAS 39 as from 1 January 2018 ~~after its adoption by the European Union~~. The standard amends and complements the rules on the classification and measurement of financial instruments. ~~It includes a new~~ and will lead the Bank to record certain reclassifications in substantial amounts on its balance sheet. The new standard includes an impairment model based on expected credit losses ("ECL"), while the ~~current~~ IAS 39 model ~~is~~ was based on provisions for incurred losses, and new rules on general hedge accounting. The new approach based on ECL ~~could~~ will result in substantial additional impairment charges for the Bank and could add volatility to its regulatory capital ratios, and the costs incurred by the Bank relating to the implementation of such norms may have a negative impact on its results of operations; see Note 1 to the 2017 Unaudited Financial Statements for a detailed discussion of the transition to IFRS 9.

- (iv) the risk factor under the heading "*An interruption in or a breach of the Bank's information systems may result in material losses of client or customer information, damage to the Bank's reputation and lead to financial losses.*" on pages 166 and 167 of the Base Prospectus (as amended by virtue of the First Supplement) is amended as follows:

As with most other banks, the Bank relies heavily on communications and information systems to conduct its business. This dependency has increased with the spread of mobile and online banking services, and the development of cloud computing and blockchain technologies. Any failure or interruption or breach in security of these systems could result in failures or interruptions in the Bank's customer relationship management, general ledger, deposit, servicing and/or loan organisation systems. The Bank cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. An increasing number of companies (including financial institutions) have in recent years experienced intrusion attempts or even breaches of their information technology security, some of which have involved sophisticated and highly targeted attacks on their computer networks. Because the techniques used to obtain unauthorised access, disable or degrade service, steal confidential data or sabotage information systems have become more sophisticated, change frequently and often are not recognised until launched against a target, the Bank and its third-party service providers may be unable to anticipate these techniques or to implement in a timely manner effective and efficient countermeasures. Any failures of or interruptions in the Bank's information systems or those of its providers and any subsequent disclosure of confidential information related to any client, counterpart or employee of the Bank (or any other person) or any intrusion or attack against the Bank's communication system could cause significant losses and have an adverse effect on the Bank's reputation, financial condition and results of operations.

- (v) the risk factor under the heading "*Unforeseen external events may disrupt the Bank's operations and cause substantial losses and additional costs.*" on page 167 of the Base Prospectus (as amended by virtue of the First Supplement) is amended as follows:

Unforeseen events such as an adverse change in the political, military or diplomatic environments, political and social unrest, severe natural disasters or climate-change related events, a pandemic, terrorist attacks, military conflicts, cyber-attacks or other states of emergency could affect the demand for the products and services offered by the Bank, or lead to an abrupt interruption of the Bank's operations, in France or abroad, and could cause substantial losses that may not necessarily be covered by an insurance policy. Such losses can relate to property, financial assets, trading positions, personal data and key employees.



Such unforeseen events could also lead to temporary or longer-term business interruption, additional costs (such as relocation of employees affected) and increase the Bank's costs (particularly insurance premiums).

- (d) the risk factors under the heading "**Risk Factors Relating to the Notes**" starting on page 168 of the Base Prospectus are amended as follows:
- (i) a new risk factor is added immediately after the risk factor entitled "*Benchmark reforms and licensing*" on pages 172 and 173 of the Base Prospectus as follows:

*"Future discontinuance of LIBOR may adversely affect the value of the Notes*

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted.

Investors should be aware that, if LIBOR were discontinued or otherwise unavailable, the rate of interest on the Notes will be determined for the relevant period by the fall-back provisions applicable to the Notes. Depending on the manner in which the LIBOR rate is to be determined under the Terms and Conditions, this may in certain circumstances (i) be reliant upon the provision by reference banks of offered quotations for the LIBOR rate which, depending on market circumstances, may not be available at the relevant time or (ii) result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, the Notes."

- (ii) (e) the following new paragraph is inserted immediately before the last paragraph of the risk factor entitled "Risks relating to Index Linked Notes" on pages 194 and 195 of the Base Prospectus as follows:

"Components of certain custom indices may be subject to regular rebalancing in accordance with the methodology of the index. As part of the rebalancing, components may be added to or removed from the index or their weights adjusted. The components which are included in the index and the weight assigned to each component may be determined either wholly or partially by reference to criteria specified in the index and/or one or more lists of assets (including, without limitation, research lists, analytical reports or 'top picks' guides), which are published by a third party unconnected with the index. If a third party is compiling the list of assets, such third party may exercise its discretion to determine which assets are included in such list. The index methodology may apply objective filters to these lists of assets, to determine which assets are included as components in the index and their weight. The components which are derived from the list published by a third party may affect the performance of the index, and, correspondingly, the value of the Notes. Such third parties have no obligation to take into account the consequences of their actions on any Noteholders."

## DOCUMENTS INCORPORATED BY REFERENCE

On 12 February 2018, BNPP filed with the AMF its unaudited consolidated financial statements (in French and English) for the year ended 31 December 2017, which, by virtue of this Second Supplement, is incorporated in, and forms part of, the Base Prospectus.

The section "**DOCUMENTS INCORPORATED BY REFERENCE**" in the Base Prospectus is updated as follows:

- (a) the word "and" at the end of paragraph (g) is deleted;
- (b) the "," at the end of paragraph (h) is deleted and replaced with "; and"; and
- (c) the following new paragraph (i) is added under paragraph (h):
  - "(i) BNPP's unaudited consolidated financial statements (in French and English) for the year ended 31 December 2017 (the "**2017 Unaudited Financial Statements**"),"; and
- (d) the following new table is inserted immediately following the table entitled "*Third Update to the BNPP 2016 Registration Document (in English)*" (which was added to the Base Prospectus by virtue of the First Supplement):

<i>2017 Unaudited Financial Statements</i>	
Consolidated Financial Statements	Pages 4 to 9 of the 2017 Unaudited Financial Statements
Notes to the Financial Statements	Pages 10 to 122 of the 2017 Unaudited Financial Statements

## AMENDMENTS TO THE FRENCH TAXATION SECTION

In relation to the amendments to the "French Taxation" section of the Base Prospectus set out in this section (i) text which, by virtue of this Second Supplement is added thereto is shown underlined and (ii) text which, by virtue of this Second Supplement is deleted therefrom is shown with a line drawn through the middle of the deleted text.

The "French Taxation" section on pages 790 and 791 of the Base Prospectus (which was amended by virtue of the First Supplement) is amended as follows:

- (a) the paragraphs under the sub-heading "**Notes which are not consolidated (assimilables for the purpose of French law) with notes issued before 1 March 2010**" on page 790 of the Base Prospectus under the heading "**Withholding Tax**" is amended as follows:

Payments of interest and other revenues made by the Issuer with respect to Notes (other than Notes which are consolidated (*assimilables* for the purpose of French law) and form a single series with notes issued prior to 1 March 2010 having the benefit of Article 131 *quater* of the French *Code Général des Impôts*) will not be subject to the withholding tax set out under Article 125 A III of the French *Code Général des Impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code Général des Impôts* (a "**Non-Cooperative State**"). If such payments under the Notes are made outside France in a Non-Cooperative State, a 75 per cent. withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty) by virtue of Article 125 A III of the French *Code Général des Impôts*.

Furthermore, according to Article 238 A of the French *Code Général des Impôts*, interest and other revenues on such Notes will not be deductible from the Issuer's taxable income if they are paid or accrued to persons established or domiciled in a Non-Cooperative State or paid to an account held with a financial institution established in such a Non-Cooperative State (the "**Deductibility Exclusion**"). Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Articles 109 *et seq.* of the French *Code Général des Impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the French *Code Général des Impôts*, at a rate of (i) 12.8 per cent. for payments benefiting individuals who are not French tax residents, (ii) 30 per cent. (provided, however, that the Finance Bill for 2018 currently being discussed before the French Parliament provides for the implementation of a 12.8 per cent. withholding tax for individuals who are not French tax residents for payments of interest and assimilated revenues characterised as constructive dividends, as mentioned above, made as of January 1, 2018, while maintaining the above mentioned 30 per cent. withholding tax for legal persons which are non-French tax residents) (to be aligned with the standard corporate income tax rate set forth in Article 219-I of the French *Code Général des Impôts* for fiscal years starting from 1 January 2020) for payments benefiting legal persons who are not French tax residents or (iii) 75 per cent. for payments made outside France in a Non-Cooperative State (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty).

Notwithstanding the foregoing, neither the 75 per cent. withholding tax set out under Article 125 A III of the French *Code Général des Impôts* nor the Deductibility Exclusion will apply in respect of an issue of Notes if the Issuer can prove that the principal purpose and effect of such issue of Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**"). Pursuant to the *Bulletin Officiel des Finances Publiques-Impôts* BOI-INT-DG-20-50-20140211 no. 550 and 990, BOI-RPPM-RCM-30-10-20-40-20140211 no. 70 and 80 and BOI-IR-DOMIC-10-20-20-60-20150320 no. 10, an issue of Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of such issue of Notes if such Notes are:

- (a) offered by means of a public offer within the meaning of Article L.411-1 of the French *Code Monétaire et Financier* or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (b) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (c) admitted, at the time of their issue, to the operations of a central depository or of a securities ~~clearing and~~ delivery and payments systems operator within the meaning of Article L.561-2 of the French *Code Monétaire et Financier*, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

- (b) the paragraph under the heading "**Notes held by individuals who are fiscally domiciled in France**" is amended as follows:

Where the paying agent (*établissement payeur*) is established in France, pursuant to Article 125 A I of the French *Code Général des Impôts* subject to certain ~~limited~~ exceptions, interest and similar revenues received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a ~~24~~12.8 per cent. withholding tax (~~pursuant to the Finance Bill for 2018, this rate could be reduced to 12.8 per cent. as of 2018~~), which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding at a global rate of ~~15.5~~17.2 per cent. (~~pursuant to the Social Security Financing Bill for 2018, this rate could be increased to 17.2 per cent. as of 2018~~) on such interest and similar revenues received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.

- (c) the sub-heading and first paragraph under the heading "**Transfer tax and other taxes**" are amended as follows:

*The following may be relevant in connection with Notes which may be settled, ~~or redeemed or repaid~~ by way of physical delivery of certain French listed shares (or certain assimilated securities) or securities representing such shares (and assimilated securities).*

Pursuant to Article 235 *ter* ZD of the French *Code Général des Impôts*, a financial transaction tax (the "**French FTT**") is applicable, subject to certain exceptions, to any acquisition for consideration (~~*titre de capital assimilé*~~) resulting ~~in respect of acquisitions prior to 2018~~, in a transfer of ownership, of (i) an equity security (*titre de capital*) as defined by Article L.212-1 A of the French *Code Monétaire et Financier* or an assimilated equity security (*titre de capital assimilé*) as defined by Article L.211-41 of the French *Code Monétaire et Financier*, admitted to trading on a recognised stock exchange when such security is issued by a company whose registered office is situated in France and whose market capitalisation exceeds 1 billion Euros on 1 December of the year preceding the year in which the acquisition occurs (the "**French Shares**") or (ii) a security (*titre*) representing French Shares (irrespective of the location of the issuer of such security). The French FTT could apply in certain circumstances to the acquisition of French Shares (or securities representing French Shares) in connection with the settlement or redemption of any Notes.

## AMENDMENTS TO THE GENERAL INFORMATION SECTION

The General Information section on pages 829 to 833 of the Base Prospectus is amended as follows:

- (a) the table under the heading "**17. Capitalization and Medium and Long Term Debt Indebtedness Over One Year of BNPP and the BNP Paribas Group**" on pages 832 and 833 of the Base Prospectus is deleted and replaced with the following:

<b>BNP Paribas consolidated capitalization and medium and long term debt indebtedness over one year</b>		
<b>Group accounting method</b>		
In Millions of Euros	<b>BNP PARIBAS GROUP</b> 31 December 2017 <b>(unaudited)</b>	<b>BNP PARIBAS GROUP</b> 31 December 2016 <b>(audited)</b>
Senior preferred debt at fair value through profit or loss	36,278	36,053
Senior preferred debt at amortised cost	52,154	58,205
<b>Total Senior Preferred Debt .....</b>	<b>88,432</b>	<b>94,258</b>
Senior non-preferred debt at amortised cost	10,964	0
<b>Total Senior Non-Preferred Debt</b>	<b>10,964</b>	<b>0</b>
Redeemable subordinated debt at amortised cost	13,357	12,341
Undated subordinated notes at amortised cost	1,593	1,627
Undated participating subordinated notes at amortised cost	222	222
Redeemable subordinated notes at fair value through profit or loss	122	162
Perpetual subordinated debt at fair value through profit or loss <sup>1</sup>	669	588
Preferred shares and equivalent instruments	8,172	8,430
<b>Total Subordinated Debt</b>	<b>24,135</b>	<b>23,370</b>
Issued capital	2,498	2,494

<sup>1</sup> Carrying amount of cash, of which the amount eligible for Tier 1 is EUR162 million in 2016 and 2017.



Additional paid-in capital	24,553	24,454
Retained earnings	59,861	55,754
Unrealised or deferred gains and losses attributable to Shareholders	3,130	6,169
<b>Total Shareholders' Equity and Equivalents (net of proposed dividends)</b>	<b>90,042</b>	<b>88,871</b>
<b>Minority interests (net of proposed dividends) .....</b>	<b>5,127</b>	<b>4,431</b>
<b>Total Capitalization and Medium-to-Long Term Indebtedness</b>	<b>218,700</b>	<b>210,930</b>

- (b) by the insertion of a new sub-section immediately beneath the sub-section "**18. Events impacting the solvency of BNPP**" on page 833 of the Base Prospectus as follows:

**"19. Declaration concerning the unaudited results of BNP Paribas for the periods ending 31 December 2017**

The statutory auditors have audited the financial statements of BNP Paribas for the years ended 31 December 2015 and 31 December 2016. They have also reviewed the condensed interim consolidated financial statements of BNP Paribas as of and for the six month period ended 30 June 2017. The French statutory auditors carry out their engagements in accordance with professional standards applicable in France.

In relation to the press release published by BNP Paribas on 6 February 2018 on its 2017 annual results and fourth quarter 2017 results, in application of the paragraph 8.2 of the ANNEX XI to the COMMISSION REGULATION (EC) N° 809/2004, BNPP has made the following statements:

- (a) BNP Paribas approves this information;
- (b) the statutory auditors have agreed that this information is substantially consistent with the final figures to be published in the next annual audited financial statements; and
- (c) this financial information has not been audited."

## **RESPONSIBILITY STATEMENT**

I hereby certify, having taken all reasonable care to ensure that such is the case that, to the best of my knowledge, the information contained in this Second Supplement is in accordance with the facts and contains no omission likely to affect its import.

BNP Paribas  
16 boulevard des Italiens  
75009 Paris  
France

Represented by Alain Papiasse  
in his capacity as Deputy Chief Operating Officer

Dated 15 February 2018

In accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement général*) of the French *Autorité des marchés financiers* ("AMF"), in particular Articles 212-31 to 212-33, the AMF has granted to this Second Supplement the visa n°18-042 on 15 February 2018. This Second Supplement has been prepared by BNP Paribas and its signatories assume responsibility for it. In accordance with Article L. 621-8-1-I of the French *Code monétaire et financier*, the *visa* has been granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information in it is coherent". The *visa* does not imply that the AMF has verified the accounting and financial data set out in this Second Supplement and it does not mean that any financial transactions that may be issued pursuant to the Base Prospectus (as amended by the First Supplement and this Second Supplement) have been granted approval by the AMF. This *visa* has been granted subject to the publication of Final Terms in accordance with Article 212-32 of the AMF's General Regulations, setting out the terms of the securities being issued.