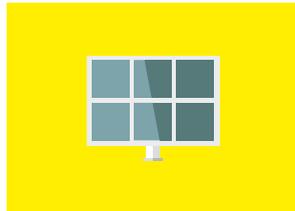


+
**MORE
ACCESSIBLE
INSURANCE**
2018 BUSINESS REPORT



**BNP PARIBAS
CARDIF**

The insurer for
a changing world

“We are accelerating our transformation to be **CLOSER** to the needs of our customers and bring them even **MORE INNOVATIVE** solutions. We create **BOLD** services by working directly with our partners. We have forged increasingly close relationships with our partners since the founding of our company, teaming with them to explore new geographies, new approaches to business and new technologies. This unique approach to our business and the strength of our partnership-based model enable us to pursue the ambitious, future-facing mission we have set for ourselves: make insurance accessible to the **LARGEST POSSIBLE NUMBER** of people. Our commitment to playing a **USEFUL** role in society figures at the core of our strategy. We have multiplied our initiatives to create a positive impact and we unify individual energies behind collective goals to make sure that the largest possible number of people enjoy access to the benefits of insurance.”

Renaud Dumora,
Chief Executive Officer

A UNIQUE MODEL

PARTNER

Through our unique partnership model, we co-create customised insurance solutions with distribution partners in a wide variety of industries to meet the needs of their customers.

ENTREPRENEUR

Inspired by our entrepreneurial spirit, we continually adapt to seize new growth opportunities with energy, pragmatism and initiative.

EXPERT

Our teams are composed by specialists in personal protection insurance and savings, business, organisation and share their expertise with our distribution partners. Our in-depth knowledge of their industries and our extensive expertise in actuarial and data science enable us to provide their customers with targeted, innovative and relevant solutions.

WORLD LEADER IN CREDITOR INSURANCE⁽¹⁾

10,000
EMPLOYEES⁽²⁾

500
DISTRIBUTION
PARTNERS

35
COUNTRIES

100
MILLION
POLICYHOLDERS



(1) Source: Finaccord.

(2) Permanent employees in France and international entities, excluding entities consolidated under the equity method and non-consolidated entities: 9,750.

+

AN AGILE TRANSFORMATION

To adapt to fundamental shifts in behaviours, as well as major economic and regulatory changes, and to ensure that we have a resolutely positive impact, we must reinvent ourselves and challenge the way we think and do things. This is why we initiated a profound transformation underpinned by an ambitious strategy for 2020: Cardif Forward.



A STRATEGIC PLAN TO CREATE THE INSURANCE OF TOMORROW

We aim to be an agile and useful partner by proposing the right solutions to the right customers at the right time, via the right channel. The five pillars of our Cardif Forward plan will enable us to achieve these objectives.

- Transform data into value for partners and customers** by applying our expertise to unlock the value in the data we gather, in order to benefit our policyholders.
- Create new customer experiences** by proposing à la carte services and personalised offers.
- Affirm our position as an innovative, human-centric company**, by continually training our staff and by placing priority on open innovation. We are also capitalising on our entrepreneurial capabilities to continue to deploy our diversified model and thus **sustain our growth**. Lastly, it is essential that we **maintain our profit margins and balance our risks** to ensure our future development.

Thanks to our Cardif Forward initiative:

- We can better anticipate changes in lifestyles, markets and regulatory frameworks. We can thus concentrate our solutions on those who need them while maintaining growth momentum.
- We can more rapidly integrate new technologies and new uses in our businesses. This enables us to deliver high-quality service and contribute to the competitiveness of our partners.
- We can apply a more integrated approach to collaborations with our partners to better meet the needs and expectations of their customers.



A MORE USEFUL TRANSFORMATION

In Japan, we improved the customer experience by introducing an online medical questionnaire that enables immediate approval of a creditor insurance policy application. This solution is already used by 18 partners.

BNP Paribas retail banking branches in France benefit from a personal protection insurance simulator called "Ma Découverte Prévoyance" designed to help branch officers propose protection products adapted to the profile of their customers. Since the launch, 115,000 simulations have been run.

Colombia has developed a business intelligence site to analyse portfolios and motivate sales teams by equipping advisors with a mobile application that displays key figures for their activity, as well as performance by colleagues in real time. Some 3,000 salespeople have already adopted the app.

AN ENGAGED EXECUTIVE COMMITTEE TO LEAD OUR TRANSFORMATION

Our teams are actively mobilised, supported by the leadership of an executive team fully committed to driving transformations and deploying Cardif Forward at every level of the organisation. Our executive team brings the diversified range of recognised expertise and a resolutely entrepreneurial spirit that are essential to the successful management of an innovative business.

From left to right

➤ **Murielle Puron Chambord**
Chief Financial Officer

➤ **Renaud Dumora**
Chief Executive Officer

➤ **Sophie Joyat**
Director of Human Resources

➤ **Francisco Valenzuela**
Chief Executive Officer of Latin America



From left to right

➤ **Carine Lauru**
Director of Communications

➤ **Stanislas Chevalet**
Deputy Chief Executive Officer, Transformation & Development

➤ **Pauline de Chatillon**
Chief Compliance Officer

➤ **Virginie Korniloff**
Deputy Chief Executive Officer, Domestic Markets



From left to right

➤ **Bernard Bolle-Reddat**
Chief Risk Officer

➤ **Olivier Héreil**
Deputy Chief Executive Officer, Asset Management



➤ **Jean-Bertrand Laroche**
Deputy Chief Executive Officer, International Markets

➤ **Isabella Fumagalli**
Director of Italy



From left to right

➤ **Fabrice Bagne**
Director of France

➤ **Pauline Leclerc-Glorieux**
Deputy Chief Executive Officer, Efficiency, Technology & Operations

➤ **Vincent Sussfeld**
Chief Actuary

➤ **See See Ooi**
Chief Executive Officer of Asia



CLOSER TO THE NEEDS OF OUR PARTNERS AND THEIR CUSTOMERS



PARTNERSHIP-DRIVEN COLLABORATION

To better serve policyholders we work with the businesses that engage with them each day our distribution partners. We build a strong and lasting relationship with each of them anchored in **mutual confidence and attentive listening**. These relationships enable us to co-create custom-tailored solutions with them and optimise the customer experience. For example, purchasing journeys have today become multiform and multichannel, making it increasingly complex to identify the right time and how to best propose an insurance solution. We tap into the expertise

of our partners to precisely analyse the journey of their customers. By pooling our strengths we can then propose **useful products that are effectively marketed**. In a changing world, this partnership-driven collaboration is more than ever a key factor for differentiation and performance. This approach has let us build strong positions in protection insurance in a significant number of countries and made us no. 1 worldwide in creditor insurance and bancassurance (source: Finaccord).

Our competitive difference comes from a business model that is unique in the insurance industry. The strength of this model lies in the direct relationships we forge with our distribution partners as we co-create products and services. This enables us to develop truly useful methods and solutions aligned with the needs of policyholders and local contexts.



DISTRIBUTION PARTNERS IN AN EXTENSIVE RANGE OF INDUSTRIES

We work with distributors on three continents in a widely diverse range of business sectors. Some are in banking, finance and credit. Others in automobiles, retail, energy or telecommunications. Whether they are small, agile organisations or global corporations that are leaders in their markets, **we share the same ethics and high values**, applying demanding quality standards and a shared approach to sound risk management.

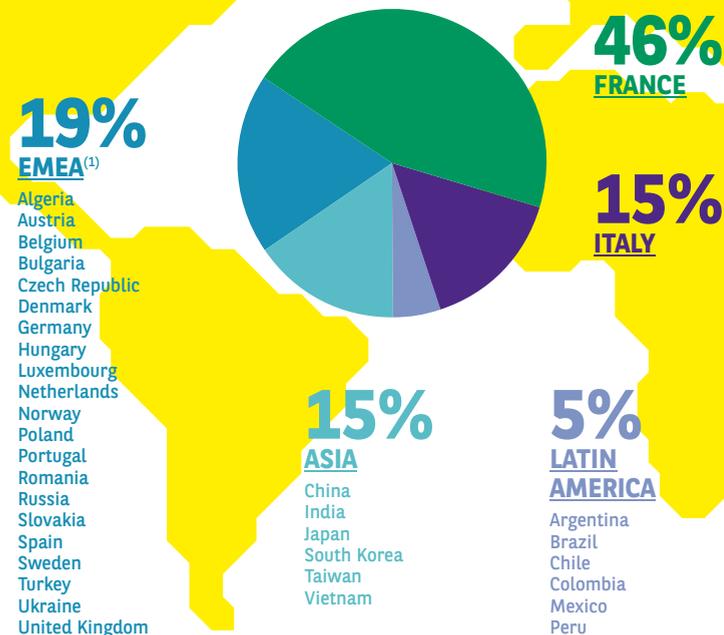
STRATEGY ADAPTED TO LOCAL CONTEXTS

We adapt our global partnership model to **align as closely as possible with the realities of local markets and lifestyles**.

- When European bancassurance markets show little growth headroom in certain insurance segments we expand our range and diversify our distribution channels.
- In Asia, a region with substantial development potential, we team with leading local banks to seize growth opportunities.
- Because 70% of Latin Americans do not have insurance, we work with over 200 local partners to develop bancassurance and retail insurance products for them.



Gross written premiums by geography



(1) Europe, Middle East, Africa.



AN EXTENDED PORTFOLIO OF OFFERS AND SERVICES

Building stronger positions in the French property and casualty insurance market.

Thanks to Cardif IARD, a joint venture with the Matmut group, we have strengthened our position in the French market for property and casualty insurance. By 2020 we aim to provide insurance cover for 12% of BNP Paribas French retail banking customers.

To address their fundamental needs we have created a range of six policies, five of which were introduced in 2018: comprehensive homeowner, car, school, student and motorcycle insurance. A legal insurance policy will be added to the range in 2019.

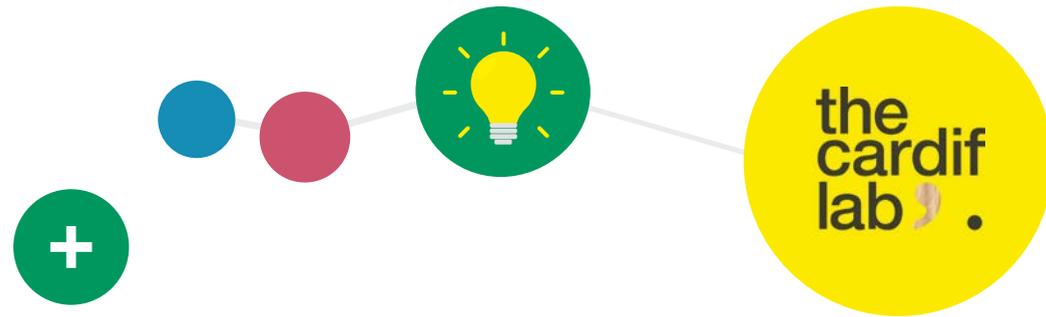
Life insurance launched with a leading banking partner in Japan.

In 2017, to consolidate our presence in Japan we teamed with Sumitomo Mitsui Trust Bank, one of the country's leading banks. This partnership began to bear

fruit in 2018 when we introduced a new simple and easy to understand insurance called Life Cycle Plan. Individuals simply choose the types of protection best matched to their needs from one of the five ranges available and can easily change their cover options when their needs change.

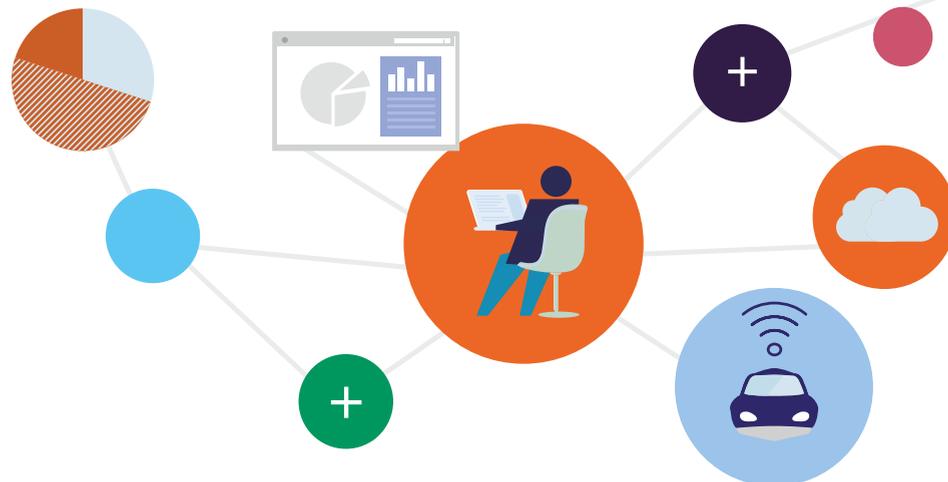
Support for professional inclusion.

In Colombia, to provide more support for our customers, BNP Paribas Cardif now offers all policyholders a service to help them return to employment should they lose their job. This program includes professional training to boost their employability and consulting to help identify career opportunities. Our recruitment experts also liaise with them via Skype to coach them before job interviews and discuss their outlook in the job market.



MORE INNOVATIVE AND BOLDER SOLUTIONS

Innovation figures at the heart of our insurance business. By exploring new territories, we regularly create forward-facing solutions and services. Our innovation is guided by three pillars: adaptability, collaboration and openness.



A CREATIVE ECOSYSTEM

To invent the insurance of tomorrow and deploy game-changing initiatives we have established a fully-fledged creative ecosystem:

- we recruit new talents and train our teams to drive change in our business;
- we are transforming our organisation, adapting to new work methods, processes and tools;
- we are building a network of collaborations on an international scale with a variety of key external actors, including academics and startups.

This approach has led us to rethink our Cardif Lab'. Initially designed to encourage our teams to engage with the digital transformation, the Cardif Lab' has evolved into a powerful accelerator for transformation. It supports staff in moving forward with innovative projects by providing methods, tools and expertise.

Digital provides a rich and promising realm for identifying innovation paths. We are actively exploring the possibilities of new digital solutions, particularly in two areas that harbour considerable potential:

- artificial intelligence (AI), which has tremendous scope for applications in our market, particularly to develop prevention solutions and improve the customer experience thanks to more personalised services;
- "platformisation", which consists in serving our customers wherever they are, in particular when they are connected to other platforms, via IT interfaces that render the exchange of information more fluid as APIs (application programming interfaces).

Through our C. Entrepreneurs fund we have invested in OpenLegacy, a startup that supports large bancassurance firms generate APIs.

“

Our approach to innovation is extremely methodical and structured, with an emphasis on design thinking and lean startup methodologies. This allows us to limit risks while testing new types of activities.”

Nathalie Doré,
Chief Digital
& Transformation Officer



SUPPORT FOR STARTUPS

C. Entrepreneurs identifies talent! Our C. Entrepreneurs investment fund has proved to be a very effective innovation accelerator since its creation in 2016. C. Entrepreneurs supports startups whose solutions can improve the customer experience in the insurance sector. Its portfolio includes companies such as Stratumn, which applies blockchain technology to secure exchanges and heighten data confidentiality. In January 2019 this nascent enterprise was named "Fintech Startup of the Year" by the Finance Innovation competitiveness cluster.

ANALYTICS AT THE HEART OF INNOVATION

Exploiting the full potential of data must scrupulously respect ethics and confidentiality. This is the responsibility of our analytics managers and data scientists. We are recruiting and training a growing number of these specialists in order to accelerate innovation. Using algorithms, they transform data into quality products and services. This value found in data can be used, for example, to better manage claims processing, a key moment in the customer experience. In 2018, we launched several projects designed to automate the analysis of supporting documents sent by policyholders. Such initiatives aim to turn machines into virtual assistants able to prepare files in record time.



INVESTING IN OPEN SOURCE

Scikit-learn, a source of inspiration for our data scientists.

In September 2018 we joined the scikit-learn consortium launched by Inria (the French Institute for research in computer science and automation) to promote the free software machine learning library scikit-learn. Dedicated to statistical learning and a reference in the data science ecosystem, the open source scikit-learn software is widely employed by our experts. By joining the consortium we are contributing to its growth and supporting the open source software development.

75%

LESS PROCESSING TIME
for claims documents for our pilot processes

1

DATA SCIENCE PLATFORM
The Domino industry platform provides international scope to facilitate monitoring of our operational models and their integration in our information systems

+30

IMPROVEMENT IN NPS (Net Promoter Score)
for the online subscription process for the "Atout Emprunteur" creditor insurance policy since the end of 2016

over 60

ANALYTICS MANAGERS AND DATA SCIENTISTS
on our teams

80%

OF PROCESSES
automated in 2022



DATA LAB EXPANDS SCOPE

Our strategy centres on 3 priorities: guarantee the quality of data, protect data, and unlock the value of data. **The Data Lab figures at the hub of this strategy as our centre of expertise dedicated to creating and applying algorithms.** In addition to this centre of expertise, we field local analytics managers to transform data into value for our partners and their customers.

PARTNERSHIP WITH THE ÉCOLE POLYTECHNIQUE

to train our analytics managers

“The Domino data science industry platform is at the heart of our strategy for accelerating the analysis and application of data.”
Michael de Toldi,
Chief Analytics Officer

THREE AREAS IN WHICH WE ARE INVESTING



AUTOMATIC DOCUMENT PROCESSING
This is a major priority since each year we process more than 100 million supporting documents for claims!



NATURAL LANGUAGE PROCESSING
Our programs will be able to automatically route requests received by email, chat or telephone, enabling us to answer our customers more rapidly.



DYNAMIC PRICING
Working with one of our retail chain partners we will soon be selling insurance with a price that will be automatically adjusted to market conditions.



CONTRIBUTE MORE TO SOCIETY

We are committed to conducting our business activities responsibly, and to having a positive impact in all the host countries where we operate is a strategic priority. We are committed to increasing the sustainable value of our development by making insurance beneficial for society and the economy. This is how we contribute to progress for our distribution partners, our customers, our employees and, more broadly, for all society as a whole.



COMMITTED TO CUSTOMERS

We use clear language in our policies, we have increased the age limits for creditor insurance, and we have reduced exclusions. Through initiatives such as these **we work to make insurance accessible to the largest possible number of people**. We are also continually attentive to making insurance accessible to segments of the population who have been excluded in the past, notably people suffering from diseases such as coronary disease, or people with limited financial resources.

By adding personalised services in our policies **we provide greater assistance and contribute to prevention**. In Taiwan, for example, we introduced a service in 2018 that sends agents to the homes of policyholders with disabilities to help them fill in the claim declaration.

Enriching our offers and improving the experience for policyholders are top priorities. We are committed to making the customer experience simpler and more fluid. To do this we have already set up an indicator in 23 countries to measure the added value of our products and services, providing invaluable feedback to continually improve our offers.

92/100 GENDER PAY GAP INDEX

Our score, calculated in compliance with French legislation, reflects BNP Paribas Cardif's longstanding commitment to gender equality in the workplace.

€ 1 MONTHLY COST OF ACCIDENTAL DEATH MICROASSURANCE

marketed in Chile with our partner Caja de los Andes for low-income Chilean households.

COMMITTED TO OUR EMPLOYEES

We encourage well-being in the workplace. We are attentive to quality of life in the workplace. In Turkey, for example, we introduced the Flexbox programme called, which enables staff to choose from a range of benefits according to their needs.

We encourage diversity and equality in the workplace. We fight against all forms of discrimination. In France we regularly organise conferences about diversity to heighten awareness among managers and staff of the importance of fighting exclusion. Our Executive Committee is exemplary as well, counting 50% women.

We prepare our staff for tomorrow's in-demand skills by developing training in essential areas for the future.



TRAINING

Training in tomorrow's skills with SKILL UP.

Launched in June 2018 with General Assembly⁽¹⁾, this training programme supports the career growth of our employees by enabling them to enhance their expertise or reskill by learning new competencies. By 2022 some 1,000 employees will be trained in some of the most in-demand skills for tomorrow, such as analytics, data science or UX design. Consistent with our positioning as the "insurer partner", we also plan to make this training available to our partners' teams.

⁽¹⁾ A pioneer in professional education and career management.



COMMITTED TO THE PLANET

We are increasing our green investments.
In 2018 we invested in the Land Degradation Neutrality fund, which finances projects to restore degraded land and support local agricultural communities by promoting ecologically responsible agriculture. Through the initiatives led by this fund, we are contributing to the reforestation of 90 square kilometres of land in Peru as part of a program to develop coffee plantations.

We support the fight against climate change. In Italy, for example, we help customers equip or renovate their homes to improve energy efficiency by proposing a free year of homeowner insurance. Our commitment extends to our investments as well. We have invested in the Tera Neva Green Bond, which will fund 14 projects, including offshore wind energy farms at 45 km off the coast of Belgium, that will produce enough energy for 186,000 households. This represents savings equivalent to 200,000 metric tons of CO₂ annually that would have been generated by the use of fossil fuels.



4 SUSTAINABLE GOALS FOR 2020

- **30%** reduction of the energy consumption of the office properties in our investment portfolio in France, representing nearly 660,000 m².
- **10%** reduction of our carbon footprint.
- **100%** of our investment decisions in France, Italy and Luxembourg evaluated against ESG criteria.
- **3.5 billion** euros in green investments (in France, Italy and Luxembourg).



COMMITTED TO CITIZENS

We support a large range of youth initiatives, in particular by facilitating access to quality education. In South Korea we sponsor financial education programmes that reach nearly 200 young people each year.

We invest in social and solidarity economy businesses. In France we are an investor in the NovESS fund, which finances companies active in the social and solidarity economy. The fund will provide financing for **70 businesses** between now and 2022.

We defend human rights and fundamental freedoms in all our host countries. We support initiatives to reduce inequality and encourage inclusion such as the Tangata project, a digital platform designed to facilitate access to information, entertainment and forums concerning disability issues.



10,000 NEW HOUSING UNITS financed via France's FLI, intermediate housing fund to enable families to find **affordable housing** in large French cities.

70 BUSINESSES in the social and solidarity economy will be financed by 2022.



In 2018 Turkey introduced an initiative to promote gender equality. The primary goal is to create an environment where women can support one another for both professional and personal issues. Among the initiatives taken in Turkey are the creation of a "Sisterhood" platform reserved for women, a seminar on personal development, the launch of Back-to-work, Orientation and Mentoring programmes, and the creation of the NewBorn hotline for access to information concerning newborn infants provided by specialist paediatricians. These initiatives are available to all women employed by BNP Paribas Cardif in Turkey.

“A commitment to society is a pillar in our strategy and figures at the very heart of our activities as both investor and insurer.”

Laurence Hontarrede,
Chief CSR and
Strategic Planning Officer

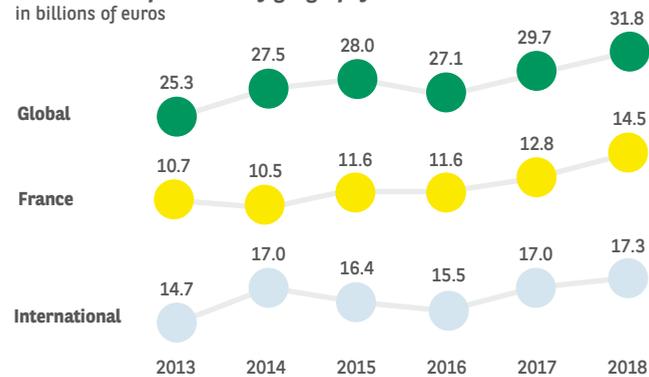


MORE SUSTAINED BUSINESS LEVELS

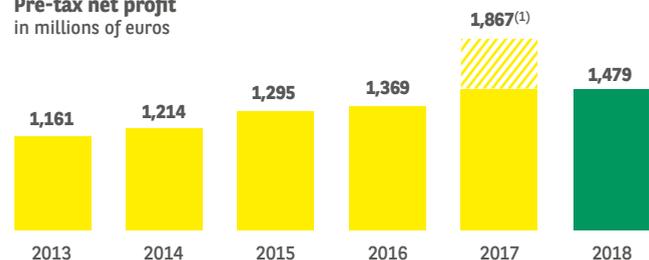
Our development strategy is proving effective, as shown in the growth of our gross written premiums in 2018. The year's results underline increased solidity and a dynamic growth trajectory.

GROWTH TRAJECTORY

Gross written premiums by geography in billions of euros



Pre-tax net profit in millions of euros

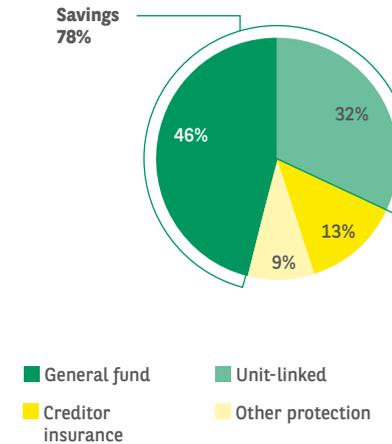


4% CAGR⁽²⁾

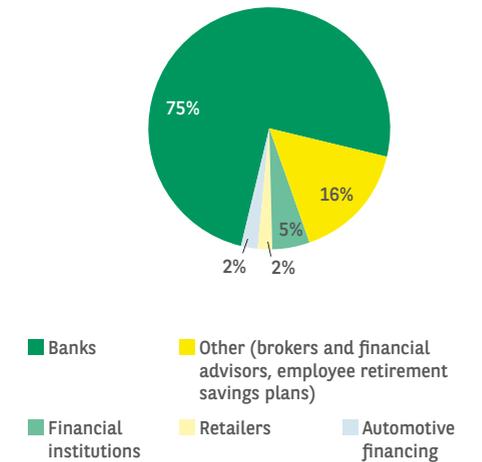
(1) 2017 results include 375 million euros in exceptional gains. (2) Compound Annual Growth Rate between 2013 and 2018.

A DIVERSIFIED MODEL

2018 gross written premiums by product

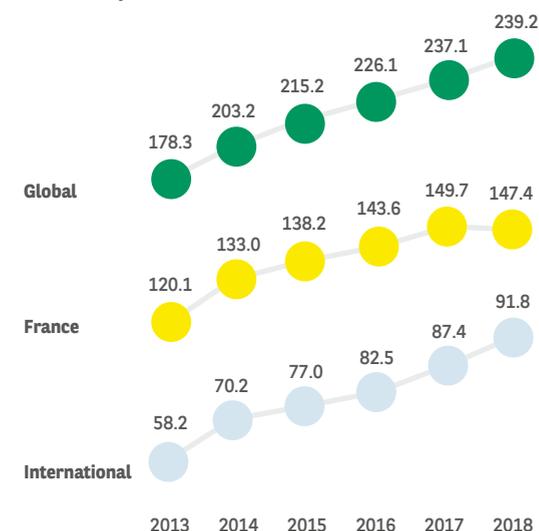


2018 gross written premiums by distributor type

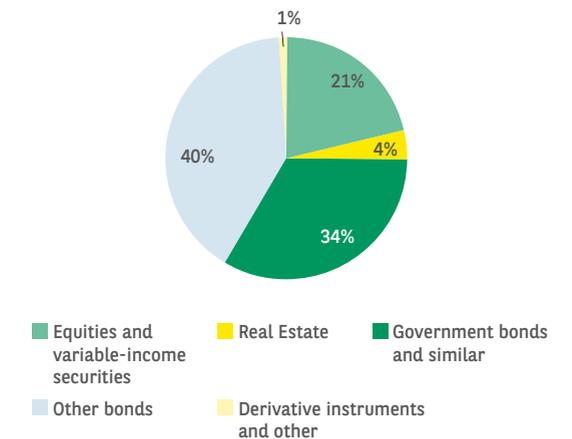


PRUDENT ASSET ALLOCATION

Asset allocation by geography in billions of euros



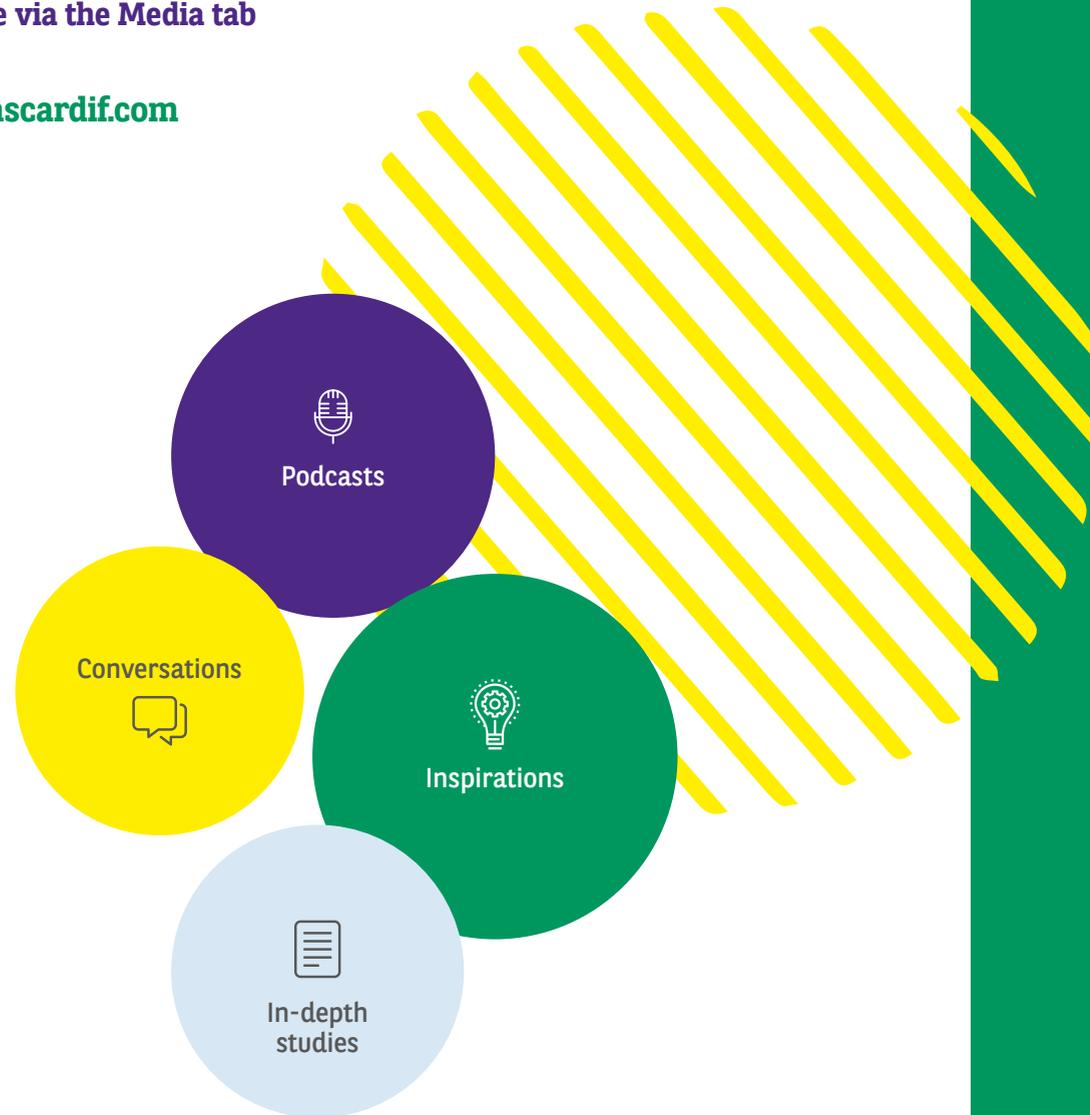
General fund by asset class in percent





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www.bnpparibascardif.com



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