

BNP Paribas reached an agreement with BMO for the sale of Bank of the West

BNP Paribas has reached an agreement with BMO Financial Group for the sale of 100% of its retail & commercial banking activities in the United States conducted through its subsidiary Bank of the West, Inc. for a total consideration of 16.3 billion US dollars in cash (the "Transaction")

The Transaction is expected to formally close during the course of 2022, upon customary condition precedents, including the approval of the relevant antitrust and regulatory authorities.

The total agreed consideration amounts to 16.3 billion US dollars (equivalent to approximately 14.4 billion euros¹), to be paid in cash at closing of the Transaction.

The total consideration represents 1.72 times Bank of the West's Tangible Book Value² and 20.5% of BNP Paribas market capitalisation¹, while Bank of the West has contributed an average of approximately 5% to the Group pre-tax earnings over the last few years.

The Transaction will generate at closing a one-off capital gain (net of taxes) estimated at approximately 2.9 billion euros² and a positive impact on BNP Paribas Group's Common Equity Tier 1 (CET1) ratio of approximately 170 basis points².

In terms of distribution policy to shareholders, the Group intends to make an extraordinary distribution in the form of share buy backs following the closing of the Transaction, to compensate the expected dilution of the Earning per share ("EPS"). As an indication, a share buy-back program of approximately 4 billion euros would fully neutralize the EPS dilution (under current assumptions and based on 17 December 2021 closing share price, that is 56.17 euros)².

Net of these share buy-backs, the increase in the Group's CET1 ratio would be of approximately 110 basis points².

BNP Paribas intends to redeploy the remaining proceeds (equivalent to approximately 7 billion euros in capital release²), over time and in a very disciplined way, with the aim of improving long-term value creation through acceleration of organic growth, in particular in Europe, targeted investments in technologies and innovative business models, and bolt-on acquisitions in value-added businesses.

The Group will present its main strategic axes as part of the full-year 2021 results release on the 8 February 2022 and detail further its 2025 strategic plan in its Investor Day scheduled for the 14 March 2022.

BNP Paribas benefits from a long-term presence in the United-States, and notably a strong Corporate & Institutional Banking franchise, recently reinforced with the development of prime brokerage activities. The terms of the Transaction do not have any significant impact on these businesses. BNP Paribas will continue to consolidate and further develop its activities in the United States, as a strategic pillar to better serve global clients' needs.



To strengthen its global connectivity and reinforce its *One bank* approach, which offers to corporates a seamless access to BNP Paribas' global Corporate Banking platform, the Group will enter into long-term distribution agreements with BMO, BNP Paribas' new partner for the purpose of cross-border cooperation and for the provision of Equipment Finance and Cash Management solutions in North America.

Jean-Laurent Bonnafé, BNP Paribas Group Director and Chief Executive Officer, said: *"This is a value accretive transaction for all sides, which emphasizes the quality of Bank of the West franchise. In the name of BNP Paribas, I would like to deeply thank all Bank of the West teams for their achievements and contributions for the development of the Bank. Moreover, BNP Paribas' set-up in the United States remains a strategic pillar for the development of our Corporate and Institutional franchise. With this transaction, BNP Paribas also reaffirms its commitment to deliver value to all its stakeholders."*

1. As of December 17, 2021 with a EUR/USD exchange rate of 1.13.
2. The preliminary estimation of the impact on Common Equity Tier 1 and on the financial elements was made taking into consideration the financial statements as of September 30, 2021, the latest analysts' consensus and a EUR/USD exchange rate of 1.13. These estimations will vary from the date of this disclosure up to the date of closing of the Transaction due to, among other circumstances and assumptions, changes in the book value, risk weighted assets and financial results of the companies included in the Transaction and changes in the EUR/USD exchange rate.

Goldman Sachs Bank Europe and J.P. Morgan Securities plc served as financial advisors to BNP Paribas SA, also supported by BNP Paribas Corporate Finance, and Sullivan & Cromwell LLP served as legal advisor.

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About BNP Paribas

BNP Paribas is the European Union's leading bank and key player in international banking. It operates in 68 countries and has more than 193,000 employees, including nearly 148,000 in Europe. The Group has key positions in its three main fields of activity: Retail Banking for the Group's retail-banking networks and several specialised businesses including BNP Paribas Personal Finance and Arval ; Investment & Protection Services for savings, investment and protection solutions ; and Corporate & Institutional Banking, focused on corporate and institutional clients. Based on its strong diversified and integrated model, the Group helps all its clients (individuals, community associations, entrepreneurs, SMEs, corporate and institutional clients) to realise their projects through solutions spanning financing, investment, savings and protection insurance. In Europe, BNP Paribas has four domestic markets: Belgium, France, Italy and Luxembourg. The Group is rolling out its integrated retail-banking model across several Mediterranean countries, Turkey, Eastern Europe as well as via a large network in the western part of the United States. As a key player in international banking, the Group has leading platforms and business lines in Europe, a strong presence in the Americas as well as a solid and fast-growing business in Asia-Pacific.

About Bank of the West

Headquartered in San Francisco, Bank of the West operates more than 500 branches and offices in 24 states (primarily in the Western and Midwestern parts of the United States), employs more than 9,000 team members, and serves nearly 1.8 million customers. As of June 2021, Bank of the West has a deposit market share of approximately 3% in the top three states (California, Colorado, and Oregon), which account for over 80% of its deposits. Bank of the West markets a very broad range of retail banking products and services to individuals, small businesses and corporate clients. It also has strong positions across the United States in several specialised financing activities, such as marine, recreational vehicles, and agribusiness. To learn more about Bank of the West, visit *About Us* via BankoftheWest.com.



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