



BNP Paribas
**European Leader With Strong Capital
Generation Capacity**

September 2015



BNP PARIBAS | The bank for a changing world.

Disclaimer

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

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Overview



Progressive recovery of the Eurozone economy



Strong operating performance in 1H15



Strong solvency and capital generation capacity



Progressive Recovery of the Eurozone Economy

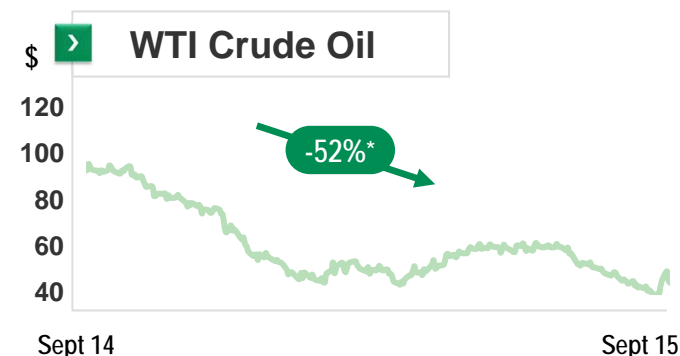
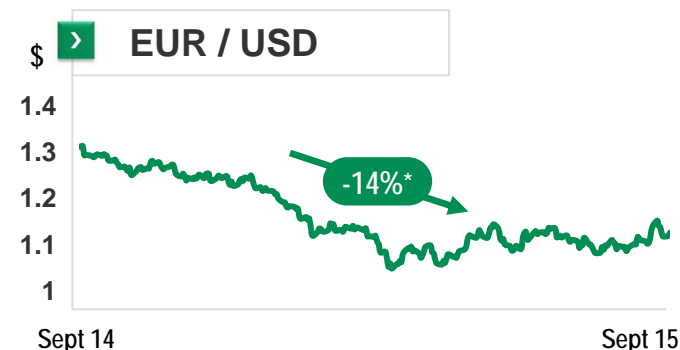
Strong Operating Performance

Strong Solvency and Capital Generation Capacity



Eurozone Economic Outlook

- Positive macro factors for the EU economy in 2015
 - Depreciation of the Euro vs. USD to benefit exporting European corporates
 - Drop in oil price should translate into higher disposable income for households and lower charges for corporates (IMF estimated benefit: ~+0.5% GDP)
- Non-conventional measures by the ECB to re-launch economic growth
 - TLTRO: massive additional liquidity favouring credit development in the Eurozone
 - Quantitative Easing started on 9 March 2015
 - Resulting in prolonged very low interest rates which will be favourable for investments
- The “Juncker Plan”: a €315bn investment plan
 - Allocated to long-term investments & SMEs/Mid-caps



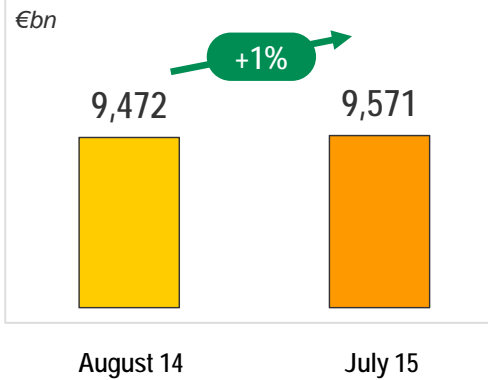
Positive factors supporting economic recovery in Europe

* 1 Sept 2015 vs. 1 Sept 2014

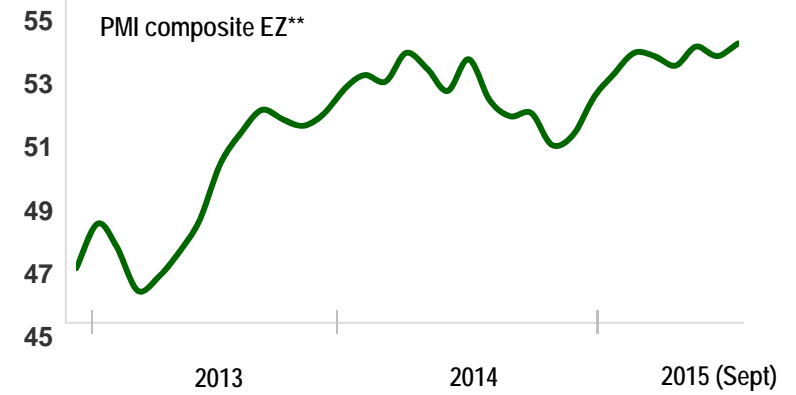


Eurozone Macroeconomic Indicators

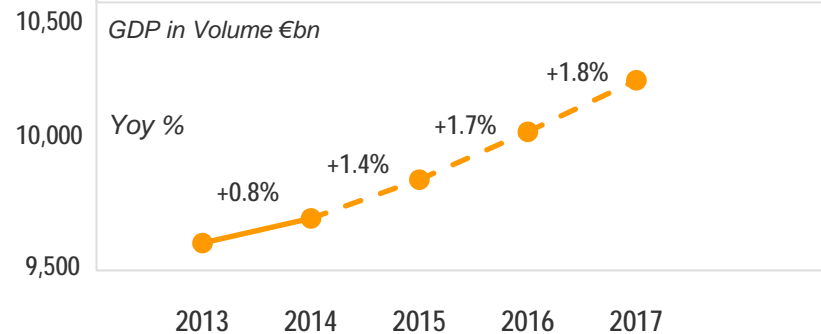
> Eurozone lending*



> Confidence indicators



> ECB growth forecast for Eurozone GDP



> Confidence indicators pointing towards stronger EZ growth

* Lending from banks to non-financial corporates and households, source: ECB ; ** PMI composite new orders Eurozone (Markit)



Progressive Recovery of the Eurozone
Economy

Strong Operating Performance

Strong Solvency and Capital Generation
Capacity



1H15 Key Messages

- **Rise in revenues in all the operating divisions**

- Significant growth at IFS and CIB
- Continued increase in Domestic Markets
- Positive impact of acquisitions made in 2014

**Revenues of the operating divisions:
+13.0% vs. 1H14**

Significant growth of the gross operating income

**GOI of the operating divisions:
+16.7% vs. 1H14**

Very strong net income

**Net income Group share: €4,203m
(+14.1% excluding one-off items)**

Solid increase of the Basel 3 CET1 and leverage ratios*

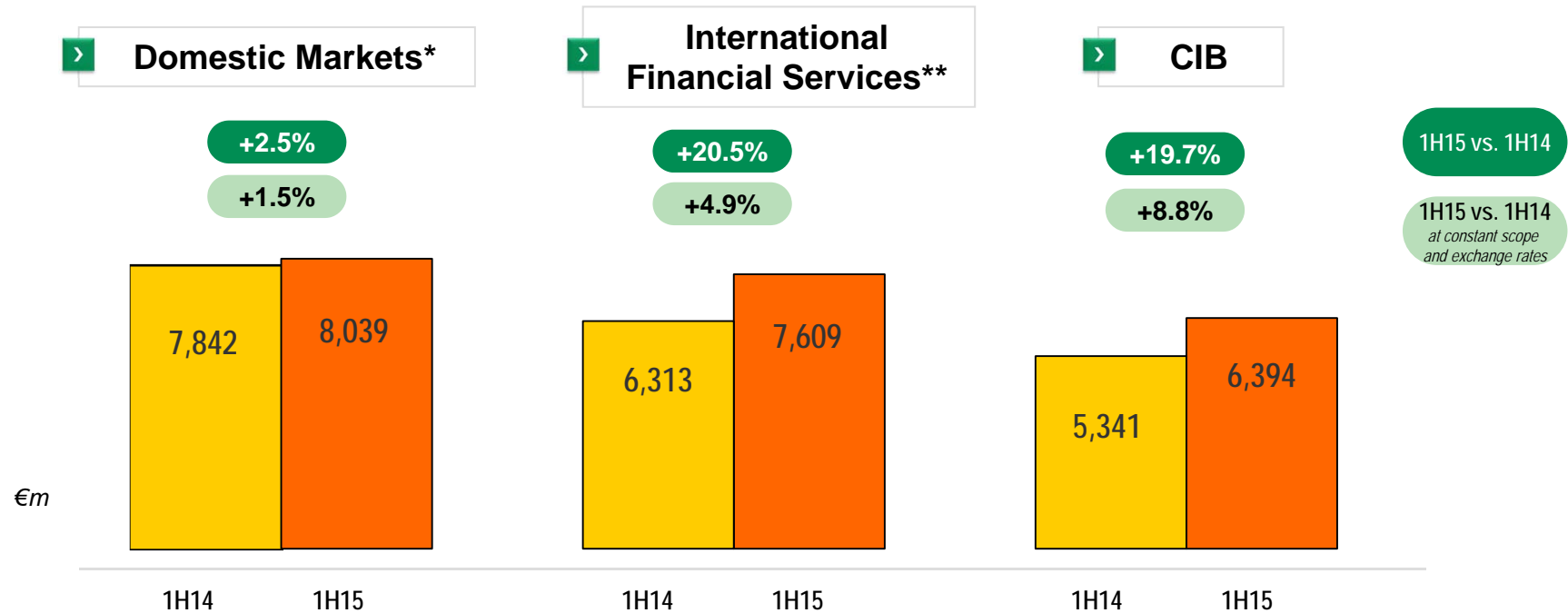
**CET1 ratio: 10.6%
Leverage ratio: 3.7%**

**Solid organic capital generation
Annualised ROE excluding exceptional items: 10.1%**

** As at 30 June 2015, CRD4 ("fully loaded" ratio)*



1H15 Revenues of the Operating Divisions



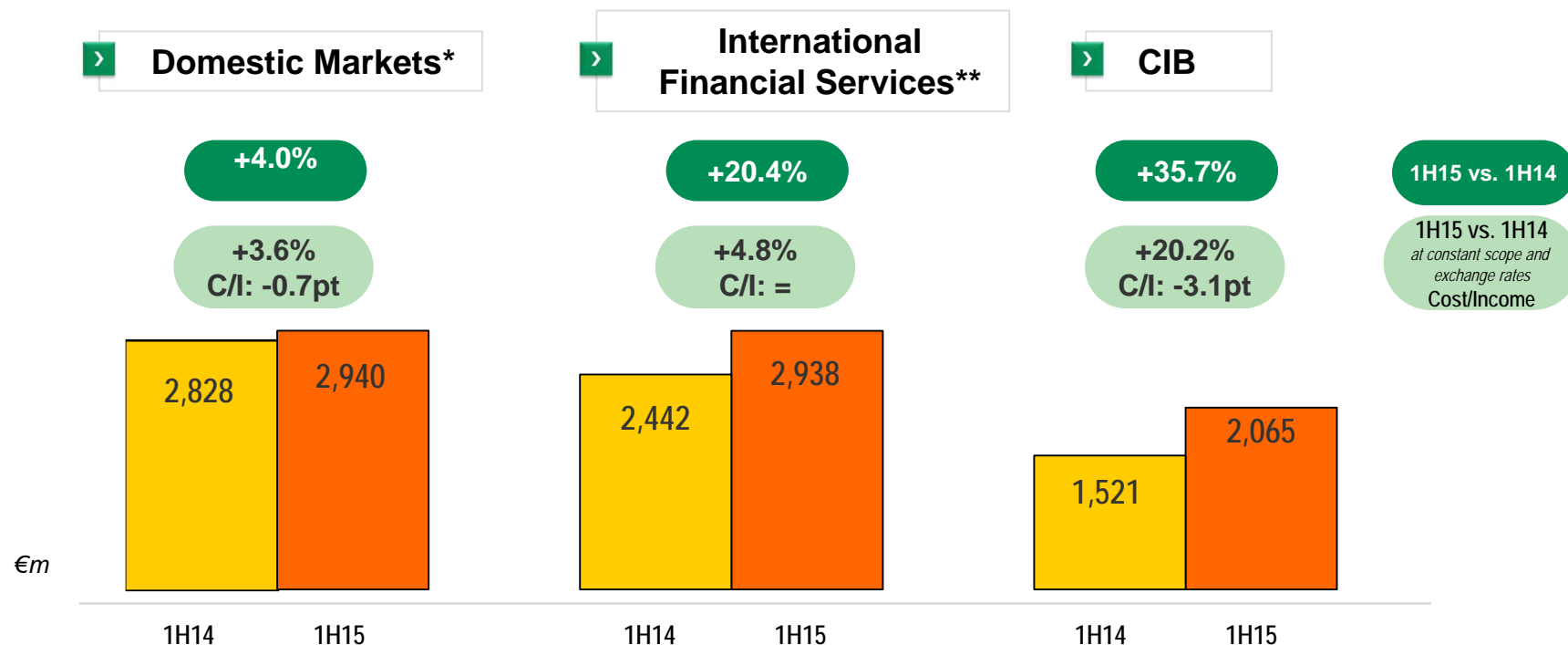
- Impact of acquisitions made in 2014 and significant foreign exchange effect

Rise in revenues in all the operating divisions

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



1H15 Gross Operating Income of the Operating Divisions



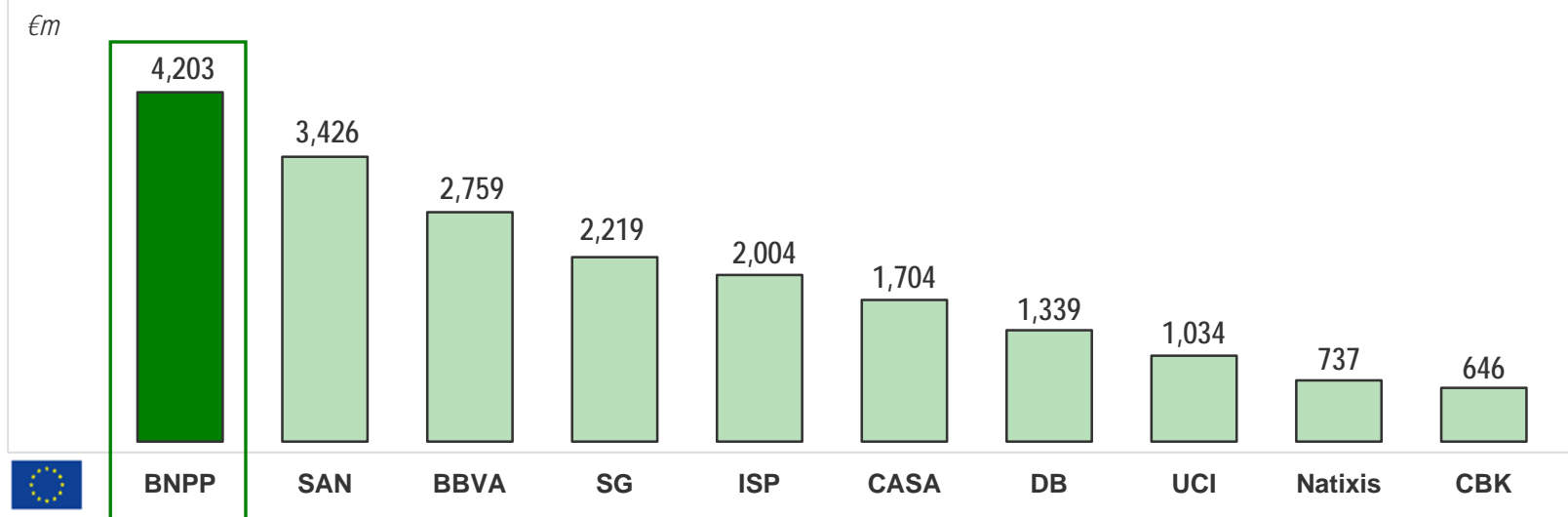
GOI growth and cost/income improvement in the operating divisions

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



Strong Underlying Profitability (1/2)

> 1H15 Net Income attributable to equity holders

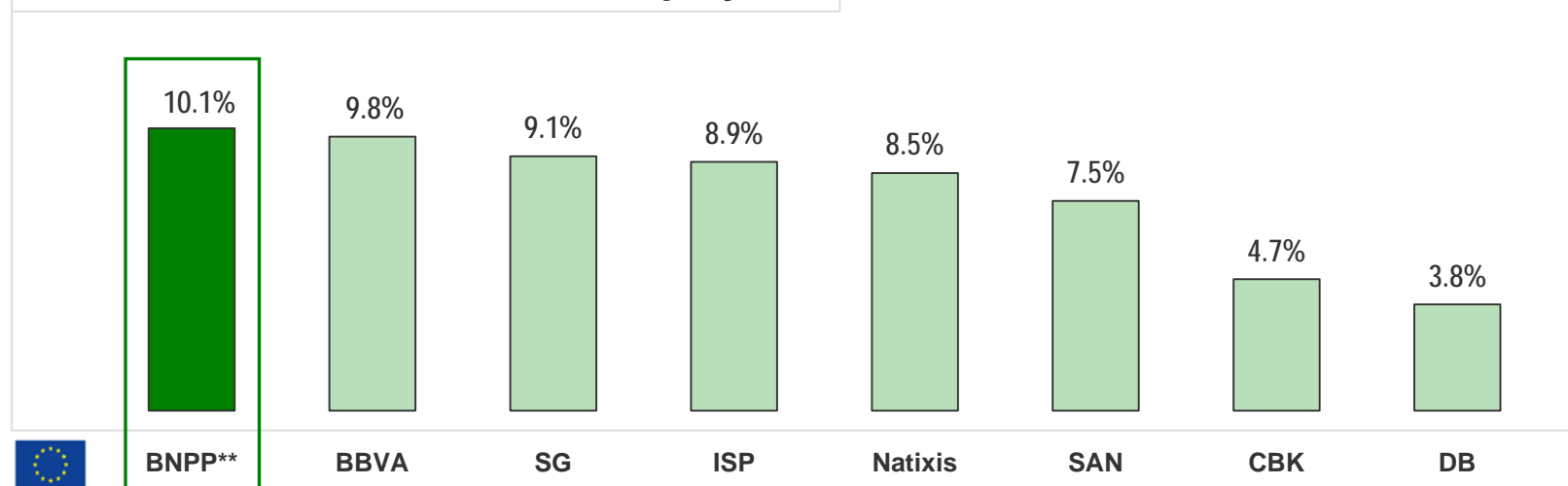


> **Very good profit generating capacity**



Strong Underlying Profitability (2/2)

> 1H15 Annualised Return on Equity*



- BNPP's Return on Tangible Equity: 12.3%**



Best in class RoE

* As disclosed by banks ; ** Excluding positive contribution of the exceptional items

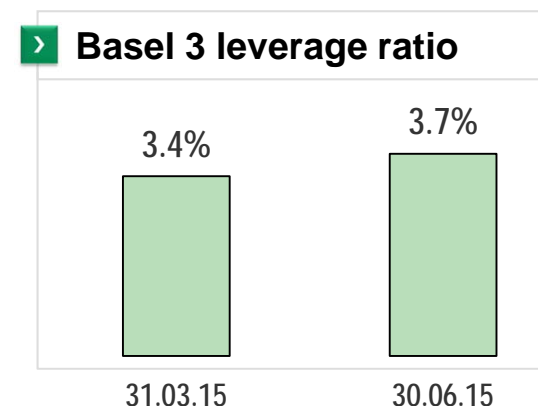
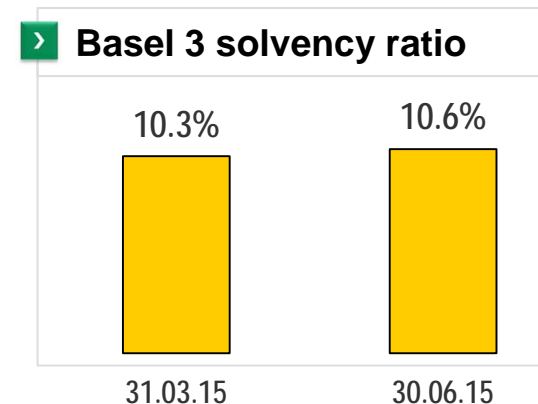


Financial Structure

- Fully loaded Basel 3 CET1 ratio*: 10.6% as at 30.06.15 (+30 bp vs. 31.03.15)
 - 2Q15 results after taking into account a 45% dividend pay-out: +20 bp
 - Reduction of risk-weighted assets, notably the exposure to counterparty risks: +10 bp**
 - Limited foreign exchange and interest rate effects on the ratio

- Fully loaded Basel 3 leverage ratio***: 3.7% as at 30.06.15 (+30 bp vs. 31.03.15)
 - Reduction of the leverage exposure in capital market activities

- Immediately available liquidity reserve: €290bn**** (€291bn as at 31.12.14)
 - Amounting to ~165% of short-term wholesale funding, equivalent to over 1 year of room to manoeuvre



> Solid organic capital generation

* CRD4; ** Excluding interest rate and foreign exchange effects; *** CRD4, calculated according to the delegated act of the European Commission dated 10.10.2014 and calculated on total Tier1 capital including the forthcoming replacement of Tier 1 instruments that have become ineligible with equivalent eligible instruments and using value date for securities transactions; **** Deposits with central banks and unencumbered assets eligible to central banks, after haircuts



Progressive Recovery of the Eurozone
Economy

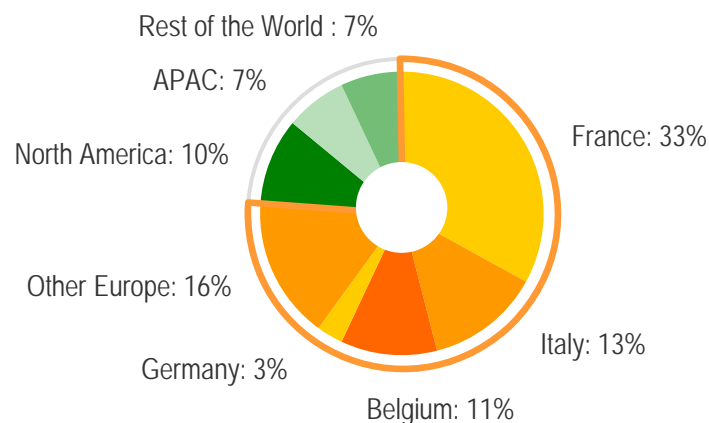
Strong Operating Performance

**Strong Solvency and Capital Generation
Capacity**

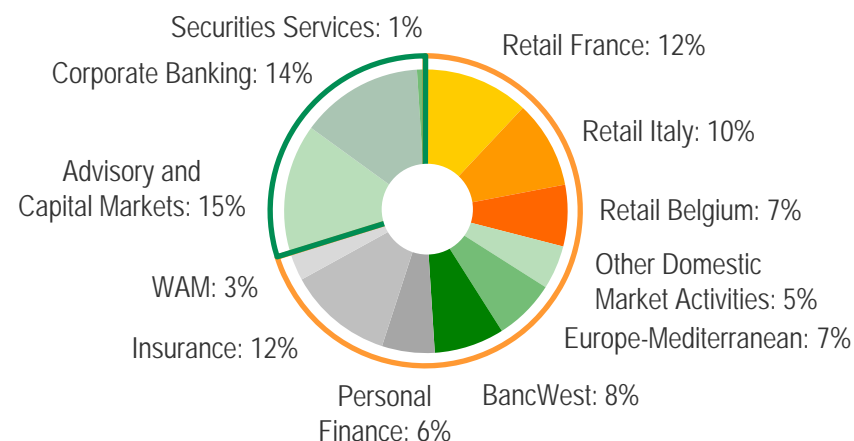


An Integrated Business Model Resulting in Strong Diversification

> 2014 Revenues by geography



> 2014 Allocated equity* by business



- A balanced business model: a clear competitive advantage in terms of revenues and risk diversification
 - Mostly in wealthy markets (>85%)
 - Revenues well spread among countries and businesses with different cycles
 - No single business line weighing more than 15% of allocated equity

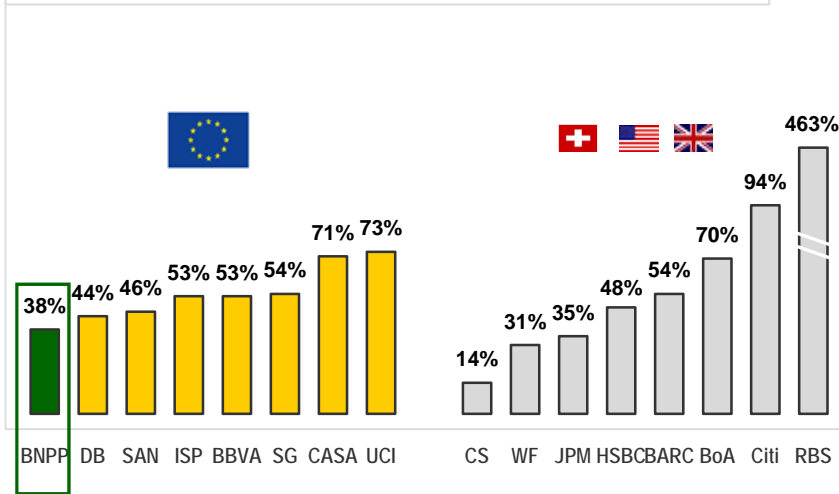
> **A well balanced business model**
A clear competitive advantage for earnings capacity

* Operating divisions



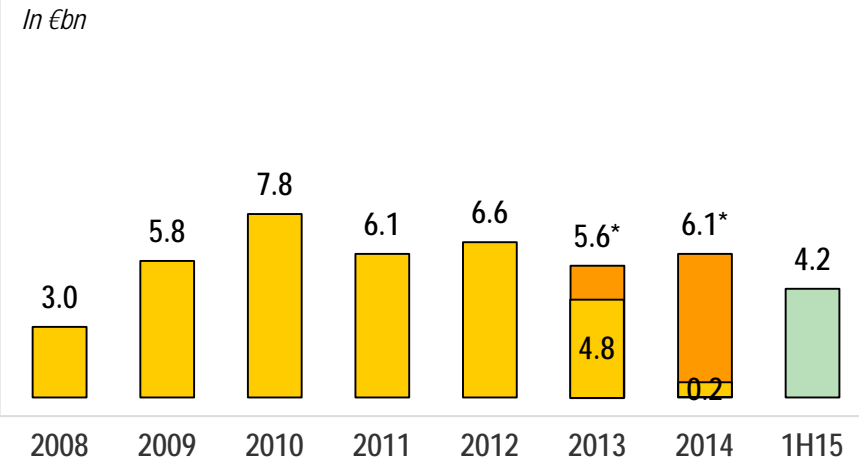
Leading to Recurrent Profitability Through the Cycle

> **Cost of Risk/Gross Operating Income 2008-2014**



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

> **Net Income Group Share 2008-1H15**



- Recurrent earnings generation through the cycle
 - Thanks to diversification
 - Strong proven capacity to withstand local crisis and external shocks

> **Low risk and limited volatility of earnings
Diversification => lower risk profile**

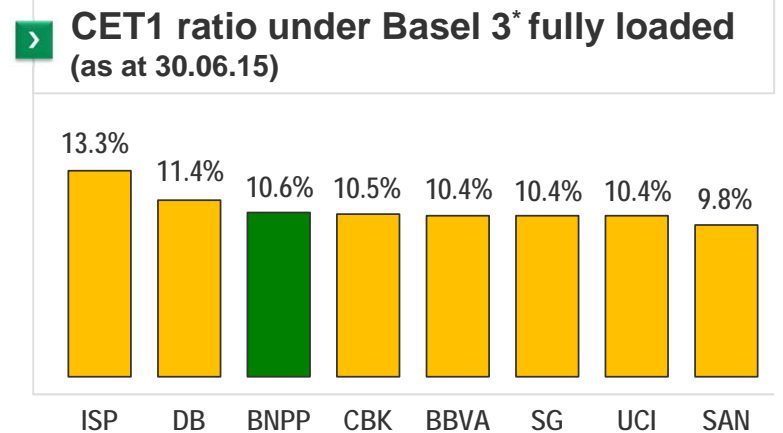
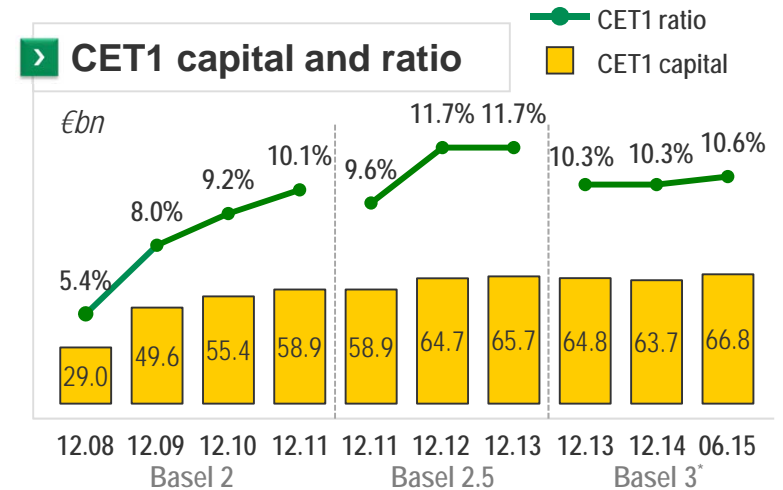
* Adjusted for costs and provisions relating to the comprehensive settlement with U.S. authorities

Strong Solvency Management

- CET1 capital more than doubled since 2008
 - Strong capital generation capacity which enabled to absorb a 175bp capital consumption in 2014

- High Quality CET1
 - Proven global asset quality confirmed by AQR results
 - PVA & full deduction of goodwill taken into account
 - Sovereigns already weighted & sovereign AFS filtered
 - DTA: very limited
 - Danish compromise: treatment well adapted to banks with insurance activities

- Tier 1 and Tier 2 instruments
 - Tier 1: €1bn to €2bn each year until 01.01.2019** (€750M and 1.5 Bn\$ issued YTD in 2015)
 - Tier 2: €2bn to €3bn each year until 01.01.2019** (€2bn issued YTD in 2015)



> Solid capital generation: CET1 at 10.6% as at 30.06.15

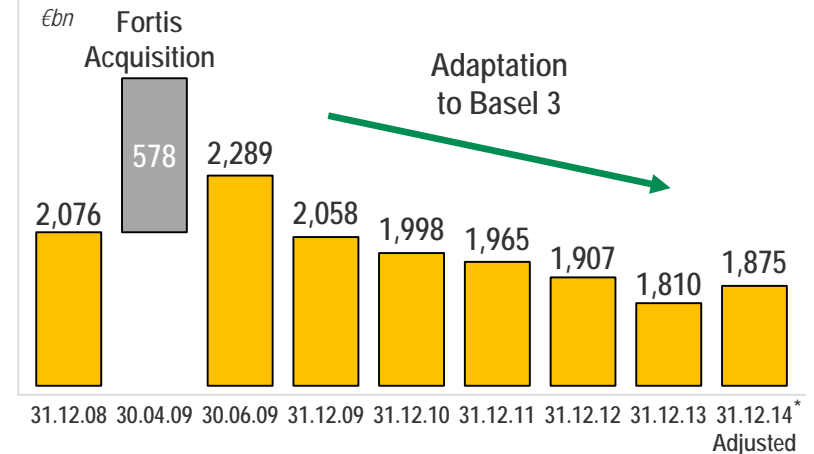
* CRD4 fully-loaded; ** Depending on market conditions



Solid Track Record in Adjusting the Group

- Proactive capital management policy
 - Early and proactive compliance with Basel 3 new ratios
- Disciplined balance sheet management
 - Fortis acquisition: rapid adaptation of the new Group to the post crisis environment
- Proven capacity to adapt activities and assets
 - Deleveraging accelerated in 2011/2012 to swiftly adapt to Basel 3 fully loaded
 - Run-down of several activities as of 2011 (-€50bn of assets in CIB deleveraging, €8.5bn in non core leasing...)
 - Disposal of several subsidiaries or business units (~€3.5bn since 2011**)
 - Opportunistic sale of equity stakes (>€4bn since 2011)
- Disposal of 7% of Klépierre-Corio in May 2015
 - Net positive impact of 5bp on CET1 ratio
 - Retaining a 6.5% stake

> Total Assets IFRS



> Main disposals 2011-YtD 2015

		Proceeds
Subsidiary or business unit	Klepierre (partial), BNPP Egypt, Fauchier Partners, Fortis Reinsurance, Reserve-Based Lending, Arval Fuel Cards, Vostok Bank,...	~€3.5bn
Equity stake	Royal Park Investment, Erbe, Axa, Ageas, Shinhan, ...	>€4bn

> Proven capacity to adapt the balance sheet

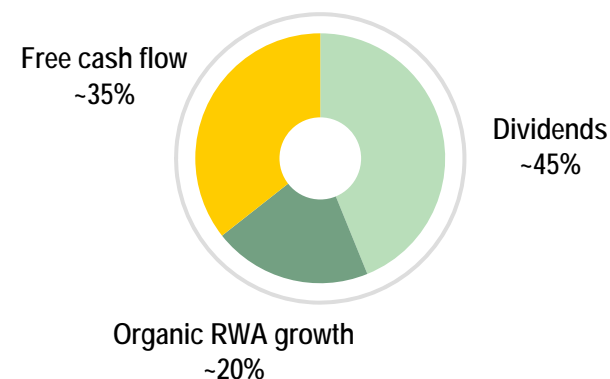
* Adjusted for FX and impact of rates on derivatives, AFS and TLTRO; ** Including the disposal of 7% of Klépierre-Corio in May 2015



Proactive and Flexible Capital Management

- Strong capital generation capacity in 2015-2016
 - ~100bp per annum (before dividend distribution)*
- Pay-out ratio of 45%
 - Implied dividend yield based on current share price**: 4.7% in 2015 and 4.9% in 2016
- Available free cash flow: ~35bp per annum
 - After devoting 20bp to organic growth
 - Provides capital flexibility
- Dynamic management of the balance sheet
 - Strong track-record in swiftly executing disposals and adapting balance sheet if/when necessary

Capital management as % of 2015-2016 cumulative net earnings



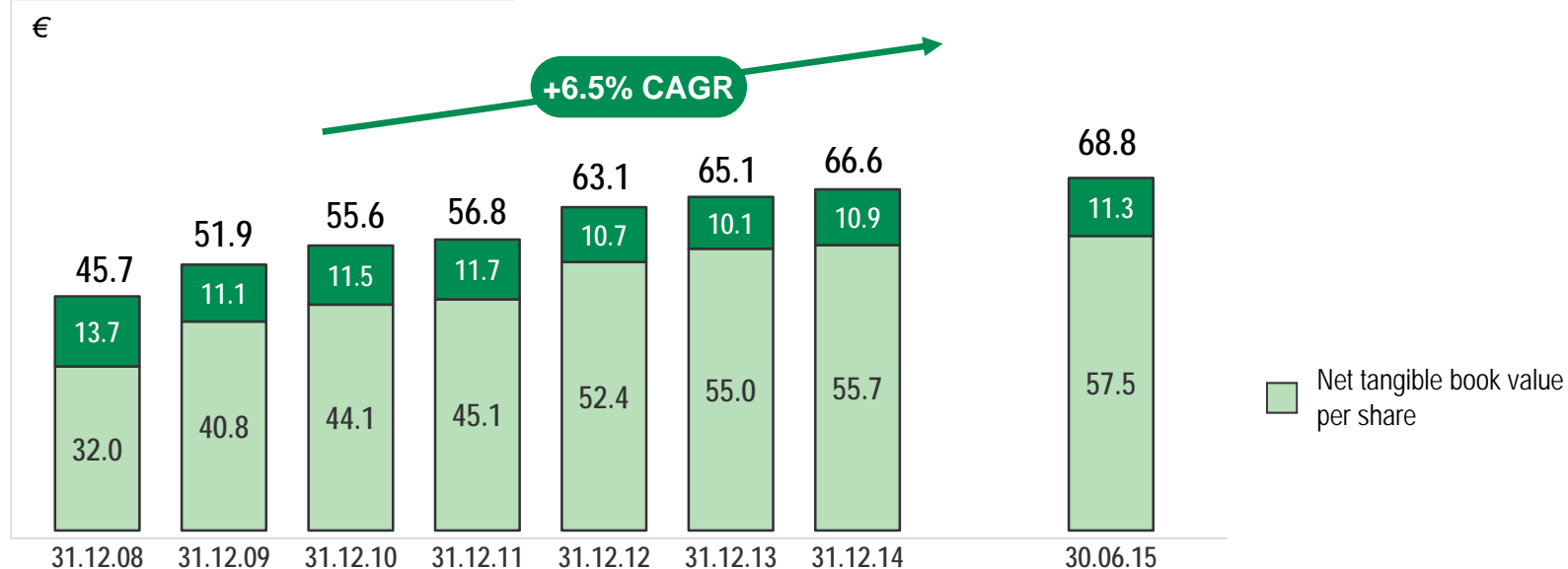
Capital management: considerable room to manoeuvre
Focus on delivering 45% dividend pay-out

**Based on analysts' consensus; **Based on analysts' consensus and €55.6 share price as at 8 September 2015*



Continued LT Growth of Book Value per Share

> Book Value per Share



> Recurrent value creation through the cycle



Conclusion



**A European leader well positioned
to benefit from EU economic recovery**



Strong operating performance in 1H15



Proven organic capital generation capacity



Progressive Recovery of the Eurozone Economy

Strong Operating Performance

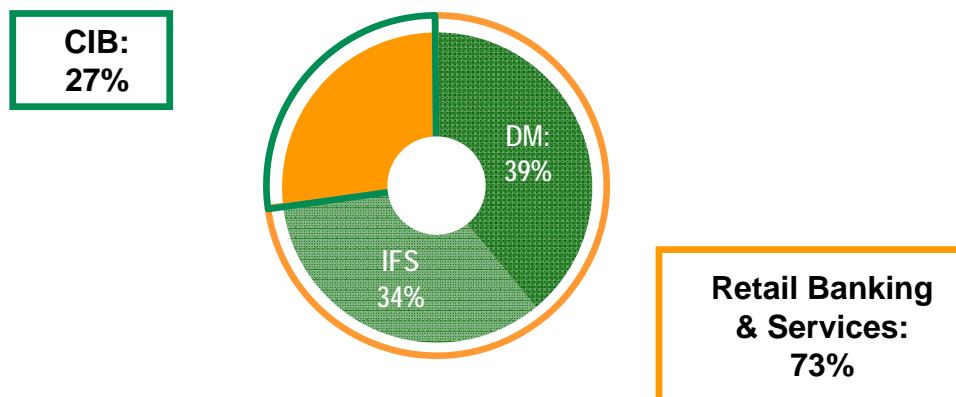
Strong Solvency and Capital Generation Capacity

Appendix



New Organisation of the Operating Divisions

> 2014 Revenues of the Operating divisions



- Following the tie-up of Securities Services and CIB, the organisation of the Group's operating divisions now centres on:
 - Retail Banking & Services, covering Domestic Markets (DM, unchanged) and a new entity, International Financial Services (IFS)
 - CIB, now Corporate & Institutional Banking including Securities Services

> **Straightforward business structure with ~3/4 Retail activities**



An Integrated Business Model based on Strong Client Franchises, Cross-selling and Risk Diversification



➤ **Leveraging top ranking businesses on strong and diversified client franchises**



Significant Cross-selling at the Core of the Model

	Main cross-selling revenues (2014)*	Contribution to revenues
DM clients	<ul style="list-style-type: none"> ✓ Insurance: ~€1.3bn ✓ Wealth Management: ~€1.5bn** ✓ Asset Management: ~€0.7bn ✓ CIB & Specialised businesses: ~€0.8bn 	~€4.3bn
IFS clients	<ul style="list-style-type: none"> ✓ Insurance: ~€0.7bn ✓ CIB & other businesses: ~€0.4bn 	~€1.1bn
CIB clients	<ul style="list-style-type: none"> ✓ Retail: ~€1.1bn ✓ Securities Services & Asset management: ~€1.1bn 	~€2.2bn



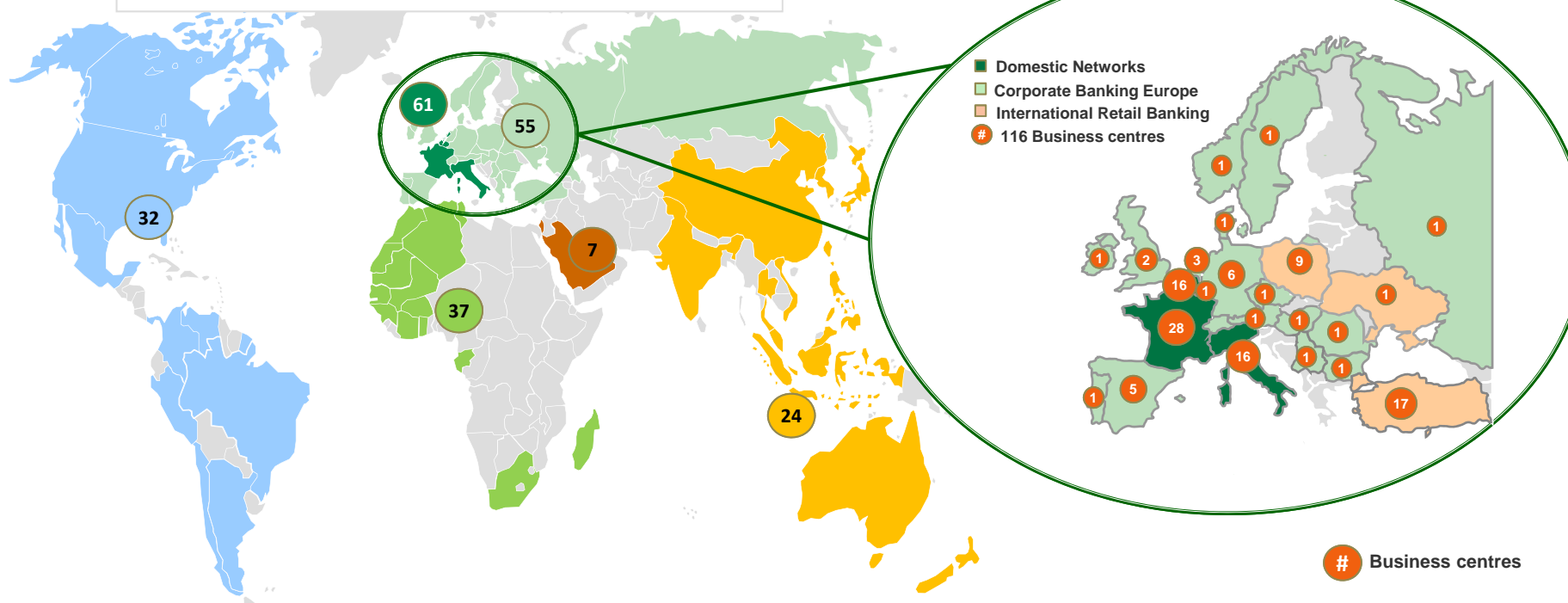
>€7.5bn of cross-selling revenues generated at Group level

** Management accounting; aggregated revenues booked in client and business entities; ** 100% JV Private Banking*



One Bank for Corporates

> A unique network for corporate clients



- One Bank for Corporates: a network of 216 business centres, o/w 116 in Europe
- A presence in 75 countries
- Cash management: #1⁽¹⁾ position strengthened in Europe

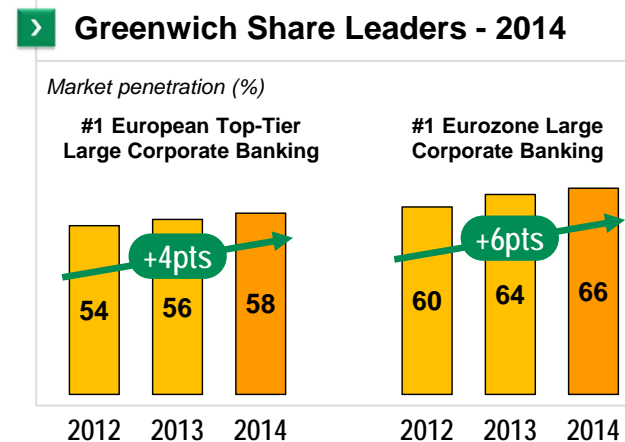
> A leading position with corporates in Europe

⁽¹⁾ Source: Greenwich

Broad Product Offering Allowing Market Share Gains

- Cross-selling leading to improved market positions
 - Strong development following BNL's acquisition in 2006 and Fortis' in 2009
- Roll out of the model in International Retail Banking
 - BancWest's Wealth Management AuM: +68%** vs. 2012
 - TEB's Wealth Management AuM: +72%** vs. 2012
- One Bank for Corporates: success confirmed with improved market penetration in 2014
 - #1 European Corporate Banking and #1 Eurozone Corporate Banking***
 - #1 European Cash Management and #1 European Trade Finance***
 - Improvements also as a leader in several quality ratings

Italy		
Wealth Management (market share)	3% in 2008	x2 → 6% in 2014
Cash Management (ranking)	>#10 in 2006	→ #1 in 2014*
Belgium		
Wealth Management (market share)	#7 in 2009	→ #1 in 2014
Consumer Finance (outstandings)	FY2009	+84% → FY2014
Corporate Finance (ranking)	#10 in 2007	→ #1 in 2014



Successful cross-selling leading to stronger market positions

* Euromoney survey; ** Constant exchange rate; *** Greenwich Associates, Share Leaders 2014



Economies of Scale at the Core of the Model

Significant Contribution to the Simple & Efficient Plan

- Sharing of IT, operations, functions and procurement generating €0.7bn recurrent savings out of the targeted €3bn Simple & Efficient plan

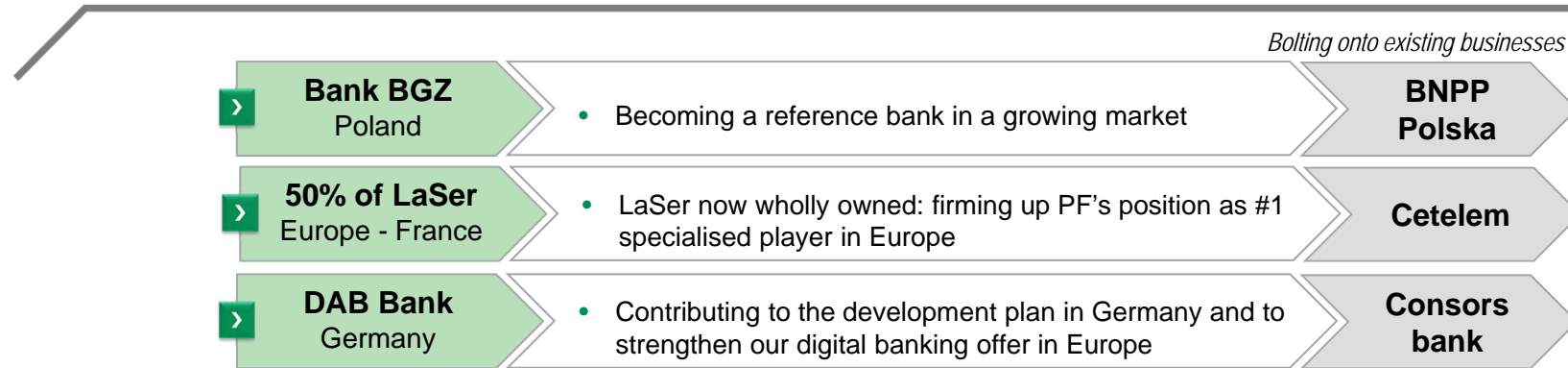
	Representative examples	Contribution to 2016 S&E Savings
IT	<ul style="list-style-type: none"> ▪ Sourcing ▪ Data Centre / IT productions Systems consolidation ▪ Software optimisation ... 	~€320m
Operations/ Functions	<ul style="list-style-type: none"> ▪ Shared platforms and applications ▪ Cross business premises policy ▪ Regrouping of Functions for all businesses per country ... 	~€210m
Procurement	<ul style="list-style-type: none"> ▪ Massification, Group norms and standards ▪ Bargaining power... 	~€170m
	<ul style="list-style-type: none"> ● Also leads to increased security for clients through IT high standards (private cloud, data secrecy, closed IT architecture) 	~€700m



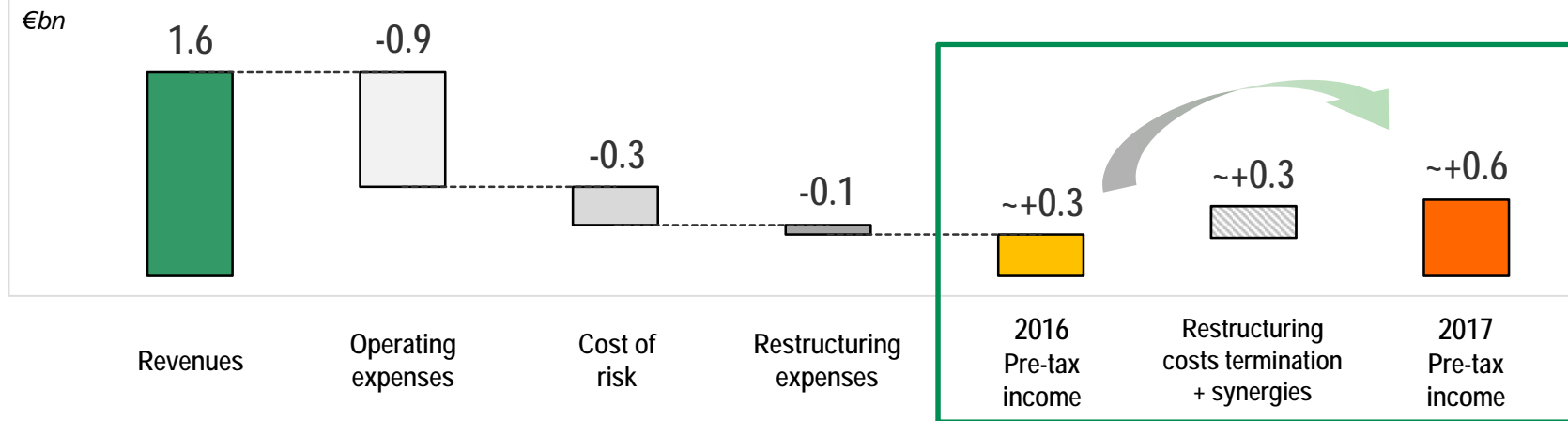
~25% of the total S&E plan linked to sharing



ROE Accretive Bolt-on Acquisitions in 2014



> **Contribution of acquisitions to pre-tax income in 2016-2017 (vs. €0.1bn contribution in 2014*)**



> **Levers for additional profit generation going forward**

* Closing dates: Bank BGZ (17 Sept. 2014); 50% of LaSer (25 July 2014); DAB Bank (17 Dec. 2014)



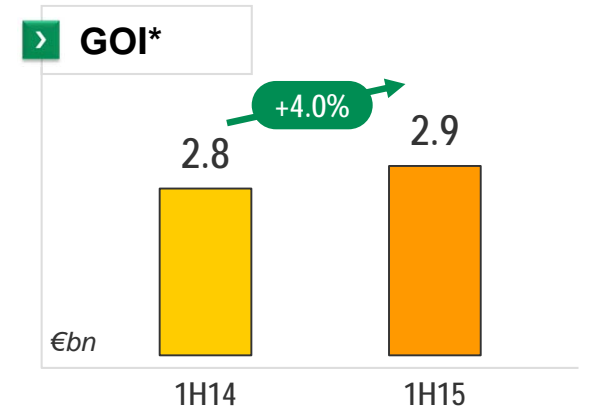
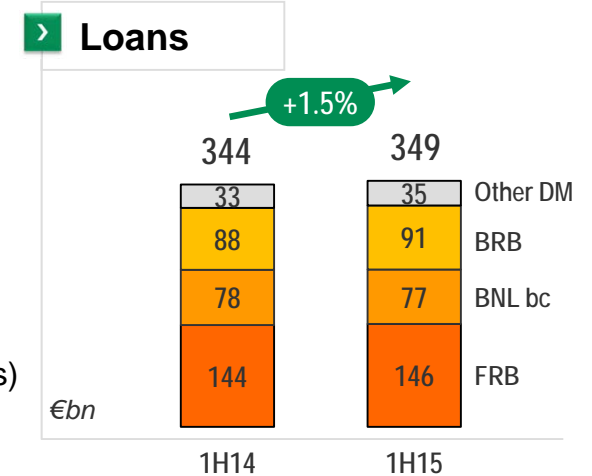
Domestic Markets - 1H15

- Business activity
 - Loans: +1.5% vs. 1H14, gradual recovery in demand for loans
 - Deposits: +6.1% vs. 1H14 (+4.1% excluding the acquisition of DAB Bank in Germany), good growth in particular in France and Belgium
 - Good increase of private banking assets under management in France, Italy and Belgium: +6.5% vs. 30.06.14

- Revenues*: €8.0bn; +2.5% vs. 1H14 (+1.5% at constant scope and exchange rates)
 - Good performance of BRB and the specialised businesses (Personal Investors, Arval, Leasing Solutions)
 - Persistently low interest rate environment

- Operating expenses*: €5.1bn; +1.7% vs. 1H14 (+0.4% at constant scope and exchange rates)
 - Continued cost control
 - Ongoing development of the specialised businesses

- Pre-tax income**: €1.9bn; +15.4% vs. 1H14 (+13.7% at constant scope and exchange rates)
 - Decline in the cost of risk, in particular in Italy



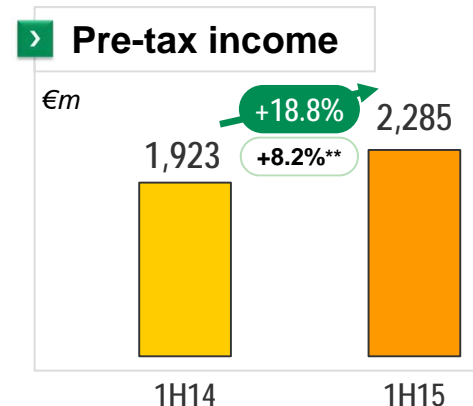
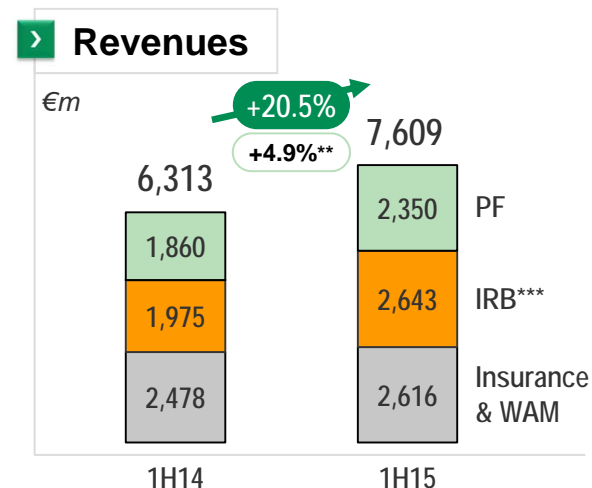
Gradual return to growth in Europe
Strong income growth

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



International Financial Services - 1H15

- Integration of acquisitions made in 2014 progressing well: Bank BGZ (Europe-Med) and LaSer (Personal Finance)
- Strong business activity
 - Personal Finance: continued growth drive
 - International Retail Banking*: good business development
 - Insurance and WAM: strong increase in assets under management (+10.2% vs. 30.06.14)
- Revenues: €7.6bn; +20.5% vs. 1H14 (+4.9%** vs. 1H14)
 - Good overall performance
- GOI: €2.9bn; +20.4% vs. 1H14 (+4.8%** vs. 1H14)
- Pre-tax income: €2.3bn; +18.8% vs. 1H14 (+8.2%** vs. 1H14)



> **Good growth in all the businesses**

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



Corporate and Institutional Banking - 1H15

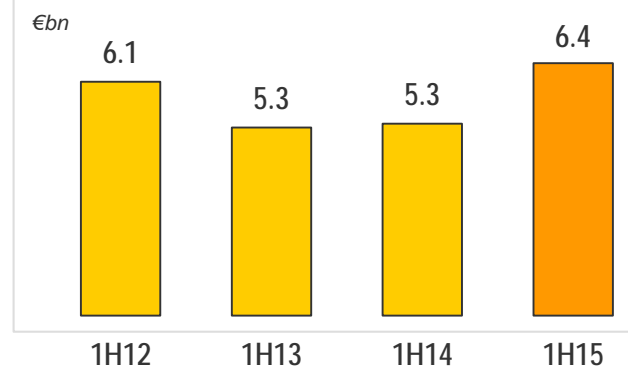
- Revenues: €6,394m (+19.7% vs. 1H14)
 - Growth in the 3 business units: Global Markets (+26.6%*), Securities Services (+16.4%), Corporate Banking (+9.8%)

- Operating expenses: €4,330m (+13.4% vs. 1H14)
 - Regulatory costs still high (set up of the IHC** in the United States, compliance, etc.)
 - Impact of the appreciation of the U.S. dollar (+4.1% at constant scope and exchange rates, in line with business growth)

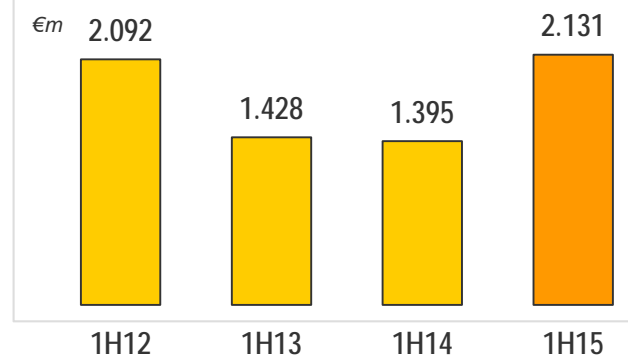
- GOI: €2,064m (+35.7% vs. 1H14)

- Pre-tax income: €2,131m (+52.8% vs. 1H14)
 - +28.8% at constant scope and exchange rates
 - Annualised pre-tax ROE >20%

> Strong revenue growth in 1H15



> Pre-tax income

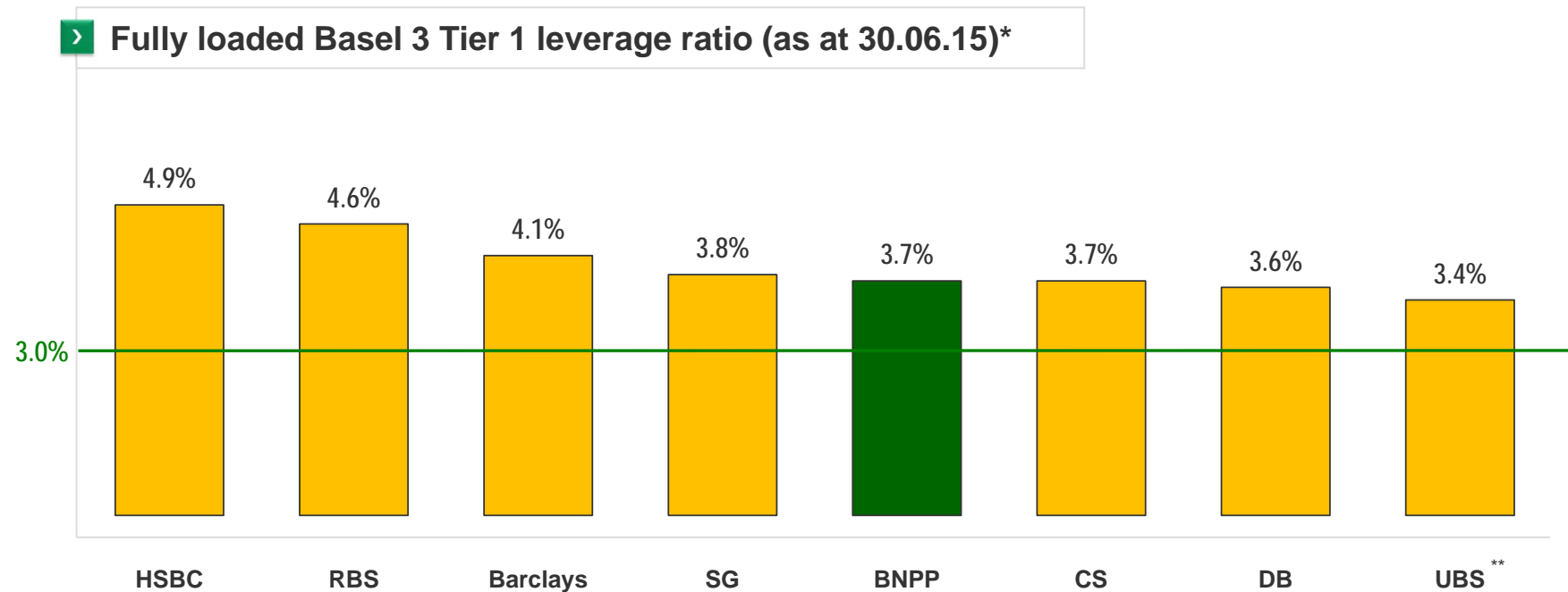


Strong income growth

* +19.6%, excluding the impact of the introduction of FVA (-€166m) in 2Q14; ** Intermediate Holding Company



Leverage Ratio Well Above 2018 Threshold



- A back-stop ratio in the Eurozone

* As disclosed by banks of the peer group, according to CRD4, Swiss rules; ** Calculated on the basis of disclosed data

