



BNP PARIBAS

STRONG BUSINESS MODEL & LONG-TERM CAPACITY TO CREATE VALUE 1H20

September 2020



BNP PARIBAS

The bank for a changing world

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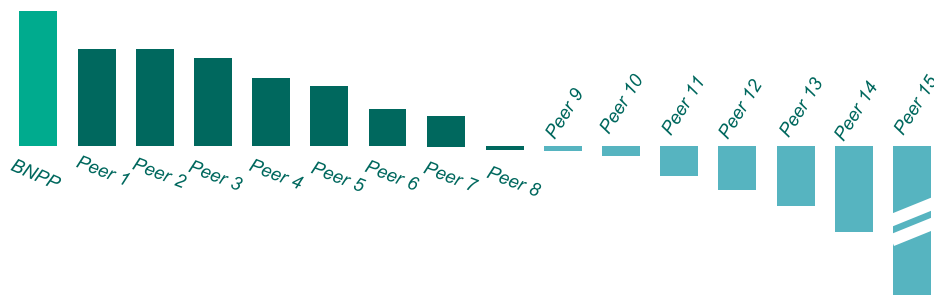
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1H20: BNP Paribas confirms the strength of its integrated and diversified model

#1 net income of European banks: €3.6bn in 1H20

in € bn
vs. European Peers¹



Increase in revenues: **+0.9%**

Decrease in operating expenses: **-2.4%**

Increase in GOI: **+9.0%**

ROTE²: **8.7%**

Increase in CET1 ratio, well above requirements notified by the ECB³

Very ample liquidity: **€425bn⁴ immediately available liquidity reserve**

Net tangible value per share: **€71.8⁵ as at 30.06.2020 (+7.3% CAGR 2008-2Q20)**

Accruing a **50% pay-out ratio on 2020 results⁶**

2020 outlook unchanged:

15-20% decrease in Group net income⁷ vs. 2019⁸

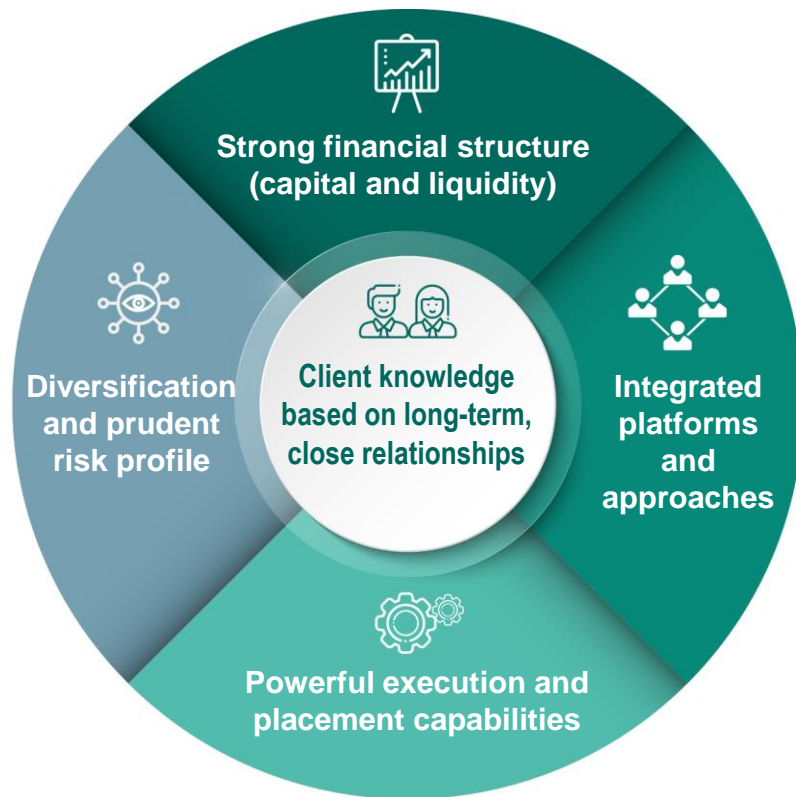
1. European peers: Barclays, BBVA, Commerzbank, Crédit Agricole SA, Credit Suisse, Deutsche Bank, HSBC, ING, Intesa SP, Natixis, Natwest, Santander, Société Générale, UBS, Unicredit;

2. Not revaluated, with 2019 earnings allocated to reserves; 3. 9.22% as at 30.06.20 after taking into account the removal of CCyB and in accordance with art. 104a of CRD5 – excluding P2G; 4. Liquid market assets or eligible in central banks (counterbalancing capacity) taking into account prudential standards, notably US standards, minus intra-day payment system needs; 5. With 2019 earnings placed into reserves;

6. In line with the distribution policy established within the framework of the 2020 plan; 7. Group share; 8. Unless a new crisis occurs



BNP Paribas: a diversified platform mobilised to create value and serve the economy with a positive impact



Exceptional combination of resources and expertise

Strong resilience of results

Strengthened franchises and gain of market shares

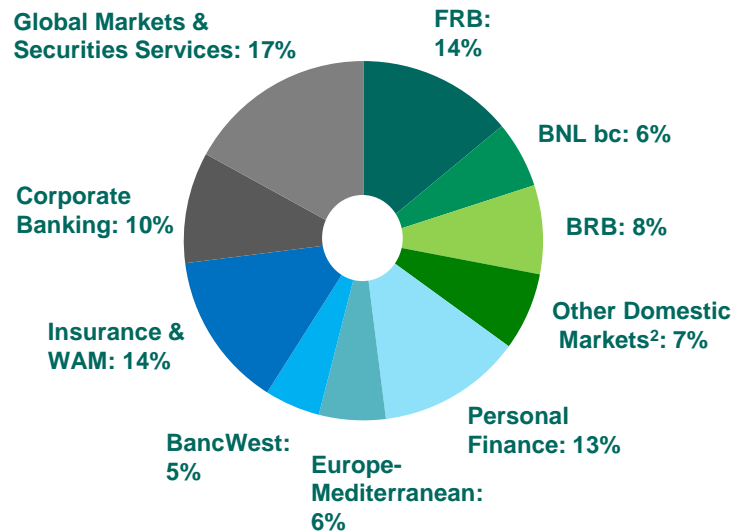
Leading positions in sustainable finance



Diversification and prudent risk profile

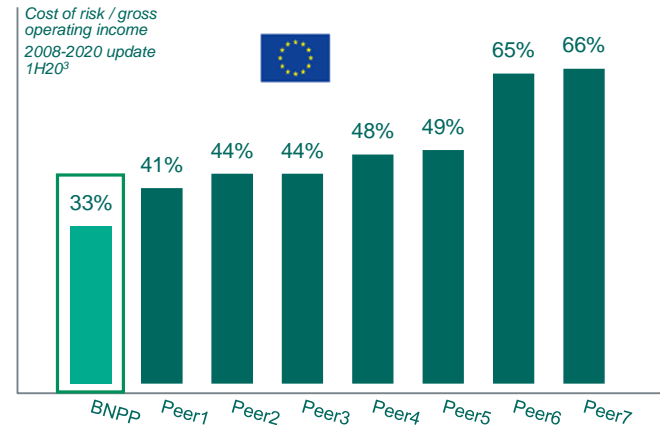
Diversification of revenues leading to earnings power

- Revenues well spread across countries and businesses with different cycles¹



Low risk profile continuously improved through proactive management

- A cost of risk / gross operating income ratio among the lowest throughout the cycle



Strong resilience throughout the cycle including challenging times

1. Breakdown as at 31.12.2019; 2. Including Luxembourg Retail Banking; 3. Panel of EZ banks: BBVA, Crédit Agricole SA, Deutsche Bank, Intesa SP, Santander, Société Générale, Unicredit

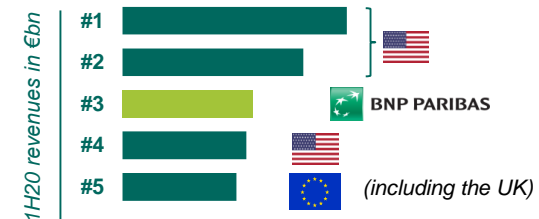


Success of the integrated platforms and reinforcement of the commercial set-ups

Leading positions with strengthened franchises

- **#1 for corporates in France and in Belgium, #3 in Italy** in terms of customer penetration rate¹
- **#1 in Private Banking in the Eurozone²**
Best Private Bank in the World (Global Finance 2019)
- **Leader in the neobank market in France,** in the Top 5 in Europe, with **Nickel**

- **3rd largest CIB in EMEA in 1H20³**



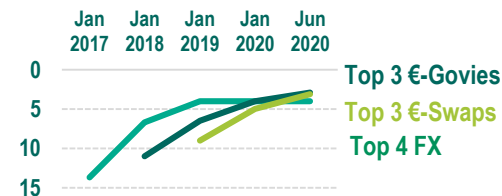
Powerful execution

- **More than €250bn in financing** raised for clients in 1H20 on the **syndicated loan, bond and equity⁴ markets** and placed with investors
 - **#1 EMEA syndicated loans and #1 in European corporate bond issues** in 1H20⁵
 - Driving role in bridging financing and investment needs
- **Rapid deployment of state guaranteed loans:** close to **90,000 loans granted by the end of June⁶**

Success of the digital transformation

- **4 million daily connexions on mobile apps** in 2Q20 (+42% vs. 2Q19) in the networks of **DM**
- **4.4 million active digital customers** (+34% vs. 30.06.19) in the networks of **IFS**

- **Leading positions on electronic platforms**



- **#1 in France in terms of digital functionalities⁷**

1. Source: Greenwich Share Leaders; 2. Global Ranking based on the amounts of assets under management as published by the main players in the market (public information); 3. Source: Coalition. Ranking includes the Coalition Index Banks and is based on the BNP Paribas product scope. EMEA: Europe, Middle East, Africa; 4. Source: Dealogic as at 30.06.20, bookrunner, apportioned amount; 5. Source: Dealogic as at 30 June 2020, bookrunner ranking in terms of European Corporate Investment Grade Bond and EMEA syndicated loan volumes; 6. Granted by retail banking networks as at 30 June 2020; 7. Source: D-rating 2018 and 2019



An ambitious policy of Engagement in Society

Serving the economy in a sustainable way



Leading positions in sustainable finance

- **#1 worldwide¹ in the green bonds market** as at the end of June 2020 with €4.4bn in green bonds as bookrunner for its clients
- **#1 in EMEA¹ on the market for Sustainability Linked Loans** signed as at the end of June 2020 (a financing tool indexed to ESG² criteria)
- **#1 in Covid-19 bonds in euros³** as at the end of June 2020 with €12.5bn in sustainable bonds in response to Covid-19 led by BNP Paribas



A strengthened commitment to exiting thermal coal

- **Thermal coal exit set for 2030 in the EU and OECD countries and for 2040 in the rest of the world** with the update of “coal-fired power generation” and “mining” policies in July 2020
- **Scope encompasses the entire thermal coal value chain:** extraction, dedicated infrastructures and power generation



A recognised CSR strategy

- **Western Europe’s Best Bank for corporate responsibility in 2020** (Euromoney Awards for Excellence)
- **Top 1% of companies rated by the FTSE Russel agency, with a score of 4.9/5** (July 2020)

1. Source: Dealogic as at 30.06.20; 2. Environmental, Social and Governance; 3. Source: Bloomberg as at 30.06.20



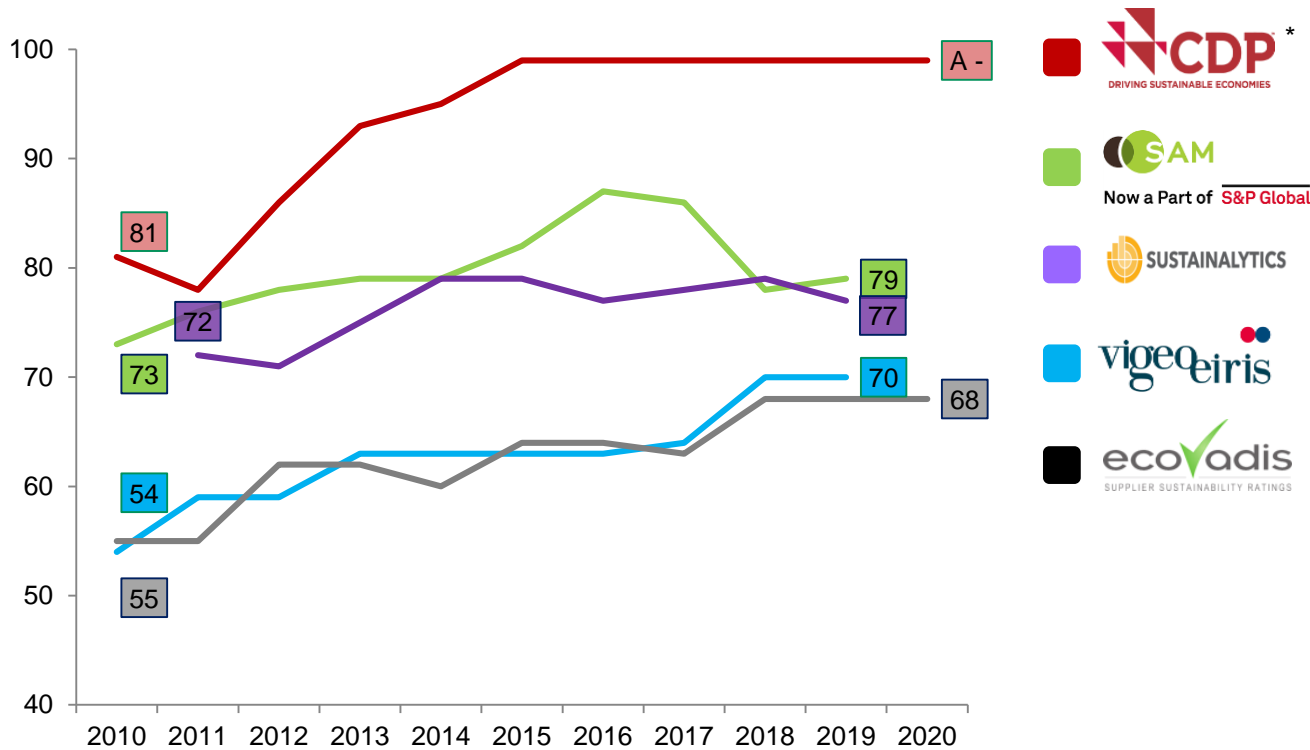
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A recognised CSR strategy

A high and increasing positioning within extra-financial indices



BNP Paribas has received following solicited ratings:



In July 2019, BNP Paribas obtained an **A1+** rating, based on an overall score of **70/100**, and thus ranks **no.1** out of 31 companies in the “diversified banks in Europe” sector and **no.4** out of 4,906 companies worldwide



In 2019, BNP Paribas has been considered **top 5%** and among “**Industry Leaders**” in the Commercial Banks & Capital Markets sector (C+ Prime) by ISS-ESG

* Methodology change: from 2017, CDP scores are now expressed in the form of letters



Conclusion

Exceptional mobilisation by the Group towards financing the economy

Strengthening BNP Paribas positions

Determining contribution from the diversified and integrated model
Revenues: +0.9% vs. 1H19

Rebound in commercial activity in businesses impacted by public health measures in the latter part of the second quarter

Confirmation of the Group's financial solidity
CET1 ratio of 12.4%

2020 outlook unchanged:
15-20% decrease in Group net income¹ vs. 2019²



1. Group share; 2. Unless a new crisis occurs



Appendices



BNP Paribas: 1H20 results

Confirm the strength of its integrated and diversified model

Increase in revenues

Decrease in operating expenses

Strong growth in gross operating income

Increase in cost of risk due in particular to ex-ante provisioning of expected losses

Good level of income in a context marked by the health crisis

Increase in CET1 ratio

Revenues: +0.9% vs. 1H19

Operating expenses: -2.4% vs. 1H19

Gross operating income: +9.0% vs. 1H19

66 bps¹

Net income²: €3,581m
(-18.4% vs. 1H19)

CET1 ratio: 12.4%

1. Cost of risk / Customer loans at the beginning of the period (in bp); 2. Group share



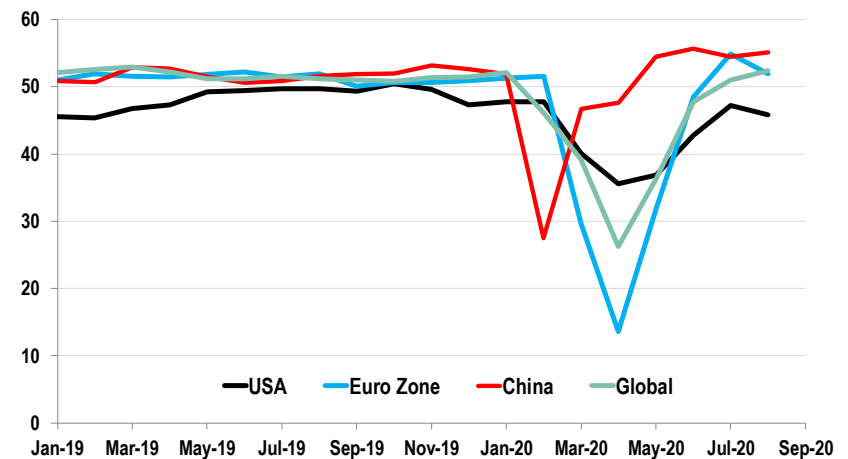
Impact of health crisis on activity – 1H20

Activity gradually returning to normal

- **Exceptional level of activity** in certain businesses, in particular in Corporate Banking, Global Markets, DM and IFS retail banking networks, related to the **specific needs of the economy during the crisis.**
- **Significant impact of lockdown measures on activity** in certain businesses and geographies, in particular DM and IFS (transaction flows, new production)
- **Low point of activity in April/May**
- **Very substantial upturn in the latter part of the quarter** in business activity (transaction flows, new production) in businesses hit by public health measures

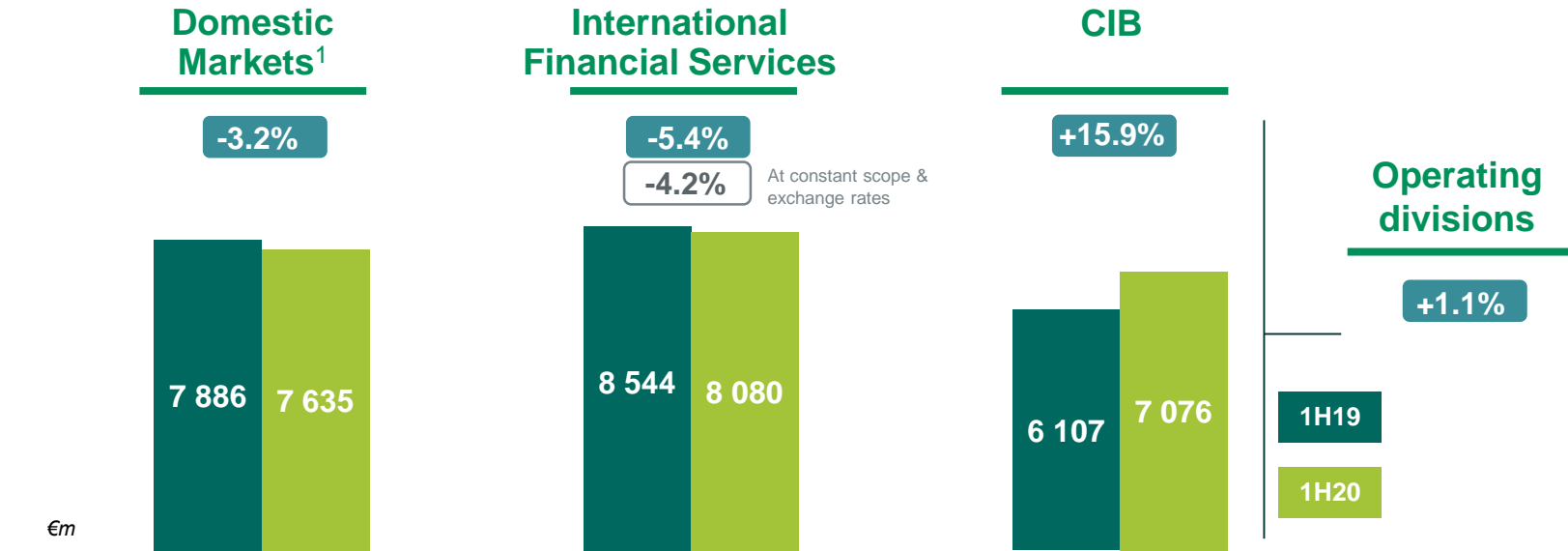
Trend in economic activity (PMI Composite)

Source: Markit, BNP Paribas



Revenues of the Operating Divisions – 1H20

Strength of the model in coping with the impact of public health measures



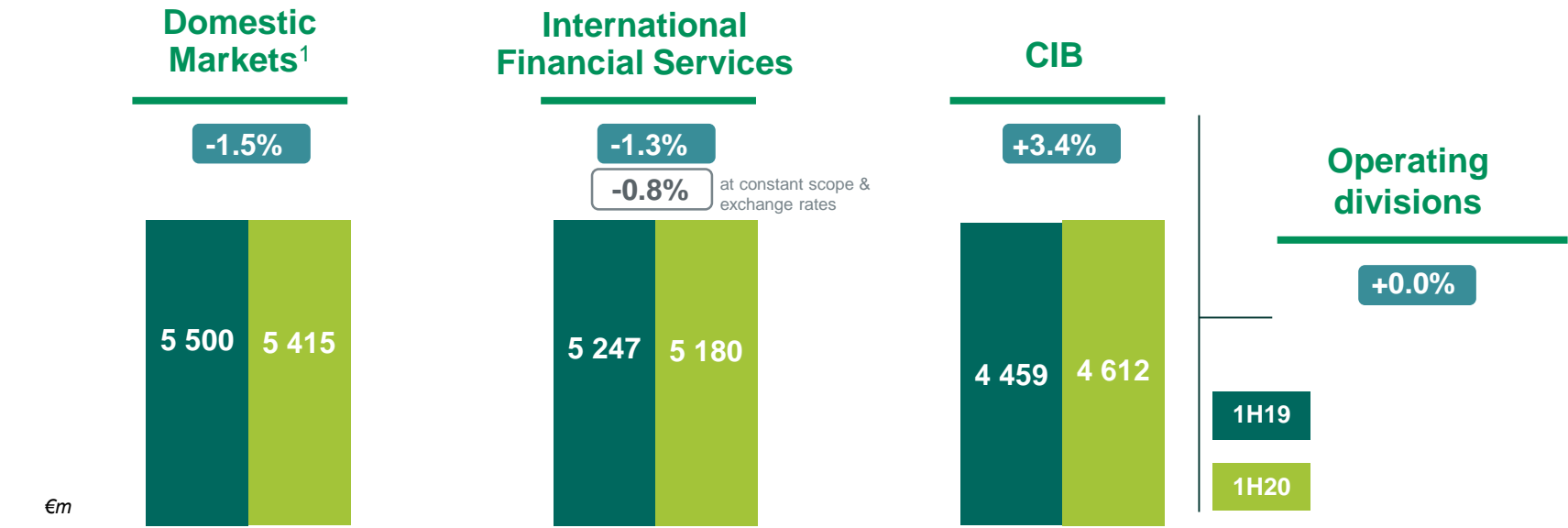
- **Domestic Markets and IFS:** good resilience in a context strongly impacted by the health crisis and a persistent low-interest-rate environment
- **CIB:** strong growth in connection with extremely sustained activity of clients in all segments

1. Including 100% of Private Banking in France (excluding PEL/CEL impacts), Italy, Belgium and Luxembourg



Operating expenses of the Operating Divisions – 1H20

Positive jaws effect



- **Domestic Markets:** decrease in operating expenses, in particular in the networks (-2.5%)²
- **IFS:** decrease in operating expenses, effects of the cost-saving measures
- **CIB:** increase in operating expenses in connection with the activity levels – very positive jaws effect

1. Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg; 2. FRB, BNL bc and BRB



Domestic Markets – 1H20

Strong support for the economy and signs of a rebound in business activity

● Rebound in business activity in the latter part of the quarter

- **Loans:** +4.4% vs. 1H19, solid growth in retail banking loans, particularly in France and Belgium, and in the specialised businesses
- **Deposits:** +9.5% vs. 1H19
- **Private Banking:** €3.4bn cumulated in net asset inflows
- After a low point in April related to lockdown measures, rebound in production of loans to individual customers, and strong rebound at Arval and Leasing Solutions

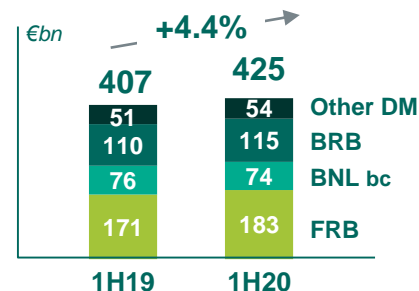
● Strong mobilisation to support clients during the health crisis

- Close to 70,000 state-guaranteed loans granted
- Close to 250,000 clients benefitting from a moratorium (individuals: 25%; corporates: 75%)¹

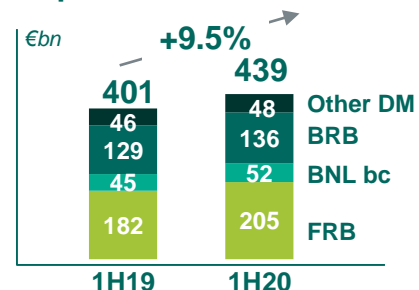
● Acceleration in the use of digital tools during and after the lockdown

- 5.5 million active customers on the mobile apps² (+27.3% vs. 2Q19)
- Almost 4 million daily connexions on the mobile apps (+42.2% vs. 2Q19)

● Loans



● Deposits



Revenues³: €7,635m (-3.2% vs. 1H19)

- Impact of low interest rates and of the health crisis in particular on fees, partly offset by increased volumes
- Increase in the specialised businesses and sharp increase at Personal Investors, in particular Consorsbank in Germany

Operating expenses³: €5,415m (- 1.5% vs. 1H19)

- Decrease in the networks⁴
- Moderate increase in specialised businesses, in connection with their growth

Pre-tax income⁵: €1,458m (- 15.7% vs. 1H19)

- Increase in the cost of risk related in particular to the ex-ante provisioning of expected losses

1. EBA criteria as at 30 June 20 – percentage in volume; 2. Clients with at least one connection to the mobile app per month (on average in 2Q20); scope: individual customers, corporates and private banking of DM networks or digital banks (including Germany, Austria and Nickel); 3. Including 100% of Private Banking, excluding PEL/CEL effects; 4. FRB, BRB, BNL bc; 5. Including 2/3 of Private Banking, excluding PEL/CEL effects



International Financial Services – 1H20

Business drive recovered during the quarter

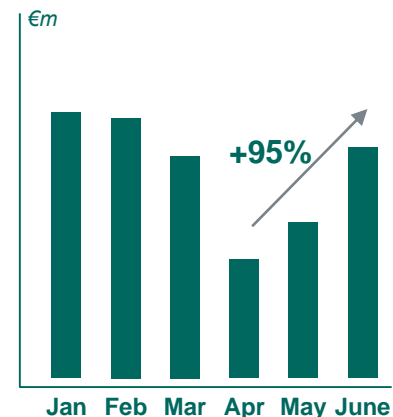
● Business activity recovered its momentum in the latter part of the quarter

- Growth in outstandings in international retail networks¹ vs. 1H19
- Decrease in Personal Finance activity with the closing of partners' points of sale due to public health measures; gradual recovery in production since the low point in April
- Favourable trend in markets and good resilience of net asset inflows (+€10.8bn in 1H20); gradual recovery with the lifting of lockdown in Real-Estate Services in the latter part of the quarter

● Strong mobilisation to assist clients during the crisis thereby supporting the economy

- Close to 23,000 state-guaranteed loans granted at IFS
- Proactive support to Personal Finance customers: doubling in customer contacts (email and web between April 2019 and April 2020) and strengthening in after-sale and collection teams for proactive risk management

● Monthly trend in new production of individual loans at IFS²



Revenues: €8,080m
(-5.4% vs. 1H19)

- Good resilience in international retail networks¹, and Personal Finance despite the impact of the lockdown measures.
- Decrease in Asset Management and Insurance Revenues due to the fall in financial markets
- Strong impact of the health crisis on Real Estate Services

Operating expenses: €5,180m
(-1.3% vs. 1H19)

- Continued cost savings and gains in operating efficiency

Pre-tax income: €1,595m
(-41.4% vs. 1H19)

- Increase in the cost of risk related in particular to the impact of ex-ante provisions for expected losses

1. Europe-Mediterranean and BancWest; 2. At constant exchange rates including loans to Personal Finance individual customers, BancWest and Europe-Mediterranean (Turkey, Poland, Ukraine and Morocco)



Corporate & Institutional Banking – 1H20

Strong mobilisation to meet crisis-related needs

● A very sustained level of client activity for corporates and institutions...

- Financing: 250bn raised in 1H20 by CIB on global syndicated loan, bond and equity markets¹ (+45% vs. 1H19)
- A driving role in financing the economy: massive fundraising for corporates and sovereigns successfully distributed by bridging their needs with those of institutional investors in an exceptional context
- Increase in securities services and good resilience in transaction activities (cash management and trade finance) despite the health crisis

● ...validating strategic choices made over the past several years

- Success of the integrated model and cooperation between business lines (e.g., the Capital Markets financing platform set up in late 2018) and strengthening of the commercial set-ups in targeted regions
- Acceleration of interaction with clients on digital platforms in various businesses (Centric, multi-dealer platforms, etc.)
- Operational transformation allowing rapid adjustment of the set-up during the health crisis (remote work, shared platforms, etc.)

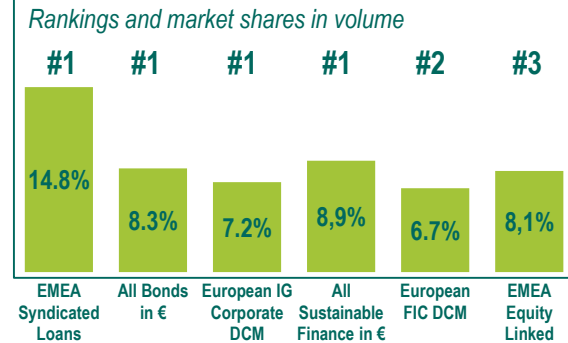
Revenues: €7,076m
(+15.9% vs. 1H19)

- Growth in all three businesses
- Very good performance at Corporate Banking (+12.9%)
- Very strong rise at Global Markets (+23.1%)
- Increase in Securities Services (+7.7%³)

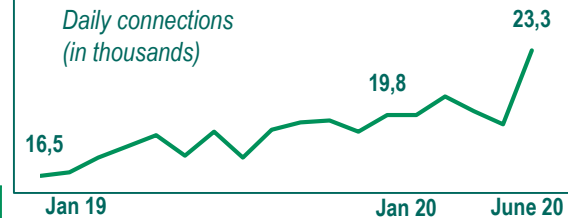
Operating expenses: €4,612m
(+3.4% vs. 1H19)

- Increase related to the high level of activity, but contained through cost-saving measures
- Highly positive jaws effect

● Bond and syndicated loan rankings in 1H20^{1,2}



● Centric



Pre-tax income: €1,789m
(+13.8% vs. 1H19)

- Increase in the cost of risk related in particular to the ex-ante provisioning of expected losses

1. Source: Dealogic as at 30 June 2020, bookrunner, apportioned amount; 2. EMEA: Europe, Middle East and Africa; 3. Excluding the positive impact of a specific transaction in 2Q19



Cost of Risk - 1H20

Recognition of the effect of the health crisis

● Cost of risk almost x2 vs 1H19 (+€1.5bn)

- Ex-ante provisioning of expected losses based on several scenarios factoring macroeconomic anticipations
- Increase of specific risks in some businesses (BRB, CIB, Personal Finance) and sensitive sectors

● Update of macroeconomic scenarios in 2Q20

- Postponed lockdown lifting dates in certain regions
- Implementing of specific public health measures and timetables in some sectors

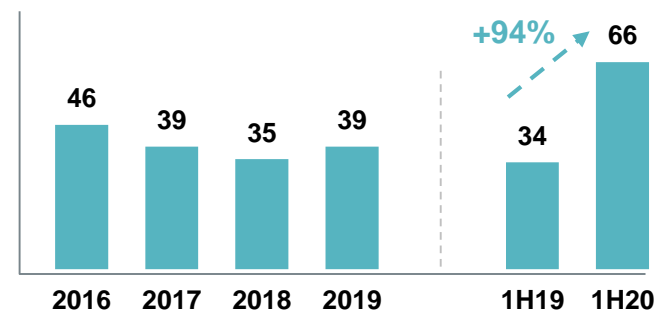
● Gradual recovery scenario¹

- Return to a GDP level comparable to 2019 not expected until mid-2022¹
- Factoring in the impact of authorities' support and recovery plans on the rebound in economic activity

● Reflection of the quality of BNP Paribas' portfolio and its prudent and proactive risk management

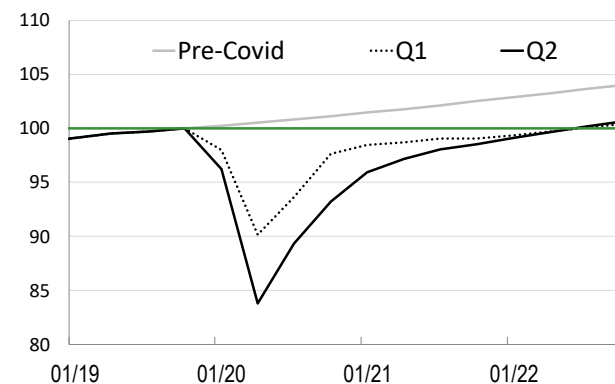
- Over the entire credit life cycle
- With the implementing of appropriate and specific mitigation actions

● Group CoR



● Illustration: adjustment in the baseline scenario's Eurozone GDP assumptions

Baseline scenario, Eurozone GDP index (4Q19 = 100)



1. Unless a new crisis occurs; 2. Excluding the €8m write-back in Corporate Centre



Cost of Risk

Benefitting from diversification and prudent risk management

Low risk profile continuously improved through a proactive management

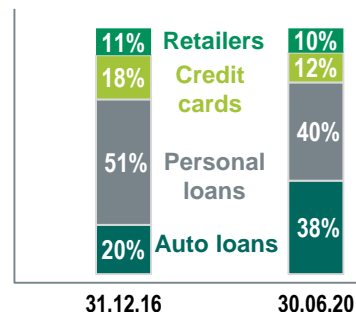
- Selectivity at origination, changes in product business mixes, portfolio management

BNL: more selective at origination in particular in the SME sector

- ~60% on counterparties with a good credit quality in 2016, >70% in 2019¹
- A cost of risk reduced from 124 bps in 2016 to 64 bps in 2019¹

Personal Finance: a less risky product mix

- Improved risk profile with the product mix evolution
- Focus on continental Europe
- No US exposure, limited in the UK (mainly auto loans)
- Tighter credit standards in new production



Highly diversified by sectors

- No sector representing more than 5% of total gross commitments³
- Limited exposure to sectors considered as sensitive

	% of total gross commitments ³	% on counterparties rated investment grade ⁴
Aircraft	0.8%	~50%
Hotels, Tourism & leisure	0.8%	~40%
Non food retail	0.6%	~60%
Transport & storage (excl. shipping)	2.9%	~80%
Oil & Gas	2.0%	~80%

1. As a percentage of the SME asset class exposure year end; cost of risk /customer loans at the beginning of the period (in bp), Internal rating of 1 to 6 (on a scale of 12); 2. Average outstanding loans under management at year end; 3. Corporate Asset class / Total gross commitments, on and off balance sheet, unweighted as at 30.06.2020 ; 4. As a percentage of gross commitments, on and off balance sheet, unweighted as at 30.06.2020 according to external rating of internal equivalent



Strong financial structure

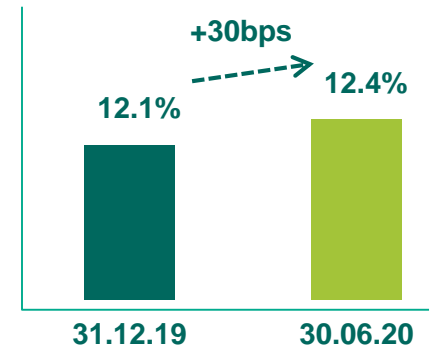
Capital well above requirements and very ample liquidity

● CET1 ratio up 30 bps in 1H20 at 12.4% as at 30.06.20

- Organic capital generation (+20 bps) including 1H20 result after taking into account a 50% dividend pay-out ratio
- Impact of the health crisis (-70bps) more than compensated by CRR “Quick Fix”¹ (+20 bps) and the allocation of the 2019 dividend to reserves (+60bps)
- Overall limited impact of other effects on the ratio
- Non deduction of software intangibles (+10bps²) not included as at 30.06.20 waiting for the outcome of the EBA consultation expected by year end

→ CET1 far above the ECB’s notified requests (9.22%² as at 30.06.20)

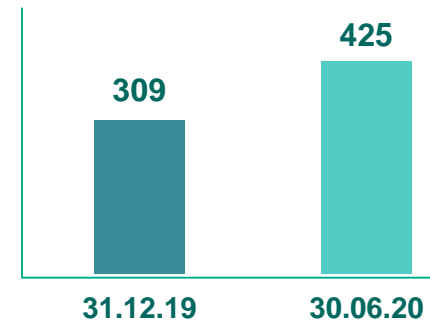
● CET1 ratio



● Very ample liquidity

- Immediately available liquidity reserve (€425bn⁴ as at 30.06.20) representing > 1 year room to manoeuvre in terms of wholesale funding
- Liquidity Coverage Ratio: 133% as at 30.06.20
- Deposits from customers: +€129bn in 1H20

● Liquidity reserve (€bn)⁴

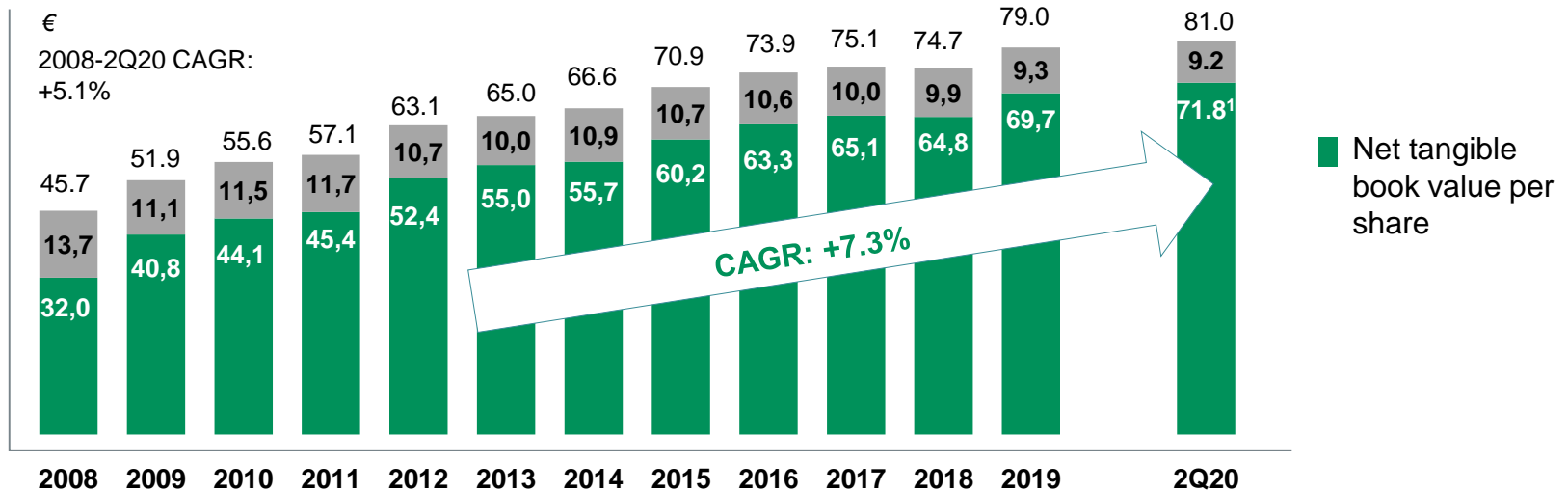


1. Supporting factors (SME, Infrastructures...), IFRS9 transitional provisions, Market Risk, PVA aggregation factor; 2. Estimate based on current EBA proposal; 3. After taking into account the removals of CCyB and in accordance with Art.104a of CRD5; excluding P2G; 4. Liquid market assets or eligible in central banks (counterbalancing capacity) taking into account prudential standards, notably US standards, minus intra-day payment system needs



Net tangible book value per share: €71.8¹

● Net book value per share, end of period



● Acknowledgment of the extension of the ECB's recommendation, temporary and exceptional, not to pay dividends until January 2021, announced on the 28 July 2020

- Reminder : the Group places in reserves 50% of the results in anticipation of the 2020 dividend distribution, in line with the distribution policy established within the framework of the 2020 plan
- Reminder: as at 30.06.2020, the Group has a distance to Maximum Distributable Amount of €18bn²

1. With 2019 earnings placed into reserves; 2. As defined in CRD4 article 141, see slide 87 of the presentation of the results as at 30 June 2020

