

BNP PARIBAS

BEST IN CLASS RETURNS IN EUROPE AND STRONG CAPITAL GENERATION

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BNP PARIBAS

The bank for a changing world

Disclaimer

The figures included in this presentation are unaudited. On 29 March 2016, BNP Paribas issued a restatement of its quarterly results for 2015 reflecting, in particular (i) an increase in the capital allocated to each business line to 11% of risk-weighted assets, compared to 9% previously, (ii) the charge of subordination costs of Additional Tier 1 and Tier 2 debt issued by the Group to the divisions and business lines, a review of the way it charges and remunerates liquidity between the Corporate Centre and the business lines and the adaptation of the allocation practices for revenues and operating expenses of Treasury activities within ClB, (iii) the allocation to the divisions and business lines of the contribution to the Single Resolution Fund, the reduction of the French systemic tax and new contributions to the deposit guarantee funds of BNL and Luxembourg Retail Banking which had been temporarily booked in the operating expenses of the Corporate Centre and (iv) some limited internal transfers of business activities and results. The 2015 quarterly result series have been restated reflecting these effects as if they had occurred on 1st January 2015. The slides related to 1Q16 results are based on the restated 2015 quarterly series.

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The sum of values contained in the tables and analyses may differ slightly from the total reported due to rounding.



Overview



**Solid results thanks to
the integrated and diversified client-centric model**



1H16 annualised ROTE: 11.6%*



**Strong and recurrent organic capital generation
11.1% fully loaded Basel 3 CET1 ratio at 30 June 2016**



**€2.31 per share full cash dividend paid on 2015 results
45% pay-out ratio**

** Excluding exceptional elements (positive in 1H16: +€578m after tax)*



Solid Group Results

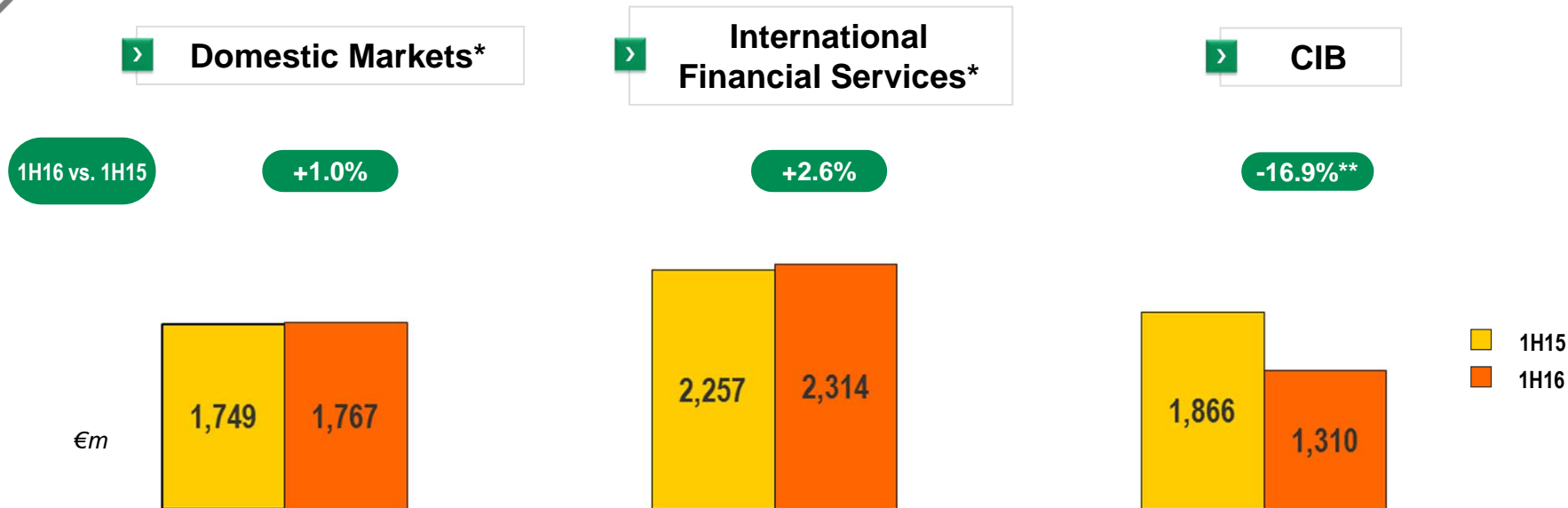
Strong Financial Structure and Value Creation

Performance of the Operating Divisions

Appendix



1H16 - Pre-tax Income of the Operating Divisions



- Growth at Domestic Markets and IFS due in particular to the decline in the cost of risk
- CIB: very challenging market environment in the first quarter partly offset by a good pick-up in business in the second quarter

Growth at Domestic Markets and IFS
CIB: very challenging markets in Q1, good pick-up in Q2

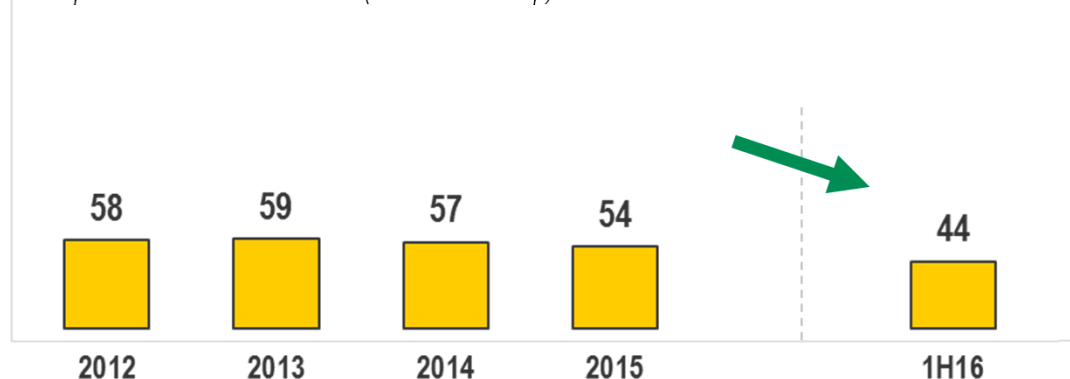
* Incl. 2/3 of Private Banking in France (excl. PEL/CEL effects), Italy, Belgium, Luxembourg, at BancWest & TEB; ** Excluding one-off items (+€74m in 1H15, €0m in 1H16), rise in taxes (+€65m vs 1H15) & FVA (+€68m in 1H15, -€57m in 1H16)



1H16 - Group Cost of Risk

> Group Cost of Risk

Net provisions/Customer loans (in annualised bp)



- Decrease in the cost of risk
 - Good control of risk at loan origination & effect of the low interest rate environment
 - Positive impact notably in Personal Finance
 - Continued decrease of the cost of risk in Italy

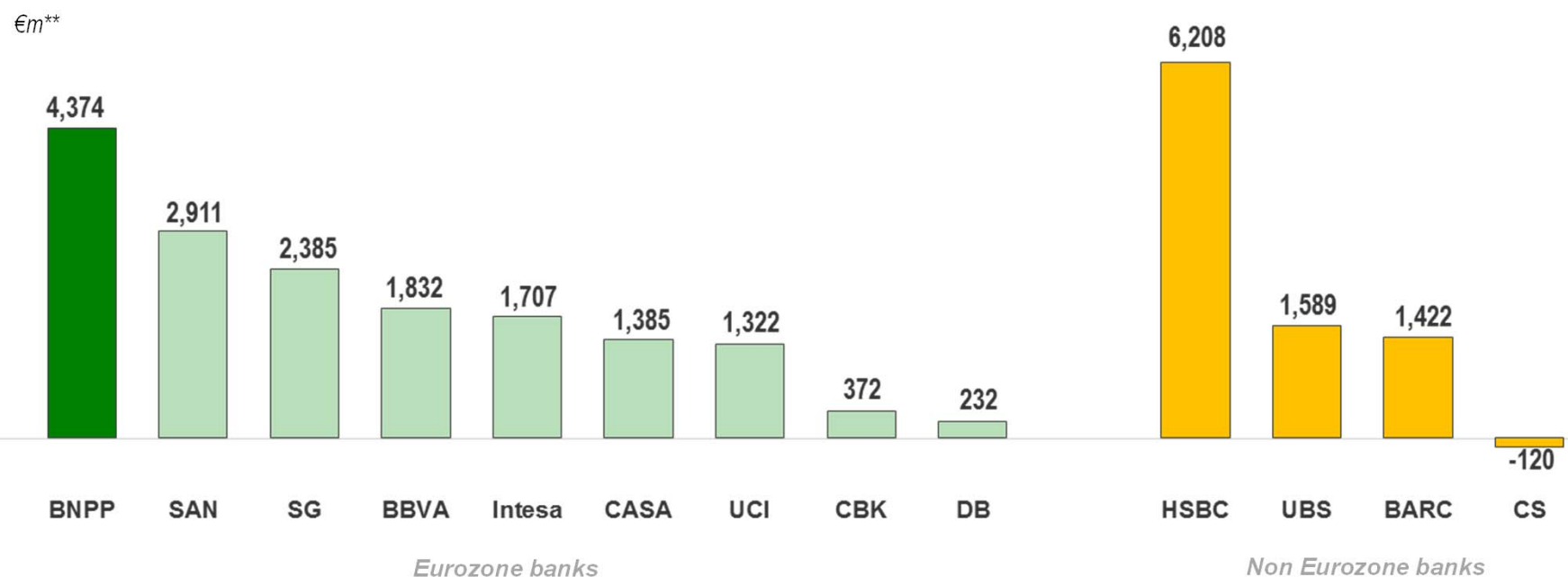


**Strong risk management and low rate environment
contributing to lower cost of risk**



1H16 - Strong Profitability

> 1H16 Net Income*



- ROE excluding exceptional items***: 9.7%
- ROTE excluding exceptional items***: 11.6%

> **Strong profit generation capacity & best in class ROE and ROTE**

*Attributable to equity holders, as disclosed by banks; **Average quarterly exchange rates; *** Excluding one-off items (positive in 1H16: +€578m after tax), contribution to the Single Resolution Fund and systemic taxes not annualised

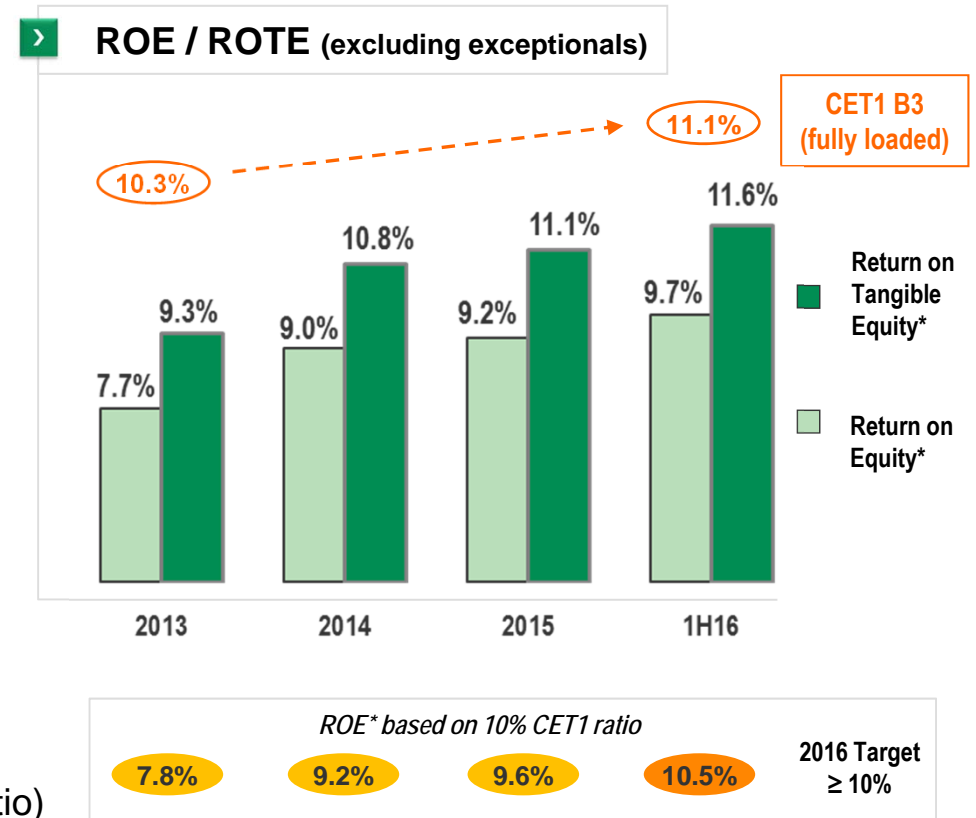


Delivering on 2016 ROE Target

- Several levers contributing to Return on Equity improvement...
 - Simple & Efficient: ramping up of recurrent cost savings
 - Progressive loan volumes pick up in the context of a better European economy
 - Success of the regional plans
 - BNL balance sheet de-risking

- ... despite headwinds
 - Low interest rates environment
 - New taxes and regulations
 - Higher capital requirements

- 2016 ROE target of the plan confirmed (reminder: 10% ROE calculated on 10% CET1 ratio)



Steady increase of the ROE and ROTE over 2014-2016 together with higher CET1 ratio

* Excluding exceptionals. For 1H16, with contribution to the Single Resolution Fund and systemic taxes not annualised

Solid Group Results

Strong Financial Structure and Value Creation

Performance of the Operating Divisions

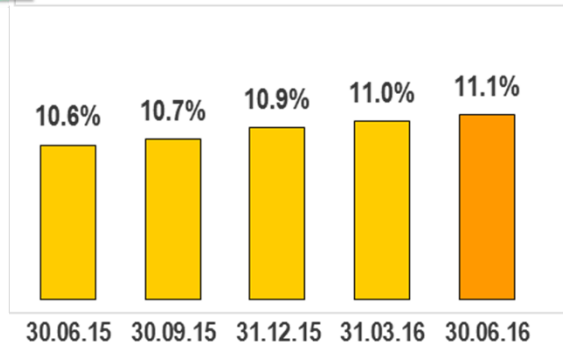
Appendix



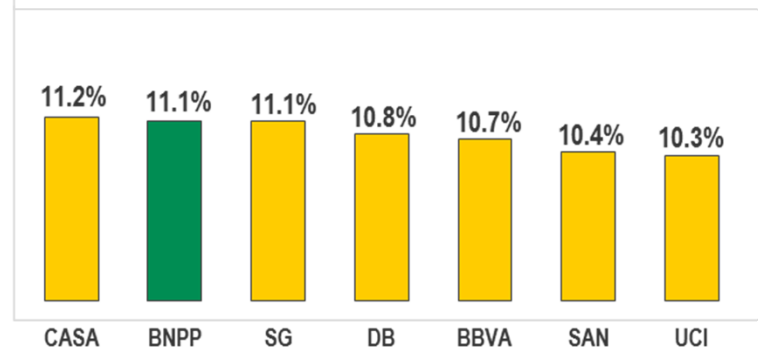
A Rock-Solid Financial Structure

- Fully loaded Basel 3 CET1 ratio*: 11.1% as at 30.06.16 (+50 bp vs. 30.06.15)
 - Essentially due to the results after taking into account a 45% dividend pay-out ratio

> Fully loaded Basel 3 CET1 ratio*

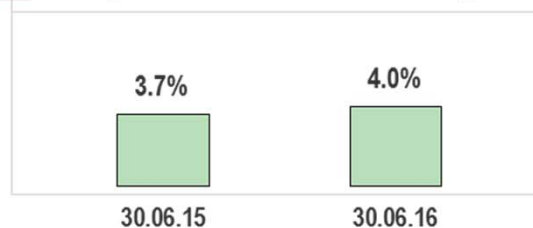


> CET1 ratio Eurozone Peer Group** as at 30.06.16



- Fully loaded Basel 3 leverage***: 4.0% as at 30.06.16

> Fully loaded Basel 3 leverage ratio***



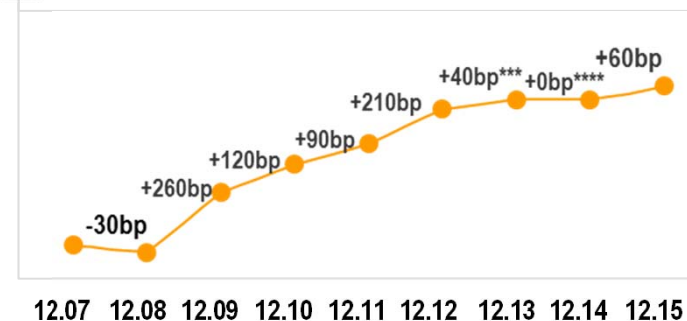
* CRD4 "2019 fully loaded"; ** Eurozone banks with similar business profile; *** CRD4 "2019 fully loaded", calculated according to the delegated act of the European Commission dated 10.10.2014



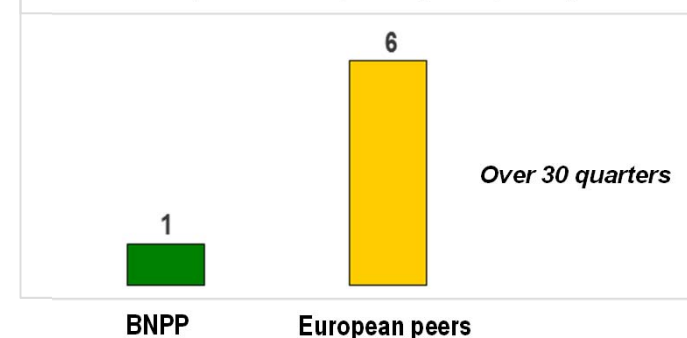
Evolution of CET1 Ratio by 2019

- Phased-in CET1 ratio of 11.2% as at 30.06.16, well above the 10.0% minimum requirement for 2016
- Announced a target of a fully loaded Basel 3 CET1 ratio of 12.0% as of 2018
 - Organic generation and active capital management policy (~35 bp per year)
 - Initial Public Offering of First Hawaiian Bank (~40 bp* expected, o/w ~5 bp in 3Q16)
- Expected upcoming change in the Pillar2 which will be split as of 01.01.17 between:
 - Pillar 2 Requirement (P2R)
 - Pillar 2 Guidance (P2G) which is not MDA (Maximum Distributable Amount) relevant

> Annual evolution of the CET1 ratio**



> Number of quarters of negative CET1 ratio evolution (2009-2Q16, European peers)*****



> Steady organic growth of CET1 ratio across the cycle

* Subject to market conditions and regulatory authorisations; ** Basel 2 from December 2007 to December 2011, Basel 2.5 as at December 2012, then fully loaded Basel 3 for the years after; *** Including the buy-back of the Fortis shares held by the minority shareholders (-50bp); **** +100bp excluding costs related to the comprehensive settlement with the U.S. authorities; ***** Q/Q-1 CET1 ratio evolution restated of capital increases and acquisitions; average number of quarters of negative CET1 ratio evolution for 10 European peers



The Strength of a Diversified and Integrated Business Model...

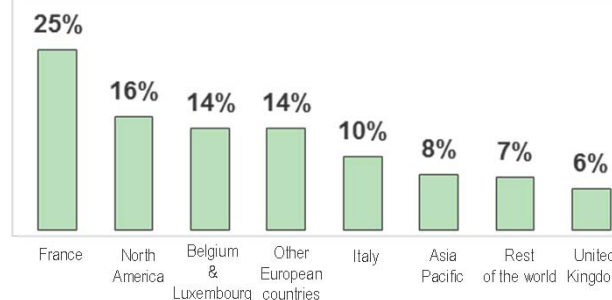


- A business model diversified by country and business
 - No country, business or industry concentration
 - Presence primarily in developed countries (>85% of revenues)
 - No business unit >16% of allocated equity
 - Business units and regions evolving according to different cycles

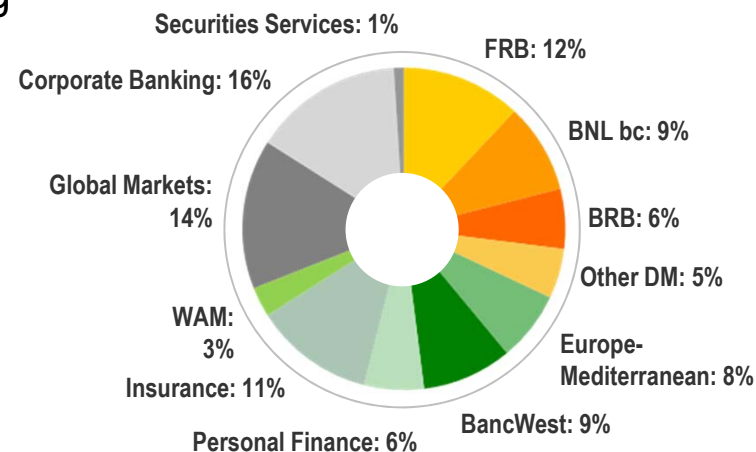
- An integrated business model fuelled by cross-selling

- Strong resilience in changing environments
 - Example of Brexit: well-balanced market activities in Europe between Paris and London (UK: 2.5% of the 2015* Group's operating income)


> **Gross commitments** by region: €1,399bn as at 31.12.2015**



> **Allocated equity by business as at 31.12.2015**



“World’s best bank 2016”
 “Fine-tuned BNP Paribas excels at the business of banking “
 “A large bank actually delivering on its promises to stakeholders...
 ...all while proving the benefits of a diversified business model”

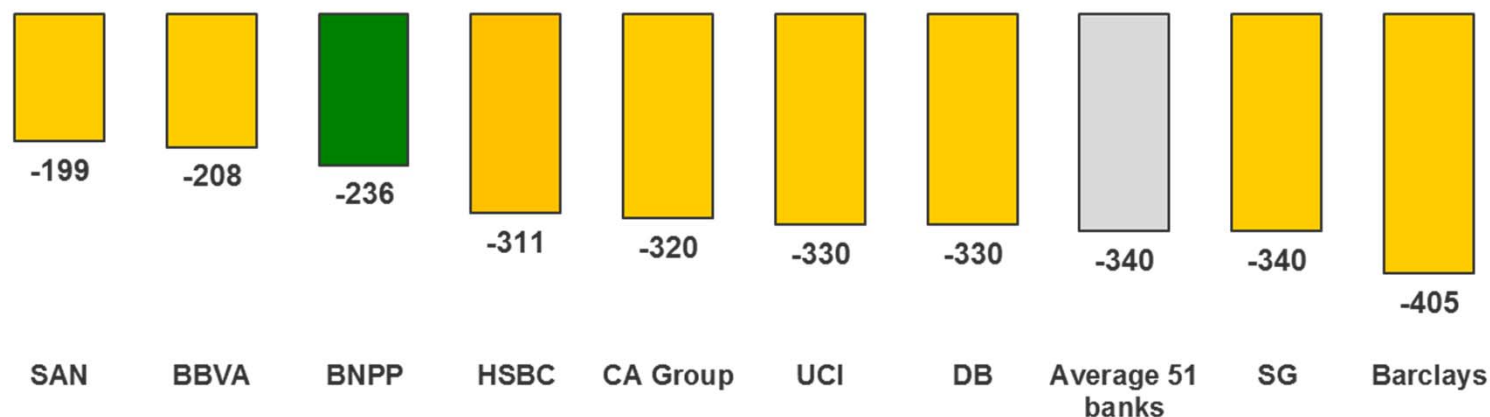


* €248m; ** Total gross commitments, on and off balance sheet, unweighted

...Resulting in Strong Resilience in Stress Tests

2016 European Stress Tests Impact of Adverse scenario on CET1 ratio - peer group*

In bp



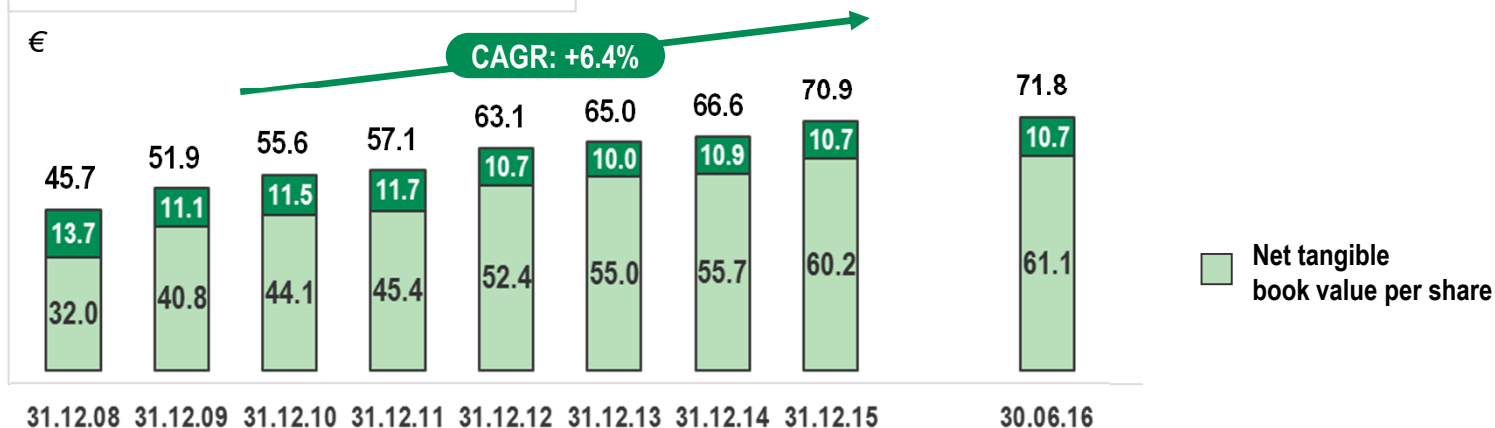
Adverse scenario impact for BNPP was ~100bp lower than the average of the 51 European banks tested

** Based on the fully loaded ratio as at 31.12.2015*

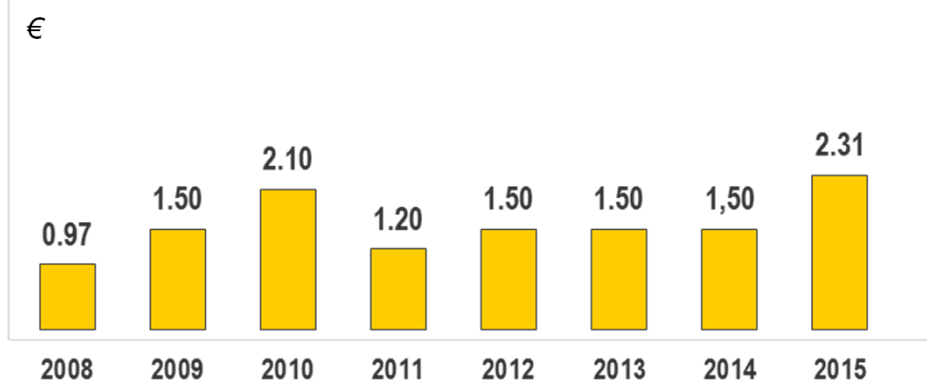


... and Recurrent Value Creation for Shareholders

> Net book value per share



> Dividend per share



- Dividend paid on 2015 results: €2.31 per share
- Fully in cash
- 5.1%* dividend yield
- 45% pay-out ratio

*Based on the closing price of 31 August 2016 (€45.61)



Solid Group Results

Strong Financial Structure and Value Creation

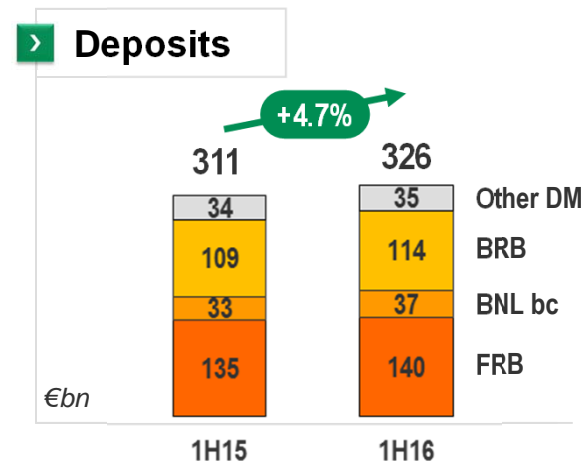
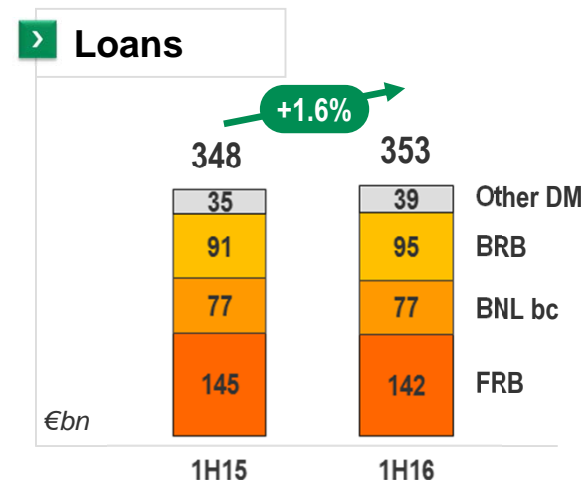
Performance of the Operating Divisions

Appendix



Domestic Markets - 1H16

- Business activity
 - Loans: +1.6% vs. 1H15, gradual recovery in loan demand
 - Deposits: +4.7% vs. 1H15, good growth across all the networks
 - Hello bank!: +210,000 new clients in 1H16
- Arval: swift integration of GE Fleet Services in Europe (+164,000 vehicles)
- Revenues*: €7.9bn (-0.6% vs. 1H15)
 - Persistently low interest rate environment
 - Drop in financial fees in all the networks due to an unfavourable market environment this semester
 - Good performance of the specialised businesses and in Belgium
- Operating expenses*: €5.3bn (+2.2% vs. 1H15)
 - +1.3% at constant scope and exchange rates
 - Driven by the growing business lines: Arval, Leasing Solutions...
- Pre-tax income**: €1.8bn (+1.0% vs. 1H15)
 - Decline in the cost of risk, in particular in Italy



Continued decrease in the cost of risk
Higher income in a low interest rate environment

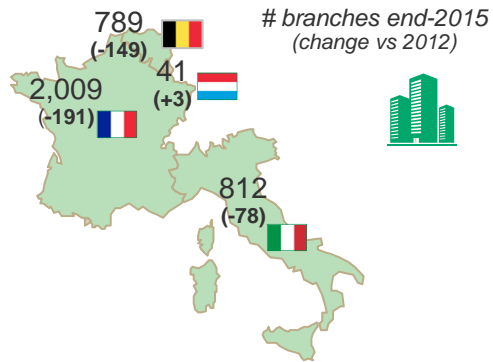
*Including 100% of Private Banking, excluding PEL/CEL; ** Including 2/3 of Private Banking, excluding PEL/CEL



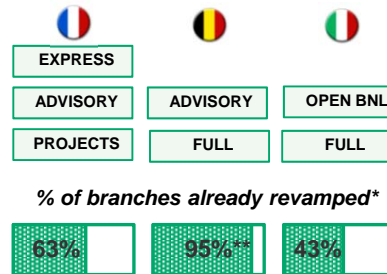
Domestic Markets

Transformation of the Networks - Development of Hello bank!

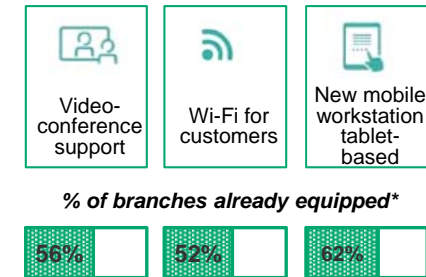
Continued footprint optimisation



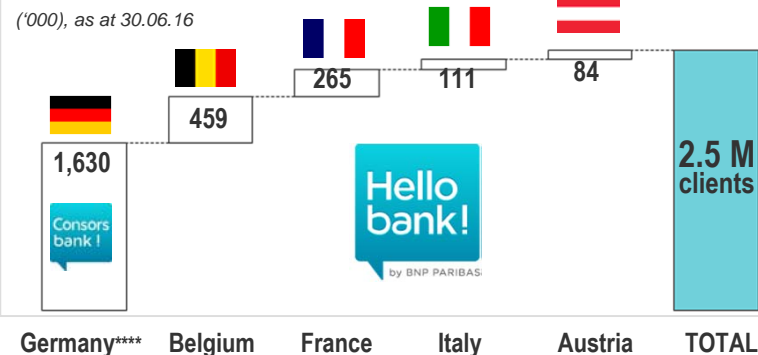
Lighter branch formats



Digitalised branches



Hello Bank! client base



- Strong organic client acquisition (~+700,000 vs. 31.12.14)
- Acquisition of DAB Bank in Germany in 2014 merged in 2015 with Consorsbank!
- Brand positioning "100% mobile", new features and services
- Generating 8.7% of individual clients revenues*** in 2015 (x2 vs. 2014)
- Shared assets with the network (use of existing infrastructures and resources)

Strong complementarity between physical and digital set-up

* As at 31.12.15; ** % of targeted branches; *** FRB, BRB, BNLbc and Personal Investors revenues, excluding Private Banking; **** Including DAB customers

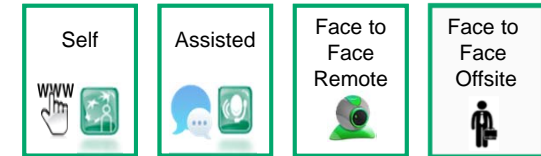


Domestic Markets - Medium-term Ambitions

More Digitalisation, More Customisation

Create digitalised service models

- **Differentiated models** with choice offered to customers
- **More digital and adapted interactions**
- **Common platforms** for product offering, remote expertise...



Reinvent customer journeys

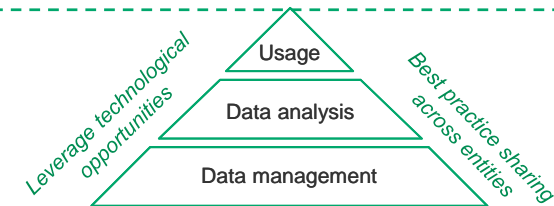
- **Effortless & value-added** client experience, tailored to client needs end-to-end
- **Efficiency improvement:** process optimisation
- Further development of **cross-selling** within the Group

Already launched



Enhance customer knowledge

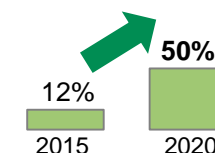
- Optimize **commercial proactivity and reactivity**
- Improve **pricing and risk scoring** management



Boost digital acquisition & sales

- **Digitalisation of the whole product offering subscriptions**
- Boost digital communication and marketing
- **Specific client acquisition offers** with ambitious targets

Targeted digital sales



Develop comprehensive service offers

- New **aggregation service offers** (e.g. Arval Active Link, Wa!)
- **Innovation and FinTechs partnerships**

Wa!
An app combining payment, loyalty programmes and discount coupons



Bank cards
Loyalty programmes
Discount coupons
...



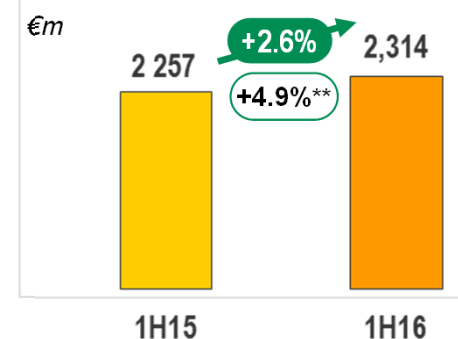
International Financial Services - 1H16

- Business activity
 - Personal Finance: sustained business activity
 - International Retail Banking*: good business growth
 - Insurance and WAM: good asset inflows across all business units (+€15.6bn in 1H16)
- Revenues: €7.5bn (-1.1% vs. 1H15), negative foreign exchange effect
 - +1.5% at constant scope and exchange rates
 - Good performance of IRB, growth at Personal Finance and WAM, impact of the decline in the markets on Insurance
- Operating income: €2.1bn (+3.0% vs. 1H15)
 - +5.4% at constant scope and exchange rates
 - Decrease in the cost of risk
- Pre-tax income: €2.3bn (+2.6% vs. 1H15)
 - +4.9% at constant scope and exchange rates

Revenues



Pre-tax income










➤ **Good sales and marketing drive and income growth**

* 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

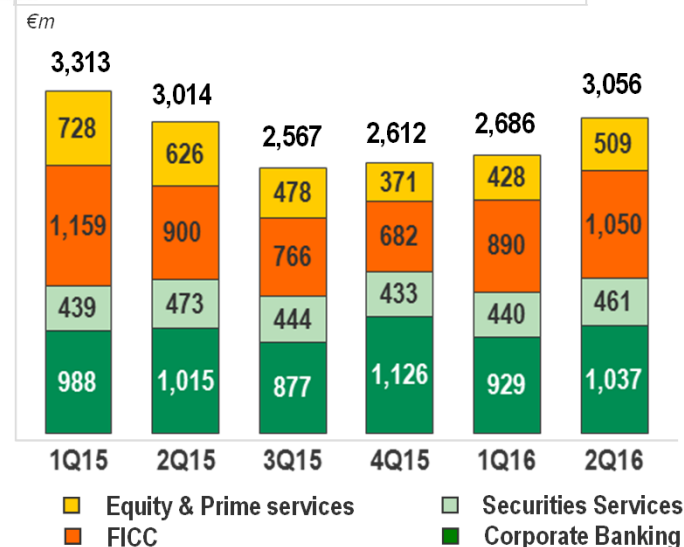
Digitalisation and Innovation in all the Businesses

<p>Personal Finance</p>	<ul style="list-style-type: none"> ■ Rapid expansion of files' digital processing ■ Cards: development of interfaces for mobile wallet and online payment solutions ■ PF Echangeur: monitoring and testing technological innovations and new consumer usages 	<p>~ +15% of electronic signatures vs. 1H15 (Personal Finance)</p>	
<p>International Retail Banking</p>	<ul style="list-style-type: none"> ■ Expansion of mobile and digital banking in all countries ■ Turkey: very high mobile user experience, strong awareness of the brand CEPTETEB ■ Poland: strengthening of online banking & mobile app offer ■ BancWest: online banking upgrade, enhanced user experience 	 <p>(Turkey) 290,000 clients</p>	 <p>(Poland) 179,000 clients</p>
<p>Insurance and WAM</p>	<ul style="list-style-type: none"> ■ Insurance: 320 digital projects to transform services and improve performances; showcasing digital innovations in Cardif Lab ■ Expansion of customer journeys within Wealth Management ■ Leveraging data analytics for strategic marketing 		
<p>Transversal initiatives</p>	<ul style="list-style-type: none"> ■ International Hackathon 2016: streamlining the customer journey through co-creation with start-ups (8 countries, 96 start-ups) ■ Combining data labs to pool best practices ■ Generalise open innovation with clients, partners, start-ups 		

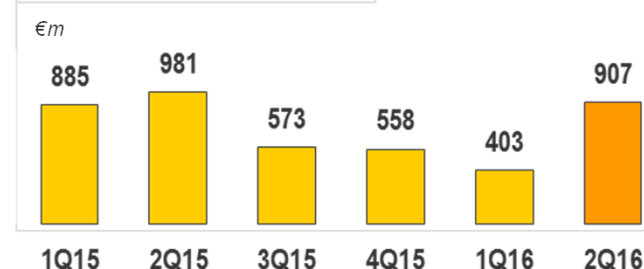
Corporate and Institutional Banking - 1H16

- Business activity
 - Global Markets: pick-up in volume in 2Q16 after a challenging environment in 1Q16
 - Securities Services: stability of assets under custody, good marketing drive but impact of declining markets
 - Corporate Banking: increase in client loans (+3,4% vs. 1H15)
- Revenues: €5,743m (-9.2% vs. 1H15)
 - High basis of comparison in 1H15
 - Good overall performance but very challenging European markets at the beginning of the year
- Operating expenses: €4,373m (-3.4% vs. 1H15)
 - -6.9% vs. 1H15 excluding the impact of the rise in banking contributions, taxes and regulatory costs (IHC*, compliance,...)
 - In relation with the lower business level; effect of cost savings
- Pre-tax income: €1,310m (-29.8% vs. 1H15)
 - -16.9% excluding one-off items, rise in taxes and FVA**

Revenues by business unit



Pre-tax income



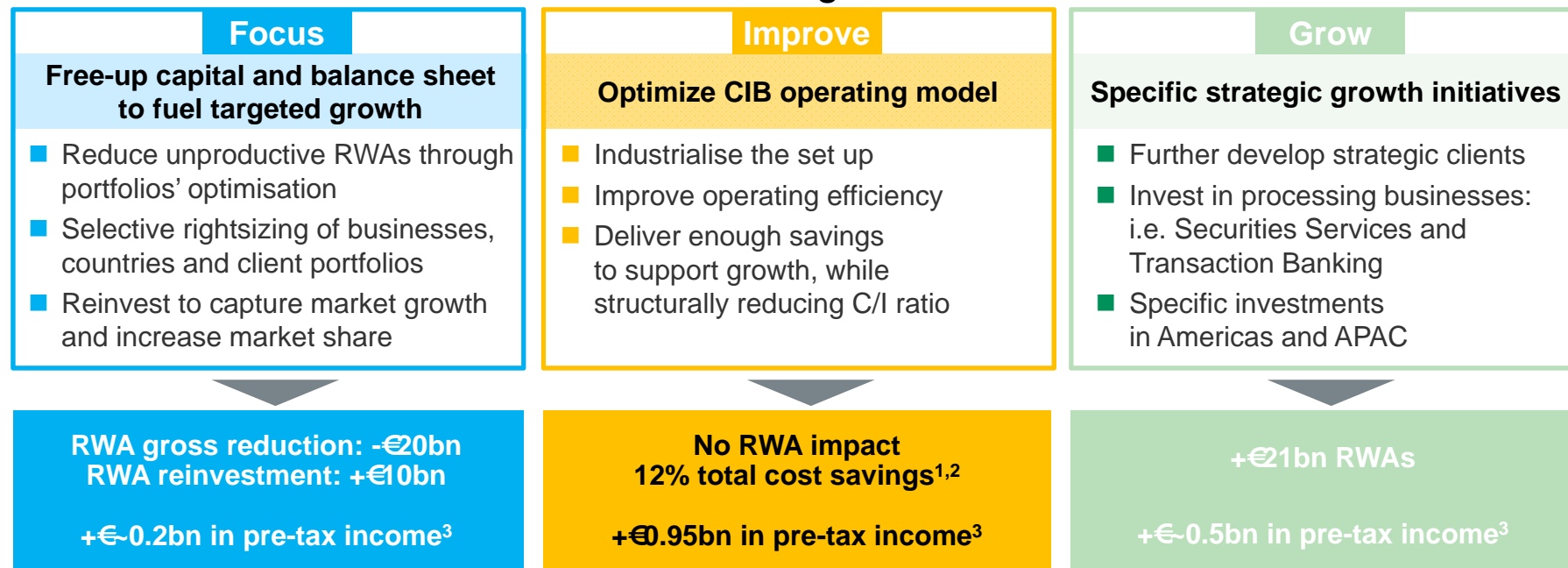
Good rebound in business activity in the second quarter

* Intermediate Holding Company; ** Capital gain from the sale of a non-strategic equity investment (€74m in 1H15), rise in taxes (+€65m vs 1H15), FVA (+€68m in 1H15, -€57m in 1H16)

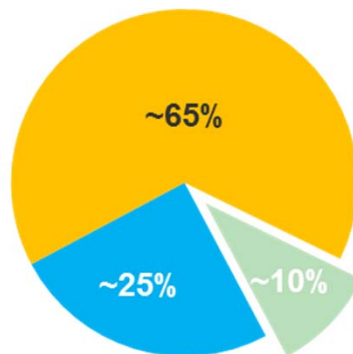


Corporate and Institutional Banking 2016-2019 Transformation Plan

Three Levers Across All Regions & Business Lines



Contribution to RONE improvement coming essentially from Improve and Focus



Reminder: €300m one-off costs to achieve transformation⁴

1. Gross savings based on 2015 total CIB costs base including €50m savings linked to Focus initiatives; 2. Incl. -€90m of residual S&E savings; 3. Before effects of the 29 March 2016 restatement; 4. Booked in Corporate Centre: €300m in 2016, 250m in 2017 and 2018



Corporate and Institutional Banking Implementation of the Transformation Plan

- Improve cost efficiency: >€1bn savings vs. 2015

- Implementation of the plan in all regions in accordance with local regulations
- Industrialisation of platforms: 55 projects launched to align IT systems in Global Markets

- Focus: improve capital productivity

- Sale or securitisation of ~€6bn of RWA as at 30 June 2016 (target €20bn by 2019)
- Repositioning of cash equity business in Asia

- Grow less capital-intensive businesses

- Cash management: on-boarding of 196 business groups* in the context of the RBS referral agreement
- Shift from voice to electronic: good development of Centric, the Transaction Banking & Global Markets' online and mobile portal, >9,000 clients*, 22 applications and 35 countries
- Securities Services: launch of a platform for unlisted & private stocks using blockchain technology by end 2016

> Evolution of CIB cost base

In €bn, excl. variable compensation



* As at 31 August 2016



Conclusion



**A well balanced and integrated business model
resulting in recurrent profit generation capacity**



**Solid organic capital generation
Fully loaded Basel 3 CET1 ratio at 11.1%**



On track to achieve the ROE target of the 2014-2016 plan



Solid Group Results

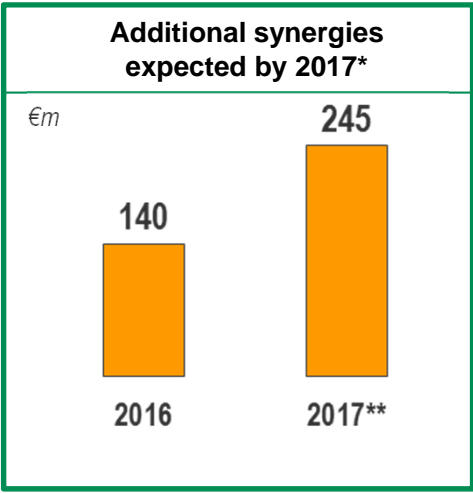
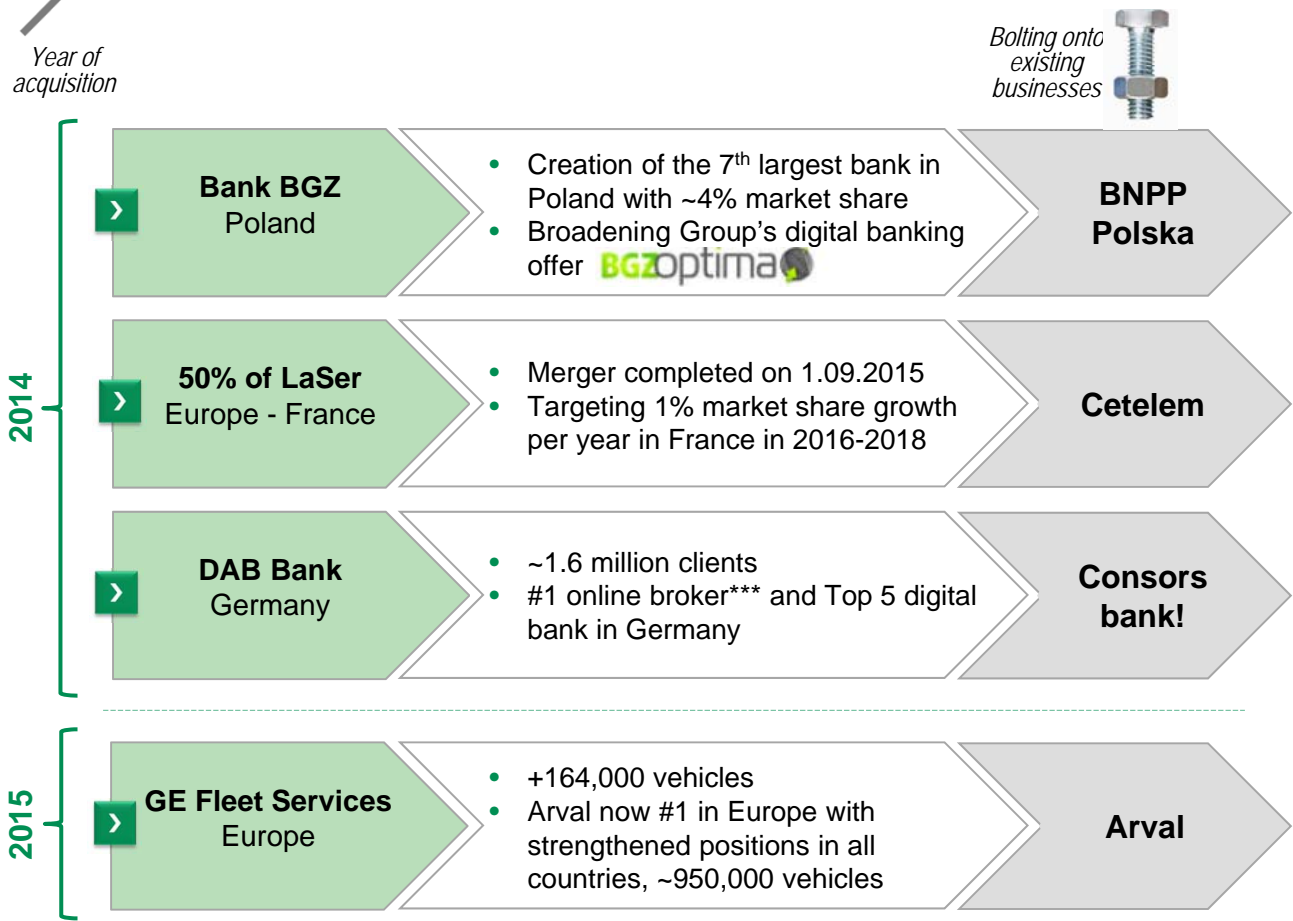
Strong Financial Structure and Value Creation

Performance of the Operating Divisions

Appendix



ROE Accretive Bolt-on Acquisitions in 2014 and 2015



> Levers for additional profit generation going forward

* Excluding restructuring costs ; ** Cumulated ; *** In terms of retail trades and securities accounts

Simple & Efficient

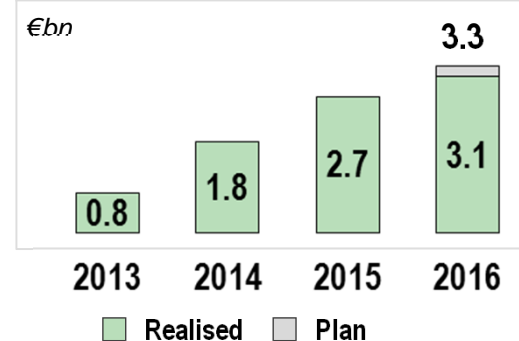
- Continued the momentum throughout the entire Group
 - 1,386 programmes identified including 2,699 projects
 - 90% of projects initiated since 2013 already completed

- Cost savings: €3,070m realised since the launch of the plan
 - Of which €332m booked in 1H16
 - Reminder: cost savings target raised from €3.0bn to €3.3bn

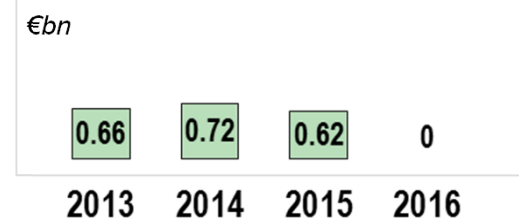
- Breakdown of cost savings by division since 2013
 - Domestic Markets (43%), IFS (27%) and CIB (30%)

- Reminder: no transformation costs in 2016

Cumulative recurring cost savings



One-off transformation costs



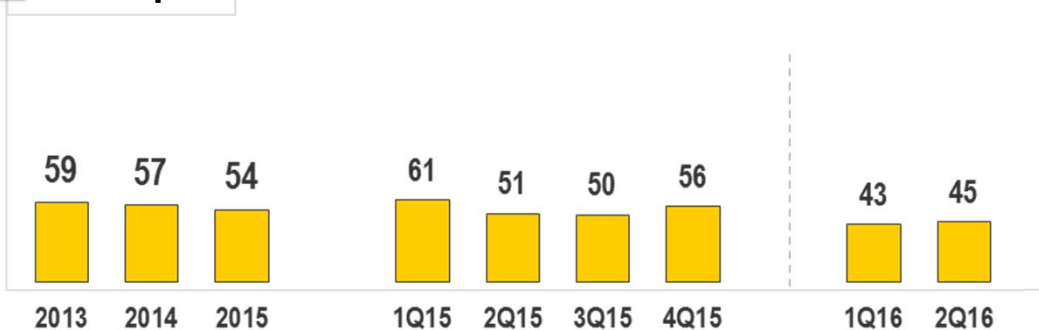
Cost savings achieved in line with the new target



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

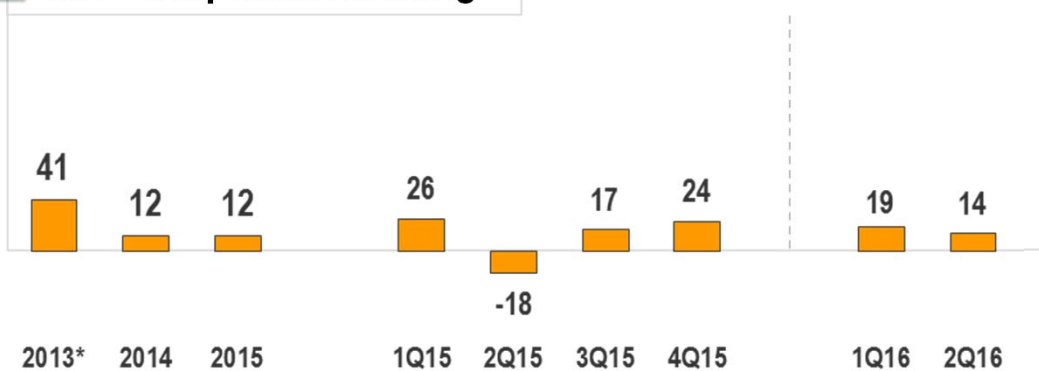
Cost of risk/Customer loans at the beginning of the period (in annualised bp)

> Group



- Cost of risk: €791m
- +€34m vs. 1Q16
- -€112m vs. 2Q15
- Decrease in the cost of risk vs. 2Q15

> CIB - Corporate Banking



- Cost of risk: €42m
- -€13m vs. 1Q16
- +€97m vs. 2Q15
- Low cost of risk
- 2Q15 reminder: provisions more than offset by write-backs

* Restated



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

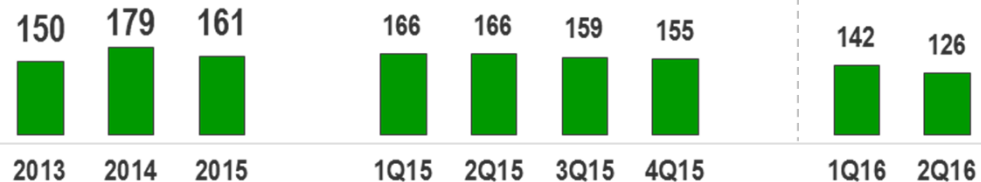
Cost of risk/Customer loans at the beginning of the period (in annualised bp)

> FRB



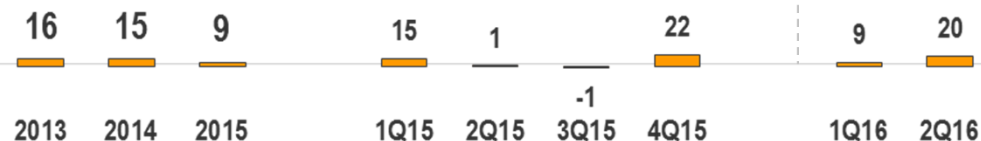
- Cost of risk: €72m
 - -€1m vs. 1Q16
 - -€15m vs. 2Q15
- Cost of risk still low

> BNL bc



- Cost of risk: €242m
 - -€32m vs. 1Q16
 - -€76m vs. 2Q15
- Continued decrease in the cost of risk

> BRB



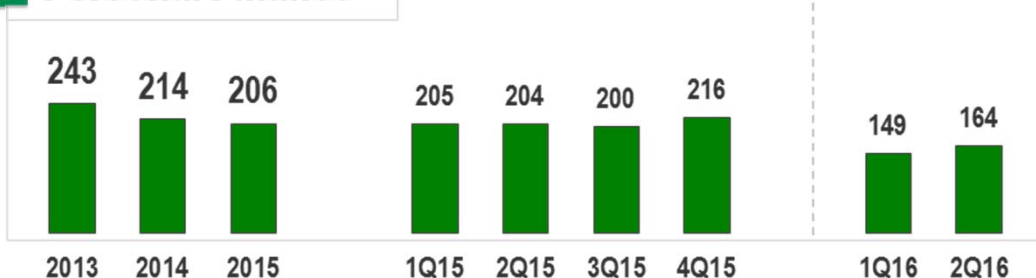
- Cost of risk: €49m
 - +€28m vs. 1Q16
 - +€47m vs. 2Q15
- Cost of risk still low
 - Impact of a specific loan this quarter
 - Reminder: cost of risk particularly low in 2Q15



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

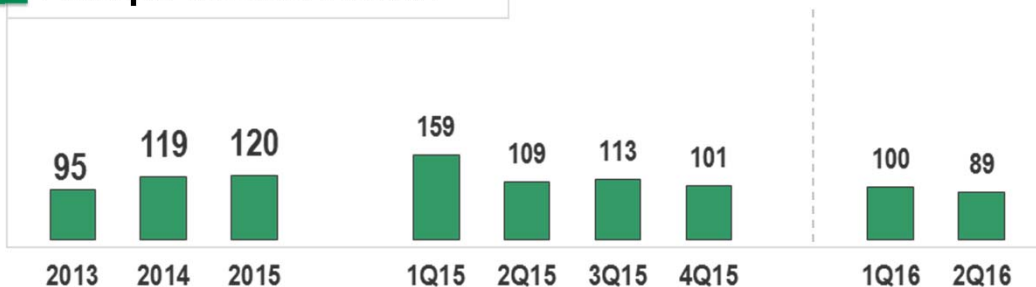
Cost of risk/Customer loans at the beginning of the period (in annualised bp)

> Personal Finance



- Cost of risk: €248m
 - +€27m vs. 1Q16
 - -€40m vs. 2Q15
- Sharp decline in the cost of risk vs. 2Q15
 - Effect of the low interest rates and the growing positioning on products with a better risk profile (car loans notably)
- 1Q16 reminder: significant provisions write-backs following sales of doubtful loans

> Europe-Mediterranean



- Cost of risk: €87m
 - -€9m vs. 1Q16
 - -€22m vs. 2Q15
- Cost of risk down this quarter

> BancWest



- Cost of risk: €23m
 - -€2m vs. 1Q16
 - +€7m vs. 2Q15
- Cost of risk still very low



Wholesale Medium/Long-Term Funding

- Reminder: 2016 MLT funding programme of €25bn, of which

- Additional Tier 1: €1.5 to 2bn*
- Tier 2: €2 to 3bn*
- TLAC eligible senior debt**: ~€10bn*

- Additional Tier 1: €1.3bn issued***

- Reminder: success of the AT1 issuance in USD on 23 March, 325 investors across Europe, Americas and Asia, \$1.5bn, perpetual Non Call 5, coupon of 7.625%

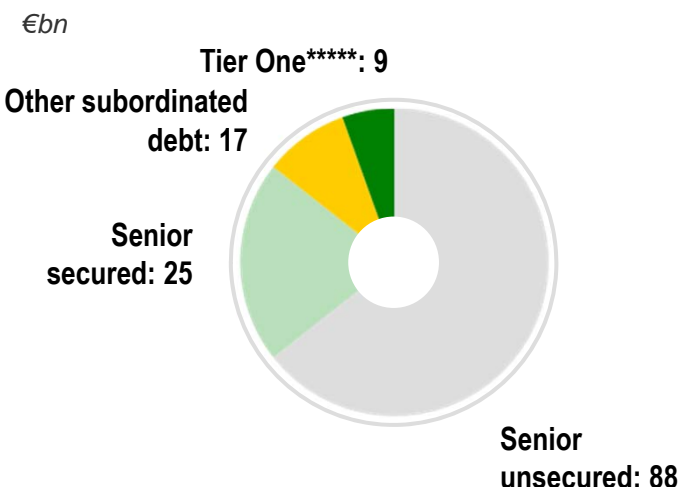
- Tier 2: €4.3bn issued***

- Mid-swap +199 bp on average, average maturity of ~10 years****

- Senior debt: €14,4bn issued***

- Average maturity of 6.1 years, mid-swap +58 bp on average
- Of which €6.0bn of senior unsecured debt eligible to the 2.5% MREL as at 01.01.2019

Wholesale MLT funding structure breakdown: €139bn as at 30.06.16
(excluding TLTRO)



Issuance programme proceeding well despite volatile markets

* Depending on opportunities and market conditions; ** Including the part eligible to MREL (2.5% of risk-weighted assets as at 01/01/2019); *** As at 9 September 2016; **** Including the Tier 2 prefunding of €750m issued in November 2015; ***** Debt qualified prudentially as Tier 1 booked as subordinated debt or as equity

