



BNP Paribas
Focusing on Operating Efficiency
Preparing New Business Development Plan

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BNP PARIBAS | The bank for a changing world

Disclaimer

Figures included in this presentation are unaudited. On 18 April 2013, BNP Paribas issued a restatement of its quarterly results for 2012 reflecting, in particular, (i) the amendment to IAS 19 "Employee Benefits" which has the effect of increasing the Group's 2012 pre-tax income by €7m; this adjustment has been re-allocated to the relevant division and business line operating expenses (ii) the allocation between the divisions and business lines of items which had temporarily been allocated to the Corporate Centre. In these restated results, data pertaining to 2012 has been represented as though the transactions had occurred on 1st January 2012. This presentation is based on the restated 2012 quarterly data.

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Introduction



**Solid profitability, strong solvency and liquidity,
cautious risk management**



Preparing a 2014-2016 business development plan

- Focusing on operating efficiency: rapid startup of Simple & Efficient**
- Implementation of the business development plan in Asia Pacific**
- Launch in 4 countries of our new digital bank: Hello Bank!**



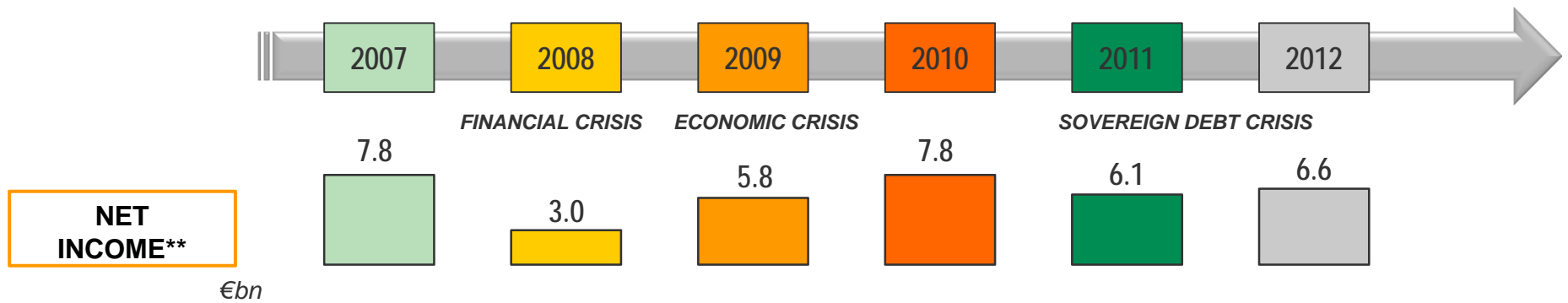
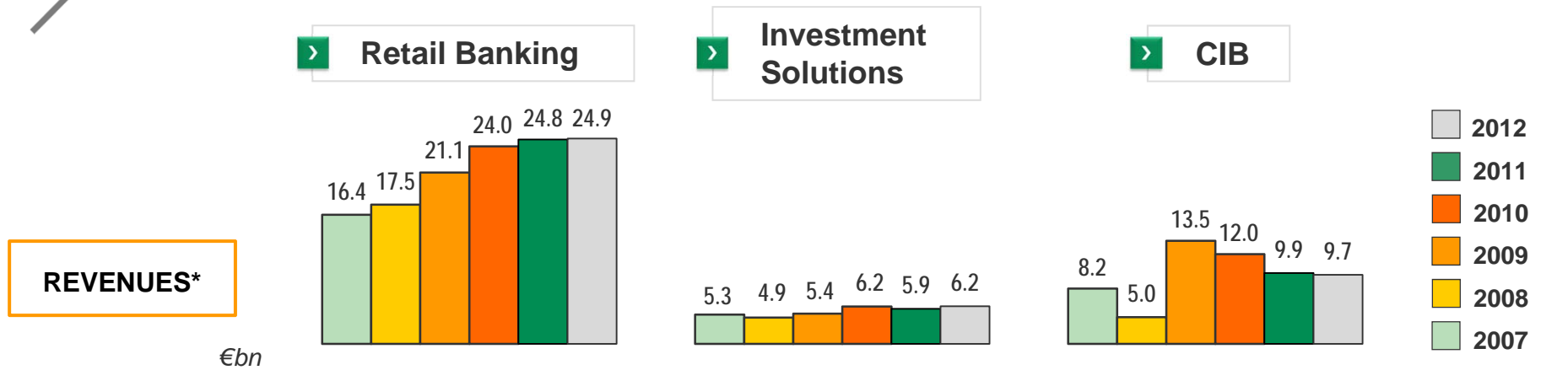
Strong Group Financials

Preparing New Business Development Plan

Appendix



Consistent Group Performance



> Good resilience through the crises

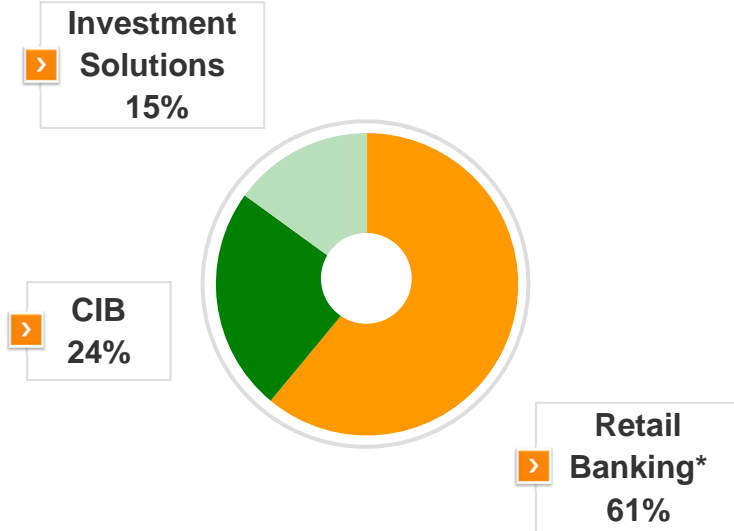
* Including 100% of Private Banking of the domestic markets in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg;

** Attributable to equity holders

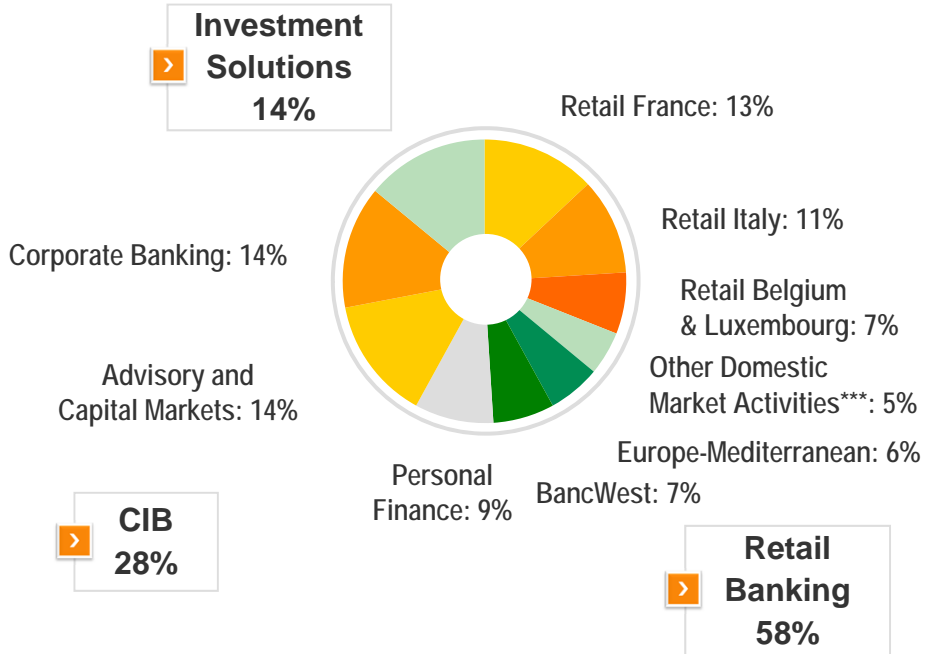


Well Balanced Business Mix

> **Revenues**
by operating division in 2012



> **Basel 2.5** Allocated equity**
by operating division in 2012



> **Balanced and diversified portfolio of activities**

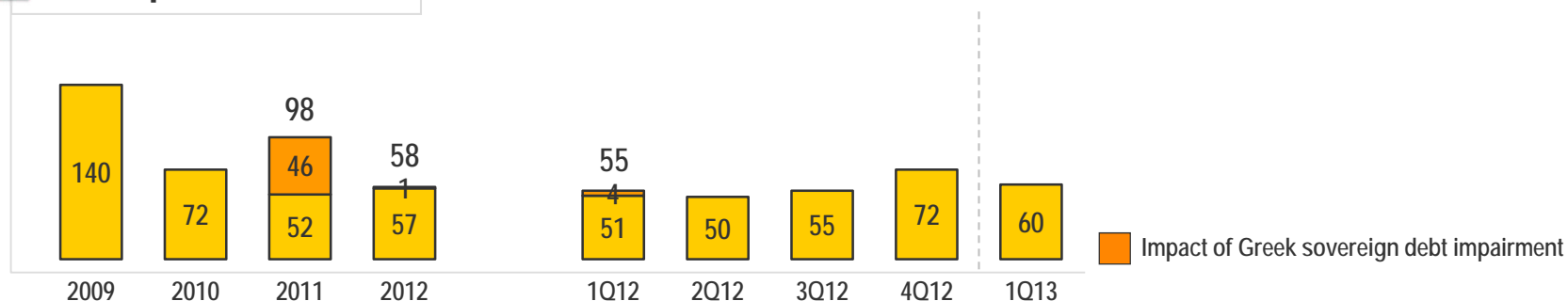
* Including 2/3 of Private Banking of the domestic markets in France (including PEL/CEL effects), Italy, Belgium and Luxembourg;

** CRD3; *** Excluding Retail Luxembourg

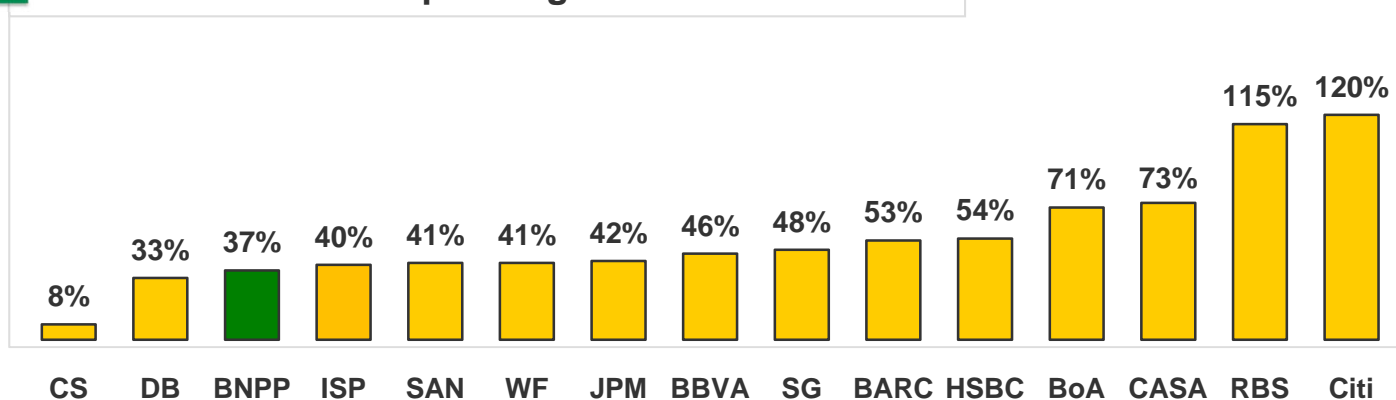


Proven Risk Management Track Record

> Group cost of risk



> Cost of risk/Gross operating income 2007-2012*



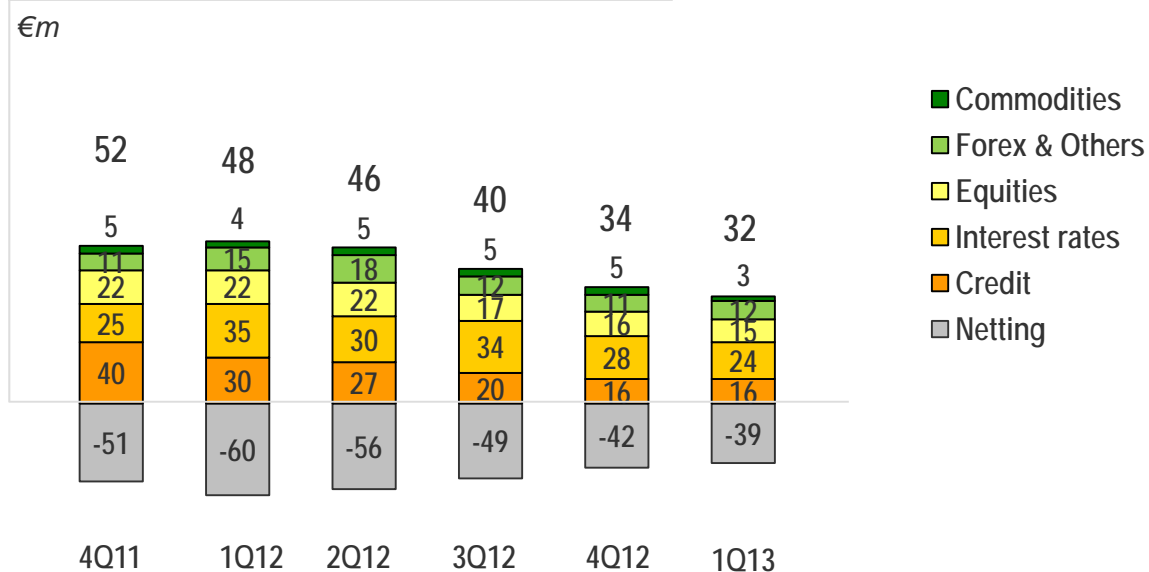
> Stringent risk policy with proven effectiveness

* Source: banks; UBS not included due to negative cumulated GOI over the period



Market Risks

> Average 99% 1-day Interval VaR



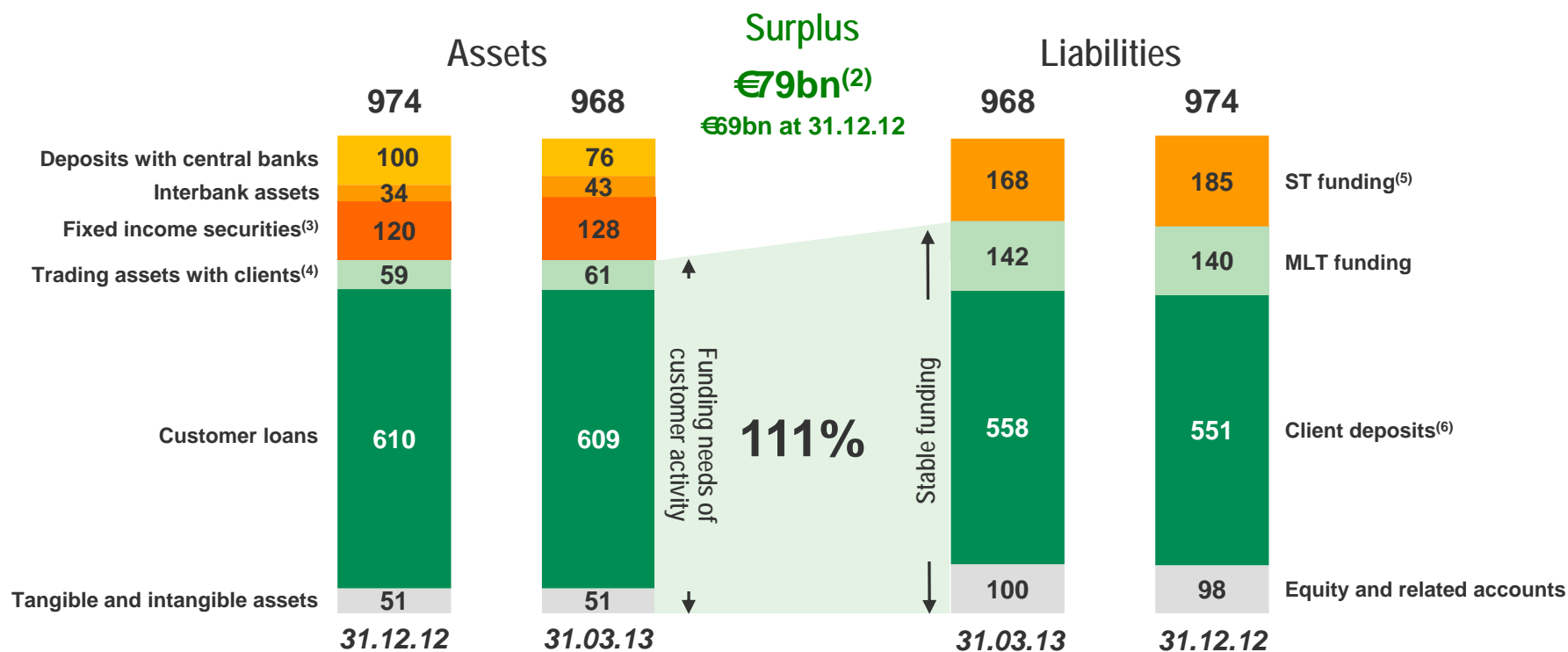
- VaR at a very low level
 - No day of losses > VaR since 2011 despite some extremely high levels of volatility
 - Only 10 days of losses > VaR since 2007, validating the theoretical approach and the internal model

> Cautious and successful management of market risks



All Currencies Cash Balance Sheet

> Global Cash Balance Sheet⁽¹⁾ (€bn, banking prudential scope)



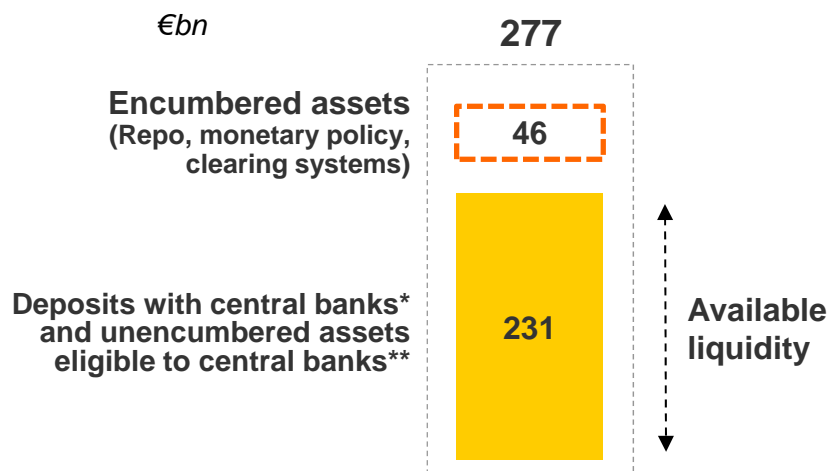
> Sizeable surplus of stable funding

(1) Balance sheet with netted amounts for derivatives, repos, securities lending/borrowing and payables/receivables;
 (2) o/w USD57bn; (3) Including HQLA; (4) With netted amounts for derivatives, repos and payables/receivables;
 (5) Including LTRO; (6) o/w MLT funding placed in the networks: €46bn at 31.03.13 and €47bn at 31.12.12



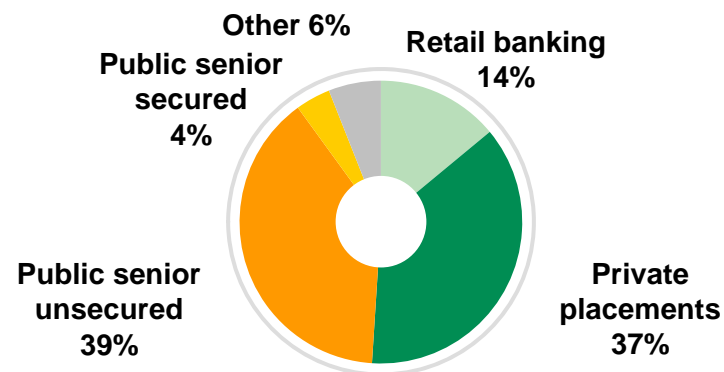
Short-Term Liquidity and Medium/Long-Term Funding

Global liquidity buffer as at 31 March 2013



- Liquid and asset reserve immediately available: €231bn** (€221bn** at 31.12.12)
 - Amounting to 137% of short-term wholesale funding

2013 MLT funding structure - €23bn - breakdown by source



- 2013 MLT programme: €30bn
- €23bn realised*** at end of May 2013
 - Average maturity of 5.6 years
 - At mid-swap +74 bp on average (vs. +109 bp on average for the 2012 MLT programme)

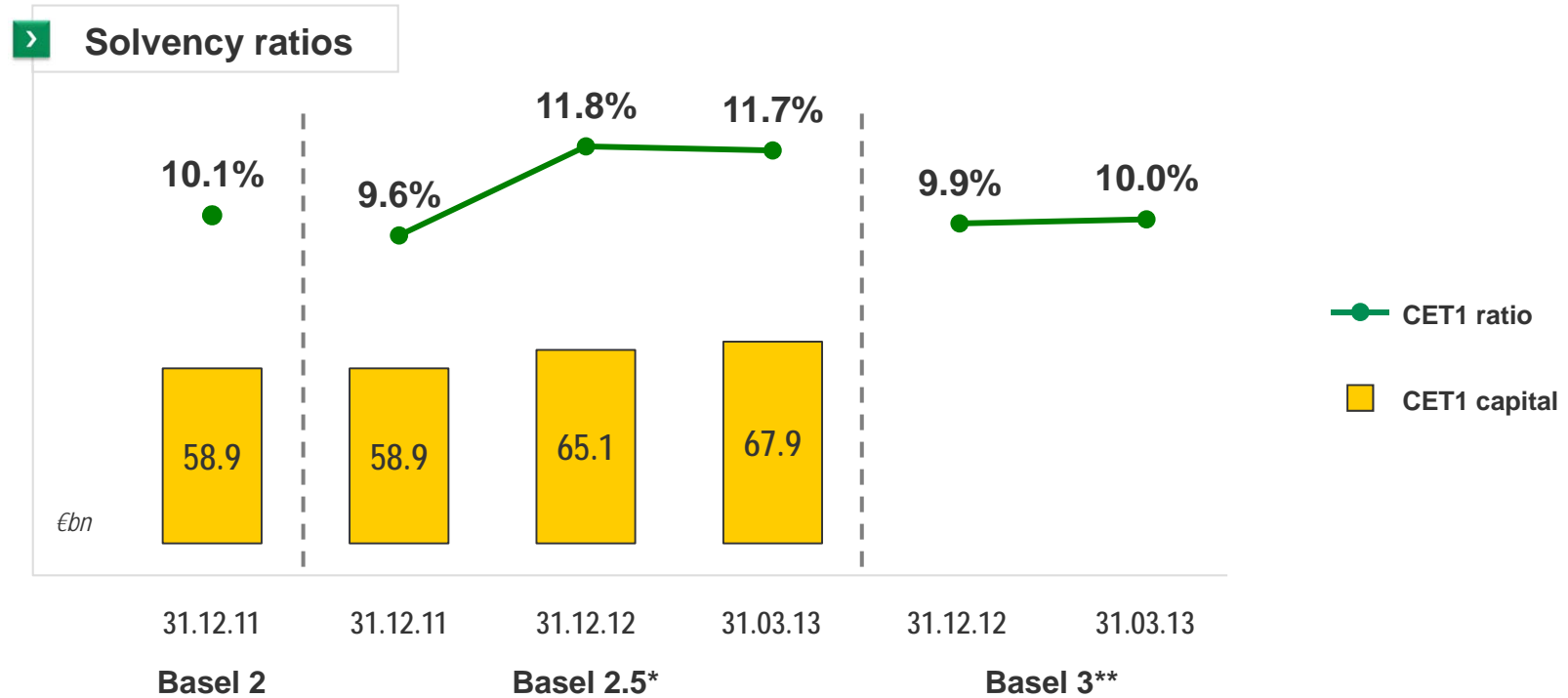
Diversified MLT funding at competitive conditions

* Of which NY Fed deposits: USD25bn; ** After haircuts;

*** Including issues at the end of 2012 on top of the €34bn completed under the 2012 programme



Strong Solvency (1/2)

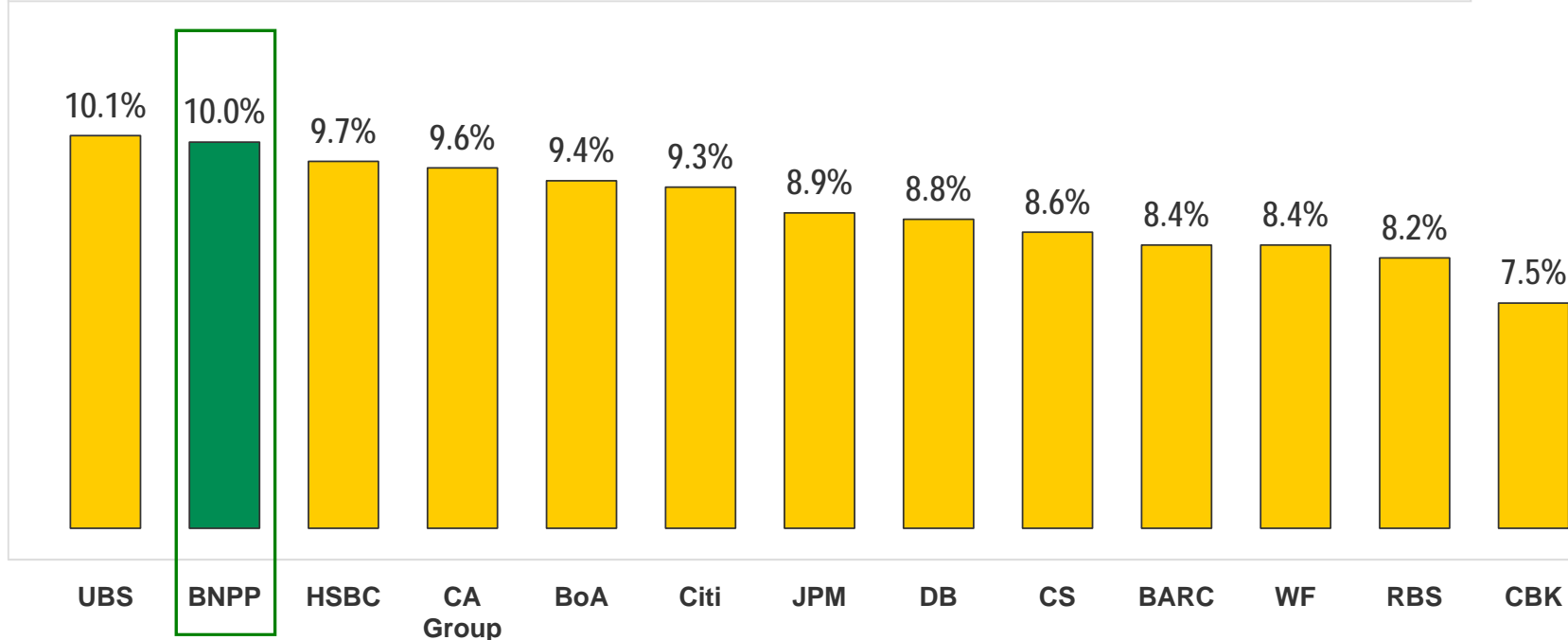


> **Basel 3 fully loaded ratio above 9% target**



Strong Solvency (2/2)

> Disclosed 1Q13 Common Equity Tier 1 ratio under Basel 3* (fully loaded/fully phased-in)

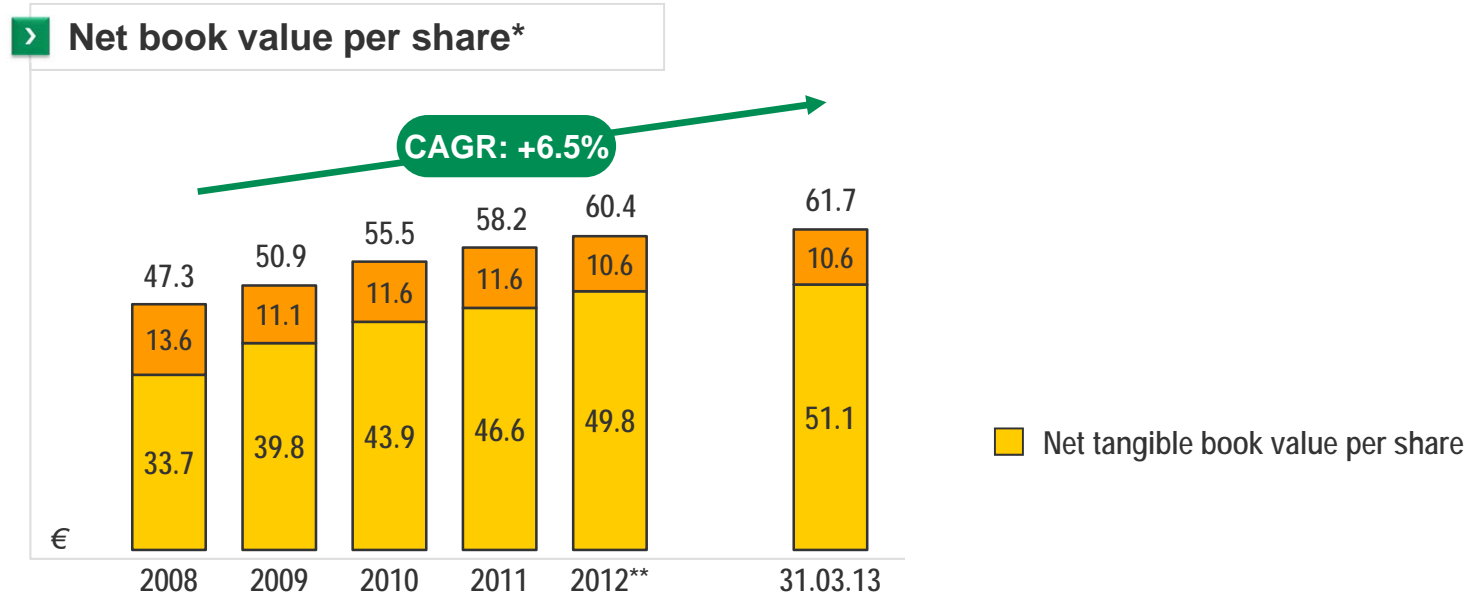


> One of the best capitalised banks in the new context

* Peer group, according to expected CRD4 for European banks and according to the Federal Reserve's Notice of Proposed Rulemaking (NPR) for US banks



Net Book Value per Share



> **Continuing to grow the net book value per share throughout the cycle**



Strong Group Financials

Preparing New Business Development Plan

Appendix



2014-2016 Business Development Plan

- 1st phase: launch an ambitious plan to simplify the way the Group functions and improve operating efficiency
 - Simple & Efficient
- 2nd phase: implement specific business development plans by region and business unit
 - Asia Pacific
 - Hello Bank!
 - Other plans to be announced in the coming months

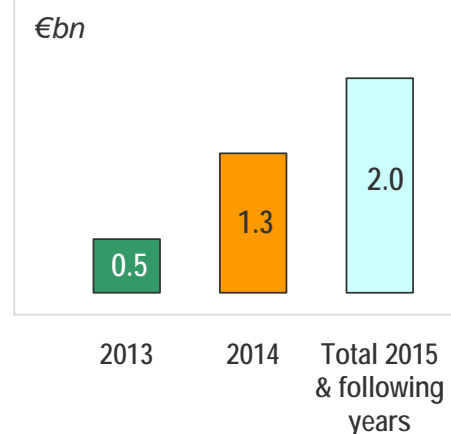
 **Towards a comprehensive presentation early in 2014**



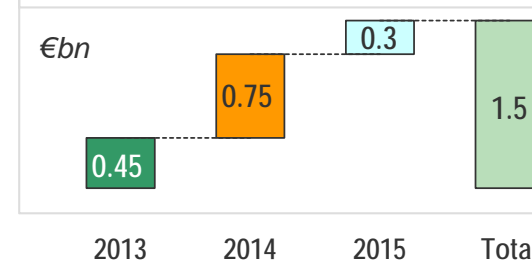
Simple & Efficient (1/3)

- Objective of €2bn in recurring savings starting in 2015
 - ~55% Retail Banking, ~30% CIB and ~15% Investment Solutions
 - Equivalent to a pro-forma 2 points ROE gain as of 2015
- Transformation costs: €155m already booked in the first quarter 2013
 - Ahead of the €450m costs announced for 2013
 - Early retirement plans initiated at BNPP Fortis and BNL
- 969 programmes defined for the Group, encompassing 1,933 projects
 - 1,554 projects (i.e. 80%) already launched
 - Each having a dedicated manager, a sponsor, a budget and milestones
 - Monthly monitoring of each project

> Recurring cost savings



> One-off transformation costs



Rapid startup of Simple & Efficient



Simple & Efficient (2/3)

4 areas for transformation	12 levers	Representative projects
Client relationship	<ul style="list-style-type: none"> - Distribution models - Digital solutions 	<ul style="list-style-type: none"> - Branch set-up evolution - Dematerialisation of bank statements
Enhance operating model	<ul style="list-style-type: none"> - Automation & industrialisation - Streamlining of processes - Mutualisation - Alternative sourcing policies - Delayering - Differentiation between Group function and services activities 	<ul style="list-style-type: none"> - Automation of back-office processes - End-to-end process review - Creation of shared services - Outsourcing of operations - Less layers, increased span of control - Creation of shared services differentiated from Group function
Asset rationalisation	<ul style="list-style-type: none"> - Rationalisation of IT assets - Rationalisation of real-estate assets 	<ul style="list-style-type: none"> - Decommissioning IT applications - Relocating to new premises
Cost optimisation	<ul style="list-style-type: none"> - Smarter spending culture - Adaptation to demand 	<ul style="list-style-type: none"> - Review of non-revenue generating expenses - Organisational review

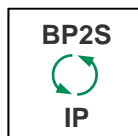


Simplifying the Group's way of functioning and improving its operating efficiency



Simple & Efficient (3/3)

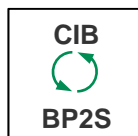
> Cross-business programmes



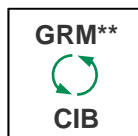
Development of common target operating model



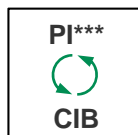
Reinforce convergence of tools and processes



Mutualisation of “Know Your Customer” processes and tools

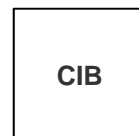


Optimization of credit process

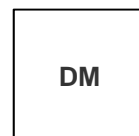


One single mutualised platform (Order Routing System)

> Cross-geographical programmes



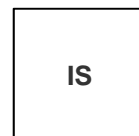
IT infrastructure and production plan in Europe



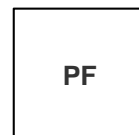
One Arval: global and transversal programme



One IT master system and shared service centres among 4 sub-Saharan networks



Wealth Management : multichannel strategy across international entities



Common platform across countries to access monthly reports

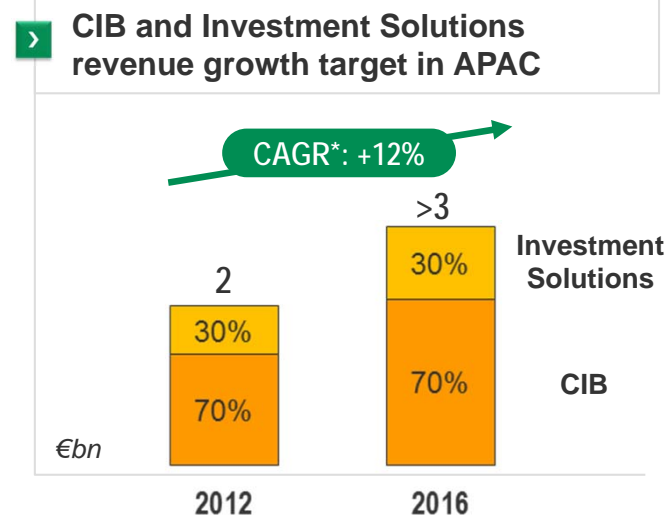


Fostering transversal synergies within the Group



Asia Pacific (1/5) Development Plan Objectives

- Generate over €1bn additional revenues by 2016 (+12% per year*)
- Strengthen the workforce
 - +~1,300 staff at Investment Solutions and CIB in 3 years
- Grow financed assets: >50% in four years
 - Support growth of the customer base
- Parallel increase in deposits gathering
 - Funding development at regional level
- A member of the Executive Committee, based in the region, to steer the business and its development



> **Target: grow revenues in Asia to over €3bn by 2016**

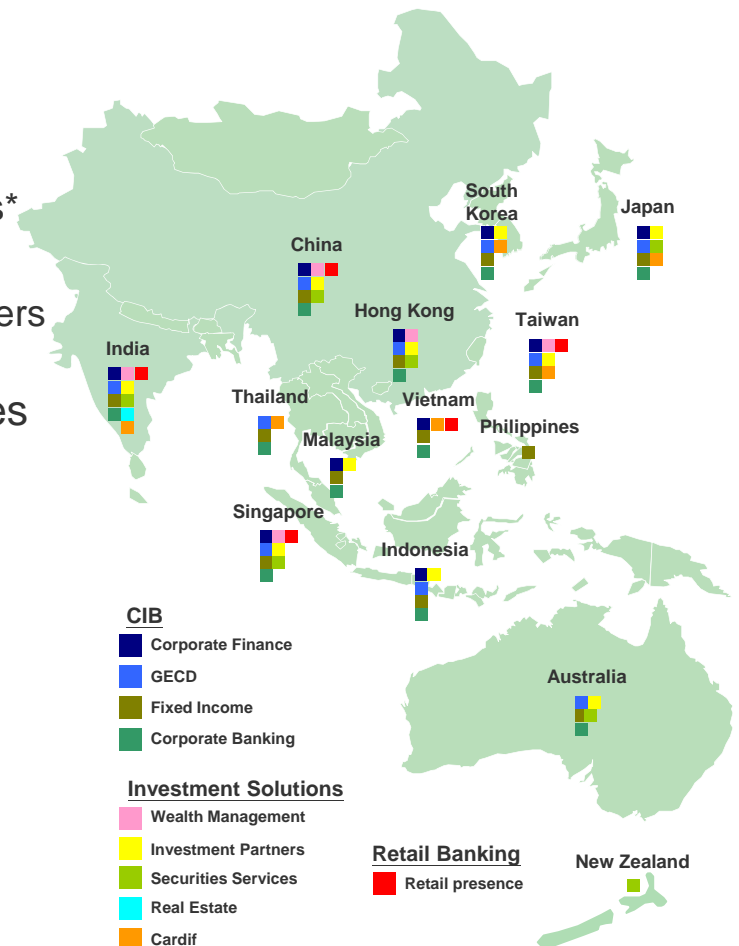


Asia Pacific (2/5) Development Plan Underway

- Leverage on an already sizeable footprint
 - Presence in 14 countries (12 full banking licences)
 - Nearly 8,000 employees at CIB and Investment Solutions*
 - ~12.5% of CIB and Investment Solutions revenues
 - Several successful partnerships with large domestic players

- Expand the set-up to strengthen the different franchises
 - Corporates: bolster the commercial organisation
 - Investors: grow footprint to expand resource gathering
 - Forge new partnerships especially in Insurance

- More than 30 development programmes defined
 - 23 programmes already launched by the end of May
 - Covering either selected businesses and/or targeted geographies



> Expanding platforms to build future development

* Excluding partnerships



Asia Pacific (3/5)

CIB: Examples of Programmes

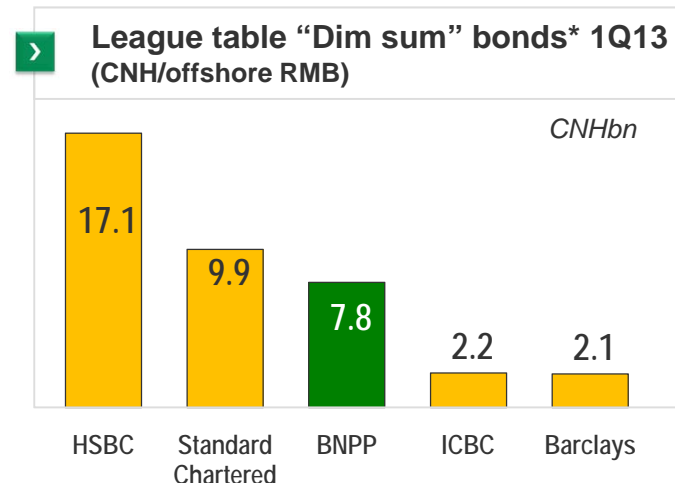
- RMB programme
 - Creation of a regional Competence Centre
 - Consolidate top ranking in “Dim sum” bonds (#3 FY2012 and 1Q13*)
 - RMB payments: France ranks #4 (excl. HK and China) trailing the US, Singapore and Taiwan**

- Two programmes to boost commodity franchise

- Increase hedging capabilities for clients
- Develop further Commodity Finance business
- Awarded “Overall Best Regional 2012 Bank” for Commodities Derivatives, Commodities Research, Sales and Service provider***

- Six programmes related to commercial set-up for Corporates

- Strengthen the Multinational companies team to on-board new clients
- Grow domestic customer base in several countries: 5 programmes (China, India, Indonesia,...)
- Objective to serve global clients in Asia and Asian clients in their international expansion



Leveraging on competitive strengths

* Source: IFR/Thomson Reuters; ** Source: SWIFT; *** Source: AsiaMoney February 2013



Asia Pacific (4/5)

CIB: Selected Transactions



- Advising and financing our non-Asian clients to grow in Asia Pacific

<p>April 2013 China</p>  <p>UCB Trading (Shanghai) Co., Ltd. Receivables Purchase</p> <p>Arranger</p>	<p>March 2013 China</p>  <p>Vallourec (Changzhou) Oil & Gas Premium Equipments Co., Ltd. Pan China Cash Management Mandate</p> <p>Bilateral</p>	<p>April 2013 India</p>  <p>Approx 25,000 transactions per cycle Implementation and processing of Payroll file via SwiftNet</p>
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- Service our Asia Pacific clients to grow their business outside Asia Pacific

<p>April 2013 India / France</p>  <p>EUR75m Acquisition of Alti by Tata Consultancy Services (TCS)</p> <p>Exclusive Financial Advisor to TCS</p>	<p>February 2013 Japan / Italy</p>  <p>Tokai Rubber Industries Ltd. Acquisition of Dynamic Fluid Technologies (Italy)</p> <p>Exclusive Financial Advisor</p>	<p>March 2013 Korea / Norway</p>  <p>Samsung Heavy Industries Co., Ltd USD80m Issuance of 6.6 year Contractual Guarantees</p> <p>Issuing Bank</p>
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- Giving Asia Pacific clients access to international capital markets

<p>March 2013 Australia</p>  <p>Telstra Corporation Limited Senior Unsecured EUR1bn 2.500% due Sept 2023</p> <p>Joint Lead Manager Joint Bookrunner</p>	<p>March 2013 India</p>  <p>Bharti Airtel Int'l (Netherlands) BV USD1.5bn 10 year Reg-S /144 A Bond</p> <p>Joint Lead Manager & Joint Bookrunner</p>	<p>January 2013 China</p>  <p>Chinalco Mining Corporation Int'l USD398m HK IPO Metals & Mining</p> <p>Joint Lead Manager</p>
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- Serving the needs of our Asia Pacific clients within Asia Pacific

<p>February 2013 Korea</p>  <p>Korean Air USD149m Aviation bonds Due 2025</p> <p>Sole Bookrunner</p>	<p>April 2013 India</p>  <p>Hindustan Petroleum Corp Ltd USD400m 5-year Syndicated Term Loan</p> <p>Original MLA, Bookrunner and Agent</p>	<p>March 2013 Korea / Thailand</p>  <p>GS Engineering and Construction / SK Engineering and Construction USD100m Issuance of 2.5 year Contractual Guarantees</p> <p>Issuing Bank</p>
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Swift implementation of the strategy

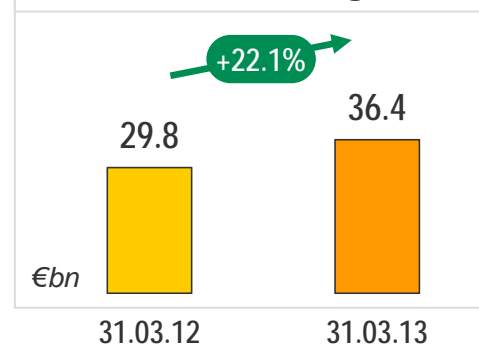


Asia Pacific (5/5)

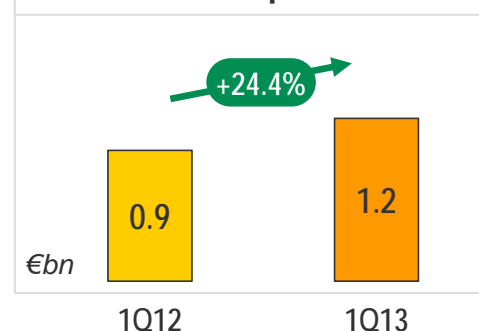
Investment Solutions: Examples of Programmes

- Increase client base in Wealth Management
 - Focus on High and Ultra High Net Worth Individuals
 - Strong growth of Assets under Management
 - Named “Best foreign Private Bank” in Hong Kong* in 2012 and 2013
- Enlarge Insurance franchise
 - Leverage our strategic alliances with leading banks to serve their 200m clients (Taiwan, Korea, India, ...)
 - Enter into new distribution channels such as retailers, auto and web
 - Forge new partnerships especially in China and Indonesia
 - Strong increase of gross written premium
- Strengthen investors commercial set-up and approach
 - Develop cross-referral of clients
 - Broaden offering of Group integrated solutions

> Wealth Management: Assets under Management



> Insurance: Gross written premium**



Expanded offering for investors

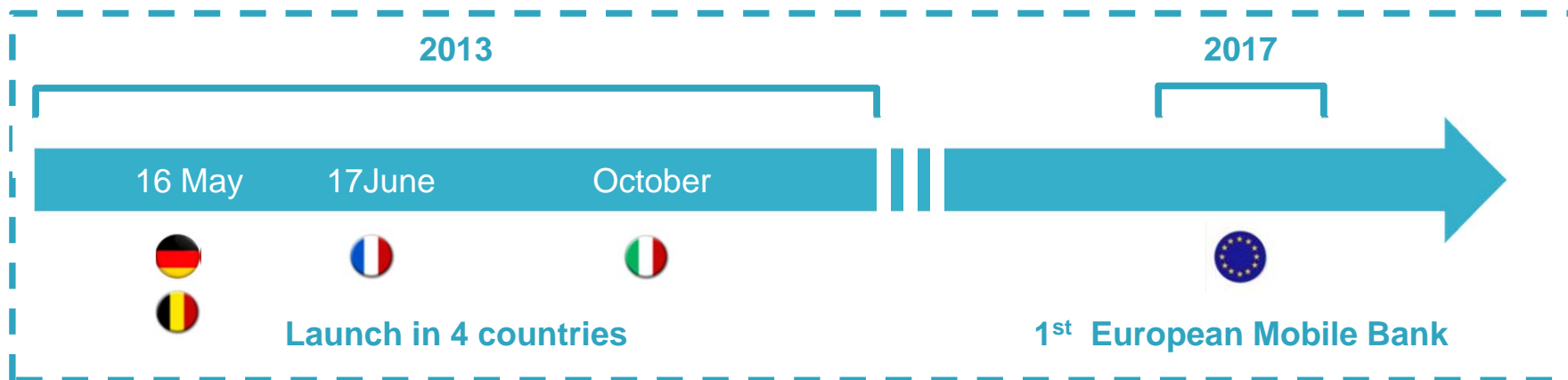


“Mobile, just like you”

- The first 100% Digital Mobile Bank in Europe
 - A mobile-native bank adapted to smartphones and tablets
 - A new European brand
 - A new customer experience in line with the very best digital providers
 - A broad offering with the full product range of a bank



- A launch in 4 markets: Belgium, Germany, France and Italy



➤ **A new generation online bank
launched in Belgium, Germany, France and Italy**



Meeting Clients' Changing Expectations & Behaviour

- New technologies

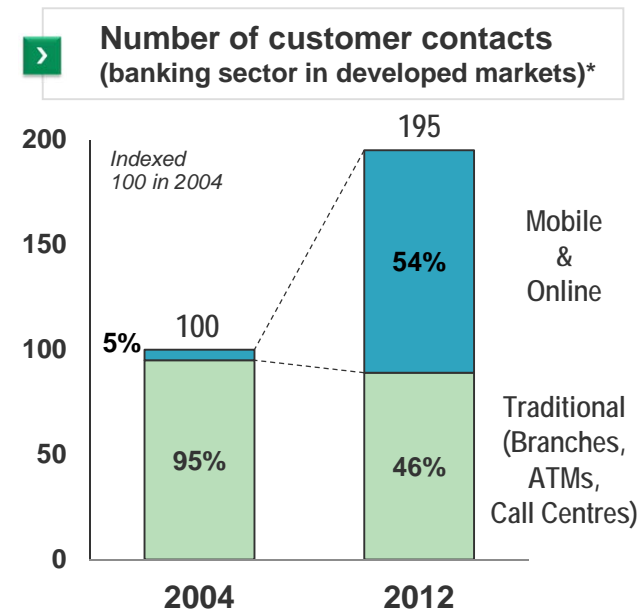
- Increasing use of online tools in several fields (travel, social networks, music, news, retail,...)
- Development of smartphones and tablets (in 2013 more than 50% of mobiles will be smartphones in the four targeted markets)
- Emergence of non-bank players on Internet (PayPal, Google wallet, iTunes,...)

- New client expectations and behaviours

- Increasingly knowledgeable and self-sufficient customers
- Over 2/3 of money transfers already done online by Group's clients in the four markets
- Mobile: ~700,000 French clients using BNP Paribas mobile applications in just 2 years

- Similar global trends in all banking markets

- Increasing number of customer contacts driven by online and mobile touch points
- Erosion of branch visits, but focus of contacts shifting towards advisory and complex transactions
- Multibank customers



* Source: BCG March 2013



A New Proposition and a Differentiated Positioning

- Online competition is diverse depending on the country
 - “Traditional networkless” direct banks usually focused on savings (insurance,...)
 - Online banks usually launched with saving offers based on boosted rates for a short period
 - Existing online brokers seeking to enlarge their scope of business
- Diversification of most players to generalist banking to amortize costs and develop customer loyalty
- Hello bank!, a new proposition and a differentiated positioning
 - A full banking offering
- Five competitive advantages:
 - A specific brand endorsed by the BNP Paribas Group
 - A full digital offer with attractive pricing
 - An agile mobile online service
 - Possibility of accessing branches
 - An extensive use of existing Group resources and infrastructures generating synergies



A comprehensive offering to attract new clients



A Strategy Adapted to Each Specific Local Market



- BNP Paribas Fortis:
#1 with 20 to 25% market share,
3.6m clients and 938 branches
- An offer focused on mobile
- Competitors: RaboDirect,
Deutsche Bank
- **A new way to be client**

www.hellobank.be



- 7.6 m clients and 2,200 branches
with a segmented approach
- A full and competitive online offering
- Competitors: ING Direct, Boursorama,
Axa Banque, ...
- **An answer to new trends with a
proactive approach to win new
clients**

www.hellobank.fr



- Cortal Consors: a leading
online investment specialist
with ~700k clients
- An offer extended to banking
products
- Competitors: ING-Diba,
Comdirect, RaboDirect, ...
- **Become a fully fledged digital
retail bank to gain new clients**

www.hellobank.de



- BNL: #7 network by branches
with ~3 to 4% market share,
2.4m clients and 890 branches
- A simple and competitive offer
targeting younger clients
- Competitors: ING Direct, Fineca,
CheBanca
- **An active strategy to develop
Group's position**

www.hellobank.it



Develop a Profitable Digital Bank

- Objective is to attract 1.4 million clients by 2017
 - Mainly through acquisition of new clients
 - Retaining also existing clients looking to switch to digital media
 - Bulk of clients to be split between France and Germany, followed by Belgium and Italy
- Close to €80M€ invested in 2013 to foster client acquisition
 - A specific budget booked in Domestic Markets
 - ~1,000 employees (o/w 900 advisors) in 2017
- No legal entity created: a business unit within the local retail banking in France, Belgium and Italy, Cortal Consors in Germany
- Break-even in 4 years in all countries
 - Integrated as much as possible with digital platforms and IT systems of existing networks
 - Extensive use of existing infrastructures and resources (core banking and back-offices, specialized teams within call centres,...)



Objective of 1.4 million clients by 2017



Conclusion



Solid results thanks to a diversified business model



Preparing our 2014-2016 business development plan



**Rapid startup of our Simple & Efficient and Asia-Pacific plans
Launch of our new digital bank: Hello Bank!**



New plans to be announced during the year



Strong Group Financials

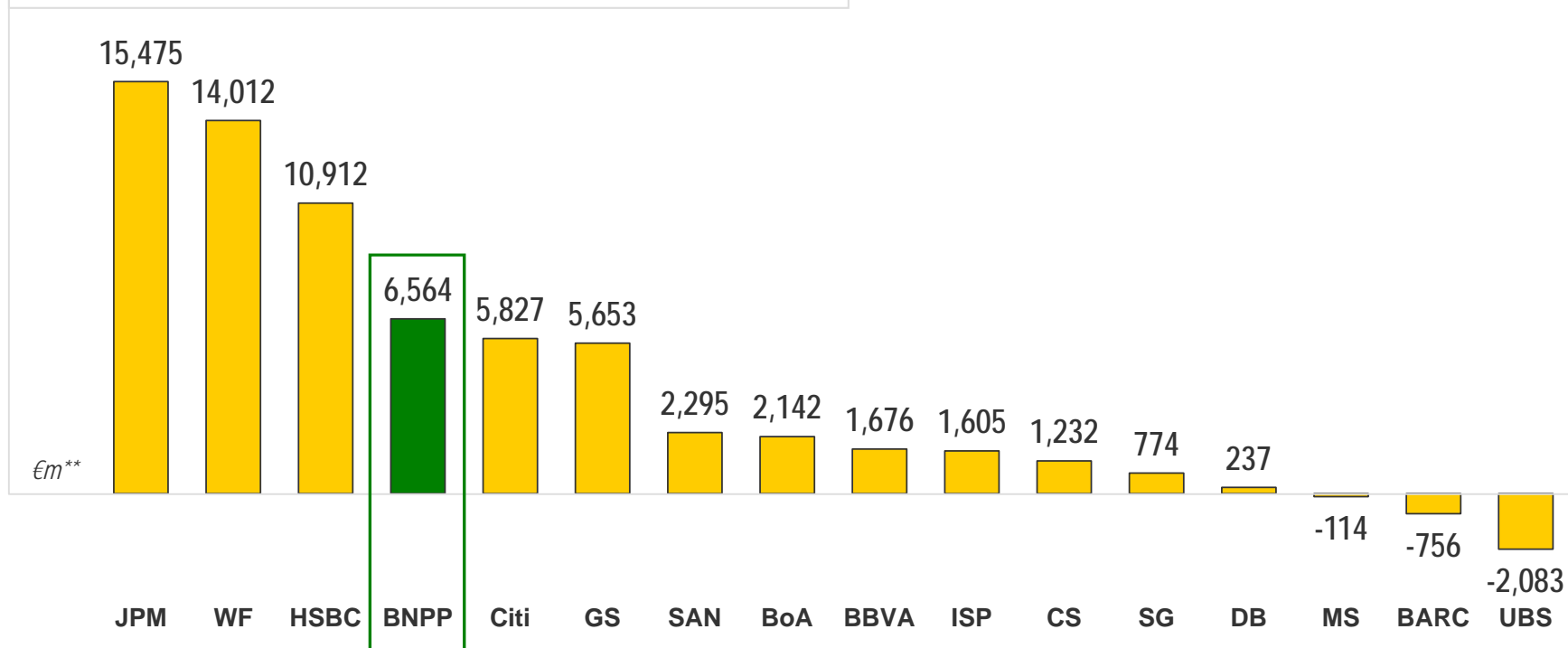
Preparing New Business Development Plan

Appendix



Solid Profitability (1/2)

> 2012 Net income attributable to equity holders*

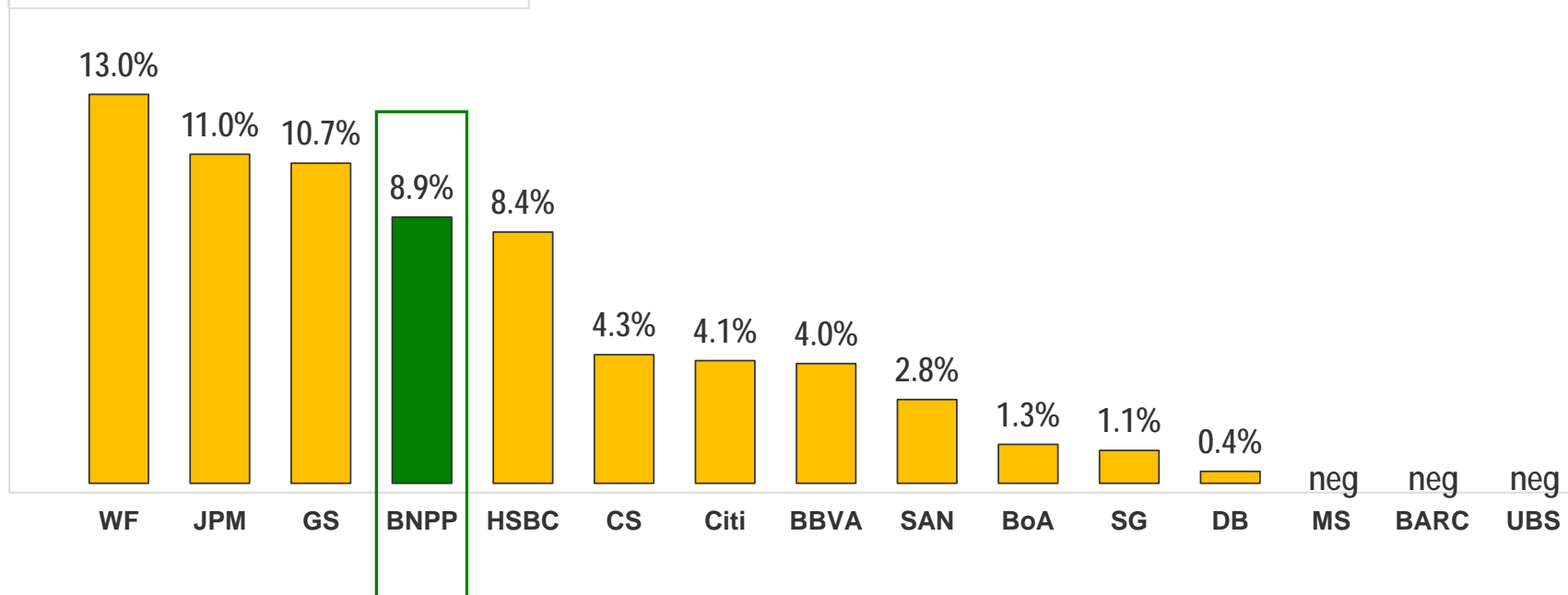


Good profit-generation capacity



Solid Profitability (2/2)

> 2012 Return on Equity*



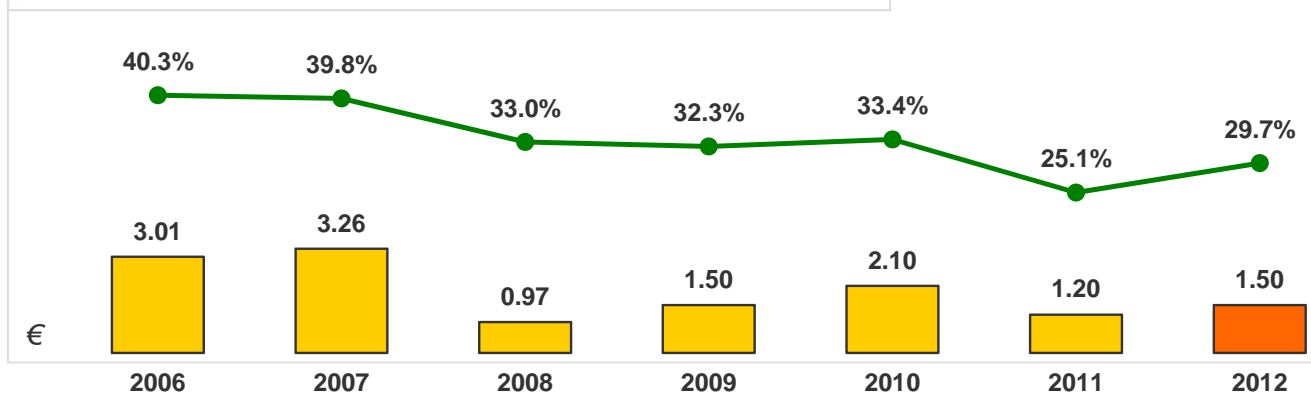
> Among the best ROEs once again in 2012



Dividend

- Dividend: €1.50 per share
 - 2012 pay-out ratio: ~30%
 - Cash only

> Dividend per share and pay-out ratio



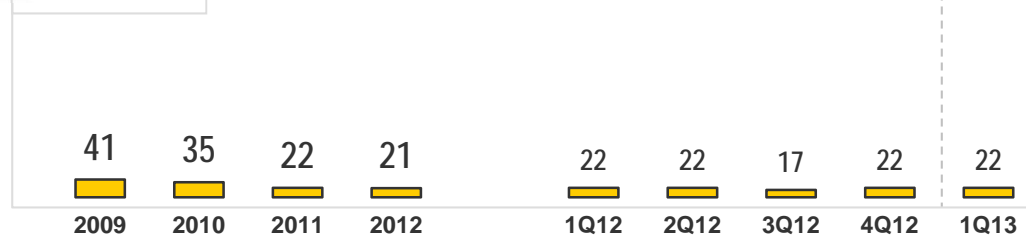
- Implied dividend yield: 3.3%*

> Pay-out ratio picking up again

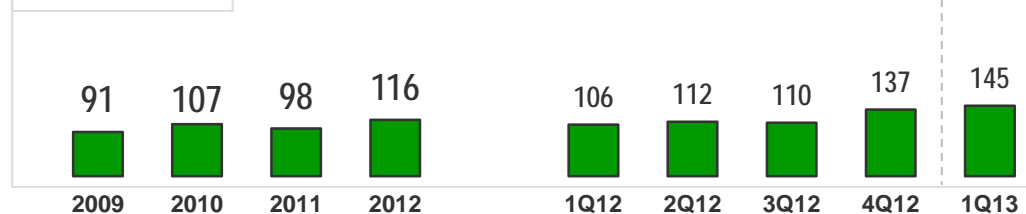


Variation in the Cost of Risk by Business Unit Domestic Markets

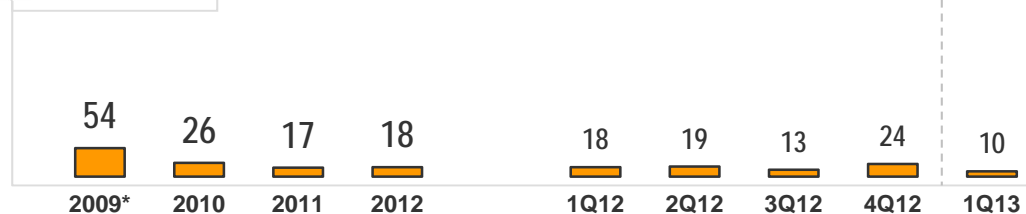
> FRB



> BNL bc



> BRB



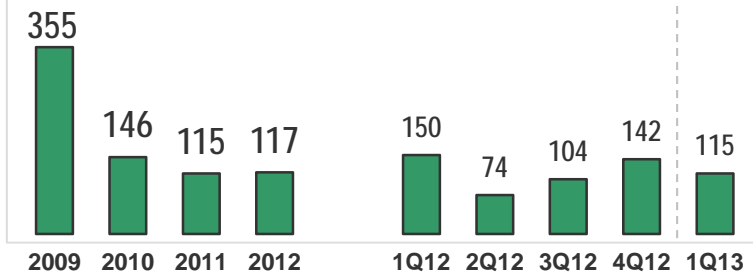
* Pro forma



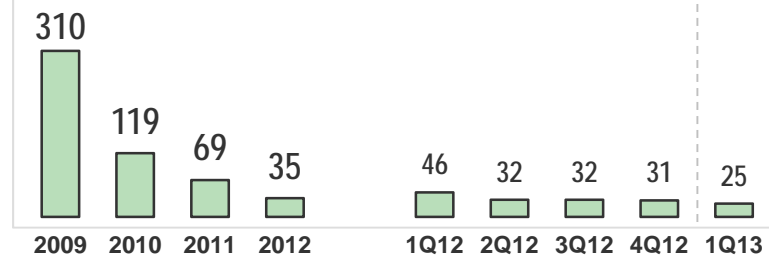
Variation in the Cost of Risk by Business Unit

Other Retail Banking and CIB

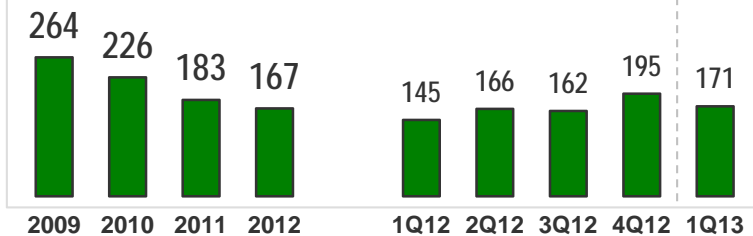
> Europe-Mediterranean



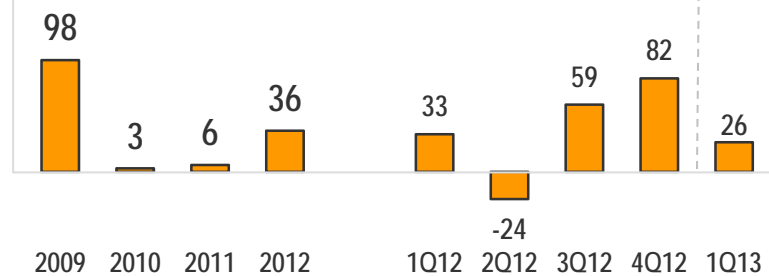
> BancWest



> Personal Finance

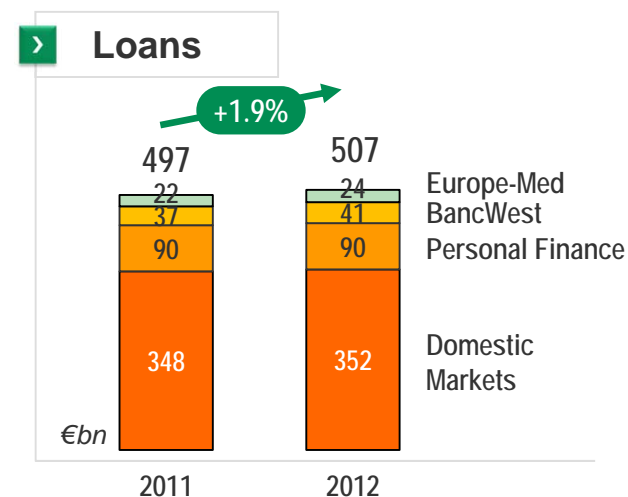
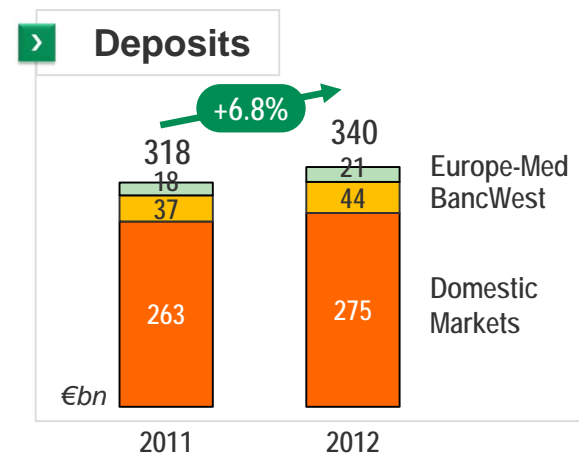


> CIB Corporate Banking



Retail Banking 2012 Overview

- Business activity
 - Deposits: continued growth trend in all the networks
 - Loans: slowdown in demand in Domestic Markets; growing volumes in Europe-Mediterranean and BancWest
- Revenues: slight increase over the year (+0.4%* vs. 2011)
- Cost/Income ratio*: 60.6% in 2012
 - Continuing improvement in Domestic Markets
 - Strong improvement in Turkey (-18 pts to 64.6%**)
 - Ongoing investments in BancWest
- Pre-tax income***: €6.4bn (+3.3% vs. 2011)
 - Domestic Markets: solid results at a high level
 - Growth in BancWest and Europe-Mediterranean
 - Pre-tax ROE: 19.0%



* Including 100% of Private Banking of the domestic markets in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg; **At constant scope and exchange rates; *** Including 2/3 of Private Banking of the domestic markets in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg



Retail Banking

Strong Presence in Wealthy Domestic Markets

> 4 domestic networks*

BNP Paribas Fortis

- 938 branches
- 3.6m clients



BGL BNP Paribas

- 38 branches
- 0.25m clients



French Retail Banking

- 2,200 branches
- 7.6m clients



BNL bc

- 890 branches
- 2.4m clients



> 3 specialised businesses

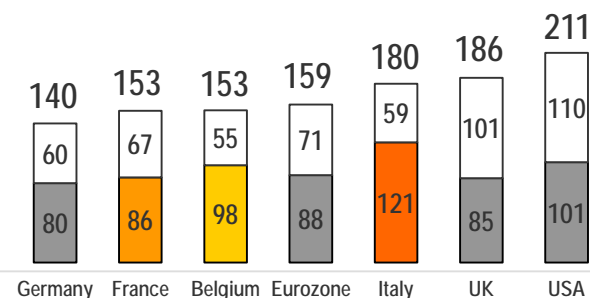
- Arval
- Leasing Solutions
- Personal Investors

4,150 branches
~10% market share
(on a population of 135m inhabitants)



> Public and households debt (2011)**

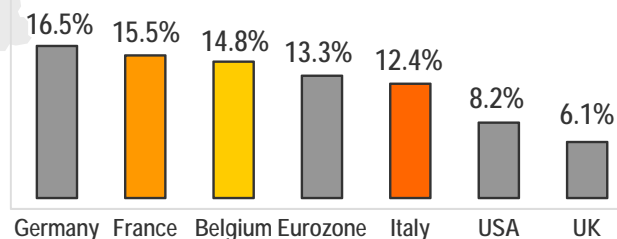
% GDP



□ Households ■ Public

> Gross households savings rate (2012)***

% Gross Disposable Income



Strong retail networks serving over 15 million clients

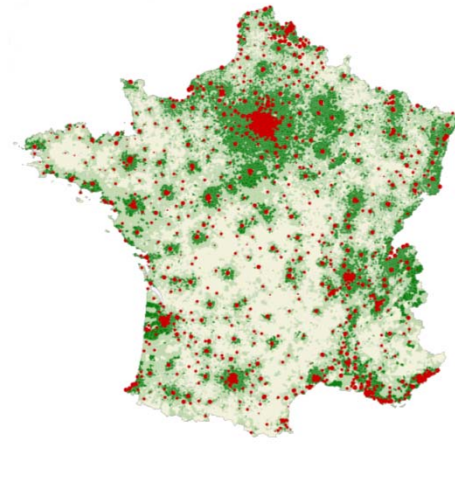
* As at 31.12.12; ** Source: Eurostat and FED for US; *** Source: Ameco (Feb. 2013, excl Eurozone last available May 2012)



Domestic Markets

Branch Networks Distribution

> French RB



● Branches

Average household income

□ < 25 000 €

□ 25 000 € - 32 000 €

■ > 32 000 €

> BNL bc



Average household income

□ < 12 000 €

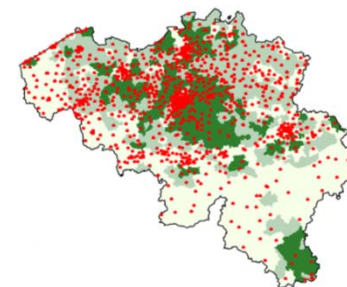
□ 12 000 € - 15 000 €

□ 15 000 € - 17 000 €

■ 17 000 € - 20 000 €

■ > 20 000 €

> Belgium RB



Average household income

□ < 27 000 €

□ 27 000 € - 30 000 €

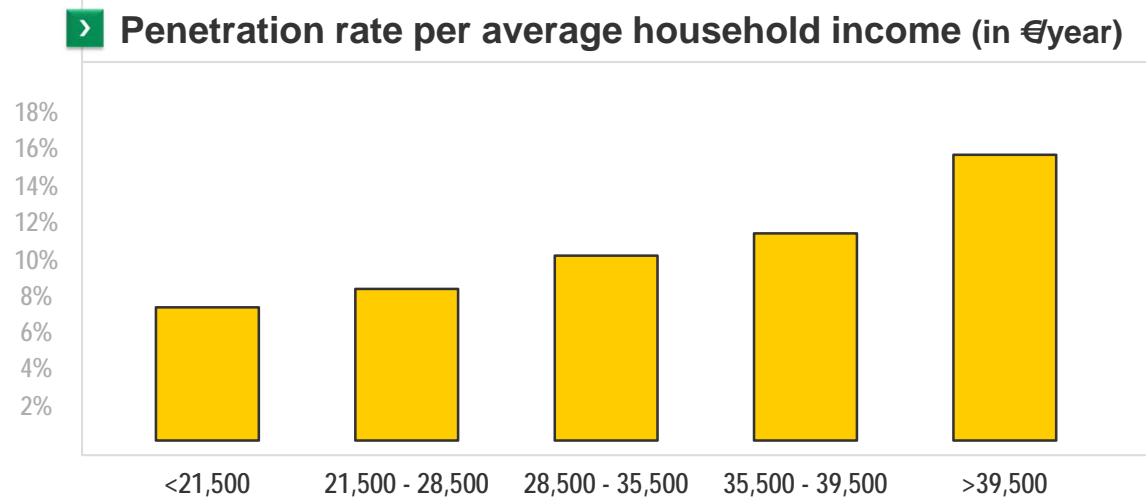
■ > 30 000 €



Mostly positioned in wealthier areas



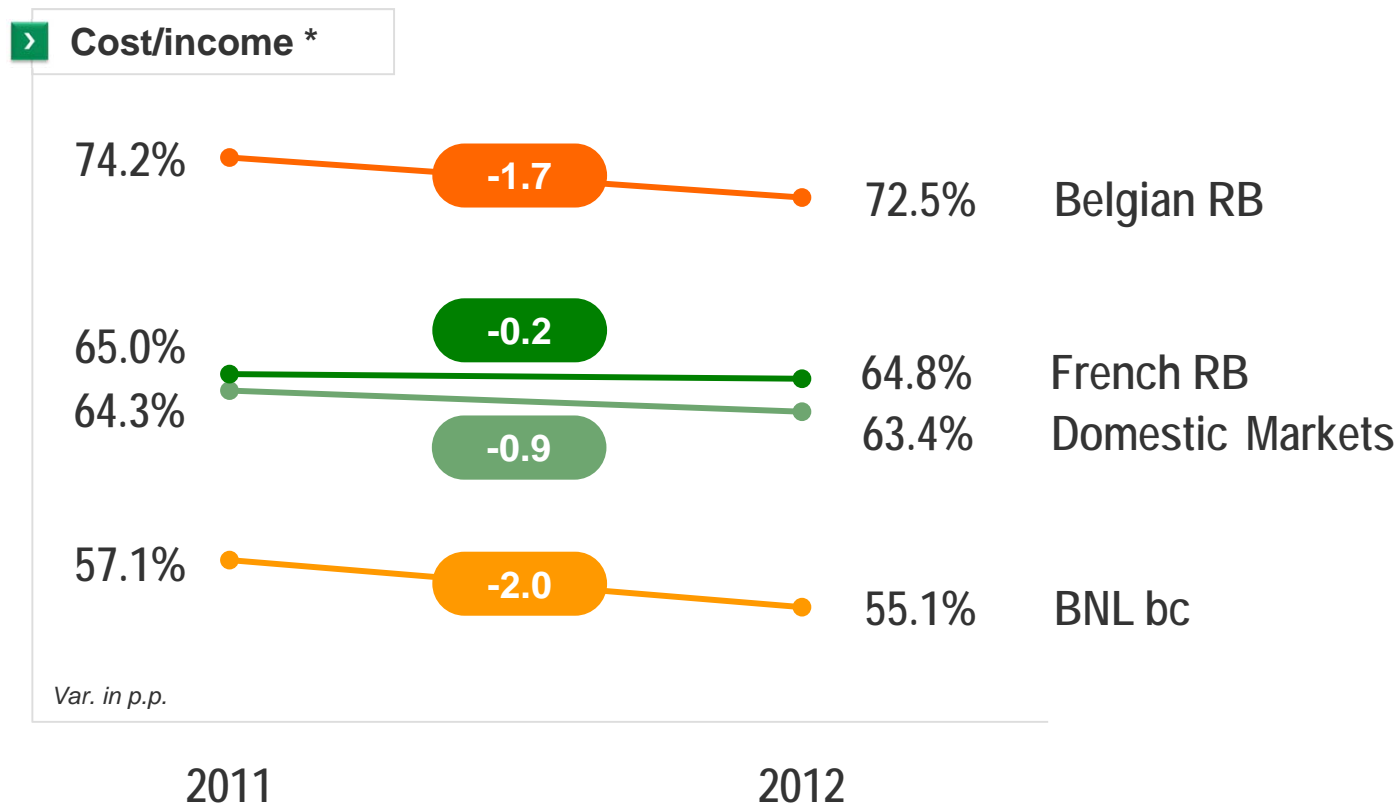
French Retail Banking Penetration Rate per Average Household Income



> French Retail Banking well rooted in wealthier segments



Domestic Markets Cost/Income Optimisation

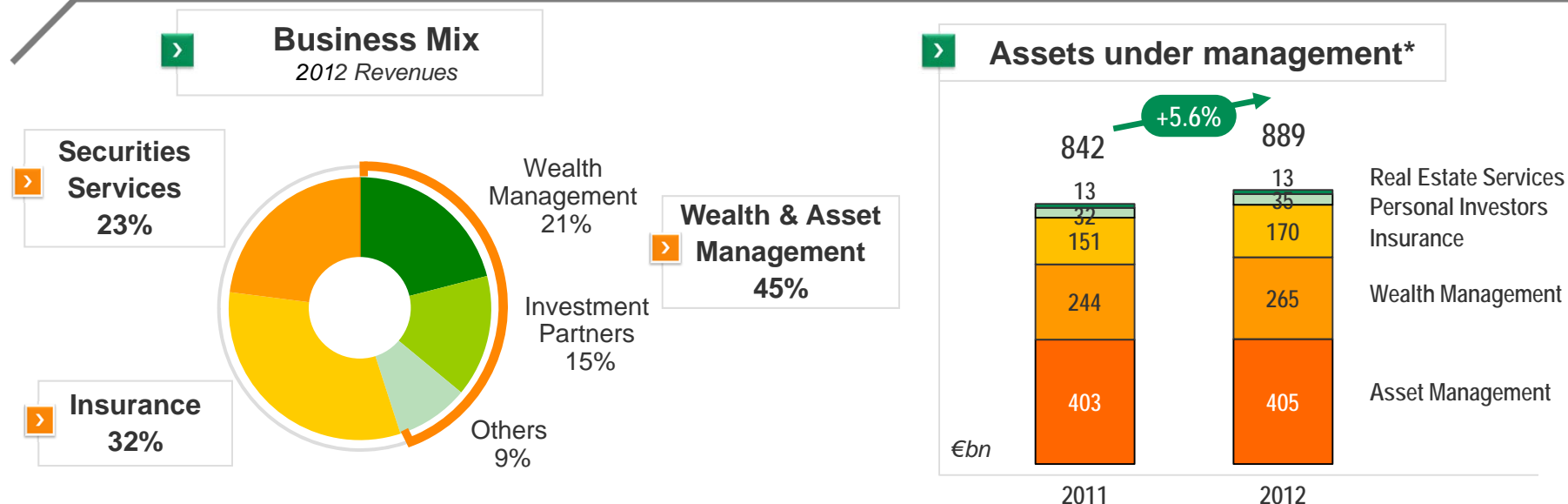


> **Continued improving operating efficiency despite stable revenues**

* At constant scope and exchange rates - including 100% of Private Banking, excluding PEL/CEL effects



Investment Solutions Profitable and Diversified Franchises



- Resilient business model
 - Integrated model with excellent complementary fit between businesses
- Revenues: €6.2bn in 2012
- Pre-tax income: €2.1bn in 2012
 - Pre-tax ROE: 25.9%
- Assets under management: growth in all business units during the year

> Integrated model generating strong profitability

** Including assets under advisory on behalf of external clients, distributed assets and Personal Investors*



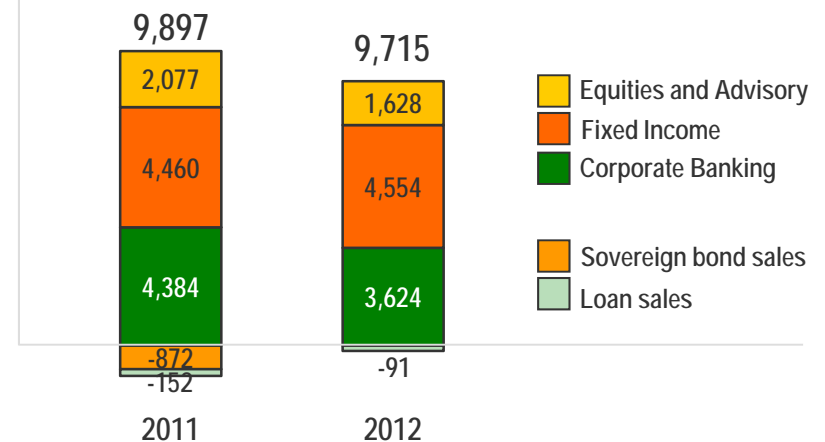
Corporate & Investment Banking 2012 Results

- Resilient revenues despite adaptation:
 - -10.2% / 2011 excluding the impact of asset disposals
 - A decrease in line with expectations (adaptation plan) and concentrated in Corporate Banking
 - Low activity and cautious risk management during market crisis periods in Capital Markets

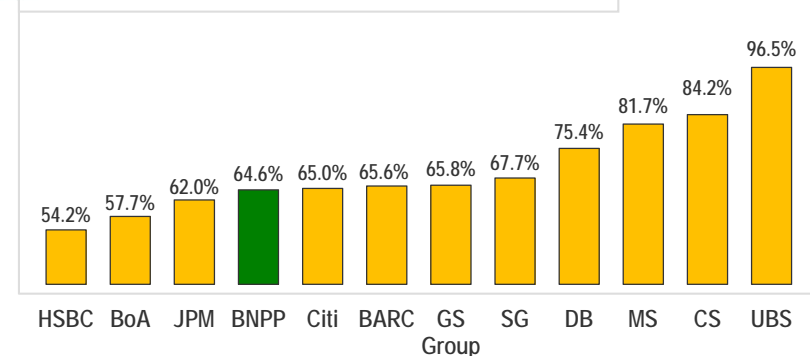
- Operating efficiency at a competitive level
 - Workforce adaptation provided for in the plan (~1,400 people) completed by year-end
 - Cost/income ratio: 62.3 %, excluding the adaptation plan and impact of loan sales

- Pre-tax income: €3bn (-20.9% vs. 2011)
 - Cost of risk at -€0.5bn after a particularly low level in 2011
 - Pre-tax ROE 18.3%

> 2012 CIB Revenues



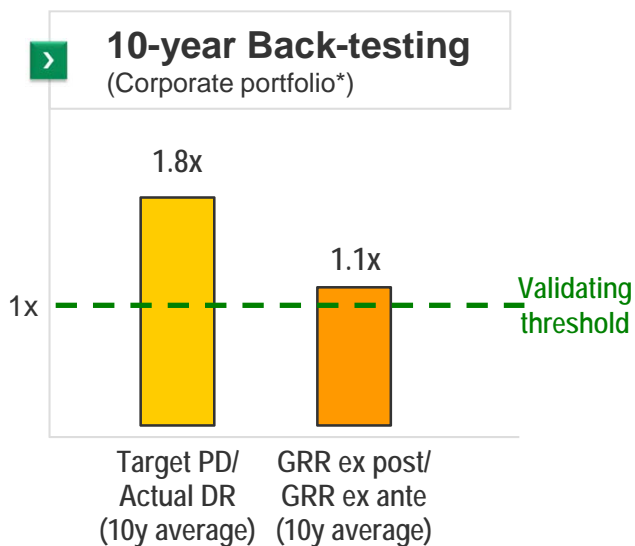
> 2012 CIB Cost/Income ratio*



> **Results held up well in the adaptation context**



Risk-Weighted Assets: Credit Risk



*PD: Probability of Default - DR: Default Rate
GRR: Global Recovery Rate*

Real life experience validates the internal model

