BNP PARIBAS

STRONG BUSINESS MODEL & LONG-TERM CAPACITY TO CREATE VALUE

1H20

8 September 2020
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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 Peers

Increase in revenues: +0.9%
Decrease in operating expenses: -2.4%
Increase in GOI: +9.0%
ROTE: 8.7%

Increase in CET1 ratio, well above requirements notified by the ECB
Very ample liquidity: €425bn immediately available liquidity reserve

Net tangible value per share: €71.8 as at 30.06.20 (7.3% CAGR 2008-2Q20)
Accruing a 50% pay-out ratio on 2020 results

2020 outlook unchanged:
15-20% decrease in Group net income vs. 2019

1. European peers: Barclays, BBVA, Commerzbank, Credit 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

- Strong financial structure (capital and liquidity)
- 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
- Integrated platforms and approaches
- Powerful execution and placement capabilities
- Client knowledge based on long-term, close relationships
Diversification and prudent risk profile

Diversification of revenues leading to earnings power

- Revenues well spread across countries and businesses with different cycles

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

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 rate
- #1 in Private Banking in the Eurozone 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 1H20

Powerful execution

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

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
- #1 in France in terms of digital functionalities

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 worldwide** 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 EMEA** on the market for Sustainability Linked Loans signed as at the end of June 2020 (a financing tool indexed to ESG criteria)
- **#1 in Covid-19 bonds in euros** 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
A recognised CSR strategy
A high and increasing positioning within extra-financial indices

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.

* 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 income\(^1\) vs. 2019\(^2\)

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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
Net income: €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)](chart)
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

**Domestic Markets\(^1\)**

<table>
<thead>
<tr>
<th>Operating Divisions</th>
<th>1H20</th>
<th>1H19</th>
</tr>
</thead>
<tbody>
<tr>
<td>€m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic Markets</td>
<td>7 886</td>
<td>7 635</td>
</tr>
</tbody>
</table>

-3.2% decrease

#### International Financial Services

**International Financial Services**

<table>
<thead>
<tr>
<th>Operating Divisions</th>
<th>1H20</th>
<th>1H19</th>
</tr>
</thead>
<tbody>
<tr>
<td>€m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>International</td>
<td>8 544</td>
<td>8 080</td>
</tr>
</tbody>
</table>

-5.4% decrease

-4.2% decrease

At constant scope & exchange rates

#### CIB

**CIB**

<table>
<thead>
<tr>
<th>Operating Divisions</th>
<th>1H20</th>
<th>1H19</th>
</tr>
</thead>
<tbody>
<tr>
<td>€m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CIB</td>
<td>6 107</td>
<td>7 076</td>
</tr>
</tbody>
</table>

+15.9% increase

+1.1% increase

#### Operating divisions

- **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

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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

<table>
<thead>
<tr>
<th></th>
<th>Domestic Markets(^1)</th>
<th>International Financial Services</th>
<th>CIB</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-1.5%</td>
<td>-1.3%</td>
<td>+3.4%</td>
</tr>
<tr>
<td>€m</td>
<td>5 500</td>
<td>5 247</td>
<td>4 459</td>
</tr>
<tr>
<td></td>
<td>5 415</td>
<td>5 180</td>
<td>4 612</td>
</tr>
</tbody>
</table>

- **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 apps\(^2\) (+27.3% vs. 2Q19)
  - Almost 4 million daily connexions on the mobile apps (+42.2% vs. 2Q19)

### Revenues\(^3\): €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 expenses\(^3\): €5,415m (-1.5% vs. 1H19)
- Decrease in the networks\(^4\)
- Moderate increase in specialised businesses, in connection with their growth

### Pre-tax income\(^5\): €1,458m (-15.7% vs. 1H19)
- Increase in the cost of risk related in particular to the ex-ante provisioning of expected losses

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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

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The bank for a changing world

Kepler Cheuvreux Conference – September 2020 | 15
International Financial Services – 1H20

Business activity 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

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 markets\(^1\) (+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.)

Bond and syndicated loan rankings in 1H20\(^1,2\)

<table>
<thead>
<tr>
<th>#1</th>
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<th>#1</th>
<th>#2</th>
<th>#3</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.8%</td>
<td>8.3%</td>
<td>7.2%</td>
<td>8.9%</td>
<td>6.7%</td>
<td>8.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EMEA Syndicated Loans</th>
<th>All Bonds in €</th>
<th>European IG Corporate DCM</th>
<th>All Sustainable Finance in €</th>
<th>European FIC DCM</th>
<th>EMEA Equity Linked</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

Centric

Daily connections (in thousands)

Jan 19 16,5
Jan 20 19,8
June 20 23,3

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

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

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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
Benefiting 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 2019[^1]
- A cost of risk reduced from 124 bps in 2016 to 64 bps in 2019[^1]

Highly diversified by sectors

- No sector representing more than 5% of total gross commitments[^3]
- Limited exposure to sectors considered as sensitive

<table>
<thead>
<tr>
<th>Sector</th>
<th>% of total gross commitments[^3]</th>
<th>% on counterparties rated investment grade[^4]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aircraft</td>
<td>0.8%</td>
<td>~50%</td>
</tr>
<tr>
<td>Hotels, Tourism &amp; leisure</td>
<td>0.8%</td>
<td>~40%</td>
</tr>
<tr>
<td>Non food retail</td>
<td>0.6%</td>
<td>~60%</td>
</tr>
<tr>
<td>Transport &amp; storage ( excl. shipping)</td>
<td>2.9%</td>
<td>~80%</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>2.0%</td>
<td>~80%</td>
</tr>
</tbody>
</table>

[^1]: As a percentage of the SME asset class exposure year end
[^2]: Cost of risk / customer loans at the beginning of the period (in bp). Internal rating of 1 to 6 (on a scale of 12)
[^3]: Average outstanding loans under management at year end
[^4]: Corporate Asset class / Total gross commitments, on and off balance sheet, unweighted as at 30.06.2020
[^5]: As a percentage of gross commitments, on and off balance sheet, unweighted as at 30.06.2020 according to external rating of internal equivalent

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

1.12.16  30.06.20

Retailers  Credit cards  Personal loans  Auto loans

11%  18%  51%  20%

10%  12%  40%  38%
Strong financial structure
Capital well above requirements and very ample liquidity

- **CET1 ratio**
  - 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” (+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 (+10bps) 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% as at 30.06.20)**

- **Very ample liquidity**
  - Immediately available liquidity reserve (€425bn 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

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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; 3. Calculated in accordance with the EC Delegated Act of 10.10.2014 on Total Tier 1 Capital; 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: €71.8\(^1\)

- Net book value per share, end of period

![Graph showing Net tangible book value per share](chart.png)

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 €18bn\(^2\)

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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