

PRESS RELEASE

BNP PARIBAS FORTIS 2018 FIRST HALF RESULTS

STRONG BUSINESS ACTIVITY

CONTINUED GROWTH OF CUSTOMER LOANS AND DEPOSITS

CUSTOMER LOANS¹ AT EUR 200 BILLION, +5.9%* vs. 31.12.2017

CUSTOMER DEPOSITS² AT EUR 174 BILLION, +5.6%* vs. 31.12.2017

STABLE UNDERLYING RESULTS

REVENUES: EUR 4,111 MILLION, +0.7%* vs. 1H 2017

INTEREST MARGIN UNDER PRESSURE; LOWER FEES IN BELGIUM

COSTS: EUR 2,588 MILLION, +1.5%* vs. 1H 2017

CONTROLLED INCREASE

LOW COST OF RISK AT 14bp

NET INCOME: EUR 934 MILLION, +0.3%* vs. 1H 2017

SOLID FINANCIAL STRUCTURE

COMMON EQUITY TIER 1 RATIO³ OF 13.7%

LIQUIDITY COVERAGE RATIO OF 111%⁴

COMMITTED TO THE BELGIAN ECONOMY

LOANS AT EUR 105 BILLION, +4.7% vs. 30.06.2017, +2.9% vs. 31.12.2017

DELIVERING ON DIGITALISATION, AGILITY AND SUSTAINABILITY

* Excluding non-recurrent items, i.e. at constant scope, constant exchange rates, and excluding other one-off results (see page 7 for more details).

¹ Customer loans are loans and receivables due from customers excluding securities and reverse repos and including the property, plant and equipment of Arval.

² Customer deposits consist of amounts due to customers excluding repurchase agreements ('repos').

³ On a fully-loaded basis, i.e. ratio taking into account all the CRD4 rules with no transitory provisions.

⁴ On a non-consolidated basis.

2018 first half results

In the first half of 2018, BNP Paribas Fortis made a net profit of EUR 934 million, a 0.3%* increase compared with first half 2017. Revenues remained stable (+0.7%*), despite the persistently low interest rate environment and lower fees, while costs rose by 1.5%*. The cost of risk on outstanding loans remained low, at 14 basis points. We also maintained our solid liquidity and solvency ratios.

Good business development

Meanwhile deposits at Belgian Retail Banking (BRB), at EUR 123.5 billion, were up 3.1% versus year-end 2017 (+4.7% vs. first half 2017), the most pronounced growth being on current accounts (+5.9%). Lending during first half 2018 also rose 2.9% versus year-end 2017 (+4.7% vs. first half 2017) to EUR 104.8 billion, mainly due to an increase in lending to companies (+6.7%).

Our Customers

Our customers are now using our digital channels much more frequently and much more intensively for their banking needs, a trend which strengthened considerably in first half 2018. We now have over a million digital contacts per day with our customers. This increase has occurred mainly on the Easy Banking app, where traffic has risen 40% in the space of a year.

The number of monthly chat sessions has increased three-fold since the introduction of this service in 2017. Community, the digital platform launched in April 2017, where both customers and non-customers can ask questions on a variety of banking subjects and respond to posts by other site visitors, actually saw a ten-fold increase in the number of interactions, reaching up to 80,000 visitors per month.

Close to 20 new digital features were added in the first six months of 2018, including

- 'geo-blocking' for bank cards, i.e. making a card available or not available for use in a given geographical area at the request of the cardholder (also available in-app since January).
- Itsme, the digital ID which allows you to log in securely, to share ID data or to sign by using a mobile phone with one app and one code (more than 440,000 transactions in June of this year).

Sales of products and services via digital channels rose to 32.4% of total sales, and to 43% for daily banking products.

At the same time, we are adapting our branch network so as to gear our organisation more closely to providing specialist financial advice to our customers. At end-June we were operating 705 branches and further mergers will reduce that number to 678 by year-end. In parallel, we opened two new 'flagship' branches – in Namur and Liege – this year and the first BE.Connected branch (which serves as a digital point of contact in the city centre) is now up and running in Brussels, with three more of these scheduled for opening in 2019.

* Excluding non-recurrent items, i.e. at constant scope, constant exchange rates, and excluding other one-off results (see page 7 for more details).



Society

Corporate Banking started up this year a Sustainable Competence Centre, whose purpose is to assist companies in making the transition to a more sustainable business model. Growing out of our Green Desk, which advised customers about renewable energy and energy efficiency, the new Competence Centre has expanded its scope to provide expertise on decarbonisation, Smart Cities, the Circular Economy and human capital.

By the end of the year, the Bank for Entrepreneurs and our Corporate Banking division will be running 'Sustainability Ateliers' along the lines of our highly popular digital workshops designed in collaboration with Google. Co-creation and practical sessions will help company owners to re-orient their business towards a more environmentally-sustainable approach.

The growing interest among our retail and private banking clients in our Socially Responsible Investment (SRI) products led to a 14% increase in these investments, to EUR 11.3 billion worth of Assets under Management, EUR 6.7 billion of which is in our Private SRI Fund. SRI instruments are positioned now as our preferred investment proposition. In Private Banking, more than 26% of our Assets under Management are already socially responsible, a proportion five times greater than the market average.

These new services are designed in close collaboration with our clients.



CEO Max Jadot underlined: "With a net result of EUR 934 million, BNP Paribas Fortis achieved a good performance in first half 2018. Against a background of an increasingly volatile international environment and despite the pressure of the persistently low interest rates, we succeeded in maintaining our revenues and pursued our role to finance both individual and corporate customers.

Meanwhile we continue to work on the ongoing digital transformation of our Bank and to roll out new products

and services, based on a sustainable service model that is optimally geared to the real needs of our customers. The fact that our clients have been sharply increasing their use of our apps and digital platforms recently – today we have one million digital contacts per day with customers – is clear proof that they really appreciate the faster, more comprehensive and easy-to-use services that we are able to offer them through digital channels.

I would like to thank both all our staff for their efforts, which have enabled us to achieve these results, and our customers, who continue to place their trust in us."



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Analysis of the 1H 2018 financial performance

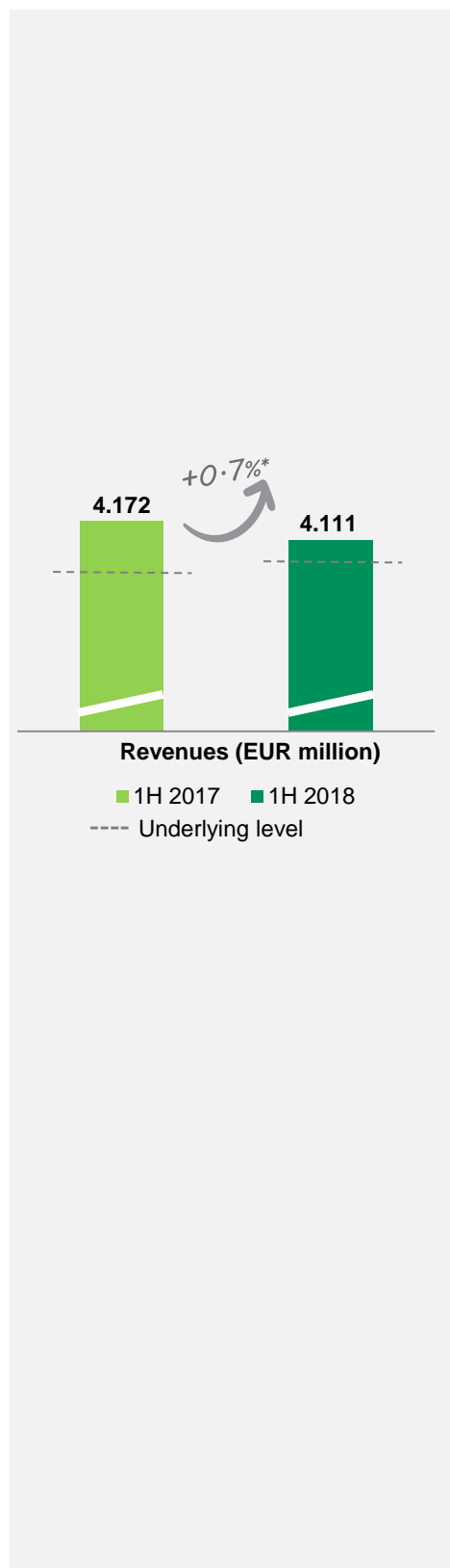
In the first half of 2018, net income amounted to EUR 934 million, down by -11.2% in comparison with first half of last year. This evolution was mainly explained by positive one-off results in 2017, the depreciation of the Turkish lira and scope changes. When excluding these elements, the underlying net income showed a stable evolution (+0.3%*).

The below analysis focuses on this underlying evolution.

Stable underlying results

Over the first six months of 2018, **revenues** of BNP Paribas Fortis amounted to EUR 4,111 million, up by 0.7%*. Lower revenues in Belgium¹ and Luxembourg, both suffering from the persistently low interest rate environment, and in Other Domestic Markets² were compensated by growing revenues in Turkey and at Personal Finance.

- In Belgium, revenues decreased by -3.7%*:
 - At Belgian Retail Banking (BRB), due to lower margin on deposits, impacted by the persistently low interest rate environment, and lower fees;
 - Partly compensated by higher income on commercial loans mainly due to volume growth;
 - And at Corporate and Institutional Banking (CIB BE), due to a lacklustre environment, especially impacting the Forex Trading and (reverse-) repo transactions.
- Revenues increased by 6.1%* in the other business lines essentially driven by the continued development in Turkey and at Personal Finance, and despite lower revenues in Luxembourg, impacted by the low interest rate environment, and in Other Domestic Markets.



* Excluding non-recurrent items, i.e. at constant scope, constant exchange rates, and excluding other one-off results (see page 7 for more details).

¹ Belgium includes Belgian Retail Banking (BRB), Corporate and Institutional Banking (CIB BE) and other activities of BNP Paribas Fortis in Belgium.

² Other Domestic Markets include the activities of Arval and Leasing Solutions.



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Costs amounted to EUR 2,588 million, up by 1.5%* compared with first half 2017.

- In Belgium, costs were stable as further cost saving measures and optimisation of the branch network are counterbalanced by inflation, slightly higher banking taxes and other operating costs.
- In the other business lines, costs increased by 4.2%* mainly in Turkey, in Other Domestic Markets and at Personal Finance to support the business development (higher IT and project costs).

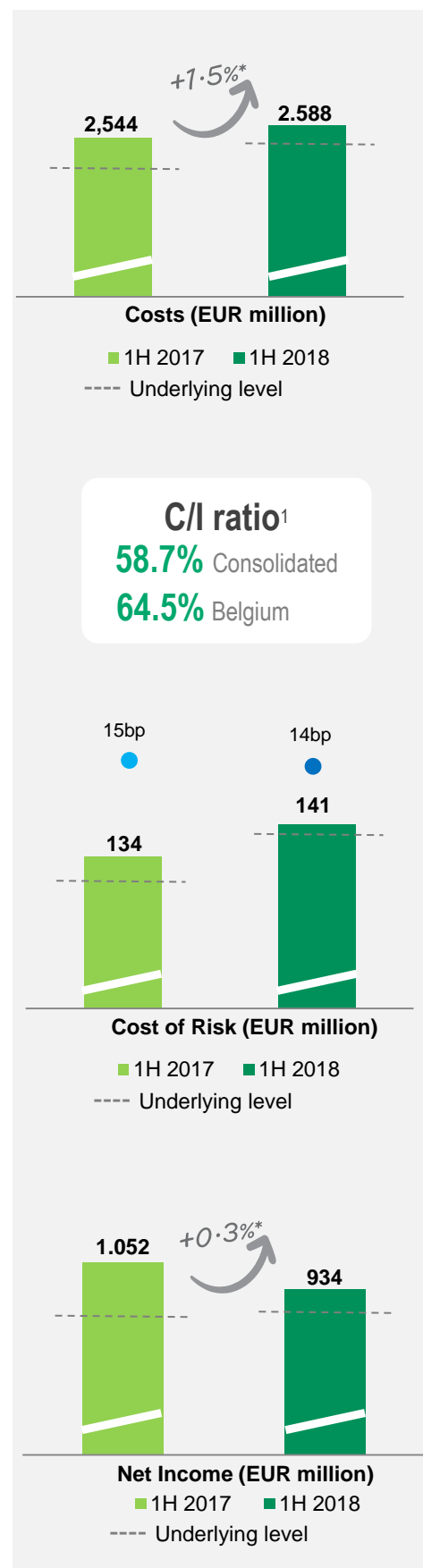
As a result, **gross operating income** slightly decreased by -0.6%* to EUR 1,523 million. The consolidated cost/income ratio¹ stood at 58.7% compared to 57.0% in the first half of 2017. In Belgium, the ratio was at 64.5% compared to 61.8% in the first half of 2017.

Cost of risk stood at EUR 141 million, equal to a low level of 14 basis points of average outstanding customer loans, to be compared to 15 basis points in the first half of 2017. The cost of risk was low in Belgium that benefited from provisions write-back. It was higher outside Belgium mainly due to a change of methodology in Other Domestic Markets.

The share of earnings of equity-method entities was down by -11.9%*, at EUR 119 million, mainly due to lower contributions of AG Insurance and of BNP Paribas Asset Management.

Corporate income tax is lower by -17.2%* mainly due to lower pre-tax income and a lower corporate income tax rate in 2018. Excluding non-recurrent items, the effective tax rate amounted to 25%.

BNP Paribas Fortis generated EUR 934 million in **net income attributable to equity holders**, up by 0.3%* compared to last year.



* Excluding non-recurrent items, i.e. at constant scope, constant exchange rates, and excluding other one-off results (see page 7 for more details).

¹ The cost income ratio is calculated by dividing the operating expenses and depreciation (absolute value) by the revenues (the net banking income). The cost income ratio is annualised for the banking taxes.

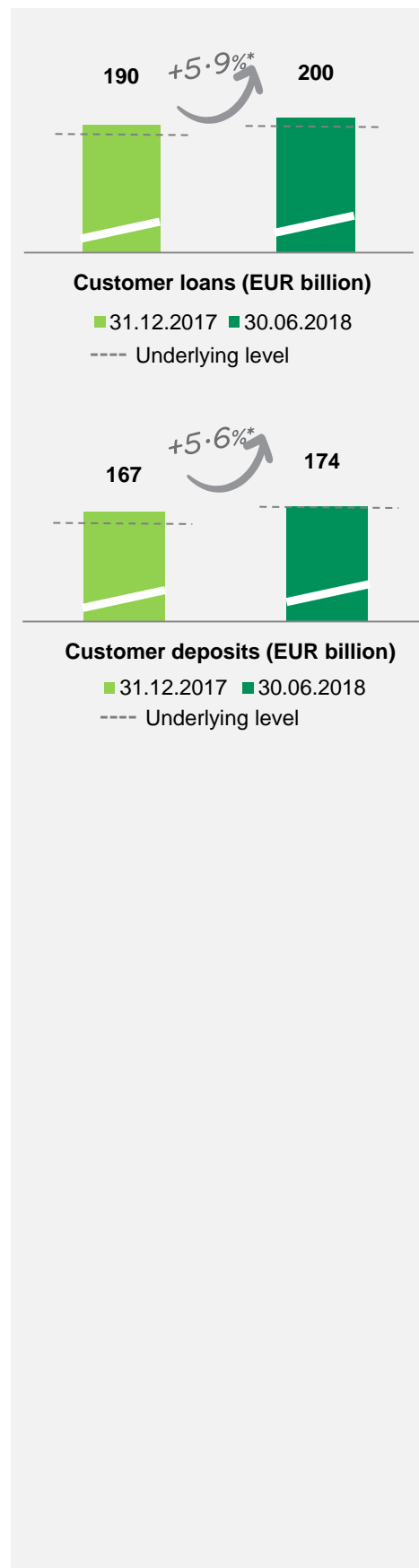


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The BNP Paribas Fortis **balance sheet total** amounted to EUR 309 billion at 30 June 2018, an increase of EUR 31 billion compared to the end of 2017. From a segment reporting point of view, 66% of the assets are related to banking activities in Belgium, 9% to Luxembourg, 15% to Other Domestic Markets, 6% to Turkey and 4% to other segments.

At 30 June 2018, BNP Paribas Fortis' fully loaded¹ **Common Equity Tier 1 ratio** stood at 13.7% (compared to 14.5% at 31 December 2017). The Bank's **Liquidity Coverage Ratio (LCR)** stood at 111%². Both ratios reflected the solid financial structure of the bank.



* Excluding non-recurrent items, i.e. at constant scope, constant exchange rates, and excluding other one-off results (see page 7 for more details).

¹ Ratio taking into account all the CRD4 rules with no transitory provisions.

² On a non-consolidated basis.



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CONSOLIDATED PROFIT AND LOSS ACCOUNT

	1H 2018	1H 2017	Total variance**		Non-recurrent items*		Variance excl. non-recurrent items**	
			Δ EUR	Δ %	1H 2018	1H 2017	Δ EUR	Δ %
<i>in EUR million</i>	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>	<i>g</i>	<i>h</i>
Net banking income	4,111	4,172	(61)	-1.5%	149	237	27	0.7%
Operating expenses and Depreciation	(2,588)	(2,544)	(44)	1.7%	(121)	(113)	(36)	1.5%
Gross operating income	1,523	1,628	(105)	-6.4%	28	124	(9)	-0.6%
Cost of Risk	(141)	(134)	(7)	5.3%	(2)	(18)	(23)	20.3%
Operating income	1,382	1,494	(112)	-7.5%	26	106	(32)	-2.3%
Share of Earnings of Associates	119	193	(74)	-38.7%	(28)	27	(19)	-11.9%
Other Non-Operating Items	2	21	(19)	-88.4%	2	21	0	n/a
Pre-tax income	1,503	1,708	(205)	-12.0%	(0)	154	(51)	-3.3%
Corporate income tax	(342)	(429)	87	-20.3%	(1)	(17)	71	-17.2%
Minority interests	(227)	(227)	0	0.4%	4	(13)	(17)	7.5%
Net income attributable to equity holders	934	1,052	(118)	-11.2%	3	124	3	0.3%

* Non-recurrent items for the Profit and Loss account relate to the following elements:

- Adjustments for constant scope mainly related to the final impact of the review of the consolidation perimeter following the change of the consolidation thresholds launched end of 2017.
- Adjustments for constant exchange rates, mainly related to the Turkish lira depreciation.
- Credit spread-related items, related to the impact of the own credit risk, the evolution of the debit valuation adjustment (DVA) and the funding valuation adjustment (FVA).
- Other items, related to the transformation costs and other one-off results.

Non-recurrent items for the Balance Sheet relate to the adjustments for constant exchange rates and constant scope, mainly the final impact of the review of the consolidation perimeter following the change of the consolidation thresholds.

** Variances are calculated as follows:

- $c = a - b$
- $d = c / b$
- $g = (a - e) - (b - f)$
- $h = g / (b - f)$



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Interim financial information included in this document is reviewed by the accredited statutory auditors in accordance with the International Standard on Review Engagements. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing. As a consequence, no audit opinion is expressed.

Please note that the results of BNP Paribas Fortis SA/NV announced in this press release are the consolidated results of BNP Paribas Fortis SA/NV and are not equivalent to the contribution of BNP Paribas Fortis to the consolidated results of BNP Paribas.

This document includes forward-looking statements based on current beliefs and expectations about future events. Forward-looking statements include financial projections and estimates and their underlying assumptions and statements regarding plans, objectives and expectations with respect to future events, operations, products and services, as well as statements regarding future performance and synergies. Forward-looking statements are not a guarantee for future performance. They are subject to inherent risks, uncertainties and assumptions on investments, developments at BNP Paribas Fortis and its subsidiaries, banking industry trends, future capital expenditure and acquisitions, changes in economic conditions globally or in BNP Paribas Fortis' principal local markets, the competitive market and regulatory factors.

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BNP Paribas (www.bnpparibas.com) has a presence in 74 countries with more than 192,000 employees, including 146,000 in Europe. It ranks highly in its two core activities: Retail Banking & Services (comprised of Domestic Markets and International Financial Services) and Corporate & Institutional Banking. In Europe, the Group has four domestic markets (Belgium, France, Italy and Luxembourg) and BNP Paribas Personal Finance is the leader in consumer lending. BNP Paribas is rolling out its integrated retail banking model across Mediterranean basin countries, in Turkey, in Eastern Europe and a large network in the western part of the United States. In its Corporate & Institutional Banking and International Financial Services activities, BNP Paribas also enjoys top positions in Europe, a strong presence in the Americas and solid and fast-growing businesses in Asia-Pacific.



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