

PRESS RELEASE

## BNP PARIBAS FORTIS 2019 FIRST HALF RESULTS

### SUSTAINED BUSINESS ACTIVITY

CONTINUED GROWTH OF CUSTOMER LOANS AND DEPOSITS

CUSTOMER LOANS<sup>1</sup> AT EUR 202 BILLION, +2.9%\* vs. 31.12.2018

CUSTOMER DEPOSITS<sup>2</sup> AT EUR 182 BILLION, +4.7%\* vs. 31.12.2018

### COMMITTED TO THE BELGIAN ECONOMY

CUSTOMER LOANS AT EUR 109 BILLION,  
+4.4% vs. 30.06.2018, +3.2% vs. 31.12.2018

CUSTOMER DEPOSITS AT EUR 129 BILLION,  
+4.7% vs. 30.06.2018, +3.6% vs. 31.12.2018

### OVERALL GOOD RESULTS WITH A NET INCOME AT EUR 1,050 MILLION

REVENUES: EUR 4,014 MILLION, +3.7%\* vs. 1H 2018

LOWER REVENUES IN BELGIUM

GROWING REVENUES IN OTHER BUSINESS LINES

COSTS: EUR 2,517 MILLION, +0.5%\* vs. 1H 2018

STRICT COST MANAGEMENT IN BELGIUM

CONTROLLED COSTS INCREASE IN THE OTHER BUSINESS LINES

LOW COST OF RISK AT 23bp

PRE-TAX INCOME: EUR 1,539 MILLION, +0.8%\* vs. 1H 2018

NET INCOME: EUR 1,050 MILLION, +5.0%\* vs. 1H 2018

### STRONG FINANCIAL STRUCTURE

COMMON EQUITY TIER 1 RATIO OF 13.3%

LIQUIDITY COVERAGE RATIO OF 120%<sup>3</sup>

\* Excluding non-recurrent items, i.e. at constant scope, constant exchange rates and excluding other one-off results (see page 5 for more details).

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

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

<sup>3</sup> On a non-consolidated basis.

## Analysis of the 1H 2019 financial performance

In the first half of 2019, consolidated net income amounted to EUR 1,050 million, up 12.4% compared to the first half of 2018. When excluding non-recurrent items (related to the net gain on the sale of Von Essen Bank GmbH, the depreciation of the Turkish lira and the scope changes), the underlying net income showed an increase of 5.0%\*.

The below analysis focuses on this underlying evolution.

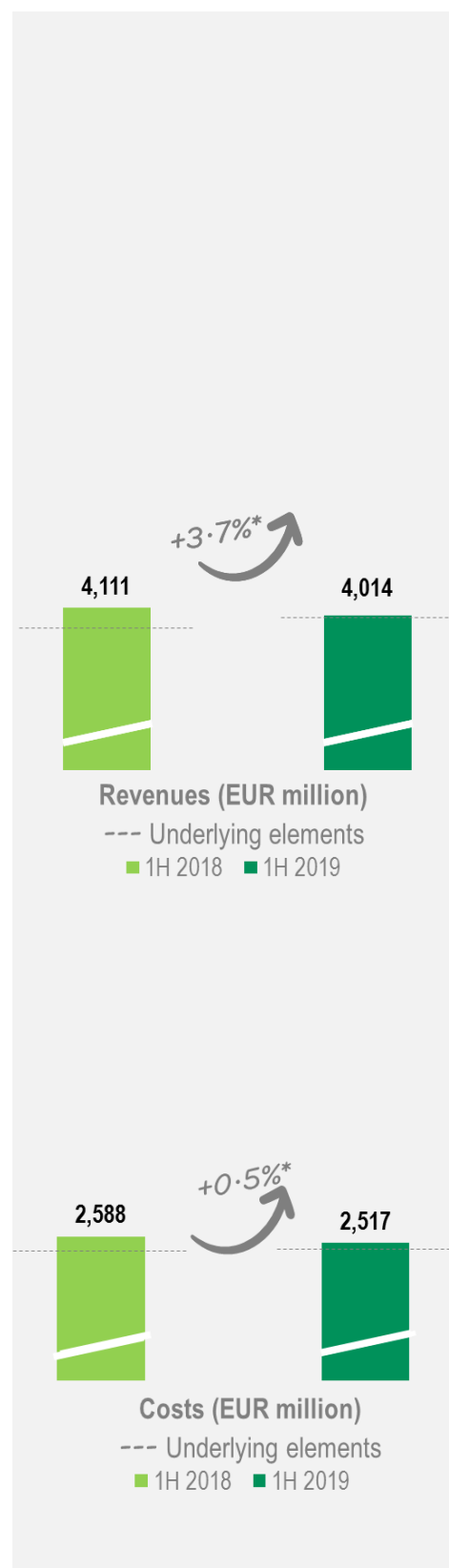
### Overall good results with a net income of EUR 1,050 million

Over the first six months of 2019, **revenues** of BNP Paribas Fortis amounted to EUR 4,014 million, up 3.7%\* vs. 1H 2018. Lower revenues in Belgium<sup>1</sup>, suffering from the persistently low interest rate environment, were offset by higher revenues in other business lines.

- In Belgium, revenues decreased by 1.8%\* due to a lower margin on deposits at Belgian Retail Banking (BRB), impacted by the persistently low interest rate environment, and despite good evolution of credit volumes and fees.
- Revenues increased by 10.4%\* in other business lines essentially driven by the continued development at Arval, Leasing Solutions, Personal Finance and in Luxembourg.

**Costs** amounted to EUR 2,517 million, up 0.5%\* vs. 1H 2018.

- In Belgium, costs decreased by 4.0%\* on the back of the significant effect of the transformation plan, with a reduction in headcount and optimisation of the branch network.



\* Excluding non-recurrent items, i.e. at constant scope, constant exchange rates, and excluding other one-off results (see page 5 for more details).

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



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- In other business lines, costs increased by 8.1%\* mainly at Arval, Leasing Solutions and Personal Finance to support the business development.

Overall **gross operating income** increased by 9.2%\* to EUR 1,497 million. The consolidated cost/income ratio<sup>1</sup> stood at 58.4% compared to 58.7% in the first half of 2018. In Belgium, the ratio was at 64.7% compared to 64.5% in the first half of 2018.

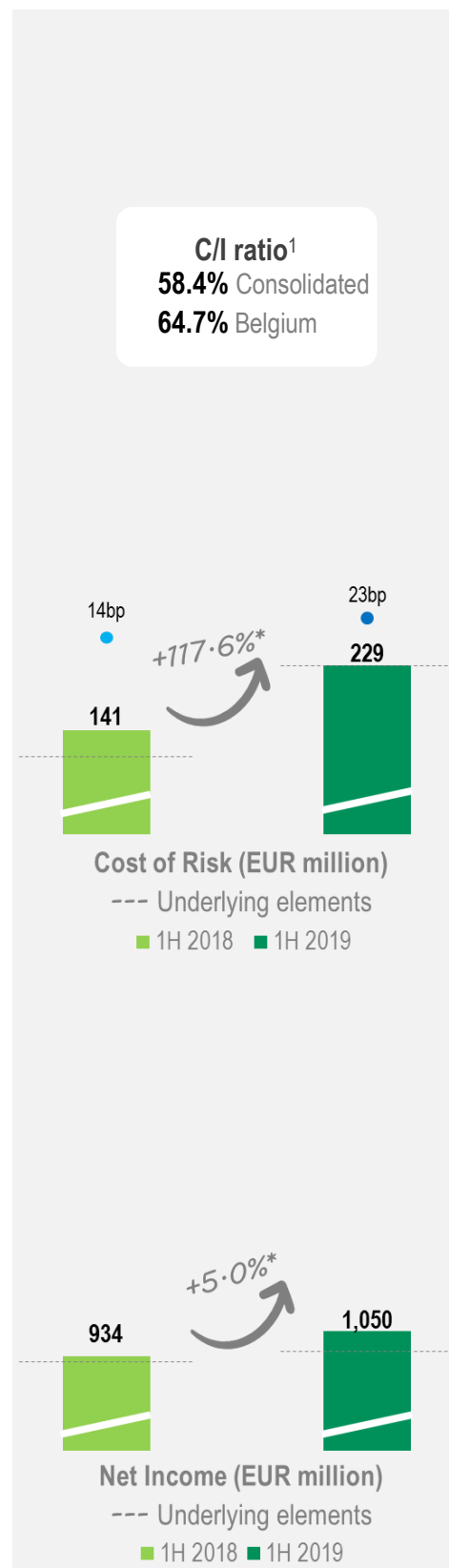
**Cost of risk** increased to EUR 229 million, corresponding to 23 basis points on outstanding customer loans, to be compared to 14 basis points in the first half of 2018, which was particularly low.

- In Belgium, the cost of risk was higher as 1H 2018 benefited from provision write-backs. Still it remained at a low level of 5 basis points.
- Outside Belgium, the cost of risk increased mainly due to the deterioration in Turkey.

The **share of earnings of equity-method entities** was up 4.4%\*, at EUR 120 million, mainly thanks to a better contribution from Poland, which benefitted from the integration of Raiffeisen Bank activities and related synergies.

**Corporate income tax** was 7.0%\* lower. The effective tax rate stood at 23% (compared to 25% in the first half of 2018).

BNP Paribas Fortis generated EUR 1,050 million in **net income attributable to equity holders**, up 5.0%\* compared to 1H 2018.



\* Excluding non-recurrent items, i.e. at constant scope, constant exchange rates, and excluding other one-off results (see page 5 for more details).

<sup>1</sup> The cost income ratio is calculated by dividing the total operating expenses and depreciation (absolute value) by the total revenues (the net banking income), without excluding the non-recurrent items. The cost income ratio is annualised for the banking taxes.



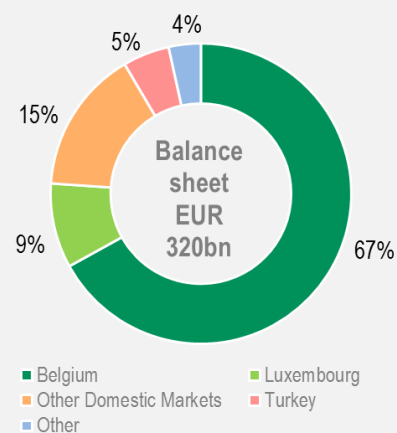
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## Strong Financial Structure

The BNP Paribas Fortis **balance sheet** totalled EUR 320 billion as at 30 June 2019, an increase of EUR 29 billion compared to the end of 2018.

As at 30 June 2019, BNP Paribas Fortis' **Common Equity Tier 1 ratio** stood at 13.3% well above the regulatory threshold (compared to 13.9% as at 31 December 2018). The Bank's **Liquidity Coverage Ratio (LCR)** stood at 120%<sup>1</sup> (compared to 141% as at 31 December 2018). Both ratios reflect the strong financial structure of the bank.



<sup>1</sup> On a non-consolidated basis.



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## CONSOLIDATED PROFIT AND LOSS ACCOUNT

	1H 2019	1H 2018	Total variance**		Non-recurrent items*		Variance excl. non-recurrent items**	
			Δ EUR	Δ %	1H 2019	1H 2018	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	4,014	4,111	(97)	-2.4%	25	265	143	3.7%
Operating expenses and Depreciation	(2,517)	(2,588)	71	-2.7%	(73)	(157)	(13)	0.5%
<b>Gross operating income</b>	<b>1,497</b>	<b>1,523</b>	<b>(26)</b>	<b>-1.7%</b>	<b>(48)</b>	<b>108</b>	<b>130</b>	<b>9.2%</b>
Cost of Risk	(229)	(141)	(88)	63.1%	(1)	(36)	(124)	117.6%
<b>Operating income</b>	<b>1,268</b>	<b>1,382</b>	<b>(114)</b>	<b>-8.3%</b>	<b>(48)</b>	<b>73</b>	<b>6</b>	<b>0.5%</b>
Share of Earnings of Associates	120	119	1	2.0%	(24)	(20)	6	4.4%
Other Non-Operating Items	151	2	149	n/a	151	2	-	n/a
<b>Pre-tax income</b>	<b>1,539</b>	<b>1,503</b>	<b>36</b>	<b>2.4%</b>	<b>78</b>	<b>55</b>	<b>12</b>	<b>0.8%</b>
Corporate income tax	(287)	(342)	55	-16.1%	14	(19)	23	-7.0%
Minority interests	(202)	(227)	25	-11.1%	3	(12)	11	-5.0%
<b>Net income attributable to equity holders</b>	<b>1,050</b>	<b>934</b>	<b>116</b>	<b>12.4%</b>	<b>95</b>	<b>25</b>	<b>46</b>	<b>5.0%</b>

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

- Adjustments for constant scope mainly related to the sale of Von Essen Bank GmbH to BNP Paribas German Branch in January 2019.
- 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 related to the sale of Von Essen Bank GmbH to BNP Paribas German Branch in January 2019.

\*\* Variances are calculated as follows:

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



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During the first half of 2019, we have continued to invest substantially in payments and sustainability.

## Payments are key

Following the introduction of Google Pay, Apple Pay and Payconiq in 2018, we have once again widened our payments range this year with Fitbit Pay and Garmin Pay. BNP Paribas Fortis is the only bank in Belgium that has chosen to make all these payment solutions available to its customers. We aim to offer a broad range of payment solutions in Belgium, so as to meet customers' needs in a simple, easy and safe manner.

We're also the leader in payment solutions for companies in Belgium and are able to go with our clients in their international operations. We have developed extensive coverage and payment infrastructure for cash management and trade finance, and, thanks to our global reach as part of an international group, we can smoothly manage accounts and users located worldwide.

Payments are one of the areas where rapid digitisation is proving to be of great benefit to our clients and we also see them adopting other digital solutions on a large scale. The number of digital contacts with our retail customers increased by 21% compared to the first half of 2018, reaching 1.2 million per day, for a total of 225 million contacts during the six months under review. We now have over 2 million digitally-active customers and we observe that our customers are increasingly using their smartphones as the preferred tool for carrying out as many of their banking operations as possible. Six times as many contacts took place via the Easy Banking App as via Easy Banking Web in the first half of this year.

## Sustainability is part of our DNA

We strive to differentiate ourselves as a bank that continues to focus on sustainability. In the first half of 2019 we reaffirmed our goal of being the benchmark bank in Belgium as regards promoting a faster transition to a more sustainable economic model.

We are working to reduce any negative impact of our activities and endeavouring to set a good example in our own conduct. We have published eight sector-specific policy documents which specify sustainability or social-impact requirements.

We also aim to increase our positive impact, by helping our customers to make their own transition through our suite of sustainable finance options and advice. Some notable examples:

- In the first half of the year, the total value of SRI products among our Assets under Management grew by EUR 1.5 billion, reaching EUR 12.7 billion. We remain the leading player on the Belgian market in this field. BNP Paribas Private SRI Fund has EUR 7.2 billion in AuM, making it currently the largest global strategic SRI fund in the eurozone.



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- In late 2018, we introduced our Sustainable Impact Loans, designed to finance sustainable or social interest projects at favourable interest rates. As a result, we granted loans totalling nearly EUR 180 million for some 140 projects during first-half 2019.
- As at end-June this year we had provided lending worth EUR 106 million to 407 social entrepreneurs and appointed throughout our branch network 40 experts to provide these clients with support.



CEO Max Jadot underlined: "With net profit of EUR 1,050 million, BNP Paribas Fortis has posted overall good results during first half 2019. Against an eventful international background with slowing growth, and in spite of the persistent downward pressure from low interest rates, we succeeded both in maintaining our revenues and in financing the projects of Belgian individuals and businesses in an efficient and sustainable manner.

This semester our results have been positively influenced by the sale of Von Essen Bank.

Although still increasing in terms of volume, the results in our home market Belgium are suffering from persistently low interest rates and have evolved in a very different way from those achieved by our other entities which are still growing.

Meanwhile, we continue to invest in both digital and physical resources that will make life easier for our customers and we strive to be the leading bank in payments and sustainability. We're incorporating sustainability criteria into all aspects of our service model and we're working to maximise the efficiency, speed of execution and digitisation of our processes. We're investing in areas such as Open Banking in which we believe we'll be able to grow by offering top-level expertise.

I would like to thank all our staff for their hard work and also thank our customers for the trust that they continue to place in us."



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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.

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*BNP Paribas ([www.bnpparibas.com](http://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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