

BNP PARIBAS FORTIS 2020 FIRST HALF RESULTS

STRONGLY COMMITTED TO SUPPORT THE BELGIAN ECONOMY IN THE CURRENT
EXCEPTIONAL CIRCUMSTANCES OF THE HEALTH CRISIS

CUSTOMER LOANS AT EUR 115 BILLION,
+4.8% vs. 30.06.2019, +3.6% vs. 31.12.2019

MORE THAN 85 000 MORATORIA, OF WHICH 44 000 RESIDENTIAL MORTGAGE
LOANS AND 41 000 PROFESSIONAL LOANS

CUSTOMER DEPOSITS AT EUR 136 BILLION,
+5.4% vs. 30.06.2019, +3.9% vs. 31.12.2019

ROBUST BUSINESS ACTIVITY ON A CONSOLIDATED LEVEL

CUSTOMER LOANS¹ AT EUR 212 BILLION, +2.9%* vs. 31.12.2019
CUSTOMER DEPOSITS² AT EUR 189 BILLION, +3.1%* vs. 31.12.2019

WITHIN THE CONTEXT OF CURRENT HEALTH CRISIS AND THE PERSISTENTLY LOW
INTEREST RATES, GOOD OPERATING RESULTS AND LEVEL OF NET INCOME

REVENUES: EUR 3,978 MILLION, +1.0%* vs. 1H 2019

LOWER REVENUES IN BELGIUM
GROWING REVENUES IN OTHER BUSINESS LINES

COSTS: EUR 2,418 MILLION, DOWN BY -0.7%* vs. 1H 2019

SUSTAINED STRICT COST MANAGEMENT IN BELGIUM
CONTAINED COST INCREASE IN THE OTHER BUSINESS LINES

GROSS OPERATING INCOME: EUR 1,560 MILLION, +3.7%* vs. 1H 2019

COST OF RISK AT EUR 360 MILLION OR 34bp, +67.1%* vs. 1H 2019

PRE-TAX INCOME: EUR 1,309 MILLION, -8.8%* vs. 1H 2019

NET INCOME: EUR 804 MILLION, -14.9%* vs. 1H 2019

STRONG FINANCIAL STRUCTURE

COMMON EQUITY TIER 1 RATIO OF 14.8%
LIQUIDITY COVERAGE RATIO OF 146%³

* Excluding non-recurrent items, i.e. at constant scope, constant exchange rates and excluding other one-off results (see page 5 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 non-consolidated basis.

Analysis of the 1H 2020 financial performance

In the first half of 2020, consolidated net income amounted to EUR 804 million, down by -23.4% compared to the first half of 2019. When excluding non-recurrent items (related mainly 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 a decrease of -14.9%*.

The below analysis focuses on this underlying evolution.

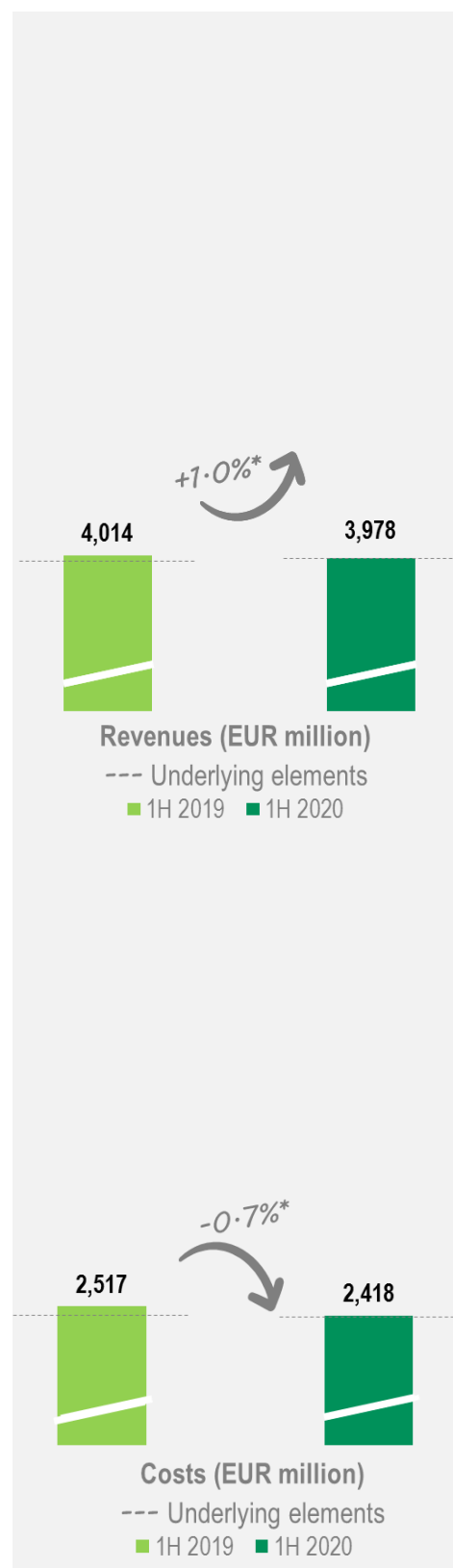
Within the context of current health crisis and the persistently low interest rates, good operating results and level of net income

Over the first six months of 2020, **revenues** of BNP Paribas Fortis amounted to EUR 3,978 million, up 1.0%* vs. 1H 2019 despite the strong impact of the health crisis.

- In Belgium¹, revenues decreased by 2.1%* due to a lower margin on deposits at Belgian Retail Banking (BRB), impacted by the persistently low interest rate environment and lower contribution from specialised subsidiaries, but mitigated by the good evolution of credit volumes and financial fees.
- In other business lines, revenues increased by 4.5%* despite the crisis essentially driven by the continued development at Arval, Leasing Solutions, Turkey and Personal Finance, and in Luxembourg.

Costs amounted to EUR 2,418 million, down by -0.7%* vs. 1H 2019.

- In Belgium, costs decreased by 2.9%* on the back of the significant effect of the transformation plan, with a reduction in headcount and the continuing



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



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adaptation of the branch network, partly offset by inflation and higher banking taxes.

- In other business lines, costs increase was limited to 2.6%* thanks to cost-saving measures in the context of the health crisis. Costs increased in Turkey mainly due to the impact of inflation.

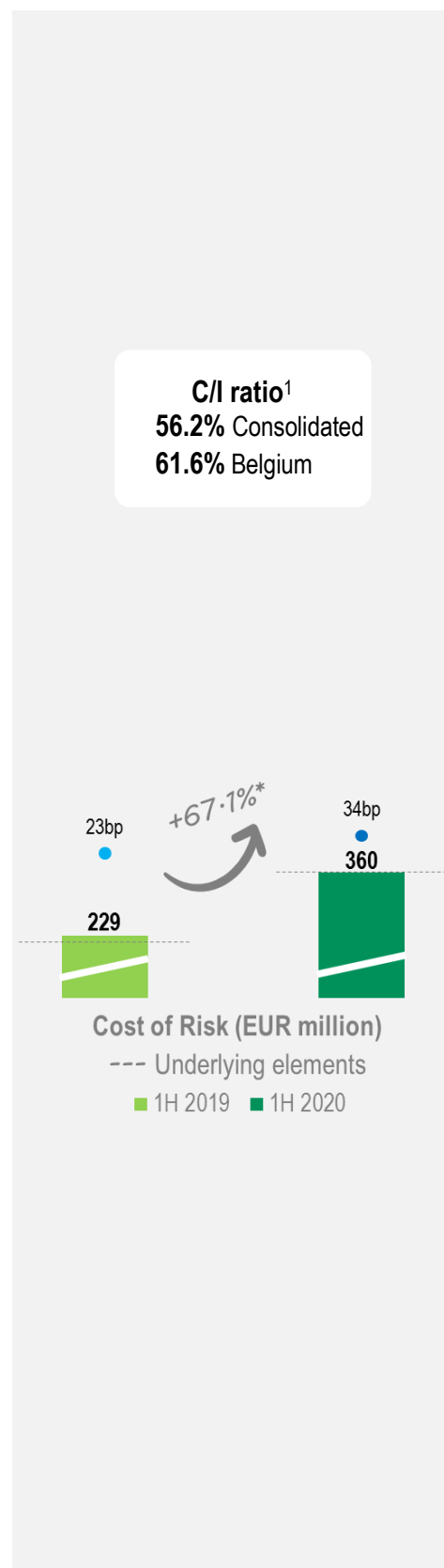
Overall **gross operating income** increased by 3.7%* to EUR 1,560 million. The consolidated cost/income ratio¹ improved at 56.2% compared to 58.4% in the first half of 2019. In Belgium, the ratio was at 61.6% compared to 64.7% in the first half of 2019.

Cost of risk increased to EUR 360 million, corresponding to 34 basis points on average outstanding customer loans, to be compared to 23 basis points in the first half of 2019.

The increase in cost of risk (EUR (144) million*) is due in particular to ex-ante provisioning of expected losses (EUR (73) million*).

- In Belgium, the cost of risk was higher (24 basis points) mainly due to one specific file and the update of the ex-ante provisioning of expected losses.
- Outside Belgium, the cost of risk increased mainly at Personal Finance, Arval and in Luxembourg. In Turkey, the update of the ex-ante provisioning of expected losses was offset by write-backs on some files.

The share of earnings of equity-method entities was down by -27.0%*, at EUR 105 million, mainly due to a lower contribution from AG Insurance, Poland and BNPP-AM, impacted by the current crisis.



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

¹ 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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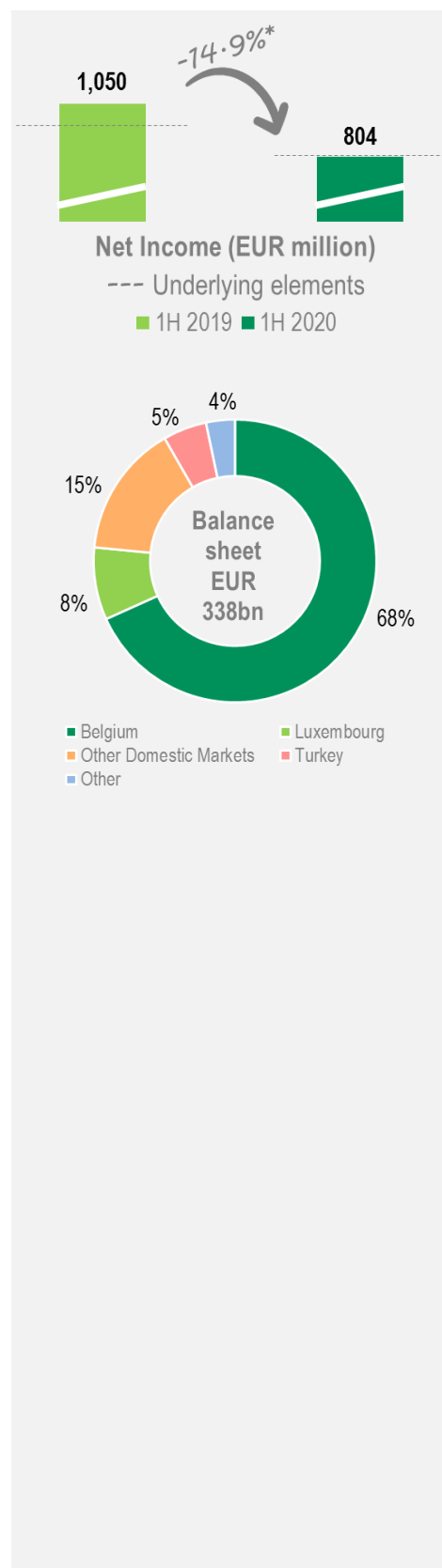
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BNP Paribas Fortis generated EUR 804 million in **net income attributable to equity holders**, down by -14.9%* compared to 1H 2019.

Strong Financial Structure

The BNP Paribas Fortis **balance sheet** totalled EUR 338 billion as at 30 June 2020, an increase of EUR 25 billion compared to the end of 2019.

As at 30 June 2020, BNP Paribas Fortis' **Common Equity Tier 1 ratio** stood at 14.8%¹ well above the regulatory threshold (compared to 13.2% as at 31 December 2019). The Bank's **Liquidity Coverage Ratio (LCR)** stood at 146%² (compared to 127% as at 31 December 2019). Both ratios reflect the strong 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 5 for more details).

¹ Including the 2019 results in line with the ongoing restrictions of the European authorities to not distribute any dividend for the time being.

² On a non-consolidated basis.



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CONSOLIDATED PROFIT AND LOSS ACCOUNT

	1H 2020	1H 2019	Total variance**		Non-recurrent items*		Variance excl. non-recurrent items**	
			Δ EUR	Δ %	1H 2020	1H 2019	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	3,978	4,014	(36)	-0.9%	2	77	39	1.0%
Operating expenses and Depreciation	(2,418)	(2,517)	99	-3.9%	(15)	(97)	17	-0.7%
Gross operating income	1,560	1,497	63	4.2%	(13)	(19)	56	3.7%
Cost of Risk	(360)	(229)	(131)	56.9%	-	(14)	(144)	67.1%
Operating income	1,200	1,268	(68)	-5.4%	(13)	(33)	(88)	-6.8%
Share of Earnings of Associates	105	120	(15)	-12.8%	(0)	(24)	(39)	-27.0%
Other Non-Operating Items	4	151	(147)	-96.9%	4	151	-	n/a
Pre-tax income	1,309	1,539	(230)	-14.9%	(9)	93	(127)	-8.8%
Corporate income tax	(276)	(287)	11	-3.7%	2	10	19	-6.3%
Minority interests	(229)	(202)	(27)	13.3%	4	(2)	(33)	16.3%
Net income attributable to equity holders	804	1,050	(246)	-23.4%	(3)	101	(141)	-14.9%

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

- Adjustments for constant scope.
- 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) (2019 figures only).
- Other items, mainly related to the transformation costs and other one-off results, of which mainly the capital gain on the sale of Von Essen Bank GmbH to BNP Paribas German Branch in January 2019.

Non-recurrent items for the Balance Sheet relate to the adjustments for constant exchange rates and constant scope.

** Variances are calculated as follows:

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



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The first half of 2020 was largely dominated by the COVID-19 pandemic, which still continues to put great pressure on the health care system and the economy. As market leader in Belgium, we further intend to fully live up to our responsibility to ensure that companies and households receive additional financial means.

Our colleagues have been making outstanding efforts to ensure the continued availability of payment and credit solutions for all our customers – individual account holders, small or medium-sized businesses and major corporations. In April we began, as first bank in Belgium, to grant clients in difficulties a six-month deferral of mortgage, loan and business credit repayments, which is for vulnerable clients, free of charge. In only a few days we also co-managed the placement of OLO91, a new 7-year Belgian government bond, for a total amount of EUR 8 billion, the largest single OLO bond ever issued by Belgium, which is destined to fund COVID-related expenses.

Meanwhile we continue to provide capital and liquidity to companies and have undertaken new initiatives specifically designed to help our customers get through the crisis, while also considerably stepping up our philanthropic activities so as to support care providers and offer assistance to the more vulnerable groups in the community. Accordingly, we have already made donations in excess of EUR 2 million, distributed among university hospitals, the Food Banks, the King Baudouin Foundation, microStart, and the DigitalForYouth.be initiative run by the Close-the-Gap organisation.

We are able to do all this due to the strength and resilience of the business model that we have developed, based on: a solid financial structure in terms of both solvency and liquidity; good risk management; the ability to create value for all our stakeholders throughout the entire cycle; plus also a strong drive for digitalisation, an approach which enables us to provide a comprehensive service through remote channels, especially in these difficult times.

In first-half 2020 we posted a good result, achieving a net profit of EUR 804 million. In this, the good operating results we booked were complemented by the positive effects of our strict cost control. At the same time, however, we incurred a higher cost of risk due to loan loss impairments resulting from the COVID-19 pandemic and also faced continuing pressure on interest income in Belgium due to persistently low interest rates. Our Belgian Retail Banking division saw a 4.8% rise in lending versus first-half 2019 to reach EUR 115bn and a 5.4% increase in deposits to EUR 136bn. Meanwhile our solvency and liquidity remain consistently strong, with a 14.8% and 146% ratio respectively.

Positive Banking

We have now determined our long-term strategy and are basing our investments for the future on five strategic pillars. Guiding us in our interactions with all our customers as we strive to serve and support them, these five pillars of our #PositiveBanking strategy, described below, will act as a catalyst for positive growth.



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- **Make life easier:** We make life easier for our customers on a day-to-day basis by maximising ease of use and offering the widest choice of banking products. We offer the widest choice of payment options in Belgium, including Apple Pay, Google Pay, Garmin Pay, Fitbit Pay, Bancontact and Payconiq. In this respect we fulfil one of our central tasks as a bank by 'showing customers the ropes' as regards the new digital methods and assisting them to develop their digital capabilities. Our Easy Banking ateliers, for instance, have proved very popular. Our approach of increasing ease of use and improving functionality through digital tools has really proved its worth during the current crisis. We saw one-to-one customer advice sessions via webex increase from 10,000 per week in February to more than 60,000 in May.
- **Enable people to grow:** In order to help our customers carry out their projects, we invest continuously in the development and well-being of our employees. We make social solidarity and inclusiveness a high priority. In this regard, we are taking part in 1MillionHours2Help, an ambitious new programme which aims to unite BNP Paribas employees around the target of achieving a total of a million volunteer hours worldwide by end-2020.
- **Root sustainability in our DNA:** We are making a positive impact on society, and are further reducing our environmental footprint. The Bank currently offers clients a choice of 93 funds carrying the Febelfin Sustainability label, and has EUR 25 billion under management in the Sustainable category. Our Sustainable Business Competence Centre (SBCC) provides specialist advice to commercial, corporate and public banking clients who wish to make the transition towards a more sustainable business model. The SBCC's dedicated team of engineers, scientists and experts provides expertise in various sustainable approaches, including circular production; decarbonisation-oriented and energy efficiency-focused processes, sustainable cooling systems and regenerative agriculture. To date we advised on 278 projects totalling EUR 1.2bn relating to renewable energy, cleantech, biotech and medical technology. Meanwhile our renewable energy project loans increased from EUR 2.7bn in June 2019 to EUR 3.6bn by June 2020. We are also financing 29 biogas projects, which means that BNP Paribas Fortis is the first large Belgian bank working in this challenging area of finance.
- **Maximise digitalisation and efficiency:** We are making intensive efforts to be a digital and efficient financial services provider. We saw a 17% increase in digital contacts in first-half 2020 and for the first time the proportion of digital sales to individual customers passed the 50% threshold. In addition, the service aspect of our sales is being substantially improved by the use of digital signatures, which we are introducing for increasing numbers of products.



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- **Accelerate selective growth:** We seek selective growth in products and niches so as to address the real needs of our customers. We are taking initiatives in the bancassurance field with the aim of boosting our Non-Life insurance business. Our Private Equity arm takes minority stakes in companies in the form of equity capital or mezzanine finance, and supports and assists companies in the long term in implementing their strategies and business plans. Our Private Equity business has also been selected by the Belgian state to manage the Belgian Growth Fund (BGF), whose purpose is to reinforce the capital of Belgian growth companies. By July 2020 the BGF had already collected EUR 312 million for such investments.



CEO Max Jadot stated: "Under circumstances which would have been almost unthinkable just a year ago, BNP Paribas Fortis has remained fully operational and we have continued to provide financing to both individual customers and corporate clients to enable them to carry out their plans and projects. We continue to support the Belgian economy with capital and liquidity, and in addition we're making determined efforts to help mitigate the social impact of the present crisis.

More than ever, we're now building out our #PositiveBanking strategy, designed to provide our customers with the best possible financial service in all circumstances. Guided by our five strategic pillars, we aim to transform the Bank through an ambitious, dynamic programme, based on best-in-class products, accelerated digitalisation of our services, leadership in sustainable finance, our strong engagement with the wider society and our highly-skilled employees. Together we're committed to working for a better society, as a trusted financial partner at all moments of our clients' lives.

I would like to thank all our colleagues for their outstanding efforts to assist our customers in these difficult times. I also convey my thanks to our customers for the trust they continue to place in our Bank. We're working hard to counter the economic consequences which the current crisis is having on them, and we stand ready – with our committed employees, our technology and our expertise – to serve as a catalyst for sustainable growth."



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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) is a leading bank in Europe with an international reach. It has a presence in 71 countries, with approximately 199,000 employees, of which more than 151,000 in Europe. The Group has key positions in its three main activities: Domestic Markets and International Financial Services (whose retail-banking networks and financial services are covered by Retail Banking & Services) and Corporate & Institutional Banking, which serves two client franchises: corporate clients and institutional investors. The Group helps all its clients (individuals, community associations, entrepreneurs, SMEs, corporates and institutional clients) to realise their projects through solutions spanning financing, investment, savings and protection insurance. In Europe, the Group has four domestic markets (Belgium, France, Italy and Luxembourg) and BNP Paribas Personal Finance is the European leader in consumer lending. BNP Paribas is rolling out its integrated retail-banking model in Mediterranean 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 as well as a solid and fast-growing business in Asia-Pacific.



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