

PRESS RELEASE

## BNP PARIBAS FORTIS 2017 FIRST HALF RESULTS

GOOD OVERALL PERFORMANCE  
DESPITE A LOW INTEREST RATE ENVIRONMENT  
SOLID FINANCIAL STRUCTURE

CUSTOMER LOANS<sup>1</sup> AT EUR 187 BILLION, +3.8%\* vs. 31.12.2016  
CUSTOMER DEPOSITS<sup>2</sup> AT EUR 169 BILLION, +4.1%\* vs. 31.12.2016  
CONTINUED GROWTH OF CUSTOMER DEPOSITS AND LOANS,  
INCLUDING SOLID ACTIVITY GROWTH AT ARVAL'S FINANCED FLEET,  
REFLECTING THE ROLE OF THE BANK IN FINANCING THE ECONOMY

REVENUES: EUR 4,172 MILLION, +4.9%\* vs. 1H 2016  
GOOD RESULTS IN BELGIUM  
SUSTAINED GROWTH AT PERSONAL FINANCE,  
AT LEASING SOLUTIONS AND IN TURKEY

OPERATING EXPENSES: EUR 2,544 MILLION, +3.0%\* vs. 1H 2016  
CONTROLLED COSTS EVOLUTION

COST OF RISK: EUR 134 MILLION, -34.8%\* vs. 1H 2016  
LOW COST OF RISK AT 15bp

NET INCOME: EUR 1,052 MILLION, +17.3%\* vs. 1H 2016

SOLID COMMON EQUITY TIER 1 RATIO<sup>3</sup> OF 13.0%  
LIQUIDITY COVERAGE RATIO OF 134%<sup>4</sup>

\* Excluding non-recurrent items, i.e. at constant scope, constant exchange rates, and excluding credit spread impact and other one-off results (see page 6 for more details).

<sup>1</sup> Customer loans are loans and receivables due from customers excluding securities and reverse repos, 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 fully-loaded basis, i.e. ratio taking into account all the CRD4 rules with no transitory provisions.

<sup>4</sup> On a non-consolidated basis.

Over the first six months of 2017, **revenues** of BNP Paribas Fortis amounted to EUR 4,172 million, up by 4.9%\* compared to the first half of 2016. The underlying increase was mainly supported by good results in Belgium, continuing growth in Turkey, at Personal Finance and at Leasing Solutions.

- In Belgium<sup>1</sup>, revenues grew by 5.2%\*. In the first semester, the negative impact of the low interest rate environment was more than compensated by an important net gain on the sale of a private equity stake, a positive ALM contribution, higher financial fees and a good volume growth.
- Outside Belgium, revenues increased by 4.3%\* driven by strong volume growth in Turkey, at Personal Finance and at Leasing Solutions.

**Operating expenses and depreciations** amounted to EUR 2,544 million, up by 3.0%\* compared to the first half of 2016.

- In Belgium, costs increased by 2.0%\* due to higher banking taxes and levies related essentially to the timing effect of the introduction of the New Single Tax, in spite of operating efficiency measures.
- Outside Belgium, costs increased by 5.2%\* mainly in Turkey, at Personal Finance and at Leasing Solutions to support the business development.

As a result, **gross operating income** rose by 8.1%\* to EUR 1,628 million. The consolidated cost/income ratio<sup>2</sup> stood at 57.2%\* compared to 58.7%\* in the first half of 2016. In Belgium, it stood at 61.1%\* compared to 63.7%\* in the first half of 2016.

**Cost of risk** stood at EUR 134 million, corresponding to 15 basis points of average outstanding customer loans compared to 26 basis points in the first half of 2016. Cost of risk was low in Belgium given provision write-backs, and stable outside Belgium.

**Share of earnings of equity-method entities** was up by 24.2%\*, at EUR 193 million, mainly supported by better contributions of AG Insurance and Private Equity entities.

Excluding non-recurrent items, the **effective tax rate** amounted to 28%.

BNP Paribas Fortis generated EUR 1,052 million in **net income attributable to equity holders**, up by 17.3%\* compared to last year.

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\* Excluding non-recurrent items, i.e. at constant scope, constant exchange rates, and excluding credit spread impact and other one-off results (see page 6 for more details).

<sup>1</sup> Belgium includes Belgian Retail Banking (BRB), CIB BE and other activities in Belgium.

<sup>2</sup> 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 excludes the non-recurrent items and is annualised for the banking taxes.

The BNP Paribas Fortis **balance sheet total** amounted to EUR 301 billion at 30 June 2017, a growth of 9.5%\* compared to the end of 2016.

From a segment reporting point of view, 66% of the assets are related to banking activities in Belgium, 22% to Other Domestic Markets<sup>1</sup>, 7% to banking activities in Turkey and 5% to other segments.

At 30 June 2017, BNP Paribas Fortis' fully loaded<sup>2</sup> **Common Equity Tier 1 ratio** stood at 13.0% and the phased-in Common Equity Tier 1 ratio, at 13.6%. The Bank's **Liquidity Coverage Ratio (LCR)** stood at 134%<sup>3</sup>.

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\* Excluding non-recurrent items, i.e. at constant scope, constant exchange rates, and excluding credit spread impact and other one-off results (see page 6 for more details).

<sup>1</sup> Other Domestic Markets include the activities of Arval, Luxembourg and Leasing Solutions.

<sup>2</sup> Ratio taking into account all the CRD4 rules with no transitory provisions.

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



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**Max Jadot, CEO of BNP Paribas Fortis SA/NV, commented:** *“BNP Paribas Fortis reported solid figures for the first half of 2017. Net income came in at EUR 1.05 billion, a 17.3%\* increase versus the previous year. Total revenues rose by 4.9%\* to EUR 4.17 billion, underpinned by good results in Belgium and good growth in Turkey, at Personal Finance and Leasing Solutions. Arval also saw solid activity growth in its financed fleet. Our cost of risk remained at a low level and we have maintained sound liquidity and solvency ratios.*

*While the overall economic situation is improving, BNP Paribas Fortis is still operating in an environment characterised by low interest rates and high banking taxes. We have however been able to mitigate these aspects in our first-half 2017 results.*

*Lending to individual customers and businesses in Belgium rose again, this time by 3.0%\* on last year, to reach EUR 119 billion, due in particular to an increase in mortgage lending and loans to large corporates. Total deposits increased to EUR 128 billion, a 3.3%\* rise on the previous year, the most notable increase being on current accounts.*

*Digital technology and its applications are nowadays taken for granted in people’s daily lives and our customers expect to be able to make use of these tools to manage their financial affairs. Our Bank invests heavily in them:*

- *In the first half of 2017, total digital sessions via Easy Banking App (EBA) and Easy Banking Web (EBW) rose again, this time by 25% compared with the first half of 2016, to 23.6 million/month.*
- *Moreover, customers are increasingly using mobile solutions (EBA), resulting in a 36% increase in the number of active users and a 57% increase in the number of sessions/month (from 10.9 million to 17.1 million) compared with the first half of 2016.*
- *Our direct sales increased as a proportion of total sales from 20.9% to 25.4% compared to the first half of 2016. This gives us confidence that we will reach our target of 50% by 2020.*

*Hello bank!, which pioneered 100%-digital banking in Belgium, remains at the forefront of our efforts to develop new customer journeys that appeal to ‘digitally-savvy’ customers. Accordingly, with Hello home! we saw two-and-a-half times as many online requests for mortgages than during the same period in 2016 and Hello crowd! posted a 63% increase in funding volume. In addition, more than 32% of all Belgians in the 18 to 28 age bracket are now customers of Hello4You, which is specifically designed to meet the banking needs of younger people.*

*As part of its overall transformation and digitisation plan, our Corporate Banking division has further increased its digital credit offering and production. In this respect and in order to serve our clients better and faster, innovation is key and is therefore one of our main priorities. This policy is clearly reflected in our increasing collaboration with fintech companies, notably the recent acquisition of PaySquare. Meanwhile, in an economic context characterised by low interest*

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\* Excluding non-recurrent items, i.e. at constant scope, constant exchange rates, and excluding credit spread impact and other one-off results (see page 6 for more details).



*rates, uncertainty and volatility spikes, our capital markets specialists succeeded in providing our corporate and institutional clients with efficient hedging, financing and investment solutions.*

*BNP Paribas Fortis attaches ever-greater importance to socially-responsible business practices. This led to a 31% increase during the first half of the year in SRI Assets under Management, which now stand at over EUR 8 billion. The policy of our Private Banking arm – and since the beginning of this year, also of our Retail Banking network – is strongly focused on making a wide range of SRI opportunities available to our clients.*

*In conclusion, we would like to thank all our staff for the determined efforts they make each and every day to support our customers. We will continue to strive to be a thoroughly up-to-date, reliable partner to all our customers and we thank them for the trust they place in us.”*



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## CONSOLIDATED PROFIT AND LOSS ACCOUNT

in EUR million	1H 2017	1H 2016	Total variance**		Non-recurrent items*		Variance excl. non-recurrent items**	
			Δ EUR	Δ %	1H 2017	1H 2016	Δ EUR	Δ %
			c	d	e	f	g	h
Net banking income	4,172	3,631	541	14.9%	580	205	167	4.9%
Operating expenses and Depreciation	(2,544)	(2,258)	(286)	12.7%	(324)	(101)	(64)	3.0%
<b>Gross operating income</b>	<b>1,628</b>	<b>1,373</b>	<b>255</b>	<b>18.5%</b>	<b>256</b>	<b>104</b>	<b>103</b>	<b>8.1%</b>
Cost of Risk	(134)	(215)	81	-37.9%	(5)	(17)	69	-34.8%
<b>Operating income</b>	<b>1,494</b>	<b>1,158</b>	<b>336</b>	<b>29.0%</b>	<b>251</b>	<b>87</b>	<b>172</b>	<b>16.0%</b>
Share of Earnings of Associates	193	139	54	38.7%	21	1	33	24.2%
Other Non-Operating Items	21	(70)	91	n/a	21	(70)	-	n/a
<b>Pre-tax income</b>	<b>1,708</b>	<b>1,227</b>	<b>481</b>	<b>39.1%</b>	<b>293</b>	<b>18</b>	<b>205</b>	<b>16.9%</b>
Corporate income tax	(429)	17	(446)	n/a	(59)	328	(59)	19.0%
Minority interests	(227)	(225)	(2)	0.5%	0	(24)	(25)	12.6%
<b>Net income attributable to equity holders</b>	<b>1,052</b>	<b>1,019</b>	<b>33</b>	<b>3.3%</b>	<b>234</b>	<b>322</b>	<b>121</b>	<b>17.3%</b>

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

- Adjustments for constant scope mainly related to the contribution in kind of Arval by BNP Paribas (at the end of 2016), the transfer of BNPPF Amsterdam branch and the Nordic branches (Denmark, Sweden, Norway and Austria) to BNPP (2017) and the closure of the branch in Finland (2017), the sale of SADE (2016) and the liquidation of FB Transportation Capital (2016).
- Adjustments for constant exchange rates, mainly related to the Turkish lira depreciation.
- Credit spread-related items, related to the impact of own credit risk and HFTO loans, the evolution of debit valuation adjustment (DVA) and the funding valuation adjustment (FVA).
- The activation of deferred tax assets in corporate income tax in 2016 (net amount +350m).
- Other items, related to the transformation costs and capital gains and losses.

Non-recurrent items for the Balance Sheet relate to the adjustments for exchange rates and constant scope, mainly the transfer of assets and liabilities of BNP Paribas Fortis European branches to BNP Paribas SA in 2017.

\*\* Variances are calculated as follows:

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

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)) BNP Paribas 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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