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PRESS RELEASE

BNP PARIBAS FORTIS 2016 FIRST HALF RESULTS

GOOD RESULTS IN A CHALLENGING ENVIRONMENT
SOLID FINANCIAL STRUCTURE

CUSTOMER LOANS¹ AT EUR 165 BILLION, +3.2%* vs. 31.12.2015
CUSTOMER DEPOSITS¹ AT EUR 163 BILLION, +4.3%* vs. 31.12.2015
CONTINUOUS GROWTH OF CUSTOMER LOANS AND DEPOSITS
REFLECTING THE IMPORTANT ROLE OF THE BANK
IN FINANCING THE ECONOMY

REVENUES: EUR 3,631 MILLION, +1.3%* vs. 1H 2015
GOOD RESULTS IN BELGIUM
CONTINUED GROWTH IN TURKEY, PERSONAL FINANCE AND LEASING

OPERATING EXPENSES: EUR 2,258 MILLION, +0.5%* vs. 1H 2015
STABLE COSTS

COST OF RISK: EUR 215 MILLION, +17.7%* vs. 1H 2015
MODERATE COST OF RISK AT 26bps (vs. 25bps in 1H 2015)

OPERATING INCOME: EUR 1,158 MILLION, +0.3%* vs. 1H 2015
NET INCOME: EUR 1,019 MILLION, +4.8%* vs. 1H 2015

COMMON EQUITY TIER 1 RATIO² OF 12.3%
LIQUIDITY COVERAGE RATIO OF 106%

* Excluding non-recurrent items, i.e. at constant scope, constant exchange rates and excluding credit spread impact, activation of deferred tax assets and other one-off results (see page 5 for more details)

¹ Customer deposits consist of amounts due to customers excluding repurchase agreements ('repos'). Customer loans are loans and receivables due from customers, excluding securities and reverse repos

² On a fully-loaded basis, i.e. ratio taking into account all the CRD4 rules with no transitory provisions

The below analysis focuses on underlying business performance and excludes the following non-recurrent items: impacts of scope changes, evolution of foreign exchange rates and credit spreads, activation of deferred tax assets and other one-off results.

Revenues totalled EUR 3,631 million, up by 1.3%* compared to the first half of 2015. The underlying increase was mainly supported by good results in Belgium, a continuing growth in Turkey and also by good results at Personal Finance and Leasing.

- In Belgium, revenues grew by 0.6%* in spite of a challenging economic environment, a drop in the financial fees at Belgian Retail Banking and the negative impact of the refinancing of mortgages.
- Outside Belgium, revenues increased by 2.4%* driven by strong volume growth in both loans and deposits in Turkey (respectively +4.7%* and +5.2%* compared to 31.12.2015), higher net interest income at Personal Finance and the good performance in Leasing.

Operating expenses and depreciations amounted to EUR 2,258 million, up by 0.5%* compared to the first half of 2015.

- In Belgium, costs decreased by 2.2%* thanks to operating efficiency measures and despite a continuously high level of banking taxes. The latter amounted to EUR 269 million and included the Bank's national contribution to the Deposit Guarantee Scheme (DGS), the Financial Stability Contribution (FSC), a regular and an additional tax on saving deposits and, at European level, the contribution to the Single Resolution Fund (SRF).
- Outside Belgium, costs increased by 6.1%* mainly in Turkey and in Leasing due to continuing business expansion.

As a result, **gross operating income** rose by 2.7%* to EUR 1,373 million. The consolidated cost/income ratio stood at 58.3%**.

Cost of risk stood at EUR 215 million, corresponding to 26 basis points on outstanding customer loans compared to 25 basis points in the first half of 2015. In Belgium, cost of risk remained low, at 11 basis points of outstanding customer loans.

Share of earnings of equity-method entities was up by 66.3%*, at EUR 139 million, mainly supported by better contributions of BNP Paribas Investment Partners, AG Insurance and Bank BGŻ BNP Paribas. All three were impacted by positive exceptional items in their respective profit and loss account.

* Excluding non-recurrent items, i.e. at constant scope, constant exchange rates and excluding credit spread impact, activation of deferred tax assets and other one-off results (see page 5 for more details)

** Annualised for the banking taxes

Corporate income tax in the first half of 2016 was mainly impacted by the activation of deferred tax assets. Excluding this element and the share of earnings of equity-method entities (reported net of income taxes), the effective tax rate stood at 31%.

BNP Paribas Fortis generated EUR 1,019 million in **net income attributable to equity holders**, up by 4.8%* compared to last year.

The BNP Paribas Fortis **balance sheet total** amounted to EUR 296 billion at 30 June 2016, up by 8.7%* compared to the end of 2015. The increase essentially resulted from the increase in loans and deposits mainly in Belgium and the higher repo/reverse repo activity.

From a geographical point of view – based on the location of the BNP Paribas Fortis companies – 67% of the assets are located in Belgium, 8% in Turkey, 8% in Luxembourg and 17% in other countries.

The Bank's **solvency** remained well above minimum regulatory requirements. At 30 June 2016, BNP Paribas Fortis' fully loaded Common Equity Tier 1 ratio¹ stood at 12.3% and the phased-in Common Equity Tier 1 ratio, at 13.4%.

Liquidity remained sound, with a Liquidity Coverage Ratio (LCR) of 106%.

* Excluding non-recurrent items, i.e. at constant scope, constant exchange rates and excluding credit spread impact, activation of deferred tax assets and other one-off results (see page 5 for more details)

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



Max Jadot, CEO of BNP Paribas Fortis SA/NV commented: “With a 4.8% rise in net profit to 1,019 million euro and good operating performance, BNP Paribas Fortis has achieved a good result for the first half of 2016. Volume growth and strict cost control have outweighed the negative effects of the continuing low interest rates, coupled with banking taxes and contributions. At Belgian Retail Banking, deposits rose by 4.3% and lending by 2.5% versus the fourth quarter of 2015. Our strong solvency and good liquidity ratios confirm the strength of BNP Paribas Fortis and our extensive capacity to finance both individual customers and corporate clients.

Meanwhile, we are committed to our strategic objective of improving the Customer Experience through innovative concepts and new technology. In this way, we are creating a closer relationship between the Bank and our customers, with greater transparency, security and tailoring of products and services. At the same time, we are maintaining a strong focus on efficiency gains and driving ahead with the digitisation of our services and the continuous reduction of our cost base.

Our customers are in fact increasingly making parallel use of local banking services and distance banking facilities. Today over 120,000 customers are making use of our ‘Remote Advice’ service and our ‘James’ service. In the first half of 2016 more than 21% of all sales were achieved through digital channels or through advisors at the Easy Banking Centre.

In addition, we are particularly proud of our active promotion of sustainable investment products. Assets under Management in our SRI Fund of Funds portfolio on the Private Banking side have risen to reach 1.8 billion euro – i.e. a doubling in the space of a year – on behalf of some 18,000 clients.

For our business clients, we are combining the skills of our Corporate Banking division with our midcap client relationship management.

In conclusion, we would like to thank all our staff for the efforts they make on a daily basis in the service of our customers. We continue to strive to deliver satisfaction to all our customers and we thank them for the trust they place in us.”

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	1H	1H	non-recurrent items*		variance excl. non-recurrent items**	
	2016	2015	2016	2015	Δ EUR	Δ %
<i>in EUR million</i>	a	b	c	d	e	f
Net Banking Income	3,631	3,729	41	185	46	1.3%
Operating Expenses and Depreciation	(2,258)	(2,364)	-	(116)	(11)	0.5%
Gross Operating Income	1,373	1,365	41	69	36	2.7%
Cost of Risk	(215)	(209)	-	(26)	(32)	17.7%
Operating Income	1,158	1,156	41	42	3	0.3%
Share of Earnings of Equity-Method Entities	139	91	-	8	55	66.3%
Other Non-Operating Items	(70)	134	(70)	133	-	n/a
Pre-Tax Income	1,227	1,381	(29)	183	59	4.9%
Corporate Income Tax	17	(341)	341	(37)	(20)	6.5%
Net Income Attributable to Minority Interests	(225)	(229)	1	(8)	(6)	2.9%
Net Income Attributable to Equity Holders	1,019	811	313	138	32	4.8%

*Non-recurrent items :

The Balance Sheet includes the adjustments for constant scope and exchange rates and the transfer of assets and liabilities of BNP Paribas Fortis European branches to BNP Paribas SA (expected to be closed in 2017) to assets and liabilities classified as held for sale in application to IFRS 5 "Non-recurrent Assets Held for Sale and Discontinued Operations".

The Profit and Loss account includes the following elements:

- Adjustments for constant scope, mainly related to the merger, in 2015, between BNP Paribas Bank Polska and BGŻ into the new merged entity Bank BGŻ BNP Paribas, that is reported using the equity method.
- Adjustments for constant exchange rates, mainly related to the Turkish lira depreciation.
- Credit spread-related items, mainly related to the impact of own credit risk, the evolution of debit valuation adjustment (DVA) and the funding valuation adjustment (FVA).
- The activation of deferred tax assets in corporate income tax (net amount 341m).
- The capital gain from the sale of Visa Europe shares (+28m).
- Other non-operating items, mainly related to :
 - the capital gain realised on the sale of the participation in Cronos (+68m) in 2015 ;
 - the dilution capital gain on BNP Paribas Bank Polska (+82m) in 2015 ;
 - the expected loss related to the transfer of the assets and liabilities of BNP Paribas Fortis European branches to BNP Paribas (to be completed in 2017) (-43m) ;
 - the loss on the sale of SREI Equipment Finance Limited (-18m) to an external party in 2016 ;
 - the loss on the sale of SADE "Société Alsacienne d'Expansion et de Développement" (-12m) to BNP Paribas SA in 2016.

** Variance excluding non-recurrent items is calculated as follow:

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

The financial information included in this press release is unaudited. Nevertheless, the consolidated net result amounting to EUR 1,019 million has been derived from the consolidated Financial Statements for the first half 2016 of BNP Paribas Fortis, which were closed by the Board of Directors on 26 August 2016.

The joint statutory auditors have completed their audit on these Financial Statements and have issued the following audit report:

"Unqualified opinion on the consolidated Financial Statements for the first half of 2016 with an emphasis of matter paragraph relating to the existence of claims for which the outcome remains uncertain."

The Financial Statements, including the audit reports by the accredited statutory auditors of BNP Paribas Fortis SA/NV, are available at www.bnpparibasfortis.com.

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 do not cover the contribution of BNP Paribas Fortis to the consolidated results of BNP Paribas, which have a different scope (limited to Belgian Retail Banking) and take into account purchase accounting by 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, and statements regarding future performance and synergies. Forward-looking statements are not guarantees of future performance and are subject to inherent risks, uncertainties and assumptions about BNP Paribas Fortis and its subsidiaries and 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. Those events are uncertain; their outcome may differ from current expectations, which may in turn significantly affect expected results. Actual results may differ materially from those projected or implied in these forward-looking statements. Any forward-looking statement contained in this document is made at the date of this document. BNP Paribas Fortis does not recognise any obligation to publicly revise or update any forward-looking statements in the light of new information or future events. The information contained in this document as it relates to parties other than BNP Paribas Fortis or derived from external sources has not been independently verified and no representation or warranty expressed or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein.

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BNP Paribas (www.bnpparibas.com) BNP Paribas has a presence in 75 countries with more than 189,000 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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