

PRESS RELEASE

## BNP PARIBAS FORTIS 2019 FULL YEAR RESULTS

### STRONG BUSINESS ACTIVITY

CONTINUED GROWTH OF CUSTOMER LOANS AND DEPOSITS

CUSTOMER LOANS<sup>1</sup> AT EUR 208 BILLION, +6.1%\* vs. 31.12.2018

CUSTOMER DEPOSITS<sup>2</sup> AT EUR 184 BILLION, +6.3%\* vs. 31.12.2018

### COMMITTED TO THE BELGIAN ECONOMY

BRB<sup>3</sup> CUSTOMER LOANS AT EUR 111 BILLION, +4.4% vs. 31.12.2018

BRB CUSTOMER DEPOSITS AT EUR 131 BILLION, +5.1% vs. 31.12.2018

### OVERALL GOOD RESULTS WITH A NET INCOME AT EUR 2,212 MILLION

REVENUES: EUR 8,036 MILLION, +4.1%\* vs. 2018

SLIGHTLY LOWER REVENUES IN BELGIUM  
GROWING REVENUES IN OTHER BUSINESS LINES

COSTS: EUR 4,754 MILLION, +1.8%\* vs. 2018

CONTROLLED COST REDUCTION IN BELGIUM  
CONTAINED COST INCREASE IN THE OTHER BUSINESS LINES

LOW COST OF RISK AT 22bp

PRE-TAX INCOME: EUR 3,238 MILLION, +6.0%\* vs. 2018

NET INCOME: EUR 2,212 MILLION, +7.9%\* vs. 2018

### SOLID FINANCIAL STRUCTURE

COMMON EQUITY TIER 1 RATIO OF 13.2%

LIQUIDITY COVERAGE RATIO OF 127%<sup>4</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> Belgian Retail Banking

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

## Analysis of the full year 2019 financial performance

In 2019, consolidated net income amounted to EUR 2,212 million, up 14.5% compared to last year. When excluding non-recurrent items (related to the net gain on the sale of Von Essen Bank GmbH, the depreciation of the Turkish Lira, the scope changes and one-off results), the underlying net income showed an increase of 7.9%\*.

The below analysis focuses on this underlying evolution.

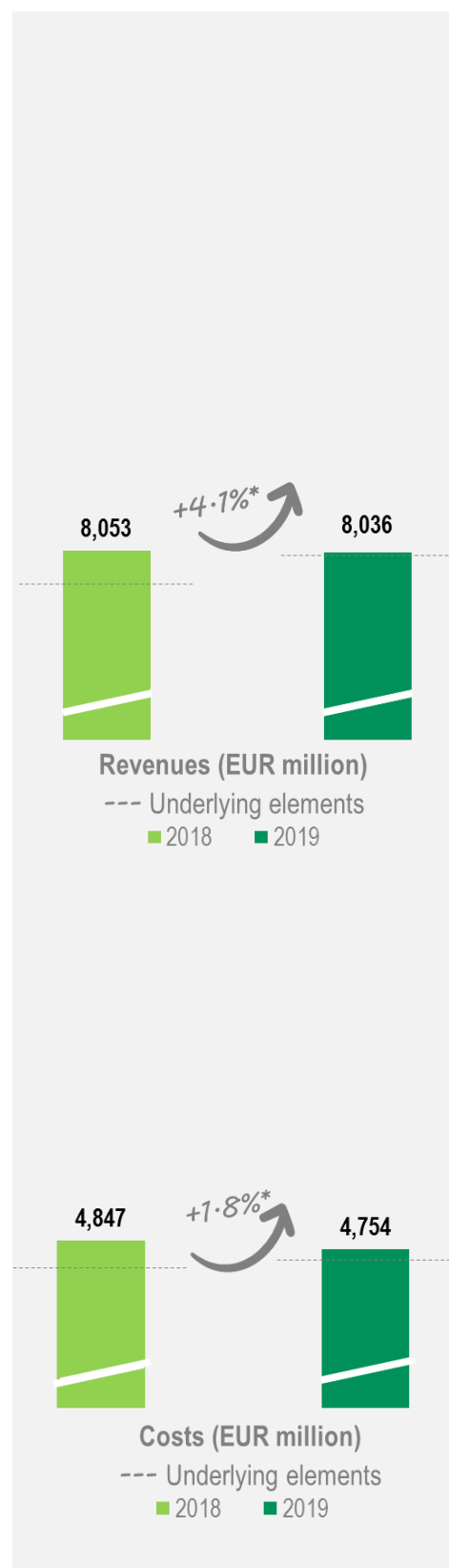
### Overall good results with a net income of EUR 2,212 million

In 2019, **revenues** of BNP Paribas Fortis amounted to EUR 8,036 million, up 4.1%\* vs. 2018.

- In Belgium<sup>1</sup>, revenues decreased slightly by -0.4%\* due to lower margins on deposits at Belgian Retail Banking (BRB), impacted by the persistently low interest rate environment, almost offset by a strong growth in credit volumes and higher fees.
- Revenues increased by 9.2%\* in other business lines essentially driven by the continued development at Arval, Leasing Solutions, Personal Finance and Turkey. Luxembourg benefitted from both organic growth and the integration of Wealth Management activities (ex-ABN Amro Luxembourg).

**Costs** amounted to EUR 4,754 million, up 1.8%\* vs. 2018.

- In Belgium, costs decreased by -2.8%\* on the back of the significant effect of the transformation plan, with a reduction in headcount and the optimisation of the branch network, partly offset by inflation.
- In other business lines, costs increased by 8.5%\* mainly at Arval and Leasing Solutions to support the



\* 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.

business development. They also increased in Luxembourg (Wealth Management integration) and in Turkey (impact of inflation).

Overall **gross operating income** increased by 7.5%\* to EUR 3,282 million thanks to a positive jaw effect. The consolidated cost/income ratio<sup>1</sup> stood at 59.2% compared to 60.2% in 2018. In Belgium, this ratio stood at 66.0% compared to 67.3% in 2018.

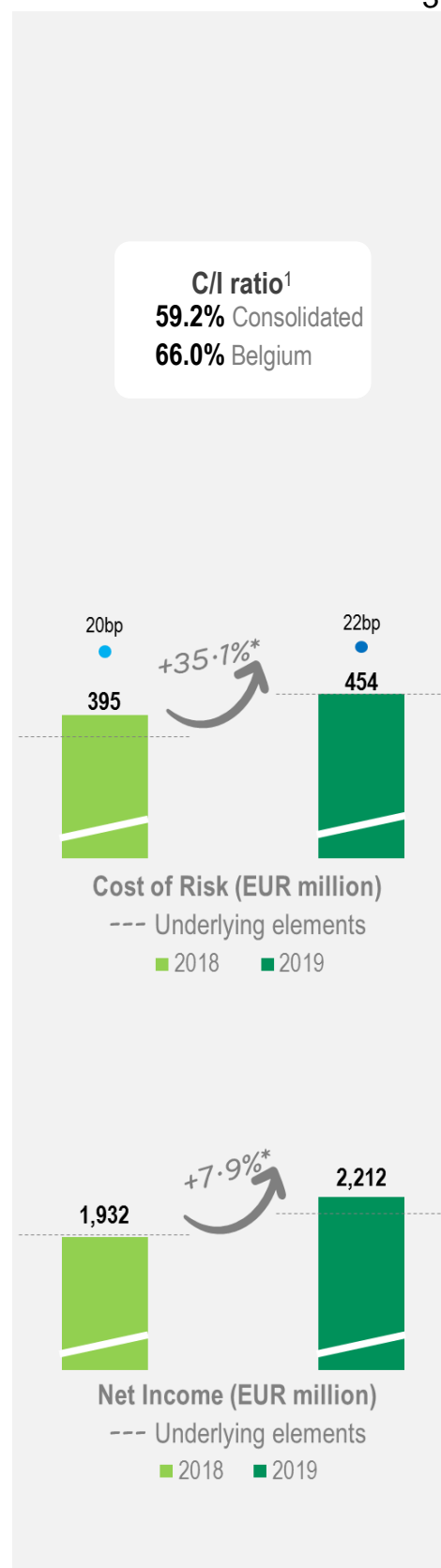
**Cost of risk** increased to EUR 454 million, corresponding to 22 basis points on average outstanding customer loans, to be compared to 20 basis points in 2018, which was particularly low.

- In Belgium, the cost of risk was higher as 2018 benefitted from provision write-backs. Nevertheless, it remained at a low level of 4 basis points.
- Outside Belgium, the cost of risk increased, mainly in Turkey due to the poor performance of the economy.

The **share of earnings of equity-method entities** was up by 28.1%\*, at EUR 254 million, mainly thanks to a better contribution from Poland, which benefitted from synergies related to the integration of Raiffeisen Bank activities, and from AG Insurance.

**Corporate income tax** was 5.0%\* higher. The effective tax rate stood at 24% (at the same level as last year).

BNP Paribas Fortis generated EUR 2,212 million in **net income attributable to equity holders**, up 7.9%\* compared to 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).

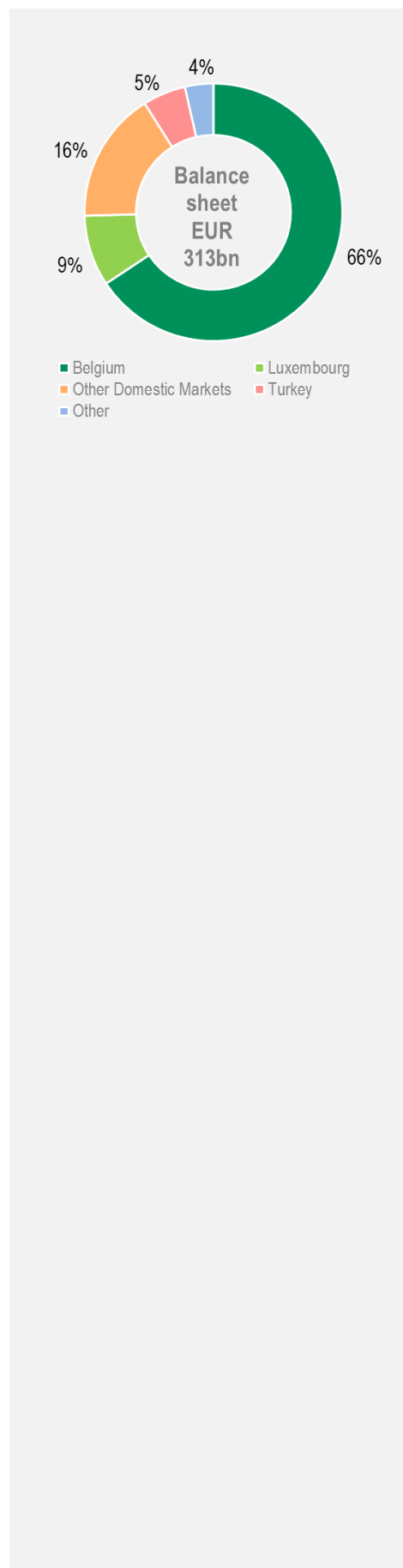
<sup>1</sup> The cost income ratio is calculated by dividing the total operating expenses and depreciation (absolute value) by the total revenues (the net banking income), without excluding the non-recurrent items.

## Solid Financial Structure

The BNP Paribas Fortis **balance sheet** totalled EUR 313 billion as at 31 December 2019, an increase of EUR 22 billion compared to the end of 2018, reflecting the strong business activity.

As at 31 December 2019, BNP Paribas Fortis' **Common Equity Tier 1 ratio** stood at 13.2%, well above the regulatory requirements (compared to 13.9% as at 31 December 2018). The Bank's **Liquidity Coverage Ratio (LCR)** stood at 127%<sup>1</sup> (compared to 141% as at 31 December 2018). Both ratios reflect the solid financial structure of the bank and the dynamic management of its liquidity and solvency.

The Board intends to propose the distribution of a final dividend of EUR 3.53 per share to the General Shareholders' Meeting of 23 April 2020.



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



## CONSOLIDATED PROFIT AND LOSS ACCOUNT

in EUR million	2019	2018	Total variance**		Non-recurrent items*		Variance excl. non-recurrent items**	
			Δ EUR	Δ %	2019	2018	Δ EUR	Δ %
			a	b	c	d	e	f
Net banking income	8,036	8,053	(17)	-0.2%	30	363	316	4.1%
Operating expenses and Depreciation	(4,754)	(4,847)	93	-1.9%	(124)	(299)	(81)	1.8%
<b>Gross operating income</b>	<b>3,282</b>	<b>3,206</b>	<b>76</b>	<b>2.4%</b>	<b>(94)</b>	<b>64</b>	<b>235</b>	<b>7.5%</b>
Cost of Risk	(454)	(395)	(59)	14.8%	(1)	(60)	(118)	35.1%
<b>Operating income</b>	<b>2,828</b>	<b>2,811</b>	<b>17</b>	<b>0.6%</b>	<b>(95)</b>	<b>4</b>	<b>117</b>	<b>4.2%</b>
Share of Earnings of Associates	254	201	53	26.3%	(47)	(33)	66	28.1%
Other Non-Operating Items	156	16	140	n/a	156	16	0	n/a
<b>Pre-tax income</b>	<b>3,238</b>	<b>3,028</b>	<b>210</b>	<b>6.9%</b>	<b>14</b>	<b>(13)</b>	<b>183</b>	<b>6.0%</b>
Corporate income tax	(620)	(683)	63	-9.3%	93	(5)	(34)	5.0%
Minority interests	(406)	(413)	7	-1.7%	6	4	5	-1.3%
<b>Net income attributable to equity holders</b>	<b>2,212</b>	<b>1,932</b>	<b>280</b>	<b>14.5%</b>	<b>112</b>	<b>(14)</b>	<b>154</b>	<b>7.9%</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, i.e. 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 depreciation of the Turkish Lira and the sale of Von Essen Bank GmbH to BNP Paribas German Branch in January 2019.

\*\* Variances are calculated as follows:

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



CEO Max Jadot underlined: “BNP Paribas Fortis posted good results in 2019, achieving a net profit of EUR 2.2 billion on a consolidated basis. We were able to compensate for the persistent downward pressure exerted by the low interest rates in Belgium thanks to larger volumes, higher commission income and a rise in revenue at BGL BNP Paribas, Arval, Personal Finance and Leasing Solutions. Our Belgium Retail Banking division continued with undiminished vigour to finance the plans and projects of

our individual and business clients, which saw our loan portfolio expand by 4.4% to reach EUR 110.8 billion. Total deposits in Belgium rose by 5.1%, ending the year at EUR 131.1 billion.

The Bank’s cost of risk rose in the course of the year, remaining however at a still low level of 22 basis points. We were able to maintain our strong liquidity and solvency ratios. At operating level, we managed to limit the rise in costs to 2% due to, among other factors, efficiency measures, including the ongoing rationalisation of our branch network in Belgium.

I’d like to thank all our employees for the good results they have helped to achieve and our customers for the trust and confidence which they continue to place in us.”



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The consolidated net result amounting to EUR 2,212 million has been derived from the consolidated Financial Statements 2019 of BNP Paribas Fortis, which were validated by the Board of Directors on 12 March 2020.

The statutory auditor has substantially completed its audit on these Financial Statements and anticipates issuing the following audit report:

"Unqualified opinion on the consolidated Financial Statements 2019 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 auditor of BNP Paribas Fortis SA/NV, will be available early April at [www.bnpparibasfortis.com](http://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 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 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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