

PRESS RELEASE

## BNP PARIBAS FORTIS 2017 FULL YEAR RESULTS

### STRONG BUSINESS ACTIVITY

CONTINUED GROWTH OF CUSTOMER LOANS AND DEPOSITS  
CUSTOMER LOANS<sup>1</sup> AT EUR 188 BILLION, +4.4%\* vs. 31.12.2016  
CUSTOMER DEPOSITS<sup>2</sup> AT EUR 167 BILLION, +4.0%\* vs. 31.12.2016

### SOLID UNDERLYING RESULTS

REVENUES: EUR 8,119 MILLION, -0.4%\* vs. 2016  
PRESSURE ON INTEREST MARGIN IN BELGIUM  
CONTROLLED OPERATING EXPENSES: EUR 4,831 MILLION, +1.5%\* vs. 2016  
DECREASE IN COST OF RISK: EUR 338 MILLION, -16.2%\* vs. 2016  
LOW COST OF RISK AT 18bp  
NET INCOME: EUR 1,897 MILLION, -0.5%\* vs. 2016

### STRONG FINANCIAL STRUCTURE

COMMON EQUITY TIER 1 RATIO<sup>3</sup> OF 14.5%  
LIQUIDITY COVERAGE RATIO OF 120%<sup>4</sup>

### COMMITTED TO THE BELGIAN ECONOMY

LOANS AT EUR 101.9 BILLION, +6.1%\* vs. 31.12.2016  
DELIVERING ON DIGITALISATION, AGILITY AND SUSTAINABILITY

\* Excluding non-recurrent items, i.e. at constant scope, constant exchange rates, and excluding 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 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 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.

The below analysis focuses on underlying evolution, which excludes the following non-recurrent items: impacts of scope changes, evolution of foreign exchange rates and other one-off results.

In 2017, **revenues** of BNP Paribas Fortis amounted to EUR 8,119 million, down by -0.4%\*. Lower revenues in Belgium<sup>1</sup> were compensated by growing revenues at Personal Finance, at Leasing Solutions and in Turkey.

- In Belgium, revenues decreased by -2.3%\* due to :
  - In Belgian Retail Banking (BRB), the persistently low interest rate environment partly compensated by good volume growth and higher financial fees;
  - In Corporate and Institutional Banking (CIB), the pressure on Corporate Acquisition Financing and Forex Trading at Global Markets, despite higher results from interest rate activity.
- Revenues increased by 2.7%\* on the other business lines essentially driven by the continued development at Personal Finance, at Leasing Solutions and in Turkey.

**Operating expenses and depreciations** amounted to EUR 4,831 million, up by 1.5%\* compared to 2016.

- In Belgium, costs increased by 0.7%\* due to higher banking taxes and levies and in spite of operating efficiency measures at both BRB and CIB activities.
- On the other activities, costs increased by 3.1%\* mainly in Turkey, at Personal Finance and at Leasing Solutions to support the business development.

As a result, **gross operating income** decreased by -3.0%\* to EUR 3,288 million. The consolidated cost/income ratio<sup>2</sup> stood at 59.5% compared to 60.2% in 2016 (excluding the non-recurrent items the cost/income ratio deteriorated by 1.1pp compared to 2016). In Belgium, it stood at 66.2% compared to 65.7% in 2016.

**Cost of risk** stood at EUR 338 million, corresponding to a low level of 18 basis points of average outstanding customer loans compared to 25 basis points in 2016.

**Share of earnings of equity-method entities** was up by 23.9%\*, at EUR 278 million, mainly supported by better contributions of AG Insurance, Bank BGŻ BNP Paribas (Poland) and BNP Paribas Asset Management.

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

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

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

BNP Paribas Fortis generated EUR 1,897 million in net income attributable to equity holders, down by -0.5%\* compared to last year.

The BNP Paribas Fortis **balance sheet total** amounted to EUR 278 billion at 31 December 2017, a reduction of 20 billion compared to the end of 2016 fully explained by the non-recurrent items. From a segment reporting point of view, 65% of the assets are related to banking activities in Belgium, 9% to banking activities in Luxembourg, 15% to Other Domestic Markets<sup>1</sup>, 7% to banking activities in Turkey and 4% to other segments.

At 31 December 2017, BNP Paribas Fortis' fully loaded<sup>2</sup> **Common Equity Tier 1 ratio** stood at 14.5% assuming that the Annual General Meeting of Shareholders will approve the proposal not to distribute any dividend, and the phased-in Common Equity Tier 1 ratio at 15.2%. The Bank's **Liquidity Coverage Ratio (LCR)** stood at 120%<sup>3</sup>.

---

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

<sup>1</sup> Other Domestic Markets include the activities of Arval 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.



**BNP PARIBAS**  
**FORTIS**

The bank  
for a changing  
world

Max Jadot, CEO of BNP Paribas Fortis SA/NV, commented: *“With net profit of 1.9 billion euros, our bank posted stable results for the year 2017. We were able to compensate for the negative impact of the low interest rate environment with greater volumes, higher commission income and growth at TEB, Leasing Solutions and Personal Finance. At Retail Banking Belgium, we expanded our lending portfolio by 6.1% to 101.9 billion euros, the first time this figure has come in above 100 billion euros. Our deposit volumes rose by 3.2% to reach 119.8 billion euros. On the operational front, we achieved greater efficiency, managing to limit cost increases to 1.5%\* in spite of higher banking taxation and inflation. Overall, our cost of risk remained low during the year and we maintained our strong liquidity and solvency ratios.*

*At Retail, we continued the rollout of our digital bank. Key in our strategy is that we are developing and integrating our digital channels in a hybrid banking model.*

- *Our retail customers now predominantly use our Easy Banking app for their daily banking needs: three quarters of all digital sessions – 321.5 million in 2017 (up 28% versus 2016) – now take place via the app.*
- *1.2 million customers actively use the app. Our ambition is to increase that number considerably by the end of the year.*

*We keep investing heavily in new digital products and services. Some examples:*

- *The continuous evolution of our web and app solutions such as the new platform for Easy Banking Business and geo-blocking services for cards.*
- *The rollout of the Google Pay app enables our customers to make contactless payments all over the world.*
- *The integration of the Itsme® means that clients now have an easy and secure method of identifying themselves on Easy Banking Web using their smartphones, with Easy Banking app due to follow.*
- *Our new ‘CompanyMakers’ web platform simplifies and speeds up the process of setting up a company, a unique service on the Belgian market.*

*In April 2017, we launched an online Community platform, where individual customers and non-customers can ask questions and obtain answers through peer-to-peer support. In December 2017, we welcomed 50,000 unique visitors.*

*We also introduced a new branch concept, Be.Connected. First introduced in Brussels, these branches will be digital touchpoints in city centres, where clients can find information on digital banking options. Moreover, we appointed ‘digital advisors’ to provide our customers with coaching in digital matters.*

---

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

*Meanwhile, sustainable banking is a strategic priority in our banking model:*

- *In Corporate Banking we will be setting up a Sustainability Competence Centre to provide companies with proactive advice designed to help them develop a more sustainable approach to their businesses, focusing on four main themes: decarbonisation, human capital, the circular economy and smart cities.*
- *With a market share of 52% in the Socially Responsible Investment (SRI) segment, we confirmed our position as Belgium's market leader in this field. Assets under Management in the SRI segment rose 62% within one year to reach 10 billion euros and more than a third of all new investments in Retail and Private Banking are today made in SRI products. Thanks to strong growth in the BNP Paribas Fortis Private SRI fund (with today 5.78 billion euros worth of assets and more than 28,000 investors), it is now the largest strategic SRI fund in the Eurozone.*

*In order to respond more efficiently to all challenges, the Bank is placing more emphasis on empowerment and autonomous working, which form part of the Bank's initiatives to promote new ways of working. We would like to take this opportunity to express our gratitude to all our staff for their flexibility and their strong commitment to the further development of the Bank. We would also like to thank our customers for the trust and confidence that they continue to place in BNP Paribas Fortis."*



**BNP PARIBAS**  

---

**FORTIS**

**The bank  
for a changing  
world**

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

in EUR million	2017	2016	Total variance**		Non-recurrent items*		Variance excl. non-recurrent items**	
			Δ EUR	Δ %	2017	2016	Δ EUR	Δ %
			a	b	c	d	e	f
Net banking income	8,119	7,300	819	11.2%	1,284	440	(25)	-0.4%
Operating expenses and Depreciation	(4,831)	(4,394)	(437)	10.0%	(715)	(338)	(60)	1.5%
<b>Gross operating income</b>	<b>3,288</b>	<b>2,906</b>	<b>382</b>	<b>13.1%</b>	<b>569</b>	<b>102</b>	<b>(85)</b>	<b>-3.0%</b>
Cost of Risk	(338)	(434)	96	-22.0%	(20)	(54)	61	-16.2%
<b>Operating income</b>	<b>2,950</b>	<b>2,472</b>	<b>478</b>	<b>19.3%</b>	<b>549</b>	<b>48</b>	<b>(23)</b>	<b>-1.0%</b>
Share of Earnings of Associates	278	155	123	79.3%	1	(69)	54	23.9%
Other Non-Operating Items	(80)	(70)	(10)	12.6%	(80)	(70)	0	n/a
<b>Pre-tax income</b>	<b>3,148</b>	<b>2,557</b>	<b>591</b>	<b>23.1%</b>	<b>470</b>	<b>(91)</b>	<b>30</b>	<b>1.1%</b>
Corporate income tax	(775)	(341)	(434)	n/a	(111)	335	11	-1.7%
Minority interests	(476)	(489)	13	-2.6%	5	(56)	(49)	11.3%
<b>Net income attributable to equity holders</b>	<b>1,897</b>	<b>1,727</b>	<b>170</b>	<b>9.8%</b>	<b>365</b>	<b>188</b>	<b>(7)</b>	<b>-0.5%</b>

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

- Adjustments for constant scope mainly related to Arval and the transfer of activities of BNP Paribas Fortis' European branches (except Madrid) to BNP Paribas SA.
- 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 and HFTO loans, the evolution of the debit valuation adjustment (DVA) and the funding valuation adjustment (FVA).
- The value adjustment of the deferred tax assets recognized on the balance sheet following the reform of the corporate income tax regime, which generated a negative impact on corporate income tax in 2017, as well as the recognition of deferred tax assets on losses carried forward on both years.
- Other items, related to the transformation costs, impairments 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 and the impact of the review of the consolidation perimeter following the change of the consolidation thresholds (2017).

\*\* Variances are calculated as follows:

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

The financial information included in this press release is audited. The consolidated net result amounting to EUR 1,897 million has been derived from the consolidated Financial Statements 2017 of BNP Paribas Fortis, which were validated by the Board of Directors on 8 March 2018.

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

"Unqualified opinion on the consolidated Financial Statements 2017 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, 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.

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 and are subject to inherent risks, uncertainties and assumptions about BNP Paribas Fortis and its subsidiaries. Furthermore, 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.

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.

#### Press Contact:

Hans Mariën - [hans.marien@bnpparibasfortis.com](mailto:hans.marien@bnpparibasfortis.com) - +32 2 565 86 02 - +32 4 75 74 72 86

Pamela Renders - [pamela.renders@bnpparibasfortis.com](mailto:pamela.renders@bnpparibasfortis.com) - + 32 2 312 37 35 - +32 4 77 39 99 79

*BNP Paribas Fortis ([www.bnpparibasfortis.com](http://www.bnpparibasfortis.com)) offers the Belgian market a comprehensive package of financial services for private individuals, the self-employed, professionals, SMEs and public organisations. In the insurance sector, BNP Paribas Fortis works closely with Belgian market leader AG Insurance. The bank also provides wealthy individuals, corporations and public and financial institutions with custom solutions for which it can draw on BNP Paribas' know-how and international network.*

*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.*



**BNP PARIBAS**  
**FORTIS**

The bank  
for a changing  
world