

Brussels, 5 September 2023

Press Release

2023 First Half Results



BNP PARIBAS FORTIS SUPPORTED THE BELGIAN ECONOMY WITH MORE THAN EUR 18 BILLION OF NEW CREDITS IN 1H 2023

BNP Paribas Fortis achieved solid consolidated results in the first half of 2023. The net banking income stood at EUR 5,268 million, increasing by +10.2% compared to the first half of 2022. The net income attributable to equity holders, at EUR 1,530 million, decreased by -4.9%. At constant scope, constant exchange rates and excluding other one-off results, the net income attributable to equity holders increased by +14.6%. With a common equity tier 1 ratio at 16.5% and liquidity coverage ratio at 125%, the financial structure of BNP Paribas Fortis remains very strong.*

Our customers continue to value BNP Paribas Fortis, as evidenced by the good commercial dynamics in all our businesses. However, we see that the Belgian economy is cooling down and that individuals and businesses are starting to feel more pressure from persistently higher inflation and more expensive financing costs. Mortgage loan applications, for example, are down 45% year-on-year.

The rapid rise in policy rates is unprecedented since the introduction of the euro. In this quickly changing interest rate environment, we are managing our deposit and credit portfolios and cost structure responsibly. Our good results, our strong financial structure and our sound risk profile position us well to fully support our customers' needs and deal with the many challenges ahead, not in the least the sustainable transformation of Belgian enterprises and individuals for which we have specific loan and investment products and dedicated experts available.

SOLID BUSINESS GROWTH SUPPORTED BY ALL CONSOLIDATED ACTIVITIES

CUSTOMER LOANS¹
EUR 251.3 BILLION
+5.6%* vs. 30.06.2022

CUSTOMER DEPOSITS²
EUR 212.3 BILLION
+0.1%* vs. 30.06.2022

STRONG SUPPORT TO THE BELGIAN ECONOMY

EUR 157.2 BILLION
(+5.9%) OF LOANS PORTFOLIO³ VS. 30.06.2022

EUR 157.6 BILLION
(+0.7%) OF DEPOSITS PORTFOLIO² 30.06.2022

EUR 18.3 BILLION
(-8.2%) OF LOAN PRODUCTION⁴ VS. 1H 2022

EUR 91.4 BILLION
(+6.2%) OF OFF-BALANCE SHEET ASSETS UNDER MANAGEMENT⁵ VS. 30.06.2022



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"Our customers rightly value accessibility. I am proud that in 2023, we are again taking major steps to be as close as possible to them. We are building a unique physical network in Belgium, with the integration of bpost bank in early 2024 as a key part of our plan. Our in total 4.8 million clients will have access to the largest physical network of more than 960 BNP Paribas Fortis bank and bpost bank branches, complemented by Nickel and Fintro.

Going forward, we will launch the modular Easy Go and Easy Guide banking packages that customers can personalise, offering excellent value for money. All options in the packs are free in 2024 and the customers will only pay the basic pack of Easy Go (2 euros/month) or Easy Guide (5.5 euros/month), allowing each customer to finetune the package best suiting his or her specific needs. This is a welcome gift to bpost bank customers, a thank you to BNP Paribas Fortis customers, and an invitation to new customers to discover our offering and services.

We are also living up to our role as Belgium's most accessible bank on the digital front by accelerating our digital strategy to become a digital champion. Our Easy Banking app is a hub for 'fintegration' and innovative fintech solutions. These are integrated directly into our app, allowing us to propose an optimal customer journey, better security assurance, and synergies with other services in our mobile ecosystem.

More than 500,000 customers have discovered the Budget Management tool in our app, while the Easy Cashback programme has welcomed 80,000 customers in four months.

I would like to thank our customers for their trust in our banking and insurance solutions and our employees for their dedication and support."

Michael Anseeuw
Chief Executive Officer

REVENUES

EUR 5,268 MILLION

+12.0%* vs. 1H 2022

STRONG GROWTH OF REVENUES SUPPORTED BY MOST ACTIVITIES

COSTS

EUR (2,848) MILLION

+8.1%* vs. 1H 2022

COST INCREASE IN ALL ACTIVITIES TO SUPPORT THEIR BUSINESS DEVELOPMENT; IMPACT OF INFLATION

GROSS OPERATING INCOME

EUR 2,420 MILLION

+16.8%* vs. 1H 2022

STRONG OPERATIONAL PERFORMANCE AND POSITIVE JAWS EFFECT

COST OF RISK

EUR (88) MILLION

-5bp⁶ vs. 1H 2022

LOW COST OF RISK AT 7BP REFLECTING A PRUDENT RISK PROFILE

PRE-TAX INCOME

EUR 2,452 MILLION

+18.7%* vs. 1H 2022

NET INCOME

EUR 1,530 MILLION

+14.6%* vs. 1H 2022

VERY SOLID FINANCIAL STRUCTURE

RETURN ON EQUITY

14.2%

(adjusted for IFRIC 21)

COMMON EQUITY
TIER 1 RATIO

16.5%

LIQUIDITY COVERAGE
RATIO

125%⁷



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Consolidated income statement and key figures & ratios

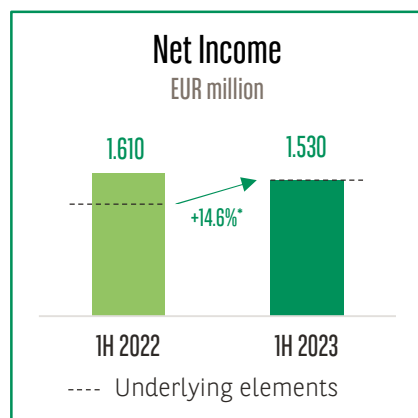
In EUR million	1H 2023	1H 2022	Total variance ⁸		Retreated items ⁹		Variance excl. retreated items ⁸	
			Δ EUR	Δ %	2023	2022	Δ EUR	Δ %
	a	b	c	d	e	f	g	h
Net banking income	5,268	4,779	489	+10.2%	97	160	553	+12.0%*
Operating expenses and Depreciation	-2,848	-2,655	-193	+7.3%	-79	-93	-208	+8.1%*
Gross operating income	2,420	2,124	296	+13.9%	18	67	345	+16.8%*
Cost of Risk	-88	-131	43	-32.8%	-8	-35	16	-16.6%*
Operating income	2,332	1,993	339	+17.0%	10	31	361	+18.4%*
Share of Earnings of Associates	181	159	22	+13.7%	7	18	33	+23.1%*
Non-operating income	-60	282	-342	n/a	-60	282	0	n/a
Pre-tax income	2,452	2,433	19	+0.8%	-43	331	393	+18.7%*
Corporate income tax	-663	-612	-51	+8.3%	16	-57	-124	+22.3%*
Minority interests	-259	-211	-47	+22.4%	18	-7	-73	+36.0%*
Net income attributable to equity holders	1,530	1,610	-80	-4.9%	-8	267	196	+14.6%*

In EUR million	30 June 2023	30 June 2022
Balance Sheet		
Total balance sheet	381,416	363,523
• of which customers loans	251,325	237,691
• of which customers deposits	212,325	216,042
Total Shareholders' equity	24,038	24,152
Total risk weighted assets	126,902	125,618
Profitability		
Cost income ratio (adjusted for IFRIC 21)	49.9%	50.6%
Return on assets (adjusted for IFRIC 21)	0.9%	1.0%
Return on risk weighted assets (adjusted for IFRIC 21)	2.8%	2.9%
Return on equity (adjusted for IFRIC 21)	14.2%	14.8%
Solvency		
Common equity Tier 1 ratio (CET 1 ratio)	16.5%	17.2%
Tier 1 ratio	17.1%	17.8%
Total capital ratio	17.9%	18.6%
Liquidity		
Liquidity coverage ratio	125%	126%
Net Stable Funding Ratio	111%	119%

Restatement of the figures of the first half of 2022 related to the application of IFRS 17 (Insurance contracts) and IFRS 9 (Financial instruments) for insurance entities effective 1st January 2023.



Analysis of the first half 2023 financial performance

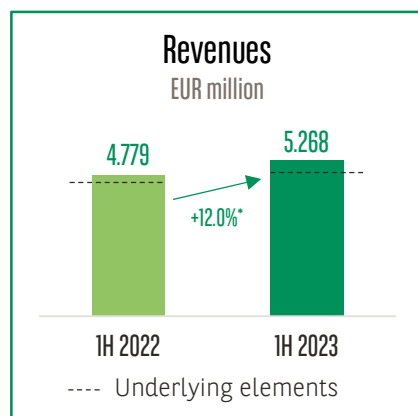


BNP Paribas Fortis consolidated net income attributable to equity holders in the first half of 2023 amounted to EUR 1,530 million. Compared to the first half of 2022, the reported evolution of the net income attributable to equity holders showed a decrease of -4.9%.

When excluding the retreated items⁹ for the scope changes, the foreign exchange effects and the other one-off results such as the noticeable impact of the change of consolidation of bpost bank in Q1 2022 (resulting in a badwill of EUR +245 million in Non-operating income), the underlying evolution of the net income attributable to equity holders showed an increase of +14.6%*.

The below analysis focuses on the underlying evolution. The consolidation scope includes BNP Paribas Fortis¹⁰ in Belgium, BGL BNP Paribas¹⁰ in Luxembourg, Turk Ekonomi Bankasi¹⁰ in Turkey, Specialised Businesses¹⁰ with international activities, and Other¹⁰.

Strong growth of revenues supported by most activities



At BNP Paribas Fortis and BGL BNP Paribas, the evolution of the revenues was driven by a strong growth of revenues in the Commercial & Personal Banking business with a higher net interest income supported by the commercial margin on customers' deposits whereas the margin on customers' loans was lower in a context of fierce competition. The net interest income increase was also supported by the growth of average customers' loans and deposits. The net commission income was slightly lower than in the first half 2022.

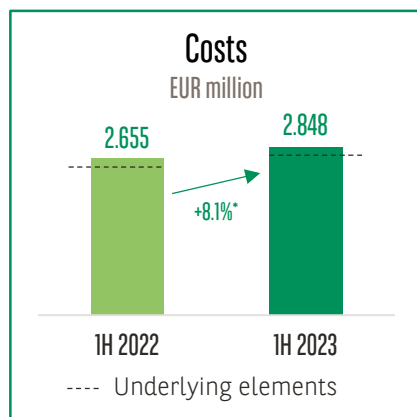
The revenues of the Corporate & Institutional Banking business were slightly lower than in the first half of 2022, mainly due to market activities servicing clients and despite the higher revenues coming from the lending activities.

The growth of the consolidated revenues was also mainly driven by the higher results at **Specialised Businesses**. The higher results were mainly driven by Arval with a further expansion of the financed fleet by +9.5% (+6.7% at constant scope) compared to 30 June 2022, and the prices of the second-hand vehicles still at a high level although slightly lower than in 2022. At Leasing Solutions and Personal Finance, there was also a strong expansion of the financed outstandings supporting higher revenues, which was partly offset by a pressure on margins due to higher funding costs in a context of rising interest rates.

Revenues also increased at **Turk Ekonomi Bankasi ("TEB")** mainly driven by a further growth of the results coming from market activities servicing clients in a context of high volatility in interest rates and currency exchange rates, higher volumes of customer loans and deposits, partly offset by a decrease in the margins.



Costs increase to support the business development impacted by inflation



At **BNP Paribas Fortis and BGL BNP Paribas**, the costs increase was mainly driven by higher staff expenses, mostly due to the wage drift induced by inflation. There was a more contained increase in other operating expenses thanks to cost-saving measures and lower contributions required by the European Single Resolution Fund and Deposit Guarantee Scheme that partly offset the impact of inflation. The jaws effect was positive in the Commercial & Personal Banking activities, both at BNP Paribas Fortis and BGL BNP Paribas.

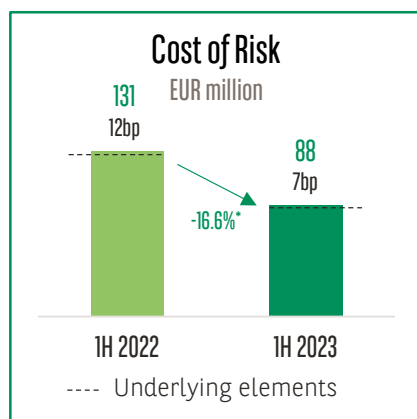
The growth of the costs was also mainly driven by **Specialised Businesses** where the staff expenses and the other operating expenses were impacted by inflation, with Arval and Leasing Solutions operating in some countries with a high inflation. The increase was otherwise driven by the continuous business development and the strong growth of the activities. The jaws effect was positive.

The costs increase at **TEB** was much more pronounced in an economy that is still in hyperinflation with a peak reached during the second half of 2022, impacting mostly the staff expenses, while material savings were achieved in the other operating expenses. The jaws effect was positive.

Strong operational performance

The gross operating income stood at EUR 2,420 million, increasing by +16.8%*. Adjusted for IFRIC 21, the consolidated jaws effect was positive (1.5 points) and the cost income ratio improved from 50.6% in 1H 2022 to 49.9% in 1H 2023.

Low cost of risk at 7bp reflecting a prudent risk profile



At **BNP Paribas Fortis and BGL BNP Paribas**, there was an overall decrease in the cost of risk driven by the Corporate & Institutional Banking business with lower provisions on performing and non-performing loans thanks to the evolution of the macroeconomic context compared to what was anticipated. The cost of risk increased in the Commercial & Personal Banking business mostly due to provisions on non-performing loans compared to a net release in the first half of 2022. The provisions on performing loans were stable compared to a first half of 2022 impacted by the war in Ukraine and mainly due to higher provisions on the exposures to commercial real estate. The Commercial & Personal Banking cost of risk on average outstanding loans of the period remained at a low level of 4bp at BNP Paribas Fortis and 3bp at BGL BNP Paribas.

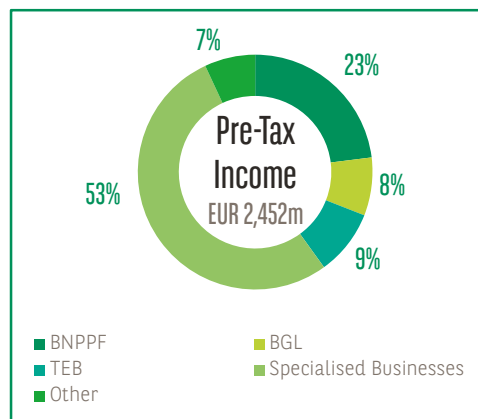
The cost of risk at **TEB** came lower than in the first half of 2022, thanks to lower provisions on performing loans, driven by corporate clients and the release of provisions previously booked in the context of the COVID crisis. This decrease in provisions on performing loans was partly offset by a limited increase in provisions on non-performing loans.

There was a limited increase in the cost of risk at **Specialised Businesses** in line with the growth of the financed outstandings. The cost of risk on average outstanding loans of the period amounted to 28bp in the first half of 2023, comparable to first half of 2022 (27bp).



The consolidated operating income increased by +18.4%*

The share of earnings of equity-method entities amounted to EUR 181 million in the first half of 2023 compared to EUR 159 million in the first half of 2022. The increase is explained mainly by the participations held in BNP Paribas Bank Polska and AG Insurance, partly offset by lower results at BNP Paribas Asset Management.

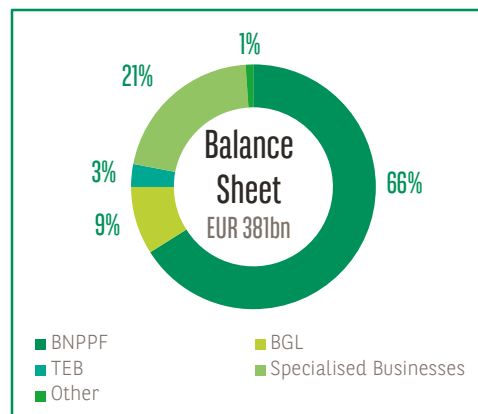


The pre-tax income increased by +18.7%* compared to the first half of 2022. The difference between the underlying variance of +18.7% and the reported variance of +0.8% mainly comes from the evolution of the non-operating income that is excluded from the underlying variance.

The corporate income taxes amounted to EUR 663 million in the first half of 2023, an increase of +22.3%*.

The net income attributable to equity holders amounted to EUR 1,530 million, an increase of +14.6%* compared to the first half of 2022.

Very solid balance and financial structure



The consolidated balance sheet totalled EUR 381 billion on 30 June 2023, an increase of EUR 18 billion compared to 30 June 2022, of which EUR 251 billion of customer loans¹ increasing by EUR 14 billion, including EUR 4 billion of scope change mainly related to the acquisition and the full consolidation of Creation Financial Services and Creation Consumer Finance, two consumer finance entities in the UK, during the first half of 2023.

The consolidated Common Equity Tier 1 ratio remained very strong and stood at 16.5%, compared to 17.2% as of 31 December 2022. The decrease of the ratio, despite a stable Common Equity Tier 1 regulatory capital, is explained by a higher amount of risk weighted assets driven

by the credit risk in relation with the growth of customer loans.

The non-consolidated Liquidity Coverage Ratio stood at 125%, compared to 126% as of 31 December 2022.

The profitability, and the solvency and liquidity ratios, reflect the very strong financial structure of BNP Paribas Fortis and the strength of its diversified activities.



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BNP Paribas Fortis (www.bnpparibasfortis.com) offers the Belgian market a comprehensive range of financial services for private individuals, the self-employed, professionals, companies and public organisations. In the insurance sector, BNP Paribas Fortis works closely, as a tied agent, with Belgian market leader AG Insurance. At international level, the Bank also provides high-net-worth individuals, large corporations and public and financial institutions with customised solutions, for which it is able to draw on the know-how and international network of the BNP Paribas Group.

BNP Paribas (www.bnpparibas.com) is the European Union's leading bank and key player in international banking. It operates in 65 countries and has nearly 185,000 employees, including more than 145,000 in Europe. The Group has key positions in its three main fields of activity: Commercial, Personal Banking & Services for the Group's commercial & personal banking and several specialised businesses including BNP Paribas Personal Finance and Arval; Investment & Protection Services for savings, investment and protection solutions; and Corporate & Institutional Banking, focused on corporate and institutional clients. Based on its strong diversified and integrated model, 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, BNP Paribas has four domestic markets: Belgium, France, Italy and Luxembourg. The Group is rolling out its integrated commercial & personal banking model across several Mediterranean countries, Turkey, and Eastern Europe. As a key player in international banking, the Group has leading platforms and business lines in Europe, a strong presence in the Americas as well as a solid and fast-growing business in Asia-Pacific. BNP Paribas has implemented a Corporate Social Responsibility approach in all its activities, enabling it to contribute to the construction of a sustainable future, while ensuring the Group's performance and stability.



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Notes

* Excluding retreated items, i.e. at constant scope, constant exchange rates and excluding other one-off results.

¹ Loans and receivables due from customers excluding securities and reverse repos and including Arval's rental fleet.

² Amounts due to customers excl. repurchase agreements ('repos').

³ Including Belgian subsidiaries (including the Arval's rental fleet in Belgium).

⁴ Including Belgian subsidiaries (excluding the Arval's rental fleet in Belgium).

⁵ Commercial & Personal Banking in Belgium scope, excluding Assets under Administration (AuA).

⁶ Cost of risk on average outstanding loans over the period.

⁷ On a non-consolidated basis.

⁸ Variances are calculated as follows:

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

⁹ Retreated items for the Profit and Loss account relate to the following elements:

- Adjustments for constant exchange rates, mainly related to the Turkish lira depreciation.
- Adjustments for constant scope, including mainly (1) the entry into scope and full consolidation of (i) Creation Financial Services and Creation Consumer Finance, acquired by Alpha Credit, as from the second quarter 2023, (ii) Terberg, acquired by Arval, as from the first quarter 2023 and (iii) a Belgian branch newly created by BNP Paribas Asset Management as from Q1 2023, and (2) the change of consolidation from equity-method to full consolidation of Arval Relsa and its subsidiaries after the acquisition of the residual 50% of the shares of Arval Relsa.
- Other one-off results, mainly related to (1) in 2022, (i) the first consolidation impact of Demetris (Belgian entity) in Q1 2022, (ii) the goodwill recognised on bpost bank in Q1 2022, (iii) the cost of risk adjustment related to bpost bank in Q1 2022, (iv) the positive impact of the merger of a BNPP-AM Indian subsidiary in Q2 2022, and (2) in 2022 and 2023, (v) the transformation, restructuring & adaptation costs and (vi) the remaining non-operating income, and associated corporate income taxes and minority interests.

¹⁰ The structure of the consolidation scope includes :

- **"BNP Paribas Fortis"** : mainly the legal entity BNP Paribas Fortis and some smaller subsidiaries, mostly located in Belgium, of which bpost bank and legal entities of the Factoring and Private Equity businesses ;
 - Main businesses are Commercial & Personal Banking in Belgium and Corporate & Institutional Banking.
- **"BGL BNP Paribas"** : mainly the legal entity BGL BNP Paribas (50% ownership) and some smaller subsidiaries, mainly located in Luxembourg ;
 - Main business includes Commercial & Personal Banking in Luxembourg.
- **"Turk Ekonomi Bankasi"** : mainly the legal entity Turk Ekonomi Bankasi ("TEB")(49% ownership) and some smaller subsidiaries, mainly located in Turkey ;
- **"Specialised Businesses"** : all legal entities of **Arval** (100% ownership), **Leasing Solutions** (25% ownership) and **Personal Finance** (100% ownership).
 - Personal Finance legal entities include : Alpha Credit, located in Belgium, and, since 31 March 2023, Creation Financial Services and Creation Consumer Finance, located in the United Kingdom.
- **"Other"** : mainly participations consolidated in equity method, mainly AG Insurance located in Belgium (25% ownership), BNP Paribas Bank Polska located in Poland (24% ownership) and BNP Paribas Asset Management with international activities (33% ownership).

