

PRESS RELEASE

BNP PARIBAS FORTIS 2018 FULL YEAR RESULTS

STRONG BUSINESS ACTIVITY

CONTINUED GROWTH OF CUSTOMER LOANS AND DEPOSITS
CUSTOMER LOANS¹ AT EUR 199 BILLION, +6.0%* vs. 31.12.2017
CUSTOMER DEPOSITS² AT EUR 175 BILLION, +5.8%* vs. 31.12.2017

GOOD RESULTS WITH A NET INCOME AT EUR 1,932 MILLION

LOWER REVENUES IN BELGIUM AND LUXEMBOURG
COMPENSATED BY GOOD PERFORMANCE OF GROWING DIVISIONS
REVENUES: EUR 8,053 MILLION, +2.1%* vs. 2017
STABLE COSTS WITH A DECREASE IN BELGIUM
COSTS: EUR 4,847 MILLION, +0.4%* vs. 2017
LOW COST OF RISK AT 20bp
NET INCOME: EUR 1,932 MILLION, +6.0%* vs. 2017

STRONG FINANCIAL STRUCTURE

COMMON EQUITY TIER 1 RATIO OF 13.9%
LIQUIDITY COVERAGE RATIO OF 141%³

COMMITTED TO THE BELGIAN ECONOMY

LOANS AT EUR 106 BILLION, +4.2% vs. 31.12.2017
CONTINUED PROGRESS ON DIGITISATION
WIDE RANGE OF SUSTAINABILITY INITIATIVES

* Excluding non-recurrent items, i.e. at constant scope, constant exchange rates and excluding other one-off results (see page 8 for more details).

¹ Customer loans are loans and receivables due from customers excluding securities and reverse repos and including the property, plant and equipment of Arval.

² Customer deposits consist of amounts due to customers excluding repurchase agreements ('repos').

³ On a non-consolidated basis.

2018 full year results

In 2018 BNP Paribas Fortis posted net profits of EUR 1.9 billion on a consolidated basis. Belgian Retail Banking saw its lending portfolio expand by 4.2% compared with end-2017, to reach EUR 106.1 billion, achieving this growth from lending to businesses and mortgages loans. Deposits stood at EUR 124.7 billion at end-2018, a 4.1% increase versus the previous year, and we continued to fulfil our role of transforming those savings into financing solutions for Belgian citizens and business enterprises.

Digitisation

The digital shift in our customers' banking habits proceeded at a faster pace during 2018. At the end of the year the Bank had more than two million digitally active customers. On average, a million daily contacts with customers now take place through digital channels. In December 2018, direct sales accounted for 40% of all sales to individuals, a trajectory in line with our target of 50% by 2020. Direct sales to corporates reached 22%.

The improvements and additions we made to our mobile (Easy Banking App) and web offers (Easy Banking Web) played an important part in this evolution: the Easy Banking App evolved towards a broader range of options, including 'click to call', which enables direct phone contact with a specialist at the Easy Banking Centre, plus extra investment services. Moreover, on 28 November BNP Paribas Fortis became the first bank in Belgium to offer customers the contactless Apple Pay payment technology. Coupled with Google Pay, we are now able to provide fast, secure mobile payment solutions to almost all smartphone users.

The steps we are taking to improve the Customer Experience are aligned with our vision of a banking ecosystem that combines the speed and ease of use that digital tools offer with the expertise and human touch provided by our staff.

- In 2018 we provided over 9,000 person-days of training designed to upgrade the digital skills of our staff through our interactive training programmes 'TomorrowBank' and 'Proud Digital Banker'.
- Digital Channel Advisors were appointed at every Business Centre run by Corporate Banking, with the task of supporting clients to use our digital tools.
- More than 2,200 entrepreneurs took part in 25 Digital Ateliers, organised in collaboration with Google, where they acquired skills linked to setting up or developing an online business, including website creation and the use of social media in e-commerce.

Transformation of our organisational model

The acceleration of the digital shift in our customers' banking habits implies important investments in the transformation of our distribution model. For this we need to take into account

the exponential evolution of digital and remote banking while keeping a solid physical presence on the Belgian market.

We therefore will further reduce our footprint from 678 branches at the start of 2019 to 592 branches by end of 2019 and to 411 branches by end of 2021. At the same time we will invest in the refurbishment and the adaptation of the lay-out of our branches in view of the digital evolution. Furthermore we continue the introduction of new concepts such as Flagships and Be.Connected.

Availability for advice is a key element in the modern distribution models. Our bankers are available on appointment every weekday from 9.00am to 8.00pm in all our branches and in key locations also on Saturday morning. Today, more and more customers choose to interact with their banker via remote means. Through our Easy Banking Centre this can be done each weekday from 7.00am to 10.00pm and on Saturday until 5.00pm in the afternoon.

BNP Paribas Fortis' branch network remains one of the largest physical networks across all industries in Belgium. 97% of all Belgian citizens - individual or professional customers - can reach one of our branches within 10 to 15 minutes. This way BNP Paribas Fortis fulfils its broader societal role by anchoring its activities in the local community and by promoting digital inclusion.

The transformation of our distribution model to meet our customers' expectations and facilitate the way they want to use our services will not only impact our network. An end-to-end organisational model will also lead to more efficiency in our back offices, IT and other support functions. As a consequence, this global transformation will lead to a reduction of our total workforce of approximately 2,200 FTE by 2021. The implementation of this 3-year transformation plan will as always be in dialogue and concertation with our social partners. The current CLA-negotiations are an important expression of this concertation and should lead to the necessary framework to accompany the workforce reduction in a socially responsible way with maximum use of natural attrition and voluntary leave plans.

Sustainability

We are equally convinced to positively leverage the impact of our activities on customers, businesses, society at large and the environment.

On the investment side, a recent report by the Ethibel Forum confirmed that BNP Paribas Fortis is the Belgian market leader in sustainable investing. At the end of 2018, more than 180,000 BNP Paribas Fortis customers had invested EUR 11.2 billion in SRI products via investment funds, funds of funds, structured products or insurance products, of which some EUR 7 billion was managed through the BNP Paribas Private SRI Fund, currently the largest global strategic SRI fund in the eurozone.

On the lending side, we saw our lending to sustainability related projects and projects that help to attain the UN Sustainable Development Goals grow further, to EUR 8.6 billion. The segment renewable energy rose 11% to reach EUR 2.2 billion and includes projects in solar and wind energy. Our green mortgage loans portfolio increased by 17% to attain EUR 3.3 billion. Our Bank of



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the Entrepreneurs continued to develop a unique offering to support social entrepreneurs, advising almost 400 clients for a total credit amount of almost EUR 80 million.

In 2018 the Green Desk in our Corporate Banking division evolved to a full Sustainable Business Competence Centre, whose specific purpose is to help corporate and institutional clients make the transition to a more sustainable business model. On carbon reduction, they worked with more than 300 clients for a total of EUR 620 million worth of sustainable financing in 2018.

Through all these initiatives we are steadily progressing towards our goal of becoming the reference in banking regarding social and environmental sustainability for both Corporate and Retail customers.



CEO Max Jadot underlined: "In spite of the lower pace of economic growth, low interest rates and tensions in international trade, our net profits of EUR 1.9 billion in 2018 held up well. We continued to realise our mission to support the economy in a sustainable way by enabling our clients' projects and safeguarding and developing their assets.

We continue to adapt ourselves to the fast changing world at all levels. BNP Paribas Fortis is absolutely determined to play a pioneering role in the transition to a better and more sustainable society. That's why we are building internationally recognised sustainability criteria into our products and services, this way anchoring sustainability into our DNA. We adapt our systems and processes and invest in best-in-class financial products and services for our clients. We simultaneously develop our digital infrastructure, our customer platforms, our branches and business centres to be fully complementary and mutually reinforcing service points. All this to deliver the speed, efficiency and user experience that our clients expect from us today and tomorrow.

In a highly competitive and fast-changing environment, we are building the bank for the world of tomorrow. I would like to thank our customers for their trust and our colleagues for their engagement and effort in achieving our goals."

Analysis of the full year 2018 financial performance

In 2018, net income amounted to EUR 1,932 million, up by +1.8% in comparison with last year. When excluding non-recurrent items related to higher one-offs results in 2017, the depreciation of the Turkish lira and scope changes, the underlying net income showed an increase of +6.0%*.

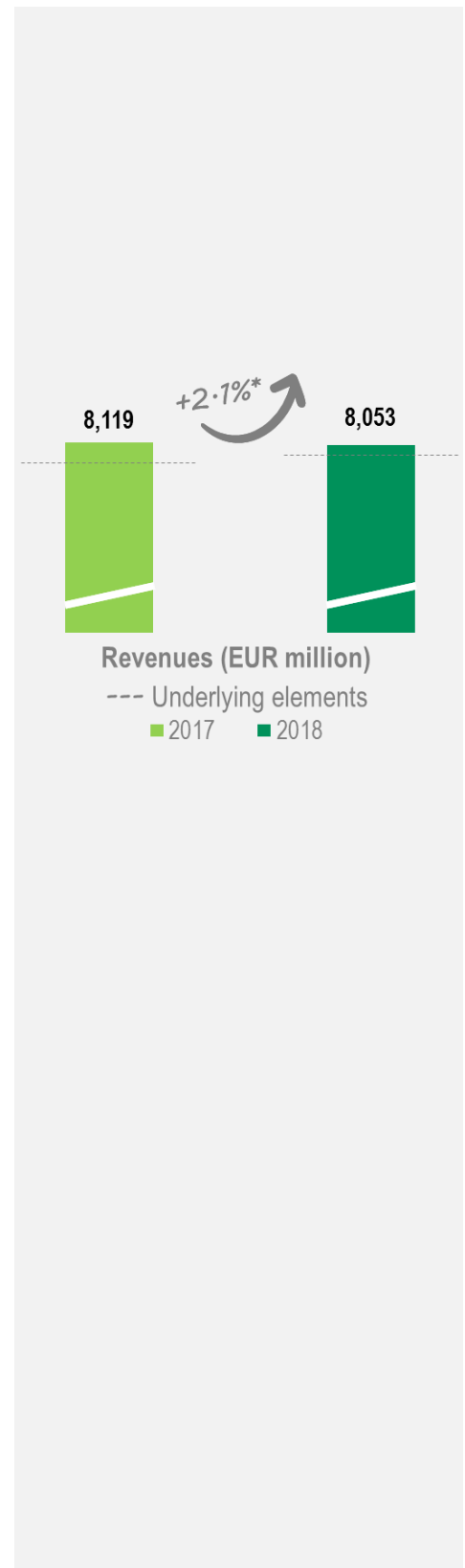
The below analysis focuses on this underlying evolution.

Good results with a net income of EUR 1,932 million

In 2018, **revenues** of BNP Paribas Fortis amounted to EUR 8,053 million, up by 2.1%*. Lower revenues in Belgium¹ and Luxembourg, both suffering from the persistently low interest rate environment, were compensated by growing revenues at Personal Finance, Leasing Solutions and Arval as well as in Turkey.

- In Belgium, revenues decreased by -2.0%*:
 - At Belgian Retail Banking (BRB), due to lower margin on deposits, impacted by the persistently low interest rate environment, and lower fees notably due to the adverse market conditions end of 2018;
 - Partly compensated by higher income on commercial loans mainly thanks to volume growth;
 - And at Corporate and Institutional Banking (CIB BE), thanks to good results of Corporate Banking that benefited from fees on some large deals while Global Markets suffered from the lacklustre context, especially in Forex and Fixed Income Trading.

- Revenues increased by 7.1%* in the other business lines essentially driven by the continued development at Personal Finance, Leasing Solutions and Arval, a rise in Turkey and despite lower



* Excluding non-recurrent items, i.e. at constant scope, constant exchange rates, and excluding other one-off results (see page 8 for more details).

¹ Belgium includes Belgian Retail Banking (BRB), Corporate and Institutional Banking (CIB BE) and other activities of BNP Paribas Fortis in Belgium.

revenues in Luxembourg, also impacted by the low interest rate environment.

Costs amounted to EUR 4,847 million, up by 0.4%* compared with 2017.

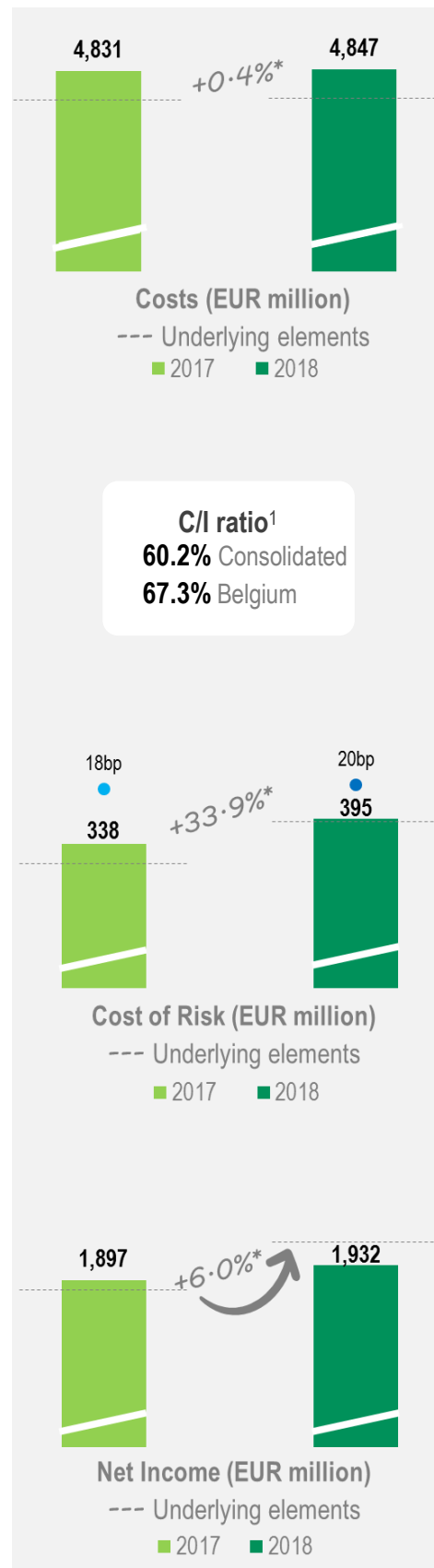
- In Belgium, costs decreased by -2.2%* thanks to the cost saving measures and the optimisation of the branch network.
- In the other business lines, costs increased by 4.4%* mainly at Leasing Solutions, Personal Finance and Arval to support the business development. They also increased in Turkey.

As a result, **gross operating income** increased by 4.7%* to EUR 3,206 million. The consolidated cost/income ratio¹ stood at 60.2% compared to 59.5% in 2017. In Belgium, the ratio was at 67.3% compared to 66.2% in 2017.

Cost of risk stood at EUR 395 million, a low level of 20 basis points on outstanding customer loans, to be compared to 18 basis points in 2017. The cost of risk was even lower in Belgium (2 basis points) that benefited from some provision write-backs. It increased outside Belgium mainly due to changes of provisioning methodology in some operational divisions.

The **share of earnings of equity-method entities** was down by -16.1%*, at EUR 201 million, mainly due to a lower contribution from BNP Paribas Asset Management, which was impacted by the adverse market conditions at the end of 2018, and from AG Insurance.

Corporate income tax was lower by -11.5%* mainly driven by lower pre-tax income and the change in corporate tax law that came into force in 2018 in Belgium. The effective tax rate stood at 24%.



* Excluding non-recurrent items, i.e. at constant scope, constant exchange rates, and excluding other one-off results (see page 8 for more details).

¹ 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.

BNP Paribas Fortis generated EUR 1,932 million in **net income attributable to equity holders**, up by 6.0%* compared to last year.

Strong Financial Structure

The BNP Paribas Fortis **balance sheet total** amounted to EUR 291 billion at 31 December 2018, an increase of EUR 14 billion compared to the end of 2017.

Loans to customers increased by 6%*, of which 5%* in Belgium, 9%* both in Luxembourg and at Other Domestic Markets¹ and 8%* in Turkey and in other segments².

At 31 December 2018, BNP Paribas Fortis' **Common Equity Tier 1 ratio** stood at 13.9% well above the regulatory threshold (compared to 14.5% at 31 December 2017). The Bank's **Liquidity Coverage Ratio (LCR)** stood at 141%³ (compared to 120% at 31 December 2017). Both ratios reflect the strong financial structure of the bank.

The Board intends to propose the distribution of a final dividend of EUR 3.20 per share (EUR 1.8bn in total) to the General Shareholders' Meeting of 18 April 2019, contingent on ECB approval.



* Excluding non-recurrent items, i.e. at constant scope, constant exchange rates, and excluding other one-off results (see page 8 for more details).

¹ Other Domestic Markets include the activities of Arval and Leasing Solutions

² Other Segments include the activities of Personal Finance and other small entities

³ On a non-consolidated basis.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

in EUR million	2018	2017	Total variance**		Non-recurrent items*		Variance excl. non-recurrent items**	
			Δ EUR	Δ %	2018	2017	Δ EUR	Δ %
			a	b	c	d	e	f
Net banking income	8,053	8,119	(66)	-0.8%	225	455	164	2.1%
Operating expenses and Depreciation	(4,847)	(4,831)	(16)	0.3%	(268)	(270)	(18)	0.4%
Gross operating income	3,206	3,288	(82)	-2.5%	(43)	185	146	4.7%
Cost of Risk	(395)	(338)	(57)	16.7%	(7)	(49)	(98)	33.9%
Operating income	2,811	2,950	(139)	-4.7%	(50)	137	48	1.7%
Share of Earnings of Associates	201	278	(77)	-27.8%	(53)	(24)	(49)	-16.1%
Other Non-Operating Items	16	(80)	96	n/a	16	(80)	-	n/a
Pre-tax income	3,028	3,148	(120)	-3.8%	(87)	33	(1)	0.0%
Corporate income tax	(683)	(775)	92	-11.9%	17	16	91	-11.5%
Minority interests	(413)	(476)	63	-13.2%	15	(25)	23	-5.1%
Net income attributable to equity holders	1,932	1,897	35	1.8%	(55)	23	113	6.0%

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

- Adjustments for constant scope mainly related to (i) the final impact of the review of the consolidation perimeter following the change of the consolidation thresholds launched end of 2017, (ii) the transfer of activities of BNP Paribas Fortis' European branches to BNP Paribas SA and (iii) the integration of BNPP Wealth Management Luxembourg (ex-ABN Amro Luxembourg).
- 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, 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 (i) the final impact of the review of the consolidation perimeter following the change of the consolidation thresholds and (ii) the integration of BNPP Wealth Management Luxembourg (ex-ABN Amro Luxembourg).

** Variances are calculated as follows:

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

The consolidated net result amounting to EUR 1,932 million has been derived from the consolidated Financial Statements 2018 of BNP Paribas Fortis, which were validated by the Board of Directors on 13 March 2019.

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 2018 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.

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. 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.

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BNP Paribas Fortis (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) 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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