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PRESS RELEASE

BNP PARIBAS FORTIS 2016 FULL YEAR RESULTS

GOOD OVERALL PERFORMANCE
DESPITE A LOW INTEREST RATE ENVIRONMENT
SOLID FINANCIAL STRUCTURE

CUSTOMER LOANS¹ AT EUR 181 BILLION, +5.4%* vs. 31.12.2015
CUSTOMER DEPOSITS² AT EUR 163 BILLION, +7.3%* vs. 31.12.2015
SOLID GROWTH OF CUSTOMER LOANS AND DEPOSITS
REFLECTING THE ROLE OF THE BANK
IN FINANCING THE ECONOMY

REVENUES: EUR 7,300 MILLION, +3.1%* vs. 2015
GROWTH IN BELGIUM, TURKEY,
PERSONAL FINANCE AND LEASING

OPERATING EXPENSES: EUR 4,394 MILLION, +1.2%* vs. 2015
CONTAINED COSTS EVOLUTION

COST OF RISK: EUR 434 MILLION, +9.0%* vs. 2015
MODERATE COST OF RISK AT 25bp

OPERATING INCOME: EUR 2,472 MILLION, +5.5%* vs. 2015
NET INCOME: EUR 1,727 MILLION, +7.4%* vs. 2015

COMMON EQUITY TIER 1 RATIO³ OF 12.5%
LIQUIDITY COVERAGE RATIO OF 139%⁴

* 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 6 for more details).

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

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

³ On a fully-loaded basis, i.e. ratio taking into account all the CRD4 rules with no transitory provisions.

⁴ On a non-consolidated view.

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.

Non-recurrent scope changes include Arval, transferred by BNP Paribas on 8 December 2016, fully integrated in the balance sheet at end 2016 (impact of EUR 16.9 billion) but only contributing for 23 days in the profit and loss account.

Revenues amounted to EUR 7,300 million, up by 3.1%* compared to 2015. The underlying increase was mainly supported by development in Belgium, continuing growth in Turkey and also by good performance at Personal Finance and Leasing.

- In Belgium, revenues grew by 1.8%* driven by good volume growth and positive ALM contribution including capital gains (+47m), in an unfavourable environment materialised by the negative impact of the refinancing of mortgages and lower financial fees.
- Outside Belgium, revenues increased by 5.0%* driven by strong volume growth in both loans and deposits in Turkey, higher net interest income at Personal Finance and the good performance in Leasing.

Operating expenses and depreciations amounted to EUR 4,394 million, up by 1.2%* compared to 2015.

- In Belgium, costs slightly decreased by 0.7%* thanks to the effect of operating efficiency measures and the partial write-back of a provision for charges, and despite an increase of IT and digitalisation projects costs. Banking taxes remained at a high level and amounted to EUR 282 million, an increase of EUR 18 million.
- Outside Belgium, costs increased by 4.5%* mainly in Turkey, at Leasing and Personal Finance to support the business development.

As a result, **gross operating income** rose by 6.0%* to EUR 2,906 million. The consolidated cost/income ratio¹ stood at 60.2% compared to 61.2% in 2015. In Belgium, it remained stable at 66%.

Cost of risk stood at EUR 434 million, corresponding to 25 basis points of average outstanding customer loans compared to 26 basis points in 2015. In Belgium, cost of risk remained very low, at 6 basis points of average outstanding customer loans compared to 11 basis points in 2015.

* 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 6 for more details).

¹ The cost income ratio is calculated by dividing the operating expenses and depreciation (absolute value) by the revenues (the net banking income).

Share of earnings of equity-method entities was up by 23.5%*, at EUR 155 million, mainly supported by better contributions of AG Insurance and BNP Paribas Investment Partners.

Excluding non-recurrent items, the corporate tax rate amounted to 29%.

BNP Paribas Fortis generated EUR 1,727 million in net income attributable to equity holders, up by 7.4%* compared to last year.

The BNP Paribas Fortis balance sheet total amounted to EUR 298 billion at 31 December 2016, up by 8.8% compared to the end of 2015. The increase essentially resulted from the integration of Arval and the increase in loans and deposits mainly in Belgium.

From a segment reporting point of view, 62% of the assets are related to banking activities in Belgium, 20% to other Domestic Markets, 7% to banking activities in Turkey and 11% to other segments.

The Bank's solvency and liquidity remained well above minimum regulatory requirements. At 31 December 2016, BNP Paribas Fortis' fully loaded Common Equity Tier 1 ratio¹ stood at 12.5% and the phased-in Common Equity Tier 1 ratio, at 13.6%. The Bank's Liquidity Coverage Ratio (LCR) stood at 139%².

Given the important investments in 2016, the BNP Paribas Fortis Board of Directors will propose not to distribute any dividend at the Annual General Meeting of shareholders on 20 April 2017.

* 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 6 for more details).

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

² On a non-consolidated view.

Max Jadot, CEO of BNP Paribas Fortis SA/NV commented: *“BNP Paribas Fortis posted good results in 2016. Net profit came in at 1.73 billion euros, a rise of 7.4% compared with 2015. Loans to our Retail Banking customers in Belgium were up 4.7%, at 96 billion euros, and deposits increased by 5.8% to reach 116 billion. At the same time we kept our operating expenses and cost of risk well under control. With a CET1 ratio of 12.5%, our solvency remains robust.*

We achieved these results in a challenging market environment, with persistently low interest rates, high bank sector taxes and uncertain expectations for the future all putting the traditional bank earnings model under pressure. The downward pressure on our revenues due to widespread refinancing of mortgages, lower commission income and declining interest margins was nevertheless effectively offset during 2016 by, inter alia, volume growth in Belgium and Turkey, good results at Leasing and Personal Finance and in asset/liability management (ALM).

In this world of fast – and sometimes unexpected – change, we are working to build a bank for the long term that puts the interests of its customers first in everything it does. At the same time, a rapid digital transformation is underway. This is radically altering the way our customers wish to interact with their bank and therefore changing the way in which the bank needs to act in order to provide an optimal service to customers. We count now more than 1 million mobile banking users. Our steadily increasing digital customer interactions during 2016 are helping us to further develop new, flexible Customer Journeys which ensure that we react more rapidly to needs and provide a better overall service.

In our long term plan, innovation plays a crucial role. In June 2016 we launched Hello home!, the first online platform in Belgium that enables you to calculate your budget for a house purchase, find a home within that budget via the websites of our real estate partners and take out a mortgage online in full transparency. Hello home! provides a completely new experience to our clients.

In addition, during the course of the year extra specialists were appointed at our nine Innovation Hubs where innovative enterprises can obtain tailored services. The Bank is making efforts to integrate them fully into the local innovation ecosystem and foster interaction with more traditional companies established in those areas. We participate also in the business accelerator Co.Station. The two Co.Station establishments – in Brussels and a newly opened one in Ghent – now provide accommodation to some 50 young companies active in the digital sector, with a total of 350 staff.

During 2016 the structure of our bricks-and-mortar network was optimised so as to more closely meet customer needs and expectations as regards expertise and service availability within the framework of a universal bank with strong local roots. We are increasingly moving towards a hybrid distribution model involving the seamless integration of physical and digital contact, for the greater convenience of our customers. In addition to carrying out their day-to-day operations, the adapted direct sales offer now makes it easier for our customers to purchase products and services by themselves.

By signing the Belgian Sustainable Development Goals Charter, we underlined our commitment to live up to our responsibilities towards society. Meanwhile we extended our Socially Responsible Investment (SRI) range from our Private to our Retail Banking clients. Total SRI investments had risen to 6.14 billion euros by end 2016.

In addition, we stepped up our commitment to microStart, with 767 new micro-loans granted in 2016, totalling 6.1 million euros, and also provided support to around 200 local community organisations via BNP Paribas Fortis Foundation and our Private Bank.

With the addition of Arval to its portfolio, BNP Paribas Fortis included an innovative, outperforming European leader in auto leasing and vehicle fleet management to its assets. Established in 28 countries, Arval has growth potential in both mature and developing markets, which will enable BNP Paribas Fortis to diversify its risk profile and boost its profitability.

Our drive to become a financial services provider that is fully abreast of the digital transformation wave and always prioritises the customer's needs would be impossible without the unfailing commitment and flexibility of our staff. I am proud that we have been able to conclude with the workforce representatives a fair and well-balanced staff agreement for the next two years through dialogue and consultation, as has always been our approach.

The focus of our strategy is to continue to build the bank for the long term and this drives all our actions: our social agreement, our investments in IT and new products, the diversification into the activities of Arval and the new, agile way of working of our employees. We remain of course determined to maintain solid results and achieve healthy growth.

I thank all our employees for their efforts and I would also like to thank our clients for the trust they continue to place in our Bank."



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CONSOLIDATED PROFIT AND LOSS ACCOUNT

	2016	2015	Non-recurrent items*		Variance excl. non-recurrent items**	
			2016	2015	Δ EUR	Δ %
<i>in EUR million</i>	a	b	c	d	e	f
Net Banking Income	7,300	7,235	115	263	214	3.1%
Operating Expenses and Depreciation	(4,394)	(4,427)	(118)	(200)	(49)	1.2%
Gross Operating Income	2,906	2,808	(2)	64	165	6.0%
Cost of Risk	(434)	(431)	(2)	(33)	(36)	9.0%
Operating Income	2,472	2,377	(4)	30	129	5.5%
Share of Earnings of Equity-Method Entities	155	206	(80)	15	45	23.5%
Other Non-Operating Items	(70)	151	(70)	151	-	n/a
Pre-Tax Income	2,557	2,734	(155)	197	174	6.9%
Corporate Income Tax	(341)	(718)	352	(50)	(24)	3.6%
Net Income Attributable to Minority Interests	(489)	(441)	(23)	(18)	(43)	10.2%
Net Income Attributable to Equity Holders	1,727	1,575	174	129	106	7.4%

*Non-recurrent items for the Profit and Loss account relate to 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. In 2016, it related to the contribution in kind of Arval by BNP Paribas.
- Adjustments for constant exchange rates, mainly related to the Turkish lira depreciation.
- Credit spread-related items, related to the impact of own credit risk and HFTO loans, 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 +352m).
- The transformation costs (-81m).
- Other items, related to impairment on participations, capital gains and losses on structuring files (-105m in 2016; +151m in 2015).

Non-recurrent items for the Balance Sheet relate to the adjustments for exchange rates and constant scope, i.e.:

- The contribution in kind of Arval by BNP Paribas;
- The transfer of assets and liabilities of BNP Paribas Fortis European branches to BNP Paribas SA to assets and liabilities classified as held for sale in application to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

** 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 audited. The consolidated net result amounting to EUR 1,727 million has been derived from the consolidated Financial Statements 2016 of BNP Paribas Fortis, which were validated by the Board of Directors on 09 March 2017.

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 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, 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, 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 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) is a leading bank in Europe with an international reach. It has a presence in 74 countries, with more than 190,000 employees, including more than 146,000 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 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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