

BGL BNP Paribas: Results as at 31 December 2021

Strong growth in commercial activities
Launch of the 2022-2025 Strategic Plan

On 7 April 2022, the Ordinary General Meeting of Shareholders, chaired by Etienne Reuter, approved the BGL BNP Paribas consolidated financial statements for the financial year ended 31 December 2021, in accordance with IFRS.

Net banking income amounted to EUR 1,621.1 million, up 2% on 2020 (EUR 1,595.5 million). Excluding the base effect relating to a capital gain on property in 2020, net banking income rose 4% (up 7% versus 2019). This increase is the result of strong commercial momentum in the bank's various business areas, thanks to the teams' firm commitment to their clients.

Retail and Corporate Banking recorded 6% growth in average loan outstandings, boosted by an increase in retail loans and loans to companies. Average deposit volumes increased 16%, driven by both corporate clients and retail clients.

Thanks to the rise in markets and strong inflows, assets under management in **Wealth Management** were up 9%. Average loan outstandings rose 10%.

The recovery in the **Leasing International** business, which began in the second half of 2020, continued in 2021. New production increased by 13%, and there was a 5% increase in average outstandings.

Operating costs amounted to EUR 818.3 million, up 4% on 2020 (EUR 784.2 million). This increase can primarily be explained by growth-enhancing measures, particularly in leasing, transformation investments and the increase in contributions to various mandatory funds. Excluding the contribution to mandatory funds, operating costs were up 3% compared with 2020.

Gross operating income (EUR 802.8 million) was down 1% versus 2020 (EUR 811.3 million). Excluding the capital gain on property sold in 2020, gross operating income increased 4%.

Cost of risk amounted to EUR 76.6 million, down 41% versus 2020 and 24% versus 2019. It was low compared with outstanding loans of EUR 37 billion (21 bps).

The **share of the net profits of equity affiliates** (i.e. the share of net profits of subsidiaries in which the bank does not have a majority shareholding), amounted to EUR 12.9 million, compared with EUR 11.9 million in 2020.

Group consolidated **net profit** was EUR 394.3 million, down 1% versus 2020 (EUR 398.3 million). Excluding the impact of capital gains on property sold in 2020, net profit rose by 7%. It increased 14% compared with 2019 (EUR 345 million).

At 31 December 2021, the **balance sheet total** stood at EUR 62.1 billion, up EUR 5.5 billion from 31 December 2020 (EUR 56.6 billion).

High solvency maintained

The solvency ratio was 23.5% (under Basel III rules), in line with 2020 and well above the regulatory minimum. With the Group's share of regulatory capital amounting to EUR 6.4 billion, BGL BNP Paribas has a solid financial structure and is well placed to support the transformation and innovation of all of its clients.

Digital innovations in 2021

Major investments were made to enhance operational efficiency and improve the client experience:

- Since May 2021, **video identification** has been offered to retail clients by BGL BNP Paribas for online onboarding, which means that accounts can be opened remotely in less than 24 hours with no need for clients to attend branches in person for identification.
- The bank has also gradually set up **electronic signatures**, in partnership with LuxTrust, to enable its clients to submit their applications remotely, quickly, easily and securely.
- To facilitate communication between clients and the bank, regardless of their preferred channel, BGL BNP Paribas continues to **expand the range of features** it offers. For example, bank cards can now be activated via the Web Banking app, and card thresholds can be increased and online payments activated/deactivated.
- The bank has also introduced **instant payments**, making it possible to make instant transfers between BGL BNP Paribas accounts, as well as transfers to or from external institutions.

Sustainable finance and Corporate Social Responsibility at the heart of our actions

Faced with social, environmental and climate-related challenges, the principles of sustainable finance and corporate social responsibility play an essential role at every level of the bank's activities.

The BNP Paribas Group has joined the Net Zero Banking Alliance, launched in April 2021 by the UN Environment Programme Finance Initiative (UNEP FI), and remains committed to combating climate change. This banking alliance is a decisive step in garnering support from the finance sector in favour of the climate.

BGL BNP Paribas is committed to supporting its clients' ongoing transformation and projects, in particular by extending its product and service offering.

In 2021 the bank launched the **green mobility loan**, which is a low interest rate personal loan designed to finance the purchase of an electric or hybrid car and charging point.

Clients are increasingly concerned by the impact of their investments. BGL BNP Paribas offers them a wide range of **socially responsible funds** that have a positive impact on their areas of interest, such as water infrastructure or combating climate change.

From 7 to 11 June 2021, BGL BNP Paribas and BNP Paribas Asset Management invited all of the Group's entities in Luxembourg to attend the "**Green Week**" organised by employees, for employees,

to discuss various aspects of sustainable development and raise awareness on how to take action on a daily basis.

Launch of the 2022-2025 Strategic Plan

For a number of years, banks have been operating in an environment marked by rapidly changing client expectations and behaviours, increasingly strict regulations, historically low interest rates and competition from new players. The health crisis confirmed the need to step up investment in digitalisation and new technologies.

BGL BNP Paribas has therefore prepared an ambitious development plan, in keeping with the 2022-2025 Strategic Plan that the BNP Paribas Group presented in early 2022, and which focuses on three key priorities: *Growth, Technology & Sustainability*.

The BGL BNP Paribas 2022-2025 plan places its clients and employees at the heart of its development initiatives, which centre around three key areas:

- Modernised technological infrastructure, based on the Group's technical and operational platforms, enabling overall performance to be improved.
- Simplified and more sustainable offerings, as well as a digitised end-to-end client experience.
- Greater balance between people and the digital world, thanks to solutions that enhance availability and increase access to expertise through new technologies.

To support these transformations, the bank is gradually deploying more agile ways of working. In agreement with social partners, it has developed remote working arrangements. The bank's earning power made it possible to set up a participation bonus, as provided for by applicable statutory provisions. The implementation of the bank's commitment to sustainable finance and corporate social responsibility will be stepped up.

Béatrice Belorgey, Chair of the Executive Committee of BGL BNP Paribas and Country Head of the BNP Paribas Group in Luxembourg, said: "In a rapidly evolving environment, thanks to the commitment of our teams in supporting our clients, BGL BNP Paribas posted strong performance in 2021. I wish to thank our employees for their engagement, and our clients for their continued trust. The objective of our 2022-2025 strategic plan is to make our bank even more efficient and agile, so as to act in the best interests of our clients, employees and the Luxembourg economy as a trusted, long-term partner."

BGL BNP Paribas' annual report for the year ended 31 December 2021 is available in French at www.bgl.lu

About BGL BNP Paribas

BGL BNP Paribas (www.bgl.lu) is one of the largest banks in the Grand Duchy of Luxembourg and a member of the BNP Paribas Group. It offers its retail, professional, corporate and private banking clients a particularly wide range of financial products and bancassurance solutions. At 2021 year-end, BGL BNP Paribas employed 2,140 people in Luxembourg.

In 2021, BGL BNP Paribas was named Best Bank in Luxembourg for the sixth year in a row by the international magazine Euromoney.



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for a changing
world**

About BNP Paribas

BNP Paribas is the number one bank in the European Union and a leading international player. It operates in 65 countries and has close to 190,000 employees, including over 145,000 in Europe. The Group holds leading positions in its three major operating divisions: Commercial, Personal Banking & Services for all of the Group's commercial banks and several specialist business lines including BNP Paribas Personal Finance and Arval; Investment & Protection Services for savings, investment and protection solutions; and Corporate & Institutional Banking, centred around Corporate and Institutional clients. With a solid model that is both diversified and integrated, the Group guides its clients (private individuals, non-profit organisations, entrepreneurs, SMEs, large companies and institutions) and helps them to achieve their goals by offering funding, investment, savings and protection services. In Europe, BNP Paribas has four domestic markets: Belgium, France, Italy and Luxembourg. The Group is also implementing its commercial banking model in the Mediterranean countries, Turkey, Eastern Europe, and US west coast. A top international bank, the Group has leading business lines and platforms in Europe, a strong presence in the Americas, and a solid and rapidly growing presence in the Asia-Pacific region.

BNP Paribas assumes its social and environmental responsibility in everything it does, contributing towards the development of a sustainable future while ensuring the performance and stability of the Group's work.

Press contacts:

Eliane Thines

(+352) 42 42-62 64

eliane.thines@bgl.lu

Emmanuelle Humann

(+352) 42 42-26 41

emmanuelle.humann@bgl.lu



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