

BGL BNP Paribas: Consolidated results as at 31 December 2023

**Solid performance thanks to business momentum
and the strength of a diversified, integrated business model**

On 4 April 2024, 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 2023, established in accordance with international financial reporting standards (IFRS).

Net banking income of EUR 1,840.1 million was 9% higher than in 2022 (EUR 1,689.4 million). This increase is the result of strong commercial momentum in the Group's various business lines, thanks to all bank teams' firm commitment to their clients.

With the European Central Bank rapidly hiking its key interest rates, the bank fully benefited from its diversified and integrated business model centred around three types of client (retail banking, private banking and corporate banking) and comprising specialised business lines (such as cash management, trade finance and asset financing), as well as its international leasing operations.

Income from **Retail and Corporate Banking** rose 27%. As the economy and in particular the real estate market slowed, the bank continued to finance client projects, increasing average loan outstandings by 1%. Average deposit volumes fell by 4%.

BGL BNP Paribas Development continued to put its capital to good use via two investments in family businesses totalling EUR 12 million, with a view to helping them grow and plan for the future.

Wealth Management assets under management rose by 6% as the markets performed strongly in 2023. Average deposits increased 2%, while average loan outstandings fell, due to the reduced leverage of some clients' portfolios following the rapid hike in interest rates.

In **International Leasing**, 2023 saw significantly higher financing costs while equipment delivery times returned to normal after the supply chain disruption seen in 2022. Strong business momentum led to increases of 4% in outstandings and 1% in income.

Overheads climbed 7% to EUR 911.4 million due to the impact of European inflation, which resulted from higher wages, energy costs and service prices. The bank continued making major investments to support business growth and transformation as part of its "Growth, Technology, Sustainability 2025" plan.

Gross operating income amounted to EUR 928.7 million, up 11% versus 2022.

At EUR 97.6 million, the **cost of risk** remained low: 0.26% of EUR 38 billion in client loan outstandings.



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The **share of 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 13.8 million, compared to EUR 14.5 million in 2022.

Net gains on fixed assets are up EUR 181.8 million, due in particular to real estate reorganisation in connection with the implementation of new ways of working.

Group consolidated **net profit** came to EUR 577.6 million, up 42% compared with 2022. The increase amounted to 8% excluding real estate reorganisation in connection with the implementation of new ways of working.

At 31 December 2023, the **balance sheet total** was EUR 63.3 billion, up EUR 1.4 billion on 31 December 2022.

High solvency maintained

The solvency ratio was 24.2%, compared with 23.3% in 2022, well above the regulatory minimum. With the Group's share of regulatory capital amounting to EUR 6.7 billion, BGL BNP Paribas has a solid financial structure and is well placed to support the development, transformation and innovation of all of its clients.

2022-2025 development plan

In 2023, BGL BNP Paribas continued implementing its 2022-2025 development and transformation plan "Growth, Technology, Sustainability 2025".

Client journeys have been digitised and simplified. The bank's everyday retail banking offer has been overhauled and simplified, and a loyalty scheme has been added. All of these services are now available online. More generally, 57% of products aimed at retail clients are available online. Clients were offered new features in 2023, including:

- An online personal loan simulator for easier calculation of maximum borrowing capacity.
- Secure viewing of bank card PINs online, if clients forget.
- Checking of accounts held with other banks in France and Belgium using the account aggregator.

The accessibility of banking services is central to client service and satisfaction. The bank has therefore developed an efficient multichannel system to optimise remote interaction with clients (phone, email) and direct them to the relevant teams who can best meet their needs.

Strategic measures aimed at **industrialising the bank's operational processes** have progressed well. They include joint initiatives of the financial sector such as Know Your Customer management through the *i-Hub* platform, and the upcoming launch of a shared ATM network.

The transformation of technology was stepped up. The bank started to migrate its applications to the BNP Paribas Group's private Cloud. The development and use of artificial intelligence is gathering pace. The bank launched a research and development project in partnership with the University of Luxembourg's Interdisciplinary Centre for Security, Reliability and Trust (SnT). The Ministry of the Economy is co-financing this project. BGL BNP Paribas is the first bank in Luxembourg to receive public co-financing for an R&D project on artificial intelligence.

With its SmartWorking project, BGL BNP Paribas continues to **enhance its working methods and offer greater flexibility** to its staff for a better work/life balance:

- Already having a satellite office on the French border in Bettembourg, the bank opened a second one on the Belgian border, in Windhof, in 2023. Much like the work-from-home possibilities already offered to employees, this new site will help reduce stress caused by traffic and commuting.
- In December 2023, the bank held the ceremony of laying the first stone of its new head office in Luxembourg-Kirchberg. The building will meet the highest environmental standards while minimising energy use during construction and occupation. It has been designed to encourage new ways of working and promote staff wellbeing.

Sustainable finance and Corporate Social Responsibility

To raise staff awareness about climate change and help them understand what is at stake, the bank stepped up its **sustainable finance and development training**. The number of training days spent on these issues more than doubled between 2022 and 2023. Since 2022, nearly 60% of the bank's staff have attended a Climate Fresk, a workshop that gets employees involved in tackling the climate emergency.

The bank firmly supports its clients in their energy transition and continues to develop **sustainable financing and investment solutions**. It offers a comprehensive range to both retail and business clients, and expanded this further in 2023:

- To encourage energy retrofit, provision of the *KlimaPrêt* (climate loan) for which clients receive an interest subsidy from the State.
- Launch of an interest-free loan to **promote soft mobility**.

In terms of financing, the bank's range also includes:

- The **green mobility loan**, which is used to finance an electric vehicle on preferential terms, as well as help with the installation of a home charging point and access to government grants (in partnership with *diego Luxembourg S.A.*).
- The **energy retrofit offer**, extending from energy assessments to technical advice, project financing, and administrative support to help clients obtain government subsidies (in partnership with *Actif*).
- **Impact financing**, which helps businesses finance their projects while rewarding their CSR/ESG efforts. BGL BNP Paribas was the first bank in Luxembourg to launch this offer, which includes an interest rate based on the achievement of predetermined CSR goals. In this context, the bank set up a partnership with non-financial rating agency EcoVadis.

For investment purposes, the range of themed funds that the bank recommends to its branch network clients is made up **exclusively of funds classified under Article 8 or 9** of the Sustainable Finance Disclosure Regulation (SFDR).

The bank stepped up its efforts to **support financial and social inclusion**. Through microlux, of which it is a founding member and main shareholder, 47 microloans averaging EUR 15,000 were granted in 2023, with special coaching offered to micro-entrepreneurs. The bank also took part in the fourth My Microbusiness competition organised by microlux, which aims to encourage entrepreneurial spirit.

The bank continued to **support women in business** through its collaboration with the Fédération des Femmes Cheffes d'Entreprise au Luxembourg (FFCEL) and the establishment of an annual conference cycle.

In September 2023, the bank held a special conference for its staff in the presence of Her Royal Highness the Grand Duchess of Luxembourg, on the work of the **Stand Speak Rise Up!** charity, which



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is working to end rape as a weapon of war, stop its proliferation, and support victims as they rebuild their lives and seek justice. A great number of employees donated to the fundraising appeal, and the bank doubled the amount raised.

Recognised expertise

In 2023, BGL BNP Paribas was named Best Bank in Luxembourg by *Euromoney* and Luxembourg Bank of the Year by *The Banker*.

In early 2024, for the ninth year running, the BNP Paribas Group in Luxembourg was certified as a Top Employer, reflecting the excellent working conditions provided to its staff.

Béatrice Belorgey, Chair of the Executive Committee of BGL BNP Paribas and Head of the BNP Paribas Group entities in Luxembourg, made the following comments: "The strong performance in 2023 reflects the strength of our diversified and integrated business model, and allows us to keep growing and meet the needs of our retail, corporate and institutional clients, and continue supporting the development of Luxembourg's economy. We are also endeavouring to help our clients make the transition towards a more sustainable and inclusive economy by providing them with sustainable products and services and long-term support. I would like to warmly thank all of our teams for their commitment throughout the year, and our clients for continuing to place their trust in us."

BGL BNP Paribas' annual report for the financial year ended 31 December 2023 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 Luxembourg and part of the BNP Paribas Group. It offers an especially wide range of financial products and bancassurance solutions to individuals, professionals, businesses, and private banking clients. At end 2023, BGL BNP Paribas employed 2,100 people in Luxembourg. In 2023, BGL BNP Paribas was named Best Bank in Luxembourg by *Euromoney* and *The Banker*.

About BNP Paribas

BNP Paribas is the European Union's leading bank and key player in international banking. It operates in 63 countries and has nearly 183,000 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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