

# BGL BNP PARIBAS FINANCIAL RESULTS AT 30 JUNE 2016

Strong growth in sales activities in an environment of low interest rates and unfavourable stock markets

- **Net banking income of EUR 672.6 million**
  - Luxembourg Retail and Corporate Banking posted a 1.7% increase in average loan outstandings and an 11.8% increase in average deposits
  - Wealth Management recorded strong inflows
  - Leasing International activities grew
- **Controlled general expenses**
  - General expenses totalled EUR 337.7 million, up 3% owing to the impact of contributions to the Single Resolution Fund and the Luxembourg Deposit Guarantee Fund
- **Consolidated net profit excluding minority interests came out at EUR 149.3 million**
- **Solvency remains high**
  - Own funds of EUR 5.5 billion
  - The solvency ratio stands at 23.6% (under Basel III rules), largely exceeding the regulatory minimum
- **Finalisation of the construction project at the Kirchberg site**
- **Best Bank in Luxembourg**
  - BGL BNP Paribas was named "Best Bank in Luxembourg" for 2016 by Euromoney

On 25 August 2016, the BGL BNP Paribas Board of Directors reviewed the consolidated financial statements under International Financial Reporting Standards at 30 June 2016.

**Net banking income** came to EUR 672.6 million, down 2% on first-half 2015 (EUR 687.6 million). The business scope as a whole was marked by robust growth in outstandings, but banking activity was strongly impacted by an environment of low interest rates and an unfavourable stock market climate.

**Luxembourg Retail and Corporate Banking** posted a 1.7% increase in average loan outstandings, driven by growth in loans to individual customers, and home loans in particular. Average deposits rose by 11.8%, notably through excellent inflows from corporate customers stemming from the development of international cash management services.

The large-scale project on refitting the branches, launched by the bank in 2011, has entered its final phase. Placing the emphasis on customer welcome while favouring cutting-edge technologies, the new concept has now been rolled out at over 30 of the 41 branches in the BGL BNP Paribas network.

On 17 February 2016, the European Investment Bank (EIB) and BGL BNP Paribas signed a new partnership agreement on an EIB loan of EUR 50 million for small and medium-sized businesses and mid-caps. Following the two EUR 50 million loans provided to businesses in 2009 and 2014, the new partnership agreement enables BGL BNP Paribas to continue actively supporting the financing of the Luxembourg economy and thereby helping it to grow.

**Wealth Management** continued to develop its assets in the Very High Net Worth Individuals and Ultra High Net Worth Individuals international customer segments in first-half 2016. Net inflows of EUR 700 million offset the negative market effect.

Wealth Management also pursued its aim to support its international customers in their financing needs through a global wealth management approach.

**Corporate and Institutional Banking** continued to serve its corporate and institutional customers through a very broad range of products and solutions. However, results were impacted by difficult market conditions, particularly low interest rates and forex volatility.

**Leasing International** activities continued to grow both in terms of outstandings and revenue. The development of activities and the signing of new partnerships led to an increase in customer receivables in most geographical regions, leading to an overall 5% rise in outstandings, despite the substantial negative impact of exchange rates in some countries outside the euro zone.

**General expenses** totalled EUR 337.7 million, up 3% on first-half 2015 (EUR 328.5 million). The increase resulted from annual contributions worth EUR 11.7 million to the Single Resolution Fund and the Luxembourg Deposit Guarantee Fund.

The **cost of risk** came to EUR 24.8 million, an extremely low level given outstandings of around EUR 25 billion, and down slightly on first-half 2015 (EUR 28.8 million).

The **share of earnings from associates**, corresponding to the proportional share of net income or loss from subsidiaries in which the bank is not the majority shareholder, came out at EUR 7.9 million compared with EUR -2.6 million in the first half of 2015. The trend mainly resulted from an improvement in the contribution from non-strategic subsidiaries of Leasing International.

**Other non-operating results** stood at EUR -24.3 million, attributable to the losses realised from the disposal of subsidiaries as part of the reorganisation of activities outside Luxembourg.

Consolidated **net profit** excluding minority interests totalled EUR 149.3 million in first-half 2016, down EUR 25.6 million or 15% on first-half 2015 (EUR 174.9 million). Excluding the impact of the reorganisation of business activities outside Luxembourg and contributions to the Single Resolution Fund and the Luxembourg Deposit Guarantee Fund, consolidated net profit excluding minority interests came to EUR 176 million, stable on first-half 2015.

## Solvency remains high

The bank's solvency ratio stands at 23.6% under Basel III rules, largely exceeding the required regulatory minimum. With regulatory own funds excluding minority interests of EUR 5.5 billion, BGL BNP Paribas remains the best capitalised bank in Luxembourg, enabling it to assist and support customers in their projects and investments.

## Finalisation of the construction project at the Kirchberg site

The first half of the year saw the conclusion of the construction work on the new buildings at Kirchberg. The new *Centre Bancaire Kirchberg* site is now home to the large majority of the employees of the BNP Paribas Group in Luxembourg. With a surface area of 99,000 m<sup>2</sup>, it comprises the headquarters of BGL BNP Paribas as well as two new buildings with six and fourteen floors respectively.

## Best Bank in Luxembourg

BGL BNP Paribas was named "Best Bank in Luxembourg" for 2016 by *Euromoney*, an internationally renowned financial publication, at the annual Awards for Excellence ceremony held on 6 July 2016.

Announcing the winners, *Euromoney* stressed the positive financial results of BGL BNP Paribas, the robust commercial performance of its business lines and its innovative approach to digital services. The award recognises the ongoing efforts of BGL BNP Paribas to establish ever closer presence with its customers and upgrade its range of services and products to meet their needs.

*Euromoney* also named the BNP Paribas Group "World's Best Bank" for 2016.

*BGL BNP Paribas' 2016 half-year report is available in French on the [www.bgl.lu](http://www.bgl.lu) website.*

### About BGL BNP Paribas

BGL BNP Paribas ([www.bgl.lu](http://www.bgl.lu)) is one of the largest banks in the Grand Duchy of Luxembourg. It offers an especially wide range of financial products to individuals, professionals, private banking clients and businesses. BGL BNP Paribas is Luxembourg's number-one provider of banking services to professionals and small- and medium-size companies, and number two in services for individuals. It is also the leader for bancassurance. In 2016, BGL BNP Paribas was named "Best Bank in Luxembourg" by the international magazine *Euromoney*.



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## About BNP Paribas

BNP Paribas is a leading bank in Europe with an international reach. It has a presence in 75 countries, with more than 189,000 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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