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PRESS RELEASE

BGL BNP Paribas financial results for the year to 31 December 2016

The Bank continues to secure commercial growth in a context of low interest rates and remains as committed as ever to its clients and the Luxembourg economy

- Consolidated net profit excluding minority interests came to EUR 403.2 million, up 13% compared with 2015
- Net banking income was EUR 1,352.2 billion
 - Luxembourg Retail and Corporate Banking recorded 1.5% growth in average loan outstandings and 14% growth in average deposits
 - Wealth Management maintained healthy inflows, reporting 5% growth in assets under management and 23% growth in average loan outstandings
 - Leasing International continued to expand its business with 6% growth in assets under management
- Operating costs fell by 1%
- High solvency maintained
 - Own funds of EUR 5.5 billion
 - Solvency ratio of 23.1% under Basel III rules, well above the regulatory minimum
- The Bank is stepping up its commitment to financing the economy
- The new Kirchberg Banking Centre: an investment in the future
- An omni-channel service approach centred upon the client

On 6 April 2017, the Ordinary General Meeting of Shareholders, chaired by Etienne Reuter, approved the consolidated financial statements of BGL BNP Paribas under IFRS at 31 December 2016.

Net banking income was EUR 1,352.2 billion, down 2% compared with 2015 (EUR 1,373.5 billion). The business scope as a whole was marked by robust growth in volumes, but banking activity was strongly impacted by an environment of extremely low interest rates.

Luxembourg Retail and Corporate Banking recorded a 1.5% increase in average loan outstandings, resulting from growth in retail loans, and mortgages in particular. Average deposit volumes grew by 14%, owing to sizeable inflows from corporate clients associated with the development of international cash management services and an increase in sight deposits from retail clients.

The Bank is more committed than ever to fulfilling its role as a trusted partner for businesses and supporting them in their projects. To this end, BGL BNP Paribas signed a new partnership agreement with the European Investment Bank in February 2016 providing for a EUR 50 million loan to small, medium and intermediate-sized enterprises. Following on from the two EUR 50 million loans provided to companies in 2009 and 2014, the new partnership agreement enables BGL BNP Paribas to continue actively supporting the financing of the Luxembourg economy.

The Bank also entered into an InnovFin agreement with the European Investment Fund in November 2016 to help innovative small and medium-sized enterprises access funding, with a view to promoting innovation in Luxembourg. This operation benefits from the support of the European Fund for Strategic Investments as part of the Investment Plan for Europe.

The Bank also continues to champion start-ups through lux future lab and is committed, by virtue of being a founding partner, to the LHOFT (Luxembourg House of Financial Technology).

Meanwhile, the Bank is seeking to assist retail clients and social enterprises who are unable to access "traditional" bank loans. Specifically, the Bank signed a notarised deed in March 2016 to incorporate microlux, the first microfinance institution for Luxembourg and the Greater Region, in partnership with ADA (*Appui au Développement Autonome* – Support for Autonomous Development) and ADIE (*Association pour le droit à l'initiative économique* – Association for the Right to Economic Initiative) in the presence of the EIF (European Investment Fund).

Wealth Management posted growth of 5% in assets under management, drawn in particular from the Very High Net Worth Individuals and Ultra High Net Worth Individuals client segments. This is a testament to the attractiveness of the products and services on offer.

Moreover, the support provided to international clients through proactive and personalised financing solutions saw average loan outstandings rise by 23%. The range of advisory management solutions, to which new services were added in 2016, also met the needs of clients seeking personalised portfolio management support (+15%).

The Bank took advantage of its status as a member of the international BNP Paribas Group to offer a comprehensive range of products and solutions to corporate clients and institutional investors through its **Corporate and Institutional Banking** business line. This business line continues to secure high levels of income thanks to the excellent performance of its financing activities.

Leasing International's business activities, which are benefiting from the ongoing commercial development in strategic regions, recorded a 6% rise in volumes, resulting in a consolidation of margins and a 3% rise in interest income.

Operating costs are under control at EUR 664.7 million, which is 1% lower than in 2015 (EUR 673.1 million).

Cost of risk stood at EUR 52.6 million, which is an extremely low level for outstandings in the region of EUR 27 billion.

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), stood at EUR 22.7 million, compared with EUR 9.7 million in 2015. The improvement is due mainly to the larger contribution from non-strategic Leasing International subsidiaries.

Other non-operating profits stood at EUR 23.6 million. This was primarily drawn from proceeds of the sales of subsidiaries as part of an ongoing restructuring of activities.

Consolidated **net profit** excluding minority interests amounted to EUR 403.2 million in 2016, up 13% compared with 2015 (EUR 357.9 million).

At 31 December 2016, the **balance sheet total** stood at EUR 45 billion, which was 4% higher than at 31 December 2015 (EUR 43.2 billion).

High solvency maintained

The Bank's solvency ratio was 23.1% (under Basel III rules), well above the regulatory minimum. With regulatory own funds excluding minority interests of EUR 5.5 billion, BGL BNP Paribas remains the bank with the strongest capitalisation base in Luxembourg, enabling it to support its clients in their projects and investments.

The new Kirchberg Banking Centre: an investment in the future

The new Kirchberg facilities were officially opened on 4 July 2016. The Kirchberg Banking Centre site, the location of BGL BNP Paribas's registered office and two new buildings, now hosts the vast majority of the BNP Paribas Group's Luxembourg employees across 99,000m² of office space. When designing the new buildings, which include a 500-seat auditorium, particularly close attention was paid to ecologically responsible technologies and minimising consumption of energy and natural resources.

An omni-channel service approach centred upon the client

A vast branch refurbishment project is now nearing completion. The new concept, centred upon offering clients a warm welcome and cutting-edge technology, has now been rolled out across the vast majority of the 41 branches in the BGL BNP Paribas network.

BGL BNP Paribas has also continued to enhance its digital and mobile services as part of an omni-channel approach aimed at enabling clients to interact with the Bank through the channel best suited to them, wherever they are.

As a result, the Web Banking application is now available across all mobile channels – iPad and Android tablets, iPhone (with Express View on Apple Watch) and Android smartphones. The online private banking service "MyPortfolio, your digital private bank", available over the internet or via the tablet and smartphone application, was also reviewed in 2016 and enhanced with new features and improved user-friendliness.

Another aspect of this approach saw the Bank pursue its efforts to support clients in the digital sphere. To this end, new client relationships can now be created entirely online. Prospective clients can open a current account or investor account 100% online, and subsequently carry out transactions remotely or in-branch. Taking out a personal loan can also be done entirely online.

An ambitious new programme was launched with a view to devising digital services that meet clients' needs throughout their relationship with the Bank. Specialist teams use agile and collaborative methods inspired by those used by start-ups to develop prototypes for clients.

In a world where digital innovations are transforming the financial industry and offering new development opportunities, BGL BNP Paribas intends to continue its efforts to optimise the client experience and enable clients to manage their relationship with the Bank as they see fit.

BGL BNP Paribas's 2016 Annual Report is available in French at 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, private banking clients and businesses. In 2016, BGL BNP Paribas was named "Best Bank in Luxembourg" by the international magazine Euromoney.

About BNP Paribas

BNP Paribas 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.

Press contacts:

Eliane Thines
Corinne Thill

+352 42 42-62 64
+352 42 42-30 85

eliane.thines@bgl.lu
corinne.thill@bgl.lu



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