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PRESS RELEASE

BGL BNP PARIBAS FINANCIAL RESULTS AT 30 JUNE 2017

Strong half-year results due to growth in commercial activities

- Consolidated net profit excluding minority interests came to EUR 170.3 million, up 14% compared with 30 June 2016
- Net banking income was EUR 656.6 million
 - Luxembourg Retail and Corporate Banking recorded 5% growth in average loan outstandings and 17% growth in average deposits compared with the first half of 2016
 - Wealth Management recorded healthy business, reporting 10% growth in assets under management and 22% growth in average loan outstandings
 - Leasing International continued to expand its business in line with its strategy, with average outstandings up 5%
- Overheads of EUR 348.4 million
 - Overheads increased by 3% due to strategic project-related expenditure and the costs associated with allocations to regulatory capital reserves
- High solvency maintained
 - Own funds of EUR 5.7 billion
 - Solvency ratio of 23.4% under Basel III rules, well above the regulatory minimum
- Best Bank in Luxembourg
 - Euromoney named BGL BNP Paribas *Best Bank in Luxembourg* for the second consecutive year

On 7 September 2017, the bank's Board of Directors examined the consolidated financial statements of BGL BNP Paribas under IFRS at 30 June 2017.

Net banking income reached EUR 656.6 million, down slightly compared with the first half of 2016 (-2%). Despite solid growth in sums outstanding, commercial activities suffered a fall in net interest income (-2%), partly offset by an increase in fee income (+7%). Low interest rates continued to weigh heavily on banking operations.

Under favourable economic conditions in Luxembourg, **Retail and Corporate Banking** recorded growth in average loan outstandings of 5%, boosted by an increase in mortgages and investment loans. Average deposit volumes grew by 17%, largely due to excellent inflows from corporate clients associated with the development of international cash management services.

In the first half of 2017, **Wealth Management** generated growth of 10% in its assets under management. This reflects the appeal of its products and services.

The bank took advantage of its position in BNP Paribas' international network 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 operations, which are benefiting from ongoing commercial development in strategic regions, recorded growth of 5% in average outstandings, resulting in a consolidation of margins and a 2% rise in interest income.

Overheads were EUR 348.4 million, up 3% compared with the first half of 2016 (EUR 337.7 million). This increase was mostly attributable to spending on strategic projects (EUR 7.1 million) and a rise in allocations to the Single Resolution Fund and the Luxembourg Deposit Guarantee Fund (EUR 2.4 million).

Cost of risk stood at EUR 18.7 million, which is extremely low for around EUR 28 billion in outstandings.

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 16.8 million, compared with EUR 7.9 million in the first half of 2016. The improvement is due mainly to the larger contribution from certain non-strategic subsidiaries of Leasing International.

Other non-operating profits stood at EUR 5.6 million. They essentially came from the sale of a building for a capital gain of EUR 4.7 million.

Consolidated **net profit** excluding minority interests was EUR 170.3 million in the first half of 2017, up EUR 21 million or 14% compared with the first half of 2016 (EUR 149.3 million).

The **balance sheet total** was EUR 49.5 billion at 30 June 2017.

High solvency maintained

The bank's solvency ratio was 23.4% (under Basel III rules), well above the regulatory minimum. With the Group's share of regulatory capital amounting to EUR 5.7 billion, BGL BNP Paribas is well placed to back its clients' projects and investments.

Innovation for the bank's clients

BGL BNP Paribas furthered its efforts to enhance clients' experience with the bank and meet its clients' expectations for digital services.

Of the projects introduced, the web banking overhaul means the bank can now offer clients a more efficient website with new features, smoother and more intuitive browsing, and a display adapted to smartphones and tablets.

Meanwhile, the bank launched an ambitious programme to build digital services that meet clients' needs. Using innovative working methods inspired by start-ups, special teams are developing prototypes of new solutions, some of which are tested by staff and clients of the bank, and fine-tuned on the basis of feedback, before being offered to the wider client base.

From 9 to 11 June 2017, BNP Paribas in Luxembourg participated for the first time in the BNP Paribas International Hackathon, held simultaneously in 10 cities around the world. This event in Luxembourg brought together around 10 start-ups and almost 100 internal experts and coaches to address digital developments and their impact on client experience. During a co-creation stage, the winning start-up, Tetrao, has the chance to turn its project into an operational solution. If the joint project is successful, this technology will considerably reduce the time it takes to open accounts for professionals.

However, innovation does not end with the client experience; it also involves current and future employees. In a March 2017 study by Potentialpark, a company specialised in the appraisal of companies' digital recruitment strategies, BGL BNP Paribas took first place in the Online Applications category. Also at the beginning of the year, BNP Paribas Group in Luxembourg received the prestigious Top Employer Luxembourg award for the second year running, reflecting the excellent working conditions provided for its staff.

A responsible, committed bank

As a responsible player, BGL BNP Paribas has reaffirmed its commitment to corporate responsibility and the sporting, cultural and social life of Luxembourg in 2017.

5 April 2017 saw the official launch of Microlux, the first microfinance institution active in Luxembourg and the Greater Region, and in which BGL BNP Paribas is involved alongside ADA (Appui au Développement Autonome – Support for Autonomous Development), ADIE (Association pour le droit à l'initiative économique – Association for the Right to Economic Initiative) and EIF (European Investment Fund). Microlux offers loans to individual clients or social enterprises unable to access 'traditional' bank loans.

With a view to supporting the work of Luxembourg dairy producers in supplying and promoting fair-trade milk, the bank has renewed its partnership with Fairkoperativ for another three years, remaining the lead partner in the D'fair Mëllech initiative.

BGL BNP Paribas has also maintained its long-standing support for cultural and sporting activities in the country. In March 2017, it signed a three-year extension to its partnership with the Luxembourg Football Federation. As lead partner to the Luxembourg Olympic and Sporting Committee, the bank attended the Games of the Small States of Europe, held from 28 May to 4 June 2017 in San Marino, where it organised its traditional reception for the Luxembourg team. In terms of cultural patronage, the bank supports many cultural initiatives such as concerts at the Philharmonic Hall, the Luxembourg City Film Festival, Echternach Festival, Wiltz Festival and Blues'n Jazz Rally.

At a social level, staff have enabled the bank to support numerous associations and charitable works. These include HOPE, an association created as an employee initiative, and the Coup de Pouce (Helping Hand) programme in which the bank supports its current and retired workers' involvement in public interest initiatives, as well as their skill sharing.

Best Bank in Luxembourg for the second year in a row

Internationally renowned financial magazine Euromoney named BGL BNP Paribas Best Bank in Luxembourg for the second consecutive year in 2017.

When the prizes were announced, Euromoney highlighted BGL BNP Paribas' strong financial results as well as its growth in client deposits and loan outstandings. Euromoney also cited the bank's work with Microlux as well as its agreement with the European Investment Fund to facilitate access to funding for innovative small and medium-sized enterprises in Luxembourg.

Furthermore, Euromoney named the BNP Paribas Group World's Best Bank for Corporates in 2017.

BGL BNP Paribas' report for the half-year to 30 June 2017 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, private banking clients and businesses. In 2017, the international magazine Euromoney named BGL BNP Paribas "Best Bank in Luxembourg" for the second year in a row.



**The bank
for a changing
world**

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.

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