

BGL BNP PARIBAS FINANCIAL RESULTS AT 30 JUNE 2018

First half of 2018 characterised by growth in commercial activities

- **Net banking income was EUR 693.1 million, up 6%**
 - Retail and Corporate Banking Luxembourg recorded significant 13% growth in average deposits and 9% growth in average loan outstanding compared with the first half of 2017.
 - Wealth Management reported strong activity, with 8% growth in assets under management and 7% growth in average loan outstanding.
 - Leasing International continued to expand its business in line with its strategy, with average loan outstanding up 16%.
- **Overheads of EUR 375.2 million**
 - Overheads remain controlled at constant perimeter. The bank continues to invest in strategic projects dedicated to commercial development and the provision of digital solutions.
- **Group consolidated net profit excluding minority interests came to EUR 131.2 million**
- **High solvency maintained**
 - Own funds amounted to EUR 6.1 billion.
 - The solvency ratio reached 23.5% (under Basel III rules), well above the regulatory minimum.
- **Closing of the acquisition of ABN AMRO (Luxembourg) S.A.**
 - Following the approval by the competent regulatory authorities, the transaction was completed on 3 September 2018. It represents EUR 5.6 billion in assets under management for the Wealth Management activity.
- **Best Bank in Luxembourg**
 - *Euromoney* named BGL BNP Paribas Best Bank in Luxembourg for the third consecutive year.

On 6 September 2018, the bank's Board of Directors examined the consolidated financial statements of BGL BNP Paribas under IFRS at 30 June 2018.

Net banking income reached EUR 693.1 million, up 6% on the first half of 2017. In an environment of persistently low rates, commercial activity remains very strong in the various business areas.

Thanks to the favourable economic conditions in Luxembourg and strong commercial activities, **Retail and Corporate Banking** recorded growth in average loan outstanding of 9%, boosted by an increase in mortgages and investment loans. Average deposit volumes grew by 13%, largely due to excellent inflows from corporate clients associated with the development of international cash management services.

Compared with the previous year, **Wealth Management** posted growth of 8% in assets under management. All segments are showing improvement in terms of net capital inflows. Thanks to a flexible, bespoke range of financing solutions, Wealth Management's average loan outstanding grew by 7%.

The bank took advantage of its status as a member of the international BNP Paribas Group to offer a comprehensive range of products and services to its institutional investor clients through its **Corporate and Institutional Banking** business line. The business line continues to perform in line with objectives.

Leasing International's business operations, which are benefiting from the continued commercial development in strategic regions, recorded healthy average loan outstanding growth of 16%, partly justified by several subsidiaries entering the scope of consolidation.

Overheads were EUR 375.2 million, up 8% on the first half of 2017 (EUR 348.4 million). This rise is mainly attributable to investments to support the development of leasing activities, and to several subsidiaries entering the scope of consolidation.

Cost of risk stood at EUR 21.5 million, which is an extremely low level for outstandings in the region of EUR 30 billion.

Operating income amounted to EUR 296.4 million, up 2% on the first half of 2017 (EUR 289.5 million).

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 3.1 million, compared with EUR 16.8 million in the first half of 2017. This development is primarily attributable to a change in company consolidation accounting, which previously used the equity method and now uses the global integration method.

Group consolidated **net profit** for the first half of 2018 amounted to EUR 131.2 million, versus EUR 170.3 million in the first half of 2017. In an environment of persistently low interest rates, net income from the bank's commercial activities is stable. However, the bank recorded an exceptional tax cost following a raised estimate of the value of BGL BNP Paribas' participation in BNP Paribas Leasing Solutions S.A.

At 30 June 2018, the **balance sheet total** stood at EUR 54.2 billion, which is 9% higher than at 31 December 2017 and reflects the healthy development of business activities.

High solvency maintained

The bank's solvency ratio was 23.5% (under Basel III rules), well above the regulatory minimum. With the Group's share of regulatory capital amounting to EUR 6.1 billion, BGL BNP Paribas is well placed to back its clients' projects and investments.

Highlights of the first half of 2018

Best Bank in Luxembourg for the third year in a row

Internationally renowned financial magazine Euromoney named BGL BNP Paribas "Best Bank in Luxembourg" for the third consecutive year in 2018.

When the awards were announced, Euromoney highlighted BGL BNP Paribas' strong financial results as well as its solid growth in client deposits and loan outstanding, the healthy development of its leasing activities and the substantial increase in wealth management assets under management. Euromoney also highlighted the official launch of Microlux and the increase in private banking activity through the acquisition of ABN AMRO Bank (Luxembourg).

Furthermore, Euromoney named the BNP Paribas Group World's Best Bank for Sustainable Finance.

Business expansion through the acquisition of ABN AMRO Bank (Luxembourg)

On 20 February 2018, BGL BNP Paribas and ABN AMRO Bank N.V. announced that they had signed an agreement concerning the acquisition, by BGL BNP Paribas, of all the outstanding shares in ABN AMRO Bank (Luxembourg) S.A. and of its fully owned subsidiary ABN AMRO Life S.A. Under this agreement, the insurance company is taken over by Cardif Lux Vie.

This acquisition seeks to reinforce the key positions that the BNP Paribas Group in Luxembourg holds in the private banking and insurance markets. The bank strives to play an active and responsible role in the consolidation process that is currently taking place in this sector. The proposed transaction has received the approval of the competent regulatory authorities and was completed on 3 September 2018.

Introduction of a new transport offering – *Private Lease*

In partnership with Arval, in early 2018 BGL BNP Paribas launched an innovative service, *Private Lease*, through which the bank offers long-term vehicle leasing to individuals living in Luxembourg. As an alternative to purchasing a car, this new product responds to growing demand among retail clients for a way to optimise their budget in line with the way they use their car. The new product enhances the bank's traditional financing offering with attractive transport solutions and is a perfect example of the opportunities for innovation that arise within a large group.

Launch of LUXHUB, a joint initiative by several banks

In order to face the challenges and take advantage of the opportunities arising from the revised European Payment Services Directive (PSD2), BGL BNP Paribas, Banque et Caisse d'Épargne de l'Etat, Banque Raiffeisen and Post Luxembourg joined forces to launch LUXHUB in May 2018. This API (Application Programming Interface) connectivity platform is intended to make interconnection of the entire ecosystem of banks and third-party providers under PSD2 as easy as possible.



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Creation of *The Intrapreneur Zone* (TIZ) to promote innovation

Launched in June as a joint initiative between the lux future lab and the bank's HR department, *The Intrapreneur Zone* is a cross-functional initiative aiming primarily to promote innovation and entrepreneurship at the bank, to encourage collective success and to celebrate employees' achievements. The programme will allow project owners to work in multi-disciplinary teams, to learn about new working methods and to apply them to new projects intended to promote innovation at the bank.

Triple environmental certification for the new buildings

When designing the new Kirchberg Banking Centre for the BNP Paribas Group in Luxembourg, the bank paid particularly close attention to ecologically responsible technologies, to minimising the consumption of energy and natural resources, and to the health, comfort and well-being of users. In terms of environmental policy, which was already firmly established at the company, this project represented a significant milestone. The bank was consequently especially proud of the triple environmental certification at European level awarded to the new buildings: *exceptionnel* from HQE (Haute Qualité Environnementale) in France, *excellent* from BREEAM (Building Research Establishment Environmental Assessment Method) in the United Kingdom and *gold* from DGNB (Deutsche Gesellschaft für Nachhaltiges Bauen) in Germany.

BGL BNP Paribas' report for the half-year to 30 June 2018 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 2017, the BNP Paribas Group employed around 3,700 people in Luxembourg, of which 2,379 at BGL BNP Paribas.

In 2018, the international magazine Euromoney named BGL BNP Paribas "Best Bank in Luxembourg" for the third year in a row.

About BNP Paribas

BNP Paribas is a leading bank in Europe with an international reach. It has a presence in 73 countries, with more than 196,000 employees, including more than 149,000 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 European 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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