

## **BGL BNP PARIBAS FINANCIAL RESULTS AT 30 JUNE 2015**

- **Net banking income up 2% to EUR 687.6 million**
  - Luxembourg Retail and Corporate Banking reported a 2.4% increase in average loan outstandings and a 6.1% in average deposits
  - In Wealth Management, assets under management progressed 4%, driven by strong inflows and a positive market effect
  - International Leasing continued to develop its business in strategic areas
- **Operating expenses down 2%**
- **Consolidated net profit excluding minority interests of EUR 174.9 million**
- **Persistently high solvency**
  - Own funds of EUR 5.4 billion
  - A solvency ratio of 22.5% under Basel III rules, well above the regulatory minimum of 10.5%
- **The bank continues to innovate on behalf of its customers**
  - Unstinting change in response to changing customer needs and habits
  - Further investment in online banking and in the branch network

On 27 August 2015, the BGL BNP Paribas Board of Directors reviewed the consolidated financial statements under International Financial Reporting Standards at 30 June 2015.

In the first half of 2015, BGL BNP Paribas posted a consolidated **net profit** excluding minority interests of EUR 174.9 million, largely unchanged from the first half of 2014 (EUR 174.7 million).

**Net banking income** climbed 2% to EUR 687.6 million at 30 June 2015, compared with EUR 674.2 million at 30 June 2014. While business related to banking customers and International Leasing expanded, income connected with financial markets continued to suffer from a low interest-rate environment and more stringent regulations.

**Luxembourg Retail and Corporate Banking** reported a 2.4% increase in average loan outstandings and a 6.1% rise in average deposits, partly because of buoyant inflows from businesses taking advantage of the rapid development of international cash management services, as part of the Group's "One bank for corporates" strategy. Assets under management in Private Banking dedicated to Luxembourg-based customers have expanded further.

The bank has continued with its major modernisation and network development programme. In June 2015, a new branch opened at Pétange, raising the number of BGL BNP Paribas branches to 41. And since the start of the year, five branches – Kordall, Clervaux, Wiltz, Mamer and Remich – have been inaugurated after renovation. The bank has also invested further in its network of automated banking machines (ABMs), which now numbers almost 100.

Over the first half of 2015, **Wealth Management** continued to adjust its business model by adopting a different way of segmenting its market and adapting its services. BNP Paribas Wealth Management's new family office service, "Family Wealth Solutions", was introduced in January 2015, for example. This new service provides customers with tools to track their wealth in the way they want and that incorporate the consolidation of financial and non-financial assets, strategic asset allocation analysis, broking and archiving.

In a rapidly-changing market for financial services, Wealth Management's assets under management increased 4% over their level in the first half of 2014. This significant addition included a large contribution from ultra-high net worth individuals, who now account for over half of assets under management.

**Corporate and Institutional Banking** (CIB) results, particularly cash management, were again hampered by historically low interest rates and onerous regulatory constraints. Changes to the way CIB Luxembourg is organised have safeguarded a very broad product range adapted to highly demanding corporate customers and institutional investors.

**International Leasing** posted higher income from its strategic businesses through a substantial increase in outstandings and a selective policy on profitability.

**Operating expenses** of EUR 328.5 million were 2% lower than in the first half of 2014.

Thanks to strong growth in net banking income and tight control of operating expenses, **gross operating profit** rose 6%.

The **cost of risk** was EUR 28.8 million, an extremely low level with regard to outstandings of over

EUR 25 billion. However, it was less favourable than in first-half 2014, a period in which the bank benefitted from significant reversals of provisions to the tune of EUR 20.1 million.

The **share of earnings of associates**, which corresponds to the proportional share of net income or loss from subsidiaries in which the bank is not the majority shareholder, was a negative EUR 2.6 million, compared with a negative EUR 19.4 million in the first half of 2014. This improvement largely reflects a better contribution from certain non-strategic International Leasing subsidiaries managed in run-off, together with good results from Cardif Lux Vie, in which the bank has a 33% share.

## Solvency remains high

The bank's solvency ratio is 22.5% (under Basel III), considerably above the regulatory minimum of 10.5%. With regulatory own funds excluding minority interests of EUR 5.4 billion, BGL BNP Paribas remains the best capitalised bank in Luxembourg, enabling it to assist and support customers in their projects and investments.

## Innovation for our customers' benefit

In line with its multichannel philosophy, the bank has continued to bolster its digital and mobile services. The aim is to enable customers to interact with the bank in the way they want, and wherever they are.

Having launched its Apple and Android mobile applications last year, the bank made a slimmed-down version of its Web Banking app available for Apple Watch as soon as it was launched in April 2015. The app allows customers to review their accounts and most recent transactions on the device without the need for any code, using the Express View mode of the related iPhone app. This service has gained from the launch of alerts on iPhone, which can be used to signal account transactions.

The bank has also been offering the BGL BNP Paribas Digicash app to its customers over the past few months. This is a mobile payments tool developed by Digicash Payments and that can be downloaded free from App Store and Google Play. The app enables customers to make payments simply and with complete security via their smartphones, whether using the internet, partner points of sale or at home to settle invoices. These payments are made directly from their bank accounts.

For Wealth Management customers, an iPhone version of the "MyPortfolio" app appeared at the beginning of the year to complement our upgraded iPad app. The division has decided to circulate communications and advisory tools among its marketing teams based on tactile tablets and smartphones in order to improve the quality of services offered to customers, especially during meetings outside the bank.

As the bank for a changing world, BGL BNP Paribas is responding to constantly shifting customer needs and habits by continually adapting and developing the various channels of communication that it offers.

Commenting on the results of BGL BNP Paribas, Carlo Thill, Chairman of the Management Board,



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stressed: "The bank's results are more than satisfactory given the uncertain international economic environment and the considerable volatility of the financial markets."

*BGL BNP Paribas' 2015 half-year report is available in French and can be downloaded from [www.bgl.lu](http://www.bgl.lu).*

#### **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.

#### **About BNP Paribas**

BNP Paribas has a presence in 75 countries with more than 185,000 employees, including 145,000 in Europe. It ranks highly in its two core activities: Retail Banking & Services (comprised of Domestic Markets and International Financial Services) and Corporate & Institutional Banking. 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 across Mediterranean basin 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 and solid and fast-growing businesses in Asia-Pacific.

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