



PRESS RELEASE

## **BGL BNP Paribas financial results for the year to 31 December 2014**

**Net profit of €342.5 million**

- **Consolidated net profit (Group share) came to €342.5 million**
  - *Net profit was up 2% compared with 2013.*
  
- **Commercial activities held up well**
  - *Net banking income was €1,346.8 million, steady compared with 2013.*
  - *Luxembourg Retail and Corporate Banking reported 1.4% growth in average loan outstandings and a 3.6% increase in average deposits.*
  - *Wealth Management reported strong inflows.*
  - *Leasing International continued to expand its business.*
  - *Corporate and Investment Banking activities remain solid.*
  
- **Management costs were kept under control**
  - *Management costs were cut by 6%.*
  - *Excluding exceptional items, expenditures increased slightly by 0.3%.*
  
- **High solvency**
  - *Own funds of €5.2 billion.*
  - *Solvency ratio of 22.8% according to Basel III rules, well above the regulatory minimum.*
  
- **A socially-responsible, innovative and committed bank**
  - *BGL BNP Paribas plays an important role in financing the national economy, notably through its partnership with the European Investment Bank on a €50 million loan for small and mid-sized businesses.*
  - *BGL BNP Paribas is heavily involved in the country's sporting, cultural and community life.*



On 2 April 2015, the Ordinary General Meeting of Shareholders, chaired by Etienne Reuter, approved the consolidated financial statements of BGL BNP Paribas under IFRS at 31 December 2014.

**Net profit** for FY2014 was €342.5 million, up 2% on 2013 as a result of the strong performances of the Banks four business lines.

**Net banking income** was stable relative to FY2013 at €1,346.8 million.

**Luxembourg Retail & Corporate Banking** reported a 1.4% increase in loan outstandings in 2014 relative to 2013 as a result of strong growth in property loans. Deposits were up 3.6% with sizable inflows from the corporate segment in connection with the development of cash management services.

The Bank continued to deploy its new branch model, which is based on harnessing new technologies to build close client relations. Seven branches – Esch Centre, Esch Benelux, Mondorf, Strassen, Dudelange, Ettelbruck and Howald – opened following refurbishment. The Bank also expanded its network of automated teller machines by one-third, bringing the total number to 95.

Apple and Android mobile applications launched over the course of the year were highly successful, with the number of mobile connections and the Web Banking user rate climbing sharply. The Bank's branches have been equipped with tablets, allowing the digitization of cash documents.

The launch of direct banking services offers a response to changing habits among clients, be they investors, expats, residents or cross-border workers. A range of options for being in touch and extended customer assistance hours make it easier to access the services offered by the Bank.

Luxembourg Private Banking kept up its efforts to ensure that BGL BNP Paribas sets the standard for private banking in Luxembourg. Luxembourg Private Banking products and services are offered in addition to routine banking services at the five Private Banking locations included in the branch network (d'Villa, Strassen, Esch-sur-Alzette, Ettelbruck and Wiltz).

The Bank added many corporate clients in 2014 thanks to the One Bank for Corporates drive, which forms part of the BNP Paribas Group's global development plan, and to the Bank's strategy in the Grande Région. The Bank also renewed its partnership with the European Investment Bank on a €50 million loan for small and mid-sized businesses.

**Wealth Management** continued to grow in the segment of international high net worth individuals. The business also rounded out its offering by setting up a dedicated sales team to provide specially-tailored services to clients with less than EUR 1 million in assets under management (AuM).



Against a backdrop of change for the financial centre, AuM showed a slight increase. Net capital contributions were lifted by a sizeable contribution from the international high net worth segment (+18%).

In response to growing interest in digital solutions among private banking clients, Wealth Management continued developing solutions to facilitate online client/bank contact. A new version of the MyPortfolio iPad app offers many improvements, including a new interface to make browsing easier and new functionalities, including credit transfers, secure messaging and account information.

**Corporate and Investment Banking (CIB) Luxembourg** reported solid results for 2014, which was a year of unsupportive economic conditions and challenging market conditions. The business worked to implement the new regulations aimed at mitigating systemic risk and strengthening bank resilience. Against this backdrop, CIB Luxembourg continued to restructure its organisation to offer the best possible service to its clientele of corporations and institutional investors.

Despite the extremely low interest rate environment, front office trading and distribution teams secured strong performances for the Bank.

Structuring activities, meanwhile, helped to diversify the Bank's sources of funds among local institutional counterparties and to create investment products for the group and corporate and institutional clients.

**Leasing International** continued to expand, posting increased loan outstandings and satisfactory profit margins in the strategic businesses.

To illustrate its clear and strong commitment to build value, BNP Paribas Leasing Solutions changed its brand approach and unveiled a new tagline in late 2014: Business is ON. Dynamic, original and distinctive, the new tagline sums up BNP Paribas Leasing Solutions' commitment to its customers and partners and its determination to be a facilitator that contributes to the long-term growth of their business.

**Management costs** fell 6% compared with 2013 to €666.1 million. Excluding exceptional items, spending remained under control, rising by just 0.3%.

The **cost of risk** came to €35.7 million, which is extremely low relative to outstandings, which exceed €24 billion.

The **share of earnings of associates**, which basically corresponds to the proportional share of net income or loss from Leasing International subsidiaries in which the Bank is not the majority shareholder, came to a €35.7 million loss compared with income of €19.1 million in 2013, as risks increased materially for these businesses, particularly in India and Italy.



## High solvency maintained

The Bank's solvency ratio was 22.8% at 31 December 2014 according to Basel III rules, well above the regulatory minimum of 10,5%. With regulatory own funds (Group share) of €5.2 billion, BGL BNP Paribas has the strongest capital base of any bank in Luxembourg, enabling it to support clients in their projects and investments.

## A bank that is making a difference

As a responsible organisation, BGL BNP Paribas not only plays an important role in financing the national economy, it is also very involved in the country's sporting, cultural and community life. In 2014, the Bank continued to make a difference in these areas, as illustrated by the following:

- Partnership with the Luxembourg Football Federation continued for the next three seasons;
- Partnership with the Luxembourg Tennis Federation continued for the next two seasons;
- Long-standing partnership with the Luxembourg Philharmonic Orchestra, plus sponsorship of the Luxembourg City Film Festival and, more recently, of Mudam, Luxembourg's modern art museum;
- The lux future lab, a start-up incubator;
- The Intrapreneurship programme which supports BNP Paribas Group employees in their personal business projects;
- BNP Paribas employees in Luxembourg collected almost 19 tonnes of food and hygiene products to support the Stëmm vun der Stross, Caritas and Cent Buttek charities through numerous initiatives held over the course of the year to combat exclusion.

Commenting on the annual results, Etienne Reuter, Chairman of the Board of Directors, said: "Despite the many challenges facing a financial sector that is undergoing major change, BGL BNP Paribas demonstrated its ability to adapt by securing strong results in 2014. I would like to thank all of the Bank's employees for their exemplary commitment".

*BGL BNP Paribas' 2014 Annual Report is available in French at [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. For the third time in five years, Euromoney has named BGL BNP Paribas "Best Private Bank in Luxembourg" in 2014.

### **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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