



PRESS RELEASE

BGL BNP Paribas financial results at 30 June 2014

Robust performance despite a difficult situation

- **Businesses hold up well**

- *The branch network and corporate department posted good income in first-half 2014. Average loan outstandings were up 1.2%, reflecting the bank's commitment to the Luxembourg economy, while average deposits rose 0.8%.*
- *Wealth Management carried on with the process of converting to its new business model*
- *International Leasing's strategic activities continued to develop in a difficult economic environment in some countries*

- **Operating expenses under control**

- **Consolidated net profit excluding minority interests of EUR 176 millions**

- **High solvency**

- *Own funds of EUR 5.2 billion*
- *A high solvency ratio of 22.1% (under Basel III), well above the regulatory minimum*

- **Proximity and innovation**

Major investments were made in refurbishing agencies and in the online banking offering



On 27 August 2014, the BGL BNP Paribas Board of Directors reviewed the consolidated financial statements under the International Financial Reporting Standards at 30 June 2014¹.

In first-half 2014, BGL BNP Paribas posted consolidated net **profit** excluding minority interests **of EUR 176 million**, down EUR 35.1 million on first-half 2013. The bulk of the contraction (EUR 28.4 million) was mainly due to international leasing business, adversely affected by particularly tough economic conditions in some countries.

Net banking income fell 5% to EUR 674.2 million at 30 June 2014, compared with EUR 712.6 million at 30 June 2013. Income from banking activities continued to be impacted by a combination of extremely low interest rates, the economic situation, and regulatory developments affecting the entire financial centre and prompting a change in the business model.

Luxembourg Retail and Corporate Banking reported a 1.2% increase in average loan outstandings and a 0.8% rise in average deposits, owing in particular to strong inflows from businesses, which are taking increasing advantage of international cash management services. Assets under Management in Private Banking dedicated to Luxembourg-based customers have been growing.

Wealth Management continued to adjust its business model, refocusing on international very high net worth customers. The strategy is being implemented through a market-based organisation with a tighter focus on three segments: mature European markets, emerging markets, and the professional banking segment (relations with asset management professionals).

Corporate and Investment Banking results were affected in terms of cash flow by record-low rates and also impacted by strong regulatory constraints. Product range coverage remains broad with experienced teams in Fixed Income, Equity and Structuring.

International Leasing grew revenues from its strategic businesses through a slight increase in outstandings and a selective policy on profitability, but continues to be impacted by activities managed on a run-off basis.

Operating expenses remain under control at EUR 332.2 million, having increased by EUR 7.4 million or 2%. The increase was mainly generated by International Leasing activities.

The cost of risk remained extremely low, at EUR 13.2 million.

¹ For the purposes of comparability, the H1 2013 figures in this press release have been restated in accordance with new accounting standards.



The **share of earnings of associates**, which basically corresponds to the proportional share of net income or loss from international leasing subsidiaries in which the bank is not the majority shareholder, came to a negative EUR 19.4 million, compared with a positive EUR 19 million in first-half 2013. Some of these subsidiaries were affected by poor economic conditions in the countries where they operate.

Solvency remains high

The bank's solvency ratio is 22.1% (under Basel III), considerably above the regulatory minimum of 10.5%. With regulatory own funds excluding minority interests of EUR 5.2 billion, BGL BNP Paribas remains the best capitalised bank in Luxembourg, enabling it to assist and support customers in their projects and investments.

An innovative bank, close to its customers

BGL BNP Paribas continued in 2014 to refurbish its branches through an innovative model stressing customer reception, advice and new technologies. The bank is pursuing its aim to forge ever-closer contact with its customers by strengthening its grassroots presence.

In Retail and Corporate Banking, the bank extended the range of services available at ATMs to include transfers, deposits and appointment requests. It now also provides customers with mobile ATMs. For professionals, the new bank deposit card makes it possible to deposit money in ATMs at any time instead of having to keep it in a safe overnight.

At the start of the year, the bank launched the Web Banking app for iPads. The www.bgl.lu website was enhanced with a special "Public Sector and Associations" page aimed at making the offering more accessible.

To respond to growing interest of customers for digital solutions, the teams at Wealth Management forged ahead with developments to improve electronic contact between customers and their assets and private banker. As a result, a new version of the "MyPortfolio" iPad app for Wealth Management customers was launched this year.

Mindful of its environmental responsibilities and as part of a sustained effort to reduce paper consumption, the bank has launched the "Paperless" project, whereby Sign-Pads will be rolled out in branches for the electronic signature of cash documents.

BGL BNP Paribas' 2014 half-year report is available in French and can be downloaded from www.bgl.lu.



About BGL BNP Paribas

BGL BNP Paribas (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. In 2014, BGL BNP Paribas was named "Best Private Bank in Luxembourg" by Euromoney for the third time in five years.

About BNP Paribas

BNP Paribas (www.bnpparibas.com) has a presence in 75 countries with more than 180,000 employees, including more than 140,000 in Europe. It ranks highly in its three core activities: Retail Banking, Investment Solutions and Corporate & Investment 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 & Investment Banking and Investment Solutions 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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