

# THE WALL STREET JOURNAL

English Edition | February 6, 2020 | Print Edition | Video

Pietro Lombardi ▾  
EXPLORE VIDEOS

Home World U.S. Politics Economy Business Tech **Markets** Opinion Life & Arts Real Estate WSJ Magazine 🔍

**BREAKING NEWS**

EU officials have sought Facebook documents on alleged plans to squash rivals, deepening an antitrust inquiry, people familiar with the matter say >



WSJ  
NEWSLETTERS



WSJ. Magazine

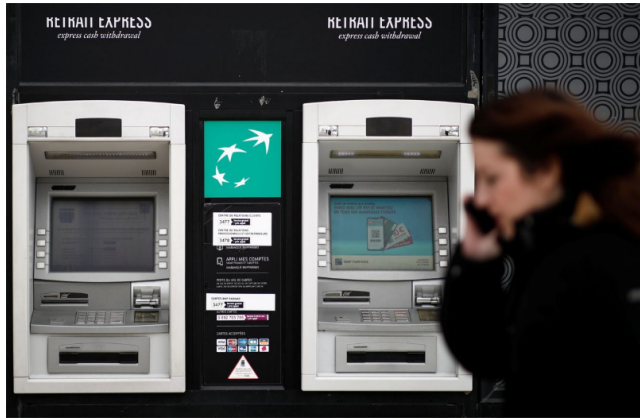
A weekly roundup of fashion, entertainment, design, food, travel, art, architecture and more.

Sign Up

MARKETS

## BNP Paribas Cuts Profit Goal as European Banks Feel Heat From Low Rates

French lender closed 2019 on a bright note with a strong performance in corporate and investment banking



BNP Paribas now expects a return on tangible equity—a key measure of profitability—of 10% this year. PHOTO: BENOIT TESSIER/REUTERS

By *Pietro Lombardi and Noemie Bisserbe*

Updated Feb. 5, 2020 8:27 am ET

🔖 SAVE 🖨️ PRINT 🗨️ TEXT

France's largest-listed bank by assets became the latest European lender Wednesday to cut its financial targets due to the impact of ultralow interest rates, despite a sharp uptick in trading revenues.

### BNP Paribas S.A.



Source: FactSet

### BNP Paribas SA

**BNPQY 0.63%** ▲ trimmed its profitability goal for 2020, saying **monetary policy changes** had “led to a more unfavorable interest rate environment than anticipated at the beginning of 2019.” The European Central Bank reduced its key rate by 0.1 percentage point to minus 0.5% and revived a bond-buying program in September.



The French lender's move highlights the headwinds buffeting European lenders and follows

RECOMMENDED VIDEOS

similar steps by Swiss banking giants [UBS Group AG](#) [UBS 2.41%](#)▲ and Credit Suisse Group AG.

European banks have struggled in recent years with persistently low interest rates that have dented their profitability. In the region, the largest share of the banking industry's revenue comes from net interest income—the difference between banks' borrowing and lending rates.

BNP Paribas now expects a return on tangible equity—a key measure of profitability—of 10% this year, down from previous expectations of over 10.5%. It said that revenue in its domestic-markets division, which includes retail operations in Italy, France and Belgium, was expected to decrease moderately due to the low-interest rate environment.

Still, the lender's investment bank performed better than its European peers, and posted trading gains in line with big U.S. banks like [Citigroup Inc.](#) [C 3.07%](#)▲ and [Goldman Sachs Group Inc.](#) [GS 0.98%](#)▲

BNP Paribas's investment banking revenue more than doubled in the last three months of the year, pushing the lender's total net profit 28% higher to €1.85 billion (\$2.04 billion). This was in line with analysts' expectations, according to a consensus forecast provided by FactSet. Revenue rose almost 12% to €11.33 billion, boosted by a 63% jump in fixed-income revenue. Equity trading revenue climbed to €520 million from €145 million a year ago.



#### Newsletter Sign-up

In the same quarter a year ago, banks' trading revenue were hurt by volatile markets amid concerns about trade tensions and global economic growth.






BNP Paribas has benefited from the [retreat of some of its rivals in Europe](#) who were harder hit by the financial and sovereign debt crises and anemic

growth in the region.






Last year, [Deutsche Bank AG](#) [DB 1.33%](#)▲ transferred staff, clients and technology in its prime brokerage and electronic equities businesses to BNP Paribas, as part of the troubled German lender's [restructuring of its investment banking unit](#).

BNP Paribas said it would pay a dividend of €3.10 a share, 2.6% higher than the previous year.

The bank said revenue should increase in 2020 in its international financial-services unit—which includes wealth management, consumer finance and insurance—and the corporate-and-institutional banking arm.

1. Four Takeaways From the Iowa Caucuses 
2. What to Watch During the Iowa Caucuses 
3. Knife Attacker Shot Dead in London Was a Convicted Terrorist 
4. Coronavirus Boosts Some Medical Supply-Makers' Stocks 
5. Rush Limbaugh Receives Presidential Medal of Freedom 

#### MOST POPULAR ARTICLES

1. Senate Acquits Trump on Both Impeachment Articles 
2. Macy's to Close 125 Stores, Exit Weakest Malls 
3. 98.6 Degrees Fahrenheit Isn't the Average Anymore 
4. Opinion: Stop Bernie Sanders Now 
5. Top Takeaways From Trump's State of the Union 

WSJ MEMBER MESSAGE: NEWSLETTER

### CMO Today

A look at the most important stories of concern to media and marketing professionals.

[SIGN UP](#)

No transformation costs are expected for this year, which should help the lender reduce spending by roughly €700 million from 2019, it said.

Write to Pietro Lombardi at [Pietro.Lombardi@dowjones.com](mailto:Pietro.Lombardi@dowjones.com) and Noemie Bisserbe at [noemie.bisserbe@wsj.com](mailto:noemie.bisserbe@wsj.com)

WSJ opens select articles to reader conversation to promote thoughtful dialogue. See the 'Join the Conversation' area to the right for stories open to conversation. For more information, please reference our community guidelines. Email feedback and questions to [moderator@wsj.com](mailto:moderator@wsj.com).

## WHAT TO READ NEXT...



EARNINGS

### GM and Ford Face Slowing Demand as Tesla Revs Up



HOUSE OF THE DAY

### Cloris Leachman's Nature-Inspired Los Angeles Retreat



LETTERS

### Opinion | Just Say No to Warren's Student-Debt Plan



WONDER LAND

### Opinion | Nancy Pelosi's 'Trump' Trilogy



BUSINESS

### Merck to Spin Off Slow-Growth Products Into New Company



Independent of The Wall Street Journal newsroom

PERSONAL FINANCE

### My stepfather and mother pooled resources to buy a home. My



MANSSION GLOBAL ARTICLE

### In the Heart of the Cotswolds, This Stone House is Surrounded by Greenery

## JOIN THE CONVERSATION

Homeland Security Suspends Enrollment of New Yorkers in Global Entry



China Logs Deadliest Day for Coronavirus as U.S. Plans Last Flights From Wuhan



Ernst & Young Won a Multimillion-Dollar Audit Spot. Investigators Want to Know Why.



Fed Nominee Faces Questions Over Iconoclastic Views and Loyalty to Trump



China to Cut Tariffs on \$75 Billion of U.S. Goods



WSJ News Exclusive | Vanguard Broadens Reach With Entry Into Private Equity



Trump Wants a Referendum on the Economy—and Sanders May Oblige



How Iowa Slipped Away From Joe Biden



Mitt Romney Goes Against Party in Vote to Convict President Trump



WSJ News Exclusive | Justice Department Ramps Up Google Probe, With Heavy Focus on Ad Tools



mom died in 2003 and he just passed away. His kids are selling their house — am I entitled to anything?  
**MarketWatch**

SPONSORED OFFERS

PERSONAL FINANCE

My stepfather and mother pooled resources to buy a home. My mom died in 2003 and he just passed away. His kids are selling their house — am I entitled to anything?  
**MarketWatch**

In the Heart of the Cotswolds, This Stone House is Surrounded by Greenery



SPONSORED OFFERS

NIKE:  
40% off newly-added shoes & apparel at Nike

HOTELS.COM:  
Exclusive Hotels.com coupon code: 40% + extra 8% off hotel stays

EBAY:

MACY'S:

Why Subscribe?

Corporate Subscriptions

Professor Journal

Student Journal

WSJ High School Program

WSJ Amenity Program

My News

RSS Feeds

Video Center

Watchlist

Podcasts

Place a Classified Ad

Sell Your Business

Sell Your Home

Recruitment & Career Ads

Corrections

Jobs at WSJ

Masthead

News Archive

Register for Free

Reprints

Buy Issues



Dow Jones Products

Barron's

BigCharts

Dow Jones DNA

Dow Jones Newswires

Factiva

Financial

MORE FROM WSJ

Opinion: Nancy Pelosi's 'Trump'