

## Press release

Luxembourg, 31 August 2009

### **First-half 2009: a solid performance for BGL**

### **BGL confirms its commitment to providing financing for the Luxembourg economy**

On 28 August 2009, BGL's Board of Directors, chaired by Gaston Reinesch, approved the bank's consolidated financial statements at 30 June 2009, prepared in accordance with IFRS.

#### **Solid first-half results for 2009**

Against a backdrop of testing economic times and the gradual recovery of financial markets, BGL reported *consolidated net profit of EUR 191.0 million* in the first half of 2009, with all business areas making a positive contribution.

This represents a decline from the figure posted for the first six months of 2008 (EUR 388.4 million at 30 June 2008), due primarily to lower exceptional capital gains and substantial provisions booked for credit risks, notably in the area of international leasing entities. For the bank alone, net profit in accordance with IFRS rose compared with the first six months of 2008.

*Net operating income* stood at EUR 643.7 million at 30 June 2009. Excluding exceptional results recorded in 2008, this represents a rise of EUR 31.8 million or 5.2%.

*Net interest and fee income* are the bank's traditional source of revenue, and totalled EUR 557.2 million for the period under review. This represents a 12.1% rise from the first half of 2008 and resulted from several factors: an increase in equity capital, improved results for treasury management reflecting more favourable funding conditions, and commission income holding up well.

*Operating expenses* were down 4.9% from 30 June 2008 due to strict cost controls, with the *cost/income ratio* at 41.7%.

With regulatory own funds at around EUR 5.8 billion, BGL's *total solvency ratio* was 24.1%, compared with the legal minimum of 8%.

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## Overall trend positive in commercial activities for all banking businesses

In the first six months of 2009, fundamental indicators of profitability for each of the bank's core businesses showed positive trends overall.

In March 2009, BGL was the first bank to offer individual and professional clients a program of structured support to help them through the economic turmoil, starting with adjustments to their terms of credit. In the first six months of the year, the bank granted new loans totalling EUR 1.3 billion.

For *individual clients*, BGL developed a range of products and services adapted to changing needs. Innovations included savings products with interest rates guaranteed through to the end of the year—an example of its steady stream of products and services at once attractive and simple, giving clients access to a cash reserve at any time. The bank also acted quickly to reflect successive cuts in interest rates in its loans.

Traditionally at the service of the domestic economy, BGL remains the country's leading bank for *businesses*, offering customized products and services for companies' national, supra-regional and international activities. In the first half of the year, it set up a special task force to address the needs of businesses experiencing temporary difficulties linked to the economic crisis, and developed targeted, proactive responses. The market responded positively to the bank's integrated offer, leading to a rise in outstanding loans compared with the first half of 2008.

Thanks to marketing initiatives and steady development of customised, high-value-added solutions, *Private Banking Luxembourg* saw its business base hold steady. Private Banking also generated satisfactory revenues, driven by favourable trends in interest income and markets' gradual return to growth.

In *Merchant Banking*, positive overall revenues were buoyed primarily by favourable market conditions due to narrower credit spreads and good financing conditions. At the same time, investment funds reported revenues in line with expectations.

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Work on the association with BNP Paribas, which began on 13 May, has been moving ahead with great focus and enthusiasm. Progress made in the initial stages has confirmed that BGL and BNP Paribas teams have the capacity to meet all of the challenges posed by this ambitious project, which will position all business segments as key players in Luxembourg.

Together these indicators confirm good business trends at BGL, with a regained stability of operations in a demanding environment that requires continued vigilance. Backed by its strong shareholders—the Luxembourg State and the BNP Paribas group, one of the world's most solid banking groups—BGL has every intention of recovering market share by putting its commercial momentum and exemplary service to work for its clients.



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