

Press release

Luxembourg, 22 January 2009

At the end of a very turbulent 2008, BGL announces a positive result of around EUR 30 million

In a context marked by the severe crisis that has shaken the financial sector as a whole and the Fortis group in particular, BGL sets its provisional non-consolidated net profit for full-year 2008 at around EUR 30 million, based on Luxembourg accounting principles. (*)

Fundamental indicators of profitability for traditional banking activities continued to progress, testifying to the resilience of these operations in a very difficult environment. Both net interest income and net fees and commissions showed a rise, while an ongoing policy of strict cost controls kept operating expenses in hand.

The decline in net profit from the previous year (2007: EUR 406.6 million) was primarily due to exceptional events linked to the turbulence that took a heavy toll on world financial markets. As a result of this unprecedented crisis, substantial provisions were booked on the bank's investment portfolios and there were sharp valuation adjustments on some of its participations, notably in Asset Management (partial amortization of goodwill relating to Fortis Investments) and Private Banking (restructuring charges related to Fundamentum and amortization of this participation). Furthermore, a number of additional provisions were set up for the credit portfolio, both national and international, reflecting the beginnings of deterioration in credit risk in European economies.

On the positive side, the funds called by Luxembourg's deposit guarantee institution AGDL (*Association pour la Garantie des Dépôts, Luxembourg*) were deducted from existing provisions, without negative effects on results for the year. The bank also confirms that its results have not been affected by the Madoff affair.

The prudent policy pursued by the bank in accumulating provisions and reserves over previous years has enabled it to attenuate the impact of adverse events in 2008 while maintaining a high general provision level of more than EUR 500 million, including provisions for calls from AGDL.

The bank's solvency is robust following a capital increase on 15 December 2008 that was subscribed by the Luxembourg state. With own funds at around EUR 5.6 billion, BGL's solvency ratio is now over 20%, well above the legal

BGL
Société Anonyme
Corporate
Communications

50, av. J.F. Kennedy
L-2951 Luxembourg

Telephone
(+352) 42 42-23 87

Fax
(+352) 42 42-36 22

www.bgl.lu

minimum of 8%, and provides a firm and stable foundation from which to serve the bank's clients.

As a matter of responsibility and solidarity, the Board of Directors will propose to the General Meeting of Shareholders to be held on 2 April 2009 to allocate no directors' fees. Concerning fees in respect of the 2009 financial year, the Board has suggested as a principle that there be no payment unless the bank's profits for the year improve in 2009. In the same spirit, the Board of Directors and the Management Board have agreed that no bonuses should be paid to members of the Management Board in respect of the 2008 financial year.

In a difficult financial and economic environment, the bank draws confidence from the strength of its capital base following the massive entry of the Luxembourg state, and has the sound and stable foundation it needs to meet the systemic financial challenges of the year 2009. BGL will be harnessing the know-how of all its teams to accompany its clients through the economic crisis that they, too, are facing and, as in the past, will continue to support their projects, both private and professional.

(*) These provisional figures are given subject to the approval of annual financial statements by the bank's Board of Directors and their certification by statutory auditors, which will be completed in a few weeks.

Consolidated results established on the basis of IFRS will be available in several weeks. Application of IFRS principles to the items reviewed in this announcement will probably lead – on a consolidated basis – to a negative result, which will however not significantly impact the bank's own funds.

Press contacts:

Jean-Louis Margue
Secrétaire général
Tel.: 4242-2340
jean-louis.margue@bgl.lu

Alwin de Prins
Corporate Communications
Tel.: 4242-4668
alwin.deprins@bgl.lu