



Luxembourg, 30 August 2010

## **PRESS RELEASE**

**New stage in the creation of Luxembourg's largest bank**

**Solid financial performance at 30 June 2010**

**Continued brisk pace in commercial business**

### **New stage in the creation of Luxembourg's largest bank**

Under the development plan approved by the Board of Directors on 25 November 2009, BGL BNP Paribas has become a 100% shareholder of BNP Paribas Luxembourg. Together BGL BNP Paribas S.A. and BNP Paribas Luxembourg S.A. will merge to create a single legal entity under the name BGL BNP Paribas with effect from 1 October 2010. This legal merger will be followed by an operational merger at the end of October, marking a new stage in the development of BGL BNP Paribas as a leading contender in the domestic and cross-border market serving its clients and the national economy of Luxembourg. We are now Luxembourg's:

- No.1 bank for businesses
- No. 2 bank for individuals
- No. 1 private bank
- No. 1 employer in the financial sector
- No. 1 supplier of banking services in the Grande Région

### **Solid financial results at 30 June 2010**

Consolidated financial statements under IFRS at 30 June 2010(\*) as reviewed on 26 August 2010 by the BGL BNP Paribas Board of Directors reflect the following major developments:

- Growth in commercial and operational activities;
- Stabilization of interest rates at an historically low level;
- Changes in the scope of banking operations pursuant to decisions made in implementing a demanding business development plan and meeting ambitious goals in customer service.

The bank sold its interests in Fortis Banque (Suisse) and Fortis Investment Management to other BNP Paribas group entities, while retaining a 5.1% interest in BNP Paribas Investment Partners, which manages the group's investment funds and institutional assets. Business handled by BGL Securities Services was sold to BNP Paribas Securities Services in Luxembourg, now one of the country's leading contenders in securities and investment funds. Finally, following restructuring of the



leasing activities on 1 July 2010, the bank now holds a 33.3% interest in the Luxembourg holding company that brings together all of BNP Paribas's leasing operations.

Against this backdrop, which includes a shift to a new structure and scale for its operations, BGL BNP Paribas reported a consolidated net profit of EUR 110.6 million in the first half of 2010 compared with EUR 191 million at 30 June 2009 when the scope of consolidation was significantly different.

This figure was affected by a range of exceptional items linked not only to the changes in scope of consolidation described above, but also to the reversal of an exceptional release of a provision in 2009 during the sale of part of the portfolio of structured products and the impact of major investments (in training, tools and resources) made in deploying the development plan of the bank's activities serving clients. Excluding these exceptional items, reported net profit was down by EUR 37.7 million due to results from treasury activities which did not achieve the exceptionally high level observed in 2009 due to trends in interest rates. Results from commercial activities showed a favourable trend.

The bank's solvency ratio was 22.9%, well above the legal minimum of 8%, making BGL BNP Paribas the best-capitalized bank in Luxembourg, with regulatory own funds of EUR 5.2 billion.

(\*) *BGL BNP Paribas's 2010 half-year report can be downloaded from [www.bgl.lu](http://www.bgl.lu)*

## **Continued brisk pace in commercial business serving clients**

In the first six months of 2010, the bank's core businesses provided active support to clients by continuing to develop products and services to meet their specific needs, both present and future.

**Retail & Corporate Banking** pursued its commercial drive and continued to capitalize on renewed confidence on the part of customers. In retail banking, deposits rose 4%, total structured products were up 47% and bancassurance products increased 21% compared with June 2009. Loan business also showed a positive trend, including a rise of over 7% in property loans. For businesses, outstanding loans remained high and deposits increased 20% reflecting higher volumes for both current accounts and long-term deposits.

New products launched since the beginning of the year include "startin", a blog especially for students and young people taking their first steps in the job market, as well as "Mobile Banking", the first mobile-phone banking solution compatible with LuxTrust security systems.

**Private Banking** reported a 7.4% rise in assets under management compared with June 2009 against a backdrop of favourable market trends. Funds under management contracts and in bancassurance products also showed an excellent rise. Concerning business development in general, inflows of capital reflected a good geographical spread between funds originating in the local market and in other international financial centres.

In **Corporate and Investment Banking**, results of market activities were satisfactory overall and in line with expectations. The bank undertook significant structured and optimisation transactions for a primarily institutional clientele. It also pursued efforts to



ensure full and immediate access of local operators to all BNP Paribas group financial products, and promote the development of more sophisticated services offered from Luxembourg.

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Together this framework reflects the stability of the bank and the resilience of its activities against a backdrop of major investments aimed at making its future organization more efficient.

**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, with a balance sheet totalling EUR 52.5 billion at 30 June 2010. Now a leader on its domestic market, 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.

**About BNP Paribas**

BNP Paribas ([www.bnpparibas.com](http://www.bnpparibas.com)) is one of the six strongest banks in the world\* and the largest bank in the eurozone by deposits. With a presence in more than 80 countries and more than 200,000 employees, including 160,000 in Europe, BNP Paribas is a leading European provider of financial services on a worldwide scale. It ranks highly in its three core activities: Retail Banking, Investment Solutions and Corporate & Investment Banking. In Retail Banking, the Group has four domestic markets: Belgium, France, Italy and Luxembourg. BNP Paribas is rolling out its integrated model across the Europe-Mediterranean zone and boasts a large network in the United States. BNP Paribas Personal Finance is the leader in consumer lending in Europe. In its Corporate & Investment Banking and Investment Solutions activities, BNP Paribas also enjoys top positions in Europe and solid and fast-growing businesses in Asia.

\* Rated AA by Standard & Poor's i.e. 3rd rating level on a scale of 22.

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