



**PRESS RELEASE**

# **Financial Results of BGL BNP Paribas for the Year to 31 December 2012**

➤ **Solid operating results excluding exceptional items**

- *Commercial performance improved*
- *Banking income rose 2.1%*
- *Costs fell 2.1%*
- *The cost of risk was very limited in 2012*

➤ **Consolidated results were influenced by several exceptional items**

- *A change in scope resulting from the integration of BNP Paribas Group's international leasing activities from 30 March 2012*
- *Items related to sovereign debt sales, changes in the valuation of the bank's own debt, a value adjustment caused by a worldwide slowdown in asset management activities, and the completion of integration projects*

➤ **Consolidated net profit under IFRS**

- *Consolidated net profit under IFRS came to €266.8 million compared with €297.8 million a year before*

➤ **The strongest capital base of any Luxembourg bank**

- *Own funds of €5.8 billion*
- *Strong solvency ratio of 22.8%, comfortably above the regulatory minimum*

➤ **A socially responsible bank committed to serving customers and employees**

- *€1 billion budgeted to small and medium-sized businesses and a range of financial and non-financial services dedicated to NGOs and community organisations*
- *ABBL Charter for Diversity signed, "Actions Positives" accreditation obtained*
- *"Green Workplace Award" and "Prix de l'entreprise éco mobile"*

➤ **Recognition for excellence**

- *2012 Luxembourg Bank of the Year (The Banker)*
- *2012 Best Private Bank in Luxembourg (Euromoney)*



On 4 April 2013, the Ordinary General Meeting of Shareholders, chaired by Georges Heinrich, approved the consolidated financial statements of BGL BNP Paribas under IFRS at 31 December 2012.

**Net banking income** totalled €1,123.4 million. Excluding changes in scope related to the integration of leasing activities and exceptional items, net banking income rose 2% relative to 2011 to €783.5 million owing to growth in commercial activities.

**Luxembourg Retail & Corporate Banking** reported a 2% increase in loan outstandings compared with 2011 as a result of stronger volumes with businesses and individuals, including solid growth in mortgage lending. Deposits grew an impressive 10%, notably due to strong business inflows. Off-balance sheet savings rose substantially, driven by greater demand for life insurance products. The division's revenues rose 2.4%, and keeping management costs under control helped significantly improve the operating ratio. The bank finished setting up six private banking sites in Luxembourg that will give wealthy resident customers access to the bank's Wealth Management expertise as well as the local services of its branch network.

**Wealth Management (WM)** reported a 2.9% increase in 2012 net banking income. Over the past year, the division's range of products and services has been expanded to keep pace as client needs change amid increasingly complex economic and market conditions. For example, the bank reinforced its advisory and management services, making inroads with the clientele throughout the year. Wealth Management expertise was shared with customers through a new lecture cycle entitled *Meet the Experts*, launched in 2012.

**Corporate & Investment Banking (CIB)** results improved considerably amid ever-stricter regulatory conditions.

**Leasing's** 2012 results were marked by one-off expenses related to its reorganisation and the drop in outstandings, in keeping with the adjustment plan calling for the restructuring of non-strategic businesses in certain regions. Over the full year 2012, the net contribution of leasing activities came to €75.2 million, compared with €84.1 million in 2011, owing to the decrease in outstandings called for in the adjustment plan for the non-core portfolio.

**Operating expenses** came to €631 million. Excluding leasing activities and integration-related restructuring costs (€19.9 million vs. €35.6 million in 2011), general expenses fell 2%.

The **cost of risk** came to €60.6 million, with the biggest amounts allocated to leasing activities (-€53.8 million). Excluding changes in scope and exceptional items in 2011 and 2012 related to the restructuring of Greek debt, the provision in 2012 was limited to €4.3 million.



## 2012 characterised by a range of exceptional items

**BGL BNP Paribas took control of the BNP Paribas Leasing Solutions holding company**, which houses the leasing business of the BNP Paribas Group. To diversify its activities, BGL BNP Paribas increased its stake from 33% to 50% plus one share. From an accounting standpoint, this means that the leasing business was fully consolidated by the bank from 31 March 2012 onwards.

Furthermore, following over from late 2011, the bank continued to reduce its **exposure to sovereign debt** in the first half of 2012. Sales of Portuguese and Greek debt had respective negative impacts of €56.0 million on net banking income and €2.6 million on the cost of risk. In 2011, net banking income was negatively impacted by €10.1 million and the cost of risk was adversely affected by value adjustments of €113.8 million for exposure to Greek debt.

The bank was also affected by the **revaluation of its own debt**, which was heavily influenced by the tightening of BNP Paribas' credit spreads. This factor erased €37.6 million of net banking income in 2012, whereas in 2011 it generated a €35.9 million gain.

As a result of the worldwide slowdown in asset management activities, in 2012 the Bank recorded a negative **value adjustment** of €50.0 million on its 5.1% stake in BNP Paribas Investment Partners.

The completion of **integration projects** in 2012 lowered costs by €15.7 million relative to 2011.

All in all, amid difficult economic conditions marked by the exceptional factors cited above, BGL BNP Paribas generated a 2012 **consolidated net profit** of €266.8 million (€297.8 million in 2011).

### High solvency

The bank's solvency ratio at 31 December 2012 was 22.8%, comfortably above the required regulatory minimum of 8%. With regulatory own funds of €5.8 billion, BGL BNP Paribas has the strongest capital base of any bank in Luxembourg, which gives it the ability to assist with its customers' projects.

### A socially responsible bank committed to serving customers and employees

As a major player in the Luxembourg financial centre, BGL BNP Paribas has reaffirmed its commitment to be a socially responsible bank with respect to its customers and employees. A privileged partner of entrepreneurs, the bank strengthened its support of small and medium-sized businesses in Luxembourg by devoting this segment a budget of €1 billion for developing their activities and their investment projects.



Furthermore, the bank developed an integrated concept for NGOs and community organisations that gives them one-click access to a full range of dedicated financial and non-financial products and services. Examples include the payment of bonuses totalling nearly €25,000 in respect of FY 2012 to customer NGOs and community organisations with a savings account at the bank, as well as a skills-lending programme that matches the skills of bank employees with the needs of NGOs and community organisations.

Because of its strong commitment to diversity, in March 2012 BGL BNP Paribas became the first company in the banking sector to sign the charter for diversity and equal opportunities at work developed by the Luxembourg Bankers' Association (ABBL). The bank also won "Actions Positives" accreditation in 2012 from the Ministry of Equal Opportunities for its 34-point plan to promote equal opportunities for the men and women on its staff.

In 2012, the bank continued its efforts to protect the environment. A recharging station for electric cars that uses green electricity and is freely available to the public was installed, and a campaign was launched to raise employee awareness with the message "Let's lower our energy consumption in 2012". In recognition of its efforts, in 2012 BGL BNP Paribas won the Green Workplace Award and the "Prix de l'entreprise éco mobile".

The bank also reaffirmed its longstanding support of sport and cultural events, notably renewing its sponsorship of the Luxembourg Olympic and Sports Committee and the Luxembourg Philharmonic Orchestra and the Philharmonie Luxembourg.

### **Recognised for excellence**

For the second year running, in 2012 BGL BNP Paribas was named Luxembourg Bank of the Year by the international magazine *The Banker*, as well as Best Private Bank in Luxembourg by *Euromoney*.

*BGL BNP Paribas's 2012 annual report is available in French at [www.bgl.lu](http://www.bgl.lu).*

#### **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. 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 2012 the international magazine *The Banker* named BGL BNP Paribas "Bank of the Year" in Luxembourg for the second year in a row.

#### **About BNP Paribas**

BNP Paribas ([www.bnpparibas.com](http://www.bnpparibas.com)) has a presence in nearly 80 countries with 190,000 employees, including 145,000 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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