



PRESS RELEASE

# BGL BNP Paribas financial results at 30 June 2013

## Strong performance in a changing environment

- **Business income higher**
  - *Luxembourg Retail & Corporate Banking saw a 2.7% rise in average loans outstanding and an 8.3% increase in average deposit volume*
  - *Good business performance by Wealth Management in first half 2013*
  - *Strategic international Leasing activities have kept to develop favourably*
- **Operating expenses firmly under control**
  - *Operating expenses down 6%, excluding the impact of the consolidation method change*
- **Consolidated net profit up sharply**
  - *Consolidated net profit excluding minority interests reached EUR 211.1 million compared with EUR 109.2 million in first half 2012*
- **High Solvency**
  - *Own funds of EUR 5.9 billion*
  - *Substantial 24% solvency ratio (under Basel II), well above the regulatory minimum*
- **An innovative, responsible and committed bank**
  - *Branch modernisation programme continues based on an innovative customer-centric model*
  - *Continuation of the business incubator platform "lux future lab" launched in 2012*
  - *Responsible support for customers in a fast-changing environment*



On 28 August 2013, the BGL BNP Paribas Board of Directors reviewed the consolidated financial statements under IFRS at 30 June 2013<sup>(\*)</sup>.

Despite a persistently difficult economic environment in Europe, BGL BNP Paribas reported **consolidated net profit excluding minority interests** of EUR 211.1 million for the first half of 2013, up sharply on the first half 2012 figure of EUR 109.2 million.

**Net banking income** totalled EUR 737.2 million at 30 June 2013 compared with EUR 455.7 million at 30 June 2012. Excluding exceptional items and the change of scope resulting from the consolidation of leasing business, net banking income was up 6%.

As a reminder, the first half 2012 had been marked with the increase in the bank's stake in BNP Paribas Leasing Solutions, a holding company that manages the BNP Paribas Group's leasing business, from 33.33% to 50% plus 1 share. This controlling interest implied a full consolidation by the bank as from 31 March 2012 onwards.

Two main developments marked the first half of 2013:

- A rising contribution from business activities as at 30 June 2013 in spite of a first impact linked to the announced change in regulations governing automatic exchanges of information on interest payments to individuals residing in a European Union member state other than Luxembourg.
- The exceptional items that heavily impacted first half 2012 were non-recurring. Specifically, these included the negative effects of lower exposure to sovereign debt (EUR -56 million) and the revaluation of own debt (EUR -17 million compared with EUR -2.6 million in 2013).

**Operating expenses** came to EUR 332.9 million compared with EUR 280.7 million in first half 2012. Stripping out the change of consolidation method for the leasing business, operating expenses were down 6%, of which 4% (EUR 17.8 million) was due to lower investment costs for programmes intended to simplify or improve the operational effectiveness of the bank's processes.

The **cost of risk** was EUR 12.6 million compared with EUR 10 million in first half 2012.

**Non-operating income** was EUR 13.3 million versus EUR 11 million for first half 2012.

In terms of commercial activities, **Luxembourg Retail & Corporate Banking** reported a 2.7% increase in average loan outstandings, while average deposit volume rose 8.3%, notably due to strong business inflows. Business income was up slightly on first half 2012. Assets under management in Private Banking dedicated to Luxembourg-based clients have been growing steadily.

During the period under review, the bank focused on opportunities for business collaboration with the other BNP Paribas Group entities operating in Luxembourg. For example, cooperation with Cardif Lux Vie was stepped up. In terms of cross-border



business, BGL BNP Paribas cooperated with the French and Belgian entities of the BNP Paribas Group, taking advantage of the business fit to design offerings for cross-border commuters. Concerning France in particular, BGL BNP Paribas and BNP Paribas jointly opened two branches, one in Esch-Belval, the other in Audun-le-Tiche, with a view to serving cross-border customers more effectively.

**Wealth Management** turned in a gratifying performance in first half 2013, with a rise in operating profit. Amid deep changes in the regulatory environment, assets under management for European private clients rose 1% during first half 2013. The activity also continued to adjust its business model, refocusing on international high net worth clients. It implemented this strategy through a market-based organisation with a tighter focus on three segments: mature European markets, emerging markets, and the professional banking segment (relations with asset management professionals).

The quality of the bank's products and services was recognised once again with the 2013 edition of the Euromoney prize for the "Best Range of Investment Products" in Luxembourg.

The results of **Corporate & Investment Banking** declined especially due to less favourable market conditions.

International **Leasing** saw a fall in outstandings, consistent with the plan to adjust the non-strategic portfolio. However, the impact on income was limited owing to a selective policy on profitability. For "Equipment & Logistics Solutions" and for "IT & Office Automation Solutions", the first half of 2013 was positive as a result of enhanced partnership agreements, both with long-standing partners and with new entities. The operating ratio improved as a result of effective cost control.

### **Solvency remains high**

The bank's solvency ratio at 30 June 2013 (under Basel II) was 24%, comfortably above the required regulatory minimum of 8%. With EUR 5.9 billion of regulatory own funds, BGL BNP Paribas remains the best capitalised bank in Luxembourg and is therefore able to assist and support its customers' projects.

### **An innovative, responsible and committed bank**

In first half 2013 BGL BNP Paribas continued fulfilling its commitment to be an innovative and responsible bank for customers and staff and for the society in which it operates.

It continued to invest in the quality of customer reception, forging ahead with the programme to expand the network and keep pace with customers' changing needs and expectations. The Kaldall branch was extensively refurbished in accordance with an innovative model based on customer-centricity. And in early June the bank inaugurated its brand-new Esch-Belval branch, which puts the emphasis on user-friendliness backed



by the very latest technologies.

BGL BNP Paribas also supports innovation through its “lux future lab” project, a business incubator and training platform set up in 2012, which has so far hosted 12 start-ups. An integral component of this ground-breaking project is the Summer School, which was organised for the second year running in July and hosted 27 high school students aged between 16 and 18.

Last but not least, the bank reaffirmed its longstanding support of sport and cultural events. For example, it pursued its commitments to the Luxembourg Olympic and Sports Committee and to the Luxembourg Philharmonic Orchestra and the Philharmonie Luxembourg. It was also one of the main sponsors of the Games of the Small States of Europe, held from 27 May to 1 June 2013 in Luxembourg.

(\*) BGL BNP Paribas' 2013 half-year report is available in French and can be downloaded from [www.bgl.lu](http://www.bgl.lu).

EUR million

Consolidated half-year results

	First half 2013	First half 2012	Second half 2012
<b>Net banking income</b>	<b>737.2</b>	<b>455.7</b>	<b>667.7</b>
<b>Operating expenses</b>	<b>-332.9</b>	<b>-280.7</b>	<b>-350.3</b>
<b>Cost of risk</b>	<b>-12.6</b>	<b>-10.0</b>	<b>-50.6</b>
<b>Net profit (excluding minority interests)</b>	<b>211.1</b>	<b>109.2</b>	<b>157.6</b>

#### 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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