

## PRESS RELEASE

### ■ PROFIT AND LOSS ACCOUNT OF BANKS AS AT 30 JUNE 2008

The Commission de Surveillance du Secteur Financier estimates profit before provisions of the Luxembourg banking sector at EUR 3,244 million as at 30 June 2008. This figure represents a 1.8% decrease as compared to 30 June 2007, when profit before provisions amounted to EUR 3,305 million.

The decrease in operational income of Luxembourg credit institutions remains limited despite the ongoing turmoil in the financial markets. The Luxembourg banking sector, whose exposure to the "subprime" loans is only marginal, is nevertheless affected by the effects of this crisis. Other net income for instance, which includes in particular the changes in the value of the trading portfolio, decreased by EUR 610 million over one year. The downward trend of the stock exchanges moreover affected the wealth management activities, as shown in the commissions received, which fell by 5.0% as compared to 30 June 2007.

The important wealth management activities allow the Luxembourg banking sector to enjoy a very comfortable liquidity situation. Luxembourg banks may thus take advantage of the current financing conditions. In this context, the interest rate margin increased by 27.8% over one year.

Banking income, representing the total banking revenue, remained nearly unchanged at EUR 5,442 million. Having regard to the 4.7% increase in general expenses, profit before provisions reached EUR 3,244 million.

Based on the provisional figures currently available, net constitution of provisions, which includes value adjustments to structural portfolios, recorded a substantial increase by EUR 379 million as compared to 30 June 2007. This increase results from the ongoing effects of the market disruption in the first half-year. After tax deduction, which decreased only slightly by 2.4%, provisional net profit decreased by 15.5%.

The subprime crisis does not threaten the financial soundness of the Luxembourg banking sector, which maintains its capacity to generate positive results and to consolidate its capital base. No Luxembourg bank is in a situation that challenges the security of deposits.

#### Profit and loss account as at 30 June 2008

Items in million EUR	June 2007	June 2008	%
Interest-rate margin <sup>1</sup>	2,699	3,449	27.8%
Commissions received	2,063	1,960	-5.0%
Other net income	643	33	-94.9%
<b>Banking income</b>	<b>5,405</b>	<b>5,442</b>	<b>0.7%</b>
Staff costs	1,153	1,210	4.9%
Other general expenses	946	987	4.3%
<b>General expenses</b>	<b>2,099</b>	<b>2,197</b>	<b>4.7%</b>
<b>Profit before provisions</b>	<b>3,305</b>	<b>3,244</b>	<b>-1.8%</b>

<sup>1</sup> Including dividends received from subsidiaries.