

PRESS RELEASE

■ PROFIT AND LOSS ACCOUNTS OF CREDIT INSTITUTIONS AS AT 31 MARCH 2007

Based on provisional figures as at 31 March 2007¹, the Commission de Surveillance du Secteur Financier estimates gross profit before provisions of the Luxembourg banking sector at EUR 1,578 million. This amount represents a 10.8% decrease as compared to 31 March 2006, when profit before provisions reached EUR 1,769 million.

The figures as at 31 March 2006 included substantial extraordinary income, mainly due to an extraordinary gain performed by one bank in the financial centre following the spin-off of one of its business lines. These non-recurring extraordinary elements taken apart, the operating result increased by 14.9% in the first quarter 2007 against the same period 2006.

The growth in commissions received of 4.4% was less strong than that recorded in the first quarter of 2006, where commissions received were exceptionally high. This item directly depends on the development of stock market indicators that was less marked in the first quarter 2007. The interest-rate margin shows a remarkable rise of 27.2% which was due mainly to variable-yield securities income. This income chiefly included the dividends paid by subsidiaries and the holdings of banks. The drop in other net income is largely attributable to extraordinary elements.

As regards expenses, the important growth of 10.9% in staff costs should be pointed out. This development can be explained both by significant recruitment in the sector and wage increases.

The rise in operating income continues to exceed that of general costs so that the overall operational profitability of the banking sector is still growing.

Items in million EUR	March 2006	March 2007	%	% (except for extraordinary products)
Interest-rate margin	1,035.3	1,316.6	27.2%	27.2%
<i>of which: securities income</i>	<i>144.3</i>	<i>259.9</i>		
Commissions received	889.9	928.7	4.4%	4.4%
Other net income	734.0	302.0	-58.9%	-16.7%
<i>of which exceptional products</i>	<i>458.5</i>	<i>72.6</i>		
Banking income	2,659.2	2,547.3	-4.2%	12.4%
Staff costs	478.2	530.5	10.9%	10.9%
Other general expenses	411.6	438.6	6.6%	6.6%
General expenses	889.9	969.1	8.9%	8.9%
Profit before provisions	1,769.4	1,578.2	-10.8%	14.9%

¹ Survey carried out on a sample of 96.1% of the profit before provisions.