Commission de Surveillance du Secteur Financier

PRESS RELEASE 13/33

PROFIT AND LOSS ACCOUNT OF CREDIT INSTITUTIONS AS AT 30 JUNE 2013

The CSSF estimates profit before provisions of the Luxembourg banking sector at EUR 2,890 million for the first half of 2013. Compared to the same period in 2012, profit before provisions thus increased by 13.4%.

As at 30 June 2013, the development of banking income (+8.1% compared to last year) showed a positive trend as compared to the figures of March 2013. This positive development is linked to anticipated dividend payments, which, in 2012, had only been made in September, and mainly to volatile market effects which resulted in an increase in the value of the securities portfolios valued at market price over a year.

As far as income is concerned, the decrease in the **interest-rate margin** has continued since the first half of 2009, when this margin reached EUR 3.7 billion. The decrease occurred in the general context of a decrease in the banks' balance sheets and of a very low interest rate level. As at 30 June 2013, the decrease reached 6.6% year-on-year. However, this represents a positive figure if compared to the annual decrease of 16.3% recorded in the profit and loss of March 2013. The interest-rate margin as at 30 June 2013 also included EUR 150 million dividend income which used to be paid out later in the year. **Commissions received** showed in the first half of 2013 an increase of 7.9%, which confirms the trend already recorded in March 2013 and mainly reflects administration and management services provided by Luxembourg banks to investment funds. **Other net income** showed a positive development of EUR 438 million year-on-year, reflecting thus an increase in the market values of securities portfolios as a consequence of the positive development of their market price.

Overall, income in the banking sector as measured by banking income increased by 8.1% over a year.

General expenses rose by 2.5% over a year. This increase has been generated only by the increase in **staff costs**, as general administrative costs remained unchanged. The important increase in staff costs (+4.9%) is attributable to the costs linked to headcount reduction carried out by some banks of the financial centre.

The aggregated amount of the aforementioned developments resulted in a 13.4% increase in the profit before provisions year-on-year.

Profit and loss account as at 30 June 2013

Items in million EUR	June 2012	June 2013	%
Interest-rate margin[1]	2,860	2,672	-6.6%
Commissions received	1,922	2,074	7.9%
Other net income	206	644	212.7%
Banking income	**4,988**	**5,390**	**8.1%**
Staff costs	1,301	1,365	4.9%
Other general expenses	1,138	1,135	-0.2%
General expenses	**2,439**	**2,500**	**2.5%**
Result before provisions	**2,549**	**2,890**	**13.4%**

Luxembourg, 19 July 2013

[1] Including dividends received from subsidiaries