

PRESS RELEASE 15/45

■ PROFIT AND LOSS ACCOUNT OF CREDIT INSTITUTIONS AS AT 30 SEPTEMBER 2015

The CSSF estimates profit before provisions of the Luxembourg banking sector for the first nine months of 2015 at EUR 4,068 million. Compared to the same period in 2014, profit before provisions thus decreased by 3.8%.

The items which mainly contributed to this decrease are other net income and other general expenses which experienced strong fluctuations compared to their level in the third quarter of 2014.

Whereas the intermediation activity remained at the same level, the **interest-rate margin** declined by 1.4%. This downward development reflected the banks' difficulty to operate in the current environment characterised by low interest rates.

Compared to their level at the end of the third quarter of 2014, **net commissions received** climbed by 5.5%. This rise took place in a context of favourable financial markets and of an increase of activities, particularly at the level of depositary banks. These developments resulted in the increase of commissions/fees receivable.

During the same period, **other net income** experienced a negative trend (-6.3%). This item is usually more volatile due to its composition. The drop observed at the end of September 2015 compared to the same period in 2014 is only due to a limited number of banks of the financial centre and results from non-recurrent factors.

General expenses rose by 4.5% over a year. This increase is exclusively linked to the other general expenses whereas staff costs fell by 0.5% over a year. The increase of other general expenses was particularly sharp in depositary banks and related to the positive developments of their activities. The rise is partly explained by the investments in IT systems.

The aggregated amount of the aforementioned developments results in a 3.8% decrease of the profit before provisions year-on-year.

Profit and loss account as at 30 September 2015

Items in million EUR	September 2014	September 2015	%
Interest-rate margin ¹	3,143	3,100	-1.4%
Net commissions received	3,037	3,205	5.5%
Other net income ¹	1,835	1,720	-6.3%
Banking income	8,015	8,025	0.1%
Staff costs	2,032	2,023	-0.5%
Other general expenses	1,756	1,934	10.1%
General expenses	3,788	3,957	4.5%
Profit before provisions	4,227	4,068	-3.8%

¹In order to better reflect the trends of the different income sources of the banks, the dividends received have been reclassified from interest-rate margin to other net income. This reclassification appropriately reflects the existing relation between the assets valued at fair value and the distribution of relating dividends.