

PRESS RELEASE

■ PROFIT AND LOSS ACCOUNT OF CREDIT INSTITUTIONS AS AT 30 JUNE 2009

On the basis of provisional figures¹, the Commission de Surveillance du Secteur Financier estimates profit before provisions of the Luxembourg banking sector at EUR 3,396 million as at 30 June 2009, representing an 11.3% increase as compared to 30 June 2008 when profit before provisions amounted to EUR 3,050 million.

As far as income is concerned, the trends noted during the first quarter of 2009 were confirmed. The item of other income, which includes in particular fair value changes of securities held by banks, has returned to a surplus. While in the first half of 2009 fixed-income securities reversed certain losses registered in 2008, the balance of other income amounted to EUR +306 million against an EUR 88 million loss last year. The upward trend also continued for interest income where the banks still benefit from the favourable conditions for maturity transformation. However, the increase in the interest-rate margin which includes interest income and dividends was limited to 6.9% due to the strong decrease of dividends which Luxembourg banks received from subsidiaries during the first half of 2009. These dividends relating to the good financial year 2007 were particularly high in 2008. As far as commissions received are concerned, the drop remained at 16.4% year-on-year. This fall resulted from the drop in stock market values in 2008 which decreased management fees received on the basis of assets under management and which discouraged brokerage activities on behalf of investors who became more reluctant. Overall, banking income recorded a 6% increase year-on-year.

Moreover, as general expenses decreased by 1.5%, profit before provisions increased by 11.3% compared to 30 June 2008. Given the net creation of provisions caused by the economic development of the first half of 2009, net profit which takes into account provisions not included in profit before provisions reached the level of June 2008.

Profit and loss account as at 30 June 2009

Items in million EUR	June 2008	June 2009	%
Interest-rate margin ²	3,379	3,613	+6.9%
Commissions received	1,932	1,616	-16.4%
Other net income	-88	306	
Banking income	5,222	5,535	+6.0%
Staff costs	-1,197	-1,195	-0.1%
Other general expenses	-975	-943	-3.3%
General expenses	-2,172	-2,139	-1.5%
Profit before provisions	3,050	3,396	+11.3%

Luxembourg, 22 July 2009

¹ The banks included in the survey sample represent 96.1% of the profit before provisions of the financial year 2008.

² Including dividends received from subsidiaries