

## PRESS RELEASE 15/07

### ■ PROFIT AND LOSS ACCOUNT OF CREDIT INSTITUTIONS AS AT 31 DECEMBER 2014

The CSSF estimates profit before provisions of the Luxembourg banking sector at EUR 5,098 million as at 31 December 2014. Compared to the same period in 2013, profit before provisions thus decreased by 2%.

As compared to December 2013, the banking income, which represents the overall banking income, decreased by 1.6% at the end of 2014. Two effects explain this development: (i) a significant decrease of the other net income of 12.4% resulting mainly from an adverse variation of the financial assets held by some banks; (ii) despite a rise in the banking balance sheets, an interest rate margin which continues to decrease due to interest rates remaining at historical lows. Only the commissions received (+4.8% year-on-year) could partially counteract the banking income decrease. In an economic context characterised by low interest rates, the commissions received become a more significant source of income for Luxembourg banks.

The annual decrease of the banking income of 1.6% could only be partially mitigated by the reduction in general expenses of 1.1% between December 2013 and 2014. This reduction results in particular from the staff costs whose reduction of 1.5% over a year corresponds mainly to staff cuts in banks during 2013.

#### Profit and loss account as at 31 December 2014

Items in million EUR	December 2013	December 2014	%
Interest rate margin <sup>1</sup>	4,966	4,790	-3.6%
Commissions received	3,723	3,903	4.8%
Other net income	1,296	1,135	-12.4%
<b>Banking income</b>	<b>9,985</b>	<b>9,828</b>	<b>-1.6%</b>
Staff costs	2,519	2,480	-1.5%
Other general expenses	2,266	2,249	-0.7%
<b>General expenses</b>	<b>4,785</b>	<b>4,730</b>	<b>-1.1%</b>
<b>Profit before provisions</b>	<b>5,200</b>	<b>5,098</b>	<b>-2.0%</b>

Luxembourg, 21 January 2015

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