

PRESS RELEASE

■ STEEP RISE IN THE PROFIT AND LOSS ACCOUNTS OF CREDIT INSTITUTIONS AS AT 31 DECEMBER 2005

Based on provisional figures as at 31 December 2005¹, the Commission de Surveillance du Secteur Financier estimates gross profit before provisions of the Luxembourg banking sector at EUR 4,247 million. This figure represents a 14% increase as compared to 31 December 2004, when profit before provisions reached EUR 3,726 million.

The Luxembourg credit institutions close the year 2005 with steeply rising results. Banking income, the measure of operational income, grows by 9.8%. Driven by the sound stock exchange situation and the development of the investment fund industry, commissions received grow by 14.3%. Capital gains on the sale of shareholdings allow a 56% increase in the other net income. Income from interest is the only item that recorded a decrease (-1.5%).

As far as costs are concerned, general expenses climb by 4.6% owing to the substantial increase in staff costs (+6.6%).

The increase in banking income amply offsets that in administrative costs, leading to a sharp 14% increase in profit before provisions.

Profit and loss account as at 31 December 2005

Items in million EUR	2004	2005	%
Interest-rate margin ²	3,639	3,585	-1.5%
Commissions received	2,388	2,730	14.3%
Other net income	656	1,024	56.0%
Banking income	6,683	7,339	9.8%
Staff costs	1,532	1,633	6.6%
Other general expenses	1,425	1,458	2.4%
General expenses	2,957	3,092	4.6%
Profit before provisions	3,726	4,247	14.0%

Luxembourg, 16 January 2006

¹ Survey carried out on a sample of 93.4% of the profit before provisions of the financial year 2004.

² Including dividends received from subsidiaries.