

PRESS RELEASE

■ PROFIT AND LOSS ACCOUNT OF CREDIT INSTITUTIONS AS AT 30 SEPTEMBER 2008

The Commission de Surveillance du Secteur Financier estimates profit before provisions of the Luxembourg banking sector at EUR 3,963 million as at 30 September 2008 representing a 5.7% decrease as compared to 30 September 2007, when profit before provisions amounted to EUR 4,205 million.

The profit and loss account of Luxembourg credit institutions continues to be influenced by the effects of the subprime crisis. The downward development of the financial markets decreases the value of the securities held by banks. Thus, other net income which comprises the changes in the value of the securities trading portfolio, decreased by EUR 1,048 million over one year. The sluggish market environment is also mirrored in the commissions received which decreased by 6.2% over one year. However, in a context where the liquidity has become scarce, the Luxembourg banking sector greatly benefits from its liquidity surplus. Therefore, there is a 31.6% increase in the interest rate margin.

Having regard to the 6.4% increase in general expenses, profit before provisions has decreased. It has been reduced by EUR 241 million (-5.7%) year-on-year.

Based on the provisional figures currently available, net constitution of provisions, which includes value adjustments to non-trading book assets, increased by EUR 1,518 million as compared to 30 September 2007. Consequently, the provisional net profit reached EUR 1,768 million as at 30 September 2008 representing a 47% year-on-year decrease.

These figures do not indicate the possible provisioning needs towards some Icelandic debtors because these needs appeared after the closing of profit and loss account as at 30 September 2008 and because the value of these exposures is uncertain.

The advances to be paid by the Luxembourg banks because the deposits of the Luxembourg subsidiaries of the Icelandic banks Glitnir, Kaupthing and Landsbanki, which declared the suspension of payments at the beginning of October 2008, are unavailable, should, on the contrary, not reduce the net profit of the banking sector insofar as the Luxembourg banks have overall enough provisions constituted during the previous financial years in order to cover the possible intervention of the deposit guarantee association (AGDL).

Profit and loss account as at 30 September 2008

Items in million EUR	September 2007	September 2008	%
Interest rate margin ¹	3,799	4,998	31.6%
Commissions received	3,046	2,859	-6.2%
Other net income	541	-507	-193.7%
Banking income	7,386	7,350	-0.5%
Staff costs	1,738	1,863	7.2%
Other general expenses	1,444	1,523	5.5%
General expenses	3,182	3,386	6.4%
Profit before provisions	4,205	3,963	-5.7%

Luxembourg, 3 November 2008

¹ Including dividends received from subsidiaries.