

## PRESS RELEASE

### ■ PROFIT AND LOSS ACCOUNT OF BANKS AS AT 31 MARCH 2008

The CSSF estimates profit before provisions of the Luxembourg banking sector at EUR 1,246 million as at 31 March 2008. This figure represents a 23.9% decrease as compared to 31 March 2007, when profit before provisions amounted to EUR 1,637 million, and confirms the estimates of the CSSF published at the presentation of the CSSF's Annual Report on 22 April 2008.

The financial markets have been characterised by an extreme volatility during the first quarter of 2008 and the valuation levels of credit-related financial assets reached a record low since the beginning of the financial turmoil in the summer of 2007. These developments have left their mark on the financial statements of Luxembourg banks as shown in other net income, resulting in a loss of EUR 282 million as at 31 March 2008.

During the first three months of the year, financial intermediation activity has remained strong, despite the financial turmoil. In general, the wealth management activities allowed the Luxembourg banking sector to have a very comfortable liquidity situation. In a context where risk premiums are rising, the recycling of these liquidities allowed Luxembourg banks to increase their intermediation income. The interest-rate margin amounted to EUR 1,617 million, representing a 20.6% increase year-on-year. On the other hand, as a result of the financial uncertainties and the downward trend in capital markets, commissions received decreased by 5.8% year-on-year.

As far as expenses are concerned, general administrative expenses recorded a decrease by 2.3% and personnel expenses increased by 5.4%. These developments represent a 23.9% decrease in the profit before provisions, which amounted to EUR 1,246 million as at 31 March 2008.

### Profit and loss account as at 31 March 2008

Items in million EUR	March 2007	March 2008	Variation in %
Interest-rate margin <sup>1</sup>	1,341	1,617	20.6%
Commissions received	1,060	999	-5.8%
Other net income	304	-282	-192.7%
<b>Banking income</b>	<b>2,705</b>	<b>2,334</b>	<b>-13.7%</b>
Staff costs	588	620	5.4%
Other general expenses	480	469	-2.3%
<b>General expenses</b>	<b>1,068</b>	<b>1,088</b>	<b>1.9%</b>
<b>Profit before provisions</b>	<b>1,637</b>	<b>1,246</b>	<b>-23.9%</b>

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