

PRESS RELEASE 13/05

■ PROFIT AND LOSS ACCOUNT OF CREDIT INSTITUTIONS AS AT 31 DECEMBER 2012

The CSSF estimates profit before provisions of the Luxembourg banking sector at EUR 4,791 million for the year 2012. Despite the decrease in operating results, the result before provisions grew by 17.8% as at 31 December 2012 as compared to 31 December 2011.

The profit and loss account relating to the year 2012 reflects a difficult economic and financial context for the Luxembourg banking sector. Operating results - **interest-rate margin and net commissions received** - followed a downward trend throughout the year 2012. The interest-rate margin dropped by 5.5% due to intermediation margins that remained at a very low level. It should however be noted that the extent of the downturn is partly due to a German bank that closed its activities in Luxembourg and whose intermediation profits alone represented 3% of the interest-rate margin for the financial year 2011. As a consequence, the interest-rate margin was reduced by the same extent for the financial year 2012 compared to last year. As far as "commissions received" are concerned, the very uncertain stock exchange climate brought along declining income in wealth management activities. The net commissions received fell by 2.9% over a year.

In this context, the 10.3% growth in **banking income** can be explained by the sole progression of other net income. As at 31 December 2011, the item "other net income" included important losses on securities resulting from the very unfavourable developments in financial markets following the European sovereign debt crisis. As this was no longer the case for the financial year 2012, "other income" consequently turned into a positive item.

Having regard to the 4% increase in **general expenses**, profit before provisions grew by 17.8% year-on-year.

In 2011, the net creation of provisions had been particularly high due to the Greek debt depreciation. In 2012, provisions are expected to be significantly lower, which should result in a substantial increase in the **net result** over a year.

Profit and loss account as at 31 December 2012

Items in million EUR	December 2011	December 2012	%
Interest-rate margin ¹	5,850	5,529	-5.5%
Commissions received	3,816	3,704	-2.9%
Other net income	-826	521	
Banking income	8,840	9,754	+10.3%
Staff costs	2,526	2,605	+3.1%
Other general expenses	2,246	2,357	+5.0%
General expenses	4,772	4,963	+4.0%
Result before provisions	4,068	4,791	+17.8%

Luxembourg, 23 January 2013

¹ Including dividends received from subsidiaries