

PRESS RELEASE 10/18

■ PROFIT AND LOSS ACCOUNT OF CREDIT INSTITUTIONS AS AT 30 JUNE 2010

The Commission de Surveillance du Secteur Financier estimates results before provisions of the Luxembourg banking sector at EUR 2,441 million as at 30 June 2010. Compared to the first half of 2009, the result before provisions sharply decreased by 31.8%.

The main elements of the profit and loss account followed the trend of the results recorded in the first quarter of 2010. Thus, the interest-rate margin continued its decline on an annual basis due to the less attractive transformation conditions, whereas commissions received further progressed in the context of the recovery of stock market values since their floor levels were reached in the first quarter of 2009. Compared to the first quarter of the year, the strong drop in other net income, largely volatile, is attributable to the decrease of the fair value of the securities held by banks due to the increase in market risk premiums in the second quarter of 2010. The addition of these developments implied a decrease in banking income by 17.3% on an annual basis, whereas banking income had still appeared relatively stable at the end of the first quarter.

Staff costs increased by 6%. This trend may be explained, in part, by social contributions triggered by the reduction in banking staff. The other general expenses recorded a slight increase.

Overall, in the first six months of the year, the above factors taken as a whole led to a result before provisions which decreased by 31.8% compared to last year, while it had only registered an annual decrease of 5.5% at the end of the first quarter.

Profit and loss account as at 30 June 2010

Items in million EUR	June 2009	June 2010	%
Interest-rate margin ¹	3,679	2,978	-19.1%
Commissions received	1,635	1,782	+9.0%
Other net income	436	-2	-100.5%
Banking income	5,750	4,757	-17.3%
Staff costs	1,217	1,290	+6.0%
Other general expenses	955	1,027	+7.5%
General expenses	2,172	2,316	+6.6%
Result before provisions	3,578	2,441	-31.8%

Luxembourg, 27 August 2010

¹ Including dividends received from subsidiaries