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FINANCIAL SERVICES

Luxembourg Banks Insights 2012

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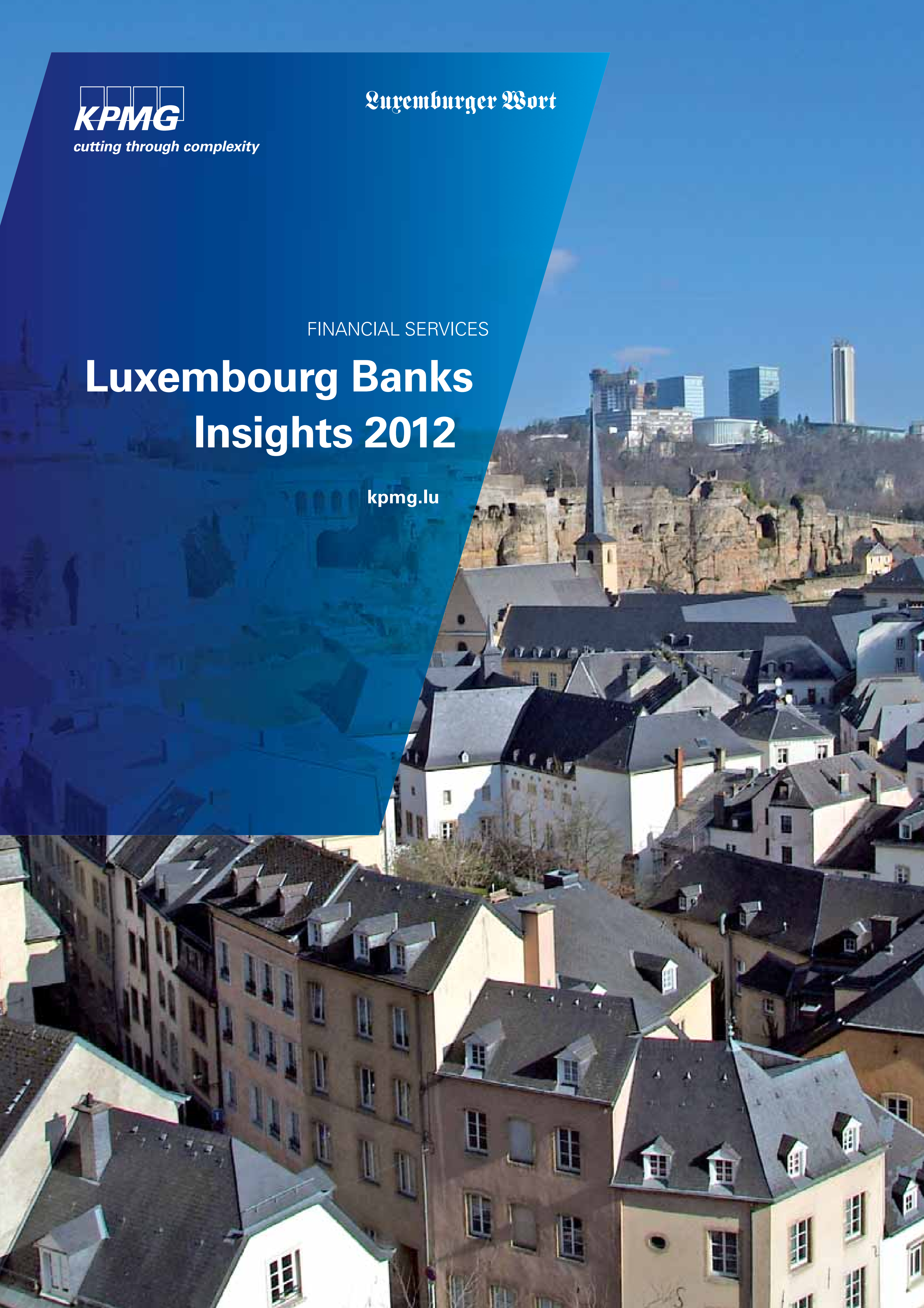

Partenaire financier privilégié des entreprises et des particuliers au Luxembourg, le Groupe BNP Paribas accompagne ses clients en leur proposant une gamme de produits et services la plus large pour répondre à leurs besoins. Fort de plus de 4.000 collaborateurs au Luxembourg, le Groupe se positionne en tant que premier employeur du secteur financier et le deuxième plus grand employeur du secteur privé luxembourgeois.

Le Groupe BNP Paribas est présent au Luxembourg à travers BGL BNP Paribas et plusieurs autres entités :

- Fondée en 1919, **BGL BNP Paribas** se positionne parmi les plus grandes banques du Grand-Duché de Luxembourg et propose à ses clients particuliers, professionnels, banque privée, PME et grandes entreprises une gamme de produits particulièrement large.
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- **Cardif Lux Vie** propose une gamme de produits et services sur trois lignes d'activité complémentaires : le Wealth Management sur le marché international, l'assurance Retail (via le réseau BGL BNP Paribas) et l'assurance Entreprises.
- **BNP Paribas Investment Partners** offre une gamme complète de services de gestion financière aux clients institutionnels et aux distributeurs à travers le monde.
- **BNP Paribas Factor** offre des solutions de protection, de gestion et de préfinancement du poste clients des entreprises permettant à celles-ci d'obtenir un financement court terme alternatif et de se concentrer sur leurs métiers.
- **Arval** offre des services de leasing opérationnel aux sociétés en mettant en œuvre des solutions qui simplifient et optimisent la gestion de la mobilité automobile de ses clients.
- **BNP Paribas Leasing Solutions** est leader sur le marché local du leasing financier et offre des solutions attractives de financement d'équipements à la clientèle professionnelle.

Grâce à la diversité de ses activités et au professionnalisme de ses équipes, le Groupe contribue activement au développement de la place financière et du secteur bancaire luxembourgeois. Par ailleurs, BGL BNP Paribas a été reconnue « Banque de l'Année au Luxembourg » par le magazine international The Banker en 2011 et détient le label d'Entreprise Socialement Responsable.

BGL BNP PARIBAS | BNP PARIBAS | La banque d'un monde qui change

Contents

Message by Mr Luc Frieden

Minister of Finance

Almost five years into an unprecedented financial crisis, we are still facing enormous challenges in Europe and elsewhere in the world. As the transformations in the banking sector are only slowly unfolding, much work remains to be accomplished and on-going sovereign debt issues are still challenging the necessary confidence clients, investors and financial professionals are yearning for.

In these troublesome times, Luxembourg's financial industry continues to display remarkable resilience despite the obstacles of recent months and years, as the International Monetary Fund also recently pointed out in its report about Luxembourg.

It is of strategic importance to the Government to address and ultimately resolve the underlying roots of the today's uncertainties in Europe in order to re-invigorate our economies and to return on a sustainable path of growth.

Within this more general strategy, I am committed to an **action plan for growth** for the financial sector which will undoubtedly continue to play a pivotal role in Luxembourg. The premise for the success of such an action plan lies in a continuous dialogue and exchange with all the stakeholders – a dialogue which I have formalized with the creation in 2009 of the Haut Comité de la Place financière and which has already contributed extensively to the development of the financial sector.

With a clear and determined focus on our five strategic pillars, namely *Wealth Management, Asset Management & Investment Funds, International Loans, Insurance and Structured Finance*, the objective has been and will continue to be for Luxembourg to be at the forefront of financial innovation by providing a regulatory and legal environment conducive to growth and by complying with international developments and standards.

Thus, recent initiatives lay the foundations for the Luxembourg financial sector to diversify and develop new sophisticated services and innovative products, such as the draft bill providing Family Offices with a unique legal framework and status *(PSF-Family Office)* - indeed the first of its kind in Europe - promoting transparency and confidence for clients and giving professionals a suitable platform to develop their businesses. In addition, we have introduced a draft bill creating a new legal regime tailored to the specific needs of the insurance and reinsurance sector ("Professionels du Secteur de l'Assurance"- PSA) which further strengthens Luxembourg as a hub for the insurance industry. More initiatives will be presented in the near future, such as the implementation of the AIFM directive where we aim to have the "first mover" advantage, as well as the creation of "trusts" and "fondations patrimoniales".

Competitiveness today has however become more complex. Beyond the aspects of innovation, it is today essential to further develop our skills in communication and to adopt an ethical behaviour in our professional environment in order to consolidate our role as an international financial sector.

I am confident that the Luxembourg financial sector will overcome these difficult times such that, strengthened by the trials of the crisis, it will be firmly positioned to reach out to new and existing clients with innovative ideas.

Let me thank KPMG and Luxemburger Wort for having given me the opportunity to address the readers of the 2012 edition of Luxembourg Banks Insights – I wish you all a pleasant reading!

Luc Frieden
Minister of Finance

Introduction by Ms Karin Riehl

We are pleased to present the seventh edition of our annual Luxembourg Banks - Insights report, in collaboration with the Luxemburger Wort.

The movements on some of the indicators we have used consistently across the yearly editions, and shown in the adjacent table, were all in the red for 2011, except for total assets and staff. However, these latter items also arose due to specific non-recurring circumstances, and are not representative of a positive sign for the whole banking sector. While the Luxembourg banking sector has shown a certain level of resilience to the effects of the crisis, costs are still on the rise and focus has been on finding opportunities to grow in a tough economic environment. We have to continue deploying our efforts to revive growth, even if it means continued investment on selected projects over the short to medium term, as this is the only way out of the economic crisis.

I will take this opportunity to thank Minister Luc Frieden, Mr Jean Guill and senior bankers interviewed in this report for their views on the industry.

I hope that you enjoy reading the 2012 edition of Insights.

Karin Riehl
Managing Partner
KPMG in Luxembourg

	A few indicators for the Luxembourg banking sector	2011	2010	2009
▲ 4%	Total assets	€ 794 billion	€ 762 billion	€ 793 billion
▼ 2%	Banking income	€ 9.4 billion	€ 9.5 billion	€ 10.6 billion
▼ 3 points	Cost-income ratio	51 %	48 %	42 %
▼ 4	Number of banks	143	147	149
▲ 1.7%	Number of staff	26,695	26,254	26,420
▼ 26%	Net profit	€ 2.8 billion	€ 3.8 billion	€ 2.1 billion

Interview with Mr Jean Guill

Director General, Commission de Surveillance du Secteur Financier (CSSF)

Free translation of an interview with Jean Guill, by Léonard Bovy, Luxemburger Wort

"It is essential for the future that the financial sector only works with money that is beyond question."

New European regulations which focus on the Banking industry in terms of capital adequacy, banking secrecy and "white money" strategy concerning anti money laundering are not lacking. The Director General of the CSSF, Jean Guill, is keeping a close eye on the evolution of a sector that is currently undergoing significant change.

With the new Basel III regulations that will progressively come into effect from 1 January 2013, are Luxembourg banks ready to adapt to the big changes that this will entail, in terms of the regulations concerning capital adequacy and liquidity?

We effectively have to distinguish between the two different areas. In terms of capital adequacy, it would seem that the Luxembourg banks are already well advanced. In fact, the vast majority already adhere to the Basel III regulations, or CRD IV as they say in Brussels jargon; given that we have a banking sector focused on Private Banking, where the ability to have a high capital adequacy ratio is extremely important for a bank's clientele, most banks are therefore already at the required level. In terms of liquidity, there is still work to do. This is not, however, a cause for great concern as, on the one hand, there is still some time before liquidity level requirements come into effect in current regulation and, on the other hand, this mainly concerns adjusting Bank business models between their subsidiaries in Luxembourg and the parent company. If all that Banks need to do to conform to new regulation is adjust the ratios between the Bank in Luxembourg and that of the parent company, there should not be any fundamental problems.

Once the new Basel III regulations are put in place, what impact should this have on the profitability of the Luxembourg Banking sector in the short and medium term?

It is true that all forms of new regulation, rules and requirements come at a cost. If we wish to have greater security and less risk, this will come at a cost. The profitability of the financial sector has already been diminished since the beginning of the crisis, with all the new regulations in place. But then again, given that we are already where we need to be in terms of capital adequacy, the additional costs in future years should not be high.

Is there any need to fear that these additional costs will then be passed on to Bank customers?

The capital costs will primarily be taken on by the Banks themselves; however there are other costs which will, in part, be passed on to the client. It is obvious that if clients wish to have greater security and fewer risks, they need to pay for this added assurance.

How will banking secrecy evolve from its present form in Luxembourg?

For some time now, the emphasis has been less on "secrecy" and more on "confidentiality". I believe that this change in emphasis is a good reflection of what is happening around us. The clientele we see at the moment are a lot less interested in keeping assets secret than before (in particular this concerned keeping assets based in Luxembourg secret from national tax authorities). It is now the banking clients themselves who wish to adhere to their own tax authorities' regulations, whilst at the same time believing that they still have the right to confidentiality with regards to their assets, wealth, and perhaps also their debts: in other words their current financial situation. This, I think, is characteristic of the clientele that now comes to us, who are much wealthier and of a higher standing. What's more, when I speak to bankers themselves, it is clear that there has been a change in the type of clients they work with: the question of banking secrecy with regard to national tax authorities is no longer phrased in the same way it was several years ago.

This being the case, Luxembourg is not ready to accept the principle of the automatic exchange of tax information, for reasons I have already underlined:
The automatic exchange of information calls into doubt the confidentiality of clients' financial affairs and the application of withholding tax ensures that assets are suitably taxed. This is therefore not a way to avoid paying tax, but rather a means to safeguard the client's right to privacy with regards to their financial position.

The Swiss authorities have put in place a "white money" strategy, which would see all foreign customers self-certifying that the tax authorities in their country of origin are aware of any funds deposited. In Luxembourg, the ABBL has said that it is in favour of such a strategy for the wealth management of the industry. What are your thoughts on this and how could it be applied?
This strategy, or to be more precise this principle, would see Banks and all financial sector stakeholders refuse to accept money which may in some way not be compliant with tax legislation, or indeed legislation relating to anti-money laundering. I think this strategy is very much in line with what is already happening here, and with what I have just described in response to the question on banking secrecy with regards to tax. It is essential for the future of the financial services industry that it only works with money that is beyond question. For that reason, I think that, with the change in the clientele they're seeing, institutions in Luxembourg are already well aware of this and have already taken up this strategy. We can only encourage them to move in this direction. They need to know their clients, it's a legal obligation. Knowing a client does not only mean knowing their identity, but also their business activity and the origin of their funds. These steps will ensure that those who wish to deposit funds with unclear origins are not able to take advantage of Luxembourg law.

Nevertheless, could this strategy not be seen as hypocritical, as it's difficult to see how a Bank can be certain that tax authorities are aware of the funds that a client deposits, especially as it's the client himself who signs the declaration?
There are sure to be many such cases that arise, however I think that banks are fully capable of gaining an accurate view of their clients' circumstances. Banks are very good at assessing their clients' circumstances when a credit request is made, so I don't see why the same cannot be done when they accept client deposits; finding out where the money comes from and even requesting the relevant tax declaration, why not? As an example, if the funds are from the sale of a business, which is often the case, this constitutes a situation which is entirely open and transparent.

Do you think, in all honesty, we could ever have a financial services industry that is totally "whiter than white"? Can we ever be certain that Banks will not put procedures in place to work around regulation, for example by creating complex structures to avoid paying tax (particularly by creating off-shore structures in Panama, as a specific example)?
We can never be 100% certain of this, in the same way as I can never be certain that everyone driving on the road right now has a driving license. But I believe that we can nonetheless do our best to ensure that such cases remain the exception and that the controls that are increasingly verifications performed based on reports, and sanctions put in place will aid the identification of clients or deficient procedures. We put great emphasis on these procedures being actually in place and adhered to.

I am now going to ask you for your long term forecast: where do you see the financial services industry in the long term, approaching 2020? How do you believe it will evolve?

I see a financial centre which will remain one of the most important in Europe for asset management and wealth management, in the form of collective funds. Aside from the investment funds currently based here, I also envisage a growth in the area of alternative investment funds; these are not entirely new, but will have a new structure allowing us to offer an even larger range of funds. Luxembourg will also offer services to an increasingly diverse clientele in geographical terms. Luxembourg will always remain, I believe, a centre for Europe. However, there will also be an opening up of activities towards the wealth of Asia, South America and the Gulf countries, who are already becoming more and more interested in investment products sold out of Luxembourg.

Jean Guill
Director General
Commission de Surveillance du Secteur Financier

Approach

KPMG in Luxembourg performs an annual analysis of the Luxembourg banking market based on statistical and annual accounts data of a selection of Luxembourg banks. The analysis takes into account industry data as stated in the reports of the CSSF, the BCL, the Luxemburger Wort and data published or made available by individual banks. Where possible, it seeks to identify from specific information published or included in the annual accounts of individual banks, those elements driving the overall trends observed in the market place.

Of the 107 banks incorporated in Luxembourg, our analysis is based on a selection of 30 banks which, in one way or another, represent the banking sector in terms of net profit, number of employees or total assets. Any one selected bank may not be a significant player in all these areas, but has a characteristic which is relevant to this report. Therefore, this selection is not designed to be and is not to be construed as a formal ranking, rather it is constituted for analytical purposes only.

The banks selected are listed in the table overleaf. Overall, these banks represent € 0.9 billion in net profit (compared to an industry total of € 2.8 billion), 74% of the total number of employees and 66% of total assets of the banking industry.

Branches of foreign banks (total number: 36) are not considered individually for this report as their annual accounts are not publicly available.

Annual accounts reviewed for the purpose of this report are the unconsolidated annual accounts prepared in accordance with Luxembourg legal and regulatory requirements ("LuxGAAP") or in accordance with International Financial Reporting Standards ("IFRS"). Both these choices are available under Luxembourg banking law.

The industry overall figures are based on FINREP reporting by Luxembourg banks (in accordance with IFRS accounting policies as adopted by the European Union)


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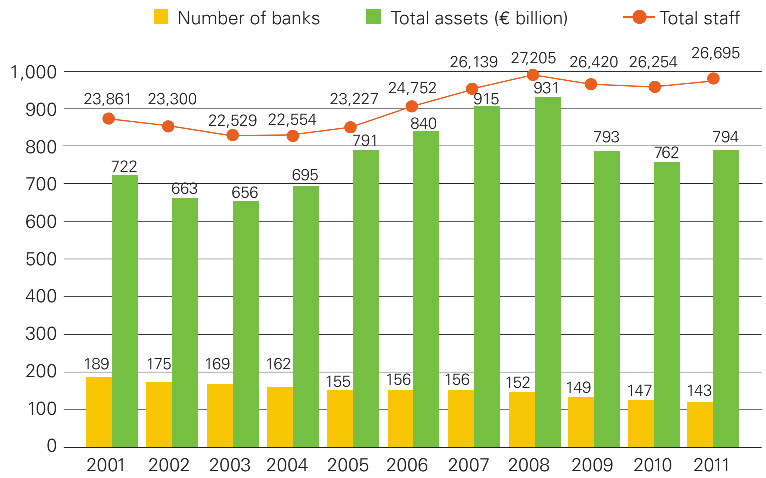
Overview of 30 banks

Overview of selected banks 2011	Rank	Net Profit € million	Rank	Staff	Rank	Assets € million
DekaBank Deutsche Girozentrale Luxembourg	1	441	16	415	21	8,276
Société Générale Bank & Trust	2	258	7	837	2	49,410
BGL BNP Paribas	3	252	1	2,774	5	33,776
UniCredit Luxembourg	4	214	30	188	6	25,949
Banque et Caisse d'Epargne de l'Etat, Luxembourg	5	187	3	1,786	3	39,763
Deutsche Bank Luxembourg	6	177	20	330	1	95,954
Clearstream Banking	7	162	22	310	13	15,386
State Street Bank Luxembourg	8	149	12	691	28	6,426
ING Luxembourg	9	113	8	785	17	11,099
Société Européenne de Banque	10	103	26	214	15	12,024
CACEIS Bank Luxembourg	11	96	6	907	4	36,762
Deutsche Postbank International	12	69	34	172	11	16,061
J.P. Morgan Bank Luxembourg	13	68	13	576	42	3,671
UBS (Luxembourg)	14	61	17	406	18	9,299
Banque de Luxembourg	15	57	9	762	9	17,599
Commerzbank International	17	47	37	136	34	4,855
Banque Degroof Luxembourg	18	47	24	294	46	2,592
Norddeutsche Landesbank Luxembourg	19	46	33	173	12	15,392
Pictet & Cie (Europe)	20	42	19	344	32	5,619
RBC Dexia Investor Services Bank	21	42	4	1,576	19	8,514
Nordea Bank	22	40	21	311	38	4,159
Banque Privée Edmond de Rothschild Europe	23	38	11	692	37	4,253
Crédit Agricole Luxembourg	24	37	18	344	22	7,229
Nomura Bank (Luxembourg)	25	37	23	302	25	6,890
Skandinaviska Enskilda Banken	27	29	28	196	45	2,594
Banque Raiffeisen	38	17	14	530	29	5,924
DZ PRIVATBANK	86	0	10	760	10	16,492
KBL European Private Bankers	98	-29	5	1,023	16	11,369
EUROHYPO Europäische Hypothekenbank	101	-238	74	34	7	24,502
Banque Internationale à Luxembourg	102	-1,704	2	1,802	8	24,014
Total amount for selected banks		**858**		**19,670**		**525,853**
Total for Luxembourg banks		**2,828**		**26,695**		**794,048**
		30%		**74%**		**66%**

Executive Summary

Size of the Luxembourg banking industry

Overview: banks, total assets, staff



Source: Data from CSSF Annual Reports

Trends observed in 2011

- The consolidation and restructuring trend has continued in 2011 with 4 fewer banks than in 2010
- Staffing increased by a total of 441 staff or 1.7%, but was limited to a few banks
- The size of fixed income portfolios continued to fall in 2011 but credits to customers increased by € 6 billion

143

banks at 31 December 2011

26,695

bank staff at 31 December 2011

€ 794 billion

total assets of banks at 31 December 2011

2011 Performance indicators

Banking Revenue	€ 9.4 billion	▼ 2%
Interest margin	€ 5.9 billion	▲ 7%
Commission margin	€ 3.8 billion	▲ 7%
Other revenue	€ -0.3 billion	▼ 164%
Expenses	€ 4.8 billion	▲ 4%
Employee costs	€ 2.5 billion	▲ 2%
Other charges	€ 2.3 billion	▲ 7%
Net profit before provisions and taxes	€ 4.5 billion	▼ 8%
Net profit after provisions and taxes	€ 2.8 billion	▼ 26%

Source: Data from CSSF Annual Report 2011

Trends observed in 2011

- Balance sheets increased slightly in 2011, leading to higher interest margin
- Commission margins relate to wealth management activities for both individual and institutional clients, that, still show a positive trend
- An increase of €1 bn in net provisions has been the main reason for the decrease in the net profit compared to last year

Capital, solvency and liquidity indicators

Total capital and reserves	Tier 1 Capital
€ 46 billion ▲ 1.8%	€ 38 billion No change

Capital adequacy ratio
17.4% ▼ 0.2% points

Liquidity ratio
69% ▲ 4% points

Source: Data from CSSF Annual Report 2011 and BCL Revue de Stabilité Financière 2012

Trends observed in 2011

- There was no change in Tier 1 Capital. The Capital adequacy ratio remained at more than twice the required minimum capital requirement of 8%
- Liquidity improved by 4% points to 69%, remaining also more than twice of 30% minimum threshold

Assets under deposit with banks and Assets under Management (AuM) indicators

By Investment Funds	€ 2.1 trillion	▼ 7%
By Clearing and Settlement organisations	€ 1.2 trillion	▲ 6%
By other Professionals of the Financial Sector	€ 6.4 trillion	▼ 8%
Other assets deposited	€ 0.3 trillion	▼ 4%

Source: Data from CSSF Annual Report 2011

€ 300 billion AuM

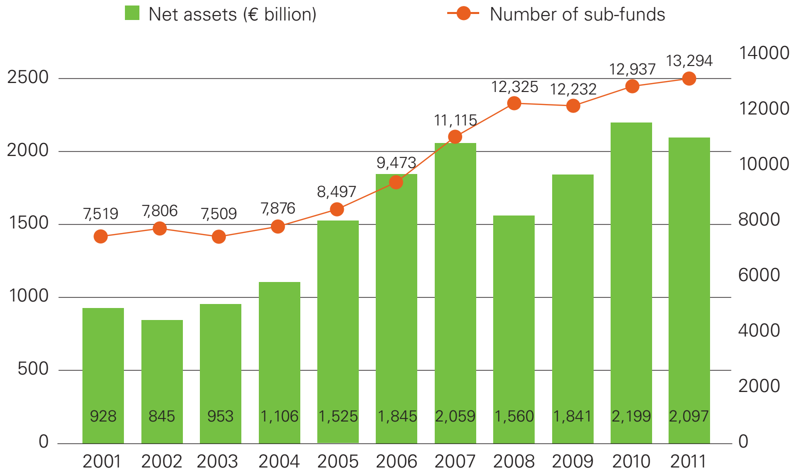
Private Banking - Assets under Management as calculated by Private Banking Group Luxembourg (PBGL) in 2010
Source: ABBL Annual Report 2011

Trends observed in 2011

- Reduction in the value of assets under deposit was mainly due to falling stock exchange markets

Size of the Luxembourg investment fund industry

Overview: number and net assets of sub-funds



Source: Data from CSSF Annual Reports

Trends observed in 2011

- The investment fund industry is a significant economic driver for the Luxembourg banking sector. It saw net inflows of € 5 billion, but market values fell by € 103 billion
- Mixed funds, liquidity funds and other funds saw inflows, while equity and bond funds saw outflows
- Specialised Investment Funds (SIF) attracted major inflows

179

management companies at 31 December 2011

13,294

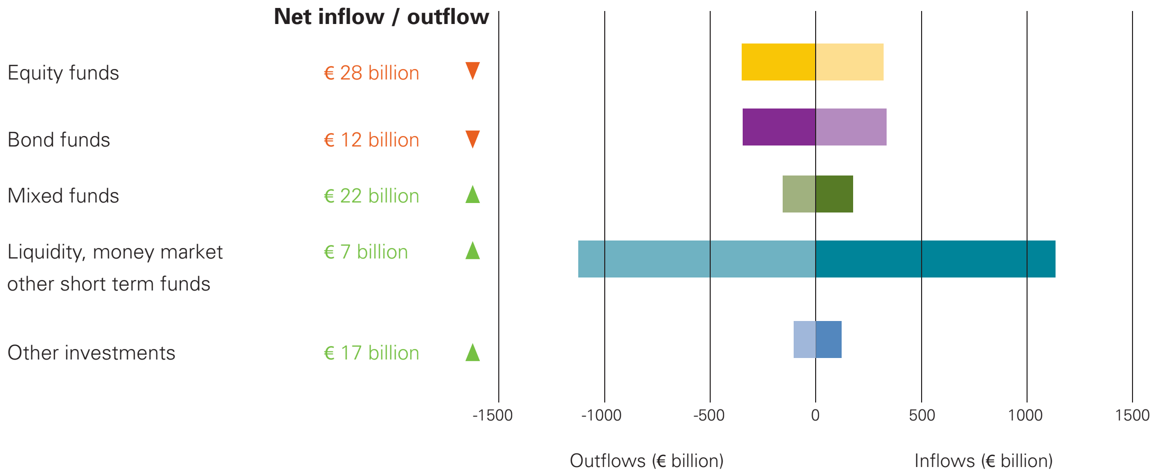
sub-funds at 31 December 2011

€ 2.1 trillion

total net assets of investment funds at 31 December 2011

Inflows/outflows in investment funds

Inflows/outflows in investment funds



Source: Data from CSSF Annual Report 2011

Insights 2012

Luxembourg banking licenses fall into two categories under the law:

Universal banks	Banks issuing covered bonds
137 banks	6 banks

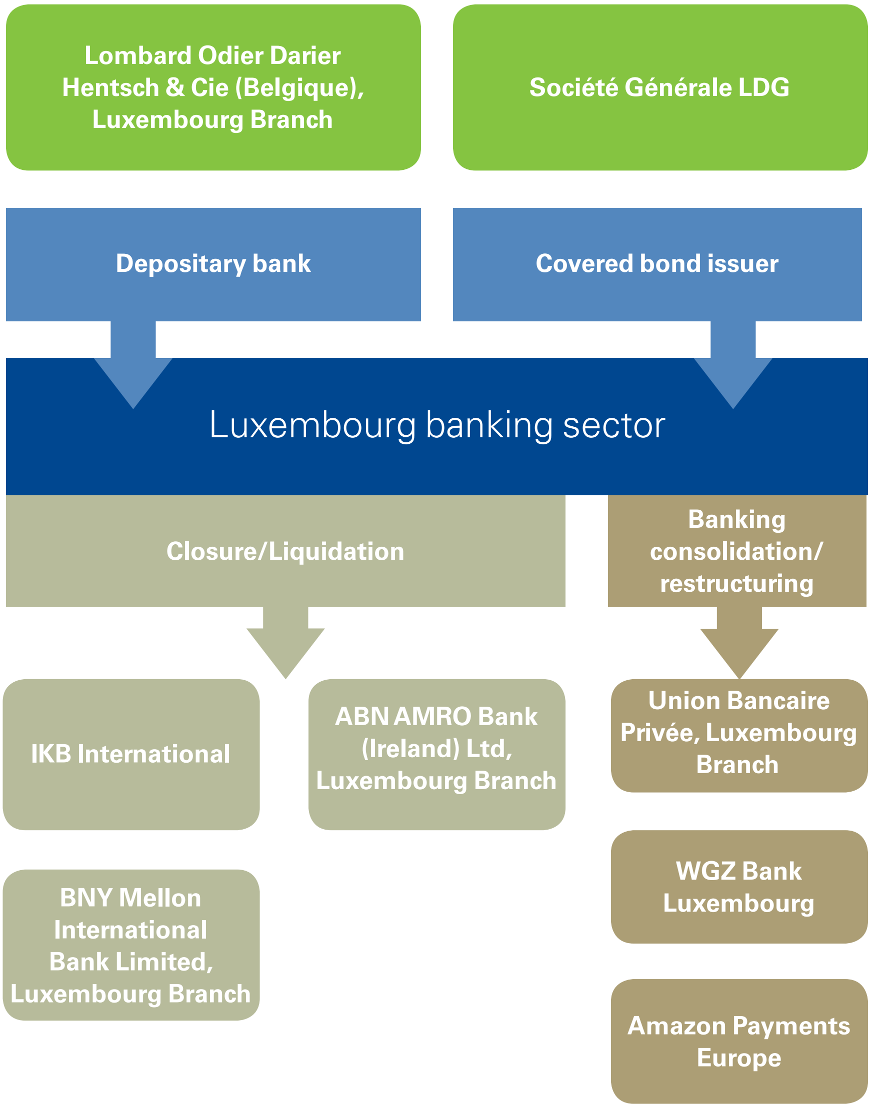
Since the law of 20 May 2011, electronic money issuers no longer fall under the category of credit institutions.

The total number of banks in Luxembourg at the end of 2011 was 143, of which 36 are branches of foreign banks.

Banking groups from the three neighbouring countries (Germany, France and Belgium) feature strongly in the Luxembourg banking community, often with the Luxembourg subsidiary representing the most significant foreign subsidiary within the groups.

Banks by country of origin	Number	%
Germany	42	29%
Belgium/Luxembourg	16	11%
France	14	10%
Switzerland	10	7%
Italy	8	6%
United Kingdom	8	6%
Other	45	31%
Total	**143**	**100%**

The new entrants and leavers during 2011 were as follows:



Leavers due to banking consolidation/restructuring do not automatically mean a ceasing of activities, as their previous activities are, going forward, consolidated with those of other Luxembourg banks.

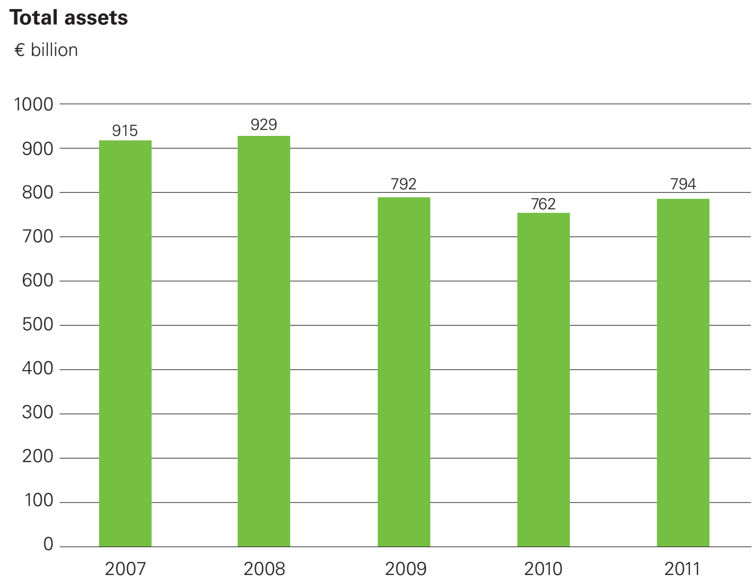
Amazon Payments Europe became an electronic money institution, following the entry into force of the Law of 20 May 2011.

In addition to the above named banks, Sal. Oppenheim jr. & Cie S.C.A. transferred its activities to a new bank, Sal Oppenheim jr. & Cie Luxembourg S.A..

The effect of these movements led to a net decrease of 4 banks during 2011.

Assets

Development of assets of Luxembourg banks



Source: Data from CSSF Annual Report 2011

Total assets of Luxembourg banks rose to € 794 billion in 2011, an increase of 4% compared to 2010.

In 2011, banks continued to reduce their fixed income portfolios, but placements with central banks increased. The increase in total assets by € 32 billion was distributed by asset class as shown in the table below.

Development of Assets	€ billion	Development of Liabilities	€ billion
Loans to central banks	▲ 38	Amounts owed to central banks	▲ 5
Loans and advances to banks	▲ 5	Deposits from banks	▲ 20
Loans and advances to customers	▲ 6	Deposits from customers	▲ 11
Securities	▼ 24	Other liabilities	▼ 8
Financial assets held for trading	▲ 2	Financial liabilities held for trading	▲ 3
Fixed and other long term assets	▲ 5	Capital and Reserves	▲ 1

The volume of placements with central banks increased significantly in 2011, with two thirds of the increase originating from Swiss banks using Luxembourg as the point of entry for the European central bank system.

Securities portfolios (90% of which are fixed income securities) decreased by €24 billion during 2011, a decrease of roughly 13%. Of these, fixed income securities from sovereign issuers decreased by 19% as banks reduced their exposures to specific countries.

On the other hand, both deposits from customers and loans to customers increased by approximately 4% compared to last year.

An analysis of top 10 banks in terms of total assets is shown in the table below:

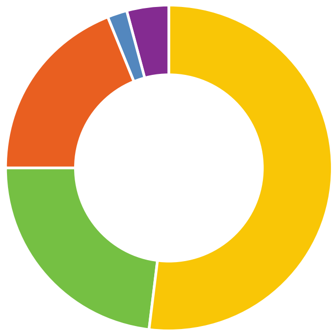
Total Assets € million	Rank	2011	Rank	2010	Rank	2009
Deutsche Bank Luxembourg	1	95,945	1	87,235	1	68,435
Société Générale Bank & Trust	2	49,410	2	42,162	3	40,460
Banque et Caisse d'Epargne de l'Etat, Luxembourg	3	39,763	4	38,019	4	37,631
CACEIS Bank Luxembourg	4	39,762	5	34,775	7	23,933
BGL BNP Paribas	5	33,776	3	39,347	5	33,565
UniCredit Luxembourg	6	25,949	7	28,795	6	30,558
EUROHYPO Europäische Hypothekenbank	7	24,502	8	25,799	9	23,456
Banque Internationale à Luxembourg	8	24,014	6	32,322	2	41,208
Banque de Luxembourg	9	17,599	9	18,048	11	17,891
DZ PRIVATBANK	10	16,492	13	13,646	14	12,675

Asset structure

Composition of assets 2011

Total assets: € 794 billion

Loans and advances to credit institutions and central banks	52%
Loans and advances to customers	23%
Fixed income securities	19%
Derivative assets	2%
Other Assets	4%



Source: Data from CSSF Annual Report 2011

The asset structure mix has changed only slightly from 2010, with fixed income securities reducing their relative importance in bank balance sheets, in contrast to loans and advances to central banks which increased their relative importance in those balance sheets.

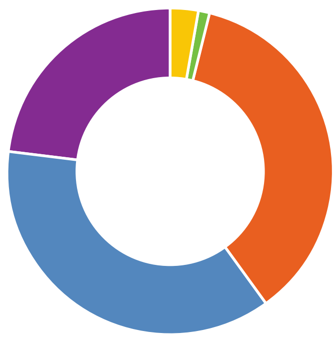
Asset quality

In 2011, the Luxembourg banking sector made provisions of €1.3 billion for assets with mainly Greek sovereign exposure. This amount represents 30% of the net profit of banks before provisions.

Loans and advances to customers are mostly split amongst other financial intermediaries, non-financial corporates, and households.
Within the Euro-zone, the analysis is as shown in the diagram below.
The loan book mix has not changed significantly from previous years, but the relative importance of household loans increased whereas the relative importance of non-financial corporate loans decreased compared to 2010.

Euro-zone Analysis of loans to customers

Public authorities	3%
Insurance companies / pension schemes	1%
Non-financial corporates	36%
Other financial intermediaries	37%
Households	23%



Source: Data from BCL Revue de Stabilité Financière 2012

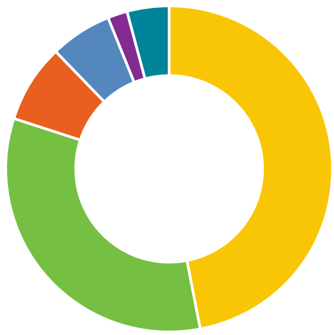
The total capital requirement to cover credit risks in the banking sector fell by 3% to € 16.4 billion. On the other hand, in 2011, the CSSF also confirmed that banks with high exposure to the local property sector would be required to meet a higher minimum capital requirement of 10%, or a surcharge of 2% over the normal requirement.

Funding

Composition of liabilities 2011

Total liabilities: € 794 billion

Liabilities to credit institutions and central banks	47%
Customer deposits	33%
Debt securities	8%
Capital and reserves	6%
Financial liabilities held for trading	2%
Other Liabilities	4%



Source: Data from CSSF Annual Report 2011

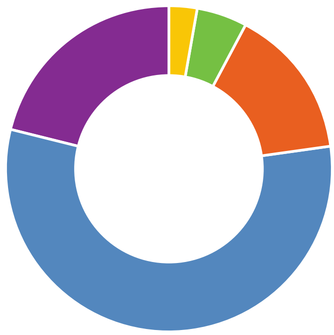
The three main funding sources for the banking sector continue to be, in order of decreasing importance, interbank financing (representing 45% excluding central banks), customer deposits and debt securities issuance.

Customer deposits

In 2011, customer deposits increased by € 11 billion to reach € 264 billion. The net increase is mainly the effect of an increase in deposits from other financial intermediaries, assisted by a rise in deposits from insurance companies/pension schemes. This countered the fall in deposits from households, non-financial corporates and the public sector during the year.

Analysis of customer deposits

Public authorities	3%
Insurance companies / pension schemes	5%
Corporates	15%
Other financial intermediaries	56%
Households	21%



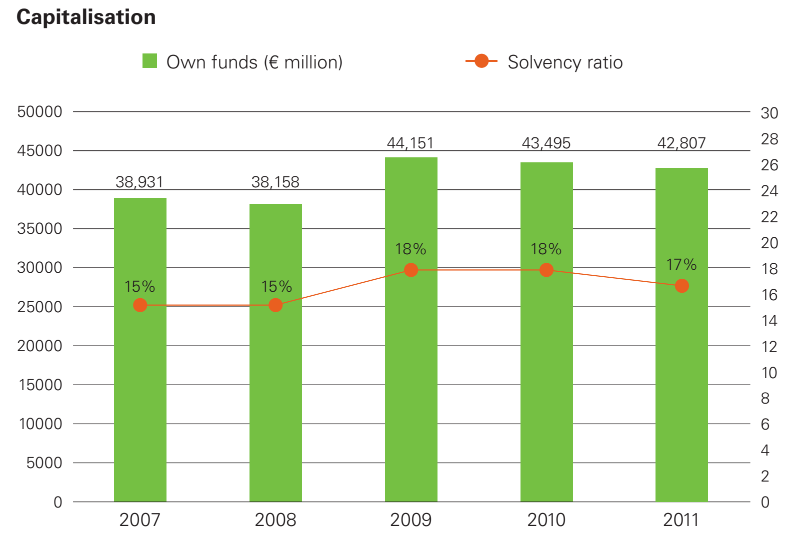
Source: Data from BCL Revue de Stabilité Financière 2012

The banks with the highest deposits from customers are given in the table below.

Leading banks in terms of customer deposits	€ billion	Change %
Banque et Caisse d'Epargne de l'Etat, Luxembourg	24	▲ 6%
Société Générale Bank & Trust	20	▲ 8%
BGL BNP Paribas	19	▼ 0.3%
CACEIS Bank Luxembourg	14	▲ 4%
Deutsche Bank Luxembourg	11	▲ 13%

Source: Luxemburger Wort

Capitalisation



Source: Data from CSSF Annual Reports

Whereas the aggregate capital and reserves of the banking sector increased by €0.8 billion to reach €46.2 billion, eligible own funds from a capital ratio calculation perspective fell slightly to €42.8 billion. This had a relatively minor impact on the aggregate capital ratio, which fell from 17.6% to 17.4%. However, the solvency ratio for the industry remained more than twice the minimum of 8%.

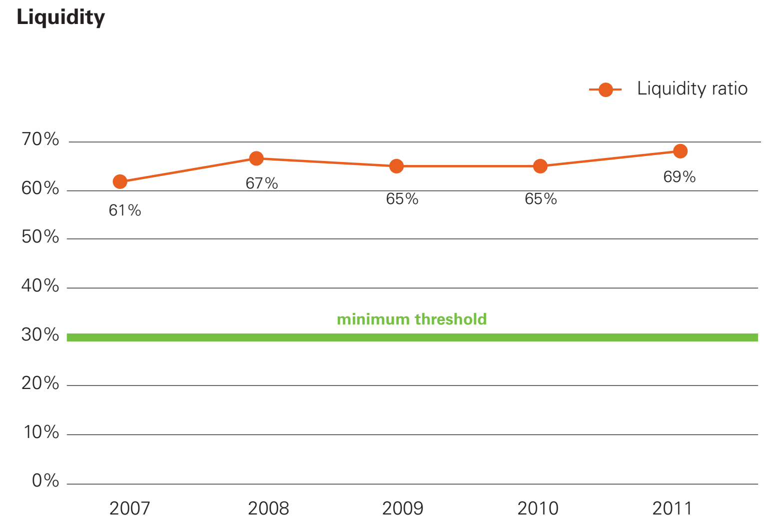
Leading banks in terms of capital and reserves are given below.

Leading banks in terms of capital and reserves	€ billion	Change %
BGL BNP Paribas	5.5	▼ 3%
Deutsche Bank Luxembourg	3.5	▲ 11%
Société Générale Bank & Trust	2.7	▲ 9%
State Street Bank Luxembourg	2.4	▲ 8%
Banque Internationale à Luxembourg	2.3	▲ 31%

Source: Luxemburger Wort

The above mentioned figures include the provision for general banking risks and exclude the profit/loss for the current year. The decrease for BGL BNP Paribas is due to the release of part of the provision for general banking risks. The increase for Banque Internationale à Luxembourg is mainly derived from the positive effect of the movement in the revaluation reserve balance. As the loss for the current year is not included, this results in an increase of own funds in the above table.

Liquidity



Source: Data from BCL Revue de Stabilité Financière 2012

The liquidity ratio is calculated as the percentage of liquid assets to current liabilities. It improved by 4% points to reach 69% in 2011, well above the minimum 30% regulatory limit.

Assets deposited with banks

Total assets deposited with Luxembourg banks decreased overall in 2011, mainly due to a fall in market values of assets.

Assets deposited with banks	Amount	Change
By Investment Funds	€ 2.1 trillion	▼ 7%
By Clearing and Settlement organisations	€ 1.2 trillion	▲ 6%
By other Professionals of the Financial Sector	€ 6.4 trillion	▼ 8%
Other assets deposited (including from private banking activities)	€ 318 billion	▼ 4%

Investment Funds

The value of assets deposited by Investment Funds fell due to a decrease in market value of securities (some € 103 billion), compensated only to a small extent by net new money into funds (some € 5 billion) during 2011.

Private banking Assets under Management

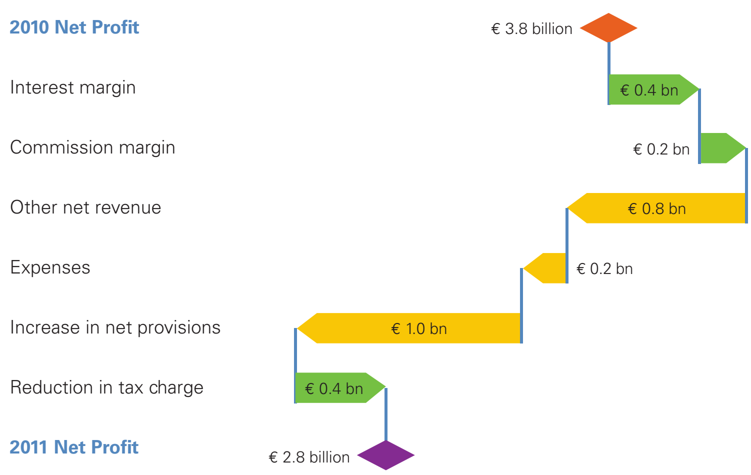
Other assets deposited include assets managed in the context of private banking activities, but excluding investments into funds. In 2010, the Private Banking Group Luxembourg had calculated the Assets Under Management in relation to private banking activities at around € 300 billion.

Profitability

Both interest margin and commission margin increased in 2011. However, other net revenue decreased by a higher amount, leading to a fall in banking revenue by 2%.

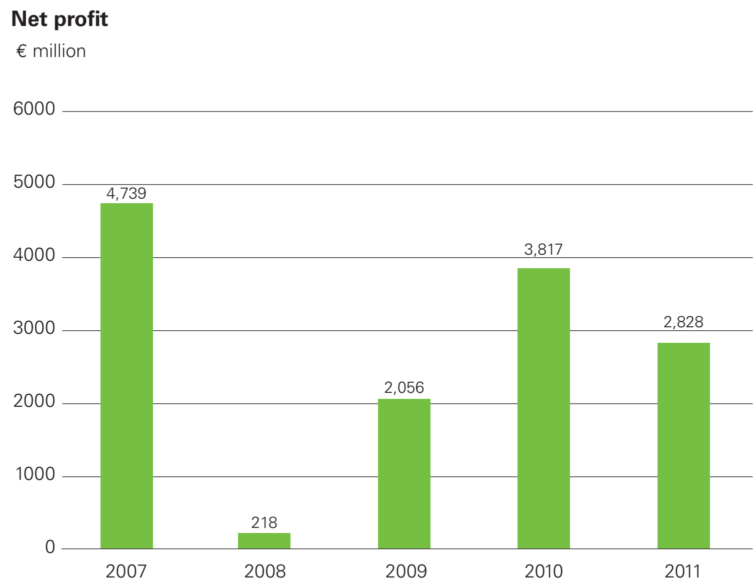
The change in net profit compared to last year can be illustrated by the diagram below.

Overview of change in net profit compared to previous year



Source: Data from CSSF Annual Report 2011

The development of net profit of Luxembourg banks over the past 5 years is shown below.



Source: Data from CSSF Annual Report 2011

An analysis of top 10 banks in terms of profit after tax is shown in the table below.

Profit after Tax € million	Rank	2011	Rank	2010	Rank	2009
DekaBank Deutsche Girozentrale Luxembourg	1	441	4	243	4	226
Société Générale Bank & Trust	2	258	3	327	5	217
BGL BNP Paribas	3	252	1	348	1	432
UniCredit Luxembourg	4	214	5	236	2	281
Banque et Caisse d'Epargne de l'Etat, Luxembourg	5	187	6	185	7	168
Deutsche Bank Luxembourg	6	177	2	339	9	130
Clearstream Banking	7	162	10	126	8	165
State Street Bank Luxembourg	8	149	8	131	15	67
ING Luxembourg	9	113	7	169	99	-93
Société Européenne de Banque	10	103	12	96	11	93

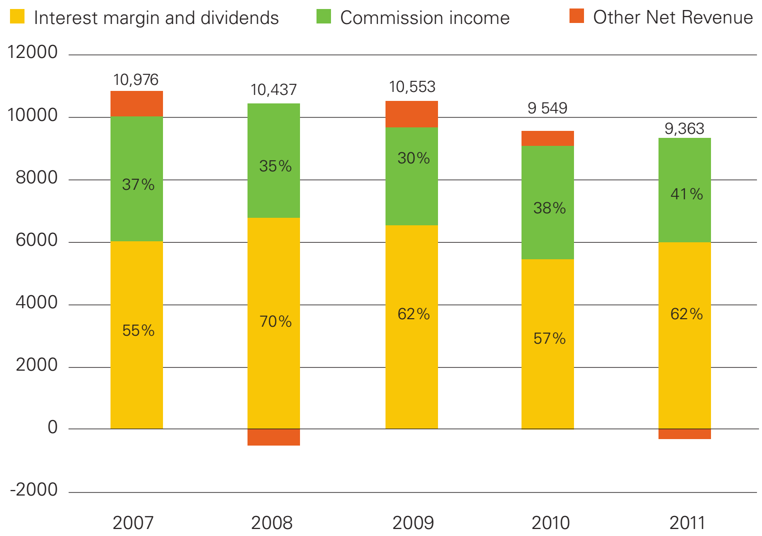
Banking income and net business income

For the purpose of this report, banking income consists of income from interest, dividends, commissions and other net revenues.

Net business income is defined as banking income less other net revenues.

Banking income

€ million



Source: Data from CSSF Annual Report 2011

Banking income fell slightly in 2011, mainly as a result of the reduction in other net revenue by €0.8 billion to a net charge of €0.3 billion.

Net interest income improved following the 17% fall in 2010, increasing in 2011 by 7%, with net commission income rising by the same margin. However, part of the increase in net interest income was compensated by loss on hedging instruments reflected in other net revenue.

The table below shows the top 10 banks in terms of net business income.

Net Business Income € million	Rank	2011	Rank	2010	Rank	2009
BGL BNP Paribas	1	746	1	769	1	1,098
Société Générale Bank & Trust	2	587	3	522	6	392
Banque et Caisse d'Epargne de l'Etat, Luxembourg	3	491	4	516	2	555
Clearstream Banking	4	400	7	386	5	403
UniCredit International Bank (Luxembourg)	5	317	8	326	8	341
CACEIS Bank Luxembourg	6	312	5	455	12	217
RBC Dexia Investor Services Bank	7	300	12	271	14	217
State Street Bank Luxembourg	8	287	10	285	20	150
DZ PRIVATBANK	9	277	16	202	16	192
DekaBank Deutsche Girozentrale Luxembourg	10	266	9	323	7	349

Interest margin

The leading banks generating net interest income in absolute terms are:

Leading banks in terms of net interest margin	€ million	Change %
BGL BNP Paribas	551	▲ 14%
Banque et Caisse d'Epargne de l'Etat, Luxembourg	415	▲ 10%
Société Générale Bank & Trust	404	▲ 4%
UniCredit Luxembourg	272	▲ 0.5%
ING LUXEMBOURG	227	▼ 9%

Source: Luxemburger Wort

Net commission income

The leading banks generating net commission income in absolute terms are:

Leading banks in terms of net commission income	€ million	Change %
Clearstream Banking	352	▼ 0.5%
J.P. Morgan Bank Luxembourg	220	▲ 15%
BGL BNP Paribas	178	▲ 9%
RBC Dexia Investor Services Bank	169	▲ 8%
Société Générale Bank & Trust	162	▼ 2%

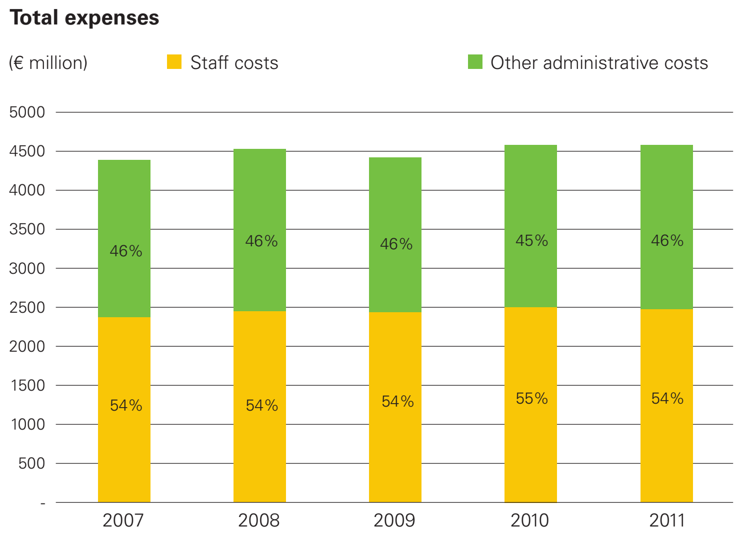
Source: Luxemburger Wort

Other net revenues

Other net revenues were negative in 2011 at € 311 million, representing a reduction by € 794 million from 2010. This is partly because of losses on hedging instruments covering the risk of rising interest rates.

Total expenses

Total expenses consist of staff costs and other general administrative costs.



Source: Data from CSSF Annual Report 2011

In 2011, total expenses increased by 4%. Staff costs rose by 2%, partly explained by an increase in staff number. Other general administrative costs also rose by 7.4%.

The combined effect of lower banking income and higher expenses has led to a deterioration of the cost-income ratio by 3% points to 51%, from 48% last year. However, this is still below the average cost-income ratio for banks within the European Union which stands at 59.5% (Source: Consolidated Banking Data June 2011 – European Central Bank Eurosystem website).

Banks	2011	2010
Cost – income ratio	**51%**	**48%**
EU Average	*59.5%*	

Development of the number of staff

The number of staff employed by Luxembourg banks rose by 441 persons to 26,695 at the end of 2011. One bank (CACEIS Bank Luxembourg) showed a significant increase in staff number in 2011 as a result of a merger transaction with another non-bank related entity. Another 14,217 staff are employed by Professionals of the Financial Sector, and 2,516 staff by Management Companies. All three groups have seen their staff rise, with an overall increase by 676 in 2011.

Type of financial sector entity	Number of staff	Change in number and %
Banks	26,695	▲ 441 ▲ 1.7%
Professionals of the Financial Sector	14,217	▲ 58 ▲ 0.4%
Management Companies	2,516	▲ 177 ▲ 7.6%

Source: CSSF Annual Report 2011

The table below shows the top 10 banks in terms of staff.

Number of Employees as per year end	Rank	2011	Rank	2010	Rank	2009
BGL BNP Paribas	1	2,774	1	2,826	1	2,498
Banque Internationale à Luxembourg	2	1,802	2	1,854	2	1,953
Banque et Caisse d'Epargne de l'Etat, Luxembourg	3	1,786	3	1,797	3	1,805
RBC Dexia Investor Services Bank	4	1,576	4	1,543	4	1,558
KBL European Private Bankers	5	1,023	5	1,108	5	1,188
CACEIS Bank Luxembourg	6	907	16	361	16	401
Société Générale Bank & Trust	7	837	6	816	7	772
ING Luxembourg	8	785	7	788	6	791
Banque de Luxembourg	9	762	8	749	8	729
DZ PRIVATBANK	10	760	12	549	12	538

Interviews with banks

Banque Internationale à Luxembourg ("BIL")

Interview with François Pauly, Chief Executive Officer

The Bank is in the process of being sold to Qatari investors. What are the main objectives of the new investors?

Qatari investors, and more specifically Precision Capital (the Luxembourg based investment vehicle of the Al Thani family), were already looking for an investment in the banking sector in Luxembourg. The development of an investment strategy in Financial Services is part of their vision and Luxembourg, as a country, offers many advantages appreciated by the Qataris. The dismantling of Dexia's businesses was considered as an opportunity. These investors were especially interested in BIL because of its business model, diversified activities and international presence. The acquisition of BIL is clearly perceived as a long term investment. The deal was quickly concluded as a result of the trusted relationship formed between the Qatari investors and the Luxembourg government.

How is this sale perceived by your clients and staff?

The quick solution for BIL in the context of the Dexia dismantling was well perceived by Luxembourg clients and they highly appreciated the participation of the Luxembourg government in the deal. However, the sale of BIL was not widely communicated by the international press and this led to uncertainties for international clients of BIL. It is worth noting that BIL has clients from more than 150 countries.

On the other hand, the staff of BIL was reassured that a solution was found within a short space of time and without any need for local restructuring.

The name of the Bank was recently changed to BIL, which is a look back to the past, having been renamed from BIL to Dexia BIL in 2000. BIL was founded in 1856 and is the oldest private bank in Luxembourg.

How did the Bank perform in 2011 and what is the outlook for 2012?

BIL Group's 2011 net income before tax, excluding exceptional items, was EUR 151 million. Revenues were slightly lower than in 2010. Costs were significantly lower than in 2010. Client balance sheet and off-balance sheet assets decreased by 13.8% during the year 2011.

BIL Group's 2011 net loss after tax, including exceptional items, was EUR 1.9 billion. The exceptional items relate to the transfer of the "Legacy" bond portfolio, valued at market price at 31 December 2011, to the Dexia Group and the sale of certain participations (Dexia Asset Management, RBC Dexia Investor Services and Dexia LdG Banque) following the Share Purchase Agreement (SPA) dated 5 April 2012.

All the exceptional items linked to the dismantling of Dexia and the sale of BIL were recorded in 2011. Consequently, only operating results should be recognized in the 2012 income statement of BIL.

2012 results are still difficult to predict as they greatly depend on the economic growth, inflation and financial markets which are highly volatile. But with the signing of the SPA, the Bank will look forward to a successful future on a sound and solid base and continue to develop its leading businesses in the service of its clientele.

The Bank may gain in entrepreneurship but will no longer be part of a group offering asset management and custody services. What will change in your strategy?

All the tools will remain available to provide investment and financial engineering services. BIL will have to choose between in-house solutions and assistance from external service providers. We will have large capabilities in asset allocation strategies for our private and institutional customers.

Which markets are you targeting?

BIL has four main business lines which are:

- Retail: Luxembourg and the Greater Region;
- Private Banking: Luxembourg, Switzerland, Singapore, Denmark and Middle East;
- Corporates: Luxembourg and the Greater Region, and France;
- Financial Markets: Luxembourg, Switzerland and Singapore.

BIL is the only Luxembourgish bank to operate in Luxembourg, Switzerland and Singapore, and will investigate the opportunities to reinforce its presence in certain markets or develop new products. For example, if Gulf clients want to invest in Europe, BIL can play a key role in helping them to achieve it.

What are your priorities for 2012?

The main priority for BIL is to be ready to operate as a stand-alone bank at the closing date of the sale deal. Of course many projects need to be launched to adapt the organization, the business processes, and the infrastructure to the new environment. A few months ago the management and the staff of the Bank set up a three-step approach: stabilize the situation, manage client loyalty, and re-launch new opportunities. As of today, we are already focusing on the third element!

How do you think Luxembourg needs to adapt itself to remain an attractive and competitive market place?

The financial services and banking sector are vital for Luxembourg. Maintaining the competitiveness of our banks is key, especially in a world where banking secrecy is more and more being replaced by the concept of client confidentiality. Clients will come to Luxembourg if and only if they receive an added value from their banker at a competitive price. Social gains cannot be considered as gained forever and in all circumstances. Salary increases were higher in Luxembourg than in the other European countries. We need to ensure this is not jeopardizing our competitive edge vis-à-vis other countries.

Certain niche markets can be further developed, including Private Equity, Family Office, tax and patrimonial advice. Islamic Finance is just one instrument among others. Luxembourg has a very strong reputation abroad.

BNP Paribas Securities Services

Interview with Frédéric Pérard, Member of the Executive Committee Head of Luxembourg & Offshore Centres

What is your perspective on the development of the asset management and depositary bank markets over the last months?

First of all, we have to acknowledge that our clients are currently suffering. Overall, the last months have been characterised by redemptions and withdrawals. Whereas during the most recent period the cash inflow became positive again, we also noticed a switch of investments in favour of less risky products, in particular money market instruments. This seems to be more particularly the case for institutional clients. As far as retail clients are concerned we also noticed a slight shift in favour of on balance sheet products, notably deposits.

Another clear message that we got from the market during the last month is the increasing demand for more transparency. This has to do with the current climate of mistrust characterising the stock exchanges and more generally the financial industry.

Finally, another strong tendency recently observed on the market is an increasing pressure regarding fees. We have been recently contacted by some of our clients who had equalisation requests for UCITS. The fact that asset managers are remunerated on the basis of their performance is obviously something common as far as hedge funds are concerned, but this is a brand new phenomenon for UCITS. From this perspective, the differentiation between hedge funds and more classical asset classes seems to become less clear than it used to be. Also, the generalisation of performance fees could be somewhat dangerous for asset managers, with there being a risk that smaller players will simply disappear in the medium-term.

What do you think is or will be the impact of the new European Directives on the strategy of your clients?

As we can see on the market, the general climate engendered by the recent directives and the current discussions is characterised by a high level of uncertainty.

The questioning on inducements or trailer fees is a hot topic in this context. The market has changed. The potential conflict of interest for the distributors that are remunerated by the fund promoters to assist in the placement of their products is a real subject. From our point of view, a reasonable solution has been found with MiFID, which increased the transparency without threatening the current model of "open architecture" characterising the market. Indeed, the reality of the market is that the bigger asset managers belong to large banking institutions. In this context, the potential ban of trailer fees, which is discussed in the context of the preparation of MiFID II, could threaten the model of "open architecture" of the market in the sense that the asset managers would have potentially less interest in supporting the distribution of products promoted by non-related counterparties. So in a nutshell, even though the ban on trailer fees might appear as the sense of history, because this would benefit the final investors, we are however concerned by the deep impact that this measure would have in the market regarding the relationship between promoters and distributers

As far as UCITS IV is concerned, this directive proved to be a "damp squib" and failed to achieve its main objectives from our perspective. If we summarise the measures taken in order to develop the efficiency of the European market, such as the cross-border master/feeder, the European passport for management companies or cross-border mergers, it clearly appears that the success is not there. Mainly for tax reasons, but not only, all these measures failed to meet expectations. On the other hand, the additional costs for the market players in terms of risk management, KIID etc have been significant.

To conclude with what we can currently see on the market, we can feel an increasing and pretty strong demand for global distribution capacities. Whereas the market used to be a European market ten years ago, it is clearly a global market now. To raise fresh money, asset managers want to be able to distribute their products globally. The issue faced by the market in this respect, is that the communication regarding rules on areas such as anti money laundering, know your customer and FATCA clearly need to be improved. Today, in practice, asset managers generally prefer setting up a new local vehicle when they want to distribute their products in South America or in Asia, be it Hong Kong, Taiwan or Indonesia for instance.

Can you tell us more about the strategy of BNP Paribas Securities Services in this changing and demanding environment?

Well, our strategy is naturally to be a global player. BNP Paribas Securities Services is already today the 5th bigger player globally, and the first European and non-American player on the global market. Even in a market where size counts, BNP Paribas Securities Services clearly wants to be more than the biggest or one of the bigger players in Europe. To achieve this objective we developed capacities in the Asia-Pacific area, in Singapore, Hong Kong, India and Australia in particular, and we recently launched capacities in the US, with a view to also touching from this platform Latin America where we have activities, notably in Brazil, Chile, Peru and Colombia.

Doing so, the strategy of BNP Paribas Securities Services is to achieve a "global reach" in terms of geographical presence, services and markets with the aim of developing distribution capacities for local clients as well as for existing clients wishing to penetrate these new overseas markets.

BNP Paribas Securities Services has also the chance to be an emanation of a very strong market player in the financial world, BNP Paribas. This allows us to be optimistic regarding our ability to move forward tomorrow with respect to new requirements in terms of responsibility of the depositary bank assets restitution in the context of AIFMD and UCITS V. In this regard, I do not anticipate major merger movements on the market in the medium-term, one of the main reasons for this being that players capable of mobilising the funds necessary to acquire another player being very few.

So what does this means in terms of operational model?

Our operational model is based on the "follow the sun" concept via different strategic platforms for each of our businesses.

As far as our custody activity is concerned, our first platform is located in Paris with a full mirroring in Lisbon. After having developed a second platform in India for the Asia-Pacific area, we are now working hard on the launch of our third platform in the US, which is designed to serve both North and South America. In the fund administration business our model is similar, our first platform being naturally located in Luxembourg, while our second and third platforms are respectively in Poland and again in India.

We consider our off-shoring strategy has been a big success so far. We are particularly happy with the quality of our people in Lisbon and Warsaw, who form a relatively well educated work force at a very competitive cost. In this context, we have also had success in India where the costs are even lower for a productivity that is quite good in comparison. We have developed our capacities in this specific country since 2006 via two joint ventures launched with a major local player. Looking back, this strategy to work together with a local firm proved to be particularly efficient. This was a win/win situation.

What about Luxembourg in this context? What do you think the future of the Luxembourg market might be?

As I said before, Luxembourg has been our first platform for fund administration. The Grand-Duchy remains key for us. However, it is true that Luxembourg has to meet challenges. The cost of the workforce tends to become challenging given this increasing pressure on fees I was mentioning earlier. As long as the economic growth was there, this was not much of a problem, but with the absence of economic growth, things could change. I think we must be aware of the situation in order to be able to handle the changes ahead. Our clients are more and more demanding and fee oriented. This is a reality to which we have to adapt and when I say "we" I mean not only we at BNP Paribas Securities Services, but the Luxembourg market as a whole. Politicians have of course a role to play in this regard, but I think that, at the end of the day, it is also, and maybe, mainly, a question of individual awareness and adaptation.

In order to keep on being a key location for fund administration services, Luxembourg needs to my view to focus on its two main strengths, namely the quality of its workforce and the client relationship. Luxembourg as a location will have a future provided it manages to retain the client fronting and the know-how. From this perspective, the education and the regular training of our people is of paramount importance.

What do you think could be the future development of the market in terms of products in the changing and demanding environment you described?

Well, to me there are two main topics to be mentioned in this regard, the global distribution on the one hand and the regulatory aspects on the other hand. On the first topic, we firmly believe that the future will belong to the global players having local presence and distribution capacities in the various parts of the world.

The other hot topic regarding services provided to the market is for sure relating to the evolution of the regulatory framework. We are currently working on adapting our organisation to the AIFMD. It is not an easy task to adapt to these new rules since the environment in which depository banks operate continues to differ widely from one country to the other, including within the European Union. This is all the more true in the context of the future UCITS V Directive. So, I would say that we are not yet done. There is still a lot to do, but we are clearly working hard on it and we are confident we will be ready in due time, including as far as the assets restitution requirements are concerned.

For us, this adaptation process also means a need for diversification of the services offered to our clients. I think in particular of services relating to Solvency 2, both for institutional clients and asset managers, but also to KIID or to services relating to over-the-counter collateral management. Finally, we see on the market slight movement regarding master/feeder for which we received first demands during the last months - we are working on that too.

So in a nutshell, as you can see, there are clearly challenges ahead but also opportunities. The challenges must certainly not be underestimated as I said before, but as I am optimistic by nature I would rather conclude by emphasising the opportunities resulting from this changing and demanding environment!

Clearstream

Interview with Jeffrey Tessler, CEO, Clearstream

Unlocking more potential in collateral management

We understand that Clearstream is coming up with new solutions to some of the liquidity and credit issues being faced in the financial industry. Can you tell us more about it?

Yes, of course, and I will start with some background information. Banks have been facing a challenge since the financial crisis in terms of their interbank and money market trading. Previously, these were carried out on an unsecured basis: borrowers and lenders knew and trusted each other. But, then, the collapse of Lehman showed all of us that even the largest counterparties can fail. Since then, unsecured bilateral transactions have become very difficult – in fact they don't really exist anymore. And, on top of that, there is not enough collateral in the market to secure all financial movements – so sourcing collateral will become more and more expensive.

The financial industry is now also in the spotlight of the regulators who have caught up with the higher risk environment by requiring banks to have stronger risk management and liquidity enhancement measures leading to additional regulations: Basel III, EMIR, Dodd-Frank will require systemic changes for financial institutions which will have to increase their capital requirements and collateralise more transactions, including derivatives trades, more than ever before. The European Central Bank has tried to help by bringing liquidity into the market and by lending to the banking system, but it is not a long-term solution.

Given this environment, collateral is increasingly needed to secure interbank and short-term trading and so banks and corporate treasurers who can use their assets as collateral in an effective way differentiate themselves from the rest by having both cheaper access to financing and higher liquidity. We can see the growing importance being paid to proper collateral management by the boards of large institutions, a number of which have appointed a "Collateral Tsar" – a senior executive role and sometimes even the CFO, who oversees the effective use of collateral across the company.

Now, a recent study by Clearstream and Accenture on collateral management showed that collateral is being under-used on a global scale and inefficiencies due to internal fragmentation of collateral cost the industry more than EUR 4 billion annually. This is largely because banks are not equipped with systems capable of maximizing and optimizing their collateral pools across all their entities and group locations. Banks have to secure their exposures and get liquidity, but the survey showed that between 10 and 15% of available collateral is not being used.

This is where the solution we have put together can help:
Clearstream decided some years ago to push ahead with developing what is known today as our Global Liquidity Hub, an integrated environment in which we can consolidate our customers' collateral pools in order to optimise their collateral management. Of course, in today's world of fast-moving situations and volatile markets, our customers need versatile solutions which enable collateral to be managed across currencies, across instruments and, very importantly, across borders. Our Global Liquidity Hub facilitates all this and works around the clock to ensure we can deliver wherever, whenever and whatever collateral management our customers need. In addition, as collateral is scarce, we are also adding new asset classes for collateral use. We have pioneered the use of investment funds for collateral and, together with our US partner DTCC, are working on making loans eligible for collateral.

And we are also able to leverage the fact that we are part of Deutsche Börse Group: together with Eurex Repo, we have developed GC Pooling, a money market solution that links more closely the activities of a central counterparty (CCP) and our collateral management system to help banks to find funding. In Q4 this year, we will begin to roll out this model for corporates who are cash rich. It will be specifically designed for secured short-term cash investments from non-financial clients to banks. This is another unique solution which we believe will unlock the potential for further use of collateral and, at the same time, result in lower risk exposures.

We also heard about a new Liquidity Hub GO (Global Outsourcing) solution. How is it helping with liquidity?

In essence, we make available our collateral management system to third parties. The idea here was to combine our know-how in terms of collateral management systems with market infrastructures where collateral pools reside. For example, in Brazil, the CSD Cetip is insourcing the Clearstream collateral management engine in order to offer its clients collateral management services. This arrangement allows all the assets to remain in Brazil, in line with the law, and so it does not require each market infrastructure to spend significant time and resources building an engine that we already have in place. Facilitating collateral use in the local market enables more transactions and therefore results in higher market liquidity. Following Brazil, we have signed agreements with ASX in Australia and with Iberclear in Spain and are also progressing with the South African CSD Strate and the Canadian CSD CDS. We are working on deploying the solution with these and other market infrastructures, including agent banks, which we have begun to target with a similar service.

You mentioned before that collateral pools across several locations cannot be pooled to have more efficient collateral management. Do you see any change to this situation in the future?

Yes, because there will be more pressure to be able to address this structural inefficiency. In Europe, TARGET2-Securities will facilitate the movement of collateral across borders. We are also thinking of other ways to make it possible to pledge international securities in local markets and to use domestic securities to pledge outside domestic markets. These types of services will be key differentiators for an ICSD like Clearstream in the future.

In our current economic climate, it is very good to see that a lot of effort is being made to grow the activities of Clearstream. Can you tell us a bit more about financial performance in 2011?

In line with the experience of many financial sector players, our net interest income suffered in 2011 and our traditional revenue drivers were under pressure. The Eurobond and, more generally, the custody business still accounts for the largest portion of our revenues, but the Eurobond market is shrinking as we see more net redemptions than new issuances. Additionally, our clients are mostly banks and it's no secret that they are under cost pressure and this is reflected in our fees. In order to attract new custody volumes, we started years ago to broaden the value proposition for our clients – collateral management is one example – and to diversify our business. For example, take the investment funds business, an important part of the Luxembourg financial market: we are seeing our investment funds business growing by double digits annually. And we have also started to leverage our 40 years of IT banking expertise by enabling banks in Luxembourg and beyond to outsource part of their services to us.

This diversification is helping us to navigate the continuing difficult conditions. Given the fact that we were operating in a very challenging environment, our 2011 performance was good: sales revenues grew by 3 percent year-on-year to €773.3 million compared to €752.4 million in 2010. I am pleased to say that we have a compelling product suite in place and a flagship collateral management service. The outlook for Clearstream in 2012 is positive.

KBL European Private Bankers

Interview with Jacques Peters, Chief Executive Officer

KBL has been somewhat a pioneer in establishing in Europe the "hub based" business model. Can you tell us how the model has been designed?

It is useful to understand a bit of the history in the evolution of this model. The Bank in Luxembourg was founded 62 years ago. The idea was initially to replicate the operating model in Belgium. The first activities focused on corporate banking, and these quickly evolved to include syndication, currency transactions and other financial market activities. With the growth in the funds industry, the Bank started to offer services to this sector, and private banking services also came naturally.

In the mid-1990s, we conducted a strategic review, and the main outcome was that we decided to focus on private banking activities and onshore clients. We therefore embarked on an acquisition process of private banking activities located in various countries. This strategic focus proved to be a successful exercise - today we have around EUR 44 billion in Assets under Management (AuM), and in addition, around EUR 40 billion in assets under administration or custody. In terms of geographical split, AuM in Luxembourg represents only around one quarter of our total AuM.

Do you think that this model gives KBL a competitive advantage?

Yes. Within our network, we have managed, using our model, to keep a culture which fosters an entrepreneurial spirit in each location. It allows us to deliver tailored private banking services in each jurisdiction. This is fully in line with our view that Private Banking is very much a client-centric activity, as opposed to being product-centric or even organisation-centric.

Another way to see our operating model is to consider the following principle: we try to keep Business to Customer activities more local, and Business to Business activities more central. It may be a simple way to look at things, but it works. The B to B part forms the core of what we call our "group platform". Here, the general idea is that 80% of our group platform is developed centrally, and 20% is the local fine-tuning part. Deciding which parts are local and which parts are central is often a balancing act.

Do you plan to extend your network through new acquisitions?
We always consider any interesting opportunities to grow our portfolio of private banking assets. But my first objective is to double our market share in our existing markets, as there are still many untapped opportunities. We have 10 banking licenses in 9 countries, and my first priority is to grow AuM in these countries. Both Germany and Belgium have been excellent examples of what we can achieve in terms of growth in our existing markets. UK, France and Switzerland are other countries where we think that we can grow very quickly.

How do you plan to achieve this growth?
Actually, we have an ambitious plan to recruit some 300 private bankers over the next few years. More private bankers will mean both an increased client reach and heightened client satisfaction over their evolving needs. And because private banking is our core strategy, I believe that we offer a very attractive working environment to private bankers, as opposed to a more universal bank. Our ambition is to be ranked as top employer in Private Banking by the most relevant recruitment firms.

I also believe that the current environment will provide a window of opportunity over the next 18 to 24 months to grow our client base through acquisitions. The next couple of years are likely to be more of a buyer's market than a seller's market in terms of client portfolio sales.

Do you have "hunters" working in new countries under the LPS status?
Because of our structure and local presence in 9 countries, we tend to work less with the LPS (Freedom to Provide Services) model.

Has KBL now recovered its status as a full decision centre in Luxembourg? Will this change something in your strategy?
In fact, we have always enjoyed a lot of independence in terms of decision making in Luxembourg. Our new structure is not expected to change this, as our new shareholders fully share our private banking strategy.

The deal with Qatar is not yet finalized. If it is not too early to tackle this point, what type of opportunities does this deal offer?

The first element that our new shareholder will bring us, is a very long term view and stability which are paramount ingredients in Private Banking.
On top of that, our new structure will give us further access to high net wealth clients in growth regions such as the Middle East and in Asia. We also intend to play a significant role in the Sharia activities which the Luxembourg financial sector is preparing itself for, such as in the issue of sukuks.

In the future of private banking, do you see more convergence with the funds industry?

Yes indeed. There are potentially several areas where we see such a tendency. Firstly, we already work with third party managers which are managing a portfolio for high net worth clients, offering administration and custody services. Secondly, we are noticing that a number of HNW clients are seeking to have their own structure such as a SIF. Thirdly, a number of trustee business structures are currently being used in a number of future growth regions in the world.

Private banking outlook

The past few years have undoubtedly been difficult for private banks in Luxembourg, with high market volatility and low interest rates reducing yields and driving funds towards 'safer' cash and real estate holdings. Together with the rising cost of regulation, these factors have placed severe pressure on the industry's margins.

In this challenging context where private banks need to re-invent themselves, KPMG recently conducted a Private Banking Survey, in close co-operation with the Institute of Management at the University of St. Gallen in Switzerland, on the basis of in-depth interviews of 82 board-level executives at private banks from a cross-section of European and Asian private banking centres: Switzerland, Hong Kong and Singapore for their focus on high growth markets, Luxembourg and Switzerland for their focus on Western markets, and Austria in view of its focus on both on-shore and Eastern Europe / the Commonwealth of Independent States (CIS) offshore markets. This survey provides powerful insights into success factors for private banks around the world and on the key challenges and opportunities facing the industry, with interviewees' opinions accompanied by recommended 'agendas for action' based on our industry expertise and analysis of survey responses by both KPMG and the University of St. Gallen.

From a general standpoint, while many banks have found it necessary to concentrate on cost control over recent years, the time has come for a greater emphasis on revenue enhancement. Cost management remains important, but it is only half the equation. Only by looking outside the bank and focusing clearly on market opportunities will they be able to grasp the opportunity. This is especially true for small to medium-sized players. A greater emphasis on revenue enhancement can help banks to avoid hitting the ceiling of possible margin improvement, mitigating the risks of further deteriorations in market and pricing pressures.

Timely refocusing of the bank's strategy to sustain profitability

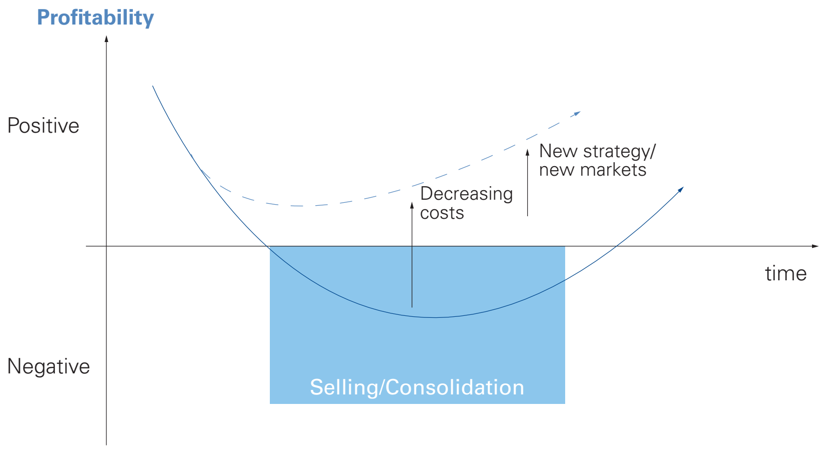
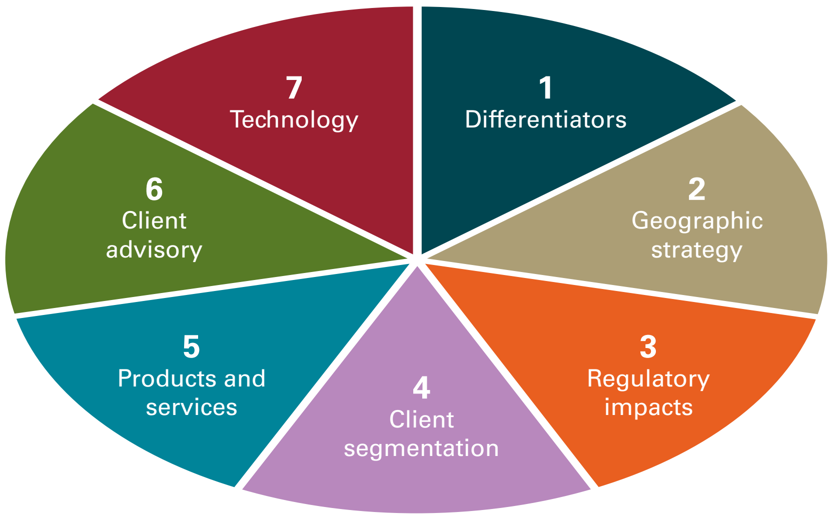


Figure 1: Timely refocusing of the bank's strategy to sustain profitability

Source: Performance through focus - Seizing the global private banking opportunity – KPMG Survey 2012

More specifically, we have gathered the findings of the Survey within seven areas of focus that are presented below.



1. Individual bank differentiation gaining importance

Key observations	Agenda for action
• National political stability and client confidentiality cited as selling propositions but are not sufficient differentiators • Client Relationship Manager (CRM) skills and experience, bank culture and product offering vary in importance between markets • Pricing is not a key selling proposition	• Have a clear view over your bank's own differentiators and distinguish them from national market characteristics • Enhance specific competencies that are key to the markets you target • Develop CRM knowledge and skills to support your differentiators

2. A focused geographic strategy is a necessity

Key observations	Agenda for action
• A lack of clearly articulated visions over target markets prevails, risking sub-optimal strategy and performance • Classic cross-border banking model remains dominant but is increasingly limited by regulation; smaller banks particularly affected • Critical mass increasingly important, though small banks may occupy profitable niches	• Identify markets with high potential based on your ability to generate new business and sustain critical mass • Determine long-term cross-border business model • Identify potential non-core markets to exit

3. Tax transparency is critical, with a client focus on post-tax returns

Key observations	Agenda for action
• Global regulations encourage a more focused business model. Flexibility and efficiency of solutions are key to keeping pace with regulatory change and ensuring cost-efficient compliance • Approaches and timings in dealing with legacy issues vary considerably. However, the adoption of a tax transparent strategy is required; it is no longer optional • A holistic approach to clients is increasingly necessary, with a clear focus on the post-tax returns of proposed products	• Understand the impacts of increased global regulations on your business model. Determine how to keep solutions flexible yet efficient and competitive • Determine how proactively you support clients' tax transparency • Identify measures to more holistically serve clients, focusing on post-tax performance

4. More precise understanding and targeting of client segments required

Key observations	Agenda for action
• Due to regulatory changes and market environment, smaller banks need to find profitable niches to serve • Measuring and understanding performance (profitability) of client segments is critical • Technology supports the identification of client behaviours and attributes for segmentation, and most suitable products and services to offer	• Analyse client segment performance and consequent client approaches • Articulate niches served and ensure appropriate matching of CRM skills

5. Anticipating clients' evolving product and service needs

Key observations	Agenda for action
• Private banks must accurately define which target clients they aim to serve and differentiate through products and services for these specific clients • Offering of integrated services, such as corporate and investment banking services is an important success factor for winning Asian private banking clients • Clients' demands for more service for less money is creating continuous fee pressure	• Accurately define your target clients and seek to differentiate through products and services for specific target clients' needs • Review and optimise your fee structure in light of changing client demands • Improve cross-selling capabilities between corporate investment banking services and private banking for Asian clients

6. Client advisory enhancement through specific, technical CRM development

Key observations	Agenda for action
• Skilled CRM shortage is exacerbated by changing client needs • Training is expected to become more technical and IT driven, including specific regulatory impacts and tax effects on risk profiles • Powerful research capabilities to respond to client information requests consistently and in a timely manner are crucial. Technology support is indispensable	• Identify potential for enhancing client-CRM interactions through improved use of technology and through focused events • Ensure CRM training reflects current needs such as tax and regulation impacts, product know-how and sales / client acquisition capabilities • Be innovative and medium-term oriented in the choice of sustainable KPIs to measure CRM performance; review regularly

7. Leapfrogging the competition: enhancing service delivery through mobile banking

Key observations	Agenda for action
• Potential benefits of mobile and internet banking are not well understood • First mover advantages can differentiate, helping to target Asian clients and younger generations • Controls and usage can minimise exposure to confidentiality and privacy risks	• Assess potential improvements to client-CRM interactions and service quality • Determine which services to offer, how to price them, and how to achieve an optimal roll-out across the bank and client advisory • Identify available solutions and how to integrate into core banking infrastructure

Human Resources

What are the challenges on the HR side ?

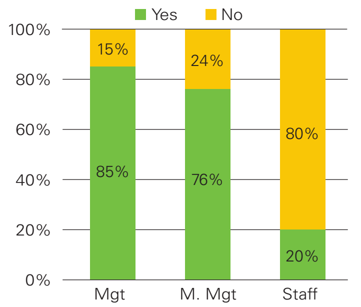
For the 22nd consecutive year, KPMG has conducted its annual Remuneration Survey dedicated to the Luxembourg financial sector. Among the trends observed, difficulties in recruiting the right person for the right position has been mentioned as one of the main priorities for HR Managers and CEO's in Luxembourg. Indeed, 49% of survey participants are experiencing difficulties in recruitment, which of course impacts their HR workload. When analysing recruitment ratios, it is interesting to note that, of all applications received by the HR department, on average only 7% of candidates are finally recruited! Moreover, as hiring not only takes place in the context of job creation (43%) but also to fill positions vacated by others (57%), the rotation of employees between financial institutions is exacerbated. As a consequence, difficulties in finding and hiring the right people lead to a talent war. With this in mind, beyond a successful and adapted recruitment process, the retention of employees is also key.

Different levers can contribute to retention. On the one hand, we have, of course, the usual financial tools. To hire and retain the right people, companies have to be inventive and think about the expectations of their employees. This is why, as shown in the below graph, the remuneration package is not only composed of base salary and bonus, but also of other benefits: *company* cars increasingly form a part of the salary package, *complementary medical coverage*, considered as a very attractive benefit by most employees, is offered by 52% of financial institutions, and pension plans have become an unavoidable component of the remuneration package. In addition, financial institutions can also leverage other existing fringe benefits such as *meal allowances, parking slots, transportation expenses, concierge services, sport / leisure facilities, professional association membership, etc.*

Does your company offer...

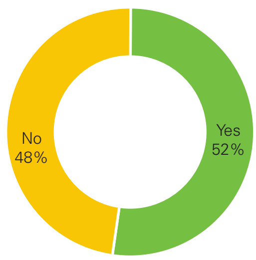
A company car?

More and more integrated in the salary package



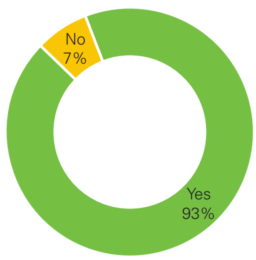
A complementary medical coverage?

A very attractive benefit for employees



A pension plan?

An important component of the remuneration package



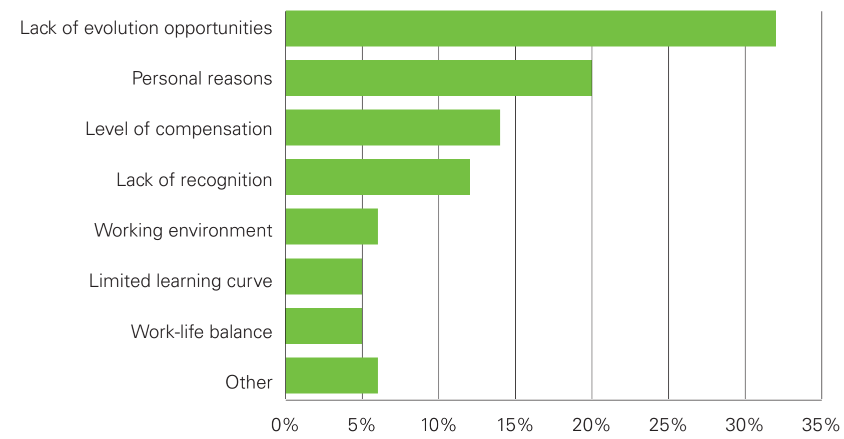
Source: KPMG Remuneration Survey 2011

On the other hand, non-financial levers are also mentioned as central retention elements by 67% of HR Managers. The relative importance of non-financial benefits is clearly a new trend, which can be explained by the fact that, more than ever, the limitation in possible financial incentives requires additional creativity from HR Managers. The main non-financial benefits are the following: *training* (89%), followed by the *recognition of work-life balance* (68%), *career management* (57%), *the quality of management* (54%) and, last but not least, *company culture and social life* (49%). In such conditions, the capability of financial institutions to identify and retain their high potential employees is also crucial. This is why 97% of financial institutions take action to identify and reward those with high potential, defining specific career plans for these employees.

Retention is not only linked to financial and non-financial tools but also to individual leadership. Each successful organisation is made of committed people and their motivation is clearly driven by leadership skills. In this context, an outstanding leader will know how to motivate and reward individuals through communication, trust, accountability, projects / challenges, work environment, etc. It will therefore come as no surprise that our survey participants have elected leadership development as their priority training for the year to come.

To build these all important management and leadership skills, many financial institutions choose coaching as a means of professional development. Coaching involves supporting an individual or a group through the process of achieving a specific personal or professional goal. One of the specificities of coaching is leadership: to provide support to help individuals or groups improve their effectiveness or the effectiveness of the business. More and more companies resort to coaching as it allows in-depth customisation and the possibility of addressing a variety of different skills, including interpersonal & professional communication, performance management and building an effective team within an organisation.

Unfortunately, regardless of the efforts made by financial institutions, some employees will inevitably leave. At this stage, it is important to take the time to understand the underlying reasons for their decision through "exit interviews", so that appropriate remediation actions can be undertaken by the company. In the opinion of survey participants, the main reasons for an employee to leave the company are as follows:



Source: KPMG Remuneration Survey 2011

When it comes down to HR priorities, our Survey indicates that, alongside recruitment issues, remuneration policies have remained at the top of the HR agenda.

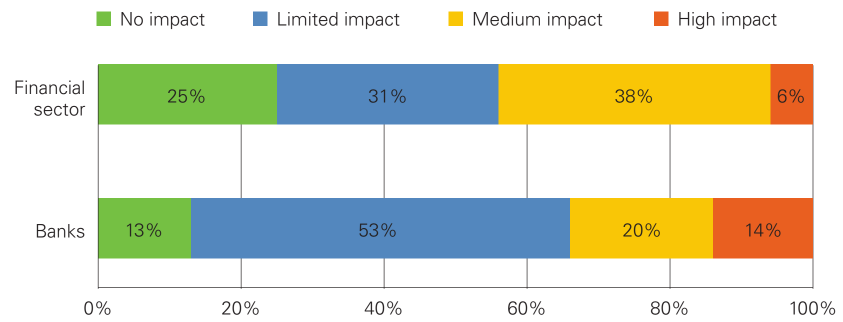
Indeed, for more than two years now, financial institutions, and more specifically banks, have been facing new challenges arising from the introduction of regulations and guidelines on remuneration policies within the financial sector. In Luxembourg, the regulations were established in three steps:

- In February 2010, based amongst others on a 2009 EU recommendation, the CSSF issued the Circular n°10/437 that aimed at defining rules with regards to inter alia the formalisation of remuneration policies, the identification of the so-called "material risk takers" and the balance between fixed and variable remuneration;
- In December 2010, the CSSF published Circulars n°10/496 and 10/497 transposing the so-called "CRD III" European Directive. These texts, very much referring to the guidelines defined by the CEBS/EBA (European Banking Authority), introduced compulsory elements in terms of remuneration practices (e.g. deferred remuneration, use of equity-based instruments, malus/clawback, governance rules, etc.);

– In February 2011, the CSSF issued the Circular n°11/505, aimed at providing institutions with precision on the definition and use of the "proportionality principle", which allows institutions to neutralise some of the requirements introduced by the CRD III, the CEBS/EBA guidelines and the Circulars (mainly the requirements related to deferrals and equity-based instruments).

Unsurprisingly, our Survey indicated that 86% of the banks based in Luxembourg were impacted by the introduction of these new regulations and guidelines. Today, one year after the introduction of the last Circular, these requirements and the feedback provided by the CSSF have undoubtedly led banks to consider their practices differently. Moreover, it is interesting to note that institutions also had to reconsider other dimensions such as performance management, taxation and governance.

Impact of the Circulars and of the CRD 3 on remuneration practices



Source: KPMG Remuneration Survey 2011

In relation to this issue, in April 2012 the European Banking Authority published a "Survey on the implementation of the CEBS Guidelines on Remuneration Policies and Practices", which had been conducted amongst European banking supervisors in Q4 2011.

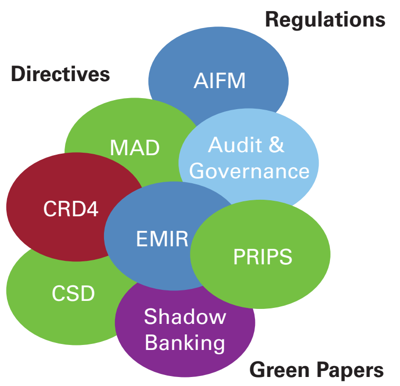
This Survey highlighted a certain number of interesting findings, including difficulties maintaining a consistent remuneration policy within financial groups, the average limited number of identified material risk takers, as well as the vast heterogeneity in the definition criteria of these risk takers and the underdeveloped risk alignment of remuneration policies (ex ante and ex post). It will be important to follow up on how the European and / or the Luxembourg regulators will decide to leverage upon the conclusions of this survey in order to deal with the weaknesses that have been identified.

Legal and regulatory developments

The Banking sector continues to be re-shaped by the ever-expanding set of regulatory and related reform initiatives at global, regional and national levels. Each of these initiatives plays its part in enhancing financial stability, protecting investors and consumers, and making it easier to deal with failing banks. But they also have significant impacts on banks and their business models, and in turn on bank's customers and the real economy.

There are a number of key drivers that will influence the strategy, business models, size, shape, structure and cost to banks.

1. Capital and Funding Strategy – increased capital funding costs, liquidity buffers and slimmer balance sheets
2. Supervision and Reporting – more intense supervision and ever expanding reporting requirements, as further evidenced in AIFMD, UCITS V, MIFID 2, EMIR…
3. Governance and Remuneration – enhanced accountability and risk-related metrics are key
4. The Customer Agenda – more checks and balances to protect customers and combat mis-selling



Liquidity – A bigger challenge than capital

A major issue during the financial crisis was the inability of banks to roll over short-term wholesale financing. Investor confidence plummeted, leading to a liquidity squeeze within some financial institutions. In response, the Basel Committee on Banking Supervision has introduced two new liquidity ratios for banks. These liquidity ratios are aimed at strengthening banks against adverse shocks, eliminating structural mismatches and encouraging more stable sources of funding. Reporting of the liquidity calculation components of the Liquidity Coverage Ratio will start on 1 January 2013.

Capital adequacy

The European Commission (EC) adopted the capital requirement directive and regulation to strengthen the regulation of the banking sector.
The proposal replaces the current Capital Requirements Directives (2006/48 and 2006/49) with a Directive and a Regulation, and constitutes another major step towards creating a sounder and safer financial system. The directive governs the access to deposit-taking activities while the regulation establishes the prudential requirements credit institutions need to comply with.

It is currently expected that these proposals are adopted by the European Parliament (EP) by the end of summer 2012. Since the publication of these proposals several issues have been discussed and a common agreement could not be found. In May 2012, the finance ministers of the EU have agreed on a set of changes which consist of, inter alia, higher capital requirements which can be imposed by individual member states (i.e. the single rule book principle within the EU will be weakened), enlarging the scope of eligible instruments for tier 1 capital, reducing the risk weights for SMEs and to limit bonus payments to a maximum amount of the annual base salary. However, the European Parliament has not yet agreed on these new proposals, but also came up with additional requirements. The summer will be hot for the political community at least in this respect as they need to find a common agreement for the final text of the directive and regulation which is by far not yet reached.

In Luxembourg, Circular 12/535, issued on 6 March 2012, covers the approval process by the CSSF for changes that may occur to advanced measurement approaches (AMA) for operational risks. Four categories of changes to the AMA approach have been defined; only significant changes are to be submitted to the CSSF. The CSSF will inform the credit institution or investment firm if the changes are rejected.

Alternative Investment Fund Managers Directive (AIFMD)

AIFMD is targeting all alternative investment fund managers (AIFM) as a number of them are currently not regulated. The Directive expects all alternative investment funds (AIF) managers to demonstrate sufficient capabilities and resources to perform their activities, and to be supervised by their national regulatory body. It also defines the due diligence procedures to be implemented prior to delegating administrative and depositary tasks to third parties. Another significant measure is that the scope of the depositary's role and liability has been increased.

Who can act as depositary for an AIF?

For an EU AIF, it is mandatory to appoint a depositary in the home member state of the AIF, which must be an EU based credit institution, an EU based investment firm or other institutions permitted under the UCITS directive. Some specific provisions exist for certain closed-ended funds investing in "other assets", defined as non financial assets, where the depositary may be a Registrar, a Notary or a Lawyer, provided they have a sufficient financial base.

For a non EU AIF, the depositary should be located

- in the home Member State of the AIFM or in the Member State of reference of the AIFM managing the AIF.
- in a 3rd country home state of AIF subject to the following conditions: effective prudential supervision in line with the EU regulation; Signed and exchange of information arrangements between EU and third countries; Third country is not listed as Non-Cooperative Country and territory by the FATF; Compliance with OECD Tax Convention, Article 26 and exchange of information.

What are the depositary's responsibilities?

Cash flow monitoring

- General information requirements: Depositary is informed upon its appointment of all existing cash accounts; of any new cash account opened by the AIF or the AIFM afterwards with the aim of having a clear overview of the AIF's cash flows
- Consistency of own depositary records with those of the AIFM
- Proper monitoring of all AIF's cash flows: cash is booked, proper reconciliation procedures are implemented together with adequate follow up of discrepancies; proper procedures enable to identify significant cash flows with the operations they relate to

Safekeeping duties

- Custody duties for all financial instruments that can be held in custody by the depositary plus a segregation requirement in order to identify financial instruments belonging to AIF
- Verification of ownership of all other assets of the AIF on the basis of information provided by the AIF or AIFM

Oversight functions

- In relation to subscriptions / redemptions
- In relation to the valuation of shares / units of the AIF
- To carry out the instructions of the AIFM
- In relation to timely settlement of transactions
- In relation to the AIF's income distributions

Delegation

- Delegation of the depositary tasks limited to the safekeeping duties (financial instruments held in custody by depositary plus verification of ownership of all other assets of the AIF)
- Conditions: (i) no "letter box" intention to circumvent the AIFMD requirements, (ii) objective reason for delegation, (iii) due skill, care and diligence when selecting the sub-custodian, (iv) sub-custodian is subject to effective prudential regulation plus segregation between assets of depositary's clients and its own, and (v) "escape clause" if no suitable depositary exists in the third country

Best Execution: it currently concentrates on best price. This will now fall under MiFIR and will include other critical criteria, such as speed of transaction, number of cancelled orders prior to the executed order, possibility of default by the trade counterparty.

Client Classification: currently there are three client types - Retail, Professional and Eligible Counterparty - with authorised investment risk increasing from the former to the latter. Under MiFID 2, clients' risk waivers see fewer parties being assigned the 'eligible counterparty' status.

Inducements: MiFID 2 in its first draft was prohibiting any form of inducement - as inducements are not compatible with the provision of independent discretion and advice to clients. However, there are still debates between the EC and the European Parliament on that specific topic.

Pricing: decrease of the trading costs have not benefited the investors.

Market structure and investor protection

MiFID has transformed the landscape for the trading of securities and introduced much needed competition and efficiency. It was good news for investors because it both increased their level of protection and gave them greater choice. The result after 3.5 years in force is more competition between venues and more choice for investors in terms of service providers. However the number of active players is falling and we even see that some of the big players are planning to merge. Benefits of this increased competition has not flowed equally to all market participants. The financial markets also observe a growth of dark pools and OTC transactions.

The EU has proposed a revision - in the form of a Directive MiFID 2 and a new Regulation MiFIR. The latter would require exact and mandatory implementation into law in EU member states, ensuring a consistent implementation and eliminating regulatory arbitrage. These revisions will complement another proposed Regulation - the European Market Infrastructure Regulation EMIR. The purpose of EMIR is to increase transparency for the OTC derivatives market through reporting to trade repositories (TR), to reduce counterparty default risk through central clearing and to reduce operational risk through straight-through processing.

ESMA has already issued discussion papers on regulatory technical standards (RTS) and implementing technical standards (ITS) on 16 February 2012. Several issues have still to be solved. Moreover, the link to other regulations such as the European transposition of the Basel III framework has to be carefully assessed and considered. The technical standards should be submitted to EC by end of September 2012. However, Patrick Pearson, Head of the EC's Financial Market Infrastructure unit, expressed his view that "Europe will not be subject to mandatory clearing by 1 January 2012 as the G20 requested" due to the dramatic increase of regulatory workloads.

Collectively, these Regulations grant extra powers to EU member state authorities and provide certain direct powers to the European Securities and Markets Authority (ESMA), including responsibility for developing Binding Technical Standards (BTSs).

One of the most significant developments is the obligation on regulated trading venues to store order data in a manner accessible to supervisors for at least 5 years. The stored information will need to contain Client ID and the persons responsible for the execution of the transaction (for instance the traders or computer algorithms). This seems to challenge current attitudes on anonymity, albeit "for supervisor eyes only".

Main objectives of MiFID 2

1	Ensure a level playing field
2	Increase Market Transparency for market participants
3	Reinforce transparency towards and powers of regulators in key areas and increase coordination at European level
4	Raise investor protection
5	Address organisational deficiencies and excessive risk taking or lack of control by investment firms and market operators

Anti-money laundering and terrorism financing (AML/TF)
In its Circulars 11/519 & 11/529 the CSSF issued further guidelines and recommendations as to the risk-based approach banks should implement in order to define the adequate identification and monitoring procedures.
They mainly introduced the need to consider the type of services offered by the credit institutions and to define which ones represent more AML/TF risks.

Tax

28.80%

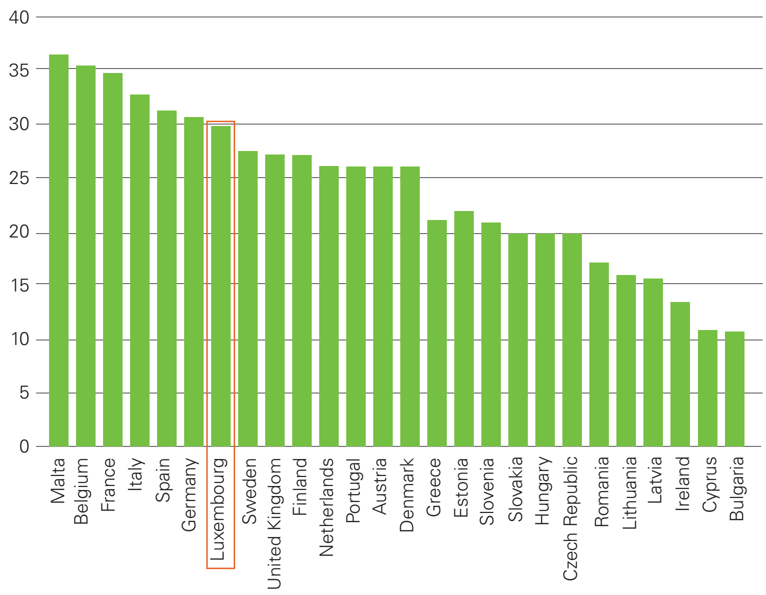
Luxembourg Corporate Income Tax Rate

Key Luxembourg Tax Topics

In 2012, the Luxembourg corporate tax rate remains unchanged at 28.80%. However, the Luxembourg Government has announced changes for the year 2013, including:

- An increase in duty on fuel and tobacco;
- A 2% increase in solidarity surcharge: for low income earners (4% to 6%), high income earners (6% to 8%) and for companies (5% to 7%); and
- A new minimum tax for corporations

Corporate Tax Rates 2011

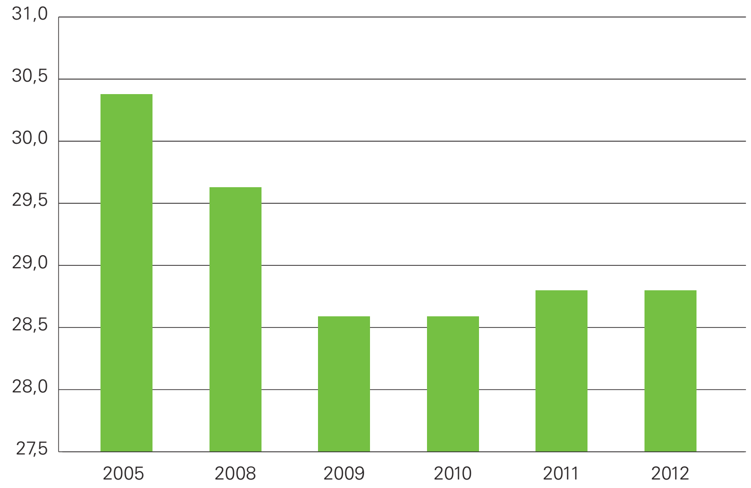


Source: KPMG's Corporate and Indirect Tax Survey 2012

"Given the current economic situation, it is risky to reduce tax rates." Luxembourg Finance Minister Luc Frieden at the Luxembourg Business Compass on 24 May 2012.

Luxembourg Corporate Tax Rates

(%)

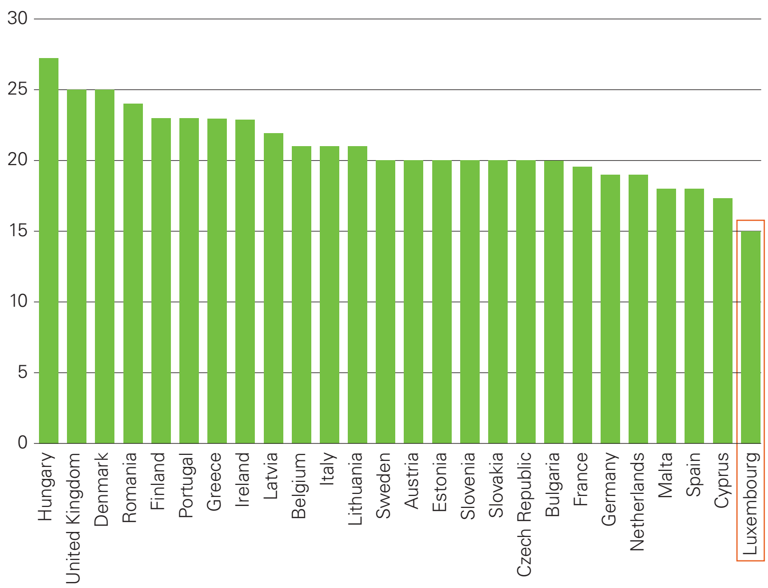


15%

Luxembourg has the lowest VAT rate of all EU Member States.

Luxembourg has the lowest maximum VAT rate (15%) of all EU Member States. As banks cannot fully recover VAT, this constitutes a cost for their business. A low VAT rate is thus a competitive advantage for the financial industry.

VAT Rates 2011



Source: KPMG's Corporate and Indirect Tax Survey 2012

FATCA

On 8 February 2012, the U.S. Treasury issued the long expected FATCA draft regulations, which provide guidance with regard to FATCA implementation and also for additional categories of Deemed Compliant Foreign Financial Institutions (DCFFIs), which are subject to lower reporting obligations.

Despite the clarifications, there are still some ambiguities remaining, which will not be addressed before the publication of the Foreign Financial Institutions (FFI) agreements and the final regulations, expected at the end of this summer at the earliest.

Intergovernmental Approach

FATCA rules have raised a number of issues for FFIs in certain countries, especially with regards to reporting requirements for FFIs for certain accounts. Due to legal restrictions, these FFIs may not be able to comply with the reporting, withholding and account closure requirements. As a result, alongside the release of the draft regulations, the US has issued a Joint Statement together with five European countries (France, Germany, Italy, Spain and the UK), declaring the group's willingness to pursue an intergovernmental alternative to certain aspects of FATCA. An intergovernmental approach to FATCA implementation would address the legal impediments to compliance. The US would reciprocate by collecting and exchanging information on accounts held in U.S. Financial institutions by residents of the aforementioned countries. Thus, the US, France, Germany, Italy, Spain and the UK have agreed to "explore a common approach to FATCA implementation through domestic reporting and reciprocal automatic exchange".

Tax Treaties and Protocols that came into effect on 1 January 2012

Barbados (Treaty)	San Marino (Protocol)
Hong Kong (Protocol)	Turkey (Protocol)
Mexico (Protocol)	Japan (Protocol)
Panama (Treaty)	Guernsey (Treaty)
Canada (Protocol)	Macedonia (Treaty)
Korea (Protocol)	

EU Savings Directive

On 31 October 2008, the EU Commission presented a draft proposal which aimed to extend the current scope of the Savings Directive. As such, if proposed amendments are adopted, then certain investment funds and structured products that are currently outside the scope of the Directive would be covered (e.g. SICAV)

The Danish Presidency plans to bring the Directive back on the agenda.

A second review of the Directive was published on 2 March 2012. The main findings of the review, including the widespread use of offshore jurisdictions for intermediary entities and the growth in key markets that provide products comparable to debt claims, reinforce the case to not only extend the scope of the Directive, but also of relevant agreements.

Financial Transaction Tax

On 28 September 2011, the European Commission published a draft directive for an EU wide Financial Transactions Tax (FTT).

The FTT would be imposed on transactions involving financial instruments carried out by at least one EU-based financial institution.

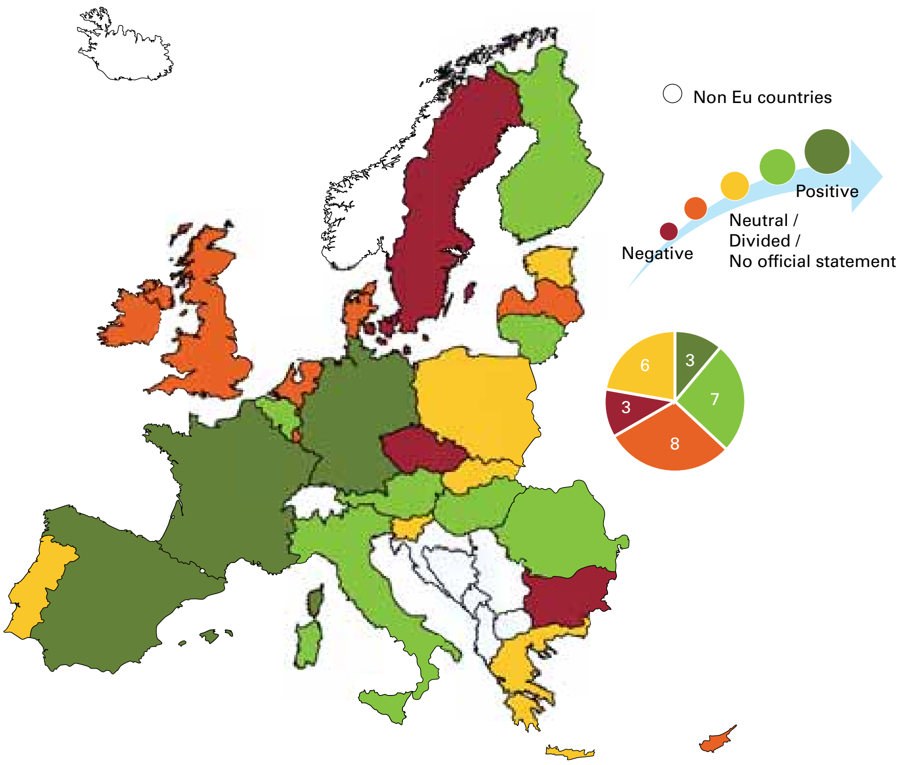
The FTT has been designed to cover a wide range of financial transactions, such as the purchase and sale of financial instruments and the conclusion of derivative agreements.

The draft directive proposes a minimum FTT level of:

- 0.1 % on all financial transactions, with the exception of those related to derivative agreements
- 0.01 % in the case of derivative agreements

In actual fact, FTT would not only be due on the sale or purchase of portfolio investments, but also on the subscription and redemption of fund units. What's more, there are further scenarios in which FTT would be levied on multiple layers.

Financial Transaction Tax Thermometer:
The Position of the 27 EU Member States



LEVEL OF SUPPORT	EU MEMBER STATE
Support FTT **(Green)**	France, Germany and Spain
Support FTT subject to certain conditions such as global or EU introduction, and are overall more positive **(Lime)**	Austria, Belgium, Finland, Hungary, Italy, Lithuania and Romania
Neutral, divided or have not yet expressed an opinion **(Light yellow)**	Estonia, Greece, Poland, Portugal, Slovakia and Slovenia
Support FTT if certain conditions are satisfied, such as global or EU introduction, but are overall less positive **(Orange)**	Cyprus, Denmark, Ireland, Latvia, Luxembourg, Malta, the Netherlands and the UK
Against FTT **(Red)**	Bulgaria, the Czech Republic and Sweden

Aberdeen Claims

The ECJ decision in the Aberdeen case, dated 18 June 2009, opens up the possibility for investment funds to claim withholding tax levied on EU sourced dividends. After several favourable court decisions, custody banks continue to be swamped by their clients withholding tax refund claims and now play a key role in providing their clients with documentation, such as dividend payments, management services and withholding tax schedules. Facing short deadlines, custody banks need to make adequate human and IT resources available to meet their clients' demands.

New Double Tax Treaty for Luxembourg and Germany

On 23 April 2012, Luxembourg and Germany signed a new income and capital tax treaty.

The new treaty generally follows the OECD Model Tax Convention and, once ratified by both countries, will replace the existing 1958 tax treaty.

Some important highlights:

- The withholding tax (WHT) rate on dividends has been reduced from 10% to 5% where the beneficial owner is a company from the other Contracting state holding at least 10 % of the capital, reduced from the previous level of 25%.
- Income paid on convertible and profit participating bonds should now fall within the interest provision. Accordingly, there should generally be no WHT on such payments.
- In the case of the disposal of shares in a company deriving more than 50% of their value from immovable property situated in the other Contracting State, any capital gains earned may be taxed in the state where the immovable property is located. Under Luxembourg and German tax law, capital gains earned by non-resident taxpayers upon disposal of shares in resident companies are generally not taxable.
- The new tax treaty includes a detailed article which allocates taxing rights over different kinds of pension payments, thereby increasing legal certainty in this respect.
- While Luxembourg generally applies exemption and credit methods to income that is subject to limited WHT in Germany, Germany will only adopt the exemption method when certain conditions are met.
- According to the new tax treaty's protocol, SICARs, SICAVs and SICAFs may benefit from the reduced/zero WHT rates on dividends and interest payments. If certain conditions are met, these WHT rates may also benefit Luxembourg FCPs.

Bank rankings 2011

Overview

	Bank
1	Deutsche Bank Luxembourg S.A.
2	Société Générale Bank & Trust S.A.
3	Banque et Caisse d'Epargne de l'Etat, Luxembourg
4	CACEIS Bank Luxembourg
5	BGL BNP Paribas
6	UniCredit Luxembourg S.A.
7	EUROHYPO Europäische Hypothekenbank S.A.
8	Banque Internationale à Luxembourg
9	Banque de Luxembourg S.A.
10	DZ PRIVATBANK S.A.
11	Deutsche Postbank International S.A.
12	Norddeutsche Landesbank Luxembourg S.A.
13	Clearstream Banking S.A.
14	Eurobank EFG Private Bank Luxembourg S.A.
15	Société Européenne de Banque S.A.
16	KBL European Private Bankers S.A.
17	ING LUXEMBOURG S.A.
18	UBS (Luxembourg) S.A.
19	RBC Dexia Investor Services Bank S.A.
20	BSI Luxembourg S.A.
21	DekaBank Deutsche Girozentrale Luxembourg S.A.
22	Crédit Agricole Luxembourg
23	NORD/LB COVERED FINANCE BANK S.A.
24	UBI Banca International S.A.
25	Nomura Bank (Luxembourg) S.A.
26	Erste Euro. Pfandbrief- und Kommunalkreditbank AG in Luxemburg
27	Banque LBLux S.A.
28	State Street Bank Luxembourg S.A.
29	Banque Raiffeisen
30	Dexia LdG Banque S.A.
31	MEDIOBANCA INTERNATIONAL (LUXEMBOURG)S.A.
32	Pictet & Cie (Europe) S.A.
33	Landesbank Berlin International S.A.
34	Commerzbank International S.A.
35	HSBC Private Bank (Luxembourg) S.A.
36	Banque Safra-Luxembourg S.A.
37	Banque Privée Edmond de Rothschild Europe
38	Nordea Bank S.A.
39	Hypo Pfandbrief Bank International S.A.
40	Crédit Suisse (Luxembourg) S.A.
41	UniCredit International Bank (Luxembourg) S.A.
42	J.P. Morgan Bank Luxembourg S.A.
43	LBBW Luxemburg S.A.
44	HSH Nordbank Securities S.A.
45	Skandinaviska Enskilda Banken S.A.
46	Banque Degroof Luxembourg S.A.
47	ABN Amro Bank (Luxembourg) S.A.
48	Industrial and Commercial Bank of China (Europe) S.A.
49	HSBC Trinkaus & Burkhardt (International) S.A.
50	PayPal (Europe) S.à r.l. et Cie, S.C.A.
51	Natixis Bank
52	The Bank of New York Mellon (Luxembourg) S.A.
53	Banco Popolare Luxembourg S.A.
54	RBS Global Banking (Luxembourg) S.A.
55	Fideuram Bank (Luxembourg) S.A.

Note: N/A not published at date of print

Total assets € million		Amounts owed to customers € million		Net interest income € million		Net fee and commission income € million		Profit for the financial year € million		Own funds € million		Staff number	
2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
95,945	87,235	110,991	9,768	200	559	-88	18	177	339	3,466	3,127	330	331
49,410	42,162	20,148	18,664	404	388	162	166	258	327	2,667	2,454	837	816
39,763	38,019	24,362	22,984	415	377	79	74	187	185	2,295	2,283	1,786	1,797
36,762	34,775	13,959	13,427	160	119	131	53	96	97	368	270	907	361
33,776	39,347	18,932	18,992	551	484	178	163	252	348	5,517	5,713	2,774	2,826
25,949	28,760	5,035	5,897	272	270	45	64	214	236	1,286	1,291	188	300
24,502	25,799	481	477	44	40	-1	-1	-238	-23	99	93	34	36
24,014	32,322	9,351	12,572	224	256	139	157	-1,704	129	2,331	1,774	1,802	1,854
17,599	18,048	9,820	9,547	112	73	120	114	57	65	647	606	762	749
16,492	13,646	7,238	5,562	124	90	134	98	0	71	761	453	760	549
16,061	15,191	4,877	6,781	113	121	6	24	69	91	892	741	172	176
15,392	17,076	2,380	3,311	107	129	-13	-20	46	69	612	671	173	160
15,386	9,013	352	346	49	31	352	353	162	126	521	526	310	314
15,046	14,494	1,149	927	35	27	4	3	17	21	197	177	68	63
12,024	10,443	2,547	3,566	144	129	24	25	103	96	714	471	214	213
11,369	11,026	0	0	91	99	90	96	-29	68	1,293	1,391	1,023	1,108
11,099	11,292	8,799	8,694	227	249	60	85	113	169	1,458	1,289	785	788
9,299	8,666	7,299	6,677	29	23	118	129	61	72	813	651	406	395
8,514	11,161	6,631	9,190	52	44	169	157	42	30	759	790	1,576	1,543
8,348	902	7,560	248	7	4	6	6	3	1	30	25	49	42
8,276	7,981	5,276	5,204	26	30	84	90	441	243	156	156	415	314
7,229	5,166	3,850	2,546	44	44	69	63	37	46	511	506	344	346
7,102	6,409	561	433	7	9	-2	-1	4	7	58	67	10	9
7,021	8,951	1,139	1,501	27	19	8	10	9	9	108	105	68	70
6,890	5,146	4,339	2,686	7	6	51	35	37	51	193	142	302	271
6,444	6,244	1,427	1,620	35	27	-1	-1	21	1	486	282	13	17
6,441	8,377	2,688	1,491	70	59	19	19	-23	17	369	389	187	173
6,426	3,896	3,761	1,474	124	103	162	166	149	131	2,375	2,206	691	715
5,924	5,868	4,796	4,695	89	80	14	14	17	17	214	198	530	511
5,843	5,582	0	0	14	21	-1	0	-166	37	-52	194	2	2
5,793	6,436	549	540	32	35	16	18	36	35	167	131	5	5
5,619	2,186	3,600	1,513	5	4	120	106	42	34	180	157	344	321
5,595	5,868	5	3	42	39	0	0	-1	24	169	145	41	44
4,855	9,467	1,858	3,694	8	17	40	49	47	88	529	551	136	145
4,604	4,312	1,878	2,094	29	16	9	10	13	14	132	119	145	141
4,278	3,802	1,179	1,319	30	26	17	19	20	19	175	155	124	124
4,253	4,126	3,567	3,512	22	16	147	144	38	36	182	163	692	670
4,159	3,512	3,296	2,715	34	32	73	66	40	36	281	276	311	318
4,116	4,640	1,597	1,602	11	11	0	-2	-13	2	160	124	14	12
4,080	3,317	3,259	2,713	12	13	41	55	-1	-3	117	98	188	193
3,850	4,251	1,963	2,261	13	9	0	0	6	6	213	218	19	26
3,671	3,480	3,855	1,802	20	15	220	192	68	57	697	466	576	583
3,597	6,518	497	567	31	41	1	12	-24	-59	270	253	75	151
2,848	3,394	1,791	1,806	8	13	3	5	13	0	140	140	127	128
2,594	2,580	2,102	2,215	22	14	32	33	29	20	157	158	196	211
2,592	2,251	2,089	1,732	23	20	64	58	47	45	209	187	294	284
2,556	2,190	1,645	1,367	21	18	17	14	13	4	505	240	166	166
2,523	268	410	0	37	1	7	1	12	0	116	116	29	20
2,386	2,161	2,128	1,974	25	21	22	21	12	11	101	98	184	162
2,298	1,425	356	98	44	7	81	37	22	6	885	305	44	29
1,975	2,018	417	277	44	28	10	10	48	28	815	786	97	101
1,871	1,686	1,621	1,539	5	2	25	23	-3	-3	41	44	206	186
1,752	1,838	1,255	1,305	8	7	3	3	3	3	63	60	36	37
1,674	1,961	1,601	1,886	5	4	5	4	4	0	53	53	50	40
1,666	1,916	1,533	1,622	10	6	22	22	24	21	58	55	70	76

Source : Data from Luxemburger Wort or figures made available by banks

	Bank
56	John Deere Bank S.A.
57	Danske Bank International S.A.
58	Sal. Oppenheim jr. & Cie Luxembourg S.A.
59	Banco Bradesco Europa S.A.
60	Svenska Handelsbanken S.A.
61	Mitsubishi UFJ Global Custody S.A.
62	East West United Bank S.A.
63	Banca Popolare dell'Emilia Romagna (Europe) International S.A.
64	Banco Itaú Europa Luxembourg S.A.
65	DNB Luxembourg S.A.
66	VP Bank (Luxembourg) S.A.
67	M.M. Warburg & CO Luxembourg S.A.
68	Mizuho Trust & Banking (Luxembourg) S.A.
69	Credem International (Lux)
70	SMBC Nikko Bank (Luxembourg) S.A.
71	BHF-BANK International
72	EFG Bank (Luxembourg) S.A.
73	Union Bancaire Privée (Luxembourg) S.A.
74	Compagnie de Banque Privée Quilvest S.A.
75	Cornèr Banque (Luxembourg) S.A.
76	Bank Leumi (Luxembourg) S.A.
77	Banque BCP S.A.
78	Delen Private Bank Luxembourg S.A.
79	Hauck & Aufhäuser Banquiers Luxembourg S.A
80	Advanzia Bank S.A.
81	Banque Havilland S.A.
82	Banque Carnegie Luxembourg S.A.
83	Internaxx Bank S.A.
84	Swedbank S.A.
85	Argentabank Luxembourg S.A.
86	Fortuna Banque s.c.
87	Banque Transatlantique Luxembourg S.A.
88	Frankfurter Volksbank International S.A.
89	Van Lanschot Bankiers (Luxembourg) S.A.
90	Sumitomo Mitsui Trust Bank (Luxembourg) S.A.
91	Bank of China (Luxembourg) S.A.
92	Banque de Patrimoines Privés
93	HSBC Securities Services (Luxembourg) S.A.
94	Keytrade Bank Luxembourg S.A.
95	Banque Puilaetco Dewaay Luxembourg S.A.
96	Europäische Genossenschaftsbank S.A.
97	La Française AM Private Bank
98	Brown Brothers Harriman (Luxembourg) S.C.A.
99	HSH Nordbank Private Banking S.A.
100	Freie Internationale Sparkasse S.A.
101	VM Bank International S.A.
102	Banque Hapoalim (Luxembourg) S.A.
103	Société Nationale de Crédit et d'Investissement
104	Banque Invik S.A.
105	Banque Öhman S.A.
106	Andbank Luxembourg S.A.

Note: N/A not published at date of print

Total assets € million		Amounts owed to customers € million		Net interest income € million		Net fee and commission income € million		Profit for the financial year € million		Own funds € million		Staff number	
2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
1,548	1,388	0	0	54	41	0	0	20	8	195	175	57	55
1,512	1,540	770	788	17	18	11	14	13	18	129	132	91	92
1,505	N/A	1,277	N/A	4	N/A	20	N/A	26	N/A	168	N/A	127	N/A
1,486	735	328	138	32	9	6	3	18	11	309	132	39	33
1,453	793	1,311	646	8	5	9	9	4	2	48	46	63	62
1,356	854	344	233	7	5	40	30	20	13	67	64	109	111
1,337	1,470	133	190	16	14	2	3	0	0	44	44	37	36
1,191	533	584	401	4	2	2	2	1	2	41	40	16	14
1,182	1,114	631	663	6	6	43	37	10	6	214	178	52	63
1,127	1,034	634	239	7	7	3	3	4	4	25	21	24	24
1,086	1,135	606	564	9	7	11	13	4	7	110	99	78	73
1,076	729	944	563	6	5	13	11	7	6	28	28	89	63
1,015	789	566	412	1	1	12	11	-1	-2	20	22	109	105
1,001	617	603	240	2	2	22	25	19	22	91	84	26	25
905	696	818	604	1	2	13	12	10	5	55	54	82	73
882	2,358	126	170	10	10		1	-33	2		80	31	34
826	646	561	441	4	3	20	18	3	7	34	31	94	85
715	532	557	446	2	0	22	20	9	11	87	41	48	38
665	573	578	442	6	4	12	12	-1	-4	48	57	95	89
623	575	163	497	2	3	3	3	1	1	45	43	20	21
611	515	413	452	6	7	N/A	4	5	5	N/A	18	30	27
561	509	154	129	8	8	4	3	3	2	23	21	66	62
553	334	483	273	1	1	30	32	23	26	24	21	43	46
541	507	489	456	5	3	18	17	8	9	19	19	99	69
524	372	475	329	42	37	4	3	9	6	35	29	61	51
503	753	203	185	8	7	4	2	6	10	104	109	51	58
378	413	321	354	5	4	9	10	15	7	23	23	43	43
357	313	329	288	4	3	7	6	3	2	23	21	44	43
343	349	272	273	2	2	8	9	0	1	16	15	53	55
334	383	1	36	4	6	2	2	3	6	21	16	24	38
273	268	235	236	3	2	0	0	1	0	10	10	19	19
242	191	130	103	2	1	5	5	1	1	20	20	25	24
229	228	181	202	3	3	3	0	1	1	33	23	7	7
187	119	146	83	2	2	2	2	1	-2	22	24	25	30
183	211	0	0	1	1	6	5	2	2	31	29	20	22
176	137	64	25	6	3	4	1	3	1	59	58	27	43
162	183	140	136	2	1	3	1	0	0	15	4	30	30
150	192		128		0	47	36	-18	-6	42	46	267	285
147	137	133	124	2	1	2	2	2	1	10	9	9	9
110	83	93	64	0	0	10	10	4	5	15	14	26	24
94	79	0	0	0	0	0	0	0	0	12	12	5	5
92	67	73	42	1	1	4	5	-1	0	12	13	25	25
72	187	N/A	112	0	0	82	68	16	15	26	20	451	428
58	374	2	221	2	3	4	7	3	4	32	32	12	28
48	46	28	23	0	1	2	3	1	1	12	11	16	13
39	558	0	405	2	12	7	12	3	62	30	30	3	87
31	47	1	8	0	1	0	0	-2	-3	12	15	22	22
N/A	1,170	N/A	34	N/A	10	N/A	-1	N/A	34	N/A	1,075	12	12
N/A	448	N/A	396	N/A	3	N/A	15	N/A	0	N/A	36	72	81
N/A	73	N/A	45	N/A	1	N/A	4	N/A	0	N/A	9	27	24
N/A	35	N/A	4	N/A	0	N/A	0	N/A	-2	N/A	12	17	13

Source : Data from Luxemburger Wort or figures made available by banks

Total Assets

€ million

	Bank	2011	2010	%
1	Deutsche Bank Luxembourg S.A.	95,945	87,235	10
2	Société Générale Bank & Trust S.A.	49,410	42,162	17
3	Banque et Caisse d'Epargne de l'Etat, Luxembourg	39,763	38,019	5
4	CACEIS Bank Luxembourg	36,762	34,775	6
5	BGL BNP Paribas	33,776	39,347	-14
6	UniCredit Luxembourg S.A.	25,949	28,760	-10
7	EUROHYPO Europäische Hypothekenbank S.A.	24,502	25,799	-5
8	Banque Internationale à Luxembourg	24,014	32,322	-26
9	Banque de Luxembourg S.A.	17,599	18,048	-2
10	DZ PRIVATBANK S.A.	16,492	13,646	21
11	Deutsche Postbank International S.A.	16,061	15,191	6
12	Norddeutsche Landesbank Luxembourg S.A.	15,392	17,076	-10
13	Clearstream Banking S.A.	15,386	9,013	71
14	Eurobank EFG Private Bank Luxembourg S.A.	15,046	14,494	4
15	Société Européenne de Banque S.A.	12,024	10,443	15
16	KBL European Private Bankers S.A.	11,369	11,026	3
17	ING LUXEMBOURG S.A.	11,099	11,292	-2
18	UBS (Luxembourg) S.A.	9,299	8,666	7
19	RBC Dexia Investor Services Bank S.A.	8,514	11,161	-24
20	BSI Luxembourg S.A.	8,348	902	>100
21	DekaBank Deutsche Girozentrale Luxembourg S.A.	8,276	7,981	4
22	Crédit Agricole Luxembourg	7,229	5,166	40
23	NORD/LB COVERED FINANCE BANK S.A.	7,102	6,409	11
24	UBI Banca International S.A.	7,021	8,951	-22
25	Nomura Bank (Luxembourg) S.A.	6,890	5,146	34
26	Erste Euro. Pfandbrief- und Kommunalkreditbank AG in Luxemburg	6,444	6,244	3
27	Banque LBLux S.A.	6,441	8,377	-23
28	State Street Bank Luxembourg S.A.	6,426	3,896	65
29	Banque Raiffeisen	5,924	5,868	1
30	Dexia LdG Banque S.A.	5,843	5,582	5
31	MEDIOBANCA INTERNATIONAL (LUXEMBOURG)S.A.	5,793	6,436	-10
32	Pictet & Cie (Europe) S.A.	5,619	2,186	>100
33	Landesbank Berlin International S.A.	5,595	5,868	-5
34	Commerzbank International S.A.	4,855	9,467	-49
35	HSBC Private Bank (Luxembourg) S.A.	4,604	4,312	7
36	Banque Safra-Luxembourg S.A.	4,278	3,802	13
37	Banque Privée Edmond de Rothschild Europe	4,253	4,126	3
38	Nordea Bank S.A.	4,159	3,512	18
39	Hypo Pfandbrief Bank International S.A.	4,116	4,640	-11
40	Crédit Suisse (Luxembourg) S.A.	4,080	3,317	23
41	UniCredit International Bank (Luxembourg) S.A.	3,850	4,251	-9
42	J.P. Morgan Bank Luxembourg S.A.	3,671	3,480	6
43	LBBW Luxemburg S.A.	3,597	6,518	-45
44	HSH Nordbank Securities S.A.	2,848	3,394	-16
45	Skandinaviska Enskilda Banken S.A.	2,594	2,580	1
46	Banque Degroof Luxembourg S.A.	2,592	2,251	15
47	ABN Amro Bank (Luxembourg) S.A.	2,556	2,190	17
48	Industrial and Commercial Bank of China (Europe) S.A.	2,523	268	>100
49	HSBC Trinkaus & Burkhardt (International) S.A.	2,386	2,161	10
50	PayPal (Europe) S.à r.l. et Cie, S.C.A.	2,298	1,425	61
51	Natixis Bank	1,975	2,018	-2
52	The Bank of New York Mellon (Luxembourg) S.A.	1,871	1,686	11
53	Banco Popolare Luxembourg S.A.	1,752	1,838	-5

Note: N/A not published at date of print

	Bank	2011	2010	%
54	RBS Global Banking (Luxembourg) S.A.	1,674	1,961	-15
55	Fideuram Bank (Luxembourg) S.A.	1,666	1,916	-13
56	John Deere Bank S.A.	1,548	1,388	11
57	Danske Bank International S.A.	1,512	1,540	-2
58	Sal. Oppenheim jr. & Cie Luxembourg S.A.	1,505	N/A	N/A
59	Banco Bradesco Europa S.A.	1,486	735	>100
60	Svenska Handelsbanken S.A.	1,453	793	83
61	Mitsubishi UFJ Global Custody S.A.	1,356	854	59
62	East West United Bank S.A.	1,337	1,470	-9
63	Banca Popolare dell'Emilia Romagna (Europe) International S.A.	1,191	533	>100
64	Banco Itaú Europa Luxembourg S.A.	1,182	1,114	6
65	DNB Luxembourg S.A.	1,127	1,034	9
66	VP Bank (Luxembourg) S.A.	1,086	1,135	-4
67	M.M. Warburg & CO Luxembourg S.A.	1,076	729	48
68	Mizuho Trust & Banking (Luxembourg) S.A.	1,015	789	29
69	Credem International (Lux)	1,001	617	62
70	SMBC Nikko Bank (Luxembourg) S.A.	905	696	30
71	BHF-BANK International	882	2,358	-63
72	EFG Bank (Luxembourg) S.A.	826	646	28
73	Union Bancaire Privée (Luxembourg) S.A.	715	532	34
74	Compagnie de Banque Privée Quilvest S.A.	665	573	16
75	Cornèr Banque (Luxembourg) S.A.	623	575	8
76	Bank Leumi (Luxembourg) S.A.	611	515	19
77	Banque BCP S.A.	561	509	10
78	Delen Private Bank Luxembourg S.A.	553	334	66
79	Hauck & Aufhäuser Banquiers Luxembourg S.A	541	507	7
80	Advanzia Bank S.A.	524	372	41
81	Banque Havilland S.A.	503	753	-33
82	Banque Carnegie Luxembourg S.A.	378	413	-9
83	Internaxx Bank S.A.	357	313	14
84	Swedbank S.A.	343	349	-2
85	Argentabank Luxembourg S.A.	334	383	-13
86	Fortuna Banque s.c.	273	268	2
87	Banque Transatlantique Luxembourg S.A.	242	191	27
88	Frankfurter Volksbank International S.A.	229	228	1
89	Van Lanschot Bankiers (Luxembourg) S.A.	187	119	57
90	Sumitomo Mitsui Trust Bank (Luxembourg) S.A.	183	211	-13
91	Bank of China (Luxembourg) S.A.	176	137	28
92	Banque de Patrimoines Privés	162	183	-12
93	HSBC Securities Services (Luxembourg) S.A.	150	192	-22
94	Keytrade Bank Luxembourg S.A.	147	137	7
95	Banque Puilaetco Dewaay Luxembourg S.A.	110	83	32
96	Europäische Genossenschaftsbank S.A.	94	79	18
97	La Française AM Private Bank	92	67	37
98	Brown Brothers Harriman (Luxembourg) S.C.A.	72	187	-62
99	HSH Nordbank Private Banking S.A.	58	374	-85
100	Freie Internationale Sparkasse S.A.	48	46	3
101	VM Bank International S.A.	39	558	-93
102	Banque Hapoalim (Luxembourg) S.A.	31	47	-34
103	Société Nationale de Crédit et d'Investissement	N/A	1,170	N/A
104	Banque Invik S.A.	N/A	448	N/A
105	Banque Öhman S.A.	N/A	73	N/A
106	Andbank Luxembourg S.A.	N/A	35	N/A

Source: Data from Luxemburger Wort or figures made available by banks

Amounts owed to customers

€ million

	Bank	2011	2010	%
1	Banque et Caisse d'Epargne de l'Etat, Luxembourg	24,362	22,984	6
2	Société Générale Bank & Trust S.A.	20,148	18,664	8
3	BGL BNP Paribas	18,932	18,992	0
4	CACEIS Bank Luxembourg	13,959	13,427	4
5	Deutsche Bank Luxembourg S.A.	10,991	9,768	13
6	Banque de Luxembourg S.A.	9,820	9,547	3
7	Banque Internationale à Luxembourg	9,351	12,572	0
8	ING LUXEMBOURG S.A.	8,799	8,694	1
9	BSI Luxembourg S.A.	7,560	248	>100
10	UBS (Luxembourg) S.A.	7,299	6,677	9
11	DZ PRIVATBANK S.A.	7,238	5,562	30
12	RBC Dexia Investor Services Bank S.A.	6,631	9,190	-28
13	DekaBank Deutsche Girozentrale Luxembourg S.A.	5,276	5,204	1
14	UniCredit Luxembourg S.A.	5,035	5,897	-15
15	Deutsche Postbank International S.A.	4,877	6,781	-28
16	Banque Raiffeisen	4,796	4,695	2
17	Nomura Bank (Luxembourg) S.A.	4,339	2,686	62
18	J.P. Morgan Bank Luxembourg S.A.	3,855	1,802	>100
19	Crédit Agricole Luxembourg	3,850	2,546	51
20	State Street Bank Luxembourg S.A.	3,761	1,474	>100
21	Pictet & Cie (Europe) S.A.	3,600	1,513	>100
22	Banque Privée Edmond de Rothschild Europe	3,567	3,512	2
23	Nordea Bank S.A.	3,296	2,715	21
24	Crédit Suisse (Luxembourg) S.A.	3,259	2,713	20
25	Banque LBLux S.A.	2,688	1,491	80
26	Société Européenne de Banque S.A.	2,547	3,566	-29
27	Norddeutsche Landesbank Luxembourg S.A.	2,380	3,311	-28
28	HSBC Trinkaus & Burkhardt (International) S.A.	2,128	1,974	8
29	Skandinaviska Enskilda Banken S.A.	2,102	2,215	-5
30	Banque Degroof Luxembourg S.A.	2,089	1,732	21
31	UniCredit International Bank (Luxembourg) S.A.	1,963	2,261	-13
32	HSBC Private Bank (Luxembourg) S.A.	1,878	2,094	-10
33	Commerzbank International S.A.	1,858	3,694	-50
34	HSH Nordbank Securities S.A.	1,791	1,806	-1
35	ABN Amro Bank (Luxembourg) S.A.	1,645	1,367	20
36	The Bank of New York Mellon (Luxembourg) S.A.	1,621	1,539	5
37	RBS Global Banking (Luxembourg) S.A.	1,601	1,886	-15
38	Hypo Pfandbrief Bank International S.A.	1,597	1,602	0
39	Fideuram Bank (Luxembourg) S.A.	1,533	1,622	-5
40	Erste Euro. Pfandbrief- und Kommunalkreditbank AG in Luxemburg	1,427	1,620	-12
41	Svenska Handelsbanken S.A.	1,311	646	>100
42	Sal. Oppenheim jr. & Cie Luxembourg S.A.	1,277	N/A	N/A
43	Banco Popolare Luxembourg S.A.	1,255	1,305	-4
44	Banque Safra-Luxembourg S.A.	1,179	1,319	-11
45	Eurobank EFG Private Bank Luxembourg S.A.	1,149	927	24
46	UBI Banca International S.A.	1,139	1,501	-24
47	M.M. Warburg & CO Luxembourg S.A.	944	563	68
48	SMBC Nikko Bank (Luxembourg) S.A.	818	604	36
49	Danske Bank International S.A.	770	788	-2
50	DNB Luxembourg S.A.	634	239	>100
51	Banco Itaú Europa Luxembourg S.A.	631	663	-5
52	VP Bank (Luxembourg) S.A.	606	564	7
53	Credem International (Lux)	603	240	>100

Note: N/A not published at date of print

	Bank	2011	2010	%
54	Banca Popolare dell'Emilia Romagna (Europe) International S.A.	584	401	46
55	Compagnie de Banque Privée Quilvest S.A., en abrégé CBP Quilvest S.A.	578	442	31
56	Mizuho Trust & Banking (Luxembourg) S.A.	566	412	37
57	EFG Bank (Luxembourg) S.A.	561	441	27
58	NORD/LB COVERED FINANCE BANK S.A.	561	433	30
59	Union Bancaire Privée (Luxembourg) S.A.	557	446	25
60	MEDIOBANCA INTERNATIONAL (LUXEMBOURG)S.A.	549	540	2
61	LBBW Luxemburg S.A.	497	567	-12
62	Hauck & Aufhäuser Banquiers Luxembourg S.A	489	456	7
63	Delen Private Bank Luxembourg S.A.	483	273	77
64	EUROHYPO Europäische Hypothekenbank S.A.	481	477	1
65	Advanzia Bank S.A.	475	329	44
66	Natixis Bank	417	277	51
67	Bank Leumi (Luxembourg) S.A.	413	452	-9
68	Industrial and Commercial Bank of China	410	0	N/A
69	PayPal (Europe) S.à r.l. et Cie, S.C.A.	356	98	>100
70	Clearstream Banking S.A.	352	346	2
71	Mitsubishi UFJ Global Custody S.A.	344	233	48
72	Internaxx Bank S.A.	329	288	14
73	Banco Bradesco Europa S.A.	328	138	>100
74	Banque Carnegie Luxembourg S.A.	321	354	-10
75	Swedbank S.A.	272	273	0
76	Fortuna Banque s.c.	235	236	0
77	Banque Havilland S.A.	203	185	10
78	Frankfurter Volksbank International S.A.	181	202	-10
79	Cornèr Banque (Luxembourg) S.A.	163	497	-67
80	Banque BCP S.A.	154	129	19
81	Van Lanschot Bankiers (Luxembourg) S.A.	146	83	76
82	Banque de Patrimoines Privés	140	136	2
83	Keytrade Bank Luxembourg S.A.	133	124	7
84	East West United Bank S.A.	133	190	-30
85	Banque Transatlantique Luxembourg S.A.	130	103	26
86	BHF-BANK International	126	170	-26
87	Banque Puilaetco Dewaay Luxembourg S.A.	93	64	45
88	HSBC Securities Services (Luxembourg) S.A.	89	128	-31
89	La Française AM Private Bank	73	42	73
90	Bank of China (Luxembourg) S.A.	64	25	>100
91	Freie Internationale Sparkasse S.A.	28	23	24
92	Landesbank Berlin International S.A.	5	3	51
93	HSH Nordbank Private Banking S.A.	2	221	-99
94	Argentabank Luxembourg S.A.	1	36	-97
95	Banque Hapoalim (Luxembourg) S.A.	1	8	-87
96	VM Bank International S.A.	0	405	-100
97	Dexia LdG Banque S.A.	0	0	0
98	Europäische Genossenschaftsbank S.A.	0	0	0
99	John Deere Bank S.A.	0	0	0
100	KBL European Private Bankers S.A.	0	0	0
101	Sumitomo Mitsui Trust Bank (Luxembourg) S.A.	0	0	0
102	Banque Invik S.A.	N/A	396	N/A
103	Brown Brothers Harriman (Luxembourg) S.C.A.	N/A	112	N/A
104	Banque Öhman S.A.	N/A	45	N/A
105	Société Nationale de Crédit et d'Investissement	N/A	34	N/A
106	Andbank Luxembourg S.A.	N/A	4	N/A

Source : Data from Luxemburger Wort or figures made available by banks

Net interest income

€ million

	Bank	2011	2010	%
1	BGL BNP Paribas	551	484	14
2	Banque et Caisse d'Epargne de l'Etat, Luxembourg	415	377	10
3	Société Générale Bank & Trust S.A.	404	388	4
4	UniCredit Luxembourg S.A.	272	270	0
5	ING LUXEMBOURG S.A.	227	249	-9
6	Banque Internationale à Luxembourg	224	256	-12
7	Deutsche Bank Luxembourg S.A.	200	559	-64
8	CACEIS Bank Luxembourg	160	119	34
9	Société Européenne de Banque S.A.	144	129	12
10	State Street Bank Luxembourg S.A.	124	103	20
11	DZ PRIVATBANK S.A.	124	90	38
12	Deutsche Postbank International S.A.	113	121	-7
13	Banque de Luxembourg S.A.	112	73	53
14	Norddeutsche Landesbank Luxembourg S.A.	107	129	-17
15	KBL European Private Bankers S.A.	91	99	-8
16	Banque Raiffeisen	89	80	10
17	Banque LBLux S.A.	70	59	18
18	John Deere Bank S.A.	54	41	31
19	RBC Dexia Investor Services Bank S.A.	52	44	18
20	Clearstream Banking S.A.	49	31	59
21	Natixis Bank	44	28	59
22	Crédit Agricole Luxembourg	44	44	0
23	EUROHYPO Europäische Hypothekenbank S.A.	44	40	11
24	PayPal (Europe) S.à r.l. et Cie, S.C.A.	44	7	>100
25	Advanzia Bank S.A.	42	37	14
26	Landesbank Berlin International S.A.	42	39	8
27	Industrial and Commercial Bank of China (Europe) S.A.	37	1	>100
28	Eurobank EFG Private Bank Luxembourg S.A.	35	27	34
29	Erste Euro. Pfandbrief- und Kommunalkreditbank AG in Luxemburg	35	27	30
30	Nordea Bank S.A.	34	32	6
31	Banco Bradesco Europa S.A.	32	9	>100
32	MEDIOBANCA INTERNATIONAL (LUXEMBOURG)S.A.	32	35	-7
33	LBBW Luxemburg S.A.	31	41	-25
34	Banque Safra-Luxembourg S.A.	30	26	13
35	UBS (Luxembourg) S.A.	29	23	23
36	HSBC Private Bank (Luxembourg) S.A.	29	16	74
37	UBI Banca International S.A.	27	19	44
38	DekaBank Deutsche Girozentrale Luxembourg S.A.	26	30	-11
39	HSBC Trinkaus & Burkhardt (International) S.A.	25	21	17
40	Banque Degroof Luxembourg S.A.	23	20	14
41	Skandinaviska Enskilda Banken S.A.	22	14	55
42	Banque Privée Edmond de Rothschild Europe	22	16	39
43	ABN Amro Bank (Luxembourg) S.A.	21	18	18
44	J.P. Morgan Bank Luxembourg S.A.	20	15	35
45	Danske Bank International S.A.	17	18	-6
46	East West United Bank S.A.	16	14	16
47	Dexia LdG Banque S.A.	14	21	-33
48	UniCredit International Bank (Luxembourg) S.A.	13	9	46
49	Crédit Suisse (Luxembourg) S.A.	12	13	-14
50	Hypo Pfandbrief Bank International S.A.	11	11	0
51	Fideuram Bank (Luxembourg) S.A.	10	6	58
52	BHF-BANK International	10	10	-5
53	VP Bank (Luxembourg) S.A.	9	7	37

Note: N/A not published at date of print

	Bank	2011	2010	%
54	HSH Nordbank Securities S.A.	8	13	-38
55	Svenska Handelsbanken S.A.	8	5	69
56	Banque Havilland S.A.	8	7	16
57	Commerzbank International S.A.	8	17	-55
58	Banco Popolare Luxembourg S.A.	8	7	8
59	Banque BCP S.A.	8	8	-8
60	DNB Luxembourg S.A.	7	7	4
61	Nomura Bank (Luxembourg) S.A.	7	6	24
62	Mitsubishi UFJ Global Custody S.A.	7	5	37
63	NORD/LB COVERED FINANCE BANK S.A.	7	9	-23
64	BSI Luxembourg S.A.	7	4	76
65	Compagnie de Banque Privée Quilvest S.A.	6	4	72
66	Banco Itaú Europa Luxembourg S.A.	6	6	11
67	M.M. Warburg & CO Luxembourg S.A.	6	5	30
68	Bank Leumi (Luxembourg) S.A.	6	7	-9
69	Bank of China (Luxembourg) S.A.	6	3	67
70	RBS Global Banking (Luxembourg) S.A.	5	4	29
71	Pictet & Cie (Europe) S.A.	5	4	33
72	The Bank of New York Mellon (Luxembourg) S.A.	5	2	>100
73	Banque Carnegie Luxembourg S.A.	5	4	17
74	Hauck & Aufhäuser Banquiers Luxembourg S.A	5	3	36
75	Sal. Oppenheim jr. & Cie Luxembourg S.A.	4	N/A	N/A
76	Internaxx Bank S.A.	4	3	20
77	EFG Bank (Luxembourg) S.A.	4	3	42
78	Argentabank Luxembourg S.A.	4	6	-37
79	Banca Popolare dell'Emilia Romagna (Europe) International S.A.	4	2	43
80	Frankfurter Volksbank International S.A.	3	3	4
81	Fortuna Banque s.c.	3	2	23
82	Credem International (Lux)	2	2	9
83	HSH Nordbank Private Banking S.A.	2	3	-21
84	Cornèr Banque (Luxembourg) S.A.	2	3	-25
85	Swedbank S.A.	2	2	38
86	VM Bank International S.A.	2	12	-82
87	Van Lanschot Bankiers (Luxembourg) S.A.	2	2	20
88	Union Bancaire Privée (Luxembourg) S.A.	2	0	>100
89	Keytrade Bank Luxembourg S.A.	2	1	>100
90	Banque de Patrimoines Privés	2	1	>100
91	Banque Transatlantique Luxembourg S.A.	2	1	31
92	SMBC Nikko Bank (Luxembourg) S.A.	1	2	-10
93	Mizuho Trust & Banking (Luxembourg) S.A.	1	1	2
94	Sumitomo Mitsui Trust Bank (Luxembourg) S.A.	1	1	19
95	La Française AM Private Bank	1	1	25
96	Delen Private Bank Luxembourg S.A.	1	1	57
97	Freie Internationale Sparkasse S.A.	0	1	-43
98	Banque Hapoalim (Luxembourg) S.A.	0	1	-42
99	Banque Puilaetco Dewaay Luxembourg S.A.	0	0	39
100	Europäische Genossenschaftsbank S.A.	0	0	12
101	HSBC Securities Services (Luxembourg) S.A.	0	0	-20
102	Brown Brothers Harriman (Luxembourg) S.C.A.	0	0	N/A
103	Société Nationale de Crédit et d'Investissement	N/A	10	N/A
104	Banque Invik S.A.	N/A	3	N/A
105	Banque Öhman S.A.	N/A	1	N/A
106	Andbank Luxembourg S.A.	N/A	0	N/A

Source : Data from Luxemburger Wort or figures made available by banks

Net fee and commission income

€ million

	Bank	2011	2010	%
1	Clearstream Banking S.A.	352	353	0
2	J.P. Morgan Bank Luxembourg S.A.	220	192	15
3	BGL BNP Paribas	178	163	9
4	RBC Dexia Investor Services Bank S.A.	169	157	8
5	Société Générale Bank & Trust S.A.	162	166	-2
6	State Street Bank Luxembourg S.A.	162	166	-3
7	Banque Privée Edmond de Rothschild Europe	147	144	3
8	Banque Internationale à Luxembourg	139	157	-12
9	DZ PRIVATBANK S.A.	134	98	37
10	CACEIS Bank Luxembourg	131	53	>100
11	Banque de Luxembourg S.A.	120	114	5
12	Pictet & Cie (Europe) S.A.	120	106	13
13	UBS (Luxembourg) S.A.	118	129	-9
14	KBL European Private Bankers S.A.	90	96	-7
15	DekaBank Deutsche Girozentrale Luxembourg S.A.	84	90	-7
16	Brown Brothers Harriman (Luxembourg) S.C.A.	82	68	20
17	PayPal (Europe) S.à r.l. et Cie, S.C.A.	81	37	>100
18	Banque et Caisse d'Epargne de l'Etat, Luxembourg	79	74	8
19	Nordea Bank S.A.	73	66	10
20	Crédit Agricole Luxembourg	69	63	9
21	Banque Degroof Luxembourg S.A.	64	58	9
22	ING LUXEMBOURG S.A.	60	85	-29
23	Nomura Bank (Luxembourg) S.A.	51	35	48
24	HSBC Securities Services (Luxembourg) S.A.	47	36	31
25	UniCredit Luxembourg S.A.	45	64	-29
26	Banco Itaú Europa Luxembourg S.A.	43	37	17
27	Crédit Suisse (Luxembourg) S.A.	41	55	-26
28	Mitsubishi UFJ Global Custody S.A.	40	30	33
29	Commerzbank International S.A.	40	49	-17
30	Skandinaviska Enskilda Banken S.A.	32	33	-5
31	Delen Private Bank Luxembourg S.A.	30	32	-5
32	The Bank of New York Mellon (Luxembourg) S.A.	25	23	8
33	Société Européenne de Banque S.A.	24	25	-6
34	Fideuram Bank (Luxembourg) S.A.	22	22	0
35	Credem International (Lux)	22	25	-12
36	Union Bancaire Privée (Luxembourg) S.A.	22	20	7
37	HSBC Trinkaus & Burkhardt (International) S.A.	22	21	4
38	EFG Bank (Luxembourg) S.A.	20	18	14
39	Sal. Oppenheim jr. & Cie Luxembourg S.A.	20	N/A	N/A
40	Banque LBLux S.A.	19	19	-1
41	Hauck & Aufhäuser Banquiers Luxembourg S.A	18	17	9
42	Banque Safra-Luxembourg S.A.	17	19	-9
43	ABN Amro Bank (Luxembourg) S.A.	17	14	17
44	MEDIOBANCA INTERNATIONAL (LUXEMBOURG)S.A.	16	18	-11
45	Banque Raiffeisen	14	14	4
46	SMBC Nikko Bank (Luxembourg) S.A.	13	12	7
47	M.M. Warburg & CO Luxembourg S.A.	13	11	21
48	Compagnie de Banque Privée Quilvest S.A.	12	12	7
49	Mizuho Trust & Banking (Luxembourg) S.A.	12	11	9
50	Danske Bank International S.A.	11	14	-18
51	VP Bank (Luxembourg) S.A.	11	13	-16
52	Banque Puilaetco Dewaay Luxembourg S.A.	10	10	8
53	Natixis Bank	10	10	1

Note: N/A not published at date of print

	Bank	2011	2010	%
54	HSBC Private Bank (Luxembourg) S.A.	9	10	-11
55	Svenska Handelsbanken S.A.	9	9	1
56	Banque Carnegie Luxembourg S.A.	9	10	-17
57	Swedbank S.A.	8	9	-12
58	UBI Banca International S.A.	8	10	-23
59	VM Bank International S.A.	7	12	-39
60	Industrial and Commercial Bank of China (Europe) S.A.	7	1	>100
61	Internaxx Bank S.A.	7	6	15
62	Banco Bradesco Europa S.A.	6	3	90
63	Sumitomo Mitsui Trust Bank (Luxembourg) S.A.	6	5	28
64	BSI Luxembourg S.A.	6	6	-1
65	Deutsche Postbank International S.A.	6	24	-77
66	Banque Transatlantique Luxembourg S.A.	5	5	8
67	RBS Global Banking (Luxembourg) S.A.	5	4	4
68	HSH Nordbank Private Banking S.A.	4	7	-41
69	Advanzia Bank S.A.	4	3	48
70	Eurobank EFG Private Bank Luxembourg S.A.	4	3	58
71	La Française AM Private Bank	4	5	-18
72	Banque BCP S.A.	4	3	22
73	Bank of China (Luxembourg) S.A.	4	1	>100
74	Banque Havilland S.A.	4	2	96
75	Banco Popolare Luxembourg S.A.	3	3	1
76	HSH Nordbank Securities S.A.	3	5	-34
77	Banque de Patrimoines Privés	3	1	>100
78	Frankfurter Volksbank International S.A.	3	0	>100
79	Cornèr Banque (Luxembourg) S.A.	3	3	-18
80	DNB Luxembourg S.A.	3	3	-7
81	Keytrade Bank Luxembourg S.A.	2	2	22
82	East West United Bank S.A.	2	3	-17
83	Freie Internationale Sparkasse S.A.	2	3	-20
84	Banca Popolare dell'Emilia Romagna (Europe) International S.A.	2	2	4
85	Van Lanschot Bankiers (Luxembourg) S.A.	2	2	15
86	Argentabank Luxembourg S.A.	2	2	-27
87	BHF-BANK International	1	1	1
88	LBBW Luxemburg S.A.	1	12	-89
89	John Deere Bank S.A.	0	0	61
90	Fortuna Banque s.c.	0	0	6
91	Banque Hapoalim (Luxembourg) S.A.	0	0	-9
92	UniCredit International Bank (Luxembourg) S.A.	0	0	26
93	Hypo Pfandbrief Bank International S.A.	0	-2	-91
94	Landesbank Berlin International S.A.	0	0	-5
95	Dexia LdG Banque S.A.	-1	0	-56
96	Erste Euro. Pfandbrief- und Kommunalkreditbank AG in Luxemburg	-1	-1	12
97	EUROHYPO Europäische Hypothekenbank S.A.	-1	-1	-41
98	NORD/LB COVERED FINANCE BANK S.A.	-2	-1	-65
99	Norddeutsche Landesbank Luxembourg S.A.	-13	-20	-34
100	Deutsche Bank Luxembourg S.A.	-88	18	<-100
101	Europäische Genossenschaftsbank S.A.	0	0	0
102	Banque Invik S.A.	N/A	15	N/A
103	Banque Öhman S.A.	N/A	4	N/A
104	Bank Leumi (Luxembourg) S.A.	N/A	4	N/A
105	Andbank Luxembourg S.A.	N/A	0	N/A
106	Société Nationale de Crédit et d'Investissement	N/A	-1	N/A

Source: Data from Luxemburger Wort or figures made available by banks

Profit for the financial year

€ million

	Bank	2011	2010	%
1	DekaBank Deutsche Girozentrale Luxembourg S.A.	441	243	82
2	Société Générale Bank & Trust S.A.	258	327	-21
3	BGL BNP Paribas	252	348	-27
4	UniCredit Luxembourg S.A.	214	236	-9
5	Banque et Caisse d'Epargne de l'Etat, Luxembourg	187	185	1
6	Deutsche Bank Luxembourg S.A.	177	339	-48
7	Clearstream Banking S.A.	162	126	29
8	State Street Bank Luxembourg S.A.	149	131	13
9	ING LUXEMBOURG S.A.	113	169	-33
10	Société Européenne de Banque S.A.	103	96	7
11	CACEIS Bank Luxembourg	96	97	-1
12	Deutsche Postbank International S.A.	69	91	-24
13	J.P. Morgan Bank Luxembourg S.A.	68	57	19
14	UBS (Luxembourg) S.A.	61	72	-15
15	Banque de Luxembourg S.A.	57	65	-12
16	Natixis Bank	48	28	68
17	Commerzbank International S.A.	47	88	-47
18	Banque Degroof Luxembourg S.A.	47	45	4
19	Norddeutsche Landesbank Luxembourg S.A.	46	69	-34
20	Pictet & Cie (Europe) S.A.	42	34	24
21	RBC Dexia Investor Services Bank S.A.	42	30	38
22	Nordea Bank S.A.	40	36	12
23	Banque Privée Edmond de Rothschild Europe	38	36	6
24	Crédit Agricole Luxembourg	37	46	-21
25	Nomura Bank (Luxembourg) S.A.	37	51	-28
26	MEDIOBANCA INTERNATIONAL (LUXEMBOURG)S.A.	36	35	2
27	Skandinaviska Enskilda Banken S.A.	29	20	45
28	Sal. Oppenheim jr. & Cie Luxembourg S.A.	26	N/A	N/A
29	Fideuram Bank (Luxembourg) S.A.	24	21	11
30	Delen Private Bank Luxembourg S.A.	23	26	-10
31	PayPal (Europe) S.à r.l. et Cie, S.C.A.	22	6	>100
32	Erste Euro. Pfandbrief- und Kommunalkreditbank AG in Luxemburg	21	1	>100
33	Mitsubishi UFJ Global Custody S.A.	20	13	57
34	Banque Safra-Luxembourg S.A.	20	19	4
35	John Deere Bank S.A.	20	8	>100
36	Credem International (Lux)	19	22	-15
37	Banco Bradesco Europa S.A.	18	11	70
38	Banque Raiffeisen	17	17	4
39	Eurobank EFG Private Bank Luxembourg S.A.	17	21	-16
40	Brown Brothers Harriman (Luxembourg) S.C.A.	16	15	6
41	Banque Carnegie Luxembourg S.A.	15	7	>100
42	Danske Bank International S.A.	13	18	-24
43	HSH Nordbank Securities S.A.	13	0	N/A
44	HSBC Private Bank (Luxembourg) S.A.	13	14	-9
45	ABN Amro Bank (Luxembourg) S.A.	13	4	>100
46	Industrial and Commercial Bank of China (Europe) S.A.	12	0	>100
47	HSBC Trinkaus & Burkhardt (International) S.A.	12	11	11
48	SMBC Nikko Bank (Luxembourg) S.A.	10	5	96
49	Banco Itaú Europa Luxembourg S.A.	10	6	53
50	UBI Banca International S.A.	9	9	7
51	Union Bancaire Privée (Luxembourg) S.A.	9	11	-12
52	Advanzia Bank S.A.	9	6	45
53	Hauck & Aufhäuser Banquiers Luxembourg S.A	8	9	-14

Note: N/A not published at date of print

	Bank	2011	2010	%
54	M.M. Warburg & CO Luxembourg S.A.	7	6	14
55	Banque Havilland S.A.	6	10	-40
56	UniCredit International Bank (Luxembourg) S.A.	6	6	0
57	Bank Leumi (Luxembourg) S.A.	5	5	-2
58	RBS Global Banking (Luxembourg) S.A.	4	0	>100
59	NORD/LB COVERED FINANCE BANK S.A.	4	7	-42
60	Banque Puilaetco Dewaay Luxembourg S.A.	4	5	-9
61	Svenska Handelsbanken S.A.	4	2	88
62	VP Bank (Luxembourg) S.A.	4	7	-46
63	DNB Luxembourg S.A.	4	4	-12
64	Bank of China (Luxembourg) S.A.	3	1	>100
65	Banco Popolare Luxembourg S.A.	3	3	11
66	BSI Luxembourg S.A.	3	1	>100
67	Internaxx Bank S.A.	3	2	61
68	HSH Nordbank Private Banking S.A.	3	4	-15
69	EFG Bank (Luxembourg) S.A.	3	7	-55
70	Banque BCP S.A.	3	2	61
71	Argentabank Luxembourg S.A.	3	6	-52
72	VM Bank International S.A.	3	62	-96
73	Keytrade Bank Luxembourg S.A.	2	1	85
74	Sumitomo Mitsui Trust Bank (Luxembourg) S.A.	2	2	-1
75	Cornèr Banque (Luxembourg) S.A.	1	1	-10
76	Frankfurter Volksbank International S.A.	1	1	2
77	Banca Popolare dell'Emilia Romagna (Europe) International S.A.	1	2	-35
78	Banque Transatlantique Luxembourg S.A.	1	1	-21
79	Freie Internationale Sparkasse S.A.	1	1	-35
80	Van Lanschot Bankiers (Luxembourg) S.A.	1	-2	<-100
81	Fortuna Banque s.c.	1	0	>100
82	Banque de Patrimoines Privés	0	0	35
83	East West United Bank S.A.	0	0	6
84	Swedbank S.A.	0	1	-89
85	Europäische Genossenschaftsbank S.A	0	0	36
86	DZ PRIVATBANK S.A.	0	71	-100
87	Mizuho Trust & Banking (Luxembourg) S.A.	-1	-2	-74
88	Compagnie de Banque Privée Quilvest S.A.	-1	-4	-83
89	La Française AM Private Bank	-1	0	>100
90	Landesbank Berlin International S.A.	-1	24	<-100
91	Crédit Suisse (Luxembourg) S.A.	-1	-3	-46
92	Banque Hapoalim (Luxembourg) S.A.	-2	-3	-7
93	The Bank of New York Mellon (Luxembourg) S.A.	-3	-3	-5
94	Hypo Pfandbrief Bank International S.A.	-13	2	<-100
95	HSBC Securities Services (Luxembourg) S.A.	-18	-6	>100
96	Banque LBLux S.A.	-23	17	<-100
97	LBBW Luxemburg S.A.	-24	-59	-59
98	KBL European Private Bankers S.A.	-29	68	<-100
99	BHF-BANK International	-33	2	<-100
100	Dexia LdG Banque S.A.	-166	37	<-100
101	EUROHYPO Europäische Hypothekenbank S.A.	-238	-23	>100
102	Banque Internationale à Luxembourg	-1704	129	<-100
103	Société Nationale de Crédit et d'Investissement	N/A	34	N/A
104	Banque Invik S.A.	N/A	0	N/A
105	Banque Öhman S.A.	N/A	0	N/A
106	Andbank Luxembourg S.A.	N/A	-2	N/A

Source : Data from Luxemburger Wort or figures made available by banks

Own funds

€ million

	Bank	2011	2010	%
1	BGL BNP Paribas	5,517	5,713	-3
2	Deutsche Bank Luxembourg S.A.	3,466	3,127	11
3	Société Générale Bank & Trust S.A.	2,667	2,454	9
4	State Street Bank Luxembourg S.A.	2,375	2,206	8
5	Banque Internationale à Luxembourg	2,331	1,774	31
6	Banque et Caisse d'Epargne de l'Etat, Luxembourg	2,295	2,283	1
7	ING LUXEMBOURG S.A.	1,458	1,289	13
8	KBL European Private Bankers S.A.	1,293	1,391	-7
9	UniCredit Luxembourg S.A.	1,286	1,291	0
10	Deutsche Postbank International S.A.	892	741	20
11	PayPal (Europe) S.à r.l. et Cie, S.C.A.	885	305	>100
12	Natixis Bank	815	786	4
13	UBS (Luxembourg) S.A.	813	651	25
14	DZ PRIVATBANK S.A.	761	453	68
15	RBC Dexia Investor Services Bank S.A.	759	790	-4
16	Société Européenne de Banque S.A.	714	471	52
17	J.P. Morgan Bank Luxembourg S.A.	697	466	50
18	Banque de Luxembourg S.A.	647	606	7
19	Norddeutsche Landesbank Luxembourg S.A.	612	671	-9
20	Commerzbank International S.A.	529	551	-4
21	Clearstream Banking S.A.	521	526	-1
22	Crédit Agricole Luxembourg	511	506	1
23	ABN Amro Bank (Luxembourg) S.A.	505	240	>100
24	Erste Euro. Pfandbrief- und Kommunalkreditbank AG in Luxemburg	486	282	72
25	Banque LBLux S.A.	369	389	-5
26	CACEIS Bank Luxembourg	368	270	37
27	Banco Bradesco Europa S.A.	309	132	>100
28	Nordea Bank S.A.	281	276	2
29	LBBW Luxemburg S.A.	270	253	7
30	Banco Itaú Europa Luxembourg S.A.	214	178	21
31	Banque Raiffeisen	214	198	8
32	UniCredit International Bank (Luxembourg) S.A.	213	218	-2
33	Banque Degroof Luxembourg S.A.	209	187	12
34	Eurobank EFG Private Bank Luxembourg S.A.	197	177	12
35	John Deere Bank S.A.	195	175	11
36	Nomura Bank (Luxembourg) S.A.	193	142	36
37	Banque Privée Edmond de Rothschild Europe	182	163	11
38	Pictet & Cie (Europe) S.A.	180	157	15
39	Banque Safra-Luxembourg S.A.	175	155	13
40	Landesbank Berlin International S.A.	169	145	16
41	Sal. Oppenheim jr. & Cie Luxembourg S.A.	168	N/A	N/A
42	MEDIOBANCA INTERNATIONAL (LUXEMBOURG)S.A.	167	131	27
43	Hypo Pfandbrief Bank International S.A.	160	124	29
44	Skandinaviska Enskilda Banken S.A.	157	158	0
45	DekaBank Deutsche Girozentrale Luxembourg S.A.	156	156	0
46	HSH Nordbank Securities S.A.	140	140	0
47	HSBC Private Bank (Luxembourg) S.A.	132	119	11
48	Danske Bank International S.A.	129	132	-2
49	Crédit Suisse (Luxembourg) S.A.	117	98	20
50	Industrial and Commercial Bank of China (Europe) S.A.	116	116	0
51	VP Bank (Luxembourg) S.A.	110	99	11
52	UBI Banca International S.A.	108	105	3
53	Banque Havilland S.A.	104	109	-5

Note: N/A not published at date of print

	Bank	2011	2010	%
54	HSBC Trinkaus & Burkhardt (International) S.A.	101	98	3
55	EUROHYPO Europäische Hypothekenbank S.A.	99	93	7
56	Credem International (Lux)	91	84	8
57	Union Bancaire Privée (Luxembourg) S.A.	87	41	>100
58	BHF-BANK International	80	80	0
59	Mitsubishi UFJ Global Custody S.A.	67	64	6
60	Banco Popolare Luxembourg S.A.	63	60	5
61	Bank of China (Luxembourg) S.A.	59	58	1
62	Fideuram Bank (Luxembourg) S.A.	58	55	5
63	NORD/LB COVERED FINANCE BANK S.A.	58	67	-14
64	SMBC Nikko Bank (Luxembourg) S.A.	55	54	2
65	RBS Global Banking (Luxembourg) S.A.	53	53	0
66	Svenska Handelsbanken S.A.	48	46	5
67	Compagnie de Banque Privée Quilvest S.A.	48	57	-17
68	Cornèr Banque (Luxembourg) S.A.	45	43	3
69	East West United Bank S.A.	44	44	0
70	HSBC Securities Services (Luxembourg) S.A.	42	46	-10
71	The Bank of New York Mellon (Luxembourg) S.A.	41	44	-6
72	Banca Popolare dell'Emilia Romagna (Europe) International S.A.	41	40	2
73	Advanzia Bank S.A.	35	29	22
74	EFG Bank (Luxembourg) S.A.	34	31	10
75	Frankfurter Volksbank International S.A.	33	23	42
76	HSH Nordbank Private Banking S.A.	32	32	0
77	Sumitomo Mitsui Trust Bank (Luxembourg) S.A.	31	29	7
78	VM Bank International S.A.	30	30	0
79	BSI Luxembourg S.A.	30	25	18
80	M.M. Warburg & CO Luxembourg S.A.	28	28	0
81	Brown Brothers Harriman (Luxembourg) S.C.A.	26	20	25
82	DNB Luxembourg S.A.	25	21	19
83	Delen Private Bank Luxembourg S.A.	24	21	14
84	Internaxx Bank S.A.	23	21	9
85	Banque Carnegie Luxembourg S.A.	23	23	0
86	Banque BCP S.A.	23	21	8
87	Van Lanschot Bankiers (Luxembourg) S.A.	22	24	-7
88	Argentabank Luxembourg S.A.	21	16	36
89	Mizuho Trust & Banking (Luxembourg) S.A.	20	22	-10
90	Banque Transatlantique Luxembourg S.A.	20	20	1
91	Hauck & Aufhäuser Banquiers Luxembourg S.A	19	19	3
92	Swedbank S.A.	16	15	7
93	Banque de Patrimoines Privés	15	4	>100
94	Banque Puilaetco Dewaay Luxembourg S.A.	15	14	1
95	Europäische Genossenschaftsbank S.A.	12	12	0
96	Banque Hapoalim (Luxembourg) S.A.	12	15	-16
97	La Française AM Private Bank	12	13	-7
98	Freie Internationale Sparkasse S.A.	12	11	3
99	Fortuna Banque s.c.	10	10	7
100	Keytrade Bank Luxembourg S.A.	10	9	11
101	Dexia LdG Banque S.A.	-52	194	<-100
102	Société Nationale de Crédit et d'Investissement	N/A	1,075	N/A
103	Banque Invik S.A.	N/A	36	N/A
104	Bank Leumi (Luxembourg) S.A.	N/A	18	N/A
105	Andbank Luxembourg S.A.	N/A	12	N/A
106	Banque Öhman S.A.	N/A	9	N/A

Source : Data from Luxemburger Wort or figures made available by banks

Staff

number

	Bank	2011	2010	%
1	BGL BNP Paribas	2,774	2,826	-2
2	Banque Internationale à Luxembourg	1,802	1,854	-3
3	Banque et Caisse d'Epargne de l'Etat, Luxembourg	1,786	1,797	-1
4	RBC Dexia Investor Services Bank S.A.	1,576	1,543	2
5	KBL European Private Bankers S.A.	1,023	1,108	-8
6	CACEIS Bank Luxembourg	907	361	>100
7	Société Générale Bank & Trust S.A.	837	816	3
8	ING LUXEMBOURG S.A.	785	788	0
9	Banque de Luxembourg S.A.	762	749	2
10	DZ PRIVATBANK S.A.	760	549	38
11	Banque Privée Edmond de Rothschild Europe	692	670	3
12	State Street Bank Luxembourg S.A.	691	715	-3
13	J.P. Morgan Bank Luxembourg S.A.	576	583	-1
14	Banque Raiffeisen	530	511	4
15	Brown Brothers Harriman (Luxembourg) S.C.A.	451	428	5
16	DekaBank Deutsche Girozentrale Luxembourg S.A.	415	314	32
17	UBS (Luxembourg) S.A.	406	395	3
18	Crédit Agricole Luxembourg	344	346	-1
19	Pictet & Cie (Europe) S.A.	344	321	7
20	Deutsche Bank Luxembourg S.A.	330	331	0
21	Nordea Bank S.A.	311	318	-2
22	Clearstream Banking S.A.	310	314	-1
23	Nomura Bank (Luxembourg) S.A.	302	271	11
24	Banque Degroof Luxembourg S.A.	294	284	4
25	HSBC Securities Services (Luxembourg) S.A.	267	285	-6
26	Société Européenne de Banque S.A.	214	213	0
27	The Bank of New York Mellon (Luxembourg) S.A.	206	186	11
28	Skandinaviska Enskilda Banken S.A.	196	211	-7
29	Crédit Suisse (Luxembourg) S.A.	188	193	-3
30	UniCredit Luxembourg S.A.	188	300	-37
31	Banque LBLux S.A.	187	173	8
32	HSBC Trinkaus & Burkhardt (International) S.A.	184	162	14
33	Norddeutsche Landesbank Luxembourg S.A.	173	160	8
34	Deutsche Postbank International S.A.	172	176	-2
35	ABN Amro Bank (Luxembourg) S.A.	166	166	0
36	HSBC Private Bank (Luxembourg) S.A.	145	141	3
37	Commerzbank International S.A.	136	145	-6
38	HSH Nordbank Securities S.A.	127	128	-1
39	Sal. Oppenheim jr. & Cie Luxembourg S.A.	127	N/A	N/A
40	Banque Safra-Luxembourg S.A.	124	124	0
41	Mitsubishi UFJ Global Custody S.A.	109	111	-2
42	Mizuho Trust & Banking (Luxembourg) S.A.	109	105	4
43	Hauck & Aufhäuser Banquiers Luxembourg S.A	99	69	43
44	Natixis Bank	97	101	-4
45	Compagnie de Banque Privée Quilvest S.A.	95	89	7
46	EFG Bank (Luxembourg) S.A.	94	85	11
47	Danske Bank International S.A.	91	92	-1
48	M.M. Warburg & CO Luxembourg S.A.	89	63	41
49	SMBC Nikko Bank (Luxembourg) S.A.	82	73	12
50	VP Bank (Luxembourg) S.A.	78	73	7
51	LBBW Luxemburg S.A.	75	151	-50
52	Banque Invik S.A.	72	81	-11
53	Fideuram Bank (Luxembourg) S.A.	70	76	-8

Note: N/A not published at date of print

	Bank	2011	2010	%
54	Eurobank EFG Private Bank Luxembourg S.A.	68	63	8
55	UBI Banca International S.A.	68	70	-3
56	Banque BCP S.A.	66	62	6
57	Svenska Handelsbanken S.A.	63	62	2
58	Advanzia Bank S.A.	61	51	20
59	John Deere Bank S.A.	57	55	4
60	Swedbank S.A.	53	55	-4
61	Banco Itaú Europa Luxembourg S.A.	52	63	-17
62	Banque Havilland S.A.	51	58	-12
63	RBS Global Banking (Luxembourg) S.A.	50	40	25
64	BSI Luxembourg S.A.	49	42	17
65	Union Bancaire Privée (Luxembourg) S.A.	48	38	26
66	Internaxx Bank S.A.	44	43	2
67	PayPal (Europe) S.à r.l. et Cie, S.C.A.	44	29	52
68	Banque Carnegie Luxembourg S.A.	43	43	0
69	Delen Private Bank Luxembourg S.A.	43	46	-7
70	Landesbank Berlin International S.A.	41	44	-7
71	Banco Bradesco Europa S.A.	39	33	18
72	East West United Bank S.A.	37	36	3
73	Banco Popolare Luxembourg S.A.	36	37	-3
74	EUROHYPO Europäische Hypothekenbank S.A.	34	36	-6
75	BHF-BANK International	31	34	-9
76	Bank Leumi (Luxembourg) S.A.	30	27	11
77	Banque de Patrimoines Privés	30	30	0
78	Industrial and Commercial Bank of China (Europe) S.A.	29	20	45
79	Bank of China (Luxembourg) S.A.	27	43	-37
80	Banque Öhman S.A.	27	24	13
81	Banque Puilaetco Dewaay Luxembourg S.A.	26	24	8
82	Credem International (Lux)	26	25	4
83	Banque Transatlantique Luxembourg S.A.	25	24	4
84	La Française AM Private Bank	25	25	0
85	Van Lanschot Bankiers (Luxembourg) S.A.	25	30	-17
86	Argentabank Luxembourg S.A.	24	38	-37
87	DNB Luxembourg S.A.	24	24	0
88	Banque Hapoalim (Luxembourg) S.A.	22	22	0
89	Cornèr Banque (Luxembourg) S.A.	20	21	-5
90	Sumitomo Mitsui Trust Bank (Luxembourg) S.A.	20	22	-9
91	Fortuna Banque s.c.	19	19	0
92	UniCredit International Bank (Luxembourg) S.A.	19	26	-27
93	Andbank Luxembourg S.A.	17	13	31
94	Banca Popolare dell'Emilia Romagna (Europe) International S.A.	16	14	14
95	Freie Internationale Sparkasse S.A.	16	13	23
96	Hypo Pfandbrief Bank International S.A.	14	12	17
97	Erste Euro. Pfandbrief- und Kommunalkreditbank AG in Luxemburg	13	17	-24
98	HSH Nordbank Private Banking S.A.	12	28	-57
99	Société Nationale de Crédit et d'Investissement	12	12	0
100	NORD/LB COVERED FINANCE BANK S.A.	10	9	11
101	Keytrade Bank Luxembourg S.A.	9	9	0
102	Frankfurter Volksbank International S.A.	7	7	0
103	Europäische Genossenschaftsbank S.A.	5	5	0
104	MEDIOBANCA INTERNATIONAL (LUXEMBOURG)S.A.	5	5	0
105	VM Bank International S.A.	3	87	-97
106	Dexia LdG Banque S.A.	2	2	0

Source: Data from Luxemburger Wort or figures made available by banks

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KPMG Contributors

Ravi Beegun	Eva Koszeghy
Georges Bock	Sébastien Labbé
Céline Campi-Blain	Gérard Laures
Stanislas Chambourdon	Emilien Lebas
Emmanuel Dollé	Anne-Sophie Minaldo
Michael Eichmüller de Souza	Jean-Pascal Nepper
Thomas Feld	Alain Picquet
Vincent Heymans	Marco Weber

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Sources

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Ravi Beegun
Partner
T: +352 22 51 51 6248
E: ravi.beegun@kpmg.lu

Georges Bock
Partner
T: +352 22 51 51 5522
E: georges.bock@kpmg.lu

Thomas Feld
Partner
T: +352 22 51 51 6229
E: thomas.feld@kpmg.lu

Alain Picquet
Partner
T: +352 22 51 51 7910
E: alain.picquet@kpmg.lu

KPMG Luxembourg
9, Allée Scheffer
L-2520 Luxembourg
T: +352 22 51 51 1
F: +352 22 51 71