

COMMISSION de SURVEILLANCE
du SECTEUR FINANCIER

CSSF
NEWSLETTER

No. 64

May 2006



ANNUAL REPORT

Presentation of the CSSF's Annual Report

On 25 April 2006, the CSSF presented its annual report 2005 to the press. The full French version of the report is available on the CSSF's website in section "[Publications](#)".

STATISTICS

■ BANKS

Banks' balance sheet total almost unchanged as at 31 March 2006

As at 31 March 2006, the balance sheet total of the banks established in Luxembourg reached EUR 823.03 billion as compared to EUR 821.5 billion as at 28 February 2006, which is a 0.19% increase.

As at 31 March 2006, the Luxembourg credit institutions employed 23,737 people, which represents an increase of 2.2% compared to 31 December 2005, when employment totalled 23,227 people and an increase of 4.5% compared to 31 March 2005 (22,711 people).

Following the withdrawal from the official list of United Bank (Luxembourg) S.A. and of Puilaetco Dewaay Private Bankers S.A., Brussels (Belgium), succursale de Luxembourg, the number of banks registered on the official list as at 30 April 2006 reached 153 entities.

■ PROFESSIONALS OF THE FINANCIAL SECTOR (PFS)

Increase in the PFS balance sheet total as at 31 March 2006

According to the provisional data provided as at 31 March 2006, the balance sheet total of all the PFS (191 active businesses) amounts to EUR 60.219 billion as against EUR 59.959 billion in the previous month, which represents an increase of 0.43% over a period of one month, and an increase of 18.37% compared to 31 March 2005, when the balance sheet total of the 171 active businesses amounted to EUR 50.875 billion. This positive development over the last twelve months results from the rise in the number of PFS, as well as from the growth in the business volume of one important player authorised to perform securities lending.

The breakdown of the balance sheet total as at 31 March 2006 between the different PFS categories confirms the top position of the professionals performing securities lending, followed by the professionals performing credit offering.

The number of staff employed by PFS rose from 6,547 people as at 31 December 2005 to 7,799 people as at 31 March 2006, representing an increase of 1,252 people in the first quarter of 2006. It should be noted that one entity alone, which has been newly approved in 2006 as client communication agent, employs more than 1,000 people.

Compared to 31 March 2005 (6,160 people), PFS employment has thus grown by 1,639 people over a period of twelve months.

STATISTICS

Provisional net profit of all PFS reached EUR 88.28 million as at 31 March 2006 (191 active businesses) against EUR 80.53 million as at 31 March 2005 (171 active businesses), i.e. an increase of 9.62% over twelve months.

This positive development is attributable to the rise in the number of entities authorised during the period under review as well as to an improved profitability of the professionals acting for their own account and of commission agents.

Finally, the breakdown of provisional profit between the PFS categories, the distributors of units/shares of investment funds (35 entities) recorded total profits of EUR 40 million as at 31 March 2006.

Distribution of the professionals of the financial sector according to status (as at 30 April 2006)

Category	Number	
<i>Investment firms</i>		
Commission agents	COM	13
Private portfolio managers	GF	47
Professionals acting for their own account	PIPC	13
Distributors of units of investment funds	DIST	35
Underwriters	PF	2
Professional custodians of securities or other financial instruments	DEP	3
Registrar and transfer agents	ATR	12
<i>PFS other than investment firms</i>		
Financial advisors	COF	12
Brokers	COU	7
Market makers	TM	1
Currency exchange dealer	CHES	0
Debt recovery	RECO	2
Professionals performing credit offering	POP	7
Professionals performing securities lending	PPT	1
Administrators of collective savings funds	AFCE	1
Domiciliation agents of companies	DOM	51
Client communication agents	ACC	13
Administrative agents of the financial sector	AA	9
IT systems and communication networks operator of the financial sector	IT	27
Professionals performing services of setting up and of management of companies	PCG	4
Professionals of the financial sector authorised to exercise any activity referred to in section 1 of chapter 2 of part I of the amended law of 5 April 1993 on the financial sector, with the exception of the categories of PFS also referred to in section 2 of the same chapter	ART. 13	3
Entity authorised to exercise all the activities as PFS permitted by article 28 of the law of 15 December 2000 on postal services and financial postal services	EPT	1
TOTAL *		191

* the same establishment can appear in several categories

STATISTICS

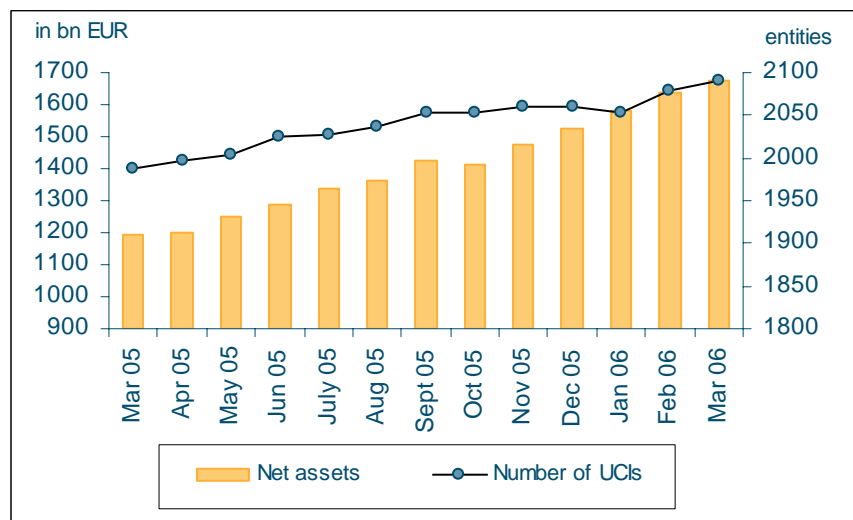
■ UNDERTAKINGS FOR COLLECTIVE INVESTMENT

Increase in UCIs' total net assets at the end of March 2006

As at 31 March 2006, total net assets of undertakings for collective investment reached EUR 1,675.260 billion as against EUR 1,638.106 billion as at 28 February 2006. The Luxembourg undertakings for collective investment sector increased by 2.27% compared to February 2006. This growth is mainly due to the inflow of new capital. In March 2006, the sector increased by 9.84% compared to 31 December 2005 when the total net assets amounted to EUR 1,525.208 billion. Over the last twelve months, the volume of net assets rose by 40.31%.

During the month of March 2006, net capital investment amounted to EUR 36.441 billion. Compared to 31 December 2005, net capital investment totals EUR 106.569 billion.

The number of undertakings for collective investment taken into consideration totals 2,091 as against 2,080 in the previous month. A total of 1,316 UCIs have adopted the multiple compartment structure, which represents 7,949 compartments. When adding 775 UCIs with a traditional structure to the previous figure, a total of 8,724 compartments are active in the financial centre.



■ MANAGEMENT COMPANIES

Approval of seven new management companies under chapter 13 of the law of 20 December 2002 concerning undertakings for collective investment

The CSSF informs that seven new management companies have been registered on the official list of management companies governed by chapter 13 of the law of 20 December 2002 concerning undertakings for collective investment, namely:

1) Management companies whose authorisation covers exclusively the activity of collective management:

- BayernInvest Luxembourg S.A.
- Deka International S.A.
- International Fund Management S.A.
- Ökoworld Lux S.A.
- VMR Fund Management S.A.
- W & W Asset Management AG, Luxemburg

2) Management companies whose authorisation covers, in addition to the activity of collective management one or several other services referred to in article 77(3) of the law of 20 December 2002.

- Lux-Investment Advisors

The company will be active in the field of collective management, discretionary management and investment advice.

Following these approvals, the number of management companies governed by chapter 13 of the law of 20 December 2002 concerning undertakings for collective investment and allowed to benefit from the European passport since 13 February 2004 by way of free establishment or freedom to provide services in a EU Member State amounts to 102 as at 11 May 2006.

PRESS RELEASE

Press release of 19 April 2006

■ PROFIT AND LOSS ACCOUNTS OF THE CREDIT INSTITUTIONS AS AT 31 MARCH 2006

Based on provisional figures as at 31 March 2006¹, the Commission de Surveillance du Secteur Financier estimates gross profit before provisions of the Luxembourg banking sector at EUR 1,664 million. This amount represents a 61.5% increase as compared to 31 March 2005, when profit before provisions reached EUR 1,030 million.

The profit account of the first quarter of 2006 is marked by an exceptional rise in other net income. The latter increased by EUR 439 million due to an extraordinary gain performed by one bank in the financial centre following the affiliation of one of its key business lines. This extraordinary element, which benefits from a tax exemption in accordance with the tax provisions in force, explains the considerable growth of 36.7% in banking income and of 61.5% in gross profit before provision over a year. However, irrespective of this unusual gain, gross profit before provisions still rises by 17.6%.

In a favourable business environment, the banks recorded an increase of EUR 165 million (+23.3%) in commissions received. The interest-rate margin, for its part, grows by EUR 72 million (+8.2%). The sound performance of operational income allows to offset the increase in general expenses which rose by 5.3% year-on-year.

Profit and loss account as at 31 March 2006

Items in million EUR	2005	2006	%	% (excluding exceptional products)
Interest-rate margin ²	870	941	8,2%	8,2%
Commission received	709	874	23,3%	23,3%
Other net income	261	700	168,4%	-5,5%
of which exceptional products	5	458		
Banking income	1.839	2.515	36,7%	12,1%
Staff costs	434	456	5,1%	5,1%
Other general expenses	375	395	5,4%	5,4%
General expenses	808	851	5,3%	5,3%
Profit before provisions	1.030	1.664	61,5%	17,6%

¹ Survey carried out on a sample of 92.8% of the profit before provisions of the financial year 2005.

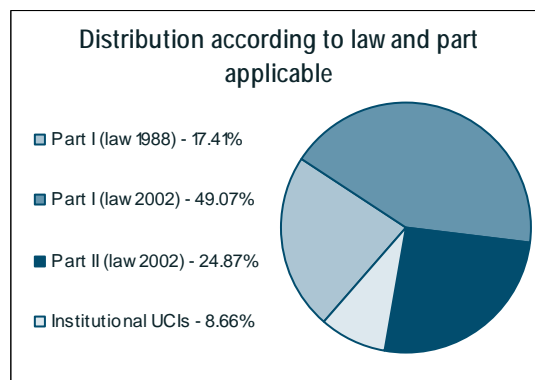
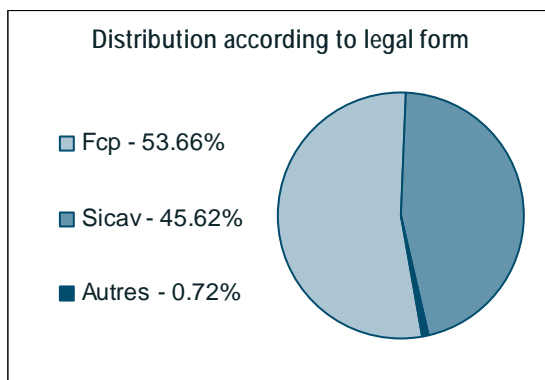
² Including dividends received from subsidiaries.

UCI STATISTICS

Quarterly statistics on the undertakings for collective investment industry - situation as at 31 March 2006

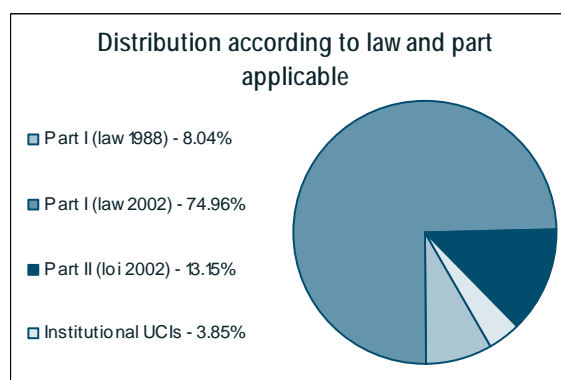
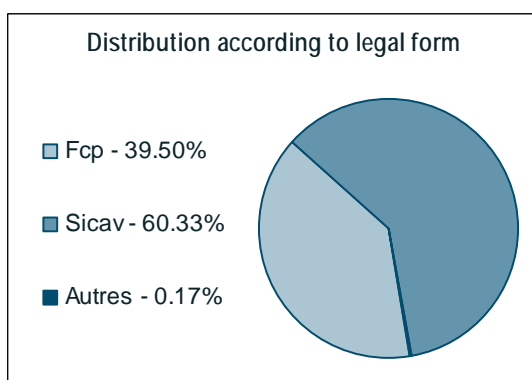
Every three months, in addition to the monthly statistics, the CSSF newsletter provides more detailed information on the investment fund sector, in particular regarding the origin of the promoters and the investment policy of the UCIs.

■ NUMBER OF UCIS



Law, Part/ legal form	FCP	SICAV	Others	Total
Part I (law 1988)	174	187	3	364
Part I (law 2002)	672	354	0	1,026
Part II (law 2002)	164	345	11	520
Institutional UCIs	112	68	1	181
TOTAL	1,122	954	15	2,091

■ NET ASSETS OF UCIS



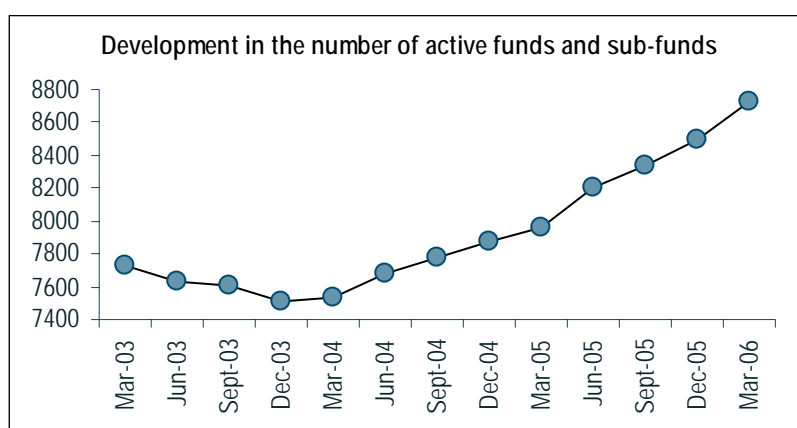
Law, Part/ legal form	FCP	SICAV	Others	Total
Part I (law 1988)	94.187	40.296	0.141	134.624
Part I (law 2002)	431.947	823.859	0.000	1,255.806
Part II (law 2002)	91.242	126.429	2.610	220.281
Institutional UCIs	44.379	20.128	0.042	64.549
TOTAL	661.755	1,010.712	2.793	1,675.260

UCI STATISTICS

■ ORIGIN OF THE PROMOTERS OF LUXEMBOURG UCIS

	Net assets (in bn EUR)	In %
United States	322.741	19.3%
Switzerland	318.819	19.0%
Germany	281.909	16.8%
Italy	170.056	10.2%
United Kingdom	164.804	9.8%
Belgium	150.271	9.0%
France	107.339	6.4%
Netherlands	45.606	2.7%
Japan	27.816	1.7%
Sweden	25.316	1.5%
Others	60.583	3.6%
TOTAL	1,675.260	100%

■ DEVELOPMENT IN THE NUMBER OF UNITS



■ INVESTMENT POLICY OF THE LUXEMBOURG UCIS

	Net assets (in bn EUR)
Fixed-income transferable securities (*)	703.862
Variable-yield transferable securities (**)	673.876
Mixed transferable securities(***)	129.027
Fund of funds	144.429
Cash	8.720
Real estate	5.712
Futures, options, warrants	8.830
Other securities (****)	0.804
TOTAL	1,675.260

(*) Including EUR 192.561 billion in money market instruments and other short-term securities

(**) Including EUR 2.629 billion in non-listed transferable securities and EUR 0.504 billion in venture capital

(***) Including EUR 0.071 billion in non-listed transferable securities and 0.297 billion in venture capital

(****) Including EUR 0.037 billion in venture capital

OFFICIAL LISTS

■ LIST OF BANKS

New institution:

NORD/LB COVERED FINANCE BANK S.A.

26, route d'Arlon, L-1140 Luxembourg

Withdrawals:

Alcor Bank Luxembourg

Withdrawal on 10 May 2006

Deutsche Postbank AG, Bonn (Germany), succursale de Luxembourg

Withdrawal on 12 May 2006

Puilaetco Dewaay Private Bankers S.A., Brussels (Belgium), succursale de Luxembourg

Withdrawal on 11 April 2006

United European Bank (Luxembourg) S.A.

Withdrawal on 30 April 2006

Changes of denomination:

WGZ-Bank Luxembourg S.A. has become

WGZ BANK Luxembourg S.A.

Banque Puilaetco (Luxembourg) S.A. has become

Banque Puilaetco Dewaay Luxembourg S.A.

Change of address:

Banque Puilaetco Dewaay Luxembourg S.A.

2, boulevard Emmanuel Servais, L-2535 Luxembourg

■ LIST OF THE OTHER PROFESSIONALS OF THE FINANCIAL SECTOR (PFS)

New establishment :

NETTO-RECYCLING S.A.

1, rue du Hiehl. L-6235 BEIDWEILER

authorised as **client communication agent**

Withdrawal:

CYBERSERVICES S.A R.L.

69, boulevard de la Pétrusse, L-2320 Luxembourg

Withdrawal on 6 April 2006

Change of denomination:

NEXTRA DISTRIBUTION SERVICES S.A. has become

INTESA DISTRIBUTION INTERNATIONAL SERVICES S.A

OFFICIAL LISTS

Changes of address:

AIB ADMINISTRATIVE SERVICES LUXEMBOURG S.A R.L.

16, avenue Pasteur, L-2310 Luxembourg

BNP PARIBAS FUND SERVICES

In abbreviated form "BPFS"

33, rue de Gasperich, L-5826 Hesperange

FOYER ASSET MANAGEMENT S.A.

46, rue Léon Laval

L-3372 LEUDELANGE

■ LIST OF MANAGEMENT COMPANIES

New companies:

W & W ASSET MANAGEMENT AG, LUXEMBURG

69, route d'Esch, L-1470 Luxembourg

LUX-INVESTMENT ADVISORS

16, rue Sainte Zithe, L-2763 Luxembourg

DEKA INTERNATIONAL S.A.

5, rue des Labours, L-1912 Luxembourg

INTERNATIONAL FUND MANAGEMENT S.A.

3, rue des Labours, L-1912 Luxembourg

BAYERNINVEST LUXEMBOURG S.A.

3, rue Jean Monnet, L-2180 Luxembourg

ÖKOWORLD LUX S.A.

14, rue Aldringen, L-1118 Luxembourg

VMR FUND MANAGEMENT S.A.

17, rue Antoine Jans, L-1820 Luxembourg

Change of denomination:

WESTLB ASSET MANAGEMENT (LUXEMBOURG) S.A. has become

WESTLB MELLON ASSET MANAGEMENT (LUXEMBOURG) S.A.

Changes of address:

BNP PARIBAS ASSET MANAGEMENT LUXEMBOURG

33, rue de Gasperich, L-5826 Howald-Hesperange

DB PLATINUM ADVISORS

2, boulevard Konrad Adenauer, L-1115 Luxembourg

OFFICIAL LISTS

■ LIST OF INVESTMENT COMPANIES IN RISK CAPITAL (SICAR)

New companies:

AMCO CEE REAL ESTATE OPPORTUNITIES SCA SICAR

65, boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg

CEE GROWTH LUXEMBOURG SICAR SCA

65, boulevard de la Grande-Duchesse Charlotte, L-1331 Luxembourg

EAST INVESTMENT SCA, SICAR

20, Boulevard Emmanuel Servais, L-2535 Luxembourg

MEZZANOVE CAPITAL (SCA) SICAR

51, avenue J.F. Kennedy, L-1855 Luxembourg

■ LIST OF SECURITISATION UNDERTAKINGS

New undertaking:

Strategic Investment Portfolios (Luxembourg) S.A.

c/o 7, Val Sainte-Croix, L-1371 Luxembourg

(c/o Interconsult (Luxembourg International Consulting S.A.))

■ LIST OF UNDERTAKINGS FOR COLLECTIVE INVESTMENT (UCIS)

Registrations on and withdrawals from the official list of the Luxembourg undertakings for collective investment which fall under the law of 30 March 1988, the law of 20 December 2002 and the law of 19 July 1991, during the month of March 2006

Registrations

- GLOBAL ABSOLUTE RETURN OP; 4, rue Jean Monnet; L-2180 Luxembourg
- FT ABS-INSTITUTIONAL; 283, route d'Arlon; L-1150 Luxembourg
- AW STOCKS ALPHA PLUS OP; 4, rue Jean Monnet; L-2180 Luxembourg
- BALANCED PLUS; 30, boulevard Grande-Duchesse Charlotte; L-1330 Luxembourg
- ADIG EASTERN STARS INVEST 5/2012; 25, rue Edward Steichen; L-2540 Luxembourg
- ADIG EASTERN STARS INVEST 6/2012; 25, rue Edward Steichen; L-2540 Luxembourg
- AIG PRIVAT BANK MULTIHEDGE; 69, route d'Esch; L-1470 Luxembourg
- EASYETF FTSE EPRA EUROPE; 33, rue de Gasperich; L-5826 Howald-Hesperange
- BILKU 2; 3, rue Jean Monnet; L-2180 Luxembourg
- ALPINEX LONG/SHORT GLOBAL EMERGING MARKETS FUND; 40, avenue Monterey; L-2163 Luxembourg
- CTV-STRATEGIEFONDS; 21, avenue de la Liberté; L-1931 Luxembourg
- EXANE FUNDS 2; 23, avenue de la Porte-Neuve; L-2227 Luxembourg
- ALLIANZ ROSNO INVESTMENT STRATEGIES; 6A, route de Trèves; L-2633 Senningerberg
- MELCHIOR SELECTED TRUST; 20, boulevard Emmanuel Servais; L-2535 Luxembourg
- RS PORTFOLIO; 14, boulevard Royal; L-2449 Luxembourg
- EASYETF GS ULTRA-LIGHT ENERGY; 23, avenue de la Porte-Neuve; L-2227 Luxembourg
- LRI ABS FONDS; 1C, Parc d'activité Syrdall; L-5365 Munsbach
- ADAPTO SICAV; 6A, Circuit de la Foire Internationale; L-1347 Luxembourg
- FEDERATED - US VALUE STRATEGIES; 4, rue Thomas Edison; L-1445 Luxembourg-Strassen
- TRINOVA; 4, rue Thomas Edison; L-1445 Luxembourg-Strassen
- JPMORGAN INVESTMENT STRATEGIES FUNDS II; 6, route de Trèves; L-2633 Senningerberg

Withdrawals

- KB LUX BOND FUND; 11, rue Aldringen; L-1118 Luxembourg
- CAIXA FUNDS; 69, route d'Esch; L-1470 Luxembourg
- DEXIA CONVERTIX; 69, route d'Esch; L-1470 Luxembourg
- FRIENDS PROVIDENT INTERNATIONAL GLOBAL INVESTMENT PORTFOLIO; 31, allée Scheffer; L-2520 Luxembourg
- PATRIA INVESTMENT FUND; 11, rue Aldringen; L-1118 Luxembourg
- BERENBERG EURO OPPORTUNITY; 4, rue Thomas Edison; L-1445 Luxembourg-Strassen
- ACTIVEST LUX CONTISTARCONTROL 03/2006; 4, rue Alphonse Weicker; L-2721 Luxembourg
- GAMAX FUND OF FUNDS; 69, route d'Esch; L-1470 Luxembourg
- SEB INVEST FUNDS, SICAV; 39, allée Scheffer; L-2520 Luxembourg
- HSBC TRINKAUS FONDS EQUITY LINKED STRUCTURES; 1-7, rue Nina et Julien Lefèvre; L-1952 Luxembourg

FINANCIAL CENTRE

Main updated figures regarding the financial centre:

Number of banks: **153** (30 April 2006)

Balance sheet total: **EUR 823.028 billion** (31 March 2006)

Profit before provisions: **EUR 1.841 billion** (31 March 2006)

Employment: **23,737 persons** (31 March 2006)

Number of UCIs: **2,105** (16 May 2006)

Total net assets: **EUR 1,675.260 billion** (31 March 2006)

Number of SICARs: **63** (16 May 2006)

Number of pension funds: **15** (30 April 2006)

Number of management companies: **102** (16 May 2006)
(chapter 13 of the law of 20 December 2002)

Employment: **1,762 persons** (31 March 2006)

Number of PFS: **191** (30 April 2006)

Balance sheet total: **EUR 60.219 billion** (31 March 2006)

Net profit: **EUR 88.28 million** (31 March 2006)

Employment: **7,799 persons** (31 March 2006)

Number of securitisation vehicles: **8** (30 April 2006)

Total employment in the supervised establishments: **30,705 persons** (30 September 2005)

Total employment in the supervised establishments: **31,346 persons** (31 December 2005)

Total employment in the supervised establishments: **33,298 persons** (31 March 2006)

CSSF Newsletter

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