



## Why Luxembourg



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# The European and Luxembourg markets

# Why Europe is important for international businesses

## A strategic market

- More than 500 million consumers
- 27 European Union (EU) member states comprising a vast single market
- Free circulation of goods, services and individuals within the EU

## A source of knowledge

- Second worldwide after the US for the number of high-value patents
- A highly skilled workforce with 1.3 million researchers and scientists

## A global business location

- Biggest exporter worldwide with over USD 1.6 trillion turnover in 2010



# The advantages of Luxembourg

A platform to the European Union and beyond

- Founding member of the EU
- Home to many EU institutions: European Investment Bank, European Financial Stability Facility, European Court of Justice
- A multicultural population
- A predominantly international country with links to clients in the six main continents

An innovative and safe place to do business

- One of the most innovative financial communities
- Among the safest countries in the world
- Business-friendly tax framework
- A flexible, transparent and safe place to do business
- Solid legal and regulatory framework
- Politically stable with a business-oriented government, easy access to decision makers and long-standing experience in attracting international companies

**“Luxembourg: an international hub in the EU”**

**Luxembourg offers flexible business models to rapidly achieve a competitive positioning in European markets**

# The Luxembourg financial sector

The largest international wealth management and private banking centre in the eurozone

- A large number of double tax treaties
- A strong culture of investor protection
- In excess of USD 300 billion\* assets under management

**“Luxembourg is the leading player in the international bond market with over 30,000 issues”**

The largest investment fund centre in Europe (# 2 globally)

- Over USD 2.5 trillion\*\* in assets
- A market leader in product innovation for UCIT and non-UCIT funds
- Luxembourg funds distributed significantly in other parts of the world, especially Asia, Latin America and the Middle East
- A base for Islamic products



\*CSSF PBGL 2011 (end 2011 figures)

\*\* ABBL (June 2011) – Efama & ALFI 2011

# Advantages of the Luxembourg tax regime

## Investment Tax credits

- Credit of 7% of the acquisition value of eligible investments made during the year (8% on environmentally friendly investments)
- 13% tax credit of the complementary acquisition value of eligible investments made during the year
- The scope of the investment tax credit has been significantly broadened further to a decision from the European Court of Justice and may particularly benefit the shipping and airfreight industries
- 25% exemption (50% until 2013) on both corporate income tax and municipal business tax on profits for certain new businesses

## VAT advantages

- The lowest applicable rates in the EU: 3%, 6%, 12% and 15%, according to the goods and services purchased
- No VAT pre-financing on imports
- VAT representation: foreign entrepreneurs, for eligible transactions, appoint a third party in Luxembourg to carry out the necessary VAT formalities and pay the VAT due in Luxembourg on their behalf, without having to register for Luxembourg VAT themselves

## New tax regime for qualified expatriates

- Employers of qualified employees moving to Luxembourg who meet the eligibility conditions can benefit from significant tax savings through tax exemption for the employer of certain benefits and charges linked to the transfer of residence:

*Relocation expenses; Tax return assistance; Home leave trips; School fees, etc.*

- **Combined corporate income tax was 28.8% in 2011**
- **15% top VAT rate is one of the lowest in Europe**
- **62 treaties for the avoidance of double taxation**
- **An 80% exemption for net income deriving from certain intellectual property rights**

In the future, there will be no  
markets left waiting to emerge.



The future starts here. Be part of it.

# HSBC Group

HSBC 

HSBC is one of the world's largest banking and financial services organisations

## Facts and figures

- Founded in 1865
- Over 80 million customers
- Reported full year profit before tax (31 December 2011) – USD 21.9 billion
- Listed in London, Hong Kong, New York, Paris, Bermuda and Germany
- Credit rating: A+ (S&P), Aa2 (Moody's) and AA (Fitch)
- Tier 1 capital ratio: 11.5% (31 December 2011)
- “Global Bank of the Year” (Bank of the Year Awards 2011)
- “World’s Most Valuable Banking Brand 2012” (*BrandFinance Banking 500 index 2012*)

**Our reach is truly global: we operate from around 7,200 offices in over 80 countries and territories across Europe, Asia Pacific, the Americas, the Middle East and Africa**

# HSBC in Continental Europe

HSBC in Luxembourg is part of HSBC's Continental European structure; an important region within the Group's strategy

## Facts and figures

- HSBC presence in over 20 countries
- Over 25,000 staff across the region
- Approximately 4 million customers
- First foreign bank by market share in France, Switzerland and Malta

**Operating across 6  
time zones in 16  
native languages  
throughout Europe**

## Competitive advantages

- Resilient banking franchise
- Unique network to connect mature and faster-growing markets



# HSBC in Luxembourg





# HSBC in Luxembourg

## 35 years of local experience

Our businesses are highly complementary

- 4 main activities: Asset Management, Corporate Banking, Private Banking and Securities Services

We are internationally-minded and connected

- Over 500 staff in 2 flagship buildings
- 30 nationalities and 25 languages spoken
- Expertise in emerging markets from the heart of Europe

**Diversified business  
lines, internationally-  
minded and  
connected**

We are one of the leading international banks in Luxembourg

- Third largest foreign bank in Luxembourg
- Ambitious growth plans over the next 5 years

# HSBC in Luxembourg at a glance

	Asset Management	Corporate Banking	Private Banking	Securities Services
Expertise	<p>Large scale global UCITS funds</p> <p>Specialist funds</p>	<p>Clients requiring global connections</p>	<p>Complete range of private wealth solutions</p>	<p>Large scale UCITS</p> <p>Alternative funds eg. hedge funds and fund of hedge funds</p> <p>FCPs</p> <p>Specialist funds</p>
Client base	<p>HSBC Luxembourg's domiciled investment funds</p>	<p>Corporate clients of all sizes and non-bank financial institutions</p>	<p>High and ultra high net worth individuals</p>	<p>Asset managers and institutional investors</p>
Main services	<ul style="list-style-type: none"> <li>• Management company</li> </ul>	<ul style="list-style-type: none"> <li>• Payments and cash management</li> <li>• Treasury services</li> </ul>	<ul style="list-style-type: none"> <li>• Private banking services</li> <li>• Insurance brokerage</li> <li>• Discretionary and advisory investment management</li> </ul>	<ul style="list-style-type: none"> <li>• Global custody</li> <li>• Fund administration</li> <li>• Related securities services</li> </ul>

**In the future, investors  
will need to be explorers.**



**The future starts here. Be part of it.**

[www.hsbc.com/inthefuture](http://www.hsbc.com/inthefuture)

# **Asset Management at HSBC**

HSBC 

# HSBC Global Asset Management

A leading international asset management firm

- Funds under management totalling over USD 400 billion\*
- A globally connected network of offices in over 30 countries around the world

Offering a diverse and full range of investment products

- Active and quantitative products including equity, fixed income, liquidity, alternative strategies and Exchange Traded Funds

HSBC's global footprint gives us a unique advantage

- Our significant presence and experience in emerging markets makes us one of the world's leading emerging markets asset managers
- Strong relationships with corporates, institutions, retail clients and financial intermediaries of all sizes and types

**Providing sound  
investment solutions  
to institutions,  
financial  
intermediaries and  
individual investors  
around the world**

# Our Asset Management services in Luxembourg

## Present in Luxembourg since 1988

A significant management company within the HSBC Group

- We draw on the strengths of HSBC Global Asset Management and the HSBC Group
- Managing one of the most widely registered funds in Luxembourg; registered for sale in over 50 countries
- HSBC Global Investment Funds is our principal SICAV with assets under management of USD 19 billion\*

**Assets under  
management: over  
USD 25 billion\***

Strengthening the fund strategy of HSBC Global Asset Management

- Luxembourg is considered a great domicile for fund products
- Fully UCITS IV compliant
- New products are regularly added to our fund ranges

*\* Figures as at 31 December 2011*



# Corporate Banking at HSBC



# HSBC Global Corporate Banking

Our global reach and expertise helps millions of customers unlock their potential; from small businesses to large multinationals

- 140 years experience in meeting the transaction banking needs of corporate clients
- Present in over 60 countries and territories
- 8,000 dedicated Relationship Managers and Business Specialists to service global customers locally

**Our mission is to be  
the world's leading  
international bank**

No matter what your business needs are, we have an extensive range of products and services that can help

- Investments, payments and cash management, liquidity management as well as hedging and financing of international transactions – local expertise for your global transactions
- HSBC's online banking platform is specifically designed for companies operating internationally

# Our Corporate Banking services in Luxembourg

Leveraging HSBC's leading international bank connections and offering:

- Payments and cash management services
- Treasury and securities dealing
- Foreign exchange
- Intellectual Property Planning companies
- Assistance to establish the right Luxembourg investment vehicle:
  - SPF – Private Wealth Investment vehicle
  - SOPARFI – Financial Holding company
  - SICAR – Venture Capital Investment vehicle
  - SIF – Specialised Investment vehicle
  - Luxembourg Real Estate Investment vehicles
- Meeting local and global banking needs
- Internet banking platform (HSBCnet)
- Experienced local team with a high degree of personal continuity and commitment

**Over 4,000  
international  
companies are  
present in  
Luxembourg**

# Our Corporate Banking services in Luxembourg

## Payments & Cash Management solutions at a glance

Investment Products	Payments	Collections	Liquidity Management	Channels
<ul style="list-style-type: none"> <li>• Current accounts and Term Deposits (in local and foreign currency)</li> <li>• Resident and non-resident accounts</li> </ul>	<ul style="list-style-type: none"> <li>• Electronic payments including:               <ul style="list-style-type: none"> <li>- Local</li> <li>- Urgent</li> <li>- Multi-currency</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Incoming electronic payments including:               <ul style="list-style-type: none"> <li>- Urgent</li> <li>- Non-urgent/ACH</li> <li>- Multi-currency</li> <li>- SEPA</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Overdraft facilities*</li> <li>• Treasury Products</li> </ul>	<ul style="list-style-type: none"> <li>• HSBCnet – our internet-based electronic banking platform</li> </ul>

\* Overdraft facilities are subject to a credit assessment



# Private Banking at HSBC

HSBC 

# HSBC Global Private Banking

One of the largest international private banks

- Over 5,000 employees worldwide
- Over 80 locations in Europe, Asia Pacific, the Middle East and the Americas
- Assets under management over USD 450 billion (as at 31 December 2011)
- Approximately 100,000 clients around the world

Placing our clients at the centre of everything we do

- Private banking services
- Advisory and discretionary wealth management services
- Private wealth solutions to preserve and pass on wealth to future generations

Our global accolades 2012\*

- Best private bank in Asia
- Best private bank in the Middle East
- Third best private bank globally
- Best private bank for entrepreneurs and corporate executives
- Best private bank for Super Affluent
- Second best private bank for fixed income management

**HSBC has over 225  
years of experience in  
providing private  
banking services**



*\*Source: Euromoney, February 2012*

# HSBC Global Private Banking

## Our competitive range of services

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HSBC private banking provides integrated banking, investment services & wealth solutions

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### Banking Services

- Deposit Accounts
- Credit and Specialist Lending
- Treasury
- Trading Services
- Cash Management
- Securities Custody and Clearing

### Investment Services

- Investment Advisory
- Discretionary Managed Portfolios
- Alternative Investments
- External Funds
- Corporate Finance Solutions

### Wealth Solutions

- Trust and Estate Planning
- Family Office Advisory
- Financial Planning
- Insurance linked Solutions

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Some of the services listed are only available from certain locations or are subject to restrictions. Please speak to your Relationship Manager for more information

# Our Private Banking services in Luxembourg

## Present in Luxembourg since 1977

### Drawing on the strength of the HSBC Group

- Full suite of private banking products and services
- Leveraging the HSBC global network to create connections and opportunities
- Luxembourg focuses on the EU and clients from other countries where Luxembourg products offer advantages

**Assets under  
management:  
over USD 12 billion**

### Providing instant access to Europe and beyond

- Free movement of capital
- Unique structures and vehicles for protecting and growing wealth
- Dedicated multilingual and multicultural staff based in the heart of Europe
- 25 languages spoken; average length of service of relationship managers is 11 years



# Securities Services at HSBC

HSBC 

# HSBC Global Securities Services

One of the world's leading providers of securities and fund services

- Presence in 50 countries
- A custodian network in 92 markets (42 of which are HSBC entities)
- Over 100 years' experience in the fund services business

**Global assets  
under custody:  
over USD 5  
trillion\***

Diverse and full range of products focusing on client needs

- Fund accounting and valuation, global custody and transfer agency through to securities lending, foreign exchange and cash management
- Supporting diverse investment strategies
- Responsive to client needs while delivering long-term value

Our accolades

- HSBC ranked number one globally for Global Custody (*Global Custodian, January 2012*)



# Our Securities Services offering in Luxembourg

Present in Luxembourg since 1987

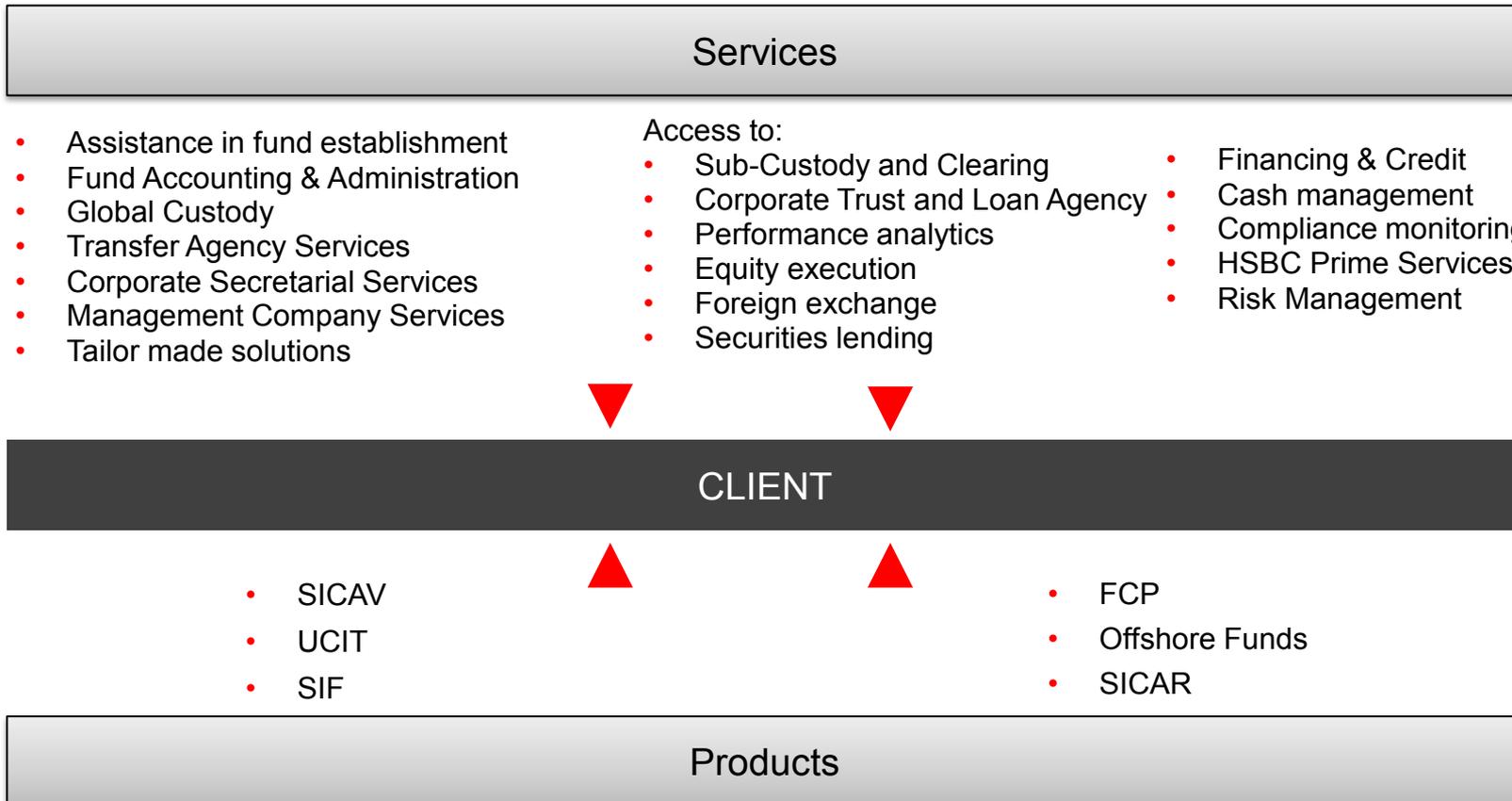
Providing services which benefit from the Luxembourg advantage

- Proven structures for global distribution
- Serving onshore and offshore funds
- Shariah compliant institutional fund structures



**Global Custodian**

HSBC Luxembourg was top-rated in the Hedge fund administration survey (Global Custodian 2011)



Number of funds serviced: over 500 funds

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