



EDMOND
DE ROTHSCHILD

KBL EUROPEAN PRIVATE BANKERS

JULY 2015

DIFFUSION RESTREINTE C3

EXECUTIVE SUMMARY

- ▶ **Our state of mind** : EdR is today a CHF160bn European player in PB, AM and Asset Custody. The core of our platform is the Paris/Luxembourg/Geneva axis . In our core activities, we observe (i) scale and performance generation as key value differentiator, (ii) Luxembourg emerging as the European hub. That's why we do want to develop our operations in Luxembourg

- ▶ **Our rationale** : KBL could be a transforming asset for our Group.
 - › We do have natural complementarity businesses in Luxembourg, France, Monaco...
 - › We will enter /develop significantly other markets (Germany, Netherlands)
 - › We can capitalize on an enlarged scale both in PB and Assets Custody
 - › We can capitalize on EdR brand to develop the acquired businesses

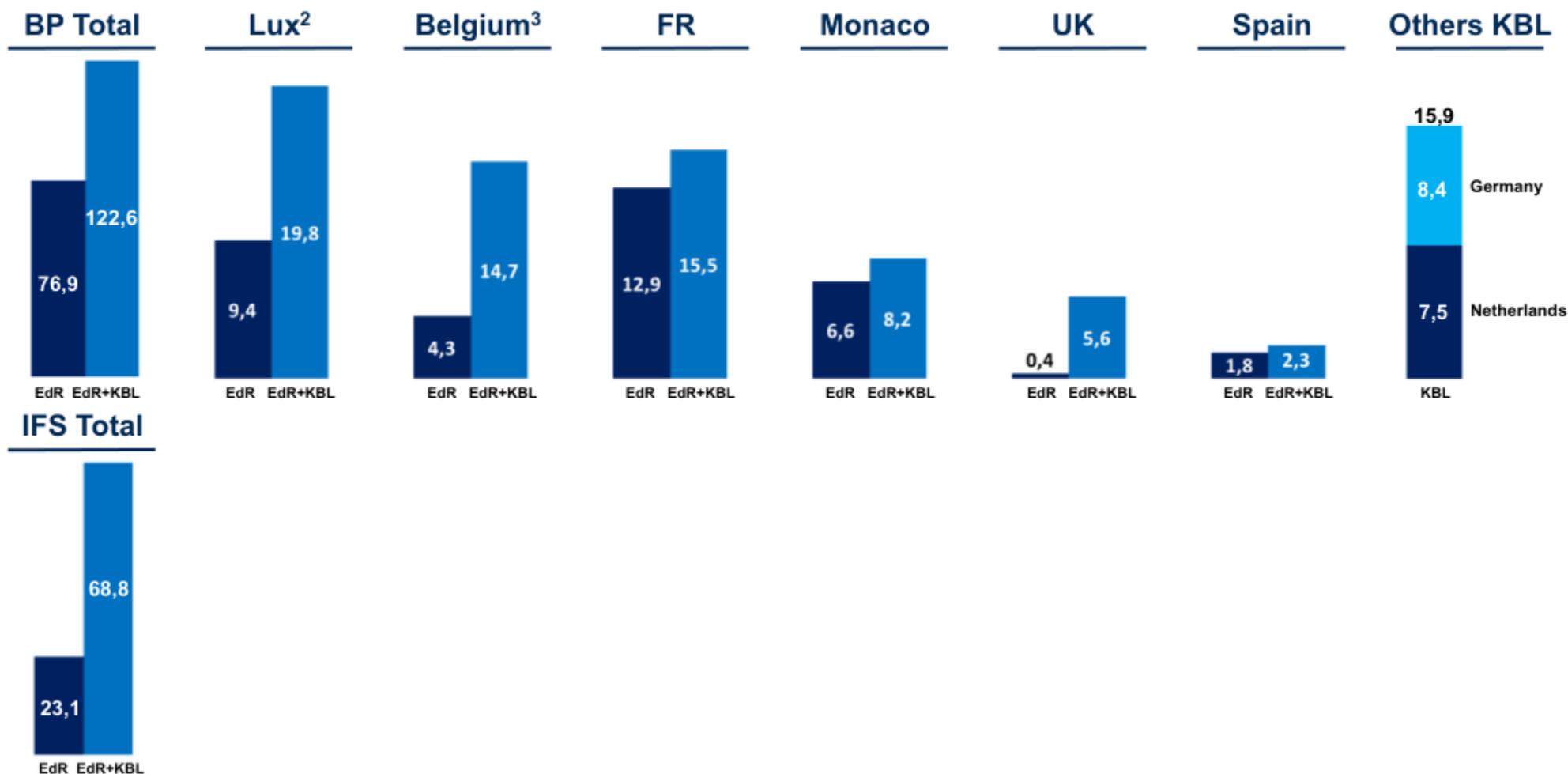
- ▶ **What we would like to achieve** : Understanding better (i) where Precision Capital stands in terms of strategy and exit from this asset and (ii) KBL itself given the recent transactions announced (Monceau Assurances, Brown Shipley)

- ▶ **What we propose as next steps** : After signature of NDA, reception of high level financial information on KBL to enable us to refine our analysis and come back to you in [September] with a non binding proposal that could open the way for exclusive discussions

EXECUTIVE SUMMARY

PRELIMINARY COMBINATION ANALYSIS: AUM IMPACT¹

AUM in CHF bn



¹ Figures as of end 2014 are restated with KBL 2015 operations. Data as of 30/04/2015 for EdR

² May still include Vitis Life AuM. EdR figure without european branches

³ Includes UBS Belgium AuM

FIRST POTENTIAL CONCERNS TO BE ADDRESSED

Potential concern	Mitigation
▶ Presence on the lower scale of EdR target in terms of client segment	▶ Integration of KBL's clients in EdR S1 segment with limited bespoke solutions
▶ Significant restructuring to be done requiring turnaround team	▶ Necessity to set up a strong Project Team in charge of the integration
▶ KBL Group has been built without integration between geographies	▶ KBL has initiated a reorganisation to optimize its structure. To be reinforced and accelerated in KBL integration process
▶ AM business in KBL Group seems to be limited to KBL Richelieu teams in France → Limited transformation for EdR AM business while this deal will significantly reduce EdR capacity for other acquisitions	
▶ Cultural fit	▶ To be assessed carefully in DD sessions with operational teams

PRELIMINARY FINANCIAL INFORMATION (DATA AS OF 31/12/2014)

En €bn	BdL	BIL	KBL	EdR	EdRE
Loan book	2,0	10,0	2,3	2,4	
AuC	56,0		41,3	23,9	23,9
AUM	18,0	18,0	42,0	129,5	
Earnings	66,0	123,0	70,0	67,0	25,0
Equity capital	740	1 200	1 000	1 750	220
Assumed PE	15,0x	15,0x	15,0x	19,0x	19,0x
Implied Equity Value	990	1 845	1 050	1 274	475
Assumed Price to Book	0,75x	0,75x	0,75x	1,00x	1,00x
Implied Equity Value	555	900	750	1 750	220
En CHFbn	BdL	BIL	KBL	EdR	EdRE
Loan book	2,1	10,4	2,4	2,5	0,0
AuC	58,5	0,0	43,1	22,9	22,9
AUM	18,8	18,8	43,8	135,2	0,0
Earnings	68,9	128,4	73,1	70,0	26,1
Equity capital	773	1 253	1 044	1 827	230
Assumed PE	15,0x	15,0x	15,0x	19,0x	19,0x
Implied Equity Value	1 034	1 926	1 096	1 330	496
Assumed Price to Book	0,75x	0,75x	0,75x	1,00x	1,00x
Implied Equity Value	579	940	783	1 827	230

PRELIMINARY FINANCIAL INFORMATION (DATA AS OF 31/12/2014)

KBL acquisition

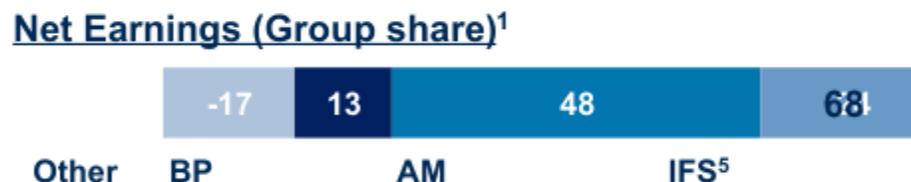
Acquisition size	750
Financing	50%
Interest Rate	5%
Additional Debt	375
Assumed tax rate	15%
Additional interest charge	15,9
Remaining financing	375
Use of existing cash	200
Interest on cash	-0,7%
Lost on interest income	-1,4
Required capital increase	175
Group Net income	70,0
Additional net income	73,1
Less additional interest	-15,9
Less lose of interest income	-1,4
PF Net Income	128,5
Capital Increase	
Assumed EdR equity value	2 000
Capital increase	175
PF Equity Value	2 175

	<u>Capital increase required</u>				
	<u>% of Financing</u>				
	10%	20%	30%	40%	50%
200	475	400	325	250	175
250	425	350	275	200	125
300	375	300	225	150	75
350	325	250	175	100	25

Use of existing cash

OTHER COMBINATIONS SCENARIO (DATA AS OF 31/12/2014)

EdR Today (CHF M)



EdR Tomorrow (CHF M)



Preliminary valuation estimates

UBS (France) : CHF 100 M
 KBL : CHF 900 M⁶
 Millennium : CHF 350M

CHF 1.4bn

Figures indicators : EdR / UBS France / KBL / Millennium

¹ Based on 2015 (split between businesses based on 2014 prorata)

² AuM as of 31/12/2013 for UBS France

³ Revenues as of 31/12/2013 for UBS France & KBL epb

⁴ Net Earnings as of 31/12/2013 for UBS France & KBL epb

⁵ Net Earnings for IFS are estimated

⁶ 2015 disposals not taken into account



1 – KBL EUROPEAN PRIVATE BANKERS profile

KBL EUROPEAN PRIVATE BANKERS

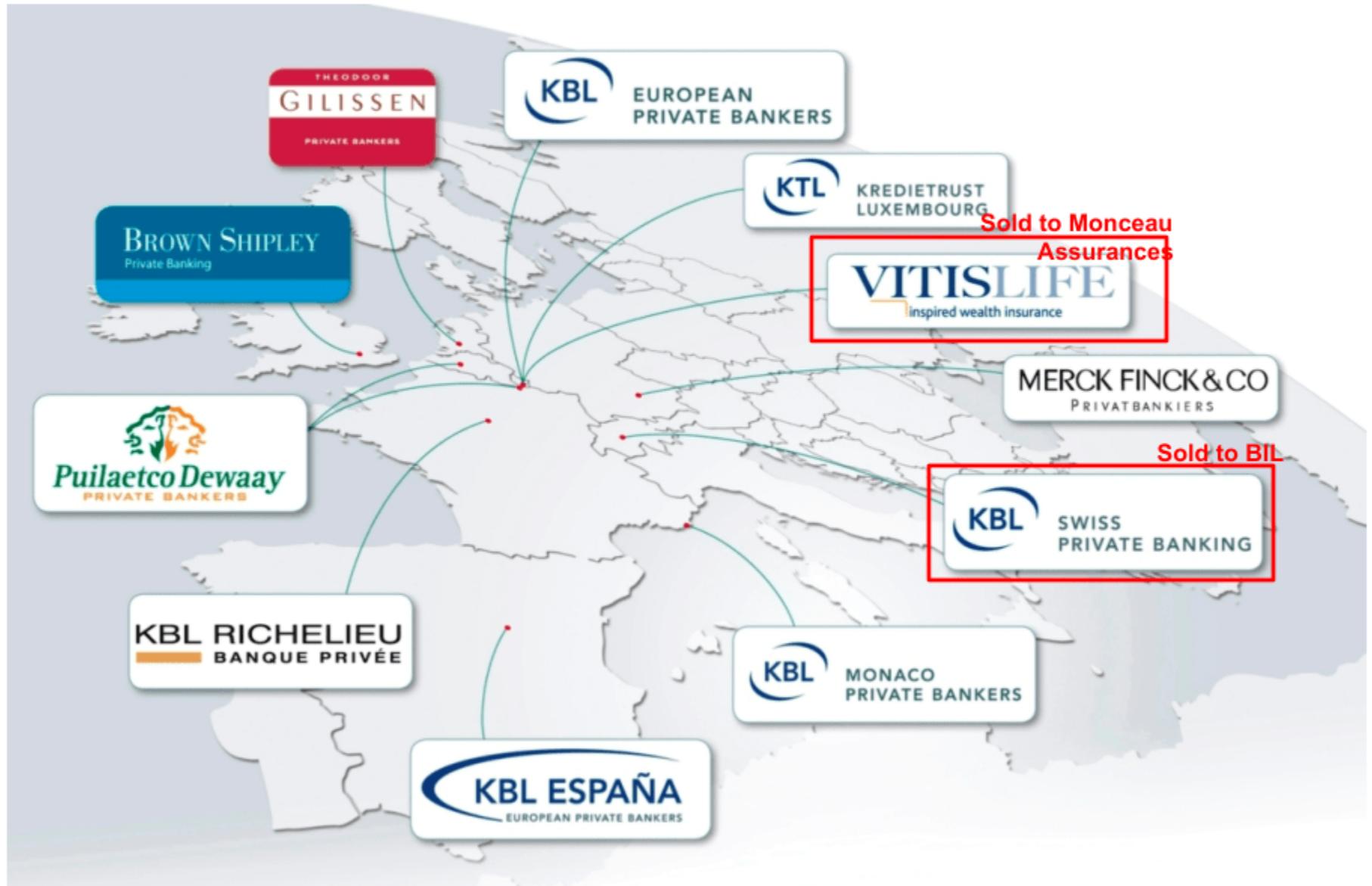
- ▶ The Bank was founded in Luxembourg in 1949
- ▶ KBL European Private Bankers was acquired in 2012 by Precision Capital, a Luxembourg-based bank holding company, representing the private interests of members of the Al-Thani family of Qatar
- ▶ KBL is owned at 99,9% by Precision Capital and the balance is owned by the Grand Duchy of Luxembourg
- ▶ The Bank holds affiliates in Belgium, France, Germany, Luxembourg, Monaco, Netherlands, Spain, Switzerland and United Kingdom
- ▶ At December 31, 2014 (2013), the Bank employed 2224 (2225) staff, some 58% work in subsidiaries outside Luxembourg, and over 400 private bankers
- ▶ KBL was initially engaged in corporate banking and financial markets before progressively focusing on private banking from the 1980s. It was listed on the Luxembourg stock exchange until 2005. From the late 1990s, under the ownership of Almanij and then KBC, KBL implemented a strategic vision to counterbalance the lower offshore growth with the acquisition of local private banks in key European markets¹
- ▶ Local units still benefit from a relatively large autonomy on front office, marketing, and offering matters, combined with progressively centralized control/support functions in Luxembourg. In June 2015, it announced its decision to outsource its IT & Operations to Lombard Odier (G2)¹
- ▶ In addition to its core PB business, KBL is active in AM (through KTL and local subsidiaries). With the appointment of a Group CIO, the emergence of a multi-local AM model, and a common branding (Richelieu) for new funds, it aims at developing a more coherent and visible AM business. KBL also provides custody services (end-2014 AuC of €43.8bn) and fund administration (through KTL). The fund accounting and the keeping of the register of investors are outsourced to EFA where KBL is the main shareholder¹

¹ Source Caurus Partners

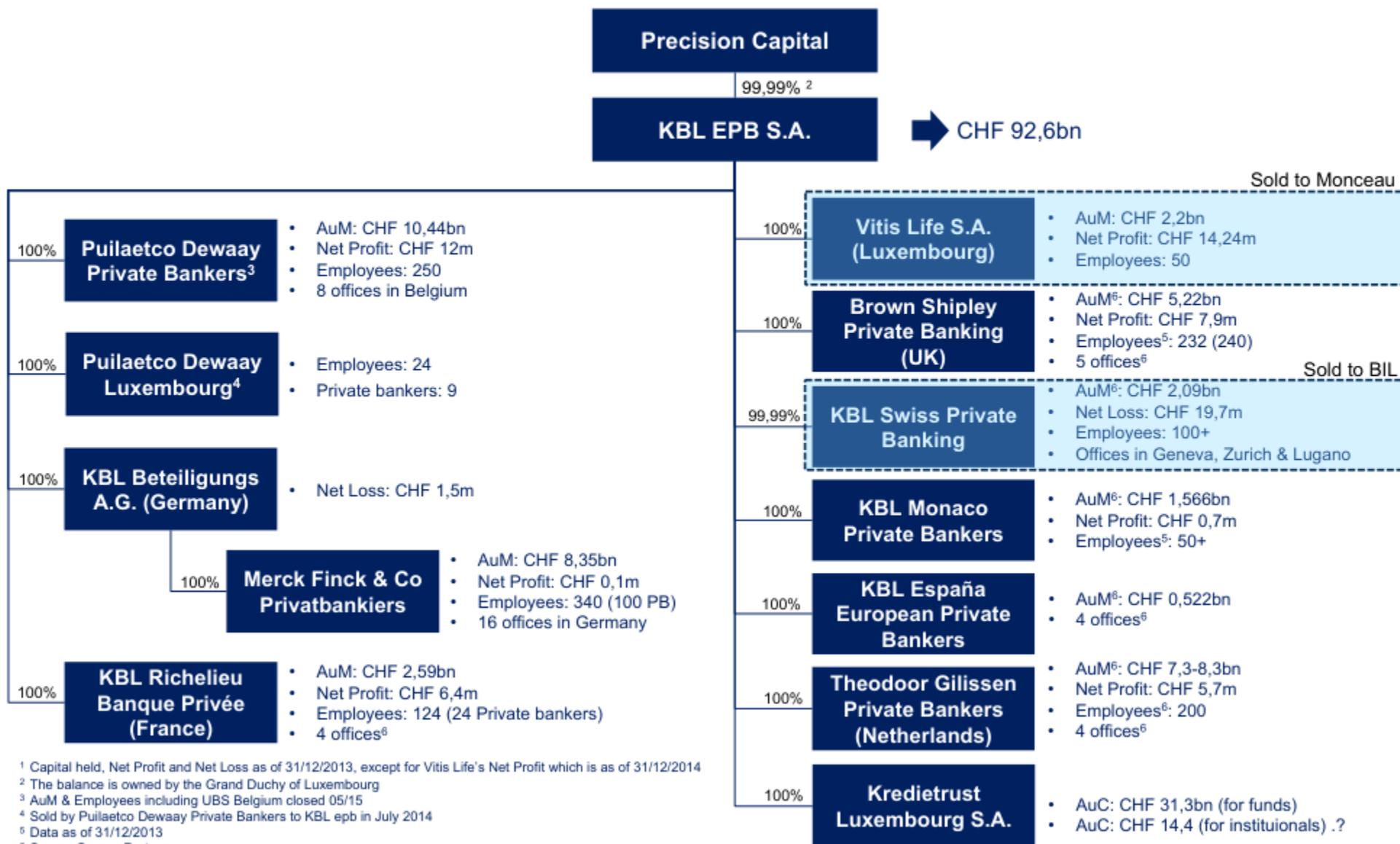
KBL EPB RECENT BUSINESS DEVELOPMENT

- ▶ Has acquired Puilaetco Dewaay Luxembourg in July 2014
- ▶ Puilaetco Dewaay Private Bankers announces in November 2014 the acquisition of UBS's Belgian operations, bringing roughly €3 billion in assets, 2,500 clients and 60 staff (including 20 private bankers)
- ▶ KBL epb signed a term sheet agreement with Banque Internationale à Luxembourg (BIL) in December 2014
 - › BIL (Suisse) SA will acquire KBL (Switzerland) Ltd, a wholly owned affiliate of KBL epb,
 - › Puilaetco Dewaay, the Belgian affiliate of KBL epb, will acquire the business of BIL Belgique (through this acquisition, Puilaetco Dewaay becomes one of the top three pure-play private bank in Belgium)
- ▶ KBL epb signed in June 2015 a strategic partnership agreement with Lombard Odier, in IT and Operations activities
- ▶ Monceau Assurances, a French insurance group, announced in July 2015 the signing of an agreement with KBL epb to acquire Vitis Life, KBL epb's life insurance subsidiary, based in Luxembourg. We understand Monceau Assurance contributed 14 M€ to KBL net income and was sold for a 50-100M€ price tag
- ▶ Brown Shipley announced in July 2015 the acquisitions of Hampton Dean, a chartered independent firm of financial planners based in the UK

GEOGRAPHIC FOOTPRINT



DETAILED ORGANIZATION CHART (DATA AS OF END OF 2014)¹



¹ Capital held, Net Profit and Net Loss as of 31/12/2013, except for Vitis Life's Net Profit which is as of 31/12/2014

² The balance is owned by the Grand Duchy of Luxembourg

³ AuM & Employees including UBS Belgium closed 05/15

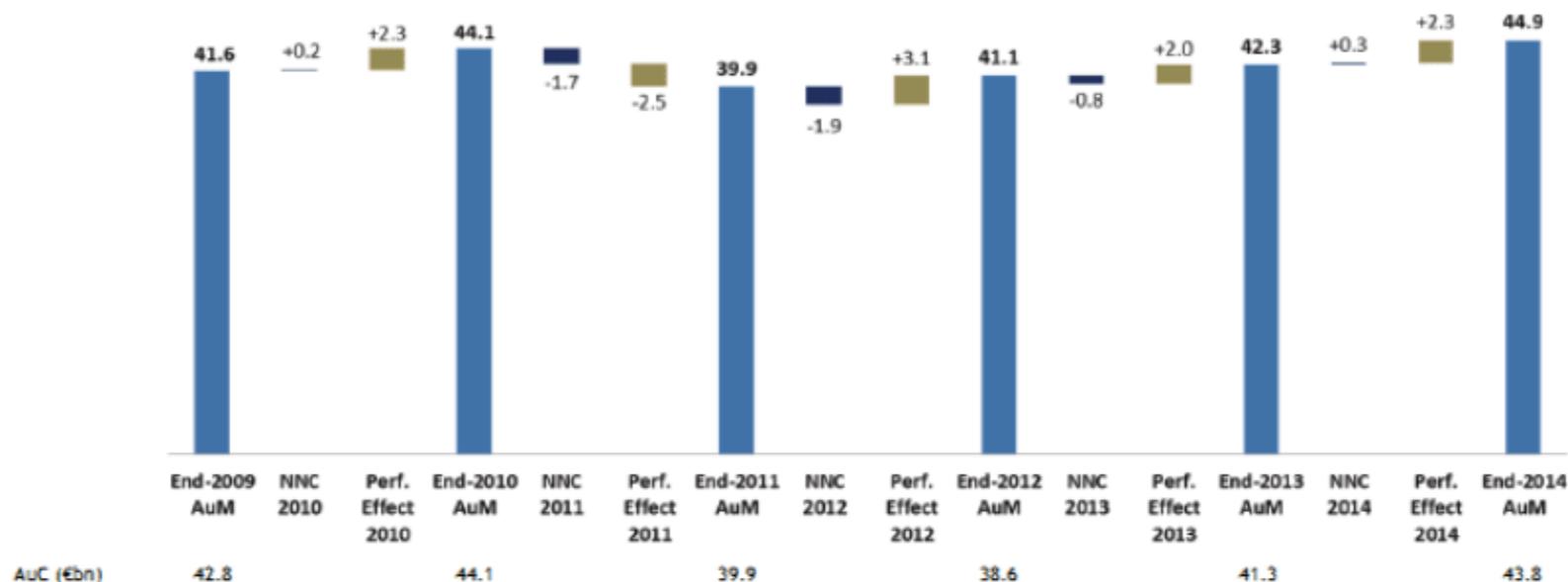
⁴ Sold by Puilactco Dewaay Private Bankers to KBL epb in July 2014

⁵ Data as of 31/12/2013

⁶ Source Caurus Partners

ASSETS UNDER MANAGEMENT & ASSETS UNDER CUSTODY¹

Evolution of AuM for KBL (€bn)



NNC = Net New Cash / Perf. Effect = Performance & Currency Effect

- Net new cash returned to positive territory in 2014 after 3 years of attrition, reflecting outflows in cross-border activities and the uncertainties generated by KBL's disposal process (initiated in 2009 and completed in 2012)
- Positive NNC contributors understood to include Puilaetco Dewaay, Theodoor Gilissen, and Brown Shipley
- Limited currency impacts on AuM, as KBL is largely a € play, with the notable exception of Brown Shipley

¹ Source Caurus Partners

KBL EUROPEAN PRIVATE BANKERS

Key figures

In CHF m	FY 2014	FY 2013	FY 2012	FY 2011	Evolution ²	
					Abs	%
AuM (bn)	92,6	87,2	83,0	83,2	5,4	6,2
of which AuC (bn)	45,7	43,1	40,3	41,7	2,6	6,1
NNM (bn)	NA	NA	NA	NA		
Customer credit (bn)	2,5	2,4	2,0	1,8	0,1	4,3
Employees	2 224	2 225	2 406	2 457	-1	0,0
Net Revenue	563	564	411	573	-1,6	-0,3
RoA ³	61 bps	65 bps	49 bps	69 bps	-4,0	
HR costs	NA	289	377	305		
HR costs/Revenue	NA	51%	92%	53%		
Non HR costs	NA	155	210	153		
Operating profit	105	120	-176	115	-14,9	-12,4
Depreciation & Amortisation	NA	NA	NA	NA		
Provision & Value adjustment	1	4	79	103	-3,1	-85,7
Extraordinary items	NA	NA	NA	NA		
Total costs	458	448	667	561	10,0	2,2
Profit before tax	104	116	-256	12	-11,7	-10,0
Net Profit	70	88	-262	21	-18,4	-20,8
Net Profit group share	70	88	-262	21		
CIR ⁴ (%)	81,4%	78,8%	142,6%	79,9%	2,6	
Total capital ratio (%)	14,7%	18,2%	NA	NA	-3,5	
CET 1 capital ratio (%)	13,7%	13,5%	12,6%	16,3%	0,2	

¹ Consolidated accounts

² Evolution from FY 2013 to FY 2014

³ Annualized rate

⁴ Estimated : Operating expenses (including Depreciation and Amortisation) / Net Revenue

Comments

- ▶ 2014 figures includes Insurance operations
- ▶ AuM increased by CHF 9,4bn over the period from 2011 to 2014 (AuC included)
- ▶ Net revenues remained constant over the period from 2011 to 2014 , resulting in a steady decline of the RoA over the same period. The drop in 2012 is the result of the sale of a number of positions (mainly ABS)
- ▶ The significant amount of Provision & Value adjustment in 2011 and 2012 results from impairments due to the recognition of Goodwill arising from previous acquisitions
- ▶ Operating profit down 12,4% over 2014 to CHF 105m, mainly due to the increased depreciation of Group IT development
- ▶ Pre-tax income down 10,0% from CHF 116m as of end of 2013 to CHF 104m as of end of 2014
- ▶ Cost income ratio remained around 80% over the period, excluding 2012
- ▶ Slight improvement of the CET 1 ratio from 13,5% to 13,7% as of December 2014
- ▶ Dividend relating to year 2014 up to CHF 70m from CHF 33,4m for 2013

KBL EUROPEAN PRIVATE BANKERS BALANCE SHEET¹

Key figures

In CHF bn	FY 2014	FY 2013	FY 2012	FY 2011	Evolution ²	
					Abs	%
Assets						
Loans and advances to credit institutions	1,7	2,2	2,3	5,1	-0,5	-23,8
Loans and advances to non-credit institutions	2,5	2,4	2,0	1,8	0,1	4,3
Equity and debt instruments	4,8	4,3	4,6	4,3	0,5	12,2
Other assets	4,0	4,1	4,6	4,2	-0,1	-3,1
Total Assets	13,0	13,0	13,5	15,4	0,0	-0,2
Liabilities & Equity						
Deposits from credit institutions	1,0	1,0	1,3	2,6	0,0	0,0
Deposits from non-credit	7,8	7,8	7,7	8,6	0,0	0,0
of which, subordinated debt	0,2	0,2	0,3	0,3	0,0	0,0
Other liabilities	3,2	3,1	3,6	3,2	0,0	1,2
Total equity	0,9	1,0	1,0	1,1	-0,1	-6,2
Total Liabilities	13,0	13,0	13,5	15,4	0,0	-0,2

Comments

- ▶ In 2014, total assets remained stable compared to the previous year but decreased by CHF 2.5bn compared to December 2011
- ▶ Credits to customers amounts to CHF 2.5bn at end of 2014 (CHF 2.4bn at end of 2013). This activity has been developed since 2011 (CHF 1.8bn at end of 2011, ie +30% between 2011 and 2013)

¹ Consolidated accounts

² Evolution from FY 2013 to FY 2014

KBL EPB BY BUSINESS SEGMENT

In CHF m	Private Banking			Global Investors Services			ALM Activities			Other			Total Group		
	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011
AuM (bn)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NNM (bn)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Employees ¹	1 549	1 701	1 749	180	207	214	130	140	120	219	241	325	2 078	2 289	2 408
Net Revenue	404	369	397	57	54	68	88	53	51	16	-66	57	564	411	573
of which net fee and commission income	314	300	312	39	38	46	2	-1	-3	8	9	9	363	345	364
Operating expenses	334	376	360	30	35	34	29	21	22	52	156	43	445	587	458
Operating profit	70	-6	37	26	20	35	59	32	29	-36	-222	14	120	-176	115
Depreciation & Amortisation	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Provision & Value adjustment	1	60	48	0	0	-1	2	0	4	1	19	52	4	79	103
Extraordinary items	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total costs	334	436	407	30	35	33	30	21	26	53	175	95	448	667	561
Profit before tax	69	-66	-10	27	20	35	57	32	25	-37	-241	-38	116	-256	12
Net Profit	47	-79	-21	19	15	25	41	21	18	-18	-220	-1	88	-262	21
Net Profit group share	47	-79	-21	19	15	25	41	21	18	-18	-220	-1	88	-262	21
CIR ² (%)	83%	102%	91%	54%	64%	49%	33%	40%	42%	322%	-237%	76%	79%	143%	80%

¹ Average number of FTE

² Estimated : Operating expenses (including Depreciation and Amortisation) / Net Revenue



STRATEGIC PARTNERSHIP AGREEMENT WITH LOMBARD ODIER IN IT AND OPERATIONS ACTIVITIES

- ▶ KBL epb announced in June 2015 the signing of a strategic partnership agreement with Lombard Odier, in IT and Operations activities
- ▶ Under the terms of the agreement, KBL epb will leverage Lombard Odier's existing processes and G2 platform, adapted to the specific needs of the Luxembourg-headquartered private banking group
- ▶ In line with that partnership approach, Lombard Odier will establish a new company in the Grand Duchy – staffed by select KBL epb specialists and Lombard Odier employees. That company will reach full operational status in the course of next year
- ▶ This agreement would have no material impact on employment at KBL epb in Luxembourg before 2017. Lombard Odier has made a commitment to extend to a significant number of current KBL epb specialists the opportunity to serve at the new company that will be established in the Grand Duchy
- ▶ KBL epb ambition is to ensure full employment for the balance of Luxembourg-based staff impacted by this agreement, including through an increased focus on training and internal mobility
- ▶ KBL epb will double its professional training budget over the next three years and substantially increase the size of its HR department over the same period

MONCEAU ASSURANCES TO ACQUIRE VITIS LIFE, KBL EPB'S LIFE INSURANCE SUBSIDIARY

- ▶ Vitis Life is a Luxembourg-based life insurance company founded in 1995 and is currently active in Belgium, France, Italy, Luxembourg, the Netherlands and Spain. The company manages over €2.1 billion, and its solvency ratio is 320% (as of December 31, 2014)
- ▶ The transfer of Vitis Life reflects KBL epb's focus on its core business of private banking, in line with the group's long-term growth strategy, which includes organic, semi-organic and external initiatives
- ▶ In addition, given the complementarity of the French client base of Monceau Assurances, this transaction will create opportunities for KBL epb to strengthen its private banking business in that country
- ▶ Monceau Assurances – which provides life, property and casualty, and reinsurance cover to its more than 300,000 policyholders – highlighted that Vitis Life will continue to be managed by its current leadership team



BROWN SHIPLEY ANNOUNCED THE ACQUISITION OF HAMPTON DEAN

- ▶ Brown Shipley is a private bank with client offices in London, Manchester, Birmingham, Leeds, and Edinburgh. It provides core wealth management services for high net worth clients, comprising investment and fund management, self-administered pension schemes, estate planning and banking services
- ▶ Hampton Dean is a full service chartered independent firm of financial planners, with clients throughout the UK and particularly in the medical sector
- ▶ The acquisition of Hampton Dean is part of Brown Shipley's strategy to build and deliver a leading financial advice proposition for its clients. It will further strengthen the operations of Brown Shipley, particularly in the area of wealth planning, and expand its UK footprint to six cities, including a new office in Nottingham
- ▶ This transaction follows KBL epb's acquisition of the operations of UBS Belgium in late 2014, and reflects the Luxembourg-headquartered group's strategy to achieve long-term growth through organic, semi-organic and external initiatives



Annexes



EDMOND
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STRATÉGIE &
DÉVELOPPEMENT INTERNATIONAL

MARCHÉ DE LA BANQUE PRIVÉE AU LUXEMBOURG

ÉLÉMENTS PRÉLIMINAIRES

6 Juillet 2015

DIFFUSION RESTREINTE C3



PRÉAMBULE

- › **Les éléments mentionnés dans ce documents sont un recueil préliminaire et non exhaustif [REDACTED] sur le marché luxembourgeois de la Banque Privée**
- › **Les principales sources [REDACTED] sont :**
 - › Les statistiques publiées régulièrement par l'Association des Banques et Banquiers, Luxembourg (ABBL)
 - › Le Deloitte Wealth Management Centre Ranking 2015
 - › Le KPMG Luxembourg Banks Insights 2014
 - › Les rapports du BCG Global Wealth 2013 et 2014
 - › Des analyses du BCG communiquées à la Direction de la Stratégie dans le cadre de missions de benchmark

ELÉMENTS DISPONIBLES « OFF THE SHELF »

	Axes █████		A discuter / compléter
1	<ul style="list-style-type: none"> Structure et dynamique de marché (volume, on/offshore, etc.) 		<ul style="list-style-type: none"> Perspectives futures
2	<ul style="list-style-type: none"> Segmentation clientèle 		<ul style="list-style-type: none"> -
3	<ul style="list-style-type: none"> Marges 		<ul style="list-style-type: none"> -
4	<ul style="list-style-type: none"> Concurrence 		<ul style="list-style-type: none"> Analyse des modèles des principaux acteurs Rôle des plateformes déployés par les concurrents utilisant le Luxembourg comme hub pour l'UE
5	<ul style="list-style-type: none"> Rentabilité (C/I) 		<ul style="list-style-type: none"> -
6	<ul style="list-style-type: none"> Principales évolutions réglementaires 		<ul style="list-style-type: none"> Evolution du cadre réglementaire actuel
7	<ul style="list-style-type: none"> Tendances du marché 		<ul style="list-style-type: none"> Principales perspectives sur l'offshore Lux et la place du Luxembourg Mouvements █████

MESSAGES CLES

- › **Fort de savoir-faire reconnu et environnement favorable, la place luxembourgeoise est le 1^{er} centre de banque privée de la zone euro – avec une activité essentiellement offshore UE**
 - Le Luxembourg a des atouts forts : régime fiscal, industrie de fonds, taille critique sur la zone euro
 - La place atteint 300 Mds USD (contre 2000 Mds pour la Suisse) soit 3% de PDM mondiale du off shore banking
 - 4/5^e des encours gérés sont non luxembourgeoise et parmi eux, les 2/3 proviennent de l'UE (surtout All., Fr., Bel., Esp.)
 - Le marché a cru de X% par an depuis contre X en Suisse

- › **Avec un développement récent tiré par les UHNWI, le ROA du marché est faible à 55 bps et en baisse de 20 bps sur 6 ans**
 - Les UHNWI >20M€ ne représentent que 1% des clients mais concentrent 51% des actifs sous gestion des BP au Luxembourg
 - Cette concentration s'est accélérée sur les dernières années (ils concentraient 41% des encours il y a 3 ans), la clientèle *Affluent* ayant plus tendance à *onshoriser* ses avoirs. Les BP luxembourgeoises s'adaptent pour cibler la clientèle premium

- › **Ce marché est fortement concurrentiel mais rentable pour la plupart des acteurs aujourd'hui**
 - Les COEX s'établissent généralement entre 70 à 80%
 - Des COEX pouvant descendre jusqu'à 50% en incluant l'activité IFS attenante, déployée par la plupart des acteurs
 - La pression concurrentielle augmentent : les BP luxembourgeoises ont fortement recruté sur les 5 dernières années (+61% de RM) alors que les AuM ont plutôt stagné
 - Quelques acteurs luxembourgeois se partagent l'essentiel des encours onshore tandis que le business offshore est disputé par des acteurs internationaux (UBS, CS, Deutsche Bank, BNPP)

- **Les évolutions réglementaires attendues vont faire évoluer le mix et la place de Luxembourg**
 - Avec la fin du secret bancaire, les encours européens ne devraient plus croître dans les prochaines années
 - Fort du dispositif de LPS, certains acteurs de référence repositionnent leur hub pour couvrir la zone euro au Luxembourg (Pictet, LODH, Quilvest, etc.)
 - Pour l'offshore hors UE, le Luxembourg est en concurrence avec la Suisse et Londres bien établis pour capter les avoirs des zones émergentes depuis l'Europe

1

STRUCTURE ET DYNAMIQUE DE MARCHÉ

LE 1^{ER} CENTRE DE LA ZONE EURO ET LE 7^{EME} AU NIVEAU MONDIAL

International private client market volume in the leading wealth management centres (in USD trillion and as percentage market share)

WM centre	2008	2009	2010	2011	2012	2013	2014A	Δ 2008-2014
Switzerland	1.79 20%	1.77 19%	1.81 20%	1.74 21%	2.01 23%	2.14 23%	2.04 22%	0.25 ○
United Kingdom	1.45 16%	1.61 18%	1.63 18%	1.52 19%	1.67 19%	1.73 19%	1.65 18%	0.19 ○
United States	1.12 12%	1.03 11%	0.97 11%	1.08 13%	1.21 14%	1.31 14%	1.43 16%	0.31 ○
Panama & Caribbean	1.77 20%	1.68 18%	1.74 19%	1.21 15%	1.03 12%	1.09 12%	0.93 10%	-0.84 ○
Hong Kong	0.26 3%	0.31 3%	0.32 4%	0.34 4%	0.43 5%	0.53 6%	0.64 7%	0.37 ○
Singapore	0.38 4%	0.43 5%	0.42 5%	0.36 5%	0.36 4%	0.42 5%	0.47 5%	0.09 ●
Luxembourg	0.27 3%	0.27 3%	0.22 2%	0.21 3%	0.24 3%	0.30 3%	0.29 3%	0.02 ●
Bahrain & United Arab Emirates	0.07 1%	0.09 1%	0.07 1%	0.06 1%	0.06 1%	0.06 1%	0.06 1%	-0.01 ●
Other	1.88 21%	1.93 21%	1.77 20%	1.63 20%	1.68 19%	1.70 18%	1.67 18%	-0.21 ○
Total	9.01	9.14	8.97	8.21	8.71	9.30	9.20	

Source: Deloitte Wealth Management Database A Annualised % Share of total IMV ○ Winning centres ○ Losing centres

Other: Austria, Belgium, Channel Islands, Germany, Ireland, Liechtenstein, Monaco

The sequence in this overview corresponds to the ranking of international wealth management centres in 2014 in terms of IMV

- › Un centre de booking offshore de taille inférieure à la Suisse ou au Royaume-Uni
- › Depuis 2009, Hong Kong et Singapore représentent des marchés plus importants que le Luxembourg
- › **Une croissance faible sur les dernières années**

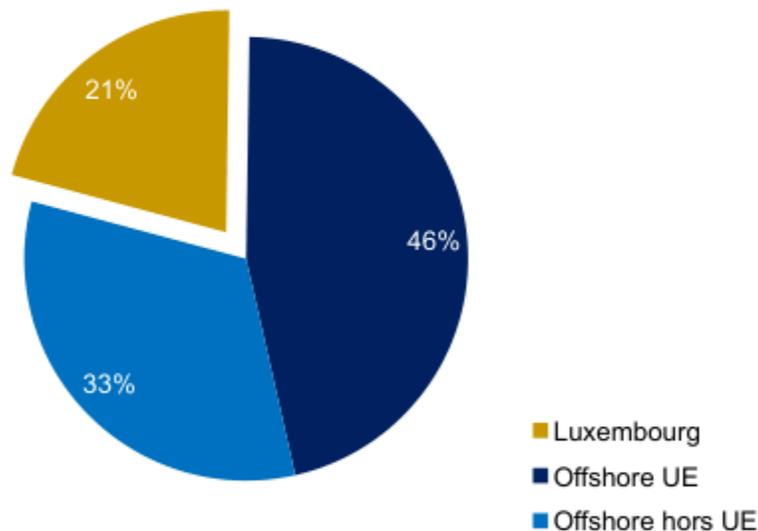
Source : Deloitte Wealth Management Centre Ranking 2015

1

STRUCTURE ET DYNAMIQUE DE MARCHÉ

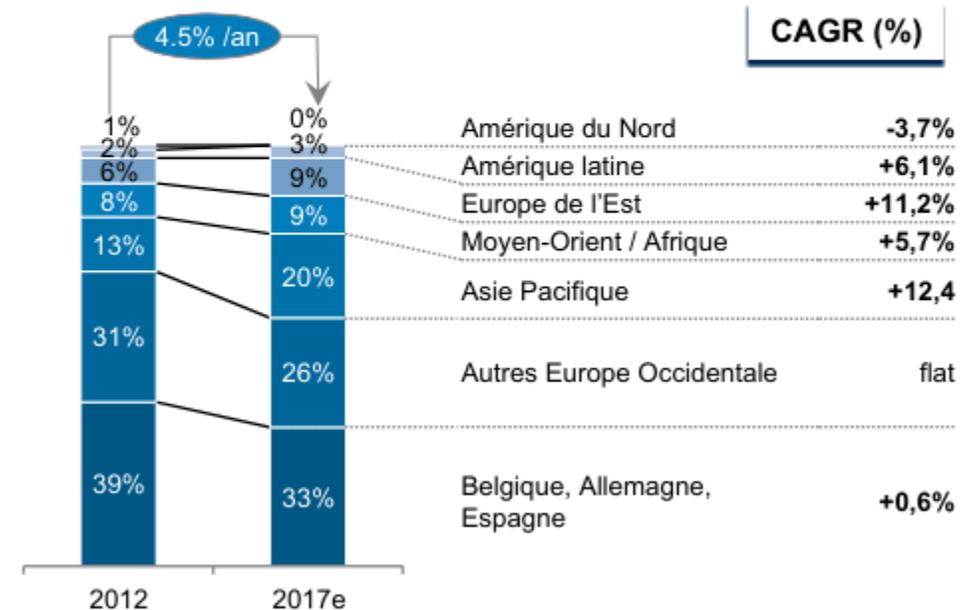
UNE ACTIVITÉ ESSENTIELLEMENT OFFSHORE CENTRÉE SUR L'UE

79% des encours de BP lux. sont offshore en 2013



Evolution attendue des encours par résidence des clients

Actifs sous gestion en BP offshore enregistrés au Luxembourg par pays de résidence des clients (Md CHF)



50-60% des actifs sous gestion des clients Retail et Affluents Occidentale devraient quitter le Luxembourg 2017

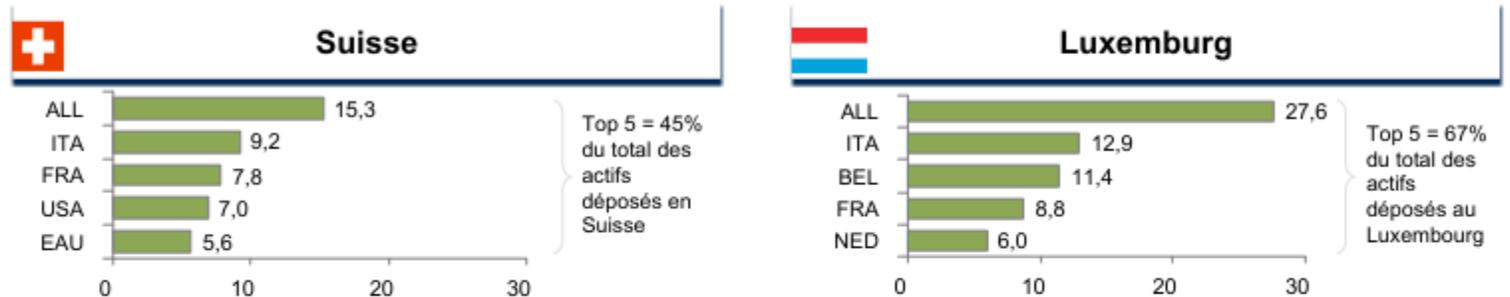
Source : ABBL, données à fin 2013 (07/2014)

Source : rapport BCG sur la richesse mondiale 2013, analyse BCG

STRUCTURE ET DYNAMIQUE DE MARCHÉ

COMPARAISON AVEC LA PLACE SUISSE

Encours par résidence du client (% du total)¹



Proposition de valeur

Similarités

- Stabilité politique et économique
- Confidentialité bancaire
- Haut niveau de qualité des services et des produits
- Concentration de personnel qualifié et polyglote
- Robustesse du cadre réglementaire

Différences

- Retenue fiscale sur les intérêts
- Expertise en gestion sous mandat discrétionnaire
- Expertise en administration de fonds
- Absence de taxe sur l'héritage et sur la fortune pour les résidents² mais retenue fiscale sur les intérêts
- ~60% des actifs proviennent de géographies où le modèle suisse traditionnel est plus possible
- Stagnation des encours sur les derniers exercices
- Source alternative de revenus/spécialisations (industrie des hedge funds)
- Le gouvernement suisse envisage la distinction entre la fraude fiscale et les délits mineurs fiscale
- Le lobby bancaire suisse suggère le maintien de la retenue fiscale sur les avoirs afin de préserver la confidentialité des clients tout en répondant aux obligations de perceptions des administrations étrangères
- Le G20 pousse le Luxembourg à abandonner son secret bancaire
- Le Luxembourg pourrait devenir attractif pour l'industrie des hedge funds en Europe

Facteurs clés du changement

Développements récents

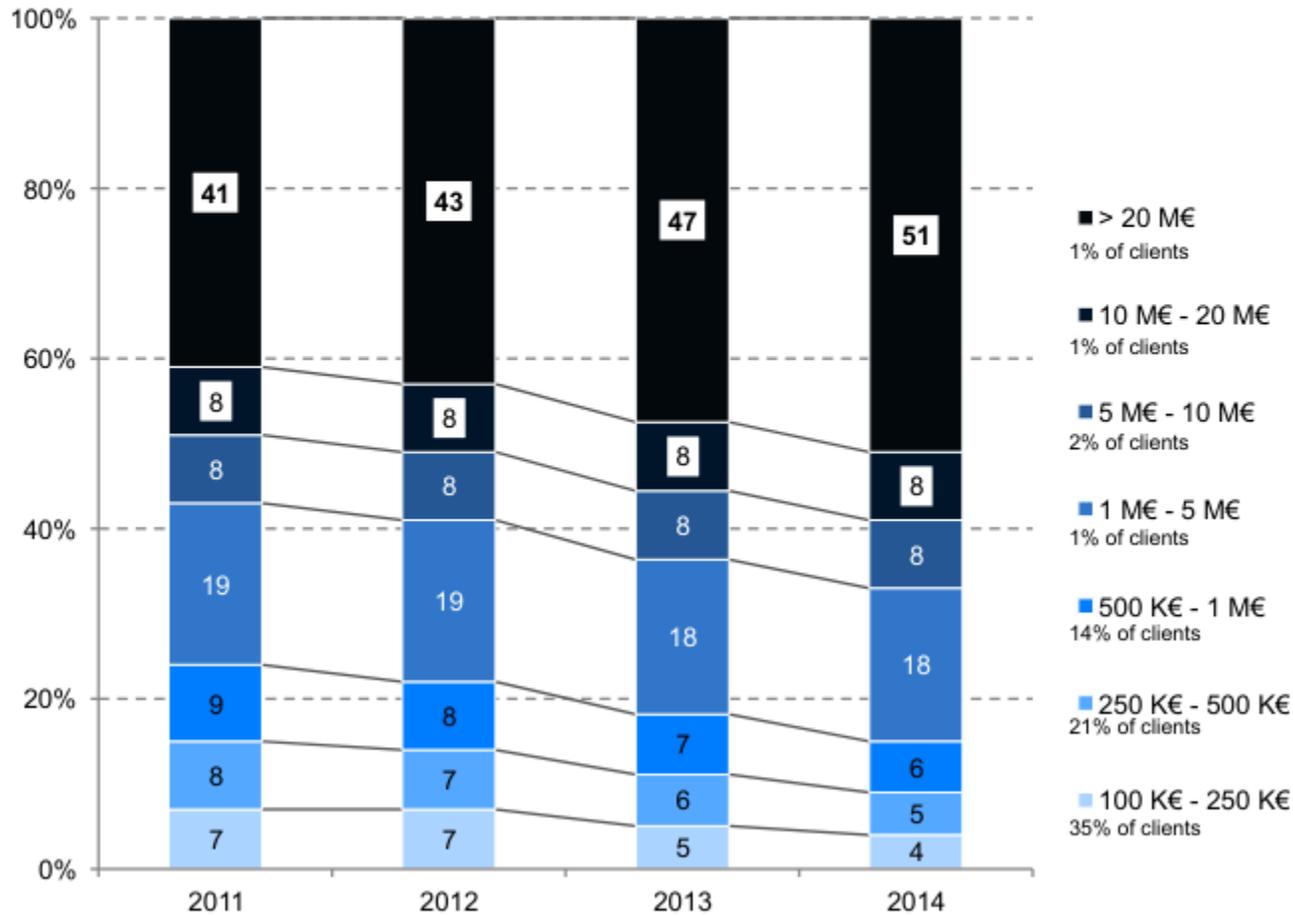
1. En % du total des actifs offshore de chaque booking center 2. Droits de succession exempté uniquement en cas en ligne direct

2. Source : BCG Global Wealth Market Sizing Database 2009; Press research; BCG analysis

SEGMENTATION CLIENTÈLE

UN ÉVOLUTION DU MIX CLIENTS VERS LES UHNWI

Répartition des encours des banques privées luxembourgeoises par wealth bands

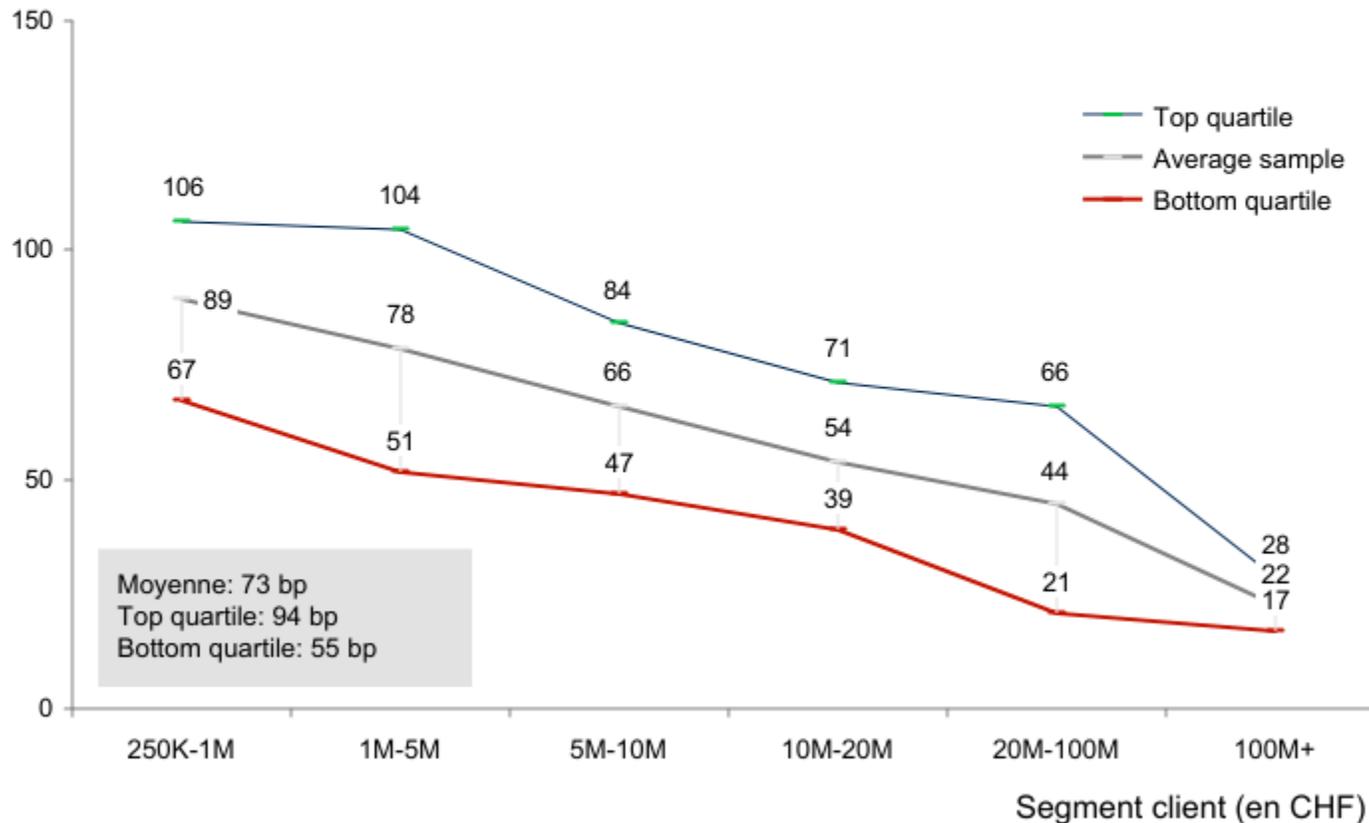


- › Une croissance forte des UHNWI au cours des dernières années
- › Une concentration des encours sur un nombre plus restreint
 - top 1% en 2014 = 51% AuM
 - top 1% en 2011 = 41% AuM

Source : ABBL (06/2015)

SEGMENTATION CLIENTÈLE UN IMPACT SUR LES ROA

RoA¹ par segment de client (en bp)



- › Des RoA nettement plus faibles pour les segments correspondant aux niveaux de richesse les plus élevées, qui deviennent majoritaires dans les encours des BP luxembourgeoises
- › Des écarts à la moyenne plus faibles pour les segments 5M à 20M€ ainsi que 100M+ reflétant une concurrence plus élevée pour ces segments et la proximité du point mort financier

Indicateurs – 2013 FY

Indicateurs provenant ████ panel du BCG non représentatifs des moyennes du marché

1. Benchmark: Revenus totaux / Actifs et passifs clients moyen 2011–2012, panel de pairs sélectionnés par le BCG

Note : RoA = Return on Assets

Source : BCG Wealth Manager Performance Database 2013; BCG analysis

3

MARGES

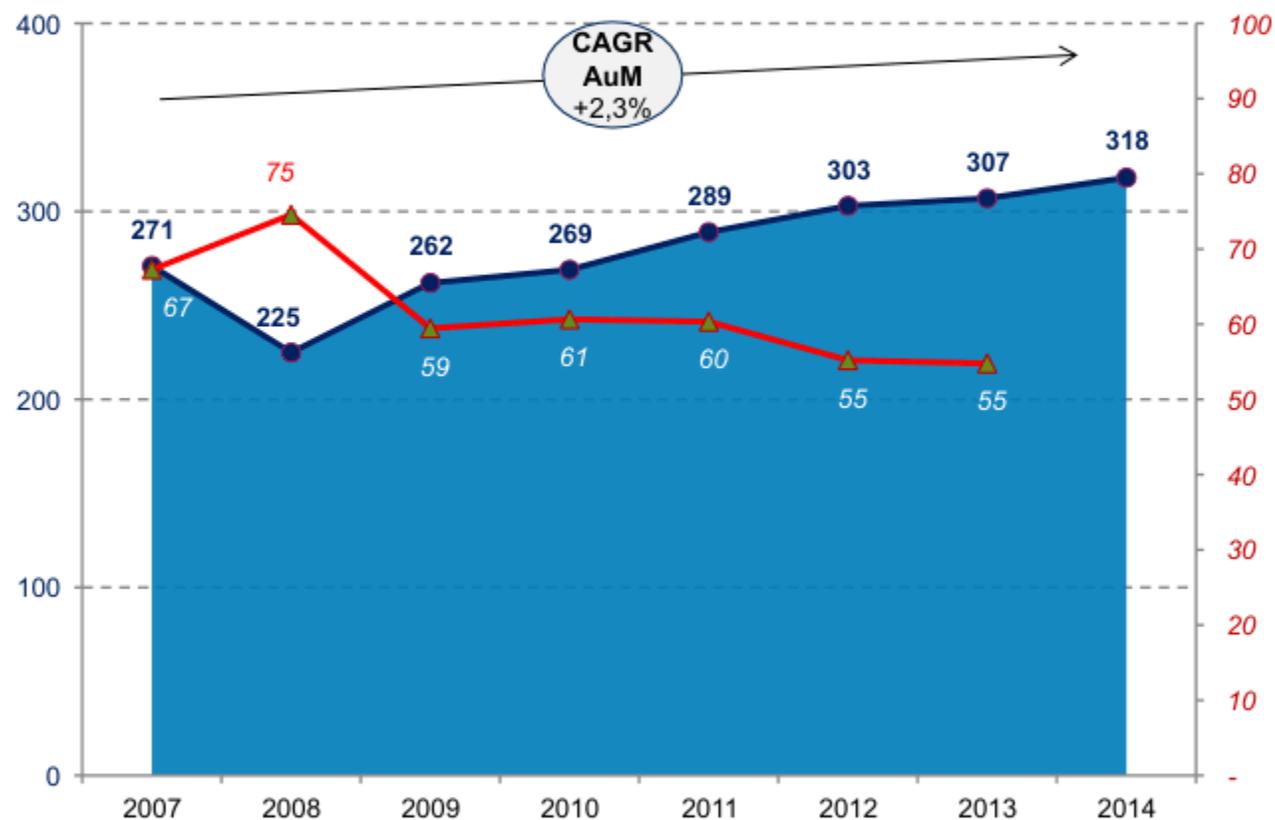
UNE ÉROSION DU ROA

AuM

(en Md€)

Revenus¹/AuM

RoA (en bps)



- › Des encours en croissance modérée depuis la crise
- › Un ROA qui a diminué sensiblement sur les dernières années :
 - -12 bps depuis 2007, soit -18%

1. Revenus totaux de l'ensemble des acteurs du secteur Private Banking
Source : ABBL (06/2015)

CONCURRENCE

PRINCIPAUX ACTEURS

Overview of selected banks 2013	Net Profit		Staff	
	Rank	€ million	Rank	Number
1 Société Générale Bank & Trust	↔ 1	▼ 312	↔ 7	▼ 829
2 Banque et Caisse d'Épargne de l'État, Luxembourg	▲ 2	▲ 208	↔ 3	▲ 1,797
3 Deutsche Bank Luxembourg	▼ 3	▼ 189	▼ 22	▼ 299
4 State Street Bank Luxembourg	▲ 4	▲ 181	↔ 11	▲ 715
5 CACEIS Bank Luxembourg	▲ 5	▼ 171	↔ 6	▼ 838
6 Banque Internationale à Luxembourg	▲ 6	▲ 168	↔ 2	▼ 1,868
7 Société Européenne de Banque	▲ 7	▲ 166	▼ 32	▼ 166
8 BGL BNP Paribas	▼ 8	▼ 146	↔ 1	▲ 2,792
9 UniCredit Luxembourg	▼ 9	▼ 129	▲ 29	▲ 186
10 DekaBank Deutsche Girozentrale Luxembourg	▼ 10	▼ 126	↔ 16	▼ 397
11 ING Luxembourg	▼ 11	▼ 120	▼ 9	▼ 791
12 J.P. Morgan Bank Luxembourg	▲ 12	▲ 112	↔ 14	▼ 518
13 Pictet & Cie (Europe)	▲ 13	▲ 87	▲ 24	▲ 268
14 Deutsche Postbank International	▼ 14	▼ 80	▲ 33	▼ 145
15 Banque de Luxembourg	↔ 16	▲ 69	↔ 10	▼ 744
16 Banque Degroof Luxembourg	▲ 17	▲ 59	↔ 23	▼ 289
17 Nomura Bank (Luxembourg)	↔ 18	▼ 54	▼ 19	▲ 350
18 Nordea Bank	▲ 19	▲ 52	▲ 21	▲ 313
19 DZ Privatbank	▲ 20	▼ 45	▲ 8	▲ 810
20 Crédit Agricole Luxembourg	▼ 22	▼ 41	↔ 18	▲ 359
21 UBS (Luxembourg)	▼ 23	▼ 40	↔ 15	▲ 438
22 KBL European Private Bankers	▲ 26	▲ 35	↔ 5	▼ 951
23 Banque Privée Edmond de Rothschild Europe	▼ 30	▼ 27	↔ 12	▼ 656
24 Norddeutsche Landesbank Luxembourg	▼ 31	▼ 27	↔ 26	▲ 229
25 RBC Investor Services Bank	▲ 33	▲ 26	↔ 4	▼ 1,472
26 Commerzbank International	▲ 38	▲ 21	▲ 39	▼ 127
27 Clearstream Banking	▼ 39	▲ 19	▼ 20	▲ 322
28 Banque Raiffeisen	▼ 42	▼ 18	↔ 13	▲ 580
29 HSBC Group*	▼ 101**	▼ -27	▼ 15**	▼ 489
30 Hypothekbank Frankfurt International	▼ 102	▼ -54	▼ 88	▼ 19
Total amount of selected banks		2,647		19,757
Total of Luxembourg banks		3,565		26,237
		74%		75%

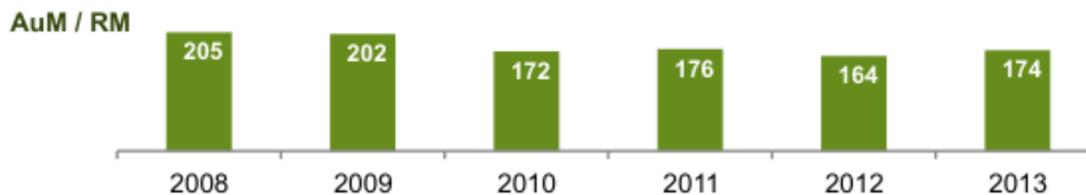
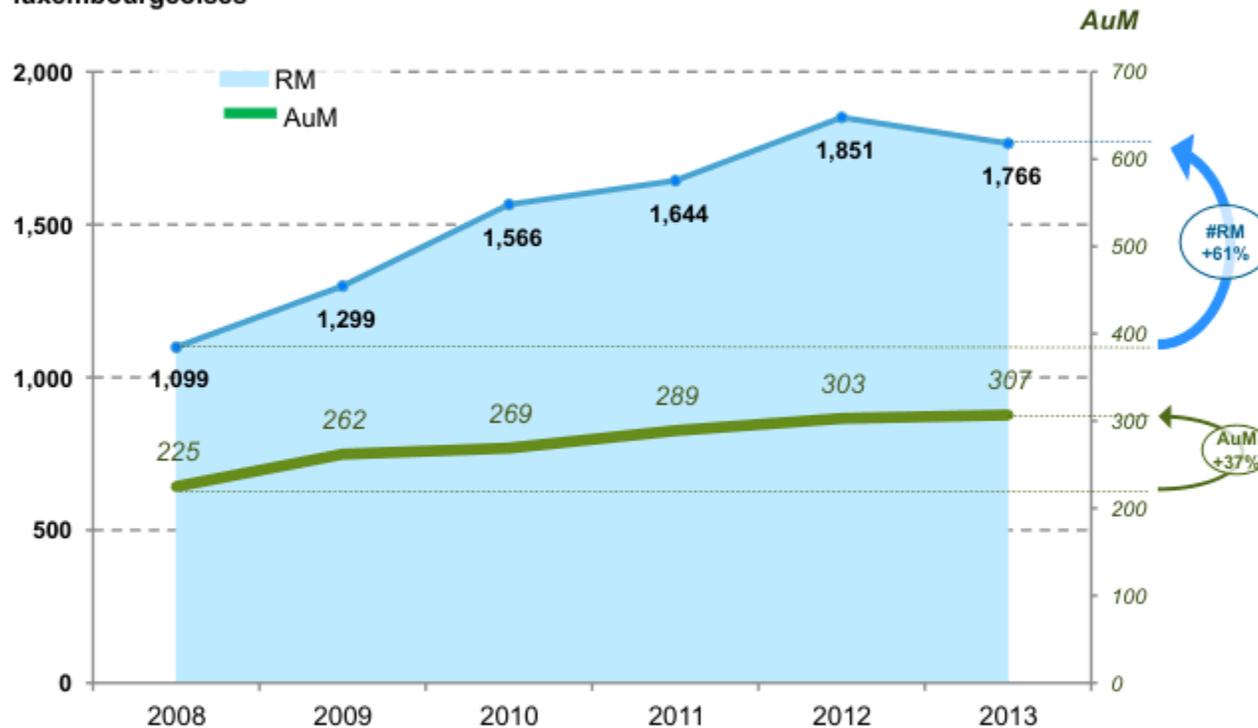
Source: Luxemburger Wort

* aggregated figures of 3 HSBC entities
 ** ranking that would apply based on aggregated figures

CONCURRENCE

UNE CONCURRENCE LOCALE ACCRUE

RM dans les
BP luxembourgeoises



Source : ABBL (06/2015)

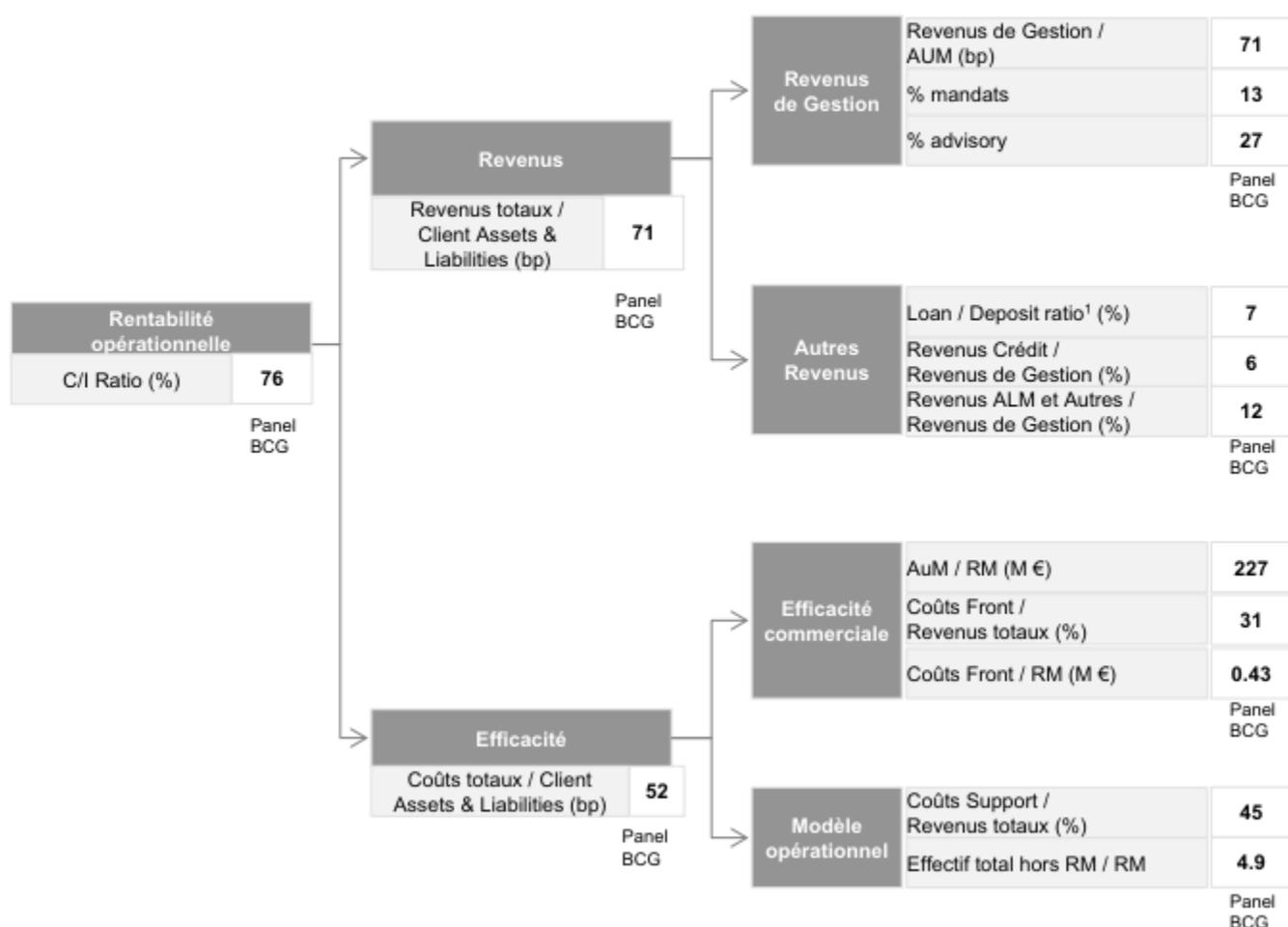
EDMOND DE ROTHSCHILD

- › Une croissance du nombre de RM près de 2x supérieur à la dynamique des encours
- › Cette observation reflète une intensification de la concurrence au niveau commercial
- › Les BP luxembourgeoises tendent également à :
 - Affiner leur proposition de valeur
 - Ouvrir des agences de petite taille pour renforcer la proximité avec le client (Belgique, Allemagne, etc.)

5

RENTABILITÉ

PRINCIPAUX INDICATEURS (BENCHMARK BCG)



- › En dépit de sa tendance négative, le ROA évolue encore à des niveaux permettant de dégager une rentabilité nette sur les segments que nous couvrons
- › Les acteurs couvrant plus spécifiquement cette clientèle affichent des revenus totaux (yc. Crédit / ALM) supérieurs à 70 bps
- › Un coût de main ████████ plutôt élevé en valeur absolue, qui reste proportionné aux revenus
- › Des CIR s'inscrivant généralement entre 70 et 80% pour la seule activité de BP et qui tombent à près de 50% en incorporant les activités IFS²

Indicateurs – 2013 FY

Indicateurs provenant ████████ panel du BCG non représentatifs des moyennes du marché

1. Benchmark: Revenus totaux / CAL moyen 2011–2012
 Note : RoA = Return on Assets
 Source : BCG Wealth Manager Performance Database 2013; BCG analysis

2. CIR moyen des entités sociales bancaires de 50% en 2013
 Source : KPMG Luxembourg Banks Insights 2014

TENDANCES DU MARCHÉ DES PERSPECTIVES MITIGÉES POUR L'ACTIVITÉ OFFSHORE...

Principaux risques pour l'offshore Lux

Environnement politique / légal

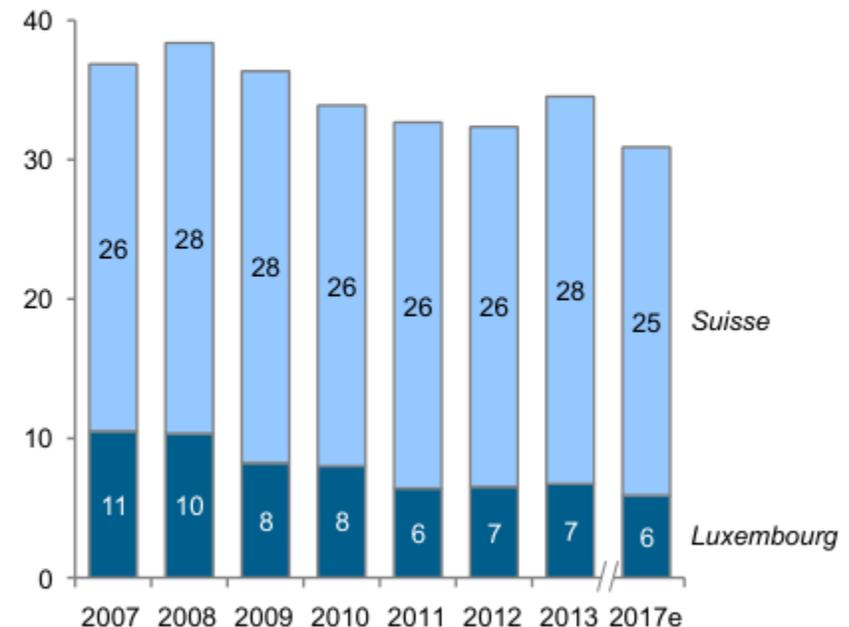
- Incitations fiscales, amnisties fiscales et évolutions réglementaires incitatives dans les centres onshore
- Pression politique sur les centres offshore

Comportement des clients

- Tendance à la régularisation
- Onshorisation, notamment pour les clients Retail et Affluents
- Baisse des marges : disparition de la "prime de confidentialité" et baisse de la part des mandats

L'importance du Luxembourg en tant que centre BP offshore pourrait décliner par rapport à la Suisse

Part de marché des booking centers dans les actifs localisés off shore



Source : Global Wealth Report BCG 2013, analyse BCG