

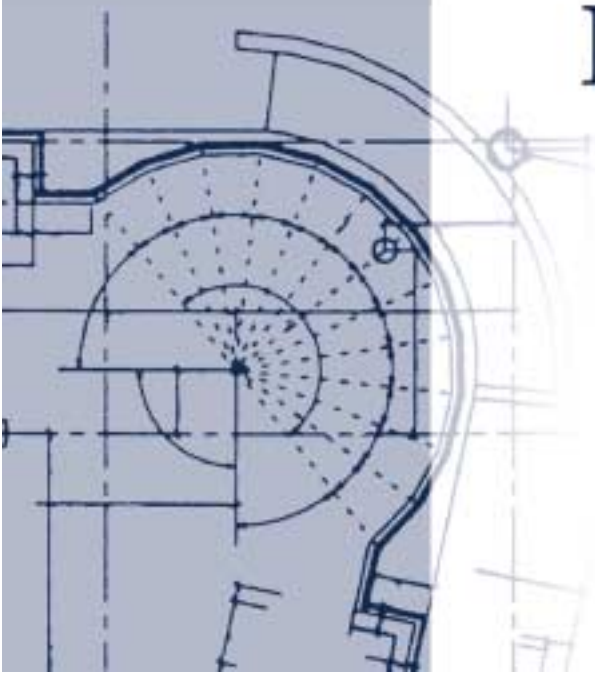
N°13

February 2002



CSSF NEWSLETTER

COMMISSION de SURVEILLANCE
du SECTEUR FINANCIER



Banks

Banks' balance sheet total at record level at the end of December 2001

The balance sheet total for the banks established in Luxembourg reached EUR 720.97 billion as at 31 December 2001 compared to EUR 704.53 billion as at 30 November 2001, which is an increase of 2.3%.

As at 31 January 2002, the number of credit institutions registered on the official list of banks added up to 187.

Profit and loss accounts as at 31 December 2001

Based on the provisional figures as at 31 December 2001, it can be noticed that the profitability has clearly recovered in the fourth quarter of 2001. Although the profit before reserves for the month of September showed a slight decrease of 2.9% compared to September 2000, the same account displays a slight increase of 0.3% at year-end compared to the 2000 year-end.

This recovery is due to the rise in the interest margin of 22.1% (EUR 781 million) which can be explained by the increase in the business volume, of which the most striking figure is the development of the balance sheet total increasing to EUR 721 million (+11.3%), as well as those factors which have already been revealed in the CSSF newsletter n°10, namely :

- a change in the maturity dates operated by the banks enabling them to gain from the successive reductions in nominal interest rates to refinance in the short term the assets with a more long-term maturity date
- the cashing-in of dividends from their foreign subsidiaries reflecting the effects of the Luxembourg banks' international expansion observed for several years.

Two elements reduce this effect :

On the one hand, revenues from commissions confirm their downward trend (-9.8%) and reach EUR 2,754 million, compared to EUR 3,052 million in 2000. However, we must point out that this decrease is easing off compared to the figures relating to the third quarter, when it was still close to -12%. At the same time the regain in importance of the interest margin compared to commission income is evident.

On the other hand, "other net income" reveals a reduction of 21.5%.

These two developments constitute a return to normality, after an exceptional year 2000, causing the banking product to reach EUR 7,943 million, on the increase by EUR 244 million (which is +3.2%).

Staff costs and "other operating expenses" are once again growing much faster (by 6%) than the number of personnel employed (+3%), the total number of staff employed reaching 23,886. However the slowdown in the growth rate of these figures, reflecting the cost control efforts undertaken by the banks, is confirmed at the year-end of 2001.

The sizeable increase of 18.2% of the (provisional) net profit, which reaches EUR 2,930 million, can be explained by the net constitution of reserves declining by 40.1% compared to the year-end 2000 and especially attributable to the low level of new constitutions (23.7% less than in 2000), an effect which is even strengthened by the tax reduction of 10.5% compared to the year 2000.

It should be noted that the impact of these phenomena is very differently distributed between the banks; the profits are contrasting for 2001 in relation to the credit institutions' main sources of income.

"Other net income" visibly reflects this heterogeneity between the various banks' income structures. Although some banks have accounted for considerable "income on realised securities" in "other net income" in 2001, most of the banks return to a normal level of this type of income and therefore report a reduction compared to the exceptional year 2000.

Professionals of the financial sector (PFS)

Balance sheet total on the increase

According to the data provided as at 31 December 2001, the balance sheet total of all the professionals of the financial sector (145 active businesses) comes to EUR 2.479 billion compared to EUR 2.065 billion the previous month, which is an increase of 20.05%, and, compared to 2.110 billion for the month of December of the previous year, an increase of 17.49%.

This rather significant increase in the PFS' balance sheet total between the months of December 2000 and 2001 can mainly be explained by the marked increase in the number of professionals in the financial sector, rising from 113 businesses as at 31 December 2000 to 145 at the end of 2001.

The highest increase is recorded with domiciliation agents of companies, authorised under the law of 31 May 1999 governing the domiciliation of companies, as well as with distributors of units of investment funds, a sector witnessing sustained favourable development in Luxembourg.

Staff employed by the professionals of the financial sector has risen from 4,071 people as at 30 September 2001 to 4,176 as at 31 December 2001. This slight increase during the last quarter is essentially due to the addition of staff concerned from the 'Entreprise des Postes et Télécommunications' which have received an authorisation as a PFS at the end of the year.

The number of staff, reaching 3,499 at the end of the previous year, has witnessed an overall net increase of 19.35% for the year.

The net profit for these same businesses amounts to EUR 279 million as at 31 December 2001 compared to EUR 278 million at the end of the previous month, which is a slight increase of 0.36%, and compared to EUR 429 million for the month of December of the previous year, a reduction of 34.97%. This reduction in net profit is due to the unfavourable development of the financial markets at the end of the year. We should mention that this decrease originates from a few significantly large establishments.

With regard to the breakdown between the different categories of the PFS, private portfolio managers, distributors of units of investment funds as well as professional custodians of securities hold first place both for the net profits realised as well as for the balance sheet total.

Distribution of the professionals of the financial sector according to their status (as at 31 January 2002)

Category		Number
Commission agents	COM	14
Financial advisors	COF	10
Brokers	COU	6
Professional custodians of securities or other financial instruments	DEP	4
Distributors of units of investment funds	DIST	43
Domiciliation agents of companies	DOM	35
Private portfolio managers	GF	50
Underwriters	PF	4
Professionals acting for their own account	PIPC	17
Market makers	TM	2
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 *		147

* the same establishment can appear in several categories at the same time

Undertakings for collective investment

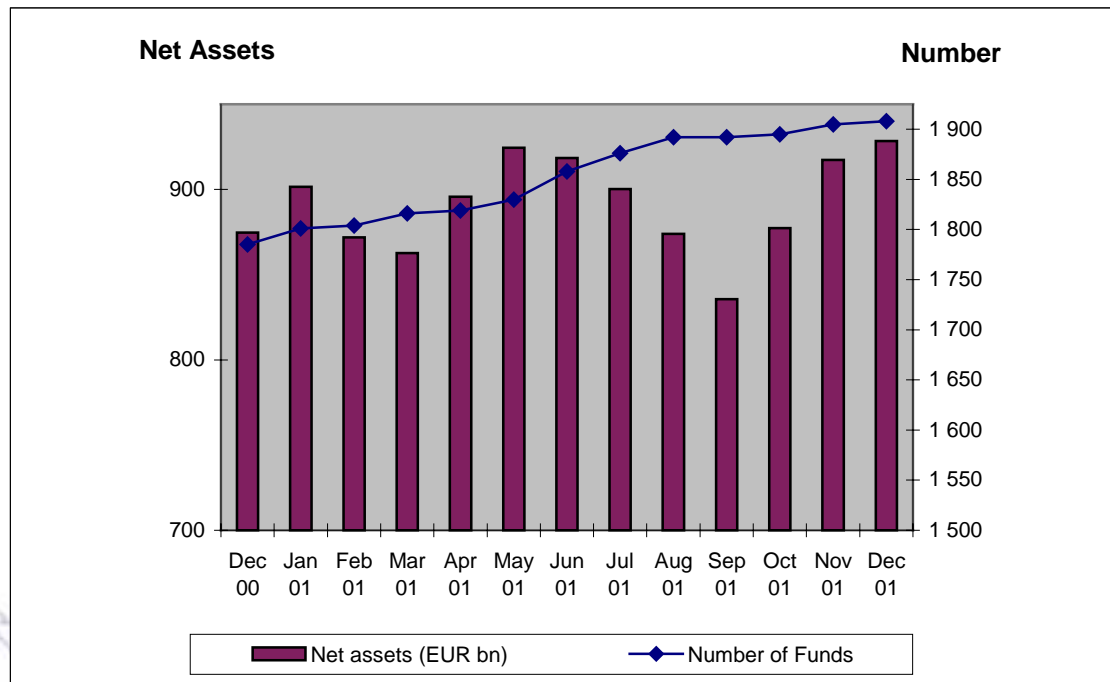
UCIs' total net assets at record level at the end of December 2001 (communicated to the press on 30 January 2002)

As at 31 December 2001, the total net assets for undertakings for collective investment reached a record level. It amounted to EUR 928.447 billion (LUF 37,453.5 billion) compared to EUR 917.271 billion (LUF 37,002.6 billion) at 30 November 2001. As a result the Luxembourg undertakings for collective investment sector has increased by 1.22% compared to the month of November 2001.

For the month of December 2001, the sector increased by 6.16% compared to 31 December 2000 when the total net assets amounted to EUR 874.586 billion (LUF 35,280.7 billion).

During the month of December 2001, the net capital investment, which is defined as the total of the net issues reduced by the net adjusted repurchases taking into account the UCIs that entered into liquidation, amounted to EUR 4.472 billion (LUF 180.4 billion).

The number of undertakings for collective investment taken into consideration totals 1,908 compared to 1,905 for the previous month. 1,129 UCIs have adopted the multiple compartment structure, which represents a total of 6,740 compartments. When adding 779 UCIs with a traditional structure to the previous figure, a total of 7,519 compartments are active in the financial centre.



Recent regulatory developments

CSSF Circular 02/52 concerning the measures enacted against UNITA (União Nacional para a Independência Total de Angola)

The CSSF circular 01/43 draws the attention of the professionals of the financial sector to a recent update of regulation (EC) no. 1705/98 of the Council concerning the interruption of certain economic relations with Angola in order to prompt the União Nacional para a Independência Total de Angola (UNITA) to fulfil its obligations in the peace process, and abolishing the (EC) regulation no. 2229/97. The (EC) regulation no. 1705/98 of the Council as amended prescribes the freezing of capital and financial resources held outside Angola and belonging either to the UNITA, or to the leaders of this organisation, or even to adult members of their close family.

CSSF Circulars 02/53 and 02/55 concerning the identification and the declaration of business relationships with terrorist circles

The CSSF published two additional circulars concerning the identification and declaration of business relationships with terrorist circles. Like the previous circulars relating to the above, the CSSF circulars 02/53 and 02/55 update the list of people and entities to which the freezing of funds and other financial resources decided against the Taliban of Afghanistan apply.

Circular 02/54 concerning the breakdown of value corrections done by the credit institutions at 31 December 2001

As in the past, the CSSF surveys value corrections done by the credit institutions as at 31 December to cover their doubtful claims and country-specific risks. The structure of the annual report has been updated and the credit institutions are invited to use the electronic file, available on the CSSF website, to communicate their data to the CSSF.

Circular letter of 23 January 2002 relating to the analytical report defined by the CSSF circular 01/27

The circular letter details instructions of a technical nature to be observed by the credit institutions for the electronic communication of analytical reports. The technical instructions laid out in the circular letter are intended to allow the CSSF to use the information received electronically in the context of specific research, “cross-section” analysis and comparisons over time.

Publication of the Risk Management Group document of the Basle Committee “*The Quantitative Impact Study for Operational Risk: Overview of Individual Loss Data and Lessons Learned*”

On 28 January 2002 the Risk Management Group (RMG) of the Basle Committee published a document entitled «*The Quantitative Impact Study for Operational Risk: Overview of Individual Loss Data and Lessons Learned*» (<http://www.bis.org/bcbs/qisopriskresponse.pdf>).

In particular this document contains statistics relating to operational losses, collected during the second phase of the QIS2, effected in the context of the elaboration of the new regulation regarding the own funds requirements (Basle II). The objective is to share the industry’s experience acquired during this exercise as well as to suggest a certain number of technical improvements for future exercises of data collection.

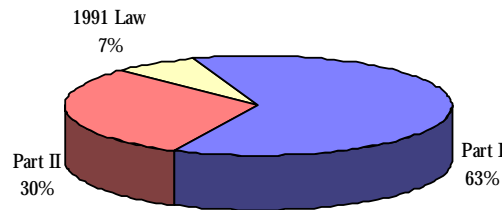
Possible comments from the players of the Luxembourg market can be addressed to Mr Davy REINARD from the CSSF (tel.: +352 26 251 302).

Quarterly statistics on the undertakings for collective investment industry - situation as at 31 December 2001

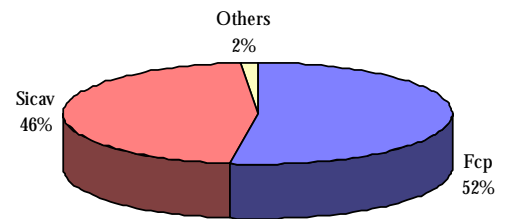
Every three months, in addition to the monthly statistics, the CSSF newsletter will provide more detailed information on the investment fund sector, in particular regarding the origin of the promoters and the investment policy of the UCIs.

Number of UCIs

Distribution of the number of UCIs acc. to their legal status



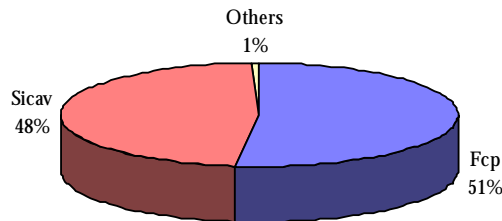
Distribution of the number of UCIs acc. to law and part applicable



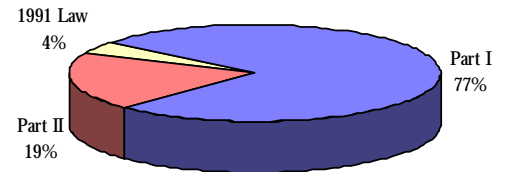
Law, part \ legal form	Fcp	Sicav	Others	Total
Part I	640	548	8	1 196
Part II	271	287	19	577
1991 law	83	50	2	135
Total	994	885	29	1 908

Net assets of the UCIs

Distribution of the nets assets of the UCI's acc. to their legal status



Distribution of the net assets of the UCI's acc. to law and part applicable

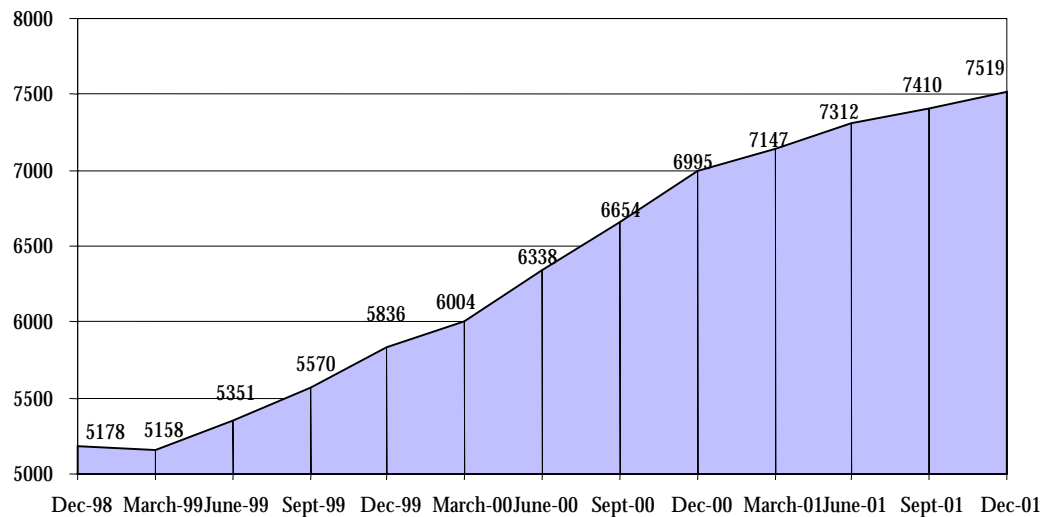


Law, part \ legal form	Fcp	Sicav	Others	Total
Part I	326.287	380.450	1.837	708.574
Part II	127.675	47.734	2.791	178.200
1991 law	28.156	13.371	0.146	41.673
Total	482.118	441.555	4.774	928.447

Origin of the promoters of Luxembourg UCIs

	Net assets (in bn EUR)	in %
Switzerland	236.7	25.5%
United States	166.0	17.9%
Germany	154.9	16.7%
Italy	98.0	10.6%
Belgium	80.8	8.7%
United Kingdom	56.6	6.1%
France	47.6	5.1%
Japan	20.6	2.2%
Netherlands	16.2	1.7%
Sweden	15.9	1.7%
Others	35.1	3.8%
Total	928.4	100.0%

Development in the number of funds and active sub-funds



Investment policy of the Luxembourg UCIs

	Net assets (in bn EUR)
Fixed income transferable securities	360.7
Variable yield transferable securities	337.3
Mixed transferable securities	69.0
High risk capital	0.7
Unlisted transferable securities	2.5
Leveraged funds	2.4
Other open-ended UCIs	62.8
Money market instruments and liquid assets	83.4
Cash	8.1
Real estate	0.6
Futures and/or options	0.9
Other securities	0.0
Total	928.4

LIST OF BANKS

Withdrawals :

Banca Intesa International S.A., on 1 January 2002 (merger with Société Européenne de Banque S.A.)

DekaBank Luxembourg S.A., on 1 January 2002 (merger with Deutsche Girozentrale International S.A.)

Change of name :

Deutsche Girozentrale International S.A. has become
DekaBank Deutsche Girozentrale Luxembourg S.A. on 1 January 2002

Change of address :

Banque de Commerce et de Placements S.A.,
Luxembourg branch
140, boulevard de la Pétrusse
Postal address : B.P. 2283, L-1022 LUXEMBOURG

LIST OF THE PROFESSIONALS OF THE FINANCIAL SECTOR (PFS)

New establishments :

COGENT INVESTMENT OPERATIONS LUXEMBOURG S.A.

6D, route de Trèves, L-2633 Senningerberg
Domiciliation agent of companies
Ministerial authorisation of 31 January 2002

MAITLAND MANAGEMENT SERVICES S.A.

6, rue Adolphe Fischer, L-1520 Luxembourg
Domiciliation agent of companies
Ministerial authorisation of 17 January 2002

TMF MANAGEMENT LUXEMBOURG S.A.

33, boulevard du Prince Henri, L-1724 Luxembourg
Domiciliation agent of companies
Ministerial authorisation of 23 January 2002

Withdrawal :

FIDEURAM GESTIONS S.A., on 1 January 2002

Change of name :

DEGROOF, PORTABELLA S.A. has become
DEGROOF, THIERRY, PORTABELLA & ASSOCIES S.A. on 16 January 2002

Change of address :

LISSA-LUXEMBOURG INVESTMENT STRATEGIES S.A.
120, boulevard de la Pétrusse
L-2320 Luxembourg

LUXEMBOURG INTERNATIONAL CONSULTING S.A.
in abbreviated form "Interconsult"
7, Val Ste-Croix
L-1371 Luxembourg

LIST OF UNDERTAKINGS FOR COLLECTIVE INVESTMENT (UCI)

Registrations on and withdrawals from the official list of the Luxembourg undertakings for collective investment which fall under the law of 30 March 1988 and the official list of undertakings for collective investment which fall under the law of 19 July 1991, during the **month of December 2001**

Registrations

- AIG SICAV, 69, route d'Esch, L-1470 Luxembourg
- AKROBAT FUND, 14, boulevard Royal, L-2449 Luxembourg
- AXXION STRATEGIE, 14, boulevard Royal, L-2449 Luxembourg
- BBV-DACHFONDS, 4, rue Alphonse Weicker, L-2721 Luxembourg-Kirchberg
- BBV-FONDS, 4, rue Alphonse Weicker, L-2721 Luxembourg-Kirchberg
- CDC IXIS GLOBAL SECTORIEL, 69, route d'Esch, L-1470 Luxembourg
- DEKA-CASH, 6C, route de Trèves, L-2633 Senningerberg
- DEKA-EUROFLEX PLUS, 6C, route de Trèves, L-2633 Senningerberg
- DEXIA PROTECTED, 69, route d'Esch, L-1470 Luxembourg
- DIT-EURO BOND TOTAL RETURN, 6A, route de Trèves, L-2633 Senningerberg
- H & A LUX RETURN, 21, avenue de la Liberté, L-1931 Luxembourg
- HPM GLOBAL FUND, 1, boulevard Royal, L-2449 Luxembourg
- PLANET INVEST, 4, rue Alphonse Weicker, L-2721 Luxembourg-Kirchberg
- POLY INVEST SICAV, 69, route d'Esch, L-1470 Luxembourg
- RB-FUND, 4, rue Thomas Edison, L-1445 Luxembourg-Strassen
- SCM INDEX FUNDS, 11, rue Aldringen, L-1118 Luxembourg
- SGAM VENTURE FUND, 11-13, avenue Emile Reuter, L-2420 Luxembourg
- SPARINVEST FUND-OF-FUNDS, 8-10, avenue de la Gare, L-1610 Luxembourg
- SPARINVEST SIRIUS, 5, place de la Gare, L-1616 Luxembourg
- TARGET ASIA FUND (LUXEMBOURG), 20, boulevard Emmanuel Servais, L-2535 Luxembourg

Official lists

- THE FRIENDS PROVIDENT INTERNATIONAL GLOBAL PORTFOLIO, 69, route d'Esch, L-1470 Luxembourg
- UNICO I-TRACKER -> DAX30, 308, route d'Esch, L-1471 Luxembourg
- UNICO I-TRACKER -> MSCI EUROPE CONSUMER DISCRETIONARY, 308, route d'Esch, L-1471 Luxembourg
- UNICO I-TRACKER -> MSCI EUROPE CONSUMER STAPLES, 308, route d'Esch, L-1471 Luxembourg
- UNICO I-TRACKER -> MSCI EUROPE ENERGY, 308, route d'Esch, L-1471 Luxembourg
- UNICO I-TRACKER -> MSCI EUROPE FINANCIALS, 308, route d'Esch, L-1471 Luxembourg
- UNICO I-TRACKER -> MSCI EUROPE HEALTH CARE, 308, route d'Esch, L-1471 Luxembourg
- UNICO I-TRACKER -> MSCI EUROPE TELECOMMUNICATIONS SERVICES, 308, route d'Esch, L-1471 Luxembourg
- UNICO I-TRACKER -> MSCI WORLD, 308, route d'Esch, L-1471 Luxembourg
- UNICO I-TRACKER -> NASDAQ 100, 308, route d'Esch, L-1471 Luxembourg
- UNICO I-TRACKER -> S&P 500, 308, route d'Esch, L-1471 Luxembourg
- UNIGARANT: EURO STOXX 50 (2007), 308, route d'Esch, L-1471 Luxembourg

Withdrawals

- ACTIVEST LUX EMERGING RENT 12/2001, 4, rue Alphonse Weicker, L-2721 Luxembourg-Kirchberg
- ARROW FUND, 1B, Parc d'activité Syrdall, L-5365 Munsbach
- BOND UNIVERSALIS, 14, boulevard Royal, L-2449 Luxembourg
- BUFFALO FUND, 1B, Parc d'activité Syrdall, L-5365 Munsbach
- CALCULUS FONDS, 4, rue Jean Monnet, L-2180 Luxembourg-Kirchberg
- CDC ATLANTE, 4, rue Alphonse Weicker, L-2721 Luxembourg-Kirchberg
- CHRISTIANIA SICAV, 39, allée Scheffer, L-2520 Luxembourg
- DANICA FUNDS, 2, rue du Fossé, L-1536 Luxembourg
- DICAM WORLD WIDE INVESTMENT FUND, 14, rue Aldringen, L-1118 Luxembourg
- DIT-PRIVATRENTE 1942-1951, 6A, route de Trèves, L-2633 Senningerberg
- DIT-PRIVATRENTE 1952-1956, 6A, route de Trèves, L-2633 Senningerberg
- DIT-PRIVATRENTE 1957-1966, 6A, route de Trèves, L-2633 Senningerberg
- DIT-PRIVATRENTE 1967-1976, 6A, route de Trèves, L-2633 Senningerberg
- DIT-PRIVATRENTE 1977-1996, 6A, route de Trèves, L-2633 Senningerberg
- DNB INVESTMENT FUND, 69, route d'Esch, L-1470 Luxembourg
- DWS TOPZINS, 2, boulevard Konrad Adenauer, L-1115 Luxembourg
- EUROGESTION, 26a, boulevard Royal, L-2449 Luxembourg
- HAPOSUISSE MONEY MARKET FUND, 18, boulevard Royal, L-2449 Luxembourg
- IBI ENDEAVOR GLOBAL FUND, 1B, Parc d'activité Syrdall, L-5365 Munsbach
- INTERNATIONAL PROPERTY FUND, 11, rue Aldringen, L-1118 Luxembourg
- JULIUS BAER MULTIPLUS, 69, route d'Esch, L-1470 Luxembourg
- LION INTERACTION, 26a, boulevard Royal, L-2449 Luxembourg
- LION-INTEROBLIG, 26a, boulevard Royal, L-2449 Luxembourg
- POSTBANK KONZEPT, 5, rue Höhenhof, L-1736 Senningerberg
- SEN MON FUND, 14, boulevard Royal, L-2449 Luxembourg
- SMH-PROFILUX I, 291, route d'Arlon, L-1150 Luxembourg
- SSR PEGASUS FUNDS, 47, boulevard Royal, L-2449 Luxembourg
- TOTAL ALPHA GLOBAL TRUST, 112, route d'Arlon, L-1150 Luxembourg
- UI VARIO: 3, 308, route d'Esch, L-1471 Luxembourg

Financial centre

The main updated figures regarding the financial centre :

Number of banks : **187** (31 January 2002)

Balance sheet total : **EUR 720.97 billion** (31 December 2001)

Net profit : **EUR 2.93 billion** (31 December 2001)

Employment : **23 886 people** (31 December 2001)

Number of UCIs : **1 917** (31 January 2002)

Total net assets : **EUR 928.447 billion** (31 December 2001)

Number of pension funds : **5** (31 January 2002)

Number of PFS : **147** (31 January 2002)

Balance sheet total : **EUR 2.479 billion** (31 December 2001)

Net profit : **EUR 279 million** (31 December 2001)

Employment : **4 176 people** (31 December 2001)

Total employment in the supervised establishments : **28 062 people** (31 December 2001)

CSSF Newsletter

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