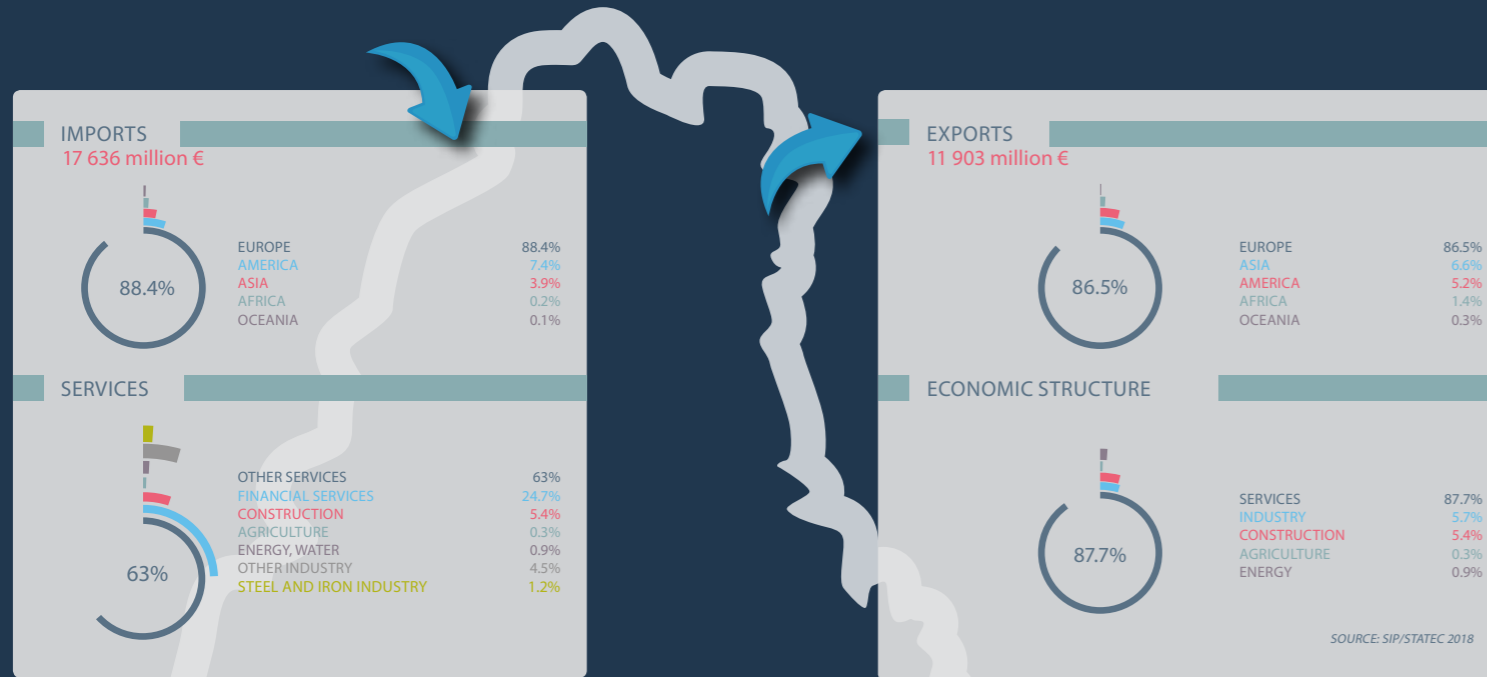


ATEL Briefing

Focus: Why Luxembourg?



LUXEMBOURG KEY FIGURES



TOP 5 LARGEST EMPLOYERS

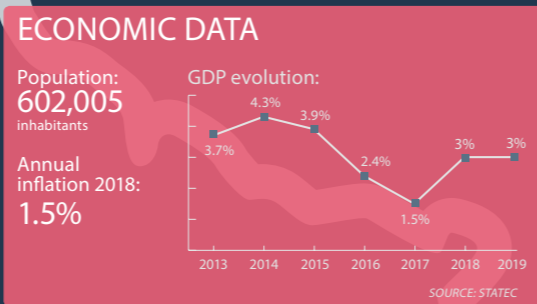
| | |
|----------------------------|------|
| Group Post Luxembourg | 4480 |
| Groupe CFL | 4260 |
| Groupe Cactus | 4200 |
| Groupe ArcelorMittal | 4120 |
| Groupe Dussmann Luxembourg | 3700 |

SOURCE: STATEC

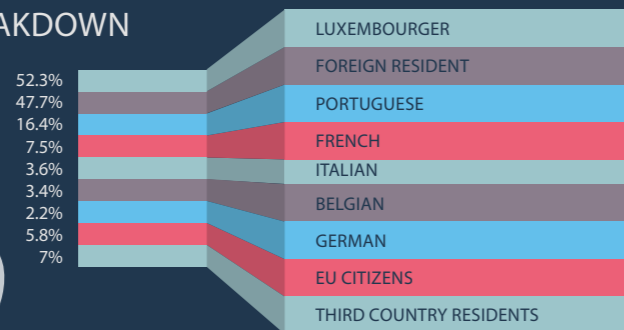
POPULATION



602,005 INHABITANTS



BREAKDOWN



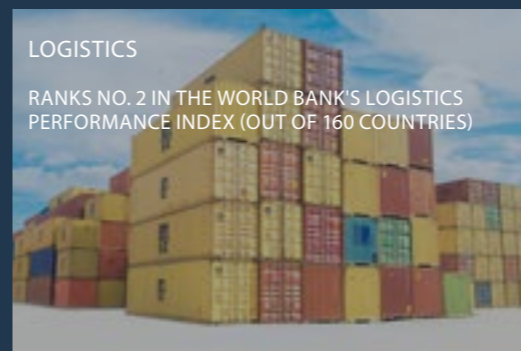
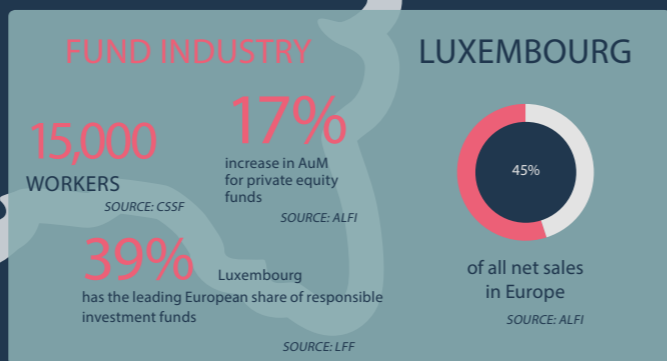
TOP 5 BANKS PER COUNTRY OF ORIGIN

| | |
|-------------|----|
| Germany | 25 |
| China | 14 |
| France | 14 |
| Switzerland | 12 |
| Luxembourg | 7 |

SOURCE: CSSF

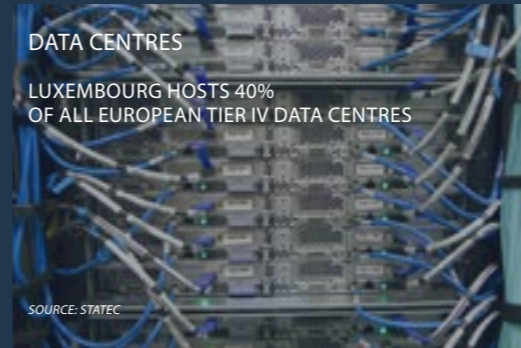
MISCELLANEOUS

| | |
|---------------------|---------------------------------|
| Area: | 2,586 km ² |
| Official languages: | Luxembourgish, French, German |
| Motto: | "we want to remain what we are" |
| Politics: | constitutional monarchy |
| Head of State: | S.A.R. Le Grand-Duc Henri |
| Internet: | .lu |
| Phone: | +352 |



LOGISTICS

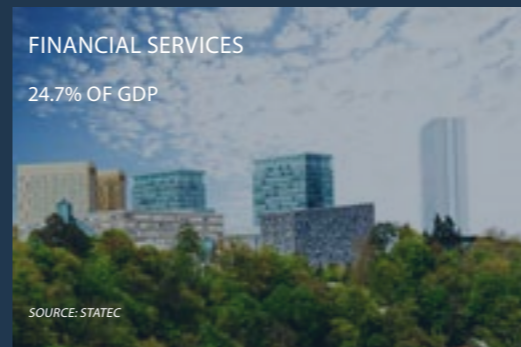
RANKS NO. 2 IN THE WORLD BANK'S LOGISTICS PERFORMANCE INDEX (OUT OF 160 COUNTRIES)



DATA CENTRES

LUXEMBOURG HOSTS 40% OF ALL EUROPEAN TIER IV DATA CENTRES

SOURCE: STATEC



FINANCIAL SERVICES

24.7% OF GDP

SOURCE: STATEC



INSURANCE

94 INSURANCE COMPANIES AND 223 REINSURANCE COMPANIES PRESENT

SOURCE: CHAMBER OF COMMERCE



STEEL INDUSTRY

A MAJOR SHARE OF LUXEMBOURG'S EXPORTS INCLUDES MANUFACTURED HIGH PERFORMANCE METAL PRODUCTS



ICT

LUXEMBOURG RANKED 13TH IN THE GLOBAL CONNECTIVITY INDEX IN 2018

Leading Luxembourg

INTRO



The Luxembourg Association of Corporate Treasurers ATEL is one of the oldest treasurers' associations in Europe. Founded in 1994, it has grown steadily since then both in member numbers and in terms of the events and training courses organised. It is also a founder member of the European Association of Corporate Treasurers (EACT) as well as the International Group of Treasury Associations (IGTA).

This brochure aims to promote Luxembourg as a dynamic hub for business and provide an overview of the diversity of industry present in the country, as well as insights on how to set up a treasury centre in the Grand Duchy.

François Masquelier,
ATEL Chairman

Client profile

- Global company, specialising in logistics infrastructure
- Over 30 years in the industry, operating in 19 countries across the US, EMEA and APAC
- A S&P 500 company

Client's objectives

- Client wanted to replace existing bank partner with a two-bank solution in EMEA
- Improve cost efficiencies
- Create a robust banking contingency system

Accounts and entities setup

- Each intermediary company holds a bank account to facilitate cash concentration movements
- Fund transfers are initiated through daily intercompany payment runs
- BACA accounts linked to multiple parties were a crucial aspect of the solution
- Efficient intercompany channels and flows were of fundamental importance

Banking products to match client needs

- In-country DDA accounts for legal entities across all organisational levels
- Host-to-host connection to ERP (Peoplesoft) with processing capability of the latest ISO XML v3 files
- SEPA, Bacs, and other transaction instruments, including direct debits
- J.P. Morgan Access® online banking setup for contingency purposes

Implementation success

Notwithstanding the size of the deal and the large implementation and KYC effort required, the client was able to go live with J.P. Morgan within eight months of awarding the deal due to benefits, such as:

- Shortened KYC
- Consolidated account opening package per country
- Dedicated implementation support

J.P. Morgan



J.P. Morgan was awarded the deal due to the tailored focus on the client in providing a solution which leveraged the bank's experience and provided an optimal mix of localised and centralised Treasury

Fernando Pacheco (J.P. Morgan):



« Luxembourg is one of five headquarters in Western Europe from which we service corporate and institutional clients with their cash

“The continuing trend to centralise cash and liquidity management activities, together with operating from an open, dynamic, and stable business environment are the key factors behind more companies selecting Luxembourg as one of their key corporate treasury locations in Europe”, states Fernando Pacheco, Head of Wholesale Payments and Commercial Banking, J.P. Morgan Bank Luxembourg S.A.

How is J.P. Morgan leveraging Luxembourg in its network?

Luxembourg is one of five headquarters in Western Europe from which we service corporate and institutional clients with their cash management needs, supported by a full set of product, client service, implementation and coverage resources in 15 EMEA markets. Through this local European presence, and globally consistent products and platforms, clients obtain seamless connectivity between their payments and liquidity management activities not only across Europe, but into Asia Pacific, the Americas, Middle East, and Africa. J.P. Morgan Bank Luxembourg S.A. has a long history in Luxembourg, having established its presence in 1973. As a significant supervised entity, the bank is under the joint supervision of the local regulator CSSF and the European Central Bank, and is a credit rated and well capitalised legal entity. The bank operates five businesses in the country, Securities Services, Wealth Management, Asset Management, Wholesale Payments, and Commercial Banking. Strong connections to industry and the wider financial community in Luxembourg, together with our commitment and leadership in payments industry initiatives both at a European and Luxembourg level, allows us to deliver valuable insights to our clients.

How are the market and client needs evolving?

The economy continues to diversify in Luxembourg, with 11 industry clusters created since 2002, and a number of multinational companies establishing Research and Development centres in the country. Alongside a growing startup ecosystem, and government programmes to support the growth of the economy, more companies are choosing to expand their business and treasury operations in the country. Even as the business and economic environment becomes more complex, simplifying and automating operations still remain key priorities for companies. This is where partnering with a bank like J.P. Morgan, which invests USD\$11 billion on technology each year, and globally has over 250,000 employees dedicated to delivering advisory and solutions to clients each and every day, can help. Visibility of cash balances and real time reporting through the use of APIs is increasing, as is rationalising the number of bank accounts and improving transaction reconciliation through virtual account solutions. Real time payments schemes such as SEPA Instant are increasing the speed of transactions, and the sharing of richer transaction data between payer and payee is now possible through standards developments such as ISO 20022. Finally, Open Banking under PSD2 is expanding the range of services available through partnerships between service providers, and the ability to optimise cash balances across a client's global business is made possible through automated cash pooling solutions. Our Wholesale Payments organisation brings together Treasury

Services, Merchant Services and Trade Finance to deliver a complete suite of cutting-edge treasury solutions across the region to help our clients succeed in an era of service and technology transformation.

What advice would you give to companies considering a move to Luxembourg?

In the Grand-Duchy, the ecosystem is small enough for companies to have easy access to various support channels, whether through the Corporate Treasury Association ATEL, government and industry bodies, or other corporate treasury peers. It's highly recommended that companies take full advantage of this local network. For those seeking to operate a regional treasury hub from Luxembourg, the location offers a number of advantages including: a stable political, legal, and regulatory environment; AAA country rating; access to a highly-skilled and multi-lingual workforce; sophisticated ICT infrastructure; a central location in Europe which is a major logistics hub; a competitive tax regime; and one of the important financial centres in Europe.



Fernando Pacheco
Head of Wholesale Payments and Commercial Banking,
J.P. Morgan Bank Luxembourg S.A.

Client profile

- Large insurance broker, newly integrated with two other companies
- Each company brought separate TMS and ERP systems which needed to be consolidated to a single system
- Low level of centralisation, with cash balances and FX hedging managed at

Client's objectives

- For its entities globally, the client's objectives were to:
 - Streamline bank account structure
 - Leverage existing connectivity to automate processes
 - Reduce banking fees as well as internal administrative costs
 - Enhance cash management execution through adoption of innovative

Maximising value of excess balances

- Automated end-of-day sweeps consolidating balances into Europe, Middle East and Africa (EMEA) header account
- Innovative liquidity options unlocking value of cash through Global Earnings Credit Rate (GECR) relationship and reward client for the global nature of the J.P. Morgan relationship

Building a long term strategic vision

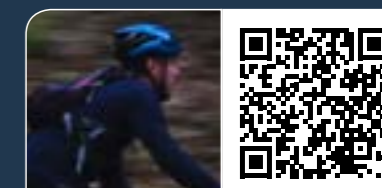
- Expanding use of Pay-on-behalf-of (POBO) to additional entities across the geographical scope
- Account rationalisation

J.P. Morgan



- Reduced bank relationships across the scope from 10+ major banks down to two
- Streamlined account structure through expansion of POBO
- Maximised usage of existing connectivity to expand transactional banking relationship
- Gained aligned and competitive pricing across all North American, Asian and EMEA entities
- Improved working capital through a reduction in idle cash in local accounts
- Leveraged innovative banking solutions to support the paper to electronic conversion effort

J.P. Morgan



Discover the video of
Fernando Pacheco about Luxembourg

KEY BENEFITS OF YOUR TREASURY CENTRE OR IN-HOUSE BANK IN LUXEMBOURG

- Easy access to banks, financial players (Luxembourg Stock Exchange, Clearstream, Regis-TR, Cetrel, Custodian and securities services institutions, ...) and related consulting services
- Dynamic Treasury Association (i.e. ATEL) also active member of the European Association of Corporate Treasurers (EACT)
- ATEL fosters the sharing of best practices between professionals and promotes treasury towards government

ACTIVE TREASURERS' COMMUNITY

- The full set of standard and tailored financing solutions are provided
- International banks with local cash management experts providing necessary services for corporate treasury centres
- A prime location for cash pooling (to establish the pool leader of an international cash pool from operational, tax and regulatory perspectives)
- A location of choice for a payment factory (200+ banking and business partners, technological framework in place to operate it: SWIFTNet, SEPA, ISO 20022 XML...)
- Strong ICT infrastructure
- Large number of FinTech companies specialised in payment solutions

STRONG SERVICE OFFERING

LUXEMBOURG
THE LOCATION OF
CHOICE FOR YOUR
TREASURY CENTRE

- ### TAX ENVIRONMENT
- Absence of withholding tax on interest
 - In general, no interest limitation rules
 - No stamp duty/similar indirect tax on (transfer of) loans
 - Wide investment protection and double tax treaty network
 - Flexible administrative practice on Transfer Pricing (e.g. transposition of ATAD)
 - Frequent and constructive dialogue with tax authorities
 - Competitive tax and social security costs
 - Tax relief mitigating expenses related to relocation for expatriates

- ### LUXEMBOURG AS A COUNTRY
- Central location at the centre of Europe (and EU)
 - Rating "AAA" and world-class financial centre
 - Unique financial eco-system
 - Highly qualified and multilingual workforce
 - High quality of life (talent retention)
 - Multicultural and cosmopolitan place (population consists of +/- 50% foreigners)
 - No exchange controls
 - Flexible civil and commercial law, together with specific regimes on family offices, Luxembourg maritime flag, Private Equity funds, etc...
 - Active start-ups in finance and regulation (hosted and supported by the "House of FinTech" / LhofT)
 - Easy access to government, senior civil servants, state institutions and financial supervisor

QUOTES FROM TREASURERS

"Selection of the best location for your group treasury centre remains a complex process. It is not a simple tax optimisation issue. The challenge consists of balancing adequately all the non-tax factors with the tax ones to find the most appropriate place. I am convinced Luxembourg offers numerous advantages that weigh in the final decision."

Benjamin DEFAYS, KOCH CHEMICAL

"Proximity of public institutions is a unique asset all multinational companies highly appreciate, together with a stable tax, regulatory and legal framework."

Didier LANG, MOOG

"Many MNC's and family offices have decided to set up their treasury hubs in Luxembourg because they were convinced of all the advantages it offers. However, what is less known is a key factor: the presence of international banks with the whole range of financing structures, cash management and trade finance services."

Benoît HAMAR, EUROFOIL

"The talented and multicultural workforce combined with the advanced banking infrastructure, a unique ecosystem, make Luxembourg the perfect location for a group treasury function."

François MASQUELIER, RTL GROUP

"Luxembourg is an open country, multilingual and friendly at the heart of Europe and in the Eurozone, with a highly developed financial sector, good connections, easy access to the authorities and supervisors, a wide set of international tax treaties and very high living standard and social benefits. There are many good reasons to install a treasury centre in Luxembourg. Nevertheless, none of them is crucial if taken per se, but the country's high score in all of them clearly makes the difference."

Marco PESCAROLO, FERRERO

WHERE TO GO

- ACA www.aca.lu
- ABBL www.abbl.lu
- ALCO www.alco.lu
- ATEL www.atel.lu
- FEDIL www.fedil.lu
- LFF www.luxembourgforfinance.com
- Luxinnovation www.luxinnovation.lu



ATEL

Luxembourg Association
of Corporate Treasurers



330
MEMBERS

45
**PROFESSIONAL
TRAINING
COURSES**

97
EVENTS

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L-1811 Luxembourg
Phone: 00352 356877
Email: secretariat@atel.lu

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