ANNUAL REPORT 2011

In case of discrepancies between the french and the english text, the french version shall prevail.

CREDEM
CREDEM INTERNATIONAL LUX

Bank Group CREDITO EMILIANO

Contents

CREDEM
INTERNATIONAL LUX

Head Office :	10/12, avenue Pasteur L-2310 Luxembourg
Telephone :	(+352) 47 59 59 – 1
Fax :	(+352) 22 76 14
Swift Code :	CRDMLULL
Email :	amm@credem.lu
R.C.S Luxembourg :	B 11546

Capital and Shareholders

Credem International (Lux) S.A., or Credemlux for short (formerly Banco di Napoli International S.A.) has been operating in Luxembourg under its present business name since 3 November 1999, the date on which 95% of the shares in Banco di Napoli International S.A. were transferred to Credito Emiliano S.p.A of Reggio Emilia (Italy).

The majority share in the capital is held by Credito Emiliano S.p.A.

Board of Directors

Lucio ZANON DI VALGIURATA	Chairman
Fulvio ALBARELLI	Deputy Chairman
Sido BONFATTI	Director
Franco CALLOSI	Director
Roberto CATELLANI	Director

Management

Lorenzo MODESTINI	General Manager
Claudio BIANCHI	Deputy Manager
Gianni SURIANI	Administrative Manager

External Auditor

DELOITTE S.A. - Luxembourg

Authorized Business Auditors

Management Report of the Board of Directors for the end of financial year 2011

Dear Shareholders,

In accordance with Article 21 of the Statutes, we are meeting at the Ordinary General Meeting to approve the annual accounts for the financial year 2011.

2011 saw global growth in GDP which was lower than the previous year. In the Eurozone, Germany once again reported outstanding results. In general, northern European countries performed better than those in southern Europe, indicating a two-speed Eurozone economy.

In the first two quarters, the European Central Bank increased interest rates fearing a rebound in inflation. In the second half, it brought them back to their previous levels in the midst of sovereign debt crisis contagion. Furthermore, the Federal Reserve made no changes to interest rates, a growth policy which is set to continue over 2012. The spread of sovereign risk to several Eurozone countries prompted an increase in spreads over German government bonds, the benchmark for assessing issuer risk, which reached levels not seen since the introduction of the euro.

In this exceptionally negative climate, your bank is submitting net profits for 2011 which are consistent with its targets.

Bank Activities

The bank performed activities in its traditional areas of: services to UCITS, private banking, loans, and services as a custodian bank for Luxembourg insurance companies.

In its roles as administrative agent, registration agent, transfer agent, domiciliary agent, main investment agent and asset manager for Euromobiliare International Fund Sicav, the bank finalised plans to update the range of sub-funds comprising the SICAV fund. Accordingly, two compartments changed their names and management styles and four new compartments were launched in 2011. The balance of managed assets is EUR 4.454.061.000 down 9% from 2010. A drop in prices and the negative balance between redemptions and subscriptions, a phenomenon caused by turbulence which has been characteristic of the financial markets, are the cause of this reduction.

The ‘private banking’ business line includes the discretionary management service, the offer of the sub-funds of the Sicav Euromobiliare International Fund as well as the services of equities trading, bond trading and currency trading and traditional term deposits. 2011 saw client deposits rise dramatically in contrast to the balance of the discretionary management (in which bond management is the most common type) and management products sector which is in decline. However, third party securities held by the bank are up considerably following new contributions.

Customer deposits produced a balance of EUR 602.873.000 up 151% from 2010.

Assets in discretionary management and management products produced a balance of EUR 43.821.000 (-36.7%). Finally, third party securities held by the bank produced a balance of EUR 390.332.983 (+6%).

At the end of the 2011 financial year, our bonds and negotiable debt instruments reached EUR 234.334.000, which is up from 2010, following the launch of two Euro Commercial Paper and Euro Certificate of Deposit issuance programmes that the bank implemented to get closer to the short term capital market.

These issues incur no interest rate risk since the bank employed hedging techniques.

The securities portfolio consists almost exclusively of Italian treasury bills accounting for EUR 52.700.081.

Much of the work carried out by the ‘loans’ business line involved managing the existing portfolio and entailed loans to private and corporate clients for whom the bank holds bank guarantees and pledges, either in the form of bank deposits or mortgage guarantees. The balance of the loans portfolio was EUR 37.483.561 (-15.6%). A total of EUR 6.674.092 (+11.3%) was issued in guarantees. The balance of positions from custodian bank business on behalf of Luxembourg insurance companies was EUR 74.924.000 (+35.6%).

The balance sheet total was EUR 1.001.276.103, up 62.2% from the 2010 financial year.

Net profit for the 2011 financial year was EUR 18.744.627 down 14.7% from the exceptional profits reported in 2010.

The bank’s cash management system is characterised by a very high degree of liquidity. In 2011, the interest margin was up 9.3% on 2010 at EUR 2.449.828.

The decrease in assets under management at Euromobiliare International Fund Sicav had a significant impact on the fee margin which was EUR 22.207.801 (-12%). It should also be noted that the contribution of performance fees to the margin was down from the previous financial year.

The stake held in the company Interconsult produced a dividend of EUR 443.000.

On the whole, overhead costs are up to a limited extent (+1.9%) from 2010. Staff expenses increased 5% while administrative costs were down by 3,2%.

As at 31 December 2011, the solvency ratio was 31,99% and endurance tests conducted with regard to the interest rate risk showed that the bank is not exposed to this type of risk.

Internal auditing was performed regularly in accordance with the schedule defined. Recommendations issued by the internal auditing department led to corrective measures being implemented to ensure that processes are run more securely.

The compliance department ensured that the bank was fully compliant with money laundering legislation and that its business is conducted in line with best practices.

Risk Management

The bank manages risk by identifying major risk factors. It is also organised in such a way as to control risk and processes are in place for monitoring operations. The risk levels are set by the administrative bodies and are subject to constant checks.

At level one, any risks identified and their respective levels are monitored daily by departmental managers. Subsequently, the risk management department performs level two monitoring to provide an overview of the situation with regard to risks within the bank. At level three, based on reports compiled by the risk management department, the Authorised Management regularly ensures that the risk policy and internal equity capital are adequate, checks that the policy is being implemented and observed and makes the appropriate reports to the Executive Board on these matters. Furthermore, the Authorised Management plans implementation of corrective measures if the risk situation and equity capital management are non-compliant.

Operational risk is essentially linked to collections and payments on behalf of clients, custody of client securities and asset management. The bank has made plans to set up a ‘list of operational incidents’ held by the risk management department which monitors the frequency, severity and potential impact of operational incidents and identifies any corrective measures to prevent recurrence of such incidents.

Interest rate risk is monitored on a daily basis by analysing the cash gap. The balance sheet is structured in such a way as to minimise the impact of any fluctuations in interest rates.

As regards liquidity risk, the bank is structurally liquid, and to minimise liquidity risk, the bank generally refinances based on the same maturities as its assets. In accordance with principles adopted within the CREDEM Group, short-term liquidity management is based on the monitoring of net flows over a period of 12 months. Structural liquidity management involves monitoring the correlation between medium/long-term assets with liabilities with a sufficient degree of stability.

Market risk does not affect the structure of activities carried out by the bank, which does not play the role of a market maker with regard to financial products. The bank only performs hedging operations with respect to derivatives and the exchange rate market. Exchange rate positions have emerged from business performed as a counterparty for customers and produce very limited balances. Limits on exchange rate risk are monitored by the bank on a daily basis and a weekly report is sent to the parent company auditing department.

Credit risk is analysed by the loans department and subsequently approved by the bank’s competent bodies. It is monitored by the bank and the loans department of the Credem Group which consolidates the credit risk with respect to individual borrowers. The credit policy is very prudent and may be seen in the internal limits set by the bank in accordance with the principles of parent company policy. In most cases, risk with respect to ordinary customers is covered by bank guarantees or pledges on assets. These risks are assessed by means of regular monitoring which takes place at least once a month. The purpose of interbank business, besides refinancing (very marginal due to the structure and business of the bank), is to optimise liquidity management. In keeping with the Group’s organisational model, this business is performed by concentrating almost all investments at parent company level (within any limits set under regulations). Business with counterparties which are external to the Group is supplementary, in instances where this cannot be performed with the parent company.

In light of its business and its role as a company serving the Group, the bank only incurs high-concentration risk with respect to the CREDEM Group, both in terms of direct risk and indirect risk. At the request of the bank, in its letter dated 9 September 2008, Luxembourg's *Commission de Surveillance du Secteur Financier* (CSSF) granted an exemption for major risks to the limit on risks taken with respect to its parent company and subsidiaries.

Finally, the bank implemented procedures and regulations in line with the Group's general principles to manage and control risks in terms of legal matters, compliance, reputation, business and strategy.

Capital requirements, both in terms of regulatory limits and internal policies are monitored continuously and an ICAAP process has been in place since 2008.

Remuneration policy

In light of the latest applicable regulatory requirements (CSSF circulars 10/496 and 11/505), during the 2011 financial year, the bank reviewed and updated its remuneration policy which defines the principles and features of the remuneration programmes.

To date, we are unaware of any event occurring after 31 December 2011 which may have a significant effect on the bank's financial situation.

Outlook

In the course of providing services to Euromobiliare International Fund Sicav, we will continue to update the product offering either by creating new sub-funds or by reorganising existing sub-funds. In the current climate of highly-volatile financial markets, we forecast stabilisation and even moderate growth of assets under management.

The 'private banking' business line will also be influenced by trends in the financial markets and international governance on cross-border investments. In general the trend for customers to opt for deposits rather than management products is set to continue in 2012.

The prudent strategy taken with respect to loans will not change in 2012.

Allocation of corporate profits

We propose that the shareholders attending the general meeting:

- Approve the profit and loss accounts at 31 December 2011 in the version we have submitted;

- Allocate earnings for the financial year of EUR 18.744.627 as follows:

- To the free reserve:	EUR	10.694.627
- To be distributed at a rate of EUR 1,15 for each of the 7.000.000 shares	EUR	8.050.000

After approval, the item ‘Capital & Reserves’ amounts to EUR 101.976.785 broken down as follows:

- Paid-up corporate capital:	EUR	44.000.000
- Legal reserve:	EUR	4.400.000
- Free reserve:	EUR	53.576.785

Chairman of the Board of Directors

Balance Sheet at 31 December 2011 **(in EURO)**

ASSETS	**Notes**	**2011**	**2010**
Cash, assets with central banks and post offices	4	**9.498.720**	**12.538.685**
Government stock and other stock admissible for refinancing at the central bank	2, 4, 7, 11	**50.000.000**	**51.996.400**
Other stock admissible for refinancing at the central Bank		50.000.000	51.996.400
Receivables from credit institutions	4, 5, 12, 27	**886.565.304**	**344.856.148**
a) on call		20.089.139	183.172.212
b) other receivables		866.476.165	161.683.936
Receivables from clients	4, 6, 27	**41.751.178**	**197.166.782**
Bonds and other fixed-income securities	4, 7, 12	**2.700.081**	**2.670.450**
a) from other issuers		2.700.081	2.670.450
Holdings	8, 11	**113.618**	**113.618**
Intangible assets	11	**65.633**	**80.285**
Tangible assets	11	**5.796.107**	**5.856.199**
Other assets	9	**144.431**	**57.365**
Prepayment and accrued income	10	**4.641.031**	**1.986.736**
TOTAL ASSETS	2, 3, 13	**1.001.276.103**	**617.322.668**

Notes refer to the Notes on Annual Accounts.

LIABILITIES AND EQUITY	Notes	2011	2010
Debts to credit institutions	4, 21	**43.697.102**	**180.040.536**
a) on call		12.260.902	159.261.294
b) advance or advance notice		31.436.200	20.779.242
Debts to clients	4	**602.873.890**	**240.152.598**
Other debt		602.873.890	240.152.598
- on call		*34.903.742*	*183.746.624*
- advance or advance notice		*567.970.148*	*56.405.974*
Debt securities	4, 14, 21	**234.334.000**	**79.759.000**
a) bonds and debt securities in issue		180.000.000	-
b) others		54.334.000	79.759.000
Other liabilities	15	**4.273.408**	**5.338.682**
Prepayments and accrued expenses	16	**2.196.822**	**1.631.664**
Provisions	17	**3.874.096**	**4.068.031**
a) provisions for taxes		1.019.350	1.421.415
b) other provisions	18	2.854.746	2.646.616
Subscribed Capital	19	**44.000.000**	**44.000.000**
Reserves	20	**47.282.158**	**40.360.622**
Results for financial year		**18.744.627**	**21.971.535**
TOTAL LIABILITIES	22	**1.001.276.103**	**617.322.668**

OFF BALANCE SHEET	Notes	2011	2010
Contingent liabilities	23	**6.866.459**	**6.171.414**
including:			
- guarantees and assets pledged as collateral security		6.866.459	6.171.414
Commitments	24	**336.039**	**-**
Fiduciary operations	29	**28.128.614**	**27.247.827**

Notes refer to the Notes on Annual Accounts.

Profit and Loss Account
for the Financial Year ended 31 December 2011 (in EURO)

	Notes	2011	2010
Interest and similar income		**14.300.928**	**91.359.654**
of which: on fixed-income securities		*2.188.094*	*37.104.234*
Interest and similar expenses		**(11.851.100)**	**(89.117.822)**
Income from securities		**443.000**	**288.852**
a) Income from holdings		443.000	288.852
Commissions received		**58.649.669**	**60.314.449**
Commissions paid		**(36.441.868)**	**(35.088.753)**
Gains/(losses) on financial operations		**353**	**77.383**
Other operating income	**30**	**46.421**	**124.072**
General administrative costs	**32, 33**	**(4.706.042)**	**(4.620.170)**
a) Personnel expenses		(3.003.155)	(2.861.150)
of which:			
- salaries and pay		*(2.557.928)*	*(2.444.794)*
- welfare contributions		*(378.822)*	*(348.964)*
of which:			
pension contributions	32	*(245.025)*	*(237.499)*
b) other administrative costs		(1.702.887)	(1.759.020)
Impairment losses on intangible and tangible assets	**11**	**(277.850)**	**(259.702)**
Other operating costs	**31**	**(104.718)**	**(275.316)**
Reversal of impairment losses on receivables and provisions for contingent liabilities and commitments		**13.777**	**1.607**
Impairment losses on securities classified as financial fixed assets, equity investments and interests in associated companies		**-**	**-**
Profit/(loss) from ordinary activities after taxes		**20.072.570**	**22.804.254**
Other taxes not included in above item		(1.327.943)	(832.719)
Results for financial year		**18.744.627**	**21.971.535**

Notes refer to the Notes on Annual Accounts.

Notes to annual accounts

NOTE 1 – GENERAL POINTS

1.1. Constitution and Administration of the Bank

Credem International (Lux) S.A. (formerly Banco de Napoli International S.A.) (The "Bank") was formed in the Grand Duchy of Luxembourg on 20 December 1973 under the company name "Luxembourg-Italian Bank S.A.". Its constitution was published at Memorial C, number 9 of 16 January 1974.

On 3 November 1999, an Extraordinary General Meeting of the Bank's shareholders decided to change the corporate name of the Bank to "Credem International (Lux) S.A." or in abbreviated form to "Credemlux" (decision recorded in Memorial C, number 953 dated 13 December 1999).

On 3 November 1999, 95% of the Bank's shares were transferred by « Società per la Gestione di Attività - S.G.A. S.p.A. (« SGA ») » to Credito Emiliano S.p.A of Reggio Emilia, an Italian private bank quoted on the Milan Stock Exchange.

On 1 April 2000, the assets and liabilities of the Succursale de Credito Emiliano S.p.A, registered in Luxembourg since 1996, were transferred to Credem International (Lux) S.A. so as to form a single entity within the territory of Luxembourg (published in Memorial C, number 348, dated 16 May 2000).

The 5% remaining shares in the Bank held by SGA were transferred as follows: 4.99% acquired by Credito Emiliano S.p.A on 27 July 2000 and 0.01% sold to Banca Euromobiliare S.p.A Milan on the same date.

The Bank is a direct subsidiary of Credito Emiliano S.p.A. ("Parent Company"), whose Head Office is at via Emilia S. Pietro, 4, I - 42100 Reggio Emilia.

Credito Emiliano S.p.A. is a holding of CREDEM HOLDING S.p.A, established in Italy and whose Head Office is at the same address.

The consolidated accounts of Credito Emiliano S.p.A. and CREDEM HOLDING S.p.A can be obtained from the above address.

The commercial policy and the accounting principles for the Bank are decided and monitored by the Board of Directors insofar as they are not determined by the laws and regulations of Luxembourg.

1.2. Nature of Business

The corporate purpose of the Bank is to carry out all banking and credit activities.

The main activities of the Bank on 31 December 2011, were in the following fields:

- Credits: investment in international banking credit; mortgage loans to residents; credit lines for natural and/or moral persons;

- Private clients: besides offering wealth management services, the Bank offers a range of private banking services, such as term deposits, safekeeping of securities, etc.;

- Services to the Group: domiciliation agent, investment manager, administrative, registration and transfer agent as well as lead placing agent for SICAV EUROMOBILIARE INTERNATIONAL FUND, or "Eurofundlux" for short.

The Bank acts to a considerable extent in cooperation with its Parent Company and with other companies belonging to the « Gruppo Bancario Credito Emiliano - Credem ».

The Bank is exempt from the requirement to publish consolidated accounts and a consolidated management report.

1.3. Annual accounts

The financial year coincides with the calendar year.

The Bank draws up its annual accounts in (EUR), which is the currency of its capital.

NOTE 2 – MAIN ACCOUNTING METHODS

The Bank's annual accounts are drawn up in accordance with the legal and regulatory requirements in force in the Grand Duchy of Luxembourg.

The following accounting principles are particularly important:

2.1. Conversion of items into currencies

The Bank uses the multi currency accounting method which consists in recording assets and liabilities in their currencies of origin. For drawing up the annual accounts in Euros, sums in foreign currencies are converted into EUR as follows:

- With the exception of "Tangible and intangible assets", which are converted at historic rates, foreign assets and liabilities are converted into EUR at the exchange rate current on the date of the balance sheet;

- Income from interest and commissions and payments in interest and commissions, general expenses and assorted income in foreign currencies are converted into Euros at the exchange rates current on the transaction date.

Forward exchange transactions are valued at the rate for the period current at the end of the financial year. Non realised capital loss is subject to provisions whilst latent capital gains are not taken into account. Exchange losses and gains resulting from the valuation of assets/liabilities covered by swap transactions are neutralised by entering in prepayments and accrued income. Premiums and discounts on such operations are amortized in profit and loss interest accounts over the remaining term of the contract.

2.2. Derivative Financial Instruments

Any commitments of the Bank resulting from derivative financial instruments, such as interest rate swaps, forward rate agreements, financial futures and options are recorded on the transaction date under off balance items.

On the calculation date of the balance sheet, a provision is made, at the market price for transactions not closed, for non realised capital loss recorded at the time of the particular valuation. This provision is recorded under liabilities under the item: "Provisions: other provisions". No provision is made when a financial instrument exactly covers an item under assets or liabilities and where the economic unit is fixed, or when a financial instrument is covered by a transaction in the opposite direction so that the position is considered as closed.

2.3. Value Adjustments on Loans and Provisions

Provisions for sovereign risk and specific depreciation and amortisation, made up of individual debts for which the Bank believes repayment is uncertain, are included as deductions to assets. They are recorded in the same currency of the related assets.

For irrecoverable debts, or for debts where the possibility that payment of interest by the debtor can be reasonably set aside, the pro rata calculation of interest is terminated and the account is placed on a non-accrual basis. Any pro rata interest existing on the decision date is reversed.

Provisions for contingencies and charges are also entered in the currency of the accounts in order to cover certain or probable losses, clearly designated as to their nature, whose sum or date is still uncertain on the balance sheet calculation date.

2.4. Transferable securities

Transferrable securities are entered in the balance sheet at their acquisition price. The acquisition price is calculated on the basis of weighted average prices. However, when securities linked to an interest rate swap are sold, in order to know the result of the transaction, the acquisition cost represents the real cost of the securities identified for the sale. Depreciation and amortisation are then recorded as deductions on assets. For fixed rate securities comparable to financial assets, the difference between the acquisition cost and the repayment value is written off on a pro rata temporis basis.

Securities issued on a discounted base are subject to a specific accounting treatment: the difference between the issue (or purchase) value and the redemption (or sale) value is considered an income distributed over the period of time during which the security remains in the Bank's portfolio.

2.5. Bonds and Other Fixed-Income Securities

The Bank has divided its fixed-rate securities portfolio into two categories whose main characteristics are as follows:

- Transferable securities included in the financial assets portfolio, destined to be used on a long term basis for the activities of the Bank;
- Those included under the investment portfolio; these are transferable securities which are not included in the financial assets portfolio which, in principle, are acquired either for investment/income purposes, or for constituting a certain assets structure or a certain secondary liquidity.

Transferable securities are valued in the following way:

- *Long term investments:*

  Fixed interest transferable securities included in the financial assets portfolio are valued at acquisition prices when they fulfil the necessary conditions. Other fixed rate transferable securities included in the financial assets portfolio are valued according to the lower of cost or market method.

  Valuation of fixed rate transferable securities considered as financial assets is adjusted from the agio - the positive difference between the acquisition value and the repayment value - or from the disagio - the negative difference between the acquisition value and the repayment value - counted on a pro rata temporis basis under the profit and loss account.

- *Investment portfolio:*

  Fixed rate transferable securities included in the financial assets portfolio are valued according to the lower of cost or market method.

With regard to securities hedged by an Interest Rate Swap and which constitute an economic unit, these were maintained at their acquisition cost except in the case of other-than-temporary impairments, in which case a value adjustment was recorded.

2.6. Shares and Other floating rate investment securities

Shares and other floating-rate transferable securities are valued following the lower of cost or market method on the balance sheet calculation date.

2.7. Holdings

Creating a long term relationship with the enterprises in which they are held, holdings are maintained at acquisition cost except in the event of long term depreciation, in which case a value correction is introduced.

2.8. Debts Securities

Bonds issued by the Bank are recognized in liabilities at their redemption value and the interest is calculated *pro rata* via the accruals and charges account. Redemption premiums are treated as interest and are recognized among assets and depreciated throughout the life of the debt. The redemption premium *pro rata* is accounted in a straight line basis for zero rate loan issues in the prepayment and accrued income.

2.9. Other Intangible Assets

The value of other intangible assets whose use is limited in time is reduced by amortization calculated in such a way as to systematically reduce the value of such items on a straight line basis over their estimated useful life.

2.10. Tangible assets

Tangible assets are valued at their acquisition price.

Land is not subject to depreciation.

The value of tangible assets whose use is limited in time is lessened by deductions to value calculated so as to write off the value of these items in a linear fashion over their entire estimated life.

2.11. Taxes

Tax expenses are counted for the relevant financial year to which the taxes apply and not for the financial year in which they are paid.

NOTE 3 – PRINCIPLES OF RISK MANAGEMENT

3.1. Market Risk, Interest Rate Risk, Exchange Rate Risk

All investments and/or all uncovered transactions constitute financial assets (open positions as regards interest rates, exchange rates or other market prices) through which the Bank exposes itself to market risk.

The Bank does not take any trading position and does not hold any trading books. It only processes market activities on behalf of its clients at prices fixed by the same on the basis of contracts concluded with the Bank's counterparties.

On 31 December 2011, the Bank's securities portfolio was composed of Italian Treasury Bonds at fixed rates, securities issued by a Multilateral Development Bank and securities issued by the Parent Company.

By virtue of its activities, the Bank is led to make use of financial instruments including derivatives. These derivative instruments are concluded for purposes of covering interest rate and currency risks.

During financial year 2011, the Bank employed Interest Rate Swaps in order to hedge its exposure to the interest rate risk related to debt securities. Fixed-rate coupons were exchanged for variable-rate coupons until such time as the last coupon for the debt securities have been redeemed.

3.2. Credit Risk

The Bank is exposed to credit risk - a risk that a borrower will be unable to repay the sums due when the contract expires.

The Bank draws up a scale for risk which determines whether the Bank will assume the risk in question: characteristics of borrowers by group, by residence and by sector in which the borrowers operate.

Credit risk analysis is carried out for current contracts on a regular basis for debts and derivatives in relation to current contracts and credit risk simulations are performed for drawing up new contracts.

Exposure to credit risk can be limited by requiring guarantees in kind or personal guarantees from borrowers.

At the request of the Bank the CSSF approved the total exemption of the risks taken by the Credito Emiliano banking group within the framework of the calculation of great risks limits in accordance with Part XVI item 24 of Circular 06/273, as subsequently modified. The amount of exposures covered by that exemption is in the amount of EUR 924.083.334 as at 31st December 2011 and is apportioned as follows on the various elements of assets (guaranties included) :

- Nostro and interbank investments	: 821.892.116*
- Others	:102.191.218
of which :	
- Bonds and other fixed income transferable securities	: 772.599

* *Accrued interest included*

The following tables (comparative 2011 and 2010) give an analysis of the Bank's exposure to risk on 31 December 2011 by area and by “risk countries” of borrower origin or attached guarantees.

3.2 Credit Risk (continued)

On 31/12/2011 Risk Country	Stock admissible for refinancing with the Central Bank	Bank receivables	Clients receivables	Bonds and other fixed income investment securities	Holdings	Other assets	**Total**	**Commitments**	**Derivative Instruments (*)**
Zone A									
Multilateral				1.932.921			**1.932.921**		
Italy	50.000.000	884.409.583	30.297.594	767.160			**965.474.337**	–	104.334.000
Luxembourg		1.993.926	6.619.641		113.618		**8.727.185**		
United States		28.672					**28.672**		
Austria							–		
Switzerland		4.541	4.315.000				**4.319.541**		
France			62.168				**62.168**		
Belgium		82.688	22.394				**105.082**		
United Kingdom		41.126					**41.126**		
Hungary							–		
Germany		587					**587**		
Spain							–		
Iceland							–		
Portugal							–	–	
Slovenia		–					–		
Latvia							–		
Denmark							–		
Sweden		4.181					**4.181**		
Uruguay			1.299				**1.299**		
Other countries									
(< EUR 1.000)			824				**824**		
Cash deposits			432.258				**432.258**	336.039	
Not broken down						20.145.922	**20.145.922**		
Totals	**50.000.000**	**886.565.304**	**41.751.178**	**2.700.081**	**113.618**	**20.145.922**	**1.001.276.103**	**336.039**	**104.334.000**

(*) Operations associated with Exchange and Interest Rates

3.2 Credit Risk (continued)

On 31/12/2010 **Risk Country**	Stock admissible for refinancing with the Central Bank	Bank receivables	Clients receivables	Bonds and other fixed income investment securities	Holdings	Other assets	**Total**	**Commitments**	**Derivative Instruments (*)**
Zone A									
Multilateral				1.871.730			**1.871.730**		
Italy	51.996.400	341.002.601	34.778.543	798.720			**428.576.264**	–	129.759.000
Luxembourg		1.968.849	10.255.466		113.618		**12.337.933**		
United States		45.161					**45.161**		
Austria							–		
Switzerland		2.253	4.615.000				**4.617.253**		
France			62.525				**62.525**		
Belgium		35.305	20.567				**55.872**		
United Kingdom		54.146					**54.146**		
Hungary							–		
Germany		76.609					**76.609**		
Spain							–		
Iceland							–		
Portugal							–	–	
Slovenia		–					–		
Latvia		1.666.667					**1.666.667**		
Denmark							–		
Sweden		4.557					**4.557**		
Other countries			1.153				**1.153**		
(< EUR 1.000)									
Cash deposits			147.433.528				**147.433.528**	–	
Not Broken Down						20.519.270	**20.519.270**		
Totals	**51.996.400**	**344.856.148**	**197.166.782**	**2.670.450**	**113.618**	**20.519.270**	**617.322.668**	–	**129.759.000**

(*) Operations associated with Exchange and Interest Rates

3.3. Liquidity Risk

The Bank generally refinances with the same timeline as its outstanding debts, other than for notice deposits which are processed daily and renewed in sections with expiry dates that vary from two days to a week, depending on the cash flow requirements.

3.4. Operational Risk

Operational Risk is made up of the following components:

- the risk associated with the information system
- the risk associated with processes
- the risk associated with people
- the risk associated with external events.

The Bank takes this into account via a set of provisions and procedures that enable the Bank:

- on the one hand to be alerted
- on the other hand to hedge against the potential risks mentioned.

Moreover, as soon as a risk has been identified and is probable and quantifiable, it is subject to a specific provision. The potential loss associated with this risk is accounted for in full in the profit and loss account.

In addition the checks and arrangements in place are well known to staff, thus at the same time reducing the risk of data processing errors. A low staff turnover rate as well as training suitable for the tasks to be carried out strengthens control over procedures and systems.

NOTE 4 – BREAKDOWN OF PRIMARY FINANCIAL INSTRUMENTS BY RESIDUAL DURATION

The primary financial assets and liabilities are shown by their residual expiry terms:

FINANCIAL ASSETS ON 31/12/11	Within 3 months	3 - 12 months	1 - 5 years	More than 5 years or unlimited term	TOTAL
Savings Banks, Central Banks, Postal Cheques Accounts	72.922	-	-	9.425.798	9.498.720
Stock admissible for Refinancing with the Central Bank	-	-	50.000.000	-	50.000.000
Receivables from credit institutions	792.092.997	94.472.307	-	-	886.565.304
Receivables from clients	7.210.704	6.863.696	25.823.478	1.853.300	41.751.178
Bonds and fixed-income securities	1.932.920	767.161	-	-	2.700.081
TOTAL FINANCIAL ASSETS	**801.309.543**	**102.103.164**	**75.823.478**	**11.279.098**	**990.515.283**
NON-FINANCIAL ASSETS					10.760.820
TOTAL ASSETS					**1.001.276.103**

FINANCIAL LIABILITIES ON 31/12/11	Within 3 months	3 - 12 months	1 - 5 years	More than 5 years or unlimited term	TOTAL
Debts to credit institutions	12.260.902	250.000	-	31.186.200	43.697.102
Debts to clients	595.648.000	4.602.147	-	2.623.743	602.873.890
Debts represented by securities	100.000.000	80.000.000	54.334.000	-	234.334.000
TOTAL FINANCIAL LIABILITIES	**707.908.902**	**84.852.147**	**54.334.000**	**33.809.943**	**880.904.992**
NON-FINANCIAL LIABILITIES					120.371.111
TOTAL LIABILITIES					**1.001.276.103**

FINANCIAL ASSETS ON 31/12/10	Within 3 months	3 - 12 months	1 - 5 years	More than 5 years or unlimited term	TOTAL
Savings Banks, Central Banks, Postal Cheques Accounts	62.413	-	-	12.476.272	12.538.685
Stock admissible for Refinancing with the Central Bank	-	1.996.400	50.000.000	-	51.996.400
Receivables from credit institutions	343.522.815	1.333.333	-	-	344.856.148
Receivables from clients	154.617.949	4.827.500	28.259.430	9.461.903	197.166.782
Bonds and fixed-income securities	-	-	2.670.450	-	2.670.450
TOTAL FINANCIAL ASSETS	**498.203.177**	**8.157.233**	**80.929.880**	**21.938.175**	**609.228.465**
NON-FINANCIAL ASSETS					8.094.203
TOTAL ASSETS					**617.322.668**

FINANCIAL LIABILITIES ON 31/12/10	Within 3 months	3 - 12 months	1 - 5 years	More than 5 years or unlimited term	TOTAL
Debts to credit institutions	159.561.294	-	-	20.479.242	180.040.536
Debts to clients	235.942.018	1.346.855	-	2.863.725	240.152.598
Debts represented by securities	-	-	79.759.000	-	79.759.000
TOTAL FINANCIAL LIABILITIES	**395.503.312**	**1.346.855**	**79.759.000**	**23.342.967**	**499.952.134**
NON-FINANCIAL LIABILITIES					117.370.534
TOTAL LIABILITIES					**617.322.668**

NOTE 5 – RECEIVABLES FROM CREDIT INSTITUTIONS

The geographical distribution of receivables from credit institutions, including call deposits, is as follows:

	2011	2010
European Union	886.532.090	344.808.734
Other OECD Countries	33.214	47.414
TOTAL	886.565.304	344.856.148

The maximum credit risk on receivables from credit institutions corresponds, in principle, to the notional sum of those receivables.

On 31 december 2011 and 31 december 2010, no depreciation was applied to receivables from credit institutions.

NOTE 6 – RECEIVABLES FROM CLIENTS

The geographical breakdown of receivables from clients:

	2011	2010
European Union	41.749.126	197.165.629
Other Countries (out of OECD)	2.052	1.153
TOTAL	41.751.178	197.166.782

Depreciation applied to client receivables amounted to EUR 33.567 on 31 december 2011 (2010: EUR 34.744).

On 31 December 2011 and 2010, amounts due from customers did not contain any loans or advances to members of administration or management (See note 32 also).

NOTE 7 – TRANSFERABLE SECURITIES

The transferable securities recorded under "Other stock admissible for Refinancing with the Central Bank" and "Bonds and Other Fixed-Income Securities" are displayed as follows:

- Listed/non listed :

2011	**Listed securities**	**Unlisted securities**	**Total**	**Fair Value**
Other stock admissible for Refinancing with the Central Bank	50.000.000	-	50.000.000	49.000.000
Bonds and Other Fixed-Income Securities	2.700.081	-	2.700.081	2.700.366
	52.700.081	-	52.700.081	51.700.366

2010	**Listed securities**	**Unlisted securities**	**Total**	**Fair Value**
Other stock admissible for Refinancing with the Central Bank	51.996.400	-	51.996.400	53.321.400
Bonds and Other Fixed-Income Securities	2.670.450	-	2.670.450	2.677.088
	54.666.850	-	54.666.850	55.998.488

Transferable securities recorded under "Other stock admissible for Refinancing with the Central Bank" and "Bonds and Other Fixed-Income Securities" can be divided as follows:

- According to maturity dates:

2011	Maturity less than one year	Maturity more than one year	Fair Value
Other stock admissible for Refinancing with the Central Bank	-	50.000.000	49.000.000
Bonds and Other Fixed-Income Securities	2.700.081	-	2.700.366
	2.700.081	50.000.000	51.700.366

2010	Maturity less than one year	Maturity more than one year	Fair Value
Other stock admissible for Refinancing with the Central Bank	1.996.400	50.000.000	53.321.400
Bonds and Other Fixed-Income Securities	-	2.670.450	2.677.088
	1.996.400	52.670.450	55.998.488

- According to the type of portfolio to which they belong:

2011	Financial Fixed Assets	Investment Portfolio	Total	Fair Value
Other stock admissible for Refinancing with the Central Bank	50.000.000	-	50.000.000	49.000.000
Bonds and Other Fixed-Income Securities	-	2.700.081	2.700.081	2.700.366
	50.000.000	2.700.081	52.700.081	51.700.366

2010	Financial Fixed Assets	Investment Portfolio	Total	Fair Value
Other stock admissible for Refinancing with the Central Bank	50.000.000	1.996.400	51.996.400	53.321.400
Bonds and Other Fixed-Income Securities	-	2.670.450	2.670.450	2.677.088
	50.000.000	4.666.850	54.666.850	55.998.488

Transferable securities are considered as financial fixed assets if they are intended to serve the Bank's business on a long term basis.

On 31 December 2011 and 2010, the securities in the financial fixed assets portfolio, specifically designated as such by the decision-making body, were linked to interest rate swaps. Considering the securities and their hedging as an economic unit, the Bank included the financial fixed assets in the assets at their acquisition price.

For transferable securities issued on a discounted basis, the difference between the price and the redemption value has been considered to be an income and has been calculated *pro rata* in a linear manner.

NOTE 8 – HOLDINGS

A summary table of the movements of the Bank's holdings during the financial year can be found in note 12 of the present annual financial statements.

On 31 December 2011, the Bank has a direct holding in the following company which is not a credit institution and which is not listed on any stock exchange.

	Capital Currency	**Company Capital**	**Percentage Held**	**Shareholders' Equity**	**Result**
Interconsult S.A (Luxembourg)	EUR	400.000	33,33%	775.721	155.433

The Bank also holds a 152 EUR share (2010: 152 EUR) in Copetra (France). Following a letter from the legal representative of this Company, it seems probable that liquidation by order of the court will lead to closure on the ground of insufficient assets. The sum for this holding will therefore be written off at 100%.

NOTE 9 – OTHER ASSETS

The Other Assets item is composed of the following elements:

	2011	2010
Precious Metals	32.609	32.609
Other Assets	111.822	24.756
TOTAL	144.431	57.365

On 31 december 2011, the most important part of « Other assets » is made up of several amounts to be recovered whose the VAT from the Tax Administration for 2010 (EUR 12.391).

On 31 december 2010, the most important part of « Other assets » is made up of the VAT to be recovered from the Tax Administration for 2009 (EUR 10.985).

NOTE 10 - PREPAYMENT AND ACCRUED INCOME

The prepayment and accrued income item comprises the following elements:

	2011	2010
Interest *pro rata*	3.291.102	1.535.431
Redemption premiums on debt securities (zero rate issue, certificates of deposit)	1.349.929	451.305
	4.641.031	1.986.736

NOTE 11 - MOVEMENTS OF FIXED ASSETS

	Fixed assets					**Value adjustments**					
	Gross Value 31/12/2010	**In**	**Out**	**Transfers**	**Gross Value 31/12/2011**	**Cumulation 31/12/2010**	**Allocations**	**Outflows**	**Transfers**	**Cumulation 31/12/2011**	**Net Value 31/12/2011**
Stock admissible for Refinancing with the Central Bank	**50.000.000**	**-**	**-**	**-**	**50.000.000**	**-**	**-**	**-**	**-**	**-**	**50.000.000**
Holdings	**113.770**	**-**	**-**	**-**	**113.770**	**152**	**-**	**-**	**-**	**152**	**113.618**
Intangible Assets	**1.568.967**	**59.817**	**(26.296)**	**22.238**	**1.624.726**	**1.488.682**	**74.469**	**(26.296)**	**22.238**	**1.559.093**	**65.633**
Concessions, patents, licences, trademarks, rights	1.568.967	59.817	(26.296)	22.238	1.624.726	1.488.682	74.469	(26.296)	22.238	1.559.093	65.633
Tangible assets	**10.227.264**	**143.290**	**(129.628)**	**(22.238)**	**10.218.688**	**4.371.065**	**203.382**	**(129.628)**	**(22.238)**	**4.422.581**	**5.796.107**
Land and buildings	7.508.583	99.510	-	-	7.608.093	1.844.402	140.989	-	-	1.985.391	5.622.702
of which: for the Bank's own business	*6.575.642*	*99.510*	-	-	*6.675.152*	*1.661.691*	*125.342*	-	-	*1.787.033*	*4.888.119*
Other	*932.941*	-	-	-	*932.941*	*182.711*	*15.647*	-	-	*198.358*	*734.583*
Techniques and machines	455.678	43.780	(129.628)	(22.238)	347.592	363.683	50.844	(129.628)	(22.238)	262.661	84.931
Other installations, tools and furniture	2.263.003	-	-	-	2.263.003	2.162.980	11.549	-	-	2.174.529	88.474

NOTE 12 – RECEIVABLES ON LINKED COMPANIES IN WHICH THE BANK IS CONNECTED BY HOLDINGS

Receivables from linked companies on 31 December 2011 concerned the following items:

Related Companies	**2011**	**2010**
Receivables from credit institutions	884.409.583	341.002.601
Bonds and other fixed-income securities	767.160	798.720
TOTAL	885.176.743	341.801.321

On this same date and on 31 December 2010, the Bank holds no receivable with any company related in terms of holdings.

NOTE 13 – ASSETS IN FOREIGN CURRENCIES

On 31 December 2011, the total sum of assets made out in foreign currencies, converted to Euros, amounted to EUR 16.227.377 (2010: EUR 10.222.721).

NOTE 14 - DEBTS REPRESENTED BY SECURITIES

2011	**Maturity less than one year**	**Maturity more than one year**	**Total**
Bonds and certificates in circulation	180.000.000	-	180.000.000
Other	-	54.334.000	54.334.000
TOTAL	180.000.000	54.334.000	234.334.000

2010	**Maturity less than one year**	**Maturity more than one year**	**Total**
Bonds and certificates in circulation	-	-	-
Other	-	79.759.000	79.759.000
TOTAL	-	79.759.000	79.759.000

A modification in the designation of the debts represented by securities' components is introduced in comparison to 2010 in order to indicate exactly the composition of the item.

During the financial year 2011, the Bank has issued debt instruments represented by certificates of deposit for an global amount of CHF 25.000.000 and EUR 593.700.000.

NOTE 15 - OTHER LIABILITIES

The Other Liabilities item comprises the following elements:

	2011	2010
Privileged Creditors	311.669	284.400
Miscellaneous Creditors	3.961.739	5.054.282
TOTAL	4.273.408	5.338.682

99,4% of the elements under miscellaneous creditors in 2011 represents fees to be settled within the framework of the SICAV Eurofundlux (98,8% in 2010).

NOTE 16 – PREPAYMENTS AND ACCRUED EXPENSES

The accruals and charges item comprises the following elements:

	2011	2010
Interest *pro rata*	2.190.754	1.180.359
Charges on derivatives	-	451.305
Other	6.068	-
TOTAL	2.196.822	1.631.664

NOTE 17 – PROVISIONS

The outstanding amount of provisions on closure of the financial year can be broken down as follows:

	2011	2010
Provisions for taxes	1.019.350	1.421.415
AGDL (See note 18)	1.887.092	1.785.092
Other	967.654	861.524
TOTAL	3.874.096	4.068.031

Other provisions include litigation provisions totalling EUR 270.949 (31 december 2010: EUR 270.949). The remaining amount can, for the most part, be explained by provisions for costs to be paid.

The Bank did not recognize any lump-sum provision at 31 December 2011.

NOTE 18 - ASSOCIATION FOR DEPOSIT GUARANTEES, Luxembourg

On 25 September 1989, all credit institutions in the banking sector of the Grand Duchy of Luxembourg joined the non-profit association "the Association for Deposit Guarantees", or AGDL, as associates.

In accordance with the law dated 05 April 1993 and amended by laws dated 11 June 1997 and 27 July 2000, the AGDL's sole purpose is to set up a system for guaranteeing deposits and for compensating investors ("the Guarantee"). Clients guaranteed are all natural persons, without regard to nationality or residence. Companies subject to the laws of a Member State of the European Union which are small enough to be authorised to draw up a summary balance sheet, in accordance with Article 35 of the law amended on 19 December 2002 concerning commercial companies, are also guaranteed.

In the event of the insolvency of a member state, Circular CSSF 09/393 of 27 February 2009 draws attention to the new maximum compensation amount per depositor. As of January 2009 this has been increased from EUR 20,000 to EUR 100,000 (Article 62-2 (2) of the law of 5 April 1993 on the Financial Sector, as modified by Article 44 of the law of 19 December 2008 on the State Budget for Revenues and Expenditure for the financial year 2009). The maximum compensation amount per investor, however, remains unchanged at EUR 20,000.

The Guarantee amount constitutes an absolute ceiling and cannot be increased by interest, charges or anything else.

The Bank constitutes a provision for any future commitments associated with the guarantee, in respect of the limits of the Grand Ducal Regulation of 21 December 1991 related to the enforcement of Article 167 paragraph 1 (5) of the Law of 4 December 1967 on income tax.

The balance of the AGDL provision at 31 December 2011 stood at EUR 1.887.092 (31 December 2010: EUR 1.785.092). The allocation for financial year 2011 was EUR 102.000 (31 December 2010: EUR 120.000), accounted in « Other Operating Expense».

Following the restructuring of KAUPHTING BANK Luxembourg S.A and within the framework of the liquidation of Landsbanki Luxembourg S.A., the AGDL reimbursed the advances paid in relation to these entities in the amount of EUR 14.224 (EUR 30.331 in 2010). In accordance with the instructions from the CSSF, these amounts were accounted for in “Other operating income”. The Bank is of the opinion that the reimbursements cannot be estimated in a reliable manner and will as a consequence account for future reimbursements as and when they are made.

NOTE 19 - SUBSCRIBED CAPITAL

The subscribed and paid up capital of the Bank amounts to 44,000,000 EUR represented by seven million undesignated shares of nominal value.

NOTE 20 - CHANGES IN RESERVES AND PROFITS CARRIED FORWARD

	Legal Reserve	Other Reserves	Profits Carried Forward
Balance at 1 January 2011	4.400.000	35.960.623	-
Profit of the Financial Year closed on 31 December 2010	-	-	21.971.535
Appropriation of income			
Transfer to reserves	-	6.921.535	(6.921.535)
Dividends paid	-	-	(15.050.000)
Balance at 31 December 2011	4.400.000	42.882.158	-

In accordance with the law on limited companies 5% of the net profits are withheld each year and allocated to a legal reserve until said reserve reaches 10% of the company capital. This allocation is implemented during the following financial year. The legal reserve may not be distributed.

NOTE 21 - DEBTS TO LINKED COMPANIES WITH WHICH THE BANK IS CONNECTED BY HOLDINGS

On 31 December 2011, debts to related companies show the following items:

Related Company	2011	2010
Debts to credit institutions	1.859.791	9.067.809
Debts represented by securities	54.334.000	79.759.000
Other liabilities	556.800	559.869
Total	56.750.591	89.386.678

On this same date and on 31 December 2010, the Bank was not indebted to any company related in terms of holdings.

The information about 2010 has been modified in order to reveal the situation on 31 December 2010.

NOTE 22 - LIABILITIES IN FOREIGN CURRENCIES

The grand total of foreign currency liabilities on 31 December 2011, converted into EUR, was EUR 16.223.740 (2009: EUR 10.222.721).

NOTE 23 - CONTINGENT LIABILITIES

The Bank's contingent liabilities can be broken down as follows:

	2011			2010		
	Related Companies	Others	Total	Related Companies	Others	Total
Guarantees and other credit substitutes	-	6.866.459	6.866.459	-	6.171.414	6.171.414

None of the companies in which the Bank has an equity interest were subject to contingent liabilities on 31 December 2011 and 31 December 2010.

NOTE 24 - COMMITMENTS

The commitments include the following:

	2011			2010		
	Related Companies	Others	Total	Related Companies	Others	Total
Unused confirmed credits	-	336.039	336.039	-	-	-

None of the companies in which the Bank has an equity interest were subject to a commitment on 31 December 2011 and 31 December 2010.

NOTE 25 - ASSETS PROVIDED BY THE BANK TO GUARANTEE ITS OWN COMMITMENTS

The Bank had not provided any assets to guarantee its own commitments as of 31 December 2011 and 2010.

NOTE 26 - DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments linked to exchange and interest rates, broken down by type of instrument and residual maturity, are exclusively coverage instruments.

At 31/12/2011	Within 3 months	3 - 12 months	1 - 5 years	More than 5 years	TOTAL (notional)	Market Value
Transactions linked to Exchange Rates	**-**	**-**	**-**	**-**	**-**	**-**
Direct trading transactions						
Forward exchange transactions						
Forex Forward	-	-	-	-		-
Forex swaps	-	-	-	-		-
Transactions linked to Interest Rates	**-**		**104.334.000**	**-**	**104.334.000**	**(5.661.192)**
Direct trading transactions						
Interest rate swaps	-		104.334.000	-	104.334.000	(5.661.192)

At 31/12/2010	Within 3 months	3 - 12 months	1 - 5 years	More than 5 years	TOTAL (notional)	Market Value
Transactions linked to Exchange Rates	**-**	**-**	**-**	**-**	**-**	**-**
Direct trading transactions						
Forward exchange transactions						
Forex Forward	-	-	-	-		-
Forex swaps	-	-	-	-		-
Transactions linked to Interest Rates	**-**	**-**	**129.759.000**	**-**	**129.759.000**	**(9.255.431)**
Direct trading transactions						
Interest rate swaps	-	-	129.759.000	-	129.759.000	(9.255.431)

NOTE 27 - CREDIT RISK INFORMATION

Distribution of amounts due from banks by type of activity:

	2011	2010
Interbank Investments	818.808.149	192.855.685
Loan Contracts	-	1.666.667
Other Receivables	67.757.155	150.333.796
TOTAL	886.565.304	344.856.148

Distribution of amounts due from customers by economic sector:

	2011	2010
Public sector	-	-
Non-financial Companies	4.315.000	4.615.000
Financial Companies	34.923.691	189.233.981
Private Customers	2.512.487	3.317.801
TOTAL	41.751.178	197.166.782

Distribution of amounts due from customers by guarantees obtained by the Bank:

	2011	%	2010	%
Guaranteed Receivables	37.338.141	89,4%	189.809.909	96,3%
Non-Guaranteed Receivables	4.413.037	10,6%	7.356.873	3,7%
TOTAL	41.751.178	100,0%	197.166.782	100,0%

The Bank has some bank guarantees and pledges in the form of either bank deposits or mortgage guarantees.

Credit Risk Measurement associated with derivative financial instruments:

At 31 december 2011	**Notional Amount EUR**	**Credit Risk Equivalent EUR**	**Net Risk Exposure EUR**
Level of solvency of the counterparties			
Forward Exchange Transactions			
Weighted at 2%			
Interest Rate Swaps	**104.334.000**	**1.992.210**	**1.992.210**
Weighted at 1%	9.447.000	94.470	94.470
Weighted at 2%	94.887.000	1.897.740	1.897.740
Weighted at 3%	-	-	-
Weighted at 4%	-	-	-
Weighted at 5%	-	-	-
	104.334.000	**1.992.210**	**1.992.210**

At 31 december 2010	**Notional Amount EUR**	**Credit Risk Equivalent EUR**	**Net Risk Exposure EUR**
Level of solvency of the counterparties			
Forward Exchange Transactions			
Weighted at 2%			
Interest Rate Swaps	**129.759.000**	**3.775.800**	**3.775.800**
Weighted at 0,5%	-	-	-
Weighted at 2%	14.147.000	282.940	282.940
Weighted at 3%	113.162.000	3.394.860	3.394.860
Weighted at 4%	2.450.000	98.000	98.000
Weighted at 5%	-	-	-
	129.759.000	**3.775.800**	**3.775.800**

The Initial Risk method is used. This entails multiplying the notional amounts for each instrument by a variable percentage depending on the length of the contracts i.e. the contractual term for contracts on exchange rates and the residual term for contracts on interest rates.

NOTE 28 - BREAKDOWN OF INCOME BY GEOGRAPHICAL MARKET

In accordance with Article 69 of the law on annual accounts of credit institutions, no information concerning the geographical breakdown of products need be provided.

NOTE 29 - MANAGEMENT AND AGENCY SERVICES

These services comprise the following activities:

- Asset management;
- Custody and administration of securities;
- Safety-deposit box hire;
- Fiduciary representation;
- Within the framework of the SICAV Eurofundlux: administrative agent, transfer and registration agent, lead placing agent and investment and domiciliation agent.

NOTE 30 - OTHER OPERATING INCOME

The total of Other Operating Income recognized in the profits and loss account at 31 December 2011 comprises miscellaneous income of EUR 46.421 (2010: EUR 124.072) in particular the writeback of provisions for risks and charges established in the past, in the amount of EUR 8.646 and whose existence is no longer justified; an amount of EUR 14.224 representing two reimbursements from the AGDL regarding the liquidation of LANDSBANKI Luxembourg S.A. and in the case of the KAUPHTING BANK Luxembourg S.A. loss (please refer to note 18); surplus tax and VAT of EUR 19.871 paid during last years.

The “Other” item

In 2010 Sundry operating income included different elements for an amount of EUR 124.072; particularly provisions for risks and charges set aside in the past for a total of EUR 69.168 whose existence is no longer justified and an amount of EUR 30.331 representing two reimbursements from the AGDL regarding the case of the KAUPHTING BANK Luxembourg S.A..

NOTE 31 - OTHER OPERATING EXPENSE

	2011	2010
Expenses from previous financial years	1.061	1.388
Sundry	103.657	273.928
TOTAL	104.718	275.316

The Sundry operating expense item for 2011 essentially comprises the allocation to the AGDL provision which stood at EUR 102.000 (2010 : EUR 120.000).

NOTE 32 - MANAGEMENT AND ADMINISTRATIVE BODIES

	2011	2010
Emoluments:		
- Administrative Body Members	66.700	66.700
- Management Body Members	550.389	675.199
Loans, advances, and guarantee commitments:		
- Management Body Members	-	-

The Bank is committed to an additional staff pension fund regime, which has been contracted out to an insurance company.

An additional personnel health insurance contract has been signed between the Bank and an insurance company.

NOTE 33 - STAFF

The average number of personnel employed by the bank during the financial year is as follows:

	2011	**2010**
Directors	3	3
Management	7	7
Employees	14	14
TOTAL	24	24

NOTE 34 - STATUTORY AUDITORS' FEES

	2011	**2010**
Statutory Auditing of the Annual Financial Statements	115.000	113.000
Other audit missions	-	-
TOTAL	115.000	113.000

These amounts are stated net of value added tax.

NOTE 35 – RENTAL COMMITMENTS

The Bank has contracted into certain other commitments that have not been recognized either on the balance sheet or off the balance sheet and these concern commitments to pay fixed rents in the future for the buildings or property rented, including leasing operations.

NOTE 36 - TRANSACTIONS WITH RELATED PARTIES

In the period ending on 31 December 2011, the Bank did not conduct any significant transaction with related parties (based on the definition of International Accounting Standard 24 "Related Parties") which was not conducted under normal market conditions.

REPORT OF THE INDEPENDENT AUDITORS

To the Board of Directors of

Credem International (Lux) S.A.

10, 12 Avenue Pasteur

L-2310 Luxembourg

Report on Annual Accounts

We have undertaken an audit of the enclosed company accounts pertaining to Credem International (Lux) S.A., and enclose the balance sheet as of 31 December 2011, the profit and loss account for the financial year closing on that date and a summary of the main accounting methods and other explanatory notes.

Responsibilities of the Board of Directors in the annual accounts

The Board of Directors is responsible for drawing up and honestly presenting the annual accounts, in accordance with legal and regulatory obligations relating to the drawing up and presentation of annual accounts in force in Luxembourg and for internal controls judged necessary in order to allow the drawing up of annual accounts which should contain no significant anomalies due to fraud or error.

Responsibilities of Companies Auditor

Our responsibility is to express an opinion on the accounts in the light of our audit. We have carried out the audit according to the International Auditing Rules as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. These rules require that we follow the ethical rules in place and that we plan and carry out the audit for purposes of obtaining a reasonable assurance that the annual accounts do not contain any significant anomalies.

An audit implies procedures whose goal is to uncover evidential data for the sums and other information given in the annual accounts. The choice of procedures depends upon the judgement of the company's auditor, as does the evaluation of the risk that the annual accounts may contain significant anomalies, whether such anomalies are due to fraud or mistake. In proceeding to evaluate risk, the companies' auditor takes into account the internal control mechanisms used in the organization relating to the preparation and honest presentation of the annual accounts with the aim of defining audit procedures which are appropriate in the circumstances, and not with the aim of giving an opinion on the efficacy of the internal control running.

An audit also includes an appraisal of the accounting methods used and the reasonableness of the accounting estimates made by the Board of Directors, as well as an appraisal of the overall presentation of the annual accounts. In our judgement, the evidential data gathered are sufficient for and relevant to the basis of our opinion.

Opinion

In our view, the annual accounts give a faithful estimate of the assets and of the financial situation of **Credem International (Lux) S.A.** on 31 December 2011, and of the results for the financial year which ended on that date, in accordance with the legal and regulatory requirements relating to the drawing up and presentation of accounts in force in Luxembourg.

Report on the other Legal or Regulatory Obligations

The management report, which is the responsibility of the Board of Directors, is in agreement with the Annual Accounts.

Deloitte Audit

Olivier Lefèvre
Partner

30 march 2012

Ordinary Annual General Meeting of Shareholders
of 17 April 2012

FIRST RESOLUTION

The Annual Shareholders' Meeting, after having read and understood both the report of the Board of Directors and the report of the Companies Auditor, approves the annual accounts for the fiscal year 2011 as they are presented by the Board of Directors.

SECOND RESOLUTION

The Annual Shareholders' Meeting approves the proposals made by the Board of Directors in relation to the distribution of the profit balance for the financial year 2011, and decides to distribute the profit for appropriation, which amounts to EUR 18.744.627, as follows:

to the voluntary reserve:	EUR 10.694.627
to be distributed at a rate of EUR 1,15	
for each of the 7,000,000 shares:	EUR 8.050.000
I.e. a total amount of:	EUR 18.744.627

THIRD RESOLUTION

The Annual Shareholders' Meeting discharges the Members of the Board with regard to the results of the approved Annual Accounts for the year 2011.