

Ireland: Centre of Excellence for International Financial Services

why? Ireland™
excellence · innovation · reach

ifia
IRISH FUNDS
INDUSTRY
ASSOCIATION

 **IFSC Ireland**
PROMOTE | NETWORK | ENGAGE

 **IDA Ireland**

Ireland is one of the best places in the world to do business.

The continued success of Ireland in attracting investments is remarkable.

IBM's 2010 Global Location Trends Report ranks Ireland as the number one destination globally for jobs created by inward investment.

Irish exports are at a record high while Ireland's competitiveness has significantly improved.

Foreign Direct Investment in Ireland continues to grow. Many of the world's leading companies continue to reinvest in Ireland. FDI in Ireland increased significantly in 2010. Many new companies have decided to invest in Ireland – up 20% on 2009.

Investment highlights;

- Almost 11,000 new jobs created
- A total of 126 investments won
- Investment in Research, Development and Innovation over EUR 500 million

The Irish Economy: Headline Stats

- » Ireland's competitiveness has improved significantly – business costs have all decreased
- » Exports continue to perform very strongly
- » The Irish economy has stabilised and the outlook for 2011 is positive
- » Ireland's 12.5% corporate tax rate remains and will continue to remain at the heart of economic strategy
- » Despite the current global economic situation, inward investment to Ireland has increased significantly
- » The National Recovery Plan allied to the EU/IMF programme provides certainty and enables Ireland to navigate a path to a sustainable economic position
- » 2011 figures from the NCB Markit PMI show that the manufacturing sector of the Irish economy grew at its fastest pace in more than 11 years in January

National Recovery Plan on target

The National Recovery Plan in tandem with the EU/ IMF Programme provides a clear credible path for Ireland to reach the three per cent deficit target by 2014; a one year extension has been granted by the EU if needed.

Ireland's ability to fund itself is now guaranteed.

By December 2011 Ireland will be two thirds through its circa EUR 20bn adjustment programme.

Source of Funds	EUR bn	Use of Funds	EUR bn
Irish Funds	17.5	Immediate Recapitalisation of Banks	10
External Funds	67.5	Contingency Fund for Banks	25
		State Budgetary Requirements	50

Source: Department of Finance, Ireland, 2010

Ireland's Corporate Tax Rate

Ireland has maintained a low corporate tax rate since 1956. This has been one of many elements in the Irish economy which has attracted inward investment.

The 12.5% corporate tax rate (CRT) remains intact.

The Irish Government's commitment to the 12.5% CRT is protected in an EU context by the principal of unanimity in taxation matters.

There is full political unanimity in Ireland supporting the existing Corporate Tax regime.

EU Internal Markets Commissioner Michel Barner has reassured Ireland that it can continue to set its own corporation tax rates.

These commitments have been further guaranteed by legal provisions in the Lisbon Treaty.

The Irish tax regime is open and transparent and complies fully with OECD guidelines and EU competition law.

Country	Headline Corporation Tax Rates %
Ireland	12.5
Singapore	17
Russia	20
Switzerland	21
China	25
Netherlands	25
UK	27
Luxembourg	28.59
Germany	30
France	34.43
Belgium	33.99
India	33.2175
Brazil	34
USA	39.5

Competitiveness

2009/2010 saw Irish competitiveness improve significantly.

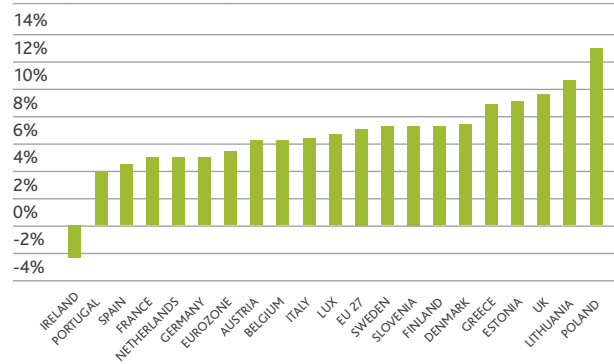
Business costs including energy, private rents, office rents, services, construction and labour have all reduced.

Irish unit wage costs to improve 13% vs EU average (EU forecast 2008-2012).

Benchmark salaries for new employees in Irish companies are down between 5% and 22% (Irishjobs.ie).

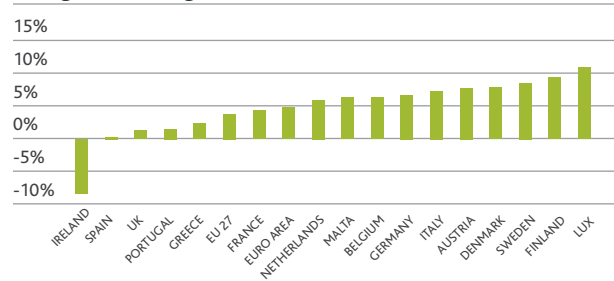
Apart from outright reductions in nominal pay rates, companies have been able to reduce pay bills in a number of ways, including reductions in bonuses, shift and over-time premiums, short-time working arrangements and decreases in employee numbers.

Change in Cost of Living 2008 - 2012



Source: EU Commission Forecast, 2010

Change in Unit Wage Costs 2008 - 2012



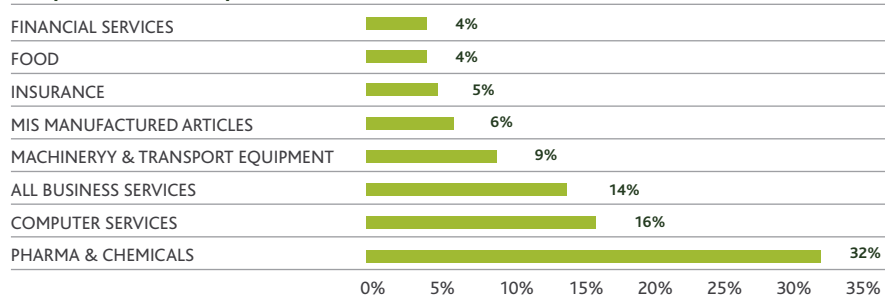
Exports

Ireland has a high value exporting sector, and was one of the world's only developed countries not to experience a sharp fall in exports during the global downturn.

The ESRI (Economic and Social Research Institute) forecasts exports to grow 6% in 2011.

2010 saw Irish exports increase an estimated 8.4% to record levels (Central Bank Ireland).

Composition of Irish Exports:



Source: Forfás, 2010

Irish Economic Outlook

Following a sharp contraction in GDP over the past two years the latest data suggests that the level of economic activity has stabilised.

The ESRI forecasts growth in the Irish economy (GDP) of 1.5% in 2011 and 2.25% in 2012.

Components of GDP

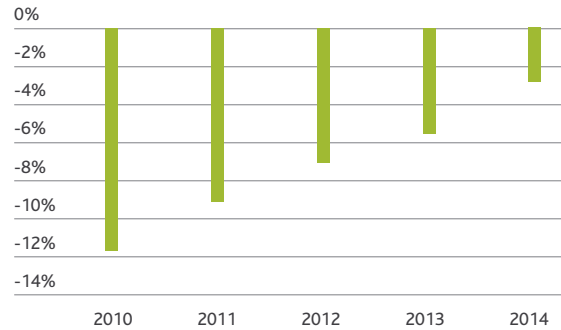
% Growth	2011(f)	2012(f)
Gross Domestic Product (GDP)	1.5	2.25
Private Consumption	-0.75	-0.5
Government Expenditure	-3.5	-3.0
Investment	-6	3.25
Export	6	5
Imports	3.75	3.25

Source: The Economic and Social Research Institute (ESRI) Winter Commentary 2010

Public Finances Stabilising

- » The underlying budget deficit has stabilised.
- » The Exchequer deficit for 2010 at EUR 18.7 billion is in line with the Budget target.
- » Exchequer Revenues in 2010 exceeded the target (+EUR 700mn), with the surplus primarily driven by a solid performance from corporation tax.

Government's Underlying Budget Deficit



Source: Department of Finance, 2010

Why Ireland

- » Flexibility of labour force
- » Skills availability with business and technical knowledge
- » Productivity and strong work ethic of Irish staff
- » Adaptability of Irish staff when faced with new challenges
- » Pro-business environment with a low corporate tax rate
- » Ease of global communications (language and time difference and telecoms infrastructure)
- » Ease of doing business
- » Excellent multilingual availability
- » Barrier-free access to over 500 million consumers in Europe
- » Constant reinvestment of multinational clients

Leading Multinationals choose Ireland because:

- » According to the 2010 Global Location Trends report by IBM, Ireland is the top destination globally for jobs by inward investment per capita.
- » In 2010, the IMD World Competitiveness Yearbook, for the key measures influencing foreign direct investment, ranked Ireland;
 - » 1st for corporate taxes
 - » 4th for the availability of skilled labour
 - » 4th for being open to new ideas
 - » 6th for labour productivity
 - » 7th for the availability of financial skills
 - » 7th for the flexibility and adaptability of people
- » Ireland ranked first in Eurozone of best countries for business (Source: Forbes 2010)
- » Ireland ranked first in the world for most-highly employable graduates. (Source: European Commission Study of international recruiters, 2010)
- » Ireland ranked first in the world for jobs created by inward investment per capita. (Source: 2010 IBM Global Location Trends 2010)
- » Ireland ranked first in Europe for most competitive location for R&D investment. (Source: Mazars Review of Global R&D Incentives 2010)
- » Ireland ranked second most globalised economy in the world (E&Y Globalisation Index in cooperation with Economist Intelligence Unit, Jan 2011)
- » Ireland has the third highest proportion of maths, science and computer graduates in the 20-29 age cohort in the EU according to the Eurostat Yearbook, 2010
- » Ireland has continued to improve the quality of its broadband services, ranking ahead of the UK, US and Germany, according to a global survey carried out by Said Business School in Oxford University. Ireland ranked 13th out of 72 countries included in the study, tied with Finland and rising from 14th place in 2009

Ireland is the location of choice for internationally distributed investment funds, used as a gateway to establish and service investment funds sold to investors across the globe.

why? Ireland™

The Irish Funds Industry

Your Gateway to the World

- » Ireland is the location of choice for internationally distributed investment funds
- » More than 20 years' experience and expertise
- » 50 world-class fund service providers
- » A support structure of over 11,000 industry professionals
- » Servicing assets in 2010 worth over EUR 1.8trillion in over 11,000 funds.
- » Robust and efficient regulatory
- » Most favourable tax environment for funds
- » Wide range of specialist expertise in fund structuring, domiciling and administration
- » High quality, business friendly environment in optimum time zone for global coverage
- » More than 850 fund promoters from over 50 countries have chosen Ireland as their international fund hub.

Irish authorised UCITS account for almost 80 per cent of the assets of all Irish domiciled funds and are distributed in over 70 countries.

The world's leading centre for the administration of alternative investments, servicing 43 per cent of global alternative investment fund assets, Ireland was the first European jurisdiction to provide for regulated hedge fund products.

Headline stats

- » Employs more than 11,000 professionals directly
- » Distributes to 70 countries worldwide
- » Assets under administration by the industry in Ireland reached an all time high of EUR 1.8 trillion at the end of 2010 – up from EUR 1.4 trillion at the end of 2009
- » The net asset value of all Irish domiciled funds reached an all time high of EUR 963 billion at year end 2010 – up nearly a third (29 per cent) on the same time last year from EUR 749 billion at year end 2009
- » During the year some 70 new fund promoters launched Irish funds (Lipper)

Headline stats

- » There are 388 fund promoters from over 50 countries with Irish domiciled funds
- » During 2010, 701 new fund and sub-funds launched in Ireland
- » New figures (HFR) show that the proportion of global hedge funds domiciled in Ireland doubled to 7.4 per cent by the end of the third quarter 2010 from the end of 2009 – firmly establishing Ireland as the European domicile of choice and home to 63 per cent of all European hedge funds
- » Analysis of the latest HFM Week Alternative Investments Survey reveals that Ireland now administers 43 per cent of the world's alternative investment funds

UCITS

- » Irish authorised UCITS account for almost 80 per cent of the assets of all Irish domiciled funds
- » Irish UCITS are distributed in over 70 countries
- » Over the past 10 years, the net assets of Irish UCITS have grown by 422%
- » Ireland remains the fastest growing of the major cross-border UCITS domiciles¹
- » In 2010 the net assets of Irish UCITS grew by 27%
- » There are now almost 3,000 Irish UCITS funds approved for cross-border distribution²

1 Source: analysis of EFAMA statistics, December 2010

2 Central Bank of Ireland, December 2010

UCITS IV

- » The Central Bank has approved nearly 3,000 UCITS for cross-border distribution
- » A foreign UCITS managed under an Irish management company will not be regarded as having a taxable presence in Ireland
- » Investors in foreign feeder funds will not see any change in their tax status
- » No Irish transfer tax applies on fund mergers
- » Effective delegation model and experienced management company service providers
- » Complex information showing systems already in place
- » Sophisticated oversight and monitoring processes
- » Regulatory clarity, expertise and efficiency

QIFS

- » Total assets of Qualifying Investor Funds (QIFs) grew by 35 per cent during 2010 to EUR 153 billion (Central Bank of Ireland, December 2010)
- » The net asset value of QIFs grew by 19 per cent over the last two months of 2010 (Central Bank of Ireland, December 2010)
- » The QIF is a well established, regulated investment fund vehicle which has the characteristics and flexibility of typical hedge fund products while authorised and regulated by the Central Bank
- » The QIF is "AIFMD ready" as it already complies with the majority of the requirements of the AIFMD
- » QIFs can be authorized by the Central bank within 24 hours of receipt of completed documentation

Tax

- » 12.5% corporate tax rate
- » No subscription or fund taxes
- » No transfer taxes
- » Generous VAT exemptions for funds
- » Extensive tax treaty network with over sixty countries
- » Full compliance with international tax standards
- » Ireland does not withhold tax under the European Union Taxation of Savings Directive (EUSD)

In general

- » Central Bank meets 100% of its approval deadlines
- » Expertise in servicing the widest range of funds and investment strategies
- » 47 fund administration companies with vast expertise and experience in servicing complex cross-border funds
- » 19 depositary service providers with global networks and highly developed trustee/custodian oversight services
- » Advanced automated solutions – Ireland has a trade automation rate of 86% (Source: EFAMA, 2010)
- » Ireland is a leading European domicile for exchange traded funds. Irish domiciled ETFs represent approximately 32% of the total European ETF market (Source: analysis of Blackrock ETF Landscape, 2010)
- » Ireland is a leading European domicile for money market funds. Irish domiciled money market funds represent approximately 32% of total European money market assets (Source: EFAMA, 2010)

Ireland is a major centre for international financial services including investment funds, international banking, stock exchange listings and aircraft leasing.

Ireland's international financial services sector includes many of the world's leading financial institutions. The industry is supported by a sophisticated support network including accountancy, legal, actuarial, taxation, regulatory, telecommunications and other services providers.

The International Financial Services Centre (IFSC)

- » 500 + firms
- » Directly employs 32,700 people
- » Indigenous firms employ almost 6,000 people
- » International firms operating from more than 20 different locations throughout Ireland
- » Accounts for 10 per cent of multi-national employment in Ireland
- » Contributes 7.4 per cent of Irish GDP (and rising);
- » Accounts for 36 per cent of corporation tax receipts contributing at least EUR 1.4 billion in 2009
- » IFSC companies pay more than EUR 1.966 billion in wages and salaries, resulting in personal and payroll tax receipts of EUR 713 million
- » Contributes approximately EUR 2.1 billion to the Exchequer
- » Comprises 5.3 per cent of all EU cross border financial services activity making it the seventh largest centre in the EU

The International Banking Sector

- » Over 80 leading international banks with operations in Ireland
- » Total assets of foreign-controlled branches and subsidiaries operating in Ireland worth EUR 820 billion at end 2009 (Source: ECB)
- » 34 international credit institutions operating in Ireland with a banking licence, together with 33 branches of international banks and many more operations with international bank parents (Source: Central Bank of Ireland)
- » Holds 2.9% of cross-border lending by banks and 3% of global cross-border borrowing by June 2010 (Source: BIS).
- » Accounted for 49% of the cross-border lending by banks in Ireland (Central Bank of Ireland)
- » Over 1,000 SPVs are administered in Ireland, making Ireland a leading centre for securitisation activities
- » Employs more than 10,000 people in Ireland - or almost 27% of all bank employees in the country
- » At 38%, Ireland boasts the second lowest cost to income ratio of banks operating in the European Union (Source: ECB)
- » 9th largest international banking market
- » 6th largest centre for international debt securities

The Irish Stock Exchange

- » Established in 1793, the ISE is one of the oldest stock exchanges in the world
- » 70% of ISE's revenue comes from its international business lines
- » 80% of the ISE's membership base is international
- » The ISE is the number 1 stock exchange in the world for the listing of hedge funds and alternatives
- » The ISE has over 7,600 investment fund classes listed with a high concentration of overseas issuers – in particular 45% of listed funds are managed from the UK and 31% of listed funds are managed by managers based in the US
- » The ISE is the number 1 stock exchange in Europe for listing of asset backed securities with 70% share of this market
- » The ISE has more than 22,000 debt securities listed with over 90% of our listed bonds originating outside Ireland
- » Ireland is a favoured location for collateralised debt obligations (CDOs), warehousing and special purpose vehicles (SPVs) which are used in many financial transactions including securitisation and asset repackaging transactions

Insurance

- » Premiums written by international life insurers based in Ireland for 2009 totaled EUR 28 billion
 - » Premiums for international non-life and reinsurance companies was EUR 26 billion in 2009
 - » Ireland is a leading location for insurance and reinsurance companies to base their European headquarters
 - » Ireland is as a key location for insurance and reinsurance activities. On the life side companies such as AXA, Legal & General, Canada Life, Aviva, Prudential Plc have established operations
 - » Ireland is a leading centre for variable annuity products with a significant number of the leading insurers establishing life operations to provide VA products
- into Europe such as Metlife, Aegon Scottish Equitable, Allianz and AXA
 - » Many of the world's largest banks operate substantial life/non-life operations including HSBC, Barclays, UBS, Credit Suisse and Credit Agricole
 - » Ireland is a leading location for international Reinsurance activities with companies such as XL Re, Partner Re, Transamerica Re
 - » Ireland accounts for around 4% of the total global net reinsurance premiums written

Aircraft Leasing

“More than 1,200 aircraft are owned, financed or managed in Ireland. This represents over 10% of the world fleet.” (James Cottle, MD Airbus Financial Services)

- » Ireland is internationally renowned as the leading location outside the USA for aircraft leasing
- » Ireland is home to many of the world’s top aircraft leasing companies
- » There are over 30 international aviation companies in Ireland, managing almost EUR 83 billion in assets
- » The aircraft leasing industry accounts for almost 1,000 high value jobs in Ireland, with increases forecast
- » Contributes over EUR 300 million in taxes to the Irish Government (FAEI Cross Border Aviation Leasing Industry Survey)
- » **Major Aircraft Lessors:** Aergo, Aircastle – Fortress, Airbus, Babcock&Brown, CIT, FGL, GECAS, Magellan, Orix, Pembroke, RBS Aviation, Sunrock, Bombardier, Macquarie, GMT Global, AWAS, Diamond Airfinance, Debis AirFinance, KLM Financial Services, Korean Air Lease Finance, Morgan Stanley, Engine Lease Finance, Boeing
- » **Aircraft Engine Lessors:** Shannon Engine Support, Engine Lease Finance Corp, Macquarie Aviation – more than 300 engines independently financed
- » Favourable tax treatment on short-term finance leases
- » No sales tax. All aircraft lease rentals in Ireland are effectively zero-rated for the purpose of Irish VAT legislation
- » Ireland has a wide range of exemptions from its dividend withholding tax and generally does not charge capital gains tax on non-resident shareholders of an Irish company

Press Contact Details

Irish Funds Industry Association
(IFIA)

Angela Madden,

Marketing & Communications
Manager

Tel. + 353 (0) 1 670 1077

Mobile + 353 (0) 860414755

angela@irishfunds.ie

**Investment & Development
Agency Ireland (IDA)**

Thomas McEvoy

Tel. + 353 1 603 4255

Mobile + 87 742 6684

thomas.mcevoy@ida.ie

or

Gillian Kelly

Tel. + 353 (0) 1 603 4190

Mobile + 353 (0) 87 178 9893

Gillian.kelly@ida.ie

Irish Banking Federation (IBF)

Felix O'Regan

Head of PR and Public Affairs

Tel. + 353 (0) 1 6715311

Mobile + 353 (0) 87 6481644

Irish Stock Exchange (ISE)

Ailish Byrne,

Head of Public Affairs and
Communications

Tel. + 353 (0) 1 617 4200

Fax: +353 (0) 1 677 6045

ailish.byrne@ise.ie

Dublin International Insurance &
Management Association (DIMA)

Sarah Goddard

CEO

Tel: +353 (0) 1 775 9448

Email: sarah.goddard@dima.ie

This document is for informational purposes only and
it is recommended that professional advice is sought
if conducting business in Ireland.

why? Ireland[™]
excellence · innovation · reach

ifia

**IRISH FUNDS
INDUSTRY
ASSOCIATION**