



ANNUAL REPORT

ASSOCIATION DES BANQUES ET BANQUIERS, LUXEMBOURG
 ASSOCIATION THE LUXEMBOURG BANKERS' ASSOCIATION
 LUXEMBURGER BANKENVEREINIGUNG

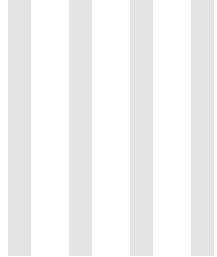
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Message from the Chairman

Mr Jean Meyer

Chairman of the ABBL
and PROFIL



At the time that I am writing these lines, we have already embarked into the year 2008 and we can look back on a year full of suspense. At the same time, it is quite normal that at the beginning of a new year we do not yet know what it will bring. However, we do know that 2008 will be a very difficult year, as it has already had a painful start.

But first, let us look back. The financial centre continued to create jobs in Luxembourg and kept on driving the growth of its overall economy. Luxembourg has definitely steered into the direction of a service economy, even though the country maintains a strong industrial foundation that remains vital for its overall development.

In last year's figures, we can discern a very positive evolution in terms of interest margins and commission revenues. These also happen to be our most important revenues since they are, in principle, recurrent. Other net revenues, on the other hand, were unable to sustain the exceptional levels of the previous year. This is, of course, not surprising: the ABBL continuously called for moderation on all those that take yesterday's exceptional revenues as granted for tomorrow.

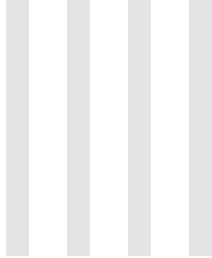
Nevertheless, it remains to be said that 2007 was characterised by a largely positive evolution for the banks of the financial centre. The same is true for investment funds. Despite market fluctuations, capital injection has allowed assets under management to be maintained and to grow. The magic line of 2,000 billion capital invested in Luxembourg funds was crossed in June.

Obviously, the global financial crisis has had and continues to have repercussions on the Luxembourg financial centre, which is so evidently exposed to the economic risks of financial markets. This is nothing new to our banks. Even an exceptionally well-to-do Grand Duchy needs to admit that it lives by the whims of a global economy.

Nonetheless, this crisis – which has popularised the term “subprime” like no other financial term before it – is undoubtedly one of the most severe financial crises of the last thirty years. Indeed, what financiers fear more than anything else is a liquidity crisis, which, due to its systemic nature, could theoretically bring companies with intact solvability to their knees. Fortunately, the central banks, and particularly the ECB, have reacted decisively and adequately by providing the liquidity which banks urgently needed. This has not prevented, and will not prevent, some of the biggest names in international finance from having to bear considerable value corrections.

This crisis is not a Luxembourg crisis, however. Our financial centre will not be in the front row of international turmoil. Losses will certainly be noticeable in the results for 2007, but the specific activities of our financial centre, especially Private Banking, are sufficiently removed from investment banking, a sector that is particularly vulnerable at present. It is thus reassuring to be able to say that even in the midst of particularly difficult market conditions the Luxembourg financial centre remains a safe haven of financial security and that these events, as uncomfortable as they may be, are unable to dispute the solidity of our banks.

While presenting itself in a rather moderate light, 2007 will nevertheless have been a good year for most of the ABBL members. Moreover, it was also a good year for the association itself, the latter having achieved the fundamental objectives that it had set for itself over the past few years.



In this respect, I will start by welcoming the new promotion agency of the financial sector, Luxembourg for Finance. This has been a strategic goal of the ABL for a long time. Not only did its creation require the efforts of our entire sector, but it also needed the support of the Chamber of Commerce as one of the main promotional actors of the Grand Duchy. Last, but not least, the State of Luxembourg will be the private sector's partner in this joint venture in the service of the financial centre. I wish the new agency all the energy necessary to start off on the right foot and I obviously wish it a long life. I am convinced that it will have both. In any case, it has the full support of the ABL.

The same questions that are in the minds and preoccupations of our members also dictate the life of the Bankers' Association. Thus, in 2007, it accompanied its members through major regulatory changes like the transposition to the Markets in Financial Instruments Directive (MiFID) or the launch of the Single Euro Payments Area. As another example, let me also mention long-haul subjects like capital adequacy, the new accounting regulations or the reporting provisions that have given rise to the creation of a specialised association, XBRL Luxembourg *asbl*. Certain subjects have constantly been with us and will remain on the agenda for a long time to come, like the fight against money laundering or the search for adequate taxation.

It seems to have become customary that for every completed task two new ones emerge. Accordingly, we are now determinedly preparing for the imminent consumer credit reform, the European discussions on supervision architecture or the European Commission's initiatives on the credit card market and, more generally, the retail banking market.

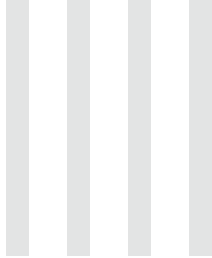
In its role as employer representation, the ABL has, for many years, tried to secure a contemporary collective employment agreement for the sector, which takes into account the individual achievements of employees. In reference to the new collective employment agreement, I believe that we can honestly say that the banks and financial institutions have achieved their objectives without employees and their representatives having to give up their principles. Indeed, no effort was spared to make sure that the new system does not produce any cast-offs.

The anticipated guarantees are very sound and the evolution of incomes that was negotiated reflects the good results the financial centre has achieved over the past years. It is essential for our association to favour the competitiveness of the financial centre. Here, the income system as well as employee motivation are key elements.

The last Tripartite negotiations in 2006 produced two resolutions that will have an undeniable impact on companies. First, we have the adjustment of salary indexations, which can be viewed as a step in the right direction since it limits the inflationist self-ignition effect of indexation systems. It is crucial for our economy that the government does not recant on the progress achieved so far. Reinstating the old indexation system could seriously affect our business sector, and in particular the small and medium-sized businesses of our economic foundation. In this respect, 2009 will be a dangerous year because unsustainable promises could unfortunately be made under the banner of electoral rhetoric.

The second work-in-progress that has resulted from the Tripartite negotiations is the single statute. While financial institutions frequently feel unconcerned about this particular issue because they rarely hire a blue-collar workforce, it is important to realise that the standardisation of statutes implies far-reaching reforms in our sick leave compensation system and that the financial implications for all companies concerned will be significant. The ABBL was able to safeguard the essential interests of its members. The latter should nonetheless expect considerable changes in terms of health insurance and accident insurance.

Internally, the ABBL has committed itself to reviewing its structures, paying particular attention to wider democratic processes and improved member participation in its activities. The creation of the Private Banking Group, Luxembourg in 2007 represents an important step in this direction. Benefiting from a considerable amount of autonomy within our association, this particular group represents and defends the interests of private bankers who, as we are all aware, represent one of the pillars of the financial centre. I am therefore particularly pleased to welcome this new structure and I will firmly support its development for the years to come.



In 2008, the ABBL intends to follow the strategic course it has set itself for the past three years. It will concentrate its efforts in order to ensure the successful launch of the new promotion agency. Considering that this agency was partially established with resources from the ABBL's communication department, the association's Executive Committee will need to reorganise this department, which will remain in the service of our members and will continue to ensure that the flow of information, set up over the past few years, continues unabated. Moreover, the Private Banking Group, Luxembourg will not remain the ABBL's only internal cluster for very long. This new approach in defending the interests of the different activities of our members likewise requires considerable efforts and resources and will position Luxembourg as a centre of excellence for certain activities.

As part of our responsibilities as employer representation, we have once more strengthened our efforts in tackling the shortage of a qualified workforce for the financial centre. I include here our involvement in the IFBL and the Luxembourg School of Finance, our participation at student information fairs, as well as research and development undertaken in the service of the financial sector.

In the months to come, we will gauge the impact that the financial crisis has had on our activities. We are not simply dealing with a question of stock market volatility. For our association, it is clear that these financial turbulences will, like every crisis in the financial world, provoke new attempts to regulate our activities in the hope that past mistakes will be avoided. Not all of these regulations will be useless or uncalled-for. Others, on the other hand, will be exaggerated, or even inadequate. It is the responsibility of an association like the ABBL to meet and sponsor the first kind and to avoid, if possible, the second kind.

Faced with the challenges of tomorrow, the assets of our financial centre remain significant. It will be sufficient, yet necessary, to understand that the world continues to change and that the rhythm of change keeps on accelerating. Over and again, we have to adapt and have the courage to call ourselves into question.

Who we are

The Luxembourg Bankers' Association is the professional organisation representing the majority of banks and other financial intermediaries established in Luxembourg. Its purpose lies in defending and fostering the professional interests of its members. As such, it acts as the voice of the whole sector on various matters in both national and international organisations.

ABBL members provide roughly 20% of Luxembourg's state budget income and employ over 29,000 people.

The ABBL counts amongst its members universal banks, covered bonds issuing banks, public banks, other professionals of the financial sector (PSF), financial service providers and accessory service providers to the financial industry.

What we do

The ABBL provides strategic and technical input for the benefit of its members and the interests of the Luxembourg financial industry as a whole. It acts as a centre of competence and a forum for dealing with issues relevant to its members.

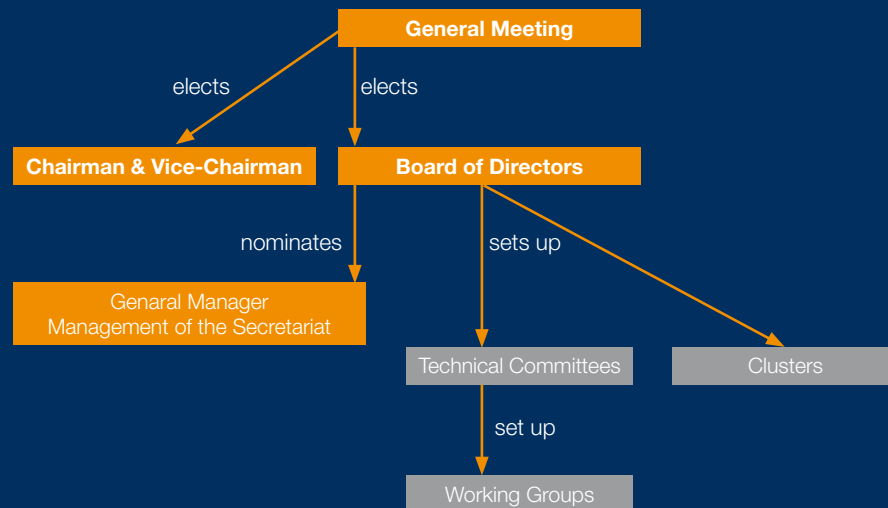
In terms of communication, the ABBL, besides remaining in permanent contact with the national press, provides opinion papers and proposals on taxation, legislation, and general or banking regulations at national, European and international levels.

Moreover, the association assists its members by providing guidance in social matters. It thus regularly negotiates salary and working conditions with trade unions in a collective employment agreement.

Finally, the ABBL offers customised training programmes through its training institute, the IFBL.

Our organisational structure

Organisational Structure

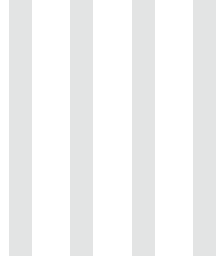


General Meeting: the annual General Meeting is the ABBL's highest body. It approves the annual accounts and budget and elects the Chairman, the Vice-Chairman and the directors of the association.

Chairman: the ABBL Chairman is directly elected by the General Meeting. The Chairman is the official spokesperson of the association. The Chairman personally monitors all strategic issues relevant to the organisation.

Board of Directors: the Board of Directors has six annual meetings. The Board determines the strategic and political issues of the association.

Executive Committee: the Executive Committee advises the Board of Directors and takes care of the follow-up of decisions taken by the General Meeting and the Board of Directors. The Executive Committee, chaired by the General Manager of the association, is in charge of the day-to-day management.



Services to our members

The ABBL aims to offer added value to its members. This is achieved by different means and actions through:

- **political lobbying** and communication directed at different target groups, like the government and the parliament, public administrations, various opinion makers, professional organisations, public opinion, and our members' customers;
- **issue-related lobbying** directed at the regulator, the Central Bank or other local bodies and authorities in charge of specific issues. This lobbying includes subjects on

banking and finance, as well as on labour law or social security related themes;

- **active involvement and representation** in government initiated groups, financial industry related organisations, professional associations or working groups set up by the regulator or the Central Bank;
- **technical and legal advice** to members on general banking and financial matters;
- setting up and monitoring **internal working groups** that focus on issues of relevance to a given

situation, and, by extension, providing a platform for exchanges of views;

- alignment of interested parties on **cluster themes** representing the main banking and financial business lines in Luxembourg. These clusters are composed of committed and motivated high-level representatives of our members who are able to discuss strategic issues linked to their specific field of activity. The results of these high level clusters are circulated to all interested members;

- **active participation in legislative projects** or initiatives that have potential impact on the local financial industry; **elaboration of positions** on behalf of the financial industry in reaction to issues raised by the government, the regulator or other bodies;
- **communication and consultation** with members on topics under discussion, and reporting on progress achieved;

Jean-Jacques Rommes

President of the Executive
Committee and General Manager
Head of the Social Affairs Department



Serge de Cillia

Member of the Executive
Committee, Head of the Banking
and Finance Department



Rüdiger Jung

Member of the Executive Committee, Head of the Legal & Tax Department



Daniel Lehmeier

Member of the Executive Committee, Head of the Support Department



Fernand Grulms

Member of the Executive Committee, Head of the Communication Department



As of 1 January 2008, CEO of Luxembourg for Finance, the Agency for the Development of the Financial Centre.

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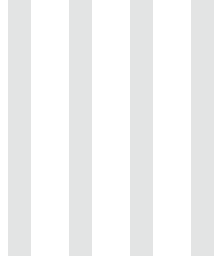
- **supporting new or potential financial market entrants** on the Luxembourg financial centre;
- participating in **general trade missions**, special events, etc., to defend our members' views, positions and interests;
- providing appropriate **promotional material** to members, such as standardised presentations, leaflets, brochures or films;
- providing a **platform for business intelligence** in the field of banking and finance; obtaining relevant information about new initiatives or directives in preparation at European level; organising **consultations with members** and **reporting Luxembourg's position** to appropriate committees and authorities responsible at the European level;
- providing **general guidance in social matters and salary related issues**; giving general advice on **social security and labour law related issues**;
- **monitoring economic and financial developments** on domestic markets as well as foreign markets; offering members a **platform for competitive intelligence** and enabling them to raise their own profile within their respective groups;
- providing the **ABBL ExtraNet**, a privileged information platform for its members.

Technical committees

Technical committees discuss issues relevant to their respective fields of action and give advice to the Executive Committee and the Board of Directors. In 2007, the following committees were in place:

- Accounting Committee
- Banking Supervision Committee
- Financial Markets Committee
- Fiscal Affairs Committee
- Industrial Relations and Social Affairs Committee
- Legal Affairs Committee
- Payments, Information Systems & Standardisation Committee
- Physical Security Committee
- Professional Obligations Committee
- Promotion Committee
- Retail Banks Committee
- Securities Committee

Technical Committees	Main Topics in 2007
Accounting	Large Exposure rules, COREP/FINREP
Banking Supervision	Future architecture of prudential supervision, ICAAP, Large Exposure rules, COREP
Financial Markets	Target 2 Securities, MiFID, Clearing & Settlement, Hedge funds, Private equity
Fiscal Affairs	EU Savings Tax Directive, VAT, IFRS rules and bank taxation, Inter-administrative cooperation
Industrial Relations & Social Affairs	Single statute, Accident insurance, Skilled labour shortage, Election of the personnel delegation, Collective employment agreement, Corporate social responsibility (INDR), Draft legislation on immigration and integration, Survey on the social situation
Legal Affairs	Criminal liability of legal entities, Consumer protection, Direct debit, Counterfeiting, Copyright, Successions, Bank seizures, Data protection, Money laundering and terrorist financing
Payments, Information Systems & Standardisation	SEPA (Credit transfer, Direct debit, Cards, Cash, risk mitigation, Luxembourg implementation), Payment Services Directive, Balance of payment, SWIFT data transfer to US, Regulation 1781/2006, Customer mobility, New-Multiline
Physical Security	Tiger kidnapping, ATM security, Protocol of agreement on security in banks
Professional Obligations	Money laundering and terrorist financing, Data protection, Information on bank transfer orders, Financial sanctions
Promotion	Trade missions, Brochures, www.luxembourgforfinance.lu
Retail Banks	Regulation Rome I, Consumer Credit Directive, Green paper on retail financial services, Customer mobility in relation to accounts, Customer protection and rights, Investor information disclosure for UCITs
Securities	Target 2, Prospectus, Dematerialisation of securities, MiFID compliance, Code of conduct in post trade



Working groups

Within the ABBL's working groups, experts exchange views and brainstorm on developing new products and on ways to increase the competitiveness of Luxembourg's financial industry in their specific field of action.

- Working group "Balance of Payments"
- Working group "Basel II / CRD Implementation: IRB Approach"
- Working group "Basel II / CRD Implementation: Standardised Approach"
- Working group "Cash"
- Working group "Corporate Law"
- Working group "Credit Transfers"
- Working group "Data Protection"
- Working group "ICT Security"
- Working group "Interdicts Lists"
- Working group "Large Exposures"
- Working group "Mutual Legal Assistance"
- Working group "Operational Risks"
- Working group "Payment Cards"
- Working group "Protocol of Agreement on Security in Banks"
- Working group "QI"
- Working group "SEPA Direct Debit"
- Working group "SEPA Legal Issues"
- Working group "Standards"
- Working group "Taxation of Residents"
- Working group "Taxation of Savings"
- Working group "Taxation of Savings: Organization & IT"
- Working group "Taxation: Securitisation"
- Working group "Tiger Kidnapping"
- Working group "VAT"
- MiFID platform

Cluster: The Private Banking Group, Luxembourg

Based on a decision by the ABBL Board to partially modernise and change the ABBL's structure from a horizontal to a vertical one, the first business line group, the Private Banking Group, Luxembourg (PBGL), was created within the organisation of the ABBL. Further business line groups will be set up in the near future.

The PBGL has been active since 2007. It serves as a "platform" for discussion and as a "think tank" for its members. The first aim of the Group is to prepare the future evolution of the Private Banking business in Luxembourg and to accompany and promote its further development.

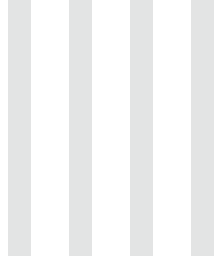
During the last six months, the PBGL has, in cooperation with the Luxembourg School of Finance and the University, put a lot of effort into the elaboration and development of a Private Banking Training Programme. The first training session should be launched in October 2008. A further big project is the development of a common platform to reduce the administrative burden of country specific tax reporting forms to be produced for Private Banking customers. After an enquiry amongst its members concerning the willingness to participate in such a venture, the working group in charge will soon ask different consultants to

present their existing programmes and ideas for cooperation with the banks on this challenging project.

The Executive Board of the PBGL has further decided to create two other working groups closely linked to each other: the first will monitor the evolution of Private Banking activities in Luxembourg as well as in other financial centres; the second working group will promote the Luxembourg Private Banking activity internationally, working in close association with the recently created promotion agency, Luxembourg for Finance. In this context, and as a first step, a brochure on Private Banking has been

elaborated. It is further proposed to merge the different existing annual studies on Private Banking, such as the CODEPLAFI study and the analysis resulting from the ALFI/ABBL Asset Management Forum.





Our partners



The ABBL is a founding member and, along with other professional organisations, a main supporter of the Luxembourg Financial Industry Federation (PROFIL), whose priority lies in the international promotion of the Luxembourg financial centre.

Being a member of PROFIL, the ABBL is also a member of the promotion agency Luxembourg for Finance, a private-public joint venture between the government and PROFIL. Luxembourg for Finance promotes the image of the Luxembourg financial centre and acts as its international mouthpiece.

The Luxembourg Institute for Training in Banking (IFBL), which was set up by the ABBL and serves the training needs of the banks and financial intermediaries established in Luxembourg, counts amongst the ABBL's main partners.

The Financial Technology Transfer Agency (ATTF) was initiated by the ABBL in order to take over the IFBL's international training programmes. Today, it reaches more than 33 countries all over the world and the government authorities have now taken the lead in this organisation.



The Association for Health and Safety at Work in the Financial Sector (ASTF) was set up by the ABBL to protect employees' well-being and to promote health and security issues at work. It allows ABBL members to comply with social legislation in security and health matters.

The Deposit Guarantee Association, Luxembourg (AGDL) is coordinated administratively through the ABBL Secretariat, although the two organisations are completely separate. Its purpose is to organise a mutual guarantee system for cash deposits and for claims arising from investment transactions.



The Luxembourg School of Finance is the Finance Department of the Faculty of Law, Economics and Finance of the University of Luxembourg. It has its roots in the former "European Banking Academy", set up on the initiative of the ABBL. The Finance department of the University is in charge of postgraduate education as well as research in the areas of banking and finance.

The ABBL is a founding member of the Luxembourg Employers' Association (UEL). The UEL is the umbrella organisation representing all employer associations and



professional chambers, as well as all businesses in the private sector with the exception of those of the primary sector.

ALMUS-SWIFT is the national association representing the interests of Luxembourg SWIFT users. The ABBL is providing administrative services for the association.

The European Banking Federation (EBF) is the voice of the European banking sector. It represents the interests of over 4,500 European commercial banks, large and small, through 29 national banking associations. The ABBL is a founding member of the EBF.

The Association of the Luxembourg Fund Industry (ALFI) is the official representative body for the Luxembourg investment fund industry and was set up to promote its development. ALFI is a partner of the ABBL in many common issues.

The Luxembourg Chamber of Commerce brings together all business sectors except the agriculture and craft industry. Its missions include the promotion of the country's general economic interest, functioning as independent voice of the market economy, and being a decisive political partner at national,

European and international levels. The Chamber of Commerce also participates in legislative procedures and is a service provider to private and public organisations.

ABBL representing its members

Besides being closely associated with the above partners, the ABBL represents its members' interests in over 50 different bodies and committees. These include:

- **Tripartite**

The government regularly invites employer associations and trade

unions to so-called "Tripartite" negotiations on strategic and social issues concerning Luxembourg's economy.

- **Economic and Social Council**

The Economic and Social Council (Conseil économique et social) is an advisory body to the Luxembourg government on issues relating to economic and social matters.

- **Standing Committee on Employment**

The Standing Committee on Employment (Comité permanent de l'emploi) is a Tripartite body



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which discusses the situation and evolution of employment in the country. It also shapes and provides input to social legislation.

▪ **Social security institutions**

The Luxembourg social security institutions are managed by employer organisations and trade unions on an equal basis. The ABBL represents its members' interests in all social security institutions, like, for instance, pensions and healthcare.

▪ **CODEPLAFI**

The committee for the development of the financial centre serves as

a platform for the coordination of initiatives aimed at developing the activities of the financial centre.

▪ **CSSF**

The "Commission de Surveillance du Secteur Financier", Luxembourg's financial supervisory commission, is in charge of the prudential supervision of the financial sector.

The ABBL is represented in all advisory committees and groups relevant to its members' activities;

▪ **BCL**

The ABBL participates in different professional groups of Luxembourg's Central Bank (BCL).

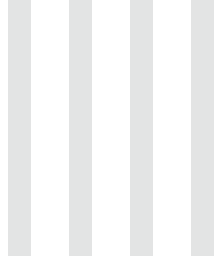
▪ **EBF**

The ABBL, together with the European Banking Federation (EBF), defends its members' interests at the European level. The ABBL's representatives are members of the Board, the Executive Committee and more than 20 different committees and working groups.

ABBL events in 2007

In its efforts to keep the public informed about the latest socio-economic developments as well as regulatory changes affecting the Luxembourg financial centre, the ABBL organised numerous events over the course of 2007.

5.1.2007	ABBL meets press
17.1.2007	ABBL meets members: Acquisition and use of intellectual property rights
24.1.2007	ABBL meets members: Current issues in social affairs
2.2.2007	ABBL meets members: Current issues in social law and labour law
15.2.2007	ABBL meets members: Basel 2 and CRD implementation in Luxembourg
6.3.2007	ABBL meets members: The new German withholding tax - Modalities and consequences for Luxembourg's credit institutes
16.4.2007	ABBL meets members: The dematerialisation of securities in Belgium and its repercussions
25.4.2007	Press Conference: XBRL Luxembourg <i>asbl</i>
9.8.2007	Press Conference: Private Banking Group, Luxembourg
1.8.2007	ABBL meets press
9.8.2007	ABBL meets members: E-banking security
18.9.2007	ABBL meets members: The ABBL's MiFID Handbook
26.9.2007	ABBL meets members: Target 2 Securities (T2S), the future in settlement
27.9.2007	ABBL meets members: European banking and financial markets in transition
18.10.2007	ABBL Walking Dinner
19.10.2007	ABBL meets members: Negotiations regarding the collective employment agreement for bank employees - Where are we? What are we heading for?
19.11.2007	ABBL meets members: Presentation of ABBL's Anti Money Laundering Vade-mecum
5.12.2007	ABBL meets members: Cost of compliance
18.12.2007	ABBL meets members: Presentation of the new collective employment agreement for bank employees
28.12.2007	Press Conference: Official signing of the collective employment agreement for bank employees



Economic and financial missions abroad

In the course of 2007, the ABBL took part in twelve economic and financial missions abroad.

Financial mission to India (New Delhi and Mumbai)

This mission, organised by the Ministry of Finance in cooperation with the Luxembourg Embassy in India, was led by Mr Luc Frieden, Minister for the Treasury and Budget. The ABBL presented the range of activities in our financial centre. Some fifteen ABBL members took part in the mission.

Financial mission to Madrid

Organised by the ABBL and ALFI in cooperation with the Luxembourg Embassy in Madrid, this mission was also headed by Minister Frieden. The ABBL focused its presentations on wealth management services and new financial products “made in Luxembourg” for high net worth individuals. Nine financial institutions sponsored the event, including seven members of the ABBL.

Financial mission to Hong Kong and Taipei

This mission, organised by the ABBL and ALFI in cooperation with the Chamber of Commerce of the Grand Duchy of Luxembourg, was led by Minister Frieden. The ABBL focused its presentations on wealth management services and new financial products “made in Luxembourg”. The organisation of the seminar in Taipei was financially supported by six financial institutions, four of which are members of the ABBL.

Official trade mission to Hungary, Poland and the Czech Republic

This mission was organised by the Chamber of Commerce of the Grand Duchy of Luxembourg in cooperation with the Ministry of Finance. The Luxembourg delegation, which was once again headed by Minister Frieden, took part in seminars in Budapest, Warsaw and Prague. The ABBL presented the range of wealth and asset management services available in the financial centre as well as new financial vehicles

“made in Luxembourg”. Eight financial institutions, including seven members of the ABBL, sponsored the seminars. Some thirty representatives of ABBL member institutions joined the mission.

Presentation of the financial centre in Vietnam (Ho Chi Minh City and Hanoi)

These two seminars, organised at the initiative of the ambassador of Luxembourg to Vietnam, were introduced by Mr Jean-Louis Schiltz, Minister for Development Cooperation

and Humanitarian Affairs and Minister for Communications. The ABBL presented the range of activities on offer in the Luxembourg financial centre.

State visit to Chile and Brazil

On the occasion of the visit by H.R.H. the Grand Duke to Chile and Brazil, two seminars presenting the financial centre were organised in Santiago and Sao Paulo. The participants held a number of discussions with the authorities and local financial circles and were able to establish new contacts.

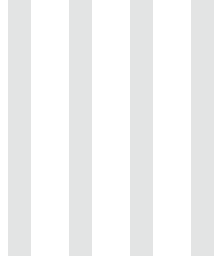
Country showcase in Dubai

On the occasion of its 4th annual summit, the Islamic Financial Services Board organised a country showcase in Dubai, where PROFIL representatives were invited to present the range of financial services in Luxembourg.

Seminar presenting the financial centre in Lyon

This seminar was organised by PROFIL in cooperation with the Belgo-Luxembourg Chamber of Commerce in France.

H.E. Mr Georges Santer, Luxembourg Ambassador to France, opened the seminar with a speech on the Luxembourg economy. Lucien Thiel, Honorary General Manager of the ABBL, gave a detailed presentation of the Luxembourg financial centre. Afterwards, representatives of different financial institutions presented Luxembourg financial products and services aimed at international investors, including life assurance vehicles. Three ABBL member banks gave their financial support for the organisation of the event.



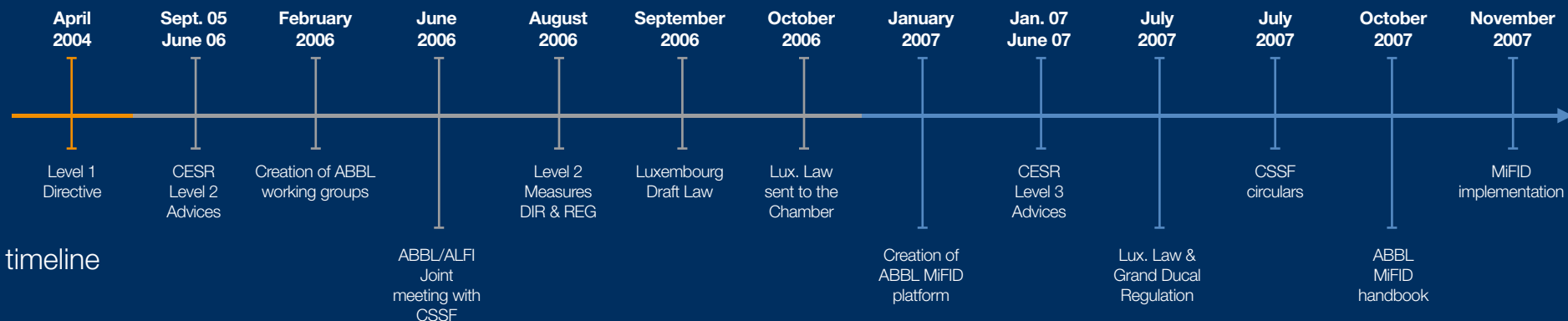
MiFID 2007: final lap to the 1st of November

The Markets in Financial Instruments Directive (MiFID), one of the major pieces of financial legislation of recent years, guides the relations between investors and financial institutions, on the one hand, and financial institutions and the financial markets, on the other hand.

At the European level, the level 1 directive was adopted on 30 April 2004. Then, after discussions and negotiations at the Committee of European Securities Regulators (CESR), followed the necessary advice on so-called implementation measures to the European

Commission. This process lasted until August 2006, when European institutions passed, as level 2 legislations, a regulation and a directive to complete the legal framework set by the 2004 Directive. In a third step, the CESR came out with recommendations – level 3 – on

key MiFID provisions: passporting of services, best execution, reporting to authorities, home and host supervision and the so-called “inducements”.



MiFID timeline

In Luxembourg, the process of transposition started in fall 2006, when a law, “*marchés d’instruments financiers*” (financial instruments markets), amending the Law of 5 April 1993 on the financial sector, and a Grand Ducal Regulation, “*règles de conduite dans le secteur financier*” (rules of conduct in the financial sector), transposed, together with CSSF circulars 08/302, 08/307 and 08/308, the Directive into the national legal framework. With the adoption of the law on 13 July 2007, Luxembourg became the fifth Member State to introduce this new regulation. MiFID entered into force on 1 November 2007 in 23 out of the

30 EEA Member States (European Economic Area). By the end of the year 2007, the total has reached 28, thus nearly providing the final touch to the Financial Services Action Plan launched in Lisbon in 2000.

On the ABBL side, in order to cope with the implementation of MiFID, the two groups that were created at the outset of 2006, the Operations & IT working group and the Business Line working group, were merged into the MiFID Platform. The latter is composed of 81 experts from 35 different member institutions, thus representing the diversity of Luxembourg’s financial centre.

Six issue groups were created from this platform in order to address specific needs identified by members:

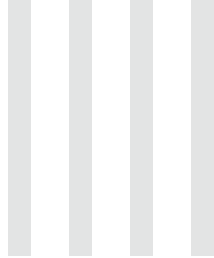
- Compliance,
- Client classification,
- Reporting,
- Best execution,
- Product classification,
- Conduct of business.

Until the entry into force of MiFID on 1 November 2007, the ABBL conducted numerous working groups. They represented an opportunity to gather and exchange views on the content and interpretation of the Directive, and, in the end, they served to draft various Luxembourg

market practices. The outcome of these discussions and reflections materialised into the ABBL MiFID Handbook, which was published in the 3rd quarter of 2007 with the active support of Ernst & Young Luxembourg.

At the European level, the ABBL continued its fruitful participation in EBF (European Banking Federation) working groups on MiFID as well as in hearings at the CESR, or through bi- or multilateral meetings with European officials.

Overall, after some intensive discussions, ABBL members passed the 1st November test successfully.



Banking supervision

2007 has been marked by political authorities acknowledging that the existing institutional framework needed to be equipped with adequate crisis management tools to maintain financial stability. This was expressed in the Council's conclusions, on 9 October 2007, on enhancing the arrangements on financial stability in the European Union.

2007 has also been the year of the Lamfalussy process review through a series of reports from the Inter-Institutional Monitoring Group, the European Commission, the Committee of European Banking Supervisors (CEBS) and the Financial Services

Committee. These institutional actors have favoured an evolutionary approach to improve current supervisory architecture. It has been agreed that the level 3 committees (CEBS, CESR and CEIOPS) should be strengthened to better perform their tasks. The Council's conclusions, on 4 December 2007, on the review of the Lamfalussy process have illustrated political will to move ahead.

The European Parliament has also reaffirmed its interest in the matter in its own initiative report, prepared by Mrs Van den Burg, responding to the Commission White Paper on Financial Services Policy.

The ABBL has actively contributed to international discussions on banking supervision via the European Banking Federation (EBF).

Amongst others, the ABBL is deeply involved in the EBF working group that was specifically created to undertake comprehensive research on potential models for prudential supervision. The models are assessed against their respective banking, legal and political implications. The exercise is further complicated by the need to consider how the review of crisis management mechanisms (e.g. deposit guarantee schemes, winding-up and insolvency procedures,

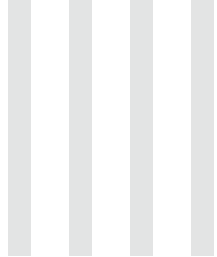
liquidity risk management) could interact with banking supervisory architecture.

The end objective of the resulting report is for the EBF to have a clearer picture of what could be the ultimate banking supervisory model before taking a position, expected in April 2008.

Concerning more specifically the Capital Requirements Directive (the CRD), the year 2007 has been a transitional period, where banks had the choice between applying the former regime and implementing the less sophisticated approaches of the CRD on an optional basis.

At national level, the ABBL has contributed to the implementation of the CRD in Luxembourg through the following actions:

- Organisation of several training sessions on the simple approaches of the CRD in collaboration with Deloitte Luxembourg and the Luxembourg Institute for Training in Banking (IFBL);
- Participation in the CSSF ad hoc committees validating the various circulars on prudential reporting (COREP and FINREP) and on the Internal Capital Adequacy Assessment Process (ICAAP) of the CRD's Pillar 2;
- Constitution of a forum dedicated to the practical issues arising from the practical implementation of the ICAAP and clarification with the CSSF, jointly with ALCO and PRIM.



Organisation, technology and payment systems

SEPA – Single Euro Payments Area

The major project that the ABBL coordinated throughout 2007, as it did in 2006, was the implementation of the Single Euro Payments Area (SEPA). This project, initiated by the European banking industry back in 2002 with a self-regulatory approach, began its roll-out phase throughout the Euro countries in 2007.

The decision taking bodies of the European Payments Council (EPC) approved the technical standards necessary to build the new European payment systems required by the European internal market. These standards related to credit transfer

and direct debit payment services. For card payments and cash issues, the EPC adopted a specific framework.

The Luxembourg financial sector's interests are represented by the ABBL and by representatives of its member banks at various EPC levels: Plenary, Roll-Out Committee, Standardisation Support Group, working groups on Credit Transfers and Direct Debits, Cards and Cash Issues.

During 2007, the various working groups set up by the European Payments Council at an international level and by the ABBL at a national level have proceeded well in their preparatory work, allowing SEPA to start on 28 January 2008 with the first

payment service of the list: the SEPA Credit Transfer (SCT).

To achieve this goal, the ABBL's Payments, Information Systems & Standardisation Committee finalised two documents:

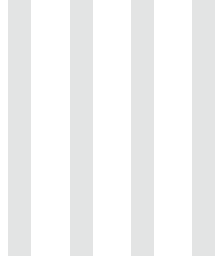
- The migration plan, which guided the SEPA implementation in Luxembourg.
- LUISA: the Luxembourg Inter-bank SEPA agreement by which the signatory banks formally commit themselves to support and finance the SEPA project and to make their own services SEPA compliant.

Both documents are complements to the documents and agreements provided by the EPC.

During the beginning of September 2007, the SEPA adherence process formally started. From that date onwards, banks that will offer SEPA compliant credit transfers (SCT) to their customers have started officially to enrol.

The ABBL, which acts as the "National Adherence Support Organisation (NASO)", provided support to more than 40 banks and financial service providers in order to allow them to correctly fill the adherence forms from the EPC.

It has to be noted that the number of SEPA participants in Luxembourg is quite low for the first wave (28 January 2008) compared to the total number of banks. However, it should



be mentioned that the critical mass of payments will already be processed according to SEPA rules right from the start of the SEPA Credit Transfer.

All major retail banks or financial service providers will take part in the launch or will join the SEPA family soon.

In order to accompany the launch of SEPA, the ABBL has set up an information website www.sepaluxembourg.lu.

The object is to inform the end user about the SEPA project.

The website is aimed at four different categories of audience: customers, merchants, corporate and public services. It will go live a few days before the official launch of the first “SEPA Credit Transfer”.

Regarding the cash side, the banks active in cash handling in Luxembourg have started a new project called

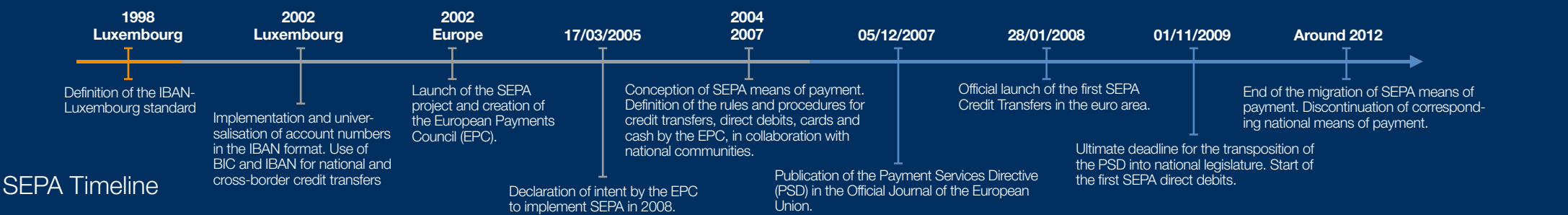
“Cash-SSP” with the Luxembourg Central Bank in 2007. This project, which has now expired, concentrated on standardising (use of XML messages) and harmonising the way cash is handled between national central banks and retail banks.

PSD – The Payment Services Directive

The ABBL, via its Payments, Information Systems & Standardisation

Committee and its Legal Affairs Committee, is closely working with the Ministry of Finance, which will be in charge of the transposition of the Payment Services Directive.

On 5 December 2007, the official version of this highly important Directive relating to the new SEPA payment instruments was published in the Official Journal of the European Union.



The Member States' authorities responsible for the timely transposition started their work over the last weeks of 2007. The Directive should be uniformly transposed in Member States on 1 November 2009 at the latest.

In Luxembourg, the Ministry of Finance will draw up the required "draft law". The ABBL will closely monitor the transposition process and will defend the interests of the banking community. The ABBL has set up a specific working group in order to start a thorough analysis of different open issues with the Ministry's representatives.

At the same time, the ABBL is also represented at the European Banking

Federation in a "PSD Implementation Expert Group"; this European working group is handling the transposition issues at the European level. Due to the delay of the official publication and, consequently, the delay of the transposition, the new SEPA Direct Debit scheme will not be able to launch before 1 November 2009.

Nevertheless, the ABBL is closely working on a study on the migration from the current domestic scheme (DOM-Electronique) to a future SEPA scheme.

ICT Security

In 2007, and particularly during the summer, customers of several banks

have unknowingly become victims of "phishing" attacks or "Trojan horses".

Although not specifically a Luxembourg phenomenon, and let alone a banking one, the ABBL decided to react.

In order to deal with issues related to Internet security in an efficient and coordinated manner, the ABBL has set up a specific working group, "ICT Security".

The group is going to study and implement a Local Emergency Response Structure responsible for the financial sector. This structure will work in close cooperation with future public emergency response infrastructures.

The aim of this small working group is to both react and act in case of any urgent matter.

A first step consisted of a prevention campaign, "Risk-free e-banking and e-commerce with your cases security reflexes", in cooperation with CASES of the Ministry of Economy.

The ABBL also decided to set up a second working group, "E-banking Security Information Exchange", in order to more generally inform the financial sector about the subject and the work done by the ICT Security working group.

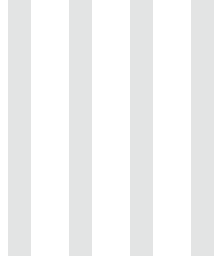
eXtensible Business Reporting Language



The business reporting requirements for the numerous sectors of the economy are getting ever more critical. Efficient and low cost technologies are of paramount importance in order to keep the administrative burden at an acceptable level to all the parties involved in the reporting chain. The eXtensible Business Reporting Language (XBRL) is an open and royalty free standard, and it is the most prominent technology allowing to meet the above objectives. Over the next year, it is intended to progressively replace the by now outdated, too numerous and overly expensive existing standards such as EDIFACT.

Having taken this fact into consideration, the ABBL, together with the BCL, the CSSF, ALFI, ACA, IRE, OECL, STATEC and the Luxembourg Stock Exchange, decided to join the international XBRL initiative, led by XBRL International, a non-profit organisation, and to push the creation of a Luxembourg XBRL jurisdiction. The launch of the Luxembourg entity took place on 17 January 2007. The ABBL, due to its role as forerunner, is currently chairing the association and assures the General Secretariat besides other support functions, which include web content management for www.xbrl.lu.

Thus, ABBL members were the first institutions in Luxembourg to embrace the new XBRL technology when implementing the new COREP/FINREP reporting required by the CSSF as of January 2008. In order to make this project a success, the ABBL, in association with XBRL Luxembourg and the Luxembourg Stock Exchange, organised several information sessions with banks, as well as with reporting software providers. The ABBL and XBRL Luxembourg, in cooperation with the CSSF, also set up a permanent working group responsible for defining the reporting details and elaborating a user handbook allowing banks to implement the new reporting formats in due time.



Clearing and settlement

After the completion of the “front office orientated” Financial Services Action Plan in 2005 and its current implementation by Member States, the European institutions have turned actively to the post-trading world, i.e. what happens “in the pipes” after a transaction (in other words, buying or selling of a financial instrument) is concluded. We identify four major initiatives, by order of appearance: the Giovannini report, the CESR-ECB Standards, the Code of conduct and Target 2 Securities.

The Giovannini report identified, as early as 2001, several barriers to cross-border trading, or, more precisely, post-

trading, and provided some guidelines to remove these barriers, so that today it is still considered as the little red book of the improvements of clearing and settlement.

The Committee of European Securities Regulators (CESR) and the European Central Bank (ECB) joined their efforts to produce standards to help govern and improve the post-trading environment (clearing and settlement). For some, these standards were, however, not living up to expectations and they have consequently been in limbo since 2003. However, with the various projects in the clearing and

settlement universe, they are today slowly coming back on the radar of stakeholders (mostly on the authorities’ side, it has to be said).

Code of conduct

The year 2006 saw the agreement on the Code of conduct for market infrastructures – stock exchanges, Central Securities Depositories (CSDs) and Central Counterparties (CCPs) – sponsored by the European Commission. 2007 was the year of the actual implementation by the different stakeholders. The Code of conduct aims at improving the conditions of trade and, above all,

post-trade through three streams of actions:

- price transparency (disclose applicable prices);
- unbundling of services and accounting (set a price to each service and avoid cross subsidisation of one money-losing service by profitable ones);
- introducing access and interoperability rules between market participants (ability for two CSDs or stock exchanges to connect together).

By the end of the year, the Code of conduct can be considered a

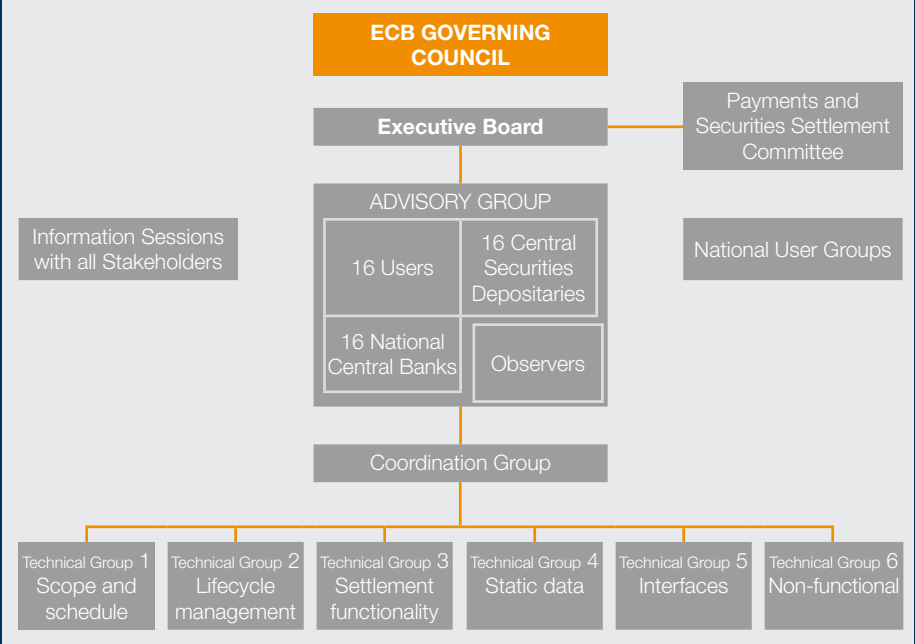
success, although the European Commission will make a formal assessment of the implementation of the Code of conduct in spring 2008, and even determine whether market practices still differ from one institution to the other and are not all “best practices”. Indeed, the European Commission created a dedicated group, the Monitoring Group of the Code of conduct (MOG), representing infrastructures, authorities and banks as users, in order to help evaluate the success of the implementation of the Code of conduct. At the present time, the discussion centres on the question of the application of the Code of conduct: should it be applied

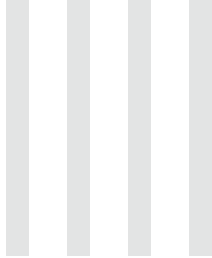
to the letter or in spirit? In other words, what is the sense of publishing price lists if they are not manageable? That is why some institutions have developed best practices on having a web-based fees calculator. In any case, the Code, besides other initiatives (mainly Target 2 Securities), has shaken the post-trade world into improving its efficiency at a European cross-border level.

Target 2 Securities

Target 2 Securities, known in the “milieu” under the abbreviation T2S, is a project sponsored by the ECB. It came out almost at the same time as the Code of conduct (mid July

ECB Target





2006) and constitutes the ECB's proposal to help improve the clearing and settlement world. The ECB proposes that CSDs outsource the settlement function to the ECB, so that every CSD would be on an equal footing with others, and that it has the possibility of minimising the costs of this settlement activity and offer national and cross-border settlements at the same costs to its users (banks).

The idea is rather controversial. Some like it very much (mostly banks), some have more difficulties with it (mostly CSDs). As such, it is already introducing some form of improvement into the post-trading world, because now stakeholders

know that things will never be the same in the future and need to consider new ways of doing business, be it through consolidation at various levels of the trading and post-trading value chain or through the ECB succeeding in realising the T2S project in 2013.

During 2007, after a difficult start, the ECB consulted extensively with the stakeholders: CSDs, CCPs and banks as users. It even formalised the process in two major steps according to the following timetable:

- From mid-2007 until mid-2008 the ECB will consult. To this purpose, it has created a special structure,

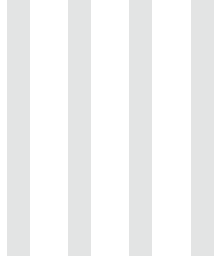
the objective of which is to produce Users' Requirements (UR), which define the requirements needed to build the system. The 800 pages of UR were published for about three months of consultations on 18 December 2007.

- By mid-2008, the second phase of the project, the build-up phase, will start. Once it has formally been approved by the Council of Governors, it should be complete and up and running by 2013.

In order to consult stakeholders and produce the UR, the ECB created a structure consisting of six technical groups that specialise in the definition of key parameters of the different

functions T2S will perform. The ABBL, through the EBF and via the T2S National User Group (T2SNUG), commented during the summer 2007 on each work stream. The ABBL had an additional advantage because one of its members (Carlo Matagne, BCEE) was also a member of the Advisory Group steering the technical groups and directly reporting to the ECB.

The T2SNUG is the User Group in Luxembourg. It has been set up to respond to the ECB enquiries and offer a Luxembourg view on the project. The group is chaired by the BCL (Banque Centrale du Luxembourg), and the ABBL and its members are active participants.



Professional obligations

Following the publication of the Law of 12 November 2004 and of the CSSF Circular 05/211 on money laundering, the ABBL's Professional Obligations Committee undertook to make new recommendations to banks on the way in which they should draw up anti-money laundering procedures. These guidelines were presented on 19 November 2007. The new document is designed to provide a comprehensive view of all the obligations imposed upon the professionals in this matter and to clarify certain aspects thereof. It also took into account the third EU Directive 2005/60/EC on the

prevention of the use of the financial system for the purpose of money laundering and terrorist financing. In particular, a risk-based approach is to be applied: professional obligations vary depending on the degree of risk encountered. In that respect, enhanced due diligence measures are required in situations of high risk of money laundering (for example transactions or business relationships with politically exposed persons), while simplified due diligence measures are accepted in the case of customers who present a lower risk.

This document was also presented to the OECD during its on-site visit

in October 2007. This visit aimed at evaluating the adequacy of Luxembourg legislation implementing the OECD Anti-Bribery Convention. In that respect, the ABBL's recommendations appear to be quite stringent.

However, Luxembourg will only be in full compliance with this Convention when it adopts the Law introducing the principle of criminal liability of legal persons. The draft law was submitted to parliament in April 2007. Under the new regime, a corporate body may be held criminally liable for offences committed on its behalf by its official bodies or representatives. Despite

the fact that the draft text is to be welcomed, as it satisfies international commitments Luxembourg engaged in, it should be mentioned that the future law will not preclude the combined or double penal liability of corporate bodies and natural persons. The ABBL has thus issued a warning against the risk of imposing excessive penalties on economic activities.

In August 2007, the government submitted to parliament a draft law aiming to implement a part of the third EU Directive 2005/60/EC on the prevention of the use of the financial system for the purpose

of money laundering and terrorist financing. It intends to define the concept of primary offences more broadly, including, in particular, fraud, counterfeiting currency, counterfeiting and piracy of products, environmental crime, murder, grievous bodily injury, robbery or theft, smuggling, extortion, forgery, piracy, as well as insider trading and market manipulation. Moreover, predicate offences comprise all offences that are punished by a minimum penalty of more than six months imprisonment. The ABBL, however, believes that the authorities should not overestimate

the capacity of banks to detect such offences.

In December 2007, the government tabled a draft law implementing the third EU Directive 2005/60/CE concerning professional obligations with respect to money laundering and terrorist financing. Specifically, this draft law introduces a risk-based approach that implies that the greatest risks receive the highest attention. As a result, professionals will have to better identify higher risk customers, products and services, including delivery channels and geographical locations.

European Savings Directive

In early 2007, the European Commission presented a paper entitled “Review of the operation of the Savings Directive 2003/48/EC on taxation of income from savings”. The Directive, which entered into force on 1 July 2005, contains an article mandating the European Commission to review the efficiency of the operation of the directive every three years. The first review by the Commission is due in 2008.

The Commission submitted its paper, proclaimed to be the result of an analysis of the operation of the directive, to an expert group. Rüdiger Jung, Head of the ABBL's Legal & Tax

Department, represented the three withholding tax countries (Austria, Belgium, Luxembourg) in this group.

All the experts of the group (not only the experts representing the withholding tax countries) immediately contested the whole approach of the Commission. The Commission had, in fact, conducted a legal analysis of the Directive in order to detect loopholes at the level of the text of the Directive itself. Article 18 of the Directive, however, requires the Commission to analyse practical operation of the Directive under a twofold aspect: its ability to ensure effective taxation and its ability to remove undesirable distortions of competition.

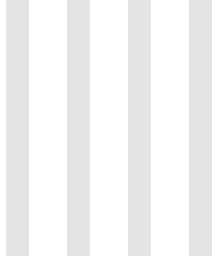
Yet, the Commission had neither analysed whether there was a distortion of competition in the European market of savings products, nor stated whether the exchange of information system or the withholding tax system is more efficient in ensuring taxation. Given the limited competencies of the European Commission in tax matters, it seems indeed justified to question whether there is a need to close perceived loopholes in the Directive if there is no distortion of competition between Member States. As far as efficiency is concerned, there can, in fact, be no doubt that a (final) withholding tax on investment income is far more efficient

than an (automatic) exchange of information.

The European Commission's proposals

The expert group met three times in 2007 to discuss the Commission paper, which contains the following main proposals:

- 1 taking over the “know your customer” rules (KYC) from the anti-money laundering legislation for tax purposes;
- 2 applying the Anti Money Laundering (AML) concept of beneficial owner (“look through” legal persons and trusts) to tax situations;



- 3 introducing a presumption for a “proportional sharing” of income received on a joint account;
 - 4 requiring the production of tax residence certificates to evidence customer residence;
 - 5 extending the “paying agent upon receipt concept” to legal persons and trust that “do not pay taxes”;
 - 6 including derivatives and innovative financial products, certain types of insurance products and non-UCITs into the scope of the directive;
 - 7 making mandatory the application of the home country rule to investment funds;
 - 8 applying withholding tax / exchanging information on customers that receive interest payment through non-EU branches;
 - 9 introducing quarterly reporting (exchange of information and withholding tax).
- Besides expressing a general reserve as to the approach chosen by the European Commission, the experts of the European Banking Federation also questioned the necessity to extend the scope of the Directive from a distortion of competition point of view (point 6 above) and strongly contested, in particular, points (2) and (5) of the above mentioned proposals.

The European Banking Federation’s objections

First, a potential application of proposal number (2) is questionable insofar as AML rules only apply to the principal shareholders of companies and beneficiaries of trusts. Non-influent shareholders, bondholders and other stakeholders of a company need not be identified according to AML rules, but are often remunerated by interest payments. So one might wonder whether the proposal would not replace a loophole by an even bigger loophole. Furthermore, beneficiaries of trusts are often not

known to trustees, because the beneficiaries are not determined yet. On this point, the 3rd AML Directive can already today *de facto* not be applied. Making reference, in the modified Savings Directive, to an inapplicable AML rule does not really seem advisable.

Moreover, the application of the Commission’s proposal would create total confusion within the European Union as to who has received an interest payment and who has to file the tax return for this payment and when they have to do this. National EU tax law generally recognises

legal personality. Tax law “follows” civil law in most, if not all, European countries. As a consequence of the legal provision to be introduced or because of practical circumstances (presumption of beneficial ownership of a shareholder in case of doubt), the new proposal would thus require banks to designate a person as being the beneficial owner of an income, despite the fact that it knows that the person has never received the payment, or at least doubts that the payment has been received. Even in case the designated person is, has been, or will perhaps be the shareholder of the company or the

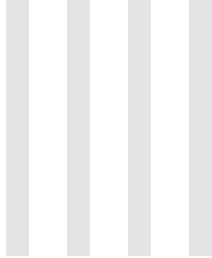
beneficiary of the trust at a certain moment, this does not mean that this person has received the concrete payment. One can easily imagine the endless discussions that will take place between the company, the shareholders, the tax administration and the bank in order to “sort out” the situation created by the “wrong” declaration to which the bank will have been forced by the (future) EU law.

An application of proposal number (5) would create an incredible amount of administrative burden for banks that are paying agents “upon payment”. The “paying agent upon receipt” concept means that, for the

purpose of the Directive, the payee (“receiver”) of an interest payment replaces in certain cases the paying agent “upon payment” (the bank). For the moment, this concept only applies to “residual” entities (entities being neither a legal person nor a partnership with a commercial activity). In practice, this concept does not work, however, because of timing differences between the moment of inflow of the payment into the entity and the moment of the outflow to the beneficial owners, which, due to accumulation effects, have in turn consequences on the amount of interest to be recorded.

As a consequence of this, most, if not all, residual entities use an option foreseen in the Directive, allowing for the treatment as a UCIT (which again leads to a paying agents “upon payment” status, but at a lower level). But this causes in turn problems of control, because a concept meant for regulated entities is applied to non-regulated entities.

Extending the concept of “residual entity” / “paying agent upon receipt” to legal persons *and* trusts would thus not only extend theoretical solutions that do not work in practice for residual entities to legal entities



and trusts. It would also override the civil, commercial and tax law of most European countries in the sense that legal entities and trusts would not be recognised anymore as such, and this from an ex ante point of view. National law, in fact, contains anti-abuse rules allowing for an ex post “look through” through “letter box” and similar entities. But this ex post look through concept is applied as an exceptional rule by highly specialised civil servants of a tax administration, often years after the fact of the payment. Paying agents would be required to determine “at the moment of the payment” to whom of the two,

the company / trust or the beneficial owner, the payment is made and thus theoretically be obliged to apply anti-abuse rules of 28 different Member States ex ante. This decision needs to be taken by the paying agent on the basis of a verification, by the bank, of whether a company, or, in the case of a trust or a partnership, its owners / beneficiaries pay taxes. It further requires banks to constantly maintain the shareholder’s register of their company clients updated.

It seems evident that it cannot be excluded that such administrative requirements could risk jeopardising the whole business activities of at

least some paying agents. Especially the last proposal has thus been unanimously rejected by the expert group and only been discussed under the reserve of its total unacceptability. This position has also been written down in the official comments of the European Banking Federation to the above-mentioned Commission paper.

The current EU Presidency has expressed the view that a review of the Savings Directive is not one of its priorities. It is, however, expected that the subsequent French Presidency will again take up the file.

Modernisation of the VAT system for financial and insurance services

On 28 November 2007, the European Commission adopted a proposal for a directive and a regulation to modernise and simplify the current Value Added Tax (VAT) rules for insurance and financial services. These services are normally exempt from VAT, but the exemptions date from 1977 and the legislation has failed to keep abreast with the development of the financial and insurance sectors. Moreover, because of these exemptions, the industry cannot deduct input VAT on services or goods supplied to them. This increases the costs of goods and services for consumers and contributes to competitive distortions for companies established in the European Union.

The proposed directive contains three measures, namely:

- new definitions of exempt financial and insurance services. The aim of the European Commission is to increase legal certainty by setting clear and modern definitions of exempt services;
- possibility for insurance and financial services to opt to tax their services if they wish. This should allow insurance and financial services to better manage the impact of non-deductible VAT on their activities;
- introduction of an industry specific exemption from VAT on cost sharing arrangements, including those which are cross border. This will allow

institutions to pool their activities and to share costs between group members without creating additional irrecoverable VAT.

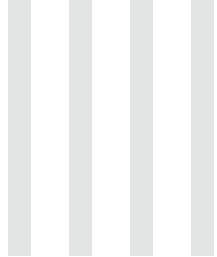
The new legislation, if adopted, is intended to be implemented by 31 December 2009, with the exception of the provision relating to the option to tax.

Despite the fact that increased legal certainty resulting from the proposal is to be welcomed, it certainly needs some further refinement before being adopted. It should be noted that the proposal includes a very detailed list of definitions of financial services that does not allow enough flexibility to take into account new activities.

Moreover, there are some overlaps between the definitions, and some definitions are unclear and technically inconsistent, so that there will be ground for interpretation by Member States. There are also contradictions concerning financial services subject and not subject to VAT, which may lead to competitive distortions between products and services.

Unfortunately, the option to tax is expected to come into force in 2012 and it leaves the mechanisms of this reform to be determined by Member States and not on a European level.

Finally, the cost sharing arrangement, as currently designed, will certainly not work in practice.



The Luxembourg Deposit Guarantee Association



The AGDL (Association pour la Garantie des Dépôts Luxembourg) created on the basis of two European directives, provides for a mutual guarantee scheme covering cash deposits and claims resulting from investment transactions.

Banks, investment companies, and fund management companies authorised to carry out individual asset management business, have to be members of such a guarantee scheme, hence of the AGDL.

Although the ABBL and the AGDL are two strictly separate organisations, there is a service level agreement by

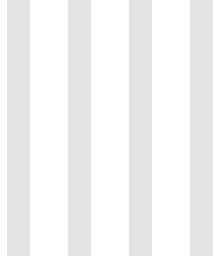
which the administrative work of the AGDL is carried out by the ABBL Secretariat.

As in all the years since the inception of the AGDL, no failure of a member was registered in 2007. A second annual test of the disaster emergency plan for the guarantee of cash deposits and the procedures to be adopted in such an event was carried out to the satisfaction of all parties involved. The work to extend the plan and procedures, notably the partially automated IT program, to the investor compensation scheme is scheduled to be completed by mid 2008.

Besides the day-to-day business, the AGDL was heavily engaged in 2007, as it was in 2006, in finding a solution for the survival of the existing “ex post” system of the AGDL. This system, threatened by the new IFRS rules, is expressly authorised by the directive and allows managing the scheme without the significant administrative burden linked to an “ex ante” system. The AGDL participated in a Roundtable chaired by the Ministry of Finance in order to find a legal solution to this problem. The aim was to find a solution that allows the constitution and maintenance of the so-called AGDL provisions, despite the apparent incompatibility of such

provisions with the IFRS accounting standards.

On demand of this working group, the Secretariat of the AGDL drafted a bill that is to be integrated into fiscal as well as into banking law. This draft legislative text has been transmitted, together with all the conclusions of the Roundtable, to a new working group chaired by the tax administration, which will analyse, beyond the single question of the AGDL provision, the impact of IFRS on tax rules for companies on a more global basis.



The collective employment agreement

In April 2007, while the negotiations for a new collective employment agreement were still pending, the ABBL issued a recommendation to pay the June bonus, possibly already during the month of May.

On 2 July 2007, a judgment issued by the Labour Court ruled that the absence of a negotiated envelope does not impede the payment of seniority steps as of 1 January 2007. The ABBL's Board of Directors decided to appeal, but nevertheless recommended that the seniority steps be paid retroactively from 1 January 2007.

Following lengthy negotiations, an acceptable framework to resolve the major issue, i.e. the remuneration system, was defined. The new system, which is neither comparable to the old system nor to that initially proposed by the ABBL, makes provisions for improved recognition of merit, while still providing substantial guarantees of career advancement. At a time when Luxembourg is facing a shortage of skilled labour, this proposal for a new agreement will enable the Luxembourg financial centre to maintain its competitiveness and to respond more effectively to the personnel's demands for greater acknowledgment of individual efforts.

At the Extraordinary General Meeting held on 16 November 2007, the members of the ABBL voted in favour of the renewal of the collective employment agreement, the key features of which had already been approved by ALEBA, the majority trade union in the financial sector.

Since OGB-L and LCGB refused to sign this agreement, François Biltgen, Minister of Labour, had to give his authorisation to ALEBA to sign the collective employment agreement on its own.

On 28 December 2007, the collective employment agreement for the years

2007 – 2009 was finally signed by the ABBL and ALEBA. The Minister of Labour accepted the legal deposit a month later.

The main features of the agreement are as follows:

- the basis of the collective agreement will be different in the future, as it will allow employers to take better account of the merit of each employee through individual feedback;
- it makes provision for more substantial merit-based salary increases; this gives a real margin

of manoeuvre in acknowledging the efforts made by each employee;

- The notion of merit must enable the valorisation of the experience and expertise of each employee;
- every precaution has been taken to prevent a situation where the new system could leave people by the wayside. The guarantees provided for groups III to VI are equivalent to those given under the old system, which, in any case, has been maintained for groups I and II.

Remuneration system:

2007

- Individual linear increase of basic salaries by 0.4% for employees in service on 31 December 2006 and whose contracts were still in force on the date on which the new agreement was signed.
- As of 1 January 2007, award of a salary increase in the form of an overall envelope of 1.1%.
- A one-off bonus of 600 euros per person.

2008 and 2009

- Individual linear increase of basic salaries by 0.4% for employees who are still in service on December 31st.

Groups I and II

Salary increase on January 1st in the form of a global envelope of 1.6% to be distributed – on the basis of the principles applied in the old agreement – between the seniority steps and the merit-based increases distributed to at least 66% of all staff.

Groups III to VI

As of January 1st, increase of salaries in the form of an overall envelope of 1.6% to be distributed on the basis of merit to at least 66% of all staff.

Guarantee linked to seniority applicable to groups III to VI

In the new salary system applicable from 1 January 2008, every concerned employee benefits from a guaranteed increase of his basic salary calculated at index 100, of 15 EUR (ind. 100) over a period of three years. All increases falling within the basic salary, apart from linear

increases, will be considered for the calculation of the guarantee.

The guarantee described above is provided to retroactively take account of the rights accrued in previous years. For all employees in service on 31 December 2007, the first assessment will be made on 1 January 2010.

Other provisions

Seniority allowance

The household allowance was still paid for 2007, but does no longer exist in 2008.

With effect from 2008, a seniority allowance will be paid under the following conditions:

Years of service	Bonus (ind.100)
After 1 year	5 EUR
After 3 years	10 EUR
After 6 years	20 EUR

Employees who were recipients of a household allowance as of 31 December 2007, will benefit from a seniority allowance, which shall not be less than the amount paid by way of the former household allowance.

Conjunctural bonus

The conjunctural bonus is maintained together with seniority-based advancements.

Change of group

Each change of group will bring a minimum increase of 10, 15 or 20 EUR (ind. 100), depending on the group concerned.

Termination of contract

- Preliminary interview procedure for every employer with a regular workforce of no less than 100 employees.

- Extension of the period elapsing between the invitation to attend and the date of the preliminary interview from 2 to 4 days.

Saturday work

Clearer definition of the present text: no supplement if Saturday is a normal working day as part of a 5 days week.

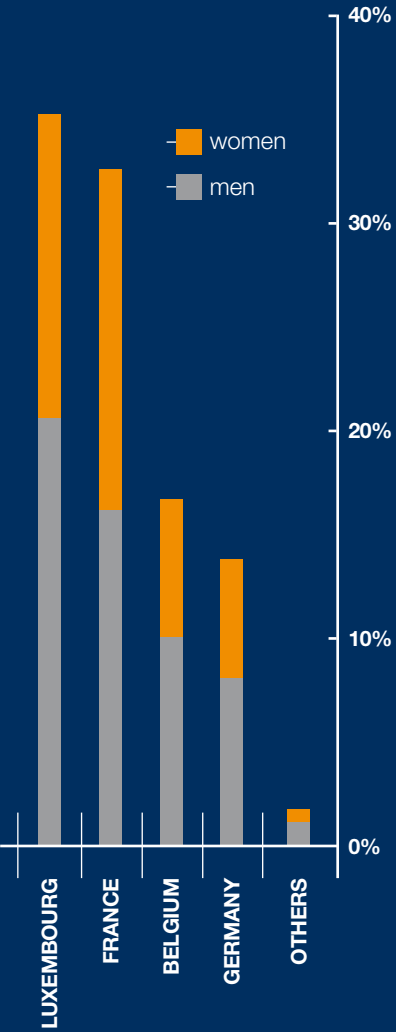
Annual leave

Employees with a professional career of 25 years will benefit from an additional day of leave (26 days).

Special leave

Extension from 3 to 5 days in the event of death of the spouse.

Nationality



Survey on the social situation in the banking sector for the year 2006

In 2007, the ABBL once again conducted its yearly study of the social situation in the banking sector and processed the most significant data for the year 2006.

The participation rate was 51.3% and the study covered 79.1% of our members' employees.

We found that the percentage of executive staff has increased and now represents 28.6%; the rate of employees covered by a collective agreement fell slightly, until they now represent 71.3% of the population while the percentage of manual workers fell further to 0.13%.

Average length of service rose from 7.2 to 7.9 years for men and from 7.8 to 9.4 years for women. The average age did not change and is still 38.7 years for men and 37.1 years for women.

As to the new recruitments, 77.6% of employment contracts were signed for an indefinite duration and only 22.4% on a temporary basis.

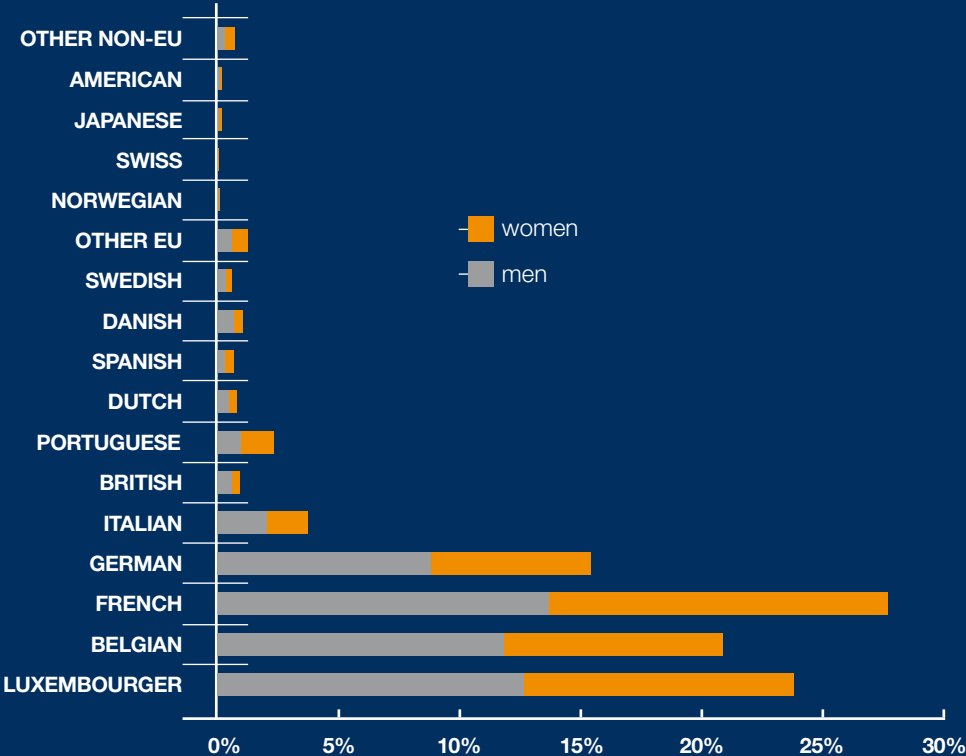
As to **nationality**, the employees most frequently recruited in 2006 were still Luxembourgers, even if this percentage has fallen from 42% to 35%; new recruits from France have gained ground to 33%, followed by Belgians and Germans.

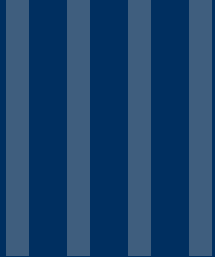
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We note that the **country of residence** of employees in post shows little change; in the case of new recruits, there has only been a slight downturn for Luxembourg residents.

2006 was the first year in which Luxembourgers no longer represented a majority of employees. Their percentage has fallen from 34.7% to 23.8%. French nationals are now in the lead with a percentage up from 22.8% to 27.7% between 2005 and 2006. The proportion of Germans and Belgians showed little change.

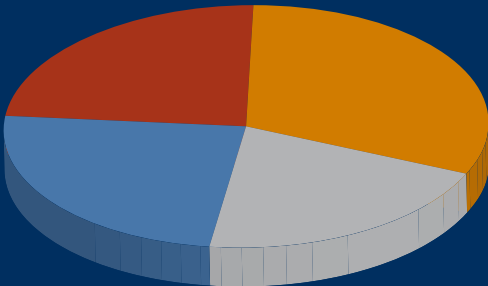
Country of residence





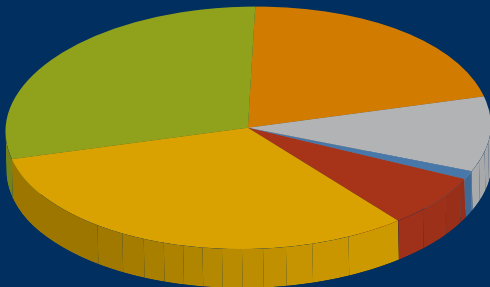
Level of qualification

Master (>= BAC + 4)	30,12%
Studies < BAC	21,01%
BAC	25,03%
Bachelor (BAC + 2/3)	23,84%



Duty group

Group I	1%
Group II	7%
Group III	32%
Group IV	29%
Group V	21%
Group VI	10%



Distribution by level of qualification

The tendency for qualifications to increase was confirmed in 2006 with the proportion of employees holding a diploma at least of masters level standing at 30.12% and bachelors degrees at 23.4%, while the number

of employees holding a higher school leaving certificate or a lower diploma continues to fall. The highest proportion of persons with a masters degree is found in the 30 to 34 year age group.

Distribution by duty group

In parallel with the growing importance of qualifications, groups IV, V and VI continue to gain ground, while the lower groups are gradually becoming less important.

Introduction of the single statute for private sector employees

The introduction of the single statute in the private sector, which is a key feature of the Tripartite Agreement of 28 April 2006, is accompanied by amendments to the law on social security, labour law and tax law. The provisions in the social sector are set out in the draft law on the single statute for private sector employees, which is due to enter into force on 1 January 2009.

The tax aspect was determined by the Law and Grand Ducal Regulation of 21 December 2007 on direct and indirect taxation. From the 2008 tax year, one of the key components of the single statute has therefore been

transposed, i.e. tax exemption for overtime payments.

Implications of the introduction of the single statute for companies

Generalised application of continuing salary payments

The single statute requires general application of the continuation of salary payments by the employer in the event of illness for the first 13 weeks of incapacity. This general application of the continuation of salary payments is also extended to persons who are incapacitated following an occupational accident.

The principle adopted is that the company pays at least 77 days (11 weeks), but always completes a month which has already begun so that its obligation may in the future amount to a total of 105 days (15 weeks and 2 days). The period of continuing salary payment is therefore shorter on average by comparison with the situation that applies at present to private sector employees.

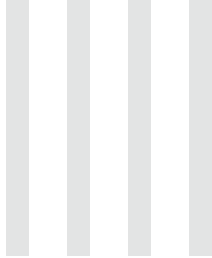
Introduction of a single rate of contribution for benefits in cash

The national health insurance scheme is responsible for payment of cash allowances for incapacity extending

beyond the period during which salary payment continues. The single rate of contribution for cash benefits is likely to amount to 0.50%, of which 0.25% will be payable by the employer and 0.25% by the employee with effect from 1 January 2009.

Reduction of the basis of calculation for the pecuniary allowance during sickness

The basis of calculation for the pecuniary allowance during sickness paid by the national health insurance scheme seems to consist, with effect from 1 January 2009, of the basic salary augmented by ancillary and supplementary components payable



monthly in cash. As to the amount of the salary payable if incapacity occurs during the period of continued salary payment, the current provisions will remain applicable.

Principle of financial neutrality and reduction of absenteeism

The principle of financial neutrality embodied in the agreement of the Tripartite Coordination Committee of 28 April 2006 means that the additional cost of continuing salary payment for companies will be compensated in a first phase by

deducting, in the case of manual workers, the employees' share of the contribution rate for cash benefits; this sum will in future be invested in the mutual scheme for companies.

In a second phase, financial neutrality will in theory be achieved by a reduction of absenteeism and payment by the state of the residual additional cost. If the negotiated amount proves to be insufficient after the first three years of a five-year transitional period (2009-2013), further measures would have to be put in place from 2012 to reduce absenteeism further.

To bring about a significant reduction of unjustified absenteeism, the draft law provides for much more stringent checks on persons who are ill. If the efforts made to reduce the costs generated by absence due to sickness do not prove sufficient, the government will then open new discussions with a view to defining additional measures. Nevertheless, the ABBL takes the view that participation, however minimal, by the employees themselves is the only way of arriving at an effective solution to the problem.

Creation of a mutual fund under public law

In order to lessen the risk posed by the continuation of salary payments, a corporate mutual scheme will be created. This mutual scheme comprises several different risk classes and will cover companies against the risk of absenteeism on a compulsory basis. It will be operational from 1 January 2009.

Adjustments to labour law and overtime arrangements

The principal change, which also has a favourable financial impact on private sector employees, concerns overtime.

The principle of compensation for overtime introduced by the Law of 12 February 1999 has been maintained. However, when a cash payment is made for overtime the legal rate of increase will be 140% against 125% at present for manual workers and 150% for private sector employees.

The collective employment agreement for the financial sector incidentally stipulates a rate of 150%, which will remain applicable.

To offset the additional costs which must be borne by companies that mainly employ manual workers by introducing higher supplements for overtime and so as not cause an additional loss to the present private sector employees by the legal reduction of the supplementary rate from 150% to 140%, a new tax and social contribution regime will be introduced for overtime. The Law of 21 December 2008 stipulates that

overtime will be exempt from all forms of taxation with effect from 1 January 2008.

As to the social contributions payable on overtime, the only such contribution due with effect from 1 January 2009 will be the contribution to the health insurance scheme for benefits in kind relating to the basic amount of the overtime payment and not to the supplementary allowance.

The other provisions of Labour Law concern matters of lesser impact on the financial sector, such as collective employment relationships,

bringing severance allowances in the event of dismissal into line with those applicable to private sector employees, the general application of the “favourable quarter” to private sector employees and the abolition of the requirement of ministerial authorisation for work on a statutory public holiday.

Luxembourg for Finance



The promotion agency Luxembourg for Finance (LFF) was created as an Economic Interest Grouping on 20 November 2007. It is a 50:50 joint venture between the government and the Luxembourg Financial Industry Federation (PROFIL), bringing together representatives of banks, insurance companies, investment funds, wealth managers, chartered accountants, auditors, domiciliation specialists, lawyers and ancillary activities.

The task of LFF is to create a clear brand for Luxembourg at two levels. At the “general branding” level, LFF will articulate the message that the financial centre is a centre of

expertise, well regulated, international, diversified and - by no means unimportant - a nice place to live and work. At a “product branding” level, LFF will assist and leverage the efforts of its underlying associations in marketing individual sectors.

In terms of communication, LFF will be the mouthpiece of the financial centre. By developing contacts with the international media, LFF will work to raise the profile of Luxembourg where it is unknown, improve its image where necessary, and ensure that a standardised message is reaching the international business community.

In the promotional field, whenever the financial sector embarks on a foreign tour, LFF will become involved in the intellectual preparation of the mission, development of the schedule and follow-up of the event. The economic benefits of such preparatory work are highly valuable. The agency will likewise take on the role of presenting the financial centre to incoming foreign delegations, and representing the community at international trade fairs, conferences and seminars.

Another overarching target of the agency is to highlight the breadth of career opportunities available, from the banking sector through asset

management and insurance to a range of professional occupations present in the financial centre.

Luxembourg for Finance has set itself no specific geographical goals or business focus. By listening to the market place and responding to market opportunities, LFF intends to become a key tool for the development and diversification of business in the financial centre.

The Luxembourg Institute for Training in Banking in 2007: Running at full steam

In a context greatly influenced by globalisation, widespread recognition and certification of practical skills and knowledge have become increasingly essential. It is therefore not surprising that, during 2007, the IFBL has, on the one hand, concentrated its efforts on consolidating existing certifications, and, on the other hand, on implementing a qualification training programme at the level of one of the pillars of the financial marketplace: Private Banking.

From 2005 onwards, the IFBL has laid the foundations for an advanced training course in Private Banking, by outlining, via an ad hoc working group, the needs on the ground.

These efforts culminated in the launch, at the end of the year, of a training programme that is firmly anchored in practice and is perfectly in line with the continuation of the training programmes the IFBL has been offering to Private Banking assistants and relationship managers since 2005. Based on the central themes, “legal and regulatory framework”, “portfolio management”, “wealth management”, “alternative investments” and “interpersonal skills”, this 180 hour training cycle provides an exhaustive overview of the global environment in which Private Banking in Luxembourg is evolving and, through practical

workshops, aims to provide client advisers with the skills and knowledge necessary to evolve fluently within the aforementioned context.

Concerning training in the field of investment funds, offered under the joint label ALFI/IFBL, the existing programme has been extended by a few highly specialised seminars. The programme was warmly welcomed by the public and has been widely offered within an intra-company context. Additionally, it formed the backbone of a collaborative project by the company Kneip and the Ministry of Labour called “Tremplin pour l’Emploi” (“Springboard towards work”). This project aims to counter

the shortage of accountants and transfer agents in the field of UCIs by training people registered with the Department for Work (ADEM) for the jobs in question.



Some key figures for 2007

Number of registrations for open training programmes	7,095
Number of registrations for customised training programmes	3,671
Number of registrations for exams	3,761
Number of quality circles	16
Trainer portfolios	162
Average satisfaction rate of participants (trainers, content, teaching aids)	4.6 / 5

As far as the so-called “catalogue training programmes” are concerned, 2007 stood out due to an impressive increase in the number of registrations, both for courses and exams. Through its system of quality circles, introduced in 2005, the IFBL continued to ensure that the training programmes on offer are perfectly aligned with the actual needs of financial jobs. In order to provide instructors with the pedagogical skills necessary to efficiently deal with all aspects of adult learning, the Institute implemented a “Train the Trainer” programme.

In terms of the Institute’s internal functioning, all necessary measures were either taken or initiated in order to cope efficiently with the increasing volume of work. Thus, the creation and elaboration of a new information management tool as well as the implementation of strict procedures should guarantee that the IFBL continues to manage its training programmes with the required professionalism.



2007

APPENDICES



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Chairman of the ABBL
and PROFIL



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Vice-Chairman



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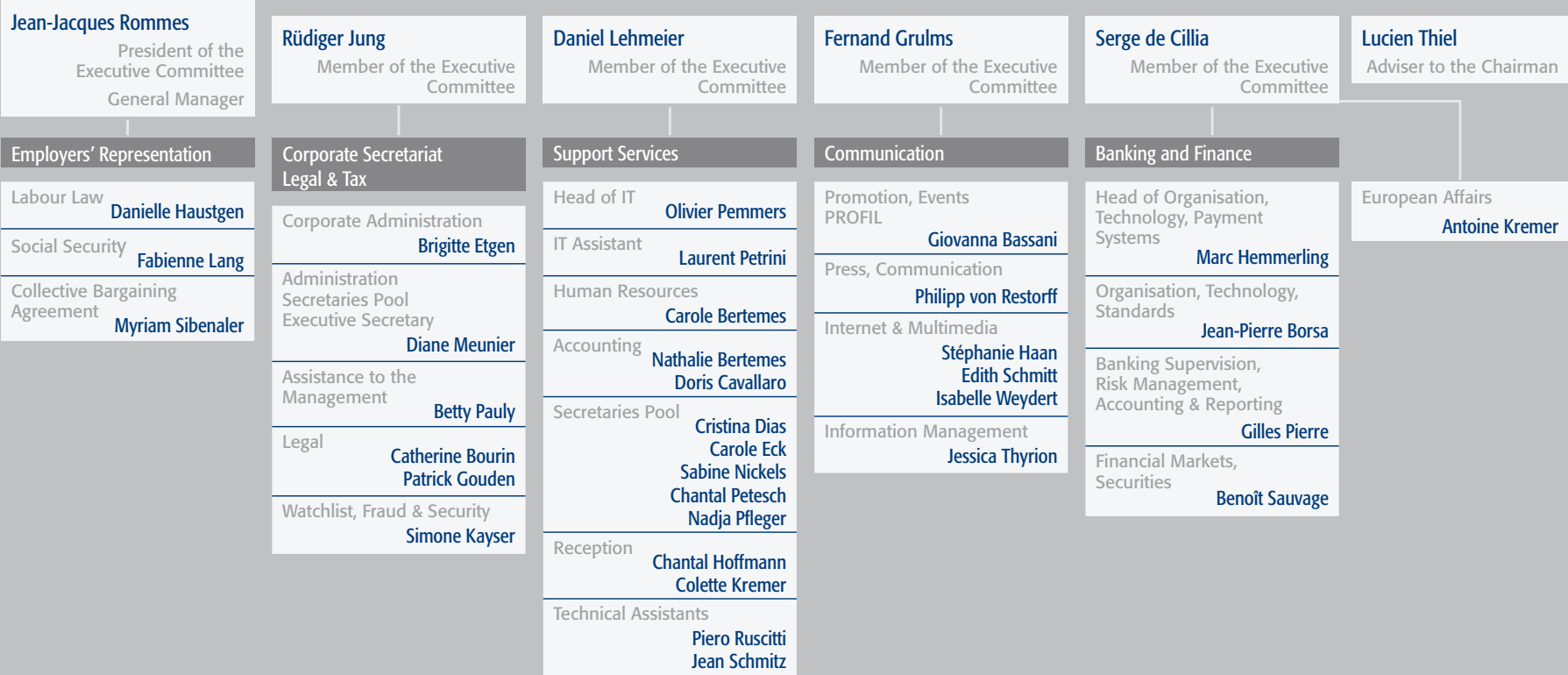
Carlo THILL Fortis Banque

ABBL Organisation 2007

BOARD OF DIRECTORS

Chairman
Jean Meyer

EXECUTIVE COMMITTEE



ABBL Organisation 2008

BOARD OF DIRECTORS

Chairman

Jean Meyer

EXECUTIVE COMMITTEE



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 Ginette NIERENHAUSEN	Programme Manager, Project Manager
Danièle SCHROEDER	Communication & Marketing

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Sandra GENET	Training Coordinator, Customer Service Officer
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NKERS' ASSOCIATION THE LUXEMBOURG BANKERS' ASSOCIATION THE LUXEMBOURG BANKERS' ASSOCIATIO
ANKENVEREINIGUNG LUXEMBURGER BANKENVEREINIGUNG LUXEMBURGER BANKENVEREINIGUNG LUXEMBO

AND RELATED MEMBERS



Section 1: all-purpose banks

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Banca Antonveneta S.p.A., Luxembourg Branch
Banca popolare dell'Emilia Romagna (Europe) International S.A.
Banco Bradesco Luxembourg S.A.
Banco Itaú Europa Luxembourg S.A.
Banco Popolare Luxembourg S.A.
Banco Santander Totta, S.A., Succursale de Luxembourg
Bank Leumi (Luxembourg) S.A.
Bank of China (Luxembourg) S.A.
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<i>Carnegie Fund Management Company S.A.</i>
Banque CIC Est, Succursale de Luxembourg
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Banque de Luxembourg
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<i>Degroof Conseil (Luxembourg) S.A.</i> <i>Degroof Gestion Institutionnelle Luxembourg S.A.</i> <i>D.S. Lux S.A.</i>
Banque Delen Luxembourg
Banque du Gothard (Luxembourg) S.A.
Banque du Gothard, Succursale de Luxembourg
Banque Hapoalim (Luxembourg) S.A.
Banque Invik S.A.
Banque LBLux S.A.
<i>Bayerische Landesbank, Niederlassung Luxemburg</i>
Banque Privée Edmond de Rothschild Europe
Banque Raiffeisen
<i>Caisse Raiffeisen Bascharage-Reckange-Soleuvre</i> <i>Caisse Raiffeisen Bettborn-Perlé</i> <i>Caisse Raiffeisen Diekirch-Feulen</i> <i>Caisse Raiffeisen Hoffelt-Binsfeld-Weiswampach</i> <i>Caisse Raiffeisen Junglinster</i> <i>Caisse Raiffeisen Kayl-Roeser</i> <i>Caisse Raiffeisen Mamer</i> <i>Caisse Raiffeisen Mersch</i> <i>Caisse Raiffeisen Musel-Sauerdall</i>

<i>Caisse Raiffeisen Niederanven-Syrdall</i> <i>Caisse Raiffeisen Noerdange-Saeul-Useldange</i> <i>Caisse Raiffeisen Canton Remich</i> <i>Caisse Raiffeisen Wiltz</i>
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CACEIS Bank Luxembourg
<i>Fastnet Luxembourg S.A.</i>
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Citco Bank Nederland N.V., Luxembourg Branch
Citibank International plc, Luxembourg Branch
Clearstream Banking
<i>Clearstream International S.A.</i> <i>Clearstream Services S.A.</i>
Commerzbank International S.A.
Compagnie de Banque Privée
Cornèr Banque (Luxembourg) S.A.
Credem International (Lux) S.A.
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<i>Crédit Agricole Luxembourg Conseil</i>
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<i>Danske Fund Management Company S.A.</i>
DekaBank Deutsche Girozentrale Luxembourg S.A.
<i>Deka International S.A.</i>
Deutsche Bank Luxembourg S.A.
Deutsche Postbank International S.A.
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Dexia Banque Internationale à Luxembourg S.A.
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DnB NOR Luxembourg S.A.
Dresdner Bank AG, Niederlassung Luxemburg

Dresdner Bank Luxembourg S.A.	J.P. Morgan Bank Luxembourg S.A.
DZ BANK International S.A.	John Deere Bank S.A.
East-West United Bank S.A.	Kaupthing Bank Luxembourg S.A.
EFG Bank (Luxembourg) S.A.	Kredietbank S.A. Luxembourggeoise
<i>EFG Asset Management S.A.</i>	<i>Banque Puilaetco Dewaay Luxembourg S.A.</i>
<i>EFG Asset Management Holding Company S.A.</i>	<i>Kredittrust Luxembourg</i>
<i>EFG Investment (Luxembourg) S.A.</i>	Landesbank Berlin International S.A.
<i>EFG Multi Manager Fund Management Company S.A.</i>	Landsbanki Luxembourg S.A.
<i>EFG Thema Advisory S.A.</i>	Lloyds TSB Bank plc, Luxembourg Branch
<i>EFG Universal Advisory S.A.</i>	LRI Landesbank Rheinland-Pfalz International S.A.
EFG Private Bank (Luxembourg) S.A.	<i>LRI Invest S.A.</i>
Fideuram Bank (Luxembourg) S.A.	M.M.Warburg & CO Luxembourg S.A.
Fortis Banque Luxembourg S.A.	Mediobanca International (Luxembourg) S.A.
<i>Alleray S.à r.l.</i>	Mitsubishi UFJ Global Custody S.A.
<i>Argance S.à r.l.</i>	Mizuho Trust & Banking (Luxembourg) S.A.
<i>Cofhylux S.A.</i>	Natixis Luxembourg S.A.
<i>Dalgarno S.A.</i>	Natixis Private Banking International
<i>Delvino S.A.</i>	Nikko Bank (Luxembourg) S.A.
<i>FAM Fund Advisory S.A.</i>	Nomura Bank (Luxembourg) S.A.
<i>FAM Personal Fund Advisory S.A.</i>	<i>Global Funds Management S.A.</i>
<i>FBL Finance S.A.</i>	Nord Europe Private Bank
<i>Fortis Lease Group S.A.</i>	Norddeutsche Landesbank Luxembourg S.A.
<i>Fortis Lease Luxembourg S.A.</i>	Nordea Bank S.A.
<i>Fundamentum Asset Management S.A.</i>	<i>Nordea Investment Funds S.A.</i>
<i>Internaxx Bank S.A.</i>	<i>Nordea Life & Pensions S.A.</i>
<i>Pattison S.à r.l.</i>	PayPal (Europe) S.à r.l. et Cie, S.C.A.
<i>Quainton Funding S.à r.l.</i>	Pictet & Cie (Europe) S.A.
<i>Tabor Funding S.à r.l.</i>	<i>Pictet Funds (Europe) S.A.</i>
Frankfurter Volksbank International S.A.	Sal. Oppenheim jr. & Cie. S.C.A.
Freie Internationale Sparkasse S.A.	<i>Oppenheim Asset Management Services S.à r.l.</i>
Garanti Bank Luxembourg Branch	<i>Sal. Oppenheim jr. & Cie., Zweigniederlassung Luxembourg</i>
Glitnir Bank Luxembourg S.A.	<i>Services Généraux de Gestion S.A.</i>
Hauck & Aufhäuser Banquiers Luxembourg S.A.	Sanpaolo Bank S.A.
HSBC Private Bank (Luxembourg) S.A.	Sella Bank Luxembourg S.A.
HSBC Securities Services (Luxembourg) S.A.	<i>Selgest S.A.</i>
HSBC Trinkaus & Burkhardt (International) S.A.	Skandinaviska Enskilda Banken S.A.
<i>HSBC Trinkaus Investment Managers S.A.</i>	<i>LWM S.A.</i>
HSH Nordbank Securities S.A.	<i>SEB Asset Management S.A.</i>
<i>HSH Nordbank AG, Luxembourg Branch</i>	<i>SEB Fund Services S.A.</i>
HVB Banque Luxembourg Société Anonyme	Société Européenne de Banque S.A.
<i>FamilyTrust Management Europe S.A.</i>	<i>Lux Gest Asset Management S.A.</i>
IKB International S.A.	<i>Servitia S.A.</i>
Industrial and Commercial Bank of China Luxembourg S.A.	
ING Luxembourg S.A.	
<i>ING Car Lease Luxembourg S.A.</i>	
<i>ING Investment Management Luxembourg S.A.</i>	
<i>ING Lease Luxembourg S.A.</i>	
<i>ING Life Luxembourg S.A.</i>	
<i>ING Private Capital Management S.A.</i>	

Société Générale Bank & Trust
<i>EURO-VL Luxembourg S.A.</i> <i>Lyxor Asset Management Luxembourg S.A.</i> <i>SG d'Arbitrage et de Participations S.A.</i> <i>SGAM Luxembourg S.A.</i>
State Street Bank Luxembourg S.A.
<i>International Financial Data Services (Luxembourg) S.A.</i>
Sumitomo Trust and Banking (Luxembourg) S.A.
Svenska Handelsbanken S.A.
<i>Svenska Handelsbanken AB (Publ), Luxembourg Branch</i>
Swedbank S.A.
The Bank of New York (Luxembourg) S.A.
<i>The Bank of New York Europe Limited,</i> <i>Luxembourg Branch</i>
UBI Banca International S.A.
<i>Banco di Brescia S.p.A., Luxembourg Branch</i> <i>Lombarda Management Company S.A.</i>
UBS (Luxembourg) S.A.
Unibanco - União de Bancos Brasileiros (Luxembourg) S.A.
UniCredit International Bank (Luxembourg) S.A.
Union Bancaire Privée (Luxembourg) S.A.
<i>Union Bancaire Privée, Succursale de Luxembourg</i>
Van Lanschot Bankiers (Luxembourg) S.A.
VP Bank (Luxembourg) S.A.
<i>VPB Finance S.A.</i>
WestLB International S.A.
WGZ BANK Luxembourg S.A.

Section 2: mortgage bonds issuing banks

Erste Europäische Pfandbrief- und Kommunalkreditbank A.G.
EUROHYPO Europäische Hypothekenbank S.A.
Hypo Pfandbrief Bank International S.A.

Section 3: public banks

Banque et Caisse d'Epargne de l'Etat, Luxembourg
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Section 4: other financial sector professionals

American Express Financial Services (Luxembourg) S.A.
<i>American Express Bank Asset Management Company</i> <i>(Luxembourg) S.A.</i>
CETREL S.C.
<i>CETREL Securities S.A.</i>
TATA Consultancy Services Luxembourg S.A.

Section 5: financial professions

Eurizon Capital S.A.
Société de la Bourse de Luxembourg S.A.
Union Investment Luxembourg S.A.

Section 6: activities serving the financial sector

Allen & Overy Luxembourg, Cabinet d'avocats
Arendt & Medernach, Avocats à la Cour
Atoz S.A.
BDO Compagnie Fiduciaire S.A.
Bonn Schmitt Steichen, Avocats
Castegnaro, Cabinet d'avocats
Deloitte S.A.
Elvinger, Hoss & Prussen, Avocats à la Cour
Ernst & Young Luxembourg S.A.
ifb Lux S.A.
INEUMconsulting Luxembourg S.A.
KPMG S.à r.l.
Kremer Associés & Clifford Chance, Association d'avocats
Linklaters LLP
Loyens & Loeff, Avocats à la Cour
Noble & Scheidecker, Avocats à la Cour
Oostvogels Pfister Feyten, Avocats à la Cour
PKF Weber & Bontemps (Abax)
PricewaterhouseCoopers sàrl
Wildgen, Partners in Law