

Luxembourg Banks Insights 2008

FINANCIAL SERVICES



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Contents

Message by Mr Luc Frieden, Minister of the Treasury	2
Introduction by Mr John Li, Chairman, KPMG Luxembourg	4
Interview of Mr Jean-Nicolas Schaus, Director General CSSF	6
Approach	10
Executive Summary	11
Insights 2008	14
Doing business in Luxembourg	34
Evolution of bank business models	36
Human Resources	48
Information Technology	51
Regulatory developments	54
Tax environment	59
 Bank ranking 2007 - Tables	 69
- Overview	70
- Total assets	74
- Amounts owed to customers	76
- Net interest income	78
- Net fee and commission income	80
- Profit for the financial year	82
- Own funds	84
- Staff	86



Message by Mr Luc Frieden

Banking institutions worldwide have experienced turbulent times recently. The global financial crisis, initially triggered by the subprime mortgage crisis in the United States, has caused significant losses, both socially and economically. Fortunately, the Luxembourg financial institutions have so far been less hit than some other banks elsewhere.

The “fight against financial crises” has since become a priority topic in international economic and financial fora. Indeed, in times of globalisation, even isolated bank failures have rapid spill-over effects, whether cross-border or cross-market. The European Union has been particularly swift to acknowledge the need to improve financial stability arrangements accordingly. As soon as October 2007, the Ecofin Council designed a “road map” aiming at achieving sustainable financial stability on the continent through concrete action in four main areas: increase transparency for investors markets and the regulators; improve valuation of financial products; strengthen prudential requirements and risk management; and make the markets function better.

A major step in this endeavor was made in April of this year, when the financial supervisory authorities, the central banks and the finance ministries of the 27 member states of the European Union signed a Memorandum of Understanding on strengthening cross-border cooperation. This MoU does not only facilitate the supervision of cross-border operating groups, it also foresees common crisis assessment and management guidelines to pave the way for consistent and efficient action when a crisis occurs.

*“ Luxembourg
financial institutions
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Very importantly, the MoU introduces innovative mechanisms for a systematic monitoring of events or developments with possible cross-border or cross-market implications. Whereas financial crises may at the first glance seem to occur suddenly, they usually have developed progressively. The regular observation of indicators which may affect the stability of the financial system is thus likely to have a significant preventative effect.

Luxembourg was among the very first to implement this MoU at a national level by a draft bill adopted in May 2008 by the Luxembourg Government. Next to its cross-border aspects, this bill also confirms the role of the CSSF as Luxembourg's prudential supervisor, and the competence of the Luxembourg Central Bank for financial stability and liquidity, in line with EU law.

I strongly believe that the very practical and workable arrangements put in place "in Europe by Europe" do not only present the potential to reduce the economic and social costs of financial imbalances, it will also greatly benefit investors and thereby comfort the European Union's outstanding position as a safe place for doing business in the long run.

*" I am confident
about the future
of this leading
sector of the
national economy"*

Based on the know how and reputation of Luxembourg as one of the leading financial centers in the world, as well as the recent actions by the Luxembourg Government to further strengthen the Luxembourg financial institutions by an attractive regulatory and tax framework , I am confident about the future of this leading sector of the national economy.

Luc Frieden
Minister of the Treasury



Introduction by Mr John Li

“ We are confident that the Luxembourg financial sector will not experience a significant adverse impact of the ongoing global credit turmoil and liquidity crunch ”

We are very pleased to present our Luxembourg Banks - Insights 2008 report on the Luxembourg banking market, in collaboration with the Luxemburger Wort. The report includes an analysis of the Luxembourg banking market in 2007, results of our interviews with the regulator, the agency responsible for promotion of the financial place and a few banks, and tables of bank rankings using various criteria.

The credit and liquidity crunch that hit global financial markets seems to have taken its toll on the 2007 performance of the Luxembourg banking industry, with net profit of € 4.5 billion showing a decrease of 20% from last year. A closer look shows that the impact was at the level of lower valuations of securities portfolios and the creation of new provisions plus non-recurring exceptional gains recorded in 2006.

On a more positive side, banking operating income showed an increase of 6% compared to last year, indicating that core business activities were fortunately not severely impacted. On the other hand, total assets increased by 9%.

Key indicators for the Luxembourg bank industry	2007	2006	2005
Total assets	€ 915 billion	€ 840 billion	€ 791 billion
Banking operating income	€ 9,660 million	€ 9,120 million	€ 7,742 million
Cost-income ratio	40%	37%	45%
Number of banks	156	156	155
Number of staff	26,139	24,752	23,227
Source: Data from CSSF Annual Report 2007, CSSF Press Release 2008			

The number of employees in the financial sector rose by 6% to 26,139, another record for Luxembourg. The industry continues to seek suitably qualified and experienced staff to support further growth and more complex products, however, the recruitment efforts made during 2007 have in general reduced the extent of shortage in the number of employees.

The challenge in 2008 will be to remain attentive of global market developments, considering measures to mitigate any time delayed impacts of the credit and liquidity crunch, and continuing to develop new investment products to cater for the changing needs and demands of investors. And investor demand is present, as reflected by the number of investment fund structures which have continued to grow in 2008.

The Luxembourg financial sector continues to be an attractive place for doing business, and, given the niche and sophisticated nature of our services industry, we are confident that it will not experience a significant adverse impact of the ongoing global credit turmoil and liquidity crunch. I would like to take this opportunity to thank Mr. Luc Frieden and Mr. Jean-Nicolas Schaus for sharing their views with us on the banking industry in Luxembourg.

I would also like to thank the Luxemburger Wort for their close cooperation with the KPMG editorial team in the preparation of this report.

Finally, I wish you all a pleasant reading.

John Li
Chairman
KPMG Luxembourg





Interview of Mr Jean-Nicolas Schaus

Free translation of an interview with Jean-Nicolas Schaus, Director General of the Commission de Surveillance du Secteur Financier (CSSF), by Pierre Leyers, Luxemburger Wort

Comments on the subprime crisis and the role of supervisors

Regulatory authorities in different countries have come under criticism on the subprime crisis. The Swiss Banking Commission was surprised both by the speed and extent of the subprime crisis, the UK banking authorities had Northern Rock on supposedly too long a leash, and the US Fed do not seem to have been able to keep the situation under control. Have controls failed? How do you view the role of supervisory authorities in the subprime crisis?

The crisis is not as global as it is being portrayed. Several financial institutions have got into difficulties, but by no means all. The impact of the subprime crisis is higher in some countries than others.

All participants should not, therefore, be tarred with the same brush...

This is a critical point. When two large banks come so close to disaster, as was the case in Switzerland, it is justified to question why and how this could happen. With hindsight we all know better. In fact, this crisis was difficult to predict. However, one cannot claim that control mechanisms have failed. Supervisory authorities cannot put themselves in the banks' shoes and interfere in their business.

If a supervisory authority becomes aware of a threat will it pull the emergency brakes?

Take the CSSF for example; its controls are based on standards, principles and rules. There are rules which must be followed, whether in the form of law, grand-ducal regulations or circulars. The only thing we can do is to ensure that the rules are being followed properly. There is a fine line between supervising banks and interfering in their management. We must ensure not to interfere in the bank's management.

Did the CSSF fulfil its duties in the fight against this crisis?

In our supervisory area we did not identify any drastic problems caused by the subprime crisis. Of course, credit for this is not entirely ours, rather there are several reasons behind it. When the problems began in August last year, we had no difficulties in getting a fast and comprehensive overview of the situation with the Luxembourg Banks.

To what extent can a national regulatory body be effective in a global capital market? Is not at least one pan-European supervisory body necessary?

We do not need a pan-European supervisory body. The current system, where financial supervisory bodies monitor banks closely, works well. To a certain extent a pan-European supervisory body exists for over ten years. The authorities of a country, where the parent company is headquartered, monitor the entire group. Deutsche Bank is controlled by the Federal Financial Supervisory Body (BaFin) on a consolidated basis, so BaFin is well aware of the situations of subsidiaries in other countries. This system is replicated here in Luxembourg, see for example Sal. Oppenheim, who recently relocated their headquarters from Cologne to Luxembourg.

The idea of cross-border supervision is not as new as it is presented?

A lot of what is being discussed already works without being explicitly specified in a directive. The concept of "Lead Supervisor" already exists. The "College of supervisory bodies", upon which the EU-Finance ministers discuss, also exists in practice. In the case of groups such as Dexia and Fortis, the regulatory authorities of the three countries, where the groups' main activities are carried out, meet regularly.

You mentioned earlier that wisdom comes with hindsight. What lessons can all those concerned learn from the crisis?

It was an undeniable principle that the markets will always exist. All of a sudden it was noted that these markets had simply disappeared and liquidity as well. Even an AAA-Rating was not helpful anymore. The risk of the lack of liquidity was not sufficiently considered by anyone.

*“With hindsight
we all know
better”*

Why is there still no formal cooperation between the CSSF and the Central Bank of Luxembourg?

There is cooperation. It may not, however, be in the manner in which the president of the BCL imagines it to be. The Central Bank has the same information available as we do. A Memorandum of Understanding (MoU) has existed for a long time, which regulates cooperation in a working group, comprising members from the Commissariat aux Assurances, the Government, the Central Bank and the CSSF. Recently I signed a second MoU, which will further broaden the cooperation. I am not aware as to whether the President of the Central Bank has signed this document yet.

So it seems that there is hardly any problem to speak of?

As already mentioned, cooperation exists, but on an informal basis. This has worked well up until now. We do not believe that more is required. We have not yet had a situation, when we could not provide the necessary information.

You explained during the annual financial statements press conference of the CSSF, that the crisis does not pose any threat to the Luxembourg financial center. How has the financial center managed to be spared?

Our bankers seem to have performed their jobs well, as they did not invest in the kind of products that proved so damaging for others. Banking activities are different in Luxembourg. Investment funds, depository services and private banking have been affected by the crisis only marginally. Further, it must be noted that a conservative approach has proved to be beneficial in this case. Is it better to stay clear of complicated products such as asset-backed securities, which caused the crisis to break out, when you recognize they are too complex? This approach is more prudent than saying “I will participate even if I do not have full knowledge of the product”.

The CSSF is not able to present exact figures for first quarter 2008 due to system restructuring. What is the reason for this problem?

The new Basel II requirements and international financial reporting standards (IFRS) require fundamental changes. It is normal to expect that not all banks are ready yet to comply with the new regulations in minute detail. This does not, however, imply that the CSSF has no access to information. We are able to go about our business as normal. What we are not able to do is to add up all the numbers of all supervised institutions, as these have not been reported using the same standards. You must compare like with like. This problem will be solved by the end of May at the latest.

The potential consolidation of the CSSF and the Commissariat aux Assurances is currently a hot potato topic, one over which, according to reports, politicians are debating. Where is this file?

I am not aware of any such file. There is no reason to consolidate the two authorities. The CSSF and the Commissariat aux Assurances work well together, with or without the MoU. This is the best example. Where there is willingness, many problems can be overcome without a great deal of effort.

Jean-Nicolas Schaus
Director General
Commission de Surveillance
du Secteur Financier (CSSF)



Approach

KPMG Luxembourg has performed an analysis of the Luxembourg banking market based on statistical and annual accounts data of a selection of Luxembourg banks. The analysis takes into account industry data as stated in the reports of the CSSF, the BCL and ranking data published by the Luxemburger Wort. Where possible, it seeks to identify from specific information published or included in the annual accounts of individual banks, those elements driving the overall trends observed in the market place.

Of the 113 banks incorporated in Luxembourg, our analysis focuses on a selection of 30 banks which, in one way or another, stand out from their peer group in terms of total income, number of employees or total assets. Any one selected bank may not be a significant player in all these areas, but has a characteristic which is relevant to this report. Therefore, this selection does not purport to be and is not to be construed as a formal ranking, rather it is constituted for statistical purposes only. The banks selected are listed in the table overleaf. Overall, these banks represent 83% of total net profit, 65% of the total number of employees and 60% of total assets of the banking industry.

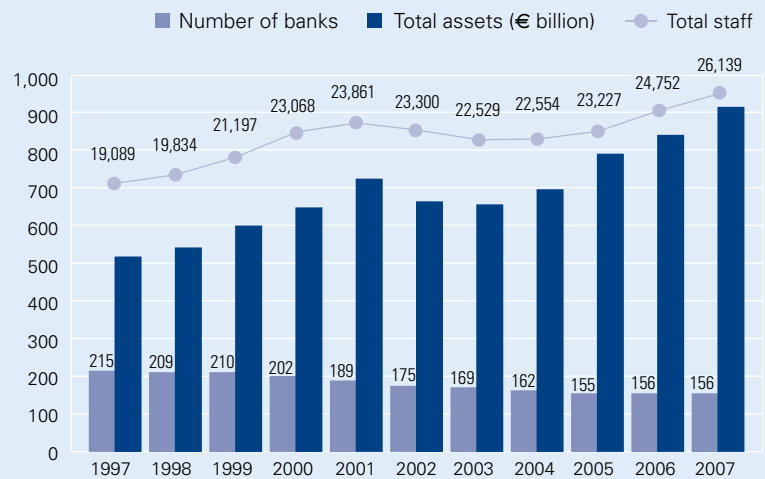
Branches of foreign banks (total number: 43) are not considered individually for this report as their financial statements are not publicly available. Best estimates were made based on totals available for the banking industry, as disclosed by the CSSF and the BCL.

Annual accounts reviewed for the purpose of this report are the unconsolidated annual accounts prepared in accordance with Luxembourg legal and regulatory requirements ("LuxGAAP") except for 7 banks which publish in accordance with International Financial Reporting Standards ("IFRS"). Among the selected 30 banks, only RBC Dexia publishes in IFRS.

The analysis seeks to identify the elements driving the overall trends observed in the market place

Executive Summary

Overview: banks, staff, total assets



Source: Data from CSSF Annual Report 2007

A mixed year for the Luxembourg banking industry

2007 was a mixed year for the Luxembourg banking industry. On the one hand, net profit decreased by 20% compared to last year. On the other hand, Luxembourg banks in 2007 have shown growth of 6% in banking operating income, 9% in total assets and 6% in staff.

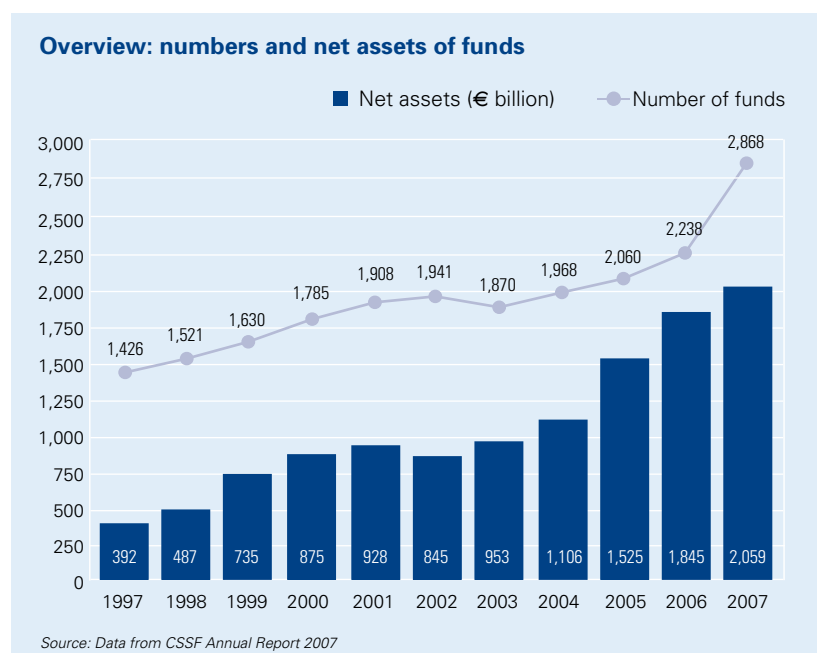
The cumulative profits of Luxembourg banks total € 4.5 billion in 2007, a decrease from € 5.7 billion the previous year. Net results were lower for a few reasons: firstly, there were exceptional profits in 2006 which were non-recurring, secondly, trading results suffered due to downward valuation of structured products or other securities, and thirdly, there was an increase in the amount of provisions constituted by banks as a result of the financial market conditions following the subprime crisis.

However, total assets of Luxembourg banks exceeded the € 900 billion threshold to reach € 915 billion, an increase of 9% compared to 2006. The growth stems mainly from increased deposits from group interbank activity, and to a smaller extent, from increased deposits from investment funds and customers.

Staff working in the banking industry also grew by 6% to a total of 26,139 employees. This figure breaks the previous record of 24,752 employees reached in 2006. Recruitment of suitably qualified and experienced staff was a top priority for banks in 2007, and these figures reflect the progress made in this area.

As in 2006, a large part of the positive contribution to banking income can be attributed to the investment fund industry. In 2007, the Luxembourg fund industry increased its total net asset value by 12% to break the € 2 trillion threshold, and finished at € 2,059 billion. Although net assets of investment funds decreased as a result of turbulence in the global financial markets, there

was net new injection of cash in investment fund products, and the number of investment fund vehicles continued to progress, from 2,238 in 2006 to 2,868 in 2007. Investment funds contribute to banking income both in the form of commission income, on assets under administration and custody at banks, and in the form of interest income on cash deposits held with banks.



The law of 13 February 2007 on Specialised Investment Funds (SIF) provided a suitable product to qualified investors (including institutional investors, professionals, or sophisticated investors) who need less investor protection than a retail investor. Institutional funds previously falling under the 1991 law were grandfathered under the new SIF law. The outcome was a success, with 2007 seeing 355 new funds set up as SIFs. Assets under management in SIFs amounted to € 117 billion in 2007, an increase of 49% compared to assets in institutional funds (under 1991 law) in the prior year.

Regarding Private Banking, 2007 was marked by the arrival of the headquarters of Sal. Oppenheim Bank to Luxembourg. This has not gone unnoticed, as Sal. Oppenheim now sits at the top of the top 10 list of Luxembourg banks by net profit.

Regarding the EU savings directive, it seems that it has not led to major client losses. Deposits from private customers increased during 2007, but this could partly be due to a “flight-to-quality” by customers converting their securities into cash. On the other hand, assets under custody from private customers showed a decrease, and this is also due to the depressed global financial markets at the end of 2007.

Overview of 30 banks

The table below presents banks we selected for our analysis in this report.

Figures for 2007	Rank	Net Profit € million	Rank	Staff	Rank	Assets € million	
Sal. Oppenheim jr. & Cie S.C.A.	1	581	35	188	43	3,962	
Fortis Banque Luxembourg	2	407	1	2,608	3	49,486	
DekaBank Deutsche Girozentrale Luxembourg S.A.	3	332	21	323	30	7,385	
Société Générale Bank & Trust	4	234	7	702	5	37,381	
BNP Paribas Luxembourg	5	229	9	594	8	24,847	
Deutsche Bank Luxembourg S.A.	6	220	18	359	1	65,625	
KBL European Private Bankers S.A.*	7	209	5	1,238	10	20,967	
Dexia Banque Internationale à Luxembourg	8	202	2	2,068	2	62,223	
Clearstream Banking S.A.	9	198	20	323	25	10,330	
ING Luxembourg S.A.	10	177	6	790	13	15,563	
UBS (Luxembourg) S.A.	11	166	14	478	26	15,172	
Banque LBLux S.A.	12	147	34	195	20	12,691	
HVB Banque Luxembourg S.A.	13	140	19	324	6	35,708	
Banque et Caisse d'Épargne de l'État	14	117	3	1,800	4	39,422	
J.P. Morgan Bank Luxembourg S.A.	15	108	11	526	61	2,009	
Commerzbank International S.A.	17	92	26	270	22	10,925	
Nordea Bank S.A.	19	72	23	313	44	3,553	
Banque de Luxembourg S.A.	20	72	8	695	17	14,319	
DZ Bank International S.A.	21	72	12	525	14	15,505	
RBC Dexia Investor Services Bank S.A.	22	71	4	1,331	21	11,615	
Deutsche Postbank International S.A.	23	70	37	162	12	16,305	
Sanpaolo Bank S.A.	24	66	43	124	24	10,493	
Dresdner Bank Luxembourg S.A.	25	66	16	378	19	13,136	
Kaupthing Bank Luxembourg S.A.	26	62	29	234	32	7,030	
EUROHYPO Europäische Hypothekenbank S.A.	27	60	81	35	7	26,186	
CACEIS Bank Luxembourg	28	59	17	372	15	15,259	
Norddeutsche Landesbank Luxembourg S.A.	30	55	48	108	9	22,602	
Banque Degroof Luxembourg S.A.	33	41	27	256	52	2,191	
Banque Privée Edmond de Rothschild Europe	36	35	10	573	40	4,425	
Société Européenne de Banque S.A.	37	27	33	202	41	4,178	

* formerly Kredietbank S.A. Luxembourgeoise
Source: Data from Luxemburger Wort

Insights 2008

Luxembourg banks

The Luxembourg banking industry is characterised by a relatively low concentration of the sector (measured by the share of the five largest institutions in total banking sector assets compared to other EU countries) due to the presence of foreign banks that :

- With few exceptions, do not directly provide a broad range of services to residents,
- Are specialised service providers for other financial institutions, such as Clearstream Banking, JP Morgan, RBC Dexia, State Street Bank, and many others,
- Are specialised as “Banques de lettre de gage” which, similar to mortgage banks, are issuing covered bonds.

The total number of banks in Luxembourg at the end of 2007 was 156, of which 43 are branches of foreign banks. 85% (2006: 84%) or € 777 billion of total assets are managed by Luxembourg banks, while 15% (2006: 16%) or € 138 billion of total assets managed by the branches.

Banking groups from the three neighbouring countries (Germany, France and Belgium) are strongly represented in the Luxembourg banking community, often with the Luxembourg subsidiary representing the most significant foreign subsidiary within the groups.

Banks by country of origin	Number	%
Germany	43	28%
Belgium/Luxembourg	21	13%
France	15	10%
Italy	13	8%
Switzerland	13	8%
Other	51	33%
Total	156	100%
<i>Source: Data from CSSF Annual Report 2007</i>		

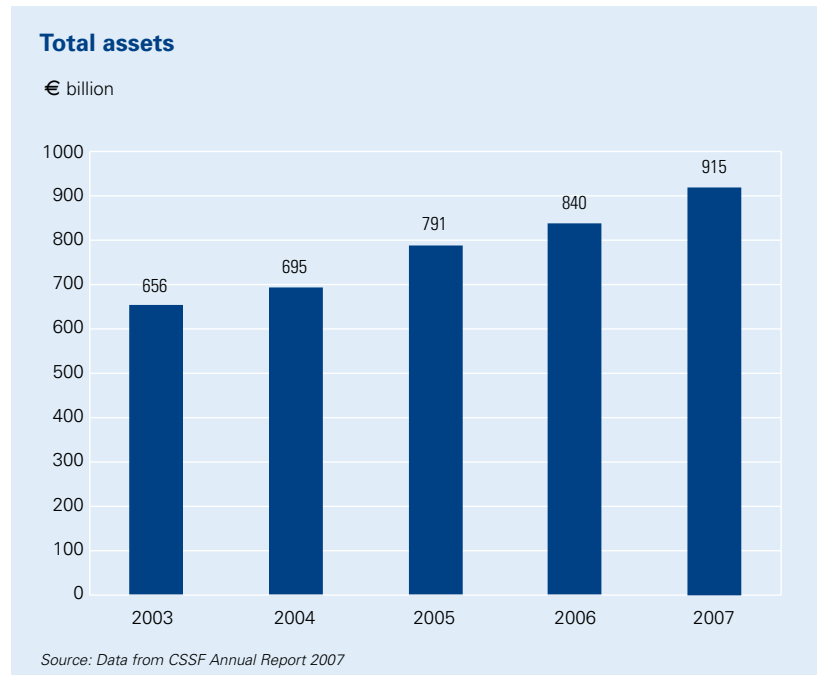
Three new banks (of which one branch) were established during 2007 whereas three banks (of which three branches) ceased operations during the year. The three new banks are carrying out the following types of activities:

- Investment fund administration and custodian services: PFPC Bank, Luxembourg Branch,
- Public sector financing through issue of “lettres de gages”: Dexia LdG Banque,
- Internet based electronic payment processing: PayPal (Europe).



Assets

Development of assets of Luxembourg banks



Total assets of Luxembourg banks reached a new record of € 915 billion at the end of 2007, representing an increase of 9% compared to € 840 billion in 2006.

From the analysis provided in the BCL Revue de Stabilité Financière 2008, the net increase of € 75 billion in total assets is composed of real growth of € 98 billion, which is reduced by 23 billion in currency movements mainly resulting from a weakening of the US dollar compared to the Euro.

The net increase of € 75 billion was broadly distributed as indicated below (rounded to the nearest billion):

Assets

- Loans and advances to credit institutions € 36 billion
- Loans and advances to customers € 35 billion
- Securities € 4 billion

Liabilities

- Deposits from credit institutions € 55 billion
- Deposits from customers € 10 billion
- Other liabilities € 6 billion
- Capital and reserves € 4 billion

Interbank activity, particularly within banking groups, was one of the two main explanations for increase in total assets of Luxembourg banks. The second main explanation was an increase in credits to financial services institutions (excluding credit institutions) and corporates (non-financial). In its *Revue de Stabilité Financière 2008*, the BCL mentions that the increase in credits to financial services institutions and corporates are linked firstly to the increase in the number of new financial services institutions, and secondly, to the turmoil in the financial markets and ensuing liquidity crunch. Of the total increase in loans to customers, credits to households increased by € 3 billion approximately, mainly as a result of property loans.

The thirty banks selected in this analysis represent 60% (2006: 69%) of the total assets of the industry, whereas the top 10 banks represent 42% (2006: 44%). The list of top 10 banks by total assets has not changed compared to the previous year, except for changes in a few rankings within the group.

Interestingly, the top 10 banks only represent 20% of the growth in total assets, with the major contributors being Dexia BIL (+ € 7 billion), BNP Paribas (+ € 4 billion), HVB Banque (+ € 3 billion) and Fortis (nearly + € 3 billion).

Dexia BIL's increase in total assets was mainly driven by an increase in loans to customers (+ € 3 billion, of which € 2 billion intercompany), and in its securities portfolio (+ € 6 billion), partly compensated by a decrease in interbank loans. The increase of € 1 billion in loans to non-group customers was due to mortgage loans to private customers, and facilities to small and medium sized enterprises. The bank also seized opportunities in the bond markets, which explains the increase in the securities portfolio.

BNP Paribas' growth in total assets can be explained by an increase in interbank activity. The Bank merged with the Luxembourg subsidiary of Banca Nazionale del Lavoro in March 2007.

Banks outside the top 10 contributing most significantly to the growth in total assets are EFG Private Bank (+ € 10 billion), CACEIS Bank (+ € 7 billion), Mediobanca (+ € 5 billion) and with Sanpaolo Bank, Clearstream Banking, Dexia LdG, RBC Dexia, and Sal Oppenheim each growing total assets by + € 3 billion. Among these we note a number of newer banks of last year and this year, such as EFG Private Bank, RBC Dexia and Dexia LdG, which have grown their activities during 2007.

On the other hand, banks showing significant decreases in total assets were West LB International (- € 11 billion) and KBL (- € 3 billion). West LB, already in its 2006 annual report, had explained that the total assets of 2007 will be

*Interbank activity
and Investment
funds drive overall
asset growth*

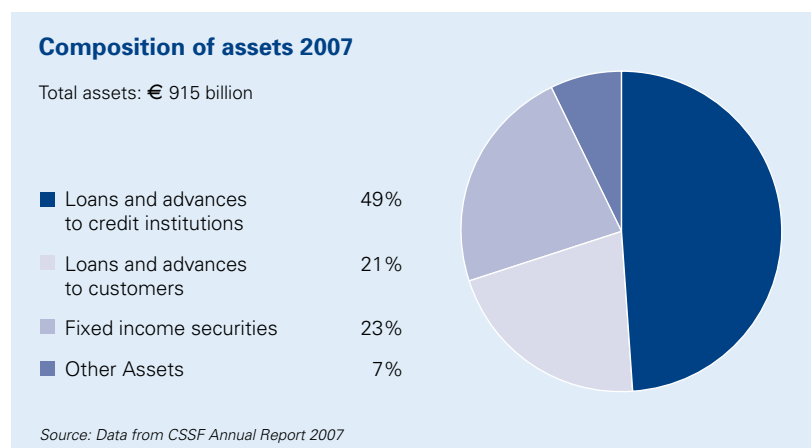
influenced by the final maturity of a structured finance transaction (transaction volume valued at € 11.5 billion in 2006). KBL, in its management report, explains its reduction in total assets as a consequence of the crisis on the financial markets and on the economic slowdown.

An analysis of top 10 banks in terms of total assets is indicated in the table below.

Total Assets € million	Rank	2007	Rank	2006	Rank	2005
Deutsche Bank Luxembourg S.A.	1	65,625	1	64,634	1	62,259
Dexia Banque Internationale à Luxembourg	2	62,223	2	55,335	2	62,036
Fortis Banque Luxembourg	3	49,486	3	46,896	5	36,436
Banque et Caisse d'Epargne de l'Etat	4	39,422	4	40,883	4	39,319
Société Générale Bank & Trust	5	37,381	5	36,402	6	27,064
HVB Banque Luxembourg S.A.	6	35,708	6	32,372	3	41,979
EUROHYPO Europäische Hypothekenbank S.A.	7	26,186	7	25,793	8	23,846
BNP Paribas Luxembourg	8	24,847	10	20,481	11	19,764
Norddeutsche Landesbank Luxembourg S.A.	9	22,602	9	23,066	9	22,778
KBL European Private Bankers S.A. *	10	20,967	8	24,279	7	24,202
* formerly Kredietbank S.A. Luxembourgeoise						
Source: Data from Luxemburger Wort						



Asset structure



At the end of 2007, the asset structure mix is comparable to previous years.

Interbank lending continues to represent the highest proportion of Luxembourg banking assets, with fixed income securities being the second most important.

Similarly to 2006, approximately 70% of interbank placements are with group entities, and fixed income securities positions are generally held as investments available for sale rather than as trading positions.

*Limited direct
exposure to
subprime crisis*

Asset quality

The CSSF Annual Report 2007 mentions that Luxembourg bank exposures to subprime debt amounted to approximately € 2.5 billion, and were concentrated within a limited number of banks. The exposures took various forms, including credit lines, conduits, capital notes, and mortgage backed securities. The CSSF Press Release 2008 also indicates that net provisions of Luxembourg banks increased by 230% compared to 2006, to reach € 1 billion, and can be linked to indirect impacts of the subprime crisis on the valuation of securities portfolios.

Loans and advances to credit institutions amount to € 446 billion (2006: € 410 billion). 97% (2006: 98%) of these exposures are with Zone A banks (banks from a designated set of industrialised countries).

Loans and advances to customers amount to € 195 billion (2006: € 159 billion). Of this amount, 47% was lent to corporate customers, 32% to financial institutions, 17% to individuals and 4% to public bodies.

The increase in loans and advances to customers compared to 2006 was mainly split among corporate customers (47%), financial intermediaries (45%) and individuals (8%).

In terms of collateral, approximately 59% (2006: 57%) of loans and advances to customers are secured by a formal guarantee or mortgage. And regarding geographical exposure, approximately 69% (2006: 49%) of loans and advances are to customers within the Euro zone. The increase in the mix is due mainly to the increase in credits in 2007 to corporates and financial services institutions in the Euro zone.

The BCL Revue de Stabilité Financière 2008 analysis indicates that loan provisions as a percentage of total loans stayed stable at a weighted average of 0.1% in 2007 and in 2006. The overall weighted average ratio of 0.1% can be broken down between a ratio of 0.01% relating to interbank loans, and a ratio of 0.3% relating to customer loans.

Fixed income securities amount to € 208 billion (2006: € 198 billion). The percentage of securities issued by public bodies and credit institutions is 66% (2006: 71%). The remaining 34% is issued by issuers from Zone A countries (29%) and from Zone B countries (5%). The BCL Revue de Stabilité Financière 2008 analysis indicates that the weighted average annual ratio of impairment adjustments to the total amount of securities increased to 0.37%

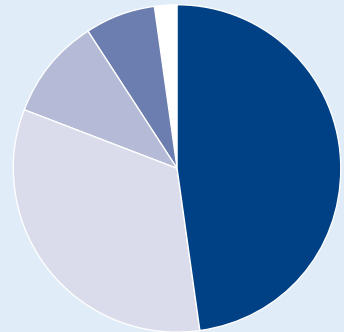
in 2007, from 0.34% in 2006. At December 2007, the ratio had reached 0.57%, resulting from the increase in the number of impairment adjustments made in the second semester of 2007. This increase can be linked to the turmoil in financial markets and the lack of market liquidity.

Funding

Composition of liabilities 2007

Total liabilities: € 915 billion

■ Liabilities to credit institutions	48%
■ Customer deposits	33%
■ Debt securities	10%
■ Capital and reserves	7%
■ Other Liabilities	2%



Source: Data from CSSF Annual Report 2007

The three main sources of funds, in order of importance, are interbank funding (68% of which are intragroup), customer deposits and issuance of debt securities.



*Investment funds
still fuelling deposit
growth*

Customer deposits

During 2007, deposits from the non-banking institutions continued to grow, increasing by 3% from € 293 billion to € 303 billion. This increase mainly came from financial services institutions (€ 15 billion) and individuals (€ 7 billion), compensated by decrease in deposits from corporates (€ 8 billion) and from public bodies (€ 4 billion).

Approximately 60% of customer deposits originate from financial services institutions, largely represented by the investment fund industry. Individuals represent 22% of deposits, and corporate clients represent approximately 18% of deposits.

In terms of geographical origin of customer deposits, 54% is from Luxembourg resident entities or individuals, 25% from other Euro zone countries, and 21% from the rest of the world.

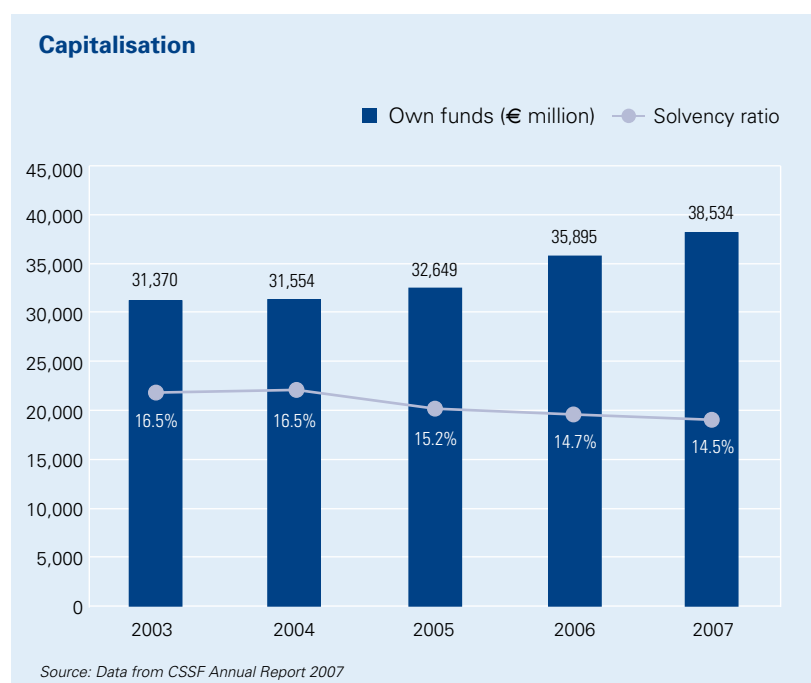
There are a number of banks which contributed more or less equally to this growth in deposits. These are Sanpaolo Bank (+ € 3 billion), UBS (+ € 3 billion), CACEIS (+ € 2 billion), RBC Dexia (+ € 2 billion), Banque de Luxembourg (+ € 2 billion), ING (+ € 2 billion), DZ Bank (+ € 2 billion), Société Générale (+ € 2 billion) and Dresdner Bank (+ € 2 billion).

On the other hand, banks showing the larger decreases in customer deposits were West LB International (- € 7 billion), Deutsche Bank (- € 5 billion), Fortis Banque (- € 5 billion), Norddeutsche Landesbank (- € 3 billion) and Dexia BIL (- € 3 billion).



Capital and solvency ratio

In 2007, total regulatory own funds increased to € 38.5 billion from € 35.9 billion in 2006, with tier 1 own funds representing € 32.7 billion or 85% (2006: 82%) of total own funds. Overall, this provides another indication of the growth in credit activities in 2007, and the corresponding need for more regulatory capital.



The larger increases in own funds came from: Sal. Oppenheim (+ € 639 million), Dexia BIL (+ € 430 million), Natixis (+ € 306 million), and BNP Paribas (+ € 265 million).

And the main drivers of the increase are that of retained earnings (e.g. Dexia BIL, BNP Paribas) and increased capital (e.g. Sal. Oppenheim, Natixis).

*Important
increase in
Tier 1 capital*

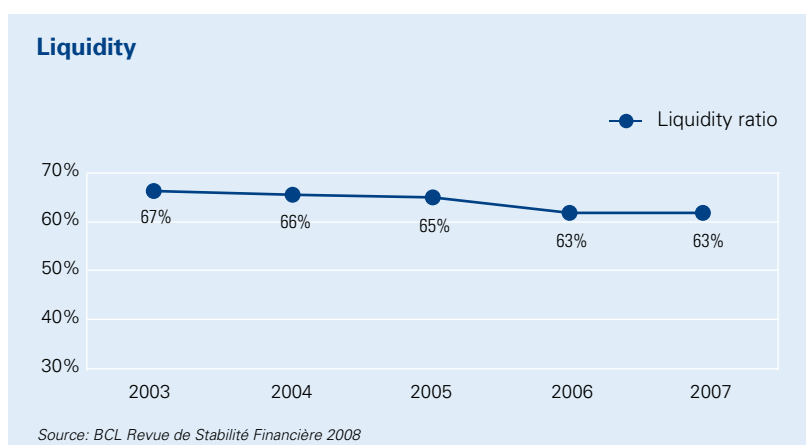
To the contrary, banks showing a significant reduction in own funds were Deutsche Bank (- € 223 million) as a result of the maturity of a capital instrument, and HSH Nordbank Securities (- € 178 million) mainly as a result of valuation adjustments recorded in 2007.

Overall, Luxembourg banks have maintained a solvency ratio well above the minimum requirement of 8%, consistently over the last five years.

The relatively high solvency ratio reflects the low risk nature of assets on the balance sheet; mainly attributable to the significant level of interbank placements.

Liquidity ratio

In Luxembourg, banks are required to maintain a regulatory minimum liquidity ratio of 30%. This ratio is calculated as the percentage of liquid assets to current liabilities.



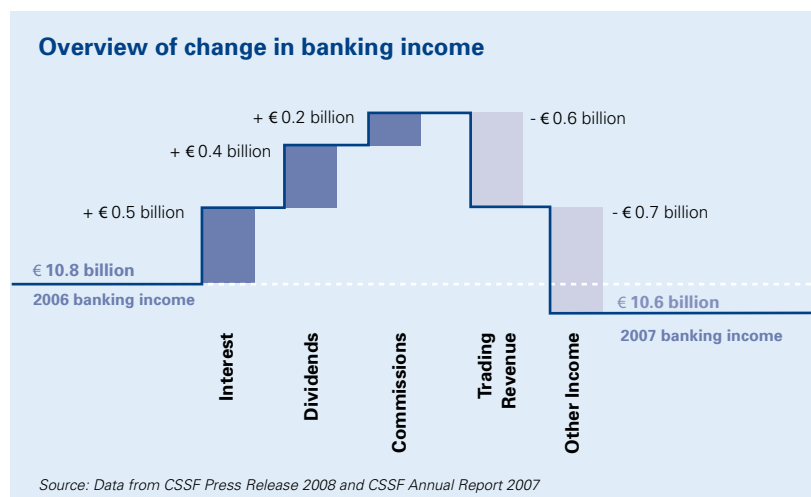
The weighted average liquidity ratio remained stable in 2007 compared to 2006, and according to the BCL Revue de Stabilité Financière 2008, did not vary much in the second semester of 2007. The BCL explains it by the fact that the activities of the Luxembourg market place can be considered as “liability driven” and generate excess liquidity. On average, during 2007, non banking deposits represented roughly twice the amount of non-bank loans. The overall liquidity ratio therefore remains well above the regulatory minimum.

Profitability

Banking operating income (excluding other income) still on the rise

The first half of 2007 was good for financial markets and the banking sector. On the other hand, the second half of 2007 brought a number of uncertainties in the global financial markets, resulting from the subprime crisis, and ensuing liquidity shortages.

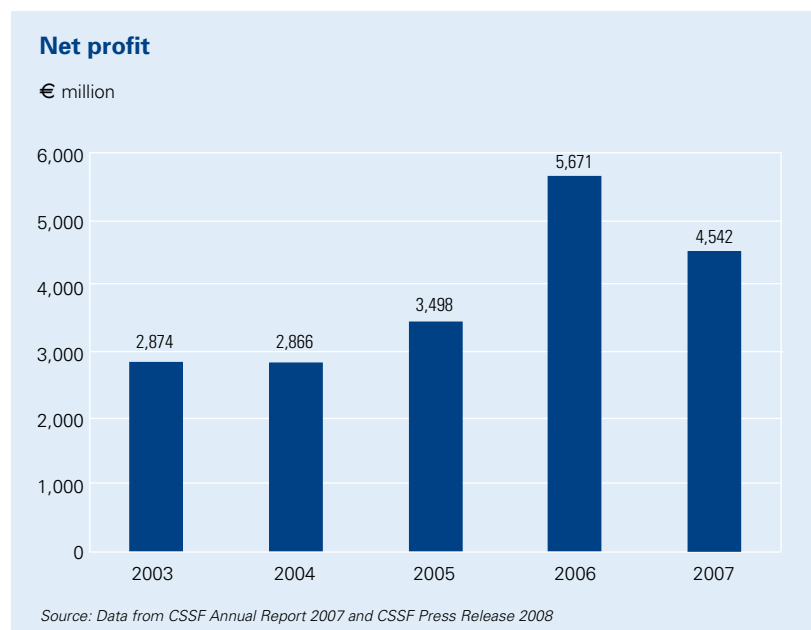
Against this context, the performance of Luxembourg banks was not a horrible one. If we look at the banking income constituents, pure interest margin and commission margin both increased compared to last year, whereas, as one might expect, trading revenue from financial transactions fell. Other income showed a plunge because of non-recurring profits generated last year from sale of participations. Overall, banking income decreased by € 0.2 billion. However, if we consider banking operating income (which excludes other income) year on year, it has increased by 6%.



On the other hand, general administrative costs increased by 8% largely due to increased staff costs. The number of staff rose and there was an application of a salary indexation during 2007. While the subprime global crisis did not affect the Luxembourg market in terms of impaired loans (Luxembourg banks' direct exposure to subprime of € 2.5 billion represents only 0.3% of total assets), it did affect the valuation of structured products in bank portfolios adversely. This led to a decrease in valuations of securities portfolios, and an increase in the amount of provisions constituted.

The overall effect on net profit of Luxembourg banks was a reduction compared to last year by 20%.

The development of net profit of the Luxembourg banks over the past 5 years is given below.



Net profit € million	Rank	2007	Rank	2006	Rank	2005
Sal. Oppenheim jr. & Cie S.C.A.	1	581	58	9	53	7
Fortis Banque Luxembourg	2	407	3	580	1	468
DekaBank Deutsche Girozentrale Luxembourg S.A.	3	332	6	208	4	145
Société Générale Bank & Trust	4	234	7	190	10	111
BNP Paribas Luxembourg	5	229	11	152	14	80
Deutsche Bank Luxembourg S.A.	6	220	4	320	7	127
KBL European Private Bankers S.A. *	7	209	2	581	2	208
Dexia Banque Internationale à Luxembourg	8	202	1	631	8	122
Clearstream Banking S.A.	9	198	5	215	12	97
ING Luxembourg S.A.	10	177	10	159	6	131

* formerly Kredietbank S.A. Luxembourgeoise
Source: Data from Luxemburger Wort

In terms of profit after tax, the top ten banks contributed 54% (2006: 57%) of the industry total. The thirty banks selected contributed 83% (2006: 82%) of the industry total.

In terms of increase in profit after tax, significant increases came from Sal. Oppenheim (+ € 572 million), DekaBank (+ € 124 million) and Banque LBLux

(+ € 121 million). The increase for Sal. Oppenheim is explained by increased dividends resulting from the group restructuring and resultant move of its head office to Luxembourg this year. DekaBank also showed an increase because of dividend income. Banque LBLux sold its reinsurance subsidiary in 2007, and this mainly explains the increase in net profit.

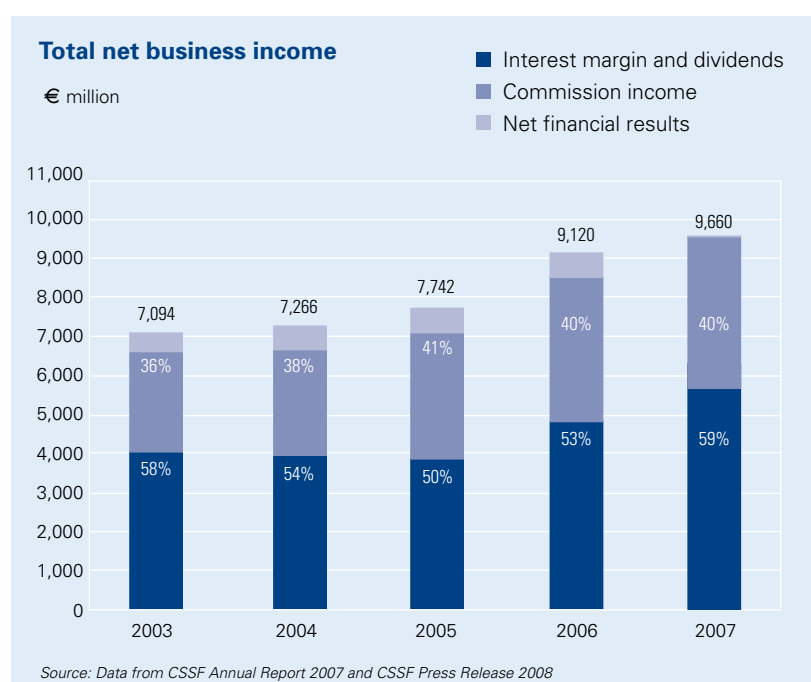
In terms of decrease in profit after tax, significant decreases were shown by a few banks: Dexia BIL (- € 429 million), KBL (- € 373 million), HSH Nordbank Securities (- € 353 million).

Both Dexia BIL and KBL showed negative variances in net profit as a result of one-off exceptional profits recorded in 2006. While Dexia BIL had recorded € 456 million of exceptional gain in 2006 arising mainly from the contribution of its fund administration activities, KBL had recorded a one-off exceptional capital gain of € 446 million from the sale of its subsidiary Banco Urquijo. HSH Nordbank Securities recorded valuation adjustments in its portfolios.

Increasing net business income

Net business income

For the purpose of this report, net business income consists of income from interest, dividends, commissions plus the financial result and excludes other income items.



Total net business income increased by € 0.5 billion compared to last year, with interest income continuing to represent a higher mix in the total income figure, while net financial results representing only a minimal part of the total in 2007.

Net Business income € million	Rank	2007	Rank	2006	Rank	2005
Fortis Banque Luxembourg	1	735	1	760	1	802
Sal. Oppenheim jr. & Cie S.C.A.	2	628	55	28	53	22
Clearstream Banking S.A.	3	543	4	454	3	388
Dexia Banque Internationale à Luxembourg	4	512	3	501	2	577
DekaBank Deutsche Girozentrale Luxembourg S.A.	5	475	9	291	7	256
Société Générale Bank & Trust	6	452	8	335	8	221
Banque et Caisse d'Epargne de l'Etat	7	432	5	403	5	361
KBL European Private Bankers S.A. *	8	412	7	345	4	382
ING Luxembourg S.A.	9	287	6	370	6	273
Deutsche Bank Luxembourg S.A.	10	283	2	568	9	215

* formerly Kredietbank S.A. Luxembourgise
Source: Data from Luxemburger Wort

In terms of net business income, the top ten banks account for 47% of the industry total of nearly € 10 billion (2006: 47%). The relative part of the top ten has not changed, demonstrating that the other institutions continue to grow as well. The newcomer in the top 10 list is Sal. Oppenheim, and is explained by the relocation of the head office of this group to Luxembourg in 2007.

The more significant increases in net business income were achieved by banks in the top 10 list: Sal. Oppenheim (+ € 600 million) and DekaBank (+ € 184 million), both mainly from an increase in dividend income.

Interestingly, the two most significant decreases in net business income also originated from banks in the top 10 list: Deutsche Bank (- € 286 million) and ING Luxembourg (- € 84 million). The variance regarding Deutsche Bank is explained by income from a structured transaction in 2006. ING Luxembourg also shows, amongst other variations, a reduction of dividend income by € 83 million compared to last year.

Interest income and charges (including dividend income)

Net interest income (including dividend income) of Luxembourg banks grew by 18% (2006: 23%). Excluding dividends, net interest income was up from last year by 14% (2006: 15%). This resulted from an increase in interbank activity over the year.

The leading banks generating net interest income (excluding dividend income) in absolute terms are Fortis Banque (€ 360 million), Banque et Caisse d'Epargne de l'Etat (BCEE) (€ 317 million), Dexia BIL (€ 305 million), Société Générale (€ 260 million), and Clearstream Banking (€ 178 million). Fortis Banque, BCEE and Dexia BIL are the primary retail banks in the country which largely accounts for their interest streams.

High dividend streams were achieved by Sal. Oppenheim (€ 638 million), DekaBank (€ 229 million), Fortis Banque (€ 122 million), KBL (€ 110 million), CACEIS (€ 109 million) and Dexia BIL (€ 104 million).

Commission income and charges

Luxembourg banks derive commission income from financial transactions carried out on behalf of customers, custody and fund administration, domiciliation services, wealth management and other services. The growth in the investment funds sector has led to a situation whereby custody and fund administration activities account for a high share of commission income in Luxembourg banks.

With a total of € 3.9 billion, net commission income had a share of 36% of total banking revenues of € 10.7 billion in 2007 (2006: 34%).

The increase of 8% in commission income is, to a large extent the result of an overall increase in assets under custody. Investment fund assets under custody increased by 12% to reach € 2 trillion.

The banks generating significant net commission income are: Clearstream Banking (€ 364 million), Fortis Banque (€ 248 million), UBS (€ 202 million), JP Morgan (€ 175 million), DekaBank (€ 173 million) and RBC Dexia (€ 152 million).

Results on financial operations (trading results)

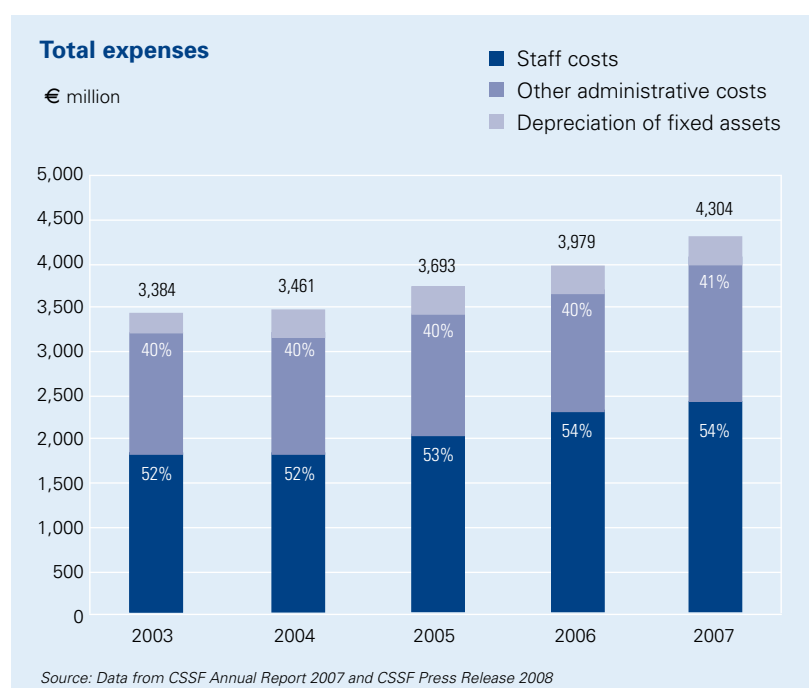
Compared to the major sources of revenue (interest and commissions) trading results are relatively insignificant. Luxembourg banking subsidiaries are in general not allocated significant trading limits by their head office.

In 2007, trading results fell sharply to € 29 million, down from € 616 million the previous year. This is a result of the unfavourable market conditions in the second half of 2007, and their adverse impact on the valuation of bond portfolios not held to maturity.

Total expenses

Total expenses consist of general administrative expenses (staff costs and other administrative expenses) plus depreciation of fixed assets.

For Luxembourg banks the competitive advantage continues to be for those that identify innovative ways to maintain their cost structure without impacting their revenue or growth potential.



Total expenses in 2007 increased by 8% to reach € 4.3 billion. Staff costs rose by 6% to reach € 2.3 billion, due partly to an increase in the number of staff and due partly to a salary indexation occurring in the year. This was accompanied by a 10% increase in other administrative expenses.

Cost-Income ratio

The cost-income ratio, based on the CSSF Annual Report 2007, was 40% for 2007 compared to 37% in 2006 and 45% in 2005. Therefore, the cost-income ratio seems to have deteriorated slightly in 2007 although in relative terms, it still looks favourable when compared to an average ratio of 60% for banks within the EU.

Development of number of staff

The number of staff employed by Luxembourg banks increased from 24,752 to 26,139 in 2007, equivalent to an increase of 6%. An estimated additional 12,000 staff work for other financial service providers.

Number of Employees as at 31 December	Rank	2007	Rank	2006	Rank	2005
Fortis Banque Luxembourg	1	2,608	1	2,523	2	2,482
Dexia Banque Internationale à Luxembourg	2	2,068	2	2,121	1	2,729
Banque et Caisse d'Epargne de l'Etat	3	1,800	3	1,782	3	1,785
RBC Dexia Investor Services Bank S.A.	4	1,331	5	1,162	n/a	n/a
KBL European Private Bankers S.A.*	5	1,238	4	1,244	4	1,273
ING Luxembourg S.A.	6	790	6	833	5	834
Société Générale Bank & Trust	7	702	9	617	8	525
Banque de Luxembourg S.A.	8	695	8	657	6	618
BNP Paribas Luxembourg	9	594	10	551	9	515
Banque Privée Edmond de Rothschild Europe	10	573	13	497	12	455
* formerly Kredietbank S.A. Luxembourgeoise Source: Data from Luxemburger Wort						

In terms of total staff the top ten banks employ 47% (2006: 49%) of all personnel in the banking sector; the thirty banks selected in turn employ 65% (2006: 72%). Branches employ 5% (2006: 6%) of staff working in the banking sector.

The banks who recruited the most in 2007 are RBC Dexia (+169 staff), Brown Brothers Harriman (+107 staff), Kaupthing Bank (+88 staff) and Sal. Oppenheim (+86 staff).

At the other end, State Street Bank shows a decrease in staff by 171. Its annual accounts show that the average number of staff has fallen from 718 to 644, a decrease of 74, and that the number of staff at year end was 526. The management report further explains that the bank outsourced its Transfer Agency (TA) operations, involving also a transfer of TA staff to another company in Luxembourg. This means that State Street Bank falls out of the top 10 list of banks by number of employees. The bank taking its place in the top 10 list is Banque Privée Edmond de Rothschild with 573 staff, an increase of 76 staff from last year.

Other income and expense items

Figures shown under other income and other expenses generally vary as they usually relate to non-recurring items. These positions include, amongst others, proceeds from sale of fixed assets or even business areas, restructuring effects, group internal transactions and adjustments which are not classified as risk provisions. Over the last few years, the net other result developed as follows: 2007: € 1 billion; 2006: € 1.7 billion; 2005: € 548 million and 2004: € 184 million.

2007 saw a decrease in this caption by 42%, compared to 2006. In 2006, two major transactions accounted for more than € 900 million: KBL sold shares in the Spanish Banco Urquijo and Dexia BIL realised capital gains by transferring its investment fund services to RBC Dexia. In addition other banks also realised gains by selling off stakes in non strategic assets (e.g. several reinsurance companies were sold). Fortis Banque, for one, announced one off gains from the sale of shares in Arcelor, Luxempart and reinsurance activities totalling € 196 million. In 2007, other income was made up of a number of relatively smaller items than in 2006.

Provisions

2007 saw a 230% rise in net provisions made, from € 305 million last year to € 1.009 million. This is largely explained by the indirect impacts of the subprime crisis on global financial markets, leading to a downward valuation of securities portfolios held by banks.

New provisions made amounted to € 1.976 million (2006: € 1.107 million), whereas provisions released amounted to € 967 million (2006: € 802 million).

Taxation

Tax expense decreased by 9% compared to last year, whereas net profits fell by 20%. With € 806 million in taxes charged, the effective tax rate (tax expense over profit before tax) for the entire industry is 15%, up from 13.5% in 2006.

Attempts to draw further conclusions from the effective tax rate are difficult mainly due to tax groupings that have been set up in the last years. For further information on taxes we refer to the separate section in this report "Tax environment".



*“Flying you
comfortably
to your
destination is
our pleasure”*

Olivier
Q400 Captain



Olivier is a Q400 Captain and is also a qualified technical pilot. Like all the crew, he places his expertise and experience at the command of our aircraft. Flight Operations is part of Luxair- Luxembourg Airlines, a cornerstone to LuxairGroup which also encompasses the LuxairTours, LuxairCargo and LuxairServices activities.

Luxair, Luxembourg Airlines - Fly in good company

Luxair
G R O U P

Doing business in Luxembourg

Luxembourg for Finance

A new agency for development of the financial centre



Fernand Grulms, CEO of Luxembourg for Finance, talks about the agency's views of the Luxembourg financial market place and future challenges

Luxembourg for Finance (LFF) was launched in January 2008. What are your plans and ambitions ?

Fernand Grulms: Our name is our programme. We are there to provide assistance in the development of the financial centre. We would like to raise awareness of our financial centre's expertise and its strict observance of rules and regulations. A whole communications programme will be put in place including, among other things, road-shows abroad.

Why didn't this idea take off earlier?

Fernand Grulms: Sometimes ideas need time to mature. Today "the world is flat" as Friedman commented in his famous book. I would add that this trend towards globalisation will increase over the coming decade. In order to meet the challenges posed by globalisation, Luxembourg for Finance was created as a joint venture between PROFIL (the Luxembourg Financial Industry Federation) and the Luxembourg Government to communicate the advantages of Luxembourg through a unique, coordinated and structured message.

Do you have geographic priorities ?

Fernand Grulms: The honest answer is yes and no. It depends on the activity we are looking at. The surrounding countries represent a major market for the private banking and insurance sectors. Investment funds have more global ambitions and are looking for export markets on other continents. This means that we need to find some common denominators and a sound balance in our activities likely to satisfy all LFF shareholders.

Looking at the evolution of the financial centre over the last decade, what would be your comment in a nutshell?

Fernand Grulms: It's all about anticipation of trends and diversification. We were lucky enough to anticipate the growth in alternative investment classes and to provide the international market with investment vehicles in line with their needs; hedge funds, private equity and real estate funds have done well over recent years. Diversification has two dimensions: geographic and product offering. More and more customers are coming from outside Europe. To cope up with this phenomenon the panoply of products and services available had to be widened. The concept of "open architecture" is very widely used today.

It's the international dimension of Luxembourg which makes it attractive

What makes Luxembourg attractive? If you had to come up with a single argument, what would it be?

Fernand Grulms: It's the international dimension. First of all from a regulatory perspective: Luxembourg is so small that all financial services have to be aimed at the international community. This means that the analysis of business opportunities in international markets is part of the law-making process. International also from a working perspective: in a company you will typically find staff members originating from 10 to 15 different countries. They communicate in English. This makes Luxembourg one of the most interesting and challenging places to live and work.

Some people would argue that Luxembourg is off-shore....?

Fernand Grulms: Yes, I know that this is a wide-spread misconception. But if you go into detail, it appears that people often confuse terminology. When comparing Luxembourg to London for instance, London is perceived as "international" while Luxembourg is considered as being "off-shore", while we are in the same business to a large extent. My conclusion is that the difference must have to do with the size of the country.

What, do you think, is the biggest challenge for the future?

Fernand Grulms: We need to stay competitive. And this means that we have to attract the best talent to Luxembourg. As the Luxembourg financial centre continues its expansion and diversification we have to cope with the shortage of skilled manpower and the cost pressures linked to it. Process reengineering to increase competitiveness will stay on the agenda in the coming years. Luxembourg for Finance will contribute to efforts to attract talent to Luxembourg.

Evolution of bank business models

Fortis Banque Luxembourg Strategic outlook and 2007 results



Carlo Thill, Chief Executive Officer of Fortis Banque Luxembourg, remains positive on the strategy of the bank and on the impacts of the merger with ABN Amro

Could you give us an indication of the contribution of Fortis Banque Luxembourg entities in the Fortis Group?

Carlo Thill: In 2007, Fortis Luxembourg's results were € 677 million, representing approximately 17% of the Fortis Group's results of € 4 billion, and nearly 30% of Fortis bank group results. While the proportion can be volatile from one year to the next, the overall trend is that Luxembourg entities and lines of businesses make an important contribution to the Group.

What was your first reaction when the announcement came regarding the merger with ABN Amro?

Carlo Thill: It was one of great satisfaction and pride for Fortis management and employees, as Fortis managed to achieve this result despite some people saying that Fortis was too small to play in this league. This result also reflects on how much we have grown as a group over the past years.

Do you believe this was the right strategy?

Carlo Thill: Yes, this deal plays a very important part in the strategy. It was an unique opportunity to grow our market share, and to become a major player in the Netherlands retail market. In terms of private banking, this will put us in a No. 3 position in Europe, behind the two large Swiss banks. In terms of asset management, it also reinforces our market position in Asia and Europe.

In Luxembourg, the segment which ABN Amro was previously serving is complementary to other segments which we are serving, and therefore helps to increase both the size of our market, and of our service range.

What will be the main sources of synergy?

Carlo Thill: Fortis has a long history of mergers. As I mentioned before, ABN Amro's activities which we shall be merging are complementary to our own activities. From a revenue standpoint, our product range will inevitably increase, and there will be more cross-selling opportunities to take up. From a cost standpoint, synergies will no doubt come from centralising of information systems and support functions. The bank does not expect a social plan, as a result of other measures in place or to be implemented, such as reducing the level of recruitment, and assisting employees in redeploying their skills to other growth segments of the bank.

"The alternative investment funds space is not yet fully exploited by Luxembourg banks, and there is a lot of potential there."

Fortis showed very good results in 2007. How do you explain this?

Carlo Thill: We have a solid base of activities, and all lines of businesses performed well. And we have not suffered from direct impacts of the global subprime crisis. Of course, we had an impact on the valuation of structured products where spreads were increasing and liquidity was evaporating, but the impact on overall results was not drastic.

What is your view on the 2008 results?

Carlo Thill: I believe that many banks are likely to show a decrease compared to 2007 results, mainly because markets globally are at a lower level than in 2007, and this has a direct impact on the level of fee income, such as on private banking revenue which is proportional to the value of assets under management.

How do you see the evolution of the banking market in Luxembourg?

Carlo Thill: Radical changes are unlikely to be seen over the next couple of years. A few thoughts are :

- The alternative investment funds space is not yet fully exploited by Luxembourg banks, and there is a lot of potential there. Fortis Banque entered this segment a year ago, and we are currently developing this service with quite some success.
- With respect to private banking, we cannot expect the same levels of growth as seen in the 1990's, but I remain optimistic, as there is still a lot of new investments. Luxembourg is still seen as a country with strong laws and regulations which protect the investor, and which remain stable over time. These are features which are attractive to the high net wealth clients.
- As banking products become more harmonised within the EU (e.g. with the advent of SEPA), the nature of banking relationships will change. Luxembourg has a number of employees coming from surrounding countries, and they have their main banking relationship with a bank in their own country. With forthcoming changes, Luxembourg has the opportunity to play a bigger role and becoming the main banker for the "frontaliers".

- Luxembourg should be well equipped when it comes to serving customers who have cross-border activities. Since many years, FBL is used to making a truly global relationships work, and being able to provide our clients with solutions which are also cross-border. This is a differentiating advantage we have compared to the neighbouring countries. Therefore, there is a potential market to be tapped with respect to companies in the Grande Région who have cross border activities.
- Finally, from a financial statements perspective, we are looking forward to clarifications which are expected to be forthcoming regarding IFRS accounts and the calculation of the tax base. These may help in reducing the administrative burden for banks of having to maintain two separate sets of figures, one under each GAAP.



Sal. Oppenheim

Relocating International Headquarters to Luxembourg



François Pauly, CEO of Sal. Oppenheim in Luxembourg, gives an overview of the bank and of the reasons for relocating the group headquarters Luxembourg

Key business areas of the Sal. Oppenheim jr. & Cie. S.C.A. Group

Sal. Oppenheim jr. & Cie. S.C.A., with an equity capital of € 2.2 billion and a balance sheet total of € 41.1 billion, is currently the largest independent private bank in Europe. Sal. Oppenheim has been a family business since being founded in 1789. The core business areas are asset management and investment banking. The bank transferred its headquarters to Luxembourg in 2007.

As an integrated asset management and investment bank we provide customized financial services for private clients, small and medium-sized companies, for the public sector as well as for institutional investors and retail clients. With this strategy we are able to offer corporate and private investment strategies individually or combined.

Within the private asset management services we offer a combined asset planning strategy that in addition to the traditional asset management services focuses on managing family investments (e.g. property successions, trusts, Family Office and shareholdings in family owned businesses). For institutional asset management, we offer the business activities of our global asset management services to the client, including a wide variety of institutional and other mutual funds and other asset management engagements.

With its second core business, investment banking, Sal. Oppenheim ranks among the leading investment banks in German-speaking countries. Our expert team is entrusted with overseeing various stages of the commercial development of our clients and offer clients customized financial plans in this respect. As a comprehensive service provider for financial and strategic issues and challenges, the primary objective is to consult our clients and assist them in successfully achieving their business and private objectives.

The range of products the bank offers has grown in the past years due to entering into strategic partnerships with domestic and international financial market participants. With the acquisition of BHF-Bank at the beginning of 2005, Sal. Oppenheim Group's assets under management exceed € 150 billion and the number of employees in Germany and Europe stands at 4,100.

“Luxembourg is an ideal location for the further expansion of our international business”

Being a family owned private bank, Sal. Oppenheim distinguishes itself from the competition with a tradition of more than 200 years of entrepreneurial skills and a high degree of innovation potential. During Sal. Oppenheim's long and rich tradition we have managed to master numerous economical and political crises.

The most important value and the foremost objective of the bank and the owner-family is independence retention, which enables Sal. Oppenheim to act in the best interest of our clients. Continuity is internally ensured by emphasizing a strong corporate culture and a long-term invested human resources policy. This is externally ensured by the existence of strong client relationship management – with many of these client relationships lasting for many generations.

In order to be able to fully exploit our business potential internationally, Sal. Oppenheim relocated the Group headquarters to Luxembourg with effect from 1 July 2007, and concentrated all activities at Sal. Oppenheim jr. & Cie. S.C.A. As one of Europe's leading financial centers which is recognized on the international stage, Luxembourg is an ideal location for the further expansion of our international business.

Relocation of Headquarters - a small step with a large impact

The relocation of the headquarters from Germany to Luxembourg on 1 July 2007, was a major step forward for the bank. This move was motivated by Luxembourg's excellent reputation as one of the leading international financial centers and its modernity.

Reflecting the great importance of the financial sector in Luxembourg, Sal. Oppenheim received a very warm welcome after relocating, first and foremost from the Luxembourg Department of Justice and the Ministry of Finance, as well as by the CSSF. Sal. Oppenheim benefits from its high level of professionalism, which is characterized by a quick decision-making process and a constructive interaction with each other.

“ In such a fiercely competitive environment we cannot afford to stand still, and so must continue looking for alternative opportunities ”

However, the effort required for such move should never be underestimated, since it proved to be quite challenging to establish the structure needed to cover the differences in regulatory requirements between Germany and Luxembourg, such as accounting standards and financial reporting requirements. The relocation of the Group's headquarters also represented a challenge to the Luxembourg authorities with Sal. Oppenheim being the first international group being supervised by the CSSF.

Our reputation has not been effected by the relocation whatsoever. It has rather been the opposite, since the banking market in Luxembourg gives us a platform to win new clients that we would have not been able to reach from Germany. Both our German and our international clients insist on the discretion and confidentiality we can offer and furthermore appreciate the reliable structures, progressive legislation, and the innovative atmosphere of this country. In the previous year Sal. Oppenheim was able to increase the assets managed from € 138 billion to more than € 150 billion. The considerable growth in the market position in Switzerland is also related to the relocation of the Groups headquarters. The bank's presence in Luxembourg will enable us to actively pursue potential business partnerships without having to rely exclusively on German laws and regulations.

Our goal for the next ten years is to establish Sal. Oppenheim as one of the global players in the private banking sector. We currently generate in the Group more than a third of our revenue in markets outside Germany. This should increase to around 50% in the medium term.

In order to achieve our goal we will need to grow at a rate above average on the international stage, whilst maintaining our focus on the German market. Integrity and a permanent customer proximity are essential to establish long-term client relationships and achieve optimal customer satisfaction. Relating to this we have for example restructured our branch offices and strengthened our teams in Hamburg and Düsseldorf. Of the 400 new employees recruited in 2007, 200 are working in Germany. We are currently in the process of investing a substantial amount in restructuring our branch offices in Frankfurt and Cologne.

With respect to future acquisitions and business cooperations we are currently analyzing the international private banking sector in order to identify potential companies. The way the Luxembourg financial market place is set up facilitates our expansion plans immensely.

At the same time we are careful not to use our continuous internationalization as an end in itself. Rather, it is our answer to the constantly changing banking environment and the respective laws and regulations that are issued at a global level in the industry. In such a fiercely competitive environment we cannot afford to stand still, and so must continue looking for alternative opportunities. A bank focusing solely on the German market will not stand the test of time in terms of growth and success. We need to be able to offer our clients access to financial services with a variety of asset management products in whichever country their need arises. In addition this gives us the opportunity to acquire new clients and explore new business partnerships. A recent Cap Gemini study gives food for thought in its comparison of the increase in millionaires- 0.9% in Germany as compared against 6.5% globally. Consequently our strategy is two-fold. We will try to assert and further expand our position in the German market and also intensify our activities on an international level. That is why for Sal. Oppenheim 2007 was a year of economic progress, great achievements, progression and growth – both at home and abroad.

Our business strategy not only focuses on opening branch offices in new locations, expanding our network and searching for potential business partners, we also turn our attention to developing our staff in order to reflect the successful growth of our company and show the drive to continually improve from within. Our broad spectrum of expertise with emphasis on international markets is of clear benefit to our clients, enabling us to provide them with bespoke products and portfolio services. All of the aforementioned ultimately allows us to set ourselves apart from our competitors.

2007 Overview

The Group coped well with the remarkable financial year 2007. Thanks to our conservative risk policy and successful risk management, we were barely affected by the turmoil on the capital markets. Although our Bank was not involved in the US mortgage or securitization markets, we were indirectly affected by the crisis and had to account for certain losses due to revaluations. Our family business enjoyed its most successful year in 219 year history, which saw profit from operating activities for the whole Group increasing to € 333 million. Our strategic positioning as an integrated asset management and investment bank has proved to be the right move in these turbulent times.

In the past year the Sal. Oppenheim Group increased their staff by 335 employees, taking the total staff up to around 4,100 at the end of the year. We currently employ over 3,400 people in Germany, 136 more than last year. In contrast to the rest of the market, we have significantly increased our staff during the past year. We see this creation of long-term secure jobs as a major contribution in terms of our corporate and social responsibility, especially in these unstable times. Due to the net profit generated in 2007 we were able to increase our equity capital by € 239 million to a total of € 2.2 billion. This is a key component for our success as well as the basis to deal with the actual challenges of the market as to ensure further growth of our business and the obtain our independence.

The Sal. Oppenheim Group managed to continue its positive performance in 2007 and increase the net income for the period by 16% on the previous year, from € 1,093 million to € 1,262. Net commission income, which was already at a high level last year, increased again by 20%, to € 633 million. Growth drivers were the commission income from the securities business and asset management. Net interest income amounted to € 250 million (previous year: € 242 million), and in addition to the traditional components from lending and money market business, also includes interest income and expense from banking book securities. Net income from non-current financial assets totaled € 317 million (prior year: € 118 million). The acquisition and sale of investments is traditionally of key operational significance and an important pillar of our earnings.

Sal. Oppenheim jr. & Cie. S.C.A.

Sal. Oppenheim jr. & Cie. S.C.A., based in Luxembourg, has been parent company of the Sal. Oppenheim Group since 1 July 2007. The company is the result of the merger between the former holding company Sal. Oppenheim International S.A. and Bank Sal. Oppenheim jr. & Cie. (Luxembourg) S.A.

In order to provide the Bank's clients – private and institutional alike – with access to an even broader spectrum of expertise, we merged the Private Banking and Asset Management divisions, which previously operated largely separately, into a joint Asset Management division at the end of the financial year 2007.

In Luxembourg we offer to our clients the full range of financial services the Sal. Oppenheim Group has to offer. The two pillars of the operating group Sal. Oppenheim jr. & Cie. S.C.A. can provide our private and institutional clients with private banking as well as investment fund capabilities. The asset management division benefits from the close cooperation of all Group entities in order to offer the full range of expertise in asset allocation, and top-quality solution tailored to clients' individual needs for all investments. The main focus of the Luxembourg unit is the advisory business as well as the portfolio management of our clients. Financial services for investment funds are primarily offered for the special purpose vehicles of the Sal. Oppenheim Group. In these cases Sal. Oppenheim jr. & Cie. S.C.A. acts as custodian bank and transfer agent, as well as execution desk, for the variety of funds offers by the Luxembourg subsidiary, Oppenheim Asset Management Services S.à r.l.

Due to the aforementioned restructuring of the Group the individual financial statements of Sal. Oppenheim jr. & Cie. S.C.A. are incommensurable to the accounts of bank Sal. Oppenheim jr. & Cie. (Luxembourg) S.A.

The profitability mainly results from the income from shares in affiliated undertaking in the amount of € 637 million, whereby € 624 million are related to the payout of dividends from the former parent company of the group, Sal. Oppenheim jr. & Cie. KGaA, Cologne.

The net interest income is due to the holding activities and the related loans at minus € 21 million. The refinancing due to the restructuring of the Sal. Oppenheim Group amounts to € 56 million as at 31 December 2007, with € 23 million related to refinancing expenses.

The remaining components of the net income result in particular from the revenues of the Luxembourg Bank.

The share capital consists of a contribution in kind as part of the restructuring of the company and remains mainly unchanged year-on-year at € 700 million and is fully paid in. It represents 17.7% of the balance sheet total (€ 3,962 million).



Citibank Luxembourg

How Luxembourg branch fits in the global strategy



*Marc Pecquet,
Citi Country Officer of
Citibank International plc,
Luxembourg branch talks
about how Luxembourg fits
into the global strategy*

Could you give us a brief description of the evolution of Citibank's activities in Luxembourg?

Marc Pecquet: There has been a significant evolution in the activities of Citibank Luxembourg in the past 10 years. Initially, we were carrying out, on the one hand, private banking and consumer banking activities, and on the other hand, acting as global custodian for institutional clients and servicing Citi funds through Citigroup Asset Management (CAM).

Subsequently, we decided to cease private banking activities in 1999, and consumer banking activities in 2003, because a number of our clients told us that they preferred to be served by a Citi location that was more convenient for them.

We therefore focused on developing our custody and fund administration activities, and integrating these in the global Citi model. Global Transaction Services (GTS), which also serves corporate and institutional clients, had activities which overlapped with CAM, and in 2004 fund administration services in Luxembourg were integrated into the global service offering of GTS.

The client mix has also changed radically. In 2000, 80% of our fund administration activities related to Citi funds, and 20% to third party funds. In 2003 the proportions were reversed and by the end of 2005, 98% of our fund administration activities was for third party funds, after the Investment Management part of CAM was sold to Legg-Mason. Today, the Luxembourg branch is fully dedicated to GTS with a focus on the investor services value chain.

The Luxembourg branch is now the centre of excellence for fund administration and recently it has been appointed as securities pricing center within Europe, and in this capacity, serves other Citi locations in Ireland, UK and Germany.

What is the Citi strategy in terms of fund administration activities?

Marc Pecquet: The strategy of GTS globally is to focus on third party servicing, by providing a top quality and tailored service to each individual promoter, on both sophisticated and plain vanilla products, using our strength as a global network to provide an optimum solution in each location where our client operates.

In Luxembourg, for example, we have built client solutions based on different types of needs e.g. working in a given time zone, providing support with distribution and creating shared service models. We do this by putting

In Luxembourg, we shall continue to develop our activities in servicing custody customers, alternative funds, pooled and multimanager funds, pension funds, managed accounts as well as Cayman Island funds and microfinance funds

together components of the value chain, selecting the right Citi location (e.g. Canada, Hong Kong) for carrying out the relevant tasks in the value chain, based on the best match between service capabilities of a given location to client needs, and then coordinating the whole process from Luxembourg.

In the alternative funds space, the acquisition by Citi of the Investment Services Division of Bisys, which includes Fund Services and Alternative Investment Services, will make Citi Hedge Services a market leading provider to hedge funds and the private equity industry.

How do you see the evolution of the Luxembourg branch in 2008?

Marc Pecquet: In the past four years, we have doubled the number of third party promoters we serve to 25. We have lost one major client but this will not be disruptive for either our personnel or our platform. We employ 320 people and continue to experience growth in our portfolio of clients. Our aim is to be an employer of choice and we have developed on the job and class room training programmes, providing opportunities for a global career, and giving responsibilities earlier based on individual abilities.

From a results perspective, 2008 will be difficult for every bank, as financial markets are lower, and fee revenues are likely to be lower. However, GTS global results for 08Q1 are looking great as they show that revenues increased 42% to a record \$2.3 billion, driven by higher customer volumes, continued sales momentum, improved net interest margin, and the acquisition of The Bisys Group. Revenues grew at a double-digit pace in Japan, Latin America, Asia, U.S. and EMEA. In Luxembourg, we shall continue to develop our activities in servicing custody customers, alternative funds, pooled and multimanager funds, pension funds, managed accounts as well as Cayman Island funds and micro finance funds.

Was the change of corporate model, from a subsidiary to a branch, an obstacle for developing Luxembourg activities?

Marc Pecquet: Not at all. As I mentioned, we are a global player, and all our new business comes from the sales efforts carried out by the global network. On the contrary, being a branch gives us quicker access to group resources and financial capacity, and reduces the amount of administration and regulatory compliance which has to be performed in Luxembourg. However, it also means that we are not only regulated by the CSSF, but by the FSA as well.

Human Resources

Recruitment and retention are still on the agenda of many banks. And becoming an “employer of choice” continues to be the objective.

The number of employees working in the banking sector on 31 December 2007 amounted to 26,139, representing an increase of 6% (+ 1,387 employees) compared to last year. Employee growth rates were 7% in 2006 and 3% in 2005.

This led to an increase of 10% in personnel costs for Luxembourg banks, to € 2.3 billion. For 2008, costs may increase further because of a salary indexation of 2.5% in March, all other factors remaining equal.

Mid 2007, when we asked the question “Will the number of employees still increase or remain stable?” banks responded that they anticipated an increase in business volume during 2008, and therefore this would again put pressure on the Human Resources departments. In May 2008, we asked the same question and got a different answer. It seems that the effects of the subprime and liquidity crises on global markets are making it difficult for banks to predict business volumes over the next two years. Bankers are adopting a prudent attitude by reducing recruitment objectives, whilst keeping the aim to remain an “employer of choice” and retain key performers and high fliers.

The following graph shows the departments where finding the right candidate is still considered difficult.



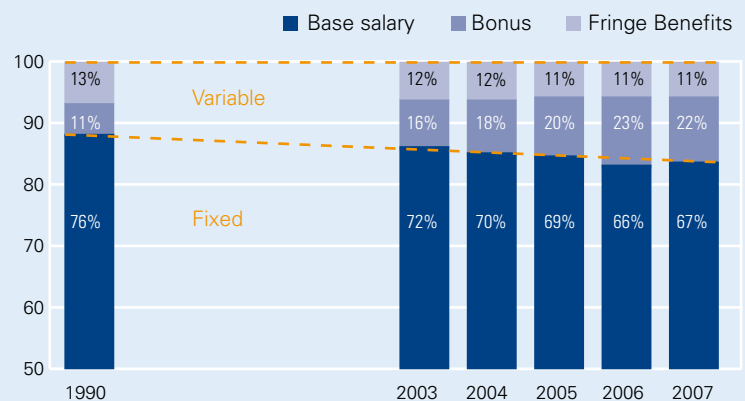
Retention measures frequently observed to be in place at banks include benefits, personal development and work-life balance

Staff turnover has remained stable compared to last year, with 10% for management positions and 13% for staff positions. A management turnover percentage of 10% can be considered high and leads to increased costs for organisations. On the other hand, organisations seem to have fewer problems in recruiting for management positions than for staff positions. Therefore, a 13% staff turnover percentage can still be a cause for concern and will certainly force organisations to keep working on their retention policy.

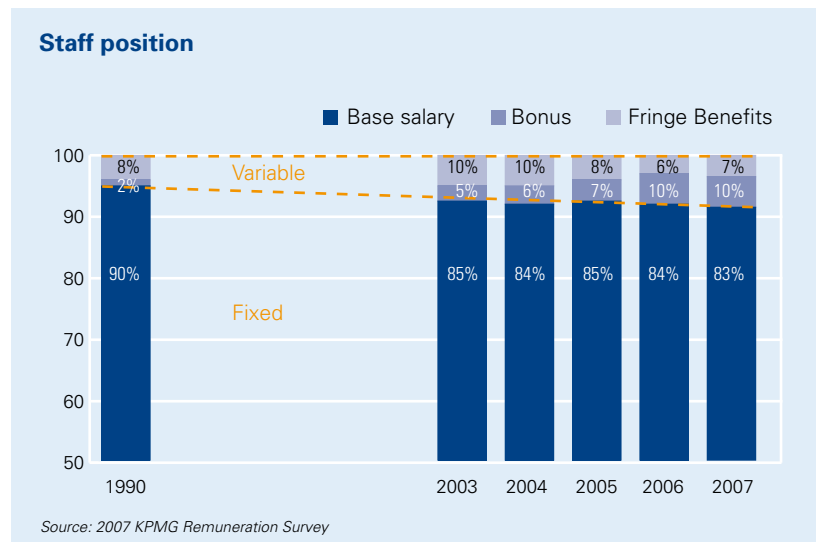
Retention measures frequently observed to be in place at banks include the following: benefits, personal development and work-life balance.

Specific actions to identify key performers and high fliers are only taken by 50% of banks. Persons receiving benefits usually receive these in the form of financial benefits, such as stock options. In general, over the last five years, the variable part of the remuneration package has gained more weight compared to the fixed part.

Management



Source: 2007 KPMG Remuneration Survey



Personal development themes are identified using performance appraisal systems, which are implemented by 85% of banks. Personal development opportunities given are usually in the form of specific training courses.

Focus on the right balance between work and private life is also important. Employers give opportunities to their employees to work flexible hours and part time. In addition, an increasing number of service companies offer diverse concierge services, household/cleaning services, babysitting, car services, arrangements for evening activities, shopping services and a variety of administrative services.

The established trend is that the HR department needs to be able to do well and in parallel, both administrative work and proper management of human capital. Therefore, an effective HR function is a real differentiating factor in the market place.

Information Technology

As a new generation of banking packages is on the rise, the market of core systems in the Luxembourg financial market place follows a trend that was initiated early in 2006.

The last editions of the KPMG Banking System Survey predicted that IT investments would move from their lethargy (2002 to 2005) to the start of new era of ambitious banking projects. This prediction was confirmed in 2007, as a number of major banks either undertook IT selection and feasibility studies, or initiated new IT implementation projects.

Core Banking - Time for a change?

Increasing complexity of financial products, and growing volumes, both brought about by the globalisation of financial flows, have changed the nature of banking business. Back offices must now be able to rapidly absorb larger volumes and efficiently manage emerging business demands. This has also given rise to additional regulation and transparency requirements (e.g. Basel II, MiFID, IFRS) for banks.

To be able to keep up, banks need a core banking system which can adapt to changes. The time for change may now be on the doorstep as:

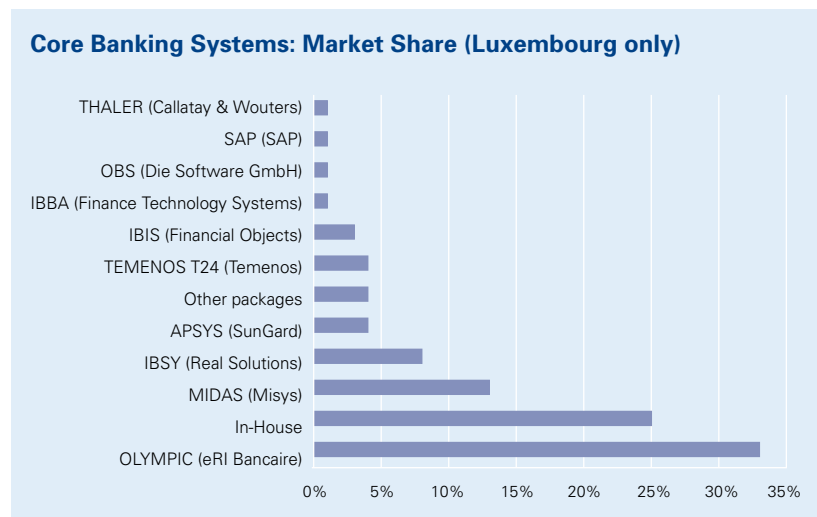
- the age of current core banking systems is reaching the critical zone. Old systems are increasingly difficult to maintain and develop. This not only means expensive maintenance costs, but also a lack of flexibility in responding to continuing and growing demands from both the business and new regulations, to the extent that it becomes a competitive disadvantage for the bank which is pursuing growth,
- banks having core systems which are composed of a number of applications trying to talk to each other often find it difficult to achieve the desired level of integration to enable smooth operations. On the other hand, modern banking packages often run on open architecture, providing enhanced communication mechanisms to inject, retrieve and analyse an array of data across processes. Such packages provide an opportunity to achieve proper integration, to decommission obsolete applications; to reduce duplication and maintenance and development costs.

- banks which develop bespoke applications will find it more difficult to keep up with companies which do development day in, day out. Third party solutions have now reached an impressive maturity in terms of functional coverage. Such packages provide flexible architecture with plenty of room for additional configuration depending on individual needs. Therefore, a bank IT department, however efficient, can hardly compete in terms of workforce power with companies whose core business lies in the development of applications and who can assign tens to hundreds of developers to an IT development project.

Core Banking – The facts

Although the market is warming up and there is renewed interest towards new IT systems, the full impact on the IT landscape will only be unveiled over the next couple of years, after current ongoing projects are completed.

In-house systems still represent the bulk of systems installed in banks with over 500 employees. Olympic from eRI Bancaire remains by far the market leader on banking software packages with more than 30% market share. The other competitors are: MIDAS from Mysis at 13%, IBSY from Real Solutions with 8%, and APSYS from SunGard and T24 from Temenos with 4% each.



Another important trend noted in 2007 is increasing IT service offers in ASP mode or BPO mode

Interestingly, even if the list of core packages currently installed in Luxembourg banks remains unchanged, Avaloq (from the company Avaloq AG) has made a remarkable appearance on the Luxembourg market. This package from the Swiss private banking market has been retained in a number of system selection processes in the past few months and is currently in implementation phase in two large banks in Luxembourg.

Emergence of ASP / BPO proposals

Another important trend noted in 2007 is the emergence of proposals for offering banks an IT system in ASP mode (Application Service Provider) or a full operational service in BPO mode (Business Process Outsourcing).

Since the change in law in 2003, it is possible to have a regulated IT PSF (Professionals of the Financial Sector) offer IT systems and processing services to banks and host confidential client information of its bank clients.

Banking operators can also add the BPO dimension, offering a full outsourced back-office solution for small or medium size banks.

Regulatory developments

International Financial Reporting Standards (IFRS)

Regulatory reporting: the year of transition

The introduction of FINREP – the regulatory reporting under IFRS principles from the beginning of 2008 - gave banks some difficulty in the first months of implementation. Undoubtedly, 2008 is the transition year and the necessary adaptation issues will continue to put pressure on people and systems.

IFRS annual accounts: uncertainties surrounding tax and dividend rules

A few banks decided to go for a full set of IFRS financial statements for statutory purposes as allowed by the law of March 2006. Other institutions have opted to wait, because of uncertainties on the definition and determination of distributable results and the absence of established rules in relation to the tax treatment of certain transactions and provisions if they publish annual accounts under IFRS. Again 2008 will be the year of transition with guiding principles expected from the various working groups established between the CSSF, the tax administration, the bankers and the accounting profession.

Implementing IFRS under tough market conditions

At the same time when finance institutions were struggling with the implementation of a key disclosure standard (IFRS 7), fair value accounting has been heavily criticised for not providing a sound basis of accounting in a stressed market situation.

Those in favour of fair value accounting would argue that even under the historical cost model, doubtful loans or complex structured products would end up being written down and that no asset in any GAAP can be held at more than their recoverable value.

Still, the accounting standard-setter is developing further guidelines to evaluate and disclose fair values, recognising that lessons can be learnt from the credit crisis. However, no relaxing of rules from fair valuing financial instruments can be expected in the future.

"The world of "tell it as is" accounting will naturally lead to more volatility in financial results, but the one thing that we know about the world's markets is that they are volatile."

*Sir David Tweedie,
Chairman of the
IASB – 25 April 2008*

What comes next

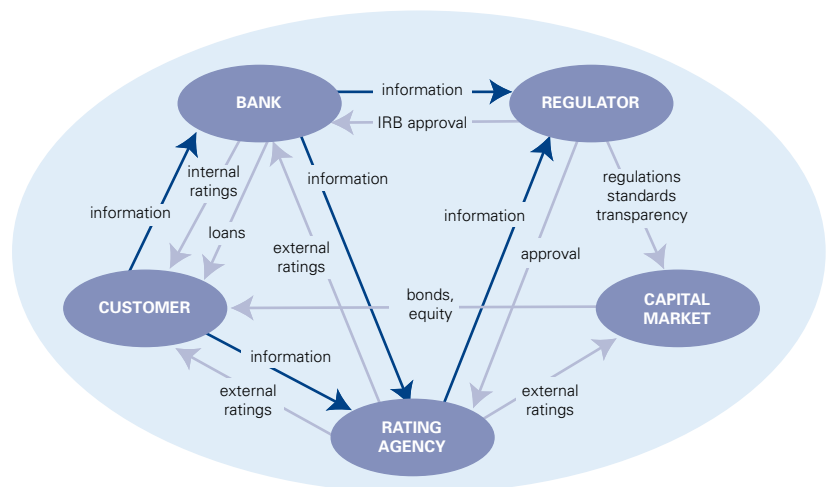
No significant standard or interpretation becomes effective in 2008. Unless early adopted, the revisions to the standards on consolidation (IAS 27), business combinations, (IFRS 3), operating segments (IFRS 8) and presentation of financial statements (IAS 1r) become effective in 2009. Other projects of the IASB will more significantly impact financial institutions in the areas of financial instruments, consolidation, derecognition and fair value measurement and should come progressively, with a targeted completion in 2011.

Basel II

Basel II was transposed in Luxembourg regulations via Circular 06/273 dated 22 December 2006. Since 1 January 2008, Luxembourg banks have to calculate their capital adequacy ratio in accordance with Basel II principles. The ratio is reported to the regulator using the new COREP (COmmon REPorting format) reporting schedule.

Flows under Basel II

Basel II implies a higher level of interaction between the bank and various parties, as illustrated in the diagram below.



Overview of the pillars

An overview of the three different pillars under Basel II, and the changes compared to Basel I, are given in the diagram below:

Pillar I	Pillar II	Pillar III
Minimum Capital Requirements	Supervisory Review	Market Discipline
<p>Market risk</p> <p>No changes from Basel I</p> <p>Credit risk</p> <ul style="list-style-type: none"> Significant changes from Basel I Three different approaches to the calculation of minimum capital requirements Capital incentives for banks to move to more sophisticated credit risk management approaches based on internal ratings Sophisticated approaches have systems/controls and data collection requirements as well as qualitative requirements for risk management <p>Operational risk</p> <ul style="list-style-type: none"> Not explicitly covered in Basel I Three different approaches to the calculation of minimum capital requirements Adoption of each approach subject to compliance with defined "qualifying criteria" 	<ul style="list-style-type: none"> Banks should have a process for assessing their overall capital adequacy and strategy for maintaining capital levels Supervisors should review and evaluate banks' internal capital adequacy assessment and strategies Supervisors should expect banks to operate above the minimum capital ratios and should have the ability to require banks to hold capital in excess of the minimum Supervisors should seek to intervene at an early stage to prevent capital from falling below minimum levels 	<ul style="list-style-type: none"> Market discipline reinforces efforts to promote safety and soundness in banks Core disclosures (basic information) and supplementary disclosures to make market discipline more effective

Source : KPMG, 2003.

Pillar II and ICAAP

In 2007, Circular 07/301 was issued, providing further guidance on the expectations of the regulator with respect to the Pillar II Internal Capital Adequacy Assessment Process – ICAAP. Bank management has to prepare an ICAAP document which covers, amongst others, the following: risk philosophy of the bank, a risk assessment of the main risk exposures, the bank's internal process for measuring risks and managing risks, calculation of economic capital, setting aside extra capital, if necessary, for risks not covered by the regulatory Pillar 1 calculation. The ICAAP document has to be approved by the Board of Directors, and submitted to the CSSF in 2009 as part of the annual accounts visa procedure.

During 2007, a number of Luxembourg banks were still in the process of completing their ICAAP documentation and putting in place improvements in the internal control and risk management systems. It is expected that a number of banks will continue to work on ICAAP implementation during 2008, and seek approval from their Board of Directors before the end of the year.

MiFID

The Markets in Financial Instruments Directive (MiFID) was transposed into Luxembourg Law and Grand-Ducal regulation on 13 July 2007.

On 31 July 2007, the CSSF issued Circular 2007/307 to explain and outline certain provisions of the MiFID law.

For investment firms, MiFID introduces a number of implementation challenges. The main challenges in practice are as follows:

- client risk profiling implies that investment firms must ensure that investment services are suitable and appropriate to the client's personal situation and investment objectives,
- detailed client information is required for the provision of investment services,
- there is a wider scope of reporting to authorities , and increased level of detail required for transactions in financial instruments,
- a best execution policy must be documented and disclosed to clients,
- conflicts of interests and inducements must be identified, managed, mitigated and disclosed by investment firms,

- client order handling rules must be defined for the dealing of financial instruments,
- demonstrating how the existing procedures and controls help the investment firm to act in the best interests of clients.

Extract from MiFID survey

How much an impact will the following potential upfront costs of implementing MiFID have on your business ?
(% of respondents)



Source: KPMG International/Economist Intelligence Unit survey, 2006



Tax environment

In 2007, the Luxembourg government concentrated its efforts on lowering the taxation of individuals by granting a reimbursable tax credit for children. While only minor adjustments have been made with respect to corporate income taxation, the government has announced major reforms to be decided in 2008.

EU Savings taxation

In 2007, Luxembourg banks have withheld approximately € 200 million (approximately € 150 million in 2006) of which 25% will feed into the Luxembourg budget. In comparison, Switzerland has levied approximately CHF 653 million (approximately € 401 million) compared to CHF 537 million in 2006.

Europe has to debate on the efficiency of exchange of information

In the light of recent tax fraud cases, some EU countries have requested next steps in the area of taxation of savings income. The proposals range from a quicker application of information exchange in the “withholding” tax countries to the extension of the savings directive to capital gains and dividends.

The ultimate aim of the savings directive is the automatic exchange of information for EU countries as well as the exchange of information upon request as defined under the 2002 OECD Model agreement for third party countries and associated territories. While the initial informal assessment showed that some EU member states commented on the limited utility of information received, there seems currently to be a lack of interest in debating whether a general withholding tax system on a flat basis, the so called flat tax, would not be more efficient: on the one hand to avoid tax evasion and on the other hand to provide EU countries with an easy and efficient manner to levy taxes on savings income.

19 out of 26 EU countries operate final withholding tax systems (flat tax) on a national basis. It appears somewhat discriminatory not to allow the application of similar systems in EU cross border activities.

It seems that a lot of EU countries have come to the conclusion that on a national basis the withholding tax system is the most efficient for governments and paying agents, while on a cross border basis the exchange of information is the only solution leading to acceptable results.

It has to be discussed on an EU basis, whether the withholding tax system has not proven to be the better system and/or whether all EU paying agents should have the possibilities to levy final withholding taxes based on the respective national provisions on an optional basis. Such a process could ensure that tax payers have access to the convenience of a withholding tax system regardless of the place of establishment of the paying agent bank. From a Luxembourg perspective any debate on the extension of the savings directive to dividends and/or capital gains should always be conditional, to ensure that paying agents can offer tax payers equivalent service level as operators in their home country.



*Luxembourg
abolishes
the capital
contribution tax*

Net wealth and capital contribution tax

Capital taxes have been gradually abolished by most of OECD countries. In their recent study on the challenges for Switzerland to further develop as a prime location for headquarters and financial services, the Swiss Federation of Industrial and Services group came to the conclusion that the country could not afford anymore the levy of capital and registration taxes (Stempelsteuer). For several years a number of professionals as well as several expert groups have expressed their opinion that Luxembourg is suffering serious opportunity costs with regard to income tax, due to the levy of capital contribution and net wealth tax.

The Government has reacted by reducing the capital contribution tax from 1% to 0.5% in 2008. Moreover in his speech regarding the State of the Nation on May 22, 2008 Prime Minister Juncker has announced the abolishment of capital duty as from January 1, 2009.

Given the context of enhanced tax competition and in order to simplify the tax regime for international investors, the financial centre has warmly welcomed this abolishment. In order to render investments in the Luxembourg economy more attractive, an abolishment of net wealth tax could also be considered. Compensation measures to source budget could be sought in implementing an alternative minimum income tax to be paid by the companies which end up with no income tax burden.

Income tax 2007

The corporate income tax rate in Luxembourg is 22.88 %. Further to the decision of the city of Luxembourg to lower the municipal business tax to 6.75 %, the overall tax burden on profits of banks operating in Luxembourg city adds up to 29.63 %. The rate in Luxembourg city has been mirrored by others around the city for 2007.

The tax rate has to be compared to the 2007 EU average of 23,49 % (24,22 % in 2007) as well as the 2007 OECD average of 26,10 % (27,58 %). Taking into account that the average tax rate is lower in the EU and OECD, the Government has reacted by announcing a progressive decrease of the corporate tax rate from 29.63% to 25.5% over the next few years. This will help to attract further investments into Luxembourg and to make the financial centre more competitive.

Whilst the current nominal tax rate may seem rather unattractive, banks active in Luxembourg have been able, in the past, to take advantage of broad exemptions (Parent subsidiary directive 90/435) and favourable tax credit regimes, resulting in lower effective tax rates. On the other hand, tax payers have appreciated the efficiency with which the income tax authorities can be approached in their day to day operations. Increased regulations for banks (SOX, etc) as well as more and more complex operations have created a strong need for upfront consultation prior to an investment decision, in order to avoid any uncertainty as well as to save time-consuming litigation, in the interest of both the authorities and the tax payer.

Therefore, the actual proactive approach and the open consultation policy of the income tax authorities, appreciated by multinationals, remains one of the major advantages of Luxembourg in a highly competitive environment.

The Government has completed the Luxembourg tax legislation with an 80% exemption on royalties and capital gains derived from certain types of intellectual property, resulting in an effective corporate income tax rate of 5.93% (i.e. 25.63% headline rate x 20% of the tax base). On the background of still existing capital taxes, the new regime has not yet realized its full potential of development, even though multinationals appear to be considering investments in Luxembourg.

Luxembourg was successful in extending its large treaty network in negotiating new treaties in Asia, Middle East and Eastern Europe (i.e. India, Hong Kong, Kazakhstan, Bahrain, Kuwait, United Arab Emirates, Estonia, Moldavia etc...). These further extensions should consolidate Luxembourg's position as international investment platform.

*Out-of-the-box
thinking and
innovative
solutions to be
sought*

Challenges for the future

The option for banks to lodge their annual accounts under IFRS raise numerous questions as to the taxation methodology of these institutions. So far Luxembourg provides no guidance in that regard. This situation might have been in the past and might constitute in the future an obstacle for banks to switch the publication of their accounts from Luxembourg GAAP to IFRS.

It appears that most of the players active in the Luxembourg Finance center seem to appreciate both an acceptable level of tax burden, and the proactive approach and the open consultation policy of the authorities allowing to operate business in control and certainty.

As a consequence most of the measures requested by the community are directed to enhance the establishment of new businesses in Luxembourg. This opens not only opportunities to the banks to source additional income, but should also give rise to additional income taxes for the government's budget. Any measures taken should thus prioritize the attractions of further international investments as well as the attraction of competence centers into Luxembourg.

International investors seem to look for simple tax regimes at an attractive level of tax burden. Due to a number of taxes (capital contribution tax, net wealth tax, corporate income tax, municipal business tax) the Luxembourg system is not a priori attractive for an international investor. After a closer look, the broad exemptions that are offered render the country extremely competitive. Even if this model happened to be very successful in the past, the recent developments might require a change for simplification of an investor's situation. The abolishment of taxes seems to be in this context a better alternative to the progressive reduction, leaving the tax payer with the complexity of a system and the authorities with the burden to administer the tax. As a consequence, the abolishment of the capital contribution tax constitutes a positive first step in this direction.

Luxembourg should continue to develop a coherent policy attracting further business to the Financial Center. Luxembourg is a confirmed investment platform for private equity houses to structure their investments.

The private equity industry is aware that operating such platforms requires a reasonable amount of substance. However Luxembourg has so far not realized the opportunity to offer private equity managers attractive tax regimes comparable to UK, Germany and others. Other financial centers have recognized that attracting these future high net worth individuals is key to their long term strategy to stabilize and extend their activities.

Last but not least Luxembourg has for the moment no comparable measure to the participation exemption for dividends as far as interest income generation is concerned. In the short term, a solution (comparable to the Belgium notional interest or any other giving similar result) has to be considered to give Luxembourg the possibility to further develop its position as Center for Headquarters in Europe. Luxembourg has the opportunity and the potential to further strengthen its role as an international platform in the world. Time is of essence and the government has to act wisely.



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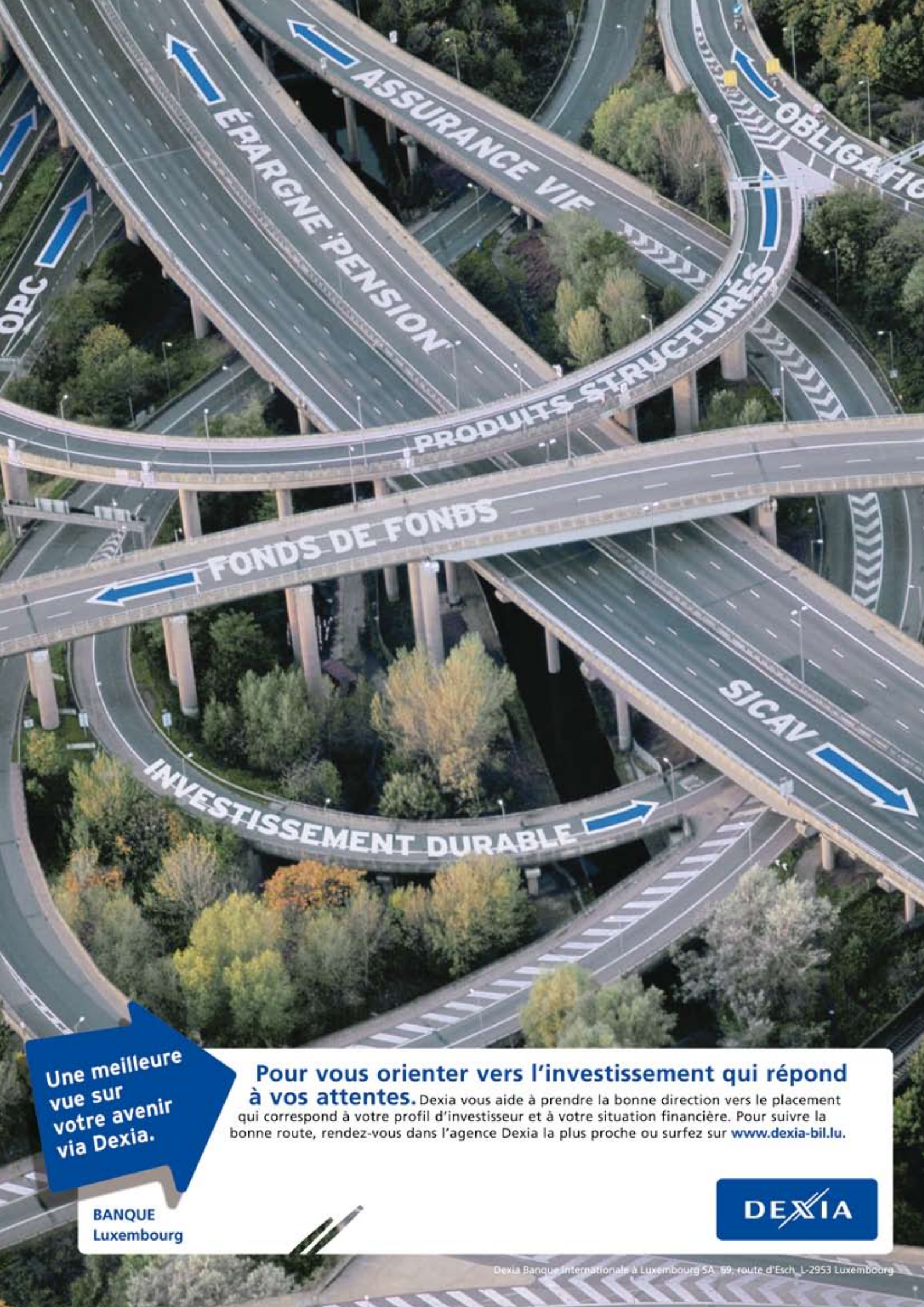
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BANQUE
Luxembourg

DEXIA

Dexia Banque Internationale à Luxembourg SA, 69, route d'Esch, L-2953 Luxembourg

Bank ranking 2007



Overview

Bank

1	Deutsche Bank Luxembourg S.A.
2	Dexia Banque Internationale à Luxembourg
3	Fortis Banque Luxembourg
4	Banque et Caisse d'Epargne de l'Etat
5	Société Générale Bank & Trust
6	HVB Banque Luxembourg S.A.
7	EUROHYPO Europäische Hypothekenbank S.A.
8	BNP Paribas Luxembourg
9	Norddeutsche Landesbank Luxembourg S.A.
10	KBL European Private Bankers S.A. (formerly Kreditbank S.A. Luxembourgeoise)
11	HSB Nordbank Securities S.A.
12	Deutsche Postbank International S.A.
13	ING Luxembourg S.A.
14	DZ Bank International S.A.
15	CACEIS Bank Luxembourg
16	UBS (Luxembourg) S.A.
17	LRI Landesbank Rheinland-Pfalz International S.A.
18	Banque de Luxembourg S.A.
19	EFG Private Bank (Luxembourg) S.A.
20	Dresdner Bank Luxembourg S.A.
21	Banque LBLux S.A.
22	RBC Dexia Investor Services Bank S.A.
23	Commerzbank International S.A.
24	Hypo Pfandbrief Bank International S.A.
25	Sanpaolo Bank S.A.
26	Clearstream Banking S.A.
27	IKB International
28	West LB International S.A.
29	Erste Europ. Pfandbrief- und Kommunalkreditbank AG in Luxemburg
30	DekaBank Deutsche Girozentrale Luxembourg S.A.
31	ABN Amro Bank (Luxembourg) S.A.
32	Kaupthing Bank Luxembourg S.A.
33	Mediobanca International (Luxembourg) S.A.
34	Crédit Agricole Luxembourg
35	Landesbank Berlin International S.A.
36	Landsbanki Luxembourg S.A.
37	Danske Bank International S.A.
38	BHF-BANK International
39	UniCredit International Bank (Luxembourg) S.A.
40	Banque Privée Edmond de Rothschild Europe
41	Société Européenne de Banque S.A.
42	Banque Raiffeisen
43	Sal. Oppenheim jr. & Cie S.C.A. (formerly Bank Sal. Oppenheim jr. & Cie. (Luxembourg) S.A.)
44	Nordea Bank S.A.
45	WGZ BANK Luxembourg S.A.
46	Dexia LdG Banque S.A.
47	Crédit Suisse (Luxembourg) S.A.
48	Nord/LB Covered Finance Bank S.A.
49	Skandinaviska Enskilda Banken S.A.
50	Glitnir Bank Luxembourg S.A.
51	Nomura Bank (Luxembourg) S.A.
52	HSBC Private Bank (Luxembourg) S.A.
53	Banque Degroof Luxembourg S.A.
54	HSBC Trinkaus & Burkhardt (International) S.A.
55	J.P. Morgan Bank Luxembourg S.A.
56	Fideuram Bank (Luxembourg) S.A.
57	Capitalia Luxembourg S.A.

	Total assets		Amounts owed to customers		Net interest income		Net fee and commission income		Profit for the financial year		Own funds		Staff	
	€ million		€ million		€ million		€ million		€ million		€ million		number	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	65,625	64,634	14,059	19,467	108	333	72	60	220	320	1,652	1,875	359	352
	62,223	55,335	15,280	17,952	306	266	137	132	202	631	1,904	1,474	2,068	2,121
	49,486	46,896	22,495	27,446	361	357	248	247	407	580	3,142	2,996	2,608	2,523
	39,422	40,883	19,263	18,259	317	278	75	67	117	109	1,446	1,358	1,800	1,782
	37,381	36,402	13,547	11,611	260	164	135	112	234	190	1,794	1,666	702	617
	35,708	32,372	11,033	10,737	116	114	61	97	140	180	2,322	2,291	324	341
	26,186	25,793	1,043	1,104	42	41	-1	-1	59	31	272	260	35	36
	24,847	20,481	7,111	6,583	87	45	56	51	229	152	1,323	1,058	594	551
	22,602	23,066	1,827	4,543	56	48	18	15	47	45	656	611	108	102
	20,967	24,279	9,769	11,697	88	61	127	123	209	581	1,414	1,450	1,238	1,244
	17,230	17,944	303	303	85	125	12	12	-206	147	929	1,107	147	135
	16,305	17,430	6,220	7,906	74	57	15	11	66	62	671	610	162	143
	15,563	13,119	10,209	8,043	134	99	127	129	177	159	1,355	1,281	790	833
	15,505	15,190	7,089	5,061	72	70	100	97	71	71	466	467	525	504
	15,259	8,573	7,902	5,495	37	23	50	54	55	52	83	91	372	377
	15,172	12,935	11,294	8,682	53	38	202	171	166	116	550	572	478	435
	14,756	14,080	1,624	1,182	82	75	17	15	14	83	653	600	216	190
	14,319	12,741	11,541	9,351	98	76	116	109	72	69	496	492	695	657
	13,174	2,917	1,562	444	18	15	6	2	15	10	117	107	55	51
	13,136	11,283	9,267	7,415	42	60	62	64	62	170	441	412	378	359
	12,691	13,888	1,754	1,983	56	40	27	25	147	25	421	421	195	194
	11,615	8,365	8,625	6,405	45	31	153	144	70	66	526	456	1,331	1,162
	10,925	11,155	1,956	1,258	0	-6	68	56	92	58	793	735	270	239
	10,739	9,295	1,368	1,236	12	9	0	0	7	6	107	101	18	16
	10,493	7,112	4,462	1,765	30	15	62	72	66	63	394	330	124	124
	10,330	7,016	1,081	561	178	112	364	342	198	215	266	219	323	321
	8,906	8,737	99	140	73	68	-25	-19	91	16	436	423	83	60
	8,337	19,802	3,851	11,263	30	29	15	-24	19	60	281	251	140	144
	7,431	7,863	1,418	1,296	15	25	-1	-1	5	15	72	64	18	18
	7,385	9,494	5,739	4,948	43	31	173	135	332	208	213	213	323	333
	7,260	7,965	4,089	3,786	31	10	31	30	45	21	439	431	225	235
	7,030	4,925	2,019	1,122	90	55	67	44	60	57	309	252	234	146
	6,724	1,452	0	0	7	3	5	3	9	3	88	79	7	6
	6,588	3,871	2,744	2,638	37	42	44	42	39	28	165	137	308	322
	6,371	5,218	110	101	17	14	5	6	5	9	192	189	64	61
	6,172	3,577	1,209	951	62	38	29	18	51	31	99	56	127	81
	5,807	5,097	1,188	1,090	32	27	26	26	27	41	132	123	118	114
	5,423	4,991	852	49	11	12	0	-1	0	10	80	80	30	27
	4,629	4,218	3,883	3,614	6	3	4	3	3	1	26	24	26	24
	4,425	3,088	3,094	2,022	27	21	119	102	35	30	112	99	573	497
	4,178	4,170	3,551	3,318	24	21	30	31	27	23	97	87	202	216
	4,067	3,695	3,418	3,087	67	57	10	9	13	10	157	148	471	450
	3,962	809	1,727	729	-21	5	9	19	581	9	700	61	188	102
	3,553	3,703	2,566	2,909	44	35	88	81	72	67	179	169	313	294
	3,497	3,382	1,740	1,166	15	12	25	18	14	14	83	73	84	84
	3,295	-	0	-	6	-	0	-	3	0	150	-	2	-
	3,090	3,302	2,621	2,872	8	7	46	44	15	19	52	44	161	143
	3,089	961	108	0	7	2	0	0	3	0	51	52	5	5
	2,754	2,276	2,441	1,927	24	19	38	38	23	25	148	142	172	173
	2,390	1,606	48	40	22	17	9	12	10	9	59	50	56	43
	2,251	2,111	1,766	1,610	8	7	33	33	13	13	99	87	232	222
	2,232	2,172	1,791	1,561	19	19	13	13	9	10	116	110	123	115
	2,191	1,810	1,694	1,390	15	8	63	55	41	31	112	103	256	232
	2,095	2,159	1,864	1,978	15	10	19	15	17	11	83	79	117	101
	2,009	1,557	1,592	1,132	35	32	175	167	108	110	233	151	526	532
	1,572	1,707	1,223	1,480	13	6	19	21	17	14	47	46	79	78
	1,570	1,427	474	755	17	15	1	4	10	6	209	206	45	56

Bank

58	Banco Popolare Luxembourg S.A.
59	Banque Safra-Luxembourg S.A.
60	The Bank of New York (Luxembourg) S.A.
61	John Deere Bank S.A.
62	Natixis Luxembourg S.A. (formerly Natexis Luxembourg S.A.)
63	Mitsubishi UFJ Global Custody S.A. (formerly Bank of Tokyo-Mitsubishi (Luxembourg) S.A.)
64	Pictet & Cie (Europe) S.A.
65	Cornèr Banque (Luxembourg) S.A.
66	HSH Nordbank Private Banking S.A.
67	UBI Banca International S.A. (formerly Banca Lombarda International S.A.)
68	Banca Popolare dell'Emilia Romagna (Europe) International S.A.
69	VP Bank (Luxembourg) S.A.
70	Natixis Private Banking International
71	East West United Bank S.A.
72	Société Nationale de Crédit et d'Investissement
73	DnB NOR Luxembourg S.A.
74	Svenska Handelsbanken S.A.
75	M.M. Warburg & CO Luxembourg S.A.
76	Argentabank Luxembourg S.A.
77	Crédit Agricole Luxembourg Bank
78	HSBC Securities Services (Luxembourg) S.A.
79	PayPal (Europe) S.à r.l. et Cie, S.C.A.
80	Banque Invik S.A.
81	Union Bancaire Privée (Luxembourg) S.A.
82	Mizuho Trust & Banking (Luxembourg) S.A.
83	Nikko Bank (Luxembourg) S.A.
84	Banco Itaú Europa Luxembourg S.A.
85	Bank Leumi (Luxembourg) S.A.
86	Sella Bank Luxembourg S.A.
87	Credem International (Lux)
88	Banque Carnegie Luxembourg S.A.
89	Hauck & Aufhäuser Banquiers Luxembourg S.A.
90	Banque BCP S.A.
91	Swedbank S.A.
92	Banco Bradesco Luxembourg S.A.
93	Banque Delen Luxembourg
94	Van Lanschot Bankiers (Luxembourg) S.A.
95	Fortuna Banque s.c.
96	Internaxx Bank S.A.
97	Banque Hapoalim (Luxembourg) S.A.
98	EFG Bank (Luxembourg) S.A.
99	State Street Bank Luxembourg S.A.
100	Sumitomo Trust & Banking (Luxembourg) S.A.
101	Banque Transatlantique Luxembourg S.A. (formerly Mutuel Bank Luxembourg S.A.)
102	Avanzia Bank S.A.
103	Banque Puilaetco Dewaay Luxembourg S.A.
104	Banque du Gothard (Luxembourg) S.A.
105	Unibanco - União de Bancos Brasileiros (Luxembourg) S.A.
106	Brown Brothers Harriman (Luxembourg) S.C.A.
107	European Cooperative Bank S.A.
108	Compagnie de Banque Privée
109	Nord Europe Private Bank
110	Frankfurter Volksbank International S.A.
111	Freie Internationale Sparkasse S.A.
112	Bank of China (Luxembourg) S.A.
113	Industrial and Commercial Bank of China Luxembourg S.A.

Notes:

- a) for every bank, its year end accounts are shown, irrespective of year end date in 2007
- b) figures expressed in a currency other than € are translated at the year end rate
- c) banks publishing IFRS accounts are Capitalia, Unicredit International, RBC Dexia, Mediobanca International, EFG Bank, PayPal (Europe) and Dexia LdG Banque

	Total assets € million		Amounts owed to customers € million		Net interest income € million		Net fee and commission income € million		Profit for the financial year € million		Own funds € million		Staff number	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	1,562	1,234	1,312	929	6	4	5	3	4	2	48	46	37	38
	1,547	1,198	851	982	15	12	18	13	14	13	109	98	92	78
	1,506	448	1,323	415	10	2	12	8	3	1	33	9	156	112
	1,452	1,393	98	95	40	36	0	0	13	13	117	103	55	59
	1,354	568	48	47	20	5	0	0	12	5	426	120	9	7
	1,276	909	426	374	33	16	58	26	39	8	52	50	113	118
	1,206	985	680	594	16	9	44	29	24	15	54	43	273	212
	1,198	918	374	264	5	3	4	5	4	3	22	20	22	22
	1,194	955	509	332	9	9	11	11	8	8	38	33	30	26
	1,193	644	1,040	566	11	6	9	7	7	6	74	32	61	45
	1,176	1,004	199	261	3	3	2	1	1	1	38	37	13	13
	1,148	1,143	563	439	10	7	10	9	9	5	47	44	57	63
	1,127	882	703	467	4	3	15	15	2	4	38	29	105	107
	1,055	255	145	82	8	7	1	1	0	0	43	43	35	27
	1,036	728	47	47	26	17	0	0	107	65	763	578	11	9
	874	878	85	48	4	4	3	2	1	-1	23	24	30	34
	850	939	688	859	10	8	12	11	10	7	40	39	65	53
	821	424	579	264	4	3	10	9	5	4	42	42	55	50
	816	1,018	30	37	6	8	2	2	3	4	41	37	36	31
	763	644	629	482	8	7	18	16	7	1	29	41	101	108
	754	412	682	345	5	3	42	34	6	6	39	38	247	243
	749	-	575	-	11	-	7	-	10	0	29	-	9	-
	725	602	631	531	5	4	14	12	9	5	28	25	51	39
	723	407	602	337	3	2	47	49	41	62	25	19	25	22
	602	506	352	260	3	3	10	9	0	1	23	25	104	96
	601	534	528	467	3	2	13	7	7	4	53	48	67	63
	564	354	350	293	9	7	19	13	11	13	74	39	40	32
	547	518	505	473	5	4	3	2	2	2	20	20	26	25
	547	541	443	457	2	2	7	8	-1	-3	18	23	86	96
	522	376	242	141	4	3	18	21	17	19	49	48	27	24
	497	430	437	371	8	7	12	14	12	11	20	20	37	37
	474	335	433	286	1	1	11	8	9	4	15	15	52	44
	426	378	106	76	6	6	3	3	2	2	19	18	58	58
	422	366	384	346	3	2	10	9	1	2	13	12	57	50
	360	399	195	230	9	8	2	1	6	5	97	103	23	22
	357	353	322	190	2	2	17	13	11	8	17	21	45	22
	334	336	294	298	5	4	6	7	5	4	21	20	30	27
	279	270	266	258	3	3	0	0	1	1	9	9	18	20
	279	207	260	192	4	3	6	5	3	1	12	11	27	31
	261	188	15	55	2	2	0	0	-3	-3	12	19	19	19
	233	102	155	79	2	0	6	0	2	-3	20	17	55	28
	210	194	53	46	3	2	114	94	7	9	110	101	513	684
	183	188	0	0	2	2	4	4	2	2	25	27	21	17
	154	139	114	71	2	1	5	4	2	2	20	19	22	20
	150	34	127	22	6	0	1	0	-8	-4	13	15	33	20
	148	141	127	114	1	1	13	12	7	6	14	15	22	24
	145	129	116	108	0	0	2	2	0	0	8	8	9	9
	126	175	42	65	4	4	3	2	5	4	51	53	18	12
	120	121	74	76	4	4	43	42	10	12	9	10	313	206
	88	68	0	0	1	1	0	0	0	0	12	12	5	5
	77	-	0	-	1	-	0	-	-5	-	80	-	64	16
	75	47	58	34	1	1	5	4	-1	0	10	11	37	30
	65	50	41	25	1	1	0	0	0	0	21	21	7	7
	47	37	21	16	1	1	3	3	1	1	11	11	10	11
	42	61	0	0	1	1	0	0	1	1	7	7	36	2
	13	-	0	-	1	-	0	-	0	0	13	-	1	0

Total assets

€ million

	Bank	2007	2006	%
1	Deutsche Bank Luxembourg S.A.	65,625	64,634	1.5
2	Dexia Banque Internationale à Luxembourg	62,223	55,335	12.4
3	Fortis Banque Luxembourg	49,486	46,896	5.5
4	Banque et Caisse d'Epargne de l'Etat	39,422	40,883	-3.6
5	Société Générale Bank & Trust	37,381	36,402	2.7
6	HVB Banque Luxembourg S.A.	35,708	32,372	10.3
7	EUROHYPO Europäische Hypothekenbank S.A.	26,186	25,793	1.5
8	BNP Paribas Luxembourg	24,847	20,481	21.3
9	Norddeutsche Landesbank Luxembourg S.A.	22,602	23,066	-2.0
10	KBL European Private Bankers S.A. (formerly Kredietbank S.A. Luxembourgeoise)	20,967	24,279	-13.6
11	HSB Nordbank Securities S.A.	17,230	17,944	-4.0
12	Deutsche Postbank International S.A.	16,305	17,430	-6.5
13	ING Luxembourg S.A.	15,563	13,119	18.6
14	DZ Bank International S.A.	15,505	15,190	2.1
15	CACEIS Bank Luxembourg	15,259	8,573	78.0
16	UBS (Luxembourg) S.A.	15,172	12,935	17.3
17	LRI Landesbank Rheinland-Pfalz International S.A.	14,756	14,080	4.8
18	Banque de Luxembourg S.A.	14,319	12,741	12.4
19	EFG Private Bank (Luxembourg) S.A.	13,174	2,917	>100.0
20	Dresdner Bank Luxembourg S.A.	13,136	11,283	16.4
21	Banque LBLux S.A.	12,691	13,888	-8.6
22	RBC Dexia Investor Services Bank S.A.	11,615	8,365	38.9
23	Commerzbank International S.A.	10,925	11,155	-2.1
24	Hypo Pfandbrief Bank International S.A.	10,739	9,295	15.5
25	Sanpaolo Bank S.A.	10,493	7,112	47.5
26	Clearstream Banking S.A.	10,330	7,016	47.2
27	IKB International	8,906	8,737	1.9
28	West LB International S.A.	8,337	19,802	-57.9
29	Erste Europ. Pfandbrief- und Kommunalkreditbank AG in Luxemburg	7,431	7,863	-5.5
30	DekaBank Deutsche Girozentrale Luxembourg S.A.	7,385	9,494	-22.2
31	ABN Amro Bank (Luxembourg) S.A.	7,260	7,965	-8.9
32	Kaupthing Bank Luxembourg S.A.	7,030	4,925	42.7
33	Mediobanca International (Luxembourg) S.A.	6,724	1,452	>100.0
34	Crédit Agricole Luxembourg	6,588	3,871	70.2
35	Landesbank Berlin International S.A.	6,371	5,218	22.1
36	Landsbanki Luxembourg S.A.	6,172	3,577	72.5
37	Danske Bank International S.A.	5,807	5,097	13.9
38	BHF-BANK International	5,423	4,991	8.7
39	UniCredit International Bank (Luxembourg) S.A.	4,629	4,218	9.7
40	Banque Privée Edmond de Rothschild Europe	4,425	3,088	43.3
41	Société Européenne de Banque S.A.	4,178	4,170	0.2
42	Banque Raiffeisen	4,067	3,695	10.1
43	Sal. Oppenheim jr. & Cie S.C.A. (formerly Bank Sal. Oppenheim jr. & Cie. (Luxembourg) S.A.)	3,962	809	>100.0
44	Nordea Bank S.A.	3,553	3,703	-4.1
45	WGZ BANK Luxembourg S.A.	3,497	3,382	3.4
46	Dexia LdG Banque S.A.	3,295	-	-
47	Crédit Suisse (Luxembourg) S.A.	3,090	3,302	-6.4
48	Nord/LB Covered Finance Bank S.A.	3,089	961	>100.0
49	Skandinaviska Enskilda Banken S.A.	2,754	2,276	21.0
50	Glitnir Bank Luxembourg S.A.	2,390	1,606	48.8
51	Nomura Bank (Luxembourg) S.A.	2,251	2,111	6.6
52	HSBC Private Bank (Luxembourg) S.A.	2,232	2,172	2.8
53	Banque Degroof Luxembourg S.A.	2,191	1,810	21.0
54	HSBC Trinkaus & Burkhardt (International) S.A.	2,095	2,159	-3.0
55	J.P. Morgan Bank Luxembourg S.A.	2,009	1,557	29.0
56	Fideuram Bank (Luxembourg) S.A.	1,572	1,707	-7.9
57	Capitalia Luxembourg S.A.	1,570	1,427	10.0

	Bank	2007	2006	%.
58	Banco Popolare Luxembourg S.A.	1,562	1,234	26.6
59	Banque Safra-Luxembourg S.A.	1,547	1,198	29.1
60	The Bank of New York (Luxembourg) S.A.	1,506	448	>100.0
61	John Deere Bank S.A.	1,452	1,393	4.2
62	Natixis Luxembourg S.A. (formerly Natexis Luxembourg S.A.)	1,354	568	>100.0
63	Mitsubishi UFJ Global Custody S.A. (formerly Bank of Tokyo-Mitsubishi (Luxembourg) S.A.)	1,276	909	40.4
64	Pictet & Cie (Europe) S.A.	1,206	985	22.4
65	Cornèr Banque (Luxembourg) S.A.	1,198	918	30.5
66	HSB Nordbank Private Banking S.A.	1,194	955	25.0
67	UBI Banca International S.A. (formerly Banca Lombarda International S.A.)	1,193	644	85.2
68	Banca Popolare dell'Emilia Romagna (Europe) International S.A.	1,176	1,004	17.1
69	VP Bank (Luxembourg) S.A.	1,148	1,143	0.4
70	Natixis Private Banking International	1,127	882	27.8
71	East West United Bank S.A.	1,055	255	>100.0
72	Société Nationale de Crédit et d'Investissement	1,036	728	42.3
73	DnB NOR Luxembourg S.A.	874	878	-0.5
74	Svenska Handelsbanken S.A.	850	939	-9.5
75	M.M. Warburg & CO Luxembourg S.A.	821	424	93.6
76	Argentabank Luxembourg S.A.	816	1,018	-19.8
77	Crédit Agricole Luxembourg Bank	763	644	18.5
78	HSBC Securities Services (Luxembourg) S.A.	754	412	83.0
79	PayPal (Europe) S.à r.l. et Cie, S.C.A.	749	-	-
80	Banque Invik S.A.	725	602	20.4
81	Union Bancaire Privée (Luxembourg) S.A.	723	407	77.6
82	Mizuho Trust & Banking (Luxembourg) S.A.	602	506	19.0
83	Nikko Bank (Luxembourg) S.A.	601	534	12.5
84	Banco Itaú Europa Luxembourg S.A.	564	354	59.3
85	Bank Leumi (Luxembourg) S.A.	547	518	5.6
86	Sella Bank Luxembourg S.A.	547	541	1.1
87	Credem International (Lux)	522	376	38.8
88	Banque Carnegie Luxembourg S.A.	497	430	15.6
89	Hauck & Aufhäuser Banquiers Luxembourg S.A.	474	335	41.5
90	Banque BCP S.A.	426	378	12.7
91	Swedbank S.A.	422	366	15.3
92	Banco Bradesco Luxembourg S.A.	360	399	-9.8
93	Banque Delen Luxembourg	357	353	1.1
94	Van Lanschot Bankiers (Luxembourg) S.A.	334	336	-0.6
95	Fortuna Banque s.c.	279	270	3.3
96	Internaxx Bank S.A.	279	207	34.8
97	Banque Hapoalim (Luxembourg) S.A.	261	188	38.8
98	EFG Bank (Luxembourg) S.A.	233	102	>100.0
99	State Street Bank Luxembourg S.A.	210	194	8.2
100	Sumitomo Trust & Banking (Luxembourg) S.A.	183	188	-2.7
101	Banque Transatlantique Luxembourg S.A. (formerly Mutuel Bank Luxembourg S.A.)	154	139	10.8
102	Avanzia Bank S.A.	150	34	>100.0
103	Banque Puilaetco Dewaay Luxembourg S.A.	148	141	5.0
104	Banque du Gothard (Luxembourg) S.A.	145	129	12.4
105	Unibanco - União de Bancos Brasileiros (Luxembourg) S.A.	126	175	-28.0
106	Brown Brothers Harriman (Luxembourg) S.C.A.	120	121	-0.8
107	European Cooperative Bank S.A.	88	68	29.4
108	Compagnie de Banque Privée	77	-	0.0
109	Nord Europe Private Bank S.A.	75	47	59.6
110	Frankfurter Volksbank International S.A.	65	50	30.0
111	Freie Internationale Sparkasse S.A.	47	37	27.0
112	Bank of China (Luxembourg) S.A.	42	61	-31.1
113	Industrial and Commercial Bank of China Luxembourg S.A.	13	-	-

Amounts owed to customers

€ million

	Bank	2007	2006	%
1	Fortis Banque Luxembourg	22,495	27,446	-18.0
2	Banque et Caisse d'Epargne de l'Etat	19,263	18,259	5.5
3	Dexia Banque Internationale à Luxembourg	15,280	17,952	-14.9
4	Deutsche Bank Luxembourg S.A.	14,059	19,467	-27.8
5	Société Générale Bank & Trust	13,547	11,611	16.7
6	Banque de Luxembourg S.A.	11,541	9,351	23.4
7	UBS (Luxembourg) S.A.	11,294	8,682	30.1
8	HVB Banque Luxembourg S.A.	11,033	10,737	2.8
9	ING Luxembourg S.A.	10,209	8,043	26.9
10	KBL European Private Bankers S.A. (formerly Kredietbank S.A. Luxembourgeoise)	9,769	11,697	-16.5
11	Dresdner Bank Luxembourg S.A.	9,267	7,415	-16.5
12	RBC Dexia Investor Services Bank S.A.	8,625	6,405	34.7
13	CACEIS Bank Luxembourg	7,902	5,495	43.8
14	BNP Paribas Luxembourg	7,111	6,583	8.0
15	DZ Bank International S.A.	7,089	5,061	40.1
16	Deutsche Postbank International S.A.	6,220	7,906	-21.3
17	DekaBank Deutsche Girozentrale Luxembourg S.A.	5,739	4,948	16.0
18	Sanpaolo Bank S.A.	4,462	1,765	>100.0
19	ABN Amro Bank (Luxembourg) S.A.	4,089	3,786	8.0
20	UniCredit International Bank (Luxembourg) S.A.	3,883	3,614	7.4
21	West LB International S.A.	3,851	11,263	-65.8
22	Société Européenne de Banque S.A.	3,551	3,318	7.0
23	Banque Raiffeisen	3,418	3,087	10.7
24	Banque Privée Edmond de Rothschild Europe	3,094	2,022	53.0
25	Crédit Agricole Luxembourg	2,744	2,638	4.0
26	Crédit Suisse (Luxembourg) S.A.	2,621	2,872	-8.7
27	Nordea Bank S.A.	2,566	2,909	-11.8
28	Skandinaviska Enskilda Banken S.A.	2,441	1,927	26.7
29	Kaupthing Bank Luxembourg S.A.	2,019	1,122	79.9
30	Commerzbank International S.A.	1,956	1,258	55.5
31	HSBC Trinkaus & Burkhardt (International) S.A.	1,864	1,978	-5.8
32	Norddeutsche Landesbank Luxembourg S.A.	1,827	4,543	-59.8
33	HSBC Private Bank (Luxembourg) S.A.	1,791	1,561	14.7
34	Nomura Bank (Luxembourg) S.A.	1,766	1,610	9.7
35	Banque LBLux S.A.	1,754	1,983	-11.5
36	WGZ BANK Luxembourg S.A.	1,740	1,166	49.2
37	Sal. Oppenheim jr. & Cie S.C.A. (formerly Bank Sal. Oppenheim jr. & Cie. (Luxembourg) S.A.)	1,727	729	>100.0
38	Banque Degroof Luxembourg S.A.	1,694	1,390	21.9
39	LRI Landesbank Rheinland-Pfalz International S.A.	1,624	1,182	37.4
40	J.P. Morgan Bank Luxembourg S.A.	1,592	1,132	40.6
41	EFG Private Bank (Luxembourg) S.A.	1,562	444	>100.0
42	Erste Europ. Pfandbrief- und Kommunalkreditbank AG in Luxemburg	1,418	1,296	9.4
43	Hypo Pfandbrief Bank International S.A.	1,368	1,236	10.7
44	The Bank of New York (Luxembourg) S.A.	1,323	415	>100.0
45	Banco Popolare Luxembourg S.A.	1,312	929	41.2
46	Fideuram Bank (Luxembourg) S.A.	1,223	1,480	-17.4
47	Landsbanki Luxembourg S.A.	1,209	951	27.1
48	Danske Bank International S.A.	1,188	1,090	9.
49	Clearstream Banking S.A.	1,081	561	92.7
50	EUROHYPO Europäische Hypothekenbank S.A.	1,043	1,104	-5.5
51	UBI Banca International S.A. (formerly Banca Lombarda International S.A.)	1,040	566	83.7
52	BHF-BANK International	852	49	>100.0
53	Banque Safra-Luxembourg S.A.	851	982	-13.3
54	Natixis Private Banking International	703	467	50.5
55	Svenska Handelsbanken S.A.	688	859	-19.9
56	HSBC Securities Services (Luxembourg) S.A.	682	345	97.7
57	Pictet & Cie (Europe) S.A.	680	594	14.5

	Bank	2007	2006	%
58	Banque Invik S.A.	631	531	18.8
59	Crédit Agricole Luxembourg Bank	629	482	30.5
60	Union Bancaire Privée (Luxembourg) S.A.	602	337	78.6
61	M.M. Warburg & CO Luxembourg S.A.	579	264	>100.0
62	PayPal (Europe) S.à r.l. et Cie, S.C.A.	575	-	-
63	VP Bank (Luxembourg) S.A.	563	439	28.2
64	Nikko Bank (Luxembourg) S.A.	528	467	13.1
65	HSH Nordbank Private Banking S.A.	509	332	53.3
66	Bank Leumi (Luxembourg) S.A.	505	473	6.8
67	Capitalia Luxembourg S.A.	474	755	-37.2
68	Sella Bank Luxembourg S.A.	443	457	-3.1
69	Banque Carnegie Luxembourg S.A.	437	371	17.8
70	Hauck & Aufhäuser Banquiers Luxembourg S.A.	433	286	51.4
71	Mitsubishi UFJ Global Custody S.A. (formerly Bank of Tokyo-Mitsubishi (Luxembourg) S.A.)	426	374	13.9
72	Swedbank S.A.	384	346	11.0
73	Cornèr Banque (Luxembourg) S.A.	374	264	41.7
74	Mizuho Trust & Banking (Luxembourg) S.A.	352	260	35.4
75	Banco Itaú Europa Luxembourg S.A.	350	293	19.5
76	Banque Delen Luxembourg	322	190	69.5
77	HSH Nordbank Securities S.A.	303	303	0.0
78	Van Lanschot Bankiers (Luxembourg) S.A.	294	298	-1.3
79	Fortuna Banque s.c.	266	258	3.1
80	Internaxx Bank S.A.	260	192	35.4
81	Credem International (Lux)	242	141	71.6
82	Banca Popolare dell'Emilia Romagna (Europe) International S.A.	199	261	-23.8
83	Banco Bradesco Luxembourg S.A.	195	230	-15.2
84	EFG Bank (Luxembourg) S.A.	155	79	96.2
85	East West United Bank S.A.	145	82	76.8
86	Avanzia Bank S.A.	127	22	>100.0
87	Banque Puilaetco Dewaay Luxembourg S.A.	127	114	11.4
88	Banque du Gothard (Luxembourg) S.A.	116	108	7.4
89	Banque Transatlantique Luxembourg S.A. (formerly Mutuel Bank Luxembourg S.A.)	114	71	60.6
90	Landesbank Berlin International S.A.	110	101	8.9
91	Nord/LB Covered Finance Bank S.A.	108	0	-
92	Banque BCP S.A.	106	76	39.5
93	IKB International	99	140	-29.3
94	John Deere Bank S.A.	98	95	3.2
95	DnB NOR Luxembourg S.A.	85	48	77.1
96	Brown Brothers Harriman (Luxembourg) S.C.A.	74	76	-2.6
97	Nord Europe Private Bank S.A.	58	34	70.6
98	State Street Bank Luxembourg S.A.	53	46	15.2
99	Glitnir Bank Luxembourg S.A.	48	40	20.0
100	Natixis Luxembourg S.A. (formerly Natexis Luxembourg S.A.)	48	47	2.1
101	Société Nationale de Crédit et d'Investissement	47	47	0.0
102	Unibanco - União de Bancos Brasileiros (Luxembourg) S.A.	42	65	-35.4
103	Frankfurter Volksbank International S.A.	41	25	64.0
104	Argentabank Luxembourg S.A.	30	37	-18.9
105	Freie Internationale Sparkasse S.A.	21	16	31.3
106	Banque Hapoalim (Luxembourg) S.A.	15	55	-72.7
107	Bank of China (Luxembourg) S.A.	0	0	-
108	Compagnie de Banque Privée	0	-	-
109	Dexia LdG Banque S.A.	0	-	-
110	European Cooperative Bank S.A.	0	0	-
111	Industrial and Commercial Bank of China Luxembourg S.A.	0	-	-
112	Mediobanca International (Luxembourg) S.A.	0	0	-
113	Sumitomo Trust & Banking (Luxembourg) S.A.	0	0	-

Net interest income

€ million

	Bank	2007	2006	%
1	Fortis Banque Luxembourg	361	357	1.1
2	Banque et Caisse d'Epargne de l'Etat	317	278	14.0
3	Dexia Banque Internationale à Luxembourg	306	266	15.0
4	Société Générale Bank & Trust	260	164	58.5
5	Clearstream Banking S.A.	178	112	58.9
6	ING Luxembourg S.A.	134	99	35.4
7	HVB Banque Luxembourg S.A.	116	114	1.8
8	Deutsche Bank Luxembourg S.A.	108	333	-67.6
9	Banque de Luxembourg S.A.	98	76	28.9
10	Kaupthing Bank Luxembourg S.A.	90	55	63.6
11	KBL European Private Bankers S.A. (formerly Kredietbank S.A. Luxembourgeoise)	88	61	44.3
12	BNP Paribas Luxembourg	87	45	93.3
13	HSH Nordbank Securities S.A.	85	125	-32.0
14	LRI Landesbank Rheinland-Pfalz International S.A.	82	75	9.3
15	Deutsche Postbank International S.A.	74	57	29.8
16	IKB International	73	68	7.4
17	DZ Bank International S.A.	72	70	2.9
18	Banque Raiffeisen	67	57	17.5
19	Landsbanki Luxembourg S.A.	62	38	63.2
20	Banque LBLux S.A.	56	40	40.0
21	Norddeutsche Landesbank Luxembourg S.A.	56	48	16.7
22	UBS (Luxembourg) S.A.	53	38	39.5
23	RBC Dexia Investor Services Bank S.A.	45	31	45.2
24	Nordea Bank S.A.	44	35	25.7
25	DekaBank Deutsche Girozentrale Luxembourg S.A.	43	31	38.7
26	Dresdner Bank Luxembourg S.A.	42	60	-30.0
27	EUROHYPO Europäische Hypothekenbank S.A.	42	41	2.4
28	John Deere Bank S.A.	40	36	11.1
29	CACEIS Bank Luxembourg	37	23	60.9
30	Crédit Agricole Luxembourg	37	42	-11.9
31	J.P. Morgan Bank Luxembourg S.A.	35	32	9.4
32	Mitsubishi UFJ Global Custody S.A. (formerly Bank of Tokyo-Mitsubishi (Luxembourg) S.A.)	33	16	>100.0
33	Danske Bank International S.A.	32	27	18.5
34	ABN Amro Bank (Luxembourg) S.A.	31	10	>100.0
35	Sanpaolo Bank S.A.	30	15	100.0
36	West LB International S.A.	30	29	3.4
37	Banque Privée Edmond de Rothschild Europe	27	21	28.6
38	Société Nationale de Crédit et d'Investissement	26	17	52.9
39	Skandinaviska Enskilda Banken S.A.	24	19	26.3
40	Société Européenne de Banque S.A.	24	21	14.3
41	Glitnir Bank Luxembourg S.A.	22	17	29.4
42	Natixis Luxembourg S.A. (formerly Natexis Luxembourg S.A.)	20	5	>100.0
43	HSBC Private Bank (Luxembourg) S.A.	19	19	0.0
44	EFG Private Bank (Luxembourg) S.A.	18	15	20.0
45	Capitalia Luxembourg S.A.	17	15	13.3
46	Landesbank Berlin International S.A.	17	14	21.4
47	Pictet & Cie (Europe) S.A.	16	9	77.8
48	Banque Degroof Luxembourg S.A.	15	8	87.5
49	Banque Safra-Luxembourg S.A.	15	12	25.0
50	Erste Europ. Pfandbrief- und Kommunalkreditbank AG in Luxemburg	15	25	-40.0
51	HSBC Trinkaus & Burkhardt (International) S.A.	15	10	50.0
52	WGZ BANK Luxembourg S.A.	15	12	25.0
53	Fideuram Bank (Luxembourg) S.A.	13	6	>100.0
54	Hypo Pfandbrief Bank International S.A.	12	9	33.3
55	BHF-BANK International	11	12	-8.3
56	PayPal (Europe) S.à r.l. et Cie, S.C.A.	11	-	-
57	UBI Banca International S.A. (formerly Banca Lombarda International S.A.)	11	6	83.3

	Bank	2007	2006	%
58	Svenska Handelsbanken S.A.	10	8	25.0
59	The Bank of New York (Luxembourg) S.A.	10	2	>100.0
60	VP Bank (Luxembourg) S.A.	10	7	42.9
61	Banco Bradesco Luxembourg S.A.	9	8	12.5
62	Banco Itaú Europa Luxembourg S.A.	9	7	28.6
63	HSH Nordbank Private Banking S.A.	9	9	0.0
64	Banque Carnegie Luxembourg S.A.	8	7	14.3
65	Crédit Agricole Luxembourg Bank	8	7	14.3
66	Crédit Suisse (Luxembourg) S.A.	8	7	14.3
67	East West United Bank S.A.	8	7	14.3
68	Nomura Bank (Luxembourg) S.A.	8	7	14.3
69	Mediobanca International (Luxembourg) S.A.	7	3	>100.0
70	Nord/LB Covered Finance Bank S.A.	7	2	>100.0
71	Avanzia Bank S.A.	6	0	-
72	Argentabank Luxembourg S.A.	6	8	-25.0
73	Banco Popolare Luxembourg S.A.	6	4	50.0
74	Banque BCP S.A.	6	6	0.0
75	Dexia LdG Banque S.A.	6	-	-
76	UniCredit International Bank (Luxembourg) S.A.	6	3	100.0
77	Bank Leumi (Luxembourg) S.A.	5	4	25.0
78	Banque Invik S.A.	5	4	25.0
79	Cornèr Banque (Luxembourg) S.A.	5	3	66.7
80	HSBC Securities Services (Luxembourg) S.A.	5	3	66.7
81	Van Lanschot Bankiers (Luxembourg) S.A.	5	4	25.0
82	Brown Brothers Harriman (Luxembourg) S.C.A.	4	4	0.0
83	Credem International (Lux)	4	3	33.3
84	DnB NOR Luxembourg S.A.	4	4	0.0
85	Internaxx Bank S.A.	4	3	33.3
86	M.M. Warburg & CO Luxembourg S.A.	4	3	33.3
87	Natixis Private Banking International	4	3	33.3
88	Unibanco - União de Bancos Brasileiros (Luxembourg) S.A.	4	4	0.0
89	Banca Popolare dell'Emilia Romagna (Europe) International S.A.	3	3	0.0
90	Fortuna Banque s.c.	3	3	0.0
91	Mizuho Trust & Banking (Luxembourg) S.A.	3	3	0.0
92	Nikko Bank (Luxembourg) S.A.	3	2	50.0
93	State Street Bank Luxembourg S.A.	3	2	50.0
94	Swedbank S.A.	3	2	50.0
95	Union Bancaire Privée (Luxembourg) S.A.	3	2	50.0
96	Banque Delen Luxembourg	2	2	0.0
97	Banque Hapoalim (Luxembourg) S.A.	2	2	0.0
98	Banque Transatlantique Luxembourg S.A. (formerly Mutuel Bank Luxembourg S.A.)	2	1	100.0
99	EFG Bank (Luxembourg) S.A.	2	0	-
100	Sella Bank Luxembourg S.A.	2	2	0.0
101	Sumitomo Trust & Banking (Luxembourg) S.A.	2	2	0.0
102	Bank of China (Luxembourg) S.A.	1	1	0.0
103	Banque Puilaetco Dewaay Luxembourg S.A.	1	1	0.0
104	Compagnie de Banque Privée	1	-	0.0
105	European Cooperative Bank S.A.	1	1	0.0
106	Frankfurter Volksbank International S.A.	1	1	0.0
107	Freie Internationale Sparkasse S.A.	1	1	0.0
108	Hauck & Aufhäuser Banquiers Luxembourg S.A.	1	1	0.0
109	Industrial and Commercial Bank of China Luxembourg S.A.	1	-	-
110	Nord Europe Private Bank S.A.	1	1	0.0
111	Banque du Gothard (Luxembourg) S.A.	0	0	-
112	Commerzbank International S.A.	0	-6	>100.0
113	Sal. Oppenheim jr. & Cie S.C.A. (formerly Bank Sal. Oppenheim jr. & Cie. (Luxembourg) S.A.)	-21	5	>100.0

Net fee and commission income

€ million

	Bank	2007	2006	%
1	Clearstream Banking S.A.	364	342	6.4
2	Fortis Banque Luxembourg	248	247	0.4
3	UBS (Luxembourg) S.A.	202	171	18.1
4	J.P. Morgan Bank Luxembourg S.A.	175	167	4.8
5	DekaBank Deutsche Girozentrale Luxembourg S.A.	173	135	28.1
6	RBC Dexia Investor Services Bank S.A.	153	144	6.3
7	Dexia Banque Internationale à Luxembourg	137	132	3.8
8	Société Générale Bank & Trust	135	112	20.5
9	ING Luxembourg S.A.	127	129	-1.6
10	KBL European Private Bankers S.A. (formerly Kredietbank S.A. Luxembourgeoise)	127	123	3.3
11	Banque Privée Edmond de Rothschild Europe	119	102	16.7
12	Banque de Luxembourg S.A.	116	109	6.4
13	State Street Bank Luxembourg S.A.	114	94	21.3
14	DZ Bank International S.A.	100	97	3.1
15	Nordea Bank S.A.	88	81	8.6
16	Banque et Caisse d'Épargne de l'Etat	75	67	11.9
17	Deutsche Bank Luxembourg S.A.	72	60	20.0
18	Commerzbank International S.A.	68	56	21.4
19	Kaupthing Bank Luxembourg S.A.	67	44	52.3
20	Banque Degroof Luxembourg S.A.	63	55	14.5
21	Dresdner Bank Luxembourg S.A.	62	64	-3.1
22	Sanpaolo Bank S.A.	62	72	-13.9
23	HVB Banque Luxembourg S.A.	61	97	-37.1
24	Mitsubishi UFJ Global Custody S.A. (formerly Bank of Tokyo-Mitsubishi (Luxembourg) S.A.)	58	26	>100.0
25	BNP Paribas Luxembourg	56	51	9.8
26	CACEIS Bank Luxembourg	50	54	-7.4
27	Union Bancaire Privée (Luxembourg) S.A.	47	49	-4.1
28	Crédit Suisse (Luxembourg) S.A.	46	44	4.5
29	Crédit Agricole Luxembourg	44	42	4.8
30	Pictet & Cie (Europe) S.A.	44	29	51.7
31	Brown Brothers Harriman (Luxembourg) S.C.A.	43	42	2.4
32	HSBC Securities Services (Luxembourg) S.A.	42	34	23.5
33	Skandinaviska Enskilda Banken S.A.	38	38	0.0
34	Nomura Bank (Luxembourg) S.A.	33	33	0.0
35	ABN Amro Bank (Luxembourg) S.A.	31	30	3.3
36	Société Européenne de Banque S.A.	30	31	-3.2
37	Landsbanki Luxembourg S.A.	29	18	61.1
38	Banque LBLux S.A.	27	25	8.0
39	Danske Bank International S.A.	26	26	0.0
40	WGZ BANK Luxembourg S.A.	25	18	38.9
41	Banco Itaú Europa Luxembourg S.A.	19	13	46.2
42	Fideuram Bank (Luxembourg) S.A.	19	21	-9.5
43	HSBC Trinkaus & Burkhardt (International) S.A.	19	15	26.7
44	Banque Safra-Luxembourg S.A.	18	13	38.5
45	Credem International (Lux)	18	21	-14.3
46	Crédit Agricole Luxembourg Bank	18	16	12.5
47	Norddeutsche Landesbank Luxembourg S.A.	18	15	20.0
48	Banque Delen Luxembourg	17	13	30.8
49	LRI Landesbank Rheinland-Pfalz International S.A.	17	15	13.3
50	Deutsche Postbank International S.A.	15	11	36.4
51	Natixis Private Banking International	15	15	0.0
52	West LB International S.A.	15	-24	>100.0
53	Banque Invik S.A.	14	12	16.7
54	Banque Puilaetco Dewaay Luxembourg S.A.	13	12	8.3
55	HSBC Private Bank (Luxembourg) S.A.	13	13	0.0
56	Nikko Bank (Luxembourg) S.A.	13	7	85.7
57	Banque Carnegie Luxembourg S.A.	12	14	-14.3

	Bank	2007	2006	%
58	HSH Nordbank Securities S.A.	12	12	0.0
59	Svenska Handelsbanken S.A.	12	11	9.1
60	The Bank of New York (Luxembourg) S.A.	12	8	50.0
61	Hauck & Aufhäuser Banquiers Luxembourg S.A.	11	8	37.5
62	HSH Nordbank Private Banking S.A.	11	11	0.0
63	Banque Raiffeisen	10	9	11.1
64	M.M. Warburg & CO Luxembourg S.A.	10	9	11.1
65	Mizuho Trust & Banking (Luxembourg) S.A.	10	9	11.1
66	Swedbank S.A.	10	9	11.1
67	VP Bank (Luxembourg) S.A.	10	9	11.1
68	Glitnir Bank Luxembourg S.A.	9	12	-25.0
69	Sal. Oppenheim jr. & Cie S.C.A. (formerly Bank Sal. Oppenheim jr. & Cie. (Luxembourg) S.A.)	9	19	-52.6
70	UBI Banca International S.A. (formerly Banca Lombarda International S.A.)	9	7	28.6
71	PayPal (Europe) S.à r.l. et Cie, S.C.A.	7	-	-
72	Sella Bank Luxembourg S.A.	7	8	-12.5
73	EFG Bank (Luxembourg) S.A.	6	0	-
74	EFG Private Bank (Luxembourg) S.A.	6	2	>100.0
75	Internaxx Bank S.A.	6	5	20.0
76	Van Lanschot Bankiers (Luxembourg) S.A.	6	7	-14.3
77	Banco Popolare Luxembourg S.A.	5	3	66.7
78	Banque Transatlantique Luxembourg S.A. (formerly Mutuel Bank Luxembourg S.A.)	5	4	25.0
79	Landesbank Berlin International S.A.	5	6	-16.7
80	Mediobanca International (Luxembourg) S.A.	5	3	66.7
81	Nord Europe Private Bank S.A.	5	4	25.0
82	Cornèr Banque (Luxembourg) S.A.	4	5	-20.0
83	Sumitomo Trust & Banking (Luxembourg) S.A.	4	4	0.0
84	UniCredit International Bank (Luxembourg) S.A.	4	3	33.3
85	Bank Leumi (Luxembourg) S.A.	3	2	50.0
86	Banque BCP S.A.	3	3	0.0
87	DnB NOR Luxembourg S.A.	3	2	50.0
88	Freie Internationale Sparkasse S.A.	3	3	0.0
89	Unibanco - União de Bancos Brasileiros (Luxembourg) S.A.	3	2	50.0
90	Argentabank Luxembourg S.A.	2	2	0.0
91	Banca Popolare dell'Emilia Romagna (Europe) International S.A.	2	1	100.0
92	Banco Bradesco Luxembourg S.A.	2	1	100.0
93	Banque du Gothard (Luxembourg) S.A.	2	2	0.0
94	Avanzia Bank S.A.	1	0	-
95	Capitalia Luxembourg S.A.	1	4	-75.0
96	East West United Bank S.A.	1	1	0.0
97	Bank of China (Luxembourg) S.A.	0	0	-
98	Banque Hapoalim (Luxembourg) S.A.	0	0	-
99	BHF-BANK International	0	-1	-100.0
100	Compagnie de Banque Privée	0	-	-
101	Dexia LdG Banque S.A.	0	-	-
102	European Cooperative Bank S.A.	0	0	-
103	Fortuna Banque s.c.	0	0	-
104	Frankfurter Volksbank International S.A.	0	0	-
105	Hypo Pfandbrief Bank International S.A.	0	0	-
106	Industrial and Commercial Bank of China Luxembourg S.A.	0	-	-
107	John Deere Bank S.A.	0	0	-
108	Natixis Luxembourg S.A. (formerly Natexis Luxembourg S.A.)	0	0	-
109	Nord/LB Covered Finance Bank S.A.	0	0	-
110	Société Nationale de Crédit et d'Investissement	0	0	-
111	Erste Europ. Pfandbrief- und Kommunalkreditbank AG in Luxemburg	-1	-1	0.0
112	EUROHYPO Europäische Hypothekenbank S.A.	-1	-1	0.0
113	IKB International	-25	-19	31.6

Profit for the financial year

€ million

	Bank	2007	2006	%
1	Sal. Oppenheim jr. & Cie S.C.A. (formerly Bank Sal. Oppenheim jr. & Cie. (Luxembourg) S.A.)	581	9	> 100.0
2	Fortis Banque Luxembourg	407	580	-29.8
3	DekaBank Deutsche Girozentrale Luxembourg S.A.	332	208	59.6
4	Société Générale Bank & Trust	234	190	23.2
5	BNP Paribas Luxembourg	229	152	50.7
6	Deutsche Bank Luxembourg S.A.	220	320	-31.3
7	KBL European Private Bankers S.A. (formerly Kredietbank S.A. Luxembourgaise)	209	581	-64.0
8	Dexia Banque Internationale à Luxembourg	202	631	-68.0
9	Clearstream Banking S.A.	198	215	-7.9
10	ING Luxembourg S.A.	177	159	11.3
11	UBS (Luxembourg) S.A.	166	116	43.1
12	Banque LBLux S.A.	147	25	> 100.0
13	HVB Banque Luxembourg S.A.	140	180	-22.2
14	Banque et Caisse d'Epargne de l'Etat	117	109	7.3
15	J.P. Morgan Bank Luxembourg S.A.	108	110	-1.8
16	Société Nationale de Crédit et d'Investissement	107	65	64.6
17	Commerzbank International S.A.	92	58	58.6
18	IKB International	91	16	> 100.0
19	Banque de Luxembourg S.A.	72	69	4.3
20	Nordea Bank S.A.	72	67	7.5
21	DZ Bank International S.A.	71	71	0.0
22	RBC Dexia Investor Services Bank S.A.	70	66	6.1
23	Deutsche Postbank International S.A.	66	62	6.5
24	Sanpaolo Bank S.A.	66	63	4.8
25	Dresdner Bank Luxembourg S.A.	62	170	-63.5
26	Kaupthing Bank Luxembourg S.A.	60	57	5.3
27	EUROHYPO Europäische Hypothekenbank S.A.	59	31	90.3
28	CACEIS Bank Luxembourg	55	52	5.8
29	Landsbanki Luxembourg S.A.	51	31	64.5
30	Norddeutsche Landesbank Luxembourg S.A.	47	45	4.4
31	ABN Amro Bank (Luxembourg) S.A.	45	21	> 100.0
32	Banque Degroof Luxembourg S.A.	41	31	32.3
33	Union Bancaire Privée (Luxembourg) S.A.	41	62	-33.9
34	Crédit Agricole Luxembourg	39	28	39.3
35	Mitsubishi UFJ Global Custody S.A.	39	8	> 100.0
36	Banque Privée Edmond de Rothschild Europe	35	30	16.7
37	Danske Bank International S.A.	27	41	-34.1
38	Société Européenne de Banque S.A.	27	23	17.4
39	Pictet & Cie (Europe) S.A.	24	15	60.0
40	Skandinaviska Enskilda Banken S.A.	23	25	-8.0
41	West LB International S.A.	19	60	-68.3
42	Credem International (Lux)	17	19	-10.5
43	Fideuram Bank (Luxembourg) S.A.	17	14	21.4
44	HSBC Trinkaus & Burkhardt (International) S.A.	17	11	54.5
45	Crédit Suisse (Luxembourg) S.A.	15	19	-21.1
46	EFG Private Bank (Luxembourg) S.A.	15	10	50.0
47	Banque Safran-Luxembourg S.A.	14	13	7.7
48	LRI Landesbank Rheinland-Pfalz International S.A.	14	83	-83.1
49	WGZ BANK Luxembourg S.A.	14	14	0.0
50	Banque Raiffeisen	13	10	30.0
51	John Deere Bank S.A.	13	13	0.0
52	Nomura Bank (Luxembourg) S.A.	13	13	0.0
53	Banque Carnegie Luxembourg S.A.	12	11	9.1
54	Natixis Luxembourg S.A. (formerly Natexis Luxembourg S.A.)	12	5	> 100.0
55	Banco Itaú Europa Luxembourg S.A.	11	13	-15.4
56	Banque Delen Luxembourg	11	8	37.5
57	Brown Brothers Harriman (Luxembourg) S.C.A.	10	12	-16.7

	Bank	2007	2006	%
58	Capitalia Luxembourg S.A.	10	6	66.7
59	Glitnir Bank Luxembourg S.A.	10	9	11.1
60	PayPal (Europe) S.à r.l. et Cie, S.C.A.	10	-	0.0
61	Svenska Handelsbanken S.A.	10	7	42.9
62	Banque Invik S.A.	9	5	80.0
63	Hauck & Aufhäuser Banquiers Luxembourg S.A	9	4	> 100.0
64	HSBC Private Bank (Luxembourg) S.A.	9	10	-10.0
65	Mediobanca International (Luxembourg) S.A.	9	3	> 100.0
66	VP Bank (Luxembourg) S.A.	9	5	80.0
67	HSH Nordbank Private Banking S.A.	8	8	0.0
68	Banque Puilaetco Dewaay Luxembourg S.A.	7	6	16.7
69	Crédit Agricole Luxembourg Bank	7	1	> 100.0
70	Hypo Pfandbrief Bank International S.A.	7	6	16.7
71	Nikko Bank (Luxembourg) S.A.	7	4	75.0
72	State Street Bank Luxembourg S.A.	7	9	-22.2
73	UBI Banca International S.A.	7	6	16.7
74	Banco Bradesco Luxembourg S.A.	6	5	20.0
75	HSBC Securities Services (Luxembourg) S.A.	6	6	0.0
76	Erste Europ. Pfandbrief- und Kommunalkreditbank AG in Luxemburg	5	15	-66.7
77	Landesbank Berlin International S.A.	5	9	-44.4
78	M.M. Warburg & CO Luxembourg S.A.	5	4	25.0
79	Unibanco - União de Bancos Brasileiros (Luxembourg) S.A.	5	4	25.0
80	Van Lanschot Bankiers (Luxembourg) S.A.	5	4	25.0
81	Banco Popolare Luxembourg S.A.	4	2	100.0
82	Cornèr Banque (Luxembourg) S.A.	4	3	33.3
83	Argentabank Luxembourg S.A.	3	4	-25.0
84	Dexia LdG Banque S.A.	3	-	0.0
85	Internaxx Bank S.A.	3	1	> 100.0
86	Nord/LB Covered Finance Bank S.A.	3	0	0.0
87	The Bank of New York (Luxembourg) S.A.	3	1	> 100.0
88	UniCredit International Bank (Luxembourg) SA	3	1	> 100.0
89	Bank Leumi (Luxembourg) S.A.	2	2	0.0
90	Banque BCP S.A.	2	2	0.0
91	Banque Transatlantique Luxembourg S.A. (formerly Mutuel Bank Luxembourg S.A.)	2	2	0.0
92	EFG Bank (Luxembourg) S.A.	2	-3	> 100
93	Natixis Private Banking International	2	4	-50.0
94	Sumitomo Trust & Banking (Luxembourg) S.A.	2	2	0.0
95	Banca Popolare dell'Emilia Romagna (Europe) International S.A.	1	1	0.0
96	Bank of China (Luxembourg) S.A.	1	1	0.0
97	DnB NOR Luxembourg S.A.	1	-1	> 100.0
98	Fortuna Banque s.c.	1	1	0.0
99	Freie Internationale Sparkasse S.A.	1	1	0.0
100	Swedbank S.A.	1	2	-50.0
101	Banque du Gothard (Luxembourg) S.A.	0	0	0.0
102	BHF-BANK International	0	10	-100.0
103	East West United Bank S.A.	0	0	0.0
104	European Cooperative Bank S.A.	0	0	0.0
105	Frankfurter Volksbank International S.A.	0	0	0.0
106	Industrial and Commercial Bank of China Luxembourg S.A.	0	-	0.0
107	Mizuho Trust & Banking (Luxembourg) SA	0	1	-100.0
108	Nord Europe Private Bank	-1	0	0.0
109	Sella Bank Luxembourg S.A.	-1	-3	-66.7
110	Banque Hapoalim (Luxembourg) S.A.	-3	-3	0.0
111	Compagnie de Banque Privée	-5	-	0.0
112	Avanzia Bank S.A.	-8	-4	-100.0
113	HSH Nordbank Securities S.A.	-206	147	> -100.0

Own funds

€ million

	Bank	2007	2006	%
1	Fortis Banque Luxembourg	3,142	2,996	4.9
2	HVB Banque Luxembourg S.A.	2,322	2,291	1.4
3	Dexia Banque Internationale à Luxembourg	1,904	1,474	29.2
4	Société Générale Bank & Trust	1,794	1,666	7.7
5	Deutsche Bank Luxembourg S.A.	1,652	1,875	-11.9
6	Banque et Caisse d'Epargne de l'Etat	1,446	1,358	6.5
7	KBL European Private Bankers S.A. (formerly Kredietbank S.A. Luxembourgeoise)	1,414	1,450	-2.5
8	ING Luxembourg S.A.	1,355	1,281	5.8
9	BNP Paribas Luxembourg	1,323	1,058	25.0
10	HSH Nordbank Securities S.A.	929	1,107	-16.1
11	Commerzbank International S.A.	793	735	7.9
12	Société Nationale de Crédit et d'Investissement	763	578	32.0
13	Sal. Oppenheim jr. & Cie S.C.A. (formerly Bank Sal. Oppenheim jr. & Cie. (Luxembourg) S.A.)	700	61	>100.0
14	Deutsche Postbank International S.A.	671	610	10.0
15	Norddeutsche Landesbank Luxembourg S.A.	656	611	7.4
16	LRI Landesbank Rheinland-Pfalz International S.A.	653	600	8.8
17	UBS (Luxembourg) S.A.	550	572	-3.8
18	RBC Dexia Investor Services Bank S.A.	526	456	15.4
19	Banque de Luxembourg S.A.	496	492	0.8
20	DZ Bank International S.A.	466	467	-0.2
21	Dresdner Bank Luxembourg S.A.	441	412	7.0
22	ABN Amro Bank (Luxembourg) S.A.	439	431	1.9
23	IKB International	436	423	3.1
24	Natixis Luxembourg S.A. (formerly Natexis Luxembourg S.A.)	426	120	>100.0
25	Banque LBLux S.A.	421	421	0.0
26	Sanpaolo Bank S.A.	394	330	19.4
27	Kaupthing Bank Luxembourg S.A.	309	252	22.6
28	West LB International S.A.	281	251	12.0
29	EUROHYPO Europäische Hypothekenbank S.A.	272	260	4.6
30	Clearstream Banking S.A.	266	219	21.5
31	J.P. Morgan Bank Luxembourg S.A.	233	151	54.3
32	DekaBank Deutsche Girozentrale Luxembourg S.A.	213	213	0.0
33	Capitalia Luxembourg S.A.	209	206	1.5
34	Landesbank Berlin International S.A.	192	189	1.6
35	Nordea Bank S.A.	179	169	5.9
36	Crédit Agricole Luxembourg	165	137	20.4
37	Banque Raiffeisen	157	148	6.1
38	Dexia LdG Banque S.A.	150	-	-
39	Skandinaviska Enskilda Banken S.A.	148	142	4.2
40	Danske Bank International S.A.	132	123	7.3
41	EFG Private Bank (Luxembourg) S.A.	117	107	9.3
42	John Deere Bank S.A.	117	103	13.6
43	HSBC Private Bank (Luxembourg) S.A.	116	110	5.5
44	Banque Degroof Luxembourg S.A.	112	103	8.7
45	Banque Privée Edmond de Rothschild Europe	112	99	13.1
46	State Street Bank Luxembourg S.A.	110	101	8.9
47	Banque Safra-Luxembourg S.A.	109	98	11.2
48	Hypo Pfandbrief Bank International S.A.	107	101	5.9
49	Landsbanki Luxembourg S.A.	99	56	76.8
50	Nomura Bank (Luxembourg) S.A.	99	87	13.8
51	Banco Bradesco Luxembourg S.A.	97	103	-5.8
52	Société Européenne de Banque S.A.	97	87	11.5
53	Mediobanca International (Luxembourg) S.A.	88	79	11.4
54	CACEIS Bank Luxembourg	83	91	-8.8
55	HSBC Trinkaus & Burkhardt (International) S.A.	83	79	5.1
56	WGZ BANK Luxembourg S.A.	83	73	13.7
57	BHF-BANK International	80	80	0.0

	Bank	2007	2006	%
58	Compagnie de Banque Privée	80	-	0.0
59	Banco Itaú Europa Luxembourg S.A.	74	39	89.7
60	UBI Banca International S.A. (formerly Banca Lombarda International S.A.)	74	32	>100.0
61	Erste Europ. Pfandbrief- und Kommunalkreditbank AG in Luxemburg	72	64	12.5
62	Glitnir Bank Luxembourg S.A.	59	50	18.0
63	Pictet & Cie (Europe) S.A.	54	43	25.6
64	Nikko Bank (Luxembourg) S.A.	53	48	10.4
65	Crédit Suisse (Luxembourg) S.A.	52	44	18.2
66	Mitsubishi UFJ Global Custody S.A. (formerly Bank of Tokyo-Mitsubishi (Luxembourg) S.A.)	52	50	4.0
67	Nord/LB Covered Finance Bank S.A.	51	52	-1.9
68	Unibanco - União de Bancos Brasileiros (Luxembourg) S.A.	51	53	-3.8
69	Credem International (Lux)	49	48	2.1
70	Banco Popolare Luxembourg S.A.	48	46	4.3
71	Fideuram Bank (Luxembourg) S.A.	47	46	2.2
72	VP Bank (Luxembourg) S.A.	47	44	6.8
73	East West United Bank S.A.	43	43	0.0
74	M.M. Warburg & CO Luxembourg S.A.	42	42	0.0
75	Argentabank Luxembourg S.A.	41	37	10.8
76	Svenska Handelsbanken S.A.	40	39	2.6
77	HSBC Securities Services (Luxembourg) S.A.	39	38	2.6
78	Banca Popolare dell'Emilia Romagna (Europe) International S.A.	38	37	2.7
79	HSH Nordbank Private Banking S.A.	38	33	15.2
80	Natixis Private Banking International	38	29	31.0
81	The Bank of New York (Luxembourg) S.A.	33	9	>100.0
82	Crédit Agricole Luxembourg Bank	29	41	-29.3
83	PayPal (Europe) S.à r.l. et Cie, S.C.A.	29	-	-
84	Banque Invik S.A.	28	25	12.0
85	UniCredit International Bank (Luxembourg) S.A.	26	24	8.3
86	Sumitomo Trust & Banking (Luxembourg) S.A.	25	27	-7.4
87	Union Bancaire Privée (Luxembourg) S.A.	25	19	31.6
88	DnB NOR Luxembourg S.A.	23	24	-4.2
89	Mizuho Trust & Banking (Luxembourg) S.A.	23	25	-8.0
90	Cornèr Banque (Luxembourg) S.A.	22	20	10.0
91	Frankfurter Volksbank International S.A.	21	21	0.0
92	Van Lanschot Bankiers (Luxembourg) S.A.	21	20	5.0
93	Bank Leumi (Luxembourg) S.A.	20	20	0.0
94	Banque Carnegie Luxembourg S.A.	20	20	0.0
95	Banque Transatlantique Luxembourg S.A. (formerly Mutuel Bank Luxembourg S.A.)	20	19	5.3
96	EFG Bank (Luxembourg) S.A.	20	17	17.6
97	Banque BCP S.A.	19	18	5.6
98	Sella Bank Luxembourg S.A.	18	23	-21.7
99	Banque Delen Luxembourg	17	21	-19.0
100	Hauck & Aufhäuser Banquiers Luxembourg S.A.	15	15	0.0
101	Banque Puilaetco Dewaay Luxembourg S.A.	14	15	-6.7
102	Avanzia Bank S.A.	13	15	-13.3
103	Industrial and Commercial Bank of China Luxembourg S.A.	13	-	-
104	Swedbank S.A.	13	12	8.3
105	Banque Hapoalim (Luxembourg) S.A.	12	19	-36.8
106	European Cooperative Bank S.A.	12	12	0.0
107	Internaxx Bank S.A.	12	11	9.1
108	Freie Internationale Sparkasse S.A.	11	11	0.0
109	Nord Europe Private Bank S.A.	10	11	-9.1
110	Brown Brothers Harriman (Luxembourg) S.C.A.	9	10	-10.0
111	Fortuna Banque s.c.	9	9	0.0
112	Banque du Gothard (Luxembourg) S.A.	8	8	0.0
113	Bank of China (Luxembourg) S.A.	7	7	0.0

Staff

number

	Bank	2007	2006	%
1	Fortis Banque Luxembourg	2,608	2,523	3.4
2	Dexia Banque Internationale à Luxembourg	2,068	2,121	-2.5
3	Banque et Caisse d'Epargne de l'Etat	1,800	1,782	1.0
4	RBC Dexia Investor Services Bank S.A.	1,331	1,162	14.5
5	KBL European Private Bankers S.A. (formerly Kredietbank S.A. Luxembourgeoise)	1,238	1,244	-0.5
6	ING Luxembourg S.A.	790	833	-5.2
7	Société Générale Bank & Trust	702	617	13.8
8	Banque de Luxembourg S.A.	695	657	5.8
9	BNP Paribas Luxembourg	594	551	7.8
10	Banque Privée Edmond de Rothschild Europe	573	497	15.3
11	J.P. Morgan Bank Luxembourg S.A.	526	532	-1.1
12	DZ Bank International S.A.	525	504	4.2
13	State Street Bank Luxembourg S.A.	513	684	-25.0
14	UBS (Luxembourg) S.A.	478	435	9.9
15	Banque Raiffeisen	471	450	4.7
16	Dresdner Bank Luxembourg S.A.	378	359	5.3
17	CACEIS Bank Luxembourg	372	377	-1.3
18	Deutsche Bank Luxembourg S.A.	359	352	2.0
19	HVB Banque Luxembourg S.A.	324	341	-5.0
20	Clearstream Banking S.A.	323	321	0.6
21	DekaBank Deutsche Girozentrale Luxembourg S.A.	323	333	-3.0
22	Brown Brothers Harriman (Luxembourg) S.C.A.	313	206	51.9
23	Nordea Bank S.A.	313	294	6.5
24	Crédit Agricole Luxembourg	308	322	-4.3
25	Pictet & Cie (Europe) S.A.	273	212	28.8
26	Commerzbank International S.A.	270	239	13.0
27	Banque Degroof Luxembourg S.A.	256	232	10.3
28	HSBC Securities Services (Luxembourg) S.A.	247	243	1.6
29	Kaupthing Bank Luxembourg S.A.	234	146	60.3
30	Nomura Bank (Luxembourg) S.A.	232	222	4.5
31	ABN Amro Bank (Luxembourg) S.A.	225	235	-4.3
32	LRI Landesbank Rheinland-Pfalz International S.A.	216	190	13.7
33	Société Européenne de Banque S.A.	202	216	-6.5
34	Banque LBLux S.A.	195	194	0.5
35	Sal. Oppenheim jr. & Cie S.C.A. (formerly Bank Sal. Oppenheim jr. & Cie. (Luxembourg) S.A.)	188	102	84.3
36	Skandinaviska Enskilda Banken S.A.	172	173	-0.6
37	Deutsche Postbank International S.A.	162	143	13.3
38	Crédit Suisse (Luxembourg) S.A.	161	143	12.6
39	The Bank of New York (Luxembourg) S.A.	156	112	39.3
40	HSH Nordbank Securities S.A.	147	135	8.9
41	West LB International S.A.	140	144	-2.8
42	Landsbanki Luxembourg S.A.	127	81	56.8
43	Sanpaolo Bank S.A.	124	124	0.0
44	HSBC Private Bank (Luxembourg) S.A.	123	115	7.0
45	Danske Bank International S.A.	118	114	3.5
46	HSBC Trinkaus & Burkhardt (International) S.A.	117	101	15.8
47	Mitsubishi UFJ Global Custody S.A. (formerly Bank of Tokyo-Mitsubishi (Luxembourg) S.A.)	113	118	-4.2
48	Norddeutsche Landesbank Luxembourg S.A.	108	102	5.9
49	Natixis Private Banking International	105	107	-1.9
50	Mizuho Trust & Banking (Luxembourg) SA	104	96	8.3
51	Crédit Agricole Luxembourg Bank	101	108	-6.5
52	Banque Safra-Luxembourg S.A.	92	78	17.9
53	Sella Bank Luxembourg S.A.	86	96	-10.4
54	WGZ BANK Luxembourg S.A.	84	84	0.0
55	IKB International	83	60	38.3
56	Fideuram Bank (Luxembourg) S.A.	79	78	1.3
57	Nikko Bank (Luxembourg) S.A.	67	63	6.3

	Bank	2007	2006	%
58	Svenska Handelsbanken S.A.	65	53	22.6
59	Compagnie de Banque Privée	64	16	>100.0
60	Landesbank Berlin International S.A.	64	61	4.9
61	UBI Banca International S.A. (formerly Banca Lombarda International S.A.)	61	45	35.6
62	Banque BCP S.A.	58	58	0.0
63	Swedbank S.A.	57	50	14.0
64	VP Bank (Luxembourg) S.A.	57	63	-9.5
65	Glitnir Bank Luxembourg S.A.	56	43	30.2
66	EFG Bank (Luxembourg) S.A.	55	28	96.4
67	EFG Private Bank (Luxembourg) S.A.	55	51	7.8
68	John Deere Bank S.A.	55	59	-6.8
69	M.M. Warburg & CO Luxembourg S.A.	55	50	10.0
70	Hauck & Aufhäuser Banquiers Luxembourg S.A.	52	44	18.2
71	Banque Invik S.A.	51	39	30.8
72	Banque Delen Luxembourg	45	22	>100.0
73	Capitalia Luxembourg S.A.	45	56	-19.6
74	Banco Itaú Europa Luxembourg S.A.	40	32	25.0
75	Banco Popolare Luxembourg S.A.	37	38	-2.6
76	Banque Carnegie Luxembourg S.A.	37	37	0.0
77	Nord Europe Private Bank S.A.	37	30	23.3
78	Argentabank Luxembourg S.A.	36	31	16.1
79	Bank of China (Luxembourg) S.A.	36	2	>100.0
80	East West United Bank S.A.	35	27	29.6
81	EUROHYPO Europäische Hypothekenbank S.A.	35	36	-2.8
82	Avanzia Bank S.A.	33	20	65.0
83	BHF-BANK International	30	27	11.1
84	DnB NOR Luxembourg S.A.	30	34	-11.8
85	HSH Nordbank Private Banking S.A.	30	26	15.4
86	Van Lanschot Bankiers (Luxembourg) S.A.	30	27	11.1
87	Credem International (Lux)	27	24	12.5
88	Internaxx Bank S.A.	27	31	-12.9
89	Bank Leumi (Luxembourg) S.A.	26	25	4.0
90	UniCredit International Bank (Luxembourg) SA	26	24	8.3
91	Union Bancaire Privée (Luxembourg) S.A.	25	22	13.6
92	Banco Bradesco Luxembourg S.A.	23	22	4.5
93	Banque Puilaetco Dewaay Luxembourg S.A.	22	24	-8.3
94	Banque Transatlantique Luxembourg S.A. (formerly Mutuel Bank Luxembourg S.A.)	22	20	10.0
95	Cornèr Banque (Luxembourg) S.A.	22	22	0.0
96	Sumitomo Trust & Banking (Luxembourg) S.A.	21	17	23.5
97	Banque Hapoalim (Luxembourg) S.A.	19	19	0.0
98	Erste Europ. Pfandbrief- und Kommunalkreditbank AG in Luxemburg	18	18	0.0
99	Fortuna Banque s.c.	18	20	-10.0
100	Hypo Pfandbrief Bank International S.A.	18	16	12.5
101	Unibanco - União de Bancos Brasileiros (Luxembourg) S.A.	18	12	50.0
102	Banca Popolare dell'Emilia Romagna (Europe) International S.A.	13	13	0.0
103	Société Nationale de Crédit et d'Investissement	11	9	22.2
104	Freie Internationale Sparkasse S.A.	10	11	-9.1
105	Banque du Gothard (Luxembourg) S.A.	9	9	0.0
106	Natixis Luxembourg S.A. (formerly Natexis Luxembourg S.A.)	9	7	28.6
107	PayPal (Europe) S.à r.l. et Cie, S.C.A.	9	-	-
108	Frankfurter Volksbank International S.A.	7	7	0.0
109	Mediobanca International (Luxembourg) S.A.	7	6	16.7
110	European Cooperative Bank S.A.	5	5	0.0
111	Nord/LB Covered Finance Bank S.A.	5	5	0.0
112	Dexia LdG Banque S.A.	2	-	-
113	Industrial and Commercial Bank of China Luxembourg S.A.	1	0	-



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