Results

Supervisory Board Report

General
The Supervisory Board has reviewed the annual report of Bank Insinger de Beaufort N.V. (the 'Company') for the year 2007, as prepared by the Board of Directors and included in this annual report. PricewaterhouseCoopers has duly examined the Company's Financial Statements, and their Auditor's Report is included in the annual report.

The Company has a two-tier board structure with independent, non-executive members serving on the Supervisory Board. The Board of Managing Directors of the Bank is responsible for the management of the Company. It is the task of the Supervisory Board to supervise the policies of the Board of Managing Directors and the general course of affairs in the Company. In addition, the Supervisory Board supports the Board of Managing Directors with its advice. The Board of Managing Directors requires approval from the Supervisory Board for major management decisions. The tasks of the Supervisory Board furthermore include the supervision and monitoring of the Company's strategy, the risks inherent to the business and the Company's risk management.

In Paul Verhaegen, who passed away on 4 May 2008, the Supervisory Board has lost an exceptionally valuable member. Paul contributed an enormous amount to the organisation since he became a member of the Supervisory Board in 1999. Paul brought a sharp insight to the business world in general and the financial system in particular and was always both generous and sharp in sharing this with his colleagues. The Supervisory Board will remember Paul as a person of great integrity, courage and character.

Developments
The most significant development of the past year was the restructuring of the Group to focus on its core wealth management capabilities. Following the sale of several non-core operational units and the closure of some smaller units the Group is now organised in the main business lines of Private Banking and Asset Management.

The discontinuation of some of the Group's operations is reflected in the 2007 results and reported as discontinued operations. There will, however, be no material, long-term impact on the Company's financial position. Solvency remains at a comfortable level of around 15% for the holding company of the Group and 12% for the Bank. The business that remains is lower risk and more concentrated on the areas where the Group can add value.

Asset Management and Private Banking units both managed a 5% net inflow of new assets, despite the worsening market conditions in the second half of the year. This success demonstrates the Group's continuing ability to provide quality solutions to its clients.

Supervisory Board meetings
In 2007, the Supervisory Board met six times. Due to his illness, Paul Verhaegen was not able to attend all meetings. No other single member has been frequently absent from the meetings. The regular meetings included a review of the operations through presentations by management on business developments, including financial developments and budgets, compliance related items and the status of the investments in non-consolidated entities. During the year, the Supervisory Board spent considerable time on the strategic review of the operations in the United Kingdom, resulting in the disposal of the private client, stock broking, derivatives and bond trading businesses and the closing of the corporate finance department. In every meeting an update from the Audit Committee was discussed. In the April meeting, which was held in the London office, the remuneration of the Board of Managing Directors was discussed. The annual evaluation of the Supervisory Board's own functioning and the functioning of management individually and collectively was postponed until 2008.

Audit Committee meetings
The Audit Committee met six times in 2007. The Group's risk management and control systems were reviewed by the Audit Committee. As part of the ongoing monitoring of the proper functioning of the risk management and control systems, in all the meetings the internal audit plan and progress were discussed, together with the internal audit staffing. In addition, the Audit Committee discussed the quarterly report on the results of the risk monitoring programme and the regular updates on regulatory items and pending litigation. The financial results for 2006 were discussed and the external auditors presented their findings on the audit of the 2006 Financial Statements and the interim audit. The performance of the external auditor was also reviewed. In every meeting developments with regard to the project on the replacement of the back office systems in Amsterdam were discussed. Furthermore, the internal audit plan for 2008 and the Audit Committee charter were reviewed and discussed.

The current members of the Audit Committee are Mr P. Wennink (Chairman), Mr R. Mooij, Mr D. Howard and Mr M. Baltus.

Corporate governance
Having a proper corporate governance structure in a financial services organisation is essential. The Supervisory Board assists and supports the Board of Managing Directors in its continuing efforts to ensure that the Company's practices and procedures reflect good corporate governance and comply with the relevant standards and associated best practices. Specific rules and procedures have been laid down in rules of procedure of the Supervisory Board, Audit Committee and the Board of Managing Directors respectively. The compliance with these rules and procedures is monitored on a regular basis.

Board composition

The personal data of the members of the Supervisory Board are presented below:

J.C. (John) Jaakke (acting Chairman)
Gender : male
Age : 53
Principal position : Partner Boer & Croon process managers
Other relevant positions : former chairman and attorney of Van Doorne, lawyers, civil-law notaries and tax consultants, supervisory director of Glaxo Smith Kline Nederland B.V., non-executive director of Equity Trust Holdings S.à.r.l., former chairman of the Board of Supervisory Directors of AFC Ajax N.V.
Nationality : Dutch
Date of initial appointment : 19–10–1999
Current term until : 31–12–2009

R.C.H. (Robert) Jeens
Gender : male
Age : 54
Principal position : chairman of nCipher Plc
Other relevant positions : non-executive director of Insinger de Beaufort (UK) Limited, The Royal London Mutual Insurance Society Limited, Dialight Plc and TR European Growth Trust Plc, former chief financial officer of Kleinwort Benson Group Plc and Woolwich Plc
Nationality : British
Date of initial appointment : 27–07–2005
Current term until : 30–06–2009

B. (Bas) Kardol
Gender : male
Age : 81
Principal position : Chairman of Insinger de Beaufort Holdings S.A.
Other relevant positions : former chairman of Investec Bank (UK) Limited, deputy chairman of Investec Holdings Limited, director of Delta Motor Corporation (Proprietary) Limited, former chairman of the Netherlands South African Chamber of Commerce and a member of the International Advisory Board of Nijenrode University Business School in the Netherlands
Nationality : Dutch
Date of initial appointment : 24–05–2006
Current term until : 31–05–2010

P.T.F.M. (Peter) Wennink
Gender : male
Age : 50
Principal position : executive vice president and chief financial officer ASML Holding N.V.
Other relevant positions : former partner of Deloitte & Touche
Nationality : Dutch
Date of initial appointment : 26–05–2003
Current term until : 31–12–2011

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is determined by the shareholder of the Company. The remuneration of the members of the Supervisory Board is not dependent on the financial results of the Company.

Independence

The Supervisory Board's rules of procedure contain criteria based on which members of the Supervisory Board are considered independent. The Supervisory Board considers all current members of the Company's Supervisory Board to be independent in accordance with the rules of procedure of the Supervisory Board.

Conflicts of interest

The Supervisory Board's rules of procedure contain procedures to deal with conflicts of interest of members of the Supervisory Board and the external auditor. During the financial year 2007, no such conflicts of interest have occurred.

Gratitude to staff

Insinger de Beaufort relies heavily on the talented professionals who work in the Group and the Supervisory Board would like to express its gratitude to Board members, management and staff for their efforts this year. Their continued enthusiasm allowed the Group to perform effectively during a period of considerable market uncertainty and major structural change.

The Supervisory Board
Amsterdam
18 June 2008

Senior Executives

Bank Insinger de Beaufort N.V.

Management Board

Kantor, Ian (CEO)
Human, Kobus (Asset Management)
Mooij, Rob (CFO)
Peijster, Frans (Private Banking)
Sieradzki, Peter (COO)
White, Piers (United Kingdom)

Group

Finance, Operations and Support
Baltus, Marc

Secretary
Staring, Mike

Marketing and Business Development
Brandsma, Oedo
Schilden, Didy van der

Private Banking

Europe
Beaufort, Rijnhard de
Boot, Jeroen
Donatone, Vito
Kreder, Robert
Kun, Eduard van der
Reijns, Loek
Schepen, Arjen
Snijders, Jeroen
Tilman, Frans
Vink, Jan de
Vismans, Herman
Wijburg, Nico

United Kingdom
Berkowitz, Trevor
Mun-Gavin, David
Schewitz, Kelvan

Asset Consulting

Klein Haneveld, Henk
Leur, Patrick van

Asset Management

Europe and South Africa
Dugmore, Ina
Ester, Guy
Fitzgerald, Peter
Williams, David
Yeo, Peter

Salient Features

	2007	2006	Change %
Results			
Operating income (EUR million) – continuing operations	**66.1**	**69.8**	**(5)**
Operating profit (EUR million) – continuing operations	9.7	15.2	(37)
Net result (EUR million)	(15.5)	4.4	(449)
Balance sheet			
Total assets (EUR million)	488.7	461.3	5
Shareholders' equity (EUR million)	33.7	54.3	(43)
Other			
Assets under management (excluding fiduciary assets) (EUR billion)	**6.1**	**6.3**	**(3)**
Number of staff employed at year-end-continuing operations	**223**	**235**	**(5)**

Report of the Board of Managing Directors

2007 Review

We believe that in future years we will look back on 2007 as being a watershed year in the history of Insinger de Beaufort. The decision to exit trading, broking and corporate finance and to focus all our efforts on becoming a top investment house was finally implemented. Inevitably, there are human and financial costs in the short term, but it was the correct decision for the business.

Concentrating our focus on wealth management provides us with a sound platform for future growth. Our profitability is up, the business has greater financial stability and our transparency to clients is greatly improved.

Insinger de Beaufort today has a distinctive identity and a clear sense of direction. We are focusing on uncovering value for our clients and in doing so are building a strong, sustainable business.

Strategy

Successful businesses know where they have an edge.

We understand the need to discover value and we know that it takes hard work which is disciplined, detailed and thorough to uncover it.

Effective strategies are about developing that edge.

We are constantly refining our skills. Our fundamental approach is to focus our energies on markets and activities where we add real value. That applies to the way we structure and manage our own business just as it does to structuring and managing the money entrusted to us by our clients.

This year we completed the significant steps needed to restructure the bank so as to sharpen our operational and strategic focus. We are now dedicated to a single activity: we are wealth managers. Having divested non-core assets we are able to concentrate all our resources on being the best at what we do.

Insinger de Beaufort has offered its clients various services over the years, but we have always been wealth managers and we have always looked to create long-term value for our clients.

When we started the business in 1985 we had a simple proposition. We served individuals and families with diverse business interests and complex asset portfolios. We built a trust and fiduciary business from that as well as a securities business.

As the trust business matured it made sense for it to operate as a free-standing company. In looking to provide that independence and the finance it would need, we sold control in 2003 to private equity house Candover.
We focused on our securities business.

We had by now developed a private banking arm with mandated and advisory client relationships. We had grass-rooted our own asset management business. We had an office in London. We targeted owner-managers serving wealthy individuals, their businesses and their families.

To better meet their requirements we selectively acquired businesses that could help us add value in our target markets. Individually, these were excellent businesses; they extended our capabilities and they helped us raise our profile.

We have always been clear that there are certain markets and activities where our involvement benefits clients.
In others our ability to add distinctive value is limited.

In the ongoing search for clarity and relevance it became apparent in some cases that it was unclear how our involvement was adding value, either for our clients or the business itself.

Consequently in 2007 we finalised the implementation of the decision to close our corporate finance and research units and to sell our private client, stock broking, derivatives and bond trading businesses in London. At the time of writing we are in the final stages of completing this process and these transactions.

We retain our international private banking operation, which is based in London and remains a core activity. During the year we also acquired a Dutch asset consulting and advisory business, part of a strategy of steadily building our presence in the Dutch pension fund market.

As a result of these changes Insinger de Beaufort is now wholly focused on its core capabilities. We act as wealth managers. We are building long-term, sustainable relationships with clients by finding areas where we can add value over time.

Divesting non-core assets has improved our profitability. Although there are some one-off costs from goodwill impairment, the Bank’s financial position is not materially affected. The solvency of the Insinger de Beaufort Holdings S.A. Group is at a comfortable 15% and the Bank 12%.

The sale of these units has removed a lot of complexity from the business. This will make it easier to manage and contain our costs. We benefit too from a more stable income pattern and a lower risk profile. By focusing keenly on a very concentrated set of activities we also increase the prospect that we can deliver excellence to our clients.

We have far greater transparency as a result of these changes. Transparency is a key priority for the Bank. Disclosing fees and opening up our processes are things we have always done. However, divesting our brokerage and trading arms does make it clear both internally and externally what our purpose is.

As a bank we hardly take any proprietary positions. Since we run a limited low risk lending book our counter-party risk is minimal and we have therefore had a negligible amount of write-offs. Our policy is to maintain a highly liquid balance sheet. Our clients can be assured in turbulent times that they are working with a stable institution which carries extremely low financial risk.

We plan to grow the business by focusing on what we do best, by continually improving on the way we do things and by developing our core activities. We are positioning ourselves as a top quality wealth manager for both investment performance and client service.

Corporate governance and risk management

General

Having a proper corporate governance structure in a financial services organisation is essential. The Group's practices and procedures are continuously reviewed to ensure that they reflect good corporate governance and comply with the relevant standards and associated best practices, and at the same time are not replicated unnecessarily at different levels due to the various corporate governance codes which the Group takes into account. Specific rules and procedures have been laid down at various levels in the Group. Compliance with these rules and procedures is monitored on a regular basis.

Risk management

An important part of our governance structure is our risk management process. As a financial institution we are constantly evaluating potential risks that underlie our business and how to mitigate these risks. We have a comprehensive process to determine policies on risk tolerance and to control and monitor risk positions as an integrated set of activities. Members of the executive management are responsible for ensuring that risks and controls are addressed within each of their operations. This process is fundamental to all business units in our organisation.

Our Risk Committee governs the risk management processes in accordance with the Group Risk Management Policy. Our Credit Committee, Asset & Liability Committee and Operational Risk Committee respectively provide the expertise and independent input for the management of credit risks, market and liquidity risks, operational and compliance risks. Our risk management department provides the operational units with support and tools in order to ensure that the risk management process is adequately executed in a consistent manner throughout the Group.

Overlaying this process our internal audit department independently monitors the ongoing adequacy and execution of this structure. They report their findings to responsible management and directly to the Audit Committee which oversees our risk management and control systems. Our policy on risk tolerance is based on an ongoing assessment of the environment that emphasises high liquidity, limited credit, market and foreign currency risk exposures and a healthy capital base. An important element of our risk management is safeguarding us against reputational risk to ensure that our integrity is not compromised. Our compliance monitoring sits at the core of preserving our business ethics and making sure that we operate in line with the applicable rules and regulations.

Consolidated results

	2007 Euro million	2006 Euro million
Operating income – continuing operations	**66.1**	**69.8**
Operating profit – continuing operations	**9.7**	**15.2**
Profit before tax – continuing operations	**10.2**	**15.2**
Net result – including discontinued operations	**(15.5)**	**4.4**

Reported operating income for continuing operations was, at EUR 66.1 million, 5% lower than 2006. This decline was mainly caused by lower performance fee income in 2007, due to market influences, that was partially compensated by an increase in other income sources.

Operating profit for continuing operations in 2007 was EUR 9.7 million, a decrease of EUR 5.5 million compared to 2006. The Private Banking operations of the Group managed to achieve a comparable result to 2006 despite adverse market conditions during the second half of 2007. The decrease in operating profit was mainly caused by a decrease of performance fees, due to market developments in the second half, earned by Asset Management, and an increase in other operating expenses mainly coming from additional marketing expenses and higher expenses for temporary staff. The Asset Management and Private Banking units managed a net inflow of new assets of 5%, even as market conditions declined considerably in the second half of the year.

Due to a lower effective tax rate for 2007 and income from the sale of the Luxembourg subsidiary, the net profit for 2007 for continued operations was EUR 8.2 million compared to EUR 9.0 million for 2006.

Due to the loss on discontinued operations, the net result for the year decreased from a profit of EUR 4.4 million in 2006 to a loss of EUR 15.5 million in 2007. The loss on discontinued operations includes impairment charges in 2007 of EUR 16.2 million, which was primarily goodwill.

The Group continues to maintain a highly liquid balance sheet and a significant part of the assets are invested in cash or near cash. Loan assets have in the main been collateralised by liquid securities. Capital resources decreased from EUR 54.3 million to EUR 33.7 million, mainly due to the net result, which is primarily impairment charges on discontinued operations, and the payment of a dividend during the year. Although there were one-off costs from goodwill impairment, the financial position remains materially unaffected. The solvency of the Group is at a comfortable 15% and the Bank 12%.

Assets under management as at 31 December 2007 decreased by 4% to EUR 6.1 billion compared to EUR 6.3 billion as at 31 December 2006[1]. The decrease was mainly caused by the sale of the UK unit trust and Luxembourg activities and the discontinued operations, which led to a decrease of EUR 469 million of assets under management. Adjusted for this effect the net inflow of new assets from clients was 5% and an overall market value effect of minus 1%. The institutional assets under advisory – which are now disclosed separately – amounted to EUR 1.2 billion as at 31 December 2007.

The number of employees for the continued operations decreased from 235 to 223.

1) This amount includes reinvestments in own products.

The operating units

Private Banking

Operating income

Operating income remained stable at EUR 35.7 million, compared to EUR 35.8 million in 2006. Assets under management in the continuing operations increased by EUR 250 million. Of this 6% increase, approximately 1% resulted from market appreciation and 5% from a net inflow of new assets from clients.

Despite difficult market circumstances and an increasingly competitive market we continue to attract new private clients while retaining existing client relationships. The total assets under management for the continuing Private Banking operations grew from EUR 3,988 million as at 31 December 2006 to EUR 4,173 million as at 31 December 2007.

Main developments

Our domestic Private Banking activities in the Netherlands showed a stable operating profit compared to 2006. In the second half of the year our conservative investment performance did well in a difficult investment market, achieving investment results consistent with clients' risk profiles. The unit achieved a significant net inflow of assets under management during the year despite difficult markets, suggesting a good basis for future development.

As part of our range of alternative investment offerings, the unit helped to construct and launch a series of specialised products for clients. It also placed selected real estate partnerships (CVs) with clients and prospects, ensuring that a portion of the clients' portfolios are invested in asset classes with a low correlation to the equity markets.

During the year participants in previous real estate partnerships exited, realising good investment returns. The units' dedicated, focused and professional service approach is attracting an increasing number of clients.

Our UK-based International Private Banking unit also grew assets under management, from new inflow of assets from clients as well as investment performance, much of which is US dollar based.

Our Private Banking activities in the Italian branch continue to show growth and good inflows of new money under management with increasing income. The unit continues to grow the business to get to the desired scale and we are looking to accelerate this through a local partnership.

Our Luxembourg unit was sold during the year.

We continuously strive to improve the service we offer our clients and to ensure that it remains independent and transparent.

Asset Management

Operating income

Operating income amounted to EUR 27.3 million for 2007, compared to EUR 29.9 million for 2006. Lower performance fees accounted for the decrease, which was largely offset by an increase in management fees. The past year saw a net inflow of new assets under management of EUR 79 million (4%) reflecting the continued success of our range of funds and programme products.

Our newly established collaboration with US-based convertible manager Advent raised in excess of EUR 100 million in net new assets (not reflected in our AUM). The total assets under management amounted to EUR 1,928 million as at 31 December 2007 compared to EUR 2,059 million as at 31 December 2006. EUR 122 million of the EUR 131 million decrease was due to the sale of our UK unit trust activities.

The majority of our range of multi-manager and alternative products fared relatively well in a challenging investment environment. Our flagship global multi-manager equity fund outperformed the global index for the third year in a row. Successful hedging strategies also enabled our European Real Estate Fund to outperform its benchmark and peer group substantially.

Main developments

The Asset Management division had another good year with inflows of assets exceeding the regular outflows in some of the products. As expected, money flows followed investment performance within our specialty fund range. Our European Real Estate Fund attracted substantial new inflows reflecting its superior performance. Our South African fund range also attracted substantial net new assets. Market conditions in our Dutch wholesale business were more muted, with outflows slightly exceeding inflows.

Developing innovative investment products to meet shifts in market demand is a key part of our business model. We have a strong pipeline of new products launching in 2008, including a multi-manager SRI (socially responsible investment) and an extended range of income products.

We continue to emphasise the development of our speciality skills as a means of widening our product offering to our institutional clients. The acquisition of a top quantitative team, specialising in market-neutral equity strategies, in London, late in 2007, will strengthen our capabilities here.

Development in support areas

Implementations of the requirements under the Markets in Financial Instruments Directive (MiFID) and Basel II were important projects successfully concluded during the year.

Increased marketing spending and more temporary staff increased our administrative expenses this year. The cost of outsourcing our back office processes and IT systems to Ordina BPO is included in other operating expenses. Ordina is currently phasing in replacements for back office systems in Amsterdam. On completion this project will have a significant impact on the operations and IT departments in Amsterdam. Our new operating environment will then substantially be on a 'straight-through' basis, further reducing operational risk.

Outlook

Our priority now is to create a tight-knit, integrated business from the diverse units that make up the Bank: to build on the increased financial stability that our new structure affords, to pay close attention to costs and take advantage of our lower risk profile. This will provide a supportive framework for growing our business in the coming years. Increasing our distribution capacity remains a priority.

Top talent remains a cornerstone. We have improved our ability to attract and retain top quality people. Getting the working environment right is an important ingredient and we work very hard at that. We promote an open, entrepreneurial culture where people are encouraged to speak out and are able to develop and use their talents to the full.

Insinger de Beaufort people participate in their business, both in terms of what they do and financially. The fact that management and staff are significant shareholders in the Group remains an important differentiating factor for the Bank.

Client maintenance is as significant as asset gathering in building the long-term value for the business. Each client is unique, with distinct requirements for service, expertise and sophistication, but what they all have in common is the desire to work with partners they know and trust to continue to add value over the long term.

Insinger de Beaufort today is more transparent, more financially stable, more focused and closer to its clients than ever before. We are well placed for sustained future growth.

Ian Kantor
On behalf of the Managing Directors
18 June 2008

Financial Statements

for the year ended 31 December 2007

Consolidated Balance Sheet

as at 31 December before result appropriation

	Notes	2007 Euro '000	2006 Euro '000
Assets			
Cash and balances with central banks	14	8,198	2,928
Treasury bills	15	67,405	57,634
Loans and advances to credit institutions	16	146,586	146,435
Trading securities	18	170	815
Derivative financial instruments	19	299	122
Investment securities:			
— available-for-sale	18	6,447	7,196
— held-to-maturity	18	39,937	94
Loans and advances to customers	17	183,411	168,888
Intangible assets	20	11,665	21,794
Tangible fixed assets	21	1,690	6,549
Investments in associates	22	351	303
Other receivables and accrued income	23	11,408	31,351
Prepayments	24	4,809	10,828
Current income tax receivable		97	135
Deferred tax assets	13	4,124	6,254
Discontinued operations held-for-sale	5	2,146	—
		488,743	**461,326**
Liabilities			
Amounts owed to credit institutions	25	18,844	865
Amounts owed to customers			
— time deposits	26	181,006	113,747
— other funds entrusted	26	228,106	245,377
		409,112	**359,124**
Other liabilities	27	22,406	39,626
Accruals and deferred income	28	3,933	6,058
Current income tax liabilities		717	1,322
Group equity		33,560	54,214
Minority interest	29	171	117
		33,731	**54,331**
Total equity and liabilities		**488,743**	**461,326**
Contingent liabilities	30	3,270	6,332

The notes on pages 157 to 215 are an integral part of these consolidated financial statements

Consolidated Profit & Loss Account

for the year ended 31 December 2007

	Notes	2007 Euro '000	2006 Euro '000
Income			
Interest income		17,852	13,365
Interest expense		(15,163)	(9,054)
Net interest income	**6**	**2,689**	**4,311**
Fee and commission income		69,814	71,834
Fee and commission expense		(16,872)	(15,577)
Net fee and commission income	**7**	**52,942**	**56,257**
Net trading income		—	197
Other operating income	8	10,421	9,023
Operating income		**66,052**	**69,788**
Expenses			
Personnel costs	9	(30,586)	(31,242)
Redundancy expense	10	(675)	(407)
Amortisation of intangible assets	20	(189)	—
Depreciation	21	(502)	(1,024)
Impairment charges to receivables		(97)	(295)
Other operating expenses	12	(24,349)	(21,671)
Operating profit		**9,654**	**15,149**
Income on sale of subsidiaries	5	504	—
Share of profits from associates	22	4	3
Profit before taxation		**10,162**	**15,152**
Taxation	13	(1,978)	(6,107)
Profit for the year from continuing operations		**8,184**	**9,045**
Loss for the year from discontinued operations	5	**(23,671)**	**(4,608)**
Net profit/(loss) for the year		**(15,487)**	**4,437**
Attributable to:			
Group shareholders		(15,576)	4,346
Minority interest		89	91
Net profit/(loss) for the year		**(15,487)**	**4,437**

The notes on pages 157 to 215 are an integral part of these consolidated financial statements

Consolidated & Company Statement of Changes in Equity

for the year ended 31 December 2007

	Shares	Share capital	Share premium	Revaluation reserves	Translation reserve	Other reserves	Result for the year	Minority interest	Total
		Euro '000	Euro '000	Euro '000	Euro '000	Euro '000	Euro '000	Euro '000	Euro '000
Balance at 1 January 2006	**24,000**	**545**	**21,713**	**(855)**	**—**	**23,699**	**5,896**	**61**	**51,059**
Result appropriation						5,896	(5,896)		
Dividend						(1,500)		(31)	(1,531)
Net gains from changes in fair value, net of tax				83					83
Net (gains) transferred to net profit on disposal and impairment, net of tax					285	2		(4)	283
Movement in minority interest									
Net result							4,346	91	4,437
Balance at 1 January 2007	**24,000**	**545**	**21,713**	**(772)**	**285**	**28,097**	**4,346**	**117**	**54,331**
Result appropriation						4,346	(4,346)		
Dividend						(5,700)		(30)	(5,730)
Net gains from changes in fair value, net of tax				28					28
Translation adjustments and other movements, net of tax					594			(5)	589
Net result							(15,576)	89	(15,487)
Balance at 31 December 2007	**24,000**	**545**	**21,713**	**(744)**	**879**	**26,743**	**(15,576)**	**171**	**33,731**

The authorised capital of EUR 1,230,879 is unchanged and consists of 54,250 shares with a nominal value of EUR 22.69. The issued and paid-up capital amounts to EUR 544,536 and consists of 24,000 shares with a nominal value of EUR 22.69.

Consolidated Statement of Cash Flows

for the year ended 31 December 2007

	Notes	2007	2006
		Euro '000	Euro '000
Cash flows from operating activities			
Net profit		**(15,487)**	**4,437**
Adjustment for:			
Result discontinued operations	5	23,671	4,608
Taxation	13	1,978	6,107
Depreciation of tangible fixed assets	21	189	1,024
Amortisation of intangible assets	20	189	—
Income from associates	22	(4)	(3)
Profit on sale of Insinger de Beaufort (Luxembourg) S.A.	5	(504)	—
Net cash inflow from operating activities before changes in operating assets and liabilities		**10,032**	**16,173**
Decrease/(Increase) in operating assets:			
Loans and advances to credit institutions		(12,836)	(14,717)
Loans and advances to customers		(14,523)	(6,882)
Purchase of trading securities		(338)	(116)
Other assets		7,218	(6,435)
(Decrease)/Increase in operating liabilities:			
Amounts owed to credit institutions		17,661	(8,823)
Amounts owed to customers		50,840	19,678
Other liabilities		1,107	12,380
Net cash inflow from operating activities before payment of taxation		**59,161**	**11,258**
Taxation received		861	659
Net cash inflow from operating activities after payment of taxation		**60,022**	**11,917**

Consolidated Statement of Cash Flows

	Notes	2007 Euro '000	2006 Euro '000
Cash flows from investing activities			
Acquisitions of subsidiaries, net of cash acquired	5	(2,000)	—
Purchase of investment securities	18	(324,191)	(45,293)
Proceeds from sale and redemptions of investment securities	18	285,000	52,155
Purchase of associates		(43)	
Purchase of treasury bills	18	(141,710)	(158,738)
Proceeds from sale and redemption of treasury bills	18	131,939	137,000
Sale/(Purchase) of fixed assets		31	1,131
Sale of Insinger de Beaufort (Luxembourg) S.A.		1,201	—
Net cash outflow from investing activities		**(49,773)**	**(13,745)**

Cash flows from financing activities			
Dividends paid		(5,730)	(1,531)
Net cash outflow from financing activities		**(5,730)**	**(1,531)**
Net (decrease)/increase in cash and cash equivalents		**4,519**	**(3,359)**
Cash and cash equivalents at beginning of year		2,928	6,445
Net (decrease)/increase in cash and cash equivalents		4,519	(3,359)
Exchange differences		751	(158)
Cash and cash equivalents at end of year		8,198	2,928
Cash flows from operating activities include:			
Interest received		17,402	14,003
Interest paid		(15,163)	(9,420)

The notes on pages 157 to 215 are an integral part of these consolidated financial statements

Notes to the Financial Statements

for the year ended 31 December 2007

1. Nature of business
Together with its subsidiaries, Bank Insinger de Beaufort N.V. ('the consolidated Group' or 'the Group') operates in the fields of private banking and asset management.

2. Group structure
Bank Insinger de Beaufort N.V. ('the Company'), Amsterdam, is a wholly owned subsidiary of Insinger de Beaufort Holding B.V., Amsterdam. The ultimate holding company is Insinger de Beaufort Holdings S.A., Luxembourg. The annual accounts of the company are included in the consolidated annual accounts of Insinger de Beaufort Holdings S.A., Luxembourg.

3. Summary of significant accounting policies

3.1 General
The Financial Statements of the Group have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations (hereinafter referred to as IFRS) as adopted by the European Union and issued and effective for the annual report beginning 1 January 2007. The accounting policies for the Company and the Group are the same.

The Group has adopted the following new and amended IFRS and IFRIC interpretations during the period. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Group. The principal effects of these changes are as follows.

— IFRS 7 Financial Instruments: Disclosures and the complementary amendment to IAS 1: Capital disclosure. This standard and amendment introduce new disclosures relating to financial statements and do not have any impact on the classification and valuation of the Group's financial instruments.

— IFRIC 10 Interim financial reporting and impairment. Prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost from being reversed at a subsequent balance sheet date. This standard does not have any impact on the Group's financial statements.

— IFRIC 11, IFRS 2 – Group and treasury share transactions. This interpretation provides guidance on whether share-based transactions involving treasury shares or involving Group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and Group companies. This interpretation does not have an impact on the Group's financial statements.

The following standards, amendments to and interpretations of published standards are mandatory for accounting periods beginning on or after 1 January 2007 but are not relevant to the Group's operations:

— IFRS 4 Insurance contracts; and

— IFRIC 7 Applying the restatement approach under IAS 29, Financial reporting in hyperinflationary economies.

The following IFRS and IFRIC interpretations were issued with an effective date for financial periods beginning on or after 31 December 2007. The Group has chosen not to early adopt these standards and interpretations:

— IFRS 2 (amendment) Share-based payments, vesting conditions and cancellations. This amendment is effective for financial years beginning on or after 1 January 2009. The amendment restricts the definition of vesting condition to a condition that includes an explicit or implicit requirement to provide services. The Group does not anticipate any significant impacts on its financial statement.

— IFRS 3R (amendment) Business combination. This standard is applicable prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. This amendment introduces a number of changes in accounting for business combinations that will impact the amount of goodwill to be recognised, accounting for step-acquisitions and the treatment of contingent consideration. In addition all acquisition related costs will be required to be expensed at the time the services are received. As a consequence, future acquisitions of subsidiaries will be accounted differently from the past ones.

— IFRS 8 Operating Segments. This standard is to be applied for annual periods beginning on or after 1 January 2009. This standard requires disclosure of information about the Group's operating segments and replaced the requirement to determine primary and secondary reporting segments of the Group.

— IAS 1R (amendment) Presentation of financial statements. This amendment was published in September 2007. The revision is aimed at improving users' ability to analyse and compare the information given in financial statements. The revised standard will come into effect for the annual periods beginning on or after 1 January 2009. Management is currently analysing the impact of this amendment.

- IAS 23R (amendment) Borrowing costs. This amendment is to be applied for annual periods beginning on or after 1 January 2009. It eliminates the option of expensing all borrowing costs and requires borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. As a Group current policy is to capitalise borrowing costs, the Group does not anticipate any significant impacts on its financial statements.

- IAS 27R (amendment) Consolidated financial statements. This amendment is applicable for annual periods beginning on or after 1 July 2009 and must be adopted simultaneously with the adoption of IFRS 3R. The revised IAS 27 will require entities to account for changes in the ownership of a subsidiary, which does not result in the loss of control, as an equity transaction and therefore will not give rise to a gain or loss in income. In addition losses incurred by a subsidiary will be required to be allocated between the controlling and non-controlling interests, even if the losses exceed the non-controlling equity investment in the subsidiary. Finally, on loss of control of a subsidiary, entities will be required to re-measure to fair value any retained interest, which will impact the gain or loss recognised on the disposal linked to the loss of control. As a consequence, future acquisitions of subsidiaries will be accounted differently from the past ones.

- IAS 32R (amendment) and IAS 1 (amendment) Financial instruments puttable at fair value and obligations arising on liquidation. These amendments are applicable for annual periods beginning on or after 1 January 2009 and will not have any impact on the Group.

- IFRIC 12 Service concession arrangements. This interpretation is to be applied for annual periods beginning on or after 1 January 2008. The interpretation clarifies that the infrastructure for contractual arrangements arising from entities providing public services should be recognised as a financial asset and/or an intangible asset. This interpretation will not impact the financial position or performance of the Group.

- IFRIC 13 Customer loyalty programmes. This interpretation is to be applied for annual periods beginning on or after 1 July 2008. The interpretation requires that loyalty award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sales transaction. This interpretation will not impact the financial position or performance of the Group.

- IFRIC 14 IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction. This interpretation is to be applied for annual periods beginning on or after 1 January 2008. The interpretation addresses how to assess the limit under IAS 19 Employee Benefits on the amount of the surplus that can be recognised as an asset, in particular when a minimum funding requirement exists. This standard will not have any impact on the Group's financial statements.

3.2 Accounting convention
The Financial Statements are prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets, derivatives, financial assets and financial liabilities at fair value through profit or loss and investment properties, which are carried at fair value. Income and expenses are allocated to the reporting period to which they relate.

3.3 Principles of consolidation
The Consolidated Financial Statements comprise Bank Insinger de Beaufort N.V., its subsidiaries and companies over which it has management control. The list of significant subsidiaries and Group companies is disclosed in 'Other Information' on page 217. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The accounting period and policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

All intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

3.4 Revenue recognition
In general, revenue is recognised when it is realised or realisable, and earned. This concept is applied to the key revenue generating activities of the Group as follows:

Net interest revenues
Interest income and expense are recognised in the income statement for all instruments measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and interest basis points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees and commissions
Revenue from the various services the Group performs is recognised when the following criteria are met: persuasive evidence of an arrangement exists, the services have been rendered, the fee or commission is fixed or determinable, and collectability is reasonably assured. Incentive fee revenues from investment advisory services are recognised at the end of the contract period when the incentive contingencies have been resolved.

3.5 Goodwill
Goodwill comprises the difference between the fair value of net assets purchased on the effective date of the transactions determined on the basis of the accounting policies of the Group and the total cost of acquisition. As per 1 January 2004 the Company applies IFRS 3, Business Combinations. This implies that the goodwill is recorded at cost less any accumulated impairment losses. Additional amortisation is booked when the value of the goodwill is considered to be impaired. On disposal of certain cash-generating units, the attributable amount of unamortised goodwill is deducted from the result of the sale of these units.

Goodwill is tested annually for impairment, as well as when there are indications of impairment. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Impairment testing is based on discounting of cash flows of cash-generating units, being business units within the primary segments. Cash flow projections are based on a four-year forecast and growth rate of 4% for the subsequent six years. The discount rate used is 10%.

Goodwill is presented under intangible assets.

3.6 Foreign currency translation
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency.

Assets and liabilities of foreign subsidiaries and Group companies are translated into euros at year-end exchange rates and the income and expenditure of foreign subsidiaries are translated at the average rate of exchange for the year. The resulting translation gains and losses are recognised in the translation reserve as an adjustment to shareholders' equity.

Transactions arising in foreign currencies are translated into functional currency at the spot exchange rate at the date of transaction. Assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange ruling at the balance sheet date. Resulting gains or losses are recognised in the profit and loss account.

When a foreign subsidiary is sold, the cumulative amount of the exchange differences deferred in the separate component of equity relating to that foreign operation shall be recognised in profit or loss when the gain or loss on disposal is recognised.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation shall be treated as assets and liabilities of the foreign operation. Thus they shall be expressed in the functional currency of the foreign operation and shall be translated at the closing rate.

3.7 Financial assets
The Group classifies its financial fixed assets in the following categories:

I. Held-to-maturity
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the intention and ability to hold to maturity. If the Group sells other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available-for-sale.

II. Financial assets at fair value through profit or loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term if so designated by management. Derivatives are also categorised as held-for-trading unless they are designated as hedges.

III. Loans and advances
Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

IV. Available-for-sale
Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Management determines the classification of its securities at initial recognition.

ad. I – Held-to-maturity
Held-to-maturity investments are carried at amortised cost using the effective interest method.

ad. II – Financial assets at fair value through profit or loss
Listed securities held for trading purposes are stated at the market value prevailing at the balance sheet date. Unlisted securities are stated at fair value. When the fair value of unlisted securities cannot be estimated reliably, the securities are measured by means of an internal model. Resulting gains and losses are recognised net in the profit and loss account.

ad. III – Loans and advances
Loans and advances are stated at amortised cost net of a provision for impairment based on a case-by-case valuation.

ad. IV – Available-for-sale
This category consists of securities, which are shown at market value. Revaluations are taken to a revaluation reserve in equity. Realised results at disposal are recorded through the profit and loss account.

Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity and available-for-sale are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Loans are recognised when cash is advanced to the borrowers.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

De-recognition of financial assets
Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risk and rewards of ownership and control of the asset.

3.8 Financial liability
A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

If an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an exigent liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability,and the difference in the respective carrying amount is recognised in the income statement.

3.9 Impairment of financial assets
A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of an asset (a loss event) and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Furthermore a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment.

An equity investment or fixed income instrument is impaired if its carrying amount is greater than its estimated recoverable amount. The impairment loss that has been recognised in equity is removed from equity and recognised in the income statement. Impairment loss recognised in the income statement on equity instruments is not reversed through the income statement.

Loans are evaluated on impairment on a case-by-case basis. When a loan is uncollectable, it is impaired and provided for in an allowance account. Such loans are written off from the allowance account after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

The criteria that the company uses to determine that there is objective evidence of an impairment loss include:
– deliquency in contractual payment of principal or interest;
– cash flow difficulties experienced by the borrower;
– breach of loan covenants or conditions;
– initiation of bankruptcy proceedings;
– deterioration of the borrower's competitive position;
– deterioration in the value of collateral; and
– downgrading below investment grade level.

The estimated period between a loss occuring and its identification is determined by local management for each identified portfolio. In general, the periods used vary between three months and 12 months; in exceptional cases, longer periods are warranted.

3.10 Tangible assets
The valuation principles for tangible fixed assets are as follows:

Leasehold improvements
Leasehold improvements are shown at cost net of accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets taking into account estimated residual values.

The following rate is applied:
— Leasehold improvements 10.0%

Other tangible fixed assets
Other tangible fixed assets are shown at cost net of accumulated depreciation and impairment losses. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets taking into account estimated residual values.

The following rates are applied:
— Furniture and fixtures 10.0% – 20.0%
— Computer equipment 20.0% – 33.3%

3.11 Interest in associates
An associate is an enterprise over which the Group is in a position to exercise significant influence, but not control, through participation in the financial and operating policy decisions of the investee. Generally this represents a shareholding of between 20% and 50% of the voting rights. The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Interests in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. The Group's investment in associates includes goodwill identified on acquisition.

3.12 Taxation
Taxes are calculated on profit before tax in accordance with the ruling tax legislation in the country of incorporation for the various Group companies included in the consolidated financial statements. Where items are subject to withholding tax, tax is accrued to the extent that it is expected to be paid.

3.13 Deferred taxation
Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. The tax effects of income tax losses available for carry forward are only recognised as an asset when it is probable that future taxable profits will be available to compensate for those losses. Deferred income tax is recognised in full.

3.14 Borrowings
Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

3.15 Provisions and contingent liabilities
Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

3.16 Shareholders' equity

a) Share capital
Share capital consists of paid up capital.

b) Share premium
Share premium consists of premium contributions upon issue of shares.

c) Revaluation reserve
The revaluation reserve represents unrealised differences, net of deferred taxation, on the revaluation of available-for-sale assets and property for own use as at balance sheet date.

d) Translation reserve
Reference is made to note 3.6 foreign currency translation.

e) Other reserves
Other reserves comprise retained earnings.

f) Minority interest
Minority interest is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly, through subsidiaries, by the Company. The minority interest is included in equity, but separate from Group equity.

g) Dividends on ordinary shares
Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders. Dividends for the year that are declared after the balance sheet date are dealt with in the post balance sheet date events.

3.17 Derivative financial instruments
Derivative financial instruments are initially recorded at fair value and re-measured at subsequent reporting dates. Changes in the fair value of derivative financial instruments that are designated as an effective fair value hedge are recognised immediately in the profit and loss account.

Changes in the fair value of derivative financial instruments that are designated as an effective net investment hedge in a foreign entity are recognised directly in equity.

Changes in the fair value of derivative financial instruments that are designated and effective as cash flow hedges are recognised directly in equity. Amounts deferred in equity are recognised in the income statement in the same period in which the hedged firm commitment or forecasted transaction affects net profit or loss.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognised in the profit and loss account as they arise.

3.18 Employee benefits

a) Pension obligations
The Group has only defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions once the contributions have been paid. The contributions are recognised as personnel costs when they are due.

b) Share-based payments
The ultimate parent entity issues equity-settled and cash-settled share-based payments to certain employees within the Group. Share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

The equity-settled share-based payments are accounted for in Insinger de Beaufort Holdings S.A. Insinger de Beaufort Holdings S.A. recharged the option premiums to its subsidiaries depending on the category of options granted.

Cash-settled share-based payments are revalued periodically through the profit and loss account and recorded as a liability on the balance sheet.

3.19 Cash flow statement
The cash flow statement has been drawn up in accordance with the indirect method, making a distinction between cash flows from operating, investment and financing activities.

Cash flows in foreign currency are converted at the average exchange rates during the financial year. With regard to cash flow from operations, the net profit is adjusted for income and expenses that did not result in receipts and payments in the same financial year and for changes in provisions and accrued and deferred items (other assets, accrued assets, other debts and accrued liabilities).

Cash and cash equivalents consist of cash, deposits at the Dutch Central Bank and deposits at other banks.

3.20 Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

3.21 Accounting estimates
The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.
Main items subject to accounting estimates where changes in the underlying assumptions may impact the financial statements are the following:

a) Impairment losses on loans and advances
The Group reviews its loan portfolio to assess impairment at least on an annual basis.
In determining whether an impairment loss should be recorded in the income statement, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flow from a loan.

b) Litigation
From time to time the Group is involved in claims and litigations. Management makes estimates as to whether provisions are needed on a case-by-case basis.

c) Fair value of financial assets and liabilities
Fair value of financial assets and liabilities is determined using quoted market prices. For certain financial assets and liabilities fair value is determined using valuation techniques. Models are subjective in nature and significant judgement is involved in establishing fair values for financial assets and liabilities. Estimates are mainly made in the valuation of the Equity Trust Holdings S.à.r.l. loan notes. Reference is made to note 18.

d) Estimated impairment of goodwill
The Group tests at least on an annual basis whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 3.5.
These calculations require the use of estimates. If the estimated gross margin had been 10% lower or the pre-tax discount rate applied to the discounted cash flows had been 10% higher than management's estimates, the Group would have also recognised no impairment.

e) Estimated net proceeds from discontinued operations
See note 5.

3.22 Fiduciary activities
The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, and retirement benefits plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

3.23 Segment reporting
A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing services, within a particular economic environment, that are subject to risks and returns that are different from those of segments operating in other economic environments. The geographical analyses are based on the location of the office from which the transactions originated. The five operating divisions of the Group are the basis on which the Group reports its primary segment information, the geographical segments the secondary.

4. Financial risk management

4.1 General
The risk management process of the Group is fostered through a formal substructure in which executive management is made responsible for ensuring that risks and controls are addressed in each of their operations.
Our risk management department provides them with support and tools in order to ensure that the risk management process is adequately executed in a consistent manner throughout the Group.

Specific expertise is provided by our Group Risk Committee, Compliance Department and the Asset & Liability Committee who support executive management with managing respectively integrity and credit risks, compliance risks, and market and liquidity risks.

Overlaying this process our internal audit independently monitors the ongoing adequacy and execution of this structure. They report their findings to responsible management and directly to the Audit Committee, which oversees our risk management and control systems on behalf of the Supervisory Board.

Our policy on risk tolerance is based on an ongoing assessment of the environment that emphasises high liquidity, limited credit and foreign currency risk exposures and a healthy capital base. The solvency (Basel II) ratio as per 31 December 2007 was 11.80% (2006 BIS: 15.69%).

4.2 Credit risk

The credit policy of the Group is to extend credit on the basis of sufficient liquid collateral. This collateral is mostly comprised of listed securities with sufficient liquidity or mortgages on private residential property. The policy on the level of required collateral coverage is determined by the Group's Risk Committee. In general the maximum collateral value applied to a mixed portfolio of listed securities is below 60%. For mortgage loans the collateral value applied is a maximum of 75% of the stress value. Collateral values are monitored daily against the outstanding loans. Loan facilities provided on the basis of liquid securities are uncommitted and can be withdrawn on short notice. Undrawn amounts of loan facilities are immediately revocable.

The credit risk policy in relation to professional counter-party risk for investment/placing of financial assets is set by the Group's Risk Committee. The Group is also engaged in settlement of securities transactions with professional counter-parties on a delivery versus payment basis. This can expose the Group to the risk that such a counter-party is not able to fulfil its obligations in relation to the settlement of the securities transaction. The Group may then be exposed to a credit risk on the counter-party for interest claims and potentially adverse market movements in the value of the related securities. The Group's Risk Committee sets policies on the determination of limits in relation to such counter-party settlement risks.

Insinger de Beaufort in the UK has outsourced the settlement and clearing of security transactions to professional clearing service providers. As a consequence these settlements are not booked through the accounts of the Group. Insinger de Beaufort in the UK has given indemnities to its clearing service providers in respect of customer default in relation to these securities transactions settlements. The contingent liability arising therefrom cannot be quantified.

Impairment of loans receivable is determined on a case-by-case basis.

	2007 Euro '000	2006 Euro '000
The loans and advances to credit institutions and customers may be analysed by sector and geographical region as follows:		
Financial institutions	146,586	146,435
Other customers	183,411	168,888
	329,997	315,323
European Union	266,258	283,812
Rest of Europe	14,134	6,048
Other	49,605	25,463
	329,997	315,323

4.3 Geographical concentration of assets, liabilities and off balance sheet items

The following note incorporates credit risk disclosures, geographical concentrations of assets, liabilities and off balance items disclosure and the Company's secondary segment disclosure.

	Total assets Euro '000	Total liabilities Euro '000	Operating income Euro '000	Capital expenditure Euro '000
At 31 December 2007				
European Union	394,406	368,281	64,025	266
Rest of Europe	20,842	14,296	154	
Other	73,144	72,797	1,873	19
Investments in associates	351			
Unallocated assets/liabilities				
Total	488,743	455,374	66,052	285
At 31 December 2006				
European Union	415,222	350,460	67,547	1,528
Rest of Europe	8,848	6,725	449	
Other	37,253	49,811	1,792	14
Investments in associates	3			
Unallocated assets/liabilities				
Total	461,326	406,996	69,788	1,542

Included under the geographical segments is the category 'Other'. This includes, among others, the British Virgin Islands, Channel Islands and South Africa.

4.4 Market risk

From time to time equity and bond broking desks may take limited positions to facilitate the broking activity. These positions are controlled through relatively limited intra-day and overnight limits set by the Group's Risk Committee.

Our interest rate mismatch is controlled through a relatively limited one-day value at risk (VAR) limit that is monitored daily and adjusted for actual results achieved during the year. The VAR limit may be changed on the basis of an evaluation of our risk tolerance in relation to our net income.

The one-day VAR is calculated with a confidence level of 99%.
The average daily VAR during 2007 was EUR 8,149 and the maximum at any one day during the year was EUR 42,804.

Due to this relatively small exposure to market risk, the sensitivity to market fluctuations is not material.

4.5 Currency risk

Foreign currency positions are monitored on a continuous daily basis and closed in the market. The Group has hedged most of these foreign currency exposures.

Table: Concentration of assets, liabilities and off balance sheet items.

	EUR	GBP	USD	CHF	ZAR	Other	Total
At 31 December 2007	Euro '000	Euro '000	Euro '000	Euro '000	Euro '000	Euro '000	Euro '000
Assets							
Cash and balances with central banks	8,198						8,198
Treasury bills	67,405						67,405
Loans and advances to credit institutions	205,967	21,720	(100,152)	(8,321)	4,955	22,417	146,586
Trading securities	170						170
Derivative financial instruments	219			80			299
Investment securities							
— available-for-sale	5,826	6	122		493		6,447
— held-to-maturity	39,937						39,937
Loans and advances to customers	147,173	16,934	7,899	9,024	919	1,462	183,411
Investments in associates	351						351
Intangible assets	11,665						11,665
Tangible fixed assets	1,665				25		1,690
Deferred tax assets	4,124						4,124
Current income tax receivable	97						97
Other assets, receivables and accrued income	9,760	(865)	7,201	69	146	(94)	16,217
Discontinued operations held-for-sale		2,146					2,146
Total assets	**502,557**	**39,941**	**(84,930)**	**852**	**6,538**	**23,785**	**488,743**

At 31 December 2007	EUR Euro '000	GBP Euro '000	USD Euro '000	CHF Euro '000	ZAR Euro '000	Other Euro '000	Total Euro '000
Liabilities							
Amounts owed to credit institutions	8,983	25	4,962	64	34	4,776	18,844
Amounts owed to customers	307,653	35,722	41,452	299	4,995	18,991	409,112
Other liabilities	146,892	11,150	(132,301)	135	455	8	26,339
Current income tax liabilities	717						717
Total liabilities	**464,245**	**46,897**	**(85,887)**	**498**	**5,484**	**23,775**	**455,012**
Net on balance sheet position	**38,312**	**(6,956)**	**957**	**354**	**1,054**	**10**	**33,731**
Off balance sheet items:							
contingent liabilities	2,816	350			104		3,270
At 31 December 2006							
Total assets	469,743	64,313	(99,350)	1,655	6,992	17,973	461,326
Total liabilities	414,303	68,859	(100,078)	397	5,538	17,976	406,995
Net on balance sheet position	**55,440**	**(4,546)**	**728**	**1,258**	**1,454**	**(3)**	**54,331**
Off balance sheet items:							
contingent liabilities	6,219				113		6,332

4.6 Liquidity risk

The Group has a policy to have a comfortable position in available cash resources for drawdowns on current accounts and maturing deposits. In addition, lending against securities to customers is primarily done on the basis of revocable facilities and with sufficient collateral in the form of liquid securities. The amounts owed to customers comprise customer deposits and current accounts as part of their investment portfolios and has therefore a certain fixed portion. A large part of these funds is placed as cash or near cash investments.

The following table analyses the Group's assets and liabilities into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date (if applicable). These are nominal amounts and off balance sheet items are not material.

At 31 December 2007	Up to 1 month Euro '000	1–3 months Euro '000	3–12 months Euro '000	1–5 years Euro '000	Over 5 years Euro '000	Not allocated[1] Euro '000	Total Euro '000
Assets							
Cash and balances with central banks	7,940	258					8,198
Treasury bills	29,907		37,498				67,405
Loans and advances to credit institutions	124,752	21,834					146,586
Trading securities						170	170
Derivative financial instruments						299	299
Investment securities							
— available-for-sale					5,541	906	6,447
— held-to-maturity	24,944	14,900	92	1			39,937
Loans and advances to customers	174,784	135	1,100	7,092	300		183,411
Investments in associates						351	351
Intangible assets						11,665	11,665
Tangible fixed assets						1,690	1,690
Investment property							
Deferred tax assets						4,124	4,124
Current income tax assets						97	97
Other assets						16,217	16,217
Discontinued operations held-for-sale						2,146	2,146
Total assets	**362,327**	**37,127**	**38,690**	**7,093**	**5,841**	**37,665**	**488,743**

1) Refers to non-interest-bearing securities

	Up to 1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Not allocated[1]	Total
	Euro '000	Euro '000	Euro '000	Euro '000	Euro '000	Euro '000	Euro '000
Liabilities							
Amounts owed to credit institutions	18,844						18,844
Amounts owed to customers	339,947	66,412	2,753				409,112
Other liabilities						26,339	26,339
Current income tax liabilities						717	717
Total liabilities	**358,791**	**66,412**	**2,753**	**—**	**—**	**27,056**	**455,012**
Net liquidity position	**3,537**	**(29,285)**	**35,937**	**7,093**	**5,841**	**10,608**	**33,731**
At 31 December 2006							
Total assets	305,022	50,884	15,985	2,967	7,234	79,234	461,326
Total liabilities	323,840	33,059	1,412	3,000	—	45,684	406,995
Net liquidity position	**(18,818)**	**17,825**	**14,573**	**(33)**	**7,234**	**33,550**	**54,331**

1) Refers to non-interest-bearing securities

5. Acquisitions and disposals

Acquisition of Klein Haneveld Consulting B.V.
On 14 March 2007 the Group acquired 100% of Klein Haneveld Consulting B.V. with economic effect from 1 January 2006. The acquired company contributed revenues of EUR 0.8 million and a net profit of EUR 0.3 million to the Group for the period from 1 January 2007 to 31 December 2007. Klein Haneveld Consulting B.V. provides asset services to institutional clients (pension funds and insurance companies) including asset consulting and fiduciary management.

Fair value
At the acquisition date the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities at their fair values at that date. The customers' related intangible assets have been measured and EUR 1,210,702 was attributed to these intangible assets in light of this acquisition. The difference between the purchase consideration and the fair values is recognised as goodwill. The goodwill is attributable to the anticipated future synergies that are expected to be created by the combined businesses.

The details of the fair value of the assets and liabilities acquired and goodwill arising are as follows:

	2007
	Euro '000
Intangible assets	1,211
Goodwill	789
Purchase consideration	2,000

Acquisition of Insinger Consulting SpA (Italië)
In December 2007 we acquired 25% of Insinger Consulting SpA for a total consideration of EUR 25,000. The amount is recorded under investments in associates.

Disposal of Insinger de Beaufort (Luxembourg) S.A.

The company has sold its subsidiary Insinger de Beaufort (Luxembourg) S.A. as per 30 June 2007 for a total consideration of EUR 1,583,954. Included in the sale is the subsidiary Insinger Trust (Luxembourg) S.A. of which the financial impact is not material.

The net assets of Insinger de Beaufort (Luxembourg) S.A. as at the date of disposal and the reconciliation to realised profit were as follows:

	2007 Euro '000
Cash	7
Loans and advances to credit institutions	1,244
Tangible assets	47
Other assets	739
Other liabilities	(264)
Accruals and deferred income	(1,069)
Net asset value sold	704
Attributable expenses	(376)
Cash received	1,584
Profit on sale	504
Cash received	1,584
Cash in sold company	(7)
Cash paid regarding expenses	(376)
Net cash inflow	1,201

Before the sale a dividend of EUR 2,416,967 has been received from Insinger de Beaufort (Luxembourg) S.A.

Discontinued operations

As announced on 25 July 2007 the Group reviewed the strategic options for the Corporate and Institutional business. During the second half of 2007 the Group received expressions of interest from potential acquirers for certain parts of these businesses. The decision was made not to continue with the other parts for which no potential acquirers could be found. In the annual report the Corporate and Institutional business is therefore presented as discontinued operations in the profit and loss account. The discontinued activities are recorded in the balance sheet under one line item for the net realisable value of the activities. To arrive at the estimated net realisable value certain estimates are made which are summarised below:

	2007 Euro '000
Provision for estimated run-off expenses	(2,885)
Other costs (deal bonuses, advisors)	(1,157)
Estimated proceeds from sale	6,237

The estimated proceeds from sale relate to three separate transactions on parts of the business. Of the estimated proceeds EUR 2,710,000 is recorded as a potential earn-out proceed depending on revenues in the next two years after the sale. Of the estimated proceeds EUR 1,016,888 has been received in March 2008.

The amount recorded on the balance sheet under discontinued operations held-for-sale is calculated as follows:

	2007 Euro '000
Net asset value discontinued operations	(22,966)
Outstanding intercompany positions	25,112
Discontinued operations held-for-sale	2,146

At the time the decision was made to discontinue the Corporate and Institutional business a valuation was made by an external party. The valuation was done on market related multiples of revenue and income. At that time the valuation of the business indicated that no impairment was applicable.

	2007 Euro '000	**2006** Euro '000
The profit & loss for the discontinued activities follow below:		
Interest income	2,698	1,089
Interest expense	(204)	(366)
Net interest income	2,494	723
Fee and commission income	36,477	32,819
Fee and commission expense	(17,863)	(14,708)
Net fee and commission income	18,614	18,111
Net trading income	208	473
Other operating income	1,458	840
Operating income	22,774	20,147
Personnel costs	(15,029)	(17,044)
Redundancy expense	(1,774)	(51)
Provisions	(2,885)	1,302
Impairment charges[1]	(14,834)	—
Net sale proceeds	5,080	—
Depreciation	(1,120)	(742)
Other operating expenses	(15,437)	(9,509)
Operating loss	(23,225)	(5,897)
Taxation	(446)	1,289
Loss for the year from discontinued operations	(23,671)	(4,608)

1) The impairment charge in 2007 can be split between tangible fixed assets of EUR 3,700,000 and goodwill of EUR 11,134,000. These impairment charges are based on the actual sales agreements which have been agreed at a later stage than when the initial valuation was done at the time the decision for the disposal was taken

	2007 Euro '000	**2006** Euro '000
The balance sheet for the discontinued activities follows below:		
Assets		
Cash and balances with central banks	—	1
Trading securities	1,960	803
Loans and advances to customers	479	—
Tangible fixed assets	—	4,591
Intangible assets	—	12,696
Deferred tax assets	—	1,904
Other assets	7,812	13,663
Asset held-for-sale	13,317	—
Total assets	23,568	33,658
Liabilities		
Amounts owed to credit institutions	8,897	1,273
Subordinated liabilities	12,948	14,257
Other liabilities	24,689	20,025
Total liabilities	46,534	35,555
Capital resources	(22,966)	(1,897)
Total equity and liabilities	23,568	33,658

	2007 Euro '000	2006 Euro '000
The cash flows for the discontinued activities in 2007 were as follows:		
Cash flows from operating activities		
Net result	(23,671)	(4,608)
Adjustment for:		
Taxation	448	(1,289)
Depreciation of tangible fixed assets	1,120	742
Amortisation of intangible assets	14,837	130
Exit cost less estimated proceeds from sale	(2,195)	—
Provision	—	(1,302)
Provision Tier 3 loan note	3,688	—
Net cash inflow from operating activities before changes in operating assets and liabilities	(5,773)	(6,327)
Decrease/(Increase) in operating assets:		
Loans and advances to credit institutions	7,306	16,087
Loans and advances to customers	(479)	—
Purchase of trading securities	(1,156)	99
Other assets	(5,441)	(1,745)
(Decrease)/Increase in operating liabilities:		
Amounts owed to credit institutions	318	(12)
Other liabilities	3,301	(4,625)
Net cash inflow/(outflow) from operating activities before payment of taxation	(1,924)	3,477
Taxation received	1,456	1,290
Net cash inflow/(outflow) from operating activities after payment of taxation	(468)	4,767

	2007 Euro '000	2006 Euro '000
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	—	(7,396)
Proceeds from sale of 25% shareholding in UTB Partners Ltd	—	3,588
Sale/(Purchase) of fixed assets	(576)	(1,215)
Net cash inflow/(outflow) from investing activities	(576)	(5,023)
Cash flows from financing activities		
Net cash inflow/(outflow) financing activities	—	—
Net increase/(decrease) in cash and cash equivalents	(1,044)	(256)
Cash and cash equivalents at beginning of year	1	1
Net increase/(decrease) in cash and cash equivalents	(1,044)	(256)
Exchange differences	1,043	256
Cash and cash equivalents at end of year	—	1

6. Net interest income		
Fixed income securities	3,549	2,250
Other interest and similar income	14,303	11,115
Interest income	17,852	13,365
Interest expense	(15,163)	(9,054)
	2,689	4,311

Net interest includes EUR 55,077 (2006: EUR 63,801) of interest accrued on impaired financial assets.

	2007 Euro '000	2006 Euro '000
7. Net fee and commission income		
Management fees	31,808	27,962
Performance fees	9,078	16,533
Net commission received	9,229	9,295
Upfront fees	2,689	2,444
Custodian fees	1,008	1,034
Settlement expenses	(1,093)	(1,224)
Other	223	213
	52,942	56,257

8. Other operating income		
Administration fees	1,670	1,568
Advisory fee income	58	852
Foreign exchange income	3,809	3,291
Other	4,884	3,312
	10,421	9,023

The category 'other' consists mainly of placing fees received.

9. Personnel costs		
Salaries	17,385	17,162
Social security costs	2,007	1,871
Pension costs	1,526	1,536
Other staff costs (including bonus entitlements)	9,668	10,673
	30,586	31,242

The decrease in 'Other staff costs' is mainly due to bonus entitlements.

The Group's pension schemes are defined contribution plans.

10. Redundancy expense
During 2007 certain employees became redundant. The expense recorded under this item relates to severance pay for these employees.

	2007 Euro '000	2006 Euro '000
11. Provisions and impairment losses on loans and advances		

Litigation
NUSA SIM SpA (Nusa), a company acquired by the Group in 2001, has been involved in a court case in Rome in relation to claims made by two clients on losses incurred by them on the purchase of certain securities on which Nusa acted as a broker. In January 2005 Nusa was informed of a court ruling condemning Nusa to unwind the original sale of the securities and to pay EUR 3.2 million plus legal interest and inflation damages.

Part of the purchase price paid for Nusa has been paid into escrow for potential damages incurred on this case. Including earned interest the amount in escrow is approximately EUR 0.5 million.

In September 2005 a payment was made of EUR 4.4 million. The branch filed an appeal with the Court for a second level trial, and subsequently made a provision for the full amount claimed per 31 December 2005. The second level trial was expected to be held during the course of 2008 and has been postponed to 2010.

Impairment losses on loans and advances		
At 1 January	1,274	1,782
Charge for the year	98	374
Disposal of subsidiaries	69	–
Used for write-offs	(37)	(882)
	1,404	1,274

The impairment losses on loans and advances are recorded under the loans and advances to customers in the balance sheet. Refer to note 17.

12. Other operating expenses		
Audit fees	331	346
Systems & information suppliers and outsourcing	6,734	6,333
Communication and travel	2,516	2,454
Other administrative expenses [1]	14,768	12,538
	24,349	21,671

1) Included under Other administrative expenses are among others consultancy fees, legal fees, rent, insurance, membership fees and marketing expenses

13. Taxation

The charge for the year can be reconciled to the profit as per the income statement as follows:

	Tax rate %	2007 Euro '000	2006 Euro '000
Profit before tax		10,162	15,152
Tax calculated at a tax rate of 25.5% (2006: 29.6%)	25.5	(2,591)	(4,485)
Impairment on deferred tax asset due to expected rate adjustment in the Netherlands		–	(705)
Tax on non-deductible expenses	(6.8)	689	(2,620)
Tax on non-taxable income	(3.0)	305	1,599
Effect of different tax rates in other countries	3.7	(381)	104
Effective tax rate/tax expense for the year	19.5	(1,978)	(6,107)

The movement in the deferred tax assets is as follows:

	Tax rate %	2007 Euro '000	2006 Euro '000
At 1 January		6,254	10,076
Revenue/(Charge) for the year		(2,424)	(4,818)
Reclassify from/ (to) current tax		294	996
		4,124	6,254

The deferred tax assets for the Group relates to accrued tax on losses carried forward. As per 1 January 2007 the loss compensation rules in the Netherlands are restricted. The carry forward of losses is restricted to nine years. Existing carry forward losses on 1 January 2007 may be carried forward up to and including 2011. As of 2012 still existing carry forward losses realised in 2002 or earlier years can no longer be offset against profits.

14. Cash and balances with central banks	2007 Euro '000	2006 Euro '000
Cash in hand	30	51
Balances with central banks	8,168	2,877
	8,198	2,928

The balances with central banks include demand deposits with De Nederlandsche Bank N.V.

15. Treasury bills

This relates to zero coupon short-term Dutch Government paper. EUR 30,541,000 (2006: EUR 2,953,000) of treasury bills have been pledged as security for the execution of payments and security settlements. Due to the short remaining life of the treasury bills the fair value does not differ materially from the recorded amount in the balance sheet. Refer to note 18 for the classification of the treasury bills.

16. Loans and advances to credit institutions	2007 Euro '000	2006 Euro '000
Receivable in relation to settlements of securities transactions	11,004	10,372
Placements with other banks	135,582	136,063
	146,586	146,435

Of the placements with other banks EUR 3,704,296 (2006: EUR 3,759,502) has been deposited in an escrow account for the deferred portion of the purchase price of Monument Securities Ltd. This balance is not at the free disposal of the Group.

The fair value of the loans and advances to credit institutions does not differ materially from the recorded amount in the balance sheet.

17. Loans and advances to customers	2007 Euro '000	2006 Euro '000
Receivable in relation to settlements of securities transactions	12,027	18,963
Advances against securities	72,099	60,357
Mortgages	41,621	38,937
Other loans	59,068	51,905
	184,815	170,162
Less: impairment losses on loans and advances	(1,404)	(1,274)
	183,411	168,888

Refer to note 33 for a specification of the related party receivables included under the loans and advances to customers.

Past due items

There are no material past due items recorded under the loans and advances to customers, except as recorded impaired.

The fair value of the loans and advances to customers does not differ materially from the recorded amount in the balance sheet.

2007
Euro '000

	Listed	Unlisted		Total
Treasury bills	67,405			67,405
Interest-bearing securities	39,937	5,541		45,478
Shares	170	906		1,076
Total	**107,512**	**6,447**		**113,959**

18. Investment securities

Investment securities which are included in the following balance sheet categories may be analysed between listed and unlisted securities, and held-to-maturity, available-for-sale and trading portfolios as follows:

	Held-to-maturity	Available-for-sale	Trading	Total
Treasury bills	67,405			67,405
Interest-bearing securities	39,937	5,541	—	45,478
Shares		906	170	1,076
Total	**107,342**	**6,447**	**170**	**113,959**

Of the interest-bearing securities EUR 90,885 (2006: EUR 1,082,363) of the available-for-sale portfolio has been pledged as security for execution of payments and security settlement. Of the interest-bearing securities EUR 5,541,500 is invested in Equity Trust Holdings S.à.r.l. (2006: EUR 6,112,500). The fair value of this investment has been calculated using an estimated repayment date and a market related discount rate. A 10% change to these variables does not result in a material change in the fair value.

The fair value of the held-to-maturity portfolio does not differ materially from the recorded amount in the balance sheet.

The movement in investment securities may be summarised as follows:

	Available-for-sale	Held-to-maturity	Total
Balance as at 1 January	7,196	57,728	64,924
Additions		465,521	465,521
Discontinued activity	(77)		(77)
Sold during the year	(1,089)		(1,089)
Redemptions		(419,000)[1]	(419,000)
Changes in valuations	474	3,093	3,567
Foreign exchange difference	(57)		(57)
Balance as at 31 December	**6,447**	**107,342**	**113,789**

1) The additions and redemptions relate to interest-bearing securities with short remaining maturities

2006
Euro '000

	Listed	Unlisted		Total
Treasury bills	57,634			57,634
Interest-bearing securities	94	6,113		6,207
Shares	881	1,018		1,899
Total	**58,609**	**7,131**		**65,740**

	Held-to-maturity	Available-for-sale	Trading	Total
Treasury bills	57,634			57,634
Interest-bearing securities	94	6,113	—	6,207
Shares		1,084	815	1,899
Total	**57,728**	**7,197**	**815**	**65,740**

	2007 Euro '000	2006 Euro '000
19. Derivative financial instruments		
Fair value of derivative financial instruments	299	122

Includes interest rate swaps and options.

The Group hedges its foreign currency positions by way of forward contracts relating to the UK operations (British Pounds Sterling). The results of this net investment hedge are recorded in the translation reserve when the hedge is considered effective. At year end the euro equivalent fair value of sold forward contracts amounted to EUR 5,423,400 (2006: EUR 17,913,960). The forward contracts will be renewed on a revolving basis as required.

The effectiveness of the hedge is determined on a monthly basis. During 2007 ineffectiveness was recorded from net investment in foreign currency hedges. The ineffective portion of EUR 117,004 profit (2006: EUR 420,563 loss) is re-coded under the foreign exchange income.

No other derivatives are outstanding for which hedge accounting is applied.

	2007 Euro '000	2006 Euro '000
20. Intangible assets		
At 1 January	21,794	14,415
Additions arising during the year	2,000	7,111
Amortisation of intangible assets	(189)	—
Impairment charges	(11,134)	—
Foreign exchange translation adjustments	(806)	268
At 31 December	11,665	21,794

The nature of the intangible assets can be split as follows:

	2007 Euro '000	2006 Euro '000
Goodwill	10,643	21,794
Customer-related intangible assets	1,022	—
	11,665	21,794

The addition in 2007 relates entirely to the acquisition of Klein Haneveld Consulting B.V. See note 5. The impairment charges relate to the discontinued activities.

The intangible assets are allocated to the cash-generating units as follows:

	2007 Euro '000	2006 Euro '000
Private Banking	11,665	9,853
Institutional	—	11,941
	11,665	21,794

	Leasehold improve-ments	Computing equipment	Other fixtures, fittings and equipment	Total 2007 Euro '000	Total 2006 Euro '000
21. Tangible fixed assets					
Cost	3,474	10,286	4,334	18,094	21,222
Accumulated depreciation	(3,150)	(9,992)	(3,262)	(16,404)	(14,673)
Net book value	324	294	1,072	1,690	6,549
Net book value					
At 1 January 2007	2,686	2,187	1,676	6,549	6,627
Discontinued activities	(2,153)	(1,697)	(465)	(4,315)	—
Acquisitions	—	—	—	—	55
Additions	31	221	32	284	1,541
Disposals	—	(5)	—	(5)	—
Impairment	—	—	—	—	(173)
Sale subsidiary Insinger de Beaufort (Luxembourg) S.A.	—	(5)	(40)	(45)	—
Depreciation	(105)	(290)	(107)	(502)	(1,593)
Foreign exchange translation adjustments and other	(135)	(117)	(24)	(276)	92
At 31 December 2007	324	294	1,072	1,690	6,549

Included in the discontinued activities is a normal depreciation for the year of EUR 1,119,845.

The impairment in 2006 relates to the write-down of certain assets in the Italian office.

The fair value of the fixed assets is estimated to be in excess of the carrying amounts.

Assets are depreciated using the straight-line method:
— Leasehold improvements: 10 years.
— Computing equipment: 3–5 years.
— Other: 4–5 years.

	2007 Euro '000	2006 Euro '000
22. Investments in associates		
At 1 January	303	3,917
Acquired during the year	44	18
Share in results	4	3
Sale	—	(3,635)
Exchange differences	—	—
At 31 December	351	303

The sale relates to the 25% participation in UTB Partners Ltd.

2007 Euro

	Country of incorporation	Assets	Liabilities	Revenues	Profit/Loss	Interest held %
The Group's interests in its principal associates, which are unlisted, are as follows:						
B & S Insinger Beheer[1]	The Netherlands	246,384	16,600	88,842	(348)	50%
Holland Immo Groep Insinger de Beaufort Beheer B.V.[1]	The Netherlands	1,096,469	430,658	1,048,577	434,475	50%
Holland Immo Groep Insinger de Beaufort V B.V.[1]	The Netherlands	18,540	992	1,000	562	50%
Holland Immo Groep Insinger de Beaufort VI B.V.[1]	The Netherlands	19,519	955	1,000	556	50%
Holland Immo Groep VII/ Winkelfonds Zuidplein B.V.[1]	The Netherlands	19,721	956	953	498	50%
Holland Immo Groep X/ Woningfonds B.V.[1]	The Netherlands	22,737	1,766	2,000	1,071	50%
Holland Immo Groep XI/ Retail Residential Fund B.V.[1]	The Netherlands	59,475	40,036	43,080	1,439	50%
Germany Residential Fund Management B.V.[1]	The Netherlands	42,308	25,900	(4,116)	(1,915)	50%
Bouwfonds Germany Residential Fund II Management B.V.[1]	The Netherlands	34,008	17,906	(2,136)	(1,213)	50%
Bouwfonds Germany Residential Fund III Management B.V.[1]	The Netherlands	26,430	9,500	(2,086)	(1,070)	50%
Bouwfonds Germany Residential Fund IV Management B.V.[2]	The Netherlands	—	—	—	—	50%
Bouwfonds Germany Residential Fund V Management B.V.[3]	The Netherlands	—	—	—	—	50%
Insinger Consulting SpA[4]	Italy	—	—	—	—	25%

1) Figures are based on annual reports for the year ended 31 December 2006
2) Purchase of Bouwfonds Germany Residential Fund IV Management B.V. in 2007. No annual report is available yet
3) Purchase of Bouwfonds Germany Residential Fund V Management B.V. in 2007. No annual report is available yet
4) Purchase of Insinger Consulting SpA in 2007. No annual report is available yet

	2007 Euro '000	2006 Euro '000
23. Other receivables and accrued income		
Trade debtors	1,569	4,140
Staff advances	9	15
Accrued income	8,836	27,394
Other receivables	1,040	266
	11,454	31,815
Less: impairment charges	(46)	(464)
	11,408	31,351

Included in the other assets is a collateral of EUR 0.9 million (2006: EUR 2.6 million) which has been deposited at another bank in the Netherlands.

24. Prepayments
Included under the prepayments are capitalised option expenses. The ultimate shareholder of the Group, Insinger de Beaufort Holdings S.A., has granted options to staff within the Group. The option premiums are recharged to its subsidiaries depending on the category of options granted. The capitalised amounts are amortised over the vesting period of the options varying from three to six years. Total capitalised expense as of 31 December 2007 amounts to EUR 965,235 (2006: EUR 1,977,719).

	2007 Euro '000	2006 Euro '000
25. Amounts owed to credit institutions		
Payable in relation to settlements of securities transactions	2,362	858
Other loans	16,482	7
	18,844	865

	2007 Euro '000	2006 Euro '000
26. Amounts owed to customers		
Payable in relation to settlements of securities transactions	964	13,578
Current accounts	227,142	231,799
Time deposits	181,006	113,747
	409,112	359,124

EUR 39.8 million (2006: EUR 35.2 million) of current accounts relates to the ultimate parent company or one of its subsidiaries. These related parties have entered into a compensation agreement without preference.

	2007 Euro '000	2006 Euro '000
27. Other liabilities		
Trade creditors	1,098	2,667
Salaries payable	317	196
Payroll taxes payable	246	1,404
VAT payable	349	522
Other liabilities	20,396	34,837
	22,406	39,626

28. Accruals and deferred income
This includes accrued interest and deferred income.

29. Minority interest
This includes the share of third parties in the Group funds of the Bank.

30. Contingent liabilities
This relates to guarantees and other direct substitutes for credit.

31. Share-based compensation
In October 2006 the Company and various subsidiaries issued share-based compensation arrangements for certain staff members where a settlement is paid in cash when the staff member is still employed by the Group at the reference date. The amount to be paid is determined on the basis of the difference between the share price of the Company on the Luxembourg stock exchange on the reference date and the reference price. Below is a summary of the outstanding share-based compensation arrangements:

	Number	Reference price Euro
Reference date		
15 September 2009	10,000	10.—
22 October 2012	183,600	12.—
22 October 2013	183,600	12.50
Total	377,200	

The fair value of the share-based compensation arrangements have been recorded under staff expenses for the total of EUR 44,356. An accrual of EUR 31,555 has been recorded under Other liabilities. See note 27.

The share-based compensation arrangements are cash settled.

	2007 Euro '000	2006 Euro '000
32. Leasehold commitments		
Minimum lease payments under operating leases recognised in income on continued operations for the year	6,707	7,156
Minimum lease payments under operating leases recognised in income on discontinued operations for the year	958	(389)

Group commitments due under non-cancellable operating leases may be summarised as follows over the periods in which amounts fall due:

Amounts payable:		
within one year	8,075	7,565
more than one year and less than five years	27,764	28,281
more than five years	300	4,556
	36,139	40,402

Operating leases represent mainly rentals payable by the Group for some of its office properties. The leases have varying terms, escalation clauses and renewal rights.

The above information is based on continued operations. Except for the lease contracts in the Netherlands the operating leases can be terminated with a notice period of one year and predefined penalties.

At the balance sheet date the future sublease payments to be received under non-cancellable subleases at the balance sheet date may be summarised as follows:

Amounts receivable:		
within one year	810	794
more than one year and less than five years	2,836	3,040
more than five years	—	374
	3,646	4,208

The subleases related to the office in Amsterdam started in 2005. The sublease related to the office in Eindhoven started in 2007.

33. Related party transactions

a. Parent Group companies

Included in the loans and advances to customers is a receivable of EUR 50,807,546 (2006: EUR 42,893,066) from parent Group companies. These companies have entered into a compensation agreement without preference. (See also note 17.)

On 24 November 2003 a parent Group company issued a compulsory convertible loan note (CCLN2011) of EUR 1,475,000 to part of senior management of the Group. The CCLN2011 will mature in 2011 and will pay 150 interest basis points above the three-month Euribor and ranks *pari passu* with all other unsecured obligations of the issuing company. The conversion rate has been set at EUR 5.00, which will lead to an issuance of 295,000 shares in Insinger de Beaufort Holdings S.A. in 2011. Bank Insinger de Beaufort N.V. has lent the money to senior management in order to acquire the loan note. The amount receivable as at 31 December 2007 amounts to EUR 1,408,285 (2006: EUR 1,398,864).

On 11 May 2005, a parent Group company issued a compulsory convertible loan note (CCLN2013) of EUR 995,875 to part of senior management of the Group. The CCLN2013 will mature in 2013 and will pay 150 interest basis points above the three-month Euribor and ranks *pari passu* with all other unsecured obligations of the issuing company. The conversion rate has been set at EUR 7.75, which will lead to an issuance of 128,500 shares in 2013. Bank Insinger de Beaufort N.V. has lent the money to senior management in order to acquire the loan note. The amount receivable as at 31 December 2007 amounts to EUR 890,965 (2006: EUR 929,979).

b. Remuneration of directors
Each director receives remuneration on a cost-to-company basis. The allocation to pension or other benefit is done on an individual basis. The remuneration of the directors is set out below and includes salaries, pension cost and social cost:

	2007 Euro '000	2006 Euro '000
Supervisory Board	142	134
Statutory directors	3,994	4,359
	4,136	4,493
Of which variable	1,602	2,086
At 31 December advances made to directors amount to:	5,205	4,251

The advances relate to the employee share ownership plan and mortgages. The interest rate is three-months Euribor + 1.5%. EUR nil has been repaid during 2007 (2006: EUR 126,909).

The Group has issued various call options to the directors and staff. One option gives the right to acquire one share in Insinger de Beaufort Holdings S.A. at the respective exercise price. As at 31 December 2007 the directors of the Company held 1,188,180 options (2006: 1,302,020) with exercise prices varying between EUR 5.35 and EUR 7.88 (2006: between EUR 5.35 and EUR 7.88) and with exercise period expiring from 25 October 2008 through to 25 November 2009. During the year no options (2006: no options) were granted and 113,840 options (2006: 66,314) have been exercised by the directors.

As at 31 December 2007 staff of the Group held 2,798,404 options (2006: 3,192,951) with exercise prices varying between EUR 3.52 and EUR 10.00 (2006: between EUR 3.52 and EUR 10.00) and with exercise period expiring from 25 October 2007 through to 25 October 2010. During the year nil options (2006: 322,850) were granted, 134,570 options were cancelled (2006: 54,028) and 264,287 options (2006: 270,105) have been exercised by staff.

In 2007 the Group granted some key personnel stock-based compensation arrangements. See note 31 for details.

c. Sale of Insinger de Beaufort (Luxembourg) S.A.
During the year the 100% subsidiary Insinger de Beaufort (Luxembourg) S.A. was sold to Maitland Luxembourg S.A., a subsidiary of Maitland Group of which the non-executive director of Insinger de Beaufort Holdings S.A., Steven Georgola, is the managing director.

34. Segmental analysis
For management purposes, the Group is currently organised into five operating divisions – Private Banking, Asset Management, Operations & Support, Group and Other. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:
— Private Banking: Wide range of services on behalf of individuals.
— Asset Management: Activities that offer individuals and institutions a comprehensive choice of funds and investment programmes.
— Operations & Support: Operations & support areas within the Group.
— Group: All Group activities such as legal, head office and financing activities.
— Other: Any activities that do not fall into one of the above categories.

Secondary segmentation is the geographical information as disclosed in note 4.3.

Due to the discontinued operations mainly in the UK, the segment Institutional and Corporate products and services is no longer applicable as a separate segment. Furthermore, certain items are reclassified compared to 2006.

2007

Euro '000

	Private Banking	Asset Management	Ops & Support	Group	Other	Continued	Discontinued	Total
At 31 December 2007								
Operating income	35,735	27,297	(671)	1,607	2,084	66,052	22,774	88,826
Impairment charges							(14,834)	(14,834)
Provisions							(2,885)	(2,885)
Operating result	7,827	11,914	(4,657)	(3,839)	(1,591)	9,654	(23,225)	(13,571)
Income on sale of subsidiaries	504					504		504
Share of results of associates	4					4		4
Profit before tax	8,335	11,914	(4,657)	(3,839)	(1,591)	10,162	(23,225)	(13,063)
Income tax expense						(1,978)	(446)	(2,424)
Net profit						**8,184**	**(23,671)**	**(15,487)**
Segment assets	115,836	13,535	29,754	324,577	2,544	486,246	2,146	488,392
Associates	351					351	—	351
Total assets	**116,187**	**13,535**	**29,754**	**324,577**	**2,544**	**486,597**	**2,146**	**488,743**
Total liabilities	**316,636**	**55,461**	**8,909**	**38,214**	**35,792**	**455,012**	**—**	**455,012**
Other segment items								
Capital expenditure	65	19	200	—	—	284	667	951
Depreciation	(66)	(11)	(425)	—	—	(502)	(1,120)	(1,622)

2006

Euro '000

	Private Banking	Asset Management	Ops & Support	Group	Other	Continued	Discontinued	Total
At 31 December 2006								
Operating income	35,826	29,925	(448)	2,893	1,592	69,788	20,147	89,935
Provisions							1,302	1,302
Operating result	7,791	15,119	(2,837)	(3,628)	(1,296)	15,149	(5,897)	9,252
Share of results of associates	3					3	—	3
Profit before tax	7,794	15,119	(2,837)	(3,628)	(1,296)	15,152	(5,897)	9,255
Income tax expense						(6,107)	1,289	(4,818)
Net profit						**9,045**	**(4,608)**	**4,437**
Segment assets	98,723	20,580	56,795	238,676	46,249	461,023	—	461,023
Associates	303					303	—	303
Total assets	**99,026**	**20,580**	**56,795**	**238,676**	**46,249**	**461,326**	**—**	**461,326**
Total liabilities	**233,321**	**90,051**	**23,033**	**35,579**	**25,011**	**406,995**	**—**	**406,995**
Other segment items								
Capital expenditure	89	27	211	—	—	327	1,214	1,541
Depreciation	(271)	(8)	(745)	—	—	(1,024)	(742)	(1,766)

35. Employees
The average number of employees was:

	2007 Individuals	2006 Individuals
Private Banking	116	126
Asset Management	38	31
Operations & Support	38	39
Group	27	27
Other	10	11
Continued	229	234
Discontinued	123	123
Total	352	357

Company Financial Statements

Company Balance Sheet

as at 31 December before result appropriation

	Notes	2007 Euro '000	2006 Euro '000
Assets			
Cash and balances with central banks	2	8,198	2,923
Treasury bills	3	67,405	57,634
Loans and advances to credit institutions	4	145,167	133,091
Loans and advances to customers	5	132,610	125,865
Trading securities	6	170	94
Derivative financial instruments	7	299	122
Investment securities:			
— available-for-sale	6	5,824	6,395
— held-to-maturity	6	39,937	94
Investment in subsidiaries and receivables from Group companies	8	95,447	122,484
Intangible assets	9	9,853	9,849
Tangible fixed assets	10	1,520	1,702
Investments in associates	11	25	—
Other receivables and accrued income	12	7,324	8,780
Prepayments	14	3,142	7,379
Related parties receivables	13	50,808	42,893
Deferred tax assets	15	7,589	7,879
Discontinued operations held-for-sale	16	2,146	—
		577,464	**527,184**

	Notes	2007 Euro '000	2006 Euro '000
Liabilities			
Amounts owed to credit institutions	17	18,832	858
Amounts owed to customers	18		
— time deposits		181,006	113,747
— other funds entrusted		188,298	209,345
		369,304	323,092
Liabilities to Group companies		101,591	98,600
Related party payables	13	39,808	36,032
Other liabilities	19	12,289	12,399
Accruals and deferred income	20	2,081	1,989
		543,905	472,970
Share capital		545	545
Share premium		21,713	21,713
Revaluation reserves		(744)	(772)
Other reserves		27,621	28,382
Result for the year		(15,576)	4,346
Shareholders' equity		33,559	54,214
		577,464	**527,184**
Contingent liabilities	22	3,270	6,332

Company Profit & Loss Account

	2007 Euro '000	2006 Euro '000
Share in result of Group companies after taxation	(11,210)	6,302
Other result after taxation	(4,366)	(1,956)
Net result for the period	**(15,576)**	**4,346**

Company Statement of Cash Flows

	Notes	2007 Euro '000	2006 Euro '000
Cash flows from operating activities			
Net result		(15,576)	4,346
Adjustment for:			
Taxation	15	(3,447)	1,652
Depreciation of tangible fixed assets	10	442	957
Share in net profit of participating interest		13,718	(6,302)
Profit on sale of Insinger de Beaufort (Luxembourg) S.A.		(504)	–
Net cash inflow/(outflow) from operating activities before changes in operating assets and liabilities		**(5,367)**	**653**
Decrease/(Increase) in operating assets:			
Loans and advances to credit institutions		(12,076)	8,934
Loans and advances to customers		(6,745)	(2,359)
Purchase of trading securities		(256)	(84)
Net investment in subsidiaries, intercompany accounts and related parties		9,356	(14,701)
Other assets		5,693	(1,955)
(Decrease)/Increase in operating liabilities:			
Amounts owed to credit institutions		17,974	(8,795)
Amounts owed to customers		46,212	22,017
Other liabilities		(18)	5,700
Net cash inflow/(outflow) from operating activities before payment of taxation		**54,773**	**9,410**
Taxation received		3,737	3,315
Net cash inflow from operating activities after payment of taxation		**58,510**	**12,725**

Company Statement of Cash Flows

	Notes	2007 Euro '000	2006 Euro '000
Cash flows from investing activities			
Purchase of investment securities	6	(324,329)	(45,288)
Proceeds from sale and redemptions of investment securities	6	285,000	52,173
Purchase of associates		(25)	—
Purchase of treasury bills	6	(143,771)	(158,738)
Proceeds from sale and redemption of treasury bills	6	134,000	137,000
Purchase of fixed assets	10	(260)	(301)
Sale of subsidiary Insinger de Beaufort (Luxembourg) S.A.	16	1,201	—
Net cash outflow from investing activities		**(48,184)**	**(15,154)**
Cash flows from financing activities			
Dividends paid		(5,700)	(1,500)
Repayment of loans		—	—
Net cash outflow from financing activities		**(5,700)**	**(1,500)**
Net (decrease)/increase in cash and cash equivalents		**4,626**	**(3,929)**
Cash and cash equivalents at beginning of year		2,923	6,440
Net (decrease)/increase in cash and cash equivalents		4,626	(3,929)
Exchange differences		649	412
Cash and cash equivalents at end of year		8,198	2,923
Cash flows from operating activities include:			
— interest received		16,659	11,866
— interest paid		(15,401)	(8,476)

Notes to the Company Financial Statements

1. Summary of significant accounting policies

1.1 General

The principal accounting policies applied in the preparation of the Company annual accounts are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The annual accounts have been prepared in accordance with the legal requirements for annual accounts contained in Title 9, Book 2, of the Netherlands Civil Code. The Company applies the provisions in Section 362, paragraph 8, Book 2, of the Netherlands Civil Code, that make it possible to prepare the Company annual accounts in accordance with the accounting policies (including those for the presentation of financial instruments as equity or liability) used in its consolidated annual accounts. The euro is the functional and presentation currency of the Company.

The accounting policies applied for the Company annual accounts are the same as those for the consolidated annual accounts. Reference is made to the accounting policies as stated in the consolidated annual accounts when no further accounting policies are stated.

With reference to the profit and loss account of the Company use has been made of the exemption pursuant to Section 402 of Book 2 of the Dutch Civil Code.

The Company prepares the Company Financial Statements for 2007 in accordance with the accounting policies used in its consolidated annual accounts. In principle, the reported figures for equity and net income in the consolidated annual accounts are equal to the relevant figures reported in the Company annual accounts, which is generally accepted in the Netherlands.

1.2 Investments in subsidiaries

Subsidiaries are measured at net asset value. Net asset value is determined by measuring the assets, provisions, liabilities and income based on the accounting policies used in the consolidated annual accounts.

Goodwill resulting from the acquisition of subsidiaries is presented separately on the balance sheet.

	2007 Euro '000	2006 Euro '000
2. Cash and balances with central banks		
Cash in hand	30	47
Balances with central banks	8,168	2,876
	8,198	2,923

3. Treasury bills
Refer to note 15 of the consolidated financial statements.

4. Loans and advances to credit institutions		
Receivable in relation to settlements of securities transactions	11,004	5,883
Placements with other banks	134,163	127,208
	145,167	133,091

The loans and advances have a remaining maturity of less than three months. The loans and advances relate to several banks.

	2007 Euro '000	2006 Euro '000
5. Loans and advances to customers		
Receivable in relation to settlements of securities transactions	12,027	18,963
Advances against securities	72,099	60,357
Mortgages	41,620	38,937
Other loans	8,268	8,882
	134,014	127,139
Less: impairment losses on loans and advances	(1,404)	(1,274)
	132,610	125,865
The remaining maturity is as follows:		
< 3 months	124,118	121,700
3 months > 1 year	1,100	170
1 > 5 years	7,092	2,874
5 years >	300	1,121
	132,610	125,865

Included in the other loans are loans of EUR 20,074 (2006: EUR 22,608) to participants in the Group's Employee Share Ownership Plan Trust.

A movement schedule for the impairment on loans and advances is included in note 11 to the consolidated financial statements.

No significant concentrations are identified in the loans and advances to customers.

6. Investment securities

Investment securities, which are included in the following balance sheet categories, may be analysed between listed and unlisted securities, and investment and trading portfolios as follows:

Euro '000	2007 Listed	2007 Unlisted	2007 Total	2006 Listed	2006 Unlisted	2006 Total
Treasury bills	67,405		67,405	57,634		57,634
Interest-bearing securities	39,937	5,824	45,761	94	6,113	6,207
Shares	45	125	170	—	376	376
Total	**107,387**	**5,949**	**113,336**	**57,728**	**6,489**	**64,217**

Euro '000	2007 Held-to-maturity	2007 Available-for-sale	2007 Trading	2007 Total	2006 Held-to-maturity	2006 Available-for-sale	2006 Trading	2006 Total
Treasury bills	67,405			67,405	57,634			57,634
breakdown is as follows:								
— issued by public bodies	67,405			67,405	57,634			57,634
— issued by others								
Interest-bearing securities	39,937	5,542	—	45,479	94	6,113	—	6,207
breakdown is as follows:								
— issued by public bodies				—	94			94
— issued by others	39,937	5,542		45,479		6,113		6,113
Shares	—	282	170	452	—	282	94	376
breakdown is as follows:								
— issued by others		282	170	452		282	94	376
Total	**107,342**	**5,824**	**170**	**113,336**	**57,728**	**6,395**	**94**	**64,217**

On the interest-bearing securities EUR 90,885 (2006: EUR 1,082,363) of the available-for-sale portfolio has been pledged as security for execution of payments and security settlement.

The movement in investment securities may be summarised as follows:

	Available-for-sale	Held-to-maturity	Total
Balance as at 1 January	6,395	57,728	64,123
Additions		465,521	465,521
Sold during the year	(1,021)	(419,000)	(420,021)
Changes in valuations	450	3,093	3,543
Balance as at 31 December	**5,824**	**107,342**	**113,166**

	2007 Euro '000	2006 Euro '000
7. Derivative financial instruments		
Refer to note 19 of the consolidated financial statements.		

	2007 Euro '000	2006 Euro '000
8. Investments in subsidiaries and receivables from Group companies		
Net asset value of Group companies	75,739	66,250
Amounts receivable from participating interests	19,708	56,234
	95,447	122,484

The changes in the net asset value of Group companies are as follows:

	2007 Euro '000	2006 Euro '000
Balance as at 1 January	66,250	60,106
Share in net profit of participating interests	(11,210)	6,302
Acquired during the year	—	39
De-consolidation Corporate & Institutional business	22,966	—
Sale Insinger de Beaufort (Luxembourg) S.A.	(2,627)	—
Currency translation adjustment	857	(178)
Dividends received	(524)	(31)
Liquidation of subsidiaries	—	(307)
Merger Reitsma & Wertheim & Partners B.V.	—	159
Other movements[1]	27	160
Balance as at 31 December	75,739	66,250

There are no credit institutions included in the subsidiaries. See also note 'Other information'.

	2007 Euro '000	2006 Euro '000
9. Intangible assets		
The movement during the year is as follows:		
Balance as at 1 January	9,849	9,849
Currency translation adjustment	4	—
Balance as at 31 December	9,853	9,849

The intangible assets relate to goodwill and are allocated to the cash-generating unit Private Banking.

1) Represents mainly revaluations

	Leasehold improvements	**Computing equipment**	**Other fixtures, fittings and equipment**	**Total** 2007 Euro '000	**Total** 2006 Euro '000
10. Tangible fixed assets					
Cost	512	7,391	3,722	11,625	11,420
Accumulated depreciation	(290)	(7,119)	(2,696)	(10,105)	(9,718)
Net book value	222	272	1,026	1,520	1,702
Net book value					
At 1 January 2007	255	351	1,096	1,702	2,358
Additions	32	203	31	266	301
Disposals	—	(6)	—	(6)	—
Impairment	(16)	—	—	(16)	(173)
Depreciation	(49)	(276)	(101)	(426)	(784)
At 31 December 2007	222	272	1,026	1,520	1,702

Assets are depreciated using the straight-line method:
— Leasehold improvements: 10 years.
— Computing equipment: 3–5 years.
— Other: 4–5 years.

	2007 Euro '000	2006 Euro '000
11. Investments in associates		
At 1 January	—	—
Acquired during the year	25	—
Share in results	—	—
At 31 December	25	—

The addition relates to the 25% interest in Insinger Consulting SpA. No annual report is available yet.

	2007	2006
12. Other receivables and accrued income		
Trade debtors	514	2,409
Staff advances	9	15
Accrued income	5,814	5,069
Other receivables and prepaid amounts	1,032	1,354
	7,369	8,847
Less: impairment charges	(45)	(67)
	7,324	8,780

13. Related party receivables and payables
The balances represent the following related parties:

	2007 Euro '000	2006 Euro '000
Insinger de Beaufort Investments Ltd	19,573	19,812
Insinger Trust Holdings Ltd	19,963	16,726
Insinger de Beaufort Holdings S.A.	11,272	6,218
Insinger de Beaufort Finance S.à.r.l.	—	137
Related party receivables	50,808	42,893
Insinger de Beaufort Holding B.V.	36,533	33,367
Insinger de Beaufort Finance S.à.r.l.	588	—
Insinger Finance (BVI) S.A.	1,923	1,861
Coin Consultancy Ltd	764	804
Related party payables	39,808	36,032

14. Prepayments
Included under the prepayments are rent deposits, bank accounts from funds, other prepaid amounts and capitalised option expenses. The ultimate shareholder of the Group, Insinger de Beaufort Holdings S.A., has granted options to staff within the Group. The option premiums are recharged to its subsidiaries depending on the category of options granted. The capitalised amounts are amortised over the vesting period of the options varying from three to six years. Total capitalised expense as of 31 December 2007 amounts to EUR 661,491 (2006: EUR 1,198,525).

15. Taxation

The charge for the year can be reconciled to the profit as per the income statement as follows:

	Tax rate %	2007 Euro '000	2006 Euro '000
Loss before tax		(8,318)	(304)
Tax calculated at a tax rate of 25.5% (2006: 29.6%)	25.5	2,121	90
Impairment on deferred tax asset due to expected rate adjustment in the Netherlands	—	—	(1,277)
Tax on non-deductible expenses	(3.0)	(247)	(465)
Tax on non-taxable income	18.9	1,573	—
Effective tax rate/tax expense for the year	41.4	3,447	(1,652)

The movement in the deferred tax assets is as follows:

	Tax rate %	2007 Euro '000	2006 Euro '000
At 1 January		7,879	12,846
(Charge)/Revenue for the year		3,447	(1,652)
Transfer deferred tax asset balances from Group companies		(3,737)	(3,298)
Reclassify from/(to) current tax		—	(17)
		7,589	7,879

The deferred tax assets for the Company relates to accrued tax on losses carried forward. As per 1 January 2007 the loss compensation rules in the Netherlands are restricted. The carry forward of losses is restricted to nine years. Existing carry forward losses on 1 January 2007 may be carried forward up to and including 2011. As of 2012 still-existing carry forward losses realised in 2002 or earlier years can no longer be offset against profits.

16. Acquisitions and disposals

Refer to note 5 of the consolidated financial statements.

	2007 Euro '000	2006 Euro '000
17. Amounts owed to credit institutions		
Payable in relation to settlements of securities transactions	2,362	858
Other loans	16,470	—
	18,832	858
18. Amounts owed to customers		
Payable in relation to settlements of securities transactions	964	13,578
Current accounts	187,334	195,767
Time deposits	181,006	113,747
	369,304	323,092
19. Other liabilities		
Trade creditors	1,018	1,953
Salaries payable	317	59
Payroll taxes payable	246	631
VAT payable	342	286
Other liabilities	10,366	9,470
	12,289	12,399

20. Accruals and deferred income

This includes accrued interest and deferred income.

21. Equity

Refer to the statement of changes in equity recorded on page 154.

22. Contingent liabilities

Refer to note 30 of the consolidated financial statements.

	2007 Euro '000	2006 Euro '000
23. Leasehold commitments		
Minimum lease payments under operating leases recognised in income for the year	2,768	2,661

Group commitments due under non-cancellable operating leases may be summarised as follows over the periods in which amounts fall due:

Amounts payable:		
within one year	3,270	2,742
more than one year and less than five years	9,105	8,326
more than five years	3,880	924
	16,255	11,992

Operating leases represent mainly rentals payable by the Group for certain of its office properties. The leases have varying terms, escalation clauses and renewal rights.

At the balance sheet date the future sublease payments to be received under non-cancellable subleases at the balance sheet date may be summarised as follows:

Amounts receivable:		
within one year	810	794
more than one year and less than five years	2,836	3,040
more than five years	—	374
	3,646	4,208

The subleases related to the office in Amsterdam started in 2005.
The sublease related to the office in Eindhoven started in 2007.

	2007 Individuals	2006 Individuals
24. Remuneration of directors		

Reference is made to note 33 of the consolidated financial statements with the exception that in 2007 EUR 416,042 (2006: EUR 372,120) is paid by a subsidiary and therefore not included in the company financial statements.

25. Employees

The average number of employees for the Company was:

Private Banking	95	97
Asset Management	27	25
Operations & Support	38	42
Group	26	20
Other	7	12
	193	196

Five-year Summary

consolidated

	IFRS 2007	IFRS 2006	IFRS 2005	Dutch Gaap 2004	Dutch Gaap 2003
Results					
Operating income (EUR million) – continuing operations	**66.1**	**69.8**	**82.0**	**76.5**	**91.9**
Operating profit) (EUR million) – continuing operations	9.7	15.2	4.2	3.6	4.6
Net result (EUR million)	(15.5)	4.4	5.9	2.8	98.7
Balance sheet					
Total assets (EUR million)	488.7	461.3	432.5	401.9	566.9
Shareholders' equity (EUR million)	33.7	54.3	51.0	74.7	70.6
Other					
Assets under management (excluding fiduciary assets) (EUR billion)	**6.1**	**6.3**	**5.3**	**4.9**	**4.4**
Number of staff employed at year end – continuing operations	**223**	**235**	**340**	**436**	**434**

The figures of 2005 and earlier have not been adjusted as a result of the reclassification as discontinued operations in 2007 of the Corporate and Institutional business.

Other Information

List of significant investments

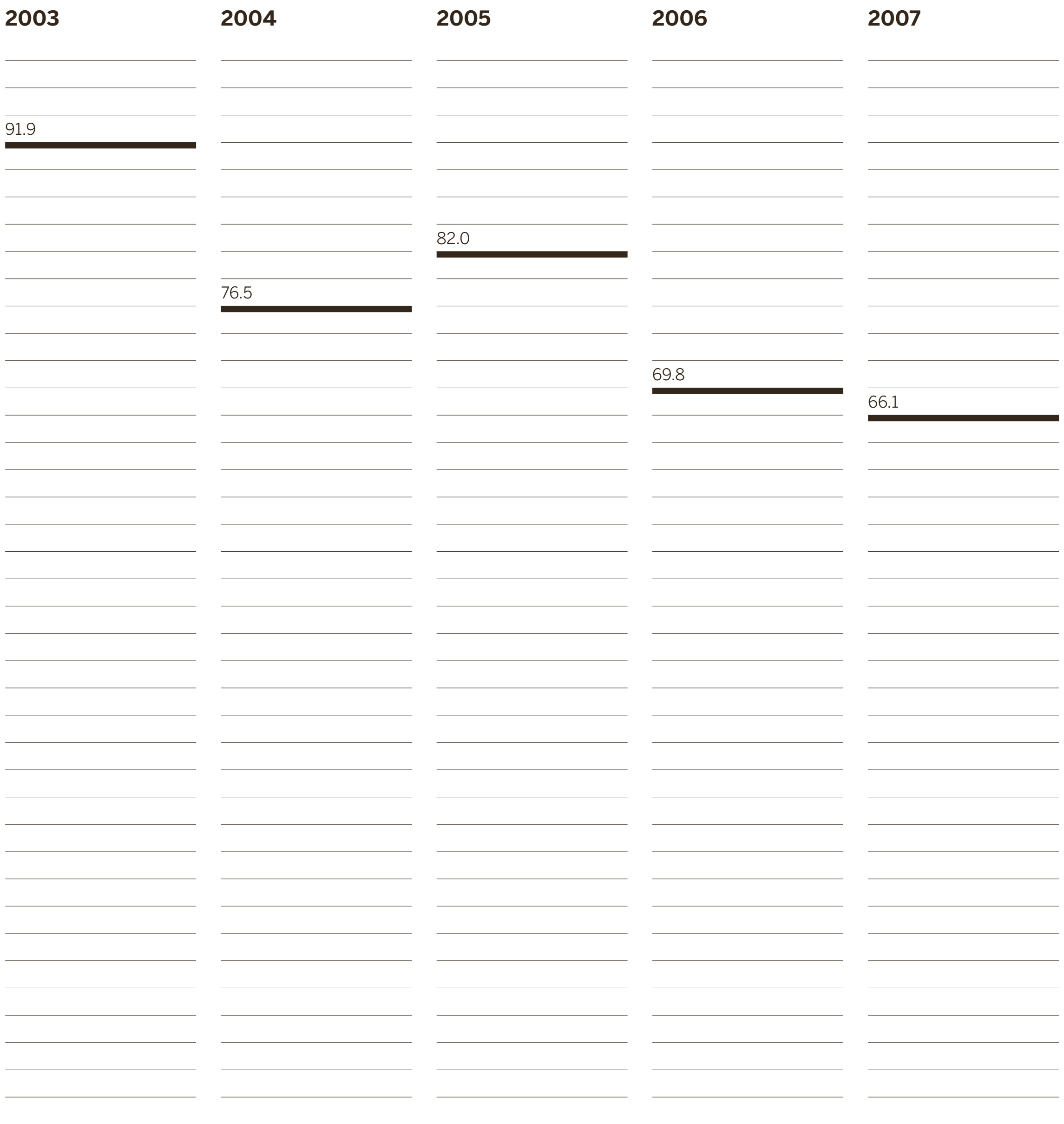
Name	Registered office	Issued equity held %
Bank Insinger de Beaufort Safe Custody N.V.	Amsterdam, The Netherlands	100[1]
Insinger de Beaufort	London, United Kingdom	100
Insinger Asset Management AG	Zug, Switzerland	50
Insinger de Beaufort Asset Management N.V.	Amsterdam, The Netherlands	100
Insinger de Beaufort (UK) Limited	London, United Kingdom	100
Insinger de Beaufort Investments (S.A.) (Proprietary) Limited	Claremont, South Africa	100
Insinger de Beaufort Associates B.V.	Eindhoven, The Netherlands	100
Associates[2]		
Insinger Consulting SpA	Roma, Italy	25

Appropriation of the result
Article 18 of the articles of association states that the result for the year is at free disposal of the general meeting of shareholders. The managing directors of the Company propose to deduct the loss for the year from the other reserves.

Auditor's report
The auditor's report can be found on page 222.

1) Depository receipts of shares
2) Non-consolidated

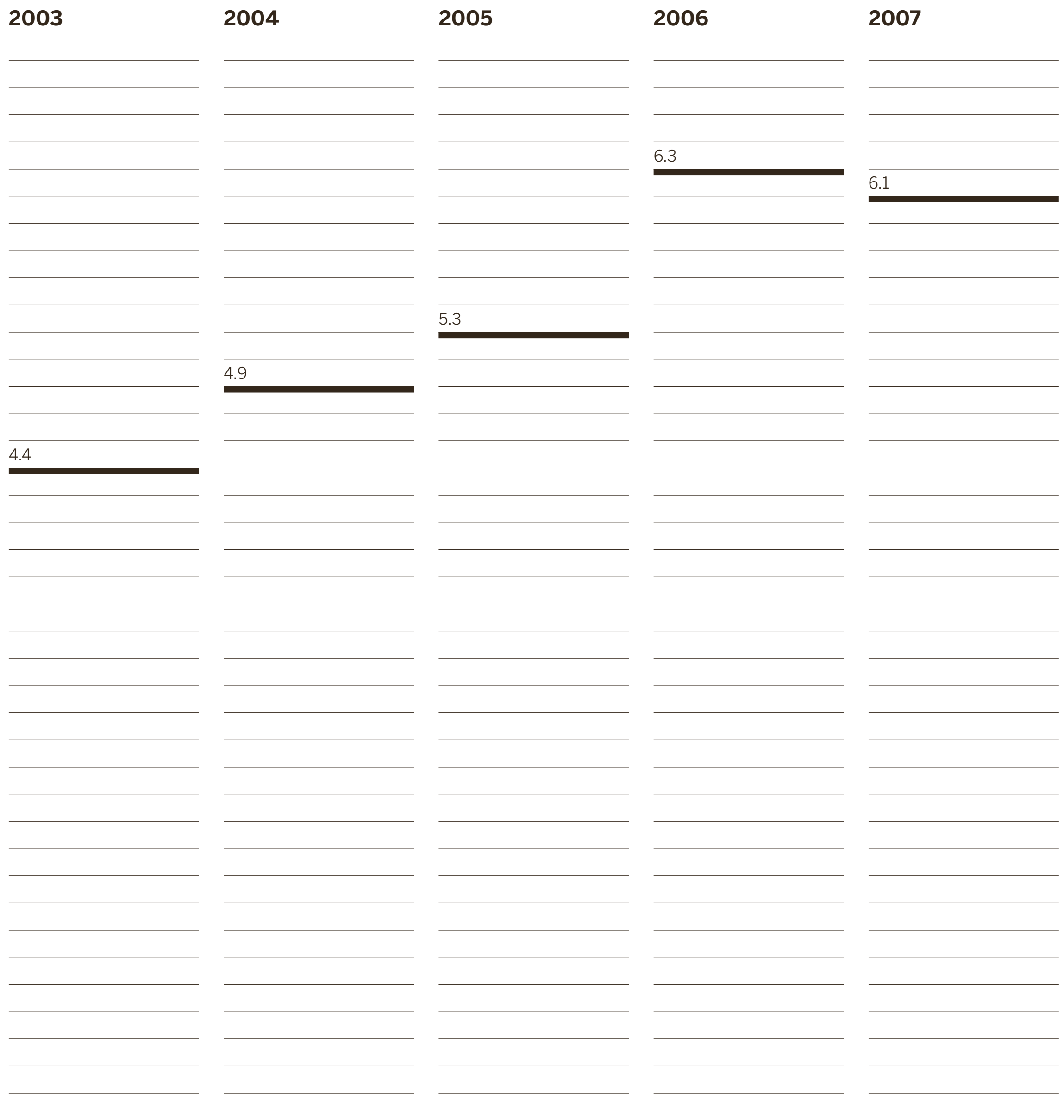
Operating Income



Scale/100
Euro million

Assets Under Management

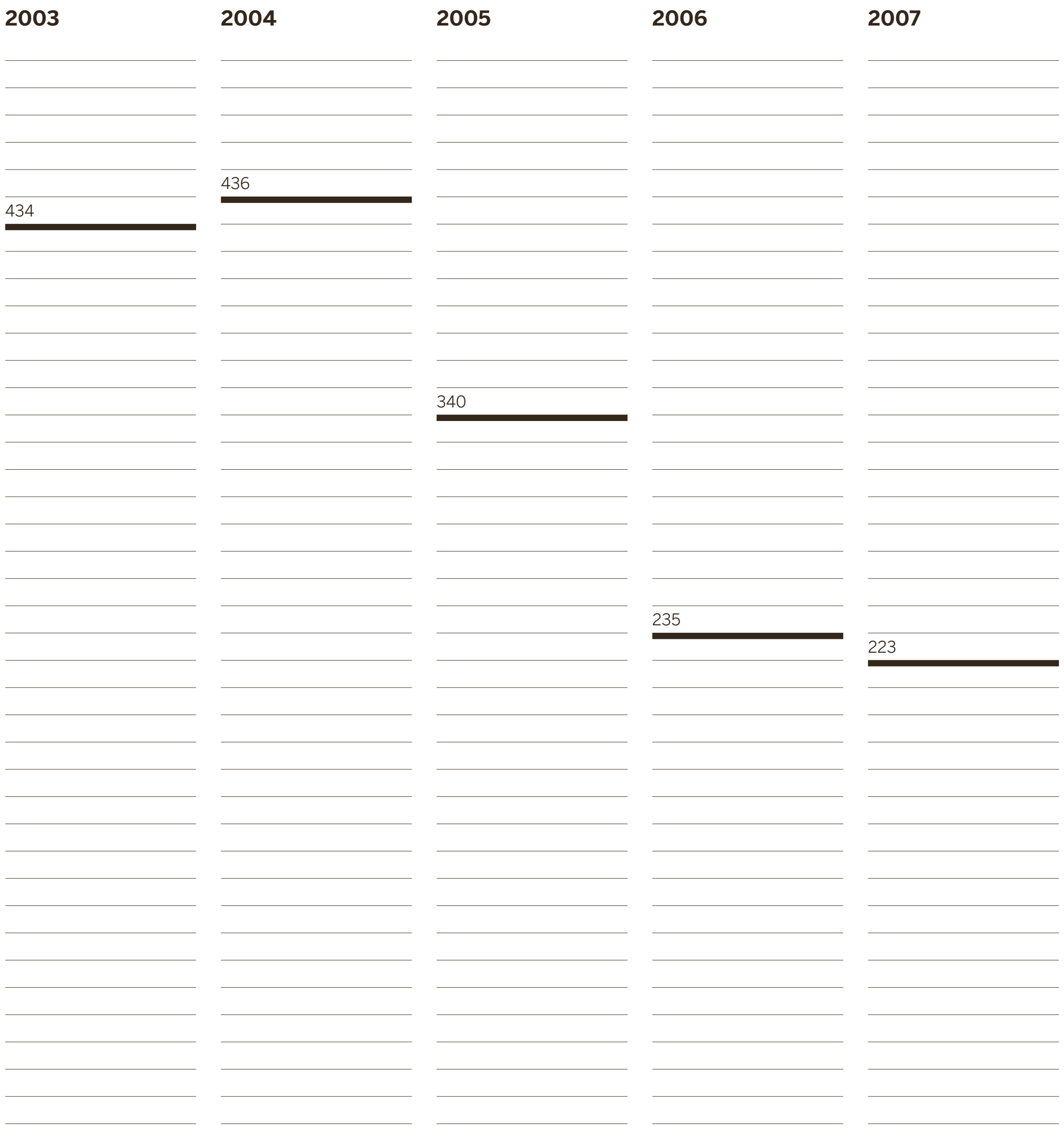
excluding fiduciary assets



Scale/7.0
Euro billion

Number of Staff Employed

at year end



Scale/500
individuals

Statement of the CEO and CFO

The directors are responsible for preparing and reviewing the reliability of the financial statements, the underlying accounting policies and the integrity of all information included in this report. To the best of our knowledge, the financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, give a true and fair view of the assets, liabilities, financial position of the Company and the undertakings included in the consolidation taken as a whole. To the best of our knowledge, the management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole.

The independent auditor is required to confirm that the financial statements are prepared in accordance with IFRS as endorsed by the European Union.

The controls throughout the Group concentrate on focused critical risk areas. These areas are identified by operational management, confirmed by Group management and monitored by directors. The directors report that the Group's internal controls are designed to:
— provide reasonable assurance as to the integrity and reliability of the financial statements;
— adequately safeguard, verify and maintain accountability of assets;
— prevent and detect fraudulent financial reporting.

Such controls are based on established policies, and procedures are reinforced by appropriate risk management forums and processes. Internal controls are developed to ensure that their cost does not exceed their benefit. The controls are implemented by suitably qualified personnel with appropriate segregation of duties and are monitored throughout the Group. Processes are in place to monitor the effectiveness of internal controls, identify material breakdowns and ensure that corrective action is taken. The directors are not aware of indications that the internal risk and control systems are not adequate or not effective.

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the directors to indicate that the Company will not continue as a going concern until the next reporting date. The financial statements have been prepared by the Board of Directors. The financial statements, which appear on pages 152 to 220, were signed by the directors on 18 June 2008.

Ian Kantor
Chief Executive Officer

Rob Mooij
Chief Financial Officer

Auditor's Report

to the Board of Managing Directors, Supervisory Board and Shareholder of Bank Insinger de Beaufort N.V.

Report on the financial statements

We have audited the accompanying financial statements 2007 of Bank Insinger de Beaufort N.V., Amsterdam. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2007, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended; and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2007, the company profit and loss account and the cashflow statement for the year then ended and the notes.

The Board of Managing Directors' responsibility

The Board of Managing Directors of the company is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the annual report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Bank Insinger de Beaufort N.V. as at 31 December 2007, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Bank Insinger de Beaufort N.V. as at 31 December 2007, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the annual report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 18 June 2008
PricewaterhouseCoopers Accountants N.V.
R.E.H.M. van Adrichem RA

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