

Annual Report 2001

ABN AMRO Bank (Luxembourg) S.A.





Contents

Board of Directors and Managing Board	2
Report of the Managing Board	3-4
Outlook for 2002	4
Information on other Units of ABN AMRO in Luxembourg	5
Auditor's Report	7
Balance Sheet	8-9
Profit and Loss Account	10
Notes to the Accounts	11-23
Key Figures	24

Board of Directors and Managing Board

Board of Directors

Jan Koopman

Chairman until December 31st, 2001
Managing Director
ABN AMRO Bank N.V.

Frits B. Deiters

Managing Director
until December 31st, 2001

Reinout F. van Lennep

Managing Director
International Private Clients

Jean-Louis Milin

Member of the Managing Board
ABN AMRO France S.A.

Gerard Donlin

Director, Global Head of
Information Technology
ABN AMRO Asset Management

Peter H. M. Aelbers

Managing Director and
Country Representative
ABN AMRO Bank (Luxembourg) S.A.
as of January 1st, 2002

Managing Board

Frits B. Deiters

Chairman

Peter H. M. Aelbers

Member

Serge H. Behm

Member

Jean-Claude Thoma

Member

External Auditors

Ernst & Young S.A., Luxembourg

Main Executives

Private Clients

Peter Aelbers, Member
of Managing Board
Janneke Nijsen, Manager

PC Operations & Country Administrative Officer

Jérôme Péraud, Member of
Managing Board as of
January 1st, 2002

Life Insurance

Antoine Baronnet, Manager

Wholesale Clients

Hans Diederer, Member of
Managing Board as of
January 1st, 2002

Global Financial Markets

Craig Ferreira

Daily Advisory Desk & Securities Dealing

Chris van den Aemele

Administration

Serge Behm, Member
of Managing Board

Finance & Operational Risk

Jean-Claude Thoma, Member
of Managing Board

Human Resources

Viviane Harnois, Manager

Operations

Guy Dratwicki, Manager

Audit

Graham Burr

Legal & Compliance

Christiane Faltz, Manager





Report of the Managing Board

Major Developments in 2001

Despite last year's difficult market conditions, the Bank managed again to perform well in its three main business lines: Private Clients, Corporate Clients and Institutional Clients. Net profit rose by more than 18% to EUR 18.4 million.

Total client assets, comprising client deposits, securities in custody including investment funds and fiduciary operations, were stable at EUR 15.5 billion. This figure must be put in perspective given the events of September 11th and significantly weaker investment markets. Despite lower brokerage income due to the market circumstances, the Bank was more than able to compensate by substantially increasing interest income. Assets were stable at EUR 15.5 billion due to a substantial inflow of new clients and assets, both in the Asset Management area as well as the Private Banking segment.

In September, the Bank launched the implementation of a new back end system. This major project will significantly impact our activities in the following areas: Information Technology, Operations, Finance & Accounting Management and Front Office.

It represents a significant investment that should further allow us to automate our processes, improve Risk Management and ultimately better serve our clients.

As previously indicated, the growing complexity of the operations we pro-

cess for our clients, along with upcoming changes in our working environment, require more controls and risk management. This, combined with new risk measurement approaches at ABN AMRO Group level, clearly indicated the need for a dedicated Risk Management function. The Bank thus decided to set up an Operational Risk Management Department during the last quarter.

Our main activity is Private Banking. We feel confident that risks inherent to this type of activity are satisfactorily covered by adequate IT systems, professional personnel and proper internal procedures.

The Bank is not taking speculative positions for its own account, either in shares or derivatives. Positions taken by clients are covered directly with professional counterparties.

The Bank's equity is placed in government bonds, with this investment amounting to EUR 106 million as at December 31st, 2001. On that date, the trading portfolio amounted to less than EUR 100,000 due to some minor overlying positions of customers.

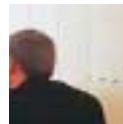
We consider credit risk limited due to the quality of the guarantees received. Interbank activity is mainly limited to placing funds inside the ABN AMRO Group. With regard to forex and interest risks, the Bank only has minor limits enabling it to perform its standard transactions.

In 2001, the Legal and Compliance departments were merged into a single department under the supervision of a newly appointed Manager. The department's missions were thoroughly reviewed and restructured. Efforts were geared towards the further strengthening of an efficient risk management approach, thus preparing the Bank to face increasingly complex regulatory requirements in the future and ensuring adherence to the high Group Compliance standards.

To its already strict compliance rules the Bank added an annual review of larger accounts (Client Review Committee). This Committee thoroughly discusses the use of accounts and clients' backgrounds within Management.

No significant post-balance sheet events have occurred.

The Board of Directors and the Managing Board are very grateful to all staff members for their contribution to last year's outstanding performance.





Report of the Managing Board (continued)

Balance Sheet

Total assets as at December 31st, 2001 amounted to EUR 5.2 billion, up 15% on the EUR 4.5 billion reported at end December 2000.

Total customer deposits rose by 12% to EUR 3.6 billion.

Despite difficult market conditions in the final quarter, total securities in custody decreased during the year in review by only 3% to EUR 11.9 billion. The Bank's share capital remained at EUR 372 million.

The BIS ratio stood at 31.81 on December 31st, 2001.

Profit & Loss Account

Total income rose by 5.5% to EUR 57.9 million.



Outlook for 2002

P.H.M. Aelbers has been elected Managing Director of the Bank following the decision of F.B. Deiters to retire with effect from year end 2001.

J. Péraud, formerly working for ABN AMRO in France, joined the Bank as a member of the Managing Board, to manage the Administrative function. His responsibilities include Information Technology, Finance, Operations and Risk Management.

H. Dieren worked for ABN AMRO in various countries before joining the Bank as a member of the Managing Board to direct the business relationships with our Corporate and Institutional clients.

In 2002, the focus will again be on the implementation of a new back end system. Live date is scheduled for the end of June 2002. In the course of 2002, we will finalise studies on ex-

panding our Luxembourg Operations to include a client-processing centre for other booking centres of the Group outside Luxembourg. Thus, assisted by the promising marketing efforts of our core client groups and activities, ABN AMRO Luxembourg expects an ongoing expansion.

Information on other Units of ABN AMRO in Luxembourg

ABN AMRO Investment Funds S.A. and subsidiaries

Last year was another busy one for the Group's Asset Management unit in Luxembourg. Once more, the number of funds and shares classes administered increased dramatically, totalling 97 at year end. The following new funds were launched as part of the ABN AMRO Funds range: Model Funds 1-6, a range of balanced funds with differing risk profiles, High Yield Bond, Pharma, Behavioural Finance Japan, the Socially Responsible Fund, a Czech Crown Bond and Money Market Fund. New share classes were launched for 12 funds, which are specifically designed for distribution in Italy and Spain. A new SICAV was launched, the AAA Multi-Manager Fund, which is a fund of funds with three different risk profiles.

Total assets under management fell 10% to EUR 7.4 billion as at December 31st, as a result of difficult equity markets. The market effect on assets under management totalled almost EUR 1.2 billion, but was partly counterbalanced by net sales of EUR 355 million. Considering the market context, this was an encouraging sign of investor confidence in the funds. The outlook for 2002 is cautiously optimistic, with assets under management recovering well in the first months of the year.

ABN AMRO Life S.A.

ABN AMRO Life S.A., the Group's life insurance company in which ABN AMRO Bank (Luxembourg) S.A. now holds a 100% participating interest, managed to keep its production and profitability at a healthy level despite the general drop in financial markets all over the world. In the year under review, total assets increased by 4.92% from EUR 833 million to EUR 874 million. Premium income amounted to EUR 130.7 million compared to EUR 160.6 million in 2000.

The combination of sales efforts and tight control over expenses resulted in an operating profit of EUR 2,093,000 for the year, which represents an increase of 50% compared with previous year (EUR 1,395,000). Net profit for 2001 amounted to EUR 1,103,342 against EUR 686,000 in 2000.

ABN AMRO Trust Company (Luxembourg) S.A.

In October 2001, Mr. Robert J. Schol succeeded to Mr. Jaap Everwijn as Managing Director of ABN AMRO Trust Company (Luxembourg) S.A. During 2001 ABN AMRO Trust Company (Luxembourg) S.A. continued to focus its resources on its core business: providing expert advice and guidance to International Corporate Clients wishing to use Luxembourg as

a base for their international Holding and Finance activities and providing all services related to the management and administration of those companies.

Luxembourg remains a very attractive jurisdiction for establishing international Holding / Finance and Securitisation vehicles. Despite the deteriorating world economy ABN AMRO Trust Company (Luxembourg) S.A. was successful in booking profits very much in line with the earlier expectations.

Management is confident that the positive trend can be continued in this specific business segment.

Lease Plan Luxembourg S.A.

The ABN AMRO Lease Holding's car leasing subsidiary reported another successful year. Its leasing portfolio increased by 34 % to EUR 42,6 million.



The Board of Directors
ABN AMRO Bank (Luxembourg) S.A.
Société anonyme
Luxembourg

Following our appointment by the Board of Directors on March 15th, 2001, we have audited the accompanying annual accounts of ABN AMRO Bank (Luxembourg) S.A. for the year ended December 31st, 2001, and have read the related management report. These annual accounts and the management report are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these annual accounts based on our audit and to check that the management report is consistent with the annual accounts.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors, as well as evaluating the overall annual accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the attached annual accounts give, in conformity with the Luxembourg legal and regulatory requirements, a true and fair view of the financial position of ABN AMRO Bank (Luxembourg) S.A. as at December 31st, 2001 and of the results of its operations for the year then ended.

The management report is consistent with the annual accounts.

ERNST & YOUNG
Société Anonyme
Réviseur d'entreprises
Daniel Meis

Luxembourg, March 26th, 2002

Balance Sheet

Assets		2001	2000
December 31 st (expressed in EUR)			
Cash, balances with central banks and post office banks	note 25	135,659,504	70,441,832
Loans and advances to credit institutions	note 25	2,796,310,935	2,636,658,526
a) repayable on demand		2,249,256,637	1,600,555,105
b) other loans and advances	note 3	547,054,298	1,036,103,421
Loans and advances to customers	notes 3 and 25	864,361,554	717,092,240
Debt securities and other fixed-income securities	notes 4, 8 and 25	405,463,127	90,725,475
a) issued by public bodies		106,109,266	90,725,475
b) other securities		299,353,861	–
Shares and other variable-yield securities	notes 5 and 25	756,664,203	755,807,905
Participating interests	notes 6 and 8	151,752,706	151,844,584
Shares in affiliated undertakings	notes 7 and 8	12,112,889	5,170,246
Tangible assets	note 8	32,521,488	32,227,020
Other assets		861,579	772,498
Prepayments and accrued income	note 9	46,104,635	86,442,128
		5,201,812,620	4,547,182,454

The notes are an integral part of the annual accounts.



Liabilities

		2001	2000
December 31 st (expressed in EUR)			
Amounts owed to credit institutions	note 25	874,346,316	801,992,115
a) repayable on demand		52,964,800	169,892,468
b) with agreed maturity dates or periods of notice	note 3	821,381,516	632,099,647
Amounts owed to customers	note 25	3,598,284,312	3,207,696,668
Other debts: a) repayable on demand		2,454,307,084	1,636,823,982
b) with agreed maturity dates or periods of notice	note 3	1,143,977,228	1,570,872,686
Debts evidenced by certificates	notes 3 and 25	170,203,109	–
Other liabilities		1,806,461	1,616,907
Accruals and deferred income	note 10	81,976,644	69,818,007
Provisions for liabilities and charges	note 11	21,325,908	17,398,422
a) provisions for taxation		14,028,044	11,603,511
b) other provisions		7,297,864	5,794,911
Subordinated liabilities	notes 14 and 25	15,882,308	15,882,308
Special items with a reserve quota portion	note 15	9,100,274	9,286,152
Subscribed capital	note 16	372,000,000	372,000,000
Reserves	note 17	38,400,000	35,900,000
Profit brought forward		91,875	54,762
Profit for the financial year	note 22	18,395,413	15,537,113
		5,201,812,620	4,547,182,454

The notes are an integral part of the annual accounts.

Off-Balance Sheet

		2001	2000
(expressed in EUR)			
Contingent liabilities	notes 18 and 25	250,851,187	270,413,070
of which: guarantees and assets pledged as collateral security		250,851,187	270,413,070
Commitments	notes 18 and 25	377,963,081	638,564,410
Fiduciary transactions		87,644,861	126,410,232

Profit and Loss Account

	2001	2000
Year to December 31 st (expressed in EUR)		
Interest receivable and similar income	225,235,502	183,848,124
of which: arising from debt securities and other fixed-income securities	17,910,699	7,224,946
Interest payable and similar charges	(227,550,705)	(188,185,381)
Income from securities	27,989,127	24,056,794
note 19		
a) income from shares and other variable-yield securities	12,138,608	6,444,349
b) income from participating interests	5,850,519	5,173,494
c) income from shares in affiliated undertakings	10,000,000	12,438,951
Commission receivable	29,887,938	32,619,561
Commission payable	(5,157,429)	(6,282,484)
Net profit on financial operations	6,954,633	7,306,657
Other operating income	504,988	1,544,987
note 20		
General administrative expenses	(30,033,333)	(28,970,087)
a) staff costs	(16,607,413)	(15,256,689)
of which: - wages and salaries	(13,678,016)	(12,890,968)
- social security costs	(2,158,071)	(1,781,585)
of which: relating to pensions	(720,391)	(479,759)
b) other administrative expenses	(13,425,920)	(13,713,398)
Value adjustments in respect of tangible and intangible assets	(3,350,335)	(4,980,905)
Other operating charges	(750,000)	(600,000)
Value adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments	(1,981,645)	(2,415,038)
Value re-adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments	374,361	-
Value re-adjustments in respect of securities	-	894,271
Transfers to "Special items with a reserve quota portion"	-	(7,069,214)
Transfers from "Special items with a reserve quota portion"	185,878	62,323
Tax on profit on ordinary activities	(3,893,000)	(3,007,000)
Profit on ordinary activities after tax	18,415,980	8,822,608
Extraordinary income	268,165	7,069,214
Extraordinary charges	(73,051)	(29,463)
Extraordinary profit	195,114	7,039,751
note 21		
Other taxes not shown under the preceding items	(215,681)	(325,246)
Profit for the financial year	18,395,413	15,537,113
note 22		

Note 1 - General

ABN AMRO BANK (Luxembourg) S.A. ("the Bank") is incorporated in Luxembourg as a "société anonyme" and is authorised under Luxembourg law to conduct all banking operations.

The Bank is a subsidiary of ABN AMRO Bank N.V. whose head office is at Gustav Mahlerlaan 10, NL-1082 PP Amsterdam. The consolidated accounts of ABN AMRO Bank N.V. are available at its head office. The company in which the Bank is ultimately consolidated is ABN AMRO Holding N.V. whose consolidated accounts are available at its head office at the same above address.

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

Note 2 - Summary of Significant Accounting Policies

The annual accounts of the Bank are prepared in conformity with the Luxembourg legal and regulatory requirements in Luxembourg.

The significant accounting policies are as follows:

Currency translation

The annual accounts are expressed in Euro.

For the presentation of the annual accounts, assets, liabilities and off-balance sheet items denominated in foreign currencies are translated into Euro at the spot rates of exchange applicable on the balance sheet date. Exchange differences arising on translation are recorded as a currency gain or loss in the profit and loss account. Amounts denominated in EMU currencies are translated at the exchange rates fixed for the Euro by the Council of the European Union on January 1st, 1999.

Forward exchange contracts are valued at the rates applicable for the remaining term to maturity at the balance sheet date.

Income and charges denominated in currencies other than Euro are recorded in their respective currencies and translated daily at the prevailing exchange rates.

Term of assets and liabilities

Assets and liabilities described as repayable on demand comprise amounts which can be drawn without notice or for which a period of notice of 24 hours or one working day has been agreed. The expression "with agreed maturity dates" in the various captions refers to a final maturity in excess of one working day, including periods of notice exceeding one working day. Assets and liabilities are always classified on the basis of their remaining term as at the balance sheet date.

Transferable securities

Securities are recorded in the balance sheet at their acquisition cost. At the balance sheet date they are valued according to the specific rules applicable to each portfolio category.

▶ *Securities held as financial fixed assets*

Securities held as financial fixed assets are intended to be held on a long-term basis. They are valued at cost or market price, whichever is lower. The premium (calculated as the excess of the acquisition price of these securities over their value at maturity) is amortised in the year in which the securities are acquired when permitted by the Luxembourg

regulatory requirements or the premium is amortised over the remaining term to maturity. Any discount on acquisition is taken to income on maturity.

▶ *Trading portfolio*

The trading portfolio comprises unsettled securities transactions carried out on behalf of clients. They are valued at cost or market value, whichever is lower.

▶ *Structural portfolio*

Securities in the structural portfolio are valued at cost or market value, whichever is lower.

For all transferable securities, unrealised gains are not taken into account. Provisions are maintained as long as the security concerned is held in the portfolio ("Beibehaltungsprinzip").

Participating interests and shares in affiliated undertakings

These are maintained at their acquisition cost unless a permanent decline in their value has been recognised, in which case a value adjustment is recorded.

Furniture, equipment, software and other fixed assets

These are depreciated over the remaining useful life of the asset.

Note 2 - Summary of Significant Accounting Policies (continued)

The costs of maintenance and repairs are charged to operating expenses as incurred.

Provisions and value adjustments

Specific provisions (value adjustments) established on individual loans and sovereign risk of which the recoverability is considered uncertain by the Bank are presented as a reduction in the value of these assets. They are recorded in the currency of the assets to which they relate.

The general provision for risks established on the basis offered by Luxembourg tax and banking legislation is recorded in the reporting currency. The provision relating to assets is presented as a reduction in the value of the assets upon which the calculation of the provision is based. The provision relating to other items are reported under the item "Provisions for liabilities and charges". Provisions for risks and charges may also be established, denominated in the same currency as the related risks and charges. They are intended to cover losses which are certain or likely to be incurred and are clearly

defined in nature, but of which, at the balance sheet date, the amount involved or the date on which they will arise are still uncertain.

Taxes

Taxes are charged to the profit and loss account on an accrual basis and not in the year in which payment occurs. Accordingly, provisions for taxation have been recorded for the financial years for which no final assessment has been issued by the tax authorities.

Financial instruments

▶ Valuation of treasury swaps

Exchange differences resulting from the revaluation of swap transactions are eliminated by recording in the balance sheet an appropriate asset or liability.

Premiums and discounts are recorded as accrued expenses and income respectively in the balance sheet and as interest in the profit and loss account.

The amounts recorded represent the accrued amortisation from the trade date of the swap to balance sheet date.

▶ Valuation of forward exchange transactions (outrights)

Only unrealised losses on outright transactions are provided for and recorded in the item "Provisions for liabilities and charges".

The calculation of the unrealised gains or losses is based on the forward rate of exchange for each currency applied to all outright transactions with the same maturity date.

▶ Valuation of IRS (Interest Rate Swaps) - hedging

Interest receivable and payable are recorded as accrued income and expenses in the balance sheet.

▶ Valuation of stock options

The imparity principle is applied; unrealised gains are not accounted for, whereas unrealised losses are taken into account.

Comparative information

Comparative information has been reclassified where necessary to reflect the current year presentation in the annual accounts.

Note 3 - Remaining Term of Loans and Debts

As at December 31st, 2001 the remaining term of loans and debts was as follows:

(expressed in EUR million)	Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
Loans and advances to credit institutions	486	47	13	1	547
Loans and advances to customers	687	177	-	-	864
Amounts owed to credit institutions	262	104	-	455	821
Amounts owed to customers	1,066	51	24	3	1,144
Debts evidenced by certificates	-	-	170	-	170

Loans and advances to customers include amounts due on demand. The other captions do not include amounts due on demand.

No debt evidenced by certificates will be repaid within one year.

All debt evidenced by certificates held at December 31st, 2001 are quoted on an official Stock Exchange.

Note 4 - Debt Securities and Other Fixed-Income Securities

As at year end the portfolio of debt securities and other fixed-income securities comprised:

(expressed in EUR)	2001	2000
Debt securities and other fixed-income securities held as financial fixed assets	104,413,899	90,691,975
Debt securities and other fixed-income securities held in the structural portfolio	301,049,228	–
Debt securities and other fixed-income securities in the trading portfolio	-	33,500
	405,463,127	90,725,475

The cumulative amortisation of premiums on these securities amounts to EUR 11,833,118 (2000: EUR 9,901,118) and is recorded under “Accruals and deferred income” (see Note 10).

On these securities the Bank maintains a value adjustment (“Beibehaltungsprinzip”) of EUR 1,058,199 (2000: EUR 1,058,199). Securities to be repaid within one year amount to EUR 5,377,209 (2000: EUR 7,249,366).

Debt securities and other financial income securities held at December 31st, 2001 and quoted on an official Stock Exchange amount to EUR 106,109,488 (2000: EUR 90,725,475).

Note 5 - Shares and Other Variable-Yield Securities

(expressed in EUR)	2001	2000
Quoted on an official Stock Exchange	664,039,187	663,892,039
Unquoted variable-yield securities	92,625,016	91,915,866
	756,664,203	755,807,905

Note 6 - Participating Interests

The amount of participating interests in other credit institutions amounts to EUR 151,745,996 as at December 31st, 2001 (31.12.2000: EUR 151,837,860).

(expressed in EUR)	2001	2000
Quoted on an official Stock Exchange	151,745,996	151,837,860
Unquoted	6,710	6,724
	151,752,706	151,844,584

Note 7 - Shares in Affiliated Undertakings

As at December 31st, 2001 shares in affiliated undertakings where the Bank holds at least 20% were as follows:

(expressed in EUR)	Registered office	% held	Year end	Own funds	of which net income
Company					
ABN AMRO Investment Funds S.A.	Luxembourg	99.82	December 31 st , 2001	8,832,054 ⁽¹⁾	3,681,892 ⁽¹⁾
ABN AMRO Life S.A.	Luxembourg	100.00	December 31 st , 2000	11,053,219	667,447
Employee Benefit International Consulting and Administration S.A.	Luxembourg	30.00	December 31 st , 2001	not available	
ABN AMRO Profil Funds Management S.A.	Luxembourg	25.00	December 31 st , 2001	321,428 ⁽¹⁾	68,224 ⁽¹⁾

⁽¹⁾ Based on the unaudited accounts as at December 31st, 2001.

These companies are not quoted on a Stock Exchange.

Note 8 - Movements in Fixed Assets

(expressed in EUR thousand)	Gross value at the beginning of the financial year	Additions	Disposals and transfers	Gross value at the end of the financial year	Value adjustments at the balance sheet date				Net value at the end of the financial year
					Cumulative value adjustments at January 1 st , 2001	Disposals	Ajustments	Cumulative value adjustments at the end of the financial year	
Participating interests	151,845	-	-	151,845	-	-	92	92	151,753
Shares in affiliated undertakings	5,170	6,974	(6)	12,138	-	-	25	25	12,113
Debt securities and other fixed-income securities	91,750	21,200	(7,249)	105,701	1,058	-	229	1,287	104,414
Tangible assets	39,589	3,686	(971)	42,304	7,362	(18)	2,439	9,783	32,521
of which:									
a) Land and buildings (i)	26,487	164	-	26,651	301	-	551	852	25,799
b) Plant and machinery	3,806	623	(19)	4,410	831	(8)	869	1,692	2,718
c) Other fixtures and fittings, tools and equipment (ii)	9,280	2,899	(951)	11,228	6,230	(10)	1,019	7,239	3,989
d) Other	16	-	(1)	15	-	-	-	-	15

(i) Land and buildings are used by the Bank and affiliated companies for their own activities.

(ii) An extraordinary depreciation of EUR 2.5 million has been made in 2000 on software due to worldwide re-organisation of ABN AMRO Bank.

Note 9 - Prepayments and Accrued Income

As at December 31st, prepayments and accrued income comprise:

(expressed in EUR)	2001	2000
Accrued interest receivable	13,886,846	64,275,673
Income tax advances	191,037	967,205
Currency swaps	1,527,550	269,596
Other	30,499,202	20,929,654
	46,104,635	86,442,128

Note 10 - Accruals and Deferred Income

As at December 31st, accruals and deferred income comprise:

(expressed in EUR)		2001	2000
Premium amortisation	note 4	11,833,118	9,901,118
Accrued interest payable		49,681,202	39,489,827
Other		20,462,324	20,427,062
		81,976,644	69,818,007

Note 11 - Provisions for Liabilities and Charges

As at December 31st, provisions comprise:

(expressed in EUR)		2001	2000
AGDL	note 13	3,657,724	2,907,724
Taxes		14,028,044	11,603,511
Provisions for Euro expenses	note 12	251,549	503,097
Provisions for banking risks		3,388,591	2,384,090
		21,325,908	17,398,422

Note 12 - Provision for Expenses Associated with the Introduction of the European Single Currency

As permitted under Luxembourg tax legislation, the Bank established a provision, which represented 2% of “General administrative expenses” in 1996, 1997 and 1998, in anticipa-

tion of expenses to be incurred in the process of the introduction of the Euro. In 2001, one quarter of the balance of this provision at December 31st, 1998 was taken back into in-

come for the financial year. At December 31st, 2001, the balance of the provision amounted to EUR 251,549 (2000: EUR 503,097).

Note 13 - The Luxembourg Association for the Guarantee of Deposits

The Bank is a member of the non-profit making organisation “Association pour la Garantie des Dépôts, Luxembourg” (AGDL) which was established on September 25th, 1989. The articles of association of the AGDL were revised following a general meeting of shareholders held on December 14th, 2000.

The AGDL has as its sole objective the establishment of a mutual system for the guarantee of cash deposits for the benefit of customers of the member credit institutions of the

Association and for claims arising from investment transactions in favour of investors with the credit institutions and investment firms which are members of the Association.

The guarantee of cash deposits and of claims arising from investment transactions in favour of clients, individuals and certain companies as defined by the regulations, is limited to a maximum amount fixed at the equivalent value in all currencies of EUR 20,000 per cash deposit and

EUR 20,000 per claim arising out of investment transactions.

If the guarantee is called, the annual payment to be made by each member is limited to 5% of shareholders’ equity.

As at December 31st, 2001, the Bank held a general provision available for potential liabilities under the guarantee. The amount is included on the liabilities side of the balance sheet under “Provisions for liabilities and charges”.

Note 14 - Subordinated Liabilities

Subordinated debt is governed generally by the following principles: In the event of liquidation of the credit institution, the claim ranks after those of non-subordinated creditors. Any early redemption or repurchase or any debt substitution are subject to prior authorisation by the Financial Sector Supervisory Commission. The debt is subject to Luxembourg law. The courts in Luxembourg are competent to deal with such matters.

The following loans represent more than 10% of total subordinated liabilities:

Period	Rate	Currency	Initial Nominal Value
27.8.1997-27.8.2012	Floating rate	EUR	15,882,308

The total interest and charges paid in 2001 for subordinated debts amount to EUR 741,258 (2000: EUR 1,496,879).

Note 15 - Special Items with a Reserve Quota Portion

▶16 ▶17 The amount reported under “Special items with a reserve quota portion” represents gains realised on the disposal of assets and reinvested under

the terms of Article 54 LIR of income tax law. As at December 31st, 2001, this caption amounts to EUR 9,100,274 (2000: EUR 9,286,152).

Note 16 - Subscribed Capital

At December 31st, 2001, the authorised, subscribed and fully paid up capital amounts to EUR 372,000,000 (2000: EUR 372,000,000) and is comprised of 12,339 shares without par value.

Note 17 - Reserves

In accordance with Luxembourg law, companies are required to appropriate to legal reserve a minimum of 5% of net profit until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed during the life of the company.

(expressed in EUR)	2001	2000
Legal reserve	4,000,000	3,000,000
Free reserves	34,400,000	32,900,000
	38,400,000	35,900,000

Note 18 - Off-Balance Sheet

Contingent liabilities consist of guarantees issued by the Bank. Commitments comprise of confirmed, but not used, lines of credit.

Note 19 - Income from Securities

The amount received from affiliated undertakings include an interim dividend of EUR 10,000,000 (2000: EUR 12,000,000) for which the Bank has undertaken full tax liability.

Note 20 - Other Operating Income

The other operating income is mainly composed of:

(expressed in EUR)	2001	2000
Release of Year 2000 provision	–	1,000,000
Release of Euro provision	251,549	251,549
Other	253,439	293,438
	504,988	1,544,987

Note 21 - Extraordinary Profit

As at December 31st, 2000 the extraordinary profit is mainly composed of gains realised on the sale of the previous premises of the Bank.

This gain had been neutralised under the term of Article 54 LIR of the income tax law.

Note 22 - Appropriation of Profit

The Board of Directors has proposed the following appropriation of profits:

(expressed in EUR)	2001	2000
Profit available for appropriation		
Profit brought forward	91,875	54,762
Profit for the year	18,395,413	15,537,113
	18,487,288	15,591,875
Proposed appropriation		
Dividend	16,000,000	13,000,000
Legal reserve	1,000,000	1,000,000
Free reserves (*)	1,400,000	1,500,000
Profit to be carried forward	87,288	91,875
	18,487,288	15,591,875

(*) Including a reserve of EUR 1,000,000 (2000: EUR 1,500,000) which enabled the Bank to deduct wealth tax from taxable income as permitted under Article 174b LIR of the income tax law.

The proposed appropriation of profits of the year ended December 31st, 2001 will be submitted for approval with the annual accounts to the ordinary general meeting of shareholders.

Note 23 - Transactions with Affiliated Undertakings

The Bank carries out a significant volume of business with ABN AMRO Group companies.

Significant balances as at December 31st with these affiliated undertakings were as follows:

(expressed in EUR million)	2001	2000
Loans and advances to credit institutions	2,274	2,613
Loans and advances to customers	3	3
Amounts owed to credit institutions	827	731
Amounts owed to customers	64	79
Contingent liabilities	2	2
Commitments	2	2

Note 24 - Assets and Liabilities Denominated in Foreign Currencies

As at December 31st, the aggregate amounts of the Bank's assets and liabilities which are denominated in foreign currencies, translated into Euro at year-end exchange rates were:

(expressed in EUR million)	2001	2000
Assets	2,474	1,896
Liabilities	2,474	1,897

Note 25 - Financial Instrument Disclosures

As at December 31st, 2001(*), the information is as follows (expressed in EUR):

Primary non-trading financial instruments

Financial assets	≤	> 3 months	> 1 year	> 5 years	Total
	3 months	≤ 1 year	≤ 5 years		
Cash, balances with central banks and post office banks	135,659,504	–	–	–	135,659,504
Loans and advances to credit institutions	2,734,674,554	47,300,066	13,188,793	1,147,522	2,796,310,935
Loans and advances to customers	687,100,474	177,261,080	–	–	864,361,554
Debt securities and other fixed-income securities	1,691,945	3,685,264	44,847,832	355,238,086	405,463,127
Shares and other variable-yield securities	456,383	–	92,173,257	664,034,563	756,664,203
					4,958,459,323

Financial liabilities	≤	> 3 months	> 1 year	> 5 years	Total
	3 months	≤ 1 year	≤ 5 years		
Amounts owed to credit institutions	315,533,402	103,812,914	–	455,000,000	874,346,316
Amounts owed to customers	3,520,236,872	51,331,049	24,181,831	2,534,560	3,598,284,312
Debts evidenced by certificates	–	–	170,203,109	–	170,203,109
Subordinated liabilities	–	–	–	15,882,308	15,882,308
Guarantees and other direct substitutes for credit	122,576,913	94,437,278	21,761,190	12,075,806	250,851,187
Confirmed credits, not used	164,288,115	211,344,466	2,330,500	–	377,963,081
					5,287,530,313

(*) The information as at December 31st, 2000 is not disclosed in this annual report.

Primary trading financial instruments

As at December 31st, 2001, the positions in the trading portfolio are not significant. They comprise shares and other variable-yield securities for an amount of approximately EUR 76,000.

Derivative instruments

The Bank carries out the following non-trading transactions on its own behalf:

- ▶ *Operations linked to currency exchange rates:*
 - swaps
 - outright
- ▶ *Operations linked to interest rates:*
 - interest rate swaps
- ▶ *Operations linked to other market rates:*
 - stock options

The Bank carries out the following transactions on behalf of its customers:

- ▶ *Operations linked to currency exchange rates:*
 - outright
- ▶ *Operations linked to other market rates:*
 - stock options

As at December 31st, 2001 (*), the transactions in derivative instruments on customers' behalf are as follows:

	≤ 3 months	> 3 months and ≤ 1 year	> 1 year and ≤ 5 years	Total
Outrights				
Currencies to be delivered to customers	175,132,956	163,980,918	1,292,978	340,406,852
Currencies to be received from customers	175,518,300	166,284,226	1,279,791	343,082,317
Currencies to be delivered to credit institutions - OTC	174,425,794	122,276,818	1,279,791	297,982,403
Currencies to be received from credit institutions - OTC	174,068,991	120,041,789	1,290,930	295,401,710
Stock options				
Purchase of call options - counterparty: customers - strike price	8,873,355	9,500,930	4,187,722	22,562,007
Sale of call options - counterparty: credit institutions - organised market - strike price	8,873,355	9,500,930	4,187,722	22,562,007
Purchase of put options - counterparty: customers - strike price	2,993,066	10,811,755	6,857,691	20,662,512
Sale of put options - counterparty: credit institutions - organised market - strike price	2,993,066	10,811,755	6,857,691	20,662,512
Sale of call options - counterparty: customers - strike price	1,104,874	10,288,401	29,288,426	40,681,701
Purchase of call options - counterparty: credit institutions - organised market - strike price	1,104,874	10,288,401	29,288,426	40,681,701
Sale of put options - counterparty: customers - strike price	2,640,000	1,579,043	3,476,186	7,695,229
Purchase of put options - counterparty: credit institutions - organised market - strike price	2,640,000	1,579,043	3,476,186	7,695,229

(*) The information as at December 31st, 2000 is not disclosed in this annual report.

Derivative instruments (continued)

As at December 31st, 2001(*), the transactions in non-trading derivative instruments on its own behalf are as follows :

	2001 by maturities (EUR)				Total
	≤ 3 months	> 3 months and ≤ 1 year	> 1 year and ≤ 5 years	> 5 years	
Swaps					
Currencies to be delivered to credit institutions - OTC	936,874,433	–	–	–	936,874,433
Currencies to be received from credit institutions - OTC	935,361,562	–	–	–	935,361,562
Interest rate swaps					
Nominal amounts	–	–	100,472,074	1,407,560	101,879,634
Stock options					
Sale of call options - counterparty: customers - OTC - strike price	–	–	105,219,562	–	105,219,562
Purchase of put options - counterparty: credit institutions - OTC - strike price	–	–	405,525,928	665,458,972	1,070,984,900

(*) The information as at December 31st, 2000 is not disclosed in this annual report.

Credit risk information – Non-trading OTC derivative instruments

As at December 31st, 2001 (*), the information is as follows :

Credit risk on non-trading OTC derivative instruments	(use of initial risk method)			
	Notional amount (1)	Risk-equivalent amounts (2)	Collateral (3)	Net risk exposure (4) = (2) - (3)
Counterparty				
Credit institutions - Foreign exchange contracts Initial maturity ≤ 1 year	1,134,140,117	22,682,802	–	22,682,802
Credit institutions - Foreign exchange contracts Initial maturity > 1 year but ≤ 5 years	96,623,155	4,846,297	–	4,846,297
Customers - Foreign exchange contracts Initial maturity ≤ 1 year	263,554,701	5,271,094	5,271,094	–
Customers - Foreign exchange contracts Initial maturity > 1 year but ≤ 5 years	79,527,616	3,984,451	3,984,451	–
Credit institutions - Interest rate contracts Remaining maturity > 1 year but ≤ 5 years	3,115,121	100,454	–	100,454
Credit institutions - Interest rate contracts Remaining maturity > 5 years	1,407,560	94,454	–	94,454
Customers - Interest rate contracts Remaining maturity > 1 year but ≤ 5 years	97,356,953	1,947,139	–	1,947,139

(*) The information as at December 31st, 2000 is not disclosed in this annual report.

29,671,146

Credit risk information – Non-trading OTC derivative instruments (continued)

As at December 31st, 2001, the Bank had purchased three stock options from banking counterparties, including its head office, in order to hedge and reduce the risk on balance sheet transactions. The notional of these options amounts to EUR 1,070,984,900 (see table page 21).

Credit risk on non-trading OTC derivative instruments	(use of market risk method)						
	Mark to market premium	Notional amount	Credit risk equivalent conversion factors	Weighting amounts	Global replacement cost	Collateral	Net risk exposure
	(1)	(2)	(3)	(4) = (2) x (3)	(5) = (4) + (1)	(6)	(7) = (6) - (5)
Customers - Stock options							
Remaining maturity ≤ 1 year	2,472,111	32,179,106	6%	1,930,746	4,402,857	4,402,857	–
Remaining maturity > 1 year but ≤ 5 years	1,997,226	11,045,413	8%	883,633	2,880,859	2,880,859	–
							–

(*) The information as at December 31st, 2000 is not disclosed in this annual report.

Note 26 – Geographical Analysis of Income

The Bank is primarily involved in private banking and funds.

In the view of the Bank, the services and products it offers are universally applicable and are not differentiated by geographical market.

Note 27 – Management and Agency Services to Third Parties

These services include:

- Portfolio management and advice
- Custody and administration of transferable securities
- Renting of vault space
- Fiduciary agency
- Corporate structures
- Listing agency
- Bond issues
- Bond lending on behalf of customers

Note 28 - Directors and Management

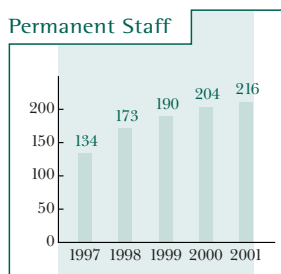
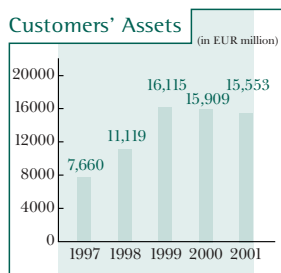
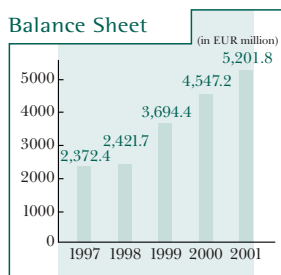
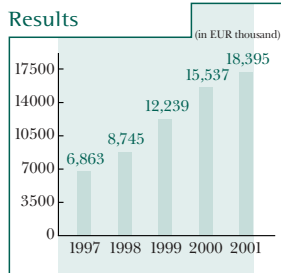
(expressed in EUR thousand)	2001	2000
Remuneration		
Directors	–	–
Management	1,047	928
Pension		
Directors	–	–
Management	191	165
Loans, advances, guarantees given		
Directors	–	–
Management	57	186

Note 29 - Staff

The average number of persons employed during the year by the Bank was:

	2001	2000
Management	4	4
Employees	212	200
	216	204

Key Figures



	2001	2000	1999	1998	1997
Results (in EUR thousand)					
Total net income	57,865	54,908	47,916	40,668	31,906
Total expenses	34,135	34,580	28,709	26,517	19,297
Operating profit	23,730	20,328	19,207	14,650	12,729
Risk provisions	1,607	1,521	2,113	573	941
Other	381	62	0	498	120
Pre-tax profit	22,504	18,869	17,094	14,575	11,908
Taxes	4,109	3,332	4,855	5,332	4,925
Net profit	18,395	15,537	12,239	8,745	6,863
Balance sheet (in EUR million)					
Shareholders' equity	428.9	423.5	270.9	48.7	40.0
Subordinated liabilities	15.9	15.9	40.7	40.7	40.7
Customers' deposits	3,598.3	3,207.7	2,596.7	1,944.3	2,101.8
Loans to customers	864.4	717.1	878.5	726.4	872.8
Balance sheet total	5,201.8	4,547.2	3,694.4	2,421.7	2,372.4
Customers' assets (in EUR million)					
Deposits	3,598	3,207	2,597	1,944	2,102
Securities	11,867	12,576	11,230	7,928	4,612
Fiduciary deposits	88	126	2,288	1,247	946
Total customers' assets	15,553	15,909	16,115	11,119	7,660
BIS total capital ratio	31.81%	34.60%	38.57%	11.44%	11.04%
Income / Operating expense ratio	1.70	1.59	1.67	1.55	1.66
Efficiency ratio (Expenses/Income)	58.99	62.98	59.92	65.20	60.48
Return on equity (ROE)	4.29%	3.67%	4.52%	17.90%	17.20%
Average permanent staff	216	204	190	173	134
Net profit per average permanent staff (in thousand EUR)	85.2	76.2	64.4	50.6	51.2



ABN AMRO Bank (Luxembourg) S.A.

Espace Kennedy

46, Avenue J. F. Kennedy

L-1855 Luxembourg-Kirchberg

Tel.: (00 352) 2607 1

Fax: (00 352) 2607 2999

www.abnamro.lu