

## Annual report **2007**



Doing business  
today while thinking  
of tomorrow



# Summary

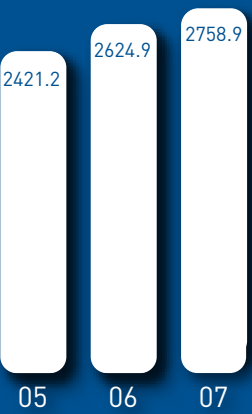
<b>Message from the Chairman and CEO</b>	<b>p.2</b>
<b>The Group's organisational structure</b>	<b>p.4</b>
<b>The Board of Directors</b>	<b>p.5</b>
<b>The Committees of the Board of Directors</b>	<b>p.6</b>
<b>The Executive Management</b>	<b>p.7</b>
<b>The Group Management</b>	<b>p.8</b>
<b>The Foyer Group at a glance</b>	<b>p.11</b>
Non-Life Insurance	p.13
Life Insurance	p.17
Asset Management at Foyer Patrimonium	p.21
<b>400 representatives, leading ambassadors of the Foyer Group vision</b>	<b>p.25</b>
<b>Research and Development</b>	<b>p.25</b>
<b>Managing talents to see further ahead</b>	<b>p.27</b>
<b>FOYER S.A. on the stock market</b>	<b>p.28</b>



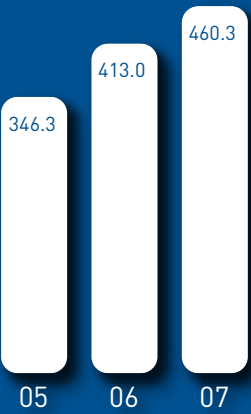
# ➤ Key figures (consolidated) on 31 December 2007

€ millions

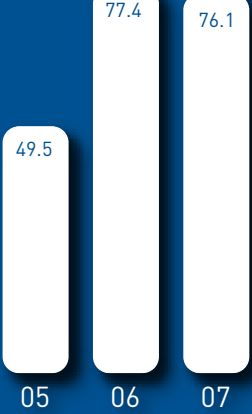
Invested assets



Shareholder equity - Group share



Consolidated net result - Group share

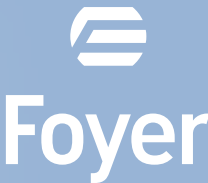


FINANCIAL RATIOS	2007	2006	2005
Recurring earnings per share* (in €)	6.1	6.3	5.5
P/E (stock market value on 31.12)*	7.9	8.2	8.1
Gross dividend per share (in €)	1.48	1.34	1.20
Net dividend per share (in €)	1.26	1.14	0.96
Shareholders' equity (consolidated) per share (in €)	51.15	45.89	38.48

\* 2007: excluding the capital gain made on the disposal of Audiolux securities  
2006: excluding the capital gain made on the sale of the Kirchberg building

EMPLOYEES			
Headcount at the year-end	450	439	453
Average number of employees in FTEs (full-time equivalent)	420.4	416.2	427.8

SECURITIES PORTFOLIO			
€ millions			
Equity securities and fixed income securities	1 115.5	1 041.2	947.6
Cash and cash equivalents	179.0	110.0	85.8
Financial assets at fair value through income	1 434.4	1 442.6	1 380.9
Total	2 728.9	2 593.7	2 414.3



CONSOLIDATED BALANCE SHEET	2007	2006	2005
€ millions			
TOTAL ASSETS	3 047.8	2 841.7	2 624.8
Cash and cash equivalents	209.1	141.1	92.6
Equity securities and fixed income securities	1 115.5	1 041.2	947.6
Financial assets at fair value through profit or loss	1 434.4	1 442.6	1 380.9
TOTAL LIABILITIES	3 047.8	2 841.7	2 624.8
Technical provisions	1 456.4	1 330.8	1 305.5
Liabilities in respect of investment contracts	833.5	835.1	757.8
Shareholders' equity – Group share	460.3	413.0	346.3

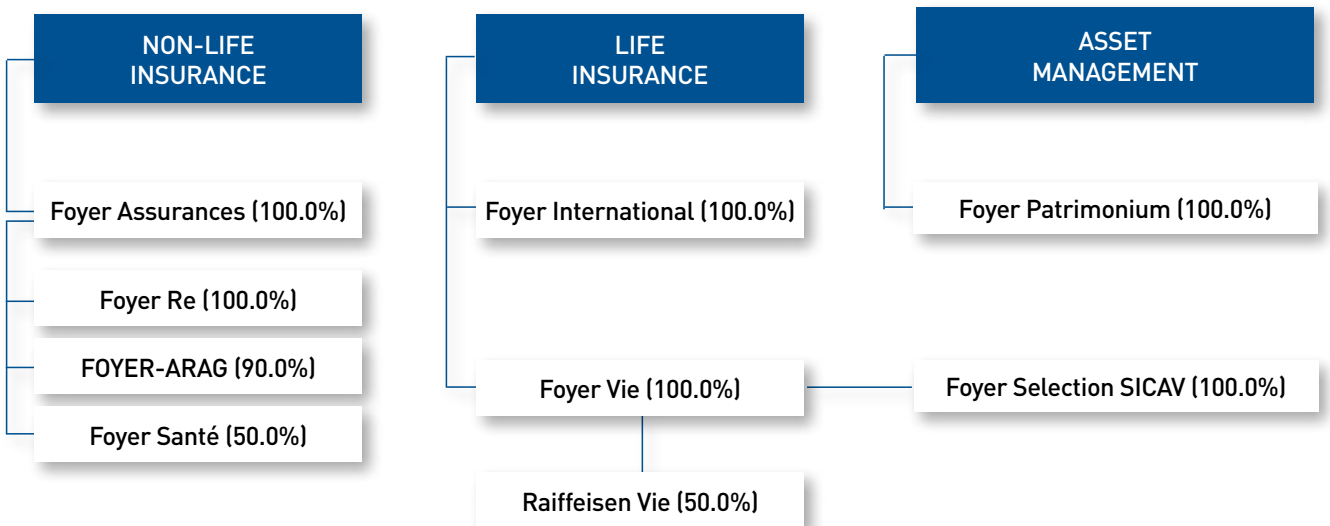
CONSOLIDATED PROFIT AND LOSS ACCOUNT	2007	2006	2005
€ millions			
Net insurance premium revenue	276.2	250.6	281.9
Other technical products and commission	24.4	24.6	23.9
Net financial revenue	80.2	103.8	108.7
Net operating income	104.6	128.4	132.6
Net insurance benefits and claims	-205.2	-192.9	-270.7
Expenses	-78.1	-77.4	-74.5
Operating profit	97.5	108.7	69.3
Taxes	-21.5	-31.2	-19.6
Profit for the year – Group share	76.1	77.4	49.5
Earnings per share (in €)	8.5	8.6	5.5





# Activities of the Foyer Group

## FOYER S.A.





## Message from the Chairman and the Managing Director

- The Foyer Group introduced its charter of corporate governance one year ago. By separating the function of Chairman of the Board of Directors from the position of Managing Director, the Group is complying with all of the principles of good corporate governance recommended for companies listed on the stock market.

We consider it an additional strength.

The majority family shareholdership of the Group's parent company guarantees the development of the company with a vision into the far distant future and continuity of respect for its values. The principles of corporate governance safeguard adherence to the rules of good management in a modern company.

These are the foundations of our corporate model on which we wish to build value for the shareholder.



We are pleased to show a turnover which has grown substantially and solid results for the 2007 financial year.

The Group's turnover has reached € 331.39 million and is up by 10.9% on the previous financial year. In Non-Life insurance, premiums written grew by 6.5% thanks to the very good development of our local business, and it rose by 29.2% in Life insurance. This latter increase is all the more satisfying as it reflects the commercial success of the new products launched in the local market as well as a recovery in Life insurance sold within the provisions of the Freedom of Services Directive.

The vibrant dynamism of our turnover abroad results from the commercial reinforcements started at the end of 2006 and greater geographical diversification of this business. It also endorses our strategy of offering our products to financial institution based customers in the context of their asset management activities. Life insurance products are increasingly being found in the panoply of solutions proposed by asset managers. The Foyer Group's reputation in the Grand Duchy, its financial solidity, its roots in Luxembourg and its independence of any large foreign group, are strong arguments in the partnership agreements that we propose.

The 2007 financial year is closing with excellent results. The consolidated profit after taxes is € 76.19 million and is practically at the same level as in 2006, despite more difficult financial markets. The two financial years benefited from exceptional capital gains, in 2007 from the disposal of sizeable stake in Audiolux which was the subject of a takeover bid and in 2006 from the sale of the Group's former headquarters.

On eliminating the non-recurring capital gains, we have recorded a result that is up slightly, thanks to good claims management and satisfactory financial results. The Group did not invest in risk credit based on a property guarantee (subprime credit) and no related write-down had therefore to be recorded in our accounts.

We have also paved the way for progress in our asset management business. The merger of Foyer Asset Management S.A. and Foyer Patrimonium S.A.

was prepared throughout the financial year. This consolidation was implemented at the start of 2008 by the absorption of Foyer Asset Management S.A. by Foyer Patrimonium S.A. It enables us to reinforce the teams and to give a new dimension to the asset management business. Some fifty experts manage approximately € 2.00 billion in assets, and offer their products and expertise to a private and institutional client base today.

On these new foundations, our Group intends to accelerate its development in the asset management sector.

The good results recorded by the Group in 2007 enable us to propose the payment of a gross dividend of € 1.48 per share (€ 1.26 net per share), up by 10.5%, to the General Meeting of Shareholders.

Today, the Foyer Group has the financial resources that will enable us to support our development plans, mainly in the areas of Life insurance sold within the provisions of the Freedom of Services Directive.

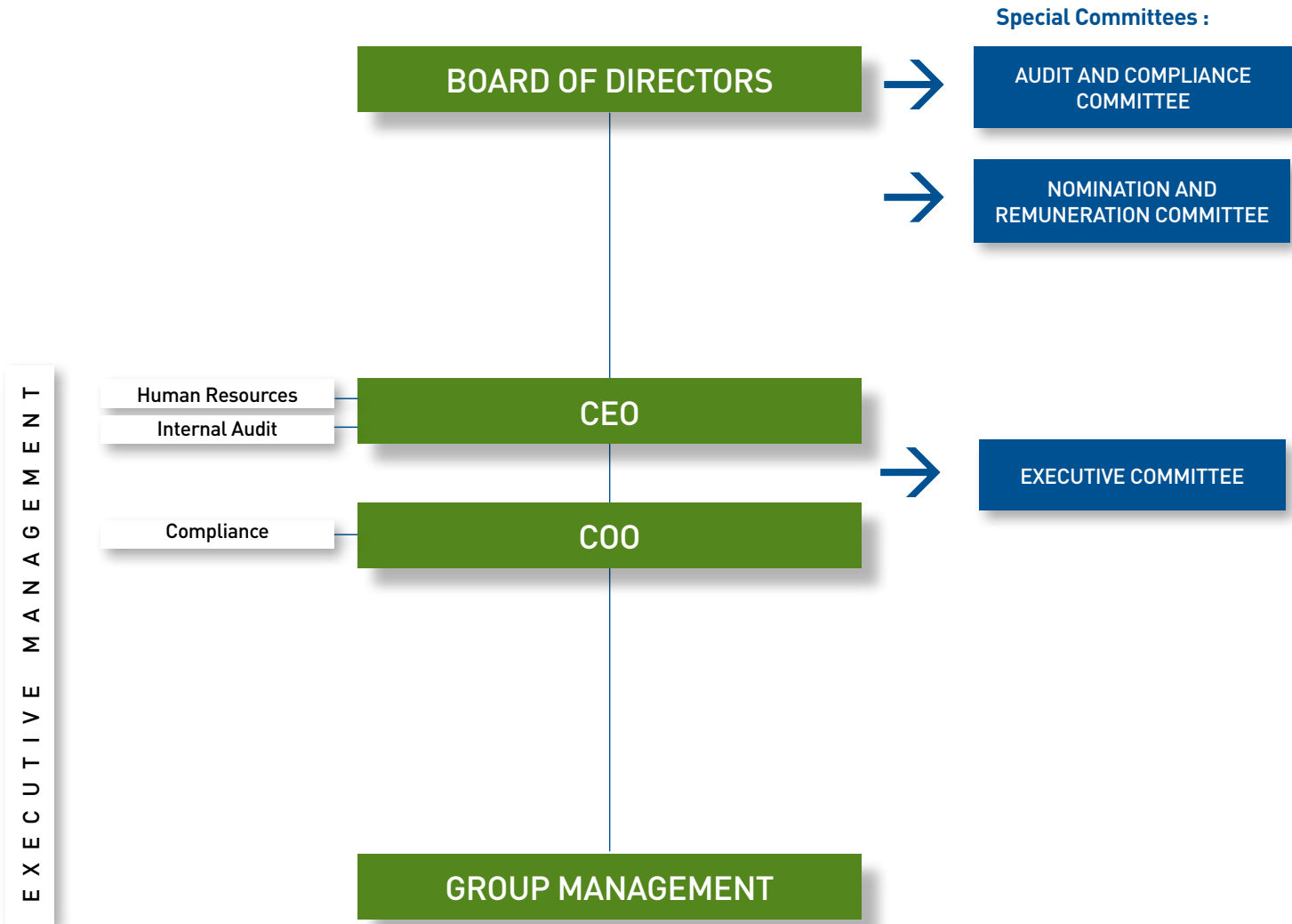
This growth will occur in a controlled way and will create value for the shareholder in the longer term, while respecting our dividend policy, which is to offer an interesting and growing yield.

We thank all the shareholders of Foyer S.A. for the confidence that they have shown us. We also thank all of our staff for their contribution to the good results recorded in the 2007 financial year.

Lucien THIEL  
Chairman of the Board of Directors

François TESCH  
Managing Director

# ➤ The **organisational** structure of the Group



The Board of Directors of Foyer S.A. adheres to the ten Principles of Corporate Governance as set out by the Luxembourg Stock Exchange and the Foyer Group has published its Corporate Governance Chart on its internet site [www.foyer.lu](http://www.foyer.lu)



## ➤ The Board of Directors

- Subject to approval by the General Meeting of 1 April 2008, the Board of Directors of FOYER S.A. will be constituted as follows :



*From left to right sitting : Dominique Laval, Henri Marx, Lucien Thiel, François Tesch, Théo Worré.  
Standing : Marcel Majerus, Patrick Zurstrassen, Romain Becker, Jacquot Schwertzer*

**Monsieur Lucien THIEL**

Chairman of the Board of Directors  
Independent Non-Executive Director

**Monsieur François TESCH**

Executive Director  
CEO of the Group FOYER S.A.

**Monsieur Romain BECKER**

Non-Executive and Independent Director

**Monsieur Dominique LAVAL**

Non-Executive Director

**Monsieur Henri MARX**

Non-Executive Director

**Monsieur Jacquot SCHWERTZER**

Non-Executive and Independent Director

**Monsieur Théo WORRÉ**

Non-Executive Director

**Monsieur Patrick ZURSTRASSEN**

Non-Executive and Independent Director

Mr. Marcel MAJERUS is the Group's Director of legal affairs and the secretary of the Board of Directors.



# The Committees of the Board of Directors

 In accordance with Article 18 of the Articles of Association of FOYER S.A, the Board of Directors will be assisted by the following committees :

## The Audit and Compliance Committee

**Mr Jacquot SCHWERTZER**, Chairman of the Committee, Non-Executive and Independent Director,  
**Mr Dominique LAVAL**, Non-Executive Director,  
**Mr Henri MARX**, Non-Executive Director.

Mr Franck TOUSCH, Head of Internal Audit, and Secretary of the Committee.

## The Nomination and Remuneration Committee

**Mr Patrick ZURSTRASSEN**, Chairman of the Committee, Non-Executive and Independent Director,  
**Mr Romain BECKER**, Non-Executive and Independent Director,  
**Mr André ELVINGER**, External Member,  
**Mr François TESCH**, Executive Director, CEO (1).

Mr Benoît DOURTE, Director of Human Resources, and Secretary of the Committee.

*(1) Mr A. Elvinger has been requested to join the Nomination and Remuneration Committee, in his capacity as Chairman of the Board of Directors of the parent company FOYER FINANCE S.A., in order to guarantee a consistent nomination and remuneration policy among the two business sectors grouped under FOYER FINANCE S.A., i.e. the Foyer Group, on the one hand, and the Luxempart Group on the other.*

*(2) Mr F. Tesch is only a member of the Nomination and Remuneration Committee for questions relating to nominating and dismissing Directors or the COO.*

## ➤ The Executive Management

### Chief Executive Officer (CEO)

François TESCH



### Chief Operating Officer (COO)

Marc LAUER



### Executive Committee

The Executive Committee with respect to article is not a special committee as per the meaning in Article 18 of the Articles of Association. The Executive Committee is a consultation body composed of the CEO and COO, within which these two people consult with each other, coordinate their respective work and share information. Depending on the subjects discussed, the Executive Committee can at any time call on other Executive Managers or any other person likely to be able to contribute to a given matter.

# The Group Management

The Group Management is composed of Operational Management and Staff Management.

## Operational Management



**Non-Life Insurance**  
Paul FOHL



**Asset Management**  
André BIRGET



**Local Life Insurance**  
Philippe BONTE



**Wealth Management**  
Fernand EYCKMANS



**International Life Insurance**  
Jean-Louis COURANGE

## Staff Management



**Commercial, Marketing**  
Gilbert WOLTER



**Human Resources Management,  
Corporate Services**  
Benoît DOURTE



**Accounting and Reporting**  
Marc LAUER



**Legal**  
Marcel MAJERUS



**Research and Development**  
Philippe BONTE



**Information Systems**  
Daniel ALBERT



**Finance**  
André BIRGET





Excellence is one  
of the values that has  
marked the Group  
since its creation



## ➤ The Foyer Group at a glance

➤ Following its creation in 1922 at the heart of the business world in the Grand Duchy of Luxembourg, Foyer soon carved out a leading position in the local insurance market.



**Marc Lauer**  
Chief Operating  
Officer

'Excellence is one of the values which has marked the Group since its creation. Offering the best, personalised service to our customers at all times has always been the day-to-day wish and motivation of every Foyer employee and representative. Today, this attitude which has enabled us to win the confidence of our clients will enable the Group to develop beyond its insurance business in Luxembourg towards financial management activities in Luxembourg and in Europe.'

The Luxembourg origin and character of the Foyer Group, its independence and the stability of its shareholders have helped to attract quality management and to create a sense of loyalty among all of its employees. This is an internal motivation which further enhances the spirit of service to clients. With its decision centre located in the same place as its business, free of any external standardisation constraints, the products that Foyer offers today provide specific answers to the most varied Life and Non-Life insurance needs of both private individuals and Luxembourg businesses.

Since the liberalisation of insurance markets in Europe, Foyer has extended its business beyond its borders. Thus the Group was one of the first insurers in the market to offer Life insurance products based on the Freedom of Services Directive, a sector in which it now holds a leading position.

In keeping with current trends, the Foyer Group has successfully diversified its activities by offering its skills in asset management and more specifically stock market intermediation, portfolio management for the account of institutional clients and wealth management consultancy for European high net-worth clients.

The creation of Foyer Patrimonium at the end of 2007 aimed at bringing together all of the Group's asset management activities, attest to Foyer's willingness to develop in this field.

In July 2000, Foyer was the first Luxembourg insurance group to open its capital to private investors by listing FOYER S.A. on the stock market.

The performances of its three pillars of activities in Non-Life insurance, Life insurance and Asset Management reflect the stability and independence of its local and family shareholdership, which are complemented by the dynamism and rigour of a company subject to the demands of the financial markets.



Three business sectors,  
a winning strategy



# ➤ Non-Life Insurance

➤ In the Non-Life Insurance sector, where Foyer Assurances is present in half of all Luxembourg households, its strategy is also its added value : to offer complete, variable-geometry cover that meets all client requirements – house, car, health, pension and savings.

Given the fact that income per capita in Luxembourg is among the highest in Europe, customers have high expectations in terms of what Foyer Assurances has to deliver. The quality measures put in place anticipate such requirements for 'top of the range' services, by offering numerous advantages :

- the availability of a call centre which is accessible 24 hours per day to provide assistance when needed and simple, fast claims settlement,
- proactive handling of financial transactions linked to a claim without any client intervention,
- geographical and relational proximity to the network of agents to ensure customised availability of services,
- access to personalised legal advice via Juris Line.

## Perfect cover for individuals

The high level of service provided by Foyer Assurances and the innovation strategy behind this has resulted in three product ranges for individuals :

### • **mobile** : exceptional motor cover

Foyer has maintained its leadership in the Motor insurance sector for many years. This leadership position was consolidated in 2007 by maintaining high-quality service standards and a series of innovations such as protection against vehicle depreciation for a period of three years.

### • **reebou** : household insurance in tune with the property market

**reebou** multi-risk household insurance is one of the flagship products in the sector, as it is one of the few insurance policies to take account of the phenomenon of under-valuation driven by a Luxembourg property market which is very aggressive in terms of price. Insurance cover offered by Foyer Assurances takes into account the quality of the property and not only simply the area insured. For the client, this represents a guarantee that in the event of fire, the property will be fully covered based on its reconstruction value.

Another advantage of **reebou** : its adaptation to the development in lifestyles. Its cover includes multimedia equipment, luggage during a trip, students' accommodation, etc.

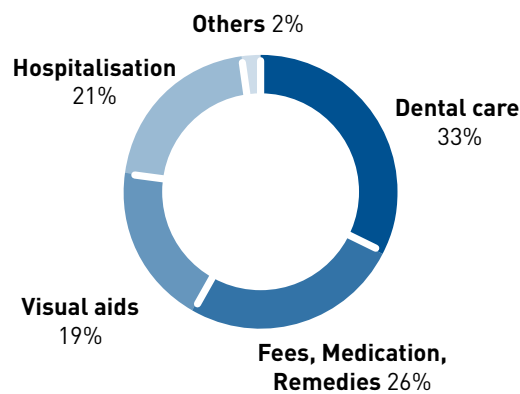
### • **medicis** : Buying your own insurance cover is always the best cover

In eight years of business in this sector, Foyer Santé has managed to establish itself as one of the top insurance companies in Luxembourg in the supplementary health insurance market via its **medicis** product. This growth is due to the quality of the cover provided and the recent trend towards greater personal awareness of the necessity of additional medical and social services.



**medicis** offers family cover ranging from the presence of a parent at the bedside of a sick child to cover for medical expenses borne by the insured as well as the free choice of doctor, care and hospitalisation outside the Grand Duchy. **medicis** responds to all its policyholders' concerns about supplementary health insurance.

Reimbursements for medical treatments by type



Professional insurance reflecting business reality

For every option of insurance cover for individuals, there is an equivalent option for professionals (**mobile pro, reebou pro, medicis pro, ARAG pro**). With a 50% market share, Foyer is the top business risk insurer in Luxembourg.

Beyond product performance, Foyer's added value lies in its technical excellence when it comes to risk assessment and managing professional claims. Better assessment means better protection. This expertise enables business people who wish to do so, to benefit from tailored cover at a fair price.



**Paul Fohl**  
Director  
Foyer Assurances

'We want clients to forget the inconveniences of a material loss thanks to the quality and speed of our interventions. Our service goes well beyond the usual settlement of damage claims. This explains why it is extremely appreciated by our customers.'

## ➤ Consolidated **Non-Life** Insurance

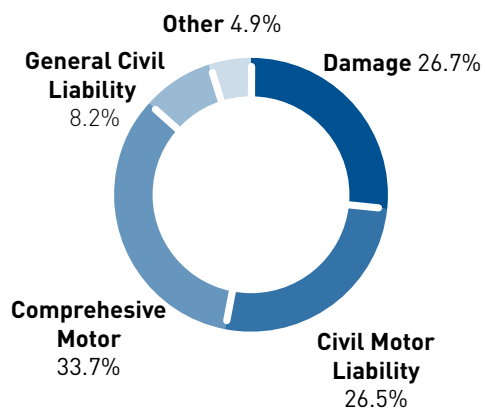
### SECTOR INFORMATION

€ millions

	Non-Life		
	2007	2006	2005
Premiums earned net of reinsurance	189.48	183.45	171.64
Net operating revenue	52.81	63.21	30.12
Insurance claim costs net of reinsurance	-108.58	-98.59	-91.48
Expenses	-52.70	-54.24	-51.77
Group share in the profit of subsidiaries	0.12	0.09	0.09
Income before tax	81.13	93.92	58.60
Taxes	-17.27	-27.11	-17.92
Net income	63.86	66.81	40.68

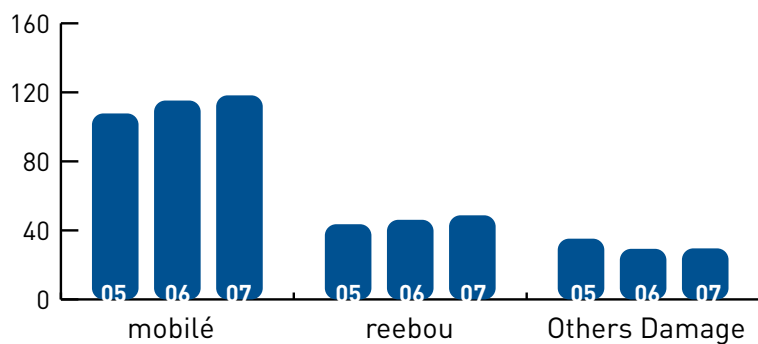
### Distribution of Foyer Assurances turnover at 31.12.2007

(excluding captives)



### Trends in turnover

€ millions (excluding captives)





Life Insurance, a fast  
developing market  
where Foyer continues  
to innovate



 Life Insurance is an easy and flexible solution that allows to link the creation of a provident fund, and investment and succession transfers in a single contract. For several years now, this market has experienced major qualitative changes, characterised by the development of savings and investment products and enhancements in the financial content. This trend has led Foyer to improve its offer of guaranteed rate solutions by providing Life products linked to investment funds. Added sophistication in the range has gone hand-in-hand with intensive training throughout the network.

2007 saw the successful launch of flexivie click. This new product which combines security, flexibility and performance has contributed strongly to the growth in our revenues, while consolidating our position as the leading insurer for private individuals in Luxembourg.

An other major change concerns corporate life, this time more society related, as family and succession situations are becoming increasingly complex, the commercial range of Life products has also become more segmented, with flexible solutions being made available for :

- Savings and provisions,
- Investments,
- Supplementary pensions,
- The family.

In response to this, the Foyer Group's expertise in Life Insurance revolves around four areas of underwriting : individuals, corporations, the freedom of services Life segment and the area of wealth management.



**Philippe Bonte**  
 Director of  
 Foyer Vie

'Life Insurance has been part of the range of essential wealth management solutions for many years. Protection and Provision for the future are Foyer Vie's strengths compared with a purely financial solution.'

## Personal Life Insurance close at hand

Individuals who take out Life Insurance with Foyer Vie benefit from a triple guarantee of performance and reliability.

### • A guarantee of financial solidity

The Foyer Group's shareholdership has awarded priority to the company's financial solidity for over eighty years.

### • State-of-the-art asset management expertise

The expertise of the Foyer Group in terms of Asset Management, directly benefits the yields obtained on its Life Insurance products.

### • Added value derived from the being close to the clients

Taking out tailor-made Life Insurance calls for a personalised approach. Here again, the accessibility of the representatives approved by the Group makes the difference, thanks to a home-visit service and relevant consultancy, for example, on tax issues.

## Group Insurance for companies forging ahead

In a positive economic climate, Group Insurance represents the perfect incentive for businesses undertaking recruitment or loyalty programmes. Group Insurance in such a growth environment represents a major growth driver for Foyer Vie, where its consultancy expertise is becoming increasingly important.

Faced with regulations that are perceived by many business leaders as complex and extremely susceptible to change, Foyer Vie is positioned as an expert facilitator and is making the product accessible to a growing number of businesses, even small-sized enterprises.

While the benefits of this product have traditionally been reserved for management, the tendency today is for a more widespread distribution within companies.

In addition to this change, Foyer Vie Group Insurance products have been adapted to the new levels of professional mobility. As such, the pension plans offered today by Foyer take into account moves from one employer to another.



**Life Insurance contracts written under the Freedom Services Directive : know-how ‘à la carte’**

Through its subsidiary Foyer International, the Foyer Group has been one of the principle players and promoters of contracts written within the framework of the Freedom of Services Directive on the market in Luxembourg.

As part of its sound and long term asset management program, Foyer International provides tailor-made Life Insurance solutions that can be adapted to the particular profile of the entity taking out the policy : from the basic product which is unit-linked to a SICAV (Unit Trust), up to special funds having the advantage of a limited number of clients wishing to opt for a more personalised investment policy.

In addition to tailor-made services, Foyer International offers an entire range of advantages :

- **A unique structure** built around an international team of qualified professionals, possessing in-depth knowledge of international markets and legislation in numerous countries throughout Europe.

- **Legal expertise covering numerous European countries**

In a little over ten years and as a result of its independence, Foyer International has become a preferred partner of asset managers and financial institutes specialising in Private Banking services for their European wealth management clients. Its business today covers several countries : Belgium, Germany, France, Spain, Portugal and the Scandinavian countries.

- **Cross-border and tailor-made solutions**

The legal services offered by Foyer International are positioned in a very high-level market and respond to the recent needs of mobility among European citizens. Unlike exclusively national representatives, the managers at Foyer International are today able to provide an optimal solution, taking into account the tax and legal system affecting the client. Every special case, as complex as it may be, can find a tailor-made solution in the best interests of the person taking out the policy. The person is free to choose his financial manager and custodian bank, and throughout the life of the contract remains in his own culture and his own language.

- **True expertise in Family Office**

Succession management is the other business area of Foyer International where steady growth has been seen. Here again, the value added of the company resides in its up-to-date knowledge of Family Office. An international team of legal experts works on successful legal solutions to find optimal results for even the most complex succession cases, with a network of specialist legal and tax firms present in each country. Every person involved in the contracts developed by Foyer International is bound by the same confidentiality and discretion.



**Jean-Louis Courange**  
Director of Foyer International

‘We offer our institutional partners specialised, high-quality solutions which meet the demands of their upmarket client base.’

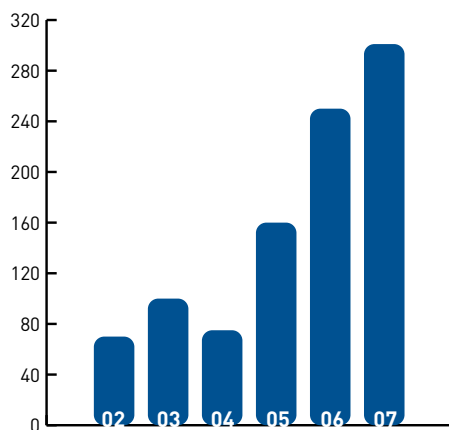
## ➤ Consolidated Life Insurance

### SECTOR INFORMATION

€ millions

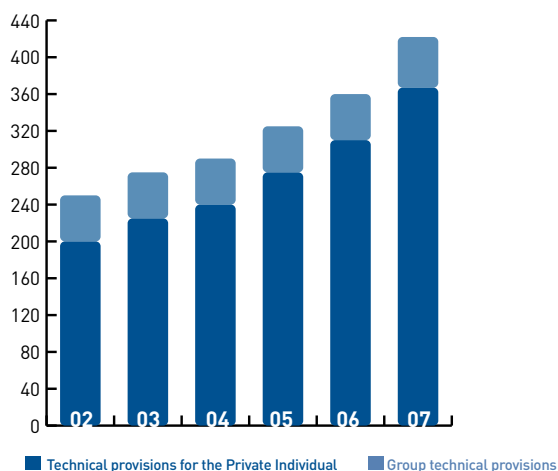
	Life		
	2007	2006	2005
Premiums earned net of reinsurance	86.74	67.19	110.21
Net operating revenue	42.43	57.86	96.22
Insurance claim costs net of reinsurance	-96.57	-94.27	-179.26
Expenses	-20.14	-19.13	-19.56
Group share in the profit of subsidiaries	-	-	-
Income before tax	12.46	11.65	7.61
Taxes	-2.65	-2.82	-0.63
Net income	9.81	8.83	6.98

### Number of unit-linked contracts



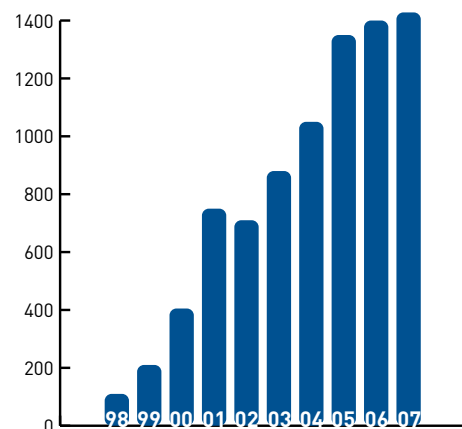
### Technical Provisions Life

€ millions



### FOYER INTERNATIONAL Commitment to the customers

€ millions





Foyer Patrimonium  
makes its asset  
management expertise  
available to private  
individuals and  
institutional investors



# ➤ Asset Management at **Foyer Patrimonium**

➤ As of 1 January 2008, Foyer Asset Management S.A. and Foyer Patrimonium & Associates S.A. have merged to form Foyer Patrimonium S.A. This pooling of the Group's assets and financial skills enables the new entity to be a significant player in private and institutional management. With a presence in Luxembourg and Brussels, it manages assets of over EUR 1.7 billion and has a staff of more than forty professionals

## Private management

**A global personalised approach to managing wealth owned by private individuals and small and medium size companies**

Foyer Patrimonium offers its private individual, self-employed, entrepreneur or small and medium sized corporate clients a full range of services : wealth consultancy, wealth management and investment products that aim for protection and performance. Some 90% of the mandates awarded to Foyer Patrimonium are discretionary management contracts, which proves the confidence and the close links between clients and the managers. This trust felt by the Foyer Patrimonium clientele is based on the strengths of our offering :



**Fernand Eyckmans**  
Approved Director,  
Director of Private  
Management  
Foyer Patrimonium

'Our global yet personal approach allows us to offer each customer an independent, specialised and tailor-made management of his wealth.'

### • The global view as a Family Office

The Foyer Patrimonium managers take the time to personalise the services, products and solutions offered to each client in accordance with his/her needs and aspirations, based on an in-depth knowledge of his/her family and overall asset situation. Where necessary, these tailored services are accompanied by advice provided by our taxation and succession structuring specialists.

### • Independence that makes the difference

The independence of the Foyer Group is a major advantage for its asset management business. It enables the company to offer its clients an open architecture and to remain objective in terms of selecting assets. As a third party manager, Foyer Patrimonium staff can concentrate fully on their profession and vocation : to advise and offer the best products.

Thus, clients keep their choice of the bank where their assets are located, with Foyer Patrimonium managers holding a management mandate for the assets at this bank. This type of management makes them independent of logistic constraints, which are largely subcontracted to the banker that holds the technical tool.

The strategy of open architecture and close reporting to the client base enables the managers to go very far in terms of transparency and communication. It is a characteristic appreciated by a clientele that is increasingly seeking personalisation that is not found in the excessive standardisation of the offerings from major banking institutions.

### • A tradition of financial competence

Since its creation of third party funds which have already proved in the past their ability to anticipate, Foyer has successfully managed family and institutional assets, with a permanent concern for protection and performance. Administered by a dedicated team of professionals, our unit trust compartments reflect dynamic, balanced and defensive risk profiles/performance. These are mainly managed as funds of funds, in accordance with the principle of open architecture. The client benefits from double diversification. The Funds of Funds products comprise





a selection of third party funds which have already proved in the past that they knew how to anticipate future developments.

In addition to the inherent diversity of these funds, Foyer managers organise their own proportional quantification of the different funds. Their concern : to perform better than the market, which increases the absolute and relative performance and reduces the risk of volatility even further.

Foyer Patrimonium also offers 'tailored' direct online investments as well as structured products for more sizeable financial portfolios.

This significant management expertise is also applied to the management of the Groups own assets which exceed € 1.2 billion in market value.

- **Senior managers who have proven their worth**

The Foyer Patrimonium asset managers have been selected for their experience of at least ten to fifteen years in the banking sector. Their professional competence and relational skills add on to a perfect knowledge of the rules of confidentiality and discretion specific to the Private Banking culture, which is reinforced further by its Luxembourg based shareholdership.

## **Access to financial markets and tailored structuring**

As a member of the Luxembourg and Euronext stock exchanges and other platforms, the company has excellent settlement facilities for managed or institutional intermediation clients.

The access to stock and bond markets via high-performance electronic platforms at Foyer's disposal is essential. It enables Foyer to provide the best service to professional intermediation clients who wish to carry out their market transactions subject to the best conditions, even on securities that are not very liquid. The company also has a strong presence in structured or customised market products. The electronic tools also allow the asset management team to show maximum reactivity and act at the least expense in strategic portfolio management. The marriage of the 'market' and 'management' spirits is thus particularly fruitful.

## **Stimulating prospects**

The Foyer Group's merged asset management businesses are expected to develop via the recruitment of new managers who are oriented towards the Luxembourg, Belgian, German and French markets.

Thanks to its management methods, its innovative talent and its access to the financial market, Foyer Patrimonium is now more professional and close to its clients than ever. The Group's expertise in Private Banking also improves the performances of the Group's other activities and prefigures the establishment of sophisticated new products that can be offered to customers through the distribution network.



**André Birget**  
Approved Director,  
Chief Investment  
Officer

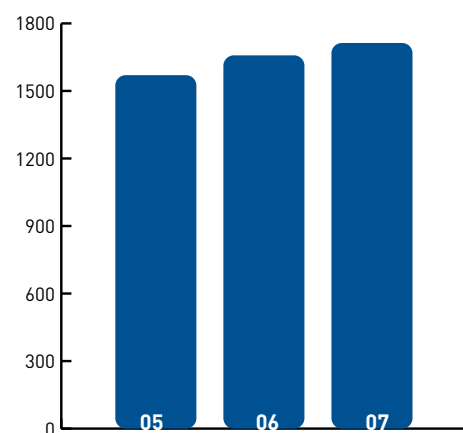
'The complexity and volatility of the market require professional and transparent management. Foyer Patrimonium proves that such a performance is possible every day.'

# Asset Management at **Foyer Patrimonium**

SECTOR INFORMATION		Asset Management		
€ millions		2007	2006	2005
Premiums earned net of reinsurance		-	-	-
Net operating revenue		9.34	7.33	6.32
Insurance claim costs net of reinsurance		-	-	-
Expenses		-5.28	-4.07	-3.16
Group share in the profit of subsidiaries		-	-	-
Operating profit		4.06	3.26	3.16
Taxes		-1.54	-1.28	-1.09
Net income		2.52	1.98	2.07

## Changes in assets under management

€ millions





Foyer does not sell  
a service; it sells  
the promise of a service



## ➤ 400 representatives, leading ambassadors of the Foyer Group vision

➤ In addition to marketing its services through insurance brokers and the banking network of the Raiffeisen Bank, the Foyer Group is backed by a unique network of 400 exclusive agents who are present in almost every town and village of the Grand Duchy.

Since 1922, these special Group ambassadors have managed to forge close trust-based links with their clients, often going beyond what is required of them in their profession of insurer.



**Gilbert Wolter**  
Sales Director

'As the leader, we do not merely focus on product advantages, as a challenger would – we also focus on our overall expertise. Our role is to protect our customers, to offer global solutions that meet their needs and to accompany the changes in these needs over time.'

Foyer does not sell a service; it sells the promise of a service. The confidence in the Group and its good image conveyed by the representatives are therefore a guarantee of its success, given that the representatives adopt a long-term approach to their business, with two to three generations sometimes working for the same agency.

### The strength of the Group and the finishing touch of the craftsman

Our agents use best IT tools put at their disposal by the Group and can therefore dedicate themselves fully to meeting their clients' needs for advice.

This proximity and availability go hand-in-hand with constantly updated skills.

The Foyer Group was the first insurer in the market to invest heavily in making its network more professional. The Group training courses on insurance subjects are a benchmark in Luxembourg today.

Our representative agencies are also an important channel for developing the collection of savings in Luxembourg. The representatives can also count on support from internal Foyer Group experts to supplement their expertise so they can resolve the most sophisticated problems.

## ➤ Research and Development

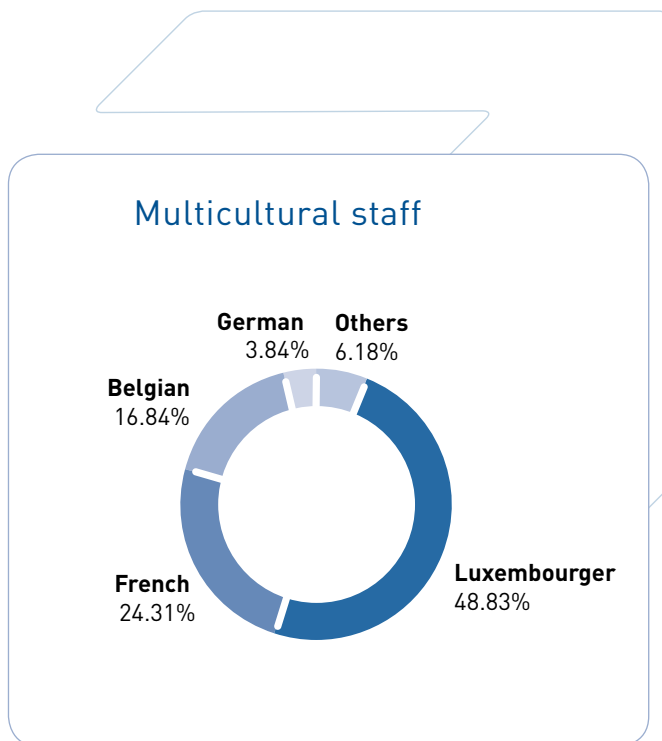
➤ In a permanently changing world, the creativity and reactivity of the Foyer Group have always been synonymous with growth and development. This ability to innovate and to stay close at hand has always enabled the Foyer Group to rise quickly to the position of leader in its main business sectors.

This innovative spirit is not the result of good fortune. It is based on the very foundations of the Group's business because it is continuously inspired by the feedback gathered by agents from their customer

base of all origins and from all socio-professional backgrounds.

It incorporates a synthesis and feedback of information from the field that is systematically relayed by an internal Research office. This local 'monitoring' is complemented by an international vision of the market based on regular contacts with the Group's reinsurers. Thanks to innovation as a consequence of 'listening' to market needs, the range of products and services offered by the Foyer Group performs better every day.





Developing at a site which respects the environment and fosters growth





## ➤ Managing talents to see further ahead

➤ Stimulated by its new corporate dynamic, the Foyer Group has gone further than ever before in equipping itself with the means to forge ahead and to confirm its position as the leader.

### • A training programme with the resources to ensure excellence

Foyer counts on its human capital and assigns top priority to continually improving the skills of its staff and representatives. An ambitious training programme has been developed, together with an opportunity for private coaching.

These courses have a twin objective : to enhance our employees' technical skills on the one hand and to develop their managerial and relationship skills on the other.

### • Dynamic management of diversity

The recruitment of new staff from both the Grand Duchy and neighbouring European countries means that the Foyer Group is ideally positioned to deal with the multicultural nature of a large part of its Luxembourg customer base.

### • A new management philosophy based on assigning responsibility

The reactivity and commercial dynamism of the Foyer Group are driven by an ambitious performance management programme, based on responsibility, delegation and management by objectives.

Our employees are invited to anticipate the future. An 'innovation programme' has been established to gather innovative ideas or proposals put forward by employees.

To support this strategy, office organisation as variable 'open-space' offices is characterised by transparency and mobility which promotes communication and team work.

### • Assertion of the five Foyer principles as principles for action

The development of the Foyer Group management strategy has also been implemented by asserting five company values, selected and shared by everyone at the conclusion of a structured, participative process. These five principles of action have also been

translated into behaviours which can inspire each employee on a day-to-day basis.

These include :

**Confidence** : do what you say and say what you do...

**Excellence** : a passion to satisfy your client...

**Innovation** : question what you are doing...

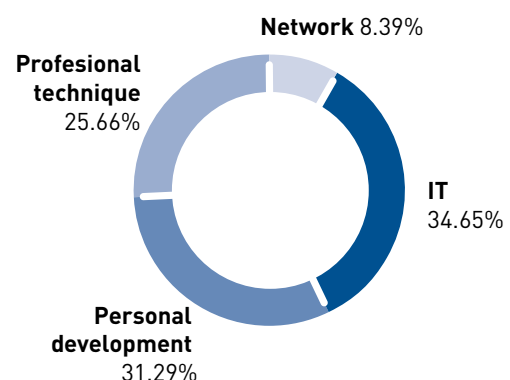
**Integrity** : be an example...

**Independence** : take responsibility for what you do....

### • New buildings for new growth

The grouping of all the activities at the same site has increased contacts between the different entities and decisively fostered the synergies between the Group entities.

## Spread of the budget envelope for training



**Benoît Dourte**  
Director of Human Resources

'Today's employment market is strained. It is difficult to recruit competent staff. This means that it is essential to offer our high-performing staff challenges and development prospects that match their talents.'



# ➤ Foyer S.A. on the stock market

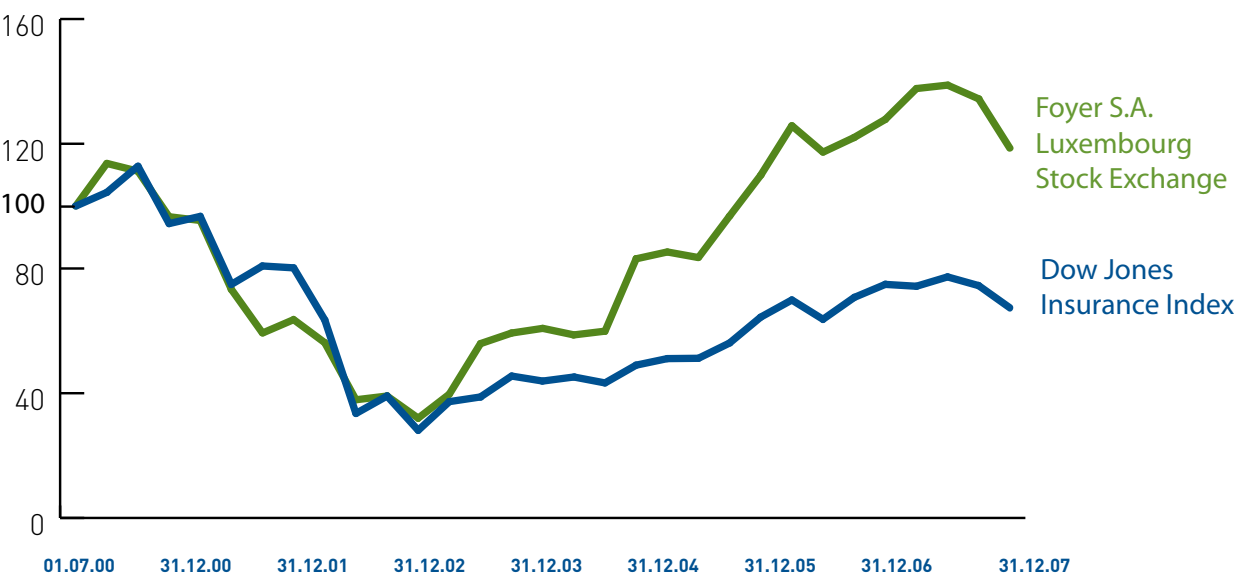
## Structure of the shareholding (at 31 December 2007)

Foyer Finance S.A.	78.62%
Luxempart S.A.	4.67%
Public et institutions	16.69%
Foyer S.A.	0.02%

## Stock value (at 31 December 2007)

	2007	2006	2005
Number of shares in circulation	8 997 275	8 998 842	8 998 842
Closing price	48.4	52	44.5
Market capitalisation	435 468 110	467 939 784	400 448 469
High for the year	60	54	45
Low for the year	47	43.5	32.5
Free float	1 502 280	1 503 842	1 453 842

## Information on changes in the stock market price



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The publications of the annual and half-yearly results are produced on the day following approval by the Board of Directors.