Fortis Bank sa/nv

Annual Report 2009

Introduction

The 2009 Annual Report of Fortis Bank contains both the Consolidated and the Non-consolidated Financial Statements, preceded by the Report of the Board of directors, the Statement of the Board of directors and a section on Corporate Governance including the composition of the Board of directors. The audited Fortis Bank Consolidated Financial Statements 2009, with comparative figures for 2008, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, are followed by the audited Non-consolidated Financial Statements 2009 of Fortis Bank SA/NV, prepared based on the rules laid down in the (Belgian) Royal Decree of 23 September 1992 on the annual accounts of credit institutions.

Since Fortis Bank is managed as one integrated unit, the main evolutions and events are described at a consolidated level in the Report of the Board of directors. This report contains an overview of the year 2009, followed by a reminder of Fortis Bank's core activities and businesses. Subsequently, this section continues with an elaboration of the profit/loss evolution and comments on the balance sheet evolution ("Comments on the Fortis Bank 2009 consolidated financial results and financial position").

All amounts in the tables of these Financial Statements are denominated in millions of euros, unless stated otherwise. Because figures have been rounded off, small differences with previously reported figures may occur. Certain reclassifications have been made with regard to the prior year's Financial Statements in order to make them comparable to the presentation for the year under review.

Fortis Bank SA/NV is the legal name of the company and the commercial activities are performed under the brand name BNP Paribas Fortis.

Fortis Bank refers in the Consolidated Financial Statements to Fortis Bank SA/NV consolidated situation except if stated otherwise. Fortis Bank refers in the Non-Consolidated Financial Statements to Fortis Bank SA/NV non-consolidated situation, except if stated otherwise.

All information in the Annual Report 2009 of Fortis Bank is related to the Fortis Bank statutory consolidated- and non- consolidated financial statements and does not cover the contribution of Fortis Bank to the BNP Paribas Group consolidated results, which can be found on the BNP Paribas website : www.bnpparibas.com.
The Annual Report 2009 of Fortis Bank is also available on the website : www.bnpparibasfortis.com.

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Fortis Bank Consolidated Annual Report 2009

Report of the Board of Directors

A word from the Chairman and the CEO

Last year was one of major changes at Fortis Bank. The first months saw continuing uncertainty about the future ownership of the bank, then still operating under the Fortis Bank brand name, amidst adverse market and economic conditions.
Since 12 May the bank, with the new brand name BNP Paribas Fortis, is part of the BNP Paribas Group. BNP Paribas Fortis is in full roll-out of its new strategy and ambitions to become the core banking partner of its clients, an attractive employer and a responsible contributor to society. More than 1.000 integration projects have been launched and new governance procedures set up.

The second half of 2009 saw the reorganisation of BNP Paribas Fortis around four core activities: Retail & Private Banking, Corporate & Public Banking Belgium, Corporate & Investment Banking and Investment Solutions.
Additionally, four competence centers will offer a series of worldwide banking services, playing an important role in supporting the enlarged BNP Paribas Group. These services will cover Corporate & Transaction Banking Europe (CTBE), Global Cash Management, Trade Services and Global Factoring and will serve medium and large size, internationally active companies with their banking activities. In the area of Investment Solutions, Fortis Investments will emerge stronger by joining forces with BNP Paribas Investment Partners.

The full year 2009 was characterised by good commercial performance and strong capital market results, though these are negatively affected by a high level of impairments, reflecting the consequences of the economic downturn. Consequently, the underlying result is slightly positive, at EUR 56 million. As will be further elaborated, exceptional occurrences not related to the day-to-day banking operations and transactions concluded in 2008 and 2009, also negatively impacted 2009 profits.

In 2010, our first priority is to fully implement the new business models and bring our new offerings to clients. The bank is focusing on its core businesses, securing its current market positions and increasing client satisfaction. Retail Banking will go the extra mile, by investing in employees, distribution channels and locations. The multi-channel distribution strategy remains the cornerstone of the customer approach.

We wish to thank the 34,000 employees of BNP Paribas Fortis who worked hard in 2009 to reshape the bank, as part of an international group. We also wish to take this opportunity to thank our clients for their trust and loyalty throughout this past year. We are looking towards the future with confidence in what we do and pride of our accomplishments. Towards our shareholders, we wish to underline our commitment to establish BNP Paribas Fortis as the #1 Belgian Bank with an international dimension. It will emerge as such by properly addressing its clients' needs.

Jean-Laurent Bonnafé
Chief Executive Officer (CEO)

Herman Daems
Chairman Board of Directors

The rebound of BNP Paribas Fortis

In 2009, the Belgian economy was hit by the most severe decline in economic activity since World War II. The peak of the recession came at the start of the year when the financial crisis was still in full force. Extensive government intervention stabilised the situation and in the second half of the year the Belgian economy saw growth comparable to the reviving international momentum. However, the crisis has severely impacted Belgian companies and consumers, resulting in a steep increase in business failures and jobless rates, and is expected to have long lasting effects.

Results in the Belgian banking sector mirrored these economic trends. Profits were driven mainly by a steeper interest rate curve and the general recovery of the financial markets. Provisions for loan losses and other risks remained high.

Last year was also one of major changes at BNP Paribas Fortis. The first months saw continuing uncertainty over the future ownership of the bank, then still operating under the Fortis Bank brand name, amidst adverse market and economic conditions. In the same period the separation from the Dutch Fortis activities, Fortis Holding and AG Insurance went ahead after the break-up of Fortis Group in October 2008. Despite everything, the bank was able to provide seamless service to its millions of customers throughout this period.

BNP Paribas took control of Fortis Bank on 12 May 2009 and increased its stake in Fortis Bank to 74.93% on 13 May 2009. The Belgian state, through its holding and investment arm, SFPI/FPIM (the Federal Holding and Investment Company), now owns 25% of Fortis Bank, while the remaining shares are held by the public.

Under the new ownership, Fortis Bank, continuing under the brand name BNP Paribas Fortis, and its employees have all been working hard to create a Eurozone financial services leader. More than 1,000 successful integration projects have been established under the leadership of an Integration Team, new governance procedures have been worked out and measures have been taken, which have instilled renewed confidence in BNP Paribas Fortis as well as improved performance across its businesses. Some of the measures taken were:

- Establishment of new governance, with the appointment of some new directors, executives, refinement of business segmentation and integration of risk management.
- Improvement of the risk profile with reduced risk exposure (control of risk-weighted assets – credit and market risk) and liquidity risk, with funding fully returning to normal.
- Restoration of the commercial franchise with a recovery in net customer asset inflows into retail networks, the stabilisation of assets under management, successful rebranding and commercial campaigns.
- Enforcement of operational efficiency measures.

Combined, these measures are creating synergies that are expected to reach EUR 900 million annually by 2012, of which EUR 850 million refers to cost synergies driven by organisational, IT, facility and procurement, and human resources measures. Staff reduction will mainly be the result of natural attrition and voluntary departures.

The second half of 2009 saw the launch of the reorganisation of BNP Paribas Fortis around four core activities: Retail & Private Banking, Corporate & Public Bank Belgium, Corporate & Investment Banking and Investment Solutions. The rebranding of significant parts of the business in Belgium, Poland and other countries, where BNP Paribas Fortis has a presence, also went ahead in the second half of 2009.

In the insurance sector, BNP Paribas Fortis entered into a strategic partnership with Belgian market leader AG Insurance, in which it holds a 25% stake. The agreement under which AG Insurance products are distributed exclusively by the branches of BNP Paribas Fortis and Fintro intermediaries will not expire until 2020 at the earliest.

BNP Paribas Fortis now offers a comprehensive package of financial services to retail, professional and wealthy clients in Belgium, as well as in Poland and Turkey. The bank also provides corporations and public and financial institutions with customised solutions, for which it can draw on BNP Paribas' know-how and international network. As from 2010, the activities of BNP Paribas Fortis CIB and Investment Solutions will be integrated with those of BNP Paribas CIB and Investment Solutions. Retail banking activities, including Retail & Private Banking and Corporate & Public Banking Belgium will constitute, for their part, a specific operational entity.

The Board of Directors of Fortis Bank SA/NV will propose to the Annual General Meeting of Shareholders in April 2010 not to declare a dividend over the year 2009.

The remainder of this section "Core businesses of Fortis Bank" contains a description of the activities of each business-line of BNP Paribas Fortis. The following chapters will complement this by describing the consolidated financial results of 2009.

Core businesses of Fortis Bank

Retail & Private Banking Belgium

The Retail & Private Banking of BNP Paribas Fortis occupies a leadership position in Belgium, with 9,700 staff serving 3.6 million clients (one third of the total Belgian population). The 1,023 branches operating under the BNP Paribas Fortis brand are complemented by 322 franchises under the Fintro brand and 650 points of sale of the 50/50 joint venture with Banque de La Poste. A network of 2,297 ATMs (cash withdrawals and deposits) plus 1,217 non-cash machines (bank transfers) and 646 bank statement printers, online banking facilities (1.3 million users) and phone banking are linked up to the BNP Paribas Fortis client relationship management (CRM) platform, allowing the deployment of all systems across all channels. The long-term partnership with AG Insurance leverages the distribution power of the retail network and builds on the experience gained in bancassurance over the years.

The economic environment in which Retail Banking operates has changed significantly since the start of the crisis. At the same time, the banking landscape in Belgium remains very competitive with low interest rates, aggressive price setting on savings products, changed client expectations and an abundance of niche banks. Business momentum recovered in Retail Banking in 2009 after the very difficult second half of 2008. The outflow of funds was reversed in April 2009 and the turnaround in net intake (+ EUR 3.17 billion) brought full-year net intake to EUR 1.47 billion, mainly thanks to BNP Paribas Fortis' offer on savings accounts and win-back actions.

Retail Banking reaches out to its clients by means of a multi-channel distribution strategy of which the Focus Project, launched in 2007, remains the linchpin. Focus combines a segmented market approach with a performance-oriented sales organisation. The branch network is divided into 82 markets, each comprising 12 branches on average. Branches operating in the same market work closely together, with the customer need being the overriding factor: specialists are called in if they are required, irrespective of the size of the branch. All competences are available to customers everywhere in the network and all retail customers are offered the same service regardless of the channel through which they communicate with the bank.

Building on the strength and support of BNP Paribas Group, Retail Banking aims to win back market share lost in the crisis and increase client satisfaction, by investing in employees, distribution channels and locations. Long-term priorities include:

- upgrade of the branch network (EUR 150 million investment until 2012) with the branch acting as the single local access point for all services, combining proximity and expertise
- better knowledge of the client and better information sharing via CRM, leading to full application of the multi-channel model
- freeing up time for the advisory role and maximisation of personal contacts to buttress trust and sustainable profitability

With EUR 44 billion in assets under management, the new private bank is the largest private banking services provider in the Belgian market. The current reorganisation of the private bank is resulting in upgraded customer service due to the embedded collaboration between Retail Banking and Private Banking and entails a new segmentation. Individual clients with assets of more than EUR 250,000 are now eligible for Private Banking services, creating a larger customer base. An expanded network of 35 private banking centers opening in 2010 and 2011 will give the 65,000 clients in this segment easy access to personalised services.

Wealth Management caters for about 1,000 clients with potential assets of more than EUR 4 million. These clients benefit from a dedicated service model and access to the international network of BNP Paribas Group and are primarily served via two Wealth Management Centers, in Antwerp and Brussels.

Key commercial highlights of Retail & Private Banking for 2009 are:

- 'James — Direct Personal Banking', a service that provides customers with access to a personal banker during extended business hours via telephone, email and webcam. 'James' targets affluent customers who are seeking flexibility as to when – and how – they communicate with the bank. The personal bankers who make up the James team notably offer expertise in areas like tax and insurance, real-time market information and proactive portfolio management.
- BNP Paribas Fortis is the number one bank in the youth segment in Belgium (32% market share), a hotly contested market. To stay ahead of the competition, the bank launched 'Mine Pack' in September 2009, an account package for young people that includes an e-newsletter and magazine. The Mine.be website was also revamped, with new interactive features such as a 'Money Coach' to help young people manage their money.
- The large-scale 'One billion euros' publicity campaign was launched in Belgium on 1 June 2009, aimed at the self-employed, professionals and businesses. Rather than opting for a corporate image campaign, advertisements, TV and radio spots highlighted a concrete proposition and publicised BNP Paribas Fortis' engagement, commitment to customers and involvement in financing the real economy, and that one billion euros was available to help this target group develop their activities.
- BNP Paribas Fortis has extended its sponsorship of the leading Belgian football club RSC Anderlecht until the 2013/2014 season. The bank has been sponsor of the club since 1981.
- Launch of the new BNP Paribas Private Banking on 10 December 2009, accompanied by a large-scale media campaign with a new website, brochures and events.

Corporate & Public Banking Belgium

BNP Paribas Fortis Corporate & Public Bank Belgium offers a comprehensive range of local and international financial services to Belgian enterprises, public entities and local authorities. With 457 corporate clients and 34,100 midcap clients, it is the market leader in those categories, and is also a challenger in public banking (1,300 clients). The offering includes domestic banking products, specialist financial skills, and securities, insurance and real estate services. Skills include specialist ones such as trade services, cash management, factoring and leasing, as well as M&A and capital markets.

A central team of more than 60 corporate bankers, 200 relationship managers in 24 business centers and skills officers ensure that BNP Paribas Fortis stays close to the market. This team, combined with the European network of business centers managed within Corporate & Investment Banking, enables BNP Paribas Fortis to offer unified commercial management to its Belgian clients locally and abroad.

The competence center Global Factoring will serve Retail, Commercial Banking and Corporate clients, providing them with domestic and multi-domestic factoring solutions throughout Europe, including financing, debt collection and accounts receivable management.

Corporate & Investment Banking

BNP Paribas Fortis Corporate & Investment Banking offers its clients (in Belgium and in Europe) full access to BNP Paribas CIB's product portfolio.

BNP Paribas Fortis CIB consists of six business lines: Global Markets, Structured Finance, Corporate Finance & Equity Capital Markets, Private Equity, Institutional Banking Group Europe, and Corporate & Transaction Banking Europe.

Global Markets, a sustainable Capital Markets platform focused on client-driven activities, is maintained in Brussels, with the objective to offer an enlarged product range through access to BNP Paribas platforms. In Fixed Income, Global Markets serves mainly Belgian clients, with Fixed Income Trading desks also quoting flows of European Midcaps (clients of Corporate & Transaction Banking Europe). In Equity Derivatives, the focus is on serving Belgian clients, while some trading activity is maintained.

Structured Finance groups the activities of Corporate Acquisition Finance, Leveraged Finance, Export Finance and Project Finance. A new regional platform for CIB is set up in Belgium, to serve clients in the Benelux countries, Northern & Central Europe (including Greece) and Turkey (BNCET platform). The team in Brussels also manages the Public-Private Partnership financing for all Europe, leveraging BNP Paribas Fortis expertise in this domain.

Corporate Finance is active in Merger & Acquisition Advisory and in Equity Capital Markets. Corporate Finance focuses on Belgian clients.

Private Equity continues to support the Belgian economy by investing in capital and mezzanine, allowing BNP Paribas Fortis to help its clients in their external development.

Institutional Banking Group Europe is responsible for the relationship management with financial institutions. It promotes flow banking and plain vanilla products.

Corporate & Transaction Banking Europe is an integrated banking network focused on servicing large mid-caps and international clients, and in particular subsidiaries of CIB clients throughout Europe. CTBE delivers daily banking products and services (Vanilla loans, Cash Management, Trade services, Flow-hedging products and, when available, Leasing, Factoring and Investment Solutions products) to well-known corporate and financial institution clients in 16 non-domestic countries in Europe, through a network of more than 30 business centers for proximity with clients. Corporate & Transaction Banking Europe will operate in close collaboration with two competence centers based in Belgium and operating for the whole BNP Paribas group: Cash Management and Global Trade Solutions. Cash management provides companies with liquidity management services, as corporates are increasingly looking for global and homogeneous solutions at European level (e.g., SEPA solutions, cash pooling, payment factories). Meanwhile, these companies continue to need comprehensive local offerings. Global Trade Solutions assists companies in their international trading activities, providing, for instance, international guarantees for commercial agreements between parties in different countries.

Notable deals concluded in 2009 by Corporate & Investment Banking and Corporate & Public Bank Belgium:

- BNP Paribas Fortis acted as Joint Mandated Lead Arranger with a club of banks, to successfully underwrite the EUR 690 million of senior secured facilities required to support CVC's acquisition of StarBev, Anheuser-Busch InBev's (ABInBev) Central and Eastern European (CEE) operations. The transaction stands for one of the largest buyouts in Europe in 2009.
- In Belgium, BNP Paribas Fortis signed for the largest Leverage buy-out transaction performed in the course of 2009; it acted as mandated lead arranger for the EUR 73 million senior club deal, to finance the acquisition of the ADB Group by Montagu Private Equity and management. ADB Group is the leading worldwide manufacturer of airfield ground lighting systems.
- BNP Paribas Fortis was one of only three participating banks and the only non-British bank in the European Investment Bank's (EIB) intermediated lending scheme for onshore wind energy, which aims to lend up to GBP 1 billion to onshore wind farms over the next 3 years. This is a programme sponsored by the British government to develop wind power. The selection of BNP Paribas Fortis demonstrates our position as a consistent top tier lender to the UK and international renewable energy markets.

- BNP Paribas Fortis was retained by Aquafin as sole bookrunner for a Belgian retail bond issue of EUR 150 million, targeted directly at the retail and private banking investor base. By opting for such a retail bond issue, Aquafin gained significant benefits in terms of funding base diversification and cost. Aquafin designs, finances, builds and operates supramunicipal infrastructure needed to treat domestic wastewater and optimises main sewers and wastewater treatment plants in Flanders.
- Fluxys, the independent operator of both the natural gas transport, transit grid and storage infrastructure in Belgium, appointed BNP Paribas Fortis as sole bookrunner and joint lead manager for its retail bond issue. The sole bookrunner mandate was awarded to BNP Paris Fortis, because of its expertise and clear market leadership in retail bonds issue. This deal underlines the long term commitment to Fluxys and our position as core bank to Fluxys – assisting Fluxys since 1971.
- BNP Paribas Fortis acted as joint bookrunner on Elia's EUR 1 billion dual tranche bond offering. Elia, Belgium's regulated monopoly operator of the high voltage electricity transmission network, decided to raise EUR 1 billion by targeting the institutional benchmark bond market to refinance short-term loans and maturing long-term debt as well to prefinance the anticipated tariff shortfalls. Following an extensive road show, the dual tranche offering was a huge success.
- BNP Paribas Fortis was a key partner of the biopharmaceutical leader UCB to refinance the company's facility arranged back in 2006 for the acquisition of Schwarz Pharma. In the 4th quarter of 2009, BNP Paribas Fortis acted as joint bookrunner of UCB's EUR 500 million convertible bond issue, joint bookrunner of the EUR 750 million retail bond, co-manager of the EUR 500 million institutional bond. The success of those three debt capital market transactions totaling EUR 1.75 billion with different maturities enabled UCB to further diversify its lender base and extend its debt repayment profile. The remaining portion of indebtedness was refinanced with a new EUR 1.5 billion syndicated revolving facility for which BNP Paribas Fortis acted as joint coordinator and bookrunner.

Investment Solutions

Fortis Investments, the asset management arm of BNP Paribas Fortis, has assets under management of EUR 161 billion, with approximately 65% of its revenues generated by third-party clients. Fortis Investments has a global presence, with sales offices and 40 dedicated investment centers in Europe, the US and Asia. As a client-driven organisation, it offers international investment solutions, while meeting the requirements and needs of local investors, both institutional and wholesale/retail. As a diversified asset manager, its solutions-oriented approach provides its teams with the freedom and resources to investigate ideas and opportunities in every market and every asset class. Fortis Investments is one of the world's most diversified asset management companies in terms of the types of solutions it can offer, with a global footprint. It is the fifth largest asset manager for European domiciled funds excluding money market (source: Feri).

Key developments in 2009 include:

- The outflow of assets slowed and the decrease in assets in the first half of the year was reversed in the second half of the year.
- Synergies from the consolidation of ABN AMRO Asset Management resulted in lower costs.
- The transition of all 256 former ABN AMRO funds and mandates (worth EUR 55 billion) onto the Fortis Investments platform was completed.
- New solutions for clients – Fortis Investments launched 93 new funds and mandates.
- The start of the integration with BNP Paribas Investment Partners, which will offer clients some 60 specialist investment capabilities and enable to provide local service to clients in 45 countries.
- Fortis Investments and BNP Paribas Investment Partners launched their first co-branded fund, specifically for clients in the Netherlands. The BNP Paribas Convertible Bond Fund raised EUR 82.9 million during its subscription period.

Fortis Investments will change its name to BNP Paribas Investment Partners in 2010, following the legal merger with this entity, which is expected to take place in the first half of 2010. The new, combined organisation will continue to develop, with the focus on the following areas:

- A broad range of investment products and services, offered through a range of multi-expertise investment centers, specialist partners and local solution providers.

- Specialised global business lines focusing on specific client segments, supported by global and local marketing functions.
- Four regional divisions across the world's major business zones to provide momentum, co-ordination and solutions.
- Shared support functions throughout BNP Paribas Investment Partners, to provide high standard and coherent global services to our clients.

BNP Paribas Fortis in Poland

In Poland, BNP Paribas Fortis is a universal bank providing savings, investment products and loans to individual customers and integrated solutions to companies in order to finance their business in local and international markets. It has a customer base of more than 400,000, served by 2,600 employees at 250 retail branches and 8 business centers. The bank is ranked 11th among banks in Poland.

The Polish economy performed relatively well in 2009, gaining the status of European growth leader. However, growth slowed to 1.6%, from 5% a year earlier – the weakest result for a decade. The deterioration in business conditions influenced the banking sector, with the sector's net financial result for the first three quarters of 2009 44.6% lower than in 2008, mainly due to write-downs related to lower quality loan and FX derivatives portfolios.

For BNP Paribas Fortis, the year was dominated by the simultaneous legal and operational merger with Dominet Bank, which was successfully completed at the end of July. All branches can now welcome the clients of both banks and the common electronic banking systems are fully operational. The new bank's customers are able to execute basic banking transactions in each one of the 258 branches, 39 of which also offer personal banking products (e.g. savings and investment products) and solutions for small and medium enterprises. Corporate clients are served by eight business centers.

BNP Paribas Fortis also revised its approach to account packages for retail and SME clients. New, simple packages called S, M, L and XL were brought onto the market for retail clients. Apart from standard services, each package offers complementary solutions, e.g. a savings account with daily capitalisation of interest.

Fortis Bank Turkey

BNP Paribas Fortis operates in Turkey via Fortis Bank Turkey, of which it is the majority shareholder with 94.11% of the shares. Retail Banking offerings consist of debit and credit cards, personal loans, and investment and insurance products distributed through 297 branches and via internet and phone banking. Corporate banking services include international trade finance, asset and cash management, credit services, factoring and leasing. Through its commercial and small business banking departments, the bank offers various investment services to small and medium-sized enterprises.

In a difficult economic environment, Fortis Bank Turkey managed to keep its franchise in good shape throughout 2009. The Turkish banking sector, in general, was less affected by the international financial crisis, as it had no exposure to toxic assets and applied sound lending criteria. Fortis Bank Turkey continued to provide credit both to individuals and companies at a slower pace – in line with a decrease in demand – while closely monitoring the risk. Loan losses, albeit increasing, remained within acceptable levels.

The market activities benefited from decreasing interest rates. Customer deposit gathering was a continued point of attention leading, for example, to the acquisition of 100,000 new customers whose salaries are paid into Fortis Bank Turkey accounts. A new credit card segmentation was launched with specific emphasis on affluent customers.

Fortis Bank Turkey's bancassurance activities continued to grow at a fast pace due to its partnership with several providers, including Fortis Insurance and Cardiff.

More efficient and customer-friendly measures have been introduced, such as the increase in the number of cash-in ATMs and the possibility of processing credit card applications via Blackberry.

In 2010, Fortis Bank Turkey is expected to benefit from the gradually improving economy and particularly from higher growth rates in line with the ones Turkey showed in the 2002-2007 period.

BGL BNP Paribas

The bank, which was founded in 1919 and is now known as BGL BNP Paribas, has made an active contribution to the emergence of Luxembourg as an international financial center. An international financial services provider, the bank is one of the country's biggest employers and holds a leading position on its domestic market, ranking first for professional clients and SMEs and second for private clients, while extending its sphere of activity to the Greater Region, encompassing the border areas of Luxembourg. In 2009, the bank was organised on the basis of three business lines subdivided into sectors of activity and/or segments.

Retail Banking

Through its network of 37 branches, Retail Banking offers financial services to retail clients, including private individuals, self-employed workers, members of the liberal professions and small enterprises. Retail Banking has put in place a differentiated approach to clients so as to optimise its range of services and advice in all areas of day-to-day management, savings, investment, credit and insurance.

Private Banking & Asset Management

The Private Banking business line provides integrated solutions for the management of assets and liabilities for affluent private individuals, both resident and non-resident, their companies and advisers. In order to serve these high-potential clients as well as possible, the range comprises a wide assortment of appropriate banking services, including the management of structures, investments, trust and corporate services, real-estate management and insurance.

Merchant Banking

Merchant Banking offers a comprehensive range of banking products and financial services intended for large, multi-national companies and institutional clients, including investment funds in Luxembourg. The 2009 financial period was marked by the integration process with BNP Paribas and the approval by the Board of Directors, on 25 November 2009, of the Luxembourg section of the industrial plan, ensuring the bank an ambitious development and growth strategy both for national and regional markets and as regards certain international activities.
Backed up by the quality of its shareholders, the Luxembourg State (34%) and BNP Paribas (directly and indirectly 65.96%), the bank aims to win back market share by placing its commercial dynamism and exemplary quality of service at the disposal of its clients.

Forward-looking Statements

It should be noted that any statement of future expectations and other forward-looking elements are based on the company's current views and assumptions and involve a degree of risk and uncertainty, in particular given the current general economic and market conditions.

Credit ratings of Fortis Bank SA/NV at 12/02/2010

	Long-term	Outlook	Short-term
Standard & Poor's	AA	Negative	A-1+
Moody's	A1	Stable	P-1
Fitch Ratings	AA-	Negative	F1+

These ratings represent an assessment of the default risk on debt securities, performed by the main rating agencies: Standard & Poor's, Moody's and Fitch Ratings. The rating awarded to an issuer has a direct impact on the issuer's borrowing costs.

Adjustments to long-term credit ratings
- Standard & Poor's upgraded Fortis Bank rating to 'AA' from 'AA-' on January 29, 2010 equalising the rating of Fortis Bank with the rating of its parent BNP Paribas SA, after it had already upgraded Fortis Bank rating to 'AA-' from 'A' on May 18, 2009.
- Fitch Ratings upgraded Fortis Bank rating to 'AA-' from 'A+' on May 15, 2009 reflecting the completion of the takeover by BNP Paribas SA, which resulted in BNP Paribas holding 75% of Fortis Bank.

Credit ratings are measures of the creditworthiness of Fortis Bank, calculated by independent rating agencies.
Long-term ratings are opinions of the relative credit risk of fixed-income obligations issued with an original maturity of one year or more. Institutions with at least A/A1/A+ ratings are considered to have low credit risk. Intrinsically, this means that, even within the category of "Investment Grade" issuers, Fortis Bank belongs to the safer ones.

Similarly, short-term ratings are creditworthiness opinions for fixed-income commitments with maturities of less than a year. The 'A-1+ / P-1 / F1+' notations indicate that Fortis Bank's capacity to meet these commitments on the obligation is very strong. In other words, for deposits, saving accounts, commercial paper issuances and other short term commitments, Fortis Bank's counterparty risk is among the lowest to be found.

Several financial activities are contingent to strong short- and long-term ratings. The quality of Fortis Bank's ratings thus contributes to the scope of its potential of activities.

Comments on the Fortis Bank 2009 consolidated financial results and financial position

Fortis Bank's 2009 results were impacted by several one-off elements related to the economic situation and the transactions concluded in the course of 2009. Nevertheless, the year was focused on restoring commercial stability as well as financial stability, as witnessed in the improved liquidity and solvency position of the bank.

The remainder of this section describes the income statement, balance sheet, liquidity/solvency and the principal risks/uncertainties.

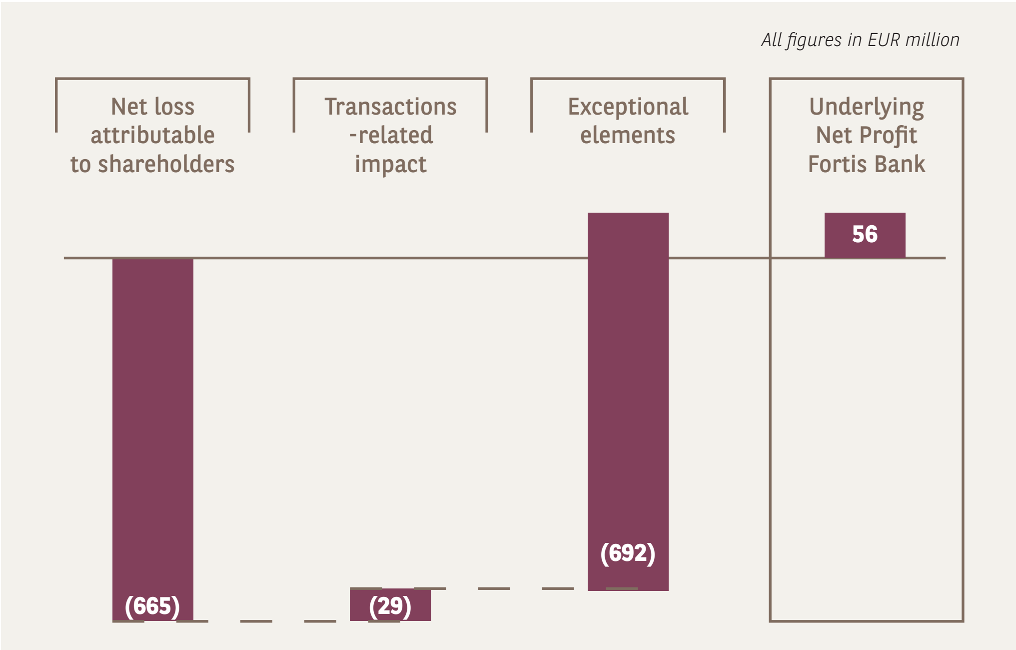
The use and the impact of financial instruments on the balance sheet and the income statement is disclosed in the notes to the balance sheet and the income statement.

Comments on the 2009 consolidated income statement

For the year 2009, Fortis Bank realised a net loss attributable to shareholders of EUR 665 million. As described in the next paragraph, this result is negatively impacted by one-off elements. Looking through these exceptional elements, the underlying result is slightly positive (EUR 56 million), reflecting two distinct dynamics. As such, good commercial performance and strong trading results are compensated by a high level of impairments, reflecting the consequences of the economic downturn.

The results for 2009 have been impacted by exceptional elements that can be grouped along two axes:

- The impact of transactions concluded in 2009 and 2008, which negatively impact the net profit of EUR 29 million. This effect consists of two compensating elements: the sale to Royal Park Investments of a portfolio of structured credits (EUR 487 million positive effect), which is offset by negative results from the sale of non-core activities and the valuation of discontinued operations (EUR -516 million). BNP Paribas Fortis and BNP Paribas have reached agreements to transfer activities and although the total net impact on the result of BNP Paribas Fortis of all the transfers is limited, IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, requires to already reflect losses on future sales in the 2009 accounts, whereas gains on future sales cannot yet be recognised.
- The impact of exceptional elements not related to run of the mill operations for EUR 692 million. Next to typical non-recurring elements, this also includes the one-time alignment, within the IFRS framework, of accounting policies, accounting estimates, classifications, methodologies and parameters used in the valuation and measurement of assets and liabilities, with those applied by BNP Paribas. This to attain consistent and transparent financial reporting and to avoid operational inefficiencies.


All figures in EUR million
Net loss attributable to shareholders
Transactions -related impact
Exceptional elements
Underlying Net Profit Fortis Bank
(665)
(29)
(692)
56

Comments on the evolution of the results

The Annual Financial Statements reflects the 2009 results in a IFRS compliant format, meaning all results on discontinued operations are presented in a single amount in the income statement. However, in order to describe the business evolutions as taken place during the year 2009, the comments below are based on the results including the discontinued operations. The presentation of the income statement in that format can be found on page 242.

To avoid any confusion we reiterate that the comments are related to the Fortis Bank consolidated results and do not cover the contribution of Fortis Bank to BNP Paribas Group, which can be found on the BNP Paribas website : www.bnpparibas.com

Net interest income amounted to EUR 4,675 million in 2009, up 18% in comparison to 2008, on the back of a strong increase of interest revenues in Global Markets activity, as a result of favourable funding conditions. This was partly off-set by lower average commercial revenues volumes, following withdrawals in the second half of 2008, as well as lower margins on deposits. However, commercial results are improving as of Q2 2009, thanks to a recovery of deposits essentially in Belgium. 2009 saw customer deposits in Retail & Private Banking Belgium increase by EUR 8 billion or 14% compared to the end of 2008.

Net fee and commission income reached EUR 1,986 million in 2009, down EUR 222 million or 10% compared to 2008, mainly driven by lower fees on securities brokerage and on assets under management (AUM). The positive impact of the market performance on AUM balances was offset by further net outflows in both Private Banking and Asset Management. The financial turmoil at the end of 2008 continued to weigh on the activity and the transactions of customers in the first months of 2009. However, commission and fee income regained momentum as of the second quarter in line with the more favourable development of financial markets.

Dividend, share in result of associates and joint ventures, and other investment income amounted to EUR 171 million in 2009, down by EUR 110 million on 2008. Due to the sale of almost the entire equity portfolio at the end of 2008, dividend income from equity investments was lower in 2009. This negative impact was partially counterbalanced by the EUR 25 million contribution of AG Insurance following the acquisition of a 25% participation on 12 May 2009.

Realised capital gains (losses) on investments reached EUR 61 million in 2009 mainly supported by gains on the private equity portfolio as well as on the sale of government bonds and of participations, partly offset by losses on corporate bonds.
The realised losses on investments of EUR 278 million in 2008 were essentially related to the sale of the largest part of the equity investment portfolio at the end of 2008, and were partly neutralised by gains realised on the sale of government bonds and real estate.

Other realised and unrealised gains and losses were strong, at EUR 167 million in 2009, supported by solid capital markets results as fixed income activity benefited from a more favourable yield curve. This was partly mitigated by the negative results on credit derivatives positions following tightening credit spreads. The reported result was also impacted by changes in valuation methods and the sale of part of the structured credit portfolio.
The 2008 result was exceptionally low with a loss of EUR 1.5 billion, negatively impacted by losses on the interest rate options position, the structured credit portfolio and valuation adjustments on derivatives, partly offset by positive credit derivatives gains.

Other income amounted to EUR 383 million, an increase by EUR 62 million in 2009, compared to 2008, mainly driven by higher income at Fortis Investments, reimbursement of contributions to the deposit protection fund in Luxembourg and income from the servicing agreement with FBN Holding.

Change in provisions for impairments reached EUR 4.2 billion. This high level of provisions is amongst others driven by the goodwill and intangible asset impairments, reversals of impairments on the structured credit portfolio related to the sale to RPI and the one-time alignment of accounting policies and estimates with those applied by BNP Paribas. Specific loans loss provisions remained high at EUR 2.0 billion following the difficult economic environment leading to deterioration of the loan portfolio especially in the businesses Real Estate, Commercial Banking, Leasing and Institutional Banking.
The high level of impairments in 2008 at EUR 10.1 billion was mainly linked to the financial crisis leading to impairments on structured credit instruments, on defaulting bond issuers and impairment of goodwill and other intangible assets.

Total expenses stood at EUR 5,725 million and showed a substantial decrease in 2009 (EUR 467 million) reflecting the reduction of the range of activities and tight cost containment.

Staff expenses arrived at EUR 3,064 million in 2009, 9% lower than in 2008. This decrease reflects the lower average staff base (-5.5%) and a limited wage drift under the difficult economic situation. Staff expenses were in both periods impacted by restructuring and health care provisions. Excluding these elements, staff expenses decreased by 4.5% in 2009.

Other operating charges (including depreciation and amortisation costs)
came in at EUR 2,661 million in 2009, a decrease by EUR 158 million or 6% compared to 2008.

Income taxes in 2009 were significantly impacted by the recognition of Deferred Tax Assets (DTA) on tax losses carry forward in the parent company Fortis Bank SA/NV (in Belgium), with a positive impact of EUR 1.3 billion. The 2008 income tax expense was impacted by non-tax deductible losses (goodwill impairments, sale losses on equity investments…) as well as DTA write-down's in several entities.

Results on discontinued operations amounted to EUR (9,127) million in 2008 related to the loss on the sale of Fortis Bank Nederland (Holding), including the ABN AMRO activities.

Comments on the evolution of the Balance Sheet

The balance sheet total amounted to EUR 435 billion at the end of 2009, a decline by EUR 152 billion or 26% compared with the end of 2008.

Overall this is the result of the further de-risking of the balance sheet and the significant fluctuations in the interbank activities.

The evolutions in the captions of the balance sheet provide deeper insights. Starting on the Assets side, the decrease was located mainly in the captions, due from banks, reverse repo transactions and securities lending activities and investments.

The decline in assets and liabilities held for trading, was driven by lower volumes.

These decreases on the assets side were completed by a continued run-down of customer term loans in non-domestic territories, leading to a sharp decrease in Due from customers. Higher mortgage loans and loans granted to Royal Park Investments (EUR 7.3 billion), related to the funding of the structured credit portfolio, off-set only partly the decrease.

The considerable decrease in the different outstanding amounts is confirmed by the decrease in the accrued interest and other assets.

The liability side reveals similar evolutions, starting with a sharp decline in the liabilities held for trading, mainly due to – as on the assets side – lower volumes, followed by again a sharp decline in due to banks being mainly the result of lower time deposits, and as also on the assets side, lower repo's and securities lending. The variation in Due to customers is attributed to the outflow of wholesales deposits, yet deposits at Retail and Private Banking continued to grow. Debt certificates grew thanks to the issuing of commercial paper (short, middle and long term), and the growth in saving certificates. The balance sheet downsizing on the liability side is also reflected in the decrease of accrued interests and other liabilities.

The decreases in the different captions of the assets and liabilities, is also impacted by the re-presentation of all assets and liabilities related to discontinued operations in two separate captions on the balance sheet: Assets and Liabilities classified as held for sale.

Assets

Cash and cash equivalents remained stable at EUR 22 billion, after a EUR 5 billion reclassification to Assets classified as held for sale.

Assets held-for-trading decreased by EUR 36 billion, which was driven by Global Markets and linked to the decrease in the fair value of derivatives (EUR -26 billion) and to the lower volume of trading securities (EUR -7 billion). A similar decrease (EUR 35 billion) took place at the level of the liabilities held for trading.

Due from banks decreased substantially by EUR 29 billion or 62% mainly driven by lower interbank activities at Global Markets and leading to a decline in interest bearing deposits (EUR -16 billion), loans and advances with credit institutions (EUR -4 billion) and reverse repo transactions and securities lending receivables (EUR -8 billion).

Due from customers decreased by EUR 72 billion or 34% standing at EUR 143 billion by the end of 2009. EUR 35 billion is related to discontinued operations and is reclassified to Assets held for sale. Before reclassification, reverse repo transactions and securities lending receivables dropped by EUR 18 billion, especially at Global Markets and following a reduction in activities.
Loans to customers decreased by EUR 19 billion mainly driven by Merchant Banking (EUR -15 billion) and due to the run-down of activities in non-domestic territories. Institutional Banking balances grew by EUR 5 billion impacted by the loans (EUR 7.3 billion) granted to Royal Park Investments. The decrease in the loan balances also included a decrease (EUR 5 billion), due to the early termination of loans to Fortis Holding. Loan balances in the Retail businesses increased with EUR 2.5 billion (of which EUR 1.9 billion in Belgium) mainly linked to a higher value of mortgage loans. The Private Banking portfolio continued to decrease by EUR 1.2 billion.

Investments declined by EUR 15 billion to EUR 94 billion due to the sale of part of the structured credit portfolio to Royal Park Investments (EUR -10 billion) and the reduction of the investments portfolio at ALM (EUR -8 billion), following sales and redemptions in the government bond portfolio. The investment in AG Insurance (25% participation) for an amount of EUR 1.4 billion, slightly increased the investments.

Trade and other receivables decreased by EUR 3 billion driven by the reduction of the margin accounts of Global Markets customers.

Goodwill and other intangible assets showed, before reclassification to Assets held for sale, a decrease of EUR 0.2 billion due to impairments and amortisation of intangible assets (EUR -260 million). EUR 1.5 billion was reclassified to Assets held for sale and related mainly to asset management activities.

Current and deferred tax assets increased by EUR 1.2 billion, driven by the recognition of deferred tax assets for tax losses carry forward.

Accrued interest and other assets decreased by EUR 45 billion mainly due to lower balances on differences between trade- and settlement date accounting (EUR -12 billion) and lower accrued income (EUR -30 billion). The trade- and settlement date differences were due to the fact that at trade date, outstanding amounts from loans and deposits were recognised on the balance sheet, affecting other assets and other liabilities until the cash settlement.

Assets classified as held for sale (EUR 52 billion) relates in 2009 mainly to integration transactions between Fortis Bank and BNP Paribas and non-core Asset Management entities, in 2008 acquired from ABN AMRO Asset Management. These operations are further commented in Note 4 and 23 of the Fortis Bank Annual Report.

Liabilities and equity

Liabilities held-for-trading decreased by EUR 35 billion (or 37%) driven by Global Markets, on the back of lower balances due to the decrease in fair value of derivatives (EUR -28 billion) and a lower volume of short security sales (-4 billion). A similar decrease took place at the level of the assets held for trading.

Due to banks declined by EUR 79 billion (or 59%) in 2009, mainly driven by Global Markets and including a decline with EUR 8 billion due to the reclassification of discontinued operations as Liabilities held for sale. The decrease in Global Markets was due to lower time deposits with credit institutions (EUR -17 billion), with central banks (EUR -9 billion) and lower demand deposits (EUR -3 billion).

The reverse repo- and securities lending transactions with banks were EUR 26 billion lower reflecting the downward trend in interbank activities.

Due to customers decreased by EUR 47 billion to EUR 171 billion. EUR 20 billion decrease is related to discontinued operations and is reclassified as Liabilities held for sale. Before reclassification, reverse repo transactions and securities lending transactions dropped by EUR 24 billion, especially at Global Markets following a reduction in activities.
The remaining decrease was driven by Merchant Banking and Asset Management with decreases of EUR -11.5 billion and EUR -1.8 billion respectively. Merchant Banking was confronted with an outflow of wholesale deposits, whereas the decrease within Asset Management is due to volatile deposits resulting from fund investment policies. Deposits at Retail Banking continued to grow by EUR 6.8 billion, mainly within Retail Belgium (EUR +5.9 billion). Private Banking supported the growth by EUR 2.4 billion.

Debt Certificates increased by EUR 1 billion, at the end of 2009, after the reclassification of EUR 9 billion to Liabilities held for sale. The evolution before reclassification was due to new issues of short-term commercial paper (EUR +10 billion) as well as long- and medium term paper (EUR +1 billion), partly offset by lower held-at-fair value debt of EUR -1.4 billion. Saving certificates accounted for EUR 1.1 billion in the growth.

Subordinated liabilities decreased by EUR 6 billion driven by the redemption of the liabilities due to Fortis Holding (EUR -5.7 billion).

Accrued interest & other liabilities decreased by EUR 31 billion (or 52%) impacted by lower accrued interest and accrued other expenses (EUR -29 billion), reflecting the decrease of total liabilities.

Liabilities classified as held for sale (EUR 42 billion) relates in 2009 mainly to integration transactions between Fortis Bank and BNP Paribas and non-core Asset Management entities in 2008 acquired from ABN AMRO Asset Management. These operations are further commented in Note 4 and 23 of the Fortis Bank Annual Report.

Shareholders' Equity increased by EUR 3.1 billion to EUR 15.5 billion, driven by an increase of EUR 3.8 billion in unrealised gains and losses, off-set by the loss of the year (EUR 665 million) and the decrease in the currency translation reserve (EUR 60 million).

Minority Interests increased by EUR 0.2 billion, mainly due to the increase in unrealised gains and losses, to EUR 3 billion at 31 December 2009.

Liquidity and solvency

The liquidity position of Fortis Bank continued to improve in the course of 2009 due to confidence gradually returning in the markets and due to BNP Paribas gaining majority control and taking away the uncertainty about the future of the bank.

Fortis Bank continued to benefit from more benign market conditions expressed in:

- increased access to wholesale funding allowing to reduce the dependency on central bank financing
- Retail and Private Banking deposits showing a positive trend again, as from the second quarter of 2009.

The ratio naked deposits/loans (excluding secured loans and deposits) has improved from 88% at the end of 2008 to 98% at 31 December 2009.

Solvency remained strong. At 31 December 2009, Fortis Bank's Tier 1 capital ratio amounted to 12.3% compared to 10.7% on 31 December 2008. At 31 December 2009, the total capital ratio stood at 19%, well above the regulatory required minimum of 8%.

The positive evolution of the Tier 1 capital ratio can be explained by the material reduction in Risk Weighted Assets (RWA) (EUR -55 billion or 27%), off-setting the decrease of Tier 1 capital (EUR 3.4 billion). The decrease in RWA's is mainly due to the sale of part of the structured credit portfolio of Fortis Bank to Royal Park Investments, the controlled business downsizing in select Merchant Banking segments and the reduction in trading positions.

The decrease in Tier 1 capital is mainly due to the deduction of 50% of the participation acquired in AG Insurance, the net loss of the period and other technical elements.

Principal risks and uncertainties

Fortis Bank's activities are exposed to a number of risks such as credit risk, market risk, liquidity risk and operational risk. To ensure that these risks are identified and adequately controlled and managed, the bank adheres to a number of internal control procedures and refers to a whole array of risk indicators, which are further described in Note 7 Risk Management of the Fortis Bank Consolidated Financial Statements 2009.

Fortis Bank is involved as a defendant in various claims, disputes and legal proceedings in Belgium and in some foreign jurisdictions, arising in the ordinary course of its banking business and following the restructuring of Fortis Bank and Fortis Group at the end of September and beginning of October 2008, as further described in Note 49 of the Fortis Bank Consolidated Financial Statements 2009.

Events after the reporting period are further described in the section "Other information of the Consolidated Financial Statements".

Brussels, 23 March 2010

Statement of the Board of Directors

The Board of Directors of Fortis Bank is responsible for preparing the Fortis Bank Consolidated Financial Statements as at 31 December 2009 in accordance with International Financial Reporting Standards as adopted by the European Union and the Fortis Bank Financial Statements as at 31 December 2009 in accordance with rules laid down in the (Belgian) Royal Decree of 23 September 1992 on the annual accounts of credit institutions.

The Board of Directors reviewed the Fortis Bank Consolidated and Non-consolidated Financial Statements on 23 March 2010 and authorised their issue.

The Board of Directors of Fortis Bank declares that, to the best of its knowledge, the Fortis Bank Consolidated Financial Statements and the Fortis Bank Financial Statements, give a true and fair view of the assets, liabilities, financial position and profit and loss of Fortis Bank and the undertakings included in the consolidation and that the information contained herein has no omissions likely to modify significantly the scope of any statements made.

The Board of Directors of Fortis Bank also declares that, to the best of its knowledge, the management report includes a fair review of the development, results and position of Fortis Bank and the undertakings included in the consolidation, together with a description of the principal risks and uncertainties with which they are confronted.

The Fortis Bank Consolidated Financial Statements and the Fortis Bank Financial Statements as at 31 December 2009 will be submitted to the Annual General Meeting of Shareholders for approval on 22 April 2010.

Brussels, 23 March 2010
The Board of Directors of Fortis Bank SA/NV

Corporate Governance

Board of Directors

Role and responsibilities

In accordance with legislation and regulations relating to credit institutions prevailing in Belgium, the Board of Directors is responsible for defining general policy of the Bank ('policy function'), supervising the activities of the Executive Board, appointing and revoking the members of the Executive Board and supervising the Independent Control Functions ('supervisory function').

In accordance with article 26 of the Banking Act and article 22 of the articles of association of Fortis Bank ('Articles of Association'), the members of the Board of Directors have elected amongst themselves an Executive Board, of which the members are referred to as "Executive Directors". The Executive Board has received a general delegation of power to perform any acts necessary or relevant to manage the banking activities within the general policy framework set out by the Board of Directors ('management function').

Size and membership criteria

The Board of Directors shall be made up of not less than five and not more than thirty-five Directors.
Members of the Board of Directors may or may not be shareholders, and are appointed for a period not exceeding four years.

Board members have the necessary qualities to exercise their function in an objective and independent way in order to guard the interests of Fortis Bank at all times.

According to the Fortis Bank' policy, the composition of the Board of Directors consists of an appropriate and balanced mix between the Executive Directors and the non-Executive Directors, whether independent or not.

Executive Directors may not constitute the majority of the Board.

Fortis Bank, furthermore, strives to maintain an appropriate balance of skills and competences within the Board of Directors in accordance with the provisions of the Banking Act.

Composition

The Composition of the Board of Directors is now as follows:

DAEMS Herman	Chairman of the Board of Directors. Non-Executive Director. Member of the Board of Directors since 14.05.2009. Board Member mandate expires during the Ordinary Annual General Shareholders' Meeting of 2012.
CHODRON de COURCEL Georges	Vice-Chairman of the Board of Directors. Non-Executive Director. Member of the Board of Directors since 14.05.2009. Board Member mandate expires during the Ordinary Annual General Shareholders' Meeting of 2012.
BONNAFÉ Jean-Laurent	Executive Director. Chairman of the Executive Board. Member of the Board of Directors since 14.05.2009. Board Member mandate expires during the Ordinary Annual General Shareholders' Meeting of 2012.
DIERCKX Filip	Executive Director. Vice-Chairman of the Executive Board. Member of the Board of Directors since 28.10.1998. Board Member mandate expires on 26.04.2010.
FOHL Camille	Executive Director, Member of the Board of Directors and the Executive Board since 01.01.2008. Board Member mandate expires on 23.04.2011.
MENNICKEN Thomas	Executive Director. Member of the Board of Directors and the Executive Board since 14.05.2009. Board Member mandate expires during the Ordinary Annual General Shareholders' Meeting of 2012.
RAYNAUD Eric	Executive Director. Member of the Board of Directors and the Executive Board since 14.05.2009. Board Member mandate expires during the Ordinary Annual General Shareholders' Meeting of 2012.
BOOGMANS Dirk	Independent Non-Executive Director. Member of the Board of Directors since 01.10.2009. Board Member mandate expires during the Ordinary Annual General Shareholders' Meeting of 2012.
COUMANS Wim	Non-Executive Director. Member of the Board of Directors since 27.01.2009. Board Member mandate expires during the Ordinary Annual General Shareholders' Meeting of 2012.

LAMARCHE Gérard	Independent Non-Executive Director. Member of the Board of Directors since 14.05.2009. Board Member mandate expires during the Ordinary Annual General Shareholders' Meeting of 2012.
LAVENIR Frédéric	Non-Executive Director. Member of the Board of Directors from 14.05.2009 till 01.10.2009 and again since 10.12.2009. Board Member mandate expires during the Ordinary Annual General Shareholders' Meeting of 2012.
PAPIASSE Alain	Non-Executive Director. Member of the Board of Directors since 14.05.2009. Board Member mandate expires during the Ordinary Annual General Shareholders' Meeting of 2012.
PRUVOT Jean-Paul	Non-Executive Director. Member of the Board of Directors since 27.01.2009. Board Member mandate expires during the Ordinary Annual General Shareholders' Meeting of 2012.
STÉPHENNE Jean	Independent Non-Executive Director. Member of the Board of Directors since 26.04.2001. Board Member mandate expires on 26.04.2010.
VANSTEENKISTE Luc	Independent Non-Executive Director. Member of the Board of Directors since 26.04.2001. Board Member mandate expires on 26.04.2010.
VARÈNE Thierry	Non-Executive Director. Member of the Board of Directors since 14.05.2009. Board Member mandate expires during the Ordinary Annual General Shareholders' Meeting of 2012.
WIBAUT Serge	Non-Executive Director. Member of the Board of Directors since 27.01.2009. Board Member mandate expires during the Ordinary Annual General Shareholders' Meeting of 2012.

The composition of the Board of Directors has undergone changes in 2009 as follows:

DAEMS Herman	Chairman Board of Directors (since 14.05.2009)
VAN BROEKHOVEN Emiel	Chairman Board of Directors (from 27.01.2009 until 14.05.2009)
VERWILST Herman	Chairman Board of Directors (until 27.01.2009)
CHODRON de COURCEL Georges	Vice Chairman Board of Directors (since 14.05.2009)
BONNAFÉ Jean-Laurent	Chairman Executive Board (since 14.05.2009)
DIERCKX Filip	Chairman Executive Board (until 14.05.2009) and Vice Chairman Executive Board (since 14.05.2009)
BOONE Brigitte	Executive Director, Member of the Executive Board (until 14.05.2009)
DEBOECK Michel	Executive Director, Member of the Executive Board (until 14.05.2009)
FOHL Camille	Executive Director, Member of the Executive Board
MACHENIL Lars	Executive Director, Member of the Executive Board (until 14.05.2009)
MENNICKEN Thomas	Executive Director, Member of the Executive Board (since 14.05.2009)
MOSTREY Lieve	Executive Director, Member of the Executive Board (until 14.05.2009)
RAYNAUD Eric	Executive Director, Member of the Executive Board (since 14.05.2009)
VANDEKERCKHOVE Peter	Executive Director, Member of the Executive Board (until 14.05.2009)
BECKERS Lode	Director (until 14.05.2009)
BOOGMANS Dirk	Director (since 01.10.2009)
CLIJSTERS Jos	Director (until 27.01.2009)
COUMANS Wim	Director (since 27.01.2009)
DE MEY Jozef	Director (until 27.01.2009)
DESCHÊNES Alain	Director (until 27.01.2009)
FEILZER Joop	Director (until 14.05.2009)
LAMARCHE Gérard	Director (since 14.05.2009)
LAVENIR Frédéric	Director (from 14.05.2009 until 01.10.2009 and again since 10.12.2009)
MEYER Jean	Director (until 27.01.2009)
PAPIASSE Alain	Director (since 14.05.2009)
PRUVOT Jean-Paul	Director (from 27.01.2009 until 14.05.2009 and again since 14.05.2009)
STEPHENNE Jean	Director
VAN HARTEN Peer	Director (until 27.01.2009)
VAN OORDT Robert	Director (until 14.05.2009)
VANSTEENKISTE Luc	Director
VARÈNE Thierry	Director (since 14.05.2009)
WIBAUT Serge	Director (since 27.01.2009)

The Board of Directors of Fortis Bank has changed its composition on 27 January 2009, so as to reflect its new ownership structure and strengthen its governance.

On that day, the Board of Directors took notice of the resignation of the following directors appointed by the previous shareholders: Herman Verwilst, Jos Clijsters, Jozef De Mey, Alain Deschênes, Jean Meyer and Peer van Harten.

On the same day, the following directors representing the Belgian State were appointed by cooptation: Emiel Van Broekhoven (Chairman of the Board of Directors), Wim Coumans, Jean-Paul Pruvot and Serge Wibaut.

After the acquisition by BNP Paribas on 14 May 2009, the Board of Directors of Fortis Bank changed its composition again so as to reflect its new ownership structure.

On that day, the Board of Directors took notice of the resignation of the following directors appointed by the previous shareholders: Emiel Van Broekhoven, Jean-Paul Pruvot, Lode Beckers, Joop Feilzer, Robert van Oordt, Lars Machenil, Lieve Mostrey, Brigitte Boone, Peter Vandekerckhove and Michel Deboeck.

On the same day, the following directors were appointed by cooptation: Herman Daems, Georges Chodron de Courcel, Jean-Laurent Bonnafé, Thomas Mennicken, Eric Raynaud, Gérard Lamarche, Frédéric Lavenir, Alain Papiasse, Jean-Paul Pruvot and Thierry Varène. Their appointment was afterwards approved by the General Meeting of shareholders. Mr. G. Lamarche is appointed as an Independent Director, while all other Directors appointed, except Mr. J.P. Pruvot, represent the main shareholder of Fortis Bank or are Executive Directors.

The composition of the Board of Directors changed a third time on 1 October 2009. On that day, Mr. Dirk Boogmans was appointed Independent Director to replace Mr. Frédéric Lavenir, who resigned on that day, and in order to bring the number of Independent directors to four.

Mr. Frédéric Lavenir was appointed Director again on 10 December 2009 by the Extraordinary General Shareholders' Meeting.During the same Extraordinary General Shareholders' Meeting Mr. Dirk Boogmans was confirmed as Independent Board Director.

The Fortis Bank Board of Directors, responsible for defining the general policy and supervising the activities of the Executive Board, is now composed of 17 Directors, of which 12 Non-Executive Directors (of which 4 are appointed as Independent Directors that comply with the criteria as laid down in article 526ter of the Companies Code) and 5 Executive Directors.

Information regarding the total remuneration for 2009, including benefits in kind and pension costs, of executive and non executive members of the Board of Directors, paid and payable by Fortis Bank are to be found in Note 10 "Remuneration of the Board of Directors and Executive Committee" of the Fortis Bank Consolidated Financial Statements.

The Board of Directors held 41 meetings in 2009, of which 12 since 12 May 2009.

Board committees

In order to fulfil its role and responsibilities efficiently, the Board of Directors has set up an Audit and Risk Committee and a Governance, Nomination and Remuneration Committee. The existence of these Committees does not affect the ability of the Board to set up further ad-hoc Committees to deal with specific matters if the need arises. Each Board Committee has an advisory function with respect to the Board.

The appointment of Committee members is based on (i) their specific competences and experience, in addition to the general competence requirements for Board members, and (ii) the requirement that each Committee, as a group, possesses the competences and experience needed to perform its tasks.

Audit and Risk Committee ("ARC")

The role of the ARC is to assist the Board in fulfilling its supervision and monitoring responsibilities in respect of internal control in the broadest sense within Fortis Bank, including internal control over financial reporting and risk.

Role and responsibilities

The ARC shall monitor, review and make recommendations to the Board of Directors regarding:

Audit

- the integrity of financial statements and of any written, official, external communication relating to Fortis Bank financial performance. This includes the consistent application of accounting principles (and changes thereto) and the quality of internal control over financial reporting;
- the performance of the external audit process: the ARC oversees the work performed by the external auditors, reviews their audit plan, formally evaluates their performance at least once every three years against stated criteria and makes recommendations to the Board regarding their appointment or reappointment, mandate renewal and remuneration. The ARC follows up on questions or recommendations of the external auditors. The ARC also monitors the independence of external audit firms, including the review and approval of non-audit services provided to Fortis Bank;
- the performance of the internal audit process: the ARC oversees the work performed by the internal audit department and endorses the annual audit plan, including focal point audit assignments, scope and audit budget. It monitors the follow-up that management gives to the internal audit's recommendations and takes part in the external quality assessment of the internal audit department organized at least once every five years and concurs in the appointment or dismissal of the General Auditor.

Risk

- the major risk exposures of the Bank and the operation of internal risk management and control systems, including supervision of the enforcement of the relevant legislation and regulations. This implies that the ARC identifies and acknowledges major risk areas such as investment risk, credit risk, market risk, liquidity risk and operational risk;
- the effectiveness of the Independent Control Functions. This includes overseeing the implementation and periodically reviewing the rules that govern the creation, composition and functioning of the Independent Control Functions at the level of Fortis Bank and its operating subsidiaries, taking into account specific laws and regulations applicable to the entities concerned and their relations with the ARC. The ARC concurs in the appointment or dismissal of the Compliance Officer.

Composition

The ARC consists of at least three non-Executive Directors. At least half of its members should be Independent directors. In case of a tied vote, the Chairman of the ARC shall have a casting vote.

Members of the ARC need to have the necessary skills and competences in the field of accounting, audit and financial businesses. The presence of the necessary skills and competences is also judged at the level of the ARC, not only on an individual basis.

In accordance with article 526bis, §2 of the Companies Code, at least one member of the ARC is both independent director and has the necessary skills and competences in the field of accounting, audit and financial business. All Independent directors in the Fortis Bank ARC comply with this rule.

Present composition

The members of the ARC are:
VANSTEENKISTE Luc, Chairman
BOOGMANS Dirk
COUMANS Wim
DAEMS Herman
STEPHENNE Jean

The ARC met 15 times in 2009, of which 5 times since 12 May 2009.

Governance, Nomination and Remuneration Committee ("GNRC")

The role of the GNRC is to assist the Board in matters relating to:

- the appointment of Board members and the members of the Executive Board (the "Executive Directors");
- the remuneration of Directors, Executive Directors and Senior Management;
- the governance of the Bank on which the Board or the Chairman of the Board wishes to receive the Committee's advice.

Role and responsibilities

The GNRC shall monitor, review and make recommendations to the Board of Directors regarding:

Nominations

- regularly review the policies and criteria (independence requirements, competences and qualifications,) that govern the selection and nomination of Board members, members of Board Committees and of the Executive Board and recommends changes to the Board were needed;
- ensure that the appointment and re-election process is organized objectively and professionally;
- monitor, review and make recommendations to the Board with regard to the size of the board, the appointment or re-election of Board members and with regard to the appointment or dismissal of Executive Directors.

Remuneration

- regularly review the policies that govern the remuneration of Non-executives on the one hand and of the Executive Directors on the other, with a view to recommending changes where necessary.
- each year review the remuneration of the Executive Directors and the remuneration policy and principles applicable to Senior Management and makes recommendations to the Board.
- each year discuss and set the objectives for the Chairman of the Bank, and, based on a proposal made by the Chairman of the Bank, for the other Executive Directors. For Senior management, the GNRC reviews the main principles applied which will subsequently serve as benchmarks in their performance appraisals;
- evaluate the performance of Board members and Executive Directors.

Governance

- review and assess the adequacy of the Company's corporate governance practices and rules and evaluating the Company's compliance with its corporate governance rules;
- identify and advise the Board on emerging corporate governance issues or significant developments in the applicable laws and/or corporate governance practices;
- make recommendations to the Board on all matters of corporate governance and on any corrective action to be taken; including advising on the Board and Board Committees' organisation, memberships, functions, duties and responsibilities;
- review and advise the Board on related insider and affiliated party transactions and/or conflict of interest matters involving Board and Executive Board members;
- recommend to the Board the (re)appointment of the Compliance Officer, upon proposal of the Chairman of the Bank;
- review the disclosures in the Annual Report on the remuneration of Board members and Executive Directors, on the processes that govern their nomination and remuneration, and on the activities of the GNRC.

Composition

The GNRC is composed of at least three non-executive directors. At least half of its members should be Independent directors.

Present composition

The members of the GNRC are:
DAEMS Herman, Chairman
STEPHENNE Jean
VANSTEENKISTE Luc
WIBAUT Serge

The GNRC met 8 times in 2009, of which 5 times since 12 May 2009.

Executive Committee

The Executive Committee has an advisory role to the Executive Board while facilitating the execution of the strategy and operational management of the Bank.

As of 14 May 2009, the Executive Committee has 11 members and is composed of the 5 Executive Directors (together composing the Executive Board) and of the following key heads of Business and Support Functions:

DEBOECK Michel, Chief Human Resources Officer
JADOT Maxime, Head of Corporate & Public Banking
MACHENIL Lars, Chief Financial Officer
MOSTREY Lieve, Head of TOPS (Technology, Operations & Property Services)
VAN DE KERCKHOVE Peter, Head of Retail & Private Banking
VAN GHELUWE Frédéric, Head of Capital Markets

College of accredited statutory auditors

- PricewaterhouseCoopers Reviseurs d'Entreprises BV CVBA ;
  represented by MM. Josy STEENWINCKEL and Roland JEANQUART

- Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises BV CVBA ;
  represented by MM. Philip MAEYAERT and Frank VERHAEGEN.

Fortis Bank Consolidated Financial Statements 2009

Consolidated balance sheet

(before appropriation of profit)

	Note	31 December 2009	31 December 2008
Assets			
Cash and cash equivalents	*14*	22,605	22,644
Assets held for trading	*15*	51,955	88,432
Due from banks	*16*	17,648	47,043
Due from customers	*17*	143,335	215,630
Investments:	*18*		
- Held to maturity		*3,439*	*3,851*
- Available for sale		*62,536*	*101,194*
- Held at fair value through profit or loss		*1,991*	*2,828*
- Loans and Receivables		*23,220*	
- Investment property		*681*	*672*
- Associates and joint ventures		*1,771*	*436*
		93,638	108,981
Trade and other receivables	*19*	2,247	5,680
Property, plant and equipment	*20*	2,003	2,281
Goodwill and other intangible assets	*21*	349	1,992
Current and deferred tax assets	*30*	3,693	2,454
Accrued interest and other assets	*22*	45,740	90,902
Assets classified as held for sale	*4, 23*	51,825	738
Total assets		**435,038**	**586,777**
Liabilities			
Liabilities held for trading	*15*	51,246	86,309
Due to banks	*24*	55,179	133,917
Due to customers	*25*	170,779	217,815
Debt certificates	*26*	50,577	49,617
Subordinated liabilities	*27*	15,961	21,932
Other borrowings	*28*	556	565
Provisions	*29*	1,034	1,331
Current and deferred tax liabilities	*30*	354	525
Accrued interest and other liabilities	*31*	28,595	59,518
Liabilities classified as held for sale	*4, 23*	42,304	105
Total liabilities		**416,585**	**571,634**
Shareholders' equity	*5*	15,459	12,363
Minority interests	*6*	2,994	2,780
Total equity		**18,453**	**15,143**
Total liabilities and equity		**435,038**	**586,777**

The notes on pages 181 to 240 are an integral part of the consolidated balance sheet.

Consolidated income statement

	Note	2009	2008
Income			
Interest income	34	52,574	96,045
Interest expense	35	(48,814)	(93,021)
Net interest income		3,760	3,024
Fee and commission income	36	1,347	1,640
Fee and commission expense	37	(464)	(588)
Net fee and commission income		883	1,052
Dividend, share in result of associates and joint ventures and other investment income	38	152	267
Realised capital gains (losses) on investments	39	25	(260)
Other realised and unrealised gains and losses	40	223	(1,591)
Other income	41	298	231
Total income, net of interest expense		**5,341**	**2,723**
Change in impairments	42	(2,744)	(7,164)
Net revenues		**2,597**	**(4,441)**
Expenses			
Staff expenses	43	(2,357)	(2,569)
Depreciation and amortisation of tangible and intangible assets	44	(334)	(348)
Other expenses	45	(1,695)	(1,800)
Total expenses		**(4,386)**	**(4,717)**
Profit (loss) before taxation		**(1,789)**	**(9,158)**
Income tax expense	46	1,640	812
Net profit (loss) for the period before discontinued operations		**(149)**	**(8,346)**
Net result of discontinued operations	47	(561)	(12,197)
Net profit (loss) for the period		**(710)**	**(20,543)**
Net profit (loss) attributable to minority interests discontinued operations		(39)	4
Net profit (loss) attributable to minority interests		(6)	9
Net profit (loss) attributable to shareholders		**(665)**	**(20,556)**

The notes on pages 241 to 256 are an integral part of the consolidated income statement.

Consolidated statement of comprehensive income

	Note	2009	2008
Net profit (loss) for the period	Consolidated income statement	(710)	(20,543)
Exchange difference on translation of foreign operations and net Investment hedge	Consolidated		
recognised in equity (gross)	statement of	(58)	(304)
Related tax	changes in equity	(3)	10
Unrealised gains or losses recognised in equity arising from available for sale investments	5.4, 6, 18.2		
changes in fair value during the period (gross)	Consolidated	4,048	(3,420)
related tax	statement of	92	267
reclassification adjustments for realised gains or losses reported in net income (gross)	changes in equity	2,472	(1,448)
related tax		(947)	89
Unrealised gains or losses recognised in equity arising from available for sale investments	5.4, 6, 18.2		
reclassified as loans and receivables	Consolidated		
changes in fair value during the period (gross)	statement of	(2,600)	
related tax	changes in equity	720	
amortisation of unrealised gains or losses reported to net income (gross)		95	
related tax		(4)	
Cash flow hedges	5.4, 6		
unrealised gains or losses arising on hedges recognised in equity (gross)	Consolidated	1	4
related tax	statement of	(1)	
amounts reclassified to net income (gross)	changes in equity	(14)	(1)
related tax		5	
Share of associates and joint ventures accounted for by equity method	5.4, 6 Consolidated statement of changes in equity	124	(7)
Total Other Comprehensive Income		3,930	(4,810)
Total Comprehensive Income attributable to		3,220	(25,353)
Shareholders	Consolidated	3,131	(25,175)
Minority interests	statement of changes in equity	90	(178)

Consolidated statement of changes in equity

	Share capital	Share premium reserve	Other reserves	Currency translation reserve	Net profit attributable to shareholders	Unrealised gains and losses	Share holders' equity	Minority interests	Total equity
Balance at 1 January 2008	**4,694**	**20,257**	**7,533**	**(132)**	**1,781**	**(697)**	**33,436**	**430**	**33,866**
Net profit for the period					(20,556)		(20,556)	13	(20,543)
Revaluation of investments						(4,291)	(4,291)	(165)	(4,456)
Revaluation recognised in equity associates						(7)	(7)		(7)
Foreign exchange differences				(268)		(53)	(321)	(26)	(347)
Other non-owner changes in equity									
Total non-owner changes in equity				*(268)*	*(20,556)*	*(4,351)*	*(25,175)*	*(178)*	*(25,353)*
Transfer			1,781		(1,781)				
Dividend								(10)	(10)
Increase of capital	4,681	19					4,700		4,700
Treasury shares									
Other changes in equity			(598)				(598)	2,538	1,940
Balance at 31 December 2008	**9,375**	**20,276**	**8,716**	**(400)**	**(20,556)**	**(5,048)**	**12,363**	**2,780**	**15,143**
Net profit for the period					(665)		(665)	(45)	(710)
Revaluation of investments						3,717	3,717	136	3,853
Revaluation recognised in equity associates						124	124		124
Foreign exchange differences				(60)		14	(46)	(1)	(47)
Other non-owner changes in equity									
Total non-owner changes in equity				*(60)*	*(665)*	*3,855*	*3,130*	*90*	*3,220*
Transfer			(20,556)		20,556				
Dividend									
Increase of capital									
Treasury shares									
Other changes in equity			(34)				(34)	124	90
Balance at 31 December 2009	**9,375**	**20,276**	**(11,874)**	**(460)**	**(665)**	**(1,193)**	**15,459**	**2,994**	**18,453**

Changes in equity are described in greater detail in note 5 'Shareholders' equity' and note 6 'Minority interests'.

Consolidated cash flow statement

	2009	2008
Profit (loss) before taxation	(1,789)	(11,232)
Net result on discontinued operations	(561)	(9,127)
Tax expense from discontinued operations	(182)	63
Profit (loss) before taxation	**(2,532)**	**(20,296)**
Adjustments on non-cash items included in profit before taxation:		
(Un)realised (gains) or losses	(228)	11,173
Depreciation, amortisation and accretion	423	602
Provisions and impairments	4,418	10,286
Share of profits in associates and joint ventures	(70)	(353)
Share based compensation expense	2	7
Changes in operating assets and liabilities:		
Assets and liabilities held for trading	1,301	2,519
Due from banks	27,375	45,627
Due from customers	34,162	(35,124)
Other receivables	2,902	(2,005)
Due to banks	(71,313)	(48,107)
Due to customers	(27,371)	(175)
Net changes in all other operational assets and liabilities	12,230	55,137
Other changes:		
Dividend received from associates	24	56
Income tax paid	(220)	(717)
Cash flow from operating activities	**(18,897)**	**18,630**
Purchases of investments	(21,735)	(64,023)
Proceeds from sales and redemptions of investments	45,313	57,523
Purchases of investment property	(43)	(83)
Proceeds from sales of investment property	60	45
Purchases of property, plant and equipment	(276)	(455)
Proceeds from sales of property, plant and equipment	64	189
Acquisition of subsidiaries, associates and joint ventures, net of cash acquired (Note 3)	(1,399)	(3,634)
Divestments of subsidiaries, associates and joint ventures, net of cash sold (Note 3)	(823)	2,973
Purchases of intangible assets	(52)	(277)
Proceeds from sales of intangible assets	28	1
Change in scope of consolidation	87	(29)
Cash flow from investing activities	**21,224**	**(7,770)**
Proceeds from the issuance of debt certificates	47,680	51,950
Payment of debt certificates	(38,406)	(78,227)
Proceeds from the issuance of subordinated liabilities	317	4,986
Payment of subordinated liabilities	(6,898)	(827)
Proceeds from the issuance of other borrowings	171	
Payment of other borrowings	(144)	(51)
Proceeds from the issuance of shares		7,091
Dividends paid to shareholders of the parent company		
Dividends paid to minority interests		(10)
Repayment of capital (including minority interests)		(3)
Cash flow from financing activities	**2,720**	**(15,091)**
Effect of exchange rate differences on cash and cash equivalents	(18)	(128)
Net increase (decrease) of cash and cash equivalents	**5,029**	**(4,359)**
Cash and cash equivalents as at 31 December	**27,673**	**22,644**
Supplementary disclosure of operating cash flow information		
Interest received	84,845	97,696
Dividend received from investments	32	168
Interest paid	(80,070)	(91,222)

The Consolidated cash flow statement includes the financials of the discontinued operations, such as the integration transactions with BNP Paribas.

General Notes

1. Significant accounting policies

1.1. Accounting policies general

The Fortis Bank Consolidated Financial Statements for the year ended 31 December 2009, including the 2008 comparative figures, are prepared in accordance with International Financial Reporting Standards (IFRSs) – including International Accounting Standards (IAS) and Interpretations – at 31 December 2009 and as adopted by the European Union. In the case of IAS 39, Financial Instruments: Recognition and Measurement, the exclusion regarding hedge accounting (the so-called 'carve-out') decreed by the European Union on 19 November 2004 is taken into account.

Where accounting policies are not specifically mentioned below, reference should be made to the IFRSs as adopted by the European Union.

The Board of directors reviewed the Fortis Bank Consolidated and Non-consolidated Financial Statements on 23 March 2010 and authorised their issue.

The Fortis Bank Consolidated Financial Statements will be submitted to the Annual General Meeting of Shareholders for approval on 22 April 2010.

1.2. Accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying these accounting policies. Actual results may differ from those estimates and judgemental decisions.

1.2.1. Key sources of estimation uncertainty

Estimates principally concern the following:
- Estimate of the recoverable amount of assets subject to an impairment test
- determination of the future taxable profit for the measurement of deferred tax assets
- determination of the useful life and the residual value of property, plant and equipment, investment property and intangible assets
- actuarial assumptions related to the measurement of pension obligations and assets
- estimate of present obligations resulting from past events in the recognition of provisions
- model adjustments related to the measurement of the fair value of financial instruments, including derivatives, due to changing conditions in financial markets
- application of valuation techniques to financial instruments, including structured credit instruments and debt issuances, due to the presence of non-active financial markets.

1.2.2. Critical accounting judgements

Critical accounting judgements made in applying the Fortis Bank accounting policies include:
- valuation of financial instruments following a hierarchy of method (see section 1.10 Fair value of financial instruments)
- financial asset and liability classification (see section 1.9 Classification and measurement of financial assets and liabilities)
- qualifying hedge relationships (see section 1.22 Derivative financial instruments and hedging)
- determination of the level of control for subsidiaries and of significant influence for associates (see section 1.5 Consolidation principles)
- degree of transfer of risks and rewards in securitisation transactions (see section 1.23 Securitisations)
- classification as finance or operating lease (see section 1.17 Leasing)
- Determination of provision in view of litigation.

1.3. Changes in accounting policies, accounting estimates and classifications

The accounting policies, accounting estimates and classifications used to prepare the 2009 Consolidated Financial Statements are consistent with those applied to the year ended 31 December 2008, except for the changes described below.

Changes have been made to accounting policies if required by changes in IFRS regulations or if they will result in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows.

Changes have been made to estimates if changes have occurred in the circumstances on which the estimate was based or if new information or more experience has been gained.

Changes in classifications have been made as permitted by IFRS and if these changes lead to a presentation in line with the business intentions of Fortis Bank.

BNP Paribas gained control of Fortis Bank SA/NV by the acquisition of 75% of its share capital on 12 May 2009. As from that date, all assets and liabilities of Fortis Bank SA/NV (taking into account the minority interests) are also reported on the consolidated balance sheet of BNP Paribas and the results of Fortis Bank SA/NV are included in the BNP Paribas consolidated income statement.

Fortis Bank SA/NV prepares its own consolidated financial statements in accordance with IFRS accounting policies as approved by the Board of directors of Fortis Bank SA/NV. Notwithstanding the fact that BNP Paribas and Fortis Bank SA/NV consolidated accounting policies are both based on IFRS, some differences exist due to the fact that BNP Paribas had to remeasure all assets and liabilities at fair value under the purchase accounting in accordance with IFRS 3 Business combinations, which is different from the measurement principles applied by Fortis Bank on a continuing basis.

Fortis Bank SA/NV is aligning, if possible and justified within the IFRS framework, its accounting policies, accounting estimates, classifications, methodologies and parameters used in the valuation and measurement of assets and liabilities, with the policies, estimates, classifications, methodologies and parameters applied by BNP Paribas. The objectives of this harmonisation are to attain consistent and transparent financial reporting and to avoid operational inefficiencies.

1.3.1. Change in accounting policies

As allowed by IAS 31, Interest in Joint Ventures, the proportionate method has been applied instead of the equity method to account for interests in joint ventures. For further details, see Note 2, Change in consolidation method related to joint ventures.

1.3.2. Changes in accounting estimates

As a result of the uncertainties inherent in business activities, many items in financial statements cannot be measured with precision, but can only be estimated. Estimating involves judgements based on the latest available, reliable information. The use of reasonable estimates is an essential part of the preparation of financial statements. Changes in accounting estimates result from new information or new developments and from changes in circumstances on which the estimates were based. The recent fundamental changes in all financial markets and in the global economic environment have required an in-depth reassessment of the accounting estimates applied.

1.3.3. Changes in classification

On 13 October 2008, the International Accounting Standards Board (IASB) issued amendments to IAS 39, Financial Instruments: Recognition and Measurement (endorsed by the European Union on 15 October 2008). The amendments to IAS 39 permit the reclassification of held for trading or available for sale items as loans and receivables, if the entity has the intention and ability to hold the financial asset for the foreseeable future and if they meet the definition of loans and receivables. The amendments also allow non-derivative financial assets classified as held for trading to be reclassified in rare circumstances (the IASB considers the recent financial crisis to be just such rare circumstance).

Fortis Bank mainly made the following reclassifications in 2009:
- reclassification of the major part of the structured credit portfolio retained after separation from Fortis Holding as loans and receivables, from the held for trading and available for sale categories;
- reclassification of the Dutch residential mortgage portfolios, Dolphin and Beluga, as loans and receivables, from the available for sale category.

For more details, see Note 18.5, Investments reclassified as loans and receivables.

1.3.4. Changes to IFRSs and IFRICs

Changes in the IFRS regulation can require changes in the accounting policies applied by Fortis Bank SA/NV.
The changes to Standards (IFRSs) and Interpretations (IFRICs) that came into effect during 2009 are described below, as well as their potential impact on Fortis Bank SA/NV accounting policies:

- IFRS 8, Operating Segments (publication date 20 November 2006, EU endorsement date 21 November 2007), introduces the management approach, which requires segment disclosures based on the components of the entity that management monitors when making decisions about operating matters. This has so far not led to changes in the segment reporting of Fortis Bank. The segment reporting will be aligned with the governance model applicable as from 2010 and reflecting the organisational principles introduced by the new industrial plan of Fortis Bank.

- Revised IAS 23, Borrowing Costs (publication date 29 March 2007, EU endorsement date 10 December 2008), removes the possibility of recognising borrowing costs directly in the income statement. This has no impact on Fortis Bank, as it had already opted to capitalise such borrowing costs.

- Revised IAS 1, Presentation of Financial Statements (publication date 6 September 2007, EU endorsement date 17 December 2008) introduces some changes in reporting formats. According to the revised IAS 1, Fortis Bank has opted for the publication of one statement of comprehensive income (including P&L and non owner changes in equity), separately from owner changes in equity.

- Revised IFRS 2, Share-based Payments (publication date 17 January 2008, EU endorsement date 16 December 2008). This amendment clarifies that vesting conditions are service conditions only and introduces non-vesting conditions. The amendment has no material effect on Fortis Bank.

- IAS 32 / IAS 1, Puttable Financial Instruments (publication date 14 February 2008, EU endorsement date 21 January 2009), changes the classification of certain instruments from financial liabilities to equity instruments. None of the transactions of Fortis Bank is affected by this change.

- Improvements to IFRSs (publication date 22 May 2008, EU endorsement date 23 January 2009), a collection of minor amendments to a number of IFRSs, without any material effect on Fortis Bank.

- IFRS 1 / IAS 27, Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (publication date 22 May 2008, EU endorsement date 23 January 2009). These have no impact on Fortis Bank as the IFRS 1 changes are limited to first-time adopters and IAS 27 is only applicable to entities applying IFRS in separate financial statements (where Fortis Bank applies Belgian GAAP).

- IFRS 7, Improving Disclosures about Financial Instruments (publication date 5 March 2009, EU endorsement date 27 November 2009). This amendment has only an impact on the disclosures of Fortis Bank, not on recognition or measurement.

- IFRIC 13, Customer Loyalty Programmes (publication date 28 June 2007, EU endorsement date 16 December 2008), addresses accounting by entities granting loyalty award credits to customers, without any material effect on Fortis Bank.

- IFRIC 16, Hedges of a Net Investment in a Foreign Operation (publication date 3 July 2008, EU endorsement date 4 June 2009), clarifies the net investment requirements and where the hedging instrument can be held, without any material effect on Fortis Bank.

- IFRIC 15, Agreements for the Construction of Real Estate (publication date 3 July 2008, EU endorsement date 23 July 2009), is specific to the real estate industry and has no material effect on Fortis Bank.

- IFRIC 18, Transfer of Assets from Customers (publication date 29 January 2009, EU endorsement date 27 November 2009), clarifies the IFRS requirements for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. This interpretation has no material effect on Fortis Bank.

- IFRIC 9 / IAS 39, Embedded Derivatives (publication date 12 March 2009, EU endorsement date 30 November 2009). These amendments clarify that on reclassification of a financial asset out of the 'fair value through profit or loss' category, all embedded derivatives in the reclassified instrument have to be assessed. This has no material effect on Fortis Bank.

The IASB also published the following Standards, amendments and interpretations, applicable after 2009, for which Fortis Bank has decided not to early adopt in 2009:

- Revised IFRS 3/IAS 27, Business combinations (publication date 10 January 2008, EU endorsement date 3 June 2009). This revised IFRS on business combination introduces the application of the acquisition method and is effective for business combinations for which the acquisition date is on or after the 1 January 2010. This revised standard could have an impact on potential future business combinations of Fortis Bank.

- Amendment to IAS 39, Eligible hedged items (publication date 31 July 2008, EU endorsement date 15 September 2009). This amendment clarifies some hedge accounting issues and is applicable as from the 1 January 2010 without expected material effect on Fortis Bank.

- Amendment to IFRS 2, Group Cash-settled Share-based Payment Transactions (publication date 18 June 2009, not yet endorsed by the EU). The amendment clarifies how an individual subsidiary in a group should account for some share-based payment arrangements in its own financial statements and is applicable as from the 1 January 2010 without expected material effect on Fortis Bank.

- Revised IAS 24, Related party disclosures (publication date 4 November 2009, not yet endorsed by the EU). This revised Standard provides an exemption from disclosure requirements for transactions between entities, jointly controlled or significantly influenced by the same state ('state –controlled entities'). These amendments are applicable as from the 1 January 2011 and could potentially have an impact on the disclosures of Fortis Bank.

- IFRS 9, Financial Instruments (publication date 12 November 2009, not yet endorsed by the EU). This new Standard replaces IAS 39 Financial Instruments, Recognition and Measurement and is the first phase of the IASB project to replace IAS 39 entirely. The other two phases are related to the impairment methodology and hedge accounting for which publication is expected in 2010.

  IFRS 9 sets out that the classification and subsequent measurement of financial assets at 'amortised cost' or at 'fair value' is based on:
  - The entity's business model for managing the financial assets;
  - The contractual cash flow characteristics of the financial asset.

  Financial assets are measured at amortised cost if:
  - the objective of the business model is to hold the financial asset in order to collect the contractual cash flows; and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are payments of principal and interest on the principal outstanding.

Financial assets that do not meet both of the above conditions are measured at fair value through profit or loss.

Financial assets that meet the conditions for measurement at amortised cost may be designated as at fair value though profit or loss if it eliminates an accounting mismatch (= fair value option).

At initial recognition, an entity may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading. Dividends on those investments are recognised in income when the right to receive the dividend is established.

Reclassification is required when the entity changes its business model.

Structured credit instruments ('Contractually linked instruments') can be measured at amortised cost when

- the tranche itself has basic loan features (without looking through)
- the underlying pool of instruments has basic loan features, and
- the tranche itself must have the same or a better credit risk than the average credit risk of the underlying pool.

IFRS 9 becomes applicable as from the 1 January 2013. Early application is permitted. Fortis Bank is currently assessing the impact but has not the intention to early adopt IFRS 9.

- IFRIC 17, Distribution of Non-cash Assets to Owners (publication date 27 November 2008, EU endorsement date 26 November 2009). IFRIC 17 clarifies that:
  - a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity.
  - an entity should measure the dividend payable at the fair value of the net assets to be distributed.
  - an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss

  The Interpretation is effective as from the 1 January 2010 without expected material effect on Fortis Bank.

- Amendment to IFRIC 14, Prepayments of a Minimum funding requirement (publication date 26 November 2009, not yet endorsed by the EU). This amendment corrects an unintended consequence of IFRIC 14 and will be applicable as from the 1 January 2011 without expected material effect on Fortis Bank.

- IFRIC 19, Extinguishing Financial Liabilities with Equity instruments (publication date 26 November 2009, not yet endorsed by the EU). IFRIC 19 addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability. The Interpretation is effective as from the 1 January 2011 and could potentially have an impact on Fortis Bank

1.4. Segment reporting

Operating segments are components of Fortis Bank:
- that engage in business activities from which it may earn revenues and incur expenses
- whose operating results are regularly reviewed by the Executive Committee of Fortis Bank to make decisions about resources to be allocated to the segment and assess its performance
- for which discrete financial information is available.

The reportable operating segments for Fortis Bank are:
- Retail Banking
- Asset Management
- Private Banking
- Merchant Banking

Other activities and elimination differences are reported separately.

Transactions or transfers between the business segments are entered into under normal commercial terms and conditions as would be available to unrelated third parties.

1.5. Consolidation principles

Subsidiaries

The Consolidated Financial Statements include those of Fortis Bank and its subsidiaries. Subsidiaries are those companies of which Fortis Bank, either directly or indirectly, has the power to govern the financial and operating policies, so as to obtain benefits from their activities ('control'). Subsidiaries are consolidated from the date on which effective control is transferred to Fortis Bank and are no longer consolidated from the date on which control ceases. Subsidiaries acquired exclusively with a view to resale are accounted for as non-current assets held for sale (see Section 1.21 Non-current assets held for sale and discontinued operations).

Fortis Bank sponsors the formation of Special Purpose Entities (SPEs) primarily for the purpose of asset securitisation transactions, structured debt issuance, or to accomplish another well-defined objective. Some of the SPEs are bankruptcy-remote companies whose assets are not available to settle the claims of Fortis Bank. SPEs are consolidated if, in substance, they are controlled by Fortis Bank. Fortis Bank exercises control based on the following criteria:
- The activities of the SPE are being conducted exclusively on behalf of Fortis Bank, such that Fortis Bank obtains benefits from those activities; or
- Fortis Bank has the decision-making powers to obtain the majority of the benefits of the ordinary activities of the SPE; or
- Fortis Bank retains the majority of the risks taken by the SPE and access to majority of the benefits of the SPE; or
- Fortis Bank retains the majority of the residual ownership risks related to the SPE or its assets in order to obtain benefits from its activities.

Intercompany transactions, balances, and gains and losses on transactions between the Fortis Bank companies are eliminated. Minority interests in the net assets and net results of consolidated subsidiaries are shown separately on the balance sheet and income statement. Minority interests are stated at the fair value of the net assets at the date of acquisition. Subsequent to the date of acquisition, minority interests comprise the amount calculated at the date of acquisition and the minority's share of changes in equity since the date of acquisition.

The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether Fortis Bank controls another entity.

Joint ventures

Investments in joint ventures are accounted for using the proportionate method. Joint ventures are contractual agreements, whereby Fortis Bank and other parties undertake an economic activity that is subject to joint control.

Associates

Investments in associates are accounted for using the equity method. These are investments where Fortis Bank has significant influence, but which it does not control. Significant influence is the power to participate in the financial and operating policy decision-making of an entity without exercising control. Significant influence is presumed to exist when Fortis Bank holds directly or indirectly, 20% or more of the voting power of an entity. The investment is recorded as Fortis Bank's share of the net assets of the associate. The ownership share of net income for the year is recognised as investment income and Fortis Bank's share in the investment's post-acquisition direct equity movements are recognised in equity.

Gains on transactions between Fortis Bank and investments accounted for using the equity method are eliminated to the extent of Fortis Bank's interest. Losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Adjustments are made to the financial statements of associates to ensure consistent accounting policies across Fortis Bank.

Losses are recognised until the carrying amount of the investment is reduced to nil and further losses will only be recognised to the extent that Fortis Bank has incurred legal or constructive obligations or made payments on behalf of an associate.

Minority interests

Minority interests are presented separately in the consolidated profit and loss account and balance sheet.

1.6. Foreign currency

The Consolidated Financial Statements are stated in euros, which is the presentation currency of Fortis Bank.

Foreign currency transactions

Foreign currency transactions by individual entities of Fortis Bank are accounted for using the exchange rate at the date of the transaction.

Outstanding balances in foreign currencies at year-end are translated at year-end exchange rates in the case of monetary items.

Translation of non-monetary items depends on whether these are carried at historical cost or at fair value. Non-monetary items carried at historical cost are translated using the historical exchange rate that existed at the date of the transaction. Non-monetary items that are carried at fair value are translated using the exchange rate on the date that the fair value is determined.

When a gain or loss on a non-monetary item is recognised in equity, any exchange component of that gain or loss shall be recognised in equity. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss shall be recognised in profit or loss.

Foreign currency translation

Upon consolidation, the income statement and cash flow statement of entities whose functional currency is not euros are translated into the presentation currency of Fortis Bank (euros), at average daily exchange rates for the current year (or exceptionally, if exchange rates fluctuate significantly, at the exchange rate on the date of the transaction), while their balance sheets are translated using the exchange rates prevailing at the balance sheet date. Translation exchange differences are recognised in equity under 'currency translation reserve'. Upon disposal of a foreign entity, such exchange differences are recognised in the income statement as part of the gain or loss on the sale.

Exchange differences arising on monetary items designated as hedges of a net investment in a foreign entity are recorded in equity, to the extent that the hedge is effective, (under 'currency translation reserve') in the Consolidated Financial Statements until the disposal or impairment of the net investment, except for any hedge ineffectiveness, which will be immediately recognised in the income statement.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing exchange rate on the balance sheet date. All resulting differences are recognised in equity under 'currency translation reserve' until disposal of the foreign entity when recycling to the income statement will take place.

1.7. Trade and settlement date

All purchases and sales of financial assets requiring delivery within the timeframe established by regulation or market convention (regular way transactions) are recognised on trade date, which is the date when Fortis Bank becomes a party to the contractual provisions of the financial assets. Forward purchases and sales other than those requiring delivery within the timeframe established by regulation or market convention are recognised as derivative forward transactions until settlement.

1.8. Offsetting

Financial assets and liabilities are offset and the net amount reported on the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.9. Classification and measurement of financial assets and liabilities

Fortis Bank classifies financial assets and liabilities based on the business purpose of entering into the related transactions.

Financial assets

Consequently, financial assets are classified as assets held for trading, investments, due from banks and due from customers.

The measurement and income recognition in the income statement depend on the IFRS classification of the financial assets, being: (a) loans and receivables, (b) held-to-maturity investments, (c) financial assets at fair value through profit or loss and (d) available-for-sale financial assets. This IFRS classification determines the measurement and recognition as follows:

- Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially measured at fair value (including transaction costs) and subsequently measured at amortised cost using the effective interest method, with the periodic amortisation in the income statement.

- Held-to-maturity investments consist of instruments with fixed or determinable payments and fixed maturity in respect of which positive intent and ability to hold to maturity is demonstrated. They are initially measured at fair value (including transaction costs) and subsequently measured at amortised cost using the effective interest method, with the periodic amortisation recorded in the income statement.

- Financial assets at fair value through profit or loss include:
  - (i) financial assets held for trading, including derivative instruments that do not qualify for hedge accounting
  - (ii) financial assets that Fortis Bank has irrevocably designated as held at fair value through profit or loss at the time of initial recognition or first-time adoption of IFRS, because
    - the host contract includes an embedded derivative that would otherwise require separation
    - it eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') or
    - it relates to a portfolio of financial assets and/or liabilities that are managed and evaluated on a fair value basis

- Available-for-sale financial assets are those that are not otherwise classified as loans and receivables, held-to-maturity investments, or financial assets designated at fair value through profit or loss. Available-for-sale financial assets are initially measured at fair value (including transaction costs), and are subsequently measured at fair value with unrealised gains or losses from fair value changes reported in equity.

Financial liabilities
Financial liabilities are classified as liabilities held for trading, due to banks, due to customers, debt certificates, subordinated liabilities and other borrowings.

The measurement and recognition in the income statement depends on the IFRS classification of the financial liabilities, being: (a) financial liabilities at fair value through profit or loss, and (b) other financial liabilities. This IFRS classification determines the measurement and recognition in the income statement as follows:

- Financial liabilities at fair value through profit or loss include:
  - (i) financial liabilities held for trading, including derivative instruments that do not qualify for hedge accounting
  - (ii) financial liabilities that Fortis Bank has irrevocably designated at initial recognition or first-time adoption of IFRS as held at fair value through profit or loss, because:
    - the host contract includes an embedded derivative that would otherwise require separation
    - it eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') or
    - it relates to a portfolio of financial assets and/or liabilities that are managed and evaluated on a fair value basis

- Other financial liabilities are initially recognised at fair value (including transaction costs) and subsequently measured at amortised cost using the effective interest method, with the periodic amortisation recorded in the income statement.

1.10. Fair value of financial instruments

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of a financial instrument is determined based on quoted prices in active markets. When quoted prices in active markets are not available, valuation techniques are used. Valuation techniques make maximum use of market inputs, but are affected by the assumptions used, including discount rates and estimates of future cash flows, and take into consideration, where applicable, adjustments to the nature of the model. Such techniques include market prices of comparable investments, discounted cash flows, option pricing models and market multiples valuation methods. In rare cases where it is not possible to determine the fair value of an equity investment, it is accounted for at cost.

Upon initial recognition, the fair value of a financial instrument is the transaction price, unless the fair value is evidenced by observable current market transactions in the same instrument, or is based on a valuation technique that includes inputs only from observable markets.

Fortis Bank distinguishes three levels of fair value measurement based on the way in which the fair value is determined:

- Level 1: financial instruments quoted on an active market;
- Level 2: financial instruments measured using valuation models based only on observable parameters;
- Level 3: financial instruments measured using valuation models based on non-observable parameters.

The principal methods and assumptions used by Fortis Bank in determining the fair value of financial instruments are:

- Fair values for securities available for sale or at fair value through profit or loss are determined using market prices in active markets. If no quoted prices are available from an active market, the fair value is determined using discounted cash flow models. Discount factors are based on the swap curve plus a spread reflecting the credit risk characteristics of the instrument. Fair values for securities held to maturity (only necessary for disclosures) are determined in the same way.
- Fair values for derivative financial instruments are obtained from active markets or determined using, as appropriate, discounted cash flow models and option pricing models.
- Fair values for unquoted private equity investments are estimated using applicable market multiples (e.g. price/earnings or price/cash flow ratios) refined to reflect the specific circumstances of the issuer.
- Fair values for loans are determined using discounted cash flow models based on Fortis Bank's current incremental lending rates for similar type loans. Fair values for variable-rate loans that re-price frequently and have no significant change in credit risk are approximated by the carrying amount. Option pricing models are used for valuing caps and prepayment options embedded in loans that have been separated in accordance with IFRS.
- For short-term payables and receivables, the carrying amounts are considered to approximate fair values.

1.11. Measurement of impaired assets

An asset is impaired when its carrying amount exceeds its recoverable amount. Fortis Bank reviews its assets at each reporting date for objective evidence of impairment.

The carrying amount of impaired assets is reduced to the estimated recoverable amount and the amount of the change in the current year is recognised in the income statement. Recoveries, write-offs and reversals of impairment are included in the income statement as part of change in impairment.

If the amount of the impairment of assets other than goodwill or available-for-sale equity instruments decreases in a subsequent period, due to an event occurring after the write-down, the amount will be reversed by adjusting the impairment and will be recognised in the income statement.

Financial assets

A financial asset (or group of financial assets) is impaired when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event (or events) has an impact on the estimated future cash flows of the financial asset (or group of financial assets) that can be reliably estimated.

For equity securities, the triggers used to determine whether there is objective evidence of impairment include, among others, the consideration whether the fair value is significantly below cost at the balance sheet date, or has been below cost for a prolonged period at the balance sheet date. Specific triggers have been determined for structured credit instruments. Please refer to section 18.4 Structured credit instruments.

Depending on the category in which the financial asset is classified, the recoverable amount is estimated by means of the following:

- fair value using an observable market price (for available for sale assets)
- present value of expected future cash flows discounted at the instrument's original effective interest rate (for financial assets carried at amortised cost)

Impairments of available-for-sale equity instruments cannot be reversed through the income statement in subsequent periods.

See section 1.13 Due from banks and due from customers and section 1.16 Investments.

Goodwill and other intangible assets

See section 1.20 Goodwill and other intangible assets.

Other assets

For non-financial assets, the recoverable amount is measured as the higher of the fair value less cost to sell and the value in use. Fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting any direct incremental disposal costs. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

1.12. Cash and cash equivalents

Content

Cash and cash equivalents comprise cash on hand, freely available balances at central banks and other short-term highly liquid financial instruments with less than three months' maturity from the date of acquisition, readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash flow statement

Fortis Bank reports cash flows from operating activities using the indirect method, whereby the net result is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

Interest received and interest paid are presented in the cash flow statement as cash flows from operating activities. Dividends received are classified as cash flows from operating activities. Dividends paid are classified as cash flows from financing activities.

1.13. Due from banks and due from customers

Classification

Due from banks and due from customers include loans originated by Fortis Bank by providing money directly to the borrower or to a sub-participation agent and loans purchased from third parties that are carried at amortised cost. Loans that are originated or purchased with the intent to be sold or securitised in the short-term are classified as assets held for trading. Loans that are designated as held at fair value through profit or loss or available for sale are classified as such at initial recognition.

Loan commitments that allow for a drawdown of a loan within the timeframe generally established by regulation or convention in the market place are not recognised on the balance sheet.

This category also includes financial assets reclassified from available for sale and trading.

Measurement

Incremental costs incurred and loan origination fees earned in securing a loan, not held at fair value through profit or loss, are deferred and amortised over the life of the loan as an adjustment to the yield.

Impairment

A credit risk provision for specific loan impairment is established if there is objective evidence that Fortis Bank will not be able to collect all amounts due in accordance with contractual terms. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows using the original effective interest rate or, alternatively, the collateral value less selling costs if the loan is secured.

Loans that are not individually impaired are risk-assessed on the basis of portfolios with similar credit risk characteristics.

A collective impairment is recorded for groups of counterparties which, as a result of events occurring since inception of the loans, have collectively acquired a probability of default at maturity that provides objective evidence of impairment of the group of counterparties, but without it being possible at that stage to allocate the impairment to individual counterparties. This assessment draws upon an internal rating system based on historical data, adjusted as necessary to reflect circumstances prevailing at the balance sheet date. This assessment also estimates the amount of the loss on the portfolios in question, taking account of trends in the economic cycle during the assessment period.

Based on experienced judgement, Fortis Bank may recognise additional collective impairment provisions in respect of a given economic sector or geographic area affected by exceptional economic events. This may be the case when the consequences of these events cannot be measured with sufficient accuracy to adjust the parameters used to determine the collective provision recognised against affected portfolios of loans with similar characteristics.

Impairments are recorded as a decrease in the carrying value of 'due from banks' and 'due from customers'.

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, the previously recognised impairment loss shall be reversed.

When a specific loan is identified as uncollectible and all legal and procedural actions have been exhausted, the loan is written off against the related charge for impairment; subsequent recoveries are credited to change in impairment in the income statement.

1.14. Sale and repurchase agreements and lending/borrowing securities

Securities subject to a repurchase agreement ('repo') are not derecognised from the balance sheet. The liability resulting from the obligation to repurchase the assets is included in 'due to banks' or 'due to customers' depending on the type of counterparty, or in 'Financial liabilities at fair value through profit and loss' for repo's contracted for trading purposes.

Securities purchased under agreements to resell ('reverse repos') are not recognised on the balance sheet. The right to receive cash from the counterparty is recorded as 'due from banks' or 'due from customers' depending on the type of counterparty, or in 'Financial assets at fair value through profit and loss' for repo's contracted for trading purposes. The difference between the sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Securities lent to counterparties remain on the balance sheet. Similarly, securities borrowed are not recognised on the balance sheet. If borrowed securities are sold to third parties, the proceeds from the sale and a liability for the obligation to return the collateral are recorded. The obligation to return the collateral is measured at fair value through profit or loss and is classified as a liability held for trading. Cash advanced or received related to securities borrowing or lending transactions is recorded as 'due from banks' / 'due from customers' or 'due to banks' / 'due to customers'.

1.15. Assets and liabilities held for trading

A financial asset or financial liability is classified as held for trading if it is:
- acquired or incurred principally for the purpose of selling or repurchasing it in the near term
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking
- a derivative (except for a derivative that is a designated and effective hedging instrument)

Assets and liabilities held for trading are initially recognised and subsequently measured at fair value through profit or loss. The (realised and unrealised) gains and losses are included in 'other realised and unrealised gains and losses'. Interest received (paid) on assets (liabilities) held for trading is reported as interest income (expense). Dividends received are included in 'dividend and other investment income'.

1.16. Investments

Investments in securities

Management determines the appropriate classification of its investment securities at the time of purchase. Investment securities which have fixed or determinable payments with a fixed maturity, except for those that meet the definition of loans and receivables, where management has both the intent and the ability to hold to maturity are classified as held to maturity. Investment securities to be held for an indefinite period, which may be sold in response to need for liquidity or changes in interest rates, exchange rates or equity prices, are classified as available for sale. Investment securities that are acquired for the purpose of generating short-term profits are considered held for trading. Any investment, other than investments in equity instruments without a quoted market price in an active market and of which the fair value cannot be reliably measured, may be designated on initial recognition as a financial instrument at fair value through profit or loss if one of the following three conditions are fulfilled:
- the host contract includes an embedded derivative that would otherwise require separation
- it eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') or
- it relates to a portfolio of financial assets and/or liabilities that are managed and evaluated on a fair value basis

Once an asset has been designated as held at fair value through profit or loss, it cannot be reclassified to another category.

Held-to-maturity investments are carried at amortised cost less any impairment charges. Any difference between the initially recognised amount resulting from transaction costs, initial premiums or discounts is amortised over the life of the investment using the original effective interest rate. Impairment is recognised when there is objective evidence that Fortis Bank will not be able to collect all amounts due in accordance with contractual terms. Such impairment is recognised in the income statement.

Available-for-sale investment securities are held at fair value. Changes in the fair value are recognised directly in equity until the asset is sold, except for the effective portion of the fair value hedge in case the asset is hedged by a derivative. If an investment is considered to be impaired, the impairment is recognised in the income statement. In the case of impaired available-for-sale investments, unrealised losses previously recognised in equity are transferred to the income statement when the impairment occurs.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment was recognised in the income statement, the impairment will be reversed and the amount of the reversal recognised in the income statement. Impairments recognised in the income statement regarding an investment in an equity instrument classified as available for sale are not reversed through the income statement. When there is a further decrease in the fair value after impairment was recognised, the decrease in fair value will be considered as impairment and recognised in the income statement.

Available-for-sale investment securities that are hedged by a derivative are carried at fair value with movements in fair value recognised through the income statement for the effective portion of the fair value hedge and through equity for the remaining part.

Held-for-trading assets and assets designated as held at fair value through profit or loss are carried at fair value. Changes in the fair value are recognised in the income statement.

Investment property

Investment properties are those properties held to earn rental income or for capital appreciation. Fortis Bank may also use certain investment properties for its own use. If the own use portions can be sold separately or leased out separately under a finance lease, these portions are accounted for as property, plant and equipment. If the own use portions cannot be sold separately, they will be treated as investment property only if Fortis Bank holds an insignificant portion for its own use. Investment property under construction is also classified as investment property.

Investment property is measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated using the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. The residual value and the useful life of investment property are determined separately for each significant part (component approach) and are reviewed at each year-end.

Fortis Bank rents out its investment property under various non-cancellable leases. Certain leases contain renewal options for various periods. If the lease is classified as an operating lease, the rental income associated with these contracts is recognised as investment income on a straight-line basis over the rental term.

Transfers to, or from, investment property are only made when there is a change of use:
- to investment property at the end of owner-occupation, or at the start of an operating lease to another party;
- from investment property at the commencement of owner-occupation, or start of development with a view to sale.

When the outcome of a construction contract can be estimated reliably, the contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract as at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense.

1.17. Leasing

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease.

Fortis Bank as a lessor

Assets leased under operating leases are included in the consolidated balance sheet (a) under investment property (buildings), and (b) under property, plant and equipment (equipment and motor vehicles). They are recorded at cost less accumulated depreciation and accumulated impairment losses. Rental income, net of any incentives given to lessees, is recognised on a straight-line basis over the lease term. Initial direct costs incurred by Fortis Bank are added to the carrying value of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

When assets held are subject to a finance lease, the present value of the lease payments and any unguaranteed residual value are recognised as receivables. The difference between the gross investment and the net investment in the lease is recognised as unearned finance income. Lease interest income is recognised over the term of the lease based on a pattern reflecting a constant periodic rate of return on the net investment outstanding on the finance lease. Initial direct costs incurred by Fortis Bank are included in the finance lease receivable and offset against lease interest income over the lease term. The estimated unguaranteed residual values are reviewed regularly. When there has been a reduction in the expected residual value, the income allocation over the lease term is revised. Any reduction in respect of amounts already accrued is recognised immediately.

Fortis Bank as a lessee

Fortis Bank enters into operating leases principally for the rental of equipment, land and buildings. Payments made under such leases are typically charged to the income statement generally on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination occurs.

Any incentives received from the lessor in relation to operating leases are recognised as a reduction of rental expense over the lease term on a straight-line basis.

If the lease agreement transfers substantially all the risk and rewards incident to ownership of the asset, the lease is treated as a finance lease and the related asset is capitalised. At inception, the asset is recorded at the lower of the present value of the minimum lease payments or fair value and is depreciated over whichever is the shorter of its estimated useful life or the lease term if there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term. The corresponding lease obligation, net of financing charges, is recorded as borrowings. The interest element of the financing cost is charged to the income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the obligation for each period.

1.18. Other receivables

Other receivables arising from the normal course of business and originated by Fortis Bank are initially recorded at fair value and subsequently measured at amortised cost, using the effective interest method, less impairments.

1.19. Property, plant and equipment

All real estate held for own use and fixed assets are stated at cost less accumulated depreciation (except for land, which is not depreciated) and any accumulated impairment losses. Cost is the amount of cash or cash equivalents paid or the fair value of any other consideration given in (part) exchange for an asset at the time of its acquisition or construction.

Buildings are depreciated using the straight-line method to write down the cost of such assets to their residual value over their estimated useful lives. The useful life of buildings is determined separately for each significant part (component approach) and is reviewed at each year-end. Real estate is therefore divided into the following components: structure, closing, techniques and equipment, heavy finishing and light finishing.

The maximum useful life of the components is as follows:

Structure	50 years for offices and retail; 70 years for residential
Closing	30 years for offices and retail; 40 years for residential
Techniques and equipment	20 years for offices; 25 years for retail and 40 years for residential
Heavy finishing	20 years for offices; 25 years for retail and 40 years for residential
Light finishing	10 years for offices, retail and residential

Land has an unlimited useful life and is therefore not depreciated. IT and office equipment are depreciated over their respective useful lives, which is determined individually.

As a general rule, residual values are considered to be zero.

Repairs and maintenance expenses are charged to the income statement for the period when the expenditure is incurred. Expenditures that enhance or extend the benefits of real estate or fixed assets beyond their original use are capitalised and subsequently depreciated.

For more details of borrowing costs to finance the construction of property, plant and equipment: see Section 1.32 Borrowing costs.

1.20. Goodwill and other intangible assets

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance that is recognised at cost if, and only if, it will generate future economic benefits and if the cost of the asset can be measured reliably.

Intangible assets with an indefinite life, which are not amortised, are instead tested for impairment at least annually. Any impairment loss identified is recognised in the income statement. Intangibles are recorded on the balance sheet at cost less any accumulated amortisation and any accumulated impairment losses. The residual value and the useful life of intangible assets are reviewed at each year-end. With the exception of goodwill, Fortis Bank does not have any intangible assets with an indefinite useful life.

Intangible assets with definite lives are amortised over their estimated useful life.

Goodwill

Acquisitions of companies are accounted for using the purchase price accounting method. Goodwill represents the amount by which the cost of the business combination (including costs directly attributable) exceeds Fortis Bank's interest in the fair value of assets acquired and liabilities and contingent liabilities assumed. Goodwill arising on the acquisition of a subsidiary is reported on the balance sheet. Goodwill arising on business combinations before 1 January 2004 is deducted from equity and is not restated under IFRS. At acquisition date, it is allocated to those cash-generating units that are expected to benefit from the synergies of the business combination. Goodwill is not amortised, but is tested for impairment at the level of cash generating units not exceeding Fortis Bank's operating segments. Goodwill arising on the acquisition of an associate is treated as part of the investment in the associate.

Any amount by which of the acquired interest in the net fair value of the acquiree's assets, liabilities and contingent liabilities exceeds the acquisition cost is recognised immediately in the income statement.

Fortis Bank assesses the carrying value of goodwill annually or more frequently if events or changed circumstances indicate that the stated carrying value may not be recoverable. If such indications occur, the recoverable amount will be determined for the cash-generating unit to which the goodwill belongs. This amount will then be compared with the carrying amount of the cash-generating unit and an impairment loss will be recognised if the recoverable amount is less than the carrying amount. Impairment losses are recognised immediately in the income statement.

In the event of an impairment loss, Fortis Bank first reduces the carrying amount of goodwill allocated to the cash-generating unit and then reduces the other assets in the cash-generating unit pro rata to the carrying amount of each asset in the cash-generating unit. Previously recognised impairment losses relating to goodwill are not reversed.

Fortis Bank may obtain control of a subsidiary in more than one transaction. When this occurs, Fortis Bank treats each transaction separately. The cost of each transaction is compared with the fair value in order to determine the amount of goodwill associated with that individual transaction. Before Fortis Bank obtains control of the entity, the transaction may qualify as an investment in an associate and be accounted for using the equity method. If so, the fair value of the investee's identifiable net assets at the date of each earlier transaction will have been determined by applying the equity method to the investment.

Other intangible assets

Internally generated intangible assets

Internally generated intangible assets are capitalised when Fortis Bank can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- its intention to complete the intangible asset and use or sell it
- its ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets arising from research and internally generated goodwill are not capitalised.

Software

Software that is essential to the operation of computer hardware, such as the operating system, is an integral part of the related hardware and is treated as property, plant and equipment. If the software is not an integral part of the related hardware, the costs incurred during the development phase, which meet all the above criteria are capitalised as an intangible asset and amortised using the straight-line method over the estimated useful life. In general, such software is amortised over a maximum of 5 years.

Other intangible assets with finite lives

Other intangible assets include intangible assets with finite lives, such as trademarks and licenses that are generally amortised over their useful lives using the straight-line method. Intangible assets with finite lives are reviewed for indications of impairment at each reporting date. In general, such intangible assets have an expected useful life of 10 years at most.

1.21. Non-current assets held for sale and discontinued operations

Non-current assets or a group of assets and liabilities held for sale are those for which Fortis Bank will recover the carrying amount from a sale transaction that is expected to qualify as a sale within a year, instead of through continuing use.

A discontinued operation refers to a part of Fortis Bank that has been disposed of or is classified as held for sale and:

- represents a separate major line of business or geographical area of operations; or
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Non-current assets held for sale (and disposal groups) are not depreciated but measured at whichever is the lower of their carrying amount and fair value less costs to sell, and are presented separately on the balance sheet.

Results from discontinued operations are recognised separately in the income statement.

1.22. Derivative financial instruments and hedging

Recognition and classification

Derivatives are financial instruments such as swaps, forward and future contracts, and options (both written and purchased). The value of these financial instruments changes in response to movements in various underlying variables. Derivatives require little or no net initial investment and are settled at a future date.

All derivatives are recognised on the balance sheet at fair value on trade date:

- derivatives held for trading in 'assets held for trading' and 'liabilities held for trading' and
- derivatives that qualify for hedge accounting in 'accrued interest and other assets' and 'accrued interest and other liabilities'

Subsequent changes in the clean fair value (i.e. excluding the unrealised portion of interest accruals) of derivatives are reported in the income statement under 'other realised and unrealised gains and losses'.

Financial assets or liabilities can include embedded derivatives. Such financial instruments are often referred to as hybrid financial instruments. Amongst others, hybrid financial instruments include reverse convertible bonds (bonds that may be redeemed in the form of equities) and bonds with indexed interest payments. If the host contract is not carried at fair value through profit or loss and the characteristics and risks of the embedded derivative are not closely related to those of the host contract, the embedded derivative will be separated from the host contract and measured at fair value as a stand-alone derivative. Changes in fair value of the embedded derivative are recorded in the income statement. The host contract is accounted for and measured applying the rules for the relevant category of financial instrument.

However, if the host contract is carried at fair value through profit or loss or if the characteristics and risks of the embedded derivative are closely linked to those of the host contract, the embedded derivative will not be separated and the hybrid financial instrument will be measured as one instrument.

Embedded derivatives requiring separation are reported as hedging derivatives or derivatives held for trading, as appropriate.

Hedging

On the date a derivative contract is entered into, Fortis Bank may designate this contract as either (1) a hedge of the fair value of a recognised asset or liability (fair value hedge), (2) a hedge of a net investment in a foreign entity or (3) a hedge of future cash flows attributable to a recognised asset or liability or a forecasted transaction (cash flow hedge). Hedges of firm commitments are fair value hedges, except for hedges of foreign exchange risk, which are accounted for as cash flow hedges.

At the start of the transaction, Fortis Bank documents the relationship between the hedging instrument and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions.

Fortis Bank also documents its assessment – both at the start of the hedge and on an ongoing basis – of the effectiveness of the derivatives used in hedging transactions in compensating for changes in the fair value or cash flow of hedged items. Fortis Bank has harmonised its effectiveness testing methodology and procedures with BNP Paribas as from 30 April 2009.

The harmonisation of the effectiveness testing methodology and procedures with BNP Paribas required Fortis Bank to discontinue the existing macro and micro hedge relationships as at 30 April 2009 and start new hedges as from that date. The combined effect of the amortisation of (1) the fair value adjustments to hedged instruments that are part of the discontinued hedges and (2) the new initial difference between the fair value and the carrying value of the hedged instruments in the new hedges is spread over the life of the hedges under 'unrealised gains and losses'.

Only assets, liabilities, firm commitments or highly probable forecast transactions that involve parties outside Fortis Bank are designated as hedged items.

Both the change in fair value of a hedged asset or liability that is attributable to the hedged risk and also the change in the fair value of the hedging instrument in a fair value hedge are recognised in the income statement. The change in the fair value of interest-bearing derivative instruments is presented separately from interest accruals.

If the fair value hedge no longer meets the criteria for hedge accounting or is otherwise discontinued, the adjustment to the carrying amount of a hedged interest-bearing financial instrument that results from hedge accounting will be amortised using the new effective interest rate calculated on the hedge discontinuance date.

Fair value hedge accounting has been applied since 1 January 2005 to portfolio hedges of interest rate risk ('macro hedging'). Macro hedging implies that a group of financial assets or liabilities are viewed in combination and jointly designated as the hedged item. Although the portfolio may, for risk management purposes, include assets and liabilities, the amount designated refers either to assets or to liabilities.

For macro hedges, Fortis Bank uses the 'carved out' version of IAS 39 adopted by the European Union, which removes some of the limitations on fair value hedges and the strict requirements on the effectiveness of those hedges. In this version, no ineffectiveness is recognised on anticipated repayments, as long as under hedging exists (i.e. repayment is within the borders that was expected).

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity as 'unrealised gains and losses'. Any hedge ineffectiveness is immediately recognised in the income statement.

When the hedge of a forecasted transaction or firm commitment results in the recognition of a non-financial asset or of a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of that non-financial asset or liability. Otherwise, amounts deferred in equity are transferred to the income statement and classified as profit or loss in the periods during which the hedged firm commitment or forecasted transaction affects the income statement.

This also applies if the hedge no longer meets the criteria for hedge accounting or is otherwise discontinued, but the hedged forecasted transactions or firm commitments are still expected to occur. If the hedged forecasted transactions or firm commitments are no longer expected to occur, the amounts deferred in equity will be transferred to the income statement directly.

Net investment hedges are discussed in Section 1.6 Foreign currency.

1.23. Securitisations

Fortis Bank securitises various consumer and commercial financial assets. These securitisations may take the form of a sale of the related assets (classic securitisation) or a credit risk transfer through the use of funded credit derivatives to special purpose entities (synthetic securitisation). These special purpose entities then issue various security tranches to investors. The financial assets included in a securitisation are fully or partially derecognised when Fortis Bank transfers substantially all risks and rewards of the assets or portions thereof or when Fortis Bank neither transfers nor retains substantially all risks and rewards but does not retain control over the financial assets transferred.

1.24. Debt certificates, subordinated liabilities and other borrowings

Debt certificates, subordinated liabilities and other borrowings are initially recognised at fair value net of direct transaction costs incurred. Subsequently, they are measured at amortised cost and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest method.

Debt that can be converted into a fixed number of Fortis Bank's own shares is separated into two components on initial recognition: (a) a liability instrument and (b) an equity instrument. The liability component is first determined by measuring the fair value of a similar liability (including any embedded non-equity derivative features) that does not have an associated equity component.

The carrying amount of the equity instrument represented by the option to convert the instrument into common shares is then determined by deducting the carrying amount of the financial liability from the amount of the compound instrument as a whole.

Preference shares, which are mandatorily redeemable on a specific date or at the option of the shareholder including those preference shares that establish such a contractual obligation indirectly through their terms and conditions, are classified as borrowings. The dividends on these preference shares are recognised in the income statement as interest expense on an amortised cost basis using the effective interest method.

When determining whether preference shares are classified as a financial liability or as an equity instrument, Fortis Bank assesses the particular rights attached to the shares to ascertain whether they exhibit the fundamental characteristics of a financial liability.

A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled or expired. This condition is met when the debtor either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by progress of law or by the creditor. The difference between the carrying amount of the financial liability extinguished and the consideration paid (including liabilities assumed) is recognised in profit or loss.

If Fortis Bank purchases its own debt, this will be removed from the balance sheet and the difference between the carrying amount of the liability and the consideration paid will be included in the income statement.

1.25. Employee benefits

Pension liabilities

Fortis Bank operates several defined benefit and defined contribution plans throughout its global activities, in accordance with local conditions or industry practices. The pension plans are generally funded through payments to insurance companies or trustee administered plans, determined by periodic actuarial calculations.

A defined benefit plan is a pension plan that defines the amount of pension benefit that an employee will receive on retirement, usually dependant on one or more factors such as age and years of service. A defined contribution plan is a pension plan under which the employer pays fixed contributions. Qualified actuaries calculate the pension assets and liabilities at least once a year.

In the case of defined benefit plans, the pension costs and the related pension assets or liabilities are estimated using the projected unit credit method. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final liability. Under this method, the cost of providing these benefits is charged to the income statement in order to spread the pension cost over the service lives of employees. Pension liability is measured at the present value of the estimated future cash outflows based on interest rates determined by reference to market yields on high-quality corporate bonds that have terms to maturity approximating the terms of the related liability except when there is a no deep market in such bonds, then the market yields on government bonds shall be used. Net cumulative unrecognised actuarial gains and losses for defined benefit plans exceeding the corridor (greater than 10% of the present value of the defined benefit obligation or 10% of the fair value of any plan assets) are recognised in the income statement over the average remaining service lives of the employees.

Past-service costs are recognised immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In that case, the past-service costs are amortised on a straight-line basis over the vesting period.

Assets that support the pension liabilities of an entity must meet certain criteria in order to be classified as 'qualifying pension plan assets'. These criteria relate to the fact that the assets should be legally separate from Fortis Bank or its creditors. If these criteria are not met, the assets will be included in the relevant item on the balance sheet (such as investments, property, plant and equipment). If the assets do meet the criteria, they will be netted against the pension liability.

When the fair value of the plan assets is netted against the present value of the obligations of a defined benefit plan, the resulting amount could be negative (an asset). In this case, the recognised asset cannot exceed the total of any cumulative unrecognised net actuarial losses and past service costs, and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Benefit plans that provide long-term service benefits, but that are not pension plans, are measured at present value using the projected unit credit method.

Fortis Bank's contributions to defined contribution pension plans are charged to the income statement in the year to which they relate.

Other post-employment liabilities

Some Fortis Bank companies provide post-employment employee benefits to retirees such as loans at preferential interest rates and health care insurance. Entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. Expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit pension plans. These liabilities are determined based on actuarial calculations.

Equity options and equity participation plans

Share options and restricted shares are granted to directors and to employees for services received. The fair value of the services received is determined by reference to the fair value of the share options and restricted shares granted. Compensation expense is measured at grant date based on the fair value of the options and restricted shares and is recognised, either immediately at grant date if there is no vesting period, or over the vesting period of the options and restricted shares.

The fair value of share options is determined using an option-pricing model that takes into account the share price at the grant date, the exercise price, the expected life of the options, the expected volatility of the underlying shares and the expected dividends on those shares, and the risk-free interest rate over the expected life of the options.

Loans granted at preferential rates

Loans are sometimes provided to employees at an interest rate which is lower than the market rate. The terms of the loans granted at preferential rates state that employees will lose the benefit of the preferential rate upon termination of employment, at which time the interest rate on the loan will be adjusted to the current market rate. However, some Fortis Bank entities allow their employees to keep the preferential rate subsequent to retirement.

For the first category, the difference between the net present value of the loans at preferential rate and the net present value at the prevailing market rate is recognised in the balance sheet as a deferred compensation expense and recorded under operating and administrative expenses over the period that the employee obtains the benefit. Likewise, interest income is corrected to show the loans at market rate.

When loans continue after retirement and the former employees continue to benefit from preferential rates due to their past service with Fortis Bank, this benefit is taken into account when determining post-retirement benefits other than pensions.

Employee entitlements

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

1.26. Provisions, contingencies, commitments and financial guarantees

Provisions

Provisions are liabilities involving uncertainties in the amount or timing of payments. Provisions are recognised if there is a present obligation to transfer economic benefits, such as cash flows, as a result of past events and if a reliable estimate of the potential liability can be made at the balance sheet date. Provisions are estimated based on all relevant factors and information existing at the balance sheet date, and are discounted where the time value of money is material.

There are two additional conditions for the recognition of a restructuring provision:

- A constructive obligation: Fortis Bank needs to have a detailed formal plan which identifies the business or part of the business affected, the principal locations, the location and function and approximate number of employees to be terminated, timing of the implementation of the plan and an estimation of the expenditures.
- Valid expectation: A valid expectation is raised when those affected consider that the plan will be carried out. This means that evidence should be given that an entity has started to implement a restructuring plan or announced its main features to those affected by it, (e.g. employees or their representatives.

A restructuring provision can only include direct expenditures which are directly linked to the restructuring program and not associated with the ongoing activities of Fortis Bank.

Contingencies

Contingencies are those uncertainties where an amount cannot be reasonably estimated or when it is not probable that payment will be required to settle the obligation. Fortis Bank does not recognise contingencies but discloses them unless the possibility of an outflow of resources embodying economic benefits is remote.

Commitments

Loan commitments that allow for drawdown of a loan within the timeframe generally established by regulation or convention in the market place are not recognised. Loan commitments that are designated as being at fair value through profit or loss or where Fortis Bank has a past practice of selling the assets resulting from its loan commitments are recognised on the balance sheet at fair value with the resulting change recognised in the income statement. Acceptances comprise undertakings by Fortis Bank to pay bills of exchange drawn on customers. Fortis Bank expects most acceptances to be settled simultaneously with the reimbursement from customers. Acceptances are not recognised in the balance sheet and are disclosed as commitments.

Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the original or modified terms of a debt instrument. Such contracts are recognised as a financial liability and measured at the higher of the present value and the initial amount less amortisation.

If such contracts require payments to be made in response to changes in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variables, and non-financial variables which are not specific to a party to the contract, they are accounted for as derivatives.

1.27. Equity

Share capital

Share issue costs

Incremental costs directly attributable to the issue of new shares or share options, other than in a business combination, are deducted from equity net of any related income taxes.

Other equity components

Other elements recorded in other comprehensive income are related to:

- direct equity movements – associates (see Section 1.5 Consolidation principles)
- foreign currency (see Section 1.6 Foreign currency)
- available-for-sale investments (see Section 1.16 Investments)
- cash flow hedges (see Section 1.22 Derivative financial instruments and hedging)
- current and deferred taxes related to the items above

1.28. Interest income and expense

Interest income and interest expense incurred by all interest-bearing instruments (whether classified as held to maturity, available for sale, held at fair value through profit or loss or derivatives) are recognised in the income statement on an accrual basis, using the effective interest method based on the actual purchase price including direct transaction costs. Interest income includes coupons earned on fixed and floating rate income instruments and the accretion or amortisation of the discount or premium.

Once a financial asset, except for those measured at fair value through profit or loss, has been written down to its estimated recoverable amount, interest income is thereafter recognised based on the effective interest rate that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

1.29. Realised and unrealised gains and losses

In the case of financial instruments classified as available for sale, realised gains or losses on sales and divestments represent the difference between the proceeds received and the initial book value of the asset or liability sold, minus any impairment losses recognised in the income statement after adjusting for the impact of any fair value hedge accounting adjustments and after adjustment for the accrued interests based on the effective yield. Realised gains and losses on sales are included in the income statement as 'realised capital gains (losses) on investments'.

For financial instruments carried at fair value through profit or loss, the difference between the carrying value at the end of the current reporting period and the previous reporting period is included in 'other realised and unrealised gains and losses'.

For derivatives, the difference between the carrying clean fair value (i.e. excluding the unrealised portion of the interest accruals) at the end of the current reporting period and the previous reporting period is included in 'other realised and unrealised gains and losses'.

Previously recognised unrealised gains and losses recorded directly in equity are transferred to the income statement upon derecognition or upon the financial asset becoming impaired.

1.30. Fee and commission income

Fees as integral part of effective interest rate

Fees that are an integral part of the effective interest rate of a financial instrument are generally treated as an adjustment to the effective interest rate. This is the case for origination fees, received as compensation for activities such as evaluating the borrower's financial condition, evaluating and recording guarantees, etc., and also for origination fees received on issuing financial liabilities measured at amortised cost. Both types of fees are deferred and recognised as an adjustment to the effective interest rate. However, when the financial instrument is measured at fair value through profit or loss, the fees are recognised as revenue when the instrument is initially recognised.

Fees recognised as services are provided

Fees are generally recognised as revenue in the periods the services are provided. If it is unlikely that a specific lending arrangement will be entered into and the loan commitment is not considered a derivative, the commitment fee is recognised as revenue on a time proportion basis over the commitment period.

Fees recognised upon completion of the underlying transaction

Fees arising from negotiating or participating in the negotiation of a transaction for a third party are recognised upon completion of the underlying transaction. Commission revenue is recognised when the performance obligation is complete.

Loan syndication fees are recognised as revenue when the syndication has been completed.

1.31. Transaction costs

Transaction costs are included in the initial measurement of financial assets and liabilities, other than those measured at fair value through profit or loss. Transaction costs refer to incremental costs directly attributable to the acquisition or disposal of a financial asset or liability. They include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

1.32. Borrowing costs

Borrowing costs are generally expensed as incurred. Borrowing costs that are directly attributable to the acquisition or construction of an asset are capitalised while the asset is being constructed, as part of the cost of that asset. Capitalisation of borrowing costs should commence when:
- expenditures on the asset and borrowing costs are incurred
- activities necessary to prepare the asset for its intended use or sale are in progress

Capitalisation ceases when the asset is substantially ready for its intended use or sale. If active development is interrupted for an extended period, capitalisation will be suspended. Where construction occurs piecemeal and use of each part is possible as construction continues, capitalisation for each part ceases upon substantial completion of that part.

For borrowing associated with a specific asset, the actual interest rate on that borrowing is used. Otherwise, a weighted average cost of borrowing is used.

1.33. Income tax expenses

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and of unused tax credits.

Income tax payable on profits is recognised as an expense based on the applicable tax laws in each jurisdiction in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognised as a deferred tax asset if it is probable that future taxable profit will be available against which those losses can be utilised.

Deferred tax is provided in full except for some limitations on deferred tax assets as indicated below, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements.

The rates enacted or substantively enacted at the balance sheet date are used to determine deferred taxes.

Deferred tax assets are recognised to the extent that it is probable that sufficient future taxable profit will be available to allow the benefit of part or the entire deferred tax asset to be utilised.

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates, and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Current and deferred tax related to fair value re-measurement of available-for-sale investments and cash flow hedges which are charged or credited directly to equity is also credited or charged directly to equity and is subsequently recognised in the income statement together with the deferred gain or loss.

1.34. Accounting policies specific to insurance business

Specific accounting policies relating to assets and liabilities generated by insurance contracts and investment contracts with a discretionary participation feature written by insurance companies are retained for the purposes of the Fortis Bank Consolidated Financial Statements. These policies comply with IFRS 4, Insurance Contracts.

Assets

Investments related to unit-linked contracts

Financial assets representing technical provisions related to unit-linked business are stated at the fair value of the underlying assets at the balance sheet date.

Deferred acquisition costs (DAC)

The costs of new and renewed insurance business, principally commissions, underwriting, agency and policy issue expenses, all of which vary with, and are primarily related to, the production of new business, are deferred and amortised. Deferred acquisition costs are periodically reviewed to ensure they are recoverable based on estimates of future profits of the underlying contracts.

Liabilities

Life insurance

The technical provisions representing the obligations to policyholders and beneficiaries comprise liabilities relating to insurance contracts carrying a significant insurance risk (e.g. mortality or disability) and to investment contracts with a discretionary participation feature. A discretionary participation feature is one which gives life policyholders the right to receive, as a supplement to guaranteed benefits, a share of actual profits. Fortis Bank has opted to disclose the discretionary participation features in equity. Liabilities relating to investment contracts without any discretionary participation feature are valued at amortised cost and reported as a deposit liability. Unit-linked contract liabilities are measured by reference to the fair value of the underlying asset at the balance sheet date.

The technical provisions comprising liabilities relating to insurance contracts carrying a significant insurance risk consist primarily of mathematical reserves, which generally correspond to the surrender value of the contract. Future policy benefit liabilities are calculated using a net level premium method (present value of future net cash flows) on the basis of actuarial assumptions as determined by historical experience and industry standards. Participating contracts include any additional liabilities relating to contractual dividends or participation features.

Liability adequacy test (LAT)

This test is carried out at each reporting date to assess whether the recognised liabilities are adequate, using current portfolio yields to estimate future cash flows. The adequacy of the liability is tested on the level of homogeneous product groups. If the liabilities are not sufficient to provide for future cash flows, including cash flows such as maintenance costs, as well as cash flows resulting from embedded options and guarantees and amortisation of the deferred acquisition costs (DAC), the DAC will be written off and/or additional liabilities will be established based on best-estimate assumptions. Any recognised deficiency is immediately reported in the income statement.

Shadow accounting

Realised gains or losses on assets could have a direct effect on all or part of the measurement of the insurance liabilities and related deferred acquisition costs.
Shadow accounting is applied to changes in fair value of the available for sale investments and of assets and liabilities held for trading that are linked to, and therefore affect, the measurement of the insurance liabilities. These changes in fair value will therefore not be part of equity or net profit.

Non-life insurance

Non-life technical reserves include unearned premium reserves (corresponding to the portion of written premiums relating to future periods) and outstanding claims reserves, inclusive of claims handling costs.

2. Change in consolidation method for joint ventures

With effect from the second quarter of 2009, Fortis Bank has changed its accounting policies for consolidating joint ventures from equity method to proportionate consolidation. Fortis Bank's most important joint venture is Bank van de Post/Banque de la Poste, a jointly owned subsidiary of Fortis Bank and the Belgian Post Office. Fortis Bank has a 50% interest in this joint venture.

Under Fortis Bank's previous accounting policies, investments in joint ventures were accounted for using the equity method. However, following the acquisition of Fortis Bank by BNP Paribas on 12 May 2009, Fortis Bank's consolidation methods have been harmonised with those of BNP Paribas, which accounts for its joint ventures using proportionate consolidation. This method better reflects the substance and economic reality of Fortis Bank's interest in Bank van de Post/Banque de la Poste.

Under the proportionate consolidation method, Fortis Bank's interest in Bank van de Post/Banque de la Poste is now stated line by line throughout the consolidated balance sheet. Prior to the second quarter of 2009, it was stated under the single line 'Investments in associates and joint ventures'.

The same principle applies to the consolidated income statement: Fortis Bank's share of profit or loss is now stated line by line throughout the consolidated income statement. Prior to the second quarter of 2009, it was stated under the single line 'Dividend, share in results of associates and joint ventures and other investment income'.

The change in consolidation method was not applied retrospectively to 2008.

The table below shows the contribution of Bank van de Post/Banque de la Poste to the consolidated balance sheet of Fortis Bank.

	Proportionate Consolidation	*Proportionate Consolidation*	*Equity Method Consolidation*
	31 December 2009	*31 December 2008*	*31 December 2008*
Assets			
Cash and cash equivalents	145	61	
Assets held for trading			
Due from banks		50	
Due from customers	35	34	
Investments:			
- Held to maturity			
- Available for sale	3,319	3,008	
- Held at fair value through profit or loss			
- Reclassified as to loans and receivables			
- Investment property			
- Associates and joint ventures			84
	3,319	3,008	84
Trade and other receivables	5	6	
Property, plant and equipment	7	9	
Goodwill and other intangible assets	10	6	
Assets classified as held for sale			
Current and deferred tax assets		9	
Accrued interest and other assets	(2)	(4)	(75)
Total assets	**3,519**	**3,179**	**9**
Liabilities			
Liabilities held for trading			
Due to banks	1	1	
Due to customers	3,144	2,799	
Debt certificates	309	421	
Subordinated liabilities			
Other borrowings	56	70	
Provisions			
Current and deferred tax liabilities	34		
Accrued interest and other liabilities	(121)	(121)	
Liabilities related to assets held for sale			
Total liabilities	**3,423**	**3,170**	
Shareholders' equity	96	9	9
Minority interests			
Total equity	**96**	**9**	**9**
Total liabilities and equity	**3,519**	**3,179**	**9**

The table below shows the contribution of Bank van de Post/Banque de la Poste to the consolidated income statement of Fortis Bank.

	Proportionate Consolidation	*Proportionate Consolidation*	*Equity Method Consolidation*
	31 December 2009	*31 December 2008*	*31 December 2008*
Income			
Interest income	126	116	
Interest expense	(73)	(73)	
Net interest income	53	43	
Fee and commission income	17	16	
Fee and commission expense	(30)	(25)	
Net fee and commission income	(13)	(9)	
Dividend, Share in result of Associates and Joint ventures and other investment income			2
Realised capital gains (losses) on investments	(8)		
Other realised and unrealised gains and losses			
Other income	3	3	
Total income, net of interest expense	**35**	**37**	**2**
Change in impairments	2	(5)	
Net revenues	**37**	**32**	**2**
Expenses			
Staff expenses	(7)	(7)	
Depreciation and amortisation of tangible and intangible assets	(5)	(6)	
Other expenses	(20)	(18)	
Total expenses	**(32)**	**(31)**	
Profit before taxation	**5**	**1**	**2**
Income tax expense		1	
Net profit for the period before discontinued operations	**5**	**2**	**2**
Net result on discontinued operations			
Net profit (loss) for the period	**5**	**2**	**2**
Net profit attributable to minority interests			
Net profit (loss) attributable to shareholders	**5**	**2**	**2**

3. Acquisitions and disposals

The following major acquisitions and disposals were made in 2009 and 2008.

3.1. Acquisition AG Insurance

On 12 March 2009, Fortis, Fortis Bank, the Belgian state, the SFPI/FPIM (Société Fédérale de Participations et d'Investissement / Federale Participatie en Investeringsmaatschappij) and BNP Paribas entered into an agreement (*Avenant* No. 3 of the *Protocole d'Accord*). This agreement stipulated that Fortis Insurance SA/NV was to transfer 157,822 ordinary shares of Fortis Insurance Belgium, representing 25% plus one share, to Fortis Bank for a total consideration of EUR 1,375 million.

The acquisition was finalised on 12 May 2009 and Fortis Insurance Belgium was renamed 'AG Insurance' on 22 June 2009.

In addition to this transfer of shares, the agreement provided for a strategic partnership between Fortis Bank and the Fortis group's insurance operations.

AG Insurance is considered as an associate by Fortis Bank and will therefore be accounted for using the equity method. The fair value of the net assets in AG Insurance amounted to EUR 990 million at acquisition and goodwill of EUR 385 million was recorded.

3.2. Other Acquisitions

No other major acquisitions were made in 2009. The acquisitions that took place in 2008 were:

Acquired company	*Quarter of acquisition*	*Acquisition amount*	*Percentage acquired*	*Capitalised intangible assets*	*Goodwill*	*Segment*
ABN Amro Asset Management Holding (AAAMH)	Q2 2008	4,105	100	514	3,358	Asset Management

The amounts of the capitalised intangible assets and the goodwill presented above are the initial amounts, converted to euro and taking into account changes that were necessary because the accounting for a business combination was only determined provisionally by the end of the period in which the combination was effected. Subsequent changes due to net exchange differences and other changes are excluded. These acquisitions did not have a substantial impact on Fortis Bank's financial position and performance.

3.3. Disposals

In August 2009, Fortis Bank SA/NV sold its investments in Fortis Clearing Americas LLC (Segment: Merchant Banking) to Fortis Bank Global Clearing N.V. (a subsidiary of Fortis Bank Netherland NV) for a total consideration of USD 120 million, resulting in a net loss of EUR 17 million.

In October 2009, Fortis Bank SA/NV sold its investments in Fondo Nazca Fund II, F.C.R., FCM Private Equity II S.L. (Segment: Merchant Banking) to Alpinvest Partners for a total consideration of EUR 53 million. Fortis Bank SA/NV also sold its investments in Nazca Capital CGECR to members of the management team for a consideration of EUR 0.2 million. These sales resulted in a net gain of EUR 12 million.

In December 2009, Banque Générale de Luxembourg SA, a subsidiary of Fortis Bank SA/NV, sold its 25.04% shareholding in Fortis Intertrust Group Holding SA (Segment: Merchant Banking) to WPEF IV Holding Coöperatief W.A. for a consideration of EUR 122 million, resulting in a net gain of EUR 30 million.

The major disposal in 2008 was related to the sale of Fortis Bank Netherland (Holding) – FBN (H) and all its subsidiaries as well as participating interests. It also included the investment in RFS Holding B.V., the company through which the acquisition of the ABN AMRO activities was accomplished.

3.4. Assets and liabilities of acquisitions and disposals

The table below provides details on the assets and liabilities resulting from the acquisitions or disposals of subsidiaries, associates and joint ventures at the date of acquisition or disposal.

	2009		2008	
	Acquisitions	*Disposals*	*Acquisitions*	*Disposals*
Assets and liabilities of acquisitions and disposals				
Cash and cash equivalents	10	(1,378)	501	(10,398)
Assets held for trading				(29,994)
Due from banks	5	(5)	1	(25,539)
Due from customers	37	(531)	31	(142,295)
Investments	1,454	(98)	411	(31,131)
Other receivables	1	(130)	66	(2,899)
Property, plant and equipment		(4)	3	(388)
Goodwill and other intangible assets	4	(6)	2,670	(161)
Non-current assets and disposals groups classified as held for sale		(15)	1,685	(258)
Accrued interest and other assets	2	(3)	162	(7,361)
Total assets	**1,513**	**(2,170)**	**5,530**	**(250,424)**
Liabilities held for trading			23	(51,142)
Due to banks	67	(28)	888	(11,371)
Due to customers	29	(1,927)	1	(46,519)
Debt certificates				(19,204)
Subordinated liabilities				(3,333)
Other borrowings			1	(286)
Provisions		(1)	83	(56)
Current and deferred tax liabilities		(2)	241	(659)
Non-current liabilities and disposals groups classified as held for sale		(4)		
Accrued interest and other liabilities	8	245	150	(95,178)
Total liabilities	**104**	**(1,717)**	**1,387**	**(227,748)**
Minority interests		56	8	(213)
Net assets acquired / Net assets divested	**1,409**	**(509)**	**4,135**	**(22,463)**
Negative goodwill				
Total gain (loss) on disposal (gross)		46		(9,092)
Taxes on gain on disposal				
Total gain (loss) on disposal net of taxes		46		(9,092)
Cash used for acquisitions / received from disposals:				
Total purchase consideration / Proceeds from sale	(1,409)	555	(4,135)	13,371
Less: Cash and cash equivalents acquired / divested	10	(1,378)	501	(10,398)
Less: Non-cash consideration				
Cash used for acquisitions / received for disposals	**(1,399)**	**(823)**	**(3,634)**	**2,973**

4. Non-current assets classified as Held for Sale and Discontinued Operations

4.1. Discontinued operations

On 12 and 13 May 2009, BNP Paribas acquired control over Fortis Bank NV/SA by acquiring 74,93% of the shares of Fortis Bank NV/SA and 16% of the shares of BGL BNP Paribas S.A. ("BGL"). Following the acquisition, a global integration project was initiated to organize the integration of Fortis Bank NV/SA and the BNP Paribas Group. The main purposes of the global integration project are to consolidate and integrate both groups, to streamline and simplify the group structure, to achieve synergies between the various activities of each group and to identify opportunities for value creation. A number of transactions between various affiliates of BNP Paribas S.A. ("BNPP") and Fortis Bank NV/SA are taking place in the context of integrating certain activities of Fortis Bank NV/SA with certain activities of BNP Paribas.

The economic transfer date for the aforementioned transactions has been set at 1 January 2010. Closing of these integration transactions is highly probable to occur on 31 December 2010 the latest, depending on regulatory approvals and other organizational constraints in the various jurisdictions involved.

Additional information on the transactions with BNP Paribas can be found in the section 'Fortis Bank Annual Report 2009 (non-consolidated), Information related to Article 524 of the Belgian Companies code'.

Besides the integration transactions with BNP Paribas, Fortis Bank held at 31 December 2009 some other operations that it intends to sell rather than to hold for continuing use. It consists of non-core Asset Management entities and some smaller other entities.

Accordingly, as required by IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, these transactions qualify as assets held for sale and discontinued operations.

Assets and liabilities of those entities have been reclassified and presented as separate line items "Assets classified as held for sale" and "Liabilities classified as held for sale", respectively, on the face of the consolidated balance sheet as of 31 December 2009. Comparative information has not been adjusted in accordance with IFRS 5.

The income and expenses relating to those entities have been reclassified and presented in a separate line item "Net result from discontinued operations". Comparative information has been adjusted in accordance with IFRS 5.

4.1.1. Transactions with BNP Paribas

The transactions between BNP Paribas S.A. ("BNPP") and Fortis Bank NV/SA are described hereunder by business lines and geographical presence.

Fortis Bank Asia

Fortis Bank Asia consists of certain branches and subsidiaries, including a wealth management subsidiary in Hong Kong. It is primarily a sales and trading operation, with corporate banking and structured lending activities. It is focused on several sectors, including commodities, transportation and energy sector (where it is among the market leaders) and global markets business with institutional and retail clients.
The purpose of the transaction is to allow Fortis Bank NV/SA to exit non-core geographies. The transaction should allow the integrated group to maximize profitability through the creation of a stronger player in Asia and the sharing of synergies, to offer a broader product range to clients and to achieve economies of scale.

The transaction is structured into five sub-transactions taking the form of asset deals and two sub-transactions taking the form of share deals. These sub-transactions are required because the various assets of Fortis Asia Merchant Banking are located in different jurisdictions (China, Taiwan, Singapore, Hong Kong and Japan).

Fortis Bank North America

Fortis Bank North America is a full service merchant bank whose activities are in transition. Its trading strategy has shifted from proprietary trading to sales-driven, more customer oriented activities. It is currently resizing its lending business, including a large exposure to energy, commodities and trading companies. It has historically been a participant in the collateral debt obligations (CDOs) and collateralized loan obligations (CLOs) market.

The merchant banking activities of Fortis Bank North America have been significantly impacted by the negative market environment. The integration of certain Fortis Bank North America activities within the global BNP Paribas structure aims at stabilizing the position of Fortis Bank NV/SA, improving the perspectives for the activities of Fortis Bank North America, and to establish synergies and economies of scale.

The general principles of the transaction consist of a sale by Fortis Bank NV/SA to BNP Paribas or one of its subsidiaries or branches of (i) on the one hand, certain banking businesses of Fortis Bank NV/SA in certain of its North American branches, and (ii) on the other hand, the shares owned by Fortis Bank NV/SA (or certain affiliates) in certain subsidiaries. This transaction consists of a number of sub-transactions.

All assets of Fortis Bank North America are transferred to BNP Paribas or one of its subsidiaries or branches except for (i) the so-called "portfolio IN" assets, i.e. the structured credit guaranteed by the Belgian State which must stay within Fortis Bank NV/SA in order to benefit from the guarantee which remains with Fortis Bank NV/SA, in view of the arrangements between BNP Paribas and the Belgian State in this respect, and (ii) the Container, Rail and Chassis assets of Principal Finance.

Fortis Bank UK

The merchant banking activities of Fortis Bank UK focus on sales and trading, lending and structured financing and include a small private banking operation. They consist of a branch (Fortis Bank NV/SA London Branch, which also holds a number of special purposes vehicles through a holding company called Camomile Inv. UK Ltd) and two subsidiaries (Fortis Private Investment Management Ltd and its subsidiary FPIM Nominees Ltd (together "FPIM")).

The merchant banking activities of Fortis Bank UK has been significantly impacted by the negative market environment. The transaction is intended at stabilizing the position of Fortis Bank NV/SA so as to improve performance and competitiveness and to increase cross-selling opportunities.

The general principles of the transaction consist of the sale of the investment banking and private banking assets and the assets and liabilities of the Fortis Bank NV/SA London Branch relating hereto together with its subsidiaries to BNP Paribas.

This transaction consists of a number of sub-transactions, being as follows:

(i) sale for cash of Fortis Private Investment Management Ltd. ("FPIM") to BNP Paribas Wealth Management SA

(ii) sale of certain assets and liabilities of the Fortis Bank NV/SA London Branch (including the Camomile SPV's) to the BNP Paribas UK Branch in exchange for a debenture.

The transfer of certain assets and liabilities of the Fortis Bank NV/SA London Branch to BNP Paribas is effected under Part VII of the Financial Services and Markets Acts 2000. Under the Part VII FSMA banking business transfer scheme, which typically takes six to nine months to complete as from the application to the court, the transfer of the business occurs by operation of law and individual transfers of assets and liabilities are not required. Legal ownership of the assets and liabilities passes to BNP Paribas on the date sanctioned by the court. The effective date or the FSMA transfer scheme is not anticipated to be before June 2010.

A "master transfer agreement" between the Fortis Bank NV/SA London Branch and the BNP Paribas UK Branch will provide that the consideration for all transfers of (parts of) the business, whether under the Part VII FSMA banking business transfer scheme or pursuant to individual transfers, will be in the form of a debenture to be issued by BNP Paribas UK Branch to Fortis Bank NV/SA London Branch.

The transaction does not involve (i) the mortgage portfolio of the private banking activities, (ii) the business segments Commercial Banking, Supply Chain & Cash Management, Global Trade Services, SFS-Other, Corporate Banking, CPB-Other, Private Equity and PB Concorde Mortgages and (iii) the UK entities in the Fortis Lease Group and Fortis Investment Management as they are part of other integration transactions.

Asset Management

The transaction aims at facilitating and accelerating the integration of the complementary asset management businesses of BNP Paribas and Fortis Bank NV/SA through combining certain entities of BNP Paribas and Fortis Bank NV/SA, in particular BNP Paribas Investment Partners S.A. ("BNPP IP)" and Fortis Investments Management NV/SA ("FIM").

The structure of the transaction consists of the purchase of 100% of the shares of Fortis Investment Management NV/SA by BNP Paribas Investment Partners S.A. The shares of FIM are currently held by Fortis Bank NV/SA (84.67%) and BGL (15.33%). Fortis Bank NV/SA and BGL BNP Paribas will subsequently use an amount equal to the purchase price received to subscribe to a capital increase of BNPP IP as a result of which Fortis Bank NV/SA and BGL BNP Paribas will hold BNPP IP shares representing 33.33% + 1 share (i.e. a blocking minority) of the total outstanding share capital of BNPP IP, of which 28,23% of the BNPP IP shares will be held by Fortis Bank SA/NV and 5,11% will be held by BGL BNP Paribas.

FIM is a holding company currently holding 100% of the shares in Fortis Investments Management Belgium SA, Fortis Investments Management France S.A. and Fortis Investments Management Luxembourg S.A. FIM also holds a number of other subsidiaries, as well as a shareholding in Fortis Investments NL Holding (and its affiliated entities) and certain other entities. On the side of BNP Paribas, asset management activities of BNP Paribas that are not controlled by BNPP IP are not included in the transaction perimeter (BMCI Gestion, TEB Asset Management, FFTW, Fridson Investment Advisors, Malbec Partners and BNP Paribas Private Equity).

Artemis and Montag & Caldwell are not part of the transaction. These independent non-core asset management entities, which are held directly by Fortis Bank NV/SA, will be disposed to non-related parties.

Fortis Bank France

Fortis Banque France is a French bank active in retail, commercial and private banking (all relevant to a niche strategy targeting entrepreneurs and small companies). Although Fortis Banque France keeps up a recognized position as credit institution for individuals and enterprises on the small & mid-cap market, it is still a modest player on the French market.

The transaction takes the form of a sale, in which BNP Paribas S.A. purchases the shares of Fortis Banque France S.A. from Fortis Bank NV/SA and acquires thereby the indirect control of a number of subsidiaries of Fortis Banque France S.A., while other legal entities controlled or set up by Fortis Banque France S.A. will be carved out from this transaction. Fortis Banque France S.A. would subsequently be absorbed by BNP Paribas though a merger.

Furthermore, Fortis Bank SA./NV will sell its 96,85% stake in Fimagen Holding SA to BNP Paribas SA.

Fortis Bank Italy

Fortis Bank Italian Branch is a small scale player in the Italian banking market, primarily focused on internationally exposed small and medium sized enterprises and corporations. On the BNP Paribas side, BNP Paribas holds a large presence on the Italian market through Banca Nazionale del Lavoro SpA ("BNL"), a wholly-owned subsidiary of BNP Paribas S.A. and Italy's sixth largest bank.

Given the large presence of BNL, the four business lines (Private Banking, Commercial Banking, Specialized Financial Services and Merchant Banking) and the support functions of the Fortis Bank Italian Branch will be integrated in BNL with their respective counterpart.

The structure of the transaction takes the form of a sale of the assets and liabilities of the Fortis Italian Branch on a going concern basis to BNL for cash and a subsequent deregistration of the branch.

The transaction does not include Fortis Lease SPA, which will be part of a separate integration transaction, and the 10% shareholding in the listed company Banca Inter Mobiliare active in private banking, which will remain with Fortis Bank NV/SA.

Fortis Bank Switzerland

Fortis Banque Suisse is a 100% subsidiary of BGL that performs only wealth management activities in Switzerland. BNP Paribas Suisse is 100% owned by BNP Paribas and performs structured finance activities, market activities and wealth management activities.

By combining Fortis Banque Suisse and BNP Paribas Suisse, the transaction should create a single and attractive wealth management unit with a reputable client franchise and that will purport reaching critical mass on the Swiss market. It should also allow combining complementary wealth management services and products and creating opportunities for cross-selling and servicing.

The transaction will be structured as a sale of all of the shares in Fortis Banque Suisse by BGL to BNP Paribas Suisse for cash. Fortis Banque Suisse would subsequently be merged into BNP Paribas Suisse.

Fortis Lease Group transaction not qualifying in 2009 as discontinued operations

To integrate the lease activities of Fortis Lease Group ("FLG") with BNP Paribas Lease Group ("BPLG") the transaction takes the form of a share deal to merge the lease activities in a new sub-group FLG/BPLG.

The structure of the transaction consists of BNP Paribas S.A. and Omnium de Gestion et de Développement Immobilier ("OGDI") contributing all of their respective shares in BNP Paribas Lease Group to Fortis Lease Group S.A. In return, Fortis Lease Group will issue shares to be allocated to BNP Paribas S.A. and OGDI proportionately to the number of BNP Paribas Lease Group shares contributed by each of them.

As a result of this transaction, BGL will loose control in Fortis Lease Group and its interests will be reduced to 33.33% + 1 share in Fortis Lease Group. BNP Paribas S.A. and OGDI will hold the remaining shares in FLG.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations defines that assets or a disposal group shall be classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In order to obtain control of Fortis Lease Group, BNP Paribas made a contribution in kind and is paid for that contribution through the issuance of shares by Fortis Lease Group to BNP Paribas and OGDI. As BGL did not participate in the capital increase, its interests in Fortis Lease Group will be reduced. Such a transaction is not a sale transaction for Fortis Bank (and BGL) and therefore IFRS 5 does not apply in 2009.

4.1.2. Transactions with non-related parties

Non-core Asset management companies

Non-core Asset Management entities consist of entities formerly acquired in 2008 from ABN AMRO Asset Management and are considered by Fortis Bank to be divested. These comprise of the following entities: Artemis and Montag & Caldwell (M&C). These entities are shown on the balance sheet of Fortis Bank as at 31 December 2009 under the heading Assets and Liabilities classified as held for sale.

Other entities

Other entities consist of Fortis Lease Danmark and Captive Finance Norway/Sweden, which are not part of the aforementioned Fortis Lease Group transaction.

4.2. Major classes of assets and liabilities classified as held for sale

Fortis Bank holds various assets as at 31 December 2009 that are held for sale rather than for continuing use. These assets are classified in the balance sheet as assets held for sale and liabilities related to assets classified as held for sale. The composition of assets classified as held for sale and liabilities related to assets classified as held for sale as at 31 December 2009 is shown below.

	31 December 2009
	Total
Assets	
Cash and cash equivalents	5,068
Assets held for trading	3,872
Due from banks	1,603
Due from customers	35,002
Investments	1,766
Other assets	4,514
Total assets	**51,825**
Liabilities	
Liabilities held for trading	3,121
Due to banks	7,629
Due to customers	20,406
Debt certificates, Subordinated liabilities and Other borrowings	8,555
Provisions and Other liabilities	2,593
Total liabilities	**42,304**

4.2.1. Transactions with BNP Paribas

The tables below show the composition of assets classified as held for sale and liabilities classified as held for sale for the entities that are part of the integration transactions with BNP Paribas.

	31 December 2009			
	Fortis Bank Asia	*Fortis Bank North America*	*Fortis Bank UK*	*Asset Management*
Assets				
Cash and cash equivalents	165	1,853	198	1,311
Assets held for trading	1,343	1,902	578	13
Due from banks	916	180	302	1
Due from customers	5,748	11,026	6,063	170
Investments	613	274	65	299
Other assets	883	736	410	1,615
Total assets	**9,668**	**15,971**	**7,616**	**3,409**
Liabilities				
Liabilities held for trading	852	1,793	444	1
Due to banks	3,775	1,702	1,561	46
Due to customers	2,310	5,229	4,342	3,849
Debt certificates, Subordinated liabilities and Other borrowings	64	5,895	2,381	
Provisions and Other liabilities	603	519	307	437
Total liabilities	**7,604**	**15,138**	**9,035**	**4,333**

	31 December 2009		
	Fortis Bank France	*Fortis Bank Italy*	*Fortis Bank Switzerland*
Assets			
Cash and cash equivalents	110	34	1,281
Assets held for trading	6	5	25
Due from banks	190	12	1
Due from customers	7,825	2,924	1,232
Investments	513		2
Other assets	281	198	40
Total assets	**8,925**	**3,173**	**2,581**
Liabilities			
Liabilities held for trading	6	1	24
Due to banks	171	1	373
Due to customers	3,222	298	1,156
Debt certificates, Subordinated liabilities and Other borrowings	215		
Provisions and Other liabilities	370	244	28
Total liabilities	**3,984**	**544**	**1,581**

4.2.2. Transactions with non-related parties

The table below shows the composition of assets classified as held for sale and liabilities classified as held for sale for entities that will be sold to non-related parties.

	31 December 2009	
	Non-core Asset Management companies	*Other entities*
Assets		
Cash and cash equivalents	100	16
Assets held for trading		
Due from banks		1
Due from customers		14
Investments		
Other assets	336	15
Total assets	**436**	**46**
Liabilities		
Liabilities held for trading		
Due to banks		
Due to customers		
Debt certificates, Subordinated liabilities and Other borrowings		
Provisions and Other liabilities	65	20
Total liabilities	**65**	**20**

4.3. Net result of discontinued operations

The result related to assets and liabilities classified as held for sale is reported in the income statement under net result from discontinued operations. Results of disposals that have occurred during the year are also reported in this caption. The total net result of discontinued operations is detailed in the tables below.

	31 December 2009	31 December 2008
	Total	*Total*
Income		
Net interest income	918	938
Net fee and commission income	1,103	1,156
Realised and unrealised gains and losses	(25)	90
Other income	104	105
Total income, net of interest expense	**2,100**	**2,289**
Change in impairments	(1,506)	(2,888)
Net revenues	**594**	**(599)**
Expenses		
Staff expenses	(707)	(804)
Depreciation and amortisation of tangible and intangible assets	(101)	(110)
Other expenses	(529)	(562)
Total expenses	**(1,337)**	**(1,476)**
Profit before taxation	(743)	(2,074)
Income tax expense	182	(996)
Net profit (loss) for the period	**(561)**	**(3,070)**

In accordance with IFRS 5, Fortis Bank measured at 31 December 2009 the entities that it holds for sale at the lower of its carrying amount and fair value less costs to sell. This resulted in the recognition of an impairment loss of EUR 340 million, this amount is included in the line change in impairments.

The result of EUR (3,070) million at 31 December 2008 does not include the result of FBN(H) (EUR (8,391) million) and the result of the non-core Asset Management entities (EUR (736) million).

4.3.1. Transactions with BNP Paribas

The total net result of discontinued operations of the entities that are part of the integration transactions with BNP Paribas is detailed in the tables below.

	31 December 2009			
	Fortis Bank Asia	*Fortis Bank North America*	*Fortis Bank UK*	*Asset Management*
Income				
Net interest income	145	163	185	10
Net fee and commission income	22	41	44	686
Realised and unrealised gains and losses	(55)	(110)	125	8
Other income	8	1	9	72
Total income, net of interest expense	**120**	**95**	**363**	**776**
Change in impairments	(32)	(522)	(149)	(264)
Net revenues	**88**	**(427)**	**214**	**512**
Expenses				
Staff expenses	(59)	(87)	(74)	(222)
Depreciation and amortisation of tangible and intangible assets	(6)	(12)	(6)	(57)
Other expenses	(43)	(58)	(45)	(223)
Total expenses	**(108)**	**(157)**	**(125)**	**(502)**
Profit before taxation	**(20)**	**(584)**	**89**	**10**
Income tax expense	(3)	47	79	
Net profit (loss) for the period	**(23)**	**(537)**	**168**	**10**

	31 December 2009		
	Fortis Bank France	*Fortis Bank Italy*	*Fortis Bank Switzerland*
Income			
Net interest income	284	89	41
Net fee and commission income	106	14	47
Realised and unrealised gains and losses			7
Other income	4	5	4
Total income, net of interest expense	**394**	**108**	**99**
Change in impairments	(266)	(126)	(40)
Net revenues	**128**	**(18)**	**59**
Expenses			
Staff expenses	(145)	(23)	(48)
Depreciation and amortisation of tangible and intangible assets	(11)	(1)	(3)
Other expenses	(88)	(17)	(15)
Total expenses	**(244)**	**(41)**	**(66)**
Profit before taxation	**(116)**	**(59)**	**(7)**
Income tax expense	45	4	7
Net profit (loss) for the period	**(71)**	**(55)**	

	31 December 2008			
	Fortis Bank Asia	*Fortis Bank North America*	*Fortis Bank UK*	*Asset Management*
Income				
Net interest income	143	23	(6)	34
Net fee and commission income	27	40	52	811
Realised and unrealised gains and losses	99	(17)	48	(3)
Other income	15	23	14	37
Total income, net of interest expense	**284**	**69**	**107**	**878**
Change in impairments	(24)	(992)	(365)	(1,338)
Net revenues	**260**	**(923)**	**(258)**	**(460)**
Expenses				
Staff expenses	(72)	(133)	(80)	(250)
Depreciation and amortisation of tangible and intangible assets	(8)	(15)	(6)	(63)
Other expenses	(49)	(58)	(57)	(250)
Total expenses	**(129)**	**(206)**	**(143)**	**(563)**
Profit before taxation	**131**	**(1,129)**	**(401)**	**(1,023)**
Income tax expense	(18)	(1,002)	13	62
Net profit (loss) for the period	**113**	**(2,130)**	**(388)**	**(960)**

	31 December 2008		
	Fortis Bank France	*Fortis Bank Italy*	*Fortis Bank Switzerland*
Income			
Net interest income	488	188	64
Net fee and commission income	122	12	62
Realised and unrealised gains and losses	14	1	1
Other income	6	2	2
Total income, net of interest expense	**630**	**203**	**129**
Change in impairments	(111)	(18)	(7)
Net revenues	**519**	**186**	**122**
Expenses			
Staff expenses	(175)	(27)	(43)
Depreciation and amortisation of tangible and intangible assets	(11)	(1)	(3)
Other expenses	(97)	(14)	(19)
Total expenses	**(283)**	**(43)**	**(65)**
Profit before taxation	**235**	**143**	**58**
Income tax expense	(29)	(13)	(9)
Net profit (loss) for the period	**206**	**130**	**49**

4.3.2. Transactions with non-related parties

The total net result of discontinued operations of the entities that will be sold to non-related parties is detailed in the tables below.

	31 December 2009		
	Non-core Asset Management companies	Other entities	Sold during 2009
Income			
Net interest income	1	1	(1)
Net fee and commission income	125		18
Realised and unrealised gains and losses	1	3	(4)
Other income		4	(3)
Total income, net of interest expense	**127**	**8**	**10**
Change in impairments	(97)	(5)	(5)
Net revenues	**30**	**3**	**5**
Expenses			
Staff expenses	(36)	(4)	(9)
Depreciation and amortisation of tangible and intangible assets	(3)	(1)	(1)
Other expenses	(28)	(3)	(9)
Total expenses	**(67)**	**(8)**	**(19)**
Profit before taxation	**(37)**	**(5)**	**(14)**
Income tax expense	10	(5)	(2)
Net profit (loss) for the period	**(27)**	**(10)**	**(16)**

	31 December 2008	
	Other entities	Sold during 2009
Income		
Net interest income	2	2
Net fee and commission income		31
Realised and unrealised gains and losses	4	(57)
Other income	6	
Total income, net of interest expense	**12**	**(24)**
Change in impairments	(19)	(14)
Net revenues	**(7)**	**(37)**
Expenses		
Staff expenses	(5)	(18)
Depreciation and amortisation of tangible and intangible assets	(2)	(1)
Other expenses		(17)
Total expenses	**(7)**	**(37)**
Profit before taxation	**(14)**	**(74)**
Income tax expense	4	(5)
Net profit (loss) for the period	**(10)**	**(79)**

The net result at 31 December 2008 of the non-core Asset Management entities was EUR (736) million.

4.4. Cash flow statement

	31 December 2009
	Total
Cash flow from operating activities	(5,453)
Cash flow from investing activities	(2,589)
Cash flow from financing activities	4,034

	31 December 2008
	Total
Cash flow from operating activities	22,763
Cash flow from investing activities	(6,698)
Cash flow from financing activities	(19,528)

5. Shareholders' equity

The following table shows the composition of Shareholders' equity at 31 December 2009.

Share capital	
- Ordinary shares: 483,241,153 shares issued	9,375
Share premium reserve	20,276
Other reserves	(11,874)
Currency translation reserve	(460)
Net profit (loss) attributable to shareholders	(665)
Unrealised gains and losses	(1,193)
Shareholders' equity	**15,459**

5.1. Share capital and share premium reserves

As at 31 December 2009, Fortis Bank SA/NV had 483,241,153 outstanding ordinary shares and its share capital amounted to EUR 9,374,878,367. There was no change in share capital during the year 2009.

Fortis Bank had no preference shares or any other class of share capital. All ordinary shares were fully paid up.

Under the *Protocole d'Accord* entered into on 10 October 2008 and 8 March 2009, BNP Paribas acquired 74.93% of the share capital and voting rights of Fortis Bank SA/NV from the Belgian state, represented by SFPI/FPIM (Société Fédérale de Participation et d'Investissement / Federale Participatie en Investeringsmaatschappij) on 12 May 2009. As at 31 December 2009, 74.93% of the share capital of Fortis Bank SA/NV (362,115,778 shares) was owned by BNP Paribas, 25% (120,810,289 shares) by the Belgian state (through the SFPI/FPIM) and the remaining 0.07% (315,086 shares) by other minority shareholders. None of Fortis Bank's shares are held by Fortis Bank itself or by any of its subsidiaries or associates, and no shares have been reserved for issuance under option or sale contracts. The authorised capital of Fortis Bank SA/NV is EUR 9,374 million.

5.2. Other reserves

The other reserves contain the reserves of the parent company and the accumulated undistributed results of the consolidated subsidiaries since their entry into the consolidation scope.

5.3. Currency translation reserve

The currency translation reserve is a separate component of Shareholders' equity in which the exchange differences, arising from translation of the results and financial positions of foreign operations are reported.

Fortis Bank hedges net investments in foreign operations. The net investment in a foreign operation is Fortis Bank's interest in the net assets of that operation. Exchange differences arising on borrowings and other currency instruments designated as hedging instruments of such investments are also recorded in equity (under the heading 'Currency translation reserve') until the disposal of the net investment, except for any hedge ineffectiveness which will be immediately recognised in the income statement. On disposal of a foreign entity, such exchange differences are recognised in the income statement as part of the gain or loss on the sale.

5.4. Unrealised gains and losses included in Shareholders' equity

The table below shows the breakdown in Unrealised gains and losses included in Shareholders' equity.

	Available for sale investments	*Revaluation of associates*	*Cash flow hedges*	*Total*
31 December 2009				
Gross unrealised gains (losses)	(1,766)	110	(15)	(1,671)
Related tax	473		5	478
Total unrealised gains or losses included in shareholders' equity	**(1,293)**	**110**	**(10)**	**(1,193)**
31 December 2008				
Gross unrealised gains (losses)	(5,591)	(14)	(1)	(5,606)
Related tax	558			558
Total unrealised gains or losses included in shareholders' equity	**(5,033)**	**(14)**	**(1)**	**(5,048)**

Unrealised gains and losses in Available for sale investments are discussed in detail in note 18.2 'Investments available for sale'. Changes in the fair value of derivatives that are designated and qualify as cash flow hedge are recognised as an unrealised gain or loss in Shareholders' equity. Any hedge ineffectiveness is immediately recognised in the income statement.

In revaluation of associates, EUR 121 million unrealised gain is related to Fortis Bank's share recognised directly in AG Insurance's equity.

The table below shows changes in gross Unrealised gains and losses included in Shareholders' equity.

	Available for sale investments	*Revaluation of associates*	*Cash flow hedges*	*Total*
Gross unrealised gains (losses) at 1 January 2009	**(5,591)**	**(14)**	**(1)**	**(5,606)**
Changes in unrealised gains (losses) during the year	1,240	(12)	1	1,229
Reversal unrealised gains (losses) because of sales	2,604	121	(15)	2,710
Reversal unrealied gains (losses) due to impairments	(196)			(196)
Amortsiation of available for sale investments reclassified as loans and receivables	88			88
Foreign exchange differences	15			15
Other	74	15		89
Gross unrealised gains (losses) at 31 December 2009	**(1,766)**	**110**	**(15)**	**(1,671)**

	Available for sale investments	*Revaluation of associates*	*Cash flow hedges*	*Total*
Gross unrealised gains (losses) at 1 January 2008	**(955)**	**(7)**	**(4)**	**(966)**
Gross unrealised gains (losses) of discontinued operations as at 1 January	114	(23)		91
Gross unrealised gains (losses) of continuing operations as at 1 January	**(1,069)**	**16**	**(4)**	**(1,057)**
Changes in unrealised gains (losses) during the year	(3,244)	12		(3,232)
Reversal unrealised gains (losses) because of sales	(32)	(23)	(1)	(56)
Reversal unrealied gains (losses) due to impairments	(1,417)			(1,417)
Foreign exchange differences	(53)			(53)
Other	224	(19)	4	209
Gross unrealised gains (losses) at 31 December 2008	**(5,591)**	**(14)**	**(1)**	**(5,606)**

6. Minority interests

The following table provides information about the most significant minority interests of Fortis Bank.

		31 December 2009		31 December 2008
	% of minority	Carrying amount	% of minority	Carrying amount
Group company				
Fortis Bank AS (Turkey)	5.9%	52	5.9%	50
Banque Générale de Luxembourg S.A.	50.0%	2,938	49.9%	2,713
Other		4		17
Total		**2,994**		**2,780**

On 29 September 2008, the Luxembourg state invested EUR 2.5 billion in Banque Générale de Luxembourg SA, in the form of a mandatory convertible loan. It acquired 49.9% of the equity of Banque Générale de Luxembourg SA on 15 December 2008, by converting EUR 2.4 billion of loans into shares. The remaining EUR 100 million in loans was converted to shares on 13 May 2009. Additionally, under the agreements in principle *(Protocoles d'Accord)* entered into on 10 October 2008 and 8 March 2009, BNP Paribas directly acquired 15.96% of the share capital and voting rights of Banque Générale de Luxembourg SA.

As a result of the above changes, Fortis Bank SA/NV holds 50% + one share of Banque Générale de Luxembourg SA, with 34% of the remaining shares held by the Luxembourg state, 15.96% by BNP Paribas and 0.04% by other shareholders classified as minority interests.

The table below shows the breakdown in unrealised gains and losses included in minority interests.

	Available for sale investments	Revaluation of associates	Cash flow hedges	Total
31 December 2009				
Minority interests	(42)			(42)
Related tax	13			13
Total unrealised gains or losses included in minority interests	**(29)**			**(29)**
31 December 2008				
Minority interests	(230)			(230)
Related tax	65			65
Total unrealised gains or losses included in minority interests	**(165)**			**(165)**

Unrealised gains and losses in Available for sale investments are discussed in detail in note 18.2 'Investments available for sale'.

7. Risk management

7.1. Introduction

Fortis Bank's business activities require a comprehensive and robust risk management framework to ensure risks are identified, measured, decided upon and monitored. The risk framework combines core policies, structures, methods and processes with broad oversight by the bank's senior management, based on a clear business strategy and well defined risk appetite.

The risk framework underwent considerable change in 2009, in response to the financial crisis and following the acquisition by BNP Paribas. Based on BNP Paribas' Group Risk Management (GRM) principles, changes were formulated and implemented in two steps: the first occurred in May, immediately after the legal closing of the acquisition transition, and the second in November, in line with completion of the Industrial Plan. Additional projects have been defined to realise further changes over time.

This chapter provides a comprehensive description of the risk management organisation in place at Fortis Bank in 2009, as well as a quantitative and qualitative overview of the bank's risk exposure at year-end 2009.

The first section provides an insight into Fortis Bank's risk management organisation and the committees and platforms up to that end.

This is followed by a brief section on the philosophy governing internal processes to define, validate and monitor the principal measurements used in the context of risk assessments.

The subsequent sections on financial risks and liquidity risk then provide a detailed and technical accounting view of the bank's risk exposure at year-end 2009, and a comparison with the previous year.

All financial data in the Note 7 Risk Management is including the financials of the discontinued operations, such as the Integration transactions with BNP Paribas. Excluding the financial data related to discontinued operations, would result in lower risk exposures in all risk categories.

7.2. Risk Management organisation

7.2.1. The Risk department: Mission and Organisation

The mission and organisation of the Fortis Bank's Risk department changed substantially in the course of 2009. The guiding principles were:

- the mission of BNP Paribas' Group Risk Management (GRM):
  - Advise the bank's management on risk appetite and policy;
  - Provide a "second pair of eyes" so that risks taken by the bank are aligned with its policies and compatible with its profitability and solvency objectives;
  - Report to and alert bank management, core business heads and the specialised committee of the Board of Directors on the status of the risks to which the bank is exposed;
  - Ensure compliance with banking regulations in the risk area, in liaison with other relevant functions.

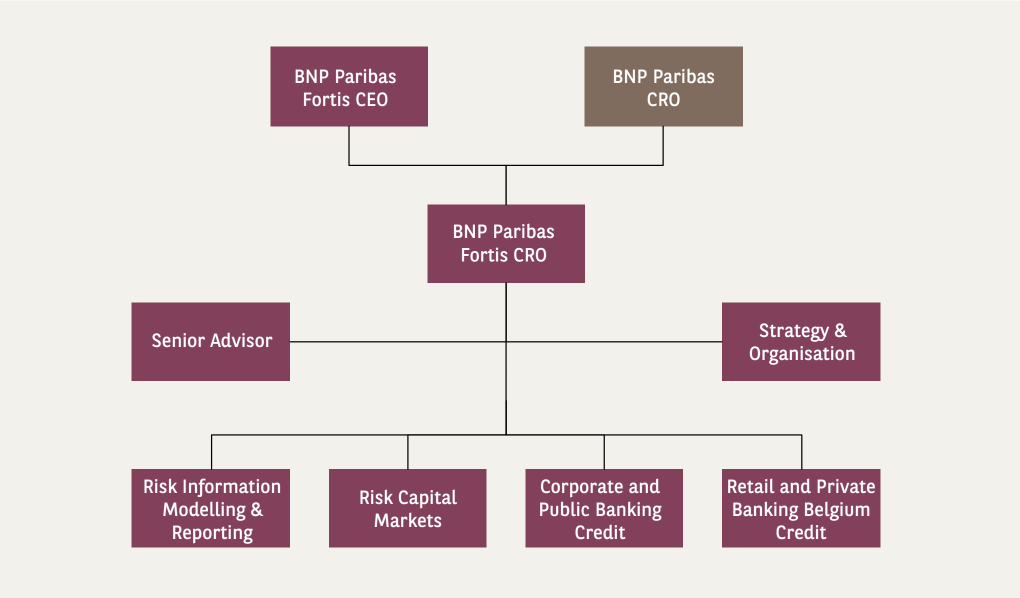
- and its organisational principles:
  - Single integrated risk entity, responsible for risk aspects across all businesses and geographies ;
  - Independent of business-line management;
  - Organised with local and global reporting lines (matrix principle).

Risk functions were originally organised on a decentralised model. However, in order to build the foundations of an independent Risk organisation, inspired by the BNP Paribas model, all risk functions have been grouped since 20 May in a single risk entity within a transition organisation based largely on existing structures and teams. The businesses assuming the risk, will become primarily responsible for taking that risk. Risk, as a second line of defence, makes sure that the bank's risks are in line with its risk policies and expected return, and provides guidance on the portfolio's health, ongoing profitability and conformity with risk appetite.

In November 2009, the Risk department was further integrated within BNP Paribas' GRM function. Some activities that fall outside the GRM scope (Operational Risk, Legal, Management Control, Internal Communication, Credit Inspection and Credit Portfolio Management) were transferred to the corresponding group function or will be in the near future. A new organisation was designed, in which the Chief Risk Officer (CRO) reports both to the CEO of the bank and to the CRO of the group and heads all Risk personnel. The CRO has no hierarchical link to the heads of businesses or countries. The goal of this positioning is to:

- ensure objective risk control;
- ensure that swift, objective and complete information is provided in the event of increased risk;
- maintain a single set of high-quality risk management standards throughout the bank;
- ensure that risk professionals implement and further develop methods and procedures of the highest quality in line with international competitors' best practices.

BNP Paribas Fortis Risk Organization in Belgium



Legend: Darkred: local line / Brown: global line

The CRO heads the different Risk functions:

- The CRO's staff includes the Senior Advisor and the Strategy & Organisation entity, responsible for permanent operational control (ensuring second-line control of the risk function and of business continuity), for the Risk Operating Office (coordinating the non-core support functions), change management projects and communication;
- Risk Information, Modelling & Reporting is responsible for the Basel II program, credit modelling, model certification, business architecture, risk performance and credit reporting, strategic risk analysis, provisioning and country risk;
- Risk Capital Markets is responsible for monitoring market and liquidity risk, counterparty risk and credit risk on financial institutions;
- Corporate & Public Banking Credit is responsible for the credit risk of corporate, public and commercial banking;
- Retail & Private Banking Belgium Credit is responsible for the retail and private banking credit risk in the domestic market.

Outside Belgium, and alongside the existing local and global reporting lines, the CRO's of companies that remain within the BNP Paribas Fortis scope will continue to report to the CRO of BNP Paribas Fortis in order to ensure adequate compliance with internal and external rules.

7.2.2 Fortis Bank Risk Committee Structure

Board Risk Committees

- Fortis Bank Audit & Risk Committee (ARC)
  The role of the ARC is to assist the Board in fulfilling its supervisory and monitoring responsibilities with respect to internal control in the broadest sense within Fortis Bank, including internal control over financial reporting and risk.

Corporate Risk Committees

The Fortis Bank Board is supported in its tasks by the following Corporate Risk Committees:

- Bank Alco is responsible for managing the bank's liquidity, interest rate and corporate FX risk, investments, long-term funding and capital management;
- The Central Operational Risk Policy Committee (OPC) establishes norms, policies and measurement standards in relation to operational risk-linked exposure;
- The Central Credit Policy Committee (CPC) approves credit risk policies and processes, decides on concentration limits, signs off on new credit products and monitors credit portfolio quality and credit delegation limits;
- The Central Credit Committee (CCC) decides on individual obligor risks, including country and bank limits, and approves transactions above a certain level affecting the balance sheet, within the lending limit of the bank;
- The Fortis Bank Committee on Impairments and Provisions (FBCIP) operates at senior management level and supervises the worldwide value adjustments on a consolidated basis, in order to provide the Reporting Office and the businesses with a status information for the yearly budget.

Technical Risk Committees & Platforms

The Technical Risk Committees and Platforms consist of the following:

- The Model Acceptance Group (MAG) takes decisions about technical and methodological issues, assessing regulatory compliance and consistency pertaining to credit risk assessment methodologies and model application;
- The Operational ALCO Committee is an implementation committee that takes the appropriate measures required to implement the decisions of the Bank Alco.

7.3. Risk measurement

Risk Measurement is a crucial step in the risk management process.

To assess and measure risks, Fortis Bank uses several qualitative and/or quantitative methodologies. These range from regular reporting on matters like concentration and quantitative and qualitative portfolio overviews, to more sophisticated quantitative risk models for estimating internal risk parameters. The latter include Probability of Default, Loss Given Default, Exposure at Default and Expected Loss (for Credit Risk), Value at Risk (for Market Risk), and Economic Capital.

The development and review of these models, as well as their validation, are subject to bank-wide standards to ensure adequacy and consistency.

The monitoring of the observed risk parameters, stress tests and model based expectations are then compared to a framework of limits and risk guidelines.

Ultimately, all these risk measurements, together with stress tests, are then consolidated in Risk Dashboards, which provide a general overview for senior management. These aggregation documents are intended to support well-founded decisions and are subject to ongoing improvement.

7.4. Financial Risks

Financial risk encompasses two types of risk: credit risk and market risk.

7.4.1. Credit risk

Credit risk is defined as the risk to earnings or capital arising from an obligor's failure to meet the terms of any contract or to otherwise fail to perform as agreed.

7.4.1.1 Credit Risk Management

All credit risk management within Fortis Bank is governed by one policy, the Fortis Bank Credit Policy. This contains a set of principles, rules, guidelines and procedures for identifying, measuring, approving and reporting credit risk within Fortis Bank. The Fortis Bank Credit Policy establishes a consistent framework for all credit risk-generating activities, either through direct lending relationships or through other activities resulting in credit risk, such as investment activities. The policy is subdivided into four categories: principles and framework, cross-business policies, business-specific policies and instructions.

The principles and framework section comprises the core values and parameters that define Fortis Bank's risk tolerance and characterise its credit culture. These are universal and unchanging. The Credit Risk Strategy, Cross-business policies, business-specific policies and instructions are dynamic, i.e. they are subject to amendment or review based on changing circumstances and accumulated experience.

Cross-business policies describe the framework according to which a specific product or credit activity must be organised across more than one business or within Fortis Bank as a whole.

Business-specific policies provide specific guidance on all aspects of a specific product or credit activity restricted to one business. They are formulated and developed within the business to ensure applicability and ownership. Instructions give detailed information on processes related to credit activities.

7.4.1.2 The credit lifecycle

The basis for effective credit risk management is the identification of the existing and potential credit risk inherent in any product or activity. This process includes the gathering of all relevant information concerning the products offered, the counterparties involved and all other elements that may influence the credit risk.

Assessing the credit risk of a proposed agreement consists of:

- Analysis of the probability that the counterparty will fail to meet its obligations, including risk classification on the Fortis Bank Master scale;
- Analysis of the possibilities of fulfilling the counterparty's obligations by other means in the event that the counterparty fails to meet its obligations by itself;
- Formulation of an independent and substantiated opinion.

Counterparty acceptance criteria are the conditions that Fortis Bank applies to the acceptance of credit customers. These conditions reflect the generally acceptable credit risk profile that Fortis Bank has defined. Fortis Bank operates in accordance with sound, well-defined credit-granting criteria in order to protect its reputation and ensure its sustainability. Fortis Bank does not wish to be associated with dubious counterparties or credit facilities. The counterparty acceptance criteria include a clear indication of the bank's target market and a thorough understanding of the borrower or counterparty, as well as of the purpose and structure of the credit and the source of its repayment. Core credit risk parameters included in the estimation of expected loss, unexpected loss, and economic capital are probability of default (PD), loss given default (LGD), and exposure at default (EAD).

Authorised persons or committees make a credit decision, informed by the opinion of a credit analyst. Delegation of credit authority is the partial transfer of the central credit decision-making authority to the appropriate management levels of credit risk management and the businesses. The delegation rules define the decision-making process regarding the acceptance and management of counterparty risk. The underlying principle in the rules is the need to achieve an appropriate balance (in terms of overall profitability) between two opposite drivers, i.e. maximising the decision-making autonomy of the businesses on the one hand and reducing unexpected counterparty risk on the other.

Monitoring of credit risk is the permanent and automatic control of credit exposures and events with the primary purpose of early detection and reporting of potential credit problems. Surveillance consists of daily monitoring of all individual credit risks. Comprehensive procedures and information systems monitor the condition of individual credits and single counterparties across the various portfolios. These procedures define criteria for identifying and reporting potential credit problems in order to ensure that they are subject to proper monitoring, possible corrective action and classification.

Impaired credits are transferred to 'Intensive Care' or 'Recovery'. Intensive Care develops strategies to rehabilitate an impaired credit or to increase the final repayment. It also provides assistance to the businesses in dealing with non-impaired problem loans. The Intensive Care function is segregated from the area that originated the credit. In the event that a counterparty fails to meet its obligations and is considered to be unable to meet them in the future, all other means must be applied in order to fulfil this counterparty's obligations towards Fortis Bank, such as selling or realising receivables, collateral or guarantees.

7.4.1.3 Credit risk exposure

Fortis Bank's overall credit risk exposure (before collateral held and other credit enhancements) is measured and presented as the principal amount of on-balance-sheet claims or off-balance-sheet potential claims on customers and counterparties, as at 31 December. Credit risk exposure is presented based on the classification in the balance sheet, as this most accurately reflects the nature and characteristics of the exposure. This credit risk exposure is including the financial data related to the discontinued operations. Excluding the data related to discontinued operations, would result in lower credit risk exposures.

The total credit risk exposures of Fortis Bank at 31 December are as follows:

	2009	2008
Cash and cash equivalents (see note 14)	27,128	22,647
Impairments	(5)	(3)
Total net cash and cash equivalents (see note 14)	**27,123**	**22,644**
Assets held for trading		
Debt securities and treasury bills	8,730	10,676
Derivative financial instruments	46,604	72,135
Total net assets held for trading (see note 15)	**55,334**	**82,811**
Due from banks		
Interest-bearing deposits	2,365	17,968
Loans and advances	4,113	8,566
Reverse repurchase agreements	9,320	14,895
Securities borrowing transactions		2,271
Other	4,036	3,642
Total due from banks (see note 16)	19,834	47,342
Impairments	(583)	(299)
Total net due from banks (see note 16)	**19,251**	**47,043**
Due from customers		
Government and official institutions	4,283	4,155
Residential mortgages	36,166	34,006
Consumer loans	7,360	7,057
Commercial loans	96,365	114,872
Reverse repurchase agreements	24,882	36,274
Securities borrowing transactions	6	6,576
Other	13,995	15,079
Total due from customers (see note 17)	183,057	218,019
Impairments	(4,720)	(2,389)
Total net due from customers (see note 17)	**178,337**	**215,630**
Interest-bearing investments		
Treasury bills	610	372
Government bonds	49,922	55,315
Corporate debt securities	15,815	19,720
Investments reclassified as loans and receivables	23,506	
Structured credit instruments	1,289	38,837
Other investments	8	
Total interest-bearing investments (see note 18)	91,150	114,244
Impairments	(884)	(8,639)
Total net interest-bearing investments (see note 18)	**90,266**	**105,605**
Other receivables (see note 19)	2,746	5,698
Impairments	(30)	(18)
Other receivables (see note 19)	**2,716**	**5,680**
Total on-balance credit risk exposure	379,249	490,761
Impairments	(6,222)	(11,348)
Total net on-balance credit risk exposure	**373,027**	**479,413**
Off-balance credit commitments exposure gross (see note 46)	83,500	94,733
Impairments	(491)	(773)
Off-balance credit commitments exposure net (see note 46)	**83,009**	**93,960**
Total credit risk exposure gross	462,749	585,494
Impairments	(6,713)	(12,121)
Total credit risk exposure net	**456,036**	**573,373**

Including the financial data related to discontinued operations, the total credit risk exposure as at 31 December 2009 was already 20% below the level of 31 December 2008. This pattern was apparent in almost all asset classes, except 'Cash & cash equivalents', where the increase in very short term bank deposits (less than three months) partly compensated for the slump in bank deposits and advances with maturities of more than three months. 'Cash & cash equivalents' do not include cash on hands (EUR 550 million) in 2009. Overall, Fortis Bank's interbank funding activities slimmed down further in 2009, following the significant drop in 2008. Trading assets declined 33%, due mainly to the sharp decline in OTC interest rate derivatives. The downward trend in customer loans resulted principally from the slow down in reverse repo activities with institutional clients and the further downsizing of the commercial loans portfolio. The latter was chiefly apparent in Fortis Bank's non-home markets (EUR 15.5 billion). In Belgium, the decrease was also driven by the repayment of a number of large loans within Corporate and Public Banking. The sale of Fortis Bank's structured credit portfolio to Royal Park Investments SA/NV combined with the write-off of retained positions in that portfolio, was the principal contributor to the diminishing exposure in interest bearing investments.

Scaldis is a conduit that purchases eligible fixed-income assets from investment grade, non-investment grade and unrated issuers and is fully consolidated in Fortis Bank. The asset pools contain continuous financing of third party clients' assets such as consumer and car loans, trade receivables, mortgages and lease receivables. The asset pools of Scaldis in the amount of EUR 842 million (2008: EUR 4,141 million) are not included in this credit risk overview nor in any subsequent tables of the credit risk section because they are reported as Other Assets (see note 22).

Any residual credit risk on the assets is borne by investors of Scaldis' commercial paper. Fortis Bank assumes the residual credit risk for a limited portion of the assets on behalf of Scaldis investors by providing fully supporting liquidity facilities and a program-wide letter of credit to Scaldis. These facilities cover any loss on the assets after all other credit enhancement available for the asset has been utilised. As of 31 December 2009, Fortis Bank provided fully supporting liquidity facilities that covered 26.98% (USD 2,797 million) of the residual credit risk as a percentage of the aggregate face amount of the outstanding commercial paper issues.

7.4.1.4 Credit Risk netting arrangements

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to set off the recognised amounts and an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. However, Fortis Bank may also enter into netting arrangements that do not meet the IFRS criteria for offsetting on the face of the balance sheet. Assets and liabilities subject to such netting arrangements are reported in the balance sheet on a gross basis.

The table below provides information on the existence of such non-qualifying rights at year-end as well as on non-qualifying master netting agreements that serve to mitigate the exposure to credit loss. The financial assets reported below are those that are subject to a legal right of set-off against financial liabilities when such assets are not reported in the balance sheet on a net basis.

	2009	*2008*
Due from customers	7,230	5,587
Other assets	21	34
Total credit exposure subject to a legally enforceable right of set-off	**7,251**	**5,621**
Credit exposure reduced by virtue of a master netting arrangement	**20,124**	**18,632**

7.4.1.5 Credit Risk Concentration

Credit risk concentration is any exposure to a counterparty or an aggregate of exposures to a number of positively correlated counterparties (i.e. tendency to default under similar circumstances) with the potential to produce a significant amount of capital loss due to a bankruptcy or failure to pay. Avoidance of concentrations is therefore fundamental to Fortis Bank's credit risk strategy of maintaining granular, liquid and diversified portfolios.

To avoid a casual credit risk concentration, Fortis Bank applies the concept of 'total one obligor'. This implies that groups of connected counterparties are considered to be a single counterparty in the management of credit risk exposure. To manage the concentration of credit risk, Fortis Bank's credit risk management policy aims to spread the credit risk across different sectors and countries. The table below shows the industry concentration of Fortis Bank's customer credit portfolio at 31 December.

Industry concentration

	2009		2008	
	Carrying amount Due from customers	Total %	Carrying amount Due from customers	Total %
Industry sector				
Agriculture, forestry and fishing	1,560	1%	1,463	0.7%
Oil and gas	2,494	1%	4,568	2.1%
Basic metals	3,188	2%	3,189	1.5%
Raw and intermediate materials	1,382	1%	609	0.3%
Consumer goods	5,921	3%	7,439	3.4%
Wood, pulp and paper products	855	0%	1,010	0.5%
Technology, media and telecom	2,336	1%	2,714	1.3%
Electricity, gas and water	5,069	3%	5,849	2.7%
Chemicals, rubber and plastic products	3,031	2%	3,661	1.7%
Construction and engineering	8,200	5%	7,364	3.4%
Machinery and equipment	3,236	2%	3,931	1.8%
Automotive	3,037	2%	3,821	1.8%
Transportation equipment	688	0%	778	0.4%
Trade, transport and commodity finance	11,077	6%	13,726	6.4%
Retail	3,469	2%	3,601	1.7%
Real estate	14,169	8%	15,682	7.3%
Financial services	44,137	25%	64,263	29.8%
Holdings and other services	12,695	7%	17,779	8.2%
Public and social services	10,816	6%	12,289	5.7%
Private persons	40,934	23%	38,910	18.0%
Non-classified	43	0%	2,984	1.4%
Total due from customers (net amount)	**178,337**	**100%**	**215,630**	**100%**
Impairments	(4,720)		(2,389)	
Total due from customers (gross amount)	**183,057**		**218,019**	

Fortis Bank's most significant concentrations of customer exposure can be found in the 'Financial services' and 'Private persons' sectors, representing 25% and 23% of total customer loans respectively. 'Financial services' consist mainly of non-banking financial institutions (88%), the remainder being insurance companies and pension funds. This sector's share of the customer loan portfolio decreased significantly over the year. 'Private persons' consisted of residential mortgage loans and consumer loans; compared to 2008, the contribution of this sector rose markedly from 18% to 23% of the total exposure to customers. Most sectors noted a decrease in 2009; the most significant were 'Oil and gas', 'Financial services', 'Holdings and other services' and 'Consumer goods'. Growth has been mainly in 'Construction and engineering' and 'Private persons'.

Country concentration

The table below shows the concentration of on-balance credit risk by customer location as at 31 December.

	2009		2008	
	Credit risk exposure on-balance	Percentage	Credit risk exposure on-balance	Percentage
Location of the customer				
Benelux	151,214	39.9%	159,514	32.5%
Other European countries	177,529	46.8%	232,017	47.3%
North America	33,849	8.9%	76,718	15.6%
Asia	9,991	2.6%	15,448	3.1%
Other	6,666	1.8%	7,064	1.5%
Total on-balance	**379,249**	**100.0%**	**490,761**	**100.0%**

The decrease in the Benelux was mostly noted in 'Due from banks'. Residential mortgage loans granted to Belgian clients showed a growth of 8% over the year. Most significant drops in Other European countries were recorded in the loan book, principally in the UK, France, Germany, Italy and Ireland. The fall in the exposure in North America is explained by the downsizing of the structured credit portfolio as mentioned above, the drop in trading activities and the decline in reverse repos and commercial loans to customers. Exposure to countries in the sub-investment grade category (rated 6 or higher on the Fortis Master Scale model) represents only 1.4% of the total exposure.

7.4.1.6 Country Risk

Country risk is defined as the risk that a counterparty will be unable to honour its credit obligations due to political, social, economic or other events in the country in question. The emerging countries' risk profile is regularly assessed based on an evaluation of the political, economic, and transfer and convertibility risks. This assessment is used to set country ratings.

To manage its exposure to country risk, Fortis Bank has established a set of maximum country risk levels for all emerging countries, based on the country ratings and the bank's risk appetite. Country risk levels were significantly downsized in 2009 following the change in the scope of the bank's activities and the slowdown in the world economy. Exposure to individual emerging countries and cross-border exposure in aggregate are kept under continual review. Allocation to the country limits is based on the country of residence of the borrower, the nature of the transaction and the existence of guarantees or collaterals allowing the transfer of country risk.

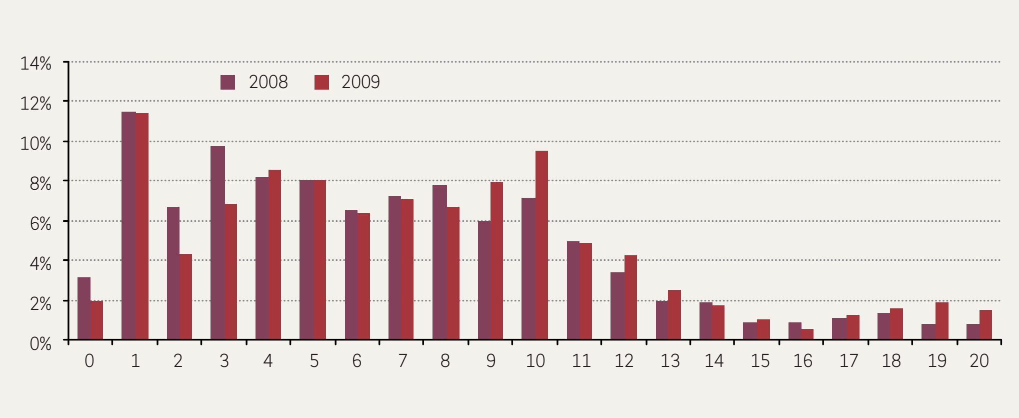
7.4.1.7 Credit Risk rating

Credit risk rating is a classification that results from the Risk Rating Assignment Process, which is based on a qualified assessment and formal evaluation. This classification is the result of:

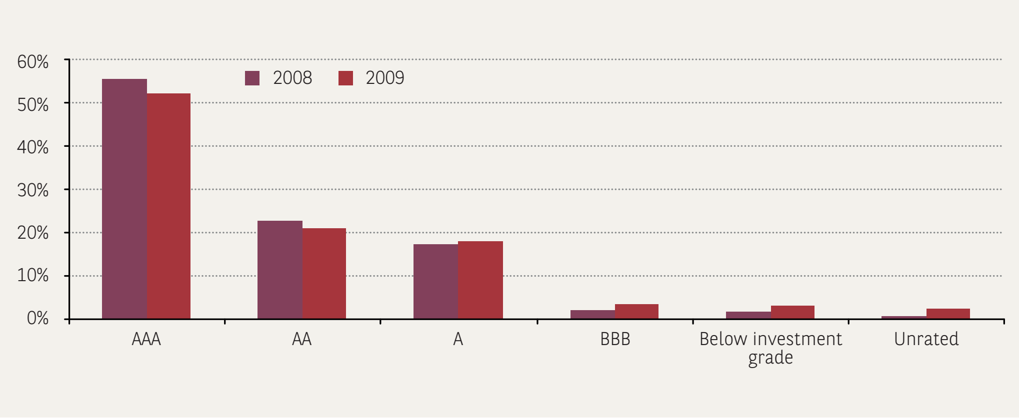
- An analysis of each obligor's financial history and estimate of its ability to meet debt obligations in the future;
- The quality and security of an asset, based on the issuer's financial condition, indicating the likelihood that a debt issuer will be able to meet scheduled interest and principal repayments.

To that end, Fortis Bank has drawn up a 'Master Scale', which ranges from 0 to 20 and provides an indication of the probability that a counterparty will default within one year. Master Scale ratings from 0 to 5 are considered investment grade, from 6 to 17 sub-investment grade and from 18 to 20 impaired loans.

The table below provides information on the quality of individually rated loans and off-balance-sheet credit commitments to customers (not including reverse repurchase agreements and securities borrowing transactions) according to the Fortis Bank Master Scale model.



The table below outlines the credit quality by investment grade of Fortis Bank's debt securities, excluding debt securities included in Assets held for trading, as at 31 December 2009 based on external ratings.



The credit quality of Fortis Bank's debt securities (excluding debt securities included in Assets held for trading) in amounts by investment grade is as follows:

	2,009		2008	
	Carrying value	Percentage	Carrying value	Percentage
Investment grade				
AAA	47,099	52.2%	58,122	55.0%
AA	18,975	21.0%	23,711	22.5%
A	16,249	18.0%	18,088	17.1%
BBB	3,042	3.4%	1,940	1.8%
Investment grade	85,365	94.6%	101,861	96.4%
Below investment grade	2,698	3.0%	2,805	2.7%
Unrated	2,203	2.4%	939	0.9%
Total investments in interest-bearing securities net	90,266	100%	105,605	100.0%
Impairments	884		8,639	
Total investments in interest-bearing securities gross	**91,150**		**114,244**	

The decrease reflected in the AAA and AA categories is mainly due to a wave of updates, beginning of 2009, of their rating models by the Rating Agencies which impacted the structured credits portfolio. The degraded economic situation led also to some downgrades in the single name bonds portfolio.

7.4.1.8 Credit Risk mitigation

Risk mitigation is the result of reducing the credit risk by hedging or by obtaining collateral. Hedging is any financial technique designed to reduce or eliminate the financial risk engendered by products and/or activities. Security (collateral) is any commitment made or privilege given by a counterparty or third party to which Fortis Bank can seek recourse in the event of the counterparty's default in order to reduce loan losses, or any other agreement or arrangement having a similar effect. The lending activity is never based purely on collateral or hedging. The risk mitigation factors are always regarded as an alternative way out.

Collateral and guarantees received as security for financial assets and commitments are as follows:

2009	Carrying amount	Collateral and guarantees received: Financial instruments	Property, plant & equipment	Other collateral and guarantees	Collateral and guarantees in excess of credit exposure 1)	Unsecured exposure
Cash and cash equivalents	27,123	9,960		161		17,002
Interest-bearing investments	90,266	1,999				88,267
Due from banks	19,251	9,660		1,117	22	8,496
Due from customers						
Government and official institutions	4,273		3	1,231		3,039
Residential mortgage	36,037	226	41,329	93	7,106	1,495
Consumer loans	6,944	372	1,732	201	504	5,143
Commercial loans	92,782	9,131	41,628	18,487	9,220	32,756
Reverse repurchase agreements	24,882	25,140			258	
Securities borrowing	6	6				
Other loans	13,413	2,173	12,178	3,814	6,128	1,376
Total due from customers	178,337	37,048	96,870	23,826	23,216	43,809
Other receivables	2,716	117	1,036	50	20	1,533
Total on-balance	317,693	58,784	97,906	25,154	23,258	159,107
Total off-balance	83,009	9,526	24,495	14,284	2,845	37,549
Total credit exposure	**400,702**	**68,310**	**122,401**	**39,438**	**26,103**	**196,656**

2008	Carrying amount	Collateral and guarantees received: Financial instruments	Property, plant & equipment	Other collateral and guarantees	Collateral and guarantees in excess of credit exposure 1)	Unsecured exposure
Cash and cash equivalents	22,644	10,110				12,534
Interest-bearing investments	105,605	1,162				104,443
Due from banks	47,043	16,452		1,069	238	29,760
Due from customers						
Government and official institutions	4,154		2	1,029	222	3,345
Residential mortgage	33,946	400	37,281	779	7,934	3,420
Consumer loans	6,754	593	1,234	334	1,041	5,634
Commercial loans	113,022	31,550	52,772	29,082	31,141	30,759
Reverse repurchase agreements	36,274	36,616			359	17
Securities borrowing	6,576	5,999				577
Other loans	14,904	2,147	12,197	6,042	7,053	1,571
Total due from customers	215,630	77,305	103,486	37,266	47,750	45,323
Other receivables	5,680					5,680
Total on-balance	396,602	105,029	103,486	38,335	47,988	197,740
Total off-balance	93,960	4,296	8,801	4,607	2,613	78,869
Total credit exposure	**490,562**	**109,325**	**112,287**	**42,942**	**50,601**	**276,609**

1) 'Collateral and guarantees received in excess of credit exposure' equals the aggregated surplus of security received on an individual contract basis.

Collateral value is determined by means of a prudent valuation approach based on a range of criteria, including the nature and the specific type of collateral, its liquidity, and the volatility of its price. It also incorporates the degree of priority of Fortis Bank's rights and the forced sale context in which the collateral would be required to be realised.

7.4.1.9 Credit risk optimisation

Optimisation of credit portfolio management requires the use of efficient hedging techniques to avoid concentration or unwanted exposure in the loan or debt security portfolio. For this purpose, Fortis Bank uses mainly single name Credit Default Swaps (CDS). CDS counterparties are carefully selected and virtually all contracts benefit from collateral agreements.

Asset securitisation is the process of creating a marketable financial instrument that is backed by the cash flow or value of specific financial assets. During the securitisation process, assets (e.g. consumer loans, receivables, mortgages) are selected and pooled together into a special purpose vehicle (SPV) which issues securities sold to investors.

In order to support its business development, while meeting regulatory capital requirements, Fortis Bank has launched securitisation programmes. Securitisation of own assets can provide long term funding, liquidity or a capital management tool depending on the requirements. The related securitisation vehicles are fully consolidated and, hence, the securitised assets are reported on-balance in the Consolidated Financial Statements.

In 2009, securitisation was a financing alternative for the bank's clients. In particular, financing via Scaldis Capital Limited ('Scaldis'), an asset backed commercial paper (ABCP) vehicle sponsored by Fortis Bank, gave Fortis Bank's corporate and institutional clients access to an alternative source of funding from the capital markets. On 31 December 2009, the total face amount of the CP issuance of Scaldis was USD 10.4 billion (EUR 7.2 billion). The proceeds of the CP issuance was used to invest USD 5.7 billion (EUR 4.0 billion) in highly rated eligible securities and USD 4.6 billion (EUR 3.2 billion) in eligible financial assets from clients of Fortis Bank as well as from the bank itself.

Scaldis' eligible asset purchases are structured to justify an A-1+/F1+/P1 rating level: since June 2009, the commercial paper issued by Scaldis has once again been rated A-1+/F1+/P1; it was only downgraded by S&P during the period in which the bank's short term rating was downgraded.

Fortis Bank has also created a special purpose vehicle (SPV) called Bass Master Issuer NV/SA to securitise mortgage loans, originally granted by Fortis Bank and a SPV Esmée Master Issuer NV/SA to securitise loans to self-employed people and small and medium sized enterprises, originally granted by Fortis Bank. Additional information on both securitisation transactions is included in the part "Other Information" of the Fortis Bank Consolidated Financial Statements.

7.4.1.10 Structured Credit Instruments

Structured Credit Instruments (SCIs) are securities created by repackaging cash flows from financial contracts. These instruments encompass asset-backed securities (ABSs), mortgage-backed securities (MBSs) and collateralised debt obligations (CDOs). ABSs are issues backed by loans (other than mortgages), receivables or leases, MBSs are issues backed by mortgage loans and CDOs are a class of asset-backed securities and another term for bonds backed by a pool of bonds (CBOs), loans (CLOs) and other assets such as swaps (CSOs). Payment of the principal and interest of the ABS, MBS or CDO is financed with the cash flows generated by the underlying financial assets.

Fortis Bank was active in the ABS and MBS market as issuer, placement agent, collateral manager, arranger and investor.

Fortis Bank's structured credit portfolio can be divided into three main sub-portfolios, each with its own business model, trading philosophy, structuring, securitisation and investment approach, and backed by a different strategy:
- ABS positions within Fortis Bank's credit trading book;
- ABS positions within the Fortis Bank's investment book;
- Asset pools (Scaldis).

CDO origination in the US has been discontinued. Retained positions and discontinued warehouses have mostly been sold to the Royal Park Investments SPV ('RPI'). Some loans warehoused to prepare CLOs are still in portfolio. This portfolio is monitored in New York and comprises loans in a total amount of EUR 102.2 million of which EUR 18.2 million is impaired.

Fortis Bank has made investments in a wide variety of ABS/MBS asset classifications, with a clear focus on the granularity of deal ticket size and diversification by asset type and geographic distribution, ranging from European Prime RMBS, to US Student Loans, Credit Cards, Commercial MBSs, CLOs, Consumer ABSs, SMEs and Small Business Loans to US RMBS. Redemptions from these assets are no longer reinvested in the ABS/MBS portfolio.

Due to the recent credit market turmoil, the largest part of the portfolio was downgraded in 2008 and 2009. However, Fortis Bank's structured credits are overweight in investment grade securities (93% of the portfolio is investment grade).
Fortis Bank's credit risk exposures arising from the abovementioned transactions as of year-end 2009 and the valuation methods applied are described in note 18.4 'Structured Credit Instruments'.

7.4.1.11 Management of problem loans and impairments

Problem loans are exposures for which the counterparty has become impaired. They include exposures for which signals have been detected indicating that the counterparty may become impaired in the future.

Problem loans are classified into different risk categories for individual counterparties and arrears buckets for groups of aggregated counterparties in order to optimise monitoring and review of these loans. Problem loans with ratings 18, 19 and 20 according to the Fortis Bank Master Scale have defaulted and are impaired. Other problem loans are still non-impaired.

Past due credit exposure

A financial asset is past due if a counterparty has failed to make a payment when contractually due or if it has exceeded an advised limit or has been advised of a limit smaller than its current outstanding. Financial assets which have reached the 90-days past due trigger are automatically classified as impaired.

The table below provides information on the ageing of past due financial assets not classified as impaired (financial assets which have reached the 90-days past due trigger are therefore not included).

	Carrying amount of assets (not classified as impaired)	*< = 30 days past due*	*> 30 days & < = 60 days past due*	*> 60 days past due*	*Total*
2009					
Cash and cash equivalents	27,127	10			10
Interest-bearing investments	90,394				
Due from banks	18,564	6		1	7
Due from customers					
Government and official institutions	4,278	30	1	10	41
Residential mortgage	35,349	452	126	21	599
Consumer loans	6,824	468	102	28	598
Commercial loans	90,314	2,754	381	68	3,203
Other	37,818	13	17	39	69
Total due from customers	174,583	3,717	627	166	4,510
Other receivables	2,690	2	1	20	23
Total	**313,358**	**3,735**	**628**	**187**	**4,550**

	Carrying amount of assets (not classified as impaired)	*< = 30 days past due*	*> 30 days & < = 60 days past due*	*> 60 days past due*	*Total*
2008					
Cash and cash equivalents	22,647	17			17
Interest-bearing investments	95,847				
Due from banks	47,036	13		1	14
Due from customers					
Government and official institutions	4,152	50			50
Residential mortgage	33,333	348	81	27	456
Consumer loans	6,671	537	103	33	673
Commercial loans	111,168	3,034	457	219	3,710
Other	57,452	61	15	31	107
Total due from customers	212,776	4,030	656	310	4,996
Other receivables	5,660	6	2	184	192
Total	**383,966**	**4,066**	**658**	**495**	**5,219**

Collateral and guarantees received as security for past due but not impaired financial assets are detailed below:

2009	Carrying amount	Collateral and guarantees received: Financial Instruments	Property, plant & equipment	Other collateral and guarantees	Collateral and guarantees in excess of credit exposure 1)	Unsecured exposure
Cash and cash equivalents	10					10
Interest-bearing investments						
Due from banks	7					7
Due from customers						
Government and official institutions	41			8		33
Residential mortgage	599	3	540		45	101
Consumer loans	598	8	119	18	27	480
Commercial loans	3,203	235	1,544	294	214	1,344
Other loans	69	50	6	120	111	4
Total due from customers	4,510	296	2,209	440	397	1,962
Other receivables	23					23
Total past due credit exposure	**4,550**	**296**	**2,209**	**440**	**397**	**2,002**

2008	Carrying amount	Collateral and guarantees received: Financial Instruments	Property, plant & equipment	Other collateral and guarantees	Collateral and guarantees in excess of credit exposure 1)	Unsecured exposure
Cash and cash equivalents	17					17
Interest-bearing investments						
Due from banks	14					14
Due from customers						
Government and official institutions	50					50
Residential mortgage	456	68	355	3	55	85
Consumer loans	673	32	117	15	33	542
Commercial loans	3,710	829	1,120	636	1,053	2,178
Other loans	107	43	4	41	69	88
Total due from customers	4,996	972	1,596	695	1,210	2,943
Other receivables	192					192
Total past due credit exposure	**5,219**	**972**	**1,596**	**695**	**1,210**	**3,166**

1) 'Collateral and guarantees received in excess of credit exposure' equals the aggregated surplus of security received on an individual contract basis.

Impaired credit exposure

A financial asset is classified as impaired if one or more loss events are identified which have a negative impact on the estimated future cash flows related to that financial asset.

Events considered to be loss events include situations where:

- The counterparty is unlikely to pay in full its credit obligations to Fortis Bank, without recourse by Fortis Bank to actions such as realising collateral;
- The counterparty has a material credit obligation which is past due for more than 90 days (overdrafts will be considered as being overdue once the customer has exceeded an advised limit or been advised of a limit smaller than that currently outstanding).

In practice, Fortis Bank classifies loans as impaired in response to a series of obligatory and judgement-based triggers. Obligatory triggers result in the counterparty being classified as impaired and include bankruptcy, financial restructuring and 90 days past due. Judgement-based triggers include, but are not limited to, elements such as negative equity, regular payment problems, improper use of credit lines and legal action by other creditors. They could – but do not necessarily – result in the counterparty being classified as impaired.

Loan or debt restructuring is the change of one or more terms of an existing loan or debt agreement for economic or legal reasons related to the debtor's financial difficulties. The change can imply, among other things, modification of the repayment schedule and/or interest rate or an addition of sureties or borrowers. In order to limit losses, the change can imply that the creditor grants a concession to the debtor that it would not otherwise consider, e.g. an absolute or contingent reduction of interest rate, debt amount or accrued interest or a combination of the three. A loan or debt restructuring process in itself does not constitute a trigger for changing a loan's status from impaired to normal; restructured loans or debts do not therefore automatically elude their impaired status after restructuring. As a consequence, the performing loan portfolio (i.e. non-impaired) contains no material credit exposure with respect to such restructured loans or debts as at 31 December 2009.

Impairment for specific credit risk is established if there is objective evidence that Fortis Bank will not be able to collect all amounts due in accordance with contractual terms. The amount of the impairment is the difference between the carrying amount and the recoverable amount, i.e. the present value of expected cash flows and the collateral value less selling costs, if the loan is secured.

The table below provides information on impairments and the impaired credit risk exposure as at 31 December.

	2009			*2008*		
	Impaired outstanding	*Impairments for specific credit risk*	*Coverage ratio*	*Impaired outstanding*	*Impairments for specific credit risk*	*Coverage ratio*
Cash and cash equivalents	1					
Interest-bearing investments	755	(609)	80.7%	18,396	(8,639)	47.0%
Due from banks	1,271	(563)	44.3%	315	(281)	89.2%
Due from customers						
Government and official institutions	5	(1)	20.0%	3		0.0%
Residential mortgages	817	(69)	8.4%	674	(41)	6.1%
Consumer loans	536	(329)	61.4%	386	(238)	61.7%
Commercial loans	6,051	(2,790)	46.1%	3,718	(1,640)	44.1%
Other	1,063	(398)	37.4%	478	(158)	33.1%
Total due from customers	8,472	(3,587)	42.3%	5,259	(2,077)	39.5%
Other receivables	56	(30)	53.6%	39	(15)	38.5%
Total on-balance	10,555	(4,789)	45.4%	24,009	(11,012)	45.9%
Total off-balance	1,124	(385)	34.3%	1,214	(695)	57.2%
Total impaired credit risk exposure	**11,679**	**(5,174)**	**44.3%**	**25,223**	**(11,707)**	**46.4%**

The following table contains details of collateral and guarantees received as security for financial assets and commitments classified as impaired.

	Impaired outstanding	Collateral and guarantees received: Financial instruments	Property, plant & equipment	Other collateral and guarantees	Collateral and guarantees in excess of credit exposure 1)	Unsecured exposure
2009						
Cash and cash equivalents	1					1
Interest-bearing investments	755			1		754
Due from banks	1,271	254				1,017
Due from customers						
Government and official institutions	5			5		
Residential mortgage	817	9	856	4	97	45
Consumer loans	536	10	108	6	24	436
Commercial loans	6,051	711	3,979	626	1,894	2,629
Other loans	1,063	295	407	290	59	130
Total due from customers	8,472	1,025	5,350	931	2,074	3,240
Other receivables	56	1	13	22	20	40
Total on-balance	10,555	1,280	5,363	954	2,094	5,052
Total off-balance	1,124	213	479	112	149	469
Total impaired credit exposure	**11,679**	**1,493**	**5,842**	**1,066**	**2,243**	**5,521**

	Impaired outstanding	Collateral and guarantees received: Financial instruments	Property, plant & equipment	Other collateral and guarantees	Collateral and guarantees in excess of credit exposure 1)	Unsecured exposure
2008						
Interest-bearing investments	18,396					18,396
Due from banks	315	57				258
Due from customers						
Government and official institutions	3					3
Residential mortgage	674	1	639	19	142	157
Consumer loans	386	7	51	7	31	352
Commercial loans	3,718	450	1,581	312	848	2,223
Other loans	478	79	27	71	33	334
Total due from customers	5,259	537	2,298	409	1,054	3,069
Other receivables	39					39
Total on-balance	24,009	594	2,298	409	1,054	21,762
Total off-balance	1,214	60	29	74	99	1,150
Total impaired credit exposure	**25,223**	**654**	**2,327**	**483**	**1,153**	**22,912**

1) Collateral and guarantees received in excess of credit exposure equals the aggregated surplus of security received on an individual contract basis.

The table below provides information on the duration of impairment, i.e. the period between the financial asset's first impairment event and 31 December.

	< 1 year impaired	*> 1 year < 5 years impaired*	*> 5 years impaired*	*Total*
2009				
Cash and cash equivalents	1			1
Interest-bearing investments	388	96	271	755
Due from banks	1,224	45	2	1,271
Due from customers				
Government and official institutions	3		2	5
Residential mortgage	537	217	63	817
Consumer loans	432	73	31	536
Commercial loans	3,003	2,421	627	6,051
Other	589	449	25	1,063
Total due from customers	4,564	3,160	748	8,472
Other receivables	54	2		56
Total on-balance	6,231	3,303	1,021	10,555
Total off-balance	664	395	65	1,124
Total impaired credit exposure	**6,895**	**3,698**	**1,086**	**11,679**

	< 1 year impaired	*> 1 year < 5 years impaired*	*> 5 years impaired*	*Total*
2008				
Cash and cash equivalents				
Interest-bearing investments	17,776	614	6	18,396
Due from banks	283	9	23	315
Due from customers				
Government and official institutions	1	2		3
Residential mortgage	515	86	73	674
Consumer loans	195	149	42	386
Commercial loans	2,168	733	817	3,718
Other	208	261	9	478
Total due from customers	3,087	1,231	941	5,259
Other receivables	26	2	11	39
Total on-balance	21,172	1,856	981	24,009
Total off-balance	282	217	715	1,214
Total impaired credit exposure	**21,454**	**2,073**	**1,696**	**25,223**

Write-offs are based on Fortis Bank's latest estimate of recovery and represent the loss that Fortis Bank considers it will incur. Conditions for write-off may be that the obligor's bankruptcy proceedings have been finalised and securities have been exhausted, the obligor and/or guarantors are insolvent, all normal recovery efforts have been exhausted, or the economic loss term (i.e. the term within which overall expenses will exceed the amount of recovery) has been reached.

Collective impairments

Collective impairments on loans represent losses inherent in components of the performing loan portfolio that have not yet been specifically allocated.

The scope of the calculation of the collective impairments covers all financial assets found not to be individually impaired from the categories Due from customers, Due from banks and Other receivables. All related off-balance items such as unused credit facilities and credit commitments are also included.

A collective impairment is recorded for groups of counterparties which, as a result of events occurring since inception of the loans, have collectively acquired a probability of default at maturity that provides objective evidence of impairment of the group of counterparties, but without it being possible at that stage to allocate the impairment to individual counterparties. This assessment draws upon parameters used for the computation of expected loss for Basel II purposes, including the rating from the Fortis Bank Master Scale. This assessment also estimates the amount of the loss on the portfolios in question, taking account of trends in the economic cycle during the assessment period.

Based on the experienced judgement of the bank's divisions or Risk department, Fortis Bank may recognise additional collective impairment provisions in respect of a given economic sector or geographic area affected by exceptional economic events. This may be the case when the consequences of these events cannot be measured with sufficient accuracy to adjust the parameters used to determine the collective provision recognised against affected portfolios of loans with similar characteristics.

Given the strong deterioration of the economic environment in 2009, additional analyses were performed in order to ascertain that adequate coverage ratio's were obtained for all credit risk positions. Furthermore, an alignment took place with BNP Paribas of the methods for determining risk provisions.

Collective provisions amounted to EUR 1,493 million at the end of 2009, compared to an collective provision amount of EUR 412 million at the end of the previous year. This increase is mainly explained by increased credit risk coverage ratio's and the alignment of the methodologies. Details relating to collective impairments are provided in the notes 14, 16, 17 and 40 and 48.

7.4.2. Market Risk

Market risk is the potential for loss resulting from unfavourable market movements, which can arise from trading or holding positions in financial instruments. Market risk can come from many different sources, including:

- interest rate fluctuations that affect bonds, other fixed-income assets and other items of the balance sheet
- change in the price level of securities that affect the value of trading and investment portfolios
- foreign exchange fluctuations that affect future non-hedged cash flows
- changes in the volatility of interest rates or securities prices that affect the values of options or other derivatives
- prepayment risk, deposit runs or other adverse customer behaviour linked to the evolution of market factors.

Market risk: is broken down into two types, ALM risk and trading risk, depending on the purpose of the position taken. Positions taken with the aim of making short-term profit pertain to trading risk; all other positions are addressed under ALM risk.

ALM Risk: the risk that the market value of assets net of liabilities decreases due to changes in interest rates, credit spreads, equity markets, foreign exchange rates, real estate prices or other market factors. The market value of assets, net of liabilities, is measured as an economic view of the company's equity. A decrease in the market value of assets net of liabilities directly decreases a company's total value, even if it does not suffer any losses on an earnings or cash-flow basis.

Trading risk: profit or loss risks in the trading portfolio result from fluctuations in market parameters like interest rates, foreign exchange rates, share prices and commodity prices are qualified as market risks. These parameters are defined as follows:

- The interest rate risk relates to the potential value change of a financial instrument with a fixed rate or rate indexed to market rate references because of interest rate changes, as well as the change in future results of a floating rate instrument;
- Forex risk represents the unexpected changes in value or results of a financial instrument resulting from evolution of foreign currencies;

- Price risk arises from market price fluctuations triggered by specific factors related to the instrument or its issuer, as well as general evolutions affecting all assets traded on a market segment. Its main sources are changes in prices and volatility of shares, and of commodity and share indices. Floating rate assets are exposed to that kind of risk, as are shares and commodity derivatives.
- Credit spreads in the trading book: Fortis Bank uses credit derivatives to manage its trading portfolio or to rebalance is legacy structured credit derivatives portfolio.
- Option products carry an exposure to volatility and correlation, which parameters can be retrieved from observable option prices traded on an active market.

It is worth noting that:
- Similar instruments are present (interest rate, forex, credit) in the banking books but are followed under a different framework;
- Counterparty risk (which is a credit risk) covers derivatives and repos both in the trading and in the banking book.

7.4.2.1 ALM Risk

ALM risk management

ALM risk is managed within a single framework and measured using consistent methods (e.g. fair value calculations, stress tests, worst - case sensitivities). The mission of the central ALM function is to support, on an accurate and timely basis, management's understanding of market risk exposures undertaken in Fortis Bank's balance sheet and its underlying entities. This includes ensuring that global asset allocation is in line with the strategy of the group and applying the concept of global limits to all types of market risk related to the balance sheet. ALM Risk focuses on value and earnings changes implied by volatility in interest rates, exchange rates, share prices and real estate prices. The risk of changes in volatility and credit spreads is not taken into account in these figures.

ALM team

The ALM team operates centrally and is organised around three pillars: Balance Sheet Management (including data gathering, modelling and analysis), investments and finance (performance and transfer price). This function's main responsibilities are to:
- establish a framework for risk management and control of all the activities within the bank with an inherent market risk
- ensure a global asset allocation that is consistent with the strategy
- apply the concept of global limits to all types of market risk related to the banking book
- define the methodology for setting internal transfer pricing and apply it to the different businesses within the bank
- closely monitor regulatory solvency, assess the evolution of the solvency ratios and propose strategies concerning additional components of regulatory equity such as subordinated loans and hybrid financing.

ALM risk assessment

ALM risks are assessed, monitored and reported according to the following types of sub-risk: interest rate risk, foreign exchange risk (also referred to as currency risk), equity securities risk and real estate risk.

The four main sources of interest rate risk are:
- repricing risk, due to a mismatch of interest rate repricing between assets and liabilities (usual mismatch)
- changes in the structure of yield curves (parallel, flattening or steepening shifts)
- basis risk resulting from the imperfect correlation between different reference rates (for example swap rates and government bond yields)
- optionality: certain financial instruments carry embedded options (hidden or explicit) that will be exercised depending on movements in interest rates.

All figures presented in this section are before taxation.

ALM Risk measurement, monitoring and reporting

Interest rate risk

Fortis Bank measures, monitors and controls its ALM interest rate risk using the following indicators:

- Cash flow gap analysis
- Duration of equity
- Interest rate sensitivity of the fair value of equity
- Value at Risk (VaR)
- Earnings at Risk (EaR).

Cash flow gap analysis - This illustrates the profile of the interest rate exposure over time and is used to quantify and compare interest rate-sensitive asset and liability exposures by different time buckets. The cash flow gap highlights the mismatch between asset and liability exposures at different maturities.

The tables below show Fortis Bank's exposure to interest rate risk. The interest-sensitivity gap for a given time period is the difference between the amounts to be received and the amounts to be paid in that period.

Cash flows of assets and liabilities are classified by the expected repricing or maturity date, whichever is earlier. For assets and liabilities without maturity, the projected cash flows reflect the interest-rate sensitivity of the product. Products without maturity such as savings and current accounts represent a significant proportion of the outstanding volumes that are stable on a long-term basis and considered to be long-term funding. The derivatives are principally used to reduce Fortis Bank's exposure to interest rate changes. Their notional value is reported separately in the table.

A positive (or negative) amount means a net receiving (or paying) position in derivatives. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature are important factors in assessing Fortis Bank's exposure to changes in interest rates.

	<1 month	*1-3 months*	*3-12 months*	*1-3 years*	*3-5 years*	*5-10 years*	*>10 years*
At 31 December 2009:							
Assets	163,346	73,550	52,836	48,055	21,725	25,518	13,740
Liabilities	(194,625)	(56,590)	(51,701)	(37,873)	(25,257)	(16,542)	(4,876)
Gap assets - liabilities	(31,279)	16,960	1,135	10,182	(3,532)	8,976	8,864
Derivatives	(747)	6,086	2,597	203	(768)	(1,776)	(5,447)
Total gap	(32,026)	23,046	3,732	10,385	(4,300)	7,200	3,417
At 31 December 2008:							
Assets	232,375	105,276	59,474	41,075	24,885	25,739	14,726
Liabilities	(270,436)	(103,458)	(50,714)	(24,726)	(19,213)	(22,837)	(5,003)
Gap assets - liabilities	(38,061)	1,818	8,760	16,349	5,672	2,902	9,723
Derivatives	20,892	(5,535)	(2,918)	(2,389)	(2,500)	(1,699)	(5,506)
Total gap	(17,169)	(3,717)	5,842	13,960	3,172	1,203	4,217

At the exception of the short term buckets (up to three months), the interest rate gap profile did not change significantly on the long term gaps.

Duration of equity - Duration is a measure of the average timing of cash flows from an asset or a liability portfolio. It is computed on the basis of the net present values (NPV) of the cash flows (principal and interest). The NPV is calculated based on interest rates applicable to clients.

Duration of equity is an application of duration analysis and measures Fortis Bank's consolidated interest rate sensitivity. It is measured as the difference between the present value of the future weighted cash flows generated by the assets and the present value of the future weighted cash flow from the liabilities. The duration of equity is an overall indicator of the mismatch in duration of assets and liabilities.

Duration of equity is used as a key indicator for the interest rate risk. It reflects the value sensitivity to a small parallel interest rate shift Δi:

$$\frac{\Delta\ Value}{Value} = -Duration \cdot \Delta i$$

Consequently, the following characteristics of this indicator can be derived:

- a positive (negative) duration leads to a decrease (increase) in value when rates increase (Δi: positive)
- the higher the absolute value of the duration, the higher the sensitivity of the value to an interest rate movement.

Duration of equity is the duration that should be attributed to the difference between the value of assets and the value of liabilities in order to make the total balance sheet insensitive to interest rate changes.

The following table shows the mismatch between the weighted durations of assets and liabilities. The bank has a positive duration of equity. This means that an increase in interest rates leads to a decrease in value for the bank.

	2009	2008
Duration of equity (in years):	3.13	3.24

Within the bank, the duration of equity decreased. The risk picture decreased mainly due to a lower volume in government bonds. While the duration of equity measures the sensitivity of the value to very small interest rate movements, Fortis Bank follows the variability of the value for bigger interest-rate shocks. This is shown in the following section.

Interest rate sensitivity of the fair value of equity - This approach consists of applying stress tests of +/- 100bp to the fair value of an instrument or portfolio.

The table below shows the impact of an approximate 100 basis-point shift in the yield curve on the fair value of equity, i.e. the fair value of all assets minus the fair value of all liabilities.

	2009		2008	
	+100bp	-100bp	+100bp	-100bp
Banking	(3.1%)	3.1%	(3.3%)	3.4%

A parallel interest rates shift of 100 bp leads to a change in fair value of approximately 3% of total fair value.

Currency Risk

Any financial product is denominated in a specific currency. Currency risk stems from a change in the exchange rate of that currency to the functional currency of Fortis Bank (euro).

No currency risk is taken in the ALM bank position due to the application of the following principles:

- Loans and bond investments in currencies other than the functional currency of Fortis Bank must be hedged by a funding in the corresponding currency.
- Participating interests in currencies other than the functional currency of Fortis Bank must be hedged by a funding in the corresponding currency. The Fortis Bank policy is to hedge via short-term funding in the corresponding currency where possible. Net investment hedge accounting is applied.
- The results of branches and subsidiaries in currencies other than the functional currency of Fortis Bank activities are hedged on a monthly basis.

Exceptions to this general rule must be approved by the Bank ALCO Committee.

The table below shows the currency risk exposures to foreign currencies as at 31 December 2009.

Currency	Exposure in foreign currencies (in million)	Exposure in EUR (in million)
TRY	1,781	819
TWD	396	8.5

The general policy in Fortis Bank is not to have FX Risk in the balance sheet.
There are only two major exceptions to the hedging rules. These are Fortis Bank Turkey and in Dryden Wealth Management Taiwan.

Other sub-risk types

In addition to interest rate risk and currency risk, ALM risk also encompasses equity securities risk and real estate risk. Equity securities risk is the risk of losses due to unfavourable movements on equity markets. Similarly, real estate risk is the risk of losses due to unfavourable movements in real estate prices. These risk factors are monitored through risk indicators such as Value at Risk and Earnings at Risk.

Value at Risk (VaR)

Value at Risk (VaR) is a statistical estimate quantifying a possible maximum loss for a given probability and time horizon. In principle, this concept could apply to all kinds of risks. VaR is a model based estimate of the impact of worst-case scenarios. These are calibrated using a probability distribution with 10-year historical observations. It is a Fortis Bank standard to use the 99.97% percentile matching the current AA- rating for financial institutions.

The table below shows the 99.97% annual VaR (i.e. the model based estimation for maximum loss in 99.97% of the cases), expressed in a percentage of the fair value of Fortis Bank's equity.

Equity-market risk	1%
Interest-rate risk	7%
Real-estate risk	0%
Currency risk	1%

Volatility risk is not taken into account in these figures.

As shown in the table above, the main exposure within the bank is interest rate risk. Equity market risk is smaller and is based on the equity securities position as reported under IFRS. The currency risk position is mainly a TRY risk position. Real estate risk is not material. Currency risk stems partly from the interests in foreign participation. Overall interest rate risk and equity market risk are the main risk factors for Fortis Bank as a whole.

Earnings-at-Risk - Earnings at Risk measures the sensitivity of future IFRS net income to hypothetical adverse changes in interest rates or equity market prices. Earnings at Risk assesses the impact of stress tests on the projected IFRS net income before tax.

+100bp	0.47%
-100bp	(0,47%)
Shares -20%	(0,94%)

The interest margin in the Earnings at Risk simulation is calculated with a constant duration of equity over the whole year. The sensitivity of the 'Treasury & Trading' position is out of scope.

ALM Risk – stress testing

Stress analysis is required to evaluate the underlying risk when markets experience sudden, exceptional, or catastrophic events. ALM has developed a scenario analysis programme to identify and estimate various stressed market scenarios and their potential impact on balance sheet value and earnings.

Stress scenario analysis is performed on a quarterly basis for both Earnings and Value Reporting. There are no formal limits in place based on those. ALM currently follows the market risk of the balance sheet's banking book: the interest rate, currency and equity risk within the banking book.

Consequently, ALM designed its stress tests solely on the basis of these three underlying risks. Shocks to volatilities (e.g. for options) have not been integrated in the stress scenarios. The following three types of scenarios have been implemented: standardised, historical and forward-looking internal models.

The Standardised Stress Tests

With a view to managing its risks adequately, Fortis Bank analyses the results of its internal measurement systems, expressed in terms of the change in economic value relative to capital, using a standardised interest rate shock. The standardised stress test reflects only a rough estimation of the risks of the balance sheet.

Historical Crisis Stress Tests Scenarios
Historical scenarios are useful because they reflect market moves that actually happened, giving them a measure of objectivity and credibility. The only weakness is that they reflect an economic reality that may no longer be relevant.

ALM Internal models for Stress Tests
Fortis Bank has designed a common set of stress scenarios based on an internal model and a common methodology for all the different entities of Fortis Bank. The stress scenarios are based on a quantitative backward-looking model, taking account of six interest rate scenarios, in conjunction with movements in foreign exchange rates and equity markets.

ALM Risk – Risk Mitigating Strategies
Interest rate risk is mitigated using a range of different instruments, the most important of which are derivatives, primarily interest rate swaps and options. Interest rate swaps are used to change the linear risk profile, which chiefly reflects long-term assets such as fixed-rate mortgages and long-term liabilities (e.g. subordinated liabilities). Options are used to reduce the non-linear risk, which is mainly attributable to embedded options sold to clients (e.g. caps and prepayment options).

As a result of a hedge, the economic impact of changes in the hedged item's net present value (NPV), caused by changes in the appropriate benchmark interest rate curve, is reduced by offsetting changes in the NPV of the hedging derivative financial instrument.

The risk being hedged is the interest rate risk, more specifically fair value changes of fixed rate assets and liabilities due to changes in the designated benchmark interest rate. The designated interest rate is the rate prevailing in the hedging instrument, so that any changes in fair value of the hedged item due to credit risk above that inherent in the hedging instrument is excluded from the hedged risk.

Due to the strict rules governing the use of hedge accounting, not all economic hedges covering Fortis Bank's interest rate risk exposure qualify as hedges under IFRS. For example, options used for economic hedging do not qualify as hedges. This means that, although an economic hedge exists, for accounting purposes Fortis Bank will bear the impact of the changes in the fair value of these options in profit or loss. This is the case, for example, for floating-rate mortgages where the caps are hedged using options. The fact that these options do not qualify as hedges under IFRS will lead to additional accounting volatility in profit or loss.

The table below gives an overview of the portfolio hedge accounting applied to ALM positions.

Hedged items	Hedging instruments	Hedged risk (1)
Mortgages	payer swaps	(4.58)
Bonds	payer swaps	(2.58)
Fixed rate liabilities	receiver swaps	1.62

1) Impact in EUR million on fair value of 1bp parallel shift of the yield curve.

The sensitivity of mortgages, bonds and fixed rate liabilities to a 1 bp parallel shift in the yield curve stood on 31 December 2009 at EUR (5.72) million. The ALM derivatives position on 31 December 2009 is characterised by a potential impact of EUR 5.54 million (before taxation) do to a 1 bp upward shift in the yield curve. Portfolio hedging therefore mitigated most of this profit and loss volatility.

7.4.2.2 Trading Risk
Trading risk is the risk of economic value loss triggered by the unfavourable evolution of prices or market parameters, the latter being observable or not.

Observable market parameters include (list not exhaustive) currency rates, prices of tradable securities (equities, bonds) and commodities (for which the price is directly quoted or indirectly derived by reference to a similar asset), prices of derivatives listed on an organised market and prices of other tradable assets, together with all parameters inferred from market quotes (like interest rates, credit spreads, volatility or implied correlation) and related parameters.

Non-observable parameters include those based on proprietary working assumptions like model parameters, or those built on actuarial and economic approaches that are not calibrated on market information.

Lack of liquidity is an important market risk factor. In situations of restricted or complete lack of liquidity, a financial instrument or tradable asset will no longer find a purchaser or will be subject to a heavy discount, e.g. because of a reduction in the number of transactions, legal constraints or a substantial offer-demand imbalance. Fortis Bank's trading risk is the result of both client-related and proprietary trading activities. The spectrum of instruments available and the geographical scope of the trading activities under Fortis Bank's name were redefined by the Industrial Plan.

Trading risk originates from the Fixed Income & Equities business line and is a part of Corporate and Investment Banking (CIB) operations for which the daily outcome of transactions depends on developments in market prices, currency rates, interest rates, credit spreads, equity securities, commodities and energy prices.

As a consequence of fundamental changes in all financial markets since mid 2008, Fortis Bank has made in-depth analysis to determine whether adjustments were required to its valuation methods and model reserves relating to various financial instruments. This process was already ongoing in previous periods and has been concluded in 2009. Fortis Bank also aligned its valuation methodologies and models and market parameters used with BNP Paribas.

Trading risk management

The risk taking framework has undergone a fundamental review as part of the integration process and the redefinition of Fortis Bank's activities as set out by the Industrial Plan.

Fortis Bank's risk activities are progressively being integrated within the BNP Paribas Group Risk Management (GRM) Function, based on the GRM organisational principles: a single integrated Risk entity responsible for risk aspects across all businesses and territories, independent of the business lines and functions, and applying a matrix principle, with local and global reporting lines.

- Risk taking process – Governance

The CMRC (Capital Markets Risk Committee, formerly Merchant Banking Risk Committee) is the principal committee governing risks related to capital market activities. Its mission is to tackle market and counterparty risk issues in a consistent way. The committee meets on a monthly basis.The CMRC decides the highest level of trading limits in Fortis Bank (including Treasury limits), together with the risk decision and risk delegation processes. Profits and losses are on the CMR's agenda, as are stress-testing scenarios.

GRM's mission in terms of market risks is as follows:

- The definition, measurement and analysis of the various sensitivities translating the underlying market risk;
- Setting up, in cooperation with the businesses, of a limit system for those sensitivities and for other portfolio–oriented indicators (GEaR - Gross Earnings at Risk, also known under the generic term of VaR - Value-at-Risk);
- Approval of new activities and of the largest transactions;
- Review and approval of pricing models for trading positions;
- Preparing synthetic reports for senior management;
- Periodic review of market parameters ("MAP") in cooperation with Group Product Control.

- Risk taking process – Limits

Under the existing setup, Fortis Bank has established limits to define risk tolerance and to keep trading risk exposure under control. These break down into several complementary components that cover all risk characteristics of exposures in normal and abnormal market conditions, such as position (modified duration, delta, vega), Value at Risk, stress test and concentration limits. All limits are subject to periodic as well as on-demand reviews in connection with the average limit use, past performance, income volatility and the new budget.

Limits are granted if the exposures under these limits can be calculated, monitored and reported by the Risk department. Exposures under these limits cannot generate excessive income volatility.

The Risk department systematically escalates limit overruns to the CEO of CIB, the CRO, the COO, the CEO of Global Markets, Internal Audit Services and other relevant parties.

The following will be implemented under the Industrial Plan:

- The definition of a management framework for the limits validated by the CMRC are structured on three levels of delegation:
  - Limits by activity - under the authority of the Trading Manager;
  - Limits by business line – under the authority of the Business Manager;
  - CMRC limits – under the exclusive authority of CMRC.
- Limit violation policy: limit changes can be temporary or final, and are subject to a specific authorisation process in each case. Limit breaches must be reported according to procedure and actions must be undertaken in keeping with the delegation level of the aforementioned limit. Limit events are reported to the CMRC.

Trading risk measurement and monitoring

The evaluation of market risks relies on three main types of indicators: VaR, sensitivity and stress-test. These are designed to capture the full spectrum of risks, including those arising from sudden and dramatic changes in market conditions.

- Measurement for normal market conditions

The central market risk calculator MrMa (Market Risk Management Application) computes the VaR (Value at Risk). The VaR is the outcome of the internal model for market risks approved by the Belgian regulator. It measures potential variations in the trading portfolio value in normal market conditions, for a one-day holding period, based on the evolution of the previous 250 days with 99% confidence. Fortis Bank's VaR is based on Dynamic EVD (Extreme Value Distribution), i.e. a mix of two extreme value distributions calibrated on the outcome of historical simulations with full revaluation of derivative products. The model has been validated by the Belgian regulator for general market risks as well as specific risk for equities. This validation covers, among other things, the following factors:

- Usual risk factors: interest rates, currency rates, equity and commodity prices and their volatility;
- Correlation between risk factors and the related diversification effects implied in the historical simulation.

Once the VaR has been calculated, the validity of the output is tested. This is performed using the back-testing module, where VaR forecasts are compared with the calculated mark-to-market change using the observed daily market data variation.

Back-testing is a formal statistical framework that tests on a daily basis the efficiency of the VaR model (and thus the reliability of the resulting VaR figures) by verifying that the observed changes in the value of the positions lies within the range predicted by the VaR.

Exceptions are recorded and used so that the model can be continuously fine-tuned. They also impact the level of the regulatory capital. Regulatory back-testing analysis showed that Fortis Bank remained in the green zone (fewer than five exceeds) in 2009.

The central market risk calculator MrMa also determines the sensitivities of the positions to the various market parameters. These sensitivities complete the VaR approach by a measure that does not make assumptions regarding the level of volatility or diversification between positions.

- Measurement for extreme market conditions

Stress-tests are simulated in order to assess potential variations in the trading portfolio value in **extreme** market conditions. This is made possible in MrMa through sensitivity and stress testing modules that provide functionalities to generate scenarios, calculate their fair value impact and report the generated values.

Extreme market conditions are defined by rupture scenarios, for which the assumptions are reviewed according to the economic conditions.

Twelve scenarios have been defined for the trading portfolios: some replicating historical events (e.g. the 1994 bond crisis or 2007/2008 sub-prime crisis) and others based on assumptions not observed in the past. They are completed by various sensitivity analyses on the impact of interest rates, currency rates, equity prices and volatilities and spreads.

The results obtained from the tests are further detailed for different levels of the Global Markets activities. Stress-testing is intended to make management aware of the risks (and the implications for the income statement) of these extreme and abnormal movements, and so 'early warning signals' have been set up to enable all stakeholders to:

- Adopt the same approach towards the entity risk appetite;
- Be warned simultaneously;
- Decide on remedial actions.

If stress-testing results exceed the early warning signals, they are considered to be triggers for management action. The scope of stress-testing for Global Markets is identical to the coverage in MrMa and follows the course of MrMa development. This ensures comparability of stress-test results with other figures and results calculated using MrMa.

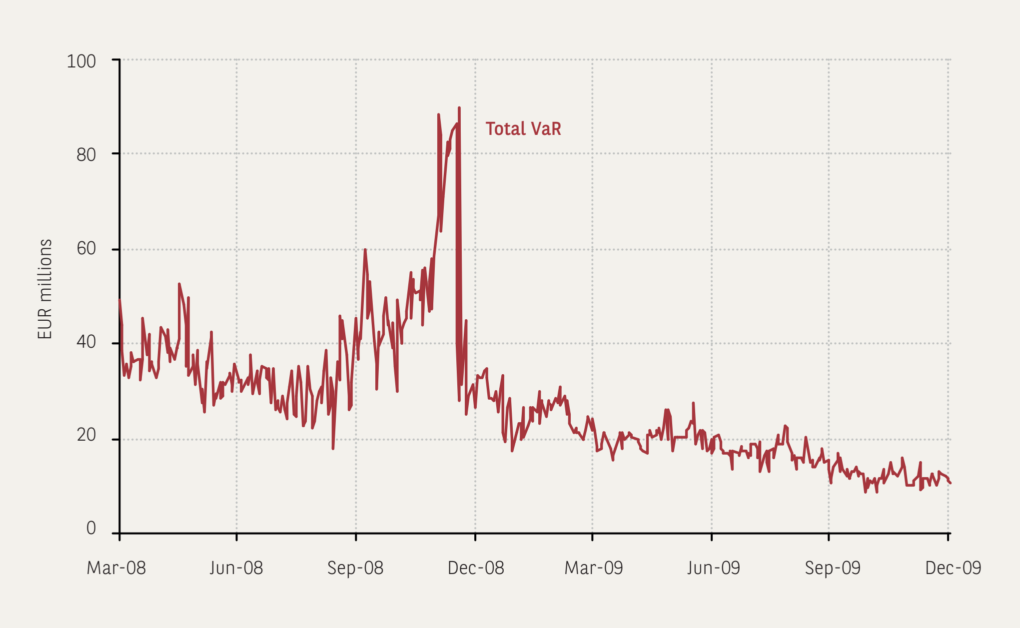
The Risk department runs the stress-testing programme once a month. The different scenarios are assessed on a regular basis and, where appropriate, updated and extended.

- Evolution of the one-day, 99% VaR in 2009

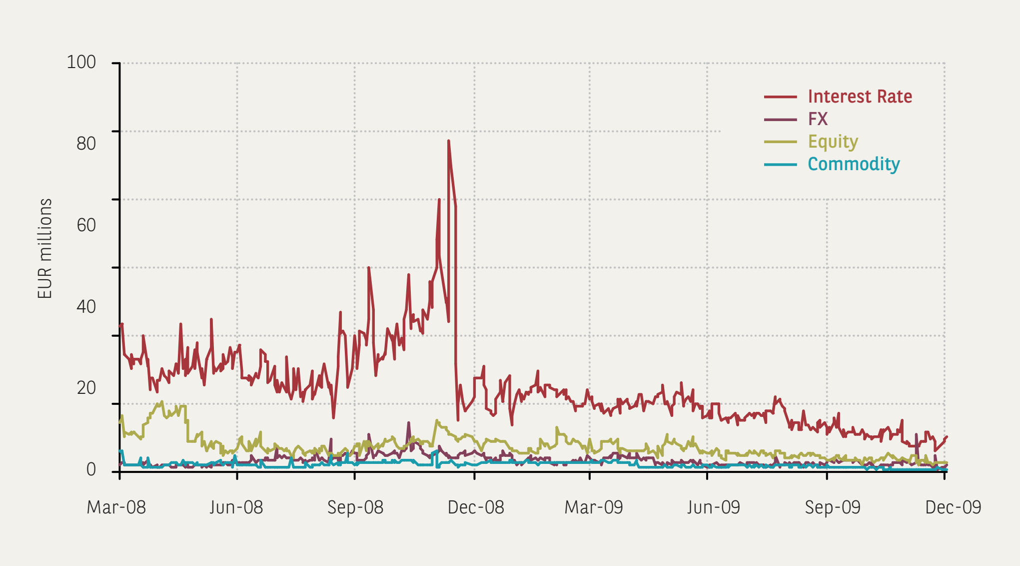
The VaR graph shown below covers the trading activities under the regulatory framework, in conformity with the BNP Paribas approach. It is extracted from the input data used for the Common solvency ratio reporting (CoReps), from which regulatory Basel II capital is computed for internal model based market risks.

After a sharp increase following the Lehman demise and a very volatile fourth quarter of 2008, de-risking actions together with the progressive reduction of market turbulences resulted in significant decrease in the VaR in 2009.

All Risk factors included in internal model



Broken-down by risk factors included in the internal model



As mentioned above, Fortis Bank back-tests the VaR used in the internal model to assess its predictive quality. In 2009, thanks to relatively quieter market conditions and risk reduction initiatives, the number of back-testing exceptions remained inside the green zone corresponding with the minimum “penalty” in the regulatory capital computation: the minimum multiplication factor of three was applied to the ten day VaR in the RegCap computation formula.

7.5. Liquidity Risk

Liquidity risk is the risk of not meeting actual (and potential) payments or collateral posting obligations when they are due. It has two components described below.

Funding liquidity risk is the risk that expected and unexpected cash demands of deposit and other contract holders cannot be met without suffering unacceptable losses or without endangering the business franchise.

Market liquidity risk concerns the inability to realise assets due to inadequate market depth, or market disruption. As such it is related to a certain extent to market risk. Market liquidity risk is the sensitivity of the liquidity value of a portfolio due to changes in the applicable haircuts and the evolution of market value. It also concerns the uncertainty of the timescale needed to realise the liquidity value of the assets.

The paragraphs below describe how the funding position has evolved and how the liquidity risk management framework at Fortis Bank has improved throughout the course of 2009.

After a few difficult months at the beginning of the year, Fortis Bank's funding position started to recover on conclusion of the acquisition transaction by BNP Paribas. As of May 2009, the volume, length, and composition of Fortis Bank's funding mix improved substantially. Several funding channels reopened or recovered as a sign of regained confidence in the bank's short term repayment capacities. The evolution of retail funding reversed its negative trend. The wholesale funding capacity, drastically reduced since the events of 2008, improved significantly. Unsecured deposits taken from corporates, central banks and institutionals showed positive growth again. Also, the growing issuance of commercial paper, certificates of deposit, and asset-backed commercial paper increased the overall funding position. The positive evolution of its cash position enabled Fortis Bank to reduce its reliance on central bank open market operations to a very low level and to fully repay the Fed's Commercial Paper Funding Facility. The growth in funding also enabled Fortis Bank to reduce the amount of secured funding through repurchase agreements and to restore its ring fenced liquidity buffer of liquid and central bank eligible assets to a level exceeding EUR 25 billion.

Throughout 2009, Fortis Bank revisited its liquidity risk management framework by making a gap analysis with the Basel principles for sound liquidity risk management (September 2008). It identified 30 company wide actions in the area of liquidity risk management in order to become compliant by the end of 2010. Actions cover areas such as review of policies (in line with BNP Paribas), governance of a renewed Risk organisation, investment in target software, improvement of procedures and automation of liquidity stress testing. Some of the deliverables (internal model for stress testing, liquidity buffer policy, stress testing policy) are already in place and contributing to liquidity risk management.

Also in 2009, the Belgian Regulator (CBFA) increased the frequency of its liquidity reporting and installed a system of short term observation ratios to monitor the capacity of the Belgian banks to survive a combined idiosyncratic and market crisis scenario. The outcomes of these ratios, which are basically a stress test, are closely monitored by the management of Fortis Bank and are checked for consistency with the results of the internal stress testing model. The outcomes of both models have improved significantly since 2008 and reflect the improved resistance to severe stress scenarios.

7.5.1. Liquidity risk management

Liquidity risk management consists of managing funding resources while maintaining sufficient liquidity reserves. Such reserves can consist of portfolios of highly marketable assets. These portfolios can then be liquidated or reposed in case of unforeseen interruption of funding resources or interbanking markets. The Risk department's primary goal is to ensure that Fortis Bank maintains sufficient cash and marketable assets to meet its current and future financial obligations at all times, in both normal and exceptional circumstances, for every currency in which it has an exposure, and for all its companies, including special purpose vehicles. The Bank Alco is responsible for monitoring liquidity risk across Fortis Bank. The guiding principles and the governance of liquidity risk management will be revised in 2010 to become compliant with the BNP Paribas organisation and the Basel principles for sound liquidity risk management.

7.5.2. Liquidity risk reporting

Fortis Bank monitors liquidity risk using the following five indicators, which stem from two different sources: three indicators based on accounting information (the daily 'Customer Funding Gap' or CFG, the monthly 'Net Balance of Stable Funding' or NBSF), and the monthly "Liquidity Stress test" or LST and two indicators based on liquidity cash flow (a monthly indicator: 'Structural Liquidity Gap' or SLG and a daily indicator: 'Short Term Liquidity' or STL). By the end of 2010, the internal liquidity risk measurement system "Fortis" will enable automated calculation of a number of metrics.

7.5.2.1. The Customer Funding Gap (CFG)

CFG is a measure to the extent to which the loans given to customers are funded by deposits coming from customers (excluding all secured loans and deposits and including saving certificates and subordinated certificates). In this definition, Saving Certificates and Subordinated Certificates are also considered as customer deposits, as they are sold to retail clients.

7.5.2.2. The Net Balance Stable Funding

This focuses on the structural balance sheet: 'Stable' funding (liabilities, which generate long term funding: stable deposits from customers, medium and long term debt issues, subordinated debt, the equity of the bank) minus 'not liquid' assets (assets that cannot generate liquidity: loans to customers, the investment portfolio that cannot be used as collateral to obtain secured funding, participations, goodwill, buildings, etc). This indicator takes account not only of the customers disequilibrium, but also that of other parts of the balance sheet and provides a view of the bank's long term funding gap.

7.5.2.3. The Structural Liquidity Gap (SLG)

This measures all the balance sheet commitments from a liquidity point of view. It segregates all the commitments according to their liquidity maturities and aggregates the cash flows in a set of time buckets. For each time bucket, it adds all the cash flows of assets minus the sum of cash flows of liabilities (in this measurement 30% of undrawn long term committed lines are added to the assets). This expresses the structural liquidity mismatch risk of the balance sheet and the embedded cost of its potential hedge.

7.5.2.4. The Short Term Liquidity (STL)

STL measures the treasury position on a daily basis for the next ten days. It forecasts the cash shortfall in the short term.

Reporting takes place in the Treasury department for short-term liquidity risks and ALM for liquidity stress testing and medium-term liquidity risks. This enables the analysis of the liquidity profile of the different entities' balance sheets, including important financing vehicles in the form of SPEs. Special attention is also paid to securitised assets and their funding.

7.5.2.5 Liquidity Stress Testing (LST)

The liquidity stress test measures Fortis Bank's capacity to withstand a severe simulated crisis. Monthly reporting to Alco comprises the execution results of both the regulatory (CBFA) and the internal combined scenario model. It identifies any unwanted liquidity exposure throughout a time bucket structure. The internal scenario simulates a combination of the market crisis and a Fortis Bank crisis. Its parameters and assumptions are derived from the experience of the events the bank went through in the fourth quarter of 2008. Its survival horizon is currently defined at one month. The range of stress tests will be extended in 2010 using centrally defined BNP Paribas scenarios.

7.5.3. Liquidity risk limits

In addition to its reporting tools, Fortis Bank is developing a liquidity gap limit framework for its three desks in Brussels, New York and Hong Kong. The limits framework focuses on short-term liquidity risk and defines limits for overnight (O/N), tomorrow/next day (T/N) and spot/next day (S/N). While the O/N position is by definition the most important, T/N and S/N limits are necessary to enable any increase in the liquidity gap to be detected at an earlier stage. The limits are applied to the unsecured funding gap only.

The organisation of the treasury activity in three hubs and three time zones means that positions can be rolled on from Hong Kong to Belgium and, eventually, on to New York. As such, New York is the ultimate lender and the USD is the currency of last resort.

For long term liquidity, Alco has also approved limits on customer funding gap and net balance of stable funding. These are monitored on a monthly basis.

7.5.4. Liquidity Transfer pricing

Fortis Bank uses a liquidity transfer pricing system. A regularly updated transfer pricing grid transfers the cost of liquidity, adapted to different currencies and maturities, to the business lines.

7.5.5. Liquidity Buffer

The bank's liquidity buffer policy defines a number of "markets of last resort" through which liquidity can be obtained in crisis circumstances. These are mainly central counterparties (such as Eurex and London Clearing House) and a number of central banks of the territories in which Fortis Bank is active. The liquidity buffer is a fixed amount of ring-fenced liquid and/or central bank eligible securities which can only be used through the execution of the Contingency Funding Plan. The current minimum amount of the buffer is fixed at a minimum level of EUR 25 billion.

7.5.6. Contingency funding plan

The Contingency Funding Plan comes into effect whenever Fortis Bank's liquidity position is threatened by exceptional internal or external circumstances that could lead to a liquidity crisis. The plan is designed to enable Fortis Bank to manage its liquidity sources without jeopardising its business franchise, while limiting excessive funding costs.

During a crisis, adequate information flows are crucial to ensure prompt decision-making and to avoid undue escalation of issues. The contingency plan therefore ensures that internal communication flows remain timely, clear and uninterrupted. It also ensures that appropriate external communication flows provide assurance to market participants, employees, clients, creditors, regulators and shareholders; the Communications department is one of the units usually involved.

7.5.7. Exposure to funding sources

Customer deposits (retail, commercial, corporate) form a significant part of the bank's primary funding sources. Current accounts and savings deposits of retail customers, although payable on demand or at short notice, contribute significantly to the long-term stability of the funding base. This stability depends on maintaining depositor confidence in Fortis Bank's solvency and sound liquidity management. Professional markets are accessed on a secured and unsecured basis to attract short-term funding. Reliance on unsecured borrowing is limited by means of the short-term limit system that puts a cap on unsecured position gaps. Monitoring of the issuance of short and long-term paper is centralised and access to the financial markets is coordinated by ALM and Treasury.

7.5.8. Accounting based maturity analysis

The table below shows Fortis Bank's assets and liabilities classified into maturity groupings based on the remaining period till the contractual maturity date.

In 2008, demand and saving deposits were reported in the column "no maturity" whereas in 2009, they are mainly reported in column "up to 1 month" in order to align with the accounting based maturity classifications of BNP Paribas.

	Up to 1 month	*1-3 months*	*3-12 months*	*1-5 years*	*Over 5 years*	*No maturity*	*Total*
At 31 December 2009							
Assets							
Cash and cash equivalents	27,592	17			64		27,673
Assets held for trading	1,215	1,758	7,018	16,997	28,387	452	55,827
Due from banks	7,194	1,828	7,504	1,701	585	439	19,251
Due from customers	42,622	11,954	20,123	46,120	57,511	7	178,337
Investments	2,614	649	14,761	34,396	38,880	4,104	95,404
Trade and other receivables	2,310	119	18	9		260	2,716
Property, plant and equipment						2,147	2,147
Goodwill and other intangible assets				12	1	1,822	1,835
Current and deferred tax assets	32	143	268	82	123	3,656	4,304
Accrued interest and other assets	28,862	1,491	3,053	4,533	4,547	5,058	47,544
Total assets	**112,441**	**17,959**	**52,745**	**103,850**	**130,098**	**17,945**	**435,038**
Liabilities							
Liabilities held for trading	876	823	3,835	19,326	29,157	350	54,367
Due to banks	41,131	3,773	12,645	3,296	1,881	82	62,808
Due to customers	138,030	11,477	12,323	6,744	22,593	18	191,185
Debt certificates	20,125	8,722	13,036	12,210	2,685	2,337	59,115
Subordinated liabilities	224	54	1,002	5,491	9,195		15,966
Other borrowings	3	1	564				568
Provisions						1,229	1,229
Current and deferred tax liabilities	68	7	34	15	8	296	428
Accrued interest and other liabilities	13,020	3,728	3,448	4,518	4,994	1,211	30,919
Total liabilities	**213,477**	**28,585**	**46,887**	**51,600**	**70,513**	**5,523**	**416,585**
At 31 December 2008							
Total assets	160,857	48,401	59,006	132,538	170,757	15,218	586,777
Total liabilities	190,032	67,446	48,902	74,635	86,357	104,262	571,634

7.6. Operational risk

All companies, including financial institutions, are subject to operational risk because of the uncertainty inherent in all business undertakings and decisions. This risk can be broken down into business risk and event risk.

Business risk is the risk of 'being in business', which affects any enterprise, financial or non-financial. It is the risk of loss due to changes in the competitive environment that damage the business's franchise or operating economics. Typically, the fluctuation originates with variations in volume, pricing or margins against a fixed cost base. Business risk is thus mostly externally driven (by regulatory, fiscal, market and or competition changes, as well as strategic, reputation risks and other related risks), but it can be mitigated by effective management practices.

Event risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal and compliance risk, but excludes strategic and reputation risk. Event risk is often internally driven (internal and external fraud involving employees, clients, products and business practices, as well as technological and infrastructure failures and other related malfunctions) and can be limited through management processes and controls.

7.6.1. Operational risk and management control

Single bank-wide framework

Fortis Bank has opted for an all-embracing, single, operational risk management framework for the entire bank, which complies with the Basel II criteria laid down in the Advanced Measurement Approach ('AMA'). It supports the organisation by offering better management of risk through heightened operational risk awareness. It ensures effective measurement and monitoring of the operational risk profile and an adequate level of own fund requirements.

The AMA framework is an integral part of the overall Management Control Framework, through which all management teams, up to the Executive Board assess the risks that could jeopardise their business objectives. This process ultimately results in the Management Control Statements.

Supported by strong operational risk governance

An appropriate risk management structure has been created around a model with three levels of defence, which places the primary responsibility for operational risk management and mitigation with the businesses. The second line of defence role is assumed by the risk management functions. Their role is to ensure that the operational risk management framework is properly embedded, that the operational risks that are identified, assessed, measured and managed reflect the true risk profile and that the resulting levels of own funds are adequate. In its third line of defence role, internal audit provides assurance on the proper implementation of the risk structures and policies.

Framework encompassing the four elements required for an advanced measurement approach

- Loss data collections is the first building block of the operational risk management framework. Operational losses that occur throughout the organisation are systematically collected in a central database.

- Fortis Bank supplements this internal loss data, with external loss data sources. Fortis was a founder of ORX (the Operational Risk eXchange association), a consortium of banks that exchange their anonymised operational risk data and that uses other members' experience in operational risk management matters. Fortis Bank also subscribes to the Fitch FIRST database and to the SAS Global database, which are public loss databases that contain material losses.

- A central element of the framework consists of forward-looking risk assessments, which define the bank's risk profile and are used as primary input for calculating the own fund requirements.

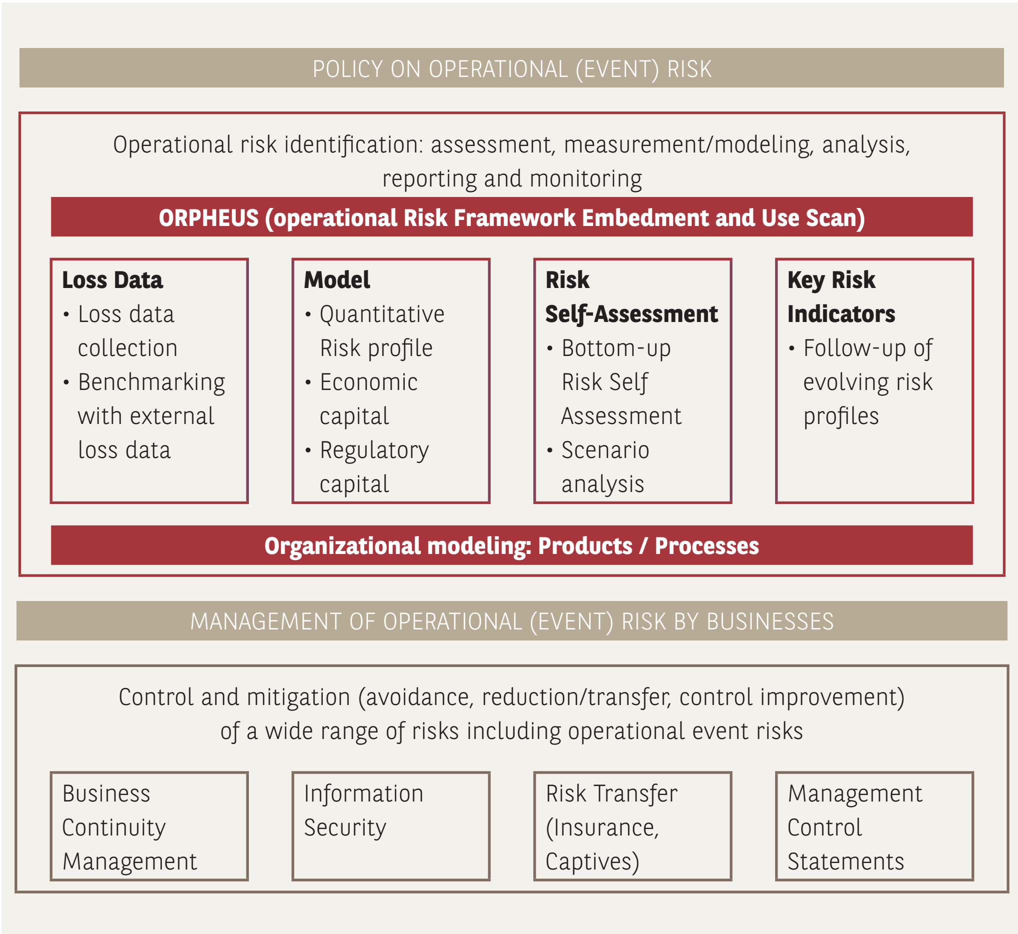
- Risk assessment combines bottom-up Risk Self Assessments (RSA) and top-down Scenario Analysis. The bottom-up Risk Self Assessment provides an insight into operational risks that are closely related to the internal organisation and control environment. RSA's are conducted within each business and support function at a reasonable level of detail and result in a description of the identified risks, an analysis of the causal drivers of these risks and in a description and an assessment of the control environment. Finally, the residual risk exposure is quantified.

- Top-down Scenario Analysis complements the operational risk profile for the more systemic or low frequency – high impact operational risks. It captures the operational risks to which the organisation is subject because of the type of activities in which it engages and the business environment in which it operates. Scenario Analyses is conducted at senior management level and is based primarily on the analysis of external loss data. Scenario documentation details the type of risk, the quality of the control environment and the quantification of the risk exposure.

- Operational risk triggers (or Key Risk Indicators) are followed up to alert for apparent changes in the operational risk profile due to internal or business environment factors.

Calculation of own funds requirements

Fortis Bank applies the most advanced methods to determine – for the material elements of its activities - the required levels of own funds against operational risks. These methods are compliant with the Advanced Measurements Approach (AMA). The Basic Indicator approach is used for smaller and non-material parts of the activities.



7.6.2. Operational control and mitigation

Fortis Bank has a variety of tools to control and mitigate operational risk. Risk assessments, loss data analysis and key risk indicator movements enable the formalisation of actions to further control operational risks. These actions often relate to organisational and process context. Centrally coordinated operational risk mitigation techniques are business continuity management, information security measures, insurance and management control statements.

7.6.3. Business Continuity

7.6.3.1 Business Continuity Management

Business Continuity Management (BCM) is a management process that identifies potential threats to an organisation and the impacts on business operations that those threats, if realised, might have. It also provides a framework for building organisational resilience capable of responding effectively in order to safeguard the interests of its stakeholders, reputation, brand and value creating activities.

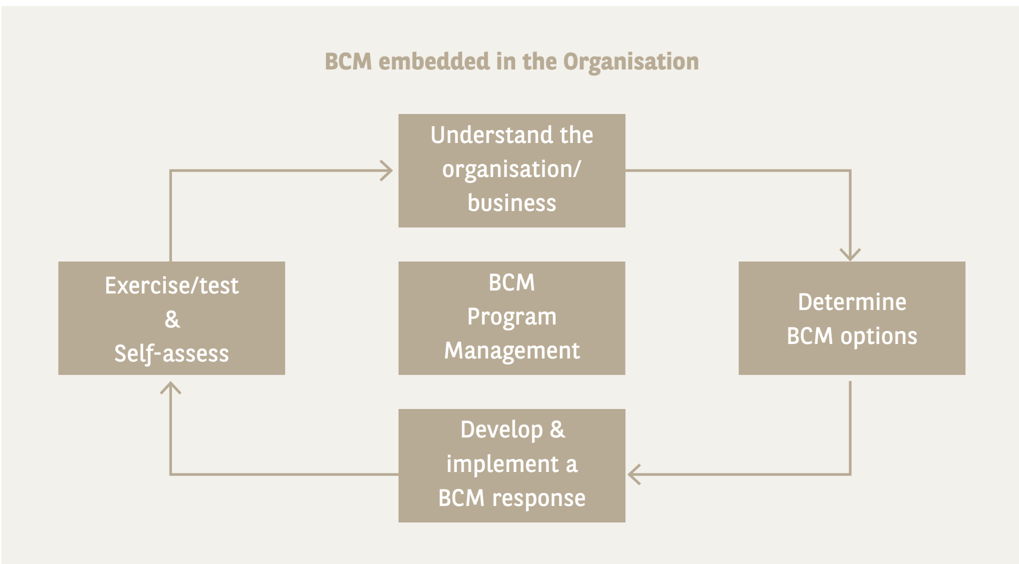
As a financial services organisation, Fortis Bank acknowledges the importance of BCM. It describes its approach in the Fortis Bank BCM policy document. This is based on international regulations and best practice guidelines as issued by:

- The Basel Committee on Banking Supervision: High Level Principles for Business Continuity;
- The Business Continuity Institute: Good Practice Guidelines (BCI GPG);
- The British Standards Institute.

The scope of BCM at Fortis Bank is:

- Internal: Fortis Bank in all its dimensions (i.e. all Fortis Bank businesses and support functions, all countries, all Fortis Bank legal entities and subsidiaries);
- External: any third parties that process Fortis Bank information or provide other vital services or products that support mission-critical Fortis Bank services (external outsourcing).

The Fortis Bank BCM approach entails the following steps:



The Fortis Bank BCM approach must be embedded in the organisational culture. It ought to be implemented and maintained by BCM Programme Management in a manner appropriate to the nature, size and complexity of the respective Fortis Bank businesses to which it applies.

Information about the organisation's critical services and the activities and resources required to deliver them are subjected to business impact analysis and risk analysis in order to understand what is happening within the organisation.

Once BCM options and strategy have been determined, a range of strategic and tactical options can be evaluated. This allows an appropriate response to be chosen for each critical service, so that Fortis Bank can continue to deliver these services at an acceptable level of operation during and following any disruption. The choices will take account of the resilience and countermeasures already present at Fortis Bank.

These actions result in the creation of a BCM response, including plans detailing the steps to be taken to resume activities before, during and after an incident.

Lastly, Fortis Bank needs to be able to demonstrate that its strategies and plans are effective, credible and suitable for their purpose by exercising, testing and self-assessing the BCM response.

7.6.3.2 Risk transfer through insurance

Fortis Bank recognises insurance as a valid tool for transferring the effects of operational risk to the external market. ORMC coordinates this insurance centrally. More precisely, it handles the transfer of specific event risks such as financial losses due to crime and civil liability.

In line with industry practices, Fortis Bank purchases the following insurance policies from third-party insurers:

- Combined Crime & Civil Liability Insurance;
- Directors' & Officers' Liability Insurance.

In addition, Fortis Bank uses reinsurance captives to self-finance some risks.

7.6.3.3 Management Control Statements (MCS)

While operational risk management focuses mainly on operational event risks, management control is mostly concerned with business risk (including strategic and reputation issues). Operational risk management and management control are, however, closely related:

- Methods of risk assessment, control assessment and remediation of weaknesses are similar;
- The results of the operational (event) risk self-assessments serve as input for the risk assessment performed by senior management, as part of the annual management control statement procedure that is coordinated by the Central Operational Risk & Management Control function (ORMC).

Management teams sign their management control statements and formulate action plans (if necessary) to improve steering/control. ORMC coordinates reporting on the follow-up to those action plans. The MCS is an attestation, every year-end, of the functioning of the risk management and internal control system during the year.

8. Supervision and solvency

8.1. Regulatory capital adequacy assessment

8.1.1. Framework

As a credit institution, Fortis Bank is subject to regulatory supervision.

At a consolidated and statutory level, Fortis Bank is supervised by the CBFA (Banking, Finance and Insurance Commission). Fortis Bank's subsidiaries can also be subject to regulations of various supervisory authorities in the countries where the subsidiaries operate.

Regulators require banks to hold a minimum level of qualifying capital (8% of the risk weighted assets). Since 2008, Fortis Bank computes its qualifying capital and its risk weighted assets under the Basel 2 Framework.

The CBFA has granted Fortis Bank its approval for using the most advanced approaches for calculating the risk weighted assets under Basel 2: Advanced Internal Ratings Based Approach for credit risk and Advanced Measurement Approach for operational risk.

Qualifying capital for regulatory purpose is at consolidation level calculated based on IFRS accounting rules and taking into account prudential filters imposed by the CBFA, as described in the Circulaire PPB 2007-1-CPB of the CBFA.

8.1.2. Capital adequacy assessment

The table below details the composition of the regulatory capital of Fortis Bank:

	31 December 2009 Basel-II	31 December 2008 Basel-II
Share capital and share premium	29,651	29,651
Reserves	(11,974)	8,612
Net profit attributable to shareholders	(704)	(20,302)
Minority interests	3,124	3,027
Translation difference	(461)	(401)
Hybrid non-innovative	1,541	1,579
(-) Goodwill	(1,706)	(1,886)
(-) Intangible assets	(140)	(365)
(-) Negative fair value on available for sale equity securities		(23)
(-) Deduction from Core Tier 1 capital (*)	(822)	(167)
(-) Other	(2,307)	(54)
Core Tier 1 capital	**16,202**	**19,671**
Hybrid innovative	1,995	1,993
Tier 1 capital	**18,197**	**21,664**
Subordinated loans	9,846	16,314
IRB provisions excess	585	167
Positive fair value on available for sale equity securities	14	-
(-) Deduction from Total Capital (*)	(822)	(167)
Other	313	94
Total capital	**28,133**	**38,072**
(*) Deductions 50% - 50% from Core Tier 1 and from Total capital	***(1,644)***	***(335)***
(1) Participations in credit & financial Institutions	*(253)*	*(322)*
(2) Participations in insurance companies	*(1,375)*	-
(3) IRB provisions shortfall		-
(4) IRB equity expected loss	*(16)*	*(13)*

The table below shows the key capital indicators:

	2009 Basel-II	2009 Basel-I	2008 Basel-II	2008 Basel-I
Tier 1 capital	18,197	18,191	21,664	21,402
Total capital	28,133	27,565	38,072	37,260
Risk-weighted commitments	**148,048**	**180,241**	**203,405**	**220,260**
Credit risk	130,087	167,091	175,171	197,195
Market risk	6,767	13,150	13,945	23,065
Operational risk	11,194		14,289	
Core Tier 1 ratio	10.9%		9.7%	
Tier 1 ratio	12.3%	10.1%	10.7%	9.7%
Total capital ratio	19.0%	15.3%	18.7%	17.0%

As at 31 December 2009, Fortis Bank's Tier 1 ratio stood at 12.3% and its total capital ratio at 19.0%. A total capital ratio of 19.0% is well above the regulatory required minimum of 8%.

The decrease in capital in 2009 is mainly due to the deduction of the investment acquired in AG Insurance (EUR 1,375 million), the impact of the net result, the impact of prudential filters (EUR 2.3 billion) and the early repayment of subordinated loans to Fortis Holding (EUR 5.75 billion).

There was a significant decrease in risk-weighted assets at 31 December 2009 compared to 31 December 2008. The decrease in credit risk was mostly explained by the sale of part of the structured credit portfolio (SCI, so-called Portfolio Out) to Royal Park Investment (RPI) on 12 May 2009, in accordance with the Avenant No.3 of the Protocole d'Accord (see note 18.4). Moreover, during the second half of 2009, the decrease in credit exposure enhanced the general downward trend of credit risk, only partially compensated by the further downgrading noted on the securitisation portfolio.

The decrease in market risk was due to the lower volatility observed in the financial markets in 2009 and the reduction of traded volumes throughout the year.

The decrease in operational risk was also attributable to the sale of the structured credit portfolio, in addition to the review of operational assessments and perimeter changes throughout the year.

According to Basel 2 regulations, capital requirements calculated under the Basel 2 advanced calculations framework can not be less than 80% (2009) or 90% (2008) of the capital requirements calculated under Basel 1 regulations. Fortis Bank's Basel 2 capital requirements in both 2009 and 2008 were already above the Basel 1 floors, so no further adjustments were required.

8.2. Capital Management objectives

Fortis Bank manages capital and risk, taking into account three main views as regards capital adequacy: the regulatory view, the rating view and the economic view. Those views are complemented with stress tests to secure external capital requirements.

In addition to the minimum total regulatory capital requirement (8% of the risk-weighted assets), Fortis Bank has defined targets well above regulatory minimum to avoid breaching of regulatory requirements even under severe market conditions. These targets are regularly reviewed to reflect material changes in strategy or market conditions.

9. Post-employment benefits, Other long-term employee benefits and Termination benefits

Post-employment benefits are employee benefits, such as pensions and post-employment medical care, which are payable after the completion of employment. Other long-term employee benefits are employee benefits that are not due to be settled within twelve months after the end of the period in which the employees render the related service. Termination benefits are employee benefits payable as a result of a commitment of the employer either to terminate the employment before the normal retirement date, or to provide benefits in order to encourage voluntary redundancy.

9.1. Post-employment benefits

9.1.1. Defined benefit pension plans and other post-employment benefits

Fortis Bank operates defined benefit pension plans covering the majority of its employees. Many of these plans are closed to new employees. Some plans are funded partly by means of employee contributions.

Under these plans, benefits are calculated based on years of service and level of salary. Pension obligations are determined on the basis of mortality, employee turnover, wage drift and economic assumptions such as inflation and discount rate.

Actuarial assumptions, parameters and methodologies have been adjusted to take account of changes in the financial and economic environment and to achieve alignment with the assumptions, parameters and methodologies applied by BNP Paribas.

At year end 2009, because Fortis Bank has defined benefit plans that are funded through associated insurance companies, the related assets do not qualify as plan assets, and must be considered as 'reimbursement rights' according to IAS 19. This means that these assets may not be deducted from the defined benefit obligations when determining the defined benefit liability. They are shown instead as separate assets called 'reimbursement rights', expressing the right of reimbursement of expenditures (required to settle the defined benefit obligations) by the related party. At year end 2008, as the insurance companies and Fortis Bank were legally separate entities, these assets qualified as plan assets and have thus been netted with the defined benefit liabilities.

In addition to pensions, post-employment benefits also include other post-employment benefits, such as reimbursement of a part of the health insurance premiums, which continue to be granted to employees after retirement.

The following table provides details of the amounts shown in the balance sheet as at 31 December regarding pension plans and other post-employment benefits. Figures of 2008 do not include Fortis Bank Nederland (Holding) and its subsidiaries which were sold to the Government of the Netherlands on 3 October 2008.

	Defined benefit pension plans				*Other post- employment benefits*			
	2009	*2008*	*2007*	*2006*	*2009*	*2008*	*2007*	*2006*
Present value of funded obligations	3,813	2,851	4,460	4,659				
Present value of unfunded obligations	6	6	142	156	55		63	60
Defined benefit obligation	**3,819**	**2,857**	**4,602**	**4,815**	**55**		**63**	**60**
Fair value of Plan assets	(784)	(2,893)	(3,030)	(2,942)				
Fair value of Reimbursement rights	(2,548)		(1,871)	(1,831)				
Net recognized Defined benefit obligations	**487**	**(36)**	**(299)**	**42**	**55**		**63**	**60**
Unrecognised actuarial gains (losses)	(693)	(251)	345	210	1		11	11
Unrecognised past service cost	(2)	(1)	(8)	(11)				
Unrecognised assets due to Asset ceiling	162	247	213	167				
Other amounts recognised in the balance sheet								
Net Defined benefit liabilities (assets)	**(46)**	**(41)**	**251**	**408**	**56**		**74**	**71**
Amounts in the balance sheet:								
Defined benefit liabilities	2,526	260	2,149	2,263	56		74	71
Defined benefit assets	(2,572)	(301)	(1,898)	(1,855)				
Net Defined benefit liabilities (assets)	**(46)**	**(41)**	**251**	**408**	**56**		**74**	**71**

Defined benefit liabilities are classified under 'Accrued interest and other liabilities' (see note 31) and Defined benefit assets are classified under 'Accrued interest and other assets' (see note 22).

The following table reflects the changes in the Net Defined benefit liabilities (assets).

	Defined benefit pension plans		*Other post- employment benefits*	
	2009	*2008*	*2009*	*2008*
Net Defined benefit liabilities (assets) as at 1 January	**(41)**	**251**		**74**
Net Defined benefit liabilities (assets) of discontinued operations as at 1 January 2008		(270)		(73)
Change in consolidation scope		3		(1)
Net Defined benefit liabilities (assets) as at 1 January	**(41)**	**(16)**		
Total Defined benefit expense	156	117	55	1
Contributions received on plan assets	(33)	(34)		
Contributions received on Reimbursements rights	(112)	(113)		
Benefits paid in the year by the employer	(2)	(3)	(2)	(1)
Acquisitions and disposals of subsidiaries		3		
Transfer	(15)	1	3	
Foreign exchange differences		4		
Other	1			
Net Defined benefit liabilities (assets) as at 31 December	**(46)**	**(41)**	**56**	

The table below shows the changes in the Defined benefit obligation.

	Defined benefit pension plans		Other post- employment benefits	
	2009	2008	2009	2008
Defined benefit obligation as at 1 January	**2,857**	**4,602**		**63**
Defined benefit obligation of discontinued operations as at 1 January 2008		(1,952)		(62)
Change in consolidation scope		(7)		(1)
Defined benefit obligation as at 1 January	**2,857**	**2,643**		
Current service cost	107	100	2	1
Participants' contributions	9	12		
Interest cost	155	144	1	
Actuarial losses (gains) on Defined benefit obligation	639	198	(1)	
Participants' contributions paid to the employer				
Benefits paid in the year	(317)	(260)		
Benefits paid in the year by the employer	(2)	(3)	(2)	(1)
Past service cost - non-vested benefits during the year				
Past service cost - vested benefits during the year	20	37	52	
Acquisitions and disposals of subsidiaries		60		
Curtailments	(3)			
Settlements	(43)	(3)		
Transfer	391	2	3	
Foreign exchange differences	6	(73)		
Other				
Defined benefit obligation as at 31 December	**3,819**	**2,857**	**55**	

A reassessment of medical coverage obligations for certain categories of employees and retirees in Belgium led to a EUR 55 million increase in the defined benefit obligation, negatively impacting profit or loss.

The increase in actuarial losses was mainly due to the change in discount rate (government bonds rather than corporate bonds for the Eurozone). The transfer line relates to the reclassification of Belgian and Swiss defined contribution pension schemes with guaranteed interest, which are now considered defined benefit pension schemes.

The following table shows the changes in the fair value of Plan assets.

	Defined benefit pension plans		Other post- employment benefits	
	2009	2008	2009	2008
Fair value of Plan assets as at 1 January	**2,893**	**3,030**		
Fair value of Plan assets of discontinued operations as at 1 January 2008		(1,854)		
Change in consolidation scope		(10)		
Fair value of Plan assets as at 1 January	**2,893**	**1,166**		
Expected return	82	89		
Actuarial gains (losses) of the year	12	(90)		
Employer's contributions	33	34		
Participants' contributions	9	12		
Benefits paid in the year	(93)	(110)		
Acquisitions and disposals of subsidiaries		57		
Transfer	(273)			
Settlements	(28)	2		
Foreign exchange differences	4	(122)		
Other				
Transfer of Reimbursement rights	(1,855)	1,855		
Fair value of Plan assets as at 31 December	**784**	**2,893**		

EUR (273) million in the transfer line is due mainly to the requalification of the plan assets as reimbursement rights for a specific Belgian scheme, which was formerly funded through a pension fund, but has been funded since the end of 2009 through a related insurance company.

The following table shows the changes in the fair value of the Reimbursements rights.

	Defined benefit pension plans		Other post- employment benefits	
	2009	2008	2009	2008
Fair value of Reimbursements rights at 1 January		**1,871**		-
Transfer of Reimbursement rights	1,855			
Expected return	76	101		
Actuarial gains (losses) of the year	39	(79)		
Employer's contributions	112	113		
Participants' contributions				
Benefits paid in year	(224)	(150)		
Acquisitions and divestments of subsidiaries				
Transfer	677			
Foreign exchange differences				
Other				
Settlement	13	(1)		
Transfer of Reimbursement rights		(1,855)		
Fair value of Reimbursements rights at 31 December	**2,548**			-

EUR 677 million in the transfer line relates to the reclassification of Belgian and Swiss defined contribution pension schemes with guaranteed interest, which are now considered defined benefit pension schemes. It also relates in part to the requalification of the plan assets as reimbursement rights for a specific Belgian scheme, which was formerly funded through a pension fund, but has been funded since the end of 2009 through a related insurance company.

The following table shows the actual return on Plan assets and Reimbursement rights for defined benefit pension plans.

	Defined benefit pension plans		Other post- employment benefits	
	2009	2008	2009	2008
Actual return on Plan assets	94	(1)		
Actual return on Reimbursements rights	114	22		

The following table shows the changes in the total of unrecognised actuarial gain (losses).

	Defined benefit pension plans		Other post- employment benefits	
	2009	2008	2009	2008
Unrecognised actuarial gains (losses) as at 1 January	**(251)**	**345**		**11**
Unrecognised actuarial gains (losses) of discontinued operations as at 1 January 2008		(180)		(11)
Unrecognised actuarial gains (losses) as at 1 January	**(251)**	**165**		
Actuarial gains (losses) of the year on Defined benefit obligation	(639)	(198)	1	
Actuarial gains (losses) of the year on Plan assets	12	(90)		
Actuarial gains (losses) of the year on Reimbursement rights	39	(79)		
Recognised actuarial losses (gains) resulting from Asset ceiling	123	(49)		
Curtailments	2			
Settlements	11	2		
Amortisation of unrecognised actuarial losses (gains) on Defined benefit obligation	7	(3)		
Amortisation of unrecognised actuarial losses (gains) on Reimbursement rights	2			
Amortisation of unrecognised actuarial losses (gains) on Plan assets	2			
Acquisitions and disposals of subsidiaries				
Transfer	(1)			
Foreign exchange differences	(2)	1		
Other	2			
Unrecognised actuarial gains (losses) as at 31 December	**(693)**	**(251)**	**1**	

The table below shows the changes in the total of unrecognised assets due to asset ceiling.

	Defined benefit pension plans	
	2009	2008
Unrecognised Assets due to Asset ceiling as at 1 January	**247**	**213**
Unrecognised actuarial gains (losses) resulting from Asset ceiling	(123)	49
Impact of Asset ceiling in income statement	38	31
Curtailments		
Settlements		
Acquisitions and disposals of subsidiaries		
Transfer		
Foreign exchange differences		(46)
Other		
Unrecognised Assets due to Asset ceiling as at 31 December	**162**	**247**

The following table shows the changes in unrecognised Past service cost.

	Defined benefit pension plans		Other post- employment benefits	
	2009	2008	2009	2008
Unrecognised Past service costs as at 1 January	**1**	**8**		
Unrecognised Past service costs of discontinued operations as at 1 January 2008		(8)		
Unrecognised Past service costs as at 1 January	**1**			
Unrecognised Past service cost - non-vested benefits				
Amortisation				
Curtailments				
Settlements				
Divestments of subsidiaries				
Transfer	1	1		
Other				
Foreign exchange differences				
Unrecognised Past service costs as at 31 December	**2**	**1**		

Experience adjustments are actuarial gains and losses that arise because of differences between the actuarial assumptions made at the beginning of the year and actual experience during the year.

The following table shows experience adjustments to Plan assets, Reimbursement rights and Defined benefit obligations.

	Defined benefit pension plans				Other post- employment benefits			
	2009	2008	2007	2006	2009	2008	2007	2006
Experience adjustments on Plan assets, gain (loss)	(14)	(156)	(104)	(42)				
As % of Plan assets at 31 December	(1.79%)	(5.39%)	(3,43%)	(1,44%)				
Experience adjustments on Reimbursements rights, gain (loss)	66		(20)	(29)				
As % of Reimbursements rights at 31 December	2.59%		(1,08%)	(0,47%)				
Experience adjustments on Defined benefit obligation,(gain) loss	(125)	101	77	118			4	42
As % of Defined benefit obligation at 31 December	(3.27%)	3.54%	1.67%	2.31%			(5,62%)	9.52%

The following table shows the components of expenses related to the defined benefit pension plans and other post-employment benefits for the year ended 31 December.

	Defined benefit pension plans		*Other post- employment benefits*	
	2009	*2008*	*2009*	*2008*
Current service cost	107	100	2	1
Interest cost	155	144	1	
Expected return on Plan assets	(82)	(89)		
Expected return on Reimbursement rights	(76)	(101)		
Past service cost - vested benefits	20	37	52	
Amortisation of unrecognised Past service cost				
Amortisation of unrecognised actuarial losses (gains) on Defined benefit obligation	7	(3)		
Amortisation of unrecognised actuarial losses (gains) on Plan assets	2			
Amortisation of unrecognised losses (gains) on Reimbursement rights	2			
Impact of Asset ceiling in income statement	38	31		
Curtailments				
Settlements	(17)	(2)		
Total defined benefit expense	**156**	**117**	**55**	**1**

Current service cost, vested past service cost, amortisation of unrecognised past service cost, amortisation of unrecognised losses (gains) on the Defined benefit obligation impacting liabilities, curtailments and settlements are included in Staff expenses (see note 43). All other Defined benefit expense items are included in Interest expenses.

Total Defined benefit expense contains both Staff expenses and Interest expenses.

The following table shows the principal actuarial assumptions at the end of the year used for the euro-zone countries.

	Defined benefit pension plans				*Other post-employment benefits*			
	2009		*2008*		*2009*		*2008*	
	Low	*High*	*Low*	*High*	*Low*	*High*	*Low*	*High*
Discount rate	3.15%	4.40%	4.45%	6.00%	4.35%	4.35%	4.80%	5.50%
Expected return on Plan assets	3.90%	6.30%	3.25%	6.00%				
Expected return on Reimbursement rights	3.25%	4.60%						
Future salary increases (price inflation included)	1.80%	4.50%	2.00%	4.10%			3.50%	3.50%
Future pension increases (price inflation included)	1.80%	2.20%	2.20%	2.20%			2.50%	2.50%
Medical cost trend rates					4.20%	4.20%		

The following table shows the principal actuarial assumptions at the end of the year used for other countries.

	Defined benefit pension plans				*Other post-employment benefits*			
	2009		*2008*		*2009*		*2008*	
	Low	*High*	*Low*	*High*	*Low*	*High*	*Low*	*High*
Discount rate	2.00%	9.80%	6.30%	12.00%				
Expected return on Plan assets	2.00%	9.89%	6.15%	12.14%				
Future salary increases (price inflation included)	2.00%	5.50%	4.90%	8.50%				
Future pension increases (price inflation included)	2.50%	5.50%	3.40%	5.50%				
Medical cost trends rates	6.60%	6.60%	5.50%	5.50%				

The euro zone represents 86% of Fortis Bank's total benefit obligations. Other countries include primarily obligations in Turkey and the United Kingdom. Other post-employment benefits within countries outside the euro zone are not regarded as material.

Fortis Bank uses the Governement Bonds market as reference for the expected return on bonds and adds a risk premium to that return for corporate bonds, equity securities and real estate.

Fortis Bank only has a Defined benefit health & care scheme in Belgium and Turkey. The Defined Benefit Obligation as at 31 December 2009 was EUR 132 million (2008: EUR 46 million). The Turkish Defined benefit health & care scheme is accounted for as part of the Turkish Defined benefit pension plans.

A one-percent change in assumed medical cost trend rates would have the following effect on the Defined benefit obligation and Defined benefit expense for medical costs:

	One-percent increase	*One-percent decrease*
Effect on the Defined benefit obligation - medical costs	(22.80%)	17.3%
Effect on the total Defined benefit expense - medical costs	(28.70%)	21.0%

Plan assets and reimbursement rights consist predominantly of fixed-income securities and investment contracts with insurance companies. Fortis Bank's internal investment policy stipulates that investment in derivatives and emerging markets for the purpose of funding pension plans is to be avoided (with the exception of the Turkish plans). The asset mix of the plan assets is as follows:

	2009	*2008*
Equity securities	12%	10%
Debt securities	48%	73%
Insurance contracts	2%	6%
Real estate	5%	1%
Convertibles	1%	1%
Other	3%	1%
Cash	30%	8%

The asset mix of the reimbursement rights is as follows:

	2009	2008
Equity securities	2%	6%
Debt securities	62%	84%
Insurance contracts	25%	9%
Real estate	0%	0%
Convertibles	0%	0%
Other	4%	0%
Cash	7%	0%

The category Other consists mainly of mortgage loans and high-yield bonds. Investments in hedge funds are limited. Derivatives are used only to limit the plan exposures to interest rate risk.

To administer pension plan assets, Fortis Bank applies general guidelines about strategic asset allocation based on criteria such as geographical distribution and rating. Asset and Liability Management studies are carried out periodically in order to keep the investment strategy in balance with the structure of the pension benefit obligation. According to these guidelines and the results of the studies, the asset allocation is decided for each scheme at company level.

The pension plan assets comprise no Fortis Bank's own financial instruments. The amount in the fair value of plan assets for property occupied by Fortis Bank is EUR 26 million.

The employer's contributions expected to be paid to post-employment benefit plans for the year ended 31 December 2010 are as follows:

	Defined benefit pension plans	Other post-employment benefits
Expected contribution for schemes with plan assets for next year	21	
Expected contribution for schemes with reimbursement right for next year	123	

9.1.2. Defined contribution plans

Fortis Bank operates a number of defined contribution plans worldwide. The employer's commitment in a defined contribution plan is limited to the payment of contributions calculated in accordance with the plan regulations. Employer contributions for defined contribution plans amounted to EUR 50 million in 2009 (2008: EUR 56 million) and are included in Staff expenses (see note 43).

9.2. Other long-term employee benefits

Other long-term employee benefits include jubilee premiums, disability benefits and deferred bonus plans. The table below shows liabilities related to other long-term employee benefits included in the balance sheet under 'Accrued interest and other liabilities' (see note 31).

	2009	2008
Present value of the Defined benefit obligation	167	105
Fair value of Plan assets	(35)	(3)
Net Defined liability	**132**	**102**

The following table shows the changes in Liabilities for other long-term employee benefits during the year.

	2009	2008
Net Defined liability as at 1 January	**102**	**112**
Net Defined liability of discontinued operations as at 1 January 2008		(22)
Net Defined liability as at 1 January	**102**	**90**
Total expense	31	30
contributions received on plan assets		(2)
Benefits paid in the year by the employer	(22)	(16)
Foreign exchange differences		
Acquisitions and divestments of subsidiaries		
Transfer	21	
Other		
Net Defined liability as at 31 December	**132**	**102**

The table below provides the range of actuarial assumptions applied in calculating the Liabilities for other long-term employee benefits.

	2009		2008	
	Low	*High*	*Low*	*High*
Discount rate	3.40%	4.30%	5.00%	5.25%
Salary increase	3.00%	4.30%	3.40%	4.20%

Expenses related to other long-term employee benefits are shown below. Interest cost is included in Interest expenses (note 35), all other expenses are included in Staff expenses (note 43).

	2009	2008
Current service cost	15	19
Interest cost	2	2
Expected return on Plan assets		
Net actuarial losses (gains) recognised immediately	10	9
Past service costs recognised immediately	4	
Losses (gains) of curtailments or settlements		
Total expense	**31**	**30**

9.3. Termination benefits

The following table shows the changes in Liabilities for Termination benefits during the year.

	2009	2008
Net Defined liability as at 1 January	**262**	**166**
Total expense	41	173
Benefit paid in the year by the employer	(79)	(78)
Acquisitions and divestments of subsidiaries		
Foreign exchange differences		(2)
Transfer	(11)	2
Other		1
Net Defined liability as at 31 December	**213**	**262**

The expense shown for 2008 is mainly related to termination provision for early departures in Belgium.

10. Remuneration of Board of directors and Executive Committee

In 2009, the total remuneration of current and former (executive and non executive) members of the Board of directors and members of the Executive Committee, paid and payable by Fortis Bank, including benefits in kind and pension costs, is EUR 13,537,407 (total remuneration of Board of directors was EUR 8,018,118 in 2008). The total cost also includes payments related to 2008.

For executive directors and members of the Executive Committee, this amount includes directors fees (only for directors) as well as compensation, bonuses and benefits in kind received under their current employment contracts.

The table below shows the total remuneration separately for the non executive members of the Board of directors and for the executive members of the Board of directors and the members of the Executive Committee. The remuneration of the CEO (*Chief Executive Officer*) is shown separately.

	Total
Non executive members of the Board of directors	2,273,736
Current executive members of the Board of Directors and members of the Executive Committee	6,491,781
Former executive members of the Board of Directors and members of the Executive Committee	4,444,464
CEO	327,426
Total Remuneration of the Board of Directors and Executive Committee	**13,537,407**

The amount of the remuneration of non executive directors is linked to the exceptional circumstances of 2009 (high number of Board meetings and Committees, long list of directors pre and post 14th may 2009). In 2009 there has also been a change in the payment dates since non executive directors remuneration is now paid quarterly. In addition, of the total amount, EUR 782,333 is linked to 2008 paid in 2009.

As from 2010 report, an individual disclosure will be made for the Board remuneration of directors.

The remuneration of the CEO comprises the remuneration of M. Dierckx for the period from 1st January to 14 May 2009 for an amount of EUR 291,801 and the remuneration of M. Bonnafé for the period from 14 May to the end of the year for an amount of EUR 35,625.

The total remuneration of the Board of directors and Executive Committee members can be further detailed into the following categories:

	Total
Short-term employee benefits	7,768,547
Post-employment benefits	148,121
Other long-term benefits	1,102,661
Termination benefits (*)	4,314,138
Share-based payments	203,941
Total Remuneration of the Board of Directors and Executive Committee	**13,537,407**

(*) The termination benefits are linked to three persons, former members of the Executive Board of Fortis Bank. They include termination and one-off premiums for pension costs and benefits.

For all executive directors of the Board and members of the Executive Committee, a discount of 33% has been applied on to the target bonus. Out of the remaining 67%, half of the amount will be paid effectively in 2010 and the other 50% will be deferred over to 2011 and 2012. The payment of the deferred part is conditional. The performance condition retained by the Board of directors for the payment of the remaining 50% of the amount is the profitability of the company over 2010 and 2011.

In 2009, there was no grant of options nor restricted shares.

11. Audit Fees

Fees paid to Fortis Bank's auditors for 2009 and 2008 can be broken down into the following components:

- audit fees, which include fees for auditing the statutory and consolidated financial statements, and quarterly and other reports ;
- audit-related fees, which include fees for work performed on prospectuses, non-standard auditing and advisory services not related to statutory auditing ;
- fees for tax advice ; and
- other non-audit fees, which include fees for consultancy advice on organisational matters and management, fees for expert services not related to the certification of accounts and fees for support and advice on acquisitions.

The breakdown of the audit fees for the year ended 31 December is as follows:

	2009		2008	
	Total Fortis Bank Statutory Auditors	Other Fortis Bank Auditors	Total Fortis Bank Statutory Auditors	Other Fortis Bank Auditors
Audit fees	3	11	3	10
Audit-related fees	1	3	1	3
Tax fees	1	1		1
Other non-audit fees		9		6
Total	**5**	**24**	**4**	**20**

As at 31 December 2009, the statutory auditors of Fortis Bank were:

- PricewaterhouseCoopers Reviseurs d'Entreprises BV CVBA ;
  represented by MM. Josy STEENWINCKEL and Roland JEANQUART
- Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises BV CVBA ;
  represented by MM. Philip MAEYAERT and Frank VERHAEGEN

12. Related parties

Parties related to Fortis Bank

Parties related to Fortis Bank as at 31 December 2009 include:

- parties that control or have an interest that gives them significant influence over Fortis Bank
- parties that are controlled by Fortis Bank
- associates and joint ventures
- other related entities such as non-consolidated subsidiaries and pension funds
- members of the Board of directors and of the Executive Committee of Fortis Bank
- close family members of any individual referred to above and
- entities controlled or significantly influenced by any individual referred to above.

During the fourth quarter of 2008, 99.93% of Fortis Bank's shares were acquired by the Société Fédérale de Participations et d'Investissement / Federale Participatie- en Investeringsmaatschappij (SFPI/FPIM), the SFPI/FPIM being 100% owned by the Belgian State.

On 12 May 2009, the SFPI/FPIM sold 74.93% minus one share of its shareholding to BNP Paribas, which is now the major shareholder of Fortis Bank. The SFPI/FPIM still holds 25% plus one share of the shareholding.

As a result, the following parties were related to Fortis Bank as at 31 December 2009:

- BNP Paribas (and all its subsidiaries), as having control of Fortis Bank
- SFPI/FPIM, as having a significant influence on Fortis Bank
- the Belgian State, as indirectly having a significant influence on Fortis Bank
- other Belgian state-controlled enterprises under common control (excluding local, regional and supra-national organisations, and local authorities and municipalities).

Given the diversity and significant number of the public bodies linked to the Belgian State, it was impracticable to identify all transactions with these bodies, therefore only the main organisations were taken into consideration.

Transactions between Fortis Bank and its subsidiaries, which are parties related to Fortis Bank, have been eliminated upon consolidation and are not disclosed in this note.

Relations with the Belgian State, the National Bank of Belgium (NBB) and the SFPI/FPIM

Fortis Bank participates in a number of schemes contributing to liquidity that are operated by the National Bank of Belgium.

At 31 December 2009, Fortis Bank benefited from deposits made by the SFPI/FPIM amounting to EUR 145 million (2008: EUR 5.2 billion).

Fortis Bank also holds a significant investment portfolio of Belgian government bonds and treasury bills.

Transactions entered into with the Belgian State at 31 December are:

	2009	2008
Assets		
Balances at Central Banks		2,376
Debt securities	11,544	14,180
Derivatives	192	355
Loans and advances to customers	926	3,277
Loans and advances to banks		6,766
Other	6,477	1,245
Liabilities		
Customers accounts	71	5,283
Deposits by credit institutions	11,075	37,250
Derivatives	625	1,991
Other	243	371

The Belgian State has issued a state guarantee on the RPN interests (see Note 27 Subordinated Liabilities) paid by Fortis, to the benefit of Fortis Bank SA/NV. Part of the portfolio structured credits instruments not sold to Royal Park Investments SA/NV (RPI) (the 'Portfolio In'), with a net exposure of EUR 14.6 billion at 31 December 2009, is guaranteed by the Belgian State up to a maximum level of losses of EUR 1.5 billion. The senior debt of EUR 4.6 billion, granted to RPI by Fortis Bank and related to the funding of RPI, is guaranteed by the Belgian State. Furthermore, the loan facility of EUR 1 billion granted by Fortis Bank to Fortis and related to the funding of the participation by Fortis in RPI, is also guaranteed by the Belgian State.

Relations with Belgian state-controlled enterprises and other state-related organisations

Fortis Bank supplies financial services to various Belgian state-controlled enterprises and to other related parties in the course of its business operations. These services mainly concern Public Banking (part of Merchant Banking) and do not represent a significant component of Fortis Bank's net revenue. The services provided include all the skills offered by Fortis Bank, including credit facilities, global market products, cash management, long- and short-term investment products etc.

Transactions entered into with the most significant Belgian state-controlled enterprises are at 31 December 2009:

	2009	2008
Assets		
Debt securities	2	4
Derivatives	12	13
Loans and advances to customers	34	60
Other	1	2
Liabilities		
Customers accounts	23	45
Other		2

Fortis Bank has also received guarantees from Ducroire/Delcredere, the public credit insurer of export-related transactions.

In the context of its normal commercial activities Fortis Bank can be in relation with all state-related organisations. Fortis Bank enters in relation with those bodies mainly in the context of day to day business transactions. These transactions occur on an arms' length basis. Given the diversity and the volume of these transactions, it was impracticable to give quantified disclosures at 31 December 2009.

Relations with key management personnel

Fortis Bank may grant credit, loans or bank guarantees in the normal course of business to members of the Board of directors of Fortis Bank or to close family members of them.

Outstanding loans, credit and bank guarantees granted to members of the Board of directors and Executive Committee of Fortis Bank or to close family members totalled EUR 3.7 million as at 31 December 2009 (2008: EUR 2.8 million). These transactions were entered into under the same commercial and market terms and conditions that applied to non-related parties, including employees of the company.

More information on compensation to key management personnel is included in note 10, Remuneration of the Board of directors and Executive Committee.

Relations with other related parties

Fortis Bank enters into transactions with various other related parties in the course of its business operations. Such transactions concern all kinds of transactions that are entered into under the same commercial and market terms and conditions that apply to non-related parties.

Transactions with other related parties concern transactions with:

- associates and joint ventures
- other related parties include affiliated companies, such as entities of the BNP Paribas Group, non-consolidated subsidiaries and pension funds; they exclude relations with the Belgian State, the National Bank of Belgium, Belgian state-controlled enterprises and other state-owned related parties.

			2009			2008
	Associates and Joint ventures	*Other*	*Total*	*Associates and Joint ventures*	*Other*	*Total*
Income and expenses - Related parties						
Interest income	95	4,241	4,336	29		29
Interest expense	(54)	(4,291)	(4,345)	(35)		(35)
Fee and commission income	122	4	126	6		6
Realised gains	(31)	(560)	(591)			
Other income	4	2	6	18	7	25
Fee and commission expense	(62)	(8)	(70)	(29)		(29)
Operating, administrative and other expenses	(8)		(8)			

			2009			2008
	Associates and Joint ventures	*Other*	*Total*	*Associates and Joint ventures*	*Other*	*Total*
Balance sheet - Related parties						
Assets						
Investments in associates		97	97	129	13	142
Due from customers	983	313	1,296	235	3	238
Due from banks	157	269	426	324		324
Other assets	117	12,915	13,032	114		114
Liabilities						
Due to customers	1,702	131	1,833	72	1	73
Due to banks	87	11,734	11,821	384		384
Debt certificates, subordinated liabilities and other borrowings	249	1,499	1,748	249		249
Other liabilities	92	10,512	10,604	2		2

The amounts in columnn Other concern mainly transactions with entities of the BNP Paribas Group.

The following figures concern guarantees and (un)conditional commitments that Fortis Bank has made with respect to related parties:

- EUR 43 million with respect to guarantees given to related parties (2008: EUR 2 million) ;
- EUR 124 million with respect to guarantees obtained from related parties (2008: EUR 103 million) ; and
- EUR 170 million with respect to unconditional and conditional commitments to related parties (2008: EUR 170 million)

Changes in loans, receivables, payables and advances to and from related parties during the year ended 31 December were as follows:

	Due from banks		Due from customers	
	2009	*2008*	*2009*	*2008*
Related party loans, receivables or advances as at 1 January	**324**	**160**	**238**	**13,164**
Related party loans, receivables or advances of discontinued operations as at 1 January		36		12,879
Related party loans, receivables or advances of continuing operations as at 1 January	**324**	**124**	**238**	**285**
Acquisitions/divestments of subsidiaries				
Additions or advances	300	215	1,062	105
Repayments	(17)	(15)	(4)	(152)
Other	(181)			
Related party loans, receivables or advances as at 31 December	**426**	**324**	**1,296**	**238**

	Due to banks		Due to customers	
	2009	*2008*	*2009*	*2008*
Related party loans, payables or advances as at 1 January	**384**	**763**	**73**	**11,281**
Related party loans, payables or advances of discontinued operations as at 1 January		139		11,175
Related party loans, payables or advances of continuing operations as at 1 January	**384**	**624**	**73**	**106**
Acquisitions /divestments of subsidiaries				
Additions or advances	11,566	148	9,044	647
Repayments	(129)	(389)	(7,284)	(679)
Other		1		(1)
Related party loans, payables or advances as at 31 December	**11,821**	**384**	**1,833**	**73**

13. Information on segments

13.1. General information

In 2009, IFRS 8 Operating segments came into effect. The core principle of the new standard is that Fortis Bank shall disclose information to enable users to evaluate the nature and financial effects of the business activities in which it engages and the economic environment in which it operates. This new standard introduces the management approach, which requires segment disclosures based on the components of the entity that the chief operating decision maker monitors when making decisions about operating matters. At the end of 2009, the following operating segments were reported to the Executive Committee of Fortis Bank and based on IFRS included in the segment information:

- Retail Banking ;
- Asset Management ;
- Private Banking ; and
- Merchant Banking.

Other banking activities and elimination differences are reported separately.

Fortis Bank's segment reporting reflects the full economic contribution of the businesses of Fortis Bank. The aim is direct allocation to the businesses of all balance sheet and income statement items for which the businesses have full managerial responsibility.

Segment information is prepared based on the same accounting policies as those used in preparing and presenting Fortis Bank's Consolidated Financial Statements (as described in note 1 Significant accounting policies) and by applying appropriate allocation rules.

Transactions between the different businesses are executed under standard commercial terms and conditions.

It should be noted that as from 2010, the governance model has been aligned with BNP Paribas reflecting the organisational principles introduced by the new industrial plan of Fortis Bank, leading to the following operating segments as from 2010:

- Retail and Private Banking;
- Corporate and Public Banking;
- Corporate and Investment Banking;
- Investment Solutions.

The financials of the discontinued operations are aggregated on the individual line items, together with the continuing operations, in the segment information of 2009.

13.2. Operating Segments

Retail Banking

Retail Banking offers financial services to individuals, the self-employed, members of independent professions and small businesses. Operating through a variety of distribution channels, Retail Banking provides services and advice on every aspect of daily banking, saving, investment, credit and insurance to a clearly segmented customer base.

Asset Management

Fortis Investments (FIM) is the asset manager of Fortis Bank which is a client-driven organisation offering international investment solutions, while meeting the requirements and needs of local investors, both institutional and wholesale/ retail. As a diversified asset manager, the solutions-oriented approach provides the asset management teams with the freedom and resources to investigate ideas and opportunities in every market and every asset class.

Private Banking

Private Banking offers integrated solutions for the management of assets and liabilities for affluent private individuals, both resident and non-resident, their companies and advisors.

Merchant Banking

Merchant Banking is the wholesale bank of Fortis Bank. Merchant Banking offers a wide range of solutions and services to companies requiring expertise in the areas of long-term financing, transactions and treasury management, investment and risk management, corporate and strategic advisory as well as private equity financing. In addition, Merchant Banking also provides high-value services to midcaps and corporates for their sophisticated financial needs on market and client knowledge, product expertise and dedicated relationship management. Merchant Banking specialises in niches areas, from energy & commodities, transportation, global export & project finance, corporate banking, and commercial banking to structured products for institutional investors.

Merchant Banking is composed of several business lines: Commercial Banking, Corporate & Public Banking, Energy, Commodities & Transportation, Investment Banking, Specialised Finance Services and Markets.

Other Banking

Balance sheet items, revenues and costs for support functions, operations and Asset and Liability Management (ALM) are reported in this section. The figures reported are those after allocation to the business segments.

Allocation rules

Segment reporting make use of balance sheet allocation rules, balance sheet squaring mechanisms, a fund transfer pricing system, rebilling of support and operation expenses and overhead allocation. The balance sheet allocation and squaring methodology aim at reporting information on segments to reflect Fortis Bank's business model.

Under Fortis Bank's business model, segments do not act as their own treasurer in bearing the interest rate risk, the foreign exchange risk and the liquidity risk, by funding their own assets with their own liabilities, or by having direct access to the financial markets. The interest, currency and liquidity risks are removed by transferring them from the segments to the internal central bankers. This is reflected in the fund transfer pricing system. A key role in this system is attributed to Asset and Liability Management (ALM). The results of ALM are allocated to the segments based on the regulatory capital used and the interest margin generated within the segments.

Support and operations departments provide services to the segments. These services include human resources and information technology. The costs and revenues of these departments are charged to the segments via a rebilling system on the basis of service level agreements (SLAs) reflecting the economic consumption of the products and services provided. SLAs ensure that the costs and revenues are charged based on actual use and at standard rates. Differences between the actual costs and the rebilled costs based on standard tariffs are passed through to the operating segments in a final allocation.

13.3. Balance sheet of operating segments

							31 December 2009
	Retail Banking	*Asset Management*	*Private Banking*	*Merchant Banking*	*Other Banking*	*Eliminations*	*Total*
Assets							
Cash and cash equivalents	816	1,412	1,353	21,537	1,185	1,370	27,673
Assets held for trading		13	39	56,406	483	(1,114)	55,827
Due from banks	2,173	2,302	208	63,600	19,491	(68,523)	19,251
Due from customers	98,580	8	14,031	231,030	88,163	(253,475)	178,337
Investments:							
- Held to maturity					*3,439*		*3,439*
- Available for sale	*3,546*	*14*	*19*	*12,739*	*48,084*	*(587)*	*63,815*
- Held at fair value through profit or loss	*1*	*162*		*639*	*1,920*	*(465)*	*2,257*
- Loans and Receivables				*6,648*	*30,342*	*(13,759)*	*23,231*
- Investment property			*2*	*631*	*105*	*(45)*	*693*
- Associates and joint ventures	*69*	*123*		*203*	*1,574*		*1,969*
	3,616	299	21	20,860	85,464	(14,856)	95,404
Trade and other receivables	6	169	7	2,269	537	(272)	2,716
Property, plant and equipment	11	47	23	515	3,016	(1,465)	2,147
Goodwill and other intangible assets	263	1,466	8	57	74	(33)	1,835
Current and deferred tax assets	113	162	36	1,066	6,281	(3,354)	4,304
Accrued interest and other assets	1,118	108	108	46,112	8,479	(8,381)	47,544
Assets classified as held for sale							
Total assets	**106,696**	**5,986**	**15,834**	**443,452**	**213,173**	**(350,103)**	**435,038**
Liabilities							
Liabilities held for trading		1	36	54,672	263	(605)	54,367
Due to banks	4,638	1,765	1,757	108,310	39,817	(93,479)	62,808
Due to customers	98,930	810	13,923	210,071	101,085	(233,634)	191,185
Debt certificates	738		54	40,157	20,290	(2,124)	59,115
Subordinated liabilities	39			4,392	11,936	(401)	15,966
Other borrowings	63			448	416	(359)	568
Provisions	152	99	41	587	1,094	(744)	1,229
Current and deferred tax liabilities	43	20	4	66	337	(42)	428
Accrued interest and other liabilities	2,093	3,291	19	24,749	19,482	(18,715)	30,919
Liabilities related to assets held for sale							
Total liabilities	**106,696**	**5,986**	**15,834**	**443,452**	**194,720**	**(350,103)**	**416,585**
Shareholders' equity					15,459		15,459
Minority interests					2,994		2,994
Total equity					**18,453**		**18,453**
Total liabilities and equity	**106,696**	**5,986**	**15,834**	**443,452**	**213,173**	**(350,103)**	**435,038**
Due from external customers	27,363	8	5,608	114,976	30,382		178,337
Due from internal customers	71,217		8,423	116,054	57,781	(253,475)	
Due from customers	**98,580**	**8**	**14,031**	**231,030**	**88,163**	**(253,475)**	**178,337**
Due to external customers	74,881	810	9,515	96,185	9,794		191,185
Due to internal customers	24,049		4,408	113,886	91,291	(233,634)	
Due to customers	**98,930**	**810**	**13,923**	**210,071**	**101,085**	**(233,634)**	**191,185**

							31 December 2008
	Retail Banking	Asset Management	Private Banking	Merchant Banking	Other Banking	Eliminations	Total
Assets							
Cash and cash equivalents	818	3,532	471	18,493	2,359	(3,029)	22,644
Assets held for trading		14	63	88,751	250	(646)	88,432
Due from banks	1,220	2,309	147	123,689	24,915	(105,237)	47,043
Due from customers	99,292	5	12,825	271,149	91,036	(258,677)	215,630
Investments:							
- Held to maturity					*3,851*		*3,851*
- Available for sale	*119*	*25*	*7*	*39,862*	*61,744*	*(563)*	*101,194*
- Held at fair value through profit or loss	*1*	*168*		*2,407*	*798*	*(546)*	*2,828*
- Investment property				*613*	*103*	*(44)*	*672*
- Associates and joint ventures	*175*	*36*		*225*			*436*
	295	229	7	43,107	66,496	(1,153)	108,981
Trade and other receivables	4	202	19	5,131	998	(674)	5,680
Property, plant and equipment	28	46	26	631	3,052	(1,502)	2,281
Goodwill and other intangible assets	271	1,493	8	148	137	(65)	1,992
Current and deferred tax assets	50	126	20	311	3,713	(1,766)	2,454
Accrued interest and other assets	607	126	48	87,159	8,950	(5,988)	90,902
Assets classified as held for sale		733		5			738
Total assets	**102,585**	**8,815**	**13,634**	**638,574**	**201,906**	**(378,737)**	**586,777**
Liabilities							
Liabilities held for trading		2	83	86,331	198	(305)	86,309
Due to banks	3,518	2,102	1,845	200,330	46,049	(119,927)	133,917
Due to customers	97,379	2,611	11,618	266,970	84,714	(245,477)	217,815
Debt certificates	207		74	31,756	19,330	(1,750)	49,617
Subordinated liabilities	29	167		3,924	18,588	(776)	21,932
Other borrowings	6			378	639	(458)	565
Provisions	115	66	87	807	660	(404)	1,331
Current and deferred tax liabilities	24	96	12	215	283	(105)	525
Accrued interest and other liabilities	1,307	3,666	(85)	47,863	16,302	(9,535)	59,518
Liabilities related to assets held for sale		105					105
Total liabilities	**102,585**	**8,815**	**13,634**	**638,574**	**186,763**	**(378,737)**	**571,634**
Shareholders' equity					12,363		12,363
Minority interests					2,780		2,780
Total equity					**15,143**		**15,143**
Total liabilities and equity	**102,585**	**8,815**	**13,634**	**638,574**	**201,906**	**(378,737)**	**586,777**
Due from external customers	35,189	5	6,756	150,824	22,856		215,630
Due from internal customers	64,103		6,069	120,325	68,180	(258,677)	
Due from customers	**99,292**	**5**	**12,825**	**271,149**	**91,036**	**(258,677)**	**215,630**
Due to external customers	65,329	2,611	7,099	131,378	11,398		217,815
Due to internal customers	32,050		4,519	135,592	73,316	(245,477)	
Due to customers	**97,379**	**2,611**	**11,618**	**266,970**	**84,714**	**(245,477)**	**217,815**

13.4. Income statement of operating segments

	Retail Banking	Asset Management	Private Banking	Merchant Banking	Other Banking	Eliminations	Total Banking
							Full Year 2009
Income							
Interest income	6,282		360	57,741	8,167	(16,298)	56,252
Interest expense	(4,235)	(61)	(238)	(55,272)	(8,069)	16,298	(51,577)
Net interest income	2,047	(61)	122	2,469	98		4,675
Fee and commission income	966	1,269	254	801	91	(308)	3,073
Fee and commission expense	(242)	(676)	(34)	(371)	(72)	308	(1,087)
Net fee and commission income	724	593	220	430	19		1,986
Dividend, share in result of associates and joint ventures and other investment income	16	20	1	83	52	(1)	171
Realised capital gains (losses) on investments	(1)	8			54		61
Other realised and unrealised gains and losses	20	1	9	299	(163)	1	167
Other income	60	52	19	179	112	(39)	383
Allocation income	174	3	17	98	(292)		
Total income, net of interest expense	**3,040**	**616**	**388**	**3,558**	**(120)**	**(39)**	**7,443**
Change in impairments	(479)	(265)	(75)	(2,737)	(694)		(4,250)
Net revenues	**2,561**	**351**	**313**	**821**	**(814)**	**(39)**	**3,193**
Expenses							
Staff expenses	(966)	(259)	(156)	(917)	(766)		(3,064)
Depreciation and amortisation of tangible and intangible assets	(24)	(60)	(9)	(100)	(242)		(435)
Other expenses	(306)	(252)	(79)	(609)	(1,019)	39	(2,226)
Allocation expense	(1,129)	(10)	(141)	(456)	1,737	(1)	
Total expenses	**(2,425)**	**(581)**	**(385)**	**(2,082)**	**(290)**	**38**	**(5,725)**
Profit before taxation	**136**	**(230)**	**(72)**	**(1,261)**	**(1,104)**	**(1)**	**(2,532)**
Income tax expenses	(92)	32	16	1,686	180		1,822
Net profit for the period	**44**	**(198)**	**(56)**	**425**	**(924)**	**(1)**	**(710)**
Net result of discontinued operations							
Net profit before minority interests	**44**	**(198)**	**(56)**	**425**	**(924)**	**(1)**	**(710)**
Net profit attributable to minority interests		1	(13)	(1)	(32)		(45)
Net profit attributable to shareholders	**44**	**(199)**	**(43)**	**426**	**(892)**	**(1)**	**(665)**
Net revenues from external customers	957	406	226	(121)	1,725		3,193
Net revenues internal	1,604	(55)	87	942	(2,539)	(39)	
Net revenues	**2,561**	**351**	**313**	**821**	**(814)**	**(39)**	**3,193**

	Retail Banking	Asset Management	Private Banking	Merchant Banking	Other Banking	Eliminations	Total Banking
							Full Year 2008
Income							
Interest income	9,543	(23)	737	117,262	15,731	(39,780)	103,470
Interest expense	(7,416)	(102)	(617)	(115,426)	(15,727)	39,781	(99,507)
Net interest income	2,127	(125)	120	1,836	4	1	3,963
Fee and commission income	866	1,166	305	1,054	81	(97)	3,375
Fee and commission expense	11	(626)	(27)	(504)	(117)	96	(1,167)
Net fee and commission income	877	540	278	550	(36)	(1)	2,208
Dividend, share in result of associates and joint ventures and other investment income	19	10	8	115	129		281
Realised capital gains (losses) on investments	47		7	100	(432)		(278)
Other realised and unrealised gains and losses	40	(3)	16	(1,692)	156		(1,483)
Other income	55	27	16	173	76	(26)	321
Allocation income	124		10	102	(236)		
Total income, net of interest expense	**3,289**	**449**	**455**	**1,184**	**(339)**	**(26)**	**5,012**
Change in impairments	(390)	(1,338)	(67)	(7,847)	(410)		(10,052)
Net revenues	**2,899**	**(889)**	**388**	**(6,663)**	**(749)**	**(26)**	**(5,040)**
Expenses							
Staff expenses	(1,099)	(250)	(166)	(1,112)	(746)		(3,373)
Depreciation and amortisation of tangible and intangible assets	(29)	(64)	(12)	(106)	(247)		(458)
Other expenses	(313)	(255)	(156)	(573)	(1,088)	24	(2,361)
Allocation expense	(1,223)	(9)	(154)	(490)	1,876		
Total expenses	**(2,664)**	**(578)**	**(488)**	**(2,281)**	**(205)**	**24**	**(6,192)**
Profit before taxation	**235**	**(1,467)**	**(100)**	**(8,944)**	**(954)**	**(2)**	**(11,232)**
Income tax expenses	(239)	105	28	(830)	752		(184)
Net profit for the period	**(4)**	**(1,362)**	**(72)**	**(9,774)**	**(202)**	**(2)**	**(11,416)**
Net result of discontinued operations		(709)			(8,418)		(9,127)
Net profit before minority interests	**(4)**	**(2,071)**	**(72)**	**(9,774)**	**(8,620)**	**(2)**	**(20,543)**
Net profit attributable to minority interests		13		(1)	1		13
Net profit attributable to shareholders	**(4)**	**(2,084)**	**(72)**	**(9,773)**	**(8,621)**	**(2)**	**(20,556)**
Net revenues from external customers	1,123	(779)	220	(5,122)	(482)		(5,040)
Net revenues internal	1,776	(110)	168	(1,541)	(267)	(26)	
Net revenues	**2,899**	**(889)**	**388**	**(6,663)**	**(749)**	**(26)**	**(5,040)**

13.5. Geographic segmentation

Fortis Bank's activities are managed on a worldwide basis. The table below shows key figures based on the location of the Fortis Bank company that has entered into the transaction.

	Net result	Total income	Number of employees	Total assets	Non-current assets
31 December 2009					
Benelux	274	52,245	19,987	365,196	3,209
Other European countries	(886)	1,781	12,343	42,746	457
North America	(83)	518	563	17,240	456
Asia	27	68	985	9,904	1
Other countries	3	7	40	(48)	
Total	**(665)**	**54,619**	**33,917**	**435,038**	**4,123**

	Net result	Total income	Number of employees	Total assets	Non-current assets
31 December 2008					
Benelux	(16,893)	93,329	20,945	467,802	3,099
Other European countries	(934)	6,818	13,863	66,480	853
North America	(2,809)	3,115	995	39,697	712
Asia	69	2,399	1,275	12,709	43
Other countries	11	25	82	89	1
Total	**(20,556)**	**105,686**	**37,160**	**586,777**	**4,708**

Notes to the balance sheet

Consolidated balance sheet

(before appropriation of profit)

	Note	31 December 2009 discontinued operations disclosed separately (1)	31 December 2009	31 December 2008
Assets				
Cash and cash equivalents	*14*	22,605	27,673	22,644
Assets held for trading	*15*	51,955	55,827	88,432
Due from banks	*16*	17,648	19,251	47,043
Due from customers	*17*	143,335	178,337	215,630
Investments:	*18*			
- Held to maturity		*3,439*	*3,439*	*3,851*
- Available for sale		*62,536*	*63,815*	*101,194*
- Held at fair value through profit or loss		*1,991*	*2,257*	*2,828*
- Loans and Receivables		*23,220*	*23,231*	
- Investment property		*681*	*693*	*672*
- Associates and joint ventures		*1,771*	*1,969*	*436*
		93,638	95,404	108,981
Trade and other receivables	*19*	2,247	2,716	5,680
Property, plant and equipment	*20*	2,003	2,147	2,281
Goodwill and other intangible assets	*21*	349	1,835	1,992
Current and deferred tax assets	*30*	3,693	4,304	2,454
Accrued interest and other assets	*22*	45,740	47,544	90,902
Assets classified as held for sale	*4, 23*	51,825		738
Total assets		**435,038**	**435,038**	**586,777**
Liabilities				
Liabilities held for trading	*15*	51,246	54,367	86,309
Due to banks	*24*	55,179	62,808	133,917
Due to customers	*25*	170,779	191,185	217,815
Debt certificates	*26*	50,577	59,115	49,617
Subordinated liabilities	*27*	15,961	15,966	21,932
Other borrowings	*28*	556	568	565
Provisions	*29*	1,034	1,229	1,331
Current and deferred tax liabilities	*30*	354	428	525
Accrued interest and other liabilities	*31*	28,595	30,919	59,518
Liabilities classified as held for sale	*4, 23*	42,304		105
Total liabilities		**416,585**	**416,585**	**571,634**
Shareholders' equity	*5*	15,459	15,459	12,363
Minority interests	*6*	2,994	2,994	2,780
Total equity		**18,453**	**18,453**	**15,143**
Total liabilities and equity		**435,038**	**435,038**	**586,777**

(1) The line items in the column "discontinued operations disclosed separately" do no contain assets and liabilities related to discontinued operations which are regrouped in the lines assets or liabilities classified as held for sale.

14. Cash and cash equivalents

Cash includes cash on hand, available balances with central banks and other financial instruments with a term of less than three months from the date on which they were acquired. The composition of Cash and cash equivalents was as follows as at 31 December:

	31 December 2009 excluding discontinued operations	31 December 2009 including discontinued operations	31 December 2008
Cash on hand	528	550	673
Balances with central banks readily convertible in cash other than mandatory reserve deposits	385	512	457
Due from banks	21,673	26,299	19,482
Due from customers, current accounts			269
Other	24	317	1,766
Total	**22,610**	**27,678**	**22,647**
Less impairments:			
- specific provisions			
- collective provisions	(5)	(5)	(3)
Total cash and cash equivalents	**22,605**	**27,673**	**22,644**

The average book value of Cash and cash equivalents for 2009 amounted to EUR 26,888 million (2008: EUR 25,179 million). The average yield in 2009 was 0.87% (2008: 3.30%).

15. Assets and liabilities held for trading

15.1. Assets held for trading

The following table provides a specification of the Assets held for trading.

	31 December 2009 excluding discontinued operations	*31 December 2009 including discontinued operations*	*31 December 2008*
Securities held for trading:			
Treasury bills and other eligible bills	2,376	2,587	1,205
Debt securities:			
- Government bonds	4,355	4,373	5,721
- Corporate debt securities	1,457	1,701	3,068
- Structured credit instruments	69	69	682
Equity securities	395	441	5,167
Total trading securities	**8,652**	**9,171**	**15,843**
Trading derivatives			
Over the counter (OTC)	42,935	46,116	71,280
Exchange traded	361	488	855
Total trading derivatives	**43,296**	**46,604**	**72,135**
Trading commodities		43	55
Other assets held for trading	7	9	399
Total assets held for trading	**51,955**	**55,827**	**88,432**

The significant decrease in structured credit instruments between 31 December 2008 and 31 December 2009 is primarily attributable to the sale of the structured credit portfolio to Royal Park Investments, a special purpose vehicle (SPV) incorporated on 20 November 2008. The details of the sale can be found in Note 18.4 'Structured credit instruments'.

In addition, part of the structured credit portfolio was reclassified in 2009 as investments classified as loans and receivables rather than assets held for trading. The details of this transfer are further explained in Note 18.5 'Investments reclassified as loans and receivables'.

The significant decline in derivatives held for trading is due to the reduced fair value of the derivatives, as well as the reduction in trading derivatives positions.

At 31 December 2009, EUR 7,481 million in trading assets (2008: EUR 27,105 million) were pledged as collateral related to liabilities. Details of the derivative financial instruments are shown in note 32.

15.2. Liabilities held for trading

The table below shows the composition of Liabilities held for trading.

	31 December 2009 excluding discontinued operations	*31 December 2009 including discontinued operations*	*31 December 2008*
Short security sales	6,411	6,433	10,730
Trading derivatives			
Over the counter (OTC)	44,618	47,674	74,863
Exchange traded	186	229	706
Total trading derivatives	**44,804**	**47,903**	**75,569**
Other liabilities held for trading	31	31	10
Total liabilities held for trading	**51,246**	**54,367**	**86,309**

16. Due from banks

Due from banks consisted of the following:

	31 December 2009 excluding discontinued operations	31 December 2009 including discontinued operations	31 December 2008
Interest-bearing deposits	2,350	2,365	17,968
Loans and advances	2,672	4,113	8,566
Reverse repurchase agreements	9,320	9,320	14,895
Securities borrowing transactions			2,271
Mandatory reserve deposits with central banks	3,418	3,536	2,994
Other	255	500	648
Total	**18,015**	**19,834**	**47,342**
Less impairments:			
- Specific provisions	(349)	(563)	(281)
- Collective provisions	(18)	(20)	(18)
Total due from banks	**17,648**	**19,251**	**47,043**

The impairments for specific provisions and collective provisions on credit commitments to banks were both below EUR 1 million at 31 December 2009 and 2008.

The average carrying amount of Due from banks in 2009 was EUR 32,339 million (2008: EUR 114,121 million). The average yield in 2009 was 1.78% (2008: 6.80%).

In accordance with monetary policy, the various banking businesses are required to place amounts on deposit with the central banks in the countries where Fortis Bank operates. Together with the amount that is reported under Cash and cash equivalents, the total balance held with central banks amounted to EUR 4,049 million at year end 2009 (2008: EUR 3,451 million). The average outstanding balance with central banks (in Cash and cash equivalents and Due from banks) during 2009 amounted to EUR 3,498 million (2008: EUR 6,223 million).

Impairments on Due from banks

Changes in the impairments on Due from banks are as follows:

	2009		2008	
	Specific provisions	Collective provisions	Specific provisions	Collective provisions
Balance as at 1 January	**281**	**18**	**12**	**5**
Increase in impairments	863	15	576	15
Release of impairments	(755)	(13)	(485)	(2)
Write-offs of uncollectible loans	(93)		(52)	
Foreign exchange differences and other adjustments	267		230	
Balance as at 31 December including held for sale assets	**563**	**20**	**281**	**18**
Less: classified as held for sale	214	2		
Balance as at 31 December excluding held for sale assets	**349**	**18**		

Note 7 'Risk Management' describes in greater detail for specific provisions and collective provisions.

17. Due from customers

The composition of Due from customers is as follows:

	31 December 2009 excluding discontinued operations	31 December 2009 including discontinued operations	31 December 2008
Government and official institutions	3,804	4,283	4,155
Residential mortgage	34,217	36,166	34,006
Consumer loans	7,137	7,360	7,057
Commercial loans	67,810	96,365	114,872
Reverse repurchase agreements	20,717	24,882	36,274
Securities borrowing transactions		6	6,576
Financial lease receivables	10,804	10,952	12,187
Factoring	1	1	1
Other loans	83	605	797
Loans available for sale		110	174
Held at fair value through profit or loss	1,924	1,964	1,655
Fair value adjustment from hedge accounting	362	363	265
Total	**146,859**	**183,057**	**218,019**
Less impairments:			
- Specific provisions	(2,633)	(3,587)	(2,077)
- Collective provisions	(891)	(1,133)	(312)
Total due from customers	**143,335**	**178,337**	**215,630**

In 2009, the average amount of Due from customers was EUR 198,982 million (2008: EUR 315,888 million). The average yield in 2009 was 3.62% (2008: 5.14%).

Loans designated as available for sale are those loans purchased in the secondary markets that will subsequently be securitised and sold.

In the Merchant Banking segment, Fortis Bank has designated some financial assets which are part of Due from customers at fair value through profit or loss. Selected inflation rate-linked credit contracts with governmental counterparties are designated at fair value through profit or loss, reducing a potential accounting mismatch between the measurement of the interest rate swaps and other derivatives involved and the credits previously measured at amortised cost.

Some other structured loans and contracts, including derivatives, are also designated as Held at fair value through profit or loss, reducing a potential accounting mismatch. The amortised cost of Assets held at fair value through profit or loss at 31 December 2009 was EUR 1,816 million (2008: EUR 1,581 million).

Furthermore, Fortis Bank hedges interest rate exposure of fixed-rate mortgages on a portfolio basis (macro hedging), by using interest rate swaps.

As a result of the hedge, the volatility of changes in the hedged item's net present value (NPV) of future cash flows, due to changes in the appropriate benchmark interest rate curve, will be reduced by offsetting changes in the fair value of the hedging derivative financial instrument.

Hedged mortgages are prepayable fixed-rate mortgages with the following features:

- denominated in local currency (euro) ;
- fixed term to maturity or repricing ;
- prepayable amortising or fixed principal amounts ;
- fixed interest payment dates ;
- no interest rate options ; and
- accounted for on an amortised cost basis.

Mortgages with these features form a portfolio from which the hedged item is designated (fair value hedge accounting for a portfolio hedge of interest rate risk or 'macro hedge'). More than one group (or portfolio) of mortgages can be identified as the hedged item within the fixed rate mortgage portfolio. Mortgages included in a portfolio hedge of interest rate risk need to share the risk characteristics being hedged.

The notional swap cash flows are allocated to monthly time buckets based on the maturity date; mortgage cash flows are allocated to monthly time buckets based on expected repricing dates. Fortis Bank estimates repricing dates using a prepayment rate applied to the contractual cash flows and repricing dates of the mortgage portfolio. In each time bucket, the notional of the swaps has to be smaller than or equal to the notional of the mortgages.

The hedging instruments are *plain vanilla* interest rate swaps entered into with external counterparties at market rates prevailing at the time of the transaction.

Changes in the fair value of mortgages which are attributable to the hedged interest rate risk are recorded under the line 'Fair value adjustment from hedge accounting' in order to adjust the carrying amount of the loan. The difference between the fair value and the carrying value of the hedged mortgages at designation of the hedging is amortised over the remaining life of the hedged item and is also reported in 'Fair value adjustment from hedge accounting'.

As of 12 May 2009, Fortis Bank harmonised its effectiveness-testing methodology for hedge accounting with BNP Paribas. A number of hedge relationships were discontinued as of that date and new ones were set up. The impact of harmonising this methodology involves two elements:

- Fair value adjustments of the hedged mortgages in the old hedge relationships were stopped.
- A new starting difference occurred between the fair value and the carrying amount of the hedged mortgages on the designation of the new hedge relationship. This difference, together with the starting difference of the old hedge relationship, will be reverse-amortised over the remaining life of the hedged mortgages and reported under 'Fair value adjustment from hedge accounting'.

Finance lease receivables

Receivables related to finance lease agreements at 31 December are comprised of:

	Minimum lease payments		Present value of the minimum lease payments receivable	
	2009	*2008*	*2009*	*2008*
Gross investment in finance leases:				
Not later than 3 months	888	1,342	775	1,138
Later than 3 months and not later than 1 year	2,470	2,499	2,171	2,150
Later than 1 year and not later than 5 years	5,765	7,237	5,076	6,187
Later than 5 years	3,464	3,362	2,930	2,712
Total	**12,587**	**14,440**	**10,952**	**12,187**
Unearned finance income	1,635	2,253		

Proceeds from finance lease agreements recorded in the income statement in 2009 amounted to EUR 549 million (2008: EUR 752 million).

Impairments on Due from customers

The following table shows the changes in impairments on Due from customers.

	2009		2008	
	Specific provisions	*Collective provisions*	*Specific provisions*	*Collective provisions*
Balance as at 1 January	**2,077**	**313**	**1,778**	**224**
Discontinued operations of 2008			346	49
Balance as at 1 January 2009	**2,077**	**313**	**1,432**	**175**
Acquisitions/divestments of subsidiaries	(20)			
Increase in impairments	2,484	863	1,297	165
Release of impairments	(418)	(45)	(386)	(15)
Write-offs of uncollectible loans	(309)		(142)	
Foreign exchange differences and other adjustments	(227)	2	(124)	(12)
Balance as at 31 December 2009 including held for sale assets	**3,587**	**1,133**	**2,077**	**313**
Less: classified as held for sale	954	242		
Balance as at 31 December 2009 excluding held for sale assets	**2,633**	**891**		

The specific provisions and collective provisions are described in more detail in note 7 'Risk Management'.

The carrying amount of real estate related to defaulted mortgages that has been acquired through foreclosure for which the intent is to sell in 2010 was EUR 11 million at 31 December 2009 (2008: EUR 11 million).

The impairment on financial lease receivables included in the amounts above was EUR 27 million at 31 December 2009 (2008: EUR 5 million).

18. Investments

The composition of Investments is as follows:

	Note	31 December 2009 excluding discontinued operations	31 December 2009 including discontinued operations	31 December 2008
Investments				
- Held to maturity	18.1	3,439	3,439	3,851
- Available for sale	18.2	63,030	64,572	109,972
- Held at fair value through profit or loss	18.3	1,991	2,257	2,828
- Reclassified as loans and receivables	18.5	23,495	23,506	
- Investment property	18.6	697	709	678
- Associates and joint ventures	18.7	1,791	2,099	456
Total		**94,443**	**96,582**	**117,785**
Less impairments:				
- on investments available for sale	18.2	(493)	(757)	(8,778)
- on investments reclassified as loans and receivables	18.5	(275)	(275)	
- on investment property	18.6	(16)	(16)	(6)
- on investments in associates and joint ventures		(21)	(130)	(20)
Total Investments		**93,638**	**95,404**	**108,981**

The increase in line 'Associates and joint ventures' is mainly related to Fortis Bank's investment of EUR 1,375 million in AG insurance which occurred in Q2 2009.

At year end 2009, Fortis Bank has pledged investments of EUR 88,388 million (2008: EUR 78,033 million) as collateral related to liabilities.

18.1. Investments held to maturity

The amortised cost and estimated fair value of Fortis Bank's Investments held to maturity as at 31 December are as follows:

	2009		2008	
	Carrying amount	Fair values	Carrying amount	Fair values
Government bonds	3,221	3,379	3,635	3,868
Corporate debt securities	218	196	216	217
Total investments held to maturity	**3,439**	**3,575**	**3,851**	**4,085**

There were no impairments on Held to maturity investments at 31 December 2009 and 2008.

18.2. Investments available for sale

The fair value and amortised cost of Available for sale investments including gross unrealised gains and gross unrealised losses is as follows:

	Historical/ amortised cost	Gross unrealised gains	Gross unrealised losses	Fair value adjustments from hedge accounting	Impairments	Fair value
31 December 2009						
Treasury bills and other eligible bills	609	1				610
Government bonds	45,585	1,242	(514)	388	(2)	46,699
Corporate debt securities	15,564	364	(403)	44	(109)	15,460
Structured credit instruments	816		(8)		(498)	310
Private equities and venture capital	30	6	(7)	(1)	(3)	25
Equity securities	643	77	(56)	(1)	(74)	589
Other investments	187	6			(71)	122
Total investments available for sale	**63,434**	**1,696**	**(988)**	**430**	**(757)**	**63,815**

	Historical/ amortised cost	Gross unrealised gains	Gross unrealised losses	Fair value adjustments from hedge accounting	Impairments	Fair value
31 December 2008						
Treasury bills and other eligible bills	371	1				372
Government bonds	51,025	1,122	(994)	527	(3)	51,677
Corporate debt securities	19,910	256	(753)	43	(140)	19,316
Structured credit instruments	42,774	6	(5,463)	(3)	(8,496)	28,818
Private equities and venture capital	43	8	(7)		(2)	42
Equity securities	901	49	(46)	(10)	(73)	821
Other investments	212	4	(4)		(64)	148
Total investments available for sale	**115,236**	**1,446**	**(7,267)**	**557**	**(8,778)**	**101,194**

The significant decrease in structured credit instruments between 31 December 2008 and 31 December 2009 was due in the first instance to the sale of part of the structured credit portfolio to Royal Park Investments (details of the sale can be found in Note 18.4, 'Structured credit instruments').

Secondly, a significant part of the structured credit instruments (SCI) was reclassified as 'loans and receivables' instead of 'available for sale'. Further details of this reclassification can be found in Note 18.5, 'Investments reclassified as loans and receivables'.

Government bonds detailed by country of origin

The government bonds detailed by country of origin are as follows at 31 December:

	Historical/ amortised cost	Gross unrealised gains (losses)	Fair value adjustments from hedge accounting	Impairments	Fair value
31 December 2009					
Belgian national government	10,929	27	228		11,184
Dutch national government	12,002	161	5		12,168
German national government	5,568	186	1		5,755
Italian national government	5,248	88	82		5,418
French national government	3,109	128			3,237
British national government	32				32
Greek national government	1,507	(1)	20		1,526
Spanish national government	1,997	3	33		2,033
Portuguese national government	1,598	47	11		1,656
Austrian national government	862	26			888
Finnish national government	342	19			361
Other national governments	2,391	44	8	(2)	2,441
Total government bonds	**45,585**	**728**	**388**	**(2)**	**46,699**

	Historical/ amortised cost	Gross unrealised gains (losses)	Fair value adjustments from hedge accounting	Impairments	Fair value
31 December 2008					
Belgian national government	8,091	(99)	239		8,231
Dutch national government	12,724	67	13		12,804
German national government	6,196	184			6,380
Italian national government	7,392	(125)	150		7,417
French national government	3,625	114	5		3,744
British national government	763				763
Greek national government	2,857	(115)	35		2,777
Spanish national government	2,274	2	54		2,330
Portuguese national government	2,614	53	18		2,685
Austrian national government	832	33			865
Finnish national government	694	18			712
Other national governments	2,963	(4)	13	(3)	2,969
Total government bonds	**51,025**	**128**	**527**	**(3)**	**51,677**

Net unrealised gains and losses on Available for sale investments included in equity

	31 December 2009	31 December 2008
Available for sale investments in equity securities and other investments:		
Carrying amount	736	1,011
Gross unrealised gains and losses	26	5
- Related tax	2	(18)
Net unrealised gains and losses	**28**	**(13)**
Available for sale investments in debt securities:		
Carrying amount	63,079	100,183
Gross unrealised gains and losses	682	(5,825)
- Related tax	(231)	655
Net unrealised gains and losses	**451**	**(5,170)**

Available for sale investments reported in equity securities and other investments, also include private equity and venture capital and all other investments, excluding debt securities.

The significant net decrease in unrealised gains and losses in equity on available for sale investments (debt securities) is mainly the result of reclassifying structured credit instruments (SCI), that were accounted for as available for sale, as loans and receivables which are now measured at amortised cost. The details of this reclassification can be found in Note 18.5, 'Investments reclassified as loans and receivables'.

As at 31 December 2009, the structured credit instruments (SCI) previously classified as 'available for sale' and now reclassified as 'loans and receivables', had unrealised losses of EUR 2,505 million (to which related taxes amounted to EUR 717 million) in equity. These amounts will be released from equity to the income statement on an effective interest rate basis over the remaining life of the securities.

Impairments on Investments available for sale

The following table shows the breakdown of impairments on Investments available for sale.

	31 December 2009 excluding discontinued operations	31 December 2009 including discontinued operations	31 December 2008
Impairments on investments available for sale:			
- in equity securities and other investments	(139)	(148)	(139)
- in debt securities	(354)	(609)	(8,639)
Total impairments on investments available for sale	**(493)**	**(757)**	**(8,778)**

The change in impairments on available for sale investments are as follows:

	2009	2008
Balance as at 1 January	**8,778**	**2,489**
Balance of discontinued operations as at 1 January 2008		9
Balance as at 1 January	**8,778**	**2,480**
Increase in impairments	1,454	6,192
Release of impairments	(1,680)	(43)
Reversal on sale/disposal	(7,406)	(22)
Foreign exchange differences and other adjustments	(389)	171
Balance as at 31 December 2009 including held for sale assets	**757**	**8,778**
Less: classified as held for sale	264	
Balance as at 31 December 2009 excluding held for sale assets	**493**	

Fortis Bank has deployed investment strategies on which (micro) fair value hedge accounting is applied. The general objective of these strategies is to take a medium or long-term investment position on the credit spread between a bond and the swap curve over a certain period. The interest swap associated with the bond is designated to hedge the underlying bond against adverse changes in the interest rate. The hedged risk is interest-rate risk. Credit risk is currently not being hedged. The principal hedged items concern government bonds, corporate debt securities and structured credit instruments.

Changes in the fair value of the investments attributable to the hedged interest rate risk are presented as 'Fair value adjustments from hedge accounting'. Furthermore, Fortis Bank hedges interest rate risk of fixed-rate bonds on a portfolio basis (macro hedging) using primarily interest-rate swaps as hedging instruments.

The hedged bonds are bond assets with the following features:
- denominated in local currency (euro) ;
- fixed term to maturity ;
- fixed principal amounts ;
- fixed interest payment dates ;
- accounted for as available for sale.

Bonds with these features form the portfolio of bond assets from which the hedged item are designated. Bond assets included in a portfolio hedge for interest rate risk need to share the risk characteristics being hedged. Bond cash flows are allocated to monthly time buckets based on contractual maturity dates.

The hedging instruments are *plain vanilla* interest rate swaps entered into with external counterparties at market rates prevailing at the time of the transaction.

Changes in the fair value of the bonds which are attributable to the hedged interest rate risk are presented as 'Fair value adjustments from hedge accounting' in order to adjust the carrying amount of the bonds. The difference between the fair value and the carrying value of the hedged bonds at designation of the hedging is amortised over the remaining life of the hedged item and is reported in 'Fair value adjustments from hedge accounting'.

Fortis Bank applies cash flow hedges in order to hedge exposure to the variability in cash flows resulting from floating rate bonds in available for sale portfolios. Changes in the clean fair value of the derivatives designated as hedging instruments are recognised as unrealised gains or losses in equity, and any hedge ineffectiveness is immediately recognised in the income statement.

Fortis Bank hedges the foreign currency risk on selected equity securities portfolios. For these hedging relationships Fortis Bank has designated non-derivative financial liabilities as hedging instruments.

If the deposit or current account qualifies as a hedging instrument, the foreign exchange differences of the hedging instrument and the foreign exchange component of the fair value change of the hedged instrument are reported directly in the income statement. Investments available for sale include the foreign exchange related fair value adjustment on the hedged equity securities, reported in 'Fair value adjustments from hedge accounting'.

As of 12 May 2009, Fortis Bank harmonised its effectiveness-testing methodology for hedge accounting with BNP Paribas. A number of hedge relationships were discontinued as of that date and new ones were set up. The impact of harmonising this methodology involves two elements:

- Fair value adjustments of the hedged items in the old hedge relationships were stopped.
- A new starting difference occurred between the fair value and the carrying amount of the hedged available for sale securities on the designation of the new hedge relationship. This difference, together with the starting difference of the old hedge relationship, will be reverse-amortised over the remaining life of the hedged available for sale securities and reported under 'Fair value adjustment from hedge accounting'.

18.3. Investments held at fair value through profit or loss

The following table provides information as at 31 December about the Investments that are held at fair value and for which unrealised gains or losses are recorded through profit or loss.

	31 December 2009 excluding discontinued operations	31 December 2009 including discontinued operations	31 December 2008
Corporate debt securities	28	28	48
Structured credit instruments	481	481	1,523
Private equities and venture capital	501	626	825
Equity securities	340	340	177
Other investments	641	782	255
Total investments held at fair value through profit or loss	**1,991**	**2,257**	**2,828**

In the Merchant Banking segment, some investments made by private equity entities of Fortis Bank are measured at fair value through profit or loss, reflecting the business of investing in financial assets in order to profit from their total return in the form of interest or dividend and changes in fair value. Some investments with long-term fixed interest rates are hedged by interest rate swaps. Investments and interest rate swaps are both designated at fair value through profit or loss, reducing a potential accounting mismatch.

The amortised cost of the debt securities and structured credit instruments held at fair value through profit or loss as at 31 December 2009 is EUR 695 million (2008: EUR 1,553 million) and the carrying value is EUR 509 million (2008: EUR 1,571 million). The decrease on structured credit instruments was due to the sale of part of the structured credit portfolio to Royal Park Investments occurred in 2009 (details of the sale can be found in Note 18.4, 'Structured credit instruments').

18.4. Structured credit instruments

Fortis Bank holds structured credit instruments (SCIs) as part of its investment portfolio. SCIs are securities created by repackaging cash flows from financial products. They encompass asset-backed securities (ABS), mortgage-backed securities (MBS) and collateralised debt obligations (CDOs). The exposure to structured credit instruments is categorised in the Consolidated Financial Statements as investments available-for-sale, investments reclassified as loans and receivables, investments held at fair value through profit or loss and assets held for trading and due from customers (and, in 2008, other assets).

Net exposure to global structured credit instruments as at 31 December can be detailed as follows:

	31 December 2009		31 December 2008	
	Total net exposure excl. SPE assets	Total net exposure incl. SPE assets	Total net exposure excl. SPE assets	Total net exposure incl. SPE assets
SCI under Assets held for trading (note 15.1)	68	296	682	883
SCI under Due from Customers (loans available for sale) (note 17)	100	100	174	174
SCI under Investments available for sale (note 18.2)	310	310	28,818	29,088
SCI under Investments held at fair value trough profit or loss (note 18.3)	481	481	1,523	1,523
SCI under Loans and receivables (note 18.5)	23,231	23,231		
Other			4,141	4,141
Total	**24,190**	**24,418**	**35,338**	**35,809**

Part of the portfolio of structured credit instruments (the 'Portfolio Out') was sold in May 2009 to the special purpose vehicle Royal Park Investments SA/NV (RPI). RPI was incorporated pursuant to the *Protocole d'Accord*, subsequently amended by *Avenant* No. 3 of 12 March 2009 agreed by BNP Paribas, the Belgian State, SFPI/FPIM (Société Fédérale de Participation et d'Investissement / Federale Participatie en Investeringsmaatschappij), Fortis Holding, Fortis Bank and others. RPI is jointly owned by Fortis Holding (45%), the Belgian state through the SFPI/FPIM (43%) and BNP Paribas (12%).

The sale of the Portfolio Out to RPI took place on 12 May 2009 based on a valuation of the underlying instruments as at 31 August 2008. The portfolio was sold for EUR 11.7 billion (carrying amount as of date of sale). The price took account of redemptions and exchange rate fluctuations between 31 August 2008 and 12 May 2009. The corresponding face value (nominal value minus redemptions) of the portfolio as of date of sale amounted to EUR 20.2 billion.

At December 2008, the SCI portfolio was mainly valued using fair values determined in whole or in part by applying a valuation technique and not based on the prices as determined in the Protocole d'Accord concluded on 10 October 2008 between Fortis, BNP Paribas and the SFPI/FPIM. As indicated in note 18.4.3 to the Consolidated Financial Statements 2008, on 10 October 2008, a Share Purchase Agreement was entered into, amongst others, by Fortis SA/NV, SFPI/FPIM and Fortis Bank as a fall-back scenario in case the Protocole d'Accord with BNP Paribas would not take effect. Under this Share Purchase Agreement, the Company had the obligation to sell certain of its structured credit instruments, at a price contractually determined on the basis of the situation at 31 August 2008, to a special-purpose vehicle (SPV) to be funded by Fortis SA/NV and SFPI/FPIM. However, since no agreement was reached on which specific instruments are to be sold and considering the uncertainties on the effective execution of the fall back scenario, the structured-credit portfolio as of 31 December 2008 has been valued without considering the aforementioned obligation.

Also on 12 May 2009, a substantial part of the retained SCI portfolio was transferred to investments reclassified as loans and receivables, applying the amendments to IAS 39, *Financial Instruments: Recognition and Measurement*, and IFRS 7, *Financial Instruments: Disclosures* (see Note 18.5 'Investments reclassified as loans and receivables'). This reclassification concerned financial assets that were previously recognised as available for sale investments, assets held for trading and other assets. The reclassification of these financial assets reflects the change in the intent and ability of Fortis Bank to hold them in the foreseeable future.

At December 2009, part of this portfolio carries guarantee by the Belgian State on the second level of loss. Beyond a first tranche of final loss, (EUR 3.5 billion) the Belgian State guarantees on demand a second loss tranche up to EUR 1.5 billion.

At 31 December 2008, 'Other' consisted primarily of the asset pools of Scaldis, as reported under other assets. Scaldis is fully consolidated with Fortis Bank and is a conduit that purchases eligible assets from investment grade, non-investment grade and unrated sellers. The asset pools contained continuous financing of third-party clients' assets, such as consumer and auto loans, trade receivables, mortgages and lease receivables. Part of these pools has been transferred synthetically to RPI and the remainder has been transferred to loans and receivables.

The part transferred to loans and receivables is measured at amortised cost (being the fair value at reclassification date), and the credit risk assessment, which could lead to potential further impairment, is made on the basis of the present value of estimated future cash flows (and no longer on the basis of fair value movements). The remaining structured credit instruments (not transferred to loans and receivables) are measured at fair value.

Fortis Bank applies the approach described below when valuing and measuring its structured credit portfolio and determining triggers for impairment and impairment levels in that portfolio.

The impairment losses on structured credit instruments are reported in the income statement under 'Change in impairments' (Note 42). As is the case for other financial assets, Fortis Bank applies a two-step approach in the impairment testing of structured credit instruments. Firstly, an assessment is made to determine the existence of objective evidence that the financial asset is potentially to be impaired, followed by recognition and measurement of the impairment loss, if any.

Fortis Bank established the following process to assess the objective evidence of impairment. Firstly, a selection of files is composed based on various criteria such as a modelled principal write-down of more than 1%, a public rating of BB+ or worse and other indicators.

This selection is completed with files that were put on the watch list and with files that had already been impaired. All selected files are thus analysed on a line-by-line basis using a qualitative (e.g. classical credit technical approach) or a quantitative (e.g. cash flow analysis with stress testing) methodology where deemed appropriate.

Fortis Bank identifies the impaired status of the individual assets in the credit spread portfolio by performing a credit analysis on the portfolio. For the purpose of impairment tests, Front office and Risk Management have developed certain stress scenarios and assessment criteria, taking into account the characteristics of the different product types.

A collective provision and an additional collective provision related to SCI are set up to deal with uncertainties concerning structured credit instruments in terms of rating evolutions and estimates of expected losses on the underlying assets. The collective provision contains the sub-investment grade positions downgraded since the date of reclassification, whereas the additional collective provision reflects the risk for future downgrades of the investment grade part of the portfolio. As of 31 December 2009, a collective provision of EUR 40 million and an additional collective provision of EUR 266 million were recognised.

If an investment classified as available for sale is impaired, the total difference between the acquisition cost and the current fair value of the instrument will be recognised as an impairment loss in the income statement.

In the case of investments reclassified as loans and receivables, impairments are limited to the losses reflecting the deterioration of the credit quality and no longer reflect other changes in the fair value of the investments. In the first half of 2009, the sale of the Portfolio OUT has given rise to a positive valuation in Other realised and unrealised gains and losses of EUR 198 million and to a net reversal of impairments of EUR 289 million.

Fair value changes related to structured credit instruments reported as assets held for trading or investments held at fair value through profit or loss are shown under other realised and unrealised gains and losses in the income statement (Note 40).

18.5. Investments reclassified as loans and receivables

Applying the amendments to IAS 39, *Financial Instruments: Recognition and Measurement*, and IFRS 7, *Financial Instruments: Disclosures* (see Note 1.3.3 'Changes in classifications'), Fortis Bank has opted to transfer certain financial assets as investments reclassified as loans and receivables on 12 May 2009, instead of available-for-sale investments, assets held for trading and other assets. The reclassification of these financial assets reflects the change in the intent and ability of Fortis Bank to hold them in the foreseeable future.

Financial assets that have been reclassified as loans and receivables are initially recognised at their fair value on the date of reclassification, which became their new cost base at that date. Subsequent measurement is at amortised cost.

As of the reclassification date, the weighted average effective interest rate on financial assets reclassified as loans and receivables was 7.157% and the expected recoverable cash flows were EUR 18,531 million.

The assets that were reclassified on 12 May 2009 are summarised in the following table:

	Carrying amount as of reclassification date	Carrying amount as of 31 December 2009	Fair value as of 31 December 2009
Held for trading portfolio assets reclassified as loans and receivables	108	60	126
Available for sale portfolio assets reclassified as loans and receivables	21,312	21,014	22,011
Other assets reclassified as loans and receivables	2,030	2,157	2,157
Total financial assets reclassified to Loans and receivables	**23,450**	**23,231**	**24,293**

The following table shows the impact of the reclassified assets on the income statement since the reclassification date:

	Since reclassification date
Effect on income statement:	
Realised and unrealised gains	5
Realised and unrealised losses	(4)
Interest income	298
Change in impairments	(272)

The amount of impairments includes an amount of EUR 40 million for collective provision and an amount of EUR 189 million for additional collective provision.

The table below shows the fair value gain or loss related to the reclassified assets that would have been recorded in equity or income statement (between the reclassification date and 31 December 2009) if the reclassification had not taken place.

Change in fair value that would have been recognised in income statement or equity if the assets had not been reclassified:	*31 December 2009*
- in income statement	12
- in equity	1,269

18.6. Investment property

Investment property mainly comprises residential, commercial and mixed use real estate, located primarily in the Benelux countries. The following table shows the changes in Investment property for the year ended 31 December.

	2009	2008
Acquisition cost as at 1 January	**800**	**803**
Acquisition cost of discontinued operations as at 1 January 2008		41
Acquisition cost as at 1 January	**800**	**762**
Acquisitions/divestments of subsidiaries	62	(35)
Additions/purchases	43	69
Capital improvements		
Disposals	(73)	(39)
Transfers from (to) property, plant and equipment	2	
Foreign exchange differences		
Other	18	43
Acquisition cost as at 31 December including held for sale assets	**852**	**800**
Less: classified as held for sale	16	
Acquisition cost as at 31 December excluding held for sale assets	**836**	
Accumulated depreciation as at 1 January	**(122)**	**(114)**
Acquisitions/divestments of subsidiaries	(4)	1
Depreciation expense	(24)	(24)
Reversal of depreciation due to disposals	7	13
Transfers from (to) property, plant and equipment		
Foreign exchange differences		
Other		2
Accumulated depreciation as at 31 December including held for sale assets	**(143)**	**(122)**
Less: classified as held for sale	(4)	
Accumulated depreciation as at 31 December excluding held for sale assets	**(139)**	
Impairments as at 1 January	**(6)**	**(1)**
Acquisitions/disposals of subsidiaries	(10)	
Increase in impairments	(10)	(5)
Reversal of impairments		
Reversal of impairments due to disposals	10	
Foreign exchange differences		
Other		
Impairments as at 31 December including held for sale assets	**(16)**	**(6)**
Less: classified as held for sale		
Impairments as at 31 December excluding held for sale assets	**(16)**	
Net investment property as at 31 December including held for sale assets	**693**	**672**
Less: classified as held for sale	12	
Net investment property as at 31 December excluding held for sale assets	**681**	
Cost of investment property under construction	51	28
Investment Property held under finance lease		

The fair value of Investment property is set out below.

	31 December 2009	31 December 2008
Fair values supported by market evidence	88	302
Fair value subject to an independent valuation	671	483
Total fair value of investment property	**759**	**785**
Total carrying amount	693	672
Gross unrealised gain/loss	66	113
Taxation	(8)	(36)
Net unrealised gain/loss (not recognised in equity)	**58**	**77**

The fair value of investment property is determined by external experts based on the sale value in the event of the cessation of banking activities. The sale value is calculated based on the intrinsic value, new value and renting value. The expert determines the orderly sale value based on these three factors and taking into account local market evolutions.

Property rented out under operating lease

Fortis Bank rents certain assets – mainly property held for investment purposes – to external parties based on operating lease agreements. At 31 December the minimum lease payments to be received from irrevocable agreements amounted to:

	2009	2008
Not later than 3 months	333	122
Later than 3 months and not later than 1 year	62	153
Later than 1 year and not later than 5 years	207	291
Later than 5 years	261	175
Total	**863**	**741**

18.7. Investments in associates and joint ventures

The following table provides an overview of the most significant Investments in associates and joint ventures as at 31 December.

	2009 Carrying amount	2008 Carrying amount
Joint ventures		
Banque de La Poste S.A. - Bank van De Post N.V.		84
Postbank Ireland LTD	13	17
Associates		
AG insurance	1,520	
Textainer Marine Containers LTD	46	48
Fortis Intertrust Group Holding		36
Belgolaise	30	28
TCG Fund I, L.P.	17	
Aviation Cap Group Partners LLC	11	27
Fortis Haitong Investment Management Co Ltd	29	26
Teda	83	
Trip Rail Leasing LLC	20	19
Fortis Luxembourg - Vie S.A. BNPP	22	19
RFH, TLD	18	16
US Wind Farms	59	
Credissimo	13	13
CF Leasing LTD		10
Crédit pour habitations sociales - Krediet voor sociale woningen	12	10
Other	76	83
Total investments in associates and joint ventures	**1,969**	**436**

Fortis bank's share in result of its associates and joint ventures amounts to EUR 70 million as at 31 December 2009.

As from second quarter of 2009, Banque de la Poste / Bank van De Post is accounted for using proportionate consolidation method and no longer using equity method, further detail of the change in consolidation method can be found in note 2.

The figures in the table above include discontinued operations. Fortis Haitong Investment Management Co Ltd, Teda and US Wind Farms are the main entities that have been classified as held for sale. Further detail of discontinued operations can be found in note 4.

Fortis Bank's interests in its principal associates for the year ended 31 December are as follows:

	Total assets	Total liabilities	Total income	Total expenses
2009				
AG Insurance	56,736	52,840	10,041	(9,606)
Textainer Marine Containers LTD	544	334	82	(49)
Fortis Intertrust Group Holding	-	-	-	-
Belgolaise	50	20	5	(4)
Aviation Cap Group Partners LLC	393	362	24	(18)
Fortis Haitong Investment Mgt Co LTD	74	17	47	(28)
Fortis Luxembourg - Vie S.A.	6,802	6,709	454	(443)
RFH LTD	26	2	9	(3)
Credissimo	368	355	14	(14)
CF Leasing LTD	-	-	-	-

	Total assets	Total liabilities	Total income	Total expenses
2008				
Textainer Marine Containers LTD	558	376	92	(67)
Fortis Intertrust Group Holding	2,813	2,523	354	(307)
Belgolaise	52	23	32	(32)
Aviation Cap Group Partners LLC	413	386	46	(36)
Fortis Haitong Investment Mgt Co Ltd	62	12	57	(40)
Fortis Luxembourg - Vie S.A.	5,751	5,677	100	(89)
RFH TLD	32		18	(6)
Credissimo	273	260	10	(10)
CF Leasing LTD	94	76	13	(8)

Investments in joint ventures

Companies that Fortis Bank owns and controls jointly with other companies (joint ventures) are accounted for using the proportionate method, apart from certain joint ventures of minor importance that are still measured using the equity method. The most significant joint venture in which Fortis Bank participates is Bank van De Post/Banque de La Poste. Financial data about Bank van De Post/Banque de La Poste at 2009 year-end can be found in Note 2 'Change in consolidation method for joint ventures'.

The following table shows the financial data for Fortis Bank's joint venture Postbank Ireland Ltd. on a 100% basis.

	2009	2008
Joint venture Postbank Ireland Ltd (on a 100% basis)		
Income	31	28
Expenses	(48)	(50)
Total assets	557	429
Total liabilities	506	362

19. Trade and other receivables

The table below shows the components of Trade and other receivables as at 31 December.

	31 December 2009 excluding discontinued operations	*31 December 2009 including discontinued operations*	*31 December 2008*
Fees and commissions receivable	2	160	184
Factoring receivables			
Receivables related to securities transactions with banks	33	33	27
Receivables related to securities transactions with customers	15	128	474
Other	2,222	2,425	5,013
Total	**2,272**	**2,746**	**5,698**
Less: Impairments	(25)	(30)	(18)
Total trade and other receivables	**2,247**	**2,716**	**5,680**

Other receivables include receivables related to VAT and other indirect taxes as well as transitory balances related to clearing activities.

Changes in impairments of Trade and other receivables

The following table shows the changes in the impairments of Trade and other receivables.

	2009	*2008*
Balance as at 1 January	**18**	**9**
Balance of discontinued operations as at 1 January 2008		4
Balance as at 1 January	**18**	**5**
Increase in impairments	134	15
Reversal of impairments	(120)	
Write-offs of uncollectible amounts	(2)	(2)
Foreign exchange differences and other adjustments		
Balance as at 31 December 2009 including held for sale assets	**30**	**18**
Less: classified as held for sale	5	
Balance as at 31 December 2009 excluding held for sale assets	**25**	

20. Property, plant and equipment

The table below shows the carrying amount for each category of Property, plant and equipment as at 31 December.

	31 December 2009 excluding discontinued operations	31 December 2009 including discontinued operations	31 December 2008
Land and buildings held for own use	1,235	1,272	1,259
Leasehold improvements	178	224	246
Equipment	590	651	753
Buildings under construction			23
Total property, plant and equipment	**2,003**	**2,147**	**2,281**

Changes in Property, plant and equipment

Changes in Property, plant and equipment for the years 2008 and 2009 are shown below.

					2009
	Land and Buildings held for own use	Leasehold improve-ments	Equipment	Buildings under construction	Total
Acquisition cost as at 1 January	**2,170**	**498**	**1,393**	**23**	**4,084**
Acquisitions/divestments of subsidiaries		(2)	(6)		(8)
Additions	136	65	93		294
Reversal of cost due to disposals	(58)	(98)	(124)		(280)
Transfer from (to) investment property	(2)				(2)
Foreign exchange differences		2	(13)		(11)
Other	3	4	41	(23)	25
Acquisition cost as at 31 December including held for sale assets	**2,249**	**469**	**1,384**		**4,102**
Less: classified as held for sale	63	95	216		374
Acquisition cost as at 31 December excluding held for sale assets	**2,186**	**374**	**1,168**		**3,728**
Accumulated depreciation as at 1 January	**(882)**	**(252)**	**(621)**		**(1,755)**
Acquisitions/divestments of subsidiaries			2		2
Additions		(2)	(6)		(8)
Depreciation expense	(101)	(54)	(144)		(299)
Reversal of depreciation due to disposals	43	58	93		194
Transfer from (to) investment property					
Foreign exchange differences			1		1
Other		6	(9)		(3)
Accumulated depreciation as at 31 December including held for sale assets	**(940)**	**(244)**	**(684)**		**(1,868)**
Less: classified as held for sale	(26)	(49)	(154)		(229)
Accumulated depreciation as at 31 December excluding held for sale assets	**(914)**	**(195)**	**(530)**		**(1,639)**
Impairments as at 1 January	**(29)**		**(19)**		**(48)**
Increase in impairments	(13)	(1)	(49)		(63)
Reversal of impairments		1			1
Reversal of impairments due to disposals	5		17		22
Other		(1)	2		1
Impairments as at 31 December including held for sale assets	**(37)**	**(1)**	**(49)**		**(87)**
Less: classified as held for sale			(1)		(1)
Impairments as at 31 December excluding held for sale assets	**(37)**	**(1)**	**(48)**		**(86)**
Property, plant and equipment as at 31 December including held for sale assets	**1,272**	**224**	**651**		**2,147**
Less: classified as held for sale	37	46	61		144
Property, plant and equipment as at 31 December excluding held for sale assets	**1,235**	**178**	**590**		**2,003**

	2008				
	Land and Buildings held for own use	*Leasehold improve-ments*	*Equipment*	*Buildings under construction*	*Total*
Acquisition cost as at 1 January	**2,314**	**738**	**1,641**	**56**	**4,749**
Acquisition cost of discontinued operations as at 1 January	129	261	345		735
Acquisition cost of continuing operations as at 1 January	**2,185**	**477**	**1,296**	**56**	**4,014**
Acquisitions/divestments of subsidiaries	(38)	(4)	(12)		(54)
Additions	106	67	237	10	420
Reversal of cost due to disposals	(72)	(16)	(141)		(229)
Foreign exchange differences	(10)	(26)	7		(29)
Other	(1)		6	(43)	(38)
Acquisition cost as at 31 December	**2,170**	**498**	**1,393**	**23**	**4,084**
Accumulated depreciation as at 1 January	**(858)**	**(344)**	**(824)**		**(2,026)**
Accumulated depreciation of discontinued operations as at 1 January	(33)	(119)	(259)		(411)
Accumulated depreciation of continuing operations as at 1 January	**(825)**	**(225)**	**(565)**		**(1,615)**
Acquisitions/divestments of subsidiaries	4	(1)	8		11
Depreciation expense of continuing operations	(93)	*(50)*	(151)		(294)
Reversal of depreciation due to disposals	32	15	80		127
Foreign exchange differences	1	8	6		15
Other	(1)	1	1		1
Accumulated depreciation as at 31 December	**(882)**	**(252)**	**(621)**		**(1,755)**
Impairments as at 1 January	**(7)**		**(1)**		**(8)**
Impairments of discontinued operations as at 1 January	(4)				(4)
Impairments of continuing operations as at 1 January	**(3)**		**(1)**		**(4)**
Divestments of subsidiaries					
Increase in impairments from continuing operations	(28)		(18)		(46)
Reversal of impairments from continuing operations	2				2
Reversal of impairments due to disposals					
Other					
Impairments as at 31 December	**(29)**		**(19)**		**(48)**
Property, plant and equipment as at 31 December	**1,259**	**246**	**753**	**23**	**2,281**

Of the Property, plant and equipment listed above, there was no amount that have been pledged as collateral for loans (2008: 0 million).

At 31 December 2009, Property, plant and equipment included no amount related to capitalised funding costs (2008: EUR 0 million).

Fair value of Land and buildings held for own use.

The depreciation of buildings is calculated using the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. The real estate is split into the following components: structure, closing, techniques and equipment, heavy finishing and light finishing.

Land has an unlimited useful life and is therefore not depreciated. IT and office equipment are depreciated over their respective useful lives, which have been determined individually. As a general rule, residual values are considered to be zero.

21. Goodwill and other intangible assets

Goodwill and other intangible assets as at 31 December are as follows:

	31 December 2009 excluding discontinued operations	*31 December 2009 including discontinued operations*	*31 December 2008*
Goodwill	292	1,706	1,609
Purchased software	40	56	82
Internally developed software	12	17	16
Other intangible assets	5	56	285
Total goodwill and other intangible assets	**349**	**1,835**	**1,992**

Goodwill is tested for impairment at least annually by comparing the recoverable amount to the carrying value. Other intangible assets are amortised in accordance with the expected lives of the assets.

Other intangible assets include intangible assets with definite useful lives, such as concessions, patents, licences, trademarks and other similar rights. In general, software is amortised over a maximum of five years and other intangible assets have an expected useful life of 10 years at most.

With the exception of goodwill, Fortis Bank does not have intangible assets with indefinite useful lives.

Changes in Goodwill and other intangible assets

Changes in Goodwill and other intangible assets for the years 2009 and 2008 are shown below.

					2009
	Goodwill	Purchased software	Internally developed software	Other intangible assets	Total
Acquisition cost as at 1 January	**3,019**	**308**	**407**	**759**	**4,493**
Acquisitions/divestments of subsidiaries	7				7
Additions	8	28	9	6	51
Reversal of cost due to disposals		(17)	(10)	(69)	(96)
Transfer due to change in consolidation method	920	(1)			919
Foreign exchange differences	56	(1)		10	65
Other	(8)	(6)		17	3
Acquisition cost as at 31 December including held for sale assets	**4,002**	**311**	**406**	**723**	**5,442**
Less: classified as held for sale	3,411	103	11	553	4,078
Acquisition cost as at 31 December excluding held for sale assets	**591**	**208**	**395**	**170**	**1,364**
Accumulated amortisation as at 1 January		**(183)**	**(23)**	**(240)**	**(446)**
Acquisitions/divestments of subsidiaries		1			1
Amortisation expense		(44)	(4)	(66)	(114)
Reversal of amortisation due to disposals		15	10	24	49
Foreign exchange differences		1		(5)	(4)
Other				(22)	(22)
Accumulated amortisation as at 31 December including held for sale assets		**(210)**	**(18)**	**(309)**	**(537)**
Less: classified as held for sale		(86)	(1)	(169)	(256)
Accumulated amortisation as at 31 December excluding held for sale assets		**(124)**	**(17)**	**(140)**	**(281)**
Impairments as at 1 January	**(1,410)**	**(43)**	**(368)**	**(234)**	**(2,055)**
Divestments of subsidiaries					
Increase in impairments	(218)	(4)	(3)	(165)	(390)
Reversal of impairments					
Transfer due to change in consolidation method	(648)				(648)
Foreign exchange differences	(38)			(2)	(40)
Other	18	2		43	63
Impairments as at 31 December including held for sale assets	**(2,296)**	**(45)**	**(371)**	**(358)**	**(3,070)**
Less: classified as held for sale	(1,997)	(1)	(5)	(333)	(2,336)
Impairments as at 31 December excluding held for sale assets	**(299)**	**(44)**	**(366)**	**(25)**	**(734)**
Goodwill and other intangible assets as at 31 December including held for sale assets	**1,706**	**56**	**17**	**56**	**1,835**
Less: classified as held for sale	1,414	16	5	51	1,486
Goodwill and other intangible assets as at 31 December excluding held for sale assets	**292**	**40**	**12**	**5**	**349**

The impairment of other intangibles for EUR 165 million primarily concerns intangibles of Fortis Investments relating to client relationships acquired via the purchase of ABN AMRO Asset Management in April 2008 (EUR 116 million), renamed Fortis Investment NL Holding N.V.

	2008				
	Goodwill	*Purchased software*	*Internally developed software*	*Other intangible assets*	*Total*
Acquisition cost as at 1 January	**1,025**	**304**	**272**	**209**	**1,810**
Acquisition cost of discontinued operations as at 1 January	54	49	21		124
Acquisition cost of continuing operations as at 1 January	**971**	**255**	**251**	**209**	**1,686**
Acquisitions/divestments of subsidiaries	3,309	8	2	538	3,857
Additions	6	54	191	12	263
Reversal of cost due to disposals		(2)	(44)		(46)
Foreign exchange differences	(328)	(6)		(8)	(342)
Other	(939)	(1)	7	8	(925)
Acquisition cost as at 31 December	**3,019**	**308**	**407**	**759**	**4,493**
Accumulated amortisation as at 1 January		**(163)**	**(3)**	**(86)**	**(252)**
Accumulated amortisation of discontinued operations as at 1 January		(40)			(40)
Accumulated amortisation of continuing operations as at 1 January		**(123)**	**(3)**	**(86)**	**(212)**
Acquisitions/divestments of subsidiaries		(7)		(30)	(37)
Amortisation expense of continuing operations		(51)	(11)	(78)	(140)
Reversal of amortisation due to disposals					
Foreign exchange differences		3		7	10
Other		(5)	(9)	(53)	(67)
Accumulated amortisation as at 31 December		**(183)**	**(23)**	**(240)**	**(446)**
Impairments as at 1 January					
Impairments of discontinued operations as at 1 January					
Impairments of continuing operations as at 1 January					
Divestments of subsidiaries					
Increase in impairments from continuing operations	(1,441)	(43)	(412)	(236)	(2,132)
Reversal of impairments from continuing operations					
Foreign exchange differences	30				30
Other	1		44	2	47
Impairments as at 31 December	**(1,410)**	**(43)**	**(368)**	**(234)**	**(2,055)**
Goodwill and other intangible assets as at 31 December	**1,609**	**82**	**16**	**285**	**1,992**

Impairment of goodwill

Impairment testing of goodwill is performed annually at the end of the year by comparing the recoverable amount of cash-generating units (CGU) with their carrying amount. The recoverable amount is the higher of either the value in use or fair value less costs to sell. The type of acquired assets or entity determines the definition of the type of CGU. Currently all CGUs have been defined at (legal) entity level.

The recoverable amount based on the value in use method of a CGU is assessed by means of a discounted cash-flow model of the CGU's anticipated future cash flows. The key assumptions used in the cash-flow model depend on input that reflects various financial and economic variables, including the risk-free rate in a given country and a premium to cover the inherent risk of the entity concerned. These variables are determined on the basis of management's judgement. If the entity is listed on the stock market, its market price will also be a factor in the assessment.

The fair value less cost to sell is determined based on the best indication of price if available.

The fair value less cost to sell was applied for all entities reported under 'Assets held for sale' and for which value in use is no longer applicable.

The breakdown of goodwill and impairments for the main cash-generating units as at 31 December 2009 is as follows:

	Goodwill amount (gross)	Impairments 2009	Cumulative Impairments	Net amount	Segment	Method used in 2009 for recoverable amount
Cash-generating unit (CGU)						
Fortis Investments	2,256	(86)	(1,070)	1,186	Asset Management	Fair value
Alpha Credit	22			22	Retail Banking	Value in use
Artemis	896	(96)	(694)	202	Asset Management	Fair value
Fortis Energy	131		(131)	0	Merchant Banking	
Captive Finance Limited	18	(18)	(18)	0	Merchant Banking	Fair value
Dominet S.A.	206		(206)	0	Retail Banking	
Fortis Bank AS (Turkey)	246			246	Multi-segment banking	Value in use
Fundamentum Asset Management	28		(28)	0	Private Banking	
Montag & Caldwell	102		(102)	0	Asset Management	
Von Essen KG Bank	28		(28)	0	Retail Banking	
Other	69	(18)	(19)	50		Value in use and Fair value
Total goodwill and impairment loss	**4,002**	**(218)**	**(2,296)**	**1,706**		

Goodwill impairment testing as required by IFRS was performed in the fourth quarter of 2009.

For entities for which value in use calculation was relevant, Fortis Bank performed the test by comparing their recoverable amount, computed using the anticipated future cash flows and the carrying value of the various entities. The outcome for some of the entities turned out to be an impairment.

The different elements of the discount rate used in the discounted cash flow model were calculated taking into account differentiated parameters reflecting the market's assessment, if available, of the risk specific to the type of business or to the entity. The objective was to use a rate of return that investors would require if they were to choose an investment that would generate cash flow similar in timing, risk and amount to the one that the Bank expects to derive from the entity.

To be able to fulfil this objective, discount rates were built up based on three elements, each of which was separately assessed for each entity:

- The risk-free rate is differentiated by currency and country and based on market assessment on the date the impairment test is performed.
- The equity risk premium representing the return above and beyond the risk-free rate an investor expects to earn as compensation for assuming greater risk is differentiated per country and currency.
- The beta is based on market data from specialist data providers based on peer comparisons. The beta attempts to reflect the sensitivity of the equity price to movements in the broader market.

Expected cash flows were submitted by each of the entities and represent management's best estimate. The growth rate used to determine the expected cash flows is based, for Fortis Bank Turkey, on the local sector growth rate in loans, and for Alpha Credit, on management expectations concerning the portfolio of personal loans.

For entities reported according to IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* (see note 4, Non-current assets classified as held for sale and discontinued operations), fair value less costs to sell has been used to assess the recoverable amount and corresponding (potential) impairment. These entities are indeed subject to sale transactions and the fair value has been aligned with the price to be received for the entities.

The recognised impairment reflects a combination of external factors (including the overall deterioration of the economic environment and uncertainty about growth perspectives) and internal factors (relating to the reorganisation of Fortis Bank).

22. Accued interest and other assets

The table below shows the components of Accrued interest and other assets as at 31 December.

	31 December 2009 excluding discontinued operations	31 December 2009 including discontinued operations	31 December 2008
Deferred other charges	204	266	550
Accrued interest income	15,324	16,004	44,635
Accrued other income	112	469	812
Derivatives held for hedging purposes	323	323	296
Buildings held for sale	28	28	46
Defined benefit assets	2,554	2,572	301
Other	27,667	28,694	44,296
Total gross	**46,212**	**48,356**	**90,936**
Less: impairments	(472)	(812)	(34)
Total accrued interest and other assets	**45,740**	**47,544**	**90,902**

Derivatives held for hedging purposes contain the positive fair value of all derivatives qualifying as hedging instruments EUR 308 million (2008: EUR 296 million) is related to fair value hedges. The hedging strategies are further explained in note 7 'Risk Management'.

For more details on 'defined benefit assets' see note 9: 'Post-employment benefits, Other long-term employee benefits and Termination benefits'.

All purchases and sales of financial assets requiring delivery within the time frame established by regulation or market convention are recognised on the trade date, i.e. the date when Fortis Bank becomes a party to the contractual provisions of the instrument. The line Other contains temporary balancing amounts between trade date and settlement date.

The line 'Other' also includes the asset pools of Scaldis (2009: EUR 842 million ; 2008: EUR 4,141 million). The asset pools contain continuous financing of third party clients' assets such as consumer and auto loans, trade receivables, mortgages and lease receivables. Further information on this can be found in note 18.4.

23. Assets and liabilities classified as held for sale

31 December 2009	Assets classified as held for sale	Liabilities classified as held for sale
Transactions with BNP Paribas		
Fortis Bank Asia	9,668	7,604
Fortis Bank North America	15,971	15,138
Fortis Bank UK	7,616	9,035
Asset Management	3,409	4,333
Fortis Bank France	8,925	3,984
Fortis Bank Italy	3,173	544
Fortis Bank Switzerland	2,581	1,581
Transactions with non-related parties		
Non-Core Asset management companies	436	65
Other entities	46	20
Total assets and liabilities classified as held for sale	**51,825**	**42,304**
31 December 2008		
Transactions with non-related parties		
Non-Core Asset management companies	727	101
Other divestments	11	4
Total assets and liabilities classified as held for sale	**738**	**105**

24. Due to banks

The table below shows the components of Due to banks.

	31 December 2009 excluding discontinued operations	31 December 2009 including discontinued operations	31 December 2008
Deposits from banks:			
Demand deposits	5,194	5,334	9,491
Time deposits	18,354	24,108	39,262
Deposits from Central Banks	202	202	9,205
Total deposits	**23,750**	**29,644**	**57,958**
Repurchase agreements	20,810	20,811	44,940
Securities lending transactions			2,313
Advances against collateral	10,100	11,834	27,783
Held at fair value through profit or loss	41	41	315
Other	478	478	608
Total due to banks	**55,179**	**62,808**	**133,917**

The average balance of Due to banks amounted to EUR 94,889 million (2008: EUR 202,210 million). The average yield in 2009 was 0.97% (2008: 4.36%). Non-interest bearing deposits from banks were EUR 226 million in 2009 (2008: EUR 199 million). The contractual amount to be repaid on loans held at fair value through profit or loss is EUR 42 million (2008: EUR 314 million), therefore there is no significant difference between the carrying amount and the nominal value of the loans held at fair value through profit or loss.

In the Merchant Banking segment, Fortis Bank has designated financial liabilities classified in Due to banks held at fair value through profit or loss. In accordance with the Merchant Banking investment strategies, financial assets and financial liabilities, including derivatives, are aggregated in specific portfolios. These portfolios are managed and their performance is measured and reported on a fair value basis.

Contractual terms of deposit held by banks

Deposits held by banks by year of contractual maturity as at 31 December are as follows:

	2009	2008
2009		55,570
2010	24,886	1,044
2011	1,221	1,027
2012	1,416	31
2013	21	15
2014	381	
Later	1,719	271
Total deposits	**29,644**	**57,958**

25. Due to customers

The components of Due to customers are as follows:

	31 December 2009 excluding discontinued operations	31 December 2009 including discontinued operations	31 December 2008
Demand deposits	40,125	51,262	58,823
Saving deposits	50,612	51,138	35,506
Time deposits	31,298	36,220	47,374
Other deposits	58	88	50
Total deposits	**122,093**	**138,708**	**141,753**
Repurchase agreements	47,203	50,859	73,635
Securities lending transactions			943
Other borrowings	186	321	378
Held at fair value through profit or loss	1,297	1,297	1,106
Total due to customers	**170,779**	**191,185**	**217,815**

The average balance of Due to customers amounted to EUR 195,476 million in 2009 (2008: EUR 268,692 million). The average yield was 1.48% in 2009 (2008: 3.37%). The contractual amount to be repaid on loans held at fair value through profit or loss is EUR 1,298 million (2008: EUR 1,098 million), therefore there is no significant difference between the carrying amount and the nominal value of the loans held at fair value through profit or loss.

Fortis Bank has designated financial liabilities classified in Due to customers held at fair value through profit or loss. In accordance with the defined investment strategies, financial assets and financial liabilities, including derivatives, are aggregated in specific portfolios. These portfolios are managed and their performance is measured and reported on a fair value basis.

Customers deposits

The average rates of interest paid on deposits during the year ended 31 December are shown below.

	2009	2008
Interest bearing demand deposits	0.2%	1.3%
Saving deposits	2.1%	2.4%
Time deposits	2.7%	5.6%

The average amount of customers deposits during the year was EUR 141,849 million (2008: EUR 196,939 million).

Maturity dates of customers deposits

The maturity dates of customers deposits as at 31 December are shown below.

	2009	2008
2009		129,820
2010	110,675	1,719
2011	1,506	1,117
2012	1,292	1,450
2013	1,656	2,140
2014	1,640	
Later	21,939	5,507
Total deposits	**138,708**	**141,753**

26. Debt certificates

The following table shows the types of Debt certificates issued by Fortis Bank and the amounts outstanding as at 31 December.

	31 December 2009 excluding discontinued operations	31 December 2009 including discontinued operations	31 December 2008
Bons de caisse / Kasbons	8,350	8,359	6,864
Commercial paper	31,205	39,475	28,609
Other	5,874	6,074	7,491
Total at amortised cost	**45,429**	**53,908**	**42,964**
Held at fair value through profit or loss	5,148	5,207	6,653
Total debt certificates	**50,577**	**59,115**	**49,617**

The average balance of Debt certificates amounted to EUR 53,710 million in 2009 (2008: EUR 89,130 million). The average yield was 2.48% in 2009 (2008: 4.20%).

Fortis Bank has designated selected debt certificates with embedded derivatives and corresponding investments as held at fair value through profit or loss, reducing a potential accounting mismatch.

The nominal value of debt securities held at fair value through profit or loss was EUR 5,581 million as at 31 December 2009 (2008: EUR 7,662 million).

The fair value of liabilities held at fair value through profit or loss takes account of any change attributable to the issuer risk relating to Fortis Bank itself, insofar as this change is considered material in respect of the bank's conditions of issuance.

The fair value of liabilities held at fair value through profit or loss was impacted by the global widening of credit spreads and by the change in ownership that occurred to Fortis Bank in 2009.

The change in fair value of debt securities due to own credit risk amounted to EUR (21) million cumulatively since inception.

The contractual maturity of the outstanding balance of Debt certificates as at 31 December is shown below.

	2009	2008
2009		33,065
2010	44,219	5,428
2011	1,929	2,771
2012	4,474	2,315
2013	2,707	1,440
2014	3,101	
Later	2,685	4,598
Total debt certificates	**59,115**	**49,617**

27. Subordinated liabilities

The following table provides a specification of subordinated liabilities as at 31 December.

	31 December 2009 excluding discontinued operations	*31 December 2009 including discontinued operations*	*31 December 2008*
Hybrid Tier-1 non-innovative (held at fair value through profit or loss)	1,541	1,541	1,725
Hybrid Tier-1 innovative (amortised cost)	1,995	1,995	1,993
Other subordinated liabilities at amortised cost	9,449	9,454	16,068
Other subordinated liabilities held at fair value through profit or loss	2,725	2,725	1,948
Fair value adjustment from hedge accounting	251	251	198
Total subordinated liabilities	**15,961**	**15,966**	**21,932**

The average balance of subordinated liabilities was EUR 18,866 million in 2009 (2008: EUR 23,632 million). The average yield was 5.00% in 2009 (2008: 5.97%).

The total nominal value of hybrid Tier-1 non-innovative (held at fair value through profit or loss) and other subordinated liabilities held at fair value through profit or loss amounted to EUR 5,472 million at year end 2009 (2008: EUR 5,792 million). The change in fair value of these subordinated liabilities (excluding CASHES), which was due to own credit risk, amounted to EUR (119) million cumulatively since inception.

27.1. Hybrid Tier 1 non-innovative

27.1.1. Subordinated convertible securities: CASHES

On 19 December 2007, Fortis Bank SA/NV issued undated floating rate convertible and subordinated hybrid equity-linked securities (CASHES) with a nominal value of EUR 3 billion and a denomination of EUR 250,000 each. Coupons on the securities are payable quarterly, in arrears, at a variable rate of three month Euribor + 2.0%.

For regulatory purposes, the CASHES are treated as part of Tier 1 capital. The CASHES constitute direct and subordinated obligations of Fortis Bank SA/NV, Fortis SA/NV and Fortis N.V. jointly and severally as co-obligors.

The CASHES are subordinate to all other loans, subordinated loans and preference shares, but rank senior to ordinary shares. The principal amount of the securities will never be repaid in cash. The sole recourse of the holders of the CASHES securities against any of the co-obligors with respect to the principal amount is equal to the 125,313,283 Fortis shares that Fortis Bank SA/NV has pledged in favour of such holders.

From 19 December 2014 onwards, the bonds will be automatically exchanged for Fortis shares if the price of Fortis shares is equal to or higher than EUR 35.91 on twenty consecutive stock exchange business days. The CASHES have no maturity date, but may be exchanged for Fortis shares at a price of EUR 23.94 per share at the discretion of the holder.

At the time of issuance of the CASHES instrument, Fortis SA/NV and Fortis Bank agreed a Relative Performance Note (RPN), the fair value of which was to neutralise the impact on Fortis Bank of differences in the value changes in the CASHES and value changes in the related Fortis shares that occur on Fortis Bank's balance sheet and otherwise affect Fortis Bank's profit or loss.

In 2009, some conditions of that initial agreement were amended in Avenant 3 to the Protocole d'Accord between Fortis Holding, the Belgian State and BNP Paribas. It was agreed to leave the RPN in place and to provide an interest payment mechanism between Fortis and Fortis Bank based on the reference amount of the RPN, with quarterly payment of interests from the third quarter of 2009 onwards. The Belgian State has issued a state guarantee on the RPN interests paid by Fortis, to the benefit of Fortis Bank SA/NV, if Fortis defaulted on its interest payments in respect of the RPN (and the Belgian State did not elect to make such interest payments instead of Fortis), Fortis Bank would have the option to terminate the RPN. In the case of such termination, Fortis would be required to pay Fortis Bank the amount due under the RPN (subject to a cap of EUR 2.35 billion).

Depending on movements in the fair value of the CASHES and Fortis shares, either Fortis or Fortis Bank will owe an amount to the other party under the RPN. The party owing this reference amount will be required to pay interest on such amount to the other party on a quarterly basis at a rate of Euribor 3 months plus 20 basis points.

At the end of 2009, the basis for the calculation of the RPN interest payments amounted to EUR 641 million due by Fortis to Fortis Bank and will evolve over time in accordance with changes in the fair value of the CASHES instrument and changes in the fair value of the related Fortis shares.

From the start of the transaction, Fortis Bank has treated the liability component of the CASHES instrument, including an embedded derivative, as held at fair value through profit or loss, thus avoiding the separation of the embedded derivative from the host contract.

To avoid volatility in profit or loss due to an accounting mismatch, it was decided in 2007 to treat the related Fortis shares and the RPN as held at fair value through profit or loss.

The fair value of the CASHES instrument (liability) and the fair value of the related Fortis shares are based on the market prices quoted at the end of the reporting period. As at 31 December 2009, Fortis Bank performed consistently with the previous year's valuation of the RPN, based on the difference between the change in fair value of the CASHES instrument since inception and the change in the value of the related Fortis shares since inception.

The valuation of the CASHES, the related Fortis shares and the RPN are based on the initial assumptions of the transaction, i.e. the principal amount of the CASHES will not be repaid in cash and that the sole recourse of the holders of the CASHES is the 125 million Fortis shares that Fortis Bank has pledged in favour of such holders. The liability component of the CASHES was valued at 31 December 2009 at EUR 1,620 million, the Fortis shares at EUR 328 million and the RPN at EUR 641 million.

27.1.2. Hybrid Tier 1 non-innovative loans entered into by Fortis Bank (related to Nitsh I & II)

In 2006, Fortis set up Fortis Hybrid Financing S.A., a special purpose vehicle in the form of a Luxembourg limited liability company. Its sole purpose was to provide a vehicle for raising solvency capital for Fortis SA/NV and Fortis N.V. and the operating companies of the former Fortis group by issuance of securities which would rank pari passu, and investing the proceeds thereof in instruments (other than ordinary share capital) issued by any of the former Fortis operating companies (in banking or insurance) that qualified as solvency for that entity.

Consequently, and on the back of hybrid Tier 1 securities issued by Fortis Hybrid Financing in the course of 2008, Fortis Bank concluded two subordinated hybrid Tier 1 loans with Fortis Hybrid Financing:

- A perpetual loan for a nominal amount of USD 750 million, dated 27 February 2008, at an interest rate of 8.28% (on-loan of Nitsh I issued by Fortis Hybrid Financing on 27 February 2008) Fortis Bank may terminate this loan at its discretion as from 27 August 2013.
- A perpetual loan for a nominal amount of EUR 375 million, dated 2 June 2008, at an interest rate of 8.03% (on-loan of Nitsh II issued by Fortis Hybrid Financing on 2 June 2008). Fortis Bank may terminate this loan at its discretion as from 2 June 2013.

Fortis Bank treats both subordinated perpetual loans as held at fair value through profit or loss in order to avoid an accounting mismatch. The interest rate risk related to the fixed rate to be paid on the loans and the risk that the loans be called by the issuer after five years have been hedged by entering into derivatives contracts measured at fair value through profit or loss.

These subordinated perpetual loans are loans between Fortis Hybrid Financing and Fortis Bank and are not the Nitsh I and Nitsh II loans issued by Fortis Hybrid Financing. As such, the loans between Fortis Bank and Fortis Hybrid Financing and the Nitsh I and Nitsh II have a different risk profile, due to differences in the credit risk profile of the debtor, being Fortis Bank or Fortis Hybrid Financing.

The fair value of the subordinated perpetual loans between Fortis Bank and Fortis Hybrid Financing was determined by a mark-to-model method based on the following elements:

- The structure of the interest rate risk, relating to the possibility of calling the fixed rate debt;
- The price evolution relating to the evolution in credit spreads on subordinated credit instruments and taking into account the own credit risk of the issuer component.

27.2. Hybrid Tier 1 innovative securities issued directly by Fortis Bank

In 2001 and 2004, Fortis Bank directly issued perpetual hybrid debt securities each with a nominal value of EUR 1,000 million. Both issues share very similar features. They are redeemable in whole and not in part, at the option of the issuer after ten years. The securities benefit from a support agreement entered into by Fortis SA/NV and Fortis N.V.

- Redeemable perpetual cumulative debt securities with a nominal value of EUR 1,000 million issued by Fortis Bank in 2001, at an interest rate of 6.50% until 26 September 2011 and the three-month euro reference rate + 2.37% thereafter
- Directly issued perpetual securities with a nominal value of EUR 1,000 million issued by Fortis Bank in 2004, at an interest rate of 4.625% until 27 October 2014 and the three-month euro reference rate + 1.70% thereafter.

27.3. Other subordinated liabilities

Other subordinated liabilities include:
- debt securities denominated in various currencies
- perpetual loans denominated in various currencies

Fortis Bank has decided to value selected subordinated liabilities and corresponding investments at fair value through profit or loss, reducing an accounting mismatch.

Fortis Bank hedges the interest rate risk attached to fixed rate subordinated liabilities on a portfolio basis (macro hedging) using interest rate swaps. The hedged liabilities are subordinated issues with the following features:
- denominated in local currency (euro)
- fixed term to maturity
- fixed principal amounts
- fixed interest payment dates
- do not involve interest rate options or embedded derivatives
- accounted for on an amortised cost basis.

Subordinated liabilities with these features form the portfolio of liabilities on the basis of which the hedged item is recognised. Subordinated liabilities included in a portfolio hedge of interest rate risk need to share the risk being hedged. Cash flows are allocated to monthly time buckets based on contractual maturity dates.

Hedging instruments are plain vanilla interest rate swaps entered into with external counterparties at market rates prevailing at the time of the transaction.

Changes in the fair value of the subordinated liabilities that are attributable to the hedged interest rate risk are recorded under fair value adjustment to hedge accounting in order to adjust the carrying amount of the subordinated liabilities. The difference between the fair value and the carrying value of the hedged subordinated liabilities at the time of hedging is amortised over the remaining life of the hedged item and is reported in fair value adjustment to hedge accounting.

As of 12 May 2009, Fortis Bank harmonised its effectiveness-testing methodology for hedge accounting with BNP Paribas. A number of hedge relationships were discontinued as of that date and new ones were set up. The impact of harmonising this methodology involves two elements:

- Fair value adjustments of the hedged items in the old hedge relationship were stopped.
- A new starting difference occurred between the fair value and the carrying amount of the hedged subordinated liabilities on the designation of the new hedge relationship. This difference, together with the starting difference of the old hedge relationship, will be reverse-amortised over the remaining life of the hedged subordinated liabilities and reported under 'Fair value adjustment from hedge accounting'.

27.4. Other subordinated liabilities held at fair value through profit or loss

Fortis Bank has designated some subordinated liabilities with embedded derivatives and corresponding investments as held at fair value through profit or loss, reducing a potential accounting mismatch.

The fair value of liabilities held at fair value through profit or loss takes account of any change attributable to issuer risk relating to Fortis Bank itself, insofar as this change is considered material in respect of the bank's conditions of issuance. The fair value of liabilities held at fair value through profit or loss was impacted by the global widening of credit spreads and by the change in ownership that occurred to Fortis Bank in 2009.

28. Other borrowings

The table below shows the components of Other borrowings as at 31 December.

	31 December 2009 excluding discontinued operations	31 December 2009 including discontinued operations	31 December 2008
Obligation to return securities			61
Finance lease obligations	1	2	17
Private loans	163	163	172
Deposits related to margin accounts and collateral	185	185	170
Other	207	218	145
Total other borrowings	**556**	**568**	**565**

Other borrowings are classified by remaining maturity in the table below.

	2009	2008
No later than 3 months	4	489
Later than 3 months and not later than 1 year	564	73
Later than 1 year and not later than 5 years		2
Later than 5 years		1
Total other borrowings	**568**	**565**

Finance lease obligations

Fortis Bank's obligations under finance lease agreements are detailed in the table below.

	Minimum lease payments		Present value minimum lease payments	
	2009	2008	2009	2008
Not later than 3 months		12		12
Later than 3 months and not later than 1 year		1		1
Later than 1 year and not later than 5 years	2	3	2	3
Later than 5 years		1		1
Total	**2**	**17**	**2**	**17**
Future finance charges				

29. Provisions

The table below shows the breakdown of Provisions as at 31 December.

	31 December 2009 excluding discontinued operations	*31 December 2009 including discontinued operations*	*31 December 2008*
Credit commitments	434	491	773
Restructuring	5	15	87
Other	595	723	471
Total provisions	**1,034**	**1,229**	**1,331**

Provisions for credit commitments are allowances covering credit risk on Fortis Bank's credit commitments recorded off-balance that have been individually or on a portfolio basis identified as impaired. The amount of the impairment is the present value of the cash-flows, which Fortis Bank expects to be required to settle its commitment.

Restructuring provisions cover the costs of restructuring plans for which implementation has been formally announced by Fortis Bank's management. Restructuring provisions are related to the integration of acquired entities and to the further streamlining of the global Fortis Bank organisation and infrastructure. Restructuring provisions include allowances for staff and other operating expenses.

Other provisions consist of provisions for tax litigations and legal litigations.

The tax and legal litigation provisions are based on best estimates available based on the latest informations of legal and tax advisors. The timing of the outflow of cash related to these provisions is by nature uncertain given the unpredictability of the outcome and the time involved in concluding litigations.

Changes in Provisions during the year are as follows:

	Credit commitments	*Restruc-turing*	*Other*	*Total*
Provisions as at 1 January 2008	**447**	**43**	**352**	**842**
Balance of discontinued operations as at 1 January 2008	6	5	36	47
Provisions for continuing operations as at 1 January 2008	**441**	**38**	**316**	**795**
Acquisition and divestment of subsidiaries		74	4	78
Increase of provisions from continuing operations	340	68	251	659
Reversal of unused provisions from continuing operations	(50)	(95)	(33)	(178)
Utilised during the year		(7)	(41)	(48)
Accretion of interest				
Foreign exchange differences	2		(6)	(4)
Other	40	9	(20)	29
Provisions as at 31 December 2008	**773**	**87**	**471**	**1,331**
Acquisition and divestment of subsidiaries				
Increase of provisions	251	14	410	675
Reversal of unused provisions	(96)	(42)	(57)	(195)
Utilised during the year	(114)	(52)	(123)	(289)
Accretion of interest				
Foreign exchange differences	7	9		16
Other	(330)		22	(308)
Provisions as at 31 December 2009 including held for sale assets	**491**	**15**	**723**	**1,229**
Less: classified as held for sale	57	10	128	195
Provisions as at 31 December 2009 excluding held for sale assets	**434**	**5**	**595**	**1,034**

30. Current and deferred tax assets and liabilities

The table below summarises the tax position as at 31 December

	2009			2009		
	Current	Deferred	Total	Current	Deferred	Total
		excluding discontinued operations			including discontinued operations	
Assets	76	3,617	3,693	112	4,192	4,304
Liabilities	81	273	354	125	303	428

	2008		
	Current	Deferred	Total
Assets	365	2,089	2,454
Liabilities	363	162	525

:

The components of deferred tax assets and deferred tax liabilities as at 31 December are shown below.

	Balance sheet		Income statement	
	2009	2008	2009	2008
Deferred tax assets:				
Assets held for trading (trading securities /derivative financial instruments /other assets held for trading)	264	149	117	114
Liabilities held for trading (short security sales / derivative financial instruments /other liabilities held for trading)	310	523	(211)	250
Investments (Held to maturity/Available for sale)	(1)	1,531	(17)	(54)
Investments reclassified as loans and receivables	772		57	
Intangible assets (excluding goodwill)	112	7	105	2
Due from customers	82	34	51	(134)
Impairments on loans	938	369	570	229
Debt certificates and subordinated liabilities	89	70	19	23
Provisions for pensions and post-retirement benefits	878	10	868	(4)
Other provisions	233	294	(56)	93
Accrued expenses and deferred income	49	54	(4)	32
Unused tax losses	2,486	3,437	317	1,974
Other	422	686	(375)	612
Gross deferred tax assets	**6,634**	**7,164**	**1,441**	**3,137**
Write down deferred tax assets	(309)	(3,592)	1,045	(2,548)
Net deferred tax assets	**6,325**	**3,572**	**2,486**	**589**
Deferred tax liabilities related to:				
Assets held for trading (trading securities /derivative financial instruments /other assets held for trading)	368	237	(132)	
Investments (Held to maturity/Available for sale)	425	(20)	(80)	(47)
Property, plant and equipment	107	122	15	5
Intangible assets (excluding goodwill)	8	42	33	231
Due from customers	184	135	(49)	(115)
Impairments on loans				2
Debt certificates and subordinated liabilities	81	599	518	(582)
Provisions for pensions and post-retirement benefits				
Pension Assets	897	36	(862)	(24)
Other	366	494	103	(28)
Total deferred tax liabilities	**2,436**	**1,645**	**(454)**	**(558)**
Deferred tax income (expense)			**2,031**	**31**
Net deferred tax	**3,889**	**1,927**		

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. The amounts offset in the balance sheet are:

	2009	2008
Deferred tax asset	4,192	2,089
Deferred tax liability	303	162
Net deferred tax	**3,889**	**1,927**

At 31 December 2009, the net deferred tax assets (DTA) amount to EUR 4,192 million, of which EUR 3,412 million related to Fortis Bank SA/NV, the parent company of Fortis Bank in Belgium.

The aggregate deferred and current tax relating to items that are recognised in equity amounted to EUR 439 million and EUR 2 million respectively (2008: EUR 575 million and EUR 2 million respectively).

Deferred tax assets are and remain recognised to the extent that it is probable that there will be sufficient future taxable profit against which the deferred tax asset can be utilised.

No deferred tax assets have been recognised on unused tax losses and unused tax credits of EUR 1,130 million (2008: EUR 4,479 million) that can be carried forward indefinitely or on unused tax losses of EUR 60 million (2008: EUR 3,185 million) expiring over the next five years.

Deferred tax assets depending on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences amount to EUR 334 million (2008: EUR 39 million) and have been recognised based on the expectation that sufficient taxable income will be generated in future years to utilise these deferred tax assets.

In the assessment of the deferred tax assets that can be recognised, the estimated financial impact of the Industrial Plan of Fortis Bank was taken into account, as well as the on-going restructuring of the Fortis Bank, in combination with the outcome of the budget projections.

As losses can be carried forward indefinitely in Belgium, it can be demonstrated that tax losses and other temporary differences generating deferred tax assets can be totally offset over the foreseeable future against tax profits.

31. Accrued interest and other liabilities

The composition of Accrued interest and other liabilities as at 31 December is as follows:

	31 December 2009 excluding discontinued operations	31 December 2009 including discontinued operations	31 December 2008
Deferred revenues	169	233	404
Accrued interest expense	14,593	15,314	43,967
Accrued other expenses	259	596	930
Derivatives held for hedging purposes	1,058	1,058	857
Defined benefit liabilities	2,560	2,582	260
Other employee benefit liabilities	868	1,037	1,043
Accounts payable	554	687	821
Due to agents and intermediaries	10	11	7
VAT and other taxes payable	104	119	131
Dividends payable	4	4	4
Other liabilities	8,416	9,278	11,094
Total accrued interest and other liabilities	**28,595**	**30,919**	**59,518**

Derivatives held for hedging purposes contain the negative fair value of all derivatives qualifying as hedging instruments in fair value hedges and in cash flow hedges. EUR 1,028 million (2008: EUR 856 million) is related to fair value hedges and EUR 30 million (2008: EUR 1 million) to cash flow hedges. The hedging strategies are further explained in note 7 'Risk Management'.

Further details on "Defined benefits liabilities" can be found in note 9 "Post-employment benefits, Other long-term employee benefits and Termination benefits".

Other employee-benefit liabilities relate to, among other things, other post-employment benefits, social-security charges, termination benefits and accrued vacation days.

All purchases and sales of financial assets requiring delivery within the time frame established by regulation or market convention are recognised on the trade date, i.e. the date when Fortis Bank becomes a party to the contractual provisions of the instrument.

The line Other liabilities includes EUR 2,174 million (2008: EUR 2,532 million) regarding the carrying value of non-derivative financial instruments designated as hedging instruments in net investment hedges and EUR 26 million (2008: EUR 246 million) is related to non-derivative financial liabilities designated as hedging instruments in fair value hedges. The remainder of the line Other liabilities mainly consist of temporary balancing amounts between trade date and settlement date.

In past years Fortis Bank has offered options on Fortis shares to senior managers. The options granted by Fortis Bank are ten-year American at-the-money call options with a five-year vesting period. Based on the exercise prices and the current share price of Fortis shares, all options are largely out-of-the-money.

32. Derivatives

Derivatives include forwards, futures, swaps and option contracts, all of which derive their value from underlying interest rates, foreign exchange rates, commodity values, equity instruments or credit instruments.

A derivative contract may be traded either on an exchange or over-the-counter ('OTC'). Exchange traded derivatives, which include futures and option contracts, are standardised and generally do not involve significant counterparty risk due to the margin requirements of the individual exchanges. OTC derivative contracts are individually negotiated between contracting parties. Financial instruments can also include embedded derivatives, i.e. components of a hybrid (combined) instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary, similar to a stand-alone derivative.

The notional amounts of derivative contracts are not recorded in the balance sheet as assets or liabilities and do not represent the potential for gain or loss associated with such transactions. The exposure to the credit risk associated with counterparty non-performance is limited to the positive fair value of the derivative contracts.

Interest rate swaps are contractual agreements between two parties to exchange periodic payments in the same currency, each of which is computed on a different interest rate basis. Most interest rate swaps involve the net exchange of payments calculated as the difference between the fixed and floating interest rate payments. Fortis Bank uses interest rate swaps to modify the interest rate characteristics of certain assets and liabilities. For example, based on long-term debt, an interest rate swap can be entered into to convert a fixed interest rate instrument into a floating interest rate instrument, in order to reduce the interest rate mismatch. Fortis Bank also uses interest rate swaps to hedge the risk of price fluctuations of the trading securities.

Interest rate futures are exchange traded instruments and represent commitments to purchase or sell a designated security or money market instrument at a specified future date and price.

Interest rate forward agreements are OTC derivative instruments in which two parties agree on an interest rate and period which serve as a reference point in determining a net payment to be made by one party to the other, depending on the prevailing market rate at a future point in time.

Interest rate options are interest rate protection instruments that if exercised, involve the obligation of the seller to pay the buyer an interest rate differential in exchange for a premium paid by the buyer. This differential represents the difference between current rate and an agreed upon rate applied to a notional amount. Exposure to losses on all interest rate contracts will increase or decrease over their respective lives as interest rates fluctuate.

Currency swaps, in their simplest form, are contractual agreements that involve the exchange of both periodic and final payments in different currencies. The value of swap contracts depends upon their maturity dates, interest and foreign exchange rates, and the timing of payments.

Foreign exchange contracts, which include spot, forward and future contracts, represent agreements to exchange payments in different foreign currencies at an agreed exchange rate, on an agreed settlement date. These contracts are used to hedge net capital and foreign exchange exposure.

Foreign exchange option contracts are similar to interest rate option contracts, the difference being that they are based on currency exchange rates rather than interest rates. The value of these contracts will increase or decrease over their respective lives as currency exchange and interest rates fluctuate.

In exchange-traded foreign exchange contracts, exposure to off balance sheet credit risk is limited, as these transactions are executed on organised exchanges that assume the obligations of counterparties and generally require security deposits and daily settlement of margins.

A commodity forward or future contract is a contract where the underlying is a commodity. A commodity swap is a swap where exchanged cash flows are dependent on the price of an underlying commodity. A commodity option is an option either to buy or to sell a commodity contract at a fixed price until a specified date.

Credit derivatives allow credit risk to be isolated from all other risks as well as from the instrument with which it is associated, so that the credit risk can be passed from one party to another. In a credit default swap, the buyer/beneficiary pays a premium and acquires the right to sell back a reference bond to the seller/guarantor if a credit event occurs.

A total return swap is a contract in which the beneficiary agrees to pay the guarantor the total return on the reference asset, which consists of all contractual payments as well as any appreciation in the market value of the reference asset.

Equity derivatives include equity swaps, options, futures and forward contracts. An equity swap is a swap in which the cash flows that are exchanged are based on the total return on a stock market index or on individual equity securities and an interest rate (either a fixed rate or a floating rate). Equity (or stock) options give the right to buy (in the case of a call option) or to sell (in the case of a put option) a fixed number of shares of a company, at a given price, before or on a specified date.

32.1. Trading Derivatives

The Derivatives held for trading as at 31 December are composed of the following:

	Assets		*Liabilities*	
	Fair values	*Notional amount*	*Fair values*	*Notional amount*
2009				
Foreign exchange contracts				
Forwards and futures	313	53,343	338	53,097
Interest and currency swaps	494	14,205	515	14,125
Options	199	17,531	193	17,371
Total	**1,006**	**85,079**	**1,046**	**84,593**
Interest rate contracts				
Forwards and futures	128	298,165	299	355,570
Swaps	26,612	1,514,015	27,142	1,514,038
Options	15,264	1,087,805	15,339	1,064,529
Total	**42,004**	**2,899,985**	**42,780**	**2,934,137**
Commodity contracts				
Forwards and futures	27	14,311	22	14,706
Swaps	633	6,940	559	7,070
Options	67	3,324	43	3,352
Total	**727**	**24,575**	**624**	**25,128**
Equity/Index contracts				
Forwards and futures	1	320	1	457
Swaps	18	871	137	911
Options and warrants	719	6,737	1,666	12,719
Total	**738**	**7,928**	**1,804**	**14,087**
Credit derivatives				
Swaps	1,894	20,753	1,421	23,589
Total	**1,894**	**20,753**	**1,421**	**23,589**
Other	**235**	**388**	**228**	**210**
Balance as at 31 December 2009	**46,604**	**3,038,708**	**47,903**	**3,081,744**
Over the counter (OTC)	46,190	3,004,104	47,675	3,059,918
Exchange traded	414	34,604	228	21,826
Total trading derivatives including held for sale assets	**46,604**	**3,038,708**	**47,903**	**3,081,744**
Less: classified as held for sale	3,308		3,099	
Total trading derivatives excluding held for sale assets	**43,296**		**44,804**	

	Assets		Liabilities	
	Fair values	*Notional amount*	*Fair values*	*Notional amount*
2008				
Foreign exchange contracts				
Forwards and futures	1,468	146,089	1,618	145,299
Interest and currency swaps	741	18,567	744	18,023
Options	1,022	35,940	1,027	35,869
Total	**3,231**	**200,596**	**3,389**	**199,191**
Interest rate contracts				
Forwards and futures	34	42,408	165	201,069
Swaps	42,043	2,110,867	43,582	2,110,869
Options	20,267	1,657,144	20,846	1,609,000
Total	**62,344**	**3,810,419**	**64,593**	**3,920,938**
Commodity contracts				
Forwards and futures	380	29,315	72	30,013
Swaps	1,284	10,865	1,457	11,762
Options	95	8,598	339	8,170
Total	**1,759**	**48,778**	**1,868**	**49,945**
Equity/Index contracts				
Forwards and futures	2	415	1	546
Swaps	7			41
Options and warrants	957	9,265	2,440	20,573
Total	**966**	**9,680**	**2,441**	**21,160**
Credit derivatives				
Swaps	3,429	21,834	2,994	20,374
Total	**3,429**	**21,834**	**2,994**	**20,374**
Other	**406**	**768**	**284**	**924**
Balance as at 31 December 2008	**72,135**	**4,092,075**	**75,569**	**4,212,532**
Over the counter (OTC)	71,280	3,910,049	74,864	4,060,627
Exchange traded	855	182,026	705	151,905
Total trading derivatives	**72,135**	**4,092,075**	**75,569**	**4,212,532**

32.2. Derivatives held for hedging purposes ('hedging')

The Derivatives held for hedging are mainly related to fair value hedges. Fortis Bank uses derivatives, principally interest rate swaps, for hedging purposes in the management of its own asset and liability portfolios and structural positions. This enables Fortis Bank to mitigate the market risk which would otherwise arise from structural imbalances in the maturity and other profiles of its assets and liabilities.

Hedging derivatives as at 31 December are shown below.

	Assets		Liabilities	
	Fair values	*Notional amount*	*Fair values*	*Notional amount*
2009				
Foreign exchange contracts				
Forwards and futures				
Interest and currency swaps		72	3	68
Total		**72**	**3**	**68**
Interest rate contracts				
Forwards and futures				
Swaps	323	27,569	1,055	27,569
Total	**323**	**27,569**	**1,055**	**27,569**
Equity/Index contracts				
Forwards and futures				
Total				
Balance as at 31 December 2009	**323**	**27,641**	**1,058**	**27,637**
Over the counter (OTC)	323	27,641	1,058	27,637
Exchange traded				
Total hedging derivatives including held for sale assets	**323**	**27,641**	**1,058**	**27,637**
Less: classified as held for sale				
Total hedging derivatives excluding held for sale assets	**323**		**1,058**	

	Assets		Liabilities	
	Fair values	*Notional amount*	*Fair values*	*Notional amount*
2008				
Foreign exchange contracts				
Forwards and futures	2		2	
Interest and currency swaps		78	14	297
Total	**2**	**78**	**16**	**297**
Interest rate contracts				
Forwards and futures	1	11		
Swaps	293	22,272	841	22,272
Total	**294**	**22,283**	**841**	**22,272**
Equity/Index contracts				
Forwards and futures		2		2
Total		**2**		**2**
Balance as at 31 December 2008	**296**	**22,363**	**857**	**22,571**
Over the counter (OTC)	296	22,361	857	22,569
Exchange traded		2		2
Total hedging derivatives	**296**	**22,363**	**857**	**22,571**

33. Fair value of financial assets and financial liabilities

33.1. Fair value of financial instruments measured at amortised cost

The following table presents the carrying amounts and fair values of those classes of financial assets and financial liabilities not reported at fair value on the Fortis Bank consolidated balance sheet. A description of the methods used to determine the fair value of financial instruments is given below.

	2009		2008	
	Carrying value	*Fair value*	*Carrying value*	*Fair value*
Assets				
Cash and cash equivalents	27,673	27,685	22,644	22,645
Due from banks	19,251	19,586	47,043	47,332
Due from customers	175,900	179,122	213,536	214,753
Investments held to maturity	3,439	3,575	3,851	4,085
Investments reclassified as loans and receivables	23,231	24,293		
Trade and other receivables	2,716	2,716	5,680	5,625
Total financial assets	**252,210**	**256,977**	**292,754**	**294,440**
Liabilities				
Due to banks	62,767	63,663	133,602	133,682
Due to customers	189,888	190,956	216,709	216,111
Debt certificates	53,908	53,649	42,964	43,062
Subordinated liabilities	11,449	11,449	18,061	19,009
Other borrowings	568	568	565	565
Total financial liabilities	**318,580**	**320,285**	**411,901**	**412,429**

33.2. Valuation techniques used to assess fair value

Financial instruments are classified into three levels in descending order of the observability of their value and of the inputs used for their valuation:

- Level 1 –
  Financial instruments with quoted market prices:

This level comprises financial instruments with prices quoted in an active market that can be used directly. It notably includes liquid shares and bonds, borrowings and short sales of these instruments, derivatives traded in organised markets (futures and options, etc.), and units in funds with net asset value calculated on a daily basis.

- Level 2 -
  Financial instruments measured using valuation techniques based on observable inputs:

This level consists of financial instruments measured by reference to the price of similar instruments quoted in an active market or to identical or similar instruments quoted in a non-active market, but for which regular transactions can be observed or, lastly, instruments measured using valuation techniques based on observable inputs.

This level notably includes shares and bonds with low liquidity, borrowings and short sales of these instruments, units in funds for which liquidity is provided on a regular basis, derivatives traded in OTC markets measured using techniques based on observable inputs and structured debt issues measured using only observable inputs.

- Level 3 -
  Financial instruments measured using valuation techniques based on non-observable inputs:

This level comprises financial instruments measured using valuation techniques based wholly or partially on non-observable inputs. A non-observable input is defined as a parameter, the value of which is derived from assumptions or correlations not based either on observable transaction prices in the identical instrument at the measurement date or observable market data available at the same date.

An instrument is classified in Level 3 if a significant portion of its valuation is based on non-observable inputs.

This level notably comprises unlisted shares, bonds measured using valuation models employing at least one significant non-observable input or derived from price data in a non-active market (such as CDO, CLO and ABS units), units in funds undergoing liquidation or quotation of which has been suspended, complex derivatives with multiple underlyings (hybrid instruments, synthetic CDOs, etc.) and the structured debt underlying these derivatives.

33.3. Measurement methods of financial instruments recognised at fair value

With effect from 31 December 2009, Fortis Bank has applied the amendment to IFRS 7 entitled "Improving Disclosures about Financial Instruments" published in March 2009. This amendment introduces a hierarchy for the classification of financial instruments based on the methods used to measure fair value adopted by Fortis Bank rather than on the active market concept, which predominated in IAS 39 and on which the classification of financial instruments presented until 31 December 2008 was based. The contents of each of the three levels defined in IFRS 7 is therefore no longer comparable with that of the three categories of financial instruments disclosed in previous reports.

Accordingly, certain instruments traded in active markets but not quoted and presented in Category 1 in the report at 31 December 2008, were classified in Level 2 in the comparative presentation of the financial statements for 2008. At 31 December 2009, in accordance with IFRS 7, all financial instruments whose valuation on the reporting date was based to a significant degree on unobservable parameters were included in Level 3.

The financial instruments that are measured at fair value consist of "financial assets and liabilities held for trading", "financial assets and liabilities held at fair value through profit and loss", "derivates used for hedging purposes" and "investments available for sale".

The fair value presented is the 'clean' fair value, which is the total fair value or 'dirty' fair value less interest accruals. Interest accruals are reported separately.

The table below shows the breakdown by measurement method applied to financial instruments recognised at fair value presented in line with the latest recommendations of IFRS 7.

	Quoted market prices (level 1)	*Valuation techniques using observable inputs (level 2)*	*Valuation techniques using non-observable inputs (level 3)*	*Total*
31 December 2009				
Financial assets				
Assets held for trading	7,029	47,812	986	55,827
Financial assets held at fair value through profit or loss	414	2,671	1,136	4,221
Derivatives held for hedging purposes	1	322		323
Available-for-sale financial assets	39,879	23,326	710	63,915
Financial liabilities				
Liabilities held for trading	6,314	46,319	1,734	54,367
Financial liabilities held at fair value through profit or loss		10,277	534	10,811
Derivatives held for hedging purposes		1,058		1,058
31 December 2008				
Financial assets				
Assets held for trading	7,117	78,840	2,475	88,432
Financial assets held at fair value through profit or loss	641	1,801	2,041	4,483
Derivatives held for hedging purposes		296		296
Available-for-sale financial assets	43,048	56,629	1,691	101,368
Financial liabilities				
Liabilities held for trading	11,008	72,637	2,664	86,309
Financial liabilities held at fair value through profit or loss	1,473	10,244	30	11,747
Derivatives held for hedging purposes		857		857

For Level 3 financial instruments, the following movements took place between 1 January 2009 and 31 December 2009.

				2009
	Assets held for trading	Financial assets held at fair value through profit or loss	Available for sale financial assets	Total
Financial assets				
Balance as at 1 January	**2,475**	**2,041**	**1,691**	**6,207**
- purchases				
- issues			183	183
- sales		(1,523)	(795)	(2,318)
- settlements	(1,623)	1	(49)	(1,671)
Transfers to level 3	9			9
Transfers from level 3				
Gains or losses	**125**	**617**	**(320)**	**422**
- recognised in income	125	617	(48)	694
- recognised in equity			(272)	(272)
Balance as at 31 December	**986**	**1,136**	**710**	**2,832**
Total gains or losses in the period recognised in income for instruments outstanding at the end of the period	**(157)**	**46**	**(48)**	**(360)**

			2009
	Liabilities held for trading	Financial liabilities held at fair value through profit or loss	Total
Financial liabilities			
Balance as at 1 January	**2,664**	**30**	**2,694**
- purchases		338	338
- issues		55	55
- sales			
- settlements	(242)	13	(229)
Transfers to level 3	35		35
Transfers from level 3			
Gains or losses	**(731)**	**98**	**(633)**
- recognised in income	(731)	98	(633)
- recognised in equity			
Balance as at 31 December	**1,726**	**534**	**2,260**
Total gains or losses in the period recognised in income for instruments outstanding at the end of the period	**(264)**	**(4)**	**(268)**

The Level 3 financial instruments may be hedged by other Level 1 and/or Level 2 instruments, the gains and losses on which are not shown in this table. Accordingly, the gains and losses shown in this table are not representative of the gains and losses arising from management of the net risk on all these instruments.

Sensitivity of model values to reasonably likely changes in assumptions

Trading portfolio instruments, which are managed using dynamic risk hedging, generally complex derivatives, are subject to global sensitivity calculations based on adjustments for the portfolio's model value risks. These adjustments help to factor in risks not included in the model and the uncertainty inherent in the estimate of the inputs and form a component of the fair value of these portfolios.

When measuring the sensitivity of the portfolio's fair value to a change in assumptions, the following two scenarios were considered: a favourable scenario in which no valuations require any value adjustments for Level 3 risks and an unfavourable scenario in which all valuations entail a double model value adjustment on Level 3 risks.

Based on this method, each position (portfolios of instruments managed together with netting of risks) is considered individually, and no diversification effect between non-observable inputs of a different type is taken into account.

The sensitivity of the fair value of securities positions, be they trading portfolio securities, available-for-sale assets or instruments designated as at fair value through profit or loss, is based on a change of 1% in fair value. For instruments with doubtful counterparties, sensitivity is calculated based on the scenario of a 1% change in the assumed recovery rate.

	Potential impact on income		Potential impact on equity	
	favourable effect	*unfavourable effect*	*favourable effect*	*unfavourable effect*
Financial assets and liabilities held for trading or held at fair value through profit or loss	223	223		
Available for sale financial assets			11	11

Notes to the income statement

Consolidated income statement

	Note	2009 discontinued operations disclosed separately (1)	2009	2008 discontinued operations disclosed separately (1)	2008
Income					
Interest income	*34*	52,574	56,252	96,045	103,470
Interest expense	*35*	(48,814)	(51,577)	(93,021)	(99,507)
Net interest income		**3,760**	**4,675**	**3,024**	**3,963**
Fee and commission income	*36*	1,347	3,073	1,640	3,375
Fee and commission expense	*37*	(464)	(1,087)	(588)	(1,167)
Net fee and commission income		**883**	**1,986**	**1,052**	**2,208**
Dividend, share in result of associates and joint ventures and other investment income	*38*	152	171	267	281
Realised capital gains (losses) on investments	*39*	25	61	(260)	(278)
Other realised and unrealised gains and losses	*40*	223	167	(1,591)	(1,483)
Other income	*41*	298	383	231	321
Total income, net of interest expense		**5,341**	**7,443**	**2,723**	**5,012**
Change in impairments	*42*	(2,744)	(4,250)	(7,164)	(10,052)
Net revenues		**2,597**	**3,193**	**(4,441)**	**(5,040)**
Expenses					
Staff expenses	*43*	(2,357)	(3,064)	(2,569)	(3,373)
Depreciation and amortisation of tangible and intangible assets	*44*	(334)	(435)	(348)	(458)
Other expenses	*45*	(1,695)	(2,226)	(1,800)	(2,361)
Total expenses		**(4,386)**	**(5,725)**	**(4,717)**	**(6,192)**
Profit before taxation		**(1,789)**	**(2,532)**	**(9,158)**	**(11,232)**
Income tax expenses	*46*	1,640	1,822	812	(184)
Net profit for the period before discontinued operations		**(149)**	**(710)**	**(8,346)**	**(11,416)**
Net result of discontinued operations	*47*	(561)		(12,197)	(9,127)
Net profit (loss) for the period		**(710)**	**(710)**	**(20,543)**	**(20,543)**
Net profit attributable to minority interests		(45)	(45)	13	13
Net profit (loss) attributable to shareholders		**(665)**	**(665)**	**(20,556)**	**(20,556)**

1) The line items in the column 'discontinued operations disclosed separately' do not contain revenues and expenses related to discontinued operations. The revenues and the expenses of discontinued operations are disclosed separately on the line 'net result of discontinued operations'.

34. Interest income

The breakdown of Interest income by type of product for the year ended 31 December is shown below.

	2009 discontinued operations disclosed separately	2009	2008 discontinued operations disclosed separately	2008
Interest income				
Interest income on cash equivalents	198	235	941	1,125
Interest income on due from banks	488	575	4,811	5,509
Interest income on investments	2,947	2,986	4,758	5,061
Interest income on investments reclassified as loans and receivables	298	298		
Interest income on due from customers	6,142	7,213	9,512	11,893
Interest income on derivatives held for trading	41,775	44,199	73,938	77,730
Other interest income	726	746	2,085	2,152
Total interest income	**52,574**	**56,252**	**96,045**	**103,470**

The interest on impaired loans amounted in 2009 to EUR 168 million (2008: EUR 135 million). Due to technical limitations, it was not possible to disclose the interest on impaired investments.

35. Interest expenses

The following table shows the breakdown of Interest expenses by product for the year ended 31 December.

	2009 discontinued operations disclosed separately	*2009*	*2008 discontinued operations disclosed separately*	*2008*
Interest expenses				
Interest expenses due to banks	817	923	7,067	7,838
Interest expenses due to customers	2,766	2,901	6,035	7,031
Interest expenses on debt certificates	1,265	1,331	2,267	2,936
Interest expenses on subordinated liabilities	943	944	1,276	1,276
Interest expenses on other borrowings	19	32	36	84
Interest expenses on liabilities held for trading	42,106	44,546	75,256	79,260
Interest expenses on other liabilities	898	900	1,084	1,082
Total interest expenses	**48,814**	**51,577**	**93,021**	**99,507**

36. Fee and commission income

Fee and commission income for the year ended 31 December is specified in the table below.

	2009 discontinued operations disclosed separately	*2009*	*2008 discontinued operations disclosed separately*	*2008*
Fee and commission income				
Securities and custodian services	284	521	321	622
Insurance	296	314	266	278
Asset management	172	1,428	347	1,510
Payment services	321	375	371	437
Guarantees and commitments	158	253	173	288
Other	116	182	162	240
Total fee and commission income	**1,347**	**3,073**	**1,640**	**3,375**

37. Fee and commission expenses

The components of Fee and commission expenses for the year ended 31 December are as follows:

	2009 discontinued operations disclosed separately	2009	2008 discontinued operations disclosed separately	2008
Fee and commission expenses				
Securities	48	162	73	229
Agent and insurance Intermediaries	180	186	143	150
Asset management	25	458	42	386
Payment services	98	104	115	122
Custodian services	10	18	11	15
Other	103	159	204	265
Total fee and commission expenses	**464**	**1,087**	**588**	**1,167**

38. Dividend, share in result of associates and joint ventures

This table provides details of Dividend and other investment income for the year ended 31 December.

	2009 discontinued operations disclosed separately	*2009*	*2008 discontinued operations disclosed separately*	*2008*
Dividend and other investment income				
Dividend income from equity securities	31	32	146	153
Rental income from investment property	66	68	74	75
Share in result of associates and joint ventures (see note 18.7)	54	70	46	52
Other investment income	1	1	1	1
Total dividend and other investment income	**152**	**171**	**267**	**281**

39. Realised capital gains and losses on investments

For the year ended 31 December, Realised capital gains and losses on investments are broken down as follows:

	2009 discontinued operations disclosed separately	*2009*	*2008 discontinued operations disclosed separately*	*2008*
Debt securities	(37)	(17)	209	212
Investments reclassified as loans and receivables	(4)	1		
Equity securities	12	14	(788)	(780)
Real estate	8	3	100	102
Subsidiaries, associates and joint ventures	32	46	43	9
Other	14	14	176	179
Total realised capital gains (losses) on investments	**25**	**61**	**(260)**	**(278)**

40. Other realised and unrealised gains and losses

Other realised and unrealised gains and losses as included in the income statement for the year ended 31 December are presented below.

	2009 discontinued operations disclosed separately	2009	2008 discontinued operations disclosed separately	2008
Assets/liabilities held for trading	678	683	(2,235)	(2,067)
Assets and liabilities held at fair value through profit or loss	(315)	(361)	448	383
Hedging results	(46)	(46)	235	239
Net result on Fair value hedging instruments	45	45	(943)	(942)
Net result on Fair value hedged items (attributable to the hedged risk)	(91)	(91)	1,178	1,181
Other	(94)	(109)	(39)	(38)
Total other realised and unrealised gains and losses	**223**	**167**	**(1,591)**	**(1,483)**

All gains and losses arising from a change in the fair value of a financial asset or a financial liability, excluding interest accruals recorded under Interest income and Interest expense, are recorded in Other realised and unrealised gains and losses.

Assets and liabilities held for trading, including derivatives held for trading, are acquired principally for the purpose of generating a profit from short-term fluctuations in the price or the dealer's margin. Initial recognition is at acquisition cost, with transaction costs recognised immediately in the income statement, subsequent measurement is at fair value with changes in fair value recorded in the income statement.

All changes in fair value of the assets and liabilities held at fair value through profit or loss are reported above. This includes unrealised gains and losses from revaluations and realised gains and losses upon derecognition of the assets or liabilities.

Hedging results contain the changes in fair value attributable to the hedged risk, mainly interest rate risk of hedged assets and liabilities and the changes in fair value of the hedging instruments. In 2009 there is net gain on assets held at fair value through profit or loss of EUR 50 million (in 2008: net loss of EUR 658 million) and net loss on the liabilities held at fair value through profit or loss EUR 411 million (in 2008: net gain of EUR 1,041 million).

In the context of portfolio hedges of interest rate risk (macro hedging), the initial difference between the fair value and the carrying amount of the hedged item at designation of the hedging relationship is amortised over the remaining life of the hedged item. These amounts are included in Hedging results in the table above.

As of 12 May 2009, Fortis Bank harmonised its effectiveness-testing methodology for hedge accounting with BNP Paribas. A number of hedge relationships were discontinued as of that date and new ones were set up. The impact of harmonising this methodology involves two elements:

- Fair value adjustments of the hedged items in the old hedge relationships were stopped.
- A new starting difference occurred between the fair value and the carrying amount of the hedged items on the designation of the new hedge relationship. This difference, together with the starting difference of the old hedge relationship, will be reverse-amortised over the remaining life of the hedged items and reported in the income statement under 'Net result on fair value of hedged items' in the table above.

41. Other income

Other income includes the following elements for the year ended 31 December.

	2009 discontinued operations disclosed separately	*2009*	*2008 discontinued operations disclosed separately*	*2008*
Other income				
Operating lease income	83	90	73	79
Other	215	293	158	242
Total other income	**298**	**383**	**231**	**321**

42. Change in impairments

The Changes in impairments for the year ended 31 December are as follows:

	2009 discontinued operations disclosed separately	2009	2008 discontinued operations disclosed separately	2008
Change in impairments on:				
Cash and cash equivalents	3	2	113	204
Due from banks	77	111	99	104
Due from customers	2,188	2,864	534	1,061
Credit commitments - customers	109	156	118	290
Investments reclassified as loans and receivables	273	273		
Investments in debt securities	(302)	(290)	5,398	6,052
Investments in equity securities and other investments	64	64	108	97
Investment property	10	10	6	6
Investments in associates and joint ventures	22	112		20
Other receivables	10	14	15	17
Property, plant and equipment	63	63	44	45
Goodwill and other intangible assets	86	391	703	2,132
Accrued interest and other assets	141	480	26	24
Total change in impairments	**2,744**	**4,250**	**7,164**	**10,052**

Fortis applies a two step approach in the impairment testing process of financial instruments. Firstly, an assessment is made if objective evidence exists that a financial asset is impaired, followed by the recognition and measurement of an impairment loss. The assessment of objective evidence is based on observable data ('triggers') about loss events. Impairments are measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows.

Impairment losses reported under investments in debt securities in 2008 were mainly related to structured credit instruments (SCI) and more specifically to US subprime residential mortgage-related assets. The sale of part of the structured credit instruments portfolio (Portfolio Out) to Royal Park Investments SA/NV (RPI), led to a decrease of impairments in 2009. Changes in accounting estimates and valuations also contributed to the decrease of the level of impairments in 2009.

Fortis Bank's credit risk exposure from structured credit instruments and the valuation methods applied are described in note 18.4 'Structured Credit Instruments'. Change in impairments of investments in debt securities includes a reversal of EUR 397 million impairments on structured credit instruments (2008: increase of EUR 5,891 million impairments on SCI).

The significant increase on impairment losses in due from customers in 2009 reflects mainly the overall credit deterioration in commercial loans.

The total change in impairments (discontinued operations included) in 2009 related to Cash and cash equivalents, Due from banks, Due from customers, Credit commitments – customers, Investments reclassified as loans and receivables and Investments in debt securities amounted to EUR 3,116 million and contained EUR 2,034 million specific loan loss provisions and EUR 1,082 million collective provisions.

43. Staff expenses

Staff expenses for the year ended 31 December are as follows:

	2009 discontinued operations disclosed separately	2009	2008 discontinued operations disclosed separately	2008
Staff expenses				
Salaries and wages	1,595	2,130	1,702	2,369
Social security charges	385	467	397	498
Pension expenses relating to defined benefit plans	90	116	129	132
Defined contribution plan expenses	25	50	25	56
Share based compensation	1	2	6	7
Other	261	299	310	311
Total staff expenses	**2,357**	**3,064**	**2,569**	**3,373**

Other includes the costs for non-monetary benefits such as medical costs, termination benefits and restructuring costs.

Note 9 contains further details on post-employment benefits, other long-term employee benefits and termination benefits, including pension costs related to defined benefit plans and defined contribution plans.

44. Depreciation and amortisation of tangible and intangible assets

The Depreciation and amortisation of tangible and intangible assets for the year ended 31 December is as follows:

	2009 discontinued operations disclosed separately	*2009*	*2008 discontinued operations disclosed separately*	*2008*
Depreciation on tangible assets				
Buildings held for own use	99	100	92	93
Leasehold improvements	42	54	36	50
Investment property	22	23	24	24
Equipment	115	144	124	151
Amortisation on intangible assets				
Purchased software	27	44	32	51
Internally developed software	3	4	10	11
Other intangible assets	26	66	30	78
Total depreciation and amortisation of tangible and intangible assets	**334**	**435**	**348**	**458**

45. Other expenses

Other expenses for the year ended 31 December are as follows:

	2009 discontinued operations disclosed separately	2009	2008 discontinued operations disclosed separately	2008
Other expenses				
Operating lease rental expenses and related expenses	125	225	130	213
Rental and other direct expenses relating to investment property	2	2	2	2
Professional fees	169	220	221	330
Marketing and public relations costs	96	119	124	146
Information technology costs	329	421	388	502
Other investment charges	1	1	1	1
Maintenance and repair expenses	77	89	82	94
Other	896	1,149	852	1,073
Total other expenses	**1,695**	**2,226**	**1,800**	**2,361**

The line Other includes expenses for travel, post, telephone, temporary staff and training.

46. Income tax expenses

The components of Income tax expenses for the year ended 31 December are:

	2009	2008
Current tax expenses for the current period	234	223
Adjustments recognised in the period for		
current tax of prior periods	(22)	(7)
Previously unrecognised tax losses, tax credits and		
temporary differences increasing (reducing) current tax expenses	(2)	(2)
Total current tax expenses	**210**	**214**
Deferred tax arising from the current period	(884)	(2,592)
Impact of changes in tax rates on deferred taxes	(1)	3
Deferred tax arising from the write-down or reversal		
of a write-down of a deferred tax asset	(1,044)	2,548
Previously unrecognised tax losses, tax credits and		
temporary differences reducing deferred tax expense	(102)	11
Total deferred tax expenses	**(2,031)**	**(30)**
Tax expense (income) relating to changes in accounting policies and		
errors included in profit and loss		
Total income tax expenses including held for sale assets	**(1,822)**	**184**
Less: classified as held for sale	(182)	996
Total income tax expenses excluding held for sale assets	**(1,640)**	**(812)**

Below is a reconciliation of the expected to the actual income tax expense.

	2009	2008
Profit before taxation	(2,532)	(11,232)
Applicable tax rate	33.99%	33.99%
Expected income tax expense	(861)	(3,818)
Increase (decrease) in taxes resulting from:		
Tax exempt income and non-tax deductible losses	52	369
Share in result of associates and joint ventures	(15)	87
Disallowed expenses	17	746
Previously unrecognised tax losses and temporary differences	(86)	11
Write-down and reversal of write-down of deferred tax assets	(1,045)	2,548
Impact of changes in tax rates on temporary differences	(1)	3
Foreign tax rate differential	(6)	223
Adjustments for current tax of prior years	(22)	(7)
Other	145	22
Actual income tax expenses	**(1,822)**	**184**

47. Net result of discontinued operations

The result related to assets classified as held for sale and liabilities related to assets classified as held for sale is reported in the income statement under discontinued operations. Results of disposals that have occurred during the year are also reported in the income statement under total net result of discontinued operations. The total net result of discontinued operations is detailed in the table below.

	31 December 2009 Net result of discontinued operations	31 December 2008 Net result of discontinued operations
Transactions with BNP Paribas		
Fortis Bank Asia	(23)	113
Fortis Bank North America	(537)	(2,130)
Fortis Bank UK	168	(388)
Asset Management	10	(960)
Fortis Bank France	(71)	206
Fortis Bank Italy	(55)	130
Fortis Bank Switzerland	0	49
Transactions with non-related parties		
Non-Core Asset management companies	(27)	(736)
Other entities	(10)	(10)
Total sold during 2009	(16)	(79)
Fortis Bank Nederland (Holding)		(8,391)
Total net result from discontinued operations	**(561)**	**(12,197)**

The comparative figures for the year 2008 include the result on discontinued operations relating to Fortis Bank Nederland (Holding) – FBN(H). At the time of separation, Fortis Bank could not obtain, or not without undue cost and effort, all the information necessary to determine the post-tax profit or loss of FBN(H) as at 3 October 2008, the date on which Fortis Bank ceased to control FBN(H). In addition, it was not possible to obtain the information to detail the cash flows from discontinued operations in the consolidated cash flow statement. However, the total net loss of EUR 8,391 million on discontinued operations related to FBN(H) for the year 2008 was not affected by the lack of data mentioned before. More details on this transaction are available in the Annual Report 2008 of Fortis Bank.

Notes to off-balance sheet items

48. Commitments and guarantees

Commitments and guarantees include acceptances, commitments to extend credit, letters of credit, suretyships and financial guarantees. Fortis Bank's exposure to credit loss in the event of non-performance by the counterparty is represented by the contractual notional amounts of those instruments. Fees received from these activities are recorded in the income statement when the service is delivered.

Acceptances are used by customers to effect payments for merchandise sold in import/export transactions.

Credit commitments are agreements to extend a loan to a customer as long as there are no violations of any conditions laid down in the agreement. Commitments generally have fixed expiration dates or other termination clauses. The geographic and counterparty distribution of loan commitments approximates the distribution of outstanding loans. These commitments are generally unsecured and collateral may be required.

Letters of credits either ensure payment by Fortis Bank to a third party for a customer's foreign or domestic trade or are conditional commitments issued by Fortis Bank to guarantee the performance of a customer to a third party. Fortis Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral required is based on credit evaluation of the counterparty. Collateral may consist of the goods financed or of cash deposits. Most documentary credits are drawn down, though in many cases this is followed by immediate payment.

Suretyships and financial guarantees are used to guarantee the performance of a customer. The credit risk involved in issuing these guarantees is essentially the same as that involved in extending loan facilities to customers. These suretyships and guarantees may be unsecured.

The off-balance sheet credit commitment exposure is as follows:

	2009	2008
Available confirmed credit lines given		
Credit commitments	515	1,018
Loans to government and official institutions	2,176	2,289
Residential mortgage	2,095	1,660
Consumer loans	3,100	3,138
Commercial loans	47,614	54,901
Other loans	5,668	7,313
Total available confirmed credit lines given	**61,168**	**70,319**
Credit related commitments given		
Guarantees and letters of credit	16,406	18,763
Banker's acceptances	201	282
Documentary credits	5,725	5,369
Total other credit related commitments	**22,332**	**24,414**
Total off-balance sheet credit commitments	**83,500**	**94,733**

Of these commitments around EUR 22,538 million have a residual maturity of more than one year (2008: EUR 24,914 million).

Liquidity requirements to support calls under guarantees and credit commitments are considerably lower than the contractual amounts outstanding, as many of these commitments will expire or terminate without being funded.

The following table describes the impairments related to credit commitments as at 31 December.

	2009 excluding discontinued operations	2009 including discontinued operations	2008
Specific provisions	361	385	695
Collective provisions	73	106	78
Total impairments related to credit commitments	**434**	**491**	**773**

In 1999, Fortis Capital Company Limited, a subsidiary of Fortis Bank Nederland (Holding), issued non-cumulative preference shares for a total amount of EUR 650 million, guaranteed by Fortis Bank, Fortis SA/NV and Fortis NV. A tranche of EUR 200 million was redeemed during 2004. A cash settlement for an amount of EUR 362 million took place in 2009, leaving a remaining amount outstanding of EUR 88 million. The Board of directors of Fortis Bank has given the following undertaking to the Belgian Banking, Finance and Insurance Commission in this respect: not to pay a dividend unless the available reserves are sufficient to meet all liabilities arising from the aforementioned issue of non-cumulative preference shares, to set out this undertaking in the annual report of Fortis Bank and to consult the Banking, Finance and Insurance Commission prior to proposing any dividend payment, so as to demonstrate that the available reserves are sufficient and that the capital adequacy ratio calculated on the narrowly defined capital and reserves of Fortis Bank amounts to the compulsory minimum of 5%.

On 7 December 2007, Fortis Bank Nederland (Holding), Fortis Bank SA/NV, Fortis SA/NV and Fortis N.V. issued mandatory convertible securities (MCS) with a nominal value of EUR 2 billion and a denomination of EUR 250,000 each. Coupons on the securities are payable semi-annually in arrears, at a rate of 8.75% per annum. The MCS appear on the balance sheet of Fortis Bank Nederland (Holding).

For regulatory purposes, the MCS are treated as part of Tier 1 capital of Fortis Bank Nederland (Holding). The MCS constitute unsecured and subordinated joint and several obligations of Fortis Bank Nederland (Holding), Fortis Bank SA/NV, Fortis SA/NV and Fortis N.V. The MCS are subordinate to all other loans, subordinated loans and preference shares, but rank senior to ordinary shares.

The MCS will be mandatorily converted on 7 December 2010 into a number of Fortis shares to be determined in accordance with the prospectus. The issuers and holders have the right to convert the MCS prior to maturity into Fortis shares in the events set out in the prospectus and subject to specific terms and conditions.

49. Contingent assets and liabilities

Legal proceedings

Fortis Bank (plus its consolidated subsidiaries) is involved as a defendant in various claims, disputes and legal proceedings in Belgium and in a number of foreign jurisdictions, arising in the ordinary course of the banking business, including in connection with its activities as lender, employer, investor and taxpayer.

Fortis Bank makes provisions for such matters when in the opinion of management, after consulting legal advisors, it is probable that a payment will have to be made by Fortis Bank, and when the amount can be reasonably estimated.

With respect to further claims and legal proceedings against Fortis Bank (and its consolidated subsidiaries) of which management is aware (and for which, according to the principles outlined above, no provision has been made) and for which management is of the opinion after due consideration of appropriate professional advice that, while it is often not feasible to predict or determine the ultimate outcome of all pending or threatened legal and regulatory proceedings, such proceedings are without merit, can be successfully defended or that the outcome of these actions is not expected to result in a significant loss in the Fortis Bank Consolidated Financial Statements.

These legal proceedings include:

- In the Netherlands, Fortis Bank is involved in a number of legal proceedings concerning products (equity lease products) of Groeivermogen, a subsidiary of Fortis Investments, which is itself a subsidiary of Fortis Bank, launched either by individuals or by consumer protection associations against some Fortis Bank operating companies. The claims are based on one or more of the following allegations: violation of 'duty of care', absence of a second signature or absence of license to sell the products concerned. The present assessment of the legal risk involved in these proceedings does not give rise to material provisions to be set up within Fortis Bank.

- A proceeding is pending in the New York State court against Fortis Securities LLC and Fortis Bank. In this action, involving a claim for USD 175 million, the plaintiff alleges, among other things, breach of contract, tortuous interference with contract and fraudulent inducement, and demands damages for failing to underwrite a warehouse facility. Fortis Securities LLC and Fortis Bank are contesting the claim and the claim gave no rise to provisions at 31 December 2009.

- Furthermore, following the restructuring of Fortis (referring to both 'Fortis SA/NV' and 'Fortis N.V.') end September and beginning of October 2008, a number of groups representing shareholders have initiated (or threatened) legal action against various entities of the former Fortis group and/or certain members of their Board of directors and management. These legal actions include amongst others:

  - A class action has been filed against, amongst others, Fortis Bank, one of its directors and former directors of Fortis Bank, in the US District Court of the Southern District of New York, demanding damages for alleged securities fraud committed in the period between 17 September 2007 and 14 October 2008. The actions were dismissed for lack of jurisdiction by the court in a verdict rendered on 18 February 2010 which is appealed by plaintiffs.

- VEB (Vereniging van Effectenbezitters) and Deminor International CVBA served a writ of summons on 27 April 2009 against, among others, the State of the Netherlands, Fortis N.V., Fortis SA/NV, Fortis Insurance N.V., Fortis Insurance International N.V. and Fortis Bank. The plaintiffs who base their action before the court in Amsterdam upon tort (i.e. the State having acted wrongfully against the two listed companies Fortis N.V. and Fortis SA/NV as well as towards Fortis Bank, by forcing the sale of the Dutch insurance and banking business to the State on 3 October 2008), are requesting (i) a declaratory decision that the State has forced the sale and acted wrongfully (ii) a declaratory decision that the State also acted wrongfully towards Fortis shareholders at that time (iii) a declaratory decision that the State is liable and must pay the shareholders damages (iv) alternatively if the claims under (i) and (ii) are denied, an injunction obliging Fortis N.V. and Fortis SA/NV to commence a legal action against the State to seek compensation within six months of the day on which the decision of the court is pronounced.

While the likelihood that such claims effectively result in losses for Fortis Bank cannot be ruled out, such likelihood is considered very small based on the assessment of the situation at 31 December 2009.

Other litigations and investigations are pending in relation to the restructuring of the Fortis group to which Fortis Bank is at this moment not a party. The possibility, however, cannot be ruled out that the outcome of such litigations and/or investigations would also have an impact on Fortis Bank. The possibility cannot be ruled out that Fortis Bank, as a former member of the Fortis group, will become involved in such or other proceedings. It is not possible to predict or determine the ultimate outcome of further actions, if any, nor the potential impact on the Fortis Bank Consolidated Financial Statements.

Like many other companies in the banking, investment, mutual funds and brokerage, Fortis Bank (and its consolidated subsidiaries) have received or may receive requests for information from supervisory, governmental or self-regulatory agencies. Fortis Bank responds to such requests and cooperates with the relevant regulators and other parties to address any issues they might have. Fortis Bank believes that any issues that have been identified do not represent a material or systemic problem to Fortis Bank or its businesses.

Other contingent assets and liabilities

Following the sale and split-off of FBN(H) from Fortis Bank as per the sales agreement of 3 October 2008, a separation agreement between Fortis Bank and FBN(H) was signed at 30 March 2009.

Negotiations are still ongoing on some remaining mutual exposures, some material funding and risk issues, including off-balance sheet instruments, the termination of an insurance policy to which the related claims, should they have to be paid, would be at the expense of Fortis Bank SA/NV, the discontinuation of services and some Dutch securitisation instruments.

50. Lease agreements

Fortis Bank has entered into lease agreements to provide for office space, office equipment and vehicles. The following table reflects future commitments for non-cancellable operating leases as at 31 December.

	2009	2008
Not later than 3 months	5	5
Later than 3 months and not later than 1 year	14	11
Later than 1 year and not later than 5 years	61	51
Later than 5 years	103	152
Total	**183**	**219**
Annual rental expense:		
Lease payments	167	194

51. Assets under management

Assets under management include investments for own account and funds under management. Funds under management include investments that are managed on behalf of clients, either private or institutional, and on which Fortis Bank earns a management or advice fee. Discretionary capital (capital actively managed by Fortis Bank) as well as advisory capital are included in funds under management.

Eliminations in the various tables relate to the funds under management of clients invested in funds managed by Fortis Bank that otherwise would be counted double.

The following table provides a breakdown of Assets under management by investment type and origin.

	31 December 2009	31 December 2008
Investments for own account:		
- Debt securities	90,258	105,605
- Equity securities	1,694	2,001
- Real estate	693	672
- Other	2,759	703
Total investments for own account	**95,404**	**108,981**
Funds under Management:		
- Debt securities	112,250	130,118
- Equity securities	91,746	85,888
- Real estate	4,262	280
- Eliminations	(5,870)	(7,537)
Total funds under management	**202,388**	**208,749**
Total assets under management	**297,792**	**317,730**

Changes in funds under management by segment are shown below.

	Retail Banking	Asset Management	Private Banking	Merchant Banking	Eliminations	Total
Balance at 31 December 2008	**3,461**	**169,660**	**43,062**	**103**	**(7,537)**	**208,749**
In/out flow	(292)	(20,673)	(5,463)	(4)	2,090	(24,342)
Market gains /losses	405	15,697	6,818	(5)	(419)	22,496
Other	45	(4,137)	(419)		(4)	(4,515)
Balance at 31 December 2009	**3,619**	**160,547**	**43,998**	**94**	**(5,870)**	**202,388**

The line Other includes the transfers between segments, the impact of acquisitions and disposals and the currency translation differences.

Other information related to the consolidated figures

Events after the reporting period

There have been no material events since the balance sheet date that would require adjustments to the Consolidated Financial Statements as at 31 December 2009.

In 2010, as part of the global integration project between BNP Paribas and Fortis Bank, other integration transactions than the ones described in Note 4 of the Consolidated Financial Statements, will be considered.

As part of the implementation of the industrial plan, which was approved on 25 November 2009 by the Board of directors of BGL, BGL has become as at 25 February 2010 the sole shareholder of BNP Paribas Luxembourg.

Amongst others, the lease activities of Fortis Lease Group will be combined with BNP Paribas Lease Group.

At 1st March 2010, the shareholders of Postbank Ireland Limited (An Post and BGL) have decided to continue the Postbank joint venture until the end of 2010, but not beyond that date. Arising from this decision, Postbank management has been mandated to prepare a plan for a professional and orderly wind down of the bank by year-end. The Financial Regulator has been informed of the shareholders decision.

Consolidation scope

Criteria for full consolidation, valuation by equity method and exclusions.

The consolidated accounts are prepared in accordance with the Royal Decree of 5 December 2004 amending the Royal Decree of 23 September 1992 on the non-consolidated accounts and consolidated accounts of credit institutions. The Royal Decree stipulates that, for financial years beginning on or after 1 January 2006, consolidated annual accounts must be drawn up in accordance with international standards (IAS/IFRS), as adopted by the European Union.

The consolidated financial statements include those of Fortis Bank SA/NV and its subsidiaries. Subsidiaries are those companies, for which Fortis Bank, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from its activities ("control"). Subsidiaries are consolidated from the date on which effective control is transferred to Fortis Bank and are no longer consolidated from the date that control ceases.

The consolidated accounts are prepared in accordance with IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates, IAS 31 Interests in Joint Ventures and in accordance with SIC-12 Consolidation-Special Purpose Entities, that requires to consolidate the SPE when the substance of the relationship indicates that Fortis Bank controls the SPE and retains a significant beneficial interest in the SPE's activities.

Investments in joint ventures – contractual agreements whereby Fortis Bank and other parties undertake an economic activity that is subject to joint control – are accounted for using the proportional method.

Investments in Associates – investments in which Fortis Bank has significant influence, but which it does not control, generally holding between 20% and 50% of the voting rights – are accounted for using the equity method.

Deviations from these criteria are as follows:

1 Some entities where Fortis Bank has the legal ownership are not consolidated due to the fact that the economic control is held by third parties and in accordance with Art. 107,2° of the Royal Decree of January 30, 2001, this is the case for companies managing real estate and real estate certificates: *Certificat Etoile, Certifimmo II, Distri-Invest, Finest, Immo Beaulieu, Immo Kolonel Bourgstraat*

2 Based on the IASB Framework–30 and Art. 107,1° of the Royal Decree of January 30, 2001 subsidiaries of minor importance were excluded from the consolidated accounts as the information obtained by the consolidation of this subsidiaries in not material in the financial statements of Fortis Group: *A.M.B. – West Africa, Antilope Invest, ASLK-CGER Services, BPC Developpement, Colfridis Invest, Coppefis, Decom Services Ltd, Discontokantoor van Turnhout, Dis Globus Malta Ltd,, Elimmo, Fagus, Fortis Bank Escritorio de Representacao Ltda, Fortis Foreign Fund Services AG, Fortis Private Equity Arkimedes N.V., Fortis Services Monétiques, Fortis Trustee (India) Private Ltd, FP Consult (Guernsey), FPIM Nominees, Generale Branch Nominees Ltd., Geneve Credit & Leasing SA, Geschäftsführungs GmbH der Generale Bank, Hewett's Island CLO VII Ltd, I.D.B.P.International Building Materials Retail Organisation, Novy Holding N.V., OB Invest, Packing Invest, Par 3, Parisienne d'Acquisition Fonçière, Penne International, RNPC Rail, Rothesay, SCI Norlum, Shinnecock CLO II Ltd, Sofistik, Velleman International, VIA-Zaventem N.V., Von Essen GmbH, Wa Pei Nominees Ltd, The Strategic Alpha Fund Management Company Limited*.

3. The following subsidiaries were accounted for under the equity method because of their minor importance to the consolidated financial statements: *Belgolaise, Comptoir Agricole de Wallonie, Credissimo, Credissimo Hainaut, Crédit pour Habitations Sociales, Demetris, Euro-Fashion Center SCA, Fintrimo, Immolouneuve, Landbouwkantoor Vlaanderen, Prestibel Left Village, PT ABN AMRO Manajemen Investasi, RFH Ltd*.

4. The following joint ventures were accounted for under the equity method because of their minor importance to the consolidated financial statements: *CF Leasing, ACG Capital Partner, Postbank Ireland, KIT FIM Holding, Ostara Partners Inc Korea, Ostara Partners, Euro-Scribe, Marie Lease.*

5. The following joint ventures & associates were not accounted for under the equity method because of their insignificance (Art. 157 of the Royal Decree of January 30, 2001): *A2IA Group, Alpha Card Merchant Services, Altsys, Antwerps Innovatie Centrum, Arets International, Baby Gift International, Baekeland Fonds, Banque International Afrique au Niger, Bedrijvencentrum Zaventem, Brussels I3 Fund, Coöperatieve H2 Equity Partners Fund III U.A., Cronos, Dolnoslaska Szkola Bankowa Sp.z.o.o., Etna, Fortis Agency Limited, Fortis Asia Limited, Fortis China Limited, Fortis Far East Limited, Fortis Futures Limited, Fortis Greater China, Fortis Group Ltd, Fortis Insurance Limited, Fortis International Limited, Fortis L Capital, Fortis Limited, Fortis Management Limited, Fortis Services Limited, Gemma Frisius-Fonds K.U. Leuven NV, Gudrun Xpert, Immo Regenboog, Metropolitan Buildings, Middle East Bank Kenya Ltd, MIR, Nova Electro International, Sophis System, Studio 100.*

In global the impact of not consolidating subsidiaries of minor importance is not material in the annual accounts of Fortis Bank.

V.A.T. BE 403.199.702

List of fully consolidated affiliated companies

Name	Head-office location	VAT number / National identification number	Percentage of holding (%)
3D Güvenlik Sistemleri ve Org. Tic. A.S.	Gayrettepe		93.17
ABN AMRO Asset Management (Asia) Ltd	Hong Kong		92.33
ABN AMRO Asset Management (Asia) Ltd. Korea Representative Office	Seoul		92.33
ABN AMRO Asset Management (Asia) Ltd. Shanghai Representative Office	Shanghai		92.33
ABN AMRO Asset Management (Netherlands) B.V., Dubai Representative Office	Dubai		92.33
ABN AMRO Asset Management (Singapore) Ltd.	Singapore		92.33
ABN AMRO Asset Management Investments (Asia) Limited	Grand Cayman		92.33
ABN AMRO Asset Management Real Estate (Asia)	George Town		92.33
ABN AMRO Asset Management Real Estate, Korea (Cayman)	Grand Cayman		92.33
ABN AMRO Emerging Europe Private Equity (Curaçao) N.V.	Curaçao		92.33
ABN AMRO Investment Trust Company	Chicago		92.33
Ace Equipment Leasing	Sint-Agatha-Berchem	BE 440.910.431	50.00
Ace Leasing	Sint-Agatha-Berchem	BE 435.610.370	50.00
Ace Leasing B.V.	s Hertogenbosch		50.00
AFL Lease B.V.	Den Bosch		50.00
Agrilease B.V.	s-Hertogenbosch		50.00
Alandes B.V.	Amsterdam		100.00
Alfred Berg Administration A/S	Copenhagen		92.33
Alfred Berg Asset Management AB	Stockholm		92.33
Alfred Berg Asset Management Finland	Helsinki		92.33
Alfred Berg Fonder AB	Stockholm		92.33
Alfred Berg Fondsmaeglerselskab A/S	Copenhagen		92.33
Alfred Berg Forvaltning AS	Oslo		92.33
Alfred Berg Funds	Helsinki		92.33
Alfred Berg Kapitalförvaltning AB	Stockholm		92.33
Alfred Berg Kapitalforvaltning AS	Oslo		92.33
Alfred Berg Services AB	Stockholm		92.33
Alleray	Luxemburg		50.00
Alpha Crédit S.A.	Brussels	BE 445.781.316	100.00
Argance	Luxemburg		50.00
Artemis Asset Management Ltd	Edinburgh		100.00
Artemis Fund Managers Limited	London		100.00
Artemis Investment Management Limited	Edinburgh		100.00
Artemis Ocean Racing 2 Ltd	Edinburgh		100.00
Artemis Ocean Racing Limited	Edinburgh		100.00
Artemis Strategic Asset Management Limited	Edinburgh		100.00
Artemis Unit Trust Managers Limited	Edinburgh		100.00
Astir B.V.	Amsterdam		100.00
BASS Master Issuer NV	Brussels	BE 898.307.694	100.00
BGL BNP Paribas	Luxemburg		50.00
BNPP Fortis Factor	Leuven	BE 819.568.044	99.98
CA Motor Finance Limited	London		50.00
Camomile Alzette Investments (UK) Limited	George Town		100.00
Camomile Asset Finance (No5) Partnership	London		100.00
Camomile Canopia Trading (UK) Limited	George Town		100.00
Camomile Investments UK Limited	London		100.00
Camomile Pearl (UK) Limited	George Town		100.00
Camomile Ulster Investments (UK) Ltd.	George Town		100.00
Captive Finance Limited	Wanchai		50.00

Captive Finance Taiwan Co. Ltd	Taipei City		50.00
Certifimmo V S.A.	Brussels	BE 450.355.261	100.00
Cofhylux S.A.	Luxemburg		50.00
Continuing Care Retirement Community N.V.	Brussels	BE 875.844.672	99.96
Dalgarno	Luxemburg		50.00
Delvino	Luxemburg		50.00
Dikodi B.V.	Amsterdam		100.00
Dominet Finanse S.A.	Piaseczno		100.00
Dominet S.A.	Piaseczno		100.00
Dominet SPV-II Sp. z.o.o.	Piaseczno		100.00
Dreieck One Limited	George Town		50.00
EISER Infrastructure Capital Management Limited	London		92.33
ELFA-AUTO	Luxemburg		50.00
ERIS INVESTISSEMENTS	Luxemburg		50.00
ES-Finance	Sint-Agatha-Berchem	BE 430.506.289	50.00
Esmée Master Issuer	Brussels	BE 820.094.121	100.00
Euro-Fashion-Center S.A.	Brussels	BE 884.178.556	100.00
F.A.M. Fund Advisory	Luxemburg		50.00
F.L. Zeebrugge	Sint-Agatha-Berchem	BE 865.778.250	37.50
FB Energy Canada Corp.	Calgary		100.00
FB Energy Holdings LLC	New York		100.00
FB Energy Trading S.à R.L.	Luxemburg		100.00
FB Holdings Canada Corp.	Calgary		100.00
FB Transportation Capital LLC	New York		100.00
FBC Ltd	Hamilton		100.00
FCM Private Equity S.L.	Madrid		100.00
Fimagen Holding S.A.	Paris		100.00
Fimapierre	Paris		92.33
Finalia	Brussels	BE 878.920.562	51.00
Flexifund Associates	Luxemburg		92.33
Folea Grundstucksverwaltungs- und -Vermietungs GmbH & Co. Objekt Burtenbach KG	Düsseldorf		3.00
Folea Grundstucksverwaltungs und Vermietungs GmbH & Co. Objekt Leverkusen KG	Düsseldorf		3.00
Folea Grundstucksverwaltungs-und Vermietungs GmbH & CO Objekt Thalfingen	Düsseldorf		50.00
Folea II Verwaltungs GmbH	Düsseldorf		50.00
Folea III Verwaltungs GmbH	Düsseldorf		50.00
Folea Verwaltungs GmbH	Düsseldorf		50.00
Fondo Nazca I, F.C.R.	Madrid		100.00
Fortis Asset Management Japan Co.,Ltd	Tokyo		92.33
Fortis Bank Anonim Sirketi	Gayrettepe		94.11
Fortis Bank Malta Ltd	Gzira		94.11
Fortis Bank Polska S.A.	Warschau		99.87
Fortis Bank Reinsurance S.A. en abrégé FB Re S.A.	Luxemburg		100.00
Fortis Banque (Suisse) S.A.	Geneva 4		50.00
Fortis Banque France	Puteaux		99.98
Fortis Banque S.A. / Fortis Bank N.V.	Brussels	BE 403.199.702	0.00
Fortis Capital (Canada) Ltd	Whitehorse		100.00
Fortis Capital Corp.	New York		100.00
Fortis Clean Energy Fund GP Ltd	London		92.33
Fortis Direct Real Estate Management S.A.	Luxemburg		100.00
Fortis Energy Leasing X 2	s-Hertogenbosch		50.00
Fortis Energy Leasing XI	s-Hertogenbosch		50.00
Fortis Energy Leasing X3 BV	s Hertogenbosch		50.00
Fortis Energy Leasing XIV BV	Den Bosch		50.00
Fortis Energy Marketing & Trading GP	Houston		100.00
Fortis Epargne Retraite	Paris		67.68
Fortis Film Fund S.A.	Brussels	BE 893.587.655	100.00
Fortis Finance Belgium S.C.R.L.	Brussels	BE 879.866.412	100.00
Fortis Finansal Kiralama A.S.	Istanbul		50.00
Fortis Funding LLC	New York		100.00
Fortis Funds (Nederland) N.V.	Amsterdam		92.33
Fortis Gesbeta,Sociedad Gestora de Instituciones de Inversion Colectiva	Madrid		100.00
Fortis Gestão de Investimentos (Investment Management) Brasil Ltda	São Paulo		92.33
Fortis Gestion Privée	Paris		99.97
Fortis Holding Malta B.V.	Amsterdam		94.11
Fortis Holding Malta Ltd	Gzira		94.11

Fortis International Finance (Dublin)	Dublin 1		100.00
Fortis International Finance Luxembourg S.A.R.L.	Luxemburg		100.00
Fortis Investment Finance	Paris		92.33
Fortis Investment Management "FIM"	Brussels	BE 462.748.891	92.33
Fortis Investment Management (Cayman) Ltd.	George Town		92.32
Fortis Investment Management (India) Ltd.	Mumbai		92.33
Fortis Investment Management (Schweiz) A.G.	Zurich		92.33
Fortis Investment Management Argentina Soc. Gerente de FCI S.A.	Buenos Aires		92.33
Fortis Investment Management Australia Holdings Pty Limited	Sydney		92.33
Fortis Investment Management Australia Limited	Sydney		92.33
Fortis Investment Management Belgium, en abrégé FIM Belgium	Brussels	BE 882.221.433	92.33
Fortis Investment Management Canada Limited	Toronto		92.33
Fortis Investment Management Chile S.A.	Santiago		92.33
Fortis Investment Management France	Paris		92.33
Fortis Investment Management Holdings UK Limited	London		92.33
Fortis Investment Management Hong Kong Limited (in liquidation)	Hong Kong		92.33
Fortis Investment Management Luxembourg S.A.	Luxemburg		92.33
Fortis Investment Management Netherlands N.V.	Amsterdam		92.33
Fortis Investment Management UK Limited	London		92.33
Fortis Investment Management USA, Inc.	Boston		92.33
Fortis Investment NL Holding N.V.	Amsterdam		92.33
Fortis Lease	Sint-Agatha-Berchem	BE 403.269.481	50.00
Fortis Lease (China) Co. Ltd	Beijing		50.00
Fortis Lease (France)	Puteaux		50.00
Fortis Lease (Malaysia) Sdn. Bhd	Kuala Lumpur		50.00
Fortis Lease Car & Truck	Sint-Agatha-Berchem	BE 401.108.064	50.00
Fortis Lease Czech	Prague		50.00
Fortis Lease Danmark A/S	Ballerup		50.00
Fortis Lease Deutschland AG	Düsseldorf		50.00
Fortis Lease Group S.A.	Luxemburg		50.00
Fortis Lease Group Services	Brussels	BE 870.741.482	50.00
Fortis Lease Holding Norge AS	Oslo		50.00
Fortis Lease Holdings UK Limited	London		50.00
Fortis Lease Hong Kong Limited	Wanchai		50.00
Fortis Lease Hungaria Eszközfinanszírozási Pénzügyi Lízing Zárkörüen Müködö Részvénytársaság	Budapest		50.00
Fortis Lease Hungaria Real estate, Ingatlanfinanszirosási Pénzügyi Lízing Zártkörüen Múködö Részvénytársaság	Budapest		50.00
Fortis Lease Hungaria Vehicle Financing Financial Leasing Company	Budapest		50.00
Fortis Lease Iberia	Barcelona		60.69
Fortis Lease Immobilier Suisse	Lausanne		50.00
Fortis Lease Luxembourg	Luxemburg		50.00
Fortis Lease Nederland N.V.	s-Hertogenbosch		50.00
Fortis Lease Norge AS	Oslo		50.00
Fortis Lease Operativ Lízing Zártkörüen Múködö Részvénytársaság	Budapest		50.00
Fortis Lease Polska Sp.z.o.o.	Warschau		50.00
Fortis Lease Portugal	Lissabon		50.00
Fortis Lease Romania IFN SA	Bucharest		50.00
Fortis Lease S.p.A.	Treviso		50.00
Fortis Lease Singapore Pte Ltd	Singapore		50.00
Fortis Lease Suisse	Lausanne		50.00
Fortis Lease Sweden AB	Linkôping		50.00
Fortis Lease UK (1) Ltd	Glasgow		50.00
Fortis Lease UK (2) Ltd	Glasgow		50.00
Fortis Lease UK (3) Ltd	Glasgow		50.00
Fortis Lease UK (4) Ltd	Glasgow		50.00
Fortis Lease UK (5) Ltd	Glasgow		45.00
Fortis Lease UK Ltd	London		50.00
Fortis Lease UK Retail Limited	Glasgow		50.00
Fortis Luxembourg Finance S.A.	Luxemburg		100.00
Fortis Mediacom Finance	Paris		99.97
Fortis Money Short Term Fund	Paris		96.86
Fortis Park Lane Ireland Limited	Dublin 1		100.00
Fortis PF Investments (UK) Limited	London		100.00

Fortis Portföy Yönetimi A.S.	Istanbul		92.33
Fortis Prime Fund Solutions (USA) LLC	New York		100.00
Fortis Private Equity Asia Fund S.A.	Brussels	BE 866.161.894	100.00
Fortis Private Equity Belgium N.V.	Brussels	BE 421.883.286	100.00
Fortis Private Equity Expansion Belgium N.V.	Brussels	BE 425.499.309	100.00
Fortis Private Equity France Fund	Strasbourg		99.91
Fortis Private Equity France S.A.S.	Strasbourg		100.00
Fortis Private Equity Management N.V.	Brussels	BE 438.091.788	100.00
Fortis Private Equity Venture Belgium S.A.	Brussels	BE 431.044.244	100.00
Fortis Private Euro-Fashion-Center	Luxemburg		50.00
Fortis Private Investment Management Ltd	London		100.00
Fortis Private Investments Polska Spólka Akcyjna	Warschau		99.87
Fortis Private Real Estate Holding S.A.	Luxemburg		100.00
Fortis Proprietary Capital Inc.	New York		100.00
Fortis Proprietary Investment (Ireland) Ltd.	Dublin 1		100.00
Fortis Securities Investment Consultant Co. Ltd.	Taipei		92.33
Fortis Securities LLC	New York		100.00
Fortis Vastgoedlease B.V.	s-Hertogenbosch		50.00
Fortis Wealth Management Hong Kong Limited	Hong Kong		100.00
Fortis Wealth Management Taiwan Co. Ltd	Taipei		100.00
Fortis Yatirim Menkul Degerler A.S.	Etiler		94.11
FPRE Management (Belgium) SA	Brussels	BE 871.937.750	100.00
FPRE Second Residences	Sint-Joost-ten-Noode	BE 895.730.266	100.00
Friedland Participation et Gestion	Puteaux		50.00
Frynaco	Brussels	BE 418.940.129	100.00
FSI Holdings Inc	New York		100.00
Fundamentum Asset Management (FAM)	Luxemburg		50.00
G I Finance	Dublin 1		100.00
G.I.E. Services Groupe Fortis France	Puteaux		78.73
GeneralCorp10	Luxemburg		100.00
Generale Belgian Finance Company Limited	Hong Kong		100.00
Genfinance International S.A.	Brussels	BE 421.429.267	100.00
Gesellschaft für Capital & Vermögensverwaltung GmbH	Essen		100.00
GIE Immobilier Groupe Fortis France	Puteaux		89.71
Global Management Services	Bucharest		50.00
Groeivermogen N.V.	Amsterdam		92.33
Immobilière Sauvenière S.A.	Brussels	BE 403.302.739	100.00
Industrifinans Forskningsparken Eiendom AS	Oslo		92.33
Inkasso Kodat GmbH & Co. KG	Essen		100.00
Kota Jaya Limited	Hong Kong		50.00
Kota Juta Limited	Hong Kong		50.00
Lisia I Ltd	Guernsey		100.00
MeesPierson Private Belgian Offices NV	Brussels	BE 870.332.104	100.00
Merconter S.A.	Buenos Aires		92.33
Merkur Beteiligungs- und Verwaltungsgesellschaft mit beschränkter Haftung	Essen		100.00
Mermoz Jet Finance	Madrid		100.00
Money Alpha	Paris		100.00
Money Beta	Paris		100.00
Montag & Caldwell, Inc.	Atlanta		100.00
Nazca Inversiones S.A.	Madrid		100.00
Nissan Finance Belgium N.V.	Brussels	BE 445.305.917	87.50
Park Mountain SME 2007-I B.V.	Amsterdam		100.00
Pattison	Luxemburg		50.00
PT. Fortis Investments	Jakarta		91.41
Quainton Funding S.à.R.L.	Luxemburg		50.00
SA FPRE Second Residences	Sint-Joost-ten-Noode	BE 887.281.467	100.00
Scaldis Capital (Ireland) Ltd	Dublin 2		100.00
Scaldis Capital Limited	Jersey		100.00
SCI Champvernier	Puteaux		50.00
SCI FLIF-Azur	Puteaux		50.00

SCI FLIF-Château Landon	Puteaux		50.00
SCI FLIF-Evry 2	Puteaux		50.00
SCI FLIF-Le Gallo	Puteaux		50.00
SCI FLIF-Le Port	Puteaux		50.00
SCI FLIF-Sainte Marie	Puteaux		50.00
Sethys Aarschot	Ternat		50.98
Société Alsacienne de développement et d'Expansion	Strasbourg		50.00
Sowo Invest S.A. / N.V.	Brussels	BE 877.279.282	87.50
Tabor Funding	Luxemburg		50.00
TCG Fund I, L.P.	Grand Cayman		99.66
Upper Hatch Securities Ltd	Dublin		100.00
Von Essen GmbH & Co. KG Bankgesellschaft	Essen		100.00
Wa Pei Finance Company LTD	Hong Kong		100.00
Wa Pei Properties Limited	Hong Kong		100.00

V.A.T. BE 403.199.702

List of not consolidated affiliated companies

Name	Head-office location	VAT number / National identification number	Percentage of holding (%)	Reason of the exclusion
A.M.B.- West Africa	Abidjan		100.00	Immaterial Interest
Antilope Invest	Lier	BE 887.200.008	57.75	Immaterial Interest
ASLK-CGER Services	Brussels	BE 458.523.354	100.00	In liquidation
Atrialis	Dublin		100.00	Immaterial Interest
B.P.C. Développement	Puteaux		99.97	Immaterial Interest
Certifimmo II S.A.	Brussels	BE 431.434.224	51.20	Real Estate Certificate
Colfridis Invest	Londerzeel	BE 888.183.072	74.47	Immaterial Interest
Company For Promotion And Processing of Electronic Financial Services, afgekort " Coppefis "	Brussels	BE 453.987.813	100.00	Immaterial Interest
Decom Services Ltd	Gzira		94.10	In liquidation
Dis Globus Malta Ltd	Gzira		94.11	In liquidation
Discontokantoor van Turnhout	Turnhout	BE 404.154.755	100.00	In liquidation
DISTRI-INVEST S.A.	Brussels	BE 431.242.105	51.00	Real Estate Certificate
Elimmo	Luxemburg		50.00	Real Estate Certificate
Fagus	Brussels	BE 475.207.255	55.00	Immaterial Interest
Finest S.A.	Brussels	BE 449.082.680	99.99	Real Estate Certificate
Fortis Bank Escritorio de Representacao Ltda.	São Paulo		75.00	Immaterial Interest
Fortis Foreign Fund Services AG	Zürich		49.85	Immaterial Interest
Fortis Private Equity Arkimedes N.V.	Brussels	BE 878.499.603	50.10	Immaterial Interest
Fortis Services Monétiques	Puteaux		99.90	Immaterial Interest
Fortis Trustee (India) Private Ltd.	Mumbai		92.33	Immaterial Interest
FP Consult (Guernsey) Ltd	St. Peter Port		92.33	Immaterial Interest
FPIM Nominees Ltd	London		100.00	Immaterial Interest
Generale Branch (Nominees) limited	London		100.00	Immaterial Interest
Genève Crédit & Leasing S.A.	Geneva		51.00	Immaterial Interest
Geschäftsführungs GmbH der Generale Bank	Köln		100.00	Immaterial Interest
Hewett's Island CLO VII Ltd	George Town		100.00	Immaterial Interest
I.D.B.P. SA	Paris		98.00	Real Estate Certificate
International Building Materials Retail Organisation NV	Puurs	BE 806.187.784	60.00	Immaterial Interest
Novy Holding N.V.	Kuurne	BE 436.260.369	53.69	Immaterial Interest
OB Invest N.V.	Rotselaar	BE 880.203.635	95.00	Immaterial Interest
Packing Invest	Boom	BE 871.096.028	91.11	Immaterial Interest
Par Trois	Luxemburg		38.29	Immaterial Interest
Parisienne d'Acquisition Foncières SAS	Puteaux		99.98	Immaterial Interest
Penne International	Aalst	BE 887.229.207	74.90	Immaterial Interest
Renoir CDO	Amsterdam		100.00	Immaterial Interest
RNPC Rail	Paris		64.99	Immaterial Interest
Rothesay	Luxemburg		50.00	Immaterial Interest
SCI Norlum	Lille		99.98	Immaterial Interest
Shinnecock CLO II Ltd	Grand Cayman		100.00	Immaterial Interest
Sofistik S.A.	Geneva 4		50.00	Immaterial Interest
The Strategic Alpha Fund Management Company Limited	Dublin 1		50.00	Immaterial Interest
Velleman International N.V.	Gavere	BE 866.481.994	69.95	Immaterial Interest
VIA-ZAVENTEM N.V.	Brussels	BE 892.742.765	51.00	Immaterial Interest
Von Essen GmbH	Essen		100.00	Immaterial Interest
Wa Pei (Nominees) Ltd	Wanchai		100.00	Immaterial Interest

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List of participating interests valued by equity method

Name	Head-office	VAT/NN	Percent of holding
ACG Capital Partners LLC	Newport Beach		50.00
ACG Investment Capital Partners LLC	Dover		50.00
AG Insurance	Brussels	BE 404.494.849	25.00
Alpha Card S.C.R.L.	Watermaal-Bosvoorde	BE 463.926.551	50.00
Alsabail	Strasbourg		20.34
Aramea Asset Management AG	Hamburg		27.70
ASPIS International Mutual Funds Management Company S.A.	Athene		41.55
Association de Frais Fortis Real Estate	Brussels	NA	32.69
Athymis Gestion S.A.	Paris		31.39
Banking Funding Company S.A.	Brussels	BE 884.525.182	33.47
BCC Corporate	Brussels	BE 883.523.807	50.00
Belgolaise S.A.	Brussels	BE 403.200.294	100.00
Brand & Licence Company S.A.	Brussels	BE 884 499 250	20.00
CF Leasing Limited	Hamilton		69.30
Comptoir Agricole de Wallonie	Namen	BE 400.364.530	100.00
Credissimo	Seraing	BE 403.977.482	100.00
Credissimo Hainaut S.A.	Doornik	BE 402.495.065	99.72
Crédit pour Habitations Sociales - Krediet voor Sociale Woningen	Watermaal-Bosvoorde	BE 402.204.461	81.66
Demetris N.V.	Groot-Bijgaarden	BE 452.211.723	100.00
Eos Aremas Belgium S.A./N.V.	Brussels	BE 466.301.368	49.97
Euro-Fashion-Center SCA	Brussels	BE 884.303.765	51.34
Europay Belgium	Brussels	BE 434.197.536	39.88
Euro-Scribe SAS	Paris		25.00
Fastnet Nederland	Amsterdam		23.92
Fintrimo S.A.	Sint-Joost-Ten-Noode	BE 874.308.807	62.50
Fortis Haitong Investment Management Co., LTD	Pudong (Shanghai)		45.24
Fortis Investment Partners Pty Ltd	Sydney		36.93
Fortis/KFH SCOF Advisor Limited	Road town, Tortola		50.00
Fortis Luxembourg - Vie S.A.	Luxemburg		25.00
Fortis Real Estate Shared Services	Brussels	BE 472.969.525	26.07
Fund Admin. Service & Techno. Network Belgium	Brussels	BE 460.019.728	23.90
Fund Administration Services & Technology Network Luxembourg	Luxemburg		23.90
FV HOLDING N.V.	Etterbeek	BE 810.422.825	40.00
Haitong - Fortis Private Equity Fund Management Co. Ltd	Shanghai		30.47
Het Werkmanshuis N.V.	Tongeren	BE 400.986.518	41.04
Immolouneuve	Brussels	BE 416.030.426	62.50
Internaxx Bank	Luxemburg		12.50
Isabel S.A./N.V.	Brussels	BE 455.530.509	25.33
KIT Fortis Investment Consulting, LLC	Sint-Petersburg		46.17
KIT Fortis Investment Management	Sint-Petersburg		46.17
KIT Fortis Investment Management	Almaty		46.17
KIT Fortis Investment Management Holding B.V.	Amsterdam		46.17
La Propriété Sociale de Binche-Morlanwelz S.A.	Binche	BE 401.198.136	21.48
Landbouwkantoor van Vlaanderen N.V.	Kortrijk	BE 405.460.889	100.00
Marie Lease SARL	Luxemburg		25.00
Nieuwe Maatscahppij Rond den Heerd N.V. (in vereffening)	Marke	BE 426.351.028	23.26
Ostara Partners Inc.	Grand Cayman		46.17
Ostara Partners Inc. Korea	Grand Cayman		46.17
Otis Vehicle Rentals Limited	West Midlands		20.00
Postbank Ireland LTD	Dublin 2		25.00
Prestibel Left Village	Antwerpen	BE 448.693.888	70.06
PT ABN AMRO Manajemen Investasi	Jakarta		78.48
RFH Ltd.	Hamilton		66.15
Textainer Marine Containers Ltd.	Hamilton		25.00
Versiko AG	Hilden		20.68
Visa Belgium SRCL	Brussels	BE 435.551.972	25.14

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List of participating interests not valued by equity method

Name	Head-office location	VAT number / National identification number	Percentage of holding (%)	Reason of the exclusion
A2IA Group	Paris		31.16	Immaterial Interest
ABN AMRO Teda Fund Management Co. Ltd	Beijing		45.24	Immaterial Interest
Alpha Card Merchant Services	Watermaal-Bosvoorde	BE 475.933.171	50.00	Immaterial Interest
Alternative Systems en abrégé "ALTSYS"	Louvain-La-Neuve	BE 436.528.704	21.44	In liquidation
Antwerps Innovatie Centrum	Edegem	BE 472.386.634	21.30	Immaterial Interest
Arets International	Niel	BE 890.356.466	49.90	Immaterial Interest
Baby Gift International	Villedieu La Blouère		34.59	Immaterial Interest
Baekelandfonds R.U. Gent N.V.	Gent	BE 465.509.235	33.33	Immaterial Interest
Banque Internationale Afrique au Niger S.A.	Niamey		35.00	Immaterial Interest
Bedrijvencentrum Zaventem N.V.	Zaventem	BE 426.496.726	24.98	Immaterial Interest
Brussels I³ Fund	Elsene	BE 477.925.433	36.37	Immaterial Interest
Certificat Etoile S.A.	Luxemburg		25.00	Real Estate Certificate
Coöperatieve H2 Equity Partners Fund III U.A.	Amsterdam		24.07	Immaterial Interest
Cronos Ltd	Hamilton		38.60	Immaterial Interest
Dolnoslaska Szkola Bankowa Sp. z.o.o.	Lubin		24.72	Immaterial Interest
Etna	Erembodegem	BE 419.508.766	20.97	Immaterial Interest
Fortis Agency Limited	Wanchai		50.00	Immaterial Interest
Fortis Asia Limited	Wanchai		50.00	Immaterial Interest
Fortis China Limited	Wanchai		50.00	Immaterial Interest
Fortis Far East Limited	Wanchai		50.00	Immaterial Interest
Fortis Futures Limited	Wanchai		50.00	Immaterial Interest
Fortis Greater China Limited	Wanchai		50.00	Immaterial Interest
Fortis Group Limited	Wanchai		50.00	Immaterial Interest
Fortis Insurance Limited	Wanchai		50.00	Immaterial Interest
Fortis International limited	Wanchai		50.00	Immaterial Interest
Fortis L Capital	Luxemburg		50.00	Immaterial Interest
Fortis Limited	Wanchai		50.00	Immaterial Interest
Fortis Management Limited	Wanchai		50.00	Immaterial Interest
Fortis Services Limited	Wanchai		50.00	Immaterial Interest
Gemma Frisius-Fonds K.U.Leuven II	Leuven	BE 477.960.372	40.00	Immaterial Interest
Gudrun Xpert N.V.	Brussels	BE 477.315.422	26.00	Immaterial Interest
Immo Kolonel Bourgstraat	Brussels	BE 461.139.879	50.00	Real Estate Certificate
Immo Regenboog N.V.	Mechelen	BE 448.859.481	30.01	Immaterial Interest
Immo-Beaulieu	Brussels	BE 450.193.133	25.00	Real Estate Certificate
Metropolitan Buildings S.A.	Brussels	BE 432.742.734	28.75	Immaterial Interest
Middle East Bank Kenya LTD.	Naïrobi		25.03	Immaterial Interest
MIR	Brecht	BE 475.137.177	25.04	Immaterial Interest
Nova Electro International	Tongeren	BE 441.210.537	26.84	Immaterial Interest
Sophis Systems	Wevelgem	BE 424.871.975	27.25	In liquidation
Studio 100	Schelle	BE 457.622.640	32.56	Immaterial Interest

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List of participating interests not consolidated and not valued by equity method in which the group holds rights representing at least 10% of the capital subscribed

Name	Head-office location	VAT number / National identification number	Percentage of holding (%)	Monetary unit	Net result as at 31/12/2007 (in thousands)	Shareholders' equity as at 31/12/2007 (in thousands)
Anticlee Finance	Rillieux La Pape		15.16	EUR	446	2344
Bacton Agency Services Luxembourg S.A.	Luxemburg		12.86	EUR	135	416
Baekeland Fonds II	Gent	BE 876.424.296	18.02	EUR	-458	3227
Bapar SAS	Horbourg-Wihr		17.22	EUR	209	1672
BBOF III Investors B.V.	Amsterdam		12.13	EUR	-2658	6682
Bedrijvencentrum Dendermonde N.V.	Dendermonde	BE 438.558.081	19.61	EUR	34	1051
Bedrijvencentrum Regio Aalst N.V.	Erembodegem	BE 428.749.502	14.23	EUR	4	659
Bedrijvencentrum Vilvoorde N.V.	Vilvoorde	BE 434.222.577	11.02	EUR	56	1213
Bedrijvencentrum Waasland N.V.	Sint-Niklaas	BE 427.264.214	16.03	EUR	-115	774
Belnep Production	Kaïn (Tournai)	BE 437.121.095	14.71	EUR	-	-
BEM-Flemish Construction and Investment Company N.V.	Brussels	BE 461.612.904	12.05	EUR	522	5890
China-Belgium Direct Equity Investment Fund	Beijing		10.00	CNY	-7036	986433
Clarisse	Paris		10.12	EUR	925	24570
Crédit social de la Province du Brabant Wallon	Nijvel	BE 400.351.068	12.18	EUR	103	4286
Domus Flandria N.V.	Antwerpen	BE 436.825.642	11.22	EUR	2374	26773
Europay Luxembourg SC	Munsbach		16.50	EUR	918	4342
European Carbon Fund	Luxembourg		10.53	EUR	18051	0
Euroscreen	Anderlecht	BE 453.325.639	13.05	EUR	-807	11239
Financière Saint-Nicolas	Dombasle sur Meurthe		11.18	EUR	2312	5609
Fortis Intertrust Group Holding S.A.	Geneva		12.52	CHF	62357	729082
Gemidis	Zwijnaarde	BE 866.667.482	12.63	EUR	-	-
GIMV Czech Ventures	Vlaardingen		14.63	EUR	-	-
Groupe Editor S.A.	Aix-en-Provence		13.91	EUR	-2853	23865
Haco	Rumbeke	BE 405.568.183	13.64	EUR	1609	33172
Heracles S.C.	Charleroi	BE 427.178.892	13.55	EUR	97	724
Horeca Serve	Zedelgem	BE 432.000.980	11.93	EUR	-	-
Immobilière Distri-Land N.V.	Brussels	BE 436.440.909	12.48	EUR	12	210
Innovation et Développement en Brabant Wallon, Centre Européen d'Entreprise et d'Innovation, en abrégé "ID, CEEI "	Tubeke	BE 460.658.938	16.32	EUR	57	795
Le Crédit Andennais	Andenne	BE 401.370.756	10.00	EUR	-	-
Le Crédit Social de Tubize S.A.	Tubeke	BE 400.344.140	11.43	EUR	7	306
Le Crédit Social et les Petits Propriétaires Réunis	Chatelet	BE 401.609.593	12.38	EUR	104	2587
Le Petit Propriétaire S.A.	Sint-Lambrechts-Woluwe	BE 403.290.366	11.60	EUR	4	771
Marfil	Hulshout	BE 458.805.248	16.94	EUR	-	-
Metalogic A.I. Technologies & Engineering	Heverlee	BE 444.184.576	18.04	EUR	312	446
Net Fund Europe	Groot-Bijgaarden	BE 465.995.423	11.06	EUR	1542	2215
Park De Haan N.V.	Brussels	BE 438.533.436	15.00	EUR	191	259
PharmaDM	Leuven	BE 473 394 147	18.59	EUR	1	-405
Prestosid Industries	Villerupt		15.95	EUR	332	2025
PSF	Weyersheim		11.93	EUR	-877	9130347
S.A. Berlaymont 2000 N.V.	Brussels	BE 441.629.617	14.85	EUR	220	14375
Shenergy Groupe Finance Company Limited	Shanghai		10.00	CNY	70633	582015
Sint-Jozefskredietmaatschappij N.V.	Beringen	BE 401.349.970	11.93	EUR	111	20383
Société Belge d'Investissement International S.B.I. - Belgische Maatschappij voor Internationale Investeringen B.M.I	Brussels	BE 411.892.088	19.51	EUR	404	33172
Start-IT	Angleur	BE 466.790.625	16.67	EUR	-1164	4761
Tous Propriétaires S.A.	Erquelinnes	BE 401.731.339	16.82	EUR	428	5699
Triodos Venture Capital Fund	Zeist		11.29	EUR	-48	2207
TRIP Rail Holdings LLC	Dallas		16.33	USD	4100	119500
Ultragenda	Destelbergen	BE 458.951.936	12.38	EUR	1069	4179
Visalux	Munsbach		14.59	EUR	9549	13024
Vives SA	Louvain-La-Neuve	BE 862.398.591	14.70	EUR	-1536	5269
Xenics	Heverlee (Leuven)	BE 473.044.848.	18.77	EUR	1126	4527

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List of entities consolidated via the proportional method

Name	Head-office location	VAT number / National identification number	Percentage of holding (%)
Banque de la Poste	Brussel	BE 456.038.471	50.00

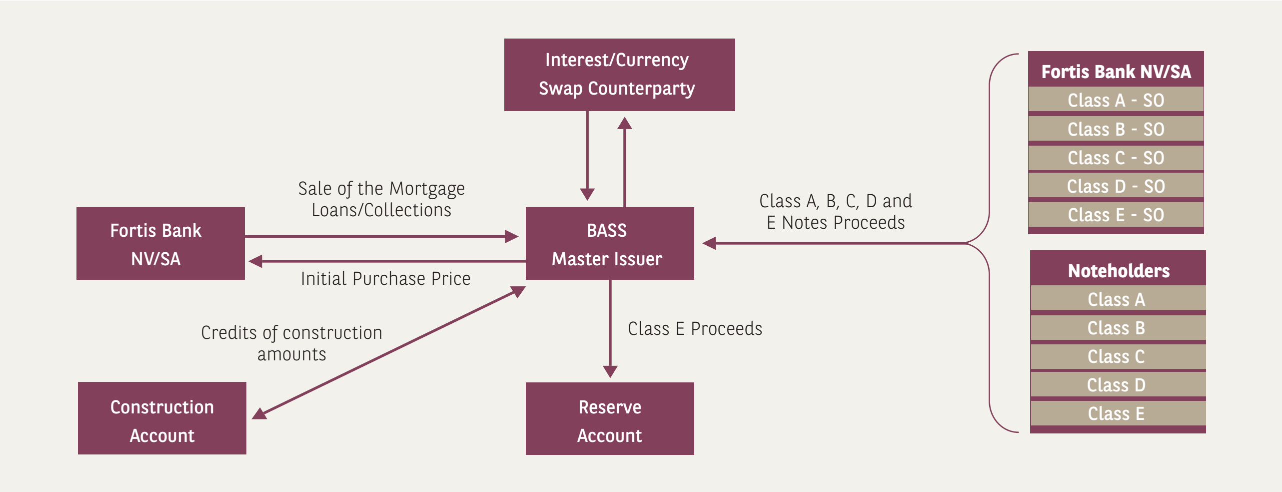
Additional information on the Bass and Esmée securisation transactions

Securitisation

BASS Master Issuer NV/SA, institutional company for investment in receivables under Belgian law.

Description of the transaction

Bass Master Issuer NV/SA is a special purpose vehicle (SPV) created to securitise mortgage loans, originally granted by Fortis Bank NV/SA in Belgium. The mortgage loans are securitised based on the following structure:



Fortis Bank NV/SA makes monthly interest and principal repayments on the securitised loans to BASS Master Issuer NV/SA. To the extent permitted under the provisions of the programme, BASS Master Issuer NV/SA uses the capital receipts to purchase new mortgage loans from Fortis Bank NV/SA. The interest payments BASS Master Issuer NV/SA receives are swapped on a quarterly basis for the interest payable on the issued bonds, plus the guaranteed excess spread of 0.20% a year.

The bonds issued under the BASS Master Issuer programme as at 31 December 2009 are shown in the following table

Tranche	ISIN	Original notional in EUR	Notional as of 31 December 2009	Step up date	Legal final maturity	Coupon	Step up coupon	Fitch	Moodys	S&P
Bass 2009-1 A0	BE0002364363	15,750,000,000	20,250,000,000	15/07/2010	15/07/2052	3-m Euribor + 25	3-m Euribor + 25	AAA	Aaa	NR
Bass 2009-1 B0	BE0002365378	525,000,000	675,000,000	15/07/2010	15/07/2052	3-m Euribor + 45	3-m Euribor + 45	AA	Aa3	NR
Bass 2009-1 C0	BE0002366384	525,000,000	675,000,000	15/07/2010	15/07/2052	3-m Euribor + 60	3-m Euribor + 60	A	A2	NR
Bass 2009-1 D0	BE0002367390	700,000,000	900,000,000	15/07/2010	15/07/2052	3-m Euribor + 120	3-m Euribor + 120	BBB	NR	NR
Bass 2009-1 E0	BE0002368406	157,500,000	202,500,000	15/07/2010	15/07/2052	3-m Euribor + 600	3-m Euribor + 600	NR	NR	NR
Total Bass			**22,702,500,000**							

As at 31 December 2009, Fortis Bank NV/SA had transferred mortgage loans to the value of EUR 22,377,116,164.84 to BASS Master Issuer NV/SA.

Overview of relevant parties

Fortis Bank NV/SA plays several roles within the securitisation transaction, with several other roles played by parties outside the scope of Fortis Bank NV/SA. The following table contains an overview of the relevant parties:

Issuer of the bonds	BASS Master Issuer NV/SA, institutional company for investment in receivables under Belgian law. The company is not a direct subsidiary of Fortis Bank NV/SA and is represented by two independent directors.
Seller of the loans	Fortis Bank NV/SA. Direct or indirect subsidiaries of Fortis Bank NV/SA may participate in the programme, subject to certain conditions, provided that a supplement to the prospectus is published.
Loan provider	Fortis Bank NV/SA or any subsidiary or predecessor of Fortis Bank NV/SA.
Loan servicer	Fortis Bank NV/SA
Administrator of BASS Master Issuer NV/SA	Intertrust (Nederland) B.V.
GIC counterparty	Fortis Bank NV/SA
Interest swap counterparty	Fortis Bank NV/SA
Security Agent	Stichting Security Agent BASS, foundation under Dutch law. The foundation is represented by an independent director.
Shareholders of BASS Master Issuer	Stichting Holding BASS, foundation under Belgian law, and Genfinance NV/SA. Stichting Holding BASS is represented by two independent directors.
Domiciliary Agent	Fortis Bank NV/SA
Listing Agent	Fortis Bank NV/SA
Reference Agent	Fortis Bank NV/SA

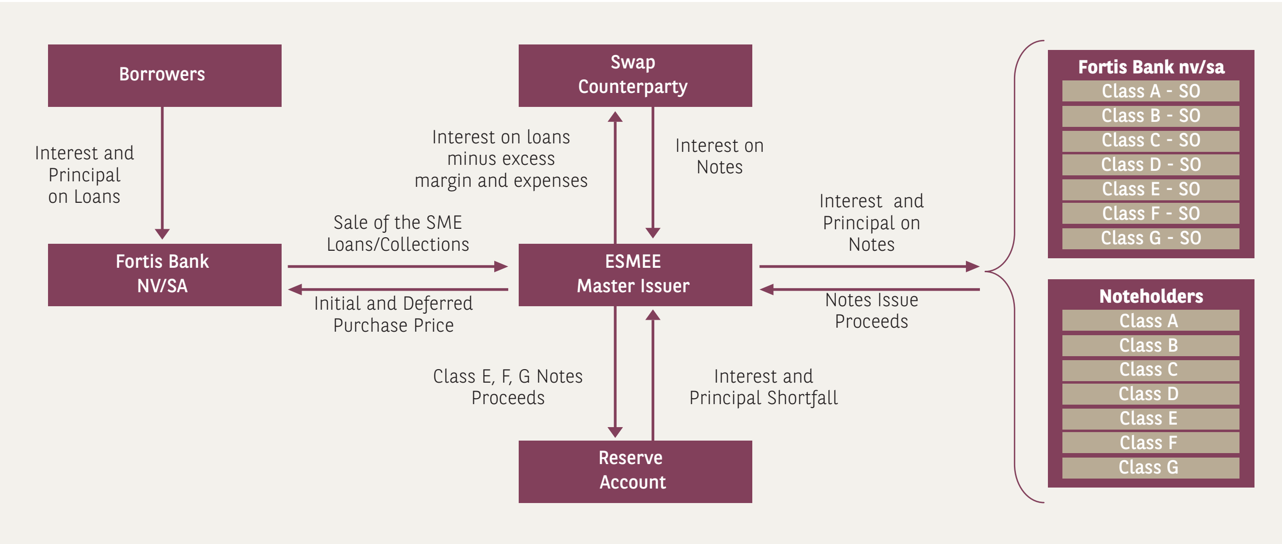
Other rights and obligations

Since the securitisation vehicle is fully consolidated with Fortis Bank NV/SA, all other mutual relationships between the two entities are also consolidated.

Esmée Master Issuer NV/SA, institutional company for investment in receivables under Belgian law.

Description of the transaction

Esmée Master Issuer NV/SA is a second special purpose vehicle (SPV) created to securitise loans to self-employed people and small and medium-sized enterprises, originally granted by Fortis Bank NV/SA in Belgium. The loans are securitised based on the following structure:



Fortis Bank NV/SA makes monthly interest and principal repayments on the securitised loans to Esmée Master Issuer NV/SA. To the extent permitted under the provisions of the programme, Esmée Master Issuer NV/SA uses the capital receipts to purchase new loans from Fortis Bank NV/SA, based on predetermined criteria that the loans are required to meet. The interest payments Esmée Master Issuer NV/SA receives are swapped on a quarterly basis for the interest payable on the issued bonds, plus the guaranteed excess spread of 0.75% a year.

The bonds issued under the Esmée Master Issuer programme as at 31 December 2009 are shown in the following table. Esmée Master Issuer was launched in December 2009

Tranche	ISIN	Original notional in EUR	Notional as of 31 December 2009	Step up date	Legal final maturity	Coupon	Step up coupon	Fitch	Moodys	S&P
Esmee 2009-1 A0	BE0002387596	6,040,000,000	6,040,000,000	25/10/2011	25/10/2045	3-m Euribor + 35	3-m Euribor + 35	AAA	Aaa	NR
Esmee 2009-1 B0	BE0002388602	1,400,000,000	1,400,000,000	25/10/2011	25/10/2045	3-m Euribor + 75	3-m Euribor + 75	NR	A2	NR
Esmee 2009-1 C0	BE0002389618	320,000,000	320,000,000	25/10/2011	25/10/2045	3-m Euribor + 100	3-m Euribor + 100	NR	Baa2	NR
Esmee 2009-1 D0	BE0002390624	240,000,000	240,000,000	25/10/2011	25/10/2045	3-m Euribor + 150	3-m Euribor + 150	NR	Ba2	NR
Esmee 2009-1 E0	BE0002391630	96,000,000	96,000,000	25/10/2011	25/10/2045	3-m Euribor + 300	3-m Euribor + 300	NR	NR	NR
Esmee 2009-1 F0	BE0002392646	96,000,000	96,000,000	25/10/2011	25/10/2045	3-m Euribor + 400	3-m Euribor + 400	NR	NR	NR
Esmee 2009-1 G0	BE0002393651	88,000,000	88,000,000	25/10/2011	25/10/2045	3-m Euribor + 500	3-m Euribor + 500	NR	NR	NR
Total Esmée			**8,280,000,000**							

As at 31 December 2009, Fortis Bank NV/SA had transferred loans to self-employed people and small and medium-sized enterprises to the value of EUR 7,765,724,706.86 to Esmée Master Issuer NV/SA.

Overview of relevant parties

Fortis Bank NV/SA plays several roles within the securitisation transaction, with several other roles played by parties outside the scope of Fortis Bank NV/SA. The following table contains an overview of the relevant parties:

Issuer of the bonds	Esmée Master Issuer NV/SA, institutional company for investment in receivables under Belgian law. The company is not a direct subsidiary of Fortis Bank NV/SA and is represented by two independent directors.
Seller of the loans	Fortis Bank NV/SA. Direct or indirect subsidiaries of Fortis Bank NV/SA may participate in the programme, subject to certain conditions, provided that a supplement to the prospectus is published.
Loan provider	Fortis Bank NV/SA or any subsidiary or predecessor of Fortis Bank NV/SA.
Loan servicer	Fortis Bank NV/SA
Administrator of Esmée Master Issuer NV/SA	Intertrust (Nederland) B.V.
GIC counterparty	Fortis Bank NV/SA
Interest swap counterparty	Fortis Bank NV/SA
Security Agent	Stichting Security Agent Esmée, foundation under Dutch law. The foundation is represented by an independent director.
Shareholders of Esmée Master Issuer	Stichting Holding Esmée, foundation under Belgian law, and Genfinance NV/SA. Stichting Holding Esmée is represented by two independent directors.
Domiciliary Agent	Fortis Bank NV/SA
Listing Agent	Fortis Bank NV/SA
Reference Agent	Fortis Bank NV/SA

Other rights and obligations

Since the securitisation vehicle is fully consolidated with Fortis Bank NV/SA, all other mutual relationships between the two entities are also consolidated.

Report of the accredited statutory auditors

JOINT STATUTORY AUDITORS' REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FORTIS BANK SA/NV AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2009

Unsigned free translation of the statutory auditor's report originally prepared in French and Dutch.

As required by law and the Company's articles of association, we report to you in the context of our appointment as the Company's statutory auditors. This report includes our opinion on the consolidated financial statements and the required additional remark.

Unqualified opinion on the consolidated financial statements with an explanatory paragraph, except for the comparative figures which are subject to a qualified opinion

We have audited the consolidated financial statements of Fortis Bank SA/NV (the "Company") and its subsidiaries (the "Group") as of and for the year ended 31 December 2009, prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated balance sheet as of 31 December 2009 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, as well as the significant accounting policies and other explanatory notes. The total of the consolidated balance sheet amounts to EUR (000.000) 435.038 and the consolidated income statement shows a loss for the year (group share) of EUR (000.000) 665.

The Company's board of directors is responsible for the preparation of the consolidated financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated 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.

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with the legal requirements applicable in Belgium and with Belgian auditing standards, as issued by the "Institut des Reviseurs d'Entreprises/ Instituut der Bedrijfsrevisoren". Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

In accordance with the auditing standards referred to above, we have carried out procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of these procedures is a matter for our judgment, as is the assessment of the risk that the consolidated financial statements contain material misstatements, whether due to fraud or error. In making those risk assessments, we have considered the Group's internal control relating to the preparation and fair presentation of the consolidated financial statements, in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. We have also evaluated the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Group, as well as the presentation of the consolidated financial statements taken as a whole. Finally, we have obtained from the board of directors and Group officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

With respect to the comparative figures we would like to note that on 3 October 2008, the Company sold its shares in Fortis Bank Nederland Holding N.V. (FBN (H)) to the Dutch State. As indicated in note 47 to the consolidated financial statements, with respect to the comparative figures, no analysis of the "Net result from discontinued operations" distinguishing between the net results of operations of FBN (H) until the date of its disposal and the net gain or loss on such disposal has however been provided. In addition, the Company has not provided any 2008 details in the consolidated cash flow statement for cash flows from discontinued operations. These omissions constitute departures from International Financial Reporting Standard 5, "Non-current Assets Held for Sale and Discontinued Operations".

In our opinion, except for the omission of the information with respect to the comparative figures described in the preceding paragraph, the consolidated financial statements give a true and fair view of the Group's assets and liabilities and its financial position as of 31 December 2009 and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Without further qualifying our opinion, we draw the attention to note 49 to the consolidated financial statements, in which is described that as a result of the 2008 events having impacted the Fortis group (to which the Company belonged), a number of claimants have initiated legal actions against the former Fortis group, including the Company and/or certain members of their boards of directors and management. The ultimate outcome of these matters and the potential consequences for the Company and its directors cannot presently be determined and therefore no provisions have been recorded in the consolidated financial statements.

Additional remark

The Company's board of directors is responsible for the preparation and content of the management report on the consolidated financial statements (the "Report of the Board of Directors").

Our responsibility is to include in our report the following additional remark, which does not have any effect on our opinion on the consolidated financial statements:

- The Report of the Board of Directors deals with the information required by the law and is consistent with the consolidated financial statements. However, we are not in a position to express an opinion on the description of the principal risks and uncertainties facing the companies included in the consolidation, the state of their affairs, their forecast development or the significant influence of certain events on their future development. Nevertheless, we can confirm that the matters disclosed do not present any obvious inconsistencies with the information we became aware of during the performance of our mandate.

Brussels, 29 March 2010

The joint statutory auditors

PricewaterhouseCoopers Reviseurs d'Entreprises scrl
Represented by

R. Jeanquart Reviseur d'Entreprises	J. Steenwinckel Reviseur d'Entreprises

Deloitte Reviseurs d'Entreprises sc sous forme d'une scrl
Represented by

F. Verhaegen Reviseur d'Entreprises	Ph. Maeyaert Reviseur d'Entreprises

Fortis Bank Annual Report 2009 (non-consolidated)

Report of the Board of Directors

The report of the Board of Directors contains an overview of the events of the year 2009, followed by a description of the core businesses of Fortis Bank. Subsequently, this report continues with an elaboration of the Balance sheet evolution and the evolutions in the Income Statement.

A word from the Chairman and the CEO

Last year was one of major changes at Fortis Bank. The first months saw continuing uncertainty about the future ownership of the bank, then still operating under the Fortis Bank brand name, amidst adverse market and economic conditions.
Since 12 May the bank, with the new brand name BNP Paribas Fortis, is part of the BNP Paribas Group. BNP Paribas Fortis is in full roll-out of its new strategy and ambitions to become the core banking partner of its clients, an attractive employer and a responsible contributor to society. More than 1.000 integration projects have been launched and new governance procedures set up.

The second half of 2009 saw the reorganisation of BNP Paribas Fortis around four core activities: Retail & Private Banking, Corporate & Public Banking Belgium, Corporate & Investment Banking and Investment Solutions.
Additionally, four competence centers will offer a series of worldwide banking services, playing an important role in supporting the enlarged BNP Paribas Group. These services will cover Corporate & Transaction Banking Europe (CTBE), Global Cash Management, Trade Services and Global Factoring and will serve medium and large size, internationally active companies with their banking activities. In the area of Investment Solutions, Fortis Investments will emerge stronger by joining forces with BNP Paribas Investment Partners.

The full year 2009 was characterised by good commercial performance and strong capital market results, though these are negatively affected by a high level of impairments, reflecting the consequences of the economic downturn. Consequently, the underlying result is slightly positive, at EUR 56 million. As will be further elaborated, exceptional occurrences not related to the day-to-day banking operations and transactions concluded in 2008 and 2009, also negatively impacted 2009 profits.

In 2010, our first priority is to fully implement the new business models and bring our new offerings to clients. The bank is focusing on its core businesses, securing its current market positions and increasing client satisfaction. Retail Banking will go the extra mile, by investing in employees, distribution channels and locations. The multi-channel distribution strategy remains the cornerstone of the customer approach.

We wish to thank the 18,500 employees of Fortis Bank SA/NV who worked hard in 2009 to reshape the bank, as part of an international group. We also wish to take this opportunity to thank our clients for their trust and loyalty throughout this past year. We are looking towards the future with confidence in what we do and pride of our accomplishments. Towards our shareholders, we wish to underline our commitment to establish BNP Paribas Fortis as the #1 Belgian Bank with an international dimension. It will emerge as such by properly addressing its clients' needs.

Jean-Laurent Bonnafé
Chief Executive Officer (CEO)

Herman Daems
Chairman Board of Directors

The rebound of BNP Paribas Fortis

In 2009, the Belgian economy was hit by the most severe decline in economic activity since World War II. The peak of the recession came at the start of the year when the financial crisis was still in full force. Extensive government intervention stabilised the situation and in the second half of the year the Belgian economy saw growth comparable to the reviving international momentum. However, the crisis has severely impacted Belgian companies and consumers, resulting in a steep increase in business failures and jobless rates, and is expected to have long lasting effects.

Results in the Belgian banking sector mirrored these economic trends. Profits were driven mainly by a steeper interest rate curve and the general recovery of the financial markets. Provisions for loan losses and other risks remained high.

Last year was also one of major changes at BNP Paribas Fortis. The first months saw continuing uncertainty over the future ownership of the bank, then still operating under the Fortis Bank brand name, amidst adverse market and economic conditions. In the same period the separation from the Dutch Fortis activities, Fortis Holding and AG Insurance went ahead after the break-up of Fortis Group in October 2008. Despite everything, the bank was able to provide seamless service to its millions of customers throughout this period.

BNP Paribas took control of Fortis Bank on 12 May 2009 and increased its stake in Fortis Bank to 74.93% on 13 May 2009. The Belgian state, through its holding and investment arm, SFPI/FPIM (the Federal Holding and Investment Company), now owns 25% of Fortis Bank, while the remaining shares are held by the public.

Under the new ownership, Fortis Bank, continuing under the brand name BNP Paribas Fortis, and its employees have all been working hard to create a Eurozone financial services leader. More than 1,000 successful integration projects have been established under the leadership of an Integration Team, new governance procedures have been worked out and measures have been taken, which have instilled renewed confidence in BNP Paribas Fortis as well as improved performance across its businesses. Some of the measures taken were:

- Establishment of new governance, with the appointment of some new directors, executives, refinement of business segmentation and integration of risk management.
- Improvement of the risk profile with reduced risk exposure (control of risk-weighted assets – credit and market risk) and liquidity risk, with funding fully returning to normal.
- Restoration of the commercial franchise with a recovery in net customer asset inflows into retail networks, the stabilisation of assets under management, successful rebranding and commercial campaigns.
- Enforcement of operational efficiency measures.

Combined, these measures are creating synergies, of which mainly cost synergies, driven by organisational, IT, facility and procurement, and human resources measures. Staff reduction will mainly be the result of natural attrition and voluntary departures.

The second half of 2009 saw the launch of the reorganisation of BNP Paribas Fortis around four core activities: Retail & Private Banking, Corporate & Public Bank Belgium, Corporate & Investment Banking and Investment Solutions. The rebranding of significant parts of the business in Belgium, also went ahead in the second half of 2009.

In the insurance sector, BNP Paribas Fortis entered into a strategic partnership with Belgian market leader AG Insurance, in which it holds a 25% stake. The agreement under which AG Insurance products are distributed exclusively by the branches of BNP Paribas Fortis and Fintro intermediaries will not expire until 2020 at the earliest.

BNP Paribas Fortis now offers a comprehensive package of financial services to retail, professional and wealthy clients in Belgium. The bank also provides corporations and public and financial institutions with customised solutions, for which it can draw on BNP Paribas' know-how and international network. As from 2010, the activities of BNP Paribas Fortis CIB and Investment Solutions will be integrated with those of BNP Paribas CIB and Investment Solutions. Retail banking activities, including Retail & Private Banking and Corporate & Public Banking Belgium will constitute, for their part, a specific operational entity.

The Board of Directors of Fortis Bank SA/NV will propose to the Annual General Meeting of Shareholders in April 2010 not to declare a dividend over the year 2009.

The remainder of this section "Core businesses of Fortis bank" contains a description of the activities of each business-line of BNP Paribas Fortis. The following chapters will complement this by describing the non-consolidated financial results of 2009.

Core businesses of Fortis Bank

Retail & Private Banking Belgium

The Retail & Private Banking of BNP Paribas Fortis occupies a leadership position in Belgium, with 9,700 staff serving 3.6 million clients (one third of the total Belgian population). The 1,023 branches operating under the BNP Paribas Fortis brand are complemented by 322 franchises under the Fintro brand and 650 points of sale of the 50/50 joint venture with Banque de La Poste. A network of 2,297 ATMs (cash withdrawals and deposits) plus 1,217 non-cash machines (bank transfers) and 646 bank statement printers, online banking facilities (1.3 million users) and phone banking are linked up to the BNP Paribas Fortis client relationship management (CRM) platform, allowing the deployment of all systems across all channels. The long-term partnership with AG Insurance leverages the distribution power of the retail network and builds on the experience gained in bancassurance over the years.

The economic environment in which Retail Banking operates has changed significantly since the start of the crisis. At the same time, the banking landscape in Belgium remains very competitive with low interest rates, aggressive price setting on savings products, changed client expectations and an abundance of niche banks. Business momentum recovered in Retail Banking in 2009 after the very difficult second half of 2008. The outflow of funds was reversed in April 2009 and the turnaround in net intake (+ EUR 3.17 billion) brought full-year net intake to EUR 1.47 billion, mainly thanks to BNP Paribas Fortis' offer on savings accounts and win-back actions.

Retail Banking reaches out to its clients by means of a multi-channel distribution strategy of which the Focus Project, launched in 2007, remains the linchpin. Focus combines a segmented market approach with a performance-oriented sales organisation. The branch network is divided into 82 markets, each comprising 12 branches on average. Branches operating in the same market work closely together, with the customer need being the overriding factor: specialists are called in if they are required, irrespective of the size of the branch. All competences are available to customers everywhere in the network and all retail customers are offered the same service regardless of the channel through which they communicate with the bank.

Building on the strength and support of BNP Paribas Group, Retail Banking aims to win back market share lost in the crisis and increase client satisfaction, by investing in employees, distribution channels and locations. Long-term priorities include:

- upgrade of the branch network (EUR 150 million investment until 2012) with the branch acting as the single local access point for all services, combining proximity and expertise
- better knowledge of the client and better information sharing via CRM, leading to full application of the multi-channel model
- freeing up time for the advisory role and maximisation of personal contacts to buttress trust and sustainable profitability

With EUR 44 billion in assets under management the new private bank is the largest private banking services provider in the Belgian market. The current reorganisation of the private bank is resulting in upgraded customer service due to the embedded collaboration between Retail Banking and Private Banking and entails a new segmentation. Individual clients with assets of more than EUR 250,000 are now eligible for Private Banking services, creating a larger customer base. An expanded network of 35 private banking centers opening in 2010 and 2011 will give the 65,000 clients in this segment easy access to personalised services.

Wealth Management caters for about 1,000 clients with potential assets of more than EUR 4 million. These clients benefit from a dedicated service model and access to the international network of BNP Paribas Group and are primarily served via two Wealth Management Centers, in Antwerp and Brussels.

Key commercial highlights of Retail & Private Banking for 2009 are:

- 'James — Direct Personal Banking', a service that provides customers with access to a personal banker during extended business hours via telephone, email and webcam. 'James' targets affluent customers who are seeking flexibility as to when – and how – they communicate with the bank. The personal bankers who make up the James team notably offer expertise in areas like tax and insurance, real-time market information and proactive portfolio management.
- BNP Paribas Fortis is the number one bank in the youth segment in Belgium (32% market share), a hotly contested market. To stay ahead of the competition, the bank launched 'Mine Pack' in September 2009, an account package for young people that includes an e-newsletter and magazine. The Mine.be website was also revamped, with new interactive features such as a 'Money Coach' to help young people manage their money.
- The large-scale 'One billion euros' publicity campaign was launched in Belgium on 1 June 2009, aimed at the self-employed, professionals and businesses. Rather than opting for a corporate image campaign, advertisements, TV and radio spots highlighted a concrete proposition and publicised BNP Paribas Fortis' engagement, commitment to customers and involvement in financing the real economy, and that one billion euros was available to help this target group develop their activities.
- BNP Paribas Fortis has extended its sponsorship of the leading Belgian football club RSC Anderlecht until the 2013/2014 season. The bank has been sponsor of the club since 1981.
- Launch of the new BNP Paribas Private Banking on 10 December 2009, accompanied by a large-scale media campaign with a new website, brochures and events.

Corporate & Public Banking Belgium

BNPP Fortis Corporate & Public Bank Belgium offers a comprehensive range of local and international financial services to Belgian enterprises, public entities and local authorities. With 457 corporate clients and 34,100 midcap clients, it is the market leader in those categories, and is also a challenger in public banking (1,300 clients). The offering includes domestic banking products, specialist financial skills, and securities, insurance and real estate services. Skills include specialist ones such as trade services, cash management, factoring and leasing, as well as M&A and capital markets.

A central team of more than 60 corporate bankers, 200 relationship managers in 24 business centers and skills officers ensure that BNP Paribas Fortis stays close to the market. This team, combined with the European network of business centers managed within Corporate & Investment Banking, enables BNP Paribas Fortis to offer unified commercial management to its Belgian clients locally and abroad.

The competence center Global Factoring will serve Retail, Commercial Banking and Corporate clients, providing them with domestic and multi-domestic factoring solutions throughout Europe, including financing, debt collection and accounts receivable management.

Corporate & Investment Banking

BNP Paribas Fortis Corporate & Investment Banking offers its clients (in Belgium and in Europe) full access to BNP Paribas CIB's product portfolio.

BNP Paribas Fortis CIB consists of six business lines: Global Markets, Structured Finance, Corporate Finance & Equity Capital Markets, Private Equity, Institutional Banking Group Europe, and Corporate & Transaction Banking Europe.

Global Markets, a sustainable Capital Markets platform focused on client-driven activities, is maintained in Brussels, with the objective to offer an enlarged product range through access to BNP Paribas platforms. In Fixed Income, Global Markets serves mainly Belgian clients, with Fixed Income Trading desks also quoting flows of European Midcaps (clients of Corporate & Transaction Banking Europe). In Equity Derivatives, the focus is on serving Belgian clients, while some trading activity is maintained.

Structured Finance groups the activities of Corporate Acquisition Finance, Leveraged Finance, Export Finance and Project Finance. A new regional platform for CIB is set up in Belgium, to serve clients in the Benelux countries, Northern & Central Europe (including Greece) and Turkey (BNCET platform). The team in Brussels also manages the Public-Private Partnership financing for all Europe, leveraging BNP Paribas Fortis expertise in this domain.

Corporate Finance is active in Merger & Acquisition Advisory and in Equity Capital Markets. Corporate Finance focuses on Belgian clients.

Private Equity continues to support the Belgian economy by investing in capital and mezzanine, allowing BNP Paribas Fortis to help its clients in their external development.

Institutional Banking Group Europe is responsible for the relationship management with financial institutions. It promotes flow banking and plain vanilla products.

Corporate & Transaction Banking Europe is an integrated banking network focused on servicing large mid-caps and international clients, and in particular subsidiaries of CIB clients throughout Europe. CTBE delivers daily banking products and services (Vanilla loans, Cash Management, Trade services, Flow-hedging products and, when available, Leasing, Factoring and Investment Solutions products) to well-known corporate and financial institution clients in 16 non-domestic countries in Europe, through a network of more than 30 business centers for proximity with clients. Corporate & Transaction Banking Europe will operate in close collaboration with two competence centers based in Belgium and operating for the whole BNP Paribas group: Cash Management and Global Trade Solutions. Cash management provides companies with liquidity management services, as corporates are increasingly looking for global and homogeneous solutions at European level (e.g., SEPA solutions, cash pooling, payment factories). Meanwhile, these companies continue to need comprehensive local offerings. Global Trade Solutions assists companies in their international trading activities, providing, for instance, international guarantees for commercial agreements between parties in different countries

Notable deals concluded in 2009 by Corporate & Investment Banking and Corporate & Public Bank Belgium:

- BNP Paribas Fortis acted as Joint Mandated Lead Arranger with a club of banks, to successfully underwrite the EUR 690 million of senior secured facilities required to support CVC's acquisition of StarBev, Anheuser-Busch InBev's (ABInBev) Central and Eastern European (CEE) operations. The transaction stands for one of the largest buyouts in Europe in 2009.
- In Belgium, BNP Paribas Fortis signed for the largest Leverage buy-out transaction performed in the course of 2009; it acted as mandated lead arranger for the EUR 73 million senior club deal, to finance the acquisition of the ADB Group by Montagu Private Equity and management. ADB Group is the leading worldwide manufacturer of airfield ground lighting systems.
- BNP Paribas Fortis was one of only three participating banks and the only non-British bank in the European Investment Bank's (EIB) intermediated lending scheme for onshore wind energy, which aims to lend up to GBP 1 billion to onshore wind farms over the next 3 years. This is a programme sponsored by the British government to develop wind power. The selection of BNP Paribas Fortis demonstrates our position as a consistent top tier lender to the UK and international renewable energy markets.
- BNP Paribas Fortis was retained by Aquafin as sole bookrunner for a Belgian retail bond issue of EUR 150 million, targeted directly at the retail and private banking investor base. By opting for such a retail bond issue, Aquafin gained significant benefits in terms of funding base diversification and cost. Aquafin designs, finances, builds and operates supramunicipal infrastructure needed to treat domestic wastewater and optimises main sewers and wastewater treatment plants in Flanders.
- Fluxys, the independent operator of both the natural gas transport, transit grid and storage infrastructure in Belgium, appointed BNP Paribas Fortis as sole bookrunner and joint lead manager for its retail bond issue. The sole bookrunner mandate was awarded to BNP Paris Fortis, because of its expertise and clear market leadership in retail bonds issue. This deal underlines the long term commitment to Fluxys and our position as core bank to Fluxys – assisting Fluxys since 1971.

- BNP Paribas Fortis acted as joint bookrunner on Elia's EUR 1 billion dual tranche bond offering. Elia, Belgium's regulated monopoly operator of the high voltage electricity transmission network, decided to raise EUR 1 billion by targeting the institutional benchmark bond market to refinance short-term loans and maturing long-term debt as well to prefinance the anticipated tariff shortfalls. Following an extensive road show, the dual tranche offering was a huge success.
- BNP Paribas Fortis was a key partner of the biopharmaceutical leader UCB to refinance the company's facility arranged back in 2006 for the acquisition of Schwarz Pharma. In the 4th quarter of 2009, BNP Paribas Fortis acted as joint bookrunner of UCB's EUR 500 million convertible bond issue, joint bookrunner of the EUR 750 million retail bond, co-manager of the EUR 500 million institutional bond. The success of those three debt capital market transactions totaling EUR 1.75 billion with different maturities enabled UCB to further diversify its lender base and extend its debt repayment profile. The remaining portion of indebtedness was refinanced with a new EUR 1.5 billion syndicated revolving facility for which BNP Paribas Fortis acted as joint coordinator and bookrunner.

Since Fortis Bank is managed as one integrated unit, reference is made to the Fortis Bank Consolidated Annual Report 2009, for more information on the main evolutions and events related to its core activities and businesses.

Forward-looking Statements

It should be noted that any statement of future expectations and other forward-looking elements are based on the company's current views and assumptions and involve a degree of risk and uncertainty, in particular given the current general economic and market conditions.

Principal risks and uncertainties

Fortis Bank's activities are exposed to a number of risks such as credit risk, market risk, liquidity risk and operational risk. To ensure that these risks are identified and adequately controlled and managed, the bank adheres to a number of internal control procedures and refers to a whole array of risk indicators, which are further described in Note 7, Risk Management of the Fortis Bank Consolidated Financial Statements 2009.

Fortis Bank is involved as a defendant in various claims, disputes and legal proceedings in Belgium and in some foreign jurisdictions, arising in the ordinary course of its banking business and following the restructuring of Fortis Bank and Fortis Group at the end of September and beginning of October 2008, as further described in Note 49 of the Fortis Bank Consolidated Financial Statements 2009.

Events after the reporting period are further described in the section "Other information of the Consolidated Financial Statements".

The use and the impact of financial instruments on the balance sheet and the income statement is disclosed in the notes to the balance sheet and the income statement.

Comments on the evolution of the Balance Sheet

The **total assets** at 31 December 2009 amount to EUR 370 billion, a decrease of EUR 107 billion or 22% compared with last financial year. Overall this is the result of the further de-risking of the balance sheet and the significant fluctuations in the interbank activities.

The amounts **receivable from credit institutions** decrease by EUR 23 billion or 33%. At the end of 2009, the relative weight of interbank receivables represents 12% of total assets against 15% one year earlier.
The drop of the interbank activity launched in 2008 and continued in 2009, is reflected in a decrease in the reverse repurchase agreements (EUR 6 billion), the loans on interbank market (EUR 7 billion) as well as the sight accounts with other financial institutions (EUR 6 billion).

The amounts receivable from customers go down by EUR 37 billion or 22%. As at the end of 2008, they represent 35% of total assets.
Abstracting the securitisation of a part of the mortgage loans (EUR 5 billion) and term loans (EUR 8 billion), the loans to customers decrease by EUR 24 billion. The decline is mainly noticeable by a decrease of our loans to customers in the foreign branches (EUR 15 billion, which is in part related to the business of our subsidiaries) and reverse repurchase agreements (EUR 6 billion). A term

loan (EUR 5 billion) granted to Fortis Brussels has been reimbursed prematurely in 2009, and is linked to the reimbursement of our subordinated debt.

The bonds and other fixed-income securities portfolio drops by EUR 15 billion or 12%. This represents 29% of total assets against 25% at the end of 2008.
This decrease can particularly be explained by the reduction of the trading portfolio (EUR 6 billion) and by the sale of the structured credits portfolio (Portfolio Out) to the SPV Royal Park Investments, in accordance with the Protocole d'Accord between BNP Paribas, the Belgian State, SFPI/FPIM, Fortis and Fortis Bank (EUR 8 billion).

The reduction in **corporate shares and other variable-income securities** by EUR 5 billion or 83% is mainly explained by a transfer of shares from the trading portfolio to the financial fixed assets.

The **financial fixed assets** increase by EUR 5 billion. In addition to the transfer of the shares from the trading portfolio, the Bank acquired 25% of the capital of AG Insurance (EUR 1.4 billion) in accordance with the conventions signed between BNPP and the Belgian State. In 2009, the impairments amount to EUR 1 billion and are mainly related to the participations considered as non-strategic in the integration process with BNP Paribas.

The **other assets** decrease by EUR 3 billion, in particular due to the decrease of paid premiums on derivatives.

The decrease of the **deferred charges and accrued income** by EUR 29 billion mainly concerns the accruals on derivatives, and is related to the reduction of volumes on interest rate options and interest rate swaps, as well as to the general decrease of interest rates.

On the liabilities side, the **amounts payable to credit institutions** tumble by EUR 64 billion or 51%. At the end of 2009, the relative weight of the interbank liabilities represents 17% of total liabilities against 26% one year earlier.
The continued decrease of the interbank liabilities relates to the Bank's intention to reduce its assets which, consequently, strongly reduces its funding needs. This decline is reflected primarily in the repurchase agreements (EUR 17 billion), the advances against collateral from the NBB/BNB (EUR 16 billion) and the other borrowings from the NBB/BNB (EUR 9 billion).

The **amounts payable to clients** decrease by EUR 14 billion or 8%. They represent 45% of total liabilities against 38% end 2008.
The decrease mainly results from the repurchase agreements (EUR 8 billion) and the term deposits (EUR 10 billion). Furthermore, the saving deposits increase compared to 2008 (EUR 10 billion) in particular due to a transfer of term deposits, and a decrease of clients' securities accounts.

The **amounts payable represented by a security** increase by EUR 11 billion or 40%.
The variation is explained by the increase of the certificates of deposits issued (EUR 12 billion) owing to the Bank's will to consolidate its liquidities in attracting capital over a longer period.

The other **amounts payable** decrease by EUR 4 billion, in particular related to the decrease of the received premiums on the derivatives.

As on the assets side, the decrease of the **accrued charges and deferred income** by EUR 28 billion essentially concerns the accruals on derivatives, in relation with decreasing volumes on interest rate options and interest rate swaps, as well as with the general decrease of the interest rates.

The **fund for general banking risks** remains unchanged, except a small decrease due to an exchange difference in the Hong Kong branch.

The **subordinated amounts payable** go down by EUR 7 billion or 29%. The Bank reimbursed its debt (EUR 6 billion) with Fortis Brussels in 2009, which is linked to the reimbursement of their term loan.

The **shareholders' equity** after result appropriation decreases by EUR 1.3 billion. This decrease is explained by the loss of the year (EUR 1.3 billion).

Comments on the evolution of the Income statement

The **result of the year**, before transfer from untaxed reserves, is a loss of EUR 1,315 million, compared to a loss of EUR 20,224 million in 2008.

Fortis Bank's 2009 non-consolidated results were impacted by several one-off elements related to the economic situation and the transactions concluded in the course of 2009. Nevertheless, the year was focused on restoring commercial stability as well as financial stability, as witnessed in the improved liquidity and solvency position of the Bank.

The result of 2008 was negatively impacted by the sale of the Dutch banking activities, including the acquired ABN AMRO activities, and the deterioration of the financial markets since the second half of 2008.

The **interest margin** amounts to EUR 2,796 million, an increase of EUR 350 million compared with 2008. This increase can be explained by the lower costs of funding, particularly after the sale of Fortis Bank Nederland in the fourth quarter of 2008 and the capital increase in 2008.
The interest margin of Retail Banking shrinks due to some products not very sensitive to the decrease of market rates, particularly the sight and savings accounts.
The interest margin is also influenced by the volumes of credits granted, making progress in Belgium but declining in the foreign branches.
The interest and similar income as well as the interest and similar charges decrease considerably due to the reduction of interbank transactions and market operations (not only in Belgium, but also in foreign branches), in addition to the strong decrease of interest rates as from the fourth quarter of 2008.

The decrease of EUR 553 million in **income from variable-income securities** is due to the lower dividend income impacted by the reduced shares portfolio and the sale of the participation in Fortis Bank Nederland in the fourth quarter of 2008.

The **commissions received** decrease by EUR 120 million or 9%.
The commissions received on the securities transactions and on the management of investment funds decline due to the lower clients' activity on the financial markets. The commissions on credit commitments and payment services decrease because of the drop of these activities. On the other hand, the commissions on the sale of insurance products increase, which is mainly due to the improvement of the sales of life insurance products.

The **commissions paid** decrease by EUR 160 million or 30%.
The activities of the dealing room, centralised in Belgium, on behalf of various entities of the group Fortis Bank, strongly decreased in 2009, resulting in less retro-cessions in the form of commissions paid.

The **loss on financial operations** decreases by EUR 1,691 million.
The loss on *exchange transactions and trading in securities and other financial instruments* amounts to EUR 108 million in 2009 against EUR 1,170 million in 2008. The operating results of the market activities were highly negative in 2008, affected by the ongoing global financial crisis. Better performances were realized in 2009, in particular on the interest rate linked operations, thanks to a gradual normalization of the markets and easier access to liquidity.

The capital losses *on disposal of investment securities* amount to EUR 111 million in 2009 versus EUR 740 million in 2008. In 2009, capital losses are mainly related to fixed-income securities and in 2008 to variable-income securities.

The **general administrative expenses** decrease by EUR 363 million or 11%.
The *remuneration, social charges and pensions* go down by EUR 130 million or 6%, mainly due to a lower average workforce.
The decrease in staff expenses is spread almost equally between Belgium where the average workforce decreased by 4% and the foreign branches, where the decrease of activities resulted in a decline of the average workforce by 14%.
The *other administrative expenses* decrease by EUR 233 million or 19%. 2008 was charged with the integration costs for ABN AMRO and the transactions related to safe-guarding the continuity of Fortis Bank's activities. Overall, in 2009, the costs are under control, with a major decrease in consulting costs and costs for external staff.

The decrease of EUR 14 million or 7% in **depreciations and amounts written off on formation expenses, intangible and tangible fixed assets** is mainly related to the buildings and the IT equipment.

The **amounts written off on the amounts receivable** and **on the investment portfolio** (captions IX + X) total EUR 770 million in 2009. Provisions for impairments remain high in 2009, following the difficult economic environment leading to deterioration of the loan portfolio especially in businesses Real Estate, Commercial Banking and Institutional Banking. In 2008, impairments amounted to EUR 6,798 million, mainly due to impairments on the structured credits portfolio and on the investment portfolio.

The (uses and write-backs of) provisions for risks and charges (captions XI en XII) represent a cost of EUR 258 million in 2009 and EUR 61 million in 2008.

The decrease of the **other operating income** by EUR 216 million is mainly related to the non-recurrent services invoiced to Fortis Bank Nederland in 2008, in particular in the context of ABN AMRO.

The **other operating charges** increase by EUR 39 million, in particular related to the partial cancellation in 2009 of costs reinvoiced to Fortis Bank Nederland in 2008.

The **extraordinary income** increases by EUR 158 million, mainly due to reversals of write-downs on financial fixed assets. These reversals are primarily related to the Fortis SA/NV shares acquired in the context of the CASHES operation (EUR 212 million).

The **extraordinary charges** amount to EUR 1,345 million in 2009 against EUR 12,746 million in 2008. In 2009, impairments on financial fixed assets (EUR 1,267 million) mainly concern participations considered as non-strategic in the integration process with BNP Paribas. In 2008, the sale of the participation in Fortis Bank Nederland (Holding) generated a loss of EUR 6,491 million. Furthermore, depreciations were recorded on participations, especially for the activities of Asset Management (EUR 3,709 million) and on the Fortis SA/NV shares acquired in the context of the CASHES operation (EUR 2,233 million).

The **income taxes** of the year are negative (EUR 97 million) (captions XIXbis and XX), in comparison with a positive amount of EUR 34 million last year. The taxation level is influenced by the fiscal treatment of the results on participations and shares, as well as by regularisations of previous years. Furthermore, the tax regime differs from one branch to the other. The Belgian accounting rules do not allow to record deferred taxes on losses.

The 22 **foreign branches** situated in Athens, Bucharest, Budapest, Cologne, Copenhagen, Guangzhou, Hong Kong, Lisbon, London, Madrid, Milan, New York, Paris, Prague, Shanghai, Singapore, Stockholm, Sydney, Taipei, Tokyo, Vienna and Zurich, together record a loss of EUR 458 million in 2009, against EUR 915 million in 2008.

Taking into account the transfer from the untaxed reserves, the **loss for the year available for appropriation** amounts to EUR 1,313 million.

Brussels, 23 March 2010

Statement of the Board of Directors

The Board of Directors of Fortis Bank is responsible for preparing the Fortis Bank Consolidated Financial Statements as at 31 December 2009 in accordance with International Financial Reporting Standards as adopted by the European Union and the Fortis Bank Financial Statements as at 31 December 2009 in accordance with rules laid down in the (Belgian) Royal Decree of 23 September 1992 on the annual accounts of credit institutions.

The Board of Directors reviewed the Fortis Bank Consolidated and Non-consolidated Financial Statements on 23 March 2010 and authorised their issue.

The Board of Directors of Fortis Bank declares that, to the best of its knowledge, the Fortis Bank Consolidated Financial Statements and the Fortis Bank Financial Statements, give a true and fair view of the assets, liabilities, financial position and profit and loss of Fortis Bank and that the information contained herein has no omissions likely to modify significantly the scope of any statements made.

As requested by the Belgian Companies Code and while preparing the 2009 financial statements, Fortis Bank management, the Fortis Bank Audit Committee and the Fortis Bank Board of Directors, made an assessment of the entity's ability to continue as a going concern, taking into account all possible information about the foreseeable future. Considering a wide range of factors relating to the current and expected profitability, based on the new Industrial Plan for Fortis Bank and the impact thereof on the evolution of the liquidity and the solvency position of Fortis Bank, the Board of Directors has concluded that the 2009 Financial Statements could be prepared on a going concern basis and consequently are presented on that basis. It should however be noted that any forward-looking statements are based on the company's current views and assumptions and involve a degree of risk and uncertainty, in particular given the current general economic and market conditions, so that actual results or performance may materially differ from those expressed in such statements.

The Fortis Bank Consolidated Financial Statements and the Fortis Bank Financial Statements as at 31 December 2009, will be submitted to the Annual General Meeting of Shareholders for approval on 22 April 2010.

Brussels, 23 March 2010
The Board of Directors of Fortis Bank SA/NV

Corporate Governance

Board of Directors

Role and responsibilities

In accordance with legislation and regulations relating to credit institutions prevailing in Belgium, the Board of Directors is responsible for defining general policy of the Bank ('policy function'), supervising the activities of the Executive Board, appointing and revoking the members of the Executive Board and supervising the Independent Control Functions ('supervisory function').

In accordance with article 26 of the Banking Act and article 22 of the articles of association of Fortis Bank ('Articles of Association'), the members of the Board of Directors have elected amongst themselves an Executive Board, of which the members are referred to as "Executive Directors". The Executive Board has received a general delegation of power to perform any acts necessary or relevant to manage the banking activities within the general policy framework set out by the Board of Directors ('management function').

Size and membership criteria

The Board of Directors shall be made up of not less than five and not more than thirty-five Directors.
Members of the Board of Directors may or may not be shareholders, and are appointed for a period not exceeding four years.

Board members have the necessary qualities to exercise their function in an objective and independent way in order to guard the interests of Fortis Bank at all times.

According to the Fortis Bank' policy, the composition of the Board of Directors consists of an appropriate and balanced mix between the Executive Directors and the non-Executive Directors, whether independent or not.

Executive Directors may not constitute the majority of the Board.

Fortis Bank, furthermore, strives to maintain an appropriate balance of skills and competences within the Board of Directors in accordance with the provisions of the Banking Act.

Composition

The Composition of the Board of Directors is now as follows:

DAEMS Herman	Chairman of the Board of Directors. Non-Executive Director. Member of the Board of Directors since 14.05.2009. Board Member mandate expires during the Ordinary Annual General Shareholders' Meeting of 2012.
CHODRON de COURCEL Georges	Vice-Chairman of the Board of Directors. Non-Executive Director. Member of the Board of Directors since 14.05.2009. Board Member mandate expires during the Ordinary Annual General Shareholders' Meeting of 2012.
BONNAFÉ Jean-Laurent	Executive Director. Chairman of the Executive Board. Member of the Board of Directors since 14.05.2009. Board Member mandate expires during the Ordinary Annual General Shareholders' Meeting of 2012.
DIERCKX Filip	Executive Director. Vice-Chairman of the Executive Board. Member of the Board of Directors since 28.10.1998. Board Member mandate expires on 26.04.2010.
FOHL Camille	Executive Director, Member of the Board of Directors and the Executive Board since 01.01.2008. Board Member mandate expires on 23.04.2011.
MENNICKEN Thomas	Executive Director. Member of the Board of Directors and the Executive Board since 14.05.2009. Board Member mandate expires during the Ordinary Annual General Shareholders' Meeting of 2012.
RAYNAUD Eric	Executive Director. Member of the Board of Directors and the Executive Board since 14.05.2009. Board Member mandate expires during the Ordinary Annual General Shareholders' Meeting of 2012.
BOOGMANS Dirk	Independent Non-Executive Director. Member of the Board of Directors since 01.10.2009. Board Member mandate expires during the Ordinary Annual General Shareholders' Meeting of 2012.

COUMANS Wim	Non-Executive. Member of the Board of Directors since 27.01.2009. Board Member mandate expires during the Ordinary Annual General Shareholders' Meeting of 2012.
LAMARCHE Gérard	Independent Non-Executive Director. Member of the Board of Directors since 14.05.2009. Board Member mandate expires during the Ordinary Annual General Shareholders' Meeting of 2012.
LAVENIR Frédéric	Non-Executive Director. Member of the Board of Directors from 14.05.2009 till 01.10.2009 and again since 10.12.2009. Board Member mandate expires during the Ordinary Annual General Shareholders' Meeting of 2012.
PAPIASSE Alain	Non-Executive Director. Member of the Board of Directors since 14.05.2009. Board Member mandate expires during the Ordinary Annual General Shareholders' Meeting of 2012.
PRUVOT Jean-Paul	Non-Executive Director. Member of the Board of Directors since 27.01.2009. Board Member mandate expires during the Ordinary Annual General Shareholders' Meeting of 2012.
STÉPHENNE Jean	Independent Non-Executive Director. Member of the Board of Directors since 26.04.2001. Board Member mandate expires on 26.04.2010.
VANSTEENKISTE Luc	Independent Non-Executive Director. Member of the Board of Directors since 26.04.2001. Board Member mandate expires on 26.04.2010.
VARÈNE Thierry	Non-Executive Director. Member of the Board of Directors since 14.05.2009. Board Member mandate expires during the Ordinary Annual General Shareholders' Meeting of 2012.
WIBAUT Serge	Non-Executive. Member of the Board of Directors since 27.01.2009. Board Member mandate expires during the Ordinary Annual General Shareholders' Meeting of 2012.

The composition of the Board of Directors has undergone changes in 2009 as follows:

DAEMS Herman	Chairman Board of Directors (since 14.05.2009)
VAN BROEKHOVEN Emiel	Chairman Board of Directors (from 27.01.2009 until 14.05.2009)
VERWILST Herman	Chairman Board of Directors (until 27.01.2009)
CHODRON de COURCEL Georges	Vice Chairman Board of Directors (since 14.05.2009)
BONNAFÉ Jean-Laurent	Chairman Executive Board (since 14.05.2009)
DIERCKX Filip	Chairman Executive Board (until 14.05.2009) and Vice Chairman Executive Board (since 14.05.2009)
BOONE Brigitte	Executive Director, Member of the Executive Board (until 14.05.2009)
DEBOECK Michel	Executive Director, Member of the Executive Board (until 14.05.2009)
FOHL Camille	Executive Director, Member of the Executive Board
MACHENIL Lars	Executive Director, Member of the Executive Board (until 14.05.2009)
MENNICKEN Thomas	Executive Director, Member of the Executive Board (since 14.05.2009)
MOSTREY Lieve	Executive Director, Member of the Executive Board (until 14.05.2009)
RAYNAUD Eric	Executive Director, Member of the Executive Board (since 14.05.2009)
VANDEKERCKHOVE Peter	Executive Director, Member of the Executive Board (until 14.05.2009)
BECKERS Lode	Director (until 14.05.2009)
BOOGMANS Dirk	Director (since 01.10.2009)
CLIJSTERS Jos	Director (until 27.01.2009)
COUMANS Wim	Director (since 27.01.2009)
DE MEY Jozef	Director (until 27.01.2009)
DESCHÊNES Alain	Director (until 27.01.2009)
FEILZER Joop	Director (until 14.05.2009)
LAMARCHE Gérard	Director (since 14.05.2009)
LAVENIR Frédéric	Director (from 14.05.2009 until 01.10.2009 and again since 10.12.2009)
MEYER Jean	Director (until 27.01.2009)
PAPIASSE Alain	Director (since 14.05.2009)
PRUVOT Jean-Paul	Director (from 27.01.2009 until 14.05.2009 and again since 14.05.2009)
STEPHENNE Jean	Director
VAN HARTEN Peer	Director (until 27.01.2009)
VAN OORDT Robert	Director (until 14.05.2009)
VANSTEENKISTE Luc	Director
VARÈNE Thierry	Director (since 14.05.2009)
WIBAUT Serge	Director (since 27.01.2009)

The Board of Directors of Fortis Bank has changed its composition on 27 January 2009, so as to reflect its new ownership structure and strengthen its governance.

On that day, the Board of Directors took notice of the resignation of the following directors appointed by the previous shareholders: Herman Verwilst, Jos Clijsters, Jozef De Mey, Alain Deschênes, Jean Meyer and Peer van Harten.

On the same day, the following directors representing the Belgian State were appointed by cooptation: Emiel Van Broekhoven (Chairman of the Board of Directors), Wim Coumans, Jean-Paul Pruvot and Serge Wibaut.

After the acquisition by BNP Paribas on 14 May 2009, the Board of Directors of Fortis Bank changed its composition again so as to reflect its new ownership structure.

On that day, the Board of Directors took notice of the resignation of the following directors appointed by the previous shareholders: Emiel Van Broekhoven, Jean-Paul Pruvot, Lode Beckers, Joop Feilzer, Robert van Oordt, Lars Machenil, Lieve Mostrey, Brigitte Boone, Peter Vandekerckhove and Michel Deboeck.

On the same day, the following directors were appointed by cooptation: Herman Daems, Georges Chodron de Courcel, Jean-Laurent Bonnafé, Thomas Mennicken, Eric Raynaud, Gérard Lamarche, Frédéric Lavenir, Alain Papiasse, Jean-Paul Pruvot and Thierry Varène. Their appointment was afterwards approved by the General Meeting of shareholders. Mr. G. Lamarche is appointed as an Independent Director, while all other Directors appointed, except Mr. J.P. Pruvot, represent the main shareholder of Fortis Bank or are Executive Directors.

The composition of the Board of Directors changed a third time on 1 October 2009. On that day, Mr. Dirk Boogmans was appointed Independent Director to replace Mr. Frédéric Lavenir, who resigned on that day, and in order to bring the number of Independent directors to four.

Mr. Frédéric Lavenir was appointed Director again on 10 December 2009 by the Extraordinary General Shareholders' Meeting. During the same Extraordinary General Shareholders' Meeting Mr. Dirk Boogmans was confirmed as Independent Board Director.

The Fortis Bank Board of Directors, responsible for defining the general policy and supervising the activities of the Executive Board, is now composed of 17 Directors, of which 12 Non-Executive Directors (of which 4 are appointed as Independent Directors that comply with the criteria as laid down in article 526ter of the Companies Code) and 5 Executive Directors.

Information regarding the total remuneration for 2009, including benefits in kind and pension costs, of executive and non executive members of the Board of Directors, paid and payable by Fortis Bank are to be found in Note 10 "Remuneration of the Board of Directors and Executive Committee" of the Fortis Bank Consolidated Financial Statements.

The Board of Directors held 41 meetings in 2009, of which 12 since 12 May 2009.

Board committees

In order to fulfill its role and responsibilities efficiently, the Board of Directors has set up an Audit and Risk Committee and a Governance, Nomination and Remuneration Committee. The existence of these Committees does not affect the ability of the Board to set up further ad-hoc Committees to deal with specific matters if the need arises. Each Board Committee has an advisory function with respect to the Board.

The appointment of Committee members is based on (i) their specific competences and experience, in addition to the general competence requirements for Board members, and (ii) the requirement that each Committee, as a group, possesses the competences and experience needed to perform its tasks.

Audit and Risk Committee ("ARC")

The role of the ARC is to assist the Board in fulfilling its supervision and monitoring responsibilities in respect of internal control in the broadest sense within Fortis Bank, including internal control over financial reporting and risk.

Role and responsibilities

The ARC shall monitor, review and make recommendations to the Board of Directors regarding:

Audit

- the integrity of financial statements and of any written, official, external communication relating to Fortis Bank financial performance. This includes the consistent application of accounting principles (and changes thereto) and the quality of internal control over financial reporting;
- the performance of the external audit process: the ARC oversees the work performed by the external auditors, reviews their audit plan, formally evaluates their performance at least once every three years against stated criteria and makes recommendations to the Board regarding their appointment or reappointment, mandate renewal and remuneration. The ARC follows up on questions or recommendations of the external auditors. The ARC also monitors the independence of external audit firms, including the review and approval of non-audit services provided to Fortis Bank;
- the performance of the internal audit process: the ARC oversees the work performed by the internal audit department and endorses the annual audit plan, including focal point audit assignments, scope and audit budget. It monitors the follow-up that management gives to the internal audit's recommendations and takes part in the external quality assessment of the internal audit department organized at least once every five years and concurs in the appointment or dismissal of the General Auditor.

Risk

- the major risk exposures of the Bank and the operation of internal risk management and control systems, including supervision of the enforcement of the relevant legislation and regulations. This implies that the ARC identifies and acknowledges major risk areas such as investment risk, credit risk, market risk, liquidity risk and operational risk;
- the effectiveness of the Independent Control Functions. This includes overseeing the implementation and periodically reviewing the rules that govern the creation, composition and functioning of the Independent Control Functions at the level of Fortis Bank and its operating subsidiaries, taking into account specific laws and regulations applicable to the entities concerned and their relations with the ARC. The ARC concurs in the appointment or dismissal of the Compliance Officer.

Composition

The ARC consists of at least three non-Executive Directors. At least half of its members should be Independent directors. In case of a tied vote, the Chairman of the ARC shall have a casting vote.

Members of the ARC need to have the necessary skills and competences in the field of accounting, audit and financial businesses. The presence of the necessary skills and competences is also judged at the level of the ARC, not only on an individual basis.

In accordance with article 526bis, §2 of the Companies Code, at least one member of the ARC is both independent director and has the necessary skills and competences in the field of accounting, audit and financial business. All Independent directors in the Fortis Bank ARC comply with this rule.

Present composition

The members of the ARC are:
VANSTEENKISTE Luc, Chairman
BOOGMANS Dirk
COUMANS Wim
DAEMS Herman
STEPHENNE Jean

The ARC met 15 times in 2009, of which 5 times since 12 May 2009.

Governance, Nomination and Remuneration Committee (“GNRC”)

The role of the GNRC is to assist the Board in matters relating to:

- the appointment of Board members and the members of the Executive Board (the “Executive Directors”);
- the remuneration of Directors, Executive Directors and Senior Management;
- the governance of the Bank on which the Board or the Chairman of the Board wishes to receive the Committee’s advice.

Role and responsibilities

The GNRC shall monitor, review and make recommendations to the Board of Directors regarding:

Nominations

- regularly review the policies and criteria (independence requirements, competences and qualifications,) that govern the selection and nomination of Board members, members of Board Committees and of the Executive Board and recommends changes to the Board were needed;
- ensure that the appointment and re-election process is organized objectively and professionally;
- monitor, review and make recommendations to the Board with regard to the size of the board, the appointment or re-election of Board members and with regard to the appointment or dismissal of Executive Directors.

Remuneration

- regularly review the policies that govern the remuneration of Non-executives on the one hand and of the Executive Directors on the other, with a view to recommending changes where necessary.
- each year review the remuneration of the Executive Directors and the remuneration policy and principles applicable to Senior Management and makes recommendations to the Board.
- each year discuss and set the objectives for the Chairman of the Bank, and, based on a proposal made by the Chairman of the Bank, for the other Executive Directors. For Senior management, the GNRC reviews the main principles applied which will subsequently serve as benchmarks in their performance appraisals;
- evaluate the performance of Board members and Executive Directors.

Governance

- review and assess the adequacy of the Company's corporate governance practices and rules and evaluating the Company's compliance with its corporate governance rules;
- identify and advise the Board on emerging corporate governance issues or significant developments in the applicable laws and/or corporate governance practices;
- make recommendations to the Board on all matters of corporate governance and on any corrective action to be taken; including advising on the Board and Board Committees' organisation, memberships, functions, duties and responsibilities;
- review and advise the Board on related insider and affiliated party transactions and/or conflict of interest matters involving Board and Executive Board members;
- recommend to the Board the (re)appointment of the Compliance Officer, upon proposal of the Chairman of the Bank;
- review the disclosures in the Annual Report on the remuneration of Board members and Executive Directors, on the processes that govern their nomination and remuneration, and on the activities of the GNRC.

Composition

The GNRC is composed of at least three non-executive directors. At least half of its members should be Independent directors.

Present composition

The members of the GNRC are:
DAEMS Herman, Chairman
STEPHENNE Jean
VANSTEENKISTE Luc
WIBAUT Serge

The GNRC met 8 times in 2009, of which 5 times since 12 May 2009.

Executive Committee

The Executive Committee has an advisory role to the Executive Board while facilitating the execution of the strategy and operational management of the Bank.

As of 14 May 2009, the Executive Committee has 11 members and is composed of the 5 Executive Directors (together composing the Executive Board) and of the following key heads of Business and Support Functions:

DEBOECK Michel, Chief Human Resources Officer
JADOT Maxime, Head of Corporate & Public Banking
MACHENIL Lars, Chief Financial Officer
MOSTREY Lieve, Head of TOPS (Technology, Operations & Property Services)
VAN DE KERCKHOVE Peter, Head of Retail & Private Banking
VAN GHELUWE Frédéric, Head of Capital Markets

College of accredited statutory auditors

- PricewaterhouseCoopers Reviseurs d'Entreprises BV CVBA ;
  represented by Messrs Josy STEENWINCKEL and Roland JEANQUART

- Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises BV CVBA ;
  represented by Messrs Philip MAEYAERT and Frank VERHAEGEN.

Proposed appropriation of the result for the accounting period

Loss for the year for appropriation	EUR	(1,313.2)	million
Loss brought forward from the previous year	EUR	(18,732.4)	million
Loss to be appropriated	EUR	(20,045.6)	million
Loss to be carried forward	EUR	(20,045.6)	million

In accordance with the aforementioned appropriation of the result for the financial year 2009, the Board of Directors of Fortis Bank will request the approval of the General Meeting of Shareholders not to distribute a dividend.

In 1999, Fortis Capital Company Limited, a subsidiary of Fortis Bank Nederland, issued non-cumulative preference shares for a total amount of EUR 650 million, guaranteed by Fortis Bank, Fortis SA/NV and Fortis NV. A tranche of EUR 200 million was redeemed during 2004. A cash settlement for an amount of EUR 362 million took place in 2009, leaving a remaining amount outstanding of EUR 88 million. The Board of Directors of Fortis Bank has given the following undertaking to the Belgian Banking, Finance and Insurance Commission in this respect: not to pay a dividend unless the available reserves are sufficient to meet all liabilities arising from the aforementioned issue of non-cumulative preference shares, to set out this undertaking in the annual report of Fortis Bank and to consult the Banking, Finance and Insurance Commission prior to proposing any dividend payment, so as to demonstrate that the available reserves are sufficient and that the capital adequacy ratio calculated on the narrowly defined capital and reserves of Fortis Bank amounts to the compulsory minimum of 5%.

As part of its pursuit of cheaper capital, Fortis Bank issued innovative financial debt instruments ('Redeemable Perpetual Cumulative Coupon Debt Securities') on the international market on 26 September 2001 for a total amount of EUR 1 billion. The purpose of the issue was to bolster Fortis Bank's solvency in a proactive manner and hence to support the further development of banking operations, in terms of corporate and consumer credit provision and of marketing operations. The move also anticipates new solvency regulations, including coverage of additional risk categories such as operating risk. Since these securities are, by their nature, highly subordinated liabilities, the Banking, Finance and Insurance Commission has agreed to rate them as equal to tier one capital. A number of conditions have to be met to this end, including the possibility of converting the securities into Fortis Bank profit-sharing instruments under certain circumstances. To allow profit-sharing instruments to be issued on submission of these securities, the Extraordinary Meeting of Shareholders of 23 November 2001 added Article 5bis to the articles of association.

The authorised capital was also adjusted to enable the Board of Directors, amongst other things, to pay the interest on the securities by issuing new Fortis Bank shares, if that should prove necessary. Article 5bis of the articles of association further lists the circumstances in which profit-sharing instruments of this kind may be issued, the characteristics of those instruments, the dividend restrictions applying to them and various other provisions. The Board of Directors has also undertaken to abide by the following regulatory limits: if actually issued, the profit-sharing instruments, together with other innovative capital instruments issued by Fortis Bank that qualify as tier one, will not amount to more than 15% of Fortis Bank's tier one capital and if actually used, the profit-sharing instruments, together with other similar instruments or shares without voting rights issued by Fortis Bank, will not amount to more than one third of Fortis Bank's authorised capital, including issue premiums.

On 27 October 2004, Fortis Bank issued Directly Issued Perpetual Securities to the value of EUR 1 billion with a goal and characteristics that are broadly comparable with the Redeemable Perpetual Cumulative Coupon Debt Securities dating from 2001. The regulatory limits described above also apply for this issue. In order to facilitate the issue of Directly Issued Perpetual Securities, the Articles of Association were amended at an Extraordinary General Meeting of Shareholders on 28 April 2005. A new Article 5ter was added, which defines in detail the circumstances under which profit-sharing instruments will be issued, their characteristics, the associated dividend restrictions and various other provisions.

On 19 December 2007, Fortis Bank issued the Convertible And Subordinated Hybrid Equity-linked Securities (CASHES) with a nominal value of EUR 3 billion and a denomination of EUR 250,000 each, as part of the plan to finance the acquisition of certain ABN AMRO assets. The coupons on the securities are payable quarterly at a variable rate per annum of 3 month Euribor + 2.0%. For regulatory purposes, the CASHES securities are treated as part of Tier 1 capital. The coupons of the CASHES securities constitute direct and subordinated obligations of each of Fortis Bank sa-nv, Fortis SA/NV and Fortis N.V. as Co-obligors. The coupons of CASHES are subordinated to all other loans, subordinated loans and preference shares, but rank senior to ordinary shares. The principal amount of the securities will not be repaid in cash. The sole recourse of the note holders of the CASHES securities against any of the co-obligors with respect to the principal amount is equal to 125,313,283 shares that Fortis Bank has pledged in favour of the CASHES holders. Those shares have no dividend entitlement or voting rights until the exchange. The CASHES securities have no maturity date, but may be exchanged into Fortis shares at a price of EUR 23.94 per share at the discretion of the holder. From 19 December 2014, the bonds will be automatically exchanged into Fortis shares if the price of the Fortis share is equal to or higher than EUR 35.91 on twenty successive trading days.

Auditors: special assignments

The Council of Accredited Auditors and the companies with which it has a professional relationship undertook a number of supplementary, special tasks in 2009. These mainly involved audit and review assignments at subsidiary banks, special legal mission entrusted by law, the audit of the local IFRS reporting packages for Fortis Bank consolidation purposes, assistance in relation to the acquisition of new participating interests and various consultancy assignments.

The Council of Accredited Auditors' fees for these assignments reached EUR 5.5 million in 2009. The audit fees paid to the Fortis Bank statutory auditors are disclosed in note 11 of the Fortis Bank Consolidated Financial Statements.

Information related to Article 523 of the Belgian Companies code

Indemnification of directors – Conflict of interest

On 21 January 2009, a meeting of the board of directors of the company was held to consider a proposal that the liability incurred by its directors should be indemnified by the company in certain instances. Below is the text of the deliberations and resolutions on this proposal, as recorded in the minutes of this meeting.

1. Following up on the discussion that took place during the Board meetings of 3 and 12 December 2008, the Chairman explained that the company should consider granting an indemnity to all its currently serving directors to protect them from the liability that they may incur as directors of the company. While the liability incurred by directors of major companies has become increasingly important, the insurance market does not allow covering the risk of directors' liability in a satisfactory way and at an affordable price. The Chairman furthermore underlined the exceptional circumstances under which the directors had to discharge their duties since end of September 2008 and the fact that for the foreseeable future, directors will need to continue doing so under uncertain circumstances. In order to allow the company to provide the level of comfort that any director may expect in performing his/her directorship, thereby assuring that the company will be able to continue relying on and benefiting from the contribution by directors of the highest calibre, the Chairman proposed that the company undertakes to indemnify all its directors in all instances where they acted in good faith and in a manner they believed to be in the best interest of the company, except where the liability of a director would arise out of a fraud or wilful misconduct or where such liability would be covered by an insurance policy (whether or not subscribed by the company) benefiting to such director.

   The Chairman stresses that the Société Fédérale de Participation et d'Investissement/Federale Participatie –en Investeringsmaatschappij SA/NV (SFPI/FPIM) has been fully informed of this hold harmless provision and does not object to it, taking into account all circumstances, as appears from its letter of January 19, 2009.

2. The Chairman enacted that, in compliance with article 523 of the Company Code, prior to any deliberation, each director present or represented at this meeting has informed the other directors and the auditors of the company that he/she has to be considered as having an interest conflicting with the decisions to be taken by the Board in connection with this item of the agenda given that he/she would benefit personally from the indemnity described above.

3. The Chairman suggested that, for the purpose of article 523 of the Company Code, the Board would first approve the indemnity in respect of the Non-Executive Directors (Messrs. H. Verwilst, L. Beckers, J. Clijsters, J. De Mey, A. Deschênes, J. Feilzer, J. Meyer, J. Stéphenne, P. van Harten, R. van Oordt, L. Vansteenkiste), and then in respect of the Executive Directors (Messrs. F. Dierckx, M. Deboeck, C. Fohl, L. Machenil, P. Vandekerckhove, Mrs. B. Boone, Mrs. L. Mostrey). This suggestion was approved unanimously by the Board.

4. The Non-Executive Directors left the meeting room and did not participate in the deliberation and the resolution of the Board recorded in paragraphs 5 and 6 below.

5. The Executive Directors acknowledged that the indemnity described above would be in line with market practices in Belgium considering the specificities of the company. Indeed, some directors were of the opinion that such indemnity already existed. This indemnity would be in the best interest of the company since the company needs to be able to attract and maintain directors and to benefit from their valuable contribution, notwithstanding the fact that the insurance cover benefiting the directors has almost halved. It is furthermore expected that after the closing of the BNPP transaction (if any), the directors would benefit from a similar indemnity. Not granting such indemnity to current directors would be a difference in treatment that cannot be justified and that would make it very difficult to attract and maintain directors going forward. The directors participating in the deliberation further acknowledged that there should be no financial consequences for the company arising from this indemnity other than those resulting from any payment made by the company thereunder.

6. The Executive Directors then proceeded with the deliberation in accordance with article 18, 6th paragraph of the articles of association of the company. These directors discussed the indemnification undertaking and unanimously decided that the company shall indemnify and shall hold harmless the currently serving Non-Executive Directors of the Company, to the fullest extent permitted by applicable law, against or from all liabilities, expenses, damages or other amounts reasonably incurred or borne by them in connection with any proceeding or claim brought by a third party (including, without limitation, a shareholder of the company acting for his own account) against them as a director of the company in respect of any decision, action or omission which was made or occurred (or which is claimed to have been made or to have occurred) before, on or after the date of this meeting, provided however that: (a) such director acted in good faith and in a manner he/she believed to be in the best interest of the company; and (b) this indemnification undertaking shall not be applicable (i) in respect of liabilities, expenses, damages or other amounts arising out of a fraud or wilful misconduct of a director; nor (ii) if, and to the extent that, any such liabilities, expenses, damages or other amounts are covered by an insurance policy (whether or not subscribed by the company) benefiting the relevant director.

7. Immediately after the deliberation and the resolution recorded in paragraphs 5 and 6 above, the Non-Executive Directors were invited back into the meeting room and participated in the deliberation and the resolution of the Board recorded in paragraphs 8 and 9 below, while the Executive Directors left the meeting room and did not participate in such deliberation and resolution.

8. The Non-Executive Directors exchanged views on the indemnity describe above and acknowledged circumstances similar to those set out in paragraph 5 above.

9. The Non-Executive Directors then also proceeded with the deliberation in accordance with article 18, 6th paragraph of the articles of association of the company. These directors discussed the indemnification undertaking and unanimously decided that the company shall indemnify and shall hold harmless the currently serving Executive Directors of the Company, to the fullest extent permitted by applicable law, against or from all liabilities, expenses, damages or other amounts reasonably incurred or borne by them in connection with any proceeding or claim brought by a third party (including, without limitation, a shareholder of the company acting for his own account) against them as a director of the company in respect of any decision, action or omission which was made or occurred (or which is claimed to have been made or to have occurred) before, on or after the date of this meeting, provided however that: (a) such director acted in good faith and in a manner he/she believed to be in the best interest of the company; and (b) this indemnification undertaking shall not be applicable (i) in respect of liabilities, expenses, damages or other amounts arising out of a fraud or wilful misconduct of a director; nor (ii) if, and to the extent that, any such liabilities, expenses, damages or other amounts are covered by an insurance policy (whether or not subscribed by the company) benefiting the relevant director.

10. The Executive Directors were invited back into the meeting room after the deliberation and the resolution set out in paragraphs 8 and 9 above.
    SFPI/FPIM notes that a hold harmless provision has been decided upon and invites management to further examine possibilities to secure adequate insurance coverage for directors.

On 27 January 2009, a meeting of the board of directors of the company was held to consider a proposal that the liability incurred by its directors should be indemnified by the company in certain instances. Below is the text of the deliberations and resolutions on this proposal, as recorded in the minutes of this meeting:

"The Board further discusses the granting of a hold harmless undertaking to the following individuals who are set to be appointed as new directors of the Bank upon proposal of the Belgian State: Messrs. W. Coumans, J-P. Pruvot, E. Van Broekhoven and S. Wibaut. Upon suggestion of the head of Fortis Bank Legal, the four aforementioned individuals leave the Board meeting.

The Board discusses following considerations relating to the granting of a hold harmless undertaking to the to be appointed directors so as to protect them from the liability that they may incur as directors of the company:

- while the liability incurred by directors of major companies has become increasingly important, the insurance market does not allow covering the risk of directors' liability in a satisfactory way and at an affordable price ;
- the Board further underlined the exceptional circumstances under which the directors had to discharge their duties since end of September 2008 and the fact that for the foreseeable future, directors will need to continue doing so under uncertain circumstances;
- in order to allow the company to provide the level of comfort that any director may expect in performing his/her directorship, thereby assuring that the company will be able to continue relying on and benefiting from the contribution by directors of the highest calibre, the Chairman proposed that the company undertakes to indemnify the four to be appointed directors in all instances where they acted in good faith and in a manner they believed to be in the best interest of the company, except where the liability of a director would arise out of a fraud or wilful misconduct or where such liability would be covered by an insurance policy (whether or not subscribed by the company) benefiting to such director ;
- SFPI/FPIM has been fully informed of this hold harmless provision and does not object to it, taking into account all circumstances.

The directors acknowledged that the indemnity described above would be in line with market practices in Belgium considering the specificities of the company. This indemnity would further be in line with the indemnity benefiting current directors as decided upon by the Board of January 21. This indemnity would be in the best interest of the company since the company needs to be able to attract and maintain directors and to benefit from their valuable contribution, notwithstanding the fact that the insurance cover benefiting the directors has almost halved. Not granting such indemnity to the new directors would be a difference in treatment that cannot be justified and that would make it very difficult to attract and maintain directors going forward. The directors participating in the deliberation further acknowledged that there should be no financial consequences for the company arising from this indemnity other than those resulting from any payment made by the company thereunder.

Upon deliberation, the Board decided that the company shall indemnify and shall hold harmless the four directors to be appointed upon proposal by the Belgian State (Messrs. W. Coumans, J-P. Pruvot, E. Van Broekhoven and S. Wibaut) to the fullest extent permitted by applicable law, against or from all liabilities, expenses, damages or other amounts reasonably incurred or borne by them in connection with any proceeding or claim brought by a third party (including, without limitation, a shareholder of the company acting for his own account) against them as a director of the company in respect of any decision, action or omission made or occurring (or which is claimed to have been made or to have occurred) on or after the date of this meeting, provided however that: (a) such director acted in good faith and in a manner he/she believed to be in the best interest of the company ; and (b) this indemnification undertaking shall not be applicable (i) in respect of liabilities, expenses, damages or other amounts arising out of a fraud or wilful misconduct of a director ; nor (ii) if, and to the extent that, any such liabilities, expenses, damages or other amounts are covered by an insurance policy (whether or not subscribed by the company) benefiting the relevant director.

Immediately after this deliberation, Messrs. W. Coumans, J-P. Pruvot, E. Van Broekhoven and S. Wibaut re-entered the meeting room.

SFPI/FPIM notes that a hold harmless provision has been decided upon in favour of the four new directors and invites management to further actively examine possibilities to secure adequate insurance coverage for all directors."

On July 28, 2009, a meeting of the Board of Directors of the company was held to consider a proposal that the liability incurred by its directors should be indemnified by the company in certain instances. Below is the text of the deliberations and resolutions on this proposal, as recorded in the minutes of this meeting.

1. Mr. Chodron de Courcel, Vice-Chairman of the Board of Directors and Acting Chairman, reminds that, on 21 and 27 January 2009, the Board of Directors of the company decided that the potential liability incurred by its directors in the exercise of their mandate should be indemnified by the company in certain instances.

2. The Acting Chairman explains that the company should consider also granting an indemnity to Mr. Herman DAEMS and Mr. Gérard LAMARCHE to protect them from the liability that they may incur as directors of the company. The Acting Chairman refers to the considerations underlying the decisions of the Board of 21 and 27 January 2009, which remain relevant to date. The Acting Chairman therefore proposes that the company undertakes to indemnify Mr. Herman DAEMS and Mr. Gérard LAMARCHE in all instances where they acted in good faith and in a manner they believed to be in the best interest of the company, except where the liability of a director would arise out of a fraud or wilful misconduct or where such liability would be covered by an insurance policy (whether or not subscribed by the company) benefiting to such director.

3. The Acting Chairman enacted that, in compliance with article 523 of the Company Code, prior to any deliberation, both Mr. Herman DAEMS and Mr. Gérard LAMARCHE have informed the other directors that he has to be considered as having an interest conflicting with the decisions to be taken by the Board in connection with this item of the agenda given that he would benefit personally from the indemnity described above. The auditors of the company were also informed prior to this meeting.

4. Mr. Herman DAEMS and Mr. Gérard LAMARCHE did not participate in the deliberation and the resolution of the Board recorded in paragraphs 6 and 7 below.

5. The other directors acknowledged that the indemnity described above would be in line with market practices in Belgium considering the specificities of the company. This indemnity would be in the best interest of the company since the company needs to be able to attract and maintain directors and to benefit from their valuable contribution. Furthermore, the other directors benefit from a similar indemnity and not granting such indemnity to these directors would be a difference in treatment that cannot be justified and that would make it very difficult to attract and maintain directors going forward. The directors participating in the deliberation further acknowledged that there should be no financial consequences for the company arising from this indemnity other than those resulting from any payment made by the company there under.

6. The other directors then proceeded with the deliberation. They discussed the indemnification undertaking and unanimously decided that the company shall indemnify and shall hold harmless Mr. Herman DAEMS and Mr. Gérard LAMARCHE to the fullest extent permitted by applicable law, against or from all liabilities, expenses, damages or other amounts reasonably incurred or borne by them in connection with any proceeding or claim brought by a third party (including, without limitation, a shareholder of the company acting for his own account) against them as a director of the company in respect of any decision, action or omission which was made or occurred (or which is claimed to have been made or to have occurred) before, on or after the date of this meeting, provided however that:

   (a) such director acted in good faith and in a manner he believed to be in the best interest of the company; and
   (b) this indemnification undertaking shall not be applicable (i) in respect of liabilities, expenses, damages or other amounts arising out of a fraud or wilful misconduct of a director; nor (ii) if, and to the extent that, any such liabilities, expenses, damages or other amounts are covered by an insurance policy (whether or not subscribed by the company) benefiting the relevant director.

On November 5, 2009, a meeting of the Board of Directors of the company was held to consider a proposal that the liability incurred by its directors should be indemnified by the company in certain instances. Below is the text of the deliberations and resolutions on this proposal, as recorded in the minutes of this meeting.

1. On 21 and 27 January 2009 and on 28 July 2009, the Board of Directors of the company decided that the potential liability incurred by its directors in the exercise of their mandate should be indemnified by the company in certain instances.

2. The Chairman explains that the company should consider also granting an indemnity to Mr. Dirk BOOGMANS to protect him from the liability that he may incur as director of the company. The Chairman refers to the considerations underlying the decisions of the Board of 21 and 27 January 2009 and of 28 July 2009, which remain relevant to date. The Chairman therefore proposes that the company undertakes to indemnify Mr. Dirk BOOGMANS in all instances where he acted in good faith and in a manner he believed to be in the best interest of the company, except where the liability of a director would arise out of a fraud or willful misconduct or where such liability would be covered by an insurance policy (whether or not subscribed by the company) benefiting to such director.

3. The Chairman enacted that, in compliance with article 523 of the Company Code, prior to any deliberation, Mr. Dirk BOOGMANS has informed the other directors and the auditors of the company that he has to be considered as having an interest conflicting with the decisions to be taken by the Board in connection with this item of the agenda given that he would benefit personally from the indemnity described above.

4. Mr. Dirk BOOGMANS left the meeting room and did not participate in the deliberation and the resolution of the Board recorded in paragraphs 5 and 6 below.

5. The other Directors acknowledged that the indemnity described above would be in line with market practices in Belgium considering the specificities of the company. This indemnity would be in the best interest of the company since the company needs to be able to attract and maintain directors and to benefit from their valuable contribution. Furthermore, the other Directors benefit from a similar indemnity and not granting such indemnity to these Directors would be a difference in treatment that cannot be justified and that would make it very difficult to attract and maintain directors going forward. The Directors participating in the deliberation further acknowledged that there should be no financial consequences for the company arising from this indemnity other than those resulting from any payment made by the company there under.

6. The other Directors then proceeded with the deliberation. They discussed the indemnification undertaking and unanimously decided that the company shall indemnify and shall hold harmless Mr. Dirk BOOGMANS to the fullest extent permitted by applicable law, against or from all liabilities, expenses, damages or other amounts reasonably incurred or borne by him in connection with any proceeding or claim brought by a third party (including, without limitation, a shareholder of the company acting for his own account) against him as a director of the company in respect of any decision, action or omission which was made or occurred (or which is claimed to have been made or to have occurred) before, on or after the date of this meeting, provided however that:

   (a) he acted in good faith and in a manner he believed to be in the best interest of the company; and
   (b) this indemnification undertaking shall not be applicable (i) in respect of liabilities, expenses, damages or other amounts arising out of a fraud or willful misconduct of a director; nor (ii) if, and to the extent that, any such liabilities, expenses, damages or other amounts are covered by an insurance policy (whether or not subscribed by the company) benefiting the relevant director.

Information related to Article 524 of the Belgian Companies code

Introduction

1.1. Background.

The Board of Directors of Fortis Bank NV/SA decided on 2 July 2009 to appoint a committee of independent directors, composed of Mr. Luc Vansteenkiste (coordinating the activities of the committee of independent directors), Mr. Jean Stéphenne and Mr. Gérard Lamarche, to deliver a written reasoned opinion in accordance with article 524 §1 of the Companies Code ("Opinion") in respect of a number of contemplated related parties transactions between various affiliates of BNP Paribas S.A. ("BNPP") and Fortis Bank NV/SA ("the Company") in the context of the integration of certain activities of Fortis Bank NV/SA with certain activities of BNPP.

On 1 October 2009, the Board of Directors of Fortis Bank NV/SA appointed (through cooptation)
Mr. Dirk Boogmans as independent director and added him to the committee of independent directors.

1.2. Scope of the Opinion.

In accordance with article 524 §1 of the Companies Code, decisions or transactions in execution of a decision of a listed company that concern (i) relationships between the listed company and an affiliated company thereof, with the exception of its subsidiaries or (ii) relationships between a subsidiary of the listed company and an affiliated company of such subsidiary, but which is not a subsidiary of the subsidiary concerned, must be submitted to a prior assessment by a committee of independent directors, before being decided upon by the board of directors.

Pursuant to article 524 §2 of the Companies Code, the committee must, in a written reasoned opinion, (i) describe the nature of the decision or transaction; (ii) give an assessment of the economic benefit or disadvantage of the transaction for the company and for its shareholders; (iii) describe the financial consequences of the transaction for the company and (iv) assess whether or not the decision or transaction is such that it may cause a disadvantage to the company that, in the light of the company's strategy, is manifestly abusive ("kennelijk onrechtmatig"/"manifestement abusif"). If the committee is of the opinion that the decision or transaction is not manifestly abusive, but could still be detrimental to the company, the committee must clarify which benefits the company derives from the decision or transaction that compensate for such disadvantage.

1.3. Composition of the Committee of Independent Directors.

As set out above, the committee of independent directors consists of Mr. Luc Vansteenkiste, Mr. Dirk Boogmans, Mr. Gérard Lamarche and Mr. Jean Stéphenne (the "Committee"). The members of the Committee all confirm that they are independent directors within the meaning of article 524 of the Companies Code.

1.4. Independent expert designated in accordance with article 524 §2 of the Companies Code.

The Committee has designated UBS Limited, 1 Finsbury Avenue, London, EC2M 2PP, United Kingdom, as independent expert in accordance with article 524 §2 of the Companies Code to assist the Committee in the performance of its task and the provision of its written opinion (the "Independent Expert" or "UBS"). The exact scope of UBS's engagement and responsibility was set out in an engagement letter between UBS and the Committee dated 17 September 2009 (including any amendments, the "Engagement Letter"). UBS has confirmed in the Engagement Letter that it can act as an independent expert in the meaning of article 524 §2 of the Companies Code and it is remunerated by the Company. The Committee asked the Independent Expert to:

- assist the Committee in its review of the financial terms of the Transactions (as defined below) proposed by the Fortis Bank management team, including a review of the valuations prepared by BNP Paribas Corporate Finance;
- assist the Committee in its review and analysis of the information memorandum prepared by the management team and the written proposals by the Company's Executive Board on each of the Integration Transactions (as defined below); and
- deliver a fairness opinion on the proposed financial terms of each Integration Transaction (each, being a "Fairness Opinion", and together being the "Fairness Opinions")

1.5. Basis for this Opinion – Activities of the Committee.

These Opinions have been prepared, inter alia, on the basis of the information provided by the management of the Company and of BGL BNP Paribas SA and on the basis of the Fairness Opinions.

Both the management of Fortis Bank NV/SA and BNPP have confirmed to the Committee that the business plans submitted to the Committee and to the Independent Expert that have served as the basis for the valuation of the Transaction and its assessment by the Committee, have been approved by the Executive Board of Fortis Bank and the BNPP competent body respectively, and that currently no other relevant business plans covering the relevant entity exist.

The Committee has also received confirmation from Fortis Bank management and BNPP Management (each of them only for the entities/assets that they sell) that, to the best of their knowledge, all the material risks which the Transaction may entail for the Company have been properly identified and disclosed to the Committee.

The Committee has retained the law firm Eubelius, represented by Koen Geens and Marieke Wyckaert, to assist it on legal matters.

The Committee has met on several occasions and has on a regular basis consulted and exchanged information and views with Fortis Bank NV/SA, BNPP management, the Independent Expert and the Company's statutory auditor, including during meetings and conference calls held on:

- 7 October 2009
- 14 October 2009
- 21 October 2009
- 25 October 2009
- 26 October 2009
- 28 October 2009
- 29 October 2009
- 1 November 2009
- 10 November 2009
- 16 November 2009
- 19 November 2009
- 20 November 2009
- 23 November 2009
- 24 November 2009
- 7 December 2009.

GLOBAL INTEGRATION PROJECT

2.1. Description of the general background of the Global Integration Project.

On 12 May 2009 and 13 May 2009, BNP Paribas acquired control over Fortis Bank NV/SA by acquiring 74.93% of the shares of Fortis Bank NV/SA and 16.57% of the shares of BGL BNP Paribas S.A. ("BGL") (Fortis Bank NV/SA itself holding 50% +1 of the shares in the latter). Federale Participatie- en Investeringsmaatschappij / Société Fédérale de Participations et d'Investissement ("FPM/SFP"), a holding company owned by the Belgian State, holds 25% of Fortis Bank NV/SA. Private investors hold the remaining 0.07% of the shares of Fortis Bank NV/SA.

Immediately after BNP Paribas acquired control over Fortis Bank NV/SA, a global integration project was initiated (known as Project Knight) to organize the integration of Fortis Bank NV/SA and the BNPP Group (the "Global Integration Project"). BNPP and Fortis Bank NV/SA management have indicated to the Committee and to the board that the main purposes of the Global Integration Project are to consolidate and integrate both groups following the acquisition of 74.93% of Fortis Bank NV/SA, to streamline and simplify the group structure, to achieve synergies between the various activities of each group and to identify opportunities for value creation. The underlying assumption of the Global Integration Project, as communicated to the Committee, is that there are substantial overlaps and complementarities between the activities of BNPP and Fortis Bank NV/SA both in terms of products and services offered, geographical presence, support services, IT infrastructure and back- and middle office functions.

A group integration committee consisting of thirteen members, twelve of them being members of the management teams of BNPP and Fortis Bank NV/SA, has been set up to steer the Global Integration Project. Six domain integration committees have been created in accordance with the various business lines and segments consisting of managers of those various business lines. In addition, 61 task forces have been organized to define the new image and strategy of the group and to prepare action plans. Approximately 320 working groups (representing up to 2,500 individuals) have been instructed to validate the strategic options identified through this process and to translate those options financially.

It has been reported to the Committee that as a result of this exercise, more than 1,000 projects are set to start as from 1 December 2009 to implement the integration of both groups (such as the integration of IT platforms, the reorganization of legal entities, the reallocation of customers, marketing strategies and various other matters).

In the context of this Global Integration Project, it was also proposed to integrate certain activities of Fortis Bank NV/SA and BNPP by transferring and re-allocating certain assets and activities between the various group entities. As part of this exercise, a number of transactions have been taken place (the "Integration Transactions").

The economic transfer date for the Integration Transactions has been set at 1 January 2010. Closing of these Integration Transactions is expected to occur 31 December 2010 at the latest, depending on regulatory approvals and other organisational constraints in the various jurisdictions involved.

2.2. Principles governing the price setting for the Integration Transactions as agreed between Fortis Bank NV/SA and BNPP.

The initial purchase price equals the estimated tangible net book value per 31 December 2009 plus real estate fair value adjustments plus a goodwill or minus badwill, in accordance with the following formula:

	Net Book Value
-	Goodwill and other intangible assets
+	Forecast H2 / 09 Net Result
=	**Tangible Net Book Value (estimated as at 31/12/2009)**
+	Real Estate Fair Value Adjustments
+/-	Goodwill / Badwill
=	**Initial Purchase Price**

After closing, the final purchase price will be determined by adjusting this initial price with the (positive or negative) difference between the estimated tangible net book value and the audited tangible net book value, the real estate fair value adjustments and the goodwill or bad will remaining constant [...].

A procedure is provided for in order to deal with disputes over the price adjustments. As soon as reasonably practicable after the delivery of the necessary documents to determine the price adjustment, and in no event more than 30 days thereafter, the parties shall agree on the amount of the price adjustment. If the parties do not reach an agreement on the price adjustment before the expiry of the 30 day period, the items in dispute shall be referred to an independent expert mutually selected by (i) the parties, or (ii) failing an agreement between the parties, by a court or another independent institution. The independent expert shall only make corrections to the price adjustment in respect of the items still in dispute and shall make such corrections in accordance with the accounting principles as agreed between the parties. The independent expert shall render its decision as to the items in dispute in writing within 30 days from the date on which the items in dispute are referred to it and shall give reasonable details in support of its decision. Each party shall cooperate with the independent expert and provide it with reasonable access to the books, records, personnel and representatives of it and its subsidiaries and such other information as the independent expert may require in order to render its determination. The independent expert's decision shall be final and binding on the parties. The fees and expenses of the independent expert shall be equally shared by the parties.

This is a usual mechanism to settle disputes over price adjustments.

If the purchase price is less than zero, the selling entity shall contribute cash to the relevant company or business (by way of recapitalization or any other technique of equivalent effect) in an amount equal to the absolute value of the purchase price.

INTEGRATION TRANSACTIONS

During its meetings of 5 November, 26 November and 9 December, the Board of Directors decided on the following Transactions, each time based on the Management Proposal and the Opinion of the Committee. The Auditors issued per transaction a Report [as referred to above]. During its meeting of 23 March 2010 the Board of Directors was informed about the estimated Price Adjustment and the ensuing Purchase Price for [each transaction].

3.1. Asset Management.

Management proposal

Management proposes that BNP Paribas Investment Partners S.A. ("BNPP IP") purchases all of the shares of Fortis Investment Management NV/SA ("FIM") that are currently held by Fortis Bank NV/SA and BGL BNP Paribas S.A. Fortis Bank NV/SA and BGL BNP Paribas will subsequently use an amount equal to the purchase price received to subscribe to a capital increase of BNPP IP as a result of which Fortis Bank NV/SA and BGL BNP Paribas would hold BNPP IP shares representing 33.33% + 1 share (i.e. a blocking minority) of the total outstanding share capital of BNPP IP (the "Asset Management Transaction"). 28.23% of the BNPP IP shares would be held by Fortis Bank SA/NV and 5.11% will be held by BGL BNP Paribas. To this end, FIM is valuated at EUR 1,775Mio, and BNPP IP at EUR 3,550Mio before PPA adjustment. The rationale, structure and consideration of the Asset Management Transaction are summarized in the opinion of the CID prepared in connection therewith. This opinion and its annexes have been made available to the Directors for their consideration prior to this meeting. This transaction was already approved by the Board of Directors of BGL BNP Paribas.

Opinion of the Committee

"Based on the considerations above and after having reviewed the financial terms of Transaction with the Independent Expert, UBS Limited, the Committee is of the opinion that the proposed Transaction will not cause a prejudice to Fortis Bank NV/SA that is abusive given the strategy of the Company. The Committee also believes that the Transaction is unlikely to result in adverse consequences that are not compensated for by benefits for Fortis Bank NV/SA."

Decision

On the basis of the foregoing, the additional information provided by the Chairman in the course of the meeting and the views expressed by the members of the Board, the Directors decide to approve unanimously the Asset Management Transaction, on the terms and conditions as they are substantially described in the management proposal and reflected in the opinion of the CID in connection therewith.

Report of the Auditor

Unsigned free translation of the statutory auditor's report originally prepared in French and Dutch.

STATUTORY AUDITOR'S REPORT PURSUANT TO ARTICLE 524 OF THE COMPANIES' CODE IN CONNECTION WITH THE DECISION TAKEN BY THE BOARD OF DIRECTORS ON 5 NOVEMBER 2009

Dear Sirs,

In accordance with the requirements of article 524 of the Companies' Code and with the related assignment you have asked us to carry out in our capacity as the company's statutory auditors, we are pleased to report to you the results of the specific audit procedures we have performed in respect of the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors concerning the following transaction, foreseen in the context of the plan for integrating Fortis Bank SA/NV into the BNP Paribas group (the «Planned Transaction»):

The sale to the French company BNP Paribas Investment Partners SA of the investment held by the Fortis Bank group in the Fortis Investment Management («FIM ») group (except for certain clearly identified entities), of which 85% of the shares are held by Fortis Bank SA/NV and 15% by the Luxembourg company Banque Générale du Luxembourg SA, for a consideration comprising cash and an increase in the capital of BNP Paribas Investment Partners SA, which will be subscribed entirely by Fortis Bank SA/NV and Banque Générale du Luxembourg SA. This sale will be subject to the approval of Banque Générale du Luxembourg SA, which holds 15% of the capital of FIM.

The committee of independent directors requested an independent expert to examine the financial terms of the Planned Transaction and the resulting valuation report.

In the context of the transaction described above, the specific audit procedures carried out and the resulting conclusions are as follows:

a. We reviewed and agreed the information included in the opinion rendered by the committee of independent directors with that included in the report of the independent expert designated by the committee;

b. To the extent that the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors was derived from the accounting information relating to the financial position as of 30 June 2009 or an earlier date, and that it has been the subject of an audit or a review in accordance with the applicable professional standards, either by ourselves or by another auditor or other person in another country exercising a function similar to that of a statutory auditor in Belgium, we satisfied ourselves that such information corresponded with that included in the above-mentioned accounting information;

c. We reviewed and found that the conclusion included in the minutes of the meeting of the board of directors was the same as that appearing in the opinion rendered by the committee of independent directors; and

d. We read the parameters and valuation methods set out in the valuation report prepared by the management of Fortis Bank SA/NV and found that they were not inconsistent with relevant information available in the market and with generally accepted practice. We also reviewed and found that the arithmetical formulae used by the management of Fortis Bank SA/NV in its valuation report were applied correctly.

We emphasise that, in the absence of relevant, objective and comprehensive measurement criteria in the law relating to the reliability of information, the specific audit procedures we carried out, as described above, are not sufficient to enable us provide, in accordance with generally accepted professional auditing standards, any assurance as to the conclusions rendered by the committee of independent directors in its considered opinion. In addition, we believe it is useful to recall the fact that our assignment did not require us in expressing any opinion on the legality or fairness of the Planned Transaction.

We draw your attention to the conditional nature of the terms of the Planned Transaction, which are thus not final, as noted in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors.

Our report may only be used in the intended context of article 524 of the Companies' Code and may not be used for any other purpose. It is to be attached to the minutes of the meeting of the board of directors called to deliberate on the Planned Transaction and, as for the decision of the committee of independent directors and the extract of the minutes of the meeting of the board of directors, is to be included in the management report.

Sint-Stevens-Woluwe, 20 November 2009

The statutory auditor

PricewaterhouseCoopers Reviseurs d'Entreprises sccrl

Represented by

R. Jeanquart J. Steenwinckel

Current value estimate

On 23 March 2010 the Board of Directors was informed that the value of FIM, as currently estimated, would be equal to EUR 1,806Mio, and the value of BNPP IP, as currently estimated, would be equal to EUR 3,574Mio.

The final values at closing are not expected to deviate substantially from these estimates and appropriate capital distributions will be implemented in order to achieve the abovementioned participation percentage of 33.33% + 1 share for Fortis Bank SA/NV and BGL BNP Paribas in BNPP IP.

3.2. Fortis Bank Italy

Management proposal

Management proposes that Banca Nazionale del Lavoro SpA, a wholly-owned subsidiary of BNP Paribas S.A. and Italy's sixth largest bank, acquires the assets and liabilities of the Fortis Italian branch (on a going concern basis) for cash and that this branch be subsequently deregistered (the "Italian Branch Transaction"). It is currently estimated that Fortis Bank will have to contribute EUR 58Mio to the Italian Branch, which is expected to further increase after PPA adjustment. The rationale, structure and consideration of the Italian Branch Transaction are summarised in the opinion of the CID prepared in connection therewith, including (subject to the PPA adjustment) the possible contribution by Fortis Bank of cash to the Italian branch prior to the Transaction. This opinion and its annexes have been made available to the Directors for their consideration prior to this meeting.

Opinion of the Committee

"Based on the considerations above and after having reviewed the financial terms of Transaction with the Independent Expert, UBS Limited, the Committee is of the opinion that the proposed Transaction will not cause a prejudice to Fortis Bank NV/SA that is abusive given the strategy of the Company. The Committee also believes that the Transaction is unlikely to result in adverse consequences that are not compensated for by benefits for Fortis Bank NV/SA."

Decision

On the basis of the foregoing, the additional information provided by the Chairman in the course of the meeting and the views expressed by the members of the Board, the Directors decide to approve unanimously the Italian Branch Transaction, on the terms and conditions as they are substantially described in the management proposal and reflected in the opinion of the CID in connection therewith.

Report of the Auditor

Unsigned free translation of the statutory auditor's report originally prepared in French and Dutch.

STATUTORY AUDITOR'S REPORT PURSUANT TO ARTICLE 524 OF THE COMPANIES' CODE IN CONNECTION WITH THE DECISION TAKEN BY THE BOARD OF DIRECTORS ON 5 NOVEMBER 2009

Dear Sirs,

In accordance with the requirements of article 524 of the Companies' Code and with the related assignment you have asked us to carry out in our capacity as the company's statutory auditors, we are pleased to report to you the results of the specific audit procedures we have performed in respect of the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors concerning the following transaction, foreseen in the context of the plan for integrating Fortis Bank SA/NV into the BNP Paribas group (the «Planned Transaction»):

The sale for cash to the Italian company Banca Nazionale del Lavoro SpA (BNL) of the majority of the assets and liabilities held by the Milan branch of Fortis Bank SA/NV.

The committee of independent directors requested an independent expert to examine the financial terms of the Planned Transaction and the resulting valuation report.

In the context of the transaction described above, the specific audit procedures carried out and the resulting conclusions are as follows:

a. We reviewed and agreed the information included in the opinion rendered by the committee of independent directors with that included in the report of the independent expert designated by the committee;

b. To the extent that the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors was derived from the accounting information relating to the financial position as of 30 June 2009 or an earlier date, and that it has been the subject of an audit or a review in accordance with the applicable professional standards, either by ourselves or by another auditor or other person in another country exercising a function similar to that of a statutory auditor in Belgium, we satisfied ourselves that such information corresponded with that included in the above-mentioned accounting information;

c. We reviewed and found that the conclusion included in the minutes of the meeting of the board of directors was the same as that appearing in the opinion rendered by the committee of independent directors; and

d. We read the parameters and valuation methods set out in the valuation report prepared by the management of Fortis Bank SA/NV and found that they were not inconsistent with relevant information available in the market and with generally accepted practice. We also reviewed and found that the arithmetical formulae used by the management of Fortis Bank SA/NV in its valuation report were applied correctly.

We emphasise that, in the absence of relevant, objective and comprehensive measurement criteria in the law relating to the reliability of information, the specific audit procedures we carried out, as described above, are not sufficient to enable us provide, in accordance with generally accepted professional auditing standards, any assurance as to the conclusions rendered by the committee of independent directors in its considered opinion. In addition, we believe it is useful to recall the fact that our assignment did not require us in expressing any opinion on the legality or fairness of the Planned Transaction.

We draw your attention to the conditional nature of the terms of the Planned Transaction, which are thus not final, as noted in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors.

Our report may only be used in the intended context of article 524 of the Companies' Code and may not be used for any other purpose. It is to be attached to the minutes of the meeting of the board of directors called to deliberate on the Planned Transaction and, as for the decision of the committee of independent directors and the extract of the minutes of the meeting of the board of directors, is to be included in the management report.

Sint-Stevens-Woluwe, 20 November 2009

The statutory auditor

PricewaterhouseCoopers Reviseurs d'Entreprises sccrl

Represented by

R. Jeanquart J. Steenwinckel

Current Purchase Price estimate

On 23 March 2010 the Board of Directors was informed that the contribution to be made by Fortis Bank to the Italian Branch following the Purchase Price, as currently estimated, would be equal to EUR -79Mio.

The final Purchase Price at closing is not expected to deviate substantially from this estimate except for (a) Euro for Euro adjustments reflecting capital increases and profit appropriation and (b) interest on Purchase Price between Jan. 1 2010 and closing and subject to possible disagreement to be resolved in accordance with above described procedure (see point 2.2 above).

3.3. BNPP CIB Belgian Branch.

Management proposal

Management proposes that Fortis Bank NV/SA acquires the assets and liabilities of the BNPP CIB Belgian Branch (on a going concern basis) for cash by way of the sale of a line of business ("branche d'activités" / "bedrijfstak") within the meaning of Article 770 of the Belgian Company Code (the "BNPP CIB Belgian Branch Transaction"). It is currently estimated that Fortis Bank will pay a purchase price of EUR 207Mio, before PPA adjustment. The rationale, structure and consideration of the CIB Belgian Branch Transaction are summarised in the opinion of the CID prepared in connection therewith. This opinion and its annexes have been made available to the Directors for their consideration prior to this meeting.

Opinion of the Committee

"Based on the considerations above and after having reviewed the financial terms of Transaction with the Independent Expert, UBS Limited, the Committee is of the opinion that the proposed Transaction will not cause a prejudice to Fortis Bank NV/SA that is abusive given the strategy of the Company. The Committee also believes that the Transaction is unlikely to result in adverse consequences that are not compensated for by benefits for Fortis Bank NV/SA."

Decision

On the basis of the foregoing, the additional information provided by the Coordinator in the course of the meeting and the views expressed by the members of the Board, the Directors decide to approve unanimously the BNPP CIB Belgian Branch Transaction, on the terms and conditions as they are substantially described in the management proposal and reflected in the opinion of the CID in connection therewith.

Report of the Auditor

Unsigned free translation of the statutory auditor's report originally prepared in French and Dutch.

STATUTORY AUDITOR'S REPORT PURSUANT TO ARTICLE 524 OF THE COMPANIES' CODE IN CONNECTION WITH THE DECISION TAKEN BY THE BOARD OF DIRECTORS ON 5 NOVEMBER 2009

Dear Sirs,

In accordance with the requirements of article 524 of the Companies' Code and with the related assignment you have asked us to carry out in our capacity as the company's statutory auditors, we are pleased to report to you the results of the specific audit procedures we have performed in respect of the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors concerning the following transaction, foreseen in the context of the plan for integrating Fortis Bank SA/NV into the BNP Paribas group (the «Planned Transaction»):

The acquisition in cash by Fortis Bank SA/NV of the majority of the assets and liabilities of the Brussels branch of the French company BNP Paribas SA.

The committee of independent directors requested an independent expert to examine the financial terms of the Planned Transaction and the resulting valuation report.

In the context of the transaction described above, the specific audit procedures carried out and the resulting conclusions are as follows:

a. We reviewed and agreed the information included in the opinion rendered by the committee of independent directors with that included in the report of the independent expert designated by the committee;

b. To the extent that the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors was derived from the accounting information relating to the financial position as of 30 June 2009 or an earlier date, and that it has been

the subject of an audit or a review in accordance with the applicable professional standards, either by ourselves or by another auditor or other person in another country exercising a function similar to that of a statutory auditor in Belgium, we satisfied ourselves that such information corresponded with that included in the above-mentioned accounting information;

c. We reviewed and found that the conclusion included in the minutes of the meeting of the board of directors was the same as that appearing in the opinion rendered by the committee of independent directors; and

d. We read the parameters and valuation methods set out in the valuation report prepared by the management of Fortis Bank SA/NV and found that they were not inconsistent with relevant information available in the market and with generally accepted practice. We also reviewed and found that the arithmetical formulae used by the management of Fortis Bank SA/NV in its valuation report were applied correctly.

We emphasise that, in the absence of relevant, objective and comprehensive measurement criteria in the law relating to the reliability of information, the specific audit procedures we carried out, as described above, are not sufficient to enable us provide, in accordance with generally accepted professional auditing standards, any assurance as to the conclusions rendered by the committee of independent directors in its considered opinion. In addition, we believe it is useful to recall the fact that our assignment did not require us in expressing any opinion on the legality or fairness of the Planned Transaction.

We draw your attention to the conditional nature of the terms of the Planned Transaction, which are thus not final, as noted in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors.

Our report may only be used in the intended context of article 524 of the Companies' Code and may not be used for any other purpose. It is to be attached to the minutes of the meeting of the board of directors called to deliberate on the Planned Transaction and, as for the decision of the committee of independent directors and the extract of the minutes of the meeting of the board of directors, is to be included in the management report.

Sint-Stevens-Woluwe, 20 November 2009

The statutory auditor

PricewaterhouseCoopers Reviseurs d'Entreprises sccrl

Represented by

R. Jeanquart J. Steenwinckel

Current Purchase Price estimate

On 23 March 2010 the Board of Directors was informed that the Purchase Price, as currently estimated, would be equal to EUR 205Mio.

The final Purchase Price at closing is not expected to deviate substantially from this estimate except for (a) Euro for Euro adjustments reflecting capital increases and profit appropriation and (b) interest on Purchase Price between Jan. 1 2010 and closing and subject to possible disagreement to be resolved in accordance with above described procedure (see point 2.2 above).

3.4. BNPP WM Belgian Branch.

Management proposal

Management proposes that Fortis Bank NV/SA acquires the assets and liabilities of the BNPP WM Belgian Branch (on a going concern basis) for cash by way of the sale of a line of business ("branche d'activités" / "bedrijfstak") within the meaning of Article 770 of the Belgian Company Code (the "BNPP WM Belgian Branch Transaction"). It is currently estimated that Fortis Bank will pay a purchase price of EUR 16Mio before PPA adjustment. The rationale, structure and consideration of the BNPP WM Belgian Branch Transaction are summarised in the opinion of the CID prepared in connection therewith. This opinion and its annexes have been made available to the Directors for their consideration prior to this meeting.

Opinion of the Committee

"Based on the considerations above and after having reviewed the financial terms of Transaction with the Independent Expert, UBS Limited, the Committee is of the opinion that the proposed Transaction will not cause a prejudice to Fortis Bank NV/SA that is abusive given the strategy of the Company. The Committee also believes that the Transaction is unlikely to result in adverse consequences that are not compensated for by benefits for Fortis Bank NV/SA."

Decision

On the basis of the foregoing, the additional information provided by the Chairman in the course of the meeting and the views expressed by the members of the Board, the Directors decide to approve unanimously the BNPP WM Belgian Branch Transaction, on the terms and conditions as they are substantially described in the management proposal and reflected in the opinion of the CID in connection therewith.

Report of the Auditor

Unsigned free translation of the statutory auditor's report originally prepared in French and Dutch.

STATUTORY AUDITOR'S REPORT PURSUANT TO ARTICLE 524 OF THE COMPANIES' CODE IN CONNECTION WITH THE DECISION TAKEN BY THE BOARD OF DIRECTORS ON 5 NOVEMBER 2009

Dear Sirs,

In accordance with the requirements of article 524 of the Companies' Code and with the related assignment you have asked us to carry out in our capacity as the company's statutory auditors, we are pleased to report to you the results of the specific audit procedures we have performed in respect of the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors concerning the following transaction, foreseen in the context of the plan for integrating Fortis Bank SA/NV into the BNP Paribas group (the «Planned Transaction»):

The acquisition in cash by Fortis Bank SA/NV of the majority of the assets and liabilities of the Brussels branch of the French company BNP Paribas Wealth Management SA.

The committee of independent directors requested an independent expert to examine the financial terms of the Planned Transaction and the resulting valuation report.

In the context of the transaction described above, the specific audit procedures carried out and the resulting conclusions are as follows:

a. We reviewed and agreed the information included in the opinion rendered by the committee of independent directors with that included in the report of the independent expert designated by the committee;

b. To the extent that the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors was derived from the accounting information relating to the financial position as of 30 June 2009 or an earlier date, and that it has been the subject of an audit or a review in accordance with the applicable professional standards, either by ourselves or by another auditor or other person in another country exercising a function similar to that of a statutory auditor in Belgium, we satisfied ourselves that such information corresponded with that included in the above-mentioned accounting information;

c. We reviewed and found that the conclusion included in the minutes of the meeting of the board of directors was the same as that appearing in the opinion rendered by the committee of independent directors; and

d. We read the parameters and valuation methods set out in the valuation report prepared by the management of Fortis Bank SA/NV and found that they were not inconsistent with relevant information available in the market and with generally accepted practice. We also reviewed and found that the arithmetical formulae used by the management of Fortis Bank SA/NV in its valuation report were applied correctly.

We emphasise that, in the absence of relevant, objective and comprehensive measurement criteria in the law relating to the reliability of information, the specific audit procedures we carried out, as described above, are not sufficient to enable us provide, in accordance with generally accepted professional auditing standards, any assurance as to the conclusions rendered by the committee of independent directors in its considered opinion. In addition, we believe it is useful to recall the fact that our assignment did not require us in expressing any opinion on the legality or fairness of the Planned Transaction.

We draw your attention to the conditional nature of the terms of the Planned Transaction, which are thus not final, as noted in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors.

Our report may only be used in the intended context of article 524 of the Companies' Code and may not be used for any other purpose. It is to be attached to the minutes of the meeting of the board of directors called to deliberate on the Planned Transaction and, as for the decision of the committee of independent directors and the extract of the minutes of the meeting of the board of directors, is to be included in the management report.

Sint-Stevens-Woluwe, 20 November 2009

The statutory auditor

PricewaterhouseCoopers Reviseurs d'Entreprises sccrl

Represented by

R. Jeanquart J. Steenwinckel

Current Purchase Price estimate

On 23 March 2010 the Board of Directors was informed that the Purchase Price, as currently estimated, would be equal to EUR 15Mio.

The final Purchase Price at closing is not expected to deviate substantially from this estimate except for (a) Euro for Euro adjustments reflecting capital increases and profit appropriation and (b) interest on Purchase Price between Jan. 1 2010 and closing and subject to possible disagreement to be resolved in accordance with above described procedure (see point 2.2 above)

3.5. Fortis Bank USA.

Management proposal

The transaction as structured in the USA and proposed by Management is structured as a sale by Fortis Bank NV/SA to BNPP or one of its subsidiaries or branches of (i) on the one hand, certain banking businesses of Fortis Bank NV/SA in certain of its North American branches, and (ii) on the other hand, the shares owned by Fortis Bank NV/SA (or certain affiliates) in certain subsidiaries. (together referred to as the "USA Transaction"). It is currently estimated that the price for the US activities will be EUR 228Mio which however after PPA adjustments is expect to turn into a contribution by Fortis Bank of around EUR 101Mio to the US activities. The rationale, structure and consideration of the USA Transaction are summarised in the opinion of the CID prepared in connection therewith, including (subject to the PPA adjustment) the possible contribution by Fortis Bank of cash to the North American business prior to this Transaction. This opinion and its annexes have been made available to the Directors for their consideration prior to this meeting.

Opinion of the Committee:

"Based on the considerations above and after having reviewed the financial terms of the Transaction with the Independent Expert, UBS Limited, the Committee has currently no reasons to believe that the proposed Transaction will cause a prejudice to Fortis Bank NV/SA that is abusive in light of the strategy of the Company. However, the Committee expects the carve-out process and the determination of the final transaction perimeter to be based on sound technical and commercial considerations taking into account the general principles underlying the transaction structure and observing the interests of Fortis Bank NV/SA in a balanced manner. The Committee also expects due consideration to be given to the potential adverse impact for Fortis Bank NV/SA of certain carve-outs and of the fact that a number of assets and liabilities would remain with Fortis Bank NV/SA (including in terms of risk and solvency). The Committee should in any event be informed of substantial changes in the perimeter of the Transaction (including as result of the carve-out of certain liabilities, as the case may be). The Committee also needs to be informed of other substantial changes to the structure or the terms of the Transaction as currently proposed, to the extent that these can reasonably be deemed to have a substantial bearing on its assessment of the Transaction.

Subject to these conditions, the Committee believes that the Transaction is unlikely to result in adverse consequences that are not compensated for by benefits for Fortis Bank NV/SA. However, in view of the uncertainties on the final structure of the Transaction, the Committee requests to be kept informed on the implementation of the carve-out process as set forth in the protocol (with a particular focus on liabilities that would remain with FBB)."

Decision

On the basis of the foregoing, the additional information provided by the Chairman in the course of the meeting and the views expressed by the members of the Board, the Directors decide to approve unanimously the USA Transaction, on the terms and conditions as they are substantially described in the management proposal and reflected in the opinion of the CID in connection therewith.

Report of the Auditor

Unsigned free translation of the statutory auditor's report originally prepared in French and Dutch.

STATUTORY AUDITOR'S REPORT PURSUANT TO ARTICLE 524 OF THE COMPANIES' CODE IN CONNECTION WITH THE DECISION TAKEN BY THE BOARD OF DIRECTORS ON 5 NOVEMBER 2009

Dear Sirs,

In accordance with the requirements of article 524 of the Companies' Code and with the related assignment you have asked us to carry out in our capacity as the company's statutory auditors, we are pleased to report to you the results of the specific audit procedures we have performed in respect of the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors concerning the following transaction, foreseen in the context of the plan for integrating Fortis Bank SA/NV into the BNP Paribas group (the «Planned Transaction»):

The sale for cash to the French company BNP Paribas SA of the assets and liabilities held by the New York and Cayman Islands branches of Fortis Bank SA/NV, the sale for cash to BNP Paribas SA of all the investments held by Fortis Bank SA/NV in a number of subsidiaries in North America and the sale for cash to BNP Paribas SA of certain investments held by Fortis Bank Transportation Capital LLC.

The committee of independent directors requested an independent expert to examine the financial terms of the Planned Transaction and the resulting valuation report.

In the context of the transaction described above, the specific audit procedures carried out and the resulting conclusions are as follows:

a. We reviewed and agreed the information included in the opinion rendered by the committee of independent directors with that included in the report of the independent expert designated by the committee;

b. To the extent that the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors was derived from the accounting information relating to the financial position as of 30 June 2009 or an earlier date, and that it has been the subject of an audit or a review in accordance with the applicable professional standards, either by ourselves or by another auditor or other person in another country exercising a function similar to that of a statutory auditor in Belgium, we satisfied ourselves that such information corresponded with that included in the above-mentioned accounting information;

c. We reviewed and found that the conclusion included in the minutes of the meeting of the board of directors was the same as that appearing in the opinion rendered by the committee of independent directors; and

d. We read the parameters and valuation methods set out in the valuation report prepared by the management of Fortis Bank SA/NV and found that they were not inconsistent with relevant information available in the market and with generally accepted practice. We also reviewed and found that the arithmetical formulae used by the management of Fortis Bank SA/NV in its valuation report were applied correctly.

We emphasise that, in the absence of relevant, objective and comprehensive measurement criteria in the law relating to the reliability of information, the specific audit procedures we carried out, as described above, are not sufficient to enable us provide, in accordance with generally accepted professional auditing standards, any assurance as to the conclusions rendered by the committee of independent directors in its considered opinion. In addition, we believe it is useful to recall the fact that our assignment did not require us in expressing any opinion on the legality or fairness of the Planned Transaction.

We draw your attention to the conditional nature of the terms of the Planned Transaction, which are thus not final, as noted in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors.

Our report may only be used in the intended context of article 524 of the Companies' Code and may not be used for any other purpose. It is to be attached to the minutes of the meeting of the board of directors called to deliberate on the Planned Transaction and, as for the decision of the committee of independent directors and the extract of the minutes of the meeting of the board of directors, is to be included in the management report.

Sint-Stevens-Woluwe, 20 November 2009

The statutory auditor

PricewaterhouseCoopers Reviseurs d'Entreprises sccrl

Represented by

R. Jeanquart J. Steenwinckel

Current Purchase Price estimate

On 23 March 2010 the Board of Directors was informed that the Purchase Price, as currently estimated, would be equal to EUR 239Mio. In addition, the final Purchase Price will also include the net book value of the 6 Principal Finance equity investments sold to BNP Paribas as part of this transaction.

The final Purchase Price at closing is not expected to deviate substantially from this estimate except for (a) Euro for Euro adjustments reflecting capital increases and profit appropriation and (b) interest on Purchase Price between Jan. 1 2010 and closing and subject to possible disagreement to be resolved in accordance with above described procedure (see point 2.2 above).

3.6. Fortis Bank UK.

Management proposal

Management proposes to transfer to BNPP, Fortis Bank NV/SA London's investment banking activities, the private banking activities and the assets and liabilities of the Fortis Bank NV/SA London Branch relating hereto together with its subsidiaries. This transaction consists of a number of sub-transactions, described in the opinion of the CID (together referred to as the "UK Transaction"). It is currently estimated that BNPP will pay a purchase price of EUR 859Mio before PPA adjustments. Part of this purchase price will be paid by a debenture. The rationale, structure and consideration of the UK Transaction are summarised in the opinion of the CID prepared in connection therewith. This opinion and its annexes have been made available to the Directors for their consideration prior to this meeting.

Opinion of the Committee

"Based on the considerations above and after having reviewed the financial terms of the Transaction with the Independent Expert, UBS Limited, the Committee has currently no reasons to believe that the proposed Transaction will cause a prejudice to Fortis Bank NV/SA that is abusive in view of the strategy of the Company. However, the Committee expects that the implementation (including the legal documentation) of the Transaction will occur observing the interests of Fortis Bank NV/SA in a balanced manner. The Committee also expects due consideration to be given to the potential adverse impact for Fortis Bank NV/SA of the fact that a number of assets and liabilities would remain with Fortis Bank NV/SA (including in terms of risks and solvency). The Committee should in any event be informed of substantial changes in the perimeter of the Transaction (including as a result of the carve-out of certain liabilities, as the case may be). The Committee also needs to be informed of other substantial changes to the structure or the terms of the Transaction as currently proposed, to the extent that these can be deemed to have a substantial bearing on its assessment of the Transaction.

Subject to these conditions, the Committee believes that the Transaction is unlikely to result in adverse consequences that are not compensated for by benefits for Fortis Bank NV/SA."

Decision

On the basis of the foregoing, the additional information provided by the Chairman in the course of the meeting and the views expressed by the members of the Board, the Directors decide to approve unanimously the UK Transaction, on the terms and conditions as they are substantially described in the management proposal and reflected in the opinion of the CID in connection therewith.

Report of the Auditor

Unsigned free translation of the statutory auditor's report originally prepared in French and Dutch.

STATUTORY AUDITOR'S REPORT PURSUANT TO ARTICLE 524 OF THE COMPANIES' CODE IN CONNECTION WITH THE DECISION TAKEN BY THE BOARD OF DIRECTORS ON 5 NOVEMBER 2009

Dear Sirs,

In accordance with the requirements of article 524 of the Companies' Code and with the related assignment you have asked us to carry out in our capacity as the company's statutory auditors, we are pleased to report to you the results of the specific audit procedures we have performed in respect of the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors concerning the following transaction, foreseen in the context of the plan for integrating Fortis Bank SA/NV into the BNP Paribas group (the «Planned Transaction»):

The sale for cash of the majority of the assets and liabilities held by the London branch of Fortis Bank SA/NV to the London branch of the French company BNP Paribas SA and the sale for cash of the assets and liabilities of the United Kingdom company Fortis Private Investment Management Limited to the London branch of the French company BNP Paribas Wealth Management SA.

The committee of independent directors requested an independent expert to examine the financial terms of the Planned Transaction and the resulting valuation report.

In the context of the transaction described above, the specific audit procedures carried out and the resulting conclusions are as follows:

a. We reviewed and agreed the information included in the opinion rendered by the committee of independent directors with that included in the report of the independent expert designated by the committee;

b. To the extent that the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors was derived from the accounting information relating to the financial position as of 30 June 2009 or an earlier date, and that it has been the subject of an audit or a review in accordance with the applicable professional standards, either by ourselves or by another auditor or other person in another country exercising a function similar to that of a statutory auditor in Belgium, we satisfied ourselves that such information corresponded with that included in the above-mentioned accounting information;

c. We reviewed and found that the conclusion included in the minutes of the meeting of the board of directors was the same as that appearing in the opinion rendered by the committee of independent directors; and

d. We read the parameters and valuation methods set out in the valuation report prepared by the management of Fortis Bank SA/NV and found that they were not inconsistent with relevant information available in the market and with generally accepted practice. We also reviewed and found that the arithmetical formulae used by the management of Fortis Bank SA/NV in its valuation report were applied correctly.

We emphasise that, in the absence of relevant, objective and comprehensive measurement criteria in the law relating to the reliability of information, the specific audit procedures we carried out, as described above, are not sufficient to enable us provide, in accordance with generally accepted professional auditing standards, any assurance as to the conclusions rendered by the committee of independent directors in its considered opinion. In addition, we believe it is useful to recall the fact that our assignment did not require us in expressing any opinion on the legality or fairness of the Planned Transaction.

We draw your attention to the conditional nature of the terms of the Planned Transaction, which are thus not final, as noted in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors.

Our report may only be used in the intended context of article 524 of the Companies' Code and may not be used for any other purpose. It is to be attached to the minutes of the meeting of the board of directors called to deliberate on the Planned Transaction and, as for the decision of the committee of independent directors and the extract of the minutes of the meeting of the board of directors, is to be included in the management report.

Sint-Stevens-Woluwe, 20 November 2009

The statutory auditor

PricewaterhouseCoopers Reviseurs d'Entreprises sccrl

Represented by

R. Jeanquart J. Steenwinckel

Current Purchase Price estimate

On 23 March 2010 the Board of Directors was informed that the Purchase Price, as currently estimated, would be equal to EUR 846Mio.

The final Purchase Price at closing is not expected to deviate substantially from this estimate except for (a) Euro for Euro adjustments reflecting capital increases and profit appropriation and (b) interest on Purchase Price between Jan. 1 2010 and closing and subject to possible disagreement to be resolved in accordance with above described procedure (see point 2.2 above).

3.7. Fortis Bank – Asia.

Management proposal

The transaction as structured in Asia and proposed by Management consists of 5 sub-transactions taking the form of asset deals and 2 sub-transactions taking the form of share deals (together referred to as the "Asian Transaction"). These sub-transactions are required because the various assets of Fortis Asia Merchant Banking are located in different jurisdictions (China, Taiwan, Singapore, Hong Kong and Japan). It is currently estimated that BNPP will pay a purchase price of EUR 686Mio before PPA adjustments. The rationale, structure and consideration of the Asia Transaction are summarised in the opinion of the CID prepared in connection therewith. This opinion and its annexes have been made available to the Directors for their consideration prior to this meeting.

Opinion of the Committee

"Based on the considerations above and after having reviewed the financial terms of the Transaction with the Independent Expert, UBS Limited, the Committee is of the opinion that the proposed Transaction will not cause a prejudice to Fortis Bank NV/SA that is abusive given the strategy of the Company. The Committee also believes that the Transaction is unlikely to result in adverse consequences that are not compensated for by benefits for Fortis Bank NV/SA."

Decision

On the basis of the foregoing, the additional information provided by the Chairman in the course of the meeting and the views expressed by the members of the Board, the Directors decide to approve unanimously the Asia Transaction, on the terms and conditions as they are substantially described in the management proposal and reflected in the opinion of the CID in connection therewith.

Report of the Auditor

Unsigned free translation of the statutory auditor's report originally prepared in French and Dutch.

STATUTORY AUDITOR'S REPORT PURSUANT TO ARTICLE 524 OF THE COMPANIES' CODE IN CONNECTION WITH THE DECISION TAKEN BY THE BOARD OF DIRECTORS ON 5 NOVEMBER 2009

Dear Sirs,

In accordance with the requirements of article 524 of the Companies' Code and with the related assignment you have asked us to carry out in our capacity as the company's statutory auditors, we are pleased to report to you the results of the specific audit procedures we have performed in respect of the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors concerning the following transaction, foreseen in the context of the plan for integrating Fortis Bank SA/NV into the BNP Paribas group (the «Planned Transaction»):

The sale of the majority of the assets and liabilities held by the branches of Fortis Bank SA/NV in Hong Kong, China, Taiwan, Singapore and Japan to the French company BNP Paribas SA and the sale to BNP Paribas SA of the majority of the assets and liabilities held by the private-banking and real-estate subsidiaries of Fortis Bank SA/NV in Asia. These sales will be remunerated in cash.

The committee of independent directors requested an independent expert to examine the financial terms of the Planned Transaction and the resulting valuation report.

In the context of the transaction described above, the specific audit procedures carried out and the resulting conclusions are as follows:

a. We reviewed and agreed the information included in the opinion rendered by the committee of independent directors with that included in the report of the independent expert designated by the committee;

b. To the extent that the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors was derived from the accounting information relating to the financial position as of 30 June 2009 or an earlier date, and that it has been the subject of an audit or a review in accordance with the applicable professional standards, either by ourselves or by another auditor or other person in another country exercising a function similar to that of a statutory auditor in Belgium, we satisfied ourselves that such information corresponded with that included in the above-mentioned accounting information;

c. We reviewed and found that the conclusion included in the minutes of the meeting of the board of directors was the same as that appearing in the opinion rendered by the committee of independent directors; and

d. We read the parameters and valuation methods set out in the valuation report prepared by the management of Fortis Bank SA/NV and found that they were not inconsistent with relevant information available in the market and with generally accepted practice. We also reviewed and found that the arithmetical formulae used by the management of Fortis Bank SA/NV in its valuation report were applied correctly.

We emphasise that, in the absence of relevant, objective and comprehensive measurement criteria in the law relating to the reliability of information, the specific audit procedures we carried out, as described above, are not sufficient to enable us provide, in accordance with generally accepted professional auditing standards, any assurance as to the conclusions rendered by the committee of independent directors in its considered opinion. In addition, we believe it is useful to recall the fact that our assignment did not require us in expressing any opinion on the legality or fairness of the Planned Transaction.

We draw your attention to the conditional nature of the terms of the Planned Transaction, which are thus not final, as noted in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors.

Our report may only be used in the intended context of article 524 of the Companies' Code and may not be used for any other purpose. It is to be attached to the minutes of the meeting of the board of directors called to deliberate on the Planned Transaction and, as for the decision of the committee of independent directors and the extract of the minutes of the meeting of the board of directors, is to be included in the management report.

Sint-Stevens-Woluwe, 20 November 2009

The statutory auditor

PricewaterhouseCoopers Reviseurs d'Entreprises sccrl

Represented by

R. Jeanquart J. Steenwinckel

Current Purchase Price estimate

On 23 March 2010 the Board of Directors was informed that the Purchase Price, as currently estimated, would be equal to EUR 709Mio.

The final Purchase Price at closing is not expected to deviate substantially from this estimate except for (a) Euro for Euro adjustments reflecting capital increases and profit appropriation and (b) interest on Purchase Price between Jan. 1 2010 and closing and subject to possible disagreement to be resolved in accordance with above described procedure (see point 2.2 above).

3.8. Fortis Banque France.

Management proposal

Management proposes that BNP Paribas S.A. purchases the shares of Fortis Banque France S.A. from Fortis Bank NV/SA and acquires thereby the indirect control of a number of subsidiaries of Fortis Banque France S.A., while other legal entities controlled or set up by Fortis Banque France S.A. will be carved out from this transaction. Fortis Banque France S.A. would subsequently be absorbed by BNPP though a merger (the "Fortis Banque France Transaction"). It is currently estimated that BNPP will pay a purchase price of EUR 328Mio before PPA adjustments. The rationale, structure and consideration of the Fortis Banque France Transaction are summarised in the opinion of the CID prepared in connection therewith. This opinion and its annexes have been made available to the Directors for their consideration prior to this meeting.

Opinion of the Committee

"Based on the considerations above and after having reviewed the financial terms of Transaction with the Independent Expert, UBS Limited, the Committee is of the opinion that the proposed Transaction will not cause a prejudice to Fortis Bank NV/SA that is abusive given the strategy of the Company. The Committee also believes that the Transaction is unlikely to result in adverse consequences that are not compensated for by benefits for Fortis Bank NV/SA."

Decision of the Board of Directors

On the basis of the foregoing, the additional information provided by the Chairman in the course of the meeting and the views expressed by the members of the Board, the Directors decide to approve unanimously the Fortis Banque France Transaction, on the terms and conditions as they are substantially described in the management proposal and reflected in the opinion of the CID in connection therewith.

Report of the Auditor

Unsigned free translation of the statutory auditor's report originally prepared in French and Dutch.

STATUTORY AUDITOR'S REPORT PURSUANT TO ARTICLE 524 OF THE COMPANIES' CODE IN CONNECTION WITH THE DECISION TAKEN BY THE BOARD OF DIRECTORS ON 5 NOVEMBER 2009

Dear Sirs,

In accordance with the requirements of article 524 of the Companies' Code and with the related assignment you have asked us to carry out in our capacity as the company's statutory auditors, we are pleased to report to you the results of the specific audit procedures we have performed in respect of the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors concerning the following transaction, foreseen in the context of the plan for integrating Fortis Bank SA/NV into the BNP Paribas group (the «Planned Transaction»):

The sale for cash of the investment held by Fortis Bank SA/NV in the French company Fortis Banque France SA to the French company BNP Paribas SA.

The committee of independent directors requested an independent expert to examine the financial terms of the Planned Transaction and the resulting valuation report.

In the context of the transaction described above, the specific audit procedures carried out and the resulting conclusions are as follows:

a. We reviewed and agreed the information included in the opinion rendered by the committee of independent directors with that included in the report of the independent expert designated by the committee;

b. To the extent that the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors was derived from the accounting information relating to the financial position as of 30 June 2009 or an earlier date, and that it has been

the subject of an audit or a review in accordance with the applicable professional standards, either by ourselves or by another auditor or other person in another country exercising a function similar to that of a statutory auditor in Belgium, we satisfied ourselves that such information corresponded with that included in the above-mentioned accounting information;

c. We reviewed and found that the conclusion included in the minutes of the meeting of the board of directors was the same as that appearing in the opinion rendered by the committee of independent directors; and

d. We read the parameters and valuation methods set out in the valuation report prepared by the management of Fortis Bank SA/NV and found that they were not inconsistent with relevant information available in the market and with generally accepted practice. We also reviewed and found that the arithmetical formulae used by the management of Fortis Bank SA/NV in its valuation report were applied correctly.

We emphasise that, in the absence of relevant, objective and comprehensive measurement criteria in the law relating to the reliability of information, the specific audit procedures we carried out, as described above, are not sufficient to enable us provide, in accordance with generally accepted professional auditing standards, any assurance as to the conclusions rendered by the committee of independent directors in its considered opinion. In addition, we believe it is useful to recall the fact that our assignment did not require us in expressing any opinion on the legality or fairness of the Planned Transaction.

We draw your attention to the conditional nature of the terms of the Planned Transaction, which are thus not final, as noted in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors.

Our report may only be used in the intended context of article 524 of the Companies' Code and may not be used for any other purpose. It is to be attached to the minutes of the meeting of the board of directors called to deliberate on the Planned Transaction and, as for the decision of the committee of independent directors and the extract of the minutes of the meeting of the board of directors, is to be included in the management report.

Sint-Stevens-Woluwe, 20 November 2009

The statutory auditor

PricewaterhouseCoopers Reviseurs d'Entreprises sccrl

Represented by

R. Jeanquart J. Steenwinckel

Current Purchase Price estimate

On 23 March 2010 the Board of Directors was informed that the Purchase Price, as currently estimated, would be equal to EUR 267Mio.

The final Purchase Price at closing is not expected to deviate substantially from this estimate except for (a) Euro for Euro adjustments reflecting capital increases and profit appropriation and (b) interest on Purchase Price between Jan. 1 2010 and closing and subject to possible disagreement to be resolved in accordance with above described procedure (see point 2.2 above).

3.9. Fortis Bank – French Branch.

Management proposal

Management proposes that BNP Paribas S.A. purchases for cash the business of Fortis Bank French Branch. The transfer would include the branch's assets, liabilities, clients, teams and operational set-up through a "cession de fonds de commerce" under French law. The Fortis Bank French Branch would subsequently be closed (the "Fortis Bank French Branch Transaction"). It is currently estimated that the price for the branch activities will be EUR 22Mio which however after PPA adjustments is expect to turn into a contribution by Fortis Bank of EUR 13Mio to the Fortis Bank French Branch. The rationale, structure and consideration of the Fortis Bank French Branch Transaction are summarised in the opinion of the CID prepared in connection therewith, including (subject to the PPA adjustment) the possible contribution by Fortis Bank of cash to the Fortis Bank French Branch prior to the Transaction. This opinion and its annexes have been made available to the Directors for their consideration prior to this meeting.

Opinion of the Committee

"Based on the considerations above and after having reviewed the financial terms of Transaction with the Independent Expert, UBS Limited, the Committee is of the opinion that the proposed Transaction will not cause a prejudice to Fortis Bank NV/SA that is abusive given the strategy of the Company. The Committee also believes that the Transaction is unlikely to result in adverse consequences that are not compensated for by benefits for Fortis Bank NV/SA."

Decision

On the basis of the foregoing, the additional information provided by the Chairman in the course of the meeting and the views expressed by the members of the Board, the Directors decide to approve unanimously the Fortis Bank French Branch Transaction, on the terms and conditions as they are substantially described in the management proposal and reflected in the opinion of the CID in connection therewith.

Report of the Auditor

Unsigned free translation of the statutory auditor's report originally prepared in French and Dutch.

STATUTORY AUDITOR'S REPORT PURSUANT TO ARTICLE 524 OF THE COMPANIES' CODE IN CONNECTION WITH THE DECISION TAKEN BY THE BOARD OF DIRECTORS ON 5 NOVEMBER 2009

Dear Sirs,

In accordance with the requirements of article 524 of the Companies' Code and with the related assignment you have asked us to carry out in our capacity as the company's statutory auditors, we are pleased to report to you the results of the specific audit procedures we have performed in respect of the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors concerning the following transaction, foreseen in the context of the plan for integrating Fortis Bank SA/NV into the BNP Paribas group (the «Planned Transaction»):

The sale for cash of the majority of the assets and liabilities held by the Paris branch of Fortis Bank SA/NV to the French company BNP Paribas SA.

The committee of independent directors requested an independent expert to examine the financial terms of the Planned Transaction and the resulting valuation report.

In the context of the transaction described above, the specific audit procedures carried out and the resulting conclusions are as follows:

a. We reviewed and agreed the information included in the opinion rendered by the committee of independent directors with that included in the report of the independent expert designated by the committee;

b. To the extent that the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors was derived from the accounting information relating to the financial position as of 30 June 2009 or an earlier date, and that it has been the subject of an audit or a review in accordance with the applicable professional standards, either by ourselves or by another auditor or other person in another country exercising a function similar to that of a statutory auditor in Belgium, we satisfied ourselves that such information corresponded with that included in the above-mentioned accounting information;

c. We reviewed and found that the conclusion included in the minutes of the meeting of the board of directors was the same as that appearing in the opinion rendered by the committee of independent directors; and

d. We read the parameters and valuation methods set out in the valuation report prepared by the management of Fortis Bank SA/NV and found that they were not inconsistent with relevant information available in the market and with generally accepted practice. We also reviewed and found that the arithmetical formulae used by the management of Fortis Bank SA/NV in its valuation report were applied correctly.

We emphasise that, in the absence of relevant, objective and comprehensive measurement criteria in the law relating to the reliability of information, the specific audit procedures we carried out, as described above, are not sufficient to enable us provide, in accordance with generally accepted professional auditing standards, any assurance as to the conclusions rendered by the committee of independent directors in its considered opinion. In addition, we believe it is useful to recall the fact that our assignment did not require us in expressing any opinion on the legality or fairness of the Planned Transaction.

We draw your attention to the conditional nature of the terms of the Planned Transaction, which are thus not final, as noted in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors.

Our report may only be used in the intended context of article 524 of the Companies' Code and may not be used for any other purpose. It is to be attached to the minutes of the meeting of the board of directors called to deliberate on the Planned Transaction and, as for the decision of the committee of independent directors and the extract of the minutes of the meeting of the board of directors, is to be included in the management report.

Sint-Stevens-Woluwe, 20 November 2009

The statutory auditor

PricewaterhouseCoopers Reviseurs d'Entreprises sccrl

Represented by

R. Jeanquart J. Steenwinckel

Current Purchase Price estimate

On 23 March 2010 the Board of Directors was informed that the Purchase Price, as currently estimated, would be equal to EUR 36Mio.
The final Purchase Price at closing is not expected to deviate substantially from this estimate except for (a) Euro for Euro adjustments reflecting capital increases and profit appropriation and (b) interest on Purchase Price between Jan. 1 2010 and closing and subject to possible disagreement to be resolved in accordance with above described procedure (see point 2.2 above).

3.10. BNP Paribas Luxembourg.

Management proposal

Management proposes that BGL BNP Paribas S.A. purchases all of the shares of BNP Paribas Luxembourg S.A. that are currently held by BNP Paribas S.A. and BNP Paribas International B.V. (the "BNP Paribas Luxembourg Transaction"). To this end, the initial purchase price for BNP Paribas Luxembourg S.A. is estimated at EUR 2,851Mio. There would be no PPA adjustments needed for this transaction. The rationale, structure and consideration of the BNP Paribas Luxembourg Transaction are summarised in the opinion of the CID prepared in connection therewith. This opinion and its annexes have been made available to the Directors for their consideration prior to this meeting. This transaction was already approved by the Board of Directors of BGL BNP Paribas.

Opinion of the Committee

"Based on the considerations above and after having reviewed the financial terms of the Transaction with the Independent Expert, UBS Limited, and given the specific terms on this issue included in its Fairness Opinion, the Committee is today not yet in a position to confirm that the proposed Transaction will not cause a prejudice to Fortis Bank NV/SA that is detrimental given the strategy of the Company. Likewise, the Committee cannot confirm today that the Transaction is unlikely to result in adverse consequences that are not compensated for by benefits for Fortis Bank NV/SA.

The Committee is awaiting the second opinion requested on the major litigation risk for BNPP Luxembourg. If this second opinion confirms the positive assessment of the law firm handling the case for BNP Paribas Luxembourg, the reserve made by the Committee loses its object. In that case, the Committee will reconvene to consider the second opinion, and will then confirm to the Board whether this second opinion provides sufficient comfort in order to issue a favorable opinion.

If the Committee would indeed come to the conclusion that the second opinion requested provides sufficient comfort, the conclusion of the Committee will be as follows: "Based on the considerations above and after having reviewed the financial terms of the Transaction with the Independent Expert, UBS Limited, the Committee is of the opinion that the proposed Transaction will not cause a prejudice to Fortis Bank NV/SA that is detrimental given the strategy of the Company.

If, however, the second opinion does not provide sufficient comfort, the Committee will have to re-assess its opinion on the Transaction."

Decision

On the basis of the foregoing, the additional information provided by the Chairman in the course of the meeting and the views expressed by the members of the Board, the Directors decide to approve unanimously the BNP Paribas Luxembourg Transaction, on the terms and conditions as they are substantially described in the management proposal and reflected in the opinion of the CID in connection therewith.

The Board of Directors notes that the recommendation of the CID is subject to sufficient comfort provided by the second legal opinion requested, as explained by Mr. Vansteenkiste.

The Board will confirm its decision during its forthcoming meeting in the light of this second legal opinion.

Hence, based on additional report of the Committee:

In its meeting of 26 November 2009, the Board of Directors decided to confirm on 9 December its decision to approve the BNP Paribas Luxembourg transaction in the light of a second legal opinion that had been requested by the Committee of Independent Directors on a major litigation. After having analyzed the second opinion of the law firm Brédin Prat on the single biggest claim (EUR 152Mio), the CID concluded that the cap of EUR 35Mio is reasonable provided it is indexed, and the period after the expiry of which BGL BNP Paribas can no longer make any claims is extended from 2 to 10 years. It seemed to the CID that, as regards these specific indemnities (an overall cap of EUR 35Mio for a 2 year period), it was the potential length of this most important procedure that was problematic rather than the amount at stake. More specifically, the estimate put forward by the claimants in this litigation of the lucrum cessans ('manque à gagner') for an amount of EUR 118Mio does indeed not appear to be very realistic. Both the indexation of the cap of EUR 35Mio and the extension of the guarantee period to 10 year were accepted by BNP Paribas.

the Board of Directors of 9 December 2009 decided the following:

On the basis of the above and the agreement of BNP Paribas with the modifications suggested by the CID, the Board is in a position to confirm its decision, including the modifications in the modalities of the indemnification: instead of an overall cap of EUR 35Mio and a 2 year guarantee period, it is decided to apply a cap of EUR 35Mio with indexation, and the extension of the 2 year guarantee period to a 10 year guarantee period for this litigation.

Report of the Auditor

Unsigned free translation of the statutory auditor's report originally prepared in French and Dutch.

JOINT STATUTORY AUDITORS' REPORT PURSUANT TO ARTICLE 524 OF THE COMPANIES' CODE IN CONNECTION WITH THE DECISIONS OF THE BOARD OF DIRECTORS ON 26 NOVEMBER 2009 AND 9 DECEMBER 2009

Dear Sirs,

In accordance with the requirements of article 524 of the Companies' Code and with the related assignment you have asked us to carry out in our capacity as the company's statutory auditors, we are pleased to report to you the results of the specific audit procedures we have performed in respect of the information included in the opinion rendered by the committee of independent directors and in the minutes of the meetings of the board of directors concerning the following transaction, foreseen in the context of the plan for integrating Fortis Bank SA/NV into the BNP Paribas group (the «Planned Transaction»):

The sale for cash to the Luxembourg company BGL BNP Paribas SA of the investment held by the French company BNP Paribas SA in the Luxembourg company BNP Paribas Luxembourg SA.

The committee of independent directors requested an independent expert to examine the financial terms of the Planned Transaction and the resulting valuation report.

In the context of the transaction described above, the specific audit procedures carried out and the resulting conclusions are as follows:

a. We reviewed and agreed the information included in the opinion rendered by the committee of independent directors with that included in the report of the independent expert designated by the committee;

b. To the extent that the information included in the opinion rendered by the committee of independent directors and in the minutes of the meetings of the board of directors was derived from the accounting information relating to the financial position as of 30 June 2009 or an earlier date, and that it has been the subject of an audit or a review in accordance with the applicable professional standards, either by ourselves or by another auditor or other person in another country exercising a function similar to that of a statutory auditor in Belgium, we satisfied ourselves that such information corresponded with that included in the above-mentioned accounting information;

c. We reviewed and found that the conclusion included in the minutes of the meetings of the board of directors was the same as that appearing in the opinion rendered by the committee of independent directors; and

d. We read the parameters ("trading multiples" and "cost of equity") and valuation methods set out in the valuation report prepared by the management of Fortis Bank SA/NV and found that they were not inconsistent with relevant information available in the market and with generally accepted practice. We also reviewed and found that the arithmetical formulae used by the management of Fortis Bank SA/NV in its valuation report were applied correctly.

We emphasise that, in the absence of relevant, objective and comprehensive measurement criteria in the law relating to the reliability of information, the specific audit procedures we carried out, as described above, are not sufficient to enable us provide, in accordance with generally accepted professional auditing standards, any assurance as to the conclusions rendered by the committee of independent directors in its considered opinion. In addition, we believe it is useful to recall the fact that our assignment did not require us in expressing any opinion on the legality or fairness of the Planned Transaction.

We draw your attention to the conditional nature of the terms of the Planned Transaction, which are thus not final, as noted in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors.

Our report may only be used in the intended context of article 524 of the Companies' Code and may not be used for any other purpose. It is to be attached to the minutes of the meetings of the board of directors called to deliberate on the Planned Transaction and, as for the decision of the committee of independent directors and the extract of the minutes of the meetings of the board of directors, is to be included in the management report.

Sint-Stevens-Woluwe, 19 March 2010

The joint statutory auditors

PricewaterhouseCoopers Reviseurs d'Entreprises sccrl

Represented by

R. Jeanquart J. Steenwinckel

Deloitte Reviseurs d'Entreprises sc sous forme d'une scrl

Represented by

F. Verhaegen Ph. Maeyaert

Current Purchase Price estimate

On 23 March 2010 the Board of Directors was informed that the Purchase Price, as currently estimated, would be equal to EUR 2,877Mio.

The final Purchase Price at closing is not expected to deviate substantially from this estimate except for (a) Euro for Euro adjustments reflecting capital increases and profit appropriation and (b) interest on Purchase Price between Jan. 1 2010 and closing and subject to possible disagreement to be resolved in accordance with above described procedure (see point 2.2 above).

3.11. BGL Securities Services.

Management proposal

Management proposes that BNP Paribas Securities Services ("BP2S"), acquires the BGL Securities Services activity of BGL BNP Paribas S.A. (the "BGL Securities Services Transaction"). The consideration to be paid by BP2S will amount to EUR 52Mio. There would be no PPA adjustment needed for this transaction. The rationale, structure and consideration of the BGL Securities Services Transaction are summarised in the opinion of the CID prepared in connection therewith. This opinion and its annexes have been made available to the Directors for their consideration prior to this meeting. This Transaction was already approved by the Board of Directors of BGL BNP Paribas.

Opinion of the Committee

"Based on the considerations above and after having reviewed the financial terms of the Transaction with the Independent Expert, UBS Limited, the Committee is of the opinion that the proposed Transaction will not cause a prejudice to Fortis Bank NV/SA that is abusive given the strategy of the Company. However, the Committee expects that parties will pay due care to the carve-out process itself. Moreover, the Committee should in any event be informed if an alternative structure that would prove more efficient would be opted for to the extent that this can reasonably be deemed to have a substantial bearing on its assessment of the Transaction.

Subject to these conditions, the Committee also believes that the Transaction is unlikely to result in adverse consequences that are not compensated for by benefits for Fortis Bank NV/SA. However, the Committee requests to be kept informed of any substantial changes in the Transaction structure, if any."

Decision

On the basis of the foregoing, the additional information provided by the Chairman in the course of the meeting and the views expressed by the members of the Board, the Directors decide to approve unanimously the BGL Securities Services Transaction, on the terms and conditions as they are substantially described in the management proposal and reflected in the opinion of the CID in connection therewith.

Report of the Auditor

Unsigned free translation of the statutory auditor's report originally prepared in French and Dutch.

JOINT STATUTORY AUDITORS' REPORT PURSUANT TO ARTICLE 524 OF THE COMPANIES' CODE IN CONNECTION WITH THE DECISION OF THE BOARD OF DIRECTORS ON 26 NOVEMBER 2009

Dear Sirs,

In accordance with the requirements of article 524 of the Companies' Code and with the related assignment you have asked us to carry out in our capacity as the company's statutory auditors, we are pleased to report to you the results of the specific audit procedures we have performed in respect of the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors concerning the following transaction, foreseen in the context of the plan for integrating Fortis Bank SA/NV into the BNP Paribas group (the «Planned Transaction»):

The sale for cash of the BGL Securities Services activity included in the Luxembourg company BGL BNP Paribas SA to the French company BNP Paribas Securities Services SA.

The committee of independent directors requested an independent expert to examine the financial terms of the Planned Transaction and the resulting valuation report.

In the context of the transaction described above, the specific audit procedures carried out and the resulting conclusions are as follows:

a. We reviewed and agreed the information included in the opinion rendered by the committee of independent directors with that included in the report of the independent expert designated by the committee;

b. To the extent that the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors was derived from the accounting information relating to the financial position as of 30 June 2009 or an earlier date, and that it has been the subject of an audit or a review in accordance with the applicable professional standards, either by ourselves or by another auditor or other person in another country exercising a function similar to that of a statutory auditor in Belgium, we satisfied ourselves that such information corresponded with that included in the above-mentioned accounting information;

c. We reviewed and found that the conclusion included in the minutes of the meeting of the board of directors was the same as that appearing in the opinion rendered by the committee of independent directors; and

d. We read the parameter ("cost of equity") and valuation methods set out in the valuation report prepared by the management of Fortis Bank SA/NV and found that they were not inconsistent with relevant information available in the market and with generally accepted practice. We also reviewed and found that the arithmetical formulae used by the management of Fortis Bank SA/NV in its valuation report were applied correctly.

We emphasise that, in the absence of relevant, objective and comprehensive measurement criteria in the law relating to the reliability of information, the specific audit procedures we carried out, as described above, are not sufficient to enable us provide, in accordance with generally accepted professional auditing standards, any assurance as to the conclusions rendered by the committee of independent directors in its considered opinion. In addition, we believe it is useful to recall the fact that our assignment did not require us in expressing any opinion on the legality or fairness of the Planned Transaction.

We draw your attention to the conditional nature of the terms of the Planned Transaction, which are thus not final, as noted in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors.

Our report may only be used in the intended context of article 524 of the Companies' Code and may not be used for any other purpose. It is to be attached to the minutes of the meetings of the board of directors called to deliberate on the Planned Transaction and, as for the decision of the committee of independent directors and the extract of the minutes of the meeting of the board of directors, is to be included in the management report.

Sint-Stevens-Woluwe, 19 March 2010

The joint statutory auditors

PricewaterhouseCoopers Reviseurs d'Entreprises sccrl

Represented by

R. Jeanquart J. Steenwinckel

Deloitte Reviseurs d'Entreprises sc sous forme d'une scrl

Represented by

F. Verhaegen Ph. Maeyaert

Current Purchase Price estimate

On 23 March 2010 the Board of Directors was informed that the Purchase Price, as currently estimated, would be equal to EUR 52Mio.

3.12. Fortis Bank Switzerland.

Management proposal

Management proposes that BNP Paribas (Suisse) S.A. acquires all the shares in Fortis Banque (Suisse) S.A. (the "Fortis Bank Switzerland Transaction") from BGL BNP Paribas S.A. It is currently estimated that BNP Paribas (Suisse) S.A. will pay a purchase price of EUR 382Mio before PPA adjustment. Taking into account the PPA adjustments as they are currently estimated, the final price would amount to EUR 364Mio. The rationale, structure and consideration of the Fortis Bank Switzerland Transaction are summarised in the opinion of the CID prepared in connection therewith. This opinion and its annexes have been made available to the Directors for their consideration prior to this meeting. This Transaction was already approved by the Board of Directors of BGL BNP Paribas.

Opinion of the Committee

"Based on the considerations above and after having reviewed the financial terms of the Transaction with the Independent Expert, UBS Limited, the Committee is of the opinion that the proposed Transaction will not cause a prejudice to Fortis Bank NV/SA that is abusive given the strategy of the Company. The Committee also believes that the Transaction is unlikely to result in adverse consequences that are not compensated for by benefits for Fortis Bank NV/SA."

Decision

On the basis of the foregoing, the additional information provided by the Chairman in the course of the meeting and the views expressed by the members of the Board, the Directors decide to approve unanimously the Fortis Bank Switzerland Transaction, on the terms and conditions as they are substantially described in the management proposal and reflected in the opinion of the CID in connection therewith.

Report of the Auditor

Unsigned free translation of the statutory auditor's report originally prepared in French and Dutch.

JOINT STATUTORY AUDITORS' REPORT PURSUANT TO ARTICLE 524 OF THE COMPANIES' CODE IN CONNECTION WITH THE DECISION OF THE BOARD OF DIRECTORS ON 26 NOVEMBER 2009

Dear Sirs,

In accordance with the requirements of article 524 of the Companies' Code and with the related assignment you have asked us to carry out in our capacity as the company's statutory auditors, we are pleased to report to you the results of the specific audit procedures we have performed in respect of the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors concerning the following transaction, foreseen in the context of the plan for integrating Fortis Bank SA/NV into the BNP Paribas group (the «Planned Transaction»):

The sale for cash to the Swiss company BNP Paribas (Suisse) SA of the investment held by the Luxembourg company BGL BNP Paribas SA in the Swiss company Fortis Banque Suisse SA.

The committee of independent directors requested an independent expert to examine the financial terms of the Planned Transaction and the resulting valuation report.

In the context of the transaction described above, the specific audit procedures carried out and the resulting conclusions are as follows:

a. We reviewed and agreed the information included in the opinion rendered by the committee of independent directors with that included in the report of the independent expert designated by the committee;

b. To the extent that the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors was derived from the accounting information relating to the financial position as of 30 June 2009 or an earlier date, and that it has been

the subject of an audit or a review in accordance with the applicable professional standards, either by ourselves or by another auditor or other person in another country exercising a function similar to that of a statutory auditor in Belgium, we satisfied ourselves that such information corresponded with that included in the above-mentioned accounting information;

c. We reviewed and found that the conclusion included in the minutes of the meeting of the board of directors was the same as that appearing in the opinion rendered by the committee of independent directors; and

d. We read the parameters ("trading multiples" and "cost of equity") and valuation methods set out in the valuation report prepared by the management of Fortis Bank SA/NV and found that they were not inconsistent with relevant information available in the market and with generally accepted practice. We also reviewed and found that the arithmetical formulae used by the management of Fortis Bank SA/NV in its valuation report were applied correctly.

We emphasise that, in the absence of relevant, objective and comprehensive measurement criteria in the law relating to the reliability of information, the specific audit procedures we carried out, as described above, are not sufficient to enable us provide, in accordance with generally accepted professional auditing standards, any assurance as to the conclusions rendered by the committee of independent directors in its considered opinion. In addition, we believe it is useful to recall the fact that our assignment did not require us in expressing any opinion on the legality or fairness of the Planned Transaction.

We draw your attention to the conditional nature of the terms of the Planned Transaction, which are thus not final, as noted in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors.

Our report may only be used in the intended context of article 524 of the Companies' Code and may not be used for any other purpose. It is to be attached to the minutes of the meeting of the board of directors called to deliberate on the Planned Transaction and, as for the decision of the committee of independent directors and the extract of the minutes of the meeting of the board of directors, is to be included in the management report.

Sint-Stevens-Woluwe, 19 March 2010

The joint statutory auditors

PricewaterhouseCoopers Reviseurs d'Entreprises sccrl

Represented by

R. Jeanquart J. Steenwinckel

Deloitte Reviseurs d'Entreprises sc sous forme d'une scrl

Represented by

F. Verhaegen Ph. Maeyaert

Current Purchase Price estimate

On 23 March 2010 the Board of Directors was informed that the Purchase Price, as currently estimated, would be equal to EUR 359Mio.

The final Purchase Price at closing is not expected to deviate substantially from this estimate except for (a) Euro for Euro adjustments reflecting capital increases and profit appropriation and (b) interest on Purchase Price between Jan. 1 2010 and closing and subject to possible disagreement to be resolved in accordance with above described procedure (see point 2.2 above).

3.13. Fortis Bank Monaco.

Management proposal

The transaction proposed by Management is structured as a sale by BGL BNP Paribas S.A. to BNP Paribas Monaco S.A.M. of all the shares in Fortis Banque (Monaco) S.A.M. (together referred to as the "Fortis Bank Monaco Transaction"). It is currently estimated that the initial purchase price for the Fortis Bank Monaco Transaction will be EUR 3.3Mio. No PPA adjustment would have to be made in respect of this transaction. The rationale, structure and consideration of the Fortis Bank Monaco Transaction are summarised in the opinion of the CID prepared in connection therewith. This opinion and its annexes have been made available to the Directors for their consideration prior to this meeting. This Transaction was already approved by the Board of Directors of BGL BNP Paribas.

Opinion of the Committee

"Based on the considerations above and after having reviewed the financial terms of the Transaction with the Independent Expert, UBS Limited, the Committee is of the opinion that the proposed Transaction will not cause a prejudice to Fortis Bank NV/SA that is abusive given the strategy of the Company. The Committee also believes that the Transaction is unlikely to result in adverse consequences that are not compensated for by benefits for Fortis Bank NV/SA."

Decision

On the basis of the foregoing, the additional information provided by the Chairman in the course of the meeting and the views expressed by the members of the Board, the Directors decide to approve unanimously the Fortis Bank Monaco Transaction, on the terms and conditions as they are substantially described in the management proposal and reflected in the opinion of the CID in connection therewith.

Report of the Auditor

Unsigned free translation of the statutory auditor's report originally prepared in French and Dutch.

JOINT STATUTORY AUDITORS' REPORT PURSUANT TO ARTICLE 524 OF THE COMPANIES' CODE IN CONNECTION WITH THE DECISION OF THE BOARD OF DIRECTORS ON 26 NOVEMBER 2009

Dear Sirs,

In accordance with the requirements of article 524 of the Companies' Code and with the related assignment you have asked us to carry out in our capacity as the company's statutory auditors, we are pleased to report to you the results of the specific audit procedures we have performed in respect of the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors concerning the following transaction, foreseen in the context of the plan for integrating Fortis Bank SA/NV into the BNP Paribas group (the «Planned Transaction»):

The sale for cash of the investment held by the Luxembourg company BGL BNP Paribas SA in the Monaco company Fortis Banque Monaco SAM to the Monaco company BNP Paribas Wealth Management Monaco SAM.

The committee of independent directors requested an independent expert to examine the financial terms of the Planned Transaction and the resulting valuation report.

In the context of the transaction described above, the specific audit procedures carried out and the resulting conclusions are as follows:

a. We reviewed and agreed the information included in the opinion rendered by the committee of independent directors with that included in the report of the independent expert designated by the committee;
b. To the extent that the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors was derived from the accounting

information relating to the financial position as of 30 June 2009 or an earlier date, and that it has been the subject of an audit or a review in accordance with the applicable professional standards, either by ourselves or by another auditor or other person in another country exercising a function similar to that of a statutory auditor in Belgium, we satisfied ourselves that such information corresponded with that included in the above-mentioned accounting information;

c. We reviewed and found that the conclusion included in the minutes of the meeting of the board of directors was the same as that appearing in the opinion rendered by the committee of independent directors; and

d. We read the parameters ("trading multiples" and "cost of equity") and valuation methods set out in the valuation report prepared by the management of Fortis Bank SA/NV and found that they were not inconsistent with relevant information available in the market and with generally accepted practice. We also reviewed and found that the arithmetical formulae used by the management of Fortis Bank SA/NV in its valuation report were applied correctly.

We emphasise that, in the absence of relevant, objective and comprehensive measurement criteria in the law relating to the reliability of information, the specific audit procedures we carried out, as described above, are not sufficient to enable us provide, in accordance with generally accepted professional auditing standards, any assurance as to the conclusions rendered by the committee of independent directors in its considered opinion. In addition, we believe it is useful to recall the fact that our assignment did not require us in expressing any opinion on the legality or fairness of the Planned Transaction.

We draw your attention to the conditional nature of the terms of the Planned Transaction, which are thus not final, as noted in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors.

Our report may only be used in the intended context of article 524 of the Companies' Code and may not be used for any other purpose. It is to be attached to the minutes of the meetings of the board of directors called to deliberate on the Planned Transaction and, as for the decision of the committee of independent directors and the extract of the minutes of the meeting of the board of directors, is to be included in the management report.

Sint-Stevens-Woluwe, 19 March 2010

The joint statutory auditors

PricewaterhouseCoopers Reviseurs d'Entreprises sccrl

Represented by

R. Jeanquart J. Steenwinckel

Deloitte Reviseurs d'Entreprises sc sous forme d'une scrl

Represented by

F. Verhaegen Ph. Maeyaert

Current Purchase Price estimate

On 23 March 2010 the Board of Directors was informed that the Purchase Price, as currently estimated, would be equal to EUR 3Mio.

The final Purchase Price at closing is not expected to deviate substantially from this estimate except for (a) Euro for Euro adjustments reflecting capital increases and profit appropriation and (b) interest on Purchase Price between Jan. 1 2010 and closing and subject to possible disagreement to be resolved in accordance with above described procedure (see point 2.2 above).

3.14. Leasing.

Management proposal

Management proposes that BNP Paribas S.A. and Omnium de Gestion et de Développement Immobilier contribute all of their respective shares of BNP Paribas Lease Group to Fortis Lease Group S.A. (the "Leasing Transaction"). In consideration for the contribution of the BNP Paribas Lease Group shares to Fortis Lease Group, Fortis Lease Group will issue shares to be allocated to BNP Paribas S.A. and Omnium de Gestion et de Développement Immobilier proportionately to the number of BNP Paribas Lease Group shares contributed by each of them.

As a result of the Transaction, BGL BNP Paribas S.A. would hold 33.33% + 1 share in Fortis Lease Group and BNP Paribas S.A. and Omnium de Gestion et de Développement Immobilier would hold the remaining shares in Fortis Lease Group (proportionally to the number of shares in BNP Paribas Lease Group each of them contributed to Fortis Lease Group).

In order to achieve this merger ratio and the post transaction allocation of Fortis Lease Group shareholdings between BNP Paribas S.A., Omnium de Gestion et de Développement Immobilier and BGL BNP Paribas S.A. as explained, the required transaction value amounts to EUR 1,526Mio for BNP Paribas Lease Group and EUR 763Mio for Fortis Lease Group. It is currently provided that to achieve these transaction values (and due to an expected difference between the estimated tangible net book value and the actual audited tangible net book value), Fortis Lease Group will have to proceed, on or prior to the contribution date, to an estimated capital increase in the amount of EUR 257Mio and that BNP Paribas Lease Group will have to proceed, on or prior to the contribution date, to an estimated distribution in the amount of EUR 50Mio. It should also be noted that the initial purchase, as currently estimated, already takes into account an amount of PPA or other adjustments or provisions.

The rationale, structure and consideration of the Leasing Transaction are summarised in the opinion of the CID prepared in connection therewith. This opinion and its annexes have been made available to the Directors for their consideration prior to this meeting. This Transaction was already approved by the Board of Directors of BGL BNP Paribas.

Opinion of the Committee

"Based on the considerations above and after having reviewed the financial terms of the Transaction with the Independent Expert, UBS Limited, the Committee is of the opinion that the proposed Transaction will not cause a prejudice to Fortis Bank NV/SA that is abusive given the strategy of the Company. The Committee also believes that the Transaction is unlikely to result in adverse consequences that are not compensated for by benefits for Fortis Bank NV/SA."

Decision

On the basis of the foregoing, the additional information provided by the Chairman in the course of the meeting and the views expressed by the members of the Board, the Directors decide to approve unanimously the Leasing Transaction, on the terms and conditions as they are substantially described in the management proposal and reflected in the opinion of the CID in connection therewith.

Report of the Auditor

Unsigned free translation of the statutory auditor's report originally prepared in French and Dutch.

JOINT STATUTORY AUDITORS' REPORT PURSUANT TO ARTICLE 524 OF THE COMPANIES' CODE IN CONNECTION WITH THE DECISION OF THE BOARD OF DIRECTORS ON 26 NOVEMBER 2009

Dear Sirs,

In accordance with the requirements of article 524 of the Companies' Code and with the related assignment you have asked us to carry out in our capacity as the company's statutory auditors, we are pleased to report to you the results of the specific audit procedures we have performed in respect of the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors concerning the following transaction, foreseen in the context of the plan for integrating Fortis Bank SA/NV into the BNP Paribas group (the «Planned Transaction»):

The merger of the French company BNP Paribas Lease Group SA and the Luxembourg company Fortis Lease Group SA by the contribution of shares in BNP Paribas Lease Group SA to Fortis Lease Group SA in exchange for Fortis Lease Group SA shares.

The committee of independent directors requested an independent expert to examine the financial terms of the Planned Transaction and the resulting valuation report.

In the context of the transaction described above, the specific audit procedures carried out and the resulting conclusions are as follows:

a. We reviewed and agreed the information included in the opinion rendered by the committee of independent directors with that included in the report of the independent expert designated by the committee;

b. To the extent that the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors was derived from the accounting information relating to the financial position as of 30 June 2009 or an earlier date, and that it has been the subject of an audit or a review in accordance with the applicable professional standards, either by ourselves or by another auditor or other person in another country exercising a function similar to that of a statutory auditor in Belgium, we satisfied ourselves that such information corresponded with that included in the above-mentioned accounting information;

c. We reviewed and found that the conclusion included in the minutes of the meeting of the board of directors was the same as that appearing in the opinion rendered by the committee of independent directors; and

d. We read the parameters ("trading multiples" and "cost of equity") and valuation methods set out in the valuation report prepared by the management of Fortis Bank SA/NV and found that they were not inconsistent with relevant information available in the market and with generally accepted practice. We also reviewed and found that the arithmetical formulae used by the management of Fortis Bank SA/NV in its valuation report were applied correctly.

We emphasise that, in the absence of relevant, objective and comprehensive measurement criteria in the law relating to the reliability of information, the specific audit procedures we carried out, as described above, are not sufficient to enable us provide, in accordance with generally accepted professional auditing standards, any assurance as to the conclusions rendered by the committee of independent directors in its considered opinion. In addition, we believe it is useful to recall the fact that our assignment did not require us in expressing any opinion on the legality or fairness of the Planned Transaction.

We draw your attention to the conditional nature of the terms of the Planned Transaction, which are thus not final, as noted in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors.

Unsigned free translation of the joint statutory auditors' report originally prepared in French and Dutch

Our report may only be used in the intended context of article 524 of the Companies' Code and may not be used for any other purpose. It is to be attached to the minutes of the meetings of the board of directors called to deliberate on the Planned Transaction and, as for the decision of the committee of independent directors and the extract of the minutes of the meeting of the board of directors, is to be included in the management report.

Sint-Stevens-Woluwe, 19 March 2010

The joint statutory auditors

PricewaterhouseCoopers Reviseurs d'Entreprises sccrl

Represented by

R. Jeanquart J. Steenwinckel

Deloitte Reviseurs d'Entreprises sc sous forme d'une scrl

Represented by

F. Verhaegen Ph. Maeyaert

Current value estimate

On 23 March 2010 the Board of Directors was informed that the value of Fortis Lease Group, as currently estimated, would be equal to EUR 753Mio, after capital increase of EUR 398 million, and the value of BNP Paribas Lease Group, as currently estimated, would be equal to EUR 1,507Mio. The final values at closing are not expected to deviate substantially from these estimates.

3.15. Fimagen.

Management proposal

The Transaction relates to the sale by Fortis Bank SA/NV to BNP Paribas S.A. of its shares in Fimagen Holding S.A. (the "Fimagen Transaction"). The price to be paid by BNP Paribas S.A. for the sale of the 96.85% stake held by Fortis Bank SA/NV in Fimagen is based on the net book value of Fimagen at 31 December 2009, without any goodwill or badwill and without any other adjustments than an adjustment depending on the difference between the estimated tangible book value and the audited tangible book value as at 31 December 2009. The initial purchase price for Fimagen corresponds to 96.85% of EUR 1,288.8Mio, or EUR 1,248.2Mio. The rationale, structure and consideration of the Fimagen Transaction are summarised in the opinion of the CID prepared in connection therewith. This opinion and its annexes have been made available to the Directors for their consideration prior to this meeting. This Transaction was already approved by the Board of Directors of BGL BNP Paribas.

Opinion of the Committee

"Based on the considerations above and after having reviewed the financial terms of the Transaction with the Independent Expert, UBS Limited, the Committee is of the opinion that the proposed Transaction will not cause a prejudice to Fortis Bank NV/SA that is abusive given the strategy of the Company. The Committee also believes that the Transaction is unlikely to result in adverse consequences that are not compensated for by benefits for Fortis Bank NV/SA"

Decision

On the basis of the foregoing, the additional information provided by the Chairman in the course of the meeting and the views expressed by the members of the Board, the Directors decide to approve unanimously the Fimagen Transaction, on the terms and conditions as they are substantially described in the management proposal and reflected in the opinion of the CID in connection therewith.

Report of the Auditor

Unsigned free translation of the statutory auditor's report originally prepared in French and Dutch.

JOINT STATUTORY AUDITORS' REPORT PURSUANT TO ARTICLE 524 OF THE COMPANIES' CODE IN CONNECTION WITH THE DECISION OF THE BOARD OF DIRECTORS ON 26 NOVEMBER 2009

Dear Sirs,

In accordance with the requirements of article 524 of the Companies' Code and with the related assignment you have asked us to carry out in our capacity as the company's statutory auditors, we are pleased to report to you the results of the specific audit procedures we have performed in respect of the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors concerning the following transaction, foreseen in the context of the plan for integrating Fortis Bank SA/NV into the BNP Paribas group (the «Planned Transaction»):

The sale for cash to the French company BNP Paribas SA of the investment held by the Belgian company Fortis Bank SA/NV in the French company Fimagen Holding SA.

The committee of independent directors requested an independent expert to examine the financial terms of the Planned Transaction and the resulting valuation report.

In the context of the transaction described above, the specific audit procedures carried out and the resulting conclusions are as follows:

a. We reviewed and agreed the information included in the opinion rendered by the committee of independent directors with that included in the report of the independent expert designated by the committee;

b. To the extent that the information included in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors was derived from the accounting information relating to the financial position as of 30 June 2009 or an earlier date, and that it has been the subject of an audit or a review in accordance with the applicable professional standards, either by ourselves or by another auditor or other person in another country exercising a function similar to that of a statutory auditor in Belgium, we satisfied ourselves that such information corresponded with that included in the above-mentioned accounting information;

c. We reviewed and found that the conclusion included in the minutes of the meeting of the board of directors was the same as that appearing in the opinion rendered by the committee of independent directors; and

d. We read the valuation method set out in the valuation report prepared by the management of Fortis Bank SA/NV and found that it is not inconsistent with generally accepted practice. We also reviewed and found that the arithmetical formulae used by the management of Fortis Bank SA/NV in its valuation report were applied correctly.

We emphasise that, in the absence of relevant, objective and comprehensive measurement criteria in the law relating to the reliability of information, the specific audit procedures we carried out, as described above, are not sufficient to enable us provide, in accordance with generally accepted professional auditing standards, any assurance as to the conclusions rendered by the committee of independent directors in its considered opinion. In addition, we believe it is useful to recall the fact that our assignment did not require us in expressing any opinion on the legality or fairness of the Planned Transaction.

We draw your attention to the conditional nature of the terms of the Planned Transaction, which are thus not final, as noted in the opinion rendered by the committee of independent directors and in the minutes of the meeting of the board of directors.

Our report may only be used in the intended context of article 524 of the Companies' Code and may not be used for any other purpose. It is to be attached to the minutes of the meetings of the board of directors called to deliberate on the Planned Transaction and, as for the decision of the committee of independent directors and the extract of the minutes of the meeting of the board of directors, is to be included in the management report.

Sint-Stevens-Woluwe, 19 March 2010

The joint statutory auditors

PricewaterhouseCoopers Reviseurs d'Entreprises sccrl

Represented by

R. Jeanquart J. Steenwinckel

Deloitte Reviseurs d'Entreprises sc sous forme d'une scrl

Represented by

F. Verhaegen Ph. Maeyaert

Current Purchase Price estimate

On 23 March 2010 the Board of Directors was informed that the Purchase Price, as currently estimated, would be equal to EUR 1,250Mio.
The final Purchase Price at closing is not expected to deviate substantially from this estimate except for (a) Euro for Euro adjustments reflecting capital increases and profit appropriation and (b) interest on Purchase Price between Jan. 1 2010 and closing and subject to possible disagreement to be resolved in accordance with above described procedure (see point 2.2 above).

Fortis Bank Financial Statements 2009 (non-consolidated)

Balance sheet after appropriation

V.A.T.	BE 403.199.702			2.
			Financial year	Previous financial year
			(in thousands EUR)	
		Codes	05	10
	1. BALANCE AFTER APPROPRIATION			
	ASSETS			
I.	**Cash, balances with central banks and giro offices**	101.000	**450,001**	**606,929**
II.	**Government securities eligible for refinancing at the central bank**	102.000	**1,407,911**	**1,059,768**
III.	**Amounts receivable from credit institutions**	103.000	**46,080,468**	**69,255,477**
	A. At sight	103.100	13,426,442	18,408,090
	B. Other amounts receivable (at fixed term or period of notice)	103.200	32,654,026	50,847,387
IV.	**Amounts receivable from customers**	104.000	**127,441,852**	**164,907,852**
V.	**Bonds and other fixed-income securities**	105.000	**106,948,112**	**121,630,941**
	A. Of public issuers	105.100	45,938,138	54,396,395
	B. Of other issuers	105.200	61,009,974	67,234,546
VI.	**Corporate shares and other variable-income securities**	106.000	**995,648**	**5,892,115**
VII.	**Financial fixed assets**	107.000	**16,452,954**	**11,840,675**
	A. Participating interests in affiliated enterprises	107.100	14,443,466	11,434,727
	B. Participating interests in other enterprises linked by participating interests	107.200	1,467,223	81,141
	C. Other company shares constituting financial fixed assets	107.300	341,355	132,236
	D. Subordinated claims on affiliated enterprises and on other enterprises linked by participating interests	107.400	200,910	192,571
VIII.	**Formation expenses and intangible fixed assets**	108.000	**33,210**	**49,287**
IX.	**Tangible fixed assets**	109.000	**973,285**	**972,937**
X.	**Own shares**	110.000	**0**	**0**
XI.	**Other assets**	111.000	**7,890,040**	**10,494,687**
XII.	**Deferred charges and accrued income**	112.000	**61,598,306**	**90,303,973**
	TOTAL ASSETS	199.000	**370,271,787**	**477,014,641**

V.A.T.	BE 403.199.702			3.

		Codes	Financial year (in thousands EUR) 05	Previous financial year 10
	LIABILITIES			
I.	**Amounts payable to credit institutions**	201.000	**62,104,255**	**126,230,362**
	A. At sight	201.100	9,203,975	17,905,979
	B. Resulting from refinancing by rediscounting of trade bills	201.200	0	0
	C. Other amounts payable (at fixed term or period of notice)	201.300	**52,900,280**	**108,324,383**
II.	**Amounts payable to clients**	202.000	**167,814,377**	**181,738,070**
	A. Savings deposits	202.100	43,712,394	33,364,839
	B. Other amounts payable	202.200	124,101,983	148,373,231
	1. at sight	*202.201*	*37,313,693*	*41,727,923*
	2. at fixed term or period of notice	*202.202*	*86,788,290*	*106,645,308*
	3. resulting from refinancing by rediscounting of trade bills	*202.203*	*0*	*0*
III.	**Amounts payable represented by a security**	203.000	**40,477,111**	**28,993,695**
	A. Bills and bonds in circulation	203.100	21,734,161	22,699,981
	B. Other	203.200	18,742,950	6,293,714
IV.	**Other amounts payable**	204.000	**11,223,306**	**15,718,977**
V.	**Accrued charges and deferred income**	205.000	**58,744,312**	**86,911,750**
VI.	**A. Provisions for risks and charges**	206.100	**956,275**	**499,516**
	1. Pensions and similar obligations	*206.101*	*43*	*1,049*
	2. Fiscal charges	*206.102*	*11,320*	*17,530*
	3. Other risks and charges	*206.103*	*944,912*	*480,937*
	B. Deferred taxes	206.200	**224**	**1,212**
VII.	**Fund for general banking risks**	207.000	**872,088**	**872,103**
VIII.	**Subordinated amounts payable**	208.000	**16,613,461**	**23,267,634**
	SHAREHOLDERS' EQUITY	290.000	**11,466,378**	**12,781,322**
IX.	**Capital**	209.000	**9,374,878**	**9,374,878**
	A. Subscribed capital	209.100	9,374,878	9,374,878
	B. Uncalled capital (-)	209.200	0	0
X.	**Share premiums**	210.000	**20,276,054**	**20,276,054**
XI.	**Revaluation surpluses**	211.000	**1,008,723**	**1,008,723**
XII.	**Reserves**	212.000	**852,302**	**854,076**
	A. Statutory reserve	212.100	311,184	311,184
	B. Unavailable reserves	212.200	36,987	36,987
	1. for own shares	*212.201*	*0*	*0*
	2. miscellaneous	*212.202*	*36,987*	*36,987*
	C. Untaxed reserves	212.300	151,433	153,528
	D. Available reserves	212.400	352,698	352,377
XIII.	**Profit brought forward (loss brought forward(-))**	213.000	**(20,045,579)**	**(18,732,409)**
	TOTAL LIABILITIES	299.000	**370,271,787**	**477,014,641**

V.A.T.	BE 403.199.702			4.

		Codes	Financial year 05 (in thousands EUR)	Previous financial year 10 (in thousands EUR)
	OFF-BALANCE SHEET ITEMS			
I.	**Contingent liabilities**	301.000	**50,819,943**	**52,523,535**
	A. Unnegotiated acceptances	301.100	63,701	157,996
	B. Guarantees in the nature of credit subsitutes	301.200	6,559,593	8,208,205
	C. Other guarantees	301.300	37,546,272	38,344,248
	D. Documentary credits	301.400	6,650,377	5,812,947
	E. Assets pledged by secured guarantees on behalf of third parties	301.500	0	139
II.	**Commitments which may give rise to a credit risk**	302.000	**74,625,053**	**86,200,592**
	A. Firm commitments to make funds available	302.100	5,768,621	4,395,215
	B. Commitments in respect of spot purchases of transferable securities or other assets	302.200	340,852	391,577
	C. Available margin under confirmed credit lines	302.300	68,515,580	81,413,800
	D. Commitments to underwrite and place securities	302.400	0	0
	E. Repurchase commitments resulting from imperfect repurchase agreements	302.500	0	0
III.	**Assets entrusted to the credit institution**	303.000	**117,615,108**	**136,796,802**
	A. Held on an organized trusteeship basis	303.100	0	0
	B. Safe custody deposits and similar arrangements	303.200	117,615,108	136,796,802
IV.	**Amounts to be paid up on corporate shares**	304.000	**530,686**	**794,763**

Income statement

V.A.T.	BE 403.199.702			5.
		Codes	Financial year (in thousands EUR) 05	Previous financial year (in thousands EUR) 10
	2. INCOME STATEMENT (vertical presentation)			
I.	**Interest and similar income**	401.000	**8,307,088**	**20,427,184**
	of which : from fixed-income securities	401.001	3,090,359	5,586,341
II.	**Interest and similar charges (-)**	502.000	**(5,511,577)**	**(17,981,353)**
III.	**Income from variable-income securities**	403.000	**550,188**	**1,102,888**
	A. Corporate shares and units and other variable-income securities	403.100	36,696	148,755
	B. Participating interests in affiliated enterprises	403.200	498,412	939,989
	C. Participating interests in other enterprises linked by participating interests	403.300	11,956	8,915
	D. Other corporate shares and units constituting financial fixed assets	403.400	3,124	5,229
IV.	**Commission received**	404.000	**1,207,313**	**1,326,928**
V.	**Commission paid (-)**	505.000	**(373,465)**	**(533,039)**
VI.	**Profit from (loss on(-)) financial operations**	506.000	**(218,827)**	**(1,909,446)**
	A. Exchange transactions and trading in securities and other financial instruments	506.100	(108,224)	(1,169,558)
	B. Disposal of investment securities	506.200	(110,603)	(739,888)
VII.	**General administrative expenses (-)**	507.000	**(2,884,026)**	**(3,247,164)**
	A. Remuneration, social charges and pensions	507.100	(1,908,670)	(2,039,122)
	B. Other administrative expenses	507.200	(975,356)	(1,208,042)
VIII.	**Depreciation of and amounts written off (-)on formation expenses, intangible and tangible fixed assets**	508.000	**(182,201)**	**(196,099)**
IX.	**Write-back of amounts written off (Amounts written off(-)) on amounts receivable and write-back of provisions (provisions(-)) for the headings "I. Contingent liabilities" and "II. Liabilities which may give rise to a credit risk" in the off-balance sheet section**	509.000	**(544,796)**	**(2,421,769)**
X.	**Write-back of amounts written off (Amounts written off(-)) on the investment portfolio of bonds, shares and other fixed-income or variable-income securities**	510.000	**(225,001)**	**(4,375,797)**
XI.	**Uses and write-back of provisions for risks and charges other than those referred to by headings "I. Contingent liabilities" and "II. Liabilities which may give rise to a credit risk" in the off-balance sheet section**	411.000	**36,566**	**33,343**
XII.	**Provisions for risks and charges other than those covered by the headings "I. Contingent liabilities" and "II. Liabilities which may give rise to a credit risk" in the off-balance sheet section (-)**	512.000	**(294,732)**	**(94,576)**
XIII.	**Transfers from (Appropriation to(-)) the fund for general banking risks**	513.000	**0**	**0**
XIV.	**Other operating income**	414.000	**184,403**	**400,119**
XV.	**Other operating charges (-)**	515.000	**(241,260)**	**(202,151)**
XVI.	**Current profit (Current loss(-)) before taxes**	416.000	**(190,327)**	**(7,670,932)**

V.A.T.	BE 403.199.702			6.
			Financial year	Previous financial year
			(in thousands EUR)	
		Codes	05	10
	2. INCOME STATEMENT (vertical presentation)			
XVII.	**Extraordinary income**	417.000	**318,175**	**160,156**
	A. Write-back of depreciation and amounts written off on intangible and tangible fixed assets	417.100	0	0
	B. Write-back of amounts written off on financial fixed assets	417.200	222,370	0
	C. Write-back of provisions for exceptional risks and charges	417.300	5,585	0
	D. Capital gains on disposal of fixed assets	417.400	83,567	155,465
	E. Other extraordinary income	417.500	6,653	4,691
XVIII.	**Extraordinary charges (-)**	518.000	**(1,345,338)**	**(12,746,483)**
	A. Extraordinary depreciation on and amounts written off on formation expenses, intangible and tangible fixed assets	518.100	(5,862)	(57,888)
	B. Amounts written off on financial fixed assets	518.200	(1,267,042)	(5,985,147)
	C. Provisions for extraordinary risks and charges	518.300	(16,972)	(155,173)
	D. Capital losses on disposal of fixed assets	518.400	(26,444)	(6,524,243)
	E. Other extraordinary charges	518.500	(29,018)	(24,032)
XIX.	**Profit (Loss(-)) for the year before taxes**	419.000	**(1,217,490)**	**(20,257,259)**
XIXbis.	**A. Transfers to deferred taxes (-)**	519.100	**0**	**0**
	B. Transfers from deferred taxes	419.200	**989**	**1,094**
XX.	**Income taxes**	520.000	**(98,443)**	**32,513**
	A. Taxes (-)	520.100	(104,218)	(47,354)
	B. Adjustment of income taxes and write-back of tax provisions	420.200	5,775	79,867
XXI.	**Profit (Loss(-)) for the year**	421.000	**(1,314,944)**	**(20,223,652)**
XXII.	**Transfers to untaxed reserves (-)**	522.000	**0**	**0**
	Transfers from untaxed reserves	422.000	**1,774**	**1,912**
XXIII.	**Profit (Loss(-)) for the year available for appropriation**	423.000	**(1,313,170)**	**(20,221,740)**

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			Financial year	Previous financial year
			(in thousands EUR)	
		Codes	05	10
	APPROPRIATION ACCOUNT			
A.	**Profit (Loss(-)) to be appropriated**	600.100	**20,045,579**	**18,732,409**
	1. Profit (Loss(-)) for the financial year available for appropriation	600.101	(1,313,170)	(20,221,740)
	2. Profit (Loss(-)) brought forward from the previous financial year	600.102	(18,732,409)	1,489,331
B.	**Transfers from capital and reserves**	600.200	**0**	**0**
	1. from capital and share premium account	600.201	0	0
	2. from reserves	600.202	0	0
C.	**Appropriations to capital and reserves (-)**	600.300	**(0)**	**(0)**
	1. to capital and share premium account	600.301	0	0
	2. to statutory reserve	600.302	0	0
	3. to other reserves	600.303	0	0
D.	**Result to be carried forward**	600.400	**(20,045,579)**	**(18,732,409)**
	1. Profit to be carried forward (-)	600.401	0	0
	2. Loss to be carried forward	600.402	20,045,579	18,732,409
E.	**Shareholders' contribution in respect of losses**	600.500	**0**	**0**
F.	**Distribution of profit (-)**	600.600	**(0)**	**(0)**
	1. Dividends (a)	600.601	0	0
	2. Directors (a)	600.602	0	0
	3. Other allocations (a)	600.603	0	0

(a) Only in limited liability companies governed by Belgian law

Notes on the accounts

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3. ANNEXE

I. STATEMENT OF AMOUNTS RECEIVABLE FROM CREDIT INSTITUTIONS (in thousands EUR)

(heading III of the Assets)

Codes	05	10

A. For the heading as a whole :

	Codes	Financial year	Previous financial year
1. I amounts receivable from affiliated enterprises	010	2,780,321	9,813,003
I amounts receivable from other enterprises linked by participating interests	020	0	0

	Codes	Financial year	Previous financial year
2. I subordinated amounts receivable	030	0	0

B. Other amounts receivable from on credit institutions (term or period of notice)
(heading III B. of the Assets)

	Codes	Financial year	Previous financial year
1. Bills eligible for refinancing at the central bank of the country or countries of establishment of the credit institution	040	1,738,583	3,916,208

2. Breakdown of these amounts receivable by residual period to maturity :

	Codes	Financial year
I up to three months	050	23,561,097
I over three months and up to one year	060	2,651,612
I over one year and up to five years	070	2,935,610
I over five years	080	3,505,708
I indeterminate period	090	0

II. STATEMENT OF AMOUNTS RECEIVABLE FROM CUSTOMERS

(heading IV of the assets)

(in thousands EUR)

	Codes	05	10

1. Amounts receivable

		Financial year	Previous financial year
I from affiliated enterprises	010	13,134,666	17,730,536
I from other enterprises linked by participating interests	020	45,000	49,500

		Financial year	Previous financial year
2. Subordinated amounts receivable	030	0	0

		Financial year	Previous financial year
3. Bills eligible for refinancing at the central bank of the country or countries where the credit institution is established	040	508,890	942,045

4. Breakdown of amounts receivable by residual period to maturity :

		Financial year
I up to three months	050	43,619,700
I over three months and up to one year	060	21,855,270
I over one year and up to five years	070	24,054,650
I over five years	080	30,106,926
I indeterminate period	090	7,805,306

5. Breakdown of amounts receivable by nature :

		Financial year
I trade bills (including own acceptances)	100	507,139
I amounts resulting from hire-purchase and similar claims	110	44,924
I loans with flat-rate charges	120	574,155
I mortgage loans	130	7,546,620
I other term loans for periods of over one year	140	49,634,724
I other amounts receivable	150	69,134,290

6. Geographical breakdown

		Financial year
I claims on Belgium	160	53,148,482
I claims on foreign countries	170	74,293,370

7. Analytical data concerning mortgage loans with reconstitution at the institution or coupled with life insurance and capitalization contracts

		Financial year
a) I the principal sums initially lent	180	0
b) I the reconstitution fund and mathematical reserves relating to these loans	190	0
c) I the net outstanding amount of these loans (a - b)	200	0

III. STATEMENT OF BONDS AND OTHER FIXED-INCOME SECURITIES

(in thousands EUR)

(heading V of the assets)

	Codes	05	10

1. Bonds and other securities issued by :

	Codes	Financial year	Previous financial year
I affiliated enterprises	010	46,082	1,116,782
I other enterprises linked by participating interests	020	5,178	0

	Codes	Financial year	Previous financial year
2. Bonds and securities representing subordinated claims	030	0	0

3. Geographical breakdown of the following headings :

	Codes	Belgium	Foreign countries
V.A. I public issuers	040	10,604,773	35,333,365
V.B. I other issuers	050	30,820,030	30,189,944

4. Listed - Terms

	Codes	Book value	Market value
a) I listed securities	060	34,871,456	35,679,499
I unlisted securities	070	72,076,656	

	Codes	Financial year
b) I residual term up to one year	080	17,004,945
I residual term over one year	090	89,943,167

5. Breakdown according to whether securities belong

	Codes	Financial year
a) I to the commercial portfolio	100	8,514,639
b) I to the investment portfolio	110	98,433,473

6. For the commercial portfolio :

	Codes	Financial year
I positive difference between the market value and the acquisition value for bonds and securities valued at their market value, whichever is higher	120	86,462
I positive difference between the market value, when higher, and the book value for bonds and securities valued in accordance with article 35 ter § 2 (2)	130	79,683

7. For the investment portfolio

	Codes	Financial year
I positive difference in respect of all securities combined whose redemption value is higher than their book value	140	278,890
I negative difference in respect of all securities combined whose redemption value is lower than their book value	150	612,746

8. Details of the book value of the investment portfolio

	Codes	05
a) ACQUISITION VALUE		Financial year
At the end of the previous financial year	010	111,746,292
Changes during the financial year :		
l acquisitions	020	17,926,555
l transfers	030	(30,498,102)
l adjustments made in accordance with Article 35 ter § 4 and 5	040	(296,035)
l differences of change	050	618,990
At the end of the financial year	099	99,497,700
b) TRANSFERS BETWEEN PORTFOLIOS		
1. Transfers		
l from the investment portfolio to the commercial portfolio	110	
l from the commercial portfolio to the investment portfolio	120	
2. Impacts of these transfers on the result	130	
c) WRITE-OFFS		
At the end of the previous financial year	200	4,357,858
Changes during the financial year :		
l charged	210	1,314,799
l taken back because surplus	220	(1,254,268)
l cancelled	230	(3,482,820)
l transferred from one heading to another	240	314,209
l differences of change	250	(185,551)
At the end of the financial year	299	1,064,227
d) NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR [a) + b)1. - c)]	399	98,433,473

IV. STATEMENT OF SHARES AND OTHER VARIABLE-INCOME SECURITIES (in thousands EUR)

(heading VI of the assets)

1. Geographical breakdown of the issuers of the securities

	Codes	05	10
		Financial year	
I Belgian issuers	010	21,102	
I foreign issuers	020	974,546	

2. Listed

		Book value	Market value
I listed securities	030	337,896	308,519
I unlisted securities	040	657,752	

3. Breakdown according to whether securities belong

		Financial year
I to the commercial portfolio	050	337,896
I to the investment portfolio	060	657,752

4. For the commercial portfolio :

		Financial year
I positive difference between the acquisition value and the market value for securities valued at their market value	070	38,549
I positive difference between the market value, when higher, and the book value for securities valued in accordance with article 35 ter § 2 (2)	080	0

5. Details of the book value of the investment portfolio

		Financial year
a) ACQUISITION VALUE		
At the end of the previous financial year	100	1,109,632
Changes during the financial year		
I acquisitions	110	285,134
I transfers	120	(444,702)
I other changes	130	138
I exchange differences	140	(4,758)
At the end of the financial year	199	945,444
b) TRANSFERS BETWEEN PORTFOLIOS		
1. Transfers		
I from the investment portfolio to the commercial portfolio	200	
I from the commercial portfolio to the investment portfolio	210	
2. Impact of these transfers on the result	220	
c) WRITE-OFFS		
At the close of the previous financial year	300	181,809
Changes during the financial year		
I recorded	310	174,725
I taken back because surplus	320	(10,254)
I cancelled	330	(56,701)
I transferred from one heading to another	340	0
I exchange differences	350	(1,887)
At the end of the financial year	399	287,692
d) NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR [a) + b)1. - c)]	499	657,752

V. STATEMENT OF THE FINANCIAL FIXED ASSETS (in thousands EUR)

(heading VII of the assets)

A.1. Breakdown of headings VII A, B, C of the assets :

	Codes	05	10	15	20
		Credit institutions		Other enterprises	
a) Economic sector of the following items :		Financial year	Previous financial year	Financial year	Previous financial year
A. Participating interests in affiliated enterprises	010	5,587,137	6,041,598	8,856,329	5,393,129
B. Participating interests in other enterprises linked by participating interests	020	16,747	16,632	1,450,476	64,509
C. Other company shares constituting financial fixed assets	030	1,424	1,425	339,931	130,811

b) Listed :		Listed	Unlisted
A. Participating interests in affiliated enterprises	040	1,382,186	13,061,280
B. Participating interests in other enterprises linked by participating interests	050	47,701	1,419,522
C. Other company shares constituting financial fixed assets	060	328,885	12,470

A.2. Details of the book value of the headings VII A,B,C of the assets at the end of the financial year

		Enterprises		
		affiliated (VII.A.)	linked by participating interests (VII.B.)	other (VII.C.)
a) ACQUISITION VALUE				
At the end of the previous financial year	100	14,123,555	126,931	2,372,016
Changes during the financial year				
l acquisitions	110	5,161,682	1,395,238	47
l disposals and cessation of use	120	(939,783)	(760)	(2,710)
l transferred from one heading to another	130			
l exchange differences	140			3
At the end of the financial year	199	18,345,454	1,521,409	2,369,356
b) SURPLUSES				
At the end of the previous financial year	200	1,121,745		
Changes during the financial year				
l recorded	210			
l acquired from third parties	220			
l cancelled	230			
l transferred from one heading to another	240		(190)	
At the end of the financial year	299	1,121,745	(190)	0
c) WRITE-OFFS				
At the end of the previous financial year	300	3,810,573	45,790	2,239,780
Changes during the financial year				
l recorded	310	1,248,245	18,797	
l taken back because surplus	320		(10,591)	(211,779)
l acquired from third parties	330			
l cancelled	340	(35,086)		
l transferred from one heading to another	350			
l exchange differences	360			
At the end of the financial year	399	5,023,732	53,996	2,028,001
d) NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR [a) + b) - c)]	499	14,443,466	1,467,223	341,355

B. Breakdown of the heading VII D. of the assets

(in thousands EUR)

1. Subordinated claims on	Codes	Credit institutions		Other enterprises	
		05	10	15	20
		Financial year	Previous financial year	Financial year	Previous financial year
I affiliated enterprises	010	200,910	192,571	0	0
I other enterprises linked by participating interests	020	0	0	0	0

2. Amount of subordinated claims represented by listed securities	030	0

3. Details of the subordinated claims

	Codes	Affiliated enterprises	enterprises linked by participating interest
NET BOOK VALUE AT THE END OF THE PREVIOUS FINANCIAL YEAR	100	192,571	0
Changes during the financial year			
I additions	110	12,834	0
I repayments	120	(6,675)	0
I amounts written off recorded	130		0
I amounts written off taken back	140		0
I exchange differences	150	2,180	0
I other changes	160		0
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR	199	200,910	0
CUMULATIVE AMOUNTS WRITTEN OFF AT THE END OF THE FINANCIAL YEAR	200	0	0

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VI § 1 LIST OF ENTREPRISES IN WHICH THE CREDIT INSTITUTION HAS A PARTICIPATING INTEREST

The following list shows the enterprises in which the credit institution has a participating interest as defined in the Royal Decree of 23 September 1992, and also other enterprises in which the company holds rights representing at least ten percent of the subscribed capital.

Name, registered office, V.A.T. numbers or NAT. ID	Shares and units held				Data extracted from the latest annual accounts (in thousands)			
				by the subsiadiaries	Annual accounts	Monetary units	Shareholder's equity	Net result
	Type	Number	%	%	as at		(+) or (-)	(+) or (-)
AG Insurance Brussels BE 404.494.849		157,822	25.00		31/12/2008	EUR	1,841,733	59,750
Alpha Card Watermael-Bosvoorde BE 463.926.551		735,000	50.00		31/12/2008	EUR	7,632	- 997
Alpha Credit Brussels BE 445.781.316		1,146,937	100.00		31/12/2008	EUR	146,095	17,606
Artemis Asset Management Ltd Edinburgh		452,750,000	100.00		31/12/2008	GBP	4,155	185
ASLK-CGER Services (In liquidation) Brussels BE 458.523.354		100	100.00			In liquidation		
Banking Funding Company S.A. Brussels BE 884.525.164		20,586	33.47		31/12/2008	EUR	682	94
Bank van de post N.V. Brussels BE 456.038.471		300,000	50.00		31/12/2008	EUR	179,735	204
BBOF III Investors B.V. Amsterdam		24,300	12.13		31/12/2008	EUR	6,682	- 2,658
Bedrijvencentrum Dendermonde N.V. Dendermonde BE 438.558.081		500	19.61		31/12/2008	EUR	1,051	- 3
Bedrijvencentrum Regio Aalst N.V. Erembodegem BE 428.749.502		80	14.23		31/12/2008	EUR	659	4
Bedrijvencentrum Vilvoorde N.V. Vilvoorde BE 434.222.577		400	11.02		31/12/2008	EUR	1,213	56
Bedrijvencentrum Waasland N.V. Sint-Niklaas BE 427.264.214		400	16.03		31/12/2008	EUR	774	- 115
Bedrijvencentrum Zaventem N.V. Zaventem Zuid 8 BE 426.496.726		751	24.98		31/12/2008	EUR	180	4
Belgolaise N.V. Brussels BE 403.200.294	(1) (2)	449,999 119,250	100.00		31/12/2008	EUR	28,971	- 446
BEM-Flemish Construction & Investment Company N.V. Brussels BE 461 612 904		2,793	12.05		31/12/2008	EUR	5,890	522

BGL Luxemburg		13,989,568	50.00		31/12/2008	EUR	5,210,300	30,600
BNPP Fortis Factor Leuven BE 819.568.044		4,999	99.98			Starting phase		
Brand & Licence Company Brussels BE 884.499.250		123	20.00		31/12/2008	EUR	130	25
Camomile Investments UK Limited Great-Britain		2,000,000	100.00		31/12/2008	GBP	4,114	178
Camomile Ulster Investments Cayman Islands		30	96.77	3.23	31/12/2008	GBP	16,999	22,075
Certificat Etoile Luxemburg		1,250	25.00		30/06/2008	EUR	124	-
Certifimmo II (in liquidation) Brussels BE 431.434.224		64	51.20		27/09/2008	EUR	112	12
Certifimmo V S.A. Brussels BE 450.355.261		12,261	99.99	0.01	31/12/2008	EUR	3,646	1,269
China-Belgium Direct Equity investment Fund Beijing		10,000,000	10.00		31/12/2008	CNY	986,433	- 7,036
Coppefis Brussels BE 453.987.813		74	98.67	1.33	31/12/2008	EUR	493	386
Comptoir Agricole de Wallonie Nivelles BE 400.364.530		2,499	99.96	0.04	31/12/2008	EUR	1,664	188
Coöperatieve H2 Equity Pratners Fund III U.A. Amsterdam		5,454,970	24.07		31/12/2008	EUR	10,178	- 2,197
Credissimo Seraing BE 403.977.482		124,999	100.00		31/12/2008	EUR	12,766	538
Credissimo Hainaut Tournai BE 402.495.065		465,570	99.72		31/12/2008	EUR	3,120	112
Crédit Social de la Province du Brabant Wallon Nivelles BE 400.351.068		11,013	12.10	0.08	31/12/2008	EUR	4,286	103
Demetris Groot-Bijgaarden BE 452.211.723		9,999	99.99	0.01	31/12/2008	EUR	2,800	18
Dikodi Amsterdam		42	100.00		31/12/2008	EUR	- 16,498	- 501
Discontokantoor van Turnhout (in liquidation) Turnhout BE 404.154.755		10,000	100.00		31/12/2008	EUR	37	-
Distri-Invest S.A. Brussels BE 431. 242.105		102	51.00		20/04/2008	EUR	112	4
Dominet S.A. Piaseczno		25,615	100.00		31/12/2008	PLN	279,367	- 13,936

Domus Flandria N.V. Antwerpen BE 436.825.642		22,500	11.22		31/12/2008	EUR	26,773	2,374
Europay Belgium S.C. Brussels BE 434.197.536		13,618	39.73	0.15	31/12/2008	EUR	1,354	13,594
European Carbon Fund Luxemburg		15,000,000	10.53		31/12/2008	EUR	-	18,051
FB Energy Trading S.à.r.l. Luxemburg		10,434,106	100.00		31/12/2008	USD	37,411	- 394,409
FB Holdings Canada Corp. Calgary, Canada		26,000,000	100.00		31/12/2008	USD	10,000	- 10,000
FB Transportation Capital LLC Wilmington, USA		5,000,000	100.00		31/12/2008	USD	101,817	21,929
FCM Private Equity, S.L. Spanje		314,830	100.00		31/12/2008	EUR	3,644	24
Fimagen Holding Paris		2,933,314	96.85	3.15	31/12/2008	EUR	1,286,392	1,093,450
Finest Brussels BE 449.082.680		14,793	99.99		31/12/2008	EUR	1,289	47
Fintrimo S.A. Sint-Joost-ten-Noode BE 0874.308.807		300	50.00	12.50	31/12/2008	EUR	273	- 136
Fortis Bank A.S. Gayrettepe		988,169,379	94.11		31/12/2008	YTL	1,805,009	144,671
Fortis Bank Escritorio de Representacao Ltda Sao Paulo		450,000	75.00		31/12/2008	BRL	885,090	352
Fortis Bank Polska Warszawa		18,848,593	78.13	21.74	31/12/2008	PLN	1,216,912	78,191
Fortis Bank Reinsurance S.A. en abrégé FB Re S.A. Luxemburg		25,000	100.00		31/12/2008	EUR	7,762	-
Fortis Banque France Paris		2,832,102	99.98		31/12/2008	EUR	337	- 7,555
Fortis Capital (Canada) Ltd. White Horse		100	40.00	60.00	31/12/2008	USD	12,950	1,914
Fortis Capital Corporation Inc Stamford		1,000	100.00		31/12/2008	USD	827,090	- 73
Fortis Film Fund S.A. Brussels		99	99.00	1.00	31/12/2008	EUR	99	- 1
Fortis Finance Belgium S.C.R.L. Brussels BE 879.866.412		599,998	100.00		31/12/2008	EUR	646,594	356,256

Fortis Funding LLC New York		100,000	100.00		31/12/2008	USD	- 425	- 714
Fortis Gesbeta SGIIC Madrid, Spain		75,000	100.00		31/12/2008	EUR	20,437	900
Fortis Int'l Finance Dublin Dublin		959,368,065	94.62	5.38	31/12/2008	EUR	791,171	- 58,836
Fortis Lease Iberia Barcelona Spain		1,170,000	21.39	39.30	31/12/2008	EUR	24,705	- 326
Fortis investment Management "FIM" Brussels BE 462.748.891		1,693,327	84.67	7.66	31/12/2008	EUR	1,969,710	- 1,177,358
Fortis Luxemburg Finance Luxemburg		19,999	100.00		31/12/2008	EUR	44,237	18,894
Fortis Private Equity Asia Fund Brussels BE 0866.161.894		22,199	100.00		31/12/2008	EUR	16,828	- 282
Fortis Private Equity Belgium Brussels BE 421.883.286		557,866	100.00		31/12/2008	EUR	151,916	- 43,587
Fortis Private Equity France Fund Straatsburg		50,000,000	99.90	0.01	31/12/2008	EUR	24,977	- 686
Fortis Private Equity France S.A.S. Straatsburg		200,000	100.00		31/12/2008	EUR	508	23
Fortis Private Investment Management Limited Londen		64,993,419	100.00		31/12/2008	GBP	16,533	1,748
Fortis Private Real Estate Holding		700	100.00		31/12/2008	EUR	3,061	- 2,253
Fortis Proprietary Investments Dublin, Ireland		762,506,366	100.00		31/12/2008	USD	- 956,899	- 1,303,551
Fortis Wealth Management Hong Kong Ltd Hong Kong		550,000	100.00		31/12/2008	HKD	278,432	- 37,008
Fortis Wealth Management Taiwan Ltd Taiwan		20,000,000	100.00		31/12/2008	TWD	323,776	- 8,046
FPRE Management (Belgium) Brussels BE 871.937.750		148,501	99.58	0.42	31/12/2008	EUR	410	63
FV Holding Etterbeek BE 810.422.825		17,504,600	40.00				Starting phase	
G I Finance Dublin 2		54,600,001	100.00		31/12/2008	GBP	54,638	1
Geschäftsführung GmbH der Generale Bank Germany		1	100.00		31/12/2008	EUR	29	-
Generale Belgian Finance Company Ltd. Hong Kong		100,000	100.00		31/12/2008	USD	9012	206

Generale Branch Nominees Ltd. London		100	100.00		31/12/2008	GBP	-	-
GenFinance International N.V. Brussels BE 421.429.267		19,999	100.00		31/12/2008	EUR	1,302	46
GIE Immobilier Groupe Fortis Paris Puteaux		186,013,302	12.61	77.10	31/12/2008	EUR	-	-
Gudrun Xpert Brussels BE 477.315.422		5,200	26.00		31/12/2008	EUR	730	12
Heracles S.C.R.L. Charleroi BE 427.178.892		4,500	13.55		31/12/2008	EUR	724	97
Het Werkmanshuis Tongeren BE 400.986.518		1,095	41.04		31/12/2008	EUR	1,360	42
Hewitt's Island CLO VII George Town		1	100.00				Dormant	
I.D.P.B. SA Paris		145	96.67	1.33	31/12/2008	EUR	772	39
Immo Kolonel Bourgstraat Brussels BE 461.139.879		1,250	50.00		31/12/2008	EUR	76	4
Immo-Beaulieu Brussels BE 450.193.133		500	25.00		16/06/2008	EUR	68	96
Immobilière Distri-Land N.V. Brussels BE 436.440.909		156	12.48		31/12/2008	EUR	210	12
Immobilière Sauvenière N.V. Brussels BE 403.302.739		15,741	99.99	0.01	31/12/2008	EUR	30,354	1,669
Immolouneuve S.A. Brussels BE 416.030.426		1,000	50.00	12.50	31/12/2008	EUR	87	- 1
Innovation et Développement en Brabant Wallon Tubize (Saintes) BE 460.658.938		3,500	16.32		31/12/2008	EUR	795	57
Isabel N.V. Brussels BE 455.530.509		253,322	25.33		31/12/2008	EUR	9,287	- 4,213
Krediet voor Sociale Woningen Brussels BE 402.204.461		70,629	77.56	4.10	31/12/2008	EUR	12,654	1,172
La Propriété Sociale de Binche - Morlanwelz Binche BE 401.198.136		23,520	20.81	0.67	31/12/2008	EUR	1,293	17
Landbouwkantoor Vlaanderen Wevelgem BE 405.460.889		499	99.80	0.20	31/12/2008	EUR	3,805	525
Le Crédit Social de Tubize Tubize BE 400.344.140		400	11.43		31/12/2008	EUR	306	7
Le Crédit Social et les petits Propriétaires Réunis Chatelet BE 401.609.593		3,347	12.38		31/12/2008	EUR	2,587	104

Le Petit Propriétaire Brussels BE 403.290.366		690	11.60		31/12/2008	EUR	771	4
Mermoz Jet Finance Madrid		3,006	100.00		31/12/2008	EUR	3	-
Metropolitan Buildings N.V. Brussels BE 434.742.734		15	15.00	13.75	31/12/2008	EUR	168	36
Montag & Caldwell, Inc Atlanta		500	100.00		31/12/2008	USD	158,557	57,511
Nazca Inversiones Madrid, Spain		13,907,870	95.00	5.00	31/12/2008	EUR	66,845	351
Nieuwe Maatschappij Rond Den Heerd Kortrijk BE 426.351.028		2,000	23.26		31/12/2008	EUR	253	87
Park De Haan N.V. Brussels BE 438.533.436		300	15.00		31/12/2008	EUR	259	191
S.A. Berlaymont 2000 N.V. Brussels BE 441.629.617		150	14.85		31/12/2008	EUR	14,375	220
Shenergy Groupe Finance Company Limited Shanghai		50,000,000	10.00		31/12/2008	CNY	582,015	70,633
Shinnecock CLO II Grand Cayman		250	100.00				Dormant	
St.-Jozefs Kredietmaatschappij Beringen Beringen BE 401.349.970		522	11.93		31/12/2008	EUR	20,383	111
S.B.I. - B.M.I. Brussels BE 411.892.088		2,595	19.51		31/12/2008	EUR	33,172	404
SOWO Invest Brussels BE 877 279 282		875	87.50		31/12/2008	EUR	356	85
Tous Propriétaires SA Erquelinnes BE 401.731.339		43,425	16.82		31/12/2008	EUR	5,699	428
Via-Zaventem N.V. Brussels BE 892.742.765		5,100	51.00		31/12/2008	EUR	116	- 16
Visa Belgium SRCL Brussels BE 435.551.972		44	24.58	0.56	30/09/2009	EUR	15,796	39,593
Von Essen GmbH Essen		1	100.00		31/12/2008	EUR	71	2
Von Essen GmbH & Co. KG Bank Essen		1	100.00		31/12/2007	EUR	31,745	- 134
Wa Pei Finance Company Ltd Hong Kong		340,997	100.00				Dormant	

VI. § 2 LIST OF THE ENTERPRISES FOR WHICH THE CREDIT INSTITUTION HAS UNLIMITED LIABILITY AS A SHAREHOLDER OR AS A MEMBER LIABLE WITHOUT LIMIT :

Name, full address of the HEAD OFFICE and, for the enterprises governed by Belgian law, mention of the VAT number or of the NATIONAL IDENTIFICATION NUMBER	Eventual codes (*)
Codes 05	10
ASLK-CGER Services, rue du Fossé-aux-loups 48, 1000 Brussels BE 458.523.354	

(*) The annual accounts of the enterprise :

A. are published by deposit with the National Bank of Belgium by this enterprise ;

B. are actually published by this enterprise in another Member State of the EEC in the form prescribed in Article 3 of Directive EEC/68/151;

C. are integrated by overall consolidation or by proportional consolidation in the consolidated accounts of the credit institution compiled, audited and published in accordance with the Royal Decree of 23 September 1992 concerning the consolidated accounts of Credit institutions

VII. STATEMENT OF FORMATION EXPENSES AND INTANGIBLE FIXED ASSETS (in thousands EUR)

(heading VIII of the assets)

A. Detail of the formation expenses	Codes	05	10	15
		Financial year		
Net book value at the close of the previous financial year	010	745		
Changes during the financial year :				
l New expenses incurred	020	0		
l Writing down	030	(463)		
l Other	040	(9)		
l differences of change	050	(3)		
Net book value at the close of the financial year	099	270		
including :				
l formation and capital - increase expenses issuing expenses for loans and other start-up expenses	110	270		
l reorganization expenses	120	0		

B. Intangible fixed assets		goodwill	other Intangible fixed assets	including commissions for the bringing in of operations with clients art. 27 Bis *
a) ACQUISITION VALUE				
At the close of the previous financial year	210	23,803	123,987	0
Changes during the financial year				
l acquisitions including production shown as fixed assets	220	0	1,107	0
l transfers and disposals	230	(268)	(2,293)	0
l transfers from one heading to another	240	0	80	0
l differences of change	250	572	149	0
At the close of the financial year	299	24,107	123,029	0
b) DEPRECIATIONS AND AMOUNTS WRITTEN OFF				
At the close of the previous financial year	310	20,408	78,840	0
Changes during the financial year				
l charged	320	1,842	15,462	0
l taken back because surplus	330	0	0	0
l acquired from third parties	340	0	550	0
l cancelled	350	(268)	(1,978)	0
l transferred from one heading to another	360	0	0	0
l differences of change	370	(564)	(97)	0
At the close of the financial year	399	21,418	92,778	0
c) NET BOOK VALUE AT THE CLOSE OF THE FINANCIAL YEAR [a) - b)]	499	2,689	30,251	0

* If this heading contains an important amount

VIII. STATEMENT OF THE TANGIBLE FIXED ASSETS
(heading IX of the assets)

	Codes	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Hire-purchase and similar rights	Other tangible fixed assets	Fixed assets in course of construction and payments on account made
		05	10	15	20	25	30
a) ACQUISITION VALUE							
At the end of the previous financial year	010	1,537,731	306,176	145,087	0	405,214	0
Changes during the financial year							
I acquisitions including fixed assets produced	020	101,812	31,016	5,830	0	63,587	0
I disposals and cessation of use	030	(55,500)	(47,231)	(13,342)	0	(95,488)	0
I transferred from one heading to another	040	(843)	159	(3,493)	0	(896)	0
I differences of change	050	61	27	0	0	2,174	0
At the end of the financial year	099	1,583,261	290,146	134,082	0	374,591	0
b) CAPITAL GAINS							
At the end of the previous financial year	110	261,350	0	50	0	10,117	0
Changes during the financial year							
I recorded	120	0	0	0	0	0	0
I acquired from third parties	130	0	0	0	0	0	0
I cancelled	140	(2,181)	0	0	0	(1,620)	0
I transferred from one heading to another	150	0	0	(25)	0	0	0
I differences of change	160	0	0	(1)	0	0	0
At the end of the financial year	199	259,169	0	24	0	8,497	0
c) DEPRECIATIONS AND AMOUNTS WRITTEN OFF							
At the end of the previous financial year	210	1,184,318	216,282	75,334	0	216,855	0
Changes during the financial year							
I recorded	220	70,533	43,262	19,745	0	34,054	0
I taken back because surplus	230	0	0	0	0	(17)	0
I acquired from third parties	240	0	0	(6,346)	0	0	0
I cancelled because surplus	250	(51,446)	(42,961)	(16,375)	0	(62,381)	0
I transferred from one heading to another	260	(19)	(2,201)	(1,142)	0	(1,651)	0
I differences of change	270	8		95	0	540	0
At the end of the financial year	299	1,203,393	214,383	71,311	0	187,399	0
d) NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR [a) + b) - c)]	399	639,038	75,763	62,795	0	195,689	0
including							
I land and buildings	410				0		
I installations, machines and tools	420				0		
I furniture and vehicles	430				0		

IX. OTHER ASSETS (in thousands EUR)

(heading XI of the assets)

	Codes	05
Breakdown of this heading if it represents a substantial amount		Financial year
I premiums paid in advance on derivatives	010	5,777,672
I suspens accounts	020	1,910,280
I claims on invoices	030	125,779
I recovery on income taxes	040	42,838
I cash deposit	050	12,234
I social claims	060	11,207
I VAT transit	070	10,031

X. DEFERRED CHARGES AND ACCRUED INCOME (in thousands EUR)

(heading XII of the assets)

		Financial year
1. Charges to be carried forward	110	118,705
2. Accrued income	120	61,479,601

XI. STATEMENT OF AMOUNTS PAYABLE TO CREDIT INSTITUTIONS (in thousands EUR)

(heading 1 of the liabilities)

A. For the heading as a whole :

	Codes	05	10
		Financial year	Previous financial year
I amounts payable to affiliated enterprises	010	568,450	11,220,705
I amounts payable to other enterprises linked by participating interests	020	0	0

B. Breakdown of amounts payable other than at sight by residual period to maturity

(heading I.B. and C. of the liabilities)

		Financial year
I up to three months	110	36,553,774
I over three months and up to one year	120	12,159,545
I over one year and up to five years	130	3,659,358
I over five years	140	527,602
I indeterminate period	150	0

XII. STATEMENT OF AMOUNTS PAYABLE TO CUSTOMERS

(heading II of the liabilities)

1. Amounts payable to

		Financial year	Previous financial year
I affiliated enterprises	210	9,169,542	6,998,186
I other enterprises linked by participating interests	220	11,949	0

2. Geographical breakdown of amounts payable :

		Financial year
I to Belgium	310	91,528,655
I to foreign countries	320	76,285,722

3. Breakdown by residual period to maturity :

		Financial year
I at sight	410	37,313,693
I up to three months	420	58,140,784
I over three months and up to one year	430	7,512,347
I over one year and up to five years	440	9,825,635
I over five years	450	10,831,373
I indeterminate period	460	44,190,544

XIII. STATEMENT OF AMOUNTS PAYABLE REPRESENTED BY A SECURITY

(heading III of the liabilities) (in thousands EUR)

1. Amounts payable which, to the knowledge of the credit institution, constitute amounts payable :	Codes	05	10
		Financial year	Previous financial year
I to affiliated enterprises	010	0	3,827,553
I to other enterprises linked by participating interests	020	0	0

2. Breakdown by residual period to maturity :		Financial year
I up to three months	110	13,558,824
I over three months and up to one year	120	15,312,601
I over one year and up to five years	130	10,064,235
I over five years	140	1,383,870
I indeterminate period	150	157,580

XIV. XIV. STATEMENT OF OTHER AMOUNTS PAYABLE

(heading IV of the liabilities) (in thousands EUR)

		Financial year
1. Tax, wage and salary and social amounts payable :		
a) amounts payable due to tax administrations	210	2,744
b) amounts payable due to N.S.S.O.	220	140,172
2. Taxes :		
a) payable	230	53,259
b) estimated tax amounts payable	240	0

3. Other amounts payable Breakdown of this sub-heading if it represents a substantial amount		Financial year
I premiums received on derivatives	310	8,720,964
I suspens accounts	320	1,340,224
I remunerations and social-security charges not paid	330	540,850
I debts resulting from profit appropriation	340	256,348
I debts provider	350	164,807
I debts resulting from allocation of the result	360	3,939

XV. ACCRUED CHARGES AND DEFERRED INCOME (in thousands EUR)

(heading V of the liabilities)

	Codes	05
		Financial year
1. Charges to be assigned	010	58,531,597
2. Income to be carried forward	020	212,715

XVI. PROVISIONS FOR RISKS AND CHARGES (in thousands EUR)

(heading VI. A. 3. of the liabilities)

		Financial year
Breakdown of this sub-heading if it represents a substantial amount		
I provisions for guaranteed commitments	110	343,322
I provisions for open claims	120	176,189
I provisions for personnel	130	54,841
I provision for accrued charges and deferred income	140	30,220

XVII. STATEMENT OF THE SUBORDINATED AMOUNTS PAYABLE

(heading VIII of the liabilities)

A. For the heading as a whole : (in thousands EUR)

		Financial year	Previous financial year
I amounts payable to affiliated enterprises	210	0	3,091,033
I amounts payable to other enterprises linked by participating interests	220	0	0

		Financial year
B. I charges in respect of subordinated amounts payable	310	913,889

	Codes	05	10
XVIII. STATEMENT OF CAPITAL			
A. SHAREHOLDERS' EQUITY		amount (in thousands EUR)	number of shares
1. Subscribed capital (heading IX. A. of the liabilities)			
I at the end of the previous financial year	010	9,374,878	483,241,153
I changes during the financial year :			
	020	0	0
	030	0	0
....	040	0	0
....	050	0	0
....	060	0	0
I at the end of the financial year	099	9,374,878	483,241,153
2. Representation of the capital			
2.1 Categories of shares			
common	110	9,374,878	483,241,153
....	120	0	0
....	130	0	0
....	140	0	0
....	150	0	0
2.2 Registered shares and bearer shares			
Registered	160	xxxxxxxxxxxxxxxxxxxxx	482,999,005
Bearer	170	xxxxxxxxxxxxxxxxxxxxx	242,148

B. UNCALLED CAPITAL		amounts of uncalled capital (in thousands EUR)	called capital not paid up (in thousands EUR)
Shareholders liable for payment in full			
....	210	0	0
....	220	0	0
....	230	0	0
....	240	0	0
....	250	0	0
(if necessary, continuation on page ....)			
TOTAL	299	0	0

		amount of own shares (in thousands EUR)	corresponding number of shares
C. OWN SHARES HELD			
I by the company itself	310	0	0
I by its subsidiaries	320	0	0
D. SHARE-ISSUE COMMITMENTS			
1. Resulting from the exercice of conversion			
I amount of the convertible loans outstanding	410	0	0
I amount of the capital to be subscribed	420	0	0
I the corresponding number of shares to be issued	430	0	0
2. Resulting from the exercice of subscription			
I number of subscription rights in circulation	440	0	0
I amount of the capital to be subscribed	450	0	0
I the corresponding number of shares to be issued	460	0	0
E. UNSUBSCRIBED AUTHORIZED CAPITAL	510	9,374,000	0
F. EQUITY UNITS ISSUED WHICH ARE NOT REPRESENTATIVE OF THE CAPITAL including		number of equity units	number of votes attaching thereto
I the units held by the company itself	610	0	0
I the units held by its subsidiaries	620	0	0

XIX. BREAKDOWN OF BALANCE SHEET TOTAL AND TOTAL LIABILITIES BETWEEN EUR & FOREIGN CURRENCIES

(in thousands EUR)

Codes		05	10
		in EUR	in foreign currencies (EUR equivalent)
010	TOTAL ASSETS	287,448,406	82,823,381
020	TOTAL LIABILITIES	294,049,636	76,222,151

XX. TRUSTEE OPERATIONS REFERRED TO IN ARTICLE 27ter, § 1 paragraph 3

(in thousands EUR)

	Codes	05
Relevant headings of the assets and liabilities		Financial year
....	110	0
....	120	0
....	130	0
....	140	0
....	150	0
....	160	0
....	170	0
....	180	0
....	190	0
....	200	0
....	210	0
....	220	0
....	230	0

(1) Amount registered or book value of the real estate encumbered if the latter is lower
(2) Amount registered
(3) Book value of the assets pledged
(4) Amount of the assets in question

XXI. STATEMENT OF THE GUARANTEED LIABILITIES AND COMMITMENTS (in thousands EUR)

Real guarantees provided or irrevocably promised by the credit institution from its own assets

	Codes	Mortgages (1)	Pledging of goodwill (2)	Pledging of other assets (3)	Guarantees established on future assets (4)
		05	10	15	
a) as security for liabilities and commitments of the credit institution					
1. Headings of liabilities					
I amounts owed as a result of commitments and advance	010	0	0	151,736,750	0
I	020	0	0	0	0
I	030	0	0	0	0
I	040	0	0	0	0
I	050	0	0	0	0
2. Off-balance sheet headings					
I	110	0	0	0	0
I	120	0	0	0	0
I	130	0	0	0	0
I	140	0	0	0	0
I	150	0	0	0	0
b) as security for liabilities and commitments of third parties					
1. Headings of assets					
I amounts owed as a result of commitments and advance	210	0	0	0	0
I	220	0	0	0	0
I	230	0	0	0	0
I	240	0	0	0	0
I	250	0	0	0	0
2. Off-balance sheet headings					
I	310	0	0	0	0
I	320	0	0	0	0
I	330	0	0	0	0
I	340	0	0	0	0
I	350	0	0	0	0

XXII. STATEMENT OF CONTINGENT LIABILITIES AND COMMITMENTS WHICH MAY GIVE RISE TO A CREDIT RISK

(headings I and II of the off-balance sheet section)

(in thousands EUR)

	Codes	05	10
		Financial year	Previous financial year
l Total of contingent liabilities on behalf of affiliated enterprises	010	0	10,948,302
l Total of contingent liabilities on behalf of other enterprises linked by participating interests	020	0	0
l Total commitments to affiliated enterprises	030	294,149	8,034,301
l Total commitments to other enterprises linked by participating interests	040	95	0

XXIII. DETAILS CONCERNING OPERATING RESULTS

(headings I and II of the off-balance sheet section)

		Financial year	Previous financial year
A. 1. Staff under contract			
a) Total number of staff at the end of the financial year	101	20,414	21,194
b) Average number of staff in full-time equivalents	102	18,827	19,683
c) Effective hours worked	103	25,040,424	26,403,309
1.bis Hired staff and staff put at the disposal of the company			
a) Total number employed at the end of the financial year	200	97	42
b) Avarage number employed in full-time equivalents	201	60	99
c) Effective hours worked	202	111,835	185,650
d) Personnel expenses incurred by the company (in thousands EUR)	203	3,800	6,362

(in thousands EUR)

2. Personnel expenses			
a) Remunerations and direct company benefits	210	1,370,596	1,432,074
b) Employer's social insurance contributions	220	351,375	366,782
c) Employer's premiums for non-statutory insurances	230	131,396	181,606
d) Other personnel expenses	240	54,101	57,468
e) Pensions	250	1,201	1,192
3. Provisions for pensions			
a) appropriations	310	27	279
b) uses and write-backs	320	1,026	460
B. 1. Other operating incomes (heading XIV of the income statement) represent a substantial amount			
l rent	410	17,876	21,399
l miscellaneous recoveries	420	111,265	335,679
l inventory costs	430	20,349	12,967
l postage expenses of accounts	440	12,450	12,380
l collection of debs	450	12,621	17,418
l other	460	9,842	276
2. Other operating charges (heading XV of the income statement)			
l taxes	510	138,833	131,523
l other oparating charges	520	102,426	70,628
Breakdown of the other operating charges if they represent a substantial amount			
l inventory costs	610		0
l expenses related to a subordinated liability	620		0
	630		0
C. Operating income and charges in respect of affiliated enterprises			
Income	710	2,130,993	4,124,294
Charges	720	961,324	2,995,113

XXIII. DETAILS CONCERNING OPERATING RESULTS (CONTINUATION) (in thousands EUR)

D. Breakdown of operating income by origin

	Codes	05	10	15	20
		Financial year		Previous financial year	
		Belgian establishments	Establishments abroad	Belgian establishments	Establishments abroad
I. Interests and similar income	010	7,303,403	1,001,097	18,026,888	2,400,296
III. Income from variable-income securities					
l Shares, units and other variable-income securities	110	37,319	(623)	150,264	(1,509)
l Participating interests in affiliated enterprises	120	498,412		903,266	36,723
l Participating interests in other enterprises linked by participating interests	130	11,956		8,915	0
l Other shares constituting financial fixed assets	140	3,116	2,595	2,907	2,322
IV. Commissions received	210	1,071,189	136,124	1,074,262	252,666
VI. Profit from financial operations					
l from exchange and trading in securities and other financial instruments	310	(207,677)	99,453	(1,121,111)	(48,447)
l from realization of investment securities	320	(84,481)	(26,122)	(394,887)	(345,001)
XIV Other operating incomes	410	108,720	75,683	299,066	101,053

Observations :

1) As regards the establishments abroad, a breakdown by categories of activities and by geographical market has to be shown as annex to the standardized document in so far as, from the point of view of the organization of the sales of products and of the performance of services concerned of the usual activities of the credit institution, these categories of markets differ considerably among themselves

2) The headings III B and C of the income statement must be broken down geographically by reference to the location of the main office of the enterprises in question, as annex to the standardized document.

Analysis of dividends (captions III B and C of income statement according to the location of the branches concerned

EU countries	377,975
Non-EU countries	132,393

XXIV. STATEMENT OF FORWARD OFF-BALANCE SHEET OPERATIONS IN SECURITIES, FOREIGN CURRENCIES AND OTHER FINANCIAL INSTRUMENTS REPRESENTING LIABILITIES WHICH MAY GIVE RISE TO A CREDIT RISK WITHIN THE MEANING OF HEADING II OF THE OFF-BALANCE SHEET SECTION

(in thousands EUR)

TYPES OF OPERATIONS (a)	Codes	AMOUNT AT THE END OF FINANCIAL YEAR END 05	OF WIHICH TRANSACTIONS NOT CONSTITUTING HEDGING TRANSACTIONS 10
1. ON SECURITIES			
l forward purchases and sales of securities and negotiable instruments	010	415,090	415,090
2. ON FOREIGN CURRENCIES (b)			
l forward foreign exchange operations	110	54,002,124	44,642,062
l interest-rate and currency swaps	120	13,645,405	13,262,632
l currency futures	130	35,690	35,690
l currency options	140	16,973,081	16,973,081
l forward exchange rate contracts	150	2,543,486	2,543,486
3. ON OTHER FINANCIAL INSTRUMENTS			
1. FORWARD INTEREST-RATE TRANSACTIONS (c)			
l interest-rate swaps	210	1,585,017,284	1,547,415,615
l interest-rate futures	220	17,101,908	17,101,908
l forward interest-rate contracts	230	635,847,618	635,847,618
l interest-rate options	240	2,153,187,466	2,152,493,916
2. OTHER FORWARD PURCHASES AND SALES (d)			
l other option contracts	310	65,616,039	65,224,656
l other futures operations	320	1,006,541	1,006,541
l other forward purchases and sales	330	927,623	838,229

(a) See the valuation rules for the definition of the operations
(b) Amounts to be delivered
(c) Nominal/notional reference amount
(d) Purchase/selling price agreed between the parties

XXIVbis. STATEMENT OF FORWARD OFF-BALANCE SHEET OPERATIONS IN SECURITIES, FOREIGN CURRENCIES AND OTHER FINANCIAL INSTRUMENTS REPRESENTING LIABILITIES WHICH MAY GIVE RISE TO A CREDIT RISK WITHIN THE MEANING OF HEADING II OF THE OFF-BALANCE SHEET SECTION (further)

(in thousands EUR)

Estimated effect on results of exemption from the valuation rule referred to in article 36 BIS, section 2, relating to interest rate

types of interest rate futures	amount at end of period (a)	difference between market value and carrying value (b)
a) as part of cash management	44,836,357	(41)
b) as part of asset and liabilities management	35,361,964	(316,892)
c) operations without reductions of the risk (LOCOM)	Nihil	Nihil

(a) nominal/notional reference amount
(b) + : positive difference between the market value and results already accounted for
- : negative difference between the market value and results already accounted for

XXV. EXTRAORDINARY RESULT

(in thousands EUR)

	Codes	05
A.		Financial year
l Capital gains obtained in respect of the transfer of fixed assets to affiliated enterprises	010	3,955
l Capital losses suffered in respect of the transfer of fixed assets to affiliated enterprises	020	0

		Financial year
B. Other extraordinary results : (heading XVII. E. of the income statement)		
Breakdown of this heading if it represents a substantial amount		
l Reaslised gain on participation	110	3,955
l	120	0
l	130	0
l	140	0
l	150	0
Other extraordinary charges (heading XVIII. E. of the income statement)		
Breakdown of this heading if it represents a substantial amount		
l Reorganisation plan	210	23,854
l	220	0
l	230	0
l	240	0
l	250	0

XXVI. INCOME TAXES

(in thousands EUR)

A. Breakdown of heading XX.A. of the income statement

		Financial year
1. Taxes on the result of the financial year		
a. Taxes and withholding taxes due or paid	310	111,641
b. Surplus of tax payments or withholding taxes brought to assets	320	(1,213)
c. Estimated additional tax liabilities (recorded under heading IV. of the liabilities)	330	0
2. Taxes on the result of previous financial years		
a. Additional taxes due or paid	410	0
b. Additional taxes estimated (recorded under heading IV. of the liabilities) or transferred to provisions (recorded under heading VI. A.2. of the liabilities)	420	(6,210)

B. MAIN SOURCES OF DISPARITIES BETWEEN PROFIT BEFORE TAXES AS SHOWN IN THE ACCOUNTS AND THE ESTIMATED TAXABLE PROFIT, with special mention of those resulting from THE differences in time between the accounting profit and the tax profit.
(if the result for the financial year is appreciably influenced by this from the standpoint of taxation)

		Financial year
l Non-accepted expenses	510	0
l Movements of reserves	520	0
l Increase/decrease on shares and units	530	0
l Income finally assessed for tax	540	0
l	550	0

XXVI. INCOME TAXES (in thousands EUR)

(CONTINUATION)

C. INCIDENCE OF THE EXTRAORDINARY RESULTS ON THE AMOUNT OF TAX ON THE RESULT FOR THE FINANCIAL YEAR

	Codes	05	10
....	010	12,437	(46,025)
....	020	0	
....	030	0	

D. SOURCES OF DEFERRED TAX

	Codes	05	10
		Financial year	
1. Deferred taxes representing assets :			
I restructuring plans	110	37,835	128,375
....	120	0	
	130	0	
	140	0	
....	150	0	
2. Deferred taxes representing liabilities :			
I potential fiscal claims relating to	210	658	1,174
revaluations surplusses on buildings			
of ex-Krediet aan de Nijverheid			
....			
I taxes on realised capital gains spread over time	220	0	2,393

XXVII. OTHER TAXES PAYABLE BY THIRD PARTIES (in thousands EUR)

		Financial year	Previous financial year
A. Value added taxes, equalization taxes and special taxes charged during the financial year :			
1. to the enterprise (deductible)	310	358,341	729,361
2. by the enterprise	320	396,994	76,878
B. Amounts withheld payable by third parties in respect of :			
1. Payroll withholding taxes	410	376,131	413,196
2. Withholding tax on investment income	420	305,343	325,955

XXVIII. OFF-BALANCE SHEET RIGHTS AND COMMITMENTS NOT COVERED BY THE STATEMENTS INCLUDED IN THIS SECTION OR BY THE HEADINGS OF THE OFF-BALANCE SHEET SECTION

(in thousands EUR)

	Codes	05
		Financial year
A. Major commitments for the acquisition of fixed assets		
....	010	0
....	020	0
....	030	0
....	040	0
Major commitments for the transfer of fixed assets		
....	110	0
....	120	0
....	130	0
....	140	0
B. Important legal proceedings and other important commitments		
....	210	0
....	220	0
....	230	0
....	240	0

C. Liabilities relating to supplementary retirement and survivorship system pension in favour of personnel or managerial staff, and measures taken to meet the charges resulting from it

310 See text annexed

320 ....

330 ....

340 ....

		Financial year
Pensions the service of which is to be met by the enterprise itself		
l Estimated amount of the commitments resulting for it from benefits already provided	410	0
l Bases and methods of this estimation	420	0

....

....

....

XXIX. FINANCIAL RELATIONS WITH

A. DIRECTORS AND MANAGERS

B. PHYSICAL PERSONS OR CORPORATE BODIES WHO OR WHICH DIRECTLY OR INDIRECTLY CONTROL THE INSTITUTION BUT WHO OR WHICH DO NOT CONSTITUTE AFFILIATED ENTERPRISES

C. THE OTHER ENTERPRISES DIRECTLY OR INDIRECTLY CONTROLLED BY THE ABOVE-MENTIONED PERSONS OR BODIES

		Financial year
A. 1. Existing receivables on them	510	1,390
2. Contingent liabilities in their favour	520	0
3. Other significant commitments entered into in their favour	530	0

Main conditions with regard to the headings A1, A2 and A3.

....

....

....

		Financial year
B. 1. Direct and indirect remunerations and pensions charged against the income statement, provided that this entry does not relate exclusively or mainly to the situation of a single identifiable person :		
l to directors and managers	610	7,899
l to former directors and managers	620	5,638

4. STAFF SURVEY

Number of the social consulting committees governing the company | 310

I. DETAILS OF STAFF EMPLOYED

A. STAFF UNDER CONTRACT

1. During the current and previous financial year	Codes	1. Full-time (financial year)	2. Part-time (financial year)	3. Total (T) or total in full-time equivalents (FTE) (financial year)	4. Total (T) or total in full-time equivalents (FTE) (previous financial year)
Average number of staff	100	14,912	5,723	18,827.0 (FTE)	19,683.3 (FTE)
Effective hours worked	101	20,758,495	4,281,929	25,040,424 (T)	26,403,309 (T)
Personnel expenses (in thousands EUR)	102	1,300,540	347,247	1,647,787 (T)	1,739,222 (T)
Benefits in addition to wages (in thousands EUR)	103	xxxxxx	xxxxxx	0 (T)	0 (T)

2. At the end of the financial year	Codes	1. Full-time	2. Part-time	3. total in full-time equivalents
a. Number of employees listed in the staff register	105	14,567	5,847	18,496.1
b. Breakdown by type of employement contract				
Contract of unlimited duration	110	13,950	5,839	17,873.6
Contract of limited duration	111	617	8	622.5
Contract for a clearly defined project	112	0	0	0.0
Temporary replacement	113	0	0	0.0
c. Breakdown by sex				
Men	120	8,904	1,601	9,873.8
primary school	1200	0	0	0.0
secondary school	1201	2,506	1,055	3,122.4
higher non-academic degree	1202	3,287	375	3,527.3
academic degree	1203	3,111	171	3,224.0
Women	121	5,663	4,246	8,622.4
primary school	1210	0	0	0.0
secondary school	1211	1,421	1,970	2,721.0
higher non-academic degree	1212	2,394	1,537	3,506.5
academic degree	1213	1,848	739	2,394.9
d. Breakdown by professional occupation				
Management	130	1,822	102	1,893.8
Employees	131	12,721	5,745	16,578.3
Manual workers	132	0	0	0.0
Other	133	24	0	24.0

B. TEMPORARY STAFF AND PERSONS AVAILABLE TO THE COMPANY

During the financial year	Codes	1. Temporary staff	2. Persons available to the company
Avarage number employed	150	59.7	
Effective hours worked	151	111,835	
Cost for the company (in thousands EUR)	152	3,800	

II. STATEMENT OF STAFF CHANGES DURING THE FINANCIAL YEAR

A. JOINED	Codes	1. Full-time	2. Part-time	3. Total in full-time equivalents
a. Number of staff engaged during the financial year	205	756	11	764.7
b. Breakdown by type of employment contract				
Contract of undefined duration	210	230	8	236.3
Contract of defined duration	211	526	3	528.4
Contract for a clearly defined project	212	0	0	0.0
Interim subsistution contract	213	0	0	0.0

B. LEFT	Codes	1. Full-time	2. Part-time	3. Total in full-time equivalents
a. Number of staff for which the staff register shows a date during the financial year on which their employment contract was terminated	305	895	667	1,248.0
b. Breakdown by type of employement contract				
Contract of undefined duration	310	647	663	997.0
Contract of defined duration	311	248	4	251.0
Contract for a clearly defined project	312	0	0	0.0
Interim subsistution contract	313	0	0	0.0
c Breakdown by raison for termination of employment contract				
Pension	340	120	549	401.1
Bridging pension	341	0	0	0.0
Dismissal	342	94	9	100.6
Other reason	343	681	109	746.4
of which : the number of employees who continue to work for the company as a self-employed persont on at least a half-time basis	350	0	0	0.0

III INFORMATION ON THE EDUCATION OF EMPLOYEES DURING THE FINANCIAL YEAR

Figures referring to all training programmes at the expense of the company	Codes	Men	Codes	Women
1. Number of trainees	5801	6,847	5811	6,692
2. Number of training hours	5802	207,013	5812	211,444
3. Expenses for the enterprise	5803	27,465	5813	26,843
of which gross cost directly linked to training	58031	27,166	58131	26,551
of which charges paid and transfers to funds	58032	299	58132	292
of which contributions and other financial benefits received (to be deducted)	58033	0	58133	0

Less formal or informal professional training initiatives continue at the expense of the employer	Codes	Men	Codes	Women
1. Number of trainees	5821	270	5831	250
2. Number of training hours	5822	9,889	5832	8,774
3. Expenses for the enterprise	5823	685	5833	608

Initial professional training initiatives at the expense of the employer	Codes	Men	Codes	Women
1. Number of trainees	5841	0	5851	0
2. Number of training hours	5842	0	5852	0
3. Expenses for the enterprise	5843	0	5853	0

UNCALLED AMOUNTS ON PARTICIPATING INTEREST AND SHAREHOLDINGS (in thousands EUR)

in implementation of Art. 29 § 1

Heading schedule B	Company name	Uncalled amount
VII. A	SOWO INVEST N.V.	73
	FINTRIMO S.A.	75
	FORTIS PRIVATE EQUITY BELGIUM	32,438
	Total	**32,586**
VII. B	CREDIT SOC. DE BRABANT WALLON	16
	CRED SOC PROPR REUNI CHATELET	4
	VIA ZAVENTEM NV	144
	Total	**164**
	MAISON DE L'ENTREPRISE LIB 25 PC	6
VII. C	MAISON DE L'ENTREPRISE LIB 25 PC	9
	LANDWAARTS SOC WOONKREDIET (VOOR EIGEN WOON GENK)	80
	LE CREDIT HYPOTH BRICOULT CHATELET	4
	CREDIT TRAVAILLEURS LIB 50 PC	1
	EIGEN HUIS DURMESTR LOKEREN	2
	UW EIGEN HUIS VLAAND ZOTTEGEM	6
	EIGEN HUIS - THUIS BEST	3
	ONS EIGEN HUIS NEERPELT	1
	LEENMIJ ARR. ROESELARE	12
	Total	**124**

XXVIII. RIGHTS AND OBLIGATIONS NOT STATED ON THE BALANCE SHEET AND COVERED BY THE FOREGOING SECTION OR THE OFF-BALANCE SHEET ITEMS

C. Where appropriate, a brief description is given of the supplementary retirement and survival pension for employees or directors, stating the measures taken to cover the resultant costs.

I. Brief description of the pension systems

Four pension systems are in operation within Fortis Bank.

A. The first pension system applies for employees who joined the Bank before 1 January 2002 and who are not Fortis Bank directors (ex-ASLK, ex-Generale Bank and Fortis Bank).
This system comprises :

1) A basic defined benefit plan providing the following benefits :
   - retirement benefit payable at the retirement age (60 years), which takes into account the actual statutory pension of the member;
   - benefit payable on death before retirement age and orphan's benefit;
   - disability benefit.

2) A supplementary plan (only for the category ex-ASLK) of the defined contribution type, with compulsory contributions by the member, providing additional retirement and death benefit.

B. The second system applies for employees who joined the Bank on or after 1 January 2002 and who are not Fortis Bank directors (only the category Fortis Bank). This system, with compulsory contributions by the member, is a defined contribution system for the retirement pension and a defined benefit system for the death, orphan's and disability benefit.

C. The third system applies for employees in the category ex-KN. It is a defined contribution system for the retirement benefit and a defined benefit system for the death, orphan's and disability benefit.

D. The fourth system applies for Fortis Bank directors.
It is a defined benefit system which provides the following benefits :

- retirement benefit payable at the retirement age (65 years), with the pension capital varying according to job grade;
- benefit payable on death before retirement age and orphan's benefit;
- disability benefit.

II. Brief description of the measures taken by the company to cover the resultant costs

A. The costs of the pension system are covered by :

- a not-for-profit pension fund for accrued entitlements (for the employer's contibutions) as at 31 December 2001 for the categories ex-Generale Bank and Fortis Bank; the pension fund is financed interely by the employer;
- a collective insurance with AXA and AGF for the accrued entitlements (for the employer's contributions) asecember 2001 for the categories ex-Generale Bank and Fortis Bank;
- a collective insurance with AG Insurance (ex FB-Verzekeringen nv) for the other benefits.

1) For the commitments under I.A.1), the employer pays monthly contributions to the Financing Fund of the collective insurance (calculated as a fixed percentage of salaries), monthly contributions to the Pension Fund and the premiums in respect of the various early retirement schemes.

2) For the commitments under I.A.2), the contributions are split equally between employees and the employer.

B. The costs of the second system are covered by a collective insurance taken out with AG Insurance (ex FB Verzekeringen nv).
Employees pay a monthly personal contribution depending on their salary. The employer pays a monthly contribution to the Financing Fund of the collective insurance.

C. The costs of the third system are covered by a oollective insurance with AG Insurance (Fortis AG nv).
The employer pays a monthly collective insurance premium as well as premiums in respect of the various early retirement schemes.

D. The costs of the fourth system are covered by a collective insurance taken out with AXA. The employer pays a monthly collective insurance premium into the Financing Fund of the collective insurance.

Summary of the accounting policies for the non-consolidated financial statements

General principles

Fortis Bank's accounting policies comply with the rules laid down in the Royal Decree of 23 September 1992 on the annual accounts of credit institutions.

The accounting policies of Fortis Bank are the same as last year.

The following summary gives further details of the accounting policies used for the major components in the balance sheet and income statement.

Assets

Amounts receivable from credit institutions and customers

Loans and advances to credit institutions and customers are recognised for the initial amount paid less subsequent repayments and related allowances. All expenses paid to third parties for bringing in transactions with customers are fully recognised in the accounting period in which they are incurred.

Any difference between the nominal value of the loans and advances and the amounts originally granted is recognised on an accrual basis as interest income or charges in the income statement.

Other receivables are recognised at their nominal value.

Allowances for doubtful loans and for loans with an uncertain future are recognised in proportion to the part considered as unrecoverable based on objective sources of information. Once a loan has been classified as doubtful or uncertain, related interests are normally no longer included in the income statement.

The accounting policies provide for the possibility to set up an internal security fund up to cover well-defined risks, possibly arising in the future, but which can not yet be individualised.

Bonds and shares

Securities or receivables represented by marketable securities are included in the trading portfolio if they are acquired with the intention to sell them back based on their return over a period which normally does not exceed six months.

Trading securities are valued at market value if traded on a liquid market. In absence of a liquid market, they are valued at the lower of cost (all costs included, provisions received deducted) or market value.

The fixed-income securities in the investment portfolio are recognised on basis of its yield-to-maturity. The difference between the acquisition cost (all costs included, provisions received deducted) and the redemption value is accrued in the income statement.

The gains and losses realised on the sale of fixed-income securities are immediately recognised in the income statement. If however they are realised on arbitrage transactions, they may be accrued, in accordance with the provisions of article 35ter §5 of the Royal Decree of 23 September 1992.

Shares in the investment portfolio are valued at the lower of cost (all costs included, provisions received deducted) or market value, with all differences recognised in the income statement.

If the debtor has a risk of non-payment, write-downs are made as for doubtful loans or loans with an uncertain future.

Financial fixed assets

Financial fixed assets are recognised at cost. A write-off is recorded where a decrease in value is permanent. Where financial fixed assets are financed with borrowed funds, the exchange differences on the borrowed funds are not recognised in the income statement.

Incremental costs are taken directly to the income statement.

Formation expenses and intangible fixed assets

Start-up costs are capitalised and depreciated on a straight-line basis over 5 years.

Capital increase costs are charged directly to the income statement.

The issuing costs of subordinated loans are depreciated on a straight-line basis over the duration of the loan. The issuing costs of perpetual loans are depreciated on a straight-line basis over 5 years, or over the length of the period before the date of the first call, if this date is earlier.

Costs relating to software developed by the bank itself or relating to standard or specific software acquired from third parties are recognised directly to the income statement as general expenses. If it is certain that the economic life of specific software purchased from a third party is more than one year, the economic life being mainly determined by the risk of technological changes and commercial developments, this software can be capitalised and depreciated on a straight-line basis over the estimated useful life, with a maximum of 5 years.

The other intangible fixed assets are depreciated over maximum 10 years.

The Bank makes no use of the option to capitalise commissions paid to third parties for bringing in transactions with clients with a contractual period exceeding one year.

Tangible fixed assets

Tangible fixed assets are recognised at cost, including ancillary cost and non-recoverable indirect taxes, less depreciation.

Depreciation occurs on a straight-line basis over the estimated economic life.

Revaluation of tangible fixed assets is allowed, provided that the value clearly and durably exceeds the book value.

Other assets

Among other items this heading includes deferred tax assets.

Deferred tax assets cannot be recognised. However, the CBFA allows the recognition of deferred tax assets relating to restructuring costs, including in relation to social plans.

Liabilities

Amounts payable to credit institutions and customers

The amounts payable to credit institutions and customers are recognised for the initial amount received, less subsequent repayments. All expenses paid to third parties for bringing in deposits are fully recognised in the accounting period in which they are incurred.

Amounts payable represented by a security

Debt securities issued with fixed capitalisation are recognised for the original amount plus capitalised interests.

Other amounts payable

Among other items this heading includes all debts to personnel related to salaries and other social security charges incurred during the present accounting period and paid in the next accounting period.

Provisions for risks and charges

Provisions for pensions and similar social obligations are recognised in accordance with Belgian legal requirements.

Provisions for deferred tax liabilities can only be recognised as provided for in Belgian accounting legislation and Royal Decrees.

Fund for general banking risks

Setting up the fund for general banking risks is based on a defined method, approved by the Board of Directors, applied systematically and based on the weighted volume of credit and market risks for the banking business.

Income Statement

Interest income and charges

Interest income and charges are recognised when earned or due. Once a loan has been classified as doubtful or uncertain, related interests are normally reserved and no longer included in the income statement. The actuarial depreciation of the difference between the acquisition cost and the redemption price of fixed-income securities from the investment portfolio is also included in interest revenues.

Income from variable-income securities

Revenues on shares and participations are recognised as from the moment the dividend distribution is communicated to the bank.

Derivatives

The results on derivatives are recorded differently depending on the type of transaction.

a) Hedging transactions
   Transactions that protect against the risk of fluctuation in exchange rates, interest rates or prices. Gains and losses are recorded in the income statement symmetrically to the results of the hedged components in order to, entirely or partially, neutralise their impact.
   To be considered as a hedge, transactions must comply with the following conditions:
   - The hedged component or the hedged homogeneous set should expose the bank to a fluctuation risk of exchange rates, interest rates or prices.
   - The hedge transactions must be specifically indicated from inception, as well as the hedged components.
     Sufficient correlation is required between the value fluctuations of the hedged component and the hedging transaction (or the underlying instrument).

   As soon as a transaction does not meet the conditions to be considered as a hedge, then it should be recognised at its fair value.

b) Trading transactions
   All transactions made in connection with the current trading activities that do not meet the requirements to be classified as hedging, are valued at market prices, with both gains and losses recognised in the income statement. If the market is not liquid, only the losses are recognised in the income statement.

c) Some forward interest rate transactions are valued in accordance with other valuation methods, based on derogation from the CBFA, in conformity with article 18 of the Royal Decree of 23 September 1992:
   - Transactions concluded within the framework of the treasury management, with an initial maturity of a maximum of 1 year.
   - Transactions concluded within the framework of balance sheet and off-balance sheet transactions, conducted with the objective of reducing the interest rate risk and documented as such.
   - Transactions concluded within the framework of strategic ALM transactions in euros or a currency belonging to the European Monetary Union.

These 3 categories are valued by recording the related result on an accrual basis.
Transactions concluded within the framework of a global management, without the objective of reducing the interest rate risk: these transactions are valued on an accrual basis, with the condition that the potential losses resulting from the valuation at market value are recognised in the income statement.

Foreign currencies

When valuing foreign currencies, a distinction is made between the monetary and non-monetary items.

Monetary items are assets and liabilities, including accruals and deferrals, rights and commitments that represent a specific amount of money in a foreign currency, as well as shares and other non-fixed income securities in the trading portfolio. Monetary items are converted at the average rate (average of bid and ask rate on the spot exchange market) at the closing date. Items settled at specific currency rates must be valued at those specific average rates. The resulting exchange differences are recognised in the income statement (with the exception of exchange gains on foreign currencies for which no liquid market exists).

Tangible, intangible and financial fixed assets are considered to be non-monetary items and are recognised at cost based on the exchange rate at the date of acquisition. When non-monetary items, exposed to a foreign exchange risk, are financed on a permanent basis with borrowed funds in the same currency, the translation differences on the borrowed funds are not recognised in the income statement.

Profit and loss components in foreign currencies are converted into euros in the income statement, at the spot exchange rate at the time of recognition as income or charges.

Report of the accredited statutory auditors

JOINT STATUTORY AUDITORS' REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE ANNUAL FINANCIAL STATEMENTS OF FORTIS BANK SA/NV AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2009

Unsigned free translation of the statutory auditor's report originally prepared in French and Dutch.

As required by law and the Company's articles of association, we report to you in the context of our appointment as the Company's statutory auditors. This report includes our opinion on the annual financial statements and the required additional remarks and information.

Unqualified opinion on the annual financial statements with explanatory paragraph

We have audited the annual financial statements of Fortis Bank SA/NV (the "Company") as of and for the year ended 31 December 2009, prepared in accordance with the financial reporting framework applicable in Belgium, and which show a balance-sheet total of EUR (000) 370.271.787 and a loss for the year available for appropriation of EUR (000) 1.313.170.

The Company's board of directors is responsible for the preparation of the annual financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual 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.

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with the legal requirements applicable in Belgium and with Belgian auditing standards, as issued by the "Institut des Reviseurs d'Entreprises/ Instituut der Bedrijfsrevisoren". Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement.

In accordance with the auditing standards referred to above, we have carried out procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The selection of these procedures is a matter for our judgment, as is the assessment of the risk that the annual financial statements contain material misstatements, whether due to fraud or error. In making this risk assessment, we have considered the Company's internal control relating to the preparation and fair presentation of the annual financial statements, in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. We have also evaluated the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the presentation of the annual financial statements taken as a whole. Finally, we have obtained from the board of directors and Company officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the annual financial statements give a true and fair view of the Company's net worth and financial position as of 31 December 2009 and of its results for the year then ended in accordance with the financial reporting framework applicable in Belgium.

Without further qualifying our opinion, we draw the attention to the Report of the Board of Directors, in which is described that as a result of 2008 events having impacted the Fortis group (to which the Company belonged), a number of claimants have initiated legal actions against the former Fortis group, including the Company and/or certain members of their boards of directors and management. The ultimate outcome of these matters and the potential consequences for the Company and its directors cannot presently be determined, and therefore no provisions have been recorded in the annual financial statements.

Additional remarks and information

The Company's board of directors is responsible for the preparation and content of the report of the Board of Directors, and for ensuring that the Company complies with the Companies' Code and the Company's articles of association.

Our responsibility is to include in our report the following additional remarks and information, which do not have any effect on our opinion on the annual financial statements:

- The report of the Board of Directors deals with the information required by the law and is consistent with the annual financial statements. However, we are not in a position to express an opinion on the description of the principal risks and uncertainties facing the Company, the state of its affairs, its foreseeable development or the significant influence of certain events on its future development. Nevertheless, we can confirm that the matters disclosed do not present any obvious inconsistencies with the information we became aware of during the performance of our mandate.

- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.

- As indicated in the Report of the Board of Directors, the Board of Directors has on 28 July 2009 and 5 November 2009 (a) decided to indemnify the liability of the directors H. Daems (28 July 2009), G. Lamarche (28 July 2009) and D. Boogmans (5 November 2009) in all instances where they acted in good faith and in a manner they believed to be in the best interest of the Company, except where the liability of a director would arise out of a fraud or wilful misconduct or where such liability would be covered by an insurance policy and (b) applied the article 523 of the Companies' Code as a result of the conflict of interest. Since the aforementioned directors were conflicted, we understand that they have not participated to the discussion and decision of the board of directors. Considering the fact that the indemnification of the liability is without limitation and depending on the occurrence of future events, if any, we are not in a position to evaluate the possible financial consequences of such a decision on the financial position of the Company.

- We have no knowledge/are unaware of any transactions undertaken or decisions taken in breach of the Company's statutes or the Companies' Code such as we would be obliged to report to you. The appropriation of results proposed to the general meeting is in accordance with the relevant requirements of the law and the Company's articles of association.

Brussels, 29 March 2010

The joint statutory auditors

PricewaterhouseCoopers Reviseurs d'Entreprises scrl
Represented by

R. Jeanquart
Reviseur d'Entreprises

J. Steenwinckel
Reviseur d'Entreprises

Deloitte Reviseurs d'Entreprises sc sous forme d'une scrl
Represented by

F. Verhaegen
Reviseur d'Entreprises

Ph. Maeyaert
Reviseur d'Entreprises

Other information

1. Shareholder base

Fortis Bank NV/SA holds its registered office at 1000 Brussels, Montagne du Parc 3.
On 1 January 2009 the Société Fédérale de Participation et d'Investissement/Federale Participatie- en Investeringsmaatschappij SA/NV, with registered office in 1050 Brussels, Avenue Louise/ Louizalaan 54/1, was holder of 482.926.067 of the 483.241.153 Fortis Bank shares. This represented about 99,93% of the capital. The origin of this participating interest has been described in previous annual reports.

Transfer by the Société Fédéral de Participation et d'Investissement/Federale Participatie- en Investeringsmaatschappij SA/NV to BNP Paribas SA.

On 12 May 2009, the Société Fédérale de Participation et d'Investissement/Federale Participatie- en Investeringsmaatschappij SA/NV transferred 263.586.083 registered shares of Fortis Bank to BNP Paribas.

On 13 May 2009, after BNP Paribas has increased the company's share capital, the Société Fédérale de Participation et d'Investissement/Federale Participatie- en Investeringsmaatschappij SA/NV transferred again 98.529.695 registered shares of Fortis Bank to BNP Paribas.

The result of the above is that, on 31 December 2009, BNP Paribas was holder of 362.115.778 of the 483.241.153 Fortis Bank shares. This represents 74,93% of the shareholding.
The Société Fédérale de Participation et d'Investissement/Federale Participatie- en Investeringsmaatschappij SA/NV was on 31 December 2009 owner of 120.810.289 Fortis Bank shares, which represents 25% of the capital.
The remaining 315,086 shares (representing 0.07% of the shareholding) are held by other minority shareholders.

2. Monthly high and low for Fortis Bank shares on the weekly auctions in 2009

The monthly high and low for Fortis Bank shares on the weekly auctions of Euronext Brussels in 2009 were as follows (in EUR) :

Month	Low	High
January	10.69	13.20
February	12.94	12.94
March	14.23	14.23
April	15.00	15.00
May	16.50	19.97
June	20.01	20.01
July	22.11	24.32
August	26.75	32.37
September	35.61	47.40
October	38.07	50.00
November	30.85	34.26
December	29.00	30.55

3. External posts held by directors and effective leaders that are subject to a legal disclosure requirement

Pursuant to Article 27 of the Law of 22 March 1993 on the status and supervision of credit institutions and the attendant ruling by the Belgian Banking, Finance and Insurance Commission relating to external posts held by leaders of credit institutions and investment companies, the Bank's Board of Directors has adopted "Internal regulations for Directors and Effective Leaders of Fortis Bank SA/NV holding external posts".

Inter alia, these regulations stipulate that external posts held by the Bank's Effective Leaders and Directors in companies other than those falling within the scope of Article 27, § 3, 3rd alinea, of the Law of 22 March 1993 shall be disclosed in the annual management report.

The term "Effective Leaders" refers to members of the Executive Board and persons in positions at a level immediately below the said Board, including leaders of foreign branches.

As regards "external posts" – ie, principally posts as director of a company – that are subject to disclosure, this involves posts held in companies other than family property companies, "management companies", undertakings for collective investment or companies with which the Bank has close links as part of the Group.

Surname, forename (Post) Company (Head office)	Business Activity (Post)	Listing
Herman DAEMS *(Chairman of the Board of Directors)*		
- GIMV N.V.	Investment Company (Chairman of the Board of Directors)	-
- Barco N.V.	Technology (Chairman of the Board of Directors)	Euronext Brussels
- CoWare Inc	IT (Director)	-
- Vanbreda Risk and Benefits N.V.	Insurance (Director)	-
- Domo Chemicals N.V.	Chemicals (as representative of Crossbow BVBA)	-
- Vlaamse Participatiemaatschappij N.V./S.A.	Portfolio Company (Chairman of the Board of Directors)	-
Georges CHODRON de COURCEL *(Vice-Chairman of the Board of Directors)*		
- Alstom S.A.	Transport and Energy (Director)	Euronext Paris
- Bouygues S.A.	Construction and Telecommunication (Director)	Euronext Paris
- F.P.F. (Société Foncière, Financière et de Participations) S.A.	Portfolio Company (Director)	-
- Lagardère SCA	Media (Member of Supervisory Board)	Euronext Paris
- Nexans S.A.	Cabling (Director)	Euronext Paris
- Safran S.A.	Technology (Censor)	Euronext Paris
- Scor S.A.	Insurance (Censor)	Euronext Paris
- Erbé S.A.	Real Estate (Director)	-
- Scor Holding (Switzerland) AG	Holding (Director)	-
- Scor Global Life Rückversicherung Schweiz AG	Reinsurance (Director)	-
- Scor Switzerland AG	Insurance (Director)	-
- Groupe Bruxelles Lambert S.A.	Portfolio Company (Director)	Euronext Brussels
Jean-Laurent BONNAFÉ (Chairman of the Executive Board)		
Carrefour S.A.	Distribution (Director)	Euronext Paris

Filip DIERCKX		
(Vice-Chairman of the Executive Board)		
- SD Worx for Society cvba	Management & Administrative Services	-
	(Director)	
- IVD N.V.	Administrative Services	-
	(Director)	
- SD Diensten N.V.	Training & Management Services	-
	(Director)	
Dirk BOOGMANS		
(Director)		
- P&V Verzekeringen cvba	Insurance	-
	(Director)	
- Vivium N.V.	Insurance	-
	(Director)	
- Caesar Real Estate Fund N.V.	Real Estate investments	-
	(Director via DAB Management)	
- Ethias Finance N.V./S.A.	Insurance	-
	(Director)	
- Collibra NV	Software – IT	-
	(Director)	
- Lijninvest N.V.	Public Transport	-
	(Director)	
- Global Lifting Partners N.V.	Holding	-
	(Director)	
- Vinçotte	Inspection, control & certification services	-
	(Director)	
- THV Noriant	Infrastructure	-
	(Director)	
Wim COUMANS		
(Director)		
- De Post N.V.	Postal Services	-
	(Governement Commissionar)	
Gérard LAMARCHE		
(Director)		
- GDF Suez S.A.	Energy	Euronext Paris
	(Director – Vice Chairman)	
- Suez- Electrabel S.A.	Energy	-
	(Director)	
- Electrabel S.A.	Energy	-
	(Director)	
- Suez Environnement Company S.A.	Energy	-
	(Director)	
- Suez Environnement North America Inc	Energy	-
	(Director)	
- GDF Suez Energie Services	Energy	-
	(Director)	
- Sociedad General de Aguas de Barcelona S.A.	Water supply	-
	(Director)	
- Legrand	Energy	-
	(Director)	

Jean-Paul PRUVOT		
(Director)		
- L'Ardenne Prévoyante S.A.	Insurance (Managing director)	-
Jean STEPHENNE		
(Director)		
- Aseptic Technologies S.A.	Pharmaceutical industry (Director)	-
- BESIX Group S.A./N.V.	Construction (Chairman of the Board of Directors)	-
- GlaxoSmithKline Biologicals S.A.	Pharmaceutical industry (Chairman of the Board of Directors and General Director)	-
- GlaxoSmithKline Biologicals Manufacturing S.A.	Pharmaceutical industry (Director)	-
- Groupe Bruxelles Lambert S.A./N.V.	Investment company (Director)	Euronext Brussels
- Ion Beam Applications S.A.	Technology (Director)	Euronext Brussels
- Nanocyl S.A.	Chemicals (Director)	-
- Vesalius Biocapital I S.A., SICAR (Luxemburg)	Risk capital (Chairman of the Board of Directors)	-
Luc VANSTEENKISTE		
(Director)		
- Compagnie Mobilière et Foncière du Bois Sauvage S.A./N.V.	Investment company (Director)	Euronext Brussels
- Delhaize Group S.A./N.V.	Chain store (Director)	Euronext Brussels, NYSE
- Recticel S.A./N.V.	Chemicals (Managing Director) (1)	Euronext Brussels
- Rec-Hold S.A./N.V.	Holding company (Director) (1)	-
- Sioen Industries N.V.	Textiles (Director) (1)	Euronext Brussels
- Spector Photo Group N.V.	Photo-finishing (Director) (1)	Euronext Brussels
- Telindus Group S.A./N.V.	Telecommunications (Chairman of the Board of Directors) (2)	-
- Ter Beke N.V.	Food (Director) (1)	Euronext Brussels
	(1) Through Vean S.A. (2) Through LMCL S.C.A.	
Serge WIBAUT		
(Director)		
- ReacFin S.A.	Consulting (Director)	-
- Gambit Financial Solutions	Portfolio Company (Chairman of the Board of Directors)	
- Eurinvest SA	Fund Manager (Director)	-

Peter FOO		
(General Manager Singapore Branch)		
- Cityspring Infrastructure Management Pte Ltd	Infrastructure	Singapore
(Singapore)	(Director)	
Edit SZIRAKI		
(General Manager Budapest Branch)		
- Celestica Likvidtas Menedzsment Magyarorszag Kft.	Treasury management services	-
(Budapest - Hungary)	(Director)	

As at 31 December 2009, Fortis Bank does not hold a stake of 5% of more in any of the above-mentioned companies.

Glossary and abbreviations

Amortised cost
The amount at which a financial asset or liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation/increase of any premium/discount, and minus any write-down for impairment.

Asset backed security (ABS)
Debt instrument that represents an interest in a pool of assets. The term ''ABS'' is generally used to refer to securities in which underlying collateral consists of assets other than residential first mortgages such as credit card and home equity loans, leases, or commercial mortgage loans.

Associate
A company in which Fortis Bank has significant influence but which it does not control.

Basis point (bp)
One hundredth of a percentage point (0.01%).

Capital at Risk
In the context of operational risk, is defined as the potential operational loss amount that is not budgeted for. This potential loss may influence the solvency of the bank and corresponds to the confidence interval of 99.9% used to determine regulatory capital requirements.

Cash flow hedge
A hedge to mitigate the exposure to variability in cash flows of a recognised asset or liability, or forecasted transaction, that is attributable to changes in variable rates or prices.

Clean fair value
The fair value excluding the unrealised portion of the interest accruals.

Clearing
Administrative settlement of securities, futures and options transactions through a clearing organisation and the financial institutions associated with it (clearing members).

Collateralised Debt Obligation (CDO)
A type of asset backed security and structured credit product that provides exposure to a portfolio of fixed income assets and divides the credit risk among different tranches with different credit ratings. CDO can comprise "Collateralized Loan Obligations" (CLOs), "Collateralized Bond Obligations (CBOs) and "Collateralized Synthetic Obligations" (CSOs).

Core capital
Total available capital at group level (based on the banking definition of Tier 1 capital).

Credit default swap (CDS)
A credit derivative contract between two counterparties. The buyer of a credit swap receives credit protection, whereas the seller of the swap guarantees the creditworthiness an underlying financial instrument

Credit spread
The yield differential between a credit risk free benchmark security or reference rate (i.e. government bonds) and corporate bonds or credits.

Custody
An agreement, usually between an investor and a bank (or possibly an agent or a trust company), whereby the investor deposits for safekeeping securities, gold or other valuables with the bank, which in turn takes the valuables into safekeeping for a fee.

Derivative
A financial instrument such as a swap, a forward, a future contract and an option (both written and purchased). This financial instrument has a value that changes in response to changes in various underlying variables. It requires little or no net initial investment, and is settled at a future date.

Dirty fair value
The fair value including the unrealised portion of the interest accruals.

Discounted cash flow method
An approach to valuation, whereby projected future cash flows are discounted at an interest rate that reflects the time value of money and a risk premium that reflects the extra return investors demand for the risk that the cash flow might not materialise after all.

Duration
A general measure of the sensitivity of the price (the value of the principal) of a fixed-income instrument, expressed as a percentage change with a 100-basis-point change in yield. In the calculation of 'duration of equity', the term also refers to the weighted average timing of cash flows from an asset or a liability portfolio. It is computed on the basis of the net present values (NPV) of the cash flows (principal and interest).

Earnings at Risk
A measure of the sensitivity of future net income to hypothetical adverse changes in interest rates or equity market prices. Earnings at Risk assesses the impact of stress tests on the projected IFRS net income before tax. EaR represent a possible deviation from expected (pre tax) earnings by an adverse event over the next 12 months at a chosen confidence level. EaR covers both loss realisation as well as failing to make revenues.

Economic Capital (ECAP)
The capital Fortis Bank is required to hold to protect its net asset value to fall below zero after a worst case fair value loss over one year. Worst case being associated to a tail probability of 0.03%, reflecting a desired confidence level for economic solvency of 99.97%. Confidence interval was calibrated based on rating agencies levels for AA institutions.

Embedded derivative
A derivative instrument that is embedded in another contract - the host contract. The host contract might be a debt or equity instrument, a lease, an insurance contract or a sale or purchase contract.

Employee benefits
All forms of considerations given by an entity in exchange for service rendered by employees, including their pay or salary.

Expected Loss (EL)
The Expected Loss is the expected annual level of credit losses over an economic cycle. Actual losses for any given year will vary from the EL, but EL is the amount that our bank should expect to lose on average over an economic cycle. Expected Loss should be viewed as a cost of doing business rather than as a risk in itself. Expected Loss is calculated as follows: EL = EAD x PD x LGD

Exposure at Default (EAD)
Gives an estimate of the amount to which the bank is exposed in the event that the borrower defaults. EAD is one of the parameters used to compute the Expected Loss (EL)

Factoring
A form of corporate financing in which a company transfers outstanding debts to a factoring company that, for a fee, assumes responsibility for the debtor records, debt collection, risk coverage and financing.

Fair value
The amount for which an asset (liability) can be bought (incurred) or sold (settled), between knowledgeable, willing parties in an arm's length transaction.

Fair value hedge
A hedge of an exposure to changes in the fair value of a recognised asset or liability (or a portion thereof) or a firm commitment. The exposure is attributable to a particular risk and will affect reported net income.

Finance lease
A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Goodwill
This represents the excess of the fair value of the assets given, liabilities incurred or assumed, and equity instruments issued over Fortis Bank's interest in the fair value of assets acquired and liabilities and contingent liabilities assumed.

Hedge accounting
Hedge accounting recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item.

IFRS
International Financial Reporting Standards, used as a standard for all listed companies within the European Union as of 1 January 2005 to ensure transparent and comparable accounting and disclosure.

Impairment

A decline in value whereby the carrying amount of the asset exceeds the recoverable amount. In such a case, the carrying amount will be reduced to its recoverable amount through the income statement.

Intangible asset

An identifiable non-monetary asset without physical substance which is recognised at cost if and only if it will generate future economic benefits and if the cost of the asset can be measured reliably.

Investment property

Property held by Fortis Bank to earn rental income or for capital appreciation.

ISO Currency code list

AUD	Australia, Dollars
CAD	Canada, Dollars
CHF	Switzerland, Francs
CNY	China, Yuan Renminbi
DKK	Denmark, Kroner
GBP	Great Britain (United Kingdom), Pounds
JPY	Japan, Yen
MYR	Malaysia, Ringgits
SEK	Sweden, Kronor
THB	Thailand, Baht
TRY	Turkey, New Lira
TWD	Taiwan, New Dollars
USD	United States of America, Dollars
ZAR	South Africa, Rand

	Closing rates		Average rates	
	2009	2008	2009	2008
1 EURO =				
Pound Sterling (GBP)	0.89	0.95	0.89	0.80
US Dollar (USD)	1.44	1.39	1.39	1.47
Polish Zloty (PLN)	4.10	4.15	4.33	3.51
New Turkish Lira (TRY)	2.15	2.15	2.16	1.91

Joint venture
A contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Loss given Default (LGD)
The average amount to be lost in the event of default of the counterpart. LGD is a parameter used in the calculation of Expected Loss.

Macro hedge
A hedge used to eliminate the risk of a portfolio of assets.

Market capitalisation
Value attributed to the company by the stock market. Market capitalisation corresponds to the number of shares outstanding multiplied by the share price at a given time.

Net investment hedge
A hedge used to reduce the financial risks of a reporting entity's share in the net assets of a foreign business activity by entering into transactions that give an offsetting risk profile.

Notional amount
Amount of currency units, number of shares, a number of units of weight or volume or other units specified in a derivative contract.

Operating lease
A contract that allows the use of an asset against periodic payments, but does not convey rights similar to legal ownership of the asset and where the financial risks related to the asset are with the issuer of the lease contract.

Option
A contract sold by one party to another that offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security at an agreed-upon price during a certain period of time or on a specific date.

Private equity
Equity securities of companies that are not listed on a public exchange. Investors looking to sell their stake in a private company have to find a buyer in the absence of a marketplace.

Probability of Default (PD)
The probability that the counterparty will default over a one-year time horizon. PD is a parameter used in the calculation of Expected Loss.

Provision
Provisions are liabilities involving uncertainties in the amount or timing of payments. Provisions are recognised if there is a present obligation to transfer economic benefits, such as cash flows, as a result of past events and a reliable estimate can be made at the balance sheet date.

Qualifying capital
The liability components that qualify as Tier 1 capital (equity) under banking supervision regulations.

Repurchase agreement (repo)
Agreement between two parties whereby one party sells the other a security at a specified price with a commitment to buy the security back at a later date for another specified price

Reverse repurchase agreement (reverse repo)
The purchase of securities with an agreement to resell them at a higher price at a specific future date.

Securities lending (borrowing) transaction
A loan (borrowing) of a security from one counterparty to another, who must eventually return (be returned) the same security as repayment. The loan is often collateralised. Securities lending allows an entity in possession of a particular security to earn enhanced returns.

Structured credit instruments (SCI)
Securities created by repackaging cash flows from financial contracts. These instruments encompass asset-backed securities (ABS), mortgage-backed securities (MBS) and collateralised debt obligations (CDO). ABS are issues backed by loans (other than mortgages), receivables or leases, MBS are issues backed by mortgage loans and CDO are a class of asset-backed securities and another term for bonds backed by a pool of bonds (CBO), loans (CLO) and other assets such as swaps (CSO). Payment of the principal and interest of the CDO is financed with the cash flows generated by the underlying financial assets.

Subordinated bond (loan)
A loan (or security) that ranks below other loans (or securities) with regard to claims on assets or earnings.

Subprime
Credit to borrowers who do not meet prime underwriting guidelines. Sub-prime borrowers have a heightened perceived risk of default, such as those who have a history of loan delinquency or default, those with a recorded bankruptcy, or those with limited debt experience

Subsidiary
Any company, of which Fortis Bank, either directly or indirectly, has the power to govern the financial and operating policies so as to obtain the benefits from its activities ('control').

Suretyship
A bond issued by an entity on behalf of a second party, guaranteeing that the second party will fulfil an obligation or series of obligations to a third party. In the event that the obligations are not met, the third party will recover its losses via the bond.

Synthetic CDO
a collateralised debt obligation (CDO) in which the underlying credit exposures are taken by entering into a a credit default swap agreement instead of buying actual financial assets.

Tier 1 ratio
Core capital of a bank expressed as a percentage of the risk-weighted balance sheet total.

Trade date
The date when Fortis Bank becomes a party to the contractual provisions of a financial asset.

Value at Risk (VaR)
Abbreviation of value at risk. A technique which uses the statistical analysis of historical market trends and volatilities to estimate the likelihood that a given portfolio's losses will exceed a certain amount. For the assessment of the market risks related to its trading room activities, Fortis Bank computes VaR using a 99% confidence interval over a 1 day time horizon. This calibration aims to reflect the risks of trading activities under normal liquidity conditions.

Venture capital
In general, it refers to financing provided by investors to startup firms and small businesses with perceived, long-term growth potential.

Abbreviations

ABS	Asset backed security
AFS	Available for sale
ALM	Asset and liability management
BCM	Business Continuity Management
BGL	Banque Générale du Luxembourg
CaR	Capital at Risk
CASHES	Convertible and subordinates hybrid equity-linked securities
CBFA	Banking, Finance and Insurance Commission
CBO	Collateralised bond obligation
CDS	Credit default swap
CDO	Collateralised debt obligation
CLO	Collateralised loan obligation
CP	Commercial paper
CRE	Commercial Real Estate
CRM	Central Risk Management
CSO	Collateralised swap obligation
CGU	Cash generating unit
DAC	Deferred Acquisition costs
EAD	Exposure At Default
EaR	Earnings at Risk
ECAP	Economic Capital
ECB	European Central Bank
EL	Expected Loss
Euribor	Euro inter bank offered rate
HTM	Held to maturity
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
FV	Fair Value
LAT	Liability adequacy test
LGD	Loss Given Default
MBS	Mortgage-backed security
MtM	Mark to Market
NBB	National Bank of Belgium
NAV	Net asset value
NPV	Net present value
OCI	Other comprehensive income
OTC	Over the counter
PD	Probability of Default
RMBS	Residential mortgage-backed securities
RPN	Relative Performance Note
SCI	Structured Credit Instruments
SFPI/FPIM	Société Fédérale de Participations et d'Investissement /Federale Participatie- en Investeringsmaatschappij
SLA	Service Level Agreement
SPE	Special purpose entity
SPV	Special purpose vehicle
VaR	Value at Risk

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